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Deanna H. Bell
Operator's Signature

10/3/03
Date

2003 HOUSE APPROPRIATIONS

HB 1384

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Demetrius Hall
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10/3/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1384

House Appropriations Committee

Conference Committee

Hearing Date February 5, 2003

Tape Number	Side A	Side B	Meter #
I		X	

Committee Clerk Signature

Minutes:

Chairman Svedjan opens discussion on HB 1384. The prime sponsor of the bill is Representative Wieland. An amendment was offered when he presented the bill a week or so ago. This is a bill that would have the effect of disallowing any mandates onto the counties by actions taken at the state level. The amendment would create an exception that the mandate would not apply to a program, service, or function that is required as a result of a mandate from the federal government. The amendment has been moved for adoption by Representative Kerzman and seconded by Representative Kempenich. Discussion on the amendment?

Rep. Wald If the state of North Dakota passes law that says the county shall cut weeds, for example, before October 15th. Is that a mandate, and we have to pay for it rather than the county?

Rep. Svedjan That would be my interpretation.

Rep. Wald Is that a valid question?

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Page 2
House Appropriations Committee
Bill/Resolution Number 1384
Hearing Date February 5, 2003

Rep. Svedjan It would be a mandate, in my view, that dictates something that has an associated cost.

Rep. Wald So the county says you guys wanted it, you pay for it? I don't think I can buy that.

Chairman Svedjan Any further discussion? The amendment really has to do with the exception.

Rep. Glassheim It also adds state agencies to the legislative body.

Rep. Kerzman I think the amendment makes it more viable.

Chairman Svedjan Any further discussion on the amendment? Hearing none, a voice vote was taken on the adoption of amendment 0103. The amendment is adopted. We now have the amended bill before us, what are your wishes?

Rep. Wald Made a motion for a do not pass.

Rep. Carlson Seconded the motion.

Chairman Svedjan Any discussion?

Rep. Delzer None of us like mandates either from the state or federal government or the state agencies. The amendment that I see adds administrative rules. When I remember the testimony and discussion we had about this bill, there is many ways that I see it being totally unworkable. I think we as legislators need to do everything we can to make sure that we do not pass on any unfunded mandates. I think it is a terrible mistake to put it in law and to set up litigation between the counties and the state and I support a do not pass.

Chairman Svedjan There was also a significant question raised during the hearing wondering how you would handle an unfunded mandate that is determined after the conclusion of the legislative session, which could very likely happen. Any further discussion?

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Page 3
House Appropriations Committee
Bill/Resolution Number 1384
Hearing Date February 5, 2003

Rep. Kerzman I am going to support the bill for the main reason that the buck should stop where the political division passes the mandate. When we pass it on down to the counties the only option they have is to make it up through property taxes.

Chairman Svedjan Any further discussion?

Rep. Carlson Years ago we set up a state aid distribution fund. We have continued to increase that fund, if we went back to look at the first purpose of that fund, we would probably find out that it assists the counties in programs that they were required to provide and the state was going to send some money back. We have to look at that as well, we are contributing.

Rep. Kerzman In response to that, I know it was set up but I don't think we've ever fully funded what it was supposed to be.

Chairman Svedjan Any further discussion? We will take a roll call vote on a do not pass as amended recommendation on HB 1384.

ROLL CALL VOTE ON A DO NOT PASS AS AMENDED

16 YES 4 NO 3 ABSENT

Chairman Svedjan The motion passes 16 to 4. Rep. Wald will carry the bill on the floor.

Discussion ended on HB 1384.

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10/3/03
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FISCAL NOTE
 Requested by Legislative Council
 01/20/2003

Bill/Resolution No.: HB 1384

1A. **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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Without knowing the nature of the mandates enacted by the legislative assembly, it is impossible to determine the fiscal impact of this bill.

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.*

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.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Pam Sharp	Agency:	OMB
Phone Number:	328-4606	Date Prepared:	01/20/2003

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Dennis Hall
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10/3/03
 Date

30591.0103
Title.

Prepared by the Legislative Council staff for
Representative Wieland
January 28, 2003

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1384

Page 1, line 4, after "mandates" insert "- Exception"

Page 1, line 6, after "assembly" insert "or as a result of rules adopted by a state agency"

Page 1, line 8, after the period insert "This section does not apply to a program, service, or
function that is required as a result of a mandate from the federal government."

Renumber accordingly

Page No. 1

30591.0103

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REPORT OF STANDING COMMITTEE (410)
February 6, 2003 7:03 p.m.

Module No: HR-23-1931
Carrier: Wald
Insert LC: 30591.0103 Title: .0200

REPORT OF STANDING COMMITTEE
HB 1384: Appropriations Committee (Rep. Svedjan, Chairman) recommends
AMENDMENTS AS FOLLOWS and when so amended, recommends **DO NOT PASS**
(16 YEAS, 4 NAYS, 3 ABSENT AND NOT VOTING). HB 1384 was placed on the
Sixth order on the calendar.

Page 1, line 4, after "mandates" insert "- Exception"

Page 1, line 6, after "assembly" insert "or as a result of rules adopted by a state agency"

Page 1, line 8, after the period insert "This section does not apply to a program, service, or
function that is required as a result of a mandate from the federal government."

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-23-1931

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2003 TESTIMONY

IB 1384

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10/3/03
Date



Representative Alon Wieland
 District 13
 P.O. Box 412
 West Fargo, ND 58078-0412
 awieland@state.nd.us

NORTH DAKOTA HOUSE

STATE CAPITOL
 600 EAST BOULEVARD
 BISMARCK, ND 58505-0360



COMMITTEES:
 Human Services
 Political Subdivisions

TESTIMONY HOUSE BILL 1384 REPRESENTATIVE ALON WIELAND

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

THE INTENT OF **HOUSE BILL 1384** IS TO CURB MANDATES BY THE STATE, EITHER IN LEGISLATIVE FORM OR BY ADMINISTRATIVE RULES. MANY NEW PROGRAMS, AS OUTLINED BY LEGISLATION, PROVIDE THAT POLITICAL SUBDIVISIONS WILL SHARE IN THE COST, BUT HAVE NO VOTE IN DETERMINING THE PROGRAM OR THE COST SHARING ASPECTS OF THE PROGRAM. IN ADDITION, ADMINISTRATIVE RULES CHANGES OFTEN AFFECT POLITICAL SUBDIVISIONS AS WELL. I AM SURE THAT YOU WILL HEAR HOW A CURBING OF THE ADMINISTRATIVE RULES THAT AFFECT POLITICAL SUBDIVISIONS WILL RESTRICT A STATE AGENCY IN THE COMPLETION OF THEIR TASK WITHOUT SOME COSTS TO BE PAID BY POLITICAL SUBDIVISIONS, BUT THAT IS THE INTENT. I REALIZE THAT THE STATE ALSO RECEIVES MANDATES FROM THE FEDERAL GOVERNMENT THAT MAY HAVE TO BE PASSED ON, AND I DO HAVE AN AMENDMENT THAT ADDRESSES THAT ISSUE WHICH HAS BEEN PASSED OUT AS WELL.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MANDATES USUALLY HAVE A DIRECT AFFECT ON REAL ESTATE TAXES, AND THIS BILL CONTINUES A DISCUSSION THAT MUST BE ADDRESSED. I ASK YOUR SUPPORT OF **HOUSE BILL 1384** AS AMENDED.

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10/3/03
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**TESTIMONY BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
REGARDING HOUSE BILL 1384
January 28, 2003**

Chairman Svedjen, members of the committee, my name is Kathy Hogan, I am the Director of Cass County Social Services and I am speaking today as the president of the ND County Social Service Directors Association. I speak in support of HB 1384.

County social service agencies provide a range of services directed by public policy, primarily federal and state, to serve vulnerable individuals in our communities. There are three primary service areas: determining eligibility for Economic Assistance programs for low income individuals and families; child welfare services – such as foster care and child protection; and adult services to assist low income elderly and disabled to remain in their own homes. Attached is a brochure that describes county social services.

Over the past ten years, county social services have seen significant increases in both the quantity and quality of service demands on our agencies. Many of those changes have been the result of unfunded mandates. These unfunded mandates have resulted in increased pressure on local property tax and concerns about the capacity of counties to provide quality services.

Let me give you some examples. Child abuse neglect assessment or investigations have been the responsibility of the ND Department of Human Services or it's designee since the original legislation was passed. In 1989, the legislature agreed to fully fund the cost of child abuse neglect assessments using a mutually agreed upon reimburse rate that reflected actual costs. Since 1989, there has been one inflationary adjustment for child abuse neglect assessment and there have been major program/standards changes established both by federal law and state rules.

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Dorinda Ballantyne
Operator's Signature

10/3/03
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Today it is estimated that reimbursement for child abuse neglect ranges from 40% to 60% of actual costs. Counties have funded the difference.

Another example is child care licensing studies, the counties accept all application for licensing child care, we do home or group studies, conduct background checks, monitor training and make recommendation to the Department to issue licenses. Originally there was no funding for county based childcare licensing activities. Standards and expectations of the county staff involved in childcare licensing were continually increasing. In 1999, the Department and the counties worked together to review actual costs of licensing and the department began reimbursing counties 50% of the costs of these activities. Since then, there have been no inflationary increase but again, federal and state expectations continue to increase, therefore, the local property tax becomes the primary funding source for this service. We recognize that the Department of Human Services, which supervises the majority of programs administered by the counties are attempting to assure compliance with federal and state laws and establish high standards of service, but often times standards are established without full funding.

During times of serious financial pressure, counties are put in a very difficult position of balancing the needs of the property tax payers or complying with many state/federal mandates. For many counties, the option of increasing local property taxes is not an option and therefore some counties struggle to meet all the federal/state mandates.

The ND County Social Service Directors Association strongly supports HB 1384.
I am willing to answer any questions.

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**TESTIMONY TO THE HOUSE
APPROPRIATIONS COMMITTEE**

Prepared January 28, 2003

**Norm Andrus, President - N.D. Association of Counties
Dickey County Commissioner**

CONCERNING HOUSE BILL NO. 1384

Chairman Svedjan and members of the Appropriations Committee, as president of the North Dakota Association of Counties and a Dickey County Commissioner, I am here today to strongly support House Bill 1384.

Counties have always been opposed to unfunded mandates. With already tight budgets and property tax strain, the addition of state programs or services with no financial support creates significant hardships for county property tax payers.

Even past mandates with financial backing have proven to be well short of actual costs, forcing counties to make up the difference with general fund dollars. Fees for services in both the Recorders and Clerk of Courts offices, along with housing for district courts, are just a couple examples of state services provided by the county that aren't funded to meet actual costs. The greatest impacts are in the area of social services, where many mandated responsibilities are underfunded, if any funding was provided at all.

In addition, this problem is made worse when the legislature or agencies, through administrative action, increase the mandates in the middle of the county budget year. As you know, once property taxes are set in October, counties have no option to raise more revenue for at least another year.

Funding of any further mandates to county government would help alleviate the pressure placed on an already strained property tax base when current costs for mandates services are not fully met.

Mr. Chairman and members of the committee, I strongly urge you to show your support for the stability of county government, and House Bill 1384 by giving it a Do Pass recommendation.

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Norm Andrus
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10/3/03
Date

Testimony to the
HOUSE APPROPRIATIONS COMMITTEE
Prepared on January 28, 2003
Wade Williams, Legislative Relations
North Dakota County Commissioners Association

Regarding House Bill 1384

Mr. Chairman and members of the House Appropriations Committee, I am Wade Williams, a Stutsman County Commissioner, and today I am here to testify in support of HB1384 on behalf of the 53 county boards that make up the North Dakota County Commissioners Association.

County boards are very often criticized for property tax increases, and we believe that this criticism is largely unfair, because so often the increases are the result of costs we cannot control. Social service program changes, state elections, state prisoner transport, land use planning requirements, emergency management responsibilities, are just a few examples of things that State government directs county government to do.

This current biennium appears to be no exception. The executive budget recommendation proposes that counties provide the local administration of a new prescription drug program for the elderly. This has been estimated to potentially serve 25,000 North Dakotans that will be entering county offices for eligibility - persons that aren't requesting service at this time. There has been no suggestion that counties bear the entire financial burden, but there has also been no indication that they will be fully reimbursed for the additional staff, space, and expense this program requires.

You as Legislators are often frustrated by federal mandates that appear, and must be addressed, between legislative sessions when you have no opportunity to adequately deal with the revenue requirements. Likewise, counties are frustrated when the Legislature or administrative agencies

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impose new costs after annual budgets are set and property tax is levied. The mid-year change in the county share of several human service programs to address the State budget shortfall this past summer is just the most recent example.

This situation is further complicated by revenue reductions over which counties have no control, but still must be absorbed by the counties. In this Session alone counties are anticipating major federal and State funding reductions, for which a combination of service reductions and property tax increases can be the only result. Proposed diversions from the State Highway Distribution Fund are estimated to reduce county revenues by almost \$2 million, the DHS budget includes a reduction of \$215,000 in child support funding for the Lake Region Child Support Unit, up to \$900,000 may be lost due to proposed electric utility tax changes, and the federal estate tax elimination will ultimately cost counties approximately \$10 million per biennium.

Counties cannot control these mandated funding reductions or mandated service increases, but can only raise property taxes or cut out other services - and there are getting to be few services that aren't mandated.

Counties have reduced full-time staff, seen road maintenance budgets decline, consolidated human service delivery and still must raise property taxes to deliver State services. We recognize that this Legislation can be superceded by a subsequent Legislature, but by placing it in law it will be a reminder of what State mandates do to property taxes in our State.

Thank you Mr. Chairman and committee members for giving counties the opportunity to address this important concern.

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Diana M. Shalvey

10/3/03
Date

Services to Aged & Disabled Adults

County Social Services is the point of entry for a range of services for elderly and disabled adults to allow them to remain in their homes or a less restricted environment. These services are funded with federal, state, and county dollars.

Services include:

- ◆ Case Management
- ◆ In-home care services such as homemaker, Personal Care.

In 2001 over 4500 individuals received at least one Home and Community Based Service from a county.



Services to Children & Families

County social services are the primary direct services provider for the public child welfare system in North Dakota. These services are funded through federal, state, and county dollars.

Services include:

- ◆ Foster Care
- ◆ Child Protection Assessments
- ◆ Family Social Work
- ◆ Family Support & Preservation Service
- ◆ Licensing studies of child care and foster care

In 2001 over 4,000 child protection reports were assessed by the counties and over 1,600 children were in foster care.



Services to Low Income Individuals & Families

County Social Services determine eligibility for the majority of financial assistance benefit programs for low income individuals and families. These services are funded through federal, state, and county dollars.

Programs Include:

- ◆ Medicaid
- ◆ Food Stamps
- ◆ Energy Assistance (LIHEAP)
- ◆ Childcare Assistance
- ◆ Temporary Assistance to Needy Families (TANF)
- ◆ General Assistance

In 2001 over 97,000 individuals received a financial benefit with eligibility determined through the county.



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Shelley S. [Signature]

10/3/03
Date

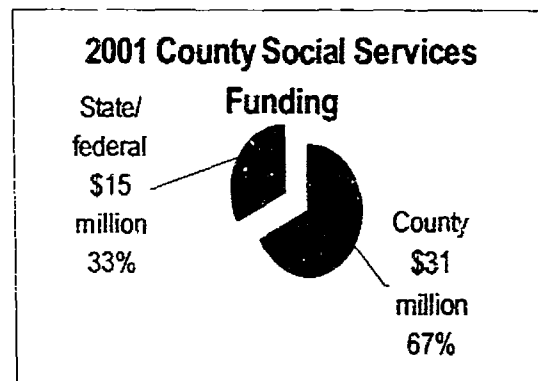
North Dakota County Social Services

Adams	567-2967	McKenzie	444-3661
Barnes	845-8521	McLean	462-3235
Benson	473-5302	Mercer	745-3384
Billings	872-4121	Morton	667-3395
Bottineau	228-3613	Mountain	628-2925
Bowman	523-3285	Nelson	247-2945
Burke	377-2313	Oliver	794-3212
Burleigh	222-6622	Pembina	265-8441
Cass	241-5761	Pierce	776-5818
Cavalier	256-2175	Ramsey	662-7050
Dickey	349-3271	Ransom	683-5661
Divide	965-6521	Renville	756-6374
Dunn	764-5385	Richland	642-7751
Eddy	947-5314	Rolette	477-3141
Emmons	254-4502	Sargent	724-6241 ext 7
Foster	652-2221	Sheridan	363-2281
Golden Valley	872-4121	Sioux	854-3821
Grand Forks	787-8535	Slope	523-3285
Grant	622-3706	Stark	456-7675
Griggs	797-2127	Steele	524-2584
Hettinger	824-3276	Stutsman	252-7172
Kidder	475-2551	Towner	968-4355 ext 8
LaMoure	883-4282	Traill	636-5220
Logan	754-2283	Walsh	352-5111
McHenry	537-5944	Ward	852-3552
McIntosh	288-3343	Wells	547-3694
		Williams	572-4575

Social Service Funding

County Social Services are funded through a combination of federal, state, and county dollars. The majority of direct benefit payments are funded through federal and state dollars. The majority of local operating costs are funded through county property taxes.

In 2001 counties expended over 46 million dollars through county social services. This does not include the majority of direct payments to clients.



COUNTY SOCIAL SERVICES

THE MISSION OF COUNTY SOCIAL SERVICES IS TO PROVIDE QUALITY PROGRAMS AND SERVICES, AS DIRECTED BY PUBLIC POLICY, TO VULNERABLE INDIVIDUALS AND FAMILIES TO PROMOTE SELF SUFFICIENCY AND SAFETY.

County Social Service Board

County Social Services is directly responsible to a County Social Service Board that is appointed by the County Commission. Boards consist of five to seven members that meet monthly. The Social Service Board appoints the director of social services.

