

Office of the
Legislative Fiscal Analyst

FY 2002 Budget Recommendations

Joint Appropriations Subcommittee for
Commerce and Revenue

Utah Department of Workforce Services

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1.0 Department of Workforce Services

Summary

The 1996 Legislature passed House Bill 375, “The Department of Workforce Services,” in order to combine and integrate all job placement, job training, and welfare (supportive services) functions in the State of Utah. This integration effort assumed that states would receive block grant funding for the welfare programs from the federal government, affording Utah opportunities for increased flexibility and effectiveness in serving clients. The 1997 Legislature passed Senate Bill 166 finalizing the creation of the Department and authorizing an official start up date of July 1, 1997. The integration endeavor continues. The Department has been consolidating and is now operating 45 employment centers and eligibility centers. Many budgetary and actual program integration actions are still in transition. The budget recommendation is another iteration of the organizational adjustments made within the Department over the last four years.

Utah has created a public/private partnership to accomplish the goals of welfare reform. Administrative systems and regional operations have been put into place. Some remodeling and physical transfers of personnel and programs are yet to be completed. Physical facilities are being addressed by the Capital Facilities Appropriations Subcommittee.

Maintenance of Effort Savings

The Department has a “maintenance-of-effort” requirement to keep a specific level of General Fund in the program budgets. Any reduction below the specified amount could result in a total loss of federal funds. Utah has already realized a number of savings due to increased client employment, reduced welfare caseload, and administrative consolidations. Because federal employment requirements were met early, and continue to be met, the agency has its General Fund “maintenance-of-effort” requirement amount reduced to 75 percent.

Department Mission Statement

“The mission of the Utah Department of Workforce Services is to provide quality, accessible, and comprehensive, employment-related and supportive services responsive to the needs of employers, job seekers, and the community.”

Department Vision Statement

The Department’s Vision Statement is “We will set the national standard of a high-quality workforce by being the employment connecting point for employers, job seekers, and the community.”

	Analyst FY 2002 Base	Analyst FY 2002 Changes	Analyst FY 2002 Total
Financing			
General Fund	\$54,697,900	\$0	\$54,697,900
Federal Funds	176,642,600		176,642,600
Dedicated Credits Revenue	3,324,500		3,324,500
Transfers - H - Medical Assistance	3,485,200		3,485,200
Total	\$238,150,200	\$0	\$238,150,200
Programs			
Executive Director	\$1,083,800	\$0	\$1,083,800
Administrative Services	25,102,700		25,102,700
Employment Development	39,017,400		39,017,400
Regional Administration	71,407,000		71,407,000
Temporary Assistance to Needy Families	45,401,000		45,401,000
Food Stamp Cash Out	2,880,000		2,880,000
Refugee Relocation	2,336,100		2,336,100
General Assistance/SSI	4,405,000		4,405,000
Workforce Investment Act	9,017,200		9,017,200
Child Care	37,500,000		37,500,000
Total	\$238,150,200	\$0	\$238,150,200
FTE/Other			
Total FTE	1,812		1,812
Vehicles	112		112

2.0 Budget Highlights: Department of Workforce Services

2.1 Basic Budget

The Department of Workforce Services is in its fourth year of operation. The budget is recommended as a single line item to give the Department the flexibility to adjust programs, organizational structure and budgets. The FY 2002 budget recommendation reflects another reorganization. They are still adapting to the consolidation of programs, people and facilities. It is recommended that this line item have nonlapsing fund status. The budget is 23.0 percent General Fund and 74.2 percent Federal Funds.

The base budget recommendation has reduced General Fund due to the Personal Service adjustments for the retirement rate reduction and internal service fund savings.

2.2 TANF Funding Available

Fiscal Year 2002 is the last year of the six-year Temporary Assistance for Needy Families (TANF) allocation. Early projections indicated that approximately \$28,000,000 would be left if nothing had been done to change how the money was being allocated. The Department established criteria and solicited input from around the State as to how the funds could be effectively used to enhance the employability and welfare of Utah's citizens. The process started in the regions and is still being completed as projections are updated and activities are executed. The Analyst participated in several review sessions to evaluate the process. It was an open system, with explicit criteria which seemed to be well thought out. The Analyst was impressed with the thought and quality of many of the proposals. Most addressed some very real needs around the State. Additional information is available from the Analyst upon request, including the details of the selection criteria and the final listing of accepted proposals.

2.3 Temporary Assistance for Needy Families (TANF) Funding – “Rainy Day Fund”

The federal welfare reform law of 1996 established the program and provided federal funding for six years. The national Congress has made several attempts to reduce the program funding. One successful avenue was to reduce funding for the Social Services Block Grant and authorize TANF to be transferred and used to make up the difference. Utah has transferred approximately four percent in the current fiscal year. Another avenue was to authorize TANF to be used for Child Care. Utah has not provided matching funds sufficient to obtain all the Child Care Development Block Grant that is available.

2.4 Social Service Block Grant

The federal government reduced funding to the Social Services Block Grant (SSBG), justifying this in part with the rationale that TANF funds could be used to make up the difference. Up to ten percent of the TANF grant may be moved to SSBG, except in federal FY 2002 where the limit is reduced to 4.25 percent or \$3.2 million. Previous Legislatures have appropriated \$2.9 million in FY 2000 and \$4.7 million in FY 2001 to be transferred. The Department of Human Services has had trouble finding sufficient programs and projects for which TANF is qualified to be used. The Legislature should be cautious that Human Services does not become dependent on the transfer from TANF. It may not be available after 2002.

2.5 Temporary Assistance for Needy Families (TANF) Case Closings

The federal welfare reform law of 1996 created the block grant for state programs that serve needy families. Utah placed a 36 month limit on the cash assistance program. December 31, 1999, the first group of families reached the 36 month time limit. Of the approximately 400 cases that reached the time limit, 224 were extended for various reasons, 36 were able to successfully close their cases, and 143 had their cases closed. Utah is authorized to extend exceptions to up to 20 percent of the TANF recipients. Utah is far below this number. A year later, fourteen families had their case closed due to time limits.

2.6 Intent Language – Family Employment Program

The Legislature expressed concern about the impact the term-limits might have on long-term welfare clients. Intent language was approved directing the Department to “*conduct ongoing follow-up with a sampling of former Family Employment Program (FEP) clients to more fully understand the effect of time limits on those clients.*” The Department is “*to involve community based organizations in the development of research tools and the analysis of resulting data; and that the Department provide regular updates to the Legislature on the impact of time-limits on families with children.*” The Department regularly reviews that status of clients at various levels within the organization. They have also contracted to have a formal study performed. Follow up is occurring through June 2002 via the third phase of a contract with the Social Research Institute (SRI). This has been reported to the Interim Workforce Services Committee. Additionally, pages 23 through 25 are from one of the recent long-term client reports regularly reviewed by management. The full report supplies additional detail on specific families and their particular circumstances.

2.7 Child Care Recommendations

A major barrier to employment is the care of children. The Office of Child Care attempts to address issues related to quality and availability of affordable child care services. The State and federal government provide assistance to low and moderate income families for this care. Utah has the largest population under 12 per capita in the nation. The Office of Child Care should be addressing related issues of concern. A bill has been proposed to eliminate the Child Care Trust Fund. The Analyst recommends that this fund be continued and used by the Department to promote the improvement and availability of child care. It is further recommended that the Office of Child Care actively search for additional federal, state and private donations as they are legislatively mandated to do. The Analyst also recommends that more funding be made available to strengthen the Resource and Referral Offices. Some funding is available from within the current Office of Child Care budget and additional funds can be sought through the Office’s trust fund.

**2.8 Intent Language
- Child Care # 1**

The 2000 Legislature approved the following intent language as supplemental language for FY 2000: *“It is the intent of the Legislature that the Department of Workforce Services evaluate changes to the current child care Payment to Parents Program (otherwise known as “cashout”), including evaluation of a possible new program. It is further the intent of the Legislature that changes to the program be made if they are programmatically and fiscally feasible. Any changes should be made in consultation with the Governor’s Office of Planning and Budget and the Workforce Services Interim Committee. It is the intent of the Legislature that the Department provides regular updates to the Legislature through the Workforce Services Interim Committee.”* The Department has reviewed the program, policies and practices and reported these to the Interim Committee. This issue was also addressed by this Appropriations Interim Subcommittee Meeting in October, 2000.

**2.9 Intent Language
- Child Care # 2**

“It is the intent of the Legislature that the Department evaluate imposing more stringent health and safety standards on child care providers of services for which assistance is provided under the Child Care Development Fund. It is further the intent of the Legislature that changes to the standards be made if they are programmatically and fiscally feasible. Any changes should be made in consultation with the Governor’s Office of Budget and Planning and the Workforce Services Interim Committee. It is the intent of the Legislature that the Department provides regular updates to the Legislature through the Workforce Services Interim Committee.”

**2.10 Federal Food
Stamp Error Rate**

One of the many programs administered by the Department is the federal Food Stamp Program. Utah has had a challenge getting its Food Stamp error rate to acceptable levels. Utah has received financial penalties as a result. The latest penalty was approximately \$100,000. The Department has made numerous attempts to address this issue, with additional training, improved eligibility determination systems and increased management oversight. The Analyst has been tracking this for two years and little progress seems to have been made. The Analyst recommends that the Department report their error rate to the Legislature (through the Analyst) on a monthly basis.

**2.11 Intent
Language – Reed
Act Distribution**

The 2000 Legislature approved intent language assuring that *“the amount of \$878,518.00 distributed to the Unemployment Insurance Trust Fund as a Reed Act Distribution be allocated to the Public Employment Service System as established in Section 35A-3-115 and be obligated within two years from the date of appropriation by the Legislature.”* These funds have not been fully allocated and distributed. It appears that they will not be distributed within the time directed by the intent language. The funds will lapse back to the Unemployment Insurance Trust Fund and will be available for reallocation at a latter time.

**2.12 Intent
Language –
Coordination Effort**

The Legislature approved language directing “the Departments of Health and Human Services, the Division of Employment Development in the Department of Workforce Services, and the State Office of Education to work jointly through the regular budget process to a present program budget for services to people with disabilities and for services to the ageing to be presented to the 2001 Health and Human Service Subcommittee. *These program budget overviews will include a discussion of the most appropriate and least costly funding options.*

The Department has worked with the other Departments and a summary is included at the end of this budget review detailing the budgets of each agency. The Department of Human Services collects information for this report. DWS provided the required information earlier this fiscal year.

**2.13 Intent
Language – DWS /
DHRM Data
Collection Project**

The Department of Human Resource Management is implementing a new database – Utah Job Match – at the same time, the Department of Workforce Services is designing a database (UWORKS). While Utah Job Match and UWORKS each have functions specific to their purposes, they also have a common element – a database for collecting information about job seekers and disseminating information about job openings. The Analyst recommends the following intent language, “*It is the intent of the Legislature that the Departments of Human Resource Management and Workforce Services coordinate their Utah Job Match and UWORKS projects such that they leverage common elements and functions. It is further the intent of the Legislature that the agencies report to the Office of the Legislative Fiscal Analyst during the FY 2001 Interim results of their coordination efforts.* (See page 16.)

**2.14 Legislative
Audit - Office of
Rehabilitation
Recommendation**

The Legislative Auditor General performed an audit of the Department of Workforce Services during the 2000 interim period. One recommendation is that “*the Office of Rehabilitation be made into a separate division within the Department of Workforce Services.*” This issue was addressed in the original statute that created the Department. It required an evaluation and determination to be made in FY 2000. This did not happen and the statute was changed, no longer requiring the study. The Legislative Auditor General has raised the issue again with a specific recommendation that this consolidation be done or that the agencies take steps to improve coordination including sharing client information when possible and developing a shared service plan for each client. The Analyst recommends this be discussed by the Subcommittee and possibly add intent language, depending on the Subcommittee’s determination.

3.0 Program Overview-Department of Workforce Services

A Short Department History

The Department was officially created on July 1, 1997. The departments, agencies, and programs combined to create the new department were:

- ▶ Department of Employment Security which oversaw the Unemployment Insurance, Employment Services, and Labor Market Information;
- ▶ Office of Family Support which administered public assistance programs such as Food Stamps, Family Employment Program and subsidized Child Care;
- ▶ Office of Job Training which coordinated all job training programs including the Job Training Partnership Act and Single Head of Household Job Training; Now the program is the Workforce Investment Act (WIA)
- ▶ Office of Child Care which worked with employers to ensure quality child care to those who are employed; and
- ▶ Turning Point which served displaced homemakers by providing educational opportunities and other employment related services.

Organizational Development

The Department is organized into a number of administrative programs to service the variety of programs offered through the local and regional centers. The programmatic divisions for funding purposes are:

- ▶ **Executive Director** – provides leadership and management direction for the Department. The Department’s communications and support staff are part of this program activity.
- ▶ **Administration and Service Delivery Support** – provides the leadership direction and Division management for the administrative functions. Recent changes have consolidated the listing of administrative divisions and functions. The budgets for the following divisions are listed here: Facilities; Fiscal Operations/Budget and Reporting; Human Resources; and Service Delivery Support. This Division also oversees the conflict resolution activities of the Department. This Division also includes: Risk Management; Legal; Hearings; and Internal Audit.
- ▶ **Employment Development Division** – is overseen by the Deputy Director who provides oversight and management of the unemployment insurance program, bureau of labor statistics programs and other economic data collection and analysis activities. This Division also includes Workforce Information Technologies.
- ▶ **Regional Management** – providing leadership and oversight of all programs operated at the local level.

The following programs are specified programs and funding sources from various federal agencies and the State: (*Federally supported programs are in italics*)

- ▶ *Family Employment Program (FEP)* - Utah’s implementation of the Temporary Assistance for Needy Families (TANF) program. TANF is a federally funded employment based approach toward financial assistance.
- ▶ *Food Stamp Cash Out Program* - Federally funded program to enable eligible individuals to receive food stamps as cash instead of coupons.

- ▶ *Refugee Relocation* - provides counseling, job preparation services, and financial assistance to refugees settling in Utah.
- ▶ *General Assistance* - a State funded program providing financial assistance to eligible single people and couples who do not qualify for the Temporary Assistance to Needy Families (TANF).
- ▶ *Workforce Investment Act Programs* - A federally funded program that assists unemployed adults and youth to receive training that will improve their employability.
- ▶ *Child Care* - promotes quality child care and subsidizes child care to qualifying individuals.

Two programs for which funding is not listed have a significant bearing on the Workload of the Department:

- ▶ *Unemployment Insurance Benefits* - Provides financial assistance to eligible individuals who are terminated from employment through no fault of their own. Approximately \$103,711,700 will be collected and disbursed by the Department during FY 2001.
- ▶ *Food Stamp Program* - Federally funded entitlement program to enable eligible individuals to receive funds for eligible food purchases. It is estimated that \$52,000,000 will be administered by the Department during FY 2001.

Welfare Reform

Welfare reform is causing major changes at the federal level. Federal agencies including the Department of Health and Human Services and the Department of Labor are being asked to work together in ways not required in the past. This has a major impact on the way the Department does the business of employment and welfare reform in Utah. Utah has been successful at getting a number of waivers, enabling the Department to implement many of the State's own program tenets. The core goals of both federal and State welfare reform are:

- 1) Reducing dependency;
- 2) Supporting children;
- 3) Controlling costs.

These goals are not always complementary. Utah has placed great emphasis on employment development and self-sufficiency. The challenges are implementing programs which will accomplish the goals within the budget parameters.

Utah's Economy

Utah's favorable economic climate has greatly contributed to the success of the programs over the last few years. Welfare caseloads have been decreasing and employment opportunities have increased in record numbers. Utah has surpassed every federal requirement to this point in terms of job creation, employment placement and caseload reduction.

**Organizational and
Budgetary
Flexibility**

The Analyst recommendations are intended to grant the Department maximum flexibility in efforts to acquire additional federal funding and to implement the most effective use of resources for the benefit of Utah's citizens. The Analyst recommends that the Department appropriation be continued as a single line item.

**Performance
Measures**

The Department is redefining key operational and support processes, as well as, the outcome measures attached to these processes.

3.1 Program: Department of Workforce Services – Executive Director

The Analyst recommends funding of \$1,083,800. A combination of funding sources contribute to the Director’s budget. The mix is much the same as for the Department as a whole.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$248,300	\$300,100	\$295,200	(\$4,900)
Federal Funds	708,600	789,300	771,800	(17,500)
Dedicated Credits Revenue	15,500	15,000	14,500	(500)
Transfers-H-Medical Assistance	17,500	2,300	2,300	0
Total	<u>\$989,900</u>	<u>\$1,106,700</u>	<u>\$1,083,800</u>	<u>(\$22,900)</u>
Expenditures				
Personal Services	\$635,100	\$710,200	\$689,400	(\$20,800)
In-State Travel	7,000	12,700	12,700	0
Out of State Travel	45,500	38,700	38,700	0
Current Expense	279,800	343,200	341,100	(2,100)
DP Current Expense	15,500	1,900	1,900	0
Other Charges/Pass Thru	7,000			0
Total	<u>\$989,900</u>	<u>\$1,106,700</u>	<u>\$1,083,800</u>	<u>(\$22,900)</u>
FTE/Other				
Total FTE	11	11	11	
Vehicles		1	1	

Purpose

The Executive Director’s Office provides leadership and management of the programs and operations of the Department.

Performance Measures

No performance measures are reported for this program item.

3.2 Program: Department of Workforce Services – Administration and Service Delivery Support

Recommendation The Analyst recommends an Administration budget of \$25,102,700 of which \$4,965,700 is from the General Fund.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$6,928,600	\$5,070,400	\$4,965,700	(\$104,700)
Federal Funds	22,554,700	20,161,100	19,675,200	(485,900)
Dedicated Credits Revenue	313,400	318,500	303,200	(15,300)
Transfers-H-Medical Assistance	2,215,100	163,700	158,600	(5,100)
Total	<u>\$32,011,800</u>	<u>\$25,713,700</u>	<u>\$25,102,700</u>	<u>(\$611,000)</u>
Expenditures				
Personal Services	\$12,799,400	\$12,369,500	\$11,894,100	(\$475,400)
In-State Travel	32,900	134,900	134,900	
Out of State Travel	83,800	149,600	149,600	
Current Expense	6,296,900	12,588,800	12,453,200	(135,600)
DP Current Expense	12,051,500	119,100	119,100	
DP Capital Outlay	715,100			
Other Charges/Pass Thru	32,200	351,800	351,800	
Total	<u>\$32,011,800</u>	<u>\$25,713,700</u>	<u>\$25,102,700</u>	<u>(\$611,000)</u>
FTE/Other				
Total FTE	184	193	193	
Vehicles		13	13	

Purpose

Administration and Service Delivery Support provides leadership, coordination and administrative support to the programs throughout the Department. Savings have been made in this area with the consolidation of the administrative functions of the numerous programs.

The Division also provides the program oversight and direction to the employment and support services offered in the Employment Centers. All case managers are now classified as “employment counselors”. (The Department emphasis is employment and self-sufficiency.)

The Division provides programmatic oversight of job training, employment development, and support services. There are also some quality control responsibilities to assure federal compliance with the federal agency guidelines involved with the funds.

For reporting and organizational purposes, several administrative divisions have been listed under this program area. With their individual budget recommendation, they are:

- 1) Facilities
- 2) Fiscal Operations/Budget and Reporting
- 3) Human Resources
- 4) Adjudication and Audit
- 5) Service Delivery Support

3.3 Program: Department of Workforce Services - Adjudication Division

Recommendation No funding is recommended for the Adjudication Division. This Division has been absorbed into other programs throughout the Department, primarily to Administration and Service Delivery Support.

	2000	2001	2002	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$188,700			
Federal Funds	1,704,100			
Dedicated Credits Revenue	17,200			
Transfers-H-Medical Assistance	19,500			
Total	<u>\$1,929,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Personal Services	\$1,731,300			
In-State Travel	3,700			
Out of State Travel	11,300			
Current Expense	162,100			
DP Current Expense	21,100			
Total	<u>\$1,929,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FTE/Other				
Total FTE	29			

Purpose The Adjudication Division was dissolved as a result of a Department reorganization. Most of the functions of this Division have been shifted to the Administration and Service Delivery Division.

Performance Measures No program or performance measures.

3.4 Program: Department of Workforce Services - Employment Development Division

Recommendation The Analyst recommends funding of \$39,017,400. General Fund accounts for \$7,249,100 and Federal Funds are the primary source of revenue at \$28,863,700.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$3,600,700	\$7,319,100	\$7,249,100	(\$70,000)
Federal Funds	26,605,000	29,661,300	28,863,700	(797,600)
Dedicated Credits Revenue	933,100	938,500	926,100	(12,400)
Transfers-H-Medical Assistance	103,400	1,984,300	1,978,500	(5,800)
Total	\$31,242,200	\$39,903,200	\$39,017,400	(\$885,800)
Expenditures				
Personal Services	\$14,690,100	\$18,628,400	\$18,112,800	(\$515,600)
In-State Travel	152,500	56,100	56,100	
Out of State Travel	152,900	190,200	190,200	
Current Expense	12,466,700	3,645,000	3,624,800	(20,200)
DP Current Expense	252,700	13,645,700	13,645,700	
DP Capital Outlay	132,000	2,480,800	2,130,800	(350,000)
Capital Outlay	30,900	7,000	7,000	
Other Charges/Pass Thru	3,364,400	1,250,000	1,250,000	
Total	\$31,242,200	\$39,903,200	\$39,017,400	(\$885,800)
FTE/Other				
Total FTE	312	329	329	
Vehicles		8	8	

Purpose The Employment Development Division includes: Economic Data Collection and Analysis; Unemployment Insurance; and Information Technology.

The Division contracts with the Federal government to provide information and specific services to them.

Intent Language – Reed Act Distribution The 2000 Legislature approved intent language assuring that *“the amount of \$878,518.00 distributed to the Unemployment Insurance Trust Fund as a Reed Act Distribution be allocated to the Public Employment Service System as established in Section 35A-3-115 and be obligated within two years from the date of appropriation by the Legislature.”*

These funds have not been fully allocated and distributed. The monies from the Reed Act distribution have not been obligated and will not be obligated in the two years allowed by intent language. These monies can only be used for administration of the Unemployment Insurance (UI) program. To date, there has been enough funding in the regular UI grant to pay for UI operations and DWS has not needed to use the Reed Act monies. In future fiscal years, monies from Reed Act distribution(s) can be re-appropriated if necessary. It appears that they will not be distributed within the time directed by the intent language. The funds will lapse back to the Unemployment Insurance Trust Fund and will be available for reallocation at a latter time.

Information Technology

The largest section in Administration and Finance is the Workforce Information Technology Division. They are responsible for service to all programs and all offices around the State. Five major program systems are currently being managed. Streamlining intake forms and assuring all necessary information is collected are major requirements. The systems involved are:

- 1) Public Assistance Case Management Information System (PACMIS) - Determines eligibility and payments for financial assistance, Medicaid and food stamps;
- 2) Unemployment Payment System (GUIDE) - Used for unemployment payments, adjudication decisions, over-payments, charge backs and accounting records.
- 3) Contributions Automated Tax System (CATS) - Collects and manages the unemployment taxes paid by employers. System will also gather wage information to be entered into a data base via scanners, tape, diskette, and modem transmission to a bulletin board.
- 4) New Hire Registry - Federal welfare reform requires states to implement a new hire registry to help locate those with delinquent child support obligations. This system is being developed with funds transferred from the Office of Recovery Services.
- 5) UWORKS - is currently in development. The project is a “one-stop” operating and case management system, being developed to implement the requirements of the Workforce Investment Act.

Intent Language – DWS / DHRM Data Collection Project

The Department of Human Resource Management is implementing a new database – Utah Job Match – for classifying, recruiting, and filling job vacancies in state government. At the same time, the Department of Workforce Services is designing a database (UWORKS) that will allow it to better manage its caseload, and also allow all employers and job seekers in Utah to interact.

While Utah Job Match and UWORKS each have functions specific to their purposes, they also have a common element – a database for collecting information about job seekers and disseminating information about job openings. According to officials in both departments, either system could with some modification, accommodate both systems’ data requirements.

The Analyst recommends the following intent language;

“It is the intent of the Legislature that the Departments of Human Resource Management and Workforce Services coordinate their Utah Job Match and UWORKS projects such that they leverage common elements and functions. It is further the intent of the Legislature that the agencies report to the Office of the Legislative Fiscal Analyst during the FY 2001 Interim results of their coordination efforts.”

3.5 Programs: Department of Workforce Services - Regional Administration

Recommendation Regional Operations is the single largest item in the budget. Here the various programs are integrated in an effort to provide “one-stop” shopping at the employment centers to the employment challenged individual or family. The Analyst recommends funding of \$71,407,000 for FY 2002.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$19,661,800	\$22,027,000	\$21,623,400	(\$403,600)
Federal Funds	44,067,500	47,427,700	46,357,100	(1,070,600)
Dedicated Credits Revenue	2,020,700	2,118,200	2,080,700	(37,500)
Transfers-H-Medical Assistance	1,429,700	1,357,900	1,345,800	(12,100)
Total	<u>\$67,179,700</u>	<u>\$72,930,800</u>	<u>\$71,407,000</u>	<u>(\$1,523,800)</u>
Expenditures				
Personal Services	\$53,001,800	\$59,435,400	\$57,564,300	(\$1,871,100)
In-State Travel	363,700	462,300	462,300	
Out of State Travel	19,300	38,900	38,900	
Current Expense	10,323,500	10,608,700	10,956,000	347,300
DP Current Expense	3,454,500	2,385,500	2,385,500	
DP Capital Outlay	16,600			
Capital Outlay	300			
Total	<u>\$67,179,700</u>	<u>\$72,930,800</u>	<u>\$71,407,000</u>	<u>(\$1,523,800)</u>
FTE/Other				
Total FTE	1,277	1,280	1,280	
Vehicles		90	90	

Purpose

Through the Regional Operations, the Department of Workforce Services directly serves Utah individuals and families. The major part of the philosophy and focus is to create a single point of service for employment and assistance services. The Department is developing one-stop employment centers which combine access to the various programs previously offered by Employment Security, Turning Point, Office of Family Support, and Job Training. Support services are offered in an effort to assist citizens to achieve self-sufficiency. This may be financial assistance, food assistance, transportation assistance, child care, health benefits or clothing.

The State is divided into five service regions and eight planning districts. The Department started with 106 locations between the numerous agencies. They now have 45 locations. Several buildings are under renovation.

The “one-stop” employment shops will attempt to deliver services of the Department to customers in close proximity to the client and in a user friendly manner. Many of the services are offered through the various locations around the State. Some are now conveniently available over the telephone. Department employees are considered “employment counselors” rather than “case-workers” or social service employees.

Program Diversity

Because of the new philosophy in the Department, “employment counselors” are not just “case workers” with a new name. Employees are responsible for more decisions and more programs to assist the client in an effort to achieve self-sufficiency.

3.6 Programs: Department of Workforce Services-Temporary Assistance for Needy Families

Recommendation The Analyst recommends a budget of \$45,401,000. Over 77 percent of this recommendation is from Federal Funds. This is not the entire TANF allocation. More of the TANF money is listed in Regional Administration and various other program titles where the funds are used and/or distributed.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$11,484,500	\$10,264,900	\$10,282,400	\$17,500
Federal Funds	36,368,000	34,365,100	35,118,600	753,500
Total	<u>\$47,852,500</u>	<u>\$44,630,000</u>	<u>\$45,401,000</u>	<u>\$771,000</u>
Expenditures				
Current Expense	\$361,300			
Other Charges/Pass Thru	47,491,200	\$44,630,000	\$45,401,000	\$771,000
Total	<u>\$47,852,500</u>	<u>\$44,630,000</u>	<u>\$45,401,000</u>	<u>\$771,000</u>
FTE/Other				

Purpose The Temporary Assistance For Needy Families (TANF) Program was created by Congress in 1997 to replace the Aid to Families with Dependent Children (AFDC). AFDC was an open ended entitlement program offering benefits to families as long as they met the eligibility criteria. TANF removes the entitlement character of AFDC and is an employment based approach to assistance. Everything in the program is intended to help people who need assistance to become self-sufficient through employment. Utah used TANF funds to operate the Family Employment Program (FEP). The Family Employment Program was refined by the 1997 Legislature in House Bill 269. The key principles of FEP / TANF are:

1. It is employment focused rather than benefit based;
2. There are specific limits on the time a person may receive benefits;
3. Participants work with only one counselor for both self-sufficiency and benefits; and
4. States are required to meet certain standards for the number of participants working.

States were released from the restrictions of the Aid to Families with Dependent Children (AFDC) Program. Utah has the flexibility to design its own assistance programs. Funding for the TANF block grant was based on welfare spending in FY 1994, when caseloads were high.

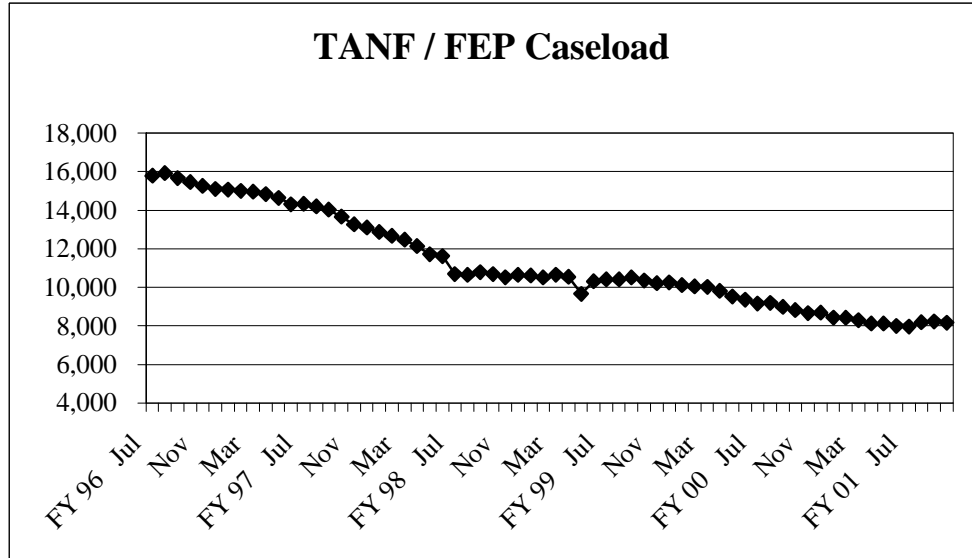
Utah can use both the federal block grant and state Maintenance of Effort (MOE) money on anything that accomplishes the broad purposes of TANF:

1. End welfare dependence;
2. Promote employment;
3. Encourage two-parent families; and
4. Reduce out-of-wedlock pregnancies.

Resources must be spent on eligible families.

Caseload

The caseload history for Aid to Families with Dependent Children, (predecessor to TANF) indicates it has been declining since 1984.



The Analyst monitors the caseload for the TANF Program. A number of visits have been made to a variety of Job Connection Employment Centers where current and past clients have been interviewed. A statistically significant sample has not yet been collected. The preliminary results are encouraging.

A status report is presented on the next six pages. This demonstrates the successes and challenges for the Department.

Social Service Block Grant (SSBG)

The federal government reduced funding to the Social Services Block Grant (SSBG) with an added provision that TANF funds could be used to make up the difference. The transfer is limited to 10 percent or approximately \$7.72 million. The cut to the SSBG is approximately \$2.9 million, well within the transfer ceiling. The Legislature appropriated a transfer of \$2.9 million for FY 2000 and more for FY 2001. The Department of Human Services has had trouble finding sufficient programs and projects for which TANF is qualified to be used. The Legislature should be cautious that Human Services does not become dependent on the transfer from TANF. It may not be available after 2002.

Reports and Projections

The next four pages are: 1) the funding history and projections for the life of the TANF Grant; and 2) the long-term client report indicating how many individuals are having their cases closed due to time limits.

3.7 Programs: Department of Workforce Services-Food Stamp Cash Out Program

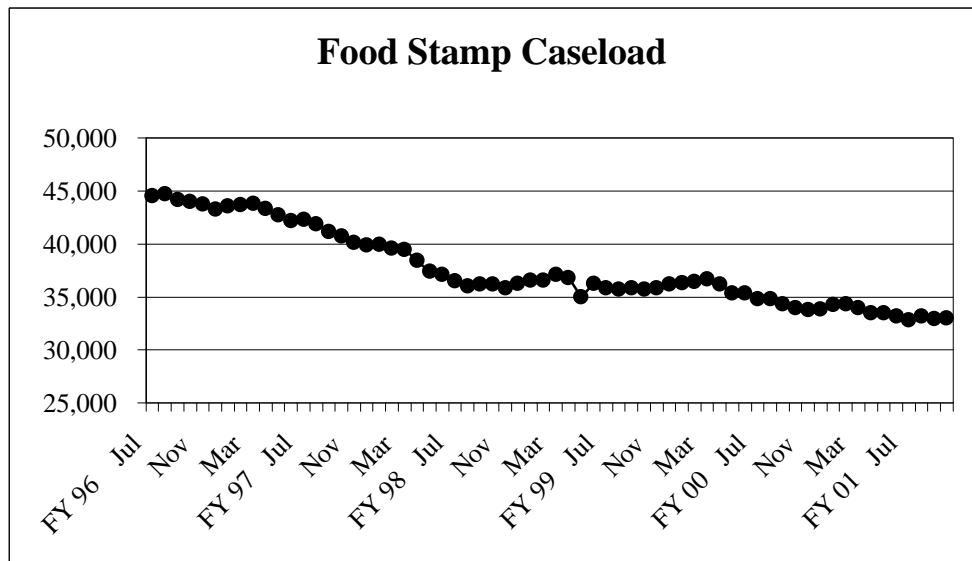
Recommendation

The Analyst recommends a budget of \$2,880,000 from Federal Funds. This is a significant change from FY 2001. The program has lost some of its waivers for the cashout program and most funds are now distributed through the direct entitlement program which is not listed in the budget. This is approximately \$52,000,000.

	2000 Actual	2001 Estimated	2002 Analyst	Est/Analyst Difference
Financing				
Federal Funds	\$19,754,400	\$12,880,000	\$2,880,000	(\$10,000,000)
Total	<u>\$19,754,400</u>	<u>\$12,880,000</u>	<u>\$2,880,000</u>	<u>(\$10,000,000)</u>
Expenditures				
Other Charges/Pass Thru	\$19,754,400	\$12,880,000	\$2,880,000	(\$10,000,000)
Total	<u>\$19,754,400</u>	<u>\$12,880,000</u>	<u>\$2,880,000</u>	<u>(\$10,000,000)</u>
FTE/Other				

Purpose

The Food Stamp Cash Out Program enables the elderly, those on Supplemental Security Income and some other individuals to receive food stamps as cash rather than coupons. The program is fully funded by the federal government.



The program originally began to encourage elderly who qualified for the program to use it. It was expanded to include some individuals working toward self-sufficiency in order to enhance their money management skills.

The previous chart reflects a downward trend much the same as the TANF caseload. Visits around the State to various Food Banks give a different picture. They report significant increases in usage of the Foodbank Network. Some possible reasons are: 1) the Foodbank Network has expanded and is becoming better known; 2) people shifting from welfare to work still need additional assistance and 3) some people may not be aware that they could still qualify for food stamps, even though they are working.

3.8 Programs: Department of Workforce Services-Refugee Relocation

Recommendation The Analyst recommends an appropriation of \$2,336,100. This program is funded entirely with Federal Funds.

	2000	2001	2002	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Federal Funds	\$1,678,900	\$2,336,100	\$2,336,100	\$0
Total	<u>\$1,678,900</u>	<u>\$2,336,100</u>	<u>\$2,336,100</u>	<u>\$0</u>
Expenditures				
Other Charges/Pass Thru	\$1,678,900	\$2,336,100	\$2,336,100	\$0
Total	<u>\$1,678,900</u>	<u>\$2,336,100</u>	<u>\$2,336,100</u>	<u>\$0</u>
FTE/Other				

Purpose The Refugee Relocation Program is a pass-through program providing assistance to individuals qualifying for refugee status. Payments are made to assist in their successful resettlement in Utah. Utah has administered the program since 1976.

An average of approximately 150 cases involving 175 individuals and families are assisted by the program each month.

3.9 Programs: Department of Workforce Services-General Assistance

Recommendation The Analyst recommendation for the General Assistance Program is for \$4,405,000 General Fund.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$4,928,900	\$4,405,000	\$4,405,000	\$0
Total	<u>\$4,928,900</u>	<u>\$4,405,000</u>	<u>\$4,405,000</u>	<u>\$0</u>
Expenditures				
Current Expense	\$6,200			
Other Charges/Pass Thru	4,922,700	\$4,405,000	\$4,405,000	\$0
Total	<u>\$4,928,900</u>	<u>\$4,405,000</u>	<u>\$4,405,000</u>	<u>\$0</u>
FTE/Other				

Purpose The General Assistance Program is a State funded program that provides financial assistance to single people and couples who do not qualify for the Temporary Aid to Needy Families Program. To be eligible for General Assistance, recipients must be unemployed and unable to work due to illness or physical or mental disability. People receiving General Assistance are required to register with Vocational Rehabilitation if their disability can be overcome. Some participate in the Work Experience and Training Program. People may be eligible for Federal Supplemental Security Income and are waiting for their eligibility to be determined are temporarily assisted through General Assistance.

The Federal Government reimburses the State for payments to those who become Supplemental Security Income eligible. There are approximately 1,175 people receiving General Assistance at the present time.

General Assistance Funding The General Assistance Program is a fully State funded program for individuals or families without children. Many receive support through this program until they are processed for other programs such as Social Security. The caseload in this category has been increasing. Part of the reason for this is because it is taking longer to get qualified for Social Security through the Federal Government.

3.10 Programs: Department of Workforce Services - Workforce Investment Act

Recommendation The Analyst recommends \$9,017,200 from Federal Funds. The Workforce Investment Act replaced the previous Job Training Partnership Act.

	2000	2001	2002	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Federal Funds	\$4,901,900	\$9,017,200	\$9,017,200	\$0
Dedicated Credits Revenue	10,000	0	0	0
Total	\$4,911,900	\$9,017,200	\$9,017,200	\$0
Expenditures				
Current Expense	\$289,200	\$0	\$0	\$0
Other Charges/Pass Thru	4,622,700	9,017,200	9,017,200	0
Total	\$4,911,900	\$9,017,200	\$9,017,200	\$0
FTE/Other				

Purpose The Workforce Investment Act (WIA) prepares low-income youth and adults, the long-term unemployed, and persons with other barriers, for jobs in private industry. WIA emphasizes involving the private sector that leads in the design and implementation of job training programs.

Assistance is also provided to dislocated workers who have lost their jobs due to plant closure or permanent layoffs, and / or have little or no opportunities for obtaining work in similar or related occupations.

WIA benefits program participants by assessing job skills, developing an employment plan, providing classroom or on-the-job training and assisting them in securing unsubsidized employment. It also allows states to use funding to provide core employment services that can be offered to the universal customer. Using the funds this way does leave less available for training type of activities.

Performance standards are reported regularly to the federal government. These include the number of individuals who receive job training, displaced workers that have received counseling and job search assistance, and other programs providing assistance to youth and individuals attempting to obtain employment.

3.11 Programs: Department of Workforce Services - Child Care

Recommendation The Analyst recommends funding of \$37,500,000.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	5,858,700	5,877,100	5,877,100	
Federal Funds	\$24,976,700	\$31,322,900	\$31,622,900	\$300,000
Total	<u>\$30,835,400</u>	<u>\$37,200,000</u>	<u>\$37,500,000</u>	<u>\$300,000</u>
Expenditures				
Other Charges/Pass Thru	\$30,835,400	\$37,200,000	\$37,500,000	\$300,000
Total	<u>\$30,835,400</u>	<u>\$37,200,000</u>	<u>\$37,500,000</u>	<u>\$300,000</u>
FTE/Other				

Purpose

The need for child care is a major barrier to employment, especially in single parent homes. Direct child care support payments are made in an effort to assist individuals and families to become more employable and ultimately self-sufficient.

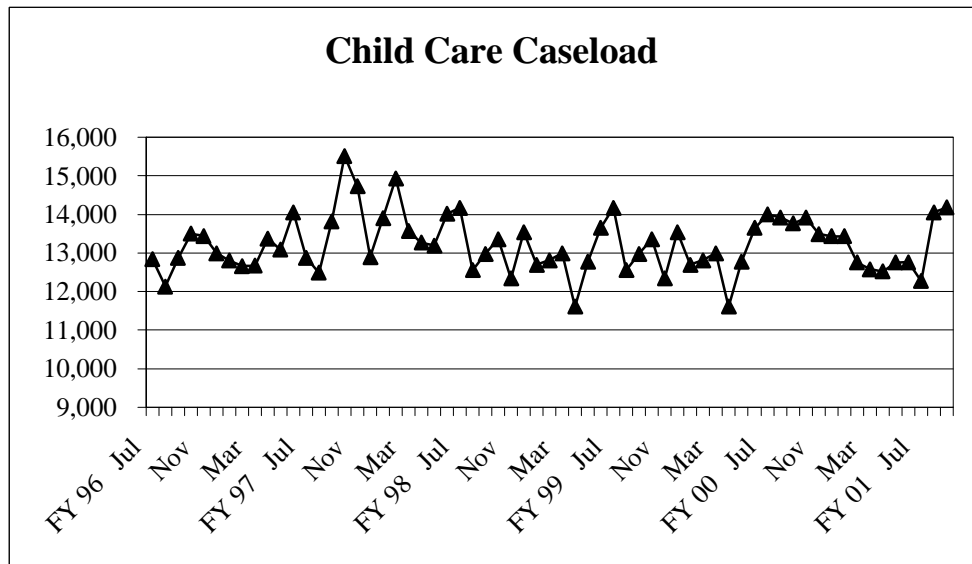
The 1998 Legislature approved the Department to use Maintenance of Effort savings to increase the amount of funds obtained from the Federal government. General Fund shifted from other program areas accounts for the increase for FY 1999. This level is maintained in FY 2000. Options are available to increase General Fund or use TANF money to pay directly for child care.

Childcare Funding Options

The 1997 Legislature reduced the State portion of Childcare funding by \$4,000,000 for FY 1998. Caseload projections the previous year had been overestimated. Though child care needs are not growing as rapidly as previously estimated, they are stable. In addition to the current caseloads, federal child care regulations require that market rates be paid to child care providers. Based on these two factors, additional funds will be needed in FY 2000 for child care services. The Legislature has two options:

- 1) Use TANF funds for Child Care. TANF money can be used for child care. Funds are available, but would draw down the “TANF Rainy Day Fund” currently available. Current estimates are listed in the 4.0 section of this report.
- 2) Keep the funding level at status quo. No new money and no transfer of funds. This would require a reduction in the subsidy payment amount to service the growing number of qualified recipients.

The caseload history is illustrated on the next page.



Child Care Recommendations

A major barrier to employment is the care of children. The Office of Child Care attempts to address issues related to quality and availability of affordable child care services. The State and federal government provide assistance to low and moderate income families for this care. Utah has the largest population under 12 per capita in the nation. The Office of Child Care should be addressing related issues of concern. A bill has been proposed to eliminate the Child Care Trust Fund. The Analyst recommends that this fund be continued and used by the Department to promote the improvement and availability of child care. It is further recommended that the Office of Child Care actively search for additional federal, state and private donations as they are legislatively mandated to do. The Analyst also recommends that more funding be made available to strengthen the Resource and Referral Offices. Some funding is available from within the current Office of Child Care budget and additional funds can be sought through the Office’s trust fund.

Intent Language - Child Care # 1

The 2000 Legislature approved the following intent language as supplemental language for FY 2000: *“It is the intent of the Legislature that the Department of Workforce Services evaluate changes to the current child care Payment to Parents Program (otherwise known as “cashout”), including evaluation of a possible new program. It is further the intent of the Legislature that changes to the program be made if they are programmatically and fiscally feasible. Any changes should be made in consultation with the Governor’s Office of Planning and Budget and the Workforce Services Interim Committee. It is the intent of the Legislature that the Department provides regular updates to the Legislature through the Workforce Services Interim Committee.”* The Department has reviewed the program, policies and practices and reported these to the Interim Committee. This issue was also addressed by this Appropriations Interim Subcommittee Meeting in October, 2000.

Effective October 1, 2000 policy and technical changes simplifying determination of child care need were implemented. Parents receive a child care reimbursement for each child based on the parent's participation in eligible activities. Payment for child care has also changed. All customers / providers now receive payment via two party checks mailed to the parent. Parents have the responsibility to pay their provider.

**Intent Language -
Child Care # 2**

“It is the intent of the Legislature that the Department evaluate imposing more stringent health and safety standards on child care providers of services for which assistance is provided under the Child Care Development Fund. It is further the intent of the Legislature that changes to the standards be made if they are programmatically and fiscally feasible. Any changes should be made in consultation with the Governor’s Office of Budget and Planning and the Workforce Services Interim Committee. It is the intent of the Legislature that the Department provides regular updates to the Legislature through the Workforce Services Interim Committee.”

Minimum health and safety standards have been revised effective January 1, 2001. Non relative private home providers will be required to obtain a residential certificate. The new standards (residential certification) include BCI check, first aid training, CPR training, and annual monitoring. License exempt care may continue to be approved when licensed and /or residential certified care is not available.

3.12 Programs: Department of Workforce Services-Performance Measures

The Department has worked to consolidate activities from several State and federal organizations into one coherent program with the goal to improve services to the citizens of Utah. Individual program goals and objectives are being established to improve the quality and enhance the effectiveness of the programs offered. Caseload is a major reflection of workload, as shown in the table below. The next page shows the projected TANF funding through 2002.

		<u>Child Care</u>	<u>AFDC / FEP</u>	<u>General Assistance</u>	<u>Work Toward Employment</u>	<u>Food Stamps</u>	
FY 98	July	14,176	10,696	1,034	96	36,540	
	August	12,558	10,641	1,060	64	36,060	
	September	12,978	10,792	1,137	88	36,202	
	October	13,358	10,689	1,143	94	36,213	
	November	12,337	10,526	1,148	87	35,881	
	December	13,543	10,638	1,162	106	36,257	
	January	12,694	10,604	1,125	112	36,608	
	February	12,812	10,504	1,159	116	36,550	
	March	12,990	10,657	1,241	140	37,122	
	April	11,607	10,542	1,192	110	36,826	
	May	12,769	9,661	1,165	82	34,983	
	June	13,647	10,315	1,175	87	36,301	
FY 99	July	14,176	10,417	1,192	83	35,870	
	August	12,558	10,410	1,235	75	35,745	
	September	12,978	10,514	1,242	67	35,830	
	October	13,358	10,363	1,251	72	35,753	
	November	12,337	10,205	1,227	71	35,847	
	December	13,543	10,261	1,255	116	36,229	
	January	12,694	10,110	1,235	132	36,332	
	February	12,812	10,052	1,248	145	36,474	
	March	12,990	10,033	1,304	155	36,725	
	April	11,607	9,806	1,288	135	36,244	
	May	12,769	9,535	1,282	125	35,382	
	June	13,647	9,371	1,302	117	35,345	
FY 00	July	13,998	9,167	1,266	82	34,856	
	August	13,928	9,198	1,289	73	34,812	
	September	13,767	8,987	1,331	76	34,369	
	October	13,915	8,824	1,304	73	33,980	
	November	13,496	8,660	1,229	76	33,804	
	December	13,437	8,691	1,237	82	33,837	
	January	13,437	8,426	1,264	70	34,287	
	February	12,757	8,420	1,267	68	34,336	
	March	12,582	8,309	1,210	77	33,967	
	April	12,519	8,122	1,184	59	33,470	
	May	12,754	Data Series is Missing				
	June	12,762	8,009	1,185	48	33,179	
FY 01	July	12,273	7,977	1,133	40	32,822	
	August	14,058	8,181	1,178	55	33,191	
	September	14,183	8,235	1,186	53	32,971	
	October	***	8,173	1,212	61	33,025	

*** Because of child care program changes, the October caseload data is an estimate only and C57 may be revised in future months

4.0 Additional Information: Department of Workforce Services

4.1 Funding History

	1998	1999	2000	2001	2002
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	\$47,564,800	\$49,726,900	\$52,900,200	\$55,263,600	\$54,697,900
Federal Funds	180,131,400	196,486,900	183,319,800	187,960,700	176,642,600
Dedicated Credits Revenue	2,556,600	2,624,600	3,309,900	3,390,200	3,324,500
GFR - Special Administrative Expense		2,500,000			
Transfers - H - Medical Assistance	5,317,000	4,144,900	3,785,200	3,508,200	3,485,200
Beginning Nonlapsing	996,800	161,900			
Closing Nonlapsing	(161,900)				
Total	\$236,404,700	\$255,645,200	\$243,315,100	\$250,122,700	\$238,150,200
Programs					
Executive Director	\$800,700	\$595,800	\$989,900	\$1,106,700	\$1,083,800
Administrative Services	30,534,000	34,803,100	32,011,800	25,713,700	25,102,700
Adjudication Division	1,589,700	2,171,500	1,929,500		
Employment Development	24,439,800	32,620,900	31,242,200	39,903,200	39,017,400
Regional Administration	63,563,700	65,953,700	67,179,700	72,930,800	71,407,000
Temporary Assistance to Needy Families	50,557,500	50,567,700	47,852,500	44,630,000	45,401,000
Food Stamp Cash Out	21,312,500	21,473,400	19,754,400	12,880,000	2,880,000
Refugee Relocation	947,500	1,243,000	1,678,900	2,336,100	2,336,100
General Assistance/SSI	4,262,600	4,247,000	4,928,900	4,405,000	4,405,000
Workforce Investment Act	7,660,200	6,769,100	4,911,900	9,017,200	9,017,200
Child Care	30,736,500	35,200,000	30,835,400	37,200,000	37,500,000
Total	\$236,404,700	\$255,645,200	\$243,315,100	\$250,122,700	\$238,150,200
Expenditures					
Personal Services	\$77,054,500	\$83,748,800	\$82,857,700	\$91,143,500	\$88,260,600
In-State Travel	614,000	617,200	559,800	666,000	666,000
Out of State Travel	326,600	367,000	312,800	417,400	417,400
Current Expense	34,849,100	37,230,600	30,185,700	27,185,700	27,375,100
DP Current Expense	12,035,100	15,803,200	15,795,300	16,152,200	16,152,200
DP Capital Outlay	32,900	386,200	863,700	2,480,800	2,130,800
Capital Outlay	233,400	47,400	31,200	7,000	7,000
Other Charges/Pass Thru	111,259,100	117,444,800	112,708,900	112,070,100	103,141,100
Total	\$236,404,700	\$255,645,200	\$243,315,100	\$250,122,700	\$238,150,200
FTE/Other					
Total FTE	1,843	1,819	1,812	1,812	1,812
Vehicles				112	112

4.2 Federal Funds: Department of Workforce Services

Program	Match Requirement	FY 2000 Actual	FY 2001 Estimated	FY 2002 Analyst
Temporary Assistance For Needy Families (TANF)	Federal	\$67,642,300	\$76,239,900	\$77,340,300
	MOE	20,815,625	20,815,625	20,815,625
	Total	88,457,925	97,055,525	98,155,925
Child Care Block Grant	Federal	32,712,100	32,832,000	32,788,400
	\$2.5 Fed : \$1 State	7,842,200	7,842,200	7,842,200
	Total	40,554,300	40,674,200	40,630,600
Wagner Peyser	Federal	9,253,900	10,498,200	10,401,100
	None			
	Total	9,253,900	10,498,200	10,401,100
Workforce Investment Act	Federal	7,407,900	10,021,400	9,914,500
	None			
	Total	7,407,900	10,021,400	9,914,500
Food Stamp Cash Out	Federal	19,754,400	12,880,000	2,880,000
	None			
	Total	19,754,400	12,880,000	2,880,000
Food Stamp Administration	Federal	8,335,100	8,701,800	8,597,400
	\$1 Fed : \$1 State	9,866,500	9,641,800	9,537,400
	Total	18,201,600	18,343,600	18,134,800
Food Stamp Employment & Training	Federal	3,073,400	3,242,200	3,242,200
	\$1 Fed : \$1 State	1,181,500	1,318,000	1,318,000
	Total	4,254,900	4,560,200	4,560,200
Refugee Assistance	Federal	1,974,800	2,921,400	2,918,000
	None			
	Total	1,974,800	2,921,400	2,918,000
XX Social Services Block Grant	Federal	16,000	16,000	16,000
	None			
	Total	16,000	16,000	16,000
Unemployment Insurance Grant	Federal	16,949,000	20,545,100	19,994,100
	None			
	Total	16,949,000	20,545,100	19,994,100
Other Employment Service	Federal	4,027,100	3,294,500	3,294,500
	None			
	Total	4,027,100	3,294,500	3,294,500
Other Department of Labor	Federal	12,791,500	7,701,700	5,256,100
	None			
	Total	12,791,500	7,701,700	5,256,100
TOTAL	Federal	183,937,500	188,894,200	176,642,600
	Required State Match	39,705,825	39,617,625	39,513,225
	Total	\$206,678,325	\$207,950,725	\$196,145,725