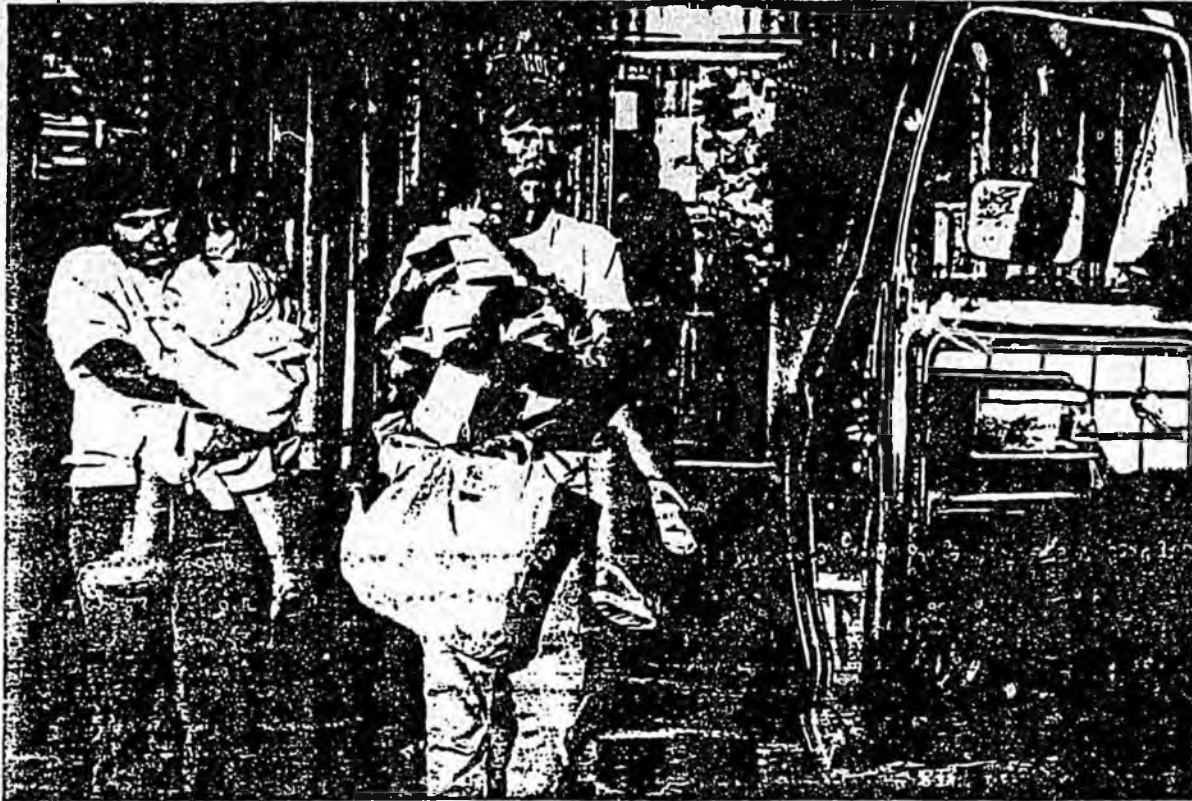


LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

HB 169 cont. - HB 171 483

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Special Report



MODERN FAMILY
Karen and Melvin Peterson, who both work the swing shift at Echo Bay Mines Ltd.'s operation in Round Mountain, Nev., drop off toddlers Laura and Lori at the 24-hour, company-run day care center before going to work. If Karen stayed home, "we'd struggle along" from paycheck to paycheck. It would be rough," she says. Two incomes let them save money for the girls' education

FOR AMERICAN BUSINESS, A NEW WORLD OF WORKERS

Employers must look to the nonmale, nonwhite, and nonyoung—and competition will be vicious



Once upon a simpler time not so long ago, "work force" meant white men in ties or blue collars. The image was never quite exact. One generation back, as the nation settled into postwar prosperity, 30% of all women worked outside the home—even if *Leave It to Beaver* reflected the cultural ideal of family life. "Negro,"

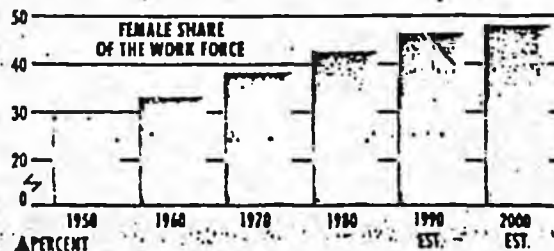
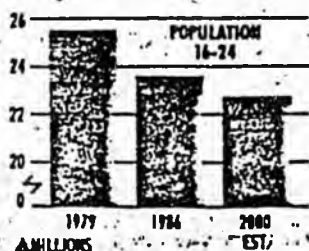
"Oriental," and "Spanish-American" workers always have helped to do America's work. But with a plentiful labor supply, few employers had to reach beyond the male Caucasian in his prime except for the least-wanted jobs. Indeed, by the late 1960s, as employers awarded self-winding watches to 65-year-olds, the first fresh-faced baby boomers were on their way to Personnel.

The last of that numerous cohort is now straggling into the world of pay-

checks and withholding taxes. The boss is losing that confident glow. The decline in birth rates after 1960 has slashed the numbers of young people available to fill jobs right up to the year 2010 and maybe beyond.

The years of picky hiring are over. Vicious competition for all sorts of workers—entry-level, skilled, seasoned—has begun. Employers must look to the nonmale, the nonwhite, the nonyoung. There may be a push for non-citizens as well:

AS THE POOL OF YOUNG WORKERS SHRINKS, WOMEN WILL FILL THE GAP, AND MORE WORKING



- ▶ 73% of all working women are of childbearing age
- ▶ 60% of all school-age kids have mothers in the work force, up from 39% in 1970
- ▶ Women with children under 6 are the fastest growing segment of the work force

PHOTOGRAPH BY JAVIE TANAKA, CHARTS BY PAT JERINA

DATA: BUREAU OF THE CENSUS, LABOR DEPT.

Over the next 10 years, predicts the Hudson Institute, an economic think tank, only 16% of work force entrants will be native-born white males.

Building a new, more diverse work force and making it tick will be one of Corporate America's biggest challenges in the decade ahead.

MOTHER, DAUGHTER, WORKER, WIFE

In the past 15 years, as women ventured into the workplace in growing numbers, it has been widely expected that employers would take major steps to accommodate their special needs. So far, though, employers have been able to hire 52% of all women without doing much very differently. That's partly because in a world of stagnant real earnings, women and their families have needed the money more than companies needed the women. Feminism, higher education levels, and rising expectations pushed women into the work force, too.

But as employers fish in a shrinking pool for new workers and try to retain experienced ones, women will be in a position to make demands. Companies will be forced to make it easier for workers to balance work and family.

Three-quarters of working women are in their childbearing years; more than half of all mothers work. Those with children younger than 6, make up the fastest-growing segment of the work force. For many such women, as well as for their spouses, balancing work life with parenting at a distance presents logistical challenges worthy of an air traffic controller.

It isn't only children. As the U.S. population becomes older—and by 2000, 51% will be between 35 and 54—more people must take responsibility for their parents. Americans are living longer, thanks to better nutrition and medical breakthroughs, but those beyond the age of 75 are often ill or infirm. Services are expensive, so care usually falls to family members—many of whom work

About 40% of workers over age 40 already provide care to parents, according to Anthony Gajda of Mercer-Meindinger-Hansen, an employee-benefits firm. About 12% of women who care for aging parents must quit their jobs to do so.

A growing body of research links employees' concerns for the care of children or elderly relatives with productivity losses from increased absences, tardiness, and stress on the job—and such time-wasters as excessive use of the phone. This holds for men in dual-career marriages as well as for single fathers and single sons. But it's particularly true for women. At Touche Ross & Co., Susan Schiffer Stautberg figures the average working woman spends 17

hours a week on such policies don't cost much even though temporary workers may have to fill in or other staff may have to work overtime. Legislation requiring employers to provide unpaid family leave to care for sick relatives or new babies is on Congress' agenda.

Child care, especially, is politically hot. A \$2.5 billion bill sponsored by Senator Christopher J. Dodd (D-Conn.) and Representative Dale E. Kildee (D-Mich.) would set quality standards for child care, provide payment vouchers to families, and provide states with funds to add new facilities. Michael Dukakis backs the bill's concept without endorsing the dollar amount. George Bush wants a \$1,000-per-child tax credit for

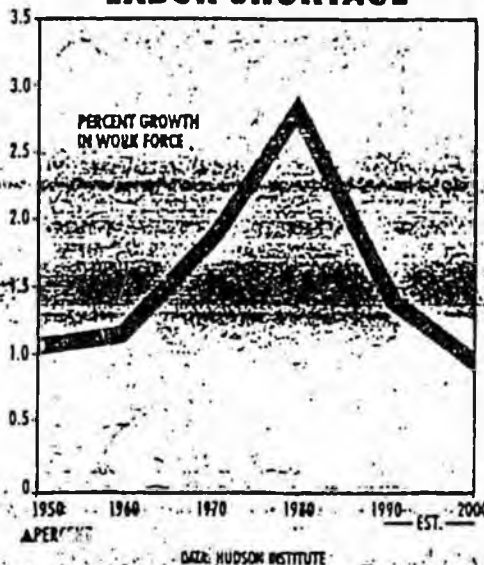
poor families where at least one parent works, to be used for child care or to help mothers stay home. 'CARE-GIVERS.' There is widespread agreement that the federal government has some role to play, beyond the current \$3.9 billion dependent-care tax credit, the \$660 million spent on day care, and \$1.5 billion for the Head Start early childhood program for disadvantaged kids. States, expanding their programs, are crying for more funding. California subsidizes day care for low-income toddlers. Texas school districts provide prekindergarten for 4-year-olds from poor families. Massachusetts is trying to increase the supply of child care with loans to build centers and grants to expand referral programs, train "care-givers," and pay them more.

The problem, however, is falling increasingly into the corporate lap. Boston University researchers Bradley K. Googins and Dianne S.

Burden recently surveyed 1,500 workers in big corporations. Some 43% said employers and government should share responsibility for helping balance work and family life; 41% said companies should take the lead.

About 60% do offer some degree of work-schedule flexibility. But less than 5% of U.S. companies—a grand total of 3,300—help with child care. Most of those either allow employ-

THE COMING LABOR SHORTAGE



years raising kids and 19 years caring for aging relatives. Her grim joke: "Middle age is the 15 minutes in between."

The productivity issues are greater than a workday lost when the babysitter walks out or Grandma breaks her hip. Family leaves, allowing parents time off to care for a new baby or deal with a family crisis, help retain women workers and boost morale and loyalty among others as well. A 1986 report by the General Accounting Office indi-

WORKING MOTHERS WILL INCREASE THE DEMAND FOR CHILD CARE

▶ With divorce and out-of-wedlock births running high, the typical child born in America today will spend some time in a single-parent home. Such households, usually headed by women, are more likely to be poor. Children in poor families are at risk for school and social failure

▶ Only 5% of U.S. companies help their employees with child care. Only about 300 have helped start day-care facilities

▶ In 1982, a quarter of all mothers not in the work force said they would work if adequate child care were available



Special Report

ees to save tax dollars by setting aside pretax income for day care in flexible benefit plans, or they provide information and referral advice. Only 250 or 300 companies have helped start child-care centers.

It's likely that more women would enter the job market if they could find good child care. In the 1982 census, 26% of all nonworking mothers with preschoolers said they would look for work if "reasonably priced child care were available." An additional 13% said they

would work more hours. If half the women claiming they are so constrained went to work in the 1990s, the labor force would gain 850,000 workers, notes Columbia University economist David E. Bloom.

A BENEFIT. Indeed, some companies are looking at child care as a recruiting device, especially in clerical, food service, and hospital jobs, which depend on women workers. But the impetus is growing elsewhere. Faced with a local labor shortage, Echo Bay Mines Ltd. at Round Mountain, Nev., has enticed parents to hire on for swing shifts by keeping open its on-site day care center 24 hours a day, seven days a week.

Eastman Kodak Co. helps its American employees look for child care. In addition, the company is experimenting with job-sharing. Two Rochester (N. Y.) mothers with young children split the title "professional recruiter"; their 24-hour stints overlap on Wednesdays. Kodak allows up to 17 weeks of unpaid leave to care for a spouse, parent, sick child, or new baby, including adopted or foster children. "We have a lot of money invested in training. This is protecting our investment," declares Mary J. Har-

ington, Kodak's corporate employee relations director.

Corporate efforts to help workers cope with elderly parents are still primitive. Most women must find ad hoc solutions. A quarter of those responsible for aged parents take extended leaves or cut down their work hours. The challenge is to keep them on the job as much as possible by providing social supports for the parents. As the pressures of labor shortage build, companies will also have to see to it that employees don't

exceed those of whites. Immigration, mainly from Latin America and Asia, has accounted for a fifth of America's population growth in the 1980s. Compared with the native-born, immigrants are younger and their families are larger. The youth cohort of the work force is shrinking, but more of its members will be black, Hispanic, or Asian.

These changes may have dire consequences for the U. S. work force. A disproportionate number of these youths are growing up in families that are poor



DROPPING IN

After Bostonian

Sandra Brown,

single parent of

three, told her

welfare caseworker,

she was "job-ready,"

she enrolled in a

program at Roxbury

Community College

where she's studying

word-processing and

finishing high

school. Her employer

is helping with the

tuition bills

or headed by single parents. In minority communities, many of today's adults lack the skills to find decent employment. Their kids face worse prospects at a time of dramatic technological change. A disturbing new term, underclass, describes some who are from such disorganized backgrounds that—without intervention or a social miracle—they may never be employable (page 122).

Many young people—especially minorities—are caught in a vicious cycle. About a quarter of all kids are born out of wedlock to parents who "are poorly educated, frequently young, and unskilled," says George Washington University's Sar Levitan. In the U. S., about 44% of all marriages fail. Female-headed households are more than four times more likely to be poor than are two-parent families. A startling one in four members of the Class of 2000, now entering first grade, is living in poverty.

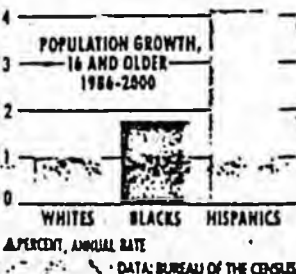
Part of the problem is child support. Fewer than half of fathers not living with their kids pay anything toward their keep. In 1985 more than half of all

forfeit seniority or status if they are forced to take time off for family reasons. "I really think demographics are destiny here," says Dana E. Friedman, work and family research director at the Conference Board.

YOUNG, TROUBLED, AND IN DEMAND

It has been a long time since America's population profile bore much resemblance to the party that landed at Plymouth Rock. Now this nation of ethnicity and social flux is changing anew. It is becoming less white and more Spanish-speaking. Birth rates among blacks

MINORITIES: FAST GROWTH AND TOO MANY DROPOUTS



▶ Among white 18- to 21-year olds, 13.6% have dropped out of high school. Among blacks the rate is 17.5%, among Hispanics 29.2%

▶ The high school dropout rates in major cities, where minorities are concentrated, range from 35% in New York to as high as 50% in Washington



Special Report



RETIRED? RETOOL

Leon Levitt, 81, retired from his sales job a decade ago, but six months later he went back to work as a trainee machinist. "Work adds life to you years—and it actually adds years onto your life," he says. As the work force ages, more and more resumes may resemble that of Levitt, who just cut back his workweek to 49 hours from 55

gible children are served by Head Start, due to inadequate funding. The challenge is clear. If minority skills are not upgraded, they will deteriorate further. Companies will be forced to substitute capital for the unskilled labor. Technology, after all, has many faces. Given skilled workers, it can upgrade a job task and add value. Or, to cope with work-force shortcomings, it can be used to "de-skill." The classic example is McDonald's Corp. Dependent on young workers with poor skills, the hamburger chain has replaced words on the keys of its cash registers with pictures. That may work for McDonald's. But for society to take that path implies low wages and a declining standard of living.

mothers with child-support orders received less than the full amount due. The average annual payment was \$2,315. Another aspect of the poverty problem is women's pay. Women's earnings average \$16,232, 70% of men's. Many mothers work part-time for far less pay.

Harvard sociologist David Ellwood predicts that more than two-thirds of children who grow up in a single-parent household will spend at least some of their childhood in poverty. They are three times more likely than others to drop out of school, and they are more deficient in skills. Black and Hispanic children, while a minority of the poor, are nearly three times more likely to be poor than whites. A National Assessment of Educational Progress found that only 30% of white young adults could locate information in a news article or an almanac. The number was 25% for blacks and 40% for Hispanics.

Labor shortages in the future could present an unprecedented opportunity to improve the lot of the poor. "The new workers—although they are from

groups disadvantaged by discrimination, lack of education, and language barriers—will be in very great demand," says Labor Secretary Ann D. McLaughlin. Already employers are having to reach further and further along the labor queue. Where necessary, they are patching up the ragtag skills they find there, sometimes at huge expense (page 134).

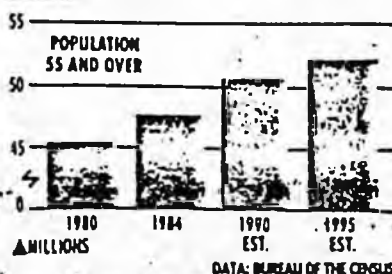
Social thinkers say early intervention, with such proven child-development programs as Head Start—or even earlier with nutrition programs and parenting classes—is the real ticket to building a competent work force over time. Half of all teenage mothers eventually escape poverty through education, with measurable improvements in their kids' achievement and prospects, notes economist Andrew Sum of Northeastern University. "If minorities are to succeed, we have got to start educating children much younger and work through their parents," says Gloria G. Rodriguez, director of a support and training program for poor Hispanic families in San Antonio. Despite its track record, only 18% of eli-

BRINGING THE RETIRED BACK FROM RETIREMENT

In our time, the shrinking of the American manufacturing sector has written off a generation of middle-aged blue-collar workers caught between the foundry and the computer. And even as the economy faces labor shortages at all levels, the most striking employment trend in recent years has been a shift to early retirement. Only about 15% of men over age 65 are in the work force today, down from 25% in 1970. Only 68% of those age 55 to 64 still work, compared with 83% two decades ago.

Such trends were perhaps understandable as baby boomers crowded into the workplace and companies downsized. Today, though, it is waste on a vast

OLDER PEOPLE ARE AN UNTAPPED RESOURCE



- ▶ In 1950, for every retiree, there were 17 Americans at work. By 1992, it will be 1 retiree for every 3 workers
- ▶ In 1984, only 68.4% of all men aged 55 to 64 worked. If retirement trends continue, that will drop to 62.6% by 1995



PHOTOGRAPH BY GERALD DAVIS, CHART BY PAI JERBAK

Special Report

scale. A typical American who has reached the age of 65 can expect to live an additional 17 years. By 2003 the U.S. National Center for Health Statistics predicts life expectancies at birth will be 84 years for women and 10 years less for men. Today the 68-year-old who takes early retirement is essentially middle-aged, and retirement may last half as long as his or her work life did.

The good health, skills, and work histories of the "young old" can help the nation out of its demographic fix. "Peo-

years. Smart companies are finding ways to retrain and employ them. In Florida, where 18% of its population is over 65, the future is now—fast-food chains recruit workers in retirement villages. Last year, Kelly Services Inc. in Troy, Mich., put out a call for workers over 55. Now they're 8% of the "temp" rolls. In Boston, one BayBanks Inc. unit has hired 45 retirees as clericals, tellers, and clerks since last November.

Keeping older workers in the job market won't be easy. Says Census Bureau

can Labor Force, Briggs argues that minority youths could soon be competing with immigrants—legal and illegal—for entry-level jobs. Rand Corp. researchers say there's no evidence of this yet. But they warn that U.S.-born Latinos must improve their skills to qualify for the high-tech jobs of the future or compete with new immigrants for low-paid jobs.

Today's immigrants, on average, are less skilled than the native-born. Most lack a high-school education. Only 20% are admitted because their skills are in



NEW CITIZENS

Opening America's

"Golden Door" has

helped with past

labor shortages, but

swelling waves of

immigration might

serve to stall efforts

to integrate blacks,

Hispanics, and

women into the

economy more

effectively

great demand. But the criteria could change toward more preference for skills. This year, U.S. hospitals, to allay shortages, will hire 20,000 foreign nurses on five-year visas.

The idea of hospitals staffed by skilled foreign professionals and low-paid native-born janitors doesn't sit well with some like Pat Choate, TRW Inc.'s futurist. "Ultimately we have to have an

ple should work longer and be productive longer. We should get away from the rigidities that go along with age 65," argues Alan Pifer, chairman of the Southport Institute for Policy Analysis.

Pifer, who directed the Carnegie Corporation's Project on Aging, advocates continual education and retraining throughout one's working life. The emphasis should be on that restless age around 50 when the kids are gone and "you've gone about as high as you're going to go in the hierarchy. It would be nice if a lot of people could be 'reputed,'" he suggests. As a vision for the nation, that projects a huge agenda: reordering what is now an ad hoc and haphazard retraining process. It also requires new benefits systems, such as portable pensions, to erase disincentives for middle-aged workers to move on.

Many over-60s, furthermore, don't want to be put out to pasture for 20

forecaster Cynthia M. Tauber: "They can afford to retire and will." The elderly have escaped Reagan-era spending cuts. Social Security, medicare, and medicaid spending on nursing homes have eliminated most poverty among the old. Still, retirement can be boring. If business makes work attractive, the oldsters may come back in droves.

THE U.S. COULD LOWER THE DRAWBRIDGE AGAIN

Faced with labor shortages in earlier times, America has opened its borders. Immigration is still a policy option—the wild card in the labor-market outlook.

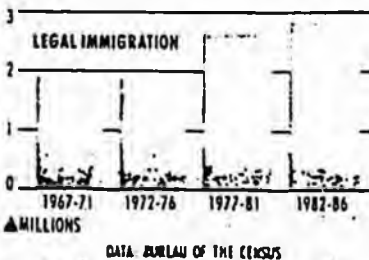
For Cornell University economist Vernon M. Briggs, unleashing even more immigration will stall efforts to integrate women, blacks, and other minorities into the economy. In a recent book, *Immigration Policy and the Ameri-*

economy that works—and do everything with our own people," he says. Yet, he adds, the U.S. should "use its incomparable advantages" to attract the world's talent. Foreigners here to study engineering, say, could be required to stay and work.

Unlike immigration policy, population trends hold few surprises. "We have a lot of control over how demography hits us. It's more of a glacier than a thunderbolt," reflects Jack A. Meyer, president of New Directions for Policy, a Washington think tank. "If we sit back, we're in for some problems." The danger is that the U.S. will fail to address its demographic challenges in time.

By Elizabeth Ehrlich in New York, with Susan B. Garland in Washington, and bureau reports

WILL IMMIGRANTS FILL THE JOB GAP?



► Only 20% of legal immigrants are admitted for job skills. Family ties or refugee status are the usual criteria

► Over half a million legal immigrants arrive each year—more than at any time since the 1920s.

► Some 2 to 4 million illegal immigrants live in the U.S.



Special Report



WHY THE UNDERCLASS CAN'T GET OUT FROM UNDER

In an era of prosperity, legions of welfare mothers and inner-city youths face dead-end lives



Terence Maclin often dreams of escaping Milwaukee's tough North Side. "I plan to build my own business," says the 18-year-old leader of a youth gang known as Two-Four. "Then I can have people working for me."

Maclin's fantasy of the straight life is likely to remain just that. A high school dropout who's been in and out of juvenile institutions since he was 9, Maclin can't read at a sixth-grade level. He's enrolled in a high school equivalency program but chronically cuts classes. And Maclin recently quit the latest in a

series of temporary jobs after a dispute over pay.

In the past, unskilled and poorly educated black youths such as Maclin had a shot at a decent-paying job. But now, many of the breweries that made Milwaukee famous are shuttered. The city's employment boom has been concentrated largely in jobs that require skills far higher than Maclin's. "The odds are very strong that Terence will never make it," says Charles Meyer, a program director at the Westside Center, where Maclin sometimes hangs out.

Young people such as Maclin can be found in decaying inner cities all over America. They represent a chilling phenomenon: a growing black underclass

isolated from the nation's economic and social mainstream. This legion of chronically unemployed males and welfare mothers, concentrated in crime-ridden, desperately poor, inner-city neighborhoods, numbers at least 1.5 million.

That figure continues to mount despite a six-year economic expansion. "The rising tide of prosperity left those without a high school diploma untouched," says John D. Kasarda, an economist and chairman of the University of North Carolina's Sociology Dept. "They were not even on the boat."

Although the underclass is relatively small in size, it reverberates across geographic, class, and racial lines. Drug-related crimes and gang wars are shak-

ing the complacency of middle-class communities. As labor markets tighten, business has begun to worry about the growing pool of disaffected youths ill-equipped to take on new jobs. And the cost of coping with society's failures are staggering. The nation spends \$20 billion annually on prisons. Caring for low-birthweight babies born to mothers on welfare who are high school dropouts costs another \$188 million per year.

The growth of the underclass is the result of many complex forces—from racism to the frustration and apathy that persistent poverty can provoke. "It's very difficult to point to any one thing in an environment where so many things are hostile," says David T. Ellwood, professor of public policy at Harvard University. "But everyone agrees that all these negative things start to feed on each other, making it more difficult to latch on to any simple solution."

'KNOWLEDGE-INTENSIVE.' Among the most potent factors is the two-tiered economy. The economy's general weakness during the 1970s and early 1980s "hit people at the bottom of the barrel the hardest," says Brookings Institution economist Robert D. Reischauer. Starting in the 1970s, white women, baby boomers, and immigrants flooding the job market have made it even more improbable that less-educated blacks at the end of the hiring queue will be chosen for jobs.

Meanwhile, in the past two decades, manufacturing industries virtually vanished from the cities. Some closed down, skewed by international competition. Others moved to convenient, sprawling, suburban tracts. Just 25 years ago, half of Milwaukee's jobs were of the high-paying blue-collar type. Today less than 30% are. In other cities, the falloff is even more dramatic.

Many of the newer jobs are "knowledge-intensive" white-collar posts, which require

HANGING OUT: Minority youths in urban ghettos such as Dorchester, Mass., (left) often eschew work even where it's available. For some, fast-food jobs paying as much as \$7 an hour don't compare with the enticements of life on the street



Even when jobs are available, few are perceived as true opportunities because pay is low and prospects for promotion are virtually nil. "Places give you a hassle, say they are not hiring and come back in a few months," complains Corey Newsome, a former member of Maclin's gang. In some tight labor markets, fast-food restaurants pay nearly twice the minimum wage, but local youth unemployment rates remain high.

"Fast-food places aren't paying enough, not for what they want you to do," says Newsome. The lucrative alternatives—drug dealing, pimping, and theft—have no shortage of recruits, though.

The allure of criminal activity is often attributed to the disintegration of the black family. In 1960, 20% of black families with children were headed by women. Today, half are.

WELFARE TRAP? Contrary to popular perception, the birth rate for unmarried black women actually has declined since 1960. But the marriage rate among black women has dropped even more sharply—as has the birth rate to married women—so single women still bear more of the community's babies. For Wilson, the explanation is the shortage of "marriageable" black men. "The increasing inability of many black men to support a family is the driving force behind the rise of female-headed households," he says.

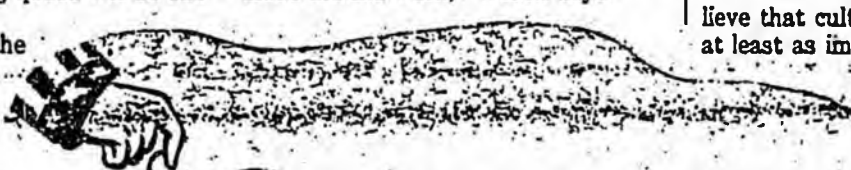
Some social scientists, though, believe that cultural factors have become at least as important as economic ones.

"If you've got full employment, you are still going to have an underclass," argues social scientist Charles Murray. "We do not know how to change the attitudes of even adolescents who have grown up in the underclass." Murray's 1984 book, *Losing Ground*, faulted federal welfare policy for discouraging marriage and work while rewarding out-of-wedlock childbearing and unemployment.

"It's now more acceptable than ever for a father to ignore his responsi-

at least some college education. As a result, employment of the poorly educated has fallen sharply. That is particularly true of adult black males who live in cities. Only half of these men work, even part-time, as compared with 80% in 1969, according to Kasarda.

University of Chicago sociologist William Julius Wilson, author of *The Truly Disadvantaged*, argues that antidiscrimination legislation and affirmative-action programs may have inadvertently compounded the problems. Middle-class blacks, who could take advantage of new job and housing opportunities in the 1960s and after, fled the ghettos, leaving local schools to the poor and removing important role models—adults who work at steady jobs. Those left behind no longer hear about work opportunities. Even the habit of waking up to a ringing alarm clock is alien. "Youngsters are growing up in a community where people's lives aren't organized around work," Wilson says.



HOW SOCIAL INVESTMENT IN CHILDREN PAYS OFF

\$1 INVESTED IN...

Prenatal care for poor women	...SAVES	\$3.38 in hospital care for low birthweight babies
Childhood immunization	\$10 in later medical costs
Preschool education	\$4.75 in special education, welfare, and prison costs
Remedial education	\$6 in the cost of repeating a grade

DATA: HOUSE SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES



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Special Report

bilities," adds Stuart Butler, director of domestic policy studies at the conservative Heritage Foundation. "The assumption is that the government will take care of the problem."

Certainly, most welfare programs do little to encourage work. When recipients who want to work weigh the low-paying jobs for which they're qualified against the loss of welfare benefits, medical benefits, and the additional burden of child care, many figure they're better off staying home. "The system goes around and chokes you," says Bonita Williams, a 24-year-old mother of six who lives at the Milwaukee Fam-

Dr. James P. Comer, professor of child psychiatry at the Yale Child Study Center, says children of uneducated parents are less likely to develop the early language skills and excitement for learning that will prepare them for school. Fully 60% of daughters of single women who are on welfare for 10 years or more will find themselves on welfare for at least a year during adulthood. Urban Institute economist Isabel V. Sawhill worries that underclass communities will be "breeding grounds for another generation of poor people with little hope of becoming part of the mainstream."

most disadvantaged kids. Their point is that intervening at an early age may well improve a child's lifelong prospects (chart, page 123) and save money on other social programs, such as welfare, down the line.

Some experts believe that expanding programs such as Medicaid and Head Start is only a first step. Harvard lecturer Lisbeth B. Schorr says that social service agencies have to do a better job of coordinating the services they deliver to poor families, who often suffer from a spectrum of problems. An agency that provides preschool education to a child without addressing a parent's depression or the child's nearsightedness won't help much. "The programs that work best are comprehensive and intensive," she says.

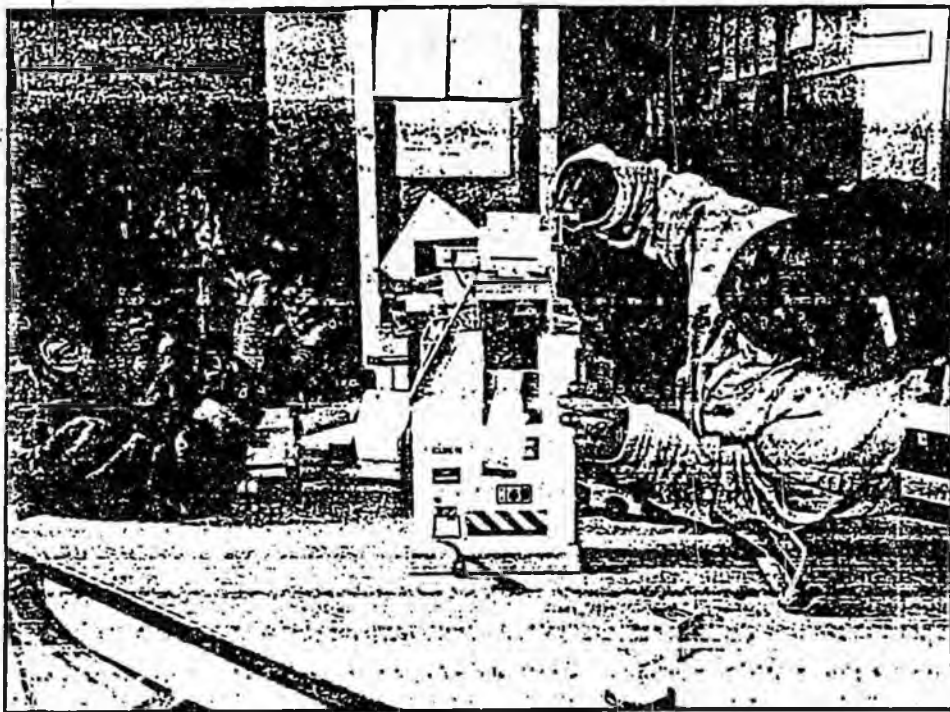
INTIMIDATED. Encouraging the employment of young adults is another necessity. In Boston, a successful business-backed program is teaching 150 poor adults such workplace skills as résumé-writing, interviewing procedures, and telephone etiquette. James B. Marshall Jr., who is in charge of the program, says many youths are intimidated by the prospect of leaving isolated ghettos such as Roxbury to work in a downtown glass tower. Other programs that provide intensive remedial education, job training, and child care have helped long-term welfare mothers enter the labor force.

North Carolina's Kasarda believes that suburban employers must reach out as well through job information networks and provide transportation pools. Marshall says that employers, who are often reluctant to hire inner-city youths, "have to understand that their personnel in the next 10 years is going to be different from what they're used to."

This realization is the product of demographic trends that in some areas are already producing labor shortages among young, entry-level workers. However, federal policymakers, worried about yawning budget deficits, seem unlikely to launch a major new effort to address the problems. There is little political gain to be had from aiding the powerless underclass, and indeed, the Presidential candidates have not taken up their cause.

Yet, argues Princeton sociologist Richard Nathan, "if there was ever a time to work at these issues, it's now, when there's a declining labor force." If America lets this opportunity pass, it will do so at its own social and economic peril.

By Susan B. Garland in Washington, with Lois Therrien in Milwaukee and Keith H. Hammonds in Boston



SAVE THE CHILD:
Improved services for children, such as day care for disadvantaged kids in New York's East Harlem, may be the surest way to break the cycle of poverty

ily Crisis Center. Child care and job training are a focus of the new \$3 billion welfare reform bill pending in Congress.

Whatever the causes of the underclass phenomenon, there is no question that the consequences for

black children have been disastrous. Three-quarters of them spend at least some time in poverty, compared with one-fourth of white children. One-third of black kids are poor for seven years or more. And those growing up poor are more likely to become parents themselves at an early age. In turn, their babies are at risk from low birth-weight, which tends to increase the chances of brain damage and learning disabilities.

To break the chain, some black leaders are calling on the black middle class for assistance. Others are saying that poor blacks themselves must accept greater responsibility—and that their community offers positive models, too. "There are kids who are not on drugs and teenagers who are not getting pregnant," says Robert L. Woodson, president of the Washington-based National Center for Neighborhood Enterprise, which encourages tenant management of public housing projects as well as other community self-help programs. "We need to learn from people who are successful."

Improving the schools that poor children attend is critical as well (page 129). So is reaching the child before school. Last year the Committee for Economic Development, a corporate-funded research group, recommended \$11 billion in additional spending on prenatal care and nutrition for pregnant women and preschool education for the nation's

IT'S TIME TO PUT OUR MONEY WHERE OUR FUTURE IS

Investments in education and training will yield sure-fire returns we can't afford to ignore



In the U.S., when you turn 18 or become a citizen, you may register to vote. The process varies from state to state, depending on the requirements of the local board of elections. But one thing is true across the nation: You do not need to be able to read or write. The Voting Rights Act of 1965 and its amendments abolished literacy tests, among other discriminatory local requirements, that had long disenfranchised millions of black and disadvantaged citizens.

Yet today the person who can vote but cannot read and write remains disenfranchised in another, more fundamental, sense. The right to earn a decent wage and make a productive contribution to society can't easily be exercised by the illiterate, the poorly educated, and the unskilled. Disenfranchised, too, is the unemployed steelworker unable to find the job to fit his unneeded skills. Then there's the single mother unable to find affordable day care for her toddler so that she can go to work.

The cold, hard, economic facts make a compelling case for action. The direct costs are clear: Incomes are lost, and unemployment and welfare benefits are paid out. But the overall loss to the economy is bigger still. America's most productive resource, its people, is not being fully utilized.

TIME BOMB. The bean-counters in Washington and state capitals around the country will say there is no money available to invest in educating and training tomorrow's work force. And some economists, such as University of Chicago professor and BUSINESS WEEK columnist Gary S. Becker, whose pioneering work measured the rate of return to investments in human capital, would prefer that market forces eliminate the mismatch between jobs and skills. But labor markets take time to work, and time is of the essence. Already the nation has suffered the consequences in the international marketplace; in the future, fiercer competition, changing demographics, and new tech-

nologies will demand that skills keep improving. Ignorance costs far more than knowledge.

In a \$4 trillion economy with a \$1 trillion federal budget there is surely room for some shifts in spending: away from plant and equipment and toward workers; away from the aged and toward the very young; and even away from guns and toward people. Whoever wins the Presidential election on Nov. 8 should spearhead a new national commitment to America's future by investing in its people. Whatever it takes—new money or a reallocation of resources—the commit-

ment should come through loud and clear. The federal government, state and local governments, business, labor, and the electorate will all have to do their part. What should be done? Here are some suggestions:

■ **Instill the habits of learning and working in kids at an early age.** "Early intervention" by means of preschool programs has shown proven results. Numerous studies demonstrate that the younger the child, the greater the long-run payoff of an investment in that child. Often mothers become in-



involved in these programs as well, and they help to nurture and sustain a learning ethic in their kids.

For every dollar invested in preschool programs such as the government's 23-year-old Head Start program or the Perry Preschool program in Ypsilanti, Mich., more than four times that amount is saved in public assistance, special education, and other costs. Children enrolled in such programs are much more likely to graduate from high school and be employed than children not enrolled in the programs. Some experts urge even earlier intervention, saying help should begin in the womb. Each dollar spent on prenatal care saves \$3.78 in the cost of care for low birth-weight babies.

At the moment the government spends about \$2.4 billion a year on the care and education of preschoolers. Compare that with a tab of \$8.7 billion for one year's spending on space research and technology. Or \$38 billion for a single year's worth of military research, development, and testing. Or compare it, even, with spending on the elderly. Since 1980, social programs that benefit children have suffered budget cuts in real terms, while programs benefiting the el-

derly have grown faster than inflation. Prenatal and preschool programs could reach most eligible participants with annual funding of anywhere from \$2 billion to \$10 billion, experts estimate. Increases of such magnitude, observes Isabel V. Suwhill, senior fellow at the Urban Institute in Washington, "won't exactly kill us."

■ **Pay teachers more, and perhaps transform the whole teaching process.** First there was reform, now there's restructuring. The process has begun, but more has to be done to enable the nation's schools to prepare students for life and work. This could involve "team" instruction, with highly qualified "lead" teachers, and new ways to teach thinking skills as well as the basics.

While the impetus and financing for these changes must come at the state and local level, the federal government can play an important role as a catalyst for change. The Education Dept. has a mixed record on this score. Its report, *A Nation at Risk*, shook up public school administrators and launched a reform process, but outgoing Education Secretary William J. Bennett has been impatient with results. And the Education

Dept. could do more to promote demonstration projects and fund education research—efforts that would help educators improve the schools.

■ **Adopt major new incentives to train and retrain workers.** In a competitive and rapidly changing economy, old skills become outdated and new skills are needed. "Most of us, after the age of 25, change occupations three times and jobs six times," observes Pat Choate, director of TRW Inc.'s Office of Policy Analysis. How to prepare people for those changes? Spread the cost of training through new initiatives. An investment tax credit to businesses for money spent on improving worker skills is one idea. Or a tax credit could be granted to individuals for investments in training and education they make on their own. Another incentive to both employers and workers would be a tax-free individual training account, akin to the individual retirement account, which could be jointly contributed to by workers and businesses. For years, any tax break granted industry has been skewed way in favor of physical investment. These proposals would reverse that bias.

■ **Tailor the workplace to the new labor force.** To retain female workers who have many years' experience, and to enable those workers to be more productive, companies should extend child-care benefits to a far greater extent than they have to date. To keep older workers productive, employers should offer new duties and more flexible hours. And granting workers portable benefits could make them more mobile, and thus more responsive to the fast-changing labor demands of employers.

Too frequently, managers have looked at workers as a cost rather than a resource. And every extra dollar spent on workers was viewed as that much more of a burden, whereas it could be, if wisely spent, a means to empower workers to do better. Hundreds of companies now recognize this to be true with respect to training. Investments in training yield tangible rewards, and accordingly business spends approximately \$30 billion a year on training. The rewards of changing the workplace are also large. But a massive cultural adjustment may be necessary to realize them.

There's no doubt that government is in a belt-tightening mood, and business is eager to keep costs under control. But without strong leadership and new spending priorities, America's most precious resource will be neglected. In the words of a familiar advertisement: A mind is a terrible thing to waste.

By Karen Pennar in New York

For information on reprints of this Special Report, call Business Week Reprints at 609 426-5494, or write Business Week Reprints, P.O. Box 457, Hightstown, N.J. 08520.



Training The Work Force

By Andrew J. Sherman

Small firms face the prospect of a much tougher job getting good new employees. Creative answers are being tried and urged.

Azie Taylor Morton, president and principal owner of Stami Corporation, operator of two Wendy's franchises in Philadelphia, has discovered that when she hires employees she must spend precious time teaching them the fundamentals of good work habits.

One man, now a star employee, started on the job with a marked lack of enthusiasm for doing what was entailed—he even refused to wear the required uniform. Morton says it took her a year to instill in him a productive work ethic.

Here is not an unusual story among the nation's small enterprises. They "encounter these problems over and over," she says. "It is very costly. The time I spend training new employees is very burdensome."

Small businesses are the primary entry-level training ground of two thirds of America's work force. Leaders in the small business field say it cannot adequately meet this responsibility without more assistance from government and the academic community. They are calling for stronger federal programs and incentives, plus a more dedicated partnership with educators.

Thirty state conferences have been held so far in preparation for the White House Conference on Small Business in August, and delegates at all of them have pointed out that small businesses, unlike larger corporations, cannot afford extensive in-house training.

Demographic changes in the next 10 years will mean many fewer workers at the entry level and greater competition among employers for the fully trained. A Bureau of Labor Statistics report says: "Labor force trends reflect the movement of the baby boom generation from the ages of... entry to prime working ages." In 1984 there were 17.4 million workers aged 18-24; by 1995, that will decline to 14.2 million. The 25-54 age group, on the other hand, will balloon from 45 million to 55 million—75 percent of the work force.

Says Roberts T. Jones, deputy assistant secretary for the Labor Department's Employment and Training Ad-

Training new employees is an expensive burden carried by small business people like Ralph Murray (right), whose firm designs and

manufactures advertising displays. His company formally trains its own staff, including estimator Al Hammerstrom (left).



PHOTO: MARK SHAW

ministration: "Small businesses often serve as a training ground for employees who then go on to big businesses. All the time that goes into creating an expert is lost when he or she is hired away by a larger company."

Before they leave school for the work force, "students need to be made aware of the benefits of working and staying at a small business," adds Ralph Murray, president of IDL, Inc., a Pittsburgh designer and manufacturer of advertising displays. Murray is also a member of a special White House task force on education and training.

As it currently stands, the outlook for the small business labor force is grim. Small business owners attending the state conferences have cited not only changes in work force demographics, but also the technological revolution, increased international competition, alarming illiteracy rates and inadequate business education as factors that leave them wondering where they will find properly educated and trained employees in the years ahead.

Some programs are already helping. The Job Training Partnership Act,

which replaced the Comprehensive Employment and Training Act, provides job training and employment services for economically disadvantaged adults and youths and dislocated workers (those who have lost their jobs due to plant closings), among others.

State and local governments are primarily responsible for managing and administering job training programs under JTPA. Governors approve plans developed by local Private Industry Councils, which are composed of local education and training authorities and business leaders. JTPA has served more than 1.5 million disadvantaged and dislocated workers since October, 1983.

"JTPA has been particularly successful because it is run primarily by the local PICs," says Jones. "Over 11,000 business owners serve on these PICs nationwide. This helps to ensure that the training programs are responsive to the job skills needed locally."

A report of the Washington-based American Association for Adult and Continuing Education shows that busi-

Andrew J. Sherman is a third-year Washington law student with special knowledge of small business issues.

MANAGING YOUR BUSINESS

Training The Work Force

Teachers Robert Sanchez (bottom, left) and Sandra Smith (top right, wearing sweater vest) teach basic work skills at an adult education center in a trailer

donated by a Florida seafood company, Treasure Isle.

nesses have contributed facilities, equipment, money, counseling, staff and input on curriculum development to joint education and training programs. But, the report concludes, "we are only scratching the surface."

These joint efforts "raise new challenges and issues for the public education system," says Kent McGuire, a senior policy analyst with the Education Commission of the States, headquartered in Denver. "Schools have to be in the business of training, teaching good work habits and giving students some sense of what makes the business world tick."

Adds McGuire: "Small business needs to collaborate with schools at a much earlier stage in the education process. By the time a kid reaches 12th grade, his work habits may have already solidified."

One such partnership has been successfully established between Treasure Isle, Inc., and the Hillsborough County, Fla., adult education program. Treasure Isle is a 500-employee seafood company that wanted to demonstrate its interest in training people for better jobs. The company donated a large double-wide trailer for a training center on company grounds, stocked it with reading equipment and typewriters and opened it to all adults in the community.

Because the area has a high Hispanic population, much of the job training focuses on English language skills, including reading and writing.

"We are like a little red schoolhouse," says Sandra Smith, an instructor at the center. "People come from 30-mile distances to attend."

Hamilton Bowser thinks the problem is not shortage of programs, but rather, quality of instruction. Bowser is president of the 38-employee Evanbow Construction Company, of East Orange, N.J., and, like Murray, is a member of the White House Conference on Small Business task force on education and training. "It's surprising how few of today's business management professors have any practical business experience," says Bowser. "Perhaps a co-op program should be required for business teachers to ensure that they keep their fingers on the day-to-day aspects of operating a business."

Small business conferees have recommended that federal legislation to partially subsidize the cost of on-the-job training be enacted in the form of tax credits, rebates of employers' Social Se-



PHOTO: ERIC MENCKEN

curity payments or authority to pay subminimum wages. Most small businesses "simply do not have the resources" to provide such training, says Bowser.

But Louis Faoro, associate administrator for business development in the Small Business Administration, thinks private business must take the lead role. "SBA is pushing cosponsorship of

training programs through its network of small business development centers," he says. "SBA should be a catalyst, then the small business community should take it from there."

Says Hamilton Bowser: "The programs are out there, it is just that not enough small business owners and employees are taking advantage of them. You can't legislate participation." ■

Where To Learn More

For information about training support for small business, contact the following organizations:

The Education Commission of the States
Business Advisory Commission
1860 Lincoln Street
Suite 300
Denver, Colo. 80295
(303) 830-3600

Business Council for Effective Literacy
1221 Avenue of the Americas
New York, N.Y. 10020
(212) 512-2477

U.S. Department of Labor
Employment and Training
Administration
601 D Street, N.W.
Washington, D.C. 20213

American Association for Adult and
Continuing Education
1201 16th Street, N.W.
Suite 301
Washington, D.C. 20036
(202) 822-7866

American Vocational Association
2020 N. 14th Street
Arlington, Va. 22201

(8)

JTPA RELATED JOB TRAINING PROGRAM PROPOSALS

<u>PROGRAM</u>	<u>FUNDING</u>	<u>FUNCTION</u>
1) EXISTING JTPA	FEDERAL	- JOB TRAINING TO DEVELOP ADAPTABLE SKILLS FOR A VARIETY OF POSITIONS THROUGH ON THE JOB TRAINING, 50% WORK SUPPLEMENTATION AND EDUCATIONAL PROGRAMS
2) BUSINESS INCENTIVE JOB TRAINING PROGRAM (HB 169)	STATE GF	- STATE MATCH FOR CUSTOMIZED TRAINING FOR NEW JOBS CREATED BY LOCATING OR EXPANDING BUSINESS IN ALASKA; CONTINGENT UPON GUARANTEE OF PLACEMENT AFTER TRAINING; ADMINISTERED THROUGH EXISTING JTPA PRIVATE INDUSTRY COUNCILS
3) SB 191; "EMPLOYMENT AND JOB TRAINING" (GOVERNOR'S PROPOSAL)	E.S. TAX	- SUPPLEMENTAL FUNDING FOR EXPANDED JTPA ACTIVITIES

ALASKA STATE AFL-CIO

2501 Commercial Dr.
Anchorage, Alaska 99501
(907) 258-6284



819 1st Ave.
Fairbanks, Alaska 99701
(907) 456-2030

MANO FREY
Executive President

March 22, 1989

Representative Fran Ulmer, Chair
Finance Subcommittee for HB 169 and HB 170
P.O. Box V
Juneau, Ak. 99811

Dear Representative Ulmer;

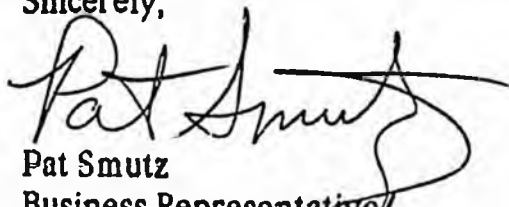
I would like to voice support for HB 169 and HB170 on behalf of the Alaska State AFL-CIO. I have reviewed the legislation which would establish the Business Incentive Training Program and appropriate \$300,000 to the program.

The program would match the cost of customized training as an incentive for a business to locate in Alaska or expand its Alaskan operations. Most other states have a similar component as part of their overall economic development program. Passage of these bills would help to facilitate the recovery of the Alaskan economy.

Representative Ellis has updated me on the subcommittee proposal to fund the appropriation from the Employment Assistance and Training Program to be established in SB 191. Under SB 191, the Employment Assistance and Training Program Account would be funded by one-tenth of one percent of each employee's Employment Security Contribution. I have conferred with Commissioner Sampson on the development of SB 191 and I agree with the commissioner that an appropriation to the Business Incentive Job Training Program would be an appropriate use of the funds.

I urge passage of HB 169 and HB 170 with the proposed Finance amendments.

Sincerely,


Pat Smutz
Business Representative
COPE Director

cc: Finance Committee members

HB

169

SENATE COMMITTEE REPORT

Returned to Finance 5/4/89

FURTHER

DATE TURNED INTO OFFICE 5/5/89

Mr. President:

Finance

Committee considered CSHB 169 (FIN)

establishing the business incentive training program

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Gunt

Chair: *John S. ...* signature and recommendation
 Committee Backup attached *Do Pass*
Co-Chair

SENATE COMMITTEE REPORT

FURTHER

4/29/89

DATE TURNED INTO OFFICE 5/14/89

Mr. President:

Finance Committee considered CSHB 169 (FIN)
establishing the business incentive training program

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

*Returned to Finance
5/14/89*

FISCAL NOTE(S) ^{DCE RA} zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Carl Frank

True Kerner

Richard [Signature] (NO PASS)
 Chair signature and recommendation

Committee Backup attached

John [Signature] CO-CHAIR
 DO PASS

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: HB 169 Establishing a Business
Incentive Training Program
Sponsor: Ellis
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Job Training Partnership Act
Components: Governor's Training, Training
and Energy Field Office

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The attached analysis is a Departmental budget developed assuming passage of an appropriation under HB 170.

Prepared by: Mark Mickelson, Deputy Director Phone: 465-4890
Division: Rural Development Division Date: 2-28-89
Approved by Commissioner: Paul G. Hoffman Date: 2/28/89
Agency: Community and Regional Affairs

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Adopted

State of Alaska 1989 - 16th Legislature
First Session
Fiscal Note Analysis

Title: A Business Incentive
Training Program

Assumptions Funds will be passed through the Department of Community and Regional Affairs with oversight provided by the Alaska State Job Training Coordinating Council. The intent of this bill would also provide for a proportionate pass through of grant funds to the established Service Delivery Areas (the administrative/granting entities established under the Job Training Partnership Act.) One of the three established SDA's within the State, the Statewide SDA, is also organized and functional within the Rural Development Division, Department of Community and Regional Affairs. This analysis therefore reflects both of these functions within this Department.

Presently there are no State general funds available in the JTPA BRU. Federal JTPA funds are dedicated to the administration of JTPA programs and cannot be used for the administration of State funded job training programs. Certain prudent and minimal administrative effort must be made to assure that the funds are expended appropriately by the service agencies.

Program Summary At the State office (JTPO) level, the requested administrative funds will be used to provide contract and grant administration necessary to assure the funds are expended appropriately. Oversight and monitoring, both on-site and at desk will be provided. Participants will be tracked and accounted for through modification to the JTPA Participant Management Information System. Technical assistance will be provided to service providing agencies. General program administration including generation of required fiscal and participant reports will be provided.

At the Service Delivery Area level 85% of funds will be directly granted to eligible training projects. The minimal administrative support requested is necessary to initiate program implementation which would include the planning and design work, outreach and promotion, the solicitation process, grant negotiation and writing, grant monitoring, technical assistance and oversight, participant outreach and recruitment, financial accountability, staff training, and program assessment and evaluation. Program services and administration will be integrated into the existing SDA administrative structure, which utilizes five field offices, a small central support office and support for a Private Industry Council.

Positions No new positions are requested at this time. Funds are requested however to provide for proportional level of support of existing staff who would be assigned administrative duties under this program. This would include staff in both the Governors Training Component (the JTPO) and the Training Energy Field Office Component (SDA).

Other Expenditures Modification of the existing JTPA Participant Management Information System will be needed to track and account for program participants. Estimated one-time cost is \$4,500. Travel for the Statewide SDA will require an estimated \$5,000 in consideration of the cost of rural travel. Other contractual costs will include fiscal support costs at approximately \$2,000; program marketing and promotion at \$1,000; data base maintenance at \$1,500 per year with the equipment maintenance agreement, phone, copier, and printing representing the balance of other planned expenditures.

Proposed Budget The following is a breakout of the Department's proposed budget for FY 90 and FY 91:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		7.6	10.5			
TRAVEL		5.0	6.0			
CONTRACTUAL		9.5	5.6			
SUPPLIES		-0-	-0-			
EQUIPMENT		-0-	-0-			
LAND AND STRUCTURES		-0-	-0-			
GRANTS, CLAIMS		277.9	277.9			
MISCELLANEOUS		-0-	-0-			
TOTAL OPERATING	-0-	300.0	300.0	-0-	-0-	-0-

Original sponsors: Ellis, Boyer,
M.Davis, et al.

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 169 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the business incentive training
7 program."

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

9 * Section 1. AS 44.47 is amended by adding new sections to read:

10 ARTICLE 12A. BUSINESS INCENTIVE TRAINING PROGRAM.

11 Sec. 44.47.750. BUSINESS INCENTIVE TRAINING PROGRAM ESTABLISHED.

12 (a) There is established in the department the business incentive
13 training program. The incentive program shall be administered as a
14 supplement to the Job Training Partnership Act (P. L. No. 97-300).

15 (b) The purpose of the incentive program is to encourage private
16 industry to provide new job opportunities by offering assistance in
17 training the new workforce and in retraining existing employees to
18 implement new technologies.

19 Sec. 44.47.752. ADMINISTRATION. (a) The state Job Training
20 Coordinating Council established under 29 U.S.C 1532 shall oversee the
21 incentive program. The service delivery areas established under 29
22 U.S.C. 1511 and subject to redesignation under 29 U.S.C. 1515 shall be
23 used in the administration of the incentive program. The private
24 industry councils appointed under 29 U.S.C. 1512 and subject to recon-
25 stitution under 29 U.S.C. 1515 shall serve as the private industry
26 councils for the incentive program.

27 (b) The coordinating council shall divide appropriations for the
28 incentive program equally among the private industry councils. If a
29 private industry council lacks sufficient money to fund a proposal,

1 the private industry council may apply to the coordinating council for
2 additional funding. The coordinating council may approve reallocation
3 of money from one service delivery area to another to fund a parti-
4 cular proposal if it finds that the reallocation will best serve the
5 purposes of the program.

6 (c) The coordinating council shall adopt regulations under the
7 Administrative Procedure Act (AS 44.62) to implement AS 44.47.750 -
8 44.47.772.

9 Sec. 44.47.754. BUSINESS INCENTIVE TRAINING PLAN. (a) A pri-
10 vate industry council shall adopt a business incentive training plan
11 for the service delivery area. The plan must extend for two years to
12 coincide with the term for the Job Training Partnership Act (P.L.
13 97-300) and must contain

14 (1) identification of the entity or entities that will
15 administer the incentive program and be the grant recipient for grants
16 from the state;

17 (2) a description of the services to be provided, including
18 the estimated duration of service and the estimated training cost per
19 participant;

20 (3) procedures for identifying and selecting participants;

21 (4) performance goals established in accordance with stan-
22 dards under AS 44.47.766;

23 (5) procedures for awarding grants to businesses; and

24 (6) the budget for two program years and any proposed
25 expenditures for the succeeding two program years, in as much detail
26 as required by the grant administrator designated under AS 44.47.758.

27 (b) If changes in labor market conditions, funding, or other
28 factors require substantial deviation from an approved business incen-
29 tive training plan, the private industry council and the appropriate

1 elected municipal official or officials shall submit a modification of
2 the plan and the budget for review under AS 44.47.756.

3 Sec. 44.47.756. REVIEW AND APPROVAL OF BUSINESS INCENTIVE TRAIN-
4 ING PLAN. The business incentive training plan shall be published and
5 made available for review and comment as an attachment to the job
6 training plan as set out in 29 U.S.C. 1515. The business incentive
7 training plan is subject to review and approval by the governor.

8 Sec. 44.47.758. BUSINESS INCENTIVE TRAINING GRANTS. (a) Each
9 private industry council shall designate an administrative entity to
10 be the grant recipient and administrator for the region. An employer
11 may apply to the grant administrator for a business incentive grant if
12 the employer is a private for-profit or nonprofit corporation, part-
13 nership or sole proprietor business. The grant administrator shall
14 review applications and award grants.

15 (b) Each grant administrator is responsible for the allocation
16 of funds and the eligibility of those enrolled in its programs. The
17 grant administrator is responsible for taking action against its
18 subcontractors, subgrantees, and other recipients to eliminate abuses
19 in the programs they are carrying out, and to prevent misuse of funds.
20 If the arrangement is included in an approved job training plan, a
21 grant administrator may delegate the responsibility for determining
22 eligibility under reasonable safeguards, including provisions for
23 reimbursement of costs incurred because of erroneous determinations
24 made with insufficient care.

25 (c) A business incentive training grant shall be used to recruit
26 and train eligible employees for newly created permanent or permanent
27 seasonal positions or to enable existing employees to acquire the
28 skills necessary to qualify the employee to implement new technolo-
29 gies. A business incentive training grant may be used for occupations

1 for which there is a demand in the area served or in another area to
2 which the participant is willing to relocate and for emerging tech-
3 nologies in the state. In selecting recruiting and training programs,
4 the private industry councils and the grant administrators may con-
5 sider whether the occupation in which recruiting or training is sought
6 is in a sector of the economy that has a high potential for sustained
7 demand or growth.

8 (d) Only individuals eligible under the business incentive
9 training plan and residing in the service delivery area may be partic-
10 ipants in employment and training activities funded under the business
11 incentive training program. To be eligible for training or education
12 services under AS 44.47.750 - 44.47.772, immediately before beginning
13 training or education under the program a person shall

14 (1) have been unemployed and

15 (A) receiving unemployment insurance benefits; or

16 (B) have exhausted the right to unemployment insurance
17 benefits within the past three years;

18 (2) be liable to be displaced from work within the next six
19 months because of

20 (A) reductions in overall employment within the busi-
21 ness;

22 (B) elimination of the person's current job; or

23 (C) a change in the conditions of the employee's job
24 requiring that, to remain employed, the employee must have sub-
25 stantially different skills that the employee does not now pos-
26 sess; or

27 (3) have worked in a position covered by AS 23.20 at any
28 time during the last three years and be ineligible for unemployment
29 insurance benefits because the person

1 (A) was working in a seasonal, temporary, part-time,
2 or other marginal employment;

3 (B) has insufficient qualifying wages because of
4 limited job opportunities; or

5 (C) is employed, but, because the person is underem-
6 ployed, the person needs employment assistance and training to
7 obtain full employment.

8 (e) Payments to employers for on-the-job training of partici-
9 pants who experience multiple barriers to employment or are eligible
10 under the Job Training Partnership Act (P.L. 97-300) may not average
11 more than 80 percent of the wages paid by the employer to the partici-
12 pant. Payments to employers for on-the-job training of other partic-
13 ipants may not average more than 50 percent of the wages paid by the
14 employer to participants. The payments shall be considered to be in
15 compensation for the extraordinary costs associated with training
16 employees for new positions and the lower productivity of the partici-
17 pants.

18 (f) A grant made under the business incentive training program
19 may not be used to duplicate facilities or services available in the
20 area from federal, state, or local sources unless the business incen-
21 tive training plan establishes that services or facilities under the
22 program would be more effective or more likely to achieve performance
23 goals.

24 (g) A fee may not be charged for placing an individual in or
25 referring an individual to a training program under AS 44.47.750 -
26 44.47.772.

27 (h) A business incentive training grant may not be awarded to a
28 program that involves political activities.

29 (i) An employer at whose request a participant is offered

1 training shall fulfill the obligation to offer a successful partici-
2 pant in the business incentive training program a position or pro-
3 motion, as applicable. A participant is considered successful if the
4 participant satisfactorily completes the training program in which the
5 participant was enrolled.

6 Sec. 44.47.760. COMPENSATION FOR PARTICIPANTS. (a) A trainee
7 may not receive a payment for training activities in which the trainee
8 fails to participate.

9 (b) An individual in on-the-job training shall be compensated by
10 the employer at the same rates, including periodic increases, as
11 similarly situated employees or trainees and in accordance with appli-
12 cable law. However, an individual may not be paid less than the state
13 minimum wage under AS 23.10.065 whether or not the individual is
14 exempt under AS 23.10.055 or 23.10.070.

15 (c) An individual employed in activities authorized under the
16 business incentive training program other than on-the-job training
17 shall be paid wages that are not less than the highest of

18 (1) the state minimum wage under AS 23.10.065;

19 (2) the prevailing rate of pay for individuals employed in
20 similar occupations by the same employer; or

21 (3) the prevailing rate of wages under AS 36.05 or 40
22 U.S.C. 276a - 276a-5, if applicable.

23 (d) Allowances, earnings, and payments to individuals partici-
24 ipating in programs under the business incentive training program may
25 not be considered as income in determining eligibility for and the
26 amount of income transfer and in-kind aid furnished under a state
27 program based on need, other than programs under the Social Security
28 Act.

29 (e) Conditions of employment and training must be appropriate

1 and reasonable in light of factors including the type of work, geo-
2 graphical region, and proficiency of the participant.

3 (f) An individual employed in a subsidized job under the busi-
4 ness incentive training program shall be provided benefits and working
5 conditions at the same level and to the same extent as other employees
6 working a similar length of time and doing the same type of work.

7 (g) Money from a grant under the business incentive training
8 program may not be used for contributions on behalf of a participant
9 to retirement systems or plans.

10 Sec. 44.47.762. REPORTING AND RECORDKEEPING. (a) A grant
11 administrator shall maintain records of each participant's enrollment
12 in a business incentive training program in sufficient detail to
13 demonstrate compliance with AS 44.47.750 - 44.47.772.

14 (b) The coordinating council shall adopt regulations concerning
15 retention of records.

16 (c) The coordinating council shall report annually to the legis-
17 lature concerning the incentive program no later than February 1.

18 Sec. 44.47.764. ALLOWABLE COSTS. (a) To be allowable, a cost
19 must be necessary and reasonable for proper and efficient adminis-
20 tration of the program. The following costs are not allowable:

21 (1) costs resulting from violations of or failure to comply
22 with federal, state, or local laws and regulations;

23 (2) entertainment costs; and

24 (3) insurance policies offering protection against debts
25 established by the federal government.

26 (b) Personal liability insurance for members of the private
27 industry council is an allowable cost.

28 Sec. 44.47.766. PERFORMANCE STANDARDS. (a) The basic measure
29 of performance for training programs under AS 44.47.750 - 44.47.772 is

1 the increase in jobs in the area and in employment and earnings for
2 participants resulting from participation in the program. In order to
3 determine whether these standards are achieved, the governor shall
4 adopt standards based on appropriate factors.

5 (b) The governor shall provide technical assistance to programs
6 that do not meet performance criteria. If a program fails to meet
7 performance standards for two consecutive years, the governor shall
8 withdraw unencumbered funds from the program.

9 (c) An interested party who is harmed by a change made under
10 this section is entitled to a hearing under the Administrative Proce-
11 dure Act (AS 44.62).

12 Sec. 44.47.768. LIMITATION ON CERTAIN COSTS. No more than 15
13 percent of the money available to a service delivery area for a fiscal
14 year may be expended for the cost of administration. For purposes of
15 this section, costs of program support, including counseling, that are
16 directly related to the provision of education or training to partici-
17 pants may not be counted as part of the cost of administration.

18 Sec. 44.47.770. SELECTION OF SERVICE PROVIDERS. (a) The pri-
19 mary consideration in selecting agencies or organizations to deliver
20 services within a service delivery area is the effectiveness of the
21 agency or organization in delivering comparable or related services
22 based on demonstrated performance, in terms of the likelihood of
23 meeting performance goals, cost, quality of training, and characteris-
24 tics of participants. In complying with this subsection, proper
25 consideration shall be given to community-based organizations as
26 service providers.

27 (b) Appropriate education agencies in the service delivery area
28 shall be given the opportunity to provide educational services, unless
29 the grant administrator determines that alternative agencies or

1 organizations would be more effective or would have greater potential
2 to enhance the participants' continued occupational and career growth.

3 (c) The grant administrator may not fund an occupational skills
4 training program unless the level of skills provided in the program is
5 in accordance with guidelines established by the private industry
6 council.

7 Sec. 44.47.772. DEFINITIONS. In AS 44.47.750 - 44.47.772

8 (1) "coordinating council" means the state Job Training
9 Coordinating Council established under 29 U.S.C. 1532;

10 (2) "incentive program" means the business incentive train-
11 ing program established under AS 44.47.750;

12 (3) "participant" means an individual receiving education
13 or training, including on-the-job training, under an incentive program
14 grant.

HB

170

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 3, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/29/89

The FINANCE Committee considered:

HB 170

HOUSE BILL NO. 170 [APPROP: BUS. INCENTIVE TRAINING PROGRAM]

"An Act making a special appropriation to the Department of Community and Regional Affairs for the business incentive training program; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 170 (Fin.) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Ronald J. Larson LARSON
Tom Brown BROWN
Kerouac KOPONEN
Walter Ulmer ULMER
Samuel Barnes BARNES
Dick Shultz SHULTZ

	Do Not Pass	No Rec	Amend
<u>Lynne Hoffman</u> HOFFMAN		X	
<u>Charles Swackhammer</u> SWACKHAMMER		X	
<u>Rod E. Phillips</u> PHILLIPS			
<u>Steve Rieger</u> RIEGER			
<u>Ray Wallis</u> WALLIS			

Ronald J. Larson
 Chairman's signature

Original sponsors: Ellis, Boyer,
M.Davis, et al.

<u>Funding Information</u>	
General Fund	\$300,000
Other Funds	-0-
	<u>\$300,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 170 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Community and Regional Affairs for the busi-
8 ness incentive training program; and providing for an
9 effective date."

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

11 * Section 1. The sum of \$300,000 is appropriated from the state train-
12 ing and employment program account in the general fund to the Department of
13 Community and Regional Affairs for the business incentive training program.

14 * Sec. 2. The unexpended and unobligated balance of the appropriation
15 made by this Act lapses into the general fund June 30, 1990.

16 * Sec. 3. This Act takes effect if an Act is passed by the First Ses-
17 sion of the Sixteenth Alaska State Legislature that establishes the busi-
18 ness incentive training program and if an Act is passed by the First Ses-
19 sion of the Sixteenth Alaska State Legislature that establishes the state
20 training and employment program account. This Act takes effect on the
21 later of the effective dates of the two Acts.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 29, 1989

SUBJECT: Dedicated funds issue in SB 191
(Employment and training programs)

TO: Representative Johnny Ellis

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have asked whether the provisions in SB 191 that create the employment assistance and training program account and identify money that may be appropriated to the account violate the state constitutional prohibition against the dedication of funds. In my opinion, they do not.

Article IX, sec. 7 prohibits the state from dedicating the proceeds of any state tax or license to a special purpose. The unemployment contributions collected from employees under Sec. 23.21.030 are clearly the proceeds of a state tax for purposes of dedicated fund analysis. The employment assistance and training program is clearly a special purpose. However, Sec. 23.21.020 provides that the money collected from the special employee contributions under sec. 23.21.030 be accounted for separately but deposited in the general fund. The section states that the legislature may appropriate that amount to the Department of Labor for the program.

Since the money may not be spent without legislative appropriation, the bill does not create a dedicated fund and does not violate Article IX, sec. 7 of the state constitution.

If I may be of further assistance, please advise.

TC:gc
WKG8/086

See page 2
Sec 23.21.020

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 191

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to employment contributions and to
7 the establishment of employment and training pro-
8 grams; and providing for an effective date."

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

10 * Section 1. FINDINGS. The legislature finds that

11 (1) an inadequate number of jobs exist in this state to meet the
12 needs of those seeking employment;

13 (2) many Alaskans are having difficulty finding jobs, especially in
14 t.rying to meet the changing technology needs in this state;

15 (3) employer and employee contributions paid into the unemployment
16 insurance system are used for payment of compensation to unemployed work-
17 ers, and that allocation of a small portion of employment contributions
18 paid by employees would provide money to develop a state training program
19 to meet the training needs of Alaskans;

20 (4) a state employment training program would

21 (A) help prevent future claims against unemployment benefits;

22 (B) foster new jobs by encouraging businesses to locate in
23 Alaska due to availability of a skilled labor force and by minimizing
24 employers' unemployment costs; and

25 (C) increase training opportunities to those workers severely
26 affected by the fluctuations in the Alaskan economy or technological
27 changes in the workplace in the state;

28 (5) it would be beneficial to the state for employment training
29 programs funded by this Act to supplement, but not to displace, money

1 available to a training entity for public or private training, and not to
2 replace, parallel, compete with, or duplicate existing federally approved,
3 jointly administered apprenticeship and training programs.

4 * Sec. 2. AS 23 is amended by adding a new chapter to read:

5 CHAPTER 21. EMPLOYMENT ASSISTANCE AND TRAINING.

6 Sec. 23.21.010. EMPLOYMENT ASSISTANCE AND TRAINING PROGRAM.

7 There is created a two-year pilot project program, designed by the
8 state, to finance and award grants to employment assistance and train-
9 ing entities. Employment assistance and training entities shall
10 accord appropriate state agencies full access to accounting records
11 concerning grants received, to assure compliance with program stan-
12 dards.

13 Sec. 23.21.020. EMPLOYMENT ASSISTANCE AND TRAINING PROGRAM
14 ACCOUNT. The employment assistance and training program account is
15 established in the general fund. The commissioner of administration
16 shall separately account for money collected under AS 23.21.030 that
17 the department deposits in the general fund. The annual estimated
18 balance in the account may be appropriated by the legislature to the
19 department to implement this chapter. The legislature may appropriate
20 the lapsing balance of the account to the unemployment compensation
21 fund established in AS 23.20.130.

22 Sec. 23.21.030. SPECIAL EMPLOYEE UNEMPLOYMENT CREDIT AND CONTRI-
23 BUTIONS FOR PROGRAM. (a) In the manner provided in AS 23.20, the
24 department shall collect from an employee, who is contributing under
25 AS 23.20.290(d), one-tenth of one percent of the rate of contribution
26 payable by the employee under that subsection. Notwithstanding
27 AS 23.20.290(d), for the purposes of this chapter, beginning July 1,
28 1989 and continuing through June 30, 1991, for unemployment contri-
29 butions due for and collected during that period under AS 23.20, the

1 department shall credit an employee, who is contributing under
2 AS 23.20.290(d), with payment of one-tenth of one percent of the rate
3 of contribution payable by that employee under that subsection. The
4 department shall remit to the Department of Revenue, in accordance
5 with AS 37.10.050, money collected under this subsection.

6 (b) The department shall assess and collect, under AS 23.20.185
7 -- 23.20.275, interest and penalties for delinquent reports and pay-
8 ments due under this section. Interest and penalties collected shall
9 be handled in accordance with AS 23.20.130(d).

10 Sec. 23.21.040. PEOPLE TO BE SERVED. Within the limits of its
11 grant, an employment assistance and training entity receiving a grant
12 under AS 23.21.070 shall provide services set out in AS 23.21.050 to
13 Alaska residents who, immediately before beginning training or receiv-
14 ing benefits under a grant financed by this program,

15 (1) are unemployed, and

16 (A) receiving unemployment insurance benefits, or

17 (B) exhausted unemployment insurance benefits during

18 the past three years;

19 (2) are employed, but who might be displaced within the next
20 six months due to

21 (A) reductions in overall employment within a busi-
22 ness;

23 (B) elimination of the worker's current job; or

24 (C) a change in conditions of employment necessitating
25 a substantial revision in skills to remain employed; or

26 (3) have worked in covered employment during the last three
27 years, and are not currently eligible for unemployment insurance
28 benefits due to

29 (A) seasonal, temporary, part-time, or marginal

1 employment;

2 (B) lack of qualifying wages because of limited job
3 opportunity; or

4 (C) underemployment, but are in need of employment and
5 training assistance to obtain full-time employment.

6 Sec. 23.21.050. SERVICES FOR ELIGIBLE PEOPLE. Subject to the
7 limits of its grant, an entity receiving a grant under AS 23.21.070
8 shall provide one or more program elements, including

- 9 (1) industry-specific training;
- 10 (2) on-the-job training;
- 11 (3) institutional or classroom job-linked training;
- 12 (4) support services, including allowances;
- 13 (5) relocation assistance; or
- 14 (6) provisions of necessary tools, work-related clothing,
15 safety gear, or other necessities to obtain or retain employment.

16 Sec. 23.21.060. DUTIES OF THE DEPARTMENT. (a) The department
17 may award a grant to

18 (1) the State Job Training Coordinating Council to adminis-
19 ter an employment assistance and training program and to award pilot
20 project grants to qualified entities; or

21 (2) other qualified training entities to provide services
22 listed in AS 23.21.050.

23 (b) If a grant is awarded to the State Job Training Coordinating
24 Council, the department shall annually provide to the council a pri-
25 ority list of targeted projects or services, based on unemployment
26 statistics, unemployment insurance claims, occupational and industrial
27 projections, availability of other training and employment programs,
28 and other relevant data. In developing the priority list for targeted
29 projects and services, the department shall solicit comments from the

1 Department of Community and Regional Affairs, Department of Education,
2 Department of Commerce and Economic Development, University of Alaska,
3 organized labor, the council, and the administrative entities of the
4 substate service delivery areas established for the council.

5 (c) The department may adopt regulations necessary to implement
6 this chapter.

7 Sec. 23.21.070. DUTIES OF STATE JOB TRAINING COORDINATING COUN-
8 CIL. (a) In implementing this program under a grant received under
9 AS 23.21.060(a)(1), and subject to the limit of its grant, the State
10 Job Training Coordinating Council shall award a pilot project grant
11 for a period of up to two years, in accordance with the priority list
12 established by the department under AS 23.21.060(b), to an employment
13 assistance and training entity if the entity meets program require-
14 ments and can demonstrate that

15 (1) its accounting systems include controls adequate to
16 check the accuracy and reliability of accounting data, promote operat-
17 ing efficiency, and assure compliance with program requirements and
18 generally accepted accounting principles; and

19 (2) its activities do not replace or compete in any way
20 with a federally approved jointly administered apprenticeship program
21 or any other existing training programs.

22 (b) Subject to the limits of its grant, the council may not
23 award a pilot project grant if the grant would displace money avail-
24 able through existing public or private training programs.

25 (c) The Department of Community and Regional Affairs shall pro-
26 vide administrative support to the council to administer the program.
27 To provide administration of the program, the council may use the
28 administrative entities of the substate service delivery areas estab-
29 lished for the council.

1 (d) The council shall annually provide the department with
2 financial and performance reporting on the activities of the program
3 and recommendations concerning continuation of funding.

4 Sec. 23.21.080. DEFINITIONS. In this chapter,

5 (1) "council" means the State Job Training Coordinating Council
6 established in the Department of Community and Regional Affairs under
7 29 U.S.C. 1532 and Administrative Order Number 74 of the governor;

8 (2) "department" means the Department of Labor;

9 (3) "program" means the employment assistance and training
10 program established under this chapter; and

11 (4) "substate service delivery areas" means those areas desig-
12 nated by the governor under 29 U.S.C. 1532.

13 Sec. 23.21.090. SHORT TITLE. This chapter may be cited as the
14 Alaska Employment Assistance and Training Program Act.

15 * Sec. 3. AS 23.21.010, 23.21.020, 23.21.030, 23.21.040, 23.21.050,
16 23.21.060, 23.21.070, 23.21.080, and 23.21.090 are repealed.

17 * Sec. 4. Sections 1 and 2 of this Act take effect July 1, 1989.

18 * Sec. 5. Section 3 of this Act takes effect July 1, 1991.

HB

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SENATE COMMITTEE REPORT

FURTHER

5/4/89

DATE TURNED INTO OFFICE 5/2/89

Mr. President:

Finance

Committee considered CSHB 170 (FIN) am

making a special appropriation to the Department of Community and Regional Affairs for the business incentive training program; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Rich Uley

Paul Fruter

Paul Fruter

Paul Fruter

Rich Uley (DO AB)
 Chair: signature and recommendation
John *DO PASS*

Committee Backup attached

CO-CHAIR
DO PASS

Amended: 5/2/89

6-0544E

Offered: 3/31/89

Referred: Rules

Original sponsors: Ellis, Boyer,
M.Davis, et al.

<u>Funding Information</u>	
General Fund	\$300,000
Other Funds	-0-
	<u>\$300,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 170 (Finance) am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Community and Regional Affairs for the busi-
8 ness incentive training program; and providing for an
9 effective date."

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

11 * Section 1. The sum of \$300,000 is appropriated from the employment
12 assistance and training program account in the general fund to the Depart-
13 ment of Community and Regional Affairs for the business incentive training
14 program.

15 * Sec. 2. The unexpended and unobligated balance of the appropriation
16 made by this Act lapses into the general fund June 30, 1990.

17 * Sec. 3. This Act takes effect if an Act is passed by the First Ses-
18 sion of the Sixteenth Alaska State Legislature that establishes the busi-
19 ness incentive training program and if an Act is passed by the First Ses-
20 sion of the Sixteenth Alaska State Legislature that establishes the employ-
21 ment assistance and training program account. This Act takes effect on the
22 later of the effective dates of the two Acts.

23

24

ШВ

171

HOUSE COMMITTEE REPORT

FILE

(11)

Date Referred: March 28, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/4/90

The FINANCE Committee considered:

HB 171

HOUSE BILL NO. 171

JOB TRAINING AND EDUCATION PROGRAM

"An Act establishing a training and education program to expand employment opportunities for low-income persons; repealing the work incentive program; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with CS HB 171 (FIN) [] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact H. FIN. CMTE. [] fiscal note(s) _____
- [] zero fiscal note _____ [] zero fiscal note(s) _____
- [] zero with analysis _____ [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not Pass No Rec Amend

Laura Hoffman Hoffman
Ronald J. Carson Carson
Larry Brown Brown
John K. Rosen Rosen
Frank Ulmer Ulmer
Kay Wallis Wallis

<u>C. Swackhammer</u> Swackhammer	<input checked="" type="checkbox"/>		
<u>Barnes Barnes</u> Barnes	<input checked="" type="checkbox"/>		
<u>Shultz Shultz</u> Shultz	<input checked="" type="checkbox"/>		
<u>Phillip Phillip</u> Phillip	<input checked="" type="checkbox"/>		
<u>Riegar Riegar</u> Riegar	<input checked="" type="checkbox"/>		

Ronald J. Carson Carson
 Chairman's Signature
Laura Hoffman Hoffman

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to AFDC and
establishing an effective date.
Sponsor: Rep. Ellis, Boyer, M. Davis et al
Requestor: House Finance Committee

Agency Affected: _____
BRU: Public Assistance Administration
Components: Alaska Work Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	750.0	750.0	750.0	750.0	750.0	750.0
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	750.0	750.0	750.0	750.0	750.0	750.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	750.0	750.0	750.0	750.0	750.0	750.0
FEDERAL FUNDS						
OTHER						
TOTAL	750.0	750.0	750.0	750.0	750.0	750.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

FY 91 funding includes: Adult Basic Education 500.0
Parenting Education 250.0

Prepared by: House Finance Committee Phone: 465-3727
Division: Co-Chairman Ron Larson Date: 4/4/90

Approved by Commissioner: Co-Chairman Lyman Hoffman Date: 4/4/90
Agency: _____

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Adopted

Original sponsor(s): REP. ELLIS, Boyer, M.Davis, Brown, Collins,
Spohnholz, Ulmer, Goll, Menard, Koponen, Navarre

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 171 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to eligibility requirements for, and
7 assistance granted under, the program of aid to
8 families with dependent children; establishing a
9 training and education program to expand employment
10 opportunities for persons who receive aid to families
11 with dependent children; repealing the work incentive
12 program; establishing a pilot project relating to an
13 alternative education program designed to meet the
14 needs of persons of school age who are pregnant or
15 are parents; and providing for an effective date."

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

17 * Section 1. FINDINGS. (a) In AS 47.25.400, the legislature has
18 declared that a purpose of the program of aid to families with dependent
19 children is to strengthen family life. The legislature finds that this
20 purpose would be promoted by granting aid on behalf of children who are
21 deprived of parental support by reason of the unemployment of a parent. If
22 this aid were authorized, there would be no disincentive to keeping a
23 family intact because aid would be provided even if both parents were still
24 in the child's household. Therefore, one purpose of this Act is to expand
25 the eligibility of children and families to receive aid by including two-
26 parent families who meet the applicable standards.

27 (b) The legislature also finds that persons who receive aid to fam-
28 ilies with dependent children (AFDC) could decrease their dependence on the
29 federal and state welfare systems if they were provided with opportunities

1 for education and training that would facilitate their participation as
2 paid workers in the nation's economy. Therefore, in order to provide these
3 opportunities and to comply with federal law, this Act establishes a JOBS
4 (Job Opportunities and Basic Skills) program for AFDC recipients.

5 * Sec. 2. AS 47.25.310 is amended to read:

6 Sec. 47.25.310. ELIGIBILITY FOR ASSISTANCE. The department
7 shall grant assistance to the family of each dependent child and each
8 pregnant woman it determines is eligible for assistance under AS 47.-
9 25.310 - 47.25.420. The department shall apply sanctions authorized
10 under AS 47.25.421(d) for failure to comply with the requirements of
11 the JOBS program established under AS 47.25.421 - 47.25.429, or the
12 requirements of an Indian or Native program approved under 42 U.S.C.
13 682(i) [, OR TO EMPLOYERS UNDER A WORK INCENTIVE PROGRAM ESTABLISHED
14 BY AS 23.15.650, AND BY 42 U.S.C. 633(e)(1) (SOCIAL SECURITY ACT, WIN
15 PROGRAM), AS AMENDED].

16 * Sec. 3. AS 47.25.310 is amended by adding new subsections to read:

17 (b) When determining whether a person has sufficient work his-
18 tory for purposes of qualifyin for benefits as the unemployed princi-
19 pal wage earner in a family that includes a dependent child, the
20 department shall consider as quarters of qualifying work up to four
21 calendar quarters in the proper time period in which the person (1)
22 attended on a full-time basis an elementary school, a secondary
23 school, or a federally approved vocational or technical training
24 course that is designed to prepare the person for gainful employment;
25 or (2) participated in an education or training program established
26 under the Job Training Partnership Act (P.L. 97-300) or a training and
27 employment program operated or funded by the State Job Training Coor-
28 dinating Council in the Department of Community and Regional Affairs
29 through a grant from the Department of Labor. A person may substitute

quarters of education or training for quarters of work only once in the person's lifetime to establish eligibility under AS 47.25.310 - 47.25.420.

(c) The department may not require as a condition of eligibility under AS 47.25.310 - 47.25.420 that a minor parent or a minor who is pregnant reside in a particular type of household or institutional setting.

* Sec. 4. AS 47.25.320 is amended by adding new subsections to read:

(e) Until changed under (f) of this section, the department shall determine the amount of assistance payable for a second adult in a household where a child is dependent because of the unemployment of the principal wage earner according to the same standards it uses to determine the amount of assistance that is payable for a second adult in a household where a child is dependent because of parental mental or physical incapacity.

(f) In compliance with federal requirements, the department shall periodically study the standards it uses for determining the amounts of assistance that will be granted under this section. Based on the studies, the department shall adjust the standards and amounts within the maximums established by law. If statutory changes are needed to make the adjustments otherwise required under this section, the department shall report to the legislature its recommendations for changes in law necessary to authorize the adjustments.

* Sec. 5. AS 47.25.410(3) is amended to read:

(3) "dependent child" means a needy child under 18 years of age, or under the age of 19 and a full-time student in a secondary school or an equivalent level of vocational or technical training that the child is reasonably expected to complete before reaching age 19, who is deprived of parental support or care by reason of the death,

1 continued absence from the home, unemployment, or physical or mental
2 incapacity of a parent, and who is living with a father, mother,
3 grandfather, grandmother, brother, sister, stepfather, stepmother,
4 stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece
5 in a place of residence maintained by one or more of these relatives
6 as the child's home or their own home, and includes a child

7 (A) who would come within the meaning of dependent
8 child except for removal of the child after April 30, 1961, from
9 the home of a relative as a result of a judicial determination to
10 the effect that continuation therein would be contrary to the
11 welfare of the child,

12 (B) for whose placement the department is responsible,

13 (C) who has been placed in a foster family home as a
14 result of such determination, and

15 (D) who received aid under this plan in and for the
16 month in which court proceedings leading to such determination
17 were initiated;

18 * Sec. 6. AS 47.25 is amended by adding new sections to read:

19 ARTICLE 3A. JOB OPPORTUNITY AND BASIC SKILLS PROGRAM (JOBS).

20 Sec. 47.25.421. AUTHORIZATION TO IMPLEMENT PROGRAM. (a) In
21 order to provide persons receiving aid under AS 47.25.310 - 47.25.420
22 (Aid to Families with Dependent Children) with incentives, opportuni-
23 ties, and necessary services for employment, training, and participa-
24 tion in the nation's economy and to relieve their dependence on the
25 federal and state social services and welfare system, the department
26 shall administer a program of education, training, and job placement
27 entitled JOBS, Job Opportunity and Basic Skills.

28 (b) In implementing the program, the department shall

29 (1) execute on behalf of the state the agreements or

1 contracts with appropriate state and federal agencies that are neces-
2 sary to enable the state to meet the requirements of federal law;

3 (2) receive and expend money made available for the program
4 by the state or federal government;

5 (3) supervise the expenditure of the money and the conduct
6 of the program, ensuring that it complies with state and federal law;

7 (4) make reports and supply certifications that are re-
8 quired in relation to the program; and

9 (5) otherwise cooperate with the federal government and its
10 departments and agencies in the administration of the program.

11 (c) The department may carry out the program directly or through
12 arrangements or under contracts with administrative entities involved
13 with the Job Training Partnership Act (P.L. 97-300), as amended, with
14 state and local education agencies, and with other public agencies or
15 private organizations, including community-based organizations accept-
16 able under federal regulations. The department shall contract for
17 services under the program when feasible and in the state's interest.
18 The department may adopt regulations to govern the operation of the
19 program components that are operated under contract by other entities.
20 Whether the department operates the program directly or through con-
21 tract, the department shall coordinate the program with programs
22 operated in the state under the Job Training Partnership Act and with
23 other relevant employment, training, and education programs available
24 in the state, including programs operated by Indian or Native organi-
25 zations that receive grants from the federal government to operate
26 their programs under 42 U.S.C. 682(i) and programs operated or funded
27 by the State Job Training Coordinating Council in the Department of
28 Community and Regional Affairs through a grant from the Department of
29 Labor. The department shall consult with the Department of Education,

1 the Department of Labor, and the Department of Community and Regional
2 Affairs to promote coordination of the planning and delivery of ser-
3 vices under the program with programs operated by those departments.

4 (d) The department shall adopt regulations setting criteria for
5 determining whether a person is in noncompliance with participation
6 requirements of the program for the purpose of imposing sanctions
7 under the program for nonparticipation and for noncompliance with a
8 participation agreement. The department shall consult with Native
9 organizations that are operating similar programs when developing
10 regulations under this subsection.

11 Sec. 47.25.423. PROGRAM PARTICIPANTS. (a) The department shall
12 require participation in the program by persons required to partici-
13 pate under federal law. Except as provided in AS 47.25.425(f), the
14 department may not require participation in the program by the parent
15 or other relative of a child under three years of age if the person
16 personally provides care for the child.

17 (b) The department may allow applicants for and recipients of
18 aid under AS 47.25.310 - 47.25.420 to volunteer to participate in the
19 program whether or not they are required to participate under (a) of
20 this section.

21 (c) The department may give priority in the program to the
22 following target populations in the order listed, with further priori-
23 ty in each group being given to persons in families where the depen-
24 dent child's custodial parent is under the age of 20:

25 (1) custodial parents under the age of 24 who have not
26 completed high school or its equivalent and are not enrolled in a
27 course of study;

28 (2) custodial parents under the age of 24 with little or no
29 paid work experience in the 12 months preceding their application.

1 under the program;

2 (3) members of families in which the youngest child who is
3 receiving assistance under AS 47.25.310 - 47.25.420 is within two
4 years of becoming ineligible for assistance because of age;

5 (4) members of families who received aid to families with
6 dependent children in at least 36 of the 60 months preceding applica-
7 tion under the program established in AS 47.25.421 - 47.25.429.

8 Sec. 47.25.425. PROGRAM COMPONENTS. (a) The department may
9 offer to a participant in the program the following types of services
10 and activities to the extent indicated as appropriate by the initial
11 assessment under AS 47.25.427(a):

12 (1) educational activities, including high school or equiv-
13 alent education combined with job training as needed, basic and reme-
14 dial education to achieve a basic literacy level, education for indi-
15 viduals with limited English proficiency, and career training through
16 post-secondary education;

17 (2) job skills training;

18 (3) job readiness activities to help prepare participants
19 for work;

20 (4) job development and job placement;

21 (5) job search requirements;

22 (6) on-the-job training;

23 (7) a work supplementation program;

24 (8) work experience; and

25 (9) other educational, training, or work-related services
26 and activities, including reasonable activities designed to promote
27 and develop entrepreneurial ability and success.

28 (b) The program components described under (a) of this section
29 must conform to the requirements of federal law so as to ensure the

1 maximum federal financial participation in the costs of the program.

2 (c) In consultation with the Department of Community and Region-
3 al Affairs and the Department of Labor, the department may initiate
4 development of innovative public work programs designed to meet fed-
5 eral requirements related to work activity for a person in a family
6 that receives assistance on behalf of a dependent child who is depen-
7 dent because of the unemployment of the primary wage earner in a
8 two-parent family.

9 (d) To further the purposes of the work supplementation program,
10 the department may use the options allowed under federal law to

11 (1) adjust the levels of the standards of need set by the
12 department under AS 47.25.320(a) to the extent the department con-
13 sidered it to be appropriate; the need standards in effect in areas of
14 the state in which the work supplementation program is in operation
15 may differ from the need standards in effect in other areas; the need
16 standards for categories of recipients may vary among the categories
17 to the extent appropriate on the basis of ability to participate in
18 the work supplementation program;

19 (2) adjust retrospective budgeting requirements and the
20 amount of earned income to be disregarded to the extent allowed by
21 federal law so as to encourage participation in the work supplemen-
22 tation program and to decrease disincentives for retaining employment;
23 and

24 (3) supplement jobs in the public and private sectors, as
25 appropriate.

26 (e) In implementing the program component under which a person
27 may pursue career training through post-secondary education, the
28 department shall

29 (1) give priority to participation by persons without a

1 post-secondary degree, persons who were in a post-secondary program of
2 training or education but whose participation was interrupted because
3 of family circumstances, persons who have graduated from high school
4 or hold an equivalent diploma, and persons who need retraining because
5 of changes in the labor market;

6 (2) establish guidelines under which

7 (A) other sources of educational assistance must be
8 exhausted before program money is used;

9 (B) the education must be consistent with the person's
10 employment goal, and the employment goal must be consistent with
11 the job market of the state;

12 (C) the education must take place in the state unless
13 a particular type of training is not available in the state; if
14 out-of-state education is approved, the department shall contract
15 for supportive services for the participant at the location of
16 the education, when feasible;

17 (D) the maximum annual or total training cost for
18 books, tuition, and associated education fees reimbursable under
19 the program shall be set under regulations of the department;

20 (3) require full-time student status after the initial six
21 months for each participant and maintenance of a "C" average in graded
22 programs or "passing" grades in pass/fail programs.

23 (f) In the case of a person who is a custodial parent under the
24 age of 20, has not successfully completed a high school education or
25 its equivalent, and is receiving aid under AS 47.25.310 - 47.25.420,
26 the department may require the person to participate in educational
27 activities directed toward the attainment of a high school diploma or
28 its equivalent to the extent required by federal law. This require-
29 ment is applicable to a person who might otherwise be exempt from

1 full-time participation under regulations of the department because
2 the person personally provides care for a child under the age of six.
3 Notwithstanding AS 47.25.423, this requirement is also applicable to a
4 person who might otherwise be exempt from participation because the
5 person personally provides care for a child under the age of three.

6 (g) In the case of a person who is a custodial parent at least
7 20 years old but less than 25 years old, has not successfully complet-
8 ed a high school education or its equivalent, is receiving aid under
9 AS 47.25.310 - 47.25.420, had little or no paid work experience in the
10 12 months preceding the person's application for aid under AS 47.25.-
11 310 - 47.25.420, and is not otherwise exempt, the department may
12 require the person to participate in either

13 (1) educational activities directed toward the attainment
14 of a high school diploma or its equivalent; or

15 (2) another program component described in this section.

16 Sec. 47.25.427. PROGRAM OPERATION. (a) The department may
17 operate the program under a case management system. Under an agree-
18 ment described in (d) of this section, the department or the appropri-
19 ate contractor may assign each participant to the various components
20 of the program based on an assessment of the participant's

21 (1) family circumstances;

22 (2) needs for education, child care, and other supportive
23 services;

24 (3) skills, prior work experience, and employability.

25 (b) During the assessment under (a) of this section, the case
26 manager may recommend to the participant that the participant consider
27 participating in program components designed to promote and develop
28 entrepreneurial ability and success. If the assessment required under
29 (a) of this section indicates that more than one available program

1 component would be appropriate for a participant, the department may
2 assign the participant to the available appropriate component chosen
3 by the participant.

4 (c) To the extent allowed by federal law, the components avail-
5 able to persons who are members of families where two parents are
6 living in the household may be the same as those available to persons
7 who are members of families where only one parent is living in the
8 household.

9 (d) The department shall require the participant, or the adult
10 caretaker in the family of which the participant is a member, to
11 negotiate and enter into an agreement with the department that spec-
12 ifies the participant's obligations under the program, the duration of
13 participation in the program, and the activities to be conducted and
14 the services to be provided in the course of the participation. The
15 agreement must also include a description of what sanctions may be
16 imposed on the participant for noncompliance with the agreement and
17 how noncompliance will be determined. The department shall provide
18 the participant with whatever assistance is needed to review and
19 understand the agreement. The participant and an authorized represen-
20 tative of the department shall sign the agreement.

21 (e) Notwithstanding AS 47.25.423(a), the department may not
22 require a person to participate in the program unless the department
23 agrees to pay for

24 (1) costs of child care determined by the department to be
25 necessary for the person's program participation; and

26 (2) other work-related expenses or expenses related to
27 participation in a training program under AS 47.25.421 - 47.25.429, as
28 determined by the department; this paragraph does not require the
29 department to pay for the cost of tuition and books required for an

1 educational activity approved under the program.

2 (f) The department shall operate the program in a way that
3 complements, where possible, similar programs operated by Indian or
4 Native organizations under 42 U.S.C. 682(i). The department shall
5 avoid duplicating Indian or Native program efforts and, where appro-
6 priate, may negotiate agreements under which a client who is eligible
7 under either (1) an Indian or Native program or (2) the state program,
8 may be served by the other program without a change in funding source
9 for the services provided.

10 Sec. 47.25.429. DEFINITIONS. In AS 47.25.421 - 47.25.429

11 (1) "department" means the Department of Health and Social
12 Services;

13 (2) "participant" means a person who participates in the
14 program;

15 (3) "program" means the JOBS program established under
16 AS 47.25.421 - 47.25.429.

17 * Sec. 7. AS 23.15.650 is repealed.

18 * Sec. 8. DEMONSTRATION PROJECT; "UNEMPLOYMENT" DEFINITION. The De-
19 partment of Health and Social Services shall seek authority and funding
20 from the federal Secretary of Health and Human Services to conduct a demon-
21 stration project under sec. 503 of the Family Support Act of 1988 designed
22 to evaluate the comparative cost and employment effects of an alternative
23 definition of unemployment that could be used for purposes of granting aid
24 to families with dependent children who are dependent because of the unem-
25 ployment of the family's principal wage earner. In the demonstration
26 program, if approved by the federal government, the department shall ex-
27 plore the option of eliminating from the definition any requirement relat-
28 ing to the number of hours worked in a given time period.

29 * Sec. 9. EXPLORATION OF INNOVATIVE ALTERNATIVES. The Department of
CSHB 171(Fin)

1 Health and Social Services shall explore the possibility of developing an
2 innovative program of education and training designed for two-parent fami-
3 lies who receive aid to families with dependent children. The department
4 shall consider including in the program elements related to participation
5 by both parents, participation for more than 16 hours a week, combining
6 work experience and education components to satisfy work history require-
7 ments, and the use of alternative work experience programs. If the depart-
8 ment determines that statutory changes are needed to implement this type of
9 innovative program, the department shall recommend the necessary changes to
10 the legislature if they involve state law and seek federal approval if they
11 involve federal law.

12 * Sec. 10. PILOT PROJECT FOR TEENS. (a) The Department of Education
13 may award a contract to a school district to establish a pilot project
14 under which persons of school age who are either pregnant or are parents
15 could attend an alternative education program designed to meet their needs
16 for day care, transportation, and education related to parenting, job
17 skills, health, and fitness.

18 (b) The department may award the project contract described in (a) of
19 this section to a school district that

20 (1) is centrally located in the state;

21 (2) has access to existing facilities to support the project;

22 (3) will serve the highest number of persons of school age who
23 are pregnant or are parents, including eligible school-aged persons from
24 other areas of the state who are temporarily residing in the district in
25 order to be near its specialized health facilities;

26 (4) agrees to accept into the project all school-aged persons
27 receiving assistance under AS 47.25.310 - 47.25.420 (aid to families with
28 dependent children) who apply for acceptance into the project and meet
29 project participation criteria; and

1 (5) will work with rural educators to develop methodologies
2 applicable to rural communities.

3 (c) After determining where the project will be located according to
4 the criteria set out in (b) of this section, the department shall retain
5 oversight jurisdiction of the project.

6 (d) The department shall require the school district in which the
7 project is located to submit information that will assist the department in
8 evaluating the extent to which the project meets the needs of its partici-
9 pants for day care, transportation, and education. The department shall
10 also analyze the project's operation to determine the extent to which its
11 methodologies would be suitable for application in other school districts
12 that vary in size and demographics. To the extent that the department
13 determines that the project's methodologies are not suitable for statewide
14 application, the department shall develop recommendations for other method-
15 ologies that would be applicable to other school districts.

16 (e) In this section, "school age" has the meaning given in AS 14.03.-
17 070.

18 (f) This section is repealed June 30, 1992.

19 * Sec. 11. This Act takes effect October 1, 1990.
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HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811
(907) 465-3759

March 8, 1990

Letter of Intent to
CSHB 171 (HESS)

The purpose of this letter is to state that the House HESS Committee intends, under this legislation, to allow people who are participating in the Job Opportunities and Basic Skills (JOBS) program to attend a four year degree program if it will assist them in obtaining gainful employment.

CSHB 171 (HESS) will allow JOBS participants to access 4 year college programs as well as 2 year vocational or college programs. A four year program is acceptable if required to meet the client's employment goal, and if this employment goal is supported by the client's assessment results and labor market conditions. However, JOBS participants in the final two years of a four year program will receive child care assistance, case management and other supportive services on an as-available basis. JOBS funds will not be used to pay tuition or other direct costs for these final two years.

Clients will not be sanctioned for failure to complete Job Search or other JOBS program activities during this period of self-initiated education provided that they are attending a Pell Grant approved institution at least half time, and making satisfactory progress as defined by the institution.

A handwritten signature in black ink, appearing to read "Johnny Ellis".

Rep. Johnny Ellis, Chair

WELFARE REFORM OVERVIEW

The Family Support Act of 1988 is the most comprehensive overhaul of the Aid to Families with Dependent Children (AFDC) program since it was enacted in 1935. Passage of the new Act was the result of a two year bipartisan effort by the nation's governors. It begins to change the current welfare system from an income maintenance program with minor work components, into a system that actively promotes family self-sufficiency and assists clients in leaving welfare for work.

KEY FEATURES OF THE FAMILY SUPPORT ACT:

A. Cash and Medical Benefits for Unemployed Parents:

For the past several years, states have had the option of covering two-parent households in which the principal wage earner is unemployed. Alaska has not included these families in its AFDC program. The Act mandates AFDC unemployed parent (UP) coverage in all states beginning October 1, 1990.

B. Job Opportunities and Basic Skills Training (JOBS)

The Act repeals the WIN (Work Incentive) program in the work programs established under the old AFDC program and replaces it with JOBS. State programs begin October 1, 1990. The key differences between the old and the new program are:

1. Alaska Native organizations receive the direct federal funding to provide JOBS services to Alaska Native AFDC clients. Native grantees will begin their programs before the State begins its JOBS. Native funding for FY 91 is expected to be 38% of Alaska's total JOBS funding; no State or local match is required.
2. Services must be targeted to the long-term dependent and those most at risk of becoming long term dependent.
3. Because long-term dependent and at risk clients are also the hardest to serve they will require more in-depth services.
4. Supportive services such as child care, transportation, medical assistance, increase.
5. Federal funding levels will increase and match funds are available for new services, as long as federal funds are targeted to long-term dependent and at-risk individuals.
6. Phased-in performance standards increase the number of clients served.

C. Transitional Benefits While Working:

1. The Act creates a new entitlement to day care assistance for up to twelve months for anyone who leaves AFDC because of increased earnings, beginning April 1, 1990.
2. The Act also makes the current four-month extended Medicaid benefits available for up to a full year, beginning April 1, 1990.

D. Child Support Enforcement:

The Act addresses several child support enforcement issues, but the four main features are:

1. Each state establish guidelines by October 1989 which are a rebuttable presumption for judges who set support orders, with periodic review of the guidelines;
2. Support orders must also be reviewed regularly;
3. Employers must immediately withhold child support payments from wages for nearly all support orders on a phased in schedule beginning November 1990;
4. The identities of both parents must be established at the time a birth is recorded,

GOALS OF ALASKA'S FY 91 FAMILY SUPPORT ACT PACKAGE

UNEMPLOYED, TWO-PARENT FAMILIES

Cover the 1495 poor children in 623 intact families with AFDC cash benefits, and provide them and their parents with medical coverage, by October 1, 1990.

Why: Congress felt that poor children in intact families were being penalized in the 20 states who did not cover them.

Tools: Unemployed Parents AFDC, Medicaid.

Establish one pilot program each in urban and rural Alaska that allows parents in UP families to "work off" their AFDC grant and medical insurance.

Why: By definition, both parents in UP families are able bodied, and at least one has recent work experience. If no paying jobs are available, one parent may support the family by performing work or community service for their AFDC grant and health insurance. States with strong Work programs experience lower UP cash assistance payments than states without Work requirements.

Tools: State JOBS, Native Grantees.

JOB OPPORTUNITIES AND BASIC SKILLS TRAINING (JOBS)

Provide meaningful job training opportunities to 620 non-natives and 380 Alaska Natives on AFDC. AFDC clients whose youngest child is three years or older are mandatory participants if child care is available.

Why: In our society, work is tied to self-esteem. The work force has changed and more than 60% of women with young children work.

Tools: JTPA training funds, JOBS case management services, child care, medical coverage.

JOBS cont'd.

Raise the literacy level of JOBS participants who do not perform above an 8th grade level.

Why: Any job which pays enough to support a family requires basic competency in English and math.

Tools: Adult Basic Education (A.B.E.) services, both urban and rural.

Ensure that young parents between ages of 13-24 on AFDC get a high school diploma. The law mandates education for those under 20 without a diploma and targets young parents under 24 for special attention.

Why: The single most predictable profile of a long-term welfare dependent is one of a young parent who lacks a high school education. Investing here will be our biggest pay off.

Tools: DOE pilot for 25 teen parents, other JOBS services, child care, medical, and supportive services.

Ensure clients with barriers to learning or training get help.

Why: One of the most frequent concerns of job training professionals is that clients' underlying problems, such as substance abuse, are not addressed during or before training. The result is another failure for the client and waste of precious training resources.

Tools: Specialized intensive case management and supportive services for 25 JOBS clients who are appropriate for treatment. (Treatment resources come from existing system).

JOBS, cont'd.

In exchange for parents' participation, guarantee cash assistance, child care and medical coverage to 1000 AFDC families participating in training or education.

Why: In this contract, if parents agree to try to improve themselves, then the government must give them the tools to do so. As a practical matter, the government is already paying cash and medical for this client. The new expense is for child care.

Tools: AFDC cash, JOBS, child care and medical.

Make sure there is enough supply of child care/of the right hours in the right places to meet the needs of FSA clients.

Why: Alaska must exempt parents from participation if child care cannot be found. Supply of part-time, weekend, evening care and care for very young children must be generated. Entry level jobs, especially in service sector may not be 8-5 pm.

Tools: Information and referral brokering service to recruit providers and match with client needs and to do ground work for licensing.

Ensure that 1400 children placed in child care while parents work or train get quality care, beginning April 1, 1990 and October 1, 1990.

Why: It is shortsighted to address the needs of a parent in poverty only to ignore the needs of their children. Quality care must be available to all clients.

Tools: JOBS component to educate the parent to choose good quality care, licensing resources.

JOBS, cont'd.

Ensure that parents have the tools to balance work and family.

Why: Being a good parent is the most important job most of us will ever do, yet it is the job for which we receive the least formalized training. Single parents, young parents, families with economic pressures, or low education levels could benefit greatly.

Tools: JOBS will provide parenting training during its orientation sessions. In future years, JOBS may offer scholarships to community-based parenting programs for AFDC clients.

TRANSITION BENEFITS WHILE WORKING

Help with child care expenses and medical coverage for up to one year for the working poor who leave AFDC for a job.

Why: Lack of affordable child care and medical coverage are two major reasons parents do not permanently make the transition from welfare to work. It seems safer to "do nothing."

Tools: Transitional child care and medical benefits beginning April 1, 1990, via Medicaid and DCRA.

CHILD SUPPORT ENFORCEMENT

Ensure that Alaska has ability to review and modify child support guidelines and all support orders periodically.

Why: It is important that child support payments reflect current economic conditions, needs, and family situations.

Tools: Child Support Enforcement Division staff within Department of Revenue; Court System's Child Support Guideline Committee.

CHILD SUPPORT ENFORCEMENT cont'd.

Beginning November 1990, immediately withhold child support payments for new and modified orders from paychecks.

Why: Experience indicates that collections are much higher when they are automatically withheld from wages. Current practice is to immediately withhold payments only for obligers whom the system has marked as being delinquent in their payments. This creates a stigma for those obligers.

Tools: CSED, employers.

Increase paternity establishment for AFDC cases.

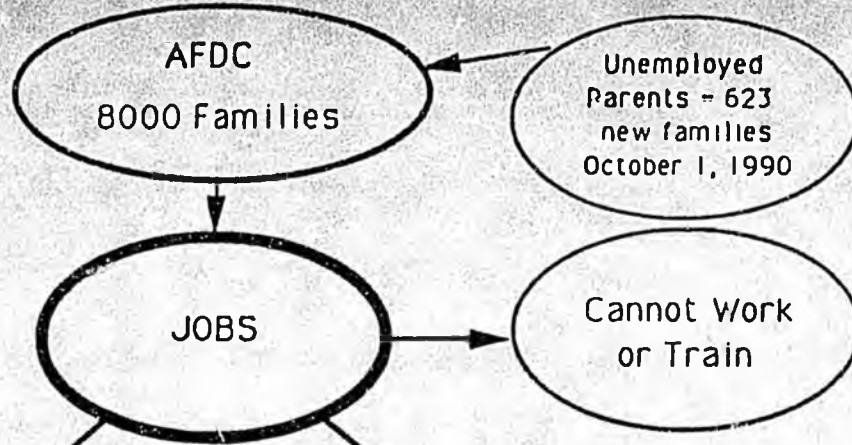
Obtain Social Security Numbers of both parents before Birth Certificate is issued.

Why: Parents should be responsible for their children, whether or not they live in the same home. AFDC cash outlays can be reimbursed by child support payments collected by CSED on behalf of AFDC clients.

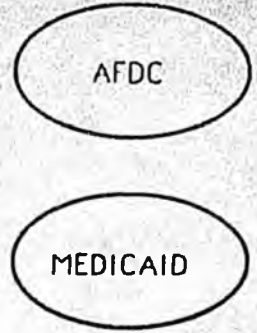
Tools: CSED staff, DPA eligibility workers, Bureau of Vital Statistics, sanctions if clients don't cooperate.

CASH ASSISTANCE

WELFARE REFORM

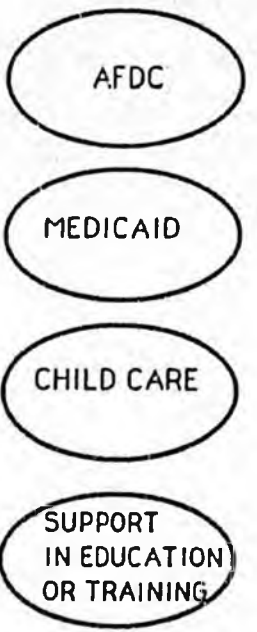
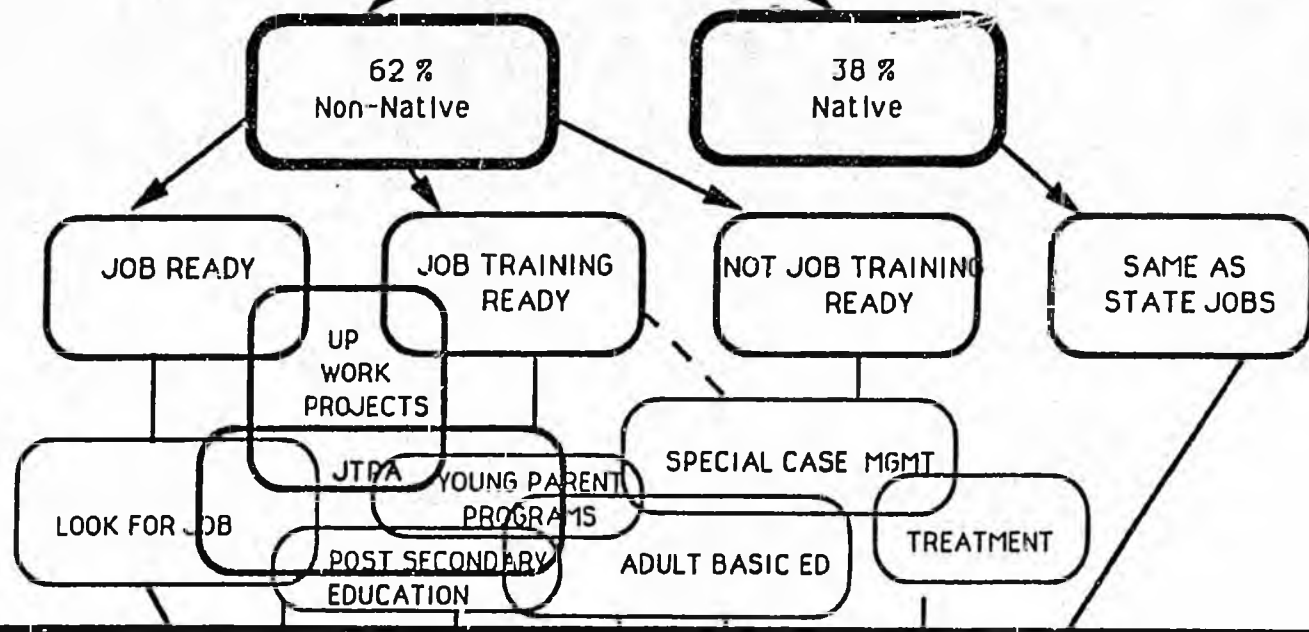


BENEFITS



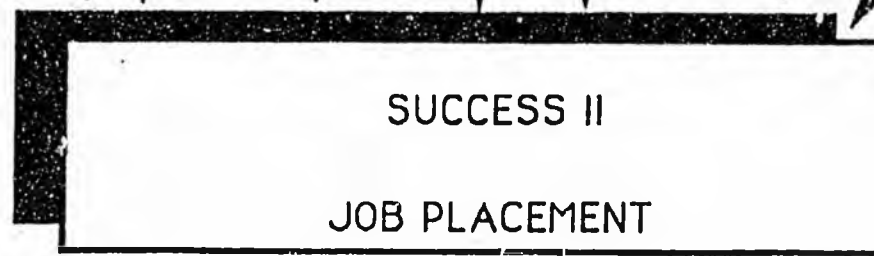
JOBS

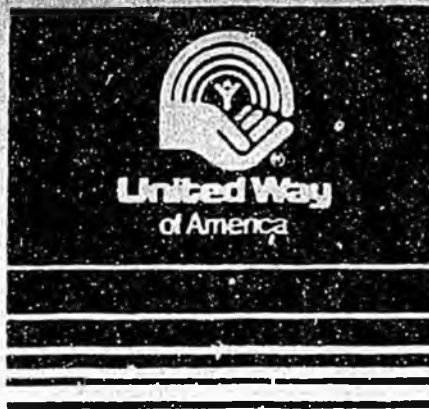
October 1, 1990



TRANSITION BENEFITS

April 1, 1990





The impact of welfare dependency on the economic system

World markets are far more competitive today than ever before in our history. If we are to compete in them effectively and

maintain our nation's prosperity, we must have an adequate supply of well-trained, productive people in the labor force.

Why we need to help people become self-sufficient

Facts about the economy

Changes in the labor market

Without a better system for helping people to overcome barriers to employment, we are almost certain to face an economic crisis. A severe labor shortage is expected

soon as a result of the low birth rates of the 1970s, which will reduce the pool of entrants to the labor force.

□ In 1988, there were only 7.9 million 16-to-19-year-olds in the labor force vs. 9.9 million in 1978. Similarly, 16-to-24-year-olds represented 24% of the labor force in 1978, but will represent only 16% by 1995.

□ In 1988, the unemployment rate fell to 5.5%—the lowest rate in 14 years. Pockets of labor shortages have already appeared, particularly among entry-level workers, and in fields such as food service, nursing, and clerical/secretarial work.

□ An estimated 82% of the entrants to the labor force in the next 12 years will be women and minorities. The growth of the number of blacks in the labor force is double that of whites, and Hispanic growth is expected to be even greater. Although minorities now comprise only 21% of the labor force, they will fill 57% of the new jobs created during the next century. Many women and minorities lack the education and experience to fill the available jobs.

Increasing job skills

At the same time as the labor force will be shrinking, the skill level required for most jobs will be increasing. However, this new labor pool may not be qualified to fill the available jobs.

□ By 1990, more than 50% of all jobs will require education or technical training beyond high school. By the year 2000, the average skill level of all American jobs is expected to increase by 28%, requiring increased reading, writing, and math skills.

□ More than one in seven youths drop out of school. In many urban schools, the rates are 50% or more. Over 50% of all Hispanic youth will drop out of school. School dropouts are two-and-a-half times more likely to be unemployed than those who

graduate.

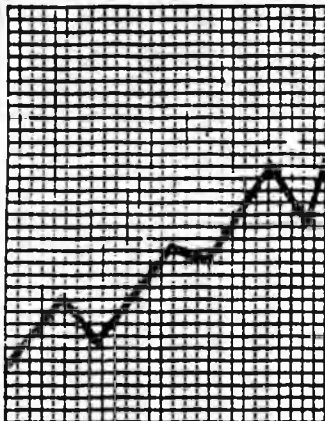
□ One of every eight 17-year-olds is functionally illiterate, as is one in three welfare recipients, and one in three unemployed people.

The cost of inaction

Helping individuals become productive not only benefits the economy but also reduces the direct fiscal and social costs of poverty. Allowing a separate underclass to develop is a tragic waste of human potential. Children trapped in a cycle of poverty might otherwise have made significant contributions to the quality of our lives in science, politics, commerce, the arts, or the humanities. What's more, by perpetuating the poverty cycle, we are allowing the costs of dependency and associated problems to increase.

□ The federal government spent \$120 billion on aid to the poor in 1987, compared with \$7.7 billion in 1964.

□ Despite today's increased spending, one in four children lives in poverty. Poor children are much less likely to be prepared adequately to enter the labor market.



□ More than one million teenage girls become pregnant each year. Over 50% of all teenage mothers end up on welfare. They remain there for an average of seven years, while 50% of all welfare recipients stay for only two years. Teenage pregnancies cost the United States over \$16 billion each year in welfare expenditures alone.

□ The lifetime cost of a single alcohol or drug abuser in terms of lost productivity, as well as direct economic burdens, is \$85,000. It is estimated that one in ten adults in the work force suffers from alcohol or drug abuse problems that may threaten their health, their jobs, or their families' safety or stability.

□ Remedial training and lost productivity cost U.S. businesses \$25 billion a year.

□ Each year, dropouts cost America \$240 billion in lost earnings and foregone taxes over their lifetimes.

□ Every \$1.00 spent on early prevention and intervention can save \$4.75 in costs of welfare, crime, and remedial education further down the road.

The welfare system

Aid to Families with Dependent Children (AFDC), typically referred to as welfare, was created during the Great Depression of the 1930s to support widows and orphans. The elderly and disabled are supported through Social Security and Supplemental Security Income. The newly unemployed receive unemployment compensation for a limited number of months through the Employment Security Program.

AFDC is run by the states which set their own eligibility rules and benefit levels within guidelines established by the federal government. Federal funds cover approximately 54% of the costs.

When AFDC was established, women were not expected to enter the labor force, thus income maintenance was an appropriate goal. Today, most welfare recipients are separated, divorced, or never married, and most women in our society, even those with small children, are in the labor force. The realities of life in America have changed, but the welfare system has not changed with them. What is needed today is not an income-maintenance program, but an employment program to help people overcome the barriers to employment, develop skills, and chart a career path out of poverty.



Characteristics of

□ Most welfare recipients rely on welfare for short-term crises—divorce, desertion, unemployment. Approximately half leave the program within two years.

□ However, approximately 17% of welfare recipients remain in the program for more than eight years. At any one time, these long-term recipients make up 50% of the welfare caseload.

□ Long-term welfare recipients are disproportionately black, female, single, teenage mothers, poorly educated, and lacking any work history. Three-fifths of adults on welfare are school dropouts and one-fourth have no work experience.

□ In 1969, only 28% of adults on welfare had never been married. By 1986 this figure had risen to 46%. In 19% of these families the husband has deserted, and in 21% the parents are divorced or legally separated. In only .8% of the families is the father deceased. The remaining families are two-parent families eligible for benefits under the Unemployed Parents Program.

□ In 1984, 37% of welfare recipients worked some portion of the year.

The bottom line

To preserve America's competitiveness and prosperity, and to fulfill the promise of our national values of equal opportunity for all, we need to invest in our human capital. We cannot allow people to fall into poverty and despair without giving them a helping hand. If we don't strive to achieve this goal, we undermine the very foundation of our social and political institutions. We cannot have a strong nation with-

out strong, productive people. We cannot ignore the plight of the millions of poor children who do not have an adequate start in life. They are our future.

To accomplish our goal, we need to form partnerships among the public, private, and voluntary sectors to turn the welfare program into a program that expects welfare recipients to work and truly helps them achieve that goal through appropriate training,

education, and job placement. We must address the problems that perpetuate dependency—problems such as illiteracy, teen parenthood, dropping out of school, and drug and alcohol abuse. We must reduce fear and ignorance and help people develop a strong belief in themselves and their ability to develop positive productive lives.

The impact of welfare dependency on the social system

Welfare recipients

□ Inflation has eroded the value of welfare benefits which are set by the states. They have declined 35% since 1970 when adjusted for inflation. Even when combined with other aid programs such as Food Stamps and low-income energy assistance, the decline is 25%.

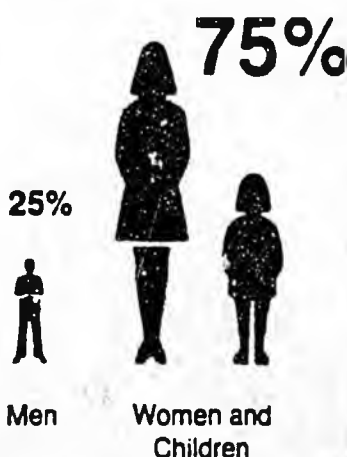
□ Although welfare and other programs for the poor comprise only 10% of the federal budget, they bore 30% of the budget cuts made in 1981 and 1982.

□ Welfare recipients often don't take low-paying jobs because these do not provide health benefits for their children should they become ill. Families on welfare are covered by Medicaid, but benefits terminate abruptly several months after taking a job with no phaseout.

□ Similarly, child-care subsidies, rental assistance, and low-income energy assistance often terminate either at the time of full-time employment or shortly afterwards. By taking a job, welfare recipients can find themselves worse off financially than if they had stayed on welfare.

Poverty population

Poverty is widespread among women and children.



The cornerstone of this nation is a belief in the right to life, liberty, and the pursuit of happiness. We strive to provide everyone with an equal opportunity to achieve his or her hopes and dreams. The openness of our economic and social systems has

enabled many people to achieve great success no matter how humble their beginnings. But that promise is not being fulfilled for many people mired in poverty who need help in turning their dreams into reality.

Facts about poverty

PRESENT SCOPE

□ Today, approximately 34 million of all Americans live below the poverty line. In 1988, the federal poverty line was \$11,650 for a family of four.

□ In 1986, children under 18 represented 39% of the poverty population, while adults represented 50% and the elderly 10.5%.

□ The poverty population includes 8 million families, nearly half headed by a single parent. As many as 95% of the single heads of these households are women. Nearly 40% of all single-parent households are poor, four times as many as two-parent families.

□ Today, 25% of all American children are born into poverty but for Hispanics the figure is 40%; for blacks it is 50%.

□ The majority of those in poverty are white (24 million), 34% are black, and 26% are Hispanic.

□ Not all of the poor are unemployed. In 1984, 32% of all the poor worked some portion of the year. Two million parents, although working full time, lived in poverty.

□ Poverty is not confined to the largest urban areas. In 1980, while 31% of the nation's poor lived in the central cities of the 100 largest urban areas, 21% lived in the suburbs of those cities and 48% lived in smaller urban areas or in rural areas.

GROWTH OF POVERTY

Despite our prosperity, we have seen a stubborn rise in poverty in the past decade. Increasingly, the poverty population is made up of women and children in single-parent households. We need to determine the causes of

these trends, whatever they may be, and begin to take steps to reverse them.

□ In the 1980s, poverty rates have been rising. During the 1970s, the rates hovered between 11% and 12%. In 1982, they rose to a high of 15% and since have declined to 14%.

□ While the greatest decrease in poverty has been among the aged, the greatest increase has been among female-headed households and children. The proportion of blacks in the poverty population has remained relatively stable.

□ Single-parent households with incomes under the poverty level have increased from 2.4 million in 1975 to 3.4 million in 1985. Between 1982 and 1983, increases in the number of these households headed by women accounted for 95% of the increase of poverty among all families.

□ Sixty percent of children born today can expect to live at some time in a single-parent family, 90% of which are headed by women. Divorce accounts for 68% of these families; illegitimacy, 20%; separation, 8%; and death of a spouse only 3%.

□ The number of full-time working poor increased two-thirds between 1978 and 1986.

□ When adjusted for inflation, household income in middle- to low-income ranges has dropped. Between 1973 and 1985, average weekly wages fell 13%. At the same time, family income for those in the middle fifth of the U. S. income distribution dropped 10%, but for the next-to-the-bottom fifth, it fell 20%; for the bottom fifth, it dropped 34%.

□ Inflation has reduced the buying power of the minimum wage, also. When adjusted for inflation in 1986, the minimum wage had 25% less buying power than it did in 1981.

FAMILY SUPPORT ACT OF 1988

HOW DOES IT CHANGE WELFARE IN ALASKA?

WELFARE REFORM

Includes intact, two parent families in AFDC when primary wage earner is unemployed.

On a phased-in schedule, these families must participate in work programs in order to receive benefits.

Creates "JOBS" - a new employment and training program. JOBS must provide in depth services to the hard to serve, to help families move off assistance.

Regional Native organizations serve Alaska Native clients in each of 12 ANCSA regions.

Parents exempt until youngest child is 3 years (unless parents are teens).

Other training and education education programs coordinate services for welfare clients.

JOBS must obtain public comments and SJTCC review of plan.

JOBS must target its resources to the hard to serve welfare clients, especially young parents and long term dependent.

Teenage parents must work toward H.S. diploma or G.E.D.

All participants must aim for basic literacy level of grade 8.

Requires child care guarantee.

Requires public review of supportive services plan.

Requires Transition Benefits when families leave welfare for work.

Up to 12 months of Medicaid.
Up to 12 months of child care on a sliding scale fee basis.

CURRENT

Only single parent families are eligible.

Alaska currently has no comparable work programs.

"WIN" is replaced.
WIN has become primarily a job search agency because of reduced funding levels.

State WIN serves Natives in 5 State WIN locations.

All parents exempt until youngest child is 6 years.

Existing programs have no mandate to serve welfare clients.

No review required.

No targeted populations.

No education mandate.

No literacy requirement.

No child care required.

No review required.

Up to 4 months.
No child care.

parents participate in a work project.

It is estimated that some 625 new families will be included in this coverage in fiscal year 1991 and about twice that number the following year.

BENEFITS WHILE WORKING

To ensure that parents who find jobs can afford to continue working and to provide an incentive to find jobs, welfare reform offers child care assistance and Medicaid benefits for up to a full year after a client begins working. These benefits will be offered beginning April 1, 1990. Child care benefits will be administered through the Department of Community and Regional Affairs' existing child care programs.

It is estimated that these benefits will provide medical coverage and child care for some 1,170 children by 1992.

CHILD SUPPORT ENFORCEMENT

In keeping with its goal of encouraging families to be self sufficient, the Family Support Act implements several changes in child support. Chief among these are:

- Guidelines for judges who set support orders must be periodically reviewed and updated.
- Child support orders must be reviewed regularly and may be modified by the Child Support Enforcement Division at the request of either parent.
- Employers must withhold child support payments from wages for nearly all support orders on a phased-in schedule beginning November 1990.
- A greater effort must be made to establish paternity, including identifying both parents at the time of birth.

Published by the Alaska Department of Health and Social Services, Division of Public Assistance.

People Reaching Independence and Dignity through Employment

How welfare reform will affect Alaska



THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE

ALASKA'S FAMILY SUPPORT TASK FORCE

FINAL REPORT

December 1989

Co-Chairmen:
Senator Rick Uehling
Representative Johnny Ellis



FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An act relating to AFDC and
establishing an effective date.

Agency Affected: DHSS/DPA, DCRA, DOE
BRU: Public Assistance Administration

Sponsor: Rep. Ellis, Boyer, M. Davis et al
Requestor: Rep. Ellis

Components: Alaska Work Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	128.9	133.8	138.8	144.0	149.5	155.1
TRAVEL	39.4	44.8	40.8	45.4	51.6	48.0
CONTRACTUAL	2657.7	4185.2	4685.2	4712.6	4746.9	4746.9
SUPPLIES	0.6	0.6	0.6	0.6	0.6	0.6
EQUIPMENT	6.0	6.0	6.0	6.0	6.0	6.0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	926.8	928.0	1026.2	1027.2	1028.9	1026.9
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	3759.4	5297.6	5897.6	5935.8	5983.5	5983.5

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	3659.4	5197.6	5797.8	5835.8	5883.5	5883.5
FEDERAL FUNDS	100.0	100.0	100.0	100.0	100.0	100.0
OTHER						
TOTAL	3759.4	5297.6	5897.6	5935.8	5983.5	5983.5

POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) **NO FISCAL IMPACT IN FY 90.**

Increases in future years reflect required increases in clients served as stipulated in the federal Law. See attached detail.

Prepared by: John R. Taber
Division: Division of Public Assistance

Phone: 465-3347
Date: 3/6/90

Approved by Commissioner: Mavra M. Munson
Agency: Health & Social Services

Date: 3/6/90

Distribution (by preparer):

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- Legislative Sponsor
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- Office of Management and Budget
- Impacted Agency(ies)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

Committee Substitute for House Bill 171 establishes two new public assistance programs which are mandated by the Federal Family Support Act of 1988, to be administered by Alaska's Department of Health and Social Services (DHSS), Division of Public Assistance (DPA). Both new programs begin October 1, 1990.

The bill authorizes the Unemployed Parent (UP) program, which provides that two parent families in which the primary wage earner is unemployed may be eligible for Aid to Families with Dependent Children (AFDC). Currently only single parent families are eligible unless the second parent is incapacitated.

It also creates the Job Opportunities and Basic Skills training program, (JOBS), to replace the existing Work Incentive (WIN) program, which is repealed. The purpose of JOBS is to assist AFDC clients to get jobs and leave welfare.

This bill establishes these programs in accordance with the federal Family Support Act of 1988 and the recommendations of Alaska's Family Support Task Force. The bill requires DPA to establish all components of these programs statewide in FY 91.

Governor's Budget Must Remain As Base

The Governor's proposed FY 91 budget includes funding for the new programs' entitlement and start up costs. The Governor's budget meets minimum federal mandates for the first year of welfare reform. Therefore to ensure compliance with federal requirements, the Governor's proposed welfare reform funding level must remain intact. It should serve as the base upon which fiscal note funding for H.B. 171 builds.

The proposed law requires earlier implementation of the services necessary to meet the federal mandates than does the Governor's budget. Therefore certain assumptions which formed the Governor's budget cannot be used to plan for this bill.

For example, the Governor's proposed JOBS and UP budgets assume:

1. JOBS will not offer a full menu of components in each JOBS geographical area in the state.
2. Some JOBS components will not be offered at all in FY 91, or offered to a few clients in one or two sites on a demonstration basis only. These will require future funding for implementation.

3. Alaska Native organizations JOBS programs' education, training, and work project plans and costs funded directly by the federal government have no State participation in the first year.
4. Alaska will not require UP clients to meet a work requirement this year. In FY 91, JOBS may develop one basic UP work project for a few clients.

The Governor's FY 91 budget proposal anticipates phasing in statewide JOBS funding through FY 94.

Also, although the UP program does have a mandatory work requirement for its recipients, this requirement does not begin until 1994. At that time Alaska must require a minimum of 40% of UP recipients to participate in work activity for 16 hours or more per week in addition to JOBS education and training activities. By 1997 the participation requirement increases to 75%. Because the Act stipulates no minimum starting level for FY 91, the base budget includes no funding to begin this UP work activity. It is anticipated by the Governor's budget that funding to meet these requirements will be phased in as earlier mandates are established administratively.

H.B. 171 states that DHSS shall provide all JOBS components to State JOBS participants statewide. It also requires the department to explore innovative education and training programs for UP families. These stipulations require that the base provided by the Governor's budget be expanded.

Fiscal Note Requirement

The following analysis describes \$3.7 million in additional funding needed to implement H.B. 171. The Department of Health and Social Services is presenting this fiscal note because it has overall responsibility for implementing JOBS. However, as with the Governor's base budget for welfare reform, not all of the fiscal note is actually DHSS funding.

The Department of Education would administer \$1,280,000 in contract and grant funds for young parent and Adult Basic Education Services. The remaining amount includes \$2.2 million in contract and grant funds for DHSS and DCRA to purchase services from community organizations. It includes \$240,000 for DHSS and DOL personal services and administration. (See graph, page 6).

Not shown in this analysis are program savings anticipated by implementing welfare reform. Although the program costs will always be required, if JOBS is effective, these costs will eventually result in savings to the actual cash benefits paid to AFDC clients. Because these are long term benefits and data does not yet exist to quantify the savings, the fiscal note cannot reflect these savings.

FY 1991
FAMILY SUPPORT ACT IMPLEMENTATION COSTS

GOVERNOR'S PROPOSED BUDGET
(S's in thousands)

HB 171 FISCAL NOTES

ENTITLEMENTS	DEPT/S	State GF	FED	TOTAL	FY91	FY92	FY93	FY94	FY95	FY96
					7% Participation Rate Required	11% Participation Rate Required	11% Participation Rate Required	15% Participation Rate Required	20% Participation Rate Required	20% Participation Rate Required
1. UP Cash Benefits	DHSS	1952.2	2315.2	4267.4						
2. Transition & UP Medicaid	DHSS	2,076.2	2,485.2	4,561.4						
3. Transitional Child Care	DCRA/DHSS	875.8	875.8	1,751.6						
4. JOBS Child Care	DCRA/DHSS	999.4	999.4	1,998.8						
Subtotal		5,903.6	6,675.6	12,579.2						
Entitlement Administration										
5. DPA Eligibility	DHSS	392.2	308.2	700.4						
6. DCAP Eligibility/Mgmt	DCRA/DHSS	168.9	168.9	337.8						
7. DCAP Child Care Accounting	DCRA/DHSS	26.0	23.1	49.1						
8. Manilag Staff	DHSS/Manilag	15.8	11.0	26.8						
9. Local Administration	DCRA/DHSS	187.5	187.5	375.0						
10. Information & Referral Agencies Authorized Care	DCRA/DHSS	170.0	170.0	340.0						
Subtotal		960.4	868.7	1,829.1						
TOTAL AFDC & CHILD CARE ENTITLEMENTS		6,864.0	7,544.3	14,408.3	0.0					
11. CHILD SUPPORT ENFORCEMENT		206.5	400.8	700.4	0.0					
START UP/DATA PROCESSING										
12. Outreach/Evaluation/Reporting	DHSS	21.7	21.7	43.4						
Integrate Computer Systems										
13. JAS/EIS Expansion	DHSS	419.9	97.3	517.2						
14. DCRA Child Care Computer	DCRA/DHSS	154.0	154.0	308.0						
15. JTPA/EIS Intertie	DCRA/DHSS	75.0	75.0	150.0						
16. DCRA Data System Integration	DCRA/DHSS	36.0	36.1	72.1						
17. Statewide Intertie [DOE/DOJ]	DHSS/DOE/DOJ	50.0	50.0	100.0						
TOTAL START UP/DATA PROCESSING		756.6	434.1	1,190.7	0.0					

GOVERNOR'S PROPOSED BUDGET
(S's in thousands)

HB 171 FISCAL NOTES

03/06/90

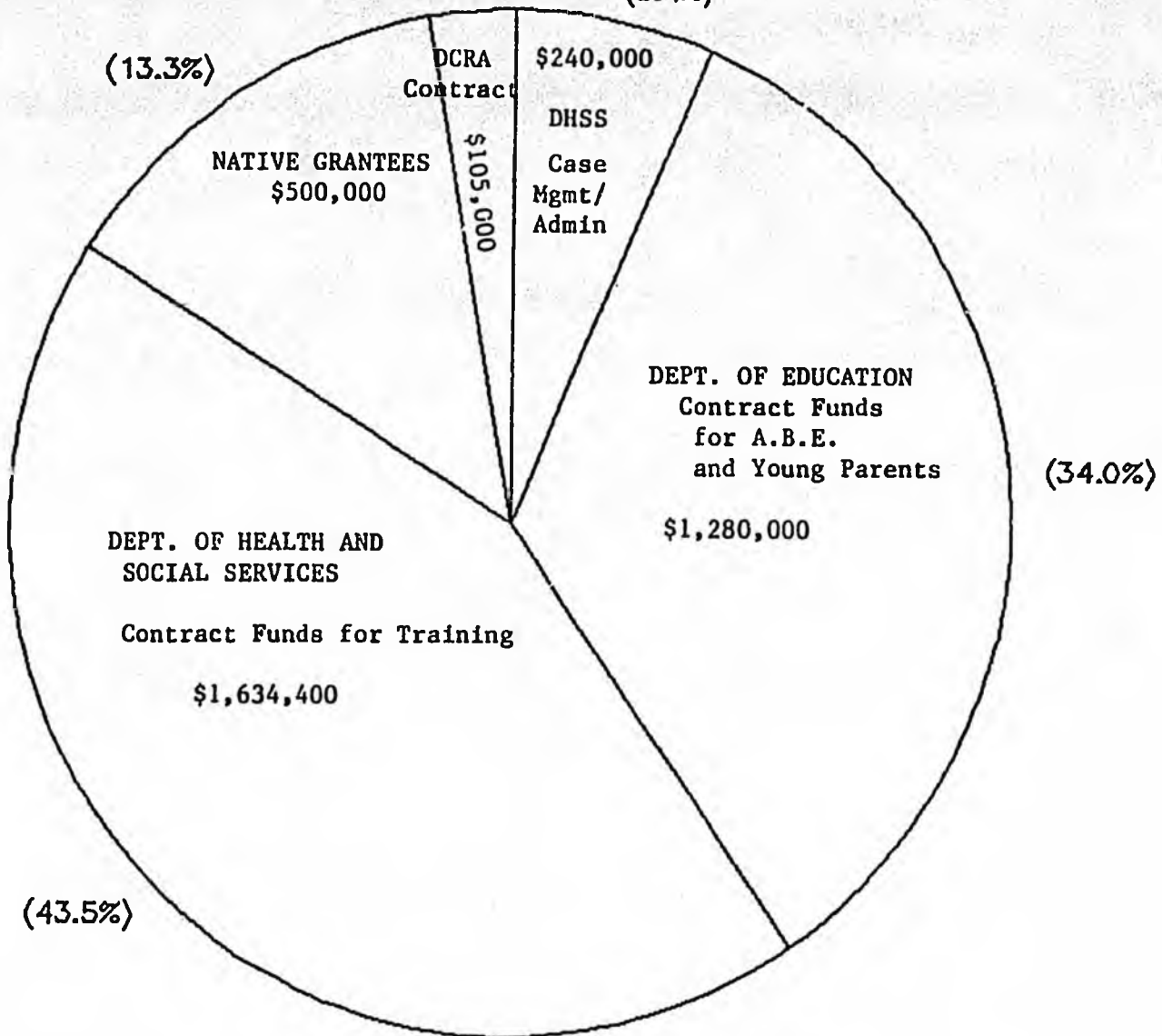
CHILD CARE ENHANCEMENT	DEPT/S	State GF	FED	TOTAL	FY91	FY92	FY93	FY94	FY95	FY96
					7% Participation Rate Required	11% Participation Rate Required	11% Participation Rate Required	15% Participation Rate Required	20% Participation Rate Required	20% Participation Rate Required
18. Child Care Licensing	DHSS	126.0	10.6	136.6	134.2	139.6	139.6	145.0	151.7	151.7
19. Head Start Demos	DCRA	0.0	0.0	0.0						
20. True Cost of Care FSA	DCRA	0.0	0.0	0.0						
21. Guarantee FSA clients in DCAP	DCRA	0.0	0.0	0.0						
22. Reserve Funds in DCAP for E&T	DCRA	0.0	0.0	0.0						
TOTAL CHILD CARE ENHANCEMENT		126.0	10.6	136.6	134.2	139.6	139.6	145.0	151.7	151.7
JOBS/UP WORK PROJECTS										
23. JOBS Staff Case Mgrs.	DHSS/DOL	168.6	190.4	359.0	62.0	64.5	64.5	67.0	70.1	70.1
24. Young Parents Support	DHSS/DOE	180.0	30.0	210.0	380.0	395.2	395.2	410.4	429.4	429.4
25. Substance Abuse Case Mgrs	DHSS/Contract	27.6	27.6	55.2	88.8	92.4	92.4	95.9	100.3	100.3
26. Supportive Services	DHSS/DOL	131.2	131.2	262.4	72.4	75.3	75.3	78.2	81.8	81.8
Vocational Education										
27. JTPA Case Mgmt & Administration	DCRA	257.5	0.0	257.5						
28. JTPA Client Services	DCRA	200.0	0.0	200.0	see line 35					
29. Entrepreneur Training	DHSS/DOE	0.0	0.0	0.0						
30. AVTEC Housing	DHSS/DOE	0.0	0.0	0.0						
31. Increase ABE	DHSS/DOE	150.0	0.0	150.0	900.0	1800.0	1800.0	1800.0	1800.0	1800.0
32. Parenting Education	DHSS	0.0	0.0	0.0	217.0	225.7	225.7	234.4	245.2	245.2
33. Caregiver Education	DCRA	0.0	0.0	0.0	80.0	80.0	80.0	80.0	80.0	80.0
34. Child Care as a Business	DCRA	0.0	0.0	0.0	25.0	25.0	25.0	25.0	25.0	25.0
35. All Components Statewide	DHSS/Contracts	0.0	0.0	0.0	900.0	1500.0	2000.0	2000.0	2000.0	2000.0
36. UP Work Projects Coordination	DHSS/DOL	0.0	0.0	0.0	400.0	400.0	500.0	500.0	500.0	500.0
37. Native UP Work Projects	DHSS/Native Grantees	0.0	0.0	0.0	500.0	500.0	500.0	500.0	500.0	500.0
TOTAL JOBS and UP WORK		1,114.9	379.2	1,494.1	3,625.2	5,158.0	5,758.0	5,790.8	5,831.8	5,831.8
TOTAL FY 91 WELFARE REFORM ALL DEPARTMENTS		\$9,068.0	\$8,769.0	\$17,930.1	\$3,759.4	\$5,297.6	\$5,897.6	\$5,935.8	\$5,983.5	\$5,983.5
	Administration				240.0	242.5	242.5	245.0	248.1	248.1
	DOE/Contract				1280.0	2195.2	2195.2	2210.4	2229.4	2229.4
	DHSS/Contract				1634.4	2254.9	2854.9	2875.4	2901.1	2901.1
	DHSS/Native Grant Funds				500.0	500.0	500.0	500.0	500.0	500.0
	DCRA/Contract				105.0	105.0	105.0	105.0	105.0	105.0
					3759.4	5297.6	5897.6	5935.8	5983.5	5983.5

-5-

CSHB 171 (HESS) No.
HOUSE 3/12/90

HB171 FISCAL NOTE

FY 1991 FUNDS \$3,759,400
(2.8%) (6.4%)



C.S. HB 171

H.B. 171 Fiscal Note Line Explanations:

(Line numbers correspond to line numbers on fiscal summary)

This analysis organizes funding by categories which represent Task Force recommendations and builds on the Governor's proposed increments for those categories. Future year increases reflect only the increased participation rate requirements included in the federal Act.

18. Expanding the statewide nature of JOBS will require more licensed child care to be available in rural areas. The Governor's budget includes contract funds for urban organizations to evaluate facilities seeking child care licensing.

This fiscal note includes \$62,100 in contract funds for rural agencies to conduct facility licensing evaluations. It also includes \$72,144 for a Division of Family and Youth Services (DFYS) central office position and travel funds to oversee both the urban and rural contracts.

23. The Governor's budget assumes a 75-client caseload for State JOBS offices, serving only clients in close proximity to the six State sites: Anchorage, Fairbanks, Juneau, Wasilla, Kenai/Soldotna, and Ketchikan. To offer services to eligible clients in more remote locations requires a case manager able to communicate with them and service agencies by mail and phone, and to travel on a periodic basis to client communities.

This \$62,000 would fund a vocational counselor position and travel funds for a "circuit rider" case manager through an RSA with Department of Labor.

24. The Governor's budget funds intense case management for 25 young parents at one demonstration site. This fiscal note extends those services to two additional sites to serve at least 75 teen parents statewide, which is about half of the non-Native AFDC teen parents without diplomas in 1989.

When the agency proposed a 75-client caseload for JOBS case managers, it assumed that certain clients requiring more intensive services would be served by contractors with special expertise. This is especially true for young parents in high school. These students require much more time and attention than can be provided by a regular JOBS case manager.

25. Another JOBS target population which requires intense case management is the substance abuse group. The Governor's budget provides this vocational counseling support for 25 such clients in one treatment center.

The statewide requirement of H.B. 171 indicates that this service should be in more than one location. This fiscal note therefore would extend the service to an additional 50 clients in two sites. JOBS would contract with treatment centers to provide vocational counseling services to its referrals at the appropriate point in their treatment. This does not represent funding for treatment activities.

26. This line increases State JOBS supportive services by \$89,000 to provide transportation and housing for rural clients who wish to enroll in vocational training courses which are not offered in their communities. For example, students may attend nurses training in Anchorage, or skills training in Seward. It also provides basic support services to the additional statewide clients, which are offered to other clients. These services include books, video classes, tuition, etc. for coursework completed on an independent basis.

31. The federal law requires states to provide Adult Basic Education (A.B.E.) or English as a Second Language (ESL) services to participants who do not pass a literacy test. JOBS can offer these services only in those areas of the state where the Department of Education or other agencies already provide the opportunity, as available.

The Governor's proposed budget includes \$150,000 for A.B.E. to serve a base number of urban

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JOBS clients. This is needed so that A.B.E. can meet federal participation requirements for clients to be in a program for 20 hours each week.

It is also needed because A.B.E.'s primary funding source does not allow AFDC clients to move to the head of waiting lists, and A.B.E. funding cuts have resulted in long waiting lists. Because clients often cannot move forward until they improve their basic reading and writing skills, A.B.E. waiting lists keep JOBS clients on AFDC longer.

This line in the fiscal note would further increase Adult Basic Education Services in Alaska as follows, to expand service and reduce waiting lists:

\$270,000

One additional 20 hours/week, 52 weeks/year staff at each of the 18 A.B.E. urban and regional centers to ensure AFDC client service;

\$320,000

Upgrade the current '91 A.B.E. outreach sites to total 20 hour per week programs (currently only 16 rural sites have 20 hour/week programs) to meet JOBS requirements;

\$265,000

Establish 10 new rural A.B.E. outreach sites to operate 20 hours/week, 52 weeks/year to meet statewide requirement;

\$ 45,000

Teacher staff development and teacher training for JOBS requirements (urban and regional A.B.E. staff).

This legislation requires State JOBS to provide basic educational opportunities to its non-Native clients throughout the State. This fiscal note ensures A.B.E. services to JOBS clients statewide.

The federal law requires states to provide educational activities, including high school or equivalent education (combined with training as needed), basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency. JOBS programs are administered by the State and Native grantees through separate federal funding. However, both State and Native JOBS programs must access some of the same services, especially high school, A.B.E. and ESL services.

Therefore, although the State need not fund Native JOBS administration or Native client support, its funding for basic educational and work project items must be adequate for both Native and non-Native JOBS clients. If the State funds A.B.E. in Bethel, for example, it must not be funded only for non-Native AFDC clients.

32. This funds the Task Force recommendation for Parenting Education for AFDC clients as a statewide component. Through contracts with local service providers, this line would enroll 25% of AFDC clients statewide in a 5-evening parenting course at \$200/client. Cost includes transportation and child care. Although not required by the Act, Parenting Training is critical to successful transition into the workforce.
33. The Task Force included Caregiver Education in its recommendations as a necessary accompaniment to "Authorized Care". Caregiver Education will be provided to clients and other unlicensed child care providers whom JOBS clients engage to care for their children while in education and training. It will also be offered to clients who wish to earn income by providing child care.

This \$40,000 item funds seminars and two video tape training programs to be circulated throughout the state.

34. JOBS will increase demand for quality child care. A current shortage of licensed care is attributed in part to the difficulty center operators experience in running cost effective operations. Also, this industry may represent business opportunities for JOBS clients.

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This funds five workshops at \$5,000 each to assist providers in developing viable businesses.

35. The Governor's budget assumes that not all JOBS components will be offered statewide. This means JOBS would selectively offer services only in those areas of the state where they are available on a non-reimbursable basis, without purchasing priority service for JOBS clients.

Examples of such component services are vocational education, postsecondary education, work experience, entrepreneurial training, parent training, child care as a business, caregiver training, job clubs, and other peer groups.

The Governor's budget assumes that Job Training Partnership Act agencies will be the sole source of training funds. JTPA Service Delivery Areas (SDAs) have agreed to target serving 350 JOBS clients with its own funding; the Governor's budget includes funds for JTPA to serve an additional 100, for 450 clients statewide.

Not all JOBS components can be funded by JTPA, however.

This fiscal note requests \$900,000 in contract and grant funds so that JOBS can purchase component services from local service providers. These funds may also be used to help establish programs in communities where none exist. This funding will ensure equitable service statewide.

36. H.B. 171 requires the State JOBS programs to explore innovative work projects for UP clients. States with good work requirements have been able to reduce the cash outlay of AFDC benefits by up to 90%. The Governor's budget includes no funds for UP work project development.

This will require a person to work with community groups to develop meaningful, useful programs. It will also require trial periods with alternate payment and accounting systems which the computer cannot immediately accommodate.

The \$400,000 will fund one central office DPA position, travel funds, and demonstration project accounting support. It will also provide \$300,000 in grant funds for non-Native demonstration UP projects operated in conjunction with the private sector and State JOBS programs.

37. Since more than 50% of the UP caseload is expected to be Alaska Native, the Native JOBS organizations will be responsible for operating more than half of the work projects. However, the Native grantees have no particular incentive to establish these projects, unless the state encourages community projects through funding.

This line provides \$500,000 in grant funds for up to three community work projects developed by Native JOBS grantees for UP work projects.