

**MINUTES OF THE
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE**

Room 30 West House Building, State Capitol Complex

February 4, 2015

Members Present: Sen. Allen M. Christensen, Co-Chair
Rep. Paul Ray, Co-Chair
Sen. Deidre M. Henderson
President Wayne L. Niederhauser
Sen. Luz Escamilla
Sen. Brian E. Shiozawa
Sen. Alvin B. Jackson
Sen. Todd Weiler
Rep. Rebecca Chavez-Houck
Rep. Melvin R. Brown
Rep. Bradley M. Daw
Rep. Earl D. Tanner
Rep. Sandra Hollins

Members Excused:

Members Absent: President Wayne L. Niederhauser
Sen. Mark B. Madsen
Rep. Edward H. Redd, House Vice Chair
Rep. Robert Spendlove
Rep. Raymond Ward

Staff Present: Mr. Russell T. Frandsen, Fiscal Analyst
Mr. Stephen C. Jardine, Fiscal Analyst
Ms. Paula Winter, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order/Approval of Minutes

Sen. Christensen called the meeting to order at 8:15 AM

2. Public Input

Jeremy Chatelain, Advocate, spoke on behalf of Vocational Rehabilitation and shared his experience of having a spinal cord injury 18 years ago and being able to succeed in work as a salaried employee, to be able to pay taxes, support his family, drive, attend school and not depend on assistance because of Vocational Rehabilitation. He also shared information about one of his adopted children who had leukemia and who he was able to attend to that issue because of private insurance coverage.

Sen. Christensen commented on Mr. Chatelain's success in the program and in life.

Jennifer Adams, Parent, spoke on behalf of HB 199 and the Division of Services for People with Disabilities (DSPD). She shared her experience with a twin daughter who was born with several medical issues. She reported that their family did have insurance but it was very costly for the co-pays. She continued to detail her family situation and stated her support for HB 199.

Sen. Weiler thanked Ms. Adams for sharing their family situation.

Glen Peel, Citizen, who was blinded in a chemical accident shared his success at being able to begin a business because of Division of Services for the Blind and Visually Impaired (DSBVI) which has made a big difference in his life. Mr. Peel shared his concern about having funding taken from DSVBI and put into other areas in the Utah State Office of Rehabilitation (USOR). He expressed his desire that the DSBVI agency be separated to be its own agency.

Sen. Christensen voiced appreciation and informed Mr. Peel that discussion will take place today about these issues.

Megan Palmer, a Senior Student at Woods Cross High, shared her needs as a blind student. She explained that her needs are different from her peers and gave examples. She expressed concern that she will lose assistance to be able to continue her education and that she wants to be able to succeed and not be part of the blind unemployed. Ms. Palmer supported DSVBI and the things she can accomplish with their assistance. She shared her goals to be a special education lawyer and not be part of a statistic.

3. Utah State Office of Rehabilitation Structural Imbalance Issue Brief SB7 – Base Budget Bill

<http://le.utah.gov/interim/2015/pdf/00000802.pdf>

Stephen Jardine, Fiscal Analyst, shared information about what the Utah State Office of Rehabilitation (USOR) is and where it is located and to its disbursement of funds. He proceeded to refer to the information available online. He spoke about the Division of Disability Determination which is funded by the Federal Government. Mr. Jardine continued to look at the funding providers and who delivers the services. Mr. Jardine referred to two motions on the motions sheet, items #8E-Fund 2355 Visually Impaired Fund and 8J-Fund 7355 Visually Impaired Vendors and continued to explain those accounts. Mr. Jardine moved to the structural imbalance situation in USOR. He emphasized the seriousness of the situation. He stated that if the shortfall of \$6.3 million is not funded, services for 14,000 clients will be stopped in March as well as future clients not receiving services and then being put on a waiting list. He also informed the Committee that this has been developing for the last 5 years. Mr. Jardine said that the Committee was informed about it last year but the response from the Department was that they thought they would be OK. Mr. Jardine continued explaining the situation and how it happened. He then proceeded to look at the Utah State Office of Rehabilitation – Structural Imbalance – Issue Brief Summary. He shared information about how the problem developed. He also shared six options for Legislative Actions suggested by staff. Mr. Jardine reiterated the gravity of the situation.

4. Utah State Office of Rehabilitation Federal Funds Issue Brief

<http://le.utah.gov/interim/2015/pdf/00000804.pdf>

Mr. Jardine briefly explained federal funds in the Utah State Office of Rehabilitation.

5. Presentation of State Office of Rehabilitation Budget Issues by Utah State Office of Education and the Utah State Board of Education.

Dave Crandall, Chair, State Board of Education, introduced Jennifer Johnson, Second Vice-Chair, Utah State Board of Education, who acknowledged the seriousness of the situation. She pointed out 3 things that contributed to the situation which were: (1) significant mismanagement of federal grants, (2) maintenance of effort, and (3) one-time funding used for significant increases in expenditures due to increase in clients and cost of services. She also stated that the Utah State Office of Rehabilitation (USOR) is not on the radar as part of the job as a board member. She explained about an audit done on USOR previous to spring of 2014 and that the understanding of the issue began after that. Ms. Johnson made a motion to the Board that a governance study be made on the oversight of USOR. The motion did pass. She explained about the number of new individuals on the Board and also a new superintendent as a picture of the context of how information was being received about USOR. Ms. Johnson continued explaining the procedure of how budgets are currently reviewed. She continued amplification of what the decision of the board was as far as a request for funding.

Sen. Christensen suggested it is a positive because at least it is not a Public Education issue but is a USOR issue.

Rep. Daw commented on how shocking this is and wondered how this will not happen again. He asked what has been or will be done about the situation.

Mr. Crandall indicated what is being done immediately. He stated that USOR is acting independently of the Board in several cases with respect to Federal programs and that any action between the Federal Government and USOR will now need to be approved by the State Board of Education.

Ms. Johnson relayed information about an action by the Internal Audit Staff to create an auditing tool called the Risk Assessment for USOE and USOR. This assessment indicated some tools for risk training that needed to take place. She continued to explain the procedure to be followed. She also indicated that it was difficult for her to respond for the whole Board because of the complexity of the issue. Ms. Johnson continued to speak to the matter addressing several questions to be considered about the Board and USOR.

Rep. Daw stated that maybe there is misalignment by having USOR under the Board of Education.

Ms. Johnson stated several positive reasons for the alignment of USOR with USOE.

Rep. Ward asked for clarification about what kind of staff is available to the Board of Education in their meetings to help them make decisions and is there anyone present like our analyst to give good feedback. He also asked about the costs that have increased for restorative services and asked for clarification about what those services would be. Ms. Johnson replied to the first question about reporting. Rep. Ward deferred to waiting until the USOR presentation about what restorative services are.

Co-Chair Ray referred to his notes from last year about the situation and presented some figures having to do with state and federal funding. Ms. Johnson stated that the \$6.3 may not solve the problem for future years. Rep. Ray asked when the Board was made aware of the deficit. Ms. Johnson stated that late spring early summer of 2014 was when the board became aware of the problem. Rep. Ray asked if funding comes from the education budget or does it need to come from the Social Services Budget. Ms. Johnson responded with two ways to think of that question. There was continued conversation about the concern.

Brad Smith, State School Superintendent, Utah State Office of Education (USOE), responded to the concern. He stated that there are no good options. He commented on the options presented by the Analyst. He also specified that the root of the problem is where the leak is occurring in the system. He stated that the stunning increase in the number of services is not fully understood. He also said another piece of the problem is knowing where they are going which is part of the governance issue. He indicated that this was a leadership failure and referred back to Rep. Daw's concern and asked what is there structurally in the State Office that incentivizes the USOE to continue to pay attention to this matter. Mr. Smith continued commenting.

Russ Thelin, Executive Director, Utah State Office of Rehabilitation (USOR), commented on corrections which are being attempted. He stated that tools have been put in place and enumerated those items. Mr. Thelin also answered Rep. Ward's question about what restorative services are. Rep. Ward and Mr. Thelin continued to discuss and clarify the issue.

Rep. Redd asked for an understanding of how we got to this place.

Mr. Smith, State Superintendent, referred to the graphs in the USOR Structural Imbalance - Issue Brief, page 4. He spoke to the graph and indicated that in 2011 there was more evidence. He continued to explain the situation and how it came about. He suggested that it was perhaps because of staggered fiscal years of the state and federal government and rising needs of clients. He continued to explain his view of how the structural imbalance came about. Rep. Redd commented and Mr. Thelin explained the combinations that caused the situation to come about. Rep. Redd continued to comment on things to learn from this situation and Mr. Smith and Mr. Thelin concurred with Rep. Redd.

Rep. Ward restated his question asked previously and restated the issues voiced by Mr. Smith. He spoke about the Healthy Utah Plan (HUP) and asked if the coverage through that would assist

in providing services at a lower cost and how that may help balance the budget. Mr. Thelin indicated that USOR has had the thought that HUP may help to remedy their problem. He also stated that there will be an analysis done to get a feel of what the impact of HUP might be. There was continued conversation between Rep. Ward and Mr. Thelin.

Rep. Ray asked who was at fault in this situation. Mr. Smith stated that responsibility lies with the Director of USOR who made the decision to provide the services knowing there was a structural imbalance. He stated there was also a lack of clear communication to the State Board or the State Superintendent. There is fault in the office of the State Superintendent in oversight and failure to recognize the complexity of the department's funding and also in failing to recognize the treatment of the one-time money as ongoing money. He stated that there is failure at the State Board level in the governance issue and asked if there is a better governance area that should be considered. Rep. Ray asked if the budget in USOR has been looked at from the bottom up to detect inefficiencies and look at ways to correct those. Mr. Thelin responded positively and stated that it is done routinely but more particularly during the last year. He enumerated areas that have been looked at. Rep. Ray asked about penalties and late fees being assessed for late enrollment. He used the example of his daughter's tuition not being paid on time and then a late fee being assessed. He wondered if that money being paid for late fees was being wasted by inefficiencies. Mr. Thelin and Mr. Smith responded that late payment it was unacceptable practice and would be looked at.

Rep. Brown responded with an analysis of what he has observed. He stated that the problem doesn't lie with USOR or USOE. He explained the Committee knew of the problem for several years. He stated that one problem is that Vocational Rehabilitation doesn't have the political constituency to follow it and so the problems get pushed off. Executive Appropriations has been warned in the past and the problem needs to be fixed. He stated that he believes it is a governance issue and the USOE has a full plate solving education issues. He continued that Legislative leadership to the top hasn't mentioned Vocational Rehabilitation because of its low profile politically and publicly and the problem does need to be fixed. Mr. Smith concurred.

Sen. Christensen made a statement about speaking with some of the advocates and has reassured them this is a financial problem and the USOR will not be done away with and if a transfer of responsibility takes place it will continue to function appropriately.

Russell Frandsen, Fiscal Analyst, responded to a question from Rep. Ward about potential savings from the USOR for Medicaid expansion. He indicated it was \$400,000 ongoing estimated.

MOTION: Rep. Ray moved to approve the following motions for the Utah State Office of Rehabilitation Services line item from the sheet entitled "Social Services Subcommittee – Motions for Subcommittee Consideration" dated 1/23/2015 9:15 PM: #1C, 8E, 8J and 9P.

The motion passed unanimously with Sen. Henderson, Sen. Shiozawa and Rep. Chavez-Houck absent for the vote.

6. SUCCESS Examples and Progress – Utah State Office of Rehabilitation

<http://le.utah.gov/interim/2015/pdf/00000790.pdf>

The chair determined that this presentation could be heard during the interim.

7. Three Proposed Performance Measures to Include in Appropriations Acts via Intent Language

USOR made a brief presentation on its three measures.

8. Department of Human Services' Child and Family Services Base Budget (materials available in COBI)

a. Review of Child and Family Services Off-Budget Funds

Stephen Jardine, Fiscal Analyst, reviewed what Child and Family Services is. He referred to a list of several programs and costs including: administrative staff, regional staff, in-home services, out of home care, adoption assistance, and a computer program system which runs many things etc. Next Mr. Jardine gave an explanation of who pays for the services by looking at the documents available online. He moved to the Division of Child and Family Services (DCFS) on COBI and looked at their list of expenditures to explain spending in this area. He suggested that the DCFS budget has a lot of moving parts to consider. He shared information about what is actually purchased with the spending from a chart prepared from an audit done previously.

Mr. Jardine indicated that the following is a motion to be considered.

Motion #8G – Fund 7300 Maurice N. Warshaw Trust Fund – to report annually to the Committee

b. Federal Funds in the Department of Human Services – Issue Brief

Federal funds in DCFS were briefly discussed.

c. Budget Effectiveness Review Options

The Analyst recommended some areas for 2% effectiveness review:

\$75,900 - Reduction in Administration for the Division of Child and Family Services (DCFS)

\$1,267,300 - caseworkers performing more efficiently by reducing the amount of travel by relying on caseworkers in other regions to visit clients who are placed outside their regions and improved efficiency internally by providing caseworkers with more technology and training per an Office of the Legislative Auditor General (OLAG) audit

\$75,000 - to make foster care contracting more consistent per OLAG audit
\$58,200 - to make new adoption subsidies more consistent statewide per OLAG audit
\$67,100 - to reduce programming consultant for the DCFS SAFE information technology system

9. Agency Explanation of Federal Reserves Over Three Months

<http://le.utah.gov/interim/2015/pdf/00000456.pdf>

Mr. Jardine referred to a chart and spoke of the Federal reserves for grants in several areas and shared that when the federal government shutdown happened this agency was able to survive because of the reserves.

10. Agency Request for Non-lapsing Authority

Motion #3Z – Technical savings from a change in Federal law that will go specifically for the Federal law that change was to effect

Motions #3AA & #3AB – give non-lapsing authority to DCFS

Mr. Jardine shared the information from last year when there was a \$5 million carry-over and that this year there was no carry over. He explained the reason for no carry-over of funds at the end of FY 2014 was because DCFS did forward hiring of staff which took place to prevent issues of shortage of staff in the future.

11. Three Proposed Performance Measures to include in Appropriations Acts via Intent Language

Motion #9N – The Department of Human Services report on the following performance measures:

- 1) Administrative Performance: percent satisfactory outcomes on qualitative case reviews/system performance
- 2) Child Protective Services Absence of maltreatment recurrence within 6 months
- 3) Out of home services: percent of children reunified within 12 months

Brent Platt, Director, Division of Child and Family Services, Department of Human Services (DHS), reviewed the request for non-lapsing authority and then went through the 3 performance measures required and expanded on what they each mean.

Sen. Christensen complimented Mr. Platt's responsiveness to inquiries he has made.

Rep. Tanner had a question about child protective cases and how they are instigated. Mr. Platt responded that they have an intake office where the bulk of referrals come from neighbors, family members, professionals etc. Mr. Platt said some also come through the court.

Sen. Jackson asked Mr. Platt to define an in-home service. Mr. Platt indicated that definition has broadened over the past years. He gave an example of going into a home and then helping parents in the home with issues they may have there that would be safety issues. Mr. Platt also explained that in-home services can be either voluntary or court ordered.

Sen Jackson wanted to know why there was such a large disparity between out of home and in-home services in funding spent especially when there is supposed to be more of an effort to keep kids in their homes. He indicated he had heard some negative feedback from others and wanted some information. Mr. Platt said that the in-home services are cheaper. He also stated that he would be willing to meet with constituents of Sen. Jackson to address issues they may have. Ann Silverberg Williamson responded that commitment to less restrictive services are under the direction of Mr. Platt. She commented that the statutory job through the Federal Government is for the protection of children. The funding, mandates, and the laws are through the Foster Care system. The desire to focus on in-home care is there but that service has not been intentionally funded. Practices are having to change so that more focus can be there. Rep. Jackson responded that he would like to visit with the DCFS to look at the issue and continued to comment about the importance of protecting the children.

Sen. Christensen responded that he chairs the Child Welfare Oversight Committee and that Human Services walks a fine line between saying some children need to leave their homes or some need to stay in their homes and blame happens for either choice made.

MOTION: Rep. Ray moved to approve the following motions for the Department of Human Services Division of Child and Family Services line item from the sheet entitled “Social Services Subcommittee-Motions for Subcommittee Consideration” dated 1/23/2015 9:15 PM: #1C, 3Z, 3AA, 3AB, 8G & 9N.

Rep. Chavez-Houck wondered about having cost per cases shown for in-home vs. out of home placement so the Committee can see the trend line of making the shift.

The motion passed unanimously with Sen. Henderson and Rep. Brown absent for the vote.

12. Intergenerational Poverty Report

<http://le.utah.gov/interim/2015/pdf/00000806.pdf>

Tracy Gruber, Director, Office of Child Care, Department of Workforce Services (DWS), gave information on the data and report. Ms. Gruber related several statistics and data from various areas. There was collaborative child welfare data provided by Mr. Platt and his team reported by Ms. Gruber. She emphasized the importance of collaboration between their agencies.

Rep. Ray asked about correlation and the causation of poverty from experiences. Ms. Gruber suggested that from the data there was more correlation information and conclusions about causation could not be made. Mr. Platt added that stress is played out on the kids and that it is important for the agencies to work together to not overwhelm families with several plans of

action to be taken by them or several requirements to be met. Rep. Ray restated his question and there was continued conversation about learned behaviors.

Sen. Escamilla asked about how the data was collected. Ms. Gruber stated the approach was different for each area. Sen. Escamilla had questions about the abuse and neglect data that went back to previous generations. Mr. Platt responded about going back into their data for information. There was continued conversation about collecting data.

Russell Frandsen, Fiscal Analyst, indicated the new Motion Sheet for the Committee which reflects those motions passed and the new motions upcoming.

MOTION: Rep Ray moved to adjourn the meeting. The motion passed unanimously.

Co-chair Christensen adjourned the meeting at 10:45 a.m.

Sen. Allen M. Christensen, Co-Chair

Rep. Paul Ray, Co-Chair