

# Revised

## Fiscal Note

2021-2022 Legislative Session

### SF2876 - 1E - Customized Living Services; Rate Adjmts; Section 6

Chief Author: **Jim Abeler**  
 Committee: **Finance**  
 Date Completed: **2/14/2022 12:27:06 PM**  
 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	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	700	-	-	-	-
<b>Total</b>	-	<b>700</b>	-	-	-	-
<b>Biennial Total</b>			<b>700</b>			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

#### LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This fiscal note was revised only for the purpose of noting that this estimate of fiscal impact is limited to section six of the A4 amendment per the fiscal note request.

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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	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	700	-	-	-	-
<b>Total</b>	-	<b>700</b>	-	-	-	-
<b>Biennial Total</b>			<b>700</b>			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	700	-	-	-	-
<b>Total</b>	-	<b>700</b>	-	-	-	-
<b>Biennial Total</b>			<b>700</b>			-
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

This fiscal note is specifically on Section 6 of SF2876-A4. Section 6 directs the Commissioner of Human Services (DHS) to establish a temporary emergency staffing pool for congregate settings experiencing staffing crises.

## Assumptions

**Effective Date:** This bill is effective the day following enactment. This analysis assumes that the bill will be enacted in mid-February.

**Duration:** These fiscal estimates assume that the staffing pool will be temporary in nature and last from March through June 2022. However, this bill does not specify an end date for the emergency staffing pool. If it is extended beyond June 2022, it would likely require additional funding beyond the amount included in this fiscal note.

**Contract Effective Date:** This bill allows DHS to use funding to maintain, extend, or renew contracts for temporary staffing that were entered into on or after Sept. 1, 2020, notwithstanding any other law to the contrary. DHS held contracts with temporary staffing vendors to operate an emergency staffing pool from September 2020 through December 2021. It is assumed that this bill would allow DHS to renew contracts with these vendors without following certain requirements in Minnesota Statutes Chapters 16A and 16C for encumbering funds, and redrafting and executing contracts. If work can begin before those processes are completed, the emergency staffing pool could begin operating in early March. If this language is interpreted to not exempt DHS from those requirements, it would take several weeks longer to implement the staffing pool.

**Eligible Facilities:** Below are the types of facilities would be eligible to request staffing from the pool. The bill also allows the commissioner to prioritize deployments to facilities and programs with the most significant staffing crises. Types of facilities:

- Nursing facilities
- Assisted living facilities
- Intermediate care facilities for persons with developmental disabilities (ICF/DD)
- Adult foster care or community residential settings
- Licensed children's residential facilities
- Licensed child foster residence settings

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- Licensed facilities for adults with mental illness
- Licensed substance use disorder treatment facilities
- Licensed withdrawal management programs
- Licensed detoxification programs
- Unlicensed county-based substance use disorder treatment facilities
- Sober homes
- Supervised living facilities
- Supportive housing
- Board and lodging establishments serving people with disabilities or disabling conditions
- Board and lodging establishments with special services
- Boarding care homes
- Community-based halfway houses for people exiting the correctional system
- Shelters serving people experiencing homelessness
- Drop-in centers for people experiencing homelessness
- Homeless outreach services for unsheltered individuals
- Shelters for people experiencing domestic violence
- Temporary isolation spaces for people who test positive for COVID-19
- Unlicensed, Tribal-certified facilities that perform functions similar to the licensed facilities listed in this paragraph

Estimated average hourly cost: The estimated average hourly cost is based on a past contract for temporary emergency staff. These costs include the cost of wages, benefits, overtime, travel and lodging, on-call hours, bonuses, and other recruitment costs, incentives, and administration fees included by the staffing agency. It is assumed that these hourly costs will enable agencies to offer competitive recruitment incentives and wages in order to recruit staff.

Average monthly hours: The estimated average monthly hours is highly dependent on staffing agencies ability to recruit and deploy staff. These average monthly hours are based on worker trends during the first four months of the emergency staffing pool and adjusted to account for:

- The requirement in paragraph (a) that prevents temporary staffing agencies from hiring individuals who have worked in one of the eligible settings in Minnesota in the past 30 days. Based on information about recruitment for the previous emergency staffing pool, it is assumed that most potential workers have been employed by one of these settings in the previous 30 days. Therefore, this this provision is expected to limit the availability of staff for the emergency staffing pool. With this provision, the staffing pool is expected to provide about 2,000 hours of service over four months. Without this provision, staffing agencies would be expected to provide just over 8,000 of service, so the total cost of the staffing pool would be about \$4.1 million.

- The increased length of time that workers may be deployed to one site. The language allows programs to receive staff for up to 21 days. The previous staffing pool limited deployments to 14 days. This represents a 50% increase in the maximum length of deployment.

- While nursing facilities were eligible to use the previous staffing pool, most had other sources of funding or staffing supports to respond to COVID-related shortages. Under this proposal, it is expected that some nursing facilities will request and receive staff. Since nursing facilities are more likely to use a 24 hour staffing model and use a higher proportion of nurses, the average monthly hours is adjusted accordingly.

Administrative Costs: This bill allows DHS to use up to 6.5 percent for administrative costs. These costs will be needed to

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coordinate and prioritize requests with the staffing vendors.

## Expenditure and/or Revenue Formula

	Estimated average hourly cost	Estimated average monthly hours*	Number of months operating	Cost
DSP/CNAs	\$ 100	1,440	4	\$576,000
LPN	\$ 140	240	4	\$134,400
RN	\$ 200	320	4	\$256,000
<b>Total staffing cost</b>				<b>\$966,400</b>
<b>Admin expenses (6.5%)**</b>				<b>\$62,816</b>
<b>Total cost of staffing pool</b>				<b>\$1,029,216</b>
<b>Admin FFP (32%)</b>				<b>\$329,349</b>
<b>Net State Cost</b>				<b>\$699,867</b>

## Summary

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2022	FY2023	FY2024	FY2025
GF	14	Continuing Care for Older Adults Administration	1,029			
GF	REV1	Admin FFP	(329)			
		<b>Total Net Fiscal Impact</b>	<b>700</b>			
		<b>Full Time Equivalents</b>	<b>0</b>			

## Long-Term Fiscal Considerations

## Local Fiscal Impact

## References/Sources

CCOA Research

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