

MINUTES
of the
SECOND MEETING
of the
WELFARE REFORM OVERSIGHT COMMITTEE

July 20-21, 2006

The second meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, July 20, at 10:10 a.m. at the City Council Chambers in Belen, New Mexico. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair (7/20)
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort (7/21)
Sen. Clinton D. Harden, Jr.
Sen. Gerald Ortiz y Pino
Sen. John Pinto
Rep. Nick L. Salazar (7/20)
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn

Absent

Rep. Irvin Harrison
Sen. Steven P. Neville

Advisory Members

Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Rep. Kandy Cordova
Rep. Candy Spence Ezzell
Rep. Miguel P. Garcia
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Rep. Daniel R. Foley
Rep. Larry A. Larrañaga
Sen. John C. Ryan

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

Staff

Jennie Lusk
Carrie McGovern
Ed Mazel

Guests

The guest list is in the meeting file.

Thursday, July 20

Moment of Silence

The chair requested a moment of silence in memory of Representative Avon W. Wilson, who passed away recently in Roswell, and expressed sympathy for her family.

Welcome

Mayor Ronnie Torres welcomed the committee to Belen and expressed his gratitude that the committee elected to meet in Belen.

Minutes

The minutes of the June 2006 meeting were unanimously approved as submitted.

Human Services Department — Federal Rules Changes

Katie Falls, deputy secretary of the Human Services Department (HSD), told committee members they should be prepared for more cuts in federal programs. In the Deficit Reduction Act (DRA), the federal government has rescinded the flexibility originally built into Temporary Assistance for Needy Families (TANF). While there are not major changes needed for the New Mexico Works Act because of the federal changes, the means of implementing the act may change, she said. For instance, federal changes have an impact on the ways work participation rates are calculated and counted. The department will recommend that education works no longer count toward the "maintenance of effort" (MOE) calculation for New Mexico since the new act further restricts using education as a substitute for employment. The new rules will be in effect in October, and New Mexico has to submit plans for implementation by September to the federal government or face sanctions.

Solutions to Problems Posed by the Deficit Reduction Act

Jack Tweedie, director of the Children and Families Program at the National Conference of State Legislatures, noted that the new federal regulations implementing the DRA are historic in their impact and in their lack of opportunity for state input since the regulations were issued only a day before they became effective. Other states have found alternate strategies for meeting the newly established work participation requirements and, with minor changes, New Mexico should be able to meet the requirements. Mr. Tweedie recommended that the state concentrate on improving the New Mexico Works Program rather than on work participation rates. He recommended that someone from New Mexico attend the "listening sessions" scheduled in Dallas in order to demonstrate that this state is well aware of the federal changes and he recommended using money spent for pre-kindergarten programs in the calculation of MOE.

The chair requested that Charles Sallee, Legislative Finance Committee performance auditor, work with the department on gathering good data and quantifying outcomes.

Questions by committee members focused on:

- federal requirements for closer monitoring at increased state cost and increased federal involvement in that monitoring;
- the need for better tracking of who has remained employed after leaving TANF rolls;
- the need to divert more rather than fewer clients into education works;
- changes in education works, such as how attendance at a four-year institution cannot count toward vocational education, that training for employability must result in actually being hired before it can count as work participation and that only formally supervised study hall time can count toward study hours;
- the burden on state employees of changing information technology to document compliance with the federal changes;
- objections to the top-down mandate by the federal government; and
- the ways in which the new rules are unfunded mandates.

Audit and Recommendations for Improving TANF Programs

Mr. Sallee reviewed his recently completed audit of the HSD and the Office of Workforce Training and Development, noting that the state is spending \$310 million annually across 11 departments on behalf of the state's poorest people, but that communications among and between departments cause the various processes to be complex, confusing and frustrating for many deserving clients. He highlighted recommendations made in the report, including:

- adopting a new framework to measure the success of TANF clients;
- streamlining the delivery of services for getting TANF clients to work through reducing bureaucratic layers;
- examining the possibility of consolidating administrative authority of most employment and training programs into a new single department;
- requiring all TANF employment and training services contractors to provide services through one-stop career centers and treating all TANF clients as job seekers;
- improving tracking by the HSD for both case management and those who find jobs;
- allowing TANF clients who work more than the required number of hours to keep a certain percentage of their excess earnings and amending the statute to allow a post-TANF job retention bonus;
- placing information on child care benefits available through the Children, Youth and Families Department (CYFD) and child care eligibility workers in the one-stop career centers;
- providing "tiered" child care benefits, thus encouraging families with children to continue working as their salaries rise by subsidizing child care up to a higher percentage of the federal poverty level;
- using the DRA benefit that allows families to keep child support, matched by the federal government, up to \$100 per month for one child and up to \$200 per month for two or more children; and
- studying a new workforce development system over the next interim and directing the Office of Workforce Training and Development to use local workforce boards more effectively.

Committee discussion covered functions of the Office of Workforce Training and Development; possibilities of finding and providing affordable quality child care; indexing all services, including transportation and child care, to the income of TANF clients; and making existing programs a priority over new initiatives.

Overcoming Child Care as a Barrier to Work

Rebecca Dow, director of Appletree Child Development Center and president of the New Mexico Childcare and Education Association, and Dan Ritchey, director of the TEACH Early Childhood Project, talked about the barriers their clients face in keeping their children in quality child care as they return to work. Ms. Dow noted that pre-kindergarten programs do not solve the child care problems of working parents and that 25,000 families receive child care assistance from the state. She emphasized that the state needs to provide more money so child care providers can provide a lower teacher-to-child ratio and so that child care teachers can earn a living wage. Mr. Ritchey introduced some of those who have benefited from the TEACH Program, which provides scholarships for child care teachers to become certified, and emphasized the need for improving the quality of child care.

Working Through Barriers to Those with Disabilities

Mary Moldrow, disability program navigator, and Len Malry, interim executive director of the Office of Workforce Training and Development, introduced the committee to a new concept being developed through the cooperation of the Vocational Rehabilitation Division with the Income Support Division of the HSD, the Labor Department and the CYFD and the coordination of the Office of Workforce Training and Development. Thus far, the program has served 2,000 persons with disabilities, 750 of whom have become employed. Those who are on the TANF rolls more than 36 months are most likely to have a disability — mental health, domestic violence or learning disability — that poses a barrier to work.

Under the grant-driven "program navigator" system, one counselor matches efforts with one person with disabilities to facilitate communications about the client. The navigator is an information and referral specialist who has a relationship with local employers as well as clients. Mr. Malry emphasized that his office wants all one-stop centers to offer a program navigator and described his recent visit to Roswell, where a navigator was helping partner agencies to consider hiring people with disabilities. Through an online statewide directory that can be queried by county, service provider and several other fields, the navigator can help clients take advantage of every opportunity and help employers comply with the federal Americans with Disabilities Act. The navigator grant runs out in a year, at which time some staff will have been trained. However, while the navigators will improve the capacity of other staff, the loss of money will have an impact.

Mr. Malry also addressed concerns expressed by committee members in earlier discussions, noting that the strength of having an Office of Workforce Training and Development outside the various agencies is to bring insight into how the system as a whole is working, and having perspective to see whether people are being lifted out of poverty.

Public Comment

TEACH scholars Lisa Chavez and Joseph O'Brien addressed the committee, talking about their experiences in receiving the certification and training and their individual concerns about improving the quality of child care in New Mexico.

The committee recessed at 3:15 p.m.

Friday, July 21

The committee reconvened at 10:00 a.m. for a discussion of workforce training in Belen and a tour of the one-stop facility, which is the largest in the state.

Members of the Middle Rio Grande Council of Governments, Youth Development, Incorporated, the Central Workforce Training Board, the Gold Mentor Program, Job Corps, navigators, as well as providers for the workforce connection and administrators for the various one-stop programs, were also in attendance.

Lawrence Rael, head of the council of governments that administers the one-stop, talked about the strengths of co-locating entities, including TANF and the Labor Department, with the Workforce Investment Act, Wagner-Peyser, veterans' services, adult basic education and university branch programs. While the benefits to clients of having services in one location is obvious, he said, the benefit to employers has not been adequately emphasized. Area employers are beginning to come directly to the one-stop to find employees. The goal is to locate one-stops in every county.

John Sapien, chair of the Workforce Board of Central New Mexico, said the one-stops are an attempt to follow a business model. Discussion ensued on the purpose of one-stops as finding work for deserving clients rather than on providing no-cost or subsidized placement services for private businesses. Questions arose over the activities of the Economic Development Department's efforts on behalf of TANF clients. The importance of including funding for one-stop centers in administrative agency budgets rather than relying on one-time capital outlay funding was also discussed.

Possibilities for legislation to support the one-stop concept surfaced — among them a tax credit for businesses that hire TANF clients, with increasing rewards for keeping the employee on staff for two years and including funds for summer employment back into the Workforce Investment Act funding.

Adjournment

After two hours of discussion the committee adjourned at 12:20 p.m.