

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HUMAN SERVICES

Wednesday, September 9, 1998
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Tim Mathern, Chairman, called the meeting to order at 10:00 a.m. in the Roughrider Room, State Capitol, Bismarck.

Members present: Senators Tim Mathern, Bill L. Bowman, Tom Fischer, Jerome Kelsh, Judy Lee; Representatives Leonard J. Jacobs, Roxanne Jensen, Connie Johnsen, James A. Kerzman, Clara Sue Price, Ken Svedjan, Gerald O. Sveen, Janet Wentz

Members absent: Senators Rod St. Aubyn, Russell T. Thane; Representative Wanda Rose

Others present: See attached appendix

It was moved by Senator Bowman, seconded by Representative Wentz, and carried on a voice vote that the minutes of the June 23-24, 1998, meeting be approved as distributed.

DEPARTMENT OF HUMAN SERVICES STUDY

Chairman Mathern called on Ms. Carol K. Olson, Executive Director, Department of Human Services, to provide testimony regarding the department's strategic planning process. A copy of her presentation is on file in the Legislative Council office. (Revised testimony was provided after the meeting and is also on file in the Legislative Council office.) Ms. Olson said the department's strategic planning process is underway and includes the assistance of Mr. Jon Martinson, Executive Assistant to the President, Bismarck State College. She said the strategic planning process began on July 13, 1998, and includes the identification of the following core areas or "taxonomies":

- Political.
- Demographics.
- Technology.
- Service delivery.
- Business/economic/labor.
- Education/work force.
- Culture/social values.
- Revenue.
- Relationships.

Ms. Olson said the strategic planning "scanning and forecasting" is to be completed by December 15, 1998, and will allow for the development of a departmental mission statement based on "core trends," will

include new goal statements that support and give action to the new mission statement, and will allow each unit within the department to develop its mission statement and goal statements.

Ms. Olson said by conducting external environmental scanning and forecasting, the Department of Human Services can determine where the department is now; where it is going; where it should go to serve its clients, communities, and the state; and what the department needs to change to get where it needs and wants to go.

In response to a question from Representative Jensen, Mr. Martinson said during the fall of 1995 Bismarck State College experienced a three percent decline in enrollment which prompted the college to do strategic planning. He said since that time the college has experienced increased enrollments, which the college attributes to its strategic planning process.

In response to a question from Representative Kerzman regarding the total cost of the strategic planning effort, Ms. Olson said the planning is being done primarily "in-house" and the department has a contract with Bismarck State College for Mr. Martinson's time at an approximate cost of \$20,000.

The Legislative Council staff presented a resolution draft urging the continued cooperation and coordination among county social service agencies to provide for the delivery and administration of social services in a cost-effective and efficient manner. The resolution draft also encourages the Department of Human Services to assist county social service agency efforts in voluntary consolidation and in developing efficiencies in the delivery of county social services.

The Legislative Council staff presented a resolution draft to implement the recommendations of the Public Administration Service regarding changes to the organizational structure of the Department of Human Services.

Representative Jensen distributed a revised resolution draft reflecting amendments to the resolution draft regarding the recommendations for change to the organizational structure of the Department of Human Services, a copy of which is on file in the Legislative Council office. Representative Jensen said the suggested changes provide that Recommendation 9, relating to a strategic business plan, be

moved to page 1, line 20, of the resolution draft and that the remaining Recommendations 1 through 18 be a consideration of the department in developing the strategic business plan.

It was moved by Representative Jensen, seconded by Representative Wentz, and carried on a voice vote that the committee reconsider its action whereby it recommended the resolution draft regarding changes to the Department of Human Services organizational structure to the Legislative Council.

It was moved by Representative Jensen, seconded by Representative Wentz, and carried on a voice vote that the resolution draft be amended to recommend that the Department of Human Services develop a strategic business plan and that the other recommendations be a consideration in the development of the strategic business plan.

It was moved by Representative Price, seconded by Representative Johnsen, and carried on a roll call vote that the resolution draft, as amended, relating to changes to the Department of Human Services be approved and recommended to the Legislative Council. Senators Mathern, Bowman, Fischer, Kelsh, and Lee and Representatives Jacobs, Jensen, Johnsen, Kerzman, Price, Svedjan, Sveen, and Wentz voted "aye." No negative votes were cast.

Ms. Betty Keegan, Director, Rolette County Social Services, Rolla, and representing the North Dakota Association of County Social Service Board Directors, provided testimony regarding the resolution draft relating to encouraging the continued cooperation and coordination among county social service agencies to provide for the delivery and administration of social services in a cost-effective and efficient manner. A copy of Ms. Keegan's testimony is on file in the Legislative Council office. She said the resolution draft is in agreement with what has been occurring in many of the counties in North Dakota, and the North Dakota Association of County Social Service Board Directors supports the continued effort to voluntarily merge county social services.

Chairman Mathern thanked the representatives of the North Dakota Association of County Social Service Board Directors for their input in the committee's studies.

It was moved by Representative Price, seconded by Senator Lee, and carried on a voice vote that the resolution draft regarding the continued cooperation and coordination among county social service agencies be amended to include a provision that the counties provide periodic reports to the Legislative Council during the 1999-2000 interim regarding county efforts to coordinate and cooperate in the delivery of social services.

It was moved by Senator Fischer, seconded by Representative Svedjan, and carried on a roll call vote that the resolution draft urging the continued cooperation and coordination among county social service agencies, as amended, be approved and recommended to the Legislative Council. Senators Mathern, Bowman, Fischer, Kelsh, and Lee and Representatives Jacobs, Jensen, Johnsen, Kerzman, Price, Svedjan, Sveen, and Wentz voted "aye." No negative votes were cast.

STUDY OF SOCIAL SERVICE AGENCIES' RESPONSIBILITIES

The Legislative Council staff presented a bill draft requiring the Department of Human Services to pay the cost, in excess of the federal share, of assistance provided adopted children with special needs and related administrative costs.

Ms. Linda Schell, Director, Children and Family Services Division, Department of Human Services, provided testimony regarding the estimated fiscal impact of the bill draft regarding subsidized adoption costs, the work of the Children and Family Services/County Social Service Directors Committee, and the Adoption and Safe Families Act of 1997. A copy of her testimony is on file in the Legislative Council office. Ms. Schell said the department estimates the fiscal impact of the bill draft to be \$588,306 to the state general fund for the 1999-2001 biennium. She said county directors suggested, as an alternative, that the state take responsibility for the administrative functions of the program, including eligibility determination, annual reviews, and payment processing. She said the counties are also concerned with the increasing cost of adoption subsidy grants. She said the department is concerned with the related fiscal impact and discussions with the county representatives will continue.

Ms. Schell said the Children and Family Services Division continues to research and look at alternatives for reimbursement to counties for children and family services programs that would include a simplification of the state/county funding responsibilities, that would assist both the state and the counties in budget planning and administration. She said Mr. Don Schmid, former director of the Children and Family Services Division, has been contracted with to assist in the study. Ms. Schell also discussed the plans for implementation of the Adoption and Safe Families Act of 1997. She said a work group has been formed to develop the necessary legislation for the state's implementation of the Act, to provide information to the public regarding the Act's requirements, and to develop the necessary training efforts.

In response to a question from Senator Mathern regarding Ms. Schell's recommendation on the bill draft on subsidized adoption, Ms. Schell said she supports a shift to a state-administered subsidized adoption program, but she is concerned with the

impact on the department's budget. She said the early cost estimates by the department may be high because projected caseload increases have not been realized. She said it would be less costly for the state to assume only the administrative costs of determining eligibility for subsidized adoption program recipients, as the general fund cost would be \$25,500 during the 1999-2001 biennium. She said she is concerned that some counties may have few subsidized adoption cases but may incur the related staff training costs. She said in a county with few cases, the staff may not be familiar with program requirements, which could result in federal audit exceptions. She said it is to the state's benefit to encourage the adoption of foster care clients with special needs because the medical needs can then be met through insurance.

Mr. Larry Bernhardt, County Director, Stark County Social Services, Dickinson, and Cochair of the Children and Family Services Committee, provided testimony regarding the study of children and family services, a copy of which is on file in the Legislative Council office. Mr. Bernhardt said regarding the subsidized adoption program bill draft, the county directors in general support the bill draft as it reduces county administrative and grant costs. He said the \$500,000 general fund cost estimate may be too high. He said the impact of the 1997 "swap" legislation may result in the Department of Human Services realizing unanticipated savings which could be available for the cost of the subsidized adoption program bill draft.

Mr. Bernhardt discussed the time studies which are being done on a pilot county basis and will be in place for all counties beginning early in 1999. He said once the information is available statewide county social service agencies can identify specific service costs and compare costs among the counties.

In response to questions from Representative Jensen, Mr. Bernhardt said efforts have been taken to educate county social service staff to allow for the consistent preparation of time study information.

In response to a question from Senator Mathern, Mr. Bernhardt said the Children and Family Services Committee will not have any recommendations requiring statutory change until the 2001 Legislative Assembly. He said other recommended changes can be addressed by changes to rules and regulations.

Ms. Kathy Hogan, Director, Cass County Social Services, Fargo, said the committee needs to be aware that counties are experiencing a dramatic increase in costs related to increasing foster care and subsidized adoption caseloads.

Mr. Terry Traynor, North Dakota Association of Counties, said counties are in favor of the bill draft regarding subsidized adoption payments and there are other unresolved issues that are not directly related to the bill draft, including foster care reimbursement.

In response to a question from Representative Svedjan, Ms. Olson said the estimated general fund impact of \$588,000 is not included in the department's budget request for the 1999-2001 biennium. She said the department would attempt to reduce the budgetary impact of the bill draft.

It was moved by Senator Kelsh, seconded by Representative Sveen, and carried on a roll call vote that the bill draft requiring the Department of Human Services to pay the costs, in excess of the federal share, of assistance provided adopted children with special needs and related administrative costs be approved and recommended to the Legislative Council. Senators Mathern, Bowman, Fischer, Kelsh, and Lee and Representatives Jacobs, Kerzman, and Sveen voted "aye." Representatives Jensen, Johnsen, Price, Svedjan, and Wentz voted "nay."

It was moved by Representative Wentz, seconded by Representative Jensen, and carried on a voice vote that the chairman and the staff of the Legislative Council be requested to prepare a report and the bill and resolution drafts recommended by the committee and to present the report and the recommended bill and resolution drafts to the Legislative Council.

It was moved by Senator Kelsh, seconded by Representative Jacobs, and carried that the meeting be adjourned sine die.

The committee adjourned at 12:26 p.m.

Jim W. Smith
Assistant Legislative Budget Analyst and Auditor

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

ATTACH:1