Approved 3-3-86
Date

MINUTES OF THE House COMMITTEE ON Ways and Means.

The meeting was called to order by Bill Bunten at
Chairperson

1:30 xxx/p.m. on Tuesday, February 25, 1986 in room 514-S of the Capitol.

All members were present except: Representatives Hoy, Lowther, Solbach, Luzzati (all excused)

Committee staff present: Gloria Timmer, Legislative Research
Laura Howard, Legislative Research
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Representative Barkis
Senator Jerry Karr
Ed Reznicek, Kansas Rural Center, Inc.
Representative Wagnon
Charles Stevenson, SRS
Art Griggs, Department of Administration
John Hipp, Department of Administration
Others present (Attachment A)

Chairman Bunten called the meeting to order at 1:30 p.m.

HB 2916 -- concerning contracts for purchases by the state and governmental subdivisions; concerning purchases from non-resident bidders; amending K.S.A. 75-3740a and repealing the existing section.

Senator Karr addressed the committee in support of the bill and explained the purpose. It is designed to provide an opportunity for producers and processors within the state to look at ways to add value to the production. An out of state contractor would have to offer a bid that would be 5% lower than the lowest bid by a Kansas contractor. The bill suggests a 5-year phase out so that it does not become a permanent portion in the bidding laws. It was stated that several states do have this same law.

Representative Barkis addressed the committee with further explanation of the bill. His testimony covered HB 2990 also which relates to incentives for employment of welfare recipients, as well as HCR 5040 and HCR 5041 which are companion resolutions to HB 2916. (See Attachment B)

Ed Reznicek, representing Kansas Rural Center, Inc. appeared in support of the bill (Attachment C). The Rural Center is a private non-profit research and education organization focusing on public policy, programs and other issues as they affect family size farms and rural communities. He feels that passage of this bill would be of benefit to his associates. These measures would encourage alternative farm production and marketing opportunities and as such are part of the solution to the farm crisis in Kansas.

Chairman turned to HB 2990 -- an act concerning the secretary of social and rehabilitation services; relating to incentives for the employment of assistance recipients; amending K.S.A. 1985 Supp. 39-708c and repealing the existing section.

Representative Wagnon presented the bill to the committee. The purpose is to acquire jobs for welfare mothers in an attempt for them to become self-supporting. It would begin as a pilot program in one area of the state, working with 100 recipients during the first year. It would be dealing with people who need training and have in the past been unsuccessful in getting a job.

The bill would allow us to use AFDC grant money to provide an incentive payment to private or public employers who hire AFDC recipients. Page 7 of

Attachment D gives a breakdown of the fiscal impact for implementation of the program.

Charles Stevenson, SRS, addressed the committee and explained the budget items relating to the proposed plan. (See Pages 7, 8, and 9 of Attachment D). Even though the program appears to be relative simple, administration of the program is quite complex and could not work without the 2 social workers to coordinate the program and assessment of clients. He did say, however, that other items in the proposed budget would be negotiable.

There was discussion regarding the child care segment of the program. It was pointed out one necessary element in a successful program would be the subsidized child care program because of the current average cost of placing a child in a day care center.

Chairman turned to HB 2997 -- an act concerning the renovations of the state owned Santa Fe office building; providing for the financing of the costs thereof; imposing certain duties on the secretary of administration and the pooled money investment board; and making and concerning certain appropriations therefor for the fiscal years ending June 30, 1987 and June 30, 1988.

Art Griggs appeared on behalf of Department of Administration. A technical amendment to the bill was presented (Attachment E). HB 2997 would authorize a loan from the Pooled Money Investment Board (PMIB) in order to pay for renovation of the state-owned Santa Fe building. It would save the general fund $6.1 million in FY 1986 and FY 1987. See (Attachment F) for fiscal note.

There was considerable discussion among the committee concerning the bill. John Hipp was present to answer questions concerning specifics on the remodeling. He said the $6.1 million is required to create a proper working environment. No new mechanical system or plumbing system is being planned at this time.

Representative King requested that a more detailed breakdown on carpeting, lighting, painting, etc. be furnished. Chairman asked that it be made available to all committee members.

Representative Chronister moved that the amendment to HB 2997 be adopted. Seconded by Representative Teagarden. Motion carried.

Representative Fuller moved that HB 2997, as amended, be reported favorable for passage. Seconded by Representative Turnquist. Motion carried.

Meeting adjourned at 3:00 p.m.

1986
GUESTS

Date 2-25-86

Name	Address	Representing
Nick Roach		Div. of Purchases
Art Griggs		Dept. of Adm.
Kirby L. Stegman		DoB
Bob Clawson		SRS
Eldon R Fastrup	Ks State Board of Agriculture	Topeka
Charlene Patton	Ks. Board of Agriculture	
Ed Reznicek	KS Rural Center	Whiting
John Himmer	Topeka	Dept. of Admin
Charles Stimson	Topeka	SRS
Lynn Barclay	Topeka	KCSL
Gene Brooks	Emporia	Sen. Mulich
Julie Brown	Topeka	Barkis
Jolene M. Isabell	Topeka	Barkis
[illegible]	[illegible]	Dist. 6

STATE OF KANSAS

MARVIN WM. BARKIS
MINORITY LEADER
ROOM 327-S CAPITOL BLDG
TOPEKA, KANSAS 66612
(913) 296-7651

REPRESENTATIVE, FIFTEENTH DISTRICT
MIAMI COUNTY
ROUTE 2, BOX 150
LOUISBURG, KS 66053

TOPEKA

HOUSE OF
REPRESENTATIVES

TESTIMONY
ON
HB 2916, HB 2990, HCR 5040, HCR 5041

Presented by: Representative Marvin Wm. Barkis
February 25, 1986

Mr. Chairman and Members of the Committee, I am here today to address three pieces of legislation, HB 2916, a preferential bidding bill to assist Kansas food producers and processors in entering new markets for state foodstuff contracts, its companion resolution, HCR 5041, which directs the state to publicize the type of food products purchased by state institutions, and HCR 5040 which directs the Kansas Department of Economic Development to implement a Kansas Product Promotion Program to identify Kansas products for consumers. A fourth bill, HB 2990 regarding incentives for employment of public assistance recipients will be addressed by my colleague Representative Joan Wagnon.

First I would like to address HCR 5040, the Kansas Product Promotion Program. This program is designed to elevate the status of Kansas-made products in the marketplace and to educate Kansans about the diversity of products produced and manufactured in Kansas. With an effective Kansas Product Promotion Program Kansas consumers could exercise their will in selecting quality products made in our state when shopping in the marketplace. The centerpiece of the promotion would be a "Made in Kansas" label which manufacturers and agricultural producers purchase at a nominal cost from a contracted printing firm and affix to their products.

When used in other states such as Montana, product promotion programs have increased local product sales, improved the state's image in the marketplace, and nutured an almost patriotic attitude about buying products made in the state. I have examples of the "Buy Montana" program here today. Also we have a sample drawing of what a "Made in Kansas" logo might look like.

Through the use of such a label, the Kansas Department of Economic Development would launch an aggressive advertising campaign to market Kansas products with the

E. H. & M.
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"Made in Kansas" label. In addition to the label the Montana Department of Commerce conducts a public advertising campaign waging consumers to "look for the label". The campaign consists of full-color billboards, :30 second television and radio spots and a series of black and white newspaper ads. After a year and a half in the program Montana now has over 1,200 manufacturers, agricultural producers, and craftsmen using the labels to identify their products as "Montana-made". Over the past six months, they developed point of purchase materials for retailers to identify their stores as outlets of Montana-made goods. In fact, grocery stores have even set up "Made in Montana" product sections and displays. As you can see from the Montana example, there are several techniques Kansas could utilize to increase promotion and economic viability of Kansas products.

Currently, the Kansas Board of Agriculture operates a Trademark Program for Kansas agricultural products. However, as of January 6, 1987 only 28 product firms participated in that program which utilizes the "From the Land of Kansas" trademark. Producers sign a user agreement to allow the use of the trademark.

While we support the effort of the Board of Agriculture, we believe the promotion of Kansas products should be more widespread. A broader range of participation should be encouraged by Kansas agricultural producers and the "Made in Kansas" program should be utilized by a full range of other industries from furniture, plastics, machinery, fabricated metal, and aircraft.

The second bill I would like to address is HB 2916, preferential bidding for Kansas contractors for food and food products. Millions of tax dollars are spent each year in the purchase of consumable products and foodstuffs for Kansas institutions. We want to encourage Kansas interests to adjust their style of production, increase in-state processing of raw foodstuffs and become more competitive in the bidding for state contracts. This bill would, over a five-year period, provide a bidding incentive for Kansas food producers and processors to move into new markets for state foodstuffs contracts.

The bid preference program would become effective July 1, 1987 with a 5% bid preference for Kansas producers and processors and would decrease by 1% each year for five years. It is not our intent to create a perpetual bid preference, however we do think that for the short run, while Kansas interests gear up for a change in their way of doing business, there should be a protective initiative to enhance their ability to compete.

HCR 5041 is a companion resolution which directs the state institutions and Department of Administration to purchase Kansas grown and Kansas processed foods for state institutions. More importantly, however, the resolution directs the Division of Purchases in the Department of Administration to educate local producers about bidding procedures for Kansas institutions and the food products purchased by those institutions. Additionally, state institutions, are directed to look to surrounding communities for local vendors, publicize in farm journals and other publications to increase market participation, and generally expand awareness of potential contracts to new bidders. Currently the Kansas Register is used to seek out vendors. Why this is an appropriate method of advertisement, it is not widely enough circulated to entice new economic development in state food contract markets.

I would be happy to answer any questions you might have on any of the legislation I have discussed.

THE KANSAS RURAL CENTER, INC.
304 Pratt Street
WHITING, KANSAS 66552
Phone: (913) 873-3431

February 25, 1986
House Ways & Means Committee
Re: HB 2916 (Favored bidding on institutional food contracts)
HCR 5040 (Kansas Product Promotion Program)
HCR 5041 (Institutional purchases of Ks. grown and processed food)

Mr. Chairman, Members of the Committee.

My name is Ed Reznicek. I am here representing the Kansas Rural Center. The Rural Center is a private non-profit research and education organization focusing on public policy, programs and other issues as they affect family size farms and rural communities. I wish to comment on HB 2916, HCR 5040 and HCR 5041 together with respect to their effect on Kansas food producers. Thank you for the opportunity to make comments by holding this hearing.

The Kansas Rural Center supports HB 2916, HCR 5040 and 5041 on the basis that these measures will help create new production and marketing opportunities for Kansas farmers. Most everyone recognizes that Kansas, like other agricultural states, is confronted with a farm crisis that affects farmers, non farm businesses, rural communities and the state generally. Agriculture is in a state of transition. Changes are needed in public policy, farming practices, crop production, as well as credit, marketing and other institutional structures.

Many Kansas farmers are looking for changes in their farming operations to reduce costs and increase income. Some are interested in switching to high value, alternative crops, such as fruit and vegetables and some value added products from grain and meat. As a major grain and meat producer, much of Kansas' farm production is exported out of state and out of the country. A major part of the farm problem is that too many farmers are dependent on a few, low priced, surplus production crops. If farmers could produce and market crops other than surplus grain crops, they might realize greater profits and reduce the volume of commodities currently in surplus production, thereby increasing the price on those commodities as well.

HB 2916, HCR 5040 and 5041 can help build markets for Kansas producers wanting to grow alternative crops and diversify their operations. They can help create farming opportunities at a time when new farming opportunities are badly needed. By producing, processing and consuming more Kansas food products, rural communities and the Kansas economy generally will benefit from the economic multiplier that comes with producing and retaining new income in our state's economy.

H.W.&M.
2/25/86

We recognize that these measures will not solve the farm crisis, and that not all farmers are going to switch to alternative crops. But these measures are a positive, inexpensive, state response for encouraging alternative farm production and marketing opportunities for those producers interested in changing their production. As such these bills are part of the solution to the farm crisis in Kansas.

Please vote in support of HB2916, HCR 5040 and 5041.

Thank you.

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

ADULT SERVICES

GRANT DIVERSION

I. Issue/Problem Definition

Since the implementation of Community Work Experience Program, Food Stamp Job Search and Job Club in 1983, the SRS Job Preparation Programs have shown considerable success in placing AFDC recipients in employment. However, additional funds and potential job placements can be realized by initiating another work program option currently available through Title IVA of the Social Security Act. This program, called Grant Diversion, allows states to use AFDC grant money to provide an incentive payment to private or public employers who hire AFDC recipients. Previous demonstration projects nationally have shown that Grant Diversion can be a viable option for job placement of AFDC recipients who have completed the current Job Preparation Programs but have not yet been successful in finding employment.

II. Background

As part of the 1983 Social Security amendments, Title IVA allowed states to implement optional work programs in addition to the Work Incentive Program. Kansas has already implemented two of the optional programs (Community Work Experience and Job Search). Community Work Experience provides unpaid employment experience for AFDC recipients and Job Search provides transportation expenses for the recipient to participate in Job Club and/or independent job seeking.

In FY 1985, the SRS Job Preparation Programs closed or reduced 6,539 public assistance and food stamp cases due to employment or penalties for recipients who fail to participate. This resulted in $5.5 million in annualized welfare grant savings. (not including food stamps or medical savings). Although these programs have been effective, additional resources are needed to obtain employment for those recipients who are harder to place.

Grant Diversion is a technique which allows AFDC to be provided as part of a paycheck rather than a cash grant. Under Grant Diversion the recipient is placed in employment and the basic grant is frozen, Income Maintenance staff determines whether the recipient is entitled to a residual AFDC grant after considering wages from the employer, and the difference between the base grant and the residual grant is diverted to the wage pool. Funds from the wage pool (diverted AFDC grants) is used to pay an incentive to the employers who hire AFDC recipients. See attachment Appendix A, B & C. To operate a Grant Diversion the state must submit a revised state plan for Title IVA.

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The Grant Diversion program can be designed in various ways. Attached (appendix D) is a chart of the designs of the six original demonstration sites. Variations include the amount of wage subsidy paid to employers, the length of contracts with employers, the basis for subsidy, whether the program is voluntary or mandatory for recipients, the location(s) of projects within the state, and the number of recipients to be served.

III. Proposed Kansas Design

For purposes of initial discussion some general guidelines have been developed for a demonstration Grant Diversion project in Kansas. Funding would be available for both administrative and program costs at approximately 50% Federal AFDC and 50% state general fund.

The Kansas Employment Incentive Project (KEIP) would be initiated in one urban area. A state law change would be needed in order for the Secretary of SRS to pay wage subsidies to employers using AFDC funds.

The project would target only 100 AFDC recipients during the first year as the demonstration projects have shown that initial start-up is generally slow.

Target population would be AFDC recipients who have received assistance for at least 3 months, have participated in other Job Preparation Programs and not found work. Prior to entering KEIP the recipient must complete a comprehensive assessment/evaluation of education and employment capabilities and the Job Club program.

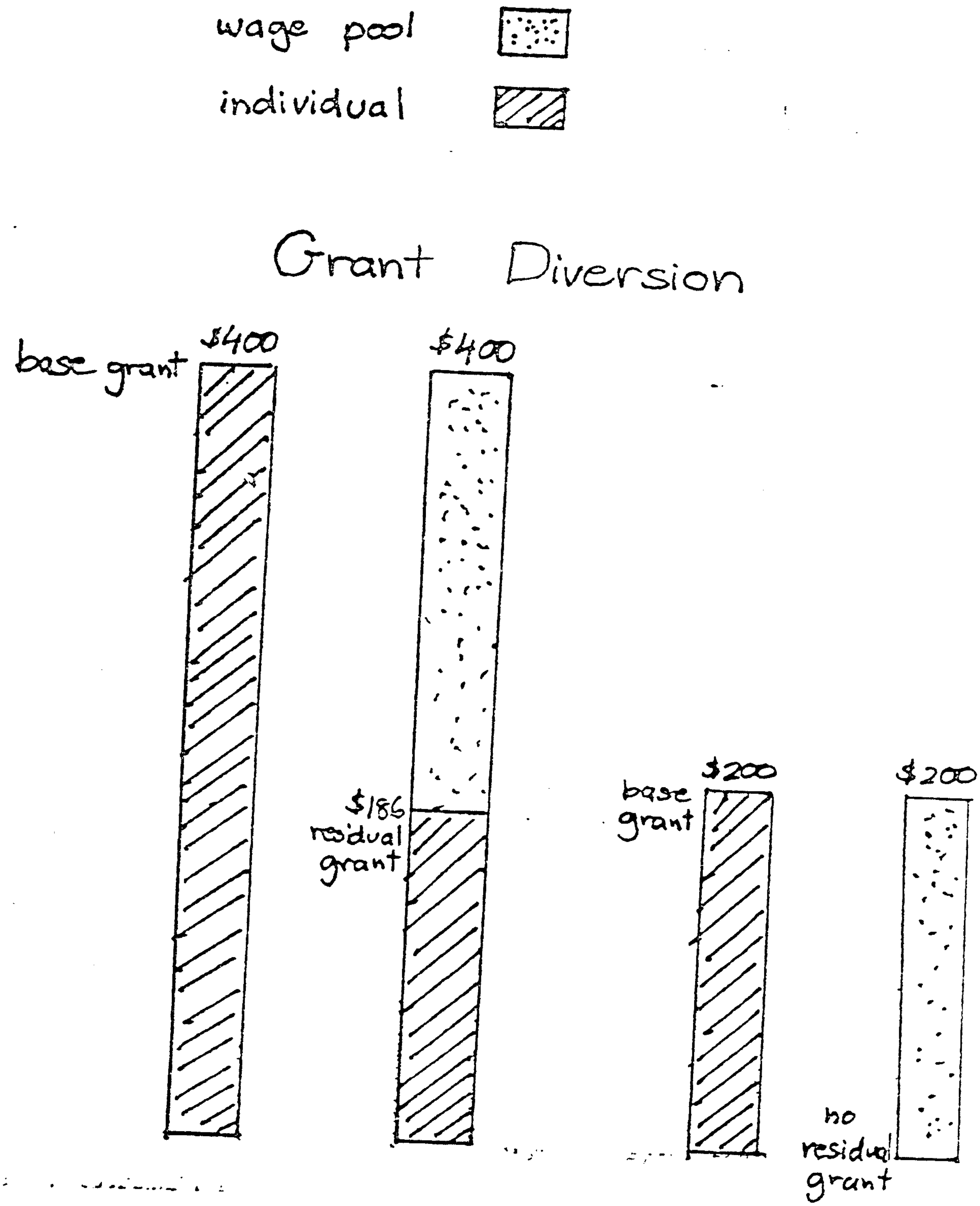
Targeted jobs would be with both private and public employers. Jobs must pay at least $4 an hour and provide benefits such as health insurance, if possible. Length of wage subsidy contracts with employers would vary from 3 to 9 months (Federal maximum) with the length of contracts based upon the hourly wage rate. Higher paying jobs would receive longer contracts. A flat rate of $150 per month would be paid to employers.

If the Federal Target Jobs Tax Credit which expired December 31, 1985 is reinstated, employers could claim the tax credit for wages paid above the AFDC wage subsidy from the time the AFDC recipient is employed.

Child care costs would be paid by the agency for up to a total of 11 months for recipients who participate. Child care would be paid for one month job preparation/placement prior to employment, for the length of the contract and for one month after the recipient is transitioned into the unsubsidized job. If eligible and if funds are available the recipient could receive social service income eligible child care payments thereafter.

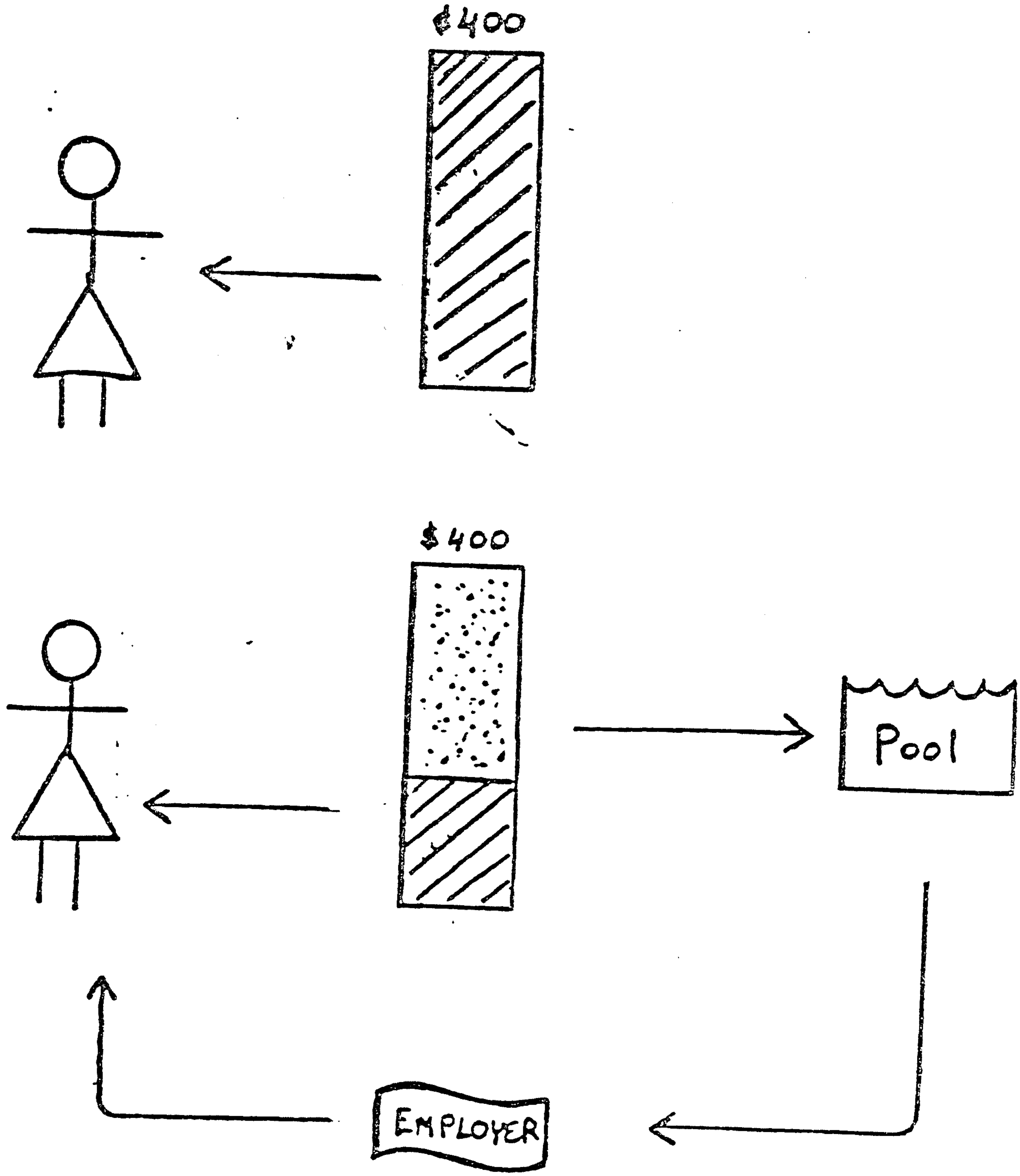
Medical services would be available during the length of the contract for up to 4 months. Since medical services cannot be provided, except in some instances, longer than 4 months it is imperative that health insurance benefits be provided by the employers, if at all possible.

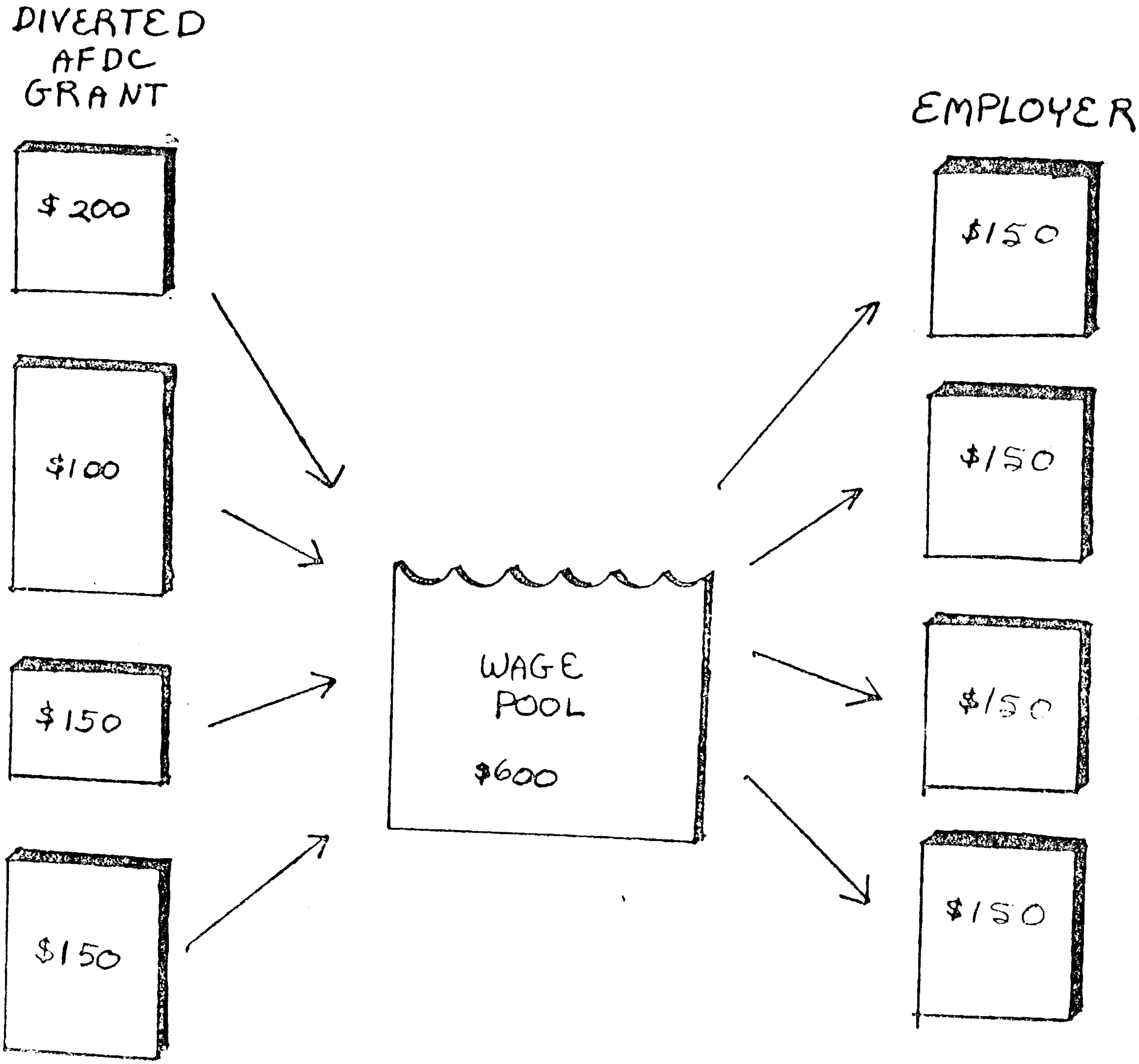
Appendix A



The participant's base grant is frozen at the level received immediately prior to entering the project. Once the participant enters the project, her grant amount is recalculated, taking into account income from the project. The participant may be entitled to a residual grant, or she may not receive any grant at all.

Appendix B




DIVERTED AFDC GRANT
$200
$100
$150
$150
WAGE POOL
$600
EMPLOYER
$150
$150
$150
$150

Appendix C

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Grant Diversion Demonstration

	AFDC for Family of 3 1980	Wage subsidy	Duration	basis for subsidy/dur. Paid to employer	voluntary/ mandatory	location	Number participant 3 years
ARIZONA	$244	30% nte $180	6 months maximum	flat 30% nte $180	mandatory	Statewide	2750
FLORIDA	$230	33% AFDC 50% JTPA 83% total	6 months average (up to 1 yr.)	flat 50% JTPA flat amt. AFDC ($190) duration-DOT code	mandatory	Statewide	3000
MAINE	$352	50%	6 months maximum	flat 50% duration may vary	recipient/ option mandatory	Statewide	590
NEW JERSEY	$414	50%	5 months average (6 mos. max.)	flat 50% duration may vary	recipient/ option mandatory	5 Counties	1500
TEXAS	$140	25%	2 months work experience 4 mos. grant diversion	flat amount (-148) duration may vary	voluntary	4 counties	4190
VERMONT	$553	50%	6 months	flat 50% nte $2400 duration fixed	voluntary	Statewide	600

IV. Fiscal Impact

Cost items necessary to implement Grant Diversion (KEIP) in one pilot project are as follows:

	Total Cost	State General Fund
A. Staffing:		
1. One Social Worker IV Central Office to work as Coordinator between Job Preparation Programs, IM Policy SectionData Processing, Finance Section andLocal Project Area.	$28,369 (Salary and Fringes)	
2. One Social Worker II for local job development and assessment of clients.	$24,513 (Salary and Fringes)	
3. One Income Maintenance Worker I position for local office to handle all 100 KEIP recipient cases since the Income Maintenance eligibility requirements for this project are more complex than regular Income Maintenance cases.	$21,172 (Salary and Fringes)	
4. One Secretary I position to handle paperwork flow, contracts, mailings to private/public employers.	$14,324 (Salary and Fringes)	
Total Staff Costs:	$88,378	
State General Funds:		$44,189
B. Equipment		
1. 4 desks at $300 each	$ 1,200	
2. 4 chairs at $200 each	$ 800	
3. Microcomputer	$ 3,000	
	$ 5,000	
4. Telephone at $150 a month times 12 months.	$ 1,800	
5. Supplies/postage at $50 month	$ 600	
6. Publicity materials for use in recruiting employers.	$ 1,000	
Total Administrative Costs:	$96,778	
State General Funds:		$48,389

C. Program Costs	Total Cost	State General Fund
1. Child Care based on 100 participants with 25% having 1 child, 50% having 2 children and 25% having 3 children, one of which is in school.	$160,313	
Average cost per child per month is $90 for 9.5 months.		$80,157
2. Employer payments at $150 a month per participant for 7.5 months.	$112,500	
State General Funds:		$56,250
3. Assessment materials, basic remedial medical needed by clients (eyeglasses/dentures), tools, supplies and GED testing.	$ 5,000	
TOTAL Program Costs:	$374,591	
Estimated State General Funds:		$187,296

V. Legislative Implications

A. Need a bill to allow the secretary of SRS to pay employers from AFDC funds.

B. Budget totals indicate need for state general funds for pilot project.

VI. Impact on Other Agencies

A. SRS staff will be contacting local employers directly. Close coordination is needed with the Job Services in order not to duplicate employer contacts for those agencies/companies who hire directly from Job Services.

B. If the pilot project proves successful the possibility exists for the Department of Human Resources' staff (JTPA, WIN) who work with SRS recipients to also write wage subsidy contracts for SRS recipients.

VII. Impact of Program

Average cost per placement = $3,746.

Estimated average cost for same cases for AFDC for 1 year = $443,550 or $4,435 per case.

Savings from diversion = $201,000 based on 25 cases at $302 per month x 7.5 months, 50 cases at $270 x 7.5 months, and 25 cases at $230 x 7.5 months.

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WELFARE & WORK

Study Links Training and Reduced Dependence

DURHAM COUNTY, NORTH CAROLINA, ANALYZES IMPACT OF CETA TRAINING ON WIN CLIENTS.

BY DANIEL C. HUDGINS

The Durham County Department of Social Services has operated the work incentive (WIN) program as its primary means of enabling public assistance recipients to become self-sufficient through private sector employment. In 1982 the department participated in an analysis of the impact of Comprehensive Employment and Training Act (CETA) training on WIN clients in Durham County. The study covered a five-year period from 1976 through 1980 during which 648 AFDC recipients participated in CETA-sponsored training. It looked at both training costs and welfare expenditures through AFDC, food stamp, and Medicaid programs. A control group of similar AFDC mothers who did not receive CETA training was studied for comparison purposes. The use of a control group addressed a weakness of most CETA studies by providing a method of measuring the positive impact of CETA training, exclusive of outside factors.

The study found that:

- Welfare mothers with CETA training showed a reduction in public assistance dependence over the five-year study period when compared to the control group of non-CETA welfare mothers. Public assistance savings attributable to CETA training in Durham County amounted to $200,000 per year.
- CETA-trained welfare mothers showed an increase in earnings that was projected to be equivalent to four times the cost of that same CETA training. This increase was above and beyond that of the control group of non-CETA welfare mothers.
- The payback by CETA trainees to state and federal treasuries in reduced welfare costs and increased earnings was substantiated when compared to the control group of non-CETA welfare mothers. The investment pay back ratio was a positive 1 to 5.8.
- The cost of CETA training and the number of weeks in training were shown to be positively associated with earnings gains and number of quarters in the work force for welfare mothers with CETA training.
- Training activities that involved employers most directly and provided real-world experience to trainees/employees proved the most successful in increasing posttraining earnings and reducing welfare dependency. The now defunct public service employment, while being one of the most criticized aspects of CETA, was one of the most effective programs for the public assistance recipients who were served.

Several problem areas were identified in the study. The first and probably most significant was the need for remedial education. Since almost 50 percent of the adults in Durham County do not have a high-school diploma or the equivalent, this group needed remedial education before it could participate in classroom skilled training. The study indicated that once the group in need of remedial education received this training, its success and pay back ratio was comparable to that for all study participants combined. Without further training, however, remedial-education trainees showed only marginal improvements in earnings and welfare reductions. It is obvious that additional resources will be needed over a longer period of time to effect real change in this group, otherwise the educationally deprived will require substantially more public assistance and earn significantly less.

Another problem identified by the study related to the type of training opportunities available for women. The study clearly indicated that the most effective training strategies were

- to hire the trainee as an employee at the start of training so the individual could work under conditions experienced by entry-level employees in the same organization; and
- to have the trainee work for an employer who, upon evaluation of the employee/trainee in an actual work situation, could hire and promote that person.

One result of the study has been the strengthening of the relationship between the Department of Social Services and the Durham Employment and Training Program, which administers the Job Training Partnership Act (JTPA), successor to CETA. One of the most successful projects was "women in electronics," a joint effort involving JTPA, a local technical institute, Employment Security Commission, the Chamber of Commerce, a private manpower research firm, the Durham County Department of Social Services, and various private businesses. The Ford Foundation provided some funding for the program which was designed originally to assist low-income women to obtain training to improve their employability in the electronics industry. JTPA administered the program and the Chamber of Commerce supported it with a staff person under contract with JTPA for private industry initiatives. The Department of Social Services referred clients, participated on the screening panel, assisted participants with needed services, and provided technical assistance in the area of motivation classes and job-seeking skills. Private industry was involved in the initial curriculum planning, provided supplies, and offered employment opportunities. Since the program began in 1983, twenty-five WIN participants have been enrolled. Of this number, twenty-four completed the program and one dropped out for health reasons. Of the twenty-four completing the program, all entered employment in the private sector. The average wage was $5.55 per hour with a projected annual wage of $11,544, plus overtime. All of the recipients were terminated from AFDC due to employment and at the end of the first thirty-day period, twenty-three were still employed for a retention rate of 96 percent. During the first two and a half years of the project, six participants became unemployed and reapplied for AFDC. Of the six, five subsequently returned to work and were no longer receiving AFDC. The sixth was enrolled in additional training and was expected to return to work before the end of 1985.

Skills training may not be appropriate for all welfare recipients, but it clearly is an important option for many.

The use of a control group addressed a weakness of most CETA studies.

The Durham Employment and Training Program has made a commitment to involve welfare recipients in its training programs. The program outcomes clearly illustrate that this strategy not only makes good programmatic sense but also provides financial benefits by reducing welfare expenditures and increasing the earnings of participants. The findings of the CETA/AFDC study as well as the success of the "women in electronics" program have helped to enhance the working relationship between private industry and the WIN program and, therefore, the employability of welfare recipients.

Welfare dependency can probably best be addressed through a strong economy and low unemployment. It is probably more than coincidental that Durham County has experienced a dramatic drop in welfare recipients in the past five years, a time when the unemployment rate has also dropped and employment opportunities have expanded at a rapid rate. To ensure that welfare recipients benefit from this economic growth, there must be an investment in education and training and in the provision of supportive services (day care and transportation, for example). The level of earnings that many former welfare clients have achieved, the job promotions received, and homes and cars purchased are more than anecdotal evidence that with appropriate training these individuals have achieved self-sufficiency.

The success Durham County has experienced with joint training efforts illustrates their usefulness. While the majority of those welfare recipients who enter employment are still moving into the lower paying service jobs, this study does illustrate that welfare recipients can benefit from skills training and can secure some of the higher paying, more technical jobs that will assure pay back in training costs and less welfare dependency. Skills training may not be appropriate for all welfare recipients, but it clearly is an important option for many.

Daniel C. Hudgins is director of Durham County Department of Social Services, Durham, North Carolina.

20,000 Choose Paycheck over Welfare Check

MASSACHUSETTS' ET IS DIFFERENT BECAUSE OF CHOICE.

BY CHARLES M. ATKINS

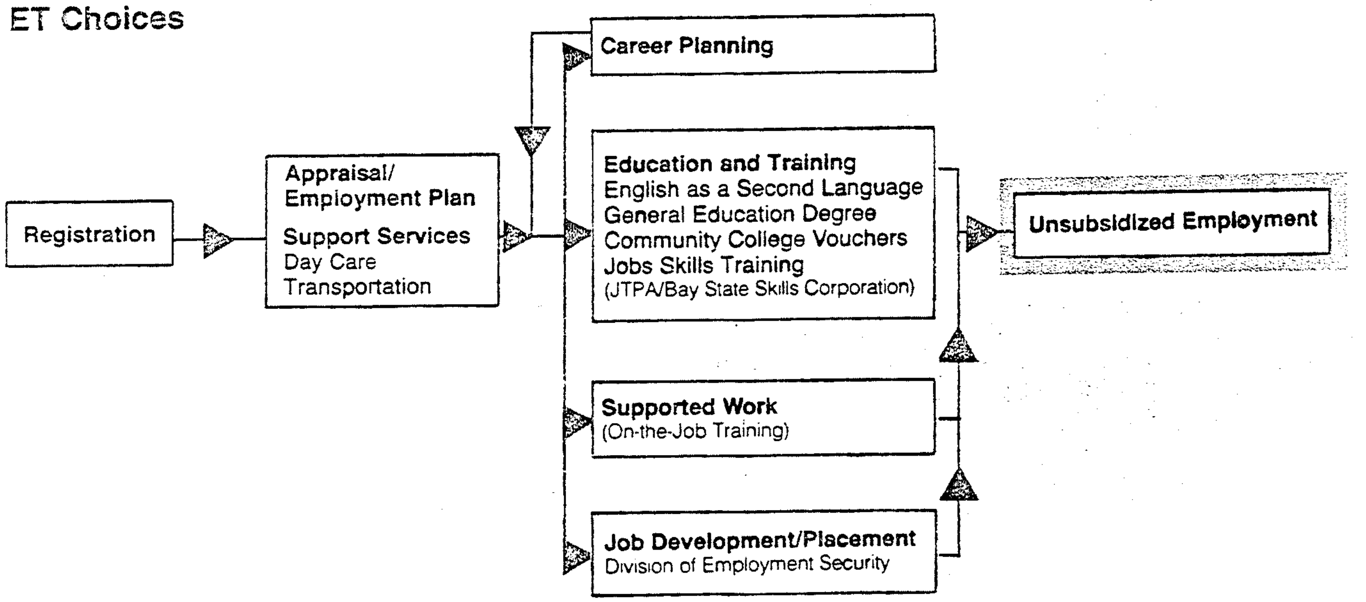
Since October 1983, more than 20,000 welfare recipients in Massachusetts have obtained full- or part-time jobs through the state's employment and training choices program. That is 20,000 families who chose a paycheck over a welfare check—and in the process saved taxpayers $60 million in welfare benefits and brought the state's welfare caseload to its lowest level in twelve years.

For people who choose full-time jobs, the average yearly salary received through employment and training choices is nearly $10,000—more than twice the average welfare grant and 11 percent above the federal poverty level of $8,850 for a family of three. The jobs people get through this program are not make-work. They are real jobs, completely unsubsidized and for the most part in the private sector.

Known affectionately as "ET," this innovative welfare employment program has disproved the popular myth that welfare recipients do not want to work. But for many people on welfare, obtaining a job that pays enough to support a family is impossible without help. In Massachusetts, only about half of all welfare recipients have completed high school. Most are young mothers with one or two children. Many have never worked and over 90 percent have been deserted or divorced by the father of their children. For any employment program to work, these special needs must be addressed.

In his 1985 "state of the state" address, Massachusetts Governor Michael S. Dukakis spoke of ET as an example of his administration's commitment to provide opportunity for all of the commonwealth's citizens. He said, "Even in this full employment economy of ours, there will be citizens who need help and support and assistance in making themselves productive, wage-

ET Choices



earning citizens once again. The difference is that we now know how to help them." ET has made that difference with training, education, and support.

Forcing welfare recipients to take minimum wage jobs and forcing them off the welfare rolls will not work. Instead, ET offers a helping hand by providing the support services women need. As a result, 88 percent of the ET job finders are women.

One of the principal goals of ET is to reduce welfare dependency. The only way to accomplish that is by applying the private sector adage that you have to spend money to make money. This year, Massachusetts will spend $40 million on ET. Only $8 million will come from the federal work incentive (WIN) program. The rest—state funds—will be used to provide job placement help, skills training, education, supported work, career counseling, day care, and transportation for thousands of welfare recipients.

The Department of Public Welfare has developed performance contracts with educational and skills training organizations throughout the commonwealth. ET participants may receive training of their choice in everything from clerical to paralegal jobs, welding to computer electronics, medical secretarial to operating room technician programs. Education courses range from adult basic education to English as a second language, general equivalency diplomas to community college courses. For those who are ready for a job, placement assistance is available through a special contract with the state's Division of Employment Security, which receives $1,000 for every welfare recipient placed in a job. Day care is available throughout the time a person participates in ET and for up to one year after obtaining a job. Transportation allowances of up to $6.00 per day are given to recipients while they participate in the program.

The investment has paid off; 86 percent of the people who went off welfare through ET are still off welfare one year later. ET has saved taxpayers $60 million in welfare benefits—and this is the net amount after deducting the costs of the program. Today, in addition to the 20,000 people who have already entered jobs through ET, more than 12,000 people are participating in the program and another 6,000 are on waiting lists.

The long-term goal of the program is to place 50,000 people in jobs over a five-year period for a total savings of $150 million.

What makes ET so different from other welfare employment programs? The main factor is choice. Instead of forcing recipients into job clubs, ET recognizes that many are not yet ready or qualified to hold down a full-time job. ET gives welfare recipients an opportunity to choose what they need to get a job that pays enough to support their families. For some people, the choice is basic education, for others it is skills training, and for still others it is on-the-job training through supported work. For about 45 percent (about the same number of recipients who have a high school education), the choice is direct job placement through the Division of Employment Security.

ET Full-time Placements Compared to All Jobs by Percentage and Hourly Wage

ET CHOICES			ALL JOB PLACEMENTS*	
Average Hourly Wage	Percentage of Jobs	Occupation	Average Hourly Wage	Percentage of Jobs
$4.64	2%	Farming, Fishing, Forestry	$4.13	5%
4.41	3	Sales	3.61	11
5.66	4	Transportation	5.48	3
4.48	5	Processing	4.34	3
6.81	7	Professional/ Managerial	10.48	7
6.66	8	Construction	6.67	8
5.51	8	Machine Trades	5.35	7
4.44	12	Packing/Handling	4.18	15
4.56	13	Benchwork	4.84	6
4.48	18	Service	3.95	19
5.01	21	Clerical	4.09	19

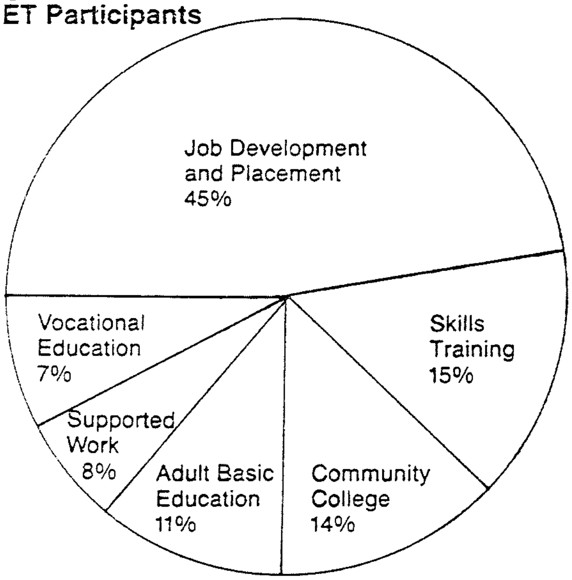
*Note: Placements represented are from Division of Employment Security Job Development and Placement Services only; wage rates are taken at 30 days after placement.

ET gives recipients a choice up front, while most states require persons to fail at mandatory job search before they are offered training. The goal is to reduce welfare dependency and the approach has brought some unexpected surprises. Although all recipients who have children over the age of six are required to register for ET, 35 percent of the people who get jobs are voluntary registrants—women with children under the age of six.

One of the most common questions about ET is whether the program has achieved its success only because of the booming Massachusetts economy.

Massachusetts does have the lowest unemployment rate of the nation's large industrial states. Clearly ET could not have succeeded without the growing availability of jobs. Our economic renaissance is a necessary condition—but it is not the only reason for ET's success. All of the nation's twelve largest welfare states have experienced a decline in their unemployment rates over the last two years. Only six of those states, however, have experienced a drop in their welfare caseloads. And the largest decline was in Massachusetts, which experienced a welfare caseload decrease of 9.4 percent since ET began in the fall of 1983.

Program Choices By ET Participants



Note: In addition, 15% of these ET participants also chose Assessment and Career Planning.

A popular phrase heard in Washington these days is that a rising tide lifts all boats. It is not true. Welfare recipients need a boat to get into, and ET is that boat. The program has proven that welfare recipients do want to work; that they are excellent, highly motivated employees; and that they have aspirations the same as everyone else. ET has provided an opportunity for thousands of families to make their way out of poverty.

Approximately 85,000 families depend on the Massachusetts Department of Public Welfare for basic needs such as food, shelter, clothing, and medical care. Through the ET program, we have been able to go beyond these basic needs and actually help poor people become self-sufficient. ET *is* a route out of poverty. Our goals are the same as those of our clients—financial independence and a secure future for their families.

Charles M. Atkins is commissioner of the Massachusetts Department of Public Welfare, Boston.

A Business Executive Looks at ET

BY THOMAS J. HOURIHAN

If a seller tells a prospective buyer, "I have a win-win deal for you and me," the suspicion sets in. If you are an employer and the Massachusetts Department of Public Welfare comes to you and says, "I have a win-win deal for both of us and it is called ET, believe them!" ET is a winner—a flat out success—because everybody wins: the welfare client, the employer, the taxpayer, the federal government, and the state government.

Although I earn my living in the private sector, I am quite familiar with most of the government-sponsored employment and training programs of the last two decades; and ET is the most exciting and most successful program of the many I have seen.

What makes ET go? Why has it succeeded when other programs have failed or fallen short? ET is a success in Massachusetts because all the key players are pushing in the same direction. Everyone is behind ET.

ET is a true partnership among the governor, the state legislature, the Department of Public Welfare, the welfare clients, the private employers, the agencies responsible for training, and the state Job Training Coordinating Council—a creation of the Job Training Partnership Act (JTPA).

The Governor. Governor Michael S. Dukakis has fully committed himself to the ET program. He has promoted the program around the state and has publicized it in radio and television interviews. Employers and welfare clients are contacted directly about the program, but the governor's remarks serve as a reinforcement.

I had the opportunity to go to Washington with the governor and some ET "graduates" to testify before a congressional subcommittee on the merits of ET. This special effort to ensure that funds are not cut for this program illustrates his deep commitment.

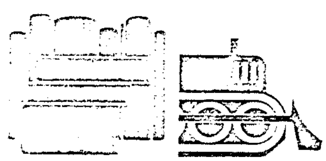
The State Legislature. It is fashionable in Massachusetts for business people to verbally attack the state legislature and vice versa. This activity is counterproductive at best since we both need each other. But regarding ET funding the legislature has been most receptive, even in these times of scarce budget dollars.

The Department of Public Welfare. Commissioner Charles Atkins, his deputy Barbara Burke-Tatum, and the rest of the department staff are absolute zealots

THE MASSACHUSETTS PROGRAM IS A MODEL THAT WORKS.

when it comes to ET. They have really made this program go. Atkins sets very high employment goals for ET, and his staff keeps meeting or exceeding them.

Another encouraging note is the collaboration between the Department of Public Welfare and the Division of Employment Security (DES). DES has done a superb job in placing ET people who are qualified for available jobs.



ET is a success because all the key players are pushing in the same direction.

In my role as chair of the state Job Training Coordinating Council, I had many opportunities to communicate with Atkins and with Kristin DeMong, director of DES; and an attribute they share is their willingness to help business people cut through the red tape. The bureaucratic process, the acronyms, the hidden agendas, and turf issues are anathema to business people. Atkins and DeMong make life easy for the business folks who like to help, but do not relish the thought of drowning in a sea of bureaucracy.

The Welfare Clients. Welfare recipients are willing to work—or at least most of them are. The ET program sets a positive climate and eliminates many of the barriers to employment (transportation, day care, etc.). The welfare department and DES do a fine job of steering clients toward appropriate job openings or training slots. It is vitally important to the ET candidate that he or she is not mismatched or does not lose motivation or confidence.

Another reason for the ET success is the voluntary nature of the program. ET works because clients go to employers who want them and vice versa. Speaking for employers, we want people who want us. It makes no sense to start an employment relationship that both parties are forced into.

The Employer. The advantages of ET to an employer are many:

- ET is free advertising for businesses.
- ET saves training time and expense.
- ET is a source of motivated employees.
- Participation makes businesses eligible for tax credits.
- Taking part in ET fulfills a social and community responsibility.

Employers also help by identifying future employment opportunities for ET candidates, and they assist in training.

In the case of my own employer, Norton Company, we have worked with Central Massachusetts Job Training, Inc., a nonprofit training and employment contractor, and have developed a word-processing program that has been quite successful. Norton Company supplied the instructor who designed the curriculum and taught the course. Norton and some other companies provided the equipment. Central Massachusetts Job Training, Inc., working with the welfare department, administered the program. Central Massachusetts involved other community resources, including two state colleges. Finally the employers provided the jobs.

I should note that Central Massachusetts Job Training has expanded this program and now provides day care in the same facility where the instruction for ET students takes place.

The State Job Training Coordinating Council. The council was created as JTPA replaced the Comprehensive Employment and Training Act (CETA). I had the privilege of serving as the first chair of the council and among our top three priorities we designated welfare clients. In recognition of that, we supplied funding to ET programs. The continued support of the council for ET is another example of how and why the partnership works.

I would urge other states and the federal government to look at our ET program because it represents a model that works. It is the quintessential win-win program. *PW*

Thomas J. Hourihan is vice president for human resources, Norton Company, Worcester, Massachusetts.

Governor Carlin;

I would like someone to tell me how I can get off welfare. I am a young mother of a 14 month old son. I receive $302.00 from a monthly ADC check. I am grateful that I had this help while I was pregnant, and through the difficult months that followed.

Now I would like a better life for us. I went to my welfare case-worker and asked for help with getting a job. They couldn't help me, and referred me to the WIN program. At WIN, I was told that there were no funds available to supplement my son's daycare costs, and that the only jobs they were offering were part-time fast-food jobs, which would barely pay for my son's daycare and leave nothing left to support us.

I tried to apply for jobs on my own, since I am reasonably intelligent, fairly personable, and have some clerical skills. I have had no response, I don't know what I'm doing wrong.

I went to JTPA, but they have been slow to work with me, and are doubtful that they can help me, and they have very limited funds for day care assistance.

I tried to finish high school, but soon ran out of money for a baby-sitter, and again, I am told that there is no help for those in my situation. I have no transportation for any night classes.

I want to work. How much do you save by not putting me to work? You pay my rent, food, medical bills, and wages to all those who have to shuffle my name around in these programs. It's all taxpayer funded. How do they feel about supporting a self-perpetuating system?

You could pay my wages for a period of time to give me experience and credibility, and still come out ahead.

Or support a local broadcast, so those of us who would like to work can get our names and faces out to the business community.

Somehow, everyone who wants off welfare, should be helped to achieve that. But, what incentive is there when you will be worse off by working?

I don't want my son to grow up in an ancient apartment building, watching his mom swat roaches and watch quiz shows, and accept that as a way of life.

I see a lot of people around me, on welfare, that just don't care. maybe they did once. I don't want to end up like them. I need help.

Erika M. Thompson
2500 SE Thomas #7
Topeka, Ks 66616

Laurel Abbott

There are many things to consider when one has been out of work for six years and is the only parent in the home. Clothing to enable you to be presentable 5 or 6 days a week, extra food for lunches, carfare or gasoline for the extra driving, child care, medical expenses no longer covered by a medical card, increase in rent as you may not qualify for a section 8 program, the loss of LIEAP, WIC, etc. Should the government provide interim assistance, with the understanding that it was for a specific length of time and only for the purpose of aiding a client in becoming self-supporting, a client could be removed from social programs in 6 months. This is the length of time for insurance to take effect, a probationary period in insure performance on the job, and for the client to become settled and confident of keeping the job.

These are my income figures, but I am aware of women with 6 children with the same difficulties.

AFDC ----------------------	$360.00	per month
	$4320.00	per year
	$108,000.00	per 25 years
Food Stamps --------------	$124.00	per month
	$1488.00	per year
	$37,200.00	per 25 years
Total for 25 years----	$145,200.00	

Given 6 months of welfare benefits and child care in addition to earned income, the recipient could become self-supporting in that length of time.

<u>SIX MONTHS</u>

AFDC ------------------	$2,160.00	
Food Stamps--------------	$744.00	
Child Care-------------	$1,200.00	
Medical Card-----------	???????	
	$3,024.00	
Proposed savings	$142,176.00	plus medical, LIEP, WIC, section 8 and any other programs formerly available.

This may involve a training process in addition to voc. rehab. however the cost should be less than that of keeping us on social programs. It could also utilize the talents of qualified people who are unemployed to cut the cost of college or technical school tuition for job skills.

I would like to suggest a contract between client and local agency and would like to further suggest that, after I am trained that I be allowed to prove this can be done with the further condition that I will not re-apply for assistance except that my physical condition dictates.

BUGET FIGURES

Food budget----------	extra $50.00 per month to cover taking lunches to work, school lunches paid for by social programs.
Gasoline-------------	extra $45.00 to cover daily driving. This figure is for my 1968 Mustang 6 cyl. with gasoline at 95.9¢ per gallon.
Car maintainence----	saving $20.00 per month to cover possible repairs.
Child care-----------	$200.00 in advance for one month care.
Utilities------------	saving for winter bills when LIEAP is no longer available.
Clothing-------------	clothing for work in addition to the difficulty of providing clothing for two children.
Medical--------------	covering office visits, prescriptions and over the counter medications needed with children and those I need, both for my disability and since my surgery.

These are considerations which must be made before leaving the comparative safety of the welfare machine for the uncertainness of starting work knowing that for one or more of the reasons listed above you may lose your job or have to quit.

<u>RECEIVED THROUGH MEDICAL CARD SINCE OCTOBER 1980</u>

2 circumcisions and meatotamies (24 hours in hospital).

tubes in one childs ears.

psychiatric treatment for one child (14 days in the hospital).

staph scarletine (4 days in hospital for one child).

hysterectomy (5 days in the hospital).

repair of carple tunnel syndrome (out patient surgery, weekily office visits until sutures out).

numerous ear infections and prescriptions.

1 severe sunburn (treated in emergency room).

treatment of fybromyalgia, arthritis and required medication.

post op hormone treatment (daily medication).

Received WIC for two children from 1980 to 1984 (approx. $50.00 per month per child).

Received LIEAP assistance each winter for five years in winter, two years in the summer.

Session of 1986

HOUSE BILL No. 2997

By Committee on Ways and Means

2-13

PROPOSED CLEAN-UP AMENDMENT

2-18-86

AN ACT concerning the renovations of the state-owned Santa Fe office building; providing for the financing of the costs thereof; imposing certain duties on the secretary of administration and the pooled money investment board; and making and concerning certain appropriations therefor for the fiscal years ending June 30, 1987, and June 30, 1988.

Be it enacted by the Legislature of the State of Kansas:

Section 1. In accordance with the provisions of this act and within the limitations of appropriations therefor, the secretary of administration shall make renovations to the state-owned Santa Fe office building.

Sec. 2. (a) To provide for the payment of the costs of ~~constructing the facility described in section 1~~ and expenses related thereto, the pooled money investment board is authorized and directed to loan to the secretary of administration sufficient funds therefor in amounts which in the aggregate do not exceed $4,530,000. The pooled money investment board is authorized and directed to use any moneys in the active accounts, inactive accounts or time deposits, open accounts, of the state of Kansas to provide funds for such loan. Commencing on January 1, 1988, such loan shall bear interest and the rate of interest shall be fixed each January 1 at a rate equal to the rate prescribed by K.S.A. 75-4210 and amendments thereto for inactive accounts of the state effective on such date. The loan principal and interest thereon shall be payable solely from revenues derived from charges imposed pursuant to K.S.A. 75-3651 and amendments thereto or as otherwise provided by law. Such loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.

making renovations to the state-owned Santa Fe office building

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Fiscal Note | Bill No.
1986 Session
February 24, 1986

The Honorable William Bunten, Chairperson
Committee on Ways and Means
House of Representatives
Third Floor, Statehouse

Dear Representative Bunten:

SUBJECT: Fiscal Note for House Bill No. 2997 by Committee on Ways and Means

In accordance with K.S.A. 75-3715a, the following fiscal note concerning House Bill No. 2997 is respectfully submitted to your committee.

Enactment of this legislation would provide for the partial financing of the renovation costs for the Santa Fe Office Building. Specifically, the bill would:

(1) Authorize a loan from the Pooled Money Investment Board to the Secretary of Administration in an amount not to exceed $4.53 million to make renovations to the state-owned Santa Fe Office Building.

(2) Provide that commencing on January 1, 1988, the loan shall bear interest at a rate which would be fixed each January 1 at a rate equal to the current inactive account rate.

(3) Provide that commencing in calendar year 1988, the principal and interest shall be repaid in payments payable annually in the month of March over a period of 15 years.

(4) Authorize expenditures from the Santa Fe Office Building Renovation Fund and lapse the FY 1987 State General Fund appropriation of $3.03 million made by the 1985 Legislature to finance renovation of the Santa Fe Office Building.

Based upon the current inactive account interest rate of 7.17%, the state would incur annual debt service payments of $502,720 for a period of 15 years, commencing in FY 1988. Assuming it would be necessary to increase the rate charged to state agencies for the rental of building space in order to finance the debt service obligation, the rate would have to be

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increased by approximately $.75 per square foot. However, any rent increase for FY 1988 will depend upon the fiscal situation at that time and the anticipated demands against and resources available in the State Buildings Operating Fund.

The provisions of House Bill No. 2997 would implement recommendations included in the FY 1987 Governor's Budget Report.

Gary L. Stotts
Gary L. Stotts
Acting Director of the Budget

GLS:DW:ks

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 2997

"AN ACT concerning the renovations of the state-owned Santa Fe office building; providing for the financing of the costs thereof; imposing certain duties on the secretary of administration and the pooled money investment board; and making and concerning certain appropriations therefor for the fiscal years ending June 30, 1987, and June 30, 1988."

Be amended:

On page 1, in line 28, by striking "con-"; in line 29, by striking all preceding "and" and inserting in lieu thereof the following: "making renovations to the state-owned Santa Fe building";

And the bill be passed as amended.

Bill Bunten Chairperson