

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.

HOUSE COMMITTEE ON AGENCY REORGANIZATION AND REFORM

February 5, 1991Hearing Room D 3:30 p.m.Tapes 17 - 18

MEMBERS PRESENT:Rep. Clarno, Chair Rep. Katz Rep. Derfler Rep. Brian  
Rep. Jones

MEMBER EXCUSED: Rep. Bruce Hugo, Vice-Chair

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

MEASURES CONSIDERED: None - Informational Meeting only.

WITNESSES: Kevin Concannon, Director of Department of  
Human Resources

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TAPE 17, SIDE A

002 CHAIRPERSON CLARNO: Calls the meeting to order at 3:34. The Chair makes various committee announcements. Introduction of Kevin Concannon, Director of the Department of Human Resources.

021 KEVIN CONCANNON: Thanks the committee for the opportunity to discuss his department. Reference to Page 1, Exhibit A. Reference to page 17, Exhibit A. Reference to Page 7, Exhibit A.

104 REP. KATZ: Just for clarification purposes, these figures are not from Gov. Goldschmidt's budget. These figures are from the 1989 - '91 base, plus the inflation factor. Is this correct?

108 KEVIN CONCANNON: Yes, that is correct. These numbers are from the continuing level.

110 REP. DERFLER: Could you tell me what the inflationary factor was?

111 VICKIE GATES: It was approximately 4.7% and 4.8%, as specified by the Executive Department. There were special inflation factors, in the 6% area that we negotiated for medical care. But in general the

inflation rate follows the Executive Department guidelines.

116 REP. DERFLER: So what was the percentage for inflation?

117 VICKIE GATES: For most issues, it was approximately (in aggregate) 9.5%, for the biennium.

119 REP. DERFLER: So your budget is 9.5% larger this time, than it was in the 1989 - '91 biennium?

120 VICKIE GATES: What Mr. Concannon was referring to was the beginning point, prior to reductions. It is not just a question of inflation. You must also consider caseload and programs that are initiated some time during the biennium, and which must be continued for a mandated period in the future. Welfare reform is an example of a program started during the biennium.

134 REP. DERFLER: I would still like to know the percentage, but it is o.k. if you don't have that with you today.

136 KEVIN CONCANNON: We can provide that to Rep. Derfler. It does represent a net increase (over the current level) and that is where we have the perception problem . . . why are we faced with real human pain when we are seeing increased levels? The reason why we are facing the reductions in programs reflects the additional mandates and the increased costs in health care. Increasingly, health care is becoming a problem area. The "roll-ups" are another area of concern. The "roll-ups" are those programs which were started mid-way through the biennium. Those choices are not made by the Legislature, rather they are the result of Congressional action.

169 REP. DERFLER: I would be interested in meeting with someone who could explain the increases in the Congressional mandates.

171 CHAIRPERSON CLARNO: Would someone be willing to do that for us?

172 KEVIN CONCANNON: We would be happy to do so, Madame Chair.

173 REP. CLARK: In President Bush's State-of-the-Union address, he made some passing reference to "fully funded revenue sharing." I take it that caught your interest, but can you talk to us about the mandates that you are presently discussing? I would suspect these grants come with substantial strings attached.

181 KEVIN CONCANNON: In general, the federal Food Stamp regulations run approximately two hundred and fifty pages. We administer of those federal projects. Someone once described the program manual as two hundred and fifty pages of prejudices, incorporated in one document. For people at the customer level (service level), it is very difficult to fully adhere to all these regulations. With reference to the \$15 million related to human resources (found in the President's budget), these funds concern administration of the Food Stamp Program. The Food Stamp Program is one hundred percent federally financed. But, the State has to administer the funds, and the administration is directly related to the caseloads which are quite unpredictable.

- The Community Services Block grant would be administered at the state level. I think the State would find that attractive, but I don't think the cities and counties would be so enamored by it. The Social Services Block grant would also be at the state level. There has been a change in the relationship between the state and the federal government.

238 REP. CLARK: What you are saying then is that you are unsure what to

think . . . at this point?

240 KEVIN CONCANNON: To be true, until we pore through it, we are not certain. It sounds promising but we need to really look it over carefully.

244 REP. DERFLER: Reference to page 17, (Unemployment/Employment Benefits) are those benefits that are paid to unemployed people?

248 KEVIN CONCANNON: Yes, indeed. 80% of the Other Funds category is Unemployment Insurance.

252 REP. DERFLER: So as our unemployment goes up, you count that as income that goes up?

253 KEVIN CONCANNON: We do. That would be counted as an increase "pass-through," in terms of the agency.

260 REP. DERFLER: How much of your budget is a "pass-through?"

261 KEVIN CONCANNON: The total amount in federal funds is \$2 billion. Some of those funds are clearly "pass-throughs," reference to page 17 of Exhibit A.

284 CHAIRPERSON CLARNO: Before you proceed, can you tell me how many of the budget cuts will effect federally matched programs? I am real concerned that a lot of our programs exceed the federal requirements. If I were to cut some programs, I would look at those programs that are not a federal requirement so to not lose those federal dollars. What did we lose in federal dollars, and why did that happen? Reference to page 7, Exhibit A.

298 KEVIN CONCANNON: That is an excellent question. In the aggregate, we cut about \$225 million in State General Fund, which in turn will cut about \$138 million in federal funds. You can see that we have not cut deeply in our federal-state program areas. Reference to page 7, Exhibit A - Homeless program, Self Sufficiency Program, Medically Needy Program, Emergency Assistance Programs.

360 CHAIRPERSON CLARNO: How much above the matched level are we with regards to the Welfare Reform JOBS program?

362 KEVIN CONCANNON: We are above. But this was a very conscious decision . . . a very purposeful one that will pay dividends for us. Self-esteem is a factor that must be considered when you address this program.

468 CHAIRPERSON CLARNO: When Mr. Minnich came before us, he addressed the same concern. Please continue with your presentation and then address the DHR's lack of coordination.

483 REP. KATZ: (Referring to her workbook) Rep. Derfler asked what the increase in budget was . . . from the 1989 - '91 estimate, it is a 5.9% increase for the biennium. However, it is a cut of 15.15% in the current service level. If you want to continue the current service level, you are about 5 - 6% below what you need to continue it . . . in the General Fund. If you look at other funds, it is about a 5 to 6 % reduction.

TAPE 18, SIDE A

038 KEVIN CONCANNON: Refers to the outline of his presentation, see Exhibit B for detail. - Department of Human Resources I. Client, Patient, Customer Circumstances II. Federal, State, Local Government Relationships III. Policy and Organizational Environment IV. Focus and

Priorities, Oregon DHR/DO - The umbrella agency allows the Department Emergency Board to shift resources among the divisions.

085 REP. CLARK: Isn't that the role of the E-Board?

087 KEVIN CONCANNON: It is the role of the E-Board, but the E-Board, in this case, looks to the agency and says what can you do? Then the agency comes in front of the E-Board to make those recommendations. The umbrella facilitates coordination, without specific "micro-managing." Many states don't have the same abilities as Oregon, mainly due to the DHR "umbrella."

097 REP. KATZ: Unless I am wrong, if you have separate divisions, separate departments, the E-Board cannot shift from one to another. In an umbrella agency, they can do that . . . or have an "oversight" when they do that. That is the one fiscal advantage of having an umbrella agency.

103 KEVIN CONCANNON: Continues with presentation, Exhibit B - Circumstances of Seniors, Children and families. Reference to changing jobs/work force environment in Oregon, especially the increase in the number of jobs.

159 REP. KATZ: Please put an asterisk next to that fact. You are right, there are more jobs, but they are lower paying jobs. Oregon is still on the lower end of the national average, when you look at average income. Please note this fact.

164 KEVIN CONCANNON: You are absolutely right. Those jobs are around the \$6.00 range (on average). Continues with the presentation, Exhibit B. Addresses the issue of governmental relationships.

204 CHAIRPERSON CLARNO: Has anyone ever analyzed the federal programs that we are involved in? Would we be better off to be not involved with some of those programs?

208 KEVIN CONCANNON: I think we weighed that . . . there are a number of elective programs that Oregon has seen fit not to go after. But with programs of the magnitude of Medicaid, there really is no alternative to pursue. If there are such programs (which could be avoided), they generally tend to be discretionary grant programs that we elect not to pursue. The Block Grant programs do a lot of good things, but usually they are not sufficient on their own, and they come with strings.

227 REP. KATZ: I would hope that the Ways & Means Committee would ask the question we asked in the 1980's, which was . . . would you continue this program if the federal funds were not available, especially in those programs where General Funds are used to match. If the answer is "no," then "get rid of it!"

236 CHAIRPERSON CLARNO: I think Rep. Katz has hit upon what I was unable to articulate. When I attended the Welfare Eligibility Workshop, two things really bothered me. 1. Some of the case workers who were taking the class with me were from other states, and they were surprised at the number of programs offered by Oregon. 2. I was under the impression that Emergency Assistance was not a federal match, yet you say it is a 50% match?

254 KEVIN CONCANNON: Madame Chair, the Emergency Assistance Program is indeed 50% federally matched. We suggest that we eliminate Emergency Assistance to ADC clients, families who are receiving cash assistance. I am surprised at the people from California who say they are surprised at the number of Oregon's programs. If you look south or north of us, they have more programs and more dollars than Oregon. We consciously

admit that we cannot afford some of the programs that they (Washington and California) pursue, so we must be more selective in our approaches.

267 CHAIRPERSON CLARNO: If I were to look at this list of budget reductions, I would assume that most of the budget reductions are reductions where we are not required to maintain such programs. Is that correct?

271 KEVIN CONCANNON: Correct, Madame Chair.

272 CHAIRPERSON CLARNO: So we have reduced a lot of programs that were not required by the federal mandates?

273 KEVIN CONCANNON: Correct, Madame Chair. The problem is . . . that doesn't solve the human need. Roughly one-third of the homeless are people with mental health problems. Even though there is no federal mandate to serve them, "I am troubled that we are pushing more people out of the boat." I can't sit back and say we are going to sleep better as a result of these cuts. In Mental Health, Oregon is 41st in the country in spending. So those workers from California who said they were surprised by Oregon's programs, surely were not talking about mental health. We are doing much less than those to the north or south of us.

308 CHAIRPERSON CLARNO: Of course these case workers were working in Adult and Family Services eligibility training, which would have been different than that for Mental Health. It would help me if you were to identify those programs for which we are offering more than the federal government requires. Do you see what I am getting at?

324 KEVIN CONCANNON: I understand. The principal area that I can respond to would be the JOBS Program and Welfare Reform. We will be exceeding the federal minimums in those programs, but that is a very conscious policy decision, made independently of the federal government. We are doing so for two reasons: 1. The lengthening of the period for which people can stay on caseloads (a result of Congressional action). 2. Oregon is also very aggressive in moving families from AFDC to the JOBS market. Oregon has had the flexibility to do this.

349 CHAIRPERSON CLARNO: I have no problem with you on the JOBS program. I agree with Steven Minnich and his earlier presentation.

352 KEVIN CONCANNON: That is the only large area that we are exceeding federal minimums. In Medicaid, the program has a core of medical services that the state must provide. Plus, it has a series of electives. Oregon participates in very few electives . . . we have already made some very tough decisions . . . Oregon does not have an enriched Medicaid program. In the use of the Medicaid Waiver, Oregon is a national leader. We have asked the federal government to waive some of their own strict, onerous regulations. Oregon relies on the waiver to provide certain services to our seniors. We have the largest adult foster care program in the country. This keeps our seniors out of the more costly (and sometimes unnecessary) nursing home programs. I have been very impressed by Oregon's congressional delegation - especially Congressman AuCoin and Congressman Wyden - in their sensitivity and help with regards to health issues. - Reference back to Exhibit A, page 2.

421 REP. KATZ: Could you repeat what you just said?

422 KEVIN CONCANNON: In 1980, the minimum wage represented the poverty level. If you earned the minimum wage, you were at the poverty level.

425 REP. KATZ: Yes, that was a policy decision we made.

426 KEVIN CONCANNON: Yes. At the same time, if your income was below the poverty level, you could access the AFDC, to get you up to the poverty level. During the tough years of the early 1980's, we brought that level down. We had inflation that has intervened since. Now, the entry criteria for AFDC is somewhere around 50% of the poverty level.

438 REP. KATZ: Please relate that to the minimum wage.

439 KEVIN CONCANNON: The minimum wage will no longer get you to the poverty level.

441 REP. KATZ: It is below the minimum wage?

442 KEVIN CONCANNON: No, the minimum wage is no longer at the poverty level. We are at about 50 - 55% of the poverty level. If your income is above approximately 60% of the poverty level, you cannot get into the AFDC program. If you can get into AFDC, the program is a fairly decent one. But our barriers to getting in are lower (lower percentage of the minimum wage) than many other states. It is a percentage of the poverty level. - Reference to Exhibit B, page 2 (Focus and Priorities of DHR).

TAPE 17, SIDE B

159 CHAIRPERSON CLARNO: I am real troubled that we have 238 children's programs being delivered in as many agencies as we have in this state. Gary Weeks presented an excellent report last week, but what do we do with these reports? When people have wonderful ideas . . . that we do not act upon, I become real concerned. How are we able to make the situation better if we just listen, sit on our hands, and go home in five months without accomplishing anything?

169 KEVIN CONCANNON: I certainly appreciate your sentiment. Unfortunately, some of our reports do gather dust and not effectuate change. I am very mindful of several reports, for example on teen pregnancy, drug abusing mothers, sexual abuse of children, et cetera. I am convinced that we will be able to do things which address the suggestions in those reports. I am certainly motivated by those reports; they help me focus in on the issues which are most important. - It is troubling, but it is human nature and that is the way democracy works.

200 CHAIRPERSON CLARNO: It bothers me because I look to the agencies to say, "help me in this instance." I would like to have some guidance as we go about preparing to deal with Measure Five. Refers to publications as an example of suggestions the committee had hoped to receive.

211 KEVIN CONCANNON: There are major areas that we are currently working on. It is likely that we will come back to this committee with our proposals. We have to make some crucial decisions in the near future. We are anticipating more children in our programs, and we are trying to grasp that concept at this time. We cannot come before you with suggestions of easy, sweeping changes that will save a lot of money. We would not have been doing our job in the past, if that was the case. We are constantly trying to hone down what we do. We are constantly in front of the E-Board.

240 REP. CLARK: There is no limit to the need. I know that from both what you have told me and from what I have seen. There is a limit to government, and Ballot Measure 5 makes that painfully clear to us. "I am a believer in the Thousand Points of Light . . . I call them institutions of compassion." Where do you go to find those nongovernmental institutions of compassion to help you with what you do? Do other states do a better job (than Oregon) in finding them and asking them to help?

260 KEVIN CONCANNON: That is an excellent idea. Oregon has a volunteer program in our department, whose job it is to touch organizations and people, to help us with our duties. They are an adjunct. In areas of homelessness and feeding centers, the state is the smallest provider of dollars and resources. The Ecumenical Ministries and St. Vincent de Paul do a wonderful job, and we support their efforts. I don't know if any other state does a better job involving privatism, especially in the metropolitan areas of our state.

281 REP. CLARK: As you know, a dollar that goes to your agency is not the same as a dollar given to a private organization, because of the extensive use of volunteers. I am perplexed by the turf battles because it appears to be a result of the "shortage of need." But there is plenty of need to go around. I don't understand why we are not able to institutionalize that reality . . . that a dollar goes further in partnership than when we try to do things on our own.

294 KEVIN CONCANNON: Indeed we have institutionalized that concept. If you look carefully at the Children's Services Division, a large amount of their money goes to private, not-for-profit agencies. These agencies are dependent on public money and we are very dependent on the private sector. Disabilities Services is in the same situation. We have difficulty as a country with sorting out our priorities. Personally, I was very disappointed by Congress' action in dropping the catastrophic health care issue. They bowed to a vocal minority of the population. It was bad social policy for the Congress to walk away from that issue. - This is a very important element, but cannot carry the entire burden.

362 REP. CEASE: Mr. Concannon does a very articulate, and very effective job protecting and supporting the DHR. I really wouldn't expect anything else. But when you are reorganizing something, you must keep in mind why you are reorganizing. The umbrella was created to address all the needs a person may have. When we create separate departments, we do so because we want to emphasize it (i.e. the DEQ). You may reorganize because you want to provide for more control. In a sense, one could make the argument that DHR has too much to look at, from the top. - It may be interesting to ask you about the negatives of your present organizational scheme.

410 KEVIN CONCANNON: I might make it very clear that I am very thankful that the Legislature (in 1987) took Corrections out of our agency. That move has made a huge difference.

414 REP. DERFLER: I appreciate your presentation as well. I think we should be conscious that we make people dependent on government. We must be conscious of this fact. - We should also make sure that every \$1 we spend, actually goes to services. We should look at publications expenditures and training expenditures. We must analyze these items and make sure they are "dollar effective."

436 CHAIRPERSON CLARNO: Gary Weeks, did you want to add something to this discussion?

439 GARY WEEKS: We hope the Council's report does not collect dust. We have several issues where we would like your help: 1.) Confidentiality items 2.) Boards, Commissions and Task Forces - When someone brings a new program to you, we hope that the first thing you do is to grab this book and see if we have anything already in existence.

480 CHAIRPERSON CLARNO: Are you saying that most of these Children's Programs have been established by the Legislature?

483 GARY WEEKS: Madame Chair, the Executive branch does not establish

many programs. These have been brought to you by the Executive branch, or many other interest groups and ultimately you have agreed to go ahead with the programs. Ultimately, we both share responsibility for the 270 odd programs. But, it appears more fragmented than it actually is. Those programs are primarily consolidated within five different agencies. As you consider new programs, it would be better to build on what you have now, as opposed to creating brand new programs, boards and commissions. That would be the greatest value to this piece of research.

TAPE 18, SIDE B

041 CHAIRPERSON CLARNO: We usually do not hear if a program is effective. Instead we hear only of new programs which need to be established.

043 GARY WEEKS: That is another part of the work that the Council is taking on. We are going to try and suggest some performance standards and measurement tools. This will allow you to draw the line and say, let us take a look at these programs in light of these common performance standards.

049 KEVIN CONCANNON: As we look into the next biennium, one of the areas we see as a possibility for consolidation is personnel and accounting. When we are under the same roof, in a year or two, we see that as an organizational opportunity to combine our various personnel divisions, which are duplicated across the agencies. We do see opportunities for further consolidation and being under the same roof will help us achieve better coordination.

061 VICKIE GATES: The point I would like to reemphasize is our role in many sorts of partnership. Our partnerships are very important to how we deliver our services. For further conversations, we will try to set out how much of the budget goes directly to individuals, how much of it goes to foster care, medical providers, et cetera. This will give you a better idea of how this money breaks into services. This will give you a better picture of what is going on, with regards to the budget.

075 CHAIRPERSON CLARNO: That would help, just as long as you do not expend too much time and energy on such a project . . . away from you department's mission. - Thank you for your attendance and comments. - The meeting is adjourned (5:15 p.m.).

EXHIBIT LOG

Exhibit A - Kevin Concannon - 40 pages Exhibit B - Kevin Concannon - 2 pages

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