

# NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

## BUDGET COMMITTEE ON HUMAN SERVICES

Tuesday, June 24, 1997  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Senator Tim Mathern, Chairman, called the organizational meeting of the Budget Committee on Human Services to order at 9:00 a.m.

**Members present:** Senators Tim Mathern, Tom Fischer, Jerome Kelsh, Russell T. Thane; Representatives Leonard J. Jacobs, Roxanne Jensen, Connie Johnsen, James A. Kerzman, Clara Sue Price, Wanda Rose, Ken Svedjan, Gerald O. Sveen, Janet Wentz

**Members absent:** Senators Bill L. Bowman, Judy Lee, Rod St. Aubyn

**Others present:** See attached appendix

Chairman Mathern discussed the studies assigned to the committee, including the study of the Department of Human Services and the responsibilities of social service agencies. Senator Mathern said the chairman of the Legislative Council agreed that the study of the Department of Human Services was a significant one that may result in the need for a professional consultant to review the structure and delivery of human services in North Dakota. He said Representative Wanda Rose will be vice chairman of the committee.

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, discussed the rules of operation and procedure for Legislative Council committees.

### DEPARTMENT OF HUMAN SERVICES STUDY

The Legislative Council staff presented a background memorandum regarding the study of the Department of Human Services required by House Concurrent Resolution No. 3042 and Section 34 of 1997 House Bill No. 1012. The committee is to conduct a study of:

- The appropriateness of a consolidated Department of Human Services in light of significant federal funding, society, and technology changes.
- The changes necessary to enhance program effectiveness, legislative understanding, appropriation analysis and development, and oversight of the department.
- The block grant method of appropriating funds to regional human service centers, including the incentives, accountability, and budgeting processes.

The background memorandum discusses the reasons for the study included in the resolution, Department of Human Services funding and full-time equivalent employee positions; block grant funding for human service centers, the State Hospital, and the Developmental Center; the funding of computers in the Department of Human Services; the history of previous Department of Human Services studies; and the following study plan regarding the committee's study of the Department of Human Services:

1. Receive reports and suggestions regarding the organization of the Department of Human Services and the delivery of human services in North Dakota from representatives of the Department of Human Services, the North Dakota Association of County Social Service Board Directors, regional human service center directors, the North Dakota Association of Counties, and the North Dakota County Social Service Boards Association.
2. Receive testimony from other interested persons and organizations regarding the committee's study of the Department of Human Services.
3. Consider contracting for the services of a professional consultant to review the Department of Human Services and the delivery of human services in North Dakota and develop recommendations for the committee's consideration to improve the organization of the department and the delivery of human services in North Dakota.
4. Receive a staff memorandum updating the human service department organizational structure in surrounding states and other states.
5. Develop recommendations and any necessary legislation to implement the committee's recommendations.
6. Prepare a final report for submission to the Legislative Council.

Mr. Wayne Anderson, Interim Executive Director, Department of Human Services, provided testimony regarding the committee's studies, a copy of which is on file in the Legislative Council office. Mr. Anderson said the appropriateness of a consolidated

Department of Human Services may be answered by considering the following factors:

- Quantitative factors, including the number of employees, number of programs administered, budget size, claims processed, and number of clients.
- Qualitative factors, including accuracy rates in economic assistance programs, client outcomes, client and family satisfaction, and advocacy group, providers, and federal agency satisfaction.
- Accountability factors, including audit findings and recommendations, internal controls, federal program reporting, legislative committee reporting, and budgeting and accounting.
- Efficiency, effectiveness, and economy factors, including allocation of resources, economies of scale, integration and consolidation of functions, communications and collaboration, multidisciplinary treatment approach, centralized support services, strategic planning, and automation infrastructure.

Mr. Anderson said the block grant study, may be very valuable in determining the course of the future of the human services centers and in developing a commonly accepted definition of block grants. He said the study directed by House Concurrent Resolution No. 3032 is a continuation of the 1995-96 Budget Committee on Human Services study that focused on economic assistance programs. He said this study will examine the financing and service delivery aspects of children and family service programs and the aging and disabled programs. He said the study should ultimately help improve the service delivery structure of the counties and the human service centers.

Ms. Michon C. Sax, Director, County Social Services, McKenzie and Williams counties, and President of the North Dakota Association of County Social Service Board Directors, presented testimony regarding the committee's study, a copy of which is on file in the Legislative Council office. She said as a consolidated department, the Department of Human Services has consolidated several service areas which has been valuable. She said there are areas where communication between major state offices within the department has been less than ideal. She said the county social service boards receive direction from three major areas within the department--the Division of Economic Assistance, the Children and Family Services Division, and the Aging Services Division. She said as the committee conducts its study, the association will respond to specific concerns of the committee.

Mr. Robert Sanderson, Director, Northeast Human Service Center, Grand Forks, presented testimony

regarding the committee's study of the Department of Human Services, a copy of which is on file in the Legislative Council office. Mr. Sanderson said the study conducted by Dr. Kenneth Dawes in 1985 merits some review as well as a recent study by Ms. Shelly Smith, National Conference of State Legislatures. He said the committee's study should:

- Focus on the communication, cooperation, and coordination between county social services and human service centers.
- Identify any problems that exist relating to the two entities.
- Review the duplication of services between county social services and the Department of Human Services.
- Review the delivery of essential services and regional differences in the provision of services.
- Review the variation of services to children and their families.
- Review departmental goals and objectives.
- Consider the appropriateness of research studies to determine program effectiveness.
- Provide for the identification and understanding of the federal funding and related requirements.
- Identify legislative expectations regarding future block grant funding for human service centers.
- Review the budget structure of the Department of Human Services.

Representative Wentz asked Mr. Sanderson to clarify his statement that the Department of Human Services is not too large while at the same time expressing the difficulty human service center directors have in understanding the financing of the department. She said the statements appear to be contradictory. Mr. Sanderson said clients need the continuum of services that is provided by a consolidated Department of Human Services. He said human service center directors are not aware of all departmental budget details because of the budget complexity and because the centers do not deal with some funding areas.

In response to a question from Representative Jensen, Mr. Sanderson said the study of the department creates some anxiety among departmental employees. He said committee recommendations may result in the need for additional expenditures, making them difficult to implement. Representative Jensen said the Department of Human Services should have a flexible attitude in the implementation of any recommendations that the committee may make, and she encouraged the department to accommodate any suggested changes within existing resources. She said several states are studying the reorganization of their Department of Human

Services, looking at both service consolidation and decentralization.

Senator Thane said the committee should, in its study, consider the value of preventative services by the Department of Human Services.

In response to a question from Representative Wentz regarding the complexity of the budget, Mr. Sanderson said the study should help legislators understand the department's budget and provide suggestions for budget presentation that assist in understanding the budget.

Ms. Karen Romig Larson, Director of Mental Health and Substance Abuse, Department of Human Services, provided testimony regarding the study of the Department of Human Services, a copy of which is on file in the Legislative Council office. Ms. Larson identified several questions whose answers are critical to continuing the development of a system of services to persons with substance abuse or mental illness including:

- Defining the appropriate array of services available for persons with chronic illnesses.
- The effect of managed care on clients.
- The impact of welfare reform.
- The development of a complete complement of community-based services.
- The development of a system of planning and evaluation.
- The relationship of the organization and structure of the department to meet the needs of clients.
- The involvement of consumers and family members in the planning and evaluation of the service system.

In response to a question from Representative Rose regarding program evaluation efforts, Ms. Larson said the division is studying, by a survey, the needs of clients and the availability of services. She said to effectively evaluate the adequacy and effectiveness of services, evaluative research must be done in lieu of a client satisfaction survey.

In response to a question from Representative Svedjan regarding an integrated service delivery model, Ms. Larson said, from a clinical viewpoint, she supports an integrated service method that defines the needs of the client and then makes the service available.

Mr. Don Schmid, Director, Children and Family Services Division, Department of Human Services, provided testimony regarding the committee's study of the Department of Human Services, a copy of which is on file in the Legislative Council office. Mr. Schmid discussed the advantages of a single department or an "umbrella agency," and provided examples where the Children and Family Services Division works closely with other departmental divisions, such as the Medicaid Division, in providing

services and care to children. He said possible disadvantages of an "umbrella agency" could be because of the size, complexity, and broad array of different divisions there is not a common departmental vision or philosophy and a segment of the agency may dominate other segments that do not have access to decisionmakers.

Mr. Schmid provided the following recommendations to the committee in its study of the Department of Human Services:

- Contact the National Conference of State Legislatures for information regarding other states' systems and studies.
- Establish what product the committee wants from the study and develop a legislative vision for the Department of Human Services.
- Consider organizing the department as an umbrella agency with two primary areas-- economic assistance and field services.

In response to questions from Representative Johnsen, Mr. Schmid said the role of the Children and Family Services Division is to administer 15 separate federal grants in the provision of services for children and families while the role of the Children's Services Coordinating Committee is to assist in the prevention of foster care and to identify the need for children and family services.

Mr. Mark Johnson, North Dakota Association of Counties, provided testimony regarding the committee's studies. He said he did not have any specific recommendations regarding the committee's study and said the association would, based on the input of county social service board directors and board members, provide input to the committee. He said the continuation and expansion of the "swap" proposal for children and family services should be examined thoroughly in the context of the "swap" proposal for economic assistance programs.

Mr. Steve Skauge, HIT, Inc., Mandan, representing the North Dakota Association of Community Facilities, commented on the committee's study of the Department of Human Services and provided information regarding the North Dakota Association of Community Facilities, a copy of which is on file in the Legislative Council office. Mr. Skauge said the association supports the study of the Department of Human Services and will be available as a resource to the committee.

In response to questions from Senator Mathern, Mr. Skauge suggested the committee review the structure of the Department of Human Services and its regulation of developmental disability facilities, including the department's variation in regulation of private providers and the lack of opportunity for providers to provide input.

In response to questions from Representative Svedjan, Mr. Anderson said there are no employees in

the central office providing direct services to clients; however, several divisions do contract with public and private agencies for services. He said the department is developing information on federal funding requirements for the human service center directors, which the department can provide the committee at a future meeting.

In response to a question from Representative Svedjan regarding the use of capitated payments for human service center services, Mr. Anderson said capitation payments from federal Medicaid and vocational rehabilitation funds may not be allowable.

Representative Sveen suggested the committee review how the current system is working, the effectiveness of departmental communications, and the process for appointment of the Department of Human Services director.

Senator Thane suggested the committee consider reviewing the department's procedures for contracting with provider organizations for the delivery of services to avoid situations in the past that have resulted in the providers' lack of understanding of the service requirements.

Representative Kerzman suggested the committee look at the availability of services locally.

Representative Jensen said she supports the committee's consideration of an outside consultant, as the scope of the task appears to be greater than the committee can address without such assistance.

The committee recessed at 11:55 a.m. for lunch and reconvened at 1:00 p.m.

## **STUDY OF SOCIAL SERVICE AGENCY RESPONSIBILITIES**

The Legislative Council staff presented a memorandum regarding the committee's study, pursuant to House Concurrent Resolution No. 3032, of the responsibilities of social service agencies providing services to children, families, the disabled, and the elderly. The resolution directs a study of the responsibilities of county social service agencies, regional human service centers, and the Department of Human Services in the provision of services to children and their families and persons with disabilities, including the elderly. The study represents a continuation of the 1995-96 interim Budget Committee on Human Services study that focused on economic assistance programs and the state and county financing and administrative responsibilities relating to those programs. The memorandum discusses 1997 House Bill No. 1041 recommended by the 1995-96 Budget Committee on Human Services providing for an exchange of county and state administrative and financing responsibilities for economic assistance programs. The legislation provides on January 1, 1998, for the counties to

assume the financial responsibility for the cost of administering locally administered economic assistance programs and for the state to bear the cost in excess of that provided by the federal government of the grant costs of major economic assistance programs.

### **Social Service Agencies' Responsibilities - Study Plan**

1. Receive testimony from representatives of the Department of Human Services, the North Dakota Association of Counties, the North Dakota Association of County Social Service Board Directors, regional human service center directors, and the North Dakota County Social Service Boards Association in the study of social service agency responsibilities for children and their families, the disabled, and the elderly concerning:
  - a. Suggested issues to be considered by the committee.
  - b. Suggested changes to better define the respective responsibilities of counties, regional human service centers, and the central office of the Department of Human Services for these services.
  - c. Information on service costs, funding, and related caseloads and performance standards.
2. Receive information from the Department of Human Services on the implementation of House Bill No. 1041, the "swap" of state and county responsibilities for economic assistance programs.
3. Receive testimony from other interested persons regarding the committee's study, including service providers and representatives of organizations representing clients and providers.
4. Develop recommendations and any necessary legislation to implement the recommendations.
5. Prepare a final report for submission to the Legislative Council.

Ms. Sax provided testimony regarding the committee's study, a copy of which is on file in the Legislative Council office. She said a time study is being implemented July 1, 1997, to help the counties identify what services are primarily provided by county agencies and the related cost. She said the study will enable each county to determine what services are the most widely used and at what cost to the agency in the community. All personnel within a social service agency will complete the time study, with the information compiled by the Department of

Human Services. She said a major concern to remote counties is a contingency of available services.

Mr. Doug Seiler, Director, Southeast Human Service Center, Fargo, commented on the committee's study. A copy of his testimony is on file in the Legislative Council office. He said at the Southeast Human Service Center the relationship between the counties and the human service center is considered very important and monthly meetings are held with the six county directors. Mr. Seiler said human service center employees supervise foster care and permanency planning, child welfare (neglect and abuse, family preservation), regional aging services, and day care licensing. He said central office personnel at the regional level include the staff for the North Dakota Health TRACS program, Ombudsman Aging Services, regional quality control, and the economic assistance-medical assistance regional representative. He said as the study proceeds, the committee may want to review the functions of the various regional representatives in the system.

In response to questions from Senator Mathern, Mr. Seiler said programs the human service center administers include developmental disabilities, chemical dependency, and extended care services. Mr. Seiler said he is familiar with the organization in the state of Michigan where mental health funding is provided to each county. He said Michigan is considering the regionalization and centralization of mental health funding and service provision. He said regarding managed care, the block grant appropriation is a form of capitated payment and the budget process drives programs. He said it is difficult for new and innovated programs to be funded through the current budget process. He questioned whether service delivery is driven by client needs or the services provided previously.

Ms. Kari Conrad, President, County Social Service Board Association and Ward County Commissioner, Minot, provided testimony regarding the committee's study. She discussed her involvement in the study resulting in 1997 House Bill No. 1041 providing for the "swap" of economic assistance program responsibilities. She said the committee should simplify the system to allow for the public's understanding of social services and look at the appropriate programs to be funded from local property taxes and those that should be funded from statewide revenue sources. She said Ward County does not need the supervision of the human service center as the county is large enough to either have employees knowledgeable in the area or that can call the central office in Bismarck directly. She said in some of the smaller counties regional oversight may be necessary as program people may work in a program on a limited basis.

Mr. Marlowe Kro, Administrator, Home and Community-Based Services, Aging Services Division,

Department of Human Services, provided testimony regarding the committee's study. A copy of his testimony and a copy of the 1996 annual review of the Aging Services Division are on file in the Legislative Council office. He said some items for consideration by the committee include:

1. Who is the most appropriate direct provider of home and community-based service case management?
2. What should be the role of the human service centers' regional aging services program administrator?
3. Does the existing administrative structure adequately provide technical assistance to county social service offices for home and community-based services?

Mr. Kro said the Budget Committee on Long-Term Care has responsibilities in several related areas including case management for elderly and disabled persons and the availability of home and community-based services.

Mr. Schmid presented testimony regarding the committee's study, a copy of which is on file in the Legislative Council office. He said representatives of the county social services boards and the Children and Family Services Division have been meeting on a children and family services "swap" proposal. He said the 1997 Legislative Assembly changed the funding formula for county participation in foster care, basing each county's share on the number of children in foster care, children under age 15, property taxes, and personal income. He said the task force looking at the "swap" proposal has developed a consensus regarding mandated or core services to be available in each county. Core services will be funded at a cost of 25 percent of the total to the county. He said core services would include child protection assessments, foster care recruitment and licensing, foster care case management, early childhood licensing, and family social work. He said the department will contract with counties for delivery of these services and counties will meet policy and staffing requirements. He said the committee is recommending that subsidized adoption programs be totally administered by the state with no county involvement or participation. He said voluntary services such as parent aide and intensive in-home services would be available on a contract basis between the department and the counties with their primary purpose to prevent out-of-home care and to reunite children with their parents. He said the committee is updating the estimated cost information for core and voluntary services based upon more current information.

## COMMITTEE DISCUSSION

The committee discussed the studies regarding the Department of Human Services and the social service agency responsibilities. Representative Sveen asked that the department provide an organizational chart to committee members at the next meeting. Senator Kelsh suggested the committee consider in its study of the Department of Human Services the block grant method of funding human service centers and how that method addresses budget shortfalls and surpluses of the individual human service centers.

Representative Jensen said that prior to the committee hiring an outside consultant, the Legislative Council and the Department of Human Services staff should look at the previous Department of Human Services study by Dr. Dawes to determine the status of implementation of the recommendations.

Mr. Anderson said it would take a substantial effort to update the status of Dr. Dawes' recommendations.

Mr. Nelson said the committee could be provided excerpts of Dr. Dawes' report, including the status report done by Dr. Dawes in 1991-92, and the Department of Human Services could comment on the status of the recommendations contained in the report.

In response to a question from Representative Kerzman, Senator Mathern said the client/staff ratios will be considered as part of the committee study of social services as a result of the time study that the counties are beginning in July 1997.

**It was moved by Senator Thane, seconded by Representative Sveen, and carried on a voice vote that the committee ask the Legislative Council staff to gather information regarding other states' human service delivery systems, including state populations, caseloads, staff, expenditures, recent studies, organizations, and the type of delivery system.**

Chairman Mathern said the next committee meeting is scheduled for July 29-30, 1997, in Bismarck.

**It was moved by Senator Kelsh, seconded by Representative Jacobs, and carried that the committee adjourn subject to the call of the chair.**

The committee adjourned at 2:45 p.m.

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Jim W. Smith  
Assistant Legislative Budget Analyst and Auditor

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

ATTACH:1