

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON GOVERNMENT SERVICES

Tuesday and Wednesday, September 16-17, 2003
Developmental Center
Grafton, North Dakota
State Hospital and James River Correctional Center
Jamestown, North Dakota

Representative Ron Carlisle, Chairman, called the meeting to order at 10:00 a.m. at the Developmental Center in Grafton.

Members present: Representatives Ron Carlisle, Bette B. Grande, Pam Guleson, Joe Kroeber, Ralph Metcalf, Darrell D. Nottestad, Louise Potter, Amy Warnke; Senators Richard Brown, Duaine C. Espegard, Joel C. Heitkamp, Ed Kringstad, Elroy N. Lindaas, Stanley W. Lyson

Member absent: Representative Chet Pollert

Others present: See attached appendix

It was moved by Representative Nottestad, seconded by Senator Brown, and carried on a voice vote that the minutes of the June 23, 2003, meeting be approved as distributed.

NORTH DAKOTA DEVELOPMENTAL CENTER - BUDGET TOUR

Chairman Carlisle recognized Representative Nottestad who requested that the committee observe a moment of silence in recognition of the death of Representative Janet Wentz.

Chairman Carlisle welcomed Senator Harvey Tallackson and Representatives Gil Herbel and Joyce Kingsbury, District 16, Grafton, to the meeting.

Chairman Carlisle called on Mr. Alex C. Schweitzer, Superintendent, Developmental Center, to present a report on the Developmental Center regarding the status of the center's 2003-05 biennium budget, programs and services, plant improvement needs, number of clients, daily costs per client, the utilization of buildings at the Developmental Center, the excess capacity of the Developmental Center, the potential costs and benefits of collaborating or combining services with the State Hospital, the long-term plans for the Developmental Center, the relationship with the State Hospital, the status of shared administrative functions between the institutions, and the potential for patients at the Developmental Center to be served in other locations. A copy of the information presented is on file in the Legislative Council office.

Mr. Schweitzer said the fiscal year 2002 Developmental Center cost per day ranged by living area from

\$245 per day to \$373 per day and the medical cost per day averaged \$53 per person per day. He said the Developmental Center is in the process of spending \$1.9 million for a significant energy update for the entire campus that will produce energy savings that will offset the cost of the program with an estimated payback period of 10 years. Aside from the energy program, he said, no other major capital improvements are anticipated during the 2003-05 biennium.

Mr. Schweitzer said as of September 2003 the Developmental Center has 151 residents, consisting of 148 developmentally disabled individuals and three traumatic/acquired brain injury individuals. He said the facility admits about 15 to 25 individuals per year. He said services provided at the Developmental Center include residential and day services for individuals with psychiatric diagnoses and significant challenging behaviors; residential, day, and treatment services for males dealing with sexual offender behaviors; traumatic brain injury services; medical, residential, and day services for individuals who are totally dependent on staff and have medical concerns that require nursing staff accessibility 24 hours per day; and a dual sensory unit for individuals diagnosed with profound mental retardation and vision and hearing disabilities who also have severe medical conditions that require complicated care.

Mr. Schweitzer said the Developmental Center leases space to 17 different organizations, businesses, and individuals. He said vacant space at the Developmental Center includes the Pleasant View Building, which is used for storage, the Prairie View Building, which is utilized for community rentals, two living areas in the New Horizons Building, and three living areas in the Cedar Grove Building.

Mr. Schweitzer said the collaboration and cooperation of the Developmental Center and State Hospital since 2000 has produced several significant results, including the sharing of fiscal resources, combined 10 administrative/management positions, and collaboration and exchange of staff expertise.

Mr. Schweitzer said the Developmental Center has identified 25 to 30 residents who could be served in the community if the following factors were in place:

the availability of community services specific to their needs, the willingness of the clients to be relocated, the concurrence of guardians, and the fiscal resources to pay for the community-based care.

Mr. Schweitzer said it would be difficult to assimilate any State Hospital clients into the campus of the Developmental Center because of the large population of 151 individuals at the Developmental Center, the acuity level of the State Hospital patients, and the lack of usable space at the center. He said each campus would need to decrease its population significantly before one site could serve both populations.

In response to a question from Representative Carlisle, Ms. Carol Ebertowski, Director of Fiscal Operations, Developmental Center and State Hospital, said the farmland the Developmental Center leases are five-year leases for \$82 per acre per year and the cash received from the leases is used for Developmental Center operations.

In response to a question from Senator Brown, Mr. Schweitzer said the Developmental Center would reduce its staff if the 25 to 30 individuals were served in the community, but a safety net must be in place when clients cannot function in the community on either a short-term or long-term basis.

In response to a question from Senator Heitkamp, Mr. Schweitzer said the vacant buildings at the Developmental Center were occupied prior to the Association for Retarded Citizens lawsuit, at which time the Developmental Center had approximately 1,300 clients.

In response to a question from Senator Espgaard, Mr. Schweitzer said if the 25 to 30 individuals are moved to the community, they would be served in group homes or an individual supported living arrangement, such as an apartment.

In response to a question from Senator Lindaas, Mr. Schweitzer said the Developmental Center has a plan in place to address the \$1 million budget reduction, including decreasing operating expenses and allowing 6.5 full-time equivalent (FTE) positions to remain unfilled. Ms. Susan Foerster, Assistant Superintendent, Developmental Center, said the positions left unfilled are in the areas of maintenance, fiscal, and plant services and that none of the positions are directly related to patient care.

In response to a question from Representative Warnke, Mr. Schweitzer said as of September 2003 he does not anticipate the Developmental Center needing any money from the \$1 million general fund contingency appropriation provided to the Department of Human Services for the medical assistance program, the Developmental Center, the State Hospital, and home and community-based services programs for the 2003-05 biennium.

In response to a question from Representative Carlisle, Mr. Schweitzer said he was not aware of any statutory restrictions on the use of buildings at the Developmental Center.

RISK-ASSOCIATED BEHAVIOR PROGRAMS SURVEY

The Legislative Council staff presented a memorandum entitled *Survey of Agency Alcohol, Drug, Tobacco, and Risk-Associated Behavior Programs - Update*. The Legislative Council staff said Chairman Carlisle requested that the survey completed for the Budget Committee on Government Services during the 2001-02 interim be updated. The Legislative Council staff said the same agencies surveyed in the 2001-02 interim were asked to provide updated information for the 2001-03 and 2003-05 bienniums and the memorandum is a compilation of the survey responses received from the agencies. The Legislative Council staff said the total 2003-05 biennium funding for risk-associated behavior programs is \$72 million, of which \$16 million is from the general fund and \$56 million is from federal and special funds. Agencies were asked to identify sources of federal and special funds, program funding restrictions, the time period the funding is available, and the anticipated uses of funds.

FEMALE INMATE CONTRACT HOUSING - LEGISLATIVE INTENT

At the request of Chairman Carlisle, the legislative budget analyst and auditor presented a memorandum entitled *Female Inmate Contract Housing - Legislative Intent*. The 2003 Legislative Assembly appropriated a total of \$114.3 million, \$81.7 million from the general fund, for the Department of Corrections and Rehabilitation in House Bill No. 1506. This included \$6.7 million from the general fund for contracting to house female inmates at county facilities for the 2003-05 biennium, which includes \$1 million appropriated in the Prisons Division of the department for unspecified purposes which the department could use for costs of contracting to house female inmates. House Bill No. 1506 also includes a section of legislative intent providing that the state contract with county facilities to house state female inmates during the 2003-05 biennium.

The legislative budget analyst and auditor said when the Legislative Assembly was developing the budget for female inmate contract housing, the anticipated daily rate was \$67 per inmate, \$79 for each inmate needing intensive treatment services, and an additional \$5.15 per day per inmate for medical-related costs. He said the anticipated female inmate population was 104 in July 2003, increasing to 136 by June 2005.

The legislative budget analyst and auditor said the Department of Corrections and Rehabilitation may need more funding than the \$6.7 million appropriated for female inmate contract housing due to the daily inmate rate negotiated with the Southwest Multi-County Correction Center exceeding the daily rate anticipated by the 2003 Legislative Assembly in

developing the department's 2003-05 biennium budget. He said the department has agreed to pay a daily rate of \$77.73 per inmate or \$89.73 per inmate needing intensive treatment services. He said these rates include a \$15.50 medical-related fee that will be deposited into a special account and used for inmate medical expenses and if medical costs exceed the amount available in the medical account, the Southwest Multi-County Correction Center will pay the first \$50,000 of additional expenses and the state will pay any additional amounts thereafter.

The legislative budget analyst and auditor said there are four options for the Department of Corrections and Rehabilitation if the costs for female inmate contract housing exceed the amounts appropriated. The options are:

1. Utilize funding that may become available from other areas within the Prisons Division appropriation line item (total available of \$69.3 million).
2. Request, pursuant to North Dakota Century Code (NDCC) Section 54-16-04, a line item transfer from other line items of the agency's appropriation if funds are available.
3. Request, pursuant to NDCC Section 54-16-09, funding from the state contingencies appropriation. The 2003 Legislative Assembly appropriated \$500,000 from the general fund for the state contingencies appropriation.
4. Request a deficiency appropriation for any shortfall funding from the 2005 Legislative Assembly.

In response to a question from Senator Espgaard, the legislative budget analyst and auditor said a reason for medical costs increasing from \$5.15 to \$15.50 per inmate per day is because of the 24-hour nursing care requirement.

Representative Warnke said the amount appropriated for female inmate contract housing was more than the estimated amount necessary because the Legislative Assembly built the budget on inflated amounts to allow the Department of Corrections and Rehabilitation sufficient funds.

Senator Lyson said in regard to the \$50,000 of excess medical costs the counties are responsible for paying, the Legislative Assembly dealt with just one individual, the administrator at the Southwest Multi-County Correction Center, and should have involved representatives of all the counties that will be paying the costs.

The committee conducted a budget tour of the Developmental Center, recessed at 12:00 noon for a luncheon provided for committee members at the Developmental Center, and traveled to Jamestown.

NORTH DAKOTA STATE HOSPITAL

The committee reconvened at 9:00 a.m. on Wednesday, September 17, 2003, at the State Hospital, Jamestown. Chairman Carlisle welcomed

Senator Aaron Krauter, District 31, Regent, a member of the Legislative Council, to the meeting.

At the request of Chairman Carlisle, Mr. Alex C. Schweitzer, Superintendent, State Hospital, presented information on the State Hospital regarding the status of its 2003-05 biennium budget, programs and services, the number of patients, daily cost per patient, trends in patient population, plant improvement needs, programmatic changes, utilization of buildings and excess capacity at the State Hospital, long-term plans of the State Hospital, and the potential for patients at the State Hospital to be served in other locations. A copy of the information presented is on file in the Legislative Council office.

Mr. Schweitzer said the daily costs per patient at the State Hospital consist of a variety of rates and the State Hospital rates are comparable to the daily costs for other state hospitals in the western states. He said the State Hospital is in the process of spending \$2.8 million for a significant energy update for the entire campus, which will produce energy savings that will offset the cost of the program. Aside from the energy program, he said, no other major capital improvements are anticipated during the 2003-05 biennium.

Mr. Schweitzer said as of September 2003 the State Hospital has 107 patients, with 94 patients in the inpatient psychiatric and substance abuse programs and 13 patients in the transitional living outpatient program. He said the State Hospital serves an additional 76 substance abuse patients under contract with the Department of Corrections and Rehabilitation. He said the State Hospital is budgeted for 135 hospital patients and an additional 90 patients contracted with the Department of Corrections and Rehabilitation. He said the State Hospital admits about 700 patients per year.

Mr. Schweitzer said the State Hospital provides the following services for adults, children, and adolescents: care and treatment for adults with serious mental illness; care and treatment for adults with substance abuse problems; and short-term services for children and adolescents with serious emotional disorders and substance abuse problems. He said the State Hospital shares the campus and services with the James River Correctional Center. He said the services provided to the Department of Corrections and Rehabilitation include substance abuse services, the DUI offender program, and the revocation program.

Mr. Schweitzer said the average daily population at the State Hospital has decreased from 220 in 1997 to 113 in 2003, as the result of more individuals being treated in community settings. He said, however, the State Hospital has experienced a growth in services to patients from the correctional system. He said the State Hospital has turned over several vacant or near vacant buildings to the James River Correctional Center in the last five years. He said the State

Hospital has been seeing a trend of new referrals, including inmates, nursing home patients, and a small subset of the chronically and severely mentally ill population. He said the patient population at the State Hospital seems to have stabilized at the 115 to 135 patient range and it does not seem likely the hospital will see a great population growth or decline anytime soon. He said the remaining 15 beds in the correctional program on campus will probably be filled.

Mr. Schweitzer said the State Hospital is not able to assimilate clients from the Developmental Center to the hospital campus because of the hospital's population, the needs of the correctional substance abuse programs, and the potential demands from the community. He said the State Hospital will continue its efforts to collaborate and cooperate with the Developmental Center and the Department of Corrections and Rehabilitation.

In response to a question from Representative Nottestad, Mr. Schweitzer said the 90 beds at the State Hospital which the hospital has available to the Department of Corrections and Rehabilitation under contract are for inmates who are admitted into the State Hospital for treatment and then returned to incarceration after completion of treatment. He said in some cases the hospital could also treat prisoners while incarcerated at the James River Correctional Center.

In response to a question from Senator Krauter, Mr. Schweitzer said the State Hospital has 12 beds available for treatment of children and adolescents and the average population is around 8 to 10 patients.

In response to a question from Senator Krauter, Mr. Schweitzer said the increase in the number of State Hospital patients from nursing homes is not necessarily related to Alzheimer's, rather the patients have significant behavioral issues that the nursing homes cannot address. He said the State Hospital does not receive Medicaid funding for nursing home patients between the ages of 21 and 65 years because of the federal Institution of Mental Diseases exclusion.

In response to a question from Representative Carlisle, Mr. Schweitzer said he is not aware of any statutory restrictions on the use of the buildings at the State Hospital.

Mr. Schweitzer provided information on the State Hospital's income-generating leases for the 2003-05 biennium and the farmland rentals as of September 2003. A copy of the information provided is on file in the Legislative Council office.

DEPARTMENT OF HUMAN SERVICES

Impact of Methamphetamine Usage on the Child Welfare System

Chairman Carlisle called on Mr. Paul Ronningen, Director, Children and Family Services Division, Department of Human Services, to present a report

on the effects that the increased methamphetamine use has had on Department of Human Services programs, including the foster care and child welfare programs. A copy of the information presented is on file in the Legislative Council office.

Mr. Ronningen said the Children and Family Services Division conducted a survey of the county social services offices on August 22, 2003. He said the survey consisted of three questions which assessed the role methamphetamine use, manufacture, or selling has on the placement of children in foster care as well as other consequences within the child welfare system. He said there were 865 children in care through either county social services or the Juvenile Services Division at the time of the survey and the response rate to the survey was 88 percent or 758 responses. He said the survey indicated 117 children or 15 percent of the responses were in foster care because of methamphetamine use, manufacturing, or selling. He said of those 117 children, 58 would not likely have been removed from the home were methamphetamine not a factor. He said the counties have lost staff due to the fear associated with being involved in a drug bust when children have to be removed from their homes. He said the department found that methamphetamine use has had a significant impact on the child welfare system, not only in the number of children placed in foster care, but also in the number of reports of child abuse and neglect and the complexity of the issues surrounding the children who are being served.

In response to a question from Representative Guleson, Mr. Ronningen said children have a treatment plan developed when they enter the child welfare system.

In response to a question from Representative Carlisle, Mr. Ronningen said he would identify items the Legislative Assembly could consider to help the department or the counties with training and safety issues for the social workers and report back to the Budget Committee on Government Services at a later meeting.

Systems of Care for Persons With Mental Illness and Drug and Alcohol Addictions

Chairman Carlisle called on Ms. Karen Romig Larson, Director, Mental Health and Substance Abuse Services Division, Department of Human Services, to present a report on the community-based system of care for persons with mental illnesses and/or substance abuse disorders. A copy of the information presented is on file in the Legislative Council office.

Ms. Romig Larson said North Dakota has an incredible history of moving mental illness and substance abuse services to a community-based system over the years. She said the eight human service centers serve as the regional hubs for an efficient array of services for numerous disorders and disabilities, which allows individuals with multiple

disorders to access a centralized location for assessment, treatment planning, and case management. She said more specialized services are provided through contracts negotiated by each human service center with private providers in the respective regions. She said the areas of services provided include regional intervention services, extended care, clinical services, alcohol and drug abuse, and children's mental health. She said in fiscal year 2002, 14,600 persons received one or more community-based mental health services and 5,685 persons received one or more community-based substance abuse services.

In response to a question from Representative Guleson, Ms. Romig Larson said a major component in treating methamphetamine addictions is the length of time needed for treatment and the vast majority of substance abuse treatment patients do not have insurance and do not qualify for Medicaid, therefore relying on the substance abuse block grant and general fund appropriations to fund the treatment costs.

In response to a question from Senator Brown, Ms. Romig Larson said she will provide the committee with the actual number of people in community-based treatment statewide for mental health and substance abuse as of a set point in time.

Chairman Carlisle called on Ms. Chris Runge, Executive Director, North Dakota Public Employees Association, to comment on the dangers that county social workers are facing when dealing with situations involving methamphetamine. She said there is cause for future concern in maintaining the quality of patient care as a result of budget cuts and employee reductions at the State Hospital.

DEPARTMENT OF CORRECTIONS AND REHABILITATION

Department-Owned Lands, Inmate Population Statistics, Recidivism Rates

At the request of Chairman Carlisle, Ms. Elaine Little, Director, Department of Corrections and Rehabilitation, presented information on property owned or leased by the department and inmate population statistics and related information. A copy of the information presented is on file in the Legislative Council office.

Ms. Little said the Missouri River Correctional Center (MRCC) is located on approximately 100 acres, and the Department of Corrections and Rehabilitation owns an additional 919 acres of land at the MRCC site, consisting of hayland and riverfront woodlands. She said the department owns 279 acres a few miles east of Bismarck, which is farmland leased to area farmers and one acre for a gun range, and owns 1,179 acres at the Sunny Farm located west of Mandan adjacent to the Youth Correctional Center. She said the Sunny Farm land is leased to

area landowners and is managed by the North Dakota State University Experiment Station.

In response to a question from Representative Nottestad, Ms. Little said she would provide the committee with the rates the Department of Corrections and Rehabilitation receives from renting out the land.

In response to a question from Senator Krauter, Ms. Little said the land the Department of Corrections and Rehabilitation owns is land that was transferred from the Director of Institutions to the department when it was formed in 1989.

Senator Krauter suggested the Legislative Council research land transactions of the Department of Corrections and Rehabilitation. Chairman Carlisle agreed to have the information provided to the committee members.

Ms. Little said the average inmate population continues to grow as a result of inmate arrivals being greater than the number of inmate releases. She said the increase in inmate admissions is primarily due to drug offenders. She said as of August 1, 2003, the male inmate count was 1,087 inmates, which was 70 inmates more than anticipated for at that date.

In response to a question from Senator Krauter, Ms. Little said the main reasons for the \$1.97 million general fund turnback for the Department of Corrections and Rehabilitation for the 2001-03 biennium were the department savings as a result of "aggressive parole," the Bismarck transition center opening later in the biennium than was planned, and the savings from not remodeling the nurses' building at the State Hospital.

At the request of Chairman Carlisle, Mr. Patrick W. Foley, Research Director, Department of Corrections and Rehabilitation, presented information on the sentence lengths for North Dakota inmates as compared with those of prisoners in other Midwest states, recidivism rates, and the number of inmates with dual sentences. A copy of the information presented is on file in the Legislative Council office. He said North Dakota's combined male and female recidivism rate is approximately 20 percent, which is comparable to other states in the region. He said North Dakota has shorter average sentence lengths than many of the other states in the country, with an overall average sentence length of 2.38 years as of January 1, 2001.

At the request of Chairman Carlisle, Mr. Foley said he would report back to the committee at the next meeting with updated statistics.

Orientation Process

Chairman Carlisle called on Ms. Barb McGillivray, Unit Manager, Department of Corrections and Rehabilitation, to present a report on the Department of Corrections and Rehabilitation's orientation process. Ms. McGillivray said the State Penitentiary in Bismarck maintains an orientation unit for male new

arrivals in a separate 35-bed housing unit which is double-bunked to provide a 67-bed capacity. She said the purpose of a prison orientation period is to ease inmates' transition into institutional life with the least amount of anxiety possible. She said orientation is a four-week period in which all incoming inmates undergo a thorough screening and assessment process and receive an orientation on the institution's procedures, rules, programs, and services through a series of classes and lectures.

Chairman Carlisle requested Ms. McGillivray provide the committee with a written copy of her testimony, which was provided and is on file in the Legislative Council office.

Expansion of Facilities at the State Hospital

Chairman Carlisle called on Ms. Little to present a report on the potential for the Department of Corrections and Rehabilitation to expand its facilities at the State Hospital. A copy of the information presented is on file in the Legislative Council office. Ms. Little said it is too early in the biennium to provide any concrete information as to the number and type of inmate spaces that will be needed beyond the 2003-05 biennium. She said if there was a need in the near future for the Department of Corrections and Rehabilitation to utilize additional space at the State Hospital, it would be for alcohol and drug treatment beds on a contract basis with the State Hospital.

HOUSING OF STATE FEMALE INMATES

Department of Corrections and Rehabilitation

At the request of Chairman Carlisle, Ms. Little presented information on the status of housing state female inmates in county facilities. A copy of the information presented is on file in the Legislative Council office. Ms. Little said the Department of Corrections and Rehabilitation has signed a contract with the Southwest Multi-County Correction Center for the housing of female inmates. She said the department will send the minimum security female inmates to the New England facility and the medium and maximum security female inmates to the Dickinson facility as soon as the Southwest Multi-County Correction Center indicates it is ready to accept the women. She said the daily reimbursement rate for the female inmates will be \$77.73 for women not requiring intensive treatment and \$89.73 per day for women that do require intensive treatment for a maximum of six weeks. She said \$15.50 of the reimbursement rate per day per inmate will be set aside in a medical account from which all medical expenses will be paid. She said that at any time when the separate medical account has a negative balance greater than \$50,000, the Department of Corrections and Rehabilitation will reimburse the Southwest Multi-County Correction Center for the amount necessary to bring the medical account balance back to a negative \$50,000.

In response to a question from Senator Krauter, Ms. Little said the \$50,000 amount was arrived at in negotiations with the Southwest Multi-County Correction Center and the Department of Corrections and Rehabilitation estimates the department may have to pay as much as \$394,000 for excess female inmate medical expenses during the 2003-05 biennium.

In response to a question from Senator Krauter, Ms. Little said the main reason for the increase in the medical costs for contract housing female inmates is the requirement of having nursing staff onsite 24 hours a day, seven days a week, which is an American Correctional Association standard.

In response to a request from Senator Krauter, and upon the approval of Chairman Carlisle, Ms. Little said she would provide the committee with the American Correctional Association standard that requires nursing staff for prisons 24 hours a day, seven days a week.

In response to a question from Senator Krauter, Ms. Little said the Tompkins Rehabilitation Correctional Center is short 30 beds for males because those 30 beds are needed for treatment of female inmates. She said the department had originally planned on treating the female inmates in the proposed women's prison in the LaHaug Building on the State Hospital grounds, and therefore would not require the beds at the Tompkins Rehabilitation Correctional Center. She said, however, since the Legislative Assembly chose to contract with county facilities to house state female inmates instead of housing them in a women's prison in the LaHaug Building, the department will need to house the women in the Tompkins Rehabilitation Correctional Center for treatment, thus requiring the 30 beds.

In response to a question from Senator Lyson, Ms. Little said the Lake Region Correctional Center and the Stutsman County Jail did not pursue contracts with the Department of Corrections and Rehabilitation for the housing of state female inmates because of the responsibility for the \$50,000 of medical expenses. She said the number of inmates they could house is much less than the Southwest Multi-County Correction Center.

In response to a question from Representative Metcalf, Ms. Little said she will provide information at a future committee meeting on the percentage of the state's inmates that are receiving the level of treatment necessary for drug rehabilitation.

In response to a question from Senator Lindaas, Ms. Little said she estimates the \$50,000 responsibility for medical expenses will be reached early in the 2003-05 biennium.

In response to a question from Senator Espgaard, Ms. Little said she will provide the committee with information regarding the "hold harmless" agreement, which details the amount of liability the Department of Corrections and Rehabilitation and the Southwest

Multi-County Correction Center have regarding legal claims, when it has been finalized.

Southwest Multi-County Correction Center

Chairman Carlisle called on Mr. Norbert Sickler, Administrator, Southwest Multi-County Correction Center, to present a report on the status of housing state female inmates. A copy of the information presented is on file in the Legislative Council office. Mr. Sickler said the Department of Corrections and Rehabilitation and the Southwest Multi-County Correction Center signed a contract for the housing of the state's female inmates on September 2, 2003, after approximately seven weeks of negotiations. He said the Southwest Multi-County Correction Center agreed with the Department of Corrections and Rehabilitation on the daily medical rate of \$15.50 per inmate and that the Southwest Multi-County Correction Center will absorb up to \$50,000 for health care expenses that the \$15.50 per inmate per day does not cover.

Chairman Carlisle requested that the Southwest Multi-County Correction Center provide the committee with an update on the status of housing state female inmates at the committee's next meeting.

In response to a question from Senator Heitkamp, Mr. Sickler said the counties are investing approximately \$500,000 into the housing of state female inmates.

In response to a question from Senator Krauter, Ms. Little said there is usually an average of two to six female inmates that are pregnant during incarceration and if the child is born while the mother is incarcerated, the child is placed with family members or in foster care. She also said the most expensive baby delivery the department has had to pay for exceeded \$9,000.

COMMENTS BY INTERESTED PERSONS

Dr. William Pryatel, a staff psychiatrist at the State Hospital, said he would like to advocate for the mentally ill. He said it is unfortunate there are so many methamphetamine abusers and violent offenders; however, he hopes the mentally ill are not displaced by methamphetamine abusers. A copy of Dr. Pryatel's comments is on file in the Legislative Council office.

Mr. Steve Cichos, Vice Chairman, Stutsman County Law Enforcement Governing Board, Jamestown, said Stutsman County's concerns with contracting to house state female inmates included the medical reimbursement rate and the hold harmless requirement. He said Stutsman County is very interested in housing state female inmates and the county has an excellent working relationship with the Department of Corrections and Rehabilitation. He said, however, the county cannot take the financial risk. He said Stutsman County was not involved or aware of the negotiations between the Department of

Corrections and Rehabilitation and the Southwest Multi-County Correction Center.

Mr. Dick Johnson, Administrator, Lake Region Correctional Center, Devils Lake, said the Lake Region Correctional Center did not pursue a contract to house state female inmates because it would need to house a large number of inmates in order to make the effort cashflow. He said the \$50,000 of medical expenses the county would be responsible for paying was too much for it and the correctional center was concerned with potential liability.

PRELIMINARY PLANNING REVOLVING FUND

The Legislative Council staff presented a memorandum entitled *Preliminary Planning Revolving Fund*. The Legislative Council staff said that pursuant to NDCC Section 54-27-22, an agency interested in obtaining funds from the preliminary planning revolving fund must submit a written request detailing the scope and purpose of the project to the director of the Office of Management and Budget who then files the request and presents the recommendations regarding the proposed project to the Budget Section and the funds may be advanced only in the event that an authorization has first been received from the Budget Section. The Legislative Council staff said funds that are advanced to an agency must be repaid to the preliminary planning revolving fund as money becomes available through legislative appropriation or other sources for the commencement of the project. The Legislative Council staff said the June 30, 2003, balance of the preliminary planning revolving fund was \$124,820.

Chairman Carlisle called on Mr. Joe Morrisette, Assistant Executive Budget Analyst, Office of Management and Budget, to present a report on the preliminary planning revolving fund and the use of the fund for estimating costs to replace the east cell block of the State Penitentiary. A copy of the information presented is on file in the Legislative Council office. Mr. Morrisette said there are six projects which have received money from the preliminary planning revolving fund but which have not received legislative appropriations to proceed, resulting in the Office of Management and Budget's original plan not to solicit agency requests for additional money from the fund during the 2003-05 biennium. He said, however, if directed to do so by the Budget Committee on Government Services, the Office of Management and Budget would solicit requests for the use of money in the preliminary planning revolving fund. He said NDCC Section 54-27-22 directs that money be made available to all agencies, so if the committee wants to consider the use of money in the fund for the preliminary planning of the east cell block replacement, then it may be necessary for the Office of Management and Budget to solicit requests from state agencies and consider all such requests before allocating any

amount to the Department of Corrections and Rehabilitation. He said whether or not the east cell block project would be recommended to the Budget Section by the director of the Office of Management and Budget will depend on the other agency requests submitted, the director's judgment relating to the priority of those projects, and the advice and counsel of the state facilities planner. He said the final approval regarding the use of money in the fund is to be addressed by the Budget Section.

It was moved by Representative Grande, seconded by Representative Nottestad, and carried on a roll call vote that the Budget Committee on Government Services ask the chairman of the Legislative Council to send a letter encouraging the Department of Corrections and Rehabilitation to request funds from the preliminary planning revolving fund to determine the cost and specifications relating to the replacement of the east cell block at the State Penitentiary. Representatives Carlisle, Grande, Guleson, Kroeber, Metcalf, Nottestad, and Warnke and Senators Brown, Espegard, Heitkamp, Kringstad, Lindaas, and Lyson voted "aye." No negative votes were cast.

BUDGET TOURS

North Dakota State Hospital

Following a luncheon provided for committee members at the State Hospital, the committee toured the State Hospital, including the LaHaug Building, the Gronewald/Middleton (GM) Building, the child and adolescent building, and the nursing education building.

James River Correctional Center

After the budget tour of the State Hospital, the committee met in the day care building at the James River Correctional Center.

At the request of Chairman Carlisle, Mr. Tim Schuetzle, Prisons Division Director, Department of Corrections and Rehabilitation, presented information on the status of the 2003-05 biennium budget, programs at the James River Correctional Center, trends in inmate population, plant improvement needs, and programmatic changes. A copy of the information presented is on file in the Legislative Council office.

Mr. Schuetzle said that 6 percent of the budget has been spent during the first two months of the 2003-05 biennium. He said the Department of Corrections and Rehabilitation has more male inmates than was projected in the budget. He said in July 2003 the James River Correctional Center began preparing meals for both the prison and the hospital residents and staff.

Mr. Schuetzle said work continues on the Phase II renovation that was funded in the 2003 legislative session and the James River Correctional Center is working with an energy services group on a performance contract to make \$850,000 of improvements at the James River Correctional Center. He said asbestos has been discovered in the tunnels of the buildings acquired from the State Hospital and the James River Correctional Center plans to request funds to abate the problem, estimated to be approximately \$100,000, during the 2005 legislative session. He said the windows on the first through fourth floors of the housing unit need to be replaced because they leak air and water, which costs more in utilities to heat and also raises concerns about structural damage from water seeping between the walls.

Mr. Schuetzle said the employee turnover rate for the James River Correctional Center has become unacceptable. He said most employees leave for better-paying jobs.

The committee toured the James River Correctional Center.

The committee adjourned subject to the call of the chair at 3:10 p.m.

Stephanie A. Johnson
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1