

**CHAPTER 50-34**  
**STATE-FUNDED SOCIAL SERVICES PILOT PROGRAM**

**50-34-01. State-paid economic assistance and social service pilot program - Application - Report. (Effective through July 31, 2019)**

1. The department of human services shall administer a statewide pilot program for state funding of staffing and administrative costs related to the administration of economic assistance and social service programs.
2. Payments must be distributed to service areas pursuant to the formula in section 50-34-04 with the first formula payment distributions commencing in January 2018.
3. Services areas shall cooperate with the department of human services to adopt administrative and operational cost-savings methodologies and determine options for consolidations.
4. The director shall appoint a committee to study the operation of the pilot program and develop a plan for the permanent implementation of the formula established in section 50-34-04.
5. Before November 1, 2018, the department of human services shall report to the legislative management on the status of the pilot program and the development of a plan for permanent implementation of the formula established in section 50-34-04. The implementation plan must include recommendations for caseloads and outcomes for social services, designated child welfare services, and economic assistance; considerations regarding the delivery of county social services to ensure appropriate and adequate levels of service continue; options for efficiencies and aggregation; analysis of the potential reduction in social service offices, organizations, and staff due to consolidations; the feasibility and desirability of, and potential timeline for, transitioning county social service staff to the department of human services; and considerations for oversight and chain of command within social services and human services. The implementation plan must be submitted to the sixty-sixth legislative assembly as part of the department of human services budget request and identify the estimated biennial cost of the plan.

**50-34-02. Definitions. (Effective through July 31, 2019)**

As used in this chapter, unless the context otherwise requires:

1. "Base year" means calendar year 2015.
2. "Case-month" means the provision of economic assistance or social services to one individual for the period of one month or the provision of energy assistance through the low income home energy assistance program for the period beginning October first of each year and ending May thirty-first of the following year.
3. "Director" means the executive director of the department of human services or the executive director's designee.
4. "Service area" means a county or consolidated group of counties administering economic assistance and social service programs within a designated area.

**50-34-03. Formula payments to service areas - Distributions by the director. (Effective through July 31, 2019)**

1. The director shall calculate the total formula payment for each service area pursuant to section 50-34-04 for each calendar year based on each service area's most recently available case-month data. The director shall notify each service area of the amount of its formula payment for calendar year 2018 on or before August 15, 2017, and for calendar year 2019 on or before June 1, 2018.
2. The director shall distribute fifty percent of the amount of each service area's formula payment determined under subsection 1, within the limits of legislative appropriation, on or before January tenth.

3.
  - a. By June first of each year, the director shall recalculate the total formula payment for each service area pursuant to section 50-34-04 for the current calendar year based on each service area's most recently available case-month data.
  - b. If the recalculated formula payment results in an increase of five percent or less or a decrease of five percent or less as compared to the formula payment determined under subsection 1, the director shall distribute fifty percent of the amount of each service area's formula payment determined under subsection 1, within the limits of legislative appropriation, on or before June fifteenth.
  - c. If the recalculated formula payment results in an increase of more than five percent as compared to the formula payment determined under subsection 1, the director shall calculate the remainder of each service area's formula payment by subtracting one hundred five percent of the amount determined under subsection 1 from the amount determined under subdivision a and add the resulting amount to the amount distributed under subsection 2. The director shall distribute the remainder of each service area's formula payment as determined under this subdivision, within the limits of legislative appropriation, on or before June fifteenth.
  - d. If the recalculated formula payment results in a decrease of more than five percent as compared to the formula payment determined under subsection 1, the director shall calculate the remainder of each service area's formula payment by subtracting ninety-five percent of the amount determined under subsection 1 from the amount determined under subdivision a and add the resulting amount to the amount distributed under subsection 2. The director shall distribute the remainder of each service area's formula payment as determined under this subdivision, within the limits of legislative appropriation, on or before June fifteenth.
4. For payments disbursed after calendar year 2018, the director shall subtract from a service area's June fifteenth disbursement any amount exceeding the limitation under section 50-34-05.

**50-34-04. Baseline funding amounts - Calculation of formula payment. (Effective through July 31, 2019)**

1. The director shall calculate each service area's base year case-month totals and direct gross expenditures. A service area's direct gross expenditures include the actual amount expended within a service area in the base year for staffing and administrative costs related to the administration of economic assistance and social service programs as well as eligible federally allowable indirect costs. For purposes of this subsection, "eligible federally allowable indirect costs" means twenty-five percent of the average of the federally allowable indirect costs allocated to each service area in calendar years 2012, 2013, and 2014.
2. The director shall calculate each service area's base rate per economic assistance case-month by dividing the service area's economic assistance net expenditures by the economic assistance case-months reported for the service area in the base year. For purposes of this subsection, "economic assistance net expenditures" means the amount calculated by subtracting the amount paid to the service area in the base year for services reimbursed by medical assistance from the service area's economic assistance base year gross expenditures.
3. The director shall calculate each service area's base rate per social service case-month by dividing the service area's social service net expenditures by the social service case-months reported for the service area in the base year. For purposes of this subsection, "social service net expenditures" means the amount calculated by subtracting the amount paid to the service area in the base year for services reimbursed by medical assistance from the service area's social service base year gross expenditures.
4. The director shall calculate the total formula payment by summing the following:
  - a. The product of the service area's rate per economic assistance case-month and the service area's most recently available economic assistance caseload data.

- b. The product of the service area's rate per social service case-month and the service area's most recently available social service caseload data.

**50-34-05. Service area human services fund - Establishment - Fund balance limitations. (Effective through July 31, 2019)**

Each service area in this state shall maintain a fund to be known as the service area human services fund. All expenditures by the service area for the relief of the needy must be paid from the service area human services fund. If, due to unforeseen or other extenuating circumstances, a service area's formula distribution payment is not sufficient to meet the expenses of that service area, the board of county commissioners may approve a transfer from the county's general fund to the service area human services fund upon a majority vote of all members. The balance of moneys in the fund on January first of each year may not exceed five hundred thousand dollars for a service area that had annual expenditures of two million dollars or greater in calendar year 2015 or one hundred thousand dollars for a service area that had annual expenditures of less than two million dollars in calendar year 2015.

**50-34-06. Service area human services fund - Transfer. (Effective through July 31, 2019)**

If on January 1, 2018, the balance of a service area human services fund exceeds the limitations in section 50-34-05, the county treasurer shall transfer the amount exceeding the limitations in section 50-34-05 to the designated county general fund within that service area. A county receiving a transfer shall reduce its county general fund mill levy for taxable year 2018 by an equivalent amount. If the amount of a county's general fund mill levy is not sufficient to account for the entire required reduction, the county shall reduce an additional county-wide mill levy for taxable year 2018 to account for the remainder of the required reduction. If on January 1, 2019, the balance of a service area human services fund exceeds the limitations in section 50-34-05, the director shall reduce the service area's formula payment as directed in subsection 4 of section 50-34-03.

**50-34-07. Authority to withhold funding. (Effective through July 31, 2019)**

Notwithstanding subsection 2 of section 50-01.2-06, if a service area fails to perform duties directed or assigned and supervised by the department of human services, the department of human services may withhold funding from the service area. The amount withheld may not exceed double the actual cost of the duty that was not performed, the per activity amount from the formula, the cost to the department of human services, or the amount of a federal penalty imposed as a result of the duty that was not performed.

**50-34-08. Social services finance fund. (Effective through July 31, 2019)**

The social services finance fund is a special fund in the state treasury. Moneys in the fund may be used, subject to legislative appropriation, for the provision of formula payments to service areas pursuant to this chapter.