

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HUMAN SERVICES

Tuesday and Wednesday, January 6-7, 1998
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Tim Mathern, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Tim Mathern, Jerome Kelsh, Russell T. Thane; Representatives Leonard J. Jacobs, Roxanne Jensen, Connie Johnsen, James A. Kerzman, Clara Sue Price, Wanda Rose, Ken Svedjan, Gerald O. Sveen, Janet Wentz

Members absent: Senators Bill L. Bowman, Tom Fischer, Judy Lee, Rod St. Aubyn

Others present: See attached appendix

DEPARTMENT OF HUMAN SERVICES STUDY

Chairman Mathern invited Mr. George Hubler, Assistant Director, Public Administration Service (PAS), for a status report on the consultants' study of the organizational structure of the Department of Human Services, a copy of which is on file in the Legislative Council office. Mr. Hubler said the progress report focuses on a review of results of Public Administration Service surveys of central departmental staff, regional human service center directors, and county social service boards and directors. Mr. Hubler discussed the typical survey questions asked, the survey response rates, and interesting information from survey responses. The Department of Human Services staff comments regarding the surveys include:

- Core or essential services are not clearly identified at the human service centers.
- Human service centers do not have agreements with county social services regarding services to be provided.
- There are mixed opinions regarding a proposed departmental strategic planning/evaluation unit, a manager of field operations, and an enhanced information resource management program.
- There is a lack of support for dividing up the department into a number of departments.

- Continuation of the human service center advisory boards is supported.
- The department's human resource function does not provide effective support in the employee hiring process.
- Field staff need to be incorporated in the department's decisionmaking process.
- Services provision should be "client centered" rather than "program centered."
- Human service center directors should act as fund/program "gatekeepers."

The comments from county social service representatives include:

- Core services are defined reasonably well at the county level.
- The Department of Human Services role should be consultative, to set standards and to provide technical and programmatic assistance.
- Counties are placing a greater emphasis on sharing and contracting for services with other counties.
- There should be a more formalized or direct involvement of county social services with the executive director of the department in long-range human service planning and the formulation of departmental policy changes.
- The department needs to communicate better with county social service boards regarding budgetary restraints, rationale for policy decisions, and opportunities for improvement.
- A perception of duplication of effort between the central office, human service centers, and counties exists regarding the licensing of day care and foster care.
- Regional supervision may be an extremely confusing structure with roles and responsibilities varying by program and by region.
- The majority of county social service respondents support a proposed strategic planning and program evaluation unit, a manager of field services to coordinate and

supervise field services, and a strengthened resource management unit with analysis and management decision information development capability.

In response to a question from Senator Thane regarding client surveys, Mr. Hubler said the consultants will make recommendations advising the Department of Human Services on customer satisfaction efforts.

In response to a question from Representative Rose, Mr. Hubler said needs assessment is done at the human service centers but varies by region, and the department has developed a committee that is studying statewide needs assessment.

In response to a question from Senator Kelsh, Mr. Hubler said the department has an adequate client satisfaction data base to be used for consultant analysis. He said the information is reliable and valid but has not previously been interpreted or used effectively by the executive director.

In response to a question from Senator Thane regarding the willingness of county representatives to provide candid responses, Mr. Hubler said he is reasonably comfortable that county representatives are making candid responses and recommendations, due in part to a lack of identification attached to county responses. He said Public Administration Service will be contacting by telephone counties that have not responded for telephone interviews and to encourage those counties to complete the questionnaires.

Mr. Hubler said an ombudsman program can be effective if established properly. He said PAS is considering recommending combining children and family service programs within the department. He said regarding the appointment of the executive director of the department, PAS could find no precedence for a process that limits the Governor's ability to appoint the executive director. He said the consultants would prepare an executive director job description that the Governor could consider in the appointment process. Regarding managed care, Mr. Hubler said the only area within the Department of Human Services where a managed care aspect could possibly be used is the mental health area. He said for a managed care concept to be implemented unit costs need to be established through an effort such as the diagnostic-related groups (DRGs) used in physical health care. He said the PAS final report will include a section on managed care and its applicability in the Department of Human Services.

Mr. Hubler said overall it appears the Department of Human Services has met the tests of a combined agency identified by Dr. Dawes in his

study which include 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. He said the draft of the PAS final report will be available in March 1998 and will include recommendations to be implemented over a five-year timeframe.

In response to questions from Senator Mathern regarding the human service center and county social service delivery system, Mr. Hubler said the consultants will provide recommendations regarding core services and suggestions for organizational alternatives to assist in allocating resources appropriately. He said the report will identify changes that can be made immediately and those that can be implemented over a three- to five-year timeframe.

In response to a question from Representative Johnsen, Mr. Hubler said the consultants' final recommendations will be available to appropriately become a part of the Department of Human Services "business plan."

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, said areas that need to be addressed in the consultants' report include recommendations for mechanisms to monitor private providers' effectiveness and to review human service center effectiveness. He said the process to review private provider contracts should be futuristic and timely to allow for changes during a contract period.

In response to a question from Representative Jensen regarding the consultants' budgeting process recommendations, Mr. Hubler said the consultants will include recommendations relating to the Department of Human Services establishing identified goals, the tasks necessary to meet those goals, and the related costs.

Chairman Mathern said the Public Administration Service should work with the Department of Human Services to identify anticipated savings or costs related to consultant recommendations. He said this information will be necessary in the committee's decisionmaking process. Mr. Hubler said the consultants will meet on a continuing basis with the department and representatives of the Office of Management and Budget and a range of costs or savings will be provided in the report.

Representative Svedjan said he is concerned with the direction of the consultants' study. He said it appears there is a predisposition to keeping the status quo within the Department of Human Services structure and there is an aversion to looking at alternatives for the delivery of services. He said the need for the study was

based on departmental budgeting difficulties and supporting information presented to the 1997 Legislative Assembly. Mr. Hubler said the consultants' study is a study of the structure of the Department of Human Services and not a specific study of programs or managed care. Senator Thane said the consultants should provide budget presentation recommendations that assist all legislators in a general understanding of the department's budget. Mr. Hubler said the consultants' recommendations will address this area.

In response to a question from Representative Wentz, Mr. Hubler said the consultants will provide a job description for the executive director of the Department of Human Services and will provide information regarding PAS research done on other states' methods of appointment of Department of Human Services executive directors.

Representative Sveen said the department's budget presentation should be done in a manner that simplifies the information and educates and communicates with legislators. Chairman Mathern said another study consideration is the prevention of the need for services and its potential impact on funding. Senator Kelsh said the state is experiencing good economic conditions and a mindset should not be established that the department's budget can be reduced as needs may increase when economic conditions change. Representative Sveen said he is pleased with the consultants' status report and would find it acceptable if the PAS recommendation was that only a "fine-tuning" of the current Department of Human Services organizational structure is needed. Senator Thane said in the future the need for human services may increase, especially in the areas of the elderly and children. Representative Kerzman said efficiencies should be looked at, and he is concerned that any cost reductions at the state level will only result in increased costs at the county level and increased property taxes.

At the request of Chairman Mathern, Mr. Nelson reviewed the request for proposals and the consultants' proposal relating to the study of the Department of Human Services. He said the proposal did not include a specific evaluation of programs or program costs but did include reference to providing recommendations relating to an optimal structure for the delivery of Department of Human Services programs in a cost-effective manner.

In response to questions from committee members, Mr. Hubler said all of the PAS consultants conducting the study will be present in Grand

Forks on March 17-18, 1998, for the presentation of the draft final report, and he will provide copies to committee members a week in advance of the meeting. Chairman Mathern said after presentation of the draft final report, the consultants should consider input from the committee, make any necessary changes, and present the final report at the June 23-24, 1998, meeting in Minot.

The committee recessed at 11:30 a.m. for lunch and reconvened at 1:00 p.m.

Ms. Carol Olson, Executive Director, Department of Human Services, commented on the Public Administration Service study. She said:

- Regarding a departmental "business plan," the department is in the early stages of developing a strategic plan and plans to meet this week with representatives of the Department of Transportation, a department that recently developed 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 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 regarding specific issues.
- Regarding the budgeting process, the department is arranging meetings with legislators to receive input 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.

In response to a question from Representative Jensen, Ms. Olson said she will review the

appropriateness of an ombudsman function in the department and in general she prefers the organizational chart labeled Alternative A in the consultants' report.

In response to a question from Senator Mathern regarding a departmental strategic plan, Ms. Olson said strategic plans exist for individual units, but not for the entire department.

Regarding developing a "business plan," Mr. Nelson said that the experience of agencies in the information technology planning efforts is that a broader business plan was found to be necessary. He suggested the consultants develop guidelines that provide definitiveness for a Department of Human Services business plan, consistent with other agency plans. He said the Department of Transportation, Secretary of State, and Aeronautics Commission are developing plans.

In response to questions from committee members regarding the departmental "needs assessment" committee, Ms. Yvonne Smith, Deputy Director, Department of Human Services, said the membership includes her, Mr. Gene Hysjulien, Ms. Karen Larson, Mr. Henry LaBeck, Mr. Joe Fry, Ms. Vi Stenehjem, and others within the department. She said this is done pursuant to Section 8 of 1997 House Bill No. 1012.

Ms. Olson presented information regarding the Human Service Center Advisory Board and Indian tribal representation, a copy of which is on file in the Legislative Council office. Ms. Olson said the department has invited tribal chairmen to identify individuals in geographic regions served by human service centers to function as a nonvoting member of the advisory council of the human service center. She said not all tribal chairmen have responded and currently there are five advisory boards that have tribal representation—the Northwest, North Central, Lake Region, West Central, and Badlands Human Service Centers. She said the North Dakota Century Code provides that the advisory councils are to be not more than 13 members and membership is appointed by the boards of county commissioners of the respective counties based upon population of the counties.

Ms. Kathy Hogan, Director, Cass County Social Services, representing the North Dakota County Directors Association, provided testimony regarding the committee's study of the Department of Human Services, a copy of which is on file in the Legislative Council office. She discussed the county's opportunity to respond to surveys by the Public Administration Service. She said although there were some concerns about possible negative consequences of county staff answering the survey, all county staff surveyed

were encouraged to honestly express their opinions. She said it was her impression that this is a very productive process and the Public Administration Service consultants have a balanced approach to address the challenges facing the human services system. She said regarding the counties' relationship with the central office, often counties deal directly with the central office to receive answers regarding programmatic requirements and that she hopes the human service centers do not become a required conduit for all issues.

In response to a question from Senator Mathern regarding county responses to the surveys, Ms. Hogan said in some of the smaller counties the director of social services probably responded on behalf of the counties and in others there may have been more involvement of the county social service boards.

In response to a question from Representative Johnsen, Ms. Hogan said the counties' relationship with human service centers varies by program. Cass County meets monthly with the Southeast Human Service Center to address client complaints. She said the level of human service center program supervision of counties varies, in some counties program managers may have more experience than the regional program supervisor. She said the role of human service center supervision needs to be reviewed.

In response to questions from Mr. Nelson, Ms. Hogan said the county sharing of social services personnel and resources has expanded dramatically during the last six months. She said this is a result of the "swap" legislation and budget considerations.

Representative Svedjan said the human services delivery system should be structured to encourage the delivery of services in a more "smarter and cost-effective manner." He said he is hopeful this will be addressed in the consultants' study of the Department of Human Services. He said the same efficiencies that appear to be taking place at the county level should also be encouraged at the human service center and central office level.

In response to a question from Senator Thane regarding communications with other county social service offices, Ms. Hogan said the directors share information through their statewide organization and provide the sharing of information by e-mail and telephone on a daily basis.

Ms. Michon Sax, McKenzie/Williams County Social Service Boards, Watford City, said the regional human service center supervision is important to allow the smaller counties to access program technical expertise. She said it is not

uncommon for her staff to share information with other county staff regarding the interpretation of program rules. She said regarding tribal representation on human service center advisory boards, consideration should be given to Indian rather than tribal representation.

Mr. Barry Nelson, Vice President, Community Outreach Programs, Lutheran Social Services of North Dakota, Fargo, provided testimony regarding the refugee resettlement program and interaction with the Department of Human Services. A copy of his testimony is on file in the Legislative Council office. Mr. B. Nelson also provided information regarding refugee resettlement facts and refugee arrivals by year and location in North Dakota, a copy of which is on file in the Legislative Council office. Mr. B. Nelson provided four recommendations:

1. The state provide food stamp benefits for refugees and immigrant families that lose food stamp eligibility because of a federal limit on benefits of 60 months.
2. The refugee resettlement program be a recognized employment opportunity for assistance clients who are refugees.
3. The practice of assessing child support costs to parents separated for reasons of war, refugee camp placement, or other upheavals be stopped.
4. Recognize refugee/immigrants as special populations who have unique difficulties assessing services.

In response to a question from Representative Price, Mr. B. Nelson said that Lutheran Social Services, as a sponsoring agency, receives a payment of \$670 per refugee which is used 30 percent for the refugee's first month's basic needs and the remaining 70 percent for agency operations including development staff and case management.

The committee recessed at 4:00 p.m. and reconvened at 9:00 a.m. on Wednesday, January 7, 1998.

STUDY OF SOCIAL SERVICE AGENCIES' RESPONSIBILITIES

Ms. Linda Schell, Director, Children and Family Services Division, Department of Human Services, presented testimony prepared by Mr. Don Schmid, former division director, a copy of which is on file in the Legislative Council office. Ms. Schell said the Children and Family Services Task Force is continuing to meet and has developed a preliminary list of children and family core services and proposed state and federal reimbursement rates for services provided by counties

and is considering proposed staff ratios for services. She said in addition to the core services there will be optional services and services that are contracted between the Department of Human Services and counties. She said it is anticipated that the increased reimbursement to counties will be a result of increased available federal funds and will not require additional state general fund moneys. She said the counties are conducting time studies which will assist them in determining actual costs of delivery of social services within each county by service type.

Ms. Schell said recently passed federal legislation, the Adoption and Safe Family Act of 1997, will have an impact on foster care, adoption services, family preservation, and independent living. She said states are encouraged to "fast track" the placement of children from foster care into adoption situations. She said the state's responsibility regarding custody and care of children placed in foster care will change as a result of the federal legislation.

In response to questions from Senator Mathern regarding the steps remaining to complete the study of children and family service issues, Ms. Schell said the county time studies will probably result in an early fall completion of the Children and Family Services Task Force's work. She said it appears statutory changes will be necessary to implement the recommendation that the state assume 100 percent of the cost of subsidized adoption and case management payments.

Mr. Larry Bernhardt, Director, Stark County Social Services, Dickinson, and Cochair of the Children and Family Services Task Force, provided testimony, a copy of which is on file in the Legislative Council office. Mr. Bernhardt provided a draft of the children and family services core services, the current and proposed service reimbursement rates, and proposed staff ratios. He said much work remains to be done before the information can be completed. He said the information distributed includes results by service and by county of the statewide county social service time study for the month of October 1997. He said additional work needs to be done to refine the time study information. He said when the time study information is completed, it will allow for the development of cost information by service for each of the counties in the state. He said the next step will be to attach costs for four counties to the various services based on the October 1997 time study.

In response to a question from Senator Mathern, Mr. Bernhardt said a one-month time study in 1994 was used as the basis for the "swap" of economic assistance program

responsibilities. He said this time study will be used to refine that information and develop recommendations relating to children and family services and aging services. Mr. Bernhardt said he is not aware of any state general fund moneys that counties receive for the provision of children and family services.

Chairman Mathern requested that the Department of Human Services provide information for each of the children and family services, including the current and proposed state, federal, and county funding. He said an update should be provided regarding conclusions relating to the time study information. Chairman Mathern requested the Legislative Council staff to prepare two bill drafts for the statutory changes necessary for subsidized adoption service and child protection services programs.

Mr. Clarence Daniel, Director, Stutsman County Social Service Board, and Chairman of the Adult Services Committee, said he has been recently named chairman of the Adult Services Task Force. He said the aging services component was one of three tiers originally planned to be studied; the others were the economic assistance programs studied during the 1995-96 interim and the children and family services currently being studied. He said the aging services component was studied last, in part to consider the impact of the expanded case management program, which has just begun. He said the county time study information will assist the Aging Services Task Force in its study which will need to address the potential impact of future demographics on aging services funding. He said it is likely the task force recommendations will not be available until the 2001 Legislative Assembly.

Mr. Ed Zuern, representing residential child care facilities, encouraged the committee in its study of children and family services to support equitable payments for child care facility providers.

COMMITTEE DISCUSSION

Chairman Mathern said the next meeting will be held March 17-18, 1998, in Grand Forks, with a portion of the meeting being held at the Northeast Human Service Center. Representative Jensen invited the committee to tour the new Prairie Harvest Human Services Foundation building in Grand Forks, a residential facility for persons with mental illness.

Representative Svedjan said he is concerned with the potential impact to the state of recently passed federal foster care legislation. He asked if the Budget Committee on Human Services or

some other Legislative Council committee would have responsibility to study this legislation. Chairman Mathern asked Ms. Schell if the Children and Family Services Task Force would address the impact of the federal foster care legislation in its work. Ms. Schell said she must review the federal rules relating to the foster care legislation and identify issues to be addressed, including those requiring legislative change. She said it is likely that some of the issues could be considered by the Children and Family Services Task Force and recommendations reported to the Budget Committee on Human Services. Chairman Mathern said to the extent the issues can be addressed pursuant to the Children and Family Services Task Force responsibilities, the Budget Committee on Human Services can receive the recommendations and, if not, the Legislative Council chairman's approval would be necessary before the committee could study those issues.

Chairman Mathern said the representatives of the Department of Human Services should report back at the next committee meeting on this issue and then the chairman of the Legislative Council will be asked for either approval for this committee to study it or for the assignment of the responsibility to another interim committee.

Representative Svedjan said another area that an interim committee should be reviewing is the children's health insurance program (CHIP) also passed by Congress in 1997. The children's health insurance program provides North Dakota approximately \$5 million of federal funds annually, to be matched by \$1.3 million of state funds, for expanded health insurance coverage for children.

It was moved by Representative Svedjan, seconded by Senator Thane, and carried that the Budget Committee on Human Services ask the chairman of the Legislative Council to consider assigning a study of the children's health insurance program, including a review of the state's options for expanded children's health insurance coverage and related state costs, to an interim committee of the Legislative Council.

Senator Thane said the committee has expressed several concerns regarding the study of the Department of Human Services by the Public Administration Service and that the concerns should be formally expressed to the consultants. Chairman Mathern said he planned to meet with Mr. Hubler after the committee meeting concluded to discuss those committee concerns.

It was moved by Senator Thane, seconded by Representative Jensen, and carried on a voice vote that the Budget Committee on Human Services anticipates that major human service

program changes may take place in the future; consequently, the committee asks that the Public Administration Service, in its study of the Department of Human Services, 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 level.

The committee adjourned at 11:01 a.m. pursuant to the call of the chairman.

Jim W. Smith
Assistant Legislative Budget Analyst
and Auditor

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

ATTACH:1