

**MINUTES OF THE
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE**
Room 30 West House Building, State Capitol Complex
January 31, 2014 AM

Members Present: Sen. Allen M. Christensen, Co-Chair
Rep. Ronda Rudd Menlove, Co-Chair
Rep. Daniel McCay, House Vice Chair
Sen. Deidre M. Henderson
President Wayne L. Niederhauser
Sen. Luz Robles
Sen. Evan J. Vickers
Sen. Todd Weiler
Rep. Rebecca Chavez-Houck
Rep. Tim M. Cosgrove
Rep. Paul Ray
Rep. Edward H. Redd
Rep. Marc K. Roberts
Rep. Earl D. Tanner

Members Absent: Rep. Brad L. Dee
Sen. Shiozawa

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.

0. Call to Order/Approval of Minutes

Co-Chair Christensen called the meeting to order at 8:08 am

1. Unfinished Items from the previous agenda

Dr. Marc Babitz, Division Director, Family Health and Preparedness, Utah Department of Health (UDOH) addressed the following:

- a. Family Health and Preparedness Line item
 - i. Autism treatment costs – Dr. Babitz referenced a document entitled “Autism Treatment Account – Costs Per Child” and reviewed the information on it which concluded that it costs about \$30,000 per child per year.
 - ii. Child care issues (costs and findings during inspections) - Dr. Babitz referred the Committee to the 3 pages of handouts on child care and read the highlighted information to address questions previously asked. Mr. Babitz went through the information with the Committee.

Russell Frandsen, Fiscal Analyst questioned if there should be further direction from the

Committee as far as which kind of providers need to be charged if the DOH decides to pursue the non-compliance fee.

Dr. Babitz referred to the first document and referred to the Cited Findings Issued column and the Technical Assistance Findings Issued column and said that is why the two are separated and if the Committee wanted to make the fee more cost-based that is where they would look.

Rep. Menlove asked for insight on why she had heard about a request coming from the executive branch about additional funding in the licensing area. Dr. Babitz indicated that a request for additional building blocks has not been made and was not aware of the request.

2. Intergenerational Poverty Report

<http://le.utah.gov/interim/2014/pdf/00001573.pdf>

Jon Pierpont, Executive Director, Department of Workforce Services (DWS), introduced Carrie Mayne, Director of Workforce Research and Analysis, DWS. Mr. Pierpont gave some background for this report and data collected which comes from several agencies. He talked about the commission that has been organized which includes Mr. Pierpont, the court administrator and the State school superintendent and an advisory committee of experts in the field that provide insight and proposals for consideration. Ms. Mayne gave background of how those who are in intergenerational poverty are identified using their own data. She presented a power point that explained the families involved, dynamics of employment, assistance, foster care episodes, Child Protective Services, and Physical and Mental Health Diagnoses. Ms. Mayne stated that there will be a partnership with all the other Commission Departments to expand the amount of data and match the data with the Department of Child and Family Services (DCFS), partners in education, partners in health and other divisions within Human Services and match the children not just the adults.

Sen. Henderson asked how this information will be used to move forward and use this with both intergenerational poverty and situational poverty to be productive.

Mr. Pierpont replied that currently they are looking into all the departments and policies with reference to the current research in Utah and nationally and asking what the current policy is and what practices we want to move toward. Mr. Pierpont said they would be looking at 3 areas: 1) Early Childhood Education, 2) Youth, and 3) Unstable Home and Family to help develop policy. Situational poverty will be handled differently. He continued to explain how they will look at the situations to ensure long-term success.

Rep. Chavez- Houck asked about selection of the cohort and if the recession influenced where the cohort was chosen. Ms. Mayne replied that they did not control for business cycle effect including recessions or booms or for policy changes which will cause fluctuations in the amount of use of the various programs. Rep. Chavez-Houck also inquired about the domestic violence issue and the toxic environments that may perpetuate the cycle of poverty. There was a conversation between Rep. Chavez-Houck and Ms. Mayne and Mr. Pierpont replying to the

concern.

Pres. Niederhauser asked if there has been a cause found for the root cause of this problem. Mr. Pierpont stated that they haven't yet found the root cause but suggested that as the data is looked at it may assist in figuring that out.

Rep. Tanner commented on the mental health issue and the number involved in the data presented. Ms. Mayne replied to his inquiry.

Rep. Menlove relayed a text from a constituent that asked about the level of public assistance dependence in the overall measure and wanted to know if the data is being aggregated. Ms. Mayne stated that those things are looked at and continued to expound on the question. The constituent also inquired about who uses the services. Rep. Menlove and Ms. Mayne continued to have a conversation about the concern.

Sen. Christensen asked about the college students who may be involved in assistance before they graduate and Ms. Mayne answered his inquiry. Rep. Menlove made the point that the college ages in Utah are older and pregnancy younger which should be a consideration.

4. Federal Funds Department of Workforce Services – Issue Brief

(<http://le.utah.gov/interim/2014/pdf/00001530.pdf>)
<http://le.utah.gov/interim/2014/pdf/00000631.pdf>, #1C

Mr. Frandsen reviewed information about areas of concern that could take place if a federal shutdown had lasted longer than it did. There were areas of concern and Geoff Landward, Deputy Director, Department of Workforce Services, explained those vulnerable areas. He mentioned food stamps and refugee services which included transportation to health services which were required within a certain time period.

Russell Frandsen reviewed information on the Issue Brief.

5. Agency Explanation of Federal Reserves Over three Months

Geoff Landward, Deputy Director and Nathan Harrison, Finance Director, Department of Workforce Services introduced themselves. Mr. Landward spoke about the federal funds and the restrictions that are attached. He explained each of the following and why there were reserves:

- 1) Workforce Innovation Fund (WIA) – this is a new grant
- 2) Trade Training – includes working with different countries
- 3) Temporary Assistance for Needy Families (TANF) – most flexible, about a year's worth of funds available

Rep. Menlove stated that this is a large amount of funding and wanted to know the flexibility of those funds. Jon Pierpont, Executive Director, Department of Workforce Services (DWS) replied using the four purposes of the TANF program. Rep. Menlove asked if there is some flexibility by switching out General Fund dollars. Mr. Landward continued with explanation of the two

elements of the TANF program which are 1) the block grant received and 2) maintenance of effort (MOE) requirement. He clarified how those work. Rep. Menlove and Mr. Landward continued conversation about how the money could be used. There was some conversation among other committee members about this fund usage.

Rep. Redd asked about which private organizations contribute to the MOE. Mr. Pierpont, Mr. Landward and Rep. Redd continued a conversation about this item. Rep. McCay referred to the \$107 million and appreciated the information but asked for a clarification about how we are trying to cure the structural imbalance and how it is going the wrong way.

Mr. Landward referred to the Workforce Services – Structural Imbalance Issue Brief and the trending portrayed on the graph. He continued to reference the trend downward. Rep. McCay and Mr. Landward talked more about the funding and how needs will be met. Sen. Henderson joined in on the conversation.

Mr. Landward stated that they are not asking for appropriations or funds but are trying to reduce the deficit of \$18 million dollars to \$8 million and looking internally for it.

Stephen Jardine, Fiscal Analyst, took some time to explain the idea of Structural Imbalance.

Mr. Landward continued to speak about reserves and why they are there. He spoke of use of the funds in the unemployment insurance program. Part of the use would be in case there were another government shutdown.

6. Intent Language and Non-lapsing Balances Follow Up – Issue Brief

<http://le.utah.gov/interim/2014/pdf/00000876.pdf>

Mr. Frandsen reviewed the information in the brief by reading through the summary

7. ARRA funds Approval Department of Workforce Service – Issue Brief

<http://le.utah.gov/interim/2014/pdf/00001585.pdf>

9. Required Reports – Issue Brief

Mr. Frandsen read the names of the 3 reports required by the state from the Brief and information from them.

10. Annual Audit of the Department of Workforce Services by the State Auditor

<http://financialreports.utah.gov.saoreports/2013/13-18DWS-ml.pdf>
[WorkforceServices,Departmentof.pdf](http://financialreports.utah.gov.saoreports/2013/13-18DWS-ml.pdf)

John Dougall, State Auditor, Office of the State Auditor, introduced Hollie Andrus, Audit Director, Office of the State Auditor, and Van Christensen, Audit Director, Office of the State Auditor. Ms. Andrus presented the audit information from the prepared power point presentation beginning with their purpose and included the scope of the audit, compliance with Federal regulations, and trends.

Sen. Vickers asked a question about third party payers and Melanie Henderson, Audit Senior, Office of the State Auditor clarified for Sen. Vickers.

Sen. Robles asked a question about the sample of 60 for the audit and Ms. Henderson replied that is the number for those who have had issues in the past and for a clean program the number may be reduced to about 40-45 as the sample. Sen. Robles also inquired about CHIP and those eligible for the program and whether they were quantifying for Medicaid also. Van Christensen replied that there were no errors found this year.

Rep. Redd complimented the auditor's office for the good job done and also DWS for responding to the previous audit findings and improving things they do.

Mr. Dougall replied that the DWS has been very involved in improving this year and appreciated Mr. Pierpont for their efforts.

Ms. Andrus referenced a program available online that includes more information and continued to share more findings.

Jon Pierpont, Executive Director, Department of Workforce Services stated that they appreciate the audit and have no rebuttal because they feel they are headed in the right direction and are stabilized. Sen. Christensen added to the conversation.

Rep. Chavez-Houck stated she would like to see what has made the biggest difference in the change and what has been incorporated. Mr. Pierpont said that is available and will be sent to the Analyst.

Rep. Ray commented to Mr. Pierpont and his staff on their success and commended them on their success with veterans.

11. Annual Audit of the Department of Workforce Services – Follow-up on the Ucard Finding

Nathan Harrison, Financial Director, Department of Workforce Services gave background of what the Ucard is used for. He stated there were issues with JP Morgan Chase through which the card is issued and the Department was not able to reconcile those transactions from Dec. 2014 to April 2013. There were steps taken to reconcile that situation as quickly as possible with JP Morgan Chase and a full reconciliation was eventually made. Some funds were not recouped because of the length of time and also that some moved off the program and could not be tracked to recoup the funds lost. There was about \$20,000 used inappropriately during that time.

Rep. Tanner asked about the mechanics of the Ucard and Mr. Harrison replied that it works like a credit card. Rep. Tanner and Mr. Harrison continued to converse about appropriate use of the funds available.

Hollie Andrus suggested that a secondary control could have been taken to locate the proper use of the funds.

Rep. Chavez-Houck had a recommendation and asked if it would be feasible to check each card.

Mr. Harrison stated that there is a universal requirement that the card users keep the receipts. When the transactional data is available from JP Morgan they can tell exactly what the card was used for. That data is now available. Rep. Chavez-Houck and Mr. Harrison continued to converse about the card usage.

Rep. Roberts asked if it would be possible to make a list of items with a code to restrict the use of the card into the proper purchase. Mr. Harrison replied to that suggestion.

12. Review of Department of Workforce Services' Base Budget

(http://le.utah.gov/lfa/reports/cobi2014/agcy_600.htm)

a. Funding reductions and Revenue Options – sheet

Stephen Jardine, Fiscal Analyst, and Russell Frandsen, Fiscal Analyst, spoke about each item from Legislative Fiscal Analyst (LFA) sheet: (1) item #3 alter some of the agency recommended uses of Special Administrative Expense Account (SAEA), (2) #4 Affordable Care Act Mandatory Changes, (3) #12 Take turnover saving (4) #2 \$107 million consider using Temporary Assistance for Needy Families (TANF) excess reserve authority for one-time consistent with the 4 TANF purposes, (5) #3 Saving from Higher Federal Match Rate for Certain eREP Operations, (6)

Rep. Redd asked why this is one-time and not ongoing. Mr. Frandsen explained that as soon as the Federal government gives the word it could be ongoing. Rep. Redd conversed with Mr. Frandsen about the issue.

b. Special Administrative Expense Account- Issue Brief

This item was explained by Mr. Jardine

<http://le.utah.gov/interim/2014/pdf/00000631.pdf>, #4A

c. Three Proposed performance measures to include in appropriations acts via intent language

<http://le.utah.gov/interim/2014/pdf/00000631.pdf>, #9Q

provide accurate and timely department-wide fiscal administration.

Goal: manage, account, and reconcile all funds within State finance closeout timelines with zero audit findings.

1. Operations and Policy

- a. measuring the number of job placement connections made in conjunction with one or more DWS provided services – target 50,000 placements per quarter
- b. positive closure rate for TANF recipients – 70% target rate
- c. internal review compliance accuracy – includes all programs in the Eligibility Services Division – target 95%

2. General Assistance Program

- a. positive closure rate for General Assistance – target 45% per month
- b. GA customers served –

Rep. Menlove requested that rewording be done to add context.

- c. internal review compliance accuracy – target 80%

3. Unemployment Insurance

- a. percentage of new employer status determinations made within 90 days – target greater than 70%
- b. percentage of UI separations determinations with quality scores equal to greater than 95 points – target 75% or more

Sen. Weiler inquired about what happens if registration is not made within 90 days and if the fees are lost if they don't register?

Bill Starks, Unemployment Insurance Director, Department of Workforce Services, replied that if an employer does not register they are subject to fines and penalties and since there is no statute of limitations they could go back further than the two year audit period. He also indicated there are individuals dedicated to doing that job but there is also cross matching with the tax commission and the IRS.

- c. percentage of UI benefits made within 14 days – target greater or equal to 87%

4. Unemployment Insurance Trust Fund

- a. maintain the trust fund at an adequate level
- b. keep an average high cost multiplier
- c. determine timeliness of employers paying their contributory tax – target 90%

d. Non-lapsing Authority

1. Dan Schuring, Department of Workforce Services, spoke to and explained #3A on the motions sheet. Mr. Schuring explained how the Department planned to use the funds. Mr. Jardine clarified that the \$200,000 is a cap. Mr. Schuring explained items 3B for the General Assistance line for up to \$800,000 and 3C for up to \$3.1 million for the Operations and Policy line. Sen. Robles, Mr. Schuring, and Stephen Jardine, Fiscal Analyst, discussed these fund requests. Mr. Schuring continued with #3D, 3E, 4A and 6E and explained what **these** funds would be used for.

MOTION: Rep. Menlove moved to approve for the Department of Workforce Services Administration line item from the sheet entitled “Social Services Subcommittee – Motions for Subcommittee Consideration” dated 1/24/2014 12:47 PM: items 1C, 3A, 6E and the motion from the speaker detail shown to be #9Q in the Motion Sheet.

Motion passed unanimously with Sen. Henderson, Sen. Knudson, Sen. Shiozawa, Rep. McCay, Rep. Dee and Rep. Ray absent for the vote.

MOTION: Rep. Menlove moved to approve for the Department of Workforce Services the

Operations and Policy line item from the sheet entitled “Social Services Subcommittee – Motions for Subcommittee Consideration dated 1/24/2014 12:47 PM: #1C, 1H, 3C, 3D, 4A, 6E & 9R.

Motion passed unanimously with Sen. Henderson, Sen. Knudson, Sen. Shiozawa and Rep. Dee absent for the vote.

MOTION: Rep. Menlove moved to approve for the Department of Workforce Services General Assistance line item from the sheet entitled “Social Services Subcommittee – Motions for Subcommittee Consideration” dated 1/24/2014 12:47 PM: #3B & 9S.

Motion passed unanimously with Sen. Shiozawa and Rep. Dee absent for the vote.

MOTION: Rep. Menlove moved to approve for the Department of Workforce Services Unemployment Insurance line item from the sheet entitled “Social Services Subcommittee – Motions for Subcommittee Consideration” dated 1/24/2014 12:47 PM: #1C, 3E, 6E, & 9T.

Motion passed unanimously with Sen. Shiozawa and Rep. Dee absent for the vote.

MOTION: Rep. Menlove moved to approve for the Department of Workforce Services Unemployment Compensation Fund line item for the sheet entitled “Social Services Subcommittee – Motions for Subcommittee Consideration dated 1/24/2014/12:47 PM: #1C, 1G, 6E, & 9AE.

Motion passed unanimously with Sen. Shiozawa and Rep. Dee absent for the vote.

MOTION: Rep. Roberts moved to Adjourn

Adjourned at 10:48 a.m.

Other Business

Co-Chair Christensen stated that the next meeting would be held on January 31, 2014 at 2:00 p.m.

Sen. Allen M. Christensen, Co-Chair

Rep. Ronda Rudd Menlove, Co-Chair