

Subjects Heard Adult Family Services Drug/Alcohol Abuse

SENATE COMMITTEE ON HUMAN RESOURCES

Wednesday January 30, 1991

Hearing Room A 3 p.m.

Tapes 12

-14 MEMBERS PRESENT: Sen. Bill McCoy, Chair Sen. Cliff Trow, Vice-Chair Sen. Shirley Gold Sen. Bill Kennemer MEMBER EXCUSED: Sen. Paul Phillips STAFF PRESENT: Janice J. Fegener, Committee Administrator Mike Meriwether, Research Assistant Michael Sims, Committee Assistant Andra Woodrum, Page WITNESSES: Steve Minnich, Administrator, Adult and Family Services Division Victor Merced, Deputy Administrator, Adult and Family Services Division Terry Rogers, Oregon Human Rights Coalition Charlotte Zavala, Oregon Human Rights Coalition Jerry Bieberle, Community Action Directors of Oregon Jeff Kushner, Office of Alcohol and Drug Abuse Clark Campbell, Office of Alcohol and Drug Abuse Bruce Piper, Alcohol and Drug Abuse Program Directors Association Hillary Larsen, Director, Buckley House Programs Inc., Eugene Ann Uhler, Director, CODA Drug and Alcohol Treatment Center, Portland

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TAPE 12, SIDE A

005 CHAIR McCOY: Calls the meeting to order at 3:01 p.m.

007 STEVE MINNICH, ADMINISTRATOR, ADULT AND FAMILY SERVICES DIVISION (EXHIBIT A): Gives overview of AFS and details Exhibit A. Senate Committee on Human Resources January 30, 1991 Page 2

082 SEN. TROW: Are we typical or atypical of other states, regarding the dichotomy of assistance an Oregon family receives versus the Federal poverty level? 083 MINNICH: The state actually pays a higher benefit as compared to the other states. Currently, we rank 16th out of 50. The top states, however, are very high up there - California, Wisconsin, Massachusetts, all are very much ahead of us. But then you break into a middle group, such as where we are with our 16th-place ranking, where \$10 on your grant scale might move you a couple of places in that group. 091 SEN. TROW: What does California pay? 092 MINNICH: I believe it is \$630 or \$640 for the Aid to Dependent Children (ADC) grant alone, as compared to \$414 for us. It's very high up there. 094 SEN. TROW: And the food-stamp grant would be the same. 095 MINNICH: No. There's an interesting relationship between food stamps and ADC. There's an inverse relationship: As you increase your ADC grant, your food-stamp grant actually decreases. Conversely, as you decrease the ADC grant, the food-stamp grant increases. ADC is considered a resource against food stamps, so it's one of those things - not a dollar-for-dollar move but it's a move on that. 100 CHAIR McCOY: What is the federal dollars:state dollars ratio? 102 MINNICH: Approximately a 50-50 split. In various programs, that split is different - medical assistance, etc. 104 CHAIR McCOY: What about ADC? It's 62 to 38?

105 MINNICH: Yes. Eventually, the issue becomes one of: If you have

cuts to make, you obviously have a problem in the standard of living of low-income families. When you have cuts to make or programs to save, you have difficult choices by definition. We start at a difficult proposition that we are not maintaining families on assistance in this state at the poverty level. So when you go to say that we want to do welfare reform or jobs programs, we have a dilemma. I lay that out for you to try not to let that escape, that we understand that. It's a very difficult assignment that we, as the Governor's advisers in this area, had to bring to her, as to choices of cuts to make or not make.

121 SEN. TROW: What do we figure in for cost-of-living changes?

123 MINNICH: The cost-of-living in a normal biennial situation is calculated on what we believe it would be. We believe this year, in setting our budget initially, we'd have approximately a 4.6% and 4.8% cost-of-living increase in the next 2 years. In this budget before you, those figures were reduced to hold the grant level at the current level for the first year of the biennium (1991/92) and advance it by 3.8% in 1992-93.

134 SEN. TROW: So really, these people aren't going to be living as well in the next biennium as they had in the past. Senate Committee on Human Resources January 30, 1991 - Page 3

135 MINNICH: By comparison, absolutely not. 136 SEN. TROW: So Measure 5 affects their status as well - these cuts are made because of Measure 5? 137 MINNICH: No question about it.

-Continues detailing Exhibit A. 178 CHAIR McCOY: What are middle-level managers called? 181 MINNICH: They're a very high-level class. They're called Principal Executive Manager F.

187 CHAIR McCOY: What they do?

188 MINNICH: We have compartmentalized the field structure into 4 distinct regions which basically run budget, personnel, quality control and investigations. They do the complaint mechanism, process monitoring. They do a lot of personnel work - hiring and firing, interviewing. They're operating as an overlay to control the branch offices under them. 197 CHAIR McCOY: I was trying to figure who they were. Because when you talk about somebody handling complaints, you've either talked to a branch manager, a caseworker or supervisor. And they're doing budgeting?

202 MINNICH: Yes. Part of the process is that there would be 12 branches. Right now, the region managers do budget control and monitoring, caseload issues. If we run a percentage or two over in our caseload projections, we're talking about a \$1 million deficit for our administration on any given biennial basis. There are these issues of management that we have from a philosophical point of view; we've done sort of a hierarchical control basis from state to region to branch. We are betting, in the course of this budget development, that we will be able to have a more direct line to our branch office. And that branch manager will become even more important in our structure.

219 SEN. TROW: You're saying that you're making these cuts, and you're cutting out a number of people, and that this will have quality-control and monitoring effects, creating a deficit in those areas. Those deficits may or may not be made up with the central staff. There's a cost in doing this. My question is are you keeping these regional

offices with the people in them? And are they located throughout the state, or in Salem?

229 MINNICH: Across the state.

230 SEN. TROW: Are you keeping those offices open, but reducing the staff and keep the managers in them?

233 MINNICH: We are actually going to move some of their locations to branch offices during the 1991-92 biennium. They will actually close the regional office, as a physical plant.

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235 SEN. TROW: You're going to close four regional offices and move them to branch offices?

236 MINNICH: In three of these instances, we will be able to consolidate that, saving money. But the big saving will be in regional staff, with 100 regional-staff members statewide. We will reduce that down to 16 for 1991-92. A clerical worker per region, a resource coordinator (one doing general work with community colleges and other education facilities into the welfare reform format) per region, the regional manager and assistant, will be cut. Necessary personnel and program moves will be made, to get branch managers up to speed and to perform most of the functions that the region manager formerly was doing.

253 SEN. TROW: It seems like you're cutting back on regional employees but keeping some very expensive regional managers. I don't see what they're going to be doing if the branch managers are doing the work. Why are we keeping them, at least in these positions? If there is no region to manage, why do we need a region manager?

259 MINNICH: They will still, in effect, manage the regions. But the region is in transition. In the past, it was much more of a reporting relationship - the branches directly reported to the region managers, who were responsible for the quality of service and everything else.

264 SEN. TROW: But when the regions are entirely gone, will the region managers disappear, as we know them?

266 MINNICH: Yes, eventually that transition will happen. I was slightly reluctant on July 1 to flip over the switch and say one day they're entirely dependent on the region; the next day they are on their own. And there's 49 people trying to access Salem and the services we should be delivering. I envision that by the end of the biennium, we'll have a totally different structure in APS, as we deliver services.

274 SEN. TROW: Well, as you send an expensive regional manager out to a branch office to work with a branch manager, what sort of problems are there going to be? Is the regional manager going to take the place of a branch manager, or will there be two of them there together?

278 MINNICH: They will not take the place of it. We hope they will be

in a transitional mode. Their job is to bring the branches - all of them, not just the one they are in - up to a level of functioning that will make them functional in all the aspects they are now. I can give you a list of those, and am prepared to go through that in more detail before Ways and Means.

But in a sense of all the aspects that we do now, the region is responsible for the quality control rate, the error rates, staying within their personnel allocations and keeping the caseloads balanced. If we lose a worker in one office, that supposedly means another worker supposedly should transfer to cover the caseload. There are situations where caseloads are shifting between geographic areas. Caseloads are growing disproportionately in our southern regions, as a result of the various timber decisions on our economy. We need to adjust those between offices and between regions. In the past, regions have been responsible for making certain the workload is equitable and distributed. That will not happen at the region level as much, and eventually there not at all. Branches will have to learn to communicate with other and to share resources. Part of that will be a control at the central level; part a responsibility at the branch level. .

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291 SEN. TROW: What I'm fearful of is that you're doing this for the wrong reasons. Or maybe you're doing it for the right reasons - that it makes sense to move those managers to the branches, because something positive can happen. But if not, it may make sense to reallocate them to do something else - put them in central administration or change their titles and change jobs; I don't think you need to let these people go. But I think you need to make sure that this is a cost-effective use of these personnel, because they are expensive. 321MINNICH: Yes. But the purpose was to keep the people with the perspective of how the region did run, and what our vision for the branches' future would be. And believe me, I would not expect to be back before you in 1993 with the same line - that we're still in a change format. I'd expect to be able to report to you by then that we've evolved into this organization and those individuals either are fulfilling these roles or aren't with us any longer. 332 SEN. TROW: If you didn't have this budget crunch, would you be doing away with the regions? 333 MINNICH: I probably would not have approached it that quickly. Eventually, from a management-theory point of view, organizations are becoming flatter and more directly accountable to the central office. That is the way that workers are getting more reinforcement, becoming more attuned to the objectives of the organization, and aren't just captives of the bureaucracy in which they work. 344 SEN. TROW: It seems like we go from centralization to decentralization, and back and forth. Do you see that happening? 349 MINNICH: I've been in this area for 23 years and you're correct; the pendulum has swung both directions. I can't say it wouldn't swing again but I'd hope that anyone before you the next time would be explaining, in the same format, why an operational objective can be achieved through this. I believe that Measure 5 put difficult choices upon us, we still can make progress in this agency. This is not just a cut to save money. This is a cut to make this organization more responsive to the objectives you and your colleagues want to see us do - get more resources to bear on this caseload. 367SEN. TROW: If quality control goes, then monitoring isn't as effective as it has been.

Then I think you'd wind up with Federal penalties and a lot of other things that could be fairly costly. 370 MINNICH: We've made progress in this state. We're below all Federal tolerances on error rates in this agency. One of our objectives in the next 12-16 months is to make sure we do not lose ground on that. I don't believe the control of quality work necessarily comes because you add another layer of management in this organization. If you get a worker to understand that quality work is his/her responsibility, I believe they take that task very seriously and will do it. -Continues with description of the central of ice and regions (Exhibit A, page 17). 392 SEN. TROW: How would we see those branch offices reporting? Basically to each division under administrator, or to the administrator, or what?

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396 MINNICH: In the future, probably to the field-services section. But in the interim, still through those region managers until we get to that place where quality-control and monitoring are still intact - all the service-delivery mechanisms are still intact. 404 SEN. TROW: But these region managers who did that with a rather large staff are now going to be expected to do it with a small staff?

407 MINNICH: Yes.

408 SEN. TROW: And you think they can do it. 409 MINNICH: I think we can expect that of them. We structured our branches in such a way that the branch managers are expected to be executive leaders in their area and I think we've not given them the responsibility that we've also attached to their job titles.

-Outlines budget issues and operating challenges (Exhibit A, page 19).

TAPE 13, SIDE A

010 SEN. TROW: I thought the client load was reduced to 2,200. And what percentage of the total population is that? 011 MINNICH: Yes, 2,200. As to the percentage, over the biennium that will work out to approximately 33% of the total population going through welfare, if you say that we have a welfare caseload of around 33,000. When I say going through welfare, I mean an orientation, life-skills education and either job training or job-placement services. Those individuals are required by the Welfare Reform Act to attend some such activity for 20 hours a week. So, in many ways, they are for the first time in their adult lives attending a structured program requiring attendance, teaching skills and bringing their performance-levels up. We do hope for a degree of success; our previous efforts have shown that we get about a 50% success rate in job placement when we send folks through this program. For individuals that begin without a high-school education, with a teen birth, with barriers of drug- and alcohol abuse in their background, etc., we think that's a fairly good success rate. 030 SEN. TROW: Placement for what kinds of jobs? 031 MINNICH: They range from traditional to non-traditional, with a beginning pay-range of \$5-6 for most of those jobs - somewhat better than minimum wage. The hope had been that these would be higher placements but I think with the length of training that we're doing, the expectation of entry-level is not

being fulfilled at an \$8- or \$9-an hour level. It's relying on more of a mid-range wage level with experience hopefully leading to job and benefit increases for that family as it moves through. 042 SEN. KENNEMER: Will there be a way to continue to follow up on those individuals? Are they going to simply peak out at \$6 an hour, which is not a livable wage? Or are they going to be able to proceed to, say, going back to community college on their own? Are these dead-end . Senate Committee on Human Resources January 30, 1991- Page 7

jobs? I guess I'm a little disappointed; the last time we had hearings I'd hoped for better placements than at that range.

050 MINNICH: In Oregon, as nationally, the people making up this population have had substantial barriers placed in their way, either through their own acts or acts they have no control over. In many ways, the promise laid before you that everyone we touched would miraculously be brought to a family wage on completion - I don't think if that promise was made, it's been fulfilled and I hope it wasn't made without some caveats attached.

The bottom line, though, has been that we have shown through the newjobs experience, that a regimen or curriculum much like this produces a fairly employable individual receiving an aboveminimum-wage job at placement. The Family Support Act took into consideration the fact that a person like this would need transitional benefits. So the medical benefits are extended for one year, as are the child-care benefits, while this person goes forward. This is all part of this support service. And if you leave welfare in this state because you take a job, you can take your medical benefit to that new job for up to a year. Most employers who do have benefit packages have a waiting or transition period and will want to see 4 to 6 months performance before they put you on their group plan. Hopefully, this aids in this process.

073 SEN. TROW: Are they likely to stay on the job when the health-care benefits go away, and they have to pay for them out of \$6 an hour?

074 MINNICH: We've had reasonable retention of these jobs, and again, I can bring you data from the newjobs evaluation. Is it 100% retention? No, but we have access to the quarterly wagereports from the Oregon Employment Division, and we follow up on everyone we have a Social Security number for, electronically, every quarter.

Pam Matson, Employment Division administrator, is very much our partner in this effort; she has made that follow-up possible. Initial results show that people who went through the newjobs experience had a slightly-better retention rate - the more education and training, the better. Statistically, not completely significant right now, but we've only done 18 months follow-up on that. These are long-term histories and we need another 18 months to see if 3 years out there shows any difference between the 2 groups. The point is that both groups going through jobs placement and newjobs training/education were able to find jobs and leave the welfare rolls.

095 SEN. TROW: Were they assisted in finding jobs, or did they find them on their own? 096 MINNICH: They were assisted, though some found jobs on their own. And the Employment Division has committed itself to being even more involved in doing that job for us.

099 SEN. TROW: What does happen if, for whatever reason, they can't succeed on the job without the medical and child-care benefits. They

come back on welfare. Then, do they go back into a jobtraining program, again?

104 MINNICH: They're eligible to repeat that cycle. Unfortunately, we don't yet have a good enough track record on the people who've gone out and come back on welfare, but in the most tragic sense, we offer a money-back guarantee - if you fail, you can come back onto welfare. That, I think, is the tragedy of the system.

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But, in fact, those benefits are available. It's nothing to be proud of; it is the bottom line, though. You can come back and be at the place you started, getting your \$444 a month and your food stamps.

112 SEN. TROW: But then, do you go through the training again?

113 MINNICH: They can go through the training again. Obviously, we'd want to make it not be a complete retraining. We'd like to find out what was deficient about the first training to go forward. We've worked with some of our providers to take that remedial step backward - if an employer was not satisfied with that level of training, we'd take them back and re-complete it.

118 SEN. TROW: I remember when we studied this before. We talked about a group of people with such severe problems associated with being unemployed and on welfare. It's very difficult to train them to succeed at a job. We're not skipping over those people; we will train them but we can't really expect all of them to succeed at a job, right? 124

MINNICH: Right. In our budget presentation, we have tried to cut the caseload in 3 categories: jobready, the so-called nearjob-ready, and the very hard-to-serve. We believe that the percentages on that may be a stretch, but obviously we do not have a large amount of the jobready that need very little work. We have a larger percentage - maybe 30% or 40% - of a group that we believe are job-entry ready.

Then, finally, are the hard-to-serve - a dilemma for our system and maybe for our society. We have clifficult times serving them; they are the most costly and our resources are used up very quickly on those. But in this budget, we have provided a number of slots for those hard-to-serve persons. They tend to take longer and use more resources, and once you're finished, the success rate may not be as high. The payoff is greater.

145 SEN. GOLD: The reduced participation in the welfare reformjobs program by approximately 5,200 participants - is that achieved by changing the eligibility requirements?

148 MINNICH: The Federal government has let the states have some latitude in who is served, in what priority order. We have met the Federal minimum requirements under this program; therefore, anything we serve over approximately 3,000 cases is the state's option to serve that group. Once we're over the minimum, if we have a budget constraint (which we do here), we simply serve less people. That doesn't cause us any Federal penalty. What it does cause us is a caseload issue and a basic human-needs issue. The effect of Measure 5, in this case, is that 5,200 fewer people are eligible to be served. -Continues to summarize Exhibit A.

179 SEN. GOLD: Apparently, what you propose under emergency assistance

is possible, under the federal regulations. How does elimination of the medically-needy program fit with Federal regulations?

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187 MINNICH: That is possible as a state option. I wouldn't want to comment directly on the Office of Medical Assistance Policy, as to why they made that cut rather than other cuts that were optional, but that is an option to the state's medically-needy program. They've decided, in light of Measure 5, that that is one of the cuts they have proposed to you.

194 SEN. GOLD: In the process of determining such a priority, whether it's emergency assistance for the medically needy, was consideration given to the fact that these people and their needs don't go away?

201 MINNICH: The discussions on this topic were long, difficult and not pleasant for those of us who've worked in social services for a long time. The piece I showed the Committee on the level of grant we give now, and its effect on the poverty level - we fund low-income families without medical benefits at about 75% of the poverty level in this state. There always are questions of why do you not do a better job, versus what do you want this agency to do for low-income people, when you approach the final analysis that we will not have enough resources to make their poverty situation go away in this biennium. We tried to say, the best route for these families was to try to get training and education resources at the highest level; to get support services while they were doing that and to get some route out of poverty and out of our caseload. Our priority, then, was to preserve the Jobs program as much as possible. We did take an \$18 million reduction in that.

225 SEN. GOLD: The other side of the coin is that there are throwaway kinds of people there.

228 MINNICH: I wouldn't characterize anyone as a throwaway person. I really believe that the choices caused by the budget constraints are difficult ones. Your cuts would still be on this budget, and if we took the money out of the Jobs program, it may be able to make up a cost-of living grant here. 236 SEN. GOLD: Were those the only choices, between the Jobs program and these other two that I've mentioned? 238 MINNICH: I believe that the 151-staff reduction is a maximum reduction that I could take, and still become a credible administrative force for this billion-dollar grant program. Some internal people said don't cut that much staff. As Senator Trow has pointed out, it's a risk on our part. I don't know of another, better choice/matrix I could bring before you. We did have input from citizen groups, advocate groups, the Governor's counsel. She had to examine all the budget issues. We're not the only DHR agency that has suffered in these cuts. 255 SEN. TROW: Regarding caseload rejections - this is an entitlement program? 256 MINNICH: Yes. 257 SEN. TROW: It's really hard to reduce the qualifications for it. Your projections were reduced to a more conservative level, based on historic trends. What historic trends? 261 MINNICH: Directs members to Exhibit A, page 21.

-The top line is labeled 39,488. At the beginning of the 1989-91 biennium, that was the level to which you funded the ADC caseload. When we entered the biennium, we thought that with the advent of welfare reform and the Federal regulation changes, and the various impacts of all of the economic/demographic forces at work in Oregon, you and AFS and the Governor believed 39,488 cases eventually would be on ADC.

-During this biennium, we've continually revised that downward because of a number of factors, but primarily because the impacts were not as great as anticipated in policy. And, quite honestly, we were able to keep the job flow going during this time. It is now projected to end the biennium at 35,650. My budget (each month we get a new calculation because we get new caseload data) may, in fact, end the biennium at 34,650. If we do end the biennium there, which I do believe we can, that 1,000 is that difference. We have the same caseload curve and growth factors into the next biennium, but it just starts at 1,000 less to begin that biennium. 294 SEN. TROW: Do you have a recession projected in the next biennium?

295 MINNICH: We have growth based on historic trends, which don't always deal with a recession the same way as an economist would. Most of our caseload factors don't follow a recession 1 to 1 We rely more on the childbearing-age cohort, teen-birth factors and other variables - some economic. But yes, we do have growth projected on some downturn.

309 VICTOR MERGED, DEPUTY ADMINISTRATOR, ADULT AND FAMILY SERVICES: When we talked about flattening the organization, I just wanted to stress the fact that the region managers play a critical policy-conduit role within the organization, in terms of dissecting and interpreting information for the branch offices. I think that's going to be one of our operating challenges for the next biennium - maintaining that role within the local level. 344 TERRY ROGERS, OREGON HUMAN RIGHTS COALITION (EXHIBIT B): Details Exhibit B. 341 CHARLOTTE ZAVALA, OREGON HUMAN RIGHTS COALITION: I am a mother of 4 and a current ADC recipient. I'm also involved in the New Jobs program, and have 1 term left at Chemeketa Community College, where I'm enrolled in a 2-year health-care support services program. When I started, I was qualified to be a waitress at whatever minimal wage plus tips, and that doesn't support four children. I've worked in canneries and such, before this training. I can't begin to tell you the benefits of 2 years of college; it's made a great change in myself and my children. As far as the jobs program goes, it's enabled me to go anywhere in the U.S. with the credentials I'll hold when I complete my college training. Those credentials are medical-staff services coordination, a position in a hospital in which we certify physicians who apply for the privilege of practicing in the hospital. When I graduate, I'd be capable at a starting salary in two of my training areas of \$7.69 an hour. As to reinstating emergency assistance, I realize there is a budget crunch but there are an awful lot of people who ultimately would lose their homes, if ADC recipients weren't eligible. There are a lot of people living on \$444 a month whose rent is \$385. This doesn't allow for utilities, to move, a 30-day notice from the landlord (which can be given for no reason in this state). As

far as the cost-of-living increase goes, there are many people who would need it as well. I survive much more comfortably than some.

I'm a very lucky person; I waited 4 1/2 years for Section 8 rental assistance and I've had that for 2 years. Before that, I waited and my cash monthly did not even help as far as rent. Plus, where I could afford to live, my children were not accepted - I have 4 kids. That was not public housing; I'm in a privately-owned home now and my Section 8 certificate offers my landlord X amount per month on a 4-bedroom certificate. My portion of the rent is figured by some formula they have. I'm given utility allowances, etc.; I'm no longer eligible for weatherization, but with my allowance I can pay all of my bills. But I know there's a lot of people who can't - an awful lot of them.

TAPE 12, SIDE B

008 ROGERS: Continues detailing Exhibit B.

014 SEN. GOLD: As you know, Terry, I've been an advocate for the Medically Needy Program. The immediacy for the elimination of the Medically Needy Program - that's very immediate, and our goal for the universal access of medical care is more long-range. Has the Coalition given any thought?

021 ROGERS: Because of my experience on the gubernatorial transition-team, I think I can explain the elimination of the medically-needy program as opposed to any of the other optional programs in the Office of Medical Assistance (OMA). The real reason is that cuts in the Senior and Disabled Services Division (SDSD), which total about \$27 million in terms of the lowering of the eligibility ceiling from 300% of the SSI program to 208%. That only could be achieved by eliminating the Medically Needy Program. Those people actually are eligible under the program.

There were many horrible choices in the OMA budget in terms of targeting, but the reason that reinstating Medically Needy is not on the Oregon Human Rights Coalition list is that we didn't see it as something we could possibly achieve, because it is tied into these enormous cuts in Senior and Disabled Services. We'd have to backfill all of those cuts first before we could start backfilling on Medically Needy. So you have \$27 million in SDSD and you have about \$10 million represented by the cuts in Medically Needy.

The other thing that does make a difference there is that when Medically Needy was first passed in Oregon in 1985, we didn't have a poverty-level medical program, which now is mandatory under Federal law. That program now serves pregnant women and their children at 133% of the poverty level. So the loss of Medically Needy is slightly ameliorated by the continuance of the fund program - not that this is a good situation, but that's the reason why you don't see the reinstatement of the Medically Needy cuts here on our list.

046 SEN. TROW: I don't know what instructions were given those of you on the transition team, but good heavens didn't anybody suggest that maybe we could allay some of these cuts from Measure 5 by trying to raise some revenue at the other end of the budget, rather than cutting all these programs out of agency budgets?

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050 ROGERS: Speaking as a member of the transition team, I know that Governor Roberts absolutely had to come in with a balanced budget and it had to be a Measure 5 budget. Within that budget, she did eliminate the 2% kicker and apply those funds - we would have had much deeper cuts if she hadn't taken the \$120 million from the 2% kicker, and I think the total is somewhere around \$100 million in increased fees in almost every area of state government. She also is proposing a hospital assessment, which does a great deal of budget-balancing in the medical area. In terms of thinking why the Governor didn't go further, I will of course have to defer to her.

061 SEN. TROW: Maybe she didn't have a choice but to come in with a balanced budget. She has to use the revenues that are available, and Measure 5 does take away some revenues. But now, it doesn't prevent her from coming back - once we're dealing with that budget - and say that maybe we could alleviate some of these cuts by raising some money, and she could have a suggestion to do that. I would encourage her to do so.

066 ROGERS: Continues detailing Exhibit B.

-We urge that you keep the Homeowner and Renter Refund Program (HARRP). Last biennium, the Homeowner and Renter Refund Program (HARRP) was \$91 million. The Governor's budget takes it down to \$61 million, by decreasing the top limit of eligibility rom \$17,500 income a year to \$12,500 in 1991-92 and to \$10,000 in 1992-93. And 57% of HARRP recipients are renters. We realize that owners get some relief through Measure 5, but we see this as damaging the already-severe housing crisis. In fact, that's a great segue to the next-to-last item I want to mention - the Housing Trust Fund.

-Continues to detail Exhibit B.

091 SEN. TROW: What will the Housing Trust Fund do for the housing problem? 092

ROGERS: The trust fund - about \$5 million in trust - would produce about \$500,000 per year to build low-income housing.

096 JERRY BIEBERLE, COMMUNITY ACTION DIRECTORS OF OREGON: In the Oregon Housing Agency, that depends on how you measure. In construction dollars, it's leveraged 5 times and when you start dealing with rent, it's 12 times. 098

ROGERS: There's tremendous leveraging, so that you turn that \$500,000 into at least \$2.5 million immediately, just in terms of leveraging through the equity gap. Jerry Bieberle will address that later, but it is a beginning, though not enough. One of the things that happened during the Reagan years was that very little - almost no - low-income housing was built, or rehabilitation done. So there really is a housing crisis, so we see this as a very important start in terms of Governor Roberts putting \$5 million of Lottery funds into a Housing Trust Fund. The Oregon Human Rights Coalition is very supportive of that. Human Rights Coalition is very supportive of that. 107 SEN.

TROW: Wouldn't it be better just to spend \$5 million on housing?

107 SEN. TROW: Wouldn't it be better just to spend \$5 million on housing? 108

ROGERS: That is a very hot issue. That's being hotly debated, and will be debated by the end of the session. Senate Committee on Human Resources January 30, 1991- Page 13

116 SEN. KENNEMER: I know the Human Rights Coalition has taken a position favoring universal access to health care. Have you taken one on

the 2-tiered (multi-layer) proposal? 119ROGERS: You are referring to Senate Bill 27 (1989 session). We took a position last session and we maintain that same position - we were and are conditionally in support of SB 27. The condition is that until we see whether there is a truly adequate health plan, what the prioritization looks like and the kind of dollars that go into it. . -Continues to detail Exhibit B.

142 BIEBERLE (EXHIBIT C): Details Exhibit C.

-We've been talking about the cuts, the supposition being that we had a great budget before Measure 5 brought the cuts. We didn't. Even if we were to go back and restore all the cuts, we'd still have a problem.

-Regarding hunger, the Legislative Task Force on Hunger in its December 1990 report pointed out very clearly that the state is doing almost nothing. It points out that except for matching funds, the state of Oregon does not spend any general-funds to directly fund programs to ease hunger among the 14% of its citizens. Instead, the state leave the private sector and Federal government to deal with the problem. The reality is, it's not being dealt with very effectively anywhere.

169 CHAIR McCOY: What would you want us to do?

170 BIEBERLE: There are a number of things:

-Act on bills to reauthorize the Hunger Task Force; three of them will be or have been assigned to this committee. One reauthorizes the Task Force, the second funds it to a certain amount and the third deals with the Women, Infants and Children Program (WIC).

-There is a House bill proposing a 1-cent tax on carbonated beverages, with the revenues used to offset hunger programs.

-Realizing the constraints of Measure 5, you also could appropriate money directly into the Food Bank system and let that system deliver the needed food.

-Continues to detail Exhibit C.

206 SEN. TROW: Do you think you'll get some other contributions to the Housing Trust Fund?

207 BIEBERLE: No, probably not. To get the homeless off the streets and past the shelter stage, into a transitional or permanent housing situation would cost \$10 million. That doesn't even start to address why they're homeless - doesn't address alcohol and drug programs, etc. That's just to move them from the street into transitional or permanent housing. So, we come out of the last biennium with a state homeless-assistance program funded at \$3.1 million. By the time the smoke cleared, this budget had it funded at \$2.7 million. Again, we're Senate Committee on Human Resources January 30, 1991 - Page 14

losing ground - it's a grim message. Again, my message is that the cuts are horrible and that's our first priority but if we get those restored, that's not the end - there's more to do. Some people would expand the definition of basic needs to include health care, which has been talked about a lot, as well as employment. Again, it's going to be, can we hang on to the New Jobs program? Before Measure 5, we had hopes of taking the New Jobs program and expanding it in Oregon. As is, we'll be lucky to keep the pilot. So that's where we're at, basically - in deep trouble.

258 JEFF KUSHNER, DIRECTOR, OFFICE OF ALCOHOL AND DRUG ABUSE PROGRAMS
(EXHIBIT D): Details Exhibit D. 365 SEN. TROW: Is the continuum of
care pre-Measure 5, or does it reflect Measure 5 cuts?

369 KUSHNER: It does not reflect Measure 5. I'll detail Measure 5
reductions in a minute (Exhibit D, Page 35).

-Continues detailing Exhibit D.

416 SEN. TROW: Are the figures on Page 23 pre-Measure 5?

417 KUSHNER: Yes. -Continues detailing Exhibit D.

TAPE 13, SIDE B

004 SEN. TROW: Will you investigate to see what's happened because of
utilization of residential treatment-facilities? Maybe it's a staff
problem and not a client problem.

006 KUSHNER: We encourage providers to write us a letter if there is a
staff-turnover problem. We'll waive the utilization requirement, based
on the nature of the problem, for a certain period of time. We do try to
allow for extenuating circumstances.

-Continues to detail data on treatment facilities on pages 7 through 15
of Exhibit D. 022 SEN. KENNEMER: Generally, what does intensive
residential treatment cost for adults?

024 KUSHNER: The cost for adults is around \$46 a day, and the cost
for youth is \$77-78. Our position on length of stay is that we don't
pressure our providers to move clients out of treatment, because one of
the best indicators of successful treatment is the length of time that a
client stays in treatment. So, from our perspective, the longer a client
will stay in treatment the better our chances are of that individual
maintaining sobriety once s/he completes treatment. 038 SEN.

KENNEMER: I guess one of the concerns that I have is that the types of
residential intensive treatment you're talking about are relatively
inexpensive - \$46 a day is not a lot of money. And I guess I'd like to
contrast that with many alcohol-treatment programs running rampant in
Oregon, that are limited to 28-day stays because they're based on a
reimbursement system through health-care insurance. In my experience,
they run between \$4,500 and \$10,000

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for this 28-day experience. For the most part, 28 days is inadequate.
The preliminary data I have suggests it takes a person an average of 2
1/2 trips for any long-term effect.

052 SEN. TROW: It is probably one of the most cost-inefficient things
we've done in Oregon. Has your office taken a position on this issue?

054 KUSHNER: I think that a lot of these private, for-profit
hospital-based programs have gone to nonhospital-based and outpatient
programming. They have reduced their costs by about 50% in many cases. I
think those programs that haven't gone to non-hospital settings are

going out of business, quite frankly. Between managed care and the insurance industry monitoring who really needs to be in an intensive hospital setting, they've ferreted out a lot of that.

And most of these programs aren't 28-day wonders, from the standpoint that almost all of them that I'm aware of include an outpatient and an after-care component that lasts about a year. So I'm not here to defend those programs, and there are people who I'm sure would be glad to do that. You're correct in that they're still considerably higher than what we are providing our providers, and I'm sure you'll hear from them shortly, that what we're paying is not enough.

071 SEN. KENNEMER: Is it your perspective then that the market will take care of these people?

072 KUSHNER: The market is taking care of these people. I think that's true all over the country, by the way. We're finding that a lot of private, hospital-based alcohol- and drug-treatment programs that are going out of business as a result of the pressures to bear.

-Continues to detail Exhibit D.

104 SEN. TROW: When you talk about getting clients from the criminaljustice system, who are you talking about?

106 KUSHNER: These are parolees and probationers, primarily. They do not include the numbers of clients in minimum security and throughout the correctional system. We have worked hard with the Department of Corrections to build some model programs, particularly in the new minimum-security units. We just completed the Powder River Correctional Facility program at Baker City; it's going swimmingly. It's a therapeutic community that has had about 70 clients go through to date and only have had 1 re-offense. That person is back in community treatment.

We plan to replicate the Powder River model throughout the minimum-security units. I think you're familiar with Cornerstone, at Oregon State Hospital. That program serves clients coming from inside the walls here in Salem, as well as the outpatient program delivered inside the walls. I think it's getting better, and there are more resources for that. We've got a long way to go, to say the least, but I think it is getting better.

124 SEN. KENNEMER: In point of fact, I also suspect that a good portion of the 30% that are selfreferred are indirectly judicially-referred. Often, these are people facing drunk-driving charges and their attorneys suggest they get on board.

These minutes contain material which paraphrases and/or summarizes 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 taper. Senate Committee on Human Resources January 30, 1991- Page 16

128 KUSHNER: That's right. I think a lot of those clients are people who've gotten involved in the criminaljustice system but want to get ahead of the judge. I think they're also people that have been referred from other human-resource agencies. We just haven't taken the time to

really ferret that out; some of these other referral-sources are higher, as a result.

-Continues to detail Exhibit D. 138 SEN. TROW: How many on the waiting list for the treatment system?

139 KUSHNER: Those figures aren't readily available; I can provide them to you at another time. My recollection is that for adults, in the last quarter (October-December 1990), we had about 700 on the waiting list - turned away because we didn't have capacity. We also had about 450 adolescents on the list.

148 SEN. TROW: It seems that a lot of people need service and aren't getting it, and the waiting list is one way of understanding that. But clearly, there's a lot more demand for the service than you are able to provide. 151 KUSHNER: Yes. Many adolescents and adults do not even go on the list because they know it is a 3- or 4-month wait. -Continues to detail Exhibit D. 208 SEN. TROW: So you don't think the declines in adolescent drug- and alcohol-use rates are temporary? You do see a meaningful downturn in those rates? 210 KUSHNER: I'm hopeful that it is not temporary. We'll do the survey again in 1992, so we can get that data for you. I'm encouraged by the degree of reduction, and that leads me to believe that it's not a short-term, temporary thing. We're working hard to maintain that reduction level, I can assure you. 218 SEN. KENNEMER: Statistically, how do you account for the downturn?

219 KUSHNER: There have been a lot of efforts and a lot of people working on the issue. In 1989 significant anti-drug legislation was passed by the Legislature. We have some very excellent prevention programs. We passed legislation, as Senator Gold knows, to require every school district to have an alcohol- and drug-abuse policy for students and faculty as well as in implementation plan and K-12 curriculum. I think that's had a significant impact; the schools are on board. We're working the broader community and emphasizing alcohol- and drug-free activities at the community level for our youth. The media has done a good job; we've finally gotten them off of this legalization mentality and on to a very positive anti-drug message, and I think that has a lot to do with it as well. It's a combination of a lot of things. Governor Goldschmidt had a lot to do with it as well. It's a combination of a lot of things. Governor Goldschmidt had a lot to do with the anti-legalization mindset, and a positive direction for kids in the state of Oregon. -Continues to detail Exhibit D. Senate Committee on Human Resources January 30, 1991- Page 17

266 SEN. TROW: What percentage of your total community treatment is the group of referrals from the criminal justice system, other DHR agencies, schools and health clinics? 272 KUSHNER: We've about 2,000 alcohol slots, about 1,200 drug slots. That's 3,200 slots facing a reduction of 174 slots - roughly a 5.4% reduction. -Continues to detail Exhibit D.

311 CHAIR McCOY: Of the total number of funds you receive, how much do you get from the Feds? And are you really tuned in on the whole drug program? 315 KUSHNER: The general-fund share is about 20%. We have the beer and wine tax, and then the majority of it is Federal funds.

324 SEN. McCOY: And you are working with the Corrections Department now to get into all the prisons? 326 KUSHNER: Yes, very closely. I will keep you posted. 330 TROW: Have you looked at what the state of New York is doing with drug treatment and the corrections program? The philosophy is that you give them treatment before getting them out, so they're not hooked. 341 CLARK CAMPBELL, DEPUTY DIRECTOR, OFFICE OF ALCOHOL AND DRUG ABUSE: Yes, we've paid a great deal of attention. We've had people go back to New York and spend time on the prison ward

treatment programs. The star of the New York system is a program called "Staying Out," a therapeutic-community concept followed by a halfway-house system outside the walls and then to outpatient and self-help care. Also, the state of Oregon received a Federal grant to boost attention to treatment in correctional institutions; it was one of only 5 states to be so selected. As a result of all that, the Oregon Department of Corrections has gone from the Dark Ages to being one of the leaders in the country, not only as far as what it has in place, but the program content. We didn't take New York's program because it dealt so heavily with criminality, and not the addiction itself.

372 KUSHNER: If we've got an area where there's a program, it's the transition from, for example, minimum security back into the community. That relates partially to the waiting-list problem. 376 SEN. TROW: Are we investing enough money to do it well, so it can be done and we can really make a breakthrough? Because, somehow or another, if we can keep these people from recycling through the system, we would just handle the problem. 398 BRUCE PIPER, ALCOHOL AND DRUG ABUSE PROGRAM DIRECTORS ASSOCIATION (EXHIBIT E): Details Exhibit E.

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TAPE 14, SIDE A

037 HILLARY LARSEN, DIRECTOR, BUCKLEY HOUSE PROGRAMS INC., EUGENE (EXHIBIT F): Buckley House consists of womens' and mens' residential programs for 18 persons each. The house is an example of state-funded programs in non-profit arena. We have been awarded contracts for some money to treat women and kids. We have had up to 250 persons per quarter waiting to get into our I lens' and womens' residential programs. My staff reminded me to tell you that 65% of our clients are referred to us by parole and probation agencies. They're mandated by courts to get treatment, then get on waiting lists. They get preferential treatment, and 50% of the other 65% are DHRclients - Children's Services or Adult and Family Services. But these mandated clients are on the waiting list. Those in the community who need those services are pushed back farther. 055 SEN. TROW: Sometimes the court-ordered people don't want to be there, but are forced there by the court. That gets in the way of them succeeding with treatment. 058 LARSEN: My experience has been that that my be the case in the beginning, but that has fit with the denial pattern and we deal with it - many of our clients are mandated. We'll get people with CSD mandates saying you must get treatment to get your children back. The young mother may be frantic to get into treatment, but there is no room and a waiting list. The typical client is often abandoned and from foster care as a child, had experience in the legal system, undereducated, unemployed, often sexually and physically abused, and CSD has their children. It's a difficult group to work with. Our system is fragile and we've been underfunded a long time. We often have paraprofessional help; we can't pay master's-degree people to come in and work. And what has hurt us is the three minimum-wage increases during the past year and a half, because our funding hasn't been able to keep up. -Details Exhibit F. We needed \$48,000 to help with wage

increases, and I had to raise it myself. And it may surprise you to know there is no funding for facilities - my service is in 5 old houses.

115 ANN UHLER, DIRECTOR, CODA DRUG AND ALCOHOL TREATMENT CENTER, PORTLAND: Our funding system is a house of cards, made of several different funding pieces. That's the result of being paid about 56% of actual costs. Community corrections provides some as well. 144 SEN. TROW: How did those Multnomah County-level cuts affect your program? Can you give us an idea of what those cuts are? 145 UHLER: They're looking at cutbacks in the acupuncture, youth services, CHEERS (a pickup program for downed people on the streets). We have what we call a continuum-of-care system so when one piece gets closed down, it impacts the rest of us and our ability to provide good, effective services.

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That's why we're trying to figure out where the holes will be and how we're going to fill them as well as talking about that percentage we're all looking at, and where we're at as far as how much money we need and how we're going to get it. The last piece of our funding house of cards is donations. I was recently told that less than 1% of the national foundation money goes to alcohol and drug treatment. I'm not real hopeful about private donations, plus competing with universities and other agencies which are affected by Measure 5 cuts and in need of donations.

175 CHAIR McCOY: Adjourns the meeting at 5:10 p.m.

Submitted by: Reviewed by:

Michael Sims Janice J. Fiegenger Assistant Committee Administrator

EXHIBIT LOG:

- A - Status of the Adult and Family Services Division - Stephen Minnich - 25 pages
- B - Oregon Human Rights Coalition legislative priorities - Terry Rogers - 2 pages
- C - Basic needs/funding Requests - Jerry Bieberle - 2 pages
- D - Overview, Office of Alcohol and Drug Abuse Programs - Jeffrey Kushner - 39 pages
- E - Measure 5 Impact on Alcohol/Drug Programming - Bruce Piper - 3 pages
- F - Buckley House 1991 payroll projections - Hillary Larsen - 1 page

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