

Testimony
Senate Bill No. 2087
Senate Human Services Committee
Senator Judy Lee, Chairman
January 9, 2023

Chairman Lee and members of the Senate Human Services Committee, I am Michele Gee, Director of the Economic Assistance Section for the Department of Health and Human Services (Department). I am here today to provide testimony in support of Senate Bill 2087 which was introduced on behalf of the Department.

Senate Bill 2087 proposes changes to North Dakota Century Code section 50-09-29 relating to the requirements for administration of the Temporary Assistance for Needy Families (TANF) Program.

The proposed change on page 3 lines 3 through 6 removes subdivision v of subsection 1, which currently prevents an increase in the amount of TANF assistance available to a household when a child is born to a household member who was a recipient of assistance during the probable month of the child's conception, often referred to as a "benefit cap" or "family cap". An exception to this provision is in cases of pregnancy resulting from rape or incest.

This law was implemented in July 1998 when the TANF program was first established. The "benefit cap" provision is not a federal requirement; it is implemented at the state's discretion.

In preparation for today's testimony, the Department looked at North Dakota's experience over the last five years and determined that the current policy has prevented an average of 42 children per year from receiving an average benefit of \$98 per month. Of the children deemed ineligible by the family cap provision, 78

percent were under 3 years of age and 22 percent were ages 3 through 15. The data shows that in total over the last five years, the state of North Dakota withheld \$175,322 (an average of \$29,220 per year) in benefits that would have been paid to the children who are affected by the family cap policy.

Page 3 lines 8 through 10 amend subdivision w of subsection 1 to allow an additional 12 months of earned income to be “disregarded” from a household’s eligibility calculation. This “earned income disregard” is essentially an incentive that allows a household to have greater earnings from work. The allowance would be after not receiving TANF for twelve or more months. Currently, a family participating in the North Dakota TANF program is only allowed to receive this employment incentive for one 12-month period.

Program experience indicates that earned income disregards help many individuals whose starting employment is in a job that pays minimum or a lower than average wage by helping them become employed and retain their ability to participate in and benefit from TANF while they are working to build greater financial stability for their family.

To better understand this policy in dollars and cents from a household perspective, a single adult with two children in the household, who is working 25 hours per week earning a wage of \$8.50, would be eligible for a monthly TANF benefit of \$100 with the earned income disregard. Without the earned income disregard, this family’s earnings of just over \$11,000 per year would make them ineligible to receive benefit from the TANF program.

As you consider the proposed amendments to the TANF program, it is important to note that financial assistance is only part of the benefit of participation. The TANF program helps individuals who are of working age and who are able to work take meaningful steps to achieve greater self-sufficiency. In North Dakota we do this primarily through the Job Opportunities and Basic Skills (JOBS) Program which is

delivered via contracts the Department has with North Dakota Job Service and Community Options, Inc. JOBS is a mandatory work program that combines components of education, training and employment, and helps an individual with costs that are associated with seeking and maintaining their employment, including child care or transportation costs, vehicle repairs, insurance, job readiness (uniforms, tools, and other employee provided supplies), licensing, certification, and examination fees.

Since 2012, North Dakota has seen a 43 percent decline in its overall TANF caseload. To develop a better understanding of the reason for the decline and assure we were taking appropriate action to meet the needs of North Dakota families, the Department in the spring of 2021 partnered with the Office of Family Assistance, Peer Technical Assistance Network to conduct an environmental scan of the state's TANF Program. The goal of this environmental scan was to strategically review the experience of eligibility workers, program participants and partner agencies who provide services to TANF recipients. The team also reviewed programs and policies from other states that are similar to North Dakota in demographics.

The scan identified the decreasing monetary value of the TANF benefit over time and the complexity that underlies participants' experiences in attempting to comply with TANF program requirements as key issues affecting program participation and ultimately program effectiveness. While modest in scope, the changes proposed in Senate Bill 2087 align directly with the recommendations resulting from the recently completed review of the TANF program in North Dakota and represent important initial steps in support of efforts to increase the effectiveness of the TANF program for North Dakota families.

This concludes my testimony, and I am happy to answer any questions you may have.