

HB 1015
Senate Appropriations – Government Operations Division
Testimony Presented by Scott Bernstein, NCG
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Chairman Wanzek, members of the Senate Operations Division, I am Scott Bernstein, Executive Director of Guardian and Protective Services and I serve on the board of Guardianship Association of North Dakota.

On behalf of over 500 of North Dakota's most vulnerable individuals – Thank You! The last biennium appropriation of \$7.1 saved PASS funded guardianship. That isn't hyperbole. Without that significant increase the State would now be wrestling with a guardianship crisis. The appropriation allowed nonprofit providers of guardian services to receive a daily reimbursement rate of \$17 a day. This allowed us to add certified guardians and serve more clients.

We are respectfully asking that you consider increasing the appropriation for the next biennium to \$9.1. This will allow nonprofits guardianship agencies to receive a daily reimbursement rate to \$20 a day, allowing us to hire more guardians and serve more vulnerable adults. As you may, or may not be aware, there is a dire shortage of professional guardians.

If I were sitting in your chair, after hearing \$9.1 million, a little voice in my head would probably be saying, "Well, good luck. Get in line." With your permission I would like to take you behind the PASS, Public Administrator Support Services Funding, curtain to look at the hidden world of PASS funding.

PASS funding is modeled after the DD funding model. For 37 Catholic Charities has provided services for individuals with developmental disabilities. The State provides funding to DHHS who essentially passes the funding to Catholic Charities, and they provide the services. No one could dispute that there has been a remarkable return on that investment

Pass funding follows that model. The court reaches out to a nonprofit guardianship agency, and they provide guardianship services. The nonprofit is compensated through PASS Funding, which provides daily reimbursement to the guardian. However, there has been a fly in the ointment. From its inception, PASS has always been consistently underfunded.

The numbers speak for themselves. \$9.1 million, with a reimbursement rate of \$20 a day, opens the door for 622 individuals to be served.

You are all in business and know what happens when someone without a business acumen makes a budget. Let me give you a current example. In another budget, included in SB 2029, the Judiciary has allocated funding for The Guardianship Establishment Fund. This fund is used to defray up to \$3,000 in legal costs needed to complete the initial guardianship process. The fund, due to demand, was empty within the first four months of the last biennium. This biennium, the Judiciary in SB 2029 is requesting \$1,550,000 to cover the Establishment Costs of indigents.

Does anyone see a problem here? My Dollar Tree calculator tells me this appropriation would open the door for, GRAB THIS, 517 new protected persons on top of what we are already presently serving. I'm sorry that is insane or at a minimum bad budgeting.

The present appropriation of \$7.1 at \$17 a day, as previously stated, covers 573 people. Now, with the increase in Establishment funding the Judiciary could potentially add another 517! That totals 1,090 people under guardianship funded through PASS. That means we would need to move that \$7.1 appropriation to \$13,526,900 just to maintain a daily reimbursement of \$17 a day. Either that or you keep the \$7.1 as it is in SB 2029, reduce the daily rate to \$8.75.

Earlier I mentioned needing a \$20 a day rate of reimbursement. How is that daily rate established? The Judiciary monitors the depletion of the funds in PASS – in other words the burn rate. They don't want to drain the appropriation dry leaving a month or two without reimbursement. Makes sense. However, at one point, that concept of budging didn't make sense to the Judiciary.

The Judiciary seems to struggle with managing the PASS funding. As you can see in their current request in SB 2029. For example, when the funding was being depleted faster than they thought it would be, but they wanted to continue appointing guardians, they slowed the burn rate by reducing the daily rate of reimbursement. Imagine you are a service provider building your budget around receiving a \$10 a day reimbursement for the next two years. Suddenly, after one year, you are informed the rate is being cut to \$7 a day. That happened. That drove providers underwater. GaPS had to go to the bank to get a loan to keep the doors open. Not to surprisingly, the bank wanted to be paid back. It took years to recover.

But the Judiciaries struggle to manage the PASS budget didn't end there. There have been times when money ran out before the next biennium. The piggy bank was empty. It was proposed that guardians should just continue to serve FOR FREE. It's tough meeting a payroll on FOR FREE! That didn't fly. Since the fund flows through NDACo to the guardians, they generously floated a loan that had to be paid back out of the next biennium appropriation. This has happened more than once. The NDACo board has determined they will no longer float a loan for PASS funding. Money in will be money out and when it's gone, it's gone.

I don't know of any other vendor providing services that would put up with this.

TWO TRUTHS

1. Reputable and ethical guardians will not take more clients than they can professionally serve with excellence.
2. We are not going to continue taking clients with finances operating on a wing and a prayer. If we wanted to take that much risk, we'd be farmers...God Bless them. But it's hard to grow to meet the increasing need for guardians or keep employees based on that operational model.

Please understand, the way the money is handled by the Judiciary is not a reflection on you the appropriators.

Believe me when I say that the Public-Private partnership that funds guardians to serve North Dakota's most vulnerable provides a remarkable ROI. A State run agency with State employed guardians would cost astronomically more money. The partnership works. Vulnerable adults are compassionately served. There's only one issue – PASS just needs the dollars necessary to make it work.

\$9.1 million is a realistic fact-based amount. The truth is in the numbers. \$9.1 will provide professional guardians with a \$20 a day reimbursement. It will allow us to increase staff and serve 622 vulnerable individuals 24/7, 365 days a year.

I have no idea if this is even possible, but if the appropriation could come with a fiscal note that simply said, "This appropriation is to be paid to professional guardians at the daily rate of \$20 a day." Maybe, just maybe, the Judiciary, who can't do guardianship without us, would take budgeting seriously.

I appreciate your listening and would be happy to answer any questions.

ONE MINUTE SUMMARY

The testimony highlights the importance of increasing the appropriation for nonprofit guardianship agencies from \$7.1 million to \$9.1 million for the next biennium. This increase would allow these agencies to receive a daily reimbursement rate of \$20, enabling them to hire and certify more guardians and serve more vulnerable adults.

The current appropriation of \$7.1 million, with a reimbursement rate of \$17 a day, covers 573 people. However, with the proposed increase in Establishment funding, the Judiciary could potentially add another 517 individuals, totaling 1,090 people under guardianship funded through PASS. The testimony points out the lack of understanding on the part of Judiciary regarding the PASS budget. The testimony also discusses the challenges faced by guardianship agencies due to underfunding and the need for a more stable and adequate funding model.

The testimony emphasizes the remarkable return on investment provided by the Public-Private partnership that funds guardians to serve North Dakota's most vulnerable individuals. It argues that a state-run agency with state-employed guardians would cost significantly more money. The proposed appropriation of \$9.1 million is presented as a realistic and fact-based amount that would provide professional guardians with a \$20 a day reimbursement, allowing them to increase staff and serve 622 vulnerable individuals 24/7, 365 days a year.

