

**MINUTES
of the
FOURTH MEETING IN 2006
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

**September 14 and 15, 2006
Santa Fe**

The fourth meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Thursday, September 14, at 10:15 a.m. at the state capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort
Sen. Clinton D. Harden, Jr.
Rep. Larry A. Larranaga (9/14)
Sen. Gerald Ortiz y Pino
Rep. Nick L. Salazar
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn

Advisory Members

Rep. Ernest H. Chavez
Rep. Kandy Cordova (9/14)
Rep. Miguel P. Garcia
Rep. Edward C. Sandoval

Absent

Rep. Irvin Harrison
Sen. Steven P. Neville
Sen. John Pinto

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Sen. Dianna J. Duran
Rep. Daniel R. Foley
Rep. Candy Spence Ezzell
Sen. John C. Ryan
Rep. Mary H. Skeen

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

Staff

Jennie Lusk
Pam Ray
Carrie McGovern

Guests

The guest list is in the meeting file.

Thursday, September 14

Child Care Challenges and Legislative Initiatives

A spectrum of advocates and agencies addressed issues related to continuing concerns with the state's child care programs and ways to avoid repeating problems.

Baji Rankin, Ph.D., reviewed policy goals and accomplishments of the Early Childhood Action Network (ECAN) and Early Childhood Alliance (ECA), emphasizing the need to provide safe, stimulating and affordable child care for every child in New Mexico. She talked about the biological and developmental importance of early education, especially since 61 percent of New Mexico families include two working parents. She said brain development and public investment are not synchronized, and said ECAN and ECA are requesting more funding for early childhood programs than the Children, Youth and Families Department (CYFD) has in its budget. The child advocacy organizations want to provide child care support for working families up to 200 percent of the federal poverty level (FPL) and allow eligibility for continuing child care support for families up to 250 percent of the FPL, which comes to a total proposal of \$18.2 million as opposed to the expected CYFD proposal for \$5.5 million.

Danny Sandoval, deputy secretary of CYFD, introduced Marisol Atkins, Jack Callahan and Dan Harris from the department and contrasted priorities of the department's budget with the requests of the advocates. CYFD's budget request raises child care eligibility from 155 percent to 175 percent of the FPL guidelines. CYFD has some problems with avoiding the "cliff" effect that occurs when salaries get even one cent over a certain percentage of poverty and, hence, causes a family to lose the entirety of a child care facilities subsidy. He said that enrollment fees at state-supported child care facilities cannot be higher than those in private child care centers and discussed spending \$1 million this year to implement the ValuOptions at-home visits and at-home infant care.

Bill Jordan, Voices for Children, emphasized that the \$18 million request from early childhood networks does not represent full funding and that it is also very little compared with funding for higher education or k-12 education, though the early childhood period is the most critical developmentally.

Susan Loubet discussed the At-Home Infant Care Program, which received \$180,000 last year so that mothers can stay home with their children. The pilot program in Las Cruces had strict rules, including that enrollees stay with the program for a full year and that they miss no more than one class. Ms. Loubet advocated for funding for a second site. Mr. Sandoval said that the expansion of the pilot program is not currently in the CYFD base budget.

Ruth Hoffman, director of the Lutheran Office of Governmental Ministries, traced the history of child care supports, noting that state eligibility was at 200 percent of the FPL level only five years ago when it was cut in half because of budget pressures. She emphasized that everyone who receives child care funding support is working or going to school and thereby demonstrating a solid work ethic. The 38 percent of families who live at 200 percent of the FPL

do not make a real living wage, she said, though the state can help them survive by subsidizing health care, housing, nutrition and child care. She also advocated funding the TEACH Program and the TTAP Training Program at higher levels. She categorized the CYFD budget as a floor — not a ceiling — and urged legislators to fund a minimum of \$18 million for child care.

Rebecca Dow said child care providers for TANF clients need better reimbursement rates from the state since they are prohibited from charging participants to bridge the gap between reimbursement rates and steadily rising costs, including costs resulting from increased regulation by CYFD and the state Department of Environment.

During questioning by committee members, Mr. Sandoval said that CYFD does not include child care for homeless children in the base budget; that nontraditional care is rarely provided in centers but more commonly in registered homes; and that the department is studying ways to avoid allowing an increase in the minimum wage that could cause clients to lose eligibility for child care and other supports. Mr. Sandoval also answered that the home visit program is being provided through the ValuOptions contract. Ms. Dow said that costs of compliance with state regulations have an impact on providers' ability to afford staff training and that reimbursement rates are not keeping up with inflation. She also confirmed that few, if any, child care centers offer employee health care coverage. Dan Harris from CYFD answered questions on the CYFD budget, including: that it does not include funding for staff time to attend mandatory training for improving a daycare center's "star" level; that the TTAP funds are included, along with Aim High and a variety of other programs, in the CYFD budget; and that eight community-based organizations have toy-lending libraries, although these programs are concentrated in the urban areas and could be expanded.

Extending Age of Eligibility for Services for Children in State Custody

Peter Cubra, children's rights attorney, suggested new legislation to committee members, which include funding for many more social workers for CYFD and a measure requiring CYFD to offer supports, if desired by clients, for those ages 18 to 21. He reported that 40 percent of homeless adults are former foster children.

He recommended that CYFD include requests for significant expansion of the number of social work positions in its budget because if children ages 18 to 21 are not supported, they may become a drain on society in perpetuity. As an example, he projected that a person incarcerated from age 18 to age 55 could cost over \$1 million to house, in comparison with relatively inexpensive intervention of approximately \$2 million to pay social workers who could provide services for children ages 18 to 21.

Mr. Cubra noted that the Transition Task Force established last year has not moved quickly. His proposal is for children who are in state custody at age 18 become entitled to support through age 21 as they learn to become independent. Services would include case management, planning, treatment, a lawyer and court assistance in getting a treatment plan fulfilled. A child could consent to continued CYFD guidance but would not be required to remain affiliated with CYFD. He asked the committee's endorsement and noted that it would be

unfair to CYFD to mandate extension of services without funding for the services.

Angela Adams, director of the Protective Services Division of CYFD, estimated that approximately 2,300 children are currently in foster care, but less than 100 children per year exit from state foster care. Currently, there are approximately 235 children 18 to 21 years old who have been emancipated. Of those, approximately 150 get a maintenance check on a monthly basis. Others may soon become entitled to Medicaid.

Legislators reminded the committee of the proposal to provide free full tuition for foster children and discussed whether a statutory change is required to make youth ages 18 to 21 eligible for Medicaid. The committee discussed legislative initiatives, including requiring CYFD to apply for benefits for children who will be emancipated at age 18; the need for revisions to the Adoption Act; the need for advocates to review the Family Preservation Act; and increasing entry level salaries for state workers. Deputy Secretary Sandoval reported that the CYFD's request is for 17 treatment workers and one children's court attorney, which should reduce the caseload from 17 children to 12 children per social worker. He was asked to bring those computations before the committee.

Higher Education

Secretary of Higher Education Beverlee McClure introduced Ofelia Morales, director of financial aid, Paul Landrum, director of planning and research, Laura Mulry, information officer, and Brandon Trujillo, legislative liaison, all of the Higher Education Department. Secretary McClure said the department's highest goal is to make quality higher education more financially accessible. She reviewed statistics indicating that the average person who holds a bachelor's degree makes approximately \$13,000 more than the average person who has only a high school diploma. If minority students participated at the rate the majority does, the state could increase tax revenues from earnings by \$517 million, she estimated. The secretary noted that 48 percent of those who met eligibility for lottery funding had low incomes.

The secretary reported that she expects to ask the legislature to allow the department to use more than one-half of the interest earned from the College Affordability Act for scholarships. She also reviewed the various scholarship and financial aid programs available to New Mexico students.

Upon questioning by legislators, the secretary agreed that higher education is not affordable to some students because of the debt students must accrue and said that the Articulation Committee's work should be helpful in reducing the debt because students will be confident that credits will transfer among New Mexico post-secondary schools. She said her department is also working with the Public Education Department to reduce remediation required for success in college and hopes the legislature will fund post-secondary schools so that students will not have to pay more tuition merely because utilities have increased at the schools. Furthermore, work is being done with high schools to test students for college preparedness early, so that they may be more aware of their need to prepare.

The secretary explained that high schools and colleges are collaborating currently by restructuring graduation criteria, perhaps requiring rather than merely recommending four years of English and mathematics and two years of a science. Representative Varela asked that the department clarify where the \$446 million appropriated for 125,000 students last year was used. Ms. Morales explained that the public school system is required to pay for dual credit classes unless other arrangements are made and that current statutes apply only to two-year schools. Therefore, if legislators want both high schools and colleges to be financially responsible for dual enrollment and want four-year as well as two-year colleges to engage in dual enrollment with secondary schools, statutory changes will be required.

In a series of exchanges with Higher Education Department staff, retired former executive director of the New Mexico Community College Association Frank Rentz and Angela Adams, the committee got clarification on the availability of funds for former foster care clients, including: those ages 18 to 21 may be eligible for schooling or housing money through a recurring federal appropriation; and that statutory change is not required in order to standardize dual enrollment mechanisms, although the participation rate in the programs is at only 6,000 of 40,000 eligible high school juniors and seniors and could be improved.

Independent Living and Promoting Independence

Ms. Adams and Mr. Sandoval agreed with Mr. Cubra on suggestions to improve opportunities for those ages 18 to 21. However, while the federal Chafee Act provides funding for continued services through age 21, funding similar programs only with state dollars could reduce the federal money coming into the state. The agency is aware of the problem of improving transitions for foster children and has entered into a collaborative planning process. They promised thoughtful planning, but did not promise a legislative package for the coming session.

Impact of TANF Regulations on Higher Education

Mr. Rentz noted that 43 percent of all working families in New Mexico do not make enough money to live on; now, federal regulations may require less flexibility on the part of the Human Services Department (HSD) in order to meet federal participation rates. He presented information on the accomplishments of the Community College Association and offered an analysis of the changes required by federal regulation. He said new federal requirements should be for students to make "good and satisfactory progress", but instead the progress requirement is much more onerous. Also, he believes the current federal regulations requiring that English as a second language, graduation equivalent and training programs cannot be counted as TANF work participation if they are taken alone rather than as part of a vocational education will eliminate some students who need such programs most. Mr. Rentz, who is now a consultant for the Executive Coaching Program for Achieving the Dream, among other programs, said he submitted his concerns to the federal Department of Health and Human Services. He also asked the committee to request a report from HSD on economic self-sufficiency of those who leave TANF, in order to see how well education has served "leavers". He recommended amending the College Affordability Act to allow more flexibility for older students; for instance, removing the eight-semester limit and the requirement that semesters be consecutive. At this time, an

estimated 50 percent of community college students work 20 hours a week or more. Mr. Rentz also noted that adult basic education has moved from the Public Education Department to the Higher Education Department and will need more money to encourage more students to get their educations and credentials.

Cathy Sisneros, bureau chief of the Work and Family Support Bureau at HSD, responded to Mr. Rentz's concern about losing flexibility in meeting work requirements by noting that the HSD has been meeting with a group comprised of community members to create a work verification plan, trying to be as flexible as possible in applying the new rules while submitting a plan acceptable to the federal government. Ted Roth from HSD commented that the department shares Mr. Rentz's administrative concerns and said that the department is considering what to do about education. Even if education cannot be tallied as part of the federal work requirements, the department wants to keep these programs because they are key to actual improvements in the economic status of New Mexicans.

In answer to questions, committee members were assured that it is possible to receive unemployment insurance while attending school as long as the students are still seeking full-time employment; that the HSD is taking its recent performance audit by the Legislative Finance Committee (LFC) seriously; and will begin tracking clients who leave TANF for longer periods of time. Virginia Trujillo, vice president of workforce training, made committee members aware of the problem that some students are expelled or drop out of school as early as ninth grade but are not accepted in higher education until age 16. The legislature, she said, should appropriate funds for children in that age group who want to take a GED course.

Ty Trujillo was introduced as the new director of the New Mexico Association of Community Colleges. He assured the committee members that he and his counterpart at the New Mexico Independent Community Colleges Association would work together to improve community colleges.

The committee recessed at 5:37 p.m.

Friday, September 15

The chair reconvened the meeting at 9:20 a.m.

Danny Earp, the new director of the New Mexico Independent Community Colleges Association, was introduced and also assured the committee that the two voluntary associations would work together on behalf of community colleges. He explained that the split between the two groups that used to comprise the New Mexico Community College Association was not only a matter of personality, but could be attributed to a widening gap between the interests of branch colleges and independent community colleges.

The chair asked LFC staff to meet with Secretary of Higher Education McClure and both community college associations about decentralizing the education system, deciding how formula funding should be changed, if at all, and on tuition.

Transportation

Fred Sandoval, Income Support Division of HSD, David Harris, program manager for the Department of Transportation (DOT), Thomas Olgas, a JARC contractor with Corre Transportation in Grant County, and TANF participant Joanne Murphy followed up last month's committee meeting on transportation with reports and more in-person accounts on transportation successes.

The committee expressed interest in supplementing federal funds with state general funds, as needs for transportation — especially in rural areas — do not disappear. Within TANF, state dollars can be used to match federal dollars. To replace federal dollars eliminated from JARC with state general fund dollars, Mr. Harris said it would take \$1.6 million (corrected for inflation) to return to the level available three years ago and \$900,000 to fill in the gap for last year.

Representative Varela asked the HSD and DOT representatives to give the committee a report on funds needed for a good transportation program, as transportation remains a major barrier to work and yet the state is under federal pressure to improve its work participation rate. Legislators also questioned the accuracy of reports presented that indicate there are only 308 TANF riders per month as it is, which would average only 11 trips per average weekday. Such a rate would cost \$15.00 per ride. Mr. Harris answered that many TANF trips are longer and involve persons with disabilities as opposed to fixed route riders. It was also suggested that the state establish a transit fund to help fill the gaps in funding for rides for TANF clients. Representative Varela suggested that employers could buy into the transportation program, particularly if they are participating in Workforce Investment Act employment. Discussion turned to suggestions that seem to have been ignored regarding establishing a transportation pool of retired state employee cars that could be maintained through auto mechanic programs at community colleges, the pilot program in Valencia County called "United We Ride", the potential for providing vehicles to TANF participants using a donated vehicle hotline and reimbursement rates for TANF mileage.

Office of Workforce Training and Development Report

Office of Workforce Training and Development (OWTD) Director Len Malry, Secretary of Labor Conroy Chino and Eli Fresquez reported on continued efforts to open one-stop locations. There soon will be one in eastern New Mexico, one in Albuquerque and one in Belen. The new one-stops are "pilot" programs integrating services as well as sharing space. Representative Varela requested that OWTD submit a plan for one-stops to the LFC and to the committee. Mr. Malry was asked about federal requirements for co-location endeavors and agreed that the federal requirements have not yet been met, although the one-stops have approximately seven partners within the co-located shops. Mr. Malry was also asked whether there is currently a plan to house a one-stop in the South Valley of Albuquerque, since unemployment there runs two times the state average. He said there is no current plan to open such a location.

Minutes

The minutes from the August meeting were approved as mailed on motion of Senator Ortiz y Pino and seconded by Senator Lopez.

Discussion

Committee members briefly discussed amending law to accommodate those in job training through the Unemployment Compensation Fund and ways to ensure that vacancies in agencies be filled within six or nine months before money reverts to the funding sources.

Adjournment

Representative Varela adjourned the meeting at 12:00 noon.