

Testimony
Human Services Committee
Representative Delzer, Chairman
November 6, 2007

Chairman Delzer, members of the Human Services Committee, I am Debra A. McDermott, Assistant Director Fiscal Administration, for the Department of Human Services. I am here today to provide you with additional information regarding the committee's study of Economic Assistance Program responsibilities of the state and county.

HB 1041, commonly referred to as the "SWAP" legislation, was approved by the 1997 Legislative Assembly. It required the counties to assume the financial responsibility of administering economic assistance programs in exchange for the state assuming the financial responsibility of the economic assistance grant costs. This legislation was effective January 1, 1998 and was approved with the concept that the estimated costs assumed by the county and the state would be comparable for the first 18 months of implementation.

The underlying assumption of the legislation was that the counties had very little control over the services or eligibility criteria included in the economic assistance grant programs, however, they would be able to control the cost of administering these grant programs. It was believed that although the county administrative costs would increase, the grant costs would increase by a larger percentage and the counties would avoid the large cost increases associated with the rising grant costs.

County Administrative Costs

The county administrative costs included in the SWAP legislation for State Fiscal Year (SFY) 1999 thru SFY 2007 are detailed on **Attachment A**.

Technology Costs

HB 1041 also included a provision to limit the county technology costs to the actual costs incurred in calendar year (CY) 1995 increased each year by the consumer price index.

The technology costs the county has paid the Department for CY 1998 thru CY 2006 are detailed on **Attachment B**.

Programmatic Computer System Changes

Prior to the SWAP legislation, monthly billings were generated from the Grant Adjustment System and the Medicaid Management Information System (MMIS) for each county's share of the economic assistance grant costs. These systems were programmed so that the county billings did not include the grant costs for Native American cases in Benson, Sioux and Rolette counties, as the nonfederal share of these cases was the responsibility of the Department. The Grant Adjustment System was discontinued in the fall of 1999, and as various changes were made to the MMIS, the county billing report was not maintained. Computer programming costs would need to be incurred to obtain the grant costs for the Native American cases in these counties.

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.

Attachment D is the actual Indian County payment calculation for CY 2008. Also **Attachment E** is a history of the Indian County Payments made from 1997-1999 thru 2005-2007.

This concludes my testimony and I would be happy to answer any questions.