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: Mar 1, 1999
BILL AMENDED: Feb 24, 1999

SUBJECT: Children's Services.

FISCAL ANALYST: Alan Gossard
PHONE NUMBER: 233-3546

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) 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: (1) after a hearing, impose a special assessment on the owners of property that is located in an allocation area; (2) deny all or a portion of the additional credit allowed in the district; or (3) use any tax increment revenues that are in excess of: (A) the amount pledged to pay the principal and interest of obligations; and (B) any amounts used to provide debt service reserve for obligations payable from tax increment revenues or other revenues.

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.

This bill also provides that the provisions concerning County Early Intervention Teams do not expire December 31, 1999. The bill provides that the calculation used in determining the CAGIT certified shares that are distributed to a county includes the property taxes imposed by the county in 1999 for welfare purposes. It also provides that the calculation used in determining the COIT distributive shares that are distributed to a county includes the property taxes imposed by the county in 1999 for welfare purposes. The bill also provides that the calculation used in determining the CEDIT certified distribution that is distributed to a county includes the property taxes imposed by the county in 1999 for welfare purposes.

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

Explanation of State Expenditures: (Revised) 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 (estimated to cost about $375,000 annually in state dollars); (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: (Revised) See Explanation of State Expenditures, above, regarding the transition from local funding for welfare services to state funding.

Tax increment financing (TIF) allocations are equal to the incremental assessed value in a TIF area multiplied by the taxing district's tax rate. As a consequence of eliminating certain welfare levies and tax rates in other bills, TIF proceeds would be reduced. This bill would allow the local governing body to impose a special assessment on property in the TIF district in an amount not to exceed the amount of revenue lost due to the elimination of the welfare levies. This assessment could only be imposed if it is determined that the elimination of the welfare levies adversely affects the repayment of obligations. The **maximum** assessment statewide, if the assessments were imposed in all TIF districts, would be about $5.3 million in CY 2000, $5.6 million in CY 2001, $5.9 million in CY 2002, and $6.2 million in CY 2003.

State Agencies Affected: Family and Social Services Administration

Local Agencies Affected: Counties

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