Prepared by the North Dakota Legislative Council staff for the Budget Committee on Human Services

June 1997

memo

DEPARTMENT OF HUMAN SERVICES STUDY - BACKGROUND MEMORANDUM

STUDY DIRECTIVE

House Concurrent Resolution No. 3042 directs the study of the Department of Human Services, including the appropriateness of a consolidated Department of Human Services in light of significant federal funding, society, and technology changes and including the changes necessary to enhance program effectiveness, legislative understanding, appropriation analysis and development, and oversight of the Department of Human Services. Section 34 of 1997 House Bill No. 1012 provides that if the Legislative Council studies the Department of Human Services pursuant to this study resolution, the study should also review the block grant method of appropriating funds to regional human service centers, including incentives, accountability, and budgeting processes.

Reasons for the study listed in the resolution include:

- The 1981 Legislative Assembly created the department and consolidated the functions, powers, and duties of the Social Service Board, the Mental Health and Retardation Division of the Department of Health, the Division of Alcoholism and Drug Abuse of the Department of Health, and the State Council on Developmental Disabilities;
- Changes in federal funding, including block grants, provide the state an opportunity to change the human services delivery system;
- The development of sophisticated computer systems and applications make information access easier and more efficient;
- Society has experienced significant changes since the consolidation and creation of the Department of Human Services, including an increase in youth-related problems, changes in family structure, changes in economic situations, a shift in population from rural to urban communities, and increases in prison populations;
- In the area of medical services, the state is experiencing increased costs, limited accessibility to services, the development of managed care options, and the deinstitutionalization of state institutions; and
- The combination of agencies was done to make more efficient the delivery of human services in North Dakota, to minimize the administrative costs of providing these services, and to eliminate the duplication of services.

Attached as an appendix is a copy of House Concurrent Resolution No. 3042.

1997 RELATED LEGISLATIVE ACTION

Department of Human Services Funding

	FTE Positions	General Fund	Other Funds	Total
1997-99 executive budget	2,266.90	$342,519,666	$862,220,649	$1,204,740,315
1997-99 legislative appropriations	2,237.40	334,897,564	835,337,624	1,170,235,188
Legislative increase (decrease) to executive budget	(29.50)	($7,622,102)	($26,883,025)	($34,505,127)
Legislative increase (decrease) to 1995-97 appropriations	(30.00)	$25,269,278	$105,904,315	$131,173,593

Full-Time Equivalent Positions

The following is a summary of the Department of Human Services FTE positions by subdivision:

Subdivision	1995-97 Level	1997-99 Executive Budget	1997-99 Authorized Level
Management and Councils	102.30	105.80	104.80
Economic Assistance	101.80	114.80	113.80
Program and Policy	118.65	117.15	114.65
Human Service Centers	822.75	823.75	808.25

Subdivision	1995-97 Level	1997-99 Executive Budget	1997-99 Authorized Level
State Hospital	628.60	632.10	622.60
Developmental Center	493.30	473.30	473.30
Total	2,267.40	2,266.90	2,237.40

Block Grant Funding

The 1997 Legislative Assembly provided block grants to the human service centers, the State Hospital, and the Developmental Center and included the following related sections in House Bill No. 1012:

1. Legislative intent - Human service center and institutional services - Section 6 provides legislative intent that the human service centers and institutions, while being provided more funding flexibility during the 1997-99 biennium, are expected to:
   - Continue to utilize standards, guidelines, practices, and core services in effect on March 1, 1997;
   - Continue to strive toward improving quality of services and achieving successful client outcomes;
   - Maximize available federal or other funds to provide services; and
   - Utilize innovative and effective methods of service delivery in order to achieve cost savings or to enhance the level of services provided clients.

   Human service centers are to provide appropriate community services to continue the trend of fewer State Hospital and Developmental Center admissions to serve clients, to the extent possible, in a least restrictive environment.
2. Full-time equivalent employees - Reporting - Section 7 provides for reports to the Budget Section and the Legislative Council, or its designee, on the hiring of any additional full-time equivalent positions in addition to those authorized by the Legislative Assembly at the human service centers, the State Hospital, and the Developmental Center (assigned to the Budget Committee on Government Services).
3. Human service center service costs - Reimbursement system - Section 8 requires each human service center to report to the Department of Human Services its services provided on a cost per service basis for the 1997-99 biennium and requires the department to analyze the data collected and develop for the 1999-2001 biennium a standardized reimbursement system for human service centers based on service costs.

Welfare Reform Legislation

House Bill No. 1041 requires counties, effective January 1, 1998, to assume the financial responsibility for the costs of administering certain economic assistance programs and requires the state to assume complete financial responsibility for the grant costs of assistance programs and contribute additional support of administrative costs for counties with Indian land. The state assumes financial responsibility for grant programs, including temporary assistance for needy families (TANF), basic care, child care assistance, and Medicaid.

House Bill No. 1226 changes references from the aid to families with dependent children (AFDC) program to the TANF program and authorizes the Department of Human Services to administer the TANF program in accordance with federal law. The department is authorized to submit a state plan that meets the requirements of federal law under Title IV-A of the Social Security Act. The county social service boards are required to administer the TANF program in lieu of the AFDC program beginning July 1, 1997. The bill provides for the establishment of a statewide automated data processing system that contains records with respect to each child support case in which services are being provided by the state agency or a child support agency. A variety of powers are granted to the child support enforcement program, including the power to issue subpoenas and sanction noncompliance, order genetic tests, authority to access a variety of governmental and private records, and authority to access records of financial institutions to locate absent parents and their assets. The bill requires all employers in the state to comply with requests from child support enforcement for information about the employment, compensation, and benefits of any employee. The bill provides for the reporting of child support arrearages to credit bureaus and the securing of assets by writs of execution to secure assets to satisfy past due child support. The bill also addresses state and county responsibility for financing the costs of administering TANF, child care assistance, and employment and training.

Computer Funding Summary

The 1997 Legislative Assembly provided the following changes to the executive recommendation for the 1997-99 biennium for computer funding for the Department of Human Services:

Subdivision	Executive Budget	1997-99 Appropriation	Legislative Increase (Decrease)
Management and Councils	$9,910,175	$7,427,494	($2,482,681)
Economic Assistance	18,410,901	12,861,109	(5,549,792)
Program and Policy	4,451,622	3,487,144	(964,478)
Field Services	7,277,949	2,238,826	(5,039,123)
Computer Technology		6,816,809	6,816,809
Total all funds	$40,050,647	$32,831,382	($7,219,265)
Less estimated income	21,537,825	17,419,844	(4,117,981)
Total general fund	$18,512,822	$15,411,538	($3,101,284)

The 1997 Legislative Assembly also added Sections 19 and 20 to House Bill No. 1012 regarding computer development as follows:

1. Computer development costs - Section 19:
   - Details the Department of Human Services computer development projects funded and discussed earlier totaling $6,816,809, of which $3,504,163 is from the general fund;
   - Requires prior Budget Section approval before the Department of Human Services can exceed the cost for the named projects and provides that if savings are projected for the computer projects, the department may request Budget Section approval to start other projects with those savings;
   - Requires the department to report to the Budget Section on the status of the development of the system, system costs and benefits, and the receipt of the matching federal funds;
   - Provides that, except as may be waived by the Budget Section, the department may not spend general fund appropriations for the RESPOND computer system unless approval for the cost allocation plan for the receipt of matching federal funds in the amounts not less than 85 percent of that estimated during the 1997 Legislative Assembly has been received from the appropriate federal agency; and
   - Requires the department, unless waived by approval of the Budget Section, to meet the requirements provided by the administration for children and families of the United States Department of Health and Human Services in its communication dated February 12, 1997, related to the state's development of the RESPOND and TEEM computer projects.

The projects funded are detailed as follows:

Project	General Fund	Other Funds	Total
TEEM - Release 3	$899,607	$473,037	$1,372,644
RESPOND - Release 3	260,583	137,021	397,604
State Hospital	1,800,000		1,800,000
Medical - TANF	379,307	2,537,922	2,917,229
Child care	164,666	164,666	329,332
Total	$3,504,163	$3,312,646	$6,816,809

2. Computer development - Future contracts - Section 20 provides legislative intent that the Department of Human Services not enter into contracts for computer development that require the expenditure of funds in future bienniums without the prior approval of the Legislative Assembly.

PREVIOUS STUDIES OF THE DEPARTMENT OF HUMAN SERVICES

1942 Public Administration Service Study

In 1942 the Public Administration Service of Chicago, Illinois, prepared a report entitled *Organization and Administration of the State Government of North Dakota* for the North Dakota Governmental Survey Commission.

The report states that "[n]o ideal or standard pattern of state government . . . exists . . . (therefore) administrative structures must be designed to meet the problems of individual states." It was recommended that the state establish a Department of Public Welfare as follows:

1. Create a Department of Public Welfare headed by a director appointed by the Governor.
2. Assign the following responsibilities to the department:

a. General relief.
b. Old-age assistance.
c. Aid to dependent children.
d. Aid to the blind.
e. Child welfare.
f. Licensing, regulation, and supervision of hospitals, homes, institutions, and other facilities receiving maternity cases or children for temporary or permanent care.
g. Investigation of petitions for the adoption of children referred by the courts.
h. Guardianship of neglected, delinquent, dependent, or disabled children as committed by the court.
i. Enforcement of laws regarding the paternity of illegitimate children.
j. Federal programs of surplus commodities distribution, Work Projects Administration, National Youth Administration, and Civilian Conservation Corps.
k. Veterans' services.
l. Supervision and control over admissions, releases, and paroles from institutions under its jurisdiction.
m. Management and operation of the State Penitentiary, State Industrial School, State Hospital, Veterans Home, and the State Developmental Center at Grafton.

3. Establish a three-member, Governor-appointed Public Welfare Advisory Board with staggered six-year terms to:
   a. Represent the public interest in the improvement of public welfare administration in the state.
   b. Advise the Governor and the director on problems concerning public welfare administration.
   c. Act as a hearing board on appeals by applicants for the several types of public assistance.
   d. Perform investigations it considers desirable concerning the administration of public welfare.

1970 Touche Ross Review

Touche Ross and Company, Certified Public Accountants, conducted a detailed review of the administrative and procedural practices of North Dakota welfare and submitted its report to the Committee on Government Administration in February 1970. The review found that improvements in local office structure, staffing, organization, people skills, and management tools were necessary to meet the needs of the 1970s.

The major recommendations were as follows:

1. Local and regional welfare organization - The present 50 local welfare offices should be consolidated into 19 locations, and their direct administration should become the responsibility of the state, organized on a regional basis.
2. State welfare organization - The state-level organization should be regrouped under five directors reporting to the state welfare director. One of the five directors should be in charge of the local and regional offices and of the State Industrial School.
3. Medical assistance program administration - A medical surveillance and utilization team should be established at the state level for the Title XIX program and the use of authorizations discontinued. The Public Welfare Board should act to comply with federal regulations concerning hospital cost reimbursement. The cost reimbursement system of nursing homes should be strengthened.
4. Accounting and budgeting - A social services information system should be established to supervise social workers more effectively and to help determine the effectiveness of social services programs.

Touche Ross conducted a followup study in 1972 and was contracted with in 1973 and 1976 to recommend a plan to integrate vocational rehabilitation services with the department's other programs.

1985-86 Study of the Delivery of Human Services

The 1985-86 Budget Committee on Human Services contracted with Dr. Kenneth J. Dawes, University of North Dakota, to conduct an indepth survey of the programs, staff, and structure of the department.

Dr. Dawes identified the strengths and weaknesses of the human services delivery system in 1985-86:

Strengths	Weaknesses
Organizational structure	Lack of coordination
Physical facilities	Administrative structure
Working conditions	Ineffective leadership
Comprehensive services	Political climate/control
Lack of duplication	Lack of goals and priorities
Dedicated staff	Closed decisionmaking
Competent staff	Limited planning
Quality services	Poor needs assessments
Supportive community	Lack of training
Service philosophy	Lack of evaluation of programs
	Underutilized programs
	High caseloads
	Lack of outreach services
	Lack of public awareness

Dr. Dawes made the following 23 recommendations:

1. Improved coordination - Improving coordination, both within the organization and with the

external community, become a top priority concern for all levels of departmental administration at the county, regional, and state office levels.

2. Enhanced coordination - Coordination be enhanced by developing departmentwide glossaries, joint training, procedural handbooks, orientation manuals, and other devices that will serve to promote a sense of a common mission and purpose.
3. Communication - The administration of the department conduct an indepth study of the existing communication channels and identify restraints to accurate, effective, and speedy communication, i.e., bottlenecks, redundant paperwork, ineffective staff, etc.
4. Joint memorandums of understanding - The respective responsibilities of the regional centers and the counties be specified in formal annual joint memorandums of understanding in each region.
5. Linkage with providers - Regional administrators and staff develop increased linkages with the community services that are provided within their regions and that informal memorandums of understanding or agreements be developed concerning the services that will be provided, the mechanics of the referral process, joint planning, and the exchange of information.
6. Public information - Each region develop public information brochures that will assist referral sources in better understanding the purposes of the county and regional centers, the types of services provided by each entity, the types of referrals that are appropriate for each, and the mechanics of the referral process.
7. Position elimination - Consideration be given to eliminating the position of director of the Office of Human Services.
8. Administrative roles - The roles and responsibilities of each of the administrative positions within both the regional and state offices be clearly defined and that every effort be made to minimize unnecessary duplication and/or areas of nonaccountability.
9. Enhanced leadership - Leadership within the organization be enhanced by identifying the strengths and weaknesses of present administrators and then providing the necessary training to assist them in overcoming any weaknesses and to build on existing strengths.
10. Advisory board - A state advisory board be established composed of the chairpersons of each of the eight regional boards and representatives of the county social service boards.
11. Statement of goals - A systemwide statement of purpose, goals, and objectives be developed.
12. Seek input - Prior to instituting new policies and procedures, input be secured, to the extent possible and reasonable, from those persons who will actually institute the policies.
13. Systemwide planning - Comprehensive planning be instituted on a systemwide rather than a programmatic or grant-funded basis and that priorities be set for the delivery of specific services by region and county.
14. Needs assessment - A formal needs assessment process be adopted and conducted on a systemwide basis. This process should include the regular collection of objective data as well as the solicitation of the opinions of service providers.
15. Program review - Every existing program and service be periodically and regularly reviewed by a departmental panel for purposes of recommending continuance, discontinuance, transfer, or modification. Priority should be given to reviewing the SYA, EPSDT, WIN, and CWEP programs in the near future.
16. Caseload study - A study of staff caseloads be made in each of the regions in order to determine appropriate standards and inequities.
17. Outreach - Each regional office develop a plan for promoting outreach within its region.
18. Public information - The Department of Human Services place greater emphasis on providing public information about the programs that are provided by the department, including informational brochures, statistical trends, services provided, outcome of services, and costs.
19. Vocational rehabilitation review - A thorough review of the Vocational Rehabilitation Division and its staff be conducted to determine why many staff members indicate a high level of dissatisfaction.
20. Evaluative research - Greater emphasis be placed on evaluative research and an information system, designed as a tool for staff, be developed.
21. Staff evaluations - All staff members be regularly evaluated, including administrators at all levels, to determine their level of functioning, their strengths, and their weaknesses.
22. Career development - A career development plan be designed for each staff member and staff development opportunities be provided to each staff member in keeping with the individualized plan.
23. Staff salary study - A study be made to determine if staff salaries are equitable and competitive with salaries provided by similar

organizations providing similar services across the nation.

1990 Study of the Human Services Delivery System

During the 1989-90 interim, the Budget Committees on Long-Term Care and Human Services conducted a joint review of alternatives for restructuring the human service delivery system in North Dakota. The committees were assigned this responsibility after the December 1989 tax referrals and the potential impacts on human service programs of budget reductions resulting from the tax referrals. The committees reviewed social service responsibilities, programs, and funding in North Dakota, Minnesota, Montana, South Dakota, and Iowa.

Observations and Recommendations

The committees made several observations including:

1. Significant voluntary efforts between counties have been made to share social work staff supervision, including the merging of county social service agencies under a single director.
2. Technical assistance should be provided counties to develop additional shared cooperative ventures.
3. Financial incentives should be provided counties for planning and creating fiscal efficiency and improving delivery by merging administrators, offices, or social work staff.
4. Legal agreements should be entered into between the various counties and the Department of Human Services spelling out the fiscal incentives and long-term commitments.
5. The state should encourage, assist, or provide incentives to the counties for consolidation rather than require the merger of small counties.
6. The state needs to make it easier for counties to share workers and develop methods of purchase, service, or sharing of positions between human service centers and county social service boards for a cost-effective method of providing specialized services to rural areas.
7. Economic assistance delivery services should be available as close to the clients as possible with adequately trained staff.
8. The state should review and evaluate the necessity for continuing current rules which have a significant workload impact on eligibility determination workers.
9. Social service staff need to be able to respond locally to emergency needs, especially in the areas of child abuse and abused women.

The committee recommended, and the 1991 Legislative Assembly passed, Senate Bill No. 2033 that created North Dakota Century Code Section 50-01.1-02.1 to provide financial incentives for the creation of multicounty social service districts. Chapter 50-01.1 includes the statutory provisions for the establishment of multicounty social service districts. The bill included a $200,000 appropriation from the state aid distribution fund for the 1991-93 biennium. The financial incentives were to be based on achieved economies of scale, adherence to caseload standards, reduced administrative costs, specialized staff qualifications, and quality of services provided. The incentives are limited to a six-year period. The $200,000 appropriation was not spent and financial incentives were not provided to establish any multicounty districts.

1991-92 Update of Dawes Recommendations

The 1991-92 Budget Committee on Human Services contracted with Dr. Kenneth Dawes for a report on the status of the 1987 legislative recommendations regarding the Department of Human Services. Dr. Dawes provided the committee a historical review of the development of social services in North Dakota and of the Department of Human Services, conducted a review of the status of recommendations contained in the 1987 report, and conducted interviews of personnel of the department and county social service agencies.

The following are the 1991 recommendations of Dr. Dawes:

1. The department should strengthen its current efforts to mold the department into an integrated, cohesive organizational structure with a common mission and purpose.
2. The administration of the department should develop and implement a plan for recruiting, training, rewarding, developing, and retaining quality personnel.
3. The administration of the department should develop and expand collaborative efforts with higher education institutions in the areas of evaluation, research, training, and consultation.
4. The administration of the department should develop and expand efforts with private providers, public agencies, schools, and hospitals in developing systemwide human services, planning, and needs assessment.
5. The administration of the department should increase efforts to coordinate the activities of the service programs with the economic assistance programs.
6. The administration of the department should foster an internal decisionmaking process that is rooted in adherence to the mission of the organization and focuses on the needs of North

Dakota citizenry.

7. The administration of the department should establish a mechanism for anticipating future needs and conceptualizing potential approaches to meeting those needs.

The committee as a result of Dr. Dawes' study and a State Auditor's office performance review of the Department of Human Services recommended 1993 Senate Concurrent Resolution No. 4004 encouraging improvements by the Department of Human Services.

1995-96 Budget Committee on Human Services Study

The Budget Committee on Human Services studied the responsibilities of county social service agencies, regional human service centers, and the Department of Human Services regarding economic assistance programs. The committee received detailed information regarding central office, human service center, and county social service administrative costs and caseloads for calendar year 1994. The committee recommended, and the 1997 Legislative Assembly passed, House Bill No. 1041 requiring counties, effective January 1, 1998, to assume the financial responsibility for the cost of administration of certain economic assistance programs and requiring the state to assume complete financial responsibility for the nonfederal share of the grant costs of medical assistance and basic care and to contribute additional support of administrative costs for counties with Indian land. The state will assume financial responsibility for grant programs, including TANF, basic care, child care assistance, and Medicaid.

STUDY PLAN

The following is a proposed study plan for the committee's consideration regarding the study of the Department of Human Services:

1. Receive reports and suggestions regarding the organization of the Department of Human Services and the delivery of human services in North Dakota from representatives of the Department of Human Services, the North Dakota Association of County Social Service Board of Directors, regional human service center directors, the North Dakota Association of Counties, and the North Dakota County Social Service Boards Association.
2. Receive testimony from other interested persons and organizations regarding the committee's study of the Department of Human Services.
3. Consider contracting for the services of a professional consultant to review the Department of Human Services and the delivery of human services in North Dakota and develop recommendations for the committee's consideration to improve the organization of the department and the delivery of human services in North Dakota.
4. Receive a staff memorandum updating the human service department organizational structure in surrounding states and other states.
5. Develop recommendations and any necessary legislation to implement the committee's recommendations.
6. Prepare a final report for submission to the Legislative Council.

ATTACH:1

Fifty-fifth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Monday, the sixth day of January, one thousand nine hundred and ninety-seven

HOUSE CONCURRENT RESOLUTION NO. 3042
(Representatives Jensen, Dorso, Boucher)
(Senator Nalewaja)

A concurrent resolution directing the Legislative Council to study the department of human services.

WHEREAS, the 1981 Legislative Assembly created the Department of Human Services and consolidated the functions, powers, and duties of the Social Service Board, the Mental Health and Retardation Division of the Department of Health, the Division of Alcoholism and Drug Abuse of the Department of Health, and the State Council on Developmental Disabilities; and

WHEREAS, changes in federal funding, including block grants, provide the state an opportunity to change the human services delivery system; and

WHEREAS, the development of sophisticated computer systems and applications make information access easier and more efficient; and

WHEREAS, society has experienced significant changes since the consolidation and creation of the Department of Human Services, including an increase in youth-related problems, changes in family structure, changes in economic situations, a shift in population from rural to urban communities, and increases in prison populations; and

WHEREAS, in the area of medical services the state is experiencing increased costs, limited accessibility to services, the development of managed care options, and the deinstitutionalization of state institutions; and

WHEREAS, the combination of agencies was done to make more efficient the delivery of human services in North Dakota, to minimize the administrative costs of providing these services, and to eliminate the duplication of services; and

WHEREAS, the executive budget for the Department of Human Services for the 1997-99 biennium exceeds $1.2 billion, of which $342 million is from the state general fund, a complex budget providing funding for numerous organizational units making legislative analysis and oversight challenging;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:

That the Legislative Council study the Department of Human Services, including the appropriateness of a consolidated Department of Human Services in light of significant federal funding, society, and technology changes and including the changes necessary to enhance program effectiveness, legislative understanding, appropriation analysis and development, and oversight of the Department of Human Services; and

BE IT FURTHER RESOLVED, that the Legislative Council report its findings and recommendations, together with any legislation required to implement the recommendations, to the Fifty-sixth Legislative Assembly; and

BE IT FURTHER RESOLVED, that the Legislative Council may contract with firms or individuals having expertise in areas related to this study, and that the Department of Human Services shall provide such assistance as the committee may request.

Filed March 28, 1997