

Testimony Prepared for the
House Human Services Committee

January 11, 2023

By: Kim Jacobson, Agassiz Valley Human Service Zone Director

**RE: House Bill 1046 – Human Service Zone Plans, Agreements, and
Indirect Costs**

Chair Weisz and members of the House Human Services Committee, my name is Kim Jacobson. I am the Agassiz Valley Human Service Zone Director, which includes the service area of Traill and Steele Counties. In addition, I serve as President of the North Dakota Human Service Zone Director Association. Please consider my testimony in support of HB 1046 upon amendment.

Three years ago, on January 2, 2020, human service zones were formed. It has been three fast-paced years transitioning to a new human service zone structure, undergoing multiple redesign efforts, transitioning to unified policies, operating finances with a standardized chart of account structure, and strengthening our collaboration with each other and the Department. I stand today proud of the work that has been done, services that have been improved, and opportunities for the future.

Our history of providing local human services to North Dakotans is rich in history. Counties were designated as responsible for “poor relief” with the first territorial assembly in 1862. This role was again formalized in 1889 in the first North Dakota Constitution. As local government, we take our role of providing responsive local services seriously. Therefore, we were very careful and diligent during the development of the 66th Legislative Assembly’s SB 2124, which transitioned county social services to human service zones. The human service zone model is a hybrid of the best aspects of a local government delivery system along with

some of the best features of a state government delivery system. As with any major change, there are growing pains. However, many positive services and outcomes have been achieved since the inception of human service zones. We are certainly on the right track as we continue to strive for effective, efficient, and quality human services.

From the beginning, it was recognized that the transition to effective and efficient human service zone teams will take at eight to ten years. We have implemented improvements at remarkable pace. Human service zones launched just two months prior to the COVID19 pandemic. Our team-based approach is a strong example of government innovation. Working as one with shared decision-making and accountability while demonstrating local responsiveness is hard work that requires time, attention, and nurture. This is critical to continued success and strong responsive services for citizens. Over the past three years, we have learned a great deal. These lessons learned are the driving force behind HB 1046.

One of the lessons we have learned is that at times, more change is needed. Section 2 includes a process that would support a county to leave a human service zone and to join another or for a group of counties to select a different host county. When counties originally formed human service zones, it was difficult to forecast all the possible challenges and/or supports that would be needed to support a human service zone. We have learned that there more considerations that originally understood in order to support the administrative, accounting, human resources, and legal needs of a human service zone. HB 1046 provides the process for counties within a human service zone to reorganize, if needed. This would be a local decision, but one that would require planning and approval from the Department. Furthermore, HB 1046 also provides a process if the Department finds it necessary to establish or modify a human service zone due to noncompliance, fiscal, or other needs. I support these changes; however, I urge the committee to provide for an internal grievance procedure if the Department takes action to rescind, terminate, or modify a human service zone.

Another lesson learned over the past few years is related to indirect costs. Indirect costs, as originally defined, was extremely confusing and lacked common sense. This was an area identified by many to require revision. HB 1046 seeks to improve upon this definition. During interim, a diverse team met to study this topic. This workgroup included a delegation of County Auditors, County Commissioners, Human Service Zone Directors, NDACo, and the Department along with Abacus, the firm that completes countywide-cost allocation plans for North Dakota. Together, we strategized for ways to bring logic and understandability to indirect costs and to bring accountability for counties to report indirect cost related information.

I support the changes proposed in HB 1046 related to indirect costs. The changes will bring needed clarity in definition and intent. However, there are two items related to indirect costs that I request further amendment. County wide cost allocation plan information is an annual reporting requirement of counties. I request amendment to Section 8, page 11, line 27 to reflect this annual versus every other year requirement. In addition, it is recommended that a longer period of notice be provided to counties each year for this information. Section 8, page 11, line 28 would benefit from amendment by directing the Department to provide notice sixty days prior to the annual reporting deadline.

Thank you for consideration of my testimony and recommendations for further enhancement. I stand for questions from the committee.