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10/16/03
Date

2003 HOUSE HUMAN SERVICES

HB 1460

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Yolanda Richardson
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Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1460

House Human Services Committee

☐ Conference Committee

Hearing Date 1-28-03

Tape Number	Side A	Side B	Meter #
1	x		0.6-19.6
Committee Clerk Signature <i>Sharon Snyder</i>			

Minutes: Chairman Price: called the hearing to order. All committee members were present.

Representative Niemeier: was the prime sponsor of the bill and provide written testimony (**SEE ATTACHED TESTIMONY**).

Representative Devlin: abortion rate is dropping in North Dakota, how do you feel this will add to the abortion rate?

Representative Neimeier: it may not be related to this particular situation there are other factors that are going to effect that drop.

Representative Kerzman: co-sponsor of HB 1460 and in support of the bill. My one concern is benefit caps, and my basic feeling is even if its one abortion, its one abortion too many. That is basically where I come from. The numbers have gone down that is correct, even if its one that is still to many. I also encourage birth and bring to a full term.

Christopher Dodds, Executive Director of the North Dakota Catholic Conference: supports the

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10/16/03
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Page 2

House Human Services Committee

Bill/Resolution Number HB 1460

Hearing Date 1-28-03

bill and provided written testimony (SEE ATTACHED TESTIMONY). Discriminating against a child fully because his or her circumstances of conception violates a child's dignity and diminishes the human good. Abortion numbers went down since 1996, up in 1998 since then they have gone down.

John Hougen, Director, of Public Assistance for the Dept. of Human Services: was present and provided written testimony (SEE ATTACHED TESTIMONY).

Representative Price: you are saying, because they don't get the cash benefits, they are getting increased food stamps?

John Hougen: right.

Representative Potter: I need a little bit more explanation, it says the benefit cap does not allow an increase, can a client conceive a child in the month during the month that they receive a benefit?

Representative Niemeier: You have referred to the fact that child support cannot be awarded to a child under the benefit plan, am I correct.

John Hougen: there was another benefit cap dealing with that last session, what we were doing is referring kids to child support.

Representative Devlin: you mentioned that when another child comes into the home there is an increase for food stamps is that correct, and there is an increase for the child's benefits?

John Hougen: yes that is correct.

Representative Amerman: what would be the increase under the program?

John Hougen: it varies a little bit it depends on the number of kids in the program it was right around \$90.00 per child per month.

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House Human Services Committee

Bill/Resolution Number HB 1460

Hearing Date 1-28-03

Representative Devlin: Is fuel assistance to be increased also?

John Hougen: the benefit cap has no effect on this.

Hearing closed.

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Richard A. Costa
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10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1460

House Human Services Committee

☐ Conference Committee

Hearing Date January 29, 2003

Tape Number	Side A	Side B	Meter #
2		x	52.6 - 61.7
3	x		0.0 - 7.7
Committee Clerk Signature <i>Sharon R. [Signature]</i>			

Minutes: Committee Work

Rep. Price gave explanation

Rep. Niemeier: had question of increase in household family size. Answer: has to have children before they can be on TANF.

Rep. Potter: question on page 3, line 12 on individual responsibility plan. Answer: contract type agreement. If you refuse, you can be sanctioned and lose benefits.

Rep. Sandvig: Does the Federal Government require us to have a family cap? Answer: No

Rep. Niemeier: The child suffers and stays in life of poverty, not ethical.

Rep. Devlin: There has to be personal responsibility. We all make decisions on our family

Rep. Potter: Its a difficult bill, comes down to punishing our children and not the adults.

Rep. Weisz: Parents are sanctioned for not following through, if they don't follow the plan. If they are going to get back up on their feet, you have to do these things and if that means delaying having additional children for whatever length of time, then so be it.

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10/16/03
Date

Page 2

House Human Services Committee

Bill/Resolution Number HB 1460

Hearing Date January 29, 2003

Rep. Niemeier: Wants to bring attention again to Rep. Kerzman's testimony in reference to the fact that this kind of sanction can lead to more abortions and I think that is more apt to be the choice of at-risk families.

Rep. Sandvig: has a problem with the fiscal note.

Rep. Devlin made a motion for DO NOT PASS, second by Rep. Wieland.

VOTE: 9 - 4 - 0

Rep. Devlin will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/21/2003

Bill/Resolution No.: HB 1460

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$476,697		\$455,328
Expenditures			\$7,172	\$476,697	(\$6,528)	\$455,328
Appropriations			\$7,172	\$476,697		

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Currently, when a child is born to a family receiving Temporary Assistance for Needy Families (TANF), the family does not see an increase in their benefits (benefit cap). This bill would remove that benefit cap, resulting in additional TANF benefits being paid out to those families. Removal of the benefit cap would require programming changes to the Vision system. Since TANF benefits are used in determining the food stamp benefit, there would be a corresponding decrease in food stamp benefits for the affected families. Under current law, benefit cap children cannot be referred to the child support enforcement agency because they are not receiving a grant. This bill would require them to be referred which would result in additional child support collections.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Total other revenue received under this bill would be approximately \$476,697. The Department would receive \$651,942 of federal funds for the increase TANF benefits and programming changes to the Vision system during the 03-05 biennium. The additional child support collections would generate approximately \$6,307. The decrease in food stamp expenditures would decrease federal funds from the food stamp program by \$181,552 in the 03-05 biennium. $\{ \$651,942 + \$6,307 - \$181,552 = \$476,697 \}$

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

During the 03-05 biennium expenditures will increase by approximately \$483,869, consisting of an increase in grant expenditures of \$440,912 and operating expenditures of \$42,957 for the necessary program changes to the Vision system.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive*

budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

The Executive Budget for 2003-2005 does not contain the funding for this policy change and therefore additional appropriation authority totaling \$483,869, with \$7,172 being general funds would need to be added to the Department's budget.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	01/24/2003

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Salvatore Riccardi
Operator's Signature

10/16/03
Date

Date: January __, 2003
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1460

House _____ HUMAN SERVICES _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DNP

Motion Made By Rep Devlin Seconded By Rep Wieland

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price - Chair	✓		Rep. Sally Sandvig		✓
Rep. Bill Devlin, Vice-Chair	✓		Rep. Bill Amerman		✓
Rep. Robin Weisz	✓		Rep. Carol Niemeier		✓
Rep. Vonnie Pietsch	✓		Rep. Louise Potter		✓
Rep. Gerald Uglem	✓				
Rep. Chet Pollert	✓				
Rep. Todd Porter	✓				
Rep. Gary Kreidt	✓				
Rep. Alon Wieland	✓				

Total (Yes) 9 No 4

Absent 0

Floor Assignment Rep. Devlin

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

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Yolanda Richardson 10/6/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
January 30, 2003 8:45 a.m.

Module No: HR-18-1313
Carrier: Devlin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1460: Human Services Committee (Rep. Price, Chairman) recommends **DO NOT**
PASS (9 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1460 was placed on the
Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-18-1313

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Salvatore Riccardi
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10/16/03
Date

2003 TESTIMONY

HB 1460

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Jo Costa Rickford
Operator's Signature

10/6/03
Date

HB 1460 HOUSE HUMAN SERVICES COMM. REP. PRICE, CHR.
REP. CAROL A. NIEMEIER, BUXTON, DIST. 20
JANUARY 28, 2003

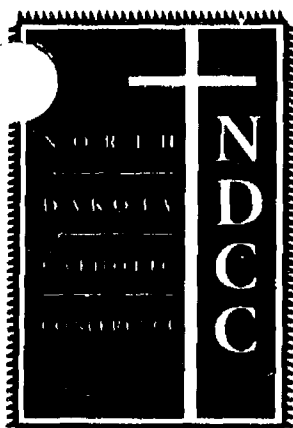
Madam chair, members of the committee. I am pleased to introduce HB 1460 which would delete letter z. of subsection 1 of section 50-09-29 of the NDCC, relating to the commonly labeled "benefit cap". This benefit cap is the most unfortunate part of ND's welfare reform program which basically has worthy goals of breaking the cycle of poverty and dependence on assistance.

What was the original reason for the benefit cap? It would seem that it was a punitive show of disapproval to discourage births to women which were conceived while she was on assistance by refusing additional payment for that child. Those children having been denied support have numbered as high as 287 (Sept. 2002) for a given month.

The policy has failed to reduce out-of-wedlock pregnancy for women on assistance. Women don't get pregnant for the reason of getting an extra \$90/mo. These births are down only for teenagers, but since minors are not subject to the cap, that cannot be the cause. There is no evidence in ND or any state that the caps will change behavior. Surely, education and training have proven more effective. Even if it did, it is wrong to accomplish that goal by denying help to poor children. The benefit cap discriminates against a child simply because of the circumstances of her/his conception and only perpetuates the poverty to which the child was born.

While it is hard to determine a link, the benefit cap may have contributed to more situations where women have abortions. Virtually every study on abortion decisions indicate that lack of financial support is a primary reason low income women choose abortion. And when combined with other financial pressures, the absence of economic assistance makes a difference.

^{issues}
Welfare reform catches the indignation of our more comfortable citizens. Are there abuses in welfare? Yes, there are. We are an imperfect people and you will find abuses in every system in the state. But that doesn't excuse us from our responsibility to provide for the common good. We place a high value on families here in North Dakota, all families: and the children are precious and important to our state's future. Let's provide support to all needy children.



Representing the Diocese of Fargo
and the Diocese of Bismarck

Christopher T. Dodson
Executive Director and
General Counsel

To: House Human Services Committee
From: Christopher Dodson, Executive Director
Subject: House Bill 1460 - Temporary Assistance for Needy Families
and SCHIPS
Date: January 28, 2003

The North Dakota Catholic Conference supports House Bill 1460 to remove the "cap"¹ provision from the Temporary Assistance for Needy Families program and include delivery coverage in the Childrens Health Insurance program.

The North Dakota Catholic Conference opposed the cap provision when it was enacted in 1997. The experience of the Catholic Church and pro-life organizations, led us to believe, and still believe, that the provision encourages abortion and conveys on behalf of the state a mistaken priority of values.

The fundamental reason for opposing the family cap is ethical. By discriminating against a child solely because of the circumstances of his or her conception, it violates the child's dignity and the common good. In a just and caring society we reach out a helping hand to those in need without regard for where they live, their race, who their parents are, or what their parents did. Family caps, however, punish the child for something his or her parents did, helping to perpetuate the poverty to which that child was born.

We recognize that proponents of the family cap often had a good intention, namely to reduce out-of-wedlock pregnancy. However, it is never justifiable to use a means that violates human dignity to achieve a desired good. Moreover, there is no evidence that family caps in North Dakota have reduced the rate of out-of-wedlock pregnancy. Certainly, if we want to encourage positive, self-respecting behavior by parents, we can find better ways to do it than penalizing the child.

-
- 1 The provision is sometimes called a "family cap," "child exclusion," or "benefit cap." The original supporters of the policy coined and preferred the phrase "family cap," because it reflected their stated purpose to "limit reproduction" by persons on assistance. See, e.g. *C.K. v. Shalala*, 883 F.Supp. 991, 999, and 95 Colum. L.Rev. 2156 at 2176. Opponents, which included pro-life and women's organizations, preferred the phrase "child exclusion." Nevertheless, "family cap" became the accepted terminology by the courts, academic literature, and Congress.

W. Broadway, Suite 2
Bismarck, ND 58501

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Richard Costa
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10/16/03
Date

House Human Services Committee
Page 2
January 28, 2003

Some have argued that the purpose was merely to reflect the working world where employees do not get pay increases because of new children. Economic assistance, however, was never meant to be an identical replacement for work, as our policies on other forms of assistance demonstrate. Moreover, there are other financial benefits to having children, especially in the area of taxes, that are available to most working families.

It is for similar reasons that we support including coverage for delivery in the children's health insurance program. If we are to build a culture of life so that no child is left behind and every child welcomed, our state programs must reflect it. A children's health insurance program that covers most every type of procedure, but not delivery, places barriers to carrying the child to full term. In addition, it sends a message that the state thinks that giving birth, rather than being a blessed event that should be praised, is something that should be discouraged.

We urge a **Do Pass** on House Bill 1460.

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Date

HB1460

TANF Block Grant Revenue / Estimated Expenditures 2003 - 2005 Biennium

	TANF Block Grant	Estimated Expenditures 2003 - 2005	Estimated CarryForward to 2005 - 2007
REVENUE			
FY 2003	14,438,347 2)	14,438,347	
FY 2004	26,399,809 2)	26,399,809	
FY 2005	19,799,856 2)	17,760,900	2,038,956
	<u>60,638,012</u>	<u>58,599,056</u>	<u>2,038,956</u>
ESTIMATED EXPENDITURES			
	<u>Total</u>	<u>Federal</u>	<u>General</u> <u>Special</u>
Assistance to Needy Families			
Teen Benefit	29,532,940	13,366,867	3,950,382 12,215,691
TANF Child Care	1,780,936	1,780,936	
Subtotal	<u>31,313,876</u>	<u>15,147,803</u>	<u>3,950,382 12,215,691</u>
Job Preparation			
TANF Work Activity - Sp Pymts	346,554	346,554	
JOBS - Transportation	3,236,370	3,236,370	
JOBS - Client Services	5,967,858	5,967,858	
JOBS - Support Services	1,590,985	1,590,985	
Subtotal	<u>11,141,767</u>	<u>11,141,767</u>	
Formation & Maintenance of Families			
Family Focused Services	1,569,250	1,569,250	
Child Abuse & Neglect Investigations	1,640,495	1,640,495	
Parent Aid	1,002,250	1,002,250	
Intensive In-Home Services	650,000	650,000	
Foster Care Emergency Assistance	13,794,557	13,794,557	
Subtotal	<u>18,656,552</u>	<u>18,656,552</u>	
Other			
Systems Maint. & Operations	2,150,231	2,150,231	
County:			
Emergency Assistance - Case Mgmt.	4,037,427	4,037,427	
TANF Assessments	444,786	444,786	
Subtotal	<u>6,632,444</u>	<u>6,632,444</u>	
Administration			
JOBS Contract Administration	666,771	666,771	
State Office Administration	2,384,018	2,384,018	
County Administration	3,219,961	3,219,961	
Human Service Center Administration	749,780	749,780	
Subtotal **	<u>7,020,530</u>	<u>7,020,530</u>	
Child Care MOE	<u>2,034,072</u>		<u>2,034,072</u>
Subtotal	<u>2,034,072</u>		<u>2,034,072</u>
Total Estimated Expenditures	<u><u>76,799,241</u></u>	<u><u>58,599,096</u></u>	<u><u>3,950,382 14,249,763</u></u>

thenn
D:\Bdy\0305\Excel\tanf_blk_grant.xls - Sheet (1)

2:58 PM 01/23/2003

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Operator's Signature

10/16/03
Date

	Total	Federal	Non-Federal
Administration Ceiling			
Federal Expenditures	58,599,096	58,599,096	
General Fund	3,950,382		3,950,382
Special Fund	14,249,763		14,249,763
Total Estimated Expenditures	76,799,241	58,599,096	18,200,145
15% Administration Limitation	11,519,880	8,789,858	2,730,022
Less: Administration Expenditures **	7,020,530	7,020,530	
Admin. Exp. Under (Over) Ceiling	4,499,350	1,769,328	2,730,022

** TANF Admin. Expenditures are estimated to be 9.1%.

		Total	1999 - 2001	2003 - 2005	2005 - 2007
MOE Expenditures					
FFY 03 TANF	2)	2,719,067		2,719,067	
Child Care					
Sub total		2,719,067		2,719,067	
FFY 04 TANF	2)	8,052,324		8,052,324	
Child Care		1,017,036		1,017,036	
Sub total		9,069,360		9,069,360	
FFY 05 TANF	2)	8,052,324		5,394,682	2,657,642
Child Care		1,017,036		1,017,036	
Sub total		9,069,360		6,411,718	2,657,642
Budgeted Non - Federal Expenditures		20,857,787	0	18,200,145	2,657,642

2) FFY 2002 is the sixth and final year of the TANF block grant allotment as authorized under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. It is unknown what federal funds will be appropriated with the passage of new federal legislation. Also unknown is the amount of state match or MOE that may be required.

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TESTIMONY BEFORE THE
HOUSE HUMAN SERVICES COMMITTEE
REGARDING HOUSE BILL 1460
JANUARY 27, 2003

Chairman Price and members of the House Human Services Committee, my name is John Hougen, Director of Public Assistance for the Department of Human Services. I am here to testify on House Bill 1460. This bill would remove the benefit cap from the TANF program. The benefit cap does not allow an increase in the TANF grant when a TANF client conceives a child during a month that client received a TANF grant.

There will be a significant cost involved in taking away the benefit cap. The Department knows how many benefit cap children are in TANF cases. Using this data and playing it against projected caseloads, it would mean that an additional \$622,464 will be spent in additional TANF benefits during the coming biennium. In addition, it will cost approximately \$42,957 to make programming changes to remove the benefit cap from the Vision system. There are also some savings. Presently benefit cap children cannot be referred to child support because they are not receiving a TANF grant. Additional child support collections would result in about \$6,307 in extra funds being collected over the biennium. The TANF grant is used in determining the Food Stamp grant. Giving a TANF grant to benefit cap children will decrease Food Stamps expenditures by \$181,552 in federal money for the biennium. When these factors are all considered, the net increase in costs is \$483,869 for the biennium. This expenditure was not included in the executive budget so the Department cannot support this bill.

John Hougen
Operator's Signature

10/16/03
Date

In considering this bill, please also consider a delayed implementation date to allow for all program changes that would need to be made. In addition to the system changes that will have to be made for TANF in the Vision system, changes would also have to be made to the Child Support system.

That concludes my testimony, I am available to answer questions.

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10/16/03
Date



North Dakota Right to Life Association

Testimony before the HOUSE HUMAN SERVICES COMMITTEE

Regarding HOUSE BILL 1460

January 28, 2003 8:30 a.m.

Chairman Price, members of the committee, I am Stacey Pfliiger, Executive Director of the North Dakota Right to Life Association. I am here today in support of HB 1460 relating to temporary assistance for needy families benefits.

The North Dakota Right to Life Association continues its opposition to "not increase the assistance amount to recognize the increase in household size when a child is born to a household member who was a recipient of assistance under this chapter during the month of the child's probable conception." [This is the same position we held during both the 1997 and 2001 Legislative Sessions.]

Nationally, both pro-life and pro-choice groups have joined together in opposing the provision because both groups feel ultimately that women will have no choice but to abort their babies. Children's advocacy groups have claimed that it is not compassionate towards women and children. Fiscal conservatives claim that a cash benefit is an economic incentive for AFDC women to have children. The very idea that a woman would have a child for the sole purpose of receiving an added cash benefit is irrational.

Our position has always been that the provision did one thing: Denied assistance for clothing and non-food essentials to a child whose birth occurred while the family was receiving assistance.

P.O. Box 551 • Bismarck, North Dakota 58502 • (701) 258-3811 • Fax (701) 224-1963 • 1-800-247-0343

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Stacey Pfliiger
Operator's Signature

10/16/03
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When New Jersey adopted this provision, pre-born children paid for it with their lives (See Attachment A, page 2). On June 16, 1998, the Honorable Christopher H. Smith, (R) stated: *"I had grave concerns...that would have cut off cash assistance for any additional children born to a woman while she was on welfare, known as the family cap. I objected to this provision because I believed that it would encourage women to have abortions in their hour of greatest need or drive families farther into poverty."* (See Attachment B, page 1).

The provision is advocating a change in attitude toward needy children. The provision makes third class citizens out of babies that had no say in how they were conceived or when they were born. The provision makes the statement that not all babies are born equals because of when they were born and to whom they were born.

The provision places sanctions on the child, not the parent. The child has been denied the assistance, which provides for necessities such as diapers, baby bottles, a safety car seat, etc... We need to ask: What is it that this child has done that we should declare him or her less needful or deserving of clothing and other necessities than any earlier born siblings?

I urge this committee to give HB 1460 a **do pass** recommendation.

At this time I would be available for any questions you may have.

La Costa Richard
Operator's Signature

10/16/03
Date

ATTACHMENT A

RUTGERS UNIVERSITY STUDY ON THE
FAMILY DEVELOPMENT PROGRAM

**A Final Report on the Impact of New Jersey's Family
Development Program:**

**Results from A Pre-Post Analysis of AFDC Case
Heads from 1990-1996**

EXECUTIVE SUMMARY

The Family Development Program (FDP) was signed into law in New Jersey in January 1992 and officially implemented in October 1992. The ultimate objective of the Family Development Program was to reduce welfare dependency and to move clients from the welfare rolls and into employment. The Family Development Program included several provisions waived under Section 1115 of the Social Security Act. The most well-known and the most controversial element of FDP was its "family cap" provision, which precluded an AFDC recipient from receiving additional cash benefits for a child that she conceived while on welfare.

The extraordinary amount of national attention focused on the family cap provision has drawn attention away from other important elements and provisions of the Family Development Program. While mothers on AFDC were denied cash benefits for additional children conceived while on welfare, they did qualify for an earned income disregard of up to 50 percent of their cash benefits. Any AFDC client who left the welfare rolls for employment also retained eligibility for Medicaid benefits for a full two years, instead of the single year of Medicaid eligibility provided by the Federal Family Support Act of 1988. To encourage and maintain family formation and high levels of family functioning, some of the financial penalties for (re)marriage were eliminated and benefits for two-parent households were equalized between those families eligible for cash assistance under Federal regulations (F-segment households) and those eligible under state regulations (N-segment households).

The Family Development Program was intended to enhance the sense of personal and familial responsibility among welfare recipients, and the family cap provision was integral to this objective. The family cap provision was intended to convey a distinct message of personal and family responsibility to welfare recipients. The message is that welfare recipients should base their family formation decisions on the same factors that influence these decisions among working families. In short, welfare recipients are required to assume some financial responsibility for their family formation decisions. Economic theory suggests that changes in the financial equation, all other things unchanged, can influence the childbearing decisions of women on welfare.

Like Section 1115 welfare waivers in other states, the Family Development Program was formally evaluated to detect and measure program impacts, costs, and benefits.

This formal evaluation of the impacts, costs, and benefits of the Family Development Program relied on an experimental design, where evaluation subjects (AFDC cases) were selected at random into an experimental group (subject to all FDP provisions and waivers) and a control group (who were not subject to any FDP provisions or waivers). Comparisons between these two groups would form the basis for conclusions about the impact of the Family Development Program. However, the intense national interest surrounding the family cap provision prompted calls for more detailed scrutiny of the impact of this provision on the family formation decisions of women on AFDC. There were fears that the publicity and controversy surrounding this provision may have resulted in some contamination of the formal evaluation's experimental design. In addition, difficulties in implementing the experimental design led to some confusion among evaluation subjects regarding their true experimental status.

The heightened public interest in the effects of a family cap provision on family formation decisions, coupled with concerns about the effectiveness of experimental design as a methodology for assessing the impact of a widely-publicized social policy, led project managers and staff from the U.S. DHHS Administration for Children and Families and the Office of the Assistant Secretary for Planning and Evaluation to request another look at family formation impacts associated with the Family Development Program, using an alternative methodology. In response to this request, a quasi-experimental research design was developed by the Rutgers research team and approved by both Federal offices and by the State of New Jersey Department of Human Services. The results on FDP impacts on the family formation decisions of women on AFDC using this alternative methodology are provided in this report.

OUR FINDINGS

The Family Development Program seems to have exerted some influence over the family formation decisions of women on AFDC. We found that, after the implementation of the Family Development Program, births declined over time, relative to projected births in the absence of FDP and its family cap. Over the same period, we find a marked increase in the utilization of family planning services among this population, again relative to projected utilization in the absence of FDP and its family cap. We also find that some women who became pregnant after FDP was implemented terminated their pregnancies. That is, abortion rates among AFDC women after the implementation of the Family Development Program were higher than those anticipated in the absence of this program. Although many women on AFDC did become pregnant and bear children after the implementation of the Family Development Program, the program had the decided effect of reducing pregnancies and births among the AFDC population.

Our best estimates of the magnitude of these impacts are given as follows:

Between October 1992, the effective implementation of the Family Development Program (and the family cap), and the end of 1996, we estimate that there were 14,057 fewer births among AFDC female payees of childbearing age than would have occurred in the absence of the Family Development Program;

Over this same period, we estimate that there were 1,429 more abortions among AFDC female payees than would have occurred in the absence of

the Family Development Program; and

We estimate that, following the implementation of the Family Development Program, there were 7,000 more family planning encounters per year than would have occurred in the absence of the Family Development Program.

These estimates fall somewhere between our highest and lowest estimates of birth, abortion, and family planning outcomes (based on different estimation methods). While the magnitudes of these impacts vary somewhat with model specification and estimation method, there is never any change in the general patterns described above.

METHODOLOGY

We arrived at these findings using a quasi-experimental methodology referred to as a pre-post analysis. Using administrative welfare data from the New Jersey Department of Human Services-Division of Family Development Program (FAMIS) and Medicaid Claims files from the Department of Human Services-Division of Medical Assistance and Health Services, we constructed statistical models to analyze four FDP impacts dealing with family formation decisions of AFDC payees (females) of children-bearing age: births, abortions, use of family planning services, and sterilizations.

Dichotomous dependent variables for these outcomes are defined on a quarterly basis for all AFDC female payees of childbearing age who are on the AFDC rolls between January 1991 and December 1996.¹ Our statistical analyses incorporate the simultaneous impact of several measurable factors (including the Family Development Program) that may affect our various outcome measures; these include age, race, and education of the AFDC payee, the number of eligible children in the household, local economic conditions, seasonal (quarterly) influences, and a time trend variable to capture the impact of unmeasurable external factors that exert a systematic effect over time on family formation outcomes. Estimated model coefficients always indicate statistically significant changes in each of our outcomes as of the effective date of the Family Development Program, with some evidence of an immediate post-FDP adjustment period followed by the resumption of a longer-term trend either above or below the pre-FDP trend.

We use our estimated coefficients to predict the probable course of the family formation outcomes of interest over the AFDC caseload in the absence of the Family Development Program and its family cap. This projection forms our counterfactual, or baseline, against which we measure the post-FDP impact. We then use these same coefficients, augmented by time coefficients measuring the FDP impact, to project outcomes as affected by FDP, while controlling for the impact of concurrent changes in the caseload composition on the outcomes of interest.

¹ These dependent variables take a value of 1 if the outcome of interest (birth, abortion, and so on) occurred to that individual during the specified quarter, and 0 otherwise.

² We exclude from this analysis 8,379 AFDC recipients who were used as evaluation subjects in the federally-mandated analysis of FDP impacts, costs and benefits. Otherwise, anyone who received AFDC cash benefits for more than one quarter between January 1991 and December 1996, and who was a female AFDC payee of child-bearing age, was included in our analysis. This provided us with a total of 2,330,551 quarterly observations for analysis.

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AID FOR AMERICA'S NEEDIEST FAMILIES -- HON. CHRISTOPHER H. SMITH (Extension of Remarks - June 16, 1998)

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HON. CHRISTOPHER H. SMITH

in the House of Representatives

TUESDAY, JUNE 16, 1998

- Mr. SMITH of New Jersey. Mr. Speaker, today, I am introducing legislation that would protect poor mothers and their children who have been victims of the so-called family cap-child exclusion provision used by 23 states including my own state of New Jersey.
- Three years ago, I supported efforts to reform our nation's federal welfare system. However, I had grave concerns at the time about a provision in the House's version of welfare reform legislation that would have cut off cash assistance for any additional children born to a woman while she was on welfare, known as the family cap. I objected to this provision because I believed that it would encourage women to have abortions in their hour of greatest need or drive families farther into poverty.
- The bill I am introducing today no longer allows states to implement their own version of a family cap if they desire to continue to receive their Temporary Assistance to Needy Families (TANF) block grant. My bill is very simple: a state will receive its TANF dollars as long as it does not impose a family cap upon America's neediest families.
- In 1995, I tried to ban the family cap but failed. I admitted at the time that the family cap-child exclusion proposal had enormous surface appeal, since people were fed up with abuse of the welfare system. As a result, I introduced an amendment which gave states the option to use a voucher system if they chose to do away with cash benefits as part of a larger family cap policy. My amendment passed overwhelmingly by a vote of 352 to 80.
- The two most predictable outcomes of the family cap-child exclusion policy as implemented by twenty-three states are the likely increase in the number of babies aborted by indigent women--many of whom will feel financially trapped and abandoned--and the further impoverishment of children born to women on welfare.
- Recently, my worst fears regarding abortion and the family cap were confirmed by a Rutgers

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University draft study prepared for the state of New Jersey which estimated that New Jersey's abortion rate increased by 240 abortions per year as a result of the state's family cap. As a result, since 1993, nearly 900 abortions have occurred in New Jersey due to the family cap. Thousands of other children have also been left to fend for themselves because their parents are not allowed to receive assistance on their behalf. I led a broad-based coalition of groups opposing the state's original request for a waiver in 1992 to implement a family cap policy because we knew that the family cap would only drive women into greater depths of poverty and despair and consequently increase the likelihood that they would abort their child. Sadly, our concerns were confirmed by the Rutgers study.

- We knew at the time that money--or more precisely the lack of it--heavily influences a woman's decision to abort her child. A major study by the Alan Guttmacher Institute, a research organization associated with Planned Parenthood, found that 68% of women having abortions said they did so because 'they could not afford to have a child now.' Among 21% of the total sample this was the most important reason for the abortion; no other factor was cited more frequently as 'most important.'
- Demographers have pointed out that 'young, poor, and minority women are more likely to have abortions than older, more affluent, and white women,' even though 'these same groups are also more likely to oppose the right to abortion . . . Seven in ten (70 percent) women with incomes of less than \$25,000 disapprove of abortion, compared with 52
- percent of more affluent women. [Yet] poorer women account for two-thirds (67 percent) of abortions.' One expert observes: 'Few would say an abortion is a good thing, but many women who believe that abortion is wrong find themselves unable to support a child when they become pregnant.'
- The family cap is likely to tip the balance for each poor woman who feels that society has no real interest in the survival of her baby. She will get a powerfully negative message--that her child has no value--especially from those states where Medicaid abortion is readily available.
- Then one of two things will happen. The woman will have an abortion, or the family will descend further into poverty.
- Mr. Speaker, the family cap/child exclusion might present a close question if the incremental payment for a new baby were really so high that it might encourage women and girls to get pregnant and have babies just to get welfare. But this concern simply evaporates when we look at the facts.
- The additional assistance per child varies from state to state, but the median is \$57 per month--fifty-seven dollars. Out of this the mother must pay for the child's clothing, shoes, diapers and other baby supplies, laundry, and bus fare for medical checkups. According to statistics compiled by Catholic Charities in 1994, the low-end costs for these items total \$88.50 per month. So the mother is \$31.50 in the hole even before she begins paying for the child's other expenses. We simply mislead ourselves when we assume that this constitutes an incentive to have more babies.
- Mr. Speaker, there was much about the welfare system that needed changing in 1995--people were trapped in the cycle of poverty and despair. They needed a new program. They needed help and the bulk of our new provisions have been beneficial. But letting states pay to terminate the life of a

child while the same state refuses to pay a mere \$64 a month for food and clothing for that child is unconscionable. Instead, if we want welfare to be temporary and to be a true safety net--a safety net against abortion under duress, a safety net against descent into deeper poverty, then we must ban the family cap.

- One abortion is one too many. It is wrong for the government, whether it be federal, state, or local to embrace policies that would promote abortion and financial impoverishment. The family cap does just that. I encourage my colleagues to join me in cosponsoring my legislation.

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