

TESTIMONY TO THE INTERIM HEALTH SERVICES COMMITTEE

Prepared July 30, 2014 by
Terry Traynor, NDACo Assistant Director
North Dakota Association of Counties

REGARDING COUNTY SOCIAL SERVICES

Madam Chair and members of the interim Health Services Committee – our Association was asked to provide a summary of county costs for social services. As I understand the request, the Committee has noted that the county’s costs related to death investigation were raised during the last session in relationship to other state mandated costs – such as social services – and the boarder discussion of property tax relief through state assumption of such service costs.

With considerable assistance from the counties, the Department of Human Services and the Tax Department, we have prepared several schedules that will hopefully be responsive to your request.

I first want to point out that the Department annually prepares a very detailed report of county expenditures and reimbursements that is very valuable to the counties, and may be of interest to the committee. The most recent report was finalized in June, addressing the previous fiscal year expenditures and I have copied the first page of the 12-pages report for the Committee as Attachment 1. For reference it is commonly called the “Greensheet” report, as it is printed each year on green paper for consistency.

The first three bullets of this “highlights page” are very significant. They report an overall increase of county expenditures for social services of 8.6% and an overall decrease of 3.1% in reimbursements coming from the State – resulting in a 14% increase in Net County Costs between SFY2012 and 2013. As has been pointed out previously, and as will be reflected in the following schedules, these net county costs are almost exclusively funded with property tax revenue, and as they consist of payments to the Department for grant costs set by the state and for staff costs driven by the state salary schedule, counties have little control over this increase – an increase that is clearly out-pacing the growth of new taxable property.

Attachment 2 is my extraction of the Department’s 12-page report. It compiles the county costs into four primary categories. In the first two columns you will see the

county administrative costs associated with the two primary “divisions” of county social services:

- Economic Assistance (Medicaid, SNAP, TANF, Child Care Assistance, etc.), and
- Child Welfare and Aging Services

It is important to note that while the total of the two columns is an exact figure for each county’s administrative costs, the allocation of these costs between the two “divisions” is based on a statewide random moment time study, validated on a statewide basis for federal reimbursement purposes.

Column “c” depicts the actual billings and payments to the Department for child welfare “grant” costs. These are primarily the county share (25% of the non-federal portion) of payments to foster families, group homes, subsidized adoption situations and contracted services to support families with children at risk of out-of-home placement. This grouping of costs was the focus of the original HB1233 from last session, and similar legislation in 2009 and 2011.

Column “d” contains all other payments made to the State, based on DHS billings. This includes such things as wide area network costs to connect with Department computer systems and a portion of the administration charged for electronic benefit transfer (EBT) card issuance.

Grant charges are billed to the counties on a formula basis to avoid drastic annual swings. For the largest part they are based on youth population, taxable value, poverty rates, and past foster care placements.

The remaining columns are; a total the first four columns (e), the reimbursements received from DHS (f), and the Net County Cost total (g).

The reimbursements are largely federal funds leveraged by the counties’ administrative costs related to child welfare and aging services. The federal funds leveraged by the economic assistance administration are retained by DHS in recognition of the State’s assumption of the Medicaid grant costs in 1997. The reservation counties are important exceptions to this, in that they receive significant state assistance in recognition of their lack of taxable property.

Attachment 3 examines this cost center from the county revenue side and looks to the future. This schedule breaks down the “local” revenue anticipated for the (CY2014 county budget year. It is taken from the counties certified mill levies and

supplemented with survey data. Counties were asked to exclude anticipated DHS reimbursements for this schedule to zero-in on just what the county must raise.

Columns a, b & c are the dedicated mills levied for each county's social service budget. The total of these (d) is multiplied by the value of a mill in that county (e) for a total of the dedicated levies in dollars (f).

As 12% of all levies were paid this year by the legislative appropriation for property tax relief, column "g" shows that amount, while "h" shows the net paid by the property taxpayers of that county for these dedicated levies only. Column "i" shows the additional general funds budgeted specifically for social services. In resource counties it is probably safe to assume a fair amount of this revenue comes from coal or oil tax revenues, however in the other counties (notably the extreme case – Ramsey) we are aware that this revenue is coming primarily from the general fund mill levy.

The counties have collectively budgeted \$56.9 million in Net County Costs for CY2014 (j). As this is significantly higher than the SFY2013 report, I thought it prudent to dig a bit deeper. The factors driving the increase include:

- CY2014 actually ends 18-months after the period of the state report, so there is some time difference,
- Levies are usually set 5% above budgeted need, as allowed by statute in anticipation of unpaid taxes,
- The DHS SFY13 report has, at most, six months of the new wage increases due to the "Hay Study", which are now incorporated into all county budgets,
- The Hay Study impacts put some budgets into a deficit situation in CY2013, causing excess levies going into CY2014,
- CY2014 will be the first full year for the current 2-year health insurance contract,
- CY2014 will be the first full year for the most recent adjustment to the NDPERS retirement contribution, and
- Many of the larger counties included new FTEs in anticipation of the administrative impact of expanded Medicaid.

Madam Chair and committee members, it is our hope that this information is helpful to the committee and responsive to its request.

SFY2013 Expenditure & Reimbursement Report Highlights

- \$5,461,172 or 8.6% Increase on Total Expenditures between 2012-2013
The increase is due to inflationary & salary increases
- \$(598,253) or 3.1% Decrease on Total Reimbursements between 2012-2013
The decrease is due to Indian County allocation; SNAP Incentive Bonus; and billings for Aging Services; WrapAround & Parent Aid Services.
- \$6,059,425 or 14% Increase in Net County costs between 2012-2013

- \$2,870,940 or 8.8% Increase of Total Child Welfare & Aging Expenditures between 2012-2013
- \$(365,093) or 2.3% Decrease of Child Welfare & Aging Administrative Reimbursements between 2012-2013 is due to WrapAround & Parent Aid Services.
- 43% of Reimbursement for total Child Welfare & Aging Expenditures in SFY13
44% Reimbursement when CWCA & Value of Space is included. SFY12 was 48% CW/Aging and 50% with CWCA & Value of Space. Besides the specific changes noted above RMTS hits also have an effect on the percentage of expenditures and reimbursements between 2012-2013 (attached).

Attachment 2

County Social Services Board Expenditures, Reimbursements and Other Revenues

For State fiscal year July 1, 2012 through June 30, 2013

	Econ. Assist. Administration *	Child Welfare & Aging Admin *	Child Welfare Billings from DHS	Other DHS Billings **	Gross Total County Costs	Reimbursements & Other Revenues	Indian Co. Reimbursements	Net County Costs
	a. 'Greensheet' P3	b. Calculated	c. 'Greensheet' P7	d. Calculated	e. 'Greensheet' P1	f. 'Greensheet' P1	g. 'Greensheet' P2	g. 'Greensheet' P1
Statwide Total	24,912,726	34,935,237	8,291,991	1,066,508	69,206,462	18,721,292	2,566,103	50,485,170
Adams	139,862	268,934	28,535	1,665	438,996	99,967		339,029
Barnes	472,071	597,525	141,790	9,973	1,221,359	226,554		994,805
Benson	563,931	252,266	40,868	5,370	862,435	688,753	610,597	173,682
Billings	Combined with Golden Valley			-				
Bottineau	299,750	394,219	67,179	7,388	768,536	169,074		599,462
Bowman	165,988	289,303	43,344	2,728	501,363	65,311		436,052
Burke	124,319	112,132	17,763	1,527	255,741	36,728		219,013
Burleigh	2,328,919	3,192,443	968,439	121,302	6,611,103	1,687,617		4,923,486
Cass	4,001,722	6,323,288	1,956,165	249,513	12,530,688	3,217,676		9,313,012
Cavalier	282,084	347,840	41,491	14,137	685,552	201,896		483,656
Dickey	220,799	458,837	68,292	9,035	756,963	234,565		522,398
Divide	95,986	317,781	23,375	3,410	440,552	81,736		358,816
Dunn	163,147	313,752	28,075	2,161	507,135	135,278	32,360	371,857
Eddy	124,036	136,001	27,549	4,302	291,888	41,650		250,238
Emmons	125,818	93,038	30,638	2,356	251,850	40,674		211,176
Foster	116,631	231,191	47,335	5,203	400,360	56,626		343,734
Golden Valley	131,998	181,541	29,570	4,565	347,674	62,696		284,978
Grand Forks	2,184,598	3,505,862	989,823	141,643	6,821,926	1,692,366		5,129,560
Grant	106,471	116,067	36,346	2,895	261,779	37,789		223,990
Griggs	176,508	142,396	20,531	2,715	342,150	59,667		282,483
Hettinger	160,561	229,482	27,291	2,406	419,740	106,070		313,670
Kidder	123,077	91,526	18,337	1,858	234,798	24,797		210,001
LaMoure	76,058	123,950	44,693	2,401	247,102	47,272		199,830
Logan	90,662	88,122	14,567	1,396	194,747	35,589		159,158
McHenry	181,236	320,853	61,107	6,603	569,799	146,783		423,016
McIntosh	168,075	76,067	37,587	2,636	284,365	31,235		253,130
McKenzie	287,148	539,491	60,136	13,618	900,393	318,630	158,610	581,763
McLean/Central Dak.	852,756	1,168,922	176,375	18,375	2,216,428	436,584		1,779,844
Mercer	Part of Central Dakota District			-				
Morton	1,090,098	1,039,505	345,331	36,048	2,510,982	581,688		1,929,294
Mountrail	437,707	741,829	75,486	16,529	1,271,551	587,174	328,653	684,377
Nelson	157,123	133,597	29,260	3,561	323,541	46,538		277,003
Oliver	Part of Central Dakota District			-				
Pembina	347,602	402,206	85,382	5,601	840,791	163,070		677,721
Pierce	159,407	242,896	43,710	3,449	449,462	125,281		324,181
Ramsey/Lakes Dist.	675,198	1,059,447	250,077	18,160	2,002,882	464,458		1,538,424
Ransom	137,680	198,947	52,977	4,442	394,046	89,691		304,355
Renville	94,493	205,032	22,380	1,346	323,251	131,597		191,654
Richland	396,064	883,318	186,653	19,316	1,485,351	453,025		1,032,326
Rolette	1,049,152	499,036	81,854	11,361	1,641,403	1,308,825	1,034,647	332,578
Sargent	110,392	187,094	39,538	18,123	355,147	139,885		215,262
Sheridan	Part of Central Dakota District			-				
Sioux	430,930	156,700	14,746	2,361	604,737	443,005	401,236	161,732
Slope	Combined with Bowman			-				
Stark	950,082	1,563,855	340,121	82,981	2,937,039	1,014,189		1,922,850
Steele	134,301	135,333	21,349	1,385	292,368	30,104		262,264
Stutsman	1,016,474	1,142,441	240,451	39,464	2,438,830	562,780		1,876,050
Towner	Part of Lakes District			-				
Trail	371,040	685,186	123,872	16,188	1,196,286	278,504		917,782
Walsh	413,314	652,926	129,953	24,501	1,220,694	330,492		890,202
Ward	1,934,209	2,784,906	748,716	77,265	5,545,096	1,187,295		4,357,801
Wells	260,825	415,431	45,380	9,281	730,917	172,059		558,858
Williams	982,424	1,892,723	367,554	33,965	3,276,666	628,049		2,648,617
	24,912,726	34,935,237	8,291,991	1,066,508	69,206,462	18,721,292	2,566,103	50,485,170

* Allocation of administrative costs between EA and Welfare programs is based on statewide random moment time study

** Includes charges for wide area network, EBT benefit card issuance, wrap around case management

Attachment 3

County Dedicated Levies & General Fund Allocations for CY2014 Budgets

	Levy 1203 Human Service in Gen. Fund	Levy 1220 Human Services	Levy 1222 Emergency Human Serv.	Total Dedicated HS Levies	Value of 1 Mill	Total Dedicated HS Levies in \$	Notes	Total Paid by State 12% Tax Credit	Net Collected from Dedicated Soc. Ser. Levies	Additional General Fund Contributions	Total CY2014 'Local Revenue' for Soc. Service
	a	b	c	d	e	f		g	h	i	j
Adams		20.00	18.25	38.25	10,974	419,762	1	50,371	369,390		419,762
Barnes		16.00		16.00	65,241	1,043,853		125,262	918,591		1,043,853
Benson		6.34		6.34	26,028	165,019		19,802	145,217		165,019
Billings		7.89		7.89	12,863	101,486		12,178	89,308		101,486
Bottineau		15.18		15.18	49,185	746,623		89,595	657,028		746,623
Bowman		9.24		9.24	24,869	229,790	2	27,575	202,215	290,000	519,790
Burke		9.36		9.36	20,291	189,925		22,791	167,134		189,925
Burleigh		15.82		15.82	341,456	5,401,828		648,219	4,753,609		5,401,828
Cass		19.50		19.50	548,947	10,704,469		1,284,536	9,419,933	203,047	10,907,516
Cavalier		16.84		16.84	38,579	649,671		77,961	571,710		649,671
Dickey		12.50		12.50	32,154	401,919		48,230	353,689		401,919
Divide		8.63		8.63	23,850	205,825		24,699	181,126		205,825
Dunn	3.22			3.22	35,830	115,372		13,845	101,528		115,372
Eddy		20.00		20.00	10,765	215,303		25,836	189,467		215,303
Emmons		5.29		5.29	22,724	120,209		14,425	105,784		120,209
Foster		20.00		20.00	19,165	383,292		45,995	337,297		383,292
Golden Valley		17.71		17.71	9,600	170,009		20,401	149,608		170,009
Grand Forks		21.66		21.66	225,425	4,882,706		585,925	4,296,781		4,882,706
Grant		13.29	0.23	13.52	15,046	203,429		24,411	179,017		203,429
Griggs		16.70		16.70	16,249	271,366		32,564	238,802	1,775	273,141
Hettinger		15.75		15.75	20,455	322,174		38,661	283,513		322,174
Kidder		15.00		15.00	14,602	219,032		26,284	192,748	129,576	348,608
LaMoure		10.89		10.89	31,394	341,884		41,026	300,858		341,884
Logan		15.03		15.03	11,678	175,522		21,063	154,460		175,522
McHenry		13.21		13.21	33,317	440,118		52,814	387,304		440,118
McIntosh		16.91		16.91	15,727	265,946		31,914	234,033		265,946
McKenzie				-	81,998	-		-	-	954,157	954,157
McLean		7.54		7.54	55,588	419,136		50,296	368,839	430,000	849,136
Mercer		8.02		8.02	31,455	252,271		30,273	221,999		252,271
Morton		18.50	2.00	20.50	99,992	2,049,826		245,979	1,803,847	382,500	2,432,326
Mountrail		9.80		9.80	73,667	721,932		86,632	635,300	318,000	1,039,932
Nelson		14.95		14.95	22,070	329,945		39,593	290,352		329,945
Oliver		19.48		19.48	10,853	211,417		25,370	186,047		211,417
Pembina		10.19		10.19	51,772	527,561		63,307	464,253		527,561
Pierce		20.00		20.00	25,389	507,778		60,933	446,844		507,778
Ramsey		20.00	4.00	24.00	42,612	1,022,682		122,722	899,960	159,498	1,182,180
Ransom		10.11		10.11	29,588	299,134		35,896	263,238		299,134
Renville	6.99			6.99	20,044	140,106		16,813	123,293		140,106
Richland		15.00		15.00	70,194	1,052,916		126,350	926,566	164,290	1,217,206
Rolette		19.94	7.98	27.92	15,982	446,206		53,545	392,661	241,020	687,226
Sargent		10.93		10.93	27,093	296,126		35,535	260,591	142,792	438,918
Sheridan	11.98			11.98	10,970	131,419		15,770	115,649		131,419
Sioux		13.01	13.96	26.97	3,463	93,401		11,208	82,193		93,401
Slope		3.21		3.21	10,337	33,182		3,982	29,200	94,925	128,107
Stark	16.65			16.65	134,779	2,244,072		269,289	1,974,783		2,244,072
Steele		10.26		10.26	26,748	274,430		32,932	241,499		274,430
Stutsman		20.00	1.64	21.64	80,351	1,738,794		208,655	1,530,139	357,100	2,095,894
Towner		11.87		11.87	21,452	254,639		30,557	224,083		254,639
Trail		19.94		19.94	40,181	801,217		96,146	705,071	109,868	911,085
Walsh		20.00		20.00	47,203	944,063		113,288	830,775		944,063
Ward		16.27		16.27	279,020	4,539,792		544,775	3,995,017	640,000	5,179,792
Wells		20.00	4.96	24.96	30,269	755,511		90,661	664,850		755,511
Williams		20.00	0.23	20.23	192,754	3,899,411		467,929	3,431,482		3,899,411
			Average/Total	14.90	3,212,238	52,373,502		6,284,820	46,088,682	4,618,548	56,992,050

- Notes
1. Adams County Human Service Fund was deficit \$73,850 after CY2013 - levy increase to address
 2. Bowman County general funds due to carry over balance and pay all benefits from the general fund