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COMMITTEE REPORT

HOUSE

(7)

FURTHER: FINANCE

2/25/85

Date: April 3, 1985

Mr. Speaker:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has held HB 231

"An Act relating to amount of general and temporary relief assistance."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back ^{INDIVIDUAL} without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] No Rec

[Signature] - DO NOT PASS

[Signature] - Do Not Pass

[Signature]
CHAIRMAN

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MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] No Rec

David [Signature] - DID NOT PASS

[Signature] - Do Not Pass

[Signature]

CHAIRMAN

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

BILL SHEFFIELD, GOVERNOR

Document # 8390

POUCH H-07
JUNEAU, ALASKA 99811

PHONE: 465-3355

March 1, 1983

The Honorable Vic Fischer
Senator
Room 423, Capitol Building
Juneau, Alaska 99811

Dear Senator Fischer:

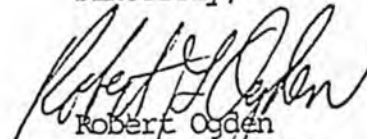
In a hearing on February 28, you inquired about the relationship of the 53 \$80 General Relief maximum payment level set in 1953 to current values, needs, or costs. We have looked at several ways of translating values, including comparisons (insofar as they exist) with other assistance program payments.

We have concluded that the only valid approach is to assume that the 1953 \$80 maximum was adequate in 1953, and to translate these 1953 Alaska dollars into 1983 Alaska dollars.

Mr. Chris Miller, Department of Labor, Division of Research and statistics, was kind enough to do this computation for us, using CPI history. The US CPI went from 1953 80.1 to 1982 289.1. Using this measure \$80 in 1953 would require an equivalent of \$288.72 in 1982 dollars. The Anchorage CPI was first set in 1960, increasing from 91.4 to 241.9 between 1960 and 1982. Using this measure, \$80 in 1960 would require an equivalent of \$211.76 in 1982. (For a assistance comparison, we paid between \$125 and \$175 for a 2-person AFDC household in 1970, we pay \$546 now.)

As we have noted in past studies on AFDC payment levels, "adequacy" of assistance payment levels is not capable of being demonstrated by objective data. Nationally, most maximums tend to be set by applying political and fiscal considerations to a past level of payment. This payment "base" is often assumed to be adequate simply because no one can conclusively prove that it was inadequate.

Sincerely,


Robert Ogden
Deputy Director

cc: Chris Miller, DOL, DR & S



ALASKA CHAPTER
NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.

P.O. Box 10430
Fairbanks, AK 99701
(907) 456-5914

ISSUE: GENERAL RELIEF PAYMENTS

The maximum payment for a destitute person under Alaska's General Relief statute is \$80 per month! THAT AMOUNT HAS REMAINED UNCHANGED SINCE 1957!!!! Further, Alaska Department of Health and Social Services Regulations provide that payments must go to a vendor on-behalf of the person and not to the person himself. Such regulations also provide that General Relief payments cannot be paid on a regular basis, but rather are mostly restricted to a one-time payment. The result of such law and regulation is that people who are extremely poor receive virtually no assistance from a State which is so wealthy it can afford to subsidize home mortgages!

Action Requested:

The Alaska Chapter, National Association of Social Workers recommends legislation amending A.S.47.25 to double the General Relief maximum payment from \$80 to \$160 per month with a corresponding increase in the appropriation to the Division of Public Assistance to enable them to make such payments.

In addition it is recommended that the Legislative Regulation Review Committee review the General Relief Regulations to determine how they could better serve people who are poor.

Further, it is recommended that the Department of Health & Social Services be directed by the Legislature to conduct a study of the distribution and adequacy of payments and make a report to the legislature by January, 1986.

GENERAL RELIEF (GR)

Program Purpose

Alaska's General Relief Program provides assistance for obtaining the necessities of life for people who temporarily have absolutely no other personal, private, or public resources available to meet their needs.

Eligibility Criteria:

Recipients of GR must meet the following criteria:

1. They must be in financial need;
2. They must have inadequate resources to meet their basic needs;
3. They must be 18 years old or be eligible minors;
4. They must have proof of a specific unmet need for a subsistence item such as an eviction notice for overdue rent, or a utility shut-off notice;
5. They must be physically present in Alaska at the time of application;
6. They must register for work unless otherwise exempted.

*NEED STANDARDS(Monthly allowances) Note: Financial eligibility for GR-GRM exists only if need exceeds net income (need standard minus net income equals unmet need, which equals vendor or direct cash payment).

Need Standards

Adult-only households:

| <u>Number of Adults</u> | <u>Maximum Need Standard</u> |
|-------------------------|------------------------------|
| 1 | \$300 |
| 2 | 400 |
| 3 | 500 |
| 4 | 600 |
| 5 | 700 |

\$100 shall be added for each additional adult.

Households with children and adults:

| <u>Number of Persons</u> | <u>Maximum Need Standard</u> |
|--------------------------|------------------------------|
| Adult plus 1 child | \$300 |
| Adult plus 2 children | 350 |
| Adult plus 3 children | 400 |
| Adult plus 4 children | 450 |
| Adult plus 5 children | 500 |
| Adult plus 6 children | 550 |
| Adult plus 7 children | 600 |

\$100 shall be added for each additional adult and \$50 for each additional child.

If income is larger than the need standard, even by \$1, the applicant is not eligible. Need standards above were in effect June, 1983.

Exception: In open APA and AFDC cases with no prior resource to provide drugs needed for medical treatment, GRM eligibility will exist.

Coverage: GR can pay up to \$80 per month, per eligible person, to vendors on behalf of needy clients, and can provide cash payments of up to \$80 per month per person for certain needy high school students and older persons who have no other resources and who have applied for regular cash assistance from other programs.

Normally, GR provides assistance for such needs as rent, heating fuel, or electrical bills in amounts not to exceed the maximum of \$80 per eligible person.

Also, under certain very limited circumstances, indigents who are recent arrivals in Alaska can be provided one-way tickets to their last place of residence.

Certain burial costs can be paid through GR for burial of indigent deceased persons who were eligible by virtue of having no resources available to meet their needs. Relatives who are unable to provide for the costs of the burial may apply for assistance.

GR applications are available at all Division of Public Assistance offices. Office addresses are listed on page 3 of this booklet.

Applications are also available from fee agents in most smaller towns.

SOME FACTS ABOUT ALASKA'S GENERAL RELIEF
PROGRAM

General Relief Appropriations

| | |
|--------|-----------|
| FY '82 | \$530,000 |
| FY '83 | \$451,000 |
| FY '84 | \$650,000 |
| FY '85 | \$537,000 |

General Relief Utilization *

| | |
|----------------------------------|---------------------|
| Average of 351 clients per month | Shelter & Utilities |
| Average of 21 burials per month | Funeral costs |

Average payment

| | |
|------------------|---------------------|
| \$80 per client | Shelter & Utilities |
| \$806 per client | Burial |

Per-cent of Appropriation for Different Services

| | |
|-------------------------------------|-----|
| Utilization for burial | 48% |
| Utilization for shelter & utilities | 52% |

If GR appropriation were doubled, at least double the number of persons now served could be expected to apply, and more landlords would accept GR payment since it would be nearer to the actual amount of rent owed them.

*State-wide figures, but the majority is utilized in Anchorage.
Burial numbers have increased since BIA no longer provides burial payments

*Figures provided by the Anchorage Office of the Division of Public Assistance
November, 1984

Alaska Chapter
National Association of
Social Workers
Box 10430
Fairbanks, AK 99710

Alaska Public Interest
Research Group
PO Box 1093
Anchorage, AK 99510

FOR IMMEDIATE RELEASE

FOR MORE INFORMATION CALL:
Cecilia Kleinkauf, NASW
786-1714
Maureen Kennedy, AkPIRG
278-3661

STUDY CRITICIZES \$80 CAP ON GENERAL RELIEF PROGRAM

The \$80 per person limit on the state's General Relief Assistance Program (designed to provide qualified unemployable people with necessities) is totally inadequate, according to a study just released by the Alaska Public Interest Research Group and the Alaska Chapter of the National Association of Social Workers. The figure has not increased since 1953.

"Though rents in Anchorage have doubled since 1978, and though changes in BIA and AFDC programs have shifted additional burdens on this state program, the legislature has cut the appropriation by 40% over the last two years," said Maureen Kennedy, AkPIRG director. "The legislature realizes the program is unworkable and inadequate, but rather than overhauling it and increasing payments so they make a difference, we've cut back."

"We give state employees in one day's per diem more than we give general relief recipients in a month," said Yvonne Chase, President of NASW. "The State continues to divert funds from the program for pauper burials. In fact, nearly half of the 1984

STUDY CRITIICIZES CAP. PAGE TWO

expenditures went to burials, which are not subject to the \$80 cap, and which averaged over \$800 apiece." The NASW recommends that the State, at a minimum, increase the cap to \$160.

The report, written by Michael Reibel, includes a detailed survey of 102 destitute people and dramatically demonstrates the extent of unmet need. It recommends that the State:

- Authorize larger appropriations for the program;
- Review program regulations and redefine "emergency need;"
- Conduct a study of the distribution and adequacy of payments;
- Create a separate state burial program; and
- Institute a comprehensive statewide social services plan, as required by law.

The NASW has taken on the General Relief Program as a top legislative priority for this session. The group represents over 200 social workers throughout the state. AkPIRG, a statewide research and advocacy organization, has 600 members.

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A CRITICAL EVALUATION
OF THE GENERAL RELIEF ASSISTANCE PROGRAM
AS AN EFFECTIVE METHOD OF EMERGENCY RENTAL ASSISTANCE

by

Michael Reibel

Prepared for the
Alaska Public Interest Research Group
National Association of Social Workers
Anchorage Housing Opportunities Made Equal

January, 1985

Recommendations - p. 28.

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PREFACE

This project was undertaken as a summer internship under the auspices of the Internship Program for Alaska. It proved to be an especially challenging one due to AHOME's lack of an office and a permanent staff. As a result, the success of this inquiry is largely due to the generous and patient assistance of a considerable number of individuals. The organizations whose help was indispensable include: the Alaska Public Interest Research Group (AKPIRG) which provided office space and critical support; the Internship Program for Alaska; the Alaska Legal Services Corporation; the AHOME Board of Directors; and all social service agencies which allowed me to interview clients.

Persons who provided critical support to the project include:

| | |
|------------------|-----------------------|
| Michael Baffrey | Michael Barring-Gould |
| Linda Beecher | Betty Bender |
| Brother Bob | Joanie Clery |
| Gloria Engel | Monte Engel |
| Lauren Ewing | James Gamble |
| Ron Hirsh | Michael Huelsman |
| Karla Huntingdon | Steve Kadish |
| Joyce Lee | Lauren Muller |
| Rosalie Nadeau | Joe O'Connell |
| Liane Payne | Ileen Self |
| Linda Snyder | Gail Stolz |
| Karen White | Leslie Zeloof |

Thanks also to all interviewers whose names don't appear. Thanks to all the people who were kind to me, who showed me around and helped me out in various ways either with my work or in gaining a deep appreciation and love for the Great Land.

Special thanks to Maureen Kennedy of AKPIRG who served as my Project Supervisor, and to all the kind people who sheltered me during my stay when I was officially classified as "Homeless".

I. INTRODUCTION

Basic human rights should include safe, adequate housing, adequate food and water, and access to medical care. Yet of the acknowledged necessities, the right to decent housing continues to receive a low priority in the funding of existing social service programs. Unlike the other necessities mentioned above, there is no Federal program dedicated to emergency rental assistance, nor has there ever been. Subsidized public housing is potentially effective in providing low cost housing for low and moderate income families despite problems associated with such programs, but public housing does not address the critical problem of short term and emergency need.

In Alaska, the only source of emergency rental assistance available Statewide is the General Relief Assistance Program. The purpose of this study is to investigate the need for emergency rental assistance, evaluate the effectiveness of the General Relief Program in meeting that need, and explore ways in which perceived needs might be better met.

II. THE GENERAL RELIEF PROGRAM

The General Relief Program was created by an act of the territorial legislature and has remained substantially unchanged since April 1, 1953 (six years before Statehood). Subsequent amendments made minor changes to clarify and simplify the text without making substantive changes in the program.

General Relief Assistance (GRA) and its sister program, General Relief Medical (GRM) are administered under Title 47, Chapter 25, Article 2 of the Alaska Statutes. The framework for the program is in the first part of Article 2:

"Eligibility for Assistance: Financial assistance may be given under AS 47.25.120-47.25.300, so far as practicable under the conditions in this State, to a needy person who is eligible under the regulations of this department." (AS 47.25.110)

"Amount of Assistance: The amount of assistance for needy persons shall be determined by the Department with regard to the resources and needs of the person and the conditions existing in each case. Where possible, assistance shall be sufficient to provide the applicant with reasonable

subsistence according to the standards of assistance established by the Department. However, the amount of assistance for subsistence needs may not exceed \$80 a person a calendar month." (AS 47.25.120)

The Department of Health and Social Services administers the General Relief Assistance and General Relief Medical programs through its Division of Public Assistance. Both of these programs are 100% State funded, receiving no Federal dollars. Although created by the same act, awarded under the same eligibility criteria, and bearing a similar name, the two programs are different in two important respects. First of all, they are funded separately: General Relief Assistance has been allocated \$537,000 for fiscal year 1985; General Relief Medical has been allocated \$10,259,500 for fiscal year 1985 (nearly twenty times as much). The other important distinction is the maximum allowable grant. AS 47.25.120 forbids grants larger than \$80 per person, per calendar month for subsistence needs. General Relief Medical grants are not limited to this \$80 figure. Since our analysis is of General Relief as an avenue of rental assistance, General Relief Medical will not be considered of primary importance to our inquiry.

The stated purpose of the General Relief Program is to provide "subsistence for needy persons when no other source of assistance is available to them" (Division of Public Assistance [DPA], General Relief Manual). The manual which is used as a reference by DPA eligibility workers, emphasizes that General Relief is an emergency program "designed to meet the needs of Alaskans experiencing extreme financial crisis."

General Relief is to be used as a last resort only when all other resources (including other assistance programs) are exhausted. Under current Department regulations, General Relief clients must reapply every month, documenting emergency needs each time. Proof of emergency needs means an eviction notice, a utility cutoff notice, or similar notice of termination.

Ordinarily, all General Relief assistance grants are made in the form of payments, made directly to the client's creditor rather than to the client. Thus, the State can be reasonably assured that the grant is being used for the intended purpose.

SCOPE

The Scope of the General Relief Program is broad. DPA regulations and guidelines interpret "reasonable subsistence" to mean "the basic necessities of life: Medical Care (General Relief Medical), shelter, utilities, food, and clothing." Additionally, if death occurs and the deceased is eligible, General Relief can provide for burial expenses.

In practice, General Relief grants are divided almost evenly between rental assistance, with other types of grants lagging far behind. In a recent study prepared for the Department, total General Relief grants over a six month period were distributed as follows: Rental assistance 44.5%; Burials 42.6%; Utilities 1.6% and other miscellaneous 11.2%. Burials account for so much of the General Relief allocation partially because burials of unidentified persons have come to be administered through the General Relief Program.

COMMENTARY

The logic behind funding pauper's funerals through a relief program designed to provide subsistence for the living is not entirely clear. Perhaps having extended burial assistance to eligible (i.e., impoverished) families of equally impoverished deceased persons (already distant from the original intent of providing for subsistence), the State decided to incorporate the administration of pauper funerals into the General Relief Program for the sake of consistency: Why not have one program handle all of the State funded funerals? Rational enough, from the standpoint of efficiency, but definitely a great leap of abstraction from the stated purpose of providing for the subsistence of needy persons.

According to estimates of Department researchers, General Relief outlays break down geographically at approximately:

| | |
|-------------------|-----|
| Anchorage area | 65% |
| Fairbanks | 17% |
| Southeast | 8% |
| Rest of the State | 10% |

Although these figures correspond roughly to the population distribution of the State, it has been suggested that the breakdown of payments by type, if

not the relative frequency or amount of the grants, varies between urban and rural areas. Heather Noble, an attorney at the Kotzebue Legal Service Corporation office, cites fuel costs as a very heavy burden on resident of that area who often require assistance in paying their heating bills. Although unfortunately, no regional breakdowns are available from the Department, it seems likely that grants for utilities and fuel make up a larger portion of the outlays in the more remote (and colder) regions.

FACTORS OF ELIGIBILITY

(for more detailed information on eligibility criteria,
see the DPA's GR manual)

- Specific Need: an immediate and specific need for subsistence items, transportation, or burial.
- Inadequate Resources: a lack of personal resources including liquid assets, personal property or credit, as well as eligibility for, or access to, prior resources (other assistance programs).
- Applicant must be physically present in the State of Alaska at the time of application: no other residency requirement exists.

ELIGIBILITY DETERMINATION

- Inadequate resources: personal resources - a GR household will not be eligible if it has:
 - More than \$500 in liquid assets
 - any substantial assets beside owning one's home and one car and/or snowmobile and/or boat (exceptions are made in special circumstances)
- Prior Resources: GR can not be granted if the applicant has other resources (assistance programs) available that allegedly meet the specific need. In the event that another program will provide for part of the amount for which an applicant is eligible under GR guidelines, GR will provide only the unmet part of the need. Some prior resources for GR are: AFDC, food stamps, social security, and various disability programs.

NEEDS STANDARD

After an applicant's monthly income has been determined (according to DPA guidelines) the eligibility worker consults the following need standard (estimate of minimum subsistence cost) to determine unmet need.

Adult only households:

| <u># of Adults</u> | <u>Rent Under \$35/month</u> | <u>Rent \$35/month or More</u> |
|--------------------|------------------------------|--------------------------------|
| 1 | \$235 | \$300 |
| 2 | 335 | 400 |
| 3 | 435 | 500 |
| 4 | 535 | 600 |
| 5 | 635 | 700 |

\$100 shall be added for each additional adult

Households with children and adults:

| <u># of Persons</u> | <u>Maximum Needs Standard</u> |
|---------------------|-------------------------------|
| Adult + 1 child | \$300 |
| + 2 children | 350 |
| + 3 children | 400 |
| + 4 children | 450 |

\$100 shall be added for each additional adult, \$50 for each child.

Note: The tables demonstrate how outdated DPA's estimates of living costs have become.

Aside from the unrealistically low figures in the need standard, the category headings are revealing: the mere fact that less than \$35/month (especially for five adults) could be considered a realistic rental charge testifies to the antiquity of the need standard. The current guidelines have not been changed since 1978, when rents were approximately half of what they are today.

The amount of a subsistence grant is calculated by subtracting the applicant's income from the appropriate need standard, and determining the unmet need. A grant for this amount is authorized unless it exceeds the \$80/person/month maximum.

The statute clearly limits the amount of GR grants for subsistence to \$80/person/month. The key word is "subsistence". Apparently DPA does not consider medical or burial costs to constitute subsistence, thereby rendering the \$80 cap inapplicable to those categories of assistance. While the cost for funeral services (including the casket) may not exceed \$750, there is no absolute limit on the costs associated with burial. Similarly, once deemed

eligible, there are no absolute limits on dollar amounts for GR medical grants, although regulations specify limitation on the type of coverage, conditions of care, etc. Rent, utility, and other subsistence grants, on the other hand, are strictly limited to \$80/person/month. For details on DPA guidelines for eligibility determination, rules and policy pertaining to GRA and GR Medical see the GR and GRM manuals prepared for offices of the Division of Public Assistance and/or the pertaining sections of the Alaska Administrative Code.

III. RECENT FISCAL HISTORY OF THE GRA

The data arranged on the following two pages are from fiscal records of the old Social Services Department and from the ten recent fiscal years (1976-1985) of the Department of Health and Social Services.

GRA appropriations (first graph) have an erratic history, the result of factors other than changing needs and attitudes toward social spending.

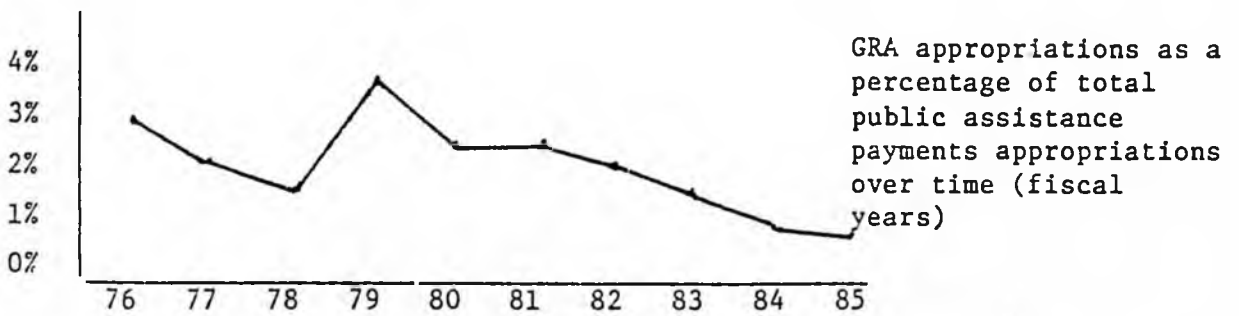
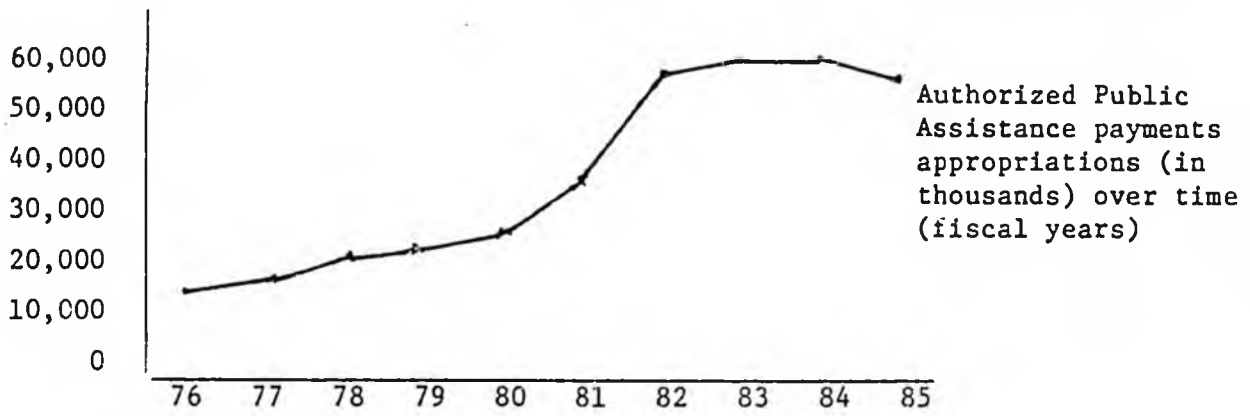
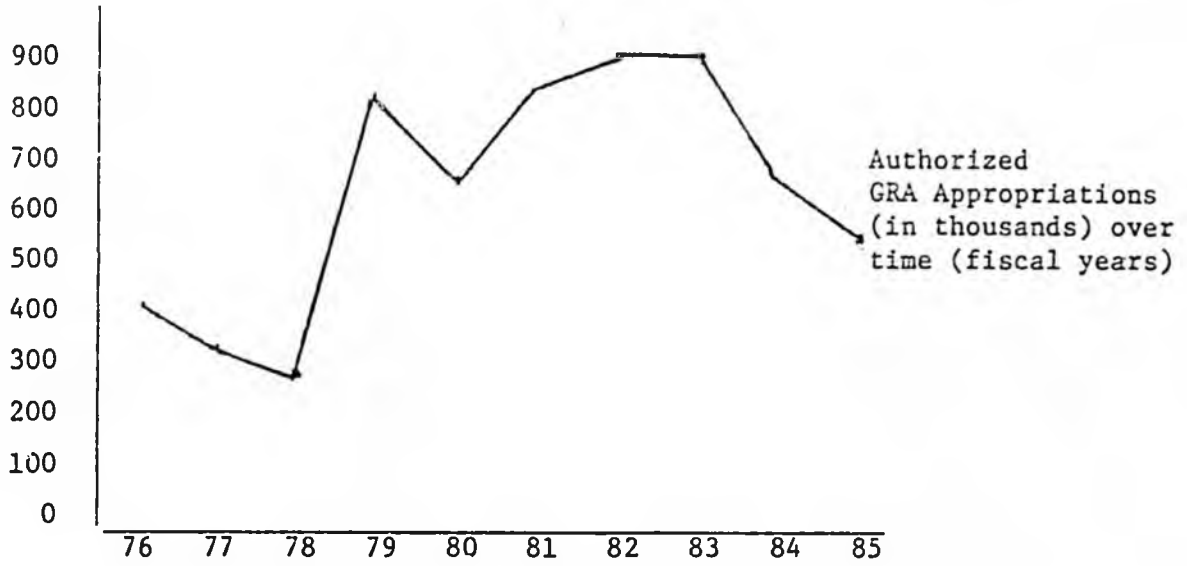
The middle graph represents total authorized public assistance payment appropriations over time. It indicates a rising curve, leveling off in 1982 and 1983, beginning to decline slightly in 1985. This curve reflects recent patterns of population growth in the State and prevailing attitudes toward social spending.

The third graph represents that portion of the total Public Assistance payments budget which was earmarked for GRA. It shows a consistent decline in importance over the last six fiscal years, from 3.7% of the total Public Assistance allocation in fiscal year 1979 to 1.0% in fiscal year 1985.

What variables are causing this roller coaster pattern in GRA appropriations and the steady decline in GRA as an important component of the Public Assistance umbrella? The point of origin for the cycling effect is indicated in the 4th column on the chart (% of initial GRA appropriations actually spent). The restrictive eligibility criteria, low need standard and creditor's option to decline a GR vendor payment (see issues section) make GR grants inaccessible to many truly needy persons, resulting in unspent allocations.

| <u>FISCAL YEAR</u> | <u>AUTHORIZED GRA APPROPRIATION</u> | <u>SUPPLEMENTAL APPROP</u> | <u>ACTUAL EXPENDITURE</u> | <u>% OF INITIAL APPROP ACTUALLY SPENT</u> | <u>CHANGE IN INITIAL APPROP PREVIOUS YEAR</u> | <u>TOTAL PUBLIC ASSISTANCE PAYMENTS BUDGET</u> | <u>GRA BUDGET AS A % OF TOTAL PUB ASSIST PAYMENTS BUDGET</u> |
|--------------------|-------------------------------------|----------------------------|---------------------------|-------------------------------------------|-----------------------------------------------|------------------------------------------------|--------------------------------------------------------------|
| 85 | 537.0 | N/A | N/A | N/A | -113.0 | 52,506 | 1.0 % |
| 84 | 650 | 0 | N/A | N/A | -250 | 55,318.0 | 1.2% |
| 83 | 900 | 0 | 451.8 | 520.2 % | 0 | 55,677.8 | 1.6 % |
| 82 | 900 | 0 | 530.0 | 58.9 % | +100 | 51,174.8 | 1.8 % |
| 81 | 800 | 0 | 607.5 | 75.9 % | +150 | 33,729.3 | 2.4 % |
| 80 | 650 | 250 | 797.7 | 122.7 % | -173 | 27,286.1 | 2.4 % |
| 79 | 823.3 | 0 | 707.1 | 85.9 % | +535.5 | 22,267.6 | 3.7 % |
| 78 | 288 | 404.2 | 500.7 | 173.9 % | -42 | 20,937.9 | 1.3 % |
| 77 | 330.0 | 0 | 293.9 | 89.1 % | -71 | 17,437.63 | 1.9 % |
| 76 | 401 | 0 | 192.5 | 48.0 % | N/A | 14,922.7 | 2.7 % |

A recent fiscal history of the General Relief Assistance Program - all appropriations are in thousands.



The apparent surplus in question is not really a surplus at all, but rather a reflection of legitimate need which is obscured by serious defects in the structure of the program. Nonetheless, without a clear understanding of the flaws in the program, the apparent surplus is seen as fat to be trimmed and legislators respond by authorizing smaller appropriations. When authorized appropriations get small enough (as they did in fiscal year 1978) the burden of claims can quite suddenly grow larger than the inadequate funds despite structural barriers to the successful filing of claims. When this happens the legislature responds with a supplemental appropriation and grudgingly authorizes a larger grant budget for the following year. Then the cycle begins again.

An undercurrent to this negative feedback (cycling) is an associated positive feedback effect. The consistently recurrent cuts in the program caused by the apparent surplus bring about further restrictions on eligibility and a reluctance among caseworkers to make use of, or depend on, GRA to meet the applicant's needs resulting in less use of the program, less of the allocation spent, and consequently an even smaller appropriation the next year. On occasion, the legislature itself has demanded tighter regulations, helping to set the stage for more surpluses and more budget cuts.

The fiscal year 1978 GRA budget authorization indicated legislative intent that, "The appropriation for assistance payments is contingent on the following: the Department shall adopt regulations excluding from eligibility for GR childless employable singles and children of couples of which one is employable." The fiscal year 1980 appropriation included a warning that "the legislature will not consider any supplemental requests" (emphasis added). There can be little doubt that eligibility workers would respond by carefully hoarding GR grants so as not to use up the allocation until the end of the fiscal year. (Ironically, the legislature later that year approved a supplemental GRA appropriation of \$250,000 in response to an unexpected volume of eligible claims.)

Perhaps the most serious effect of this erosion process is that the viability and credibility of the GRA program have deteriorated to the point where potential applicants, public assistance workers, and legislators alike find the program exasperating, cumbersome, and difficult to take seriously. Although the program's shortcomings are manifested in the budgeting process,

they have their roots in structural program flaws. Until these flaws are corrected, no amount of fiscal wisdom or compassion can increase the program's effectiveness in the long term.

IV. SURVEY OF THE HOMELESS AND PRE-HOMELESS

As a tool, the survey of the homeless and pre-homeless (persons presumed to be at great risk of becoming homeless by virtue of economic hardship), was chosen to provide a broader view of the rental emergency problem from the individual's standpoint. Time and resources were limited, however a large scale survey was completed. Homeless persons were interviewed at most of the major shelters in Anchorage and homeless and pre-homeless persons were interviewed while applying for Public Assistance at the DPA office on 4th and Gambell in Anchorage. In addition, interviews with nine needy persons were completed at the Alaska Legal Services Corporation (ALSC) office in Juneau. In all, 102 completed interviews were included in the sample.

Due to the relatively small sample size, concluding are not strictly statistically significant. The results of the survey must be considered as a catalog of indicators rather than statistically proven facts. Conclusions and assertions in the survey results necessarily include the author's impressions resulting from hours of interviewing. More detailed information on the methodology can be found in Appendix B.

There are three basic objectives in conducting the survey: to assess need, to evaluate the effectiveness of existing institutions in meeting need, and to describe the needy population. Similarly, the variables broke down roughly into three categories: housing status, economic status, and demographic information. The results of the survey are presented below:

There are no homeowners in our sample. Mobile home dwellers, who own their homes, but must pay space rent comprise an intermediate category between homeowners and renters (total 4%). Other renters total 25%, including those in public/subsidized housing. The remainder (72%) are homeless.

The category "staying temporarily with friends or relatives" (11%) implies that the subject made no regular contribution to the cost of the home. This is another contradictory category; such people are homeless in that they have

no dwelling of their own and are at the mercy of others, but they are not homeless in that they have a private place to sleep and receive mail and may contribute sporadically to the cost of the home. Often single mothers with pending AFDC claims fall into this category.

A. HOUSING STATUS

1. Type of shelter currently occupied

| | |
|-------------------------------------------|-----------|
| Shelter for the homeless | 52% |
| Staying temporarily with frinds/relatives | 11% |
| Camper, tent, or vehicle | 5% |
| Homeless, no shelter of any kind | 4% |
| Subtotal: Homeless | 72% |
| Apartment | 17% |
| Public/subsidized housing | 5% |
| Mobil home | 4% |
| Rented house | 2% |
| Rented duplex | 1% |
| Subtotal: Renters | 29% |
| Owned house | 0% |
| Condominium | 0% |
| Subtotal: Homeowners | 0% |
| TOTAL | 101%* |

*Totals may be greater or less than 100% due to rounding.

Of the 61% of the sample who can be described as hardcore homeless, the great majority make use of the several shelters for the homeless in Anchorage. Of those in the Anchorage area who do not, a certain proportion must be presumed not to be aware of the existence of the shelters (due to their recent arrival and/or isolated situations). A number of interviewees preferred not to avail themselves of an open door to a roof over their heads, perhaps because of some stigma attached to using such facilities.

The distribution is biased toward shelter dwellers by the fact that nearly half of the interviews (45%) were conducted in the shelters. It is perhaps more instructive to look at the distribution of the other forms of housing.

2. How shelter is obtained by those unable to afford their own homes. (Note: those able to regularly meet existing housing payments are excluded from the sample).

| | |
|---------------------------------------------------------------------------------------------------------|-----|
| Shelter for the homeless | 58% |
| Staying temporarily with friends/relatives | 18% |
| Rental assistance (includes public housing) | 12% |
| Camping out/sleeping out | 7% |
| Living in vehicle | 1% |
| Credit from landlord (includes public housing, i.e., failure to pay rent not yet resulting in eviction) | 4% |

Again, the figure for those staying in shelters has been inflated because of the sampling technique. There were also many combined answers, e.g., "sleep out, shelter when in rains." It seems clear from the interviews that many more people are compelled to engage in brinkmanship by falling behind in their rent than actually reported this as a remedy when unable to afford their own home (4%). Many low income renters view this type of marginal tenure as an occasionally necessary tactic of one who, on the balance, is usually able to afford his/her own home, rather than an often involuntary subsidy on the part of the landlord.

3. Reason for being homeless (Note: only those classified as homeless are included in the sample).

| | |
|--------------------------------------------------------------------------|-----|
| Recent arrival, can't find or afford housing | 30% |
| Recently left family, spouse, or loved one, can't find or afford housing | 19% |
| Recently evicted for economic reasons, can't find or afford housing | 13% |
| Chronically unemployed, actively seeking work | 13% |
| Homeless by choice | 11% |
| Recently left parent's home, can't find or afford housing | 2% |

| | |
|-----------------------------------------------|-----|
| Recently evicted, other than economic reasons | 0% |
| Other reason | 13% |

Only part of the first category consists of those recently arrived in Alaska. Many of the recent arrivals are lured to urban areas, especially Anchorage, from around the State by the prospect of employment, only to find themselves unemployed and homeless in an unfamiliar urban environment.

Those having recently left family, spouse, or loved one form the next largest category. They were previously able to afford housing due to their stable family or family-like situations which allowed them to take advantage of relatively favorable rents for larger units. When the household unit is split, one or both of the resulting smaller households must relocate at added expense and generally higher rents. This category includes divorces in addition to women who are compelled to leave their homes in fear of physical abuse. Those women with children who are eligible for AFDC often experience long delays in the processing of their claims. This problem will be discussed in greater detail in the Issues Section.

At first glance, the next two categories seem redundant, but they are composed of primarily different kinds of people: those evicted due to insufficient income ordinarily have either recently lost a job or are underemployed. The subjects in this category have invariably lost their homes recently and many will recover economically before becoming chronically homeless or jobless.

Of those who cited chronic involuntary unemployment as their reason for homelessness, many have become resigned to, if not satisfied with, homelessness and unemployment as a way of life. Indeed, many speak as if they have no real hope of finding steady work, making success in job hunting unlikely even if they are "actively seeking".

In general, those in the chronically unemployed category showed much less stability than the recently evicted types. They are more transient (within Alaska), almost exclusively single, and overwhelmingly male. They generally seem to be accustomed

psychologically to the role of the faceless drifter at the fringes of society. Although unfortunately such data was not recorder, a disproportionate number of the men in the category are war veterans, in particular Viet Nam era war veterans.

With a few exceptions, the next category, homeless by choice, consists of men who have accepted and embraced homelessness as a permanent condition of their lives. The exceptions were persons who wished to leave Alaska and opted to leave their homes while continuing to work and live in a shelter in order to save money for travel and relocation expenses.

Lastly, an additional unforeseen category deserves comment: a number of individuals who, in listing "other" as their reason for homelessness, specified that they had been recently discharged from a hospital, had lost their homes during hospitalization and were unable to afford a home.

4. Eviction history

| | |
|--------------------------------------------------------------------------|-----|
| Had been evicted or had mortgage foreclosed in the past 12 months | 22% |
| Had not been evicted or had mortgage foreclosed in the past 12 months | 78% |

Unlike the previous two questions, the entire sample and not just those classified as homeless are included in this distribution. Many people who are not now homeless have been evicted in the past 12 months, and presumably a number of these experienced a period of homelessness. The figure also does not include individuals who left their homes due to economic hardship (generally to become homeless) before a formal eviction process could be completed. When both factors are taken into account, a figure of 22% actually evicted in the last 12 months alone is remarkably high and indicates great hardship. The following distribution prepared from survey data illustrates the extreme difficulty of working one's way back into a home after becoming homeless due to low income:

Housing status of recently evicted persons: type of shelter occupied:

| | |
|-----------------------------------------------|-----------|
| Shelter for the homeless | 14 or 64% |
| Staying temporarily with friends or relatives | 3 or 14% |
| Mobile home | 2 or 9% |
| Apartment | 1 or 4.5% |
| Camper, tent, or vehicle | 1 or 4.5% |
| Homeless, no shelter of any kind | 1 or 4.5% |

Of the 22 persons evicted in the past 12 months, 16 are truly homeless and three are marginal (staying temporarily with friends or relatives). Only three have been able to recover and find homes.

B. ECONOMIC STATUS

1. Rent. Rent broken down by category (Note: Item sample includes all those who have rented in the past twelve months, not just current renters).

| <u>\$ Rent Level Monthly</u> | <u># of Subjects in Sample</u> | <u>% of Subjects in Sample</u> |
|------------------------------|--------------------------------|--------------------------------|
| 0- 149 | 2 | 3.8 |
| 150- 299 | 13 | 25.0 |
| 300- 499 | 14 | 26.9 |
| 500- 749 | 16 | 30.8 |
| 750-1000 | 6 | 11.5 |
| over 1000 | <u>1</u> | <u>1.9</u> |
| TOTAL | 52 | 99.9 |
| Median Rent: | \$457 | |
| Mean Rent: | \$475 | |

These figures include tenant's share of subsidized rent in Alaska State Housing Authority (ASHA) and other subsidized rental accommodations, which deflates them somewhat. Actual market rentals for the population in question would correspondingly be somewhat higher.

2. Monthly Household Income

| <u>\$</u> | <u>%</u> |
|-----------|----------|
| 0- 299 | 62 |
| 300- 599 | 15 |
| 600- 899 | 16 |
| 900-1199 | 5 |
| 1200+ | 2 |

In gathering and recording information on income, the most striking and surprising development was the number of people who reported absolutely no income of any kind. About half of the people in the lowest income category went out of their way to point out that their income was not zero to 300 dollars, but rather zero dollars. More than three quarters of the total sample, with homes and homeless alike, live on less than \$600 per month. A quick comparison of this statistic with the rental figures reveal two things.

Obviously, many people cannot afford any kind of housing. Less obvious is the implication, still quite strong, that many low income renters are of necessity spending more than 50% of their income on housing (compared to thirty percent of gross adjustment income, the rent-to-income ratio used by the Federal Department of Housing and Urban Development as a "reasonable" figure on which to base subsidies). It is easy to see how such a heavy rental burden would tend to destabilize low income families and all too frequently result in the loss of the home.

3. Question: In the past twelve months, have you gone without food in order to pay other bills? (for vital necessities)

| | |
|-----|-----|
| Yes | 50% |
| No | 50% |

Perhaps more than any other, this question illustrates the suffering caused by high rents and low incomes. The question does not tap such issues as malnutrition, but rather simply points to an unenviable choice which many Alaskans face.

4. Employment Status

| | |
|----------------------------------------------|-----|
| Full time permanent | 7% |
| Part time permanent | 10% |
| Temporary/seasonal work | 9% |
| Unemployed, seeking work | 51% |
| Unemployed, not looking; discouraged/no work | 1% |
| Unemployed, not looking; unable to work | 8% |
| Unemployed, not looking; don't want to work | 1% |
| Unemployed, not looking; other reason | 13% |
| Hunting, fishing, trapping, etc. | 1% |

The overall impression that the numbers as well as the interviews convey is one of a very strong desire to work. Only one person flatly stated that she did not want to work, compared to seven who openly declared their preference to remain homeless. Similarly, only one person responded as a discouraged worker (no longer seeking work). Although certainly many of the unemployed who are seeking work experience varying degrees of discouragement, and clearly some job searchers are more diligent than others, people in this (unemployed, seeking work) category share the qualities of a desire to work, hope that work can be found, and the energy to search for it. The numbers indicate that these qualities distinguish a majority of the unemployed.

As we have seen, many people who work at low paying jobs or who find only part time work must spend a large portion of their income on rent, leaving very little for other regular necessities and no margin for unforeseen expenses. In a few cases, relatively small but unavoidable expenses were the straw that broke the camel's back resulting in loss of the home despite retention of the job. Once homeless, it often takes several months to save enough money to move into a new apartment. The spectre of debts incurred during even a brief spell of joblessness can further lengthen the recovery period.

Many of the respondents in the "other" category were retired, a group for whom there was no precise response. The "other" group also contains sporadic itinerant workers who did not define themselves as

"seasonal/temporary". Some of these workers as well as others in the distribution regularly supplement their income by hunting, trapping, and/or fishing.

5. Aid Received: Non-Medical Household

| | |
|----------------------------------|-----|
| No aid | 47% |
| \$ 1-150 | 8% |
| \$151-300 | 5% |
| \$301-500 | 2% |
| over 500 | 8% |
| Claim pending | 24% |
| Receive aid, no amount specified | 7% |

The large number of pending cases is because many interviews were held at the DPA office where subjects had come to apply or reapply for aid.

Generally speaking, the larger grants were AFDC or disability payments while the smaller grants tended to be food stamps or GR.

6. Aid Received: Medical (Household)

Question: Have you or any member of your household received medical aid in the past 12 months?

| | |
|---------|-----|
| Yes | 48% |
| No | 43% |
| Pending | 8% |

If we assume that while all members of the sample are in dire financial straits and therefore are needy of assistance payments, whereas fewer subjects incurred medical expenses requiring aid, it follows that a higher proportion of medical than non-medical need is being met by existing aid programs even though the percentages of the sample receiving each of the two kinds of aid are nearly identical. One reason for this is the easy access for Native persons to medical care through the ANS system.

Another reason is the existence of Medicaid, a Federal program which has no counterpart in the area of non-medical subsistence relief. Still another explanation is the State's apparently greater willingness to expend grant money for medical needs, as evidenced by the absence of an \$80 cap on GRM payments and a GRM allocation 20 times larger than the allocation for GRA.

C. DEMOGRAPHIC INFORMATION

1. Age

| | |
|----------|-----|
| Under 20 | 5% |
| 20-30 | 44% |
| 30-40 | 28% |
| 40-50 | 17% |
| 50-60 | 4% |
| Over 60 | 2% |

2. Gender

| | |
|--------|-----|
| Male | 60% |
| Female | 40% |

3. Race or Origin (Note: person of Hispanic origin can be of any race).

| | |
|--------------------------------|-----|
| White | 67% |
| American Indian, Eskimo, Aleut | 28% |
| Hispanic | 3% |
| Black | 2% |
| Asian or Pacific Islander | 0% |

4. Length of Time in Alaska

| | |
|--------------------|-----|
| Less than 3 months | 14% |
| 3 months to 1 year | 8% |
| 1 to 5 years | 25% |
| 5 to 10 years | 10% |
| More than 10 years | 44% |

While the numbers suggest that a large proportion of those who have very recently migrated to the State are impoverished, it is not true that the majority of the needy population is composed of recent arrivals: More

than half of the sample has resided in the State for five years or longer; 44% for over ten years. A great number of those in the latter category stressed that they were lifelong residents. The following crosstabulation provides detail:

Homelessness vs. Length of Alaska Residency

| Length of Residn | # Homeless | # With Homes | % Homeless w/in Category |
|--------------------|------------|--------------|--------------------------|
| Less than 3 months | 6 | 6 | 50% |
| 3 months to 1 year | 5 | 1 | 83% |
| 1 year to 5 years | 12 | 9 | 57% |
| 5 to 10 years | 5 | 3 | 63% |
| over 10 years | 19 | 16 | 54% |

Although sample sizes within categories are small, a consistent pattern seems to emerge in which slightly over 50% of respondents in each length of residency category are homeless. This would imply that inability to find and maintain a home are not only characteristics of newcomers to the State but rather of long and short term Alaska residents in nearly equal numbers.

DISCUSSION OF SURVEY RESULTS

Despite the limitations of the study, the resulting information paints a clear portrait of Alaska's homeless and pre-homeless persons which is very different from the traditional homeless stereotype of the middle aged or elderly half crazy alcoholic male whose conscious choice of a vagrant's life mitigates the pity which many reflexively feel for him. The homeless population described in this study is clustered in diverse groups, many of which have little in common but the constant burden of economic hardship. Notwithstanding the unique conditions found in Alaska, the typology of homeless persons implicit in the survey results and analysis is consistent with findings from other major U.S. urban centers.

Although it may never be possible to measure the amount of homelessness or suffering due to imperfections in the economy versus that which is due to failure of individual initiative, there is no doubt that many people are losing their homes or experiencing material deprivation due to personal crises, unemployment, and displacement caused by rapid economic changes; just plain being poor. It is time for the State to more formally study the problems of homelessness and emergency subsistence needs in order to reassess its policies and programs and evaluate alternatives.

V. ISSUE DISCUSSION

1. Inadequacy of the \$80 Grant

This is clearly the central issue of the analysis. The following discussion attempts to describe the various ways in which the current structure falls short of meeting need as well as exploring economic and social factors which continue to erode the effectiveness of the \$80 grant.

Rent levels in Alaska nearly doubled between 1978 and 1983. According to statistics compiled by Municipality of Anchorage researchers from newspaper classified ads over that five year period, the average requested rent for housing units in Anchorage was as follows:

| | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>1983</u> |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EFFICIENCY | 255 | 240 | 236 | 300 | 322 | 450 |
| 1 Bedroom | 323 | 314 | 311 | 371 | 567 | 581 |
| 2 Bedroom | 434 | 427 | 397 | 619 | 825 | 710 |
| 3 Bedroom | 535 | 580 | 553 | 874 | 1123 | 998 |
| 4 Bedroom | 707 | 699 | 715 | 1045 | 1309 | 1238 |
| 5 Bedroom | 921 | 741 | 750 | 1550 | 1350 | 1383 |

Although unfortunately average rental figures for years prior to 1978 were unavailable without undertaking a similar compilation effort, common sense and a serviceable memory tell us that rent levels have been climbing for quite some time. For evidence, we look no further than the needs standard for GR, which was drafted in some distant time when separate categories

for persons whose rent was greater or less than \$35 (for five adults) seemed like a reasonable breakpoint to use. (This need standard is the one still in use.)

In any case, even if the discussion is limited to the period for which data exist, it is easy to imagine how rent increases averaging 70 to 80% over a five year period would erode the effectiveness of an \$80 per month per person grant that has remained constant.

Fuel and utility costs have followed a similar trajectory, often making heating a home a bigger problem than paying for it in many parts of rural Alaska. When fuel and utility costs are added to rents, the absurd inadequacy of an \$80 total grant for subsistence becomes compounded.

As the numbers in the Municipality's compilation indicate, larger households tend to be more rent-efficient than smaller ones. In other words, cost per capita decreases as household size increases. The statute authorizes \$80 per month per person, a formula which ignores the lower rental efficiency of smaller households and therefore could be said to effectively discriminate against them, or conversely to favor large households. (These large households are not necessarily families with children but rather could consist of unrelated adults.)

The need standard (see GR description) makes an attempt to address this problem by implementing higher per capita figures for the smallest households, increasing the figures by a constant amount for each additional household member to create a rudimentary curve of estimated minimum subsistence cost over size of household. The problem with the need standard is that it is too low. Three adults can simply not live on \$550 a month, nor four on \$600, etc.

Recent cuts in Federal assistance programs have placed an additional burden on GR. The program was amended to provide cash benefits to 18 year old high school students who had previously received AFDC. Until recently, eligible families of high school students could continue receiving AFDC benefits as long as the child was in high school, even if he or she turned 18. When this provision of the AFDC program was abolished, GR moved to pick up the slack.

Similarly, redistribution of food stamps to total dwellers (August, 1984) resulted in a slight decrease in the food stamp allotment of urban dwellers in the State, forcing them to shift more personal resources to make up the difference.

Additional evidence of unmet need can be found in the following comparative distribution compiled from survey data:

Question: In the past 12 months have you gone without food in order to pay other bills (for Vital necessities)?

| | | |
|----------|-------------|-----|
| Renters: | Yes | 60% |
| | No | 38% |
| | No Response | 2% |
| Homeless | Yes | 40% |
| | No | 60% |

The discrepancy indicates that low income people must choose in the long term, between having a home and occasionally going hungry, and being out on the streets with a full belly. The fact that low income people often have to choose among several absolute necessities is not terribly surprising.

What is disturbing about this comparison is the implication that people are being forced to choose between chronic (if not necessarily acute) hunger and long term homelessness as conditions of their lives, rather than being able to successfully play one problem off against the other, borrowing from Peter to pay Paul as it were, to avoid being engulfed by either one.

The emergency focus of the program is problematic as well. In the case of rental assistance, the applicant must show an eviction notice before being considered for aid. At this point the applicant generally owes at least one month's rent if not more. As often as not, \$80 only constitutes 10% of back rent owed after a relatively short period of nonpayment.

If the applicant is eligible, the procedure is for the eligibility worker to contact the landlord and offer him or her \$80 per applicant in exchange for a waiver of the landlord's right to evict for the length of the rental period in question. The landlord has the option to decline a GR offer and proceed with the eviction if the offer is smaller than the amount of indebtedness. Very often landlords do just that. Who can blame them?

In a reasonably tight rental market they easily can find someone new to agree to rent a unit. The financial risk involved in re-renting will often appear preferable to the potential loss of revenue were they to accept the GR offer. Such a dynamic benefits landlords by allowing them to minimize their risk in either case while it leaves the fate of tenants to the vagaries of the marketplace. Clearly the effectiveness of a relief program should not be impacted by such factors as change in the vacancy rates of rental units.

Another sign of ineffectiveness of the GR program is that many needy persons are unaware of its existence. There is also widespread perception among those who are aware of GR that the program is useless. This is worth noting because needy persons are extremely knowledgeable about programs that have proved to be of some benefit to them and they pass the information along an informal but highly effective grapevine.

2. Planning

There currently exists no effective comprehensive social services planning process in the State of Alaska. A recent report (Human Services Provider Regional Meetings Report, Feb. 29, 1984) prepared by the Department acknowledges this fact and calls for the State to require and support integrated human service planning throughout the State.

Current health and social services planning includes the State Health Plan, The Title XX Plan required by the Federal government for programs receiving Federal funding, and other plans such as the handicapped and gifted plan which focus on narrow, specific areas of need. Without an integrated social services planning process, it is impossible to make a comprehensive needs assessment in order to weed out situations of unmet

need. Such a comprehensive needs assesment would no doubt bring about a major reassessment of the GRA program and its role as the ultimate guarantor of subsistence aid.

The irony of the situation is that there exists in the Alaska Statutes an entire Chapter (AS 47.75) mandating just such an integrated planning process in great detail, complete with provisions for input from services providers and the general public. This Chapter, which was enacted during the 1976-77 session of the legislature, has never been implemented. The Bill establishing the program (SB 654) had an attached \$175,000 fiscal note but no allocation was ever made to fund the program. According to Newton Chase at the Department of Health and Social Serices, the Department requested an appropriation from the legislature to comply with the terms of AS 47.75 but none was forthcoming. The Department then contacted the Attorney General's office concerning the matter and was told that if no appropriation had been made, the Department was not obligated to comply. Hence arose the absurd situation in which the legislature refuses to give che Department the means to follow laws that the legislature itself has passed, rendering those laws effectively void.

David Williams of the Department explained that Federal Law 93-641 requires and subsidizes comprehensive health planning (the origin of the State Health Plan) which (he claims) is equivalent to the type of social services planning mandated by AS 47.75. Although the law does not require such planning for social services, Williams said that the Department hopes to expand the model to include a Statewide social service plan similar to the State Health Plan. As yet no such attempt has been made.

3. Demographic Issues

The following is a discussion of special subgroups of the population who seem to share special subsistence need which regularly goes unmet:

- a. Victims of abuse - Interviews with women at the Abused Women's Aid in Crisis (AWAIC) shelter in Anchorage revealed a consistent pattern of difficulty in obtaining aid to start over again after leaving violence-ridden homes. Many of these women have children but often they experience long delays in qualifying for AFDC because of the requirement for birth and welfare records, often left behind in other states.

Until recently, many such women were deemed ineligible for aid because they owned property; often a home to which they couldn't return. A recent court decision ruled that assets which are inaccessible due to an ongoing situation of abuse should not disqualify a person from receiving aid. Despite such steps to help families of abused women, the considerable initial cost of a new home (two month's rent, security deposit) is often greater than AFDC benefits can pay.

Women without children can only resort to GR which is essentially useless for securing a new home. The lack of aid forces many women to remain at AWAIC for a period of months.

- b. Recently discharged patients - as we have seen in the survey results, it is not uncommon for persons to lose their homes during a period of hospitalization. This problem is compounded if they lose their jobs as well. Hospital social workers report increasing numbers of discharged patients ending up in shelters.
- c. Disabled persons whose claims are pending - disability claims (in particular for those programs which receive Federal funding) often take a long time to process. Often the only resource available to applicants pending award of a grant is GR. The applicant is involved in a kind of catch-22 situation in which an emergency grant is needed while a disability claim is pending but he/she may be ruled ineligible for GR because the pending (but not secured) check is considered a prior resource.

4. Housing for the Dead

As we have seen in the GR program description section, nearly half of all GRA grant money is spent on State subsidies for GR recipients' funerals or paupers' burials, regardless of whether the pauper had been on GR. In the former case, needy relatives of the deceased apply for burial assistance under the usual GR eligibility criteria. If deemed eligible they are awarded up to \$750 for funeral expenses (including the casket) and unlimited assistance for burial expenses. For reasons not entirely clear, paupers' burials are administered by the GR program.

The diversion of so much of the GR budget (42.6% according to a recent Department estimate) to burials is excusable in that the GR program exists for the expressed ("housing") purpose of providing subsistence for the living, rather than for the dead.

5. Emergency Criterion for GR Eligibility

As we have seen, the actual process of eviction or utility disconnection must be underway in order for an applicant to qualify for GR by which time the \$80 grant has ordinarily been dwarfed and rendered impotent by the magnitude of overdue fees. Not only does this requirement seriously impair the value of GR in preventing evictions, it completely rules out the possibility of using GR to help people establish themselves in new homes or meet day-to-day expenses. If the Department sees fit to encourage such home placement grants, they should be large enough to cover the cost of the security deposit and any other initial costs involved in taking possession of new home.

6. Policies and Strategies of Low and Moderate Income Housing Assistance

There is a tendency for people to discuss various methods of housing assistance in terms of relative merit with the goal of determining which one is "best". The fact of the matter is that the various methods (such as aided self-help, shelters for the homeless, emergency rental assistance grants, and subsidized public housing) address different aspects of housing need.

Aided self-help can provide materials and technical expertise to rural residents wishing to build their own homes. Shelters provide immediate short-term relief for the homeless. Rental assistance can serve as a shot in the arm to prevent eviction or place homeless people in homes and/or as a medium term remedy for a spell of unemployment or misfortune. Subsidized public housing provides long-term rental assistance for low income families. Far from being mutually exclusive, the various methods support each other by covering all segments in the spectrum of need. The common interest can best be served by supporting all these programs while taking care not to duplicate services.

The recent proliferation of emergency shelters in Anchorage is a response to a critical situation in which homeless people have been sleeping out year round and not infrequently freezing to death. The shelters serve an extremely valid purpose but their development has had an unfortunate side effect; the assumption shared by many that sufficient shelter beds will solve the problem of emergency housing need. The implication is that no matter how crushing a burden rents become and how many people are thrown out of their homes, accomodating them in emergency shelters (perhaps for a period of months) is a socially acceptable solution.

This solution is unacceptable. Emergency shelters are less than optimal places for children. They are also less than optimal places for adults. Sharing an extremely chaotic living space with extremely chaotic people is not conducive to the kind of effort and self discipline needed to pull one's way up out of destitution.

The State is making an important policy decision concerning what constitutes an adequate response to the emergency rental housing situation by default. This tacit policy has the effect of institutionalizing homelessness rather than counteracting it, encouraging the emergence of a permanent underclass of chronically homeless people. Such decisions should be made consciously and public rather than passively.

VI. RECOMMENDATIONS

1. Remove \$80 per person per month statutory limitation on GR subsistence grants. Size of grants to be limited by needs standard.
2. Revise needs standard and financial eligibility criteria to bring them up to date with current cost of living and poverty levels, respectively.
3. Implement a more smoothly curved need standard with larger per capita figures for smaller households to correct remaining bias toward large households.
4. Authorize larger appropriations to fund an improved program.
5. Redefine Emergency Need By:

- a. Changing existing regulations so that no more eviction or cutoff notice is necessary for GR eligibility.
 - b. Allowing a certification period of several months to provide medium term assistance to applicants or special groups deemed needy of it. This intermediate approach would remove the administrative burden of processing emergency claims each month while avoiding the expense and habitual dependency associated with conventional long term entitlement programs.
6. Provide for additional home placement grants to meet the initial cost of securing housing (chiefly the security deposit). Such deposits would be refundable to the State.
 7. Create a new State burial program which would administer pauper's burials and burial assistance to needy persons. Thus restoring GR to its stated purpose of providing for subsistence.
 8. Institute some type of comprehensive Statewide social services planning either by funding the program mandated by AS 47.75 but never implemented, or through legislation replacing it with an alternative which would actually be funded and carried out in the prescribed fashion.
 9. Based on the findings of the comprehensive needs assessment included in the planning process recommended above, the legislature should draft a statement of intent articulating its policies on the issue of homelessness and emergency rental assistance, or in some other appropriate manner, formally address these issues.
 10. The GRA program in particular should be thoroughly scrutinized with the aim of determining if perceived need would better be met by radical overhaul of the existing structure or its outright replacement by a new program. The recommendations in this section are presented as guidelines for the former option but could also serve as part of a blueprint for the latter.

APPENDIX A

Glossary of Terms and Abbreviations

1. AFDC - Aid to Families with Dependent Children - a Federal entitlement program designed to help single parent households.
2. Authorized Appropriation - An allocation to a specific program authorized by the legislature.
3. Department (Dept.) - Refers to the Department of Health and Social Services, which administers the GRA and GRM programs.
4. Division (DPA) - Refers to the Division of Public Assistance of the Department, which implements the GRA and GR programs.
5. Eligibility Worker (EW) - a caseworker in the Division.
6. FY - Fiscal Year.
7. GR - General Relief. In the strict sense, the designation "GR" refers to all aspects of General Relief, medical and non-medical alike. In common usage (including in the DPA's manual) "GR" refers to General Relief Assistance.
8. General Relief Assistance - The non-medical GR program. Primarily used for rental and burial assistance. (Abbreviated "GRA".)
9. GRM - General Relief Medical. The medical component of General Relief. Funded and awarded separately from GRA.
10. L.S.C. - The (Alaska) Legal Services Corporation.
11. Needs Standard - The Department's estimation of what it costs to stay alive, upon which they base assistance grants.
12. Pre-Homeless - Individuals at considerable risk of losing their homes due to economic hardship.

13. Supplemental Appropriation - An additional appropriation authorized during the course of a fiscal year to meet unforeseen expenses.

APPENDIX B

Survey Methodology for Survey of the Homeless and Pre-Homeless

1. The Instrument

The survey instrument was a 51 item questionnaire composed of questions concerning:

- Nature of specific need
- Coping strategies
- Housing status and history
- Economic status and history
- Employment status and history
- Public assistance status
- Demographic characteristics

Item development focused on operationalizing these variables. Many of the questions were adapted from other surveys, in particular the empirical assessment of the inner city homeless of Los Angeles, prepared by the Basic Shelter Research Project in that city (Ropers, Robertson et.al., 1984).

Numerous persons helped in the development of the instrument: in particular Michael Hueltsman of the Municipality of Anchorage and Professor Michael Baring-Gould of the University of Alaska at Anchorage.

There were three preliminary and one final draft of the survey. All the drafts were pretested in interview situations except the first, which was revised without pretesting.

2. Interview Sites

In an effort to approach a representative survey sample and to tap segments of the population with unique characteristics, the decision was made to conduct interviews at a number of sites. Several shelters for the homeless and other service providers agreed to conduct the interviews themselves and their caseworkers were trained in the interviewing technique.

Interview schedules and instructions were sent to the branch offices of the Alaska Legal Services Corporation (LSC) in an effort to gather Statewide data, but due to the short time line, only the Juneau LSC office was able to return completed schedules in time for them to be included in the study.

The following is a list of agencies which participated in the survey and the number of interviews completed at each. Agencies whose staff members administered the survey are indicated with an "*". Except for the Juneau LSC office, all survey sites are in Anchorage:

- | | |
|------------------------------------------------------------------------------------------------------------|----|
| - Division of Public Assistance, | 41 |
| - Gambell Street office | |
| | |
| - Brother Francis Shelter | 32 |
| | |
| - Juneau LSC Office* | 9 |
| | |
| - Clare House* | 8 |
| | |
| - Abused Women's Aid in Crisis | 6 |
| - (AWAIC) shelter | |
| | |
| - Cook Inlet Native Association* | 5 |
| | |
| - McKinnel Shelter (Salvation Army) | 1 |
| | |
| - Clare house and the AWAIC shelter are for women and their children only. Cook Inlet serves only natives. | |

Subjects at the DPA office were interviewed in the waiting room. Subjects at the Brother Francis Shelter were interviewed in the common areas. Assisted Group self-enumeration was employed at AWAIC. The agencies whose staff people conducted interviews incorporated the interview into their intake procedures. All pretesting took place at the DPA office.

3. Time Frame

Pretests were held during the week of June 25-29. Interviews were held between July 11 and 27, 1984.

4. Interviewer Training

In addition to the caseworkers at the agencies listed above, four volunteers participated in administering the interviews at the DPA office and the Brother Francis Shelter. All interviewers were briefed and supplied with an interviewer's instruction packet. The packet:

- Clarifies details and definitions in the interview schedule.
- Briefly describes the objectives and conditions of the survey.
- Addresses points of procedure and protocol, especially confidentiality.

5. Interview Procedure

At the sites where interviews were not incorporated into an intake process, an effort was made to randomize subject selection by approaching potential subjects at regular spatial intervals. Interviewers identified themselves and AHOME alerted the potential subject to the following conditions of participation: Strict confidentiality of information gathered; voluntary nature of participation; and the fact that the survey was not being administered in conjunction with any agency of government or any organization other than AHOME and that participation would in no way jeopardize assistance payments or other benefits.

After notification of the above considerations, if the subject was willing the interviewer asked the questions in order. Except under controlled circumstances at the AWAIC shelter (where group interviews were deemed less sensitive) no self enumeration was allowed. Interviews were encouraged to skip questions if they proved too offensive and continue the interview.

6. Analysis

In the process of tabulation and analysis, data collected on a number of peripheral question items were omitted; in other cases, responses to several related items were compressed into a single statistic in the interest of achieving concise results.

Raw data from the survey were coded and entered in matrix form using an Osborne 1 personal computer and the Supercalc spreadsheet package. Apart from the central tendency statistics for rent levels, which were generated using the package, the results are either simple frequency distributions or crosstabulations in percentage form, tabulated from the matrix. Because of small sample size, elaborate crosstabulations were impractical.

MARCH 28, 1985

MAX GRUENBERG
POUCH V
STATE CAPITAL
JUNEAU, AK. 99811

DEAR MR. GRUENBERG:

I AM PLEASED THAT YOU HAVE TAKEN TIME TO LOOK AT THE INADEQUATE GENERAL RELIEF STANDARDS, HOWEVER I FEEL THAT YOU ARE NOT TAKING THE TIME TO CONSIDER THE COMPLETE PROBLEM. THERE ARE SERIOUS FLAWS WHICH EXIST IN THE CURRENT GENERAL RELIEF PROGRAM AS IT NOW STANDS.

THE RECENT NEWSPAPER ARTICLES ARE SLIGHTLY MISLEADING IN AS MUCH AS IT STATES THAT THE MONTHLY STANDARD FOR GENERAL RELIEF IS \$80. FOR A SINGLE PERSON THAT IS CORRECT. THE NEED STANDARD FOR GENERAL RELIEF IS \$80 PER MONTH PER PERSON IN THE HOUSEHOLD. A FAMILY OF FOUR COULD RECEIVE A GENERAL RELIEF VENDOR PAYMENT OF UP TO \$320. I DO AGREE THAT IN ALASKA HOUSING IS HIGH AND THAT EVEN THE \$320 WOULD PROBABLY NOT COVER A MONTHLY RENT PAYMENT. I BELIEVE BY JUST INCREASING THE STANDARD TO \$200 A MONTH PER PERSON, WITHOUT LOOKING AT RE-WRITING AND RE-VAMPING THE WHOLE GENERAL RELIEF PROGRAM, WOULD BE A GIANT MISTAKE.

IF YOU INCREASE THE STANDARD, WITHOUT RE-VAMPING THE WHOLE PROGRAM, HAVE YOU STOPPED TO CONSIDER THE INCREASE IN GENERAL RELIEF APPLICANTS AND THE STAFF INCREASE THAT WOULD BE NECESSARY TO INSURE THAT EVERY APPLICANT WOULD BE ABLE TO BE INTERVIEWED?

AS A STATE EMPLOYEE, I HAVE WORKED WITH THE GENERAL RELIEF PROGRAM AND HAVE FIRST HAND KNOWLEDGE THAT THE ELIGIBILITY TECHNICIANS HAVE SUBMITTED SUGGESTIONS AND IDEAS TO RE-WRITE THE PROGRAM MANUAL AND WE HAVE NEVER GOTTEN ANY RESULTS. OUR SUGGESTIONS DID INCLUDE A STANDARD INCREASE AS WELL AS OTHER PROGRAM REQUIREMENTS WHICH ARE NEEDED TO MAKE THE PROGRAM WORK EFFECTIVELY. THESE SUGGESTED REQUIREMENTS INCLUDED A LIMIT TO THE NUMBER OF TIMES THE HOUSEHOLD COULD APPLY IN A GIVEN YEAR. THE CURRENT PROGRAM HAS NO TIME LIMITS AND EVEN FOR A SINGLE HOUSEHOLD \$80 A MONTH TIMES 12 MONTHS A YEAR IS \$960. TIMES THAT BY THE NUMBER OF GENERAL RELIEF APPLICANTS EACH MONTH AND YOU HAVE QUITE A LARGE SUM OF MONEY BEING SPENT WITH NO VISABLE RESULTS.

I AM WRITING THIS LETTER AS A PRIVATE CITIZEN AND HOMEOWNER AND NOT AS A STATE EMPLOYEE AND BECAUSE I HAVE WORKED WITH THE GENERAL RELIEF PROGRAM I FEEL THAT I HAVE AN ABOVE THE AVERAGE ALASKANS KNOWLEDGE OF THE WAY THE PROGRAM WORKS. THE AVERAGE ALASKAN REALLY HAS NO CONCEPT OF HOW OR WHAT THE GENERAL RELIEF PROGRAM DOES OR DOES NOT DO FOR ALASKAN'S NEEDY.

ALASKA'S NEEDY DO NEED HELP, BUT LET'S GIVE THEM A HELPING HAND TO FIND JOBS AND NOT JUST LET THEM EXIST AT STATE EXPENSE WITH NO PRIDE. WHY NOT COMBINE THE GENERAL RELIEF PROGRAM WITH A JOB SEARCH, TRAINING FOR JOBS, OR COMMUNITY SERVICE PROGRAM? PEOPLE WHO ARE TRAINED TO WORK AND WHERE JOBS ARE AVAILABLE ARE PRODUCTIVE AND NOT LIVING AT STATE AND FEDERAL EXPENSE.

PAGE 2

AS LONG AS WE KEEP GIVING PEOPLE A "HAND OUT" INSTEAD OF A "WAY OUT", WE ARE NOT REALLY HELPING.

I WOULD LIKE YOU TO KNOW I AM ALSO SENDING A SIMILAR LETTER TO DON CLOCKSIN AS WELL, SINCE HE HAS CO-SPONSORED THE HOUSE BILL #231.

I APPRECIATE THE OPPORTUNITY TO EXPRESS MY VIEWS. AGAIN, I WOULD LIKE TO RE-EMPHASIZE THE SUGGESTION THAT YOU TAKE THE TIME TO CONSIDER THE WHOLE PROBLEM AND NOT JUST POUR MORE MONEY INTO AN INADEQUATE PROGRAM.

IF I CAN BE OF ANY ASSISTANCE, ON MY OWN TIME, PLEASE LET ME KNOW.

RESPECTFULLY,

A handwritten signature in cursive script that reads "Ann Wehrman".

ANN WEHRMAN
2721 LEXINGTON CIRCLE
ANCHORAGE, AK. 99502

they could use the loan if neces-

How the state compensates landlords of renters who can't pay

3/6/85
Times

Dear Editor:

Rep. Don Clocksin (D-Anchorage) is introducing legislation to change the state general relief assistance vendor payment from \$80 to \$200 per month. This really seems inconsequential because it is such a small amount and the average taxpayer doesn't even know such a program exists.

I'll just clarify what general relief assistance vendor payments are for. They pay a landlord to keep from evicting someone for non-payment of rent, or, pay a public utility to prevent shut-off of a utility, again for non-payment.

Rep. Clocksin is correct that the \$80 per month is based on a 1953 economy and is a bit unrealistic. However, that \$80 per month is per household member, so if we have a household of two adults and eight children (total of 10) in the household the state would now pay \$800 per month to the landlord to keep this family from being evicted if they met

the other program requirements.

Under Rep. Clocksin's new plan the state would now pay \$200 per person or \$2,000 per month to keep this same family from being evicted if they met the program requirements. While \$80 per month for one person is unrealistic so is \$2,000 per month for a household.

Undoubtedly the program needs to be revamped but on a graduated scale with regard to household size and not just a flat per person amount regardless of the number of people in the household.

And, I almost forgot, this general relief assistance vendor payment is just to landlords of property managers to prevent evictions. It is also to banks, credit unions, savings and loans or other such institutions to prevent families from losing their homes due to foreclosures.

I just made your day didn't I?

Frank Sanstrom
Wasilla

More relief funds sought for state's needy

by Bruce Scandling
Associated Press

Juneau — Alaska's needy — especially those falling through cracks in a web of government relief programs — would have a stronger safety net in which to land under legislation being considered in the House.

A measure introduced by House Majority Leader Don Clocksin and Rep. Max Gruenberg, both Anchorage Democrats, would boost monthly payments in the state's General Relief Program from \$80 to \$200 a month.

Payments under the program, administered by the state Department of Health and Social Services, go for monthly housing, utility or burial costs. The money is paid directly to vendors providing these services.

"It's my conclusion that this program has not been an effective safety net," Clocksin said Tuesday. "Eighty dollars a month is just not enough."

General relief payments are aimed at needy Alaskans who are ineligible for other state and federal assistance programs like Aid to Families with Dependent Children or programs for the elderly and disabled.

"If you're poor and you don't

fit into one of those neat categories, you're still poor," Clocksin said.

The program was established in 1953 to provide relief to Alaskans who can't pay basic living costs, or for burial needs.

Another part of the program — General Relief Medical Assistance — will pay more than \$10 million to needy Alaskans this year. It would not be affected by the Clocksin-Gruenberg bill, which was introduced in the House Monday.

Legislative researchers are still trying to compute how much the measure would cost, but Clocksin said he expects this year's \$537,000 appropriation for general relief to at least double if his bill becomes law.

About 375 Alaskans are using the program each month, state officials said. Almost all of the claims are filed to pay housing and utility costs. However, the small percentage of burial claims filed each month take a larger bite out of money set aside for the program.

While an Alaskan applying for general relief can get no more than \$80 a month for housing and utility costs, the average burial claim is \$806 per client, according to the Alaska chapter of the

National Association of Social Workers.

The bill comes in the wake of study of the General Relief Program prepared for the Alaska Public Interest Research Group and the national social workers' group.

The report, released last month, slammed state lawmakers who have not increased the \$80-a-month payments. In fact, appropriations for the program were actually cut back the past two years, said AkPIRG Director Maureen Kennedy.

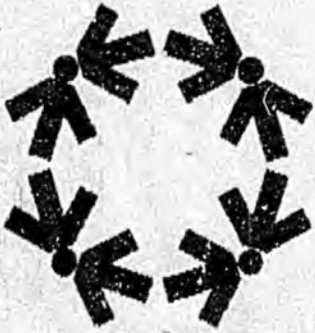
She said rents in Anchorage — where most of the general relief

claims are filed — have doubled since 1978.

"The legislature realizes the program is unworkable and inadequate, but rather than overhauling it and increasing payments so they can make a difference, we've cut back and diverted funds . . ." Kennedy said when the report was released.

Cecilia Kleinkauf, an Alaska member of the National Association of Social Workers, also criticized the current payment plan.

"We give state employees more in per diem for one day than we do general relief recipients in a month," Kleinkauf said.



ALASKA PUBLIC INTEREST RESEARCH GROUP
Post Office Box 1093/Anchorage, Alaska 99510/(907) 278-3861

April 3, 1985

Rep. Max Gruenberg
Rep. Niilo Koponen
House HESS
Pouch V
Juneau, AK 99811

Dear Representatives:

The Alaska Public Interest Research Group strongly supports HB 231, increasing the cap on General Relief Assistance from \$80 to \$200.

As you may know, nearly all states have in place a program similar to General Relief, which provides financial assistance to needy persons not eligible for other state and federal programs. Employable persons are NOT eligible. Though I have worked in several other states on GR issues, never have I heard of a state with such a low benefit level or with such tight restrictions on payments.

The current \$80 per person limit on the program is totally inadequate and has not been increased since 1953. This amount is intended to cover "subsistence needs" according to the statutory language, but as you know, \$80 a month covers nowhere near an average rent payment in Anchorage or Barrow; much less does it cover food, utilities and other subsistence needs.

Rents in Anchorage have doubled since 1978, and changes in BIA and AFDC programs have shifted additional burdens on the GR program, yet the legislature has cut the appropriation by 40% over the last two years. Moreover, nearly half the 1984 expenditures went to pay for burials, which are not subject to the \$80 cap and averaged over \$800 apiece.

Last summer, we supervised the research on a report on the General Relief program. I have pouched a copy down to you. Though we point out substantial areas of the program that should be revamped and overhauled before it works smoothly, we certainly support HB 231 as a step in the right direction.

Sincerely,

Maureen Kennedy
Director

Study Criticizes \$80 Cap On General Relief Program

The \$80 per person limit on the state's General Relief Assistance Program (designed to provide qualified unemployable people with necessities) is totally inadequate, according to a study just released by the Alaska Public Interest Research Group and the Alaska Chapter of the National Association of Social Workers. The figure has not increased since 1953.

"Though rents in Anchorage have doubled since 1978, and though changes in BIA and AFDC programs have shifted additional burdens on this state program, the legislature has cut the appropriation by 40% over the last two years," said Maureen Kennedy, AkPIRG director.

"The legislature realizes the program is unworkable and inadequate, but rather than overhauling it and increasing payments so they make a difference, we've cut back."

"We give state employees in one days per diem more than we give general relief recipients in a month," said Yvonne Chase, President of NASW.

"The State continues to divert funds from the program for pauper burials. In fact, nearly

half of the 1984 expenditures went to burials, which are not subject to the \$80 cap, and which averaged over \$800 a piece." The NASW recommends that the State, at a minimum, increase the cap to \$160.

The report, written by Michael Reibel, includes a detailed survey of 102 destitute people and dramatically demonstrates the extent of unmet need. It recommends that the State:

--Authorize larger appropriations for the program;

--Review program regulations and redefine "emergency need;"

--Conduct a study of the distribution and adequacy of payments;

--Create a separate state burial program; and

--Institute a comprehensive statewide social services plan, as required by law.

The NASW has taken on the General Relief Program as a top legislative priority for this session. The group represents over 200 social workers throughout the state.

AkPIRG, a statewide research and advocacy organization, has 600 members.

*All Alaska
Weekly*

'Inadequate' relief forces needy into crisis shelters

by Tim Leslie
Times Writer

The state's failure to provide adequate housing assistance to the needy is forcing destitute Alaskans to move out of apartments into crowded emergency shelters, a recently completed study says.

Released jointly by the Alaska Public Interest Research Group and the Alaska Chapter of the National Association of Social Workers, the study is an evaluation of the state's General Relief Assistance Program.

The study claims needy families are being forced to move into emergency shelters because the program's monthly \$80-per-person payments are "inadequate." As a result, the study concludes, the state is "encouraging the emergence of a permanent underclass of chronically homeless people."

The General Relief Program, administered by the state Department of Health and Social Services, was established in 1953 to provide "subsistence for needy persons when no other source of assistance is available to them." No monetary limits are placed on medical grants, but those seeking money for food, clothing, or rent are entitled to a maximum of \$80 per month.

The study criticizes the program because the \$80-per-person cap has never been increased, despite Alaska's rising housing costs.

"It is easy to imagine how rent increases averaging 70 to 80 percent over a five-year period would erode the effectiveness of an \$80-per-month grant," the study says.

The study also criticizes the program's "antiquated" eligibility criteria for keeping money out of the hands of the needy. The study says unspent appropriations led legislators to reduce the program's budget from \$900,000 in 1983 to \$537,000 for 1985, but adds that much of the money remained unspent because needy people earning more than \$300 per month cannot qualify for assistance.

"The apparent surplus (in the program's budget) is not really a surplus at all, but a reflection of legitimate need which is obscured by serious defects in the structure of the program," the study says.

AkPIRG President Maureen Kennedy said she thinks state

Safety net fails to catch woman

by Tim Leslie
Times Writer

Although problems with the state's General Relief Assistance Program have been detailed in a recently completed study, Eunice Fennel said she learned of the program's shortcomings first hand — as a public assistance recipient.

Fennel, 47, said she never expected to be asking the state to help pay the rent. But the seven-year Anchorage resident said she didn't expect her health would deteriorate so quickly, either.

"You don't ever know when your health's going to go out on you," said Fennel, who lives in a small, one-bedroom apartment in Spenard. "I've always been so independent."

Fennel was hospitalized in June and July for degenerative arthritis in her hips and spine. Suddenly forced to take time off from her job as a clerk-typist, she borrowed money from friends to help pay her \$405 monthly rent.

Fennel went back to work part time in September and — with bills starting to pile up — finally convinced a doctor to approve her return to full-time work in October. But recurring pain in her left hip soon forced her back into the hospital.

It was then that Fennel decided it was time to swallow her pride and investigate the possibility of obtaining public assistance.

"I've worked all my life," Fennel said. "It's been embarrassing to have to ask for help."

Fennel received \$80-a-month allowances from the General Relief Program in November, December and January. But when she returned to work part time in mid-January, Fennel was warned that individuals who earn more than \$300 per month are ineligible for the program. Fennel, who will earn \$370 this month, said she may also lose her food stamps.

Friends have recommended she apply for federal disability aid, but Fennel said she would receive only \$440 per month and would be required to quit her job. That, she said, would force her from her apartment and into an emergency shelter.

Although she walks with crutches and is taking medication for chronic pain, Fennel said she will again ask her doctor for permission to work a full 40-hour week.

"I'm going to try to work full time," Fennel said. "I don't have a choice."

legislators are aware of the program's problems, but are choosing to ignore them.

"Though rents in Anchorage have doubled since 1978, the legislature has cut the (General Relief Program) appropriation by 40 percent over the last two years," Kennedy said. "The legislature realizes the program is unworkable and inadequate, but rather than overhaul it and increase payments to make a difference, they've cut back."

"We give state employees in one day's per diem more than we give general relief recipients in a month," added NASW President Yvonne Chase.

The study says emergency shelters are "extremely valuable," but should not be viewed as

the solution to the problem of housing the poor. To do so, the study says, "has the effect of institutionalizing homelessness rather than counteracting it, encouraging the emergence of a permanent underclass of chronically homeless people."

A copy of the study has been sent to Rep. Don Clocksin, D-Anchorage, who plans to draft a bill this year which would overhaul the General Relief Program.

Clocksin said he will work to revise the program's outdated eligibility criteria and will try to double the grants from \$80 to \$160 per month.

February 16, 1985

THE Anchorage Times

POSITION PAPER
HOUSE BILL NO. 231

For "An Act relating to amount of general and temporary assistance."

Legislation is proposed to increase the maximum monthly benefit amount paid to eligible applicants under the Division of Public Assistance, General Relief Assistance program (GRA) from \$80 to \$200 per person. Alaska's GRA program dates back to when federal assistance programs were not as extensive as they are today. As the major assistance programs expanded in scope, GRA became more limited in terms of its eligibility requirements and the amount of financial aid available. The GRA program remains an important part of Alaska's welfare system, providing for the specific emergency needs of clients unable to meet those needs through other programs. Those basic needs include shelter, utilities, transportation, food, and clothing. In addition, limited funds for dignified burial of a needy person may be provided. Benefits are paid directly to the vendor providing for the eligible client's specific need. The program is 100 percent state funded, and is used only after the applicant has exhausted all other possible resources.

The Division of Public Assistance is currently serving 1800 cases annually with a budget of \$537,000. A large percentage of these cases involve rental assistance payments. There are numerous local agencies providing support and shelter services for the needy. This public and private service agency network, along with the GRA program, does help provide for the basic needs of the indigent.

Enactment of HB 231 would have significant impact on the General Relief Assistance Program. The major effect would be the increase in the GRA caseload due to the attractiveness of the increased payment standard. It is estimated that the GRA caseload would increase by at least 20 percent in two years as a result of this Act. This caseload increase will result in the need for additional staff to meet the service demand. Clients must apply for assistance each month they experience a specific emergency need. GRA cases are therefore, very labor intensive compared to other assistance programs where client cases are merely maintained once opened. The division would have to dedicate more staff time to the intake and processing of these GRA applications. The fiscal note for this Act calls for the addition of one Eligibility Technician position in FY 1987. However, the true administrative impact of increased caseload would not be alleviated in the other large district offices, which would not receive any new positions. A significant caseload increase in a given area could have an adverse effect on the efficiency and eligibility decision time frames in the offices.

House Bill 231 does offer some improvement to the current GRA program. The \$80 per person monthly maximum payment now in effect is widely considered to be too low. The fact that a majority of GRA payments are for the allowable maximum indicates that clients'

specific needs often exceed the available benefit. This does not necessarily mean a higher payment amount is needed, since there are other resources available to the needy (i.e. food stamps, energy assistance, homeless shelters, charitable organizations, etc.). GRA is, however, one of the few programs offering cash rental assistance to those facing eviction. This has become the largest service component of the program, and will doubtless expand with implementation of a higher payment amount. A higher payment amount would draw more households to use GRA, and to use it repeatedly, because it would pay most or all of the overdue rent. This trend could represent a drift toward an income maintenance program, and away from the established philosophy of GRA as a program of last resort.

While increased payments for the existing program represents a beneficial change in the service delivered by the division and received by its GRA clientele, it is not viewed at this time as a priority use of additional state dollars. While this Act is consistent with the department's goals and objectives to provide all Alaskans with a reasonable level of subsistence, the department does not feel there is a serious unmet need requiring urgent change.

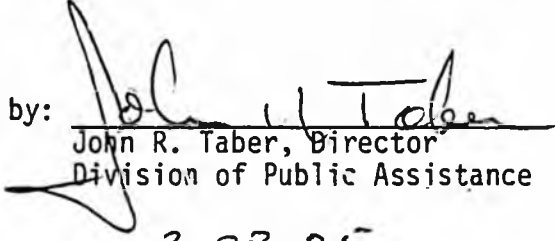
There is not an obvious alternative to this Act which better meets the needs of the indigent. The concerted efforts of public and private agencies currently form a basic emergency service network for our most needy citizens. Increasing the State's GRA benefit amount would help strengthen this network, yet the responsibility to do so does not rest entirely upon the State. It is a good idea and a just cause, but its affordability in light of other pressing needs is the question. The language of the Act does give the Department discretion in setting the monthly benefit amount lower than \$200. This could be a cost saving option which could help meet the need at a lesser cost, but public demand and advocacy groups would push vigorously to get and keep the benefit level at the maximum of \$200.

DEPARTMENT RECOMMENDATION

House Bill 231 proposes an increase in the maximum monthly benefit amount available under the General Relief Assistance Program from \$80 to \$200 per person. The need for the increased benefit amount is a legitimate concern. It is consistent with the department's objectives and the program goals.

The Department of Health and Social Services supports this bill in concept only. Implementation of the bill would require the addition of funding to the Governor's budget request, and the Department does not urge funding of this increase at the expense of other worthwhile programs already in existence.

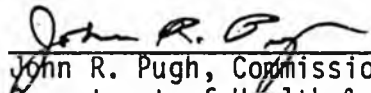
Recommended by:


John R. Taber, Director
Division of Public Assistance

Date:

3-28-85

Approved by:


John R. Pugh, Commissioner
Department of Health &
Social Services

Date:

4-2-85

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 231
 Title: An Act Relating to Amount of General and Temp. Relief Assistance.
 Sponsor: Reps. Clocksin & Gruenberg
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: DHSS/Div. of Public Assistance
 Program Category Affected: Social and Economic Assistance Programs for General Population BRU, Program or Subprogram(s) Affected: Assistance Payments BRU - General Relief Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | 34.3 | 35.7 | 37.1 | 38.6 |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | 2.0 | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | 0 | 399.2 | 439.1 | 461.1 | 479.5 | 498.7 |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 399.2 | 475.4 | 496.8 | 516.6 | 537.3 |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|---------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | 0 | 399.2 | 475.4 | 496.8 | 516.6 | 537.3 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 399.2 | 475.4 | 496.8 | 516.6 | 537.3 |

POSITIONS:

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL-TIME | | | 1 | 1 | 1 | 1 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary

See Attached Analysis

Prepared By: John R. Taber, Director
 Division: Public Assistance

Phone: 465-3347
 Date: March 6, 1985

Approved by Commissioner: John R. Taber
 Agency: Health & Social Services

Date: 4-2-85 *JCC*

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor

FISCAL NOTE ANALYSIS - HB 231

GRA Caseload Characteristics (Burial Assistance Not Included)

| <u>Service Category</u> | <u>Percent of GRA Expenditures</u> |
|---------------------------------------------------------------------------------|------------------------------------|
| Rental Assistance | 87.6 % |
| Utility Assistance | 4.7 % |
| Miscellaneous Assistance (18 yr. olds in High School, Food, and Clothing) | 7.7 % |

| <u>Household Size</u> | <u>Percentage of GRA Caseload</u> |
|-----------------------|-----------------------------------|
| 1 | 55.0 |
| 2 | 18.5 |
| 3 | 11.6 |
| 4 | 7.3 |
| 5 | 5.5 |
| 6 or more | 2.1 |

FY 1986 GRA caseload was derived by increasing projected current year caseload (excluding burial assistance) by 8.8 percent. This projected caseload increase is based on the anticipated response to an increased benefit level. Benefits will not always equal the \$200 per person limit. Vendor payments are made for specific needs of eligible households, and will often be less than the allowable limit. (See projected payment amount by household size below).

| <u>Household Size</u> | <u>Annual Cases/Payment Amount</u> | <u>Total</u> |
|-----------------------|------------------------------------|------------------|
| 1 | 1100 X 195 | \$214,500 |
| 2 | 370 X 385 | 142,450 |
| 3 | 232 X 560 | 129,920 |
| 4 | 146 X 680 | 99,280 |
| 5 | 110 X 750 | 82,500 |
| 6 | 42 X 775 | 32,550 |
| | <u>1998</u> | <u>\$701,200</u> |

| | |
|---------------------------------------------------------------------|--------------|
| FY 1986 Need With New Payment Standard | 701.2 |
| Less FY 86 Governor's Request (Rental and Misc. Assistance Only) | 302.0 |
| FY 86 Increment Increase to Fund New Standard | <u>399.2</u> |

FY 1987 caseload was derived by increasing FY 1986 by 10 percent. This projected caseload growth is due to increased benefit amounts attracting more clientele, and the spreading knowledge of higher payments through agency outreach efforts. The caseload should expand considerably during the first two years as the new benefit level becomes known. At this point, one Eligibility Technician (R/S 12B Anchorage) would be needed to accommodate the larger caseload. One-time funding of 2.0 is budgeted for purchase of office equipment for 1.0 PFT new position.

FY 1988 expenditures are calculated at a 5 percent rate of growth. FY 1989-1990 are calculated at a 4 percent rate of growth.

HB 231

Legislature

Anchorage Daily News Wednesday, February 27, 1985

Legislation to bolster aid to state's needy proposed

By BRUCE SCANDLING
 The Associated Press

JUNEAU — Alaska's needy — especially those falling through cracks in a web of government relief programs — would have a stronger safety net in which to land under legislation being considered here.

A measure introduced by House Majority Leader Don Clocksin and Rep. Max Gruenberg, both Anchorage Democrats, would boost monthly payments in the state's General Relief Program from \$80 to \$200 a month.

Payments under the program, administered by the state Department of Health and Social Services, go for monthly housing, utility or burial costs. The money is paid directly to vendors providing these services.

"It's my conclusion that this program has not been an effective safety net," Clocksin said Tuesday. "Eighty dollars a month is just not enough."

General relief payments are aimed at needy Alaskans who are ineligible for other state and federal assistance programs like Aid to Families with Dependent Children or programs for

the elderly and disabled.

"If you're poor and you don't fit into one of those neat categories, you're still poor," Clocksin said.

The program was established in 1953 to provide relief to Alaskans who can't pay basic living costs, or for burial needs.

Another part of the program — General Relief Medical Assistance — will pay more than \$10 million to needy Alaskans this year. It would not be affected by the Clocksin-Gruenberg bill, which was introduced in the House Monday.

Legislative researchers are still

trying to compute how much the measure would cost, but Clocksin said he expects this year's \$537,000 appropriation for general relief to at least double if his bill becomes law.

About 375 Alaskans are using the program each month, state officials said. Almost all of the claims are filed to pay housing and utility costs.

The bill comes in the wake of study of the General Relief Program prepared for the Alaska Public Interest Research Group and the national social workers' group.

The report, released last month, slammed state lawmakers who have not increased the \$80-a-month payments. In fact, appropriations for the program were actually cut back the past two years, said AKPIRG Director Maureen Kennedy.

She said rents in Anchorage — where most of the general relief claims are filed — have doubled since 1978.

A similar bill introduced by Clocksin in 1981 passed the House but died in the Senate for lack of support.

3/28/85

Max - I spoke on the phone today with Dave Frank of Evergreen Memorial Chapel (see attached correspondence)

he feels strongly that adding increase in general relief burial assistance as amendment to HB 231 (increase in general relief assistance) would be a good idea

it has been five years since there was any adjustment made in the amount of general relief burial assistance - he says average cost of a burial is \$1,500 and the state normally pays only \$750.

he suggested I call Jim Dalman of the Division of General Relief for figures - Jim says an average of 240 - 250 general relief burials are done each year statewide, but he says the average payment by the state is \$850 - 900 (additional costs are allowed over the \$750 limit for special expenses such as thawing the ground, larger size coffin, etc.) Jim feels also that the funeral home's average cost is more like \$850, since some of the items they included in their \$1,500 estimate are not normally included in an indigent burial

Jim also suggested contacting Dave Bruce of the Division of Public Health - the state requires that an autopsy be performed if no Doctor was present at the time of death, and this is paid by the state -- it sometimes gets into a lot of extra cost, i.e. if a person dies in a remote area and the body has to be transported, embalmed, etc. (I haven't contacted him)

Dave Frank, Evergreen Memorial Chapel 279-5477

Jim Dalman, Division of General Relief 46503058

Dave Bruce 465-3090

Jim Dalman also said the Division can't do anything about raising the amount of assistance w/out help from the legislature - i.e. an increase in the limit (he would suggest 1,200)

KE

State of Alaska

COMMITTEES

HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES
(Co-Chairman)
HOUSE JUDICIARY
HOUSE COMMUNITY AND
REGIONAL AFFAIRS



POUCH V
JUNEAU, ALASKA 99811
(907) 465-4968

914 CLAY COURT
ANCHORAGE, ALASKA 99503
(907) 276-6844

Representative Max F. Gruenberg, Jr.
District 11
Spenard, Upper Midtown Anchorage

March 15, 1985

Mr. R.D. Rome
Evergreen Memorial Chapel
P.O. Box 100537
Anchorage, AK 99510

Dear Mr. Rome:

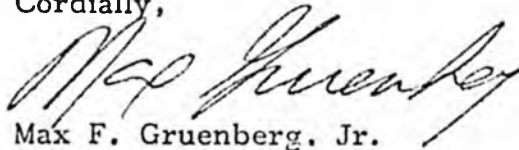
Thank you very much for your letter of February 28 and enclosures. I remain most interested in the progress of your negotiations, particularly because it seems that the state's payments are clearly too low.

Representative Clocksin and I have sponsored HB 231, copy enclosed, dealing with another aspect of the general relief statutes.

I am aware that 7 AAC 47.130 limits the amount of such payments for funeral and burial expenses to \$750 generally. In view of the obviously increased costs for such services as set forth in the audit, it appears the regulation should be revised.

I would be happy to talk with you further on this, either by telephone, or in correspondence, as you prefer. Kindly advise.

Cordially,


Max F. Gruenberg, Jr.

MFG/ke
Encls. - HB 231, 7 AAC 47.130

February 28, 1985

Representative Max Gruenberg Jr.
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Gruenberger,

Enclosed you will find a copy of a Preliminary Review of Mortuary Costs from the Department of Health & Social Services along with a copy of our response to this report.

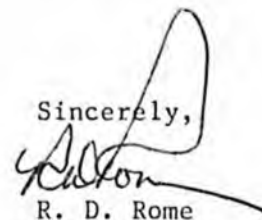
We have asked the Department of Health and Social Services to increase the amount paid by the Division of Public Assistance for General Relief funeral services. The amount now paid by Public Assistance is considerably less than our cost of providing the services and has been for several years.

Several months ago we offered to have the Division do an audit of our books to determine the costs involved in providing this service to the State.

We hope that you will support a fair and equitable increase in the amount paid by Public Assistance for funeral services.

If we can provide you with any other information, please let us know.

Sincerely,



R. D. Rome
partner

Evergreen Memorial Chapel

737 E STREET
P.O. BOX 100537

TELEPHONE 279-5477
ANCHORAGE, ALASKA 99510



February 27, 1985

Mr David Bruce
Deputy Director, Division of Public Health
Pouch H-06M
Juneau, Alaska 99811

Dear Mr. Bruce,

Referencing the State Memorandum dated January 30, 1985 from Audit Manager DHSS to you on the subject Preliminary Informational Review Mortuary Costs, we wish to make the following comments for the record and appropriate action, as well as a further clarification of our costs.

Paragraph four of the opening statement needs to be further clarified to say that the prices are, as stated, 1983 figures, with no amount added in for return on investment. We don't anticipate that action will be taken on our request for DPA increases until at least June or July of 1985 and perhaps even later, and that DPH programming may not be totally clarified for at least sixty to ninety days. Thus it is imperative that an inflation factor be instituted, not just for 1984, but for at least the first 6 months of 1985 also. Return on investment computation should be at a minimum 14 or 15% considering the investment amount and risk thereto. Cash placed in secure municipal bonds draws about 11 to 13% - is it not reasonable to assume that our investment and risk should draw a percentage somewhat higher than that?

Item 1) Exhibit 4, Adjustments made to Claimed Costs, we believe to be a defensible item. The Internal Revenue Service in a formal IRS audit has held the residence as a necessary and integral part of our funeral home operation, considering we must be available on a 24 hour basis at this location. We feel that the entire \$15,347 is a justified cost of doing business.

Item 5) Exhibit 4, indicates Spenard Heights Mortuary does NOT have a separate telephone number. Enclosed is a copy of the most recent Anchorage Telephone Directory showing that it indeed does have a separate telephone number, and we would also tell you that it has had its own number for the past 20 years.

There are five items in Exhibit 1, Public Health Cost Analysis, that we wish to discuss, and for which we would request further review. They are:

1. Cremation Costs. In our 1983, 84, and 85 books there is nothing to indicate any maintenance costs or ongoing repair reserve fund for the cremator itself. Past experience, and our earlier books, indicate that a re-bricking of the unit about every 800 cremations is a necessity. In May of 1980 we re-bricked and re-paired the cremator for the second time since its installation in 1965. The cost of which was \$17,894.00 paid to the David Evans Co. of Seattle. Incidental repairs since that time approximate \$300 to \$400. In some

Evergreen Memorial Chapel

737 E STREET TELEPHONE 279-5477
P O BOX 100537 ANCHORAGE, ALASKA 99510



way, that cost should be worked into the cost of cremation. We do have a savings program to take care of expenses of this magnitude, but do not label it specifically as a reserve for cremator repair and maintenance. This is definitely a cost to be considered in computing the final figure.

2. Under cremation cost there is not an amount for the Alternative Container that is necessary for placement of the remains into the crematory when no casket is used. An alternative container is a large cardboard container made specifically for cremation. The cost for the unit itself is \$14.50 plus freight of \$3.63 and warehousing of \$1.81 for a total of \$19.94. (DHSS should also be aware that many times families desire traditional funeral services with viewing in a casket, and then request the final disposition as cremation rather than burial - thus in setting our fee schedule there should be a specific number for the cremation itself.)

3. Air Tray or Combo Prep does not include the cost of the Air Tray or Combo Pack themselves. The Air Tray, as a cost of merchandise, costs Evergreen \$35.00 for the unit, \$14.65 for the freight to Anchorage, and \$4.97 for warehousing. Adding the cost of personnel to ready the Tray for use, you get a cost of \$94.09 not the \$39.47 you list in your Audited Costs. (The Combo Pack is not used for DPA or DPH so is irrelevant.) We have enclosed copies of our invoices on these items.

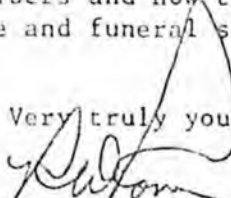
4. The casket cost figure is also incorrectly computed as there is no amount included for warehousing costs. The warehousing cost on this casket is \$13.34 so the casket cost should be \$146.67.

5. We are unclear as to the explanation of 4) Air Transfer Costs and how that relates to Air Tray or Combo Preparation as described on page -4-. We believe that the composite cost of the Air Tray plus the cost of preparing it for use should be the only items considered under this heading.

All in all we are quite satisfied that the auditing department has presented a fair appraisal of our costs with the exceptions mentioned above. Again we would reiterate that these are 1983 cost figures and should be adequately adjusted for inflation (minimum 18 months) and for return on investment at 14% to 15% annualized rate.

Please keep us advised of any pending actions concerning DPA and DPH as it concerns the use of our audited books. We desire to give as much input as we can in clarifying these numbers and how they can most realistically be used to benefit the State and funeral service.

Very truly yours,


R. D. Rome, Partner

Evergreen Memorial Chapel

737 E STREET TELEPHONE 279-5477
P O BOX 100517 ANCHORAGE, ALASKA 99510

cc: Robert Fraser, Director, DPH
James Dahlman, DMA
Rod Betit, Director, DMA
Millie Duxbury, DPA, Audit Manager



MEMORANDUM

State of Alaska

TO: David Bruce, Deputy Director
Division of Public Health
Department of Health & Social Services

DATE: January 30, 1985

FILE NO:

TELEPHONE NO 465-3120

CJA
FROM: Millie Duxbury, CPA, Audit Manager
Audit - Office of the Commissioner
Department of Health & Social Services

SUBJECT: Preliminary Informational Review
Mortuary Costs

We reviewed the cost study submitted by Evergreen Memorial Chapel based on costs incurred during the year ended December 31, 1983 in providing funeral related services and autopsies. The purpose of our review was to make a recommendation to the Divisions of Public Assistance and Public Health on the costs of funeral home services.

Our review included an examination of the costs and statistical bases used in the submitted cost study, as well as a determination of the services provided to the Divisions of Public Health and Public Assistance. Our review included such auditing procedures as we felt were necessary in the circumstances.

The results of our examination are shown in the exhibits. Exhibit One shows a comparison between audited costs, claimed costs, and what the Division of Public Health is currently paying for services. Exhibit Two includes an explanation of the costs incurred for each item of service. Exhibit Three is an analysis of the costs for providing services to the Division of Public Assistance. Exhibit Four explains the adjustments that were made to claimed costs as a result of our review. The cost figures shown in the exhibits do not include an amount for a return on investment to the owners.

We found that the Division of Public Health pays in excess of costs incurred for embalming, dressing, autopsy restoration, autopsy facility, cremation costs, the casket and administration costs. The Division pays under costs for transportation services. The costs used are from the year ended December 31, 1983 and do not include the effects of any inflation during 1984. We recommend the Division apply an inflation factor to the audited costs in Exhibit Two and revise their payments for funeral home services where the circumstances indicate. Further, a reasonable return on investment should be negotiated into the payment schedule established.

We found that the Division of Public Assistance (DPA) generally pays less than the costs of providing services. We also found that costs differ depending on whether the funeral and burial service is conducted in Anchorage or if Evergreen Memorial Chapel is preparing the body to be shipped out of Anchorage. Also, the cost differs if the body is cremated or if a burial is conducted. The Division pays \$750 for funeral home services, regardless of the actual services provided. This amount was established in 1981 and has not been revised. We recommend four rates be established for services; one for funeral and burial services performed at the facility;

January 30, 1985

one for preparing the body to be shipped to another location for burial; one for funeral and crematory services performed at the facility, and one for crematory services and shipping the remains to another location. Rates should be revised using costs shown in Exhibit Three as a guideline and taking into account inflation factors and reasonable rate of return on investment.

This report is a preliminary report. We are allowing thirty days for comments on the report. If you disagree with our findings and recommendations, please provide us with additional documentation supporting your position. If you have any questions, please call me at the above telephone number.

cc: Robert Fraser, Director, DPH
Rod Betit, Director, DMA
James Dalman, DMA

PUBLIC HEALTH COST ANALYSIS

EXHIBIT 1

FYE 12/31/83

| | <u>Audited Costs</u> | <u>Claimed Costs</u> | <u>Public Health Payment</u> |
|-------------------------------|--------------------------|--------------------------|----------------------------------|
| First Call | 82.94 | 89.79 | |
| Embalming (includes facility) | 159.65 | 173.61 | 190 |
| Cosmetics | 52.81 | 59.79 | |
| Hairdressing | 39.61 | 44.85 | |
| Dressing | 13.20 | 14.95 | 3) 70 |
| Casketing | 17.43 | 19.73 | |
| Casket Preparation | 20.73 | 26.68 | |
| Family Conference | 91.43 | 103.18 | |
| Arranging Details | 75.78 | 84.65 | |
| Visitation, Private | 44.25 | 51.64 | |
| Visitation, Public | 236.01 | 275.40 | |
| Auto Preparation | 16.18 | 11.32 | |
| Floral Arranging | 44.25 | 51.64 | |
| Chapel Preparation | 17.86 | 21.99 | |
| Funeral Service | 341.84 | 379.10 | |
| Procession | 43.48 | 46.46 | |
| Graveside | 43.48 | 46.46 | |
| Obituaries | 8.88 | 7.74 | |
| Death Certificate | 2) 108.49 | 92.77 | |
| Billing | 2) 11.72 | 10.22 | |
| Record Book | 34.08 | 31.81 | |
| Air Tray or Combo Prep | 4) 39.47 | 54.09 | |
| Cremation | 1) 80.32 | 99.32 | |
| Cremation Clean-Out | 1) 46.21 | 58.87 | |
| Remains Mailing | 1) 42.97 | 36.49 | |
| Autopsy Restoration | 76.58 | 86.70 | 85 |
| Airport Delivery/Pick-Up | 4) 57.97 | 61.95 | 45 |
| Autopsy Facility | 79.22 | 89.69 | 100 |
| Casket | 133.34 | 133.34 | 150 |

1) Cremation Costs = \$ 169.50 260

2) Administration Costs = \$ 120.21 125

3) Includes cost of clothing
estimated to be \$36.00

4) Air Transfer Costs = \$ 97.44 SEE EXHIBIT 4 FOR ADJUSTMENTS
Another \$57.97 should be
added if the body had to
be picked up from the
airport.

State of Alaska

Department of Health
and Social Services

DESCRIPTION OF COSTS

| <u>DOLLAR AMOUNT</u> | <u>ITEM</u> | <u>DESCRIPTION</u> |
|--------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$ 82.94 | FIRST CALL | This is the cost of removing a decedent from the place of death to the funeral home. One man hour, vehicle and appropriate overhead allocation. |
| \$159.65 | EMBALMING | Arterial injection of remains with preservative fluids and care of the abdominal and thoracic cavities as necessary. One and a half man hours, equipment, cost of materials and allocated overhead. |
| \$ 52.81 | COSMETICS | This is the application of cosmetic materials and the cost of reconstructive work averaged over all embalmed cases according to required time with cost of materials and allocated overhead. |
| \$ 39.61 | HAIRDRESSING | This is an averaged cost of performing hair-dressing services for both men and women according to time requirements and overhead allocations. |
| \$ 13.20 | DRESSING | This is primarily a time factor in dressing the remains prior to the funeral services and includes allotted overhead. |
| \$ 17.42 | CASKETING | Time requirements for the placing of the remains into the casket and the subsequent arranging of the remains for proper viewing by the next of kin. |
| \$ 20.73 | CASKET PREPARATION | Time requirement for the removal of the required casket from storage, unpacking and making the required adjustments for placement of the remains into the casket. |
| \$ 91.43 | FAMILY CONFERENCE | Consultation with family members to ascertain desires for funeralization. Usually requires one and a half to two hours time. (Minimum service) |
| \$ 75.78 | ARRANGING DETAILS | Consultation with clergy, cemetery pallbearers, airlines, florists and other persons who may be responsible for parts of the funeralization process. (Minimum service) |

State of Alaska

Department of Health
and Social Services

DESCRIPTION OF COSTS

| <u>DOLLAR AMOUNT</u> | <u>ITEM</u> | <u>DESCRIPTION</u> |
|--------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$236.01 | VISITATION | Three hours, usually the night before a service. Visitations include labor, facility expense, and overhead. |
| \$ 44.25 | VISITATION | One hour before the service. |
| \$ 16.18 | AUTO PREPARATION | The time taken to see that vehicles are appropriately clean and ready for use during the funeral. |
| \$ 44.25 | FLORAL ARRANGING | Time taken to receive and arrange floral pieces for the funeral. |
| \$ 17.86 | CHAPEL PREPARATION | Time taken to set up for clergy, place chairs in chapel for guests, set up the family seating area and placement of the casket into the chapel. |
| \$341.84 | FUNERAL SERVICE | This is the cost of the funeral directors and staff for a period of three hours time required to perform the duties as funeral directors for the services. Also included is the proportionate overhead cost; as well as the direct costs of providing the facilities. |
| \$ 43.48 | PROCESSION | Driver time and proportionate overhead costs, as well as use of vehicle costs. |
| \$ 43.48 | GRAVESIDE | Cost of personnel during graveside services. |
| \$ 8.88 | OBITUARIES | Labor cost of personnel to call obituary information to the two local newspapers. |
| \$108.49 | DEATH CERTIFICATION | Typing time, delivery to doctors office, return to doctors office for pick up of the certificate, delivery to district court for filing and obtaining of burial transit permit. A total of two and a half hours of time required, plus vehicle costs and overhead. |
| \$ 34.08 | BOOK, OBIT RECORD | Office time in preparing an obituary record for clergyman, register book for guests and appropriate printing. Also includes direct cost of materials and an overhead allocation. |

DESCRIPTION OF COSTS

| <u>DOLLAR AMOUNT</u> | <u>ITEM</u> | <u>DESCRIPTION</u> |
|--------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| \$ 11.72 | A/R, BILLING | Time and materials in preparing accounts receivable information and forms along with the billing for the services to the appropriate State agency. |
| \$ 39.47 | AIR TRAY OR COMBO PREP | Receptical for casket to ship on airlines. Cost includes 20 minutes of labor, facility usage and overhead. |
| \$ 80.32 | CREMATION | The cost of a cremation includes 45 minutes of labor, gas, facility usage and overhead. |
| \$ 16.21 | CREMATION CLEAN OUT | This is the cost of cleaning the crematorium and involves a half hour of labor, facility usage and allocated overhead. |
| \$ 76.58 | AUTOPSY RESTORATION | The funeral home sews the body up after the autopsy. The cost includes one and a half hours of labor, facility usage and overhead. |
| \$ 57.97 | AIRPORT DELIVERY | This is the cost of delivering a body to the airport for shipping and involves one hour of labor, plus automobile costs and overhead. |
| \$ 42.97 | REMAINS MAILING | The cost of mailing remains includes one hour of labor, automobile usage and overhead. |
| \$ 79.22 | AUTOPSY FACILITY | This is the cost of the facility and cleaning the facility after an autopsy. It involves one and a half hours of labor, plus allocated overhead. |
| \$133.34 | CASKET | Actual cost of casket delivered to the door in Anchorage. Includes freight and packaging costs. |

PUBLIC ASSISTANCE COST ANALYSIS

FYE 12/31/83

| | <u>Regular Burial</u> | | <u>Cremation</u> | |
|--------------------------|------------------------|---------------------------|------------------------|---------------------------|
| | <u>Shipped Out</u> | <u>Service At EMC</u> | <u>Shipped Out</u> | <u>Service At EMC</u> |
| First Call (Home) | \$ 82.94 | \$ 82.94 | \$ 82.94 | \$ 82.94 |
| Embalming | 159.65 | 159.65 | | |
| Cosmetics | 52.81 | 52.81 | | |
| Hairdressing | 39.61 | 39.61 | | |
| Dressing | 13.20 | 13.20 | 13.20 | 13.20 |
| Casketing | 17.42 | 17.42 | 17.42 | 17.42 |
| Casket Preparation | 20.73 | 20.73 | 20.73 | 20.73 |
| Family Conference | 91.43 | 91.43 | 91.43 | 91.43 |
| Arranging Details | 75.78 | 75.78 | 75.78 | 75.78 |
| Visitation (One Hour) | | 44.25 | 44.25 | 44.25 |
| Auto Preparation | | 16.18 | | |
| Floral Arrangement | | 44.25 | | 44.25 |
| Chapel Preparation | | 17.86 | | 17.86 |
| Funeral Service | | 341.84 | | 341.84 |
| Procession | | 43.48 | | |
| Graveside | | 43.48 | | |
| Obituaries | 8.88 | 8.88 | 8.88 | 8.88 |
| Death Certificate | 108.49 | 108.49 | 108.49 | 108.49 |
| Record Book, Etc. | 34.08 | 34.08 | 34.08 | 34.08 |
| Billing | 11.72 | 11.72 | 11.72 | 11.72 |
| Airport Delivery | 37.97 | | | |
| Casket | 133.34 | 133.34 | | |
| Visitation (Three Hours) | 236.01 | | | |
| Air Tray | 39.47 | | | |
| Cremation | | | 80.32 | 80.32 |
| Cremation Clean Out | | | 46.21 | 46.21 |
| Remains Mailing | | | 42.97 | 42.97 |
| Total | \$ 1,183.53 | \$ 1,401.42 | \$ 678.42 | \$ 1,082.37 |
| | | | | |
| Public Assistance pays | \$ 750.00 | \$ 750.00 | \$ 750.00 | \$ 750.00 |

ADJUSTMENTS MADE TO CLAIMED COSTS

- 1) The personal residence of one of the funeral directors is located in the Evergreen Memorial Chapel building. In allocating facility costs, no costs were allocated to the personal residence. This adjustment disallows \$15,347 of facility costs relating to the residence, based on square footage.
- 2) None of the facility expense was allocated to the operation of the automobiles. We allocated \$6,200 to the automobile costs, based on the square footage of the garage, from facility expenses.
- 3) The cost study spread overhead costs over the funeral directors' hours. An adjustment was made to include all direct labor hours as the base for allocating overhead. This adjustment has no effect on costs.
- 4) The costs used in our report do not include amounts for donations (\$6,649), bad debts (\$2,796), advertising (\$13,513), and promotion (\$3,024). Donations, advertising and promotion expenses are for furthering the goodwill or attracting private paying clients and are not related to securing State business. Bad debts are not allowed as an expense as they relate to non-State clients.
- 5) The costs used in our study include the expenses of Spenard Heights Mortuary. Spenard Heights and Evergreen Memorial are run as one business: Spenard Heights does not have a separate telephone number or staff and is vacant most of the time.