

Fiscal Note – 2011-12 Session

Bill #: H2294-0 **Complete Date:** 02/27/12

Chief Author: ABELER, JIM

Title: GROUP HOUSING RATE, GA, EC LEARNING

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

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY11	FY12	FY13	FY14	FY15
Expenditures					
General Fund		0	1,121	1,482	1,482
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		0	1,121	1,482	1,482
Revenues					
General Fund		0	0	0	0
Net Cost <Savings>					
General Fund		0	1,121	1,482	1,482
Total Cost <Savings> to the State		0	1,121	1,482	1,482

	FY11	FY12	FY13	FY14	FY15
Full Time Equivalents					
General Fund		0.00	0.00	0.00	0.00
Total FTE					

Narrative for HF2294-0

Bill Description

Section 1 of this bill amends Minnesota Statutes 2010, section 256D.06, subdivision 1b to increase the amount of earned income disregarded when determining eligibility for General Assistance (GA) recipients who reside in Group residential Housing (GRH) or Intensive Rehabilitative Treatment Centers (IRT) and who also have a treatment plan that includes work. The disregard is increased from \$150 to \$500/month. It also increases the maximum savings account balance that may be excluded from the resource limits from \$1,000 to \$2,000.

Section 2 amends Minnesota Statutes 2010, section 256E.37, subdivision 1 to limit grants made to state agencies and political subdivisions to construct or rehabilitate facilities for early childhood programs, crisis nurseries or parenting time centers to facilities located in counties outside the metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington as defined in Minnesota Statutes 2011, section 473.121, subdivision 4.

Section 3 amends Minnesota Statutes 2010, section 256I.05, subdivision 1e to allow a facility in Hennepin County that meets certain requirements in statute to add up to 175 additional beds that receive a supplementary service rate under the Group Residential Housing (GRH) program.

Assumptions

Section 1

This bill impacts persons who are residing in certain GRH facilities with a general assistance (GA) program basis of eligibility.

A client's monthly earned income that exceeds the disregarded amount is used to pay for a portion of that individual's monthly rent and living expenses. After those dollars are exhausted, the remaining amount is paid for through GRH. In allowing individuals to retain more of their earned income, GRH payments would increase.

The rate of client participation in the savings program under current law is low. An analysis of data over eight months shows an average of three clients per month apply a portion of their earned income to a savings plan under the current rules of \$150/month up to \$1,000 limit. On average, these clients saved \$139 of the \$150 maximum allowed per month or 93% of the monthly maximum. The individual clients who participated varied from month to month and the amount of earned income also varied.

The proposed increase in the maximum amount that can be saved, from \$1,000 to \$2000, is not anticipated to change client behavior in terms of the numbers of clients who participate in this program. This fiscal note assumes that those clients who do participate will continue to save at the same rate of 93% of the maximum under the proposed increase to \$500 as they do now under the \$150 maximum.

This fiscal analysis assumes an effective date of October 1, 2012 to allow time to make programming changes.

GRH	FY2012	FY2013	FY2014	FY2015
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Additional amount disregarded (\$500-\$150)	\$350	\$350	\$350	\$350
93% saved under current program	\$326	\$326	\$326	\$326
Avg. mo. clients in savings program	3	3	3	3
Avg monthly increase in GRH	\$977	\$977	\$977	\$977
Number of Months	0	9	12	12
GRH costs	\$0	\$8,789	\$11,718	\$11,718

Section 2

Since 1992, the Legislature has provided funds in the bonding bill to construct or rehabilitate facilities for early childhood learning programs. The need for facilities is driven by requirements that space be safe and accessible. Early childhood programs must comply with state child care licensing rules. In many parts of the state, it is

difficult to find existing space that is safe and age appropriate. Over the years this funding has provided funding to construct and renovated 63 early childhood facilities. Currently, a Request for Proposals (RFP) has been issued for a total of \$1.9 million in funding available for this purpose. A large number of applications are expected statewide.

Under the provisions in this bill, an RFP would need to be issued to define that eligible participants exclude facilities located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington counties, however there would be no fiscal impact as the total amount of funding available does not change.

Section 3

This section allows a facility in Hennepin County to use a special supplementary service rate of \$700 per month for an additional 175 beds. Under current law, this facility has 151 beds at the \$700 rate. The 175 beds referred to in this section currently receive the base GRH rate of \$846.

The fiscal impact of this section is increased GRH rates for 175 recipients who currently receive the base rate. Payments for these recipients are expected to increase by \$700 per month.

Due to systems programming issues, the new rates would be implemented Oct 1, 2012.

GRH	FY2012	FY2013	FY2014	FY2015
GRH beds with new rate	175	175	175	175
Avg mo. payment change	\$700	\$700	\$700	\$700
Number of months	0	9	12	12
GRH costs	\$0	\$1,102,500	\$1,470,000	\$1,470,000

Expenditure and/or Revenue Formula

See program cost estimates included with associated assumptions above.

In addition to the GRH program costs, if this bill is passed, the two GRH changes would require one-time MAXIS system programming costs and costs to send a special notice advising current recipients about the changes. The earliest date that this change could be implemented would be 10/1/12, and this fiscal note assumes that effective date. The state share of these costs is included in the table below.

MAXIS Costs	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
Programming	0	4,269	0	0
One-time Notice to Current Recipients	0	5,791	0	0
Total MAXIS Costs (State Share)	0	10,060	0	0

Note that the cumulative effect of all changes resulting from the legislative session will affect when this change can actually be completed. The Department will evaluate system changes and implementation dates for the omnibus package and will provide revised implementation dates based on the complete package.

Long-Term Fiscal Considerations

Costs projected for FY2014 -15 are representative of anticipated long term impact.

Local Government Impact

None identified.

References/Sources

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EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

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