

Testimony
Engrossed House Bill No. 1066
Senate Human Services Committee
Senator Judy Lee, Chairman
February 17, 2025

Chairman Lee and members of the Senate Human Services Committee, I am Jim Fleming, Interim Director of the Vocational Rehabilitation Section of the Department of Health and Human Services (Department). I appear before you in support of Engrossed House Bill No. 1066, which was introduced at the request of the Department.

North Dakota receives \$7.8 million dollars per year under the Older Americans Act. To receive these funds, federal regulations require North Dakota to operate the Senior Community Service Employment Program (SCSEP). SCSEP is a training program for individuals over 55 years of age who have been unemployed for at least six months (or no longer able to perform their current job) and with income less than 125% of the federal poverty level. The training program encourages participants to return to the workforce. The Department receives \$480,000 per year in federal funds to operate SCSEP.

Under federal regulations, SCSEP participants must be paid minimum wage, which in North Dakota is currently the federal minimum wage. For low-income unemployed individuals over 55, the training program at \$7.25 per hour currently holds little appeal compared to prevailing entry-level wages of roughly \$20 per hour. Thus, although North Dakota is authorized to have 49 participants in SCSEP, the current average is 20-25 participants, and of those, some work very few hours per week.

The difficulty in recruiting SCSEP participants negatively impacts the state because the allowable cost of administering SCSEP is limited to 13% of total expenditures. In other words, the fewer SCSEP participants and less training hours paid by the Department, the lower the 13% cap on using federal funds for administrative costs. Excess costs are borne at state expense, while at the same time a significant amount of the \$480,000 in federal funds goes unused and is refunded to the federal government.

States with a higher minimum wage are better able to fully use federal SCSEP funds because the amount paid for training is closer to entry-level wages. In those states, participation rates are higher and more hours are worked.

If enacted, Engrossed House Bill 1066 will create a compensation rate that is limited to SCSEP participants. The Department is not asking for additional funds to operate SCSEP. To the contrary, House Bill 1066 will save the state money because it will reduce the risk of the state needing to pay a share of the costs of administering SCSEP. By increasing the rate of pay for SCSEP training, the Department anticipates an increase in the number of participants, which will lead to an increase in training paid by the Department out of the federal funds and a corresponding increase in the 13% cap on administrative costs that will come closer to covering the costs of the three temporary SCSEP coordinators who administer the program. If Engrossed House Bill 1066 is not enacted, the state will continue to cover a portion of the costs of administering SCSEP.

This concludes my testimony. I would be happy to try to answer any questions the committee may have. Thank you.