

HB

402

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 402
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
Title: RELATING TO THE ALASKA TEMPORARY ASSISTANCE PROGRAM BRU: Public Assistance
Component: ATAP
Sponsor: HOUSE (HES) Component Number: 220
Requestor: HOUSE (HES)

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: _____

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Although this proposed legislation may allow more than 20% of the eligible ATAP caseload to receive benefits beyond 60 months, there are no projected financial impacts. The ATAP program is funded in part by the federal TANF block grant which does not vary regardless of the number of families served. Also, federal law requires the State to contribute a fixed amount of state funds toward the program, called maintenance of effort (MOE). Additionally, the provision that will allow the Department to offer transitional supportive services to clients no longer receiving a cash benefit will result in more families remaining off the program, thus reducing costs in the Temporary Assistance benefits component.

Prepared by: Jim Nordlund Phone 465-5835
Division: Public Assistance Date/Time 02/13/2002
Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 02/14/2002
Agency: Department of Health & Social Services

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MEMORANDUM

February 28, 2002

SUBJECT: Alaska Temporary Assistance Program
(CSHB 402(), Draft version "F")

TO: Representative Fred Dyson
Attn: Jason

FROM: Terri Lauterbach
Legislative Counsel



Enclosed is the draft CS you requested.

There are fewer sections in this CS than in the original HB 402 because, with the amendment of AS 47.27.015(f) that is new to this CS, all of the sections of HB 402 that amended AS 47.27.015 could be put into one bill section, instead of being amended separately. Compare sec. 17 of this CS to secs. 17 - 23 of the original HB 402.

If I may be of further assistance, please advise.

TML:med
02-225.med

Enclosure

HB 402 ALASKA TEMPORARY ASSISTANCE PROGRAM

Amendments included in the blank C.S. for House Finance (2/28/02) requested by Representative Dyson

Prior legislation:

HB 402 (22-LS1431\C) repealed AS 47.27.015 (f) in Sec. 54.

Current legislation:

CSHB 402() (22-LS1431\F) reinserts this cap at 30% in AS 47.27.015(f) on Page 10, Line 28 through Page 11, Line 1.

AMENDMENT

OFFERED IN THE HOUSE
TO: HB 402

BY REPRESENTATIVE DYSON

1 Page 19, line 31, following "(1)":

2 Insert "beginning on the date the department makes a finding that the family is
3 not in compliance under this subsection,"

4

5 Page 20, line 9, following "(2)":

6 Insert "beginning five months after the date the department made the finding that
7 the family was not in compliance under this subsection,"

8

9 Page 20, line 20, following "(3)":

10 Insert "beginning nine months after the date the department made the finding
11 that the family was not in compliance under this subsection,"

HB 402 - Proposed Amendments to the Alaska Temporary Assistance Program

Division of Public Assistance

February 14, 2002

The Alaska Temporary Assistance program is in its fifth successful year of assisting families transition to work and self-sufficiency. In an effort to strengthen the program's focus on sustained employment while improving services to families, the Department is supporting a number of statutory changes.

These changes were developed in part as a response to the work of the *American Institute for Full Employment*. Their review of the Temporary Assistance program and subsequent report to members of the Legislature provided guidance and support for continued improvement in program policy, and ultimately, in successful outcomes for families.

The proposed legislation contains five major elements:

- **Clarification of the distinction between cash assistance and self-sufficiency services.** This provision will allow the Department to provide low-income working families with transitional supportive services such as work-related transportation, clothing and other case management support after their cash benefit has ended. Families who leave public assistance will be more likely to sustain their progress and remain off the program with these work-related supports.
- **Conversion of Food Stamp allotments for use as a wage subsidy.** Current statute allows for the conversion of a family's Temporary Assistance cash benefit into a wage subsidy available to an employer who agrees to hire the recipient. This provision will increase the amount of subsidy available and will act as an incentive for employers to hire less job-ready recipients, or even to create new jobs.
- **Increase in the amount of available diversion payment.** The cash payment available to a family used for diverting them from the Temporary Assistance program will increase from an amount equal to two months of regular benefits to three months. This increase will make diversion a more viable option for many families, and reduce the number of families that enter the program.
- **Progressive sanctions.** This provision will allow the Department to impose increasingly stringent penalties on individuals who are out of compliance with program rules. As in current law, an individual who receives a penalty will lose 40% of the family's cash benefit. In the new legislation, benefits are cut by 75% if non-compliance continues for four months and by 100% if non-compliance continues for eight months. This provides an incentive for adherence to program rules, as benefits will be reinstated as soon as the individual comes into compliance. Families with serious barriers to compliance are protected by a provision that requires the Department to fully investigate the family's circumstances before imposing a 75% or 100% cut in their benefits.
- **Repeal of the 20% cap on exemptions to the 60-month limit on cash benefits.** This provision repeals the arbitrary 20% cap on exemptions to the 60-month limit on benefits and allows the Department to grant extensions to families based on the criteria in current law. This change is necessary to avoid placing families who meet the criteria for an extension on a waiting list, and meanwhile, denying supports for basic needs.



Health, Education, and Social Services Committee
Alaska State Legislature
House of Representatives

HB 402 "AN ACT RELATING TO WELFARE REFORM"
SPONSOR STATEMENT

While the Department of Public Assistance has made strides in the application of welfare reform, lessons have been learned, and insight has been gained, that led us to propose a tune-up of public assistance.

The intent of HB 402 is to align department program operations with the work-first philosophy that has been held up by all of us as the goal. One of the key premises of this philosophy is that the labor market is the best test of an individual's employability. Another is that all individuals are capable of moving themselves and their families toward self-sufficiency. A third is that "real job" experience is the best way to specifically identify training needs.

HB 402 has made changes that in general terms:

- Implement a broader and more responsive diversion process to assist families to avoid dependency on cash benefits;
- Strengthen the "up-front message" to clients that public assistance is as much about employment as it is about providing cash benefits;
- Provide more consistent guidance with regard to assessment, emphasizing the utilization of the labor market as the best test of employability and a family strength-based approach versus an approach that emphasizes pre-determining family barriers;
- Implement a more complete subsidized wage program and expanding community service for those unable to obtain unsubsidized employment.

Change to 33%

22-LS1431\F
Lauterbach
2/27/02

adopted

CS FOR HOUSE BILL NO. 402()

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to diversion payments, wage subsidies, cash assistance, and self-
2 sufficiency services provided under the Alaska temporary assistance program; relating
3 to the food stamp program; relating to child support cases that include persons who
4 receive cash assistance or self-sufficiency services under the Alaska temporary
5 assistance program; and providing for an effective date."

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 * Section 1. AS 25.20.050(f) is amended to read:

8 (f) The child support enforcement agency may recover the costs of testing
9 ordered under (e) of this section from the alleged father unless the testing establishes
10 that the individual is not the father, except that costs may not be recovered from a
11 person who is a recipient of cash assistance or self-sufficiency services under
12 AS 47.27 (Alaska temporary assistance program). For purposes of this subsection, a
13 person who receives a diversion payment and self-sufficiency services under

1 AS 47.27.026 is not considered to be a recipient of cash assistance or self-
2 sufficiency services under AS 47.27.

3 * Sec. 2. AS 25.27.165(i) is amended to read:

4 (i) The agency may recover any costs it pays for genetic tests required by this
5 section from the putative father unless the testing establishes that the individual is not
6 the father, except that costs may not be recovered from a person who is a recipient of
7 cash assistance or self-sufficiency services under AS 47.27 (Alaska temporary
8 assistance program). For purposes of this subsection, a person who receives a
9 diversion payment and self-sufficiency services under AS 47.27.026 is not
10 considered to be a recipient of cash assistance or self-sufficiency services under
11 AS 47.27.

12 * Sec. 3. AS 25.27.900 is amended by adding a new paragraph to read:

13 (13) "assistance under AS 47.27," "assistance granted under
14 AS 47.27," or "assistance paid on behalf of the obligee under AS 47.27" means cash
15 assistance provided under AS 47.27 (Alaska temporary assistance program).

16 * Sec. 4. AS 29.45.650(f) is amended to read:

17 (f) A borough may not levy and collect a sales tax on a purchase made with
18 (1) food coupons, food stamps, or other type of allotment [CERTIFICATE] issued
19 under 7 U.S.C. 2011 - 2036 (Food Stamp Program) [7 U.S.C. 2011 - 2025 (FOOD
20 STAMP ACT)]; or (2) food instruments, food vouchers, or other type of certificate
21 issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women,
22 Infants, and Children). For purposes of this subsection, the value of a food stamp
23 allotment paid in the form of a wage subsidy as authorized under AS 47.25.975(b)
24 is not considered to be an allotment issued under 7 U.S.C. 2011 - 2036 (Food
25 Stamp Program). This subsection applies to home rule and general law
26 municipalities.

27 * Sec. 5. AS 29.45.700(d) is amended to read:

28 (d) A city that levies and collects sales and use taxes under (a) of this section
29 may not levy and collect a sales tax on a purchase made with (1) food coupons, food
30 stamps, or other types of allotments [CERTIFICATES] issued under 7 U.S.C. 2011 -
31 2036 (Food Stamp Program) [7 U.S.C. 2011 - 2025 (FOOD STAMP ACT)]; or (2)

1 food instruments, food vouchers, or other type of certificate issued under 42 U.S.C.
2 1786 (Special Supplemental Food Program for Women, Infants, and Children). For
3 purposes of this subsection, the value of a food stamp allotment paid in the form
4 of a wage subsidy as authorized under AS 47.25.975(b) is not considered to be an
5 allotment issued under 7 U.S.C. 2011 - 2036 (Food Stamp Program). This
6 subsection applies to home rule and general law municipalities.

7 * Sec. 6. AS 47.05.010 is amended to read:

8 **Sec. 47.05.010. Duties of department.** The Department of Health and Social
9 Services shall

10 (1) administer adult public assistance, the Alaska temporary assistance
11 program, and all other assistance programs, and receive and spend money made
12 available to it;

13 (2) adopt regulations necessary for the conduct of its business and for
14 carrying out federal and state laws granting adult public assistance, temporary cash
15 assistance, diversion payments, or self-sufficiency services for needy families under
16 the Alaska temporary assistance program, and other assistance;

17 (3) establish minimum standards for personnel employed by the
18 department and adopt necessary regulations to maintain those standards;

19 (4) require those bonds and undertakings from persons employed by it
20 which in its judgment are necessary, and pay the premiums on them;

21 (5) cooperate with the federal government in matters of mutual
22 concern pertaining to adult public assistance, the Alaska temporary assistance
23 program, and other forms of public assistance;

24 (6) make the reports, in the form and containing the information, that
25 the federal government from time to time requires;

26 (7) cooperate with the federal government, its agencies or
27 instrumentalities in establishing, extending, and strengthening services for the
28 protection and care of homeless, dependent, and neglected children in danger of
29 becoming delinquent, and receive and expend funds available to the department by the
30 federal government, the state or its political subdivisions for that purpose;

31 (8) cooperate with the federal government in adopting state plans to

1 make the state eligible for federal matching in appropriate categories of assistance, and
2 in all matters of mutual concern, including adoption of the methods of administration
3 that are found by the federal government to be necessary for the efficient operation of
4 welfare programs;

5 (9) adopt regulations, not inconsistent with law, defining need,
6 prescribing the conditions of eligibility for assistance, and establishing standards for
7 determining the amount of assistance that an eligible person is entitled to receive; the
8 amount of the assistance is sufficient when, added to all other income and resources
9 available to an individual, it provides the individual with a reasonable subsistence
10 compatible with health and well-being; an individual who meets the requirements for
11 eligibility for assistance shall be granted the assistance promptly upon application for
12 it;

13 (10) grant to a person claiming or receiving assistance and who is
14 aggrieved because of the department's action or failure to act, reasonable notice and an
15 opportunity for a fair hearing by the department, and the department shall adopt
16 regulations relative to this;

17 (11) enter into reciprocal agreements with other states relative to
18 public assistance, welfare services, and institutional care that are considered advisable;

19 (12) establish the requirements of residence for public assistance,
20 welfare services, and institutional care that are considered advisable, subject to the
21 limitations of other laws of the state, or law or regulation imposed as conditions for
22 federal financial participation;

23 (13) establish the divisions and local offices that are considered
24 necessary or expedient to carry out a duty or authority assigned to it and appoint and
25 employ the assistants and personnel that are necessary to carry on the work of the
26 division and offices, and fix the compensation of the assistants or employees except
27 that a person engaged in business as a retail vendor of general merchandise, or a
28 member of the immediate family of a person who is so engaged, may not serve as an
29 acting, temporary or permanent local agent of the department, unless the
30 commissioner of health and social services certifies in writing to the governor, with
31 relation to a particular community, that no other qualified person is available in the

1 community to serve as local welfare agent; for the purposes of this paragraph, a
2 "member of the immediate family" includes a spouse, child, parent, brother, sister,
3 parent-in-law, brother-in-law or sister-in-law;

4 (14) provide education and health-related services and referrals
5 designed to reduce the number of out-of-wedlock pregnancies and the number of
6 induced pregnancy terminations in the state;

7 (15) investigate reports of abuse, neglect, or misappropriation of
8 property by certified nurse aides in facilities licensed by the department under
9 AS 18.20.

10 * Sec. 7. AS 47.05.020(a) is amended to read:

11 (a) The power of the department to adopt regulations includes the power to
12 adopt and enforce reasonable regulations governing the custody, use, and preservation
13 of the records, papers, files, and communications of the department. The regulations
14 must provide that financial information concerning an eligibility determination of a
15 person applying for or receiving cash assistance, a diversion payment, or self-
16 sufficiency services under the Alaska temporary assistance program shall be disclosed
17 to a legislator on request of the legislator in connection with official purposes within
18 the scope of the legislator's legislative functions and related to the administration of
19 the program consistent with federal law. When, under the law, names and addresses
20 of recipients of public assistance are furnished to or held by another agency or
21 department of government, the agency or department of government shall adopt
22 regulations necessary to prevent the publication of the lists or their use for purposes
23 not directly connected with the administration of public assistance and legislative
24 functions. A legislator to whom information relating to the Alaska temporary
25 assistance program is disclosed under this section may not further disclose the
26 information except to another legislator and then only in connection with official
27 purposes within each legislator's legislative functions and related to the administration
28 of the program consistent with federal law.

29 * Sec. 8. AS 47.05.030(b) is amended to read:

30 (b) It is not a violation of (a) of this section for the department or an employee
31 of the department to disclose to a legislator, or for a legislator to solicit, receive, or

1 make use of financial information concerning an eligibility determination of a person
2 applying for or receiving cash assistance, a diversion payment, or self-sufficiency
3 services under the Alaska temporary assistance program if the disclosure, solicitation,
4 receipt, and use are for official purposes in connection with the legislator's official
5 functions and related to the administration of the program consistent with federal law.
6 Information provided to a legislator under this subsection shall remain confidential
7 and may not be further disclosed except as provided in AS 47.05.020.

8 * Sec. 9. AS 47.25.975(b) is amended to read:

9 (b) Householders determined by the department to be eligible for assistance
10 under the food stamp program may obtain food stamp allotments; however, under
11 regulations adopted by the department, a householder may receive all or part of
12 the value of the food stamp allotment in the form of a wage subsidy under
13 AS 47.27.025(e) if

14 (1) the householder is a member of a family eligible for the Alaska
15 temporary assistance program under AS 47.27; and

16 (2) the department determines that the wage subsidy authorized
17 under this subsection would aid the householder in the successful completion of
18 the family self-sufficiency plan under AS 47.27.030 [COUPONS].

19 * Sec. 10. AS 47.25.975(c) is amended to read:

20 (c) Food stamp allotments, other than a wage subsidy authorized under
21 (b) of this section, [COUPONS] shall be used to purchase food from retail food stores
22 that have been approved for participation in the food stamp program. Eligible
23 households living in certain remote areas shall be permitted to purchase certain items
24 of hunting and fishing equipment for the purpose of procuring food for the household,
25 except firearms, ammunition, and other explosives, in accordance with regulations that
26 the Secretary of Agriculture adopts.

27 * Sec. 11. AS 47.25.980(e) is amended to read:

28 (a) The department shall

29 (1) adopt regulations necessary to carry out the food stamp program;

30 (2) cooperate with the federal government and do all things necessary
31 to continue state eligibility under the food stamp program;

1 (3) comply with the requirements of 7 U.S.C. 2011 - 2036 (Food
2 Stamp Program) [7 U.S.C. 2011-2025 (FOOD STAMP ACT)].

3 * Sec. 12. AS 47.25.985(a) is amended to read:

4 (a) A person is guilty of a misdemeanor if the person [:]

5 (1) knowingly acquires, possesses, uses, alters, or transfers food stamp
6 allotments [COUPONS OR AUTHORIZATION TO PURCHASE FOOD
7 COUPONS] in violation of AS 47.25.975 - 47.25.980 or the regulations adopted under
8 AS 47.25.980;

9 (2) presents food stamp allotments [COUPONS] or causes them to be
10 presented for payment or redemption knowing them to have been transferred,
11 received, altered, or used in a manner violating AS 47.25.975 - 47.25.980 or the
12 regulations adopted under AS 47.25.980.

13 (3) knowingly acquires, uses, alters, or transfers a wage subsidy
14 authorized under AS 47.25.975(b) in violation of AS 47.25.975 - 47.25.980,
15 AS 47.27.025(e), or the regulations adopted under AS 47.25.980 or
16 AS 47.27.025(e) [REPEALED].

17 * Sec. 13. AS 47.25.990(3) is amended to read:

18 (3) "food stamp allotments [COUPONS]" means any coupon, stamp,
19 electronic benefit, or type of allotment [CERTIFICATE] issued under 7 U.S.C. 2011
20 - 2036 (Food Stamp Program) [7 U.S.C. 2011-2025 (FOOD STAMP ACT)];

21 * Sec. 14. AS 47.25.990(4) is amended to read:

22 (4) "food stamp program" means the federal food stamp program
23 authorized by 7 U.S.C. 2011 - 2036 [7 U.S.C. 2011-2025];

24 * Sec. 15. AS 47.27.005 is amended to read:

25 **Sec. 47.27.005. Duties of the department.** The department shall

26 (1) administer the Alaska temporary assistance program by providing
27 cash assistance, diversion payments, [WITH BASIC LIVING EXPENSES] and self-
28 sufficiency services to needy children and their families under this chapter and, if
29 appropriate, by establishing regional public assistance programs to provide effectively
30 for varying conditions in regions of the state designated by the department;

31 (2) establish, by regulation, program standards for [THAT WILL

1 PROVIDE] incentives to work, incentives for financial planning, cash assistance,
2 diversion payments, self-sufficiency services, and other opportunities to develop
3 self-sufficiency [WHILE PROVIDING ASSISTANCE WITH BASIC LIVING
4 EXPENSES];

5 (3) prepare, submit to the federal government, and amend, if necessary,
6 a state plan designed to ensure that federal money is available to the state for the
7 operation of the program set out in this chapter to provide cash assistance, diversion
8 payments, [FOR BASIC LIVING EXPENSES] and self-sufficiency services to needy
9 children and their families consistent with the state objectives identified in (2) of this
10 section;

11 (4) adopt methods of program administration to ensure consistency
12 with the federal requirements under a successor federal program that replaces the aid
13 to families with dependent children program;

14 (5) make reports regarding the program to the federal government as
15 required under federal law, in the form and containing the information required, and
16 comply with the provisions that the federal government determines are necessary to
17 ensure correct and verifiable information on the program;

18 (6) provide to the legislature an annual executive summary of the
19 information required to be reported to the federal government under (5) of this section;

20 (7) conduct studies and research in order to evaluate and monitor the
21 effectiveness of the state program; and

22 (8) adopt regulations and take action to implement, interpret, and
23 administer the provisions of this chapter.

24 * Sec. 16. AS 47.27.010 is amended to read:

25 Sec. 47.27.010. Eligible families. The following families may apply [FOR
26 ASSISTANCE] under the Alaska temporary assistance program:

27 (1) a single parent who has the physical custody of one or more related
28 dependent children;

29 (2) a caretaker of one or more dependent children who is a relative to
30 at least the fifth degree;

31 (3) a woman in the last trimester of pregnancy; [OR]

1 (4) a two-parent family with physical custody of one or more related
2 dependent children.

3 * Sec. 17. AS 47.27.015 is amended to read:

4 Sec. 47.27.015. **Disqualifying conditions.** (a) A family is not eligible for
5 cash assistance under the Alaska temporary assistance program if the family includes
6 an adult who

7 (1) has received cash assistance [BENEFITS] under the Alaska
8 temporary assistance program, or a program of another state operated under a federal
9 assistance grant program for needy families, for a total of 60 months as the caretaker
10 or spouse of a caretaker of a dependent child or as a pregnant woman, unless the
11 caretaker or pregnant woman is

12 (A) a person who the department has reasonable cause to
13 believe is or recently has been the victim of domestic violence, as defined in
14 AS 18.66.990, and the physical, mental, or emotional well-being of the victim
15 would be endangered by a strict application of the time limit otherwise
16 applicable under this subsection;

17 (B) determined, under regulations of the department to be
18 physically or mentally unable to perform gainful activity;

19 (C) a parent who is providing care for a child who is
20 experiencing a disability; or

21 (D) a family determined by the department to be exempt from
22 this paragraph by reason of hardship; or

23 (2) is determined to be fleeing to avoid prosecution, custody, or
24 confinement after conviction, in this or another jurisdiction, for a crime that is
25 classified as a felony or a class A misdemeanor under AS 11 or the criminal laws of
26 the jurisdiction where the criminal activity was committed.

27 (b) A family is not eligible for cash assistance or self-sufficiency services
28 under this chapter for a period of 120 months beginning on the date the adult applicant
29 for the family is convicted of having fraudulently misrepresented the applicant's
30 residence in order to receive cash assistance or self-sufficiency services in more than
31 one state under a program financed with federal money under any successor federal

1 program that replaces the aid to families with dependent children program.

2 (c) A family is not eligible for cash assistance for the following time periods
3 if the family's demonstrated need for cash assistance is due to a refusal of or voluntary
4 separation from suitable employment by the adult applicant, or a custodial parent or
5 caretaker, without good cause:

6 (1) one month for the first refusal or separation without good cause;

7 (2) six months for the second refusal or separation without good cause;

8 and

9 (3) 12 months for the third and subsequent refusal or separation
10 without good cause.

11 (d) A family is not eligible for cash assistance or self-sufficiency services for
12 up to 12 months if the family's demonstrated need is due to an intentional transfer of
13 an asset or assets at less than fair market value for the purpose of establishing
14 eligibility for cash assistance or self-sufficiency services. A period of ineligibility
15 shall begin on the first day of the month following the transfer of the asset or assets
16 and shall remain in effect for a number of months equal to the fair market value of the
17 transferred asset or assets divided by the maximum payment amount for the family as
18 established under AS 47.27.025, or for 12 months, whichever is less.

19 (e) An Alaska temporary assistance program applicant or participant who is
20 administratively disqualified for making a false statement or misrepresentation
21 knowing it was false, or for knowingly failing to disclose a material fact, in order to
22 obtain or increase cash assistance or self-sufficiency services under this chapter is not
23 eligible to receive cash assistance or self-sufficiency services under this chapter for a
24 period of

25 (1) six months following the first disqualification;

26 (2) 12 months following the second disqualification; and

27 (3) permanently following the third disqualification.

28 (f) The number of families for which an exemption is in effect under (a)(1) of
29 this section may not exceed 30 [10] percent of the number of families receiving cash
30 assistance under this chapter [OR THE MAXIMUM PERCENTAGE OF
31 FAMILIES ALLOWED AN EXEMPTION UNDER FEDERAL LAW,

1 WHICHEVER IS GREATER].

2 (g) A person who is an alien is not eligible for cash assistance under this
3 chapter unless the person is a qualified alien under 8 U.S.C. 1641 or an alien excepted
4 under 8 U.S.C. 1612(b). However, a qualified alien may only be eligible for cash
5 assistance under this chapter if the person is not precluded by the limited eligibility
6 provision of 8 U.S.C. 1613.

7 (h) When determining under (a)(1) of this section whether an adult has
8 received cash assistance [BENEFITS] for a total of 60 months, the department shall
9 disregard the months that are required to be disregarded under 42 U.S.C. 608(a)(7)(D).

10 * Sec. 18. AS 47.27.020(a) is amended to read:

11 (a) An applicant [FOR ASSISTANCE] under the Alaska temporary assistance
12 program shall complete an application in writing, or by electronic means, and in a
13 form specified by the department. The applicant must be a pregnant woman or an
14 individual who has physical custody of the dependent child or children. The
15 application must be complete and must provide all of the information about the family
16 and the child or children that is requested by the department. The applicant shall
17 provide all supporting documentation for verification that the department determines
18 to be necessary to establish eligibility.

19 * Sec. 19. AS 47.27.020(b) is amended to read:

20 (b) On the application, each applicant shall attest to whether the family, at any
21 time, has received cash assistance or self-sufficiency services from another state
22 program that was established with federal money under any successor federal program
23 that replaces the aid to families with dependent children program and whether the
24 family has ever been disqualified from receiving cash assistance or self-sufficiency
25 services under a successor federal program that replaces aid to families with
26 dependent children for the period for which the application has been submitted.

27 * Sec. 20. AS 47.27.020(d) is amended to read:

28 (d) An applicant shall acknowledge the assignment of support rights as
29 required by AS 47.27.040(a) and shall agree to cooperate with the child support
30 enforcement agency of the Department of Revenue to the extent required under
31 AS 47.27.040(b). The applicant shall agree to report all child support payments

1 received directly by the family, during or for a period for which the family is receiving
2 cash assistance under this chapter, to the department within 15 days after receipt of
3 those payments.

4 * Sec. 21. AS 47.27.025(a) is amended to read:

5 (a) The department shall provide cash assistance [FOR BASIC LIVING
6 EXPENSES] to families that establish eligibility based on a determination of need that
7 considers the family's available income, assets, and other resources, as established by
8 the department in regulation. Each dependent child in the family is eligible for cash
9 assistance except as otherwise provided in AS 47.27.015 or 47.27.027(b), and cash
10 assistance received as a dependent child does not count against eligibility for cash
11 assistance under this chapter as a caretaker or spouse of a caretaker of a dependent
12 child or as a pregnant woman.

13 * Sec. 22. AS 47.27.025(b) is amended to read:

14 (b) The amounts of cash assistance [FOR BASIC LIVING EXPENSES] may
15 not exceed the following:

16 (1) for a dependent child living with a nonneedy relative caretaker,
17 \$452 per month, plus \$102 for each additional child;

18 (2) for a dependent child living with at least one needy parent or
19 relative caretaker, \$821 per month, plus \$102 for each additional child and \$102 for a
20 second needy parent if the second parent is physically or mentally unable to perform
21 gainful activity as defined by department regulation; or

22 (3) for a family consisting solely of an eligible pregnant woman, \$514
23 per month.

24 * Sec. 23. AS 47.27.025(c) is amended to read:

25 (c) The department shall, for the months of July, August, and September,
26 reduce by 50 percent the maximum cash assistance for which the family is otherwise
27 eligible if the family's eligibility for cash assistance is based on AS 47.27.010(4),
28 unless the second needy parent is determined, under regulations of the department, to
29 be physically or mentally unable to perform gainful activity or to be providing care for
30 a child who is experiencing a disability that requires 24-hour care, as certified by a
31 physician or other licensed medical professional. However, if the commissioner

1 determines that temporary economic conditions have resulted in decreased
2 employment opportunities during those months and a reduction in cash assistance
3 would impose an undue hardship on a family, the department may waive application
4 of this subsection with respect to that family.

5 * Sec. 24. AS 47.27.025(d) is amended to read:

6 (d) The department shall reduce cash assistance under this section to the
7 extent that the family's shelter costs are lower than the standard shelter allowance used
8 by the department for similar families. The shelter allowance for a family whose costs
9 are below the standard allowance shall be an amount equal to the family's actual
10 verified shelter costs. In this subsection,

11 (1) "shelter allowance" means the portion of the cash assistance
12 provided under this section that is allocated by the department for shelter costs;

13 (2) "shelter costs" means

14 (A) rental payments or mortgage payments for the family's
15 housing, including payments made for property or mortgage insurance and
16 property taxes; and

17 (B) the cost of utilities, including heat, electricity, basic
18 telephone service, water, sewer, and garbage services incurred for the family's
19 housing; the department may establish different utility cost standards for
20 different areas of the state and may use an average utility cost per month based
21 on estimated level payments over a 12-month period.

22 * Sec. 25. AS 47.27.025(e) is amended to read:

23 (e) The department may, instead of paying all of the cash assistance to a
24 family under this section, use all or part of the cash assistance as a wage subsidy paid
25 to an employer who employs a person in the family at a wage that is higher than the
26 wage subsidy. If authorized under AS 47.25.975(b), the department may, instead
27 of paying all of a family's food stamp allotment under AS 47.25.975 - 47.25.990 in
28 a form restricted to buying food, use all or part of the value of the family's food
29 stamp allotment as a wage subsidy paid to an employer who employs a person in
30 the family at a wage that is higher than the total of the wage subsidies paid under
31 this subsection for employment of the person. A subsidy under this subsection may

1 not exceed one year in duration.

2 * Sec. 26. AS 47.27.026(a) is amended to read:

3 (a) The department may offer a lump-sum diversion payment in place of
4 ongoing cash assistance [AND SERVICES] to an adult applicant who applies [FOR
5 ASSISTANCE] under AS 47.27.020 if the adult applicant is job ready and is
6 determined to need only short-term financial assistance and self-sufficiency services
7 to meet critical needs in order to secure employment and support for the adult
8 applicant's family. The department shall set standards and conditions for diversion
9 payments and self-sufficiency services by regulation.

10 * Sec. 27. AS 47.27.026(b) is amended to read:

11 (b) The department may pay a diversion payment [BENEFITS] to an
12 applicant's family only if that family appears to be eligible for cash assistance
13 [BENEFITS] under AS 47.27.020 and to include a job-ready individual based on the
14 information provided to the department in the application completed under
15 AS 47.27.020. The department may offer to an applicant with the potential to
16 participate in the diversion project a choice between

17 (1) having the Alaska temporary assistance program application
18 processed under AS 47.27.020 and the regulations adopted by the department; or

19 (2) having the application referred to the diversion project of the
20 Alaska temporary assistance program for a determination of eligibility for a diversion
21 project payment and self-sufficiency services [BENEFITS] under this section.

22 * Sec. 28. AS 47.27.026(c) is amended to read:

23 (c) The amount of a [THE] diversion payment with self-sufficiency services
24 must be sufficient to meet the family's immediate needs as determined by the
25 department and the participant. A diversion payment may not exceed the amount the
26 family would be eligible to receive as cash assistance in the first three [TWO] months
27 of eligibility under AS 47.27.025 if the family did not elect to receive a diversion
28 payment.

29 * Sec. 29. AS 47.27.026(d) is amended to read:

30 (d) As a condition of a family receiving a diversion payment under this
31 section, the participant must sign an agreement that

1 (1) specifies

2 (A) the amount of the diversion payment and the needs it is
3 intended to cover;

4 (B) the self-sufficiency services required to meet the
5 family's immediate needs;

6 (2) provides that, during the three-month period beginning with the
7 month in which the diversion payment was received, child support collected on behalf
8 of a child whose needs were considered in determining the diversion payment shall be
9 paid to the family; and

10 (3) provides that if the family reapplies [FOR ALASKA
11 TEMPORARY ASSISTANCE PROGRAM ASSISTANCE] under AS 47.27.020
12 during the three months beginning with the month in which the family received a
13 diversion payment, the diversion payment shall be treated as unearned income,
14 prorated over the three-month period, and deducted from any cash assistance that
15 [ALASKA TEMPORARY ASSISTANCE PROGRAM BENEFIT] the family may be
16 eligible for under the new application.

17 * Sec. 30. AS 47.27.026(e) is amended to read:

18 (e) A family that receives a diversion payment may not receive another
19 diversion payment before the 12th month following the month in which it last received
20 a diversion payment. A family may not receive more than four diversion
21 payments.

22 * Sec. 31. AS 47.27.027 is amended to read:

23 Sec. 47.27.027. Assistance to minors. (a) If an applicant under
24 AS 47.27.020 is not married, is under the age of 18, and has not been previously
25 emancipated under AS 09.55.590, the applicant must

26 (1) live in a home maintained by the applicant's parent, legal guardian,
27 or other adult relative, unless the applicant establishes that there is good cause, as
28 established by the department in regulation, to waive this requirement; if the
29 department waives this requirement, the applicant must live in an approved, adult-
30 supervised, supportive living environment;

31 (2) agree that cash assistance [FOR BASIC LIVING EXPENSES] on

1 behalf of the applicant's family may be paid to the applicant's parent, legal guardian, or
2 other adult relative, or, if applicable, to the adult head of the adult-supervised,
3 supportive living environment in which the applicant resides; and

4 (3) maintain attendance in a secondary school or other appropriate
5 training program unless the applicant has a high school diploma or general equivalent
6 diploma.

7 (b) The department shall reduce the cash assistance for which an assistance
8 unit is otherwise eligible under this chapter if a minor parent in the assistance unit
9 fails, without good cause, to meet standards of adequate levels of school attendance, as
10 defined in regulations of the department. The reduction under this subsection shall be
11 achieved by disregarding the needs of the person who failed to meet the school
12 attendance standards. The person's needs shall be disregarded until the minor parent
13 complies.

14 * Sec. 32. AS 47.27.030(a) is amended to read:

15 (a) A participant in the Alaska temporary assistance program shall cooperate
16 with the department, or its designee, to develop and sign a family self-sufficiency plan
17 that includes

18 (1) the steps the family will take towards the self-sufficiency of the
19 family;

20 (2) the self-sufficiency services the department will provide to assist
21 the family to attain self-sufficiency;

22 (3) specific benchmarks to indicate the steps toward successful
23 completion of the family plan;

24 (4) a statement that the family may be subject to [BENEFIT]
25 reductions in cash assistance or self-sufficiency services or other sanctions if the
26 family fails to comply with the family plan; and

27 (5) a statement that describes the necessary conditions and the steps
28 that must be taken to renegotiate the terms of the family plan.

29 * Sec. 33. AS 47.27.030(b) is amended to read:

30 (b) The family self-sufficiency plan must set a time period for the achievement
31 of self-sufficiency from cash assistance under the Alaska temporary assistance

1 program. Initially, that [THAT] time period may not provide for any more than a
2 total of 60 months of cash assistance under the Alaska temporary assistance program
3 even though the family may eventually be eligible for an exemption under
4 AS 47.27.015(a)(1). Unless the members of the family who are not dependent
5 children are all exempt under AS 47.27.035(b) - (d), the time period for receiving cash
6 assistance may not exceed a cumulative total of 24 months unless each nonexempt
7 person is in compliance with the work activity assignment made under AS 47.27.035.

8 * Sec. 34. AS 47.27.030 is amended by adding a new subsection to read:

9 (d) The department may provide only self-sufficiency services to a family that
10 no longer qualifies for cash assistance due to employment, a family that is disqualified
11 from receiving cash assistance under AS 47.27.015(a)(1), (c), or (e), or a family that
12 qualifies for cash assistance but requests only self-sufficiency services. Self-
13 sufficiency services that are made available to a family under this subsection shall be
14 based on a determination of need established by the department in regulation. If a
15 family receives only self-sufficiency services, the department may waive the self-
16 sufficiency plan requirements specified in (a) and (b) of this section.

17 * Sec. 35. AS 47.27.035(a) is amended to read:

18 (a) An Alaska temporary assistance program participant shall, after the
19 participant's family has received a cumulative total of 24 months of cash assistance or
20 sooner if assigned to do so by the department, participate in work activities as assigned
21 by the department or its designee in order for the family to continue to receive cash
22 assistance or self-sufficiency services from the department under the Alaska
23 temporary assistance program, unless the participant is exempt from the work
24 participation requirements under one or more of the exemptions set out in (b) - (d) of
25 this section.

26 * Sec. 36. AS 47.27.040 is amended to read:

27 Sec. 47.27.040. Assignment of support rights; cooperation with child
28 support enforcement agency. (a) An Alaska temporary assistance program
29 applicant is considered to have assigned to the state, through the child support
30 enforcement agency of the Department of Revenue, all rights to accrued and
31 continuing child support, from all sources, that is due for the support of any

1 individuals in the family for whom support is sought. The assignment takes effect
2 upon a determination that the applicant's family is eligible for cash assistance under
3 this chapter. Except with respect to the amount of any unpaid support obligation
4 accrued under the assignment, the assignment terminates when the family ceases to
5 receive cash assistance under [BE A PARTICIPANT IN] the Alaska temporary
6 assistance program.

7 (b) An Alaska temporary assistance program participant shall cooperate with
8 the child support enforcement agency of the Department of Revenue in establishing
9 paternity or establishing, modifying, or enforcing a child support order requiring the
10 payment of support by the noncustodial parent for a dependent child for whom Alaska
11 temporary assistance program cash assistance is received. The child support
12 enforcement agency shall determine whether the participant is in good faith
13 compliance with the requirements of this subsection and shall inform the Department
14 of Health and Social Services of its determination. The Department of Health and
15 Social Services shall establish whether the participant has good cause for refusing to
16 cooperate.

17 (c) The department may distribute to an Alaska temporary assistance program
18 participant \$50 per month from a monthly child support payment, or the amount of the
19 child support payment if it is less than \$50, received by the child support enforcement
20 agency for the support of a child for whom Alaska temporary assistance program cash
21 assistance is paid.

22 * Sec. 37. AS 47.27.045 is amended to read:

23 Sec. 47.27.045. Alienation and attachment. Cash assistance
24 [ASSISTANCE] granted under this chapter is inalienable by assignment or transfer
25 and is exempt from garnishment, levy, or execution as is provided in AS 09.38.

26 * Sec. 38. AS 47.27.060 is amended to read:

27 Sec. 47.27.060. Job development. The department may establish cooperative
28 agreements with the Department of Labor and Workforce Development, Department
29 of Education and Early Development, and Department of Community and Economic
30 Development, and with other public or private sector organizations for the purpose of
31 developing job, training, and educational opportunities for families eligible for cash

1 assistance or self-sufficiency services under this chapter.

2 * Sec. 39. AS 47.27.075 is amended to read:

3 Sec. 47.27.075. **Emergency account established.** There is established within
4 the general fund the Alaska temporary assistance program emergency account. The
5 account consists of appropriations that were made by the legislature from federal
6 money available for cash assistance, diversion payments, and self-sufficiency
7 services under this chapter, including lapsing money that was previously appropriated
8 from federal money for the Alaska temporary assistance program, but that were not
9 expended or obligated in the fiscal year for which they were appropriated.

10 * Sec. 40. AS 47.27.080(a) is amended to read:

11 (a) An applicant or participant who receives a determination from the
12 department that denies, limits, or modifies the cash assistance, diversion payment, or
13 self-sufficiency services provided under this chapter may request a hearing before the
14 department or a representative of the department appointed for that purpose. If a
15 representative is appointed, the representative shall conduct the hearing under the
16 regulations adopted by the department. The appeal is not subject to AS 44.62.330 -
17 44.62.630.

18 * Sec. 41. AS 47.27.085(a) is amended to read:

19 (a) Except as provided in (b) of this section, the [THE] department shall
20 reduce the amount of cash assistance provided to the family of [PENALIZE] an
21 Alaska temporary assistance program applicant or participant who, without good
22 cause, fails to comply with a condition of the family self-sufficiency plan, [OR] who
23 fails to participate in work activities required as a part of the Alaska temporary
24 assistance program, or who fails to cooperate with the child support enforcement
25 agency as required under AS 47.27.040. The reduction shall be, [BY
26 DISREGARDING THAT PERSON AS A MEMBER OF THE FAMILY FOR
27 PURPOSES OF DETERMINING THE AMOUNT OF ASSISTANCE GIVEN TO
28 THE FAMILY. THE PERIOD OF TIME DURING WHICH THE DEPARTMENT
29 SHALL DISREGARD THE NONCOMPLYING PERSON FOR PURPOSES OF
30 DETERMINING THE AMOUNT OF THE FAMILY'S ASSISTANCE IS]

31 (1) beginning on the date the department makes a finding that the

1 family is not in compliance under this subsection, 40 percent of the maximum
2 cash assistance that would be payable under AS 47.27.025 for a family of the
3 same size, assuming the family has no income counted for purposes of this
4 chapter, until the date the department determines that the family [PERSON] is in
5 compliance under this subsection if the family comes into compliance within the
6 first four months after the date of the department's finding of noncompliance
7 [PERSON HAS NOT PREVIOUSLY BEEN DISREGARDED] under this subsection;
8 on the date the department determines that the family is in compliance, the
9 department shall begin to pay the family the full amount of cash assistance for
10 which the family is eligible;

11 (2) beginning five months after the date the department made the
12 finding that the family was not in compliance under this subsection, 75 percent of
13 the maximum cash assistance that would be payable under AS 47.27.025 for a
14 family of the same size, assuming the family has no income counted for purposes
15 of this chapter, [THE LONGER OF SIX MONTHS OR] until the date the
16 department determines that the family [PERSON] is in compliance under this
17 subsection if the family comes into compliance during the fifth, sixth, seventh, or
18 eighth month after the date the department initially determined that the family
19 was not in compliance [PERSON HAS PREVIOUSLY BEEN DISREGARDED]
20 under [(1) OF] this subsection; on the date the department determines that the
21 family is in compliance, the department shall begin to pay the family the full
22 amount of cash assistance for which the family is eligible;

23 (3) beginning nine months after the date the department made the
24 finding that the family was not in compliance under this subsection, the full
25 amount of the family's cash assistance if the noncompliance under this subsection
26 is not corrected within eight months after the date of the department's initial
27 finding of noncompliance under this subsection; in order to again receive cash
28 assistance under this chapter, the family shall reapply under AS 47.27.020 and
29 satisfy all requirements applicable to applicants under that section [LONGER OF
30 12 MONTHS OR UNTIL THE PERSON IS IN COMPLIANCE UNDER THIS
31 SUBSECTION IF THE PERSON HAS PREVIOUSLY BEEN DISREGARDED

1 UNDER (2) OF THIS SECTION].

2 * Sec. 42. AS 47.27.085(b) is repealed and reenacted to read:

3 (b) Notwithstanding (a) of this section, the department may not reduce a
4 family's cash assistance under (a)(2) or (3) of this section unless there is, in the
5 family's case record, (1) documented evidence that the department has attempted to
6 visit the family's home after the imposition of a reduction under (a)(1) of this section
7 and (2) a written finding by the department that, considering the results of any home
8 visit attempted under (1) of this subsection and the availability of other services in the
9 community that are appropriate to the family's needs, the health, safety, and well-
10 being of the children in the family will not be significantly jeopardized by imposition
11 of a reduction under (a)(2) or (3) of this section. If the department does not reduce a
12 family's cash assistance based on the provisions of this subsection, the department
13 may manage the family's cash assistance on behalf of the family under regulations that
14 the department shall adopt concerning management of cash assistance under this
15 subsection.

16 * Sec. 43. AS 47.27.085(c) is amended to read:

17 (c) An Alaska temporary assistance program applicant or participant who
18 receives cash assistance, a diversion payment, or self-sufficiency services when not
19 entitled to them under this chapter because the information provided by the applicant
20 or participant was inaccurate or incomplete is liable to the department for the value of
21 the cash assistance, diversion payment, and self-sufficiency services improperly
22 provided to the applicant or participant.

23 * Sec. 44. AS 47.27.085(d) is amended to read:

24 (d) In a civil action brought by the state to recover the value of cash
25 assistance, a diversion payment, or self-sufficiency services improperly provided
26 under this chapter, the state may recover costs of investigation and prosecution of the
27 civil action, including attorney fees as determined under court rules.

28 * Sec. 45. AS 47.27.085 is amended by adding a new subsection to read:

29 (e) The department shall adopt regulations necessary to implement this
30 section.

31 * Sec. 46. AS 47.27.900(8) is amended to read:

1 (8) "self-sufficiency services" means work-related services,
2 community service work referrals, child care assistance, emergency assistance,
3 service vouchers, equipment vouchers, work stipends, transportation assistance,
4 wage subsidies, and other work supports and services determined by the department
5 in regulation to promote family self-sufficiency;

6 * Sec. 47. AS 47.27.900 is amended by adding new paragraphs to read:

7 (10) "cash assistance" means assistance for basic living expenses
8 provided under the Alaska temporary assistance program; "cash assistance" includes
9 cash, vouchers, or third-party vendor payments; "cash assistance" does not include a
10 diversion payment under AS 47.27.026 or self-sufficiency services;

11 (11) "diversion payment" means a diversion payment paid under
12 AS 47.27.026.

13 * Sec. 48. AS 47.27.900(1) is repealed.

14 * Sec. 49. The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 TRANSITION: REGULATIONS. Notwithstanding sec. 52 of this Act, the affected
17 state agencies may proceed to adopt regulations necessary to implement the changes made by
18 secs. 1 - 48 of this Act. The regulations take effect under AS 44.62 (Administrative
19 Procedure Act), but not before the effective date of the statutory changes.

20 * Sec. 50. The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 REVISOR'S INSTRUCTIONS. The revisor of statutes is instructed to change the
23 catchline of

24 (1) AS 47.27.020 from "Application and requirements for assistance" to
25 "Application requirements";

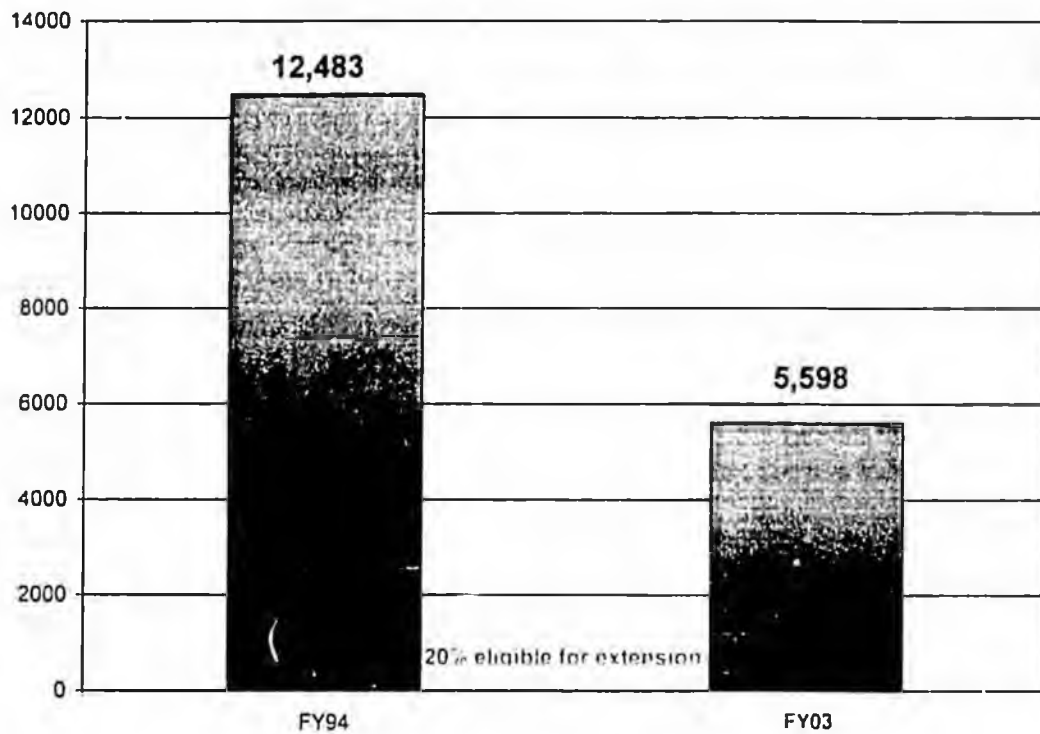
26 (2) AS 47.27.025 from "Family assistance" to "Cash assistance";

27 (3) AS 47.27.030 from "Family self-sufficiency plan" to "Family self-
28 sufficiency services."

29 * Sec. 51. Section 49 of this Act takes effect immediately under AS 01.10.070(c).

30 * Sec. 52. Except as provided in sec. 51 of this Act, this Act takes effect July 1, 2002.

**Comparison of Number of Families
Eligible for 60-month Exemption, FY94 and FY03**



In FY94 the average monthly ATAP caseload was 12,483. By FY 2003, we expect the caseload will be 5,598. 20% of the FY94 caseload is 2,497, and 20% of the FY03 average caseload is 1,120. This is a 55% decline in the number of families eligible for an exemption to the 60-month limit.

**Projected Number of Temporary Assistance Families
Exceeding the 60-Month Time Limit**

Fiscal Year	A Average Monthly Caseload	B Change From Previous Year	C Exemptions Allowed under 20% Cap (A X 20%)	D Projected Average Families Over 60 mo	E Hardship Families Projected Eligible for Extension	F Non-Hardship Families Cut-Off (D - E)	G Hardship Families Cut-Off (E - C)
FY94	12483		2497				
FY97	12096	0.6%	2419				
FY98	10514	-13.1%	2103				
FY99	8890*	-15.4%	1778				
FY00	7596*	-14.6%	1519				
FY01	6091**	-19.8%	1240				
FY02	5888	-3.3%	1178				
FY03	5598	-4.9%	1120	587	473	114	0
FY04	5262	-6.0%	1052	1053	774	279	0
FY05	4900	-6.9%	980	1473	1000	473	20
FY06				1893	1195		
FY07				2313	1362		
FY08				2733	1507		
FY09				3153	1631		
FY10				3573	1738		

Note: All Figures FY01 and later are estimates

* TCC excluded

** TCC, T&H, AVCP excluded FY01 forward

Exemption Criteria for Families Reaching the Temporary Assistance 60-Month Time Limit

State law provides that recipients of Temporary Assistance are eligible for an exemption from the 60-month time limit if they meet certain criteria. The Department has developed these criteria for adoption in regulation. Exemptions are limited to families in the following circumstances:

- **Victim of domestic violence**
A family would receive an exemption if an individual were unable to accept or keep employment, participate in work activities or achieve self-sufficiency as a result of the effects of domestic violence.
- **Adult who is physically or mentally unable to perform gainful activity**
An exemption would be allowed for families with an adult who has a diagnosed physical condition or mental disorder severe enough to limit their ability to secure or retain full-time employment.
- **Parent who is providing care for a child who is experiencing a disability**
A parent would be exempted if he or she is not able to work because they are needed to care for a disabled child with a diagnosed severe emotional, mental or physical condition. A licensed medical professional must verify the need for care.
- **Hardship**
Hardship means that a family is experiencing circumstances outside their control that prevent the family from reaching self-sufficiency AND the loss of Temporary Assistance benefits would result in conditions that threaten the health or safety of the family.

Circumstances Outside of the Family's Control include:

- A specific catastrophic event that meets the criteria for a formal disaster declaration under state or federal laws impacts the family in a way that reasonably prevents self-sufficiency;
- An adult in the family has a documented functional impairment that interferes with their ability to earn a wage sufficient to support the family;
- An adult in the family is not able to work because they are needed to care for a disabled adult relative with a diagnosed severe emotional, mental or physical condition. A licensed medical professional must verify the need for care.

Conditions that Threaten the Health or Safety of the Family include:

- The family will not have sufficient income or resources to provide for housing, food, transportation, or other essential needs;
- The family does not have access to support from any other source to meet those needs;
- The family does not have access to appropriate child care or other employment supports needed to maintain employment;
- The family will be unable to stay together if benefits are ended; and
- The family is pursuing plans with Division of Family and Youth Services for the safe return of a child temporarily removed from the home or to prevent removal of a child from the home, and the plans would be disrupted if ATAP benefits ended, resulting in the child being at risk of placement in emergency shelter or foster care.

FAMILIES FACING THE ALASKA TEMPORARY ASSISTANCE PROGRAM 60-MONTH TIME LIMIT

The Alaska Temporary Assistance Program (ATAP) provides assistance with basic needs and employment services to needy Alaskan families. Eligibility for the program is time-limited – state and federal law limits most families to a lifetime maximum of 60-months of assistance.

July 2002 marks the first month that some families in Alaska will reach the 60-month time limit for receiving Temporary Assistance. Although the time limit on Temporary Assistance is a key element of welfare reform, there are truly needy families who, despite their best efforts, will need continued support beyond 60 months. These families experience serious personal and social problems that interfere with their ability to find and keep work.

A survey of case managers who work with long-term recipients (those who have had 40 or more months of assistance) completed by the Division of Public Assistance reveals that the challenges faced by these families mirror national data on welfare recipients and include:

- **Physical health problems** - 49% suffer with moderate to severe health problems that make it difficult or impossible to work.
- **Disabled children in the home** – 21% care for children with severe medical or emotional problems.
- **Disabled relative in the home** – 11% care for another adult with a severe medical problem.
- **Domestic violence** - 23% reported family violence that impacted their ability to find or keep work.
- **Mental health disorders** - 33% experienced mental health problems that interfere with employment.
- **Substance abuse** - 16% have problems with alcohol or other drugs.
- **Learning disabilities** – 12% experience a learning disability, which makes it difficult to read, write or handle mathematic calculations.
- **Literacy** – 18% have low literacy rates.
- **Multiple challenges** – 56% experienced two or more challenges, 28% faced three or more challenges.



Real Families With Real Needs

Examples of Families who are Helped by HB 402

Frank* is a 48-year-old father of two children whose wife, Marianne, has significant medical problems requiring him to care for her. Marianne is permanently disabled and receives Social Security. Frank and their two children receive Temporary Assistance. One of the children is blind, requiring extra care. Frank participates in a home-based training program while he cares for his family, and plans to begin his own computer repair business, but it could be awhile before he works his way off assistance. The family has only 6 months before reaching the time limit.

Diane is a 40-year-old single mother with two children, one with severe medical problems. The child is in special education classes, but is ill often, which requires Diane to be available for care. She has not found an employer who is able to accommodate her need for frequent sick leave. The family has only 5 months left before reaching the time limit.

Theresa is a 36-year-old mother battling depression while raising three children. In addition to Theresa's medical condition, she had serious challenges with a teenage son. Theresa and her son are both doing better and she hopes her medical condition is stabilized. Theresa has been working part-time this last year and is attempting to get a full-time job. The family has 8 months before reaching the time limit.

Deborah is a 46-year-old mother supporting her husband Charlie, who is incapacitated, and their five children. Deborah dropped out of high school and has minimal job skills. The family does not own a car and must use public transportation. Charlie is applying for Social Security disability benefits, and Deborah works full-time, resulting in a very low monthly benefit payment – but the family's assistance is still counting towards the 60-month time limit. They have four kids, one with a serious medical problem, plus they took in a nephew who might otherwise have gone into the child welfare system. The family has 8 months before reaching the time limit.

Helen is a 27-year-old single mother with 3 children. She has a learning disability and a low reading level and has received some remedial help in literacy. She is now employed and has a supportive boss who helps her work through the learning difficulties she encounters on the job. With further assistance, Helen may attain full-time employment at a higher wage, but it could take some time. The family has 13 months before reaching the time limit.

**all names have been changed to protect confidentiality*

Point-Counterpoint: Perspectives on Welfare Reform and Children

Ron Haskins and Wendell Primus

The respective conservative and liberal policy perspectives of Ron Haskins and Wendell Primus have produced lively debates at several JCPR-sponsored welfare reform conferences. Most important, though, changes wrought by welfare reform have led them to agree on a number of policy recommendations. To feature points of agreement and remaining points of disagreement, we invited them to assess the past and hoped-for future of welfare reform and its likely impacts on children.

A developmental psychologist by training, Ron Haskins is staff director of the House Ways and Means Committee's Subcommittee on Human Resources. Economist Wendell Primus held that post between 1991 and 1993, after serving as chief economist for the subcommittee for a number of years. He was also the Deputy Assistant Secretary for Human Services Policy in the Office of the Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services between 1993 and 1996 and is currently the director of the Income Security Division at the Center for Budget and Policy Priorities.

Early Returns on Welfare Reform

Haskins—Wendell, surely you must agree that welfare reform has succeeded beyond even most conservatives' expectations. The 50% AFDC caseload decline since 1994 is without precedent. Well over a million more young mothers are working rather than languishing on welfare. And equally important, the widely predicted disasters have not materialized. There has been no "race to the bottom" in spending by states. Many poor families on welfare have shown that they are capable of supporting themselves, and there is no compelling evidence of dramatic increases in hunger, homelessness, or foster care.

Primus—Employment and earnings have increased, that's clear. However, welfare reform should be as much about reducing poverty as it is about reducing caseloads. Although caseloads have dropped and more people have gone to work, many families are still unable to rise out of poverty. The average wage for former recipients is \$6.50 to \$7.00 per hour. About two-thirds have earnings below poverty levels. While I agree there has been no race to the bottom, about one-half of the states have set time limits that are more stringent than the federal standard, and many states have adopted full-family sanctions. Each month, 23,000 families lose their entire grant because of these full-family sanctions.

Haskins—But many of those sanctioned families reapply and

their benefits are restored. And if half the states have set more stringent time limits, over 40 states have increased their work disregards so that families can go to work and still receive welfare benefits as a kind of wage supplement. The nation tried for the last 30 years to reduce poverty by wrapping people in entitlement benefits. Yet, child poverty was not affected at all by an avalanche of programs and money. Liberals attacked the proposed reforms by predicting that they would cause huge increases in child poverty. Now, four years after the bill became law, we find that poverty has actually fallen during each year of welfare reform. In 1997, child poverty declined by 3% and poverty among black children declined 7%, the biggest single-year decline for black children since we've been keeping separate records for blacks. Even more interesting, child poverty under a broad Census Bureau measure, which includes the Earned Income Tax Credit, Food Stamps, and few other benefits not counted in the official measure, has declined from 15.5% to 11.1%, a decline of 28% in five years. That's better than the decline during any comparable period during the War on Poverty.

Primus—Of course, one would expect child poverty to decline with the strongest economy and lowest unemployment rates in several decades. But while the number of poor children declined by 1.2 million per year between 1993 and 1995, it declined by only 400,000 children per year in the last three years for which we have data. More important, the depth of poverty among children is at an all-time high since we began measuring it consistently in 1979. Child poverty rates increase when government programs are weak and decrease when government programs are strong. In the past, welfare programs played a pivotal role in reducing the poverty gap. Now, largely because of the loss of AFDC, the disposable incomes of the poorest fifth of single mothers fell 4% between 1995 and 1998, despite increased earnings. (During the two years prior, disposable incomes had increased 14%.)

Haskins—Government programs are less effective at removing children from poverty because individuals are more effective at doing it themselves. These mothers are getting their money the old-fashioned way—they are earning it. And as you know, the government then supplements their earnings with tax credits, Food Stamps, housing, Medicaid, and a host of other benefits. It's the new system of work combined with public subsidies that is producing the big impacts on poverty. Now, you are certainly right that there are problems among the very poorest mothers. That some mothers are worse off is not

surprising. Under AFDC, mothers were required to do virtually nothing except cash their checks. Now they are expected to work and are sanctioned if they don't. Liberals should admit that there are few policies that do not make some people worse off and that, on balance, many more people are better off than worse off. Conservatives should admit that some people are worse off and, more important, should agree that more effort should be made to help these families—and some of these families will need welfare benefits for many years.

Worrisome Decline in Food Stamps

Primus—Lifting a substantial number of children out of poverty is not an impossible task. A first step is to ensure that when a mother goes to work, she continues to receive vital supports such as Food Stamps, Medicaid, and child care. The payoff to working for many families is slim if they do not continue to receive Food Stamps and fail to get help with child care expenses. To make work pay, we should also increase the minimum wage.

Haskins—I agree that the drop in Food Stamps is worrisome. However, not all of it is bad. Some families now earn too much to qualify. Others undoubtedly regard Food Stamps as welfare and therefore do not want them. I believe a majority of Americans would be highly respectful of families that turn down Food Stamps because they don't want the stigma of welfare. Stigma is a powerful and usually positive force; it should be maintained and respected.

Primus—But Ron, why should we stigmatize working parents who don't earn enough to pull themselves and their children out of poverty? These families need help to escape poverty, and to make sure they can access the help, we should keep welfare offices open on Saturdays and in the evenings and let them continue to get Food Stamps without such a large hassle factor. Another step we should consider is creating incentives for states that enroll the highest percentage of working poor families. We should also simplify reporting requirements, and make it easier for working poor families not on welfare to apply for both Medicaid and Food Stamps.

Haskins—I readily agree that we should make it easier for families to receive Food Stamps. Even more important, we should do more to make it easier to continue receiving Medicaid, as states such as Ohio, Florida, and Oklahoma are now doing. But you consistently ignore the fact that even with the unfortunate decline in Food Stamp receipt, we are already making excellent progress against poverty.

The EITC

Primus—Another important work support is the Earned Income Tax Credit (EITC). The EITC has become a crucial antipoverty program. To improve it, we should lower its

implicit tax rate on earnings by expanding the phase-out range on eligibility. [Currently, the amount of the tax credit is based on income, topping out at \$3,800 per year]. Another important expansion would be to establish an additional tier for families with three or more children. Large families are more likely to fall into poverty. As we increasingly replace welfare benefits, which were adjusted for family size, with credits and benefits that do not vary by family size, adding a third tier to the EITC takes on greater importance.

Haskins—If you want to do something good for the EITC, you should give your former employer a call and tell him to sign the Republican marriage tax penalty bill. That bill, which we will send to President Clinton again later this year, would provide over \$5 billion in EITC expansions for married couples. In the many times you and I have debated in recent years, I almost never hear you talk about marriage. It was the decline of marriage that led to both the huge increases in illegitimacy starting roughly in the 1960s and the resistance of poverty to government programs. Only the National Organization for Women denies that marriage would confer great benefits on both poor adults and their children. I'll make you a deal. If you start emphasizing the importance of increasing marriage and reducing illegitimacy in the nation's campaign to fight poverty, I'll continue to argue for the expansion of the EITC and the aggressive implementation of policies to ensure that low-income working families receive the Food Stamps and Medicaid for which they are eligible.

Primus—Ron, you know I have testified in favor of marriage. Government can't do it all. Providing jobs, enforcing child support, and replicating the MFIP [Minnesota] results are probably the best things the government can do to promote marriage. Churches, synagogues, and families need to teach young adults respect for the opposite sex.

Child Care

Primus—The majority of families leaving welfare do not take advantage of child care subsidies. The same issues that plague Food Stamps apply to child care. We need to make applying for child care subsidies easier and their availability more well known. We should also increase the flow of funds to low-income neighborhoods and perhaps stabilize child care arrangements. I am convinced that many families do not know that informal day care provided by a grandmother or a neighbor is eligible for child care reimbursement. This might be one of the best ways to increase the flow of funds to low-income neighborhoods. Training could also be provided to make these providers better qualified. The provision of training and monetizing these informal arrangements would make these providers financially more stable and more likely to continue providing child care assistance.

Haskins—Republican policy on child care has been clear since Congress enacted the bipartisan 1988 welfare reform bill. Streamline the number of programs and federal control, confine federal regulations to the requirement that states and localities follow their own regulations in facilities that get federal dollars, require that states offer vouchers, and increase the number of federal dollars available for child care and Head Start. These policies are embodied in both the 1990 child care legislation and the 1996 welfare reform law. The 1996 law, for example, increased federal child care funds by nearly \$4.5 billion. Under Republican policy, states have more money, less red tape, and more control. I know you and many other liberals want to make child care into a federal entitlement backed by federal regulation of child care facilities, but the federal political system, even when it was controlled by Democrats, does not support spending the kind of money that would be necessary to provide an entitlement and has repeatedly refused to create federal regulations.

Child Support

Primus—Another area that deserves more attention is assisting fathers in meeting their parental responsibilities. Labor force participation among young black males ages 20 to 24 has declined since 1993 while it has increased substantially for their female counterparts. Many of these men are fathers who are not paying child support. For the poor children who do receive child support payments from their dads, it makes up about one-quarter of their total family income on average. However, in 1996, only 22% of poor children with one non-custodial parent had a child support order in place and received some financial assistance from their noncustodial parent. For dads whose children are on welfare, none of their child support reaches the child; it is all retained by the state—in effect, a 100% tax rate. We need to change child support policies that are problematic for low-income noncustodial parents by setting realistic orders and modifying orders for periods of unemployment to keep arrearages from accruing. We should also explore policies that would encourage noncustodial parents to pay child support, perhaps through economic incentives. We need to ensure that children in custodial families benefit when child support is paid on their behalf. We also need to provide employment and other services to noncustodial parents to increase their capacity to pay child support.

Haskins—It is a little known fact that Republicans have already done more to increase the amount of child support going to poor and low-income mothers than Democrats did during all the years they controlled Congress. The 1996 welfare reform law forced states to give mothers who left welfare about half of all collections on arrearages. This policy, which was funded, in part, by ending the policy of giving \$50 a month in child support payments to mothers on welfare, now provides over \$0.5 billion per year to mothers who have

left welfare. Our subcommittee has just passed legislation that would force states to give mothers the half of arrearage collections they now retain, thereby giving mothers leaving welfare another \$0.5 billion or so in cash. You and other Democrats want to give more child support money to mothers while they are on welfare, continuing your long tradition of trying to make welfare as comfortable as possible. Republicans would prefer to give mothers more money once they leave welfare. You should wait until you're in the majority again to try making welfare more comfortable and meanwhile help Republicans finish the campaign they started in 1996 to give all collections on arrearages to mothers leaving welfare. As for fathers, we agree entirely with your views. That is why we have already passed legislation to fund demonstration projects aimed at promoting marriage and better jobs for poor fathers. I think there's a better than 50/50 chance we will get a bill the President will sign before the year is over.

State Implementation

Haskins—We are very fortunate to have lots of money available to states. Indeed, the Congressional Budget Office now estimates that states will have saved over \$12 billion in TANF funds by the end of 2002. There is also more money for child care programs. States clearly have enough money to maintain benefit levels of those remaining on welfare and yet spend aggressively on programs designed to help mothers—and even fathers—enter the labor force or get better jobs. States should now begin to use most of their TANF reserves to address the remaining problems. If states do not spend the money, it is inevitable that Congress will reduce basic TANF funding. As the nation moves toward a society of permanent employment for nearly all adults, it would be a shame if government were handicapped in helping poor and low-income families keep up because state legislatures and administrative agencies did not spend the money appropriated for this purpose—or even worse, if they diverted the federal money to serve other purposes. It would equally be a shame if Congress interpreted accumulated savings as a sign that the welfare and work systems were fulfilling their promise and did not need all the available money.

Primus—I'm glad we can end on a note of agreement. Congress should not be threatening to cut TANF monies. States need a stable and consistent stream of financing from the federal government. Some TANF funds probably should remain unspent so states do not have to cut back on benefits and services when the next recession occurs. But we also need to consider creating incentives and/or penalties to reinforce the goal that TANF should be about reducing child poverty. The American Community Survey could be a wonderful tool to measure how well states are performing in reducing child poverty. ■



American Institute *for*
Full Employment

**ASSESSMENT
OF
ALASKA'S WELFARE REFORM
PROGRAM**

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Introduction

Responding to a Welfare Reform Progress Report prepared by the American Institute for Full Employment (AIFE), and a subsequent presentation, Senator Lida Green and Representative Fred Dyson requested that the AIFE assess Alaska's welfare reform efforts. This report contains our assessment of Alaska's welfare reform program, and includes recommendations for improvements.

It is important to point out that although the purpose of this report is to recommend changes, we were for the most part very impressed both with the design of Alaska's welfare reform program and with Alaska's attempts to implement a program based on work-first principles. We met with dedicated, knowledgeable staff at all levels; reviewed policies that are in general conducive to a program that will be successful in assisting families toward self sufficiency; and found service delivery methods that clearly constitute best practices. In particular, we found that staff at all levels are committed to a work-first approach and believe that the great majority of welfare recipients are capable of self-support. Thus, although much of the report discusses problems and recommends solutions, we believe that the main programmatic elements of Alaska's program are valid, and that sound management practices have been used to implement the program. At the same time, we saw significant variations in the levels and kinds of services provided, and found gaps in the provision of services.

The recommendations in this report result from a very quick review of Alaska's program. We interviewed DPA central office management officials, and both management officials and line staff in each Regional office. Both urban and rural program operators and line staff were interviewed, and review staff traveled to remote locations to view program operations. In addition, administrators of two native TANF programs were interviewed. We also reviewed Alaska's statute, regulations, program manual, TANF State Plan, organization charts, data reports,

Welfare Reform Status Reports. Implementation Memoranda, proposals from potential contractors, Tribal Grant Awards, budgetary material, and Alaska's study of welfare leavers.

In addition, we attempted to review descriptions and evaluations of welfare reform program aspects for other states and the nation produced by researchers and technical experts. However, the limited time for the onsite review did not permit us to actually attend and assess the eligibility interview process, case management sessions, or Work Search classes; and interviews with line staff members were limited in both time and number. In addition, we were not able to talk to work program participants to gain their perceptions of the services they were receiving.

Despite these limitations, we hope that our understanding of Alaska's TANF program and of the delivery of Alaska Temporary Assistance Program (ATAP) services is correct, and apologize if we misinterpreted any facet of program rules or delivery mechanisms.

We also want to thank DPA officials and line staff for their cooperation in fitting our visit into their already busy schedules and for the openness with which they conversed with us. We hope that these recommendations will assist Alaska to deliver an even better welfare reform program.

1. Work-First

1.1 Background/Findings: Using Work-First Principles

The "work-first" philosophy is consistently espoused by managers, workers, and contractors, and this is an important accomplishment. We were also impressed with workers' understanding of work-first principles. In the one-stops we visited, we found the Department of Labor and Workforce Development (DOL) staff as well as Alaska Temporary Assistance Program (ATAP) staff working together, and this, combined with the clients' ability to access employment related-resources immediately, certainly promotes the work-first message. However, in practice, we found considerable variation in the actual application of work-first principles, and we believe that there are additional steps that Alaska can take to ensure that work-first is more consistently employed.

One of the key principles of work first is that the labor market is the best test of employability. A strong diversion program utilizing structured work search is necessary to achieve this principle. There is an existing policy for diversion in Alaska, which allows a lump sum payment of up to two months benefit to enable a potential applicant to avoid opening a grant. However, it is rarely used. We provide recommendations for enhancing the use of diversion elsewhere in this report.

1.1.1 The Up-Front Process and Assignment of Case Managers

Despite the philosophy of work first, Alaska's up-front process continues to have eligibility for the cash ATAP benefit as the primary focus instead of employment and self-sufficiency. To some extent this is unavoidable when: (1) separate workers handle eligibility and case management; (2) eligibility is the first activity; and (3) case managers are not always assigned immediately. Time frames range anywhere from a few days to six weeks from first day of contact until a client is engaged in the contracted Work Search class.

Both the assignment of a case manager as well as the assessment process used to determine if clients should be referred to the Work Search class vary greatly from area to area and from worker to worker. In Ketchikan, clients are assigned a case manager at the same time they have their eligibility interview. In this office, clients meet with their case manager on the same day as their eligibility interview, a Family Self Sufficiency Plan (FSSP) is developed, and they are referred immediately

to the Work Search class. Often clients will be attending Work Search class even prior to the actual opening of the ATAP grant.

However, in other areas, the assignment of a case manager and the length of time before a client meets with the case manager is much more haphazard. While the Division of Public Assistance's (DPA) goal is to have 100% of non-exempt clients case managed, we visited areas where not all clients were working with a case manager. For example, we found clients on a waiting list for case management in Juneau. In addition, clients in only five of the Nome area villages have case managers; in the Kotzebue villages, most clients are not being regularly served by a case manager.

While the policy is that virtually all clients should be referred to the Work Search class as the first activity, some areas report that a number of applicants are actually not being referred to Work Search class as a first activity because of perceived barriers.

In summary, the determination of who to refer and when by case managers varies greatly, not just from office to office, but within the same office, and there does not appear to be any uniform guidance or assessment form to assist case managers in this determination.

1.1.2 Work Activities Versus "Barrier Removal"

Another principle of the work-first philosophy is that assessments should focus on an individual's and family's strengths and build upon those rather than presume that there are numerous barriers which must be overcome before the family can make any movement forward. While DPA administration clearly endorses a strength-based assessment approach, some of the case management and Work Search class staff and managers with whom we met appear to be moving away from this approach. For example, Work Search class staff in Ketchikan and a case manager in Sitka informed us that most clients now have so many barriers that a great deal of assessment must be done first, followed by barrier removal rather than employment activity, or at least a combination of barrier removal and employment. As a result, we were told that fewer clients are being referred to the Work Search class.

In Fairbanks, we were advised that orientations are now being done only every other week and that only one individual is in the newest Work Search class. In addition, once in the class, fewer clients are actually

looking for work or engaging in actual work activities versus "barrier removal" activities. "Barrier removal" activities include obtaining a driver's license, mental health counseling, and working on family issues. While some of these activities may be necessary to move the individual to employment, they do not need to be done to the exclusion of work activities for most people. Because of this "barrier-based" view of clients, some of the Work Search classes have moved away from a standardized curriculum to a more individualized approach.

While there are no data to quantify the exact number of referrals to vocational rehabilitation services, anecdotal information from case managers creates the impression that referrals are high relative to other states' experience. This may be another sign that there is too great a concentration on barriers to employment. Traditionally, vocational rehabilitation services tend to be much longer term and more expensive than other welfare-to-work services.

1.1.3 On-the-Job Training/Community Service

A third principle of the "work first" philosophy is that on-the-job training is often the most productive method of training. To this end, DPA is implementing several new on-the-job training approaches. Since these are just being implemented, it is too early to assess their effectiveness. However, some areas believe that the wage reimbursement level, i.e. one-half the wage for OJT, and the requirement that employers make a good faith agreement to hire the participant, will not attract many employers. This is especially the case in the rural areas.

In the extremely rural areas, where there is very little employment, a greater use of community service, e.g. helping at the local school, should be possible. Often because of lack of resources, these communities have significant infrastructure issues which clients could help meet. However, some staff raised concerns that in small communities clients assigned to perform such unpaid community services will be stigmatized.

1.1.4 Exemptions from Work Participation

State policies providing exemptions to work participation requirements also prevent full implementation of work-first principles. Alaska's statute was recently changed to require adults exempt because of physical or mental limitations to complete a self-sufficiency plan. However, Alaska's

regulation still provides that individuals automatically qualify for an incapacity exemption even if the individual is able to work part-time (7AAC45.235(a)(2)).

Even individuals who are physically or mentally incapacitated can take steps toward self-sufficiency and should be obligated to agree to appropriate activities. Although the inability to perform full-time work may prevent an individual from participating to the level where his/her activities are countable in calculating participation, such individuals should not be totally exempted from work participation. A similar issue concerns individuals with mental health and substance abuse problems. Currently Alaska cannot require that such clients include treatment as a FSSP activity. In addition, even where a client agrees to treatment, there are waiting lists for substance abuse treatment in some areas. We understand that DPA is already addressing these problems.

Although parents with children under 12 months of age are required to complete FSSPs, such individuals are permitted to be exempt from work participation requirements for this total period (Section 47.27.035). This exemption is only allowed one time per parent(s). Most workers with whom we met believe that the 12-month exemption period is too long; several related their own experiences in this area, advising that they had been required to and had successfully returned to work 16 weeks after the birth of a child.

Experience in other states varies widely in this area. Thirty states provide at least a 12-month exemption after childbirth, 11 states provide a three-month exemption, one state exempts parents for six months, one for four months, one for 13 weeks, while six states provide no exemption in such cases (Urban Institute, Welfare Rules Data Book: State TANF Policies as of July 1999). Although work-first principles support a reduction in the exemption period, there are other considerations in determining appropriate policy. Elsewhere in this report we advise that some areas in Alaska report there is already a shortage in infant care and this would be exacerbated were the exemption period to be reduced. In addition, Alaska has just added funding to child care to eliminate a large child care waiting list. Both these issues need to be considered in revising exemption policies.

1.1.5 ATAP Clients Filing for Disability Benefits

Although only peripherally related to this section on work-first, we note that Alaska does not require individuals receiving ATAP but claiming a disability to file for federal disability benefits (Title II and SSI). Although disabled individuals are not subject to Alaska's 60-month time limit, federal policy does not exempt such individuals from the 60-month federal time limit for receipt of cash benefits provided using TANF funding. DPA did point out that even without the requirement, it has moved approximately 500 individuals from ATAP to SSI. However, Alaska's failure to require disabled individuals to file for federal disability benefits may increase the state's risk of being subject to a federal penalty because more than 20% of recipients have received benefits more than 60 months.

1.2 Work-First Recommendations: Take Further Steps To Incorporate the Work-First Philosophy Into ATAP Operations

We recommend a number of enhancements/changes to ensure that the work-first philosophy is carried out in practice. First, the "up front" process should be strengthened. On a consistent basis, clients should be interacting with a case manager on or as close to the first day of contact as possible. This will send a clearer message that public assistance is as much about obtaining employment as it is about providing cash benefits. The Ketchikan office is potentially a good model to follow in this area.

Second, DPA should provide stronger, more consistent guidance with regard to assessment. As a start, a statewide assessment form should be developed to assist case managers and work search staff, and case managers should be trained to utilize a strength-based approach in completing assessments. The emphasis should be on utilizing the labor market as the best test of employability and the key presumption should be that all individuals are capable of moving themselves and their families forward. Only one week of basic training is routinely provided to case managers although some additional topic-specific trainings are also provided, e.g. domestic violence. The materials presented in this training should be reviewed to ensure that a family strength-base approach is utilized versus an over-emphasis on predetermining family barriers. Additionally, the curriculum of the Work Search classes should be reviewed to assure there is a consistent strength-based, work-first approach.

Our third recommendation deals with participation activities for individuals who do not obtain unsubsidized jobs through their participation in a Work Search class. Where appropriate, actual work activities such as subsidized employment, work experience and community service should be more uniformly utilized from the outset. In this regard, Alaska should consider piloting a more complete subsidized employment program than is now being implemented through OJT or Trial by Hire. Oregon has demonstrated that a subsidized work program can be effective in promoting economic development. In Sitka, staff believed that if employers could be reimbursed for somewhat more than 50% of the wage, they could be motivated to hire clients during the slower winter months. In addition, where neither unsubsidized nor subsidized jobs exist, particularly where infrastructure needs are great, such as in rural Alaska, the utilization of community service should be increased. Alaska should look at how successful mass work experience/community service programs in other states (e.g. West Virginia) overcame or mitigated the issue of stigma where it existed.

Finally, Alaska should revise its policies and practices for treating individuals limited by incapacity from full participation in work activities. Such individuals should be required to complete FSSPs that include activities appropriate to the individual's condition; actual work activities should be required for individuals able to participate on a part-time basis; and Alaska should require fully disabled persons to file for and pursue applications for federal disability benefits. Entitlement to ATAP should be on a contingency basis for such individuals, with federal benefits when approved used to reimburse the state for ATAP funds provided in the interim. Clients should be required to access substance abuse and/or mental health treatment where needed. We understand that DPA is already taking steps to resolve most of these issues. We also recommend that Alaska obtain and analyze data on referrals to vocational rehabilitation to determine the appropriateness of referrals and the achievement of clients served. In addition, if additional child care dollars and resources can be found, Alaska should consider reducing the 12-month exemption period for parents of infants.

2. Diversion Program

2.1 Background/Findings Related to the Current Diversion Program

Statutory Section 47.27.026 is explicit in providing that a lump-sum diversion payment may only be offered to an ATAP applicant if the family appears to be eligible for benefits, the adult applicant is job ready, and the family is determined to need only short-term financial assistance. The amount of diversion assistance that can be provided cannot exceed two months of ATAP benefits and must be sufficient to meet the family's immediate needs. Alaska Regulations (7AAC 45.266) provide that three factors shall be considered in deciding whether to offer a lump-sum diversion payment to an applicant for ATAP: "(1) the job readiness of the applicant; (2) the family's critical financial needs...; (3) other resources available to the family...". Job ready is defined as "currently working or having prospects for employment within 30 days."

Diversion is rarely used in Alaska because of the extremely limited circumstances under which diversion can be offered and the limited cash diversion benefits that are available. Yet workers report that a more open diversion program could assist a significant number of families while avoiding dependency on cash ATAP benefits. Workers advised that, even when diversion is appropriate, it is often not offered because of the long waiting period to obtain an appointment to apply for PASS III child care. Processing the application for ATAP provides the family with immediate PASS 1 child care.

2.1.1 Broader Diversion Options Are Available

A broader and more responsive diversion program could be effectively used to assist families to avoid dependency on cash benefits while providing them with the resources they need to obtain and/or retain employment and support their families. Because the amount of cash benefits provided would be very limited, a greater use of diversion would also save TANF program dollars. Successful diversion programs in other states provide several months of benefits that may be used for a number of purposes that would prevent dependency. Some states even provide vouchers to enable an individual to purchase an automobile. Other states use PRWORA options including Social Security Act Section 1931 to ensure that diverted families are eligible for Medicaid and transitional Medicaid; and provide other "transitional" benefits, such as child care and transportation, to diverted families.

2.2 Diversion Program Recommendation: Revise Diversion Program to Offer More Useful Diversion Benefits/Services and Provide Diversion Option as an Up-Front Activity

We recommend that diversion be an up-front option that is presented to applicants at or near the beginning of the eligibility process, as soon as the worker can determine that the family appears to be eligible for ATAP. Although Alaska's monthly ATAP benefits are the highest in the nation, the cost of living is also quite high. We, therefore, believe that DPA should request statutory authority to increase the maximum amount of cash benefits that can be provided as a diversion payment to the equivalent of three months of cash ATAP benefits. In addition to a cash payment, workers should be able to provide the same transitional benefits, such as child care and six months of transportation assistance, to diverted families as are available to families leaving ATAP for employment. The delay in access to PASS II and PASS III child care must be eliminated to make child care available immediately. In addition, Alaska should use available PRWORA options to provide Medicaid or transitional Medicaid to diverted families.

3. Performance Goals and Performance Monitoring

3.1 Background/Findings Related To Performance Goals and Performance Monitoring

The Division of Public Assistance (DPA) has developed and utilizes performance measures to assess the state's welfare reform progress, and this use of an ongoing system of performance measures as a management tool puts Alaska ahead of many other states. DPA also collects and analyzes additional caseload data. However, to mirror TANF's legislative expectations, additional performance measures need to be added. In addition, we suggest that performance measures should be turned into performance expectations, with performance standards established for DPA and contractor staff.

Although the PRWORA legislation doesn't list performance goals per se, they can be readily ascertained through program requirements, penalties that can be assessed, and bonus opportunities. Clearly participation in work activities is a TANF goal, since minimum participation requirements are provided and states that do not meet the requirements are financially penalized. Two separate factors can be used to conclude that caseload reduction is also an important goal. First, work participation rate requirements are reduced by a state's caseload reduction percentage, making it easier for states with larger reductions to meet work participation requirements. In addition, the 60-month TANF time limit for cash benefits confirms that states are supposed to assist recipients to exit cash assistance.

The TANF bonus categories can also be used to determine important goals. Bonuses are provided to the top performing states in job entry and job success, as well as to the states with the biggest improvements in these measures. Job entries can be claimed for adult recipients who enter employment for the first time in the performance year. Job success consists of two measures that are equally weighted in determining whether a state qualifies: job retention, for the first and second quarters following employment; and earning gains, also measured for the two quarters following employment. Additional bonus categories that have been announced for future years are: rates of family formation, enrollment in Medicaid and state Children's Health Insurance Programs, Food Stamp enrollment, and providing child care to working families.

Twenty eight states received a bonus in fiscal year 2000 based on their 1999 performance in one or more of the four current categories: job entry, job success, improvements in job entry, or improvements in job success. Alaska was not one of the states awarded a bonus in any of these categories, and Alaska's performance ranked in the middle third of states in each category.¹

3.1.1 Current Performance Data Collected and Reported by DPA

The Division's Monthly Caseload and Benefit Summary Reports provide a wide range of statewide data, including:

- Monthly caseload comparisons with percentage changes since the implementation of welfare reform in April, 1997;
- Expenditure comparisons;
- Families served by child care and child care wait list;
- Initial application comparisons;
- All-family and two-parent family work participation rate;
- Months remaining on the TANF time limit for non-exempt families.

Performance measurement data compiled by DPA and published by region and offices within each region, include the following data reports:

- Average and Median Hourly Wage of Employed Temporary Assistance Adults;
- Families that Left Temporary Assistance with Income and Child Support;
- Temporary Assistance Families with Income and Child Support;
- Average and Median Months on AFDC and/or Temporary Assistance;
- Federal Work Participation Rates;

¹ Table 1. *High Performance Bonus: FY2000 Awards by Category Amount*, 12/14/2000, <http://www.acf.dhhs.gov/programs/opre/hpb/table 1.htm>.

- Food Stamp Payment Accuracy Rates;
- Customer Service Survey - Benefit Timeliness (1999); and
- Percent of Temporary Assistance Clients Working >30 Hours Per Week.

3.1.2 Current Use of Data Reports

DPA administrators with whom we met in Juneau are very aware of Alaska's current performance in each area for which data is collected and compiled, and advise that they do use the data to identify problem areas.

The reports that DPA field managers reported they frequently used were monthly data providing:

- Overall Participation Rate by JAS Office;
- Two-Parent Participation Rate by JAS Office; and
- Adults with Earned Income.

However, based on the information provided to us, even though field managers are required to submit weekly reports, they are not required to address their performance specifically related to the data measured in these reports. The regional reports we were given discussed regional activities and issues, but these reports varied in content and did not appear to be designed to be responsive to any of the performance data cited above. Reports are organized into four to six sections, but none of the reports we reviewed for the week ending June 8 directly addressed performance goals. In addition, since data in the reports were not uniformly reported and information was not necessarily organized in similar format, they could not be meaningfully compiled to ascertain whether there were systemic successes or problems.

All interviewees reported that unsubsidized employment is a major ATAP priority and that the percentage of participants employed 30 hours or more per week is closely monitored. However, a Fairbanks Supervisor who did report using performance measures as a management tool, expressed concern because the two-parent participation rate in her section (a measure that includes employment), had declined ten percent from the prior to current month because so many cases were closed because of high wage employment. Although closure is a good outcome,

she noted that the office performance record doesn't look positive if they have too many closures because of the resulting decline in participation.

While we understand that case closure due to employment is measured at the state level, it is not utilized to set performance expectations at the local level. It was suggested that a performance requirement for case closure be added to feature the trade-off between TANF recipient participation in work activities and exit from welfare because of work activity, and to emphasize that welfare exit due to work is a positive outcome.

3.1.3 What Performance Measures Should Be Included in DPA's Performance Measurement System?

What gets measured gets done. For this reason, the performance measures selected need to include all the important factors that signal success. In addition to participation and employment/job placement, which DPA already measures, we believe that Alaska should develop performance measurement reports for caseload reduction and job retention. If Alaska intends to compete for performance bonuses based on success in employment, it will also need to compile data that will enable it to determine wage increases.

In another section of this report, we advise that there is no systematic process required by DPA for the six months of post-temporary assistance case management. Case managers advise that they primarily provide services to their active caseload, and they only work with employed clients who contact them for assistance. Further, DPA advises that it does not have a good way to track job retention using existing automation programs, and job advancement is also not tracked. We believe that it is important to gain the ability to track these factors.

How Can Performance Measures Be Used to Improve Performance?

Developing additional factors to include in the performance measurement system is only the first step. For a performance measurement program to succeed in improving performance, staff and contractors must be assigned performance targets for each measure adopted, their performance must be monitored against these targets, and corrective action plans must be developed and implemented where minimum performance standards are not being met. DPA top administrators should work with regional staff to develop program enhancements, and should review corrective action plans to ensure that changes proposed

are likely to produce improvements. Furthermore, performance measurement must be a continuous effort, including review of performance, development and implementation of corrective actions, and evaluation of their effectiveness. Using a feedback model, DPA should be able to utilize current findings to ascertain what initiatives were successful and for what areas different strategies need to be developed.

In addition, both staff and contractors should be rewarded where their performance exceeds expectations. We discuss in another section the use of pay-for-performance arrangements to reward providers with whom DPA contracts. Although staff salaries cannot be strictly geared to performance standards, pay raises, bonuses, and non-monetary awards can be used to encourage high-level staff performance.

DPA is mindful of the need to create expectations for staff, but sees the difficulty of setting realistic performance standards, because each region in Alaska has such different demographic, geographic, cultural, and labor market issues; and region-to-region performance varies so much at the current time. One way to handle this is to establish initial improvement targets as a percentage from the current baseline performance.

3.2 Performance Goals and Monitoring Recommendation: DPA'S Performance Goals Should Be Expanded and Performance Requirements Should be Established for DPA Staff and Contractors

Clear outcome-based performance standards should be developed for both DPA and contractor staff. At a minimum, measures for job retention and caseload reduction should be added to the current job placement and participation rate measures, and performance targets should be established for each measure. A measure and target for job enhancement will also be needed to ensure that Alaska is a viable candidate for a job success performance bonus. To overcome initial objections about different regional environments, improvement targets should be established as a percentage from current baseline performance.

4. Case Management

4.1 Background/Findings Related to Case Management

It is important to invest in services for clients because self-sufficiency is such an important family goal and TANF time limits provide family heads with such a short period to achieve independence from cash benefits. To ensure that individuals are making good use of their 60 months of time limited eligibility for ATAP, Alaska aims to provide case management to assist every adult required to participate in work services. We found that most clients were being served by case managers and that case managers were working diligently to ensure that individuals received the services they needed to become self-sufficient. However, a number of problems with the way case management is organized and provided limits the ability of case management to be optimally and consistently effective. Below we identify issues we found with the current case management system. We then provide recommendations for improving the effectiveness of case management services.

4.1.1 Organization of Case Management Staff

The Division of Public Assistance does not appear to have a consistent model for providing case management services. Some case managers are generic, providing both case management and eligibility functions (the integrated case management model), while other staff members serve as specialist case managers. Some case managers are DPA staff, while others are contracted staff. In some offices, there is a mix, with both generic case management/eligibility and specialist case management staff, and both DPA and contracted case managers.

Some offices have developed a well-functioning division of labor with good communication between the exclusively eligibility staff and various case managers. For example, in Ketchikan, eligibility workers and case managers are teamed together. Both staff and the local manager believe this allows for building closer working relationships, better communication, and a common service philosophy within the team. It also appears to create a mutual sense of accountability toward the team's caseload. In other offices, the way in which cases are assigned to case managers and subsequent communication between case managers and eligibility workers is inconsistent. For example, in the Gambell office in Anchorage, eligibility workers and case managers are not teamed, meaning an eligibility worker works with numerous case managers, and

vice versa. From our interviews, there did not appear to be a consistent procedure for determining how cases were assigned to case management and to whom. This could be particularly problematic given the large number of contractor organizations providing case management. Interviewees also reported that there is no consistent system for communication between the various workers. Each individual case manager apparently determines how and when to communicate with the eligibility worker, as well as "appropriate" services to be provided to the client. Where assignment and communication is inconsistent, philosophies between the various workers with regard to such things as appropriate referral to activities, job readiness, and criteria for disqualifications appear to vary greatly.

Where case management and eligibility functions are separated and there is not close communication, joint decisions can become problematic. For example, some case managers requested that they be able to implement sanctions, because imposition of a penalty immediately associates the penalty closely with the non-compliance, and sanctions were not always implemented timely by eligibility workers.

4.1.2 Case Management Training

Although the administrators, managers and line case managers with whom we spoke were very positive about the case management training they received, only one week of training is provided. As noted elsewhere, standard assessment and other case management instruments are not prescribed, so that even though all case managers receive the same training, there is no assurance that all case managers will apply the same importance to various client strengths and barriers, or that they will deal comparably with the same situation presented by similar individuals.

For example, we were told by case managers in Anchorage that penalties for non-compliance are applied differently by different workers and that, in particular, whether or not to grant "good cause" is a gray area. Several case managers advised that more training in this area and others, such as cross-cultural differences and how to better utilize supportive services, would be useful. Completion of FSSPs and making proper entries in the JOBS Automated System (JAS) system were other areas in which additional training was provided by local staff. In the absence of additional formal training for all case managers, it is up to individual managers and team leaders to provide these services. While

we were impressed with the diligence with which interviewees pursued these tasks, it is also true that leaving so many basic training tasks to team leaders and/or managers will mean much less uniformity in the level of additional training provided and in the actual handling of similar case management tasks.

4.1.3 Developing Standard Case Management Tools and Forms

Although we recognize that case management services must be specific to the individual client, we believe that the basic tools used by case managers should be uniform, so that the decisions made by all case managers utilize at least the same minimum information about each individual's situation. Currently, ATAP does not utilize a statewide assessment form nor is there an assessment checklist to ensure that this basic information is available. In the absence of statewide forms some individual offices have developed forms and procedures for their own use. However, there is no systematic way to ensure that all offices have access to these locally-developed forms and processes, that the forms and process used by an office are adequate, or that all offices have developed needed forms and processes. The same issues exist regarding local PC-based notices that individual offices have developed to handle what they believe are gaps in the automated notice system (e.g. post-employment notice; scheduled appointment letter to follow up on a FSSP; home visit appointment letter).

In another section of this report we discuss DPA's plans to ensure that extensions are granted to those families reaching the 60-month time limit who need more time to become self-sufficient.

Case managers will be at the forefront of this process and it will be very important that case files contain the information needed to support extension decisions and to indicate what additional services are needed to assist the family to become self-supporting.

DPA management advised us that they are in the process of developing more standard case management forms and processes and we support these actions.

4.1.4 Developing Services and Processes to Insure that Individuals Retain Jobs and Enhance their Ability to Secure Better Jobs

Our experience indicates that post-employment case management is critical for success. Studies indicate that case management involvement is particularly valuable in the first weeks after an individual begins employment, and is learning to adjust to child care, transportation, and other issues. In addition, case management at this time can assist in resolving potential employer-employee conflicts. Because issues continue to arise that might result in job loss, many states require contacts with both the client and the employer to be made for at least six months. Some employment programs (e.g. Welfare-to-Work) require continuing contacts for at least six months. DPA advises that it does not have a way to track job retention using existing automation programs, and that data on recidivism is also not collected. Although we are unable to establish the degree to which job retention problems exist, data from other states confirm that job retention is a significant issue.

In addition, an important tenet of the "work first" philosophy—that any first job is a good start on the road to self-sufficiency—presupposes that an initial job may not always be the perfect job, but it will almost always lead to a better job. To ensure career development, post-employment services should also assist individuals to obtain better jobs, including helping them gain the necessary skills to improve their chances of job enhancement.

Although Alaska continues case management services for six months after employment, there is no systematic contact process required. Workers report that they are primarily engaged in providing services to their currently active caseload and will only work with employed individuals who contact them for assistance. To rectify this deficiency, DPA intends to use a call center modeled after the successful Washington state model, whereby individuals are randomly called to see if additional assistance is needed. Although we certainly support the addition of a call center, we believe that Alaska must also have a systematic approach to stay connected with all working clients and former clients, for at least three months after jobs begin. If possible, data should also be collected, at least on a sample basis, to ascertain whether job retention and job advancement goals are being met.

4.1.5 Turn-Over and Other Issues Contribute to Case Manager Shortages

Several interviewees indicated that there were problems maintaining a sufficient number of case managers to serve all ATAP clients adequately. For example, Juneau staff indicated that some clients were on a waiting list for case management because there were not enough case managers to serve all individuals. Long-distance case management is provided by Fairbanks in the Delta Junction and will be provided to Barrow, because of the inability to obtain a contractor in Barrow. Case management (under contract to the Department of Labor and Workforce Development) is only provided to Nome and four other villages; in the other Nome area villages. DPA eligibility staff assists clients to develop FSSPs and does only limited monitoring. This may account for the fact that the participation rate for Nome DOL is 27.1% while it is only 6.5% in the remaining Nome area. We understand that DPA has plans underway to provide case management services to all the villages.

4.2 Case Management Recommendation: Develop a Statewide, Consistent Case Management Model That Maximizes the Ability of Staff to Meet Performance Expectations

Our recommendations for improving case management follow from the above sections. First, both the integrated case management model, which uses a single worker to provide both case management and eligibility services, and the use of separate workers for each function, can achieve good results if roles and performance expectations are clear. Where separate workers are used, an approach such as work teams, which promote communication and contribute to providing a consistent message, is essential. Where the models are mixed in the same office and both DPA and contractor staff are used, it is essential that procedural requirements be clear and enforced so that comprehensive case management services are provided no matter which case manager is assigned.

Second, to assure that case managers are doing the best job possible to assist recipients achieve self-sufficiency, DPA should: (1) develop standard assessment and other case management instruments; and (2) require their use.

Third, case managers should be provided with additional formal training, including training on using the standard assessment and other case management instruments identified in the findings above.

Fourth, DPA should develop a systematic contact process for at least the first three of the six months of post-employment case management. In addition, data should be collected to determine whether job retention and job advancement goals are being met. Finally, if DPA management believes that case management promotes self-sufficiency (and we believe it does), the Division must provide regular case management to all recipients.

5. Contractor Performance

5.1 Background/Findings Related to Contactor Performance

Many states including Alaska contract out for the provision of some welfare services. Privatization of government functions makes good sense where contractors are able to provide services more efficiently and effectively than in-house workers. Using such criteria, usually contractors are used for functions for which in-house workers have no particular expertise, such as the provision of job search workshops and other employment activities.

The most successful contracts are outcome based, with contractors required to provide a continuum of services if necessary to produce the required outcome. For example, in the state of Delaware, Job Connection contractors are required to place referred clients into unsubsidized work within 30 days. If the client is unable to find an unsubsidized job, Job Connection places them in work experience until a job becomes available. Contracts are "pay for performance" and payment is strictly based on employment outcomes, with contractors receiving 20% of their payment for initial enrollment (they are not paid this fee until a referred client is actually brought in for services), 40% for job placement for at least 30 days, and another 40% upon job retention for 90 days. No payment is made unless the appropriate payment milestone is achieved.

5.1.1 Current DPA Contracting Practices

Although DPA contracts contain performance expectations, payment is provided whether or not outcomes are achieved. Contracts are awarded for a particular service, such as case management or work-search rather than a continuum of services, so that it is difficult to hold the contractor responsible for meeting client outcomes. We were informed that the performance expectations in case management contracts include the size of the caseload and expected participation rates, while work search contracts have an employment placement goal.

Based on provider proposals we reviewed, performance goals tend to be somewhat general: for example a provider proposal for comprehensive case management for rural southeast Alaska ensures that "at least 60% of all families and 85% of the two-parent families [will] participate in the defined work activities with a primary goal of unsubsidized employment."

Another proposal, to provide post-employment case management services to 257 families, 232 of which still receive ATAP benefits, advises that "the success of the Project will be evaluated based on 70% of the individuals who receive post employment case management services maintaining and/or obtaining unsubsidized employment. Additionally, at least 80% of the families receiving ATAP and 85% of the two parent families will be participating in countable work activities. Post employment case management services are to be provided at a minimum of six weeks to a maximum of six months dependent on the needs of the individual clients." Missing from the proposal is an expectation of the length of time that work retention is expected.

Furthermore, contractors in many areas are not able to provide the expert services that they contract to provide. Several DPA regional directors advised that DPA has had to train contractor case management staff on basic case management functions, developing sufficiently detailed Family Self Sufficiency Plans, and on proper case file documentation. This lack of contractor expertise was echoed by supervisory and line staff.

In Alaska, multiple contracts are deliberately awarded for the same function in many areas. According to interviewees this is done so that there will be some continuity when not all contractors receive renewals during the annual renewal cycle. For example, in the Central Region, there are four case management contractors and three contractors providing work search, and there are also contractors providing specific work services, such as community work experience. This means that DPA staff in each office must work with several contractors for each discrete function, with each having different strengths and weaknesses; and that the contractors are constantly changing. Regional directors advised that the huge number of contractors makes coordination complex. For example it is difficult to assure that a case manager is assigned within ten days. The DPA administrator indicates that involving a large number of community organizations was done consciously to leverage additional resources as well as raise the level of community commitment to serve DPA's clientele. This is a worthy goal, but it needs to be balanced with sound performance.

The achievements of contracted services appear to reflect the lack of specificity in performance requirements. Although administrators advise that whether case management is performed better internally or by

contractors depends on the area, they also advise that performance (measured by work participation rates) for contractors and DPA case managers are comparable, even though DPA staff are generally given the more challenging cases.

DPA administrators indicate that about 40% of case management is provided by DPA staff, most of this in offices with significant caseloads such as Anchorage, Fairbanks, Ketchikan, and Juneau. Contracts for case management exist with community agencies, DOL, and Alaska Native organizations.

5.1.2 Contractor Services to the Villages

In regards to services to the villages, DPA staff questioned the achievements of contractors and admitted that, although contracts/grants exist, DPA lacks the assurance that every client in these areas is currently being served by a case manager. We can verify that clients in the Kotzebue Regional Center and its villages have not been receiving ongoing case management services through the contract with Maniilaq Manpower.

The recently hired case manager working for the contractor advises that she receives no support from Maniilaq and indeed that they try to block proposed case management activities. She has not visited the 14 villages, and advised that, because of high turnover, no one has been in regular contact with clients, and that no case files exist documenting prior case management services for recipients. Because she is not co-located with eligibility staff and does not have access to EIS or JAS (although case managers are supposed to have read-only access), she depends on contacts with eligibility staff to learn about changes in the status of cases. Further, she suggested that the villages don't want to deal with the regional Maniilaq organization (although evidently they also do not want to deal with state staff). Although a plan exists to hire part-time case managers in the villages to supplement the services of the Kotzebue case manager, no steps had been taken to effectuate this plan as of the time of this program review.

Partly because of the lack of case management, we were told that compliance with work participation requirements in the village of Selwick, within the Kotzebue area, was only 10%; no participation rate data are shown for Kotzebue itself on the May 2001 report while the participation rate for Maniilaq Manpower is shown as 27.9%. According

to DPA, Maniilaq Manpower is an unusually low performer, and one of the reasons they sent us out to this area was to show us the particular challenges facing remote rural Alaska. DPA further pointed out that many of the Native Organizations provide exemplary services whether in cities or villages.

5.1.3 Contract Monitoring

Contract monitoring appears to be administered at the regional level. Local DPA managers do not play a formal role in holding contractors accountable and some local DPA managers with whom we met do not even know what are the contract requirements for the contracts serving their offices. For example, we found this to be true in Kenai. In addition, because of regional assignment, the local DPA managers interviewed felt that addressing contractor performance was not part of their role. Furthermore, contractor performance deficiencies where found are not used as a rating factor in deciding whether to award a subsequent contract to the same provider organization.

Contractors are co-located with DPA in many areas, but even where they are co-located, they cannot directly access all necessary information from DPA's automated systems. Without access, communication is more cumbersome and providing case file information to contractors creates an additional work burden for DPA staff.

5.2 Contractor Performance Recommendation: DPA Should Ensure That Case Management and Work Search Contractors Are Accountable for Performance

We agree that services that are not within the normal functions of a TANF agency should be contracted out by DPA, particularly where value-added contractors can be found. Although some state TANF agencies contract out case management, at least as many states perform this function in house; either using generic eligibility technician/case management staff or with the case management functions provided by separate staff. Thus, case management can be considered a legitimate TANF agency function, and if DPA finds that in-house staff achieve higher performance levels, the Division should be able to transfer more case management duties to DPA staff. If DPA continues to contract out some case management services, we recommend that this function be bundled with the additional contracted services, as described below.

In many states, actual work services, such as life skills, work search training, job development, job search, and management of work experience and community service programs, are seen as a less integral part of the TANF agency function and are contracted out. We fully support DPA's decision to contract out these services. However, we believe that four fundamental changes should be considered to ensure that contracts that are awarded for these services (as well as for case management if Alaska decides to continue to contract out case management) are value added.

First, to the extent possible, contracts for work services should be multi-functional. A prime contractor (who can have sub-contractors performing some of the needed services), should bid to provide services that will result in unsubsidized employment for the clients referred to the contractor. The contractor would be responsible to provide case management, if contracted out; work search; remedial basic training like life skills where needed; job search; job development; work experience where needed; and community service functions. It would be up to the contractor to provide all the services needed so that the end product would be an employed individual who was able to retain her/his job. Alaska could satisfy its desire for multiple contractors by awarding these multiple service contracts to several providers.

Second, true performance based contracting should be initiated, with contractors paid for their staged achievements, as is done with the Delaware contracts described above. Payment points could be for achievements such as the initial enrollment, completion of work search, placement in an unsubsidized job, and retention for 30, 90, and 120 days. Since the work participation rate is an important DPA performance goal, work participation achievements could also be rewarded. Contractors could be required to successfully serve a minimum percentage of the clients referred, or, instead, bonuses could be provided to contractors who were successful with a higher percentage of referrals, to prevent "creaming" (where services are only provided to those needing little assistance).

Third, although we agree that DPA should award multi-year contracts, only the first year should be guaranteed. The contracts should provide DPA with the authority to renew the contracts each year, so that high-performing contractors are rewarded and needed continuity would be achieved, while contractors who fail to meet basic performance goals

could be discontinued. Obviously, this means that contractor performance in one year would be used to determine whether to renew the contract for the succeeding year. In other states this has produced competition among the selected providers at the same time as it has caused contractors to reach out to other agencies in the community, to secure needed supplementary services and work experience and community service slots.

Fourth, the local DPA manager should have much greater involvement in overseeing performance. While the more formal monitoring and corrective action processes can be handled effectively at a regional level, day-to-day problem solving would be more effectively handled at the local level. This is particularly critical to creating the interdependency necessary for the recommended performance-based system.

We believe that such a system would, where the service area has a large enough population to capture the interest of provider organizations, achieve a number of Alaska goals. Entered employments would increase, participation rates would at least be comparable, and caseloads would continue to decline. DPA could provide work to as many community organizations as they do currently, but the community agencies would have to coordinate services to provide the multiple functions required.

6. Child Care Services

6.1 Background/Findings Related to the Delivery of Child Care Services

Although Alaska has funded child care generously, to assist low-income workers to obtain and retain employment, the system for providing child care creates delays and funding gaps, and forces individuals to make extraordinary efforts to access child care assistance. In addition, the reimbursement schedule for non-ATAP child care is poorly designed, creating disincentives for individuals to achieve workplace promotions. Our specific findings are contained in the following sub-sections.

6.1.1 Child Care System in Alaska

Three child care programs exist in Alaska. PASS I provides child care without a co-payment requirement to families receiving ATAP who are participating in employment and training services and/or in subsidized or unsubsidized employment. Upon termination from ATAP, families needing child care so they can work become eligible for transitional child care, called PASS II. In addition, low-income working families can access assistance with child care through the PASS III child care program. PASS II and PASS III child care are provided on a co-pay basis, using a schedule that increases the level of co-pay as income increases. TANF funds are utilized to provide PASS I child care, while funds transferred from TANF to the Child Care Development Fund (CCDF) are utilized to provide PASS II and PASS III child care.

Because of difficulties transitioning from PASS I to PASS I child care, TANF funds are also used to pay the first month of PASS II child care, so that working individuals transitioning off ATAP are able to have continuous child care. DPA's JOBS Automated System (JAS) is used to authorize and pay child care providers for PASS I child care, while information about the Department of Education and Early Development (EED)-provided PASS II and PASS III child care, paid to the client, is entered on separate PC-based systems.

DPA authorizes PASS I child care, while EED, through local contractors (known as local administrators), authorizes PASS II and III child care. The local administrators operating PASS II and PASS III child care are not co-located with DPA in regional and local offices.

Workers report that individuals face considerable barriers obtaining child care, using this multi-tier system. First, individuals receiving ATAP must obtain information from the local administrator, which requires making an appointment and traveling to a different location. There is often a wait to obtain a list of child care providers, and the individual's receipt of self-sufficiency services are delayed while they are awaiting the information. For example, we were told that it takes about a week to obtain this information in Anchorage. DPA officials indicate this has been resolved through an internet application.

Workers transitioning from ATAP to self-sufficiency must take time off from their new jobs to arrange to continue receiving child care because they must move from PASS I to PASS II child care. Working individuals using PASS II or III child care must also take time off from work to meet with separate local administrators. Because local providers require frequent renewal of authorizations and renewal authorizations be done in person, workers must frequently miss work to continue receiving assistance with child care.

In addition, appointments with local administrators are not immediately available. Workers report that it can take a month to obtain an appointment with the local provider and two months before child care is authorized. We have been told that these delays cause "entry effects", in that ATAP-eligible individuals who do not want welfare but just assistance with child care must, nevertheless, apply for ATAP so they can obtain immediate assistance with their child care expenses.

Another problem has been the delay caused by processing backlogs. Although the waiting list for PASS III child care has been eliminated by DPA's transfer of additional TANF dollars to EED, the field reports that child care waiting lists have not yet been completely worked. In Anchorage, for example, the waiting list of 600 families was still being cleared at the time we interviewed staff.

6.2 Child Care System Recommendations: Improve the Delivery of Child Care

We recommend that child care be provided through a more user-friendly child care structure that eliminates delays and gaps; that child care assistance be "seamless", so that an individual moves automatically

between child care levels; and that the child care co-pay schedule be revised to eliminate payment cliffs. To accomplish this we recommend the following program changes:

6.2.1 Client-Friendly Child Care

To create a seamless child care system that promotes employment and discourages needless welfare usage, the child care authorization existing as of the termination of ATAP should be used to continue child care funding, so that the movement between PASS I and PASS II does not require an individual to make additional appointments or complete additional forms. In addition, in-person appointments should not be required to continue authorized child care assistance; telephone contacts should be used except in extraordinary circumstances.

We also recommend that local administrator contracts should require that all child care services be provided in DPA one-stops. And finally, these child care contracts should require that applications for child care are taken and processed quickly, so that individuals are provided needed assistance without delays. Based on their success in providing timely PASS I child care, we believe that seamless child care that is immediately available can be most easily accomplished if authorization of PASS II and PASS III child care is also shifted to DPA. If administration of CCDF funds remains with EED, DPA should become the PASS II/PASS III child care provider under contract to EED.

6.2.2 Enhance Recruitment of Infant and Extended Hours Child Care Providers

Workers report that infant and extended hours (evening/weekend) child care is in short supply or unavailable, particularly in rural areas. Fairbanks is attempting to reduce this problem: they have a new Resource and Referral (R&R) grant to recruit providers and to provide incentives for current providers to expand to these special categories. The need for more infant care slots will become even more apparent if Alaska reduces the period of exemption from work participation from 12 months after birth to 16 weeks as is recommended.

The Department of Education and Early Development should step up contractor efforts to recruit, train, and license child care providers who are willing to provide infant and/or extended hour child care. As a condition of their contracts, contractors must recruit and register new

child care providers. Although the provider in Nome now understands its obligations in this area, we were told that it took a concerted effort by DPA workers before the contractor agreed to register new child care providers.

6.2.3 Change the Child Care Co-pay Schedule to Eliminate Perverse Incentives that Result in Clients Forgoing Pay Raises/Employment Promotions

The child care co-pay levels create funding "cliffs". For example, in Anchorage a three-person family with monthly income up to \$1,423 would be required to pay only 3% of child care costs. Were the same family to have only one dollar more of income, their co-pay obligations would rise to 15%. Income between \$1,779 and \$2,134 obligates them to provide 25% of the cost, and income of \$2,135 and \$2,489 requires a 50% co-pay. Only 25% is reimbursed if earnings are \$2,490 to \$3,694, and no co-pay is available if income exceeds \$3,694. Because of these funding cliffs, individuals with small increases in income face huge increases in child care costs, and the increases are especially steep if there is more than one child needing care. Clearly these cliffs create incentives to forgo pay raises and employment promotions.

There is also a problem in that the daily reimbursement rates in the rate schedule now being implemented provides a much higher reimbursement (an example was provided where the daily rates would yield \$223 more for the month), for a whole month than the monthly rate, creating an incentive for individuals to create irregular work schedules so that they are paid based on a daily (attendance) rather than a monthly (enrollment) authorization. DPA is currently working with EED to modify the schedules.

We recommend that child care funding schedules be redesigned to create narrow changes in payment obligations that match narrow changes in income. If percentage changes are used to determine co-pay amounts, many more percentage levels should be used. We recognize that this will be a delicate operation, since the schedules must ensure that payments provided do not exceed available funding for child care. In designing its new schedule, Alaska may want to obtain payment schedules used by other states.

7. TANF Time Limits

7.1 Background/Findings Related to TANF Statutory Time Limits and Alaska's ATAP Program

Although TANF is a block grant, there are several specific statutory prohibitions that restrict state flexibility. A major restriction is the provision that a state can not use any part of its federal TANF grant to provide assistance to a family that includes an adult who has received assistance under any state program using federal TANF dollars for 60 months (Section 408(a)(7)). States are permitted to exempt families from the 60-month limit for hardship or because of domestic violence, but no more than 20% of the average monthly number of families provided benefits using federal TANF funds can be families headed by an adult who has received benefits more than 60 months. States violating this restriction are subject to a substantial penalty, a reduction of five percent of their TANF grant for the succeeding year (Section 409(a)(9)). Any month of assistance received while an adult was living in certain Alaskan Native villages with at least 50% of adults not employed are excluded in determining whether an individual has received assistance for 60 months.

Section 47.27.015(a)(1) of Alaska statutes repeats this federal requirement by providing that a family is not eligible for ATAP if the family includes an adult who has received benefits under ATAP or an applicable program of another state for 60 months, unless the adult has been a victim of domestic violence, is physically or mentally unable to perform gainful activity, is a parent providing care for a disabled child, or the family is determined to be exempt by reason of hardship. Alaska's statute further limits the number of long-term recipient families by providing that the number exempted "may not exceed 10 percent or the maximum percentage of families allowed an exemption under federal law, whichever is greater."

7.1.1 DPA's Proposed Sixty-Month Policy

Long-term TANF recipients in some states are already beginning to reach their 60-month time limit. In Alaska a number of families currently receiving ATAP will hit the time limit in July 2002, five years after the effective date of TANF in Alaska. DPA has developed draft criteria to use to qualify clients for extensions beyond 60 months. The criteria provide for extensions for certain situations of domestic violence, incapacity of

the adult, caring for a disabled relative, and hardship. To receive a hardship extension, the caretaker must be complying with their FSSP and participating in work activities, but cannot earn enough to leave ATAP because of medical, mental health or functional limitations; or the family is impacted by a catastrophe; or the children are at risk of placement outside the home if assistance is ended. The draft procedures establish a process whereby there is screening and assessment of long-term recipients, collaboration with other agencies involved with the family, a Local Office Review Committee making extension decisions, development and monitoring of plans during the extension period, and periodic review of extensions.

7.1.2 Issues Based on Current Alaska Statute

In our interviews, DPA staff voiced concern that, despite limited extension criteria, there may be a month when some families meeting the extension criteria cannot be paid without violating Alaska's statutory limit that not more than 20% of Alaska families subject to the time limit have received 60 months of benefits. DPA officials also point out that Alaska's statute is more limiting than the federal statute requires. PRWORA merely forbids states from using federal TANF funds to provide benefits for more than 60 months; Section 408(a)(7)(F) specifically permits states to expend state funds (e.g. TANF maintenance of effort (MOE) dollars) to provide benefits to families headed by an adult who has received federally-supported benefits for 60 months.

We concur with DPA's assessment that, if Alaska uses only state MOE dollars to provide benefits to such families, families with over 60 months of receipt will not be counted in determining for federal purposes whether Alaska has exceeded the 20% limitation. In fact, several Administration for Children and Families (ACF) issuances specifically advise states how to use their MOE to create "segregated" or "separate" state programs, to provide benefits to classes of individuals who are prohibited from receiving benefits using federal TANF funds. For example, Temporary Assistance for Needy Families Policy Announcement, TANF-ACF-PA-97-1, January 31, 1997 specifically advises that "[s]tates may expend their MOE funds on a broad range of activities without necessarily triggering Federal TANF requirements (such as time limits)." An ACF chart attached to the Policy Announcement shows that application of the time limit on assistance provision is avoided by creating a segregated or separate state program. TANF-ACF-PA-97-1 may be accessed online at <http://www.acf.dhhs.gov/programs/ofa/pa97-1.htm>.

7.2 TANF Time Limit Recommendations: Alaska Needs to Ensure That Long-Term ATAP Recipients Do Not Trigger Federal Penalties

We believe that states should be making every effort to move ATAP families as quickly as possible off welfare. However, for a number of reasons we support DPA's view that Alaska's more restrictive state time limit requirement should be eliminated. First, the federal requirement that not more than 20% of current recipient families can be headed by an individual who has received assistance for 60 months, is a "Catch 22" in that the more successful Alaska is in reducing its caseload by finding work for employable beneficiaries, the more likely that the families remaining on assistance will be hard-to-serve. Particularly if the application rate for families who have never been on assistance remained low, a state with a hefty caseload reduction might reach the point where more than 20% of its remaining cases needed more than 60 months to achieve full self-sufficiency. Although we do not believe that Alaska has reached this point yet, it is important to make the change so it can be implemented when and if the need arises, to prevent being forced to deny benefits to vulnerable Alaska families who meet statutory criteria for extension.

Second, it makes no sense for Alaska to jeopardize its federal TANF funding, and the Alaska provision could result in the state losing a full five percent of its federal TANF grant because of a miscalculation that paid benefits to a few more long-term recipients than the 20% permitted.

Although we recommend that the Alaska statute be amended to permit DPA to use narrow criteria to extend benefits to some long-term recipients, we believe that, at the same time, DPA needs to make extraordinary efforts to insure that as few families as possible reach the 60-month limit.

More in-depth and intensive services are needed for families in danger of reaching the time limits because of multiple barriers. Although DPA is starting to identify individuals who may need more counseling or referrals because they are approaching the 60-month time limit, there does not appear to be any formal process in place yet to provide such additional assistance. We believe that a process that begins with "staffings" using case managers, supervisors, employment providers, and specialists in such areas as mental health, remedial education, and substance abuse treatment should be initiated for all clients who are within 18 months of reaching their time limits. These specialists would

work with the family to design a plan to move the adult(s) as quickly as possible to an unsubsidized job, and to solve family issues that may have prevented sustained employment in the past. The family should be followed regularly to ensure that the plan is being implemented.

Alaska may also want to consider creating a segregated or separate state program for families where the adult is working full-time but earnings are not high enough to eliminate eligibility for residual ATAP payments. Currently, these families are either refusing the small dollar benefit remaining, in order to protect their lifetime eligibility period, or they are in danger of reaching their 60-month limit. This would also require a state law change.

8. Alaska's Sanction Policy

8.1 Alaska's Sanction Rules and Procedures

TANF receipt for Alaska's TANF beneficiaries is limited to 60 months in their lifetime. Many workers advised that the current sanction policy hinders them from assisting beneficiaries to become self-sufficient within this 60-month time frame.

Current sanction policy removes the benefits of the adult from the assistance unit. This results in a benefit reduction of 40% for average sized families, while larger families lose a smaller percentage of their benefits. A beneficiary can "cure" the first sanction without penalty, but a second sanction lasts for six months even if the individual cures prior to the end of the period, and the minimum period assessed for a third sanction is 12 months. The sanction amount does not increase over time; thus the same reduction is imposed whether a first, second or third sanction is imposed. The family's 60-month time clock continues to tick while a sanction is imposed. Thus, no services will be received before the clock expires for those individuals who suffer a first sanction and never cure. Workers report that there are a significant number of sanctioned clients who choose this option. In addition, they advise that individuals who do cure the first sanction but have a second sanction imposed are reluctant to begin work participation before the six months have run, since their participation will not restore the benefit loss.

Not only does the current sanction policy reduce the services that an individual will receive during the 60 months, but it also lowers Alaska's participation rate. This is because non-complying cases must be included in the denominator for calculating participation, except for the first three months of a sanction. While it was reported that there is a state Attorney General opinion that permits DPA to continue benefits beyond 24 months to non-complying individuals, the continuation of benefits to non-complying families may violate the intention of Section 47.27.030(b) of statute, which provides that: "Unless the members of the family who are not dependent children are all exempt..., the time period for receiving assistance may not exceed a cumulative total of 24 months unless each nonexempt person is in compliance with the work activity assignment made under AS 47.27.035."

Alaska's DPA workers are using a number of strategies to bring non-complying individuals in for work services. Notices are sent, the

clients are telephoned, and, in Anchorage and Fairbanks, workers make home visits. In some cases these efforts are successful. For example, a home visit may identify a barrier to participation that can quickly be overcome, or the individual may better understand the requirements and time limits and begin to participate. Anchorage advises that they have assigned a worker who, through repeated home visits to sanctioned clients, has brought 60% into compliance. However, workers also indicated a reluctance to impose sanctions because they believe that the current system uses up months while not creating sufficient incentives to participate. That at least some workers do not impose sanctions is supported by the data: only a small percentage of cases (four percent according to performance data) are in sanction status, but a much larger percentage of clients fail to participate the number of hours required. For example, in one office only 156 of 223 individuals who were assigned countable activities met the hours of participation requirement in the most recent month for which we were provided data.

8.2 Sanction Policy Recommendation: Make Alaska's Sanction Policy More Family Friendly

We recommend that Alaska develop a progressive sanction system, resulting in an eventual full-family sanction, but that the sanction policy be designed and implemented to protect vulnerable children.

Division of Public Assistance staff suggested and we support a more family-friendly sanction policy where sanctions are progressive as to amount but the individual can cure immediately upon performance. For example, the first sanction would reduce the benefit one-third, the second would cause a two-thirds reduction, and the full benefit would be lost if a third sanction had to be imposed. A minimum period of time, such as a week of actual performance would be required to reinstate the full benefit, to prevent "churning"—where a benefit is restored based on a promise to participate, but the individual does not keep their promise. Sanctions would proceed automatically to the next level after a certain period where the individual had not cured.

We agree with staff that such a policy would be more effective in motivating individuals to participate; it is less likely that an individual can afford to ignore a loss of two-thirds of the benefit than to ignore the current adult portion loss. Families subject to a full family sanction

would be effectively terminated; thus, their family's clock would cease to run and Alaska could remove them from the denominator for calculating the participation rate.

Many states have adopted similar policies. According to a recent report by the U.S. General Accounting Office (GAO/HEHS-00-44, Welfare Reform: State Sanction Policies and Number of Families Affected, March 2000), 37 out of 50 states terminate the family's entire cash benefit if a family member who is required to participate fails repeatedly to comply with work requirements, but the full family sanction is applied the first time that a family does not comply in only 15 of these states. The majority of these states (22) use a progressive sanction sequence before they reach the full-family sanction level.

The GAO and other reports about state sanctions also recommend methods to ensure that sanctions are not taken inappropriately and that vulnerable families are protected. According to the GAO report: 16 states require supervisory or other review of caseworker's sanction decisions; 31 states require caseworkers to attempt to contact family members to try to resolve the non-compliance; and five states require caseworkers to visit the homes of TANF families to discuss how to resolve the noncompliance. Tennessee uses a customer Service Review process to protect families from incorrect case closings; Kentucky provides a special review and services to sanctioned families (Welfare Information Network Issue Notes, The Use of Sanctions Under TANF, April 1999); and Delaware uses performance-based contracts to provide incentives for employment contractors to make home visits to attempt to convince no-shows to accept their services, has a contractor review case closings, and has developed a program of services for families permanently barred from TANF because of repeated non-compliance. (Chassman Barnhart Consulting program review). Because some states that conducted studies of sanctions found that non-complying adults were more likely to be "hard-to-serve" (GAO), some special services are recommended. Although admittedly these actions are labor-intensive, only a few families reach this level of sanction in a progressive system.

9. Providing TANF Services to Native Alaskans

9.1 Native Alaska Family Assistance Programs

Congress gave Native Alaskans the opportunity to operate their own TANF programs. Alaska has gone much further than most other states in making it economically feasible for Native Alaskans to operate TANF programs by providing state matching funds to Tribes that elect to run their programs. Although PRWORA does not require states to provide any funds to supplement federal TANF dollars that are diverted to Native Alaska Family Assistance Programs, the lack of state funds would result in less money per individual served available to Tribal TANF programs than was available under the old AFDC program, and less money per individual than is available to Native Alaskans who are served by the state rather than a Tribal program.

By agreeing to provide an equivalent state match, Alaska is both encouraging capable Native Alaskan groups to operate their own programs and assisting their efforts to run successful programs. The grants also attempt to provide for more accountability on the part of the Native Alaskan Family Assistance Programs and, by providing for equivalent assistance time limits and work participation requirements, help to ensure that self-sufficiency is a major goal of Native Alaska Family Assistance Programs. In addition, the agreements signed between the Native Alaskan groups operating TANF programs and DPA require Native Alaskans who fall within the defined groups being served to seek service from the Native Alaskan program rather than the state's TANF program. This avoids a difficult problem in other states, whereby the Tribes accept TANF dollars to operate programs but Tribal members are permitted (and may be encouraged) to seek TANF from the state instead. Further, the DPA grants avoid the problem of auditing merged state and other funds, discussed below, by providing that the state supplied funds are used only for cash benefits and administrative costs.

During this brief review of Alaska's state TANF program, we did not have the opportunity to observe the operation of the TANF programs operated by Native Alaskans. However, we were impressed by the understanding of the issues evidenced by the program administrators with whom we met and with their commitment to DPA's program goals, such as self-sufficiency.

9.1.1 State Provided Services to Native Alaskans

Where TANF is directly operated by the Native Alaskan organizations, the onus of performance is somewhat shifted from the state to the Native group. For example, Tribal statistics do not have to be included in state statistics. We recognize that the results of failure will nevertheless plague the state down the road, if failure means that the families served remain dependent and economic development is slowed. Further, TANF is being reauthorized in fiscal year 2002, and Congress will utilize data from Tribal programs to determine whether to continue the program operations in its current form.

Failure to serve Native Alaskans adequately who depend on the state for self-sufficiency services may have more serious consequences. Not only will the progress of Tribal members lag because of failure to provide adequate services, but since the relative performance of these Tribal families is merged with performance for other Alaskan families, Alaska's state program will show lower achievements.

In addition, it is extremely difficult to audit funds provided to some Native Alaskan organizations because they are permitted to merge funds from different sources to meet family needs holistically.² For example, funds from several sources can be used to fund TANF case management services, without a rigorous accounting requirement for each funding source. Other non-profits receiving the same amount of funding from the same number of sources would ideally try to make the program delivery appear seamless to the recipient, but would be required to strictly separate funds for accounting purposes. Although the ability to combine funds more easily can assist Tribal program operators to achieve good results, this same ability means that a monitoring agency must concentrate more on outcomes and less on fiscal integrity and process steps in its review of the programs.

DPA administrators indicated that they believe TANF services should be provided by Native Alaskan organizations if at all possible. Thus, where a Native Alaskan group does not choose to operate a Native Alaska

² P.L. 102-477, the Indian Employment, Training, and Related Services Demonstration Act of 1992, allows tribes to consolidate formula-funded employment, training, and supportive services into an integrated set of services. These "477 Programs" can be delivered through a single plan, budget, and reporting system.

Family Assistance Program, providing both TANF cash benefits and self-sufficiency services, DPA takes over the benefit part of the program but attempts to provide grants to the Native organization to provide the self-sufficiency services.

DPA admits that some of the Native Alaskan organizations with whom they contract have not furnished the services promised by the grant provisions to their populations. This problem appears to exist with Maniilaq Manpower, which currently holds the grant to provide case management services to the Kotzebue villages. As we documented above in Section 5, Native Alaskan clients who are supposed to be case managed by Maniilaq receive very few services. It was reported to us that Maniilaq is poorly managed, and because of its animosity to the state, is unwilling to commit resources to this grant. In addition, some of the villages served by Maniilaq (e.g. Selwick) are reported to be uncooperative; therefore, even if a competent grantee was on board, we were told that it would be difficult to achieve results in such villages.

An Alaska Regional official advised that if DPA didn't use Maniilaq the situation would be even worse because Native Alaskans will refuse services offered by non-Natives. However, the DPA Administrator does not concur. It does not appear that all other State Agencies have the same reluctance to provide services using non-Native non-local personnel. While in Kotzebue, we had the opportunity to talk with several non-local non-Native mental health workers who stated that believe that their services are accepted in the community.

However, where DPA uses a non-Native provider, DOL, in five Nome villages because no Native group agreed to accept the grant, the limited performance data we have (May, 2001 Overall Participation Rate by JAS Office) shows that DOL is only just about as successful as Maniilaq Manpower, with the overall participation rate for Nome DOL at 27.1% and for Maniilaq Manpower at 27.9% (however, the Maniilaq data does not appear to include the 16 mandatory Kotzebue families). Our limited time in these Coastal areas did not permit us to determine why DOL was unsuccessful.

In some Native Alaskan villages, there is not even an agreement to provide case management services. DOL only contracts for five of the 15 villages in the Nome area. In the other villages state eligibility staff, without case management training or officially assigned duties in this specialty area, work with clients to develop Family Self Sufficiency Plans,

and then provide only limited monitoring of compliance. The Nome eligibility staff with whom we met indicated that they are not able to provide the services needed to assist these clients adequately.

9.2 Recommendations Related to TANF Services for Native Alaskans

It may be that Alaska is between the proverbial rock and hard place in regard to providing TANF services to Native Alaskans, but we believe that DPA needs to do more both to identify and evaluate the issues and to experiment with solutions. Although we cannot provide ideas for a sure-fire cure to the problems Alaska faces operating successful programs in Native Alaskan villages, we are making some recommendations that may move the state forward.

First, if DPA will continue to award grants for case management and other TANF services to Native Alaskan grantees, a substantial amount of technical assistance should be provided to the grantees. Federally approved Tribal TANF grantees have the opportunity to attend federal Administration for Children and Families (ACF)-sponsored Tribal TANF workshops, like the April 17, 2001 workshop on Substance Abuse, but funding is not provided in DPA case management and other service grants for attendance at federal technical assistance meetings, and we agree that paying for every village program to attend would be too costly. However, if DPA holds workshops for Native Alaskan grantees, they should feature successful practices from high performing Native Alaska grantees. In addition, DPA should ask ACF to participate in state-sponsored workshops and should work with ACF to secure technology transfer funding to invite representatives of successful Tribal programs in other states to present at Native Alaskan workshops.

Where it is determined that Native Alaskan providers are unable and/or unwilling to provide adequate services, DPA should attempt to secure the services of the best available other contractor or should attempt to provide these services using state workers. DPA should meet with other agencies (e.g. mental health) which have hired non-Native, non-local service providers and discuss what methods these providers have used to overcome cultural and other barriers to serving clients in Native Alaskan villages. To make it more feasible that non-Native contractors or state workers are able to succeed, we recommend that DPA ask its training staff to attempt to develop a training module on cultural diversity, that uses successful practices in other Alaskan programs and/or in other states. For example, although Oregon uses state TANF case managers to

work with Native American recipients, the state case managers are out-stationed on reservations and receive special training on developing case plans that take into account the particular needs and circumstances of their Native American clients (Welfare Information Network, Welfare Reform in Indian Country: Current Trends and Future Directions, June 2001).

10. Food Stamp Program

10.1 Background/Findings Related to the Food Stamp Program/TANF Program Coordination

A common complaint nationwide among public assistance administrators and analysts is the misalignment of many aspects of the Food Stamp Program to TANF. While the federal government has granted states a great deal of flexibility in designing their TANF programs, until recently very little flexibility has been granted with regard to the Food Stamp Program. This has resulted in conflicts in both eligibility standards and the underlying philosophies of the two programs.

While the primary focus of TANF is assisting people to become self-sufficient through employment, the Food Stamp Program does not view supporting employment as a primary role. Rather, its primary goal is to provide a nutritional safety net to those eligible. As a result the eligibility process in TANF has become much more streamlined and consistent with ways to motivate people to work. On the other hand, the Food Stamp Program has become increasingly complex to administer and often undermines the work goals of TANF.

For example, the Food Stamp Program reporting requirements actually increase for working clients versus non-working clients. This is because working clients must report even very small changes in income on a monthly basis. It is entirely possible that many working clients opt out of the Food Stamp Program because of the complexity of eligibility rules and/or interruption to their work schedule required in order to comply with mandated food stamp administrative office visits. Yet failure to access Food Stamps could put the stability of an entry-level employment situation at risk.

While encouraging employment is not the primary goal of Food Stamps, there is a relatively small Employment and Training (E&T) component in the program. However, the requirements and the activities are quite different from TANF. The experience derived in TANF with regard to work preparation and ways in which to motivate clients could be very advantageous to the populations served by the Food Stamp E&T component.

While we believe a major overhaul of the Food Stamp Program is in order at the federal level, there has been some positive movement in allowing more state flexibility. Our recommendations below are in line with those opportunities.

10.1.1 Alaska's Organizational Structure Is Not Optimal for Food Stamp/TANF Coordination

An additional issue in Alaska which further exacerbates the disconnect between TANF and Food Stamps is a structural one. Within DPA there is a policy unit that oversees all the DPA programs except Food Stamps. Food Stamps is housed in a separate unit under a different manager. Managers of both units reported that communication and coordination are often issues. Additionally, it appeared from our interviews that there are actual philosophical differences between the managers that accentuate the programmatic differences between the TANF and Food Stamp programs.

For example, the manager of the Food Stamp Program has chosen to de-emphasize the E&T component. In fact, field staff reported that it is virtually non-existent. The other policy manager believes work should be a much more central activity for this population. Furthermore, the Food Stamp manager has not pursued the options available to better align TANF and Food Stamps, while the other policy manager believes better alignment is critical. Many of the interviewees in the field offices expressed frustration with this philosophical disconnect between the two programs.

10.2 Food Stamp Program Recommendations: Take Steps to Align Food Stamp and TANF Policies

We recommend that DPA review what other states have done either through state plan amendments or waivers to better align the Food Stamp Program and TANF. For example, through a waiver, Oregon was able to create a more integrated and comprehensive Employment and Training program for both TANF and Food Stamp clients.

Another example worth pursuing is the use of the concept of categorical eligibility to align the eligibility rules for TANF and Food Stamps. For any population reached by a TANF funded service, the state is allowed to use less restrictive TANF eligibility rules in areas such as resources and vehicle exemptions. The state of Delaware has been particularly creative

and expansive in its use of categorical eligibility to eliminate Food Stamp resource requirements for all residents with incomes under 250% of the Federal Poverty Level. This permits residents (with incomes low enough to qualify) to receive Food Stamps even though they have resources such as automobiles needed for employment, that might otherwise make them ineligible.

A third example is the ability for states to provide a transitional Food Stamp benefit for clients moving from TANF to work. This greatly reduces the reporting requirements for the working client and ensures a stable benefit amount for a set period of time. It has the additional side benefit of potentially significantly reducing a state's quality control errors and thereby reducing the chances for a federal monetary penalty.

The final recommendation is to merge the Food Stamp Program into the policy unit at DPA. This will better ensure a common philosophical approach across all programs. Short of restructuring, we recommend that the Director and/or the Deputy Director play a much stronger role in ensuring appropriate communication and coordination is taking place and to resolve philosophical differences. We recommend that, in concert with the work-first approach of the TANF program, the E&T component of Food Stamps be emphasized and utilized.

**AMERICAN INSTITUTE FOR FULL EMPLOYMENT
ASSESSMENT OF ALASKA'S WELFARE REFORM PROGRAM**

SUMMARY OF RECOMMENDATIONS

Introduction

The American Institute for Full Employment (AIFE), is a non-profit research and education institute located in Klamath Falls, Oregon, whose mission is to promote full employment—universal access to jobs with career potential for all who can work—especially those who are receiving public assistance as a substitute for the opportunities and rewards of paid work. Over the summer, at the request of Senator Green and Representative Dyson, AIFE prepared an assessment of Alaska's Welfare Reform Program. Completed in September 2001, the assessment identified recommendations in each of ten specific program areas.

Below is a summary of recommendations in which the recommendations have been organized in priority order within 3 categories. The categories—Legislative Priorities, Policy Priorities, and Management Priorities—denote the type of recommendations and which entities should be responsible for implementing them. Page references (in parenthesis) refer to the original report "Assessment of Alaska's Welfare Reform Program." The assessment includes more detailed explanation of each of the recommendations.

I. Legislative Priorities

<i>Rec.#</i>	<i>Page</i>	<i>Task</i>
✓ 7.2	(34)	Amend the state statute to allow Alaska to use full flexibility allowed under federal law to expend benefits to some long-term recipients.
✓ 8.2	(37)	Develop a progressive sanction system which results in full-family sanction.
✓ 7.2	(35)	Consider using state MOE funding to create a separate state program for full-time working clients who remain eligible for ATAP benefits.
✓ 2.2	(10)	Strengthen the diversion program.

**American Institute for Full Employment
Summary of Recommendations**

**Assessment of Alaska's
Welfare Reform Program**

- 1.2 (8) Authorize a more complete wage subsidy program.

II. Policy Priorities (Does not require legislative action)

Rec.#	Page	Task
6.2.3	(31)	Change the child care co-pay schedule to eliminate "cliffs".
1.2	(8)	Revise policy and practices for treating individuals limited by incapacity from full participation in work activities and require mental health/substance abuse treatment when needed.
1.2	(8)	Require ATAP clients claiming a disability to file for federal disability benefits.
1.2	(8)	Reduce the 12-month exemption period for parents of infants to 16 weeks.

III. Management Priorities (Does not require legislative action)

Rec.#	Page	Task
7.2	(34)	Develop and implement in-depth and intensive services for families reaching the time limits.
3.2	(15)	Develop and implement clear outcome based performance standards for DPA staff and contractors.
5.2	(26)	Initiate true performance based contracting.
4.2	(20)	Strengthen the case management system.
5.2	(26)	Develop contracts that are multi-functional.
5.2	(26)	Award multi-year contracts with only the first year guaranteed.
5.2	(27)	Charge local DPA managers with greater responsibility for overseeing contract performance.

*American Institute for Full Employment
Summary of Recommendations*

*Assessment of Alaska's
Welfare Reform Program*

- 1.2 (7) Strengthen the "up front" process by engaging clients in employment activities as close to the first day of contact as possible.
- 1.2 (7) Develop a standardized strength based assessment approach.
- 1.2 (8) Increase utilization of work site training, e.g. subsidized work and community service.
- 6.2.1 (30) Streamline movement between PASS I, II and III child care.
- 6.2.2 (30) Increase efforts by EED to expand availability of providers for infant and extended hour child care.
- 10.1.1 (45) Merge the Food Stamp Program into DPA's Policy Unit.
- 9.2 (42) Increase accountability of some Native Alaskan grantees.