

## Section Twelve: **Anti-Poverty Strategy**



### **Analysis of Poverty in Anchorage The State's Welfare-to-Work Program The Anti-poverty Components of the Consolidated Plan**

## **What Does This Section Contain?**

The Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Shelter Grant (ESG) programs primarily serve low- and moderate-income people and neighborhoods. Therefore, Consolidated Plan regulations require that the Municipality include an anti-poverty strategy as part of its Consolidated Plan.

### **What Does This Mean to Me?**

This Section answers the following questions:

- How do the CDBG, HOME, and ESG programs help move lower income people to self-sufficiency?
- How does the Consolidated Plan link with the State's welfare reform efforts?

Since this Housing and Community Development Plan covers programs designed to help primarily low-income people and neighborhoods, it must also include an anti-poverty component. By undertaking activities funded by the CDBG, HOME, and ESG programs, the Community Development Division supports the State's overall anti-poverty strategy of moving low-income people to self-sufficiency. CDD consults with many public, private, and nonprofit organizations to help ensure that its goals, programs, and policies for activities such as producing and preserving affordable housing are effectively coordinated to best reduce the number of poverty level families.

## **Analysis of Poverty<sup>1</sup> in Anchorage**

Poverty is the condition of having insufficient resources or income. In its extreme form, poverty is a lack of basic human needs, such as adequate and healthy food, clothing, housing, water, and health services. Even modest levels of poverty can prevent people from realizing their goals and dreams.

Census data from the year 2000 indicates that 18,682 Anchorage residents were living in poverty in 1999, which is seven percent of the population. This number translates to 3,293 families, or 5 percent of the families in Anchorage. Almost 52 percent of these families had a child under the age of 5 years old.

Although most of Anchorage's households have higher incomes, a significant number are living at or near poverty. The housing section stated that this division of wealth has significant social consequences and implications for Anchorage's market segmentation, housing demand, and affordability.

Female headed households make up 17 percent of families living in poverty. More than 96 percent of these families included a child under the age of 18; almost 52 percent of these families included a child under the age of 5.

## **The State's Welfare-to-Work Program**

The Community Development Division's anti-poverty strategy and activities support the overall effort in the State to move low-income families to economic self-sufficiency. The Alaska Department of Health and Social Services is the nexus of the State's welfare-to-work program and is thus the lead anti-poverty agency in the State.

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<sup>1</sup> The U.S. Census Bureau follows the Office of Management and Budget's Directive 14 to define poverty. It therefore uses a set of income thresholds that vary by family size and composition to detect who is "poor." If the total income for a family or unrelated individual falls below the relevant poverty threshold, then the family or unrelated individual is classified as being "below the poverty level." The official poverty definition counts money income before taxes and does not include capital gains and noncash benefits (such as public housing, Medicaid, and food stamps). Poverty is not defined for people in military barracks, institutional group quarters, or for unrelated individuals under age 15 (such as foster children). They are excluded from the poverty universe—that is, they are considered neither as "poor" nor as "nonpoor."

## **The Alaska Temporary Assistance Program**

On July 1, 1997, the Alaska Temporary Assistance Program replaced the Aid to Families with Dependent Children program. Temporary Assistance changes the traditional focus of the State's public assistance program for needy families. Rather than an entitlement, Temporary Assistance stresses family self-sufficiency through employment. Families must plan for their future, identifying self-sufficiency goals, and the steps they will take to achieve those goals. Participants must also engage in work activities that are designed to move them toward self-sufficiency.

Temporary Assistance is an employment-focused program. The primary goal is to help Alaskans make a successful transition from welfare to work. Temporary Assistance is designed to encourage work and make working families better off by increasing their income and reducing poverty. To address this challenge, the State has adopted the "work first" approach. This approach asserts that the best way to succeed in the labor market is to join it and develop work habits and skills on the job.

Welfare-to-work requirements will encourage more families to gain employment and move off assistance. The combination of mandating work-focused activities and increasing incentives to work will reduce the amount needed for monthly benefits. Reductions in the number of families receiving assistance and for monthly benefits received will result in savings that can be reinvested to assist more families to become self-sufficient.

### **Temporary Assistance**

- Imposes a 60-month lifetime limit on assistance.
- Requires families to participate in work activities within 24 months of receiving benefits.
- Reduces benefit amounts by basing payments on household shelter expenses.
- Eliminates additional assistance for second parents.
- Reduces benefits for two-parent families during July, August, and September; and penalizes individuals who refuse to participate in work activities, or refuse to cooperate with child support enforcement.

### **Benefits**

Maximum monthly benefit payments were set by state law effective October, 1993. Since that time, average monthly benefits have decreased slightly due to families receiving additional income from other sources, predominately employment. A single-parent family with two children and no other income receives a monthly benefit payment of \$923, about 66 percent of the 1997 Federal Poverty Level.

Several recent policy changes reduced the average benefit amount particularly for two-parent families. Benefits for two-parent families were reduced by \$102 a month effective

July 1, 1997. In addition, benefits for these families were cut in half during July, August, and September, when work opportunities are more plentiful in Alaska.

As more families go to work, the amount they receive in monthly benefits decreases as their earned income increases. The Temporary Assistance program provides an incentive to make work pay by providing for an earned income deduction in the monthly benefit payment calculation. Earned income deductions are designed to encourage work and to ease the transition from welfare to paid employment. For example, families will receive an earned income deduction of \$150 from gross wages plus a deduction of a percentage of the remaining earned income. This deduction starts at 33 percent in the first year and decreases to 10 percent in the fifth year.

Beginning February 1, 1997, regulations designated a portion of the monthly benefit to cover shelter costs known as the shelter allowance. Families with shelter costs below the shelter allowance receive a benefit that is smaller than a family with shelter costs equal to or higher than the shelter allowance.

## **Anti-Poverty**

Anchorage's anti-poverty strategy is to help families move to economic self-sufficiency. Since a household earning 80 percent of a median income of an area is considered "low income" and can be helped with CDBG, HOME and ESG the Municipality supports State efforts to move residents to economic self-sufficiency. The success of the State's Temporary Assistance Program is dependent on several components directly or indirectly supported by activities and projects carried out by the Community Development Division through the *Anchorage Housing and Community Development Consolidated Plan for 2003-2007*:

**Affordable Housing:** Providing low-income households with housing assistance allows them to live in safe, decent, attractive housing. It provides a base for them to maintain employment, provides a nurturing environment to raise children, and helps them become a part of the community where they work. The affordable housing projects funded by the Community Development Division for low-income renters and homeowners support the anti-poverty strategy.

**Job Training:** Education and training are important for a low-income person to gain the skills needed to obtain and maintain employment. The Job Ready Program, funded by CDBG, serves as one example.

**Support Services** that enable people to prepare for, find, and keep a job: Families that are moving from welfare to work need a variety of services to help them find and keep employment and successfully transition off of assistance. Many CDBG-funded public services and the ESG-funded Safe Cities program help with this goal.

**Safe, affordable child care** is necessary if families are to move from the welfare roll to the job roll. The legislature allocated additional child care funds to meet the needs of the increasing number of Temporary Assistance parents who are employed or engaged in mandated work activities. However, additional funds were not allocated to meet needs of

low-wage workers who require child care assistance in order to remain in the job market. The Community Development Division is considering ways to support child care initiatives more directly.

**Transportation:** Lack of transportation is one of the most common barriers to employment. The most frequently authorized transportation services are bus passes to enable lower income people to travel to job locations and schools. The CDBG-funded bus token program helps lower income people get the transportation they need.