

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION & SOCIAL SERVICES COMMITTEE

January 24, 2001

1:35 p.m.

MEMBERS PRESENT

Senator Lyda Green, Chair
Senator Loren Leman, Vice Chair
Senator Gary Wilken
Senator Jerry Ward
Senator Bettye Davis

MEMBERS ABSENT

All Members Present

COMMITTEE CALENDAR

OVERVIEW BY COMMISSIONER KAREN PERDUE OF THE DEPARTMENT OF HEALTH
AND SOCIAL SERVICES

WITNESS REGISTER

Commissioner Karen Perdue
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Mr. Jim Nordlund, Director
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Department of Health &
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ACTION NARRATIVE

TAPE 01-1, SIDE A
Number 001

CHAIR LYDA GREEN called the Senate Health, Education & Social Services Committee meeting to order at 1:35 p.m. Present were Senators Leman, Wilken, Ward and Green. CHAIR GREEN noted that the committee would hear a presentation about the Department of Health and Social Services today.

COMMISSIONER KAREN PERDUE, Department of Health and Social Services (DHSS) reviewed the information provided in both slide show form and in booklet form, entitled, "Welfare Reform: What's Next," prepared by DHSS. Following is a synopsis of that presentation.

DHSS has been holding community meetings on Welfare Reform. Meetings have been held in Kenai, Fairbanks, Mat-Su and Anchorage, and the last meeting will be held in Juneau next week.

The Administration and Legislature have been working on this issue for a number of years. In 1995, the first blueprint for welfare reform was developed. That blueprint contained five objectives. DHSS held 14 meetings across the state to ask people what the new state law should do. One common response was that communities wanted more local responsibility for managing welfare reform and another was that welfare reform should encourage people to work.

The blueprint was revised in March, 1996 with a new theme of moving Alaskans from welfare into jobs so that they could support their families and to maintain a safety net for those truly in need.

Senator Green and DHSS worked together on the issue and legislation was signed into law in June of 1996. The Alaska Temporary Assistance Program (ATAP) was established. The key components of that law are a five-year limit on benefits for adults, mandatory work activities, minor parent requirements; benefit reductions, child support provisions, policies to "make work pay," and establish family self sufficiency plans via contracts with the families. The federal law was enacted shortly after and it pretty much mirrored the state law. The federal law established the Temporary Assistance for Needy Families (TANF) program and did away with the Aid to Families with Dependent Children. The federal program is now funded through block grants given to the states. That way, if the programs improved the states could keep the money, if not, the states were left with the risk. The concept behind the block grants was to maximize the state's flexibility. The federal law will be reauthorized next year.

It took DHSS a full year to get the new state and federal laws implemented. DHSS asked the State to reinvest any savings in child care assistance and job training programs. DHSS started doing a lot of community contracting with non-profit agencies. DHSS

adopted a "work first" policy, which has been somewhat controversial. Welfare recipients are given short-term training skills with the intent of getting them employed quickly. Once employed, recipients look at what other kinds of skills they want to develop.

DHSS did a lot of work on job development. It formed a Work Star committee, which is an employer directed committee, to recognize employers for their contributions. Separate offices for welfare no longer exist - they have been combined with other service agencies to provide "one-stop" shopping. Soon after came the federal Workforce Investment Act, which continued the trend toward workforce investment boards at the local level.

Three organizations have stepped forward and taken the risk of welfare reform: the Tanana Chiefs Conference (TCC), the Association of Village Council Presidents (AVCP), and the Tlingit-Haida Central Council (THCC). Those organizations are taking care of benefit eligibility, payments and job placement.

Regarding the demographics of welfare recipients, while the overall number has decreased, the number of child-only cases has increased. Those children are generally in some sort of informal foster care.

CHAIR GREEN asked if the number of child-only cases is expected to remain static.

COMMISSIONER PERDUE said it is and that those amount to about 1200 cases.

CHAIR GREEN asked if there will be no reason for those children to go off of the program until they reach the age of 18 unless they are adopted.

COMMISSIONER PERDUE said that is correct.

Regarding family size, COMMISSIONER PERDUE said that at least two-thirds of the cases are made up of families of no more than three people, including adults. Single parent families are also subject to the work requirements. She discussed distribution by geographic area, age of children and adults on the program, ethnic origin and the length of time that recipients stay on the program. She noted that over 1,000 families are nearing the five-year time limit.

COMMISSIONER PERDUE discussed the results of welfare reform. The caseload has continually declined since 1994 in almost every jurisdiction. DHSS contracted with the University of Alaska to do a "leaver" study. About 700 people who are no longer on welfare

have been interviewed extensively. About 30 percent of leavers have returned to the program within two years. The average wage of a former welfare recipient is \$10.52. More than one-third of the leaver families have a second working adult in the household. Community support systems, such as churches and food banks, are being used more by recipients. Alaska Native families are leaving at the same rate and 71 percent agreed that there should be a time limit.

Alaska ranks eighth in the percent of recipients who are employed and seventh in the average number of hours those people are employed. No state ranks higher when both of those measures are combined. Alaska ranks 15th in its percentage of adults involved in all work activities, which includes volunteer work, and 6th in the number of hours spent at those activities. Again, no state ranks higher in both of those measures.

Alaska has done two things with its child care spending. It has replaced all of the state money with welfare savings and it provides child care for applicants so that they can go to job interviews. Child care issues are numerous: licensing, availability for different ages and during different times of the day.

DHSS estimates 349 families will have reached the five-year limit in July, 2002. By July 2003, about 1103 families will exceed the time limit. The law allows for a 20 percent exemption for the current caseload. DHSS will be asking the Legislature whether it should revamp the 20 percent and establish criteria rather use a percentage. A portion of the 20 percent of recipients who will be exempted will most likely be grandparents, people with disabilities, domestic violence victims, and people with disabled children. The remainder of the 20 percent will be made up of people who need extra time. DHSS wants to discuss this policy question with the Legislature.

DHSS wants to continue to reinvest the federal savings to help people who are about to hit the time limit but have substantial barriers to employment, such as mental illness or learning disabilities.

CHAIR GREEN asked if DHSS's request to reinvest federal savings to provide intensive work services will be a recurring request. She noted that another group will be meeting the time limit next year and expressed concern that the Legislature did envision saving money from welfare reform.

COMMISSIONER PERDUE said there has been a substantial savings in

state funds. She pointed out that when reauthorization of the federal law comes up, Congress will ask what should be done with the block grant money that is sitting in the states and being used for the other purposes. How President Bush comes out on this issue will be important.

CHAIR GREEN asked if DHSS has partnered with the commission that supports employment of people with disabilities and similar boards in this endeavor. She asked if DHSS duplicates any of the activities of those groups.

COMMISSIONER PERDUE said DHSS has seen an increase in the number of people who have been designated as disabled. She said the board for the employment of people with disabilities works with the Department of Labor. Their direction is to promote work for people with disabilities. She said there is a lot of overlap to talk about. There has been an effort to allow people, through state laws, to work without losing all of their benefits.

CHAIR GREEN noted the Legislature passed a law a couple of years ago that allows people to work without losing health insurance benefits. She commented that she was incredibly disappointed when she read a recent article in the Anchorage Daily News because the writer took some very good information about the success of welfare reform but zeroed in on the 30 percent of recipients who go on and off of the program.

SENATOR LEMAN stated that DHSS has expressed concern about the need to maintain a safety net for welfare recipients. He noted that his idea of providing for people's needs is that the first wave of support should be from family, neighbors, friends, church groups, social clubs, and that DHSS should be the backstop. He asked what DHSS is doing to insure that when people ask for assistance, they are trying to use other resources available. He felt other resources are often better because they are closer to home and, in many cases, closer to self-responsibility. He asked if any such effort occurs during the interview process.

COMMISSIONER PERDUE said that during the interview process, the temporary nature of welfare is stressed, as well as the fact that applicants should be thinking about getting a job and getting on their feet right away. The intake workers can also use a system called "diversion" in which people can choose not to get involved in the whole process of welfare but instead can get assistance for a specific problem, such as a utility bill or temporary food stamps. She pointed out that her reaction is that assistance is a complicated enough system that people with another alternative use it.

MR. JIM NORDLUND, Director of the Division of Public Assistance, DHSS, explained that DHSS tries to divert clients initially but doesn't directly ask clients about their use of faith based, and other, organizations. One very good organization is named Love Inc. in Fairbanks. It has a car give-away program for people who need transportation. He noted that President Bush is interested in pursuing that approach so more activity may take place in that area.

SENATOR LEMAN encouraged Mr. Nordlund to pursue that route because he believes that welfare works best when help is close to home. He believes that the DHSS program should take the best features of other successful programs. He then asked if DHSS has done any comparisons of the contract services in the Fairbanks and Bethel areas to see if the results from the intakes are comparable to those in other areas. He questioned whether those providers are trained equally and whether the results are comparable.

MR. NORDLUND said the TCC program is only two years old and its caseload has declined in a similar manner to the rest of the state. The new programs have had some start up issues but overall they have done amazingly well.

SENATOR LEMAN asked if the employees in the intermediate management level have some experience in this field.

MR. NORDLUND said that some of the organizations have actually hired employees from DHSS and paid them more.

SENATOR LEMAN said he hopes the net result is a savings to the State.

COMMISSIONER PERDUE said she thinks welfare reform is challenging because it is not easy to find great jobs for recipients and also contractors must wrestle with the reasons for dependency and with economic development issues. She noted it will not be easy to do welfare reform in rural Alaska.

CHAIR GREEN noted that Senator Taylor joined the committee.

SENATOR WILKEN asked what barriers prevent recipients from getting a job.

COMMISSIONER PERDUE responded substance abuse, lack of basic skills and low self esteem.

SENATOR WILKEN asked if the problem is not that the door is closed, it is that the door is open but it is difficult for people to get

through it.

COMMISSIONER PERDUE agreed.

SENATOR WILKEN asked Commissioner Perdue to speak about a slide entitled "Post Employment Exchange."

COMMISSIONER PERDUE explained that the idea behind that is to prevent the 30 percent return rate by trying to provide people with some support after they have been in the job place for a period of time. There may come a time when those people are having second thoughts about their skill levels. She pointed out that some of the challenges of getting up in the morning, having no transportation, getting a child to childcare and getting to work on time are difficult.

SENATOR WARD asked what percentage of recipients will never get off of welfare and whether there is a proposal to treat those recipients differently so that the 20 percent exemption can be used differently.

COMMISSIONER PERDUE thought that would be a good discussion to have because there is a percentage of recipients who need more than temporary assistance. Many other states are asking the same question. DHSS would like to have that dialogue but right now it is trying to give itself more flexibility within the five-year time limit.

SENATOR WARD expressed concern that if five percent of recipients will never be able to get off of welfare, that group's needs should be addressed so that it can be removed from the 20 percent limit.

COMMISSIONER PERDUE said one idea would be to take people out of the 20 percent who will never get off of welfare.

SENATOR WARD said yes because otherwise, others will be shoved out in order to keep people out who would never get out anyway. That group should be put in a different program.

CHAIR GREEN said she understood that DHSS is working on legislation to address that issue and would bring it to the Legislature.

COMMISSIONER PERDUE said that is correct. She said that it has been difficult for DHSS to accept the idea that some people will have to drop off of the program. Each month, people will be dropping off and there will be cases that DHSS will wish it could have done more about. DHSS is looking for recipients who are doing everything they can to comply but for one reason or another cannot

get on their feet so that those cases can be exempted.

SENATOR WARD repeated that if the exemption limit is 20 percent, then the permanent recipients should be placed elsewhere to free up that money for others.

MR. NORDLUND commented that other states have approached that problem by moving the permanent recipients into another program that is not considered temporary. DHSS is finding that some of the folks should be placed in the federal social security program (SSI) for disabled people because that program is not temporary.

COMMISSIONER PERDUE pointed out that the SSI program is not easy to qualify for.

CHAIR GREEN asked if the SSI payments are comparable to TANF.

COMMISSIONER PERDUE said they are.

SENATOR TAYLOR said that the SSI program is very difficult to qualify for - it turns down about 75 percent of all applicants. He has worked with constituents who try to get on that program. The process is lengthy and difficult.

SENATOR TAYLOR said he has two concerns. First, he understands that Senator Stevens came up with a waiver for the program. He asked if that waiver is based on the economic viability of a community and how a community gets the waiver.

COMMISSIONER PERDUE explained that a community can be exempt from the five-year limit if unemployment is at 50 percent or more in the community.

SENATOR TAYLOR asked how unemployment is counted. He said in his community a person fell off of the unemployment roll after 18 months and disappeared as a number. He asked if a village never had employment how a survey would be done.

MR. NORDLUND explained that the federal law says the states can use their own data to determine that unemployment rate. The federal data does not measure the number of discouraged workers who move away because there is no employment. DHSS has asked the Alaska Department of Labor to use the census data to calculate what the true unemployment rate is. They will determine the number of people unemployed compared to the number of working aged adults in a village.

SENATOR TAYLOR asked if he could request that such a survey be done on his town.

MR. NORDLUND said yes.

SENATOR TAYLOR commented that there seems to be a tremendous split in the way this law is being interpreted. Southeast communities have been hard hit by the loss of the timber economy and the downturn in the fishing economy. Those people are expected to leave and find a job elsewhere. They are no longer counted as unemployed. Those people just disappear so consequently his community is down to about seven percent unemployment right now.

TAPE 01-1, SIDE B
Number 2500

SENATOR TAYLOR said the people of Wrangell are expected to move and find a job elsewhere while people in a rural village are expected to stay there and get an exemption from the five-year limit because they have never worked in the village. He said he finds that dual system difficult in a society that is supposed to be treating everyone equally.

CHAIR GREEN asked if that waiver contains a population factor or whether it is determined only by prosperity and location.

MR. NORDLUND's response was inaudible.

COMMISSIONER PERDUE said she didn't believe any of the communities on the list were the size of Wrangell.

MR. NORDLUND said communities like Bethel are not exempt but the surrounding villages are.

SENATOR TAYLOR said that the core of the problem is jobs and the economy. If no jobs are available, welfare reform will not work. Awhile back, the State of Massachusetts aggressively invested state general funds to set up infrastructure and recruiting businesses. The number of welfare recipients in the greater Boston area decreased significantly. The amount invested was far less than the amount saved. He asked when this State is going to develop resources or assist resource based industries, other than big oil. He pointed out that the folks in the villages selected particular lands under ANILCA because of the timber on the lands but no one is building roads to those lands, building fish hatcheries or doing anything to enhance mining in those areas. In the meantime we have passed the welfare reform act and insisted that everyone go to work. He noted the single biggest cry he has heard in the villages for ten years is: when will you bring some jobs here?

COMMISSIONER PERDUE replied that DHSS has never said that the success of welfare reform could have happened to this degree without a strong economy. She noted that the THCC has a finite amount of money to work with, they have clients that are reaching the five-year limit, they have a growing birth rate and only so many slots so they have to get on an economic development agenda.

SENATOR TAYLOR commented that if people want to get serious about this issue, they need to look at the education budget across the state and how many individual checks are being written by school districts that employ the whole village when there really isn't enough work to carry one person yet they have 10 or 15 employed. He said he differs with the Commissioner on one subject, that being the health of the economy. Had Alaska's economy been much worse, it would have ranked at the bottom in the U.S. Personal income in Alaska ranks 28th. It was always number one. Now it ranks 48th in growth of personal income. He applauded DHSS for what it has done with an impossible task and he offered to help but he cautioned that it will take courage to find solutions next year.

SENATOR WARD asked how the Denali Commission is interacting with welfare reform efforts regarding jobs.

COMMISSIONER PERDUE said DHSS has not briefed the Denali Commission on welfare reform but it would be a good idea to do that.

SENATOR WARD said it seems to him that the role of the Denali Commission is to create jobs where there were none. He felt DHSS's effort should be tied in with the Denali Commission. He asked if the three Native agencies are going through the same drill DHSS has gone through with its providers.

COMMISSIONER PERDUE said she believes they are in some fashion. She noted some of them only started in October.

SENATOR WARD said if this effort is not working in conjunction with the Denali Commission whose charge it is to create jobs, then there is a real possibility that the project will fail. Legislators will then be criticized for not helping people who cannot get off of the welfare program. He felt a larger discussion is important.

COMMISSIONER PERDUE said the jobs that DHSS is looking at are jobs for actual people with specific skills, rather than jobs for the community. Therefore, the economic health of a community may improve but the jobs may not be suitable for the person reaching the five-year limit on welfare.

MR. NORDLUND stated the Denali Commission does have a charge to

help reduce welfare dependency. He noted DHSS has research from the Denali Commission and hopes it does well because any sort of economic development in rural Alaska is bound to benefit DHSS clients to some degree.

SENATOR WARD stated there doesn't seem to be any coordination between the two. He has talked to Bruce [indisc.] who is very sympathetic to those people who cannot find jobs, yet that is his charge, as well as the charge of others. He expressed concern that we have that opportunity and the Denali Commission is not restricted to one physical area of Alaska. They can expend funds anywhere in Alaska.

CHAIR GREEN asked if the block grant program has been a good thing for Alaska and whether DHSS's budget may be tighter if that funding method changes.

COMMISSIONER PERDUE said it has been beneficial for Alaska for several reasons. First, Alaska had a high population bump. The second issue is what would happen if there was a huge economic downturn. There is a rainy day account but it has never been appreciably used nationally. That question will come up during the reauthorization discussions.

MR. NORDLUND explained that the high population increase is a big issue for Alaska. The high population increase is 2.5 percent per year since the block grant began in 1998. According to federal law, it will be revert to the original level in the federal FY 2000. Therefore, next year's block grant will be \$7 million less than this year's. DHSS would like to appeal to Congress to at least hold it at the FY01 level. If DHSS loses that \$7 million, it will mean programs in place will have to be defunded.

CHAIR GREEN asked if the amount had a time limit because Congress expected the number of participants to decrease.

COMMISSIONER PERDUE said she thinks it was a compromise and Congress knew it was going to reauthorize the law so could review it.

CHAIR GREEN asked how the faith-based organizations that have worked with DHSS so far get involved.

COMMISSIONER PERDUE stated that one of DHSS's most successful collaborations is Love Inc., which is a conglomeration of all of the churches.

CHAIR GREEN asked how to "grow" more programs like that.

COMMISSIONER PERDUE said that the United Way in Mat-Su is extremely interested and plans to get in touch with Love Inc. She said, "We need to take that kind of spirit that they have and expose it to other communities."

SENATOR WARD asked for the name of the person in charge of Love Inc.

COMMISSIONER PERDUE replied, "Terry Reichert (ph)." She said that people can donate their cars to Love Inc. and get a tax exemption. Then, mechanics donate time and fix the cars and the cars are donated to individuals. She said it is a very popular program. She said DHSS helps Love Inc. a little bit with equipment, like radios, but they do not want a lot of help.

CHAIR GREEN commented that she thought that Alaska's original welfare reform legislation had a provision that allowed a person finishing a college degree to consider that as work hours for the welfare program.

MR. NORDLUND said it is not specifically written in the law but DHSS does give a certain amount of flexibility to case managers. If a person was in the fourth year of a four year degree program, the case worker would not insist that person quit school to meet the work requirements for welfare.

COMMISSIONER PERDUE cautioned that the federal work requirement doesn't count that as an accountable work activity. She said that one of the big gaps she sees in welfare reform program is that it has no stipends for people to go to school. There may be money available for tuition, but there is nothing available for living expenses.

CHAIR GREEN noted the amount for an Alaska student loan was increased to \$8500 per year. She asked if the Department of Education now oversees childcare.

COMMISSIONER PERDUE said that is correct.

CHAIR GREEN asked, had welfare reform had not been implemented, what the total number of participants would be today.

COMMISSIONER PERDUE said that in the 1980s, when more jobs were available, the welfare rolls didn't decline.

CHAIR GREEN agreed that the results have been even greater than had the status quo remained. She asked if other states have had the same difficulty with the 20 percent exemption.

MR. NORDLUND said many states have but they do not have an expressed five-year limit in state law so they can spend state funds beyond the five-year limit.

There being no further questions, CHAIR GREEN announced that the Senate HESS Committee would hear SCR 2 and SB 19 (pending referral) on Monday, January 29. On January 31, the committee will hear an overview by the Department of Education and Early Childhood Development and, on Saturday, January 27, Senate HESS will be joining the House Special Committee on Education for a hearing on the competency test. There being no further business to come before the committee, CHAIR GREEN adjourned the meeting.