

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994

1056

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STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 1
Bill Version: CSHB 409(HES)
(H) Publish Date: 3/4/94

Revision Date: 2/25/94 Dept. Affected: Health and Social Services
Title: An Act proposing a special demonstration project within the AFDC program - project costs BRU: Assistance Payments
Sponsor: Haaley Component: AFDC
Requestor: House HES COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	(163.4)	(1,553.7)	(2,051.7)	(2,531.0)	(2,411.5)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	(163.4)	(1,553.7)	(2,051.7)	(2,531.0)	(2,411.5)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 I/A Rcots.		(163.4)	(1,553.7)	(2,051.7)	(2,531.0)	(2,411.5)
TOTAL	0.0	(163.4)	(1,553.7)	(2,051.7)	(2,531.0)	(2,411.5)

POSITIONS:

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

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

House Bill 409 impacts the AFDC program in several ways. Section 5 of the bill makes certain changes in AFDC eligibility provisions for purposes of operating a demonstration project as directed under section 4. Section 5 provides for an increase in the AFDC earned income disregard from the current time-limited disregard of \$30 and one third of the remainder to \$200 plus one third of the remainder for 24 months.

Prepared by: Jan L. Hansen, Director Phone: 465-2620
Division: Division of Public Assistance Date: 2/27/94
Approved by Commissioner: Margaret R. Lowe Date: 2-28-94
Agency: Department of Health & Social Services

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ANALYSIS (cont.):

Section 5 also provides for waiver of the AFDC Unemployed Parent "100-hour rule" and increases the total amount of equity in vehicles a family may own. These modified requirements apply only to AFDC families living in the project area defined by section 7. The requirements of section 5 are repealed at the end of FY 99 under the sunset provision in section 10.

Section 6 of the bill establishes requirements for AFDC recipients in the demonstration project to participate in workfare activities for 21 hours per week. Individuals who are required to participate in workfare are subject to fiscal sanction if they do not comply with the requirement. The requirements of section 6 are repealed at the end of FY 99 under the sunset provision in section 10.

Assumptions:**Basis of project:**

Federal approval is secured to operate an AFDC demonstration project under the authority of section 1115 (b) of the Social Security Act, including all of the provisions of sections 4 - 7 of HB 409.

Project is operational effective January 1, 1996.

Field operation of the project ends 12/31/98.

For purposes of this analysis, the project area is assumed to include the Municipality of Anchorage, the Matanuska Susitna Borough, and the Northwest Arctic Borough. 65% of AFDC families in Anchorage and Mat-Su are included in project experimental group, 35% in control group. Control group members participate under normal AFDC rules. 100% of recipients in rural project area included in experimental group.

Federal financial participation is available only for total project costs which do not exceed baseline costs of operating the AFDC program without the demonstration project.

Cost and Savings:**Savings Assumptions:**

The increased earned income disregards, waiver of the 100-hour rule, and the workfare requirement will cause the number of AFDC recipients who are working to increase over the course of the project. We project that the following numbers of recipients will become employed as a result of the demonstration provisions: 397 in FY 96, 281 more in FY 97, and 46 more in FY 98. At the end of the three-year demonstration, a total of 724 recipients who would not otherwise be employed are expected to be receiving regular earnings.

ANALYSIS (cont.):

The average monthly earnings of AFDC recipient families in the project area as of September 1993 are as follows:

	AFDC-Basic	AFDC-UP
Anchorage	\$547.49	\$541.03
Mat-Su Borough	\$450.21	\$431.92
NW Arctic Borough	\$281.17	\$551.66

We assume that the earnings of recipients in the project area will be at these levels, adjusted by 2.5 percent per year to account for inflation.

The benefit costs for these newly working recipients will decrease because their earnings will reduce their AFDC grant amounts. The total savings because of such benefit reductions is projected at about \$7.2 million over the three-year term of the demonstration.

These program modifications are also expected to cause some families which would otherwise remain on AFDC to leave the rolls each year during the project: 21 in FY 96, 51 in FY 97, 42 in FY 98, and 25 more in FY 99. This reduction in the caseload is expected to generate a total savings of about \$4.1 million over the term of the demonstration.

Sanction penalties for failure to participate in workfare will also generate savings. We assume that 3 percent of the total number of families subject to workfare would be subject to sanction each month. Most cases required to participate would be AFDC Unemployed Parent cases where both parents would be required to participate. The average sanction per case is projected at \$350.00 per month.

After the demonstration project ends, we project a reduction in the number of recipients who are working as a result of the demonstration. The decrease in the earned income disregards will cause some individuals to leave work. Other individuals will leave work to avoid becoming ineligible because of the reimposition of the unemployed parent 100 hour-rule. In the last 6 months of FY 99, we project that the average monthly number of working recipients will decrease by 319. We project that the average monthly number of working individuals will decrease by 293 in FY00.

ANALYSIS (cont.):

Savings Calculations:

AFDC BENEFIT SAVINGS						
	FY95	FY96	FY97	FY98	FY99	FY00
\$200 + 1/3 Earned Income Disregard & 100- Hour Rule	0	(626.8)	(2097.4)	(2298.4)	(1990.9)	(1205.7)
Clients off AFDC (# persons)	0	(98.1)	(595.1)	(992.3)	(1205.8)	(1205.8)
	0	21	72	114	139	139
Workfare Sanction Penalties	0	(34.7)	(138.6)	(138.6)	(69.3)	0
Total Gross Savings	0	(759.6)	(2831.1)	(3429.3)	(3266.0)	(2411.5)

— Cost Assumptions: —

AFDC recipients who are already working will receive increased benefits because the amount of the existing earned income disregard increases from 4 months at \$30 + 1/3 of the remainder and 8 months at \$30 to 2 years at \$200 + 1/3 of the remainder.

AFDC benefits to recipients who go to work as a result of the increased disregards will cost more than they would under the existing rules. These increased costs are partially offset by the savings generated through grant reductions and terminations. Those savings are accounted for above.

Approximately 886 families in the project area have at least one member who is working now. We project that the same proportion of the caseload, or 1025 families, will have a working member at the beginning of the project in January 1996. We expect that the proportion of working families would remain constant in the absence of the waiver provisions, with the baseline number of working families increasing as the caseload increases.

We project that an additional 397 recipients will go to work in FY 96 as a result of the policy waivers, that an additional 281 will go to work in FY 97, and an additional 46 in FY 98.

ANALYSIS (cont.):

On average, cases receiving normal \$30 and one third of remainder disregard receive 2 months per year of 1/3 of remainder disregard and 6 months per year of \$30 disregard.

On average, cases receiving extended \$200 and one third of remainder disregard under demonstration waiver receive the full disregard for 8 months of each year.

Cost Calculations:

AFDC BENEFIT COSTS						
\$200 + 1/3 EARNINGS DISREGARD						
	FY95	FY96	FY97	FY98	FY99	FY00
Recipients Already Working	972	1025	1092	1160	1230	1300
Additional Working Recipients	0	397	678	724	724	361
Total Working Recipients in project area	972	1422	1770	1884	1954	1661
Total AFDC Benefit Costs	0	596.2	1277.4	1377.6	735.0	0

Automobile value allowance increase:

Federal law currently allows exclusion of the first \$1500 of the equity of one vehicle. Remaining equity is applied toward the \$1000 maximum asset limit. HB 409 provides for application of a federal waiver in the project area to increase the vehicle equity exclusion to \$5000 and allow it to be applied to any number of vehicles necessary for specific purposes.

We project that the vehicle provision will result in an average of 12 additional families per month being eligible for AFDC benefits over the period of the demonstration. An equal number of families is expected, as a result of their improved transportation resources, to earn enough to leave the AFDC rolls each month during the course of the demonstration.

The benefit costs are expected to be offset by benefit savings. No net change in program costs is anticipated as a result of the vehicle value provision.

ANALYSIS (cont.):

Net AFDC Savings produced by HB 409:

TOTAL AFDC BENEFIT COSTS AND SAVINGS						
	FY95	FY96	FY97	FY98	FY99	FY00
Gross Savings	0.0	(759.6)	(2831.1)	(3429.3)	(3266.0)	(2411.5)
Gross Costs	0	596.2	1277.4	1377.6	735.0	0
Net Benefit Savings	0.0	(163.4)	(1553.4)	(2051.7)	(2531.0)	(2411.5)

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO.

No. 2
Bill Version: CSHB 409(HES)
(H) Publish Date: 3/4/94

Revision Date: 2/25/94 Dept. Affected: Health and Social Services
Title: An Act proposing a special demonstration project within the AFDC program BRU: PA Administration
Component: Eligibility Determination
Sponsor: Haaley
Requestor: House HES COMPONENT SERIAL NO. 0236

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	415.7	554.1	554.1	554.1	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	67.2	67.2	67.2	67.2	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	63.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANECUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	545.9	621.3	621.3	621.3	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	545.9	621.3	621.3	621.3	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	545.9	621.3	621.3	621.3	0.0

POSITIONS:

FULL-TIME	0	10	10	10	10	0
PART-TIME	0	3	3	3	3	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor-intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers. Staff will also spend time informing applicants about the demonstration and their options under it.

Prepared by: Jan L. Hansen, Director Phone: 465-2680
Division: Division of Public Assistance Date: 2/27/94
Approved by Commissioner: Margaret R. Lowe Date: 2-28-94
Agency: Department of Health & Social Services

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ANALYSIS (cont.):Assumptions:**Urban project sites**

Current urban caseloads average 200 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for 4 additional urban eligibility worker positions.

Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for 2 additional urban eligibility worker positions.

In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for one half-time urban eligibility worker position.

Seven additional eligibility worker positions produce a need for an urban eligibility supervisor (ET IV) position and 1.5 urban clerical support positions.

Rural project site

Need for rural project staff is based on the same basic assumptions used to analyze need at urban sites, adjusted downward to reflect the generally lower caseload sizes managed by rural eligibility workers because of the additional complexity of rural casework. We assume for purposes of this analysis that there will be an average of about 200 families in the rural site who are either employed as a result of the project or subject to Workfare. This produces a need for two eligibility case managers and one half-time support clerk.

ANALYSIS (cont.):

Calculations:

FY 96: Eligibility case managers/support staff (9 months)

Urban

1	Eligibility Tech IV	R16	39.0
2	Eligibility Tech III	R15	73.2
4	Eligibility Tech II FT	R14	137.0
1	Eligibility Tech II HT	R14	17.2
1	Clerk III FT	R08	24.9
1	Clerk III HT	R08	12.5

Rural

1	Eligibility Tech III	R15	49.6
1	Eligibility Tech II	R14	45.8
1	Clerk III HT	R08	16.5

Equipment			63.0
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Office space			<u>67.2</u>
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-- Total		--	545.9
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FY 97 -

FY 99: Urban eligibility case managers/support staff (per year)

1	Eligibility Tech IV	R16	52.0
2	Eligibility Tech III	R15	97.4
4	Eligibility Tech II FT	R14	182.8
1	Eligibility Tech II HT	R14	22.9
1	Clerk III FT	R08	33.2
1	Clerk III HT	R08	16.6

Rural

1	Eligibility Tech III	R15	66.1
1	Eligibility Tech II	R14	61.1
1	Clerk III HT	R08	22.0

Office space			<u>67.2</u>
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Total			621.3
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Position Title Eligibility Technician IV		No. of Positions 1	Range/Step R16	Requiring Unit SS
Time Status FT	Staff Months 9 months	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		39.0		
Benefits				
Premium Pay				
Other				
Total Personal Services		39.0		
Level				
Contractual		4.8		
Commodities				
Equipment		4.5		
Other				
Total Cost		48.3		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1001	General Fund	48.3		
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
		<p>Justification</p> <p>House Bill 409 produces a need for an additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.</p> <p>Staff will also spend time informing applicants about the demonstration and their options under it.</p> <p>This request is for an Eligibility Technician supervisor</p> <p>Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.</p> <p>Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.</p> <p>In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.</p> <p>Seven additional eligibility worker positions produce a need for an urban eligibility supervisor (ET IV) position and 1.5 urban clerical support positions.</p>		

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
BRU: Public Assistance Administration
COMPONENT: Public Assistance Administration

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Revised Date:

FY96

Position Title Eligibility Technician III		No. of Positions 1	Range/Step R15	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Anchorage	Election District	
TYPE of EXPENDITURE		Justification		
Salary		House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor-intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.		
Benefits		Staff will also spend time informing applicants about the demonstration and their options under it.		
Premium Pay		This request is for an Eligibility Technician leadworker/caseworker.		
Other		Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.		
Total Personal Services	36.6	Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.		
Travel		In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.		
Contractual	4.8			
Commodities				
Equipment	4.5			
Other				
Total Cost	45.9			
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GI Match			
1001	General Fund	45.9		
1005	GI/Program Receipts			
1006	GI/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration

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Revised Date:

FY96

Position Title Eligibility Technician II		No. of Positions 4	Range/Step R14	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Anchorage		Election District
TYPE of EXPENDITURE		Justification		
Salary		House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.		
Benefits		Staff will also spend time informing applicants about the demonstration and their options under it.		
Premium Pay		This request is for four Eligibility Technician caseworkers.		
Other		Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.		
Total Personal Services		Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.		
Travel		In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.		
Contractual				
Commodities				
Equipment				
Other				
Total Cost				
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration

FY96

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 Revised Date:

Position Title Clerk III		No. of Positions 1	Range/Step R08	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Anchorage		Election District
TYPE of EXPENDITURE		Justification		
Salary		House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.		
Benefits				
Premium Pay				
Other				
Total Personal Services		24.9		
Travel		4.8		
Contractual				
Commodities		4.5	Staff will also spend time informing applicants about the demonstration and their options under it.	
Equipment				
Other				
Total Cost		34.2	This request is for one clerical support staff.	
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts		Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 1 additional urban eligibility worker positions.	
1003	GF Match			
1001	General Fund	34.2		
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts		Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.	
1061	CIP Receipts			
Other			In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.	

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
BRU: Public Assistance Administration
COMPONENT: Public Assistance Administration

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Revised Date:

FY96

Position Title Eligibility Technician III		No. of Positions 1	Range/Step R15	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Wasilla		Election District
TYPE of EXPENDITURE:		Justification		
Salary		House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor-intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.		
Benefits		Staff will also spend time informing applicants about the demonstration and their options under it.		
Premium Pay		This request is for an Eligibility Technician leadworker/caseworker.		
Other		Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.		
Total Personal Services		Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.		
Travel		In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.		
Contractual				
Commodities				
Equipment				
Other				
Total Cost				
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1001	General Fund	45.9		
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
BRU: Public Assistance Administration
COMPONENT: Public assistance Administration

FY96

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Revised Date:

Position Title Eligibility Technician II		No. of Positions 1	Range/Step R14	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Wasilla	Election District	
TYPE of EXPENDITURE		AMOUNT		
Salary		17.2		
Benefits				
Premium Pay				
Other				
Total Personal Services		17.2		
Travel		4.8		
Contractual				
Commodities		4.5		
Equipment				
Other				
Total Cost		26.5		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1001	General Fund	26.5		
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1001	CIP Receipts			
Other				
<p>Justification</p> <p>House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.</p> <p>Staff will also spend time informing applicants about the demonstration and their options under it.</p> <p>This request is for one half time Eligibility Technician caseworker.</p> <p>Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.</p> <p>Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.</p> <p>In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half-time urban eligibility worker position.</p>				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
BRU: Public Assistance Administration
COMPONENT: Public Assistance Administration

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Revised Date:

FY96

Position Title Eligibility Technician III		No. of Positions 1	Range/Step R15	Bargaining Unit GGU	
Time Status FT	Staff Months 9 months	Location Bethel		Election District	
TYPE of EXPENDITURE		AMOUNT			
Salary		49.6			
Benefits					
Premium Pay					
Other					
Total Personal Services		49.6			
Travel					
Contractual		4.0			
Commodities					
Equipment		4.5			
Other					
Total Cost		58.9			
FUNDING SOURCE for TOTAL COST					
1002	Federal Receipts				
1003	GF Match				
1001	General Fund	58.9			
1005	GF/Program Receipts				
1006	GF/Mental Health Trust				
1007	I/A Receipts				
1061	CIP Receipts				
Other					
		<p>Justification</p> <p>Urban project sites</p> <p>House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the welfare component. Placing, enforcing, and monitoring welfare participation will be a labor intensive activity. We project that eligibility specialists with welfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.</p> <p>Staff will also spend time informing applicants about the demonstration and their options under it.</p> <p>This request is for an Eligibility Technician leadworker/caseworker.</p> <p>Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the welfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.</p> <p>Welfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in welfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.</p> <p>In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.</p>			

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
BRU: Public Assistance Administration
COMPONENT: Public Assistance Administration

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Revised Date:

FY96

Position Title Eligibility Technician III		No of Positions 1	Range/Step R15	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Bethel		Flexion District
TYPE of EXPENDITURE		Justification		
Salary		Rural project site Need for rural project staff is based on the same basic assumptions used to analyze need at urban sites, adjusted downward to reflect the generally lower caseload sizes managed by rural eligibility workers because of the additional complexity of rural casework. We assume for purposes of this analysis that there will be an average of about 200 families in the rural site who are either employed as a result of the project or subject to Workfare. This produces a need for two eligibility case managers and one half time support clerk.		
Benefits				
Premium Pay				
Other				
Total Personal Services	0.0			
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost	0.0			
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1001	CIP Receipts			
Other				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
BRU: Public Assistance Administration
COMPONENT: Public Assistance Administration

FY96

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Revised Date:

Position Title Eligibility Technician II		No. of Positions 1	Range/Step R14	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Bethel	Election District	
TYPE of EXPENDITURE		AMOUNT		
Salary		45.8		
Benefits				
Premium Pay				
Other				
Total Personal Services		45.8		
Travel				
Contractual		4.8		
Commodities				
Equipment		4.5		
Other				
Total Cost		55.1		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1004	General Fund	55.1		
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1008	CIP Receipts			
Other				
<p>Justification</p> <p>Urban project sites</p> <p>House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.</p> <p>Staff will also spend time informing applicants about the demonstration and their options under it.</p> <p>This request is for an Eligibility Technician caseworker.</p> <p>Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.</p> <p>Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.</p> <p>In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.</p>				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration

FY96

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 Revised Date:

Position Title Eligibility Technician II	No. of Positions 1	Range/Step R14	Bargaining Unit GGU
Time Status FT	Staff Months 9 months	Location Bethel	Election District
TYPE of EXPENDITURE	AMOUNT		
Salary			
Benefits			
Premium Pay			
Other			
Total Personal Services	0.0		
Travel			
Contractual			
Commodities			
Equipment			
Other			
Total Cost	0.0		
FUNDING SOURCE for TOTAL COST			
1002 Federal Receipts			
1003 GF Match			
1001 General Fund			
1005 GI/Program Receipts			
1006 GF/Mental Health Trust			
1007 I/A Receipts			
1061 CIP Receipts			
Other			
<p>Justification</p> <p>Rural project site</p> <p>Need for rural project staff is based on the same basic assumptions used to analyze the need at urban sites, adjusted downward to reflect the generally lower caseload sizes managed by rural eligibility workers because of the additional complexity of rural casework. We assume for purposes of this analysis that there will be an average of about 200 families in the rural site who are either employed as a result of the project or subject to Workfare. This produces a need for two eligibility case managers and one half-time support clerk.</p>			

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration

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Revised Date:

FY96

Position Title Clerk III		No. of Positions 1	Range/Step R00	Bargaining Unit GGU
Time Status HT	Staff Months 9 months	Location Belltel		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		16.5		
Benefits				
Premium Pay				
Other				
Total Personal Services		16.5		
Travel				
Contractual		4.0		
Commodities				
Equipment		4.5		
Other				
Total Cost		25.0		
FUNDING SOURCE for TOTAL COST				
1002 Federal Receipts				
1003 GF Match				
1004 General Fund		25.0		
1005 GF/Program Receipts				
1006 GF/Mental Health Trust				
1007 I/A Receipts				
1061 CIP Receipts				
Other				
<p>Justification</p> <p>Urban project sites</p> <p>House Bill 409 produces a need for additional Eligibility Determination staff beginning in October 1995. This need is generated largely by the time needed to administer the workfare component. Placing, enforcing, and monitoring workfare participation will be a labor intensive activity. We project that eligibility specialists with workfare caseloads will be able to handle AFDC caseloads approximately half as large as those handled by a regular maintenance worker. The anticipated increase in the number of working AFDC recipients also produces additional need for caseworkers.</p> <p>Staff will also spend time informing applicants about the demonstration and their options under it.</p> <p>This request is for one half time clerical support staff.</p> <p>Current urban caseloads average 250 AFDC families per eligibility worker. Caseload sizes for families involved in the workfare activities will be reduced to 125 AFDC families per worker. This additional workload produces the need for approximately 4 additional urban eligibility worker positions.</p> <p>Workfare and the offering of an option between finding and accepting employment or participating in unpaid work is expected to increase the number of urban working recipients who are not involved in workfare by approximately 1,000. Processing cases which receive earned income demands considerably more time and exposes the state to high liability for potential payment error. Caseload sizes for urban working recipients currently average around 150 per eligibility worker. This increased workload produces a need for approximately 2.5 additional urban eligibility worker positions.</p> <p>In the project area, intake eligibility workers will be required to inform each applicant for AFDC of the demonstration project and its provisions. We assume that each such interaction will require an average of 10 additional minutes of staff time, producing a need for slightly more than one half time urban eligibility worker position.</p>				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration

FY96

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Printed Date

Position Title Clerk III		No. of Positions 1	Range/Step ROB	Bargaining Unit GGU
Time Status HT	Staff Months 9 months	Location Bellhel		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary				
Benefits				
Premium Pay				
Other				
Total Personal Services		0.0		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		0.0		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>Rural project site</p> <p>Need for rural project staff is based on the same basic assumptions used to analyze need at urban sites, adjusted downward to reflect the generally lower caseload sizes managed by rural eligibility workers because of the additional complexity of rural casework. We assume for purposes of this analysis that there will be an average of about 200 families in the rural site who are either employed as a result of the project or subject to Workfare. This produces a need for two eligibility case managers and one half-time support clerk.</p>				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration

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Printed Date:

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 3
BILL Bill Version: CSHB 409(HES)
(H) Publish Date: 3/4/94

Revision Date: 2/25/94 Dept. Affected: Health and Social Services
Title: An Act proposing a special demonstration project within the APDC program BRU: PA Administration
Sponsor: Hanley Component: PA Administration
Requestor: House HES COMPONENT SERIAL NO. 0233

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	85.9	114.5	114.5	114.5	114.5	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	47.2	44.6	29.6	29.6	59.6	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	9.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	76.6	169.9	177.4	92.8	0.0
TOTAL OPERATING	142.1	235.7	314.0	321.5	266.9	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	66.0	72.0	10.0	10.0	25.0	0.0
1003 GF Match	76.1	87.1	134.1	134.1	149.1	0.0
1004 GF	0.0	76.6	169.9	177.4	92.8	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	142.1	235.7	314.0	321.5	266.9	0.0

POSITIONS:

FULL-TIME	2	2	2	2	2	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

House Bill 409 authorizes DHSS to design and operate a waiver project under the authority of section 1115 (a) of the Social Security Act.

Prepared by: Jan L. Hansen, Director
Division: Division of Public Assistance
Approved by Commissioner: Margaret R. Lowe
Agency: Department of Health & Social Services

Phone: 465-2680
Date: 3/27/94
Date: 2-28-94

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ANALYSIS (cont.):

Project development and management include planning, negotiating, and preparing the demonstration project application(s), including requesting waiver of the pertinent federal law provisions. Development also includes coordinating the necessary program and system changes and dealing with requests for information about the project as well as negotiation and administration of the evaluation contract and monitoring of the project. Project management staff would also be responsible to oversee the operation and monitoring of the project and maintain the necessary relationships with federal officials throughout its duration.

The project assistant will be assigned to the Juneau project manager during pre-implementation development and planning. This position will be reassigned to the Anchorage field operations management office as a field project liaison once the project becomes operational in January 1996.

The federal Department of Health and Human services requires that a demonstration project evaluation be performed by an independent contractor. The evaluation would test the effects of the demonstration on program costs and recipient outcomes. The Clinton administration is adamant in its insistence that demonstration project designs meet scientific standards for experimental design and statistical analysis.

This bill also requires DHSS to pay transportation costs for individuals who need it to participate in workfare.

Assumptions:

An independent contractor will review project design, review the design and evaluation of similar projects in other states, construct the evaluation design, coordinate EIS programming necessary to comport with evaluation design parameters, and produce interim and final reports of project results. Total estimated evaluation cost of \$140,000. is based on what other states have paid for evaluation of projects of similar scope.

Regulatory authority will be necessary for DHSS to operate the project in compliance with the Administrative Procedure Act. The services of a private law firm will be retained to develop regulation language, prepare the necessary documents, analyze public comments, and prepare the regulations for submission to the Attorney General.

Transportation costs are needed by 75 percent of participants in workfare. Average monthly costs per recipient = \$15.50.

Costs for project start-up and evaluation are federally matchable. PA Admin personnel costs in FY95 and first half of FY96 are federally matchable at 50 percent state/50 percent federal. Evaluation contract costs are matchable at 50 percent state/50 percent federal each year.

ANALYSIS (cont.):

Calculations:

FY 95 (9 months):

1	Project Coordinator	R19	46.9
1	Project Assistant	R16	39.0
	Equipment		9.0
	Office space		7.2
	Regulations contract		10.0
	<u>Evaluation contract</u>		<u>30.0</u>
	Total		142.1

FY 96

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Office space		9.6
	Regulations contract		15.0
	Evaluation Contract		20.0
	<u>Workfare Transportation</u>		<u>76.6</u>
	Total		235.7

FY 97

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Office space		9.6
	Evaluation Contract		20.0
	<u>Workfare Transportation</u>		<u>169.9</u>
	Total		314.0

FY 98

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Office Space		9.6
	Evaluation Contract		20.0
	<u>Workfare Transportation</u>		<u>177.4</u>
	Total		321.5

FY 99

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Office space		9.6
	Evaluation Contract		50.0
	<u>Workfare Transportation</u>		<u>92.8</u>
	Total		266.9

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 4
Bill Version: CSHB 409(HES)
BILL (H) Publish Date: 3/4/94

Revision Date: 2/25/94 Dept. Affected: Health and Social Services
Title: An Act proposing a special demonstration project within the AFDC program BRU: PA Administration
Component: PA Data Processing
Sponsor: Hanley
Requestor: House HES COMPONENT SERIAL NO. 0240

Expenditures/Revenues:		(Thousands of Dollars)					
OPERATING	FY95	FY96	FY97	FY98	FY99	FY00	
PERSONAL SERVICES	260.5	347.3	169.5	169.5	169.5	0.0	
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0	
CONTRACTUAL	21.6	28.8	14.4	14.4	14.4	0.0	
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0	
EQUIPMENT	27.0	0.0	0.0	0.0	0.0	0.0	
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0	
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL OPERATING	309.1	376.1	183.9	183.9	183.9	0.0	
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGES IN REVENUES	0	0	0	0	0	0	

FUND SOURCE		(Thousands of Dollars)					
	FY95	FY96	FY97	FY98	FY99	FY00	
1002 Federal Receipts	154.5	188.0	91.9	91.9	91.9	0.0	
1003 GF Match	154.6	188.1	92.0	92.0	92.0	0.0	
1004 GF	-- 0.0	0.0	0.0	0.0	0.0	0.0	
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0	
Other	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL	309.1	376.1	183.9	183.9	183.9	0.0	

POSITIONS:		FY95	FY96	FY97	FY98	FY99	FY00
FULL-TIME		6	6	6	6	6	0
PART-TIME		0	0	0	0	0	0
TEMPORARY		0	0	0	0	0	0

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

House Bill 409 creates a need for major modifications to the Division of Public Assistance Eligibility Information System. Operation of a federally approved demonstration project will require that the DPA apply two different, parallel sets of eligibility rules to cases which are part of the demonstration project and cases which fall under normal AFDC program rules. Demonstration project methodology will also require special collection and compilation of data for program monitoring and evaluation purposes.

Prepared by: Jan L. Hansen, Director
Division: Division of Public Assistance
Approved by Commissioner: Margaret R. Lowe
Agency: Department of Health & Social Services

Phone: 465-2680
Date: 2/27/94
Date: 2-28-94

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ANALYSIS (cont.):

The EIS is fundamental to DPA's administration of public assistance. Full automation of the demonstration project will be necessary to comply with federal requirements and to minimize the need for additional field staff to operate the project.

Modifications to the EIS system will require extensive programming and testing by PA data processing staff. This is a major systems development project which must be completed within a very short timeline. Once the programming modifications are in place, a reduced level of staff effort will be required to maintain the special programming, generate monitoring data, and produce the information necessary for completion of the final project evaluation.

Assumptions:

HB 409 is enacted effective July 1, 1994. The EIS modification project begins as soon as possible thereafter, presuming federal approval of the demonstration project. —

Project staff is hired effective October 1, 1994.

Demonstration project evaluation is performed by a contractor. PA data processing staff are responsible to generate data needed for the evaluation.

EIS programming for demonstration project is on-line January 1, 1996. Full system staffing is necessary through FY 96 to complete system de-bugging and complete development of monitoring components.

From FY 97 through FY 99, 3 PA data processing positions will be needed to maintain the system, generate monitoring reports, and produce data for the program evaluation.

ANALYSIS (cont.):

Calculations:

FY 95: (9 months)

1	Project Manager	AP V	R21	53.1
1	Lead Programmer	APIV	R19	46.9
2	Programmers	APIII	R17	82.5
2	Testers/Analysts	PAAI	R16	78.0
	Equipment			27.0
	Office Space			<u>21.6</u>
	Total			309.1

FY 96:	1	Project manager	AP V	R21	70.8
	1	Lead Programmer	APIV	R19	62.5
	2	Programmers	APIII	R17	110.0
	2	Testers/Analysts	PAAI	R16	104.0
		Office space			<u>28.8</u>
		Total			376.1

FY 97:	1	Lead Programmer	APIV	R19	62.5
	1	Programmer	APIII	R17	55.0
	1	Tester/Analyst	PAAI	R16	52.0
		Office space			<u>14.4</u>
		Total			183.9

FY 98:	1	Lead Programmer	APIV	R19	62.5
	1	Programmer	APIII	R17	55.0
	1	Tester/Analyst	PAAI	R16	52.0
		Office space			<u>14.4</u>
		Total			183.9

FY 99:	1	Lead Programmer	APIV	R19	62.5
	1	Programmer	APIII	R17	55.0
	1	Tester/Analyst	PAAI	R16	52.0
		Office space			<u>14.4</u>
		Total			183.9

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 5
Bill Version CSHB 409(HES)
BILL (H) Publish Date: 3/4/94

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act proposing a special demonstration project within the AFDC program BRU: PA Administration
Sponsor: Hanley Component: Alaska Work Programs
Requestor: _____ COMPONENT SERIAL NO. 0238

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	39.0	52.0	52.0	26.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	106.7	137.3	137.3	68.7	0.0
SUPPLIES	0.0	0.2	0.2	0.2	0.1	0.0
EQUIPMENT	0.0	10.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	155.9	189.5	189.5	94.8	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	155.9	189.5	189.5	94.8	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	155.9	189.5	189.5	94.8	0.0

POSITIONS:

FULL-TIME	0	1	1	1	1	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

House Bill 409 generates a need for recruitment, development, monitoring and maintenance of unpaid-community work sites for AFDC recipients participating in the workfare activity set out in section 6 of the bill.

Prepared by: Jan L. Hansen, Director
Division: Division of Public Assistance

Phone: 465-2680
Date: 3/8/94

Approved by Commissioner: Margaret R. Lowe
Agency: Department of Health & Social Services

Date: 2/10/94

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ANALYSIS (cont.):

Assumptions:

AFDC recipients without paid employment will be required to participate in unpaid (uncompensated) work activities at least 21 hours per week.

Unpaid-work sites need to be developed, monitored, and maintained in two urban and one rural area for client referrals in FY96-99.

One Project Assistant position will develop, monitor, and maintain agreements with unpaid-work sites in the 2 urban areas.

Development, monitoring, and maintenance of rural project sites will be conducted by a contractor.

Development of work sites begins 10/1/1995, then continues with monitoring of placement agreements; recruitment of new sites to replace filled or discontinued sites; and termination with end of project 12/31/1999.

The state-equivalent insurance for Workmen's Compensation must be maintained for each work site, providing medical for accidental injury, death, and dismemberment.

Participants of Workfare will require intensive 4-hr employment assistance workshops, covering resumes, interviewing skills and work ethics.

Development and presentation of Workfare Workshops in all 3 areas will be contracted out to the Department of Labor, to include development, materials, travel, and personal services.

ANALYSIS (cont.):

Costs:

FY95

No Costs

FY96

Personal Services (9 months Project Assistant)	\$ 39.0
Contractual (9 months Facilities)	1.7
Contractual (6 months Insurance)	18.0
Contractual (6 months Dept. Labor)	12.0
Contractual (Rural Project Development & Management)	75.0
Supplies	.2
Equipment	<u>10.0</u>
	\$155.9

FY97

Personal Services (12 months Project Assistant)	\$ 52.0
Contractual (12 months Facilities)	2.3
Contractual (12 months Insurance)	36.0
Contractual (12 months Dept. Labor)	24.0
Contractual (Rural Project Development & Management)	75.0
Supplies	<u>.2</u>
	\$189.5

FY98

Personal Services (12 months Project Assistant)	\$ 52.0
Contractual (12 months Facilities)	2.3
Contractual (12 months Insurance)	36.0
Contractual (12 months Dept. Labor)	24.0
Contractual (Rural Project Development & Management)	75.0
Supplies	<u>.2</u>
	\$189.5

FY99

Personal Services (6 months Project Assistant)	\$ 26.0
Contractual (6 months Facilities)	1.2
Contractual (6 months Insurance)	18.0
Contractual (6 months Dept. Labor)	12.0
Contractual (Rural Project Development & Management)	37.5
Supplies	<u>.1</u>
	\$ 94.8

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 6
Bill Version: CSHB 409(HES)
BILL (H) Publish Date: 3/4/94

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act proposing a special demonstration project within the AFDC program BRU: PA Administration
Sponsor: Haaley Component: Child Care Benefits
Requestor: _____ COMPONENT SERIAL NO. 1897

Expenditures/Revenues:		(Thousands of Dollars)					
OPERATING	FY95	FY96	FY97	FY98	FY99	FY00	
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0	
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0	
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0	
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0	
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0	
GRANTS, CLAIMS	0.0	614.4	1,228.8	1,228.8	614.4	0.0	
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL OPERATING	0.0	614.4	1,228.8	1,228.8	614.4	0.0	

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	
1004 GF	0.0	614.4	1,228.8	1,228.8	614.4	0.0	
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0	
Other	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL	0.0	614.4	1,228.8	1,228.8	614.4	0.0	

POSITIONS:							
FULL-TIME	0	0	0	0	0	0	
PART-TIME	0	0	0	0	0	0	
TEMPORARY	0	0	0	0	0	0	

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

House Bill 409 generates a need for child care services for AFDC recipients who are participating in the workfare activity set out in section 6 of the bill. Subsection (c) (1) requires that DHSS pay for child care services necessary for an individual to participate in workfare.

Under current AFDC program operations, the Department does not pay for child care services for individuals who are participating in unpaid work activities unless the individual is participating in the JOBS program.

Prepared by: Jan L. Hansen, Director Phone: 465-2680
Division: Division of Public Assistance Date: 2/7/94
Approved by Commissioner: Margaret R. Lowe Date: 2/10/94
Agency: Department of Health & Social Services

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ANALYSIS (cont.):Assumptions:

Workfare participants will be required to work 21 hours per week.

300 urban families and 20 rural families per month will require child care services to participate in workfare.

Need for child care begins on January 1, 1996 and ends December 31, 1998. FY 96 and FY 99 costs represent 6 months' benefits.

Calculations:

FY 95: No child care benefit paid, workfare not operational.

FY 96: 320 families x \$20 per family/month x 6 months = \$614.4.

FY 97-

FY 98: 320 families x \$320 per family/month x 12 months = \$1,228.8/year.

FY 99: 320 families x \$320 per family/month x 6 months = \$614.4.

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 7

Bill Version: CSHB 409(HES)

BILL (H) Publish Date: 3/4/94

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act proposing a special demonstration project within the AFDC program - ratable reductions BRU: Assistance Payments
 Component: AFDC
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(1,160.0)	(2,437.0)	(2,559.0)	(2,687.0)	(2,821.0)	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(1,160.0)	(2,437.0)	(2,559.0)	(2,687.0)	(2,821.0)	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(526.6)	(1,106.4)	(1,161.8)	(1,219.9)	(1,280.7)	0.0
1003 GF Match	(526.7)	(1,106.4)	(1,161.8)	(1,219.9)	(1,280.8)	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 I/A Receipts	(106.7)	(224.2)	(235.4)	(247.2)	(259.5)	0.0
TOTAL	(1,160.0)	(2,437.0)	(2,559.0)	(2,687.0)	(2,821.0)	0.0

POSITIONS:

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

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

Section 1 of HB 409 reduces AFDC maximum payment levels by approximately 1.7 percent below the current payment levels. This benefit reduction becomes effective upon federal approval of the AFDC waivers contained in Section 4 of this bill.

(Please see page 2 for additional information)

Prepared by: Jan L. Hansen, Director Phone: 465-2680
 Division: Division of Public Assistance Date: 2/7/94
 Approved by Commissioner: Margaret R. Lowe Date: 2/10/94
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

Section 2 of HB 409 restores AFDC payment maximums to current levels at the end of the AFDC demonstration project described in section 5 of the bill. Section 11 establishes an effective date of June 30, 1999 for section 2.

Assumptions:

Reductions in AFDC payment maximums produce a 1.7 percent savings in AFDC formula costs effective January 1, 1995.

Ratable reductions are imposed statewide.

Savings for FY95 represent 6 months of benefit reductions.

AFDC caseload size will increase by 5 percent each year.

The average amount of the monthly AFDC benefit decrease as a result of ratable reductions will be \$13.00.

Calculations:

	<u>Average AFDC Caseload</u>	<u>Average monthly payment reduction</u>	<u>Total FY Reduction</u>
FY95	14,882	\$13	\$1160.0
FY96	15,626	\$13	\$2437.0
FY97	16,407	\$13	\$2559.0
FY98	17,228	\$13	\$2687.0
FY99	18,089	\$13	\$2821.0
FY00	18,993	\$0	\$ 0.0

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

BILL

No. 8

Bill Version: CSHB 409(HES)

(H) Publish Date: 3/4/94

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: No Act proposing a special demonstration project within the AFDC program BRU: Assistance Payments
 Component: Adult Public Assistance
 Sponsor: Hasley
 Requestor: _____ COMPONENT SERIAL NO. 0222

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(321.4)	(674.9)	(708.7)	(744.1)	(781.3)	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(321.4)	(674.9)	(708.7)	(744.1)	(781.3)	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	(302.8)	(635.8)	(667.6)	(700.9)	(736.0)	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
1007 I/A Receipts	(18.6)	(39.1)	(41.1)	(43.2)	(45.3)	0.0
TOTAL	(321.4)	(674.9)	(708.7)	(744.1)	(781.3)	0.0

POSITIONS:

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

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

Section 3 of HB 409 reduces Adult Public Assistance benefits by setting the amount of the maximum state contribution to Adult Public Assistance recipients at 1.7 percent less than the amount payable on January 1, 1992. This benefit reduction becomes effective upon federal approval of the AFDC waivers contained in Section 4 of this bill, and is repealed effective June 30, 1999. (See page 2 for additional information.)

Prepared by: Jan L. Hansen, Director
 Division: Division of Public Assistance
 Approved by Commissioner: Margaret R. Lowe
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 2/8/94
 Date: 2/10/94

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ANALYSIS (cont.):

Assumptions:

- APA benefit reductions will become effective January 1, 1995. Savings for FY 95 represent 6 months of benefit reductions.
- Benefit reductions are imposed statewide.
- The average amount of the monthly APA benefit decrease will be \$5.45. The APA benefit payment to an individual SSI recipient will be \$6 less per month.
- APA caseload size will increase by 5 percent each year.
- Recipients of APA Interim Assistance payments will not be affected by the benefit reductions.

Calculations:

	<u>Average APA Caseload</u>	<u>Average monthly payment reduction</u>	<u>Total FY Reduction</u>
FY95	9,829	\$5.45	\$321.4
FY96	10,320	\$5.45	\$674.9
FY97	10,836	\$5.45	\$708.7
FY98	11,378	\$5.45	\$744.1
FY99	11,947	\$5.45	\$781.7
FY00	12,544	\$0.00	\$ 0.0

STATE OF ALASKA
1994 LEGISLATIVE SESSION

FISCAL NOTE

No. 9
BILL Bill Version: CSHB 409(HES)
(H) Publish Date: 3/4/94

Revision Date: _____ Dept. Affected: Health and Social Services
Title: No Act proposing a special demonstration project within the AFDC program BRU: PPD Hold Harmless
Component: PPD Hold Harmless
Sponsor: Hauley
Requestor: _____ COMPONENT SERIAL NO. 0225

Expenditures/Revenues:		(Thousands of Dollars)					
OPERATING	FY95	FY96	FY97	FY98	FY99	FY00	
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0	
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0	
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0	
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0	
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0	
GRANTS, CLAIMS	(125.3)	(263.3)	(276.5)	(290.4)	(304.8)	0.0	
MISCELLANEOUS							
TOTAL OPERATING	(125.3)	(263.3)	(276.5)	(290.4)	(304.8)	0.0	
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGES IN REVENUES	0	0	0	0	0	0	

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0	
1050 PFD Fund	(125.3)	(263.3)	(276.5)	(290.4)	(304.8)	0.0	
TOTAL	(125.3)	(263.3)	(276.5)	(290.4)	(304.8)	0.0	

POSITIONS:							
FULL-TIME	0	0	0	0	0	0	
PART-TIME	0	0	0	0	0	0	
TEMPORARY	0	0	0	0	0	0	

Estimate of current year (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

PPD Hold Harmless payments replace AFDC and Adult Public Assistance benefits when receiving the dividend causes individuals to lose eligibility or to have benefits reduced. The rateable reductions provided for in HB 409 reduce costs in the AFDC and APA assistance payments BRUs. PPD Hold Harmless costs change in direct proportion to the costs of the programs held harmless. (See page 2 for additional information.)

Prepared by: Jan L. Hansen, Director Phone: 465-2680
Division: Division of Public Assistance Date: 2/2/94
Approved by Commissioner: Margaret R. Lowe Date: 2/10/94
Agency: Department of Health & Social Services

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ANALYSIS (cont.):

Assumption:

PFD Hold Harmless costs for AFDC and APA benefits will decrease in direct proportion to the decreases produced by the reductions in AFDC and APA expenditures for each fiscal year.

Calculations:

PFD HOLD HARMLESS SAVINGS PRODUCED BY HB 409

	<u>AFDC</u>	<u>APA</u>	<u>PFDHH</u>
FY95	(\$106.7)	(\$18.6)	(\$125.3)
FY96	(\$224.2)	(\$39.1)	(\$263.3)
FY97	(\$235.4)	(\$41.1)	(\$276.5)
FY98	(\$247.2)	(\$43.2)	(\$290.4)
FY99	(\$295.5)	(\$45.3)	(\$304.8)
FY00	\$ 0.0	\$ 0.0	\$ 0.0

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 10
BIL. Bill Version: C5HB 409(HES)
(H) Publish Date: 3/4/94

Revision Date: 02/25/94 Dept. Affected: Health and Social Services
 Title: An Act relating to the maximum amount of assistance that may be granted under the adult public ... BRU: Medical Assistance
 Sponsor: HANLEY, Therriault Component: Medicaid Non-Facility
 Requestor: House HESS COMPONENT SERIAL NO. 229

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	(15.8)	(267.0)	(453.3)	(413.4)	(312.1)
MISCELLANEOUS						
TOTAL OPERATING	0.0	(15.8)	(267.0)	(453.3)	(413.4)	(312.1)

CAPITAL EXPENDITURES						
CHANGES IN REVENUES						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	(7.9)	(133.5)	(226.6)	(206.7)	(156.0)
1003 GF Match	0.0	(7.9)	(133.5)	(226.7)	(206.7)	(156.1)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	(15.8)	(267.0)	(453.3)	(413.4)	(312.1)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

Reduction in Medicaid spending would result from adults being removed from AFDC cases due to sanctions and losing Medicaid eligibility as a consequence and from families leaving the AFDC caseload due to employment and adult family members and some children losing Medicaid eligibility as a result. Some children losing eligibility may have incomes below or near the poverty level.

See attached page for additional analysis.

Assumptions provided by Division of Public Assistance for 2/10/94 fiscal note have changed. All other assumptions remain constant.

Prepared by: Jon Sherwood
 Division: Medical Assistance

Phone: 465-3355
 Date: 02/28/94

Approved by Commissioner: Margaret R. Lowe
 Agency: Department of Health & Social Services

Date: 2-28-94

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ANALYSIS (cont.):**Assumptions:**

Average Annual Cost of Medical Assistance – FY 93

AFDC Adult \$2,560

AFDC Child \$1,573

Growth = 11% per year

Adults ineligible due to sanctions remain off Medicaid for the whole year, except FY 96 and FY 99. In FY 96 the program starts midyear and the sanction is projected to last for 3 months. In FY 99, the program ends mid year and the sanction is projected to last six months.

No adults or children will drop off Medicaid in FY 96 as a result of dropping off the AFDC caseload because of Transitional Medicaid providing extended coverage for one year. The average length of time without Medicaid benefits for other fiscal years is one-half year.

Number of Clients Affected

	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
Sanctioned Adults	0	18	33	33	33	0
Adults Going Off Caseload	0	0	45	87	85	85
Children Going Off Caseload	0	0	43	93	89	89

Savings

Sanctioned Adults	\$0	\$15,755	\$128,247	\$142,354	\$79,006	\$0
Adults Going Off Caseload	\$0	\$0	\$87,441	\$187,648	\$203,501	\$225,886
Children Going of Caseload	\$0	\$0	\$51,340	\$123,253	\$130,926	\$86,245
TOTAL SAVINGS	<u>\$0</u>	<u>\$15,755</u>	<u>\$267,028</u>	<u>\$453,255</u>	<u>\$413,433</u>	<u>\$312,131</u>

Note: Assumptions for the number of people losing eligibility for Medicaid and for how long are based on estimates provided by the Division of Public Assistance.

REVISED COST/SAVINGS ANALYSIS
HOUSE BILL 409
 Prepared by the Department of Health and Social Services
 Division of Public Assistance
 FEBRUARY 22, 1994

	FY95	FY96	FY97	FY98	FY99	TOTAL
OPERATING EXPENDITURES						
AFDC Payments - Project	0.0	(163.4)	(1,553.7)	(2,051.7)	(2,531.0)	(6,299.8)
Eligibility Determination	0.0	545.9	621.3	621.3	621.3	2,409.8
PA Administration	142.1	235.7	314.0	321.5	266.9	1,280.2
PA Data Processing	309.1	376.1	183.9	183.9	183.9	1,236.9
Alaska Work Programs	0.0	155.9	189.5	189.5	94.8	629.7
Child Care Benefits	0.0	614.4	1,228.8	1,228.8	614.4	3,686.4
Medical Assistance	0.0	(15.8)	(266.6)	(451.8)	(399.9)	(1,134.1)
Gross Project Cost	451.2	1,748.8	717.2	41.5	(1,149.6)	1,809.1
Less Federal Receipts for Project Costs	(220.5)	(260.0)	(101.9)	(101.9)	(116.9)	(801.2)
Net Project Cost	230.7	1,488.8	615.3	(60.4)	(1,266.5)	1,007.9
Less Ratable Reduction GF/GF Match Savings	(829.5)	(1,742.2)	(1,829.4)	(1,920.8)	(2,016.7)	(8,338.6)
Net GF Budget Impact	(598.8)	(253.4)	(1,214.1)	(1,981.2)	(3,283.2)	(7,330.7)

RATABLE REDUCTION SAVINGS						
AFDC - GF Match	(526.7)	(1,106.4)	(1,161.8)	(1,219.9)	(1,280.7)	(5,295.5)
APA - GF	(302.8)	(635.8)	(667.6)	(700.9)	(736.0)	(3,043.1)
Total GF	(829.5)	(1,742.2)	(1,829.4)	(1,920.8)	(2,016.7)	(8,338.6)
AFDC - Federal Receipts	(526.6)	(1,106.4)	(1,161.8)	(1,219.9)	(1,280.7)	(5,295.4)
AFDC/APA - I/A Receipts (PFD Hold Harmless)	(125.3)	(263.3)	(276.5)	(290.4)	(304.8)	(1,260.3)

Explanation of Changes from February 10, 1994 Fiscal Note Analysis

AFDC Payments:

New assumption: 65 percent of AFDC families in Anchorage and Mat-Su are included in project experimental group, 35 percent in control group. Control group members participate under normal AFDC rules. 100 percent of recipients in rural project area included in experimental group.

Projected savings reduced based on fewer additional working recipients in smaller experimental group. Revised caseload impacts shown below:

	FY95	FY96	FY97	FY98	FY99
Recipients Already Working	972	1025	1092	1160	1230
Additional Working Recipients	0	397	678	724	724
Total Working Recipients in project area	972	1422	1770	1884	1954

Projected costs of increased earnings disregard reduced substantially because of discovery of major flaw in previous calculation methodology.

Correction: We assume that field operation of the project ends on December 31, 1998. This assumption was inadvertently omitted from the original fiscal note.

Eligibility Determination:

Need for project eligibility determination staff reduced by one half-time eligibility technician because of reduction in cases with earned income.

Revised Cost/Savings Analysis
House Bill 409
February 22, 1994
Page 3

PA Administration:

New assumption: Costs for project start-up and evaluation are federally matchable. PA Admin personnel costs in FY 95 and first half of FY 96 are federally matchable at 50 percent state/50 percent federal. Evaluation contract costs are matchable at 50 percent state/50 percent federal each year.

Correction: Costs for transportation needed by workfare participants was inadvertently omitted in original fiscal note and are added here. Costs are

FY 96: 76.6 FY 97: 169.9 FY 98: 177.4 FY 99: 92.8

PA Data Processing:

New Assumption: All PA Data Processing costs are for either project start-up or evaluation and as such are federally matchable at 50 percent state/50 percent federal.

Medical Assistance:

Projected savings reduced based on fewer additional working recipients in experimental group

Net Project Costs:

Projected federal receipts based on revised assumptions about federal participation in project start-up and evaluation costs are now reflected in net project costs.



Alaska State Legislature

Please enter into the record my testimony to the HSS
 committee name
 committee on HB409 , dated 2-22-94
 bill/subject

Good Afternoon. My name is Joni Whitmore -- I am the Child Care Programs Coordinator for South Peninsula Women's Services, in Homer. I administer the Day Care Assistance Program, the At-Risk Assistance Program, the Transitional Child Care benefits program, and the Child care food program for the lower kenai peninsula.

With respect to this bill:

- I believe the largest impediment to moving families off welfare is the loss of health insurance. Minimum wage jobs and child care assistance will not afford parents the ability to purchase private health insurance - and many will stay on welfare until this choice/dilemma changes.
- I do believe however it is important for welfare recipients to have an opportunity to earn wages from meaningful work experiences - experience they can begin to build a bridge to a higher paying occupation and a career.
- I do believe waivers may be appropriate - standards for those waivers are appropriate - but flexibility for individual case management is essential to decisions in the recipients best interest.
- I don't support creating another regulatory bureaucracy to move legislation like this beyond a pilot project. As a lesson to us... the TCCB has enormous potential to give working parents a jump start off welfare. As program administrator however, my experience has been that the red tape surrounding the application process(ing) has prevented us from serving very many people thus far (at considerable expense given all the agencies involved).
- I believe it is most appropriate and cost effective for local communities to administer any such workfare projects and to determine work projects as needed by the community.
- the lack of licensed child care will be a problem for workfare recipients who will be using DCAP I assume (ARA, TCCB do not allow welfare recipient participation).
- fulltime students working for degree/or increased employability should be waived.

Signed: Joni Whitmore Joni Whitmore
 Testifier
 South Peninsula Women's Services
 Representing (Optional)
 3776 Lake St. Suite 100
 Address
 907 235-7712
 Phone No.

RECEIVED 2/11/94

Welfare in Alaska—Help or Hindrance to Self-Sufficiency?

by Cristina Klein

There is a simple but revealing tale set in Japan which explores the nature of truth. In this story, the tale of Rashomon, four individuals witness the same event—a death on the road which they are traveling. Later, when these witnesses recount what they have seen to the police, four vastly different stories emerge. Was it a suicide or murder? If murder, by whom?

Beliefs about welfare and how it should work are like the contrasting "truths" in the tale of Rashomon.

A working person who has never applied for welfare may see the system as an unfair dole to people too lazy to work. Someone without skills and with little work experience, newly separated, with two young children, may see welfare as her salvation, keeping her family off the streets. An eligibility technician in a welfare office with a growing caseload may see welfare as a frustrating complex of regulations to wade through while attempting to help clients. And in the various states, policy makers express their views about welfare in poli-

Cristina Klein is a Project Coordinator with the Alaska Department of Health & Social Services. She has previously worked as a Labor Economist for DOL/Research and Analysis, and as a writer, social worker, business owner and Peace Corps Volunteer. Her article, "Is There a Nurse in the House?" appeared in the December 1989 *Alaska Economic Trends*.

Welfare in Alaska

Aid to Families with Dependent Children (AFDC) is known simply as welfare. Some facts about welfare in Alaska:

- * The AFDC program provides support to needy children. Grants are given to families because this is the most efficient way to deliver financial aid.
- * The AFDC-Basic program helps low income families deprived of one or both parents. AFDC-Unemployed Parent (UP) provides cash assistance to families with both parents in the home.
- * AFDC participation makes members of households eligible for Medicaid and energy assist.
- * In 1993, a household comprised of a mother and two children receives \$950 a month or 79% of the federal poverty level for Alaska.
- * \$814 was the average AFDC payment in August 1992.
- * Each month in 1992, about 11,000 families in Alaska received AFDC assistance. Family members included about 12,000 adults and about 20,600 children, a total of about 32,600 individuals.
- * Between FY 84 and FY 91, roughly 67% of AFDC families received AFDC for less than two years.
- * In FY91, 45% of all AFDC families served had only one child. Only 9% of AFDC families had more than three children.
- * Child support payments for AFDC families reimburse state and federal AFDC programs and partially fund the Alaska Department of Revenue's Child Support Enforcement Division. AFDC clients are allowed the first \$50 of child support payments as a collection incentive.
- * The federal governr..... pays 50% of the Alaska AFDC program costs for both clients' benefits and for program administration.
- * The federal government requires states to provide education, employment and training services to AFDC recipients. Alaska provides these services through the Job Opportunities and Basic Skills (JOBS) program.
- * AFDC-UP was federally mandated for all states by October 1, 1990. Alaska began including two parent households in AFDC on October 1, 1990.

Table • 1

**AFDC Caseload and Expenditures
August 1992**

		AFDC-Basic Cases	AFDC-UP Cases	AFDC Total Cases	AFDC Avg. Expenditure	AFDC Total Expenditure
<i>*SC/South Central includes Kodiak, Dillingham, Nome, Kotzebue and Aleutian Chain.</i>	Anchorage	4,108	458	4,566	\$826	\$3,772,077
	Fairbanks	1,061	151	1,212	793	961,518
	Wasilla	987	232	1,219	838	1,021,887
<i>**NR/Northern Region includes Fairbanks, Ft. Yukon and surrounding areas.</i>	Southwest Region	623	315	938	808	757,641
	Kenai	640	111	751	800	601,133
	Juneau	471	66	537	754	404,834
<i>Source: Alaska Department of Health & Social Services, Division of Public Assistance.</i>	South Central Field*	410	68	478	781	373,366
	Ketchikan	432	48	480	809	388,428
	Northern Region Field**	312	78	390	850	331,477
	Nome	205	55	260	833	216,495
	Kotzebue	184	52	236	762	179,928
	Sitka	86	11	97	829	80,384
	Total	9,519	1,645	11,164	\$814	\$9,089,168

AFDC Self-Sufficiency Project

The Alaska Department of Health and Social Services/Division of Public Assistance is conducting the Aid to Families with Dependent Children Self-Sufficiency Project, a one year study of strategies for helping AFDC clients become self-sufficient. The project is also looking at ways to reduce or to contain AFDC program costs.

The study is composed of:

- 1) A survey of AFDC clients' and staff's perceptions of barriers to self-sufficiency. Forty AFDC clients were interviewed in person, another forty were interviewed by phone, and over 1,000 randomly selected clients were mailed an extensive questionnaire. This statistically valid survey focused on barriers to employment, ideas for changing the welfare system, and the kind of help clients need to get jobs and move off welfare.

AFDC clients returned 48% (485) of the mailed questionnaires.

All eligibility technicians, JOBS staff and Native JOBS staff were mailed questionnaires with questions about clients' barriers to self-sufficiency. About 50% (181 questionnaires) were returned.

- 2) Focus group meetings. The project coordinator held eleven focus group meetings on the barriers to self-sufficiency. Meetings were held with AFDC clients and staff, JOBS clients and staff, and Native JOBS clients and staff. Meetings were held in Juneau and Anchorage. About 175 people attended these meetings.
- 3) An analysis of the federal process (called a Section 1115 Waiver) which Alaska would have to undertake in order to run a demonstration project exempt from the usual federal provisions governing the AFDC program.
- 4) An analysis of the AFDC waiver demonstrations proposed or carried on by other states.
- 5) A review of rural job possibilities for AFDC clients that might be developed with other agencies.

The Self-Sufficiency Project will produce an interim report in early 1993.

cies which range from the innovative to the punitive.

Self-Sufficiency project seeks answers

The Alaska AFDC Self-Sufficiency Project set out in May of 1992 to find out about welfare. Does it create a group of dependent people with no incentive to work? Is the system a nightmare of regulations and forms? How can the welfare system help recipients get jobs and become independent of the system? And how can the system reduce or maintain costs in a time of growing caseloads—a problem fit for a sage to ponder.

The project surveyed AFDC clients and staff and looked at the innovative programs which other states are undertaking to find new ways to promote self-sufficiency.

Table 1 gives the number of AFDC clients and program costs by district in August, 1992. Table 2 shows AFDC recipients' length of stay in the program.

Poverty is growing in Alaska and the U.S.

According to the U.S. Bureau of the Census annual poverty report, *Poverty in the United States: 1991*, the number of poor is at its highest level since anti-poverty programs began in the mid-1960s. The number of Americans living below the poverty line in 1991 was 35.7 million, or 1 in every 7 Americans. In 1991, 35.4 million Americans (14.1%) had no medical insurance.

One of the primary reasons given for the national increase in poverty is the increasing number of people in low wage jobs which do not provide medical benefits. In the 1960s and 1970s, the earnings of a full-time, year-round worker in a minimum wage job typically exceeded the poverty level for a family of three. In the 1980s, that changed.

Nationally, the minimum wage for a full time worker would have to be raised to \$5.40 to equal the poverty level for a family of three. In Alaska, the minimum wage would have to be raised to \$7.20 for a family of three in order to equal the poverty level (\$1,205) set for that family size by the federal government. At the current minimum wage level of \$4.75 in Alaska, a wage earner with two dependents would be earning just 66% of the poverty level.

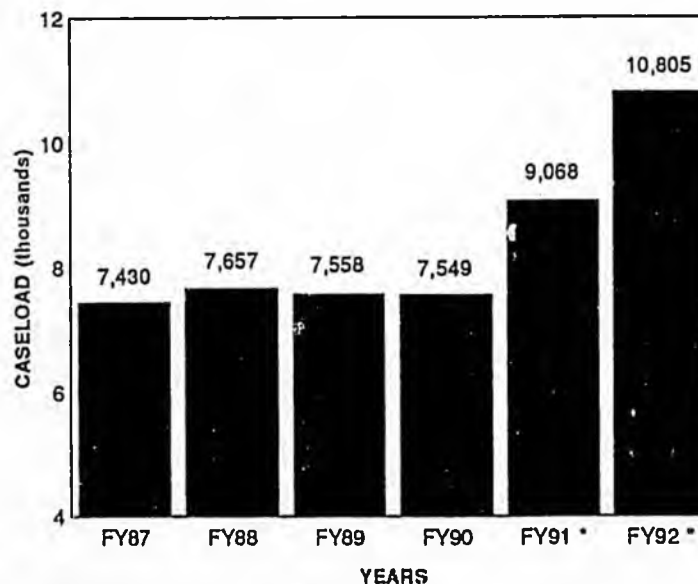
Length of Stay Summary
January 1, 1992

Length of Time on AFDC	# of Clients	Percentage
1-12 Months	2,800	28.9
13-24 Months	1,997	20.6
25-36 Months	1,183	12.2
37-60 Months	1,716	17.7
Greater than 60 Months	2,007	20.7
Total	9,703	

Source: Alaska Department of Health & Social Services, Division of Public Assistance.

Figure • 1

AFDC Program Average Caseload in Alaska
by Fiscal Year—1987 to 1992



*AFDC-UP (two parent) added in October 1990.

Source: Alaska Department of Health & Social Services, Division of Public Assistance.

T a b l e • 3

**AFDC-UP in Alaska and Western States
(As a % of total AFDC)**

State	Recipients				Families			
	AFDC-UP	% of Total	Basic	% of Total	UP	% of Total	Basic	% of Total
Alaska	6,645	22.2	23,245	78.8	1,449	14.3	8,710	85.7
California	480,611	21.3	1,775,530	78.7	114,213	14.5	647,097	85.5
Oregon	15,884	13.6	100,897	86.4	3,826	9.2	37,708	90.8
Washington	58,469	21.7	210,666	78.3	13,827	14.6	80,974	85.4

Source: Alaska Department of Health & Social Services, Division of Public Assistance.

In 1991, 11.8% of Alaskans were living below the poverty line. About 5% of Alaskans, or less than half of those living below the poverty line, were recipients of AFDC.¹

due to both the growth of Alaska's population and to the national recession. The growth in Alaska's caseloads correlates closely with a national trend of increasing caseloads.

¹AFDC-UP added in October, 1990.

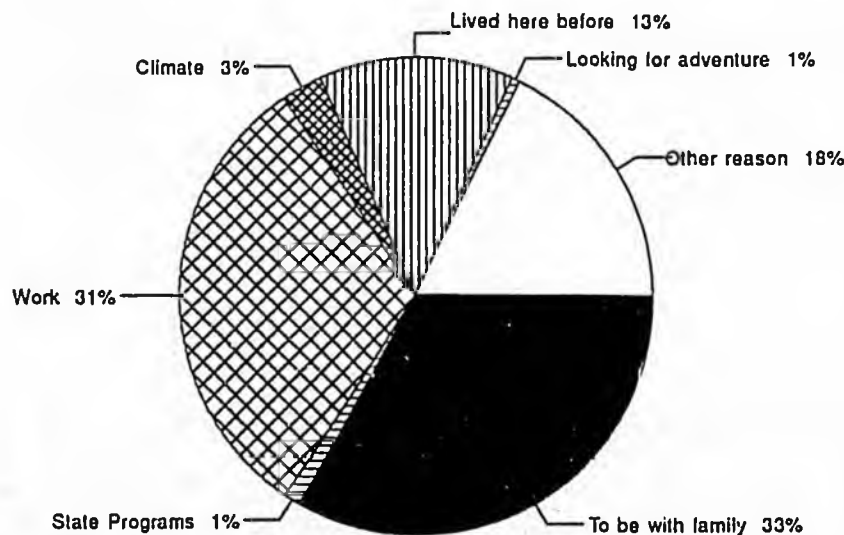
AFDC caseloads on the rise

Alaska is experiencing a phenomenon common to most other states. AFDC caseloads have been growing dramatically since 1990. This increase is

Another significant reason for the increase in caseloads has been the federally mandated addition of two parent households (AFDC-UP) in October, 1990. This mandate was contained in the Family Support Act (FSA) of 1988, a major package of federal welfare reform legislation designed to promote family self-sufficiency. About half the states were providing AFDC to two parent families before the mandate of the Family Support Act in 1988.

F i g u r e • 2

**Primary Reason for Coming to Alaska
Field Operations Client Survey**



Note: Although 13% gave "lived here before" as primary reason, 24% of total respondents had actually lived in Alaska before.

Source: Alaska Department of Health & Social Services, Division of Public Assistance.

Alaska's addition of AFDC-Unemployed Parent (UP) households in October, 1990, accounted for over half the increase in the state's caseloads in 1991-92. Average AFDC caseloads grew by 43% from the 1989 level to the 1992 average caseload level. AFDC caseloads in virtually every other state grew during this period. (Nationally, there were 4,973,200 families receiving AFDC in June, 1992.)

Sustained caseload increases correlate closely with periods of economic downturn in Alaska. Following the boom of the oil pipeline construction which ended in 1976, the Alaskan economy went into a recession. AFDC caseloads at this time (1977-80) increased dramatically. From 1981 until 1984, AFDC caseloads decreased. When oil revenues fell in 1985, AFDC caseloads again increased sharply until 1988. Caseloads then leveled off and decreased in 1989.

Figure 1 shows the average caseload growth of AFDC in Alaska from 1987 through 1992. Table 3 shows that AFDC-UP makes up about the same percent of AFDC costs for Alaska, Washington, Oregon and California.

Are people coming to Alaska to collect welfare?

Two studies say no.

Two recent surveys have been conducted by the Alaska Department of Health and Social Services/Division of Public Assistance. The first is an anonymous questionnaire given to new applicants for AFDC to find out if AFDC applicants are coming to Alaska to collect benefits.

This survey shows that being with family, previous residence in Alaska and work are the primary reasons new applicants give for coming to Alaska. Figure 2 gives the results of the field survey.

The second confidential questionnaire was given to over 1,000 clients through the AFDC Self-Sufficiency Project in July, 1992. The primary reasons given for coming to Alaska were that recipients used to live here, that their families live in Alaska, that the quality of life in Alaska is better than in other places, and that work is abundant in the state. Figure 3 shows the results for both rural and urban clients.

Does Alaska pay too much to welfare clients?

That depends on who you ask. Ask a typical client, a mother with two children, who is trying to pay rent and expenses on \$950 a month, and surely the answer will be no. Ask a government employee whose job provides the security of a reasonable wage, excellent medical coverage, and a pension plan. The answer may well be yes.

But the reality which continues to emerge from the Self-Sufficiency Project study is not that welfare pays too much. Rather, it is that low paid jobs simply do not pay enough for a family to live on. And this situation is exacerbated by the lack of medical coverage.

Alaska pays about 79% of the federally determined poverty level to a typical AFDC family of three. Approximately 50% of the funds for grants to recipients and for administration of the AFDC

program is paid by the federal government. About 60% of these recipients also receive food stamp assistance, and about a third of AFDC families receive housing assistance.

Figure 4 compares the federal poverty level for Alaska with AFDC grants in the state in 1993. Figure 5 compares maximum AFDC benefits for a family of three in the ten states which pay the highest AFDC grants. Table 4 gives the American Chamber of Commerce Research Association (ACCRA) Cost of Living Index.

Does welfare discourage work?

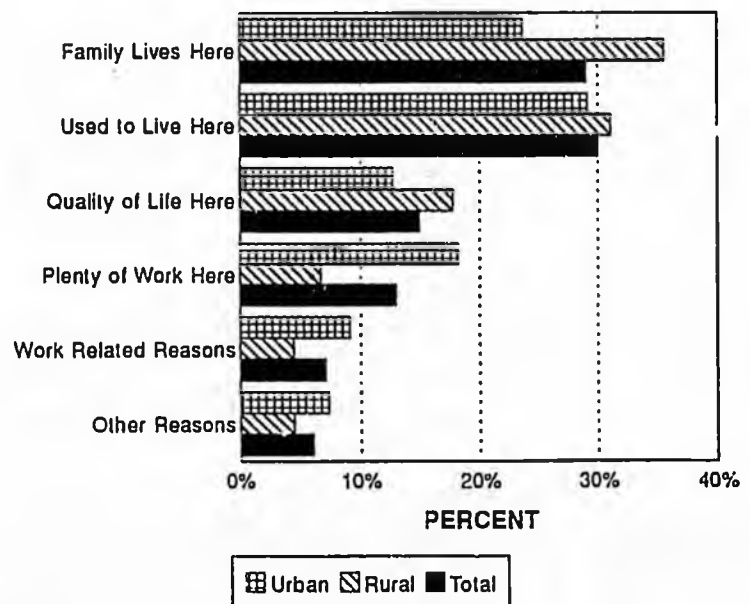
In some ways it does.

Some federal regulations are an albatross around the state's neck because they discourage work. These regulations are:

- ✓ The 100-hour rule. This rule limits an unemployed parent in a two parent (UP) household to 100 hours of work a month in order to remain eligible for AFDC. If the parent starts working full time, he or she becomes ineligible for AFDC and Medicaid even if she or he earns less than the AFDC grant.

Figure 3

Primary Reason for Moving to Alaska Client Survey/Self-Sufficiency Project



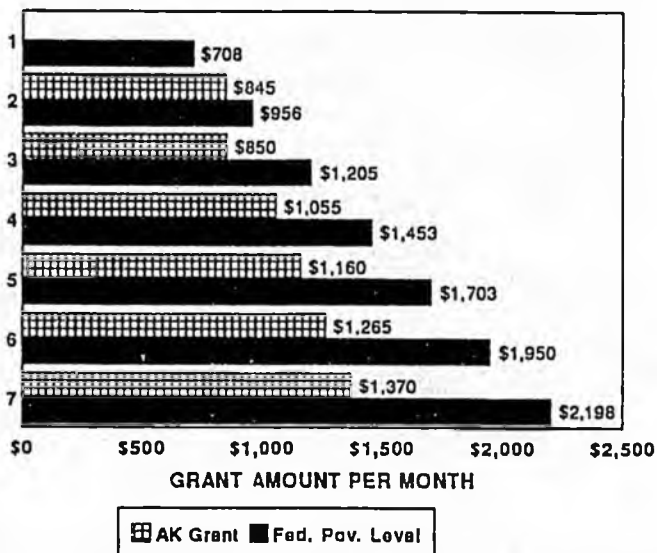
Note: Based on 485 client responses in August 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance Self-Sufficiency Project.

Figure • 4

Alaska* Grants Below Federal Poverty Level

FAMILY SIZE

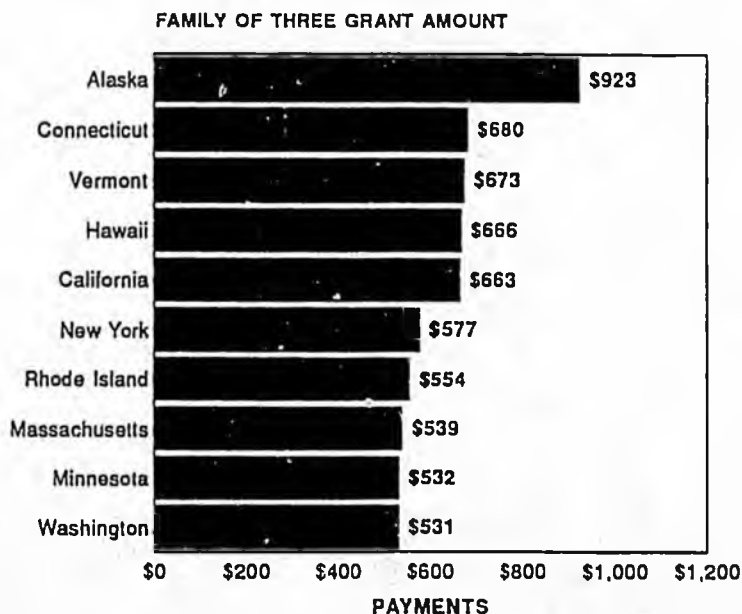


*The Alaska Legislature has appropriated an annual Cost of Living Allowance (COLA). These figures revised November 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance.

Figure • 5

AFDC Benefits in States with Highest Grant Levels—January 1992



Source: Congressional Resource Service, Center on Budget and Policy Priorities, Center on Social Welfare Policy and Law.

✓ The resource limit. AFDC clients can only have assets or cash holdings of up to \$1,000. This low savings limit puts clients in a precarious position when leaving the security of the AFDC program. Some states have sought waivers from this regulation while other states are creating escrow accounts to allow recipients to save funds which can only be tapped after they leave AFDC.

✓ The vehicle limit. Families are allowed to own one vehicle worth no more than \$2,500 (if family has no assets). Such vehicles are in frequent need of costly repairs. Unreliable transportation is also a barrier to recipients seeking and keeping jobs and getting children to day care.

✓ Low earned income "disregards". These disregards are earnings which are not counted against the AFDC grant when a recipient works. For AFDC clients working at jobs paying close to the amount of the AFDC grant, this policy provides little incentive to work. Some states are operating demonstrations which allow recipients to keep more of their earned income without losing their grant. These policies encourage work and make the transition from AFDC to work easier.

✓ Transitional medical benefits. Welfare recipients who become employed are now eligible for one year of transitional Medicaid coverage as they leave the AFDC program. Some states are allowing target groups of recipients two years of transitional Medicaid rather than the current one year. The loss of medical coverage is a major concern of AFDC clients when they try to leave the AFDC program.

Most clients want to work

On the Self-Sufficiency Project questionnaire, 88% of clients responding said they would prefer working to receiving AFDC.

In focus groups, clients said the same thing.

AFDC recipients want to work, but they stress that the available jobs pay too little and usually do not offer medical coverage. The cost of day care, generally about \$400 per child, is another barrier for AFDC clients who want to work.

ACCRA Cost of Living Index
First Quarter 1992—10 High Cost Urban Areas

City	Index	Grocery	Housing	Util.	Trans.	Health
1. New York, NY	219.1	141.4	394.2	196.1	127.9	209.9
2. ANCHORAGE, AK	131.0	132.1	141.1	98.5	106.9	178.5
3. KODIAK, AK	145.7	160.6	156.8	172.8	112.2	171.4
4. FAIRBANKS, AK	129.8	125.5	123.2	140.7	115.7	189.9
5. JUNEAU, AK	133.1	137.7	131.7	157.6	129.9	182.2
6. Los Angeles/Long Beach, CA	132.6	107.7	185.3	80.0	119.6	136.5
7. Palm Springs, CA	120.3	106.5	136.8	107.2	118.1	132.9
8. Baltimore, MD	122.3	136.0	118.1	145.8	126.0	126.4
9. Washington, DC	134.4	118.6	175.8	113.7	130.4	142.2
10. Albany, NY	114.2	110.8	119.8	128.2	104.4	112.5

Source: American Chamber of Commerce Research Association (ACCRA).

Common barriers to employment

Figure 6 shows what AFDC clients consider to be the primary barriers to employment. (There may be other barriers to employment such as substance abuse which were under-reported by AFDC clients on the survey results.)

Focus groups were held in Anchorage and Juneau on the topic of AFDC clients' obstacles to work. AFDC clients and staff, AFDC/JOBS clients and staff, and AFDC/Native JOBS clients and staff stated the same points over and over again:

- ✓ Jobs don't pay enough.
- ✓ Clients fear the loss of medical coverage.
- ✓ Day care is too expensive and often unreliable.
- ✓ Clients need basic education, skills and experience.
- ✓ There are no jobs available in rural Alaska.

JOBS training program comprehensive

The Job Opportunities and Basic Skills (JOBS) Training Program, created by the Family Support

Act (FSA) of 1988, addresses the need for skills training, basic education, and work experience which AFDC clients list as primary barriers to becoming employed and getting off welfare. The JOBS program is a federally mandated welfare-to-work program which is currently funded to serve a small percentage of AFDC clients.

JOBS case managers work with participants to identify employment goals and needed job skills. Personal and family needs are also identified and addressed in support groups and with supportive services.

Natives have their own JOBS program

The Family Support Act offered Alaska Native regional corporations the option of operating their own JOBS programs with 100% federal funding. (The JOBS program is required to match federal funds with state funds.) In 1992 there were eleven Native regional corporation grantees which received \$814,470 in federal funds. The largest Native JOBS grantee is Cook Inlet Tribal Council (CITC).

Alaska JOBS and CITC JOBS are working with the Alaska Department of Education and the Mat-Su School District to provide case management

and other special services to teen parents at an alternative school in Wasilla.

JOBS faces difficult task

The Family Support Act mandates states to provide JOBS services to an increasing number of AFDC clients each year. By 1995, JOBS must serve 20% of nonexempt (mandatory) AFDC-Basic (single parent) clients and 50% of AFDC-UP (two parent) clients while federal allocations do not increase proportionally.

The JOBS program is financed by a state appropriation that matches a "capped" allocation of federal funds. Alaska's FY93 share of the national JOBS allocation is \$1.7 million. Alaska appropriates state general funds in excess of this federal match for adult basic education and alternative high school projects.

In focus groups JOBS participants stressed that the program gave them skills, basic education, help with problems like substance abuse and help in finding work. Intensive case management helped participants with a variety of problems. JOBS participants repeatedly stated that the program provided them with the basic life skills which they lacked.

Both AFDC clients and AFDC/JOBS participants were asked in focus groups and on questionnaires about their expectations for becoming employed and leaving AFDC. JOBS participants responded that the program had prepared them for work and helped them overcome multiple obstacles to becoming self-sufficient. AFDC clients, on the other hand, were frustrated because growing caseloads mean that eligibility technicians are less and less able to provide AFDC clients with the support and resource referrals they need to find jobs and become self-sufficient. The AFDC staff echoed this frustration.

What are other states doing?

Fourteen states have created task forces and commissions to study how to help AFDC clients reach self-sufficiency. Some of these groups are on a parallel course with Alaska's Self-Sufficiency Project, using focus groups and questionnaires to survey AFDC clients and staff. States are watching closely to see what succeeds in other parts of the country. There is an encouraging exchange of information and ideas as the states tackle the same problems—a tight job market, clients with multiple needs, and growing caseloads.

All of the states are in the process of implementing and refining their JOBS programs. Some of the states are allocating additional money to their JOBS programs so that they can serve more participants and provide more support services.

Some states are using federal waivers from the usual provisions governing AFDC programs to experiment with changing behavior and/or with changing the system.

What are waivers?

Simply put, waivers are exemptions from the usual federal provisions governing a state's AFDC program.

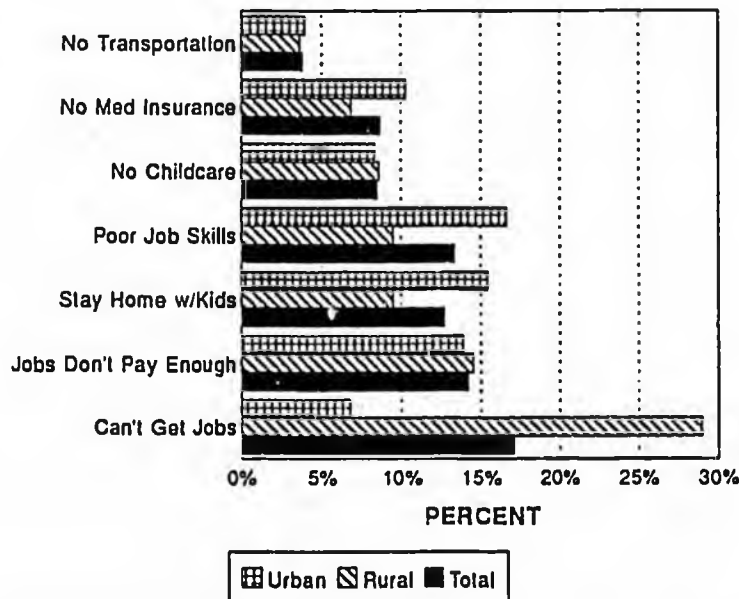
In recent years twelve states have conducted waiver demonstration

Figure 6

Primary Reason for Being on AFDC in Alaska Client Survey/Self-Sufficiency Project

Note: Based on 485 client responses in August 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance Self-Sufficiency Project.



projects: California, Florida, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, Ohio, Pennsylvania, Washington and Wisconsin.

The waiver approval process was accelerated in 1992. As of December 1, 1992, "accelerated" waivers had been approved for eight states: Wisconsin, Maryland, California, Oregon, New Jersey, Michigan, Utah and Missouri. Virginia's proposal was pending.

Waiver projects run the gamut

Demonstrations range from those which attempt to change behavior with either positive or negative incentives to those which undertake a complete restructuring of the welfare system and its regulations.

The primary types of behavior encouraged are: school attendance (LEARNFARE), preventive health measures (HEALTHFARE), marriage (WEDFARE or BRIDEFARE), employment (WORKFARE) and not having children while on welfare (FAMILY CAP). Penalties in the form of grant reductions or incentives in the form of bonuses are used to influence behavior.

Some states are trying to discourage migration from other states with two-tiered payment systems. An AFDC client is paid the grant amount of the previous state (if lower) until a recipient is considered a resident of the new state (6 to 12 months).

Some states are proposing to tie benefits to employment, community work or training.

A few states are attempting to save money by reducing grants to earlier levels, by time limiting grants and by limiting eligibility.

Other states are using waiver projects to develop what amounts to alternative welfare programs. Examples of these are New York's Child Assistance Program (CAP), Minnesota's Family Investment Program (FIP), Michigan's "To Strengthen Michigan Families", and Utah's "Single Parent Employment Program."

Waivers Must Meet Two Conditions:

Experimental design and rigorous evaluation is the first condition. A demonstration project must include a rigorous evaluation conducted by an outside evaluator. The cost of this evaluation is shared by the state and federal government and is

Facts about JOBS:

* JOBS serves hard-to-employ AFDC recipients targeted by federal and state law. These parents are:

Under 24 and lack a high school diploma or have little work experience

On welfare 36 of last 60 months

Parents whose youngest child is 16 years or older

* 73% of all JOBS participants in Alaska in August 1992 were targeted, long-term, or likely to become long-term welfare recipients with multiple barriers to employment.

* 460 AFDC recipients were participating at least 20 hours per week in JOBS education, training or employment activities in June, 1992, while a total of 808 were participating in JOBS at some level.

* During August, 1992, 97 JOBS participants were employed for wages.

* In August 1992, 37 JOBS participants were gaining work experience in Job Sampling, an unpaid work experience activity. During the first nine months of 1992, a total of 86 participants had participated in Job Sampling.

* In any month, 18-28% of JOBS participants need adult basic education services before they are "training ready."

* JOBS achieved a 15.5% federally measured participation rate in FY91, double the 7% requirement.

* 341 children were served by JOBS Child Care in July 1992; 65% of JOBS parents needed child care to participate in JOBS.

exempt from the second required condition, cost neutrality. Control and experimental groups are typically required in such experiments. Cost estimates by states run from \$20,000 for a simple waiver project to several million dollars for more complicated projects.

Cost neutrality is the second condition. When a state undertakes a waiver project, it must show that total federal costs are no higher than they would have been without the demonstration project. The state must assume any fiscal risk if the project turns out to cost more than anticipated.

Pros and cons of some waivers for Alaska

The Self-Sufficiency Project has reviewed various waiver demonstrations to see if they are appropriate for Alaska. To date, Alaska has not submitted any waiver applications.

Some of the more noteworthy demonstrations:

The Family CAP Program reduces or eliminates increases in the AFDC grant for children conceived after a parent is on welfare. New Jersey has a Family CAP program and Wisconsin's Supreme Court is reviewing the Family CAP program for constitutionality. In 1992, thirteen state legislatures rejected Family CAP proposals.

The two main arguments for Family CAP are that the traditional grant increase for additional children encourages welfare parents to have children and that working people do not receive salary increases for the birth of a child.

The arguments against this policy are that only a small percentage of AFDC clients have large families (9% with over three children in Alaska); that the birthrate for AFDC and non-AFDC families is about the same; that the grant increase is small (\$102 per month for an additional child in Alaska); that the program was created to serve children, not penalize them; that working parents do in fact get an "incentive" in the form of additional tax deductions for additional children.

Other Subsidies Available to Recipients

Medicaid is a medical payment program funded about equally by the federal government and by the state. Medicaid is provided to low income individuals. In September 1992 there were about 28,100 Medicaid cases. All AFDC recipients (about 11,000 cases or 32,600 recipients) are eligible to receive Medicaid. About 660 adults are receiving one year of transitional Medicaid benefits as they leave the AFDC program. The balance of Medicaid recipients is made up of the aged, blind and disabled and poverty level children and pregnant women.

Food Stamps are fully funded by the federal government. Recipients must meet certain federal guidelines which include income and resource limits. The maximum amount which a household of three can receive per month is \$376 in urban areas and between \$479 and \$583 in rural areas. Benefits are made in the form of food coupons. In September 1992, approximately 13,600 households received Food Stamps in Alaska. About 8,000 of these were AFDC households.

Housing Assistance in the form of low rent housing, Native rent subsidies and Section 8 assistance is used by about 30% of AFDC clients statewide. After deductions for each child in the family and for utility costs, a housing subsidy recipient pays 30% of their income as rent.

Energy Assistance is available to households in the state with an income less than 140% of the poverty level. This program makes payments to renters for home heating costs. The Energy Assistance Program served 11,380 households in 1991-92. An estimated 3,400 of these were AFDC households. The yearly grant averaged \$380 but varied from region to region in the state.

The two-tiered benefit program pays a lower grant to new AFDC clients to a state if the state of previous residence had a lower AFDC grant. Usually clients receive the lower grant for 6-12 months, until they become residents of the new state.

Results of two surveys show that people are not coming to Alaska for the AFDC benefits. Some anecdotal stories persist, however, and there is an occasional AFDC recipient who has moved to Alaska to collect AFDC benefits.

The primary disadvantage of the two-tiered program is that clients may be unable to live on the interim amount provided while in a state such as Alaska with much higher costs. Again, it may well be the children who suffer.

New Jersey and Maryland have two-tiered payment programs which began in 1992. Wisconsin's two-tiered benefit payment program is scheduled to commence in 1994.

Learnfare is aimed at keeping children in school to help break the welfare cycle. After a child misses school a certain number of times, the family may be penalized with a reduction in their grant. Other states use a bonus system to encourage children to go to school.

Initial results from a University of Wisconsin, Milwaukee, study show that children in the counties studied actually missed school more often than those not targeted for a benefit reduction. Wisconsin plans to do a more rigorous evaluation of the program to check the results of the first study.

One criticism of this program is that attendance in itself does not guarantee learning. Another is that the program adds a substantial administrative burden to schools and AFDC agencies.

Healthfare programs encourage preventive health-care through grant reductions (Maryland) or through grant bonuses (Virginia). These programs are administratively complex. Results are not available on their impact.

Wedfare/Bridfare programs encourage marriage with bonuses or penalties. Wisconsin is experimenting with this program which tests the hypothesis that encouraging marriage will cause single mothers to leave the welfare rolls.

Alternate welfare systems are New York's Child Assistance Program (CAP), Michigan's program and Minnesota's Family Investment Program (FIP) which have been mentioned earlier in this article. These programs, unlike the demonstrations which isolate types of behavior and attempt to change them, allow clients to keep more of their earned income (earned income disregards) and to accumulate more resources. New York's Cap program allows participants to own a vehicle of any value. Participants in these programs are usually exempt from the 100 hour rule.

Utah has also designed a program which waives some of the regulations which discourage work. Iowa is designing a program which moves from income maintenance to an asset-based policy which encourages AFDC clients to save and invest in the state's economic development.

What do these waiver demonstrations show?

Most of these projects are still in the planning stage or have just commenced. For example, Wisconsin's much publicized Family Cap which cuts benefits for children born on AFDC is still under review by the Wisconsin Supreme Court. There is data available on some early projects which indicates that the waiver of the 100-hour rule (Fresno and Merced Counties, California) encourages work. Alternate welfare systems like New York's Child Assistance Program (CAP) appear to foster self-sufficiency by making the transition off welfare easier for clients.

Other projects may not require waivers

There are two other types of projects which provide work experience and which encourage employment. Depending on how the programs are designed, they may or may not require federal waivers.

Community Work Experience (CWEP) creates unpaid public sector jobs for AFDC clients so that they will gain work experience. These jobs could provide useful community services which are not currently provided. But again, the cost of running such a program would be high, and an administra-

Self-Sufficiency Project Survey Highlights

The Self-Sufficiency Project survey elicited the following information from clients and staff:

- 88% of AFDC clients responding said that they would rather work than receive welfare.
- 94% of clients responding said that AFDC regulations about such items as asset limits and transitional benefits should be changed.
- 78% of clients responding said that they would do community or volunteer work to gain experience.
- Lack of medical coverage is a major barrier to self-sufficiency.
- Day care is too costly, often unavailable, sometimes unreliable.

AFDC clients and staff and JOBS/Native JOBS participants and staff were asked a variety of questions about barriers to employment, the help needed to get off welfare, and changes which should be made to the welfare system. Some interesting information provided by the survey is found in Charts 7 through 12.

tive structure would need to be created for the program.

Work Supplementation pays part of the cost of an employee so that employers are encouraged to hire AFDC clients. The employee's AFDC grant makes up the balance of the employee's wage. The principal disadvantage of such a program is that it may take jobs from non-AFDC workers. On the positive side, employers might be encouraged to add additional staff because the cost for the added employee would be low.

Should Alaska do a waiver demonstration?

As a welfare reform coordinator in another state put it, "Welfare reform ain't cheap."

The Self-Sufficiency Project has looked at demonstration projects and waiver proposals in other states. Those projects which eliminate federal regulations discouraging work and which make the transition off welfare easier for clients have merit. But waivers cost money and they only affect a target group of AFDC clients.

Project design and application costs, computer system redesign, and additional staff to monitor and collect data required for the evaluation are some of the additional costs which a state faces in conducting a waiver project. Another cost is the outside evaluation which runs from \$20-30,000 for a simple waiver to several million dollars for more complex waivers. States with large AFDC populations have the advantage of a larger administrative budget to absorb these costs. Alaska's AFDC population is relatively small compared to other states.

A waiver would require that some AFDC recipients are treated differently than others. Since waiver demonstrations are intended to gain research data, clients are divided into experimental and control groups. Different sets of program rules would be applied to experimental and control groups over the life of the demonstration project.

The Alaska Division of Public Assistance is assessing the costs and benefits of experimental projects which would create increased incentives to work.

What is Alaska doing?

A great deal.

One of Alaska's key strategies for helping AFDC clients attain self-sufficiency is the JOBS program. The JOBS program, a federally mandated welfare-to-work program for AFDC clients, provides basic education and skills to a small percentage of AFDC clients with multiple barriers to self-sufficiency.

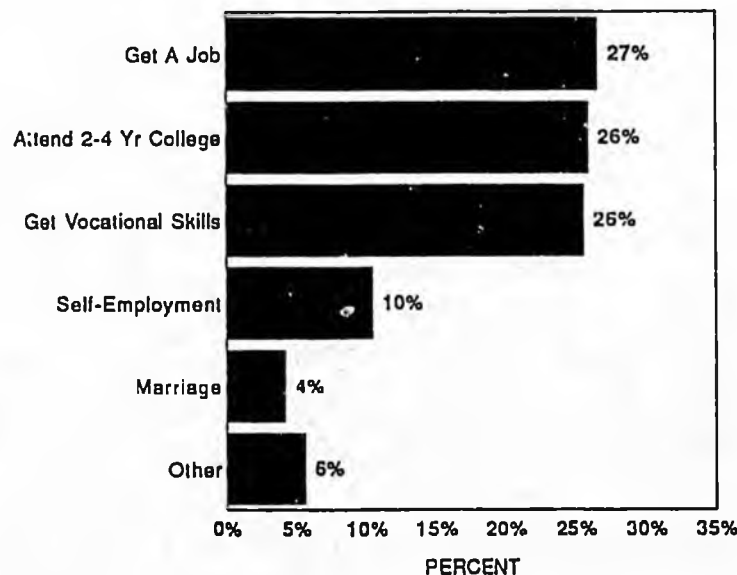
The JOBS program was created by the Alaska State Legislature, the Department of Health and Social Services, and the Departments of Labor, Community and Regional Affairs, and Ed-

Figure • 7

AFDC Clients' Plans for Self-Sufficiency in Alaska

Note: Based on 485 client responses in August 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance Self-Sufficiency Project.



education. The legislature has appropriated additional funds to the JOBS program for adult basic education and teen parent services. Preliminary results show that this program is effective in moving long term dependent clients into jobs and off welfare.

The Child Support Enforcement Division of the Department of Revenue is establishing and enforcing child support orders at a dramatically increasing rate.

Several agencies are working together to explore the creation of rural jobs. The Department of Health and Social Services has awarded contracts to private agencies to provide homecare services in six of ten regions statewide, enabling clients to stay in their homes. Individuals in rural communities can train to become Personal Care Attendants. (See insert.)

The Alaska Housing Finance Corporation (AHFC), Public Housing Division is initially targeting the Anchorage area for the Family Self-Sufficiency Program. (See insert.)

Alaska is looking at the coordination of social services so that AFDC clients are provided with increased access to mental health and substance abuse programs.

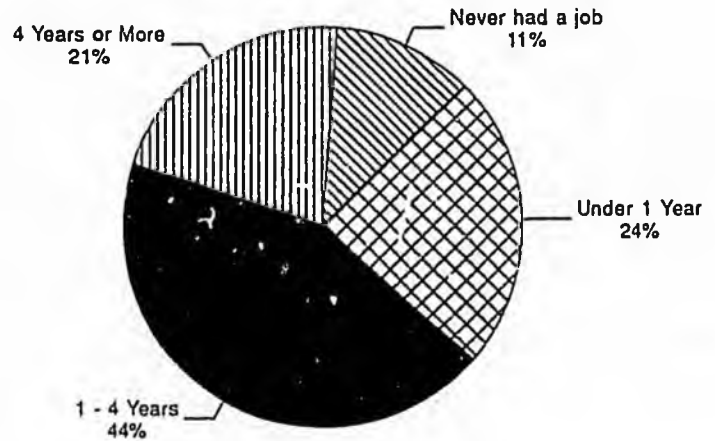
Alaska will also watch closely the waiver projects conducted by other states to see what works in helping clients get off AFDC and become self-sufficient.

Self-Sufficiency Project Client and Staff Survey

A comprehensive questionnaire was sent out in July, 1992 to over 1,000 AFDC clients in a statistically valid survey. Another 40 clients were interviewed by phone and 40 clients were interviewed in depth during Quality Control interviews. Random sampling was done for each of these questionnaires. There were 485 responses received back (49% of questionnaires sent out to clients.)

Clients were asked a number of questions about what they perceived to be their barriers to employment and self-sufficiency, about what help they needed to get work and leave welfare, and about how the welfare system could be changed to better serve clients and promote their self-sufficiency.

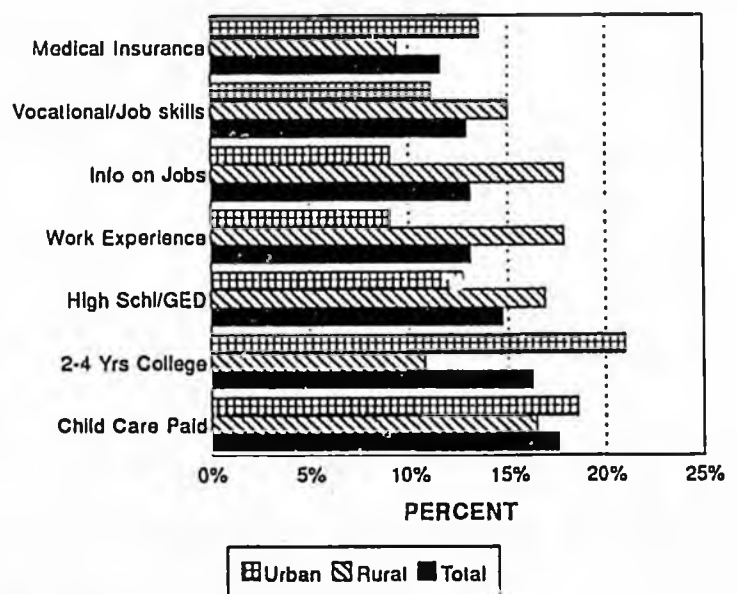
How Long Since AFDC Clients' Last Job? Alaska Self-Sufficiency Project



Note: Based on 485 client responses in August 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance Self-Sufficiency Project.

Primary Help Needed to Become Self-Sufficient Client Responses/AK Self-Sufficiency Project



Note: Based on 485 client responses in August 1992.

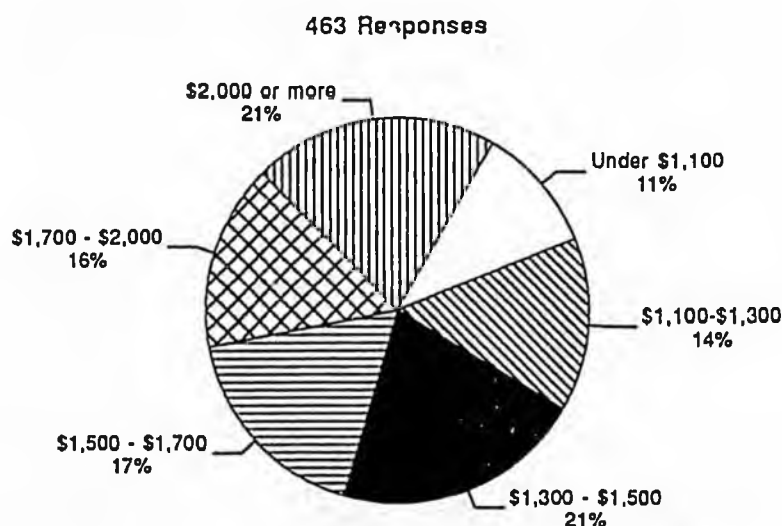
Source: Alaska Department of Health & Social Services, Division of Public Assistance Self-Sufficiency Project.

A questionnaire was also sent out to all eligibility technicians (about 200 staff statewide), and to all JOBS case managers (about seventy staff statewide). Approximately 50% of staff returned these questionnaires. Eligibility technicians and JOBS staff were asked what they perceived to be clients' barriers to employment, what help they thought that clients needed to become self-sufficient, and about changes that could be made to the AFDC program to make it serve clients better and to promote self-sufficiency.

The following charts give some of the information derived from the Self-Sufficiency project survey: Figure 7 gives AFDC clients' plans for becoming self-sufficient; Figure 8 shows how long it has been since AFDC clients' last full time employment; Figure 9 shows the help which clients stated that they needed in order to get jobs; Figure 10 shows how much clients think that they need to earn to leave AFDC; Figure 11 shows what eligibility technicians think is the most important help that clients need to leave AFDC; Figure 12 shows what eligibility technicians perceive to be the primary reason for being on AFDC.

Figure 10

**How Much Pay Do You Need to Get off AFDC*
Client Survey**



* Per month.

Note: Based on 463 client responses in August 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance.

Project held focus groups

Eleven focus group meetings were held by the Self-Sufficiency Project Coordinator in Juneau and Anchorage. Meetings were held with AFDC clients and staff and JOBS/Native JOBS participants and staff. A total of about 175 people participated in these meetings.

"Jobs don't pay enough." One of the issues that surfaced most often was the fact that jobs which AFDC clients are likely to get don't pay enough to live on and do not provide medical benefits. Clients stressed their concerns about losing Medicaid once off AFDC. They also spoke of the high cost of day care. AFDC clients talked about their lack of skills and basic education which hampered them in getting jobs.

"Being an eligibility technician is like putting your head in a washing machine and screaming." Eligibility technicians who work with AFDC clients complained of an overwhelming and growing caseload. They were frustrated at having little time to refer clients to community and job resources. They also criticized federal regulations which discouraged their clients from seeking employment.

"In the villages, we're the new middle class. If AFDC says we have to get married, then that is what we do." Rural clients were frustrated by the lack of jobs in village areas and by their dependence on AFDC.

"The JOBS Program works." JOBS participants spoke of their success at acquiring basic education and skills for jobs. Some mentioned that the intensive case management provided helped them with problems like substance abuse and the need for parenting and general life skills. JOBS staff were pleased with the successes of the participants with whom they worked. Both staff and participants were concerned about a job market that offered JOBS participants mainly low paid service work without benefits like medical insurance.

Native JOBS staff and participants were happy with the intensive case management, education and skills training which they received.

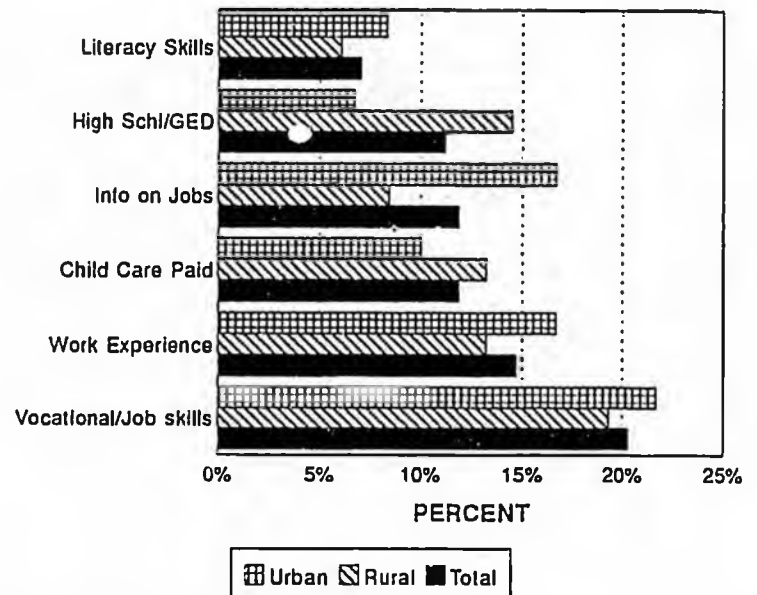
Other Issues Surfaced in Meetings

- Medical insurance is too costly for low income families.

Figure • 11

- Day Care is too costly, often unavailable, sometimes unreliable. Large employers should be required to provide day care.
- The AFDC regulations provide little incentive to work. Regulations which were mentioned repeatedly were the 100-hour rule, the amount of earned income an AFDC client could keep, the amount of assets a client could have (\$1,000), and the value of an automobile that AFDC clients can have (\$1,500 or \$2,500 if no assets).
- AFDC clients need to learn many life skills.
- Pregnancy prevention should be taught in schools.
- More transitional medical benefits should be made available to clients trying to get off AFDC.

Most Important Way to Help Get Off AFDC Eligibility Technician Survey



Note: Based on 150 eligibility technician responses in August 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance, Self-Sufficiency Project.

Conclusions

The major issues are obvious and shared by all states, but it is the federal government which can act.

The accelerated waiver process is the federal government's attempt to look for ways to change the welfare system. States, including Alaska, are in agreement that some AFDC changes are obvious ones:

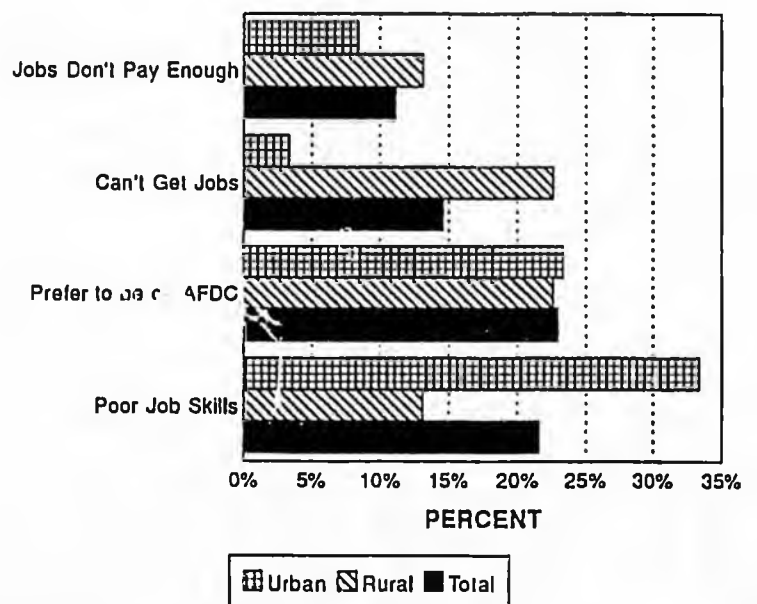
Eliminating the 100-hour rule for AFDC-UP families would encourage work. Under the current provisions, clients are discouraged from taking full time, low paid jobs because they lose benefits like Medicaid. Eliminating the 100-hour rule would allow AFDC-UP eligibility to be based solely on income rather than on income and number of hours worked.

Allowing AFDC clients to retain more of their earned income on a graduated scale over a longer period of time would encourage work. This work incentive could be accomplished by changing the earned income disregard provisions in the AFDC program.

Allowing clients to save more money would provide them with more security when leaving the AFDC system. This work incentive could be accomplished with a change in the resource limit provisions in the AFDC program.

Figure • 12

Primary Reason for Being on AFDC Eligibility Technician Survey



Note: Based on 150 eligibility technician responses in August 1992.

Source: Alaska Department of Health & Social Services, Division of Public Assistance, Self-Sufficiency Project.

Providing clients with longer transitional benefits would encourage work. Clients often leave AFDC for jobs which do not provide medical coverage. These clients are now provided with one year of transitional benefits like Medicaid.

And a major national issue remains to be addressed—the lack of medical coverage for a large

part of the U.S. population. AFDC clients in Alaska stated that the lack of medical coverage is a major barrier to leaving AFDC. (See Figure 8.)

Welfare reform staffs in all states agree on one thing—a hope that this time of turmoil, questioning and change will lead to a program that works.

Public Housing and Family Self-Sufficiency

In the National Affordable Housing Act of 1990, Congress mandated that the Public Housing Authorities develop and operate a Family Self-Sufficiency (FSS) Program by October, 1993. The FSS program encourages low income families to pursue education, training and/or supportive services leading to employment. The program uses rent vouchers as an incentive for participation.

Statewide, about 30% of all families in assisted housing are also receiving AFDC. In Anchorage that figure is closer to 40%. The Alaska Housing Finance Corporation (AHFC) is initially targeting the Anchorage area for the FSS program.

The Alaska Departments of Labor, Health and Social Services and the Anchorage JTPA program are working to provide social services for the program.

Homecare Services/Developing Jobs in Rural Communities

The Department of Health and Social Services has awarded contracts to private agencies to provide homecare services in six of ten regions statewide, thus expanding private sector employment.

The purpose of homecare services contracts is the provision of personal care and chore services to elderly and disabled people throughout the state. Homecare services will enable clients to stay in their own homes and communities. The consolidation of the Home Health Aide, Homemaker and Personal Care Attendant programs into one program simplifies access for clients.

Funding will be available through the Department of Community and Regional Affairs for job training for individuals in rural communities to become Personal Care Attendants.

Approximately 700 individuals are served each month in 55 communities throughout the state. About 67% of those communities are considered to be rural.

Unemployment Is Only As Bad As Last Year

by Tom Lane

October's unemployment rate for Alaska represented a mixture of good and bad news. The rate, 9.1%, was 1.5 percentage points higher than the previous month, and much higher than the corresponding 6.8% for the entire country. On the positive side, however, October was the second month in a row not to show a dramatic increase compared to the same month last year.

The rise in the unemployment rate between September and October is typical for the beginning of the state's annual seasonal decline. Unfortunately, in recent years it has also been typical that every month's unemployment rate was greater than the corresponding rate a year before. However, recent months have demonstrated an improving trend with rates approaching those of the prior year. This trend does not mean that the unemployment situation itself has been improving, but simply that it is no longer becoming consistently worse. Rates were still much higher than they were two years ago. (See Figure 1.) Moreover, 677 more Alaskans were unemployed in October 1992 than in the same month in 1991.

While more people in Alaska were unemployed this October than a year ago, quite a few more held jobs than in October of 1991—the state gained a net 2,900 new jobs over the year. The relatively favorable unemployment news applied broadly across the state with some local exceptions. Only one region, the Southwest, had significantly higher unemployment rates than in the prior year.

Retail giants find a new frontier

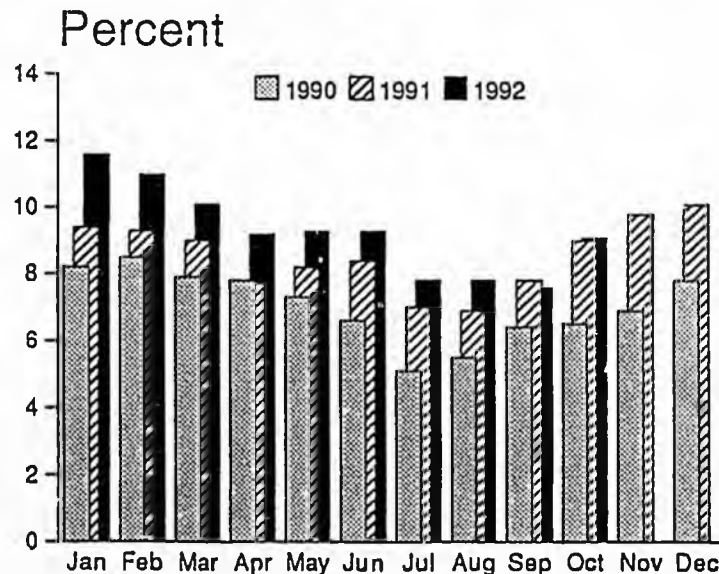
Much of the economic news concerned developments in retail trade. Major retail chains continued to produce a stream of announcements about expansions in Alaska. While most of these expansions focus on the state's urban and more developed areas, the purchase of the historic Alaska Commercial Company by the equally historic North West Company of Canada could greatly affect rural communities. The purchase could revitalize the existing rural retail system with possible expansion of outlets into other communities.

Eagle Hardware opened its big new store in Anchorage at the beginning of November with a staff of about 150. Store management is considering organizing shopping tours from Whitehorse in the Yukon Territory, where some interest in the store

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Figure • 1

Monthly Unemployment Rates 1990-1992



Source: Alaska Department of Labor, Research & Analysis Section.

has developed. K-mart began site preparation for its South Anchorage store and is planning additional stores in Kenai, Fairbanks and Juneau with rumors of another store in Anchorage. Each will have about 100-150 workers. Costco recently opened its second Anchorage facility at DeBarr Road, and Pace Membership Warehouse was to open its second Alaska store, in Fairbanks, late in November. Sears has moved up the completion date for expansion of its Anchorage outlet from fall to spring of 1993. Wal-Mart and Toys "R" Us may also be coming to Anchorage and Fred Meyer's has begun site work for a third outlet there.

The wave of new large retail outlet openings and proposals has caused some concerns among existing retailers. Some are planning to strengthen their niche markets and emphasize products not available from the giants. One study, by the Anchorage Economic Development Corp., suggests that while competition will be severe among the large retailers, smaller local concerns might lose little market share. On the other hand, based on the experience with the Pay 'N Save purchase, local wholesale distributing companies could lose out because of an increased emphasis on national distribution systems.

What has led to the large number of expansions? In part, they may result from lesser opportunities in other states. However, advances in distribution technology make it easier to stock Alaska stores and the major chains see potential for replacing catalog sales and shopping trips to other states. Moreover, existing outlets have had some success. The *Alaska Journal of Commerce* reported that the Costco outlet in Anchorage has the second highest sales in the chain of 100 stores. Success in smaller markets in other states has also led retailers to consider Alaska. In planning new stores, Costco generally used a minimum population threshold of 400,000 within sixty miles. It started looking seriously at Alaska after it had success with a store serving 300,000 people.

Several other developments outside the retail sector could have a future impact on Alaska employment. Arco's Kuvlum exploratory well in the Eastern Beaufort Sea has had promising results. Arco and Unocal also recently swapped some properties. While the immediate impact could be a loss of some jobs (up to 100), the swap may lead to more aggressive exploration.

Some major construction projects are planned for the state. The *Alaska Economic Report* indicates

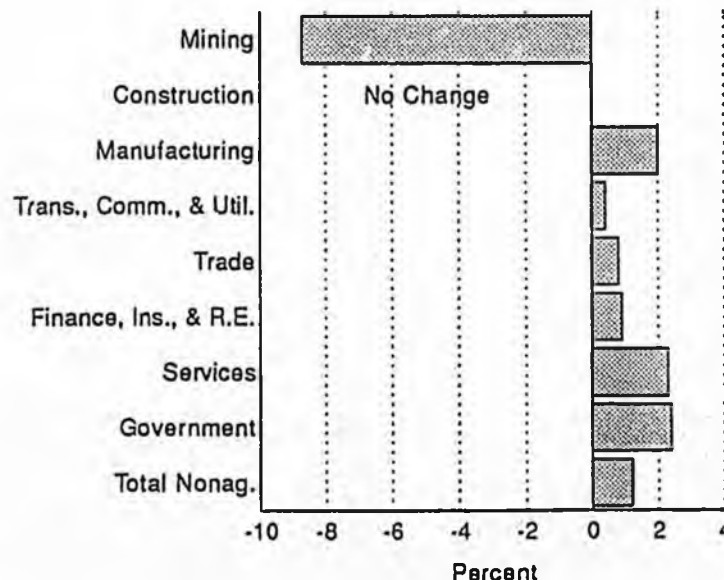
that the military in Alaska was authorized to spend \$125 million in capital projects in 1993. Projects include housing renovations at Fort Richardson and aircraft shelters, a fire training facility and a regional hospital at Elmendorf Air Force Base. The hospital, to replace the Clark Air Force Base hospital in the Philippines, will eventually cost \$160 million and will be the biggest Anchorage building project ever. The new administration's views toward this project are not yet known, however. In addition to the military projects, the University of Alaska at Fairbanks began work on a \$5 million recreation center. Also, the Alaska Indus-

Figure • 2

Job Losses in Only One Major Industry Group

Note: Change in employment October 1991 to October 1992.

Source: Alaska Department of Labor, Research & Analysis Section.



Nonagricultural Wage and Salary Employment by Place of Work — Alaska & Municipality of Anchorage

• **erial Development and Export Authority (AID-EA) will oversee construction of the new Federal Express maintenance hanger in Anchorage. Construction of the facility, which should open in the spring of 1994, will employ about 100 workers.**

Some bad news came from Alaska Airlines. As a cost saving measure, it closed its reservations centers in Anchorage and Juneau and transferred their functions to Seattle. On the other hand, and despite its bankruptcy, MarkAir announced it would expand service from Seattle to four other cities in the Lower 48.

• **A Federal Communications Commission (FCC) advisory panel recommended against approval of the sale of Pacific Telecom's long distance operations to AT&T; the FCC generally follows the advice of the panel. If the sale were approved, however, Pacific Telecom would like to eliminate nearly three hundred jobs from its work force by 1998.**

A seasonal downturn, but October employment increased over the year

As usual in Alaska at this time, October employment was down from the previous month. The state lost a

Alaska

	p/ 10/92	r/ 9/92	10/91	Changes from	
				9/92	10/91
Total Nonag. Wage & Salary	247,600	255,700	244,700	-8,100	2,900
Goods-producing	38,000	43,100	38,700	-5,100	-700
Mining	10,500	10,800	11,500	-300	-1,000
Construction	12,200	13,200	12,200	-1,000	0
Manufacturing	15,300	19,100	15,000	-3,800	300
Durable Goods	3,300	3,500	3,800	-200	-500
Lumber & Wood Products	2,500	2,600	2,900	-100	-400
Nondurable Goods	12,000	15,600	11,200	-3,600	800
Seafood Processing	8,400	12,100	7,300	-3,700	1,100
Pulp Mills	900	900	900	0	0
Service-producing	209,600	212,600	206,000	-3,000	3,600
Transportation	22,600	24,000	22,500	-1,400	100
Trucking & Warehousing	2,900	3,200	2,900	-300	0
Water Transportation	1,600	1,900	1,600	-300	0
Air Transportation	7,000	7,300	7,100	-300	-100
Communications	3,600	3,700	3,600	-100	0
Trade	48,100	49,200	47,700	-1,100	400
Wholesale Trade	7,900	8,100	7,800	-200	100
Retail Trade	40,200	41,100	39,900	-900	300
Gen. Merch. & Apparel	7,000	6,700	6,900	300	100
Food Stores	7,500	7,700	7,000	-200	500
Eating & Drinking Places	13,500	14,300	13,500	-800	0
Finance-Ins. & Real Estate	10,800	11,000	10,700	-200	100
Services & Misc.	52,800	54,400	51,600	-1,600	1,200
Hotels & Lodging Places	5,400	6,500	5,400	-1,100	0
Health Services	11,700	11,600	11,100	100	600
Government	75,300	74,000	73,500	300	500
Federal	19,600	19,800	19,100	-200	500
State	21,700	21,700	21,600	0	100
Local	34,000	32,500	32,800	1,500	1,200

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1991
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Municipality of Anchorage

	p/ 10/92	r/ 9/92	10/91	9/92	10/91
Goods-producing	12,300	13,000	13,100	-700	-800
Mining	3,400	3,400	3,800	0	-400
Construction	6,800	7,200	6,800	-400	0
Manufacturing	2,100	2,400	2,500	-300	-400
Service-producing	103,500	104,300	102,100	-800	1,400
Transportation	12,100	12,800	11,900	-700	200
Communications	2,200	2,200	2,200	0	0
Trade	26,500	26,500	26,500	0	0
Wholesale Trade	5,700	5,700	5,800	0	-100
Retail Trade	20,800	20,800	20,700	0	100
Food Stores	3,500	3,600	3,300	-100	200
Finance-Ins. & Real Estate	6,700	6,700	6,600	0	100
Services & Misc.	29,200	29,500	29,100	-300	100
Hotels & Lodging Places	2,400	2,400	2,400	0	0
Health Services	6,100	6,000	6,000	100	100
Government	29,000	28,800	28,000	200	1,000
Federal	11,000	11,100	10,800	-100	200
State	8,200	8,200	8,200	0	0
Local	9,800	9,500	9,000	300	800

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 10/92	r/ 9/92	Changes from:		
			10/91	9/92	10/91
Total Nonag. Wage & Salary	34,550	36,950	34,000	-2,400	550
Goods-producing	6,550	8,050	6,300	-1,500	250
Mining	350	350	300	0	50
Construction	1,350	1,450	1,300	-100	50
Manufacturing	4,850	6,250	4,700	-1,400	150
Durable Goods	2,100	2,200	2,500	-100	-400
Lumber & Woods Products	2,050	2,150	2,350	-100	-300
Nondurable Goods	2,750	4,050	2,200	-1,300	550
Seafood Processing	1,650	2,900	1,100	-1,250	550
Pulp Mills	900	900	900	0	0
Service-producing	28,000	28,900	27,700	-900	300
Transportation	2,650	2,900	2,750	-250	-100
Trade	5,700	6,100	5,500	-400	200
Wholesale Trade	550	600	550	-50	0
Retail Trade	5,150	5,500	4,950	-350	200
Finance-Ins. & Real Estate	1,150	1,150	1,150	0	0
Services & Misc.	5,750	6,150	5,800	-400	-50
Government	12,750	12,600	12,500	150	250
Federal	2,200	2,350	2,000	-150	200
State	5,500	5,500	5,450	0	50
Local	5,050	4,750	5,050	300	0

Fairbanks North Star Borough

	p/ 10/92	r/ 9/92	Changes from:		
			10/91	9/92	10/91
Total Nonag. Wage & Salary	29,000	30,000	28,900	-1,000	100
Goods-producing	2,450	2,700	2,550	-250	-100
Mining	250	300	250	-50	0
Construction	1,550	1,700	1,650	-150	-100
Manufacturing	650	700	650	-50	0
Service-producing	26,550	27,300	26,350	-750	200
Transportation	2,150	2,200	2,150	-50	0
Trucking & Warehousing	500	500	500	0	0
Air Transportation	500	500	500	0	0
Communication	300	300	350	0	-50
Trade	6,550	7,000	6,700	-450	-150
Wholesale Trade	800	800	800	0	0
Retail Trade	5,750	6,200	5,900	-450	-150
Gen. Merch. & Apparel	950	950	1,050	0	-100
Food Stores	750	750	850	0	-100
Eating & Drinking Places	2,150	2,550	2,050	-400	100
Finance-Ins. & Real Estate	1,000	1,000	1,050	0	-50
Services & Misc.	6,300	6,600	6,150	-300	150
Government	10,550	10,500	10,300	50	250
Federal	3,300	3,350	3,250	-50	50
State	4,450	4,300	4,150	100	250
Local	2,800	2,850	2,900	0	-50

Anchorage-MatSu Region

	p/ 10/92	r/ 9/92	Changes from:		
			10/91	9/92	10/91
Total Nonag. Wage & Salary	124,050	125,900	123,300	-1,850	750
Goods-producing	13,000	13,750	13,900	-750	-900
Mining	3,500	3,500	4,000	0	-500
Construction	7,300	7,700	7,250	-400	50
Manufacturing	2,200	2,550	2,650	-350	-450
Service-producing	111,050	112,150	109,400	-1,100	1,650
Transportation	12,900	13,750	12,750	-850	150
Trade	28,550	28,600	28,500	-50	50
Finance-Ins. & Real Estate	7,050	7,050	6,900	0	150
Service & Misc.	30,800	31,350	30,550	-550	250
Government	31,750	31,400	30,700	350	1,050
Federal	11,100	11,150	10,900	-50	200
State	9,050	9,000	9,000	50	50
Local	11,600	11,250	10,800	350	800

Interior Region

	p/ 10/92	r/ 9/92	Changes from:		
			10/91	9/92	10/91
Total Nonag. Wage & Salary	33,350	34,600	33,300	-1,250	50
Goods-producing	2,750	3,000	2,750	-250	0
Mining	450	500	400	-50	50
Construction	1,600	1,750	1,700	-150	-100
Manufacturing	700	750	650	-50	50
Service-producing	30,600	31,600	30,550	-1,000	50
Transportation	2,500	2,600	2,550	-100	-50
Trade	6,900	7,450	7,100	-550	-200
Finance-Ins. & Real Estate	1,100	1,100	1,150	0	-50
Services & Misc.	6,900	7,450	6,750	-550	150
Government	13,200	13,000	13,000	200	200
Federal	4,000	4,100	4,050	-100	-50
State	4,700	4,550	4,450	150	250
Local	4,500	4,350	4,500	150	0

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Northern Region

	p/ 10/92	r/ 9/92	Changes from:	
			10/91	9/92 10/91
Total Nonag. Wage & Salary	14,900	15,000	14,800	-100 100
Goods-producing	5,750	5,900	5,950	-150 -200
Mining	5,200	5,300	5,350	-100 -150
Service-producing	9,150	9,100	8,850	50 300
Government	4,700	4,550	4,550	250 150
Federal	250	250	250	0 0
State	350	350	350	0 0
Local	4,100	3,850	3,950	250 150

Gulf Coast Region

	p/ 10/92	r/ 9/92	Changes from:	
			10/91	9/92 10/91
Total Nonag. Wage & Salary	24,350	26,350	24,200	-2,000 150
Goods-producing	6,250	7,700	6,400	-1,450 -150
Mining	1,050	1,200	1,400	-150 -350
Construction	1,200	1,250	1,200	-50 0
Manufacturing	4,000	5,250	3,800	-1,250 200
Seafood Processing	3,150	4,350	2,800	-1,200 350
Service-producing	18,100	18,650	17,800	-550 300
Transportation	2,150	2,250	2,150	-100 0
Trade	4,250	4,550	4,000	-300 250
Wholesale Trade	500	550	450	-50 50
Retail Trade	3,750	4,000	3,550	-250 200
Finance-Ins. & Real Estate	650	650	600	0 50
Services & Misc.	4,900	5,050	4,750	-150 150
Government	6,150	6,150	6,300	0 -150
Federal	600	650	600	-50 0
State	1,800	1,850	1,900	-50 -100
Local	3,750	3,650	3,800	100 -50

Southwest Region

	p/ 10/92	r/ 9/92	Changes from:	
			10/91	9/92 10/91
Total Nonag. Wage & Salary	16,050	16,750	15,300	-700 750
Goods-producing	3,850	4,450	3,450	-600 400
Seafood Processing	3,500	4,050	3,050	-550 450
Service-producing	12,200	12,300	11,850	-100 350
Government	6,700	6,700	6,600	0 100
Federal	1,400	1,450	1,300	-50 100
State	550	550	550	0 0
Local	4,750	4,700	4,750	50 0

Municipality of Anchorage — Other

	p/ 10/92	r/ 9/92	Changes from:	
			10/91	9/92 10/91
Durable Goods	600	600	600	0 0
Nondurable Goods	1,500	1,800	1,900	-300 -400
Trucking & Warehousing	700	2,000	1,700	-300 0
Water Transportation	300	400	300	-100 0
Air Transportation	4,400	4,600	4,400	-200 0
Gen. Merch. & Apparel	3,300	3,200	3,300	100 0
Eating & Drinking Places	7,600	7,800	7,600	-200 0

Notes: Prepared in part with funding from the Alaska State Employment Security Division.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1991

p/ denotes preliminary estimates

r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

net total of 8,100 jobs over the month. Employment declined in the usual seasonal industries including construction, seafood processing, eating and drinking places and hotels and motels. Local government employment, mostly school related, was up significantly over the previous month. An increase in school employment is typical for the season.

Alaska did better on a year-to-year comparison. Jobs increased in October by a net total of 2,900 over the same month in 1991. However, this increase offered some mixed blessings and hid a loss of 700 jobs in the relatively high-paying goods-producing sector. An increase of 3,600 jobs in the generally lower-paying service-producing sector accounted for the jump in employment over the year.

The employment decline in the goods-producing sector reflected a loss of about 1,000 mining and mineral extraction jobs. The employment losses were in the oil and gas industry, particularly in oil field services. Oil companies have narrowed the number of firms that they work with causing a shake-out in the industry. Employment in other mining industries was up slightly over the year, despite low metal prices.

Seafood processing employment was higher than last year. The increase was consistent in all three of the major seafood producing regions (Southeast, Gulf Coast, Southwest) but no single factor appeared to account for the increase. The decline in other nondurable goods manufacturing comes from printing and publishing industry cutbacks: The Anchorage Times ceased operations and Rural Publications of Alaska suspended publication of nine of its chain of ten rural newspapers.

In the service-producing sector, trade employment increased by over 500 jobs from the year before. That increase reflected a gain in food store employment but some decline in automobile related services. The Anchorage-MatSu, Gulf Coast, and Southeast Regions all had gains in trade employment; Fairbanks suffered some loss. The services and miscellaneous category gained over 1,700 new jobs; most of these were in the health services and personal services industries.

Federal government employment increases helped Anchorage and Southeast. At the same time, 1,200 local government jobs were created. Many of those jobs were in Anchorage, particularly in area schools. University employment was also up and provided the most benefit to Fairbanks.

More jobs in every region for the year— but sometimes just barely

The unemployment rate was up slightly from the year before in the Anchorage Mat-Su region and 472 more people were unemployed. The region still gained a net of 750 new jobs over the year. Nevertheless, it lost 900 goods-producing jobs. Oil and gas industry cutbacks (500 jobs lost) and declines in the printing and publications industry (another 500 jobs lost) hit the region harder than the rest of the state. At the same time 1,400 new service-producing jobs were created over the year, with increases in transportation and utilities, food stores, Federal government, and local government (particularly school related).

In the Gulf Coast Region, the unemployment rate was slightly down over the year but still higher than for the state as a whole. While the region had a net employment gain of 150, it lost 350 high paying oil and gas industry jobs over the year. Petroleum industry declines contributed to the relatively high unemployment rates for the Ketchikan Peninsula Borough. Seafood processing employment was up over the year and retail trade had a gain of 200 jobs.

Although the unemployment rate for the Interior Region as a whole was only slightly higher than last year, rates in the rural areas outside the Fairbanks North Star Borough increased. The Borough gained a significant number of University jobs, but lost over a hundred retail jobs. Losses in retail food and general merchandise employment outweighed gains in eating and drinking establishments.

The Northern Region as a whole did better than a year previously in terms of unemployment rates. Oil and gas employment was down over 200 jobs for the year while the number of other mining jobs increased slightly. Service producing jobs also increased slightly. In the Southwest Region, unemployment rates were somewhat higher than the

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/	r/	10/91	p/	r/	10/91	p/	r/	10/91
	10/92	9/92		10/92	9/92		10/92	9/92	
Mining	\$1,174.73	\$1,271.34	\$1,118.29	49.4	52.6	48.6	\$23.78	\$24.17	\$23.01
Construction	1,138.66	1,119.69	1,135.44	44.9	43.5	45.6	25.36	25.74	24.90
Manufacturing	501.42	496.94	543.05	41.1	45.3	40.8	12.20	10.97	13.31
Seafood Processing	354.89	408.11	402.11	40.1	47.9	41.2	8.85	8.52	9.76
Trans., Comm. & Utilities	617.96	635.01	622.17	34.6	34.7	34.7	17.86	18.30	17.93
Trade	354.90	356.08	352.27	32.5	32.4	32.2	10.92	10.99	10.94
Wholesale	564.98	580.22	583.30	38.2	38.4	38.0	14.79	15.11	15.35
Retail	313.69	312.00	308.20	31.4	31.2	31.1	9.99	10.00	9.91
Finance-Ins. & R.E.	428.49	432.25	413.97	34.5	35.0	34.1	12.42	12.35	12.14

Notes:
 p/ denotes preliminary estimates
 r/ denotes revised estimates
 Benchmark: March 1991

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

year before, but the rate was still much better than for the entire state. Rates were particularly low in the fishing areas. Employment in both the seafood processing industry and the service-producing sector was significantly higher than the same month a year ago.

In the Southeast region, the unemployment rate remained stable over the year. The rate for the Haines Borough dropped to half of what it was the year before—last year's rate reflected the closure of the local sawmill. The region gained 550 new jobs over the year, with increases in mining, construction and seafood processing. U.S. Forest Service employment was up about 150, although lumber and wood products employment declined significantly. Mining employed about 350 people in the region but could become more important in the future—the Kensington Mine near Juneau received its first permit from the Juneau Planning and Zoning Commission.

Summary

While the October unemployment rate for the state approached that of the prior year for the second consecutive month, rates are still high. Nonetheless, the current trend is promising in that the unemployment rate appears no longer to be rapidly worsening. Despite some cutbacks in the important oil and gas industry, October's employment data indicated that the state had weathered the last year moderately well. The relatively small growth in jobs was fairly well distributed over the state. However, job growth was mainly in the generally lower-paying service-producing sector and oil and gas industry job losses remain worrisome.

Big changes are occurring in Alaska's retail industry with the expansion of national chains in the state. How well existing retailers will manage to deal with that influx remains problematical. In any case, the Alaskan as consumer should benefit.

Table • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/	r/		p/	r/		p/	r/		p/	r/	
	10/92	9/92	10/91	10/92	9/92	10/91	10/92	9/92	10/91	10/92	9/92	10/91
Alaska Statewide	261,208	267,465	256,381	23,691	20,307	23,014	9.1	7.6	9.0	237,517	247,158	233,367
Anch.-MatSu Region	136,413	138,215	133,953	11,273	10,122	10,801	8.3	7.3	8.1	125,140	128,093	123,152
Munic. of Anchorage	118,900	120,191	116,954	8,800	8,006	8,451	7.4	6.7	7.2	110,100	112,185	108,503
MatSu Borough	17,513	18,024	16,999	2,473	2,116	2,350	14.1	11.7	13.8	15,040	15,908	14,649
Gulf Coast Region	30,358	31,917	29,981	3,769	3,023	3,797	12.4	9.5	12.7	26,589	28,894	26,184
Kenai Peninsula Borough	19,056	19,796	18,645	2,764	2,092	2,601	14.5	10.6	14.0	16,292	17,704	16,044
Kodiak Island Borough	6,796	7,354	6,918	588	608	805	8.7	8.3	11.6	6,208	6,746	6,113
Valdez-Cordova	4,506	4,767	4,418	417	323	391	9.3	6.8	8.9	4,089	4,444	4,027
Interior Region	36,659	37,460	36,310	3,870	3,225	3,821	10.6	8.6	10.5	32,789	34,235	32,489
Fairbanks North Star Bor.	31,612	32,358	31,279	3,182	2,674	3,108	10.1	8.3	9.9	28,430	29,684	28,171
Southeast Fairbanks	2,110	2,087	2,039	293	190	239	13.9	9.1	11.7	1,817	1,897	1,800
Yukon-Koyukuk	2,937	3,015	2,992	395	361	474	13.4	12.0	15.8	2,542	2,654	2,518
Northern Region	8,413	8,320	8,272	880	829	993	10.5	10.0	10.8	7,533	7,491	7,379
Nome	3,050	3,013	3,031	294	272	332	9.6	9.0	11.0	2,756	2,741	2,699
North Slope Borough	2,984	2,971	2,987	135	138	196	4.5	4.6	6.6	2,849	2,833	2,791
Northwest Arctic Borough	2,379	2,336	2,254	451	419	365	19.0	17.9	16.2	1,928	1,917	1,889
Southeast Region	35,863	37,691	35,123	2,913	2,277	2,859	8.1	6.0	8.1	32,950	35,414	32,264
Haines Borough	874	916	965	91	74	198	10.4	8.1	20.5	783	842	767
Juneau Borough	16,115	17,056	15,639	1,213	1,042	1,049	7.5	6.1	6.7	14,902	16,014	14,590
Ketchikan Gateway Bor.	6,743	6,974	6,514	637	411	535	9.4	5.9	8.2	6,106	6,563	5,979
Pr. of Wales-Outer Ketch.	2,697	2,838	2,770	267	226	391	9.9	8.0	14.1	2,430	2,612	2,379
Sitka Borough	4,080	4,333	4,046	199	161	245	4.9	3.7	6.1	3,881	4,172	3,801
Skagway-Yakutat-Angoon	1,719	1,786	1,667	202	155	181	11.8	8.7	10.9	1,517	1,631	1,486
Wrangell-Petersburg	3,635	3,788	3,522	304	208	260	8.4	5.5	7.4	3,331	3,580	3,262
Southwest Region	13,502	13,862	12,742	986	831	843	7.3	6.0	6.6	12,516	13,031	11,899
Aleutians East Borough	935	970	896	19	16	25	2.0	1.6	2.8	916	954	871
Aleutians West	2,637	2,735	2,507	70	63	67	2.7	2.3	2.7	2,567	2,672	2,440
Bethel	5,226	5,336	4,900	482	397	390	9.2	7.4	8.0	4,744	4,939	4,510
Bristol Bay Borough	531	528	490	47	24	30	8.9	4.5	6.1	484	504	460
Dillingham	2,470	2,527	2,318	204	167	163	8.3	6.6	7.0	2,266	2,360	2,155
Wade Hampton	1,703	1,766	1,631	164	164	168	9.6	9.3	10.3	1,539	1,602	1,463

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1991

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

The Alaska Economic Trends Index: 1992 Articles

January

Alaska's Worker Injury and Illness Rate Improving

High risk jobs make for high fatality rates. Mass Layoffs in Alaska Rise in 1990. More people filing unemployment claims. *Employment Scene* - October 1991. Alaska's October employment and unemployment data examined.

February

Innovative Uses of the Occupational Data Base

Targeting training and track career paths are two examples presented. *Employment Scene* - November 1991. Same as above and repeated for each month.

March

How Alaska Compares to Other Oil States

The top oil producing states are compared to Alaska's oil patch. *Employment Scene* - December 1991

April

Gender Gap: No Progress for Alaska Women

Examines the growing gap in pay between women and men in Alaska.

On the Annual Benchmark Revision

Benchmark revision completed for employment estimates for 1990 and 1991.

Employment Scene - January 1992

May

Slower Growth in 1991

The year in review, 1991, showed continued if slowed growth.

Alaska Forecast: Slow Growth to Continue

State-wide, Anchorage and Fairbanks economies examined.

Employment Scene - February 1992

June

Industry/Occupation Outlook to 1995

Annual occupational and industry forecasts projected.

Employment Scene - March 1992

July

Income in Alaska: A Decade of Change

The income of Alaskans from the decennial census in Alaska is interpreted by the state demographer.

Employment Scene - April 1992

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The Trends 100

Alaska's Largest Private Employers Listed in 1991

Employment Scene - May 1992

September

A Look at Today's Economies in Prince William Sound

Cordova, Whittier, Valdez, Tatitlek and Chenega revisited after the oil spill.

Employment Scene - June 1992

October

A Portrait of Older Alaskans

How elders in Alaska are faring.

Employment Scene - July 1992

November

Measuring Alaska's Cost of Living

How much does it cost to live in both rural and urban Alaska?

Employment Scene - August 1992

December

Ketchikan: Southeast's Manufacturing Capital

All the factors of Ketchikan's economy examined.

Employment Scene - September 1992



THE NEW DEMOCRAT

VOLUME FIVE, NUMBER 5

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I AM WORKING

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MAKING WELFARE WORK

*Will Marshall
Lyn A. Hogan
Theresa Funciello
Andrew Cooper
Lee A. Bowes*

UNDER INDICTMENT

Americans Want To Change, But Not Demolish, the Welfare System

BY WILL MARSHALL

Nothing better exemplified candidate Bill Clinton's commitment to fundamental change than his promise to "end welfare as we know it." More than any other, this pledge defined him as a New Democrat determined to move beyond an exhausted left-right debate that is failing to confront America's most pressing problems.

In calling for a two-year limit on welfare, Clinton proposed the most radical reform in U.S. social policy since the New Deal. The notion that welfare should offer poor Americans transitional support en route to a job—rather than subsidize a way of life widely seen as divorced from work and responsibility—clearly struck a responsive chord with the public.

Recent surveys confirm that Americans, regardless of class or race, overwhelmingly want to change—but not demolish—the welfare system. People are less concerned about costs than about welfare's failure to encourage and reward the values most Americans live by: work and saving, marriage and family, individual initiative and a sense of responsibility to one's community. More than 90 percent of the public thinks that making welfare recipients self-sufficient is more important than removing them from the rolls to cut costs. Nearly as many support work requirements, even for mothers with young children.

Despite near-unanimous support for sweeping reform, the administration has been curiously slow off the mark. In a questionable strategic judgment, the White House delayed action on welfare and instead pressed ahead with a far more complicated and costly plan to overhaul the nation's health care system. The downgrading of welfare reform as a presidential priority has heartened both liberal defenders of the status quo and conservative opponents of new public efforts to help the poor. It also has blurred the president's New Democrat image even as his economic and health care initiatives define him in more traditional terms.

Still, as Lyn A. Hogan notes in this section, the administration deserves credit for giving Wisconsin approval to test a two-year limit on welfare eligibility in two counties. Other states likewise have proposed using a combi-

nation of carrots and sticks to move welfare recipients into jobs.

The indictment against America's welfare system has four main counts:

It undercuts incentives to work and isolates the poor in a separate welfare economy; it penalizes marriage and underwrites out-of-wedlock births and single parenthood; it empowers bureaucracies and social service providers rather than poor citizens; and it undermines values held by most Americans, rich and poor, perversely rewarding failure rather than success.

Although virtually every president in the last two decades has vowed to fix these defects, their tries at reform have foundered on ideological gridlock. Conservative resistance to spending more on social programs, coupled with liberal reluctance to demand more of welfare recipients, has ruled out anything more dramatic than marginal adjustments in the status quo. We are left with a welfare system that seems impossible to defend yet impossible to change fundamentally.

Apart from the fact that it comes from a Democrat, President Clinton's call for time-limited assistance is striking because it represents a great conceptual leap forward. Time limits would ensure that the requirement to work replaces the right to income maintenance as the organizing principle of welfare policy. Such a policy casts welfare not as an entitlement but as a compact of mutual obligation: While society owes everyone a chance to work, the beneficiaries of public aid have a corresponding responsibility to strive to support themselves. This approach says that all work confers moral dignity and can lead to self-sufficient citizenship.

Time limits, however, are not enough. Simply mandating a two-year limit, without other reforms, would only worsen the plight of 14 million welfare recipients, 9 million of who are children. Helping people develop their capacities—especially those with few resources and many problems—is an expensive proposition. Hence, a radical redesign of social welfare will cost more, not less, in the short run. In fact, the current welfare system has survived successive bouts of reform

precisely because it is a relatively cheap way to deal with the poor.

But spending more now to enable people to work will reap large dividends down the road: fewer people on public aid, more people working and paying taxes, and fewer children trapped in an underclass characterized by rampant unemployment, crime and illegitimacy.

President Clinton will have to strike a political bargain with the left and the right if he is to achieve his goal of making welfare "a second chance, not a way of life": Liberals will have to accept time limits, and con-

servatives will have to accept higher social costs.

In addition to time limits, a progressive, work-based social policy requires five key policy shifts:

- First and most important, we must make work pay. Low-wage jobs simply can't compete with the package of benefits available in the welfare economy. For example, a welfare recipient in Ohio may collect a maximum basic welfare grant (Aid to Families with Dependent Children plus food stamps) of \$633 a month, or \$7,596 a year. However, she also is eligible for valuable Medicaid and child care assistance and possibly housing subsi-

PAPA, PREACH

The Link Between Illegitimacy and Dependency

BY LYN A. HOGAN

While politicians and policy experts wrestle with ways to end welfare dependency, a pandemic of illegitimate births guarantees rising demand for social services. More teenagers than ever are having babies out of wedlock, and the majority of those teens and their children are ending up on welfare, often for very long spells.

In the past, widowed and divorced mothers were the primary beneficiaries of the main welfare program, Aid to Families with Dependent Children. Since the 1980s though, the divorce rate has stabilized while the trend toward illegitimacy has skyrocketed. The proportion of all families with children that are headed by single women grew from 18 percent in 1980 to 30 percent in 1991. The Congressional Budget Office attributes 81 percent of the growth in female-headed families during 1991 to never-married

mothers, many of them teenagers. That same year there were roughly 376,000 births to unmarried teens, and the number keeps growing.

Never-married motherhood causes a host of problems, especially for teenagers, that fosters welfare dependence. In 1990, for example, the average income of a family headed by a never-married woman was \$8,337, compared with \$15,762 for a family headed by a divorced mother and \$39,076 for a two-parent family. Never-married mothers are the least likely to earn high school diplomas, and only 20 percent collect child support from absent fathers, compared with 77 percent of divorced mothers. According to Douglas J. Beshary of the American Enterprise Institute, at least 40 percent of never-married mothers receiving AFDC will remain on the rolls for 10 years or more, compared with 14 percent of

divorced women.

Teen-age mothers who never marry have the highest risk of becoming long-term welfare dependents. A 1990 report by the CBO shows that half of all unmarried teen mothers receive AFDC within a year of the birth of their first child and three-fourths receive AFDC by the time their first child turns 5. Child Trends Inc. estimates that 43 percent of all mothers who receive welfare for 10 years or more started their families as unwed teens.

The cost to federal taxpayers of families begun by teen-agers is enormous—almost \$29.3 billion in 1991 for AFDC, food stamps and Medicaid alone, the Center for Population Options estimates. Given the current trend, these costs will only spiral upward.

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dies. Yet, if she takes a 40-hour-a-week job at the minimum wage of \$4.25, she will make only \$8,840 a year, nearly \$3,000 below the poverty line for a typical family of three. It makes little sense to exhort welfare recipients to work if that means lowering their standard of living or leaving them without health care.

The alternative is to shift public subsidies from welfare to work, so that what people earn from low-wage jobs and subsidies always exceeds what they collect for not working. At the president's request, Congress this year took a giant step in this direction by expanding the earned income tax credit, a subsidy to low-wage workers. Together with food stamps, the EITC should be sufficient so that even a minimum-wage job would lift a full-time worker and her family out of poverty. Working mothers also will need more transitional assistance for child care and perhaps housing as they move from welfare to private jobs.

- Second, we must assure universal access to health care. When welfare recipients take a job, they soon lose Medicaid benefits worth about \$3,000 a year. The jobs they are most likely to take rarely offer health insurance or pay enough to let them buy their own policy. Health care reform must guarantee universal access and so remove a serious obstacle to work.

- Third, we must strengthen child support enforcement to supplement the income of poor families. Even with expanded subsidies for work, many single mothers who lack education and skills will remain on the financial edge. Their children deserve the support of both parents, yet only 20 percent of never-married mothers collect child support from absent fathers. We need to crack down on deadbeat dads and encourage mothers to cooperate by letting them keep more of their child support payments.

- Fourth, we must expand welfare-to-work efforts by public agencies, nonprofit groups and even private businesses. As Lee A. Bowes notes in this issue, while studies show that education and training programs can lead to marginal increases in earnings, such gains are rarely enough to lift a family out of poverty. On the other hand, innovative ventures such as America Works and Chicago's Project Match, profiled in this issue by Andrew Cooper, show that with intensive support, even long-term welfare recipients can get and hold private jobs with decent pay and benefits.

This is not to deny that many welfare recipients need more education and training. The question is, should their entry into the job market be delayed while they attend training classes? That may make sense for some—especially teen-age mothers who dropped out of school when they became pregnant. But for adults, get-

ting a job is usually a better bet than getting generic training that may be irrelevant to the local job market.

A recent Manpower Demonstration Research Corporation study of California's GAIN program confirms this view. The study found that programs that stress work, offer intensive job placement and work closely with local employers to determine training needs have been more successful at both reducing welfare rolls and increasing earnings than programs that stress education and training. This should not be surprising: Most people learn their jobs on the job. What welfare recipients need more than anything else is to be reconnected to the world of work. Moreover, such efforts should begin when a person joins the welfare rolls, not when she reaches the two-year limit. The best time-limited welfare system is one in which no one ever hits the limit, as David Ellwood, assistant secretary of planning and evaluation at the Department of Health and Human Services, has said.

- Fifth, we must offer community-service jobs for people who can't find or keep private jobs. If society is to require work as a condition of public assistance, it must guarantee the opportunity to work. But community-service jobs at a minimum wage should be a last resort. Wage subsidies for private jobs, and other transitional benefits, should create a differential that always makes private work a better paying proposition. Our new social welfare system should be characterized above all by closer ties with private employers and should work to reduce the stigma now attached to welfare recipients as they seek employment.

These five initiatives would move us from a system centered on income maintenance and consumption to a system oriented around work and the development of personal assets. In addition, welfare reform should be reinforced by an array of empowering initiatives, including individual development accounts to encourage saving and asset-building; microenterprise to encourage self-employment; tenant management and ownership, to encourage public housing residents to handle their own affairs; and social service vouchers, to give poor people more control over the services created for them.

It's impossible, of course, to subsidize private jobs that don't exist. A crucial question for backers of the time-limited approach is whether there will be enough jobs for welfare recipients seeking work. Liberals say expanding welfare rolls show that jobs are not available; conservatives point to the want ads and the fact that immigrants seem to find jobs here. In truth, however, no one knows the answer because the supply of jobs is

dynamic, always expanding and contracting. Time limits are the only way to find out whether our labor markets can absorb the estimated 1.5 million people who would need jobs two years after the limit was imposed.

Finally, as we figure out how to help people leave welfare, we need to redouble efforts to prevent them from entering the system in the first place. A serious prevention strategy must take aim squarely at the explosion of out-of-wedlock births to teen-age mothers. As Hogan details in an accompanying article, illegitimacy is closely linked to welfare dependency.

There are lots of devilish details to be worked out,

and a work-based social policy will be no more immune to the law of unintended consequences than others. All this suggests the need for a lengthy transition, lots of state experiments with ways to move people into private jobs and to create and monitor community service jobs, and much more rigorous evaluation of these efforts. Nonetheless, President Clinton should press ahead. If he makes 1994 the year of replacing welfare with work, he will find a public eager for change and ready to support his resolve. ♦

Will Marshall is president of the Progressive Policy Institute.

THE SOUP KITCHEN ELITE

'Good Guys' Always Find a Way To Get Money for Themselves

BY THERESA FUNICIELLO

WOODSTOCK, N.Y.

Poverty in America is a megabusiness. With remarkable creativity, every time our social welfare institutions discover or redefine a need of poor people, the "nonprofit" agencies find a way to get money for themselves. In the meantime, poor people have become increasingly poor. It was not quite by accident. Or quite by design.

Instead of helping the poor directly by spending enough money to provide them with adequate benefits, the social welfare system is indirect. Instead of offering a welfare mother enough money to buy decent food and housing for her children, the system offers her food pantries and homeless shelters and information and referral services. The idea, of course, is that she can't be trusted to use money wisely and that it is more prudent to offer her services. The result, however, is an elaborate series of poverty bureaucracies that are wasteful and inefficient. But because the people who run these bureaucracies are "good guys," their motives are rarely questioned and their effectiveness is rarely evaluated.

A triad of interests converged to create this perverse exchange. These three are the nonprofit agencies that lobby for services and later deliver them, the for-profit corporate sector and wealthy individuals who fund nonprofits to influence government policy, and the government officials and bureaucrats whose stars rise and fall

with each wave of public policy. The nonprofits and for-profits interface with government as personnel rotate in and out of staff positions. They are also frequently linked through interlocking directorates. And layers of elected officials influence the contracting-out process in a covert exchange for an array of future campaign contributions. Each of the "helping hands" washes the others while counting the bounty of its good intentions.

Their power is directly proportional to the amount of money they control, the size of their bureaucracies and the successes they claim. Since they are the "good guys," the media tend to report their self-representations uncritically. The result is social policy fashioned by relatively few individuals. Often irrational even on its face, it is the public consequence of virtually private decision-making.

The system fails us all, not by spending too much money on poor people, but by spending so much on their surrogate: the social welfare establishment that purports to represent these people. In particular, by using welfare mothers as public punching bags and ascribing multiple failures to them, the players position themselves to "fix" the women. Those now referred to as the "underclass" are regular subjects of social scientists (biased only by the sources of their paychecks) and the objects of innumerable cures by social welfare charlatans.

THE TRAINING TRAP

Research Shows the Best Path From Welfare to Work Is a Straight Line

BY LEE A. BOWES

NEW YORK
President Clinton's plan to revamp the welfare system has rekindled a debate between those who believe education and training is the best route from welfare to work, and those who believe in a direct path—placing people in jobs that offer decent pay and benefits.

The argument has been going on for a long time, and the education-and-training camp has had the upper hand for most of it. This is beginning to change, and none too soon. The president's plan will succeed only if it puts welfare recipients into jobs where they can get experience. A growing body of research backs this view.

Previous federal stabs at welfare reform have been disappointing, to say the least. The Aid to Families with Dependent Children program had an education and training component that began in the 1960s. The Work Incentive program, or WIN, technically required women to participate once their youngest child turned 6. Partly because of inadequate funding, it never really worked.

The federal government vastly expanded job training for the disadvantaged in the '70s and '80s through the Comprehensive Employment and Training Act and its successor, the Job Training Partnership Act. Studies of both found that they have largely ignored the needs of the most disadvantaged. Just last year, for example, the Labor Department issued new regulations for JTPA to address concerns that the program benefits white men almost exclusively.

By the late '80s, welfare caseloads were growing, and a consensus was emerging that recipients should be obliged to engage in some sort of activity leading to self-sufficiency. Congress responded by passing the Family Support Act, which required states to enroll a certain percentage of their caseloads in education, job training or job search programs. The program's overwhelming emphasis, however, has been on education and training rather than placement in jobs.

Recent research supports the view that a strategy focused on finding people jobs first rather than on enrolling them in training classes is the answer. In their

study, Judith Gueron and Edward Pauly found little evidence that education and training helps welfare recipients get jobs. And government-sponsored programs such as CETA, JTPA and proprietary and vocational schools failed to prepare people for the labor market, according to researcher Paul Osterman. Unlike apprenticeship programs in Germany and Japan, he says, the American programs fail to integrate themselves in companies' recruitment and employment systems. Other findings:

Previous federal stabs at welfare reform have been disappointing, to say the least. The Work Incentive program, or WIN, technically required women to participate once their youngest child turned 6. Partly because of inadequate funding, it never really worked.

- A recent analysis of a Rockefeller Foundation-funded job-training demonstration program for single minority mothers found that only one of four sites, in San Diego, was showing positive results. The researchers attributed its success to an aggressive approach to job-specific training and marketing to employers.

- The Manpower Demonstration Research Corporation recently finished a two-year study of California's GAIN program, which tries to move welfare recipients into activities leading toward independence. It found that Riverside County had the greatest success in getting candidates into jobs. The researchers said this was

because the program focused on getting jobs, kept up relationships with area employers and encouraged welfare recipients to be flexible about taking jobs.

- The Urban Institute recently published a study of Washington state's Family Independence Program, a voluntary training program. The researchers said the program is failing to increase employment because it lacks ties to the job market.

- Michael Dowling, New York state's newly appointed commissioner of social services, has redirected all welfare department activities and funds into a jobs-first strategy. Education and training are considered secondary.

My own research, published as *No One Need Apply: Getting and Keeping the Best Workers*, indicates that employers hire largely through networks and informal systems. The adage "it's who you know, not what you know" is alive and well in American business. Welfare-reform policies without a strategy aimed at penetrating the job market are doomed to fail.

The adage "it's who you know, not what you know" is alive and well in American business. Welfare-reform policies without a strategy aimed at penetrating the job market are doomed to fail.

America Works, the for-profit company I founded with my husband, is rooted in the belief that the job-finding service is distinct from the education and training service. (See *The New Democrat*, May 1993.) The America Works model was created to help people find jobs, support their transition to work and remove disincentives to work. We have contracts with New York, Connecticut and Indiana and with Indianapolis.

Here's how America Works works. People on welfare hear about us through word of mouth. We screen people only to make sure they're eligible for our services. We believe strongly in motivation. Participants must be on time and have perfect attendance the first week of the program. After about five weeks in classes—where they learn interview techniques, appropriate dress and behavior, basic office skills, etc.—we get them a job at a company, but on our payroll.

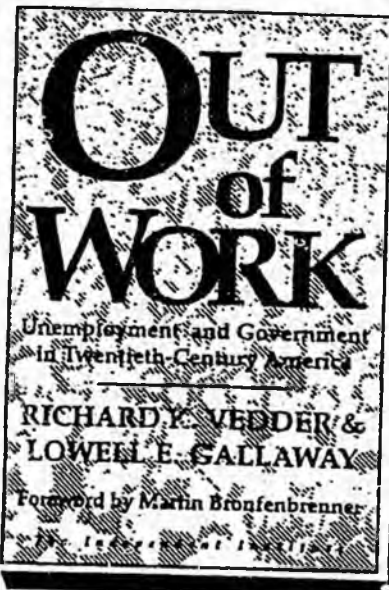
In a traditional welfare-to-work program, people get classroom training and help writing a resume, and then they are expected to find the job themselves. At America Works, half of our staff members are selling a service to corporations—a four-month trial employee in which the businesses save up to \$2,500 in combined benefits and taxes. During the trial an America Works staff member acts as a full-service human-resource department for the worker, arranging day care, child care, helping to pay overdue bills—you name it.

We're paid a fee only if the person gets a job and stays on a company payroll an average of six months. According to a study by Ernst and Young, 85 percent of the first 750 people we placed in jobs are still employed. Their average stay on welfare had been five years. Their average annual pay was \$15,000, and more than a third had received promotions and raises.

The evidence is clear: If you want to move people from welfare to work, you have to help them find jobs. It's time for classroom training to take a back seat. ♦

Lee A. Bowes is chief executive officer of America Works.

"The most comprehensive book ever on unemployment in the United States." — GEORGE GILDER



"Out of Work is a triple hit: an engaging narrative of a century of U.S. economic history that focuses on real wage rates adjusted for productivity changes to explain unemployment patterns; an attack on the mythology that high wage rates and government spending reduce unemployment; a critique of wrongheaded public policies since 1930 that have raised unemployment levels."

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The INDEPENDENT INSTITUTE

The specter of unemployment is increasingly used to justify ever bigger government programs — from continuing high military expenditures to a return to New Deal-type make-work agencies. Now, *Out of Work* amasses relentless and devastating evidence that the major cause of high unemployment, both cyclical and secular, is government itself.

Out of Work challenges Keynesian fiscal demand-management and shows that such policies as minimum wages, legal privileges for unions, civil rights legislation, unemployment compensation, and welfare have all played significant roles in generating joblessness. Too, *Out of Work* lucidly and absorbingly recounts the history of American unemployment. It demonstrates, for example, that the policies of both presidents Herbert Hoover and Franklin Roosevelt not only prolonged and exacerbated the unemployment of the Great Depression, but directly contributed to the depression's banking crisis as well.

In short, *Out of Work* redefines the way we think about one of the most explosive issues of the twentieth century.

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Welfare Reform, Dependency Reduction, and Labor Market Entry

ROBERT RECTOR

The Heritage Foundation, Washington, DC 20002

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Dependency reduction requires altering the welfare incentive structure: reducing the rewards for nonwork and increasing the rewards for work. Requiring welfare recipients to work in exchange for welfare benefits reduces the attractiveness of welfare and is crucial to dependency reduction. However, most current workfare programs impose minimal requirements on welfare recipients and are ineffectual. This paper proposes methods for improving workfare as well as other reforms.

I. Introduction

Today nearly one out of eight American children is being raised on welfare under the Aid to Families with Dependent Children (AFDC) program. Almost one out of ten Americans receives Food Stamps. With total means-tested welfare spending exceeding \$225 billion annually, or around \$7,000 for every poor person in the U.S., welfare now consumes four percent of the Gross National Product—the same level as during the Great Depression, when a quarter of the labor force was unemployed (Rector, 1992b).

Not only has the cost of welfare become exorbitant, but many also believe that the present system has greatly contributed, over the last 25 years, to the rise of a new set of "behavioral poverty" problems including eroded work ethic and dependency, lack of educational aspiration and achievement, increased single parenthood and illegitimacy, criminal activity, and drug and alcohol abuse.

The onset of the War on Poverty directly coincided with the disintegration of the low-income family—the black family in particular. During the mid-1960s when the War on Poverty began, the black illegitimate birth rate was roughly 25 percent—today it has risen to 65 percent and, if current trends continue, will reach 75 percent in ten years. Similar trends are found among low-income whites. A second key problem in welfare policy is long-term dependence: 65 percent of the 4.3 million families currently on AFDC will stay on for over 8 years; 82 percent will be on for over five years. Only 7 percent will receive welfare for less than two years (Committee on Ways and Means, 1992, p. 685). This pattern of dependence is passed from one generation to another. With all other socioeconomic variables held constant, being raised in a single-parent AFDC family doubles the probability that a woman will give birth

fare dependency they should reduce welfare benefit levels or at least not increase those benefits in real dollar terms.

IV. Altering Benefit Reduction Rates

As noted, means-tested programs provide benefits to households below specified income levels. In theory, a program could offer full benefits to all households with earnings below, say, \$10,000 per year and no benefits to households with earnings above that level. In practice, this is seldom done because an abrupt termination of benefits creates a "notch" effect in which net income falls as earnings rise. For example, assume a welfare program provided \$2,000 in benefits to households with annual earnings below \$10,000, and zero benefits to those with earnings above \$10,000. If a household had earnings of exactly \$10,000, its net income, combining earnings and welfare, would equal \$12,000. If the household's earnings, however, rose by one dollar to \$10,001, all welfare benefits would be eliminated. Net income would fall by \$1,999 as a result of one dollar of extra earnings. For this reason, welfare benefits are usually lowered incrementally as earnings rise. The benefit reduction rate (sometimes called the marginal tax rate of the program) measures the cut in benefits per dollar of earnings. Although the rules are detailed and technical, basically AFDC benefits are cut by one dollar for each dollar of earnings. Food stamps are cut by 30 cents for every dollar of earnings.

Lowering benefit reduction rates (cutting benefits less per dollar of added earnings) is a perennial favorite proposal of legislators seeking to promote work effort. However, both theory and empirical evidence indicate that this policy will not achieve its intended result. While higher maximum benefit levels have an unambiguous income effect which reduces labor, lowering benefit reduction rates generates both income and substitution effects which offset each other. Contrary to the conceptions of most legislators, SIME/DIME in fact showed that lower benefit reduction rates yielded lower labor force participation, i.e., the income effect dominated the substitution effect (SRI International, 1983, p. 127).

The history of the AFDC program shows that lower benefit reduction rates have little or no effect in reducing dependence. Prior to the 1970s, the AFDC program had a benefit reduction rate of roughly 100 percent; during the 1970s, the benefit reduction rate was cut to around 65 percent; in 1981, it was returned to 100 percent. But the lower benefit reduction rate in the 1970s did not reduce dependence. While some AFDC mothers may have been induced to work more, the lower benefit reduction rate made AFDC more attractive and drew more mothers into the welfare program to start with. And the lower benefit reduction rate also encouraged mothers who otherwise would have worked full time and exited from AFDC entirely to work part time, combining wage and welfare income, and thereby remain on welfare longer (Levy, 1979).

However, one program where benefit rate reductions could have a pro-labor effect is Medicaid, the only major welfare program with a substantial "notch."

Historically, a welfare mother lost all Medicaid coverage when she lost AFDC eligibility. Thus, each dollar of added earnings reduced AFDC benefits by one dollar, but the marginal dollar of earnings which eliminates the last dollar of AFDC payments simultaneously rendered the mother's family ineligible for Medicaid coverage worth between \$3,000 and \$4,000 per year. Although Congress has attempted to assuage this dilemma through several measures, including transition benefits which allow a family to retain Medicaid coverage for 12 months after losing AFDC eligibility, a substantial "notch" problem still remains (Ellwood, 1990).

Some analysts have maintained that providing Medicaid-type coverage to all working single mothers would spark an exodus of AFDC mothers into the labor force, dropping the AFDC caseload as much as 16 percent (Moffit, 1989). However, providing medical coverage of unlimited duration only to single mothers or only to families which have previously been on AFDC would create critical equity problems vis-à-vis low-income, working, two-parent families who have never been on welfare but currently lack medical coverage. Also providing long-term, free medical coverage to those exiting from AFDC poses an invitation to many families to enroll in AFDC precisely to obtain such coverage. (This issue will be discussed further in the section on wage supplements below.)

V. Performance Requirements

Most welfare programs today have no performance requirements; persons who meet the categorical and income criteria are simply given assistance and are expected to contribute nothing in exchange for the aid given.⁵ This practice represents a sharp break from the past; during the Great Depression, for example, beneficiaries were expected to work for aid received through programs such as the Civilian Conservation Corps and the Works Progress Administration.

Most discussion of welfare reform today involves returning to earlier principles by requiring beneficiaries to work or engage in other activities for the aid they receive. A Gallup poll conducted in November 1991 showed that most Americans favored requiring welfare recipients to work in exchange for the benefits given them. A full 79 percent of those polled agreed that the government should require "able bodied people on welfare, including women with small children, to do work for their welfare checks" (Marshall, 1992, p. 225). As a candidate, President Clinton proposed to require welfare recipients to work in exchange for benefits after two years on the rolls.

Under the impetus of the Reagan reforms of 1981 and the Family Support Act of 1988, states are experimenting with a variety of performance requirements under the loose and somewhat misleading term of "workfare." Workfare, in fact, refers to three distinct types of required activity.

Job Search. These programs require welfare recipients to seek employment. In a group job search program, for example, an individual will be required to receive up to a week's training on how to find a job. This may be followed by several weeks of participation in a phone bank where recipients are required to report to the wel-

biased in favor of programs that offer extensive education, childcare, and support services—and are oblivious to the possibility that such generous services may actually attract more people onto the welfare rolls (O'Neill, 1990, p. 100).⁸ The MDRC method now almost monopolizes workfare evaluation. While this method yields useful information on welfare exits, it should be complemented by other techniques capable of measuring dissuasion effects.

VI. Examples of Effective Workfare Programs

Although most discussion of workfare is presently dominated by the MDRC evaluations, showing modest results, studies of several less-known workfare programs show dramatically higher impacts on dependency. These programs impose much more rigorous performance requirements on welfare recipients, and were evaluated either by time series data or through county by county comparisons which capture dissuasion effects.

The importance of *dissuasion effects* can be seen quite clearly in an experiment conducted in Washington state in the early 1980s (Fiedler, 1983). Under the Intensive Applicant Employment Services (IAES) project, new applicants to AFDC were placed immediately in organized job search for up to 30 days before the initial AFDC grant was awarded. Those applicants who failed to obtain employment during the initial month were subsequently enrolled in AFDC. The project sent a clear message that work was expected and that welfare was to be a last resort.

IAES was carefully evaluated as a pilot project. Some fifty counties and other jurisdictions were sorted into pairs in which each county was matched with another county as similar as possible demographically, socially, and economically. Random assignment was then used to designate an experimental and a control county within each matched pair. Within the experimental counties some 80 percent of new applicants were exempted from the IAES job search requirements because they were mothers with children under three or because the family's financial straits made postponing the initial welfare check impossible. Despite the fact that the number of new applicants who were required to search for work before receiving welfare was limited, the IAES requirements and the moral message they conveyed had a striking effect in discouraging new AFDC applications. During the evaluation period, the number of AFDC applications rose sharply throughout Washington state, but the increase was far less in IAES counties. When compared to control counties without the IAES program, the job search requirement was found to have reduced new AFDC applications by 15 percent.

The message conveyed by the IAES program also appeared to linger in the minds of new welfare applicants even after they were enrolled in AFDC and the IAES requirements were terminated. New AFDC enrollees in IAES counties were more likely to leave AFDC within the first year after enrolling, reducing the new applicant caseload by another 7 percent. Thus, the combined dissuasion and exit

effects of the IAES program cut first year welfare costs of new applicants to AFDC by one-fifth overall.

Recent research on pilot projects in Ohio also shows that rigorous workfare programs can dramatically reduce welfare dependence (Schiller and Brasher, 1993). In the Ohio programs, primary emphasis was placed on community service work rather than job search or training. At any given point in time roughly two-thirds of participants were performing mandatory community service work for up to 40 hours per week. Work requirements were continued as long as the individual received welfare benefits; this approach differed greatly from conventional short-term workfare programs which require recipients to work for a few months but then suspend the work obligation and allow the recipient to continue to receive benefits without further work obligation.

Around 25 percent of single mothers on AFDC were required to perform community service work in exchange for the welfare benefits they received; the requirement resulted in an overall reduction in the AFDC single-mother caseload of 11.3 percent. For every 100 AFDC single mothers placed in the workfare program, the AFDC rolls were reduced by some 45 cases. Similar reductions were seen in the AFDC-Unemployed Parent program (AFDC-UP), which provides welfare to two-parent families. Eighty percent of AFDC-UP fathers were required to participate in workfare, resulting in a 34 percent reduction in the AFDC-UP caseload. For every 100 AFDC-UP fathers required to work, the AFDC-UP rolls were reduced by some 42 cases. The Ohio workfare programs are, by far, the most successful dependency reduction programs so far evaluated. The effects on both AFDC and AFDC-UP caseloads are four to five times greater than the effects reported for conventional job search and training programs elsewhere in the country.⁹

Other states have shown that work requirements can dramatically reduce welfare dependence, at least in the AFDC-UP program. In 1983, Utah established the Emergency Work Program (EWP) in place of traditional AFDC-UP program for two-parent families (Janzen and Taylor, 1991). EWP established one of the most stringent and comprehensive workfare systems yet known. Male parents of welfare families were required to participate in organized activities for 40 hours per week: 8 hours of job search and 32 hours of community service work or education and training. These requirements were rigorously enforced, some 20 percent of families were terminated each year for noncompliance. Among the remaining male parents, EWP achieved an effective participation rate in mandatory activities of 100 percent.

As noted, EWP offered some education and skills training in addition to community service work and job search. However, education and training did not increase the employability of welfare recipients relative to participation in other activities. A final unusual feature of EWP was a work/job search requirement imposed on both spouses in some families. Work requirements on both spouses rose from 5 percent of caseload initially to 61 percent in EWP's third year. It is unclear to what extent this extra requirement added to EWP's success in reducing dependency.

welfare benefits in exchange for a full year's labor. By contrast, once an individual is required to work as a condition for receiving welfare payments, the attractiveness of welfare is greatly reduced, and the incentives to leave welfare through employment or marriage are greatly enhanced.

At present we have few models of successful work requirement programs, but the available evidence suggests that successful programs would have the following components. (1) The requirement to work or participate in other activities should be permanent, not temporary, and should last as long as the recipient receives welfare. (2) The requirement to work or participate in other activities should be continuous, not intermittent. There should be no intervals of inactivity as recipients are shuttled between different sub-components of the program. (3) The emphasis should be on mandatory community service work; job search and training should be de-emphasized. (4) Recipients should be required to work or perform other activities for a minimum of 30 hours per week. (5) Welfare benefits should be contingent on and paid only after the fully successful completion of relevant performance requirements. (6) The ethos of the welfare office is very important; caseworkers must sincerely and persistently inform recipients that they have a moral obligation to themselves and the community to get a private sector job or, if jobs are not available, to perform community service work. (7) Opposition to workfare by public sector unions currently results in prohibitions on welfare recipients undertaking much public sector work which they are capable of performing; such prohibitions must be lifted.

Finally, work requirements should be imposed first on those who are most readily employable. More specifically, work requirements of the sort outlined above should be established for all fathers in two-parent AFDC-UP families and for single mothers who have no children under age five or who have been on welfare for over four years.¹⁴ If such a regime were instituted nationwide, some two million adult welfare recipients would be engaged in continuous work activities. The result would be a gradual, but profound, reduction in dependence.

NOTES

¹This calculation is for a mother with no earnings and no persons who are not part of the AFDC unit living in the household. Data available from the author on request.

²This penalty occurs because when a single mother on welfare marries an employed male, the man's earnings are included in the calculation of the mother's welfare eligibility; upon marriage, welfare benefits are eliminated or cut significantly and the joint income of the man and the woman falls dramatically.

³For a review of the effects of welfare on family structure see Murray (forthcoming).

⁴Critics charge that the SIME/DIME findings cannot be applied to the existing welfare system because the SIME/DIME benefit levels were much higher than those of existing welfare programs. In reality, the SIME/DIME benefit levels ranged between 95 and 140 percent of the poverty income thresholds, a range of benefit levels very similar to the average combined benefits packages provided to AFDC families by different states under the existing welfare system.

⁵In addition to income criteria, some welfare programs also have categorical criteria which define eligibility, such as having dependent children, being elderly, or being disabled.

⁶Data provided by the Office of Family Assistance, Department of Health and Human Services.

⁷Among the population required to participate, SWIM reduced caseloads by 7 percent and AFDC costs by 15 percent. Since the group eligible for participation comprised a third of the total AFDC caseload, reductions as a percentage of the entire AFDC population would be about 5 percent for costs and 2 to 3 percent for cases (Hamilton and Friedlander, 1989, p. 52).

⁸These comments simply point out the limits of the MDRC studies and are not intended to criticize the studies themselves which provide useful information on many important questions. The National Supported Work Demonstrations, in particular, provide invaluable data to social scientists.

⁹The key factors explaining the success of the Ohio experiments appear to be the heavy emphasis on required work, the seriousness of the work obligations, and the severity of the sanctions provided for non-compliance. Also the Ohio evaluation included an unusually long (five-year) evaluation period and found that the effects cumulatively increased over time. Dissuasion effects, however, did not appear to have a major role.

¹⁰The study compared the AFDC-UP program in 1980-1981 and the EWP program in 1984-1987. Utah's unemployment rate was 6.8 percent in the AFDC-UP comparison period and 6.2 percent in the EWP period.

¹¹Work requirements also appear to be very effective in reducing caseloads in General Assistance programs which largely aid single, nonelderly adults (Bernstein, 1982, pp. 48-49).

¹²There are key differences between wage supplementation and benefit rate reduction. In wage supplementation the value of government aid provided is relatively low; this encourages families to combine higher earnings with moderate amounts of government aid. In the benefit rate reduction approach, initial welfare benefits are high, encouraging families to combine high levels of welfare receipt with modest supplemental wage income.

¹³Legislation enacted in 1990 established an incremental series of increases to the EITC over future years; the figures given in the text are for 1994 when the increases are completed.

¹⁴If work requirements are established for mothers with children over age five, it is also necessary to establish requirements for mothers who have been on the welfare rolls for over four years. Otherwise, mothers would have an incentive to continue to have children to avoid the work obligation.

March 9, 1994

RE: House Bill 309 & 409

Dear Senators:

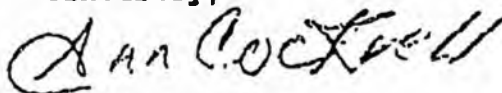
I understand there is a bill before your committee at present time that is going to reduce public assistance benefits. In response to this bill, I feel concern for the families that work hard to improve themselves while still maintaining families and homes.

We have 3 children under the age of 7. My husband attends WAA full time in the evenings, is observing in the classroom 120 hours this semester, and tutoring 10 hours at the American Native Center, all towards his degree in Elementary Education. I average 8-16 hours a week in the classroom at Palmer Head Start along with serving as President of the Policy Council. I attend class one night a week for 4 hours towards my certificate.

Not all families on welfare are looking for a free ride, some families need the assistance to better themselves when times are tough. Some families use this assistance to work towards a career or job not only to get off of the system and but to stay off. If the benefits are reduced, we won't be able to make ends meet. That only adds to future use of these programs by us and many others like us.

I am requesting that you consider other options in order to help needy families.

Sincerely,



Ann Cockrell

To: House Finance

Post-It™ brand fax transmittal memo 7671		# of pages	1
To	House Finance Committee		
Cc.	Cumeau		
Dept.	Phone #		
Fax	468-2864		
	Fax #		

HOUSE COMMITTEE REPORT

(9)

Date Referred: January 28, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/2/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 409

HOUSE BILL NO. 409 AFDC DEMO PROJECT AND DECREASE

"An Act relating to the maximum amount of assistance that may be granted under the adult public assistance program and the program of aid to families with dependent children; proposing a special demonstration project within the program of aid to families with dependent children and directing the Department of Health and Social Services to seek waivers from the federal government to implement the project; and providing for an effective date."

RECOMMENDATIONS: the same title
 be replaced with CS HR 409 (HESS) a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact H+SS ¹⁰

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Car Bueche</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>		<input checked="" type="checkbox"/>	

[Signature]
 CHAIRMAN'S SIGNATURE



Alaska Coalition on Housing and Homelessness

P.O. Box 75286
Fairbanks, Alaska 99707
Phone (907) 456-3876 • FAX (907) 456-7864

To: All House Finance Members

From: Barbara Bennett, Alaska Coalition on Housing and
Homelessness Chair

Re: HB 409

Date: March 10, 1994

Further cuts, even 1.7%, to current AFDC benefits are completely unacceptable. The state made significant cuts to both AFDC and disability benefits last spring as well as preventing any COLAs.

Requesting the 100 hour and auto allowance limit waivers from the federal government is not a bad idea but implementing a program to test the use of these waivers as a means to welfare reform by further reducing AFDC benefits is indecent and unhealthy.

This is not the time to create a new program. If the state of Alaska wants to further the cause of welfare reform why doesn't the legislature prioritize fully rather than minimally funding the JOBS program? This program doesn't need to be started from ground zero. It is already doing its job. If the waivers are considered important enough to pursue, use them within the established JOBS program. And fund the JOBS program and any waiver options by re prioritizing the use of precious state dollars.

Redirect 5 or 6 million dollars from roads or electric intertie capital projects to helping marginalized Alaskans have opportunities to improve their families' lives and achieve economic independence.

Constituents in Anchorage would like to be given the opportunity to be in audio contact and comment as you continue to debate this bill.

AVCP Education, Employment and Training Division

Pouch 219
BETHEL, ALASKA 99559
(907) 543-3521

March 15, 1994

Committee Members
House Finance Committee
Alaska State Legislature
Eighteenth Legislature - Second Session
Juneau, AK 99801

RE: House Bill 409

Greetings:

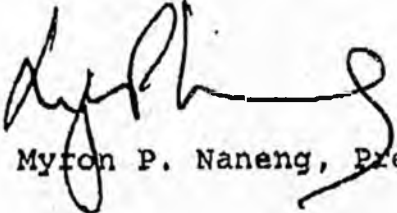
It's my understanding that your group will be considering this House Bill 409 this week. During a time of shrinking resources on both State and Federal levels, it would seem more appropriate to provide continuing support to one effective program service. Currently, that line of thinking is not taking place since this bill proposes to create duplication of services by taking funds away from the Adult Public Assistance (APA) as well as Aid of Families with Dependent Children (AFDC) and putting the funds into a proposed program entitled "Workfare."

As proposed, welfare recipients will be required to do community service under Workfare. While this action would be well and good, the decreased funding levels to both APA and AFDC recipients in the State of Alaska is not well and good. The creation of another program service to supposedly meet the needs of the economically disadvantaged residents of the State would be a disservice and is not positive action. Rather, it would be detrimental since a reduction of APA and AFDC has already taken place during the last Legislative year. The timeline for this bill - five years demonstration - is another negative factor since we don't know the outcome of Federal Welfare Reform.

I'm surprised that this legislative piece went sailing through the HESS Committee since there appeared to be statewide testimony against its passage. At the time of testimony, the JOBS program had the full support during the hearing (March 2, 1994), and should be State funded.

Consider voting against this bill - or send it back to HESS for reconsideration in light of their constituency's negative input.

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS
Willie Kasayulie, Chairman of the Board


Myron P. Naneng, President