

1999 HOUSE JUDICIARY

HB 1472

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1472

House Judiciary Committee

Conference Committee

Hearing Date : February 3, 1999

Tape Number	Side A	Side B	Meter #
1	X		22.3
Committee Clerk Signature <i>Alan Gindberg</i>			

Minutes:

REP. ROSE: Submitted written testimony, a copy of which is attached.

SEN. DEMERS: As a cosponsor I support this bill and feel that this will ultimately save the state money. It will be a good investment for North Dakota. It is almost impossible for a TANF recipient to attend school, take care of their children and work the required 20 to 30 hours per week.

JOHN OPP (Hum Ser) Submitted written testimony in opposition, which is attached.

REP. WEISZ: I appear in opposition on behalf of the Human Services Committee. Last session when we did welfare reform this issue was discussed at length and rejected. It would cost too much.

COMMITTEE ACTION: February 3, 1999

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House Judiciary Committee

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REP. KOPPELMAN moved that the committee recommend that the bill DO NOT PASS. Rep.

Klemin seconded and the motion passed on a roll call vote with 9 ayes, 6 nays and 0 absent.

Rep. DeKrey was assigned to carry the bill on the floor.

Date: 2/3
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1472

House JUDICIARY Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number Do Not Pass

Action Taken _____

Motion Made By Koppelman Seconded By Klemin

Representatives	Yes	No	Representatives	Yes	No
REP. DEKREY	✓		REP. KELSH		✓
REP. CLEARY		✓	REP. KLEMIN	✓	
REP. DELMORE		✓	REP. KOPPELMAN	✓	
REP. DISRUD		✓	REP. MAHONEY		✓
REP. FAIRFIELD		✓	REP. MARAGOS	✓	
REP. GORDER	✓		REP. MEYER	✓	
REP. GUNTER	✓		REP. SVEEN	✓	
REP. HAWKEN	✓				

Total Yes 9 No 6

Absent 0

Floor Assignment Dekrey

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 9, 1999 2:08 p.m.

Module No: HR-26-2352
Carrier: DeKrey
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1472: Judiciary Committee (Rep. DeKrey, Chairman) recommends **DO NOT PASS**
(9 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1472 was placed on the
Eleventh order on the calendar.

1999 TESTIMONY

HB. 1472

Testimony on HB 1472
February 3, 1999
Representative Wanda Rose District 32

Background Information:

In the past, post-secondary education has been an option for welfare recipients who wished to increase their earning power. In many states, people could receive welfare grants while attending community or four-year colleges. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) shifted the emphasis of federal policy toward a "Work First" approach, making it more difficult for welfare recipients to pursue a college education. To avoid financial penalties, states must each year place an increasing proportion of their caseload in work activities prescribed by the statute. Moreover, in order to be counted as engaged in approved work activities, a single parent must be in those activities for at least 20 hours per week in fiscal year

1998, 25 hours in 1999, and 30 hours thereafter. The parents in a two-parent family must together put in at least 35 hours per week, or 55 hours for those receiving federally funded childcare.

Today Non-vocational post-secondary education is not an approved activity under PRWORA. However, students can still be counted toward state work requirements as long as they are also putting in the required number of hours on approved activities. Moreover, a state that has enough people participating in approved work activities to meet the requirements can allow other people to participate in post-secondary education as a stand-alone activity. States are not prohibited from using their TANF funds on non-vocational post-secondary education, as long as it serves the goals of the TANF program.

Research Findings:

Research suggests that gaining a college degree is an effective way of increasing an individual's employment and earnings. Data show that people with a college education earn substantially more than those who have not attended college. (See U.S. Department of Education, 1998; Spalter-Roth and Hartmann, 1991.) Using the National Longitudinal Survey and attempting to control for differences between those who did and did not enter college, Thomas Kane and Cecilia Rouse estimated that hourly earnings increase by approximately 19 to 23% for women earning an

Associate's degree and 28 to 33% for those earning a Bachelor's degree. Other research that attempts to control for differences in innate ability has found substantial earnings gains per year of higher education. (See Stanley, 1995).

The Institute for Women's Policy Research (IWPR) found, in its analysis of data on 4500 working mothers from the Survey of Income and Program Participation (SIPP), that a college degree is worth an additional \$3.65/hour (1997 dollars) for working mothers, relative to the wages of high school graduates. In comparison, the return in hourly wages for one year of work experience is \$.10/hour (1997 dollars) (Spalter-Roth and Hartmann, 1991).

A nine-year follow-up survey of 158 women who were receiving public assistance when they enrolled in New York colleges in 1980, and who had received either a two-year or four-year degree, found that 87 percent of the women left welfare after graduation, 89 percent had been employed since graduation, and almost half of the respondents were earning more than \$20,000 per year at the time of the survey in 1989. The women also reported improved lifestyles, better standards of living, and greater self-esteem after graduation, and many said they planned to encourage their children to attend college (Gittell et al., 1990).

Thomas Karier, Associate Dean and Professor of Economics at Eastern Washington University, conducted a study of 253 welfare recipients who graduated from Eastern Washington University during a two year period (September 1994 to August 1996). Of the graduates whose incomes were traceable in the Washington State Employment Securities database, 85 percent earned \$8.00/hour or more, 50 percent earned \$11.00/hour or more, and 12 percent earned \$18.00/hour or more. As of November 1997, approximately 94 percent of 1995 graduates, and 85 percent of 1996 graduates were not receiving welfare benefits (Karier, 1998).

A 1997 survey of 569 AFDC recipients in Maine found, from 352 responses, that those who attended college experienced higher employment rates and earnings than those without college (Seguino and Butler, 1998):

Other States:

The Wyoming legislature authorized a student aid program, funded through state maintenance-of-effort funds, that is available instead of a TANF grant to recipients who have completed an employment assessment, meet income and resources eligibility requirements, and are full-time students in an approved program. There are less than 100 people on this program since Wyoming prefers to place welfare recipients in immediate employment when possible.

I urge this committee to consider adding post-secondary education to the list of work activities. I believe over time it will be more cost-effective for individuals who are receiving TANF to use education as a work activity based on the research that has been conducted. Today it is very difficult for a single parent who receives TANF and wants to attend college to also work the required number of hours to meet the defined work activity. I urge favorable consideration of HB 1472.

**TESTIMONY BEFORE THE
HOUSE JUDICIARY COMMITTEE**

ON H. B. #1472



**TEMPORARY ASSISTANCE FOR
NEEDY FAMILIES (TANF) PROGRAM
OFFICE OF ECONOMIC ASSISTANCE**

FEBRUARY 3, 1999

**TESTIMONY ON H.B. 1472
BEFORE THE HOUSE
JUDICIARY COMMITTEE
FEBRUARY 3, 1999**

Chairman DeKrey and members of the House Judiciary Committee, for the record, my name is John Opp, Director of the Public Assistance Division for the Department of Human Services. This testimony is in opposition to House Bill 1472 which would amend Section 14-08.1-05.1 of the North Dakota Century Code. The proposed amendment would eliminate reference to federal restrictions on approved work requirements "for purposes of calculating a work participation rate under 42 U.S.C. 607(b)" which is part of the law relating to the federal Temporary Assistance for Needy Families (TANF) program. The amendment would have little or no impact on the Child Support Enforcement Program but it could seriously and adversely affect the TANF block grant funds received from the federal government.

The federal government provides the state with TANF block grant funds which are intended to assist needy families with dependent children. The block grant replaces the Aid to Families with Dependent Children (AFDC) Program which was an entitlement to families.

In order to assure that North Dakota continues to receive these federal funds, the most serious and immediate requirement is the "work participation rate". Each state must ensure that a specific percent of the adults receiving TANF assistance each month are involved in federally-approved work activities for a minimum number of hours each week during the month. The current requirement is for 35% of the eligible adults to participate for a minimum of 25 hours each week. The percent requirement increases 5% each federal fiscal year (FFY), remaining at 50% for FFY 2002 and thereafter. The minimum hours per week increases to 30 hours for FFY

2000 and thereafter.

The work participation rate is calculated as an average of the monthly work rates for a fiscal year. Should the state fail to meet the required work rate, the TANF block grant would be reduced by 5% in the preceding fiscal year. If the state fails to meet the work rate in the next year, an additional 2% reduction would be applied. The state would continue to be penalized an additional 2% for each subsequent year that the work rate is not met, up to a total penalty of 21%. A 5% penalty for North Dakota would amount to a reduction of \$1.3 million based on the yearly TANF block grant of \$26.4 million.

North Dakota is currently meeting the federal work participation rate due largely to an aggressive work requirement for all adult TANF recipients who are able to participate and a strong economy which has provided numerous job opportunities for TANF families. The Department's concern with H. B. 1472 is that the bill would permit North Dakota TANF participants to engage in postsecondary education as a work activity but would not permit that activity to be considered as a work activity under the federal law.

The federal law is specific as to the types of activities that may be considered as work for the purposes of the participation rate requirement. States may allow TANF recipients to perform other types of activities but may not count those as meeting the work requirements. The dilemma becomes a matter of finding the balance between activities that will help the TANF recipient become self-sufficient and move off welfare while ensuring that the state will meet the federal work requirement. Currently, clients are required to participate in the approved activities and supported if they choose to attend classes in addition to the minimum number of hours in the TANF activity. Support can be provided in terms of child care, transportation assistance and other support services.

During the 1997 session, the work rate requirements were discussed at great length, and though everyone agreed on the value of education, the Legislature decided that meeting the work participation requirement was critical in the operation of TANF. For that reason, state law restricted the work activities to those outlined in federal statute with the provision to allow postsecondary education or other activities should the federal requirements so permit. It should be noted that completion of high school or a general equivalency diploma (GED) as well as vocational education training (limit of 12 months) are activities approved under the federal law.

By expanding the activities beyond those allowed under federal law, North Dakota will be faced with the possibility of a federal penalty unless it can ensure that a sufficient number of adult TANF recipients participate in approved work activities so as to cover those who may only be in postsecondary education.

Mr. Chairman, this concludes the formal portion of my testimony. The Department asks this committee to consider the information provided and recommends "Do Not Pass" on H.B. 1472. Alternatively, the department proposed amendments would avoid the potential. If there are any questions from the committee members, I will try to answer those at this time. Thank you.