

MAG Human Services
Technical Committee
Meeting Minutes
April 11, 2002

MEMBERS ATTENDING

*Lorenzo Aguirre, City of El Mirage
*Judy Bowden, Mesa United Way
Margot Cordova, Valley of the Sun United Way
Debra Detterman, City of Mesa
Moises Gallegos, City of Phoenix
Kate Hanley, Tempe Community Council
Carl Harris-Morgan, Town of Gilbert
Sandra Holt, DES/AAA
Connie James, City of Scottsdale
Jeannie Jertson, Human Services Department
Jim Knaut for Mary Lynn Kasunic, Area Agency on Aging
Barbara Knox, DES/RSA
*Dan Lundberg, City of Surprise
Doris Marshall, City of Phoenix
*Jim McCabe, Area Agency on Aging
Jose Mercado, City of Phoenix
*Diane Mullin, City of Glendale
Susan Neidlinger, DES/DDD
Sheryl Pieper, City of Tolleson

Sandra Reagan, Southwest Community Network,
Chairman
Kyle Moore, DES/ACYF
Mary Jo Swartz, DES/CSA
Paige Thomas, Glendale Human Services Council
Wayne Tormala, City of Phoenix
*Margaret Trujillo, Value Options
Patrick Tyrrell, City of Chandler
*Rebecca Van Marter, The Community Forum
* Neal Young, City of Phoenix

*Those members neither present nor represented
by proxy.

OTHERS PRESENT

Jerry Hancock, DES
Eddie Sissens, William E. Morris Institute for Justice
Bruce Liggett, DES
Suzanne Quigley, MAG Staff
Mary Thomson, MAG Staff

1. Call to Order

Chairman Reagan opened the meeting at 9:10 a.m. and introductions ensued.

2. Approval of March 21, 2002 Technical Committee Meeting Minutes

Chairman Reagan asked for a motion to approve the March 11, 2002 minutes. Mr. Mo Gallegos motioned and Ms. Mary Jo Swartz seconded, the minutes were unanimously approved.

3. Update on SFY 2003 Legislative Budget Process

Chairman Reagan introduced Ms. Eddie Sissens who made a correction to the agenda stating that her organization's name is the William E. Morris Institute for Justice.

Ms. Sissens informed the Committee that Arizona is facing a \$1 billion deficit for SFY 2003 and there are competing views on how to solve the shortfall problem.

She handed out copies of the Governor's recommendations for addressing the shortfall. Ms. Sissens highlighted a few of the line items contained in the Governor's recommendations. She stated that many agencies have the big numbers but have not broken them down internally according to each service. She also explained that Column 3 highlights the recommendation for the budget cut being proposed by the Governor.

One strategy Ms. Sissens has been taking with the Legislature is to develop a snapshot of the effects of such cuts on client populations based on discussions with DES and the document coming out of **OSP**.

One program in jeopardy of cuts is the JOBS program, which calls for a \$6 million reduction. When Welfare Reform was first enacted, the first to leave the welfare roles were those with job skills. But now people on the welfare roles have very few job skills. It's vital that people receive job training if they are to ever permanently leave the roles. She has been in discussion with **OSP** to explain the importance of maintaining the JOBS funding.

Next, Ms. Sissens addressed Proposition 204 and the attempt to repeal the voter approved initiative that provides healthcare for Arizona indigent population. The legislature believes that the demand for health care has dramatically surpassed enrollment projections. Currently they are attempting to interpret the dramatic increase which could either be attributed to the expansion of the program in its first year or the down turn in the economy making more people eligible for the program. She is currently in conversation with Department of Health Services to get their analysis of the situation.

Ms. Sissens focused on the next hand out that highlights budget recommendations by the House of Representatives who are projecting a \$930 million deficit. Primarily the House is proposing a 4% cut with an additional 4% across the board. The DES reductions are estimated to be at \$50 million. Those funds that are statutorily mandated like Child Protective Services (CPS) cannot be targeted for reductions. Those programs that are funded through the general fund like supportive services that deal with Domestic Violence, Homelessness, etc. will be targeted.

The House Speaker requested that budget be complete by next week. The Joint Legislative Budget Committee (JLBC) has not been consulted on making budget reductions recommendations. JLBC is only preparing briefs on the impact of 4% reductions on each State Agency.

Ms. Sissens used the following example for public policy makers and balancing the budget. When families have bad times they will often cut back on luxury items but

not on basic need items such as transportation, shelter and food. She used this scenario to demonstrate how policy makers need to hold harmless those basic needs that support the most vulnerable populations. She also stated that when families are faced with this scenario they would also tap into savings or find another revenue source such as a second job. A public policy approach might be to cut the budget without holding harmless basic needs, utilize the rainy day fund, and implement revenue bonding for large purchase items like freeways and schools. She also discussed the need to raise revenue streams by increasing sales taxes on certain non-essential items. She emphasized how all options need to be considered when we are facing a \$1 billion shortfall.

Ms. Suzanne Quigley asked about the COG TANF funds and whether **OSP** believes it goes to planning and not services. Ms. Sissens responded that there is that belief and that the Committee needs to educate the legislature on where the money goes to and the effects of the cuts on services. Ms. Quigley reviewed the meeting with Representative Anderson regarding the plan for cutting the \$1,038,900 in TANF. Representative Anderson indicated that the \$24 million in supplemental TANF to the states could be used to maintain the TANF to the COGs.

Mr. Wayne Tormala referenced the Governor's budget line item where TANF cash caseloads are increasing by 14% but the funds projected are at a 16% increase. He questioned why there was a 2% difference, which equals \$3.5 million. He stated that this amount of money could significantly affect our local planning dollars. Mr. Tormala proposed that staff draft a letter to the Director of DES to ask for clarification on this issue.

Ms. Sissens stressed the need for support from the County and the Cities to educate the legislature. They often hear from the same advocates who lose their impact over time with the legislators. She stressed that jurisdictions need these services to sustain quality livable communities.

Mr. Hancock asked Ms. Sissens if she believed that the \$1,038,900 was really going to be eliminated. Ms. Sissens indicated that she felt there was a pretty good chance that it would but that it's not too late to educate the legislature on the importance of these funds.

4. Status of TANF Transfer

Mr. Hancock responded to the Committees need for expenditure reports. He stated that this is a very difficult request to meet because of the complexity in the budgeting of locally planned dollars. He suggested that the Committee rely on the DES representatives from each of the target groups for that information.

Mr. Tormala asked why the MAG district needed to cut more funding from the budget since it received more TANF in the beginning?

Mr. Hancock reviewed a meeting with the COG directors who met with the Department to discuss how the SSBG funding should be redistributed due to the change in populations, the number of people who received SSI, and welfare recipients in the district. The COG Directors requested a change in the formula to Version 5 out of 7 choices in formulas. Version 5 is calculated based on 50% of the poverty level and 50% population in the district. The following percentages apply:

MAG is given 58.68% of total funding.

PAG – 18.8%

NAACOG – 16.18%

WACOG – 17.56%

CAAG – 4.55%

SEAGO – 4.85%

Mr. Hancock stated that any new funding is distributed according to this percentage. This is how MAG received the \$609,626 in TANF. We also refer to this formula to make necessary reductions.

Ms Quigley inquired how the \$315,850 was taken in 1999 and whether the other COGs also reduced by their corresponding percentages. Mr. Hancock explained that in 1999 DES experienced a major reduction in funding. The Department was able to come up with \$1M in TANF to substitute the decrease in SSBG funding. The Department decided to swap SSBG with TANF through Community Services Administration (CSA). CSA focused on those contractors around the state who could utilize TANF due to the restrictions in this type of funding.

Currently, the Department has continued to experience SSBG reductions and can no longer replace it with a 1:1 ratio of TANF. Last year, MAG was provided with an additional \$135,000 in SSBG funding that had to be spent by the end of the fiscal year. The Committee chose to use it to support the homeless management information system (HMIS) planning process and the human services website enhancement project. Instead, the Committee decided to utilize the TANF backfill to place towards services.

Ms. Jertson stated that the formula is based on 1990 poverty data and 1995 census data and asked when the formula be revised to reflect the current census numbers. Mr. Hancock replied that the formula is based on 2000 population data but 1990 poverty data because the 2000 poverty data isn't available yet.

Ms. Jertson inquired if using the 2000 population data and 1990 poverty data would greatly alter the formula. Mr. Hancock stated that the Department hasn't had any increases in SSBG and will begin to appropriate new funding on the new formula once they receive the current census numbers.

Mr. Tormala asked if MAG took a larger percentage cut to protect the other COGs. Mr. Hancock indicated that the TANF funding was distributed on the new formula, which reflected the 58.68% for MAG. Mr. Tormala requested some clarification on why MAG received 58.68% of TANF and 54% of SSBG and that in theory it seemed as if they were the same type of funds. Mr. Hancock stated that the Department never meant for the two types of funds to be perceived as the same. The TANF funds are restricted. Mr. Hancock stated that once there were TANF reductions then the Committee needed to refer back to 1999 as the base year where there were not any TANF funds implemented in the planning numbers. This is the first year that the planning process is being affected by the original reduction of \$315,850.

Mr. Bruce Liggett then presented to the Committee. DES is especially challenged under the current budget crisis because the need for services has increased while they are also being asked by top policy makers to make cuts as well. He stated that most people impacted are those with barriers to employment and that there are dramatic increases in Unemployment Insurance Claims and Benefit requests.

DES also has 10,000 employees and a substantial amount of its budget is federal funding pass through monies. 66% of DES funding is linked to legislatively mandated entitlement programs such as Child Protective Services. Another 22% is tied in matching fund relationships such as Vocational Rehabilitation where for every \$2, Arizona receives \$8 from the Federal Government. Therefore, discretionary programs will experience the most cuts and those vulnerable population programs are disproportionately affected.

The Department's TANF spending is at \$30M over funds that were allocated. The \$24M Supplemental Grant that the State will receive this year helps but the picture is unclear FY 03 and 04. Mr. Liggett stated that he has been primarily involved in developing the budgets for childcare and TANF money to sustain the programs in FY03 but in FY 04 the outlook is unclear.

Ms. Margot Cordova inquired if the Committee was still required to come up with two funding scenarios for TANF – one with full funding and one at \$500,000 less. Mr. Hancock stated that the Committee needed to do a plan without the \$1,038,000 and reduce the Region I MAG Plan by \$609,626 (TANF) and \$52,393 (SSBG).

Ms. Susan Neidlinger stated the TXIX overage has a shortfall every year. If you refer to the funds for Developmental Disabilities (DDD) that are allocated annually, DDD only received \$200,000 of the \$600,000 in SSBG planned funds because the Supported Employment dollars go to the Rehabilitation Services Administration (RSA). She stated that all the non-Alltex clients experience the same types of basic needs. Many Developmentally Disabled clients function well enough to maintain employment.

Mr. Tormala proposed that the Committee engage in a discussion to determine the best method for making the \$609,626 in reductions to the SSBG plan.

Chairman Reagan called for a 10 minute break and after which for the Committee to come back for an extra hour to discuss the methodology for making the funding reductions.

5. SFY 2003 SSBG and TANF Funding Recommendations

Chairman Reagan reconvened the meeting at 11:15 a.m.

Mr. Tormala proposed that the group begin by prioritizing those services that are the “most basic needs” regardless of the target group. He stated that there really hasn’t been a rationale for the distribution of funds by the target group percentages – such as the 49.9% for Adults Families and Children.

Chairman Reagan asked for a motion to approve the methodology proposed by Mr. Tormala to reprioritize the individual service categories that are the most basic needs and then begin reducing the least prioritized services. Mr. Tormala motioned and Mr. Tyrell seconded.

The group then decided the means for going about prioritizing services. It was suggested that MAG Staff develop a tally sheet of the services and have all the Committee members vote for their top priority services.

The group then agreed by consensus to a special meeting on April 16 from 5:00 – 7:00 p.m. to make the final funding recommendations in time for the Coordinating Committee meeting on April 18, 2002 and on to DES by April 30, 2002.

6. Update on Ongoing Planning Efforts in Elderly Mobility, Homelessness and Domestic Violence

This item will be moved to the next agenda due to lack of time available.

7. Call to the Public

No public comments were made.

8. Announcements

No announcements were made.

9. Adjourn

The meeting adjourned at 12:15 p.m.