

**MINUTES OF THE  
WORKFORCE SERVICES INTERIM COMMITTEE**  
May 19, 1999--2:00 p.m.--Room 414 State Capitol

**Members Present:**

Sen. Robert M. Muhlestein, Chair  
Rep. Michael R. Styler, Chair  
Sen. D. Edgar Allen  
Sen. Gene Davis  
Sen. Parley G. Hellewell  
Sen. Lorin V. Jones  
Rep. Jeff Alexander  
Rep. Sheryl L. Allen  
Rep. Ron Bigelow  
Rep. Jackie Biskupski  
Rep. Ben C. Ferry  
Rep. Lloyd W. Frandsen  
Rep. Brent H. Goodfellow  
Rep. Gordon E. Snow  
Rep. David L. Zolman

**Members Absent:**

Sen. Pete Suazo  
Rep. Neil A. Hansen

**Staff Present:**

Arthur L. Hunsaker,  
Research Analyst  
Keith M Woodwell,  
Associate General Counsel  
Barbara A. Teuscher,  
Legislative Secretary

**Note:** Names of others present and copies of information distributed at the meeting are on file in the Office of Legislative Research and General Counsel.

**1. Call to Order and Approval of Minutes of Meeting Held April 21, 1999** - Rep. Styler called the meeting to order at 2:12 p.m.

**MOTION:** Rep. Bigelow moved to approve the minutes of the April 21 meeting. The motion passed with Reps. Allen, Biskupski and Snow and Sens. Davis and Muhlestein absent for the vote.

**2. Child Care Cash Out** - Bob Devlin, Board Member, and Joan Nichol, Board Member, Utah Private Child Care Association, distributed a handout (untitled) which detailed their concerns with the child care cash out system. For example, Ms. Nichol said when a client claims they don't have money to pay for child care, the child care center cannot verify this with the caseworker because client information is confidential. She added that state subsidies are being spent on care that is not governed by state health and safety requirements. All children deserve to be in care that meets minimum health and safety standards and the state should be able to verify the proper expenditure of its funds. Ms. Nichol said that the federal government requires verification that its money is being spent appropriately.

Rep. Zolman asked if they are seeking action by the committee or by the department. Mr.

Devlin said there should be some action taken to assure that children are getting safe and healthy care. Ms. Nichol expressed support for what the state is doing in welfare-to-work generally; however, the cash out system is not working. Other states who have attempted to make the program work have not succeeded. Sen. Jones expressed concern that the cash out system is causing more problems than it is solving.

Mason Bishop, Director, Office of Public Affairs, Department of Workforce Services, recounted the history of the cash out system, including the department's pilot program. Child care centers are told that they should require clients to pay at the beginning of the month. This emphasizes responsibility and promotes the proper business relationship between the parent and the provider. Last November, when Mr. Devlin brought concerns to the department, it began to look like there were some legitimate concerns. The department hasn't been as crisp and clean in implementing the program; some offices are working just fine, but others are not, suggesting that the problem is a training issue.

Ms. Helen Thatcher, Department of Workforce Services, said that starting in 1990 the federal government directed that states who want to qualify for federal dollars must not limit child care choices of parents. However, minimal health and safety standards were established. There has been a movement from licensed to license-exempt care. The department's internal audit estimates that the dollar value of the 338 instances of fraud is approximately \$627,000. The department triggers some of the problem by overpaying, which they then attempt to get back. Also, since a client has no single "caseworker" (unless they are in the Family Employment Program), child care centers don't know who to call when they have a concern.

Ms. Thatcher said the department plans to meet with providers and agencies to develop recommended safety and health requirements for unregulated care. They are also looking at several improvements to the cash out program including a two-party check procedure and more timely payments so that providers can demand payment at the first of the month. Rep. Zolman asked if there has been an increase in complaints regarding those providing unregulated care. Ms. Thatcher said she doesn't think so, but that she would have to check to be sure. She said cash out is less expensive to administer and does widen choices for parents, but it doesn't reduce the cost of child care.

Rep. Allen said she would like to see an audit performed, but not before the department has a few months to resolve the problems. The audit should include child care cash out as well as other issues. She said the department must demonstrate to the legislature and the community that the program has merit. Mr. Bishop said the department feels the cash out program can work. Rep. Goodfellow pointed out that child care providers, who care for society's most precious resource, are regulated much less than barbers, who have 2,000 hours of training in addition to site inspection. Committee discussion followed.

Lisa Palmer, child care provider, said she has witnessed child care cash out fraud personally.

A BCI check and basic first aid should be required of those providing child care.

Kirsten Eller, tax payer, said since federal and state programs are regulated tightly, child care should be more carefully regulated. Quality of care should also be increased.

Gina Cornia, Utah Issues, said it is important for the cash out system to have time to work because it does provide an option for families.

Rep. Frandsen said the committee may want to look at a quality rating for child care and prepare some legislation based on what has worked in others states. He expressed interest in knowing whether Utah is the only state that does not require a BCI check.

Rep. Alexander said if clients are spending the subsidy on child care, they should be paying taxes on that money since they are not spending it as they should.

**MOTION:** Sen. Jones moved to go to the next item with the understanding that the issue would be revisited in a later meeting. The motion passed unanimously with Reps. Allen, Biskupski and Snow and Sens. Davis and Muhlestein absent for the vote.

Gayle Anderson, Bill Echols, Wayne Hill, Linda Bird, Ginger Anderton, Jill Young and Jani Momberger acknowledged opposition to the cash out program. Gina Cornia and Karen Silver acknowledged their support.

**3. Federal Regulations Based on Workforce Investment Act** - Greg Gardner, Deputy Director, Department of Workforce Services, passed out handouts entitled, "The Workforce Investment Act," and "Service Delivery Pathway," and his presentation followed the handouts closely. He highlighted the one-stop shop process, where those seeking assistance can go to a single employment center to receive their services. He also emphasized youth programs. Sen. Allen asked about the origin of program money. Mr. Gardner said the eight million in the program is all federal money. Rep. Goodfellow clarified that there is some state money. For example, marriage license fees go to the Turning Point Program.

Mr. Gardner then spoke of training services. Rep. Frandsen said the accounting system in the budget makes it difficult to track training dollars.

**4. Committee Business** - Mr. Hunsaker reported that all of the committee's requests for study items were approved by the Legislative Management Committee with the exception of "Children with Special Needs."

**5. Adjourn**

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**MOTION:** Rep. Zolman moved to adjourn the meeting at 4:35 P.M. The chair ruled that the motion passed with Reps. Allen, Biskupski, Alexander and Snow and Sens. Davis, Hellewell and Muhlestein absent for the vote.