

FISCAL NOTE
Requested by Legislative Council
01/15/2013

Bill/Resolution No.: HB 1233

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$(18,859,791)		\$(21,020,148)
Expenditures			\$20,454,071	\$(18,859,791)	\$21,020,148	\$(21,020,148)
Appropriations			\$20,454,071	\$(18,859,791)	\$21,020,148	\$(21,020,148)

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties		\$(19,815,374)	\$(21,020,148)
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1233 provides for the state to take over the financial responsibility for family preservation services and the foster care & subsidized adoption programs. The Bill also provides for the Department to study the administration & funding of state & county social service programs.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

HB1233 requires the state to take over all costs, in excess of the amount provided by the federal government, for the foster care and subsidized adoption programs. It is also presumed that the Bill intends for the state to take over all costs for family preservation services since the county portion of those services has been removed from section 50-03-08. Currently the counties are billed a portion of the program costs not funded by the federal government for family preservation services, foster care and subsidized adoption programs. The amount billed to the counties is not to exceed twenty-five percent. The Bill also requires the county social service boards to submit a budget to the Department of Human Services in 2013, identifying the reduction in county expenditures for the foster care, subsidized adoption, and other family preservation services including how the reduction will be passed on to property taxpayers. Lastly the Bill provides for the Department of Human Services to study and develop a plan for restructuring the administration and funding of all state and county social service programs into a state administered and funded social service program. The findings, proposed plan and necessary legislative changes must be presented to legislative management before June 1, 2014.

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.*

The reduction in revenues is due to the counties no longer being required to pay the state for up to 25% of the costs of family preservation programs and foster care and subsidized adoption programs. This results in lost revenues from the county of \$19,221,094 for the 2013-2015 biennium and \$21,020,148 in the 2015-2017 biennium. In addition, there would be an increase in federal funds of \$361,303 for the 2013-2015 biennium related to the availability of federal funds to pay for a portion of the cost of the study.

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.*

The increase in General fund expenditures is due to the state picking up all costs, in excess of the amount provided by the federal government, for family preservation services, foster care, and subsidized adoption programs. Costs included in these programs include room and board for children placed in foster care homes and facilities, treatment costs, intensive-in-home services, parent aid, prime-time day care, respite care, wraparound case management, safety permanency and subsidy payments to adoptive parents of special needs children. This would result in a General fund increase of \$19,815,374 for these grant costs in the 2013-2015 biennium and an anticipated increase of \$21,020,148 for the 2015-2017 biennium. The fiscal impact also includes costs of \$1,000,000 of which \$638,697 is general fund and \$361,303 is federal funds for the 2013-2015 biennium for the Department to study and develop a plan for restructuring the administration and funding of all state and county social services into a state administered and funded social services program. The decrease of other funds in the amount of \$18,859,791 includes the decrease of the county share of program costs for family preservation services, foster care, and subsidized adoption programs in the amount of \$19,221,094 offset by the federal fund increase of \$361,303 for a portion of the study that can be funded with federal funds.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

For the 2013-2015 biennium, the Department's grant budget would be increased by \$594,280, with \$19,815,374 being a general fund increase and \$19,221,094 being a decrease in special funds. Also the Department's operating budget would be increased by \$1,000,000, of which \$638,697 is general fund. For the 2015-2017 biennium, the Department would need a general fund appropriation of \$21,020,148 to cover the grant costs previously paid by the counties, with a corresponding decrease in special funds of the same amount.

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