

## HUMAN SERVICE CENTER SERVICES - BACKGROUND MEMORANDUM

Senate Concurrent Resolution No. 4001, attached as Appendix A, provides for the Legislative Council to study the delivery of services and cost versus benefit of those services provided by the eight human service centers, to consider the possibility of combining human service centers and the administrative costs of the centers related to the programs and clients served, and to study third-party reimbursement and competition with private providers. Members of the House Human Services Committee expressed concern regarding the human service centers competing with private providers and whether certain services provided by the human service centers are cost-effective and necessary.

### PREVIOUS STUDIES

The 1999-2000 Budget Committee on Human Services studied, pursuant to Section 28 of 1999 Senate Bill No. 2012, the services provided by the Department of Human Services regional human service centers, including the appropriateness of and justification for continuing human service center programs, the costs and 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. The committee reviewed the human service centers' services, caseloads, contracts for services, administrative costs, and funding. The schedules below present the funding, full-time equivalent (FTE) positions, percentage of funding spent on administrative costs, and caseloads for the human service centers:

	1999-2001 Biennium Appropriation			FTE	Administrative Cost Percentage
	General Fund	Other Funds	Total		
Northwest Human Service Center	\$4,102,011	\$3,554,087	\$7,656,098	67.00	18.4%
North Central Human Service Center	7,321,844	7,030,328	14,352,172	110.75	13.7%
Lake Region Human Service Center	4,296,195	3,086,833	7,383,028	66.00	17.5%
Northeast Human Service Center	6,675,924	10,589,332	17,265,256	157.65	10.7%
Southeast Human Service Center	7,714,051	10,922,681	18,636,732	181.75	11.9%
South Central Human Service Center	5,045,074	4,341,654	9,386,728	79.00	15.2%
West Central Human Service Center	7,237,801	10,680,615	17,918,416	131.15	11.3%
Badlands Human Service Center	4,273,846	4,626,639	8,900,485	90.50	16.7%
Total	\$46,666,746	\$54,832,169	\$101,498,915	883.80	13.3%

Fiscal Year	Unduplicated Clients	Adult Caseload	Adolescent Caseload	Total Caseload
1998	25,990	31,314	8,031	39,345
1999	26,833	32,379	8,269	40,648
2000	27,659	33,958	8,140	42,098

The committee did not make any recommendations regarding its study of human service centers' services.

The 1997-98 Budget Committee on Human Services studied, pursuant to House Concurrent Resolution No. 3042, Section 34 of 1997 House Bill No. 1012, and House Concurrent Resolution No. 3032, the appropriateness of a consolidated Department of Human Services; a review of the block grant method of appropriating funds to regional human service centers, including incentives, accountability, and the budgeting processes; and the responsibilities of county social service agencies as they are distinguished from the responsibilities of regional human service centers and the Department of Human Services when providing services to children and their families and persons with disabilities.

The committee contracted with the Public Administration Service to conduct a study of the organizational structure of the department. Select recommendations of the consultant include:

1. The department develop a three-year strategic business plan.

2. The department identify core and essential services.
3. The department emphasize and search for ways to foster collaboration with counties and the private sector in planning and implementing programs.
4. The department adopt the recommended organizational structure which reduces the executive director's 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.
5. The department consolidate finance and office services and centralized collections into the Management Support Division.
6. The Legislative Assembly consider creating 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.
7. The state, as part of social service districts, should 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.

The committee recommended, but the 1999 Legislative Assembly did not approve, Senate Concurrent Resolution No. 4002, which would have urged 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 also would have encouraged 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 committee recommended and the 1999 Legislative Assembly approved Senate Concurrent Resolution No. 4003, which urged 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 as well as consideration of other recommendations, including:

1. Adopting an organizational structure that reduces the executive director's span of control and approves coordination, communications, and control of staff and field services.
2. Identifying core and essential services and informing legislative committees and disseminating this information to the public.
3. Improving county and private sector collaboration by emphasizing and searching for ways to involve the counties in the private sector in planning and implementing programs.
4. Improving 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 web site.
5. Implementing a strategic planning, evaluation, and review capability.
6. Considering 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.

The 1997-98 Budget Committee on Human Services also studied, pursuant to House Concurrent Resolution No. 3032, the responsibilities of county social service agencies as they are distinguished from the responsibilities of regional human service centers and the Department of Human Services when providing services to children and their families and persons with disabilities, including the elderly. As a result of its study, the committee recommended, but the 1999 Legislative Assembly did not approve, Senate Bill No. 2032, which would have required the Department of Human Services to pay the cost in excess of the federal share of

assistance provided to adopted children with special needs and related administrative costs.

The 1993-94 interim Budget Committee on Government Services received reports from the Department of Human Services on alternative formulas for allocating funding to human service centers pursuant to Section 24 of 1993 House Bill No. 1002.

The committee considered the following alternatives presented by the Department of Human Services:

1. Alternative No. 1 included factors of population, population living in poverty, outreach, density per square mile, unduplicated clients, and essential services.
2. Alternative No. 2 included a population factor only.
3. Alternative No. 3 included a population factor of 50 percent and a population living in poverty factor of 50 percent.
4. Alternative No. 4 included a population factor of 75 percent and a population living in poverty factor of 25 percent.

In addition to the formula distribution, a minimum allocation of \$2.5 million was provided to each human service center under each of the alternatives, and each alternative included "set-asides" that were not included in the formula. The "set-asides" are programs unique to a human service center or for human service center programs that have a statewide impact.

The committee did not adopt any of the formula alternatives and recommended that the Department of Human Services, executive budget office, and Appropriations Committees analyze the human service center budget requests using a needs assessment process that includes a comparison of the needs of persons in the eight regions, current services available from all sources, and the level of services needed to meet the unmet needs in each region and that the Legislative Assembly should attempt to provide funding to human service centers to make basic and essential services available and accessible in each region.

## **HUMAN SERVICE CENTER LOCATIONS AND FUNDING**

The Department of Human Services operates eight regional human service centers--the Northwest Human Service Center in Williston, North Central Human Service Center in Minot, Lake Region Human Service Center in Devils Lake, Northeast Human Service Center in Grand Forks, Southeast Human Service Center in Fargo, South Central Human Service Center in Jamestown, West Central Human Service Center in Bismarck, and Badlands Human Service Center in Dickinson. Appendix B provides a map showing the human service center regions and locations across the state.

The 2003 Legislative Assembly appropriated \$108,545,653, of which \$52,321,098 is from the general fund for the eight human service centers for the 2003-05 biennium. The total includes a \$250,000 general fund mental health community services contingency funding pool to be distributed to human service centers for mental health and substance abuse services based on

the needs of the regions. The Legislative Assembly authorized the human service centers 833.88 FTE positions for the 2003-05 biennium.

The following schedule provides information regarding the 2003-05 biennium appropriation and the authorized FTE levels for each human service center:

2003-05 Biennium				
Human Service Center	General Fund	Other Funds	Total	FTE
Northwest Human Service Center	\$3,630,039	\$3,645,640	\$7,275,679	51.00
North Central Human Service Center	7,841,196	6,723,674	14,564,870	114.78
Lake Region Human Service Center	4,637,960	3,782,973	8,420,933	63.00
Northeast Human Service Center	7,996,363	11,444,820	19,441,183	136.90
Southwest Human Service Center	9,509,320	11,215,222	20,724,542	184.20
South Central Human Service Center	5,627,107	5,731,868	11,358,975	86.00
West Central Human Service Center	8,463,209	9,121,635	17,584,844	120.00
Badlands Human Service Center	4,365,904	4,558,723	8,924,627	78.00
Mental health contingency	250,000		250,000	0.00
Total	\$52,321,098	\$56,224,555	\$108,545,653	833.88

## SHARED ADMINISTRATIVE AND PROGRAM SERVICES

The human service centers have begun sharing administrative and program services, including:

### Director

- Lake Region and South Central Human Service Centers.
- Northeast and Southeast Human Service Centers.
- West Central and Badlands Human Service Centers.
- Northwest and North Central Human Service Centers (effective October 1, 2003).

### Business manager

- Northwest and North Central Human Service Centers.

### Child care licensing regional representative

- Southeast and South Central Human Service Centers.
- West Central and Badlands Human Service Centers.

### Long-term care ombudsman

- Northwest and North Central Human Service Centers.
- Lake Region and Northeast Human Service Centers.
- Southeast and South Central Human Service Centers (Aging Services employee).

## Adult Protective Services

- Northwest and North Central Human Service Centers.

### Vision specialist

- Northwest and North Central Human Service Centers.

### Developmental disabilities regional program administrator

- West Central and Badlands Human Service Centers.

## STUDY PLAN

The committee may wish to proceed with this study as follows:

1. Receive information from each of the human service centers regarding programs and services, staffing, programmatic and administrative costs, number of clients served, and sources of funding, including third-party reimbursements.
2. Receive testimony from interested persons, including the North Dakota County Social Services Directors Association, representatives of private providers, and clients regarding human service center programs and services and competition with private providers.
3. Develop committee recommendations and prepare any legislation necessary to implement the recommendations.
4. Prepare a final report for submission to the Legislative Council.

ATTACH:2