

ALASKA LEGISLATURE

1293

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

ANALYSIS (cont.):**SELF-EMPLOYMENT PROGRAM**

Families participating in the self-employment program retain eligibility for Medicaid for the duration of their participation. Medicaid eligibility will be lost by those families who lose AFDC eligibility because of self-employment earnings. Approximately one-half of the children of these families will continue to be eligible of Medicaid under a poverty level Medicaid only eligibility category. Therefore, an average of one adult and 1 child per household will lose Medicaid eligibility. In FY 97 and 98, 7 households will still qualify for transitional Medicaid.

| | <u>FY 96</u> | <u>FY 97</u> | <u>FY 98</u> | <u>FY 99</u> | <u>FY 00</u> | <u>FY 01</u> |
|--------------------------------|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Adult Closures (1 adult) | 0 | 3 | 3 | 10 | 10 | 10 |
| Child Closures (1 child) | 0 | 3 | 3 | 10 | 10 | 10 |
| Adult Medicaid Savings | \$0 | (\$8,892) | (\$9,288) | (\$32,280) | (\$33,720) | (\$35,160) |
| Children Medicaid Savings | \$0 | (\$5,148) | (\$5,364) | (\$18,720) | (\$19,560) | (\$20,400) |
| SELF-EMPLOYMENT SAVINGS | \$0 | (\$14,040) | (\$14,652) | (\$51,000) | (\$53,280) | (\$55,560) |

DIVERSION PROGRAM:

DPA estimates that in FY 98, 239 cases (households) annually will participate in the diversion program; this number is expected to grow by 1% per year. During FY 97, the start-up year, 120 cases will participate. These are households that would otherwise have continued on AFDC, on average, for at least another year. We estimate that approximately one-half of the children will continue to be eligible of Medicaid under a poverty level Medicaid-only eligibility category. Therefore, when a household is successfully diverted, 1 child and 1 adult will lose eligibility. Of those initially placed in the diversion program, it is estimated that 45% of them will return to regular AFDC with in the initial three months and will continue to receive Medicaid benefits. The remaining 55% are expected to move off of AFDC at the end of the three month diversion program for a variety of reasons, including achieving self sufficiency, increased earned income, or the diversion payment having met the emergent need. These households will effectively lose 9 months of Medicaid eligibility they would have otherwise had if they remained on AFDC. In FY 97, we estimate clients will lose Medicaid eligibility for an average of 4.5 months. In FY 98 - 01, clients will lose Medicaid eligibility for 9 month per year.

| | <u>FY 96</u> | <u>FY 97</u> | <u>FY 98</u> | <u>FY 99</u> | <u>FY 00</u> | <u>FY 01</u> |
|----------------------------------|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Adults in Diversion Program | 0 | 120 | 239 | 241 | 243 | 245 |
| Children in Diversion Program | 0 | 120 | 239 | 241 | 243 | 245 |
| Total Diversion Participants | 0 | 240 | 478 | 482 | 486 | 490 |
| 55% Complete Diversion Program | 0 | 132 | 263 | 265 | 267 | 270 |
| Adult Medicaid Savings | \$0 | (\$73,359) | (\$305,343) | (\$320,783) | (\$337,622) | (\$355,995) |
| Child Medicaid Savings | \$0 | (\$42,471) | (\$176,342) | (\$186,030) | (\$195,845) | (\$206,550) |
| DIVERSION PROGRAM SAVINGS | \$0 | (\$115,830) | (\$481,686) | (\$506,813) | (\$533,467) | (\$562,545) |

SUMMARY OF DIVISION SAVINGS

| | <u>FY96</u> | <u>FY97</u> | <u>FY98</u> | <u>FY99</u> | <u>FY00</u> | <u>FY01</u> |
|--------------------------------------|-------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| Minor Parent Assistance | \$0 | (\$8,580) | (\$9,089) | (\$9,672) | (\$10,269) | (\$10,880) |
| Disregards/Waiver/Auto provisions | \$0 | \$14,040 | \$19,538 | \$20,400 | \$21,312 | \$22,224 |
| Workfare Project | \$0 | (\$143,735) | (\$150,014) | (\$156,624) | (\$163,625) | (\$170,625) |
| AFDC Unemployed Parent Project | \$0 | (\$163,761) | (\$182,962) | (\$211,179) | (\$238,893) | (\$257,621) |
| Self-Employment Project | \$0 | (\$14,040) | (\$14,652) | (\$51,000) | (\$63,280) | (\$55,560) |
| Diversion Program | \$0 | (\$115,830) | (\$481,686) | (\$506,813) | (\$533,467) | (\$562,545) |
| TOTAL SAVINGS | \$0 | (\$431,906) | (\$818,866) | (\$914,888) | (\$978,022) | (\$1,035,007) |
| MEDICAID FACILITIES (52%) | \$0 | (\$224,591) | (\$425,810) | (\$475,742) | (\$608,571) | (\$638,204) |
| MEDICAID NON-FACILITIES (48%) | \$0 | (\$207,315) | (\$393,056) | (\$439,146) | (\$469,451) | (\$496,803) |



Representative Mark Hanley **Alaska State Legislature**

SPONSOR STATEMENT

CS for HOUSE BILL 78

It has been said, the best way to reform welfare is to get people off welfare. According to a recent survey by the State Department of Health and Social Services, 88% of AFDC clients in Alaska said they would rather work than be on welfare. Most families on welfare want a way off -- they want the self-sufficiency and pride that job training and employment bring.

CSHB 78 directs the Department of Health and Social Services to apply for a series of waivers from the usual provisions governing AFDC programs. One would establish a "workfare" demonstration project, which would require able-bodied AFDC recipients not working at least 15 hours a week to perform community service, or have their benefits reduced.

The unemployed parent demonstration project would assist two-parent families achieve self-sufficiency in three years; the self-employment demonstration project would allow recipients to set up microenterprises. A diversion project would offer lump-sum payments for short-term assistance in an effort to avoid ongoing financial support.

This bill provides positive incentives to work in the form of higher income-disregards and a higher vehicle allowance. The costs of child care and transportation necessary for participation will be covered by the department. Those in the demonstration groups who choose not to participate would face sanctions, such as reductions in their benefits.

America is ready to "end welfare as we know it". Many states are using waiver projects to develop alternatives to the tradition of welfare; it is time for Alaska, with its growing

welfare rolls and dwindling revenues, to step up to the plate. CSHB 78 is an important piece of legislation; a step towards breaking the cycle of dependence on welfare by rewarding hard work.

Congress is currently hearing a plethora of welfare reform measures. One proposal would authorize federal block grants for welfare funding, giving states the flexibility to design their own programs. CSHB 78 would allow the state a look into what may or may not work in Alaska, giving us an advantage in this process.

ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT

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Abused Women's Aid in Crisis (AWAIC); Advocates for Victims of Violence (AVV);
Aiding Women in Abuse and Rape Emergencies (AWARE);
Alaska Women's Resource Center (AWRC); Arctic Women in Crisis (AWIC);
Bering Sea Women's Group (BSWG); Emmonak Women's Shelter;
Kodiak Women's Resource & Crisis Center (KWRC);
Maniilaq Regional Women's Crisis Program; Parent Aid Family Support Center;
Safe & Fear-Free Environment (SAFE); Seward Life Action Council (SLAC);
Sitkans Against Family Violence (SAFV); South Peninsula Women's Services (SPWS);
Standing Together Against Rape (STAR);
Tongass Community Counseling Center; Tundra Women's Coalition (TWC);
Unalaskans Against Sexual Assault & Family Violence (USAFV);
Valley Women's Resource Center (VWRC);
Women in Crisis Counseling & Assistance (WCCA);
Women in Safe Homes (WISH); Women's Resource & Crisis Center (WRCC)

WELFARE REFORM

The Alaska Network on Domestic Violence and Sexual Assault (Network) is a statewide coalition of 22 nonprofit programs. Shelter, advocacy, crisis intervention and counseling, and referral services are offered by member programs to victims of domestic violence and sexual assault. During FY94, over 9,500 victims and minor children sought and received services from member programs.

Responsive restructuring of the existing welfare system could help domestic violence victims fleeing from their abusers establish independent and safe lives for themselves and their children. Unfortunately, many of the welfare measures proposed in both the Alaskan House and Senate would endanger victims.

Battered women, regardless of their economic status within the abusive relationship, often must leave behind assets, employment, health insurance, vehicles, housing, clothes and furniture when seeking safety. They seldom have access to savings or other bank accounts. Public assistance has been a vital support for victims fleeing violent relationships.

Welfare policy should not force women into making the untenable choice of living in poverty versus remaining with or returning to their abusers in order to support their children. The Network wishes to express our concern regarding the following:

Family Cap

The provision to deny cash assistance for a child born to a mother on welfare assumes that all women have a choice in child bearing. Coercive sexual activity is very much a part of the power and control dynamic in an abusive relationship, as is the denial of health care.

Moreover, this proposal places "easy answers" above sound public policy. Research does not support the notion that women plan babies to receive a

meager increase in assistance. In fact, a recently released eight-year study by Washington University professor, Mark Rank, shows that there is no correlation between birth rates and benefits.

The circumstances of a child's birth should not disqualify her or him from receiving aid needed to sustain life. We have moved beyond the days when society classified children as "legitimate" or "illegitimate" using the latter designation to stigmatize the child as less worthy.

Durational residency-requirements

A two-tier system would penalize domestic violence victims and their children who relocate for safety reasons. Restricting benefits for new state residents to the level in their prior state of residence is based upon the misconception that families uproot themselves in pursuit of higher benefits. Continued stalking, harassment and abuse by batterers forces families to move frequently. Women and children from twenty-four (24) states fled to shelters in Alaska during FY94. Restricting benefits punishes women and children who relocate to escape violence by forcing them to subsist on reduced benefits, and by placing them at risk of becoming homeless.

Child Support Enforcement

Well-intentioned efforts to improve child support collection could endanger domestic violence victims and their children. Measures are being discussed that would make the receipt of welfare benefits contingent upon one's cooperation in establishing paternity for the purpose of collecting child support. Merely conducting a paternity search could reveal the victim's whereabouts to her abuser, and further endanger her. Successful paternity establishment would allow the abuser to sue for custody or physical placement rights, thereby allowing for the use of the child as a bargaining chip to reestablish control over the victim.

Initiatives to tie child support enforcement programs to welfare reform must include a "good cause" exemption for a parent whose cooperation would result in physical or emotional harm to her or to the child. Moreover, caseworkers must be required to inform recipients about this legal option early, especially if in-hospital paternity establishment programs are initiated.

Time-Limiting AFDC

The dynamics of domestic violence must be taken into consideration when applying time-limits and welfare-to-work programs to AFDC recipients. The study, *Domestic Violence: Telling the Untold Welfare-to-Work Story*, is a

report provided by the TAYLORINSTITUTE and is the first attachment to this paper. The report raises serious questions about barriers victims face in participating in welfare-to-work programs. The Network concurs with the report's recommendation to exempt battered women from the time-limit provision.

Having asked for the exemption, the Network recognizes exemptions and extensions do not solve all the problems created by time limits. Exempting some families from time limits and extending time limits for others would prevent some harm. But no matter how carefully and broadly drawn, such provisions will not address the problems of all families that need them because:

- * not every situation can be anticipated;
- * it is often the most troubled families that have the most difficulty making their case before the agency; and,
- * agencies often fail to give meaningful notice to families of their rights.

How can our concerns be addressed?

Dispel the myths surrounding AFDC recipients

The second attachment to this paper is *Facts That Refute Common Myths About AFDC, Publication No. 171 of the Center on Social Welfare Policy and Law*. Acknowledging that most AFDC recipients do not take advantage of the system allows the discussion to focus on encouraging change through support instead of force.

Choose to reframe the discussion

What basic provisions do we want to make available to each person in our society? How do we call the best of a person into being? What steps are we taking to end violence against women? How do the answers to these questions get put together to offer a comprehensive approach to adequately providing food, shelter, and basic necessities to those who are hungry, cold, and destitute?

Ask welfare recipients what they need to be self-sufficient

Time-limiting, denying benefits, and trying to restrict birth rates will not raise families from poverty. Ending violence perpetrated against women by their partners, providing comprehensive health care and adequate child care, and allowing for an expanded definition of work are steps that would bring us closer to the goal.

DOMESTIC VIOLENCE: TELLING THE UNTOLD
WELFARE-TO-WORK STORY

A TAYLOR INSTITUTE REPORT

BY JODY RAPHAEL, ADMINISTRATIVE PARTNER

JANUARY 30, 1995

Funded by Woods Fund of Chicago

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Introduction: Welfare Receipt and Domestic Violence

Welfare-to-work public policy recommendations continue to be based on a key factual misconception- that female welfare participants are indeed single heads of households. In actuality, grass roots social service providers are finding that, in many cases, there is a male in the picture who frequently sabotages the woman's efforts to become self-sufficient-- often with violence. Several model welfare-to-work programs have made the crucial connection between domestic violence and long-term welfare receipt-- a connection which must be recognized before meaningful progress can be made in the struggle to free women from welfare dependency.

The problem looks something like this: Due to low grant levels, welfare participants cannot live on welfare alone. Accordingly, high school dropouts who become teen parents-- with the attendant low skill levels and negligible work history-- become embroiled in relationships with males who promise to support them. In return, say community workers, these males want complete dependency. Threatened by educational and self-help programs, these men frequently resort to violence and emotional coercion to prevent their partners from gaining education and employment. This finding flies in the face of the current assertion that women go on welfare to escape abusive relationships.

This cycle is becoming more familiar to those in the field, who are disheartened by their inability to effectively intercede. "We can do everything we can, but if we don't get the partner to but in, he will sabotage it every single time. It is so frustrating because we can't control it," explains Angie Barnett of the Maryland Friends of the Family Program.

Although practitioners are becoming increasingly aware of the problem, the issue of domestic violence as a barrier to training and employment does not surface in national welfare-to-work policy discussions. Nor has there been any solid research completed to inform the welfare reform debate. This report takes a first step at determining the extent of the problem within the AFDC caseload and analyzing its implications for public policy.

Taylor Institute, a public policy research and advocacy organization in Chicago, has been working with the Chicago Commons Employment Training center (ETC) to quantify and analyze ETC data regarding the relationship of domestic violence to long-term welfare receipt. Recently Taylor Institute undertook a nation-wide telephone survey to determine just what is known about the problem by grass roots welfare-to-work programs around the country. Although most programs do not explicitly track this data, there is a mounting body of evidence supporting the connection between domestic violence and welfare dependency-- enough to cause grave concern about the drift of the national welfare reform discussion and to mandate additional research.

What Grass Roots Welfare-to-Work Programs Say About Domestic Violence

The Problem

For the purpose of this report, domestic violence is defined as verbal and physical abuse and coercion by men directed at adult women in intimate relations, which is meant to take in the full range of physical and nonphysical means used by men to coercively control women.

The stories about domestic violence are all the same, numbing in their repetition and remarkable in their similarity.

* Participants do not come to basic skills classes regularly because their attendance provokes violent behavior against them. Their decision to improve their skills and seek employment threatens their abusers, who prefer them to stay dependent. Coming to the program itself is an act of resistance which most often exacerbates the violence. When visiting participants who have dropped out of training programs, staff routinely find women with visible bruises, black eyes and cigarette burns-- injuries inflicted by abusers in the hope that their victims will be too embarrassed to go to school. Abusers may also come to the program itself, making belligerent threats of violence in the hope that their behavior will result in the participant being barred from participation. For many women, it is easier to take the path of least resistance and drop out.

* Participants describe a variety of techniques employed by their partners to sabotage their efforts to become educated or employed. For example, the night before a key test, entrance exam, or job interview, boyfriends will engage their partners in night-long quarrels, leaving the women sleep-deprived and unable to perform well. In addition, participants report over and over again that their abusers will promise to provide key child care services or transportation, only to disappear on the morning of the exam, or become inebriated-- and therefore incapable of helping-- when needed. Abusers may also hide their partners' clothing and winter coats so that the women are unable to leave the house either to take a test or to attend school. At the extreme, abusers will inflict black eyes or other injuries the night before their partners are to start a new job, or will visit the job site and create an embarrassing or threatening situation, causing their partners to lose their job. Such harassing visits and/or telephone calls often wear down the participant, who decides to quit the program or job and devote herself to her partner's needs and interests.

* Participants also report that their abusers are terribly concerned about them meeting other men and forming new relationships. One woman recalled that her partner appeared every day at work to take her to lunch, lest she meet and fraternize with anyone new. Another woman related that her partner let her come to school because only women were involved on site. The same woman was

certain that her partner was unlikely to let her get a job, because she would meet other men at the work place.

The Statistics

At the Chicago Commons West Humboldt Employment Training Center (ETC), a comprehensive welfare-to-work program which has provided services to over 600 welfare women since 1991 in Chicago, 58% of participants who entered ETC between July 1, 1993 and June 30, 1994 were current victims of domestic violence when they entered the program; an additional 26% were past domestic violence victims; 17% of all participants were incest survivors or past victims of sexual assault; 21% were currently addicted to drugs or abusing alcohol; and an additional 9% were recovering from past substance abuse. ETC provides services to participants who are long-term welfare recipients (the average time on welfare is 6.7 years) and low basic skills (43% were reading at 6th grade or below upon entry).

The Washington State Institute for Public Policy undertook a five-year Family Income Study which interviewed a representative sample of the entire AFDC population in the State of Washington. In the fifth year of the study, administered in 1992, women were asked if they had been physically or sexually abused as adults.

60% reported some type of abuse (physical and/or sexual), compared to 35% for a comparison group of women drawn randomly from neighborhoods that were more likely to have high rates of public assistance receipt. The study did not, unfortunately, differentiate between current and past abuse.)

55% reported being physically abused by a spouse or boyfriend, compared to 28% for the at risk sample.

30% reported being sexually abused by anyone, compared to 19% for the at risk sample.

Two years ago, Mid-Iowa Community Action (MICA), a comprehensive family development and self-sufficiency program in rural Marshalltown Iowa conducted a survey of 91 heads of household participating in its family development program who had been on welfare for two years or longer.

22% were current domestic violence victims;
51% were past domestic violence victims;
11% were current substance abusers; and,
31% were past substance abusers.

MICA states, "What these families want is a partner who can skillfully elicit the history of the family; acknowledge the pain that has been part of the family's history; and connect the family with resources and experiences that will help the family to heal and move forward."

In December 1991 Manpower Demonstration Research Corporation (MDRC) published the results of a study of 617 young women (age 16-22) participating in **New Chance** program sites throughout the county between August 1989 and September 1990. Case management staff were instructed to report various problems only if they interfered with program participation.

16% of enrollees across all sites told program staff that they had been battered by their boyfriends or came to the program with a black eye or other visible signs of abuse; 6% reported being abused by someone other than their partner. In addition, 15% reported discouragement of program participation by their partner and 9% discouragement of program participation by their mother or other close relative.

Janet Quint of MDRC states that these statistics are probably low estimates and represent only the cases known by the staff. She adds that "tension-fraught relationships with significant others mean that some women can't fully take advantage or benefit from programs otherwise available to them."

The problem has also surfaced in **Jackson County, Missouri (Kansas City)** in the **FUTURES** program, where the JOBS caseloads are 35-1, "the lowest in the nation," according to Barbara Hubbell. In March 1994 an evaluation of the program by the University of Missouri at Kansas City found that "FUTURES graduates less frequently report the presence of a significant other in the household than do dropouts and those currently in the program." Carmen Schulze, Director of the Missouri Department of Social Services, Division of Family Services, concurs, that "the significant other has a key impact on decisions that lead to self-sufficiency."

In Denver, Mitzi Kennedy of the **Clayton Mile High Family Futures Project** estimates that 50% of its mothers are struggling with issues of domestic violence.

The **Women's Employment Network** in **Kansas City, Missouri** estimates that 75-80% of its participants self-report domestic violence during the course of the program.

At least 20% of the participants in the **Family Support and Education Center** in **Cecil County Maryland** (where the population is 95% White) are affected by the problem, according to Angie Barnett. Because of the direct relationship between domestic violence and self-sufficiency, the program persuaded the local domestic violence center to provide services directly at the jobs program site.

At the **Denver Family Opportunity Program**, operated by the Department of Social Services, Sue Boyd has also uncovered domestic violence as the "biggest issue for successful transition into the workplace. There is no doubt whatsoever. This is the biggest problem that you have. We are trying to build new strategies for dealing with this, other than exempting battered women from participation," which the program is currently doing.

Jennifer Levine with the Project Esteem program of Family Dynamics Inc, in New York City states that its caseload contains an equal number of supportive relationships and abusive ones. Project Esteem, which provides a 12-week career planning/parenting education program, explains that "in many ways social realities have not caught up with the economic realities in that women are still expected to stay home and care for children. In some cases if the male can't support the family very well, it is a blow to his self-esteem to have the female doing so." Levine also states that parents and other siblings are often, for whatever reason, not supportive of the effort to get off welfare and often sabotage the welfare participant by failing to provide needed child care and other support at key moments.

Cleveland Works, another comprehensive program providing a host of family support services, including on-site child care and legal assistance, also reports that "this silent issue is a major problem." Deborah Lucci explains that participants may not be willing to say they are being beaten up, but "it all comes out as they progress through the program and try to become independent."

As part of its holistic, multi-disciplinary approach to service provision, in November 1994 the Hawaii JOBS program quantified what the department calls "psycho-social" and health barriers which "very much interfere with the transition from welfare to work. Domestic violence is a major barrier for our clients in Hawaii," says Marge Sheehan, Social Work Supervisor. Psycho-social and health barriers were found in 54.4% of the caseload.

The University of Wisconsin-Milwaukee has also found a connection between domestic violence and child abuse and the ability to stay in school in an analysis of the "Learnfare" Program in Milwaukee County. Under "Learnfare" teen parents receiving welfare are financially sanctioned for missing more than two days of school each month by losing a portion of their benefits.

The study, which analyzed over four million client computer records at Children's Court for a ten year period ending in 1989, found that 36% of the 1,562 Milwaukee County teen parents sanctioned under "Learnfare" during the sixteen month period from September 1988-December 1989 had child abuse or neglect indicators for their immediate family. This means that at a minimum a case worker had investigated one or more members of the family for physical or sexual abuse or child neglect and had indicated in the social service file that this is a problem which should be monitored.

In the words of Lois Quinn, one of the authors of the study, "Preliminary analysis suggests troubling questions regarding the high numbers of families with histories of domestic violence or neglect who are sanctioned in Milwaukee County and the potential for negative consequences, including escalated violence, in these and other families. More research is needed in other states now implementing 'Learnfare'-type initiatives on these experiments impact within families and follow-up is needed in Wisconsin on any subsequent violence which has occurred in threatened or sanctioned

families."

Implications for Public Policy and Welfare Reform

1. Determine the extent of the problem

It is time for the issue of domestic violence to come out of the closet. The secret cannot continue to be kept. Patricia Murphy, author of the path-breaking book "Making the Connections: Women, Work and Abuse," believes domestic violence, while a crime, is also an economic crime. Domestic violence occurs during the ages of 13-26, she explains, the time when young women should be building their skills and developing their work identity. These are key developmental years. "The loss of work identity in either the waged or unwaged work lives of women is a kind of death. When this loss occurs as a result of abuse, it is a kind of murder, soul murder."

The reasons for the secret are not difficult to fathom. Since the existence of a male in the house providing economic support has not been and cannot be reported to the welfare department, it is no wonder that welfare participants strive mightily to keep the existence of the live-in relationship a secret. Participants are also deeply ashamed that they are beaten. Many are afraid to get needed help for themselves or their children because they fear that they might lose their children due to their failure to provide a violence-free home environment. For this reason, the problem is unlikely ever to be shared with a welfare department case manager or other professional with a duty under state law to report potential child abuse or neglect.

The secret gets kept with the connivance of those in the helping professions who often do not believe it is their place to ask about such personal matters. "Don't ask, don't tell", appears to be the operative rule. Mitzi Kennedy, in the Denver program explains that "You have to know enough to recognize the code. Participants will give out hints, like, 'He holds me down,' or 'I have a man problem,' or 'The man is no good.' That is the signal to probe more deeply."

The enormity of the problem (Why do so many men batter their partners?) causes discomfort and denial, and the difficulty and messiness of the issue cause dismay (Why don't the women just leave?) The result is that domestic violence remains an issue "owned" only by feminists and/or those in the domestic violence service network. These programs generally do not interface with the welfare-to-work service delivery system. As an issue domestic violence remains dangerously disconnected from welfare reform and other anti-poverty policy initiatives.

A corrective course is urgently needed.

* All aspects of the social service delivery system, including job training programs, need sensitization to the issue of domestic violence and training in assessment tools and techniques to serve the needs of battered women.

- * The extent of the problem within the AFDC caseload needs to be verified and the accompanying characteristics of the women better understood.
- * Grass roots welfare-to-work programs need to begin immediately assessing and tracking the incidence of the problem.
- * Program evaluators also need training in domestic violence and domestic violence assessment. All evaluations of experimental welfare-to-work programs must take domestic violence into account.
- * Academic researchers need to work hand-in-hand with program providers at the grass roots level to better quantify and understand the implications of domestic violence for the development of women across their life spans.

2. Identify specialized support needed for current and past victims and provide it.

Unlike any of the current theories regarding welfare dependency, the incidence of domestic violence in the lives of welfare recipients striving to become self-sufficient appears to explain the failure of current welfare reform policies and programs.

The "culture of poverty," identified by many academics as characterizing long-term welfare participants--"learned helplessness," apathy, resignation and inability to recognize and respond to new opportunity caused by lack of control over their lives--may, in many cases, be post traumatic stress disorder, mandating a totally different public policy and service approach.

Many past victims have incurred permanent injuries such as damage to joints, partial loss of hearing or vision as well as emotional injuries which compromise their capacity to become and stay employed. To recover from post traumatic stress disorder they need specialized intervention to deal with their poor concentration, markedly diminished interest in significant activities and sense of a foreshortened future. General lack of knowledge about post traumatic stress disorder and its connection with domestic violence, rape, childhood sexual assault and substance abuse often means totally inadequate services for welfare women (Murphy).

Current victims must grapple with all of these problems as they struggle to avoid physical harm. The fact is that domestic violence victims have generally found their identity in their relationship with their partners, have acceded to their wishes, and have failed to develop any sense of themselves as independent persons with a possible role in the economy. Fears for safety, when combined with the effects of post traumatic stress disorder, cause a problem which often requires a great deal of time and outside support to favorably resolve. In most localities, shelters, which provide a needed safe haven, lack the resources to provide assistance with needed career planning and skills development necessary for employment.

Many domestic violence victims also suffer retarded intellectual development as a result of the verbal-emotional abuse they have suffered. Along with children raised in abusive situations, domestic violence victims often believe they are stupid and helpless. "The ever-present fear of such volcanic eruptions and catastrophic events leaves children speechless- numbed, unwilling to develop their capacities for hearing or learning" (Belenky, et. al. "Women's Ways of Knowing"). It is through speaking and listening, writes Belenky,, that we develop our capacities to talk curtail their voice may account for the greater prevalence of clinical depression among women than men.

This analysis suggests the need to combine intellectual development with emotional recovery. Program models combining domestic violence support services with basic skills training are desperately needed.

3. Exempt current victims.

The paradigm of the single female headed household cannot continue to be exclusively used as the basis upon which to build welfare policy. The connection between domestic violence and long term welfare remains poorly understood. We do not yet understand the implications of requiring women to get off of welfare within an allotted time. Will abusers permit women to work if that is the only means of ensuring income? Or, as anecdotal evidence suggests, do partners' fears that working women will either meet new men or refuse to turn over hard-earned paychecks simply cause domestic violence to escalate?

Some former domestic violence victims categorically state that their abusers would not let them go out to work regardless of the financial consequences to the household. They believe that more poverty and more crime will occur if time-limited programs are implemented without temporarily exempting domestic violence victims from participation and providing special services to them. With no prospect of welfare, young teens without skills or prospects become ever more likely to fall prey to older men who promise to take care of them.

However, it would appear to be the prevailing view that the abuser will allow his partner to go to work because the family unit has become dependent upon the income represented by the welfare check and Food Stamps. However, even if abusers permit their partners to work, the experience of some welfare women suggests that starting a low-wage job increases the stress on the household, prompting further levels of violence. Moreover, it is unlikely that the welfare participant will be able to maintain the job given the levels of that stress, the accompanying violence, and her inability to concentrate on the job.

Admittedly, little research has been done and not much is known about the effects of changed public policy on households where domestic violence occurs. A chilling episode in Milwaukee almost two years ago demonstrates the possible bloody cycle. As reported by the Milwaukee Sentinel, when Roberta Lee Russell, 18, had to attend

school or risk losing some of her benefits, her partner, David Hall, 24, was at home providing child care. When seven month year old Jemeale wouldn't stop crying after being given a bottle, he asked Russell to stop attending school to take care of the children. She said she couldn't because she wanted to continue receiving monthly welfare.

Although Hall told her that he had enough of taking care of the kids, Russell went to school anyway. On that day the baby's father was awakened from a nap by the baby's crying. He lost his temper and punched the boy three times in the stomach and the child stopped crying. Then Hall pushed in the boy's distended stomach, thinking he needed to be burped. The next day, Jemeale stopped breathing and died.

Because it is often difficult to make an assessment of domestic violence, it is essential that all long-term welfare participants with low skills be required to participate in literacy or job training programs which have the capacity to assess and provide the specialized services current and past victims need. Program participants who show meaningful progress should be exempted from time limits which would otherwise sever their benefits.

4. Prevent domestic violence from occurring.

Preventing the formation of relationships which are violent during the teen years is the only response true and deep enough to make fundamental changes in the ways in which many low-income young women live and raise their children today. Although domestic violence is the single greatest cause of injury to American women and a major health problem, we are only just now beginning to figure out what we can do to make domestic violence unacceptable. Prevention requires developing a community-wide response to the problem- community-wide information and discussion, coupled with the availability of visible, accessible services to current victims at the neighborhood level. Leadership development in our low-income communities is a prerequisite. There are some promising curricula and training projects aimed at pre-teens in our nation's schools, but these fledgling efforts are poorly funded and supported.

The undeniable link between domestic violence and long term welfare dependency also mandates a focus on male abusers. Even if welfare is made transitional, the issue of domestic violence will remain, blighting women's and children's efforts to become fully developed, independent persons. Little is known about effective interventions with male abusers, who up until now have remained the important missing piece in the welfare policy puzzle.

ABOUT TAYLOR INSTITUTE

Taylor Institute is a non-profit public policy research center established in Chicago, Illinois in 1975. Taylor Institute seeks to improve the quality of life of low-income and other disadvantaged people and communities by improving public policies that affect them. Taylor Institute conducts demonstrations, research, technical assistance, training, and evaluation projects that involve and are informed by the experience of low-income persons themselves.

Taylor Institute projects are informed by the experience of the grass roots. All initiatives include direction from people in low-income communities who: work with Taylor Institute staff to identify and research issues and questions; participate in interviews and focus groups; and, help design and lead research-related community organizing and advocacy activities.

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THE
WELFARE
LAW
CENTER

Facts That Refute Common Myths About AFDC

March 1992

Center on Social Welfare Policy and Law

Publication No. 171

The Center on Social Welfare Policy and Law is a national legal and policy organization with offices in New York City and Washington, D.C. Its work focuses on means-tested cash public assistance programs that currently provide subsistence benefits to more than 14 million destitute persons, of whom most are young children and their single parents. These programs are the Aid to Families with Dependent Children (AFDC) and state and local general assistance (GA) programs.

The Center provides representation for poor people in litigation and before administrative and legislative bodies, and analyses of developments in welfare law, training and individualized assistance for local advocates providing representation on welfare matters. The Center also engages in nonpartisan analysis of welfare policy issues and public education designed to increase understanding of the public assistance programs and the needy families and individuals they serve.

This publication was prepared by Barbara Leyser, Senior Policy Analyst, and Adele Blong, Associate Director of the Center.

Preparation and distribution of this publication was supported by funding from the Ford Foundation. Any opinions expressed herein are those of the authors and should not be construed as representing the opinions or policies of any funding source.

Further information about the matters discussed in this publication or assistance with other issues in the cash public assistance programs may be obtained from either office of the Center on Social Welfare Policy and Law:

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FACTS THAT REFUTE THE MOST COMMON MYTHS ABOUT AFDC ¹

March 1992

MYTH: *Once on AFDC, always on AFDC.*

FACT: The vast majority of AFDC cases are open for less than two years, and most of these cases are closed within a year. The best evidence is that no more than 20 percent to 24 percent of the families that receive AFDC receive it in more than 9 separate years over the course of their lives, and the family may not be receiving benefits for a full year in each of those years.² Moreover, there is no evidence that those who grow up receiving welfare as children are instilled with a different set of values or attitudes which make them more likely to receive welfare as adults than others who grew up in families with similar income levels.³

MYTH: *The AFDC rolls are full of able-bodied adults who don't want to work.*

FACT: More than two-thirds of all recipients of AFDC are children. All of the adults who receive AFDC are caring for children and the vast majority are doing so as single parents. Thirty-five percent of all AFDC families include a child under the age of three. Less than 15 percent of all AFDC families have no child under 12. The vast majority of the adults receiving AFDC also face obstacles to employment at a living wage that result from limited education and job skills. In addition, a significant number of adult recipients do work outside the home at some point during the year. On average, in fiscal year 1989, nearly 15 percent of the adult women receiving aid and more than 22 percent of the adult men were either employed or in school while receiving aid and another 65 percent of the men and nearly 40 percent of the women were enrolled in work and training programs.⁴

MYTH: *Women receiving AFDC have lots of children and keep having more just to get more money.*

FACT: 42 percent of all AFDC families include only one child and another 30 percent have two; less than ten percent of the families receiving AFDC include four or more children.⁵ In addition, there is no evidence that the availability of AFDC benefits is an inducement to women to have children.⁶ In fact, the AFDC benefit structure in most states effectively penalizes those families with more children by failing to increase benefits by an amount sufficient to cover the costs of providing for an additional child.

MYTH: *Families can live well on AFDC benefits.*

FACT: The combined benefit from AFDC and food stamps is below the poverty level in every state and below 75% of the poverty level in almost four-fifths of the states. It is less than 35% of median family income in every state. As of January 1992, the maximum AFDC benefit available to a family of three with no other income is under \$400 in 29 states and half of these states provided less than \$300 per month to such families.⁷

MYTH: *AFDC families receive benefits under a multitude of programs which fill any gaps left by inadequate AFDC benefits.*

FACT: The figures given in the preceding fact represent the combined value of AFDC and food stamps. Families receiving AFDC can qualify for other benefits as well, but generally the assistance provided by such benefits does not increase the income available to meet the basic subsistence needs that are supposed to be covered by AFDC and food stamps, i.e., food, clothing, shelter, personal need items. Payment for medical care does not give the family additional money for food; housing assistance may or may not reduce the amount that the family has to spend on housing. In addition, not all AFDC families receive benefits under other programs. For example, approximately 15 percent of AFDC families do not receive food stamps and 63 percent live in private rental housing for which they receive no housing assistance.⁸

MYTH: *AFDC benefits are generally lower in the South and Southwest because it costs so much less to live in these regions of the country.*

FACT: While there are wide variations in AFDC benefit levels from region to region, the available data shows very little regional variation in the minimum income a family needs and only small differences in median family incomes. For the nation as a whole, AFDC benefit levels average about 14 percent of state median income, while in eight southern states plus Texas benefit levels equal ten percent or less of state median income.⁹

MYTH: *Poor people migrate to states with "high" AFDC benefits just so they can receive these higher benefits.*

FACT: Poor people tend to migrate in the same direction as the population as a whole - overall trends show movement out of the Northeastern and Midwestern states and into the Southern and Sunbelt states, where AFDC benefits are generally lower.¹⁰ Moreover, the small percentage of AFDC families that do move out of state tend to migrate for the same major reason as the rest of the population - to improve their family's quality of life - and the availability of potentially higher welfare benefits in and of itself appears not to be a significant drawing point.

MYTH: *Many AFDC recipients are receiving benefits they are not entitled to and nothing is being done to bring this under control.*

FACT: Erroneous payments in the AFDC program account for less than 6% of the benefits paid¹¹ and all states are required to and do have systems designed to control and reduce errors.

MYTH: *The federal government is faced with such a large budget deficit because so much money is being spent on programs like AFDC.*

FACT: Federal expenditures for AFDC in fiscal year 1991 represented less than 1% of the total federal budget amounting to approximately \$12.5 billion.¹² Total state spending on the program was a little less. AFDC expenditures have been at about this same percentage for over 10 years.

ENDNOTES

1. Aid to Families with Dependent Children is a joint federal/state program under which the federal government pays from 50% to 80% of the costs of state operated programs that provide cash assistance to needy families with children if one parent is absent, incapacitated, or meets a very narrow definition of unemployment.
2. See for example: David T. Ellwood, Targeting 'Would Be' Long Term Recipients of AFDC, *Mathematica*, Jan. '86; Ellwood, *Understanding Dependency: Choices, Confidence or Culture?*, HHS, Nov. 1987; O'Neill et. al., *An Analysis of Time on Welfare*, Urban Institute, June, 1984.
3. See for example: Ellwood, *Understanding Dependency ...*; Hill and Ponza, *Does Welfare Dependency Beget Dependency?*, U. of Mich. Institute for Social Research, 1984; Hill et. al., *Motivation and Economic Mobility*, U. of Mich. Institute for Social Research, 1985; Rein and Rainwater, "Patterns of Welfare Use", in *Social Services Review*, Dec. 1978; Hill and Ponza, "Poverty and Welfare Dependence Across Generations", in *Economic Outlook USA*, Summer 1983.
4. *Characteristics and Financial Circumstances of AFDC Recipients - FY 1989*, HHS, Administration for Children and Families, Office of Family Assistance, Washington, DC 20447 (hereafter referred to as "FY '89 Characteristics Study"); and 1988 unpublished Census data showing that 39% of all families reporting receipt of AFDC for 1987 also reported that the family head worked at some point during the year and that the mean number of weeks worked was 30.4. The same Census data source also shows that 50% of all families reporting receipt of AFDC also reported receipt of earnings within the same year.
5. *Characteristics, supra*.
6. David Ellwood and Mary Jo Bane, *The Impact of AFDC on Family Structure and Living Arrangements*, prepared for the Department of Health and Human Services under Grant # 92A-82, March 1984; Robert Moffitt, *Incentive Effects of the U.S. Welfare System: A Review*, Institute for Research on Poverty Special Report no. 48, March 1990, University of Wisconsin-Madison.
7. Forthcoming Center on Social Welfare Policy and Law report on state AFDC benefit levels.
8. *Characteristics, supra*.
9. Forthcoming Center report on state AFDC benefit levels.
10. General information with respect to migration patterns of the population is reported by the Bureau of the Census in the P-20 Series of the Current Population Reports entitled *Geographical Mobility: ...*; most recent such report is No. 456 and contains data for March 1987 to March 1990.
11. U.S. Department of Health and Human Services, FSA-IM-91-7, FY '90 payment error rate of 5.98%.
12. *The Budget of the United States Government: Fiscal Year 1993*.

Barbara Ehrenreich

Battered Welfare Syndrome

HARDLY ANYONE THESE DAYS RECOMMENDS PUNCHING and slapping as a way of settling marital disputes. On the daytime talk shows, audiences go into frenzies of outrage over batterers and any batterees who dawdle before calling the hotline. In California and Massachusetts, Governors who are feverishly cutting programs that aid women in poverty are proposing actual increases in funds to combat domestic violence. Thanks to Nicole Brown Simpson's sad fate, we tell ourselves, we're all painfully aware of the problem. So why, a rational observer might inquire, are we simultaneously hell-bent on policies that will lock millions of women into violent and abusive relationships?

Because this will be one undeniable effect of welfare reform, as passed by the House and contemplated in many states. One of the first things a woman is likely to do when fleeing an abusive relationship is apply for welfare; officials at some battered-women's shelters report that 60% to 95% of the women they help go on welfare, at least for the short term. These are such women as the San Antonio mother of three profiled in the *Houston Chronicle*, who fled when her otherwise straight-living, Baptist, teetotaler husband took to slapping her in front of the children. She fled to a shelter, got on welfare and eventually became single and self-sufficient.

Reforms that make welfare harder to get and worth less when you get it will leave this escape hatch a lot narrower. Residency requirements, for example, effectively bar women from fleeing their abusers from one state to another, and work requirements will discourage the woman with no child care from escaping her—and possibly her children's—tormentor.

No one knows exactly what portion of the welfare rolls is made up of refugees from domestic violence, but knowledgeable estimates are startlingly high. In preliminary research on a small sample of Chicago welfare recipients, Susan Lloyd at Northwestern University found nearly half mentioned abusive relationships as a factor in their need for welfare. Arlene McAtee, associate director of Mid-Iowa Community Action, estimates three-quarters of the women she sees come to welfare as a way out of domestic violence. And in some surveys of women in homeless shelters, half the respondents say they're homeless because they fled from a violent mate.

In fact, abuse at any point in a woman's life appears to increase the odds for future welfare enrollment. A recent study by the Washington State Institute for Public Policy found that 60% of women on public assistance had experienced some form of abuse, physical or sexual, as adults. Abuse experienced in

childhood was, if anything, even more damaging—predisposing girls to early sexual activity, teenage motherhood and, again, the eventual need for welfare.

All this suggests the "cycle of dependency" that needs to be cured is not so much one of the dependency on government "handouts" as one of dependency on abusive men. Abuse, even of the verbal kind, saps self-esteem; physical abuse can imprison a woman at home, too ashamed to show up for work with a black eye or cigarette burns. No matter where they start out in the socioeconomic spectrum, victims of abuse are especially vulnerable to poverty and—to round out the cycle—poor women are especially vulnerable to abuse.

Welfare can and sometimes does free women from dependency on predatory males, as plenty of welfare alumnae can testify. But welfare benefits have been shrinking for two decades, to a level—a little less than \$400 a month per family, on average—that forces many recipients into financial reliance on any man who can help pay for the groceries. This, according to the researchers, is why one recent study found that 58% of the women enrolled in a Chicago welfare-to-work-training program were current victims of domestic violence.

Some women, of course, can escape their abusers with no help from welfare, and plenty of women who go on welfare have been battered by poverty alone. But only a fool, or a smug male legislator, could think of crafting welfare policy as if domestic violence doesn't exist. The closer you look at the real narratives of women's lives, the more you realize that there is a war going on, a hidden war of men against women—fought with fists and blunt objects, over such issues as why the baby makes so much noise or dinner wasn't ready on time. In this war the wounded don't get much help; they're often stigmatized and reviled for seeking it.

Enter, stage right, the welfare reformers, full of helpful advice for downtrodden women. Get a job, they say, not noticing that some batterers will do anything to prevent that, including stalking their victims at job sites. Get married, they say, not noticing that the potential bridegroom may be a practicing sadist. Even a reasonable-sounding "reform," such as requiring recipients to identify the father of their children, can be enough to trigger his rage and precipitate a new round of abuse.

The fact is that domestic violence, ugly as we pretend to find it, seems to be becoming part of our national policy. Despite our pious concern for the battered, the message from the welfare reformers is clear and cold: stand by your man, they're saying, even when he's knocked you to the floor. ■



COST/SAVINGS ANALYSIS
CSHB 78 (HES)
 Prepared by the Department of Health and Social Services
 Division of Public Assistance
 April 4, 1995

| | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | TOTAL |
|---|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| OPERATING EXPENDITURES | | | | | | | |
| AFDC Payments - Project | (137.9) | (875.1) | (1,782.4) | (1,882.1) | (1,998.6) | (2,111.1) | (8,787.2) |
| Eligibility Determination | 136.8 | 188.8 | 188.8 | 188.8 | 188.8 | 188.8 | 1,080.8 |
| PA Administration | 213.5 | 158.5 | 158.5 | 158.5 | 158.5 | 158.5 | 1,006.0 |
| PA Data Processing | 972.4 | 277.0 | 66.5 | 66.5 | 66.5 | 66.5 | 1,515.4 |
| Alaska Work Programs | 0.0 | 394.5 | 436.1 | 446.0 | 457.0 | 470.4 | 2,204.0 |
| Child Care Benefits | 0.0 | 152.0 | 272.3 | 289.3 | 300.0 | 308.7 | 1,322.3 |
| Medical Assistance | 40.0 | (431.9) | (818.9) | (914.8) | (978.1) | (1,035.0) | (4,138.7) |
| Family and Youth Services | 113.9 | 113.9 | 113.9 | 113.9 | 113.9 | 113.9 | 683.4 |
| Gross Project Cost | 1,338.7 | (22.3) | (1,365.2) | (1,533.9) | (1,692.0) | (1,839.3) | (5,114.0) |
| Less Federal Receipts for Project Costs | 618.7 | (28.7) | (659.5) | (739.2) | (813.0) | (881.7) | (2,503.4) |
| Less I/A Receipts for Project Costs (PFD Hold Harmless) | (12.7) | (78.8) | (160.4) | (169.4) | (179.9) | (190.0) | (791.2) |
| Net GF/GF Match Project Cost | 732.7 | 85.2 | (545.3) | (625.3) | (699.1) | (767.6) | (1,819.4) |
| Less Ratable Reduction GF Match Savings | (706.5) | (1,023.8) | (1,075.1) | (1,128.8) | (1,185.3) | (1,244.5) | (6,364.0) |
| Net GF Budget Impact | 26.2 | (938.6) | (1,620.4) | (1,754.1) | (1,884.4) | (2,012.1) | (8,183.4) |

| RATABLE REDUCTION SAVINGS | | | | | | | |
|----------------------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| GF Match | (706.5) | (1,023.8) | (1,075.1) | (1,128.8) | (1,185.3) | (1,244.5) | (6,364.0) |
| Federal Receipts | (706.5) | (1,023.8) | (1,075.1) | (1,128.8) | (1,185.3) | (1,244.5) | (6,364.0) |
| I/A Receipts (PFD Hold Harmless) | (197.7) | (207.5) | (217.7) | (228.7) | (240.1) | (252.2) | (1,343.9) |

AID TO FAMILIES WITH DEPENDENT CHILDREN
Maximum Monthly AFDC for Family of Three Persons
Standard of Need and Maximum Benefit Payment as of October 1, 1994

| State | Need Standard 3 Persons* | Maximum Benefits 3 Persons | Maximum Benefits Ranking | Benefit as a Percent of Poverty* | Rank by Percent of Poverty |
|-------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------------|-------------------------------|
| Alabama | 673 | 160 | 51 | 15.6% | 51* |
| Alaska | 975 | 923 | 1 | 71.9% | 1 |
| Arizona | 954 | 347 | 33 | 33.8% | 33 |
| Arkansas | 705 | 204 | 47 | 19.9% | 47 |
| California | 715 | 607 | 6 | 59.2% | 6 |
| Colorado | 421 | 421 | 20 | 41.0% | 20 |
| Connecticut | 735 | 735 | 2 | 71.6% | 2 |
| Delaware | 338 | 338 | 35 | 32.9% | 35 |
| Dist. Of Columbia | 712 | 420 | 21 | 40.9% | 21 |
| Florida | 991 | 303 | 40 | 29.5% | 40 |
| Georgia | 424 | 280 | 43 | 27.3% | 43 |
| Hawaii | 1,140 | 712 | 4 | 60.3% | 5 |
| Idaho | 991 | 317 | 38 | 30.9% | 38 |
| Illinois | 890 | 367 | 29 | 35.8% | 29 |
| Indiana | 320 | 320 | 37 | 31.2% | 37 |
| Iowa | 849 | 426 | 18 | 41.5% | 18 |
| Kansas | 396 | 396 | 25 | 38.6% | 25 |
| Kentucky | 526 | 228 | 46 | 22.2% | 46 |
| Louisiana | 658 | 190 | 48 | 18.5% | 48 |
| Maine | 553 | 418 | 22 | 40.7% | 22 |
| Maryland | 507 | 366 | 30 | 35.7% | 30 |
| Massachusetts | 579 | 579 | 7 | 56.4% | 7 |
| Michigan | 509 | 424 | 19 | 41.3% | 19 |
| Minnesota | 532 | 532 | 11 | 51.9% | 11 |
| Mississippi | 368 | 368 | 28 | 35.9% | 28 |
| Missouri | 312 | 285 | 42 | 27.8% | 42 |
| Montana | 478 | 389 | 26 | 37.9% | 26 |
| Nebraska | 364 | 364 | 31 | 35.5% | 31 |
| Nevada | 699 | 348 | 32 | 33.9% | 32 |
| New Hampshire | 1,405 | 307 | 39 | 29.9% | 39 |
| New Jersey | 985 | 443 | 16 | 43.2% | 16 |
| New Mexico | 381 | 381 | 27 | 37.1% | 27 |
| New York | 577 | 577 | 8 | 56.2% | 8 |
| North Carolina | 544 | 266 | 44 | 25.9% | 44 |
| North Dakota | 501 | 501 | 13 | 48.8% | 13 |
| Ohio | 901 | 341 | 34 | 33.2% | 34 |
| Oklahoma | 645 | 324 | 36 | 31.6% | 36 |
| Oregon | 460 | 460 | 15 | 44.8% | 15 |
| Pennsylvania | 527 | 403 | 24 | 39.3% | 24 |
| Rhode Island | 554 | 554 | 9 | 54.0% | 9 |
| South Carolina | 440 | 440 | 17 | 42.9% | 17 |
| South Dakota | 491 | 491 | 14 | 47.9% | 14 |
| Tennessee | 500 | 185 | 50 | 18.0% | 50 |
| Texas | 751 | 188 | 49 | 18.3% | 49 |
| Utah | 553 | 415 | 23 | 40.4% | 23 |
| Vermont | 724 | 724 | 3 | 70.6% | 3 |
| Virginia | 322 | 291 | 41 | 28.4% | 41 |
| Washington | 1,158 | 546 | 10 | 53.2% | 10 |
| West Virginia | 497 | 249 | 45 | 24.3% | 45 |
| Wisconsin | 647 | 517 | 12 | 50.4% | 12 |
| Wyoming | 674 | 674 | 5 | 65.7% | 4 |

Note*

Need standard is the maximum monthly allowable income as defined in state and federal regulations.

The percent of poverty is based on the 1994 Federal Poverty Guideline (FPG) for a family of three persons converted to a monthly rate.

The FPG for all states is \$1,026, except Alaska, which is increased 25 percent to \$1,284, and Hawaii which is increased 15 percent to \$1,180.

Source: U. S. Department of Health and Human Services, Administration for Children and Family Services, untitled draft document dated December 1994.

THE NEW DEMOCRAT

VOLUME FIVE, NUMBER 5

DECEMBER 1993

I AM WORKING

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MAKING WELFARE WORK

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

MAKING WELFARE WORK

INVESTMENT ♦ FROM ON THE MIDDLE CLASS

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

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.

Single mothers, in spite of being employed outside the home in ever greater numbers, have become more frequently and more desperately poor. Federal Aid to Families with Dependent Children benefits nationwide have plummeted in purchasing power in the last two decades. In part, the decline in the value of AFDC was a direct consequence of the expansion of the non-profit world. For instance, every time a charity fought for government money to increase the distribution of surplus food and other commodities, poor people's modest political power was squandered. But the money went neither to food purchases (for the most part) nor to the people who needed some. It paid for offices and warehouses and trucks and stoves and salaries and amenities for the soup-kitchen elite.

Consider the example of Second Harvest, a Chicago-based nonprofit corporation controlled by some of the country's biggest consumer product manufacturers and distributors, including the Kellogg Co., the Stop & Shop Cos. and McDonald's Corp. Second Harvest's operating expenses—supported by corporate and individual donations, government contracts and grants—are reported at \$14 million. But Second Harvest is not a warehouse for groceries. It is a set of polished offices where discarded corporate donations are brokered to food banks. Second Harvest's cash is used for salaries, rents, computers and accountants.

Second Harvest assists corporations by taking products that they cannot sell because they have reached their expiration date, have been poorly packaged, short-weighted, overproduced or damaged. Before the advent of organizations like Second Harvest, most of these items would have been dumped at corporate expense. Now, the corporations get a tax break, regardless of the quality of the products they are donating. Half of what is accepted as tax-deductible is immediately dumped by the food-bankers—in local landfills, also on the taxpayers' tab. The rest is only partly food and only partly nutritious. Items such as meat tenderizer, Cocoa Puffs, hair spray and diet soda top the list. The "cost" of getting an actual head of lettuce to a family can be as much as three times the retail value. Frankly, most mothers would rather have the cash.

At its best, our patchwork of social policies tends to focus on symptoms rather than solutions. For example, advocates agree that the common denominator of low-birthweight babies is the poverty of the mothers. You would think that the solution would address that. Yet advocates merely propose more prenatal care. More jobs for health-care professionals will not change the unalterable fact that mothers need to eat enough food

to have healthy birthweight babies. Food cannot be prescribed by a physician or dispensed by a pharmacist, nor is it ever likely to be distributed through an IRS-driven garbage market. Giving mothers money to buy food will ensure that they get it. But for some reason, health-care advocates generally leave the income/resource distribution issue alone.

In spite of a relentless pursuit of government contracts and donated dollars, the poverty industry, unlike the welfare mother, is rarely subjected to serious scrutiny. It is accountable to no one. Unless a provider is caught with a hand in the till, it is free to do virtually anything. No one is forced to measure and produce X amount of anything. And not a soul will ask the people who receive the services to evaluate their quality.

When affluent people decide a service isn't up to snuff, they vote with their feet and their pocketbooks. Poor people have no similar recourse to the power of the market: They are denied a say about which services they need and which providers can best satisfy those needs.

Shouldn't we be just as angry about a child raised in foster care to the tune of \$50,000 annually who ages out of the system without being able to live independently as we were about the \$600 hammers procured by the Pentagon? Shouldn't we be angrier? One-third of the children in foster care are there because their mothers are homeless.

There is more than enough money wasted in this nonprofit patronage game on unwanted, unneeded and incompetently delivered services than it would take to provide income security to everyone. Last year, the nonprofit sector in this country took in \$125 billion in tax-deductible contributions alone. Money isn't the problem. Politics are. After all, a young widow with children can get Social Security survivors' benefits at four times the average rate of AFDC payments, and she will stay on the rolls many more years than her welfare counterpart. No one worries about her "dependency" or about the costs to the U.S. Treasury, or whether her children will grow up seeing the proper connections between "work" and income.

It's time to start asking real questions about ourselves as a people, the limits of our system of resource distribution, the abuses of power inherent in contracting out and our mean-spirited policies that save one family and throw another away. It's our tyranny of kindness. ♦

Theresa Funicello, a former welfare mother and welfare rights advocate, is the author of Tyranny of Kindness—Dismantling the Welfare System To End Poverty in America.

THE TRAINING TRAP

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

BY LEE A. BOWES

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.

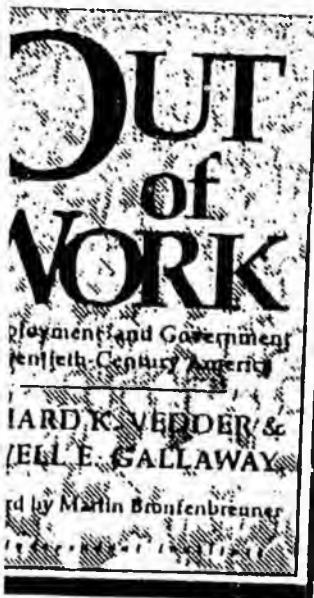
In a traditional welfare-to-work program, people get classroom training and help writing a resume, and then they are expected to find the job themselves. At America Works, half of our staff members are selling a service to corporations—a four-month trial employee in which the businesses save up to \$2,500 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.

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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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Joint Economic Committee of Congress

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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.

1. 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

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

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 to \$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 50 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 66 percent; in 1981, it was returned to 100 percent. That 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 (Moffitt, 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 MIRC 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.

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 78(HES)

BY REPRESENTATIVE BROWN

- 1 Page 1, lines 1 - 2:
2 Delete "relating to the payment of aid to families with dependent children in the
3 case of pregnant minors and minors who are parents:"
- 4 Page 1, line 9, through page 3, line 5:
5 Delete all material.
- 6 Page 3, line 6:
7 Delete "* Sec. 4"
8 Insert "* Section 1"
- 9 Renumber the following bill sections accordingly.
- 10 Page 3, line 8:
11 Delete "5 - 9"
12 Insert "2 - 6"
- 13 Page 3, line 12:
14 Delete "6 - 9"
15 Insert "3 - 6"
- 16 Page 4, line 2:
17 Delete "6 - 8"
18 Insert "3 - 5"

1 Page 4, line 17:

2 Delete "6 - 7"

3 Insert "3 - 4"

4 Page 11, line 11:

5 Delete "4 - 11"

6 Insert "1 - 8"

7 Page 11, line 12:

8 Delete "4 - 11"

9 Insert "1 - 8"

10 Page 11, line 19:

11 Delete "4 - 11"

12 Insert "1 - 8"

13 Page 12, line 5:

14 Delete "4 - 13"

15 Insert "1 - 10"

16 Page 12, line 7:

17 Delete "5 - 9"

18 Insert "2 - 6"

19 Page 12, line 17:

20 Delete "sec. 9"

21 Insert "sec. 6"

22 Page 12, line 23:

23 Delete "1 - 4 and 10 - 15"

24 Insert "1 and 7 - 12"

1 Page 12, line 25:

2 Delete "5 - 9"

3 Insert "2 - 6"

4 Page 12, line 26:

5 Delete "sec. 4"

6 Insert "sec. 1"

7 Page 12, line 28:

8 Delete "5 - 9"

9 Insert "2 - 6"

10 Page 13, line 1:

11 Delete "5 - 9"

12 Insert "2 - 6"

13 Page 13, line 4:

14 Delete "Sections 4 - 17 of this Act are"

15 Insert "This Act is"

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 78(HES)

BY REPRESENTATIVE BROWN

1 Page 2, after line 30:

2 Insert a new subsection to read:

3 "(d) When determining eligibility for, and the amount of, assistance in the
4 case of a minor parent who is required to live in a household or living arrangement
5 with an adult under (a) of this section, the department shall, to the extent allowed
6 under federal law or under a waiver of federal law, disregard the income and
7 resources of the adults in the household or living arrangement. If the department
8 determines that a waiver of federal law is necessary before this subsection may be
9 implemented, the department shall promptly seek a waiver."

10 Reletter the following subsection accordingly.



Representative Mark Hanley **Alaska State Legislature**

SECTIONAL ANALYSIS

House Bill No. 78
April 17, 1995

HB 78 amends existing statutes for the Aid to Families with Dependent Children [AFDC] program. This legislation authorizes the Department of Health & Social Services [DHSS] to seek federal approval to operate four experimental AFDC demonstration projects under the authority of section 1115(a) of the Social Security Act, authorizes imposition of certain modified AFDC eligibility criteria and requirements for participation in a mandatory work program on project participants, and establishes a ratable reduction in benefit payments for the AFDC and program statewide.

Secs. 1-3 Requires unmarried teen parents to live at home, with an adult relative or in a safe, adult-supervised environment in order to be eligible for AFDC.

Sec. 4 (a) Directs DHSS to seek authority from the federal government by December 31, 1995, to operate the demonstration projects in secs. 5-9. It provides DHSS discretionary authority to implement the project in the event of only partial federal approval of the waiver application. (b) requires a minimum of four projects be operated in at least four areas; one with a population over 25,000, one under 25,000, and one under 5,000. (c) allows the department to modify or discontinue the waiver application or project if federal law or regulation changes substantially affect it. It also directs DHSS to recommend to the legislature any changes in statute needed to operate a fiscally responsible project.

Sec. 5 makes changes in AFDC eligibility provisions for purposes of operating the experimental demonstration projects authorized under sections 6-8.

(1) provides for an increase of the federally-set earnings disregard from the current short-term level of \$30 plus one-third of the remainder for two years to \$200 plus one-third of the remainder for a period of two years.

(2) waives the federal AFDC-Unemployed Parent "100 hour rule" that currently disqualifies two-parent families with a principal wage-earner working over 100 hours a month, allowing the recipient to work more hours and retain more income.

(3) waives the federal vehicle equity limit that disqualifies AFDC families who own a single vehicle worth more than \$2500, and substitutes a modified rule that allows possession of a combination of vehicles worth up to \$5000 before their value is counted in the \$1000 maximum resource asset test.

The modified requirements of Section 2 would apply in the project areas defined in section 4(b). AFDC families living in the project area would be randomly assigned to experimental or control groups. Members of the control group would be subject to normal AFDC eligibility requirements.

Sec. 6 establishes a "workfare" demonstration project in which AFDC families would be randomly assigned to experimental and control groups. (a) requires adult AFDC recipients in the project area 18 and older to participate in uncompensated work activities {including community work, education, etc.} for 21 hours per week. It requires DHSS to sanction those who fail to participate as required by not including them as a member of the family in the eligibility determination for AFDC assistance.

(b) directs DHSS to subcontract with organizations in the project area to administer subsection (a) of this section if the organizations have had successful experience in the required areas. The department is required to determine who must participate in the activity as detailed in subsections (c) and (d).

(c) establishes exemptions from the workfare requirements for certain individuals participating in the demonstration, including:

- Individuals employed at least 15 hours per week - if they are working less than 15 hours, work time is credited toward the 21 hour requirement.

- Individuals determined by DHSS to be physically or mentally incapable of performing workfare activities.
- A parent caring for a child under 6 years old.
- A parent caring for a child with a developmental disability.

It also prohibits DHSS from requiring individuals to participate in workfare unless childcare and transportation costs are paid.

Sec. 7 Establishes an AFDC unemployed parent demonstration project, to assist two-parent families establish self-sufficiency within three years.

Sec. 8 Establishes a self-employment demonstration project to assist AFDC recipients in reducing their need for benefits by allowing them to establish and operate a microenterprise.

Sec. 9 directs the department to establish a "diversion" demonstration project, which would offer short-term financial assistance to job-ready AFDC applicants in order to avoid long-term financial support.

Sec. 10 requires state agencies to work with the department to implement sections 4-11 of this act.

Sec. 11 defines "AFDC: as the program of aid to families with dependent children, and "department" as the Department of Health and Social Services.

Sec. 12 provides the department immunity from liability for civil damages in administration of the authorized demonstration projects.

Sec. 13 reduces AFDC payment levels 1.7% across the board 90 days after the Act is signed.

Sec. 14 directs the department to adopt regulations necessary to implement secs. 4-13.

Sec. 15 allows DHSS and Department of Revenue to adopt regulations necessary to implement this Act, not before the effective date of the relevant section.

Sec. 18 repeals the entire act July 1, 2001.



Representative Mark Hanley **Alaska State Legislature**

SPONSOR STATEMENT

CS for HOUSE BILL 78

It has been said, the best way to reform welfare is to get people off welfare. According to a recent survey by the State Department of Health and Social Services, 88% of AFDC clients in Alaska said they would rather work than be on welfare. Most families on welfare want a way off -- they want the self-sufficiency and pride that job training and employment bring.

CSHB 78 directs the Department of Health and Social Services to apply for a series of waivers from the usual provisions governing AFDC programs. One would establish a "workfare" demonstration project, which would require able-bodied AFDC recipients not working at least 15 hours a week to perform community service, or have their benefits reduced.

The unemployed parent demonstration project would assist two-parent families achieve self-sufficiency in three years; the self-employment demonstration project would allow recipients to set up microenterprises. A diversion project would offer lump-sum payments for short-term assistance in an effort to avoid ongoing financial support.

This bill provides positive incentives to work in the form of higher income-disregards and a higher vehicle allowance. The costs of child care and transportation necessary for participation will be covered by the department. Those in the demonstration groups who choose not to participate would face sanctions, such as reductions in their benefits.

America is ready to "end welfare as we know it". Many states are using waiver projects to develop alternatives to the tradition of welfare; it is time for Alaska, with its growing

welfare rolls and dwindling revenues, to step up to the plate. CSHB 78 is an important piece of legislation; a step towards breaking the cycle of dependence on welfare by rewarding hard work.

Congress is currently hearing a plethora of welfare reform measures. One proposal would authorize federal block grants for welfare funding, giving states the flexibility to design their own programs. CSHB 78 would allow the state a look into what may or may not work in Alaska, giving us an advantage in this process.

STATE OF ALASKA
DEPARTMENT OF REVENUE
 CHILD SUPPORT ENFORCEMENT DIVISION

TONY KNOWLES, GOVERNOR

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March 2, 1995

Rep. John Davies
 State Capitol
 Juneau, AK 99801

Dear Rep. Davies:

The Child Support Enforcement Division (CSED) of the Alaska Department of Revenue supports the Sponsor Substitute for House Bill 62. With the passage of SSHB62, Alaska will join 17 other states in asserting the rights of children to be supported by their parents.

CSED anticipates that, because of this legislation, Alaskan children will see a dramatic increase in the collection of support from parents who otherwise would not pay. Additionally, this bill will help to decrease the AFDC rolls, thereby reducing the state's costs of supporting children for whom an absent parent refuses to support.


The success of this type of program enacted in other states has been significant. Many states dramatically increased collections, while minimizing the number of instances where people lost their licenses.

This legislation wins on all counts. Approximately 88% of the costs of enacting SSHB62 will be paid by the federal government and the remainder will be offset by increased revenues to the state through AFDC collections. It is a readily implemented, cost-effective strategy for returning responsibility where it belongs - to the parents.

SSHB62 also provides for fairness in support enforcement. Under present statutes, it is much easier to collect child support from a parent who works for wages and pays taxes than it is to collect from someone who works under the table or owns a business or professional practice. Ironically, child support is often avoided by those who are most able to pay. SSHB62 would ensure that those who have been able to hide their income will no longer be rewarded for such activity.

Finally, we believe that SSHB62 represents the future of America. Serious discussions of welfare reform at all levels of government include issues of personal responsibility and the basic right of children to be supported by their parents. Licensing suspension and/or non-renewal is an effective method to enforce compliance with the law.

Sincerely,


 Glenda J. Straube
 Director

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DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

P.O. BOX 10601
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April 24, 1995

Honorable Steve Frank
Co-Chairman
Senate Finance Committee
Room 518 Capitol
Juneau, AK 99801-1182

Dear Senator Frank:

Committee Substitute for Senate Bill 109 (L&C) is currently in the Senate Finance Committee.

The legislation will allow for withholding of occupational licenses and driver's licenses from individuals who are in arrears on an obligation to pay child support and are not adhering to an established payment schedule. The Department of Revenue projects increased child support collections as a result of this legislation.

At the time of application, all Aid to Families with Dependent Children clients assign to the State the right to child support collected on behalf of any children in the family as long as Aid to Families with Dependent Children benefits are received. Fifty percent of the amount of child support collected on behalf of the Aid to Families with Dependent Children recipient is transferred to the Department of Health and Social Services to offset the cost of benefits paid. In FY 96, the legislation would result in an offset of over one million dollars in Aid to Families with Dependent Children benefits.

The Department of Health and Social Services strongly endorses this legislation as an integral part of a welfare reform strategy and urges your support.

Sincerely,



Karen Perdue
Commissioner



Representative Mark Hanley

Alaska State Legislature

SECTIONAL ANALYSIS

CS for House Bill No. 78
May 1, 1995

CSHB 78 amends statutes to require the agency [Child Support Enforcement Division] to maintain a list of delinquent obligors for licensing entities, who may not issue or renew a license to persons on the list. CSHB 78 amends existing statutes for the Aid to Families with Dependent Children [AFDC] program. This legislation authorizes the Department of Health & Social Services [DHSS] to seek federal approval to operate four experimental AFDC demonstration projects under the authority of section 1115(a) of the Social Security Act, authorizes imposition of certain modified AFDC eligibility criteria and requirements for participation in a mandatory work program on project participants, and establishes a ratable reduction in benefit payments for the AFDC and program statewide.

*Section 1. AS 25.27 is amended by adding new sections to read:

Sec. 25.27.244. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S OCCUPATIONAL LICENSE. (a) Requires agency to maintain, on a monthly basis, an updated certified list of obligors who are not in substantial compliance with a support order

(b) Requires agency to compile above lists and provide copies, within 30 days, to each licensing entity. Licensing entities may not issue or renew a license to a person on the list, except as provided under this section.

(c) Requires agency to compare applicant to most recent list and, if found, immediately notify the applicant of the licensing entity's intent to withhold issuance or renewal of the license.

(d) Requires licensing entity to issue a 150-day temporary permit if applicant otherwise qualified. No extensions or additional temporary permits are allowed.

(e) Provides notification guidelines.

(f) Requires agency to establish review procedures so an applicant may have his/her case investigated, modify an order, or receive assistance in establishing a payment schedule.

(g) Provides guidelines for applicant that challenges being included on the list. Requires agency to send a release to licensing entity if: (1) applicant is found to be in compliance or negotiates an agreement; (2) agency is too slow, through no fault of the applicant, in responding so that applicant is unable to request judicial relief before expiration of temporary license; (3) request for judicial relief, through no fault of the applicant, will not be resolved before expiration of the temporary license, or (4) applicant obtains judicial finding of compliance.

(h) Requires applicant to act diligently in responding to notices. Applicant's delay in acting, without good cause, does not justify an issuance or a release.

(i) Forbids an agency to issue a release except as provided in this section. Requires agency to notify applicant of options.

(j) Provides requirements for a request for judicial relief from the agency's decision. Requires court to hold hearing within 20 days. Limits issues on which the court may base its decision.

(k) Requires agency to issue a release if court finds obligor to be in substantial compliance.

(l) Provides guidelines for handling a release.

(m) Allows agency to enter into interagency agreements with other state agencies to implement this section.

(n) Requires licensing entities to charge a fee for temporary licenses to cover costs of this section.

(o) Subsection (g) is the only administrative remedy available. Administrative Procedure Act does not apply.

(p) Requires appropriate agencies and departments to adopt regulations to implement this section.

(q) Definitions. List of licenses included and excluded.

Sec. 25.27.246. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S DRIVER'S LICENSE. (a) Requires agency (CSED) to maintain, on a monthly basis, an updated certified list of obligors who have a driver's license and are not in substantial compliance with a support order.

(b) Requires agency to serve notice under (d) of this section that the obligor's driver's license will be suspended in 150 days and will not be reissued or renewed unless the licensee receives a release from the agency.

(c) If the licensee fails to obtain a release during the 150-day period following notice under (b) and (d) of this section, requires agency to notify department (Public Safety) that the licensee's driver's license should be suspended and further renewals or

applications should be denied until the agency sends the department a release for the licensee. Funds paid for a suspended or denied license may not be refunded.

(d) Provides notification guidelines.

(e) Requires agency to establish review procedures so that an applicant may have his/her case investigated, modify an order, or receive assistance in establishing a payment schedule.

(f) Provides guidelines for applicant that challenges being included on the list. Requires agency to send a release to licensing entity if: (1) applicant is found to be in compliance or negotiates an agreement; (2) agency is too slow, through no fault of the applicant, in responding so that applicant is unable to request judicial relief before expiration of temporary license; (3) request for judicial relief, through no fault of the applicant, will not be resolved before expiration of the temporary license; or (4) applicant obtains judicial finding of compliance.

(g) Requires applicant to act diligently in responding to notices. Applicant's delay in acting, without good cause, does not justify an issuance or a release.

(h) Does not allow agency to issue a release except as provided in this section. Requires agency to notify applicant of options.

(i) Provides requirements for a request for judicial relief from the agency's decision. Requires court to hold hearing within 20 days. Limits issues on which the court may base its decision.

(j) Requires agency to issue a release if court finds obligor to be in substantial compliance.

(k) Provides guidelines for handling a release.

(l) Subsection (f) is the only administrative remedy available. Administrative Procedure Act does not apply.

(m) Requires appropriate agencies and departments to adopt regulations to implement this section.

(n) Definitions. List of licenses included and excluded.

Section 2. GRANTING OF ASSISTANCE. Amends AS. 47.25.360 to allow the department to pay assistance to someone other than the person having custody of the child.

Section 3. AS. 47.25 is amended by adding a new section to read:

Sec. 47.25.362. ASSISTANCE TO MINORS WITH CHILDREN. (a) With exceptions, requires a minor parent (under 18) of a dependent child to live at home with an adult relative, or in a safe, adult-supervised environment, in order to be eligible for AFDC.

(b) The department shall pay assistance to the parent/legal guardian on behalf of the minor.

(c) Exceptions to provision.

(d) Defines minor parent as a person under 18 who has never married, and is the natural parent of a dependent child living in the same house, or a pregnant woman.

Section 4. Repeals AS 47.25.310(c), which does not allow the department to require a minor parent to reside in a particular household to be eligible for benefits.

Section 5. REPORT. Requires the agency to submit a report to the legislature by 1/1/98 providing statistics to demonstrate the effectiveness of this measure (Section 1).

Section 6. WAIVER APPLICATION. (a) Directs DHSS to seek authority from the federal government by February 15, 1996, to operate the demonstration projects in secs. 7-11. It provides DHSS discretionary authority to implement the project in the event of only partial federal approval of the waiver application.

(b) requires a minimum of four projects be operated in at least four areas; one with a population over 25,000, one under 25,000, and one under 5,000.

(c) allows the department to modify or discontinue the waiver application or project if federal law or regulation changes substantially affect it. It also directs DHSS to recommend to the legislature any changes in statute needed to operate a fiscally responsible project.

Section 7. EARNED INCOME DISREGARD; WAIVER OF "100-HOUR" RULE; AUTO ALLOWANCE. Makes changes in AFDC eligibility provisions for purposes of operating the experimental demonstration projects authorized under sections 8-10.

(1) provides for an increase of the federally-set earnings disregard from the current short-term level of \$30 plus one-third of the remainder for two years to \$200 plus one-third of the remainder for a period of two years.

(2) waives the federal AFDC-Unemployed Parent "100 hour rule" that currently disqualifies two-parent families with a principal wage-earner working over 100 hours a month, allowing the recipient to work more hours and retain more income.

(3) waives the federal vehicle equity limit that disqualifies AFDC families who own a single vehicle worth more than \$2500, and substitutes a modified rule that allows possession of a combination of vehicles worth up to \$5000 before their value is counted in the \$1000 maximum resource asset test.

The modified requirements of Section 3 would apply in the project areas defined in section 6(b). AFDC families living in the project area would be randomly assigned to experimental or control groups. Members of the control group would be subject to normal AFDC eligibility requirements.

Section 8. WORKFARE. Establishes a "workfare" demonstration project in which AFDC families would be randomly assigned to experimental and control groups. (a) requires adult AFDC recipients in the project area 18 and older to participate in uncompensated work activities {including community work, education, etc.} for 21 hours per week. It requires DHSS to sanction those who fail to participate as required by not including them as a member of the family in the eligibility determination for AFDC assistance.

(b) directs DHSS to subcontract with organizations in the project area to administer subsection (a) of this section if the organizations have had successful experience in the required areas. The department is required to determine who must participate in the activity as detailed in subsections (c) and (d).

(c) requirement for participation does not include persons who are:

(1) employed at least 15 hours per week - if they are working less than 15 hours, work time is credited toward the 21 hour requirement.

(2) exempt from participation under the JOBS program.

(3) enrolled as full-time students in good standing in a career education program, college or university.

(4) A parent caring for a child under 6 years old.

(5) Individuals determined by DHSS to be physically or mentally incapable of performing workfare activities.

(6) A parent caring for a child with a developmental disability.

(d) prohibits DHSS from requiring individuals to participate in workfare unless childcare and transportation costs are paid.

Section 9. AFDC UNEMPLOYED PARENT PROJECT. Establishes a transition-to-work project to assist two-parent families receiving

AFDC to achieve self-sufficiency within three years. Cash benefits will be available for no more than 36 months, but medical benefits may be available as long as the family is eligible under AFDC.

Section 10. SELF-EMPLOYMENT PROJECT. Establishes a demonstration project to assist AFDC recipients in reducing their need for public assistance by allowing them to establish and operate a microenterprise.

Section 11. DIVERSION PROJECT. Directs the department to establish a "diversion" demonstration project, which would offer short-term financial assistance to job-ready AFDC applicants in order to avoid long-term financial support.

Section 12. COOPERATION. Requires state agencies to work with the department to implement sections 4-11 of this act.

Section 13. DEFINITIONS.

Section 14. IMMUNITY FROM LIABILITY. Provides the department immunity from liability for civil damages in administration of the authorized demonstration projects.

Section 15. AFDC PAYMENT LEVELS. reduces AFDC payment levels 1.7% across the board 90 days after the Act is signed.

Section 16. REGULATIONS. Directs the department to adopt regulations necessary to implement secs. 6-15.

Section 17. TRANSITION. Allows DHSS and Department of Revenue, child support enforcement agency to adopt regulations necessary to implement this Act, not before the effective date of the relevant section.

Section 18. sets an immediate effective date for sections 2-4, 6, and 12-17.

Section 19. Sections 7-11 take effect on the effective date of the approval of the waivers.

Section 20. Section 1 (CSED measure) takes effect January 1, 1996.

Section 21. Repeals sections 6-19 July 1, 2001.

A M E N D M E N T 3

OFFERED IN THE HOUSE
TO: CSHB 78(HES)

BY REPRESENTATIVE BROWN

- 1 Page 1, lines 2 - 4:
2 Delete "relating to the maximum amount of assistance that may be granted under
3 the program of aid to families with dependent children;"
- 4 Page 11, line 24, through page 12, line 3:
5 Delete all material.
- 6 Renumber the following bill sections accordingly.
- 7 Page 12, line 5:
8 Delete "4 - 13"
9 Insert "4 - 12"
- 10 Page 12, line 23:
11 Delete "10 - 15"
12 Insert "10 - 14"
- 13 Page 13, line 4:
14 Delete "4 - 17"
15 Insert "4 - 16"

HB

78

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/5/95

FURTHER:

DATE TURNED INTO OFFICE: 5-6-95

The Finance Committee considered CS HB 78(FIN) am

Licenses and applications for licenses for persons who are not in substantial compliance with orders, judgments, or payment schedules for child support; amending Alaska Rule of Civil Procedure 90.3; efd.

and recommends:

- be replaced with 5 CS CS HB 78 (Fin)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:
- same title
 - new title
- House Bill:
- same title
 - technical change
 - new: SCR# _____

| SIGNING DO PASS | DP | OTHER RECOMMENDATIONS | NR | DNP | AM |
|------------------------------|----|-----------------------|----|-----|----|
| <i>[Signature]</i> | | <i>[Signature]</i> | ✓ | | |
| <i>[Signature]</i> | | <i>[Signature]</i> | ✓ | | |
| <i>[Signature]</i> | | <i>[Signature]</i> | | ✓ | |
| Co-Chair: <i>[Signature]</i> | | Co-Chair: | | | |
| Co-Chair: <i>[Signature]</i> | ✓ | Co-Chair: | | | |

NEW FISCAL NOTE(S):

| Department | Date | Zero | Fiscal |
|---------------|--------|------|--------|
| Court System | 5/5/95 | | 80.8 |
| DOLabor (W+H) | 5/2/95 | 0 | |
| 2 DOLabor | | | ✓ |
| 3 DECED | | | ✓ |
| DOR | | | ✓ |
| DOE | | | ✓ |
| DPS | | | ✓ |

PREVIOUS FISCAL NOTE(S):*

| | Department | Date | Zero | Fiscal |
|-----|---------------------------------|---------|------|--------|
| #23 | DEC (Palmer) <i>[Signature]</i> | 2/17/95 | 0 | |
| #9 | DHSS (FYS) | 4/4/95 | | 113.9 |
| #17 | DHSS (EMS training) | 3/10/95 | | 1.5 |
| | | | | |
| | | | | |

APPROPRIATION -- no fiscal note

12 new DHSS notes ✓

*include fiscal notes accompanying Governor's bill

See Attached Sheet of Fiscal Notes.

5-6-95
 Fiscal Notes
 to Accompany
 HB 78 (Fix)

FISCAL NOTES

Re: HB 78 - Public Assist. Demo Project & Decrease

| <u>No.</u> | <u>Dept.</u> | <u>Date</u> | <u>U.D.</u> | <u>Amount</u> |
|------------|--------------------------|---------------------------|-------------|---------------|
| 2. | DH&SS (PA-Elig.Deter.) | 4/04/95 | | 136.8 |
| 3. | DH&SS (PA-Admin.) | 4/04/95 | | 213.5 |
| 4. | DH&SS (PA-Data Proc.) | 4/04/95 | | 972.4 |
| 5. | DH&SS (Ak.Work Prog.) | 4/04/95 | | 0 394.5 FY97 |
| 6. | DH&SS (Child Care) | 4/04/95 | | 0 152.0 FY97 |
| 7. | DH&SS (AFDC-Ratable Red) | 4/04/95 5/7/95 | | (1,610.7) |
| 8. | DH&SS (PFD Hold Harm) | 4/04/95 | | (210.4) |
| 9. | DH&SS (FYS Central) | 4/04/95 | | 113.9 |
| 10. | DH&SS (Med.Asst.Claims) | 4/04/95 | | 40.0 |
| 13.34 | DPS (Driver Services) | 4/03/95 | & 5/1 | 222.8 |
| 14.33 | DOE (Teacher Cert.) | 3/24/95 | & 5/1 | 20.8 |
| 15.32 | DOR (Child Support) | 4/04/95 | & 5/2 | 519.4 |
| 17. | DH&SS (EMS Training) | 3/10/95 | | 1.5 |
| 18.31 | DC&ED (Ins.Operations) | 3/24/95 | 5/1/95 | 26.0 |
| 19.30 | DC&ED (Occ.Licensing) | 3/24/95 | & 5/1 | 83.5 |
| 20.29 | DC&ED (Banking/Corps.) | 3/24/95 | & 5/1 | 29.1 |
| 21.28 | DOLabor (Safety&Health) | 3/30/95 | & 5/2 | 36.1 |
| 22.27 | DOLabor (Mech.Insp.) | 3/30/95 | & 5/2 | 53.7 |
| 23. | DEC (Palmer Lab.) | 2/17/95 | | 0 |
| 24. | DH&SS (Med.Facilities) | 5/02/95 | | (116.7) |
| 25. | DH&SS (Med.Non-Fac.) | 5/02/95 | | (107.7) |
| 26. | DH&SS (AFDC) | 5/02/95 | | (317.9) |
| New 36 | DOLabor (Wage&Hr.Admin) | 5/02/95 | | 0 |

New, Updated Notes - Reflecting deletion of ratable reduction:

| | | | | |
|-----|-------------------------|---------------------------|--------|-----------------|
| 26. | DH&SS (AFDC) | 5/05/95 5/7/95 | | (317.9) |
| 2. | DH&SS (PA-Elg.Deter.) | 5/05/95 | 5/7/95 | 136.8 - 170.4 |
| 3. | DH&SS (PA-Admin.) | 5/05/95 5/7/95 | | 213.5 - 253.0 |
| 4. | DH&SS (PA-Data Proc.) | 5/05/95 5/7/95 | | 972.4 |
| 5. | DH&SS (Ak.Work Prog.) | 5/05/95 5/7/95 | | 0 394.5 FY97 |
| 6. | DH&SS (Child Care) | 5/05/95 5/7/95 | | 0 152.0 FY97 |
| 8. | DH&SS (PFD Hold Harm) | 5/05/95 5/7/95 | | (-12.7) (220.9) |
| 10. | DH&SS (Med.Asst.Claims) | 5/05/95 | 5/7/95 | 40.0 |
| 25. | DH&SS (Med.Non-Fac.) | 5/05/95 5/7/95 | | (107.7) |
| 24. | DH&SS (Med.Facilities) | 5/05/95 5/7/95 | | (116.7) |
| 9. | DH&SS (FYS Central) | 5/05/95 | | 113.9 |
| 17. | DH&SS (EMS Training) | 5/05/95 | | 1.5 |

New Courts 36 5/5/95 80.8
 New DH&SS (Training/Appals) 5/7/95
 Prepared by SFC 5-5-95

+ 12 New DH&SS Notes
 to be delivered 5/7/95
 (above)

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSIBB 78 (FIN)
DPA #1

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the AFDC program BRU: Assistance Payments
demonstration projects and payment reductions Component: AFDC
 Sponsor: Hanley
 Requestor: Senate Finance COMPONENT SERIAL NO. 220

| Expenditures/Revenues: | | (Thousands of Dollars) | | | | | |
|------------------------|---------|------------------------|-----------|-----------|-----------|-----------|--|
| OPERATING | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | |
| 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 | (317.9) | (1,373.1) | (2,905.4) | (4,191.5) | (5,648.7) | (7,124.9) | |
| MISC. LANECUS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| TOTAL OPERATING | (317.9) | (1,373.1) | (2,905.4) | (4,191.5) | (5,648.7) | (7,124.9) | |
| 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 | (144.3) | (623.4) | (1,319.0) | (1,902.9) | (2,564.5) | (3,234.7) | |
| 1003 GF Match | (1,206.9) | (2,960.9) | (3,990.4) | (4,731.4) | (5,675.7) | (6,657.0) | |
| 1004 GF | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| 1005 GF/Program Receipts | 1,062.5 | 2,337.5 | 2,671.3 | 2,828.4 | 3,111.2 | 3,422.3 | |
| 1006 GF/MHTIA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Other 1007 I/A Receipts | (29.2) | (126.3) | (267.3) | (385.6) | (519.7) | (655.5) | |
| TOTAL | (317.9) | (1,373.1) | (2,905.4) | (4,191.5) | (5,648.7) | (7,124.9) | |

| 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 any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Jim Nordlund, Director Phone: 465-2680
 Division: Division of Public Assistance Date: 5/7/95
 Approved by Com: Karen Perdue Date: 5/7/95
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

This legislation amends the public assistance statutes and includes several provisions that impact AFDC program costs.

AFDC RATABLE REDUCTIONS

Section 4 of the bill imposes a statewide reduction of approximately 1.7 percent in AFDC payments. The ratable reductions are analyzed in a separate fiscal note. This note analyzes the impact of the other sections of the bill on AFDC assistance payments.

EFFECTIVE DATES

Section 23 establishes an immediate effective date for specified sections of the bill. For purposes of this analysis, we assume (unless otherwise noted in the assumptions stated in the analysis of individual bill sections) that the regulations necessary to implement the immediate provisions of the bill take effect on October 1, 1995.

Section 24 of the bill provides for an effective date based on the federal government's approval of the waivers necessary to implement the demonstration projects in bill sections 11 through 16. We assume for purposes of this analysis that federal approval will be obtained to operate the demonstration projects and the necessary state regulations will take effect on July 1, 1996.

Section 26 of the bill provides for an effective date of March 1, 1996 for bill sections not covered by the immediate effective date established in Section 23. The March 1996 effective date is apparently intended to apply to sections that would require changes in federal statutes to take effect. We assume, for purposes of this analysis, that the anticipated federal law changes and the necessary state regulations take effect on October 1, 1996.

ANALYSIS, ASSUMPTIONS, AND CALCULATIONS

Because numerous sections of the bill affect the AFDC Assistance Payments component, the analysis of each section and the separate provisions with sections are presented separately. There is a summary of the fiscal impacts of the various sections at the end of this fiscal note. Only sections that are expected to have an impact on AFDC program costs are included in this analysis.

ANALYSIS (cont.):**SECTION 2: WITHHOLDING OF OCCUPATIONAL AND DRIVERS LICENSES FROM DELINQUENT CHILD SUPPORT OBLIGORS**

This legislation changes child support law to withhold occupational and drivers licenses from delinquent child support obligors. The Department of Revenue projects increased child support collections as a result of this provision.

When child support collections cause the total income of an AFDC family to exceed the AFDC program income limit, the family is ineligible for AFDC. In such cases, the child support is paid directly to the family and no AFDC payment is made. Thus, the increased child support collections anticipated as a result of this provision reduce the cost of the AFDC program.

All AFDC applicants assign to the State the right to child support collected on behalf of the AFDC child(ren) as long as the children remain on AFDC. Fifty percent of the amount of child support collected on behalf of AFDC recipient families is transferred to the AFDC component as GF Program Receipts. These funds replace AFDC GF Match funds. Collections made on behalf of children whose families are eligible for AFDC do not reduce the total cost of the AFDC: they shift AFDC program funding from GF Match to GF Program Receipts.

Assumptions:

Calculations are based on the Department of Revenue projection of the increase in child support collections produced by this provision.

The overall decrease in AFDC program costs is based on the following assumptions:

- The monthly AFDC caseload is decreased by an average of 100 cases beginning in January, 1996. This caseload reduction increases by 10 percent each fiscal year after FY 96.
- Average monthly AFDC grant of cases that leave the caseload because of this legislation is \$300.

The shift in funding source calculation is based on the Department of Revenue projection of increased revenues resulting from this provision.

ANALYSIS (cont.):Calculations

AFDC benefit cost avoidance: AFDC caseload reductions

| | <u>Total</u> | <u>GF Match</u> | <u>Fed Receipts</u> |
|--------|--------------|-----------------|---------------------|
| FY 96 | (180.0) | (90.0) | (90.0) |
| FY 97: | (396.0) | (198.0) | (198.0) |
| FY 98: | (435.6) | (217.8) | (217.8) |
| FY 99: | (479.2) | (239.6) | (239.6) |
| FY 00: | (527.1) | (263.6) | (263.5) |
| FY 01: | (579.8) | (289.9) | (289.9) |

Shift in funding source: Collections on behalf of AFDC recipient children

| | <u>GF Match</u> | <u>GF/ Prog Receipts</u> |
|--------|-----------------|--------------------------|
| FY 96: | (1,062.5) | 1,062.5 |
| FY 97: | (2,337.5) | 2,337.5 |
| FY 98: | (2,671.3) | 2,671.3 |
| FY 99: | (2,828.4) | 2,828.4 |
| FY 00: | (3,111.2) | 3,111.2 |
| FY 01: | (3,422.3) | 3,422.3 |

ANALYSIS (cont.):**SECTION 3: PERMANENT INELIGIBILITY FOR WELFARE FRAUD**

Under this provision, individuals convicted, in Alaska or other jurisdictions, of unsworn falsification in fraud cases involving AFDC, Medicaid, or other public assistance programs are permanently disqualified from receiving AFDC.

Assumptions

- DHSS will rarely discover fraud convictions in other states; out-of-state convictions have no significant fiscal impact
- Approximately 12 criminal welfare fraud convictions per year in Alaska; half of the convicted individuals are otherwise AFDC-eligible
- Average cost avoidance per affected case = 24 months
- Average monthly savings per affected case = \$369.00
- This provision takes effect October 1, 1996

Calculations

| | |
|------|-----------|
| FY96 | No Impact |
| FY97 | (8.3) |
| FY98 | (34.3) |
| FY99 | (52.6) |
| FY00 | (53.1) |
| FY01 | (53.1) |

ANALYSIS (cont.):**SECTION 3: FAMILY CAP**

This provision eliminates eligibility for cash assistance to children born to AFDC recipients (whether or not their mother was an AFDC recipient at the time of conception), and to children conceived while their mother was an AFDC recipient. The exclusion does not apply to the first-born dependent child (nor to the siblings of the first-born in a multiple birth).

Assumptions

- This provision does not affect the rate of births by AFDC mothers.
- 996 children are born to or conceived by AFDC recipients in FY96. This number increases by 5 percent, in proportion to the caseload, in subsequent years.
- The first disqualified children are born in September 1997, 11 months after this provision takes effect.
- AFDC costs are avoided at the rate of \$102 per disqualified child per month.

Calculations

| | |
|------|-----------|
| FY96 | No Impact |
| FY97 | No Impact |
| FY98 | (558.6) |
| FY99 | (984.0) |
| FY00 | (1,232.2) |
| FY01 | (1,393.0) |

ANALYSIS (cont.):

SECTION 6: ASSISTANCE TO MINORS WITH CHILDREN

This legislation adopts the federal option to require unmarried minor parents to live with a parent, adult relative or in another adult-supervised living arrangement.

Assumptions

We anticipate no additional costs to AFDC program benefits due to this project.

- Two hundred AFDC applications per year are received from unwed teen parents.
- Seventy AFDC applications from teen parents require investigation each year because the teen claims that the parents' home is unsafe.
- Forty percent of the cases investigated are denied benefits because the teen refuses to cooperate in the investigation or does not qualify financially because their parent(s)' income and assets disqualify them when they live at home.
- The average monthly AFDC caseload is reduced by 28 cases per month. Average monthly cost per case is \$821.
- The state regulations necessary to implement this provision take effect January 1, 1996.

FY 96 savings represent 6 months savings because of phased implementation.

Savings Calculation:

FY 96: (137.9)

FY 97 through FY 01: (275.9) per year

ANALYSIS (cont.):

SECTION 6: TIME LIMITS

This subsection provides that families which include an individual who has participated in the state JOBS program becomes ineligible for AFDC 25 months after assignment to the activity.

Assumptions

- Savings resulting from case closures because of the 24-month time limit begin to accrue in FY99.
- Three percent of the families participating in JOBS close due to the 24-month time limit.
- FY99 savings represent 6 months savings because of phased implementation in FY97.

Calculations

| | |
|-----------|-----------|
| FY96-FY98 | No Impact |
| FY99 | (283.7) |
| FY00 | (851.0) |
| FY01 | (1134.7) |

ANALYSIS (cont.):**SECTION 11 - 16: DEMONSTRATION PROJECTS**

The demonstration projects involve an array of services and special eligibility provisions that, under current law, require waiver of certain federal AFDC statutes and regulations. The demonstration projects include:

- A **Workfare Project** requires certain members of the experimental group benefit from increased incentives to work whether or not they are assigned to uncompensated work experience. Selected AFDC recipients are required to participate in unpaid work activities for 21 hours a week. Individuals who are employed 15 or more hours a week are exempt from the requirement. Individuals who are required to participate in workfare are subject to fiscal sanction if they do not comply with the requirement. Families selected as project participants will be subject to a 24-month time limit on AFDC benefits.
- An **AFDC Unemployed Parent Demonstration** designed to help two-parent AFDC families achieve economic independence. Families selected as project participants will be subject to a 24-month time limit on AFDC benefits.
- A **Self-Employment Project** provides incentives and support to families with a member who wishes to develop and operate a small business. Participants in this project are allowed to set aside up to \$10,000 to operate a self-employment business and to have up to \$500 per month in non-business income disregarded in the AFDC benefit calculation in order to build up business assets.
- A **Diversion Project** that will provide families an alternative to long-term AFDC dependency by offering job-ready AFDC applicants a one-time lump-sum cash payment to meet critical needs while they obtain employment and/or child support. Diversion projects will operate in two or more areas of the state.
- A **Two-Tier Payment System** that, with specific exceptions requires AFDC benefits to families that have lived in Alaska for less than six months to be paid at the level in effect in their last previous state of residence.

All individuals in the experimental groups for the Unemployed Parent, Workfare, and Self-Employment projects receive increased incentives to work. The federal statute that prevents them from owning a vehicle worth more than \$2,500 is waived and they will instead be allowed to own up to \$5,000 in vehicle equity before the equity is counted against them. They are allowed an additional earned income disregard that increases the current time-limited \$30 and one third of the remainder to \$200 plus one third of the remainder for 24 months. The federal rule that prevents unemployed parents from working more than 100 hours per month is waived.

ANALYSIS (cont.):

General Assumptions - Demonstration Projects: (Specific assumptions for each of the four demonstration projects are set forth below.)

Each of the demonstration projects is operated under the authority of section 1115 (a) of the Social Security Act, which provides for the necessary policy waivers and requires an experimental design and a rigorous evaluation of results.

To comply with federal requirements, 70 percent of cases in each project area are randomly drawn to participate as the experimental group. Demonstration project requirements and waivers apply only to the experimental group.

Thirty percent of cases are maintained as part of the control group; normal AFDC program requirements apply to the control group.

Demonstration project operations begin July 1, 1996 and end June 30, 2001.

Project costs (Measured over the 5-year operation of the project) do not exceed baseline costs of operating the AFDC program without the project. Federal financial participation is therefore available at the AFDC 50 percent federal match rate for all project costs.

Workfare Project:**General Assumptions:**

- Workfare operates in one urban area with a total caseload size of approximately 5500 cases per month. An average of 300 AFDC participants per month are engaged in unpaid work activities under workfare.

Savings Assumptions:

- Five percent of the experimental group start working as a result of the increase in earned income disregards, and an additional nine percent of the experimental group start working because of the workfare demonstration, at an average of wage of \$800 per month. The average savings per case for participants who become employed is \$463 per month.
- One percent of the families in the experimental group leave the AFDC caseload because of increased work incentives. Seven percent of the families in the experimental group leave the AFDC caseload because of the 21 hour-per-week workfare requirement. The average savings for each family that leaves AFDC is \$788 per month.
- Three percent of the families in the project are sanctioned or denied for failure to comply with workfare requirements.
- Savings resulting from case closures because of the 24-month time limit begin to accrue in FY99.

ANALYSIS (cont.):

Annual Workfare Savings:

| AFDC BENEFIT SAVINGS | | | | | | |
|---|-------|----------|----------|----------|----------|----------|
| | FY 96 | FY 97 | FY 98 | FY 99 | FY 00 | FY 01 |
| \$200 + 1/3 Earned Income Disregard & 100- Hour-Rule | 0.0 | (390.93) | (852.0) | (688.5) | (932.9) | (979.5) |
| Workfare Sanctions | 0.0 | (8.8) | (17.6) | (17.6) | (17.6) | (17.6) |
| Case Closures | 0.0 | (112.8) | (360.7) | (408.6) | (511.9) | (573.6) |
| Total Gross Savings | 0.0 | (796.1) | (1230.3) | (1314.7) | (1462.4) | (1570.7) |

Cost Assumptions:

The annual average earned income disregard rises from \$36 per month to \$180 per month for working families.

The eligibility waivers result in 8 more eligible families each year.

Annual Workfare Costs:

| AFDC BENEFIT COSTS | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| | FY 96 | FY 97 | FY 98 | FY 99 | FY 00 | FY 01 |
| \$200 + 1/3 Earned Income Disregard & 100- Hour-Rule | 0.0 | 505.5 | 499.2 | 524.1 | 550.2 | 577.5 |
| Automobile Allowance | 0.0 | 60.3 | 80.4 | 80.4 | 80.4 | 80.4 |
| Total Gross Costs | 0.0 | 565.8 | 579.6 | 604.5 | 630.6 | 657.9 |

Workfare Project: Cost/Savings Summary

| | FY96 | FY97 | FY 98 | FY 99 | FY 00 | FY 01 |
|-------------|------|---------|----------|----------|----------|----------|
| Savings | 0 | (796.1) | (1230.3) | (1314.7) | (1462.4) | (1570.7) |
| Costs | 0 | 565.8 | 579.6 | 604.5 | 630.6 | 657.9 |
| Net Savings | 0 | (230.3) | (650.7) | (710.2) | (831.8) | (912.8) |

ANALYSIS (cont.):**Unemployed Parent Project****General Assumptions:**

The Unemployed Parent Project operates in two urban sites with a total AFDC Unemployed Parent caseload of approximately 1100 cases per month.

Four percent of the experimental group is exempt from the project requirements because they are unable to work.

Savings Assumptions:

The project waivers increase the average monthly earnings of project participants who are already working from \$500 to \$800.

Five percent of unemployed project participants become employed at an average wage of \$800 per month as a result of the project requirements.

Savings resulting from case closures because of the 24-month time limit begin to accrue in FY99.

One percent of families in the experimental group become ineligible for AFDC because of the demonstration project.

Three percent of the families in the project are sanctioned or denied for failure to comply with project requirements.

Cost Assumptions:

The waiver of the 100-hour rule, increase in the vehicle value allowance, and increase in the income disregard produce costs for benefits paid to families that would otherwise receive a reduced AFDC grant or be ineligible.

Calculations:

| Unemployed Parent Project: Cost/Savings Summary | | | | | |
|---|---------|---------|----------|----------|----------|
| | FY97 | FY98 | FY99 | FY00 | FY01 |
| Savings | (671.2) | (887.1) | (1314.0) | (1760.0) | (2632.4) |
| Cost | 541.7 | 577.6 | 603.6 | 632.9 | 662.3 |
| Net Savings | (129.5) | (309.5) | (710.4) | (1127.1) | (1970.1) |

ANALYSIS (cont.):**Self-Employment Project:****General Assumptions:**

The Self-Employment Project serves a maximum of 50 AFDC recipients in any month.

The average net self-employment earnings for project participants is \$700 per month.

Thirty AFDC recipients become self-employed in FY 97; 50 recipients become self-employed in each subsequent year.

Savings Assumptions:

The AFDC savings is \$505 per month for each case that becomes employed.

Three AFDC cases become ineligible for AFDC because of successful self-employment operations in FY 97 and 10 cases become ineligible in each subsequent year; the average savings for each family that leaves the caseload is \$5122 per year.

Cost Assumptions:

The new income disregards result in program costs: The average monthly income disregard for project participants is \$344 more than the regular AFDC income disregard. \$200 of this amount is due to the special allowances for self-employed and \$144 is due to the increased earned income disregards.

Calculations:

| Self-Employment Project: Costs/Savings Summary | | | | | |
|--|---------|---------|---------|---------|---------|
| | FY97 | FY98 | FY99 | FY00 | FY01 |
| Savings | (151.7) | (369.6) | (420.8) | (472.0) | (523.2) |
| Cost | 67.1 | 111.8 | 111.8 | 111.8 | 111.8 |
| Net Savings | (34.6) | (257.8) | (309.0) | (360.2) | (411.4) |

ANALYSIS (cont.):**Diversion Project****General Assumptions:**

The Diversion Project operates in two areas of the state.

In FY 97 the experimental group includes approximately 1600 applicant families. The number of applicant families increases by 1 percent per year each year thereafter.

Fifteen percent of the applicants screened into the experimental group meet the criteria for a diversion offer and accept a diversion payment rather than receiving AFDC benefits.

Savings Assumptions:

The average AFDC payment avoided for the 3 month period is \$2,364.

Fifty-five percent of the families that receive diversion payments are diverted from the AFDC program for at least 12 months.

For each Diverted family, an average of 6.5 months of AFDC expenditures is avoided.

Cost Assumptions:

In the implementation year of FY 97, 94 families receive Diversion payments; 179 families receive Diversion payments in FY 98. The number of Diversion recipients increases by 1 percent in each subsequent year.

The average diversion payment is \$1,600 per family.

Calculations:

| AFDC Diversion Project: Cost/Savings Summary | | | | | |
|--|---------|---------|---------|---------|---------|
| | FY97 | FY98 | FY99 | FY00 | FY01 |
| Savings | (358.3) | (667.8) | (673.9) | (680.8) | (687.6) |
| Cost | 203.5 | 379.3 | 382.7 | 386.7 | 390.5 |
| Net Savings | (154.8) | (288.5) | (291.2) | (294.1) | (297.1) |

ANALYSIS (cont.):**Two-Tier Payment System**

This subsection provides that, with specified exceptions, AFDC benefits to families that have lived in Alaska for less than six months be paid at the level in effect in their last previous state of residence.

Assumptions

- This provision takes effect on October 1, 1996
- The average payment level of the last state of residence = \$431 per month
- An average of 826 applications per month are approved in FY97; 7 percent are from new residents who are subject to the two-tier requirement
- The application volume increases by 1 percent per year
- Cases in the two-tier system receive an average of four months' benefits

Calculations

| | |
|------|-----------|
| FY96 | No Impact |
| FY97 | (93.7) |
| FY98 | (94.5) |
| FY99 | (95.3) |
| FY00 | (96.2) |
| FY01 | (97.0) |

ANALYSIS (cont.):

**CUMULATIVE IMPACTS OF THIS LEGISLATION ON AFDC ASSISTANCE
PAYMENTS SUMMARY**

| | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | Totals |
|----------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| CS/Licenses | (180.0) | (396.0) | (435.6) | (479.2) | (527.1) | (579.8) | (2597.7) |
| Welfare Fraud | 0.0 | (8.3) | (34.3) | (52.6) | (53.1) | (53.1) | (201.4) |
| Family CAP | 0.0 | 0.0 | (558.6) | (984.0) | (1232.2) | (1393.0) | (4167.8) |
| Minor Parents | (137.9) | (275.9) | (275.9) | (275.9) | (275.9) | (275.9) | (1517.4) |
| 24-Mo Limit | 0.0 | 0.0 | 0.0 | (283.7) | (851.0) | (1134.7) | (2269.4) |
| Workfare | 0.0 | (230.3) | (650.7) | (710.2) | (831.8) | (912.8) | (3335.8) |
| Unemployed Parent | 0.0 | (129.5) | (309.5) | (710.4) | (1127.1) | (1970.1) | (4246.6) |
| Self Employment | 0.0 | (84.6) | (257.8) | (309.0) | (360.2) | (411.4) | (1423.0) |
| Diversion | 0.0 | (154.8) | (288.5) | (291.2) | (294.1) | (297.1) | (1325.7) |
| Two-Tier | 0.0 | (93.7) | (94.5) | (95.3) | (96.2) | (97.0) | (476.7) |
| TOTAL | (317.9) | (1373.1) | (2905.4) | (4191.5) | (5648.7) | (7124.9) | (21561.5) |

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB-78 (FIN)
DPA #2

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the AFDC program BRU: PA Administration
demonstration projects and payment reductions Component: Eligibility Determination
 Sponsor: Hanley
 Requestor: Senate Finance COMPONENT SERIAL NO. 236

Expenditures/Revenues:

(Thousands of Dollars)

| OPERATING | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | 114.3 | 228.5 | 228.5 | 228.5 | 228.5 | 228.5 |
| TRAVEL | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CONTRACTUAL | 3.1 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| SUPPLIES | 1.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| EQUIPMENT | 50.0 | 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 | 3.0 | 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 | 170.4 | 236.0 | 236.0 | 236.0 | 236.0 | 236.0 |

| | | | | | | |
|----------------------|-----|-----|-----|-----|-----|-----|
| 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 | 85.2 | 118.0 | 118.0 | 118.0 | 118.0 | 118.0 |
| 1003 GF Match | 85.2 | 118.0 | 118.0 | 118.0 | 118.0 | 118.0 |
| 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 1007 I/A Receipts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | 170.4 | 236.0 | 236.0 | 236.0 | 236.0 | 236.0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 5 | 5 | 5 | 5 | 5 | 5 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation adds new requirements including Two-Tier payments and a Family CAP to the AFDC program which produce a need for additional Eligibility Determination staff.

Also, operation of the demonstration projects and the new teen parent requirement produces the need for additional eligibility determination staff. This need is primarily due to the additional time necessary to inform members of the experimental groups of the requirements applicable to them, determine individuals' employability, establish contracts with families, monitor compliance, and case maintenance

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Perdue
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 5/7/95
 Date: 5/7/95

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ANALYSIS (cont.):Assumptions:

Eligibility staff are trained and in place upon project implementation on July 1, 1996. Training period is 6 months, so eligibility staff costs begin January 1, 1996.

Project components requiring most additional eligibility staff time are the diversion and unemployed parent projects. The community work project, self-employment project, two-tier payments, and requirement for teen parents at home also impact on the need for field eligibility staff.

The additional workload and associated case maintenance produces a need for 5 Eligibility Technician II positions statewide; 4 in Anchorage and 1 in Fairbanks.

Federal matching funds are available for demonstration project costs at the AFDC 50% matching rate, based on the projected cost neutrality of the projects.

Calculations:

FY 96:

| | |
|--------------------------------------|-------------|
| Personal Services (6 months) | 114.3 |
| 5 ET II - R14 @ 45.7 yr (6 months) | |
| Travel (for training) | 1.5 |
| Contractual (space, phones, postage) | 3.1 |
| Supplies | 1.5 |
| Equipment | <u>50.0</u> |
| Total | 170.4 |

FY 97 through FY01:

| | |
|--------------------------------------|------------|
| Personal Services (12 months) | 228.5 |
| 5 ET II - R14 @ 45.7 yr (12 months) | |
| Contractual (space, phones, postage) | 5.0 |
| Supplies | <u>2.5</u> |
| Total | 236.0 |

| | | | | |
|---|--------------------------|-----------------------|--------------------|------------------------|
| Position Title Eligibility Tehncian II | | No. of Positions 4 | Range/Step R14A | Bargaining Unit GGU |
| Time Status FT | Staff Months 6 months | Location Anchorage | | Election District |
| TYPE of EXPENDITURE | | AMOUNT | | |
| Salary | | 91.4 | | |
| Benefits | | | | |
| Premium Pay | | | | |
| Other | | | | |
| Total Personal Services | | 91.4 | | |
| Travel | | | | |
| Contractual | | 2.0 | | |
| Commodities | | 1.1 | | |
| Equipment | | 40.0 | | |
| Other | | | | |
| Total Cost | | 134.5 | | |
| FUNDING SOURCE for TOTAL COST | | | | |
| 1002 | Federal Receipts | 67.2 | | |
| 1003 | GF Match | 67.3 | | |
| 1004 | General Fund | | | |
| 1005 | GF/Program Receipts | | | |
| 1006 | GF/Mental Health Trust | | | |
| 1007 | I/A Receipts | | | |
| 1061 | CIP Receipts | | | |
| Other | | | | |
| <p>Justification</p> <p>This legislation produces a need for additional Eligibility Determination staff.</p> <p>Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance w'lh new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.</p> | | | | |

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Eligibility Determination (0236)

Page 1 of 1

Revised Date:

FY96

| | | | | |
|---|--------------------------|-----------------------|---------------------|------------------------|
| Position Title Eligibility Technician II | | No. of Positions 1 | Range/Step R 14A | Bargaining Unit GGU |
| Time Status FT | Staff Months 6 months | Location Fairbanks | | Election District |
| TYPE of EXPENDITURE | | AMOUNT | | |
| Salary | | 22.9 | | |
| Benefits | | | | |
| Premium Pay | | | | |
| Other | | | | |
| Total Personal Services | | 22.9 | | |
| Travel | | 1.5 | | |
| Contractual | | 1.0 | | |
| Commodities | | 0.5 | | |
| Equipment | | 10.0 | | |
| Other | | | | |
| Total Cost | | 35.9 | | |
| FUNDING SOURCE for TOTAL COST | | | | |
| 1002 | Federal Receipts | 17.9 | | |
| 1003 | GF Match | 18.0 | | |
| 1004 | General Fund | | | |
| 1005 | GF/Program Receipts | | | |
| 1006 | GF/Mental Health Trust | | | |
| 1007 | I/A Receipts | | | |
| 1061 | CIP Receipts | | | |
| Other | | | | |
| <p>Justification</p> <p>This legislation produces a need for additional Eligibility Determination staff.</p> <p>Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance with new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.</p> | | | | |

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Eligibility Determination (0236)

FY96

Page 1 of 1

Revised Date:

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (PIN)
DPA #3

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the AFDC program BRU: PA Administration
demonstration projects, and payment reductions Component: PA Administration
 Sponsor: Hanley
 Requestor: Senate Finance COMPONENT SERIAL NO. 233

Expenditures/Revenues:

(Thousands of Dollars)

| OPERATING | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | 166.5 | 166.5 | 166.5 | 166.5 | 166.5 | 166.5 |
| TRAVEL | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 |
| CONTRACTUAL | 63.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 |
| SUPPLIES | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| EQUIPMENT | 30.0 | 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 | 283.0 | 218.0 | 218.0 | 218.0 | 218.0 | 218.0 |

| | | | | | | |
|----------------------|-----|-----|-----|-----|-----|-----|
| 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 | 141.5 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 |
| 1003 GF Match | 141.5 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 |
| 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/MHT/A | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other 1007 I/A Receipts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | 283.0 | 218.0 | 218.0 | 218.0 | 218.0 | 218.0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 3 | 3 | 3 | 3 | 3 | 3 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation requires DHSS to design and operate waiver projects under the authority of section 1115 (a) of the Social Security Act. It also adds several new provisions to the AFDC program.

Project development and management staff are necessary to develop, apply for, monitor, and evaluate the demonstration projects authorized by this legislation. Project management staff will coordinate program and system changes, oversee an evaluation contractor, and maintain relationships with federal officials. Essential project management staff include a project coordinator and a project assistant.

Prepared by: Jim Nordlund, Director *Jim Nordlund* Phone: 465-2680
 Division: Division of Public Assistance Date: 5/7/95
 Approved by Com: Karen Perode, Commissioner *Karen Perode* Date: 5/7/95
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

The federal Department of Health and Human Services requires that a demonstration project evaluation be performed by an independent contractor. The evaluation tests the effects of the demonstration on program costs and recipient outcomes.

Implementation of the new provision's by October 1, 1996 requires the department to immediately develop program regulations, coordinate data system changes, and publish program manuals.

Assumptions:

An independent contractor will design, review, and evaluate project requirements to ensure federal approval. Total estimated costs are \$130,000 based on amounts other states paid for evaluation of similar projects.

The services of a private law firm are necessary to develop, write, and prepare for submission to the Attorney General the necessary state regulations.

The demonstration project operates from July 1, 1996 through June 30, 2001. FY96 costs are for project design and implementation.

Federal matching funds are available for demonstration project costs at the AFDC 50 percent matching rate, based on the projected cost neutrality of the project.

The level of complexity added to the AFDC program by these provisions require the Public Assistance Analyst I position to continue after implementation as part of the policy unit responsible for AFDC program compliance.

ANALYSIS (cont.):

Calculations:

FY 96:

| | | | |
|---|------------------------------------|-----|-------------|
| 1 | Project Coordinator | R19 | 62.5 |
| 1 | Project Assistant | R16 | 52.0 |
| 1 | Public Assistance Analyst I | R16 | 52.0 |
| | Regulations contract | | 25.0 |
| | Evaluation contract | | 30.0 |
| | Office space, postage, phones, fax | | 8.0 |
| | Supplies | | 1.5 |
| | Equipment | | 30.0 |
| | Travel | | <u>22.0</u> |
| | Total | | 283.0 |

FY 97 through FY01

| | | | |
|---|-----------------------------|-----|-------------|
| 1 | Project Coordinator | R19 | 62.5 |
| 1 | Project Assistant | R16 | 52.0 |
| 2 | Public Assistance Analyst I | R16 | 52.0 |
| | Evaluation Contract | | 20.0 |
| | Office space | | 8.0 |
| | Supplies | | 1.5 |
| | Travel | | <u>22.0</u> |
| | Total | | 218.0 |

| | | | | |
|---------------------------------------|---------------------------|---|-------------------|------------------------|
| Position Title Project Coordinator | | No. of Positions 1 | Range/Step 19A | Bargaining Unit GGU |
| Time Status FT | Staff Months 12 months | Location Juneau | | Election District |
| TYPE of EXPENDITURE | | AMOUNT | | |
| Salary | | 62.5 | | |
| Benefits | | | | |
| Premium Pay | | | | |
| Other | | | | |
| Total Personal Services | | 62.5 | | |
| Travel | | 8.0 | | |
| Contractual | | 3.5 | | |
| Commodities | | 0.5 | | |
| Equipment | | 10.0 | | |
| Other | | | | |
| Total Cost | | 84.5 | | |
| FUNDING SOURCE for TOTAL COST | | | | |
| 1002 | Federal Receipts | 42.2 | | |
| 1003 | GF Match | 42.3 | | |
| 1004 | General Fund | | | |
| 1005 | GF/Program Receipts | | | |
| 1006 | GF/Mental Health Trust | | | |
| 1007 | I/A Receipts | | | |
| 1061 | CIP Receipts | | | |
| Other | | | | |
| | | Justification | | |
| | | 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. | | |
| | | This request is for the project coordinator. | | |

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Public Assistance Administration (0233)

FY96

Page 1 of 1

Revised Date: