

New Mexico State Legislature
Welfare Reform Oversight Committee



2004
INTERIM REPORT

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411 State Capitol
Santa Fe, New Mexico*

WELFARE REFORM OVERSIGHT COMMITTEE 2004 ANNUAL SUMMARY

Representative Luciano "Lucky" Varela, Chair
Senator Linda M. Lopez, Vice Chair

The Welfare Reform Oversight Committee met five times in 2004. All meetings were held in Santa Fe. The year again was concluded without the passage of legislation by Congress reauthorizing the Temporary Assistance for Needy Families (TANF) program. The proposed federal reauthorization bills required 40 hours of mandatory work programming for TANF participants. The bills also required that the state show that 70 percent of the TANF participants who are not exempt from work programming are engaged in work programming. No increase in child care expenditures was included in the bill to help pay for child care for the additional hours the TANF parent would be required to attend work. No reauthorization bill was adopted, but the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was extended until March 31, 2005 with an extension of funding without change.

The committee heard additional information on food insecurity in New Mexico and the actions being taken by the Human Services Department to stem food insecurity in New Mexico.

The committee also reviewed the performance measures, and success achieved in reaching them, of the Human Services Department, the Children, Youth and Families Department and the Labor Department.

The committee heard several times from the Governor's Office of Workforce Training and Development, which was organized by the governor to determine the feasibility of pulling together all or most workforce training programs under one umbrella and coordinating those efforts. A final report of that office's plan on how to best coordinate workforce programs was presented to the members at the November meeting.

There is projected to be a \$25.5 million dollar shortfall in the federal block grant funding needed to continue TANF services at the current level. This stems from inaccurate accounting for carry-forward funds over the last several years. The committee focused much of its attention on reviewing the TANF support services that were funded by federal funds and discussing which of those programs should be funded by general fund appropriations in the future. Although neither the Human Services Department nor the committee identified programs that should be cut if funds are not available, both entities recommended that support services be funded by general fund appropriations to the extent that money is available to do so. The committee recommended that full-day kindergarten be fully funded from general fund appropriations to the Public Education Department, as well as the GRADS program and pre-kindergarten programs. The committee also recommended that other programs that serve TANF participants and TANF-eligible people should be funded for the TANF-eligible portion through the general fund. It was suggested to the committee that federal funds be used only for those programs that actually provide services to TANF participants; all other programs should be funded from general fund appropriations. The committee agreed that funding should be restored to provide teen pregnancy prevention and to support fatherhood training for fathers of children born to teen mothers. These

programs would have to be funded from the general fund.

No legislative initiatives were endorsed by the committee.

**2004 APPROVED
WORK PLAN, MEETING SCHEDULE AND BUDGET
for the
WELFARE REFORM OVERSIGHT COMMITTEE**

I. MEMBERS

Rep. Luciano "Lucky" Varela , Chair
Sen. Manny M. Aragon, Vice Chair
Rep. Kandy Cordova
Sen. Ramsay L. Gorham
Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larrañaga

Sen. Linda M. Lopez
Sen. John Pinto
Rep. Nick L. Salazar
Sen. William E. Sharer
Rep. J. Paul Taylor
Rep. Gloria C. Vaughn

Advisory Members:

Sen. Ben D. Altamirano
Sen. Dianna J. Duran
Rep. Daniel R. Foley
Rep. Irvin Harrison
Sen. Timothy Z. Jennings

Sen. Raymond Kysar
Rep. Earlene Roberts
Rep. Edward C. Sandoval
Rep. Jim Trujillo
Rep. Avon W. Wilson

II. WORK PLAN

A. The welfare reform oversight committee was created by Laws 1998, Chapter 8, Section 22 and Laws 1998, Chapter 9, Section 22. Section 2-17-3 NMSA 1978 sets forth the statutory duties of the welfare reform oversight committee:

"2-17-3. Duties.

A. ...Upon approval of the work plan and budget by the legislative council, the committee shall:

- (1) examine the statutes, constitutional provisions and rules governing welfare reform in New Mexico;
- (2) monitor and oversee the implementation of the New Mexico Works Act;
- (3) review issues related to welfare reform, including job training programs and related contracts; cash assistance; child care, transportation and other job-related services; and other issues that arise because of the devolution of the federal welfare programs to the states; and
- (4) make recommendations relating to the adoption of rules and legislation, if any are found to be necessary.

B. The committee shall regularly receive testimony from the secretaries of human services; labor; children, youth and families; and health and the superintendent of public instruction on issues arising from the implementation of the New Mexico Works Act and shall review proposed rules, schedules and formulae before adoption."

B. In pursuit of its statutory charge to oversee and monitor the implementation of the

New Mexico Works Act, the welfare reform oversight committee proposes to focus on the reauthorization of the federal welfare reform legislation and its funding, the decrease in the temporary assistance to needy families (TANF) population due to the 60-month time limit on people receiving TANF services, the number of people receiving hardship exemptions from the 60-month limit and the way in which the state is helping and monitoring the success of former recipients of TANF services.

C. The committee will review the level of coordination among the state agencies providing TANF services, including the human services, labor, children, youth and families and public education departments. In addition, the committee will receive updates from tribes with TANF programs and seek information regarding the support the programs are receiving from state agencies, especially the human services department, and the level of coordination between the state TANF program and tribal TANF programs.

D. The committee will continue to seek data pertaining to barriers to successful work placement for TANF participants throughout the state, with continued emphasis on the barriers created by domestic violence and substance abuse.

E. The committee will review the implementation of programs to increase food stability in New Mexico.

F. The committee will continue to review efforts to close the child support enforcement gap and review the effect of changes adopted in 2004.

G. The committee will continue to review the strategic plans and performance measures of the human services department, the children, youth and families department and the labor department to determine if welfare reform and workforce development goals are being adequately identified, coordinated, cooperatively implemented and achieved. The committee will consider and evaluate services provided from the point of view of availability of needed services, ease of access to services and equitable treatment of those who are employed to provide services.

H. The committee will gather information on the effect of TANF programs on the overall poverty rate of people in New Mexico and what strategies can be used to move New Mexico out of last or close to last place in poverty indices in the United States and to move individuals and families out of poverty. The committee will consider in its analysis the bare bones budget.

I. The committee will review and address, as necessary, issues existing in the provision of child care for the TANF and low-income population of New Mexico.

J. The committee will evaluate the effectiveness of existing state TANF programs to recommend future funding levels.

III. MEETING SCHEDULE AND BUDGET

The welfare reform oversight committee will be meeting on the following dates in the state capitol in Santa Fe in the following rooms:

<u>DATE</u>	<u>ROOM</u>	<u>BUDGET</u>
June 23	322	\$ 2,876
July 29-30	322	4,628
August 30-31	322	4,628
September 30-October 1	322	4,628
November 22-23	317	<u>4,628</u>
TOTAL BUDGET		*\$ 21,388

*This amount does not reflect the budget required for advisory members of **\$13,764** paid from a different fund.

**TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE**

**June 23, 2004
Room 322
State Capitol**

Wednesday, June 23

- 10:00 a.m. CALL TO ORDER
- 10:15 a.m. STATUS OF TANF REAUTHORIZATION
—Jack Tweedie, Director, Children and Families Program, National
Conference of State Legislatures
- 11:15 a.m. WORK PLAN AND SCHEDULE DEVELOPMENT
—Pamela Ray, Staff Attorney, Legislative Council Service
—Leslie Schaar, Staff Attorney, Legislative Council Service
- 12:15 p.m. LUNCH
- 1:30 p.m. NEW MEXICO WORKS PROGRAM UPDATE
—Pamela Hyde, Secretary of Human Services
—Liz Stefanics, Deputy Secretary, Human Services Department
(HSD)
—Kathryn Falls, Director, Income Support Division, HSD
- 3:00 p.m. OFFICE OF WORKFORCE TRAINING AND DEVELOPMENT —
UPDATE
—Reese Fullerton, Executive Director, Office of Workforce Training
and Development (OWTD), Office of the Governor
—Len Malry, Deputy Executive Director, OWTD
- 4:00 p.m. ADJOURNMENT

**MINUTES
of the
FIRST MEETING
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

**June 23, 2004
Room 322
State Capitol**

The first meeting of the Welfare Reform Oversight Committee for the 2004 interim was called to order by Representative Luciano "Lucky" Varela, chair, on June 23, 2004 at 10:11 a.m. in Room 322 of the State Capitol.

PRESENT

Rep. Luciano "Lucky" Varela, chair
Rep. Kandy Cordova

Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larranaga
Sen. Linda M. Lopez
Rep. Nick L. Salazar
Sen. William E. Sharer
Rep. J. Paul Taylor
Rep. Gloria C. Vaughn

Advisory Members

Sen. Ben D. Altamirano
Rep. Daniel R. Foley

Rep. Irvin Harrison
Rep. Edward C. Sandoval
Rep. Jim Trujillo

Staff

Leslie Schaar
Pamela Ray

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

ABSENT

Sen. Manny M. Aragon, vice chair
Sen. Ramsay L.
Gorham
Sen. John Pinto

Sen. Dianna J. Duran
Sen. Timothy Z.
Jennings
Sen. Raymond Kysar
Rep. Earlene Roberts
Rep. Avon W. Wilson

Wednesday, June 23

STATUS OF TANF REAUTHORIZATION

Jack Tweedie, director, Children and Families Program, National Conference of State Legislatures, discussed trends in state TANF programs. According to Mr. Tweedie, the caseload high point was in 1994; all state caseloads have decreased since that year. In addition, caseloads are stable in most states, but five states have caseloads that have increased more than 20 percent.

Mr. Tweedie also updated committee members about TANF reauthorization. Congress initially authorized the TANF program from 1996 until September 2002. Since then, Congress has extended the program six times without reauthorizing it. Since 2002, changes that have been prevalent in the bills presented to Congress include increasing the work participation rate uniformly to forty hours for each participant, not increasing child care funding to accommodate the increase in work hours, placing more emphasis on encouraging marriage and involving faith-based organizations to provide services. In addition, the federal penalties for failing to meet the work participation rates will be substantial and states, such as New Mexico, who have relied on federal credits to meet work participation rates will find it very difficult to meet the proposed federal requirements.

Mr. Tweedie suggested that the committee needs to identify the most effective programs offered in New Mexico and to anticipate what program changes will be necessary to meet the federal requirement changes that are most likely to occur.

WORK PLAN AND SCHEDULE DEVELOPMENT

Pamela Ray and Leslie Schaar, staff attorneys, Legislative Council Service, presented the work plan and budget. The work plan includes provisions that the committee will:

- review coordination among state agencies providing TANF services;
- seek data pertaining to barriers to successful work placement for TANF participants;
- review the implementation of programs to increase food stability;
- continue to review efforts to close the child support enforcement gap;
- continue to review the strategic plans and performance measures of state agencies providing TANF services; and
- gather information on the effect of TANF programs on the overall poverty rate.

Members requested that the committee also look at access to services and evaluate the effectiveness of existing state TANF programs.

The committee will meet on the following dates in the State Capitol in Santa Fe in the following rooms:

- June 23 in Room 322;
- July 29-30 in Room 322;

- August 30-31 in Room 322;
- September 30-October 1 in Room 322; and
- November 22-23 in Room 317.

NEW MEXICO WORKS PROGRAM UPDATE

Pamela Hyde, secretary of human services, Liz Stefanics, deputy secretary, Human Services Department (HSD), and Kathryn Falls, director, Income Support Division, HSD, discussed the New Mexico Works Program with the committee. According to Secretary Hyde, the goals of the program are to:

- provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- end the dependence of needy parents on government benefits by promoting job preparation, work and marriage;
- prevent and reduce the incidence of out-of-wedlock pregnancies; and
- encourage the formation and maintenance of two-parent families.

To participate in the New Mexico Works Program, a person must satisfy eligibility requirements including:

- the person's family income must be at or below 85 percent of the federal poverty level;
- to be considered TANF-eligible for most support services, individuals must normally be at or below 100 percent of the federal poverty level; and
- to receive services funded by TANF, people must have a dependent child in the home.

Secretary Hyde also discussed carry-forward funds. Federal dollars that the state does not spend during the fiscal year may be carried forward to future years; however, the state may only use carry-forward funds for cash assistance. According to Secretary Hyde, at the beginning of fiscal years 2004, HSD believed that the TANF carry-forward balance was close to \$36 million. In November 2004, HSD determined that the previous administration had miscalculated the carry-forward balance. Therefore, instead of \$36 million in carry-forward funds, only \$9 million in carry-forward funds existed. Consequently, HSD modified its fiscal year 2005 TANF budget and reduced by \$12 million its supportive service contracts. HSD projects that fiscal year 2005 will require additional TANF budget cuts.

OFFICE OF WORKFORCE TRAINING AND DEVELOPMENT

Reese Fullerton, executive director, Office of Workforce Training and Development (OWTD), and Len Malry, deputy executive director, OWTD, discussed the newly formed OWTD Department, which is part of the Office of the Governor. According to Mr. Fullerton, the governor created the OWTD because of the lack of coordination among the 15 agencies that receive workforce development funds. The governor believes that this lack of coordination causes a breakdown in accountability and efficiency in the development of the state's workforce.

The OWTD will coordinate workforce development programs to avoid duplication and inefficiency.

Steve Gallegos, deputy secretary, Labor Department, briefly presented information regarding the most recent contacts to provide One-Stop-Shop services. The Labor Department is contracting to provide One-Stop-Shops in three of the four workforce development regions of the state. The eastern region has contracted with Eastern New Mexico University to provide the One-Stop-Shop for workforce services. The Labor Department was recently awarded the contract from the central district.

Representative Varela adjourned the meeting at 4:30 p.m.

Revised: July 29, 2004

TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE

July 29-30, 2004
Room 322
State Capitol

Thursday, July 29

- 10:00 a.m. CALL TO ORDER
- 10:05 a.m. MAXIMUS REPORT
 —Kathryn Falls, Director, Income Support Division, Human Services Department
- 10:45 a.m. GENERAL ASSISTANCE PROGRAM — UPDATE
 —Kathryn Falls, Director, Income Support Division, Human Services Department
- 11:45 a.m. HUNGER IN NEW MEXICO — HJM 84 UPDATE
 —Kathryn Falls, Director, Income Support Division, Human Services Department
- 12:30 p.m. LUNCH
- 1:30 p.m. GOLD MENTOR PROGRAM
 —Sondra Match, Manager, Gold Mentor Program, Aging and Long-term Services
 Department
- 3:15 p.m. TRANSPORTATION COORDINATION AND AVAILABILITY
 —Liz Stefanics, Deputy Secretary, Human Services Department
 —Kathryn Falls, Director, Income Support Division, Human Services Department
 —Ricardo Campos, Director, Transportation Programs Division, Department of
 Transportation
 —Bob Beardsley, Bureau Chief, Client Services Bureau, Medical Assistance Division,
 Human Services Department
- 5:00 p.m. RECESS

Friday, July 30

- 10:00 a.m. GRANT COUNTY FIRST BORN HOME VISITATION PROGRAM
 —Susan Trujillo, Coordinator, Grant County Community Health Care Council
 —Vicky Johnson, Program Director, Grant County First Born Home Visitation
 Program

11:00 a.m. CHILD CARE PROVIDER ISSUES
—Linda Siegel, New Mexico Child Care Association

12:00 noon LUNCH

1:00 p.m. CHILD CARE PROGRAMS AND FUNDING — UPDATE
—Mary Dale Bolson, Secretary, Children, Youth and Families Department

3:00 p.m. ADJOURN

**MINUTES
of the
SECOND MEETING IN 2004
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

July 29-30, 2004

**State Capitol, Room 322
Santa Fe, New Mexico**

The second meeting in 2004 of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, July 29, 2004, at 10:15 a.m. in Santa Fe in Room 322 of the State Capitol.

PRESENT

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Rep. Kandy Cordova
Sen. Clinton D. Harden, Jr.
Rep. Nick L. Salazar
Sen. William E. Sharer (07/29/04)
Rep. Gloria C. Vaughn

ABSENT

Sen. Ramsay L. Gorham
Rep. Larry A. Larranaga
Sen. John Pinto
Rep. J. Paul Taylor

Advisory Members

Rep. Daniel R. Foley
Rep. Edward C. Sandoval
Rep. Jim Trujillo

Sen. Ben D. Altamirano
Sen. Dianna J. Duran
Rep. Irvin Harrison
Sen. Timothy Z. Jennings
Sen. Raymond Kysar
Rep. Earlene Roberts
Rep. Avon W. Wilson

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Pamela Ray
Leslie Schaar
Amy Chavez

Thursday, July 29

MAXIMUS REPORT

Kathryn Falls, director, Income Support Division, Human Services Department (HSD), provided the committee with a handout that briefly reviews the findings of the Maximus study of the Education Works Program (EW). A full copy of the study and the summary is in the meeting file. Ms. Falls noted that EW is funded totally with state maintenance of effort (MOE) funds at \$2 million. The federal act, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), allows for TANF funds to be used for one year of vocational training; however, the block grant cannot be used to fund post-secondary education leading to a degree. A participant in EW receives cash assistance while attending 24 months of an undergraduate degree-conferring program. EW cannot be used for graduate work. The eligibility requirements are the same as for TANF and a recipient by regulation of HSD must be a TANF recipient. Qualifications are: the participant's family must include at least one dependent child and have an income of 85 percent or less of the federal poverty guidelines. This means that a family of two could not earn more than \$10,302 per year, which is less than \$1,000 per month. Ms. Falls reminded the committee that MOE is based on the level of state funds used for Aid for Families with Dependent Children (AFDC) in 1994. If the state meets its performance measures, then MOE is only 75 percent of the state's expenditure for AFDC in 1994, or about \$32 million for New Mexico.

Out of the 1,032 people who have participated in EW, 725 were contacted by phone for the Maximus study. Five hundred of the 725 participants contacted participated in the Maximus study, a rate of 69 percent. There were four subgroups: 1) those still in EW; 2) those who have completed EW with a degree; 3) those who have completed 24 months of EW but are still completing their education; and 4) those who were terminated from EW or dropped out. The demographics of all respondents were:

- 85 percent female;
- 1 percent Hispanic;
- 38 percent Anglo;
- six percent other than Hispanic or Anglo; and
- an average age of 31 years.

Forty-two percent of participants completed the EW program with a degree, certificate or other credential showing completion of an educational training program. One-third dropped out or were terminated for a deficiency, such as low grades. Of the dropouts, the following reasons were noted for leaving the program:

- nine percent left due to health problems;
- seven percent left because they lost interest;
- seven percent moved out of state or to another community where they did not wish to or could not continue their education;
- seven percent moved or left because of getting a job;
- four percent reported child care problems that caused them to leave EW; and

- three percent needed transportation.

There were also some problems reported by recipients regarding confusion about the requirements for EW eligibility.

Those with a degree following EW completion receive an average wage of \$10.39 per hour while those who do not complete the program earn about \$6.70 per hour. HSD is developing a handbook for participants and better information for case managers. It was noted that a woman with a child under 12 months of age receives an exemption from the mandatory work activity requirements of TANF. If a woman with a newborn child wants to attend classes, she could do that while receiving TANF and then transfer to EW at the end of her exemption at the beginning of a term at a college or post-secondary vocational school.

- The committee requested the department to devise methods for a TANF participant or EW participant to receive the maximum number of hours of college, so that this information will be available for participants who might benefit from EW.

Bernalillo County, or TANF Region 5, uses all of its available EW slots, but most of the other regions do not.

- The committee asked for statistics by region on utilization of EW slots.

GENERAL ASSISTANCE PROGRAM

Ms. Falls introduced the topic of the General Assistance (GA) Program. She introduced Scott Cameron from the New Mexico Center on Law and Poverty and Kenneth Owens from the New Mexico Legal Aid Office. Ms. Falls provided the following information:

- recipients must have incomes of 85 percent of poverty or less;
- adults without children are in the class eligible for GA;
- many recipients are disabled, either physically or mentally, but do not qualify for Medicaid;
- the maximum benefit is \$231 per month for a single person; and
- all applicants with a disability must also apply for SSI.

Mr. Cameron discussed the population who receives GA. He said although the recipient population is generally disabled, most are male and some are children without related caretakers. Immigrants who are ineligible for TANF or federally funded programs may be eligible for GA. There is an eligibility provision for battered immigrant women, refugees and disabled immigrants. Teenagers are a growing segment of the GA recipient population. Immigrant women who are battered and must leave the batterer and mentally ill people who have stopped taking their medication are also included in the GA population.

Mr. Owens presented several case studies of people on GA. He noted that GA provides a safety net for those who are ineligible for TANF for reasons other than income. A child of two illegal aliens could receive GA. All disabilities must be verified by a physician. Coordination with the one-stop shops needs to be created and maintained.

HUNGER IN NEW MEXICO

Ms. Falls presented a videotape developed by the HSD on hunger in New Mexico (see handout that is also a fact sheet). New Mexico is no longer first in hunger; now the state has the fifth highest hunger rate in the U.S. HSD is trying to increase the use of food stamps in New Mexico. In 2003, there was a 16 percent increase in food stamp use. For each \$5.00 expended in food stamps, \$9.20 is circulated in the economy. In FY 2004, 87,000 families received food stamps and \$215 million was added to the New Mexico economy. Schools receive a list of all children who are in food stamp recipient families and they are provided with free lunches now without additional paperwork. There are hot lines to call if someone needs food. Now there is a coordinated effort among food banks, food pantries, the Children, Youth and Families Department (CYFD) and HSD to get food to people who need it. The question still exists about filling the two-week gap between the end-of-the-summer lunch programs and the beginning of school. HSD will try to address this problem for next year. Ms. Falls will inform communities where food can be found for those two gap weeks between summer meal programs and school lunches. Illegal immigrants and undocumented workers cannot receive food stamps. Five years after an adult has been in the country legally, that person can receive food stamps. Children can get food stamps.

There is a direct correlation between poverty and hunger. Immigrants have a greater incidence of both hunger and poverty than the general population.

Coordination of food programs has allowed people who are above 185 percent of the federal poverty level to receive food. Federal programs are limited to 185 percent of poverty, but privately donated food can be given to anyone in need, even if the person is illegal or undocumented. The federal food distribution program is available only to those at or below 185 percent of poverty. Immigration status is not considered in the TFAP. The department will provide a list of locations of food banks and pantries (see August meeting handouts). There is a need to fund refrigerators and freezers at food distribution centers.

Social Security recipients and SSI recipients are able to receive no more than \$10.00 in food stamps. SSI is considered unearned income and counts as income in determining eligibility for TANF and other programs. Food stamps can still be used at farmers' markets to allow recipients to obtain fresh food. There is a simplified form for the elderly to apply for food stamps. Eligibility criteria for food stamps are set by the federal government and the state has no authority to change those criteria. The income limit for food stamps is an income of 130 percent of poverty.

GOLD MENTOR PROGRAM

Sondra Match introduced a video explaining the Gold Mentor Program. The Gold Mentor Program of the Aging and Long-Term Services Department has had its funding reduced and there will be fewer than 50 mentors in the state due to the reduction. Yvonne Jackson and Sandy Miller provided the committee with information on the intensive contact that gold mentors have with TANF participants to help them adjust to work and resolve the problems that arise in their daily lives.

Chuck Klein, a gold mentor, discussed the burden of gross receipts tax that is charged on food and child care provided by for-profit child care centers to state-subsidized clients. Sixty percent of providers charge registration fees and 20 percent of providers must charge gross receipts tax on the registration fees. The gross receipts tax must be charged on both co-pays paid by a subsidized parent and on the state-paid portion of the subsidy. Also, Mr. Klein noted that in Hobbs, the taxi company ceased operation and many TANF clients were then not able to find transportation to their work activity program.

Currently, the Gold Mentor Program receives \$800,000 from HSD but it is anticipated that the amount will be decreased in FY 2006 because of expected TANF cuts.

TRANSPORTATION COORDINATION AND AVAILABILITY

Liz Stefanics, deputy secretary, HSD, introduced the panel discussing transportation for social services and other programs in New Mexico. On the panel with Ms. Stefanics were Ricardo Campos, director, Transportation Programs Division, Department of Transportation, and Bob Beardsley, bureau chief, Client Services Bureau, Medical Assistance Division, HSD.

Ms. Stefanics discussed the need to reduce duplication of effort and contractor charges. HSD wants to ensure that all TANF clients have access to some form of transportation. HSD is looking at whether transportation should be funded as a support service with TANF dollars or should be funded to the extent possible with federal transportation dollars. The budget for FY 2005 is \$1.25 million.

Mr. Campos noted that as urban areas become class A counties, they contract directly with the federal government for transportation dollars. Rural areas then receive the funding previously distributed to those urban areas from the state transportation funds.

Ms. Stefanics discussed HB 382 which encourages state agencies to pool transportation dollars. Money from TANF, the Federal Department of Transportation, Medicaid, senior centers and other agencies with transportation dollars must work together to maximize the use of these funds. There is a group of 15 agencies now working to coordinate the use of their transportation funds. There is a collaboration pilot project in the Mid Region Council of Governments (COG) planning region and in the North Central COG region. In May 2004, state agencies, local governments and tribes in Valencia County became the broker for all public assistance programs in Valencia County. Regional transportation districts should ultimately absorb projects such as Park and Ride in northern Santa Fe County. In FY 2005, the federal government will provide a match to \$7.6 million in transportation funding in New Mexico. It is difficult to extend transportation into less populated areas of counties outside of towns and villages. Federal matching funds will be needed to provide transportation in less populated areas, as well as to establish transport systems in larger communities. Scheduling of transportation is a problem. It is necessary to provide transportation in a timely manner so that people can get to destinations on time, such as to a doctor's appointment.

Agencies are working to compile an inventory of current transportation assets available for

public assistance transportation. The committee requested that an update be provided on transportation progress at the November meeting.

Friday, July 30

The meeting was reconvened at 10:05 a.m. by Representative Luciano "Lucky" Varela, chair.

GRANT COUNTY FIRST BORN HOME VISITATION PROGRAM

Susie Trujillo, coordinator, Grant County Community Health Care Council, and Vicky Johnson, program director, Grant County First Born Home Visitation Program, presented information on the development and implementation of the Grant County First Born Home Visitation Program. It is an innovative program that sends out nurses and other professionals to visit with new moms and their babies when they first arrive at home after giving birth. An assessment is performed on the needs of the family and support services that can be provided. The handout provides most of the details of the program. Immunization rates are 100 percent for all families that are in the visitation program. Income is not considered in offering visitation services. All families are requested to allow the initial visits. Actual outcomes are measured. Families will not drive in to a central location in rural areas so home visits are the only manner of follow-up that is reliable. The program has developed its own training program and trains its own professionals. There are three basic theories for delivery of services:

- empower the family to become independent and to identify services it needs;
- encourage bonding between parents and children; and
- help the family bond or buy into the community, to use its services and participate in community activities.

The program:

- provides a postpartum home visit to every child born in the service area;
- assesses the needs of the family;
- provides the services of pediatricians and nurse practitioners;
- makes weekly home visits as needed to deal with developmental issues that arise and to develop quarterly assessments of progress of child and family; and
- provides home-based education for moms.

The program is funded by several sources, one of which is CYFD. Marg Elliston spoke about the perspective of CYFD on the program. She noted that over one-half of babies in New Mexico are born while their mother is on Medicaid. The state will be setting standards for all home visitation programs. The lieutenant governor is working with the Children's Cabinet to help ensure that services such as the home visitation program are available throughout the state. All state agencies with components to help improve the success of mothers and newborn children will be working together to provide services. Funding also will be coordinated to maximize the effects from available early childhood funding. Jack Callaghan, CYFD, also spoke of the efforts in the Las Cruces schools and also in Santa Fe for young mothers. A comprehensive grant from the Children's Cabinet will document the needs and resources in communities around the state. A minimal program of home visitation statewide would cost \$3 million.

- A discussion ensued regarding encouraging Salud HMOs to begin a program such as the First Born Home Visitation Program and requiring other insurance carriers to cover that

kind of service for newborn children.

CHILD CARE PROVIDER ISSUES

Linda Siegle introduced the three panels of presenters that discussed the issues confronting child care providers in New Mexico.

Bill Jordan, New Mexico Voices for Children, discussed the lack of emphasis on early childhood development in terms of the budget of the state. Only four percent of the budget of the state was appropriated for programs that supported early childhood health and well-being. Eighty-five percent of the human brain development occurs in the first two years of life, a fact that is essentially ignored in considering where to allocate state funding (see handouts in meeting file). Only eight or nine states provide less child care assistance than New Mexico. Only eight states invest less money in child care than New Mexico. It would take \$10 million to increase child care subsidies so that families up to 200 percent of poverty would be eligible.

Donna Fletcher, New Mexico Child Care Association, noted that four things happen when parents hit the maximum level of eligibility for child care subsidies.

1. The parent leaves work.
2. The parent leaves children with older children.
3. The parent refuses income advances.
4. The parent leaves children with neighbors, other untrained providers or unlicensed or unregistered child care providers.

The current graduated scale requires larger co-pays at higher income levels.

Marilyn Wagner and Jeri Key discussed changes in child care provision over the last 23 years. Now providers are becoming early childhood educators and are no longer just providing a safe place for children to stay. Stimulation is required for children in their first year of life to help mental and physical development. Children need to be held and need to feel secure or they may become violent and uncontrollable later in life. Now child care providers must hold and cuddle children and help them move along the floor. Putting a child in a "jolly jumper" or in front of a television is not adequate care. Rural rates for reimbursement for child care need to be increased to equal urban rates. Child care rates for all children are very high. It costs as much to keep children in child care as to send them to some colleges. These are several reasons why state subsidies for child care are essential. The average cost now is \$8,000 per year for day care for one child.

Ms. Key discussed rural rates and the need to improve them. There is a pilot project to study whether Head Start is more effective than day care. Dianna Dunn from La Petite Academie Child Care Centers discussed her centers. She serves 2,500 families, of which 1,600 are state-assisted. Ethel Johnson, Southwest Child Care, discussed other child care centers in Albuquerque. When a center provides child care, it provides care to the entire family. She noted that full-paying clients are subsidizing the state-assisted clients.

Ruth Hoffman noted that up to 30 percent of the TANF block grant can be used for child care assistance.

Ms. Siegle explained that basing the child care reimbursement rate on the market rate makes the subsidy artificially low, because it is based on rates that do not fully cover the costs of providing day care.

There is no subsidized child care in Raton. This means people in Raton who need child care are not receiving a service that is paid for by their tax dollars that is available in other parts of the state.

In regard to gross receipts taxes charged on day care, Ms. Siegle noted that \$500 million is generated in the state's economy from child care services. She noted it would be reasonable to forgo the gross receipts income to the state of around \$3 million if the gross receipts tax were removed from taxable services provided by nonprofit child care centers in the state.

MINUTES ADOPTED

It was moved by Chair Varela and seconded by Vice Chair Lopez that the minutes of the June 23, 2004 meeting be adopted. The minutes were adopted unanimously.

CHILD CARE PROGRAMS AND FUNDING — UPDATE

Mary Dale Bolson, secretary of children, youth and families, presented an update on child care programs and funding in New Mexico. With her were Marg Elliston, director, Family Services Division, CYFD, and Danny Sandoval, director, Administrative Services Division, CYFD.

A handout provided by the department is in the meeting file. Secretary Bolson discussed the types of child care facility certification offered by the state. There are 628 licensed child care centers and 397 licensed child care homes. There are 6,943 homes registered to give child care services. Another 1,736 homes are registered with CYFD as providing child care but do not receive reimbursement from the state for feeding children through the Child and Adult Care Food Program. The state is currently reimbursing child care facilities for care provided to children of families earning up to 150 percent of the federal poverty guidelines. This was raised from 130 percent of poverty. Some families still receive child care assistance from CYFD who make up to 200 percent of the federal poverty guidelines but these families only constitute a total of eight percent of the subsidized population. Child care assistance is provided to a total of 25,224 children. The department has established a task force to look at the discrepancy between rural and urban child care reimbursement rates and also has established a pilot project for in-home infant care for 50 families. The department will be looking into how food programs can be coordinated with child care providers. The department will also be looking at ways to coordinate child care services with Head Start. Currently, the department is administering a Head Start Collaboration Grant Program for \$125,000. The department also administers \$2.15 million in Head Start funding serving 484 children in the state from TANF-eligible families. Fifty-eight million dollars is granted directly from the federal government to Head Start grantees serving

9,500 New Mexico children from income-eligible families. CYFD and the Public Education Department are working together to set standards for Head Start programs.

For each dollar spent on child care in New Mexico, \$7.00 is generated in the New Mexico economy. The legislature determines how much TANF money will be used for child care through a line item in the General Appropriation Act. There is the possibility that the child care grant will be reduced by \$9 million for FY 2006.

The department monitors child care centers, licensed and registered homes four times per year. Some, however, do not get monitored quite so often.

ADJOURNMENT

The committee adjourned at 2:30 p.m.

Revised: August 26, 2004

TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE

August 30-31, 2004
Room 322
State Capitol

Monday, August 30

- 10:00 a.m. CALL TO ORDER
- 10:05 a.m. COORDINATION OF JOB TRAINING PROGRAMS
—Kathryn Falls, Director, Income Support Division (ISD), Human Services
Department (HSD)
—Therese Varela, In-Plant Training, Economic Development Department
—Reese Fullerton, Executive Director, Office of Workforce Training and
Development (OWTD)
—Len Malry, Deputy Executive Director, OWTD
—Mary Beth Schubert, Associate Director, New Mexico Association of
Community Colleges
- 12:00 noon LUNCH
- 1:15 p.m. TANF BUDGET PROJECTIONS AND ANTICIPATED CUTS
—Pamela Hyde, Secretary of Human Services
—Katie Falls, Director, ISD, HSD
—Daryl Schwebach, Director, Administrative Services Division, HSD
- 2:15 TANF-JARC TRANSPORTATION NEEDS
—Jack L. Valencia, Jr., Executive Director, New Mexico Passenger
Transportation Association
- 3:00 p.m. USE OF MAINTENANCE OF EFFORT FUNDS
—Ruth Hoffman, Director, Lutheran Office of Governmental Ministry
—Katie Falls, Director, ISD, HSD
—Mary-Dale Bolson, Secretary of Children, Youth and Families
—Danny Sandoval, Director, Financial Services Division, Children, Youth and
Families Department
- 5:00 p.m. RECESS

Tuesday, August 31

- 10:00 a.m. CHILD SUPPORT ENFORCEMENT PENALTIES
—Stephanie Gonzales, Director, Child Support Enforcement Division, HSD
—Susan Rehr, Attorney, Office of General Counsel, HSD
- 11:00 a.m. STRENGTHENING FAMILIES INITIATIVE
—Esther DeVall, Ph.D., Associate Professor and Director, Strengthening
Families Initiative, New Mexico State University
- 12:30 p.m. ADJOURN

**MINUTES
of the
THIRD MEETING
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

**August 30-31, 2004
Room 322, State Capitol
Santa Fe, New Mexico**

The third meeting in 2004 of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Monday, August 30, 2004, at 10:05 a.m. in Santa Fe in Room 322 of the State Capitol.

PRESENT

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair (8/30)
Rep. Kandy Cordova
Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larranaga (8/31)
Sen. John Pinto
Rep. Nick L. Salazar
Rep. J. Paul Taylor
Rep. Gloria C. Vaughn

ABSENT

Sen. Ramsay L. Gorham
Sen. William E. Sharer

Advisory Members

Rep. Daniel R. Foley (8/30)
Rep. Irvin Harrison
Rep. Earlene Roberts (8/30)
Rep. Edward C. Sandoval
Rep. Jim Trujillo

Sen. Ben D. Altamirano
Sen. Dianna J. Duran
Sen. Timothy Z. Jennings
Sen. Raymond L. Kysar
Rep. Avon W. Wilson

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Pam Ray
Jennie Lusk
Tim Crawford

Monday, August 30

COORDINATION OF JOB TRAINING PROGRAMS

A panel, including: Katie Falls, director of the Income Support Division (ISD) of the Human Services Department (HSD); Therese Varela, In-plant Training Section, Economic Development Department; Reese Fullerton, executive director of the Office of Workforce Training and Development (OWTD); Mary Beth Schubert, associate director of the New Mexico Association of Community Colleges; and Ruth Hoffman, executive director of the Lutheran Office of Governmental Ministry (LOGM), addressed the committee regarding the coordination of job training programs. Conroy Chino, secretary of labor, submitted a brief statement describing the limited role the Labor Department (LD) plays in job training. He noted that LD refers people seeking work to job training if it appears appropriate. The handouts are in the committee file.

Ms. Falls reported on recent HSD employment training activities involving TANF funds. The first of four workforce development boards contracted with the provider of TANF job training services to provide job training services pursuant to the federal Workforce Investment Act. The TANF contractor in the eastern region is the branch campus of Eastern New Mexico University in Roswell. All regional workforce development boards should be contracting with the regional TANF contractors by July 2005.

Mr. Fullerton discussed the coordination of TANF and workforce development services by his agency. The merger involves cross-training and functional integration of staff so that all clients may be truly served in a "one-stop" shop.

Ms. Varela discussed a policy revision making credits available to companies that pay higher salaries for workforce development clients. She said Native American companies that pay higher wages are automatically eligible for a 65 percent credit, as are companies with distribution in New Mexico and plants in Mexico, for job training programs. She also discussed the training program established with the New Mexico Film Commission, and introduced its director, Lisa Strout. The economic development program is also trying to coordinate with science and technology programs at Sandia National Labs in order to determine workforce needs in biology, nanotechnology and hydrotechnology.

Ms. Schubert reported on efforts to coordinate workforce training programs with TANF. She noted that the coordination should have begun in 1998, but it has been delayed. Ms. Schubert emphasized the importance of the role that community colleges can play in education and training for workforce development, since the colleges are already funded and 98 percent of New Mexicans live within 50 miles of a community college. The vision is for a community college-centered workforce development program, where the colleges serve as a pipeline between students who need training and employers in a community. The problem with realizing the vision is that non-credit training is currently not funded within the Commission on Higher Education.

Ms. Hoffman remarked that she liked Mr. Fullerton's description of a one-stop shop, but emphasized that TANF clients are not like all other workforce development clients, in that the TANF clients may need more effort and support. She urged the committee and the agencies to maintain strong case management programs for TANF clients.

The chair asked for comments from the observers, and Mary Molina Mescall, new executive director of the New Mexico Commission on the Status of Women, spoke, echoing what Ms. Hoffman said about the special needs of TANF clients, particularly female TANF clients. On questioning from the committee members, presenters discussed oversight of and accountability within the new structures of workforce development, including oversight of newly established workforce development boards. Mr. Fullerton said that the governor and legislature will have a defined action plan from his office soon, later noting that his plan for reorganization will be delivered September 30, 2004 to the governor and legislature. The presenters also discussed the involvement of the public schools, the New Mexico commission on the Status of Women and the universities in workforce development for TANF clients as well as the problems of getting funding for adult basic education programs. There were questions on the emphasis of community college training — i.e., whether its emphasis was on in-class or on-the-job training. Community colleges provide training wherever it is most reasonable to do so. On-site training is provided when called for.

★Ms. Falls agreed to provide a sample contract for the HSD-independent workforce development boards.

TANF BUDGET AND USE of MAINTENANCE OF EFFORT (MOE) FUNDS

Pamela Hyde, secretary of human services, and Katie Falls discussed TANF budget projections and anticipated cuts; and Mary-Dale Bolson, secretary of children youth and families, Danny Sandoval, director of the Children, Youth and Families Department's (CYFD) Financial Services Division, and Ruth Hoffman, LOGM, discussed the use of MOE funds. The materials and handouts are available in the committee file.

Secretary Hyde highlighted four federal goals for TANF block grants: keeping children in the home, financial independence, pregnancy prevention and/or reduction and encouraging two-parent families. She noted that HSD will experience a \$25.5 million shortfall in FY 2006 due to budgeting errors that occurred when federal funds normally used as a "carry-forward" for giving cash assistance to individuals and for contracts with businesses for employment were appropriated. She suggested three ways to resolve the problem of the shortfall: appropriations from the general fund, a decrease in support services or a decrease in benefits. She discussed the broad federal definition of costs allowable, that is, administrative costs up to 15 percent that are "reasonably calculated to accomplish a purpose of the TANF program".

Secretary Bolson introduced Mr. Sandoval, who discussed the CYFD handout.

Ms. Hoffman noted that New Mexico legislators had to work within the four federal goals discussed in PRWORA, but prioritized financial independence when it passed the New

Mexico Works Act (NMWA). The goals of the NMWA were to increase family income, the collection of child support and parental employment, and to change the culture of welfare offices so that all parties could address the barriers to full employment. She expressed grave concern about TANF families in a period of major changes. She opined that it is best to increase the general funds but noted that, if money is cut, it would be most effective to target the TANF clients in the system for support, rather than cutting benefits or services while maintaining priorities not directly within the New Mexico legislature's purposes. She noted that the \$100 per month housing subsidy once regularly given to TANF clients who did not live in subsidized housing has now disappeared, and that the disregard amounts were cut in 2002. She warned against again decreasing the benefits to the most vulnerable among the New Mexico population to address this apparent budget problem.

Audience participants who spoke, at the invitation of the chair, included Bill Jordan, executive director of New Mexico Voices for Children, who expressed concerns that TANF funds had been misspent, and urged the committee members to ensure that funds are found to fund TANF.

Questions for Secretary Hyde centered on available resources and options for making up the predicted shortfall in funding for the TANF program. Members questioned the wisdom of making a tax cut in such a fiscal environment and wondered about the impact of recently enacted tax cuts for gross receipts and the impact of funding full-day kindergarten with TANF funds. Secretary Hyde stated that the department is expecting to challenge an expected federal denial of a bed tax credit the state has enacted, but cautioned that any challenge at this time would be premature, given that no funding has yet been denied. The secretary also stated that the shortfall expected would be approximately \$25.5 million of the approximately \$111 million in federal funding expected for TANF clients. It was recommended that the department generate a list of options for revision of services, with a companion discussion of points in favor of and against cuts and priorities. A discussion was held regarding the federal restrictions on money appropriated to the Navajo Nation and the Pueblo of Zuni from the state TANF block grant.

TRANSPORTATION NEEDS

Jack Valencia, executive director of the Transportation Collaborative, addressed the committee and announced a \$1.8 million shortfall, of which \$1.4 million was federal. The U.S. Congress, he said, reduced the New Mexico transportation supports by that amount. The director also discussed the implementation of the Valencia County pilot program for "United We Ride" by presidential executive order. That program provides \$1.25 million for TANF recipient transportation, assuming a 44 percent increase in caseload with only a \$4.8 million increase in funding.

Mr. Valencia introduced representatives of the Rio Arriba County Transportation Department, Albuquerque SunTrans and Santa Fe Trails, each of whom reported on progress and accomplishments of their respective departments over the past year.

The chair directed the transportation providers to collect and aggregate numbers to show what kind of local transportation is being provided statewide and to compare urban and rural services for TANF clients.

The committee recessed at 4 p.m.

Tuesday, August 31

CHILD SUPPORT ENFORCEMENT PENALTIES

Stephanie Gonzales, director of the Child Support Enforcement Division of HSD, addressed the committee and gave an update on her division's activities in the past year. She stated that: the cost-effectiveness of the collections has increased by 60 percent, the number of child support court orders was up 15 percent to \$80.7 million; the distribution of money collected has been faster; there has been an increase in the number of children receiving child support on Medicaid; there has been an increase in the numbers of paternity obligations established; and there has been an increase in customer service and a decrease in the caseload per caseworker. She said the federal government had administratively determined that the agency was performing below a respectable level and had penalized the department one percent or the equivalent of \$1 million in 2001; two percent in 2002; and may assess as much as a five percent penalty for 2003. However, the department analyzed the data supporting the penalty assessments, not only in New Mexico but throughout the country, and discovered that 14 states with penalties were largely rural with concentrations of poor people in urban areas, like New Mexico. Therefore, a challenge to the definition of "performance measures" may bear some discussion. The state has joined with other rural states included in the TANF reauthorization in a provision that allows states to attempt corrective action prior to being assessed penalties. In addition, penalties assessed are not remitted to the federal government but are used for correcting program deficiencies.

Ms. Gonzales noted that case management showed some deficiencies after a random review of cases was performed. Quality assurance measures were developed and implemented, and she is expecting that the case management problems will be minimal in the future. Many problems were identified with the computer tracking system and with the coordination system with ISD records. The division will review 69,000 cases. The caseload increases each year and the total number of cases that will be reviewed by the end of the fiscal year is 125,000. The division has expanded its field offices into Alamogordo, Carlsbad and Hobbs with expansion of the offices located in Silver City and Clovis.

The committee members asked the director about improved reciprocity among the states, and asked whether other states are more quick to respond to child support clients represented by agency attorneys. The director responded that clients are better off with department representation in all child support cases involving reciprocity. There was discussion about the 2004 law providing for amnesty for child support arrears, the ability of the department to enforce child support orders, backlogs of child support cases, staffing and new hires.

★The chair directed the department to prepare a report on collections and to present the report of the committee by the end of the year, as required by statute.

STRENGTHENING FAMILIES INITIATIVE

Esther DeVall, associate professor at New Mexico State University and director of the Strengthening Families Initiative (SFI), reported to the committee and furnished handouts (in the file). Dr. DeVall noted that her program is funded by the ISD with TANF dollars, and exists in order to build and reinforce parenting skills. New Mexico, she said, has been rated as the worst place in America to raise a child. SFI educates both the children and the parents enrolled, and its 18 parent educators have reached 17 of New Mexico's 32 counties. SFI has also designed a 10-class series for use in prisons and jails.

On questioning by committee members, the director was joined by Ms. Falls regarding full-day kindergarten funding and whether it competes with the increase in funding requested by the SFI. Ms. Falls said she was unable to give a clear answer as yet on the department funding priorities. Funding full-day kindergarten from TANF funds was expected to be a short-term stop-gap effort until the Public Education Department began funding the program. Negotiations are ongoing regarding the source of full-day kindergarten funding.

The committee adjourned at 12:33 p.m. The next meeting is scheduled for September 30 and October 1, 2004.

TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE

September 30-October 1, 2004
Room 322, State Capitol

Thursday, September 30

- 10:00 a.m. CALL TO ORDER
- 10:05 a.m. CHILDREN'S CABINET AND PRE-KINDERGARTEN OVERVIEW
—Honorable Lt. Governor Diane Denish
- 11:00 a.m. NEW MEXICO GRADS PROGRAM
—Sharon Waggoner, Director, New Mexico GRADS Program
- 12:15 p.m. LUNCH
- 1:30 p.m. OFFICE OF WORKFORCE TRAINING AND DEVELOPMENT
PERFORMANCE MEASURES AND WORKFORCE INVESTMENT CONSOLIDATION PLANS
—Reese Fullerton, Executive Director, Office of Workforce Training and
Development, Office of the Governor
- 3:00 p.m. REGIONAL CONTRACTORS AND SUPPORT SERVICE PROVIDERS
PERFORMANCE REVIEW
—Kathryn Falls, Director, Income Support Division, Human Services Department
(HSD)
- 4:30 p.m. RECESS

Friday, October 1

- 10:00 a.m. HUMAN SERVICES DEPARTMENT PERFORMANCE MEASURES
—Liz Stefanics, Deputy Secretary, HSD
- 11:00 a.m. FULL-DAY KINDERGARTEN — UPDATE
—Veronica Garcia, Secretary of Public Education

12:00 noon LUNCH

1:00 p.m. CHILDREN, YOUTH AND FAMILIES DEPARTMENT PERFORMANCE
MEASURES
—Mary-Dale Bolson, Secretary of Children, Youth and Families

2:30 p.m. ADJOURNMENT

MINUTES
of the
FOURTH MEETING IN 2004
of the
WELFARE REFORM OVERSIGHT COMMITTEE

September 30 - October 1, 2004
State Capitol, Room 322
Santa Fe, New Mexico

The fourth meeting in 2004 of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, September 30, 2004, at 10:32 a.m. in Room 322 of the State Capitol.

PRESENT

Rep. Luciano "Lucky" Varela, chair
Sen. Linda M. Lopez, vice chair (09/30/04)
Rep. Kandy Cordova (09/30/04)
Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larranaga
Rep. Nick L. Salazar
Rep. Gloria C. Vaughn

Advisory Members

Rep. Irvin Harrison (09/30/04)
Rep. Edward C. Sandoval
Rep. Jim Trujillo

ABSENT

Sen. Ramsay L. Gorham
Sen. John Pinto
Sen. William E. Sharer
Rep. J. Paul Taylor

Sen. Ben D. Altamirano
Sen. Dianna J. Duran
Rep. Daniel R. Foley
Sen. Timothy Z. Jennings
Sen. Raymond Kysar
Rep. Earlene Roberts
Rep. Avon W. Wilson

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Pamela Ray
Jennie Lusk
Tim Crawford

Guests

The guest list is in the meeting file.

Thursday, September 30

CHILDREN'S CABINET AND PRE-KINDERGARTEN OVERVIEW

The lieutenant governor was unable to join the committee to discuss the Children's Cabinet and pre-kindergarten proposals being initiated by the Children's Cabinet. The topic will be rescheduled to November.

GRADS PROGRAM UPDATE

Sharon Waggoner, director, New Mexico GRADS Program, began by giving an overview of the general services provided by her program. She noted that the GRADS Program was implemented to reach teens to prevent pregnancies. It was developed prior to TANF, but when the goals of TANF were published, it was clear that GRADS was already working in an area that was included within the goals of TANF. Preventing teen pregnancies and ending the dependence of families with teen mothers on public assistance are the two outcomes of GRADS that correlate with TANF goals. Ms. Waggoner noted that 50 to 60 teachers have been trained through GRADS to teach a pregnancy prevention curriculum to students. The GRADS Program is only available in 17 school districts throughout the state and could not expand in the last year due to reduction in its budget for FY 2005. The three goals of GRADS are to:

- help pregnant and parenting teenagers graduate from high school;
- improve parenting skills of teen parents; and
- foster self-sufficiency and facilitate economic independence of teen parents and families after graduation from high school.

New Mexico, according to Ms. Waggoner, has the third highest teen pregnancy rate in the country, although it is fifth in the number of teen births in the country. Since 1980 the rate of teen pregnancies has decreased from 53 pregnancies per 1,000 teens to 43.8 pregnancies per 1,000 teens. GRADS will receive \$931,000 in FY 2005.

GRADS meets two of the goals of TANF: 1) child care is provided for low-income teen mothers; and 2) pregnancy prevention education is provided for students of all ages. The program also provides job preparation and work training and promotes healthy relationships. Only 4.33 percent of students in the GRADS Program are married. Forty-seven percent of the children living in poverty were born to teen mothers. In FY 2004, there were 479 referrals to the GRADS Program. All pregnant teens referred receive Medicaid.

The GRADS program also receives Carl Perkins funding. It is used to fund the international computer driving license training and other academic components of GRADS.

Second pregnancies occur at a rate of 4.47 percent in GRADS participants. Second pregnancies among teen moms nationally average 22 percent and for New Mexico teen moms who have not attended GRADS, the rate of second pregnancies to a teen mother is 21 percent. A fatherhood component is also offered by the program and is being coordinated with the Strengthening Families Initiative of the Cooperative Extension Service at New Mexico State

University. In addition, the GRADS Program is working with incarcerated boyfriends of teen moms. Out of 74 GRADS students in FY 2004, 10 were young men. Couples usually do not attend the same schools and the incarcerated fathers usually are older than the teen moms. Thirteen GRADS Programs have fatherhood support groups. The international computer driving license training program, which was initiated in Europe, is now being used as a component of the curriculum and helps provide job skills in computer technology.

A GRADS teacher, Judy Reischschneider, Independence High School, Rio Rancho, discussed her program and introduced several of her students to the committee. Monique Saavedra and Joanna Varela spoke about their experiences and discussed their current status. Ms. Saavedra is now a certified nursing assistant. She dropped out of the GRADS Program when she received her certificate so that she could work full-time, but decided in the summer to return to school and obtain her diploma so that she could progress to a baccalaureate nursing program. Ms. Varela dropped out of school in the ninth grade, became pregnant at 15 and now has a one-year-old son. She returned to school and the GRADS Program and now will graduate from high school.

OFFICE OF WORKFORCE TRAINING AND DEVELOPMENT

Reese Fullerton, Governor's Office of Workforce Training and Development (OWTD), could discuss only to a limited degree the proposal to consolidate workforce training and development programs into a Department of Workforce Training and Development. He noted that his proposal is before the governor, but some areas, such as the distribution of Wagner-Peyser Programs (unemployment insurance and employment screening and referrals), are still under negotiation. In addition, the location of programs funded by Carl Perkins money that deal with job training, now controlled by the Public Education Department, is still being discussed.

It is clear, however, that more staff of the Labor Department, OWTD and other agencies where workforce training is offered will be cross-trained, so that all points of intake for any workforce training program will be able to accommodate people seeking work or training.

Mr. Fullerton discussed the performance measures of the OWTD and pointed out that the office met or exceeded all measures. Responding to questions, he discussed the trend of decreasing workforce investment dollars and noted that the consolidation of programs into one department is in response to the need to maximize the dollars available and to reduce duplication of effort. He noted that the Labor Department will retain as its focus workplace programs rather than job training programs ancillary to the workplace. It appears that there will be a total of \$300 million available from all of the workforce training programs that will be divided or consolidated depending on the outcome of the final negotiations regarding Wagner-Peyser and Carl Perkins funding. The software system referred to as VOSS will be transferred to the OWTD. It provides information management for the one-stop shops.

The prior audit by the Legislative Finance Committee found that it was a conflict of interest for the Labor Department to be providing services, competing against other service providers that are evaluated by the Labor Department, providing services that are purchased by the Labor Department and also providing the monitoring, oversight and evaluation of all the programs. The Labor Department is basically both competing against while evaluating and monitoring the same contractors.

REGIONAL CONTRACTOR AND OTHER TANF CONTRACTOR PERFORMANCE STATISTICS

Kathryn (Katie) Falls, director, Income Support Division, Human Services Department (HSD), presented tabulated data showing the performance measures of regional TANF contractors and also the contract requirements for other TANF contractors. Eastern New Mexico University did not provide information on substance abuse and domestic violence screenings that it conducted. Ms. Falls noted that the statewide participation rate over the last five fiscal years was actually lower than the rate required by the federal government in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The federal law requires participation to be 50 percent for single-parent families and 90 percent for two-parent families. Single family participation rates in the state were highest (50.1 percent) in 2001 but have been 46.2 percent to 48.7 percent, with the performance rate in FY 2004 at 48.1 percent. These have been acceptable rates for the state because of the credit given for caseload reduction since 1994. However, right now it appears that if welfare reform is amended, rather than just being extended, it could eliminate the credit for caseload reduction and increase the participation rate. This could put the state in the situation of having to meet a standard it has not yet been able to attain.

The support services that contract with HSD for TANF dollars are listed below with the rate of funding for each:

<i>Program</i>	<i>Funding</i>	<i>Purpose</i>	<i>Participants ('04)</i>
1. DOH Wage Subsidy	\$ 200,000	Subsidized 6 mo. employment at 11 sites	41 av. wage=\$6.65/hr
2. Gold Mentor	\$1,000,000 - '04 \$800,000 - '05	Mentor TANF participants at 14 sites	1,706
3. Domestic Violence Service	\$ 2,000,000	Provide legal and crisis intervention service	6,238 Adults 3,698 Children (up to 100% FPL)
4. Strengthening Families (NMSU)	\$1,000,000	Family skills development	379 Parents 523 Children

5. NM GRADS	\$1,300,000	Prevent teen pregnancy and provide on-site child care for children of teen parents	10,262
6. Before & After School Program	\$2,982,500 (not funded in '05)	Before & after school and summer programs for children 5 - 8	1,833 children (monthly average)
7. Full-Day Kindergarten	\$4,000,000	Full-day K classes in 27 school districts and literacy readiness	1,837 185% FPL or free lunch program
8. Transportation, DOT	\$800,000 (FY04)	Provides TANF participants transportation	1,252 - 156/mo (unduplicated)
9. Transportation, Santa Fe	\$204,765 (1 year)	Transportation for TANF and other low-income families	39 av/mo 364 trips 4=av/mo indiv.
10. Transportation, Albuquerque	\$700,000 (10/99 - 6/04)	Transportation for TANF and other low-income families	77 av/mo 286 trips 6=av/mo indiv.
11. DOH - Substance Abuse	\$1,000,000	Provisions of substance abuse services to TANF participants	Provision of substance abuse services to TANF recipients
12. CHE - ABE	\$1,000,000	Provision of ABE services to TANF participants	97 referred 78 served 19 dropped out
13. Child Development - CYFD	\$32,670,300 (from TANF)	Provide child care services to families up to 150% of FPL	57,013 (TANF) 14,087 (transition) 126,534 (TANF eligible)

<i>Program</i>	<i>Funding</i>	<i>Purpose</i>	<i>Participants ('04)</i>
1. DOH Wage Subsidy	\$ 200,000	Subsidized 6 mo. employment at 11 sites	41 av. wage=\$6.65/hr
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4. Strengthening Families (NMSU)	\$1,000,000	Family skills development	379 Parents 523 Children
5. NM GRADS	\$1,300,000	Prevent teen pregnancy and provide on-site child care for children of teen parents	10,262
6. Before & After School Program	\$2,982,500 (not funded in '05)	Before & after school and summer programs for children 5 - 8	1,833 children (monthly average)
7. Full-Day Kindergarten	\$4,000,000	Full-day K classes in 27 school districts and literacy readiness	1,837 185% FPL or free lunch program
8. Transportation, DOT	\$800,000 (FY04)	Provides TANF participants transportation	1,252 - 156/mo (unduplicated)
9. Transportation, Santa Fe	\$204,765 (1 year)	Transportation for TANF and other low-income families	39 av/mo 364 trips 4=av/mo indiv.

10. Transportation, Albuquerque	\$700,000 (10/99 - 6/04)	Transportation for TANF and other low-income families	77 av/mo 286 trips 6=av/mo indiv.
11. DOH - Substance Abuse	\$1,000,000	Provisions of substance abuse services to TANF participants	Provision of substance abuse services to TANF recipients
12. CHE - ABE	\$1,000,000	Provision of ABE services to TANF participants	97 referred 78 served 19 dropped out
13. Child Development - CYFD	\$32,670,300 (from TANF)	Provide child care services to families up to 150% of FPL	57,013 (TANF) 14,087 (transition) 126,534 (TANF eligible)

<i>Program</i>	<i>Funding</i>	<i>Purpose</i>	<i>Participants ('04)</i>
1. DOH Wage Subsidy	\$ 200,000	Subsidized 6 mo. employment at 11 sites	41 av. wage=\$6.65/hr
2. Gold Mentor	\$1,000,000 - '04 \$800,000 - '05	Mentor TANF participants at 14 sites	1,706
3. Domestic Violence Service	\$ 2,000,000	Provide legal and crisis intervention service	6,238 Adults 3,698 Children (up to 100% FPL)
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The committee recessed at 4:20 p.m.

Friday, October 1

Representative Varela reconvened the meeting at 10:05 a.m.

HSD PERFORMANCE MEASURES

Liz Stefanics, deputy secretary, HSD, introduced the department's performance measures. Tom Romero, director, Administrative Services Division, HSD, walked the committee members through the performance measures presented in the year-end report for FY 2004. Most of the performance measures were suggested by HSD and about 20 percent were suggested by the Legislative Finance Committee. Mr. Romero discussed the success HSD has had in preparing and presenting its federal reports and audits in a timely manner. The performance measures were designed to improve the financial control and financial management at HSD. Payment vouchers are being processed in seven days rather than in the target of four days. Seventy-four percent of the audit findings from the past year were corrected in FY 2004. Eventually, all audit findings will be corrected. All state financial reports were filed in a timely manner, exceeding the target of filing 90 percent in a timely manner.

The Child Support Enforcement (CSE) Division performance measures were presented by Stephanie Gonzales, director. The performance measures and outcomes follow:

PERFORMANCE MEASURE	TARGET	ACTUAL	NATIONAL
1. Obtain CSE orders, all cases	45%	51.5%	72.3%
2. Maximize CS collections	\$70 million	\$80.7 million	not available
3. Timely and accurate distribution and disbursement of collections	55%	51.8%	58%
4. Increase established paternity of caseload	55%	60%	not available

The CSE Division exceeded its performance measures in three out of the four measures. In obtaining child support enforcement orders and providing timely distribution and disbursement of child support collections, the division has work to do to equal the national average. A discussion ensued among committee members on the identification of paternity. The division noted that there is a legal requirement for hospitals to identify paternity at the birth of a child; however, there is no enforcement of this provision.

The Income Support Division (ISD) performance measures and results were presented by Ms. Falls. There are six performance measures noted below with the target and actual performance.

PERFORMANCE MEASURE	TARGET	ACTUAL
1. Job Placement	7,000	8,690
2. Caseload Reduction	50% below reduction in FY 2003	40 - 50%
3. Increase percentage of two-parent TANF families in work activities	70%	50 - 60%
4. Improve Food Security - increase number of prior TANF participants receiving food stamps	65%	55% - 65%
5. Promote Economic Self-Support - increase the number of prior TANF participants receiving Medicaid	95%	95% - 100%
6. Promote Economic Self-Support - increase percent of TANF participants leaving within 30 months	75%	60% - 65%

The ISD will be looking into the contract it has with Citicorp, which was recently acquired by JP Morgan to reply to after-hours calls regarding food stamps. The next contract will be up for bid in April 2006. At that time, the issue will be addressed.

Matthew Onstott, assistant director, presented the performance measures for the Medical Assistance Division (MAD). The federal match rate beginning on October 1, 2004 decreases from 74.85 percent to 74.3 percent. The FY 2005 Medicaid projection estimated general fund need is

\$482.1 million. The FY 2005 appropriation is \$478.3 million. The performance measures, targets and achievement figures follow.

PERFORMANCE MEASURES	TARGET	ACTUAL
1. Percent of children in Medicaid receiving early and periodic screening, diagnosis and treatment	82%	49%
2. Increase Medicaid enrollee age-appropriate breast cancer screenings (52-69 yrs.)	64%	63%
3. Increase Medicaid enrollee age-appropriate cervical cancer screenings (21-64 yrs.)	69%	77%

The wide discrepancy in child screenings, diagnosis and treatment is attributed to the way some fee-for-service providers collect data for the federal government. They do not have to report the activities of a contact, only that an "encounter" occurred. The department will work more closely with the Indian Health Service and other fee-for-service providers to capture more accurate data. The department is doing very well in dental screenings, showing 85 percent of Medicaid recipients received dental services as opposed to the national average of 37.4 percent.

FULL-DAY KINDERGARTEN

Dr. Patricia Parkinson, assistant secretary for public support, and Steve Burrell, director, School Budget and Performance-Based Budgeting Division, Public Education Department, filled in for Secretary Veronica Garcia to speak about the progress of the full-day kindergarten program (FDK). Now in its fifth year, 399 of the state's 452 elementary schools offer FDK classes. Approximately 24,000 of the 27,715 eligible students statewide are attending FDK classes. From the TANF block grant, \$4 million was allocated to be used for FDK in FY 2004 and FY 2005. Schools eligible to receive funding from the TANF block grant for their FDK are those with large at-risk populations, as determined by the number of free and reduced lunches provided, highly mobile populations and high numbers of students entering school with limited English proficiency. There was a high initial capital requirement to provide classrooms for full-day classes, since the classes could no longer double up as half-day classes do. Construction is complete. Many portables without running water or bathroom facilities had to be replaced.

Discussion ensued regarding comparing outcomes from FDK with those of half-day kindergarten. The department has contracted with the University of Oregon to compile data of pre- and post-kindergarten testing data to help measure the progress of students from kindergarten classes. The committee questioned whether the disaggregated data of FDK and half-day

kindergarten will also be able to show how well English as a second language and bilingual classes help children who have no or limited English proficiency when entering kindergarten.

The committee questioned why not all kindergarten is full-day. Mr. Burrell noted that FDK is voluntary for a school district. Most school districts have chosen to participate. There are multiple reasons why a school district may not choose to offer FDK, but Dr. Parkinson noted that since not all children are ready for full-day class experiences at kindergarten age, the state allows some parents to opt out of FDK. Training for FDK teachers is available in all districts.

A short discussion on the concept of pre-kindergarten ensued. It appears that the administration is planning to present a program for four- to six-year-olds that would be called "Pre-kindergarten". Secretary of Children, Youth and Families Mary-Dale Bolson noted that the cost of that program is expected to be less than the cost of starting up FDK.

CYFD PERFORMANCE MEASURES

Secretary Bolson presented the performance measures of the Children, Youth and Families Department (CYFD). She first discussed the vision, mission and direction of the department and then discussed the performance of the department in light of the vision, mission and direction.

PERFORMANCE MEASURE	TARGET	ACTUAL
1. Reduce percentage of children with repeat maltreatment in one year (Protective Services Div. (PSD))	less than 11.6%	11.1%
2. Increase percentage of children in foster care for 12 months with no more than two placements (PSD)	greater than 86%	84% National - 86.7%
3. Increase percentage of children adopted within 24 months of entering foster care (PSD)	greater than 38.3%	43.8% National - 32%
4. Decrease the percentage of children mistreated in foster care (PSD)	less than 0.69%	1.09% National - 0.57%
5. Decrease the percentage of adults with repeat maltreatment within one year (PSD)	less than 10.8%	12.8%
6. Increase the percentage of clients completing formal probation (Juvenile Justice Div. (JJD))	greater than 76.3%	83.0%
7. Increase the percentage of readjudicated clients (JJD)	greater than 5.4%	7.6%
8. Decrease the percentage of clients recommitted to a CYFD facility (JJD)	less than 15.1% (54/358)	16.9% (51/305)
9. Increase the percentage of facility clients with an increase in reading, math or language arts scores (JJD)	New for FY05	N/A
10. Increase the percentage of education credits earned by facility clients (JJD)	N/A New for FY05	N/A
11. Increase the percentage of subsidized slots utilizing non-traditional child care (Family Services Div. (FSD))	greater than 31.3%	31.3%

12. Increase the percentage of children in families receiving behavioral health services who experience an improved level of functioning at discharge (FSD)	greater than 52.1%	51.1%
13. Increase the percentage of employee development and appraisal plans completed by employee's anniversary date (Program Support Services Div. (PSSD))	95%	99%
14. Decrease employee turnover for juvenile correctional officers and journeymen (PSSD)	less than 15.1%	18.9%
15. Decrease employee turnover for social workers (PSSD)	less than 21.6%	19.3%
16. Increase the number of vendor payments made in prescribed time frame (PSSD)	99%	100%

Secretary Bolson stated that she wanted to change the image of CYFD from one of taking children away from their parents to one of providing families with support needed to keep families healthy.

Regarding performance measures, Secretary Bolson noted that there were more calls to the abuse and neglect hotline and the department is now eliminating the backlog of investigations of abuse and neglect. This will require additional investigations staff.

Some foster care children have multiple families in one year, which is seen as destabilizing. CYFD is trying to reduce those children with multiple family placements in one year. Now children are moved when it is unsafe for them to remain in the foster care family. Attempts are made to keep parental rights intact. The federal government best practices still require that families be kept intact whenever possible.

There are many reasons why it is difficult to terminate family rights. The federal government has rules and procedures that must be implemented before termination of parental rights. There is a strong bias for family preservation. Many services are delivered in-home to help protect the family unit. It requires a judicial decree to terminate parental rights.

There are 300 additional children in foster care this year. New Mexico still exceeds national standards in how often children are moved from one foster care situation to another. Maltreatment more commonly results when children are placed with relatives than when children are placed in foster care.

Adult care maltreatment occurs because there is lax oversight of elder care facilities. The department will be making an effort in coming years to increase oversight of these facilities. Many adults choose not to leave abusive care situations and adults have the choice of whether they wish to be moved or stay.

Fewer children are being committed to CYFD facilities; however, the number of recommitted children is up. Services appear not to be correcting the issues that cause commitment. Education is being tracked and juveniles are now tested when entering the system and when leaving to determine progress in educational terms. All juveniles are required to earn credits toward graduation or toward a degree. The FY 2006 performance measures will require that 100 percent of all juveniles housed in CYFD facilities receive education. Schools in CYFD facilities are accredited and offer diplomas as in any other public school.

CYFD is looking at requesting 20-year retirement for juvenile corrections officers. This would include hazardous duty retirement.

Additionally, there is a problem with the turnover of social workers. Social workers usually stay for two years after college and then move on. CYFD is considering establishing an entry-level position that does not require a graduate degree. To advance in employment would require a graduate degree. Sometimes new residents to the state will work with the department until they are licensed, then they leave. Because the vacancy rates are high, the department is looking at whether NMHU, NMSU, WNMU and other universities can provide incentives for people to enter social work.

ADJOURNMENT

The committee adjourned at 3:39 p.m.

Revised: November 17, 2004

**TENTATIVE AGENDA
for the
WELFARE REFORM OVERSIGHT COMMITTEE**

**November 22-23, 2004
Room 322
State Capitol**

Monday, November 22

- 10:00 a.m. CALL TO ORDER
- 10:05 a.m. PRE-KINDERGARTEN OVERVIEW
—Veronica Garcia, Secretary of Public Education
—Mary-Dale Bolson, Secretary of Children, Youth and Families
- 11:00 a.m. NEW MEXICO TEEN PREGNANCY COALITION
—Sylvia Ruiz, Executive Director, New Mexico Teen Pregnancy Coalition
- 12:00 noon LUNCH
- 1:30 p.m. HUMAN SERVICES DEPARTMENT PROPOSED FOOD STAMP PROGRAM AMENDMENTS
—Liz Stefanics, Ph.D., Deputy Secretary, Human Services Department (HSD)
—Kathryn Falls, Director, Income Support Division, HSD
- 2:30 p.m. CHILD SUPPORT ENFORCEMENT AMNESTY IMPLEMENTATION
—Liz Stefanics, Ph.D., Deputy Secretary, HSD
—Cathi Valdes, Deputy Director, Child Support Enforcement Division, HSD
—Lila Bird, Child Support Chief Counsel, Office of the General Counsel, HSD
- 3:30 p.m. HB 342 TRANSPORTATION PILOT PROJECT
—Liz Stefanics, Ph.D., Deputy Secretary, HSD
—Bob Beardsley, Bureau Chief, Client Services Bureau, Medical Assistance Division, HSD
—Ricardo Campos, Director, Transportation Programs Division, Department of Transportation
- 4:15 p.m. COALITION AGAINST DOMESTIC VIOLENCE
—Agnes Maldonado, Executive Director, Coalition Against Domestic Violence
- 5:00 p.m. RECESS

Tuesday, November 23

- 10:00 a.m. FISCAL YEAR 2006 BUDGET AND REVENUE PROJECTIONS
—David Abbey, Director, Legislative Finance Committee
- 11:00 a.m. COMMENTS ON PRIORITIZATION OF TANF PROGRAM NEEDS
—Ruth Hoffman, Director, Lutheran Office of Governmental Ministry-New Mexico
- 11:30 a.m. COMMITTEE DISCUSSION — TANF BUDGET PRIORITIES AND
COMMITTEE LEGISLATION ENDORSEMENTS
—Staff
- 12:30 p.m. ADJOURNMENT

MINUTES
of the
FIFTH MEETING IN 2004
of the
WELFARE REFORM OVERSIGHT COMMITTEE

November 22-23, 2004
State Capitol, Room 322
Santa Fe, New Mexico

The fifth meeting in 2004 of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, Chair, on Monday, November 22, 2004, at 10:15 a.m. in Santa Fe in Room 322 of the State Capitol.

PRESENT

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Rep. Kandy Cordova
Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larranaga
Sen. John Pinto
Rep. Nick L. Salazar
Sen. William E. Sharer
Rep. J. Paul Taylor
Rep. Gloria C. Vaughn

ABSENT

Sen. Ramsay L. Gorham

Advisory Members

Sen. Ben D. Altamirano
Sen. Dianna J. Duran
Rep. Daniel R. Foley (11/22)
Rep. Irvin Harrison
Sen. Timothy Z. Jennings
Rep. Edward C. Sandoval
Rep. Jim Trujillo

Sen. Raymond L. Kysar
Rep. Earlene Roberts
Rep. Avon W. Wilson

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Pamela Ray
Jennie Lusk
Tim Crawford

Monday, November 22

I. PRE-KINDERGARTEN OVERVIEW

Secretary of Public Education Veronica Garcia and Secretary of Children, Youth and Families Mary-Dale Bolson reported that plans for a pre-kindergarten (pre-K) initiative are taking shape, although a final proposal cannot be made until the public school support budget is submitted to the Legislative Finance Committee on December 3. Deputy Education Secretary Kurt Steinhaus, Assistant Secretary for Instructional Support Patricia Parkinson and Human Services Department (HSD) Income Support Division Director Katie Falls also addressed the committee during the pre-K presentation. The secretaries stated that the program is designed to supplement, but not to supplant, existing pre-K programs, and explained that they have received the legislative input as well as the input of early childhood and other educators both from the public and private sectors.

On questioning from committee members, Secretary Garcia said these plans are in the final stages of development and can now be discussed: the pre-K programs will have a staffing ratio of one certified teacher to eight or 10 students, with no class exceeding 20 students; classes will begin in July 2005, if funded; the programs will be part of the Public Education Department; enrollment will be optional; and the programs will not divert funds from the Temporary Assistance to Needy Families (TANF) programs. The pre-K programs will be funded through the Permanent School Fund's educational reform dollars.

Discussion ensued on whether the programs would be better placed under the Children, Youth and Families Department (CYFD); whether starting pre-K programs is premature, given that the statewide full-day kindergarten program is in its infancy; that funding a pilot program with Permanent School Fund dollars may be unwise; that the costs of educational reform such as the three-tiered licensure system's salary requirements are not known; whether a nonrecurring appropriation is appropriate; and whether teachers with adequate credentials can be found. Another concern expressed was that the percentage of general fund dollars required for education is less than 50 percent under the current proposals, and it may be unwise to let people assume that less than half of the general fund budget is necessary for adequate school funding. Also, although \$2.9 million was appropriated for kindergarten programs last year that was previously allocated to before- and after-school programs, none of that money has been encumbered or spent, although applications are out. Some legislators expressed caution on appropriating an additional \$8 million when the other funds appropriated have not yet been encumbered.

II. NM TEEN PREGNANCY COALITION

Teen Pregnancy Coalition Executive Director Sylvia Ruiz, Board President Dave Breault and Director Karl Dellinger from the New Mexico Young Father's Project highlighted the need for a restoration of teen pregnancy funding, as the programs were cut by half in 2004 when state funding failed to be allocated.

New Mexico has the third highest teen pregnancy rate in the country. The three presenters emphasized the costs to New Mexicans of the teen pregnancy rate, estimating that young pregnancies cost a half billion dollars a year, and a 20 percent reduction could result in a \$43 million per year saving to the state. They reported that boys born to teen mothers are estimated to be 13 percent more likely to be incarcerated, and girls born to teen mothers are 22 percent more likely to become teen mothers themselves. The teen pregnancy rate is declining, from 46 per 1,000 in 1996 to 38 per 1,000 in 2001. Ten New Mexico counties are likely to meet a 2005 challenge to reduce by 20 percent their teen pregnancy rate.

The Young Father's Project introduced several of the successful young men in its program, who talked about the skills development, emotional and professional support and peer education offered by the program, which began five years ago. Among the presenters were Hiram Tizol, who introduced his daughter, Isabella, Santa Fe Community Coordinator Jesus Gonzales, Daniel Maes, Tim Lopez, Anthony Quintana, Fernando Marcos Aguirre, Ray Garcia Salas and Cisco Caldena.

Representative Varela asked Ms. Falls to recommend funding the coalition at least through the remainder of fiscal 2005 and he noted that the committee recommended funding the program from the CYFD budget in the next fiscal year.

III. FOOD STAMP PROGRAM AMENDMENTS, CHILD SUPPORT ENFORCEMENT, AMNESTY IMPLEMENTATION AND TRANSPORTATION PILOT PROJECT

A. Food Stamp Program Social Security Recipient Expansion. Liz Stefanics, deputy secretary of HSD, was involved in presentations on the three subjects, which were combined in the interests of time after the committee reconvened after a lunch break. She emphasized the importance of the food stamp program proposal, funding for which is proposed to provide better nutrition to senior citizens and people with disabilities. Under the program, seniors and people with disabilities would be guaranteed a minimum of \$30.00 per month for food stamps, rather than the \$10.00 to \$13.00 some receive currently. The funding would be a supplement funded through state funds, and would benefit 10,000 elderly and disabled New Mexicans and cost approximately \$1.7 million.

New Mexico's senior citizens often choose between paying for prescription drugs and paying for food. HSD sees increasing seniors' use of food stamps as a way to hold the line against hunger; however, many of the elderly are embarrassed to ask for food stamps or are overwhelmed by the complexities of the application process. Under the new program, the application for food stamps would be simplified to a two-page document.

HSD sought a sponsor for a bill to establish the program. Senators Lopez and Altamirano and Representative Vaughn offered sponsorship.

B. Child Support Enforcement Amnesty Implementation. William Mee, program policy manager, and Lila Bird, child support chief counsel, joined Dr. Stefanics to report on the child support amnesty program established after an appropriation last session. Under the program, a portion of the interest on arrearages owed may be forgiven, if the custodial parent agrees, if the noncustodial parent begins making regular payments. If the payments are made timely for two years, the entire amount of interest on the arrearage of the state funds advanced for child support may be forgiven.

C. Coordinated Transportation Pilot Project. Bob Beardsley, bureau chief of the Client Services Bureau for the Medical Assistance Division of HSD, and Ricardo Campos, director of the Transportation Programs Division of the Department of Transportation, reported on the pilot program funded through House Bill 412 from the 2003 legislative session, sponsored by Representative Danice Picraux. The pilot program was put in place in Valencia County, which was chosen because of its urban versus rural mix, the Pueblo of Isleta and population density. In Valencia County, 54 percent of the population works outside the county. Mr. Campos reported on a one-year grant received from the federal Department of Transportation for \$35,000 that is designed to break down barriers to local transportation. He also reported on an action plan for coordinating transportation with human services, especially for people with disabilities, TANF participants and Medicaid recipients. There are 62 different federal programs across eight federal agencies designed to provide transportation funding. The grant is designed to facilitate coordination of the programs. The governor has signed an executive order requiring interagency coordination.

IV. COALITION AGAINST DOMESTIC VIOLENCE

Agnes Maldonado, executive director of the coalition, informed the committee members of the increase in demand for services for the women's shelter. There has been a spike in reports of domestic violence after airing the program "See Mommy Cry". All the shelters are full to capacity, and a new shelter has just opened in Raton. This year, the shelters have seen 18,560 victims, including children. The coalition is requesting capital outlay funding to enlarge capacity of the shelters, and to continue its ability to allow stays of 30 to 90 days so that infrastructure services can be set up to support families in their transition to a new life without the abuser. Currently, the state has funded \$6.2 million in support for the 23 shelters and 32 providers in the domestic violence program. A federal grant of \$900,000 through the Violence Against Women Act will not be available in the next year since the federal program is diverting those funds for faith-based marriage initiatives, but the other federal dollars remaining in the \$4.2 million in funding will be available. Although the governor has made domestic violence a top policy priority, the coalition funding request is not included in the governor's legislative initiatives.

V. THE COMMITTEE RECESSED AT 4:35 P.M.

Tuesday, November 23

The committee was reconvened by Representative Varela, at 10:11 a.m.

VI. FISCAL YEAR 2006 BUDGET AND REVENUE PROJECTIONS

David Abbey, director of the Legislative Finance Committee (LFC), presented projections, using conservative estimates for oil and gas revenues. He said that the state can expect to have \$280 million in new recurring funds, a seven percent growth rate, but that much of that money is already committed. Also, the third year of the governor's five-year tax cut will come out of the \$280 million available. Agencies have been told to ask for flat budgets for 2006, but some base programs are struggling despite requests for new programs not already funded.

Discussion ensued on the whether the legislature would be able to balance the budget without key information, such as the fiscal impact of eliminating the gross receipts tax on food. Discussion also ensued on the wisdom of expanding the types of programs available to early learners when basic cash assistance is in doubt because of other cuts; demands on the budget to address the lack of actuarial soundness of the Educational Retirement Board; and the need for additional funding to cover the three-tiered teacher salary scale. Creative ways to find the \$25 million needed for the TANF fund were discussed, and Mr. Abbey gave committee members a list of options for coming up with the money: 1) replace the TANF funds with a one-time legislative appropriation from the general fund; 2) return some programs currently receiving TANF dollars to their original programs (i.e., have the public education program rather than TANF dollars pay for full- day kindergarten programs); or 3) cut some support programs.

Mark Weber discussed the basic conceptual problem with funding: the state has been appropriating nonrecurring general funds into the next year.

VII. COMMENTS ON PRIORITIZATION OF TANF PROGRAM NEEDS

Ruth Hoffman, executive director of the Lutheran Office of Governmental Ministry (LOGM) presented an approach to solving the TANF funding problem:

- (1) return programs using TANF dollars but serving a client base beyond TANF participants, such as TANF eligible but not collecting TANF, to more appropriate departments;
- (2) appropriate a combination of general fund recurring and nonrecurring funds to support programs such as full-day kindergarten, pre-K, GRADS, Teen Pregnancy Coalition and domestic violence programs; and
- (3) use maintenance of effort (MOE) only for programs specifically serving TANF clients; for example, CYFD programs to train child care providers and to perform functions other than providing child care to TANF participants are claimed as MOE by HSD. MOE should only be money actually serving TANF participants.

Ms. Hoffman emphasized that the committee should not recommend and the legislature should not consider cutting cash assistance as a means to save other programs for people not receiving cash assistance.

She noted that with federal reauthorization, the state can expect major changes: there will be no increase whatever in block grants and there will be an increase in work requirements.

Finally, she asked the legislature to address both sides of the balance sheet — both income and expenses. Tax cuts weaken the balance of the budget unless there is an accompanying reduction in expenditures. She said tax policy should be fair, and the legislature should be careful not to balance the budget so that it harms the most vulnerable.

VIII. APPROVAL OF MINUTES

The committee approved and adopted minutes for:

- A. July 2004 on motion of Senator Altamirano with a second by Representative Cordova;
- B. August 2004 on motion of Representative Sandoval and second by Representative Vaughn; and
- C. September-October, 2004 on motion of Representative Sandoval and second by Representative Cordova.

IX. RECOGNITION OF REPRESENTATIVE TAYLOR

Representative J. Paul Taylor, outgoing representative who has served on the committee since its inception, was recognized and thanked. His wisdom and guidance will be missed by the committee.

X. COMMITTEE DISCUSSION OF TANF BUDGET PRIORITIES AND COMMITTEE LEGISLATION ENDORSEMENTS

On motion of Representative Cordova and second by Representative Vaughn, the committee agreed to adopt the priorities set forth in the presented budget, but wait for the LFC-proposed budget to allocate resources. The exception is that the committee recommends that Item 36, funds for full-day kindergarten, will come from the general fund for the Public Education Department. In addition, by earlier motion of Representative Varela, the committee requested that money be appropriated to fund the teen pregnancy program.

XI. THE COMMITTEE ADJOURNED AT 12:10 P.M.