

Testimony
Engrossed House Bill 1012 – Department of Human Services
Senate Appropriations
Senator Holmberg, Chairman
March 13, 2017

Chairman Holmberg, and members of the Senate Appropriations, I am Carol Cartledge, Director of Economic Assistance of the Department of Human Services (Department). I am here today to provide an overview of programs and services that make up the budget request for the Economic Assistance Policy (EAP) Division (Division).

Programs

The Division is responsible for Basic Care Assistance Program (BCAP) Policy, Child Care Assistance Program (CCAP), Low Income Home Energy Assistance Program (LIHEAP), Medicaid and Healthy Steps Eligibility Policy, Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF) programs. This includes implementation of applicable state and federal laws and distribution of benefits to qualified individuals and providers.

The Division also includes:

- Quality Assurance/Quality Control - Completes case file reviews for payment accuracy and program integrity.
- System Support and Development - Assists in development, testing and enhancements of eligibility systems to ensure the systems are determining eligibility according to program policies.
- Regional Representatives – Serve as liaisons between county social service eligibility workers and the Department, provide policy interpretation and policy training.

Medicaid/Healthy Steps eligibility policy and System Support and Development were moved under the Division to align all programs where possible as the Department progresses towards an integrated eligibility system known as SPACES.

Program Trends/Program Changes

Basic Care Assistance Program (BCAP) Policy

BCAP provides help with room and board costs. BCAP eligibility policy implements applicable state laws for determination of eligibility. BCAP costs are included in the Medical Services budget area.

Child Care Assistance Program (CCAP)

CCAP helps income-eligible families pay for child care while they work or attend school or training.

The budget request funds to CCAP at 60% of state median income (SMI) and continues the increase in family copayments both of which were implemented in April 2016 in response to the budget allotment.

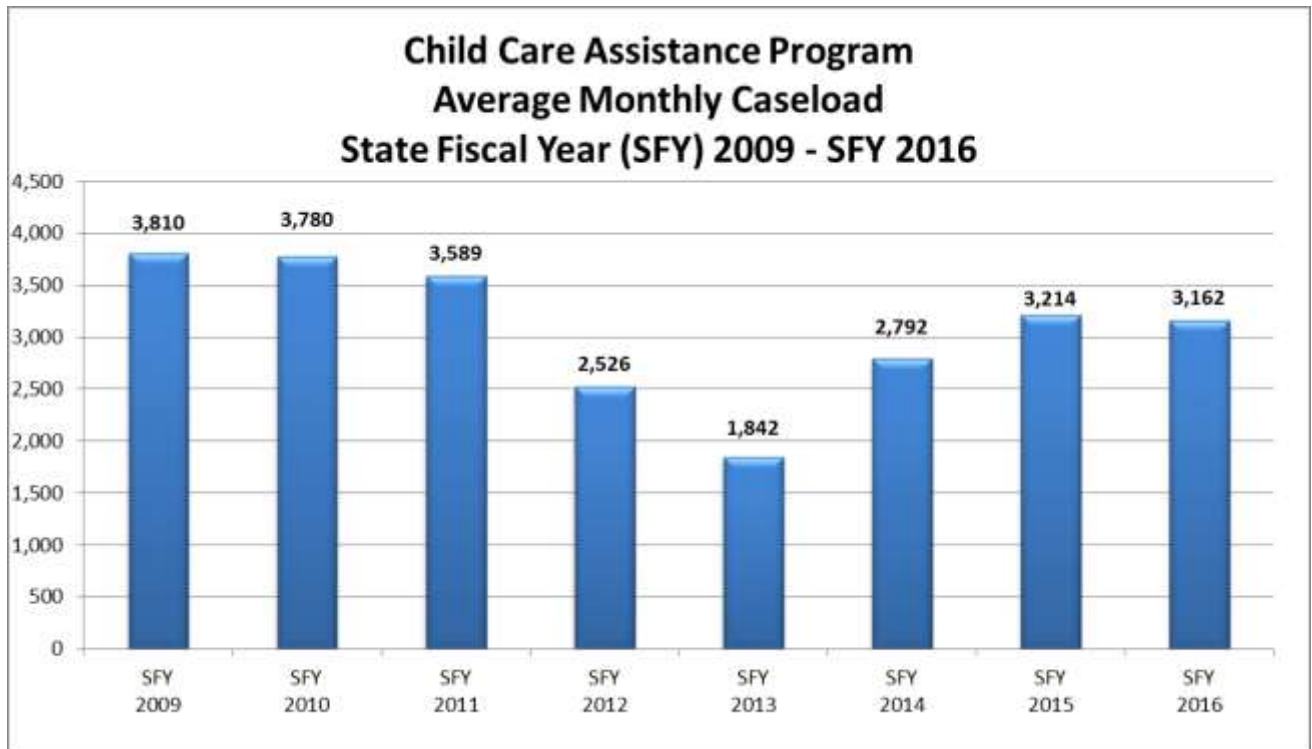
The child care provider increase is calculated using the following incremental approach to achieve the 75th percentile requirement.

- July 2017 – February 2018 - 50th percentile
- March 2018 – October 2018 – 60th percentile
- November 2018 – June 2019 – 75th percentile

The market rate surveys are federally required and conducted every two years with the most current being completed in March 2015. Based upon the results of this survey and to achieve the federal requirement to be at the 75th percentile of the current market rate survey, the Executive Budget

includes a \$2,921,498 child care provider rate increase for qualified centers and family/group child care providers.

CCAP Caseload Data



LIHEAP

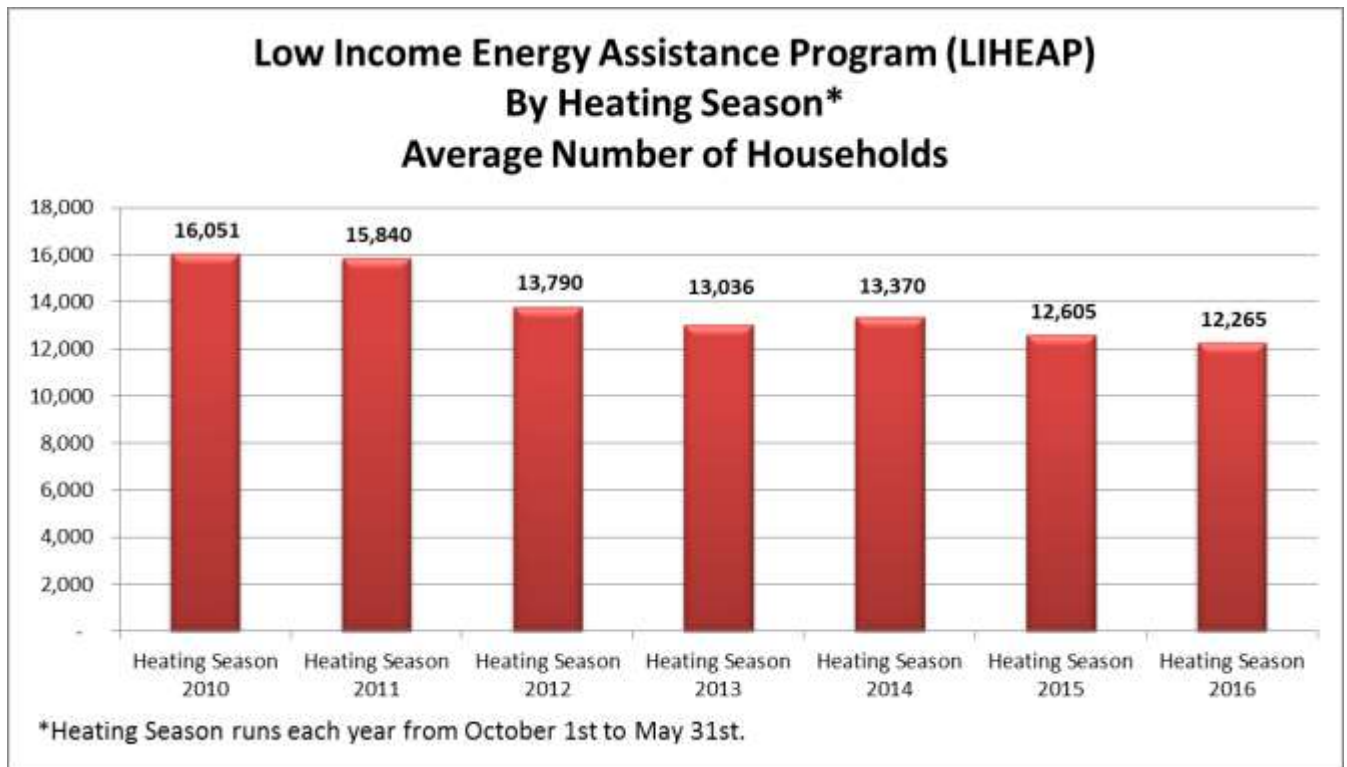
LIHEAP helps qualifying low-income households with home heating costs by paying for a portion of their heating bill. It also helps pay for furnace cleaning, repair and replacement, and weatherization services such as chimney cleaning and inspection, home insulation, weather stripping around doors and windows and cooling devices in the summer months. Qualifying households must be at or below 60% of state median income. Qualifying income varies by household size and income.

Almost 70% of the participating households include individuals who are elderly, have disabilities or include children age five and younger. Following

is a breakdown of the primary fuel types utilized by LIHEAP households for the 2016 heating season:

- Fuel Oil 11.2%
 - Natural Gas 31.2%
 - Propane 26.2%
 - Electricity 31.2%
 - Other * 0.2%
- * Wood, corn, coal, and pellets

LIHEAP Caseload Data



Medicaid/Healthy Steps Eligibility Policy

Medicaid and Healthy Steps Eligibility Policy unit implements applicable state and federal laws for determination of eligibility. Medicaid and Healthy Steps costs are included in the Medical Services budget area.

SNAP

SNAP is a safety net that helps qualifying low-income individuals buy food to help meet their nutritional needs. The program includes monthly benefits, a limited employment and training component, and nutrition education. In North Dakota, an average of 46% of all individuals served by the program are children – often in single-parent families. In addition, the program serves an average of 21% of individuals with disabilities and seniors on fixed incomes. About 35% of the participating households have earned income.

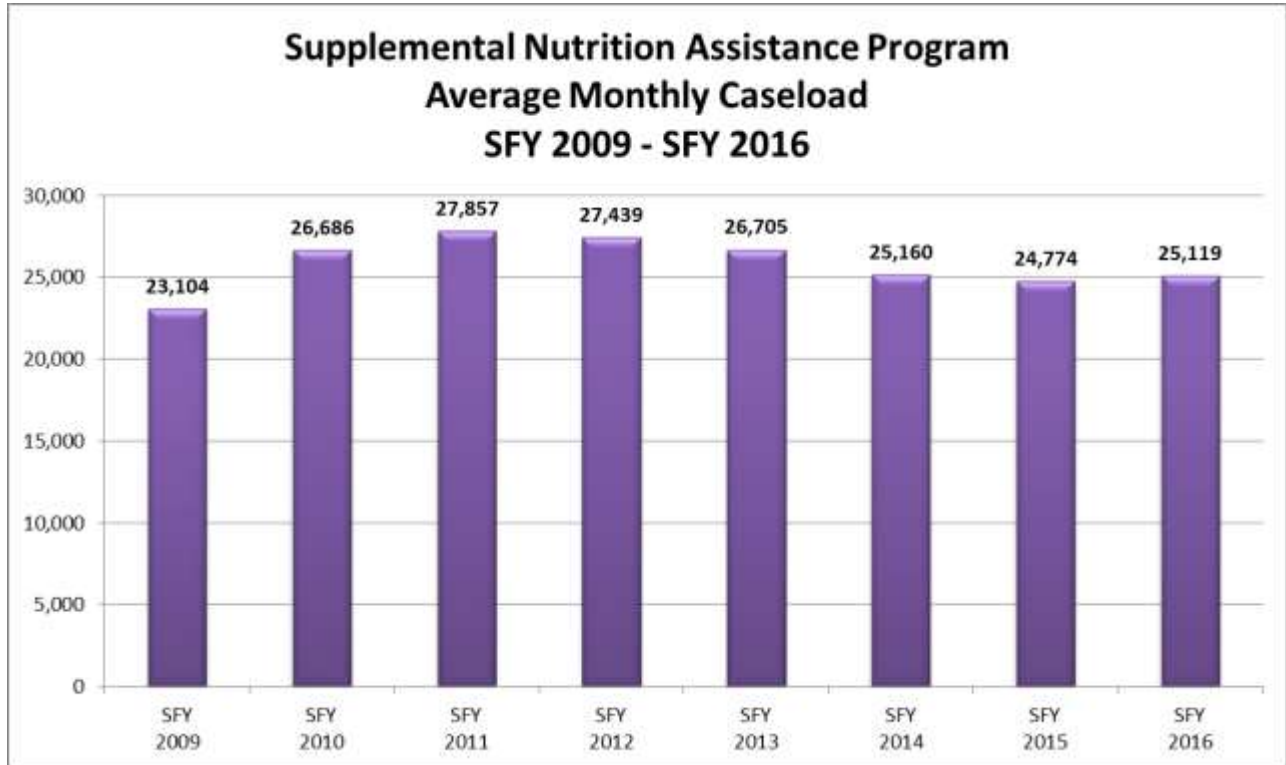
SNAP Electronic Benefit Transfer (EBT) program partners with roughly 500 participating retailers across North Dakota. In addition, SNAP partners with 11 farmers markets that provide fresh produce to SNAP households in Bismarck, Grand Forks, Fargo, West Fargo, Minot, Beulah, Hazen, Washburn, Bottineau, Grafton, and Cando.

The Executive Budget request includes a pilot program to expand the Employment and Training (E&T) Federal SNAP program. The pilot would be used to establish a baseline and would allow the Department to evaluate the pilot before expanding the program statewide. The Department's cost for this pilot program would be \$727,650, of which, \$173,250 would be General fund and \$554,400 Federal funds.

The intent is to expand the current E&T Program in Burleigh and also add an E&T program in Morton County. The pilot program would contract with a vendor who could provide assessment of individual skills, interests and work history, help individuals gain skills to obtain and sustain jobs, work with community colleges, and locate non-profit, for profit, or government agencies who can provide on the job work site locations and who can also meet an additional 50% match of \$381,150, for a total program cost of

\$1,108,800. The pilot also includes costs related to support services and transportation for voluntary participants.

SNAP Caseload Data

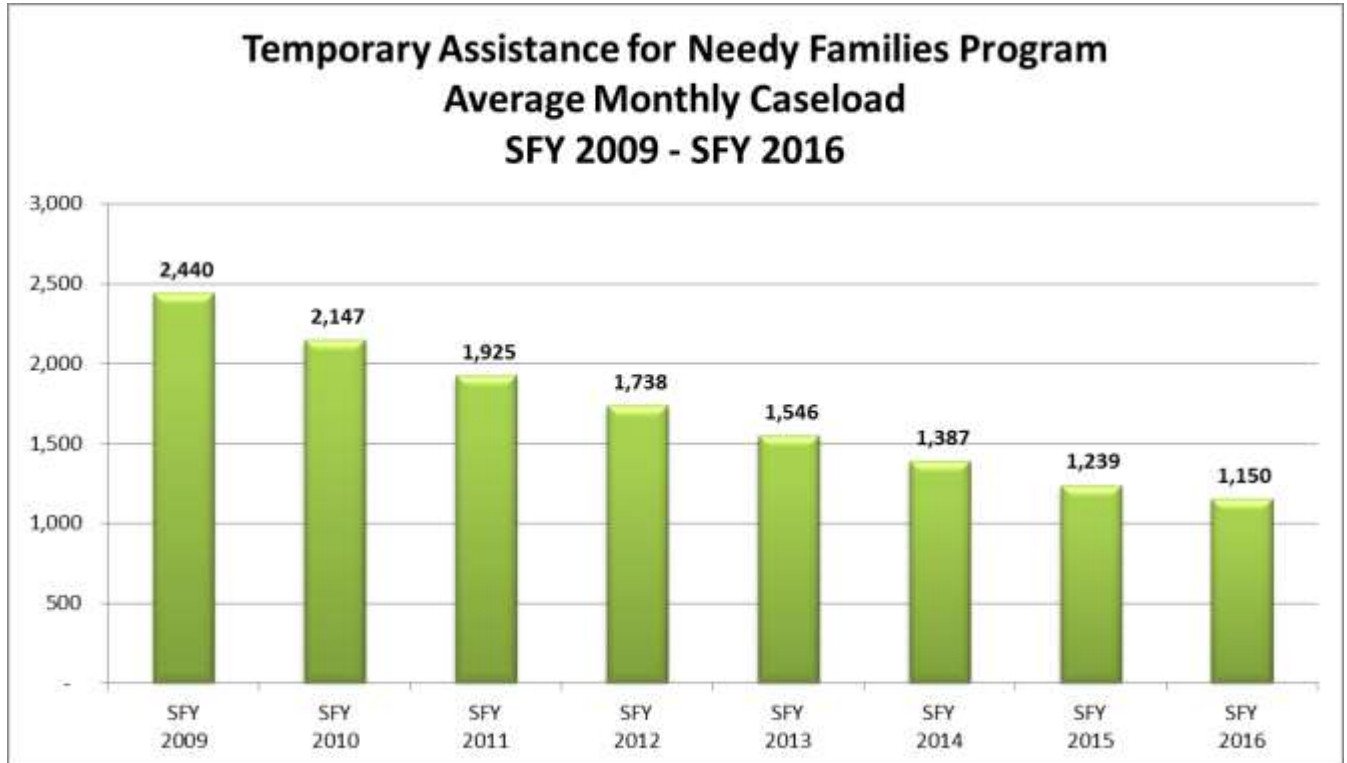


TANF

TANF program provides cash assistance to indigent families with deprived children meaning a parent is absent due to divorce, separation or death; or one of the parents is disabled. There is a five year limit for receiving benefits. The adult receiving benefits must participate in the Jobs Opportunity and Basic Skills (JOBS) Program. JOBS Program includes supported employment case management services that move individuals into employment and self-sufficiency, and employment support services. North Dakota's TANF work participation rate for Federal Fiscal Year 2015 was 68.3% meaning 68.3% of the required individuals were in defined work

requirements. The monthly average number of households receiving assistance for SFY 2016 was 1,150 per month.

TANF Caseload Data



Other TANF funded programs include:

- Alternative to Abortion services which provide reimbursements to organizations that deliver Alternative to Abortion services and education to the public about the services. Services include pre-natal education/classes, pregnancy counseling and parenting education/classes. For the current biennium through October 31, 2016, 1,619 women received services.
- Crossroads Program which provides case management and support services to qualified teen parents who are going to high school or working towards their GED. The monthly average number of teens receiving assistance for SFY 2016 was 25.

- Kinship Care Program which provides an alternative to foster care for children living with a relative and in the care and custody of the county. It includes case management and support services. The monthly average number of households receiving assistance for SFY 2016 was 35 per month.
- Parental Responsibility Initiative for the Development of Employment (PRIDE) Program provides case management and support services to address nonpayment of child support by noncustodial parents. This program is a collaborative effort involving the Department, Job Service North Dakota, and District Courts. The average number of households receiving assistance is 343 per month.

Overview of Budget Changes

Description	2015-2017 Budget	Increase / (Decrease)	2017-2019 Executive Budget	House Changes	2017-2019 Budget To Senate
Salary and Wages	8,790,472	406,064	9,196,536	(242,789)	8,953,747
Operating	10,767,849	377,835	11,145,684	96,916	11,242,600
Grants	273,339,661	(20,866,741)	252,473,190	5,020,286	257,493,476
Total	292,897,982	(20,082,572)	272,815,410	4,874,413	277,689,823
General Fund	23,204,909	(13,980,495)	9,224,414	4,917,028	14,141,442
Federal Funds	249,836,765	(5,942,129)	243,894,636	(42,615)	243,852,021
Other Funds	19,856,308	(159,948)	19,696,360	0	19,696,360
Total	292,897,982	(20,082,572)	272,815,410	4,874,413	277,689,823
Full Time Equivalent (FTE)	48.30	0.0	48.30	0.0	48.30

Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$406,064, and is mainly attributed to the following:

- \$177,683 in total funds, of which \$134,613 is general fund, needed to fund the Governor's compensation package for state employees.
- \$86,290 in total funds, of which \$59,847 is general fund, needed to sustain the employee increases approved by the last Legislative Assembly.
- \$54,366 increase is related to four additional long term employee retirements during the 2017-2019 biennium.
- \$87,725 is a combination of increases and decreases needed to sustain the salary of the 48.30 FTEs in this area of the budget.

The Operating line item increased by \$377,835, and is mainly attributed to the following:

- \$554,531 increase in Operating Fees and Services, and consists mainly of: increase of \$727,650 for SNAP Employment and Training expansion, offset by a decrease of \$100,000 for the Federal SNAP requirement to reprocur the Electronic Benefit Transfer (EBT) vendor, a decrease of \$48,272 due to reduction of Federal funding for SNAP Employment and Training, and a decrease of \$26,156 due to reduction in the EBT Contract due to a lower SNAP caseload.
- \$24,275 increase in Printing, and consists mainly of: \$8,540 for SNAP portion of the Application for Assistance packets and \$16,200 for new EBT client handbooks.
- \$95,314 decrease in Travel due to the Department-wide process used to develop the Department's savings plan
- \$67,818 decrease in Rentals/Leases-Bldg/Land due to moving staff from an off-site location to the Capitol complex.

The general fund request decreased by \$13,980,495, with \$13,873,576 or 99% of the decrease attributed to the Child Care Assistance program of \$8,853,290 and the Indian County payment of \$5,020,286. The remaining

decrease of \$106,919 or 1% is related to salary, operating, and grant changes for the Economic Assistance Policy area as described above.

The federal fund request decreased by \$5,942,129 and is mainly attributed to a decrease of \$10,492,057 in LIHEAP, decrease of \$1,565,654 in TANF, and offset by an increase of \$6,282,077 in SNAP.

The other fund request decreased by \$159,948 and is mainly attributed to a decrease in Child Support Collections due to a decreased TANF caseload.

House Changes from the Executive Budget

- The Department-wide FTE allocation would result in the reduction of one FTE for Economic Assistance division area of the budget, resulting in a \$153,000 decrease in salary and ages, of which \$58,988 is general fund. The loss of the FTE will result in duties being distributed to other staff which will result in delays in services to county social service staff and recipients of Economic Assistance Programs. Delays such as:
 - Answering policy questions resulting in delays of recipients receiving medications, purchasing of food, and heating assistance; and in providing training to county social service staff resulting in errors in determining eligibility for programs and potential federal fiscal penalties.
- \$34,726 decrease in salary and wages, of which \$26,146 is general fund due to the elimination of the 1% salary increase that had been proposed for the second year of the biennium.
- \$172,819 decrease in salary and wages, of which \$61,392 is general fund due to the House Amendments that removed funding for the anticipated retirements of 11 FTE in this area.

- \$35,244 decrease in salary and wages, of which \$12,636 is general fund due to the removal of the Fair Labor Standards Act overtime funding. The loss of overtime funding will result in this division's inability to meet federal deadlines, federal policy changes and eligibility system changes which may result in penalties and loss of federal funding.
- \$3,084 general fund decrease in operating expenses, will result in an overall operating expense decrease of approximately \$5,507 when federal matching funds are considered. It is anticipated that this reduction will result in less professional development, office supplies, and public announcements.
 - Professional development funds are used for program staff to attend federal conferences where training is provided on new and current policies and procedures. Policy knowledge is required to assure the Division follows federal requirements, correctly uses federal funds, recipients receive correct benefits and the Department does not incur penalties for misapplication of federal requirements.
 - State plan renewals for CCAP, LIHEAP, and TANF require the public be informed the state plans are being renewed and what is being changed in the state plan. This is accomplished by publishing the dates and times in major newspapers informing the public of the time and place of the public hearing, how to comment on the state plan and who to contact for questions.
- \$100,000 increase in federal TANF funds utilized for the Alternatives to Abortion program.
- \$5,020,286 increase in grants for Indian County allocation payments for the last 18 months of the biennium due to removing the County

Social Service financing methodology change that was to be effective January 1, 2018.

Please refer to [Attachment A](#), a walkthrough of each service area for details in the decrease in this area.

This concludes my testimony on the 2017–2019 budget request for the EAP Division. I would be happy to answer any questions.