

HF1061 - 0 - "Home and Community-Based Svcs Incent Pool"

Chief Author: **Nick Zerwas**
 Committee: **Health and Human Services Finance**
 Date Completed: **02/16/2017**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	10,183	10,229	10,229	10,229	10,229
Total	-	10,183	10,229	10,229	10,229	10,229
Biennial Total			20,412			20,458

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	2.1	3	3	3
Total	-	2.1	3	3	3

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Travis Bunch Date: 2/16/2017 12:05:44 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium		
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	10,183	10,229	10,229	10,229	10,229
Total	-	10,183	10,229	10,229	10,229	10,229
	Biennial Total		20,412			20,458
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	10,183	10,229	10,229	10,229	10,229
Total	-	10,183	10,229	10,229	10,229	10,229
	Biennial Total		20,412			20,458
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

Bill Description

This bill appropriates \$10,000,000 in fiscal year 2018 and \$10,000,000 for fiscal year 2019 for incentive payments for the Home and Community-Based Services Incentive Pool. The incentive payments are designated to achieve competitive employment, living in the most integrated setting, and overall community integration. The unencumbered balance in FY 18 does not cancel but is available in FY 19.

Assumptions

The grant appropriation will be in addition to the funding authorized in the 2015 legislative session:

- SFY 2017 \$1,344,000
- SFY 2018 \$1,500,000
- SFY 2019 \$1,925,000

Grant appropriation amounts are listed in the bill and assume to be included in the ongoing base. The additional appropriation would increase the existing incentive pool over 500%. Assuming an average grant award of \$100,000/year, it could fund over 100 new grant contracts in any funding year.

- Given the large increase in grant funding, an additional three FTEs will be needed to manage the additional grants. September 2017 estimated start date for 2 FTEs, December 2017 for 1 FTE. The positions would continue to manage, re-issue, and evaluate grants on an ongoing basis. These positions will:
1. Issue RFPs, solicit new proposals, provide technical assistance to grantees, conduct financial management and required financial reconciliation of grantees' expenditures.
 2. The Minnesota Department of Administration requires site visits for all state grants over \$50,000, which will necessitate statewide travel and in-depth reviews of program administration, outcomes, and financial management.
 3. Evaluation to determine whether grantees have met the outcomes required by the grant program, and additional analysis and evaluation of best practices to inform programs, policies, and other providers.

Expenditure and/or Revenue Formula

Grant appropriation amounts listed in the bill:

SFY 2018 \$10,000,000
 SFY 2019 \$10,000,000
 Assumed ongoing into 2020-21 base.

FTE expenditures are based on DHS-standard amounts, including salary, fringe, and overhead expenses for a 14L employee. Three FTEs are needed to manage the grant contracts.

SFY 2018: [\$108,223 * 2 = \$216,445] + [\$64,934 * 1 = \$64,924] = \$281,369
 SFY 2019: \$117,183 * 3 = \$351,548
 SFY 2020: \$117,183 * 3 = \$351,548
 SFY 2021: \$117,183 * 3 = \$351,548

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	52	HCBS Incentive Pool grant funds	10,000	10,000	10,000	10,000
GF	15	DHS administrative funds (FTEs)	281	352	352	352
GF	REV1	FFP for admin @35%	(98)	(123)	(123)	(123)
		Total Net Fiscal Impact	10,183	10,229	10,229	10,229
		Full Time Equivalents	2.1	3	3	3

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

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