

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON INSTITUTIONAL SERVICES

Tuesday, June 29, 1999
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Merle Boucher, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Merle Boucher, LeRoy G. Bernstein, Jeff Delzer, Rod Froelich, William E. Gorder, Joe Kroeber, Ralph Metcalf, Chet Pollert; Senators David E. Nething, Harvey Sand, Wayne Stenehjem, Harvey D. Tallackson

Member absent: Representative Scot Kelsh

Others present: See attached appendix

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, reviewed the Legislative Council rules of operation and procedure.

Chairman Boucher announced that Senator Tallackson would serve as vice chairman of the committee.

COLLOCATING THE DEVELOPMENTAL CENTER AND THE STATE HOSPITAL

The Legislative Council staff presented a background memorandum entitled State Hospital and Developmental Center Collocation Study relating to the committee's study, as directed in Section 31 of Senate Bill No. 2012, of the feasibility and desirability of collocating the Developmental Center and the State Hospital at one location and of transferring additional buildings on the State Hospital grounds to the Department of Corrections and Rehabilitation.

The Legislative Council staff cited Article IX, Sections 12 and 13, that require a state hospital to be located in Jamestown and a developmental center in Grafton.

The Legislative Council staff reviewed the services and funding of the State Hospital. The Legislative Council staff said the State Hospital provides mental illness services, substance abuse and addiction services, and services to children with serious emotional disorders. The 1999-2001 appropriation for the State Hospital totals \$50.9 million, \$35.2 million of which is from the general fund. The State Hospital is authorized 537.1 FTE positions. The State Hospital's 1999-2001 budget is based on a patient population of 161. The following schedule presents the average daily population at the State Hospital in recent years:

Table with 2 columns: Fiscal Year, Average Daily Population. Rows for 1996 (229), 1997 (223).

Table with 2 columns: Fiscal Year, Average Daily Population. Rows for 1998 (221), 1999 (estimate) (190).

The Developmental Center is a certified intermediate care facility for the mentally retarded. Its 1999-2001 appropriation totals \$39.2 million, \$9.4 million of which is from the general fund. The Developmental Center's budget for the 1999-2001 biennium is based on a patient population of 150. The following schedule presents the population of the Developmental Center in recent years:

Table with 2 columns: Fiscal Year, Average Daily Population. Rows for 1996 (148), 1997 (150), 1998 (145), 1999 (estimate) (150).

The Legislative Council staff reviewed the Department of Corrections and Rehabilitation's operations on the State Hospital grounds. The Legislative Council staff said during the 1997-99 biennium the Department of Corrections and Rehabilitation purchased and renovated three buildings on the State Hospital grounds for use as a 240-bed medium security prison. The department purchased the extended treatment (ET) building, the forensic unit building, and the gymnasium building. The department renovated four of the six floors of the ET building and the gymnasium building and began operating the James River Correctional Center in June 1998.

Ms. Carol K. Olson, Executive Director, Department of Human Services, commented on the committee's study. Ms. Olson said collocating these institutions may result in cost savings relating to physical plant, professional services, and administrative costs and may make space available for other agencies. She expressed concern, however, regarding the negative implications on the staff of both institutions, the economic impact to the communities, and issues resulting from mixing the two distinct populations. She said at the State Hospital most clients stay for short periods of time while the Developmental Center's clients may be there for a lifetime. She said each facility has been developed to meet the specific needs of its client population. A copy of the testimony is on file in the Legislative Council office.

Mr. Alex Schweitzer, Superintendent, State Hospital, and Mr. Brian Lunski, Superintendent, Developmental Center, commented on the committee's study. Their testimony identified the following benefits of collocating the two institutions:

1. Cost savings in administrative and support departments.
2. Consolidation of professional and medical resources with the potential for cost savings and sharing of expertise.
3. Reduction in the number of buildings to be maintained and better utilization of physical plants.
4. The ongoing potential for approved efficiencies gained by no longer operating two separate facilities.
5. The central location of Jamestown.
6. The newer buildings at Grafton.
7. Both the Developmental Center and the State Hospital have buildings available for housing patients; however, program space at either location is an issue and extensive remodeling would be required.
8. By collocating the institutions, either the buildings in Jamestown or Grafton that were vacated could be used by other state agencies.
9. Would allow for prison expansion at Jamestown.

The testimony indicated the following concerns of collocating the two institutions:

1. The cost of remodeling or building at either location to fill or meet the needs of the two diverse population groups.
2. The financial and morale issues with uprooting employees and their families and the transition to one location.
3. The reduction in force of many employees and the associated implication.
4. Economic issues for the city that loses its institution.
5. The constitutional change required.
6. Concerns from advocates and families over the mixing of the two populations.
7. The Developmental Center is already renting out space on its campus and planning for retirement housing.
8. May limit space on the State Hospital campus for future prison expansion.
9. Impact on the accreditation status of both institutions.
10. Sufficient housing in either city for the influx of employees.
11. State Hospital wards are arranged for short-term stays while the Developmental Center has home-like living units for long-term residents.
12. Recruitment of professional staff.

13. Perceptions associated with the location of three diverse populations at the Jamestown campus.

The testimony included the following recommendations for the committee to consider:

1. Determine if any accreditation issues will arise over the collocation of the two institutions.
2. Determine if the state's constitution prohibits the collocation of the two institutions.
3. Determine if other states have collocated these types of institutions and visit a site to determine the benefits and concerns of the arrangement.

A copy of the testimony is on file in the Legislative Council office.

Senator Stenehjem suggested the committee specifically consider the possibility of collocating the sexual offender treatment programs that are operated both at the State Hospital and the Developmental Center.

Representative Delzer asked for information from the State Hospital and the Developmental Center on the number of professional staff, support staff, maintenance personnel, etc., at each institution. Chairman Boucher asked the State Hospital and the Developmental Center to provide this information to the committee.

Representative Froelich asked for the cost per day of operating the State Hospital and the Developmental Center. Chairman Boucher asked the State Hospital and the Developmental Center to provide this information to the committee.

Representative Boucher asked whether space is available at both institutions to accommodate the patients from the other institution. Mr. Lunski said the Developmental Center would have space available for the State Hospital patients if the institution discontinues its leases of space and remodels the Prairie View, Pleasant View, and Midway buildings. Mr. Schweitzer said the State Hospital would have space available to accommodate the Developmental Center residents if building No. 15 and building No. 8 on the State Hospital grounds are remodeled.

Senator Stenehjem asked that information be provided on the cost of various programs offered at each of these institutions. Chairman Boucher asked the State Hospital and the Developmental Center to provide their program budget information.

Ms. Chris Runge, Executive Director, North Dakota Public Employees Association, commented on the committee's study. Ms. Runge asked the committee to consider employees' concerns as it studies collocating these institutions.

**It was moved by Senator Nething, seconded by Representative Kroeber, and carried on a voice vote that as part of the committee's study plan, the committee receive information on the impact**

potential on each of the communities affected if these institutions are collocated.

It was moved by Senator Stenehjem, seconded by Representative Bernstein, and carried that the committee proceed with this study as follows:

1. Receive testimony from representatives of the Department of Human Services, including the State Hospital and Developmental Center, regarding options for collocating the State Hospital and Developmental Center.
2. Receive information from representatives of the Department of Human Services, including the State Hospital and Developmental Center on the current usage of facilities at the State Hospital and Developmental Center.
3. Receive testimony from representatives of the Department of Corrections and Rehabilitation regarding possible additional uses of the State Hospital facilities for the Department of Corrections and Rehabilitation.
4. Tour the State Hospital and James River Correctional Center in Jamestown and the Developmental Center in Grafton.
5. Receive testimony from interested persons regarding collocating the State Hospital and Developmental Center and expanding the Department of Corrections and Rehabilitation's use of buildings on the State Hospital grounds.
6. Receive information on the potential impact on each of the communities affected if these institutions are collocated.
7. Develop committee recommendations and draft proposed legislation regarding statutory or constitutional changes necessary to implement committee recommendations.

Voting in favor of the motion were Representatives Boucher, Bernstein, Delzer, Froelich, Gorder, Kroeber, Metcalf, and Pollert and Senators Nething, Sand, Stenehjem, and Tallackson. No negative votes were cast.

### **CONSOLIDATING VISION SERVICES**

The Legislative Council staff presented a background memorandum entitled *Blind Services Study - Background Memorandum* relating to the committee's study, as directed in Senate Concurrent Resolution No. 4044, of the feasibility and desirability of consolidating all programs and services provided to children and adults who are blind or visually impaired under the School for the Blind. The Legislative Council staff reviewed the services provided by the School for the Blind, Department of Human Services, and State

Library to blind or visually impaired children and adults.

The Legislative Council staff said the School for the Blind's mission is to function as a statewide, comprehensive resource and to work cooperatively with related agencies in providing a full range of services to all persons who are blind or visually impaired, including those with multiple disabilities. The services provided by the School for the Blind include:

1. Family services.
2. Adult services.
3. Outreach and in-house support for children ages 0 to 5.
4. Outreach services to children ages 6 through 18.
5. Technology services.
6. Library services.
7. Specific skills training.
8. Summer camps for school-age children.
9. Orientation and mobility training.
10. Specialized training for school-aged children.
11. Curriculum services.

The Department of Human Services provides services to blind or visually impaired individuals through its infant development program for children from birth through age 2 and through its Vocational Rehabilitation Division for individuals seeking employment and individuals over age 55. The infant development program serves children with a number of development issues, one of which may be vision-related. If a child's only issue is vision, the infant development program generally refers the child to the School for the Blind. The infant development program provides in-home assistance, parent training, occupational therapy, physical therapy, and speech therapy. Vocational rehabilitation services are provided to blind or visually impaired individuals who are seeking employment. The services can include medical evaluations; evaluations of vocational potential; training and placement needs; medical, surgical, psychiatric, and hospital care if needed to maintain or secure employment; visual aids if necessary for work; reader services; telecommunications; sensory and other technological aids and devices; tuition and fees, books, and supplies at universities, colleges, and commercial and trade schools; on-the-job training; job placement equipment; and individual guidance and counseling, coordination, or services, and followup activities. The division provides independent living services for persons over age 55 whose visual impairment is severe enough to make gainful employment extremely difficult but for whom independent living goals are feasible. These services include outreach, surgical or therapeutic treatment, eyeglasses and other aids, mobility training, and guide and reader services.

The State Library provides information services to visually impaired individuals including books on tape, large print books, and a radio reading service called

Dakota Radio Information Service. The Dakota Radio Information Service broadcasts live daily programs that provide information from local newspapers.

The Legislative Council reviewed the funding provided for blind or visually impaired services for the 1999-2001 biennium as follows:

<b>School for the Blind</b>	
Salaries and wages - 28 FTE	\$2,391,456
Operating expenses	678,059
Equipment	70,500
Capital improvements	51,790
Total all funds	\$3,191,805
Less estimated income	1,002,577
Total general fund appropriation	\$2,189,228
<b>State Library - Blind and visually impaired services</b>	
Salaries and wages - 4 FTE	\$208,128
Operating expenses	19,000
Total all funds	\$227,128
Less estimated income - Federal funds	156,880
Total general fund appropriation	\$70,248
<b>Department of Human Services - Vocational Rehabilitation*</b>	
Salaries and wages - 10 FTE	\$723,498
Operating expenses	210,961
Equipment	7,925
Capital improvements	830
Grants	155,407
Total all funds	\$1,098,621
Less estimated income	868,004
Total general fund appropriation	\$230,617
Total all funds	\$4,517,554
Total special funds	\$2,027,461
Total general fund	\$2,490,093
* Because the infant development program serves a wide range of children with impairments, the funding provided for this program is not reflected on this schedule.	

Chairman Boucher asked that the Vocational Rehabilitation Division provide the sources of its estimated income for the 1999-2001 biennium.

**It was moved by Representative Gorder, seconded by Senator Stenehjem, and carried on a roll call vote that the committee proceed with this study as follows:**

1. **Review services provided by the School for the Blind, Department of Human Services, and State Library for blind or visually impaired individuals.**
2. **Receive testimony from representatives of the School for the Blind, Department of Human Services, and State Library regarding options for consolidating services.**
3. **Receive testimony from interested persons regarding services to blind or visually impaired individuals.**

4. **Consider options for consolidating all services for blind or visually impaired persons under the School for the Blind.**
5. **Develop committee recommendations and prepare any necessary legislation to implement the recommendations.**

Voting in favor of the motion were Representatives Boucher, Bernstein, Delzer, Froelich, Gorder, Kroeber, Metcalf, and Pollert and Senators Nething, Sand, Stenehjem, and Tallackson. No negative votes were cast.

Senator Nething suggested the committee receive information on the number of individuals who are receiving vision services statewide and determine the impact on the services provided if these programs are consolidated under the School for the Blind.

Ms. Carmen Suminski, Superintendent, School for the Blind, commented regarding the committee's study. Ms. Suminski said the School for the Blind works cooperatively with related agencies to provide a full range of services to all persons who are blind or visually impaired, including those with multiple disabilities. She said the School for the Blind has undergone a major transition since the 1993 Legislative Assembly voted to eliminate its residential component. She said the School for the Blind has 24 FTE positions in Grand Forks and one located in each of its regional offices in Bismarck, Devils Lake, Fargo, and Minot. She said a part-time staff position is located in Williston.

Ms. Suminski expressed concern that individuals between the ages of 21 and 55 who are not seeking employment are currently ineligible for vision services. Ms. Suminski suggested amending the North Dakota Century Code to provide that the School for the Blind serve all ages of blind or visually impaired persons.

Ms. Suminski suggested that the talking book program and Dakota Radio Information Services program provided by the State Library not be transferred to the School for the Blind but continue to be offered by the State Library.

Representative Froelich asked for information on the number of visually impaired individuals in North Dakota. Chairman Boucher asked that the School for the Blind attempt to gather this information.

Mr. Jim Leary, Director, Rehabilitation Services, Department of Human Services, commented on the committee's study. Mr. Leary said Vocational Rehabilitation began serving blind or visually impaired individuals in their homes in 1959. Mr. Leary said in 1990 the Vocational Rehabilitation Division established within its advisory committee an ad hoc committee to study vision services. He said the committee recommended that integration and coordination of vision services be provided by:

1. Community-based instruction - Services provided in an individual's home or work site.
2. Center-based services and training.

3. An educational resource center providing consultation, including technological aids and devices.

Mr. Leary said Vocational Rehabilitation intends to maintain options for blind or visually impaired persons to access services by employing vision rehabilitation specialists who travel across the state who are supported by a research center and having center-based training available.

Mr. Leary said adaptive skills training is provided by Vocational Rehabilitation and supported by two federal funding sources. He said one funding source is for those age 16 and over who are either attempting to become employed or trying to maintain employment. The other source, he said, is for those over age 55 and for whom employment is not possible, but independent living is a viable goal. He said both funding sources originate with the federal Rehabilitation Services Administration and must flow through Vocational Rehabilitation on the state level. A copy of the testimony is on file in the Legislative Council office.

Pursuant to a question from Representative Delzer, Mr. Leary said Vocational Rehabilitation has six vision rehabilitation specialists serving the state, one located in each of the cities of Grand Forks, Devils Lake, Bismarck, Fargo, Jamestown, and Dickinson. He said the Williston and Minot areas are served through a private contract on a fee for service basis. In addition, he said, Vocational Rehabilitation has three support staff and one administrator position.

Mr. Allan Peterson, member of the North Dakota Association of the Blind, Fargo, commented on the committee's study. He estimated that 75 to 80 percent of individuals who are blind are not employed. He said this results from inadequate training being available and the lack of employment opportunities. He indicated that there may be advantages to integrating the services provided to blind or visually impaired individuals if the integration can be done without jeopardizing federal funding for the programs. A copy of the testimony is on file in the Legislative Council office.

Ms. Mabel Dever, leader of the Visual Impaired Services at the Bismarck Senior Center, Bismarck, commented on the committee's study. She stressed the importance of the older blind program provided by the Vocational Rehabilitation Division.

Ms. Sandy Johnson, North Dakota Association of Centers for Independent Living, commented on the committee's study. She expressed support for the Vocational Rehabilitation Division and its services provided under the older blind program. She suggested the program continue to be provided by the Vocational Rehabilitation Division. A copy of the testimony is on file in the Legislative Council office.

Mr. Gary Bornsen, a blind consumer from Grand Forks and an employee of the School for the Blind, commented on the committee's study. Mr. Bornsen

said the intent of consolidating vision services under one agency is not to negatively impact the older blind program but to provide a seamless delivery system of services for blind or visually impaired individuals.

Ms. Doranna Robertson, Bismarck, commented on the difficulties blind or visually impaired individuals encounter when seeking employment opportunities.

The committee recessed for lunch at 12:40 p.m. and reconvened at 1:30 p.m.

## **RESIDENTIAL TREATMENT CENTERS AND RESIDENTIAL CHILD CARE FACILITIES STUDY**

The Legislative Council staff presented a background memorandum entitled *Residential Treatment Centers and Residential Child Care Facilities Study - Background Memorandum* relating to the committee's study, as directed in Section 22 of Senate Bill No. 2012, of residential treatment centers and residential child care facilities, including occupancy rates, the number of out-of-state residents, and the need for additional facilities.

The Legislative Council staff said Section 11 of Senate Bill No. 2012, approved by the 1999 Legislative Assembly, provides a moratorium on the expansion of residential child care facility beds beginning July 1, 1999.

The Legislative Council staff reviewed the types of foster care placements as follows:

1. Foster care family - A family providing for the child's care. Children placed with a foster care family are generally younger and have been deprived, neglected, or abused.
2. Therapeutic foster care family - A family providing for the child's care. Children placed with a therapeutic foster care family generally have been diagnosed with a psychiatric disorder and are often in transition from a residential treatment center placement.
3. Group homes - Children placed in these types of facilities are generally adolescents who have been deprived or abused, involved in parent/child conflict, or have character disorders. A group home serves from 4 to 10 children.
4. Residential child care facilities - Children placed in these types of facilities are generally adolescents who have been deprived or abused, involved in parent/child conflict, or have character disorders. A residential child care facility serves more than eight children.
5. Residential treatment centers - Children placed in these types of facilities are generally adolescents who have been diagnosed with psychiatric disorders.

The Legislative Council staff said the licensed group homes, residential child care facilities, and residential treatment centers in North Dakota and the

number of licensed beds for each as of June 1, 1999, include:

Facility	Location	Number of Licensed Beds
<b>Group Homes</b>		
Charles Hall Youth Services	Bismarck	24
Eckert Youth Homes	Williston	16
Harmony House	Devils Lake	7
Lake Oahe Group Home	Fort Yates	8
New Outlooks	Devils Lake	10
Total group home beds		65
<b>Residential Child Care Facilities</b>		
Home on the Range	Sentinel Butte	79
Red River Victory Ranch	Fargo	12
Dakota Boys Ranch	Minot	39
Dakota Boys Ranch	Fargo	10
Dakota Boys Ranch - Transitional Living	Minot	12
Prairie Learning Center	Raleigh	50
Southwest Key	Mandan	24
Total residential child care facility beds		226
<b>Residential Treatment Centers</b>		
Southwest Key	Mandan	16
Ruth Meiers Adolescent Center	Grand Forks	12
Dakota Boys Ranch	Minot	16
Luther Hall	Fargo	16
Manchester House	Bismarck	10
Total residential treatment center beds		70
<b>Accredited Residential Treatment Centers</b>		
Eight Rivers	Jamestown	8
Rivers Edge	Fargo	16
Total accredited residential treatment center beds		24
Total beds		385

The Legislative Council staff presented information on foster placements in recent years as follows:

Year	Number of Children Placed in Family Homes (Unduplicated)	Number of Children Placed in Facilities (Unduplicated)	Total Foster Care Placements	Number of Children Placed Out of State (Unduplicated) <sup>1</sup>	Percentage of Children in Foster Care Placed Out of State
1991	883	388	1,271	32	2.5%
1992	946	385	1,331	33	2.5%
1993	1,065	448	1,513	48	3.2%
1994	1,064	492	1,556	61	3.9%
1995	1,125	529	1,654	70	4.2%
1996	1,128	535	1,663	67	4.0%
1997	1,162	559	1,721	85	4.9%
1998	1,121	607	1,728	63	3.6%

<sup>1</sup> Because children placed out of state may be placed in either a family home or a facility, these numbers are also reflected in the columns titled "Number of Children Placed in Family Homes" and "Number of Children Placed in Facilities" on this schedule.

Foster Care - Out of State				
Fiscal Year	Average Number of Children Per Month	Average Cost Per Month	Unduplicated Number of Children	Annual Cost
1991	12	\$33,523	32	\$402,276
1992	14	\$24,447	33	\$293,359
1993	26	\$47,338	48	\$520,713
1994	29	\$50,241	61	\$602,888
1995	34	\$92,081	70	\$1,104,974
1996	37	\$147,319	67	\$1,767,828
1997	51	\$173,579	85	\$2,082,950
1998	44	\$162,211	63	\$1,946,528

The Legislative Council staff presented the Department of Human Services estimate of foster care costs for the 1999-2001 biennium as follows:

1999-2001 Estimated Costs				
	General Fund	Federal Funds	Other Funds	Total
<b>Room and Board</b>				
Family foster care homes	\$1,117,181	\$5,342,835	\$952,663	\$7,412,679
Therapeutic foster care homes - Room and board amounts reflected under family foster care homes				
Residential child care facilities	4,643,287	12,472,809	6,613,535	23,729,631
Residential treatment centers - Room and board amounts reflected under residential child care facilities				
Total room and board	\$5,760,468	\$17,815,644	\$7,566,198	\$31,142,310
<b>Treatment and Service Payments</b>				
Family foster care homes - Not applicable				
Therapeutic foster care homes	\$1,638,346	\$4,447,025	\$247,209	\$6,332,580
Residential child care facilities	534,156	1,442,650	80,594	2,057,400
Residential treatment centers	1,606,278	3,793,722		5,400,000
Total treatment services	\$3,778,780	\$9,683,397	\$327,803	\$13,789,980
<b>Other Services</b>				
Shelter care	\$155,687			\$155,687
Independent living	153,918	\$471,699		625,617
Transportation	18,500	81,500	\$33,333	133,333
Serious emotional disorder (SED) - Out-of-home care	178,083	212,154	58,430	448,667
Tribal therapeutic	140,364	332,322		472,686
Turtle Mountain Professional Association of Treatment Homes (PATH)		83,080	35,091	118,171
Total other services	\$646,552	\$1,180,755	\$126,854	\$1,954,161
<b>Administration and Training</b>				
Foster care - Administration	\$141,864	\$148,266	\$3,834	\$293,964
Foster care - Training	527,286	1,255,250		1,782,536
Total administration and training	\$669,150	\$1,403,516	\$3,834	\$2,076,500
Total Department of Human Services foster care-related expenses	\$10,854,950	\$30,083,312	\$8,024,689	\$48,962,951

It was moved by Senator Tallackson, seconded by Representative Bernstein, and carried that the committee proceed with this study as follows:

1. Conduct a survey of residential treatment centers and residential child care facilities regarding services provided, occupancy rates, and the number of out-of-state residents served.
2. Receive information from the Department of Human Services on foster care facility placements, including the need for additional facilities.
3. Receive testimony from representatives of residential treatment centers and residential child care facilities regarding services provided, occupancy rates, the number of out-of-state residents served, adequacy of state funding, and the need for additional facilities.
4. Receive testimony from interested persons regarding residential treatment centers and residential child care facilities.
5. Consider funding needs of the facilities, the need for additional facilities, and whether the moratorium on the expansion

of residential child care facility beds needs to be continued.

6. Develop committee recommendations and prepare any necessary legislation to implement committee recommendations.

Voting in favor of the motion were Representatives Boucher, Bernstein, Delzer, Gorder, Kroeber, Metcalf, and Pollert and Senators Sand, Stenehjem, and Tallackson. No negative votes were cast.

Mr. Paul Ronningen, Director, Children and Family Services Division, Department of Human Services, commented on the study of residential treatment centers and residential child care facilities. Mr. Ronnigen said the department asked the 1999 Legislative Assembly to place a moratorium on the licensing of new residential child care facility beds beginning July 1, 1999, because:

1. North Dakota needs to assess the gaps in services that currently exist which require children to be placed out of state for treatment services. He said children that are currently unable to be treated in North Dakota include:
  - a. Youth with low IQs and mental health needs;

- b. Youth with low IQs who have a history of sexually offending others;
- c. Youth with serious sex offenses; and
- d. Children with inhalant abuse.

He said the department will be conducting a study this summer on the types of children who are currently in out-of-state care to determine which needs are not being met in North Dakota.

2. A number of North Dakota communities are seeking uses for their vacant schools and empty buildings. He said some communities have attempted to construct an economic development plan that would attempt to meet the needs of these types of youth; however, he indicated that these plans do not consider the reimbursement level that will be provided by the state nor the state's needs in relation to the number of beds for children. He said estimates by some residential child care providers suggest that they are reimbursed for approximately 70 percent of their costs.

Mr. Ronningen suggested the committee consider North Dakota's current system of care for children and their families to determine the appropriate number of residential child care beds needed to serve North Dakota's children. A copy of the testimony is on file in the Legislative Council office.

Mr. Al Lick, Director, Division of Juvenile Services, Department of Corrections and Rehabilitation, commented on children placed under the juvenile services system. He said the majority of children under the custody of the Division of Juvenile Services who are placed out of state are severe sexual offenders or have severe mental health problems. He said North Dakota facilities are given the opportunity to serve these children before they are placed in an out-of-state facility.

Mr. Lick said the annual recidivism rate of the Division of Juvenile Services has dropped from 20.4 percent to 12.6 percent over the past four years. He said as of June 1, 1999, the Division of Juvenile Services had 525 children in its system.

### **NURSING FACILITY GRANT OR LOAN FUND ANNUAL REPORTS**

The Legislative Council staff presented a background memorandum entitled *Nursing Facility Grant or Loan Fund Annual Reports* relating to the committee's responsibility, as directed in Section 3 of Senate Bill No. 2168 to receive reports from the Department of Human Services on grants or loans made under the nursing facility alternative grant fund or alternative loan fund.

The Legislative Council staff said Senate Bill No. 2168 establishes a North Dakota health care trust fund to be used for making grants or loans to organizations for providing alternative nursing facility care. Moneys are generated to the fund as a result of the Department of Human Services making government and nursing facility funding pool payments to the two

governmental nursing facilities in the state--one located at McVile and the other at Dunseith. These payments are based on the average cost of Medicaid rates as compared to Medicare rates for all nursing care facilities in the state multiplied by the total of all residents of all nursing homes for Medicaid patients. The payments are expected to total \$12,183,210 for the 1999-2001 biennium, of which \$3,618,391 is from the general fund and \$8,564,819 is federal funds. The payments are made to the two governmental nursing facilities and subsequently returned to the state, less a \$10,000 transaction fee retained by each of the two governmental nursing facilities. Once returned to the state, the general fund share is returned to the general fund and the balance (federal funds) is deposited in the health care trust fund. The health care trust fund is anticipated to have \$8,715,279 available during the 1999-2001 biennium, including \$190,460 of estimated interest earnings. The moneys in the trust fund can be used for nursing alternative loans or grants as determined by the Department of Human Services. The loans or grants are for capital or one-time expenditures to assist a facility in converting to an alternative care facility. The department's share of a project's cost is limited to \$1 million or 80 percent of the project cost, whichever is less. Of the estimated \$8,715,279 of funding available in the trust fund during the 1999-2001 biennium, \$4,262,410 is appropriated in Senate Bill No. 2012 for service payments for elderly and disabled (SPED) and the remaining \$4,452,869 will be available for loans or grants during this biennium.

Mr. David Zentner, Medical Services Director, Department of Human Services, presented a status report on the nursing facility alternative grant fund and alternative loan fund programs. Mr. Zentner said that before the department can begin to claim federal funds under this program, the state plan must be amended and approved by the Health Care Financing Administration. He said the department submitted the state's amended plan to the Denver regional office during the week of June 21, 1999. He said the Health Care Financing Administration has 90 days to approve or disapprove the plan amendment. He said it is unknown whether the plan will be approved; however, North Dakota's plan is similar to a plan amendment that was submitted and approved for Nebraska in 1997.

Mr. Zentner said the department is authorized two additional FTE positions to implement and operate this program. He said the department believes it can operate the program with one full-time staff person after the implementation phase is complete. He said during the implementation phase the department intends to hire temporary staff or contract for the needed services.

If the plan amendment is approved, the department intends to have the program operational by January 1, 2000. A copy of the report is on file in the Legislative Council office.

## TRAUMATIC BRAIN-INJURED FACILITY REPORTS

The Legislative Council staff presented a background memorandum entitled *Traumatic Brain-Injured Facility Reports* relating to the committee's responsibility, as directed in Senate Bill No. 2038, to receive periodic reports from the Department of Human Services regarding the establishment of a traumatic brain-injured (TBI) facility in western North Dakota. The Legislative Council staff said the reports are to include information regarding the number of beds available and the location of any beds available for conversion to a TBI facility in western North Dakota and the status of the number of beds that have been converted for a TBI facility in western North Dakota.

The Legislative Council staff said currently the state's only facility for traumatic brain-injured individuals is the High Soaring Eagle Ranch near Valley City. The facility provides services for up to 11 individuals.

The Legislative Council staff said Section 35 of Senate Bill No. 2012 provides a contingent appropriation of \$200,000, \$60,000 of which is from the general fund and \$140,000 of federal funds, for the Department of Human Services to spend during the 1999-2001 biennium if additional beds for traumatic brain-injured persons are established in western North Dakota.

Mr. Zentner presented a report on the status on the establishment of a TBI facility in western North Dakota. Mr. Zentner said the beds necessary to establish a TBI facility are to become available from existing basic care bed capacities. Beds may become available on a one-for-two basis when any basic care facility reduces its beds. Mr. Zentner said if a basic care facility would reduce its licensed capacity by 10 beds, five of those could be converted for use in establishing a TBI facility in western North Dakota.

Mr. Zentner said the department has not yet completed any surveys regarding the future availability of basic care beds that may become available for conversion to a TBI facility. He said HIT, Inc., of Mandan recently conducted an independent survey of basic care facilities; however, no facility indicated that it may be interested in downsizing bed capacity. Mr. Zentner said in order to comply with provisions of Senate Bill No. 2038, the department will periodically conduct a survey to determine if any facilities are interested in reducing their basic care bed capacity that could be used to establish the facility during the 1999-2000 interim. In addition, he said the State Department of Health will provide information on any basic care facility that decides to reduce its current licensed bed capacity. A copy of the report is on file in the Legislative Council office.

## ALZHEIMER'S AND RELATED DEMENTIA PROJECTS REPORT

The Legislative Council staff presented a background memorandum entitled *Alzheimer's and Related Dementia Projects Report* relating to the committee's responsibility, as directed in Section 2 of Senate Bill No. 2034, to receive a final progress report from the Department of Human Services on the progress of the Alzheimer's and related dementia projects.

The Legislative Council staff said the 1997 Legislative Assembly directed the Department of Human Services to establish pilot projects for Alzheimer's and related dementia populations in order to explore the financial and service viability of converting existing long-term care facility bed capacity to a specific service environment targeting the Alzheimer's and related dementia populations. During the 1997-98 interim, the department established a 14-bed pilot project at the Baptist Home of Kenmare. For 1998, the cost per day of the pilot project was \$79.37, which was \$6.04 per day less than the average nursing facility cost of \$85.41 per day.

The Legislative Council staff said Section 1 of Senate Bill No. 2034 repeals, on July 1, 2001, North Dakota Century Code Section 50-06-14.4 which authorizes the Alzheimer's and related dementia project. The Legislative Council staff said the committee, as part of its study, may wish to address whether to continue this section, allow it to be repealed, or to change the statutory provisions relating to Alzheimer's and related dementia projects.

Mr. Zentner presented a status report on the Alzheimer's and related dementia projects. Mr. Zentner said the Baptist Home of Kenmare began operating its Alzheimer's and related dementia pilot project in May 1998. He said the department and an independent reviewer visited the pilot facility in Kenmare in November 1998. He said the site visit disclosed that the facility was operating very well and that residents receive compassionate and appropriate care in a home-like setting at a lower cost than nursing facility care. He said the department intends to conduct another site visit during the next two months, and as a result of that visit, the department will prepare its final report for presentation to this committee. A copy of the report is on file in the Legislative Council office.

Representative Pollert indicated that interest has been expressed by a long-term care facility in New Rockford to begin operating an Alzheimer's and related dementia pilot project.

**It was moved by Senator Tallackson, seconded by Senator Nething, and carried:**

1. **That the committee proceed with its responsibility to receive annual reports on the nursing facility grant or loan fund program as follows:**
  - a. **Receive reports on this grant and loan program from the Department of**

- Human Services and on the department's recommendation regarding continuing the programs
  - b. Receive testimony from interested persons regarding this grant and loan program.
  - c. Consider making recommendations and draft legislation, if necessary, to implement any committee recommendations.
2. That the committee proceed with its responsibility to receive traumatic brain-injured facility reports as follows:
- a. Receive reports from the Department of Human Services regarding this facility.
  - b. Receive information from the Department of Human Services on the estimated cost or savings to the state for the 2001-03 biennium resulting from this facility.
  - c. Receive testimony from interested persons regarding the reports on this facility.
  - d. Consider making recommendations and draft legislation, if necessary, to implement any committee recommendations.
3. That the committee proceed with its responsibility to receive the Alzheimer's and related dementia projects report as follows:
- a. Receive reports from the Department of Human Services on the status of these projects and the department's recommendation on the continuance of these projects.
  - b. Receive the final progress report on these projects from the Department of Human Services.

- c. Receive testimony from interested persons regarding the report and the projects.
- d. Consider making recommendations and draft legislation, if necessary, to implement any committee recommendations.

Voting in favor of the motion were Representatives Boucher, Bernstein, Delzer, Gorder, Kroeber, Metcalf, and Pollert and Senators Nething, Sand, Stenehjem, and Tallackson. No negative votes were cast.

Representative Bernstein suggested the committee receive information at its next meeting from the State Hospital and Developmental Center on other states that may have collocated services for the developmentally disabled with services for persons with serious mental illness. Chairman Boucher indicated the department would be asked to present this information at the committee's next meeting.

Chairman announced that the next committee meeting is tentatively scheduled for September 8-9, 1999, in Bismarck.

**It was moved by Senator Tallackson, seconded by Senator Stenehjem, and carried on a voice vote that the committee adjourn subject to the call of the chair.** The meeting was adjourned at 3:50 p.m.

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Allen H. Knudson  
Senior Fiscal Analyst

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

ATTACH:1