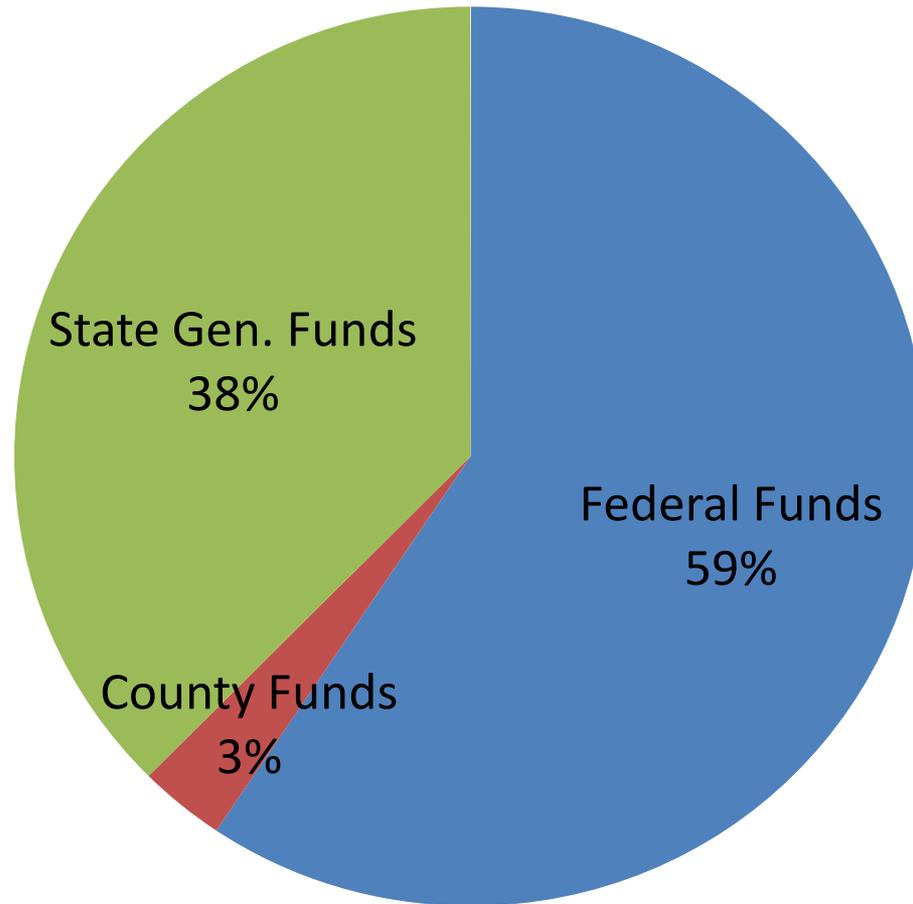


County Social Service Financing

NDACo Presentation Prepared For
The Interim Political Subdivision Taxation Committee

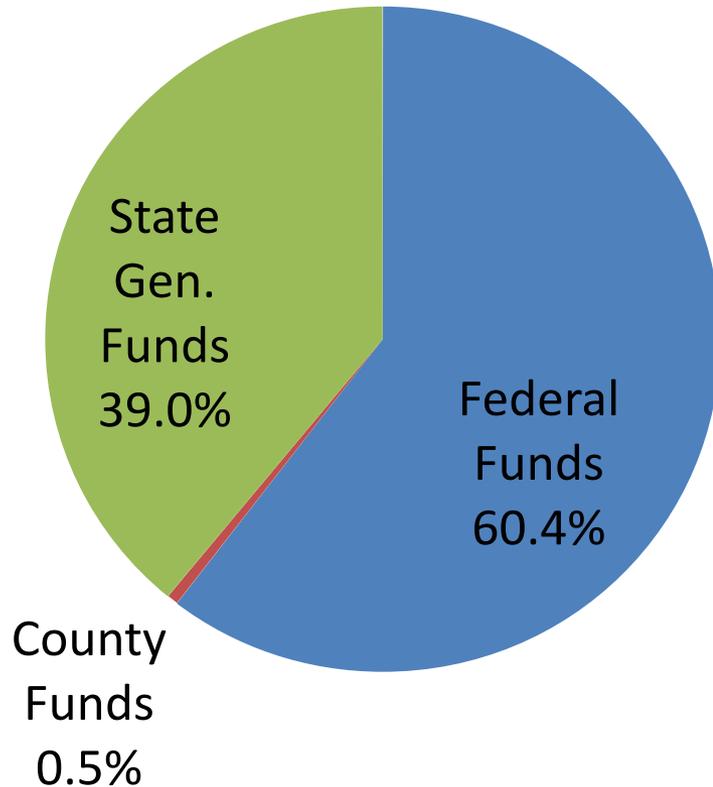
December 1, 2015

Overall State & County Human Service Funding 2013-15 Biennium - \$3.1 Billion

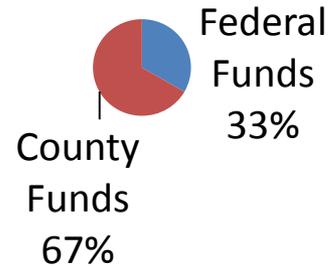


State & County Human Service Funding Comparison by Funding Source – 2013-15 Biennium

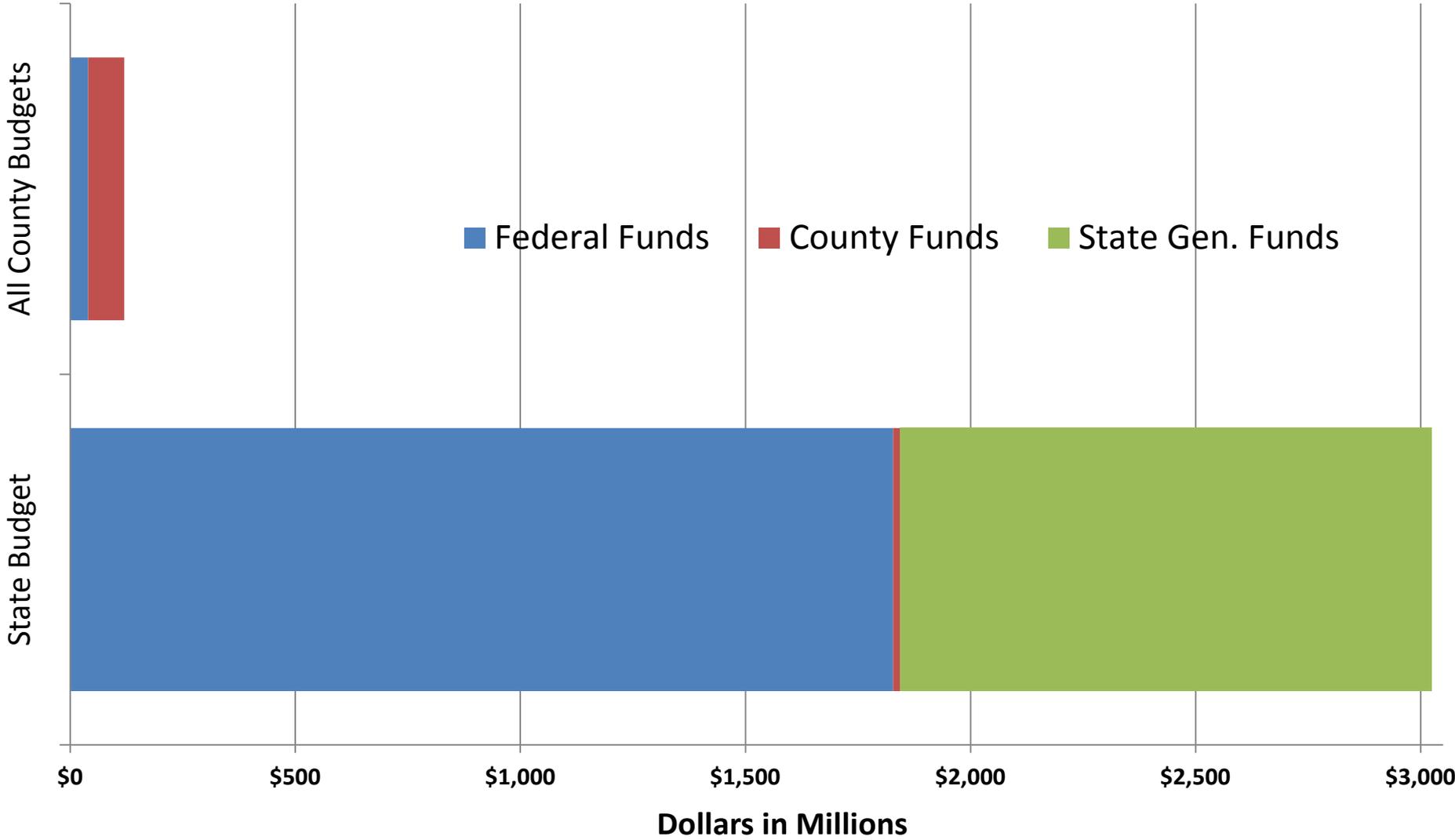
State Human Service Spending
\$3.02 Billion



County Human Service Spending
\$120 Million



State & County Human Service Funding Statewide Totals by Comparison by Funding Source – 2013-15 Biennium



Visualizing the Human Service Budget



We'll start with a \$100 bill. Currently the largest U.S. bill in general circulation.

Visualizing the Human Service Budget



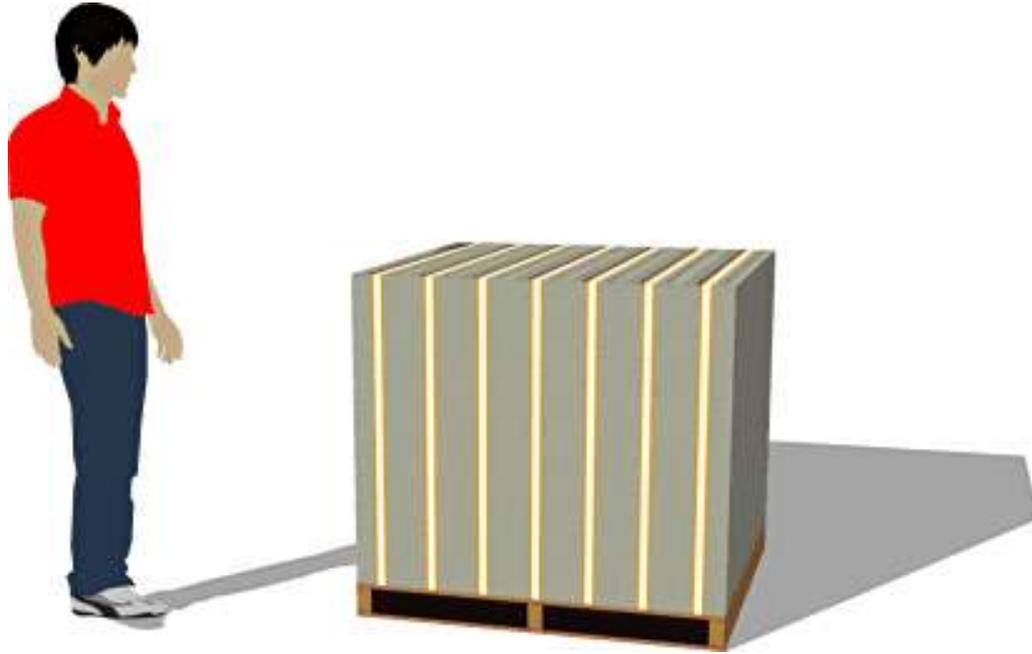
A packet of one hundred \$100 bills is less than ½” thick and contains \$10,000 – It wouldn’t cover the monthly payroll for a 3-person social service office.

Visualizing the Human Service Budget



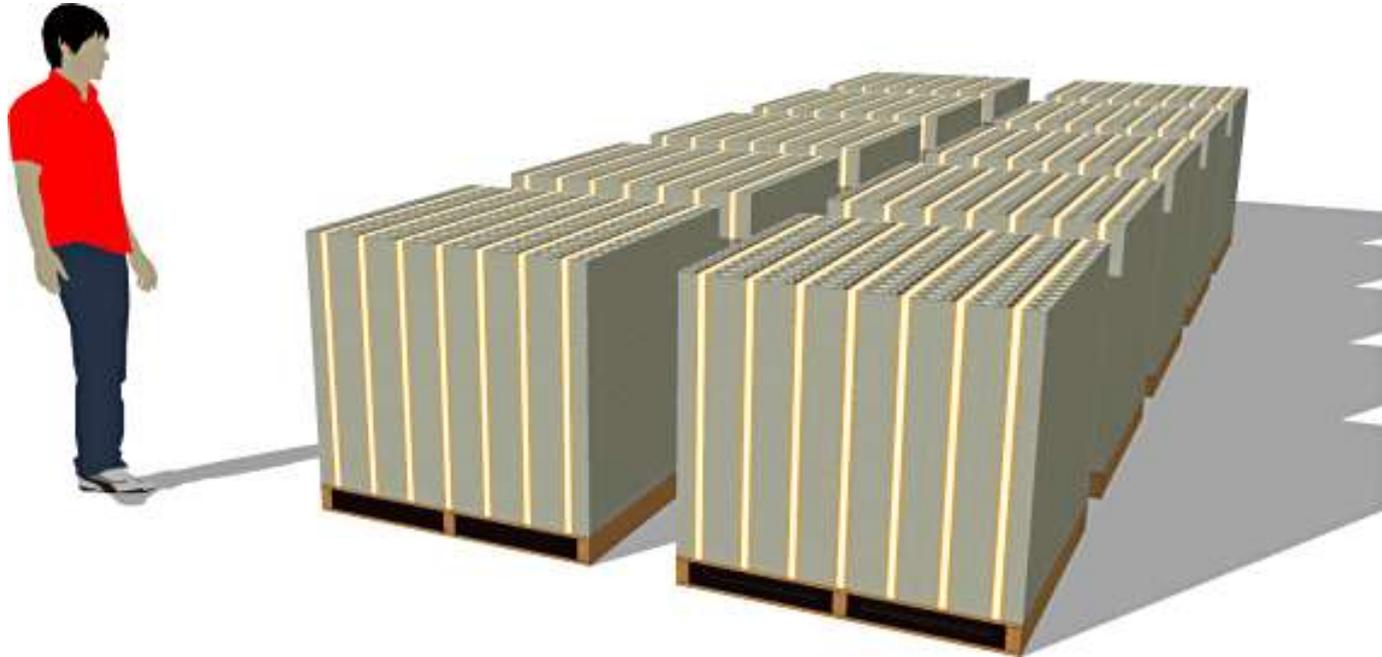
But, believe it or not, this little pile (100 packets of \$10,000) is \$1 million – Ten stacks of bills, five inches high, is enough to cover the annual budget in each county social service office – except for the biggest 10 or so.

Visualizing the Human Service Budget



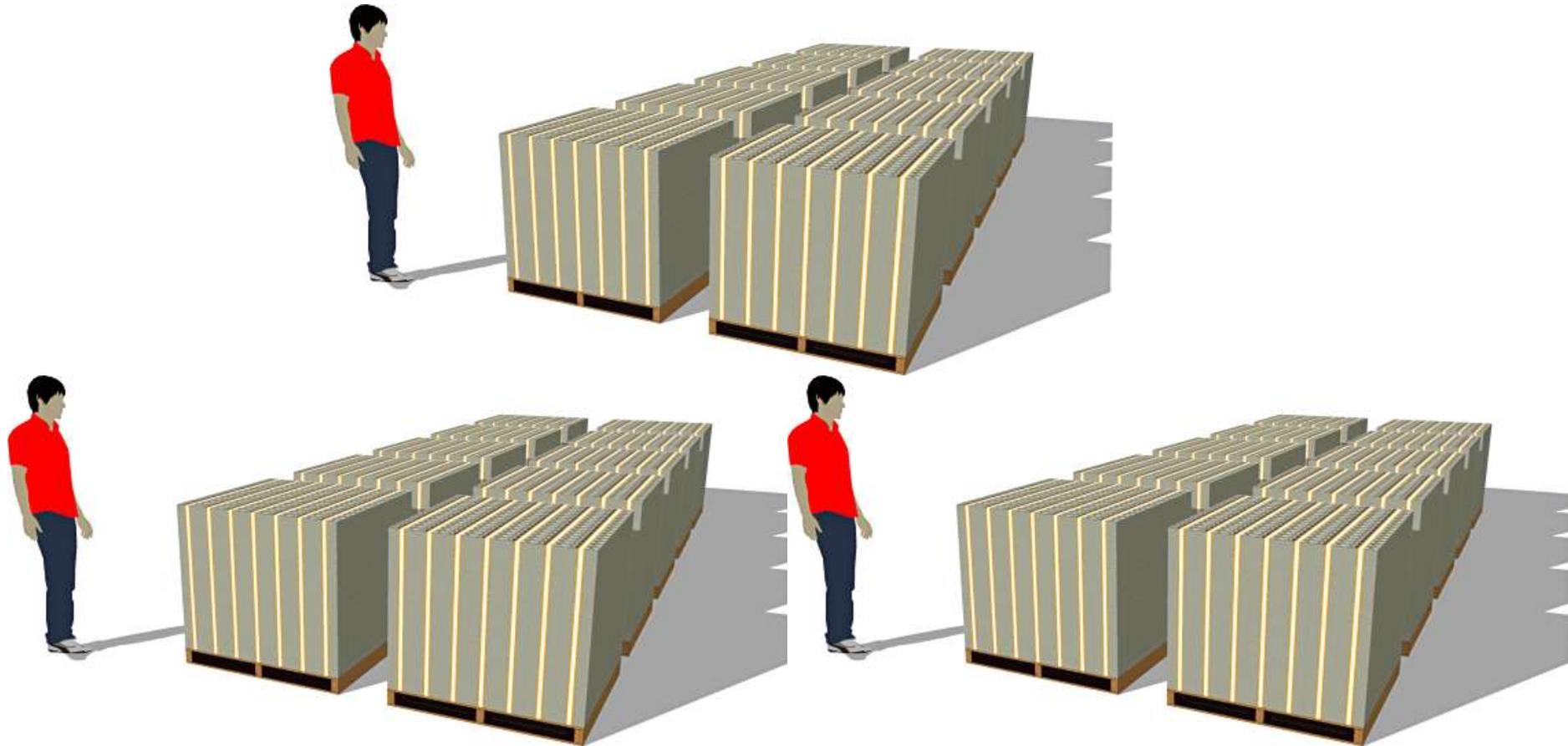
\$100 million is a little more respectable. After this December, when the state assumes the grant/program costs, this pallet of \$100 bills would just about fund county social services statewide for a biennium.

Visualizing the Human Service Budget



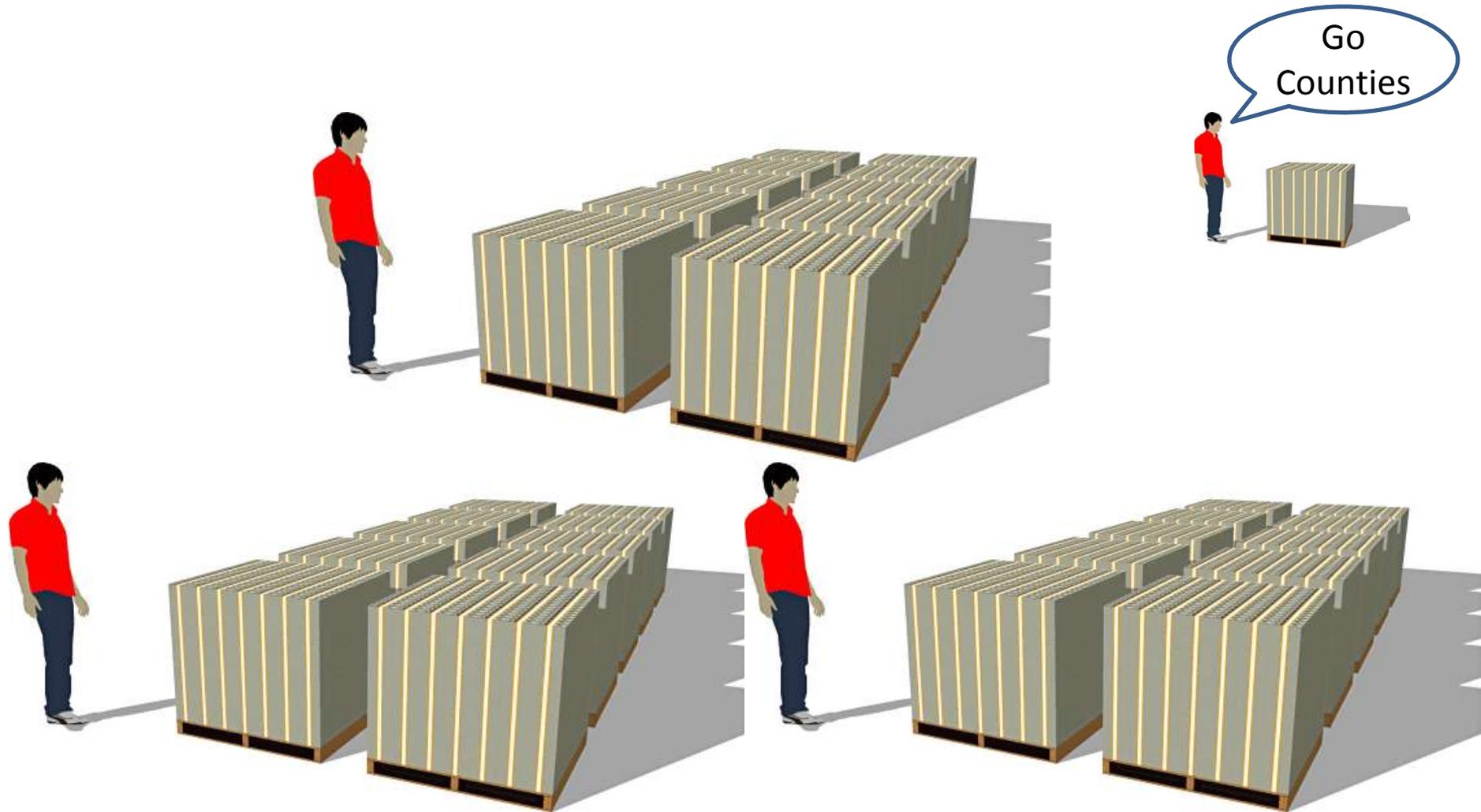
Here we talking real money – Ten pallets of a million each, or \$1 Billion in \$100 bills – but that isn't near enough to fund the State's human service budget

Visualizing the Human Service Budget



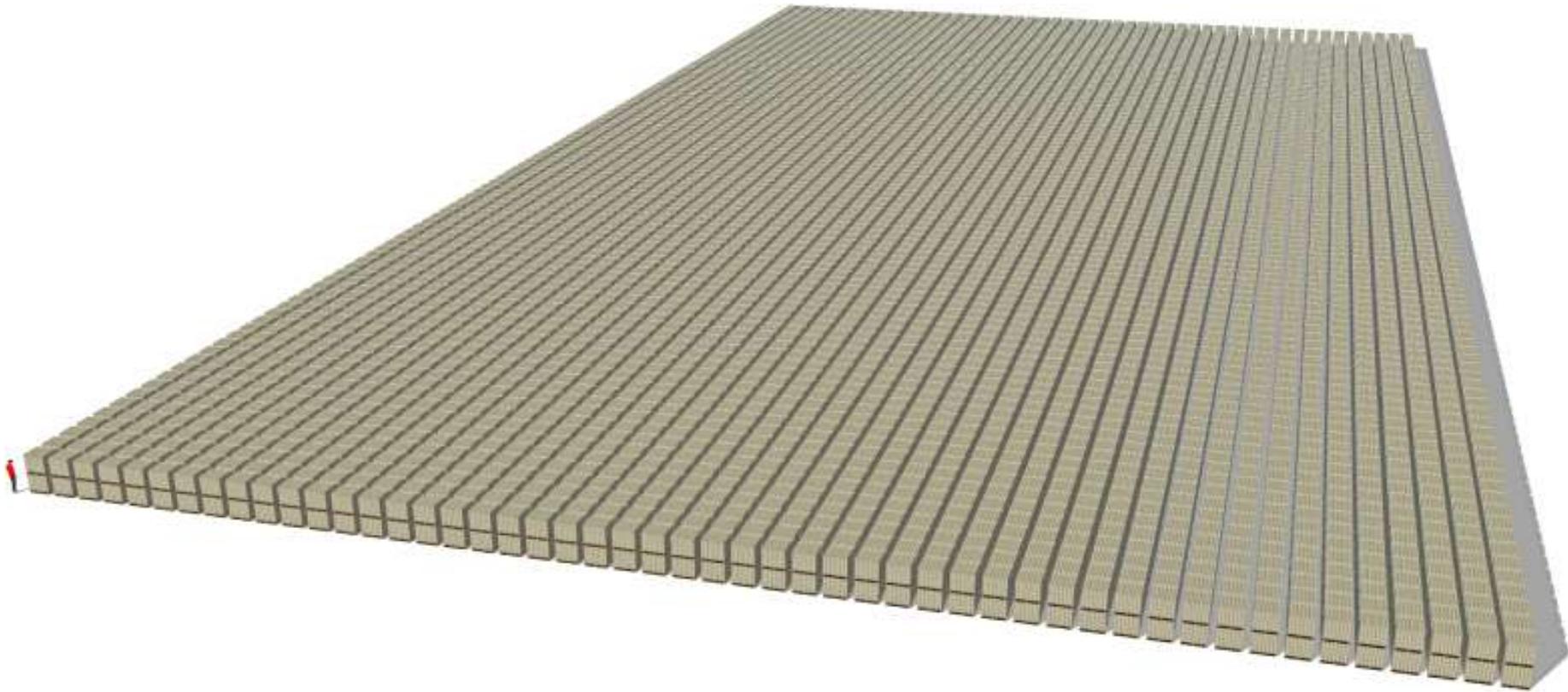
So here it is, 30 – one hundred million dollar pallets of \$100 bills. This would just about cover the \$3 Billion DHS biennial budget.

Visualizing the Human Service Budget



And in comparison, the county social service costs and the state human service costs each for 2 years

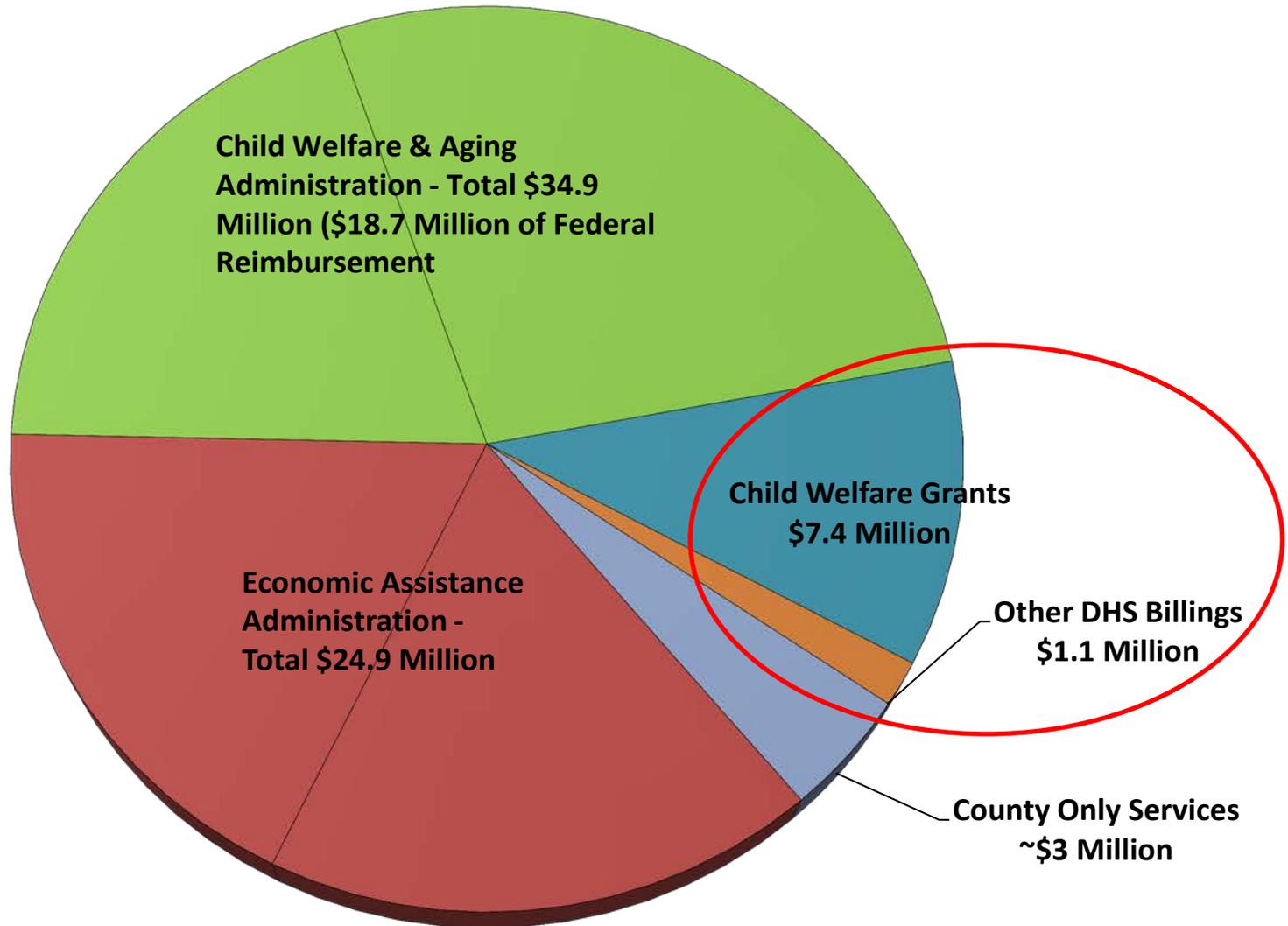
Visualizing the Human Services Budget



And just because it is interesting – here is a look at \$1 Trillion. Notice those pallets are *double stacked*. ...and remember those are \$100 bills. This is what, as a country, we spend in two years on Medicaid alone.

County Human Service Spending SFY13

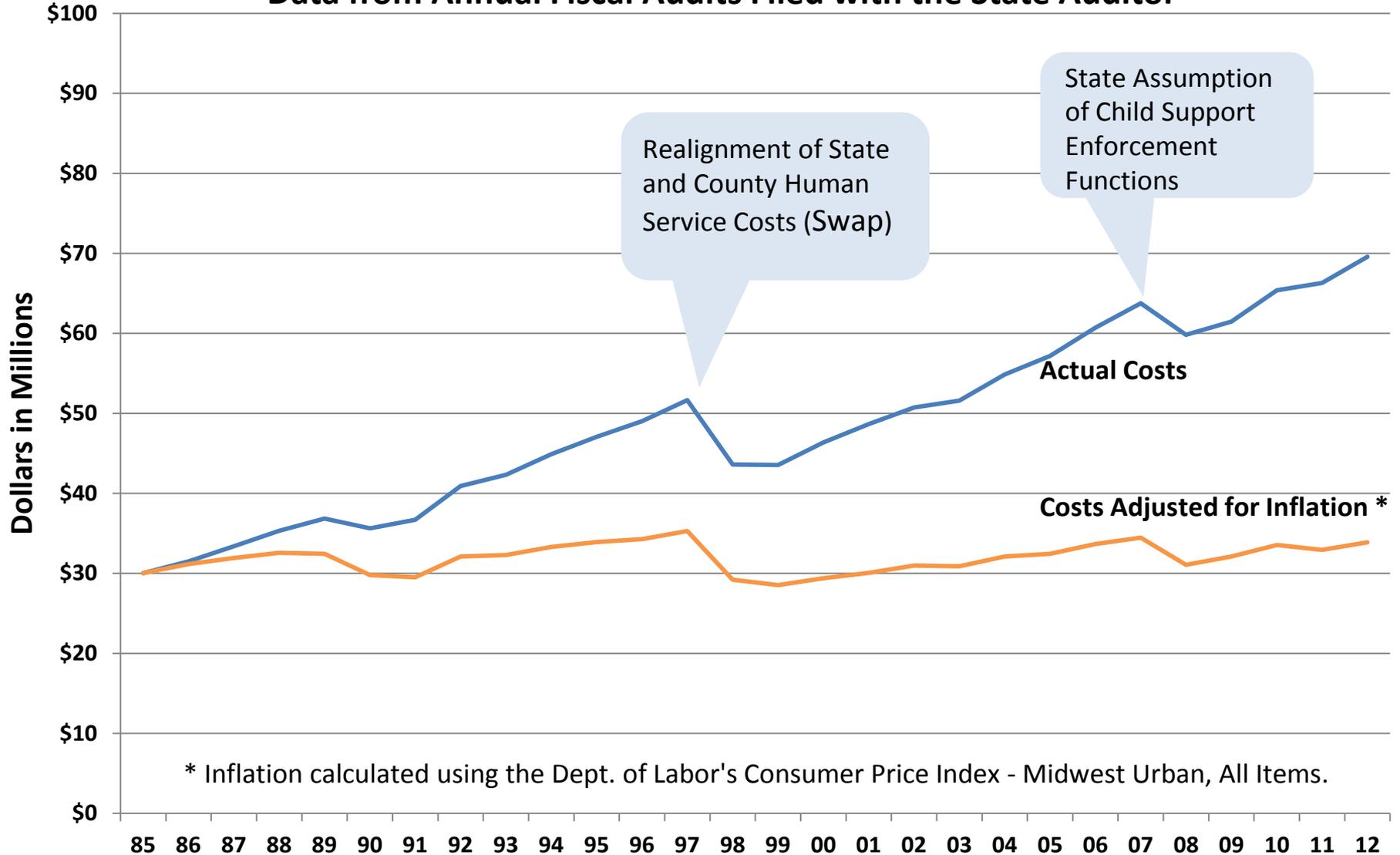
\$68.3 Million Total - \$49.6 Million County Funds



County Human Service Expenditures

All Counties/All Funds

Data from Annual Fiscal Audits Filed with the State Auditor



What Was Done?

1. Collapsed all special levies for human services into one 20-mill authority.
2. Created a \$3.9 million grant program for those previously using the deficiency levy.
3. Shifted grant/program/EBT/WAN costs to the State. (\$9.5 million [in 2013 savings] to counties in beginning in 2016)
4. Required a study to “*...develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to general fund appropriations.*”
5. Limited the growth in county social service budgets for the next two years.
6. Allowed for a Social Service Financing Working Group to assist in generating and analyzing the data necessary to develop a mechanism for the state to pay county costs.

Why Was It Done?

1. Property Tax is a “poor fit” for funding social services
2. Current system levies a very unequal burden among property owners
3. Property taxes are: “Too D@#\$ High!”.
4. Those that set the rules should pay.

Comparison of Property Tax Burden for County Human Service Costs



Mercer County
Sales Price - \$335,000
Social Service Taxes - \$120



Cass County
Sales Price - \$329,900
Social Service Taxes - \$290



Ramsey County
Sales Price - \$330,000
Social Service Taxes - \$560

Why Was It Done?

1. Property Tax is a “poor fit” for funding social services
2. Current system levies a very unequal burden among property owners
3. Property taxes are: “Too D@#\$ High!”.
4. Those that set the rules should pay.

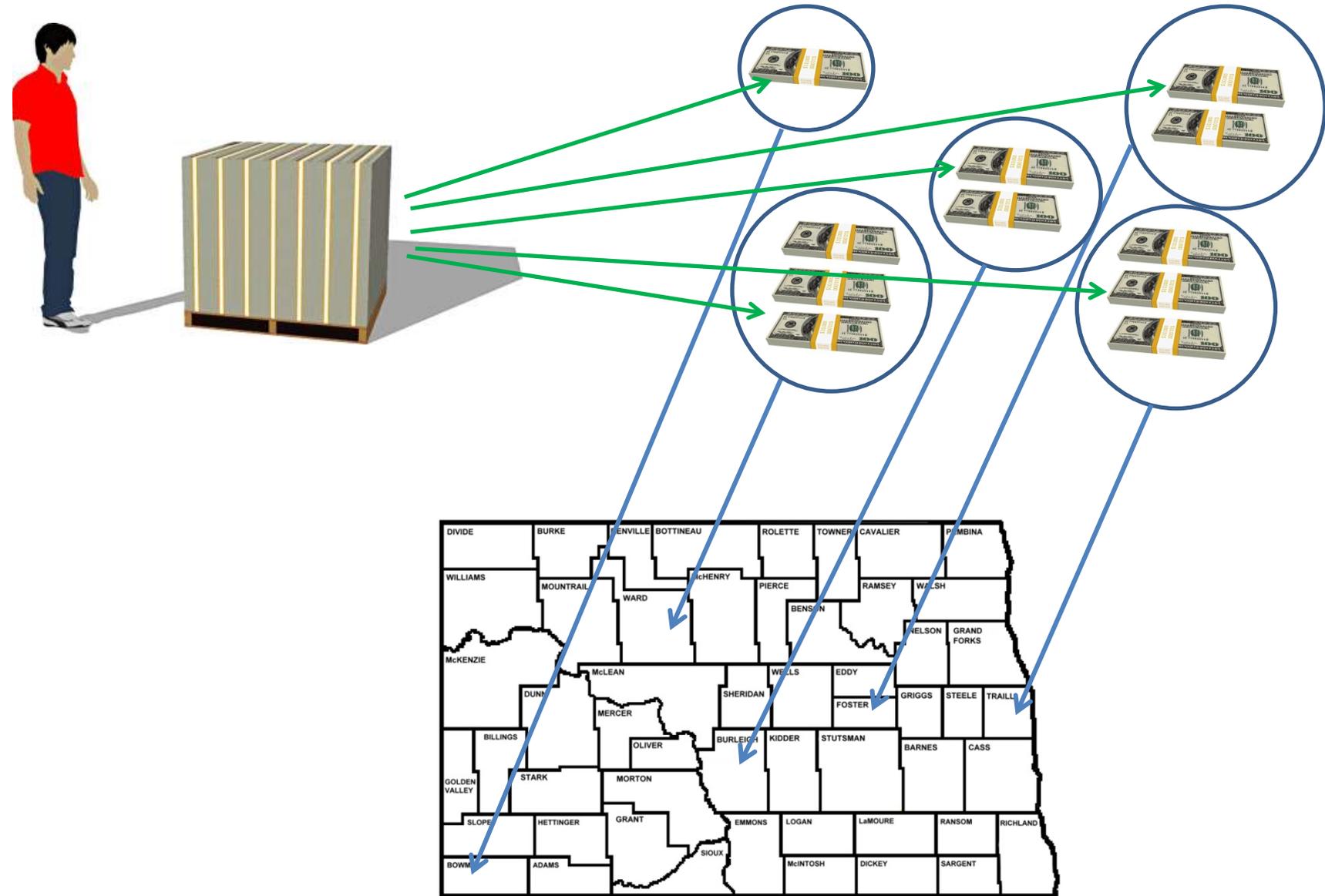
Why Was It Done?

5. AND, it was requested - Repeatedly.

Human Service Financing.therefore this Association is firmly in support of the interim Political Subdivision Taxation Committee's goal of 100% state funding of county social services after CY2017. Counties remain dedicated to the local delivery of human services, but recognize that a state reimbursement of social service costs is both feasible and desirable for our State.

NDACo Resolution 2015-03

How Can This Be Done?



How Can This Be Done?

- ALL county costs of state programs reimbursed
 - Salaries, benefits, payroll taxes
 - Travel, training
 - Space, heat, lights, water, coffee
- Reimbursements may need to recognize the cost differences due to county size and rural transportation issues
- Counties Retain Current Administrative Role
 - Hiring/Staffing
 - Salaries (within state ranges)
- Provisions for “local-option” services
- Recognition of the biennial growth in costs in DHS budgeting process

Questions

