

Welfare

Reform

2/6/97

HFIN

FILE

**WELFARE REFORM
BUDGET COMPONENTS BY AGENCY BY BRU**

Comp #	DEPARTMENT/BRU/COMPONENT	WELFARE REFORM RELATED		COMMENTS
		ALL	PART	
	COMMERCE & ECON. DEVELOPMENT			
1802	Occupational Licensing Licensing Operations		X	A small portion of I/A receipts funding will be allocated to efforts to match databases with CFED.
	COMMUNITY AND REGIONAL AFFAIRS			
2123	Administration and Support One Stop		X	It is not known at this time what percent of this component can be linked to welfare reform efforts. Clients other than welfare recipients will benefit from a fully integrated system of employment, training, and social services programs.
658	Child Assistance Child Care		X	All but the education and training grant funds and dependent care development grant funds for eligible licensed child care providers will directly support welfare reform efforts.
1414	Day Care Assistance		X	Approximately 25% of the children in licensed child care centers/homes were subsidized by one or more state or federal child care programs.
659	Head Start	X		100% welfare reform related.
2125	Community & Economic Development Community & Economic Development		X	It is not known at this time what percent of this new component, established to help communities recognize economic development opportunities, could be directly linked with welfare reform efforts.
1180	Employment Training/Rural Development JTPA		X	It is not known at this time what percent of funding in this component can be directly linked with welfare reform. Programs to train displaced workers cannot be considered welfare reform (e.g., Ketchikan Pulp closure).
1012	State Training & Employment		X	This training program is highly flexible, changing and adjusting to local job markets in Alaska. These matching funds for federal programs are nonetheless still regulated by the same rules and criteria as federal funds.
1178	Statewide Service Delivery		X	It is not known at this time what percent of funding in this component can be directly linked with welfare reform.
1179	Community Development Assistance		X	It is not known at this time what percent of funding in this component can be directly linked with welfare reform.
	EDUCATION			
2114	Teaching & Learning Support Quality Schools		X	It is not known at this time what percent of funding in this new component directly support welfare reform. State welfare and education programs are addressing the need for linking education to subsequent employment (school to work program).

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Comp #	DEPARTMENT/BRU/COMPONENT	WELFARE REFORM RELATED		COMMENTS
		ALL	PART	
173	Education Special Projects		X	A small portion (teen parenting programs, Alaska Career Information System) will support welfare reform efforts.
166	Special and Supplemental Services		X	Funds for adult basic education (\$3,080.0 federal funds) support welfare reform efforts.
	LABOR			
331	Employment Security Alaska Work Program		X	It is not known at this time what percent of the Alaska work programs funding would directly support welfare reform efforts.
336	Administrative Services Labor Market Information		X	Modifications to the current population survey sample and the statistical models used to capture labor force estimates under the new law will be required. Cost estimates are not known at this time.
	LAW			
2021	Civil Division General Legal Services		X	A small portion of the general legal services funding (\$7.0 million) will support welfare reform efforts (e.g., to enforce stricter child support enforcement laws).
	HEALTH & SOCIAL SERVICES			
	Public Assistance			
220	ATAP (formerly AFDC)	X		100% welfare reform related
2222	Adult Public Assistance		X	Includes other public/medical assistance programs.
223	OAA-ALB Hold Harmless		X	Includes other public/medical assistance programs.
225	PFD Hold Harmless		X	Includes other public/medical assistance programs.
238	Alaska Work Programs	X		100% welfare reform related
1811	Child Care Benefits	X		100% welfare reform related
	Medical Assistance			
229	Medical Non-Facility		X	Includes other public/medical assistance programs.
966	Medicaid PFD Hold Harmless		X	Includes other public/medical assistance programs.
231	Medical ALB Hold Harmless		X	Includes other public/medical assistance programs.
	Public Assistance Administration			
233	Public Assistance Administration		X	Includes other public/medical assistance programs.
234	Quality Control		X	Includes other public/medical assistance programs.
2118	Public Assistance Field Services		X	Includes other public/medical assistance programs.
237	Fraud Investigation		X	Includes other public/medical assistance programs.
240	Public Assistance Data Processing		X	Includes other public/medical assistance programs.
	Medical Assistance Administration			

**WELFARE REFORM
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Comp #	DEPARTMENT/BRU/COMPONENT	WELFARE REFORM RELATED		COMMENTS
		ALL	PART	
242	Medical Assistance Administration		X	Includes other public/medical assistance programs.
	PUBLIC SAFETY			
500	Division of Motor Vehicles Driver Services		X	A small portion (7%) of the driver services funding will support welfare reform by processing license suspensions for individuals with CSED arrearages.
	REVENUE			
111	Child Support Enforcement Division Child Support Enforcement Division		X	A substantial portion of the CSED funding will support welfare reform efforts through the process of garnishing the dividends of individuals delinquent in their child support payments.
	COURT SYSTEM			
768	Trial Courts Child Support Enforcement		X	A very small portion of the trial courts funding will be required to process additional child support enforcement cases and appeals.



Legislative Fiscal Analyst Policy Brief

Federal Welfare Reform: Fiscal Effect on Alaska

Prepared by the *State of Alaska, Legislative Finance Division*



Legislative Fiscal Analyst Policy Brief

Federal Welfare Reform (H.R. 3734): Fiscal Effect on Alaska

SUMMARY

Federal and State Welfare Reform

In August 1996, the Congress passed and the President signed The Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In May 1996, the Alaska State Legislature passed state welfare reform legislation (Chapter 107, SLA 1996 (SB98)). The law implementing the Alaska Temporary Assistance Program (ATAP) was designed to work with federal welfare reform legislation.

The state welfare reform law changes statutes and provides policy direction to the administration. However, many policy decisions and requirements in the federal and state law will be made and refined in a major rewrite of state regulations relating to public assistance. The passage of federal welfare reform will also require additional statutory changes to align the state's law with federal requirements - mainly for Title III, Child Support Enforcement.

Impact on Alaska

In this policy brief we summarize features of H.R. 3734 and SB 98 and their potential fiscal effects on Alaska – both federal funds and state general funds. There are many changes as a result of federal and state welfare reform law. This policy brief is a chance to look at the major provisions of welfare reform and assign dollar figures to their effect on Alaska – primarily a loss of federal funds. The net effect on federal funds is a loss of \$4.5 million over the six years of implementation. This includes the cash equivalent value of Food Stamps which are not included in the state budget. The assumptions made about welfare reform are dependent on caseload and demographic changes.

Title I, the Temporary Assistance for Needy Families establishes a block grant to replace the uncapped Aid to Families with Dependent Children assistance

program. Our analysis is that Alaska will receive more funding under a block grant than under the AFDC program. There are longer term concerns about a block grant, since economic downturns not only are likely sometime in the future, but virtually assured. In the past when caseloads and expenditures sharply increased, the federal government shared in the cost of the increases.

The Alaska State Department of Health and Social Services is changing the focus for providing assistance benefits from making sure that benefits are accurate, to helping people transition from welfare to work. However, much of the budgeting for welfare will remain the same. Appropriations will be made for benefit payments, eligibility determination, and administration of the program. The legislature will determine the level of funding for work programs and child care. Changes embodied in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 will directly impact the following Alaska agencies: Health and Social Services, Community and Regional Affairs, Revenue (Child Support Enforcement), and Education.

Following is a summary of the impact on federal funds to Alaska. More detailed analysis follow for each program:

**Personal Responsibility and Work Opportunity Reconciliation Act of 1996
Impact on Federal Funds to Alaska**

	(In Thousands)	
The Act consists of the following nine Titles	FY97	FY98 - 02
Title I: Temporary Assistance for Needy Families		\$31,600.0 ^a
Title II: Supplemental Security Income (SSI)	-1,000.0	-12,778.0
Title III: Child Support	255.6	
Title IV: Restricting Welfare for Noncitizens	-132.0	-10,778.4
Title V: Child Protection	845.0	
Title VI: Child Care	585.0	2,415.0
Title VII: Child Nutrition	-65.0	-7,825.0
Title VIII: Food Stamps		-6,000.0
Title IX: Miscellaneous	-340.5	-1,310.0

^a The range of additional federal funds is from \$10 to \$31.6 million dollars.

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Program Provisions

Federal welfare reform

- Ends the federal entitlement of individuals to cash assistance.
- Replaces the AFDC and JOBS programs with a block grant with strong emphasis on work.
- Sets a 60-month lifetime limit on benefits for most families.
- Time limit does not mean that the state is required to provide assistance to an individual for any period of time.
- Allows tribal entities to receive direct federal funding to serve Native people under Tribal Family Assistance programs, of which there are 12 regional ANCSA non-profits plus Metlakatla in Alaska.
- Changes rules for federal child care funding and provides additional federal child care funding to tribal entities.
- Allows states flexibility to determine eligibility and set benefit levels.

State welfare reform

- Entitles eligible recipients to cash assistance. Automatic benefit reductions effective January 2000, unless the legislature reestablishes assistance levels during 1999 session, or Temporary Assistance budget for FY99 is less than or equal to FY97 level.
- Mandates that most recipients of cash assistance are to participate in work activities within two years.
- Sets a 60-month lifetime limit on benefits, except for:
 - * Cases that do not include an eligible adult (child only cases)
 - * Cases that fall under hardship criteria established by DHSS in regulations. Hardship exemptions are limited to 20% of caseload. Hardship exemptions cover families with:
 - an incapacitated adult,
 - a domestic violence victim in continued danger,
 - a parent caring for a disabled child, or
 - others defined in regulation.
- Allows DHSS to cooperate with Alaska Native Organization grantees.
- Does not change Permanent Fund Dividend Hold Harmless program in state statute.
- Adds Child Support Enforcement provisions; one of these allows for revoking professional and drivers licenses for delinquent obligors.

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
continued

Tribal welfare reform

- Alaska Native organizations may receive TANF funding directly from the federal government. State grant is reduced by the amount received by Alaska Native organizations. *A major policy question will be whether the State will match the federal funds that do not pass through the Alaska state budget.*
- Under federal law, Tribal Family Assistance (TFA) programs in Alaska must operate a Family Assistance program in accordance with requirements comparable to the program of the State of Alaska unless a waiver is requested. In Alaska, this is the 12 regional ANCSA non-profits plus Metlakatla. *The Alaska Department of Health and Social Services has been holding meetings with tribes interested in operating TFA programs. Issues discussed are: state match, comparability, data collection efforts, and reporting requirements. In addition, if a regional corporation operates a TFA in a service delivery area, it may make sense to contract with the regional corporation to serve non-natives in that area - how would that be accomplished? Another area under discussion is that Food Stamp and Medicaid programs would continue to be state, not tribal programs - how will eligibility for Food Stamps and Medicaid be determined if a regional corporation operates a TFA program? Now, state workers complete eligibility determination for all three programs at the same time. This has been a complex process. Would the state contract for the eligibility determination?*
- Native Organizations in Alaska can negotiate with the Secretary of the USDHHS for work participation rates and time limits appropriate for the economic conditions and resources of their region. *In other words, work participation and time limits may be different for Tribal Family Assistance programs.*
- If tribes do not negotiate directly, the time limit for benefits do not apply in Alaska Native villages with at least a population of 1,000 and 50% unemployment. *This is problematic because the Alaska Department of Labor does not compile unemployment statistics by village. Other problems exist, such as definition of Alaska Native Village, and the very small number of native communities with more than 1,000 residents.*
- Native organizations receive additional child care funding and the amount of the federal FY94 Job Opportunity and Basic Skills funding, directly from the federal government. (The JOBS program is repealed. However, JOBS funding continues -- state JOBS funds are included in the TANF block grant).

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
continued

Major Fiscal Effects on Alaska

TANF block grant

- Alaska qualifies for an annual cumulative 2.5% increase in the block grant because the state had a population increase of more than 10% from April 1, 1990, to July 1, 1994. The additional funds will be provided on a pro rata basis to eligible states if Congress provides insufficient authorization. The federal FY97 block grant amount is \$63,609,000. Over the six years of the block grant, Alaska will receive an increase in federal funds of \$24.6 million.
- * Assuming no recession and assuming benefit payments and other administrative costs for the Alaska Temporary Assistance Program (ATAP) continue at a 50% state match, over the six years of the TANF block grant:
 - Federal funds: an estimated cumulative increase of from \$10 to \$32 million in federal funds. These savings would be available for other expenditures or for reinvestment in welfare programs.
 - General funds: an estimated cumulative decrease in general fund authorization needed for the new ATAP program, of from \$20.0 to \$36.0 million over the six years of the analysis.
- In FY97, there is projected to be \$1.5 million in federal receipts for the Aid to Families with Dependent Children program. *The State of Alaska plans to implement the ATAP program April 1, 1997.* This amount is over and above the estimated amount needed for benefit payments for the program. The Department of Health and Social Services intends to use these federal receipts for the upgrade of the public assistance Eligibility Information System. The department has the federal authorization for these expenditures.

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
continued

<p>Alaska Temporary Assistance Program (ATAP)</p>	<ul style="list-style-type: none"> • The following are some of the adjustments to expenditures that will occur with the ATAP program. <ul style="list-style-type: none"> * Savings from: <ul style="list-style-type: none"> • reducing benefit payments when shelter (housing) costs are lower than the standard shelter costs for similar families; • making diversion payments - a lump sum payment in place of ongoing assistance; • reducing benefit payments in July, August and September each year; • reducing by 25% a family's grant when the adult fails to cooperate with paternity establishment or a support order; • reducing benefit when family does not comply with self sufficiency plan or work participation requirements; • reducing benefit equal to minor parent's portion of benefit, if a minor parent fails to meet school attendance requirements. * Increase for state only payments of \$50 pass-through (see Title III)
<p>Administrative cap</p>	<p>Fifteen percent of block grant, excluding computer costs for tracking recipients. Alaska currently spends approximately 10% to administer the AFDC program.</p>
<p>Transfers</p>	<p>States may transfer up to 30% of the funds from the TANF block grant into the child care block grant and the Social Services Block Grant (SSBG). States may transfer no more than 10% to the SSBG. <i>Alaska uses the SSBG to offset expenditures in the Alaska Division of Family and Youth Services. Congress reduced the federal authorization for the SSBG in federal FY97 (see Title IX).</i></p>
<p>Maintenance of effort</p>	<p>The state cannot reduce nonfederal spending below 80% of federal FY94 state spending on AFDC and related programs. This maintenance of effort requirement would be reduced to 75%, if the state has met the work participation requirement. Alaska's maintenance of effort at 80% of expenditures is \$53,723,106. In FY97, work participation requirements are 25% for all families, 75% for two-parent families. According to the Alaska Department of Health and Social Services, the preliminary estimates for Alaska's all family rate is 11%; the two-parent rate is no higher than 17%. This is based on applying the new work participation requirements to the October 1996 Alaska Work Program caseload. Traditionally the month of October reflects the average caseload for the year.</p>

Federal Welfare Reform (H.R. 3734): Fiscal Effect on Alaska

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

continued

<p>Additional funds</p>	<ul style="list-style-type: none"> • There is no estimate of the amount Alaska would potentially receive. Federal funds may be available from: <ul style="list-style-type: none"> * <i>A contingency fund</i> of \$2 billion in federal matching funds. For federal FY97 through FY01, funding is provided to states with high unemployment or high food stamp utilization. Alaska would access funds only in case of a severe economic downturn. * <i>A performance bonus</i> provides for cash bonuses to "high performing states" that meet the goals of the program in federal FY98 through FY02. * <i>An Illegitimacy reduction bonus fund</i> provides funding to each of the five states with the greatest success in reducing out-of-wedlock births without increasing abortions compared to the previous two-year period. If there are fewer than five states eligible for the bonus, the grant will be \$20 million each for federal FY99 -FY02. * In addition, the bill allows the Secretary to increase the federal share of <i>Medicaid administrative costs</i> for the new eligibility rules.
<p>Medicaid</p>	<ul style="list-style-type: none"> • Comprehensive Medicaid reform was not included in the welfare reform bill. However, welfare reform did change the link between AFDC (now TANF) and Medicaid. • A state cannot use a more restrictive eligibility requirement for Medicaid benefits than it had for AFDC on July 16, 1996. <i>If the requirements for the ATAP are very different from the requirements for AFDC on July 16, 1996, then eligibility for both programs must be determined.</i>
<p>Budget issues</p>	<ul style="list-style-type: none"> • As long as a state meets the maintenance of effort requirement, the state can replace general fund obligations with federal funds, which in turn, can be used for other purposes. The opposite is also true, if the state's program exceeds the federal authorization for the program, the state has to make up the difference with general funds. • The benefit payments are an entitlement in state statute. For it not to be an entitlement, the language in AS 47.27.025 Family Assistance would have to include "subject to available appropriation." Attorneys would prefer that the law direct the administration as to what action to take if the appropriation falls short, pro-rate payments, etc. • We recommend that the legislature look at spending from the TANF block grant as a whole, both operating and capital expenditures. The legislature may elect to delay capital expenditures to offset general funds in the operating budget.

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
continued

Tribal welfare reform

- To date, three regional non-profit corporations have expressed interest in operating a tribal assistance program: Central Council of Tlingit & Haida Indian Tribes, Maniilaq, and Tanana Chiefs Conference. The amount of their estimated tribal assistance grants in federal FY97 would be \$2,256,599, \$1,329,469, and \$2,650,192, respectively
- If regional corporations or Metlakatla operate a tribal assistance program, these funds reduce Alaska's federal block grant dollar for dollar and remove state responsibility for providing assistance to Alaska Natives living in these regions.

Tribal JOBS

- The JOBS program is repealed. However, JOBS funding continues -- state JOBS funds are included in the TANF block grant. Tribes will receive an amount equal to their FY94 JOBS funding to improve tribal member employability.

The new federal law does not restrict tribal JOBS services to people receiving TANF cash benefits. However, intent in the law states it is to help those receiving welfare assistance to become self-sufficient through employment. Tribes will receive in federal FY97 through FY02, the amount of tribal JOBS funds received for federal FY94. *Alaska has not matched the tribal JOBS in the past, although there have been proposals to do so.*

The following are annual amounts the regional corporations and Metlakatla will receive as the direct funding for their JOBS program in federal fiscal year, FY97 through FY02.

Copper River Native Association	\$7,296
Aleutian Pribilof Association	7,600
Arctic Slope Native Association	10,542
Kawerak, Inc.	80,415
Bristol Bay Native Association	54,427
Association of Village Council Presidents	326,075
Chugachmiut	10,356
Cook Inlet Tribal Council	285,377
Tanana Chiefs Conference	148,573
Kodiak Area Native Association	19,123
Metlakatla (Tribe with Reservation)	16,917
Maniilaq	75,267
Central Council of Tlingit & Haida Indian Tribes	124,791
Total	\$1,166,759

TITLE I: BLOCK GRANTS FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
continued

Permanent Fund Dividend hold harmless (PFD HH)

- The Permanent Fund Dividend Hold Harmless (PFD HH) program was included in Chapter 102, SLA 1982, which established the Permanent Fund and Permanent Fund Dividend program. The PFD HH program is codified in AS 43.23.075 to AS 43.23.085. The statute forbids public and medical assistance programs from considering the dividend as income when determining eligibility unless required to do so by federal law. The law provides up to four months of hold harmless coverage.
- The state has elected to replace benefits reduced or denied because of the receipt of a permanent fund dividend. The source of funds to replace lost benefits is the PFD fund. Fiscal Year 1986 was the first year the hold harmless program was funded from the PFD fund, prior to that it was from the general fund. In FY97, the legislature appropriated \$21,716,500 to replace funding for five programs: Aid to Families with Dependent Children (AFDC), Food Stamps, Supplemental Security Income (SSI), Adult Public Assistance, and Medicaid. These benefits are replaced for a maximum of four months. Since FY92, the cost of the PFD HH for AFDC ranged from a low in FY93 of 8%, to a high in FY95 of 10%, of total expenditures.
- Under the old AFDC, the federal government required the PFD to be counted as income. It was a state decision to replace benefits reduced or lost because of the receipt of a PFD. Under the new Temporary Assistance for Needy Families (TANF) program, the federal government lets states decide what income to count for eligibility determination.
- The state could repeal the law authorizing the PFD HH program and replace it with a statute that would require the state to not count PFD as income. This would have the effect of increasing general fund and federal expenditures by the amount of the PFD funds currently replacing benefits lost: \$21,716,500 in FY97. At 50% federal and 50% general fund, this would have the impact of increasing total general fund expenditures by approximately \$10,900,000. People would continue to receive their normal benefit amount if the PFD was not counted as income (and they would otherwise qualify for benefits) and receive their PFD check.

Note: The State of Alaska, Division of Legislative Audit completed an audit report of the PFD HH program: *Department of Health and Social Services, Permanent Fund Dividend Hold Harmless Program*, dated October 4, 1993. This report has helpful background information about the program.

TITLE II: SUPPLEMENTAL SECURITY INCOME

Program Provisions

Disabled children	Eliminates benefits to children who are relatively less disabled. Currently, children may be eligible on the basis that an impairment exists which precludes them from performing age-appropriate activities. Effective July 1, 1997, or upon annual redetermination, age-appropriate criteria will not render eligibility.
Disabled adults	In March 1996, the Contract with America Advancement Act amended the Social Security Act to exclude individuals with alcohol or drug addiction as their primary disability, from receiving SSI benefits, effective January 1, 1997. The State Adult Public Assistance (APA) is a supplement to SSI and uses the same eligibility criteria as the SSI program. Individuals receiving SSI are also eligible for Medicaid benefits. When an individual loses their SSI, they also lose state APA benefits and therefore their Medicaid benefits.
Inmates	In order to avoid SSI payments to recipients incarcerated for more than 30 days, the Social Security Administration will pay states and local governments for the names of incarcerated individuals who are receiving SSI benefits. Payment is \$400 per individual if a name is provided within 30 days of becoming an inmate, or \$200 per individual if a name is provided after 30 days but within 90 days.

Major Fiscal Effects on Alaska

Disabled children	Reduction in federal funds of \$330,000 in FY98 because of a loss of Medicaid benefits for these children. A total reduction of \$2,970,000 over the next five years. Note: estimate of Medicaid costs is from the Alaska Department of Health and Social Services.
Disabled adults	Reduction in federal funds of \$1,000,000 in state FY97 and \$2,000,000 in FY98 and future years because of a loss of Medicaid benefits for 50% of adults in Alaska with a primary diagnosis of alcohol and drug addiction. Estimated general fund savings in the Adult Public Assistance program of \$500,000 in state FY97 and \$5,000,000 over the next five years. Note: estimate of Medicaid costs is from the Alaska Department of Health and Social Services.
Inmates	Increase in federal funds of \$38,400 per year. <i>The Alaska Department of Corrections currently provides the SSA with names of incarcerated individuals. Eight individuals, on average, are denied SSI each month because of incarceration.</i>

TITLE III: CHILD SUPPORT ENFORCEMENT

Program Provisions

<p>Case registry and disbursement system</p>	<p>Requires a centralized registry of child support cases and a centralized system of disbursement and collection of payments. The state case registry will be forwarded to a federal case registry to enhance interstate cooperation. <i>Alaska is planning to implement its new automated centralized registry of child support cases by March 1997. Alaska currently has a centralized registry and system of disbursement and collection of payments.</i></p>
<p>New hire directory</p>	<p>Effective October 1997, the federal law requires implementation of a new hire directory for all occupations, designed to assist in locating noncustodial parents. States must conduct data matches between the case registry and new hire directory by May 1998. All states will forward the new state hire registry to a new federal hire registry to enhance interstate cooperation. <i>Alaska currently requires some employers to report hiring information.</i></p>
<p>Financial institution data matches</p>	<p>Requires states to adopt procedures under which financial institutions provide to child support agencies data on noncustodial parents who have past-due obligations. The state agency must enter into agreements with financial institutions doing business in the state to develop and operate a data match system. Each quarter the financial institution is required to provide, the name, address, social security number or other taxpayer identification number for each noncustodial parent with an account at the institution and who owes past due child support, as identified by the state. <i>The Alaska Child Support Enforcement Division (CSED) anticipates that there will be statutory changes necessary to implement the child support enforcement provisions of the federal welfare reform law.</i></p>
<p>New enforcement techniques</p>	<p>Requires states to have numerous new enforcement techniques, including revoking drivers and professional licenses for delinquent obligors, expanding wage garnishment, and allowing states to seize assets. <i>Under provisions in the state welfare reform law, professional, occupational, and drivers licenses can be revoked. Statutory changes may be necessary to include recreational licenses. October 1, 1996, CSED started seizing professional and occupational licenses from noncustodial parents who are not in substantial compliance with their support order. CSED will begin revoking drivers licenses January 1997.</i></p>

TITLE III: CHILD SUPPORT ENFORCEMENT continued	
Paternity establishment requirements	<ul style="list-style-type: none"> • Expands the requirements on states for meeting specified paternity establishment rates: <ul style="list-style-type: none"> * The paternity establishment requirement is increased from 75% to 90%. States between 75-89% must improve 2% each year to avoid sanctions. <i>Alaska's paternity establishment rate in federal FY96 was 73%.</i> * Federal and state welfare reform require that the state deduct a minimum of 25% from a family's cash assistance grant when a program applicant fails to cooperate, without good cause, with the establishment of paternity or a support order for a child for whom assistance is received. Federal law allows the state to deny the entire amount of cash assistance to the family. * States who do not enforce non-cooperation sanctions will be penalized by up to five percent of the TANF block grant in the next fiscal year. * States have the option to deny food stamps to custodial and noncustodial parents failing to cooperate with paternity establishment. * The state has the option to disqualify noncustodial parents with arrearages from receiving food stamps benefits during any time the person has an unpaid liability.
\$50 pass-through	Eliminates the requirement that the first \$50 of monthly collections for needy families be distributed to the custodial parent, effective October 1996. State law allows for the distribution.
Arrearage payments	Requires that collections on arrearages in specified cases be paid to the custodial parent rather than used to offset government expenditures for cash grants.
Federal incentive payments	Replaces the collections-based incentive system with a system based on performance measures, to be developed by the Secretary of Health and Human Services by March 1, 1997 and implemented by October 1999. The new system will be "revenue neutral" with respect to total federal expenditures.
Automation funding	Extends by two years (to October 1997) the time period for providing enhanced, 90%, matching federal funds for statewide automated child support systems.

Federal Welfare Reform (H.R. 3734): Fiscal Effect on Alaska

TITLE III: CHILD SUPPORT ENFORCEMENT continued	
Major Fiscal Effects on Alaska	
Incentive payments and paternity establishment provisions	Unknown fiscal impact, beginning in 1999-2000, depending on (1) the effect of the new incentive payment system and (2) whether the state will meet the expanded paternity establishment requirements.
Automation funding	Increase of \$255,600 federal funds in state FY97 for enhanced federal funding of automation project. The State Child Support Enforcement Division has authorization for these funds from prior legislative and LB&A approval.

TITLE IV: RESTRICTING WELFARE AND PUBLIC BENEFITS FOR NONCITIZENS

Program Provisions

<p>Legal noncitizens in the US prior to enactment</p>	<ul style="list-style-type: none"> • Restrictions on federally funded programs: <ul style="list-style-type: none"> * Ineligible upon enactment for SSI and Food Stamps or upon annual redetermination if currently receiving benefits. Exceptions for: <ul style="list-style-type: none"> • those serving in the armed forces, veterans, and their respective dependents; • refugees and asylees within the first five years of US residency; • and those who have worked 40 quarters. * Upon enactment, states have the option to deny benefits under the Temporary Assistance for Needy Families (TANF) program, the Social Services Block Grant, and <u>nonemergency Medicaid</u>. Current recipients are covered until January 1, 1997. <i>The Knowles administration has decided that Alaska will not deny services to legal noncitizens.</i>
<p>Legal noncitizens arriving after enactment</p>	<p>Ineligible for all federal means-tested federal benefits for five years. Certain child nutrition and education programs are exempted from this ban.</p>
<p>Sponsorship provisions</p>	<ul style="list-style-type: none"> • Extends period of time for deeming sponsor's income until noncitizen has worked 40 quarters or obtained citizenship. • Extends deeming provisions to all federal means-tested programs. • Eliminates certain deemed income exemptions. • Makes sponsorship a legally binding requirement. • Authorizes government agencies to recoup from sponsors most governmental benefits paid to immigrants. <p>Note: Deeming means sponsor's income and resources are considered, or "deemed," available to the immigrant when determining program eligibility and benefit levels.</p>
<p>Illegal immigrants residing in the state</p>	<p>State and local governments can provide benefits to illegal aliens only if they pass a law after the date of H.R. 3734 that they intend to provide benefits. For example, if the state wants to provide pre-natal services to illegal immigrants, it can, but it must pass a law after the enactment of H.R. 3734 authorizing these benefits.</p>

Federal Welfare Reform (H.R. 3734): Fiscal Effect on Alaska

TITLE IV: RESTRICTING WELFARE AND PUBLIC BENEFITS FOR NONCITIZENS continued

Major Fiscal Effects on Alaska

SSI	Preliminary estimate by the Alaska Department of Health and Social Services is that there would be a reduction of federal funds of \$813,800 in state FY98. The reduction of federal funds over five years would be \$8,138,420.
Food Stamps	Legal aliens comprise 1,100 of the average 50,000 persons receiving Food Stamps each month. Legal aliens will be denied benefits starting April 1, 1997. The fiscal effect on Alaska is a reduction in federal funds of \$132,000 in state FY97 and \$2,640,000 over the next five years of the Act.

TITLE V: CHILD PROTECTION

Program Provisions

Child Welfare Services Case Management System	Title V extends the period for allowing states to receive enhanced federal matching funds for the development of a statewide automated child welfare information systems. The federal match will decrease from 75% to 50% on October 1, 1997, rather than on October 1, 1996.
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Major Fiscal Effects on Alaska

Federal funds	Alaska will receive \$845,000 more in federal funds in FY97. The Alaska Department of Health and Social Services will request additional authority from the Legislative Budget and Audit Committee.
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TITLE VI: CHILD CARE

Program Provisions

Child Care and Development Block Grant

- October 1, 1996, the bill consolidates the existing IV-A child care funding sources (AFDC - JOBS, At-risk, and Transitional child care) with the Child Care Development Block Grant (CCDBG) into a single block grant.
While the new block grant has program changes and additional requirements, much of the child care program remains unchanged.
- * The new CCDBG sets a state administrative cap of 5% on all child care block grant funds. Under current federal law most services are allowed 15% for state and local administration.
- * States must use at least 70% of the total amount of mandatory funds to provide child care assistance to welfare recipients, to those in work programs and attempting to leave welfare, and those at risk of going on welfare. *These provisions make the child care block grant look very similar to the current funding for at-risk and transitional child care under AFDC.*
- * The block grant requires a 4% set-aside for activities to improve the quality and availability of child care.
- * It increases client income eligibility from 75% to 85% of the state medium income. *This change in federal law allows DCRA to align the poverty guideline of the CCDBG with the State Day Care Assistance Program. The Alaska Department of Community and Regional Affairs (DCRA) plans to have one income scale statewide for federal and state programs.*
- * It increases reporting requirements and reduces the time the state may take to obligate and expend mandatory matching funds.
- * The Alaska Department of Health and Social Services (DHSS) is the designated lead agency to receive the funding for the CCDBG. DHSS may continue to administer the child care program for Alaska Work Program participants. DHSS will transfer funding through an interagency agreement to DCRA for the at-risk and transitional child care programs.

TANF

States may transfer up to 30% of the funds from the TANF block grant into the child care block grant.

Federal Welfare Reform (H.R. 3734): Fiscal Effect on Alaska

TITLE VI: CHILD CARE continued	
Funding Streams	<ul style="list-style-type: none"> • Mandatory Funding - The <i>federal base allocation</i> requires no state match. However, there is a maintenance of effort requirement separate from the Temporary Assistance for Needy Families (TANF) block grant (see below). • Matching Funding - The use of federal <i>matching funds</i> requires a state to first spend their initial allotment and meet the maintenance of effort requirement. The state match requirement is 50%. • Discretionary Funding - Discretionary funding is authorized by the federal government annually. There is no state match requirement.
Tribal Child Care	<ul style="list-style-type: none"> • The Secretary of the Department of Health and Social Services can set aside 1% to 2% of the total national authorization for the CCDBG for tribal organizations. • Tribes will get mandatory and discretionary funds. There is no match requirement for tribes. • Tribes are not bound by the 5% administrative cap placed by the Act on state child care funds. The mandatory tribal child care funds will be treated like the former CCDBG funds, 63.75% must be used for direct services, with the remaining portion being for quality improvement, administrative expenses, and other services.
Major Fiscal Effects on Alaska	
Gain in federal funds	<ul style="list-style-type: none"> • Federal funds increase by \$585,000, or 11%, in state FY97 compared to FY96 actual expenditures. Federal funds increase by 29% in FY98 compared to state FY97. The cumulative increase over the six years of the block grant is \$3 million dollars. • Tribes in Alaska will receive 56% more in federal FY97 than in FY96; these amounts are \$4,829,920 and \$7,508,216 respectively.
State match	<p>In essence, the match requirement for mandatory and matching funds is 50% of federal expenditures. In state FY97, if the state spent all federal child care funds available under the block grant, the state match for the mandatory and matching funds would be \$3,013,089 and \$1,521,565, respectively.</p>

TITLE VII: CHILD NUTRITION PROGRAMS

Program Provisions

Illegal Immigrants

Provides state the option to deny nutrition benefits, other than school lunch and breakfast, to illegal immigrants.

Child and Adult Care Food Program

- The changes to this program affect the Child Care Food Program which reimburses licensed day care home providers for meals served to children in their care. This is a 100% federally funded entitlement program. Under current federal law, all licensed day care providers are reimbursed at the same rate. The new law establishes a two-tier reimbursement rate structure as of July 1, 1997, which lowers the rate for families with incomes above 185% of the poverty level.
- *This program has been an incentive for home day care providers to become licensed by the state. Licensing sets standards for an acceptable level of care. Licensed facilities must meet state regulations. Because a license limits the number of children for which a person can provide care, a provider can make more money by not being licensed. Reducing this incentive may lead to fewer licensed day care providers. While licensing does not guarantee a child's safety, it does reduce predictable risks of harm.*

Nutrition Education and Training Program

- Changes to discretionary funding, dependent on annual appropriations.
- *The Alaska Department of Education uses these funds for training classes and mini-grants to child care center providers; schools; Head Start; and Women, Infant, and Children program nutritionists.*

Major Fiscal Effects on Alaska

Federal Funds

- A reduction in the rate structure for the Child and Adult Care Food Program may result in a reduction to the state of \$1,500,000 per year beginning in FY98. The total estimate for the next five years would be \$7,500,000.
- Loss of the \$65,000 Nutrition Education and Training Program grant in state FY97. Possible loss of \$325,000 over the next five years because the grant is now dependent on annual appropriations.

TITLE VIII: FOOD STAMPS AND COMMODITY DISTRIBUTION

Program Provisions

<p>Food Stamp program</p>	<ul style="list-style-type: none"> • Alaska receives and budgets federal funds for the administrative costs of the Food Stamp program; the value of food stamp coupons are not included in the state budget. This understates a major portion of public assistance to Alaskans. The cash equivalent of the food stamp coupons issued in state FY96 was \$53.0 million. • The Food Stamp program retains its current structure as an uncapped, individual entitlement. States do not have the option to choose a food stamp block grant and alter the structure of the program. The law does include broad new waiver authority allowing states to request waivers for welfare reform, work projects, or requests for similar requirements among programs. The law increases fraud prevention penalties for Food Stamp recipients. • The changes in federal law limit receipt of food stamps to three months for most able-bodied recipients who are not working and have no children, and modifies regulations concerning EBT programs.
<p>Electronic Benefit Transfer (EBT)</p>	<p>Requires all states to implement EBT by October 1, 2002, unless a waiver is obtained from the Secretary of Agriculture. <i>Alaska's EBT implementation is scheduled for 1998.</i></p>
<p>Reduction in benefits</p>	<ul style="list-style-type: none"> • Reduces the maximum food stamp benefit by about 3%. The standard deduction will remain frozen at FY96 levels. The excess shelter (housing) deduction will remain capped at current-law levels through December 31, 1996, and then rise incrementally through federal FY01. • Children under 21 who are married or have their own children may no longer be treated as a separate Food Stamp household if living with their parents or other family members. • Individuals whose benefits are reduced under another means-tested program as a penalty cannot have their food stamp benefit increased. Previously, if the AFDC benefit was reduced, the Food Stamp benefit would increase. Approximately 50% to 55% of the AFDC caseload receives Food Stamp benefits.

Major Fiscal Effects on Alaska

<p>Federal Funds</p>	<p>The estimate of the loss of federal funds to Alaskans over the six years the program is reauthorized is approximately \$4 to \$8 million.</p>
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TITLE IX: MISCELLANEOUS

Program Provisions

Social Services Block Grant (SSBG)

- Title IX includes a provision that reduces the allocation SSBG funds to states by 15% for federal fiscal years 1996 through 2002. Alaska is using the SSBG to fund child protective services, residential care day treatment, and salaries of child protective staff development. The child protective services portion includes funding for social workers and probation officers.
- The SSBG can be used for vouchers for families ineligible for or denied cash assistance under Title IV-A because of a family cap or the five year time limit on benefits. *If Alaska's SSBG were used for these purposes an alternative funding source for the Alaska Division of Family and Youth Services funded with SSBG funds would have to be found or services reduced.*

Abstinence education

In federal FY98, \$50 million a year in mandatory funds will be added to the appropriations of the Maternal and Child Health (MCH) Block Grant. The funds would enable states to provide abstinence education with the option of targeting the funds to high risk groups. Education activities are explicitly defined.

Major Fiscal Effects on Alaska

SSBG

Alaska's federal FY95 grant was \$6,407,406. A 15% reduction would be a loss of \$340,500 for federal FY97 or \$1,702,500 over the next five years.

Abstinence education

Alaska's federal FY98 grant is \$78,500, for every \$4 spent, \$3 of state or local match is required. Additional federal funds over five years would be \$392,500.

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE FINANCE

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$5 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies.

One of the primary responsibilities of a state legislative body is to research, draft, and enact revenue and appropriation measures. The Legislative Finance Division has the following statutorily assigned responsibilities to support the legislative budget process:

- Analyze the budget appropriation requests of each department, institution, bureau, board, commission, or other agency of state government.
- Analyze the revenue requirements of the State.
- Provide the finance committees of the Legislature with comprehensive budget review and fiscal analysis services.
- Cooperate with the Office of Management and Budget in establishing a comprehensive system for State program budgeting and financial management as set out in the Executive Act (AS 37.07).
- Complete studies and prepare reports, memoranda, or other materials as directed by the Legislative Budget and Audit Committee.

Legislative Budget and Audit Committee

Chair:

Rep. Terry Martin

Rep. Con Bunde

Rep. John Davies

Rep. Gary Davis

Rep. Vic Kohring

Alternate:

Rep. Mark Hanley

V-Chair:

Sen. Randy Phillips

Sen. Al Adams

Sen. Steve Frank

Sen. Rick Halford

Sen. Steve Rieger

Alternate:

Sen. Fred Zharoff

Legislative Finance Division

Michael Greany,
Legislative Fiscal Analyst

This report was prepared by:

Susan Taylor
Fiscal Analyst

House Finance Committee
Welfare Reform Implementation Overview

February 6, 1997

Agenda

- | | |
|--|--|
| 1. Overview of Changes in State and Federal Law | Karen Perdue, DHSS
Jay Livey, DHSS |
| 2. Implementation of SB 98
AK Temporary Assistance Program (ATAP) | Chris Ashenbrenner, DPA |
| 3. The Welfare-to-Work Challenge
a. Magnitude of the Challenge
b. The "Work First" Approach
c. Reinvestments | Jim Nordlund, DPA |
| 4. Child Support | Glenda Straube, CSED |
| 5. Immigrants and other Federal Law Changes | Jay Livey, DHSS |
| 6. Child Care Service Integration | Sherrie Goll, DPA
Bill Mailer, DCRA |

BLUEPRINT FOR WELFARE REFORM


Four core principles:

- ◆ emphasize work
- ◆ limit benefits
- ◆ maintain a safety net
- ◆ promote responsibility

How the Welfare World Changed in 1996

<i>State/SB 98 June 26, 1996</i>	<i>Federal/HR 3734 August 22, 1996</i>
◆ Rewrites AFDC to ATAP two way bill	◆ AFDC to TANF
◆ Child Support	◆ Child Support
	◆ Food Stamps and Commodities
	◆ Social Security Income
	◆ Child Protection
	◆ Child Care
	◆ Child Nutrition
	◆ Non-Citizens
	<p style="text-align: center;"><u>Related Issues</u></p> <p style="text-align: center;">Housing</p> <p style="text-align: center;">Immigrant Legislation</p> <p style="text-align: center;">Earned Income Tax Credit</p> <p style="text-align: center;">Minimum Wage</p>

Key Implementation Dates

12/96	Food Stamp work provision clock begins
1/97	Disability payments and Medicaid ends for SSI recipients with primary diagnosis of alcohol or drug abuse
2/97	New welfare rules for teens begin
4/97	Employable adults begin to lose food stamps if not working (1800 may be impacted)
4/97	New definition of childhood disability used by Social Security kids will start losing benefits and be denied (approx 250)
4/97	Legal alien food stamp recipients begin losing benefits
Spring 97	Alaska TANF State plan submitted to federal government 60 Month clock begins  recipients must work before 25 th month of assistance
7/97	Most provisions of ATAP program (SB98) begin
8/97	Most disabled and elderly legal immigrants lose SSI benefits (approx 675 impacted)



Department of Health and Social Services

Welfare Reform Briefing Paper

Comparison of Welfare Reform Plans: State and Federal Effected Changes

KEY FEATURES	STATE SB 98	FEDERAL HR 3734	COMMENTS
Cash Assistance	<ul style="list-style-type: none"> Establishes Alaska Temporary Assistance Program (ATAP). Repeals AFDC and JOBS programs. Promotes job preparation and work. Sets five year life time limit. Allows greater administrative flexibility. Funded with federal block grant, TANF, and state funds. Eliminates payment increment for two parent families. Reduces benefits for families with housing costs below standard. Reduces benefits for two parent families on welfare during summer months. 	<ul style="list-style-type: none"> Establishes Temporary Assistance for Needy Families (TANF). Repeals AFDC and JOBS programs. Promotes job preparation and work. Sets five year life time limit. Allows greater administrative flexibility. Provides set asides for Regional Native Corporations. Requires a percentage of recipients be in work activities and sets penalties against states for not meeting these rates. 	Effective when new program regulations are in place, and when the state provides the federal government with a written plan which is anticipated to be late spring 1997.
Food Policy	No changes.	<ul style="list-style-type: none"> Reduces maximum benefit levels. Limits single employable food stamp recipients who are not working to 3 months of food stamps in 3 years. Allows states to apply for a waiver from this requirement when unemployment is 10% or greater. 	<ul style="list-style-type: none"> 17,000 Alaska households receive food stamps, with a total of 50,000 individuals. Effective December 1, 1996; benefits stop when case is reviewed after April 1997.
Teen Parents Receiving ATAP	<ul style="list-style-type: none"> Requires unmarried teen parents to live with parent or responsible adult, and complete high school. 	<ul style="list-style-type: none"> Provides option to states to deny benefits to unmarried teen parents or require them to live with parent or responsible adult, and complete high school. 	Effective February 1997.

KEY FEATURES	STATE SB 98	FEDERAL HR 3734	COMMENTS
Legal Immigrants	No changes.	<ul style="list-style-type: none"> • Some exceptions for certain legal immigrants. • Ends Food Stamp coverage. • Denies most legal immigrants benefits. • Provides states option to continue Medicaid coverage. 	<ul style="list-style-type: none"> • 1,100 legal immigrants lose food stamp eligibility. • 1,850 legal immigrants currently on Medicaid and 800 on AFDC. • 800 legal immigrants will lose SSI coverage.
SSI	No changes.	<ul style="list-style-type: none"> • Ends coverage for people whose disability was primarily due to drug abuse or alcoholism. • Ends coverage for legal immigrants. • Changes definition of childhood disability. 	<ul style="list-style-type: none"> • Benefits end January 1997 for people whose disability is drug abuse or alcoholism and if they did not qualify under another disability. • 800 legal immigrants lose \$470/month. • 250 Alaskan children will need to be reviewed with possibly 50 of them losing benefits.
Child Care	No changes.	<ul style="list-style-type: none"> • Consolidates four child care programs into one called Child Care Development Fund. • Reduces child nutrition programs. 	DHSS and DCRA are working together with other partners to coordinate a delivery system.
Child Support	<ul style="list-style-type: none"> • Reduces interest rate on child support arrearages from 12% to 6%. • Revokes occupational and driver's licenses of delinquent obligors unless agrees to payment plan within 120 days. • Requires parents of unmarried teen parents to pay child support for their grandchild. 	<ul style="list-style-type: none"> • Develops automated systems capable of locating noncustodial parents. • Creates new hire reporting registries, so that child support withholding can begin immediately. • Requires states to report delinquencies to credit bureaus. • Revokes occupational, driver and recreational licenses of delinquent obligors. • Improves interstate enforcement abilities. • Requires states to have common paternity procedures for interstate cases. 	<p>The effective date for federal changes is October 1, 1996, but allows grace period so that states can make necessary legislative changes.</p> <p>Revocation of occupational and driver licenses is effective October 1, 1996 in Alaska.</p>

WELFARE REFORM - AFDC to ATAP

Feb. 97

“Pre-ATAP” Welfare Reform Changes to AFDC

- **Minor Teen Parents**
- **Shelter Costs in Benefit Calculation**
- **Penalty for Asset Transfer**

July 1997

ATAP Implementation

- **60 Month Time Limit**
- **Work or Work Activities Before 25th Month**
- **Self-Sufficiency Plans for All Families**
- **Applicant Work Search**
- **Benefit Reductions for 2-Parent Families**
- **Disqualification for Job Quit or Refusal**
- **No Benefits for Convicted Drug Felons**
- **Increased Earned Income Disregards**
- **Vehicle Value Limit Raised**
- **100-Hour Rule Eliminated**
- **Diversion**
- **Strong Paternity/Child Support Cooperation Requirements**

WELFARE REFORM - AFDC TO ATAP

Regulation Timeline - July 1, 1997 Implementation

Feb. 14	First Draft to Dept. of Law
Feb. 28	Finalize Regulations
Mar. 5	Distribute for Public Comment
Mar. 17-21	Public Hearings
Apr. 1- 8	Incorporate Public Comments
Apr. 9	Final to Dept. of Law
Apr. 30	Regulations Adopted, Signed by Lt. Gov.

The Welfare-to-Work Challenge

What the Laws Require Relative to Work

◆ **Five Year Limit on Benefits**

Both state and federal law limit recipients to a total of 60 months of benefits

▷ **Two year Work Requirement Limit**

Both state and federal law require that non-exempt recipients be in a work activity within 24 months of receiving benefits

◆ **Work Participation Requirements**

Federal law requires that the state meet work participation requirements as follows:

Fiscal Year	<i>ALL FAMILIES</i>	<i>TWO-PARENT FAMILIES</i>
97	25 %	75 %
98	30 %	75 %
99	35 %	90 %
00	40 %	90 %
01	45 %	90 %
Thereafter	50 %	90 %

Note: Failure to meet federal participation rates results in a penalty to the state. Five percent per year (\$3.2 million) up to 21% (\$13 million). States are required to make up the difference.

FY98 Mandated Work Requirements

	<u>FY98</u>
Average Monthly ATAP Case Load	12,744
Excluded Cases	
Child Only Cases	1,000
Exempt Families	<u>1,115</u>
Total Cases Subject to Work Reqs.	10,629
Two Parent Families	1,960
One Parent Families	8,669
 <i>FY98 Federal Welfare Reform Mandatory Participation Rates</i>	
Two Parent Participation Rate	75%
All Families Participation Rate	30%
Two Parent Cases to Meet Rates	1,470
Single Parent Cases to Meet Rates	<u>1,719</u>
Total Cases to Meet All Families Rate	3,189
Active Cases Served to Meet All Families Rate	4,252
<i>(Based on 75% of active cases meeting work requirements.)</i>	

Allowable Work Activities

<i>STATE LAW</i>	<i>FEDERAL LAW</i>
EMPLOYMENT ACTIVITIES	
<ul style="list-style-type: none"> ◆ Subsidized and unsubsidized work ◆ On-the-Job training 	<ul style="list-style-type: none"> ◆ Unsubsidized Employment ◆ Subsidized private sector employment ◆ Subsidized public sector employment ◆ On-the-Job training ◆ Provision of child care services to an individual who is participating in a community service program
WORK EXPERIENCE ACTIVITIES	
<ul style="list-style-type: none"> ◆ Job sampling ◆ Community work services 	<ul style="list-style-type: none"> ◆ Work experience¹ ◆ Community service programs
JOB PREPARATION ACTIVITIES	
<ul style="list-style-type: none"> ◆ Job readiness assessments ◆ Job search requirements 	<ul style="list-style-type: none"> ◆ Job search and job readiness assistance²
EDUCATION AND TRAINING ACTIVITIES	
<ul style="list-style-type: none"> ◆ Education and vocational training 	<ul style="list-style-type: none"> ◆ Vocational educational training³ ◆ Job skills directly related to employment⁴ ◆ Education directly related to employment ◆ Education directly related to employment⁵ (in the case of a recipient who has not received a high school diploma or certificate of high school equivalent) ◆ Satisfactory attendance at a secondary school of course of study leading to a GED⁵ (in the case of a recipient who has not completed secondary school)

Important Footnotes

¹public sector work experience which counts only if private sector employment is not available

²limited to 6 weeks and no more than 4 may be consecutive

³may not exceed 12 months for any individual, no more than 20% may be in voc ed in any month

⁴this activity does not count for the first 20 hours per week of participation for single parent families or the first 30 hours of participation for 2-parent families

⁵this activity does not count for the first 20 hours per week of participation for single parent families or the first 30 hours of participation for 2-parent families unless the parent is under 20 years of age and a head of household

Exemptions to Work Requirements

- ◆ Families without an adult head of household (child only cases)
- ◆ Unmarried teens under 18 without a high school diploma or GED (they are required to be in school or pursuing a GED)
- ◆ Single custodial parents with a child less than one year

Additional exemptions provided for in state law (SB 98)

- ◆ Parent or caretaker providing home care for a disabled child or relative requiring 24 hour care
- ◆ Parent or caretaker who establishes an inability to participate for medical reasons as supported by a medical professional
- ◆ If the participation would pose unreasonable hardships on the family

Hours of Participation

<i>ALL FAMILIES</i>		<i>TWO-PARENT FAMILIES</i>	
<u>Fiscal Year</u>	<u>Weekly Average</u>	<u>Fiscal Year</u>	<u>Weekly Average</u>
97	20 hours	97 and Thereafter	35 hours
98	20 hours		
99	25 hours		
Thereafter	30 hours		

WORK FIRST PHILOSOPHY

Source: Manpower Demonstration Research Corporation: Work First Guide

- ◆ The best way to succeed in the labor market is to join it.
- ◆ Work habits and skills are developed on the job rather than in the classroom.
- ◆ Any job is a good job and can be a stepping stone to a better job.
- ◆ The goal is to move people from welfare to work as quickly as possible.
- ◆ Job search is a central activity.
- ◆ The labor market is used as the test of job readiness.
- ◆ Job Clubs are used extensively.
- ◆ For those unable to find a job right away additional activities are geared to move participants to work as quickly as possible, e.g., education, training, counseling, community work service.
- ◆ These activities are short term, closely monitored and immediately followed by additional job search.

Source: NGA forum: Work First: It's Not Just About Welfare - Cleveland Nov 20-21, 1996

- ◆ The effectiveness of services to job seekers can be improved significantly if the service delivery system is more closely linked to local economies and the real needs of employers.
- ◆ Work is an employability development tool, not just the desired end result of employment and training policies.
- ◆ Employment services and job training are tightly connected to local labor markets.
- ◆ Training is work based and driven by employer requirements.

DPA's Philosophy Toward Work

At DPA we believe,

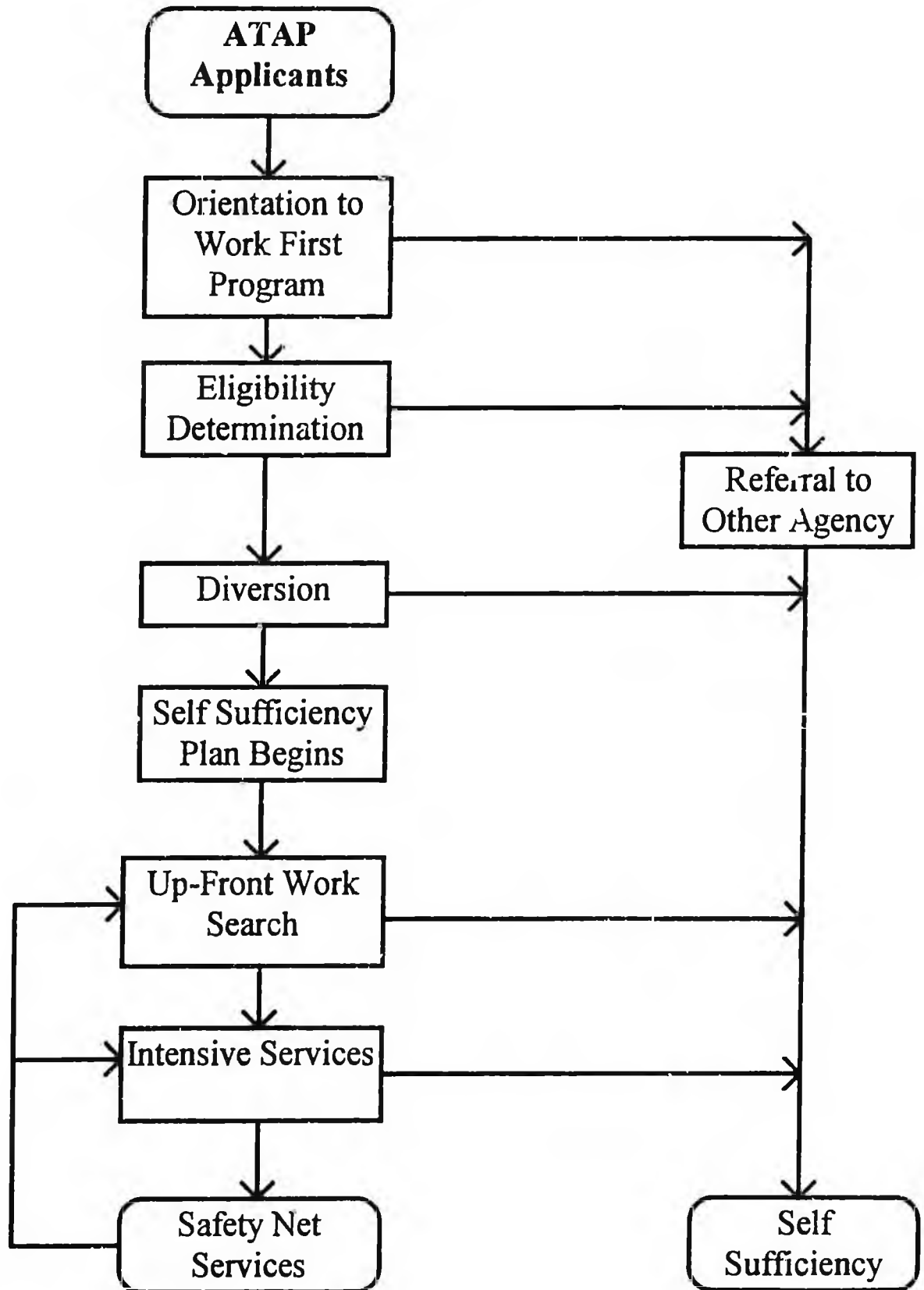
Work....is always better than welfare
....offers the best avenue to escape poverty

Welfare...does not adequately support families
....should only be a short-term means of support

Our clients...are all capable of making strides toward self-sufficiency
....are an essential part in developing their plans for self-sufficiency
....are accountable for their progress toward their goals
....should be treated with dignity and respect that honors their differences

Our job...is focused on helping as many families as possible become self-sufficient
....is to provide the support to help clients reach their goals
....requires that we be mindful of our responsibility to the citizens of Alaska
....involves collaborating with clients, staff, partners and the community to ensure our clients' success
....is to make work a better option than welfare

Client Service Delivery Revised Work Flow



CONTRACTING MODEL

(Developed in Oregon)

- ◆ District state welfare offices have strong local autonomy and collaborate with local community organizations
- ◆ A prime contractor works in direct partnership with the state in each of their 15 districts.
- ◆ The state and prime contractor jointly share responsibility for meeting certain performance targets.
- ◆ The prime contractor must be able to demonstrate collaborative planning at the local level showing support from potential subcontractors and other agencies that participated in the planning process.
- ◆ Prime and subcontractors must describe what additional measurable direct and in-kind services and other resources they can contribute to helping achieve program objectives.
- ◆ There must be a plan for a broad-based local advisory committee that will review program performance and identify operational and other issues that will improve services to clients.

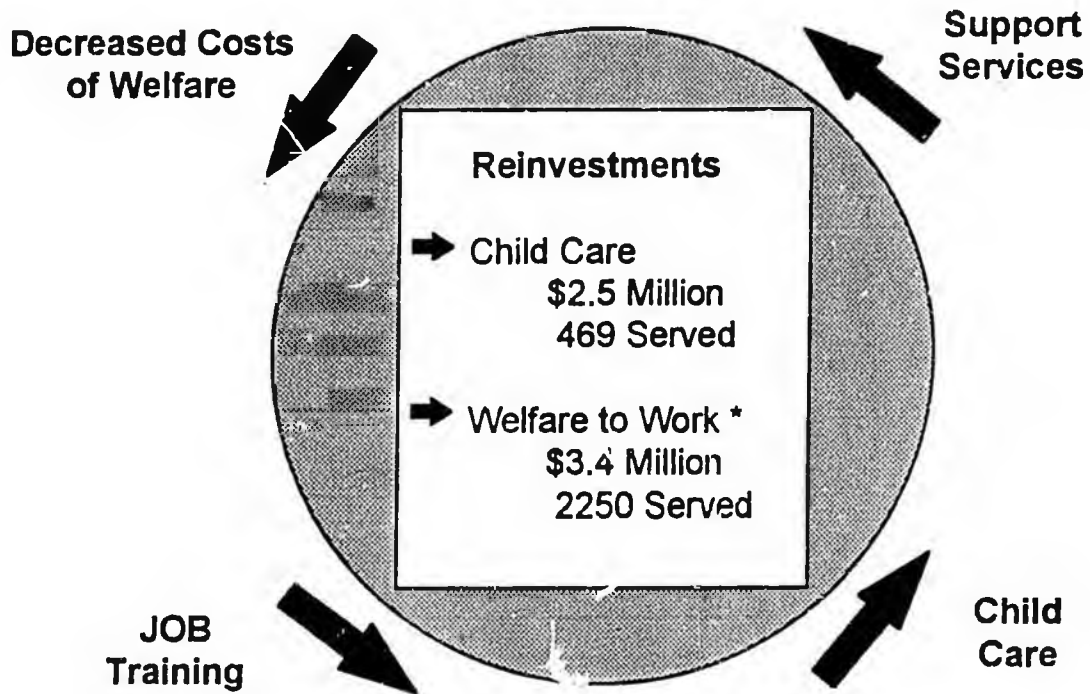
ONE STOP SITES

We have established or will be moving forward with the creation of one-stop facilities at several locations:

- **Mat-Su:** DPA, ES, Voc Rehab, CSED (March 97) and JTPA/ABE later
- **Ketchikan:** DPA, ES, Voc Rehab, ABE. Recently completed remodel, integrated phone system.
- **Fairbanks:** DPA, ES and CSED Reconfiguration plans include Fairbanks Private Industry Council and DCRA/JTPA.
- **Kenai/Soldotna:** DPA, ES, JTPA, ABE, CSED, and an out-stationed Public Health nurse.. Bids have gone out to house all these agencies in one facility.
- **Anchorage:** Preliminary discussions have taken place regarding long term planning of one or more one-stop facilities. Partners yet to be determined.
- **Bethel:** DPA, JTPA ,AHFC, outstation ES, Voc Rehab and ABE
- **Eagle River:** ES provides an out-station space for DPA, DVR, JTPA
- **Homer:** DPA, ES, AHFC, CSED outstation
- **Sitka:** DPA and ES currently in separate facilities. Developing plans for colocation, including out-stationing for ABE and UAS.

Reinvestments in Welfare Reform

↓ \$6.6 Million Decrease
↑ \$6.6 Million Increase



* Represents new recipients who must enter work activities in FY98.

Reinvestments in Welfare Reform-Chart

Reinvestments in Welfare Reform

(Reallocation of ATAP Savings to Welfare to Work Activity)

	<u>State</u>	<u>Federal</u>	<u>Total</u>
◆ Child Care	1722.3	818.8	2541.1

With thousands of additional recipients moving into jobs or work activities, there is a much greater need for child care services.

◆ Work First	1724.5	1724.5	3449.0
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New Welfare-to-Work services need to be delivered. Community contracting, contract services and supportive services.

◆ Computer System	261.1	261.1	522.2
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Increased PC network support.

**DIVISION OF
CHILD SUPPORT
ENFORCEMENT
DEPARTMENT OF REVENUE**

***WELFARE REFORM
IMPLEMENTATION***

**Child Support Components
in SB98**

➔ OCCUPATIONAL AND DRIVER'S LICENSE - REVOCATION, SUSPENSION, NON-ISSUANCE OR NON-RENEWAL

Original Obligors Identified	13,857
Obligors (after exclusion)	9,300 ±
Obligors who live in Alaska	6,450 ±
Number of Payment Plans	91
Total Monthly Payments from Plans	\$22,850
December Collections Attributed to Program	\$190,000+

Licensing Triage Team Offers Assistance: Modification, Default

Arrears, Payment Plan or Hardship

➔ DEFAULT ARREARS PROGRAM

- ✓ Potential Reduction of \$300,000
- \$600,000 in Arrears
- ✓ Status of Program:
 - ◆ Default Team has recently completed training
 - ◆ Licensing Team is referring cases so that arrears are adjusted before licensing action taken
 - ◆ Default Team has manually identified thousands of cases

and adjustments begin
February 1.

➔ INTEREST RATE REDUCTION

- ✓ Reduced interest rate on arrears from 12% to 6% on cases with Alaskan child support orders

New Child Support Provisions in Federal Welfare Reform

➔ New Hire Employer Reporting

- ✓ All Employers must report new hires**
- ✓ 15,000+ employers must report to CSED - rather than current 300 employers who now report**

➔ State and Federal Case Registry

- ✓ Must match registry with New Hire data**
- ✓ Must provide data to Federal Case**

Registry - by mainframe link

➔ Expedited Processes

- ✓ Quarterly data matches with financial institutions in state
- ✓ Must disburse payments in 2 business days rather than current 15 days
- ✓ Must process income withholding orders within 2 business days rather than current 15 days
- ✓ Employers must forward funds within 7 days rather than current 10 days

- ✓ Penalties for failure to respond to administrative subpoenas
- ✓ Increased access to utility and cable records

➔ Other Provisions

- ✓ Rights of parties and privacy safeguards expanded
- ✓ Social security numbers required for numerous licenses and certificates
- ✓ Additional options for state on the frequency and reasons for review

and adjustment of orders

- ✓ Licensing law must include recreational licenses
- ✓ Reporting of individuals with arrears over \$5,000 for feds to deny, revoke or limit passports
- ✓ Decreased time lines in interstate cases and tougher restrictions
- ✓ Increased locate opportunities - requiring more public and private entities to cooperate with CSED

Legal Aliens

On August 22, 1996 President Clinton signed into law P.L. 104-193, The Personal Responsibility and Work Opportunity Act of 1996. This law has a substantial impact on immigrant eligibility for public assistance and medical assistance benefits. The table below compares the benefits to be received by legal aliens under current law and proposed legislation

Program	Current Law	Proposed Change
Food Stamps	Most legal aliens no longer eligible	No change; Fed only program
Supplemental Security Income	Most legal aliens no longer eligible	No change; Fed only program
Medicaid	Most legal aliens barred from Medicaid coverage regardless of entry date into country.	Legal aliens receiving Medicaid as of 8/22/96 grandfathered; legal aliens arriving after 8/22/96 barred for 5 years.
Alaska Temporary Assistance Program: (ATAP)	Legal aliens eligible for benefits regardless of date of entry; legal alien benefits all general funds.	Legal aliens receiving benefits as of 8/22/96 grandfathered; legal aliens arriving after 8/22/96 barred for 5 years. Continue federal/state funding.
Adult Public Assistance	All legal aliens continue program eligibility.	Grandfathered eligibility to only those legal aliens in country as of 8/22/96 - legal aliens arriving after 8/22/96 barred for 5 years

FY 97 Budgeted Expenditures
(Legal Immigrants)

Program	General Fund	Total
Food Stamps	\$0.0	\$812.3
Medicaid	\$2,585.7	\$5,171.3
AFDC/ATAP	\$1,349.7	\$2,699.4
APA	\$3,123.9	\$3,123.9
Totals	\$7,059.3	\$11,806.9

Individual Impacts on Legal Immigrants

Benefits for Blind/Disabled/Elderly

	Before Federal Legislation	After Federal Legislation (current state law)	Under Proposed State Legislation	
			Date of Arrival before 8/22/96	Date of Arrival after 8/22/96
FS	\$70	\$0	\$0	\$0
SSI	\$484	\$0	\$0	\$0
APA	\$362	\$362	\$362	\$0
Medicaid	Yes	No	Yes	No

Benefits for Children & Families

	Before Federal Legislation	After Federal Legislation (current state law*)	Under Proposed State Legislation	
			Date of Arrival before 8/22/96	Date of Arrival after 8/22/96
FS	\$70	\$0	\$0	\$0
AFDC/ATAP	\$825	\$825	\$825	\$0
Medicaid	Yes	No	Yes	No

* Under current state law, benefits paid to aliens under the ATAP program are all general funds.

Public Assistance Data on Statewide Immigrant Population

(for Immigrants on Public Assistance Only)

as of January 1, 1997

Programs

Program Type	ATAP Only	ATAP/ FS	APA Only	APA/ FS	FS Only	FS/ MED	GRA/ GRM	MED Only	Total
# of Persons	167	651	639	162	154	69	7	256	2,105

Heritage

Heritage	Asian	Black	Hispanic	Pacific Islander	White	Other/ Unknown	Total
# of Persons	1,069	44	429	119	360	84	2,105

Time on Assistance

Less than 5 Years	461
More than 5 years	<u>644</u>
Total	2,105

SSI Status:

SSI Recipient	669
Non-SSI Recipient	<u>1,436</u>
Total	2,105

Alien status:

Currently Sponsored :	81
Non-sponsored:	<u>2,024</u>
Total	2,105

Sex:

Male:	784
Female:	<u>1,321</u>
Total	2,105

Age:

Under Age 18:	439
18 - 64:	1,025
Over Age 64:	<u>641</u>
Total	2,105

Type of Recipient:

Children & Families	1,304
Aged & Disabled	<u>801</u>
Total	2,105

Community of Residence:

Anchorage	1,414
Kodiak	160
Mat-Su	134
Fairbanks	106
Southeast	99
Other	<u>192</u>
Total	2,105

Creation of the Child Care Development Fund (CCDF)

Consolidates four child care programs into one. The Title IV-A child care programs, including JOBS Child Care, Transitional Child Care, and At-Risk Child Care programs are merged with the Child Care Development Block Grant (CCDBG).

Three Funding Streams

- ◆ **Mandatory funds** (100% federal dollars) equal to the federal payments in FY 95 for the JOBS Child Care, Transitional Child Care and At-Risk programs.
- ◆ **Matching funds** To access these funds, States must spend mandatory funds and maintain 100% of the State's share of expenditures in FY 95 (MOE). Matching funds must be matched at the FY 95 Medicaid Program matching rate. Unused matching funds will be redistributed to other states.
- ◆ **Discretionary funds** (100% federal dollars) are subject to Congressional appropriation.

Quality Activity Set-Aside

- ◆ At least 4% of CCDF funding must be used on activities to improve the quality and availability of child care.

Administrative Cap

- ◆ No more than 5% of the CCDF may be used for administrative costs.

Use for Certain Populations

- ◆ Families receiving public assistance.
- ◆ Families attempting through work activities to transition off public assistance.
- ◆ Families who are at risk of becoming dependent on such assistance programs.
- ◆ Other low-income working families below 85% of the median income.