

II. WELFARE TO WORK: POTENTIAL EFFECTS ON ALASKA NATIVE COMMUNITIES

Background

In 1996 Congress made sweeping changes in welfare programs—changes intended to reduce welfare rolls nationwide and move recipients back into the work force. The Personal Responsibility and Work Opportunity Reconciliation Act—more commonly known as the federal welfare reform act—limits the time people can collect benefits and requires most recipients to find jobs, or at least prepare to go back to work, within some specific time. These changes were worrisome to many Alaska Native communities, where jobs are scarce, unemployment is high, and many people depend on public assistance.

But the effects of welfare reform on small Native places with the highest rates of unemployment will not be as harsh as first feared. Under a special provision of federal law, residents of Alaska Native communities where 50 percent or more of the working age population do not have jobs will be exempt from the time limit on benefits. Still, despite that exemption, welfare reform will mean changes in Alaska Native communities.

This chapter summarizes the work requirements of federal welfare reform and discusses how those requirements are likely to affect Alaska Native communities. It also describes the concerns of people we interviewed about the potential effects of welfare reform on Native communities. Because welfare reform is so new—it has been in effect in Alaska for just over a year—there are still some uncertainties about just how it will be implemented and therefore how it will affect individuals and communities. In general, the larger the community, the more jobs—particularly entry-level jobs for people just moving off welfare who may have limited skills and experience. The smallest communities, which have the fewest jobs opportunities, face the greatest challenges under welfare reform.

There are a number of features of welfare reform in addition to the work requirements. We don't discuss those here; several other agencies and organizations have published full descriptions of federal welfare reform and its relevance to Native communities and organizations. Those include a report prepared by the Alaska Department of Health and Social Services, which discusses the relationship of the new work requirements to other public assistance programs, child support enforcement, and tribal organizations. (That report is available from ISER, for interested readers.)

Welfare reform went into effect in Alaska in July 1997. The biggest changes are: (1) the former Aid to Families with Dependent Children (AFDC) entitlement program was replaced by the Alaska Temporary Assistance Program (ATAP), funded through a combination of a federal block grant and state money; (2) a limit of five years was placed on how long adult recipients can receive benefits, with an exemption for residents of Alaska Native villages with more than 50 percent of adults not working; (3) benefit recipients—including those in exempt villages—will be required to do some “work activities” or face benefit cuts; and (4) single, teenage parents without jobs and not in school will be required to work toward GEDs or to take job training.

Summary of Changes

Benefit Time Limits and Exempt Communities

Federal welfare reform established a five-year (60-month) cap on benefits to adult recipients. However, under a provision of federal law, residents of Alaska Native villages with 50 percent or more of adults not working are exempt from that limit, as long as they remain in the communities. The Alaska Division of Public Assistance, which administers the new Alaska Temporary Assistance Program (ATAP), determined that data from the 1990 federal census was the best measure of “unemployment” in Native communities. The census collects data on the number of people over 16 who are not employed at the time of the census. The division asked the Alaska Department of Labor to prepare a list of all Native census places where at least 50 percent of adults were not working at the time of the last census.

That list includes 148 of the roughly 200 Native census places in Alaska. The census found 142 places with at least 50 percent of adults out of work in 1990. Another 24 Native places had unemployment in the range of 40 to 50 percent in 1990. The Department of Labor surveyed those communities in early 1998, to find out if unemployment had increased to 50 percent since 1990. It found that unemployment had reached 50 percent in 5 of the 24 places, so those 5 were added to the list. In addition, one community that had been inadvertently left off the census list was included, bringing the total of likely exempt communities to 148.

As of mid-1998 the Division of Public Assistance was reviewing the list to determine if those 148 communities will in fact be exempt under PL 104-193:408(a)(7)(D). A division spokesperson told us it is likely that those listed will in fact be exempt. (The list is attached as an appendix to this report.) The division will likely use this list to determine exempt villages until new data is available from the federal census in 2000. That data, however, probably will not be compiled and ready to use until about 2003. Therefore it appears that once the list is accepted, it will likely remain in effect for the next five years.

Jobs and Other Work Activities

Although it seems likely that most Native communities will be exempt from the time limit on benefits, one quarter—about 50 communities—will not be exempt. Residents of those places will face the end of benefits when they reach the time limit, which is counted from when the law went into effect—July 1997. Also, the exemption for the other three quarters of Alaska Native villages is an exemption *only* from the five-year limit on benefits.

Requirements for “work activities” apply to recipients in both exempt and non-exempt places. Specified shares of recipients in all communities have to be “engaged in work activities.” Single parents will generally have to do “work activities” 20 hours per week; for two-parent families the requirement is 35 hours per week. Such work activities of course include jobs, but can also be training programs or community service work, in places where jobs aren’t available. These requirements will pose particular problems in the smallest communities, which not only have few jobs but also few opportunities for other “work activities.”

Recognizing that opportunities for work are very limited in small villages, the Division of Public Assistance recently approved the use of subsistence activities to fulfill the “work activity” requirements in some cases. Case managers can approve use of subsistence activities, if those activities are for “the good of the community” and there are no paid jobs available.

The new welfare law also imposes certain conditions on single, teenage parents receiving ATAP benefits. Teen parents not in school must be working toward GEDs or receiving some job training. Such education and training programs do not exist in many of the smallest communities. Young parents also often need training in parenting and money management. Again, such programs do not regularly exist in the smaller communities. It is unknown at this time if the Division of Public Assistance, during eligibility reviews, will take into account the lack of such programs in the communities where teen parents are receiving ATAP benefits.

Hardship Provisions

A significant share of Alaska Natives live in urban areas or communities that are not on the exempted list. (See the demographic and economic overview in Chapter I.) They will be subject to the five-year limit on benefits. Federal welfare reform does include a “hardship” provision that allows the state government to exempt up to 20 percent of its ATAP caseload. If Native people living in larger communities can demonstrate hardships that keep them from working—like medical problems—they too could be exempted, at least for some period, from the 60-month limit.

Some funds will also be available to help “hard-to-employ” people who have either run out of benefits or are in danger running out of benefits and are without jobs. In general, recipients who meet at least two of three accepted barriers to employment are eligible for help under this provision. The accepted barriers to employment are:

- Not having completed high school or a GED program, and having low skills (less than grade 8.9) in reading and math
- Requires substance abuse treatment
- Poor work history (worked less than three months in the last year)

Tribal ATAPs

Federal law allows certain Native organizations (including the non-profit arms of ANCSA regional corporations) to run Alaska Temporary Assistance Programs (ATAPs) for their members. The state government is in the process of determining if and how it may match federal dollars to Alaska Native organizations that can qualify to take over operation of assistance programs. Three other state governments have already agreed to provide supplemental state funding for tribal efforts in their areas. What Alaska’s state government decides will influence the ability of Alaska Native organizations to hire people to provide these services. In the fall of 1998, the Tanana Chiefs Conference became the first Native organization to reach an agreement with

the state government to run its own assistance program. The program, the Athabascan Self-Sufficiency Assistance Partnership, will serve Alaska Natives living in the Fairbanks area and in 37 Interior villages.

Concerns of Native Communities

Native leaders and organizations have a number of concerns about the potential effects of welfare reform. As we noted before, at this point there are still uncertainties about just how welfare reform will work—for instance, how it will affect existing BIA assistance programs. The state government must clarify what it will allow and support in the face of welfare reform. Until the rules are made clear, it will be difficult for groups and individuals to decide how best to respond to the new law and its requirements. Below we discuss concerns raised by people we interviewed.

Will Welfare Reform Affect Migration?

A number of studies have found that Alaska Natives are moving from the smallest villages to larger communities (Seyfrit, in progress). Young Alaska Native women appear to be moving to larger communities faster than are young Native men. Native women also appear to be holding more of the potential jobs in small communities—because these jobs tend to be social, health, and service positions that have historically been filled by women. If welfare reform causes young women to move from villages to larger communities at an even faster rate, the loss of so many women of working age could have implications for village employment.

Another issue is whether ATAP recipients will consider moving to communities that are exempt from the 5-year limit on benefits. So far there does not appear to be any requirement, other than residence in an exempted community, to be waived from the 60-month limit. Therefore it appears that Natives and non-Natives could move to one of the exempted communities, if by doing so they could secure “work activities” that would allow them to continue to receive public assistance benefits. Some recipients might find moving easier than staying in a small non-exempted community and seeking similar “work activities”—or at least they might buy themselves some time.

At this point it is too early to tell whether significant numbers of welfare recipients might try to move to exempt communities—and how the state government would react if they did. Such migration would certainly add to the problems of small communities already struggling to find “work activities” for existing residents.

What About Training?

ATAP recipients who can’t find jobs are still required to do some work activity or take job training. Such training is non-existent in most small rural Alaska communities. If training is available, it is often in larger communities or regional centers. Even then, training in the field of work needed isn’t always available. Trying to get training would often require rural residents to travel and be away from home for extended periods.

What About Education?

People we interviewed are concerned that some young people may not be able to meet the work requirements of welfare reform. They believe that many students graduate from village high schools unprepared for the job market.

What are the Opportunities for Community Service?

The state government has yet to determine all the kinds of community service that will be considered adequate to fulfill work activity requirements. Our informants are concerned that in very small communities where a high proportion of the population collects ATAP benefits, defining sufficient community service will be a challenge. As we noted earlier, the Division of Public Assistance recently approved subsistence activities as fulfilling “work activity” requirements in some places, if those subsistence activities are for “the good of the community” and if no paid jobs are available.

What About Child Care?

The welfare reform act requires teenage unmarried parents receiving benefits to be in school or receiving training. It also requires two-parent families to spend substantial time working or doing some work activity. People we interviewed are concerned about adequate child care in small communities when many parents are engaged in “work activities.”

Conclusions

Beginning in about 2001, other states should see a decrease in welfare rolls as some recipients reach the 60-month limit on benefits. It is possible that because Alaskans living in many Native villages are exempt from the limit, Alaska may actually see its public assistance funding increase. This assumes that recipients in exempt villages will meet other criteria for continuing to receive benefits, including engagement in “work activities.”

However, in July 1998, at the end of the first year of welfare reform in Alaska, the ATAP caseload was down about 14 percent from its level a year earlier, according to an analyst with the Division of Public Assistance. It’s not yet clear how much of that drop was due to recipients in larger communities moving off welfare, or to some people not applying because of the new requirements. So it remains uncertain how the total ATAP benefit payments will change, given that many of the smallest communities are exempt from the five-year limit, but the larger places (where most of the Alaska population lives) are not.

Right now it does not appear that the level or availability of public assistance will change dramatically in the next few years for Alaska Natives living in the exempted Native villages. The greatest impact will be in the smallest of the communities that are *not* exempted. There the job markets are limited, services are few, and the need for employment may be the greatest.