

July 1999

DEPARTMENT OF HUMAN SERVICES STUDY - BACKGROUND MEMORANDUM

STUDY RESPONSIBILITIES

The committee has been assigned the following study responsibilities relating to the Department of Human Services:

- Senate Concurrent Resolution No. 4003 urges the Department of Human Services to implement recommendations to improve its administrative structure and enhance its budget presentation methods and report to an interim committee during the 1999-2000 interim on the department's progress in implementing the recommendations. The Budget Committee on Human Services has been assigned responsibility to monitor the progress of the department in this regard and report its findings and recommendations to the 57th Legislative Assembly.
- Section 28 of 1999 Senate Bill No. 2012 directs a study of the services provided by human service centers, including the appropriateness and justification for continuing human service center programs, the costs/benefits of human service programs, methods for evaluating the effectiveness and outcomes of human service center programs, and the need to establish priorities relating to human service center programs.
- Section 25 of 1999 Senate Bill No. 2012 requires the Department of Human Services to review departmental program funding issues during the 1999-2000 interim and report its findings to an interim committee of the Legislative Council. The Budget Committee on Human Services has also been assigned this responsibility.

SENATE CONCURRENT RESOLUTION NO. 4003

Senate Concurrent Resolution No. 4003 urges the Department of Human Services to implement recommendations resulting from the Public Administration Service (PAS) study during the 1997-98 interim regarding changes to the organizational structure of the Department of Human Services. Attached as an appendix is a copy of Senate Concurrent Resolution No. 4003.

Senate Concurrent Resolution No. 4003 urges the Department of Human Services to develop a strategic business plan that includes the identification of departmental goals and objectives, client service needs, and strategies for service delivery, monitors

performance, adjusts service delivery to provide priority client services in a cost-effective and efficient manner, and includes the consideration of the following recommendations:

1. Adopt an organizational structure that reduces the executive director's span of control and improves coordination, communications, and control of staff and field services;
2. Improve the budget presentation to the Legislative Assembly by using "Budget in Brief" technology-assisted presentations, maximum use of available software, and information on an Internet web site which includes a review of the Governor's budget guidelines, identification of departmental goals and significant changes from the previous biennium, trend and projection analysis, executive summary of expenditures and revenues, and identification of specific initiatives, new programs and major modifications to existing programs, and programs and services recommended for elimination;
3. Develop and use an executive decision system that provides summary information to management and policymakers, allowing access to the information from an Internet web site or data warehousing;
4. Identify core and essential services, inform legislative committees, and disseminate this information to the public;
5. Improve county and private sector collaboration by emphasizing and searching for ways to involve the counties and the private sector in planning and implementing programs;
6. Improve private provider relations by requiring department staff to explain payment rate calculations and audit findings to providers and by providing basic information and new rules on the department's Internet web site;
7. Review inspection and licensing requirements for programs and facilities to provide for consistent administration of programs, decentralizing of inspections, and retaining centralized standard setting and quality control authority;
8. Implement a strategic planning, evaluation, and review capability that may include:
 - a. A budgeting, planning, and evaluation division, under the control of a newly created assistant director position, which

- includes quality control and research and statistics functions and provides through a new position that could be filled on a temporary basis from university personnel long-range vision and strategic planning;
- b. An ombudsman/troubleshooter position and an enhanced public information function to provide information regarding department programs and serve as an informal appeals and complaint resolution function; and
 - c. An information resource management unit, which includes the technical eligibility computer system, to improve the quality of public and internal information;
9. Develop an information technology master plan that supports department goals and objectives and the systematic planning process and prioritizes technology needs;
 10. Improve client satisfaction survey methodology and encourage counties and private providers to conduct client satisfaction surveys;
 11. Consider the consolidation of the Medical Services and Public Assistance Divisions, including the training, education, employment, and management function, into a Financial and Medical Assistance Division and the consolidation of Finance and Office Services and centralized collections in a Management Support Division;
 12. Consider merging children's special health services into the Children and Family Services Division;
 13. Address key person succession planning by developing department staff through the possible use of "career ladders," training incentives, and performance bonuses or obtaining executives "on detail" from the private sector and universities;
 14. Review and make recommendations for implementation of other states' innovative methods of service provision;
 15. Review and make recommendations regarding the Medicaid spending reduction techniques identified by the consultant and their applicability to North Dakota;
 16. Consider child protection fund shift initiatives that are based upon shifting eligible "kinship" foster care from TANF child-only grants to foster care payments;

17. Consider providing incentives for public/private collaborative operation of integrated service centers at the district level, incorporating managed care techniques, and including a pilot project with performance goals; and
18. Consider supporting and assisting in the implementation of a performance management system that includes measurement criteria that assist in setting departmental goals, allocate and prioritize resources, and provide for reporting on the success in meeting goals.

SECTION 28 OF 1999 SENATE BILL NO. 2012 - STUDY OF HUMAN SERVICE CENTER SERVICES

The committee has been assigned this study which is to be of the services provided by the human service centers, including:

- The appropriateness of and the justification for continuing human service center programs;
- The cost/benefit of human service center programs;
- The methods for evaluation of the effectiveness and outcomes of human service center programs; and
- The need to establish priorities relating to human service center programs.

SECTION 25 OF 1999 SENATE BILL NO. 2012

This section provides legislative intent that the Department of Human Services review departmental program funding issues during the 1999-2000 interim including:

- The appropriateness of maximizing the use of federal funds;
- The opportunities to reduce general fund program expenditures;
- The appropriate methods to provide detailed justification prior to the expansion of programs;
- The appropriateness of the state replacing reductions in federal funds with state funds;
- The coordination of programs to avoid duplication in program delivery; and
- The cost/benefit of programs.

The Department of Human Services is to report its findings and recommendations as a result of reviewing these issues to the Budget Committee on Human Services during the 1999-2000 interim.

**FUNDING COMPARISON - DEPARTMENT OF HUMAN SERVICES
1999-2001, 1997-99, and 1995-97 BIENNIUMS**

	General Fund	Other Funds	Total	Total FTE Positions
1999-2001				
Total Department of Human Services - Executive budget	\$355,165,387	\$860,501,931	\$1,215,667,318	2,265.60
Legislative changes	(11,757,237)	3,870,570	(7,886,667)	(4.80)
Senate Bill No. 2012 (including contingency appropriations)	\$343,408,150	\$864,372,501	\$1,207,780,651	2,260.80
Includes:				
A contingency appropriation section for the traumatic brain-injured of \$200,000, of which \$60,000 is from the general fund. (Section 35)				
A contingency appropriation section for the SPED program of \$4,262,410 from the general fund. (Section 37)				
1997-99 - Total	\$335,233,619	\$843,719,289	\$1,178,952,908	2,307.65
1995-97 - Total	\$299,710,652	\$712,330,254	\$1,012,040,906	2,267.40

**OTHER SECTIONS IN 1999
SENATE BILL NO. 2012**

Sections 2, 3, 4, 5, and 6 provide an appropriation of \$1,849,056 from the lands and minerals trust fund to assist in making payments to the common school trust fund for developmentally disabled facility loan fund, allow the expenditure of \$1,192,700 from the developmental disabilities revolving loan fund, allow the director of the Department of Human Services to transfer appropriation authority between agencies and institutions included in Subdivisions 1 through 4 of Section 1 of the Act subject to Emergency Commission approval, allows the director of the Department of Human Services to transfer appropriation authority and authorized positions between agencies and institutions included within Subdivision 4 of Section 1 of the Act to correlate fiscal and staff resources with the flow of institutional residents and human service center clients, and allow the human service centers, the State Hospital, and the Developmental Center to hire any additional full-time equivalent positions in addition to those authorized by the Legislative Assembly to be reported to the Budget Section of the Legislative Council.

Section 7 amends North Dakota Century Code (NDCC) Section 25-03.1-04 to require individuals, prior to admission to a public treatment facility for observation, diagnosis, care, or treatment, to be screened in the regional human service center for mental illness or chemical dependency.

Sections 8 and 11 provide for a moratorium on the expansion of residential treatment care centers for children bed capacity and on the expansion of residential child care facility bed capacity effective through June 30, 2001.

Section 9 amends NDCC Section 50-01.2-03.2(3) to require the Department of Human Services to reimburse county social service boards for locally administrative economic assistance expenses when more than 20 percent of the caseloads for the programs consist of people who reside on an Indian reservation

or property tax-exempt tribal trust lands. The section provides that for calendar year 2000 up to 15 percent of the federal social service block grant funds available to all counties must be used for part of the required reimbursement and for the first six months of calendar year 2001 up to seven and one-half percent of the social service block grant funds must be used for that reimbursement. This section becomes effective on January 1, 2000. The appropriation in Subdivision 2 of Section 1 of Senate Bill No. 2012 was increased by \$118,564, to provide a total of \$1,776,420 from the general fund for this purpose.

Section 10 provides a new section to NDCC Chapter 50-09 to reflect the current reimbursement policy for counties' share of foster care grants.

Section 12 creates a new chapter to NDCC Title 50 and establishes the children's health insurance program at 140 percent of the federal income poverty level, requires the plan to be provided through private contracts with insurance carriers, includes copayments and deductibles, provides coverage for medical services including preventive dental and vision services, and becomes effective October 1, 1999.

Section 13 amends current law to continue the requirement that nursing home adjustments be based on the average of the consumer price index (CPI) and Data Resources, Incorporated (DRI) indices.

Sections 14 and 15 include the provisions of Senate Bill No. 2035 as introduced to amend NDCC Section 50-24.4-13 to allow geropsychiatric facilities to receive reimbursement for actual allowed costs and to create a new section to Chapter 50-24.4 to allow one geropsychiatric nursing facility, to require the State Hospital to perform evaluations of individuals before being admitted to a geropsychiatric facility, and to provide that if a facility is established, the State Hospital may not offer geropsychiatric services through a separate unit.

Section 16 amends Section 16 of Chapter 12 of the 1997 Session Laws to continue the \$200,000 appropriation from the lands and minerals trust fund

for capital improvements at the Developmental Center.

Section 17, an emergency measure, provides legislative intent, provides that the basic care rates include a three percent operating margin on direct care costs and include property costs as pass-through costs, and allows the department to adopt interim final rules to implement these rates.

Section 18 requires the Department of Human Services to identify budget savings in the 2001-03 biennium budget request for the Northeast Human Service Center totaling \$500,000 from the general fund relating to efficiencies and the collocation of service delivery and to present a report regarding the planned reductions to the Budget Section prior to the submission of the department's 2001-03 budget request.

Section 19 requires the Department of Human Services to periodically report to the Budget Section regarding the status of funding for traditional Medicaid grants and to receive prior Budget Section approval before exceeding the amount appropriated for those grants during the 1999-2001 biennium.

Sections 20, 21, and 22 provide for Legislative Council studies of human service center services for the seriously mentally ill, of optional Medicaid services, and of residential treatment centers and residential child care facilities.

Sections 23, 24, 25, 26, and 27 provide legislative intent that the Department of Human Services reimburse certified nurse midwives through the medical assistance program at 85 percent of the fee paid physicians, that the department's 2001-03 biennium budget request identify the uses of federal social service block grant funds, that the department review program funding issues during the 1999-2000 interim including the maximization of federal funds and opportunities to reduce general fund program expenditures, that the department not reduce nursing home limitations for direct, other direct, and indirect cost categories from the levels anticipated in the appropriation in Senate Bill No. 2012 relating to nursing homes, and that funding increases provided community developmental disabilities provider agencies specifically for salaries and wages adjustments be allocated by the department specifically to those areas and the funds be used only for that purpose by the provider agencies.

Sections 28, 29, 30, and 31 provide for Legislative Council studies of human service center services, of nursing home regulations and the related impact of the cost of nursing home care, of nursing home rate equalization, and of the feasibility of collocating the Developmental Center and the State Hospital at one location.

Section 33 provides that \$200,000 from the Children's Services Coordinating Committee be provided for the native American youth alcohol and drug abuse education program and Section 32 provides that the

funds not be spent for services provided by the tribes to administer the program and requires local grant recipients to match the grant funds.

Section 34 provides for an appropriation of \$100,000, of which \$50,000 is from the general fund to provide network technical support to county social service boards.

Section 35 provides for a contingent appropriation of \$200,000, of which \$60,000 is from the general fund, that may be spent by the department only if additional beds for traumatic brain-injured persons are established in western North Dakota and only after receiving Emergency Commission and Budget Section approval.

Section 36 provides legislative intent that the funding provided for the Comprehensive Child Welfare Information and Payment (CCWIP) computer system is for the completion of the project during the 1999-2001 biennium.

Section 37 provides for a contingent general fund appropriation for the service payments for elderly and disabled (SPED) program of \$4,262,410 that is available in the event that moneys in the health care trust fund established pursuant to Senate Bill No. 2168 are less than anticipated resulting in a reduction of funds available for the SPED program.

Section 38 provides for the Board of University and School Lands to distribute to the State Hospital all income from the permanent fund managed for the institution during the 1999-2001 biennium.

Section 39 repeals NDCC Section 25-04-20 and the Westwood Park Assets Management Committee.

Section 42 provides that the appropriation for the State Hospital of \$1,050,000 from the general fund to replace a boiler is an emergency measure and provides that Section 17 providing legislative intent regarding basic care rates and departmental interim final rules is also an emergency measure.

1999 LEGISLATIVE ASSEMBLY - DEPARTMENT OF HUMAN SERVICES-RELATED LEGISLATION

Senate Bill No. 2033 repeals basic care rate equalization effective July 1, 1999.

Senate Bill No. 2036 amends Section 50-06-14.4 to allow Alzheimer's and related dementia and 24-hour care projects through June 30, 2001; provides effective July 1, 2001, changes in definitions for assisted living facilities and removes the basic care facility definition; and requires the Department of Human Services and the State Department of Health to prepare a recommendation for the 57th Legislative Assembly regarding the conversion of basic care and assisted living facilities into an integrated long-term housing and service system entitled assisted living, including a proposed budget and any necessary implementing legislation.

Senate Bill No. 2038 requires the Department of Human Services to report, during the 1999-2000

interim, to the Legislative Council or an interim committee regarding the establishment of a traumatic brain-injured facility in western North Dakota. (Budget Committee on Institutional Services)

Senate Bill No. 2114 provides for changes to the temporary assistance for needy families program including requiring the Department of Human Services to determine the unemployment rate of adults living on an Indian reservation by using the unemployment data provided by Job Service North Dakota; provides legislative intent that the Department of Human Services offer to negotiate with a tribal government to establish a pilot project to begin operation no sooner than July 1, 2001, regarding the administration of a tribal family assistance grant; provides for a Legislative Council study of the implementation of the temporary assistance for needy families program in North Dakota; and requires the Department of Human Services to report to the Legislative Council on the progress in its efforts to determine the most reliable current data concerning the proportion of adults living in Indian country who are unemployed. (Budget Committee on Human Services responsibility)

Senate Bill No. 2168 provides for the establishment of a North Dakota health care trust fund from the proceeds of intergovernmental payments to governmental nursing facilities; provides for nursing facility alternative loans and grants from the amounts deposited in the North Dakota health care trust fund; provides that the department's share of the total cost of any conversion of a nursing facility be limited to \$1 million or 80 percent of the project cost, whichever is less; and is effective through June 30, 2001.

Senate Bill No. 2196 extends the moratorium on the expansion of basic care beds and long-term care beds to July 31, 2001, and provides that existing licensed beds released by either a basic care or long-term facility, which are not immediately transferred to another facility, may not be banked for future transfer to another facility.

Senate Bill No. 2382 provides for taxable years beginning after December 31, 1998, that taxes levied for programs and activities for senior citizens may be increased from one mill to two mills, subject to approval by a vote of a majority of the qualified electors of the county or city voting.

PREVIOUS STUDIES OF THE DEPARTMENT OF HUMAN SERVICES 1942 PAS Study

In 1942 the Public Administration Service of Chicago, Illinois, prepared a report entitled *Organization and Administration of the State Government of North Dakota* for the North Dakota Governmental Survey Commission.

The report states that "[n]o ideal or standard pattern of state government . . . exists . . . (therefore) administrative structures must be designed to meet the problems of individual states." It was recommended that the state establish a Department of Public Welfare as follows:

1. Create a Department of Public Welfare headed by a director appointed by the Governor.
2. Assign the following responsibilities to the department:
 - a. General relief.
 - b. Old-age assistance.
 - c. Aid to dependent children.
 - d. Aid to the blind.
 - e. Child welfare.
 - f. Licensing, regulation, and supervision of hospitals, homes, institutions, and other facilities receiving maternity cases or children for temporary or permanent care.
 - g. Investigation of petitions for the adoption of children referred by the courts.
 - h. Guardianship of neglected, delinquent, dependent, or disabled children as committed by the court.
 - i. Enforcement of laws regarding the paternity of illegitimate children.
 - j. Federal programs of surplus commodities distribution, Work Projects Administration, National Youth Administration, and Civilian Conservation Corps.
 - k. Veterans' services.
 - l. Supervision and control over admissions, releases, and paroles from institutions under its jurisdiction.
 - m. Management and operation of the State Penitentiary, State Industrial School, State Hospital, Veterans Home, and the State Developmental Center at Grafton.
3. Establish a three-member, Governor-appointed Public Welfare Advisory Board with staggered six-year terms to:
 - a. Represent the public interest in the improvement of public welfare administration in the state.
 - b. Advise the Governor and the director on problems concerning public welfare administration.

- c. Act as a hearing board on appeals by applicants for the several types of public assistance.
- d. Perform investigations it considers desirable concerning the administration of public welfare.

1970 Touche Ross Review

Touche Ross and Company, Certified Public Accountants, conducted a detailed review of the administrative and procedural practices of North Dakota welfare and submitted its report to the Committee on Government Administration in February 1970. The review found that improvements in local office structure, staffing, organization, people skills, and management tools were necessary to meet the needs of the 1970s.

The major recommendations were as follows:

1. Local and regional welfare organization - The present 50 local welfare offices should be consolidated into 19 locations, and their direct administration should become the responsibility of the state, organized on a regional basis.
2. State welfare organization - The state-level organization should be regrouped under five directors reporting to the state welfare director. One of the five directors should be in charge of the local and regional offices and of the State Industrial School.
3. Medical assistance program administration - A medical surveillance and utilization team should be established at the state level for the Title XIX program and the use of authorizations discontinued. The Public Welfare Board should act to comply with federal regulations concerning hospital cost reimbursement. The cost reimbursement system of nursing homes should be strengthened.
4. Accounting and budgeting - A social services information system should be established to supervise social workers more effectively and to help determine the effectiveness of social services programs.

Touche Ross conducted a followup study in 1972 and was contracted with in 1973 and 1976 to recommend a plan to integrate vocational rehabilitation services with the department's other programs.

1985-86 Study of the Delivery of Human Services

The 1985-86 Budget Committee on Human Services contracted with Dr. Kenneth J. Dawes, University of North Dakota, to conduct an indepth survey of the programs, staff, and structure of the department.

Dr. Dawes identified the strengths and weaknesses of the human services delivery system in 1985-86:

Strengths	Weaknesses
Organizational structure Physical facilities Working conditions Comprehensive services Lack of duplication Dedicated staff Competent staff Quality services Supportive community Service philosophy	Lack of coordination Administrative structure Ineffective leadership Political climate/control Lack of goals and priorities Closed decisionmaking Limited planning Poor needs assessments Lack of training Lack of evaluation of programs Underutilized programs High caseloads Lack of outreach services Lack of public awareness

Dr. Dawes made the following recommendations:

1. Improved coordination - Improving coordination, both within the organization and with the external community, become a top priority concern for all levels of departmental administration at the county, regional, and state office levels.
2. Enhanced coordination - Coordination be enhanced by developing departmentwide glossaries, joint training, procedural handbooks, orientation manuals, and other devices that will serve to promote a sense of a common mission and purpose.
3. Communication - The administration of the department conduct an indepth study of the existing communication channels and identify restraints to accurate, effective, and speedy communication, i.e., bottlenecks, redundant paperwork, ineffective staff, etc.
4. Joint memorandums of understanding - The respective responsibilities of the regional centers and the counties be specified in formal annual joint memorandums of understanding in each region.
5. Linkage with providers - Regional administrators and staff develop increased linkages with the community services that are provided within their regions and that informal memorandums of understanding or agreements be developed concerning the services that will be provided, the mechanics of the referral process, joint planning, and the exchange of information.

6. Public information - Each region develop public information brochures that will assist referral sources in better understanding the purposes of the county and regional centers, the types of services provided by each entity, the types of referrals that are appropriate for each, and the mechanics of the referral process.
7. Position elimination - Consideration be given to eliminating the position of director of the Office of Human Services.
8. Administrative roles - The roles and responsibilities of each of the administrative positions within both the regional and state offices be clearly defined and that every effort be made to minimize unnecessary duplication and/or areas of nonaccountability.
9. Enhanced leadership - Leadership within the organization be enhanced by identifying the strengths and weaknesses of present administrators and then providing the necessary training to assist them in overcoming any weaknesses and to build on existing strengths.
10. Advisory board - A state advisory board be established composed of the chairpersons of each of the eight regional boards and representatives of the county social service boards.
11. Statement of goals - A systemwide statement of purpose, goals, and objectives be developed.
12. Seek input - Prior to instituting new policies and procedures, input be secured, to the extent possible and reasonable, from those persons who will actually institute the policies.
13. Systemwide planning - Comprehensive planning be instituted on a systemwide rather than a programmatic or grant-funded basis and that priorities be set for the delivery of specific services by region and county.
14. Needs assessment - A formal needs assessment process be adopted and conducted on a systemwide basis. This process should include the regular collection of objective data as well as the solicitation of the opinions of service providers.
15. Program review - Every existing program and service be periodically and regularly reviewed by a departmental panel for purposes of recommending continuance, discontinuance, transfer, or modification. Priority should be given to reviewing the SYA, EPSDT, WIN, and CWEP programs in the near future.
16. Caseload study - A study of staff caseloads be made in each of the regions in order to determine appropriate standards and inequities.
17. Outreach - Each regional office develop a plan for promoting outreach within its region.
18. Public information - The Department of Human Services place greater emphasis on providing public information about the programs that are provided by the department, including informational brochures, statistical trends, services provided, outcome of services, and costs.
19. Vocational rehabilitation review - A thorough review of the Vocational Rehabilitation Division and its staff be conducted to determine why many staff members indicate a high level of dissatisfaction.
20. Evaluative research - Greater emphasis be placed on evaluative research and an information system, designed as a tool for staff, be developed.
21. Staff evaluations - All staff members be regularly evaluated, including administrators at all levels, to determine their level of functioning, their strengths, and their weaknesses.
22. Career development - A career development plan be designed for each staff member and staff development opportunities be provided to each staff member in keeping with the individualized plan.
23. Staff salary study - A study be made to determine if staff salaries are equitable and competitive with salaries provided by similar organizations providing similar services across the nation.

1990 Study of the Human Services Delivery System

During the 1989-90 interim, the Budget Committees on Long-Term Care and Human Services conducted a joint review of alternatives for restructuring the human service delivery system in North Dakota. The committees were assigned this responsibility after the December 1989 tax referrals and the potential impacts on human service programs of budget reductions resulting from the tax referrals. The committees reviewed social service responsibilities, programs, and funding in North Dakota, Minnesota, Montana, South Dakota, and Iowa.

Observations and Recommendations

The committees made several observations including:

1. Significant voluntary efforts between counties have been made to share social work staff supervision, including the merging of county social service agencies under a single director.

2. Technical assistance should be provided counties to develop additional shared cooperative ventures.
3. Financial incentives should be provided counties for planning and creating fiscal efficiency and improving delivery by merging administrators, offices, or social work staff.
4. Legal agreements should be entered into between the various counties and the Department of Human Services spelling out the fiscal incentives and long-term commitments.
5. The state should encourage, assist, or provide incentives to the counties for consolidation rather than require the merger of small counties.
6. The state needs to make it easier for counties to share workers and develop methods of purchase, service, or sharing of positions between human service centers and county social service boards for a cost-effective method of providing specialized services to rural areas.
7. Economic assistance delivery services should be available as close to the clients as possible with adequately trained staff.
8. The state should review and evaluate the necessity for continuing current rules which have a significant workload impact on eligibility determination workers.
9. Social service staff need to be able to respond locally to emergency needs, especially in the areas of child abuse and abused women.

The committee recommended, and the 1991 Legislative Assembly passed, Senate Bill No. 2033 that created NDCC Section 50-01.1-02.1 to provide financial incentives for the creation of multicounty social service districts. Chapter 50-01.1 includes the statutory provisions for the establishment of multicounty social service districts. The bill included a \$200,000 appropriation from the state aid distribution fund for the 1991-93 biennium. The financial incentives were to be based on achieved economies of scale, adherence to caseload standards, reduced administrative costs, specialized staff qualifications, and quality of services provided. The incentives are limited to a six-year period. The \$200,000 appropriation was not spent and financial incentives were not provided to establish any multicounty districts.

1991-92 Update of Dawes Recommendations

The 1991-92 Budget Committee on Human Services contracted with Dr. Kenneth Dawes for a report on the status of the 1987 legislative recommendations regarding the Department of Human Services. Dr. Dawes provided the committee a historical review of the development of social services in North Dakota and of the Department of Human Services, conducted a review of the status of recommendations contained in the 1987 report, and conducted interviews of personnel of the department and county social service agencies.

The following are the 1991 recommendations of Dr. Dawes:

1. The department should strengthen its current efforts to mold the department into an integrated, cohesive organizational structure with a common mission and purpose.
2. The administration of the department should develop and implement a plan for recruiting, training, rewarding, developing, and retaining quality personnel.
3. The administration of the department should develop and expand collaborative efforts with higher education institutions in the areas of evaluation, research, training, and consultation.
4. The administration of the department should develop and expand efforts with private providers, public agencies, schools, and hospitals in developing systemwide human services, planning, and needs assessment.
5. The administration of the department should increase efforts to coordinate the activities of the service programs with the economic assistance programs.
6. The administration of the department should foster an internal decisionmaking process that is rooted in adherence to the mission of the organization and focuses on the needs of North Dakota citizenry.
7. The administration of the department should establish a mechanism for anticipating future needs and conceptualizing potential approaches to meeting those needs.

The committee as a result of Dr. Dawes' study and a State Auditor's office performance review of the Department of Human Services recommended 1993 Senate Concurrent Resolution No. 4004 encouraging improvements by the Department of Human Services.

1995-96 Budget Committee on Human Services Study

The Budget Committee on Human Services studied the responsibilities of county social service agencies, regional human service centers, and the Department of Human Services regarding economic assistance programs. The committee received

detailed information regarding central office, human service center, and county social service administrative costs and caseloads for calendar year 1994. The committee recommended, and the 1997 Legislative Assembly passed, House Bill No. 1041 requiring counties, effective January 1, 1998, to assume the financial responsibility for the cost of administration of certain economic assistance programs and requiring the state to assume complete financial responsibility for the nonfederal share of the grant costs of medical assistance and basic care and to contribute additional support of administrative costs for counties with Indian land. The state will assume financial responsibility for grant programs, including TANF, basic care, child care assistance, and Medicaid.

1997-98 Budget Committee on Human Services Study

As mentioned previously, the 1997-98 Budget Committee on Human Services studied the Department of Human Services and contracted with the Public Administration Service, McLean, Virginia, to conduct a study of the organizational structure of the Department of Human Services.

Public Administration Service Study

The committee held several meetings during the early portion of the consultant's study to provide committee input for the study and to solicit input from the Department of Human Services, county social service agencies, and social service providers.

The committee provided direction to the consultant by expressing by motion that it anticipated that major human service program changes may take place in the future. Consequently, the Public Administration Service, in its study of the Department of Human Services, was asked to include in its report any recommendations necessary for the state to have a Department of Human Services that is best poised for the future to be effective, responsive, and efficient and that the recommendations, unless meeting these goals, not be to "polish" the existing structure of the state's human services delivery system on the state, regional, and local levels.

The study methodology of PAS included completing basic document collection, interviewing key personnel in the Department of Human Services, conducting field interviews or surveys with human service center employees and county social service directors, developing a management questionnaire, reviewing research and statistical data bases, reviewing the department information technology planning process and the new organizational design, and reviewing programs in human service departments in adjoining states. The consultant presented the final report to the committee in June 1998.

Department of Human Services Strengths

The consultant's report identified the following Department of Human Services strengths:

- 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 children and family services.
- The July 1997 reorganization of the Department of Human Services has resulted in an opportunity for improved communications.

Department of Human Services Opportunities for Improvement

The consultant's report identified the following Department of Human Services opportunities for improvement:

- The July 1997 organizational structure makes it necessary to reduce the span of control of the executive director and provide for an intermediate level of 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.

Other PAS Observations

The consultant reviewed the opportunity for managed care in the delivery of services by the department and informed the committee the only area within the Department of Human Services in which a managed care aspect could possibly be used is the mental health area. For a managed care concept to be implemented, unit costs need to be established through an effort such as the diagnostic-related groups used in hospital health care.

The consultant indicated that overall it appears the Department of Human Services has met the tests of a successful combined human service agency as identified by Dr. Dawes in the 1987 study, which included increasing the availability of services, providing services on a cost-effective basis, eliminating gaps in services, providing for continuity of services in an effective manner, and providing for the coordination of service delivery.

Department of Human Services Comments Regarding the PAS Study

Comments by representatives of the Department of Human Services on the PAS study included:

- Regarding the recommended departmental "business plan," the department is in the early stages of developing a strategic plan.
- Regarding the department's human resource function and its slowness in filling departmental positions, the concern is noted and the department probably proceeds cautiously because of the many rules affecting hiring.

- Regarding a needs assessment, a departmental committee has been formed and is working to develop "core services" and identify duplication and unmet service needs.
- Regarding the department/county relationship, the department is working to improve the relationship. Currently, the county social service directors meet two days each month in Bismarck and the agenda often includes departmental personnel discussing specific issues.
- Regarding the budgeting process, the department is seeking input from legislators as to how the department's communication and budgeting process can be improved.
- Regarding a departmental newsletter, a formal newsletter will be distributed in the near future.
- Regarding the department's biennial report, the department's report is being printed and reflects format changes.
- Regarding the future direction of the Department of Human Services, the department's focus is not on the status quo, and the department must change because of federal changes and changes resulting from the "swap" of county and state economic assistance responsibilities.

PAS Recommendations

The following is a summary of the recommendations contained in the PAS report regarding the study of the Department of Human Services:

Recommendation	Cost or Other Impact
Chapter II - Study Environment	
Strategic business plan - The department develop a plan for a three-year period considering the environment in which the department is operating.	Doing in-house
Information technology master plan - The department develop an information technology master plan that supports its strategic plan and goals and objectives.	Doing in-house
Social service districts - The Legislative Assembly consider social service districts to bring counties together to share resources.	Future cost avoidance
Departmental information distribution - The department develop and utilize an executive decision system to provide summary information to management and policymakers (preferably allow access to the information from a web site or through data warehousing).	Improve efficiency web site cost - \$5,000; data warehousing - \$250,000
Chapter III - Survey Results	
Client satisfaction surveys - The department change survey methodology to improve the rate of return of human service center client surveys.	Provide a more representative sample
Other client satisfaction surveys - The department encourage counties and private providers to conduct client satisfaction surveys, consider making the survey a requirement for grant funding and a part of other county and private provider reporting.	Improve service
Strategic planning, evaluation, and review - The department implement a strategic planning, evaluation, and review capability.	Improve efficiency, no additional cost
Private provider relations - The department inform private providers that the provider audit and others in the department will explain in detail rate	Improve relationships

Recommendation	Cost or Other Impact
<p>calculations and audit findings, and basic information and new rules or regulations be summarized on a departmental web site.</p> <p>Core and essential services - The department identify core and essential services, inform legislative committees, and disseminate and use the criteria.</p> <p>Human services legislation web site - The Legislative Assembly provide comprehensive web site information on human services legislation, and the department place information on a web site that includes a description of department functions, directory of services, basic eligibility information, and allows citizen access to service.</p> <p>Public/private legislative committee - The Legislative Assembly appoint a public/private committee of citizens, academics, private providers, and departmental management to consider approaches to improving the sharing of information and collaboration.</p> <p>Inspecting and licensing requirements - The department review inspection and licensing requirements for programs and facilities to provide for the consistent administration of programs, the decentralizing of inspections, and retaining centralized standard setting and quality control authority.</p> <p>County and private sector collaboration - The department emphasize and search for ways to foster collaboration with the counties and private sector in planning and implementing programs.</p>	<p>Future cost avoidance, improve client service</p> <p>Improve relationships</p> <p>Improve relationships</p> <p>Improve efficiency</p> <p>Improve relationships and future cost avoidance</p>
Chapter IV - Departmental Organization	
<p>Organizational structure changes - The department, as a high priority, adopt the recommended organizational structure which reduces the executive director span of control; improves coordination, communications, and control of staff and field services; and provides a budgeting, planning, evaluation, and research unit, an ombudsman/troubleshooter, an enhanced public information function, and an information resource management unit to improve quality of public and internal information.</p> <p>Financial and Medical Assistance Division - The department consolidate the Medical Services and Public Assistance Divisions into a Financial and Medical Assistance Division.</p> <p>Centralized collections and finance consolidation - Consolidation of Finance and Office Services and of centralized collections into the Management Support Division.</p> <p>Key person succession planning - The department address the large number of retirement-eligible people in key positions by having the human resources management team review and make recommendations on coping with the problem, including career ladders, training incentives, performance bonuses, and obtaining executives "on detail."</p>	<p>Do with existing FTE positions</p> <p>Savings up to \$125,000; funds to be reinvested in the department</p> <p>Possible reduction of one FTE; savings of \$15,000 to \$18,000 per year to be reinvested in department</p> <p>Conduct in-house</p>
Chapter V - Relationships, Communications, Budget, and Executive Director Qualifications	
<p>"Budget in Brief" technology-assisted presentations - The department improve budget presentation to the Legislative Assembly by using "Budget in Brief" technology-assisted presentations, including a review of the Governor's budget guidelines, identification of departmental goals and significant changes from the previous biennium, trend and projection analysis, high level summary of expenditures and revenue, identification of specific initiatives, identification of new programs/major modifications to existing programs, identification of programs and services recommended for elimination, and rhetorical questions and answers and methods for legislators to obtain additional information. Maximum use of available software should be used in the presentations, also available on a web site, with followup detail provided in electronic format also on the web site. The verbal presentation should not be testimony format bound but should allow an open discussion or sharing of information with the Appropriations Committees.</p>	<p>Complete in-house</p>
<p>Executive director qualification standards - The Legislative Assembly by statute should identify qualification standards that the Governor "may" consider in selecting future executive directors.</p>	<p>No cost impact</p>
Chapter VI - Performance Management	

Recommendation	Cost or Other Impact
<p>Performance management system - The Legislative Assembly should emphasize the importance of and implement a performance management system.</p>	<p>Federal bonuses for effective systems and improvement of public and legislative oversight</p>
<p>Chapter VII - Innovative Practices</p>	
<p>Social service districts - Financial incentives - Similar to the recommendation in Chapter II, the Legislative Assembly should consider social service districts, including providing financial incentives for counties to voluntarily come together within the next two years with mandatory social service districts for the subsequent biennium.</p>	<p>Cost avoidance</p>
<p>Other states' innovations - The department should comment to and make recommendations for implementation of innovations in other states, including North Carolina's decentralization of eligibility and benefit criteria, New York's decentralization of child welfare programs, Ohio's requirement that counties share in risk taking and program design, Iowa's innovation zones, and Texas' privatization efforts.</p>	<p>Cost impact cannot be predicted</p>
<p>Medicaid spending reduction techniques - The department should comment to and make recommendations regarding the Medicaid spending reduction techniques identified in the report and their applicability in North Dakota.</p>	<p>Establish a goal to reduce Medicaid spending using selected techniques</p>
<p>Child protection funding shifts - The department should consider child protection fund shifting initiatives based upon shifting eligible "kinship" foster care from temporary assistance for needy families (TANF) child-only grants to foster care payment.</p>	<p>Establish a goal of saving 10 percent</p>
<p>Public/private collaboration efforts - The state, as part of social service districts, should consider providing incentives for public/private collaboration operation of integrated service centers at the district level incorporating managed care techniques and including a pilot project with performance goals.</p>	<p>Bolster public/private relationships</p>

Department of Human Services Strategic Planning Process

The committee learned the department began a strategic planning process in July 1998 that includes the identification of the following "taxonomies" or core areas selected for review:

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

The strategic planning "scanning and forecasting" effort, which involves interviews and information gathering, was planned to be completed by October 15, 1998, and will allow for the development

of a departmental mission statement based on "core trends." This mission statement will include new goals that support and give action to the mission statement and will allow each unit within the department to develop the unit's mission and goals.

The external environmental scanning and forecasting will allow the Department of Human Services to 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.

The planning is being done primarily "in-house," and the department has a contract with Bismarck State College for limited assistance at an estimated cost of \$20,000.

ATTACH:1

Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine

SENATE CONCURRENT RESOLUTION NO. 4003
(Legislative Council)
(Budget Committee on Human Services)

A concurrent resolution urging the Department of Human Services to implement recommendations to improve its administrative structure and enhance its budget presentation methods and to report to the Legislative Council and directing the Legislative Council to monitor the implementation of the recommendations.

WHEREAS, during the 1997-98 interim, the Legislative Council's Budget Committee on Human Services studied the Department of Human Services, the appropriateness of a consolidated Department of Human Services in light of significant federal funding, society, and technology changes, and the changes necessary to enhance program effectiveness, legislative understanding, appropriation analysis and development, and oversight of the department; and

WHEREAS, the committee held meetings in Fargo, Grand Forks, Minot, and Bismarck to receive public input and testimony from private providers and human service personnel; and

WHEREAS, a consultant under contract with the Legislative Council made recommendations to improve the department's administrative structure; to enhance budget development, legislative and public understanding of departmental programs and budgets, needs assessment, and client satisfaction; to establish new and innovative methods of providing services; and to improve departmental internal and external communications and state, county, and regional relationships;

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF NORTH DAKOTA, THE HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

That the Fifty-sixth Legislative Assembly recommends that the Department of Human Services develop a continuous and systematic planning process, or a strategic business plan, that includes the identification of department goals and objectives, client service needs, and strategies for service delivery; monitors performance; adjusts service delivery to provide priority client services in a cost-effective and efficient manner; and includes consideration of the following:

1. An organizational structure that reduces the executive director's span of control and improves coordination, communications, and control of staff and field services;
2. Improvement of the budget presentation to the Legislative Assembly by using "budget in brief" technology-assisted presentations, maximum use of available software, and information on an Internet web site which includes a review of the Governor's budget guidelines, identification of department goals and significant changes from the previous biennium, trend and projection analysis, executive summary of expenditures and revenues, and identification of specific initiatives, new programs/major modifications to existing programs, and programs and services recommended for elimination;
3. Development and use of an executive decision system that provides summary information to management and policymakers, allowing access to the information from an Internet web site or data warehousing;
4. Identification of core and essential services, information to legislative committees, and dissemination of this information to the public;
5. Improvement of county and private sector collaboration by emphasizing and searching for ways to involve the counties and the private sector in planning and implementing programs;

6. Improvement of private provider relations by requiring department staff to explain payment rate calculations and audit findings to providers and by providing basic information and new rules on the department's Internet web site;
7. Review of inspection and licensing requirements for programs and facilities to provide for consistent administration of programs, decentralizing of inspections, and retaining centralized standard setting and quality control authority;
8. Implementation of a strategic planning, evaluation, and review capability that may include:
 - a. A budgeting, planning, and evaluation division, under the control of a newly created assistant director position, which includes quality control and research and statistics functions and provides through a new position that could be filled on a temporary basis from university personnel long-range vision and strategic planning;
 - b. An ombudsman/troubleshooter position and an enhanced public information function to provide information regarding department programs and serve as an informal appeals and complaint resolution function; and
 - c. An information resource management unit, which includes the technical eligibility computer system (TECS), to improve the quality of public and internal information;
9. Development of an information technology master plan that supports department goals and objectives and the systematic planning process and prioritizes technology needs;
10. Improvement of client satisfaction survey methodology and encouragement of counties and private providers to conduct client satisfaction surveys;
11. Consolidation of the medical services and public assistance divisions, including the training, education, employment, and management (TEEM) function, into a financial and medical assistance division and the consolidation of the finance and office services and centralized collections in a management support division;
12. Merging children's special health services into the children and family services division;
13. Key person succession planning by developing department staff through the possible use of "career ladders", training incentives, and performance bonuses or obtaining executives "on detail" from the private sector and universities;
14. Review of and recommendations for implementation of other states' innovative methods of service provision;
15. Review of and recommendations regarding the Medicaid spending reduction techniques identified by the consultant and their applicability to North Dakota;
16. Child protection fund shift initiatives that are based upon shifting eligible "kinship" foster care from temporary assistance for needy families (TANF) child-only grants to foster care payments;
17. Incentives for public/private collaborative operation of integrated service centers at the district level, incorporating managed care techniques, and including a pilot project with performance goals; and
18. Supporting and assisting in the implementation of a performance management system that includes measurement criteria that assist in setting department goals, allocate and prioritize resources, and provide for a reporting on the success in meeting goals; and

BE IT FURTHER RESOLVED, that the Department of Human Services be requested to report to the Legislative Council during the 1999-2000 interim on the department's progress in implementing the recommendations and that an interim legislative committee monitor the progress of the department in this regard; and

BE IT FURTHER RESOLVED, that the Legislative Council report its findings and recommendations, together with any legislation required to implement the recommendations, to the Fifty-seventh Legislative Assembly.