

**Testimony**  
**House Bill 1012 – Department of Human Services**  
**Senate Appropriations Committee**  
**Senator Holmberg, Chairman**  
**March 3, 2009**

Chairman Holmberg, members of the Senate Appropriations Committee, I am Tove Mandigo, Economic Assistance Policy Division Director in the Department of Human Services. I am here today to provide you an overview of Economic Assistance Policy Division, for the Department of Human Services.

**Programs**

Economic Assistance Policy (EAP) is responsible for eligibility policy for Basic Care Assistance, and state administration of Child Care Assistance, the Low Income Home Energy Assistance Program (LIHEAP), the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF). This includes:

- Distribution of benefits to recipients and payments to providers;
- Direction, supervision, and training of county social service board administration of EAP programs;
- Implementation of applicable state and federal law;
- Operation of electronic eligibility determination and reporting systems; and
- Preparation of required state and federal reports.

Economic Assistance Policy also does Quality Control reviews of SNAP, Healthy Steps, Medicaid, TANF eligibility determinations, and estate recovery of Medicaid expenditures.

## **Caseload / Customer Base**

**EAP will direct and supervise county social services' determinations or redeterminations of eligibility for the following:**

**Basic Care Assistance:** approximately 455 residents of licensed Basic Care facilities.

**Child Care Assistance:** approximately 4,164 children from 2,519 families each month, and will pay about 1,573 licensed, certified, or approved child care providers a total of \$931,660 per month.

**Supplemental Nutrition Assistance Program (SNAP formerly Food Stamps):** 30,786 families each month, and will pay about 450 grocers in North Dakota a total of \$8,514,016 in federal funds per month.

**Low Income Heating and Energy Assistance Program:** approximately 15,500 households each heating season, and will pay about 400 energy providers. About \$26.3 million in federal funds is budgeted for heating assistance and weatherization for each year of the biennium.

**Temporary Assistance for Needy Families (TANF):** approximately 2,851 families with 4,828 children, providing an average monthly cash benefit of \$343 for each family, while the Job Opportunities and Basic Skills (JOBS) program will work with 1,425 adult heads of households to find jobs and promote family self-sufficiency at an average cost of \$210 per individual.

**Kinship Care:** will use TANF funds to provide an average monthly cash benefit of \$350 for about 50 children who would otherwise be in foster care.

## **Program Trends / Major Program Changes**

### **TANF:**

North Dakota is one of only ten states meeting the federally required 50% work participation rate without the addition of the caseload reduction credit. In order to meet the federally required work participation rate, the Department contracted not only with Job Service North Dakota, but also Career Options. Career Options was in a position to give the kind of wrap-around services on a case-by-case basis necessary for challenging clients.

### **Diversion Assistance - Front-end**

Diversion Assistance was designed to provide aid to families whose earned income has been reduced and who are in need of short-term assistance to provide for financial needs until self-sustaining income begins again. Diversion Assistance is designed to be an alternative to receiving ongoing TANF cash assistance. Due to receipt of federal guidelines on Diversion Assistance that became effective October 1, 2008, the effectiveness of the program is minimal. Therefore, pay after performance is being developed.

### **Pay After Performance**

The pay after performance program has an anticipated implementation date of April 2009. Work-eligible individuals will be required to meet work requirements before their needs will be met. This means a child only payment will be made, and, if the work-eligible individual meets the

work requirements, unless there is good cause, a supplemental payment will be made to meet their needs. If the work-eligible individual does not meet the work requirements, a sanction will be imposed. Pay after performance will be effective for the first four months of an application.

#### Benefits

- System will process cases according to policy without case closure
- Work-eligible individuals will participate in required hours before receiving a benefit
- Anticipate increase work participation rate

**LIHEAP:** The LIHEAP caseload has remained fairly stable, but the fuel costs have steadily increased. This is a totally federally funded program. The federal government recently funded an additional \$5.1 billion nationwide, so states could meet the fiscal demands of increasing fuel costs. With this additional funding, trends indicate that North Dakota will meet the needs of the LIHEAP clients in the 2009-2011 biennium.

**SNAP:** There has been a sharp increase in the number of clients seeking food assistance during the 2007-2009 biennium. This appears to be the result of an outreach effort on the part of the federal government, coupled with the implementation of simplified reporting and the 2008 Farm Bill. Simplified reporting allows a client to report earnings on a semi-annual basis as opposed to monthly.

**Child Care Assistance:** The Department implemented a certificate program to meet federal regulations that identifies a constant amount to be paid for three to six months, depending on the family circumstances. This resulted in higher average monthly caseload and cost per case.

Prior to the certification program, each family's payment had to be calculated monthly.

**Overview of Budget Changes:**

Description	2007 - 2009 Budget	Increase / Decrease	2009 - 2011 Budget	House Changes	To Senate
Salary and Wages	4,568,776	741,307	5,310,083	(147,588)	5,162,495
Operating	10,092,283	742,270	10,834,553	-	10,834,553
Capital Assets	205	-205	0	-	0
Grants	203,750,869	110,709,185	314,460,054	-	314,460,054
Total	218,412,133	112,192,557	330,604,690	(147,588)	330,457,102
General Funds	7,784,373	2,041,903	9,826,276	(48,462)	9,777,814
Federal Funds	191,369,536	111,369,897	302,739,433	(99,126)	302,640,307
Other Funds	19,258,224	(1,219,243)	18,038,981	-	18,038,981
Total	218,412,133	112,192,557	330,604,690	(147,588)	330,457,102

FTE	39.80	-	39.80	-	39.80
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**Budget Changes from Current Budget to Executive Budget:**

The Salary and Wages line item increased by \$741,307 and can be mainly attributed to the following:

- The salary and health insurance package that adds \$475,306 in total funds of which \$212,910 is general funds;
- \$75,703 in total funds is for the continuation of the year two 4% increase of which \$38,261 is general funds;
- An increase of \$79,682 to cover an underfunding of salaries from the 2007-2009 budget; and

- The remaining \$110,616 increase is a combination of increases and decreases needed to sustain the salary of the 39.8 FTEs in this area of the budget.

The Operating line item increased by \$742,270, and is a combination of the increases and decreases expected next biennium. Some of the significant changes are noted below:

- \$1,565,878 increase to the JOBS program due to the need for increased client services, as a large portion of the individuals remaining on TANF are challenging clients;
- \$464,144 increase in Parental Responsibility Initiative for the Development of Employment (PRIDE) to provide for a statewide program;
- \$188,308 increase to provide for federally required estate collection activities;
- \$1,016,486 decrease to SNAP EBT (Electronic Benefit Transfer) provider payments due to the completion of the EBT reprocurement process, and the resulting decrease in the monthly cost per case of \$1.91; and
- \$502,969 decrease in the Payment Error Rate Measurement contract due to the cyclical nature of the three-year federal eligibility review requirements.

The Grants line item increased by \$110,709,185, and is a combination of the increases and decreases expected next biennium. Some of the significant changes are noted below:

- \$97,366,572 increase in SNAP benefits, all federal funds, based upon federal outreach, implementation of simplified reporting, and the 2008 Farm Bill;

- \$12,022,292 increase in LIHEAP benefits, all federal funds, based upon increasing heating costs and available federal funds;
- \$454,479 increase in Indian County Allocation, all general funds, based upon the statutory funding formula;
- \$1,907,617 decrease in TANF grants, mainly due to the decrease in the number of clients, and consists of a \$1,217,016 increase in general funds, a \$1,316,576 decrease in federal funds, and a \$1,808,057 decrease in other funds or Child Support collections;
- \$2,629,386 increase in Child Care Assistance grants, consisting of a \$350,197 increase in general funds, of which \$274,408 was included in the Executive Budget to increase provider rates for centers and group facilities; and
- \$155,162 increase in the Supplemental Nutrition Assistance Program Education Plan, all federal funds, based upon NDSU budget projections.

### **House Changes:**

The House underfunding of salaries for anticipated savings from vacant positions and employee turnover for this area of the budget is \$48,462 – general fund and \$99,126 – federal funds for a total of \$147,588.

This concludes my testimony on the 2009 – 2011 budget request for the Economic Assistance Policy area of the Department. I would be happy to answer any questions.