

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

WELFARE REFORM COMMITTEE

Monday, August 31, 1998
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Jim Yockim, Chairman, called the meeting to order at 9:00 a.m. in the Roughrider Room, State Capitol, Bismarck.

Members present: Senators Jim Yockim, Judy L. DeMers, Tom Fischer, Judy Lee, Donna L. Nalewaja, Bob Stenehjem; Representatives LeRoy G. Bernstein, Jack Dalrymple, Connie Johnsen, Ralph L. Kilzer, Carol A. Niemeier, Clara Sue Price, Robin Weisz

Members absent: Senator Russell T. Thane; Representative Linda Christenson

Others present: See attached appendix

It was moved by Senator DeMers, seconded by Representative Johnsen, and carried on a voice vote that the minutes of the May 4-5, 1998, meeting be approved as distributed.

WELFARE REFORM STUDY

Chairman Yockim called on Mr. Kevin Iverson, Director, Training, Education, Employment, and Management (TEEM) Division, Department of Human Services. Mr. Iverson provided testimony regarding the implementation of the temporary assistance for needy families (TANF) program in North Dakota and related information. A copy of his presentation is on file in the Legislative Council office. Mr. Iverson said that as of July 1998, 53 percent of the cases in North Dakota have been converted to the TEEM program with conversion of all cases expected by early 1999. He said the TEEM assessment process includes a basic screening for victims of domestic violence and the option of prepregnancy family planning services. He said the Welfare Reform Task Force is working to reduce out-of-wedlock births and to provide an education plan for the prevention of statutory rape. He said the state's welfare benefit cap was implemented July 1, 1998, and very few households were affected by the benefit cap during the first two months. He said the 1999 Legislative Assembly will be provided reports regarding the impact of the benefit cap.

Regarding the implementation of a simplified food stamp program, Mr. Iverson said because of federal restrictions, the department is not planning to implement a simplified food stamp program but include the regular food stamp program in the TEEM system as soon as possible. He said the computer changes necessary to integrate the food stamp program into the TEEM assessment will most likely be addressed

when the Medicaid-TANF computer project is completed, which is expected to be June 2000.

Mr. Iverson provided information regarding updated 1997-99 biennium TANF caseloads and expenditures. He said there has been a 20 percent decline in the number of families receiving TANF since the start of the 1997-99 biennium, and the caseload is at its lowest level since December 1970. He said the 1997 Legislative Assembly appropriated \$40.9 million, of which \$5.7 million was from the general fund, for TANF grants to families. He said recent projections are that total grant expenditures for the 1997-99 biennium will be \$29 million, and because of federal maintenance-of-effort spending requirements, general fund expenditures are projected to be \$3.3 million. He said this represents the minimum maintenance-of-effort spending requirement to receive TANF grants. He said the remaining \$2.4 million of the 1997-99 general fund appropriation will be used to match federal welfare-to-work grants.

Mr. Iverson discussed the child care development block grant for the 1997-99 biennium. He said expenditures are averaging approximately \$500,000 per month, providing child care to approximately 3,700 children. He said "mandatory" child care funds received under the block grant for federal fiscal year 1998 must be obligated by the state by September 30, 1998, and currently approximately \$1 million is unobligated. He said this money may be used to provide child care funding directly through county social service board offices to the Indian tribes or to the United Tribes Technical College.

Mr. Iverson discussed the food stamp caseload, which has decreased from 18,495 in July 1993 to 13,956 in June 1998. The July 1998 report indicates a food stamp caseload of 13,664 families and expenditures of \$2,036,359. Mr. Iverson said the TANF work participation rate for June 1998 was 31.8 percent compared to the federal requirement of 30 percent. He said beginning October 1998, the work participation rate increases to 35 percent, and the required hours of participation increase from 20 hours per week to 25 hours. He said an area of concern is the sanctioned households, as those households that are sanctioned for more than three months in a 12-month period cannot be excluded from the work participation rate calculation making it more

difficult to meet the requirements. He said Berkeley Planning Associates is conducting an evaluation of the TEEM program, which is a limited program evaluation and is directed more toward a process evaluation of the statewide TEEM implementation. He said much of the data gathered will be from interviews with state and county staff, as well as clients. He said regarding the welfare-to-work program, a grant application for North Dakota was approved by the United States Department of Labor in August 1998. He said Job Service North Dakota is the administrative agency, and clients should begin receiving services under the welfare-to-work program by November 1998.

Mr. Iverson said that pending or proposed federal changes include a provision allowing the client's satisfactory progress toward the completion of a high school or college program to count as a work activity for TANF. Also under consideration are restrictions regarding the transfer of TANF block grant moneys to social service block grants.

In response to a question from Senator Nalewaja, Mr. Iverson said the department, through its contractor Berkeley Planning Associates, is trying to track TANF cases that have closed, but because there is no requirement that clients participate in exit surveys, tracking is difficult. He said early indications are that approximately 25 percent of case closures are a result of employment.

In response to questions from Senator DeMers, Mr. Iverson said if clients are identified as victims of domestic violence, the state can exempt them from the work participation requirements and the lifetime limit on benefits as part of the state's 20 percent hardship exemption allowance. He said regarding the benefit cap which began July 1, 1998, the department is aware of only a few clients that have been affected by the benefit cap. He said as part of the evaluation of the project, the state's abortion rate will be reviewed.

In response to questions from Senator Yockim regarding changes to food stamp enrollment, Mr. Royce Roberson, Director, Energy and Nutrition Division, Department of Human Services, said the eligibility for food stamps is income and asset eligibility-driven and clients include the elderly and single heads of households. He said the food stamp caseload has been reduced from approximately 18,500 in July 1993 to 14,000 in June 1998. He said approximately 40 percent of the state's food stamp households are also working, which is two times the national average.

In response to a question from Representative Weisz regarding the work participation rate adjustment, Mr. Iverson said the federal government allows states to reduce its work participation rate if it has experienced a TANF caseload decrease compared to fiscal year 1995 levels. He said because the state's caseload has decreased, the work participation rate

requirement of 30 percent for this federal fiscal year will be adjusted to approximately 24 percent.

In response to a question from Representative Dalrymple regarding the client sanction process, Mr. Iverson said clients are notified, prior to being sanctioned, in writing at least two times and may also be contacted by case managers. He said the fastest a sanction could result in a client's benefits being reduced would be one to one and one-half months, and typically it is two to three months or more. He said a parent that is sanctioned would lose the portion of the TANF payment relating to the parent, but the children's share would not be reduced. He said as an example, a parent with two children would have a payment of \$431 per month, and if sanctioned, the reduction would be the parents' share, or \$223 per month. He said other states have various methods of reducing benefits for sanctions.

Mr. David Zentner, Director, Medical Services, Department of Human Services, provided information regarding the impact of welfare reform on the Medicaid program, a Medicaid caseload update, and an update regarding the children's health insurance program (CHIP). A copy of his presentation is on file in the Legislative Council office. He said North Dakota covers all TANF-eligible recipients under the Medicaid program. He said this involves requiring eligibility technicians to compare current TANF rules and aid to families with dependent children (AFDC) rules in effect in July 1996 to determine which rule is the most advantageous to the family. He said the TEEM computer system will be updated to accommodate Medicaid eligibility requirements with project completion scheduled for June 30, 2000. He said the federal government has provided funding of \$2.5 million for the project with a required state match of 10 percent or \$250,000. Mr. Zentner said the number of eligible recipients for the Medicaid program has declined from approximately 49,000 in 1993 to 42,000 in 1998, while the number of recipients who had a service paid for during this time has actually increased. He said the people on the Medicaid program now are more likely to receive services, especially the aged, blind, and disabled individuals with chronic health care needs. He said the majority of the decline in Medicaid-eligible recipients has been children and adult caretakers, while the number of aged and disabled recipients has actually increased by three percent during the five-year period.

Regarding the children's health insurance program, Mr. Zentner said Governor Schafer has approved the state plan for Phase 1 of North Dakota Healthy Steps, which was submitted on July 21, 1998, and expands Medicaid coverage to children 18 years of age in a family with an adjusted gross income at or below 100 percent of the federal poverty level. The current federal poverty level for a family of three is \$12,984 per year. Currently, the Medicaid program covers children ages 6 through 17 with a family

income at or below 100 percent of the poverty level and children under 6 years of age with a family income at or below 133 percent of the federal poverty level. The expanded Medicaid coverage should take effect October 1, 1998. He said Phase 2 of the Healthy Steps program will be addressed through legislation under development and will be considered during the 1999 legislative session. He said the Governor's original concept will be a starting point and will include a separate insurance program covering children up to 150 percent of the federal poverty level, including an asset test.

Ms. Michon Sax, Director of Social Services for the McKenzie County Social Service Board and the Williams County Social Service Board and President of the North Dakota County Directors Association, Watford City, provided testimony regarding the impact of welfare reform, a copy of which is on file in the Legislative Council office. She said the average caseload in Williams County is 90 cases per month which has been constant during the last 12 months. She discussed recent reasons for case closures and case sanctions in Williams County. She said the McKenzie County TANF caseload is 85 cases, which is a slight decrease from recent months. She said the McKenzie County TANF caseload is approximately 80 percent American Indian. She said one concern of counties with reservation lands is that clients will be unable to obtain employment within their home communities. She said there are several areas of the state where school dropouts occur as early as the seventh and eighth grades. She said the one year of education allowed under the state's TANF program will not allow those individuals to complete a high school equivalency. She said there does not appear to be sufficient child care available to meet the needs of welfare recipients. She said the 1997 Legislative Assembly established a client-to-staff caseload ratio of 65 to 1 for TEEM caseloads. He said some counties are indicating that a ratio in excess of 45 to 1 would be excessive; however, counties which may be negatively impacted under the "swap" provisions would have a difficult time staffing at anything less than a 65 to 1 ratio. She said another concern is what will happen to clients after they reach their 60-month limit on TANF benefits. She said state-funded general assistance may be necessary to meet clients' needs.

Ms. Alice Swenson, Supervisor, Economic Assistance, Cass County Social Services, Fargo, provided testimony regarding the provision of child care for TANF clients. A copy of her presentation is on file in the Legislative Council office. Ms. Swenson said the child care funding administered by the North Dakota Association of Counties allowed Cass County to provide approximately 80 day care slots for January through September 1998. She said the funding allowed for clients' transition from dependency on public assistance to self-sufficiency. She said a total of approximately \$259,000 has been spent through

July 1998 for 31,886 hours of service. She said the hourly rate was inflated by the county's initial practice of reserving slots at centers by paying for those slots prior to the slots being filled.

Ms. Peggy Lutovsky, Region VII Children's Services Coordinating Committee - Child Care Advisory Council, Bismarck, provided testimony regarding the use of child care funds provided through the North Dakota Association of Counties. A copy of her testimony is on file in the Legislative Council office. She said only \$22,000 of the \$140,000 available for the nine-county area has been spent to date, due in part to a lack of interest by center directors because the funds could not be used to reimburse administrative expenses and because of the required use of separate forms and documentation. She said in spite of the difficulties encountered in Region VII, there were many client benefits from the additional funding.

Mr. Leo Cummings, Three Affiliated Tribes, New Town, provided testimony regarding the child care funding provided the Three Affiliated Tribes through the North Dakota Association of Counties. He said the funding allowed approximately 20 additional child care slots on the reservation and allowed the reservation to provide day care services in outlying areas such as Mandaree and White Shield.

Ms. Ann M. Kieffer, Casselton, provided testimony regarding her experiences as a TANF recipient, a copy of which is on file in the Legislative Council office. Ms. Kieffer objected to the state's requirement that she participate in work activities when her son reached four months of age. She said she should be allowed to care for her son at home for longer than the four-month period allowed by the state.

Ms. Marcia L. Paulson, YWCA shelter, Fargo, provided written testimony prepared by Ms. Connie Sad, a copy of which is on file in the Legislative Council office. Ms. Sad's testimony discusses the welfare program's lack of support for mothers who want to continue their college education to gain financial independence.

The committee recessed at 12:10 p.m. for lunch and reconvened at 1:15 p.m.

TRIBAL WELFARE REFORM ISSUES

Mr. John Opp, Director, Public Assistance Division, Department of Human Services, provided testimony regarding tribal welfare reform issues, a copy of which is on file in the Legislative Council office.

Mr. Opp's testimony included a listing of the key points relating to tribal TANF programs and identified the monthly average caseloads and the related federal funding that would be available to the individual tribes for operation of a tribal TANF program, based on federal fiscal year 1994 AFDC expenditures. He said the total federal funding that would be available ranges from \$455,000 for the Standing Rock Sioux Tribe to \$3.6 million for the

Turtle Mountain Band of Chippewa. He said the federal law does not require the transfer of any state maintenance-of-effort spending or general fund dollars to a tribal-administered TANF program. He said the Turtle Mountain Band of Chippewa has invited department representatives to serve as ad hoc members of the tribe's planning committee for the Turtle Mountain Work First Initiative, an initiative to reduce poverty. He said the department plans to participate on the committee. Mr. Opp's testimony also includes summary information regarding approved tribal TANF programs in other states.

In response to a question from Representative Dalrymple regarding advantages to the state of tribal-operated TANF programs, Mr. Opp said the tribes would need to receive federal approval, although any state funding provided could include any requirements that the state determines necessary, such as program composition, reporting requirements, and benefit levels.

Mr. Cummings discussed tribal welfare reform issues. He thanked the Department of Human Services for its cooperation in welfare reform efforts on the reservations and noted Job Service North Dakota's efforts in providing training to reservation welfare recipients. He said the tribal welfare-to-work funding is only \$50,000 for the Three Affiliated Tribes. He said the tribes need to overcome significant obstacles, including identification of and treatment for alcoholism, transportation problems, and the lack of necessary jobs to support clients leaving assistance. He said a welfare reform task force should be in place that includes all the major participants, including tribal representatives. He said tribal TANF caseloads have been reduced, but the tribes cannot identify the reasons for the reductions. He said the tribes are unable to operate their own TANF program without state funding assistance. He said when the next job training contract is issued, the tribes should have an opportunity to bid on providing the service on the reservations.

Mr. Raphael DeCoteau, Tribal Chairman, Turtle Mountain Band of Chippewa Indians, Belcourt, provided testimony regarding the Turtle Mountain Work First Initiative to reduce poverty. A copy of his testimony is on file in the Legislative Council office. Mr. DeCoteau said the Turtle Mountain Tribe has approximately 850 families on TANF assistance. He said the tribal council has received grant funding and implemented a planning committee to develop recommendations in the following areas:

- Business recruitment.
- Work force development.
- School retention.
- Job retention.
- Child care and transportation.
- Housing.

Mr. DeCoteau said the tribe may be eligible for up to \$40 million if it can become an "empowerment

zone." He said the tribe is ready to move forward to improve the conditions on the reservation but needs help from the 1999 Legislative Assembly. He said the planning committee is scheduled to complete its work by early December 1998, which will result in a comprehensive plan including legislation to allow the tribe to operate its own TANF program. He said the preliminary bill draft of the tribal TANF concept, distributed to committee members and on file in the Legislative Council office, would provide a share of the federal TANF, child care, and welfare-to-work funding to the tribe based on the tribe's percentage of the state's total TANF caseload. He said in addition, the relevant share of the state's general fund maintenance-of-effort payments would also be provided the tribe to assist in the operation of its tribal TANF program. He said the bill draft anticipates 30 percent of the state's TANF caseload being residents of the Turtle Mountain Band of Chippewa reservation.

Ms. Kari Conrad, Kari Conrad & Associates, Minot, a consultant for the Turtle Mountain Tribal Council, explained the bill draft.

In response to questions from Senator Yockim, Ms. Conrad said the tribe has at least four options for the operation of a tribal TANF program including a Rolette County operation, tribal staff operation, Bureau of Indian Affairs operation, or establishing a new organization to administer the program.

In response to a question from Representative Price regarding tribal members not residing on the Indian reservations, Mr. DeCoteau said the tribe has approximately 30,000 enrolled members, of which 15,000 to 16,000 reside on the reservation. He said the program anticipates providing services to reservation members. He said a concern is that tribal members not residing on the reservation may at some time return to the reservation, increasing caseloads.

In response to questions from Senator Lee regarding the potential for reservation members to move to other communities where jobs may be available, Mr. DeCoteau said many tribal members do work in other communities, especially those who have construction skills in welding and roofing.

Ms. Rose Lebeau, Spirit Lake Sioux Tribe, provided testimony expressing concerns regarding welfare reform efforts. She said the Spirit Lake Sioux Tribe has experienced many hardships including Devils Lake flooding and welfare reform. She said the percentage of TANF clients sanctioned is the highest on the reservations. She said the tribe must make changes to help clients adapt to welfare reform requirements. A significant obstacle is transportation and more flexibility is needed through the implementation of the welfare-to-work grant program.

Ms. Kathy Vallee, Program Director, Standing Rock Sioux Tribe, Fort Yates, said client sanctions for tribal members are related to alcoholism problems.

She said an inpatient alcoholism treatment center is needed on the reservation.

OTHER ISSUES

The Legislative Council staff presented a bill draft to provide state-funded food stamp benefits for refugees who have exceeded the federal time limit for participation in the federal food stamp program. The current federal law allows refugees to receive food stamp benefits for 60 months. The original estimated fiscal impact of providing these benefits is \$260,000 from the general fund for the 1999-2001 biennium.

Mr. Roberson provided testimony regarding the bill draft, a copy of which is on file in the Legislative Council office. He said recent congressional action restored food stamp benefits to some people made ineligible by the five-year limit. He said the new limit is **seven** years for persons under the age of 18, disabled persons, or persons 65 years of age or above. He said as a result, the department's estimate of the fiscal impact of the bill draft is \$180,000 from the general fund for the 1999-2001 biennium. He said the fiscal impact is related to all legal immigrants that are no longer eligible for federal food stamp benefits. He said this would include refugees and other legally admitted immigrants.

In response to a question from Senator DeMers, Mr. Roberson said the administrative costs of implementing the program may be as much as the costs of the benefits.

Mr. Barry Nelson, Vice President, Community Outreach, Lutheran Social Services, Fargo, discussed the assistance needed by refugee families. He said the state-funded food stamp benefits would be necessary for individuals who are the "working poor," those who are working but do not have sufficient income to provide food for their family. He said many refugees, because of language difficulties, have difficulty achieving citizenship. He said if refugees become citizens, then they are eligible for federal food stamps.

In response to a question from Representative Dalrymple regarding the expectation that refugees become citizens, Mr. Nelson said as a result of recent congressional changes, refugee interest in obtaining citizenship has increased, but the citizenship test has become more difficult.

It was moved by Senator DeMers and seconded by Representative Niemeier that the bill draft regarding state-funded food stamp benefits for refugees be amended to provide the benefits to all legal immigrants. Senators Yockim, DeMers, Fischer, and Lee and Representative Niemeier voted "aye." Senator Stenehjem and Representatives Dalrymple, Johnsen, Kilzer, Price, and Weisz voted "nay." **The motion failed.**

It was moved by Senator DeMers and seconded by Representative Niemeier that the bill draft relating to state-funded food stamp benefits for refugees be approved and

recommended to the Legislative Council. Senators Yockim and DeMers and Representatives Niemeier and Price voted "aye." Senators Fischer, Lee, and Stenehjem and Representatives Dalrymple, Johnsen, Kilzer, and Weisz voted "nay." **The motion failed.**

Representative Dalrymple suggested that the concept be sponsored by an individual legislator. Senator DeMers said the majority of the individuals benefiting from the proposed bill draft are refugees that are living in Cass County, and the state has a responsibility to take care of these individuals. She said private agencies, such as food shelters, have done their part and efforts are being made to assist individuals in obtaining citizenship.

The committee discussed the preparation of the committee's final report. Chairman Yockim said the final report should include identification of the following issues relating to the committee's monitoring of welfare reform:

- Client concerns relating to the work participation requirements for a client once a child reaches four months of age;
- The continued monitoring of the day care allocation funding provided through the North Dakota Association of Counties;
- The continued monitoring of the transportation needs of welfare clients in rural areas;
- The staff-to-client caseload ratios;
- The potential federal changes that would allow clients to receive more than one year of post-secondary education and meet the work participation requirements; and
- The development of tribal welfare programs.

Representative Johnsen said in the future the "hard-to-employ" welfare recipients will remain on the caseloads and will need assistance in the development of interpersonal skills. Representative Price said a 1999-2000 interim welfare reform study will probably be necessary, and she expressed her appreciation for the efforts of the Department of Human Services and the tribal offices in working together and providing the committee information regarding welfare reform. She hoped this cooperation would continue during the 1999 legislative session. Representative Dalrymple said there are issues that need to be addressed regarding the tribal bill draft including the tribal welfare area to be served and the potential for the tribes contracting with the Department of Human Services, county social services, or a third party for administration of the tribal TANF program. He said in addition, it is obvious the non-TANF-related problems must be addressed including high alcoholism rates, the need for job creation, and transportation issues. Representative Niemeier said a concern is the lack of available child care, especially in rural areas.

It was moved by Senator Lee, seconded by Representative Dalrymple, and carried on a voice vote that the chairman and staff of the Legislative

Council be requested to prepare a report and present the report to the Legislative Council.

Chairman Yockim adjourned the committee sine die at 4:20 p.m.

Jim W. Smith
Assistant Legislative Budget Analyst and Auditor

Chester E. Nelson, Jr.
Legislative Budget Analyst and Auditor

ATTACH:1