

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

Measures Heard: None Informational Meeting

HOUSE COMMITTEE ON AGENCY REORGANIZATION AND REFORM

January 17, 1991Hearing Room D 3:30 p.m.Tapes 3 - 4

MEMBERS PRESENT:Rep. Clarno, Chair Rep. Hugo, Vice Chair Rep. Derfler Rep. Katz Rep. Jones, Alternate for Speaker Campbell Rep. Brian Rep. Clark

STAFF PRESENT: Susan Browning, Committee Administrator Scott Kaden, Committee Assistant

WITNESSES: Stephen Minnich, Director of Adult and Family Services Division

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TAPE 3, SIDE A

006 CHAIRPERSON CLARNO: Calls the meeting to order at 3:33 p.m.

010 SUSAN BROWNING: Explains to Rep. Brian that field trips do fall under the "open-meeting" laws.

015 CHAIRPERSON CLARNO: Announces when the subcommittees will be assigned and the tentative agenda for the following weeks. Introduces Stephen Minnich, Director of Adult and Family Services Division.

028 STEPHEN MINNICH: Introduction of Victor Merced, Deputy Administrator and other members of the staff present (opening remarks). The mission of Adult and Family Services (AFS) has changed in light of Ballot Measure Five. We have placed our highest priority on preserving the New Jobs Program and Welfare Reform. We do not hold all the answers to the ultimate outcome of the Welfare-to-Work programs for AFS. We have tried to take a level approach in addressing the budget. AFS' Target Groups: The ultimate priority is to keep those teen mothers (age 15 - 19, without a high school degree) in our case load. The second targeted group are the long term welfare cases - the "harder to serve in welfare." These people tend to spend 6 - 8 years in the system, if AFS

does not take measures to intervene. The third group are those mothers on welfare whose oldest child is sixteen years or older. In order to qualify for welfare in this state, you must have a child who is deprived of the support of at least one parent. 22,000 cases will be processed in the next biennium. We try to make the Legislature's investment worthwhile and meaningful.

200 REP. BRIAN: When you refer to cuts in dollars and so forth, are you referring to cuts versus actual 1989-91 biennium or cuts versus some other prior proposed budget?

204 STEPHEN MINNICH: When we talk about cuts, we are talking about a continuing level budget which we needed to pare back. A continuing level budget is inflation adjusted, it is a continuation from the last biennium.

242 REP. DERFLER: How many dollars are being spent this biennium compared to the last biennium?

245 STEPHEN MINNICH: Defers to Wayne Wolf, Administrator.

249 WAYNE WOLF: The answer is found in Section Four of the materials handed out to you (EXHIBIT A). Continuing level is another term for "base budget, . . . or, what is it cost to continue the current legislative approved programs into the next biennium, adjusted for inflation."

269 CHAIRPERSON CLARNO: Rep. Derfler, does that satisfy your question?

270 REP. DERFLER: Yes.

273 REP. CLARK: Mr. Minnich, could you give the committee a working definition for welfare reform?

279 STEPHEN MINNICH: Welfare reform basically means the Support Act, which was passed by Congress and provides us with the funds. Although, Welfare Reform began a long time ago here in Oregon. Seven percent of our caseload must be doing an activity that is related to education, training or employment.

339 REP. CLARK: Then that level must rise, does it not . . . the level engaged in those programs?

327 STEPHEN MINNICH: This is correct, it must rise gradually to 20 percent of mandatory caseload. In the next biennium, the level must be at 11 percent.

357 CHAIRPERSON CLARNO: Asks for a clarification concerning budget cuts, specifically is the 18% cut in addition to 27% or is that included?

362 STEPHEN MINNICH: No, that is in addition to the 27% reduction.

369 REP. JONES: It looks as though you have reduced your caseload, is that something we are going to end up dealing with in the Emergency Board?

380 STEPHEN MINNICH: Yes, and that may be a bothersome thought. Figures with ADC caseload figures are very volatile. We estimate the caseload at the end of the biennium to be 34,600, and our current rebalance number is 35,600, down from the original figure of 39,000.
TAPE 4, SIDE A

021 REP. DERFLER: How do you decide who you are not going to service?

025 STEPHEN MINNICH: The area we decide not to serve are probably the most difficult cases, those that need the most resources. Those who are "job ready" (those who have many things going for them but need some immediate emergency assistance) or "near job ready" will be served. Our cuts primarily occurred in the "pre-employment" group, the large group characterized by low education levels and possible substance abuse. This group we spend the most resources on. When we made the cuts, it primarily affected our capacity to serve this "pre-employment" group.

049 REP. KATZ: You took it out of the group called "general assistance?"

050 STEPHEN MINNICH: No, not specifically. The "general assistance" population is not in the Welfare Reform group.

053 REP. KATZ: I apologize, the reduction in case load that you are referring to refers only to the ADC population and not the "general assistance" population?

058 STEPHEN MINNICH: The "general assistance" budget is no longer in the AFS, it is in Senior and Disabled Services. I can get you that information (defers to Wayne Wolf)

062 WAYNE WOLF: Further explanation concerning the caseload numbers.

071 REP. DERFLER: The caseload is the larger of the two numbers? I don't quite follow what you are saying - the caseload is more than 34,600?

073 WAYNE WOLF: Explains the difference between the two sets of numbers and refers to Stephen Minnich.

083 STEPHEN MINNICH: Refers the committee to Section 2 of the handout, page one of Section 2, for basic bullet definitions. To answer Rep. Derfler's question, the mission of AFS is that 33,000 (mostly women), the target of the Welfare Reform. (See Page one, Section 2 for further definition of major AFS programs.) AFS would like to strongly impact mothers with young children, because when this group leaves Welfare, they take their children with them, which in turn causes eligibility in three programs to end.

130 CHAIRPERSON CLARNO: Clarifies, for the other committee members, the numbers of programs and classifications.

140 REP. HUGO: Out of all these various criteria, how many of these regulations are state and how many are federal? Give me an example of state law that we have options on.

148 STEPHEN MINNICH: All of the program is mandated in an act of Congress, it is a title of the Social Security Act and all of these programs that we are talking about today have their origin in the Social Security Act.

155 REP. HUGO: Can we eliminate your agency?

157 STEPHEN MINNICH: You must have a single state agency which receives the money from the federal government. If you don't want to receive the money, you may eliminate this agency but you will also eliminate Welfare as it is delivered presently.

163 REP. HUGO: If we wanted to eliminate everything, including Welfare, that would be lawful under the federal act?

166 STEPHEN MINNICH: The state accepts these grants as grants from the federal government. If you say that we refuse or that we do not want that resource flowing into our state, you are not mandated by the constitution or any other laws of the United States, I believe.

173 REP. HUGO: If you decide that you want to accept these grants, how much freedom, latitude or management talent can we apply to the administration of these grants and how much is simply from Washington, D.C. (Minnich defers to Jim Neeley, Assistant Administrator for AFS, for the specifics.)

180 JIM NEELEY: Some programs are optional to the state, for example the Emergency Assistance Program, but there are ramifications. At the level you are talking about, "it is pretty much an all or nothing choice for the large programs." State statutes are fairly broad in our operations procedure. The Federal Government gives us a fair amount of choice in which particular options within a particular program we operate. There are several ways to run a program, all of which are very prescriptive. On the state level, the choices are "approximately at 15 or 20 percent of our administrative complexity."

208 CHAIRPERSON CLARNO: To expand on Rep. Hugo's comments, could you provide us a one page summary of all the federal programs, and elaborate a little on what you have just testified?

214 REP. KATZ: Could you also translate that into how much you can lower cash payments, what Medicaid programs you can reduce, what other populations you can reduce?

221 CHAIRPERSON CLARNO: Do you want to call up Pam Mattson? Are you going to discuss confidentiality rules? Could you elaborate on the problem of confidentiality?

231 STEPHEN MINNICH: Yes, confidentiality is a problem. I am trying to think of other one-line examples. Another example concerns the wage records on the computer with regards to the IRS data which may contradict the previous information given.

276 REP. DERFLER: Mentions the problem about a constituent not receiving desired food stamps, and yet AFS cannot discuss the matter with the Representative, due to confidentiality.

284 STEPHEN MINNICH: Yes, this is absolutely true. (Gives another example of conflict.)

323 CHAIRPERSON CLARNO: If CSD takes a child away from a home, they cannot notify AFS?

330 JIM NEELEY: In most cases, CSD is able to notify AFS of those facts. It can be done, but it might not be happening within the agencies.

336 REP. KATZ: But a school cannot get involved with AFS Family, if they felt some abuse may be occurring. The school cannot not get any information from the AFS.

349 STEPHEN MINNICH: Yes, that is true. We cannot give any information

to the schools.

350 REP. KATZ: The real problem lies where a service component cannot get to the client because the information is not available because it is a different agency.

356 CHAIRPERSON CLARNO: Please identify any confidentiality rules that are not mandated by the federal government, that limits your agency's ability to accomplish what you need to accomplish. Do you have anything else you would like to comment on, like food stamps?

370 STEPHEN MINNICH: Specifically in the area of grant programs, please see Section 4 of the handout, Page 2. 11.5% of the funds go to administration and accounting. That 11.5% of the funds includes everything, including publication, eligibility, etc.

431 CHAIRPERSON CLARNO: Let's talk about food stamps; why not give cash rather than food stamps?

444 STEPHEN MINNICH: I'd like to cash out of food coupons. You're supposed to get actual change in food stamps. These procedures are not always followed. USDA runs the program, they are the regulators of the program, not AFS. Food stamps are linked with the farm lobby in Washington, D.C. and the aim of reducing the food surplus in this country. Yes, it is true that food stamps can be used on food only, not cigarettes or alcohol.

TAPE 3, SIDE B

021 CHAIRPERSON CLARNO: You can buy candy and pop, but you cannot buy toilet paper?

035 STEPHEN MINNICH: Yes, this is absolutely true. Corruption does exist, and AFS does periodic stings in the Portland area. Experiments are on going with regards to teller cards, and accounts at "point-of-sale" locations. This procedure stops the mailing, redemption and the blackmailing. By 1995, food stamps will probably be a thing of the past.

052 REP. KATZ: Where is the AFS magnetic tape program? Where is that now?

055 JIM NEELEY: The program is proceeding. It is due to kick off in the Springfield area in the next month. The system is already set up for child support payments and will be fully functional by early February or March, we will be handling the ADC households as well. It had turned out to be a very extensive programming operation for us, particularly in reconciliation.

066 REP. JONES: Is this simply electronic banking?

068 JIM NEELEY: Yes, that is correct. We are looking into state accounts as a possibility.

073 REP. JONES: Could we try the plastic money approach? Do we need federal approval? Have we applied for that opportunity?

079 STEPHEN MINNICH: We haven't applied. The strain on the federal government is severe so the pains of joining this program may be relieved. These changes will be here in the next few years, without application to a pilot program.

095 REP. JONES: Are there start-up costs?

097 STEPHEN MINNICH: Yes, but we already have many of these expenses with direct deposit. Banks have expressed some concern with the possibility of over withdrawal.

107 REP. JONES: Could we get a copy of the products which may be purchased with food stamps.

109 STEPHEN MINNICH: Yes.

111 REP. DERFLER: With regards to deposits for Welfare people in banks, didn't the banks testify to the fact that this would be instituted over night? Yet it is two years later, and we are just beginning to work with the program?

115 STEPHEN MINNICH: We negotiated a start date for a pilot program for Springfield with the banks. Maybe Jim would like to add to these comments.

122 JIM NEELEY: We have to accept part of the responsibility for the delay. Our computer system has been having difficulties with regard to direct deposit. We have run into some issues concerning certain banking regulations, as well as our regulations. It has made the process more difficult than we had anticipated.

131 REP. DERFLER: Sometimes the banks have a problem with cashing checks. We were going to require they cash the checks, and instead we offered this program in place of that.

139 CHAIRPERSON CLARNO: Explains intention to end the meeting in four minutes, and also explains the issues which may be introduced in the near future.

153 REP. HUGO: Addresses the issue of the true definition of food stamps, i.e. observation of the crushed ice versus block ice. Also expresses the frustration with dealing with certain agencies, and their assurances.

177 CHAIRPERSON CLARNO: We must try to reach our total goal; even though it may be frustrating.

182 REP. HUGO: What is the realistic goal of the AFS?

185 STEPHEN MINNICH: Our organization should appear like a temporary stopping place rather than a long term place to be. I don't think we are there yet, and I don't think we have the necessary resources. I want to see my agency look much more temporary, from the front end to the back end.

253 REP. BRIAN: Was the performance audit of AFS conducted?

257 STEPHEN MINNICH: There was a performance audit of our Collections Unit, and the Secretary of State has published this audit. I am unaware of a full performance audit.

265 REP. DERFLER: I have a problem when you say you would like to get monies from Employment Division. It concerns me that you would want to take money from employers' contributions to fund a Welfare program.

278 CHAIRPERSON CLARNO: This is a topic that should be addressed in a subcommittee meeting, Yes? I have just been informed that Tel Aviv is

being bombed. With that unhappy note, this is meeting is adjourned -
4:51 p.m.

EXHIBIT LOG

Exhibit A - Stephen Minnich - 21 pages

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