NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON GOVERNMENT SERVICES

Thursday and Friday, September 18-19, 1997
State Hospital and South Central Human Service Center
Jamestown, North Dakota

Representative Janet Wentz, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Janet Wentz, James O. Coats, April Fairfield, James A. Kerzman, Amy N. Kliniske, Al Soukup, Elwood Thorpe; Senator Elroy N. Lindaas

Members absent: Representatives Edward H. Lloyd, Bob Martinson, Jon O. Nelson, Carol A. Niemeier; Senator Ray Holmberg

Others present: See attached appendix

Mr. Alex C. Schweitzer, Superintendent, State Hospital, welcomed the committee to the State Hospital.

Dr. Alan Broadhead, Medical Director, State Hospital, indicated that he and several staff members of the State Hospital would be discussing various types of mental illness and the programs of the State Hospital that address these illnesses.

Dr. Broadhead reviewed the types of adolescent patients admitted to the State Hospital, including the angry and violent and severe borderline youth which are categorized as the psychiatric group; troubled youth, and those with a family history of substance abuse which are categorized as the substance abuse group; and gang members and predators or sexual offenders which are categorized as the antisocial group.

Dr. Broadhead said when a child is brought to the State Hospital, assessments are conducted by various hospital staff to determine the type of child being admitted and to develop a plan for treating the child.

Mr. Dennis Goetz, Director, Child and Adolescent Services, discussed adolescent disorders. Mr. Goetz said the Child and Adolescent Service Unit includes a 24-bed treatment facility that serves children ages 8 to 18. He said the State Hospital also operates an 8-bed long-term residential center for the state's most difficult to treat children.

Mr. Kerry Wicks, Director, Chemical Dependency Service Unit, commented on patient types and services of the Chemical Dependency Unit. Mr. Wicks said there is a group of individuals who have had multiple admissions each year to the State Hospital for whom the State Hospital is working to develop a longer term treatment program.

Mr. Wicks said 40 percent of the persons served in the Chemical Dependency Unit suffer from both a psychiatric and a chemical dependency disorder.

Mr. Wicks said approximately 85 percent of the inmates in the State Penitentiary have substance abuse problems.

Representative Soukup asked whether out-of-state residents pay for services they receive at the State Hospital. Mr. Schweitzer said generally out-of-state residents do not pay for their services; however, he said, the State Hospital is working with the state of Minnesota to develop an interstate compact which will allow Minnesota law enforcement to return Minnesota residents to Minnesota for treatment if they are detained in North Dakota.

Chairman Wentz asked Mr. Schweitzer to keep the committee informed on the status of this compact.

Mr. Wicks said 85 percent of first-time admissions to the Chemical Dependency Unit at the State Hospital do not return after treatment.

Dr. Teresa Madaffari, staff psychologist, commented on the role of clinical psychologists and treatment teams. She said the purpose of the psychological testing at the State Hospital is to diagnosis and develop a treatment plan for a patient. She said in the assessment the psychologist is determining the intelligence of the person, the person's strengths and weaknesses, and whether the patient has a memory impairment, major mood disorder, or is anxious, depressed, or suicidal. She said techniques used by psychologists include interviewing the patient and conducting objective and projective tests.

Dr. Rosalie Etherington, Director, Psychological Services, State Hospital, commented on borderline and dissociative disorders. Dr. Etherington indicated that dissociative identity disorder was previously known as multipersonality disorder. She said individuals with this disorder were usually victims of extreme child abuse over a long period of time.

Dr. Etherington said other disorders resulting from adults abused as children include posttraumatic stress disorder and depressive disorders.

Dr. Joanne Roux, staff psychiatrist, commented on emergency psychiatric services at the State Hospital. Dr. Roux said individuals may be diagnosed with acute psychosis or severe depression, may be suicidal or deteriorated, or may be involved with unstable substance abuse.

Representative Soukup asked for the level of family involvement in a patient's treatment. Dr. Roux said that to the extent possible family members are included in the patient's treatment; however, many patients do not have a family support structure.

Dr. Joseph Belanger, staff psychologist, commented on sexual responsibility programs provided by the State Hospital. Dr. Belanger said the three types of treatment for a sexual offender with mental illness include:

1. Biological - Medications.
2. Psychological - Group therapy, individual psychotherapy.
3. Social intervention - Coordinating with other community agencies.

Representative Wentz asked what effects pornography have on a sexual offender's actions. Dr. Belanger indicated that pornography appears to be a reinforcing factor rather than a precipitating factor in the actions of the sexual offender.

Ms. Joanne Hansen, Adult Psychiatric Services, presented information on geriatric psychiatry services at the State Hospital. Ms. Hansen said that patients suffering from dementia and Alzheimer's who are too difficult to care for in the community receive services in the geriatric psychiatry program of the State Hospital.

Ms. Hansen said the assessment of the individual attempts to determine whether the person has dementia, Alzheimer's, or depression. Once the assessment is determined, the treatment program attempts to address the individual's functionability and to improve the person's quality of life.

Dr. Dennis Kottke, staff psychiatrist, commented on Forensic Unit services at the State Hospital. He said the Forensic Unit conducts approximately 80 evaluations per year. He said the Forensics Unit's purpose is to determine whether a defendant was mentally ill at the time of the crime and whether the defendant understands the legal system and the charges against the defendant.

Representative Kliniske asked for the time limit on conducting these evaluations. Dr. Kottke said the Forensic Unit has up to 30 days to complete its evaluation but generally the evaluation is completed before this time.

Representative Kerzman asked whether the State Hospital uses religion as a part of its treatment services. Dr. Broadhead said the State Hospital hires a chaplain for religious counseling that is available for patients at the State Hospital.

Mr. Schweitzer provided an overview of the programs, facilities, and budget of the State Hospital. Mr. Schweitzer said based on legislative intent included in House Bill No. 1012 providing for continuing the trend of fewer State Hospital admissions, the State Hospital is working with the Department of Human Services and human service centers to develop more community services to serve clients in a least restrictive environment. Mr. Schweitzer said in an effort to reduce State Hospital admissions the State Hospital:

1. Has developed criteria for admission, continued stay, and discharge at the State Hospital. These criteria will be used by hospital staff to determine appropriateness of admission for patients, what constitutes a proper length of stay, and procedures for prompt discharge of patients once they have completed their treatment.
2. Is developing an admission process to review and approve admissions to the State Hospital 24 hours per day.
3. Is evaluating patients within statutory time limits and, whenever possible, referring the patient to community programs.
4. Is renting crisis beds from the South Central Human Service Center for the observation of patients not appropriate for hospital admission but requiring short-term observation prior to returning to the community.
5. Is requiring all services of the hospital to uniformly follow the hospital's admission, continued stay, and discharge criteria.

Mr. Schweitzer said the State Hospital will focus on the development and implementation of specialty services for populations needing longer term treatment, including adolescents, chronic chemically dependent individuals, adults needing specialized outpatient transitional living services, geriatric and psychiatric patients, trauma patients, and sexual offenders. He said these are the types of services that are most effectively and economically provided in one setting such as the State Hospital rather than at multiple sites throughout the state.

Mr. Schweitzer reviewed major program changes at the State Hospital. Mr. Schweitzer said the Department of Corrections and Rehabilitation will be opening its medium security correctional facility in the spring of 1998 on the State Hospital grounds. He said the State Hospital sold three buildings to the Department of Corrections and Rehabilitation for $1,295,000. The buildings sold include the ET building, amusement hall, and the forensic building. Mr. Schweitzer said as a result of the medium security prison moving to the State Hospital grounds, renovations are required to three existing buildings to house patients and services which were moved due to the

prison purchasing the State Hospital buildings. He said the remodeling project involves remodeling the basement of the LaHaug building and changes to the adolescent treatment building and the GM building. The GM building houses the chemical dependency services program. Mr. Schweitzer said the cost of the remodeling projects totals approximately $2.4 million.

Mr. Schweitzer said 1997 House Bill No. 1047 requires the Department of Human Services to provide inpatient evaluation and treatment services for sexual offenders. Although additional funding was not provided to the State Hospital for this program, the State Hospital intends to implement this program by remodeling a ward in the GM building for this treatment program. He said the funding for the remodeling and staffing for this program will be provided from cost efficiencies found within the current hospital budget.

Mr. Schweitzer reviewed the need for replacing the State Hospital's boiler during the 1999-2001 biennium. He said the current boiler drums were built in 1934 and many of the boiler tubes are leaking which results in the loss of boiler efficiency, creates hot spots due to lack of water circulation which could cause an explosion, and if the tube leaks are not resolved, the boiler inspector has indicated the boiler will need to be taken out of operation. He said the use of backup boilers is not a reliable option because of regulatory concerns with coal emissions to the environment and efficiency factors. Mr. Schweitzer said the cost of purchasing a new boiler is approximately $750,000, the cost to retube the current boiler is estimated at $550,000, and the cost of purchasing another used boiler is also approximately $550,000 plus any additional costs to remove asbestos and to replace any leaking tubes.

Mr. Schweitzer reviewed admissions to the State Hospital. He said State Hospital admissions by program are:

Chemical dependency services	46 percent
Adult psychiatric services	41 percent
Adolescent services	8 percent
Forensic services	5 percent
Total	100 percent

Mr. Schweitzer said the average daily census at the State Hospital for fiscal year 1997 was 221 patients while the average daily census for July 1997 was 216 and in August 1997 was 212.

Mr. Gene Wahl, Financial Officer, State Hospital, reviewed the current status of the State Hospital budget. Mr. Wahl said although it is early in the biennium, actual expenditures have been less than estimated for salaries and wages, operating expenses, and equipment. Mr. Wahl said the State Hospital is requesting capital improvements carryover from the 1995-97 biennium of $217,000 which, if approved, will allow approximately $2.1 million for capital improvements during the 1997-99 biennium.

Regarding revenue collections, Mr. Wahl said the State Hospital has collected approximately $1 million of additional federal disproportionate share funds. He said collections from Medicare and private insurance have been more than estimated for July and August by approximately $30,000 per month.

A copy of the report is on file in the Legislative Council office.

Mr. Schweitzer said although the State Hospital had anticipated transferring 8.5 FTE to the Department of Corrections and Rehabilitation in October 1997 relating to the medium security prison, the State Hospital will continue those positions until the medium security correctional facility project is completed, estimated to be in the spring of 1998.

Ms. Karen Larson, Director, Division of Mental Health and Substance Abuse Services, Department of Human Services, commented on services to individuals with serious mental illness provided by the State Hospital and the human service centers.

Ms. Larson said the State Hospital and the human service centers are collaborating to appropriately serve clients in the least restrictive environment.

Ms. Larson said as the mental health services system continues to be refined, the following issues must be addressed by the Department of Human Services:

1. The State Hospital, regional human service centers, and the Division of Mental Health and Substance Abuse Services must continue to collaborate to improve the system of mental health care and to provide the best possible client service and outcomes.
2. Increase efforts to discuss with the judiciary, law enforcement, health care providers, families, consumers, and the general public strategies to better utilize and provide community-based services.
3. Include consumers and family members in all levels of planning, discussion, and policy development.
4. Analyze resource allocation to ensure that funds needed to provide effective services are provided to the client.
5. Continue to enhance appropriate children's mental health services on a community level.

A copy of the report is on file in the Legislative Council office.

Ms. Susan Helgeland, Regional Director, Mental Health Association of North Dakota, commented on mental health services in North Dakota. She said the Mental Health Association recommend that:

1. The Department of Human Services provide a forum for consultation with the Mental Health Association and other advocacy organizations when major policy changes are being considered which affect individuals with mental illness and their families.
2. The clubhouse model of prevocational training and transitional employment, now existing in Region IV - Grand Forks, and Region II - Minot, be extended to other regions of the state.
3. The partnership projects now operating in Regions II - Minot, IV - Fargo, and VII - Bismarck, be expanded statewide.
4. A plan for continued downsizing of the number of patients at the State Hospital, with timeliness, be created to return the hospital's patients to their respective communities and a plan be implemented to redirect the resources presently spent on hospital care into the development of a full continuum of community-based services required to adequately treat persons with mental illnesses.

Ms. Helgeland expressed the concern of the Mental Health Association that a medium security prison is being located on the State Hospital campus and the negative impact that it will have on the public's understanding of mental illness. A copy of the report is on file in the Legislative Council office.

The committee recessed for lunch at 12:30 p.m. and reconvened at 1:00 p.m.

Ms. Elaine Little, Director, Department of Corrections and Rehabilitation, commented on the medium security prison facility planned to be located on the State Hospital campus.

Ms. Little said the prison facility at the State Hospital will consist of three buildings, the ET building, amusement hall, and the forensic building. She said the first floor of the ET building will house administrative and other services, and the second, third, and fourth floors will house inmates. She said the forensic building will be the control center for the prison facility and continue to provide forensic evaluations. She said the amusement hall will house the gymnasium and weightlifting room for inmates.

Ms. Little said the Department of Corrections and Rehabilitation plans to house 80 inmates on each floor of the ET building and when all six floors of the building are completed, the facility should house from 380 to 400 medium security inmates.

Ms. Little said the facility will ease overcrowding at the State Penitentiary and allow the Department of Corrections and Rehabilitation to return the 50 inmates now housed at an Appleton, Minnesota, correctional facility and the 53 inmates now housed in county jails across the state to State Penitentiary facilities.

Representative Soukup asked for the status of federal funds for the project. Ms. Little said the department has received authorization for the federal funding for the first two years of the project and anticipates receiving approval for the additional two years of funding for the project.

Representative Kerzman asked how Forensic Unit services will be coordinated once the Department of Corrections and Rehabilitation begins operating the facility. Ms. Little said the Department of Corrections and Rehabilitation will operate the facility but will contract with the State Hospital for psychiatric evaluations at the facility.

Ms. Little said that while the facility was originally planned to be open in October 1997, she now anticipates the facility should be operational by May 1, 1998.

Mr. Don Barsness, architect for the project, commented on the projected increases relating to the project and the project delay. The projected cost of the project has increased by $1.5 million, from the $4.9 million approved by the Legislative Assembly to $6.4 million. He said the delays and cost increases are attributable to:

1. The project originally included the cost of remodeling one building. The current project involves three buildings.
2. A kitchen has been added to the project.
3. The perimeter of the prison facility will be larger than originally planned to accommodate a Roughrider Industries facility to be built on the site.

Ms. Little said approximately 90 percent of the project's cost will be paid for with federal funds.

The committee conducted a tour of the Department of Correction and Rehabilitation facilities, including the ET building and the Forensic building. The committee then toured the LaHaug building, including the basement remodeling project and the new admissions entry area and viewed the adolescent building construction project.

The Legislative Council staff presented a memorandum on the reimbursement system for group and residential child care facilities. The Legislative Council staff listed the licensed group homes and residential child care facilities in North Dakota, including the licensed beds and number of children whose care was paid for by the foster care system in June 1997 as follows:

Facility	Licensed Beds - July 1, 1997	Number of Children Whose Care Was Paid by Foster Care in June 1997
Charles Hall Youth Services, Bismarck	37	33
Eckert Youth Homes, Williston	16	13
Harmony House Group Home, Devils Lake	7	7
Home on the Range Sentinel Butte	79	68
Red River Victory Ranch, Fargo	12	10
Lake Oahe Group Home, Fort Yates	8	3
Prairie Learning Center, Raleigh	41	39
The Dakota Center, Fargo	10	9
The Dakota Center, Minot	49	42
Total	259	224

The Legislative Council staff reviewed Department of Human Services procedures that are involved in developing reimbursement rates for these facilities. The Legislative Council staff said the Department of Human Services, through its administrative rulemaking authority, develops procedures for reimbursing providers of services to children in group homes and residential child care facilities. After the close of each fiscal year, each facility prepares cost reports based on its costs for the previous fiscal year which are submitted to the Department of Human Services. The cost reports are used to develop each facility's foster care reimbursement rate for maintenance (room and board) and service functions based on specific cost projections for direct foster care services for the next fiscal year. Subsequent to the submission of the cost reports, the Department of Human Services provider audit section audits the cost report information to adjust or confirm the new rates which become effective when the audit is complete. Costs of the facilities are categorized into administration, maintenance (room and board), service, nonallowable costs, and non-foster care program costs. The Administrative Code details the types of cost allocations that may be included in the various categories.

The Legislative Council staff said that based on fiscal year 1996 financial information provided by five of the seven group homes and residential child care facilities in North Dakota, income from foster care payments for maintenance and service provided the following percentages of costs during this year.

1. 46.5 percent of the facility's total costs. This percentage is based on the total costs of these facilities which may include costs relating to educational programs, out-of-state facilities, religious programs, work programs, and other unallowable programs or services.
2. 69.9 percent of costs allocated to administration, maintenance (room and board), and service.
3. 85.1 percent of costs allocated to maintenance (room and board) and service.

The Legislative Council staff said revenue used in calculating these percentages is only from the state of North Dakota foster care maintenance and service programs.

Mr. Don Schmid, Children and Family Services Division Director, Department of Human Services, presented information on the foster care cases that were closed in fiscal year 1996. Mr. Schmid said that of the 993 cases closed during fiscal year 1996, 33 children were adopted, 659 were returned to parents, 94 were placed with relatives, 45 were placed in a state institution, 57 were living independently, and 105 were closed for other reasons. A copy of the report is on file in the Legislative Council office.

Mr. Schmid provided information on the foster care program, including proposed administrative rule changes affecting foster care. Mr. Schmid said the Department of Human Services is responsible for licensing group and residential child care facilities that provide care to foster children and the Mental Health Division of the department is responsible for licensing residential treatment centers that provide psychiatric care to children in foster care.

Mr. Schmid said federal regulations require foster care facilities to be licensed and that licensing standards must be in reasonable accord with national standard setting agencies.

Regarding foster care administrative rules, Mr. Schmid said the majority of the rules were developed in 1987. He said the department began revising these rules in 1994 and after a public hearing in November 1995, the department has redrafted the rules and is planning a meeting with providers in October 1997 to review the revised draft. He expressed concern that the process has taken three years and is still not complete.

Mr. Schmid provided examples of proposed rule changes including:

1. Providing for a two-year rather than a one-year licensing cycle.
2. Establishing certain criminal convictions that have a direct bearing on an individual's ability to serve the public or a resident of a facility.

3. Establishing staffing requirements for daytime "core programming time" and staffing requirements for sleeping hours.
4. Allowing the use and setting conditions for the use of mechanical restraints when transporting a child from a facility.
5. Making changes regarding confidentiality and setting specific timeframes during which written consents are valid.

Mr. Schmid said the changes being proposed are generally based on federal requirements and are intended to make the reimbursement procedures for group and residential child care facilities more consistent with those of the residential treatment centers. A copy of the report is on file in the Legislative Council office.

Representative Kerzman indicated that providers have expressed concern with some of the proposed administrative rule changes. Representative Kerzman asked for information on the possibility of a new residential child care facility and residential treatment center in Mandan. Mr. Schmid said that an organization called Southwest Key has requested a license application to open a 24-bed residential child care facility and a 25-bed residential treatment center in the former Heartview Foundation building in Mandan. Mr. Schmid said Southwest Key will need to meet the same licensing standards as other residential child care facilities and residential treatment centers in North Dakota in order to operate within the state.

Representative Kerzman expressed concern that operations of current North Dakota facilities may be jeopardized if a new facility opens to provide services for up to 49 children. Representative Kerzman asked for information on the number of North Dakota foster care children placed out of state. Mr. Schmid said that in August 1997, 65 children were placed in out-of-state facilities in the foster care program compared to 40 in January 1997. Mr. Schmid said the department is concerned with the high number of children placed in out-of-state facilities. He said reasons for the increasing number of out-of-state placements include:

1. An increasing number of more seriously emotionally disturbed children.
2. An increasing number of children who have committed criminal acts.
3. An increasing number of children in foster care under 12 years of age.

Mr. Schmid said in order to place a child in an out-of-state facility, at least three North Dakota facilities must be asked and decline to take the child before the child is placed out of state.

Representative Soukup asked for additional information on Southwest Key and the current status of the license application. Mr. Schmid said the license application is first reviewed by the regional human service center and then forwarded to the department for final approval. He said the department has not yet received the license application.

Mr. Al Lick, Director, Division of Juvenile Services, Department of Corrections and Rehabilitation, said the director of Southwest Key, Mr. Juan Sanchez, whom Mr. Lick met through a mutual friend, called his office in April 1997 asking about a building for sale in Mandan which was previously used for providing alcohol and drug treatment services. Mr. Lick said although he did not have direct knowledge of information about the building, other employees of the Department of Corrections and Rehabilitation had toured the building for potential use as a correctional facility and Mr. Lick shared the available information with Mr. Sanchez.

Mr. Lick indicated that he later toured the building with Mr. Sanchez and in May 1997, at the request of Mr. Sanchez, Mr. Lick and Mr. Schmid met with him to discuss North Dakota foster care program. Mr. Lick said positive points of Southwest Key include:

1. It is interested in serving children now placed in out-of-state facilities.
2. It places an emphasis on serving minority children.
3. It has a "no reject" policy which means it will attempt to serve all children that it is requested to provide services for.

Mr. Lick said he believes the organization operates programs in Texas, Arizona, California, and Puerto Rico. Mr. Lick said that in discussions with state juvenile services personnel in Texas, he learned that the organization provides good services and has one of the lowest recidivism rates in Texas.

Representative Wentz expressed concern regarding the high number of children placed in out-of-state facilities. She said the partnership project operating in the Minot, Bismarck, and Fargo regions was intended to serve children in their homes and result in a reduction in the number of out-of-home placements. She asked whether any statistics are yet available on the effectiveness of the partnership project. Mr. Schmid said the department has not experienced a significant reduction in the number of children placed in out-of-state facilities from these regions.

Ms. Karen Larson, Director, Division of Mental Health and Substance Abuse Services, Department of Human Services, commented on the partnership project. She said the intent of the program is to try to reduce the number of children placed out of home through changing service systems; however, she said it appears the system changes have not yet occurred.

Representative Wentz asked for the estimated opening date of the Southwest Key facility in North Dakota. Mr. Schmid said that although he cannot

confirm the information, he has been told the facility plans to open on October 15, 1997.

Representative Kerzman asked whether the facility would be licensed for 24 residential child care beds and 25 residential treatment center beds on October 15, if that is the opening date. Mr. Schmid said it is his understanding that the organization intends to meet licensing standards for those numbers of beds when it opens. He expressed concern regarding the high risk to the organization of this because it will need to have adequate staff to serve the number of children it is licensed for and those numbers of children will probably not be placed in the facility right away.

Mr. Winston Satran, Executive Director, Home on the Range, Sentinel Butte, expressed concern regarding the short amount of time it appears to be taking Southwest Key to open a facility in North Dakota. He said when the Prairie Learning Center facility in Raleigh began its process of licensure, it took them one year just to get an application form and that had to be obtained through the Governor's office.

Mr. Satran said as late as March 1997 the Department of Human Services indicated to the facilities that there would be no need to increase the number of residential child care facility beds in the state. He questioned why the North Dakota facilities were not asked to help meet the need to serve these children if there is a need for 24 additional residential child care facility beds and 25 residential treatment center beds in North Dakota.

Regarding proposed administrative rule changes, Mr. Satran expressed concern regarding the proposed change in the confidentiality rule. He said the new rule will not allow facilities to place children's pictures in brochures which may jeopardize the amount of donations facilities receive.

Mr. Satran expressed disappointment in the Department of Human Services level of communications with the facilities in the state and the department's disregard for the facilities' efforts to serve North Dakota children.

Mr. Satran indicated that children are placed out of state because of the specialized services each out-of-state facility provides to these difficult-to-serve children. He questioned whether Southwest Key will be specializing in a number of different areas to serve the diverse needs of the children now placed out of state.

Representative Coats expressed concern that, although he is from Mandan, he was unaware of the Southwest Key's plans to open a facility in Mandan.

Mr. Bud Perry, Executive Director, Charles Hall Youth Services, Bismarck, expressed concern regarding the possibility of Southwest Key beginning operations in Mandan. He said that none of the residential child care facility personnel he has contacted in Texas was aware of a Southwest Key organization. Mr. Perry said Charles Hall Youth Services currently leases the adolescent unit of the Heartview Foundation building but will now need to relocate because in August 1997 Southwest Key purchased the building. In addition, he said Southwest Key personnel have attempted to recruit personnel of Charles Hall Youth Services located in the Heartview building.

Father Charles Leute, Little Flower Freedom Center, Minnewauken, criticized the Department of Human Services actions relating to residential child care facilities and group homes. He said the Little Flower Freedom Center's license was revoked by the department earlier in 1997 and although the facility was open for 10 years, no one from the department visited the center until the license revocation process began.

Representative Wentz asked for specific instances in which the Department of Human Services actions were inappropriate. Father Leute described a situation in which be believed department personnel were incompetent.

Representative Wentz asked whether the department has limited the number of residential child care facility beds. Mr. Schmid indicated the department is not promoting adding additional beds. He said all facilities, including Southwest Key, have been told that the department plans to reduce the number of children in foster care in North Dakota.

Representative Coats asked whether the department is limiting the number of residential treatment center beds in the state. Ms. Larson said that although she was not involved in the discussions with representatives of the residential treatment centers in North Dakota, it is her understanding that in the past these organizations were told verbally by the Department of Human Services that the number of licensed residential treatment center beds are limited to 16 in each facility. However, she said she is unaware of any formal limit that had been placed on the number of beds.

Mr. Ron Hett, Chief Operating Officer, Dakota Center, Minot, indicated that Dakota Center applied for a 30-bed residential treatment center license but the Department of Human Services approved only 16 beds because, as explained by department personnel, each residential treatment center was limited to 16 beds.

Representative Kliniske asked whether there is statutory or administrative authority for the department to limit the number of residential child care facility beds and the number of residential treatment center beds in the state. Mr. Schmid said residential child care facilities were informed that the department's plan is to reduce the number of children in

foster care facilities but that there is no limit on the number of licensed beds; however, he indicated that apparently in the past the residential treatment centers have been told verbally by representatives of the department that a limit existed on the number of licensed residential treatment center beds allowed in each facility.

Representative Soukup asked who decides where a child is placed in the foster care system. Mr. Schmid said when a child is taken into the foster care program, the court transfers custody of the child from the child's parents to the Division of Juvenile Services, a tribal agency, county social services, or in some instances, the Department of Human Services. When a child is being considered for placement in a facility, a permanency planning committee consisting of the human service center supervisor of county social services, a Division of Juvenile Services or county social services representative, school officials, public health officials, and generally juvenile court officials will meet to discuss the child's situation and determine the most appropriate placement for the child.

Representative Soukup asked for the number of residential child care facilities or group homes whose licenses have been denied or revoked. Mr. Schmid indicated that in the last 10 years, two facilities have had their licenses revoked.

Senator Lindaas questioned whether any communications had been made to Southwest Key by representatives of state government that would encourage them to move so quickly to purchase a facility and begin operations in North Dakota. Mr. Schmid indicated that no such communication had been made by representatives of the Division of Children and Family Services.

Mr. Satran expressed concern regarding informal government regulations placed on facilities. He said the message that residential treatment centers and residential child care facilities receive informally from the Department of Human Services is not to expand the number of beds in the state. He questioned why Southwest Key would be moving so quickly to open a facility in North Dakota. He said Home on the Range considered opening a facility in another state and worked four years in the planning process and in the end decided not to do it. He questioned how Southwest Key can potentially open a facility in another state within seven months.

Mr. Satran indicated that the placement of children in various facilities is controlled, and he expressed concern regarding the placement of children at the Home on the Range in the future in light of the comments made today. He asked the committee to monitor child care placements at group and residential child care facilities and residential treatment centers for the next two years.

Mr. Satran presented a chart provided to the foster care facilities by the Department of Human Services in January 1997 projecting fairly constant foster care caseloads. A copy of the report is on file in the Legislative Council office.

It was moved by Representative Kerzman, seconded by Representative Soukup, and carried that the committee request that the chairman of the Legislative Council recommend that the department "hold up" this license until "things are aired out a little bit." Representatives Wentz, Coats, Fairfield, Kerzman, Kliniske, Soukup, and Thorpe and Senator Lindaas voted "aye." No negative votes were cast.

It was moved by Representative Soukup, seconded by Senator Lindaas, and carried that information be provided to the committee at a future meeting on the 65 children placed out of state in August 1997 and the reasons why each child is placed in an out-of-state facility. Representatives Wentz, Coats, Fairfield, Kerzman, Kliniske, Soukup, and Thorpe and Senator Lindaas voted "aye." No negative votes were cast.

It was moved by Representative Coats, seconded by Senator Lindaas, and carried that the committee recommend that the 1999 Legislative Assembly provide funding for the State Hospital to purchase a new boiler for the facility rather than to purchase a used one or to repair the current boiler. Representatives Wentz, Coats, Fairfield, Kerzman, Soukup, and Thorpe and Senator Lindaas voted "aye." Representative Kliniske voted "nay."

Representative Soukup asked the Legislative Council staff to review whether any formal or informal limits have been placed on the number of residential child care facility and group home beds and residential treatment center beds in the state. Chairman Wentz said that information would be provided at a future meeting.

Representative Kliniske asked that the department keep the committee informed, through correspondence, regarding the status of the Southwest Key application. Chairman Wentz asked the department to provide this information as it is available.

Representative Kerzman asked that the Legislative Council staff provide information at each committee meeting on foster care facility placements and that the committee recommend, in its final report, that monitoring these placements be continued during the next interim. Chairman Wentz expressed support for the committee's efforts regarding this request.

Mr. Mike Schwindt, Chief Financial Officer, Department of Human Services, provided a status report on additional full-time equivalent positions at the human service centers and institutions. Mr. Schwindt said that as of September 1, 1997, the human service centers have hired 5.5 FTE positions in addition to

the legislatively authorized FTE positions of 808.25. The additional positions include:

Human Service Center	FTE	Description	Biennial Costs
North Central Human Service Center	1	Human service program administrator IV to manage the partnership grant. The position was transferred from the State Hospital.	$74,175
Northeast Human Service Center	1	SMI case management position used to reduce State Hospital admissions. The position was transferred from the State Hospital.	$60,000
Northeast Human Service Center	.5	Human service program specialist to operate the Rhinelander program.	$34,185
Southeast Human Service Center	1	DD behavior analyst	$73,903
West Central Human Service Center	1	Registered nurse position involved in supporting physicians, staff, and clients by providing medication management services as well as case management services	$82,200
Badlands Human Service Center	1	Human relations counselor related to the intensive in-home therapy program	$70,000

Mr. Schwindt said although the centers have added 5.5 FTE positions, two of the positions were transferred from the State Hospital so the overall increase for the department is 3.5 FTE positions.

Mr. Schwindt said although the State Hospital has not added any positions above the legislatively authorized level, it has continued the 8.5 FTE positions which were scheduled to be transferred to the Department of Corrections and Rehabilitation in October 1997. He estimated that the positions will be transferred in April or May 1998, when the Penitentiary project is complete.

Mr. Schwindt said the Developmental Center has added 20 positions to the legislatively authorized levels. He said these positions were originally reduced as part of the Governor's recommendation but are continued into the 1997-99 biennium because the original list involved 20 unspecified positions. He said the Developmental Center intends to maintain at least 20 vacant positions. On September 1, 1997, he said, the center had 33.26 vacant positions. A copy of the report is on file in the Legislative Council office.

The Legislative Council staff presented a memorandum regarding legislative action in North Dakota and South Dakota regarding bistate agreements. The Legislative Council staff said that as a result of the 1995-96 North Dakota/South Dakota Commission interim study, the North Dakota Legislative Assembly approved House Bill No. 1015 that included a section authorizing a state agency to enter into an agreement with the state of South Dakota to form a bistate authority to jointly provide services. Any proposed agreement must be submitted to the Legislative Assembly or the Legislative Council for approval or rejection. In South Dakota, three bills were introduced but none were approved. The bills would have provided (1) that a state agency may enter into an agreement with another state to form a multistate authority; (2) that the Department of Transportation may enter into agreements with North Dakota for highway construction and maintenance activities and services in counties in either state that are adjacent to the boundary; and (3) that the South Dakota Board of Regents may enter into cooperative purchase agreements with the North Dakota State Board of Higher Education.

The Legislative Council staff said although the bills introduced to the South Dakota Legislature were not approved, the South Dakota Legislature will meet in 1998 and may introduce and approve similar legislation which could result in agreements being considered later in the interim by this committee.

The Legislative Council staff said although the agreements between the states to form bistate authorities must be approved before becoming effective, agencies of North Dakota and South Dakota may cooperate and share information, services, and activities without forming a bistate authority.

The Legislative Council staff presented a memorandum regarding state employee pay schedules in North Dakota and other states. The Legislative Council staff reviewed pay schedules in North Dakota, Minnesota, Montana, South Dakota, and Wyoming. North Dakota and Wyoming utilize one pay schedule for classified employees, Montana utilizes two range structures, South Dakota uses five range structures, and Minnesota utilizes 24 salary range structures.

The Legislative Council staff provided average salary information for North Dakota classified positions and provided comparisons to North Dakota Job Service information and other states' average state employee salaries including Minnesota, Montana, South Dakota, and Wyoming.

The Legislative Council staff presented a schedule comparing the fringe benefits provided to state employees in North Dakota, Minnesota, Montana, South Dakota, and Wyoming.

Mr. Ken Purdy, Central Personnel Division, indicated that Central Personnel would be available to provide information as requested by the committee and asked that the committee inform Central Personnel of any specific areas that should be included in the state employee compensation report that will be presented to the committee later in the interim.

Representative Kliniske asked for the number of state employees in each pay range in North Dakota. Mr. Purdy distributed a report on state employee compensation presented to the 1997 Legislative Assembly which includes a schedule showing the number of employees in each pay range. A copy of the report is on file in the Legislative Council office.

Mr. Purdy indicated that Central Personnel plans to have preliminary report information available for the committee's review at its next meeting.

The committee recessed at 5:00 p.m. and reconvened at 9:00 a.m. on September 19, 1997, at the South Central Human Service Center.

Mr. Rolf Storsteen, Director, South Central Human Service Center, welcomed the committee to the South Central Human Service Center.

Mr. Mark Anderson, Business Manager, South Central Human Service Center, presented information on the budget for the South Central Human Service Center.

Mr. Anderson said the 1997-99 biennial budget for the South Central Human Service Center totals $9.3 million, of which $4.9 million is from the general fund, and includes 79 FTE positions.

Mr. Anderson expressed support for the block grant method used by the 1997 Legislative Assembly of appropriating funds to the human service centers. He said this allows the center more flexibility to meet changing funding needs between legislative sessions.

Mr. Anderson said three areas of concern affecting the center's 1997-99 budget include:

1. A $209,000 funding source change from the general fund to other funds approved by the 1997 Legislative Assembly for a department-wide projection of anticipated 1997-99 salary savings resulting from position vacancies.
2. The Legislative Assembly reduced general fund support for the center by $197,000.
3. The center will not be receiving $85,000 of its social service block grant due to a reduction in federal block grant funding.

Mr. Anderson said the center is addressing these areas by leaving positions vacant and by reducing funding for the RESPOND computer system, respite care, and chemical dependency social detoxification. Mr. Anderson said the center has now qualified its work therapy program to be reimbursable by medical assistance which has resulted in some additional Title XIX revenue.

Mr. Anderson said the center's budgetary needs for the 1999-2001 biennium will remain fairly constant with its present budget excluding increases relating to inflation and any new programs.

A copy of the report is on file in the Legislative Council office.

Representative Coats asked for the effect of the revenue reductions on services of the center. Mr. Anderson said the revenue reduction will have minimal effect on services of the center.

Mr. Lynn Nelson, Coordinator, Extended Care Program, South Central Human Service Center, commented on extended care services. He said the extended care program staff consists of 14 positions and serves approximately 350 individuals with a clinical diagnosis of a serious mental illness.

Mr. Nelson commented on the case management services provided to these individuals. He said the purpose of case management is to assist consumers in identifying, securing, and sustaining the range of resources needed to live normally in their community.

Mr. Nelson said one component of case management is aftercare. He said aftercare is designed to maintain contact with people being discharged from hospitals to assist them in receiving services to help them remain in the community. In addition, he said, case managers work with family members to provide information on services, programs, and residential placements available to the person with mental illness.

Mr. Nelson said the human service center contracts with private community providers for a number of services for seriously mentally ill individuals. He said Progress Enterprises, a local private provider, offers vocational training programs, job placement and followup, a psychosocial rehabilitation drop-in center, and a crisis residential unit. A copy of the report is on file in the Legislative Council office.

Representative Coats expressed concern regarding the number of hours per day that case managers spend in their vehicles providing services in rural areas. Mr. Nelson said case managers of the South Central Human Service Center generally work longer days and, in many instances, stay overnight in rural areas to also provide services there the following day in order to minimize the amount of travel time.

Representative Wentz expressed concern regarding confidentiality rules and regulations. She said many family members are frustrated with human service personnel because information may not be disclosed regarding a family member with serious mental illness. Mr. Nelson said unless a release form is signed by the person with serious mental illness,

confidentiality rules and regulations preclude a human service employee from disclosing information about the individual even to the individual's family.

Ms. Debbie Gletne, Coordinator, Residential Services, South Central Human Service Center, commented on the residential services component of the Extended Care Department. She said the residential services program provides in-home skills training and supportive and case management services to persons with serious mental illness in their own living environment. She said types of living environments vary from independent living to 24-hour supervised basic care facilities. She said the types of skills training provided include home maintenance, personal hygiene, budgeting, cooking, shopping, how to respond to emergencies, how to get to know neighbors, how to locate housing, and to learn more about the community. A copy of the report is on file in the Legislative Council office.

Ms. Linda Heinrich, Administrator, Developmental Disabilities Program, South Central Human Service Center, commented on the developmental disabilities program. Ms. Heinrich said the eight case managers of the developmental disabilities program provide services to 464 individuals. She said Region VI has four organizations providing services to these individuals. The providers are Hav-it Industries, Harvey; Fourth Corporation, New Rockford; Open Door Center, Valley City; and Alpha Opportunities, Inc., Jamestown. A copy of the report is on file in the Legislative Council office.

Mr. Dennis Anderson, Supervisor, Acute Service Unit, South Central Human Service Center, provided information on the Acute Service Unit. He said the unit provides counseling services to children, adolescents, adults, and families in the nine counties of the south central region. He said counseling services are provided by five master degree staff and two Ph.D. psychologists. He said the center has two psychiatrists available to provide psychiatric assessments and supervision of medication for clients. He said the Acute Service Unit currently has approximately 500 open cases. A copy of the report is on file in the Legislative Council office.

Ms. Sally Tobin, Supervisor, Children and Family Services Unit, South Central Human Service Center, commented on services and needs of children and families in the south central region.

Ms. Tobin said in fiscal year 1995, 268 reports of possible child abuse or neglect were made in the region. In 1996, she said, approximately 320 reports of suspected child abuse or neglect were made in the region. Ms. Tobin said the number of children in foster care from the south central region was reduced from 113 in fiscal year 1995 to 108 in 1996. She said, the average number of months in care was also reduced from 14.37 months in 1995 to 12.97 months in 1996.

Ms. Tobin said the Children and Family Service Unit was created as an organizational unit of the South Central Human Service Center in January 1996. The purpose of the unit is to provide comprehensive family-based services to families in the region. Services provided include individual and family therapy, parenting classes, intensive family services, and case aid services. In addition, family intervention team services provide intensive, family-based, therapeutic, and case management services for families with one or more seriously emotionally disturbed youth. A copy of the report is on file in the Legislative Council office.

Mr. Wally Klostreich, Supervisor, Alcohol and Drug Services, South Central Human Service Center, commented on the services provided by the alcohol and drug program. He said the alcohol and drug program staff consists of 7.5 FTE positions including six addiction counselors and two case managers. He said the unit provides evaluations, day treatment, intensive outpatient treatment, addicted men's and women's aftercare groups, domestic abuse group, dual-diagnosis group, codependency group, children of alcoholics group, minor in possession youth diversion program, adolescent group, case management, screenings, crisis intervention, and consultation services.

Mr. Klostreich said in addition to treatment services being provided at the South Central Human Service Center, alcohol and drug services are provided in Valley City, Oakes, Ellendale, Harvey, Carrington, and Cooperstown. A copy of the report is on file in the Legislative Council office.

Mr. Richard Richter, Regional Administrator, Vocational Rehabilitation Program, South Central Human Service Center, commented on vocational rehabilitation services.

Mr. Richter said primary services of vocational rehabilitation include:

1. An assessment for determining eligibility.
2. Counseling, guidance, and referral services.
3. Physical and mental restoration services.
4. Vocational and other training including on-the-job training.
5. Financial assistance.
6. Transportation.
7. Interpreter services.
8. Reader services.
9. Rehabilitation technology services and devices.
10. Supportive employment services.
11. Job development and placement services.

Mr. Richter said the staff of vocational rehabilitation includes four full-time counselors, one vision rehabilitation specialist, one human service aide, and

two support staff. He said since October 1, 1996, 492 individuals have received services. A copy of the report is on file in the Legislative Council office.

Mr. Lyle Hoxtell, Coordinator, Regional Intervention Services (RIS), South Central Human Service Center, commented on regional intervention services. He said RIS is staffed by 28 clinicians. He said through a contract with a private nonprofit organization the South Central Human Service Center provides access to a 12-bed crisis residential unit which is available 24 hours a day for observation and meals. A copy of the report is on file in the Legislative Council office.

Representative Kerzman asked that a copy of the Southwest Key license application be mailed to committee members when available. Chairman Wentz said this would be provided.

Representative Coats suggested that, if necessary, the committee meet prior to its next scheduled meeting in December to address the Southwest Key issues.

Representative Kliniske asked that the committee receive information at a future meeting on average caseloads of case managers serving individuals with serious mental illness. Chairman Wentz said that information will be provided at a future meeting.

Chairman Wentz announced that at a future meeting historical foster care statistics by county will be provided as well as presentations on the partnership projects, including budgets for each region.

Chairman Wentz distributed a tentative future meeting schedule for the Budget Committee on Government Services as follows:

Tuesday, December 9, 1997, Bismarck
Thursday and Friday, April 16-17, 1998, Minot
Monday and Tuesday, September 14-15, 1998, Dickinson

Chairman Wentz asked committee members to please note the change of date for the April meeting in Minot from the previous meeting schedule.

The committee adjourned subject to the call of the chair at 11:45 a.m.

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Allen H. Knudson
Senior Fiscal Analyst

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Chester E. Nelson, Jr.
Legislative Budget Analyst and Auditor

ATTACH:1