

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HUMAN SERVICES

Thursday, December 4, 1997
Harvest Room, State Capitol
Bismarck, North Dakota

Senator Tim Mathern, Chairman, called the meeting to order at 1:00 p.m.

Members present: Senators Tim Mathern, Bill L. Bowman, Tom Fischer, Jerome Kelsh, Judy Lee, Rod St. Aubyn; Representatives Roxanne Jensen, Connie Johnsen, James A. Kerzman, Ken Svedjan, Gerald O. Sveen, Janet Wentz

Members absent: Senator Russell T. Thane; Representatives Leonard J. Jacobs, Clara Sue Price, Wanda Rose

Others present: See Appendix A

It was moved by Representative Svedjan, seconded by Senator St. Aubyn, and carried on a voice vote that the minutes of the October 29-30, 1997, meeting be approved as mailed.

DEPARTMENT OF HUMAN SERVICES STUDY

At the request of Chairman Mathern, Mr. George Hubler, Public Administration Service, presented information on the status of the consultant's study of the organization of the Department of Human Services. Copies of the information presented are on file in the Legislative Council office. Mr. Hubler said the Public Administration Service is currently in the second phase of a five-phase study plan. He said the phases are as follows:

- Phase 1 - Mobilize project and conduct preliminary survey.
- Phase 2 - Complete departmental overview and associated fieldwork.
- Phase 3 - Evaluate results of fieldwork.
- Phase 4 - Formulate recommendations and study report.
- Phase 5 - Present study report and provide implementation assistance.

Mr. Hubler said the Public Administration Service has conducted interviews with personnel at the eight regional human service centers, the State Hospital, Developmental Center, county social service agencies, and a tribal government. He said the Public Administration Service has also distributed questionnaires to division

administrators within the Department of Human Services, human service center directors, and county social service boards and directors to obtain additional information and to verify data obtained during the interview process.

In response to a question from Representative Sveen, Mr. Hubler said that during visits to regional human service centers, the Public Administration Service interviewed center directors and program supervisors.

Senator St. Aubyn asked if the interviews conducted by the Public Administration Service include any contacts with human service center clients or program recipients. Mr. Hubler said the Public Administration Service is analyzing client survey data which is accumulated by the Department of Human Services on a monthly basis. Senator St. Aubyn asked how the Public Administration Service can ensure the credibility of data which assesses services provided by the Department of Human Services, when the data is accumulated by the department. Mr. Hubler said the Public Administration Service is only utilizing the raw data accumulated by the department and will sample the data to verify its credibility.

Mr. Hubler said the Department of Human Services has many strengths, including the following:

- Programs are delivered and administered by caring professionals.
- The Developmental Center ranks within the top five percent of similar facilities throughout the country.
- The State Hospital provides quality, integrated psychiatric and chemical dependency treatment services.
- The tiered structure of the department has the potential to be effective.
- Human service centers provide a wide variety of services that are highly rated by clients.
- The department has been effective in obtaining federal grants.

- County social service agencies administer programs effectively and efficiently.
- The department has recently initiated an information systems strategic planning process.
- The department effectively plans for and provides child and family services.
- Recent reorganization of the Department of Human Services has resulted in an opportunity for improved communications.

Mr. Hubler said opportunities for improvement within the Department of Human Services include the following:

- The new organizational structure makes it necessary to reduce the span of control of the executive director and provide for intermediate supervision.
- There needs to be agreement on what core or essential services are being provided and should be provided.
- Service integration needs to be improved so the department can provide a continuum of integrated services.
- The department needs to develop an overall strategic plan.
- A systematic approach to program evaluation is necessary.
- The budgeting process should be changed to connect the department's goals and objectives with the funds necessary to support them.
- The role of the department's central staff needs to be more clearly defined.
- The department needs to implement a system of program review.
- The department needs to develop a business plan.
- The department needs to develop an information system strategic plan.
- The department needs to define the roles of each level of the service delivery system.

Senator Bowman said changes at the federal level require programmatic changes at the state level. He said continuous programmatic changes make it difficult for the department to adequately assess the effectiveness of programs. Mr. Hubler said if the department has a strategic plan in place, the department has stability despite federal and state changes.

Mr. Robert Hoffman, Public Administration Service, discussed the preliminary findings of the Public Administration Service. Mr. Hubler said the Department of Human Services consolidated organizational structure should be retained and any change made should be to strengthen the internal structure of the department.

Senator Mathern asked why it would be inappropriate to separate the functions of the

consolidated Department of Human Services. Mr. Hoffman said the consolidated department structure allows the integration of programs and the provision of a continuum of services. Mr. Steve Grossbard, Public Administration Service, said social service clients typically have multiple problems. He said separate agencies typically deal with one category of problems. He said a consolidated department that can deal with multiple problems can eliminate categorical barriers.

Senator Bowman said the state's education system should be part of the integrated human service system because the education system can provide the training and job skills necessary so people can find jobs. Mr. Hoffman said the study is dealing with only the organization of the Department of Human Services. Senator Mathern said the integration of services of the state's public education system and the Department of Human Services is a structural issue which could be considered by the committee when examining the Department of Human Services.

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, Legislative Council, said the consolidated structure of the Department of Human Services provides benefits in the delivery of services but also provides budgeting concerns for some since with the broad range of programs administered by the Department of Human Services, it is possible for changing circumstances or reprioritizations within the department to cause funds the Legislative Assembly had anticipated would be used for a particular program to be used for a different program. Mr. Hoffman said the issue of accountability can be addressed through program evaluation, improving reporting deficiencies, and the integration of budgeting and program goals. Mr. Hubler said including program performance measurement information in the budget will help focus attention on outcomes achieved by programs rather than on line item amounts.

Representative Svedjan discussed the benefits of implementing a capitated payment system for human service providers. He said such a system would provide a cap on the amount of reimbursement paid to human service providers based on the type of service provided and the number of clients served. He said such a system would provide incentives for provider efficiency. Mr. Hoffman said developing a capitated payment system for human services is difficult because human service program costs are much less predictable than medical costs such as a surgery.

Mr. Hubler said the development of a capitated payment system may be more feasible sometime in the future, after widely accepted standards for

human service program delivery are established. Senator St. Aubyn said although payments made to service providers are not on a capitated basis, the legislative appropriation serves as an overall limitation on the amount that can be paid to providers. He said this limitation should encourage provider efficiencies.

Mr. Hubler presented three alternative organizational charts for the Department of Human Services, which are attached as Appendices B, C, and D. Mr. Hubler said the Public Administration Service recommends the organizational chart "Alternative A," which is attached as Appendix B. Mr. Hubler said the recommended organizational structure for the Department of Human Services provides improved coordination, communications, and control and gives the executive director special staff for strategic planning, research, and evaluation and the preparation of budget information presented to the Legislative Assembly. Mr. Hoffman said the proposed planning, budgeting, and evaluating units could have small, highly skilled staff and could draw on the staff of other units of the department and human service centers as necessary.

Mr. Hubler discussed the need for the Department of Human Services to expand the use of performance measurement to other divisions of the department. During the 1997-99 biennium, the Divisions of Aging Services and Vocational Rehabilitation are participating in a program-based performance budgeting pilot project.

In response to a question from Senator Mathern, Mr. Hubler said the program-based performance budgeting pilot project probably has not been expanded to include other agencies because of confusion relating to the definitions of outcomes and outputs. Senator St. Aubyn said the Legislative Assembly has been reluctant to expand the number of agencies involved in the pilot project because, as of the 1997 legislative session, not enough data was available on the success or failure of the project.

Mr. Hubler discussed the need for the Department of Human Services to develop a business plan and an information technology master plan.

Mr. Nelson asked if the Public Administration Service will be considering the relationship between county social service agencies, regional human service centers, and the Department of Human Services. Mr. Hoffman said the Public Administration Service will address the issue in its final report and recommendations.

Representative Wentz said that because of the importance of the executive director position, the Public Administration Service should consider examining the appointment process in North

Dakota and the qualifications necessary for the executive director. Mr. Hubler said the appointment process and the qualifications of the executive director are not part of the study process being undertaken by the Public Administration Service. Senator Lee said the issue of qualifications for the position of executive director is a matter of philosophy and policy, which could be appropriately addressed by the Legislative Assembly. Senator Mathern said the issue of the appointment process and qualifications for the executive director position of the Department of Human Services may be an issue for the committee to consider at its next meeting. Representative Wentz said if the committee examines the appointment process for the executive director position, the committee should be careful not to infringe on the Governor's power to appoint an executive director.

At the invitation of Chairman Mathern, Ms. Michon Sax, Williams and McKenzie County Social Services Director, discussed the committee's study and its relationship to county social service agencies. Ms. Sax said that North Dakota counties are part of the social services delivery system. She said the delivery of programs requires cooperation and trust between counties and the state. She said the committee and the Public Administration Service need to include counties in the study process.

At the invitation of Chairman Mathern, Ms. Carol Olson, Executive Director, Department of Human Services, discussed the committee's study.

Chairman Mathern announced that the committee's next meeting would be January 6-7, 1998.

It was moved by Senator St. Aubyn, seconded by Senator Kelsh, and carried on a voice vote that the committee adjourn subject to the call of the chair. The committee adjourned at 3:40 p.m.

Joe R. Morrisette
Senior Fiscal Analyst

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

ATTACH:4