

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HUMAN SERVICES

Thursday, July 1, 1999
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Jeff Delzer, Chairman, called the organizational meeting of the Budget Committee on Human Services to order at 9:00 a.m.

Members present: Representatives Jeff Delzer, Ron Carlisle, Audrey Cleary, Pat Galvin, Lyle Hanson, Todd Porter, Clara Sue Price, Sally M. Sandvig, Ken Svedjan, Robin Weisz; Senators Dennis Bercier, Judy L. DeMers, Tom Fischer, Judy Lee, David O'Connell

Members absent: Representatives Roxanne Jensen, Carol A. Niemeier; Senators Marv Mutzenberger, Russell T. Thane

Others present: See attached appendix

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, presented the supplementary rules of operation and procedure for committees of the North Dakota Legislative Council.

Chairman Delzer said Senator Judy Lee would be the vice chairman of the Budget Committee on Human Services. He discussed the numerous studies that have been assigned to the Budget Committee on Human Services and called on Legislative Council staff to present the background memorandum regarding the study of the Department of Human Services and the human service centers.

DEPARTMENT OF HUMAN SERVICES AND HUMAN SERVICE CENTER SERVICES STUDY

The Legislative Council staff presented the memorandum entitled *Department of Human Services Study - Background Memorandum*. The background memorandum details the study responsibilities assigned to the committee which include the monitoring of the Department of Human Services implementation of recommendations to improve its administrative structure and to enhance its budget presentation methods pursuant to Senate Concurrent Resolution No. 4003, a study of the human service centers pursuant to Section 28 of Senate Bill No. 2012, and a review of departmental program funding issues pursuant to Section 25 of Senate Bill No. 2012. The background memorandum provides information regarding those study responsibilities, Department of Human Services funding comparisons, a summary of sections contained in Senate Bill No. 2012, a summary of related legislation adopted by

the 1997 Legislative Assembly, and previous Legislative Council studies of the Department of Human Services.

Chairman Delzer called on Ms. Carol K. Olson, Executive Director, Department of Human Services, to comment regarding the committee's studies. A copy of her testimony is on file in the Legislative Council office. Ms. Olson said the department is involved in a departmentwide strategic planning process which will address many of the recommended changes contained in Senate Concurrent Resolution No. 4003. Ms. Olson said the department is working with the Office of Management and Budget to make changes to the SIBR computer system to allow Appropriations Committees members to track objectives to the various line items. She indicated the department is also developing a computer data base that will provide access for legislators and others regarding the status of the department's implementation of recommendations in Senate Concurrent Resolution No. 4003. She said the study of the human service centers will be addressed through the department's ongoing strategic planning process. Regarding the department's program funding review, her testimony provides information that the Department of Human Services is accessing virtually all the federal funds available.

Ms. Yvonne Smith, Deputy Director, Department of Human Services, commented on the department's strategic planning initiative. A copy of her testimony is on file in the Legislative Council office. She said the department is in Phase 2 or the managing-for-results phase of the strategic planning process. She said the planning process began in the central office and will be extended to the human service centers, State Hospital, and the Developmental Center in July and August 1999. She said county social service agencies will be brought into the process as well. She said as a result of the development of performance measures, the department will be in a position to address the issues identified in Section 28 of Senate Bill No. 2012 regarding human service center programs. Regarding Section 25 of Senate Bill No. 2012 regarding a program funding review, Ms. Smith said the managing-for-results process will also address those issues.

In response to a question from Chairman Delzer, Ms. Smith said the "purpose statements" are in draft form and should be available to committee members. Chairman Delzer suggested that the department provide the information by e-mail to committee members who have e-mail access.

In response to a question from Representative Svedjan, Ms. Smith said the department is not approaching the strategic planning process with the mindset of increasing services but rather providing for a cost-effective delivery of services. Representative Svedjan suggested that the department consider alternative strategies for service delivery. Chairman Delzer suggested that privatization also be a consideration. Representative Price said the department should look long term, especially considering the 2000 population census and its potential impact on the eight regional human service centers.

The committee discussed the budget presentation efforts. Chairman Delzer said the department should seek input from appropriation members regarding the budget presentation process. Senator Lee said the information identifying the budget presentation methods to be used for the 2001 Legislative Assembly should also be presented to the Budget Committee on Human Services. Representative Svedjan said as a result of the extended House Appropriations Human Resources Division committee time spent on the Department of Human Services appropriation during the 1999 Legislative Assembly, the department should have a clear understanding of the information required by the Appropriations Committees, and the department's 2001 presentation should provide that information in an organized and easy to understand format.

The Legislative Council staff presented the *Department of Human Services and Human Service Center Services Study Plan*. The proposed study plan identifies study areas for the Budget Committee on Human Services.

Mr. Rolf Storsteen, Director, South Central Human Service Center, Jamestown, said the human service center directors are aware of the committee's study and are willing to cooperate and participate in the study. Representative Price said there are different needs in each of the human service centers, and it would be helpful for the committee to have information on each center's services and caseloads. She said it would also be interesting to know the level of contracting for service delivery at each of the human service centers.

Chairman Delzer asked that the Department of Human Services provide the requested information at the committee's next meeting regarding the services provided at the human service centers including related information on staff hours and client caseloads. Representative Carlisle asked that the presentation include information regarding caseload trends, reasons for caseload changes, and identifying unduplicated caseload numbers. Representative

Delzer asked that the information be mailed to committee members in advance if possible.

Ms. Michon Sax, County Social Service Director, McKenzie and Williams County Social Service Boards, representing the North Dakota Association of County Social Service Directors, provided testimony regarding the committee's study. A copy of her testimony is on file in the Legislative Council office. She said the county social service agencies have an excellent working relationship with the Department of Human Services in both the economic assistance and social service programs. She said one of the concerns of all counties is that the department may not have adequate staff and resources available to meet all the program delivery needs. She said county social services agencies are willing to be a part of the Department of Human Services systemic and continuous planning process.

Representative Svedjan said the Department of Human Services is considering changes to the Medicaid drug reimbursement procedures. He asked that the committee receive information from the Department of Human Services at its next meeting regarding the status of Medicaid drug expenditures as compared to the budget for 1997-99, the projected expenditures for the 1999-2001 biennium, Department of Human Services plans for any Medicaid drug reimbursement changes, the ability of the department to address any projected shortfalls in drug reimbursement from other Medicaid services funding, and the potential long-term impacts of drug reimbursement changes under consideration.

Chairman Delzer asked that the Department of Human Services report at the next meeting regarding those issues and said after receiving the information if the committee seeks to study the issue, the approval of the Legislative Council chairman may be necessary.

In response to a question from Representative Delzer regarding pilot projects for adult protective services, Ms. Olson said the Division of Aging Services had available approximately \$110,000 of federal Older Americans Act funds that it provided to the human service centers to provide for adult protective services for the last three to six months of the 1997-99 biennium.

Representative Carlisle asked for information regarding the details of adult protective services funding and services provided at each human service center. Representative Svedjan asked if the department expected to continue these programs beyond the 1997-99 biennium. Ms. Olson said that was not an expectation. Chairman Delzer asked that the department provide a report on adult protective services at the committee's next meeting.

It was moved by Representative Svedjan, seconded by Senator Fischer, and carried on a roll call vote that the proposed study plan for the Department of Human Services and human

service center services as presented be amended to include information regarding human service center delivery methods and departmental budget presentation and be approved as amended. Representatives Delzer, Carlisle, Cleary, Hanson, Porter, Price, Sandvig, and Svedjan and Senators Bercier, DeMers, Fischer, and O'Connell voted "aye." No negative votes were cast.

WELFARE REFORM ISSUES

The Legislative Council staff presented a memorandum entitled *Study of Welfare Reform Issues*. The memorandum provides information regarding the six study responsibilities assigned to the committee regarding welfare reform. The study directives include a study of the temporary assistance for needy families (TANF) program in North Dakota pursuant to Senate Concurrent Resolution No. 4036, a review of a pilot project for administration of a tribal family assistance grant, potential approval of the termination of any waiver obtained by the Department of Human Services regarding the training, education, employment, and management (TEEM) program, approval of revised administration of the TANF program, periodic reports from the department of the progress in determining the most reliable unemployment data for Indian country, and a report to be received in August 2000 from the Department of Human Services of the progress in implementing child support income withholding.

The memorandum also provides information regarding the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and information regarding the 1997-98 Welfare Reform Committee study and observations.

The Legislative Council staff presented a memorandum entitled *Welfare Reform Study Plan*. The memorandum details a proposed study plan for the committee's study of welfare reform issues.

Mr. Kevin Iverson, Director, TEEM, Department of Human Services, provided testimony on the implementation of the TANF program. A copy of his presentation is on file in the Legislative Council office. Mr. Iverson said the TANF work requirement is 35 percent for fiscal year 1999 and the state's estimated work participation rate for January through March 1999 was 28.3 percent. He said the department may receive approval to adjust the required work requirement based on TANF caseload reductions and has submitted a related request to the federal agencies. He said based on the significant reduction in TANF caseloads, North Dakota's required work participation percentage would be 22 percent, compared to the 28.3 percent actual work participation rate. Mr. Iverson said caseloads were 3,019 for the TEEM program for May 1998 and have not changed significantly in the last few months. He said the 1999-2001 budget had a July 1999 projected caseload of 2,824 or 250 less than the April 1999

actual caseload of 3,074. He said approximately 57 percent of the May 1999 TEEM cases were native American. He said, regarding the tribal TANF pilot project, a letter has been sent to all tribal chairs to inform them of the possibility of a tribal pilot project and the department will negotiate with tribes for a project. He said there are currently two reservations that exceed the 50 percent unemployment ratio--the Turtle Mountain and Spirit Lake Reservations. He said the significance of this is that for each month that an area exceeds the 50 percent unemployment rate, that month will not count in an individual's 60-month lifetime benefit limit. He said, however, those clients are still required to participate in work activities.

Mr. Iverson said a TEEM pilot project has been established for Rolette County that will provide training for up to 50 TEEM recipients to provide them employment readiness training. He said the department plans to remove the low-income home energy assistance heating benefit from the TEEM benefit payment because of the difficulty in adjusting these payments monthly to coincide with heating bills.

In response to questions from Representative Svedjan, Mr. Iverson said the unemployment rates for the Indian reservations are calculated based on Job Service North Dakota estimates of the 1998 population for the area. He said the revised North Dakota Job Service unemployment estimates are similar to and do not vary significantly from the Bureau of Indian Affairs estimates. He said these estimates take into account discouraged workers, while previous Job Service unemployment estimates reflected only persons actively seeking work.

In response to a question from Representative Svedjan, Mr. Iverson said the department could provide at the next meeting some analysis of the current TANF caseload and caseload trends, including changes at reservation counties and other areas.

In response to questions from Senator DeMers regarding the department's ability to track TANF clients after they leave the program, Mr. Iverson said the "Wellstone Amendment," under consideration in Congress, if adopted would require states to track clients for 24 months after they leave assistance programs.

The committee recessed at 11:48 a.m. for lunch and reconvened at 1:00 p.m.

Ms. Sax provided testimony regarding the committee's study of welfare reform issues, a copy of which is on file in the Legislative Council office.

Representative Price asked about the department's ability to track clients that leave the TANF program by monitoring the client's participation in other economic assistance programs, such as child care, medical assistance, and food stamps. Mr. Iverson said the department does not do this tracking on a regular basis, but because extended medical assistance benefits are provided clients after

they leave the TANF program, some tracking and reporting opportunities may be available from that information. Chairman Delzer asked that the department provide information regarding the tracking of former TANF clients at the committee's next meeting.

Representative Svedjan said he would also like to receive an update from the Department of Human Services regarding the use of federal TANF funds. He said the state may lose unused TANF moneys, which may require the state to use or commit the funds. Representative Svedjan said the federal government believes the original TANF appropriations to states were too large and because of reduced TANF caseloads and related savings Congress is considering using those savings in other areas. Chairman Delzer asked that the department also provide information regarding TANF caseloads and the budget impact if actual caseloads continue to exceed budgeted caseloads for the 1999-2001 biennium.

Senator Bercier said the Turtle Mountain Indian Reservation tribe is interested in a tribal TANF program.

Mr. Mike Schwindt, Director, Child Support Enforcement Division, Department of Human Services, provided testimony regarding the income withholding process for child support, a copy of which is on file in the Legislative Council office. He said the department plans to report on the progress in implementing House Bill No. 1121 when requested by the committee. He said as of May 31, 1999, a total of 37,000 civil files have been entered by the clerks and the regional unit staff in the state's income withholding system. He said the department expects to request

federal certification of its State Disbursement Unit by mid-September 1999.

In response to questions from Representative Delzer, Mr. Schwindt said the department does not anticipate any federal penalties relating to the certification of its child support computer system.

It was moved by Senator Lee, seconded by Representative Price, and carried on a roll call vote that the committee approve the proposed study plan for the study of the welfare reform issues, as amended, reflecting Department of Human Services reports on TANF caseloads, TANF budget status, the use of federal TANF funds, and the TEEM pilot project in Rolette County. Representatives Delzer, Carlisle, Cleary, Galvin, Hanson, Porter, Price, Sandvig, Svedjan, and Weisz and Senators Bercier, DeMers, Fischer, Lee, and O'Connell voted "aye." No negative votes were cast.

The committee adjourned at 2:00 p.m. subject to the call of the chair.

Jim W. Smith
Assistant Legislative Budget Analyst and Auditor

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

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