

**MINUTES OF THE
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE**

Room 30 House Building, State Capitol Complex
Thursday, February 9, 2012

MEMBERS PRESENT: Sen. Allen M. Christensen, Co-Chair
Rep. Bill Wright, Co-Chair
Rep. Bradley G. Last, House Vice Chair
Sen. Patricia W. Jones
Sen. Peter C. Knudson
Sen. Todd Weiler
Rep. Jim Bird
Rep. Rebecca Chavez-Houck
Rep. David Litvack
Rep. Kraig Powell
Rep. Evan Vickers
Rep. Larry B. Wiley

MEMBERS EXCUSED: Sen. Margaret Dayton
Sen. Wayne L. Niederhauser
Rep. John Dougall
Rep. Ronda Rudd Menlove

MEMBERS ABSENT: Sen. Luz Robles
Rep. Daniel McCay

STAFF PRESENT: Mr. Russell Frandsen, Fiscal Analyst
Mr. Stephen Jardine, Fiscal Analyst
Mr. Gary Ricks, Fiscal Analyst
Mrs. Diane Pope, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov
A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Wright called the meeting to order at 8:25 am.

1. Public Comment on Workforce Issues

Mr. Steven Roe was a single father and going to school when he became a recipient of services under the Department of Workforce Services (DWS). He feels the first counselors assigned to him did more harm than good. He finds it alarming that the employment counselors didn't help him become self-sufficient. The people that did help came from outside of the agency. Mr. Roe is also very concerned about the number of departmental errors, 1,198 as stated yesterday. An agency is responsible for the number of errors it makes. That's an increase from FY 2009. A person that is struggling can't deal with fighting the paperwork. There needs to be a mediation process so DWS can't put the liability on the consumer. He hopes this problem with errors can be corrected.

Ms. Janis Dubno, Senior Policy Analyst, Voices for Utah Children, requested that the Legislature prioritize and restore \$3.2 million to the childcare fund state match for childcare.

This match was reduced during the recession. The cost for childcare went up during this time. This effectively put childcare availability for low income families at 30 percent, with the least desirable providers. Restoring the match will allow families to have access to 65% of the licensed childcare providers which allows for more access to quality. This will boost economic development by making it easier for individuals to work and create jobs within the State.

Ms. Karen Silver, Advocate, Salt Lake Community Action Program, spoke about the DWS budget. She has done a log of call wait times and auto-closures that have been brought to her attention. The Subcommittee was given a handout. Ms. Silver came to request \$6 million in one-time funding to hire temporary staff for the eligibility services division over and above the 35 new people DWS is currently hiring. These funds have the opportunity to draw down matching funds in the food stamps program from the federal government. She has found that the web "chat" services have taken away from phone services. In December, 64.47 percent of calls were answered so she would like to know what is happening with the rest of the calls. Ms. Silver would encourage an interim study on this issue. She is also concerned about the auto-closure of accounts. In some cases the individuals have complied with the proper paperwork by the deadline but the worker receiving the paperwork doesn't input the data before the cut off time because of the backlog. There is a need to examine the modernization and theory of constraints model used at DWS for its effect on consumers as well as employees.

Mr. Louis Fazio is a private citizen that has used WFS. He is currently unemployed and is a student at the University of Utah. He worked for 22 years in management and was laid off from the auto industry and would like to be gainfully employed. His first contact with an employment counselor was "interesting". He feels the counselor was not properly trained on the nuances of working with someone with a disability. Mr. Fazio wanted to come before the Subcommittee to talk about resources. There is a need to educate WFS counselors. They have not received proper training in his opinion. He doesn't feel the current system will allow for it. He asked the Subcommittee to look at training of counselors at WFS and how to utilize the appropriate resources in order to use the taxpayers money effectively.

Mr. Patrick Marino, President, Utah Private Child Care Association, and private owner of child care centers, would like to speak in favor of restoring the \$3.2 million in Child Care and Development Fund (CCDF) state match to draw down approximately \$15 million in federal funds. This would support child care providers which are small businesses. There hasn't been an increase in the subsidy amount since 2007 and costs have risen consistently. In addition, they increasingly face competition from government based programs making it harder for child care centers to absorb the lower rates. The rate target the State has historically set was the 75th percentile. Even with the increase the providers are seeking, the rates fall short of that goal. The children get hurt the most. As low income families are unable to obtain licensed care because they can't meet the higher co-payments, they are often left in unlicensed and untrained settings. It takes money to operate a quality program through teacher training. Licensed child care takes on the biggest regulatory burden and the State should pay market rates to ensure quality for Utah's children with working families.

Co-Chair Christensen thanked the advocates and expressed his frustration with not being able to help everyone.

2. Unfinished Items from Previous Agenda

A. Utah State Hospital Funding Study Group Report

Ms. Zara Juillerat, Board President, National Alliance for the Mentally Ill (NAMI Utah) has family members with mental illness so the subject is important to her. Given that NAMI Utah was not included in the Study Group, NAMI Utah would like to clarify their position and some specific concerns on this topic. The Study erroneously quoted the NAMI national budget report of March 2011. The fact is, NAMI's position has been consistent throughout the years. Utah must build community based options that enable the mentally ill to be served in their homes and local communities. The solution supported by NAMI Utah does not include shutting down the State Hospital but in contrast, to divert funding to create the very infrastructure needed to reduce reliance on hospitalization, which is the most restrictive and expensive level of care.

Mr. Brad Bangerter, Past Board President, NAMI Utah, is the father of a son with a severe mental illness that has spent the last five years out of ten in the State Hospital. There are some specific concerns that Mr. Bangerter would like to address concerning the Hospital report. The board of NAMI Utah believes two changes should occur in the funding of State supported mental health services. First, funding should be localized to allow the purchase of beds or inpatient alternatives in the community where the patients and families live. Second, funding should be an incentive to the development of less intrusive and more cost effective community support programs, such as evidenced based programs like ACT, instead of inadvertent incentives which favor institutionalizing. The issue is not the elimination of hospital beds. There was a time when Mr. Bangerter's son needed to be hospitalized and he received good care there. The difference that NAMI Utah is talking about is whether beds should be funded only at a centralized State institution or whether funding should allow localities to contract with private providers for local and less costly beds with more control over them. NAMI Utah challenges the reports suggestion that the beds at the State Hospital are less costly than in the private sector. They challenge the claimed rate of \$409 per day. Their analysis shows that taking the General Fund appropriation of \$56 million divided by the number of beds, divided by 365 days, yields a bed rate of \$604 and this doesn't include Medicaid, Medicare and private insurance reimbursement, centralized services provided by DHS such as personnel and administrative oversight and it doesn't include the cost of buildings. When the total cost is included, private providers would be eager to begin providing intermediate care on a contracted basis and local mental health authorities would be able to accrue savings. While the number of patients treated at the Utah State Hospital is small, the expense of treating this population is significant. The State provides more General Funding, \$56 million, to treat 219 adults, than for the local authorities at \$30 million, to treat 29,000 adults. It should be noted that most of the \$30 million is the Medicaid match payment.

Utah is one of only two Western states that still institutionalizes children, yet the research shows that children are better off in their community and with family involvement. Any comparison to other states doesn't take into account all the variables. The report implies there are six community based programs that follow the ACT model. The reality is, none of the six teams are operating with full fidelity to the ACT model. For too many years the mental health system has said more funding can be redirected to the community when adequate community support is in place, yet this doesn't happen. No effort has been made to develop true community alternatives nor will it be until funds can be used flexibly by localities to buy State hospital beds or to fund

alternatives. All funding requests in the report are to be used for the State Hospital. Finally, Mr. Bangerter feels the length of stay at the hospital is extended for patients by the lack of incentives provided to local authorities. The local authorities would have more incentive to find alternative services if they were paying the daily cost. They should be encouraged to develop more family friendly approaches.

Ms. Juillerat concluded that NAMI Utah is just as concerned about the lack of adequate community infrastructure as is the Study Group. But NAMI Utah has reached the opposite conclusion. Rather than reinvesting in the current cycle, NAMI Utah supports the realignment of incentives and the reinvesting of funding that would otherwise support the status quo. This funding would be used instead to create local jobs and community based services that would be close to the homes and families of those in need. NAMI Utah encourages the Subcommittee to consider a pilot project that would fund the creation of evidence based community level services that enable individuals to be returned to their homes and communities for care. Ms. Juillerat added that NAMI Utah encourages the Subcommittee's support of the mental health early intervention building block.

Co-Chair Christensen asked Mr. Bangerter what he meant when he said his son needed to be hospitalized and was well taken care of but then said he doesn't want that to happen.

Mr. Bangerter answered that there certainly is a time and a place for hospitalization but the length of stay is long. If there were alternative programs, those hospitalized could be transitioned out. In his son's case, subsequent hospitalizations might have been avoided.

Ms. Juillerat added that the true ACT model provides for 24 hour services in the local community.

Co-Chair Christensen asked Mr. Palmer DePaulis to respond to NAMI's concerns.

Ms. Lana Stohl, Director, DSAMH, with Mr. Adam Trupp, General Legal Counsel, Utah Association of Counties (UAC), said she would be happy to answer any questions. Mr. Trupp indicated that the Study Group had discussed many of the issues brought up by NAMI and he doesn't object to the idea of a pilot project as described. From the Study Group's perspective, the system does not have the capacity to meet the needs that people have in our communities in a number of different ways. He would support additional funding to meet mental health needs in the community. The concern is not to jump from one approach to another without measuring the outcomes. There are great funding needs throughout the mental health system.

Co-Chair Christensen would have to agree with Mr. Trupp. The task force studied the issue in much more depth than could be examined by the Subcommittee. It would be great to do a pilot study. But to dismantle the State Hospital in favor of a spread out system of small programs is problematic. He suggested the Subcommittee accept the conclusions of the task force.

Rep. Litvack was curious if there was an agreement or desire to do a pilot and would it require legislation, intent language or appropriations. He wanted to know what the mechanism would be to create such a pilot.

Ms. Stohl indicated that the pilot could probably be done through intent language but with additional appropriations. With the early intervention building block, long term use of beds should diminish with time.

Rep. Litvack asked about the mobile response team in Salt Lake County. He is aware that a crisis team will come online in March. He wanted to know if there are things in place so that the pilot could be

leveraged into the system without an impact on the State Hospital.

Mr. Trupp indicated that he thinks that it can be done. There are efforts all over the State to help prevent hospitalization. How to effectively make things work in rural Utah is a major challenge. There needs to be some forethought and drive to accomplish it but funding is a prerequisite to really try a pilot in any significant way.

Rep. Litvack thanked Mr. Trupp for distinguishing between rural and urban perspectives. If a pilot were to be done it would have to be from both perspectives.

B. Issue Brief: Drug Offender Reform Act (DORA)

Mr. Jardine discussed the issue brief. DORA is intended to provide selected felony offenders with drug treatment and increased community supervision in an effort to reduce the costs associated with future criminal behavior. The issue brief provides a summary, history and background, history of funding, effectiveness of DORA, and the current status of DORA. The University of Utah conducted an effectiveness study in 2011 and made five recommendations to strengthen the program. These recommendations are part of new intent language: The Legislature intends the DORA program report to the office of the legislative Fiscal Analyst by September 1, 2012 regarding how it has implemented the five strategies intended to strengthen the DORA program recommended by the Utah Criminal Justice Center in its November 2011 Drug Offender Reform Act: DORA Statewide Report. If these strategies have not been implemented, the Legislature further intends the DORA program provide specifically why each recommendation has not been adopted.

C. Budget Brief: Aging and Adult Services

Mr. Jardine presented a summary on the budget brief. The Division of Aging and Adult Services (DAAS) is the designated state agency authorized to coordinate all state activities related to the Older Americans Act. DAAS contracts for services, oversees state and federal programs, and advocates for the elderly. Mr. Jardine noted that this division receives about half of its funds from the federal government. The Fiscal Analyst recommends a FY 2013 budget of \$22,968,5000 as outlined in the brief.

D. Issue Brief: Aging and Adult Services - Output and Outcome Measures

Mr. Jardine referenced the summary concerning the In-depth Budget Review. He indicated the division is having some issues with measuring program outcomes as discussed on page two. There are four measures showing greater than five percent improvement, one of which addresses the Aging Waiver Services and the number of clients diverted from nursing home placement. There are two measures showing greater than five percent decline.

E. Department of Human Services

Mr. Palmer DePaulis, Executive Director, DHS, with Mr. Nels Holmgren, Division Director, Aging and Adult Services, indicated the department did not have any building blocks for this division. In the interest of time, Mr. DePaulis indicated they would take questions instead of making a presentation. There were no questions asked.

3. Approval of Minutes

None.

4. DWS Base Budget Review: Analyst and Agency Leadership

Mr. Ricks indicated he would focus on the fiscal elements of DWS. He has asked DWS officials to be ready to answer any questions. The Department has a budget of approximately \$1.2 billion. This budget is spread over five different divisions or line items. There is a budget brief for each item followed by a Fee Schedule, Intent Language and General Fund adjustments.

5. Budget Brief - DWS - Administration

Mr. Ricks explained that the Administration line item houses the executive management team of the department and provides leadership, guidance, direction and management across the agency enterprise. This line item is composed of five programs. The Executive Director's Office provides the executive management for the department. The Administrative Support division provides functions such as accounts payable, accounts receivable, budgeting, and contract management, etc. The Communications office is responsible for media relations, website management and program publicity. The Internal Audit division performs financial and program audits for various funding sources across the department. The Fiscal Analyst recommends a budget of \$11,863,000 for this line item.

6. Budget Brief - DWS - Operations and Policy

Mr. Ricks indicated that the Operations and Policy line item is literally the workhorse of WFS. It's very large and robust with 12 programs. Information Technology deals with managing information technology within the department and works closely with the Department of Technology Services in executing IT policy, management and operations throughout the enterprise. The Workforce Research & Analysis Division is a decision-support unit of economists and analysts dedicated to providing accurate and timely labor market, economic, and program information. The Workforce Development Division (WDD) consists of nine Economic Service Areas and 34 statewide One-Stop Employment Centers. WDD helps develop the skills and abilities of job seekers so they meet the demands of employers by providing information on jobs, training, skills development and placement services. Eligibility Services houses the eREP program and making the determination of eligibility for a variety of DWS programs. The eREP or Electronic Resource and Eligibility Product system determines eligibility and issues benefits for over 60 federal and state programs; the largest being Medicaid, Supplemental Nutritional Assistance Program (formerly Food Stamps), TANF and Child Care. The Facilities and Pass-Through units are established to account for expenditures that are beyond the span of control of any specific program. Child Care assistance provides subsidies for child care services and for improvements to child care facilities to ensure the quality of child care. The Food Stamp Program, SNAP, provides benefits to low-income people that they can use to buy food to improve their diets. The Workforce Investment Act Assistance includes training and intervention services for adults, dislocated workers and youth. Refugee Assistance provides various services and assistance programs that are coordinated to stabilize a refugee family by addressing the refugee's basic needs of food and shelter. Temporary Assistance for Needy Families (TANF) is a yearly federal grant that provides multiple services to unemployed and underemployed families with dependent children. The Trade Adjustment Act Assistance program is designed to provide training and other services that will assist individuals who have lost their employment due to foreign trade in reattaching to the workforce at a level of suitable employment. Finally, the Other Assistance programs are those that do not fall into the other specific categories such as federal grant awards, Medical Assistance payments and repayment of disallowed costs. The Fiscal Analyst recommends a budget of \$698,712,900 for this line item.

7. Budget Brief - DWS - General Assistance

General Assistance is a state funded program that provides limited financial assistance to disabled adults without dependent children. The analyst recommends a budget of \$4,896,500 for this line item.

8. Budget Brief - DWS - Unemployment Insurance

The Federal-State Unemployment Insurance (UI) program provides temporary financial assistance to workers who are unemployed through no fault of their own (as determined under State law) and meet other eligibility requirements. The Unemployment Insurance Administration administers Unemployment Insurance activities. Funding for the administration of the UI program comes from the Federal Unemployment Tax Act (FUTA). The second program is the Adjudication/Legal division which provides hearings of unemployment insurance claims and public assistance payment disputes, as well as the appeals of such hearings. The Fiscal Analyst recommends a budget of \$22,100,500 for this line item.

9. Budget Brief - DWS - Unemployment Compensation Fund

The Unemployment Compensation Fund is the program through which weekly Unemployment Insurance benefits to eligible unemployed workers are paid. Unemployment Insurance seeks to provide a safety net and lessen the burden of unemployment for the worker; maintain worker purchasing power thereby preventing the spread of unemployment; and retain skilled, experienced workers for local area employers. The budget recommendation for this line item is \$466,550,000.

Co-Chair Christensen talked about the pass-through funds where programs are funded by federal government, like SNAP. These are federal dollars and the State is tasked with administering the programs. The State dollars used for these programs are minimal.

Rep. Vickers noticed budget reductions on several of the line items and wondered if they were specifically tied to ARRA funds.

Mr. Ricks indicated it has been the policy of the LFA office to not include ARRA funding in the base budget. The Subcommittee approved the General Fund and ARRA funding at the beginning of the session. ARRA funds will be illustrated in a supplemental budget.

Mr. Frandsen clarified that the LFA decision concerning ARRA funds came from Legislative interest in keeping the funding separate.

10. DWS Fees & Nonlapsing Intent Language: Analyst and Agency Leadership

11. Issue Brief - DWS - Fees and Nonlapsing Intent Language

Mr. Ricks pointed out that DWS has relatively few fees. Most fees are related to GRAMA requests for copies, faxes and research. There are some additional fees for Foundational Assessment, National Career Readiness Certification and Talent Assessment. Mr. Ricks indicated he would like the department to explain these items. There is some nonlapsing intent language. (1) The Legislature intends that appropriations for DWS-Administration line item not lapse at the close of FY 2012. The amount of any nonlapsing funds is limited to \$201,000 from the General Fund. The use of any nonlapsing fund is for Administration line item expenses. (2) The Legislature intends appropriations provided for the DWS-Operations Policy line item not lapse at the close of FY 2012. The amount of any nonlapsing funds is limited to \$3,100,000 from the General Fund, \$3,900,000 from the Special Administrative Expense Account, and \$3,300,000 from Reed Act Funds. The use of any nonlapsing funds is for Operations and

Policy line item expenses. (3) The Legislature intends that appropriations provided for the DWS-General Assistance line item not lapse at the close of FY 2012. The use of any nonlapsing funds is limited to \$600,000 for General Assistance line item expenses. (4) The Legislature intends that appropriations provided for the DWS-Unemployment Insurance line item not lapse at the close of FY 2012. The amount of any nonlapsing funds is limited to \$55,000 from the General Fund. The use of any nonlapsing funds is for Unemployment Insurance line item expenses. The Analyst recommends that the Subcommittee approve the Fees for FY 2013 and the intent language as listed for FY 2012 for DWS.

Rep. Chavez-Houck asked who would be charged the Foundational Assessment fee.

Ms. Kristen Cox, Executive Director, DWS, indicated these fees and the Talent Assessment fees were for projects to help employers to find employees with a certain skill set.

Co-Chair Christensen commented that some funds consistently have non-lapsing funds and they are not always necessary. As times change and budgets change the Subcommittee should make adjustments in the budget item. He would like a better sense of where money is actually being spent.

Ms. Cox indicated that the nonlapsing funds are rarely more than one or two percent of the total budget. She feels that's a pretty good assessment of where DWS's budget should be. DWS watches those items pretty closely.

Co-Chair Christensen said it seems that every year there are more requests for nonlapsing funds.

Rep. Bird asked what the turnover rate is for employees. Some employees have come to him with complaints.

Ms. Cox said there had been a reduction of turnover, probably because of the economy, but DWS averages about three to four employees a month. This includes planned attrition and retirement.

Rep. Bird said he had received a letter from an employee stating the employees need to be 90 percent perfect and they only have 40 hours to get all the work done so they are clocking out and working 60 hours. He is concerned because of what he's hearing.

Ms. Cox indicated they have a disgruntled ex-employee that is circulating a letter with inflammatory statements. She would be happy to go over employee requirements. Things have changed over the past couple of years. There are expectations for the employees. There are teams with managers and Ms. Cox knows which groups are performing the best.

Rep. Bird said the letter implied that any complaints were falling on deaf ears, and employees have been threatened with the possibility of "being written up". Rep. Bird asked if the employees have any say at DWS without a threat of reprisal.

Ms. Cox said she has a website that is a safe place to make complaints. She reads the comments weekly and goes over the issues with senior staff. There are weekly team meetings where they discuss what's working and what's not. If an employee is not happy with their supervisor, they can go to their manager. An employee can take their grievance to Human Resources. Ms. Cox pointed out that everyone has had a boss they don't love. It doesn't mean it's the bosses problem but there are changing standards that an employee may not be able to meet. DWS has targeted training. There are three teams not meeting standards at this time. Ms. Cox indicated they have worked with these teams individually to help them be successful. She feels there are adequate ways for employees to address problems.

Co-Chair Christensen suggested that Mr. Vickers take up the issue with Ms. Cox later. He suggested that the errors that were brought up earlier average out to one half of an error per employee which is pretty good. He has found that most of the allegations made about WFS were more of a badge of honor for Ms. Cox instead of an indictment.

12. DWS Non-General Fund Budget Adjustments: Analyst and Agency Leadership

13. Issue Brief - DWS - Non-General Fund Budget Adjustments

Mr. Ricks began discussing the issue brief noting that the budget adjustments did not increase General Fund appropriations or allocations to DWS. The first item is a General Fund line item transfer, for both FY 2012 and FY 2013, transferring Operations and Policy line item, Eligibility Services Program, funds of \$385,600 to Unemployment Insurance line item, UI Administration Program. The second transfer requests a Dedicated Credits Increase to Operations and Policy line item, Eligibility Services Program, \$543,500 for FY 2012 and \$243,500 for FY 2013 and Unemployment Insurance line item, UI Administration Program \$157,100 for FY 2012 and FY 2013. DWS has also requested the following special administrative expense account increases: (1) FY 2012, increase to Operations and Policy line item, Workforce Development Program \$25,000 and (2) FY 2013, increase to Operations and Policy line item, Facilities Pass-Through Programs \$1,500,000, increase to Operations and Policy line item, Workforce Development Program \$6,480,000, and increase to Unemployment Insurance line item, UI Administration Program \$300,000. DWS has requested the following Reed Act increase for FY 2012, increase to Operations and Policy line item, Workforce Development program, \$6,567,000, and FY 2013, increase to Operations and Policy line item, Workforce Development Program, \$7,713,100.

Co-Chair Christensen asked if these were mostly federal dollars or whether there were any State increases.

Mr. Ricks explained that the first item was simply a transfer from one account to another but dedicated credit increases, special administrative expense account increases and the Reed Act increases were actually increases but did not come from General Fund.

Ms. Cox addressed the federal dollars for the Reed Act stating they are funds sitting in a restricted account and the Subcommittee just needs to appropriate the funds. The Special Administrative Expense Account is also restricted and just needs to be appropriated. All these funds are going to programs to help individuals find jobs and the Department would like to reinforce these programs.

Co-Chair Christensen clarified that the funds are federal funds that have been transferred to Utah and are sitting in restricted accounts that just need to be appropriated.

Ms. Cox explained that the Reed Act funds were federal funds and the Special Administrative Expenses Account funds are dollars collected from penalties and interest on overpayments from unemployment insurance.

Rep. Litvack asked whether either of those funds could be used for the \$3.2 million Child Care Development Fund.

Ms. Cox answered that the Reed Act funds could definitely not be used for the Child Care Development Fund. The Special Administrative Expense Account could possibly be used. Ms. Cox indicated they are working with Ms. Dubno to find funding without having to tap into the Special Administrative Expenses Account.

Rep. Litvack said he would appreciate DWS keeping the Subcommittee apprised on that issue.

Ms. Cox indicated that she would.

14. DTS Presentation: DTS Support of Social Services Agencies

None.

15. Other Business

None.

MOTION: Sen. Jones moved to adjourn. Motion passed with Rep. Bird and Rep. Wiley absent.

Co-Chair Christensen adjourned the meeting at 9:47 am.

Minutes were reported by Mrs. Pope, Senate Secretary

Sen. Allen M. Christensen, Co-Chair

Rep. Bill Wright, Co-Chair