

# NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

## BUDGET COMMITTEE ON HUMAN SERVICES

Tuesday and Wednesday, July 29-30, 1997

West Central Human Service Center

600 South Second Street

Bismarck, North Dakota

Senator Tim Mathern, Chairman, called the meeting of the Budget Committee on Human Services to order at 9:00 a.m. on Tuesday, July 29, 1997.

**Members present:** Senators Tim Mathern, Bill L. Bowman, Tom Fischer, Jerome Kelsh, Judy Lee, Rod St. Aubyn, Russell T. Thane; Representatives Leonard J. Jacobs, Roxanne Jensen, Connie Johnsen, Wanda Rose, Ken Svedjan, Gerald O. Sveen, Janet Wentz

**Members absent:** Representatives James A. Kerzman, Clara Sue Price

**Others present:** See attached appendix

**It was moved by Senator Thane, seconded by Senator Kelsh, and carried on a voice vote that the minutes of the June 24, 1997, meeting be approved as mailed.**

### DEPARTMENT OF HUMAN SERVICES STUDY

Chairman Mathern called on Ms. Carol Olson, Executive Director, Department of Human Services, for her comments regarding the studies of the human services system. A copy of Ms. Olson's testimony is on file in the Legislative Council office. Ms. Olson said, regarding the complexity of the budget of the department, that she shares some of the frustration expressed by many legislators and a top priority is the development of a system for understanding the department's various funding sources. She said a positive aspect of the budget complexity is that it shows departmental staff have been successful in seeking a wide array of federal funding to assist in providing services to clients. Regarding the size and complexity of the administrative structure of the department, Ms. Olson said many states are creating an umbrella or centralized organization. She said even with the complexity of the department, staff within the human service delivery system know each other by name. She said an examination of the department's structure can identify ways to streamline the lines of responsibility, bring the decision-making closer to the service delivery level, clear the

channels of communication, and overcome any administrative overlap or confusion existing.

Regarding the appropriateness of a consolidated Department of Human Services, Ms. Olson said an examination of the current system and alternative systems needs to be done carefully to identify what type of administrative structure delivers the best service to the client. Ms. Olson discussed the Department of Human Services organizational chart, a copy of which is on file in the Legislative Council office. She said her deputy director, Yvonne Smith, serves agencywide and the previous director's executive steering committee has been discontinued. She said an evaluation is ongoing to design the administrative structure that creates the greatest efficiency, communication, and coordination.

In response to questions from committee members, Ms. Olson provided committee members a copy of the organizational chart of the Department of Human Services under the previous director, a copy of which is on file in the Legislative Council office.

In response to questions from Senator Thane, Ms. Olson said the executive steering committee was discontinued to expand and broaden the input to the executive office.

In response to a question from Senator Lee, Ms. Olson said communication is a high priority of her administration and will be enhanced by allowing all divisions to have input to the executive office. A core group will meet regularly and efforts will be made to disseminate information to departmental employees.

In response to a question from Senator St. Aubyn, Ms. Olson said the federal funding complexities are a necessity for the department to maximize the use of federal funds but that efforts will be made to make the funding mechanisms more understandable.

In response to a question from Representative Svedjan, Ms. Olson said she is open to looking at new and improved ways of delivering human services in North Dakota and after having a chance to review this area would be willing to make recommendations to the Budget Committee on Human Services.

## WEST CENTRAL HUMAN SERVICE CENTER BUDGET TOUR

Mr. Matthew Walsh, Director, West Central Human Service Center, provided the committee with a packet of information regarding the center's operations, a copy of which is on file in the Legislative Council office. Mr. Walsh discussed the services overview of the West Central Human Service Center which indicates a total of 4,286 unduplicated clients were served during fiscal year 1997, an 18 percent increase during the last two years. He said supplemental service systems are being explored to enable fewer visits to produce the desired results for clients. He said 58 percent of the center's service demand is in the area of mental health services. He said in excess of 30 percent of the department's budget will be used for contracted services during the 1997-99 biennium. He said West Central Human Service Center is working with the State Hospital to divert impending admissions toward community services. He said courts have historically bypassed the human service center for involuntary commitments, in favor of the more secure setting of the State Hospital.

Ms. Linda Kosel, Regional Intervention Services Unit Supervisor, Ms. Lynn Grosz, Seriously Mentally Ill Extended Care Administrator, and Mr. Gene Kosel, Addiction Unit Supervisor, West Central Human Service Center; and Ms. Gerridee Wheeler, Executive Director, Dacotah Foundation, discussed the special services provided for adults with severe needs. Ms. Kosel said the regional intervention services unit attempts to reduce inappropriate voluntary admissions to the State Hospital. She said in 1988 a total of 275 voluntary admissions were made to the State Hospital from this region compared to 20 during 1996. She said total admissions to the State Hospital from the region in 1988 were 427 and were 165 in 1996.

Ms. Grosz discussed the extended care program which contracts and collaborates with the Dacotah Foundation for residential services and psychosocial rehabilitation services. She said other services provided include case management, psychiatric nursing, residential options, and day treatment.

Ms. Wheeler discussed the mission of the Dacotah Foundation, which is to enhance the life of clients and provide appropriate services to clients. She discussed the Hodge Podge thrift shop and the residential facilities provided by the Dacotah Foundation to mentally ill clients.

Mr. Kosel discussed the addiction services provided adults at the human service center. He said during fiscal year 1997 the addiction unit served 856 adults and 160 children and adolescents, a total of 1,016 individuals. He said the center provides a

six-week intensive outpatient program for individuals in the early stages of addiction and an extended four-week day treatment program for those individuals in the later stages of the addiction process.

Ms. JoAnne Hoesel, Children's Special Mental Health Services Administrator, West Central Human Service Center, discussed the services provided by the specialized child and family service unit including intensive in-home family preservation, SED care coordination and case aides, Manchester House, and adolescent addiction services. She said the Manchester House is a residential treatment center for children between the ages of 6 and 13 with a serious emotional disorder. She said the children have an average length of stay of seven months and during fiscal year 1997 18 children were residents of Manchester House.

Ms. Carlotta McCleary, Bismarck, a parent volunteer and chairperson of the Region 7 Partnership Council, provided testimony in support of the North Dakota partnership's project, a copy of which is on file in the Legislative Council office. She said the partnership's project has allowed her son to remain at home rather than at a treatment facility in Minnesota or Wisconsin.

Mr. Harry Miller, Developmental Disabilities Program Administrator, provided a history of developmental disabilities services and said a total of 602 clients received developmental disabilities case management services during fiscal year 1997. He discussed how an individual plan is developed for each developmental disabilities client and the range of services available to clients.

Mr. Curtis Markel, Vocational Rehabilitation, discussed the services provided at the human service center for vocational rehabilitation. He said the current caseload is 853 with the average caseload of 122 per counselor. Mr. Markel discussed vocational rehabilitation service eligibility and indicated the cost per rehabilitation is \$2,553 per person, the lowest of any region in the state.

Mr. Walsh discussed the regional aging services program which provides consultation, technical assistance, and oversight to programs funded under Title III of the Older Americans Act. He said all 10 counties in the region receive services through seven funded service projects. He said the regional aging services administrator provided technical assistance and oversight in the areas of contracting, fiscal management, program development and implementation, and evaluation. He said during fiscal year 1996 approximately 6,147 persons received services in the region from Older Americans Act funding.

Ms. Rita Weisz, Administrator of County Social Services Supervision, West Central Human Service Center, said the program has the responsibility to monitor and evaluate county social service programs

for compliance with state and federal laws and to develop rules, regulations, and policy designated by the Children and Family Services Division of the department. She said interpretation of and technical assistance related to the department's policy and procedures is provided to county social service agencies and other service agencies within the region. She said responsibilities include those in the area of early childhood, foster care, child protection, and family preservation services.

In response to a question from Representative Svedjan as to why the licensing studies of the early childhood services are conducted by county social services, Ms. Weisz said licensing allows for early intervention at a local level to assist in correction of any problem areas that may exist.

Mr. Tim Sauter, Assistant Regional Director, and Dr. Chris Kuchler, Director of Psychology, discussed outcomes research at West Central Human Service Center. They indicated the center is very committed to continuing its efforts in evaluating outcomes and client satisfaction. They indicated the center will begin developing a service utilization research project that will allow the center to use a best practice model to maximize client outcomes and cost effectiveness.

The committee recessed at 12:10 p.m. for lunch and reconvened at 1:20 p.m.

Mr. Walsh made summary comments regarding the West Central Human Service Center. He said one effort of the center is to tie outcome measurements to decisionmaking and to measure activities against the outcomes the center is trying to achieve. He said currently the center has adequate funding for its programs except in the area of children mental health services. He said as the use of out-of-home placements rises in North Dakota, adequate funding is not available for support services to allow children to remain in their homes. He said the federal partnership grant project shows that children removed from families could stay at home with extra assistance. He said the block grant appropriation funding allows the center to provide individualized service approaches for severe needs populations as a result of its flexibility. He said new approaches to service delivery will create efficiencies which will make funds available for special applications. He said in the long term the West Central Human Service Center with block grant funding would gradually convert some professional salary moneys to paraprofessional program services to increase the network of private contracts within the community.

In response to questions from Senator St. Aubyn, Mr. Walsh said the human service center has six federal funding sources. He said a federal Medicaid block grant would provide the center with flexibility in providing services but would probably be accompanied with "capped" state funding. He said currently

the Medicaid program does not have a "capped" limit, but services must be provided to eligible persons pursuant to a state plan and the state must match federal funds.

## DEPARTMENT OF HUMAN SERVICES STUDY

Ms. Yvonne Smith, Deputy Director, Department of Human Services, presented a status report on the department's implementation of the 1987 and 1991 recommendations of Dr. Kenneth Dawes, a copy of which is on file in the Legislative Council office. Ms. Smith discussed each of the 21 recommendations and the status of the department's implementation of those recommendations. Ms. Smith said in most areas the department has made an effort to implement the recommendations although more could be done in several areas. She said there is no formalized agencywide strategic planning, agencywide caseload standards have not been developed, and a formal needs assessment process has not been developed on a systemwide basis.

In response to a question from Representative Johnsen regarding the variation in programs provided by human service centers, Ms. Smith said the essential services document, which is currently being reviewed by the department, provides for the identification of services to be available at the human service centers. She said centers will probably be provided broad parameters for service delivery with the flexibility to implement services to the extent considered necessary in the region.

Mr. Chester E. Nelson, Jr. discussed the state's request for federal funding of a performance audit of the TEEM implementation by the State Auditor's office. He said the Welfare Reform Committee will receive status reports regarding the potential for federal funding. He said the Dawes' studies conducted in 1987 and 1991 included comprehensive surveys of each region of the state including employees, clients, and providers and regional committee meetings were held during the 1991-92 interim to obtain public input.

In response to a question from Senator Lee regarding total quality management's implementation, Ms. Smith said it is a process-oriented effort and many people thought too much time was spent on the process. She said some parts of total quality management are valuable and have been retained including getting correct input, identifying problems, and providing followup on decisions that are made.

Ms. Smith presented a report on the primary prevention programs within the Department of Human Services, a copy of which is on file in the Legislative Council office. The report provides

summary information regarding the prevention programs available from the Department of Human Services. Prevention is defined as those activities which are designed to educate or inform in regard to issues affecting health and well-being and early intervention to avoid or diminish the need for more intensive services.

In response to a question from Senator St. Aubyn, Ms. Smith said measuring the success of preventative programs is difficult because outcomes are difficult to assess and many programs have long-term benefits.

Representative Rose asked Ms. Smith to provide the committee with summary information of programs where the Department of Human Services interacts with or provides services similar to the services provided by the State Department of Health.

Ms. Karen Romig-Larson, Director, Division of Mental Health and Substance Abuse, Department of Human Services, provided testimony regarding the federal regulations and requirements related to various sources of federal funding at the human service centers. A copy of her presentation is on file in the Legislative Council office. The report provides guidelines for human service centers regarding federal funding including vocational rehabilitation, medical assistance, Individuals with Disabilities Education Act, substance abuse prevention and treatment (SAPT) block grant, projects for assistance in transitions from homelessness (PATH), mental health block grant, and Older Americans Act funding.

In response to a question from Senator Mathern, Ms. Romig-Larson said confidentiality regulations vary by federal program and it would be better if the federal government had a single confidentiality clause.

Senator St. Aubyn asked that the Department of Human Services provide a summary of the various state matching percentages for federal funds, maintenance of effort requirements, and federal matching percentages for future years.

In response to a question from Representative Johnsen, Ms. Romig-Larson said the substance abuse block grant is very restrictive, requiring 20 percent to be earmarked for public education, and an additional requirement has been added that tobacco usage be reduced by 10 percent per year, or the state risks the loss of 40 percent of the federal funds or \$500,000 per year.

The committee discussed the study of the Department of Human Services. Ms. Smith said the department administration has had some preliminary discussions regarding the study and how the department's structure could facilitate the delivery of human services. Ms. Olson said there may be some merit to considering an independent consultant to conduct a study and hopefully address many of the questions or concerns that many people have had for

some length of time. She said an objective study of the Department of Human Services would provide support to implement any changes that may be recommended.

Senator Lee said she is concerned that, because the department is implementing a significant welfare reform program, a restructuring study and related changes may be more than can be addressed during this interim.

Representative Johnsen said the first step may be for the department to make some changes internally before a major restructuring is attempted.

Senator Bowman said one alternative could be for the welfare or assistance programs to be provided a separate agency.

In response to a question from Senator Kelsh, Ms. Olson said two initiatives implemented by the 1997 Legislative Assembly, the block grant appropriation to human service centers and the "swap" proposal give the department additional flexibility and provide for a new way of providing services. She said county service consolidation is best done at the local level, as the local governments determine appropriate.

Senator Thane said the Department of Human Services by its very nature and interaction with numerous federal programs will be significantly complex. He said the state's goal should be the efficient delivery of human services.

Representative Svedjan said the frustrations that resulted in the committee's study were in part related to the budget of the Department of Human Services. He suggested the committee ask representatives of the department to suggest areas where change can occur internally to address the concerns and frustrations.

Ms. Olson said within the next several months the department will develop for committee consideration some options to address those concerns.

Representative Jensen said the department has been unable to implement several of the Dawes recommendations, including strategic planning, systemwide needs assessment, program reviews, and caseload standards.

Ms. Olson said the Department of Human Services would provide information regarding why some Dawes recommendations were not fully implemented.

Ms. Karen Zotz, NDSU Extension Service, presented information regarding the Extension Service and family and nutrition services. A copy of the information is on file in the Legislative Council office.

In response to questions from Senator Mathern, Ms. Zotz said she could provide the committee information on studies in the area of prevention or preventative services.

Mr. Nelson said the Dawes report was done in 1987 and since that time there have been significant technological advancements. He said the Legislative Council's Budget Committee on Government Finance is studying the budget process and will look at opportunities to incorporate new technologies to enhance budget-related communications. He said agency employees feel there is some risk in presenting information in a nontraditional format and that additional personnel and costs could result. He said he has discussed with Dr. Sharon Anderson regarding the Extension Service assisting agencies in budget presentations.

The committee recessed at 4:40 p.m. and reconvened at 9:00 a.m. on Wednesday, July 30, 1997.

Mr. Joe Morrissette, Senior Fiscal Analyst, Legislative Council, presented a memorandum regarding social service agencies in North Dakota and selected other states, including information regarding appropriations, FTE positions, and program recipients for those states.

The Legislative Council staff presented a memorandum regarding a proposed study plan for committee consideration for the committee's study of the Department of Human Services and of social service agencies responsibilities, and a memorandum regarding consultants that were contacted for potential services for the Budget Committee on Human Services.

The committee then discussed the potential for consulting services to assist the committee in its study of the Department of Human Services. Representative Jensen suggested that a survey might be necessary of departmental clients, staff, providers, and county social services. She said this information should be compiled early in the process to be used by the committee.

Mr. Nelson said in 1987 Dr. Dawes conducted an extensive statistically valid survey of employees and clients.

Representative Jensen said that any study should address the budget presentation issues to enhance the legislative understanding of the departmental budget.

Representative Svedjan said the issues studied should include the appropriateness of the structure of the Department of Human Services, whether there are certain services that should be discontinued or provided more appropriately in another agency, and whether a managed care or capitated payment method could ultimately be the way to provide certain services.

Chairman Mathern said the structure should be reviewed to determine if the department adequately keeps people from needing additional services.

Representative Jensen said technology issues should also be a consideration. Representative

Svedjan said the structure of the department should place responsibility where it belongs by allowing professionals who are in the best position to determine the use of resources to adequately serve people at the proper time and at the most appropriate cost.

### **STUDY OF SOCIAL SERVICE AGENCY RESPONSIBILITIES**

Mr. Don Schmid, Director, Children and Family Services Division, Department of Human Services, provided testimony regarding a status report on the task force reviewing the county and state responsibilities for children and family services. A copy of his testimony is on file in the Legislative Council office. Mr. Schmid, said the task force met on June 17-18, 1997, and has implemented a countywide time study to determine more accurately the actual county costs of providing specific services. He said the task force will meet to review the information gathered as a result of the countywide time study which will be used to develop a recommendation for a "swap" of child welfare services.

Mr. Schmid, said the amount of federal revenue for services administered by counties is being increased by adding, effective July 1, 1997, foster care case management to the administrative claims for Title XIX medical assistance. He estimates this will generate an additional \$200,000 per year for counties. Also effective October 1, 1997, the department plans to amend the Title XIX state plan to include foster care targeted case management which will allow for a higher federal reimbursement rate of approximately 70 percent compared to 50 percent currently. He said the additional federal dollars will be provided county social service offices and should provide several hundred thousand dollars more each year to the counties. He said also effective October 1, 1997, the department will reimburse county social service offices for approximately 50 percent of the cost of conducting early childhood licensing studies. He said the final recommendations regarding the "swap" of children's services will take into consideration ease of management and will keep the county share of these programs at the same or reduced level. He said the state's cost will not need to be increased because of additional federal revenue available.

Mr. Larry Bernhardt, Stark County Social Services, Dickinson, and a member of the Children and Family Services Task Force discussed the work of the task force. He said by September 1997 the task force should have reliable data resulting from the time study. He said the task force will identify core services that should be provided by each county.

In response to a question from Senator Mathern, Mr. Bernhardt said the task force will continue to

provide status reports to the Budget Committee on Human Services.

Mr. Terry Traynor, North Dakota Association of Counties, discussed the study of the social service agencies responsibilities. He said the Department of Human Services plays a big part in county government because of the county mill levies that are necessary to fund social services. He said a single state human service agency makes it easy for county staff to communicate with the state agency. He said county/state communications become blurred for certain programs because of involvement of both the regional human service center staff and the state central office staff. He said some of the larger counties do not need the support service provided by the regional human service centers. He said in general the smaller counties are more likely to need the supervision and assistance of the human service centers.

Ms. Kathy Hogan, Director, Cass County Social Services and Chairman of the Finance Committee of the North Dakota Association of County Social Service Board Directors, testified regarding the committee's study. She said the counties have developed a vision statement for economic assistance, children and family services, and aging services, which she would share with the committee at its September 1997 meeting. She said the time study will allow counties to develop per unit costs for services. She suggested that two legislators be named from the Budget Committee on Human Services to the task force of the Department of Human Services and county representatives.

Mr. Doug Seiler, Director, Southeast Human Service Center, Fargo, commented on the committee's studies. He said the partnership grant has resulted in system changes in the service delivery method for mental health services in the Fargo area.

Chairman Mathern said he would ask that two members of the committee be appointed by the Legislative Council chairman to the Task Force on Children and Family Services.

### **COMMITTEE DISCUSSION AND STAFF DIRECTIVES**

Chairman Mathern said there were two issues to be addressed by the committee--the feedback from clients and staff regarding the provision of human services and the use of a consultant to study the department's structure as it affects the delivery of services. He said it would be appropriate to prepare requests for proposals for consultant services and

invite consultants to present proposals at the September 22-23, 1997, meeting in Fargo.

**It was moved by Representative Jensen, seconded by Representative Wentz, and carried that the Legislative Council staff prepare requests for proposals for consultant services for the committee's study of the structure of the Department of Human Services and that consultants be invited to present proposals at the September 1997 meeting.** Senators Mathern, Bowman, Fischer, Kelsh, Lee, and Thane and Representatives Jacobs, Jensen, Johnsen, Rose, Svedjan, Sveen, and Wentz voted "aye." There were no negative votes.

Mr. Nelson said the Legislative Council staff would work with the committee chairman to develop the requests for proposals and the committee can have additional input regarding the consultant services at the September 1997 meeting.

In response to a question from Representative Rose, Mr. Nelson said the Department of Human Services probably does some survey work which could be expanded for the committee's needs or the committee could contract with the University of North Dakota Social Work Department for an update of the Dawes survey.

**It was moved by Representative Jensen, seconded by Senator Fischer, and carried that the Legislative Council staff prepare options for the committee's consideration regarding client and staff satisfaction surveys.** Senators Mathern, Bowman, Fischer, Kelsh, Lee, and Thane and Representatives Jacobs, Jensen, Johnsen, Rose, Svedjan, Sveen, and Wentz voted "aye." There were no negative votes.

**It was moved by Senator Kelsh, seconded by Representative Jensen, and carried that the committee adjourn subject to the call of the chair.** The committee adjourned at 11:33 a.m.

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Jim W. Smith  
Assistant Legislative Budget Analyst  
and Auditor

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

ATTACH:1