

2009 HOUSE HUMAN SERVICES

HB 1540

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1540

House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: January 27, 2009

Recorder Job Number: 7851

Committee Clerk Signature

Wicky Crabtree

Minutes:

Rep. Boe introduced the bill he sponsored: Testified in support.

Rep. Porter: What will fiscal affect do?

Rep. Boe: There is no fiscal note available.

Rep. Vigessa from Dist. 23 sponsor of bill: Testified in support.

Terry Traynor, Assistant Director of ND Association of Counties testified in support. See attached Testimony #1.

Rep. Holman: Why food stamps instead of something else?

Terry Traynor: It's the broadest, covers the most people and also the computer system has the ability to include that so we can count it.

Chairman Weisz: You are comfortable that the food stamps gives you an accurate reflection of the general economic assistance in that county?

Terry Traynor: There are two directors from counties that are hear that may be a better judge of that. My understanding is, yes.

Beverly Mathiason, Director of Rolette County Social Services testified in support. See Testimony #2.

Ed Forde, Director of Benson County Social Services testified in support. See

Testimony #3.

Vincent Gillette, Director of Sioux County Social Services turned in his testimony. See

Testimony #4.

NO OPPOSITION:

Chairman Weisz closed the hearing.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1540

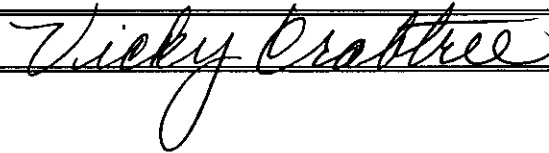
House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: February 4, 2009

Recorder Job Number: 8573

Committee Clerk Signature



Minutes:

Chairman Weisz: Let's take up HB 1540.

Rep. Porter: We have proposed amendments from Association of Directors and it is almost a hog house. Do we need TANF amendment or does it do what needs to do based on the book?

Chairman Weisz: Their amendments for sure on Page 1 line 18 does need to be in because of change in federal law there. Section C, I don't know. It doesn't harm anything. Just reconciling payments at the end of the year. We did this in '97. We did not complete it all. Child Support should have been part of the mix. We added it last session. There was a problem with Indian counties back then and we should make it equitable now.

Rep. Porter: Amendment does clarify amount. Section 3 kind of goes back to (Rep. talking at once and inaudible as to what Rep. Porter said) and might want to change it a little bit. "The affected counties will reduce their human services budget by any amount saved by implementing this measure and publish the property tax savings in the official newspaper.

Chairman Weisz: Maybe we should take up the first amendment first and come back to this.

Rep. Porter: Move to accept proposed amendments from the ND Assoc. of Directors.

Rep. Pietsch: Second.

Voice Vote: 13 yeas, 0 nays, 0 absent.

MOTION CARRIED.

Chairman Weisz: Amended bill in front of us, is there any further amendments?

Rep. Porter: When we make these kind of cross saving reductions that we make sure that the counties are going back to 0 that are affected by those savings so they have to make a conscience decision on lower property taxes. This is a property tax savings bill to those affected counties in ND.

Chairman Weisz: These counties affected can send out one statement showing that property tax is lowered by x amount for child support and x amount for county reimbursement.

Rep. Frantsvog: You want this identified on the property tax statement itself?

Rep. Porter: Just in their official newspaper.

Rep. Porter: Move addition of Section 3 to HB 1540 the language, "the affected counties will reduce their human services budget by any amount saved by implementing this measure and publish the property tax savings in their official newspaper".

Rep. Hofstad: Second.

Discussion followed among Representatives about who would pay for add, answer was the county. More discussion about county minutes would have this information in it.

Rep. Porter: Not precluding them. It just needs to be published.

Voice Vote on Rep. Porter's amendment. 12 yeas, 1 nay, 0 absent.

MOTION CARRIED.

Rep. Hofstad: MOVE A DO PASS AS AMENDED.

Rep. Conklin: Second.

Roll Call Vote: 13, yes 0 no, 0 absent.

DO PASS ON AMENDED BILL, RE-REFERRED TO APPROPRIATIONS.

BILL CARRIER: Rep. Weisz

FISCAL NOTE
Requested by Legislative Council
04/30/2009

Amendment to: Reengrossed
HB 1540

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$549,938		\$944,765	
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$549,938			\$944,765		

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

This bill changes the calculation of payments to counties with Indian Reservation lands effective July 1, 2010. Reimbursements for economic assistance program costs would be calculated based on the Supplemental Nutritional Assistance Program (SNAP) caseload instead of mill levies.

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.*

Any county with 10% or more of their SNAP cases living on Indian Reservation land will be eligible for this reimbursement. This bill requires using actual current year expenditures for both economic assistance direct and indirect costs. The reimbursement is limited to 90% of total economic assistance costs, and will cost an additional \$549,938 for the 09-11 biennium.

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.*

It is estimated that \$549,938 in grant authority would be needed for the Department of Human Services to reimburse counties in accordance with this bill.

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.*

The 2009-2011 Executive Budget for Human Services (HB 1012) currently includes \$3,374,210 for counties containing Indian Reservation Land. Section 2 of this bill includes an additional appropriation of \$549,938 to implement these reimbursement changes.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	04/30/2009

FISCAL NOTE
Requested by Legislative Council
03/19/2009

Amendment to: Reengrossed
HB 1540

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,215,650		\$1,427,992	
Appropriations			\$1,215,650		\$1,427,992	

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$1,215,650			\$1,427,992		

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

This bill changes the calculation of payments to counties with Indian Reservation lands. Reimbursements for economic assistance program costs would be calculated based on the Supplemental Nutritional Assistance Program (SNAP) caseload instead of mill levies.

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.*

Any county with SNAP cases living on Indian Reservation land will be eligible for this reimbursement, which is estimated to effect 7 counties, one more than the current biennium. This bill requires using actual current year expenditures for both economic assistance direct and indirect costs and will cost an additional \$1,215,650 for the 09-11 biennium.

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.*

It is estimated that \$1,215,650 in grant authority would need to be added to the 09-11 executive budget for the Department of Human Services to reimburse counties in accordance with this bill.

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.*

The 2009-2011 Executive Budget for Human Services (HB 1012) currently includes \$3,374,210 for counties containing Indian Reservation Land. It is estimated that an additional \$1,215,650 in general funds would need to be added to HB 1012 in 2009-2011 to accommodate this bill.

Name:	Brenda M. Weisz	Agency:	DHS
Phone Number:	328-2397	Date Prepared:	03/20/2009

FISCAL NOTE
Requested by Legislative Council
02/19/2009

Amendment to: Engrossed
HB 1540

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$337,423		\$363,234	
Appropriations			\$337,423		\$363,234	

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$337,423			\$363,234		

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

This bill changes the amount of payments to counties with Indian Reservation or property tax-exempt tribal trust lands from 100% of economic assistance administration costs in excess of the statewide average cost, expressed in mills, to 110%.

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.*

Any county that contains Indian Reservation or property tax-exempt tribal trust lands and also has an economic assistance caseload in which more than twenty percent of the caseload for these programs reside on this land will be reimbursed 110% of their administrative costs in excess of the statewide average cost, expressed in mills for these programs.

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.*

It is estimated that \$337,423 in grant authority would need to be added to the 09-11 executive budget for the Department of Human Services to reimburse counties in accordance with this bill.

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.*

The 2009-2011 Executive Budget for Human Services (HB 1012) currently includes \$3,374,210 for counties containing Indian Reservation Land. It is estimated that an additional \$337,423 in general funds would need to be added to HB 1012 in 2009-2011 to accomodate this bill.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	01/20/2009

FISCAL NOTE
Requested by Legislative Council
02/09/2009

Amendment to: HB 1540

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,215,650		\$1,427,992	
Appropriations			\$1,215,650		\$1,427,992	

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$1,215,650			\$1,427,992		

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

This bill changes the calculation of payments to counties with Indian Reservation lands. Reimbursements for economic assistance program costs would be calculated based on the Supplemental Nutritional Assistance Program (SNAP) caseload instead of mill levies.

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.*

Any county with SNAP cases living on Indian Reservation land will be eligible for this reimbursement, which is estimated to effect 7 counties, one more than the current biennium. This bill requires using actual current year expenditures for both economic assistance direct and indirect costs and will cost an additional \$1,215,650 for the 09-11 biennium.

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.*

It is estimated that \$1,215,650 in grant authority would need to be added to the 09-11 executive budget for the Department of Human Services to reimburse counties in accordance with this bill.

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.*

The 2009-2011 Executive Budget for Human Services (HB 1012) currently includes \$3,374,210 for counties containing Indian Reservation Land. It is estimated that an additional \$1,215,650 in general funds would need to be added to HB 1012 in 2009-2011 to accomodate this bill.

Name:	Debra A. McDermott	Agency:	Human Service
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Phone Number: 328-3695

Date Prepared: 02/09/2009

FISCAL NOTE
Requested by Legislative Council
01/20/2009

Bill/Resolution No.: HB 1540

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 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.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill changes the calculation of payments to counties with Indian Reservation lands. Reimbursements for economic assistance program costs would be calculated based on the Supplemental Nutritional Assistance Program (SNAP) caseload instead of mill levies.

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.*

No fiscal impact was calculated on this version of the bill because of the complexity of the current version and the knowledge of amendments being brought forward which would change the process of gathering the fiscal information.

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, 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.*

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	01/30/2009

VR
2/5/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1540

Page 1, line 3, after "land" insert "; and to provide an appropriation"

Page 1, line 11, overstrike "or property tax-exempt tribal trust"

Page 1, line 15, after "services" insert "costs"

Page 1, line 18, replace "food stamp" with "supplemental nutrition assistance program" and replace "quarter" with "state fiscal year"

Page 1, line 20, overstrike "Each calendar year the" and insert immediately thereafter "The" and overstrike "allocations" and insert immediately thereafter "payments"

Page 1, line 24, replace "quarter" with "state fiscal year" and overstrike "and" and insert immediately thereafter:

"c. At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and"

Page 2, line 1, overstrike "c." and insert immediately thereafter "d.", remove the overstrike over "reported", and remove "made"

Page 2, line 2, remove the overstrike over "prior to", after "August" insert "September", and remove the overstrike over "first"

Page 2, line 3, remove "within six weeks after the quarter for which the reimbursement is"

Page 2, line 4, remove "due"

Page 2, after line 4, insert:

"SECTION 2. APPROPRIATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,215,650, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties that contain federally recognized Indian reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.
2. Each affected county shall reduce that county's human services budget by the amount saved by the implementation of section 1 of this Act and shall publish the property tax savings in that county's official newspaper."

Renumber accordingly

Date:
Roll Call Vote #: /

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

House HUMAN SERVICES Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ **Do Pass** ☐ **Do Not Pass** ☐ **Amended**

Motion Made By _____ **Seconded By** _____

[illegible]

Total (Yes) 13 No 0

Absent 0

Bill Carrier

If the vote is on an amendment, briefly indicate intent:

Motion passed Motion an
Assoc. of Directors
Amendments

Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Committee

☐ Check here for Conference Committee**Legislative Council Amendment Number**

Action Taken ☐ **Do Pass** ☐ **Do Not Pass** ☐ **Amended**

Motion Made By _____ **Seconded By** _____

[illegible]

Total (Yes) 12 No 1

Absent _____

Bill Carrier

If the vote is on an amendment, briefly indicate intent:

Motion Carried
on ^{Rep. Porter's} Amendment

Date: 2-4-09
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

House HUMAN SERVICES

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By Rep. Hofstad Seconded By Rep. Conklin

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN ROBIN WEISZ	✓		REP. TOM CONKLIN	✓	
VICE-CHAIR VONNIE PIETSCH	✓		REP. KARI L CONRAD	✓	
REP. CHUCK DAMSCHEN	✓		REP. RICHARD HOLMAN	✓	
REP. ROBERT FRANTSVOG	✓		REP. ROBERT KILICHOWSKI	✓	
REP. CURT HOFSTAD	✓		REP. LOUISE POTTER	✓	
REP. MICHAEL R. NATHE	✓				
REP. TODD PORTER	✓				
REP. GERRY UGLEM	✓				

Total (Yes) 13 No 0

Absent 0

Bill Carrier Rep. Weisz

If the vote is on an amendment, briefly indicate intent:

*Do Pass as amended
re-referred to
Appropriations*

REPORT OF STANDING COMMITTEE

HB 1540: Human Services Committee (Rep. Weisz, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1540 was placed on the Sixth order on the calendar.

Page 1, line 3, after "land" insert "; and to provide an appropriation"

Page 1, line 11, overstrike "or property tax-exempt tribal trust"

Page 1, line 15, after "services" insert "costs"

Page 1, line 18, replace "food stamp" with "supplemental nutrition assistance program" and replace "quarter" with "state fiscal year"

Page 1, line 20, overstrike "Each calendar year the" and insert immediately thereafter "The" and overstrike "allocations" and insert immediately thereafter "payments"

Page 1, line 24, replace "quarter" with "state fiscal year" and overstrike "and" and insert immediately thereafter:

"c. At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and"

Page 2, line 1, overstrike "c." and insert immediately thereafter "d.", remove the overstrike over "reported", and remove "made"

Page 2, line 2, remove the overstrike over "prior to", after "August" insert "September", and remove the overstrike over "first"

Page 2, line 3, remove "within six weeks after the quarter for which the reimbursement is"

Page 2, line 4, remove "due"

Page 2, after line 4, insert:

"SECTION 2. APPROPRIATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,215,650, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties that contain federally recognized Indian reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.
2. Each affected county shall reduce that county's human services budget by the amount saved by the implementation of section 1 of this Act and shall publish the property tax savings in that county's official newspaper."

Renumber accordingly

2009 HOUSE APPROPRIATIONS

HB 1540

2009 HOUSE STANDING COMMITTEE MINUTES

HB 1540

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 12, 2009

Recorder Job Number: 9404, 9406

Committee Clerk Signature

Hally N. Lund

Minutes:

Chm. Svedjan turned the Committee's work to HB 1540.

Rep. Weisz explained HB 1540 to correct the problem that started when we did when we did swap legislation in 1997. We transferred the grant portions of all the programs over to the state and the counties are responsible for the administrative costs. The problem was that the Indian counties, there was an issue because of the caseloads on the reservations relative to the counties. The state has funded various amounts every biennium. Currently we are making an adjustment to the Indian counties of \$3.3 million. This makes them whole. It's based on their recipients. We have counties where 90 percent of their caseload is on the reservation. None of that property is taxable. They are mandated by us to run those programs. This bill bases the reimbursement rate using the food stamp numbers. Human Services does not believe those counties should be held responsible for this situation. The money they get will be determined solely by their caseload. There is a \$1.2 million fiscal note. They are going to be getting \$4.5 million to take care of the inequity we started in 1997.

Rep. Berg: Which counties are affected? (4:14)

Rep. Weisz: Benson, Dunn, McKenzie, Dakota Central (consortium), Mountrail, Rolette and Sioux.

Rep. Berg: I understood that because of the swap there were two counties that were more severely impacted that this would correct.

Rep. Weisz: That's not correct. There are a couple of counties that didn't receive anything. The original formula you had to have at least 20 percent of your caseload tribal before you got anything. Under this proposal, any county that has a certain amount of tribal caseloads will get the prorated share. Currently Dakota Central did not receive any in the past. That's a consortium of four counties.

Rep. Berg: Under the swap the state agreed to make the payments and the counties agreed to administer. (5:32)

Rep. Weisz: That's correct.

Rep. Berg: I'm assuming that was not an unfunded mandate, but a benefit to the counties.

Rep. Weisz: That was a benefit for all the counties except for the ones I listed. I think that was worth \$5.5 million.

Rep. Berg: This \$1.2 million gap, that's being paid now by the counties?

Rep. Weisz: That's correct. We're asking them to shoulder the burden.

Rep. Ekstrom: There is a significant portion of the federal stimulus directed toward the reservations. I don't know how it would affect the county, but there certainly is quite a lot of money that will be directed toward the Indian Reservations. In order for the state to maximize that I think we should look at those programs. (6:24)

Rep. Glassheim moved a Do Pass. Rep. Onstad seconded the motion. (7:15)

Rep. Berg: Was there a reason we said 20 percent? If it's been this way for ten years, was there a reason? (7:34)

Rep. Delzer: The whole deal with swap hinged on the Indian counties. All the other counties received a better deal from the economic assistance being paid by the state. There was a formula set up. There was no way swap was going to pass if the money was money was put in that first year. It was built in slowly because swap was much better for the counties than the state. In the Indian counties the tax load is held by a smaller number of people than it serves. The problem I have is that the other counties, through the Association of Counties, should be making up some of this rather than coming to the state for it. This changes the formula. I'm not going to support it. Do I understand the situation of the Indian counties? Yes. I don't think the right answer is to come to the state and get more money.

Chm. Svedjan: Was it discussed in your Committee that all the counties should participate in correcting this situation? (9:48)

Rep. Weisz: The other counties' perspective is that as caseloads have increased, because of what the state has done, they are absorbing 100 percent of that cost. They would argue today that their deal today isn't nearly as good as it was in '97 and their costs have gone up too.

Rep. Delzer: One of the interim committee studies in this last biennium was this issue. Part of the problem is that programs have changed so you can't compare apples to apples. If we could, the estimated effect is \$14 million plus the counties. If this would take care of the problem forever, maybe it's worth doing. I don't think it's right, but these counties are in trouble and the other counties don't want to pick it up. You can't blame them. (10:45)

Chm. Svedjan: Most of these counties have casinos in them. It's my understanding that the compact with the casinos is that some of the revenues is to be used for social service, education and those kinds of things. In at least three of these areas, casinos reside there. Has there been any overture on the part of the reservations to contribute to this difference? I'm thinking of the caseload numbers that you cited. (11:43)

Rep. Weisz: The tribes have picked up. In some cases they are running some specific programs and using some of that money for strictly tribal programs. I can't say there have been overtures from the tribes to pay the cost of a state administered program, and they don't have to.

Rep. Delzer: \$14 million that I referenced is to the best of my recollection. The actual number would be in the report. (13:15)

Rep. Nelson: Rep. Delzer, you reference that the rest of the counties should pick up the difference. In previous sessions, the state has picked up the difference, haven't we? (13:33)

Rep. Delzer: We've had the formula in place for quite a while. This changes the formula to actual cost.

Rep. Weisz: It's \$3.3 million. If this passes it would be \$4.5 million allocated to the Indian counties.

Chm. Svedjan: In the past we have run numbers to see the impact to all other counties if they were to participate in covering this difference.

Rep. Weisz: In '01 there was talk not to fund any of it through the state.

The Do Pass motion to HB 1540 failed by a roll call vote of 10 yeas, 13 nays and 2 absent and not voting.

Rep. Wald moved a Do Not Pass to HB 1540. Rep. Kreidt seconded the motion. The motion carried by a roll call vote of 13 yeas, 10 nays and 2 absent and not voting. Rep. Delzer will carry the bill.

Job 9406

Rep. Kempenich moved to reconsider the Do Not Pass action on HB 1540. Rep. Meyer seconded the motion.

Rep. Kempenich: I have been reading the original bill that created SWAP and they do have in Section 4, subsection 3. . . "the department shall seek appropriations . . . to providing additional financial assistance . . . "The counties were to come together and equalize this out each February 28 of each year. It was that plus 10 mills. That obviously has not been happening. If this will take care of their problem and I would just as soon move this forward.

Rep. Skarphol: What has been happening is not following the law. Is that correct? I would like to know whether or not the law has been followed. That would have an effect on how I would vote on this bill.

Rep. Weisz: My recollection is to be eligible for any of these excess funds they had to have at least 10 mil excess levies over and above. It's not, that money is to be given back from the other counties; but, if they were to be eligible for any appropriation from this body, they had to have shown that were in a position to need it as they had an excess of 10 mills over the average.

Rep. Skarphol: I'm not questioning that. If we are going to take appropriate action and if we are not going to require them to follow the law then we should change the law at the same time we move this bill forward.

Rep. Delzer: That law has been changed. It was changed in '99 and '05. There is a formula in here and I'm sure that is what the DHS follows. This law would change the formula so it would cost another \$1.25 million. That is what the bill before us is trying to do.

Rep. Kempenich: Why wasn't the Department wasn't seeking additional appropriations along with this then to equalize these Indian counties? In the original bill it did recognize that there

were property tax issues in these counties? During the development of that formula was it left out?

Rep. Delzer: Any changes would have been made by the Legislative Assembly in those subsequent years. There has been a bill on this almost every year.

A voice vote was taken on the motion to reconsider HB 1540. The outcome was uncertain. The motion failed by a roll call vote of 10 yeas, 12 nays and 3 absent and not voting.

2009 HOUSE STANDING COMMITTEE MINUTES

HB 1540

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 17, 2009

Recorder Job Number: 9619

Committee Clerk Signature

Minutes:

Rep. Delzer moved to reconsider the Do Not Pass action taken on HB 1540. Rep. Klein seconded the motion.

Rep. Delzer: This is the Indian Counties funding bill. Rep. Delzer distributed amendment .0202 (Attachment A). Rep. Delzer explained that the intent of the amendment was to put the formula back. In 1997 SWAP was done. The Indian Counties and child support was left out of the SWAP. Counties with large Native American populations have lower taxable land and at that time there was a deal made that the department withheld some of the administrative money and spread that to the Indian counties. Before that they were getting \$440,000. In 1997 they added \$600,000. In 1999 there was a bill put in which put the current formula in place. In 2001 when we were short money we dropped it from 100 percent down to 90 percent. That stayed until 2005 when it went back to 100 percent. It's been there since then. One of the issues they have is that they have indirect costs that the bill before us would have recognized. The amendment would go back to the same formula we have but it would recognize 110 percent of the cost.

Rep. Berg: What would be the fiscal impact of this? (4:20)

Rep. Delzer: In the Governor's budget there is currently \$3.374 million for the five counties that qualify. This would add 10 percent to that or \$337,000 to those five counties.

Rep. Berg: This doesn't affect any of the other counties. You're just taking those five counties and giving them 110 percent.

Rep. Delzer: Right. This is based on the statewide average of what cases cost for the non-Indian counties. Going to 110 percent keeps the department without having to change how everything is being done and it also recognizes that the cases in the Indian counties are somewhat higher cost cases as a rule. When the swap was made the state was already covering most of the economic assistance for the Native cases in these counties. They did not recognize the same advantages as the other counties.

The motion to reconsider the action by which a Do Not Pass was put on HB 1540 carried by a voice vote.

Rep. Meyer: The five counties are Dunn, Benson, Sioux, Rolette and Mountrail? (6:04)

Rep. Delzer: And McKenzie.

Rep. Meyer: Then that's six, right?

Rep. Delzer: You're right. To qualify for this they have to have 20 percent of their caseload be Native American and they have to be collecting above the average mill levy for the rest of the state, not counting their cases.

Rep. Delzer moved amendment .0202. Rep. Wieland seconded the motion.

Rep. Bellew: On .0202, there is a blank at the bottom of the page. (7:10)

Rep. Delzer: \$337,423. I met with Deb McDermott and Brenda Weisz and discussed this and this was considered to be the best option.

Rep. Delzer: This bill would add some other counties because that takes off the requirement for the 20 percent. It takes off the requirement for being above the county mill levy average.

That's why the fiscal note was \$1.25 million. It did give much more money to these counties.

Rep. Dosch: We're doing this because these particular counties have an amount of reservation . . . (8:52)

Rep. Delzer: Non-taxable land, yet they have the administrative costs for covering the cases for the individuals on those lands.

Rep. Dosch: So because some aren't paying taxes we are asking the other tax-paying citizens of North Dakota to subsidize them. I don't think that's right. We keep going down this road. If they want our goods and services everyone should pitch in. I can't ask the rest of the taxpayers to do something that Indian Reservations aren't willing to do themselves. I think it's fundamentally wrong.

Rep. Delzer: I don't disagree with you at all but I don't think we have any way of changing that on the federal level. Our federal representatives could try but I don't know whether that would happen or not.

Rep. Dosch: We do have control of what we do with the state taxpayer money and this deals with state taxpayer money.

Rep. Delzer: It certainly does.

Rep. Kaldor: I'm assuming that if we do nothing, the property taxpayers in those counties will bear the cost. (10:15)

Rep. Delzer: That's correct. That or the county has to do something to reduce the costs. That is one problem with this. The incentives are there, the more you spend, the more you get.

Rep. Nelson: Every county in North Dakota was made whole under swap except for these counties. Had we asked for this administrative money for the other counties we wouldn't be here today. We have subsidized it ever since then. (11:25)

Rep. Delzer: It actually was part of the first year's swap, but in '99 there was a bill brought forward that removed that and the legislature at that time decided . . . (12:03)

Rep. Nelson: My point is that there is history here and this is extraordinary as far as their administrative costs. We are not reinventing the wheel.

Chm. Svedjan: Back to your point, Rep. Nelson, even if you were to spread this cost among the remaining 48 counties, for them to pick up the difference, there's an element of unfairness there too. You can't escape the unfairness based on the federal requirements. (13:00)

Rep. Delzer: I do have to bring up the issue of the swap legislation again. When we look at that now, as close as we can the counties are doing about \$14 million better than before swap was passed. When you add this (inaudible) million, it's almost \$18 million better. That is property tax reduction even though we don't see it. That is in essence what swap has done.

Rep. Williams: I think we should move and pass this. I don't want to use the label "nice." It's the first time I've ever seen compassion out of Delzer. (Laughter) (14:13)

The motion to adopt amendment .0202 to HB 1540 carried by voice vote and the amendment was adopted.

Rep. Delzer moved a Do Pass as Amended. Rep. Meyer seconded the motion. The motion carried by a roll call vote of 22 yeas, 2 nays and 1 absent and not voting. Rep. Delzer will carry the bill.

Rep. Delzer: I hope this settles this because this is about the same amount as their indirect costs that we were told. I hope this settles this so we don't have this discussion every two years. (16:04)

Date: 2/12/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Fails

Action Taken

Do Pass

Motion Made By

Glassheim

Seconded By

Onstad

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich		✓			
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein		✓			
Rep. Martinson		✓			
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg		✓	Rep. Meyer	✓	
Rep. Dosch		✓			
Rep. Pollert		✓	Rep. Ekstrom	✓	
Rep. Bellew		✓	Rep. Kerzman		
Rep. Kreidt		✓	Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 10 No 13

Absent 2

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/12/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Not Pass

Motion Made By

Wald

Seconded By

Kreidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken		✓	Rep. Williams		✓
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom		✓
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf		✓
Rep. Nelson		✓			
Rep. Wieland					

Total (Yes) 13 No 10

Absent

2

Floor Assignment

Rep. ~~Wald~~ Kempenich

If the vote is on an amendment, briefly indicate intent:

Rep. Delzer

On Feb 6
w/ HB 1090

Date: 2/12/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Consider ^{DNP} action on HB 1540

Motion Made By Kempenich Seconded By Meeyer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich	✓				
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken		✓	Rep. Williams	✓	
Rep. Klein		✓			
Rep. Martinson		✓			
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg		✓	Rep. Meyer	✓	
Rep. Dosch		✓			
Rep. Pollert		✓	Rep. Ekstrom	✓	
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt		✓	Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 10 No 12

Absent 2

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote - uncertain

DNP stands

REPORT OF STANDING COMMITTEE (410)
February 13, 2009 6:48 p.m.

Module No: HR-28-2810
Carrier: Delzer
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1540, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends DO NOT PASS (13 YEAS, 10 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed HB 1540 was placed on the Eleventh order on the calendar.

VR
2/17/09

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1540

Page 1, line 9, remove the overstrike over "~~in which more than twenty percent of the~~"

Page 1, line 10, remove the overstrike over "~~caseload for these programs consists of people who reside on a~~" and remove "that contain"

Page 1, line 11, remove the overstrike over "~~or property tax exempt tribal trust~~"

Page 1, line 13, remove the overstrike over "~~expenses~~" and remove "actual direct costs and indirect costs allocated"

Page 1, remove line 14

Page 1, line 15, remove "social services costs"

Page 1, remove the overstrike over line 16

Page 1, line 17, remove the overstrike over "~~other counties~~", remove the overstrike over "~~one hundred~~" and insert immediately thereafter "ten", remove the overstrike over "~~percent~~", and remove "the percentage of"

Page 1, remove lines 18 and 19

Page 1, line 20, remove "recognized Indian reservation land"

Page 1, line 21, remove the overstrike over "~~Each calendar year the~~" and remove "The"

Page 1, line 22, remove the overstrike over "~~allocations~~", remove "payments", remove the overstrike over "~~expenses~~", and remove "direct and indirect"

Page 1, line 23, remove "costs, as provided in subdivision a," and remove the overstrike over "~~state fiscal year ending the~~"

Page 2, line 1, remove the overstrike over "~~June thirtieth and the most recent taxable valuations published~~"

Page 2, line 2, remove the overstrike over "~~pursuant to section 57-13-07 available on that date~~", remove "state fiscal year", and remove the overstrike over "~~and~~"

Page 2, remove lines 3 through 7

Page 2, line 8, remove the overstrike over "~~e.~~" and remove "d."

Page 2, line 9, remove the overstrike over "~~August~~", remove "September", and remove the overstrike over "~~of the year~~"

Page 2, line 10, remove the overstrike over "~~preceding the allocation~~"

Page 2, line 13, replace "\$1,215,650" with "\$337,423"

Renumber accordingly

Date: 2/17/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 90804.0202

Action Taken adopt amendment 0202

Motion Made By Delzer Seconded By Wieland

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Vote - carries

Date: 2/17/09
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number . 0202

Action Taken No Pass as Amended .0202

Motion Made By Delzer Seconded By Meyer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch		✓			
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 22 No 2

Absent 1

Floor Assignment Delzer

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1540, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (22 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1540 was placed on the Sixth order on the calendar.

Page 1, line 9, remove the overstrike over "~~in which more than twenty percent of the~~"

Page 1, line 10, remove the overstrike over "~~caseload for these programs consists of people who reside on a~~" and remove "that contain"

Page 1, line 11, remove the overstrike over "~~or property tax exempt tribal trust~~"

Page 1, line 13, remove the overstrike over "~~expenses~~" and remove "actual direct costs and indirect costs allocated"

Page 1, remove line 14

Page 1, line 15, remove "social services costs"

Page 1, remove the overstrike over line 16

Page 1, line 17, remove the overstrike over "~~other counties~~", remove the overstrike over "~~one hundred~~" and insert immediately thereafter "ten", remove the overstrike over "~~percent~~", and remove "the percentage of"

Page 1, remove lines 18 and 19

Page 1, line 20, remove "recognized Indian reservation land"

Page 1, line 21, remove the overstrike over "~~Each calendar year the~~" and remove "The"

Page 1, line 22, remove the overstrike over "~~allocations~~", remove "payments", remove the overstrike over "~~expenses~~", and remove "direct and indirect"

Page 1, line 23, remove "costs, as provided in subdivision a," and remove the overstrike over "~~state fiscal year ending the~~"

Page 2, line 1, remove the overstrike over "~~June thirtieth and the most recent taxable valuations published~~"

Page 2, line 2, remove the overstrike over "~~pursuant to section 57-13-07 available on that date~~", remove "state fiscal year", and remove the overstrike over "~~and~~"

Page 2, remove lines 3 through 7

Page 2, line 8, remove the overstrike over "~~e.~~" and remove "d."

Page 2, line 9, remove the overstrike over "~~August~~", remove "September", and remove the overstrike over "~~of the year~~"

Page 2, line 10, remove the overstrike over "~~preceding the allocation~~"

Page 2, line 13, replace "\$1,215,650" with "\$337,423"

Renumber accordingly

2009 SENATE HUMAN SERVICES

HB 1540

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1540

Senate Human Services Committee

☐ Check here for Conference Committee

Hearing Date: 03-04-09

Recorder Job Number: 10147

Committee Clerk Signature

Mary K. Monson

Minutes:

Chairman J. Lee Opened the hearing on HB 1540

Representative Don Vigesaa #23. Introduced HB 1540 on behalf of Benson and other reservation communities because they have not received proper reimbursement for the cost of human services; explained the bill

Chairman J. Lee Is it ok to consider the original bill you introduced?

Vigesaa The level of funding that ended up in the engrossed bill isn't the level we were seeking or the formula we introduced so we would certainly be open to the committee looking at the original bill.

Representative Tracy Boe #9. This bill affects his district. This all started with SWAP and some counties were loser in the deal. They tried to fix it with a formula but that didn't work either. The bill has attempted to come up with a new formula. The house did not like the new formula so they just used the old formula and raised it up to a 110%. Even if we raised it to 115%, our county still would not be compensated.

Senator Dever How many counties are affected?

Boe There are six currently and maybe a 7th that may start to qualify.

Chairman J. Lee I did see that the amendments were requested by the appropriations committee which would seem to me that the policy committee thought the formula was fine.

Boe As I understood it, the policy committee put it through unanimously.

Terry Traynor Association of Counties. Spoke in support of 1540. See attachment #1.

Chairman J. Lee Which of the four on the rear would be the correct chart to look at if we consider the first engrossment?

Traynor That would be the chart in my testimony.

Beverly Mathiason Director of the Rolette County Social Services. Spoke in support of 1540. See attachment #2.

Senator Dever It's not clear to me how services are provided between the county social services and tribal social services and how the cost is allocated.

Mathiason The tribes do not have a TANF, medical assistance, or food stamp program. Those programs are only available in the county services. My office services anybody who meets the eligibility of Rolette County. I know there are on the federal level option for tribes to take on TANF or food stamp programs. I don't think that has ever happened in ND, I don't know that there is a lot of interest in that. It would involve a substantial input of tribal money which they don't have. Those programs are only available at the county level. My office has a staff of 19 eligibility counselors. My county is small but has over 5,000 people on food stamps. We have over 4,300 people on medical assistance. We have a lot of people in need.

Senator Dever Those programs are federal programs but the state is responsible for administrative costs?

Mathiason That is correct.

Chairman J. Lee There has been several efforts to help with establishing tribal TANF programs. The department has invested a significant amount of time and effort into trying to establish those programs but it has not been successful.

Venice Gillette Director of Sioux County Social Services, Fort Yates, ND. Spoke in support of 1540. See attachment #3.

There was no opposition or neutral testimony submitted.

Senator Heckaman (To Traynor) what is the exact difference between the original and the 1st engrossment?

Traynor I would have to go through it, there is some wording changes. There are amendments. He did not do all of the changes.

Chairman J. Lee Closed hearing on HB 1540

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1540

Senate Human Services Committee

☐ Check here for Conference Committee

Hearing Date: 03/10/2009

Recorder Job Number: 10614

Committee Clerk Signature

Mary K Monson

Minutes:

Chairman J. Lee Opened the discussion on HB 1540. Terry Traynor was the one who talked about the value of the original version. The 1st engrossment has a formula in it. If we substitute section 1 that would be what Terry Traynor and a couple others said was changed in the first engrossment and go back to the original formula. Explained what appropriations did with the formula and the differences between .0100, .0200, and .0300.

Discussed appropriation amount and what the appropriate formula should be

Chairman J. Lee Read a summary of the bill.

Large pause where the committee reads through testimony and bill

Senator Heckaman I think we need to go back to the version that the counties and social service people feel will help them out the best and that is not the bill that we got from the house.

Chairman J. Lee Would the committee like to see us go back to that first engrossment and reintroduce section 1 as it was with the new formula?

Senator Erbele I would like to see that back on the table.

Senator Dever Was Terry Traynor looking for us to go to back to .0200?

Chairman J. Lee Yes. Suspended the discussion on HB 1540.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1540

Senate Human Services Committee

☐ Check here for Conference Committee

Hearing Date: 03/11/09

Recorder Job Number: 10759

Committee Clerk Signature

Mary K Monson

Minutes:

Chairman J. Lee Reopened the discussion on HB 1540. We would like to find a more equitable formula for everyone. We felt it was important to have your, Senator Marcellais', opinion on this.

Senator Marcellais The county auditor and the social services people have brought this up in several county meetings because of the checkerboard tax in the county itself.

Senator Heckaman I move to amend it back to the .0200 version

Senator Marcellais Second

The Clerk called the role on the motion to amend 1540. **Yes: 6, No: 0, Absent: 0.**

The committee will vote on Monday on the amended version.

Chairman J. Lee Suspended the discussion until Monday.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1540

Senate Human Services Committee

☐ Check here for Conference Committee

Hearing Date: 03/16/2009

Recorder Job Number: 11011

Committee Clerk Signature

Mary K. Manson

Minutes:

Senator Erbele Reopened the discussion on HB 1540.

Senator Heckaman I move **Do Pass as Amended and Rerefer to Appropriations**

Senator Marcellais Second

The Clerk called the role on the motion to **Do Pass as Amended and Rerefer to Appropriations. Yes: 6, No: 0, Absent: 0.**

Senator Marcellais will carry the bill.

JS
3/16/09
1 of 2

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1540

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code, relating to the funding of economic assistance programs in counties with federally recognized Indian reservation land; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code is amended and reenacted as follows:

3. Notwithstanding any other provisions of law, the department shall reimburse county social service boards for expenses of locally administered economic assistance programs in counties ~~in which more than twenty percent of the caseload for these programs consists of people who reside on a~~ that contain federally recognized Indian reservation or ~~property tax exempt tribal trust~~ lands. The reimbursement must be such that:
 - a. An affected county's ~~expenses~~ actual direct costs and indirect costs allocated based on a percentage of each county's direct economic assistance and social services costs for locally administered economic assistance programs in excess of the statewide average of such costs, expressed in mills, for all other counties will be reimbursed at one hundred percent the percentage of that county's average total supplemental nutrition assistance program caseload for the previous state fiscal year which reside on federally recognized Indian reservation land;
 - b. ~~Each calendar year the~~ The affected counties will receive quarterly allocations payments based on the actual county expenses direct and indirect costs, as provided in subdivision a, for the state fiscal year ending the previous June thirtieth and the most recent taxable valuations published pursuant to section 57-13-07 available on that date state fiscal year; and
 - c. At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and
 - d. The reimbursement will be calculated for each county and reported to the county social service board prior to August September first of the year preceding the allocation.

SECTION 2. APPROPRIATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,215,650, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties that contain federally recognized Indian

2 of 2

reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.

2. Each affected county shall reduce that county's human services budget by the amount saved by the implementation of section 1 of this Act and shall publish the property tax savings in that county's official newspaper."

Renumber accordingly

Date: 3/11/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1540

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Back to 1st engrossment

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended ☐ Rerefer to Appropriations
☒ Adopt Amendment ☐ Reconsider

Motion Made By Sen. Heckaman Seconded By Sen. Marcellais

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee, Chairman	✓		Senator Joan Heckaman	✓	
Senator Robert Erbele, V.Chair	✓		Senator Richard Marcellais	✓	
Senator Dick Dever	✓		Senator Jim Pomeroy	✓	

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 3/16/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1540

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 90804.0301 Title 0400

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended ☒ Rerefer to Appropriations
☐ Adopt Amendment ☐ Reconsider

Motion Made By Sen. Heckaman Seconded By Sen. Marcellais

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee, Chairman	✓		Senator Joan Heckaman	✓	
Senator Robert Erbele, V.Chair	✓		Senator Richard Marcellais	✓	
Senator Dick Dever	✓		Senator Jim Pomeroy	✓	

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Marcellais

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1540, as reengrossed: Human Services Committee (Sen. J. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1540 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code, relating to the funding of economic assistance programs in counties with federally recognized Indian reservation land; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code is amended and reenacted as follows:

3. Notwithstanding any other provisions of law, the department shall reimburse county social service boards for expenses of locally administered economic assistance programs in counties ~~in which more than twenty percent of the caseload for these programs consists of people who reside on a~~ that contain federally recognized Indian reservation or ~~property tax exempt tribal trust~~ lands. The reimbursement must be such that:
 - a. An affected county's ~~expenses~~ actual direct costs and indirect costs allocated based on a percentage of each county's direct economic assistance and social services costs for locally administered economic assistance programs ~~in excess of the statewide average of such costs, expressed in mills, for all other counties~~ will be reimbursed at ~~one hundred percent~~ the percentage of that county's average total supplemental nutrition assistance program caseload for the previous state fiscal year which reside on federally recognized Indian reservation land;
 - b. ~~Each calendar year the~~ The affected counties will receive quarterly ~~allocations~~ payments based on the actual county ~~expenses~~ direct and indirect costs, as provided in subdivision a, for the ~~state fiscal year ending the previous June thirtieth and the most recent taxable valuations published pursuant to section 57-13-07 available on that date~~ state fiscal year; and
 - c. At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and
 - d. The reimbursement will be calculated for each county and reported to the county social service board prior to ~~August~~ September first of the ~~year preceding the allocation.~~

SECTION 2. APPROPRIATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,215,650, or so much

of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties that contain federally recognized Indian reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.

2. Each affected county shall reduce that county's human services budget by the amount saved by the implementation of section 1 of this Act and shall publish the property tax savings in that county's official newspaper."

Renumber accordingly

2009 SENATE APPROPRIATIONS

HB 1540

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1540

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: March 23, 2009

Recorder Job Number: 11369

Committee Clerk Signature

Rose Loring

Minutes:

Chairman Holmberg called the committee hearing to order on HB 1540 which relates to the funding of economic assistance programs in counties with federally recognized Indian reservation land.

Rep. Robin Weisz District #14. Testified in favor of 1540. Gave the history of the bill and the problem with funding on Indian Reservation Land. This bill changes the formula. The formula is based on food stamps. So for example, you take county that has 50% of its case load on the reservation than we make an allocation that pays for 50% of those economic administrative costs. If 10% of case load is on the reservation we pick up 10%. This seems to be the most fair and accurate. Food stamps were used because it is easily determined which is reservation and which is not and it generally follows other economic assistance projects. This fiscal note makes the Indian counties whole in a way that they ended up being shorted in 1997. We've funded them partially but they have never been made whole and they have a smaller tax base. I would ask committee to support 1540.

Senator Krauter Is this a permanent fix?

Weisz I wouldn't be bold enough to assume that anything is permanent fix. I think this does help. I think this fixes what happened in 1997

Senator Fischer The counties say they are not getting their share. I have problems with that—what is direct and indirect control? What's to keep them from counting things as indirect costs?

Weisz It would be up to the department to determine and lay out viable costs as well as determine the reimbursable rate on that.

Senator Warner Is this a strictly geographical determination? I have a checkerboard land pattern in some areas reservation land is integrated with non. Would we pick up 100% of Sioux county because 100% is on the reservation?

Weisz Gave some examples: Dakota Central is a 5 county consortium but doesn't meet the threshold. They would actually pick up \$86,000. If you're at 40%, you get 40% from state.

Terry Traynor ND Association of Counties. Testified in favor of HB 1540. See attachment #1.

Senator Kilzer In 1997 when the swap was put into place all of these calculations were supposedly included. When you look back now, what went wrong?

Traynor Overall the swap was an incredible success. It simplified the process. We've seen a much flatter growth line. We may have saved over \$40M in property tax. What we didn't realize is that when we came up with the Indian County Reimbursement Program is that we didn't have an accurate way to measure those costs. We've tried to work around that. Spoke about the situation in Sioux County

Senator Mathern Why was this not included in the executive budget?

Traynor It was probably too late. We worked during the interim on this and were drafting the bills up to the deadline.

Senator Mathern Why wasn't this in department's request?

Traynor There is \$3.3M in the department's budget for this based on current law.

Senator Christmann What are the economic assistance programs we are talking about other than food stamps and are others set by the county?

Traynor Medical assistance, TANFF, child care, it's basically the federal programs.

Senator Warner Asked about geographical issues related to Indian land.

Traynor If they pay taxes, it isn't counted. If it's non-taxed, they should be counted.

Senator Warner A Native American living in Newtown, they would not receive compensation for that?

Traynor Correct

Chairman Holmberg closed the hearing on HB 1540.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1540

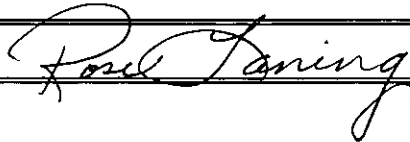
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: April 2, 2009

Recorder Job Number: 11695 & 11705

Committee Clerk Signature



Minutes:

Senator Krauter: Some of these same counties are going to be getting a tremendous amount of stimulus money into their schools which will take pressure of those who live in those counties and I think the amount of stimulus that's going to these areas we can do without.

Senator Fischer: We always lose track of the fact that there is two populations in those counties. Those people aren't going to be paying any taxes. Most of the stimulus money is coming down to title one. In these two communities there are five hundred tax payers, in Sioux County. They're not going to get much of the stimulus money in their schools. We are dealing with two distinctive populations.

Senator Krauter: Moved a Do Pass on HB 1540.

Senator Warner: Second.

Senator Kilzer: This is the result of what we did with swap; it's pretty obvious where we're at with it. If we were to make a commitment for economic assistance provided by the administration from the state, we need to follow through with it. What this is doing is those counties that have Native American land verses privately owned land, there is such a large portion of that non- taxable land there. That's where they don't have the revenue base to take care of that portion of it. To say they're going to get stimulus money, that's two different directions we're going with it. The money will be going to the schools; it won't be going to the

county, the county social services or provider services. That's where the dollars are at, and that is what this is all about. We did this last session and the session before because they don't have the tax base to support this. It's a bill that we made.

Chairman Holmberg: The bill itself has a whole bunch of fiscal notes attached to it. The bill itself appropriates 1.25 million.

Senator Fisher: How do we resolve this because every session we get it back, is there a way to resolve it once and for all?

Senator Krauter: Why do we keep doing this every session, because we don't know their case load until after it actually happens?

Senator Kilzer: The swap was put into effect, I think with the 1997 legislature and the swap was just that, the one item for another. It seems like every session we deal with a bill like this or closely related; one side wants to change the condition of the swap. I am going to oppose this because we want to really know what one side of the swap is getting and losing compared to the others side of the swap. Then I would be willing to even it out but as it stands now, I am not willing.

Senator Krauter: Burleigh County is the big winner in the swap. The administrative costs are huge for them. When you look at Benson or Dunn County or McKenzie County the other ones are going to be paying more than the portion they share. It's unfair to penalize property owners in those counties just for the benefit of the other counties that were big winners.

Senator Kilzer: If that's the case maybe we should get some return from these counties to fill in the capes of these few counties that we are talking about.

Senator Krauter: If that is Senator Kilzer's motion, I think we all would agree with it. If it he wants to take it from Burleigh County to pay these other counties.

A Roll Call vote was taken. Yea: 6 Nay: 7 Absent: 1

V. Chair Grindberg: Moved a Do Not Pass.

Do Not Pass vote failed for lack of a second.

The committee recessed for information.

Opened hearing.

Senator Christmann: I am not sure how well I understand what they are trying to do here. If we are requiring by law that these counties pay for these people and they can't, shouldn't we be helping them?

Senator Fisher: That's why I asked earlier if there was a way to resolve this. The counties are taken care of like the rest of the counties and if it's because of the land issues, is that the problem?

Senator Krauter: That's what the bill does. If you look at it, on line 13 previously the way the bill is referred is the affected counties expenses will be reimbursed. Now it is reworded so an affected county can actually direct the indirect allocated cost, of each counties economic assistance and social service costs. (Reading from bill) This is change in statute so it is calculated correctly and puts a new formula out there.

Chairman Holmberg: When it uses the phrase federally recognized Indian Reservation land, is that the land that is not taxed?

Senator Krauter: Correct.

Chairman Holmberg: Does this cover the water front regarding the land that can't be assessed or taxed?

Senator Krauter: It is.

Senator Christmann: What if we didn't do this, what happens?

Senator Krauter: Those affected counties would be short money. They'd have to charge more in property tax.

Chairman Holmberg: The people who are getting the benefit of the program are not paying the property tax. If you look at the chart Sioux, Dunn and Benson counties are affected.

Senator Christmann: There is all kinds of special treatments going on or different treatments I will say in these counties that are able to have wide open gambling, isn't any of that money going to make up these differences? Are they able to keep their gas tax? Isn't there some other offsetting?

Senator Krauter: Those are tribal issues and those are handled by the tribe in their social programs. These are county programs the tribal gaining none of that from the county. They have gaming addictions, etc. This is the counties costs for white or non-Indian. To think that there is all this money generated in casinos, that's the tribe's side of it, this is the counties. County social service has Mr. Gillette and that is his job to take care of those kinds of issues. The elderly, disabled, and child welfare, they have assistance on all those things. So this is what county social service provides.

Deb McDermott, Department of Human Services: It covers any individual that comes to the county, no matter what the nationality is, whoever comes to the county social service board for any economic assistance programs. The county determines their eligibility and that is what these monies are for, economic assistance. This is just the administration part. They administer to all and it doesn't matter where they come from.

Senator Robinson: The costs are high because they are in a real tough situation. There are additional challenges above and beyond the norm.

Senator Christmann: Does the tribe do anything to help the counties? Are they taking care of some roads, so the county doesn't have to, so the county experiences some benefits for having that extra little government there?

Senator Robinson: I am not an expert, they do some things, and I don't have a list on me. But a few years back, I chaired the Children's Services Committee, they had an old building in Tokio that they were using as a youth center and we needed it desperately it's almost all single parent families there. A lot of those kids have no parents to go home to. We didn't have funds to continue that youth center the operation of the youth center. We approached the people at the casino and there was no interest there.

Senator Kilzer: I'd like to ask Deb McDermott something according to my note there is 3.2 million dollars for this already in the budget.

Deb McDermott: There is currently 3.7 million dollars in the budget right now under this formula that is currently in statute.

Senator Kilzer: And this asks for another?

Deb McDermott: An additional 1.2 million which would bring the total to 4.5 million dollars.

Senator Kilzer: Could you tell me what is in the present biennium and the previous biennium?

Deb McDermott: In 2007 and 2009 are budget right now is approximately 450,000 dollars less than that so it's just fewer than 3 million dollars.

Senator Kilzer: And the previous biennium?

Deb McDermott: For the most part it's gone up about a half a million dollars every biennium that we've come to increase the money, under the current formula that we have now. It has gone back and forth on whether or not we pay ninety percent of their cost above and beyond the average mill of the counties that does not have reservation land. We put together some information for the interim committee that I could get you.

Senator Kilzer: It's a little late but I would like to have those figures for comparison.

Senator Fischer: Since "swap", can you find where this drops off?

Deb McDermott: Prior to swap there was always 440,000 dollars that was given to (gave costs and history of swap program.), three Indian counties. It's been about \$500,000 that we've had to put into the program to comply with the century code as it was written.

Senator Fischer: Why would Cass County get anything?

Deb McDermott: It had to do with case load and cost and just how the formula shook out. It's the process that impacts us. The one thing in changing the law is right now all Indian counties are reimbursed and direct costs are in there. Where the question arises is the indirect costs because in order to implement the bill, how it is right now we will need to keep a separate set of books for those counties. So we can pay the money out and comply with the century code.

Senator Fischer: We're going to see this continue then?

Deb McDermott: If you look at the percentages the way the bills are right now, Sioux County will actually get 100 percent of their expenditures for economic assistance. So if they spend they are going to come to us and say give us a dollar. If they go to Benson County they will get 85 percent. Montrail is at 76 and Rolette at 78 percent. Right now it's based on the case load living on the reservation and we currently have no way of gathering that information for the majority of counties.

Deb McDermott: Went to get the data from her office.

Senator Kilzer: We have 1012 and 1540 and they both have appropriations for the same things, so if we pass 1540 we can still adjust 1012 up or down.

Senator Krauter: Moved a Do Pass.

Senator Wardner: Seconded.

A Roll Call vote was taken. Yea: 11 Nay: 3 Absent: 0

Senator Marcellais will carry the bill.

Date: 4-2-09Roll Call Vote # 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Senate Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ AmendedMotion Made By Krauter Seconded By John Warner

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Ch		<input checked="" type="checkbox"/>	Sen. Tim Mathern A		
Sen. Tony S. Grindberg, VCh		<input checked="" type="checkbox"/>	Sen. Aaron Krauter	<input checked="" type="checkbox"/>	
Sen. Bill Bowman, VCh		<input checked="" type="checkbox"/>	Sen. Larry J. Robinson	<input checked="" type="checkbox"/>	
Sen. Randel Christmann		<input checked="" type="checkbox"/>	Sen. John Warner	<input checked="" type="checkbox"/>	
Sen. Rich Wardner	<input checked="" type="checkbox"/>		Sen. Elroy N. Lindaas	<input checked="" type="checkbox"/>	
Sen. Ralph L. Kilzer		<input checked="" type="checkbox"/>	Sen. Tom Seymour	<input checked="" type="checkbox"/>	
Sen. Tom Fischer		<input checked="" type="checkbox"/>			
Sen. Karen K. Krebsbach		<input checked="" type="checkbox"/>			

Total Yes ~~7~~ 6 No ~~1~~ 7Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Failed

Date: 4-2-09

Roll Call Vote # 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Grindberg Seconded By no 2nd

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Ch			Sen. Tim Mathern		
Sen. Tony S. Grindberg, VCh			Sen. Aaron Krauter		
Sen. Bill Bowman, VCh			Sen. Larry J. Robinson		
Sen. Randel Christmann			Sen. John Warner		
Sen. Rich Wardner			Sen. Elroy N. Lindaas		
Sen. Ralph L. Kilzer			Sen. Tom Seymour		
Sen. Tom Fischer					
Sen. Karen K. Krebsbach					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

failed for lack of 2nd

Date: 4-2-09
Roll Call Vote #: 3

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1540

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By ~~Mathern~~ Mathern Seconded By Wardner

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner	<input checked="" type="checkbox"/>		Senator Robinson	<input checked="" type="checkbox"/>	
Senator Fischer	<input checked="" type="checkbox"/>		Senator Lindaas	<input checked="" type="checkbox"/>	
V. Chair Bowman	<input checked="" type="checkbox"/>		Senator Warner	<input checked="" type="checkbox"/>	
Senator Krebsbach	<input checked="" type="checkbox"/>		Senator Krauter	<input checked="" type="checkbox"/>	
Senator Christmann		<input checked="" type="checkbox"/>	Senator Seymour	<input checked="" type="checkbox"/>	
Chairman Holmberg		<input checked="" type="checkbox"/>	Senator Mathern	<input checked="" type="checkbox"/>	
Senator Kilzer	<input checked="" type="checkbox"/>				
V. Chair Grindberg		<input checked="" type="checkbox"/>			

Total Yes 11 No 3

Absent 0

Floor Assignment back to Human Services (Morrellais)

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1540, as reengrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1540, as amended, was placed on the Fourteenth order on the calendar.

2009 HOUSE HUMAN SERVICES

CONFERENCE COMMITTEE

HB 1540

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1540

House Human Services Committee

☒ Check here for Conference Committee

Hearing Date: April 22, 2009

Recorder Job Number: 12123

Committee Clerk Signature

Vicky Crabtree

Minutes:

Chairman Hofstad called to order the conference committee hearing on HB 1540.

Chairman Hofstad: I'd like to lead the direction of discussion in the different methodologies that we have talked about as we have gone down this road. Want to make sure we are not turning down the wrong road as we do this. When we developed the SWAP legislation in the 1997 session there appeared to be some disparities as we continued down this. I've looked at new formula and it looks good to me. (Deb McDermott was asked to speak and asked a question.) Under the old formula we took the indirect costs from all of the various counties they were individualized by county it that right? The budget was developed using the direct and indirect costs.

Deb McDermott from DHS: The formula we currently operate on now, basically the indirect and direct cost are (inaudible) allocated to economic and social service programs the indirect costs by the random moment time study that is statewide. The direct costs are for each of the Indian counties as well as the counties (inaudible). The indirect costs are allocated by the state random moment time.

Chairman Hofstad: Give me an example of some of those indirect costs.

Deb McDermott: Indirect costs would be county director, office space, administrative staff, some supplies; my guess is the indirect costs would be 53 different variations of what the indirect costs would be.

Chairman Hofstad: Part of the problem that we see in the Indian counties is a large percentage of their workload is economic assistance programs. Is that a fair statement?

Deb McDermott: That would be a fair statement.

Chairman Hofstad: As you look to the new formula we are still using the direct and indirect costs, are we still using the random moment time for the indirect costs also?

Deb McDermott: Under the new formula the (inaudible) it says we would actual direct and would be the same as under the old formula right now. We have three cost pools the counties give us. The indirect cost, social service and economic assistance cost pools. We take those indirect costs and allocate those to the other two costs pools and (inaudible) percentage of the total. It will be individualized for each of the Indian counties. It is not based on statewide (inaudible) anymore. Say you had \$100 in each of the three pools I could allocate \$50 from indirect costs to my social service cost and then that wouldn't be to my Indian county allocation, but that other \$50 basically would be. So I'd have my direct cost for (inaudible) they would report to the state and also that \$50 of indirect cost and then I would have a \$150 I would bring forward as the cost for the operation of economic assistance program.

Chairman Hofstad: It seems to me then that this would be a much more accurate number that we are using. Is that a fair statement?

Deb McDermott: It could be. It is hard to say. From a cost allocation standpoint that is not usually the way we allocate costs, but it would more correct on a county by county basis.

Chairman Hofstad: You would then have to keep a separate set of books?

Deb McDermott: Yes. We would have to draw down from all of our federal money for all of the counties in the state based on a federally approved cost allocation fund which includes the random moment time study that I would still need to continue to do. Have to keep that set of books for the federal fund draw and then calculate the Indian counties (inaudible) also have to keep those administrative costs separately. Have to have two sets of books for the seven counties.

Sen. J. Lee: I wish I had brought my printouts.

Deb McDermott: I have some and could pass them out. **(See attachment.)**

Sen. J. Lee: We were convinced this seemed a more equitable way to do it. Doing it the old way is not a good way. That's why we need to look at it again and see what we might be able to figure out.

Deb McDermott: I can walk you through this.

Chairman Hofstad: Please do so.

Deb McDermott: This packet it extras from some documents we put together for the interim committee. (Goes through attachment. Starts at 14 min. 20 sec. on recorder.)

Chairman Hofstad: How would numbers be skewed if used the same methodology in calculating the variable costs as we do in the new formula?

Deb McDermott: I don't know how numbers would actually change. The one thing with the random moment time study is the (inaudible) allocated again to (coughing, inaudible). If you are heavily on economic assistance like some of the Indian counties are, they are also benefiting from the fact that they get some of the foster care money reimbursed to them.

Chairman Hofstad: You are saying they would actually benefit because of the high volume of foster care that another county might have.

Deb McDermott: Yes. (Continues explanation.)

Sen. J. Lee: There are two thoughts, one is it takes a greater appropriation so that is a consideration in our discussion. There is also the fairness and equity of the formula. We need to decide whether or not the new formula on 1540 is a better one. What would happen if we didn't implement 1540 fully?

Chairman Hofstad: That is the issue at hand, do we want to go to the new formula or did we want to stay where we are at? I believe implementing this formula now solves our problem. If we don't fund it fully this time at least we will be using this formula and on the tract to accomplishing that. Terry would you come to the stand please?

Chairman Hofstad: Do you see any potential problems looking at the other counties that we have out there. Are we going to get to a point where they come to us or have some shortfalls because of the populations they have?

Terry Traynor from Association of Counties: Certainly some counties that maybe have a unique facility have certain costs that other counties don't. However, what makes this different is that we are addressing here is that they have land they cannot tax and this is a service that is associated with that land area. That is the only place they can go for a (inaudible) to serve for the people. I don't see a boogie man either.

Chairman Hofstad: Where I live we are losing taxable land because of the expanding water. The service we not go away and I'm wondering if those counties and kinds of situations are in line for something like this to.

Sen. J. Lee: We had the previous (inaudible) at 90% and then moved to 100% so it wasn't perfect but it was out there. Can you get the thoughts from other counties of the possibility of doing that as well with the goal of fully implementing it in two to three sessions over time?

Terry Traynor: Certainly. We can look at that. From our perspective getting the formula in place is the primary importance without hurting anyone in the interim.

Chairman Hofstad: We will put some of those numbers together and bring them back to the next meeting. Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1540

House Human Services Committee

☒ Check here for Conference Committee

Hearing Date: April 24, 2009

Recorder Job Number: 12185

Committee Clerk Signature

Ticky Crabtree

Minutes:

Chairman Hofstad called to order the conference committee meeting on HB 1540.

Chairman Hofstad: The last time we met we talked about keeping the currently formula and phasing in the new formula and I believe you all received that information from the Dept.

(Called Deb McDermott to the podium.)

Deb McDermott from DHS: The formulas go as follows: in 2011 there is an additional \$638,866 at 100%, at 95% it is \$521,321, at 90% it is \$403,776, as you can see Rolette County is negatively impacted and at 80% it is \$168,686. **(See attached handout.)**

Chairman Hofstad: Committee what are you thinking?

Sen. J. Lee: This is a place to start. I think it is important we hold harmless the counties that would lose.

Sen. Marcellais: I can agree with the hold harmless, but I would like to see a five year average on that. On the appropriations Section 2 of the bill subsection 2 it says, "each effective county shall reduce the county human service's budget by the amount saved by the implementation". Does that mean we are taking it out of one fund and putting it into the other?

Chairman Hofstad: That is an excellent question and if I could call Terry Traynor to the podium. Would you address that question?

Terry Traynor from Counties Association: When the provision was introduced to (inaudible) and tried to document that for the appropriations committee on the House side as well as the two committees who looked at that; it was our understanding if a county has an overall fiscal budget of \$600,000 this year and grow to \$630,000 because of increased salaries for the next year, if this bill provided the county with \$100,000 of new money, they would have to reduce the county property tax from \$630,000 to \$530,000. When counties budget they come up with what their costs are and take available revenues and reimbursements off from the top and what is left they levy as property tax. The intent was not to plow \$100,000 in the (inaudible) budget, but to take \$100,000 off from the county social service budget. That is what the counties want. They want to reduce social service costs so they can reduce their levy for social services.

Chairman Hofstad: That is the intent with both Houses.

Sen. Marcellais: We are gaining anything if we are doing that. It will help the tax payers, but not gaining on the human services side.

Terry Traynor: The intent of the bill was not to give anybody more money, just to reduce the burden of this function on the property tax base.

Chairman Hofstad: This is about shifting the burden to the state.

Sen. J. Lee: Would Mr. Traynor comment on Sen. Marcellais comment about a five year average.

Terry Traynor: Not aware of any discussion on that. The amount of reimbursement that the counties have gotten over the years has certainly changed. Particularly last year with the change in the child support enforcement. A number of counties saw a significant drop in their reimbursement because of that. That would change things.

House Human Services Committee

Bill/Resolution No. 1540

Hearing Date: April 24, 2009

Sen. J. Lee: Haven't the counties done a little better each year or each biennium then the one before? If we did a five year average, would that be a disadvantage if we took off the cost (inaudible)? There is no way the legislature is going to leave that in there if you are doing a five year average.

Terry Traynor: I don't know how to answer that. One concern that drove this bill was the difference in Indian counties valuation growth versus the counties' valuation growth. Indian counties ability to raise revenue is so limited that salaries go up in the other counties which makes it harder for counties to continually reach down and achieve that average mill and takes more money to do that. It could go both ways.

Sen. Marcellais: If we get into a deficit spending how are we going to get this reimbursed?

Terry Traynor: County X is deficit spending now. Next year they are going to have to levy a million dollars to pay their social service budget including their deficit from the previous year. This bill gives them \$100,000 of new money they would still levy \$900,000 to help retire the deficit from before.

Chairman Hofstad: We had discussions with our Chairman about eliminating the counties by percentage and taking that down to 10% which would eliminate Dakota Central. Dakota Central includes McLean, Mercer, Oliver and Sheridan Counties is one governmental unit now. Doe we want to consider that in this committee?

Rep. Conklin: \$44,000 is not that big of a number.

Chairman Hofstad: That's at a 100% it is \$44,000. Dakota Central would be 5%. When we look at 100%, 95%, 90% or 80% in talking about holding some of these counties harmless, that's a fight to take to the floor. I would prefer we would hold it above the 95% figure and so we could diffuse that argument.

Sen. J. Lee: Don't disagree with that at all.

Rep. Conklin: You aren't going to eliminate that much. Why aren't we not going immediately to the 100%?

Chairman Hofstad: Are you talking about 100% this year?

Rep. Conklin: Yes.

Chairman Hofstad: We are going from about \$1.2 million (drops sentence).

Rep. Conklin: This is the biennium then?

Chairman Hofstad: the first year we will stay with the formula we have. Then the next column over we will be using the formula developed from food stamps. Would it be possible for us to meet again this afternoon?

Sen. J. Lee: Sure.

Chairman Hofstad: Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1540

House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: April 24, 2009

Recorder Job Number: 12234

Committee Clerk Signature

Vicky Crattree

Minutes:

Chairman Hofstad called to order the conference committee hearing on HB 1540.

Deb McDermott from the DHS: (Passed out handout. **See attached handout.**) Ms.

McDermott explained the handout. (See 6 min. 45 sec. on recorder.)

Chairman Hofstad: I've had amendments prepared. The first year of the biennium we are using the current formula and the second year we are going to the new formula. All of the scenarios are based on 100%. I have had two amendments drawn. One amendment says we are going to use the 90% only to cap the top and the other amendment says we are going to cap both the top and the bottom. The top at 90% and the bottom at 10%. The reason we are looking at capping it at 90% is because we have no limit on their expenses. If we pay 100% of their expenses they have no incentive to do anything, but hire 10-20 people. It only affects Sioux County and not a great deal. The second year they are a net gainer. We are putting a floor at 10% to have a floor to start someplace. Don't know if that will be an easier floor fight for us or not. Amendments aren't drafted yet. I don't expect you to make any motions without those amendments, so if we could meet back on Monday morning.

Sen. J. Lee: Dakota Central doesn't have at least 10% snap caseload is that correct?

Chairman Hofstad: That is correct. They've got about 5%.

Sen. J. Lee: You would be looking at about 550 for the (inaudible) necessary in the bottom box in order to implement the 90% reimbursement they would have a minimal of 10% snap.

Chairman Hofstad: If we kept the top and bottom we would be looking at \$550,000, yes.

(Asked Terry Traynor to take the podium.) Terry are you comfortable with this?

Terry Traynor from Association of Counties: Yes. I think Dakota Central understands we need to get this in place and suggest they would like to come in next session and take (inaudible) off.

Sen. Dever: When will this be effective? Only the second half of the biennium?

Chairman Hofstad: Yes, that would affect the four. Dakota Central is not on the current formula.

Sen. Dever: Will numbers double with additional funds needed in the next biennium?

Chairman Hofstad: Yes, that would be true.

Chairman Hofstad adjourned the meeting.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1540

House Human Services Committee

☒ Check here for Conference Committee

Hearing Date: April 28, 2009

Recorder Job Number: 12339

Committee Clerk Signature

Ticky Crabtree

Minutes:

Chairman Hofstad called to order the conference committee meeting on HB 1540.

Chairman Hofstad: We want to get this to the new formula, working out of the SNAP formula.

Concerns we had was trying to limit the participants and the amendment I just passed out to you (**See attached amendment.**) 0302 limits the participants to 10% or more for the caseload.

Anyone who does not have a SNAP caseload of 10% or more does not participate in this program that does eliminate Dakota Central from this scenario. On the top end of the spectrum, in Section 3, subsection a, the county's reservation land exceeds 90% will limit us to the top side. Also talked about limiting the counties to percentage of their mill rate so all the counties participating would have to exceed average county mill rate. That gets complicated and they need to keep a third set of books and problematic. I do believe we accomplish everything we are trying to with the set of amendments before you, 0302. We have representation from the counties and the department here if you have any questions.

Sen. J. Lee: Really the only difference is we took out old 3a and everything else is moved up?

Chairman Hofstad: That is the only change.

Sen. J. Lee: Want to know how the counties and department view this.

Deb McDermott from DHS: The department is comfortable with the way the bill reads.

Terry Traynor from Associations of Counties: We are comfortable with that language. It is more fair.

Sen. J. Lee: Motion for Senate to Recede the Senate Amendments and Adopt 0302 Amendment.

Rep. Conklin: Second.

Roll Call Vote: 6 yes, 0 no, 0 absent.

MOTION CARRIED.

BILL CARRIER: Rep. Hofstad for House, Sen. J. Lee for Senate:

Sen. J. Lee: Complicated the committee for an excellent job of coming together and providing a solution.

Chairman Hofstad adjourned the meeting.

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1540 (, as (re)engrossed):

Date: 4-22-09

Your Conference Committee Human Services

For the Senate:

For the House:

	YES / NO		YES / NO		Attend
<input checked="" type="checkbox"/> <u>Sen. J. Lee</u>			<u>Rep. HoFSTAD</u>		<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> <u>Sen. DEVER</u>			<u>Rep. Damschen</u>		<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> <u>Sen. MARCELLAIS</u>			<u>Rep. Conklin</u>		<input checked="" type="checkbox"/>

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

____, and place _____ on the Seventh order.

____, adopt (further) amendments as follows, and place _____ on the Seventh order:

____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

morning mtg.

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1540 (, as (re)engrossed):

Date: 4-24-09

Your Conference Committee Human Services

For the Senate:

For the House:

YES / NO			YES / NO			Attend.
✓	Sen. Lee			Rep. HoFSTAD		✓
✓	Sen. Dever			Rep. Damschen		✓
✓	Sen. Marcellais			Rep. Conklin		✓

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT ___ YES ___ NO ___ ABSENT

afternoon mtg.

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1540 (, as (re)engrossed):

Date: 4-24-09

Your Conference Committee Human Services

For the Senate:

For the House:

YES / NO

YES / NO

✓	Sen. J. Lee			Rep. Holstad			✓
✓	Sen. Dever			Rep. Damschen			✓
✓	Sen. Marcellais			Rep. Conklin			✓

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT ___ YES ___ NO ___ ABSENT

VR
4/28/09
1082

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1540

That the Senate recede from its amendments as printed on pages 1309 and 1310 of the House Journal and pages 859 and 860 of the Senate Journal and that Reengrossed House Bill No. 1540 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code, relating to the funding of economic assistance programs in counties with federally recognized Indian reservation land; to provide an appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code is amended and reenacted as follows:

3. Notwithstanding any other provisions of law, the department shall reimburse county social service boards for expenses of locally administered economic assistance programs in counties in which ~~more than twenty percent of the caseload for these programs consists of people who reside on a~~ the percentage of that county's average total supplemental nutrition assistance program caseload for the previous fiscal year which reside on federally recognized Indian reservation or property tax exempt tribal trust lands is ten percent or more. The reimbursement must be such that:
 - a. ~~An affected county's expenses~~ actual direct costs and indirect costs allocated based on a percentage of each county's direct economic assistance and social services costs for locally administered economic assistance programs in excess of the statewide average of such costs, expressed in mills, for all other counties will be reimbursed at one hundred percent the percentage of that county's average total supplemental nutrition assistance program caseload for the previous state fiscal year which reside on federally recognized Indian reservation land not to exceed ninety percent;
 - b. ~~Each calendar year the~~ The affected counties will receive quarterly allocations payments based on the actual county expenses direct and indirect costs, as provided in subdivision a, for the state fiscal year ending the previous June thirtieth and the most recent taxable valuations published pursuant to section 57-13-07 available on that date state fiscal year; and
 - c. At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and
 - e: d. The reimbursement will be calculated for each county and reported to the county social service board prior to August September first of the year preceding the allocation.

SECTION 2. APPROPRIATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$549,938, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties that contain federally recognized Indian reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.
2. Each affected county shall reduce that county's human services budget by the amount saved by the implementation of section 1 of this Act and shall publish the property tax savings in that county's official newspaper.

SECTION 3. EFFECTIVE DATE. This Act becomes effective on July 1, 2010."

Renumber accordingly

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1540 (, as (re)engrossed):

Date: 4-28-09

Your Conference Committee

Human Services

For the Senate:

For the House:

Attend		YES	NO		YES	NO	attend
✓	Sen. J. Lee	✓		Rep. Hefstad	✓		✓
✓	Sen. Dever	✓		Rep. Samchea	✓		✓
✓	Sen. Marshall	✓		Rep. Conklin	✓		✓

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1309 - 1310

____, and place _____ on the Seventh order.

☒ , adopt (further) amendments as follows, and place _____ on the Seventh order:

____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) 1540 was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO. <u>90804.2</u>	of amendment <u>0302</u>
LC NO. _____	of engrossment _____
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Sen. J. Lee

SECONDED BY: Rep. Conklin

OTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE

HB 1540, as reengrossed: Your conference committee (Sens. J. Lee, Dever, Marcellais and Reps. Hofstad, Damschen, Conklin) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1309-1310, adopt amendments as follows, and place HB 1540 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1309 and 1310 of the House Journal and pages 859 and 860 of the Senate Journal and that Reengrossed House Bill No. 1540 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code, relating to the funding of economic assistance programs in counties with federally recognized Indian reservation land; to provide an appropriation; and to provide an effective date.

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 - a. An affected county's ~~expenses~~ actual direct costs and indirect costs allocated based on a percentage of each county's direct economic assistance and social services costs for locally administered economic assistance programs in excess of the statewide average of such costs, expressed in mills, for all other counties will be reimbursed at one hundred percent the percentage of that county's average total supplemental nutrition assistance program caseload for the previous state fiscal year which reside on federally recognized Indian reservation land not to exceed ninety percent;
 - b. ~~Each calendar year the~~ The affected counties will receive quarterly ~~allocations~~ payments based on the actual county ~~expenses~~ direct and indirect costs, as provided in subdivision a, for the state fiscal year ending the previous June thirtieth and the most recent taxable valuations published pursuant to section 57-13-07 available on that date state fiscal year; and
 - c. At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and

- e- d. The reimbursement will be calculated for each county and reported to the county social service board prior to ~~August~~ September first of the ~~year preceding the allocation.~~

SECTION 2. APPROPRIATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$549,938, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties that contain federally recognized Indian reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.
2. Each affected county shall reduce that county's human services budget by the amount saved by the implementation of section 1 of this Act and shall publish the property tax savings in that county's official newspaper.

SECTION 3. EFFECTIVE DATE. This Act becomes effective on July 1, 2010."

Renumber accordingly

Reengrossed HB 1540 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

HB 1540

#1

**Testimony To
THE HOUSE HUMAN SERVICES COMMITTEE
Prepared Tuesday, January 27, 2009 by
Terry Traynor, Assistant Director
North Dakota Association of Counties**

REGARDING HOUSE BILL No. 1540

Chairman Weisz and members of the House Human Services Committee, the North Dakota Association of counties supports House Bill 1540 to enhance the human service program reimbursement provided to counties with non-taxable reservation lands.

As this Committee is more aware than others, the distribution of human service program costs can be problematic. While for some programs, in some situations, you do see higher caseloads (and therefore costs) in those counties with more people and more property to tax. This is not always that case and it is certainly not the case for economic assistance programs in those counties with non-taxable reservation lands. Among the thirteen counties with such lands, they share just under one million acres of non-taxed land.

Just a bit of history may be necessary to put the proposal contained in this bill into context. Counties deliver and fund human service programs in three areas: economic assistance, child welfare, services for the elderly and disabled. HB1540 and the statute it amends directly impacts only the county's costs of economic assistance – but as you will see, all of human service financing is involved.

Prior to the restructuring of economic assistance financing in 1997, county property taxes funded a share of the rapidly increasing costs of grant payments to nursing homes, doctors, dentists, basic care facilities, and the like. Legislation that Session removed that property tax burden, but “swapped” it for the loss of economic assistance administrative reimbursement. While this did not lower county costs overall, it greatly reduced the growth in county property-tax funded costs – ultimately saving millions in property taxes.

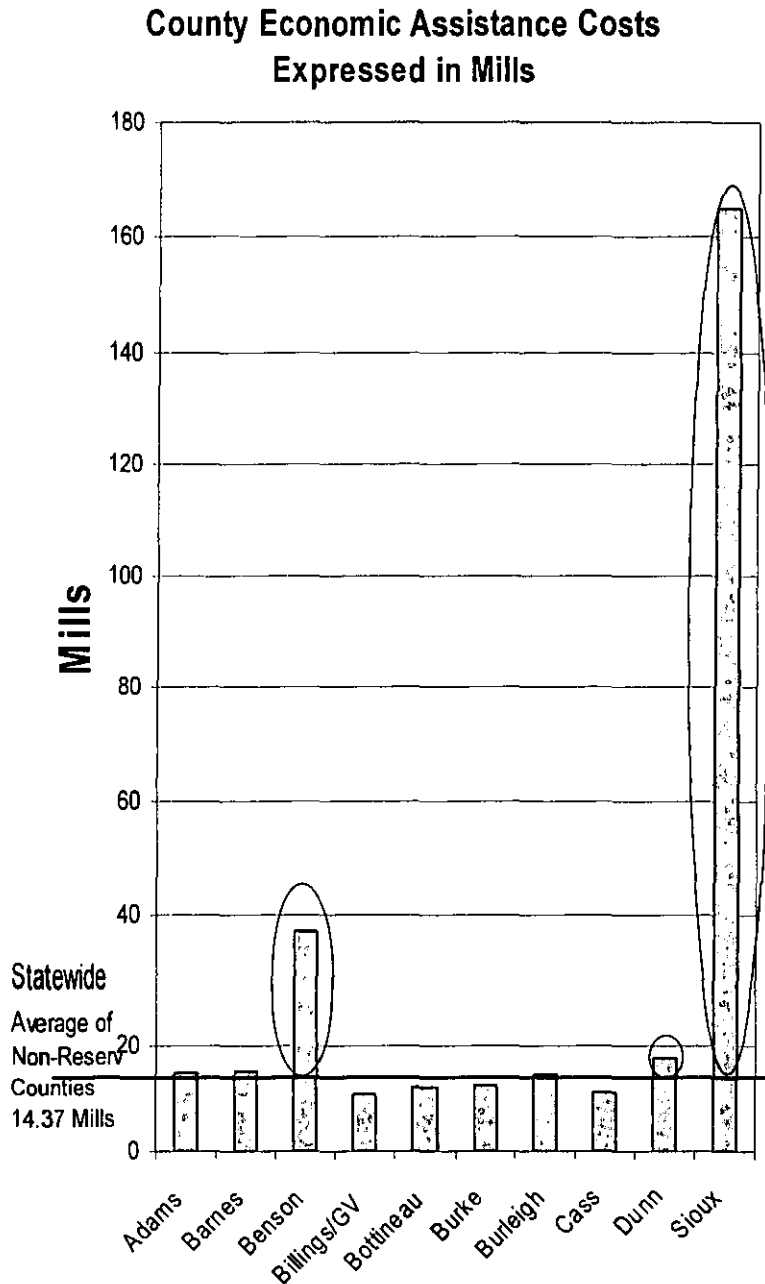
Unfortunately, since reservation counties paid little in the area of grant costs, they only saw the “bad-half” of the swap. To address this, subsection 3 of 50-01.2-03.2 was enacted to protect them.

To provide visual of what current law attempts to do, a chart has been prepared based on the 2006 costs that were used to generate last year's reimbursements. Only eight social service agencies were used for the example to make this legible.

The idea behind the current law is to;

1. Look at each county's economic assistance costs (only),
2. Translate those costs to that county's mills,
3. Find the average cost in mills for the non-reservation counties, and
4. "Write-down" the costs in the reservation counties to that average cost in mills.

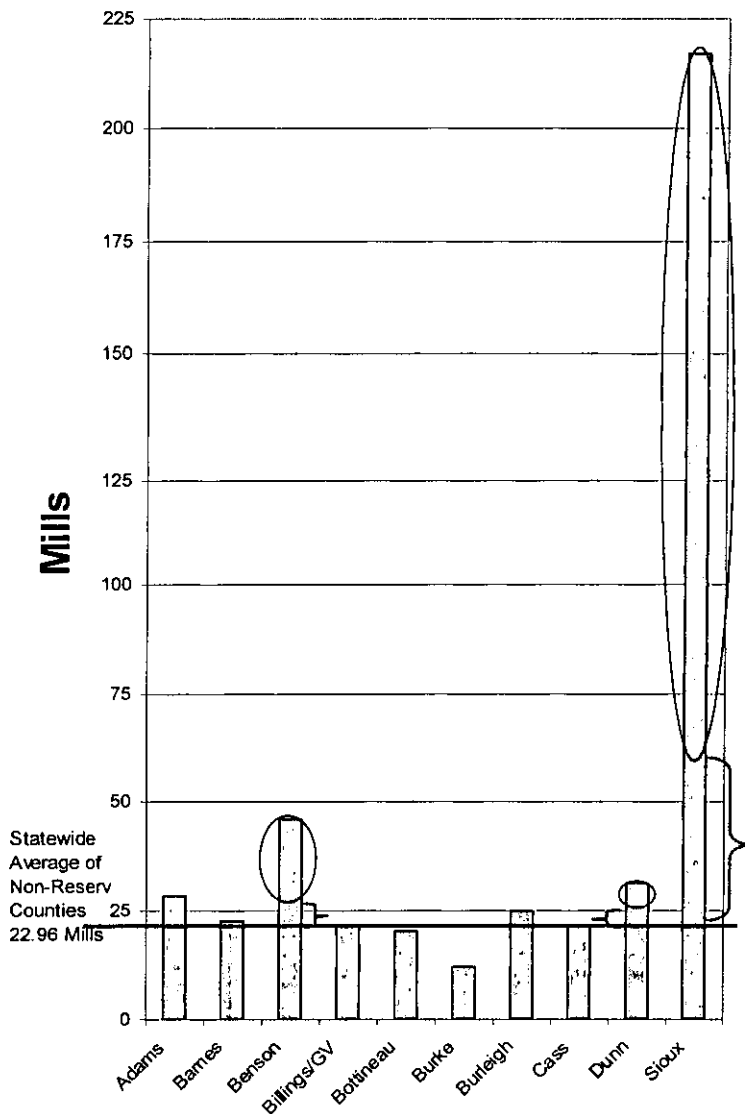
On paper, this appears to be the ideal solution – taxpayers in reservation counties will pay no more than the average taxpayer in a non-reservation county – for economic assistance program at least.



Unfortunately, this does not work as well as we had hoped.

As I mentioned, economic assistance is just one of three cost areas for counties. Within those areas, there are "direct costs" and "indirect costs". The real, actual direct costs are quite easily obtained for this analysis, but the indirect costs are not. The Department of Human Services must therefore use a statewide average figure to arrive at the indirect costs, and for several reasons this statewide average under-reports reservation county economic assistance costs – reducing their reimbursement.

All County Social Service Costs Expressed in Mills



This next chart is the reality that reservation counties are facing, when you look at all their costs. Although the circles (Indian County Reimbursements) do reduce the county's excess costs considerably, in most reservation counties their overall costs are not brought down to the statewide average – therefore property taxpayers in these counties are paying a disproportionate share of the costs – in some cases a hugely disproportionate cost. (Green brackets)

We have come to realize that quite possibly the measure we are using to address this problem is the wrong one. The proposal before you today takes this reimbursement in a different direction and it is the result of much study and thought, and a considerable amount of work by the DHS fiscal staff – for which we are very thankful.

I apologize for coming in with rather extensive amendments right away, but the submittal of the wrong version of the draft, coupled with a decision that this bill really needs to have an appropriation for an honest evaluation of its importance, argued that we do just that. Although the initial draft really implements the same change, the terminology is corrected and the details of how the Department would accomplish that change is much better explained with the addition of the amendments.

This bill very simply says that we will add up the reservation county's economic assistance costs as we do right now, but the reimbursement would just be a percentage of that cost. The percentage would be the same percentage that Food

Stamp cases living on non-taxed reservation land are to the total Food Stamp caseload. So if 60% of the cases are on the reservation, the county pays for 4)5 of their economic assistance costs and the reimbursement calculated by this bill covers the rest.

We chose Food Stamps (or more properly, the supplemental nutrition assistance program) because this is the most widespread economic assistance program, and the current computer system allows for the indication of the reservation residence necessary for the formula.

We see this as simple, straightforward, and justifiable. More importantly for counties it does two things.

1. It includes the Dakota Central 4-county group that in the past did not qualify for any reimbursement because of the 20% caseload threshold, and
2. It increases reimbursement for the current reservation counties.

The appropriation is based on a fiscal analysis of the bill by the Department. This analysis yielded the following anticipated changes to the distributions.

Reservation County Funding - Analysis of HB1540 2009-2001 Biennium			
Soc.Ser.Unit	09-11 DHS Budget	Projected HB1540 Cost	Additional State Funding
Benson	\$603,060	\$962,317	\$359,257
Dunn	\$98,837	\$130,774	\$31,937
McKenzie	\$151,836	\$330,400	\$178,564
Dakota Central	\$0	\$86,153	\$86,153
Mountrail	\$446,632	\$716,897	\$270,265
Rolette	\$1,368,193	\$1,488,638	\$120,445
Sioux	\$705,652	\$874,681	\$169,029
Total	\$3,374,210	\$4,589,860	\$1,215,650

Mr. Chairman and committee members, I would gladly try to answer any questions but would like to close with a request for you to adopt the proposed amendments and return a "Do Pass" recommendation for House Bill 1540.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1540

Page 1, line 3, after “land” insert “, and to provide an appropriation”

Page 1, line 11, overstrike “or property tax-exempt tribal trust”

Page 1, line 15, after “services” insert “costs”

Page 1, line 18, replace “food stamp” with “supplemental nutrition assistance program” and replace “quarter” with “state fiscal year”

Page 1, line 20, overstrike “Each calendar year the” and insert immediately thereafter “The” and overstrike “allocations” and insert immediately thereafter “payments”

Page 1, line 24, replace “quarter” with “state fiscal year” and after the semicolon insert:

“c. At the end of each state fiscal year the actual quarterly payments paid shall be reconciled to the current year calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties will be compensated accordingly in the first quarter of the new fiscal year.”

Page 2, line 1, remove the overstrike over “reported” and remove “made”

Page 2, line 2 remove the overstrike over “prior to” and insert immediately thereafter “September” and remove the overstrike over “first”

Page 2 line 3, remove “within six weeks after the quarter for which reimbursement is”

Page 2, line 4, remove “due”

Page 2, after line 4, insert:

“SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,215,650, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties contain federally recognized Indian reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.”

Renumber accordingly

EXAMPLE OF HB1540 WITH NDACo AMENDMENTS

1 A BILL for an Act to amend and reenact subsection 3 of section 50-01.2-03.2 of the North
2 Dakota Century Code, relating to the funding of economic assistance programs in counties with
3 federally recognized Indian reservation land and to provide an appropriation.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsection 3 of section 50-01.2-03.2 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 3. Notwithstanding any other provisions of law, the department shall reimburse county
8 social service boards for expenses of locally administered economic assistance
9 programs in counties ~~in which more than twenty percent of the caseload for these~~
10 ~~programs consists of people who reside on a~~ that contain federally recognized
11 Indian reservation ~~or property tax exempt tribal trust lands~~. The reimbursement
12 must be such that:

- 13 a. An affected county's ~~expenses~~ actual direct costs and indirect costs allocated
14 based on a percentage of each county's direct economic assistance and social
15 services costs for locally administered economic assistance programs ~~in~~
16 ~~excess of the statewide average of such costs, expressed in mills, for all other~~
17 ~~counties will be reimbursed at one hundred percent~~ the percentage of that
18 county's average total supplemental nutrition assistance program caseload for
19 the previous state fiscal year which reside on federally recognized Indian
20 reservation land;
21 b. ~~Each calendar year the~~ The affected counties will receive quarterly allocations
22 payments based on the actual county ~~expenses~~ direct and indirect costs, as
23 provided in subdivision a, for the ~~state fiscal year ending the previous June~~
24 ~~thirtieth and the most recent taxable valuations published pursuant to section~~
25 ~~57-13-07 available on that date~~ state fiscal year;
26 c. At the end of each state fiscal year the actual quarterly payments paid shall be
27 reconciled to the current year calculation of actual direct and indirect costs as
28 provided in subdivision a and supplemental nutrition assistance program
29 caseload and counties will be compensated accordingly in the first quarter of the
30 new fiscal year; and
31 d. The reimbursement will be calculated for each county and reported to the
32 county social service board prior to ~~September~~ August first of the year
33 ~~preceding the allocation.~~

34 **SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the
35 general fund in the state treasury, not otherwise appropriated, the sum of \$1,215,650, or so
36 much of the sum as may be necessary, to the department of human services for the purpose
37 of reimbursing the expenses of locally administered economic assistance programs in
38 counties contain federally recognized Indian reservation land, for the biennium beginning July
39 1, 2009, and ending June 30, 2011.

#2

Chairman Weisz and members of the committee, my name is Beverly Mathiason and I am the director of Rolette County Social Services and I support HB 1540.

This bill would change the way funding is reimbursed to counties who have an Indian reservation. The bill would base our reimbursement on the percentage of our caseload living on non-taxable land.

The issue for Rolette County is "How do we provide enough staff to adequately provide services to a large population, with our very limited tax revenue?"

The value of a mill in Rolette County is \$10, 296, yet my budget is close to \$1.5 million. The revenue we bring in from various funding reimbursements and taxes is not adequate to cover our costs. We are frugal in spending; yet we had a deficit of \$135,000 to end 2008, which will have to be made up from general fund.

Our reservation is small in size, but the population is large. The 2000 Census estimates the total county population at 13, 674 residents, with approximately 9800 of those being Native American.

We have almost 5000 people receiving food stamps in my county, with 78% of them living on non-taxable land. Our caseloads for all programs are high. We have the 4th highest food stamp caseload in the state, the largest TANF caseload, and over 4300 individuals on Medical Assistance. It takes a large staff to administer all these programs and to provide timely and accurate benefits. Yet, we are limited on the amount of revenue we can generate to support that staff and the operating costs associated with running a social service office.

Many of our residents experience extreme poverty and high unemployment. We are encouraged by efforts of the Turtle Mountain Tribe and other communities to develop new business to alleviate the poverty and hardships many of our residents face every day. In the meantime, we are committed to providing the best possible service we can to the residents of Rolette County who are eligible for and in need of help.

We believe this bill reflects our cost of doing business while recognizing the difficulty in raising adequate revenue to support our costs.

Thank you for the opportunity to provide testimony and I would be happy to attempt to address any questions you may have.

#3

**Testimony To
THE HOUSE HUMAN SERVICES COMMITTEE
Presented Tuesday, January 27, 2009 by
Edward Forde, Director, Benson County Social Services**

REGARDING HOUSE BILL No. 1540

Chairman Weisz and members of the House Human Services Committee, the Benson County Social Service Board and Board of County Commissioners support House Bill 1540 because they feel it is necessary to further enhance the reimbursement provided to counties with non-taxable reservation lands.

Benson County is a small agricultural based community surviving in spite of disastrous lake flooding (which has swallowed many agricultural acres), in spite of the low agricultural prices, crop disease and high production costs, in spite of a shrinking population, business and professional sectors in the communities.

The sole funding mechanism for Counties is property tax. Benson County is hurting and does not have the economic where-with-all to service a growing reservation population - residing on land it is unable to tax. We feel the current mechanism for calculating the Indian County Reimbursement is flawed in how it allocates indirect costs and how it assesses the ability of the local taxpayers to fund these expenses on land the county cannot tax. Benson Counties valuations are not increasing at the same pace as the rest of the counties yet we are expected to reflect their increases in our efforts to service the reservation population.

As a result Benson County and others need your help to offset these costs and we plead for your support of this bill and other efforts you may offer to correct this problem.

Thank you for your time and consideration of this matter..

#4

Testimony To

THE HOUSE HUMAN SERVICES COMMITTEE

Presented Tuesday, January 27, 2009 by

Vincent N. Gillette, Director, Sioux County Social Services, Fort Yates, ND

REGARDING HOUSE BILL No. 1540

Chairman Weisz and members of the House Human Services Committee, the Sioux County Social Service Board and Board of County Commissioners give their whole hearted support House Bill 1540. Counties raise the money for operation of county services through taxes. This is a problem in reservation counties and Sioux in particular. In Sioux County only 52% of the land is taxable. Sioux County has the lowest mill value in the State of ND. While off reservation counties mill value have increased over the years since SWAP, reservation counties mill values have remained relatively flat, hampering Sioux Counties ability to keep pace with the rising costs of providing to an ever increasing caseload.

Sioux County according to the 2000 census had a population of 4044, which ranked us as the 31st in terms of population in North Dakota. Last month we ranked 7th in total dollars issued for Food Stamps (SNAP) and 6th for TANF caseload. We have a huge economic assistance caseload in relation to our population size. Sioux County is the poorest county in North Dakota and the 6th poorest county in the nation, based on per capita income. Add in an unemployment rate anywhere from 50% to 85% depending on whose numbers you use and you can see what has put Indian Counties in this predicament.

These factors, a huge portion of Sioux County is non taxable land, flat mill value growth, huge economic assistance caseloads and increasing costs of providing services, has brought us to you asking for some relief. We would ask you give us favorable consideration and pass this bill.

Thank you for your consideration in this matter.

Sioux County 2008 statistics

-Sioux County is one of only eight counties, NATIONWIDE, and the only one in ND, that is totally encompassed on an Indian Reservation. Sioux County and the Standing Rock Indian Reservation cover the same land area, in ND. (Standing Rock Indian Reservation extends into SD as well.)

-Sioux County has 705, 792 acres. Only 373,387 acres or 52% is taxable land. The vast majority of the non taxable land is because it is held in trust for native people.

-Sioux County has the lowest value of a mill in the State of ND. \$2148.00.

-Sioux County has the lowest per capita income in ND.

-Sioux County is the 6th poorest county, NATIONWIDE, based on per capita income, according Wikipedia. Interestingly enough, two other ND counties asking for relief under this same bill are on this list. Rollette County is 53rd and Benson County is ranked 81st.

-Sioux County population is 4044, according to the 2000 census. 3421 natives, 580 white and 107 other race.

-Sioux Counties total operating budget for CY 2008 was \$2,114,647.00. In 2008, Sioux County had 676 taxpayers.

-In North Dakota, Sioux County ranks 31st in total population.

-Sioux County ranks 7th in total dollars issued for SNAP (Food Stamps).

-Sioux County ranks 6th in number of TANF cases.

-Sioux County Social Services began 2008 with a \$35,000 deficit.

Sioux County needs additional monies. When SWAP was enacted, it benefit most all counties, EXCEPT for Indian counties and we have been trying to catch up since than. We need help!!

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1540

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code, relating to the funding of economic assistance programs in counties with federally recognized Indian reservation land; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code is amended and reenacted as follows:

3. Notwithstanding any other provisions of law, the department shall reimburse county social service boards for expenses of locally administered economic assistance programs in counties ~~in which more than twenty percent of the caseload for these programs consists of people who reside on a~~ that contain federally recognized Indian reservation ~~or property tax exempt tribal trust lands.~~

The reimbursement must be such that:

- a. An affected county's ~~expenses~~ actual direct costs and indirect costs allocated based on a percentage of each county's direct economic assistance and social services costs for locally administered economic assistance programs ~~in excess of the statewide average of such costs, expressed in mills, for all other counties will be reimbursed at one hundred percent~~ the percentage of that county's average total supplemental nutrition assistance program caseload for the previous state fiscal year which reside on federally recognized Indian reservation land;
- b. ~~Each calendar year the~~ The affected counties will receive quarterly ~~allocations~~ payments based on the actual county ~~expenses~~ direct and indirect costs, as provided in subdivision a, for the ~~state fiscal year ending the previous June thirtieth and the most recent taxable valuations published pursuant to section 57-13-07 available on that date~~ state fiscal year; and
- c. At the end of each fiscal year the actual quarterly payments paid must be reconciled to the current year of calculation of actual direct and indirect costs as provided in subdivision a and supplemental nutrition assistance program caseload and counties must be compensated accordingly in the first quarter of the new fiscal year; and
- ~~e~~ d. The reimbursement will be calculated for each county and reported to the county social service board prior to ~~August~~ September first of the year preceding the allocation.

SECTION 2. APPROPRIATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,215,650, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing the expenses of locally administered economic assistance programs in counties that contain federally recognized Indian reservation land, for the biennium beginning July 1, 2009, and ending June 30, 2011.
2. Each affected county shall reduce that county's human services budget by the amount saved by the implementation of section 1 of this Act and shall publish the property tax savings in that county's official newspaper.

#1

**Testimony To
THE SENATE HUMAN SERVICES COMMITTEE
Prepared March 4, 2009 by
Terry Traynor, Assistant Director
North Dakota Association of Counties**

REGARDING ENGROSSED HOUSE BILL No. 1540

Chair Lee and members of the Committee, the North Dakota Association of counties supports House Bill 1540 to enhance the human service program reimbursement provided to counties with non-taxable reservation lands.

As this Committee is more aware than others, the distribution of human service program costs can be problematic. While for some programs, in some situations, you do see higher caseloads (and therefore costs) in those counties with more people and more property to tax. This is not always that case and it is certainly not the case for economic assistance programs in those counties with non-taxable reservation lands. Among the thirteen counties with such lands, they share just under one million acres of non-taxed land.

Just a bit of history may be necessary to put the proposal contained in this bill into context. Counties deliver and fund human service programs in three areas: economic assistance, child welfare, services for the elderly and disabled. HB1540 and the statute it amends directly impacts only the county's costs of economic assistance – but as you will see, all of human service financing is involved.

Prior to the restructuring of economic assistance financing in 1997, county property taxes funded a share of the rapidly increasing costs of grant payments to nursing homes, doctors, dentists, basic care facilities, and the like. Legislation that Session removed that property tax burden, but “swapped” it for the loss of economic assistance administrative reimbursement. While this did not lower county costs overall, it greatly reduced the growth in county property-tax funded costs – ultimately saving millions in property taxes.

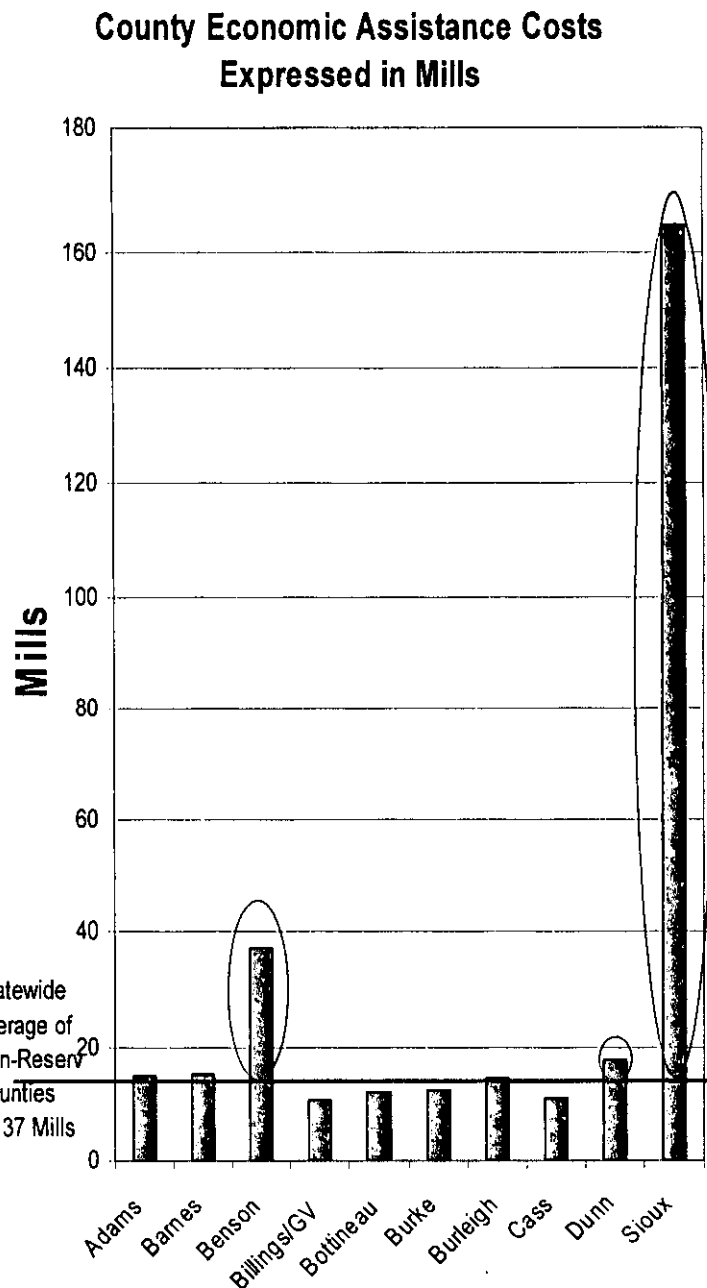
Unfortunately, since reservation counties paid little in the area of grant costs, they only saw the “bad-half” of the swap. To address this, subsection 3 of 50-01.2-03.2 was enacted to protect them.

To provide visual of what current law attempts to do, a chart has been prepared based on the 2006 costs that were used to generate last year's reimbursements. Only eight social service agencies were used for the example to make this legible.

The idea behind the current law is to;

1. Look at each county's economic assistance costs (only),
2. Translate those costs to that county's mills,
3. Find the average cost in mills for the non-reservation counties, and
4. "Write-down" the costs in the reservation counties to that average cost in mills.

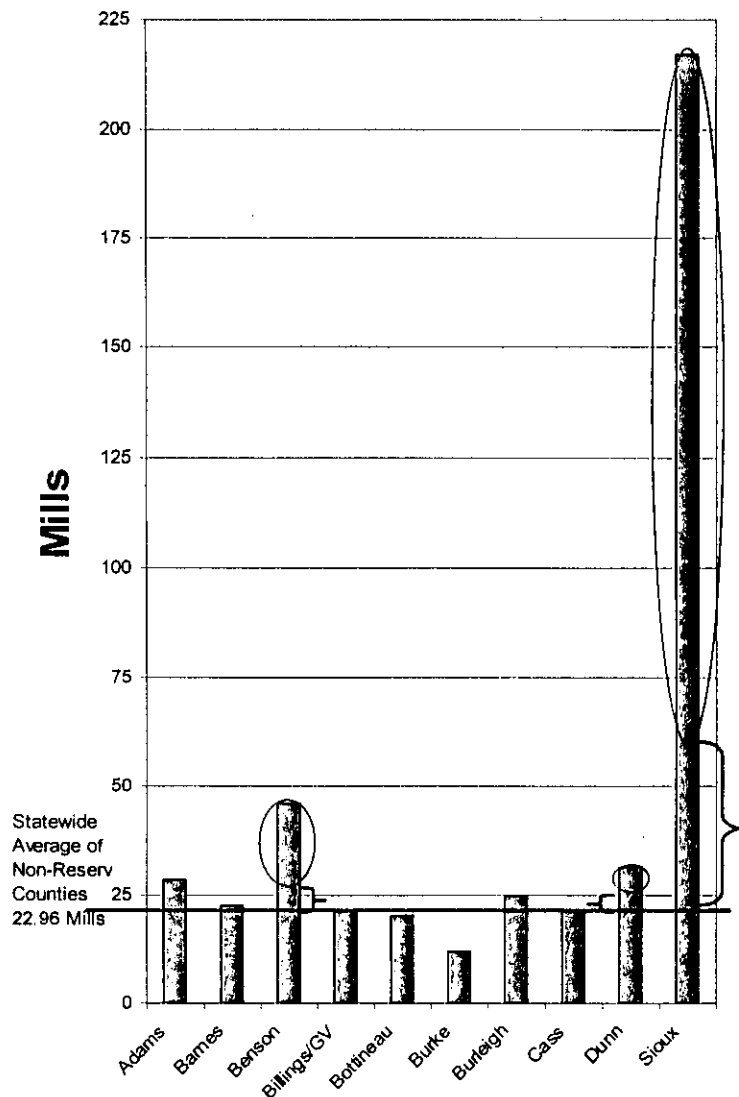
On paper, this appears to be the ideal solution – taxpayers in reservation counties will pay no more than the average taxpayer in a non-reservation county – for economic assistance program at least.



Unfortunately, this does not work as well as we had hoped.

As I mentioned, economic assistance is just one of three cost areas for counties. Within those areas, there are "direct costs" and "indirect costs". The real, actual direct costs are quite easily obtained for this analysis, but the indirect costs are not. The Department of Human Services must therefore use a statewide average figure to arrive at the indirect costs, and for several reasons this statewide average under-reports reservation county economic assistance costs – reducing their reimbursement.

All County Social Service Costs Expressed in Mills



This next chart is the reality that reservation counties are facing, when you look at all their costs. Although the circles (Indian County Reimbursements) do reduce the county's excess costs considerably, in most reservation counties their overall costs are not brought down to the true statewide average – therefore property taxpayers in these counties are paying a disproportionate share of the costs – in some cases a hugely disproportionate cost. (Green brackets)

We have come to realize that quite possibly the measure we are using to address this problem is the wrong one. The proposal introduced in the House took this reimbursement in a different direction and it was the result of much study and thought, and a considerable amount of work by the DHS fiscal staff – for which we are very thankful.

Unfortunately, HB1540 no longer reflects that original proposal, but counties feel it important that this committee understand what we attempted to accomplish. The bill as it left the House Human Services Committee very simply said that we will add up the reservation county's economic assistance costs as we do right now (actual direct and average indirect), but the reimbursement would just be a percentage of that cost. The percentage would be the same percentage that Food Stamp cases living on non-taxed reservation land are to the total Food Stamp caseload. So if 60% of the cases are on the reservation, the property taxpayers pay for 40% of their economic assistance costs and the reimbursement calculated by this bill covers the rest.

We chose Food Stamps (or more properly, the supplemental nutrition assistance program) because this is the most widespread economic assistance program.

We see this as simple, straightforward, and justifiable. More importantly for counties it did two things.

1. It included the Dakota Central 4-county group that in the past did not qualify for any reimbursement because of the 20% caseload threshold, and
2. It increased reimbursement for the current reservation counties.

Reservation County Funding - Analysis of HB1540 2009-2001 Biennium			
Soc.Ser.Unit	09-11 DHS Budget	Projected HB1540 Cost	Additional State Funding
Benson	\$603,060	\$962,317	\$359,257
Dunn	\$98,837	\$130,774	\$31,937
McKenzie	\$151,836	\$330,400	\$178,564
Dakota Central	\$0	\$86,153	\$86,153
Mountrail	\$446,632	\$716,897	\$270,265
Rolette	\$1,368,193	\$1,488,638	\$120,445
Sioux	\$705,652	\$874,681	\$169,029
Total	\$3,374,210	\$4,589,860	\$1,215,650

The appropriation that was included in that original bill was based on a fiscal analysis of the bill by the Department. This analysis resulted in the projected changes to the individual county amounts in the table.

This of course is NOT the bill before you today. Although the House Human Service Committee endorsed the original concept (with language to ensure county budget consideration of the savings), the House Appropriations Committee did not. After recommending a Do Not Pass, they reconsidered the bill and asked DHS for the analysis of several alternatives – the results of which are attached.

The House Appropriations Committee ultimately amended the bill choosing the option with the smallest procedural change and the smallest fiscal impact to the State.

While we are clearly supportive of the bill as it comes to this Committee today, we hope that the Senate will consider the original concept, or at least some of the alternatives that would more closely address the actual direct and indirect costs of these counties.

The final sentence in the appropriations section of the engrossed bill, added by the policy committee, is supported by counties – based on our understanding of its

intent and effect. County officials agree that this funding should and will reduce property taxes for this service area.

Their understanding of this is that if a county, as an example, has an overall social service budget of \$600,000 this year that would otherwise grow to \$630,000 next year due to state salary range adjustments, PERS benefit adjustments, federal reimbursement changes, caseload increases, etc.; and if this bill increases their State reimbursement by \$100,000, their new budget would be reduced by that amount to \$530,000.

Mr. Chairman and committee members, I would gladly try to answer any questions but would like to close with a request for you to return a "Do Pass" recommendation for House Bill 1540.

**Department of Human Services
Indian County Allocation Scenarios**

Current Methodology @100% and Additional Scenarios @ 110% & 115% (Includes 20% Caseload Requirement)

	2009-2011 Executive Budget *	110% of Cost In Excess of Statewide Avg Mills	115% of Cost In Excess of Statewide Avg Mills
Benson	603,080	663,366	693,519
Dunn	98,837	108,721	113,663
McKenzie	151,836	167,020	174,611
Mountain	446,632	491,295	513,627
Rosette	1,308,193	1,505,013	1,573,422
Sioux	705,652	776,218	811,500
Total	3,374,210	3,711,633	3,880,342
	Increase from Ex. Budget	337,423	506,132

Current Methodology @100% & Additional Scenarios Eliminating the 20% caseload Requirement @ 100%, 110% & 115% (The Statewide Avg mill changes as any county with Reservation or Tribal Trust Land is excluded from the Statewide Avg Mill Calculation)

	2009-2011 Executive Budget *	100% of Cost In Excess of Statewide Avg Mills	110% of Cost In Excess of Statewide Avg Mills	115% of Cost In Excess of Statewide Avg Mills
Benson	603,080	613,507	674,858	705,533
Dunn	98,837	108,326	119,158	124,575
McKenzie	151,836	164,944	181,439	189,686
Mountain	446,632	458,924	504,817	527,763
Rosette	1,308,193	1,375,694	1,513,263	1,582,048
Sioux	705,652	707,245	777,969	813,331
Total	3,374,210	3,428,640	3,771,504	3,842,938
	Increase from Ex. Budget	54,430	397,294	568,726

New Methodology for Allocation of Indirect Costs, Including the 20% Caseload Requirement

	2009-2011 Executive Budget *	100% of Cost In Excess of Statewide Avg Mills
Benson	603,080	730,658
Dunn	98,837	125,734
McKenzie	151,836	210,834
Mountain	446,632	482,563
Rosette	1,308,193	1,605,585
Sioux	705,652	797,058
Total	3,374,210	3,952,432
	Increase from Ex. Budget	578,222

New Methodology for Allocation of Indirect Costs, Eliminating the 20% Caseload Requirement (The Statewide Avg mill changes as any county with Reservation or Tribal Trust Land is excluded from the Statewide Avg Mill Calculation)

	2009-2011 Executive Budget *	100% of Cost In Excess of Statewide Avg Mills
Benson	603,080	736,344
Dunn	98,837	130,899
McKenzie	151,836	217,968
Mountain	446,632	489,254
Rosette	1,308,193	1,609,667
Sioux	705,652	797,925
Total	3,374,210	3,982,057
	Increase from Ex. Budget	607,847

* 2009-2011 Executive budget is reflected in each example for comparison purposes.

#2

Testimony to
THE SENATE HUMAN SERVICES COMMITTEE
Presented Wednesday, March 4, 2009

Chairman Lee and members of the Senate Human Services Committee. My name is Beverly Mathiason. I am the director of Rolette County Social Services and I am here in support of HB 1540.

Our support for the amended version of HB 1540 is mixed. Although it offers some increased funding, it still contains the flawed formula we operate under today. That formula takes the statewide average mills of what all non-reservation counties are levying, and then reimburses the reservation counties only after they have first expended an amount equal to that statewide average. The bar is continually being raised and Indian counties cannot keep up. Our property valuations do not increase at the same pace as other counties.

The picture in my county is grim. My office finished 2008 with a deficit of \$135,000. We will have to assess the emergency poor levy this year, and probably every year to come, unless we can find ways to increase our revenue.

We would prefer the bill be restored to its original version, as it is a "fix" of this issue, and not just a band-aid approach. The original bill recognized that there is substantial non-taxable land in the Indian counties, and it based the formula for reimbursement on the number of clients who actually live on those non-taxable lands.

We would ask for your support in restoring HB 1540 to its original version. Thank you.

#3

Testimony To

THE SENATE HUMAN SERVICES COMMITTEE

Presented Tuesday, March 3, 2009 by

Vincent N. Gillette, Director, Sioux County Social Services, Fort Yates, ND

REGARDING HOUSE BILL No. 1540

Chairperson Lee and members of the Senate Human Services Committee, the Sioux County Social Service Board and Board of County Commissioners gives their whole hearted support House Bill 1540 before it was amended by the House appropriations committee. The Bill provided reimbursement direct and indirect economic assistance costs of counties, based on the percentage of clients receiving Food Stamps or SNAP, who live on an Indian reservation. The bill also removed the wording in the current law that establishes an Indian counties "share," for providing economic assistance on the reservation. This is sub section (a) of the law and says, "An affected county's expenses for locally administered economic assistance programs in excess of the statewide average of such costs, expressed in mills, for all other counties will be reimbursed at one hundred percent." What this means is that after the math was done, for CY 2009, the cost of providing economic assistance programs, statewide, expressed in mills is 11.96. For illustration purposes lets say that the mill is worth \$9090 and the counties costs, for the year, were \$500,000. In order to calculate the reimbursement you would take the statewide average costs of providing economic assistance, expressed in mills, 11.96 times the value of a mill in the county, \$9090.00 which comes up to about \$100,000, subtract the \$100,000, from actual county costs of \$500,000, which equals \$400,000. In this example a county would receive 100% of \$400,000 NOT 100% of the actual costs of \$500,000.

The original SWAP legislation traded the dollars counties paid for program costs for the administrative reimbursements counties received for providing economic assistance programs. This was a good deal for 47 of the 53 counties. The 6 Indian Counties paid very little in program costs because, while we have huge caseloads, the reservation cases were factored out so we paid only for the off reservation cases. So Indian Counties traded program costs, which were minimal, for the administrative reimbursements, which were huge. So we were losers on both counts. Indian counties have been back in every legislature since SWAP, trying to keep our counties from going bankrupt. Indian Counties believe HB 1540, as it came out of the House Human Service Committee, would allow Us to finally, keep our heads above water.

In closing I wanted say that we didn't want to seem ungrateful and would gladly take any additional money the legislature, in their infinite wisdom, say fit to allocate for Indian Counties. Its just that you must be getting tired of seeing us every two years, coming here trying to get additional money, HB 1540 that came out of the House Human Services Committee would be the way to go.

Thanks for listening and I would try to answer any questions you have.

Economic Assistance Grant Costs

Over the past ten years there have been new programs and services added and various changes made to existing programs. The Department does not know if the counties would have shared in the cost of these new programs and services, or if the counties were to share in the cost, what their share would have been, had the SWAP legislation not been approved. If required to make these assumptions, the Department requests your assistance. **Attachment C** lists the changes made since the implementation of the SWAP legislation which have a direct impact on the economic assistance grant costs.

Indian County Payments

Prior to the 1997-1999 biennium, the Department was appropriated \$440,000 to be allocated to Benson, Sioux and Rolette counties for assistance in the cost of providing economic assistance programs due to the large amount of tax-exempt land in these counties. The 1997 Legislative Assembly added an additional \$619,000 to the Indian County appropriation for assistance to these three counties. Beginning in 1999-2001 biennium the Indian County payments were based upon a specific formula outlined in Subsection 3 of section 50-01.2-03.2 of the NDCC. This section states that a county is eligible for Indian County payments if both of the following conditions are met:

- more than 20% of their Economic Assistance caseload is living on a federally recognized Indian Reservation or tribal trust land and;
- the administrative costs expressed in mills is greater than the statewide average administrative costs expressed in mills for all other counties.

**North Dakota Department of Human Services
Indian County Payment Calculation
CY 2008**

All Counties			
County	Total Economic Assistance Administrative Costs (July 2006 - June 2007) *	Value of a Mill June 2006	Economic Assistance Administrative Costs expressed in Mills
	A	B	C = A / B
Adams	91,803.66	7,507.35	12.23
Barnes	389,478.04	37,449.66	10.40
Benson	450,442.38	13,794.21	32.65
Billings	242,857.73	25,974.50	9.35
Bozeman	181,540.80	15,171.49	11.97
Burke	101,234.06	8,674.87	11.67
Burleigh	1,828,879.01	194,888.08	9.38
Cass	3,114,312.11	395,777.45	7.87
Cavalier	268,360.65	21,350.84	12.57
Dakota Central	693,809.00	59,895.86	11.58
Dickey	261,472.81	17,463.21	14.97
Divide	95,264.43	9,636.72	9.89
Dunn	221,760.51	12,876.60	17.22
Eddy	115,205.92	6,481.23	17.78
Emmons	170,973.20	14,303.61	11.95
Foster	103,917.37	12,872.67	8.07
G. Valley/Billings	104,103.65	10,740.84	9.69
G. Forks	1,847,736.81	161,756.08	11.42
Grant	117,803.41	8,921.51	13.20
Griggs	137,165.81	9,379.93	14.62
Hettinger	127,632.83	9,812.88	13.01
Kidder	104,708.30	10,223.05	10.24
LaMoure	135,102.23	18,657.11	7.24
Logan	94,188.58	7,120.07	13.23
McHenry	164,529.55	22,827.00	7.21
McIntosh	168,646.56	10,182.45	16.56
McKenzie	275,289.44	17,230.41	15.98
McLean	981,575.22	61,505.20	15.96
Mercer	390,760.94	16,308.80	23.98
Morton	154,740.43	11,233.88	13.77
Mountrail	327,724.98	31,175.62	10.51
Nelson	142,432.09	14,505.87	9.82
Oliver	457,238.94	26,566.00	17.21
Pembina	141,922.95	16,977.38	8.36
Pierce	92,873.42	10,369.90	8.96
Ramsey	352,580.16	51,433.58	6.86
Ransom	729,798.86	10,208.57	71.49
Renville	123,452.40	15,915.73	7.76
Richland	309,029.58	2,056.53	150.27
Rolette	907,742.24	44,563.70	20.37
Sargent	129,148.49	11,066.75	11.67
Sheridan	649,519.07	53,706.58	12.09
Sioux	68,529.71	11,608.24	5.90
Slope	298,874.49	26,942.09	11.09
Stark	359,174.72	32,636.56	11.01
Steele	1,531,357.62	127,555.98	12.01
Stutsman	220,398.08	18,849.95	11.69
Towner	801,519.51	41,436.48	19.34
Trail	20,778,612.70		
Walsh			
Ward			
Wells			
Williams			
Total:	20,778,612.70		

Counties that do not have 20% of the Economic Assistance caseload living on Reservation or Tribal Trust Land		
Total Economic Assistance Administrative Costs (July 2006 - June 2007) *	Value of a Mill June 2006	Economic Assistance Administrative Costs expressed in Mills
D	E	F = D / E
91,803.66	7,507.35	12.23
389,478.04	37,449.66	10.40
242,857.73	25,974.50	9.35
181,540.80	15,171.49	11.97
101,234.06	8,674.87	11.67
1,828,879.01	194,888.08	9.38
3,114,312.11	395,777.45	7.87
268,360.65	21,350.84	12.57
693,809.00	59,895.86	11.58
261,472.81	17,463.21	14.97
95,264.43	9,636.72	9.89
115,205.92	6,481.23	17.78
170,973.20	14,303.61	11.95
103,917.37	12,872.67	8.07
104,103.65	10,740.84	9.69
1,847,736.81	161,756.08	11.42
117,803.41	8,921.51	13.20
137,165.81	9,379.93	14.62
127,632.83	9,812.88	13.01
104,708.30	10,223.05	10.24
135,102.23	18,657.11	7.24
94,188.58	7,120.07	13.23
164,529.55	22,827.00	7.21
168,646.56	10,182.45	16.56
981,575.22	61,505.20	15.96
390,760.94	16,308.80	23.98
154,740.43	11,233.88	13.77
327,724.98	31,175.62	10.51
142,432.09	14,505.87	9.82
457,238.94	26,566.00	17.21
141,922.95	16,977.38	8.36
92,873.42	10,369.90	8.96
352,580.16	51,433.58	6.86
123,452.40	15,915.73	7.76
907,742.24	44,563.70	20.37
129,148.49	11,066.75	11.67
649,519.07	53,706.58	12.09
68,529.71	11,608.24	5.90
298,874.49	26,942.09	11.09
359,174.72	32,636.56	11.01
1,531,357.62	127,555.98	12.01
220,398.08	18,849.95	11.69
801,519.51	41,436.48	19.34
18,401,531.04		490.49

Individual County Variance From Statewide Average Mill	Indian County Allocation CY 2008
G = F - 11.68	H = G X B
0.55	
-1.28	
20.97	289,265
-2.33	
0.29	
-0.01	
-2.30	
-3.81	
0.89	
-0.10	
3.29	
-1.79	
5.54	71,336
6.10	
0.27	
-3.61	
-1.99	
-0.26	
1.52	
2.94	
1.33	
-1.44	
-4.44	
1.55	
-4.47	
4.88	
4.30	74,091
4.28	
12.28	200,272
2.09	
-1.17	
-1.86	
5.53	
-3.32	
-2.72	
-4.82	
59.81	610,575
-3.92	
138.59	285,015
8.69	
-0.01	
0.41	
-5.78	
-0.59	
-0.67	
0.33	
0.01	
7.66	1,530,554

Number of Counties 42
Statewide Avg Mill 11.68
(490.49 / 42 = 11.68)

Counties with more than 20% of Economic Assistance Caseload Living on Reservation or Tribal Trust Land	
County	SFY 2007
Benson	78.00%
Dunn	28.16%
McKenzie	48.73%
Mountrail	60.00%
Rolette	68.84%
Sioux	100.00%

* For purposes of calculating the CY 2008 Indian County Allocation, the Child Support costs are not included in the "Total Economic Assistance Administrative Costs for SFY 2007". Effective July 1, 2007 the state is responsible for the costs associated with the operation of the Child Support Program. (SB 2205)

**Department of Human Services
Indian County Payments
1997-1999 thru 2005-2007**

		Locally administered economic assistance program costs in excess of statewide average costs, expressed in mills			
		Formula effective January 1, 2000	Reimbursed at 90%		Reimbursed at 100%
County	1997-1999 Biennium	1999-2001 Biennium	2001-2003 Biennium	2003-2005 Biennium	2005-2007 Biennium
Benson	174,086	266,641	393,794	441,930	540,101
Dunn	-	30,132	40,788	59,543	68,122
McKenzie	-	100,036	167,740	105,352	106,518
Mountrail	-	140,661	270,437	321,497	415,824
Rolette	704,672	926,269	1,193,203	1,347,762	1,499,962
Sioux	180,236	312,681	415,014	440,542	560,359
Total	1,058,994	1,776,420	2,480,976	2,716,626	3,190,886

Biennial Increase	717,426	704,556	235,650	474,260
Percentage Increase	67.75%	39.66%	9.50%	17.46%

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Actual costs July 07 - June 08 used as a basis with the following adjustments/assumptions:

- 5% per year inflation
- No additional FTEs

2009-2011 Biennium							
	SFY 2010 Economic Assistance (EA) Costs	SFY 2011 Economic Assistance (EA) Costs	Total 2009- 2011 Economic Assistance (EA) Costs	Percentage of SNAP Cases on Reservation Land	Payment Based EA Costs & Percentage of SNAP Cases on Reservation Land	2009-2011 DHS Budget To House (using Mill Levy)	2009-2011 Estimate of Add'l Funds Needed
Benson	551,296	578,861	1,130,157	85.149%	962,317	603,060	359,257
Dunn	231,971	243,569	475,540	27.500%	130,774	98,837	31,937
McKenzie	339,085	356,041	695,126	47.531%	330,400	151,836	178,564
Dakota Central	761,482	799,552	1,561,034	5.519%	86,153		86,153
Mountrail	460,272	483,287	943,559	75.978%	716,897	446,632	270,265
Rolette	935,984	982,784	1,918,768	77.583%	1,488,638	1,368,193	120,445
Sioux	426,674	448,007	874,681	100.000%	874,681	705,652	169,029
Total	3,706,764	3,892,101	7,598,865		4,589,860	3,374,210	1,215,650

2011-2013 Biennium (Same Assumptions used)							
	SFY 2012 Economic Assistance (EA) Costs	SFY 2013 Economic Assistance (EA) Costs	Total 2011- 2013 Economic Assistance (EA) Costs	Percentage of SNAP Cases on Reservation Land	Payment Based EA Costs & Percentage of SNAP Cases on Reservation Land	2011-2013 Estimated Budget (using Mill Levy)	2011-2013 Estimate of Add'l Funds Needed
Benson	607,807	638,198	1,246,005	85.149%	1,060,961	649,194	411,767
Dunn	255,748	268,535	524,283	27.500%	144,178	106,399	37,779
McKenzie	373,843	392,535	766,378	47.531%	364,267	163,452	200,815
Dakota Central	839,561	881,539	1,721,100	5.519%	94,988		94,988
Mountrail	507,453	532,825	1,040,278	75.978%	790,382	480,800	309,582
Rolette	1,031,923	1,083,519	2,115,442	77.583%	1,641,223	1,472,862	168,361
Sioux	470,408	493,928	964,336	100.000%	964,336	759,636	204,700
Total	4,086,743	4,291,079	8,377,822		5,060,335	3,632,343	1,427,992

Supplemental Nutrition Assistance Program (SNAP) November 2008 Caseload (Manually obtained by Counties) *			
County	Reservation Cases	Total Cases	Percentage of Cases on Reservation Land
Benson	516	606	85.149%
Dunn	11	40	27.500%
Eddy	0	81	0.000%
McKenzie	77	162	47.531%
Dakota Central	25	453	5.519%
Lakes District	0	651	0.000%
Mountrail	136	179	75.978%
Nelson	0	64	0.000%
Rolette	1682	2168	77.583%
Sioux	707	707	100.000%
Ward	0	2015	0.000%

* The SNAP caseload information will be manually calculated each year by county staff, as the Department's computer system does not currently have the capability to accurately calculate this data.

NOTE: HB 1540 as amended, will require SNAP caseload data for the year to be used in the calculation, instead of a monthly percentage as was used in this fiscal note calculation.

Department of Human Services Indian County Allocation Scenarios

Current Methodology @100% and Additional Scenarios @ 110% & 115% (Includes 20% Caseload Requirement)			
	2009-2011 Executive Budget *	110% of Cost in Excess of Statewide Avg Mills	115% of Cost in Excess of Statewide Avg Mills
Benson	603,060	663,366	693,519
Dunn	98,837	108,721	113,663
McKenzie	151,836	167,020	174,611
Mountrail	446,632	491,295	513,627
Rolette	1,368,193	1,505,013	1,573,422
Sioux	705,652	776,218	811,500
Total	3,374,210	3,711,633	3,880,342
	Increase from Ex. Budget	337,423	506,132

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Scenarios Requested for Conference Committee

Assumptions Used:

SFY10 uses the current formula

SFY11 uses the formula proposed in HB 1540, with various percentages

	Using Current Formula	Using Proposed Formula (based upon % of SNAP cases on Reservation Land)			
	SFY 2010 @100%	SFY 2011 @100%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	492,894	789,968	603,060	186,908
Dunn	48,688	66,982	115,670	98,837	16,833
McKenzie	74,796	169,229	244,025	151,836	92,189
Dakota Central		44,127	44,127		44,127
Mountrail	220,016	367,191	587,207	446,632	140,575
Rolette	673,987	762,473	1,436,460	1,368,193	68,267
Sioux	347,612	448,007	795,619	705,652	89,967
Total	1,662,173	2,350,903	4,013,076	3,374,210	638,866

	SFY 2010 @100%	SFY 2011 @95%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	468,249	765,323	603,060	162,263
Dunn	48,688	63,633	112,321	98,837	13,484
McKenzie	74,796	160,768	235,564	151,836	83,728
Dakota Central		41,921	41,921		41,921
Mountrail	220,016	348,831	568,847	446,632	122,215
Rolette	673,987	724,349	1,398,336	1,368,193	30,143
Sioux	347,612	425,607	773,219	705,652	67,567
Total	1,662,173	2,233,358	3,895,531	3,374,210	521,321

	SFY 2010 @100%	SFY 2011 @90%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	443,605	740,679	603,060	137,619
Dunn	48,688	60,284	108,972	98,837	10,135
McKenzie	74,796	152,306	227,102	151,836	75,266
Dakota Central		39,714	39,714		39,714
Mountrail	220,016	330,472	550,488	446,632	103,856
Rolette	673,987	686,226	1,360,213	1,368,193	(7,980)
Sioux	347,612	403,206	750,818	705,652	45,166
Total	1,662,173	2,115,813	3,777,986	3,374,210	403,776

	SFY 2010 @100%	SFY 2011 @80%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	394,315	691,389	603,060	88,329
Dunn	48,688	53,586	102,274	98,837	3,437
McKenzie	74,796	135,383	210,179	151,836	58,343
Dakota Central		35,302	35,302		35,302
Mountrail	220,016	293,753	513,769	446,632	67,137
Rolette	673,987	609,978	1,283,965	1,368,193	(84,228)
Sioux	347,612	358,406	706,018	705,652	366
Total	1,662,173	1,880,723	3,542,896	3,374,210	168,686

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Scenarios Requested for Conference Committee

Assumptions Used:

SFY10 uses the current formula

SFY11 uses the formula proposed in HB 1540, with various percentages

	Using Current Formula	Using Proposed Formula (based upon % of SNAP cases on Reservation Land)			
	SFY 2010 @100%	SFY 2011 @100%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	492,894	789,968	603,060	186,908
Dunn	48,688	66,982	115,670	98,837	16,833
McKenzie	74,796	169,229	244,025	151,836	92,189
Dakota Central		44,127	44,127		44,127
Mountrail	220,016	367,191	587,207	446,632	140,575
Rolette	673,987	762,473	1,436,460	1,368,193	68,267
Sioux	347,612	448,007	795,619	705,652	89,967
Total	1,662,173	2,350,903	4,013,076	3,374,210	638,866

Limiting % of Reimbursement to no more than 90%

	SFY 2010 @100%	SFY 2011 @100%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	492,894	789,968	603,060	186,908
Dunn	48,688	66,982	115,670	98,837	16,833
McKenzie	74,796	169,229	244,025	151,836	92,189
Dakota Central		44,127	44,127		44,127
Mountrail	220,016	367,191	587,207	446,632	140,575
Rolette	673,987	762,473	1,436,460	1,368,193	68,267
Sioux	347,612	403,206	750,818	705,652	45,166
Total	1,662,173	2,306,102	3,968,275	3,374,210	594,065

SNAP caseload on Reservation Land must be at least 10%

	SFY 2010 @100%	SFY 2011 @100%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	492,894	789,968	603,060	186,908
Dunn	48,688	66,982	115,670	98,837	16,833
McKenzie	74,796	169,229	244,025	151,836	92,189
Dakota Central					0
Mountrail	220,016	367,191	587,207	446,632	140,575
Rolette	673,987	762,473	1,436,460	1,368,193	68,267
Sioux	347,612	448,007	795,619	705,652	89,967
Total	1,662,173	2,306,776	3,968,949	3,374,210	594,739

Limiting % of Reimbursement to no more than 90% & SNAP Caseload at least 10%

	SFY 2010 @100%	SFY 2011 @100%	Total	09-11 DHS Budget To House	Additional Funds Needed
Benson	297,074	492,894	789,968	603,060	186,908
Dunn	48,688	66,982	115,670	98,837	16,833
McKenzie	74,796	169,229	244,025	151,836	92,189
Dakota Central					0
Mountrail	220,016	367,191	587,207	446,632	140,575
Rolette	673,987	762,473	1,436,460	1,368,193	68,267
Sioux	347,612	403,206	750,818	705,652	45,166
Total	1,662,173	2,261,975	3,924,148	3,374,210	549,938

Testimony To
THE SENATE HUMAN SERVICES COMMITTEE
Prepared March 23, 2009 by
Terry Traynor, Assistant Director
North Dakota Association of Counties

REGARDING REENGROSSED HOUSE BILL No. 1540
Second Engrossment with Senate Amendments

Chair Holmberg and members of the Committee, the North Dakota Association of counties supports House Bill 1540 to enhance the human service program reimbursement provided to counties with non-taxable reservation lands.

As this Committee is more aware than others, the distribution of human service program costs can be problematic. While for some programs, in some situations, you do see higher caseloads (and therefore costs) in those counties with more people and more property to tax. This is not always that case and it is certainly not the case for economic assistance programs in those counties with non-taxable reservation lands. Among the thirteen counties with such lands, they share just under one million acres of non-taxed land.

Just a bit of history may be necessary to put the proposal contained in this bill into context. Counties deliver and fund human service programs in three areas: economic assistance, child welfare, services for the elderly and disabled. HB1540 and the statute it amends directly impacts only the county's costs of economic assistance – but as you will see, all of human service financing is involved.

Prior to the restructuring of economic assistance financing in 1997, county property taxes funded a share of the rapidly increasing costs of grant payments to nursing homes, doctors, dentists, basic care facilities, and the like. Legislation that Session removed that property tax burden, but “swapped” it for the loss of economic assistance administrative reimbursement. While this did not lower county costs overall, it greatly reduced the growth in county property-tax funded costs – ultimately saving millions in property taxes.

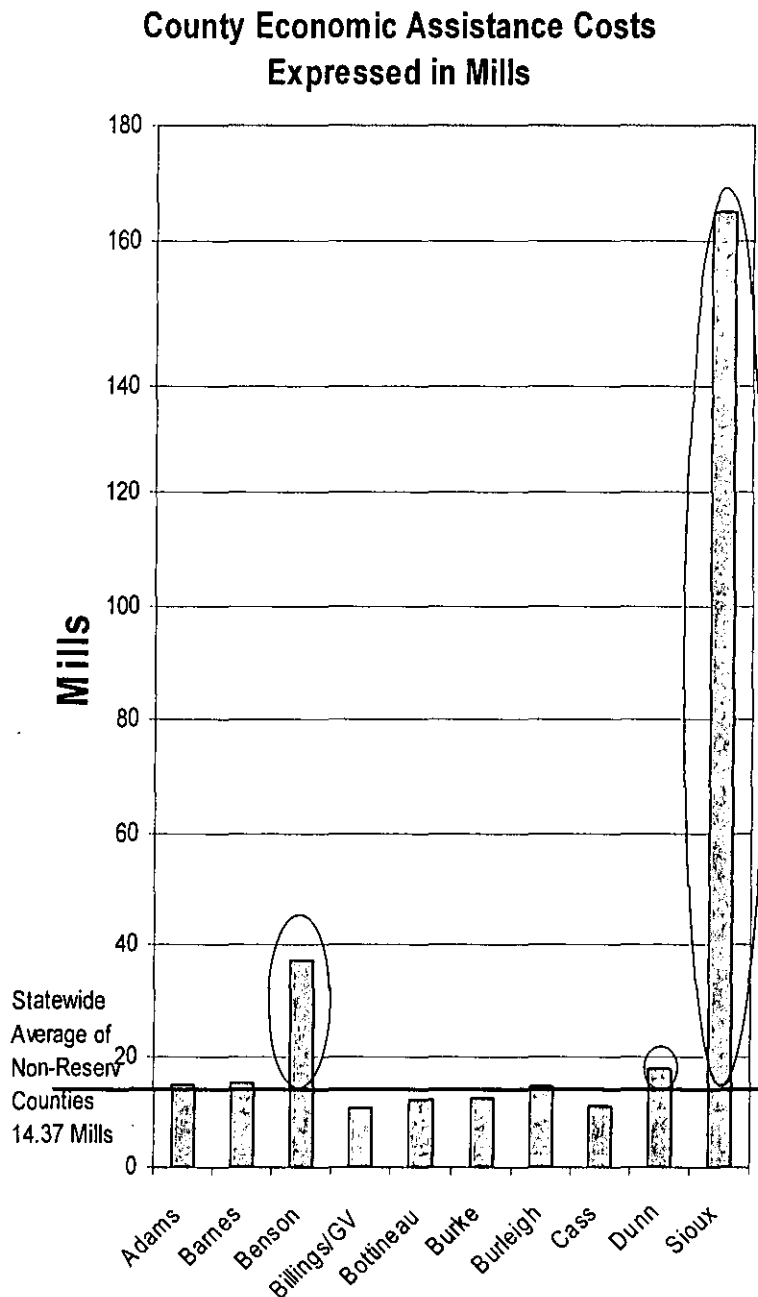
Unfortunately, since reservation counties paid little in the area of grant costs, they only saw the “bad-half” of the swap. To address this, subsection 3 of 50-01.2-03.2 was enacted to protect them.

To provide visual of what current law attempts to do, a chart has been prepared based on the 2006 costs that were used to generate last year's reimbursements. Only eight social service agencies were used for the example to make this legible.

The idea behind the current law is to;

1. Look at each county's economic assistance costs (only),
2. Translate those costs to that county's mills,
3. Find the average cost in mills for the non-reservation counties, and
4. "Write-down" the costs in the reservation counties to that average cost in mills.

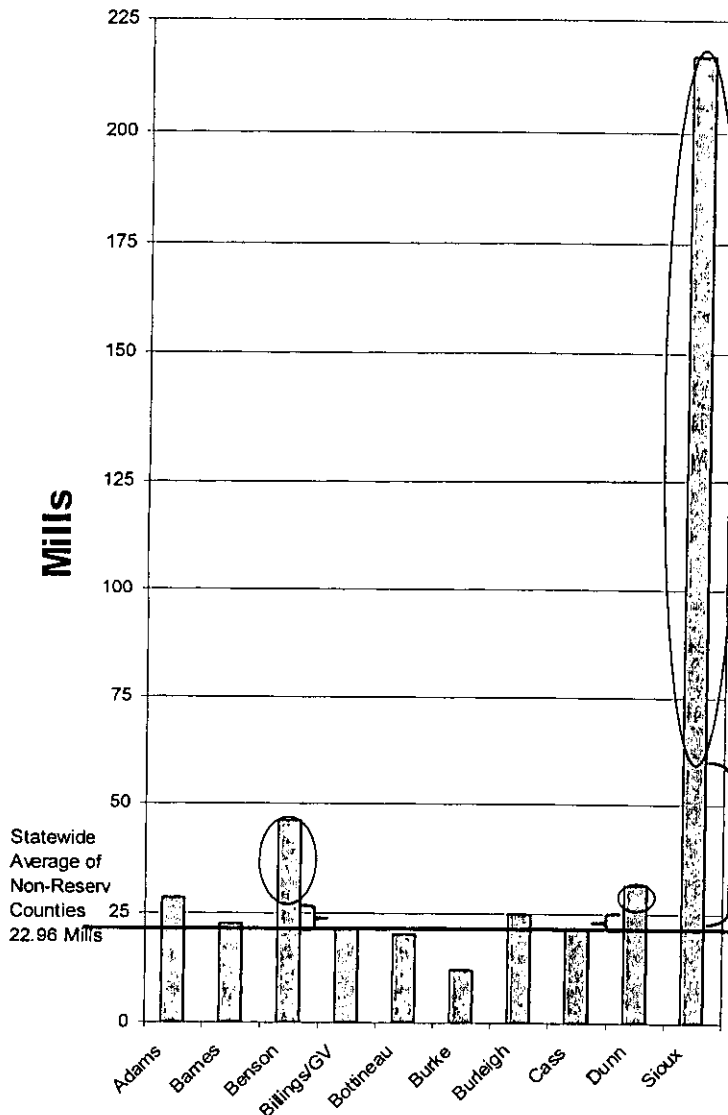
On paper, this appears to be the ideal solution – taxpayers in reservation counties will pay no more than the average taxpayer in a non-reservation county – for economic assistance program at least.



Unfortunately, this does not work as well as we had hoped.

As I mentioned, economic assistance is just one of three cost areas for counties. Within those areas, there are "direct costs" and "indirect costs". The real, actual direct costs are quite easily obtained for this analysis, but the indirect costs are not. The Department of Human Services must therefore use a statewide average figure to arrive at the indirect costs, and for several reasons this statewide average under-reports reservation county economic assistance costs – reducing their reimbursement.

All County Social Service Costs Expressed in Mills



This next chart is the reality that reservation counties are facing, when you look at all their costs. Although the circles (Indian County Reimbursements) do reduce the county's excess costs considerably, in most reservation counties their overall costs are not brought down to the true statewide average – therefore property taxpayers in these counties are paying a disproportionate share of the costs – in some cases a hugely disproportionate cost. (Green brackets)

We have come to realize that quite possibly the measure we are using to address this problem is the wrong one. The proposal before you takes this reimbursement in a different direction and it was the result of much study and thought, and a considerable amount of work by the DHS fiscal staff – for which we are very thankful.

The bill, very simply, will add up the reservation county's economic assistance costs as we do right now (actual direct and average indirect), but the reimbursement would just be a percentage of that cost. The percentage would be the same percentage that Food Stamp cases living on non-taxed reservation land are to the total Food Stamp caseload. So if 60% of the cases are on the reservation, the property taxpayers pay for 40% of their economic assistance costs and the reimbursement calculated by this bill covers the rest.

We chose Food Stamps (or more properly, the supplemental nutrition assistance program) because this is the most widespread economic assistance program.

We see this as simple, straightforward, and justifiable. More importantly for counties it does two things.

1. It includes the Dakota Central 4-county group that in the past did not qualify for any reimbursement because of the 20% caseload threshold, and
2. It increases reimbursement for the current reservation counties.

Reservation County Funding - Analysis of HB1540 2009-2001 Biennium			
Soc.Ser.Unit	09-11 DHS Budget	Projected HB1540 Cost	Additional State Funding
Benson	\$603,060	\$962,317	\$359,257
Dunn	\$98,837	\$130,774	\$31,937
McKenzie	\$151,836	\$330,400	\$178,564
Dakota Central	\$0	\$86,153	\$86,153
Mountrail	\$446,632	\$716,897	\$270,265
Rolette	\$1,368,193	\$1,488,638	\$120,445
Sioux	\$705,652	\$874,681	\$169,029
Total	\$3,374,210	\$4,589,860	\$1,215,650

The appropriation is based on a fiscal analysis of the bill by the Department. This analysis results in the projected changes to the individual county amounts in the table.

The House Human Service Committee

endorsed this concept (adding language to ensure county budget consideration of the savings), the House Appropriations Committee did not agree and returned to the original language with a small percentage increase. The Senate Human Services Committee restored the original concept.

The final sentence in the appropriations section of the engrossed bill, added by the policy committee, is supported by counties – based on our understanding of its intent and effect. County officials agree that this funding should and will reduce property taxes for this service area.

Their understanding of this is that if a county, as an example, has an overall social service budget of \$600,000 this year that would otherwise grow to \$630,000 next year due to state salary range adjustments, PERS benefit adjustments, federal reimbursement changes, caseload increases, etc.; and if this bill increases their State reimbursement by \$100,000, their new budget would be reduced by that amount to \$530,000.

Mr. Chairman and committee members, I would gladly try to answer any questions but would like to close with a request for you to return a "Do Pass" recommendation for House Bill 1540 as it comes to you.