



1. **[General] County budgeting:** *Does the county have levy authority for social services?*

No, the county does not have the ability to levy for social services as the authority was removed in section 139 of SB 2124. However, the county will have levy authority to support the county share of indirect costs.

2. **REVISED to clarify [County Directors] County budgeting:** *The county auditor is requesting my budget per NDCC 57-15-02.2; what should I provide? Will the department be providing the zone budget amount? If so, when?*

To comply with NDCC 57-15-02.2 the county auditor will need to know the indirect costs for levy authority.

The total payment by the department for reimbursement of indirect costs incurred to support human services may not be less than the prorated amount paid to counties for this purpose in state fiscal year 2018 as identified in the indirect cost plan, unless a cost reduction or cost-savings is achieved by the county. Additionally, any direct expense or direct-billed expense that transitioned from the human service fund to the general fund as per the indirect cost guidance will be added to the total payment at the 2018 actual amount less one-time expenditures.

The department will work in collaboration with the Interim Zone Directors to develop a budget. The Director shall notify each human service zone of the amount of that zone's formula payment for calendar year 2020, before Dec. 16, 2019.

3. **REVISED to add budget process [General] County budgeting:** *How will budgeting for the human service zone work?*

The zone board and zone director will work in collaboration with the department to prepare a budget for the human service zone.

Budget Process:

- 1) The Department suggests that counties list out/publish social services/human service zone in the budget line for consideration in October by the county commissioners with a statement that formula payments will be received by the county before Dec. 16, 2019 in accordance with N.D.C.C. § 50-35-03.
- 2) Interim Zone Directors/proposed provide Department with human service zone budget template by Nov. 22, 2019.
- 3) Department will review and approve before 12/16/2019 per NDCC 50-35-03
- 4) The Department's position is that the statement in item 1 above along with N.D.C.C. §§ 57-15-31.1 and 50-35-04 would permit the auditors to process the human service zone's expenses beginning on 1/1/20. If there is still a concern that additional public notice and action by the county commissioners need to occur, public notice of a special meeting could be arranged before Dec. 16 for a meeting to occur between Dec. 16 – Dec. 31, 2019.

4. **[County Directors] Indirect costs:** *The county share of the human service zone's indirect costs must be funded entirely from the county general fund. What are the indirect costs?*

The bill defines "indirect costs" as salaries, benefits and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies. These costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone and mail services.

5. **[County auditors] Indirect costs:** *Will the state provide reimbursement for a share of indirect costs?*

Yes. The department will continue to reimburse counties for a share of their indirect costs based on a formula and historical amounts.

The total payment by the department for reimbursement of indirect costs incurred to support human services may not be less than the prorated amount paid to counties for this purpose in state fiscal year 2018 as identified in the indirect cost plan, unless a cost reduction or cost-savings is achieved by the county. Plus any direct expense or direct billed costs that have been transitioned from the human service fund to the general fund as per the indirect cost definition above at the 2018 amount less one time expenditures.

Additionally, the counties of the human service zone must continue to participate in the cost allocation plan for indirect costs, as per engrossed SB 2124, page 42, section 65, subsection 1.

The host county will disburse to the counties of the zone payment for indirect costs according to the allocation amount as set forth in the indirect template. The host county of the human service zone will work with the department to ensure accurate and consistent payments and indirect cost disbursements.

6. [County auditors] Indirect costs: *Will there will be allowance for state payments if the host county will need more FTEs for processing the added payroll and account payables/receivables?*

In the indirect template/plan counties in the zone will have the option to shift allocation for indirect costs to the host county of the human service zone to cover costs impacts associated with being the host, such as auditor/treasurer expenses.

During the development of the Zone Agreement, which must be submitted to DHS by Dec 1, 2019, county commissioners can opt-into transfer of reimbursement for payroll / county auditor costs, based on historical amounts, from the non-host counties to the host county as part of the indirect costs formula.

In addition, statute changes require counties/zones to continue to participate in the Indirect Cost Plan process, and federal funds will continue to be captured for the administrative time outside of the human service agency as well as centralized services such as HR and IT, utilities, building maintenance and space/rent. The federal funds captured do not equal the calculated costs. By the time the funds are funneled through the federal reimbursement rate and DHS, the county captures about 25% of the actual cost.

7. [General] Indirect costs: *Can the county direct bill for indirect costs?*

No, the department will no longer allow counties to direct bill the human service zone for indirect costs that are defined in engrossed SB 2124, page 83, section 129, subsection 7. The department on a case by case basis will work with each human service zone to identify indirect costs that are currently being direct billed and transition them to the indirect formula. The costs transitioned to the indirect formula will be reimbursed at the 2018 amount.

For instance, the county must pay for housing the local agency and the expense will be reimbursed at a level consistent with the 2018 amount, and no direct billing or direct expensing of the space costs to the human service zone fund will be allowed.

8. [County Attorney] Indirect costs: *Will the state's attorney currently in a county social service office need to move the FTE to the county state's attorney office? How will that position be funded?*

Yes, if a state's attorney is currently holding a position within a social service office the FTE will need to transition to the county state's attorney office. As a part of the CY 2020 and CY 2021 indirect cost formula, the department will pay up to the 2018 paid amount. Any additional costs will need to be levied by the county general fund.

9. [General] Direct Expenses: *What can be billed to the human service zone fund (i.e., direct expensed)?*

The following costs will be allowed as direct expenses to the human service zone fund, and additions to this list may be made on a case-by-case basis:

- Human service zone employee salaries and benefits
- Human service zone employee travel (i.e., lodging, meals, personal vehicle mileage)
- Direct client services (e.g., transportation to an appointment)

- Human service zone employee professional development (i.e., training/conferences)
- Human service zone employee basic, consumable office supplies (e.g., pens and paper clips)
- Human service zone employee new staff workstations (note: counties must continue to provide for staff to utilize existing equipment without charge, and additional purchases would be made on normal replacement schedules)

10. [General] Budgeting: *Where will the cost of county burials fall?*

The department also recognizes that, in some cases, human service costs are currently being paid by the county general fund, such as burials; in these situations, the department will work with the human service zones on a case by case basis to move these into the zone formula payment and pay them out of the human service zone fund.

11. [County Directors] Budgeting: *Will zones be responsible for paying for SAMS licensing?*

No. The department will not bill for SAMS licensing and the zone formula payment will be reduced by the SAMS licensing amount.

12. [County Directors] Budgeting: *Will the zone receive the revenue from MMIS for HCBS case managers if the employees are now state? Who will be responsible for billing?*

The department will retain the MMIS revenues attributed to HCBS case managers and the rest will flow to the zone. This is still being determined, the department may request the human service zone assist in completing the billings for the zone team members.

13. REVISED to add benefits [County Directors] Budgeting: *Should I include HCBS case managers (CM) in my budget for 2020?*

No, it is the intent HCBS CMs will transition to the department by Jan. 1, 2020. An exception to this is if the case managers wears multiple hats and additional time is needed to transition those duties to the zone. If it does not occur the department will add additional funds to the zone if necessary.

A county will need to budget for benefits for the month of January 2020 in order to ensure transitioning employees have coverage.

14. [County Directors] Fund balances: *Will all the remaining dollars in each county account be transferred to the admin/host county and used for zonal needs? Can the state touch any of our saved dollars or give us less?*

Yes, and yes: the fund balances from each of the constituent counties of the zone will be transferred to the host county. The state may adjust the formula payment contingent upon the ending fund balance of the zone and related limitation requirements.

15. [County Directors] Fund balances: *Is there a fund balance limitation in CY 2020?*

No, fund balance limits take effect Jan. 1, 2021 and will be reduced in June 2021.

16. [County Directors, HCBS Case Managers] Vehicle usage: *What vehicle will I drive? Will the state provide state vehicles, will I use a county vehicle, or will I use a personal vehicle and be reimbursed for mileage?*

Vehicle usage and policies should remain substantially consistent with pre-SB 2124 usage/policies. The bill does not make any significant changes to the status quo, but deviations from prior policies may be allowed on a case-by-case basis.

For staff who transition to a role with the zone, personal vehicles may be utilized when a county car is not available and will be reimbursed at the GSA mileage rate per ND OMB guidelines. County owned cars that were purchased utilizing social service funds should remain available for usage by the human service zone team members. County cars that were not purchased utilizing social service funds, but which had been

available for usage by county social service staff in some degree, must continue to be available for usage in a similar degree in 2020 and 2021 as they have been allowed prior to roll-out of SB 2124.

For staff who transition to a role with the state, they may use a state fleet vehicle where available or may use their personal vehicle at the GSA mileage rate.

17. NEW [County Auditors] End-of-year payroll: *How should non-host counties handle end-of-year payroll?*

As discussed with the states auditor's office, it will be acceptable for the non-host county to hold funds needed to pay the December 2019 end-of-year payroll in January 2020. The non-host auditor will need to make an estimate of what is needed to make the final payroll and transition the remaining fund balance to the host. If after the payroll payment is made there is a remaining balance, it should then be transferred to the host county.

The Department will request supporting documentation to show transfer of funds to the host county have been completed in March of 2020.