

**HF9048 - 0 - "Northstar Care for Children Rates"**

Chief Author: **Unknown Author**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/15/2016**  
 Agency: **Human Services Dept**

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

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	54,439	74,150	92,775	
<b>Total</b>	-	-	<b>54,439</b>	<b>74,150</b>	<b>92,775</b>	
<b>Biennial Total</b>			<b>54,439</b>		<b>166,925</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	54,439	74,150	92,775	
<b>Total</b>	-	-	<b>54,439</b>	<b>74,150</b>	<b>92,775</b>	
<b>Biennial Total</b>			<b>54,439</b>		<b>166,925</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	54,439	74,150	92,775	
<b>Total</b>	-	-	<b>54,439</b>	<b>74,150</b>	<b>92,775</b>	
<b>Biennial Total</b>			<b>54,439</b>		<b>166,925</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-		-	

### Bill Description

Section 1 of this language amends Minnesota Statutes 2014, section 256N.26, subdivision 3 to increase basic monthly rates paid under Northstar Care for Children effective July 1, 2016.

Section 2 amends Minnesota Statutes 2014, section 256N.26, subdivision 9(a) to exclude basic monthly rates from the fiscal year 2017 annual review and revision of Northstar rates based on the United States Department of Agriculture (USDA), Estimates of the Cost of Raising a Child, published by the USDA, not to exceed three percent per annum.

This section also includes a provision to increase basic monthly rates beginning fiscal year 2018 and by each succeeding April 1 to review and revise rates based on the USDA, Estimates of the Cost of Raising a Child, published by the USDA.

This section is effective retroactive to March 31, 2016.

### Assumptions

This language would increase the basic rates paid under Northstar Care for Children. Northstar Care is made up of three components: foster care, (FC), adoption assistance (AA), and kinship assistance (KA). They are all eligible for the same basic monthly rate. Under current law, Northstar basic rates are reviewed and revised annually beginning in fiscal year 2017 based on the USDA Estimates of the Cost of Raising a Child. Under this language the basic monthly rate would increase as follows: for ages 0-5 from \$565 to \$1156 per month (105% increase), for ages 6-12 from \$670 to \$1311 per month (96% increase), for ages 13 and older from \$790 to \$1466 per month (86% increase). The new basic rate will be in effect from July 1, 2016 to June 30, 2017, and will be subject to review and revision by April 1, 2017.

The primary fiscal impact of this change is expected to result from higher payments to Northstar recipients. From 2015 Social Service Information System (SSIS) data, the case management system for county social workers that support child protection, foster care, adoption, childrens mental health and other child welfare programs, it is estimated that basic payments are 73% of FC total payments, 64% of AA total payments, and 66% of KA total payments. SSIS data from January 2016 show that 40% of the recipients are age 0-5, 33% age 6-12, and 26% are age 13 and up. Using this age distribution, the average increase in basic rate under the new bill is estimated to be 97%.

The Northstar program is funded by a mix of federal, state and local dollars. The non-federal share is 79% of the total Northstar FC cost, 64% for Northstar AA, and 99% for Northstar KA. It is assumed that the state is responsible for the non-federal portion of the costs in this proposal. The rate changes would be implemented on July 1, 2016.

**No fiscal impact is included for the delay in the review and revision of rates based on the USDA rate adjustments as there was no change in 2017 and the change amount based on the USDA cost estimate in 2018 is unknown.**

**Expenditure and/or Revenue Formula**

<b>Northstar Foster Care</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
Total payments	\$75,930,467	\$81,030,152	\$86,135,848
% basic payments	70%	73%	73%
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Basic payments	\$53,011,023	\$59,152,011	\$62,879,169
% increase in basic payments	97%	97%	97%
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Northstar Foster Care Cost Inc.	\$51,229,135	\$57,163,703	\$60,765,578
<b>Northstar Adoption Assistance</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
Total payments	\$16,164,939	\$33,380,459	\$63,310,847
% basic payments	62%	64%	64%
	-----	-----	-----
Basic payments	\$10,051,968	\$21,220,114	\$40,247,002
% increase in basic payments	97%	97%	97%
	-----	-----	-----
Northstar Adoption Assistance Cost Inc.	\$9,714,086	\$20,506,831	\$38,894,158
<b>Northstar Kinship Assistance</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
Total payments	\$12,518,178	\$25,231,588	\$31,611,086
% basic payments	65%	66%	66%
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Basic payments	\$8,101,226	\$16,584,279	\$20,777,412
% increase in basic payments	97%	97%	97%
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Northstar Kinship Assistance Cost Inc.	\$7,828,915	\$16,026,823	\$20,079,010
<b>Total Northstar Care Cost Increase</b>	<b>\$68,772,137</b>	<b>\$93,697,358</b>	<b>\$119,738,746</b>

<b>Northstar Foster Care</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
<b>Funding</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
Northstar Foster Care Cost	\$51,229,135	\$57,163,703	\$60,765,578
% non-federal	79%	79%	79%
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FC State cost	\$40,471,017	\$45,159,326	\$48,004,807
Northstar Adoption Assistance Cost	\$9,714,086	\$20,506,831	\$38,894,158
% non-federal	64%	64%	64%
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AA State cost	\$6,217,015	\$13,124,372	\$24,892,261
Northstar Kinship Assistance Cost	\$7,828,915	\$16,026,823	\$20,079,010
% non-federal	99%	99%	99%
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KA State cost	\$7,750,626	\$15,866,555	\$19,878,220
<b>Total Northstar Care State cost</b>	<b>\$54,438,658</b>	<b>\$74,150,252</b>	<b>\$92,775,287</b>

<b>Fiscal Summary (\$000s)</b>						
<b>Description</b>	<b>Fund</b>	<b>BACT</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
Northstar Care	GF	26	0	54,439	74,150	92,775
<b>Total Net Fiscal Impact</b>	<b>GF</b>	<b>26</b>	<b>0</b>	<b>54,439</b>	<b>74,150</b>	<b>92,775</b>
<b>Full Time Equivalents</b>						

**Long-Term Fiscal Considerations**

Costs are ongoing

**Local Fiscal Impact**

None

**References/Sources**

Olivia Ke, Reports & Forecasts Division

Minnesota Department of Human Services

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