

MINUTES
SENATE FINANCE COMMITTEE
February 25, 2005
9:16 a.m.

CALL TO ORDER

Co-Chair Green convened the meeting at approximately [9:16:00 AM](#).

PRESENT

Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senator Fred Dyson
Senator Bert Stedman

Also Attending: KATHERINE FARNHAM, Director, Division of Public Assistance, Department of Health and Social Services; ELLIE FITZJARRALD, Chief, Policy and Program Development, Division of Public Assistance, Department of Health and Social Services; MOLLY MERRITT-DUREN, Cook Inlet Tribal Council; DEAN GEORGE, Coordinator, Employment Training Division, Central Council of Tlingit and Haida Indian Tribes of Alaska;

Attending via Teleconference: From Fairbanks: DON SHIRCEL, Director, Family Services Division, Tanana Chiefs Council

SUMMARY INFORMATION

SB 51-PUBLIC ASSISTANCE PROGRAMS

The Committee heard from the Department of Health and Social Services and Native organizations. The bill was held in Committee.

#SB 51
[9:16:50 AM](#)

SENATE BILL NO. 51

"An Act relating to contracts for the provision of state public assistance to certain recipients in the state; providing for regional public assistance plans and programs in the state; relating to grants for Alaska Native family assistance programs; relating to assignment of child support by Alaska Native family assistance recipients; relating to paternity determinations and genetic testing involving

recipients of assistance under Alaska Native family assistance programs; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

KATHERINE FARNHAM, Director, Division of Public Assistance, Department of Health and Social Services, testified that this legislation would make permanent, the Native Family Assistance Program, which is currently a pilot program. This program was established in conjunction with the federal welfare reform program intended to facilitate welfare recipients to obtain jobs.

Ms. Farnham indicated a chart showing a 58 percent caseload reduction and reduced spending of 66.1 percent since the programs inception [copy not provided]. The Native Family Assistance Program has been instrumental in achieving these reductions.

Ms. Farnham explained the federal Temporary Assistance for Needy Families (TANF) program is based on a five-year limit of benefit payments to individuals. The State and federal governments in 1996 enacted the programs. The State program enables the State to receive and match the federal block grants with a "maintenance of effort."

Ms. Farnham continued that the State established the Native Family Assistance Program in the year 2000, which was allowable under the provisions of the federal program. State funding is necessary to supplement the tribal programs and this legislation would enable the continuation and expansion of this process. Twelve of Alaska's Native corporations would be eligible to participate.

Ms. Farnham reminded that the Native Family Assistance Program was established as a pilot program, as it was uncertain whether the program would be successful. Without this legislation, the program would sunset on June 30, 2005. The pilot program was also limited to participation by four tribal organizations, specifically Tanana Chiefs Conference, Association of Village Council Presidents, the Tlingit and Haida organization and the Metlakatla Native organization.

Ms. Farnham stated that three Native organizations have participated in the program. The program has been evaluated and found to be successful in contributing to the State's caseload reduction. From FY 01 through the present, the tribal-operated programs have actually had a higher caseload reduction than the State-operated programs. This is due in part to the knowledge of

the organizations in the people, local economies and culture.

Ms. Farnham noted the Native Family Assistance Program is not limited to serving Native clients. The Association of Village Council Presidents has entered into a contract with the State to serve all residents of the Yukon-Kuskokwim Delta region. This prevents duplication of efforts.

Ms. Farnham spoke to the intent to extend the program in both time and participants. Other regional Native nonprofit organizations have expressed interest in participating. The Cook Inlet Tribal Council has completed preliminary efforts to establish a program and would be able to begin on July 1, 2005, but only if this enabling legislation is passed. Inclusion of other Native organizations would be delayed until the Cook Inlet program is implemented and requires less assistance from the Department.

Ms. Farnham stressed that these organizations perform these activities already, contracting with the State to provide services.

Ms. Farnham addressed the fiscal notes accompanying the bill. One fiscal note delineates the costs specific to the proposed participation of the Cook Inlet organization and the anticipated 700 families it would serve.

Ms. Farnham directed attention to fiscal note #3, which reflects general fund savings as well as a reduction of federal receipts necessary for the program totaling almost \$5 million. She commented on the rarity of endorsing programs that are good for "people", communities and the "fiscal bottom line". This is one of those occasions. She explained this is because as the tribal organizations directly receive block grants from the federal government, the State block grant is reduced by the same amount and the State's maintenance of effort requirement is reduced.

Ms. Farnham spoke to transfers in the use existing maintenance of effort general funds to pay the grant to the Cook Inlet Tribal Council. These funds are currently allocated to the Alaska Temporary Assistance for Needy Families (TANF) program. This legislation would allow a reduction of \$2 million general funds due to the reduced maintenance of effort requirement.

[9:27:45 AM](#)

Co-Chair Green asked the impact of the reduction of "maintenance of effort" to the State.

Ms. Farnham replied that fewer general fund monies are necessary to

be in compliance to receive the federal block grants.

Co-Chair Green clarified this occurs when the block grants are "shifted" to the organizations.

Ms. Farnham affirmed that the overall maintenance of effort decreases and the State could utilize a portion of the savings to pay the tribal organizations. This results in net savings to the State.

Co-Chair Green asked if the definition of "maintenance of effort" is that State must contribute the same amount as was appropriated the previous year.

Ms. Farnham detailed a chart titled "Federal TANF and State MOE" [copy on file] that demonstrates the decline in the required contribution from the State, as a result of the tribal programs. States are required to contribute 75 or 80 percent matching funds to continue to receive the federal grant unless it is able to demonstrate success in "work participation rate".

[9:31:14 AM](#)

Co-Chair Wilken noted this legislation would repeal statutes relating to the pilot program. He asked if the new statutes proposed in this legislation contain identical language.

Ms. Farnham responded that the language is exactly the same with the exception of the sunset provision and the removal of the provision restricting participation to four specific Native organizations. The new language is linked to the federal classifications of approved organizations.

Co-Chair Wilken spoke to concerns about the "erosion" of federal support for many programs in Alaska. He asked the consequences to the State if the federal block grants diminished and whether the State would be required to fund the program with general funds.

Ms. Farnham replied that the block grant amounts have not increased since 1996 and that the program has been due for Congressional reauthorization for several years. If the federal funding were reduced, the implications would be significant and the State would be required to reassess all the programs that currently utilize TANF funds. She assured this is unlikely to happen, noting the president's budget proposal and other budget plans include funding at the current level. The programs have been very successful in many states, which provides incentives to continue the federal funding.

Ms. Farnham continued that if federal funding were reduced, and because the federal funding is contingent upon State matching funds, the issued would be whether the State would participate in the federal program.

Co-Chair Wilken understood the short-term support for the program, but stressed the need to consider the long-term possibilities of continued federal funding. He was unsure that the State would have sufficient funding to replace federal funds if it became necessary.

[9:35:03 AM](#)

Co-Chair Wilken then asked if the general fund component allows the four participating organizations to serve non-Natives as well as Native clients.

Ms. Farnham replied that the programs are intended to primarily serve Natives and American Indians. The contract with the organization operating in the Yukon-Kuskokwim Delta area specifies services to be provided to all residents, regardless of race. It is anticipated that a program implemented in the Bristol Bay region would include non-Natives as well. However, the proposed Cook Inlet organization program would operate in the Anchorage area and would more appropriately handle only Native clients.

Co-Chair Wilken pointed out that the Tanana Chiefs Conference (TCC) decided during the previous year to not serve non-Native. He asked how that decision would impact this program.

Ms. Farnham responded that the aforementioned TCC decision did not pertain to the TANF program. Under the provisions of the TANF grant provided to the TCC, that organization serves only the Natives of the Doyon region and the State provides services to the remainder of the population in the Interior area.

Co-Chair Wilken understood that the general fund contribution becomes subject to the federal guidelines is not subject to any State mandates governing whom the organization must serve.

Ms. Farnham affirmed.

[9:37:44 AM](#)

Co-Chair Green asked if Native clients residing in Anchorage or Fairbanks would have the option of receiving TANF services from the State rather than the Native organization.

Ms. Farnham answered that they would have this option.

ELLIE FITZJARRALD, Chief, Policy and Program Development, Division of Public Assistance, Department of Health and Social Services, furthered that under special circumstances a Native family could apply for services through the State, although this has not occurred to date. The Division is coordinating with the organizations to address any issues that may cause a Native client to oppose receiving services from the Native organization. The intent is to avoid a situation in which families are "shopping" for services and switching from one agency to another if unsatisfied.

[9:39:00 AM](#)

Co-Chair Green recalled Committee discussions related to the FY 05 supplemental appropriations regarding waiver of sovereign immunity. On-going debate on the matter of tribes bypassing State authority continues. She cautioned that some activities, including this program, further the tribes' ability to argue sovereign immunity. She cited a provision of Chapter 78. Grant Programs, of Title 7 of the Alaska Administrative Code, as follows.

7 AAC 78.030. Eligible applicants.

(e) An Alaska Native entity or a nonprofit subsidiary of one or more Alaska Native entities may apply for a grant under this chapter. An Alaska Native entity must submit with its proposal a resolution approved by its governing body that waives the entity's sovereign immunity from suit with respect to claims by the state arising out of activities related to the grant.

Co-Chair Green asked the implications if these regulations were changed.

Ms. Fitzjarrald assured that this regulation represents a longstanding practice of the Department and that although the regulation has been amended it has not been significantly changed since its inception. Any future proposal to change the regulation would undergo the usual public process and be subject to scrutiny. The Department utilizes this regulation in operating programs such as the Native Family Assistance Program. Native organizations entering into agreement with the State for receipt of the TANF funds are required to provide documentation waiving sovereign immunity in relation to the activities of the program.

[9:41:46 AM](#)

Co-Chair Green stated for the record that this provision must

continue.

[9:42:14 AM](#)

MOLLY MERRITT-DUREN, Cook Inlet Tribal Council, testified in favor of the bill. She detailed information contained in a "Fact Sheet" provided by the Cook Inlet Tribal Council [copy on file], which reads as follows.

- CITC has been providing TANF (Welfare to Work) case management services as a vendor for the State since 1997 (8 years). During this tenure CITC has been a key player in the successful decline of State TANF roles.
- 1994 TANF caseload for Anchorage was 1,123; it is currently 692 (as of 11/2004). During this period, Anchorage experienced an increase in Native population from 12,000 (1990 US Census) to approx. 46,000 (2000 US Census); yet the TANF participant role decreased by 62%.
- Supports the Governor's mandate of local control and downsizing of State government.
- Makes the delivery of Tribal Temporary Assistance to Needy Families service delivery uniform throughout the State, as the Majority of Alaska Native and American Indians in Alaska are currently being provided TANF services at other Native regional tribal social services agencies including Tanana Chiefs, Central Council of Tlingit and Haida Indian Tribes and the Association of Village Council Presidents.
- CITC is a fully integrated one-stop employment, social service, and substance abuse treatment agency.
- Data and financial reporting and tracking will be a non-issue for CITC. CITC will be using the State of Alaska, Department of Health and Social Services Eligibility Management System interfaced with our own sophisticated information technology (IT) and accounting infrastructure.
- CITC currently provides IT services for 5 non-profit agencies in 25 locations (413 end users) and accounting services for 39 non-profits, consistently having no financial single audit findings.

[9:47:45 AM](#)

Co-Chair Green clarified that the Cook Inlet Tribal Council would utilize and modify the existing State system to meet its specific needs, rather than create an entirely new program. She indicated the advantage of this.

Ms. Merritt-Duren affirmed and explained the intent that the Council would utilize the State system and integrate it into the Council's IT system. This would be more effective and would assure the State that no funding confusion would arise. The State would have access to the Council's information at all times.

[9:48:37 AM](#)

DEAN GEORGE, Coordinator, Employment Training Division, Central Council of Tlingit and Haida Indian Tribes of Alaska, referenced written testimony he had submitted to a previous committee [copy not provided]. He supported this legislation and thanked the State for supporting the pilot program. The partnership between the Division and the Council has been effective.

Co-Chair Green asked how long the witness has been involved with this program.

Mr. George replied he has been involved for three years. The program has been in operation since the year 2000.

Co-Chair Green clarified the witness would rate the program as successful.

Mr. George answered, yes and expressed the Council is appreciative of the State funding, which has been well utilized.

[9:50:45 AM](#)

DON SHIRCEL, Director, Family Services Division, Tanana Chiefs Conference, testified via teleconference from Fairbanks, reading a statement into the record as follows.

TCCs tribally administered temporary assistance program is currently in its seventh year of operation. While like all programs there's always room for improvement, the tribes of the Interior are proud of the accomplishments they've collectively made to date getting people from welfare to work. The report to the Alaska Legislature prepared by the Division of Public Assistance indicates that that's what Native family assistance programs have been doing - getting people to work.

In Alaska's urban areas, hub communities and even in some of the most economically challenged rural areas of the State. The report and the outcomes achieved through this pilot program indicate that the tribes are heading in the right direction.

SB 51 enables us to collectively and collaborately stay what appears to be a good course.

SB 51 is about bottom lines. It makes sense, saves dollars and will help to get more people off welfare. This bill extends programming that promotes marriage and fatherhood, strengthens Alaska families, promotes local control and individual responsibility, and it institutionalizes a proven successful collaborative partnership that's based on measurable and meaningful outcomes.

Our collective experience to date we feel indicates that we, the tribes and the State, are headed in the right direction.

[9:52:41 AM](#)

Co-Chair Green relayed concerns regarding communities with limited employment possibilities. She asked if any Native organizations were involved in delivering TANF services in these areas.

Ms. Farnham informed that federal law allows for benefit extensions for Native or tribal areas with low opportunity for employment. This represents only approximately eight percent of the total number of families served by the program. The Cook Inlet organization would not cover such areas, as its target is Anchorage. The US Census shows a significant increase in the Native population in Anchorage, which indicates that villagers are relocating to larger communities to secure employment.

Co-Chair Green asked if because the Native organizations operate differently than the State whether those organizations are able to more carefully monitor the families it serves.

Ms. Farnham affirmed this is the strength of the tribal organizations in operating the programs. Regionally based organizations are better able to identify specific needs and solutions.

Co-Chair Green stressed the importance of avoiding complacency with this program. She spoke of the legacy of the former welfare programs in rural Alaska.

Ms. Farnham agreed. While other states have experienced welfare reforms plateau or even increases, Alaska continues to experience caseload declines. This is due to commitments imbedded in the Alaska programs. The State has received high performance bonuses from the federal government for its continued success. The Division and the Native organizations are intent on adapting to various

situations' needs rather than limiting to one isolated solution method.

9:59:04 AM

Co-Chair Wilken asked whether the Committee should adopt legislative intent language regarding potential future reduction in federal support.

Co-Chair Green asked how the federal funds are allocated and whether State matching funds are required.

Ms. Farnham replied that the TANF funds are allocated through a formula, requiring an 80-percent maintenance of effort or 75 percent if the State achieves target participation rates. The Native program stipulates the State contribute a "fair and equitable share" to "complement the federal share".

Co-Chair Green questioned the definition of "complement". She informed that the Committee would coordinate with the Division to draft intent language as indicated by Co-Chair Wilken.

Ms. Fitzjarrald noted language in Section 2 of the bill on page 10, line 3 amending AS 47.27 by adding Article 4. Regional Programs. The specific language in Sec. 47.27.300. Regional public assistance programs., reads as follows.

(b) The department may award contracts to implement a program developed under (a) of this section. A contract authorized for delivery of state public assistance under a regional public assistance program under this section is exempt from the competitive bid requirements of AS 36.30 (State Procurement Code). Subject to appropriation, a contract under this section must be in an amount that represents a fair and equitable share of the money appropriated under this chapter to serve the state residents specified in (a) of this section. This section provides additional authority to contract to the available under AS 47.05.015 or other law.

Ms. Fitzjarrald stated this language explains what constitutes a fair and equitable share and qualifies that the program is subject to a fair and equitable share. If federal funding were reduced, the terms of the program would be subject to renegotiation.

Ms. Farnham furthered that funding for the program is also subject to the terms of the federal block grant.

Co-Chair Green asked if this language is included elsewhere in the

bill.

Co-Chair Green commented that in instances where federal funding has been reduced, expectation has been that the State must provide funding in an amount to fund a program at the previous level. She clarified that if federal funding for this program were reduced no requests would be entertained to appropriate State funding in the amount of the federal reduction.

Co-Chair Green asked the possibility of litigation over the term "fair and equitable."

Ms. Farnham replied that this provision has been in effect for many years without difficulty. She pointed out the language is also included in Section 1 of the bill on page 3, line 7, amending AS 47.27 by adding Article 3. Alaska Native Family Assistance Grants. The specific language in subsection (c) of Sec. 47.27.200. Alaska Native family assistance grants., reads as follows.

(2) for the second and subsequent state fiscal years under the plan accepted by the department, represents a fair and equitable portion of state appropriations made for public assistance programs that is allocated for Alaska Native family assistance grants to be awarded under this section in order to serve the state residents who will be served by the plan; if the money is not allocated for these grants, the amounts shall be made in the same manner as described in (1) of this subsection.

Co-Chair Green requested confirmation of the State's obligation in the event the federal government reduced its share of funding for this program, as implied by this language.

Ms. Farnham surmised the "fair and equitable share" language would be cross-referenced to the federal enabling language that provides that State funding is dependant upon federal appropriation. The provisions relating to the State's obligation in the event of reduced federal funding is not likely specified in this bill. If federal funding were reduced, the program would be readdressed.

Co-Chair Green announced that additional work would be undertaken to address this issue.

Co-Chair Green ordered the bill HELD in Committee.

#

ADJOURNMENT

Co-Chair Green adjourned the meeting at 10:08 AM