

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

WELFARE REFORM COMMITTEE

Tuesday and Wednesday, December 2-3, 1997
Cass County Social Services, Fargo, North Dakota
Grand Forks County Office Building, Grand Forks, North Dakota

Senator Jim Yockim, Chairman, called the meeting to order at 9:00 a.m. in the meeting room at Cass County Social Services, 1010 Second Avenue South, Fargo.

Members present: Senators Jim Yockim, Judy L. DeMers, Judy Lee, Donna L. Nalewaja, Russell T. Thane; Representatives Linda Christenson, Connie Johnsen, Ralph L. Kilzer, Clara Sue Price, Robin Weisz

Members absent: Senators Tom Fischer, Bob Stenehjem; Representatives LeRoy G. Bernstein, Jack Dalrymple, Carol A. Niemeier

Others present: See attached appendix

It was moved by Senator Thane, seconded by Senator DeMers, and carried on a voice vote that the minutes of the October 28-29, 1997, meeting be approved as mailed.

WELFARE REFORM STUDY

Mr. Alon Wieland, Cass County Commissioner, Fargo, welcomed the committee to Cass County. He said the Cass County Social Services staff is competent and very aware of the communities' and clients' needs.

Chairman Yockim invited Mr. Kevin Iverson, Director, Training, Education, Employment, and Management (TEEM) Division, Department of Human Services, to provide an update regarding the state's implementation of the temporary assistance for needy families (TANF) program. A copy of his testimony is on file in the Legislative Council office. Mr. Iverson discussed the status of the implementation of the TEEM program on a statewide basis. The first group of counties, including Cass, Benson, Bottineau, McHenry, Pembina, Pierce, and Towner, is scheduled for training during early January 1998 with more counties to follow from February through June 1998. He said of the original 11 demonstration counties, 10 will complete conversion to the TEEM program in December 1997. He said regarding the welfare-to-work grants program, the United States Department of Labor has issued interim final regulations open to comment

through January 20, 1998. He said a feasibility study has been conducted regarding the welfare-to-work grant program and submitted a copy of the feasibility study, which is on file in the Legislative Council office.

Mr. Iverson said the TANF caseload has been reduced to 3,526 households, the lowest since May 1971, compared to 3,684 cases in September 1997. He said preliminary projections predict a decline in caseloads to 3,131 families by October 1998. He said the total legislative appropriation for the 1997-99 biennium for the TANF program was \$40.9 million from all funds and, based on the current projection, expenditures are expected to be \$28.4 million, a savings of \$12.5 million. He cautioned that the projected expenditures could change and, because of a federal requirement that states maintain a historic level of spending or maintenance of effort, that general fund savings for the biennium will not likely exceed the \$1 million level.

Mr. Iverson also discussed the caseloads for the food stamps and medical assistance programs. He said in October 1997 the food stamp caseload was 13,526 households, a decrease of 3,323 cases or 20 percent over the last 18 months. He said as of October 1997 the medical assistance caseload has declined to 42,482 eligible recipients, eight percent fewer than at the same time two years ago.

Regarding TANF work participation requirements, Mr. Iverson said for federal fiscal year 1998 the work participation rate is 30 percent. He said this requires approximately 634 individuals to participate in approved work activities for a minimum of 20 hours per week. The current estimate of participants in countable work activities is 655. He said a major concern is the impact of tribal areas on the state's TANF program and the work participation rate. He said tribal recipients participating in a tribal native employment work program are not a factor in the state's work participation rate, but the remaining recipients will be considered.

Regarding welfare reform evaluation, Mr. Iverson said an evaluation of the TANF/TEEM implementation will be conducted by Berkley Planning Associates with the early focus of the evaluation on how the TEEM program is implemented across the state. He said in addition, the evaluation effort will document the progress clients have made toward the program goals, including the final goal of obtaining and sustaining employment. He said in addition, the evaluation effort will provide information required to be provided to the federal agencies. He said evaluators will conduct interviews and focus groups with county staff and clients in seven counties, which will be chosen based on population, caseload size, geographic location, and American Indian presence. He said the evaluators will also utilize administrative data collected by the department to analyze the characteristics of program participants, the services received, and subsequent employment and welfare usage.

Mr. Iverson also discussed the revised benefit cap policy rules under consideration by the department and provided an update regarding the children's health insurance program. He said approximately \$1.3 million of state money would be necessary to utilize the \$5 million federal allocation for the children's health insurance program. He said states are allowed to carry over federal funds that are not expended in a particular year for two additional years, but they must have an approved state plan by September 30, 1998, in order to carry over any fiscal year 1998 federal funds. He said a task force will be formed within the next few weeks to seek input from various interest groups and the general public regarding a children's health insurance program. He said a group of eligible recipients that will likely be added to the Medicaid program are children 18 years of age whose family income is under 100 percent of the federal poverty level. By utilizing the children's health insurance program, the state would access the enhanced match for this group of 18-year-old children (approximately 79 percent). He said Medicaid costs are likely to exceed the cost of insurance available to most citizens because of program benefits and for that reason more children could be covered for basic health care coverage by using an insurance plan rather than the Medicaid program. He said the department's goal is to submit a plan to the federal government no later than May 31, 1998.

Mr. Iverson discussed the Welfare Reform Task Force, required by 1997 House Bill No. 1226, and said invitations have been sent to prospective task force members with the first meeting planned for early January 1998. Regarding child care

funding, Mr. Iverson said a market rate survey of child care providers has been completed and is being analyzed. He said child care reimbursement rate changes are projected to go into effect January 1, 1998. The department is considering changing from an hourly reimbursement rate to a flat rate, either weekly or monthly.

Mr. Iverson also distributed a chart showing the North Dakota unemployment rates for October 1997 by county, a copy of which is on file in the Legislative Council office.

In response to a question from Senator Nalewaja, Mr. Iverson said the department could provide the committee with information regarding the projected number of uninsured children in North Dakota.

In response to a question from Representative Johnsen regarding the exception rate for the TANF program, Mr. Iverson said the state can exclude 20 percent of its TANF caseload from the lifetime benefit limit, based on criteria established by the state.

In response to a question from Senator DeMers regarding the evaluation of the TANF program, Mr. Iverson said the state could potentially use TANF funds for a TANF evaluation, but any funding used would be considered administrative expenses which are limited to 15 percent of total program costs. Senator DeMers said because information regarding the success of clients after they leave the state's TANF program is important for development of future welfare policy, the department should consider evaluation efforts that include client tracking.

Chairman Yockim asked that representatives of the Department of Human Services provide, at the next committee meeting, information regarding the original and revised TANF and child care block grant appropriations for the 1997-99 biennium, detailing by program and by funding source the original and revised projected uses of the funding, projected savings, required maintenance-of-effort spending, and departmental plans for the use of any projected savings.

In response to a question from Representative Price, Mr. Iverson said child care providers will be notified prior to a rate change in the child care reimbursement rates. He said it is anticipated that the rates will change effective January 1, 1998.

In response to a question from Senator DeMers, Mr. Iverson said he would provide the committee with the related part of the federal regulations listing allowable administrative and program costs for the TANF program.

Ms. Kathy Hogan, Director, Cass County Social Service Board, Fargo, provided information

regarding the implementation of welfare reform in Cass County. A copy of her testimony is on file in the Legislative Council office. She said in the southeast region the TEEM program has been implemented in the five rural counties and 50 percent implemented in Cass County, with completion planned for January 1998. She said the total aid to families with dependent children caseload in Cass County has decreased by 33 percent. She said this is a result of jobs being available, a strong local economy, public pressure encouraging work which has influenced client attitudes, and because some clients have voluntarily chosen to have their cases closed rather than use a portion of the 60-month time limit on a relatively small grant payment. She said families that no longer receive TANF payments generally continue to receive some other type of public assistance such as food stamps, medical assistance, low-income home energy assistance payments, or child care assistance. She said for the last 12 months Cass County's total unduplicated assistance caseload has decreased only 1.5 percent and the child care assistance caseload has increased 23 percent. She said beginning November 1, 1997, the county is tracking the new federal work participation rate information, and she is concerned with meeting the work participation rate requirements with a smaller caseload. She said as caseloads are reduced the more difficult to employ clients remain. She said in October and November 1997, Cass County developed a plan to meet child care needs through a new grant program funded with additional federal child care funding made available by the Department of Human Services for the remainder of federal fiscal year 1998. She said regarding the TEEM program, the integration and simplification of benefits has not truly happened because food stamps continue to be a separate benefit.

In response to questions from committee members regarding child care provisions, Ms. Hogan said there currently is only one Fargo child care provider that provides extended child care, the Meritcare Medical Center. She said the plans are for the skills training center in Fargo to allocate 20 percent of its space for child care which could potentially include a child care training component.

In response to a question from Senator Thane, Ms. Hogan said clients exiting the TEEM program without case management may stay on some form of assistance payments, either food stamps, medical assistance, or child care, because of a lack of fringe benefits or adequate pay levels.

In response to a question from Senator Nalewaja, Ms. Hogan said county employees will soon begin orientating refugee clients regarding the life-time benefit cap of 60 months.

Ms. Linda Lembke, Director, Child Care Resource and Referral Program, Fargo, provided testimony regarding child care in southeast North Dakota, a copy of which is on file in the Legislative Council office. She said the child care resource and referral program is under contract with the Department of Human Services to provide child care-related services, including assistance to parents, quality improvement, building the supply of child care, community involvement, and data maintenance. She said child care center rates exceed the average child care rate in Cass County. She said the average child care center rate is \$99.06 per week compared to the countywide average of \$84.16. Ms. Lembke provided statistics regarding child care in Region V, the child care supply in Regions V and VI, child care problems parents face in the two regions, and the efforts made to build the supply of child care.

In response to questions from Senator Yockim regarding the Department of Human Services plans for implementing the children's health insurance program, Mr. Iverson said the department plans to use a task force and receive public input. Senator Yockim suggested the department seek input from legislative leaders.

The committee recessed at 11:50 a.m. for lunch and reconvened at 1:00 p.m.

Ms. Jackie Gately, Job Service North Dakota, Fargo, provided information regarding the job opportunities and basic skills (JOBS) activities since July 1997, a copy of which is on file in the Legislative Council office. She said 273 recipients were referred to Job Service for work activities, of which 68 became employed. Ms. Gately discussed the JOBS participation service requirements which require participants to participate in a week-long "job club" as a first step toward gaining employment and working toward self-sufficiency.

Ms. Gately said the average salary of clients employed is \$6.76 per hour. She said some of the major issues clients are confronted with include language barriers, availability of child care, transportation, and cultural problems. She said the typical client is female between the ages of 30 and 35. She said to build clients' self-esteem video training and role models are used. Ms. Carol Brandt, Job Service North Dakota, Fargo, discussed the self-esteem enhancement efforts which include use of a video series entitled *Choice Is Yours*.

In response to a question from Senator Yockim, Mr. Iverson said the court system can refer noncustodial parents delinquent in child support to work activity programs. He said the department does not plan to offer the services directly to noncustodial parents. Chairman Yockim asked that the Department of Human Services provide information at the next committee meeting regarding whether other states require delinquent child support noncustodial parents to receive Job Service training or case management. Senator Lee asked that the information include the number of noncustodial parents in North Dakota with child support payments in arrears that are unemployed.

Senator Tony Grindberg, an executive with the Skills and Technology Training Center in Fargo, provided information regarding the center, a copy of which is on file in the Legislative Council office. Senator Grindberg discussed the history of the center and the Legislative Assembly's funding of \$750,000 during the 1997-99 biennium. He said the appropriation was contingent upon receiving a commitment of private funds totaling \$250,000 which has been received. He said the center's mission is upgrading and training for business and industry, while working with local schools in a partnership. He said the center will be available to individuals throughout the state.

Mr. Ron Lawler, Tike Town Daycare Home, Fargo, representing child care home providers, testified regarding provider concerns. He said the providers support the children's health insurance program and support a flat rate for child care reimbursement from the state. He said he disagrees with the state's allocation of additional federal child care funds to child care centers only.

Ms. Linda Jones, Fargo, a group home provider, expressed a concern that parents were unable to testify at the committee meeting and that the Department of Human Services did not use additional child care funds for additional child care slots in child care home facilities. Representative Price encouraged Ms. Jones to let parents know if they were unable to attend the committee meeting in person that they could submit written testimony.

Ms. Janet Wendel, Fargo, an assistance client, provided a history of her personal experiences and expressed concerns regarding the requirements of Job Service programs for assistance clients. A copy of information she distributed is on file in the Legislative Council office. She said she is trained as a certified nurses aide and is within 18 credits of receiving a bachelor's of science degree in respiratory therapy from North Dakota State University. She said the TANF

program will not allow her to complete her college education which would provide her a better opportunity for self-sufficiency.

Ms. Shirley Anderson, Fargo, provided testimony regarding the economic assistance programs and her family's needs. She said her son is receiving medical assistance benefits and she is working 24 hours per week. She said there could be many potential undocumented errors in the assistance program due to decisions made based on conversation with assistance employees.

Ms. Theodora Menge, People Escaping Poverty Project, Fargo, discussed her difficulties in raising a family on limited income. She said the TANF program should work with families to give them an opportunity for success.

Mr. Duke Schempp, People Escaping Poverty Project, Fargo, presented information regarding the estimated costs of supporting a family, a copy of which is on file in the Legislative Council office. Mr. Schempp said the information presented will be discussed with others and be refined. He said based on their preliminary review, an hourly wage of \$16.21 would be required to meet all the costs of living, which is approximately \$33,852 per year.

Mr. Barry Nelson, Vice President, Community Outreach Programs, Lutheran Social Services of North Dakota, provided testimony regarding the refugee resettlement program, a copy of which is on file in the Legislative Council office. Mr. Nelson said approximately 10 families would lose their food stamp benefits as a result of recent federal changes that limit benefits to 60 months. He said several states pick up the cost of food stamps for refugees after the refugees lose the federal benefits.

Mr. Leo Cummings, Three Affiliated Tribes, New Town, provided information regarding tribal welfare programs, including funding and activities provided, a copy of which is on file in the Legislative Council office. He said a total of \$722,000 is available for tribal programs which will assist in welfare reform.

Representative Christenson, as a member of the Child Support Committee, provided testimony regarding that committee's activities. She said to date the committee has requested three or four bill drafts that will be presented at the February 1998 meeting regarding child support enforcement.

The committee recessed at 3:50 p.m. and reconvened at 9:00 a.m. in the meeting room at the Grand Forks County Office Building, 201 South Fourth Street, Grand Forks.

Mr. Dave Braaten, Director, Grand Forks County Social Services, provided the committee

with information regarding the implementation of welfare reform in Grand Forks County, a copy of which is on file in the Legislative Council office. Mr. Braaten discussed the effect of the 1997 flood on Grand Forks County Social Services. He said for 3.5 months the county was displaced with workers at the regional human service center, the University of North Dakota Social Work Department, and the United Methodist Church in Larimore. Mr. Braaten said the county's TANF caseload for 1997 has averaged 315 to date and is currently 255 cases. He said this compares with an average of 418 for 1996. He said the county plans to implement TEEM by April 1998. He said the JOBS program, local economy, job market, and the child care assistance program should be credited for the reductions in TANF caseloads. He said child care is a major need for anyone seeking employment in Grand Forks County. He said child care assistance program caseloads in Grand Forks County have increased from an average of 288 children in 1996 to 310 children in 1997. He said he is concerned that once a client's eligibility for TANF ends, the counties will be required to use county general assistance funds to replace the TANF grant program. He said he is hopeful that this issue will be addressed prior to the 60-month limit on benefits.

Representative Kilzer said he is concerned that some TANF clients may be eligible for supplemental security income (SSI) disability benefits but have not been evaluated.

Ms. Charlotte West and Ms. Lisa Hillesland, Child Care Licensing, Grand Forks County Social Service Board, provided testimony regarding the status of child care licensing in Grand Forks County, a copy of which is on file in the Legislative Council office. Ms. West explained that the child care licensing requirements were suspended as a result of the April 1997 flood and will be reinstated effective January 1, 1998. She said the county is in the process of reviewing facilities for licensing and there are 71 family child care homes and 110 group homes. She said this total of 181 facilities compares with approximately 200 prior to the flood. She said many facilities are operating at less than capacity and child care centers have difficulty recruiting staff because local wages are higher. Ms. Hillesland said the child care providers should be thanked for their extra effort in taking in additional children to provide the necessary child care. In response to a question from Senator Yockim, Ms. West said there is very limited "after hours" and infant child care available in Grand Forks.

In response to questions from committee members, Mr. Braaten said that neglect and abuse investigations during the summer of 1997 were fewer than normal but the county has experienced an increase in cases since the start of the school year. He said during the last 18 months, of 343 assistance case closings, 95 were the result of increased earnings, 88 the result of clients not returning required reports, 54 because of a loss of residence in the county, and 43 closed at the client's request.

Ms. Irene Dybwad, Grand Forks County Social Services, discussed the impact of the flood on teenaged depression and said the county is starting to see the effect of the flood on teenagers' behavior.

Ms. Cynthia Pic, Child Care Resource and Referral, Grand Forks, distributed a packet of information regarding the child care agency, a copy of which is on file in the Legislative Council office.

In response to questions from Senator DeMers, Ms. Pic said before the 1997 flood there were 225 licensed child care agencies serving approximately 3,500 children and there are currently 172 licensed child care agencies serving 3,378 children.

Ms. Melody King, Director, Pembina County Social Services, Cavalier, provided testimony regarding the implementation of welfare reform, a copy of which is on file in the Legislative Council office. She said Pembina County's current TANF caseload is 21 families compared to 27 one year ago and the county's highest caseload was 103 cases in 1973. She said the county has not experienced problems arranging child care and there seems to be sufficient client employment opportunities available.

Ms. Twila Novak, Director, Walsh County Social Services, provided testimony regarding the implementation of welfare reform, a copy of which is on file in the Legislative Council office. She said the county is experiencing an economic boom in Grafton as a result of Marvin Windows locating a new plant in the area. She said the current TANF caseload is 45 families compared to 71 one year ago, a decrease of 36 percent.

Mr. Larry Anderson, Job Service North Dakota, Grand Forks, provided information regarding Job Service North Dakota's partnership role in welfare reform, a copy of which is on file in the Legislative Council office. Mr. Anderson said the four counties in Region IV which he supervises have a combined unemployment rate of three percent. He discussed the services provided through Job Service North Dakota and discussed how Job Service strengths can help meet TANF client work

participation rates. He discussed the program's performance standards and the actual results in the Fargo region. He said through December 1996, 88 percent of clients processed entered employment, of which 93 percent became permanent full-time employees. He said the average hourly wage was \$6.36 compared to a standard of \$5.50 and the client recidivism rate after 26 weeks was 19 percent compared to a standard of 30 percent.

Mr. Dave Flitter, Job Service North Dakota, Grand Forks, discussed the provisions of the JOBS training program which had allowed clients up to two years of higher education. He said the new TANF requirements allow clients only one year of higher education which may be counted for work activity in meeting the work participation rates. He said clients can take additional higher education, but it will not count in meeting the work participation rates and will require the employees to work as well. He said a maximum of 30 percent of clients in work activity can be in an educational activity. Mr. Flitter suggested the TANF program be changed to allow the more difficult cases to be removed from the base number which is used for calculating the participation rate. He said currently only a minimum of 20 hours per week is required in a work activity. He suggested this be increased to encourage recipients to seek full-time employment as soon as possible. He said clients that work 30 hours per week at the minimum wage will not be able to obtain self-sufficiency.

Mr. Rick Blair, The ARC, Upper Valley, Grand Forks, provided questions for the committee regarding welfare reform in North Dakota. A copy of his testimony is on file in the Legislative Council office. He asked how the new state children's health insurance program would be established, does North Dakota plan to mandate Medicaid beneficiaries into managed care, what will the state do to assist disabled children who are no longer eligible for Medicaid because of recent definitional changes relating children on supplemental security income, and how will people with disabilities be affected by new food stamp guidelines that limit adult people with no dependents to receiving food stamps for only three months out of a 36-month period.

Ms. Judy Milavetz, Grand Forks, a parent and child care provider, said the state should be concerned with child care quality and that education can break the cycle of welfare dependence. She said studies have shown that a child's development during its first three years of life are critical in their future success. Ms. Milavetz said quality child care for infant to three-year-olds is

difficult to find and there should be a lower ratio of children to caregiver in this age category. She said good quality child care is difficult to find because of the low wages paid by child care providers.

Ms. Jean Driscoll, University of North Dakota, graduate student, said her son receives child care at the University Children's Center on the campus of the University of North Dakota and she pays \$17 per day for what she considers quality child care.

The committee discussed its next meeting tentatively scheduled for Tuesday and Wednesday, March 10-11, 1998, in Bismarck. Chairman Yockim said the agenda will include updates by representatives of the Department of Human Services regarding the children's health insurance program, the implementation status of the TEEM program, information regarding the TANF appropriation for the 1997-99 biennium, current expenditure estimates and planned uses of any savings, and an update regarding the Private Industry Council and the welfare-to-work block grant program.

Representative Kilzer asked that information be provided regarding the determination of disability for supplemental security income and its role in welfare reform.

Senator DeMers suggested that a bill draft be prepared to require the state to pay food stamp benefits for refugees that become ineligible for federal food stamp benefits because of recent programmatic changes that limit benefits to a five-year period. Chairman Yockim asked the Legislative Council staff to prepare the bill draft and invite the Department of Human Services to testify on the bill draft and provide information regarding what other states are doing in the state funding of food stamp benefits.

Chairman Yockim said higher education representatives will be invited to the next meeting to provide a report on the Higher Education Welfare Task Force and efforts to address the training and educational needs of American Indians.

Representative Johnsen asked that the committee receive specifics regarding the training provided welfare clients and hear from clients that have succeeded. Senator Yockim suggested that perhaps Burleigh County clients or Job Service instructors could provide the information at a future meeting.

The committee recessed at 12:00 noon and traveled to the University Children's Center, University of North Dakota, 525 Stanford Road, for a presentation regarding the child care services provided at the center and training provided University of North Dakota early childhood

education students. A copy of the written testimony provided by Ms. Sara Hanhan, Associate Professor of Early Childhood Education, and Ms. Gayle Nelson, Director of the University Children's Center, University of North Dakota, is on file in the Legislative Council office. The committee was informed the center moved into its current location during the summer of 1996 and was designed with good child care and early childhood education in mind. The center serves both University of North Dakota student and employee families and also other families in the Grand Forks community. Approximately 50 percent of the parents are students, 22 percent are staff or faculty, and 28 percent are other parents. The center serves as an important training site for university students as all early childhood

education majors utilize the center for several semesters of their undergraduate work, completing observations and field experiences related to their academic studies. Also an internship or student teaching experience is completed at the center. After a tour of the facility, the committee adjourned at 1:30 p.m. subject to the call of the chair.

Jim W. Smith
Assistant Legislative Budget Analyst and Auditor

ATTACH:1