



**State of Minnesota
Department of Finance**

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June 5, 2007

To: Representative Lenczewski, Chair
Representative Simpson
Senator Bakk, Chair
Senator Ortman

From: James Schowalter
Assistant Commissioner

Re: Local Impact Note – **SF 559 (Berglin)**
Family Stabilization Services

On March 23, 2007, the Department of Finance received a request to prepare a local impact note on S.F. 559, a bill that establishes a new family stabilization services program for those families who are not making significant progress in the Minnesota Family Investment Program and the Diversionary Work Program due to a variety of barriers to employment. Because this bill was revised and its provisions were added to S.F. 2171, the Health and Human Services Omnibus bill, the analysis was updated to reflect these recent changes. We have completed our analysis and a copy of the note is attached.

Local impact notes are similar to the fiscal notes that you are familiar with, but they focus on the fiscal impact of proposed legislation on local governments rather than the State. This process is described in Minnesota Statutes 3.987 and 3.988. This statute requires the Department of Finance to gather and analyze information on local costs of legislation when requested by the chair or ranking minority member of either tax committee.

This local impact analysis is based on S.F. 2171, section 41 as introduced. It analyzes the potential costs or benefits to local governments of implementing family stabilization services. The direct costs to local governments as a result of this legislation would be the increased administrative responsibilities and staff time required for those eligible for family stabilization services as outlined in the bill.

To complete this local impact note, we contacted the Minnesota Department of Human Services and 14 counties (5 counties responded). We were able to obtain information about the total number of cases who could potentially be eligible for family stabilization services; the categorical break down of each eligible group; administrative and staff costs at the local



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government level; and an estimated number of hours needed to manage these cases. Specifically, we asked these communities about the direct costs associated with implementing job counseling services to cases that have been labeled hard to employ or are experiencing barriers to employment. From the responses, it appears that costs to local governments would be significant.

If you or your staff has any questions regarding this local impact analysis, please contact Alexandra Broat, Executive Budget Officer at 651-201-8026.

Attachments

cc: Senator Berglin
Legislative Staff (email)



State of Minnesota - Local Impact Note
 Department of Finance with the
 Local Mandates Advisory Committee

June 5, 2007

Family Stabilization Services

S.F. 559 (Berglin)

S.F. 2171 (HHS Omnibus bill)

This bill was amended and included in the omnibus bill.

Local Fiscal Impact

Net Expenditure Increase/Revenue Loss or
 (Expenditure Decrease/Revenue Gain)
 Dollars in Thousands, State Fiscal Years

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Statewide:	16,599	16,599	16,599	16,599
County	16,599	16,599	16,599	16,599

Local Governments Contributing:

Counties: Blue Earth, Cass, Hennepin, Hubbard, and Sherburne

EXPLANATION OF BILL

Instead of analyzing the family stabilization services provisions included in S.F. 559, which have been revised, this local impact note investigates the costs of the family stabilization services provisions incorporated in the first Health and Human Services omnibus bill (S.F. 2171).¹

S.F. 2171 bill establishes the family stabilization services program. The program targets Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) families who are not making significant progress due to barriers to employment and creates family stabilization plans to identify the participant’s most appropriate path to employment. Specifically, it requires an MFIP job counselor to assess and determine which cases should be referred to family stabilization services and to work with these cases to acquire self-sufficiency through employment.

Eligibility for the program includes:

Each participant must meet at least one definition.

1. Cases granted a hardship extension due to:
 - Family violence waiver
 - IQ of less than 80 or labeled as learning disabled
 - Disability or illness of the caregiver or caring for someone ill or disabled
2. Cases who have extended time limit beyond 60 months and are labeled “hard to employ”

¹ SF 2171 was vetoed and another Health and Human Services Omnibus bill was passed and signed by the Governor. The same family stabilization services provisions were included in the final bill.

3. Caregivers who are noncitizens who have been in the US less than 1 year
4. SSI applicants who are waiting for their applications to be completed

It also outlines the components of the program for which each participant must comply. For example, the participant must engage in family stabilization services for an appropriate number of hours per week; the case manager must review the participant's progress every six months and revise the plan as needed; and the case manager must refer the participant to MFIP if the participant has increased participation in work related activities that meet the federal participation requirements.

Moreover, if participants fail to comply with the requirements of the individualized plan that was agreed upon between them and the job counselor, these individuals will be sanctioned for noncompliance. Prior to the sanction, the job counselor must meet face-to-face with the participant to determine if noncompliance can be explained and mitigated. If the participant fails to come to the meeting, the job counselor shall send the caregiver written notice outlining the sanction.

LOCAL IMPACT ANALYSIS SUMMARY

This analysis investigates the potential costs of S.F. 2171, section 41 on local units of government in Minnesota that currently do not provide family stabilization services in the MFIP/DWP program. In preparing this local analysis, information was obtained from the Minnesota Department of Human Services (DHS) and 5 counties.² Specifically, DHS was asked to generate an estimate of potential cases that would be subject to family stabilization services, while counties were asked to estimate the local costs of implementing this program.

LOCAL IMPACT ANALYSIS DETAIL

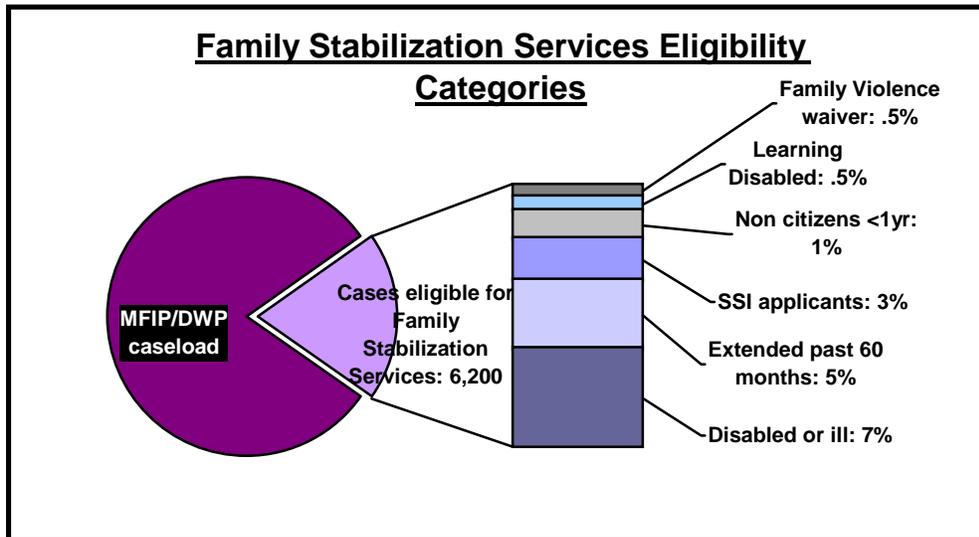
Local governments would face added costs assessing cases, developing family stabilization plans, and monitoring progress once a month.

Number of Cases

To calculate the approximate number of cases that would be eligible for family stabilization services, DHS applied the eligibility requirements outlined in the bill to the MFIP/DWP caseload. Using these requirements, it is estimated that approximately 6,200 cases would be eligible for family stabilization services (see Figure 1 for breakdown of cases). This is approximately 17% of the total MFIP/DWP caseload. The table below shows the break down by category based on the eligibility requirements outlined in the bill. Each requirement is shown as a percent of the total caseload and cannot be estimated as a number of cases for each category due to overlapping of eligibility that occurs between categories. For example, DHS stated that a significant amount of overlap exists between those participants waiting for SSI applications and those participants who would also be labeled as disabled or ill. To avoid doubling counting of cases, the categories are only represented as a percentage of the total caseload.

² Cities will have no fiscal impact as a result of this bill.

Figure 1



Additional Staffing Costs

Managing the new family stabilization cases will require additional staff time for counties. Both regular family stabilization cases and sanctioned cases will need additional case manager attention. For this analysis, counties were asked to estimate the additional time they expect regular and sanctioned family stabilization cases to take. The average case manager salary was also requested. Table 1 contains the county responses. The total statewide estimate for additional staff costs to counties as a result of the family stabilization services program was obtained using the case numbers provided by DHS and averages calculated using the county responses.

Statewide Cost Estimate

Of the counties contacted, five provided cost estimates for implementing family stabilization services; these counties represent approximately 30% of the total family stabilization caseload estimated by DHS (see appendix for estimated caseload by count). Using the county data to calculate averages, the following costs were determined:

Regular Family Stabilization Services Cases

- Family stabilization services cases would need approximately 2.5 more hours per week working with job counselors than MFIP/DWP cases. This would cost approximately \$2,676 annually per case.
- Statewide counties would need to spend approximately **\$16.59 million** to assist all 6,200 cases that could potentially be eligible for the program.³

Sanctioned Family Stabilization Services Cases

- The number of cases that would be sanctioned as a result of not complying with the work plan cannot be estimated.

³ Actual data reported from the counties was used to estimate costs for 1,800 cases. For the remaining 4,400, the average cost per case was calculated to estimate the local cost to the counties.

- Sanctioned cases would need an average of 4 extra hours for job counselors to issue the sanction, which includes coordinating the face-to-face meeting and processing sanctioning paperwork. For the limited number of cases that could potentially be sanctioned, it would cost approximately \$84 extra per case.

Table 1. Family Stabilization Costs by County

County	Number of FSS cases	Staff Cost per hour	Hours per week for FSS cases	Annual Cost per case	Hours to issue sanctions for FSS cases	Annual Cost per sanctioned case
Sherburne	32	\$16.00	4	\$3,328	7	\$112
Blue Earth	44	\$19.00	3	\$2,964	3	\$57
Hubbard	8	\$15.96	.23	\$192	3	\$48
Hennepin	1,675	\$46.00	1.5	\$3,588	3	\$138
Cass	41	\$18.18	3.5	\$3,309	3.5	\$64

Appendix: Family Stabilization Services Cases by County (2/2007)*

County of Service	FSS eligible cases
Aitkin	10
Anoka	341
Becker	58
Beltrami	98
Benton	30
Big Stone	2
Blue Earth	44
Brown	10
Carlton	27
Carver	24
Cass	41
Chippewa	9
Chisago	26
Clay	69
Clearwater	11
Cook	3
Cottonwood	7
Crow Wing	45
Dakota	203
Dodge	8
Douglas	26
Faribault	5
Fillmore	9
Freeborn	15
Goodhue	38
Grant	6
Hennepin	1,675
Houston	24
Hubbard	8
Isanti	30
Itasca	63
Jackson	6
Kanabec	18
Kandiyohi	45
Kittson	3
Koochiching	18
Lac Qui Parle	2
Lake	2
Lake of the Woods	3
Le Sueur	12
Lincoln	3
Lyon	15
McLeod	12
Mahnomen	41

Marshall	3
Martin	13
Meeker	17
Mille Lacs	33
Morrison	12
Mower	16
Murray	9
Nicollet	25
Nobles	23
Norman	4
Olmsted	113
Otter Tail	40
Pennington	11
Pine	33
Pipestone	4
Polk	44
Pope	4
Ramsey	1,807
Red Lake	2
Redwood	11
Renville	9
Rice	47
Rock	5
Roseau	6
St. Louis	312
Scott	27
Sherburne	32
Sibley	9
Stearns	145
Steele	26
Stevens	1
Swift	3
Todd	9
Traverse	3
Wabasha	6
Wadena	19
Waseca	19
Washington	84
Watsonwan	7
Wilkin	4
Winona	41
Wright	31
Yellow Medicine	4
Mille-Lacs-Band Tribe	15
Total	6,233

**Data was obtained from DHS. The table does not include cases that would be eligible for FSS due to low IQ or Learning Disabled but not in the hardship extension.*