

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8215

BILL NUMBER: HB 1004

DATE PREPARED: Jan 25, 1999

BILL AMENDED:

SUBJECT: Children's Services.

FISCAL ANALYST: Alan Gossard

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**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill repeals provisions concerning approval of tax levies for County Family and Children's Funds. The bill also changes the budgeting process for County Family and Children's Funds.

The bill repeals provisions concerning county reimbursement for a portion of state payments of Title IV-A assistance. It also provides that under a schedule agreed to by the Division of Family and Children (DFC) and a county executive, the amounts deposited in a County Welfare Fund for destitute children or other child welfare services shall be transferred to the County Family and Children's Fund before July 1, 2000. The bill provides that under a schedule agreed to by the DFC and a county executive, the amounts deposited in a County Welfare Fund for AFDC cash assistance shall be transferred to the County Family and Children's Fund on July 1, 2000. The bill provides that on June 30, 2001, the Family and Children's Fund established in each county is abolished and that after June 30, 2001, the DFC shall pay for the programs, services, and activities that were paid from the County Family and Children's Fund. The bill also provides that the DFC shall reimburse each county for 100% of the proportionate share of operating costs of the county Auditor and county Treasurer for the support of the County Family and Children's Fund.

The DFC is allowed to establish a Children's Services Incentive Program to provide incentives for county offices to improve children's services and contain costs relating to expenditures from County Family and Children's Funds. The bill provides that any financial incentives under the program are subject to amounts appropriated to the DFC.

This bill also provides that for a tax increment in which: (1) the holders of bonds or another contractual obligations received a pledge before July 1, 1999, of property tax levies to repay any part of the bonds or other contractual obligation after December 31, 1999; and (2) the elimination of a County Welfare Fund property tax levy, a County Welfare Administration Fund property tax levy, or a County Family and Children's Fund property tax levy adversely affects the ability of the allocation area to repay those bonds or obligations, the governing body of the allocation area may, after a hearing, impose a special assessment on

the owners of property that is located in an allocation area to repay the bonds or obligations. The bill also provides that the special assessment may only be imposed on that portion of a taxpayer's assessed value in the allocation area that is in excess of the taxpayer's base assessed value.

This bill also changes the duties of County Early Intervention Teams and provides that the Teams do not expire on December 31, 1999.

The bill also makes changes to the provisions concerning reimbursement to county Offices of Family and Children or the DFC for costs incurred in the removal of a child from the child's home and the placement of the child in a child caring institution, foster family home, or other home. The bill allows the DFC to contract with county prosecutors or attorneys for the enforcement and collection of parental reimbursement obligations. It provides that any fee payable to a prosecutor under such a contract shall be deposited in the county General Fund and credited to a prosecutor's child services collections account. The bill provides that a prosecutor may use money in this account, without appropriation, only for the purpose of supporting and enhancing the functions of the prosecutor in enforcement and collection of parental obligations to reimburse the County Family and Children's Fund. The bill also specifies that expenses for juvenile detention facilities shall be paid from county General Funds.

Effective Date: Upon passage; July 1, 1999; January 1, 2000; June 30, 2000; January 1, 2001; June 30, 2001.

Explanation of State Expenditures: This bill, for the most part, makes changes to funding and reimbursement mechanisms between the state and the counties for welfare expenditures in order to enable the transition from local funding for these services to state funding.

Among these changes will be some provisions which may have a fiscal impact on the state, including: (1) a provision to pay county Auditors and Treasurers 100% of administrative costs associated with responsibilities performed on behalf of the state in paying welfare expenses; (2) a provision to transmit funds to the counties sooner than would otherwise be the case; (3) a provision to allow contracting with county prosecutors in the collection of parental support orders; and (4) a provision to allow additional payment for burial expenses on a case-by-case basis.

The DFC is allowed to establish a Children's Services Incentive Program to provide incentives for county Offices of Family and Children to improve children's services and contain costs relating to expenditures from the Family and Children's Fund. Any expenditures from this program are subject to appropriations.

Additional details will be provided when they become available.

Explanation of State Revenues:

Explanation of Local Expenditures: See Explanation of State Expenditures, above, regarding the transition from local funding for welfare services to state funding.

This bill contains a provision requiring that all court orders for secure detention of juveniles, whether they be for in-county or out-of-county placement, be paid out of the county General Fund, rather than from the Family and Children Fund. It is not known at this time how much is paid from the Family and Children Fund for these expenses. The impact on the counties will depend upon the particular maximum levies for a county. If a county is currently at its maximum levy, then the county may have to reduce spending on other programs

to pay these expenses. Counties that are not at their maximum levies would have the option of increasing the property tax levy.

Explanation of Local Revenues: See Explanation of State Expenditures, above, regarding the transition from local funding for welfare services to state funding.

State Agencies Affected: Family and Social Services Administration

Local Agencies Affected: Counties

Information Sources: Jim Hmurovich, FSSA, 232-4705.