

Testimony To The  
**INTERIM POLITICAL SUBDIVISION TAXATION COMMITTEE**  
Prepared Wednesday July 29, 2015 by  
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### **REGARDING SOCIAL SERVICE FINANCING STUDY**

Chairman Dockter and members of the Committee, the county officials that make up the North Dakota Association of Counties greatly appreciate the opportunity to address this important study. Many of you are aware that county officials testified during the past Session (and many prior sessions) that social service financing has been a critical issue for counties for a very long time.

A number of Legislators also pointed out during the Session that the property tax is a poor funding source for federal and state directed programs, such as those administered through county social service agencies. Local services, like police and fire protection, road maintenance, utility infrastructure, water management, land record administration, etc. have a clear relationship to property values. Investing property taxes in such local services improves and helps maintain the value of those properties – a clear link that is understandable to our citizens.

On the other hand, federal economic assistance programs, child welfare, and related services have no direct linkage to property values. In reality, there is actually an inverse relationship as counties with the lowest property values often have proportionately the highest costs of social service delivery. This study will create a better understanding of this inverse relationship, and develop an alternative funding mechanism for Legislative consideration. County officials believe that a simple, fair, and effective reimbursement structure can be designed to replace the current property tax support of county social services.

You as Legislators, along with our county officials, undoubtedly recognize that there are a number of important issues to address; but none of these are insurmountable. First and foremost is the preservation of access to services. When a police officer in a rural community must make an arrest of a parent, a child

welfare worker needs to be available – period. Likewise, when an elderly person wishing (and able) to remain in their own home requires in-home care, that care must remain available so that costly, unnecessary facility-based care can be avoided. The funding mechanism must ensure that the current level of access to social services is not eroded.

The funding mechanism must also consider economies of scale. Small rural communities cannot specialize with workers dedicated to each federal program – making their costs somewhat higher. Likewise, some counties have a larger geographical area and lower population density requiring greater travel time (and cost) to effectively deliver services. Additionally, some counties have found it necessary to enhance federal and state services to reach small numbers of (mostly elderly) clients that fall through the cracks of the current statewide programs. Over 40 counties provide in-home services for the elderly on a sliding fee scale with all county funds.

Each of these issues must be considered and addressed – but county officials are confident that this can be done, and the result will be something that can find support in the upcoming Session.

Our Association – its staff and members – are committed the work of your Committee and offer any time and expertise we have to ensure a quality result.