

## MINUTES

### MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON PUBLIC HEALTH, WELFARE & SAFETY

Call to Order: By VICE-CHAIRMAN STEVE BENEDICT, on February 3, 1995, at 1:03 PM

#### ROLL CALL

##### Members Present:

Sen. James H. "Jim" Burnett, Chairman (R)  
Sen. Steve Benedict, Vice Chairman (R)  
Sen. Sharon Estrada (R)  
Sen. Arnie A. Mohl (R)  
Sen. Mike Sprague (R)  
Sen. Dorothy Eck (D)  
Sen. Eve Franklin (D)  
Sen. Terry Klampe (D)

Members Excused: Sen. Larry L. Baer (R)

Members Absent: None

Staff Present: Susan Fox, Legislative Council  
Karolyn Simpson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

##### Committee Business Summary:

Hearing: SB 209  
Executive Action: None

{Tape: 1; Side: 1; Comments: Some testimony hard to understand, due to echo in room and mumbling .}

#### HEARING ON SB 209

##### Opening Statement by Sponsor:

SENATOR CHUCK SWYSGOOD, SD 17, Dillon, said SB 209 is Montana's Welfare Reform plan, named FAIM, which stands for Families Achieving Independence in Montana. **EXHIBITS 1,2,3,4,5,6.** The Governor's executive order cites, among several deficiencies, a federal welfare system that has become inefficient, organizationally fragmented, bureaucratically entrenched, and fails to foster fundamental American values of work, family, individual responsibility, and self-sufficiency. In order to meet these conditions, Governor Racicot's executive order mandated the SRS to appoint a twenty-three member council that would serve at

the pleasure of the governor. This council represented a bi-partisan, cross-section group of people from all over the state of Montana. The result of this groups work is FAIM. This welfare reform package is the most extensive package of any state in the nation.

He referred to the chart "Montana's Welfare Reform Most Aggressive in the Nation," pointing out the differences between various states on the chart. An important feature is the emphasis that welfare is only a temporary solution to economic difficulties. Applicants to public assistance need to know, from the first moment they come in contact with these public programs, the purpose of these services is to promote self sufficiency, not simply provide welfare benefits. One of the most apparent deficiencies of the current welfare program is its complexity. This complexity places an impossible burden on both agency staff and recipients. Applicants for services must complete a tremendous amount of paperwork, with information duplicated on several forms.

The FAIM project simplifies and consolidates the intake eligibility process for AFDC and food stamps, which will provide the necessary time for personalized services to participants. One very important component of welfare is Medicaid. Presently, AFDC recipients are eligible to receive full Medicaid coverage and choose to stay on AFDC, rather than enter the work force and lose such attractive health benefits. It has become evident that Medicaid coverage exceeds what most working Montanans can afford or could obtain. In an attempt to make work more rewarding than welfare, as long as the federal government's cost neutrality requirement is retained, a basic Medicaid package now will be offered to AFDC related adults. There are no changes in this plan of service coverage for children, elderly, or disabled.

FAIM will offer employable, able-bodied adults a choice of mandatory participation in an HMO, having Medicaid pay a portion of the premium for private insurance, or a basic Medicaid package, which includes dental, eye glasses, personal care attendants, and audiology services. The HMO package of services and HMO participation more closely reflects what working people in Montana can expect to obtain. Current Medicaid coverage exceeds what an individual can obtain at a reasonable cost. Welfare reform opponents do not value work, family, or responsibility. The State of Montana will not assume responsibility for helping the most employable adults obtain services not covered by Medicaid, but instead work with them as they create a plan to pay for that service. FAIM requires that the welfare reform package cannot cost more than the current program.

FAIM will change the current AFDC program by transforming it into the following program: Job Supplement Program, Pathways Program, and Community Service Program. The Job Supplement program is for those who are AFDC eligible and at risk of becoming AFDC dependent. The Pathways Program is a time-limited program designed to provide families with training, employment, and educational opportunities leading to independence from public assistance. Sanctions under this program for non-compliance by

adults is the partial or total loss of AFDC benefits. The Community Service Program which is designed for adults who have completely used their Pathways benefits, but have not achieved self-sufficiency from public assistance. This program requires able-bodied, employable adults to perform 20 hours of community service activities per week. The assistance benefits are reduced in the Community Service Program. The fourth part of the FAIM project is changing the focus of the welfare office itself. Instead of working as eligibility specialists, they will be working with families to achieve independence. If public assistance is necessary, the coordinator will explain the temporary nature of these programs, and assist them in obtaining services to be able to leave the system as quickly as possible.

It's important that Montana's program be evaluated in its totality as a strategic approach to welfare reform. The goal is to get people into productive activities, which means making employment more attractive than welfare.

**Proponents' Testimony:**

**Peter Blouke, Director, Department Social and Rehabilitation Services,** spoke in support of SB 209. He said there are two key points that should be known about SB 209. First, this welfare reform package was not designed by a group of bureaucrats in Helena, but reflects ideas and thoughts of hundreds of Montanans representing a wide variety of viewpoints. This bill is designed to meet Montana's unique needs and reflects the fundamental values of Montana citizens. Those values are individual responsibility, each person taking responsibility for their own actions, and active participation by welfare recipients to break the cycle of dependency. The value of family, with the concept of a stable family is the fundamental building block of society, is deeply rooted in Montana history. Child support enforcement is an integral part of the welfare reform proposal, and both biological parents will be aggressively pursued to share the responsibility of their children. Montanans believe in self-sufficiency and welfare should not be a way of life for anyone, but should only be temporary help.

**Kate Cholewa, representing the Montana Women's Lobby,** read her written testimony in support of SB 209. **EXHIBIT 7.**

**Donetta Klein, from Stevensville,** read her written testimony in support of SB 209. **EXHIBIT 8.**

**Judy Smith, a member of the Governor's Taskforce on Welfare Reform,** read her written testimony in support of SB 209 **EXHIBIT 9**

**Shannon Parker, from Missoula,** said she supports the welfare reform bill and the FAIM project. She said that about 15% of AFDC population in Missoula country will take part in the community work experience program. She said with more job training and assistance, individuals will be more likely to return to the job market.

**Janice Lundeen, from Polson, a student at the University of Montana, will be eligible for graduation at the end of the summer, 1995, said she looks forward to working, paying taxes, and getting off welfare. She is a divorced mother who received child support and worked at a day care center to support herself and her children. Because they could hardly get by, her church group bought their food. She worked at various jobs, but the combined cost of daycare and taxes, left her with too little to support her family. She handed out the results of a survey she had done. EXHIBIT 10. She supports the Community Service and Pathways programs because they will help individuals provide for their families. It has taken 5 years from the time she left her husband to her graduation from the University.**

**Shawn McLaughlin, a welfare mother of three children, has tried to work, but can't work and pay child care. If she could have her child care and medical expenses paid, she could work. She said she doesn't like the disapproving looks she gets from people when she uses her food stamps and doesn't agree with the 2-year time limit imposed by SB 209.**

**Sami Valez, a single mother of two children, read her written testimony in support of SB 209. EXHIBIT 11.**

**Jean McDonald, the Public Policy intern representing the Mental Health Association of Montana, read her written testimony in support of SB 209. EXHIBIT 12.**

**Kay Fox, representing the Montana Low Income Coalition, said the Community Service section needs to have meaningful work jobs and be flexible in the jobs. She also said that the hours per week should be changed to hours per month because some of the community service jobs have more work some weeks than others.**

**Sharon Hoff, representing the Montana Catholic Conference, spoke briefly in support of SB 209. EXHIBIT 13.**

**Kelly Buck, a welfare mother, spoke briefly in support of SB 209.**

**David Hemion, representing the Montana Association of Churches, spoke briefly in support of SB 209.**

**Carol Meek, an AFDC recipient, said that she doesn't like the time restrictions in SB 209.**

**Laurie Koutnik, representing the Christian Coalition of Montana, said that she supports SB 209. EXHIBIT 14.**

**Kim Davis, a welfare mother, supports SB 209 but doesn't like the two-year limit. EXHIBIT 15.**

**Opponents' Testimony:**

**Doug Rands, a single father of one son,** read his written testimony in opposition to SB 209. **EXHIBIT 16.**

*{Tape: 1; Side: 2; Comments: lost first 10 seconds.}*

**Milissa Loucks, 'a member of Project Uplift,** read her written testimony in opposition to SB 209. **EXHIBIT 17.** She also read part of the testimony from Kelly Miller, who could not attend the hearing. **EXHIBIT 18.**

**Tamme Bjornberg, a welfare mother,** spoke in opposition of SB 209. She doesn't like the time limits imposed in SB 209. She said people's lives can't be organized, get a job, and a child adjusted to a day care in just 18 months. She has worked, but she feels she gets punished for working and punished for not working. She thinks SB 209 is going to create more abuse and more red tape. She submitted written testimony. **EXHIBIT 19.**

**Tammy Huttinger, a single mother of two children and AFDC recipient** since 1988, doesn't like SB 209. **EXHIBIT 20.**

**Debbie Mini, member of Project Uplift, a divorced mother of two children,** said that she and her daughter had to go to a shelter. She is presently attending the College of Great Falls, is receiving child support, and needs assistance to be able to work. She has worked in community service jobs, but feels it would be more beneficial if the community service jobs could be in the field in which she is interested in pursuing as a career. She wants to obtain a Doctorate or Ph.D. degree. She doesn't like food stamps because they are limited in type of items that can be purchased. She can't put food stamps into a pop machine or use them at a cafeteria, but instead has to carry a lunch or snacks in an ice chest. She can't buy fast foods in a grocery store for something quick to eat, because most foods from a grocery store require cooking. She said she's trying to be self sufficient, but needs food assistance, car repairs, help with employment, and child care. Some people need more time and others need less. If she had been interested in cosmetology or similar fields, it would have taken less time for her, but it will take her 6 years to complete her education and wants to continue so her dreams will not be squashed. She said she doesn't want to be caught by the system, but helped by the system.

**Colleen Miller, member of Project Uplift,** spoke in opposition to SB 209. She said she is 25 years old, has an 18-month old child, and has been on AFDC for 2 years. She is a full-time student at May Technical College in Great Falls, is receiving child support payments, but needs to be eligible for the Jobs Program to get child care. She outlined her budget. **EXHIBIT 21.**

**Mary Alice Cook, representing Montana Advocacy for Children,** said, it's their belief that, welfare reform should not take

those who are currently receiving welfare off the system, but instead wants to study why people go onto welfare. She said that society's problems today are the cause of poverty and need to be reformed. They object to the time limit in SB 209 and think it should be more flexible. She said there should be a 1-year of transitional child care for families leaving AFDC with a sliding fee scale for families above the 133% of poverty, provide child care for recipients who choose to seek post-secondary education, guarantee one year transitional Medicaid coverage for families leaving AFDC with a sliding fee scale for those above the 133% of poverty, and when parents are sanctioned, children are punished.

**Sally Brown, a welfare mother,** spoke briefly in opposition to SB 209.

**Informational testimony:**

**Karolin Loendorf, representing the Montana Advocacy Program,** said she is on the Board of the Helena Housing Authority and a former welfare recipient, read her written testimony in opposition to SB 209. **EXHIBIT 22.**

**Questions From Committee Members and Responses:**

**SENATOR FRANKLIN** asked **Sharon Hoff** to explain her concerns to SB 209.

**Sharon Hoff** said child care providers should be treated as small business owners and be reimbursed at rates that encourage the providers to care for low-income children. Another concern is the cost neutrality, that may not be adequate, but additional monies may be needed for the program.

**SENATOR SPRAGUE** asked **Janice Lundeen** to elaborate on the information contained in her graph, mainly working hours, school. **EXHIBIT 10.**

**Janice Lundeen** said she was fortunate that she received child support, food from her church, help from her family, and she received financial aid for her education at the University.

**SENATOR SPRAGUE** asked **Janice Lundeen**, if she were now working at Town Pump at a relatively low wage, and if she received some state support, would that have helped her.

**Janice Lundeen** said it would have.

**SENATOR KLAMPE** referred to page 1, line 14, resources. He asked if resources would include one exempt vehicle.

**Peter Blouke** said there is an exemption for one vehicle.

**SENATOR KLAMPE** asked if dental screening was included in the screening in the Pathways Program.

**Peter Blouke** said any recipient of AFDC is eligible for Medicaid and all the current Medicaid services are available to children, and includes dental screening.

**SENATOR KLAMPE** asked about testimony from an individual who could not get insurance and had to seek health insurance.

**Peter Blouke** said there may be exceptions in some instances, but the reduced Medicaid package would be available. People are not going to be forced to get insurance, but would continue receiving the basic Medicaid benefits or possibly an HMO, if there was no restriction of a pre-existing condition.

**SENATOR MOHL** asked about the time limit in SB 209, whether after the time limit was used, if someone could get back on welfare again.

**SENATOR SWYSGOOD** said, if an individual is not able to be employed after the Jobs and Pathways program, the Community Service program is the next step. If after the Community Service program is completed and the individual does not enter the work force, then benefits are taken away, but reduced benefits are received under the Community Service Program.

**SENATOR ECK** asked for an explanation of the one-time only cash payment.

**Peter Blouke** said the purpose of the one-time assistance is, someone may need tools for a job but not other benefits. In this case, tools would be purchased in exchange for an agreement to give up the number of months of benefits equivalent to the cost of the tools. There are some instances where someone needs some immediate assistance, but don't need to be on welfare.

**SENATOR ECK** asked about the exemption rules and illnesses, such as alcoholism.

**Peter Blouke** said an individual with a verified illness would have to be participating in an active treatment program. Just because someone is a verified alcoholic, an exemption would not be granted unless they are actively seeking or participating in treatment.

**SENATOR ECK** asked about the changing of Eligibility Technicians to Counselors, and training provided.

**Peter Blouke** said there is some budget set aside for training of these employees in the welfare office, but they are not going to be made into Social Workers.

**SENATOR FRANKLIN** asked about the issue of post-secondary education, child care provisions, and whether education would be counted toward community service.

**Peter Blouke** said there has been a lot of discussion about post-secondary education throughout the welfare reform discussion. Several members of the Advisory Committee thought 4 years of post-secondary education was not appropriate in welfare reform, and others thought maybe it should be limited to 2 years because many working families do not have access to those benefits. With cost neutrality, several choices had to be made as to what is really wanted, such as exemption for a car, getting rid of the deprivation requirement in order to keep families intact.

**SENATOR FRANKLIN** said she thought more study needed to be done on this issue.

**Peter Blouke** said one of the big waiver requests before the Federal Government was whether some of the optional benefits funds could be reallocated to provide transitional benefits and expansion of child care. Initially the request was turned down, but the problem is, if additional funds are requested from the Legislature for expanded child care and transitional benefits, that would count against the cost neutrality. Cost neutrality is essential in this program.

**SENATOR BENEDICT** asked if the issue of recipients paying back to the system for the assistance they received, so its not an entitlement or a handout. He wondered, if at the end of the Community Service Program, whether student loans could be obtained for further training, and the loans paid back.

**Peter Blouke** said this is not included, but one intent of the Community Service is that it is a return to society with some support.

**SENATOR BENEDICT** said if an individual goes through Pathways and not through the Community Service Program, and get off welfare and life becomes better, then why couldn't the system be paid back a year or two later.

**Peter Blouke** said this idea had been discussed, but no waiver had been requested.

**SENATOR SPRAGUE** said he sees a problem with the system, if there is no job at the end of the time limit, whether its 18 or 24 months, then the system breaks down. He asked if there is adequate job training.

**Peter Blouke** said he can't say in 15 or 20 years there will be no one on welfare because there will always be some unemployment, and always people who need some level of assistance. But, with the Community Service Program, there will probably be meaningful jobs and payback, in some small portion, some of the benefits.

**SENATOR SPRAGUE** said he thinks the key component of this program, is there is no penalty for someone taking a minimum wage job.



**SENATOR FRANKLIN** asked about the issue of SSI, SSI screening, and individuals in the Pathways Program eligible for SSI.

**Peter Blouke** said pre-screening is currently being done, but the problem is that it frequently takes about 2 years to work through the process.

**Closing by Sponsor:**

**SENATOR SWYSGOOD** said this is a complex program. The Department of SRS asked for more than 70 waivers just to accomplish this much. Most of the current problems are not the fault of the state, but federal regulations surrounding the system are the problem. The state of Montana is trying to provide a system that will work to pull people out of that pit to a position of self-sufficiency. It's not all things to all people and probably can never be. This a pilot project scheduled to last for 8 years and during that time, there will be problems encountered. SB 209 allows the flexibility to address many of the concerns expressed.

Montana is proud of its traditions and values, including a love of family, recognizing the value of self-sufficiency, and helping those in time of need. There is a wide-spread and growing frustration, in Montana and the whole United States, with the increasingly expensive government welfare program, that are working at the cost of our traditions and values. In keeping with these values, the overhaul of the welfare system is long overdue. Welfare as we know it must end and be replaced with a program that promotes self-sufficiency and responsibility, by strengthening and supporting incentives for family stability, gainful employment, and productive community service.

He referred to page 9, lines 9-11, and asked to remove that section.

**ADJOURNMENT**

**Adjournment:** 2:50 PM



STEVE BENEDICT, Vice-Chairman



KAROLYN SIMPSON, Secretary

SB/ks

PUBLIC HEALTH, WELFARE AND SAFETY COMMITTEE

## ROLL CALL

DATE \_\_\_\_\_

2/3/95

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# **MONTANA'S WELFARE REFORM MOST AGGRESSIVE IN THE NATION**

STATES INITIATIVES	UTAH	SOUTH DAKOTA	MONTANA	MICHIGAN	NEW JERSEY	WISCONSIN
STATEWIDE		✓	✓		✓	
TIME LIMITED BENEFITS		✓	✓			✓
"REAL WORLD" MEDICAID FOR ADULTS			✓			
FAMILY CONTRACT/ AGREEMENT		✓	✓	✓	12	
COMMUNITY SERVICE WORK REQUIRED	✓	✓	✓	10	1	2
HEALTH SCREENING/ IMMUNIZATION FOR CHILDREN			✓			3 4
AGGRESSIVE JOB SEARCH	✓	✓	✓	7	6	5
ONE VEHICLE ALLOWANCE	✓	✓	✓			
DIVERT FAMILIES FROM WELFARE	✓		✓			
MARRIAGE PENALTY REMOVED			✓	✓		✓
MORE AGGRESSIVE SANCTIONS	✓	✓	✓		✓	✓
RESOURCE LIMITS	✓	✓	✓	✓	✓	✓
LOCAL GOVERNMENT PARTNERSHIPS			✓			✓
DECREASE IN BUREAUCRATIC PROCESSING	✓		✓			
EMPLOYMENT INCENTIVES	✓	✓	✓	✓	✓	✓

## Montana's Welfare Reform Plan

### Families Achieving Independence in Montana (FAIM)

Montanans are proud of their traditions and values. These traditions include a love of family, recognizing the value of self-sufficiency, and caring for people in need. At the same time, there is widespread and growing frustration, in Montana and across the country, with increasingly expensive governmental welfare programs that appear to be working at cross-purposes to these values.

In keeping with these values, Montanans have come to realize that overhaul of the welfare system in Montana is long overdue. We need both to "end welfare as we know it" and put in its place a program that promotes participant self-sufficiency and responsibility by strengthening supports and incentives for family stability, gainful employment, and productive community service.

#### A. MANDATE FOR REFORM

Montanans' perspective on the need for welfare reform is reflected in the Executive Order creating the Governor's Welfare Reform Advisory Council.<sup>1/</sup> The Executive Order cited, among other deficiencies, a Federal welfare system that "has become inefficient, organizationally fragmented and bureaucratically entrenched" and "fails to foster fundamental American values relating to work, family, individual responsibility and self sufficiency."

In order to deal with these deficiencies, Governor Marc Racicot's Executive Order, mandated the Director of the Department of Social and Rehabilitation Services (SRS) to appoint 23 members of the Council who would serve at the pleasure of the Governor. Consistent with this directive, the Council's membership represented a bi-partisan cross-section of Montanans interested in welfare reform. Council membership included county human service directors, county commissioners, State legislators, State officials, human resource development councils, Native Americans, labor, private industry, the religious community, consumers, and the general public.<sup>2/</sup>

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<sup>1/</sup> A copy of Executive Order No. 12-93, issued July 23, 1993, appears as Appendix A to this document.

<sup>2/</sup> A list of members of the Governor's Welfare Reform Advisory Council ("Welfare Reform Team") appears as Appendix B to this document.

Beginning on July 28, 1993, the Advisory Council met monthly in full-day, open sessions held in Helena. The Council heard testimony from service consumers, Native Americans, the academic community, advocates, and others with views on the deficiencies of the current arrangement and/or recommendations on the ways that Montana's welfare system should be reformed.

The Council also had access to considerable data and analysis from the staff of the Department of Social and Rehabilitation Services. State and regional Departmental staff also conducted informal opinion polls, public hearings, and focus groups. The results of these efforts were made available to the Council.

Departmental staff were, in turn, supported by the services of a private contractor (MAXIMUS) who provided the Council with national data, a national perspective on welfare reform, and findings emerging from the research on similar efforts in other states.

The work of the Council in assessing the current system and making recommendations for change culminated in a three-day retreat held on November 3-5, 1993. An important part of this retreat was a video conference with Dr. David Ellwood, Assistant Secretary for Planning and Evaluation of the U.S. Department of Health and Human Services and Co-Chair of President Clinton's Welfare Reform Team.

Additionally, the Welfare Reform Advisory Council, along with the assistance of numerous County Welfare Directors, sought and received public input on its draft report in December of 1993. The Council met again on January 10, 1994, to consider public input, make necessary changes, and finalize its report to the Governor.

Governor Racicot approved the report of the Welfare Reform Advisory Council on February 22, 1994.

## **B. FRAMEWORK FOR CHANGE**

This document formulates and provides more details about the plan for welfare reform as per the recommendations of the Governor's Welfare Reform Advisory Council. This comprehensive welfare reform plan to replace the AFDC program as we know it is known as "Families Achieving Independence in Montana (FAIM)", and consists of four major strategies:

- o establishing a Job Supplement Program to divert as many individuals and families as possible from AFDC,
- o replacing AFDC with a time-limited Pathways program,

- o requiring Community Service work for adults, and
- o changing the culture of the welfare office from one that emphasizes benefit issuance, to one that promotes the attainment of participant self-sufficiency.

Consistent with Federal policy and a realistic assessment of Montana's economy, the welfare reform proposals are "cost-neutral." That is, we expect that the additional costs associated with implementation of the FAIM program will be offset by program savings generated over the next eight years. In fact, we are confident that Montana's welfare reform plan will both better serve Montanans in need and result in dramatic, longer-term savings.

#### **1. ESTABLISH A JOB SUPPLEMENT PROGRAM**

Available data suggest that many families apply for and receive the full range of "welfare benefits" (AFDC, Food Stamps, and AFDC-related Medicaid) when access to a more limited array of services may be all that is required to enable them to become or remain self-sufficient. Once on welfare, these families may become "trapped" by a system that (more often than not) makes it more advantageous to stay on welfare than attempt to become self-sufficient.

The first key feature of the initiative we propose is a "Job Supplement Program" consisting of a set of limited benefits designed to (1) divert Montanans at risk of becoming dependent upon welfare and (2) empower participants to transition to self-sufficiency. In order to enable individuals living on low-wage jobs to remain independent of welfare, the Job Supplement Program will include the following diversion services:

- o **Child Day Care** -- Most families at risk of becoming dependent upon welfare are single parents. Child day care is often required in order to enable these parents to work. Unsubsidized child day care is often prohibitively expensive to low-income families.

Unfortunately, while there are several programs (including tax credits, At-Risk Child Care, and the Child Care Development Block Grant) available to make child care more accessible to low-income families, the Federal rules governing these programs are complex, funding is limited and program availability is not uniform.

Compelling testimony was received by AFDC clients that had child care been available, they would not have been "forced" onto the AFDC program. The Job Supplement Program offers the same amount of child care assistance

available to those who are on AFDC. Families will no longer feel "forced" into monthly cash assistance.

- o **Medical Assistance** -- The national debate around health care reform has increased the public's awareness of the lack of access to adequate care encountered by low-income individuals who are not on welfare.

Families also may be forced to apply for welfare when all they need is access to Medical Assistance. Similarly, persons on AFDC are often reluctant to leave welfare because they might lose access to Medicaid benefits for themselves and their children. The all-or-nothing nature of Medicaid eligibility creates a severe disincentive ("cliff effect") to self-sufficiency efforts on the part of AFDC recipients.

**In the absence of national health care reform, including universal access to care, we plan to provide a reduced package of Medicaid benefits to employable adults in this program, while preserving the entitlement to full Medicaid benefits on the part of low-income children, pregnant women and the elderly and disabled.**

Montana plans to offer employable, able-bodied adults a choice among:

Mandatory participation in a Health Maintenance Organization (HMO) in the geographic areas where an HMO is available--allowable services are those which are provided by the HMO;

Having Medicaid pay a portion of a premium payment for private health insurance:

A basic Medicaid benefit package which excludes dental, eyeglasses/optometric services, durable medical equipment, personal care attendants, and hearing aid/audiology services.

- o **Child Support Enforcement** -- National statistics show that approximately 8 out of 10 children are on AFDC because of the failure of an absent parent to provide financial support. Only half of these families have secured an order to establish the absent parent's responsibility. Of those cases with ordered support, only half pay anything during a given year and only half of paying absent parents pay the full amount ordered.

The importance of aggressive child support enforcement is further underscored when it is recognized that receipt of child support, coupled with even a minimum wage job, can enable a family to stay off welfare.

**As part of this initiative we propose a package of reforms to strengthen the ability of the State's Child Support Enforcement program to divert AFDC applicants from becoming dependent upon welfare.**

Specifically, we will:

- . increase the priority attached to collection of data for child support enforcement, thus ensuring more families may stay off welfare or leave the system sooner;
  - . enact efficiency measures by co-locating child support enforcement "experts" in the larger county offices; by standardizing procedures; and by improving customer service.
  - . encourage Tribal Organizations to enter into performance-based cooperative agreements for the establishment and enforcement of child support on their reservations.
- o **Earned Income Tax Credit --** The Federal government recently expanded the Earned Income Tax Credit (EITC). The EITC is designed to increase the incentives for low-income families to work. Under this Federal legislation, EITC benefits are scheduled to increase further over the next few years. However, the value of the EITC to families needing income to supplement earnings is diminished because payment is made only one time a year, as part of an annual tax refund.

In order to further increase the work incentives built into EITC, we will designate "FAIM Coordinators" to assist those eligible for services to apply for EITC benefits and receive them as a part of their monthly wages.

We will explore ways to increase participation of eligible employers in the Targeted Jobs Tax Credit (TJTC) and ensure our participants are



knowledgeable about applying for the Federal Child Care and Dependent Care Tax Credit.

- o **Employment-Related Cash Assistance** -- We will grant a one-time-only cash payment to families who would otherwise be eligible for AFDC, if that one-time-only cash assistance would help the family avoid coming on the AFDC program. In order to receive this payment, the family would have to agree to remain off assistance for at least two months for every month of assistance received.<sup>3/</sup>.

These special initiatives are designed to complement other programs that are available to non-AFDC low-income families (such as Food Stamps and the Low Income Energy Assistance Program).

## **2. MAKE AFDC TRANSITIONAL BY IMPLEMENTING TIME LIMITS**

One of the more controversial areas the Advisory Council had to work through was the concept of time limits. In order to promote participant responsibility, it became necessary to design a program that offers an array of services for helping families transition from the welfare system, but limits the period of time over which those services would be offered.

Although every effort will be made to divert as many applicants as possible from AFDC to the Job Supplement Program, many families will continue to require temporary financial assistance. We believe that the obligation of the State to care for its citizens carries with it a concurrent obligation for individuals to care for themselves and their families.

The second key feature of the initiative we propose is the provision of time-limited services to provide families the employment, training, and educational opportunities necessary to leave the welfare system. These time-limited services will be provided as a part of an AFDC Pathways Program. We propose a maximum of two years of services be available for single-parent families, and a maximum of 18 months be available for two-parent families.

The Pathways component of FAIM consists of the following services.

- o **Family Investment Agreement** -- This agreement will be required as a condition of eligibility for financial assistance. The agreement will

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<sup>3/</sup> The maximum cash payment would be no more than three times the maximum payment for household size. Thus a family receiving the maximum payment would agree to remain off assistance for six months.

spell out the mutual obligations of the State and the participant to take actions to enable families to become self-sufficient. It also will spell out the time frames in which these activities should occur. Adults who do not enter into the agreement (or who fail to honor their obligations under the agreement in a timely manner) will be denied assistance.<sup>4/</sup>

Although the content of Family Investment Agreements will vary from individual to individual, at least four components will be mandated. First, parents will be required to assure that their children are immunized and comply with the preventive health screening provisions of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program. Second, the Agreement will spell out the actions to be taken (by the individual and the State) to secure child support.

Third, all families must fully cooperate with informing and securing available health insurance coverage benefits, known as Third Party Liability.

And last, but not least, the Agreement will specify what steps the family must take towards achieving self-sufficiency.

The Family Investment Agreement will be negotiated between the participant and an FAIM Coordinator, and must be re-done at least every three months. In negotiating that Agreement, a "client profile" assessment will be completed which will provide insight into the participant's employability and other aspects relevant to self-sufficiency.

Based upon this assessment, local labor market conditions, and participant interests, the agreement may provide for the State to make an investment on behalf of the participant in one or more of the following services.

- o **Teen Parent Services** -- Montana currently has six counties participating in Teen Parent Programs designed to provide intensive case management and other services appropriate to "children who have children." National data suggest that intensive services provided to teenage parents can be cost-effective in reducing long-term, often

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<sup>4/</sup> Children in the household will continue to be eligible for financial assistance.

intergenerational, poverty. We are evaluating these methodologies to ensure appropriate expenditures are being made, and are developing plans to expand the programs Statewide, using the most appropriate delivery methodology.

- o **Job Training** -- The Job Opportunities and Basic Skills (JOBS) Training program provides funding for a wide variety of programs designed to provide Montanans with the job skills training necessary to secure and retain productive employment. Other, similar, services include those funded by the Job Training Partnership Act (JTPA) and the State Employment Service.

As a part of the FAIM initiative, participants not referred to the "traditional" JOBS program must still complete activities to become independent of the program.

**Montana has a 100% participation program. All Pathways adults must be performing some activities which find alternatives to staying on public assistance.**

- o **Child Support Assistance** -- Recognizing the central importance of child support to AFDC families, the same strengthening of child support enforcement activities that are listed in the discussion of the Job Supplement Program will be used in the Pathways Program.

In order to reiterate the importance of child support to recipients, we will be adding the \$50 rebate on child support collected in the previous month to the current month's AFDC check, and identifying that on the check stub.

- o **Education/Training** -- The State, Federal, and local governments provide funding for basic, remedial, adult, and post-secondary education. Other services are available through local school districts, community colleges, and universities.

Research has consistently shown that individuals with high school diplomas earn more on average than those without equivalent education. Similarly, individuals with college degrees generally earn more than those with only a high school degree. For some recipients, post-secondary education may increase their potential to be self-sufficient. Montana's economy, however, is increasing at the fastest rate in the service industry. Therefore, the design of Pathways is a commitment to the receipt of basic education and to shorter term post-

secondary training programs, such as vocational education for those who show the necessary aptitude.

We strongly support an enhanced role for education in reducing dependency and propose that public funds (including those from the Job Opportunities and Basic Skills [JOBS] Training Program) be used to support educational programs that are tailored to jobs that are likely to be available before Pathways time-limits occur.

- o **Medical Assistance** -- As in the Job Supplement Program, we will provide a reduced package of Medicaid benefits to the employable adults participating in this program. Again, we still preserve the entitlement to full Medicaid benefits on the part of low-income children, pregnant women and the elderly and disabled.
- o **One-Time-Only Cash Payment** -- A one-time-only payment will be given for special employment-related needs for participants who have a bona fide job offer, but will need some additional financial assistance to stabilize their situation. Families accepting this one-time-only payment would agree to remain off AFDC for at least two months for every month of benefits received (as in the Job Supplement Program).
- o **Other Services** -- Beyond (or in addition to) the core set of services described above, participants and FAIM Coordinators may negotiate a Family Investment Agreement that includes other services that are available and appropriate to the participant's desire for self-sufficiency. These could include referral and advocacy to Supplemental Security Income, vocational rehabilitation, and public (including mental) health programs.

In addition to negotiating the Family Investment Agreement with the individual participant, the FAIM Coordinator will be responsible for making referrals to service providers, assisting the participant to arrange for child care and other supportive services, and monitoring the participant's progress toward self-sufficiency. Non-compliance with Agreement requirements results in the needs of the adults being removed from the cash grant.

When a participant enters the Pathways component, a careful, thorough and clear explanation of time limits, earned income disregards, and expectations of both parties will be provided. A primary goal will be to promote a close working relationship between the FAIM coordinator and participant.

### 3. REQUIRE COMMUNITY SERVICES WORK FOR ADULTS

Although the overriding objective of this initiative is self-sufficiency, local labor market conditions and other factors may make this goal unattainable for a particular individual at a given point in time. However, there are meaningful jobs in communities that, for simple lack of funding, are not getting done.

The third key feature of the initiative is creating Community Services Work. In order to continue to receive financial assistance beyond the two-year period (or 18-months for two-parent families) of the Pathways program component, adults will be required to provide 20 hours of community service per week.

If community service is not performed, the AFDC benefits will be paid only for the needs of the children. A family of three would have their benefits reduced from a full grant of \$416 to \$177 per month.

There is no time limit on benefits if community service work is not available. Local communities will be permitted and encouraged to develop community service programs.

Since the financial rewards to the family will be less for participants in community service than they would be for persons who are gainfully employed, our plan does not limit the length of time that a person could participate in community service. However, the FAIM Coordinator will review the participant's status and plans to become self-sufficient at least every six months.

In order to encourage community agencies to provide work sites for community service participants, the State will extend Worker's Compensation Coverage to these persons.<sup>5/</sup> Child care will be provided to participants if such assistance necessary to enable them to meet their community service obligation. In order to reduce the need for child care, however, participants will be encouraged to schedule community service during school hours or form child care cooperatives with other community service participants.

Community service is intended to be neither punitive nor "make work." These assignments may be real jobs in the public or private non-profit sectors. However, these assignments may also be currently defined as "volunteer" work, or may simply be tasks that the community has decided would be of benefit. Some participants may never be able to be hired, but most participants have value to offer back to the community. The experience of

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<sup>5/</sup> The experience of other states suggests that the costs associated with this recommendation will be negligible.

other states suggests that community service assignments along the lines we propose are highly valued by participants, promote self-esteem, and lead eventually to unsubsidized employment.

We will allow communities considerable flexibility to define what constitutes acceptable "community service." In particular, communities will be allowed to decide whether to consider participation in post-secondary activities as "community service." The Governor has agreed to encourage State agencies to open their doors to provide suitable host sites for community service. SRS will establish a committee to review and approve proposed Community Service jobs.

#### **4. CHANGE THE CULTURE OF THE WELFARE OFFICE**

The culture of the welfare office must change from one of an eligibility and "check-writing" focus, to a "job focus" . . . one in which the participant family receives case management activities offering alternatives and options to the welfare system.

The fourth major feature of the FAIM initiative is a dramatic cultural change that would consistently reinforce (to staff, the public, and program participants) that welfare is only be a temporary solution to economic difficulties. Applicants for public assistance need to know, from the moment they first come in contact with these public programs, that the purpose of these services is to promote self-sufficiency . . . not provide welfare benefits.

We reject the notion that the stigma associated with welfare is necessary to discourage people from applying for welfare benefits. We see far more value in a system that reinforces, at every turn, the dignity of individuals and the responsibility of families to care for themselves. This paradigm shift will not easily be achieved. In addition to re-engineering intake and eligibility processes, we will make a major investment in staff development and training to help achieve the fundamental cultural change we envision.

We will dramatically change the duties and responsibilities of the "front-line" welfare worker. Instead of an "eligibility specialist," we envision a skilled "FAIM Coordinator" whose primary job is to assist families to avoid coming on to AFDC or to help them understand the temporary nature of the program and access the services necessary to leave the system as rapidly as possible.

One of the most apparent deficiencies of the current welfare system is its complexity. This complexity places an intolerable burden on both agency staff and persons in need of service. Applicants for services and benefits must complete a bewildering blizzard of forms, each form requesting information that largely

duplicates the information needed to complete still another form. Agency staff, guided by complex Federal policy that varies from program to program, are then placed in the unenviable position of processing this information to determine the applicant's eligibility for services and the appropriate level of benefits.

In order to help create the time necessary to provide personalized services, we are simplifying and unifying the intake/eligibility processes for AFDC and Food Stamps.

The major simplification/unifications we plan include the following:

- o **Eliminate the Deprivation Requirement for AFDC and AFDC-Related Medicaid** -- Currently, all single parent families meet "deprivation" requirements. Two-parent families must qualify for deprivation through a complex determination process. (This is commonly known as the "marriage penalty".) However, applicants will still have to meet the income, resource, and other requirements associated with AFDC and AFDC-related Medicaid.
- o **Eliminate All Monthly Reporting and Retrospective Budgeting for AFDC and Food Stamps** -- Montana exempts all households, except those with earned income, from monthly reporting. This plan eliminates the work disincentive associated with the added paperwork of monthly reporting. Instead, households will have their benefit levels reviewed, prospectively, on a quarterly basis.
- o **Establish Common Definitions to Replace the Disparate Requirements Now Used to Govern the Food Stamps, AFDC, and AFDC-Related Medicaid Programs** -- These include new, common policy governing the treatment of dependent care, utilities, energy payments, dependent child income, child support payments, occasional gifts, educational benefits, allowable vehicles, and life insurance.
- o **Replace the Current, Confusing AFDC Income Disregard Policies with a \$200 Disregard of Earned Income and a 25 Percent Additional Disregard Applied Only to Earnings** -- In order to create an incentive to work, current Federal policy does not count ("disregards") a portion of a family's income. Federal policies governing what portion of a family's income may be disregarded are extremely complex. This complexity runs directly counter to the notion

that incentives have to be understood by the participant in order to have their desired effect (in this case, encouraging work).

We plan to replace the complex policies governing AFDC disregards with a simple policy.

- . A Pathways family will retain the first \$200 it earns each month.
- . A Pathways family will retain 25 percent of all earned income above the first \$200 it receives each month.

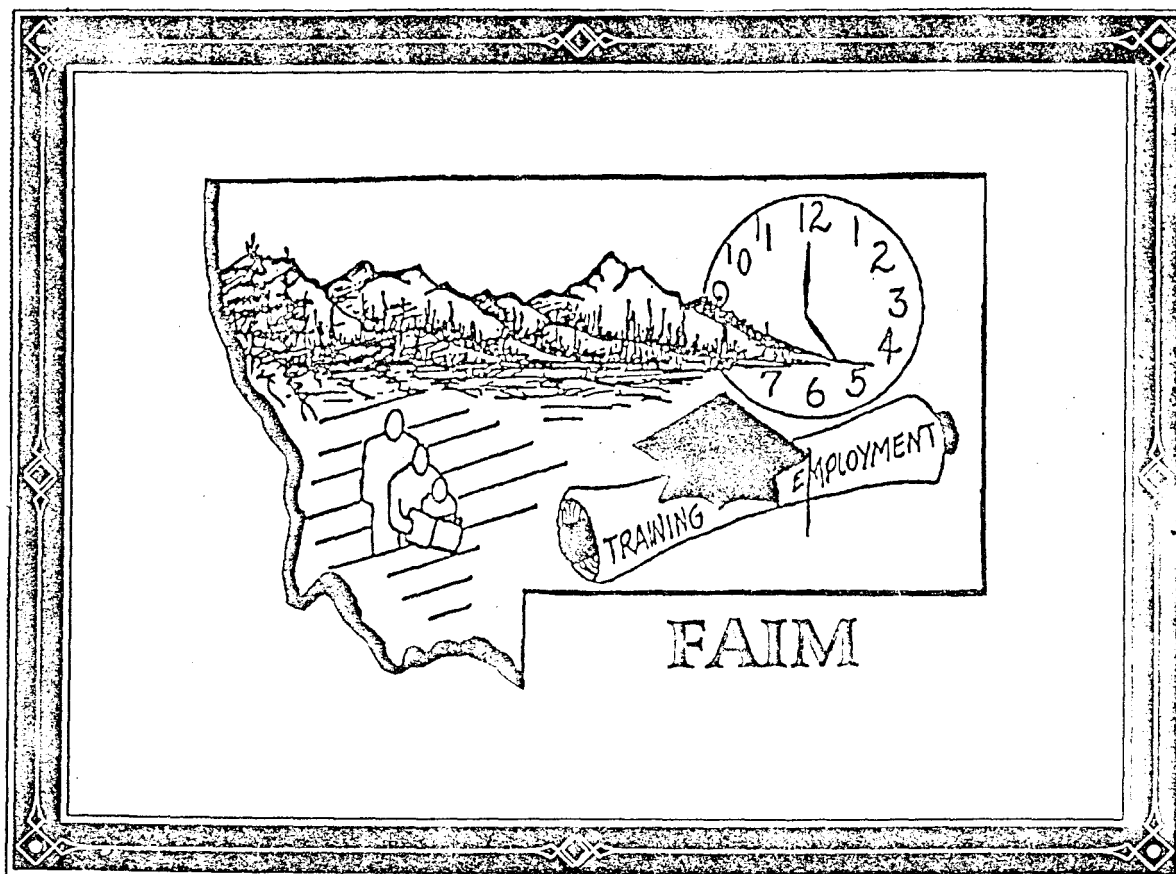
These same disregards will be used in calculating eligibility for the Job Supplement Program. However, for the Community Service Program, only a flat \$100 will be disregarded from earned income.



SENATE HEALTH & WELFARE  
EXHIBIT NO. 3  
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BILL NO. SB 209



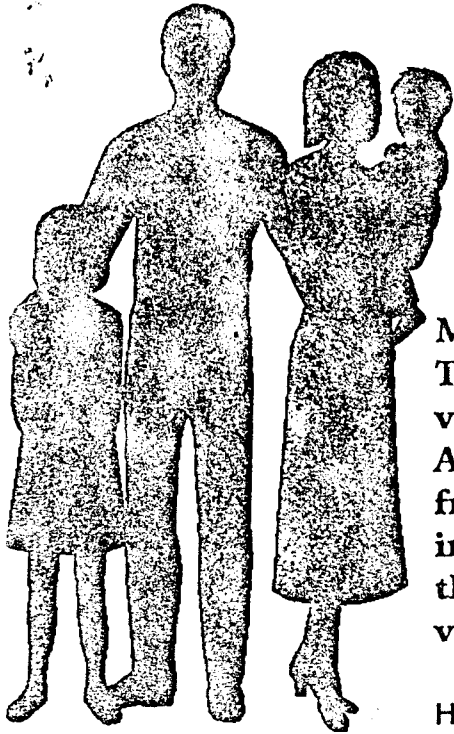
# MONTANA'S WELFARE REFORM PROJECT



## FAMILIES ACHIEVING INDEPENDENCE IN MONTANA

The FAIM program promotes the values of work, responsibility, and family. The opportunity for self-sufficiency will be achieved through the vigorous pursuit of Child Support -- enforcement and collection, immediate employment, and other alternatives to public assistance.

FAIM IS A PROJECT  
OF  
THE MONTANA DEPARTMENT  
OF  
SOCIAL & REHABILITATION SERVICES



# "FAIM SKETCH"

## MONTANA'S WELFARE REFORM PROPOSAL

Montanans are proud of their traditions and values. These traditions include a love of family, recognizing the value of self-sufficiency, and caring for people in need. At the same time, there is widespread and growing frustration, in Montana and across the country, with increasingly expensive governmental welfare programs that appear to be working at cross-purposes to these values.

### HOW THE REFORM PROPOSAL WAS CREATED

Montanans' perspective on the need for welfare reform is reflected in the Executive Order creating the Governor's Welfare Reform Advisory Council. Executive Order Number 12-93 cited, among other deficiencies, a Federal welfare system that "has become inefficient, organizationally fragmented and bureaucratically entrenched" and "fails to foster fundamental American values relating to work, family, individual responsibility and self-sufficiency."

In order to deal with these deficiencies, Governor Marc Racicot's Executive Order mandated the Director of the Department of Social and Rehabilitation Services (SRS) to appoint 23 members of the Council who would serve at the pleasure of the Governor. Consistent with this directive, the Council's membership represented a bi-partisan cross-section of Montanans interested in welfare reform. Council membership included county human service directors, county commissioners, State legislators, State officials, human resource development councils, Native Americans, labor, private industry, the religious community, consumers, and the general public.

Beginning on July 28, 1993, the Advisory Council met monthly in full-day, open sessions held in Helena. The Council heard testimony from service consumers, Native Americans, the academic community, advocates, and others with views on the deficiencies of the current arrangement and/or recommendations on the ways that Montana's welfare system should be reformed.

EXHIBIT 3

DATE 2-3-95

SB 209

*"THERE ARE A LOT OF HONEST PEOPLE ON ASSISTANCE WHO DON'T WANT TO DEPEND ON WELFARE, BUT HONESTLY WANT TO STAND ON THEIR OWN TWO FEET."*

*- AN ASSISTANCE RECIPIENT*

The Council also had access to considerable data and analysis from the staff of the Department of SRS. State and regional Departmental staff conducted informal opinion polls, public hearings, and focus groups. The results of these efforts were made available to the Council.

Departmental staff were, in turn, supported by the services of a private contractor (Maximus) who provided the Council with national perspective on welfare reform, and findings emerging from the research on similar efforts in other states.

Additionally, the Welfare Reform Advisory Council, along with the assistance of numerous County Welfare Directors, sought and received public input on its draft report in December of 1993. The Council met again on January 10, 1994, to consider public input, make necessary changes, and finalize its report to the Governor.

The Council stated in the introduction of their report:

... Montanans have come to realize that overhaul of the State's welfare system is long-overdue. We need to both "end welfare as we know it" and put in its place a program that promotes participant self-sufficiency and responsibility by strengthening supports and incentives for family stability, gainful employment, and productive community service. (Governor's Welfare Reform Advisory Council, 1993)

Governor Racicot approved the report of the Welfare Reform Advisory Council on February 22, 1994.

The recommendations of the Governor's Welfare Reform Advisory Council were formulated into specific requests for waivers of applicable Federal policy. Montana recommended these waivers in order to initiate a comprehensive welfare reform strategy to replace the AFDC program as we know it. This initiative, "Families Achieving Independence in Montana" (FAIM), was formally submitted to federal officials in April, 1994. In July, 1994, these federal officials responded by sending Montana a list of almost 70 issues/questions/considerations they had about the FAIM proposal. In

August, 1994, Montana responded to these issues and has been in the process of negotiating with each individual federal agency (Administration for Children and Families -- ACF, Health Care Financing Administration -- HCFA, and Food and Nutrition Services -- FNS) to further clarify and answer issues or questions about specific waiver items. Federal officials have acknowledged that Montana's welfare reform request is, by far, the most comprehensive of any state to date.

**FAIM'S FOUR MAJOR STRATEGIES:**

① **CHANGING THE CULTURE OF THE WELFARE OFFICE**

For families applying for AFDC, the focus of the welfare office will change from the primary focus of eligibility determination and check-writing, to a primary focus of alternatives to the AFDC program -- through child support collections, employment, and family responsibility.

② **THE JOB SUPPLEMENT PROGRAM**

For families who are eligible to receive AFDC, but choose not to, an array of services will be offered. These services include sliding fee scale child care, some medical assistance, Food Stamps, enhanced child support enforcement activities, and assistance in applying for the Earned Income Credit as a monthly benefit in the family's paycheck. It also provides families eligible for AFDC with the option of receiving a one-time employment-related payment instead of entering the AFDC Pathways program.

*"THE EARNED INCOME DEDUCTION RULES ARE TOO COMPLICATED. I NEVER KNOW FROM ONE MONTH TO THE NEXT HOW MUCH ASSISTANCE I WILL BE RECEIVING."*

*— AN ASSISTANCE RECIPIENT*

③ **THE PATHWAYS PROGRAM**

The first two years (18 months for two-parent households) of this program consists of completion of a Family Investment Agreement, with participation requirements structured towards families availing themselves of employment and training opportunities. They must also get their children immunized, and cooperate to ensure the recovery of any applicable child support.

Time limits do not apply to children or certain adults (those with verifiable barriers such as a mental or physical disability, a child under the age of one, or no access to child care).

• THE COMMUNITY SERVICE PROGRAM

If a family still requires financial assistance at the end of the Transition phase, then AFDC is provided for the children's needs. Adults must complete an average of 20 hours of community service work per week (if available in the community) to receive the adult portion of the grant. To encourage participants to seek private sector employment, the program compensates at a level lower than that of gainful employment. Local communities determine what are acceptable community service activities, thus ensuring that participants contribute meaningfully to their areas.

Consistent with federal policy and a realistic assessment of Montana's economy, our proposals are "cost-neutral." That is, we expect that the additional costs associated with implementation of the FAIM program will be offset by program savings generated over the next eight years of the demonstration project. In fact, we are confident that the framework for self-sufficiency that we proposed will both better serve Montanans in need and result in dramatic, longer-term savings.

## *FAIM PHILOSOPHY*

*The FAIM program ("Families Achieving Independence in Montana") promotes the values of work, responsibility, and family. The opportunity for self-sufficiency will be achieved through the vigorous pursuit of child support enforcement and collection, immediate employment, and other alternatives to Public Assistance.*



# FAIM VISION



*Throughout implementation and the life of this demonstration project, we will be monitoring cost-neutrality and program effectiveness data and "fine-tuning" FAIM as necessary. We will be making any adjustments needed to ensure timely and efficient implementation in all remaining counties.*

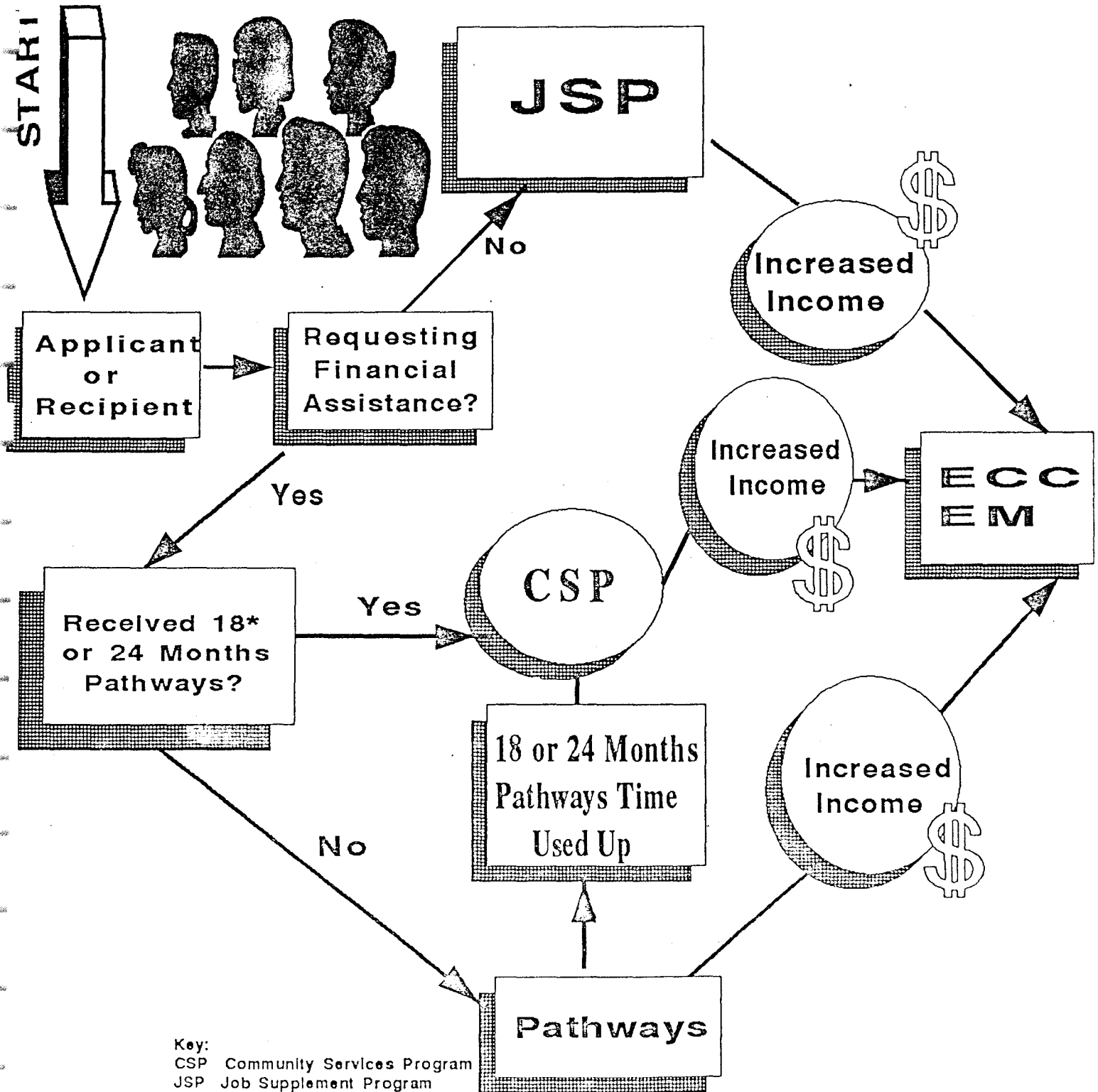
*Additionally, we will be working with communities to enhance partnerships between welfare offices and community resources, stressing networking and development to ensure that the goals of the FAIM project are adhered to and met.*

## OUTCOME-BASED EXPECTATIONS INCLUDE:

- AFDC caseloads (after inflation is factored in) will decrease because some cases will participate in Job Supplement Program, and more families will leave AFDC than currently (rate of closure will increase).
- More families will receive child care assistance because extended child care will increase as more families leave due to employment, and also due to FIA requirements.
- Average Medicaid cost per AFDC adult will decrease.
- Taxpayers will feel less anger and frustration toward AFDC recipients as they become familiar with the increased participation requirements, community service component and emphasis on family and responsibility under FAIM.

# "Families Achieving Independence in Montana"

FAIM Flow Chart



Key:  
 CSP Community Services Program  
 JSP Job Supplement Program  
 ECC Extended Child Care  
 EM Extended Medicaid

\* Single parent households are entitled to 24 months Pathways assistance, two-parent households are entitled to 18 months Pathways.

# FAIM IMPLEMENTATION SCHEDULE

FEB 96

MAY 96

OCT 96

DEC 96

FEB 97

Lewis & Clark\*

Silver Bow\*

Beaverhead

Jefferson

Yellowstone\*

Hill\*

Liberty

Chouteau

Blaine

Missoula\*

Mineral

Ravalli

Flathead

Granite

Powell

Deer Lodge

Gallatin

Madison

Richland

McCone

Garfield

Prairie

Custer

Powder River

Carter

Fallon

Wibaux

Dawson

Cascade

Petroleum

Musselshell

Golden Valley

Carbon

Stillwater

Sweet Grass

Park

Meagher

Broadwater

Judith Basin

Fergus

Wheatland

Valley

Phillips

Lincoln

Sanders

Toole

Teton

Pondera

Big Horn

Lake

Glacier

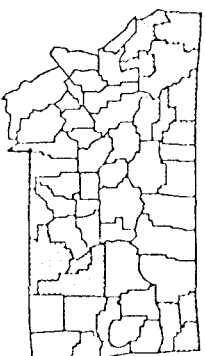
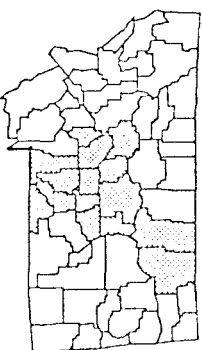
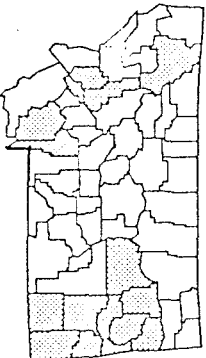
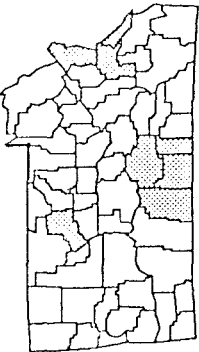
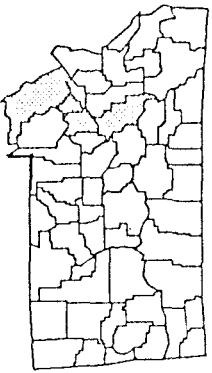
Rosebud

Roosevelt

Treasure

Daniels

Sheridan



SENATE HEALTH & WELFARE  
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BILL NO. SB 209

\*Control counties

All others are Treatment counties

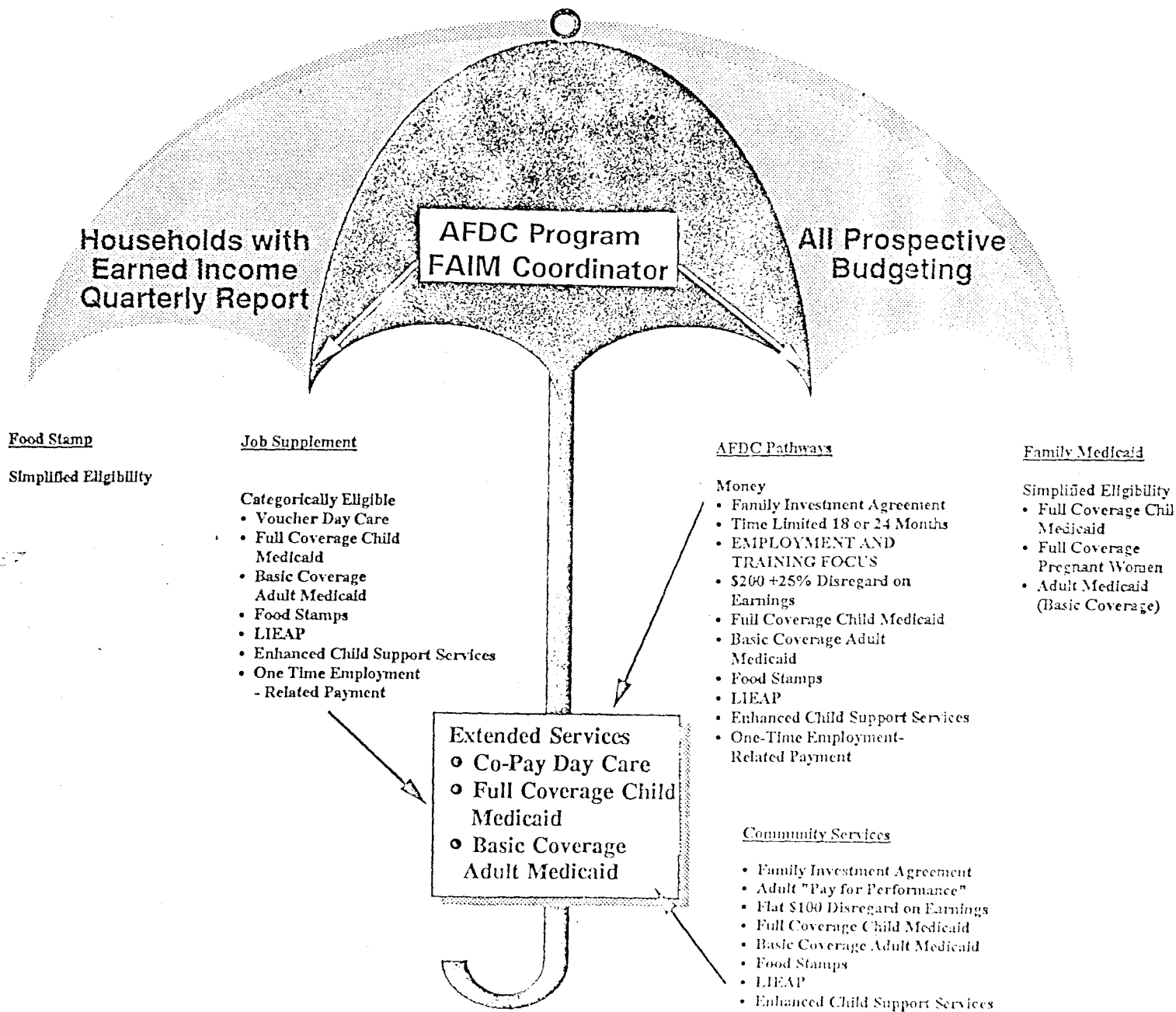
FAIM implementation is expected to begin February 1, 1996. However, initial implementation and subsequent implementation dates may be subject to change, especially when cost-neutrality issues and federal procedural contingencies are factored in.

The definition of a control site is that approximately 80% of the population will be in the experimental group (FAIM) and 20% will be in the control group (business as usual).

All other counties would be "treatment" counties. The definition of treatment is that 100% of the population are in the experimental (FAIM) group.



## FAMILIES ACHIEVING INDEPENDENCE IN MONTANA FAIM



# SELF - SUFFICIENCY

# MONTANA WOMEN'S LOBBY

P . O . BOX 1099 HELENA, MT 59624 406-449-7917

SENATE HEALTH & WELFARE

EXHIBIT NO. 7

DATE 2/3/95

BILL NO. SB 209

The Montana Women's Lobby rises in support of SB 209. The Welfare Reform plan that is SB 209 was developed from statewide input from a wide variety groups whom in many cases approach welfare and welfare reform quite differently. Yet from this varied group this plan has arisen geared specifically to Montana and Montana's welfare system. This plan takes into consideration the inter-connecting factors that lead to the success or failure of a welfare program that aids families in moving off of public assistance and onto self-sufficiency. We ask that this legislature respect the interconnectedness of these factors and respect the consideration of Montana's economy and geography that went into this plan. If one starts to unravel this plan, we could end of with problems where there could have been solutions.

A question I've heard in the hallways in regard to this plan is Is it tough enough? Well, I think a better question is Is it effective? Is it going to work? The plan requires that all participants be engaged in actively taking planned steps toward self-sufficiency for which they will be held accountable and with which they will be assisted. Is it tougher than the old way? Yes. Is it more effective? We think so, because of the intensive case management and action plans. In addition, after two years, individuals will provide community service in return for their benefits until they secure employment. This works for Montana as the economy is at least as large, though probably larger, a factor in whether or not one secures employment than one's personal responsibility.

The intent of welfare reform is to help individuals beat the streets for jobs, not live in them. I therefore ask you to not step on the "two years and you're off" bandwagon which while it gets kudos for its rhetoric, doesn't work. It leaves families impoverished (they don't disappear when they stop receiving benefits) and it creates unfunded mandates to communities which will then have to feed, house, and clothe families.

Therefore, we support SB 209 with the following changes which will be discussed at greater length by others here today:

1. Guaranteed child care for post-secondary training
2. Exemptions to the time clock for homelessness and to stabilize after violent situations.

My name is Donetta Klein. I live in Stevensville and have lived in Montana for over twenty years. During the past seven years I have worked with hundreds of welfare recipients and their families, first as a crisis counselor at a domestic violence counseling center and currently as a case manager in the Missoula JOBS program. I'm a former welfare recipient and know first-hand what it's like to live in poverty in Montana.

I have been listening to the public discussion about welfare and I am, quite frankly, disgusted with what I've been hearing. I don't recognize the welfare recipient as she is portrayed today, and that's because the image currently presented as fact is a myth!

The majority of welfare recipients want to move off welfare. They are women who have left abusive relationships, have been abandoned, are not receiving child support and are trying to raise their children in the best way they know how. Only 8.3% nationally are teenage moms.(1) The typical welfare recipient is a 29-year-old woman with two children. Almost half use welfare as a source of unemployment benefits between jobs and one-fifth work at such low-wage jobs that they continue to qualify for welfare. For the 43% who do spend substantial time at work, their jobs pay an average of \$4.29 per hour. They are most likely to work in the lowest-wage female occupations and usually do not receive health insurance.(2) They cannot afford to work, because the cost of child care is greater than the wages they can make.

In Montana 85% of welfare recipients need assistance for two years or less, and only 13% grew up in families receiving welfare.(3) It's less clear how many of those who leave welfare within two years in Montana cycle back on. Cycling on and off welfare is common. That's something I had to do until I got a college degree ten years ago and moved out of poverty permanently.

In the five years that W.O.R.D. has administered the JOBS program in Missoula, we have rarely seen a woman walk through our door with a college degree in hand. Women with college degrees don't end up on welfare. In today's job market, women need a college education. Research clearly shows that welfare recipients with college educations do not cycle back on to welfare.(4) Our program statistics show that those who begin employment after obtaining a four year college degree make on average \$10.83/hr., compared to our program average of \$5.62/hr.(5)

College is the most viable path off welfare for many recipients. And currently college is an option for AFDC recipients participating in the Self-Initiated program. However, SB209 explicitly states that child care for post-secondary education is not guaranteed under Montana's welfare reform. Post-secondary education will not be a viable option without the guarantee of child care. I ask that you ensure guaranteed child care for college students under welfare reform.

SENATE HEALTH & WELFARE

EXHIBIT NO. 8

DATE 2/3/95

BILL NO. SB 209

I also ask that you ensure that welfare recipients who have started a college degree will be granted the necessary time to complete a four year degree under the community service part of welfare reform.

What could be more of a community service than the attainment of something that moves a family permanently off welfare? Is Montana's welfare reform simply going to create a "make work" situation in the form of community service for those who don't move off of welfare within the two year time limit? Doesn't it make better sense to create real opportunities for moving off of welfare permanently? That is exactly what a college education will do if we continue to make it a viable option for Montana's welfare recipients.

1. U.S. Dept. of Commerce Statistical Abstract of the United States; Washington State Institute for Public Policy; Overview of Entitlement Programs, House Ways and Means Committee 1990, 1992 & 1993 Green Books; Family Planning Perspectives; Family Relations; Journal of Interpersonal Violence; and Social Service Review.
2. Institute for Women's Policy Research, Research in Brief.
3. Study of Montana's AFDC population, Northwest Community Consultants, for SRS.
4. From Welfare to Independence: The College Option, Howard Samuels State Management and Policy Center, The Graduate School and University Center of the City University of New York, March 1990.
5. Missoula County JOBS program, Options Unlimited, a project of W.O.R.D., Inc.

Testimony on Senate Bill 209  
Families Achieving Independence in Montana  
2/3/95  
To: Senate Health and Welfare Committee  
From: Judy Smith, Missoula, Montana

I was a member of the Governor's Taskforce on Welfare Reform that developed the FAIM Proposal and a JOBS operator in one urban and three rural western Montana counties. I support this bill with some reservations that I discuss below.

My interest in welfare reform began four years ago and is based on my experience as a JOBS operator. I realized after talking to many JOBS participants that the large majority of Montanans on AFDC did not want to be there. They wanted to work but couldn't afford to because of the types of jobs available and the structure of the current welfare system that wouldn't allow them to combine work and welfare.

If the welfare system is to assist families to move out of poverty the priority issues to address in welfare reform are:

- 1) The lack of affordable child care and health care that keeps many on AFDC. They can't afford to take minimum wage jobs because their pay will not cover their child care and the job does not provide health benefits.
- 2) The lack of experience and job skills that keeps many AFDC recipients from competing successfully for other than minimum wage jobs. Higher wage jobs that don't require advanced education and training are harder and harder to find in Montana.
- 3) The lack of child support actually paid to single parent families that keeps them more dependent on AFDC.
- 4) The barriers within the current welfare system itself that don't allow recipients to work off of welfare

The FAIM Program attempts to address these issues. The Job Supplementation component includes an extended child care and medicaid benefit. The Pathways component includes coordination with the JOBS Program and other education and training opportunities and on-going income disregards. Both components provide increased efforts at child support collection, and the whole eligibility system has been revised so that recipients can keep or build up resources that increase their self sufficiency.

We do not have a significant welfare dependency problem in Montana. The recent Montana AFDC Population Survey concludes that "Montanans do not lack the incentive to take care of themselves, just the resources." The Survey found very little intergenerational use of welfare. Montanans don't stay on AFDC for long periods of time; the majority are off in two years. However, those that are on

AFDC for longer periods often have greater barriers to self sufficiency or are pursuing education.

Based on my experience with the JOBS program, I am opposed to a rigid two year time limit for AFDC. It is unnecessary in most cases and creates significant administrative costs. More importantly, it doesn't allow for the realities of some of the families who receive AFDC.

Families often come on AFDC due to emergencies- domestic violence being a major causal factor. Families need temporary safety nets at different times. Rigid two year clocks take away safety nets. Jobs can be hard to find in an economy that is very uneven in job creation. Unemployment statistics don't reflect the experience of those on AFDC who have not recently been employed. Rigid two year clocks punish those in communities with few new jobs. Post secondary education is the single most effective way for AFDC recipients to gain higher waged employment, move their families out of poverty and permanently off welfare programs. These programs do not fit into rigid two year time clocks.

The inclusion of the community service component of FAIM allows me to support the package with reservations. It means children are not punished because their parents can't find a job in a time of recession. It means longer term barriers can be addressed without a family risking homelessness. It means recipients can successfully complete education programs. Without the community service component, FAIM would destabilize the most vulnerable families rather than encourage self sufficiency.

I request the Committee consider two changes:

1) allow exemptions to the Pathways time limit for documented episodes of homelessness and domestic violence that have been reported to the police as recommended by the FAIM regional advisory group. This would keep a safety net for the types of emergencies that destabilize any efforts at self sufficiency.

(Section 5, p.6)

2) provide the same guarantee of child care for those in Pathways pursuing post secondary education as those pursuing other activities. This would allow appropriate AFDC recipients to pursue the option most likely to move their families to self sufficiency.

(Section 8, p.7)

FAIM is the result of great effort by many people throughout the state of Montana. It reflects the diversity of those involved in its development. It will require large increases in child care and training resources and major changes in local OHS offices. I urge your support for it as a whole because it offers us an opportunity to build welfare reform on Montanans strengths-their true desire to be self sufficient- and maintain a safety net for Montana's children.

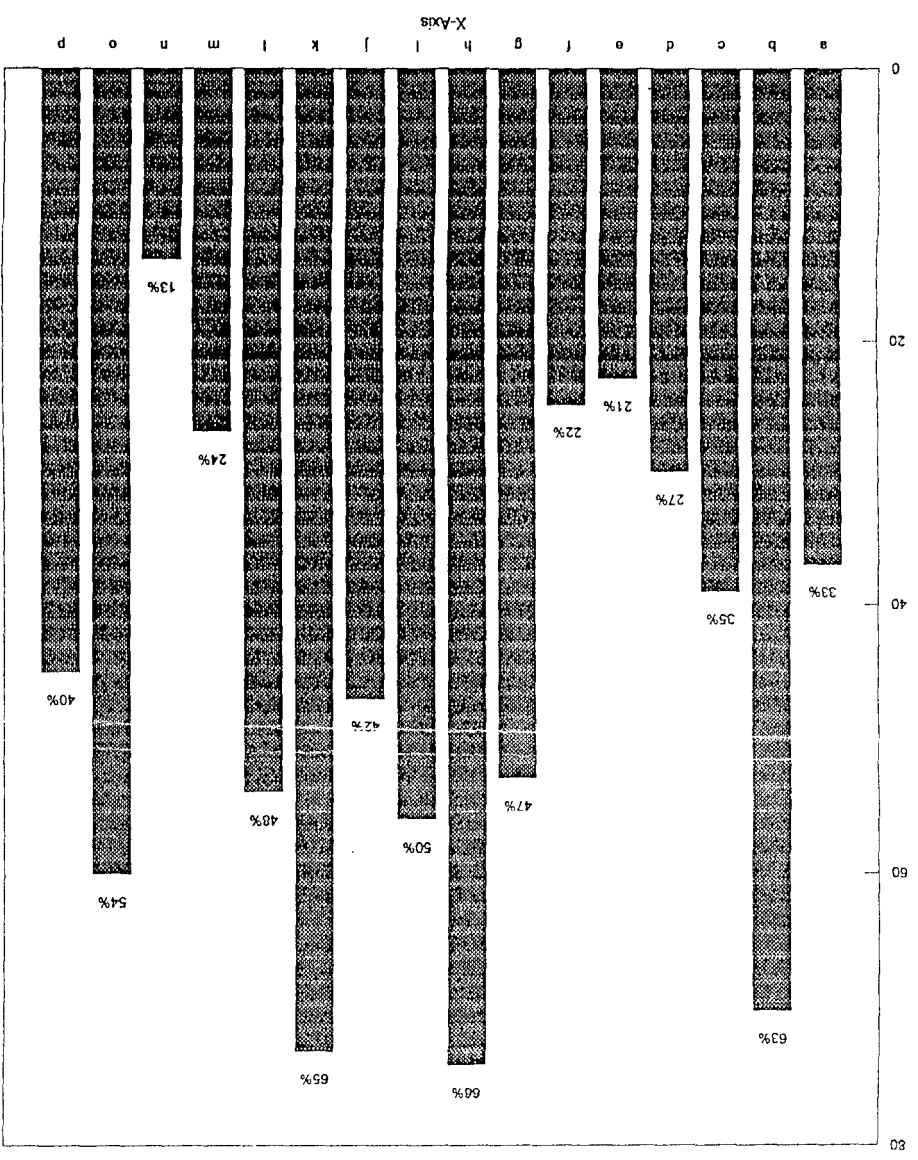
approximately 200 sent out  
112 responded.

Reasons for Needing Assistance

- a Your job did not exist anymore.
- b Your job did not pay enough to support your family.
- c You could not find a job.
- d You got sick and could not work.
- e You didn't have a way to get to work. (i.e. no good car).
- f You didn't have appropriate work clothing.
- g You could not find good child care.
- h Child care cost too much to make it worth working.
- i You wanted to stay home with your children.
- j You needed to stay home with a new baby.
- k You needed to go on AFDC so that you would have Medicaid to pay for your Dr. bills.
- l You got divorced / separated.
- m Your partner was abusing you or your children.
- n You are a teenage mom.
- o You needed help while you continued your education / training.
- p You could not depend on child support payments.

approximately 200 sent out  
112 responded.

Students on campus



SENATE HEALTH & WELFARE  
EXHIBIT NO. 10  
DATE 2/3/95  
BILL NO. SB 209

Sami Jo Velez  
1048 Yreka Court  
Missoula, MT 59801

My name is Sami Velez and I am a single parent of two children. I became single after a divorce five years ago. There was a time in my life that it was necessary for me to be on state assistance. This decision was not an easy one to come to, nor a pleasant one to live. I found that I was unable to make ends meet on \$5.00/hour jobs that offered no benefits. If one did the simple math, one could see that there just wasn't enough money coming in to pay the necessary expenses of rent, utilities, food, childcare and medical expenses (please refer to the budget fact sheet I provided). This was the case even though I was receiving a very high child support amount (\$450.00) I went through a series of jobs due to circumstances beyond my control - sick children, problems with child care, and unpleasant working environments on one or two occasions.

After being awarded AFDC benefits, my family's basic needs were being met, however, my rent and utilities consumed my entire AFDC cash payment. Therefore, I had no extra money for basic things such as toothpaste, shampoo, gas, and clothes - not to mention birthday presents for my children and an occasional pizza. Under these circumstances I thought it would be okay to get a part-time job. In doing so, I was required to report all my earnings to the state. My gross wages were less than \$150.00 per month, yet within 30 days of reporting my wages, I was informed that my income had put me over the eligibility level for receiving AFDC by \$9. My child support, which was going directly to the State, figured into the equation. Little did I know that because I was no longer eligible for AFDC, another formula would be used to determine my eligibility for food stamps. This time the fact that I owned a reliable car figured into the equation. Within one month, of gaining employment, I was faced with the dilemma of not only trying to come up with money to pay my bills, but to feed my children.

I hope that you can see by my experiences that a woman with children has a very difficult time surviving - let alone thriving due to the realities of our economy. She can't make it on welfare alone, and she can't make it on the economy alone. The only way out of the situation was for me to pursue a college degree. Granted that decision requires me to continue struggling financially - but at least there is some end in sight - not too far down the road. Fortunately I have some things in my corner that now help my situation tremendously.

- 1) Even though I was no longer eligible for AFDC, I was eligible for transitional medicaid and child care. Those benefits provided some relief to my already overextended budget.



- 2) Because I pursued college, I was able to get an apartment through the University of Montana Family Housing which allowed me access to an apartment with affordable rent.
- 3) My ex-husband provides consistant and adequate child support payments.
- 4) Recently, I was able to successfully compete for a position with the US Forest Service which pays Federal wages well-above the minimum wage and I have vacation and sick leave benefits. Although I still have yet to use my vacation leave for that purpose but, it has come in very useful to use during my children's occassional illnesses and for studying for finals. In May 1995, I will be eligible for health insurance through the US Forest Service.
- 5) I have access to Student Health Services and insurance coverage at the University of Montana.

A combination of all of these things has significantly eased the pressures of my budget.

The current welfare system does need to be reformed. After reviewing the proposed changes, I strongly support the acknowledgement that the benefits offered through the Job Supplement Program are necessary. These benefits address the barriers that commonly discourage individuals from working. I also support the recognition that there is a need to establish a common set of eligibility regulations for both food stamps and AFDC and I support the recognition that there is a need for simplification of the earned income disregard formula so that participants are able to calculate the impact their earnings will have upon their AFDC benefit.

In summary, education, training, child care, and health care are the keys to families moving up and out of poverty. In changing the welfare system, the realities of the economy must be considered and the focus must be upon assisting individuals gain the skills needed to compete for a family sustaining wage. That fact translates into higher funding for JOB training programs and in providing incentives for obtaining post-secondary education. The goal is to get people off welfare and keep them off. The only way that goal can be realized is with law makers supporting individuals' access to higher education via GED, vo-tech, college/university, or non-traditional job training and showing a willingness to support families (temporarily) through these endeavors.

For your information, the average wage in Missoula for an individual with a 4-year degree is \$10.83/hour; with a 2-year degree it drops to \$6.31/hour; with non-traditional training and placement the wage averages \$10.90/hour; and with a high school diploma the wage averages \$5.62/hour. I feel this information emphasises the importance of post-secondary education.



# Mental Health Association of Montana

*An Affiliate of the National Mental Health Association*

State Headquarters • 555 Fuller Avenue • Helena, Montana 59601  
(406) 442-4276 • Toll-Free 1-800-823-MHAM • Fax (406) 442-4986

SENATE HEALTH & WELFARE

EXHIBIT NO. 12

DATE 2/3/95

BILL NO. SB 209

Mr. Chairman, Members of the Committee: My name is Jean McDonald. I am the Public Policy intern representing the Mental Health Association of Montana.

We support the concept of welfare reform, but would urge you to consider the proposals for procedural changes presented to you by the Mt. Low Income Coalition. Many people who are on AFDC would be eligible for Social Security benefits because of mental illness. It is our belief that SSI eligibility should be determined during the initial stages of the intake process not after a person has tried to succeed in the community service programs and failed. This process undermines a person's self esteem and takes funds away from those who are more likely to succeed.

Mr. Chairman, Members of the Committee I would like the committee to know that I am a former welfare consumer. I was one of the lucky ones. I had a case worker who helped me and encouraged me to succeed. Today I am a full-time student at Carroll College, I run a group home for developmentally disabled adults, besides working with the Mental Health



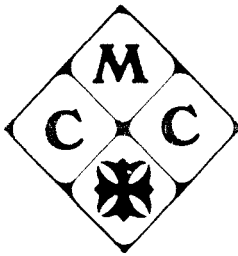
*A Non-Profit Education & Advocacy Organization*  
**Working for Montana's Mental Health and Victory over Mental Illness**

*A National Voluntary Health Agency*  
*A Montana Community Shares Agency*



Association. I tell you this for two reasons, first; I am not the exception to the rule, most people on welfare stay on the program approximately two years and then move on to become tax paying citizens. Second, although my experience as a welfare consumer was a positive one many people have not fared as well in the system. I believe we can make the process more humane and just by not requiring a person to fail before they are determined to be SSI eligible.

Thank you for your consideration.



# Montana Catholic Conference

SENATE HEALTH & WELFARE

EXHIBIT NO. 13

DATE 2/3/95

BILL NO. SB209

February 3, 1995

## CHAIRMAN BURNETT AND THE SENATE PUBLIC HEALTH, WELFARE AND SAFETY COMMITTEE

For the record, I am Sharon Hoff, representing the Montana Catholic Conference. In this capacity, I serve as the liaison for Montana's two Roman Catholic Bishops on matters of public policy.

We strongly support genuine welfare reform which strengthens families, encourages productive work, and protects vulnerable children. We are not defenders of the welfare status quo which too often relies on bureaucratic approaches, discourages work, and breaks up families. While we generally support SB 209, we do have concerns.

We are concerned that the system to implement SB 209 is not in place. Transforming the culture of the welfare office will take considerable work and we wonder how the proposed reorganization involving the Departments of SRS, DFS, and Health might affect the implementation of this welfare reform package.

We are concerned that **real** jobs which will support families and help them reach self sufficiency are not available and that job training programs may not adequately provide the education and skills needed to attain productive work with wages and benefits that permit a family to live in dignity.

We are concerned that sufficient dollars for child care needs are not available and believe that child care providers must be treated as small business owners and be reimbursed at rates that encourage the providers to care for low-income children.

We are concerned about proposed changes in federal welfare programs and how those changes will affect state programs. These unknowns could have a negative effect on Montana's welfare reform plan if funding is cut or altered federally. We are particularly concerned about the proposed federal changes to the many food and nutrition programs and request that should these dollars be block-granted to the state, that the Governor's Food and Nutrition Council and the Montana Hunger Coalition work with SRS to develop administrative rules for the food stamp program.

The requirement for cost neutrality is an additional concern. In the long run, real welfare reform will save money, but in the short run it will require new investments in a family tax credit, education, training, work, and child support. Other states have found that moving people off welfare is neither easy nor inexpensive.

We appreciate the hard work and dedication of the Department of SRS and the welfare reform task force. We are grateful that the plan puts in place transitional supports, expands efforts to insure parental support by increased child support collection, and addresses training and education needs.

EXHIBIT 13  
DATE 2-3-95  
3B 209

Our measure of welfare reform is whether it will enhance the lives and dignity of poor children and families. Reform should serve the human needs of poor children and their families, not just the political needs of public officials. Its goal ought to be to promote decent work and reduce dependency, not simply to cut budgets and programs. Its target ought to be poverty, not poor families. We believe our society will be measured by how "the least of these" are faring. Welfare reform will be a clear test of our state's values and our commitment to seek the common good.

Mr. Chairman, members of the committee:

For the record, my name is Laurie Koutnik, Executive Director of Christian Coalition of Montana, our state's largest family advocacy organization. Welfare reform is a concern to us, and I rise in favor of SB 209 that Senator Swysgood has introduced today.

Our current welfare system penalizes work, discourages marriage, punishes the family, and consigns millions to hopeless, multi-generational poverty. It has enslaved the very people it promised to protect, and harmed those it had intended to help. Our current system is flawed because it fosters dependency rather than self-sufficiency.

Never before has America been greater or its financial resource larger, yet never before have our social pathologies been worse. Money is not the prescription here. There are limits to what the state can do and afford to do for its citizens.

At this time, one out of eight children is being raised on government welfare through Aid For Dependent Children (AFDC). Thirteen percent of all American children are on AFDC. Much of this can be directly attributed to the collapse of the family structure that was designed to meet the financial, emotional, physical, and spiritual needs of children. We can no longer ignore or continue to prop up a program whose remedies have reached their limits.

We applaud the efforts the Racicot administration has taken in pursuing welfare reform for Montana. Balancing needs, financial constraints, diverse opinions, and federal regulations is not an easy task. Obviously this proposal warrants our full consideration if the federal government has not found reason to deny this eight-year pilot program.

The Families Achieving Independence In Montana (FAIM) Project is an incentive program to encourage those needing assistance to become self-sufficient and responsible. By providing job training, child-care assistance, medical assistance and educational opportunities, the state allows for every need to be reasonably addressed.

We would encourage the committee if possible, to treat single parent homes in the same manner as double parent homes by allowing both a two-year time limit. This would discourage break up of a marriage for further time consideration. We would ask also that secondary education be addressed to allow a sincere individual the opportunity to complete educational requirements, while keeping in mind what constitutes a reasonable educational opportunity. Limitations must be set to deter those who abuse the system.

Although this measure has a substantial fiscal note, we view this as an investment in our future toward the elimination of future expenditures. Pay now or pay later.

It is our hope that one day, welfare will be a thing of the past as efforts from churches, communities, and civic organizations return to practical compassion in meeting the needs of those individuals in their midst. The clear goal should be to eliminate federal involvement in welfare and shift responsibility to private charities and the faith community. The people must assume this

obligation and responsibility, not their government. But until then, effort in encouraging self-sufficiency is necessary. Although this proposal may not be perfect, it is a start in program discovery as to what "will and won't" work. It is a step in the right direction and away from entitlement.

Christian Coalition of Montana urges a "do pass" on SB209. Thank you.

Submitted: 2/3/95

Laurie Koutnik



FEBRUARY 3, 1995

THE STATE OF MONTANA SENATE COMMITTEE ON HEALTH AND WELFARE

MY NAME IS KIM. I AM A WOMAN WHO LIVES IN POVERTY. I HAVE EXPERIENCED THE CONDITIONS OF POVERTY BOTH AS A MEMBER OF THE "WORKING POOR" AND MORE RECENTLY AS A "WELFARE" RECIPIENT. I AM A SINGLE PARENT.

I AM ENCOURAGED THAT MONTANA INTENDS TO ADDRESS THE FACT THAT SO MANY CHILDREN DO NOT RECEIVE CHILD SUPPORT FROM ABSENTEE PARENTS. CHILD SUPPORT COLLECTIONS IS AN IMPORTANT STEP IN ALLEVIATING THE CONDITIONS OF POVERTY IN MANY FAMILIES.

I AM ALSO ENCOURAGED TO HEAR THAT MONTANA IS ACKNOWLEDGING AND ADDRESSING THE NEED FOR CHILD CARE. BUT DEVELOPING ADEQUATE, COST-EFFECTIVE DAYCARE FACILITIES THAT WILL ENABLE SINGLE PARENTS TO WORK WILL TAKE CONSIDERABLE TIME AND SUBSTANTIAL FINANCIAL INVESTMENT.

I AM OPPOSED TO THE PROPOSED SOLUTION OF ACHIEVING SAVINGS BY INSTITUTING A TWO YEAR LIMIT FOR RECEIPT OF FINANCIAL ASSISTANCE AND LIMITING THE MEDICAL COVERAGE OF MEDICAID. THIS PLAN THREATENS THE VERY GOAL OF ASSISTING RECIPIENTS TO ACHIEVE ECONOMIC SELF-SUFFICIENCY.

THE TWO YEAR TIME LIMIT FOR FINANCIAL ASSISTANCE DOES NOT REFLECT THAT:

1) ADEQUATE CHILD CARE IS CURRENTLY NOT IN PLACE. SAFE, AFFORDABLE CHILD CARE MUST BE IN PLACE BEFORE SINGLE PARENTS WILL BE ABLE TO BENEFIT FROM THE PROPOSED EDUCATION, TRAINING, AND EMPLOYMENT PROGRAMS.

- 2) TWO YEARS WILL NOT ALLOW AMPLE TIME TO ACHIEVE CRITICAL EDUCATIONAL LEVELS. IT HAS BEEN ESTABLISHED THAT A COLLEGE DEGREE IS THE BEST ASSURANCE THAT A WOMAN WILL BE ABLE TO EARN WAGES ABOVE POVERTY LEVEL. SHORT-TERM TRAINING PROGRAMS THAT ROUTE WOMEN INTO LOW-PAYING JOBS IS NOT A SOLUTION.
- 3) INDIVIDUAL CIRCUMSTANCES THAT MAY PRECLUDE PARTICIPATION IN TRAINING AND EMPLOYMENT PROGRAMS WITHIN THE INITIAL TWO YEAR TIME CONSTRAINTS WILL NECESSARILY GO UNADDRESSED.
- 4) A TWO YEAR LIMITATION DOES NOT RECOGNIZE THE PRESENT ECONOMIC SITUATION. THE FEW JOBS CURRENTLY AVAILABLE DO NOT PAY ADEQUATE WAGES AND DO NOT PROVIDE NECESSARY MEDICAL BENEFITS. TO FORCE SINGLE PARENTS INTO JOBS THAT WILL NOT PROVIDE WAGES TO COVER THE EVER-INCREASING COSTS OF LIVING IS INVITING DISASTER.

I AM OPPOSED TO THE PROPOSED REDUCTION IN MEDICAID COVERAGE TO ACHIEVE SAVINGS. TO DENY FAMILIES NEEDED DENTAL AND MEDICAL CARE CONTRADICTS GOALS FOR FUTURE SELF-SUFFICIENCY.

I AM THOROUGHLY OPPOSED TO THE PROPOSED REFUSAL OF BENEFITS TO MINORS. SUCH ABSOLUTE SOCIAL ABANDONMENT OF YOUNG WOMEN IS INCOMPREHENSIBLE.

TO CONCLUDE, I WOULD LIKE TO REITERATE MY CONCERN THAT TO IMPOSE A TWO YEAR LIMITATION ON FINANCIAL ASSISTANCE WILL BE DETRIMENTAL TO THE OVERALL GOALS OF SELF-SUFFICIENCY FOR MONTANA'S POOR. ARTIFICIALLY CONSTRUCTED WORK EXPERIENCES, FORCED CHILD CARE PARTICIPATION, AND REDUCED MEDICAL BENEFITS DO NOT SOLVE OUR ECONOMIC PROBLEMS. CLOSING DOORS ON PARENTS AND CHILDREN IN NEED WILL NOT SAVE DOLLARS IN THE LONG RUN -- AND WE MUST LOOK BEYOND THIS YEAR'S BUDGET TO AVOID THE INCREASED ECONOMIC AND SOCIAL COSTS SUCH ACTIONS WILL INCUR.

TESTIMONY BY DOUG RANDS  
IN OPPOSITION TO WELFARE REFORM  
PO BOX 6542  
HELENA, MT 59604

SENATOR BURNETT AND MEMBERS OF THE  
COMMITTEE

MY NAME IS DOUG RANDS. I HAVE ONE CHILD AND  
HIS NAME IS CHRISTOPHER. MY CHILD'S HEART IS IN  
YOUR HANDS.

I AM IN OPPOSITION TO THE STATE'S WELFARE  
REFORM PLAN.

THE STATE NEEDS TO PROVIDE QUALITY JOB  
TRAINING FOR JOBS THAT WILL LEAD TO  
EMPLOYMENT WITH LIVEABLE WAGES.

THE WELFARE REFORM PLAN IS UNREALISTIC. I  
FEEL IT DOES NOT ADDRESS THIS IMPORTANT  
ISSUE. THE STATE MUST FIND WAYS TO INVEST IN  
THIS PROGRAM FOR ITS PEOPLE BECAUSE I SEE  
WELFARE REFORM FAILING THOSE WHO NEED THIS  
HELP. I FEEL THAT IN ORDER FOR ME TO SUCCEED  
IN GETTING OFF OF WELFARE, QUALITY JOB  
TRAINING IS NECESSARY.

THANK YOU FOR YOUR TIME

February 3, 1995

Mr. Chairman, members of the committee, good afternoon and thank you for allowing me time to share my ideas with you. My name is Milissa Loucks and I am a member of Project Uplift. As a low-income single parent on Aid to Families With Dependent Children (AFDC), I know how hard it is to try to become self-sufficient. I also understand why a time limit is being considered.

I know that sometimes unforeseeable circumstances arise in all of our lives. I feel that in considering who should be exempted from time-limited benefits, the Department overlooked some very critical circumstances.

First, I believe that there should be an exemption for recipients who are in a college or career training program, including those working towards a GED. The best way to increase one's self-esteem, sense of responsibility and chances for self-sufficiency is through education. Most occupations which can sustain a family take a four year degree or experience gained from a Vocational school. Without an exemption from time-limited benefits, many people would be unable to finish school, thereby failing to become self-sufficient.

Second, I also think that it is absolutely necessary to exempt people from time-limits if they are homeless or leaving an abusive situation. If a parent suddenly loses their shelter because of an eviction, raise in rent or because of domestic abuse, their main consideration is finding a home for their children and a safe place to sleep at night. These are situations which completely consumes one's life. The last thing on their mind is the impending loss of

their benefits.

One of the existing exemptions in the FAIM proposal is a verifiable physical or mental impairment. I am suggesting that included under this exemption should be alcohol and substance dependency if the person is in inpatient or intensive outpatient treatment.

Finally, I propose that you consider exempting a client for a certain amount of months if the state fails in its responsibility to the client under the Family Investment Agreement. Under this agreement, a great deal of responsibility is placed on the client. If the client fails to fulfill his or her requirements, he or she will be sanctioned. If this is going to be a true agreement, then there needs to be a similar guarantee that the state will fulfill its requirements under the agreement.

I would like to see a fair and successful welfare reform package passed in Montana. For this to happen it is necessary to listen to the ideas of people on assistance. I ask on my behalf as a single mother on AFDC and on the behalf of all the families in Project Uplift that I represent, that you seriously consider adding the additional exemptions to time-limited benefits that I have proposed.

February 3, 1995

Mr. Chairman, members of the committee, my name is Kelly Miller and I am a single mother on AFDC. I am aware of the fact that under the SRS proposal to reform the welfare system, AFDC benefits would be limited to two years for single parents and eighteen months for married couples.

As a welfare recipient, I agree that the welfare system needs to be reformed. It has become a system that encourages dependency and provides little more than a life in poverty. Time limited benefits is one answer to the problem.

However, I do not agree with the proposal to distinguish between married and single parent families with regard to time limits. It is a misconception to believe that it is easier for a two-parent family to become self-sufficient than a single parent family.

The most critical thing to consider with this, is that it may ultimately force the break up of many family units in Montana. It will undoubtedly discourage people from getting married. For if they do so, they will lose six additional months of benefits. Conversely, it will also encourage divorce as a means of keeping benefits. Certainly you would not want to pass a welfare reform package that would end up in the destruction of families.

I think that if time-limited benefits are implemented, then it should be at the least, two years for everyone regardless of marital status. I know, as a woman on assistance, how necessary two years is to get on my feet. In that short time I will have to be working to gain training for a job that will be able to support

myself and my three children. I will be working towards getting child support, which is never an easy task. I will be attempting to find a home for myself and my children, as I am in the process of doing right now. I will be volunteering at Head Start and my children's school, like I do every week and have for years. And mainly, I will need that time to readjust to life without AFDC, which for many of us is an intimidating but necessary adjustment. I don't think that it is possible to immediately and successfully adjust to supporting myself and my children, working a low-paying job and paying for a huge increase in rent when I am forced out of my subsidized housing. Two years is going to be barely enough time to accomplish everything I must to become self-sufficient. I would hate to fail to become self-sufficient because of a time limit that has been imposed on me.

Mr. Chairman and Committee members, I urge you to take my suggestions seriously, for if welfare reform is going to be successful then it needs to include the ideas of recipients as well as bureaucrats. Thank you very much.

1020 Rollins Apt.3  
Missoula, Mt.59801  
Feb. 5, 1995

Welfare Reform Ideas of Tamme Bjornberg:

1. 4 year program with job training:  
This would give the family time for adjustment.
2. Good jobs, not fast foods, waitressing:  
Jobs with advancement possibilities.
3. Give a tax break to businesses that provide on the job daycare.  
This would also create more jobs.
4. If job paid minimum wage, the State would contribute \$3.00 to make earned wage of \$7.00/hr.  
AFDC person would bring home roughly \$900/mo.  
If low rent housing were available they would be able to pay their rent and utilities.  
This would eliminate the need for:
  1. Housing Allotments
  2. AFDC cash payments
5. Remain on food stamps until earning \$1500/mo.
6. Would be taken off the system after earning \$2000/mo.  
Hopefully could afford health and auto insurance, food, clothing, housing for the family; and also be a positive factor in the work force.

Child Support: I'm sorry but this program needs to be eliminated and rebuilt.

1. Most fathers or delinquent parents do not have jobs to pay child support and provide for themselves and their present family.
2. Tighter restrictions on how far they are allowed to fall into debt.
3. It all comes back to the lack of good paying jobs:
  - a) Try a Block Grant System in good paying jobs.
    - 1) In the forest service, mills, road construction after having been trained for these jobs.
    - 2) Jobs set aside for delinquent parents.
4. If delinquent parent refuses job or help:  
Strong penalties inflicted: jail, community service.
5. Take child into consideration when setting the child support payments. For my son the state set \$89/mo. I have not received that in three years. Our Dept in Missoula told me his father is not enough behind in his payments to go after him.

I am not a disabled person so I have no grounds on which to speak for that group.

Please do more research into the everyday lives of the welfare recipients and not just the systems they rely on.

Don't come as people from Capital Hill, but as unknown volunteers, work with the kids in Head Start, work with the



parent trying to make the money stretch to cover expenses for school, daycare and everyday living expenses.

Walk in their shoes for a year as a human being, not as someone on a committee.

Look for change from within! Let us become educated. Help us find a job we can be proud of. Watch our children grow up and change their lives and the lives of others so no one has to live like we have.

I can promise you that my son will not be a system child/adult, he is as or more stubborn as his Mom.

Change to help not to suffer!

Sincerely,

Tamme M. Bjornberg

A handwritten signature in cursive script that reads "Tamme M Bjornberg". The signature is fluid and matches the printed name above it.

February 3, 1995

My name is Tammie Huttinger. I am a single mother of two young children and a recipient of Aid to Families With Dependent Children (AFDC) since 1988. I believe that the welfare system needs reform, but I do not believe this welfare reform package is the right reform needed. A true welfare reform package needs to encourage self-sufficiency and help the recipient find alternatives to welfare.

The present welfare system and the one proposed in Senate Bill 209 do not encourage self-sufficiency. The Department of Social and Rehabilitative Services states that their intention is to help people get off of the system, but they are not addressing the issues that keep people on welfare. Encouragement should be given through incentives and problem solving, not penalties. There are many integral issues that keep people like myself on assistance. Some of these are minimum wage jobs with no benefits, unaffordable child care, physical limitations and cuts in assistance when working.

I believe these issues can be addressed and overcome through problem solving not penalties.

Meaningful jobs with benefits that can support a family need to be created. Affordable and available quality child care needs to be established. Eyeglasses, hearing aids, dentures, therapies and medical equipment must be provided to ensure employability. "Fill the gap" budgeting is an essential incentive to getting a job a reaching at least poverty level of income.

I believe these barriers need to be removed before any welfare reform package can be successful.

## BUDGET FACT SHEET

INCOME:           816.00   employment @ 6.00/hour  
                  450.00   child support  
                  \*\*\*\*\*  
                  1266.00

INCOME:           680.00   employment @ 5.00/hour  
                  450.00   child support  
                  \*\*\*\*\*  
                  1130.00

INCOME:           578.00   employment @ 4.25/hour  
                  450.00   child support  
                  \*\*\*\*\*  
                  1028.00

EXPENSES:         500.00   rent  
                  250.00   child care (1 child)  
                  300.00   food (75.00/week)  
                  100.00   car payment (modest)  
                  50.00   utilities  
                  40.00   gas  
                  20.00   telephone  
                  \*\*\*\*\*  
TOTAL             1260.00

What about such things as:   Emergencies  
                                  Medical Expenses  
                                  Medical Insurance  
                                  Savings  
                                  Clothes  
                                  School Supplies  
                                  Entertainment  
                                  Car Insurance/Registration  
                                  Cable  
                                  Birthday presents for children

When reviewing the income and budgets, remember that the child support amount indicated is very high in comparison to an average award. Please also consider the high incidence of fathers failing to provide this support on a consistent basis. Now take that amount out of the income and see the impact that alone has upon the family's ability to make ends meet. It cannot be done without some sort of outside assistance.

Karolin Jappe Loendorf  
P.O. Box 1680  
Helena, Montana 59624

February 2, 1995

For the record, my name is Karolin Loendorf. I am here today because I was once a welfare participant. Growing up in Montana I never knew that there was a "welfare system". Only after going through a divorce with 4 small children did I discover welfare.

I feel I have a great wealth of knowledge to share with you today regarding the many stumbling blocks I encountered in the system. To begin, I appose welfare as most people think of it. It has proven to be a very dysfunctional system and one that creates dependency. There is a desperate need for welfare reform.

It began six years ago. After divorcing I had 4 children to raise, the oldest being six. I had worked all of my life and had great intentions of continuing. In my situation finding employment and child care was not realistic. This bothered me a great deal. I decided instead of pointing a finger at lawmakers who created this system, I was going find a way to educate state & federal lawmakers and help to bring about change in the system. This was not an easy venture and it has taken many years to get here to present my story.

At the time, Montana did not have any child care assistance available, so even though I worked full time and sometimes carried another part time job I was still of full AFDC benefits. Only through Nancy Reeder from the U.S. House of Representatives Select Committee on Children, Youth and Families did I find out about the Transitional Child Care (TCC). I then proceeded to contact my social worker, she said that there was no way I could take advantage of the TCC because the **only way one could qualify** was if their earnings were so great that their AFDC case had to be closed. She said given how much I paid for child care, I could not qualify. This disturbed me. My only chance then was to report that I only paid my day care provider a small amount of money so that my case would have to be closed.

*"She stated" I did not hear that!*

This is how I first tried to get off the system - however this did not solve my dilemma. The TCC program was a 12 month program which included medicaid for 12 months. Not being raised on welfare I chose to pay for my four children to have health insurance coverage through the office where I still work today. This was a cost of \$150.00 per month for the premiums only. Towards the end of my 12 month TCC, I learned that I was going to be forced back on welfare, as no other resources were available.

I was falling through the cracks. At that time I added up all of my Explanation of Benefits (EOB's) from the health insurance company the children were signed up with and it ended up being a little over \$15,000.00.

I then proceeded to the Governor's office with my bundle of EOB's and met with the lady in charge of Human Services and asked her **"Why does the State want to put me back on welfare?"** She could not give me an answer. While receiving assistance through the TCC program the Governor appointed me to the Child Care Development Block Grant Task Force (CDBG TF). That was great, but the time had come when I had to choose between quitting my job and going back on welfare or to work and go backwards. Being the independent person I was, I chose to continue working.

The CDBG funds were not granted to Montana until the third time the State applied. So I worked for eight months going into debt, but at the same time keeping my self esteem, self worth and dignity.

The current welfare system is like an old street, there are numerous potholes and each time someone's agenda gets through to the right Department or Person the pothole is temporarily patched.

### **Folks - We need to quit patching potholes.**

I wish more of you could see what my life has been like. There are so many people, that would really like to be out in the workforce, but they get worn out fighting the current system.

I sit on the Board for the Helena Housing Authority in Helena, the office staff to this day advocate to those clients who are trying to get out and work to quit beating their heads against the wall. Clients are told that they can do more for their children being on welfare than they can if they are in the workforce.

Being a mom of four, I sympathize with the single parents of today! If you choose to try and regain your self worth, self esteem, dignity and self respect and go out and become a tax paying citizen, you then also choose to take food out of your children's mouths, provide less clothing, create more stresses in the home which sometimes leads to abuse, and possibly loose your medical benefits.

"The Choice is Very Hard - But Very Real"

Lets switch gears for a moment, you are probably wondering well what about child support - doesn't this mother of four know that the state helps collect child support. Well another long story, but one that needs some major revamping just like the welfare system.

#### **Child Support Flaws:**

This is Critical for meaningful welfare reform. My story which is very similar to others around the United States is unbelievable. It took 5 and a half years to finally receive my first child support check for my eldest daughter. When I had our son, it took almost three years to get child support. It would have taken even longer had I not **worked my own case**. I sent a letter to the State of California and stating that I did not have the desire to live on welfare and that it was not fair to my children to be forced to live that way. I stated in a letter to the Family Support Division that the State of Montana had no part of in conceiving my children and I did not feel it fair for the State of Montana to have the burden of the costs of raising my children. I felt that it was my responsibility as well as the absent parent's responsibility to take care of the children.

I sent this letter four different times, only to get no response. I then sent a note to the investigator stating I would be in touch with his Congressional delegate. The response I received from this person was this "Your case is one of the 21,000 handled by 14 workers. With the extraordinary size of caseloads we simply cannot respond to each document, especially if we shouldn't be receiving them".

So in the meantime when we keep families on welfare, waiting for a child support office to handle it's case load, whether it takes them 3 or 5 years, the arrearages build on ones AFDC case. Even when the State of California had legal documents to begin taking payments from the absent parent, it did not happen for over two years. When a family finally gets a job, if their child support collection date falls on the wrong day of the month - that money goes directly to the State to pay arrearages, it does not even reach the family. The States tell these people over and over again that

because of the Federal Regs, they have to go by the date the money is collected in the State the absent parent resides. This can instantly put one right back in the welfare saddle.

The most recent check that I recieved for my child support was just the other day (January, 95) It is in the amount of \$12.00.

This check started:

- 1) By being garnished from absent parents wages
- 2) District Attorneys office then sends it to the states child support division where it is recorded
- 3) Check is then sent to the other states child support office
- 4) From there it is recorded and sent to the State Auditors office
- 5) Finally the check is cut and sent to the custodial parent

It undoubtedly cost the taxpayers more to cut this check than the amount collected.

Today we have professional lobbyists who lobby for major companies, organizations, departments, etc., They too have a set agenda and often times the people who are being served are being the ones left out. Until we get to the root of the problem, and find out first hand with the people who have been through this system and the trials they have had to become self sufficient, **We have nothing** We seem to only get certain pieces of the puzzle, to put a productive system together it is going to take every single piece of the puzzle.

### THE PITFALLS

- \* The Federal Collection date - child support should go to pay support first to the families before going to arrearages, and if there are more dollars sent for that particular month then that money can be sent to state arrearages.
- \* Never enough child care assistance for either the working poor or for those who need and want to further their education.
- \* Re - Educate Social Workers in the welfare system - they do not encourage self-sufficiency. This may take some re programming.
- \* Children who come from a family that's been on welfare for generations do not have a chance, they see nothing else in life, they are not taught nor do they see what Self Esteem, Self Worth, Dignity or Self Respect is all about. INTERVENTION is necessary here so that these children are given an opportunity to realize their potential. They are set up to fail and that is not acceptable.
- \* A 2 year time limit is not good - each and every case is so different and I feel that we could hurt the children of the United States.
- \* The AFDC benefit package out weighs the working package by far.

### RECOMMENDATIONS TO IMPROVE WELFARE

- 1) Based on my experience, Public Housing for me was a positive and constructive subsidy and it allows individuals an opportunity to get off the system. Public Housing does not need to be included in reform.

I have been involved with the National Association of Housing & Redevelopment Officials (NAHRO) as well as HUD and respect their work on behalf of clients who live in Public Housing. Public Housing has come a long way. In Montana we have very positive programs such as the Youth Sports Grant, the Drug elimination grant and these grants should not be combined with other programs.

- 2) If a recipient moves from one state to another, have at least a one year time limit for any kind of benefits, just like the educational system does. People are going from State to State to gain more benefits.
- 3) Allow Housing Authorities to either create a rent structure or discuss capping rents for at least 18 months so people have a chance to achieve independence.
- 4) Stiffer Child Support laws.
- 5) Give the states a time limit on establishing paternity. Don't penalize a single parent family until the state has met its burden on collecting child support for the children.
- 6) If the State is having problems collecting consistent child support it should make the support payment. If it then takes the absent parent 45 years to repay the government then fine, but force the absent parent to acknowledge that they will be paying now or forever.

*I've seen so many cases where the absent parent is always on the run, or works under the table, or is self employed and finds ways to get out of their obligations.*

The last time I had a child it took two people and the stigma in this seems to land in the hands of the mom, most times. (I commend those fathers who raise their children they do exist and never seem to get the credit they deserve).

- 7) Place jurisdiction with the child - Meaning if the child were conceived in Illinois where my last one was and the father lives in California and the mother lives in Montana, before that unborn child is even born, let the state where the mom gives birth have jurisdiction. It would help communications across state lines.



DATE 2/3/95

SENATE COMMITTEE ON Public Health

BILLS BEING HEARD TODAY: SB 209

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Shawn McLaughlin	Self	SB.209	X	
Don Judge	MT STATE AFL-CIO	SB209	X	
Sanjo Velez	Self	SB209	X	
Mary Alice Cook	Adv. for MT's Children			X
Judy Smith	Self	209	X	
CHLOE MECK	Self	209	X	
Bob McLaughlin	District IV HRDC	209	X	
Aidan Wilson	State Fund	209	X	
Kelley Buck	Self	201	X	
Connie Merritt	Self	209	X	
Tamara Björnberg	Head Start - Self	209		X
David Hemm	MT Assoc. of Churches	209	✓	
SHARON HOFF	MT CAT HOLIC Cnt	209	X	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 2/3/95SENATE COMMITTEE ON Public HealthBILLS BEING HEARD TODAY: SB 209

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Check One

Name	Representing	Bill No.	Support	Oppose
DENNIS BARILEK	HRDC - BOZEMAN			
KIM DAVIS	self	SB209		X
Melissa Andersen	self			
Donetta Klein	W.O.R.D.	SB209	X	
Tammie Huttlinger	self, Project Uplift	SB209		X
Judy Ferguson	self	SB209		X
Colleen Miller	self - Project Uplift	"		X
Dalbie Muni	Project uplift	SB209		X
Melissa Lauckes	Project uplift	SB209		X
Kay Koser Fox	MLIC	SB209	X	
Sally Brown	self	SB209	X	
Dorothy Rand	MLIC	SB209		
Jan McDonald	MHAM	SB209	X	
Janice Lundeen	self	SB209	X	

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Check One

Name	Representing	Bill No.	Support	Oppose
Laure Kentik	Christman Co. Hanger Mt	209	✓	
Sandra L. Hale	704 State St., Helena <sup>59601</sup>	209	<sup>SNM</sup> ✓	<del>✗</del>
<del>Thomas J. Brown</del>				
Peter S. Blouke	SRS	209	✓	
Kate Cholewa	MT Women's Lobby Human Service Fundat	209	✓	
W. H. Hays	Self	209	✓	
Shannon Parker	WORD	209	✓	
Janice Lundeen	Self 112 neighbors	209	✓	
Jany WILLMS, Bjorn	MSU Exponent		✓	
Howard J. Hendorf	Self	209		
Pamela Carlson	self	209	✓	

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