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WELFARE REFORM AND CHILD SUPPORT ENFORCEMENT

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

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WELFARE REFORM AND CHILD SUPPORT ENFORCEMENT

FRIDAY, JUNE 12, 1998

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The Subcommittee met, pursuant to call, at 10 a.m., in Phoenix State Capitol, Senate Hearing Room No. 1, Phoenix, Arizona, Hon. E. Clay Shaw, Jr. (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
June 4, 1998
No. HR-14

CONTACT: (202) 225-1025

Shaw Announces Field Hearing on Welfare Reform and Child Support Enforcement

Congressman E. Clay Shaw, Jr., (R-FL), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a field hearing on welfare reform and child support enforcement. **The hearing will take place on Friday, June 12, 1998, at the Phoenix State Capitol, Senate Hearing Room No. 1, in Phoenix, Arizona, beginning at 10:00 a.m.**

Oral testimony at this hearing will be from invited witnesses only. Witnesses will include a State legislator, State social service administrators, and representatives of tribal governments. Any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

FOCUS OF THE HEARING:

The field hearing will focus on the impact of both the new Temporary Assistance for Needy Families (TANF) program and the child support enforcement program on low-income families in Arizona. A major reason the Subcommittee is traveling to Arizona is to determine whether the TANF program and the child support enforcement program are providing the help they should to Native Americans. The Subcommittee is interested in learning about the policies adopted by State officials to produce reports of remarkable improvement. The hearing will provide an opportunity for the Subcommittee to hear directly from legislators who designed the Arizona programs, administrators who are implementing the programs, and Native Americans participating in and, in some cases, administering the programs.

BACKGROUND:

The field hearing is part of a series of hearings the Subcommittee has been conducting to study the impact of the 1996 welfare reform law. When the welfare reform law was enacted, the Subcommittee included several provisions designed to ensure that the TANF program, the child support program, and the child care program could be effectively implemented to benefit Native American tribes. In general, these provisions either detailed special rules for Native Americans or created opportunities for tribal governments to administer their own programs. Thus, for example, the legislation specified the circumstances under which tribal governments could have a direct appropriation of funds under the TANF program as well as the authority to administer their own child support enforcement program. The legislation also required State governors, as a condition of receiving their share of TANF funds, to provide written assurances that benefits and welfare-to-work services would be provided on an equitable basis to Native Americans. Similarly, when Congress enacted legislation appropriating $3 billion to help States mount special work programs for those with the most serious barriers to employment, the Subcommittee included a provision that provided a 1 percent set-aside for Native Americans.

Given that Arizona has among the highest concentrations of Native American tribes in the nation, first-hand information about how these and related provisions are being implemented would prove useful to the Subcommittee in understanding whether the various provisions included in the 1996 legislation are working as intended.

(MORE)

The Subcommittee also has a long history of work on the child support enforcement program. A host of new provisions intended to improve child support programs in all the States was included in the 1996 welfare reform legislation. The Subcommittee has already conducted two hearings to determine the impact these provisions are having in the States. Conducting a hearing in Arizona will provide the Subcommittee with the opportunity to study the implementation of these provisions in a State that has a very strong track record on child support enforcement. Early reports indicate that Arizona is conducting several innovative programs with Native American tribal governments. In addition, the Arizona child support enforcement program has one of the best records of increased child support collections in the nation.

In announcing the hearing, Chairman Shaw stated: "Our Subcommittee has been very concerned about the impact on Native Americans of all the Federal programs under our jurisdiction. We included provisions in the TANF program, the child support program, and other social programs to provide additional flexibility for Native Americans to run their own programs. We are especially interested in the innovative ways in which Arizona and tribal governments are implementing these provisions and whether additional legislation is needed."

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should *submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect 5.1 format, with their name, address, and hearing date noted on a label*, by the close of business, Friday, June 26, 1998, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 75 additional copies for this purpose to the site of the hearing, at least one hour before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette WordPerfect 5.1 format, typed in single space and may not exceed a total of 10 pages including attachments. **Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.**

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "http://www.house.gov/ways_means/".

(MORE)

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

*****

Chairman SHAW. Good morning. We are delighted to be with you this morning. Each of us has an opening statement, and I will defer to the gentleman from Arizona, Mr. Hayworth, to proceed first.

Mr. HAYWORTH. Mr. Chairman, I would like to thank you, very much, for giving the voices of Arizona's experts on welfare reform, child support enforcement, and Native American issues such a unique and unprecedented opportunity to be heard. As this is the very first House of Representatives Ways and Means Committee field hearing in the State of Arizona, I am pleased our committee has chosen to focus on issues so acutely critical to the health and welfare of Arizonans.

Mr. Chairman, I know that both you and I are looking forward to hearing the testimony from my fellow Arizonans who work on a daily basis to ensure welfare benefits are appropriately delivered and that child-support payments are collected in the most timely fashion.

I am pleased to hear of the advances Arizona has made in these efforts as well as the remaining problems to be confronted and the distinctive challenges faced by Native American communities in these efforts.

In fact, I have worked previously with a number of today's expert witnesses to reach their respective goals. For instance, I was pleased to work with the Arizona Division of Child Support Enforcement to incorporate the Division's suggested changes into legislation this subcommittee worked on that was eventually approved by the House of Representatives.

Ms. Nancy Mendoza's input as a member of the national committee advising on child-support enforcement was critical to the successful drafting of federal legislation, and I know that many families receiving child-support payments will benefit from her efforts.

In addition, I am pleased to continue working with Navajo President Thomas Atcitty in his pursuit of a Section 638 waiver to the current welfare program. The Navajo Nation is prepared to receive direct welfare, or TANF funding, in order to administer its own program, and I think that the Federal Department of Health and Human Services wrongly denied the Navajo Nation's application for this waiver.

The Navajo Nation, as most of us know, transcends the boundaries of four states. Operating under three separate state welfare programs is an administrative nightmare that the Department of Health and Human Services should be willing to remedy. As I discussed with President Atcitty just this week, I will continue to work with this subcommittee and our colleagues in Congress to rectify this situation.

In conclusion, Mr. Chairman, I am honored that we have here today two bipartisan panels that include my good friend, the Honorable Tom Atcitty, President of the Navajo Nation; Dr. Linda Blessing, a national expert in welfare reform; and the Honorable Winifred Hershberger, Chairwoman of the Arizona State House of Representatives Committee on Human Services, in addition to many other qualified witnesses.

Clearly, each of the folks testifying before us today have many important stories and statistics to share that could assist other

states in their pursuit of these same child-support collections and welfare-to-work transitions. I am thankful that Arizona was chosen to showcase its strengths here today, and I look forward to working with local, tribal, state, and federal officials to meet current and future goals.

Once again, I thank you, Mr. Chairman. Before I had the opportunity to serve with you on the Ways and Means Subcommittee on Human Resources, my fellow Arizonans and I never had the chance to have direct representation on these issues that are, as we can see from today's turnout, so undeniably crucial.

Most importantly, Mr. Chairman, we have never before had the chance to directly weigh in on matters under the jurisdiction of this important subcommittee, and I am, personally, very grateful to you for giving us that opportunity here today.

Chairman SHAW. Well, thank you, Mr. Hayworth. We are delighted to be here, and I, too, want to welcome all our guests and witnesses who are testifying today. Or more appropriately, thank you all for welcoming this subcommittee here to learn firsthand how the 1996 welfare reform law is working. I also want to especially thank Governor Jane Hull, and the Senate President, Brenda Burns for their help.

Could I ask? Are these microphones working? You can't tell up here. They are working? Thank you.

Today's witnesses will discuss how the historic welfare reform law passed in 1996 has helped move former welfare beneficiaries to work. We will also hear about the tougher child-support enforcement provisions we passed to help mothers and children. And finally, we will examine specific provisions we included to renew and improve our commitment to Native Americans.

In advance of the hearing, I asked the Congressional Research Service to summarize the ten major provisions in the welfare law dealing with benefits for Native Americans, along with other provisions on child care and child support.

Copies of this summary are available with the other testimony, and I would ask unanimous consent to include this summary in the record. These reports and testimonies are located on the table directly outside of this hearing room.

[The Congressional Research Service summary follows:]

97-86 EPW
Updated June 9, 1998

CRS Report for Congress
Congressional Research Service • The Library of Congress

Indian Tribes and the New Welfare Law

Vee Burke
Education and Public Welfare Division

Summary

The 1996 welfare law (P.L. 104-193) gives federally recognized Indian tribes (defined to include certain Alaska Native organizations) the option to design and operate their own cash welfare programs for needy children with funds subtracted from their state's block grant for Temporary Assistance to Needy Families (TANF). It also authorizes direct federal funding to recognized Indian tribes for operation of child support enforcement programs, and it sets aside a share of new child care funds for them. Further, the 1997 Balanced Budget Act (P.L. 105-33), which established welfare-to-work (WTW) grants to serve TANF recipients with impediments to work, reserves some of these funds for Indian programs. The previous cash welfare program of Aid to Families with Dependent Children (AFDC) made no provision for tribal design or administration of cash aid, although it did allow some tribes to operate the Job Opportunities and Basic Skills Training Program (JOBS).

Background. Under AFDC law, American Indians or Alaska Natives (Indians, Inuit [Eskimos], or Aleuts) received AFDC on the same terms as other families in their state, with benefits and income eligibility rules set by the state (and costs shared by the state). The law had no provision for administration of cash aid by tribes. In FY1994, approximately 185,000 American Indians and Alaska Natives, representing 1.3% of the caseload, received AFDC. In addition, about 65,000 needy Indians who were outside categories eligible for AFDC received cash aid based on their state's AFDC benefit standards, but paid by the Bureau of Indian Affairs (BIA). Under old law, more than 80 tribes and tribal organizations exercised an option to run their own JOBS programs, with 100% federal funds. In FY1994 these tribes received about $7.6 million for JOBS.

Under new law, some 10 tribes (in Wisconsin, Oregon, South Dakota, Arizona, and California) have received approval of plans to run their own tribal family assistance programs, and 72 Indian and Native American tribal governments have been awarded welfare-to-work (WTW) grants. In addition, to fund work activities, TANF law appropriates $7.6 million annually for tribes that formerly operated JOBS programs (renamed Native Employment Works—NEW). Standard TANF work and time limit rules do not apply to tribal assistance programs. Their rules are set by the Secretary of Health and Human Services with participation of the tribe.

TANF for Indians

- Recognized tribes and tribal organizations may operate family assistance programs in their service areas. A tribe's TANF grant equals federal AFDC payments to the state for FY1994 attributable to Indians in its service area.
- Tribal grant funds are subtracted from the grant of the state(s) containing the tribe's service areas. Tribal TANF plans are for 3 years (rather than 2, as for states) and contain many fewer required elements than state plans.
- The Secretary of the U.S. Department of Health and Human Services (DHHS), with participation of the tribe, is directed to establish work participation rules, time limits for benefits, and penalties for each tribal family assistance program. In general, Indian tribes in Alaska must operate plans in accordance with rules adopted by the state of Alaska for its TANF program (but waivers are allowed).
- The state governor, in submitting a TANF plan, must certify equitable access from the regular TANF program to Indians not eligible for help from a tribal family assistance plan.
- The law gives explicit permission for state TANF programs to use money from a new loan fund for aid to Indian families that have moved out of the service area of a tribe with a tribal family assistance plan.
- The law appropriates funds each year to those tribes that operated JOBS in FY1994. The appropriation (equaling the tribes' FY1994 base amount) is in addition to any tribal assistance TANF grant made to these tribes
- A special rule exempts from the 60-month TANF benefit time limit any month of aid during which the recipient lived on a reservation (or in an Alaska Native village) of at least 1,000 persons in which at least 50% of adults were unemployed.
- The law generally defines an Indian tribe as in Section 4 of the Indian Self-Determination and Education Assistance Act, but in Alaska the term means one of 12 specified regional nonprofit corporations plus one reservation.
- The law makes Indian tribes eligible for TANF loans.
- The 1997 Balanced Budget Act sets aside 1% of welfare-to-work funds (a total of $30 million over 2 years) for Indian tribes. These funds are administered by the Department of Labor (DOL). Proposed regulations allow 20% of the Indian WTW funds to be used for administration.

Child Support for Indians

- The 1996 law authorizes direct federal funding to Indian tribes (and, again, Alaska Native organizations) for operation of child support enforcement programs. It provides that the DHHS Secretary may make these payments to a tribe or tribal organization with an approved child support enforcement plan. It also authorizes states to enter into cooperative agreements with Indian tribes within their borders for child support enforcement, provided the tribe has an established tribal court or Court of Indian Offenses authorized to handle child support matters. (There are about 130 tribal courts and 17 Courts of Indian Offenses. Most tribal codes authorize their courts to hear parentage and child support matters that involve at least one member of the tribe or a person living on the reservation.)

Child Care for Indians

- The 1996 law reserves between 1% and 2% of its child care funds for payments to Indian tribes and tribal organizations, to be subtracted from national totals (FY1997-2002: $13.9 billion appropriated for welfare-related care, plus $6 billion authorized to be appropriated for the Child Care Development and Block Grant [CCDBG]). Previously a share of CCDBG funds was reserved for tribal applicants, but no AFDC-related child care funds were earmarked for them. The law requires the DHHS Secretary to develop minimum standards for Indian child care, in consultation with the tribes. It also allows Indian tribes, if the Secretary approves, to use CCDBG funds for construction.

Chairman SHAW. This report shows the great effort that went into these provisions, and we really worked hard with the Native American community to write a good bill. Again, Mr. Hayworth was a leader in bringing many of these matters to our attention, and I want to thank him for continuing to press this case before this Subcommittee and the entire Congress. As many of you who know, J.D. know, he is kind of hard to say no to.

We are also interested in learning about Arizona's remarkable turnaround in child-support collections from local legislators who designed these programs, from administrators who are implementing them, and from Native Americans participating in and, in some cases, administering the programs.

The early results of the Welfare Reform Law has been truly amazing. Caseloads are down almost 40 percent nationwide, including a 45-percent drop right here in Arizona, with record numbers of welfare recipients moving to work.

There are more funds available than ever for child care, roughly $70 billion over the next five years. This means that with fixed, block-grant funding, you have a situation where there are dramatically more funds for services and assistance to those who need the most help. This is a great success story.

But we all know the story doesn't end there. Some families, both those still on welfare and also many who have left, need continuing support for themselves and their children. That is why we provided generous child-care funding, expanded Medicaid coverage for moms and kids, and strengthened child-support collections, all to encourage work instead of welfare. And we expanded the Earned Income Credit to reward working parents. In fact, federal spending on Earned Income Credit now greatly outpaces spending on cash welfare, which underscores our emphasis on work.

So we seem to be headed in the right direction. And from what we can tell, Arizona is a part of this success, if not a leader in the success that we are seeing all across this country. Still, the reason we reformed welfare was to help those who were trapped in the old failed system.

Because of this, we are committed to understanding how welfare reform is working, and we are keeping our minds open about further improvements. That is the reason for this hearing and the many others we have held and will continue to hold in Washington and elsewhere.

So I want to thank you, again, for welcoming us here today, and I look toward to your testimony.

Mr. Hayworth, would you like to introduce the first panel?

Mr. HAYWORTH. I would be honored to, Mr. Chairman.

Our first panel dealing with welfare reform and Native American issues will include Linda J. Blessing, Director of the Arizona Department of Economic Security; John Lewis, the Executive Director of the Intertribal Council of Arizona; the Honorable Tom Atcitty, President of the Navajo Nation, which has its capital city in Window Rock, Arizona; and the Honorable Jorge Luis Garcia, the Director of Social Services for the Pascua Yaqui Tribe from Tucson.

So if you folks would come to the front table, we would appreciate it very much. We thank you for your attendance and your willingness to testify, and Dr. Blessing, we would start with you.

Although we have a five-minute rule, we are willing to—we will not cut you off right at five minutes. We will try to handle that, but we are very happy to have you here and look forward to your testimony. And if you would, please, begin.

Chairman SHAW. I would like to tell all the witnesses that we do have your full testimony. We have all but one set of testimony, which we will be receiving in Washington. The full testimony will be made a part of the record if you wish to summarize or proceed as you feel most comfortable.

And I assume Mr. Lewis is not here.

Mr. HAYWORTH. Dr. Blessing, we are happy to hear from you.

STATEMENT OF LINDA J. BLESSING, DIRECTOR, ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Ms. BLESSING. Thank you. Chairman Shaw and Congressman Hayworth, I am Linda Blessing, Director of the Arizona Department of Economic Security. It is usually referred to by its initials, DES. And on behalf of Governor Jane Hull, I want to extend a warm welcome to you. Thank you for this opportunity to share some of our experiences in implementing welfare reform, especially those in——

Mr. HAYWORTH. Dr. Blessing, if you would just give us a second, we are going to work out some technical bugs. Apparently, the microphones are not working on the table here, so we will get that done.

Now, we welcome John Lewis. Thank you, sir, for taking time to be with us today, sir.

Okay. Apparently, I am told now, if you would just get a little closer to the microphone or pull it up, it should work. And if you would, resume your testimony.

Ms. BLESSING. Thank you for the opportunity to share some of our experiences in implementing welfare reform, especially those in partnership with Native American Tribes.

Arizona has 21 federally recognized Indian tribes. Each is unique with a distinctive history, culture, and environment. For example, there are the Havasupais, a people who have thrived for many years at the base of the Grand Canyon. Anyone who hikes down to Havasupai Falls has experienced the hospitality of this tribe.

Arizona has the Navajo Nation, a tribe of more than 200,000 members, who reside in three states on a reservation encompassing 27,000 squares miles, about the same size of West Virginia.

The Salt River Pima Maricopa Indian Community is yet another Arizona tribe. Their reservation borders the Phoenix metropolitan area.

As a result of much public input in developing Arizona's plan for temporary assistance for needy families' program, we identified three principles that were critical to the success of the tribal programs.

First, the state must always recognize the tribes' status as a sovereign nation. Second, the state must provide matching funds required for operation of tribal TANF programs. Third, the tribes should, if they desire, have access to technical assistance from DES to design and implement their programs.

In 1997, the Executive and Legislative Branches passed legislation, allocating state funds to any tribe with an approved TANF plan.

Our partnering efforts have resulted in two approved tribal TANF plans: The Pascua Yaqui Tribe in November 1997 and the White Mountain Apache in April of 1998. Two other tribes, the Navajo Nation and the Salt River Pina Maricopa Indian Community, have submitted plans and currently await federal approval.

All of these tribes have designed unique programs tailored to the specific needs of their members. Those tribes, with operational programs, have contracted back with the Department of Economic Security to conduct eligibility determinations and to help provide the data needed for federal reporting requirements. That brings me to the first barrier I wanted to discuss and that tribes face in trying to operate their TANF programs.

PRWORA limits funding to 1994 levels and authorizes no extra funding for program start-up costs. Like states, tribes need sophisticated, automated systems to comply with PRWORA's extensive data reporting requirements. In order for tribes to start their own TANF programs, they must have additional funding to cover the development of social services infrastructure, planning, and automated systems.

In addition, tribal members often face greater barriers to self-sufficiency. Many tribes are located in remote geographic areas of the state, far removed from urban population centers with well-developed economies. There is a severe lack of economic opportunity on many reservations.

Transportation, child care, lack of job opportunities, these are common obstacles faced by all welfare recipients toward achieving self-sufficiency, but they are greatly amplified for tribal members living on reservations.

Some tribal members live far removed from paved roads. They have neither telephones nor electricity. They receive their mail at a chapter location which is like a community center. And in winter, the dirt roads on which they must travel become impassable due to snow and rain. There is no public transportation. Finding a job, reaching an employment site, and arranging child care may be overwhelming barriers.

We must work together to overcome these barriers and ensure that tribal members have equal opportunity to self-sufficiency in a way that respects the tribal status as sovereign nations and respects and preserves cultural diversity.

I would like to give you a few recommendations. First, tribes need some incentives and opportunities currently available only to states. Tribes must have the option to carry over TANF funds to the next fiscal year. They could use these funds to meet some of the needs I described earlier or to set aside in a rainy-day fund. Tribes should also have the right to compete for federal-incentive dollars, such as funding available to states that reduce their percentage of out-of-wedlock births.

Next, as I mentioned earlier, state-matching funds are essential to the tribes to operate their own TANF programs. Federal authorities should assist tribal efforts by allowing states to use the dollars—count the dollars used for tribal matching funds towards

state maintenance of effort requirements. Some recent proposed federal regulations would prohibit states from doing this.

We understand that there have been some discussions about reducing the TANF block grant and other federal funds. I urge you to maintain funding at current levels so states can continue to meet the needs of our vulnerable populations.

Third, the tribes that elect to operate their own TANF programs need federal funds for start-up costs.

Thank you for the opportunity to address the subcommittee.

[The prepared statement follows:]

WELFARE REFORM AND NATIVE AMERICANS IN ARIZONA:
A Successful Collaboration Between the State and the Tribal Nations

Testimony before the
Subcommittee on Human Resources
Committee on Ways and Means
United States House of Representatives

Presented by:
Dr. Linda J. Blessing
Director
Arizona Department of Economic Security
June 12, 1998
Phoenix, Arizona

Introduction

Chairman Shaw, Congressman Hayworth, I am Linda J. Blessing, Director of the Arizona Department of Economic Security, which is usually referred to by its initials, "DES." As Arizona's integrated human services agency, DES is responsible for administering programs that are often the outcome of your Committee's work. On behalf of DES and the State of Arizona, I want to thank you for taking the time to follow up on the progress of welfare reform. I also want to thank you for this opportunity to share some of our experiences in implementing welfare reform – especially those in partnership with Native American Tribes. After telling you about our experiences, I would like to conclude with some recommendations for improvement that will build on the successful foundation we have started in Arizona.

Arizona's Tribes

First, let me give you some information on Arizona's Native American population. Arizona has 21 federally recognized Indian Tribes. Each is unique, with a distinctive history, culture, and environment. For example, there are the Havasupais, a people who have thrived for many years at the base of the Grand Canyon; anyone who hikes down to Havasupai Falls experiences the hospitality of this Tribe. Arizona has the Navajo Nation, a tribe of more than 200,000 members, who reside in four states, on a reservation encompassing 27 thousand square miles, which is approximately the same size as West Virginia. The Salt River Pima Maricopa Indian Community is yet another Arizona Tribe; their reservation borders the Phoenix metropolitan area. This is just a small part of the diverse lands and peoples that make up the great State of Arizona.

Welfare Reform

Arizona has been on the cutting edge of welfare reform with its program called EMPOWER, which stands for Employing and Moving People Off Welfare and Encouraging Responsibility. When Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("PRWORA"), and shifted decision-making authority from the federal to the state level, Arizona saw this as a wonderful opportunity for the state, and its sovereign Tribal partners, to design programs that would meet differing local needs. As you might imagine, just as the different Tribes have diverse cultures and populations, the methods they must use to overcoming obstacles to self-sufficiency need to be equally varied. Equally important, Tribal programs can respect and account for the cultural distinctions that are often overlooked in a "one-size-fits all program." People helped through programs tailored to unique needs and cultural distinctions are likely to have a higher chance of success.

Arizona and its sovereign Tribes have a long history of successful partnerships. We built on that foundation of trust and mutual respect to meet the challenges and take advantage of the opportunities posed by welfare reform. DES held more than 200 meetings throughout the state, with Tribal members and others, to develop the state's plan for the Temporary Assistance for Needy Families (TANF) program. These efforts revealed three principles critical to the success of any Tribal program. First, the state must always recognize the Tribes' status as sovereign nations. Second, the state must provide the matching funds required for operation of Tribal TANF programs. Third, the Tribes should, if they desire, have access to technical assistance from DES to design and implement their programs. These three basic principles were the building blocks for Arizona's TANF program.

In 1997, the Executive and Legislative Branches passed legislation allocating state funds to any Tribe with an approved TANF plan. We made DES resources available to the Tribes by sharing the experience and expertise DES employees have developed over the many years of operating welfare programs. Our employees and administrators have had numerous meetings with Tribal officials to share knowledge and experiences. Tribal representatives have visited DES field offices, and our staff have traveled to the reservations to observe Tribal operations first-hand. We feel that both DES and the Tribes have benefited from these exchanges by learning more about each other's culture and environment.

These partnering efforts have resulted in two approved Tribal TANF plans: the Pascua Yaqui Tribe in November 1997 and the White Mountain Apache in April 1998. Two other Tribes, the Navajo Nation and the Salt River Pima Maricopa Indian Community, have submitted plans and currently await federal approval. All of these Tribes have designed unique programs, tailored to the special needs of their members. Both Tribes with operational programs have contracted with DES to conduct eligibility determinations and to provide the data needed for federal reporting requirements – which brings me to one of the barriers most Tribes face in trying to operate a TANF program.

PRWORA limits funding to 1994 levels and authorizes no extra funding for program start-up costs. Like states, Tribes need sophisticated automated systems to comply with PRWORA's extensive data reporting requirements. In order for Tribes to start their own TANF programs, they must have additional federal funding to cover development of social services infrastructures, planning, and automated systems.

In addition, Tribal members often face greater barriers to self-sufficiency. Many Tribes are located in remote geographic areas of the state, far removed from urban population centers with well-developed economies. There is a severe lack of economic opportunity on many reservations. Transportation, child-care, and lack of job opportunities -- the common obstacles to self-sufficiency for all welfare recipients -- are greatly amplified for tribal members living on reservations. It is difficult for those of us who live in urban areas like Phoenix to picture or understand the remote character of certain Tribal lands. Some Tribal members live far removed from paved roads. They have neither telephones nor electricity. They receive their mail at a Chapter location, which is a community center for the local area. In winter, the dirt roads on which they must travel become impassable due to snow and rain. There is no public transportation. Finding a job, reaching an employment site, and arranging child care may be overwhelming barriers.

Recommendations

We must all work together to overcome these barriers and ensure that Tribal members have equal opportunity to achieve self-sufficiency, in a way that respects the Tribes' status as sovereign nations, and respects and preserves cultural diversity. I would like to close with some recommendations on how we can achieve this goal.

First, Tribes need some of the same incentives and opportunities currently available only to states. Tribes must have the option to carry over TANF funds to the next fiscal year. They could use these funds to meet some of the needs I described earlier, or to set aside in a rainy day fund. Tribes should also have the right to compete for federal incentive dollars, such as the funding available to states that reduce the percentage of out-of-wedlock births.

Next, as I mentioned earlier, state matching funds are essential for the Tribes to operate their own TANF programs. Federal authorities should assist Tribal efforts by allowing states to count dollars used for Tribal matching funds, towards federal maintenance of effort requirements (MOE). We are very concerned about recent proposed federal regulations that would prohibit states from counting these funds for MOE purposes. If adopted, these regulations may discourage states from helping Tribal programs.

We understand that there have been some discussions about reducing the TANF block grant and other federal funds. I urge you to maintain funding at current levels so that states can continue to meet the needs of our vulnerable populations.

Third, Tribes that elect to operate their own TANF programs need federal funds for start up costs. Such funding would remove what now appears, to many Tribes, as an overwhelming barrier to beginning a program.

Fourth, we must support economic development opportunities in rural and remote areas where job opportunities are critically needed.

Fifth, we must allow Tribes maximum flexibility in the design and operation of their programs.

Last, we must be committed to providing Tribes with ongoing technical assistance as they plan and implement their own TANF programs.

Conclusion
Thank you for the opportunity to address the Sub-Committee.

Mr. HAYWORTH. Thank you, very much, Dr. Blessing, and right there on time, the bell rings. While you would never know the preparation involved, Dr. Blessing just has a great sense of timing, as does our good friend who has joined us now to testify, the Executive Director or the Intertribal Council of Arizona, John Lewis.

And John, before you begin the testimony, I see my former colleague from broadcasting will move the microphone down so that he can record your words for his radio audience, and we appreciate all of that help and what has become a very collegial effort among members of the fourth estate and those of us involved in government.

And with that, John, thank you for joining us, and we would be pleased to hear your testimony, sir.

STATEMENT OF JOHN R. LEWIS, EXECUTIVE DIRECTOR, INTERTRIBAL COUNCIL OF ARIZONA

Mr. LEWIS. Good morning. My name is John Lewis, and I am the Executive Director of the Intertribal Council of Arizona, an organization of nineteen tribal governments. We appreciate the opportunity to respond to the subcommittee's question whether the Temporary Assistance to Needy Families, TANF, and Child-Support Enforcement Programs are providing the help they should to American Indians.

With TANF, the tribal governments are just beginning to evaluate the potential impacts of the new policies on their membership. With regard to child-support enforcement, there continues to remain major impediments to collections for Indian families due to lack of resources for tribes to enforce child-support orders.

The State of Arizona receives federal funding to conduct child-support enforcement activities. The tribes do not. Only recently has the Navajo Nation entered into an intergovernmental agreement with the state to enforce child support. There needs to be direct funding to the tribes to develop their codes and their enforcement systems.

The major welfare reform issue is lack of employment opportunities on Indian reservations. Indian families in Arizona experience extreme poverty, and there are few jobs. While the Indian population comprises 5.6 percent of the population in Arizona, approximately fifteen percent of the recipients of TANF, or 20,000 individuals, are Indian people who reside on the 21 Indian reservations in the state.

Of this population, an estimate of 13,221 individual recipients are children, and an estimate of 6,778 are adults, according to a September 1997 report from the Department of Economic Security.

While the state of Arizona, particularly Maricopa County, has experienced economic growth and labor-market expansion to support some of the concepts of welfare reform, such as JOBS training, work participation, and time-limited benefits, Indian reservations continue to be economically depressed.

Nine of the reservations in Arizona have jobless rates of more than 50 percent, resulting in those populations being exempt from time limits on their benefits as provided for in the Balanced Budget Act of 1997, P.L. 105–33.

Few resources exist for economic development initiatives in many reservation communities. While gaming enterprises have improved economic conditions and provided jobs in some communities, the level of resources varies from tribe to tribe.

There is a great need for infrastructure development: roads, telephones, water systems, and skilled labor force in order to attract and retain private industry; and this is not easily accomplished in rural, often isolated, reservation communities.

These kinds of resources have simply not been available in the past; and for some reservations, continue not to be available. For those tribes with incomes from gaming, it will take time to build infrastructures due to the many years of neglect.

The successful creation of sustainable jobs is also reliant on many other factors. These include personal supports such as reliable child care, transportation, education, skills development, and livable wage.

The State Legislature and Department of Economic Security are commended for their special attention to address the public assistance needs of the tribal TANF population in Arizona, for providing matching funds to those tribes which opt to administer their programs, and for exempting individual recipients from loss of benefits in geographical areas where extreme economic hardship exists.

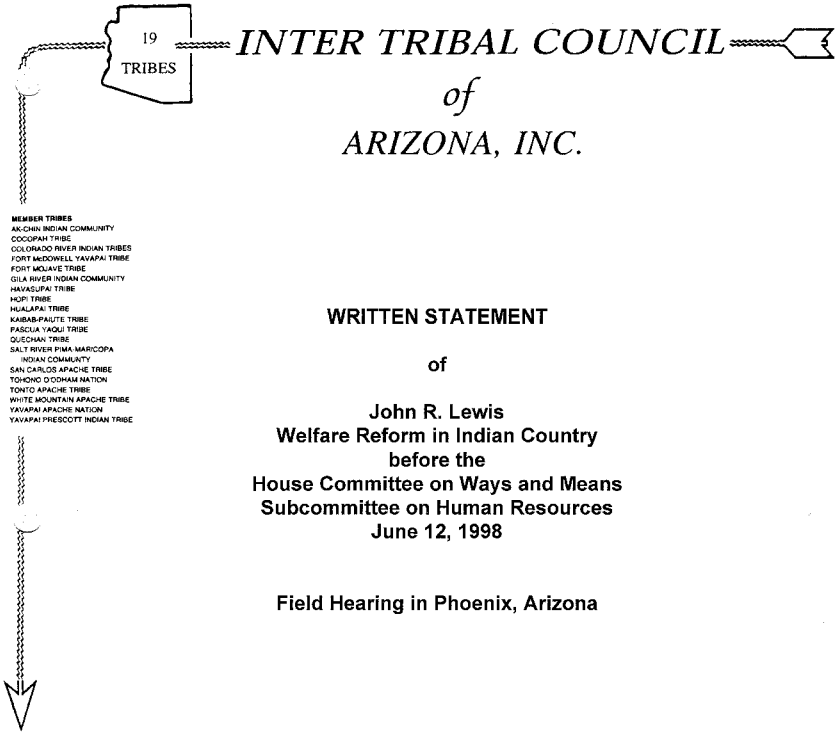
In general, the tribes support the findings of the Rural/Native American and Safety Net Issues Working Group established by the Welfare Reform Joint Committee and Task Force of the 43rd State of Arizona Legislature.

I think that part of the success of the tribes in Arizona and the state in responding to welfare reform legislation has been a longstanding working relationship and the recognition of the intergovernmental nature, of the importance of that, and the sovereignty of the tribal governments. And we have gone through, over the years, a unique way of working together and one that I don't think is duplicated in any other state.

Because of the recognition of the tribal sovereignty, because of the government relationship with tribal governments, we are—we have built and institutionalized within the Department of Economic Security a very good working relationship, that when something like welfare reform is initiated, we are able to coordinate our efforts to work together and share information and, I think, learn from the capacities of the responsive entities to address these issues. So I think that is the key to what has happened in Arizona.

Thank you.

[The prepared statement follows:]



WRITTEN STATEMENT

of

John R. Lewis
Welfare Reform in Indian Country
before the
House Committee on Ways and Means
Subcommittee on Human Resources
June 12, 1998

Field Hearing in Phoenix, Arizona

4205 North 7th Avenue • Suite 200 • Phoenix, Arizona 85013 • (602) 248-0071 • Fax (602) 248-0080

WRITTEN STATEMENT
WELFARE REFORM IN INDIAN COUNTRY
House Committee on Ways and Means
Subcommittee on Human Resources
June 12, 1998

Good Morning. My name is John Lewis and I am the Executive Director of the Inter Tribal Council of Arizona, (ITCA) an organization of 19 tribal governments. We appreciate the opportunity to respond to the subcommittee's question whether the Temporary Assistance to Needy Families (TANF) and child support enforcement programs are providing the help they should to American Indians. With TANF, the tribal governments are just beginning to evaluate the potential impacts of the new policies on their membership. With regard to child support enforcement there continues to remain major impediments to collections for Indian families due to lack of resources for tribes to enforce child support orders. The state of Arizona receives federal funding to conduct child support enforcement activities; the tribes do not. Only recently has the Navajo Nation entered an intergovernmental agreement with the state to enforce child support. There needs to be direct federal funding to the tribes to develop their codes and their enforcement systems.

The major welfare reform issue is lack of employment opportunities on Indian reservations. Indian families in Arizona experience extreme poverty and there are few jobs. While the Indian population comprises 5.6 percent of the population in Arizona, approximately 15 percent of the recipients of TANF or 20,109 individuals are Indian people who reside on the 21 Indian reservations in the state. Of this population an estimated 13,331 individual recipients are children and an estimated 6,778 are adults, according to a September, 1997 report from the Department of Economic Security.

BACKGROUND

The Personal Responsibility and Work Opportunity Act of 1996 calls for major reforms in public assistance throughout America. The Act ended the public policy of providing entitlements to cash assistance and block granted capped funds for public aid to the states. Included among the provisions in the law were options for state and tribal governments to design programs of assistance to meet local conditions under relaxed federal rules. In general the welfare caseload continued to decline under these conditions, coupled with an economic uptrend in Arizona. Four tribes in Arizona submitted plans to administer their own welfare programs - the White Mountain Apache Tribe, the Pascua Yaqui Tribe, the Salt River Pima-Maricopa Indian Community, and the Navajo Nation. The Salt River and Navajo plans are still pending federal approval.

While the state of Arizona, particularly Maricopa county, has experienced economic growth and labor market expansion to support some of the concepts of welfare reform such as JOBS training, work participation and time-limited benefits, Indian reservations continue

to be economically depressed. Nine of the reservations in Arizona have jobless rates of more than 50 percent, resulting in those populations being exempted from time limits on their benefits, as provided for in the Balanced Budget Act of 1997, P.L. 105-22.

Few resources exist for economic development initiatives in many reservation communities. While gaming enterprises have improved economic conditions and provided jobs, in some communities, the level of resources varies from tribe to tribe. There is great need for infrastructure development - roads, telephones, water systems and skilled labor force-in order to attract and retain private industry, and this is not easily accomplished in rural often isolated reservation communities. These kinds of resources have simply not been available in the past and for some reservations continue not to be available. For those tribes with income from gaming it will take time to build infrastructure due to the many years of neglect.

The successful creation of sustainable jobs is also reliant on many other factors. These include personal supports such as reliable child care, transportation, education, skills development and a livable wage.

The state legislature and Department of Economic Security are commended for their special attention to address the public assistance needs of the tribal TANF population in Arizona, for providing matching funds to those tribes which opt to administer their own programs, and for exempting individual recipients from loss of benefits in geographic areas where extreme economic hardships exist. In general, the tribes support the findings of the Rural/Native American and Safety Net Issues Working Group established by the Welfare Reform Joint Committee and Task Force of the 43rd State of Arizona Legislature.

DEVELOPMENT OF HUMAN SERVICES PROGRAMS ON INDIAN RESERVATIONS

Prior to the mid 1960's, most public services for tribal members were planned and operated by the Bureau of Indian Affairs (BIA) and Indian Health Service (IHS). Other basic public services such as Aid to Families with Dependent Children (AFDC) were planned by the State of Arizona.

In the late 1960's through programs sponsored by the office of Economic Opportunity, many tribes began to organize their governmental administrative departments. The enactment of the Indian Self-Determination Act of 1975, P.L. 93-638, further encouraged the development of tribal government-operated services. P.L. 93-638 gives tribes the right to contract for BIA and IHS funds to provide their own public services.

Since the passage of P.L. 93-638 in 1975, tribal government functions have expanded rapidly. Tribal governments now perform many of the same functions as do counties, cities and states. Because tribes are not subsidiary to any other governments, they are best described as general purpose governments.

In Arizona, prior to 1975, only one tribe operated its own social services program. Soon after the passage of the Indian Self-Determination and Education Assistance Act, other tribes were interested in contracting to operate social service programs but there were few sources for technical assistance.

In the late 1970's and early 1980's the Inter Tribal Council of Arizona entered into a demonstration program under Section 1115 of the Social Security Act with the Arizona Department of Economic Security and United States Office of Human Development Services. The purpose of the project was to demonstrate that, given access to Social Security Act Title XX dollars, tribal governments would deliver quality human services on Indian lands. The role of the State of Arizona was to pass through a portion of the State's allocation of Title XX dollars to Indian tribes through the mechanism of state/tribal intergovernmental agreements. The role of ITCA was to provide technical assistance to tribes in planning and operating human service programs, and to assist state officials to work cooperatively with tribal governments. This successful project resulted in all tribes in Arizona gaining access to Title XX resources through intergovernmental agreements with the Arizona Department of Economic Security.

Between October 1980 and December 1982, ITCA conducted a Model Project on Aging entitled "Comprehensive Coordinated Systems of Services to the Elderly on Indian Reservations." The project assisted tribes to plan for Older American Act Title III and Title VI programs. ITCA worked with the Administration on Aging and the Arizona Department of Economic Security to establish in 1980 an Area Agency on Aging to serve the 19 member tribes of the ITCA.

As tribes have taken over their social service programs, they have emphasized support services to enable people to remain in their homes and in their communities. Many tribes are using custodial care dollars to provide in-home services for disabled tribal members instead of using the dollars to pay for off-reservation institutional care.

The tribes and the state have not, for the most part, been successful in negotiating intergovernmental agreements for those human services with an underlying legal component such as Title IV-E foster care entitlements or child support enforcement. The tribes have their own courts and codes and regulate, for example, the establishment of child care standards; the licensing of facilities for dependent children and the aged; the enforcement of civil codes; and the other services the government provides to enhance the social well-being of the public.

There are two tribal/state intergovernmental agreements for child support enforcement. One is the Navajo agreement which conveys administrative funding for the tribal government to carry out these activities. The other is an agreement of recognition of law, which does not convey administrative funding support for the Colorado River Indian Tribes. There are no Title IV-E agreements, even though Indian children are entitled to Title IV-E services.

The following recommendations for policy development are offered:

1. The legal status of tribes as independent, federally recognized governments in the federal system of governments should be articulated in all federal legislation and policy.

2. To assure the continuation of tribal programs, all legislation and policy governing federal human service programs should provide tribal governments the option for direct federal program funding.

3. Federal allocation formulas for the distribution of human service funds should include a base amount for small tribes in order that small tribes may apply for and administer programs. Tribal allocations should be deducted from the full federal appropriation before the funds are allocated to the states and territories.

4. Direct federal allocation of Social Security Act Title IV funds, which includes child support enforcement and child welfare services, should be made available for all tribal governments.

5. The state of Arizona is providing state match at 80 percent of the FY94 level for tribal TANF programs. The state needs to provide matching funds at 100 percent of the level of expenditure for both administrative costs and recipient benefits. The requirement for state match should be made a uniform policy nationwide. The state match for tribes should be credited to the state's maintenance of effort.

6. Technical assistance and resources to tribal governments to promote economic development, or create jobs and develop infrastructure must be identified.

7. Tribally administered programs should be allowed to use any federal carryover savings in TANF to provide supportive services and employment development for tribal members, as states do.

8. Policies must be in place that allow for flexible options in tribal service delivery structures, including integrated funding mechanisms for all federal programs.

9. Start up costs for the development of information and reporting systems need to be made available to tribes in both the TANF and child support enforcement programs.

10. Educational and supportive services need to be widely available to TANF recipients.

11. Tribally administered programs should have access to incentives for reducing caseloads, unwed births and teen pregnancies, as do the state administered TANF programs.

Mr. HAYWORTH. John, thank you, very much, for your testimony. We appreciate it.

And we should note that after we hear from all of the panelists, then we will have time for questions.

I guess it is time to move the radio mike on down so that we can hear from our friend, the President of the sovereign Navajo Nation, who joins us from Window Rock and points beyond, our good friend, the Honorable Tom Atcitty. Mr. President, thank you for coming.

Mr. ATCITTY. Yateeh.

Mr. HAYWORTH. Yateeh.

STATEMENT OF HON. TOM ATCITTY, PRESIDENT, NAVAJO NATION, WINDOW ROCK, ARIZONA

Mr. ATCITTY. The Honorable Chair Shaw and Congressman J.D. Hayworth, it is good to see you again. I was just visiting with you the other day in your office. Seems like everywhere I go, I run into you. I guess that indicates that you are working—hard-working Congressman. Somebody had told us in the hallway of your building over there in Washington, J.D. works at night, and sometimes they wonder if he even sleeps.

We appreciate the opportunity and also the willingness to show a little latitude and not necessarily limiting us to the five minutes, although you did come out all the way to Arizona, which is somewhat unusual. We are usually asked to come to Washington, and we are required to stay within five minutes, and we are shut up and have to leave. But anyway, I appreciate your being here in the Southwest in the warm Arizona.

We are talking about impacts of welfare reform in the Navajo Nation. In October of 1997, the Navajo Nation submitted an application for TANF program under Public Law 93-638; and the following month, on November '97, we got a letter from Donna Shalala denying our request. There are a number of reasons that we felt that we needed to submit a special request of this type.

Presently, we find ourselves in three different regions. Our reservation, as was stated, borders into three different regions: Dallas, Denver, and San Francisco, so we find ourselves in an unwieldy situation to have to deal with those different regional offices, so coming with one application under the Navajo Nation would keep us working with one region. Presently, we find ourselves having a good relationship with the San Francisco regional office, so that—just for your information, that is what we have experienced in the past.

After the denial of our request of our application, we appealed to the Interior Board of Indian Appeals for a hearing, and that appeal was denied. And the next bout was that we submitted an appeal further to the Arizona District Court, and that is where it presently is. And the Department of Human Services has made a motion to dismiss our requests, and that is still under litigation, presently.

We feel that we need to be given a fair opportunity to—our argument and our concerns need to be addressed, as we push for a fair hearing and consideration as to how we feel that this program could be administered, through a Public Law that is—has been made available to Native Americans through 93–638.

There are some advantages that we have experienced under 638, and we—and we have had many experiences with that—contracting under that Public Law. And we would—for those reasons, we would like to continue to see how we can still work under that arrangement.

Presently, we understand that the Indian input on the rules and regulations for the TANF—tribal TANF program is still under review; and as yet, Native Americans have not been requested to participate in the rule-making dialogue. So we believe that if we are going to be a participant and a—participant in the federal program, that we should have a voice in how those rules and regulations are developed.

We also noticed that there is also a lack of coordination when we talk about the implementation of the TANF programming, that the various entities are working separately. The Human Services Department is not necessarily communicating with the Department of Labor, which comes down into the Navajo Nation; our education and training element of our Navajo program comes out of the Department of Labor are not necessarily—they feel that they are not necessarily a part of—a contributing part of—should be a contributing the TANF program; same way with the Department of Transportation, the ISTEA Program.

And if we are going to have an effective job development, there has to be a coordination and communications across the board with all departments that are providing the assistance and programs to Native Americans. There needs to be a cooperation and communication across the board with the various federal programs.

So it has been also said that we need to also seek ways in which that financial support for planning and implementation phase and the tribal TANF program from the federal government be a part of the consideration as well. There is also a provision in—with the states under the Section 412 that the states get a bonus consideration for complying with the provisions of the TANF program.

However, this program does not—seems to exclude the tribes, and we feel that if there is going to be some incentive provided for the states, those same kind of incentives ought to also be provided to the tribes that are participating in this kind of programs. So finally, we would like to recommended that we—that the United States government, that we must continue to work and contract directly with Indian tribes.

And presently, in our situation on the Navajo, to deal with three different states located in three different regions is certainly creating an unwieldy situation, and we need to look at it from the government—the government relationship with Washington.

A federal partnership certainly would be one that would lend to a better coordination, a better implementation of the program. So in order that we all provide that needed assistance and the programs to those people that we are trying to bring from welfare to work, there has to be a total cooperation, a total communication so that we do achieve.

We, on the Navajo, want to put the Navajos to work, and we also need to develop those jobs. We have a big land base, and economic development is most lacking, and we have to—we are assuming that that is one of our responsibilities, and we hope that with the

various federal departments that we can work together in initiating some economic-development opportunities, which certainly equates to employment. So we simply are suggesting and asking that we continue to solicit your support.

And I appreciate our Congressman, here, suggesting that our requests for '638 application was certainly not all that out of order, and we hope that you will continue to hold that position, and I think we can work on an agreement that certainly would be beneficial to the population that we are all aiming to assist.

With that, I appreciate your kind attention, and we look forward to continuing to working together. Thank you, very much.

[The prepared statement follows:]

NAVAJO NATION
WELFARE REFORM INITIATIVE

BRIEFING PAPER
to the
United States Congress
House Ways & Means Committee

Honorable Thomas E. Atcitty, President
The Navajo Nation
Window Rock, Arizona

June 12, 1998

THE NAVAJO NATION
WELFARE REFORM INITIATIVE
BRIEFING PAPER
TO THE
United States Congress
House Ways & Means Committee

June 12, 1998

ISSUE:

Section 412 of the P.L. 104-193, the Personal Responsibility and Working Opportunity Reconciliation Act of 1996, also known as the Welfare Reform Act, gives Indian Tribes the opportunity to receive block grants to administer a tribal "Temporary Assistance to Needy Families" (TANF) program. This program is the former Aid to Families with Dependent Children (AFDC) currently administered by the states. The Navajo Nation has recognized this opportunity and established the Navajo Nation Welfare Reform Task Force (NNWRTF) on December 16, 1996 to plan and develop the "Navajo Nation TANF Plan" pursuant to the Section 412 application process. Over the past year, the task force has diligently worked on the Tribal Family Assistance Grant for TANF and developed a comprehensive plan that encompasses the administration and services delivery area of the States of Arizona, New Mexico and Utah. However, the Navajo Nation more importantly recognized the issue of tribal sovereignty and self-determination as a basis of developing a TANF program that would allow benefits to TANF recipients. Therefore, the Navajo Nation opted to submit a P.L. 93-638, as amended, contract proposal for TANF.

BACKGROUND:

The Navajo Nation welcomes the opportunity, provided by the United States Congress, to submit a tribal grant application to the Department of Health and Human Services (DHHS) in Washington, D.C. to administer its own "Temporary Assistance to Needy Families" (TANF) Program. Pursuant to Section 412 of P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, better known as the "Welfare Reform Act", Indian Tribes across the United States were given an option to administer and operate their own welfare (cash) assistance program which, historically, was provided by the state programs. Section 412 of the Welfare Reform Act changed the entire perspective of tribal-to-federal government relationships, by imposing the tribal-to-state government relationships thereby, undermining the "government-to-government" relationships that tribes initially had with the federal government. Indian tribes established this government-to-government relationships through Treaties that were signed with the United States Government long ago.

The Navajo Nation signed the Treaty of 1868 with the Federal Government that spelled out certain Trust Responsibilities that the United States government would uphold and carry out for the Navajo people. The trust responsibilities of the federal government includes: provision of services and goods to meet needs such as, health care, education, law enforcement, social services and other services to sustain our people. However, throughout the past century, the U.S. Congress has passed laws to further oppress the Indian people and the Federal Government has carried out these laws to diminish the human spirit and dignity of the Indian people. The Navajo people have endured and

persevered many hardships imposed by these laws. In the 1930's, the Bureau of Indian Affairs (BIA) imposed the Livestock Reduction Act on the Navajo people, whose very lives depended on their livestock. During the 1950's, the federal government, again, tried to assimilate Indian people through their Relocation Program by relocating Navajo families off the reservations hoping they could mainstream them into the white dominate society. This program was a total failure. And now, within the last twenty years, the federal government is again further oppressing the Indian people by failing to recognize and uphold the trust responsibilities that they had promised to the Indian people, through its "streamlining" of federal programs and services and "balancing" of the federal budget thereby, reducing federal funds for much needed human services programs and services. In our opinion, the Welfare Reform Act, which provides block grants to states and to those Indian tribes, who opt to administer their own TANF program, attempts to do this again.

In enacting the Welfare Reform Act, Congress again, has failed to recognize the government-to-government relationship that were established through treaties signed with the Federal government, by assigning the administration and implementation of the TANF programs directly to states thereby, giving states the "total rein" on the enactment of this law. Once again, as a sovereign nation, the Navajo Nation is forced to work with and through states governments to get what should have been able to receive directly from the Federal government. This process further fragmentates and diminishes the tribal-to-federal government relationship established and honored through treaties. The Navajo Nation does not have treaties with the states, the Navajo Nation has a signed treaty with the United States Government. Therefore, the Navajo Nation will work directly with Congress, the Senate, and the Federal government agencies to gain the funds necessary to provide services for its' own people.

P.L. 93-638, Indian Self-Determination and Education Assistance Act

It is for this very reason, in submitting its tribal TANF Plan and in accordance with the Welfare Reform Act , the Navajo Nation has opted to submit and implement its TANF Plan, pursuant to P.L. 93-638, as amended, contracting and administration process. P.L. 93-638 is called the "Indian Self-Determination and Education Assistance Act of 1975", and was amended in 1994. This law authorizes Indian tribes to take control of federal programs, such as educational, social services, health, law enforcement and other federal programs historically administered by the Bureau of Indian Affairs (BIA) or Indian Health Services (IHS). However, for the past twenty-two years, the Navajo Nation has assumed control over a large number of these federally operated programs and services, using the '638 contracting process. Today, the trend continues, as the Navajo Nation contracts for more BIA and IHS administered programs.

25 CFR Part 900 outlines the '638 contracting process in the P.L. 93-638, as amended, wherein it states "The Secretary (DHHS) shall, upon request of an Indian tribe or tribal organization and subject to the availability of appropriations, provide technical assistance on a non-reimbursable basis to such Indian tribe or tribal organization to develop a new contract proposal or to provide for the assumption by the Indian tribe or tribal organization of any program, service, function, or activity (or portion thereof) that is contractible under this Act". Thus, it is through this formally established

and prescribed process that the Navajo Nation is requesting the Secretary of DHHS to contract the TANF block grant funds to the Navajo Nation, through a P.L. 93-638, as amended, contract proposal.

On October 07, 1997, the Navajo Nation submitted its '638 contract proposal to the Secretary of DHHS, requesting for approval of TANF block grant funds to administer its own TANF program. However, on November 13, 1997, the Navajo Nation received a fax copy of a letter from DHHS Secretary Donna Shalala informing the Nation of her decision to decline the Nation's '638 TANF proposal, citing that "the TANF program is not one that operates for the particular benefits of Indians or for non-Indians, rather the TANF program is intended to operate for the benefit of needy families without consideration for the status of these families as Indian or non-Indian". Thus, the TANF program cannot be lawfully carried out by an Indian tribe pursuant to P.L. 93-638. Therefore, on December 11, 1997, the Navajo Nation exercised its option to formally appeal the Secretary's decision and submitted their "Notice of Appeal" to the Interior Board of Indian Appeals in Washington, D.C. On February 06, 1998, the Navajo Nation was informed that the IBIA dismissed the appeal and upheld the Secretary of DHHS' final decision. On February 24, 1998, the Navajo Nation filed a complaint with the Federal District Court in Phoenix, Arizona. Rightfully, the Navajo Nation feels strongly that they should be given every opportunity to contract the TANF block grant funds under '638 law.

The Navajo NationTANF Project office additionally presents the following:

Significant Barriers In Producing Positive Outcomes Of Welfare Reform On The Navajo Nation

- High Unemployment rate on the Navajo Nation 52% (according to 1995 BIA Labor Force Statistics).

- Lack of employment opportunities for the estimated total of 9,088 Navajo adult TANF recipients.

- Inadequate funding levels to plan, develop and implement a comprehensive tribal TANF program including:
  - computer automation development
  - policy manual development
  - infrastructure/facility development
  - other pertinent program development costs.

- Non-coordination of federal "welfare to work" related services, e.g. DHHS / DOL / DOI to coordinate and collaborate with tribal programs.

- Lack of technical assistance and planning funds for tribes to plan and develop its own comprehensive tribal TANF plans.

- P.L. 105-33, "The Balanced Budget Act", 1% set aside amount of $30 million for tribes is not enough and inadequate to provide sufficient and adequate training and educational services for the tribal TANF recipients.

The Role of the Federal Government vis-a-vis States, Tribal Government, Localities and Private Groups.

- The United States Government must work and contract directly with Indian Tribes. The Navajo Nation strongly advocates for a "government-to-government" relationship with the federal government, in order to successfully implement and administer its own TANF program.

- Federal "partnership" must exist at the national level and this sentiment must be conveyed to the Federal Regional Offices, e.g. Region VI - Dallas, Region VII - Denver, & Region IX - San Francisco offices.

Critical Partnership That Must Be Forged

- Welfare Reform forces tribal programs to collaborate and consolidate within the tribal organization, which means reorganizing their family assistance and employment support services, to meet the needs to the TANF recipients. Therefore, it is imperative that this same collaboration and consolidation efforts happen at the federal level between the Departments of Labor (DOL), Health & Human Services (DHHS) , and Interior (DOI). In essence, all federal funding related to employment, training and needed support services must be consolidated and administered under "one administrative umbrella" in order to totally benefit the TANF clientele.

- Internally, the Navajo Nation tribal administration and programs identified to provide the family assistance and employment support services for the proposed Workforce Development Department must coordinate and collaborate to bring together an integrated and consolidated effort for TANF services. Currently, there is a lack of coordination and communication amoung these crucial programs, such as Division of Social Services, Division of Human Resources, Division of Economic Development, Division of Education, Division of Community Development and others programs to fully implement the Navajo Nation TANF program.

Best Models and Initiatives

- The Navajo Nation continues to advocate for the approval of its TANF proposal that was submitted in accordance with the P.L. 93-638, as amended, contracting process, thereby allowing the Nation to administer its own TANF program. This process will allow the Nation to access funding and resources such as, Contract Support Funds, Indirect Cost Funds, Pre-Award Costs Funds, and Annual Budget Funds, to fully and successfully implement its

TANF program. Finally, the '638 funding method will allow the Nation to work with the Bureau of Indian Affairs and the Indian Health Services in identifying and procuring funds for infrastructure and facilities development, to further support the implementation of the Navajo Nation TANF program.

- The 1975 Indian Self-Determination and Education Assistance Act gave Indian Tribes the authority to contract with the Federal Government to operate programs serving their tribal members and other eligible persons.In August 1996, the new amendments to P.L. 93-638 became final. The new statute provides expanded contracting opportunities within the DHHS and DOI. Consolidated contracts are now permitted which will significantly reduce reporting requirements. The changes also allow for redesign of the program to meet tribal needs and desires.

- Section 106 of the P.L. 93-638 statute allows that tribes will be entitled to receive the total amount of funds allocated or identifiable with a program for program costs including administration, operation at all levels, savings, startup and pre-award funding.

- More importantly, the Navajo Nation explicitly requests the Federal government pursuant to Indian Self-Determination, Section 102, § 450f., of P.L. 93-638, as amended, " That Secretary is directed, upon request of any Indian tribe by tribal resolution, to enter into a self-determination contract or contracts with tribal organization to plan, conduct, and administer programs or portions thereof, including construction programs (E) for the benefit of Indians because of their status as Indians without regard to the agency or office of the department of Health and Human Services or the Department of the Interior within which it is performed".

Navajo Nation TANF Program

- Will provide assistance to 27,615 needy families and reduce the dependency on public assistance by promoting job preparation, work and family stability through personal responsibility by participating in appropriate social and economic self-sufficiency activities.

- Will serve all eligible Navajo families and individuals who reside on or near the Navajo Nation in defined service delivery area (SDA) in the States of Arizona, New Mexico and Utah in accordance to the AFDC client population in FY 1994 Statistics Data received from the states.

- Create the Workforce Development Department (WDD) to provide a collaboration of employment support services to coordinate the welfare reform Act services to navajo families and individuals residing on the Navajo Nation.

- Will meet and comply with P.L. 104-193, Section 412 provisions, i.e. mandatory work

requirements, penalties, data collection & reporting etc.

FUNDING AMOUNT:

FEDERAL - DHHS

P.L. 104-193 authorizes the Department of Health and Human Services (DHHS) to appropriate a total of $ 173.8 million for FYs 1998-2002. The Navajo Nation understands that TANF funding received will be equal to the amount the states spent in administering it's AFDC and related programs provided in the (Navajo Nation) service delivery area in FY 1994.

$ 35.8 million for FY 1998 **
$ 1,158,723 - 3 Month Start-Up Budget
$ 34,552,091 - 1st Year Annual Budget
$ 114,260 - Pre-Award Budget
$ 34.5 million for FY 1999
$ 34.5 million for FY 2000
$ 34.5 million for FY 2001
$ 34.5 million for FY 2002
$ 173.8 million

NAVAJO NATION - GENERAL FUNDS

In FY 1997, the Navajo Nation Council approved a supplemental funds (General Funds) request for the Navajo Nation Welfare Reform Task Force (NNWRTF) and TANF Project in the amount of $100,000 for the planning and development purposes. The Navajo Nation TANF Project is currently utilizing this fund.

In FY 1998, the Navajo Nation TANF Project has again, submitted a supplemental budget request from the undesignated reserves for the amount of $2,175,000 for TANF computer automation purposes. This amount was reduced to $1,416,000 and approved by the Budget & Finance Committee of the Navajo Nation Council. Thus, the TANF project is preparing to appear before the Navajo Nation Council during the Spring Session of April 20-24, 1998.

FY 1997 - NNWRTF	$ 100,000
FY 1998 - Automation	$ 1,416,000
Total NN Funds:	$ 1,516,000

RECOMMENDATIONS

The Navajo Nation respectfully requests your support on the P.L. 93-638, as amended, contract proposal approach to administer a tribal TANF program. This process will allow the Navajo Nation to access funding and resources such as, contract support funds, indirect costs funds, pre-

award costs funds, and annual operating budgets to fully and successfully implement a Tribal "Family Assistance Grant" TANF Program. The '638 funding process will also allow the Navajo Nation to work with the Bureau of Indian Affairs (BIA) and the Indian Health Services (IHS) in identifying and procuring funds for infrastructure and facilities development. The Navajo Nation further requests that you advocate and convey the Navajo Nation's plan to the Secretary of the Department of Health and Human Services.

NAVAJO NATION WELFARE REFORM
FACT SHEET

Navajo Nation Welfare Reform Advisory Committee

June 12, 1998 Contact: Navajo Nation TANF Project (520) 810-8500

- Total Navajo Nation Resident Population: 212,000 (1990 Census)
- Total Navajos Living on the Reservation: 163,556 (1996 Chapter Images)
- Total Navajo Nation Land Size: Approximately 26,241 square miles (About the size of the state of West Virginia) extending in the states of Arizona, New Mexico and Utah.
- The Navajo Nation is the largest Indian reservation and the largest Indian tribe in the United States.

ECONOMIC & EDUCATIONAL STATISTICS

- Unemployment Rate: 52% (1995 BIA Labor Force Statistics)
- Percent Unemployed: Females - 18.6% Males - 23.5%
- Median Household Income: $13,984
- Persons (Over 25) With High School Diploma: 54.8%
- Persons (Over 25) With Bachelors Degree: 5.2%

TOTAL NUMBER OF NAVAJO INDIANS RECEIVING TANF BENEFITS				
STATE	# OF ADULTS SERVED / MO.	# OF CHILDREN SERVED / MO.	TOTAL BENEFITS PAID	TOTAL STATE ADMINISTRATION COSTS
ARIZONA	4,648	9,632	$ 13,519,158	$ 2,373,269
NEW MEXICO	4,177	8,354	$ 14,965,399	$ 2,072,424
UTAH	263	441	$ 1,432,641	$ 189,200
TOTAL:	**9,088**	**18,427**	**$ 29,917,198**	**$ 4,634,893**

(FY 1994 State Statistics)

NAVAJO NATION
WELFARE REFORM INITIATIVE
BRIEFING PAPER

June 12, 1998

- The Navajo Nation is pursuing to contract the Temporary Assistance to Needy Families (TANF) program pursuant to the P.L. 93-638, as amended, rather than through P.L. 104-193, as recommended by DHHS.

- The P.L. 93-638, as amended, contract proposal submitted by the Navajo Nation was declined by Secretary of DHHS effective November 11, 1997. The Navajo Nation filed a "Notice of Appeal" to the Interior Board of Indian Appeals (IBIA), which was dismissed because the IBIA upheld the Secretary of DHHS' final declination decision. On February 24, 1998, the Navajo Nation filed a lawsuit with the Federal District Court in Phoenix, Arizona which will be heard within 60 days after submission.

- The Navajo Nation TANF Program is developed pursuant to Section 412 of P.L. 104-193, the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", to administer the tribal "family assistance grant" for Navajo families and individuals residing on or near the Navajo reservation.

- The Navajo Nation TANF Program, also known as the "Workforce Development Department" (WDD) will provide cash assistance and employment support services to approximately 27,615 Navajo TANF recipients beginning FY 1998 through FY 2002.

- The total funding requested from DHHS for Navajo Nation TANF program is as follows:

  FY 1998 - $ 35.8 million (includes start-up costs)
  FY 1999 - $ 34.5 million
  FY 2000 - $ 34.5 million
  FY 2001 - $ 34.5 million
  FY 2002 - $ 34.5 million
  Total: $173.8 million

- The Navajo Nation requests the approval of the P.L. 93-638, as amended, contract proposal to administer TANF. This action would reinforce tribal self-determination and tribal self-governance for the Navajo Nation.

- The P.L. 93-638, as amended, contract proposal would provide the Navajo Nation greater flexibility to request for contract support funds, indirect costs funds, pre-award costs funds, and the annual program budget. In addition, the '638 method will allow the Navajo Nation to access real property of BIA or IHS for infrastructure and facilities development for the

proposed WDD.

- The Navajo Nation TANF Project submitted a supplemental funding request from the undesignated reserves in the amount of $2,175,000, however, the Budget & Finance Committee accepted and approved $1,416,000 for FY 1998 to further develop the TANF computer automation program. This budget will be presented before the Navajo Nation Council Spring Session on April 20-24, 1998.

- Currently, Navajo Nation TANF Project is pursuing SAS # 8628, Approving the NDSS, NN TANF Project, consultant contract agreement with JJ Clacs & Company, in the amount of $21,594.00 for the development and production of the Navajo Workforce Development Department policy manuals. We need the Office of the President & Vice-President support to approve this contract for the important policy development.

- The NN TANF Project is actively seeking to establish infrastructure and office spaces for the identified ten "regional" office site locations. This initiative includes telecommunications systems, land acquisitions at chapter sites, facility/building availability assessment, and working with the design and engineering department for conceptual designs of buildings.

- There are on-going meetings with the states (Arizona, New Mexico, & Utah) discussing the welfare reform programming and transitional planning from the states to the Navajo Nation when the contract is finally approved by the DHHS in Washington, D.C..

- The Division of Social Services, Navajo Nation TANF Project, has taken the lead role in the TANF program development. The TANF project is also coordinating with the newly established Navajo Nation Welfare Reform Advisory Committee (NNWRAC) representing key programs within the Navajo Nation government.

Mr. HAYWORTH. Mr. President, we thank you for your testimony and look forward to exploring some of those special challenges a bit further in just a moment.

Now, as the microphones are moved down, we will hear testimony from our final witness as part of this panel, our friend out of Tucson, who is the Director of Social Services for the Pascua Yaqui Tribe, the Honorable Jorge Luis Garcia.

Mr. Garcia, thank you for joining us.

STATEMENT OF THE HON. JORGE GARCIA, DIRECTOR OF SOCIAL SERVICES, PASCUA YAQUI TRIBE, TUCSON, ARIZONA

Mr. GARCIA. Thank you. Mr. Chairman, bienvenidos to Arizona—welcome to Arizona. Mr. Hayworth, welcome back.

The Social Services Department with the tribe is the tribal agency assigned to administer the Pascua Yaqui TANF plan. Ms. Irma Valencia, the department's associate director, and myself have been involved in the planning, implementation, and administration of the tribal TANF plan since its beginning.

My thanks to Representative Mark Anderson, Representative Freddy Hershberger, Representative John Loredo, Senator Tom Paterson, Senator Joe Eddie Lopez, and their colleagues for having the vision and the legislative fortitude to assure that tribes have access to state-matching funds to implement TANF on Indian land. My thanks to the Governor Symington for having signed the legislation.

If matching funds were not available to tribes, I would not be here. In spite of all the potential negative consequences, I would find it very difficult to recommend to the tribal chairman and the council that they should pick up the $350,000 maintenance-of-effort tab to have a tribal TANF plan, especially when it has never been an expense to the tribe before.

I thank Dr. Escalante—Fernando Escalante, tribal vice-chairman, for nudging me to explore the possibilities and practicalities of implementing a tribal TANF. It was his insistence that pulled me out of the welfare-reform shock.

I also want to thank Dr. Blessing and her staff for entering into an intergovernmental agreement, which has become a partnership. I refer to it as a partnership because as partners, we problem-solve differences rather than ignoring them.

Dr. Blessing, it is a breath of fresh air dealing with your staff. I only pray that your leadership in state-tribal relationships rubs off on other state agency directors.

The Pascua Yaqui TANF began on November 1, 1997, and I am here to report to you, Mr. Chairman, Mr. Hayworth, that there is success, and more importantly, that there is an unprecedented optimism for moving families from welfare to employment.

At Pascua, we have melded the funds from JOBS and Welfare to Work with support from JTPA into a concerted effort in getting people employed. In the past seven months, fourteen persons have entered jobs, most of them at Casino of the Sun.

On April 6th, three persons entered certified nursing assistants' training at Pima Community College and are expected to sit for their exam in July. On April 14th, eight persons entered a two-year computer tech training course that the Department put together

and combines work experience with community college course work.

In getting people from welfare to work, our objective is to prepare the head of household for employment into the twenty-first century. Our next task is to develop a linkage with the optics industry.

But not all is rosey. We can pass ourselves off as successful at this point only because we are creaming. The challenge for us is to instill motivation and desire in that TANF subset, which is in danger of being sanctioned for noncompliance.

Over two years ago, the Wall Street Journal reported on Marriott's pioneering efforts in moving people from public assistance into employment. The conclusion, as I recall it, is a very difficult, trying, and time-consuming effort and well worth it, and such is welfare reform. It is trying, difficult, but it is a well-worth-it process.

As a social worker who responds to his veteran social workers, we cannot forget that TANF subset which has completely dropped out instead of dealing with another caseworker who tells me that I have to get my act together.

At Pascua, we have the services to help the adult who wants help, provided that she still has Medicaid. The subset that has dropped out has probably lost all Medicaid coverage, and it is our obligation to be there if and when she wants to begin the most difficult journey of her life.

On the administrative side, tribal TANFs are at a distinct disadvantage. I am cheering my Navajo brothers' fight to '638, the TANF program, because that will, indeed, bring sorely needed administrative dollars for tribal TANF.

On an annual basis, Pascua will receive approximately one point four million dollars from both the state and the feds for its TANF. One point three million will go to cash assistance, and the balance is budgeted for reimbursement to the state for eligibility determination, which means there is no money to hire a staff person to administer the tribe's entire welfare-to-work effort. So it becomes an added burden and sometimes a neglected burden of myself and soon to be transferred to the associate director.

I recognize that the federal rules will allow tribes to charge a larger administrative cost, currently set at eight percent and proposed to be at twenty percent. But the fallacy here is that the increase must come from the existing funds, which means that the administrative increase must come from the available cash assistance. Robbing Peter to pay Paul is not a realistic option.

My recommendation is to award additional dollars to tribes to the administration of TANF plan. I suggest twelve percent.

Secondly, currently, states have the TANF block-grant funds available to them until they are expended. Tribes only have the funds available two years, and unexpended funds revert to the Treasury.

If the premise is that the money be available to states for the anticipated bad economic times, then it should follow that the money should be available to the tribes when the tribe encounters a downturn in its economic times. Fair is fair, and this is downright un-

fair, particularly when tribes are subjected to the same performance requirements as states are.

Recommendation: Change the law to permit tribes to have TANF block-grant funds available until expended.

Pascua needs more money in its child-care block grant. We currently have forty families on the waiting list for child-care assistance. Tribes are not and will not be as fortunate as the states are in having unexpended TANF block-grant dollars that can be used for expanding the availability of child care.

My recommendation is to increase the child-care block-grant award to tribes who need it and can use it.

Thanks to the state legislators, the tribe will receive approximately $12,000 to use as transportation assistance, something that we have not even skimmed the surface of.

Pascua's decision to subcontract with the state for eligibility determination and benefit issuance was a matter of economics and good practice. Currently, an individual using the same application form can apply for TANF, medical assistance, and food stamps in one location with the state agency. Economies of scale do indeed work.

My thanks to Representative Anderson for planting the seeds in law that permit the state, with appropriate federal waivers, to subcontract the medical assistance and food stamps eligibility functions with tribes with an approved TANF plan.

I will be calling on Mr. Hayworth's office to encourage the Secretary of Health and Human Services and the Secretary of Agriculture to approve Arizona's request for the waivers.

Another welfare-related program that the Pascua Yaqui Tribe has a burning interest in accessing is Title IV–E foster-care dollars. The fact that IV–E dollars are directly related to the receipt of TANF assistance makes it a natural progression of services to the tribe to directly assume from the federal government.

Recommend to make Title IV–E dollars directly available to tribes with an approved TANF plan; also recommend the improvement of IDAs. Individual Development Accounts can assist a family's transition from dependence to total sufficiency.

My congratulations to those thrifty families who manage to make contribution to an IDA. And for many of those who make the sacrifice but may not be able to achieve ownership, the family should be allowed to move into better housing. And that is why I am recommending that the first and last months' rent should be an eligible IDA expenditure.

In closing, I wish to thank you for giving me the opportunity to share the tribe's infant but mature TANF experience, and I look forward to working with you and your staff to implement the above recommendations.

[The prepared statement follows:]

PASCUA YAQUI TRIBE of ARIZONA

SOCIAL SERVICES DEPARTMENT

PASCUA YAQUI TRIBE
The TANF Experience

Comments before the Subcommittee on Human Resources
Of the Committee on Ways and Means

Chairman Shaw, Congressman Hayworth Bienvenidos Welcome to Arizona. My name is Jorge Luis Garcia, Social Service Director for the Pascua Yaqui Tribe. The Department is the tribal agency administering the Pascua Yaqui TANF Plan. Ms. Irma Valencia, the Department's Associate Director and myself have been involved in the planning, implementation and administration of the tribal TANF plan since the beginning.

My thanks to Representative Mark Anderson, Representative John Loredo, Senator Tom Paterson, Senator Joe Eddie Lopez and their colleagues for having the vision and legislative fortitude to assure that tribes have access to the State matching funds to implement TANF. My thanks to the Governor for having signed the legislation. If matching funds were not available to tribes, I would not be here. Inspite of all the potential negative consequences, I would find it impossible to recommend to the Tribal Chairman and Council that they should pick up the $350,000 maintenance of effort tab to have a tribal TANF Plan. Especially, when it had never been an expense to them before.

I thank Dr. Fernando Escalante, tribal Vice-Chairman and my immediate supervisor, for nudging me to explore the possibilities and practicalities of implementing a tribal TANF. It was his insistence that pulled me out of the welfare reform shock.

I also thank Dr. Blessing and her staff for entering into an InterGovernmental Agreement which has become a Partnership. I refer to it as a Partnership because as partners we problem solve differences rather than ignore them. Dr. Blessing, its is a breath of fresh air dealing with

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But not all is rosy. We can pass ourselves as successful because at this point we are creaming. The challenge for us is to instill motivation and desire in that TANF subset which is in danger of being sanctioned for non-compliance. Over two years ago, the Wall Street Journal reported on Marriott's pioneering efforts in moving people from public assistance into employment. The conclusion, as I recall, a very difficult, trying and time consuming effort and worth it. As a Social Worker who responds to his veteran Social Workers, we can not forget that TANF subset, which has completely dropped out instead of dealing with another caseworker that, tells me that I need to get my act together.

At Pascua, we have the services to help the adult who wants help, provided she still has **Medicaid.** The subset that dropped out has probably lost Medicaid coverage and it is our obligation to be there if and when she wants to begin the most difficult journey of her life.

On the administrative side, Tribal TANF's are at a distinct disadvantage. I am cheering my Navajo brothers' fight to 638 the TANF program because that will indeed bring sorely needed administrative dollars for tribal TANF. On an annual basis, Pascua will receive approximately $1.4 million dollars from both the State and Feds for its TANF. $1.3M will go for cash assistance and the balance is budgeted for reimbursement to the State for eligibility determination. Which means there is no money to hire a staff person to administer the tribe's entire welfare to work effort. So it becomes an added and sometimes neglected duty of myself and soon to be transferred to the Associate Director.

I recognize that the federal rules will allow tribes to charge a larger administrative cost (currently at eight percent and proposed to be no greater than twenty percent). But the fallacy is that the increase must come from the existing funds, which means that the administrative increase must come from the available cash assistance. Robbing Peter to pay Paul is not a realistic option.

RECOMMENDATION: Award additional dollars to tribes for the administration of the TANF plan. I suggest twelve percent.

Secondly, currently states have the TANF block grant funds available to them until they are expended. Tribes only have the funds available two years and unexpended funds revert to the Treasury. If the premise is that the money be available to states for the anticipated bad economic times, then it should follow that the money should be available to the tribes when the tribe encounters a downturn in its economic times. **FAIR IS FAIR and this is DOWNRIGHT**

UNFAIR! Particularly, when tribes are subjected to the same performance requirements as states are.

RECOMMENDATION: Change the law to permit tribes to have TANF block grant funds available until expended.

Pascua needs more money in its Child Care Block Grant. We currently have forty families on the waiting list for childcare assistance. Tribes are not and will not be as fortunate as the States are in having vast unexpended TANF block grant dollars that can be used for expanding the availability of childcare.

RECOMMENDATION: Increase the child care block grant award to tribes who need it and can use it.

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Pascua's decision to subcontract with the State for eligibility determination, benefit issuance and related functions was a matter of economics and good social work practice. Currently, an individual, using the same application form, can apply for TANF, medical assistance and food stamps in one location with the State Agency. Economies of scale do indeed work. My thanks to Representative Anderson for planting the seeds in law that permits the State, with appropriate federal waivers, to subcontract the medical assistance and food stamps eligibility functions to tribes with an approved TANF plan.

RECOMMENDATION: Encourage the Secretary of Health and Human Services and the Secretary of Agriculture to approve the waiver request.

Another welfare related program that the Pascua Yaqui Tribe has a burning interest in accessing is Title IV-E foster care assistance. The fact that 4-E dollars are directly related to the

receipt of TANF assistance, makes is a natural progression of services for the tribe to directly assume from the federal government.

RECOMMENDATION: Make Title IV-E dollars directly available to tribes with an approved TANF Plan.

IMPROVE IDA. Individual development accounts can assist a family's transition from dependence to total self-sufficiency. My congratulations to those thrifty families who manage to make contribution to an IDA. And for many of those who make the sacrifice but may not be able to achieve homeownership, the family should be allowed to move into better housing.

RECOMMENDATION: The first and last month rent should be an eligible IDA's expenditure. While I am at it why not new furniture!

RECOMMENDATION: Education or training of the head of household children should be an eligible IDA expenditure.

TRANSITIONAL HOUSING ASSISTANCE. TANF families living in subsidized housing will experience a traumatic experience. From a very minimal shelter cost the TANF family who goes to work will suddenly have a shelter cost equaling 33% of income.

RECOMMENDATION: HUD rules should be amended to permit the once TANF now employed family transition from 0 to 15% to 33% shelter cost over a two year period.

In closing, I wish to thank you for giving me the opportunity to share the tribe's infant but mature TANF experience and I look forward to working with you and your staff to implement the above recommendations.

BRIEFING PAPER
TANF AND LIMITATION ON USE OF FUNDS FOR TRIBES

EXISTING CIRCUMSTANCES.

Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 allows tribes to operate their own Temporary Assistance for Needy Families Program (Section 412 of the Act). The Pascua Yaqui Tribe has an approved TANF Plan which began November 1, 1997.

Public Law 104-193, Section 404 (e) permits States to retain all federal funds until they are used. The HHS legal staff has interpreted that Tribes and Territories are not permitted to retain the funds until they are used but that if not spent within two years, the funds revert to the federal government.

HHS staff has indicated that the only way for Tribes to have the same unrestricted access to TANF funds is to have legislation passed which permits such unrestricted access.

JUSTIFICATION

Under TANF, Tribes are subjected to the same expectations, rules and regulations as are States. Like States, Tribal TANF program expenditures are capped at the base year level expenditures. In theory, the availability of federal TANF funds give the State the flexibility and ability to meet any unforeseen growth in its assistance roles. Because of the two year limitation on the funds for Tribes, Tribes will not have the ability to meet any unexpected growth in caseload.

More importantly, at their option States can use any unexpended funds on a variety of activities to promote the employability of TANF recipients. Thus, a State can save funds for unexpected growth and dedicate funds to provide services to improve employability. A Tribe does not have this option.

In its existing version, a Tribal TANF Plan may do more harm than good. Definitely an unintended consequence!

SOLUTION

Legislation directing HHS that Tribes have access to federal TANF funds until they are used.

For additional information contact:
Jorge Luis Garcia, ACSW
Social Service Director
(520) 883-5185 voice/ (520) 578-5262 fax

BRIEFING PAPER
INDIAN AND NATIVE AMERICAN WELFARE TO WORK

EXISTING CIRCUMSTANCES.

The existing provisions of Public Law 105-33 does not authorize the use of grant funds for independent or stand-alone training activities. The Act does permit post employment services (basic adult education and vocational training) after the TANF recipient is employed in either a subsidized or unsubsidized job. This is putting the cart before the horse.

REQUEST

This proposes that the Department of Labor request that the Act be amended to include basic education and vocational training as eligible activities. In the interim, this requests that the Department summarily approve any waiver request to include vocational training as an eligible acticivity.

JUSTIFICATION

Mr. Employer can you hire a timid eigth grade dropout with no work skills? If you hire her perhaps we can offset part of your costs and just maybe we can provide her with some type of training. This is the doomed scenario of the Welfare to Work legislation.

While the ideal may have some applicability to a large metropolitan area, most reservations have only one employer: tribal government. While tribal government can and should assist in the effort to move people from welfare to work, the number of jobs it has available make it impracticle and impossible to do so. Rather the function for tribal governments in the welfare to work initiative should be to prepare its TANF members to compete with the closed on reservation job market and the limited job market, which engulfs many reservations.

Specific to the Pascua Yaqui Tribe, of the 156 on reservation TANF head of households, 136 head of households (85%) have been on public assistance for more than twenty-four months. The average number of school years completed is eight.

If the Indian and Native American Welfare to Work initiative is to succeed it must permit vocational training **prior** to placement in subsidized or unsubsidized employment.

For additional information contact:
Jorge Luis Garcia, ACSW
Social Service Director
(520) 883-5185 voice/ (520) 578-5262 fax

Mr. HAYWORTH. Thank you for your testimony. And Mr. Garcia, why don't we just start, since the microphones are there and you are right there and you really help set the pace for what has transpired here in the state of Arizona.

Let me ask about the big picture. If you had to prioritize what is working best in your mind right now, even taking into account the challenges that you have outlined here, what has been the central feature that has led to initial success for your tribe?

Mr. GARCIA. I think a realization that there is an ending time on public assistance that motivates the individual head of household and also puts a challenge to the social worker to make sure that that person is not left hanging in the end of five years.

Mr. HAYWORTH. So the deadline really—or the limitation really has prompted—served as a catalyst to move people from welfare to working.

Mr. GARCIA. In my mind, it has.

Mr. HAYWORTH. You did mention something that I think for all of us is a bit disconcerting because, even with these deadlines, you mentioned dropouts, those who choose to drop out of the system, are unaccounted for.

Do you have any numbers of people? Is there an empirical study to show how many people are just washing their hands, not trying to make the transition from welfare to work?

Mr. GARCIA. Mr. Shaw, Mr. Hayworth, in our limited experience in the past seven months, we have documented ten families who have, basically, dropped out.

Mr. HAYWORTH. With those ten families, follow-up contact has been made. Has there been any reason that they give for choosing not to participate?

Mr. GARCIA. Mr. Chair, Mr. Hayworth, there has been no formal contact because there has been no provisions to do that. The contact that is made has come through other case workers who work with the Department, whether they be Child Protective Services or our treatment personnel; and their data is basically that the family is not willing to try.

And I can tell you that the unwillingness has to be—is due more to a historical, in their life, okay, the consequences of living in poverty.

Mr. HAYWORTH. Conversely, you mentioned folks reaching out for training, finding economic opportunities empirically. I think you had some numbers there for us, the numbers of folks who are moving into work programs. Could you repeat those for me, because I heard those earlier in your testimony? I think they bear some amplification.

Mr. GARCIA. Mr. Chairman, Mr. Hayworth, yes, that is correct. There were ten people—I mean, fourteen persons who have entered jobs. They have become employed primarily at the casino, three folks who have entered the certified nursing training program at Pima Community College, and persons who are in a two-year computer tech program.

In looking back, what we have is, if you look in the two groups, the two subsets, you have a subset who is primarily younger, perhaps a little bit more easily to be motivated. Whereas the group who has dropped out is primarily older, and it is much more dif-

ficult to target this, to get this head of household to look beyond, you know, today, you know.

Where it is much easier to go out and say to the younger adult, say, look, you need to look at this, you know. No longer—you know, you are not going to have it like so-and-so, you know. Five years down the road you are going to be off, and our job is to get you there and make sure that you have a job that is going to give you a decent living, and we are going to make sure that the IDA that you are going to start is going to be able to get you into home ownership.

Mr. HAYWORTH. You also mentioned, and as we heard from the other panelists, one of the challenges, certainly there is a myth of the monolith, I would call it, that surrounds the perception of Native Americans. Tribes confront different circumstances. Those in an urban setting, perhaps, can face different challenges from the sovereign Navajo Nation, given its size and rural setting, if you will.

But you mentioned something else about Tucson that I am interested in and that is the growth of optical programs there, and that will be your next area of emphasis, based on what is emerging as a solid foundation of the economy in the Tucson area.

Mr. GARCIA. Mr. Chairman, Mr. Hayworth, that is correct. We see that as—I personally see that as a good career, where we can train folks into entry positions; and then it is only up to their individual efforts to—whether to excel in them or to just founder in them.

Mr. HAYWORTH. Thank you, sir.

If I could, let me have the microphones moved down to my good friend, the President of the Navajo Nation, Mr. Atcitty.

Mr. President, I think it bears some amplification. You brought it forth in the testimony, and I am not sure how many people are aware. The tribal boundaries, the reservation boundaries transcend the borders of four states.

And when it comes to temporary assistance for needy families, you have to work with three regional offices, given the geographic placement of the sovereign Navajo Nation. So you are working with Denver, Dallas, and San Francisco.

Mr. ATCITTY. That is right. Utah is in the Denver region, Arizona is in the San Francisco region, and New Mexico is in the Dallas region.

Mr. HAYWORTH. Well, just given those logistics, it makes it very—it is almost like having your shoelaces tied right there at the starting line, in terms of travel budgets and how to coordinate and——

Mr. ATCITTY. And the other concern that we have, also, is that the law has a five-year sunset. And Arizona and Utah began a lot—two years earlier than New Mexico. So—and in fact, they all start—entered the program at different times, so they will be terminating.

Arizona and Utah are for, I believe, two or three years; and New Mexico, I think, was going two years, but then the Legislature intervened and is going for five years, as I understand it.

Mr. HAYWORTH. So just as the state borders, it almost offers a—I hate to use this term; I don't mean to be—almost a crazy quilt.

You have got different limitations, different requirements to meet, based on working with the respective states, which you find—in which you find parts of your reservation.

Mr. ATCITTY. That is right. The effective dates and the terminating dates are all different.

Chairman SHAW. Would the gentleman—do you mind if I——

Mr. HAYWORTH. Gladly.

Chairman SHAW. While we are trying to simplify things, that sounds like it is a complication that was unforeseen.

What would prevent HHS from designating one regional office to cross the border of various states where you have one entity, such as one Indian Nation to administer? I mean this is a nightmare——

Mr. ATCITTY. Mr. Chairman——

Chairman SHAW [continuing]. Of the bureaucracy.

Mr. ATCITTY. Yeah. Mr. Chairman, Mr. Hayworth, we have had—participated in various programs across the country that are also represented by three different regions. And because of that realization, we went straight to Washington to get straight funding, rather than through an agreement with the states and so forth or working through the region.

But in some cases, though, where regional office contact was deemed necessary or important, that we went ahead and worked with one region. And I think in most cases, we worked with the San Francisco regional office.

Chairman SHAW. Now, that is in other programs. With the TANF program, you haven't had that result though; is that correct?

Mr. ATCITTY. Like the OEO, back in the OEO days——

Chairman SHAW. Yeah.

Mr. ATCITTY [continuing]. We had direct funding. We had what we call ONEO, which got direct funding to the Navajo, and—but we worked with the San Francisco regional office in that instance.

Chairman SHAW. But TANF, you are having to work with three offices.

Mr. ATCITTY. With the TANF, there is no provision. I think those could be written out if we are included in the rules and—negotiated rule making—a participant in that exercise.

Chairman SHAW. That is something I want to get into, too, because to me, that is unconscionable, that you are not included.

Congressman Hayworth and I sat down with governors all across this country and made them part of the project of drawing up welfare reform, which I think has been the most successful piece of legislation written this century by the United States Congress.

For instance, for the first time, we are trying to simplify things, and we are trying to make things work. And I think the fact that you are not included in the rule making simply is going in the wrong direction. Because in drafting the legislation, we included the governors, Democrats and Republicans, all across this country, and we got great cooperation. And as a result, we got a great program that is really working.

Now, I think in the instance of working with Native Americans that are part of—very much a part of this TANF program and coming up with the rules and regulations within that, I think it is very important that HHS include you in that process.

And I am sure J.D. will want to start that, at least let them know what the feeling in Congress is about that, and I certainly will join in his effort in doing that.

Mr. ATCITTY. I will be making a separate plea, also, to HHS for inclusion in the rule-making process so that our peculiar situation certainly ought to be aired in those committees, and accommodations ought to be provided.

Mr. HAYWORTH. Just to echo the Chairman's point—and this is something we have seen and perhaps, Mr. Chairman, it will call—it could call for oversight hearings from our subcommittee—we have noticed in a variety of different areas, for example, our friends from the Intertribal Council and from these two sovereign Indian Nations will note, that in the 104th Congress, we were active in housing in addition to welfare reform, the Hayworth/Lazio Indian Housing Act.

And sadly, what happens is that when we try to redesign to put power in the hands where it belongs, in the hands of tribal leaders and the respective tribally appointed entities or elected entities, a funny thing happens on the way to self-determination.

It seems that Washington forces its way in, in terms of the bureaucracy, to say, well, let us write these. Let us take care of these. And you agree with us, don't you?

And it is almost, dare I say—and I am not here to hurl partisan brick bats, but almost a type of paternalism seems to envelope a number of solutions that Washington tries. And I dare say, sadly, with HHS, again, we are seeing this in the waiver that the tribe wants, and I believe deserves, and we will continue to work in that regard, Mr. President, to get that done.

In a broader sense, we take a look at the Navajo Nation, indeed other tribes, and here is a report from the Congressional Research Service talking about federal programs of assistance to Native Americans.

If you go through this, by my count, there are about 250 programs stretching across more than twenty-five federal agencies, all designed to try and help Native Americans with housing, food, health care, a variety of other needs. This in fact, is probably a partial list.

And Mr. President, during your testimony, you were talking about that lack of federal cooperation and communication, not only among departments but certainly, as we have seen once again, with the sovereign tribal governments.

Mr. President, I believe your testimony this morning very eloquently compels us to work with you and other tribal leaders and, of course, with the good input we have from the intertribal council here in Arizona, to try and find a better way to coordinate, whether it is total block granting or some system that works, to make sure that those of you charged and tasked constitutionally by your sovereign governments with dealing with these challenges have an effective way to deal with these problems. What are your thoughts on that?

Mr. ATCITTY. That certainly would be something that we would appreciate. The less strings attached and the less restrictive regulations and the opportunity for us to address the real needs and concerns in the way we see and the way we understand the peo-

ple's needs, I think, would be a lot more beneficial to the people, rather than somebody telling us, you know, this is the way you need to administer it, whether it is appropriate or not.

And I think that we need—not every situation is the same. Not every tribe is the same, just like not every city or state is the same. I think that is—we need to approach it in our own unique, distinctive, individual tribal manner.

Mr. HAYWORTH. I think that is well said, Mr. President.

Mr. Chairman, do you have any questions for Mr. Atcitty?

Chairman SHAW. No, but I would like to go back to Dr. Blessing, if I could, for a moment.

In the recommendations that you have made to the legislation, you were talking about start-up costs, and we have heard this from the other witnesses too. What would you estimate that to be?

Ms. BLESSING. Mr. Chairman, it is difficult to estimate, because each tribal government is able to design their program to their own specifications, so it is really hard to project. But certainly, significant automation systems that we have developed statewide cost many millions, sometimes ten to twenty million, to serve the statewide population for a sophisticated automation system like our child-support enforcement system or our child-welfare system.

So depending on the complexity of the policies that the tribal government proposed, I think it could be substantial amounts of money.

Chairman SHAW. I think in your testimony you talked about how many of the tribes are doing their own TANF program. What was it? Twenty of them statewide?

Ms. BLESSING. Mr. Chairman, running their own program, so far, there are two tribes in Arizona that have received federal approval to do that. Two more tribes are pending approval, but we do have twenty-one tribes within the state.

Chairman SHAW. And would you anticipate that all twenty-one would want to pursue that course?

Ms. BLESSING. Not necessarily, Mr. Chairman. We have one tribe that is in very good shape financially for its tribal members because of Indian gaming, for example, they have essentially no members on public assistance. So—and some of the tribes are better situated with economic development; some are not.

But I would point out that of the twenty-one tribes in Arizona, nine of them were exempted from some federal time limits as a result of over fifty percent unemployment.

Chairman SHAW. Yeah.

Ms. BLESSING. So by far, we have more tribes that have challenges than not. I think many of them will pursue their separate plans, and we are eager to work with them as a department.

Chairman SHAW. Is there any practical way they could use some of the state resources to get those programs started up?

Ms. BLESSING. Yes, Mr. Chairman.

Chairman SHAW. Something that you indicated in your testimony is not going to happen if all twenty-one decided they wanted to go it alone. Then you would have twenty-one programs, twenty-one start-up costs. And all of a sudden, you see that—and then you start spreading that nationwide, and you say, whoa, wait a minute. We are out of funds here.

Ms. BLESSING. Yes, Chairman Shaw. There is one mitigating factor. Already the two tribes that are operational in Arizona have opted to contract with the Department to determine eligibility and handle some of the federal data reporting. So that substantially reduces the automation needs.

But there still are other start-up issues: planning, staff, people who could design the policies; some other infrastructure issues: office space, perhaps. So it can be mitigated to the extent tribes choose to work with existing state systems.

Chairman SHAW. Mr. Lewis, would you like to comment on the start-up cost and what is involved? And then, also, I want to get to talk to you a minute about the road problem that you mentioned in your testimony.

Mr. LEWIS. Okay. Well, with the start-up costs, I think that area is something that is very, very critical and for tribes to really consider.

I think, first of all, the big hurdle was the matching. And even with that, the state provides eighty percent of the 1994 level. And I think it would be really important if the policy could be made to extend that to a hundred percent. Again, that would help in the start-up costs.

The other is that the state match for the tribes that has been provided should be credited to the state, which it is not, and that enables the state to continue to provide additional support to tribal governments and other communities in the state.

So I think those two resources are there, and I think there is—you know, that is an oversight in terms of the legislation. Those things could be remedied, and those could be a good base for starting and looking at where do we get those costs. But as has been mentioned, the tribes are relatively small and have relatively low numbers in terms of TANF recipients, and so they would not be seen as taking on that responsibility.

But if some of these other—the needs are there; and what TANF has done is to allow tribes to have that option and to be able to design what could best work for them in a way that best works for them, and that is a very important principle, and to allow some of their own tribal members to design and work with them. That is important, and that could be extended in terms of some of the tribes to do intertribal efforts in terms of—like you had mentioned. And I think that is a possibility.

But some of the basic start-up costs and where it comes from needs to be answered. Some of the remedies are here, and I think that is where we can begin.

Chairman SHAW. Under welfare reform, and it seems that what I am hearing is that you are talking about one of the biggest advantages of being able to have your own program and setting up your own program is because you can design it to best fit the needs of the people it is going to serve.

Under the Welfare Reform Bill, we gave the states flexibility of designing different programs within their own state. There is nothing that would say that one shoe fits all, that all across the state of Arizona, all the programs have to be the same.

You can set them up regionally, or I would think, under the legislation, that if a tribe wants to design a program within their tribe

with the cooperation of the state, they could stipulate—operate under the, say, TANF program and have their own design.

We tried as hard as we could, and I think that is part of the success of this legislation, we got away from what we call the Beltway mentality, and that is why we are out here, by the way, to get away from the Beltway mentality and let Mr. Atcitty proceed longer in his testimony than he could have in Washington.

But it is important that we know what is out here, that we know the true feelings, and that we come out and collect this information. I think this has all been tremendously helpful.

Mr. HAYWORTH. I just have one question for my friend John Lewis from the Intertribal Council representing nineteen tribes.

We have heard about economic development, job development, Pascua Yaqui. We know about the special challenges confronted by the Navajo Nation.

And while we are in that neighborhood, we tip our hat, rhetorically, to our friend Congressman Bill Redmond of New Mexico, who has worked very hard on a variety of projects economically with the Navajo Nation, I think, in particular, the processing plant for the potato farm, working very hard there, that President Atcitty has worked very hard with Congressman Redmond and others on.

But I am interested in the big picture as we shatter that myth of the monolith and know that there are different tribes with different circumstances. John, I think perhaps you are in a better position to give us the big picture.

In terms of the job development side of the welfare-to-work equation for the different tribes represented and participating in the Intertribal Council, where do you think we need to head with that? Or how do you see economic and job development proceeding with the nineteen tribes?

Mr. LEWIS. I think, to begin with, some of the existing federal programs that Congress certainly has oversight on or can be creative in making them work better. And I think part of that is some looking at how they can be better coordinated in terms of policy, how tribes can take all those different programs and, in a sense, maybe head towards a block grant in terms of what is available now, and much—I think the type of thought that went into creating TANF and the need for that, focusing on the individuals and moving them towards work.

The other part of that picture is to create—help create an economic environment where there are jobs and to help stimulate that and to help to identify what it is that moves individuals. And I think there are a lot of good programs, a lot of the good efforts out there in our communities, I think, to help do that, but a lot of times, just making it more accessible and more easily administrated through some coordinated policy or some block-grant approach would help.

The other is with the state itself, the state here in Arizona looking at work-force development. And again, this is the approach that has been taken here. And I understand that we are in the process of really a model development towards work force development.

We are doing that in the state, looking at all these programs, coordinating them, putting some focus on relating them to the private sector and their priorities and then, including the tribes in

terms of that effort—so as part of the statewide economic picture or regional picture, and doing that sort of assessment and analysis and focus is needed.

And that effort is an ongoing effort, and it is going to take a number of years to do that, but it has started here in Arizona, and the tribal governments are a part of that, so that is a good aspect; likewise, with the tribes, the tribes themselves are taking a look at their administrations, their resources, and coordinating them as well.

But there also has to be some access and communication in working relationships, particularly with the private sector, with financial institutions, and other things that have been to some degree related.

So there has to be some real sit down and talk in terms of how best to build those relationships. There may be a role for Congress, in terms of its policies, in guiding some of those relationships and working relationships, but they are being established.

So it is going to take that sort of interest and efforts on—from the federal level, state level, and tribal level to have that creation, because the tribes, as I mentioned in testimony, have—had not been—had the access to many resources and have not been integrated into a lot of ongoing plans on a regional or statewide basis. And some of the legislation in Congress has not recognized that.

The USDA has initiated a program in terms of developing empowerment areas or regions. Nationally, they are only going to be funding one, possibly two, out of five hundred and some odd tribes. But those are efforts that really do bring a comprehensive approach, really do bring a cooperation in terms of the initial planning and development with all sectors of the tribe and external relationships. Those are the types of things that need to happen.

Here in the state, we have the Greater Arizona Development Authority, which is focusing on rural areas and building and providing an opportunity for them to take a look at themselves and build those linkages and stimulate their economies. But that has been a special effort by the State Legislature to do that, and the private sector, to bring that about. So those are the types of things that are going to be needed and more of them.

Mr. HAYWORTH. Thank you, Mr. Lewis, very much.

Mr. Chairman.

Chairman SHAW. Thank you. I just want to mention one thing to you, Mr. Lewis, and this probably applies to some of the other tribes. In the ISTEA Bill, the highway bill, there was a small portion of funds—I say small; it is big in terms of dollars, but in terms of Washington spending, it may have slipped by, particularly the size of that bill that was monstrous—there is welfare—there is some money in there that is going to be available for transportation to help people out of welfare.

And I would strongly suggest that in some of these dirt roads that you spoke about, that you take a close look at that bill and see what is in there and compete for some of those funds, because I think they would be very helpful.

Having gone to Arizona rules instead of Washington rules, we are going to run out of time if we continue with this panel, because we have another panel that we want to hear from.

But we very much appreciate each of your testimony. I have learned a lot, and I think this will be very helpful in improving this legislation and assisting Congressmen in getting some of these changes and some of these rule-making conferences on a better track, and I thank each of you for being with us this morning.

J.D., would you like to introduce the next panel?

Mr. HAYWORTH. I would be honored to. Mr. Chairman, we are very pleased to welcome our next panel, which will deal with the topic of welfare reform and child-support enforcement. And I am especially pleased to first call forward the Honorable Winifred Hershberger, State Representative from our State Legislature right here.

And as Freddy comes up, I just want to take time to congratulate her on having been selected the 1997 legislator of the year by the National Child Support Enforcement Association. We know that is an honor for you personally, Representative Hershberger, but also for the state of Arizona. And we would like to thank you for your wonderful service and look forward to your testimony as it comes to us.

And also welcome, Mr. Chairman, and those who join us today, someone who has joined us in Washington to testify, but we are pleased that she gets to play a home game, as it were, and the Chairman is playing on the road, our Assistant Director for the Division of Child Support Enforcement, Nancy Mendoza from the Arizona DES, or Department of Economic Security.

Also we are pleased to have a tribal advocate from the Navajo Nation Department of Justice in Window Rock. Nona Etsitty joins us. And Nona, we thank you for coming.

And the administrator from the Division of Child Support Systems and Automation from the Arizona Department of Economic Security Steve Esposito is here as well. So Steve, if you will come up front and center, please; and begin with our legislator of the year, Freddy Hershberger. Representative Hershberger.

STATEMENT OF WINIFRED HERSHBERGER, STATE REPRESENTATIVE, ARIZONA STATE LEGISLATURE

Ms. HERSHBERGER. Thank you, Chairman Shaw and Congressman Hayworth.

And I have got to say, first, I thank you for those nice remarks, but Nancy is the one who should have won the award.

Mr. HAYWORTH. We will let you share it with her, and that will be a part of our record today. Let the record reflect that Freddy believes that Nancy should share in those accolades and that honor.

Ms. HERSHBERGER. I am Freddy Hershberger. I have been a member of the Arizona State Legislature since 1993. I currently serve as chairman of the Human Services Committee of the House, and this committee deals with many of the same issues at the state level as your committee does at the national level.

In addition to child-support enforcement, which is the subject of today's hearing, the Arizona House Human Services Committee serves as the committee of reference for child-welfare issues, and I know you share my deep commitment to addressing the needs of children.

In my role as chair of the House Human Services Committee, I cochair the state's Child Support Coordinating Council, which has served as a unique forum for the resolution of issues for both IV–D and non-IV–D child-support matters. Perhaps our model can serve as an example of how other states can resolve differences among the stakeholders in the child-support programs.

As you are well aware, the child-support-enforcement program affects parties with competing interests, requires the involvement of several levels of government, and impacts significantly upon employers and others in the private sector. It can be very difficult to achieve a measure of consensus among these different interests.

And in the light of the complexity of the issues at stake and in recognition that public stewardship on these matters was needed, the Legislature created the Child Support Coordinating Council in 1994. It is cochaired by a member of the Senate and a member of the House. The current cochairman of the Senate is Senator David Petersen, who is also Chair of the Senate Family Services Committee.

The Council is comprised of twenty-two members, including representation from the Department of Economic Security, which administers the IV–D program; the Attorney General's Office, the courts, the governor's office, custodial and noncustodial and joint-custodial parents, business community, and legislators from both parties and both Houses.

The council serves as a forum for all system stakeholders to develop and coordinate policies and strategies to improve child-support enforcement. It has been extremely successful in dealing with many potentially controversial and divisive issues and has performed an enormous service by bringing forward solutions for legislative consideration.

Among the many accomplishments of the Council, I would like to highlight a few. First, and probably of greatest interest to you, Mr. Chairman and to Congressman Hayworth, is the work performed by the Council in considering the child-support enforcement state law changes required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 for welfare reform.

Following the passage of the final federal legislation, DES began bringing bill drafts to the Council to obtain feedback and to identify areas where state discretion was allowed. Many revisions were made prior to the bill being introduced in the State Legislature. I am that sure you have followed the struggles in many states in getting conforming legislation enacted.

In Arizona, we passed our bill with only three dissenting votes in both chambers. I credit the work of the Council in obtaining stakeholder consensus prior to the session with our ability to have such a successful outcome.

I would like to comment specifically on one provision of the federal welfare reform requirements where I believe that the Council and Arizona have overcome problems being experienced in other states. I am referring to our requirement that the processing of child-support payments be centralized for both IV–D and non-IV–D cases.

In Arizona, as in many other states, non-IV–D payments are processed by local Clerks of the Court. In recognition that having

several locations to which payment must be sent is a burden to employers, the Council had begun considering centralization prior to the federal requirement and had reached a consensus on the need for centralization. The legislation necessary to achieve this was included in the welfare reform conforming bill.

However, we went one step further than did Congress. The Council felt that centralizing only payments for cases with post-1994 orders, as required by Congress, would leave confusion in the system and a twelve-year burden to employers as the older cases age out. In order to truly simplify and streamline payment processing, all payments need to go to a single location. I encourage you to reconsider the effect of the limitation the federal law has imposed.

The centralization of payment processing is extremely difficult. The Child Support Coordinating Council is serving as the facilitator of this process by working with the Clerks' Association, the IV–D Agency, and the Administrative Office of the Courts to convert to centralized payment processing for all IV–D and non-IV–D payments this fall. We have overcome the concerns raised in other states about this process.

The key is that we select an approach which will enable all the Clerks of the Court to continue providing customer service to their constituents by affording them on-line access to the state computer system, ATLAS. Using ATLAS, the clerks will be able to determine the payment status on their cases at any time and to print pay histories as needed for court proceedings.

I think that you can appreciate the many benefits that we in Arizona have reaped by having a forum for cooperative decision making. We think it ultimately results in a better system through which our children can be served.

Thank you for the opportunity to address the committee.

[The prepared statement follows:]

Stakeholder Collaboration in Arizona's Child Support Enforcement Program

Testimony

before the

Subcommittee on Human Resources
Committee on Ways and Means
United States House of Representatives

Presented by:

Representative Freddy Hershberger
Chair, House Human Services Committee
Co-Chair, Child Support Coordinating Council

June 12, 1998
Phoenix, Arizona

Introduction

Chairman Shaw, Congressman Hayworth, I am Freddy Hershberger. I have been a member of the Arizona State Legislature since 1993. I represent District 12 which includes a portion of metropolitan and suburban Tucson in Pima County. I currently serve as chair of the House Human Services Committee. This committee deals with many of the same issues at the State level as your committee does at the national level. In addition to Child Support Enforcement which is the subject of today's hearing, the Arizona House Human Services Committee serves as the committee of reference for child welfare issues. I know you share my deep commitment to addressing the needs of children.

In my role as chair of the House Human Services Committee, I co-chair the state's Child Support Coordinating Council. The Child Support Coordinating Council has served as a unique forum for the resolution of issues for both IV-D and non IV-D child support matters. I would like today to describe this model of collaboration to you. Perhaps it can serve as an example of how other states can resolve differences among the stakeholders in the child support program.

Historical Background

As you are well aware, the child support enforcement program affects parties with competing interests, requires the involvement of several levels of government and impacts significantly upon employers and others in the private sector. It can be very difficult, if not impossible, to achieve any measure of consensus among these different interests. Yet, as policy makers, we are compelled to find the greater good and move forward to achieve it. In Arizona, prior to the establishment of the Child Support Coordinating Council, disagreements were aired in the midst of legislative hearings and time did not often permit a thorough exploration of solutions. In light of the complexity of the issues at stake, and in recognition that public stewardship on these matters was needed, the Legislature created the Child Support Coordinating Council.

The Council was established through legislation enacted in 1994. It is co-chaired by a member of the Senate and a member of the House of Representatives. The current co-chair of the Child Support Coordinating Council is Senator David Petersen, who is also chair of the Senate Family Services Committee.

The Council is comprised of 22 members with representation from the Department of Economic Security (DES), which is the agency in this state which administers the IV-D program, the Attorney General's Office, the Arizona Supreme Court Administrative Office of the Courts, Presiding Judges from urban and rural counties, a Title IV-D Court Commissioner, a Clerk of the Superior Court, County Attorneys from urban and rural counties, the Governor's Office, custodial, non-custodial and joint-custodial parents, the Family Law Section of the State Bar of Arizona, the business community and legislators from both parties and both houses.

The Council serves as a forum for all system stakeholders to develop and coordinate policies and strategies to improve child support enforcement. It provides an opportunity for thoughtful deliberation of the implications of proposed changes and promotes the building of consensus among the stakeholders. As you might imagine from the composition of the Council, our meetings are often filled with lively debate. In my opinion, the Council has been extremely successful in dealing with many potentially controversial and divisive issues. In doing so, it has performed an enormous service by bringing forward solutions, rather than irreconcilable differences, for legislative consideration.

Accomplishments

Among the many accomplishments of the Council, I would like to highlight a few:

First, and probably of greatest interest to you, Mr. Chairman and to Congressman Hayworth, is the work performed by the Council in considering the child support enforcement state law changes required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (welfare reform). In December of 1995, the Council conducted a study session to acquaint

the members with the comprehensive and significant law changes under consideration. Following the passage in August, 1996, of the final federal legislation, DES began bringing bill drafts to the Council to obtain feedback and to identify areas where state discretion was allowed. Many revisions were made prior to the bill being introduced in the state Legislature. I am sure that you have followed the struggles in many states in getting the conforming legislation enacted. In Arizona, we passed our bill with only 3 dissenting votes in both chambers. I credit the work of the Council in obtaining stakeholder consensus prior to the session, with our ability to have such a successful outcome.

I would like to comment specifically on one provision of the federal welfare reform requirements where I believe that the Council and Arizona have overcome problems being experienced in other states. I am referring the requirement that the processing of child support payments be centralized for both IV-D and non IV-D cases. In Arizona, as in many other states, non IV-D payments are processed by local Clerks of the Court. In recognition that having several locations to which payments must be sent is a burden to employers, the Council had begun considering centralization prior to the federal requirement. The Council had reached a consensus on the need for centralization and the legislation necessary to achieve this was included in the welfare reform conforming bill. We, however, went one step further than did Congress. It was the opinion of the Council that centralizing only payments for cases with post-1994 orders, as required by Congress, would leave confusion in the system and a 12-year burden to employers until the older cases "age out." In order to truly simplify and streamline payment processing, ALL payments need to go to a single location. I encourage you to reconsider the effect the federal law has imposed.

The centralization of payment processing, while a worthy goal that we embrace, is an extremely difficult and complex task. The Child Support Coordinating Council is serving as the facilitator of this process by working with the Clerks' Association, the IV-D agency and the Administrative Office of the Courts to ensure that all the necessary tasks are accomplished. It is our intent to convert to centralized payment processing for all IV-D and non IV-D payments this fall. You may wonder how we have overcome the concerns raised in other states about this process. I

think the key is that we selected an approach which will enable all the Clerks of the Court to continue providing customer service to their constituents by affording them on-line access to the state computer system, ATLAS. Using ATLAS, the clerks will be able to determine the payment status on their cases at any time and to print pay histories as needed for court proceedings.

The Council is not concerned only with the financial support parents must provide their children, but also with children's emotional well-being. The Council sought and obtained legislative approval of a bill to create education programs for divorcing parents. These mandatory county-developed and administered programs seek to minimize the potential adverse effects on children by providing parents with information about the impact of separation and divorce.

The Council has engaged in several public outreach campaigns in collaboration with the IV-D agency. Our messages have attempted to heighten community awareness of the financial and emotional impact of non-support on children and the community at large. We also have sought to eliminate the widespread attitude of tolerance toward nonpayment of support. Last year we joined with DES and the Arizona Cardinals in sponsoring a campaign to promote the involvement of fathers in the lives of their children.

I think that you can appreciate the many benefits that we in Arizona have reaped by having a forum for cooperative decision-making. We think it ultimately results in a better system through which our children can be served.

Thank you for the opportunity to address the Subcommittee.

Mr. HAYWORTH. We will now pass the radio microphone and the public-address system to our friend Nancy Mendoza. We would be very happy, Nancy, to have your testimony now, please.

STATEMENT OF NANCY MENDOZA, ASSISTANT DIRECTOR, DIVISION OF CHILD SUPPORT ENFORCEMENT, ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Ms. MENDOZA. Good morning, Mr. Chairman, Congressman Hayworth. My name is Nancy Mendoza. I am Assistant Director for the Department of Economic Security, and in the capacity, serve as the director of child-support enforcement.

I would like to express my appreciation to the subcommittee for the recognition you have given to the role that child-support enforcement plays in welfare reform. By including the many significant enhancements to the child-support program in the Welfare Reform Act, you sent a strong message that personal responsibility applies not only to welfare recipients but also to the noncustodial parents of their children.

In Arizona, we have come to realize that even when welfare participants comply with all requirements in obtaining employment, the income from one salary may not be sufficient to meet the family's needs. Indeed, many families today depend upon two incomes. A reliable income stream from the noncustodial parent may mean the difference between welfare dependency and self-sufficiency.

I would like to describe how the child-support program is configured in Arizona. As you will note on attachment A to my statement, several different entities are involved. The elected county attorney operates the program in six counties. The DES division of child-support enforcement operates the program in seven counties. In two counties, the program is operated by a private vendor under contract to DES.

In the area which comprises the Navajo Reservation, the Navajo Tribe will be operating the program through an intergovernmental agreement with DES. This important milestone was reached last November at a signing ceremony in Window Rock.

An office in Chinle, Arizona will be opening later this summer. We also have an agreement with the Colorado River Indian Tribe in which the La Paz County Attorney is authorized to bring actions in Tribal Court. Discussions with several other tribes have been held, including the Haulapai, Hopi, and the Salt River Pima.

We have been assisted in making progress in the delivery of service to tribal members by the provisions you enacted both in August of '96, by establishing the authority for state/tribal cooperative agreements, and—the additional clarification regarding the scope of such agreements which you passed last year.

The Arizona Child Support Enforcement Program has made significant improvements in recent years. Arizona was ranked first in the nation by the U.S. Department of Health and Human Services for increased collections between 1992 and '96.

Just last month, the White House announced that between 1992 and '97, national child-support collections increased sixty-eight percent. Arizona's collections during that time increased by one hundred eighty-four percent.

Also announced by the White House was the national increase in paternity establishment between '92 and '97 of a hundred fifteen percent. Arizona's paternity establishment increase was two hundred forty-two percent for the same time period.

With regard to federal automation requirements, although most states were unable to meet the federal deadline of October '97 to have their systems operational, Arizona achieved federal certification of our automated system in July of 1996.

While we are understandably proud of these accomplishments, we recognize that many children still lack the financial support to which they are entitled. We continue to work aggressively on behalf of those children.

I would like to mention our progress in the implementation of welfare reform changes. With the support of the Governor's office and the State Legislature, Arizona has enacted all of the changes to state law required by welfare reform as well as other acts that we passed last summer.

The vast majority of these changes will be implemented over the next few months, including the centralization of payment processing for all child-support cases, establishment of the mandatory new-hire reporting requirement for all employers in Arizona, the establishment of a state case registry containing both IV–D and non-IV–D orders, the issuance of income withholding orders automatically upon receipt of information from the new-hire directory.

These are just a few of the major changes underway to comply with the new requirements. I would encourage the Subcommittee to recognize the magnitude of these reforms and the challenges they create for the state child programs across the country. I hope that you can defer making additional changes to the program to allow time for these new initiatives to be implemented and their impact evaluated.

At your May oversight hearing, you heard from several witnesses regarding the role of the private sector in the child-support program. In Arizona, we have entered into several public/private partnerships.

In 1994, we engaged the services of private collection agencies to assist in our more difficult cases. We refer these cases to the vendor automatically through our overnight batch processing.

The partnerships of the private sector make the skills and capacities available to the child-support program. At the same time, the requirements for data security and privacy are maintained because they are operating under contract to the states.

While Arizona aggressively pursues the payment of support, we also recognize that nonpayment is not always willful. The root cause of nonpayment may stem from the noncustodial parent being unemployed or underemployed. We have recently expanded our services to noncustodial parents by working with several community agencies to provide job training and job placement through a referral from the child-support program.

Thank you for the opportunity to address the committee.

[The prepared statement follows:]

Child Support Enforcement in Arizona

Testimony

before the

Subcommittee on Human Resources
Committee on Ways and Means
United States House of Representatives

Presented by:

Nancy Mendoza
Assistant Director
Arizona Department of Economic Security

June 12, 1998
Phoenix, Arizona

Introduction

My name is Nancy Mendoza. I am Assistant Director of the Department of Economic Security (DES) and in that capacity I serve as the IV-D Director for the State of Arizona. I would like to express my appreciation to the Subcommittee for its recognition that child support plays an integral role in welfare reform. By including the many significant reforms to the child support program in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), you sent a strong message that personal responsibility applies not only to the benefit recipient, but also to the non-custodial parent. In Arizona, we have come to realize that even when the benefit recipient fully complies with all requirements and obtains employment, the income from one salary may not be sufficient to meet the family's needs. Indeed, many families today depend upon two incomes. A reliable income stream from the non-custodial parent may mean the difference between welfare dependency and self-sufficiency.

Structure of Arizona's Child Support Program

Arizona's child support program is operated by several different entities. (See attachment A.) The elected County Attorney operates the program in six (6) counties. The DES Division of Child Support Enforcement operates the program in seven (7) counties. In two (2) counties the program is operated by a private vendor under contract to DES. In the area which comprises the Navajo Reservation, the Navajo Tribe will be operating the program through an intergovernmental agreement with DES. This important milestone was reached last November at a signing ceremony in Window Rock. An office in Chinle, Arizona is scheduled to open this summer. We also have an agreement with the Colorado River Indian Tribe in which the La Paz County Attorney is authorized to bring actions in Tribal Court. We have been assisted in making progress in the delivery of services to tribal members by the provisions you enacted both in August of 1996 as part of welfare reform which established the authority for state-tribal cooperative agreements, and the additional clarification regarding the eligible scope of such cooperative agreements in your 1997 amendments (42 USC Section 654 (33). Discussions with several other tribes have been held, including the Hualapai, Hopi, San Carlos and White Mountain Apache and the Salt River-Pima.

Arizona's Performance Achievement

The Arizona Child Support Enforcement program has made significant improvements in performance in recent years. (See attachment B.) The program received the "Most Improved State" award from National Child Support Enforcement Association (NCSEA) in 1994. Arizona ranked first in the nation in increased collections from 1992-1996. (U.S. Department of Health and Human Service, HHS NEWS, October 23, 1996.) On May 27, 1998 (U.S. Newswire), the White House announced that national child support collections have increased 68% since federal fiscal year 1992. Arizona's collections increased 184% during that same time period. Also announced by the White House was the national increase in paternity establishment between 1992 and 1997 of 115%. Arizona's paternity establishment increase for the same five-year period was 242%. These increases were achieved as a result of improved productivity as the caseload size remained relatively the same throughout this period. Although most states were unable to meet the federal deadline of October, 1997, to have their automated systems operational, Arizona achieved Level II certification of our automated system in July, 1996.

While we are understandably proud of these accomplishments, we recognize that many children still lack the financial support to which they are entitled. We continue to work aggressively on behalf of those children.

Implementation of Welfare Reform

With the support of the Governor's Office and the State Legislature, Arizona has enacted all the changes to state law required by PRWORA, the Balanced Budget Reconciliation Act, and the Taxpayer Relief Act of 1997. The fall of 1998 will be a very challenging period for the program as we implement several of the major projects, including:

- Centralization of Payment Processing for non IV-D cases (IV-D centralization occurred in 1997)
- Mandatory New Hire Reporting for All Arizona Employers (as a state with voluntary reporting, our deadline is October 1, 1998)
- State Case Registry containing all IV-D court orders and newly entered non IV-D court orders
- Converting our national data exchanges to the Expanded Federal Parent Locator Service
- Automated income withholding upon receipt of New Hire matches
- Converting to new federal reporting mechanisms for collections and caseload data

These are just a few of the major projects underway to comply with the new requirements. I would encourage this Subcommittee to recognize the magnitude of these reforms and the challenges they create for the child support enforcement program. We are constantly trying to strike a balance between maintaining high levels of productivity in paternity, order establishment and collections, and putting our best talent to work on designing and implementing these new and welcome innovations. I hope that you can defer making additional changes to the program to allow time for these new initiatives to be implemented and their impact evaluated.

Privatization

At your May oversight hearing, you heard from several witnesses regarding the role of the private sector in the child support enforcement program. In Arizona, we have entered into several public/private partnerships to enhance the ability of our program to be successful. We have found these partnerships to provide an excellent combination of the unique capacities of each sector.

For example, beginning in 1994, we engaged the services of private collection agencies to assist in the collection of support in some of our more difficult cases. We refer these cases to the vendor through our automated system when certain criteria of delinquency are met. In State Fiscal Year 1997, $13 million was collected in this manner. Also in 1994, we recognized the need to open offices in two counties where none existed. In order to provide the services in these counties without "growing government," we obtained a private vendor to provide the full range of child support services in those locales. The vendor utilizes the state automated system, ATLAS, for case management and participates in all child support activities sponsored by the state. In 1997, as part of the process to centralize payment processing, we privatized the posting and receipting function. The vendor was able to bring state-of-the-art equipment to the task as well as private sector "know how" for a function commonly performed by private industry. Genetic testing and service of process are two other areas which are conducted on our behalf by the private sector. With a special appropriation from the Legislature, we have engaged the services of the private sector to enhance paternity establishment by providing training to hospital staff

about voluntary paternity acknowledgment at the time of birth. This month we issued an RFP for a private vendor to perform data entry for our New Hire Directory.

These partnerships make the skills and capacity of the private sector available to the task of child support enforcement, while retaining the privacy and security safeguards Congress has mandated for the public sector.

Supportive Services for Non-custodial Parents

While Arizona aggressively pursues the payment of support, we also recognize that nonpayment is not always willful. The root cause for non-payment may stem from the non-custodial parent being unemployed or underemployed. The Division of Child Support Enforcement has recently begun to expand the scope of its services by establishing collaborative relationships with several human service programs. These relationships include job training and placement services for non-custodial parents.

In Arizona, the Child Support Program administers the Access and Visitation Program which your Subcommittee created. In this first year of the program, mediation and parenting classes have been provided, video materials promoting regular contact with both parents have been produced and neutral drop off and pick up sites have been established to promote visitation.

The ultimate goal of providing supportive services for non-custodial parents is to increase voluntary compliance with court ordered support obligations and decrease the need for punitive support enforcement measures.

We in the Arizona child support program are confident that with the innovations that are being put in place over the next two years, both at the state and national level, significantly more children will receive the support of both parents.

Thank you for the opportunity to address the Subcommittee.

CURRENT STRUCTURE OF
ARIZONA'S IV-D CHILD SUPPORT ENFORCEMENT PROGRAM

COUNTY/OFFICE	Caseload	% of Total Caseload	Case Processing	Court Hearings
[1]Apache/Flagstaff	8,338	2.8	DCSE	Judge
Cochise/Bisbee	7,550	2.6	County Attorney	Judge
Coconino/Flagstaff	7,504	2.5	DCSE	Judge
Gila/Globe	4,678	1.6	County Attorney	Judge/Commissioner
Graham/Safford	2,920	1.0	DCSE	Judge
[2]Greenlee/Safford	511	.2	DCSE	Judge
La Paz/Parker	1,289	.4	County Attorney	Judge
[3]Maricopa	163,387	55.4	DCSE	Commissioner
Mohave/Kingman	10,922	3.7	DCSE	Commissioner
Navajo Reservation	TBD	TBD	Navajo Tribe	Administrative Hearing Officer
Navajo/Holbrook	9,824	3.3	County Attorney	Commissioner
Pima/Tucson	45,352	15.4	County Attorney	Commissioner
Pinal/Florence	13,163	4.5	County Attorney	Commissioner
Santa Cruz/Nogales	1,884	.6	PSI	Judge
Yavapai/Prescott	7,997	2.7	PSI	Commissioner
Yuma/Yuma	9,773	3.3	DCSE	Judge Pro-Tem

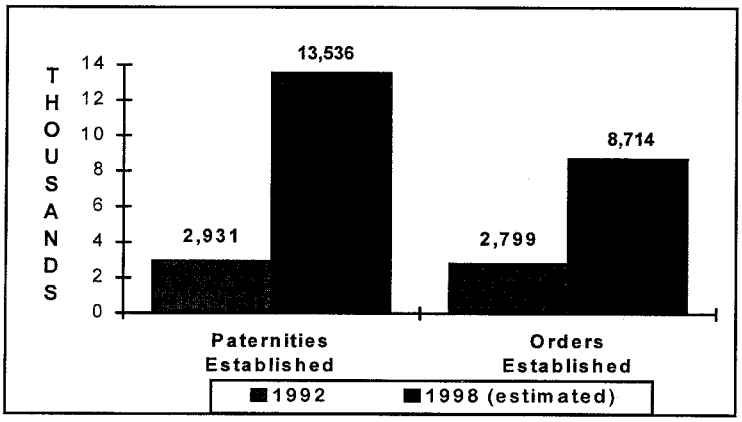
DCSE - Division of Child Support Enforcement
PSI - Policy Studies Incorporated

[1]Apache County cases are handled by the Coconino County DCSE Office.
[2]Greenlee County cases are handled by the Graham county DCSE Office.
[3]Services are provided in Maricopa County from four separate offices, East Valley-Mesa, West Valley-Glendale, Central-Encanto, Central-Financial Center.

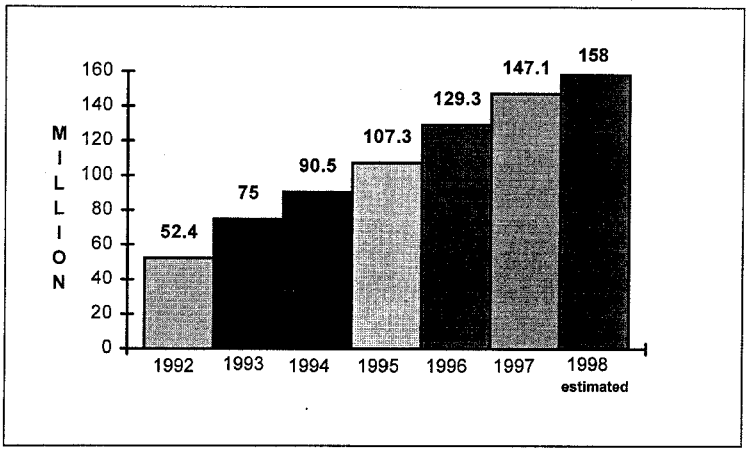
ATTACHMENT B

IMPROVEMENTS IN PERFORMANCE AND PRODUCTIVITY

ANNUAL PATERNITY AND ORDER ESTABLISHMENT PRODUCTIVITY SFY 1992 - 1998



DOLLARS COLLECTED SFY 1992 - 1998



Mr. HAYWORTH. Thank you, very much, Nancy, for your testimony.

And now, we can turn the radio mike just a little bit and we can hear from Nona Etsitty. Nona, thank you for joining us. And you might want to pull the public address mike a little closer to you—the other microphone too. That is great.

STATEMENT OF NONA ETSITTY, TRIBAL ADVOCATE, NAVAJO NATION DEPARTMENT OF JUSTICE, WINDOW ROCK, ARIZONA

Ms. ETSITTY. Before I begin, I think it is appropriate for me to introduce myself. My mom is a Cherokee from Oklahoma. My father was a Navajo, so that means I am a Cherokee born for the Navajos. I have lived all my life on the Navajo reservation, so I am very much a part of the Navajos.

To begin with, the Child Support Enforcement Program came about because the Office of Navajo Women saw a need for the Navajo Nation to take forth legislation to the state of New Mexico.

Prior to the enactment of the Navajo Child Support Enforcement Act, the Navajo Nation had no means to collect support by the Navajo Nation. There were no general laws for paternity or adult responsibility for the care and support of the children.

Navajo children living on the Navajo Nation did not enjoy the same benefits and protections provided by laws to children living off the Navajo Nation. So the Navajo Nation—on December 14th of 1994, Navajo Nation Council passed the Navajo Nation Child Support Enforcement Act. July 25th 1996, the Judicial Committee of the Navajo Nation Council passed the Navajo Nation Child Support Guidelines. These two legislations on the Navajo Nation gave the Navajo Nation tools to work with by the enactment of these laws.

Prior to 1994, the state of New Mexico and probably most states surrounding the Navajo Nation had virtually no collections for child-support enforcement in the Navajo Nation. After the signing of the agreement with the Navajo Nation and the state of New Mexico, we have been in existence four years.

I would like to focus on the problems that we have with funding, because funding is a major part of our existence. We are funded completely by the state funding. We don't have any of our own tribal funds that are allocated to fund child-support enforcement. So the states—having our intergovernmental agreement with the state is vital for us in the way of our funding.

What is happening in New Mexico, we were awarded $150,000 through the New Mexico Human Services budget. On the other hand, Senator Pinto, State Congressman (sic), approached the State Legislature for an additional hundred and fifty to increase our budget to $300,000. Federal matching would have brought our budget up to $884,000 to work with. That would have have been an increase to the Navajo Nation.

Now, statistically, in 1995, our collections in New Mexico were $3,500, and we are very new and beginning. In 1996, our collections went to 110,000. In 1997, our collections were 294,000. This year, 1998, we project 400,000 plus. So it is kind of hard for us to understand why we are not given the opportunity to increase our budget in the state of New Mexico.

While in Arizona, we have a different scenario. In New Mexico, when we got the funding of $144,000, that was to handle 1,500 cases that were transferred from the Farmington office. In Arizona, we have a budget of $375,000 to handle 12,000 cases, and I feel like this funding is very much unfair and will allow us to do an adequate job but by a miracle will allow us to get by.

So in the future, we would like to have the states at least look at increasing that funding as we start our Arizona project, because it is fairly new.

Another problem that we have are infrastructures. As was mentioned about roads and buildings, we don't have adequate infrastructures to house the offices of Child Support Enforcement. If the budget is passed in New Mexico, that means that we would be housing close to nine maybe eight more child-support enforcement officers, and so we have outgrown the building there. With Arizona, we plan to grow as well, and infrastructures and building is a necessity. We don't have those available to us now.

Computerization, it is very important for us to have the technology and assistance from the state, but like it was mentioned before, we have three regions. Arizona is governed by San Francisco, New Mexico is Dallas, and—there is another one—Utah. So we are kind of, like, stretched apart again in child-support enforcement.

We have a system that we are using in New Mexico called CHEERS, and then we are having another automated system in Arizona that is not—that is different from CHEERS. So computerization and having one system would be important for us. Child-support incentives of the 400,000 that we collect in New Mexico, we don't get any. The state gets all of it.

And in closing, the Navajo Nation would recommend that—we know that regulation being—are in the making. Direct funding with no matching funds would be a recommendation from the Navajo Nation. Taking into account infrastructures that we don't have, that would be another account. The technical assistance and equipment should also be considered in allocations when it is given.

The Navajo Nation has been with its child-support enforcement program—it has been in existence four years, and I believe that we are ready to take the step to do our own child-support-enforcement program. Hopefully, this would do nothing to take away from our intergovernmental agreements because we still need the help of Arizona, and we still need the help of New Mexico. So with that in mind, we would ask that you take these things into consideration.

[The prepared statement follows:]

NAVAJO NATION DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

HERB YAZZIE
ATTORNEY GENERAL

NAVAJO NATION
CHILD SUPPORT ENFORCEMENT PROGRAM STATEMENT

Good morning, Congressman Hayworth and Chairman Claw. It is only appropriate for me to introduce myself. My name is Nona Lou Etsitty, (in Navajo). I am a Cherokee of the deer clan born for the Navajos. I have lived all my life on the Navajo Nation.

The Navajo Nation had no effective means of enforcing child support and there were no general laws for paternity or adult responsibility for the care and support of the minor children. Navajo children living on the Navajo Nation did not enjoy the same benefits and protection provided by laws to children living off the Navajo Nation.

The Office of Navajo Women and Children saw the need and took legislation to the State of New Mexico for funding. Following their initiatives, on December 14, 1994, the Navajo Nation Council passed the Navajo Nation Child Support Enforcement Act. On July 25, 1996, the Judiciary Committee of the Navajo Nation Council passed the Navajo Nation Child Support Enforcement Guidelines.

Prior to 1994, the State of New Mexico and surrounding states had virtually no collections for child support within the Navajo Nation. This may be true with other states and Indian tribes throughout the country. The Navajo Nation Child Support

P.O. Drawer 2010 • Window Rock, AZ 86515 • (520) 871-6343 • FAX No. (520) 871-6177

Enforcement Program has been in existence for four years and we have been successful in providing the Navajo children with the benefits of child support.

A. PROBLEMS IN FUNDING AND INCENTIVE PAYMENTS

I would like to focus on the problems the Navajo Nation is experiencing with funding. First of all, the Navajo Nation is totally dependent on State funding to operate our child support enforcement programs.

Currently, the State of New Mexico awarded the Navajo Nation $150,000 through the Department of Human Services budget with federal matching funds, which brings the Navajo Nation's total budget to $441,000. New Mexico State Representative, John Pinto, introduced another bill on behalf of the Navajo Nation Child Support Enforcement Program for an additional $150,000, which passed legislation bringing the Navajo Nation's total to $300,000. With federal matching funds it will give the Navajo Nation a total of $882,000. Apparently, the Secretary of Human Services is unhappy with this and is challenging the legislation. The Navajo Nation has made tremendous growth since 1994 and it is very hard to understand why the State of New Mexico would do this. In 1995, the Navajo Nation collected $3,500, in 1996, $110,000, and in 1997 $294,000. In 1998, the Navajo Nation projects $400,000+ in collections. (See attached graph, marked Exhibit A). Of the money collected in the past, the Navajo Nation has never received or has ever been offered any of the incentive percentage which the states get. Instead, the State of New Mexico takes credit for the Navajo

Nation collection and keeps the incentive dollars reflecting the Nation's child support enforcement efforts.

In 1994 when the Navajo Nation Child Support Enforcement Program was starting, the New Mexico State Farmington Office transferred 1,500 cases to the Navajo Nation with a budget of $441,000. In negotiating the Arizona Intergovernmental Agreement, the State of Arizona will be transferring 12,000 cases to the Navajo Nation on a $375,000 budget. We hope that the State of Arizona will recognize this and help by increasing the funding to do these cases. This is very unfair to the Navajo Nation. It requires us to work miracles and perhaps that is why the Navajo people are in existence today.

B. **INFRASTRUCTURES - BUILDINGS, OFFICE SPACE**

We kindly ask that you take into consideration infrastructures for office building. Most tribes do not have allot of office space, and we, as the Navajo Nation suffer from this problem.

C. **COMPUTERIZATION-TECHNICAL ASSISTANCE**

The Navajo Nation has to work with two different automated systems. New Mexico uses a CHEERS system and Arizona uses ATLAS. We work with different federal regional offices, one in Dallas, TX and one in San Francisco, CA. If we were to enter an agreement with Utah, I understand that it will be another automated system other than CHEERS or ATLAS. We, the Navajo Nation, have the technology to do our own computerization and to develop our own systems. We would still rely on the states for technical

assistance and hopefully our Intergovernmental Agreements which are now in place, would not change much because we still need the state's help and the state still needs our help.

We know that the Federal Government is considering regulation on how monies can best be distributed to Indian tribes; however, the Navajo Nation Child Support Enforcement Program has been in existence for four years and we feel we can offer the Federal Government insight into collecting child support in Indian Country.

CONCLUSION

In conclusion, the Navajo Nation recommends: (1) direct funding without tribal matching funds; (2) we ask that you consider infrastructure for office spaces/buildings and; (3) allow funding for computerization of our own system. The Navajo Nation will continue to work diligently for the benefit of the Navajo children by making parents accountable for their support.

Thank you

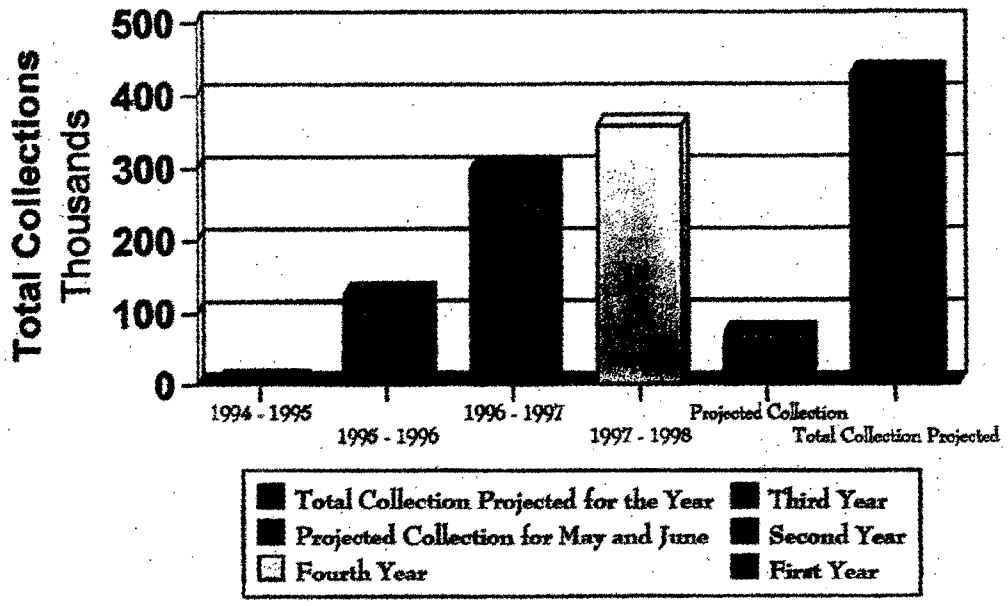
CASELOAD TOTAL
JULY 01 - JUNE 30

FIRST YEAR	1994 - 95	$3,699
SECOND YEAR	1995 - 96	$126,603
THIRD YEAR	1996 - 97	$297,635
FOURTH YEAR	1997 - 98	$413,792 *(May 98)*
	Projected Collection for June	+ *50,000*
Total Collection Projected for 97-98 Year		$463,792

Total Collections Since Navajo Nation CSEP Established $891,729

COLLECTIONS

JULY 01 - JUNE 30



Mr. HAYWORTH. Nona, we thank you, very much. And we appreciate also your acknowledgment of your unique background as Oklahoma Cherokee as well as Navajo. And since the Chairman of the committee has a bit of Cherokee in him—I guess Carolina Cherokee—we appreciate that. I guess a little meeting of the minds and similar cultures here.

With that in mind, we will turn now to our friend Steven Esposito, the Systems and Automation Administrator from the Arizona Department of Economic Security.

And once again, we transfer the microphones over and want to make sure they are right in front of you, Steve, because we very much want to hear what you have to say.

STATEMENT OF STEVEN J. ESPOSITO, ADMINISTRATOR, DIVISION OF CHILD SUPPORT SYSTEMS AND AUTOMATION, ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Mr. ESPOSITO. Thank you. I am Steven Esposito. I am the Systems and Automated Administrator for the Division of Child Support Enforcement. Since 1991, I have been responsible for implementing, enhancing, and maintaining ATLAS, Arizona's statewide automated system.

We are aware that Congress is focusing on the financial penalties being assessed against states that fail to meet the required automation deadline. As Nancy mentioned in her testimony, Arizona is not subject to these penalties because we achieved federal certification before the deadline. We believe our success was due to certain principles and strategies that can be used in other states.

Our experience has shown that a single, statewide system for the processing of child-support payments was an extremely sound concept. Children benefit from increased financial support. Custodial parents benefit from timely and uniform processing of their cases. Noncustodial parents benefit from accurate accounting of payments. Taxpayers benefit by limiting the need for public assistance. Arizona and the federal government benefit from cost-effective use of limited technical resources.

For any project of this size to be successful, there must be full involvement from all stakeholders. Federal guidance must be clear and consistent. State leadership must be strong. County partnerships must be amicable and focused on the people that we serve. And finally, the vendor relationship must be one of mutual trust and respect. Arizona was fortunate and persistent enough to be successful on all fronts.

The federal staff assigned to Arizona were true partners in the development of the project and were invested in the quality and success of our work.

The General Accounting Office recently published a study that was critical of federal leadership and control of automation projects. Arizona's experience bore little resemblance to the findings in the GAO report.

Support for initiatives of this size must come from top state officials. Child-support-automation projects are difficult and sometimes politically charged. There was strong support for the implementation of ATLAS from the governor's office, the State Legislature, the director's office, and the DES executive management.

For a single automated system to succeed, we needed a solid partnership with our political subdivisions. In Arizona, we forged a strong alliance with our court clerks and county attorney officials. We attribute much of the success and the quality of the implementation to the contributions of these partners.

The relationship between the state and its implementation vendor is critical. Arizona was fortunate to have a talented and dedicated vendor team, coupled with an equally talented and dedicated state staff.

We believe that states that were successful in implementing certified systems are especially well positioned to implement the provision of welfare reform. Arizona has already implemented some of the early enhancement and found that we have a solid foundation upon which to build.

Our success in implementing ATLAS has established a very favorable reputation for our ability to manage and implement complex change on time and within budget. Welfare reform has given much more responsibility to the IV–D program.

All child-support payments, both IV–D and non-IV–D, will be processed by ATLAS. All support orders will be loaded into a state case registry within ATLAS. Many new mandated data exchanges will be automated in the next two years. I believe DES has earned the confidence of the Legislature, county leadership, and federal government that we will be equally successful in implementing welfare reform.

I have participated in two major phases of the implementation of federal child-support legislation. Based on this experience, I have identified six areas that make implementation difficult from the automation perspective: First, federal delays in publishing final regulation and policy; second, limited private sector knowledge of child support; third, the reasonableness of the time lines imposed by legislation; fourth, the lack of alignment between new legislation and other existing federal legislation; fifth, the size and political composition of the state; and sixth, the competition for top technical staff with Year 2000 projects.

Arizona is pleased to be among the nation's leaders in implementing child-support and welfare-reform-automation initiatives mandated by Congress. We have found the effort to be great but the reward to be greater.

Child-support agencies have been given unprecedented authority and access to information to aggressively enforce the payment of child support. Automation has contributed to the most significant improvement in the enforcement of child support the nation has ever seen.

Those of us responsible for our state's automation project look forward to the challenge of welfare reform and are proud of our role in improving the lives of our nation's children and families. Thank you.

[The prepared statement follows:]

Child Support Enforcement in Arizona
Automated Systems Benefits and Challenges

Testimony

before the

Subcommittee on Human Resources

Committee on Ways and Means

United States House of Representatives

Presented by:

Steven J. Esposito

Systems & Automation Administrator

Arizona Department of Economic Security

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Introduction

My name is Steven Esposito. I am the Systems & Automation Administrator for the Division of Child Support Enforcement (DCSE) within the Department of Economic Security (DES). I am responsible for all aspects of implementing, enhancing and maintaining Arizona's statewide automated system, ATLAS (**A**rizona **T**racking and **L**ocation **A**utomated **S**ystem). I have had a leadership role in DCSE automation initiatives since late 1991. I was the Systems & Programming Manager when we converted the original IV-D caseload from separate county based systems to our first statewide system. I was responsible for leading the technical design and development of our Family Support Act of 1988 (FSA 88) implementation effort, which resulted in Arizona becoming the seventh state to receive federal certification in July of 1996. I am now leading the state's efforts to implement the automation changes required under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). I recognize that much of this Subcommittee's focus for the last several months has been on the significant financial penalties being assessed against states that failed to meet Congressional deadlines for automation. Fortunately, as a state which achieved federal certification prior to the deadline, Arizona is not subject to such penalties. We believe that our success was due to adherence to certain principles and strategies that I will share with you today.

Background

In 1988 and 1996 Congress passed legislation to address the nation's massive issues surrounding the non-payment of child support. Both times Congress recognized that the only way that the nation's families could be effectively served was through standardized automation, especially in the processing of interstate cases. Fundamentally, states were to implement systems that let computers do the repetitive and laborious work of child support, freeing caseworkers to focus on the exceptions and areas where human intervention is required. States were provided enhanced funding and unprecedented access to data. With funding and access came broad responsibility. States needed to create and enhance sophisticated automated systems that meet strict certification functional requirements and aggressive implementation timelines. We were also challenged to bring together disparate federal, state, county and private entities to solve concerns about control, confidentiality and uniformity. Over half the states have met the 1988 challenge and the nation's child support numbers are improving. Our accomplishments are substantial, yet a truly significant effort still faces us. There are challenges and obstacles still to be addressed; however the philosophy behind Congress' legislation has proven to be sound and practical.

Single, Statewide System -- A Fundamentally Sound Premise

Arizona has found that Congress' vision of a single, statewide system for the processing of child support cases to be an extremely sound one. Virtually every improvement in Arizona child support enforcement has been enhanced because of the single system concept. All parties have benefited from Arizona's statewide system. Children benefit from increased financial support and information about both biological parents. Custodial parents (CP) benefit from timely and uniform case processing. Non-custodial parents (NCP) benefit from accurate accounting of payments and arrears. Taxpayers benefit by limiting the need for public assistance to be paid to families. The state and federal governments benefit from cost effective use of limited technical resources and economies of scale.

A single database of unduplicated CPs and NCPs has improved our ability to work cases timely and efficiently. In mass and automatically, we can locate and verify individuals' names, social security numbers, addresses, employers and assets. This information is provided, to all cases with which these individuals have a relationship, to every caseworker assigned to these cases, simultaneously.

A single database of unduplicated support orders has improved our ability to enforce the payment of child support fairly and equitably. All cases are now processed using automation rules and speed. When cases meet the criteria for an enforcement remedy, they are immediately subjected to that remedy. Little or no user intervention is required and each case is treated identically.

A single process for distributing and disbursing funds to the appropriate party(s) insures fast, fair and accurate accounting. Regardless of who makes the payment, a single system records the payment, distributes it according to a specific formula and disburses the funds to the correct parties, literally overnight. All of this information is available to caseworkers, custodial parents and non-custodial parents throughout the state the next day via ATLAS or our Interactive Voice Response system.

From a technical standpoint, a single system has allowed us to make and test changes timely. Only one system needs to be changed so a single technical team has been able to enhance and maintain the system. Multiple systems would require more technical staff, especially if the systems were running in different technical environments, meaning different programming languages, databases and brands of computers. Multiple systems require changes to be synchronized across systems and run the risk of processing cases inconsistently across system lines. Also, multiple systems typically require redundant hardware and operating system expenditures, along with the technical infrastructure needed to maintain them.

In addition, the single system gives management ultimate flexibility to evaluate its program at a macro level and change direction in unison. We can easily extract statewide data for analytical purposes. Special mass mailing to CPs and NCPs can be generated centrally to notify our customers of policy changes and new services. State policy changes can be implemented in the system and overnight everyone in the program will receive the same information about the change. All cases affected by the change will be treated according to the new rules.

Notwithstanding the technical and political realities that may lead other states to select a multiple system implementation option, Arizona believes that the single statewide system concept is a sound one. It has proven to be achievable technically, desirable from a customer service standpoint, cost effective to operate, and it provides management with appropriate flexibility and control.

Partnerships are Key

For any project of this size to be successful there must be full involvement from all the stakeholders. Federal guidance must be clear and consistent. State leadership must be strong. Departmental cooperation must be established. County partnerships must be amicable and focused on the good of the people we serve. And finally, the vendor relationship must be one of

mutual trust and respect. Arizona was persistent and fortunate enough to be successful on all fronts.

The U.S. General Accounting Office (GAO) recently published a study that was critical of federal leadership and control of the implementation of FSA 88 automation projects. While it is difficult to argue the fact that most states missed the implementation deadline, Arizona's experience with the federal partnership with Office of Child Support Enforcement and the Office of State Systems bore little resemblance to the general observations and conclusions drawn in the GAO report. The federal staff assigned to Arizona provided valuable technical assistance and guidance. We felt that they were true partners in the development project and were invested in the quality and success of our work.

Support for initiatives of this magnitude must come from top state officials. Child support automation projects are difficult and sometimes politically charged endeavors. Without strong and consistent support from the top, they are delayed at best and doomed to failure at worst. There was strong support for the implementation of ATLAS from the Governor's office, the state Legislature, the Director's Office and DES executive management team. Funding, resources, time, direction, encouragement, and recognition were provided every step of the way.

Arguably, as important as state support from the top is a solid partnership with the political subdivisions within the state. In Arizona, we forged a strong alliance with our court clerks and county attorney officials. We attribute much of the success of the system and the quality of the implementation to the input and contribution of these "county partners." They invested valuable time in helping to design the system, test its features and functions and complete data refinement activities on their cases prior to conversion. We developed a statewide system that worked well for our county partners as well as DCSE. In doing so, there was a true shared ownership of the system and its success.

Lastly, the relationship that is formed between the state and its implementation vendor is critical. Both entities must be committed to the project and each other's success. A vendor that is not able to maintain the project scope and costs will cut corners to make a profit. A state staff that abdicates its leadership role in delivering the system and subsequently learning the application will lose control. They will be unable to support and maintain the system without continuous vendor assistance. Arizona was fortunate to have a talented and dedicated vendor, coupled with an equally talented and dedicated state staff. Partnering, cooperation, compromise and mutual respect were key elements in the success of this relationship.

These approaches to partnering remain in place for our Welfare Reform implementation activities. All states must develop similar strategies that address the issues of stakeholder involvement and satisfaction.

Primed for Welfare Reform

We believe that states that were successful in implementing FSA 88 certified systems are especially well positioned to implement the provisions of PRWORA. Arizona has already implemented some of the early enhancements and has found that we have a solid foundation upon which to build. There is confidence in our ability to deliver change. Our systems, staff and methodologies are proven and reliable.

Our success in implementing ATLAS has established a very favorable reputation for our ability to manage and implement complex change on time and within budget. Welfare Reform has given considerably more responsibility to the IV-D program. All child support payments, both IV-D and non IV-D will soon be processed by ATLAS. All support orders will be loaded into a state case registry within ATLAS. New data exchanges with employers, financial institutions, licensing agencies, utility companies and other states have been mandated and will be fully automated during the next two years. I believe DES has earned the confidence of the Legislature, county leadership and the federal government that we will be equally successful implementing PRWORA.

We have developed a knowledgeable team of system designers, programmers, policy writers, trainers and field staff required to maintain our momentum. We have refined our system development practices and methodologies which will insure continued quality implementations. All projects are managed using automated work plans that define resource commitments, critical path timelines, milestones and deliverables. A structured approach to system development has been a key to Arizona's success in implementing automation changes.

Finally, we have our automated system, ATLAS. The software's design has put us in position to easily implement interfaces to the new national databases which you created under Welfare Reform. Arizona is primed to take maximum advantage of the information being made available through the Federal Case Registry and the National Directory of New Hires.

We invested considerable time and effort creating a state-of-the-art system designed to be flexible, accurate and easy to maintain. We feel strongly that we achieved this goal. Minnesota chose to import ATLAS into their state rather than start from scratch or select another state's system. We were proud to learn that, using ATLAS as their base, Minnesota's PRISM system became the thirtieth to achieve federal certification. We will continue to share knowledge, methodology and software with our counterparts in Minnesota.

These factors will allow us to be successful in implementing the next round of mandated changes.

Implementation Challenges

Having participated in two major phases of the implementation of federal child support legislation, I would like to point out six areas that make implementation of these changes problematic from an automation perspective. First, federal delays in publishing final regulation and policy. Second, limited functional knowledge of child support in the private sector. Third, reasonableness of the timelines imposed by legislation. Fourth, lack of alignment between new legislation and other existing federal legislation. Fifth, size and political composition of the state, and sixth, competition for top technical staff with Year 2000 projects.

After legislation is passed and implementation dates are determined there is still a fair amount of federal work required to finalize regulation, policy and Action Transmittals (ATs). Delays in publishing final documents have been common, sometimes even after the actual implementation date. Arizona supports the practice of tying implementation dates to final regulation delivery dates. State's deadlines should be set only after final regulations are written and clarification is provided.

The child support business is specialized. While it has some similarities to business functions in other areas, it requires a very specific set of skills and experience. There are a very limited number of qualified individuals and teams to meet the needs of all the states attempting to automate federal mandates. The shortage is exacerbated by the fact that all states are attempting to implement the exact same changes in the exact same timeframe. This has put a tremendous strain on the private sector and the states to implement sweeping changes in automated systems within aggressive time schedules. We recommend that implementation timeframes be adjusted to account for this issue.

Taken individually, many of the implementation timeframes are achievable. However, we find that multiple initiatives are stacked on top of each other and they affect the same or related parts of the automated system. When this occurs, some implementation timelines become impractical. We recommend that private sector and state automation experts be consulted prior to the selection of implementation dates.

We have experienced delays in implementing mandated changes due to conflicts in federal regulation. We must then stop design and implementation activities while legal research and policy clarification are obtained. Our most recent experience with the was regarding inconsistencies between Child Support legislation and IRS legislation. We recommend that Congressional staff thoroughly research existing legislation and bring it into alignment before new legislation is passed. This will minimize automation delays caused by the time necessary for each state to resolve these conflicts. It will also insure that states are implementing all initiatives consistently and in accordance with the appropriate legal framework.

States with large population bases have a unique set of problems. They have to tackle issues associated with the size of their caseloads, the power and diversity of their political subdivisions, and the geographic challenges of simply rolling out systems and training. Typically, small states just do not have to contend with these obstacles. A disproportionately large portion of the nation's caseload is served by the eight largest states. Special consideration should be given to these states in terms of funding and additional resources.

Finally, the looming Year 2000 (Y2K) "crisis" is pulling qualified state staff into the private sector or into internal state Y2K projects. It is hard to compete with the lure of high paying jobs or the potential disruption of mission critical automated systems. Welfare Reform is a very challenging set of changes to child support systems. The need for highly qualified and skilled technical staff can not be denied. However, without extending federal deadlines or providing additional funding, Welfare Reform successes may be compromised due to the lack of competent technical staff.

Conclusion

Arizona's DES is pleased to be among the nation's leaders in implementing child support and Welfare Reform automation initiatives mandated by Congress. We have found the effort to be great but the rewards to be greater. Child support agencies have been given unprecedented authority and access to data in order to aggressively enforce the payment of child support. Automation has contributed to the most significant improvement in the enforcement of child support the nation has ever seen. Cases have effective locate activities being automatically

performed. Paternity and support order establishment activities are on the rise. Enforcement and collection activities are automated to the maximum extent possible. Finally, interstate cases are receiving better and more timely service. Those of us responsible for our state's automation projects look forward to the challenge of Welfare Reform and are proud of our role in improving the lives of our nation's children and families.

We look forward to keeping Arizona in the forefront of child support enforcement improvements. Thank you for the opportunity to address the Subcommittee.

Mr. HAYWORTH. Steve, we thank you for the testimony, and I just wanted to return to, as you very succinctly outlined, some of the challenges that a lot of different folks are facing.

Even as Arizona has success in implementing ATLAS, I just wanted to return and revisit, briefly, the success story here in Arizona. You mentioned a lot of different factors coming together. But could you isolate for us the key factors that led to the success? What would that be? And what lessons could other states draw from the Arizona experience?

Mr. ESPOSITO. Well, first of all, I would like to mention that Arizona has a proven track record and methodology—a structured methodology for project control and project management. But if I were to pick out a key factor, it was the partnership that we developed with our counties.

The people who do child support are passionate about their business. They have knowledge about it. They have opinions about the best way to do their jobs. We found that no one person knows how to run child support.

What we did was we put together, fundamentally, a board of directors that had members of the counties on them. That board of directors was key to our ability to communicate, to get input, and to build a quality system that met everybody's needs but balance the needs versus the wants and the scope of the project and the budget of the project with what was technically feasible and just plan old how many cases we benefitted by the things we were automating.

The cost and the constant communication could not have been done without it. Without the collaboration, without the commitment, a successful implementation would have been compromised.

Mr. HAYWORTH. One of the unique things about Arizona is we take a look at political subdivisions. I think about the six congressional districts and square mileage about the size of the commonwealth of Pennsylvania. I also look at the fact that in Arizona, comparatively speaking, we have very few counties as opposed to many of our eastern neighbors with counties numbering over a hundred.

Was that the unique blessing as well in terms of that county coordination—having fewer counties and perhaps fewer people with which to deal in the mix?

Mr. ESPOSITO. There is no doubt that some of the larger states that are set up differently, that have more counties, that have counties with extremely powerful county seats and elected officials make the implementation much more problematic.

My opinion, though, is still that if you bring those people beforehand, if you get their consensus, if you share information with them, a number of the obstacles can be overcome. Notwithstanding all the other technical and political realities, I still think a statewide system is the way to go.

Mr. HAYWORTH. Thanks. Let me turn to Nona, again, because we hear echoes of President Atcitty's testimony in your testimony, Ms. Etsitty, in terms of the challenges we talked about, the county situation and the state implementation of ATLAS, the success rate that we have here in near Arizona.

Your challenges, again, seem to be compounded by the fractured nature of supervision and administration, and again, just as part

of the record, even as you are dealing with—you talked about the contrast between Arizona and New Mexico.

In your mind, to solve the problem, again, is a direct grant called for, or do we need to continue this shoulder-to-shoulder partnership, if you will, with the respective states?

Ms. ETSITTY. Given the experience that we have in the past four years, direct funding would—we are ready for it. We would be ready for one system that we can all use within the Navajo Nation.

Right now, like you say, we use ATLAS in Arizona. We use CHEERS in New Mexico. And probably if we were to enter an agreement with Utah, we would use another one. It makes our work diverse among the states that we work in.

Mr. HAYWORTH. And again, just to revisit your success rate, I want to make sure I understood the figures exactly; from initial accumulation of some, what, very modest, only $3,000 to now projected in excess of $400,000 in terms of child-support collections.

Ms. ETSITTY. That is right. Since 1994 up to 1998, we have increased collections: $3,500 in 1995 to a projected 400,000 this year, from the time we started.

Mr. HAYWORTH. Nona, if you could, pass the radio mike to Nancy. I think she still has the PA mike right there.

Nancy, you offer a cautionary note in the midst of your upbeat testimony. I heard that caution about hold on a second; be careful in drafting of further rules and regulations. Let's revisit that and amplify that from your perspective.

Ms. MENDOZA. Chairman Shaw, Congressman Hayworth, I hope that I was not perceived as disrespectful in that comment.

You have given us extreme amounts of new opportunities through the welfare legislation, all the way from payment processing to these national registries to the financial institution data matches that we will be doing with financial institutions.

All of those changes have automation implications and training implications for our staff. And so we would like an opportunity to implement all of those innovations and see what impact they have on our program before we add more new, good things.

We certainly welcome and were appreciative of all the new authority that we received. We would like an opportunity to be successful with that before we take on any new ventures.

Mr. HAYWORTH. To draw a historical analogy, Nancy, my profession of broadcasting, I recall the history of the Federal Communications Commission before it tried. Now, it appears Mr. Chairman the FCC wants to get in the business of taxation. But back in the early 1950s, there was a freeze put on the number of licenses granted for television stations. Are you suggesting, in essence, a regulatory freeze to evaluate?

Ms. MENDOZA. Chairman Shaw, Congressman Hayworth, no, there are always more and better ways to do child-support enforcement, and a lot of great ideas can come forward; but there is a critical mass that is reached in any kind of innovation where more change may not be effectively implemented.

And I certainly don't mean to say that the bill that you are currently considering, HR 3130 that is before the conference, I am not in any way wanting to dissuade you from the completion of that important work, which sets forth the new incentive formula for the

programs. As a matter of fact, I hope that the conferees will adopt the measures related to the streamlining of medical-support enforcement and financial data matches at the national level.

But what I am thinking about are things that might have any additional automation implications or that would perhaps in any way reverse course in anything that we are just getting up and running at this time.

Chairman SHAW. I think what she said is if it is not broke, don't fix it.

Mr. HAYWORTH. That is a good policy. Thank you, Mr. Chairman, for the translation. It is good to know that our friends from Florida can cut through in much the same way our Arizonans have the ability to cut through a maze.

Let me move the mike down to my friend Freddy, or Representative Hershberger, to maintain the formality of our gathering here today.

Again, to note to all our panelists, your entire statements will be included in the record.

And again, Representative Hershberger, we want to congratulate you on the work for which you have been recognized as the legislator of the year with regard to child support.

A comment in your statement that I would like you to amplify a little bit; we are taking a look at strengthening the ties between fathers and families. I think we are all drawn to the pictures and the stories of families that appear very prominently in local newspapers where the question many of my constituents have as they look at the picture of a mom struggling with several children, where is the father?

And we have heard about the strides made in establishing paternity. We have introduced a bill in Washington, HR 3314, that seeks to support such efforts by providing two billion dollars in new federal funds for states to support private, including faith-based groups, to run programs to help promote the importance of fatherhood.

Could you tell me more about the campaign here in Arizona and what has been working here in our backyard in that regard?

Ms. HERSHBERGER. Congressman Hayworth, Mr. Chairman, perhaps we should refer back to the bill that came out of the child-support council last year, which was the education of parents who are in divorce as to how to handle their children. And that, indeed, has been very effective, we think, so far.

The first year's reports have been excellent. It has brought the fathers into the picture, because both parents realize that the children need two parents. It has given the noncustodial parent the opportunity to participate in his child's life through support, perhaps, but it has also really provided an avenue, and I think that is working very well.

Perhaps you referred to the covenant marriage, and I think you should talk to my friend Dave Petersen about that since I was not an avid supporter of that bill. I believe I entered into a covenant 52 years ago, and my church called it a covenant, and I don't think we need state legislation, either, to go along those lines. I think that is up to faith-based organizations, and I think most of them do do that kind of thing.

So I think we are making headway. And through the paternity establishment as well for these children who are being brought up by a single mom, that is helping to identify somebody else is responsible and to bring them into the picture.

Mr. HAYWORTH. Mr. Chairman.

Chairman SHAW. I think, to follow up on what Congressman Hayworth is talking about, we have a huge problem, which everyone in this room knows about, and that is the tremendous number of kids that are being born out of wedlock.

One thing we found out in welfare reform was that one of the big problems that we had was that people—and one of our witnesses was talking about earlier, we are creaming the system now; we are getting the easier cases out of the way. And even though we have had great success in putting people back to work, we know full well it is going to get tougher when we get down towards the bottom.

That is one of the reasons why Congressman Hayworth and I are steadfastly opposing any attempt to cut TANF funding, despite the fact that those caseloads are coming down, because the states are going to have to spend more money per client in order to start with training: teach somebody the simple things that most of us were raised knowing how to do: how to shake hands, how to show up on time, how to follow directions, how to do a job.

And we found that there were so many people that were born in a house and even in a neighborhood where nobody was working. They had no model. They had nothing to relate to. So you have got to start with the very basics.

We found the same thing is happening with regard to young boys growing up without fathers. They don't have a clue of what it is like to be a father. I mean, they know what brings babies into the world, but after that, they think that is the end of it, and it is very important that on we go, just like we did in welfare reform, and go in and attack the root of that problem and try to train these young men to accept the responsibility of being a father, not only the financial responsibility but the spiritual and the whole wonderful life of being a father and what all that involves, including giving some of their time.

And I think we have looked at some of the programs around the country, and they have been very successful, and we feel that this is important. That is the bill Congressman Hayworth is referring to. It is one that is also before our subcommittee, which I believe you cosponsored.

Mr. HAYWORTH. That is correct. Yes, sir.

Chairman SHAW. We have cosponsored that together, and we are going to try to work that through; and if we are successful, we will be coming back to you as the state legislator. Maybe we can make you the legislator of the year for fatherhood or something. And hopefully, you will take the lead on that, because it is a very good program, and it is something we desperately need to address.

I want to go back to Nona and talk to her just a moment, if I could. If you could, pass that microphone back, please.

I want to know a little bit more about child-support enforcement among Native Americans. Is out-of-wedlock births as big a problem

among Native Americans as it is the rest of the American population?

Ms. ETSITTY. It is. We have the same problem.

Chairman SHAW. Now, when you get into child-support enforcement and you get into the reporting requirements, the law that we have in place provide for the registry. I think Steve was talking about how that works. And I think Nancy was talking about keeping those records, not to go change the way the thing is working, and we have no intention of doing that.

Now, the Native American or the figures that you gather, then, would go—as I understand it, into the state's data system. Isn't that correct?

Ms. ETSITTY. It will.

Chairman SHAW. So that in trying to track the fathers—generally, it is the fathers for child support—we can track them across state lines.

Ms. ETSITTY. Right.

Chairman SHAW. And I think that is tremendously important. Do the Native Americans have the same—use the same courts as the rest of us do, or is it a special court that is set up within the Indian Nation?

Ms. ETSITTY. It is an administrative process that Navajo Nation courts in the seven districts agreed that they didn't want to handle the child-support enforcement area, and so an administrative process, which is very simple, quick, fast, and it allows us the tools to make collections easier just as the state. So it is——

Chairman SHAW. What court? Does the same administrative body make the orders as to what payments are to be made for child support?

Ms. ETSITTY. No.

Chairman SHAW. Or does that go into the Arizona or New Mexico court system?

Ms. ETSITTY. No. It is our own system. What it is is we have the court system over here, our seven judicial. And then we have the Court of Appeals, and then we have a lot of administrative—like, we have the Navajo Nation Labor Commission. We have our grievances for our—the people who need—who are fired from the government. They take the grievances to a hearing body, and it is called the Office of Hearings and Appeals. They are the ones that do the cases for us.

Once an administrative order is entered, the next remedy for the person to appeal would be our Navajo Nation Supreme Court. So it is a whole separate administrative body.

Chairman SHAW. So a man and a woman who want to be divorced, they go before this administrative body, and if——

Ms. ETSITTY. No.

Chairman SHAW. Well, where do they go?

Ms. ETSITTY. Okay. They would go to the district court. This——

Chairman SHAW. The court that everyone else goes to?

Ms. ETSITTY. Right.

Chairman SHAW. So that the child-support order, then, comes out of that court.

Ms. ETSITTY. Right.

Chairman SHAW. Then how would that make it into your system?

Ms. ETSITTY. Once an order is entered into our court, we take the order, and we have the child-support enforcement program.

Chairman SHAW. Uh-huh.

Ms. ETSITTY. The mother gives us—well, say the father is delinquent. The mother gives us her public assignment to go after the father. And say dad works maybe in the president's office. Let's pick on Mr. Atcitty.

Chairman SHAW. That is a good place to start.

Ms. ETSITTY. Our child-support enforcement program would initiate what we call a very simple Notice of Public Assign—Notice of—what is it? NPA—Notice of Public Assignment.

And when the father receives that, then he either, through our administrative process, will answer; or if he doesn't answer, we will end up defaulting him, and then we will go use tools that are there available to do withholdings or anything we can to execute on the child-support enforcement order.

Chairman SHAW. Now, what happens when he crosses state lines or somebody comes from another state into your jurisdiction? How do you work that?

Ms. ETSITTY. Okay. With the agreements that we have—let's say Flagstaff is close to home but it is not on the Nation. Say the mother lives on the Nation and the father works in Flagstaff. What happens is we would take that court order that is entered, and we would ask the State of Arizona to enforce it for us, and they would take it as a UFRISA [sic] Package, send it up to Flagstaff, and enforce it there. And the collections——

Chairman SHAW. That would be the state.

Ms. ETSITTY. Right. The collections go to Arizona, and then they send it to the mom.

Chairman SHAW. And that is the same if they take off to Florida, New York, or wherever.

Ms. ETSITTY. Right, uh-huh. But when it comes into the Navajo Nation, we domesticate their orders. We don't change anything. We don't do anything with the order. We just domesticate it and enforce it with the tools that we have.

Chairman SHAW. Do you have anything else?

Mr. HAYWORTH. No, sir.

Chairman SHAW. I want to thank this panel, as well as all the witnesses that we have had. We certainly learned a lot. I can say I certainly have, as Chairman of the committee; and look forward to going back to Washington.

Unfortunately, I didn't plan this trip very well. I flew in last night and have to fly out about 1:30 today. So I think J.D. thinks I am a little nuts for not trying to stay over the weekend. I wish my time was where I could.

But I certainly think this has been tremendously worthwhile for me. And J.D., I want to thank you for bringing the committee out here. We came out with both Democratic and Republican staff persons so that the hearing will be reported in a very balanced way.

And these are areas where I might say the Republicans and Democrats have come together, and we are working closely together, particularly in this area of child support. We have had wonderful bipartisan support in this whole area, and I can assure you that we are going to do everything we can to get this rule making

pushed forward as quickly as possible and with the participation and input of the Native Americans, who are most intimately involved in having to enforce it.

And again, if I may call you Freddy, it is a great honor to be with you as the legislator of the year.

And Nancy, it is great to see you back here on your home turf and away from Washington. I think, as J.D. said, Nancy has testified before us in Washington, and we always learn a great deal.

And thank you for—all of you who have taken time out of your day to join us here today on something that is a most important subject, because here we are dealing with kids, and we are dealing with the future of this country.

J.D., do you have anything you would like to say before we close?

Mr. HAYWORTH. Mr. Chairman, my wife Mary always reminds me there is a lot to be said for brevity—think about that—and I will try to follow her advice in this rare instance, Mr. Chairman.

Again, simply to thank you and our staff members for bringing this hearing outside the belt way, and then some, to Arizona, to understand what has worked, where the challenges remain, and certainly the special relationship and the treaty and trust obligations confronting Native Americans.

I look forward to working with you as we deal aggressively with trying to address some of the problems that transcend state lines and on the boundaries of the sovereign Navajo Nation and many other of our tribes here in Arizona and, thereby, across the country.

And so thanks to the witnesses, thanks to those who have joined us here in this hearing, and we will continue to work on this. And most of all, thanks to you, Mr. Chairman, for joining us here in Arizona today.

Chairman SHAW. Thank you. The hearing is concluded.

[Whereupon, at 12 noon, the hearing was adjourned.]

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