

2021 SENATE HUMAN SERVICES

SB 2086

2021 SENATE STANDING COMMITTEE MINUTES

Human Services Committee Sakakawea Room, State Capitol

SB 2086
1/6/2021

A BILL for an Act to amend and reenact sections 11-16-01, 11-16-06, 11-23-01, 14-09-06.3, 14-09-06.4, 14-15-09, 14-15-11, 50-01.1-04, 50-01.1-08, 50-01.2-05, 50-06-05.8, 50-12-08, 50-33-01, 50-33-02, 50-35-02, 50-35-03, 50-35-04, 50-35-05, 50-35-06, and 50-35-07 of the North Dakota Century Code, relating to the operation and financing of human service zones; to repeal chapter 50-11.2 of the North Dakota Century Code, relating to foster care parent grievance; and to provide for the transfer of employees.

Madam Chair Lee opens the hearing on SB 2086 at 1:02 p.m. All members present; Senator Lee, Senator K. Roers, Senator O. Larsen, Senator Hogan, Senator Clemens, Senator Anderson.

Discussion Topics:

- Indirect costs formula
- Human Service Zone foster child custodian
- Salary inequities for Human Service Zone staff members
- Payment definition clarification
- Grievance process
- Foster care licensing unit

Sara Stolt, Chief Operating Officer, Department of Human Services. Introduced SB 2086 and provided testimony #113 and #110 in favor. **(1:03)**

Kim Jacobson, Director, Agassiz Human Service Zone. Provided testimony #35 in favor. **(1:42)**

Steve Riser, Director, Dakota Central Human Service Zone. Provided testimony #39 in favor. **(2:12)**

Terry Traynor, Executive Director, North Dakota Association of Counties. Provided testimony #101 in favor. **(2:16)**

Madam Chair Lee closes the hearing on SB 2086 at 2:29 p.m.

Justin Velez, Committee Clerk

Testimony
Senate Bill 2086 - Department of Human Services
Senate Human Services Committee
Senator Judy Lee, Chairman
January 6, 2021

Chairman Lee, and members of the Senate Human Services Committee, I am Sara Stolt, Chief Operating Officer with the Department of Human Services (Department). I want to thank you for the opportunity to appear before you to support Senate Bill 2086, which was introduced on behalf of the Department. This has been an eventful year with the launch of Human Services Zones, the hiring of Zone Directors, development of zone plans and many redesign projects for programs delivered in the zones. This Bill relates to the human service zones and the provision of human services.

Section 1

The proposed changes in Section 1 of this Bill amend section 11-16-01 of the North Dakota Century Code regarding duties of the state's attorney. Page 3, line 5 updates a statutory reference regarding a chapter that was added during the 2019 legislative session regarding guardianship of a child. Page 3, lines 21 and 22 changes were made by legislative council.

Section 2

The proposed changes in Section 2 of this Bill amend section 11-16-06 of the North Dakota Century Code regarding failure of state's attorney to perform duties. Page 3, lines 30 and 31 changes were made by legislative council.

Section 3

The proposed changes in Section 3 of this Bill amend section 11-23-01 of the North Dakota Century Code regarding officers required to furnish commissioners with departmental budget. The proposed change on Page 4, line 26 is made to replace "a

formula” with “an amount” to clarify the Department’s process regarding the human service zone payments.

Section 4

The proposed changes in Section 4 of this Bill amend section 14-09-06.3 of the North Dakota Century Code regarding the costs of child custody investigations and reports. Page 6, line 6 replaces “human service zone” with “county”. During 2019 Senate Bill 2124, “county” was mistakenly replaced with “human service zone”. The human service zones have informed the Department that this expense was not part of the social services budget in the past.

Section 5

The proposed changes in Section 5 of this Bill amend section 14-09-06.4 of the North Dakota Century Code regarding guardian ad litem or investigator fees. Page 6, lines 22 through 24 replaces “human service zone” with “county”. During 2019 Senate Bill No. 2124, “county” was mistakenly replaced with “human service zone”. The human service zones have informed the Department that this expense was not part of the social services budget in the past.

Sections 6 and 7

The proposed changes in Sections 6 and 7 of this Bill amend sections 14-15-09 and 14-15-11 of the North Dakota Century Code regarding notice of adoptions to human service zones. Page 7, lines 20 through 22; page 8, line 31; page 9, lines 1, 9, and 10 update the notice requirement to apply to the human service zone only if the minor to be adopted is in the custody of the human service zone. The Department will continue to be named as a respondent on all adoption petitions. This is to clarify a change made in 2019 Senate Bill No. 2124 that required the human service zones to be given notice of all adoptions, whether or not they had custody of the child. As a result of this legislative change, human service zones are now receiving notice of private adoption matters, including infants privately adopted, those children adopted internationally and stepparent adoptions. These are not children for whom the zone has any custodial

responsibility, nor may they have any information about that child. The Department is requesting this change so that human service zones only be given notice when they are the custodian of the youth to be adopted.

Section 8

The proposed changes in Section 8 of this Bill amend section 50-01.1-04 of the North Dakota Century Code regarding carrying over human service zone human service funds. Page 11, lines 26 and 27 insert a statutory citation regarding how the funds can be carried over. Page 11, line 28 removes “formula” and “payment” to clarify the Department’s process regarding recalculating and adjusting the human service zone payments.

Section 9

The proposed changes in Section 9 of this Bill on page 12, line 23, amend section 50-01.1-08 of the North Dakota Century Code to remove “formula” to clarify the Department’s process regarding recalculating and adjustment the human service zone payments.

Section 10

The proposed changes in Section 10 of this Bill on page 12, line 31, and page 13, lines 2 and 3, amend section 50-01.2-05 of the North Dakota Century Code regarding the Department’s ability to conduct estate recovery proceedings regarding general assistance claims. 2019 Senate Bill No. 2124 provided the Department with a full-time equivalent position to assist the human service zones on their estate recovery collections and the required change to this section was overlooked during the 2019 legislative session.

Section 11

The proposed change in Section 11, page 13, line 8, of this Bill amend section 50-06-05.8 of the North Dakota Century Code to remove “formula” to clarify the Department’s process regarding the human service zone payments.

Section 12

The proposed changes in Section 12 of this Bill amend section 50-12-08 of the North Dakota Century Code. Chapter 50-12 is the regulatory statute for child placement agencies in North Dakota and section 50-12-08 has historically given the Department authority to intervene when a child has been placed for adoption in an unsuitable home. Consistent with the changes made by 2019 Senate Bill No. 2124, wherein the human service zone is the custodian for children in foster care whose parental rights are terminated, the changes to this section on page 13, lines 20 through 27 would clarify that the human service zone would be the responsible entity if a child was found to have been placed for adoption in an unsuitable home, would allow the human service zone to make arrangements for the care and support of the child.

Sections 13 and 14

The proposed changes in Sections 13 and 14 of this Bill amend sections 50-33-01 and 50-33-02 of the North Dakota Century Code regarding child care assistance. Page 14, line 28 removes the definition of “county agency”; page 15, lines 1 through 3 adds the definition of “human service zone”; page 15, line 31 and page 16, lines 1 through 13, replaces “county agency” with “human service zones” based on the changes made in 2019 Senate Bill No. 2124. These changes will keep language consistent with the provision of human services.

Section 15

The proposed changes in Section 15 of this Bill amend section 50-35-02 of the North Dakota Century Code regarding state-paid human services. Page 16, line 26 removes “formula” to clarify the Department’s process regarding human service zone payments. Page 17, lines 1 through 11, updates existing language that required a study of the potential for human service zones to opt into state employment. The proposed language now states that the Department, along with the North Dakota Association of Counties and human service zone directors, shall provide information to county commissioners outlining the process for human service zones to opt in to state

employment, and makes any transition contingent on the approval from the sixty-eighth legislative assembly.

Section 16

The proposed changes in Section 16 of this Bill amend section 50-35-03 of the North Dakota Century Code regarding human service zone payments. Page 17, lines 14 through 29, removes “formula” and adds “estimated” to clarify the Department’s process regarding human service zone payments, removes outdated dates, and changes the date from June second to July first regarding when the human service zones will receive notice of the estimated amounts of that zone’s payments. Page 18, lines 1 through 3 adds authority to allow the Department to subtract from a human service zone’s payment any amount including in the human service zone human services fund, and removes “formula”.

Section 17

The proposed changes in Section 17 of this Bill amend section 50-35-04 of the North Dakota Century Code regarding calculation of human service zone payments. Page 18, lines 7 and 8 removes “formula” to clarify the Department’s process regarding human service zone payments. Page 18, lines 18 through 22 removes outdated language and inserts language permitting the Department to limit future salary increases for human service zone team members to an amount equal to the salary increase provided by the legislative assembly for state employees. Page 19, lines 1 through 8 removes “formula” to clarify the Department’s process regarding human service zone payments, removes “biannually” to allow the Department to recalculate and adjust a human service zone’s payment more frequently, and add “decreased” to allow for the human service zone’s spending authority to be decreased to reflect the human service zone payment. Page 19, lines 10 through 13 removes and replaces outdated language.

Section 18

The proposed changes in Section 18 of this Bill amend section 50-35-05 of the North Dakota Century Code regarding the human service zone human services fund. Page

19, line 25, removes “formula” to clarify the Department’s process regarding human service zone payments, and also removes “the county’s cost allocation of indirect costs” to reflect that the human service zone human services fund cannot be used to fund a county’s cost allocation of indirect costs. Page 20, line 5 adds language establishing that carry-over of the human service zone human services fund cannot be used to fund a county’s cost allocation of indirect costs.

Section 19

The proposed changes in Section 19 of this Bill amend section 50-35-06 of the North Dakota Century Code regarding human service zone human services fund transfers. Page 20, lines 16 and 17 adds language setting forth that the Department may reduce the human services zone’s payments as directed by subsection 5 of section 50-35-03 (Page 18, lines 1 and 2).

Section 20

The proposed change in Section 20 of this Bill amends section 50-35-07 of the North Dakota Century Code regarding the human service finance fund. Page 20, line 24 removes “formula” payment to clarify the Department’s process regarding human service zone payments.

SECTION 21

The proposed change in Section 21 is to repeal Chapter 50-11.2 of the North Dakota Century Code regarding foster care parent grievance. Human service zone directors in partnership with the Department discussed the intent of the grievance procedures and found the formal grievance process to be a duplication of the already established method for managing internal agency complaints or grievances.

This concludes my testimony. I would be happy to try to answer any questions the committee may have. Thank you.

#110

North Dakota Legislative Council

View Requested Fiscal Note

Fiscal Notes

Details

Bill Number: SB 2086
Original: 21.8067.01000
Requested: 12/31/2020 11:19 AM
Revision Requested:
Next Hearing: 01/06/2021 01:00 PM
Engrossment Status:
Assigned To/Due: Laural Sehn, 01/08/2021 03:00 PM
Agency Comments:

Amendment:
In Context:
Engrossment:

Fiscal Note

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021		2021-2023		2023-2025	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenue						
Expenditures						
Appropriations						

1B. County, city, school district and township fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021	2021-2023	2023-2025
Counties			
Cities			
School Districts			
Townships			

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

A BILL for an Act to amend and reenact N.D.C.C. relating to the operation and financing of human service zones; to repeal N.D.C.C., relating to foster care parent grievance; and to provide for the transfer of employees.

2B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

No fiscal impact is anticipated with these changes.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

[Return](#)
[Assign](#)
[Email](#)
[Edit](#)
[Print](#)

Testimony Prepared for the
Senate Human Services Committee

January 5, 2021

By: Kim Jacobson, Agassiz Valley Human Service Zone Director

RE: Senate Bill 2086 – Operations and Financing of Human Service Zones

Chairperson Lee and members of the Senate Human Services Committee, my name is Kim Jacobson. I am the Agassiz Valley Human Service Zone Director, serving the service area of Traill and Steele Counties, a member of the North Dakota Social Service Director Association, and a member of the North Dakota Association of Counties Board of Directors. Please consider my testimony in support of SB 2086.

The last two years have brought many changes for the local human service delivery system. At the end of the 66th Legislative Assembly, county social service agencies and DHS together began a fast-paced path towards the formation of human service zones. The teamwork and collaboration leading up to the 66th assembly provided groundwork for system redesign, visioning, and goal setting. However, planning and doing are two very different things.

Today, I am pleased to report that we have together transitioned to 19 human service zones. We have accomplished many great things, including: developing, negotiating, and entering into human service zone agreements and operational plans; combining county-based workforces into human service zone teams; leading the transition to human service zone board structure; developing innovative service and management collaborations between zones; transitioning locally administered services allowing zones to still meet the unique needs of local communities; developing and launching unified human service zone personnel policy which provides supports merit system/federal/state law compliance while providing opportunity for

locally unique policy when appropriate; transitioning the legal custody of all foster children to the human service zone director; and restructuring to a consistent fiscal coding and management and budgeting system.

It is well recognized that the transition to effective and efficient state/human service zone teams will take at least eight years. While we have accomplished a lot of initial and visual steps, it is important to note that we are just **one year** into the human service zone and state team system of which most of the time we have also been dealing with COVID19 impacts. This is a strong example of government innovation. However, the operational side of service delivery is very complex. Building a responsive state/zone team system is uncharted territory. Working as one with shared decision-making and accountability while demonstrating local responsiveness is hard work that requires time, attention, and nurture. It is also key that we stay true to legislative intent to ensure we develop the vision that was agreed upon. This is critical to continued success and strong responsive services for citizens.

Last session's SB 2124 was a comprehensive and sizable bill. It was anticipated that there would be need for technical changes, intent clarifications, and parameters for next steps. SB 2086 encompasses the needs identified by DHS to help us move forward in a successful and knowledgeable manner. My testimony today will speak to DHS's recommended changes as well as provide some further ideas on additional improvements that can be made to strengthen our system.

DHS offers several sections for housekeeping-type change. While smaller in scale, they are still are important. For example, Section 6 contains additional meaningful clean up language important to human service zones. Due to SB 2124 language, human service zones were designated to provide consent for all adoptions, including private adoptions. As human service zones, this authority is appropriate if the child that is subject to the adoption is in the

custody of the human service zone and zone-level decision making. However, it is not appropriate for human service zones to weigh in on private adoption matters. SB 2086 corrects this error and restores appropriate authority.

SB 2124 identified specific specialty statewide teams to transition to state employment. I support the transition of this one specific and remaining team. This is the foster care licensing team. Foster care licensors issue state-issued licenses. The transition to a specialty team best supports a system that reduces administrative burden and timeliness of issuing state-issued foster care licenses. It also provides for a network of full-time specialty workers to provide this important service statewide.

DHS requests to repealing of Chapter 50-11.2 related to foster parent grievances. I support this change. Currently, there is a separate process for foster parents to grieve concerns. This process is different than all other grievances received at the zone-level from clients. For example, currently foster parents have a different grievance process than relative caregivers and even parents.

It is important for grievance processes be in place and for there to be consistency in the handling of grievances. For those reasons, human service zones agreed to abide by a uniform client grievance process as part of our approved human service zone plans. It is our goal to treat all client grievances similarly providing consistency not only to client but from zone to zone. Removing Chapter 50-11.2 supports the transition to a consistent grievance process and sets the stage for grievance outcomes and determinations within the parameters of law.

Beyond DHS's technical changes, there are additional meaningful changes necessary to help support our work and collaboration. These are areas that could be considered for further amendment.

Section 15: Opt-In Study.

SB 2124 directed the department to study during the interim, a process for allowing a human service zone to voluntarily opt into state employment. This process remains incomplete. However, I am grateful for the delayed action on this item as we have wisdom today previously unknown.

The department seeks to develop information to outline an opt-in process, communicate to county officials, and finalize during the 68th legislative assembly. While I agree that that more time is needed, there are additional areas that must be addressed and clarified prior to moving forward. Two chief complaints from zones remain unaddressed. One is related to unclear roles of zone boards, county commissioners, DHS, and the Zone Director. The other is related to compensation equity.

Unclear roles and authority have been a significant issue stemming from SB 2124. Clear definition is needed as it relates to operations, fiscal decision-making, scope of duty and responsibility, and supervision. Improvements are necessary to ensure known gaps are addressed and that clear roles are defined. Making improvements to the law now can help save countless hours of implementation difficulty and potential conflict.

There is frustration that human service zones have lost ability to be competitive from a compensation standpoint with one another, the private sector, and even with the state. Equity appropriations were provided for last session to start to address such concern. However, this remains unaddressed. There is not a current process for evaluating or addressing equity issues for human service zone team members.

Equity is best measured when it looks at total compensation – salary and benefits. Attracting and retaining quality team members should be a goal for our entire system as it

impacts service quality and effectiveness. Good employees providing good service is also is the best return on taxpayer dollars.

Health insurance benefits are a significant cost of total compensation. Some human service zones, including Agassiz Valley Human Service Zone, have a far less robust benefit package. For example, an Agassiz Valley Human Service Zone employee pays nearly \$1100 out of pocket each month for a family health insurance policy. However, there is no process to consider this when setting or managing human service zone team member salaries. This system does not support equity and can lead to service deserts. It is key that both policy and appropriations reflect this need so we can sustain a strong service workforce.

In addition, I have concern about the lack of study related to the benefits, risks, desirability and feasibility of human service zones voluntarily opting into state employment. Human service zones formed on January 1, 2020. Just one year ago. Transitioning employment is a big decision. One that cannot be easily reversed and one that could pose unintended consequence.

SB 2124 was built on the concept of zones collaborating with zones, improving service outcomes, greater partnership with DHS, improved accountability, and local service. Similarly, SB 2124 was not built as the long road to state employment. While the option of state employment may be considered, we need to be diligent to ensure there is adequate information and necessary clarifications to support informed decision making on this important topic.

A true study would identify benefits, risks, processes, and barriers to consider prior to offering this option. There are known barriers. One example includes the role of the state's attorney on child welfare matters on behalf of the zone. If the zone team members were state staff, could the county state's attorney represent them? This is a huge system question and

issue if change would occur. This item must be clear addressed prior to any local level decision-making.

To address the above concerns, it would be beneficial for a small workgroup to form and work on language for additional amendment that would clarify roles and address compensation concerns. In addition, potential amendment could include language to provide for an actual study to explore the benefits, costs, feasibility, and desirability of human service zones voluntarily opting into state employment.

Section 16: Payments.

I am concerned that there may be an omission on Page 18, line 1 and 2. Authority appears to be very broad and would benefit from further amendment.

Section 17: Indirect Costs.

One of the most challenges aspects faced in the past year has been related to Indirect Costs. The current provision for indirect costs expires on June 30, 2021. SB 2086 seeks to continue to support human service zone related indirect costs. However, there have been lesson learned and problems identified with the current process which has led to concerns, inconsistencies, inequities, and gaps. I encourage amendment and related committee discussion related to indirect costs to fully consider changes that are necessary.

Thank you for this opportunity to provide testimony regarding SB 2086. Questions from the committee are welcomed.

Testimony for Senate Bill 2086

Senate Human Services Committee

January 6, 2021

Chairman Lee and members of the Senate Human Services Committee, I am Steven Reiser, Director of Dakota Central Human Service Zone. I am also a member of the North Dakota Human Service Zone Association. Please accept this testimony in favor of SB 2086.

When SB 2124 passed the last legislative session, what was county social services where in for big changes. Human service zones were formed in January of 2020 and have been operating for one year. Human service zone directors started their duties in April. I think everyone knew that changes this big were going to take some time and that review of the statute would be necessary. SB 2086 is the start of that review process. While much of the bill is cleaning up parts of the law that were discovered that could use improvement there are two parts of this bill I would like to address.

I agree with the repeal chapter 50-11.2 relating to foster care parent grievance. Please note that foster parents still have a grievance process that is in place in all human service zones. This process is being reviewed so that it will become more uniform across all zones. What is currently in statute is this extra process that only foster parents have. Biological parents and relative placement "parents" do not have this process to challenge a case management decision made by a zone. By removing this it will allow all parties to have the same grievance process.

The second area I would like to address is in Amendment Section 15 number 4 which is on page 17 and starts on line 1. This section deals with forming a process for zone employees to transfer to state employment. I believe rather than jumping to forming a process to accomplish this there should be more study put into what kind of consequences are going to occur when this transfer is complete. I

have heard two main reasons why zones would contemplate pursuing this option. One is that there is a feeling that local control is lost. I agree that local control is changing but I believe that local boards and agencies that are closer to the clients can make better decisions about how services are provided in their neighborhoods. What I believe is needed is some study and defining what the roles will be of local board members, commissioners, and zone directors. This would allow for a more cooperative teamwork approach in doing the work of human services. The second reason I hear is that because of the inequity in salary and benefits that some feel that they would be better off as state employees rather than zone employees. I believe addressing these issues head on rather than making a transfer without knowing what the consequences are will be a better solution. Once a transfer is made, I believe that it will be difficult to ever go back. That is why all the factors regarding transfers should be studied.

Another part of this section that I believe could use improvement is that there is no mention of zone boards in the process. Zone boards should and could have a lot of good ideas regarding the issues I have brought up.

Thank you for accepting my testimony and I would try to answer any questions you may have.

Testimony Prepared for the
Senate Human Services Committee

Wednesday, January 6, 2021

By: Terry Traynor, NDACo Executive Director



RE: Senate Bill 2086 – Social Service Redesign 2.0

Chair Lee and committee members, thank you for the opportunity to briefly address you regarding the ongoing process of social service redesign. I want to preface my testimony on the bill by thanking this Committee and the Legislature for passage of the enabling legislation last session, as well as DHS staff and the many county officials – zone directors, county auditors, state’s attorneys, and commissioners – that have devoted so many hours to implementing this monumental change.

My conclusion is that the transition, thus far, has gone well considering the short amount of time that we have been at this, but it is not without its difficulties. Some of which are addressed by this bill, but others that I will highlight, probably, must be resolved administratively by the Department – however, it would be my hope that this Committee would express its support and intent regarding their resolution. Most of these revolve around what “local control” means in this new structure.

Looking at the bill, I first wish to raise a concern with Sections 4 and 5. I appreciate the Department’s desire to remove this cost from their budget and shift it back to a county responsibility. But I would suggest that it is no more a county expense than a Department expense. My understanding is that these costs, ordered by State courts, are in response to private custodial disputes, where the county, the human service zone, and the Department are not involved. If this is indeed a governmental responsibility ordered by the State Court, would it be more appropriate in the court budget? I realize, this suggests opening a can of worms that may best be left in the fish house, however, I know that for some small counties, the surprise of such court ordered costs, although rare, can be significant. Keeping the impact in a larger state budget may even out the impact from year to year.

The remaining changes incorporated in sections 1-14 are consistent with corrections counties agree are necessary. The sections addressing the role of the state’s attorney (sections 1,2,6 & 10) are still under review, but so far there have been no changes suggested.

You have already heard of the concerns of zones with how Section 15 addresses the optional transfer of an entire zone to state employment. County commissioners are generally in agreement with zone directors that more meat on the bone is desirable.

The first section where I wish to suggest a specific change is the new language in subsection 5 in of section 16. As written, it appears to allow the Department in responding to overall budget

constraints, to tap host county reserve funds – drawing them down to zero. These reserve funds were preserved in SB2024 last session to address “unforeseen or other extenuating circumstances” within the zone, as stated in the existing language of section 18. While I recognize there are reasons for proposing this – effectively shifting revenue from one zone to the other – it seems to be inconsistent with original goal for the allowable thresholds in Section 18 of the bill. We would respectfully request that the phrase “, in excess of the thresholds established by section 50-35-05.” be added to at the end of that new sentence, or some other wording to prohibit the use of funds, in most cases originally generated by property taxes, from being used to offset state general funds.

While we have no issues with the specific changes in subsection 1 of Section 17, it does address the goal of compensation equity. As you have likely already heard, we have not made as much progress in this area as hoped. Zones are urging the Department to look more broadly at compensation, considering both salary and benefits, and to strive to move this issue along. Relatedly, many “host county decisions” were made 18 months ago largely based on the benefit mix of the counties. Some of those “benefits” are not strictly defined as such in DHS administrative code (i.e., personal days) and zones have been told these must be eliminated – creating a dual system of benefits for host county employees. Obviously, there are significant concerns among zone boards, and we are hopeful that this Committee will urge the Department to do what it can to resolve it in favor of local control.

Counties view the date changes in subsection 4 of Section 17 as essential. Significant property tax resources are dedicated by counties to providing zones with space, utilities, janitorial services, payroll/HR administration, IT support, insurance, vehicles, etc. The allowed reimbursement does not come close to covering these indirect costs, but the loss of this partial support would be a very direct impact on property taxes. As we now have several counties at the 60-mill general fund limitation, increasing these general fund costs would likely be impossible for these counties. The subsection does not address how these reimbursements are made, and it likely should not, as significant administrative work remains to ensure reimbursements are equitable from zone to zone and county to county. We acknowledge the state’s budgetary need to cap indirect cost reimbursements at a fixed amount, however indexing them of 2018 costs does not recognize the growth in rent for those zones that must use private office space, increased insurance costs, compensation for staff providing HR/payroll and IT support, etc. I would hope that as we work through the administrative analysis, the Legislature will be open in future Sessions to adjust this cap to recognize cost growth.

And finally, I wish to note that counties are supportive of the reserve threshold change of Section 18, as it recognizes the effect of moving from 46 county and multi-county budgets to 19 zone budgets, collapsing reserves into the host counties. The prohibition on using these funds for indirect costs was understood, and codifying that is reasonable.

Thank you again for the opportunity to address this important bill.

2021 SENATE STANDING COMMITTEE MINUTES

Human Services Committee Sakakawea Room, State Capitol

SB 2086
1/11/2021

A BILL for an Act to amend and reenact sections 11-16-01, 11-16-06, 11-23-01, 14-09-06.3, 14-09-06.4, 14-15-09, 14-15-11, 50-01.1-04, 50-01.1-08, 50-01.2-05, 50-06-05.8, 50-12-08, 50-33-01, 50-33-02, 50-35-02, 50-35-03, 50-35-04, 50-35-05, 50-35-06, and 50-35-07 of the North Dakota Century Code, relating to the operation and financing of human service zones; to repeal chapter 50-11.2 of the North Dakota Century Code, relating to foster care parent grievance; and to provide for the transfer of employees.

Madam Chair Lee opens the discussion on SB 2086 at 2:50 p.m. Members present: Lee, K. Roers, Hogan, Anderson, Clemens, O. Larsen.

Discussion Topics:

- Working Group
- Process for payments sub-group

[2:50] Senator Kathy Hogan, District 21. Advised the committee of scheduled working group.

Additional written testimony: N/A

Madam Chair Lee closed the discussion on SB 2086 at 2:54 p.m.

Justin Velez, Committee Clerk

2021 SENATE STANDING COMMITTEE MINUTES

Human Services Committee Sakakawea Room, State Capitol

SB 2086
2/10/2021

A BILL for an Act to amend and reenact sections 11-16-01, 11-16-06, 11-23-01, 14-09-06.3, 14-09-06.4, 14-15-09, 14-15-11, 50-01.1-04, 50-01.1-08, 50-01.2-05, 50-06-05.8, 50-12-08, 50-33-01, 50-33-02, 50-35-02, 50-35-03, 50-35-04, 50-35-05, 50-35-06, and 50-35-07 of the North Dakota Century Code, relating to the operation and financing of human service zones; to repeal chapter 50-11.2 of the North Dakota Century Code, relating to foster care parent grievance; and to provide for the transfer of employees.

Madam Chair Lee opened the discussion on SB 2086 at 10:01 a.m. Members present: Lee, K. Roers, Hogan, Anderson, Clemens, O. Larsen.

Discussion Topics:

- Amendment proposal from DHS
- Human Service Zones
- Indirect V.S. direct costs
- Multi-county zones
- Zone fund balances

[10:02] Sara Stolt, Chief Operating Officer, DHS. Provided proposed amendments (testimony #6194) as well as Human Service Zone documents (testimony #6211) to the committee.

[10:10] Jonathan Alm, Attorney, DHS. Provided clarification on notice of indirect costs.

[10:32] Steve Riser, Director, Dakota Central Human Services. Stands to answer questions of the committee.

Additional written testimony: N/A

Madam Chair Lee closed the discussion on SB at 10:38 a.m.

Justin Velez, Committee Clerk

Testimony
Senate Bill 2086 - Department of Human Services
Amendments
Senate Human Services Committee
Senator Judy Lee, Chairman
February 10, 2021

Chairman Lee, and members of the Senate Human Services Committee, I am Sara Stolt, Chief Operating Officer with the Department of Human Services (Department). I want to thank you for the opportunity to appear before you to provide amendments to Senate Bill 2086, which was introduced on behalf of the Department and first heard on January 5, 2021. The department, along with representation from the Zone Directors association, NDACO and Senate Human Services Committee members worked collaboratively to write and introduce the following amendments to SB 2086.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2086

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 50-01.1 of the North Dakota Century Code, relating to the human service zone's power and duties to accept gifts and donations and"

Page 1, line 2, after "14-15-11" insert ", 50-01.1-01"

Page 1, line 2, after "50-01-1-08" insert ", 50-01.2-01"

Page 1, line 3, after "50-33-02" insert ", 50-35-01"

Page 1, line 6, after "grievance" insert "; to provide for a legislative management study"

Page 1, line 6, remove "and"

Page 1, line 6, after "employees" insert "; and to provide an effective date"

Page 10, after line 16 insert:

"SECTION 8. AMENDMENT. Section 50-01.1-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.1-01. Definitions.

As used in this chapter, unless the context or subject matter otherwise requires:

1. "Department" means the department of human services.
2. "Direct costs" means costs that are charged directly to the human service zone human services fund. Direct costs are directly related to human service zone team members or human service zone services including

compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.

3. "Host county" means the county within the human service zone in which the human service zone administrative office is located and in which the human service zone team members are employed.
- 3.4. "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- 4.5. "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- 5.6. "Human service zone team member" means a county employee who is responsible for administering or delivering human services under the direction of the human service zone director.
- 6.7. "Human services" means:
- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, locally administered economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
 - b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
 - c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.
- 7.8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies that are not identified by the department as a direct cost. ~~These~~ Indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support including payroll, accounting, banking,

and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services.

8-9. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone office and include:

- a. Temporary assistance for needy families;
- b. Employment and training programs;
- c. Child care assistance programs;
- d. Medical assistance, including early periodic screening, diagnosis, and treatment;
- e. Supplemental nutrition assistance programs, including employment and training programs;
- f. Refugee assistance programs;
- g. Basic care services;
- h. Energy assistance programs; and
- i. Information and referral."

Page 11, line 14, after the period insert "Indirect costs of the human service zone may not become direct costs without written approval of the department."

Page 12, after line 25 insert:

"SECTION 11. A new section to chapter 50-01.1 of the North Dakota Century Code is created and enacted as follows:

Human service zones accepting gifts and donations.

Human service zones have the powers and duties to secure, hold, and administer for the purpose for which it is established any property and any funds donated to it either by will or deed, or otherwise, or through court order or otherwise available to the human service zone, and to administer those funds or property in accordance with the instructions in the instrument creating them or in accordance with the instructions in the court order or otherwise. Property and funds received by the human service zone under this section are not considered income to the human service zone.

SECTION 12. AMENDMENT. Section 50-01.2-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-01. Human service zone board - Members - Qualifications.

The board of county commissioners of each county within the human service zone shall appoint the appointed members of the human service zone board based upon fitness to serve as members by reason of character, experience, and training without regard to political affiliation. Appointed members of the human service zone board must consist of local elected officials and other key community partners. ~~Each county~~If a human service zone consists of two or more counties, each county must be represented on the human service zone board by ~~at least~~only one county commissioner of that county. If a human service zone consists of a single county, the county must be represented on the human service zone board by no more than two county commissioners of that county and the human service zone board must have at least five appointed members. Appointed members shall elect a vice presiding officer and appoint a secretary, and other officers as the human service zone board determines necessary. The human service zone director shall serve as presiding officer of the human service zone board as a nonappointed member.”

Page 16, after line 19 insert:

“**SECTION 18. AMENDMENT.** Section 50-35-01 of the North Dakota Century Code is amended and reenacted as follows:

50-35-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Direct costs" means costs that are charged directly to the human service zone human services fund. Direct costs are directly related to human service zone team members or human service zone services including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
3. "Director" means the executive director of the department or the executive director's designee.
- 3.4. "Economic assistance" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone, including:
 - a. Temporary assistance for needy families;

- b. Employment and training programs;
 - c. Child care assistance programs;
 - d. Medical assistance, including early periodic screening, diagnosis, and treatment;
 - e. Supplemental nutrition assistance programs, including employment and training programs;
 - f. Refugee assistance programs;
 - g. Basic care services;
 - h. Energy assistance programs; and
 - i. Information and referral.
- 4.5. "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- 5.6. "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- 6.7. "Human services" means:
- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
 - b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
 - c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.
- 7.8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies that are not identified by the department as a direct cost. ~~These~~ Indirect costs

include legal representation; facilities and related costs, such as utilities and maintenance; administrative support, including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services.”

Page 17, line 3, replace “provide information to county commissioners outlining the” with “develop a”

Page 17, line 5, after “conditions” insert “and factors”

Page 17, line 5, after “may” insert “or may not”

Page 17, line 6, after “zone” insert “and the department”

Page 17, line 9, after the period insert “Before August 1, 2022, the department shall report to the legislative management the process developed for allowing a human service zone to opt in to state employment.”

Page 17, line 10, remove “sixty-eighth”

Page 17, after line 11, insert:

“5. During the 2021-23 interim, the department, with assistance from the North Dakota association of counties and human service zone directors, shall study indirect costs. The study must identify a plan defining the process to calculate payment for indirect costs. The department shall provide regular updates to legislative management on the progress of the study. Before August 1, 2022, the department shall report to the legislative management the process developed to calculate payment for indirect costs.”

Page 18, line 1, remove “The director may subtract from a human service zone’s payment any amount included”

Page 18, remove line 2

Page 18, line 3, remove “6.”

Page 18, line 8, after “calculate” insert “, in collaboration with the human service zone director or designee.”

Page 19, line 13, after the period insert “Indirect costs of the human service zone may not become direct costs without written approval of the department.”

Page 19, after line 16 insert:

“5. Direct costs must be consistently applied within all human service zones and may not be included in indirect costs.

6. Indirect costs must be consistently applied within all counties as it relates to human service zones and may not be included in direct costs.”

Page 20, line 16, remove “The director may reduce the human service zone’s payment as”

Page 20, remove line 17

Page 20, after line 26 insert:

“SECTION 26. LEGISLATIVE MANAGEMENT STUDY – DEPARTMENT OF HUMAN SERVICES AND HUMAN SERVICE ZONES EMPLOYEE COMPENSATION STUDY.

During the 2021-22 interim, the legislative management shall study issues related to the department of human services and human service zones employee compensation. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations to the sixty-eighth legislative assembly. The study must include the following issues which do not limit the scope of the legislative management's study:

1. Total state employee and human service zone team members compensation, including wages and salaries, annual leave, pay grades, classification, disaster or emergency services volunteers' leave, employee assistance program benefits, family and medical leave, funeral leave, holidays, hours of work, administrative leave, jury and witness leave, leave without pay, the merit system, military leave, overtime compensation, retirement benefits, health insurance benefits, severance pay, sick leave, benefits for temporary employees, and time off to vote.
2. Health insurance benefits, including the availability of health savings accounts, self-insurance, healthy lifestyle incentives, and the appropriateness of the human service zones' current health insurance benefits.
3. Compensation equity:
 - a. Between the department of human services, other state agencies, human service zones, and to market;
 - b. Within human service zones; and

c. Between the human services zones.

4. The feasibility and desirability of implementing compensation equity.”

Page 21, after line 23 insert:

“**SECTION 28. EFFECTIVE DATE.** Section 12 of this Act becomes effective on
January 1, 2022.”

Renumber Accordingly

DETERMINING REIMBURSEMENT AMOUNTS OF INDIRECT COSTS



SCENARIO	PROCESS PRIOR TO 2018*	CURRENT PROCESS
County DECIDES TO directly charge human service zone.**		
1 Human Service Zone Pays the Bill - or - 2 County Direct Bills Costs to Human Service Zone	<ul style="list-style-type: none"> County general fund is 100% reimbursed from the human service zone. State uses federal share to reimburse county human service fund. 	<ul style="list-style-type: none"> All zones must participate in the CWCAP. County can no longer directly charge the human service zone for indirect costs. The county general fund is reimbursed (up to the 2018 amount) from the state human service financing fund.
County decides NOT TO directly charge human service zone.**		
3 Human Service Zone Participates in CWCAP	<ul style="list-style-type: none"> County general fund is reimbursed at a percentage of the current CWCAP. 	<ul style="list-style-type: none"> DHS reimburses the county general fund at 25% of the CWCAP submitted in 2018.

A workgroup is underway to determine how indirect costs will be reimbursed in the future.

*In 2018 and 2019, a formula was used to calculate the reimbursement to human service zones.

**Human service zone was known formerly as county social services.

IN 2020, TOTAL INDIRECT COSTS WERE \$13.6M
AND \$5.9M (43%) WAS REIMBURSED

The Countywide Cost Allocation Plan

WHAT IS THE CWCAP

The Countywide Cost Allocation Plan (CWCAP) identifies indirect/overhead costs and allocates them to various departments within the county. Indirect costs may include:



Building Costs - Building, Depreciation, Finance Costs, Maintenance, Utilities and Grounds-keeping



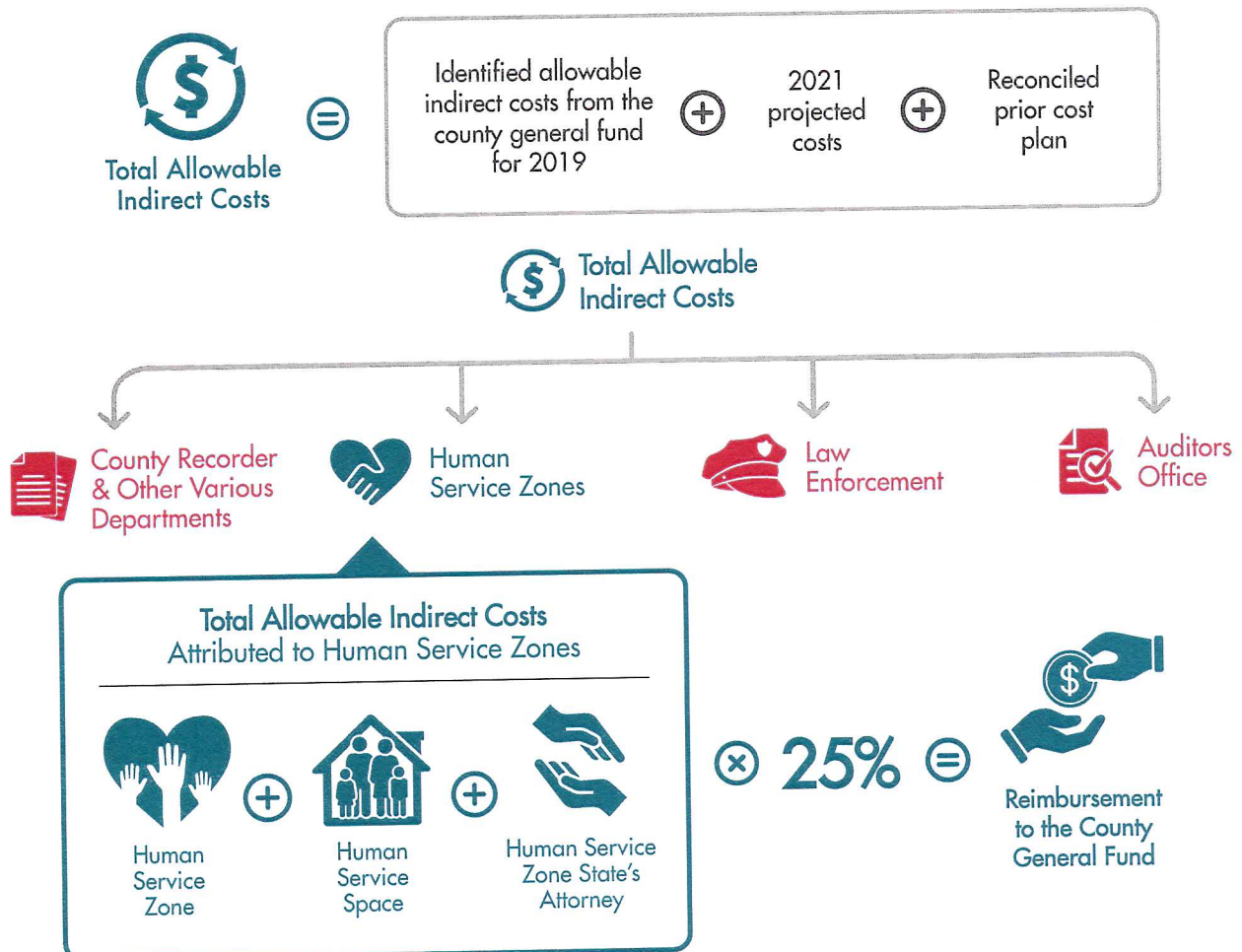
Soft Indirect Costs - Office Supplies, Postage, Copier Costs, Vehicles, Insurance and IT Services



Clear Indirect Costs - Accounting, Banking, Legal, Coordination, Budget and HR

DHS uses the CWCAP to reimburse a share of the allowable indirect costs attributed to human service zones and to obtain federal funds.

HOW TOTAL ALLOWABLE INDIRECT COSTS ARE CALCULATED WITHIN THE CWCAP



ROLES - HUMAN SERVICE ZONE DIRECTOR HIRING & SUPERVISION



NORTH DAKOTA DEPARTMENT OF HUMAN SERVICES (STATE)

- ② 2 DHS representatives serve on HSZ Director Hiring Committee and participate in interviews
- ② Must give approval to hire HSZ Director

***Subject to applicable law, policies, rules and merit system requirements



HUMAN SERVICES ZONE BOARD (LOCAL)

- ② Serves on HSZ Director Hiring Committee and participate in interviews
- ② Makes recommendation on hiring of HSZ Director
- ② Upon approval from DHS, hires HSZ Director
- ② With direct consultation and input from DHS, supervises the HSZ Director**

ROLES - HUMAN SERVICE ZONE PERSONNEL MANAGEMENT ROLES

DHS Human Resources Division (State)

- ② Sets policy and provides consultation on merit system

HSZ Director (Local)

- ② Hires, directs work of HSZ team members and takes disciplinary actions following DHS policy
- ② Uses pre-action process if suspension without pay, demotion, or dismissal is being considered
- ② Gathers information and evidence, including information provided by HSZ team member who is subject to the disciplinary action

HSZ Host County State's Attorney

HSZ Board

- ② Hears and acts on HSZ employee grievances as outlined in HSZ plan and complying with merit system requirements

Together review the information and decide whether to take the proposed major disciplinary action

Hears appeal from HSZ team member subject to disciplinary decision

SHARED ROLES

	Human Service Zone Board	County Commission	Zone Director	DHS
Come to agreement prior to eliminating an access point	X	X	X	X
Receive Zone performance notifications from DHS related to overall compliance standards	X		X	

HUMAN SERVICE ZONE (HSZ) ROLES

	Human Service Zone Board	County Commission	Zone Director	DHS
Operations, Fiscal and Management	<ul style="list-style-type: none"> Establish policy to review and approve claims against the HSZ fund. Review and recommend services for improvement and efficiency. Review requests for additional team members. Hear/act upon General Assistance appeals. Hear/act upon employee grievances and appeals.** 	<ul style="list-style-type: none"> Receive and ratify the HSZ direct fund budget. Receive and ratify the HSZ indirect fund budget. Fund any excess indirect costs. Host County determines insurance benefit plan and coverage levels. Each county establishes public building hours and emergency closures (inclement weather). Appoint HSZ board members to represent respective community. Remove appointed HSZ board member(s) without cause. 	<ul style="list-style-type: none"> Provide overall supervision of HSZ team members in accordance with DHS policies. May also supervise DHS employees working within the HSZ. Provide day-to-day management and operations of the HSZ. Provide program oversight and management. Develop, plan and monitor HSZ budget. Serve as Chair and voting member of HSZ Board. Serve as Legal Custodian for children placed in the child welfare system. Ensure a positive workplace and service culture. May serve one or more zones. 	<ul style="list-style-type: none"> Administer a state-wide program for HSZ services, staffing, and costs. Provide Compliance Oversight: <ul style="list-style-type: none"> Adopt program standards. Provide training for those standards. Develop and administer a system to address chronic or serious HSZ performance issues. Notify HSZ Board and Zone Director of whether the HSZ meets performance requirements. Direct and supervise statewide HSZ work. Ensure compliance and provide support on HR policy and merit system.
Advocacy, Collaboration and Representation	<ul style="list-style-type: none"> Provide information on community needs and advocate to meet those needs. 		<ul style="list-style-type: none"> Serve as HSZ representative on boards, task forces, committees and appointments. Monitor legislation, testify and advocate for client needs. Collaborate with DHS leadership and other HSZs to ensure effective, efficient, and quality human services. 	

2021 SENATE STANDING COMMITTEE MINUTES

Human Services Committee Sakakawea Room, State Capitol

SB 2086
2/16/2021 AM

A BILL for an Act to amend and reenact sections 11-16-01, 11-16-06, 11-23-01, 14-09-06.3, 14-09-06.4, 14-15-09, 14-15-11, 50-01.1-04, 50-01.1-08, 50-01.2-05, 50-06-05.8, 50-12-08, 50-33-01, 50-33-02, 50-35-03, 50-35-04, 50-35-05, 50-35-06, and 50-35-07 of the North Dakota Century Code, relating to the operation and financing of human service zones; to repeal chapter 50-11.2 of the North Dakota Century Code, relating to foster care parent grievance; and to provide for the transfer of employees.

Madam Chair Lee opened the discussion on SB 2086 at 10:54 a.m. Members present: Lee, K. Roers, Hogan, Anderson, Clemens, O. Larsen.

Discussion Topics:

- Ending fund balances
- Amendment proposal
- Equity compensation

[10:55] Senator Kathy Hogan, District 21. Provided the committee with an overview of proposed amendment 21.8067.01001 (testimony #6757).

Senator Hogan moves to **ADOPT AMENDMENT 21.8067.01001**
Senator Anderson seconded.

Voice Vote – motion passed

Additional written testimony: N/A

Madam Chair Lee closed the discussion on SB 2086 at 11:08 a.m.

Justin Velez, Committee Clerk

PROPOSED AMENDMENTS TO SENATE BILL NO. 2086

- Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 50-01.1 of the North Dakota Century Code, relating to gifts and donations received by human service zones;"
- Page 1, line 2, after "14-15-11" insert ", 50-01.1-01"
- Page 1, line 2, after "50-01.1-08" insert ", 50-01.2-01"
- Page 1, line 3, after "50-33-02" insert ", 50-35-01"
- Page 1, line 3, remove "50-35-06,"
- Page 1, line 6, replace "and" with "to provide for legislative management reports; to provide for a legislative management study;"
- Page 1, line 6, after "employees" insert "; and to provide an effective date"
- Page 10, after line 16, insert:

"SECTION 8. AMENDMENT. Section 50-01.1-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.1-01. Definitions.

As used in this chapter, unless the context or subject matter otherwise requires:

1. "Department" means the department of human services.
2. "Direct costs" means costs that are charged directly to the human service zone human service fund. Direct costs are costs related directly to human service zone team members or human service zone services, including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
3. "Host county" means the county within the human service zone in which the human service zone administrative office is located and in which the human service zone team members are employed.
- ~~3-4.~~ "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- ~~4-5.~~ "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- ~~5-6.~~ "Human service zone team member" means a county employee who is responsible for administering or delivering human services under the direction of the human service zone director.
- ~~6-7.~~ "Human services" means:

- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, locally administered economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
- b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
- c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.

7.8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies which are not identified by the department as a direct cost. ~~These~~Indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services.

8.9. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone office and include:

- a. Temporary assistance for needy families;
- b. Employment and training programs;
- c. Child care assistance programs;
- d. Medical assistance, including early periodic screening, diagnosis, and treatment;
- e. Supplemental nutrition assistance programs, including employment and training programs;
- f. Refugee assistance programs;
- g. Basic care services;
- h. Energy assistance programs; and
- i. Information and referral."

Page 11, line 14, after the period insert "Indirect costs of the human service zone may not become direct costs without written approval of the department."

Page 12, after line 25, insert:

"SECTION 11. A new section to chapter 50-01.1 of the North Dakota Century Code is created and enacted as follows:

Human service zones accepting gifts and donations.

A human service zone shall secure, hold, and administer for the purpose for which the human service zone is established any property and any funds donated to the human service zone either by will or deed, or otherwise, or through court order or otherwise available to the human service zone, and to administer the funds or property in accordance with the instructions in the instrument creating the funds or property or in accordance with the instructions in the court order or otherwise. Property and funds received by a human service zone under this section are not considered income to the human service zone.

SECTION 12. AMENDMENT. Section 50-01.2-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-01. Human service zone board - Members - Qualifications.

The board of county commissioners of each county within the human service zone shall appoint the appointed members of the human service zone board based upon fitness to serve as members by reason of character, experience, and training without regard to political affiliation. Appointed members of the human service zone board must consist of local elected officials and other key community partners. ~~Each~~If a human service zone consists of two or more counties, each county must be represented on the human service zone board by at least only one county commissioner of that county. If a human service zone consists of a single county, the county must be represented on the human service zone board by no more than two county commissioners of that county and the human service zone board must have at least five appointed members. Appointed members shall elect a vice presiding officer and appoint a secretary, and other officers as the human service zone board determines necessary. The human service zone director shall serve as presiding officer of the human service zone board as a nonappointed member."

Page 16, after line 19, insert:

"SECTION 18. AMENDMENT. Section 50-35-01 of the North Dakota Century Code is amended and reenacted as follows:

50-35-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Director" means the executive director of the department or the executive director's designee.
3. "Direct costs" means costs that are charged directly to the human service zone human service fund. Direct costs are costs related directly to human service zone team members or human service zone services, including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
4. "Economic assistance" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone, including:

- a. Temporary assistance for needy families;
 - b. Employment and training programs;
 - c. Child care assistance programs;
 - d. Medical assistance, including early periodic screening, diagnosis, and treatment;
 - e. Supplemental nutrition assistance programs, including employment and training programs;
 - f. Refugee assistance programs;
 - g. Basic care services;
 - h. Energy assistance programs; and
 - i. Information and referral.
- 4-5. "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- 5-6. "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- 6-7. "Human services" means:
- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
 - b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
 - c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.
- 7-8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies which are not identified by the department as a direct cost. These indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support, including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services."

Page 16, line 22, after "Study" insert "- Report to legislative management"

Page 17, line 3, replace "provide information to county commissioners outlining the" with "develop a"

Page 17, line 5, after "conditions" insert "and factors"

Page 17, line 5, after "may" insert "or may not"

Page 17, line 6, after "zone" insert "and the department"

Page 17, line 9, after the period insert "Before August 1, 2022, the department shall report to the legislative management the process developed for allowing a human service zone to opt in to state employment."

Page 17, line 10, remove "sixty-eighth"

Page 17, after line 11, insert:

- "5. During the 2021-22 interim, the department, with assistance from the North Dakota association of counties and human service zone directors, shall study indirect costs. The study must identify a plan defining the process to calculate payment for indirect costs. The department shall provide regular updates to the legislative management on the progress of the study. Before August 1, 2022, the department shall report to the legislative management the process developed to calculate payment for indirect costs."

Page 18, line 1, remove "The director may subtract from a human service zone's payment any amount included"

Page 18, remove line 2

Page 18, line 3, remove "6."

Page 18, line 8, after "calculate" insert ", in collaboration with the human service zone director or designee."

Page 19, line 13, after the period insert "Indirect costs of the human service zone may not become direct costs without written approval of the department."

Page 19, after line 16, insert:

- "5. Direct costs must be applied consistently within all human service zones and may not be included in indirect costs.
6. Indirect costs must be applied consistently within all counties as it relates to human service zones and may not be included in direct costs."

Page 20, remove lines 8 through 19

Page 20, after line 26, insert:

"SECTION 25. LEGISLATIVE MANAGEMENT STUDY - DEPARTMENT OF HUMAN SERVICES AND HUMAN SERVICE ZONES EMPLOYEE COMPENSATION.

1. During the 2021-22 interim, the legislative management shall study issues related to the department of human services and human service zones employee compensation. The study must include consideration of the following issues:
 - a. Total state employee and human service zone team members compensation, including wages and salaries, annual leave, pay grades, classification, disaster or emergency services volunteers'

leave, employee assistance program benefits, family and medical leave, funeral leave, holidays, hours of work, administrative leave, jury and witness leave, leave without pay, the merit system, military leave, overtime compensation, retirement benefits, health insurance benefits, severance pay, sick leave, benefits for temporary employees, and time off to vote.

- b. Health insurance benefits, including the availability of health savings accounts, self-insurance, healthy lifestyle incentives, and the appropriateness of the human service zones' current health insurance benefits.
 - c. Compensation equity between the department of human services, other state agencies, human service zones, and the market; within human service zones; within the department of human services; and between human service zones.
 - d. The feasibility and desirability of implementing compensation equity.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly."

Page 21, after line 23, insert:

"SECTION 27. EFFECTIVE DATE. Section 12 of this Act becomes effective on January 1, 2022."

Renumber accordingly

21.8067.01001
Title.

Prepared by the Legislative Council staff for
Senate Human Services Committee
February 10, 2021

*do pass amend
Hogan
2nd Anderson*

PROPOSED AMENDMENTS TO SENATE BILL NO. 2086

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 50-01.1 of the North Dakota Century Code, relating to gifts and donations received by human service zones;"

Page 1, line 2, after "14-15-11" insert ", 50-01.1-01"

Page 1, line 2, after "50-01.1-08" insert ", 50-01.2-01"

Page 1, line 3, after "50-33-02" insert ", 50-35-01"

Page 1, line 3, remove "50-35-06,"

Page 1, line 6, replace "and" with "to provide for legislative management reports; to provide for a legislative management study;"

Page 1, line 6, after "employees" insert "; and to provide an effective date"

Page 10, after line 16, insert:

"SECTION 8. AMENDMENT. Section 50-01.1-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.1-01. Definitions.

As used in this chapter, unless the context or subject matter otherwise requires:

1. "Department" means the department of human services.
2. "Direct costs" means costs that are charged directly to the human service zone human service fund. Direct costs are costs related directly to human service zone team members or human service zone services, including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
3. "Host county" means the county within the human service zone in which the human service zone administrative office is located and in which the human service zone team members are employed.
- ~~3.4.~~ "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- ~~4.5.~~ "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- ~~5.6.~~ "Human service zone team member" means a county employee who is responsible for administering or delivering human services under the direction of the human service zone director.
- ~~6.7.~~ "Human services" means:

- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, locally administered economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
- b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
- c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.

7.8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies which are not identified by the department as a direct cost. ~~These~~ Indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services.

8.9. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone office and include:

- a. Temporary assistance for needy families;
- b. Employment and training programs;
- c. Child care assistance programs;
- d. Medical assistance, including early periodic screening, diagnosis, and treatment;
- e. Supplemental nutrition assistance programs, including employment and training programs;
- f. Refugee assistance programs;
- g. Basic care services;
- h. Energy assistance programs; and
- i. Information and referral."

Page 11, line 14, after the period insert "Indirect costs of the human service zone may not become direct costs without written approval of the department."

Page 12, after line 25, insert:

"SECTION 11. A new section to chapter 50-01.1 of the North Dakota Century Code is created and enacted as follows:

Human service zones accepting gifts and donations.

A human service zone shall secure, hold, and administer for the purpose for which the human service zone is established any property and any funds donated to the human service zone either by will or deed, or otherwise, or through court order or otherwise available to the human service zone, and to administer the funds or property in accordance with the instructions in the instrument creating the funds or property or in accordance with the instructions in the court order or otherwise. Property and funds received by a human service zone under this section are not considered income to the human service zone.

SECTION 12. AMENDMENT. Section 50-01.2-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-01. Human service zone board - Members - Qualifications.

The board of county commissioners of each county within the human service zone shall appoint the appointed members of the human service zone board based upon fitness to serve as members by reason of character, experience, and training without regard to political affiliation. Appointed members of the human service zone board must consist of local elected officials and other key community partners. EachIf a human service zone consists of two or more counties, each county must be represented on the human service zone board by at leastonly one county commissioner of that county. If a human service zone consists of a single county, the county must be represented on the human service zone board by no more than two county commissioners of that county and the human service zone board must have at least five appointed members. Appointed members shall elect a vice presiding officer and appoint a secretary, and other officers as the human service zone board determines necessary. The human service zone director shall serve as presiding officer of the human service zone board as a nonappointed member."

Page 16, after line 19, insert:

"SECTION 18. AMENDMENT. Section 50-35-01 of the North Dakota Century Code is amended and reenacted as follows:

50-35-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Director" means the executive director of the department or the executive director's designee.
3. "Direct costs" means costs that are charged directly to the human service zone human service fund. Direct costs are costs related directly to human service zone team members or human service zone services, including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
4. "Economic assistance" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone, including:

- a. Temporary assistance for needy families;
 - b. Employment and training programs;
 - c. Child care assistance programs;
 - d. Medical assistance, including early periodic screening, diagnosis, and treatment;
 - e. Supplemental nutrition assistance programs, including employment and training programs;
 - f. Refugee assistance programs;
 - g. Basic care services;
 - h. Energy assistance programs; and
 - i. Information and referral.
- 4.5. "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- 5.6. "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- 6.7. "Human services" means:
- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
 - b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
 - c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.
- 7.8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies which are not identified by the department as a direct cost. These indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support, including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services.

Page 16, line 22, after "Study" insert "**- Report to legislative management**"

Page 17, line 3, replace "provide information to county commissioners outlining the" with "develop a"

Page 17, line 5, after "conditions" insert "and factors"

Page 17, line 5, after "may" insert "or may not"

Page 17, line 6, after "zone" insert "and the department"

Page 17, line 9, after the period insert "Before August 1, 2022, the department shall report to the legislative management the process developed for allowing a human service zone to opt-in to state employment."

Page 17, line 10, remove "sixty-eighth"

Page 17, after line 11, insert:

- "5. During the 2021-22 interim, the department, with assistance from the North Dakota association of counties and human service zone directors, shall study indirect costs. The study must identify a plan defining the process to calculate payment for indirect costs. The department shall provide regular updates to the legislative management on the progress of the study. Before August 1, 2022, the department shall report to the legislative management the process developed to calculate payment for indirect costs."

Page 18, line 1, remove "The director may subtract from a human service zone's payment any amount included"

Page 18, remove line 2

Page 18, line 3, remove "6."

Page 18, line 8, after "calculate" insert ", in collaboration with the human service zone director or designee."

Page 19, line 13, after the period insert "Indirect costs of the human service zone may not become direct costs without written approval of the department."

Page 19, after line 16, insert:

- "5. Direct costs must be applied consistently within all human service zones and may not be included in indirect costs.
6. Indirect costs must be applied consistently within all counties as it relates to human service zones and may not be included in direct costs."

Page 20, remove lines 8 through 19

Page 20, after line 26, insert:

"SECTION 25. LEGISLATIVE MANAGEMENT STUDY - DEPARTMENT OF HUMAN SERVICES AND HUMAN SERVICE ZONES EMPLOYEE COMPENSATION.

1. During the 2021-22 interim, the legislative management shall study issues related to the department of human services and human service zones employee compensation. The study must include consideration of the following issues:
 - a. Total state employee and human service zone team members compensation, including wages and salaries, annual leave, pay grades, classification, disaster or emergency services volunteers'

leave, employee assistance program benefits, family and medical leave, funeral leave, holidays, hours of work, administrative leave, jury and witness leave, leave without pay, the merit system, military leave, overtime compensation, retirement benefits, health insurance benefits, severance pay, sick leave, benefits for temporary employees, and time off to vote.



- b. Health insurance benefits, including the availability of health savings accounts, self-insurance, healthy lifestyle incentives, and the appropriateness of the human service zones' current health insurance benefits.
 - c. Compensation equity between the department of human services, other state agencies, human service zones, and the market; within human service zones; within the department of human services; and between human service zones.
 - d. The feasibility and desirability of implementing compensation equity.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly."

Page 21, after line 23, insert:

"SECTION 27. EFFECTIVE DATE. Section 12 of this Act becomes effective on January 1, 2022."

Renumber accordingly

ending fund balances? -> approps

2021 SENATE STANDING COMMITTEE MINUTES

Human Services Committee Sakakawea Room, State Capitol

SB 2086
2/16/2021 PM

A BILL for an Act to amend and reenact sections 11-16-01, 11-16-06, 11-23-01, 14-09-06.3, 14-09-06.4, 14-15-09, 14-15-11, 50-01.1-04, 50-01.1-08, 50-01.2-05, 50-06-05.8, 50-12-08, 50-33-01, 50-33-02, 50-35-02, 50-35-03, 50-35-04, 50-35-05, 50-35-06, and 50-35-07 to the North Dakota Century Code, relating to the operation and financing of human service zones; to repeal chapter 50-11.2 of the North Dakota Century Code, relating to foster care parent grievance; and to provide for the transfer of employees.

Madam Chair Lee opened the discussion on SB 2086 at 3:43 p.m. Members present: Lee, K. Roers, Hogan, Anderson, Clemens, O. Larsen.

Discussion Topics:

- Amendment proposal
- Human Service Zone state employment
- Budget/Payment's for Human Service Zones
- Employee compensation study

[3:44] Senator Kathy Hogan, District 21. Provided the committee with an overview of SB 2086 with proposed amendment voted on during 2/16/2021 AM meeting (testimony #6829).

Senator Hogan moves to **DO PASS, AS AMENDED.**

Senator Anderson seconded.

Senators	Vote
Senator Judy Lee	Y
Senator Kristin Roers	Y
Senator Howard C. Anderson, Jr.	Y
Senator David A. Clemens	Y
Senator Kathy Hogan	Y
Senator Oley Larsen	N

The motion passed 5-1-0

Senator Hogan will carry SB 2086.

Additional written testimony: N/A

Madam Chair Lee closed the discussion on SB 2086 at 3:57 p.m.

Justin Velez, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2086: Human Services Committee (Sen. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2086 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 50-01.1 of the North Dakota Century Code, relating to gifts and donations received by human service zones;"

Page 1, line 2, after "14-15-11" insert ", 50-01.1-01"

Page 1, line 2, after "50-01.1-08" insert ", 50-01.2-01"

Page 1, line 3, after "50-33-02" insert ", 50-35-01"

Page 1, line 3, remove "50-35-06,"

Page 1, line 6, replace "and" with "to provide for legislative management reports; to provide for a legislative management study;"

Page 1, line 6, after "employees" insert "; and to provide an effective date"

Page 10, after line 16, insert:

"SECTION 8. AMENDMENT. Section 50-01.1-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.1-01. Definitions.

As used in this chapter, unless the context or subject matter otherwise requires:

1. "Department" means the department of human services.
2. "Direct costs" means costs that are charged directly to the human service zone human service fund. Direct costs are costs related directly to human service zone team members or human service zone services, including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
3. "Host county" means the county within the human service zone in which the human service zone administrative office is located and in which the human service zone team members are employed.
- ~~3-4.~~ "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- ~~4-5.~~ "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- ~~5-6.~~ "Human service zone team member" means a county employee who is responsible for administering or delivering human services under the direction of the human service zone director.
- ~~6-7.~~ "Human services" means:
 - a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare

services, locally administered economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.

- b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
- c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.

7-8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies which are not identified by the department as a direct cost. These indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services.

8-9. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone office and include:

- a. Temporary assistance for needy families;
- b. Employment and training programs;
- c. Child care assistance programs;
- d. Medical assistance, including early periodic screening, diagnosis, and treatment;
- e. Supplemental nutrition assistance programs, including employment and training programs;
- f. Refugee assistance programs;
- g. Basic care services;
- h. Energy assistance programs; and
- i. Information and referral."

Page 11, line 14, after the period insert "Indirect costs of the human service zone may not become direct costs without written approval of the department."

Page 12, after line 25, insert:

"SECTION 11. A new section to chapter 50-01.1 of the North Dakota Century Code is created and enacted as follows:

Human service zones accepting gifts and donations.

A human service zone shall secure, hold, and administer for the purpose for which the human service zone is established any property and any funds donated to the human service zone either by will or deed, or otherwise, or through court order or otherwise available to the human service zone, and to administer the funds or property in accordance with the instructions in the instrument creating the funds or

property or in accordance with the instructions in the court order or otherwise.
Property and funds received by a human service zone under this section are not
considered income to the human service zone.

SECTION 12. AMENDMENT. Section 50-01.2-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-01. Human service zone board - Members - Qualifications.

The board of county commissioners of each county within the human service zone shall appoint the appointed members of the human service zone board based upon fitness to serve as members by reason of character, experience, and training without regard to political affiliation. Appointed members of the human service zone board must consist of local elected officials and other key community partners. Each~~Each~~if a human service zone consists of two or more counties, each county must be represented on the human service zone board by ~~at least~~only one county commissioner of that county. If a human service zone consists of a single county, the county must be represented on the human service zone board by no more than two county commissioners of that county and the human service zone board must have at least five appointed members. Appointed members shall elect a vice presiding officer and appoint a secretary, and other officers as the human service zone board determines necessary. The human service zone director shall serve as presiding officer of the human service zone board as a nonappointed member."

Page 16, after line 19, insert:

"SECTION 18. AMENDMENT. Section 50-35-01 of the North Dakota Century Code is amended and reenacted as follows:

50-35-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Director" means the executive director of the department or the executive director's designee.
3. "Direct costs" means costs that are charged directly to the human service zone human service fund. Direct costs are costs related directly to human service zone team members or human service zone services, including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
4. "Economic assistance" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone, including:
 - a. Temporary assistance for needy families;
 - b. Employment and training programs;
 - c. Child care assistance programs;
 - d. Medical assistance, including early periodic screening, diagnosis, and treatment;
 - e. Supplemental nutrition assistance programs, including employment and training programs;
 - f. Refugee assistance programs;

- g. Basic care services;
 - h. Energy assistance programs; and
 - i. Information and referral.
- 4-5. "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.
- 5-6. "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.
- 6-7. "Human services" means:
- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
 - b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
 - c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.
- 7-8. "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies which are not identified by the department as a direct cost. These indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support, including payroll, accounting, banking, and coordination; information technology support and equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services."

Page 16, line 22, after "**Study**" insert "**- Report to legislative management**"

Page 17, line 3, replace "provide information to county commissioners outlining the" with "develop a"

Page 17, line 5, after "conditions" insert "and factors"

Page 17, line 5, after "may" insert "or may not"

Page 17, line 6, after "zone" insert "and the department"

Page 17, line 9, after the period insert "Before August 1, 2022, the department shall report to the legislative management the process developed for allowing a human service zone to opt in to state employment."

Page 17, line 10, remove "sixty-eighth"

Page 17, after line 11, insert:

5. During the 2021-22 interim, the department, with assistance from the North Dakota association of counties and human service zone directors,

shall study indirect costs. The study must identify a plan defining the process to calculate payment for indirect costs. The department shall provide regular updates to the legislative management on the progress of the study. Before August 1, 2022, the department shall report to the legislative management the process developed to calculate payment for indirect costs."

Page 18, line 1, remove "The director may subtract from a human service zone's payment any amount included"

Page 18, remove line 2

Page 18, line 3, remove "6."

Page 18, line 8, after "calculate" insert ", in collaboration with the human service zone director or designee."

Page 19, line 13, after the period insert "Indirect costs of the human service zone may not become direct costs without written approval of the department."

Page 19, after line 16, insert:

- "5. Direct costs must be applied consistently within all human service zones and may not be included in indirect costs.
- 6. Indirect costs must be applied consistently within all counties as it relates to human service zones and may not be included in direct costs."

Page 20, remove lines 8 through 19

Page 20, after line 26, insert:

"SECTION 25. LEGISLATIVE MANAGEMENT STUDY - DEPARTMENT OF HUMAN SERVICES AND HUMAN SERVICE ZONES EMPLOYEE COMPENSATION.

1. During the 2021-22 interim, the legislative management shall study issues related to the department of human services and human service zones employee compensation. The study must include consideration of the following issues:
 - a. Total state employee and human service zone team members compensation, including wages and salaries, annual leave, pay grades, classification, disaster or emergency services volunteers' leave, employee assistance program benefits, family and medical leave, funeral leave, holidays, hours of work, administrative leave, jury and witness leave, leave without pay, the merit system, military leave, overtime compensation, retirement benefits, health insurance benefits, severance pay, sick leave, benefits for temporary employees, and time off to vote.
 - b. Health insurance benefits, including the availability of health savings accounts, self-insurance, healthy lifestyle incentives, and the appropriateness of the human service zones' current health insurance benefits.
 - c. Compensation equity between the department of human services, other state agencies, human service zones, and the market; within human service zones; within the department of human services; and between human service zones.

- d. The feasibility and desirability of implementing compensation equity.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly."

Page 21, after line 23, insert:

"SECTION 27. EFFECTIVE DATE. Section 12 of this Act becomes effective on January 1, 2022."

Renumber accordingly

21.8067.01001

Sixty-seventh
Legislative Assembly
of North Dakota

SENATE BILL NO. 2086

Introduced by

Human Services Committee

(At the request of the Department of Human Services)

A BILL for an Act to create and enact a new section to chapter 50-01.1 of the North Dakota Century Code, relating to gifts and donations received by human service zones; to amend and reenact sections 11-16-01, 11-16-06, 11-23-01, 14-09-06.3, 14-09-06.4, 14-15-09, 14-15-11, 50-01.1-01, 50-01.1-04, 50-01.1-08, 50-01.2-01, 50-01.2-05, 50-06-05.8, 50-12-08, 50-33-01, 50-33-02, 50-35-01, 50-35-02, 50-35-03, 50-35-04, 50-35-05, ~~50-35-06~~, and 50-35-07 of the North Dakota Century Code, relating to the operation and financing of human service zones; to repeal chapter 50-11.2 of the North Dakota Century Code, relating to foster care parent grievance; ~~and to provide for legislative management reports; to provide for a legislative management study~~; to provide for the transfer of employees; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-16-01 of the North Dakota Century Code is amended and reenacted as follows:

11-16-01. Duties of the state's attorney.

1. The state's attorney is the public prosecutor, and shall:

~~1.~~ a. Attend the district court and conduct on behalf of the state all prosecutions for public offenses.

~~2.~~ b. Institute proceedings before magistrates for the arrest of persons charged with or reasonably suspected of public offenses when the state's attorney has information that such offenses have been committed, and for that purpose, when the state's attorney is not engaged in criminal proceedings in the district court, the state's attorney shall attend upon the magistrates in cases of arrests when required by them except in cases of assault and battery and petit larceny.

~~3.~~ c. Attend before, and give advice to, the grand jury whenever cases are presented to it for consideration.

- 1 4. d. Draw all indictments and informations.
- 2 5. e. Defend all suits brought against the state or against the county.
- 3 6. f. Prosecute all bonds forfeited in the courts of record of the county and prosecute
- 4 all actions for the recovery of debts, fines, penalties, and forfeitures accruing to
- 5 the state or to the county.
- 6 7. g. Deliver duplicate receipts for money or property received in the state's attorney's
- 7 official capacity and file copies thereof with the county auditor.
- 8 8. h. On the first Monday of January, April, July, and October in each year, file with the
- 9 county auditor an account, verified by the state's attorney's oath, of all money
- 10 received by the state's attorney in an official capacity in the preceding three
- 11 months, and at the same time, pay it over to the county treasurer.
- 12 9. i. Give, when required and without fee, the state's attorney's opinion in writing to
- 13 the county, district, township, and school district officers on matters relating to the
- 14 duties of their respective offices.
- 15 10. j. Keep a register of all official business in which must be entered a note of each
- 16 action, whether civil or criminal, prosecuted officially, and of the proceedings
- 17 therein.
- 18 11. k. Act as legal adviser of the board of county commissioners, attend the meetings
- 19 thereof when required, and oppose all claims and actions presented against the
- 20 county which are unjust or illegal.
- 21 12. l. Institute an action in the name of the county to recover any money paid upon the
- 22 order of the board of county commissioners without authority of law as salary,
- 23 fee, or for any other purpose, or any money paid on a warrant drawn by any
- 24 officer to that officer's own order or in favor of any other person without
- 25 authorization by the board of county commissioners or by law.
- 26 13. m. Institute an action in the name of the county to restrain the payment of any
- 27 money described in any order or warrant of the kind described in subsection 13
- 28 when the state's attorney secures knowledge of such order or warrant before the
- 29 money is paid thereon.

- 1 14. n. Assist the district court in behalf of the recipient of payments for child support or
2 spousal support combined with child support in all proceedings instituted to
3 enforce compliance with a decree or order of the court requiring such payments.
- 4 15. o. Institute proceedings under chapter 25-03.1 if there is probable cause to believe
5 that the subject of a petition for involuntary commitment is a person requiring
6 treatment.
- 7 16. p. Institute and defend proceedings under sections 14-09-12 and 14-09-19 and
8 chapters 14-15, 27-20, 27-20.1, and 50-01 upon consultation with the human
9 service zone director or the executive director of the department of human
10 services.
- 11 17. q. Act as the legal advisor and represent a human service zone as set forth in a
12 plan approved under section 50-01.1-03. The state's attorney within the human
13 service zone, by way of agreement, shall designate a singular state's attorney's
14 office, within or outside the human service zone, to act as legal advisor of the
15 human service zone. The host county state's attorney shall serve as the legal
16 advisor if no agreement is reached. The agreement may not limit a state's
17 attorney's individual discretion in court filings and representation.
- 18 18. r. Act as the legal advisor and represent the human service zone regarding
19 employer actions, including grievances and appeals, taken against the human
20 service zone team member. The state's attorney of the county by which the
21 human service zone team member is employed shall act as the legal advisor of
22 the human service zone, unless a different agreement is established by the
23 affected state's attorney.

- 24 2. The state's attorney shall~~may~~ not require any order of the board of county
25 commissioners to institute an action under subdivision l or m of subsection 12-~~or 13~~1.

26 **SECTION 2. AMENDMENT.** Section 11-16-06 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **11-16-06. Failure of state's attorney to perform duty - Power of court - Appointment of**
29 **acting state's attorney.**

30 If it shall appear, by affidavit or otherwise, to the satisfaction of a judge of the district court of
31 the judicial district in which the county is situated, that the county has no state's attorney, or that

1 the state's attorney is absent or unable to attend to the state's attorney's duties, or that the
2 state's attorney has refused or neglected to perform any of the duties prescribed in ~~subsections~~
3 ~~2 through 6~~ subdivisions b through f of subsection 1 of section 11-16-01, or to institute any civil
4 suit to which the state or the county is a party after the matter has been properly brought to the
5 attention of such state's attorney, and that it is necessary that some act be performed, the judge
6 shall:

- 7 1. Request the attorney general or an assistant attorney general to take charge of such
8 prosecution or proceeding; or
- 9 2. Appoint an attorney to take charge of such prosecution or proceeding and fix the
10 attorney's fee therefor by an order entered upon the minutes of the court, and the
11 attorney so appointed shall be vested with the powers of the state's attorney for the
12 purposes of that action, but for no other purpose, and shall be the only person
13 authorized to proceed in such action. The fee specified in the order shall be allowed by
14 the board of county commissioners and, if so ordered by the court, the amount of such
15 fee shall be deducted from the salary of the state's attorney.

16 **SECTION 3. AMENDMENT.** Section 11-23-01 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **11-23-01. Officers required to furnish commissioners with departmental budget.**

- 19 1. Every officer in charge of any institution, office, or undertaking supported wholly or in
20 part by the county shall file with the board of county commissioners a departmental
21 budget that is prescribed by the state auditor. The departmental budget must include
22 an itemized statement of the estimated amount of money that will be required for the
23 maintenance, operation, or improvement of the institution, office, or undertaking for the
24 ensuing year. The board of county commissioners may require additional information
25 to clarify the departmental budget.
- 26 2. a. The departmental budget submitted by the human service zone may not exceed
27 an amount determined by the department of human services and the human
28 service zone director pursuant to section 50-35-04 and must include the county's
29 cost allocation of indirect costs based on ~~a formula~~ an amount established by the
30 department of human services.

- b. The county share of the human service zone's indirect costs must be funded entirely from the county's general fund.
- c. The department of human services shall develop a process to review a request from a human service zone for any proposed increase in staff. As part of its review process, the department of human services shall review pertinent factors, which may include caseload information. If the department of human services approves a request for a proposed increase in staff, the human service zone budget may be increased by the amount determined necessary by the department of human services to fund the approved additional staff. The human service zone director shall submit the proposed increase in staff to the human service zone board for review. The human service zone director shall work with the department to achieve equitable compensation and salary increases for all human service zone team members within the human service zone. The human service zone director shall notify appropriate host county staff of all staffing changes for administrative purposes.
3. For purposes of this section, "host county" means the county within the human service zone in which the human service zone administrative office is located and in which the human service zone team members are employed.

SECTION 4. AMENDMENT. Section 14-09-06.3 of the North Dakota Century Code is amended and reenacted as follows:

14-09-06.3. Custody investigations and reports - Costs.

1. In contested proceedings dealing with parental rights and responsibilities the court, upon the request of either party, or, upon its own motion, may order an investigation and report concerning parenting rights and responsibilities regarding the child. The court shall designate a person or agency responsible for making the investigation and report, which designees may include the human service zone, public health officer, school officials, and any other public agency or private practitioner the court deems qualified to make the investigation.
2. The investigator may consult any person who may have information about the child and any potential arrangements for parenting rights and responsibilities, and upon order of the court may refer the child to any professional personnel for diagnosis.

1 3. The court shall mail the investigator's report to counsel and to any party not
2 represented by counsel at least thirty days before the hearing. The investigator shall
3 make available to any such counsel or party the complete file of data and reports
4 underlying the investigator's report and the names and addresses of all persons whom
5 the investigator has consulted. A party may call the investigator and any person whom
6 the investigator has consulted for cross-examination at the hearing. A party may not
7 waive the party's right of cross-examination before the hearing.

8 4. The court shall enter an order for the costs of any such investigation against either or
9 both parties, except that if the parties are indigent the expenses must be borne by the
10 ~~human-service zone~~county where the child resided at the time the action was
11 commenced or if a modification of parental rights and responsibilities, at the time the
12 motion to modify is served.

13 **SECTION 5. AMENDMENT.** Section 14-09-06.4 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **14-09-06.4. Appointment of guardian ad litem or investigator for child in proceedings**
16 **involving parental rights and responsibilities - Immunity.**

17 In any action for an annulment, divorce, legal separation, or other action affecting marriage,
18 when either party has reason for special concern as to the future of the minor child, and in any
19 action when the parenting rights and responsibilities concerning the child is contested, either
20 party to the action may petition the court for the appointment of a guardian ad litem to represent
21 the child concerning parenting rights and responsibilities. The court may appoint a guardian ad
22 litem or investigator on its own motion. If appointed, a guardian ad litem shall serve as an
23 advocate of the child's best interests. If appointed, the investigator shall provide those services
24 as prescribed by the supreme court. The court may direct either or both parties to pay the
25 guardian ad litem or investigator fee established by the court. If neither party is able to pay the
26 fee, the court may direct the fee to be paid, in whole or in part, by the ~~human-service-~~
27 ~~zone~~county where the child resided at the time the action was commenced. The court may
28 direct either or both parties to reimburse the ~~human-service-zone~~county, in whole or in part, for
29 such payment. Any guardian ad litem or investigator appointed under this section who acts in
30 good faith in making a report to the court is immune from any civil liability resulting from the

report. For the purpose of determining good faith, the good faith of the guardian ad litem or investigator is a disputable presumption.

SECTION 6. AMENDMENT. Section 14-15-09 of the North Dakota Century Code is amended and reenacted as follows:

14-15-09. Petition for adoption.

1. A petition for adoption must be signed and verified by the petitioner, filed with the clerk of the court, and state:
 - a. The date and place of birth of the individual to be adopted, if known.
 - b. The name to be used for the individual to be adopted.
 - c. The date petitioner acquired custody or date of placement of the minor and the name of the individual placing the minor.
 - d. The full name, age, place, and duration of residence of the petitioner.
 - e. The marital status of the petitioner, including the date and place of marriage, if married.
 - f. That the petitioner has facilities and resources, including those available under a subsidy agreement, suitable to provide for the nurture and care of the minor to be adopted, and that it is the desire of the petitioner to establish the relationship of parent and child with the individual to be adopted.
 - g. A description and estimate of value of any property of the individual to be adopted.
 - h. The name of any individual whose consent to the adoption is required, but who has not consented, and facts or circumstances which excuse the lack of the individual's consent normally required to the adoption.
 - i. The department ~~and a human service zone~~ as ~~respondents~~respondent.
 - j. The human service zone as respondent if the minor to be adopted is in the custody of the human service zone.
 - k. That the petitioner's expenses were reasonable as verified by the court. Reasonable fees may be charged for professional services and living expenses if reflected in a report of agreements and disbursements filed under this chapter and approved by the court. The fees may not be contingent upon placement of

- 1 the child for adoption, consent to adoption, or cooperation in the completion of
2 adoption. Reasonable fees may include:
- 3 (1) Preplacement counseling, adoption assessment, placement of the child,
4 foster care, or other preadoption services, which must be paid directly to the
5 provider of the services;
- 6 (2) Legal fees relating to the petition for relinquishment or adoption, that must
7 be paid directly to the provider of the services;
- 8 (3) Medical expenses relating to prenatal care and the birth of the child, that are
9 not already covered by health insurance;
- 10 (4) Expenses for transportation, meals, and lodging incurred for placement of
11 the child or in order to receive counseling, legal, or medical services related
12 to the pregnancy, birth, or placement; and
- 13 (5) Living expenses of the birth mother which are needed to maintain an
14 adequate standard of living, which the birth mother is unable to otherwise
15 maintain because of loss of income or other support resulting from the
16 pregnancy.
- 17 (a) The payments may cover expenses incurred during the
18 pregnancy-related incapacity but not for a period longer than six
19 weeks following the delivery, unless the court determines within the
20 six-week period that the birth mother is unable to be employed due to
21 physical limitations relating to the birth of the child.
- 22 (b) Living expenses do not include expenses for lost wages, gifts,
23 educational expenses, vacations, or other similar expenses of a birth
24 mother.
- 25 2. A certified copy of the birth certificate or verification of birth record of the individual to
26 be adopted, if available, and the required consents and relinquishments must be filed
27 with the clerk.
- 28 3. Any individual filing a petition shall pay to the clerk of court a filing fee as prescribed in
29 subsection 1 of section 27-05.2-03.

30 **SECTION 7. AMENDMENT.** Section 14-15-11 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **14-15-11. Notice of petition - Investigation and hearing.**

- 2 1. a. After the filing of a petition to adopt a minor, the court shall fix a time and place
3 for hearing the petition. At least twenty days before the date of hearing, notice of
4 the filing of the petition and of the time and place of hearing must be given by the
5 petitioner to the department and if the minor to be adopted is in the custody of the
6 human service zone to the human service zone; any agency or individual whose
7 consent to the adoption is required by this chapter but who has not consented; an
8 individual whose consent is dispensed with upon any ground mentioned in
9 subdivisions a, b, f, h, i, and j of subsection 1 of section 14-15-06 but who has not
10 consented; and any individual identified by the court as a biological parent or a
11 possible biological parent of the minor, upon making inquiry to the extent
12 necessary and appropriate, as in proceedings under section 27-20-45, unless the
13 individual has relinquished parental rights or the individual's parental rights have
14 been previously terminated by a court. The notice to the department and if the
15 minor to be adopted is in the custody of the human service zone to the human
16 service zone must be accompanied by a copy of the petition.
- 17 b. Notice of the filing of a petition to adopt an adult must be given by the petitioner
18 at least twenty days before the date of the hearing to each living parent of the
19 adult to be adopted.
- 20 2. An investigation must be made by a licensed child-placing agency to inquire into the
21 conditions and antecedents of a minor sought to be adopted and of the petitioner for
22 the purpose of ascertaining whether the adoptive home is a suitable home for the
23 minor and whether the proposed adoption is in the best interest of the minor.
- 24 3. A written report of the investigation must be filed with the court by the investigator
25 before the petition is heard.
- 26 4. The report of the investigation must contain a review of the child's history; a
27 preplacement adoption assessment of the petitioner, including a criminal history record
28 investigation of the petitioner; and a postplacement evaluation of the placement with a
29 recommendation as to the granting of the petition for adoption and any other
30 information the court requires regarding the petitioner or the minor.

- 1 5. An investigation and report is not required in cases in which a stepparent is the
2 petitioner or the individual to be adopted is an adult. The department and human
3 service zone, when required to consent to the adoption, may give consent without
4 making the investigation. If the petitioner is a relative other than a stepparent of the
5 minor, the minor has lived with the petitioner for at least nine months, no allegations of
6 abuse or neglect have been filed against the petitioner or any member of the
7 petitioner's household, and the court is satisfied that the proposed adoptive home is
8 appropriate for the minor, the court may waive the investigation and report required
9 under this section.
- 10 6. The department and human service zone, when required to consent to the adoption,
11 may request the licensed child-placing agency to conduct further investigation and to
12 make a written report thereof as a supplemental report to the court.
- 13 7. After the filing of a petition to adopt an adult, the court by order shall direct that a copy
14 of the petition and a notice of the time and place of the hearing be given to any
15 individual whose consent to the adoption is required but who has not consented and to
16 each living parent of the adult to be adopted. The court may order an appropriate
17 investigation to assist it in determining whether the adoption is in the best interest of
18 the individuals involved.
- 19 8. Notice must be given in the manner appropriate under the North Dakota Rules of Civil
20 Procedure for the service of process in a civil action in this state or in any manner the
21 court by order directs. Proof of the giving of the notice must be filed with the court
22 before the petition is heard.

23 **SECTION 8. AMENDMENT.** Section 50-01.1-01 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **50-01.1-01. Definitions.**

26 As used in this chapter, unless the context or subject matter otherwise requires:

- 27 1. "Department" means the department of human services.
- 28 2. "Direct costs" means costs that are charged directly to the human service zone human
29 service fund. Direct costs are costs related directly to human service zone team
30 members or human service zone services, including compensation, fringe benefits,
31 and operating costs that are not identified by the department as an indirect cost.

1 3. "Host county" means the county within the human service zone in which the human
2 service zone administrative office is located and in which the human service zone
3 team members are employed.

4 ~~3.4.~~ "Human service zone" means a county or consolidated group of counties
5 administering human services within a designated area in accordance with an
6 agreement or plan approved by the department.

7 ~~4.5.~~ "Human service zone director" means a human service zone team member who
8 oversees the human service zone's operation and budget and serves as presiding
9 officer of the human service zone board.

10 ~~5.6.~~ "Human service zone team member" means a county employee who is responsible for
11 administering or delivering human services under the direction of the human service
12 zone director.

13 ~~6.7.~~ "Human services" means:

- 14 a. A service or assistance provided to an individual or an individual's family in need
15 of services or assistance, including child welfare services, locally administered
16 economic assistance programs, medical service programs, and aging service
17 programs, to assist the individual or the individual's family in achieving and
18 maintaining basic self-sufficiency, including physical health, mental health,
19 education, welfare, food and nutrition, and housing.
- 20 b. A service or assistance provided, administered, or supervised by the department
21 in accordance with chapter 50-06.
- 22 c. Licensing duties as administered or supervised by the department or delegated
23 by the department to a human service zone.

24 ~~7.8.~~ "Indirect costs" means salaries, benefits, and operating costs incurred in providing
25 those goods and services to support human services that are generally available for
26 the common benefit of multiple county agencies which are not identified by the
27 department as a direct cost. ~~These~~ Indirect costs include legal representation; facilities
28 and related costs, such as utilities and maintenance; administrative support including
29 payroll, accounting, banking, and coordination; information technology support and
30 equipment; and miscellaneous goods and services, such as transportation, supplies,
31 insurance coverage, phone, and mail services.

8-9. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone office and include:

- a. Temporary assistance for needy families;
- b. Employment and training programs;
- c. Child care assistance programs;
- d. Medical assistance, including early periodic screening, diagnosis, and treatment;
- e. Supplemental nutrition assistance programs, including employment and training programs;
- f. Refugee assistance programs;
- g. Basic care services;
- h. Energy assistance programs; and
- i. Information and referral.

SECTION 9. AMENDMENT. Section 50-01.1-04 of the North Dakota Century Code is amended and reenacted as follows:

50-01.1-04. Plan - Financing - Human service zone board.

1. A plan for the creation of a human service zone must describe the method of operation of the human service zone office, its administration, its location and the location of any ancillary offices, the disbursements from public funds, and the accountability for funds and manner of reporting receipts and disbursements. The plan must provide for the distribution of property owned by each of the county agencies affected by the consolidation and for the method of resolution of any disagreement between the boards of county commissioners involved in the human service zone or between the governing board and one or more boards of county commissioners. The plan must also require the participating counties to participate in the indirect cost allocation plan. The plan, once approved, may be continued for a definite term or until rescinded, terminated, or modified by the department through a process developed by the department.
2. The human service zone director shall prepare a proposed budget for the human service zone at the time and in the manner as requested by the department and shall submit the department-approved proposed budget to the board of county

1 commissioners of each county in the human service zone for review. The board of
2 county commissioners may not take any action to amend or modify the amount
3 approved by the department. The board of county commissioners may make
4 recommendations to the human service zone director and the department to amend or
5 modify the amount proposed or budgeted. The amount budgeted must be sufficient to
6 defray the anticipated expenses of administration and the delivery of human services.
7 Within ten days following review of the proposed budget by the boards of county
8 commissioners, the human service zone director shall certify the budget to the
9 respective county auditors of the counties in the district. Each board of county
10 commissioners also shall budget and approve amounts sufficient to defray that
11 county's anticipated indirect costs of the human service zone. Indirect costs of the
12 human service zone may not become direct costs without written approval of the
13 department. The amounts budgeted, reviewed, and approved by the several boards of
14 county commissioners or the department, or both must be periodically deposited with
15 the treasurer of the host county in which the human service zone office is located and
16 must be placed in a special human service zone human services fund. The human
17 service zone's income must be deposited into the human service zone human
18 services fund by the treasurer of the host county. The human service zone board shall
19 establish procedures for the review and approval of all claims against the human
20 service zone human services fund. The human service zone director or designee shall
21 approve or ratify all claims against the human service zone human services fund. The
22 county treasurer of the host county, shall pay approved or ratified claims from the
23 human service zone human services fund. Unexpended human service zone human
24 services funds remaining at the end of a fiscal year may be carried over to the next
25 fiscal year pursuant to section 50-35-05. The department may recalculate and adjust
26 each human service zone's formula payment biannually based on pertinent factors,
27 which include actual expenditures over the prior or current payment period, current
28 costs, offered services, need, income, performance of duties directed or assigned and
29 supervised by the department, and caseload.

30 **SECTION 10. AMENDMENT.** Section 50-01.1-08 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **50-01.1-08. Standards of administration - Action upon failure to administer.**

- 2 1. The department shall adopt standards for administration for human services and shall
3 provide training for the implementation of those standards. Each human service zone
4 shall provide for administration of human services that meet those standards.
- 5 2. The department shall develop a system of progressive discipline to address
6 performance issues within the human service zone. The system shall reserve the most
7 serious actions for severe or chronic failure to meet the standards adopted under
8 subsection 1.
- 9 3. The department shall provide ongoing performance notifications to the human service
10 zone board and human service zone director related to the overall compliance with the
11 standards of administration.
- 12 4. If a human service zone fails to provide for administration of human services that meet
13 the standards adopted under subsection 1, the department may take any of the
14 following actions:
- 15 a. Provide training to the persons responsible for administration.
- 16 b. Require the human service zone to prepare and implement a corrective action
17 plan.
- 18 c. Terminate or modify a human service zone, agreement, or plan which may
19 include requiring the reconstituting of the human service zone board or rehiring of
20 a human service zone director as part of a new or modified agreement or plan.
- 21 d. Recalculate and adjust the human service zone's formula payments.
- 22 e. Recommend disciplinary action to the human service zone director or the human
23 service zone board.

24 **SECTION 11.** A new section to chapter 50-01.1 of the North Dakota Century Code is
25 created and enacted as follows:

26 **Human service zones accepting gifts and donations.**

27 A human service zone shall secure, hold, and administer for the purpose for which the

28 human service zone is established any property and any funds donated to the human service

29 zone either by will or deed, or otherwise, or through court order or otherwise available to the

30 human service zone, and to administer the funds or property in accordance with the instructions

31 in the instrument creating the funds or property or in accordance with the instructions in the

court order or otherwise. Property and funds received by a human service zone under this section are not considered income to the human service zone.

SECTION 12. AMENDMENT. Section 50-01.2-01 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-01. Human service zone board - Members - Qualifications.

The board of county commissioners of each county within the human service zone shall appoint the appointed members of the human service zone board based upon fitness to serve as members by reason of character, experience, and training without regard to political affiliation. Appointed members of the human service zone board must consist of local elected officials and other key community partners. EachIf a human service zone consists of two or more counties, each county must be represented on the human service zone board by ~~at least~~only one county commissioner of that county. If a human service zone consists of a single county, the county must be represented on the human service zone board by no more than two county commissioners of that county and the human service zone board must have at least five appointed members. Appointed members shall elect a vice presiding officer and appoint a secretary, and other officers as the human service zone board determines necessary. The human service zone director shall serve as presiding officer of the human service zone board as a nonappointed member.

SECTION 13. AMENDMENT. Section 50-01.2-05 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-05. Actions and proceedings - Duty of state's attorney.

Any suit or other proceeding arising out of the administration of the laws pertaining to the support of persons eligible for county general assistance or general assistance must be brought by or against the county in its corporate name ~~or~~human service zone, or department. The state's attorney shall institute and conduct or defend any and all actions or proceedings that may be instituted under chapter 50-01. The department may institute and conduct or defend any and all actions or proceedings that may be instituted under section 50-01-21.

SECTION 14. AMENDMENT. Section 50-06-05.8 of the North Dakota Century Code is amended and reenacted as follows:

1 **50-06-05.8. Department to assume costs of human services.**

2 The department shall pay each human service zone's expenses for administering human
3 services for calendar years after December 31, 2019, based on the ~~formula~~ payment amount
4 calculated for each human service zone under chapter 50-35. The executive director of the
5 department shall authorize expenditures from the human service finance fund to reimburse the
6 department for the department's costs of providing human services that historically have been
7 provided by a county or human service zone, or for a new service or program based on federal
8 or state law.

9 **SECTION 15. AMENDMENT.** Section 50-12-08 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **50-12-08. Child must be placed in suitable home - ~~Department~~Human service zone**
12 **may remove child.**

13 A child may not be placed in any foster or adoptive home until adequate investigation has
14 been made as to the suitability of the proposed foster or adoptive parents and their home
15 surroundings. When the ~~department of human services~~service zone is satisfied that a child has
16 been placed in an unsuitable home, the ~~department~~human service zone shall order the
17 child-placing agency, in writing, to remove the child and place the child in a home that meets the
18 approval of the ~~department~~human service zone. If within a reasonable period of time it appears
19 that suitable arrangements have not been made for the care of the child, the ~~department shall~~
20 ~~refer the child to the county social service board of the county in which the child has legal~~
21 ~~settlement. The county social service board~~human service zone shall make immediate
22 arrangements, ~~subject to the approval of the department,~~ for the care and support of the child. If
23 the child has no legal settlement within the state, or in case of a dispute as to the determination
24 of the child's legal settlement or responsibility for the child's support, the child must be brought
25 before the juvenile court as a dependent child in the county in which the child is found, as
26 provided by law.

27 **SECTION 16. AMENDMENT.** Section 50-33-01 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **50-33-01. Definitions.**

30 For the purposes of this chapter:

1. "Allowable activities" means paid work, job search, attending job training or an education program, any activity in the job opportunity and basic skills program, transportation time related to the activities, temporary illness or incapacity of a current recipient, and temporary illness of the child.
2. "Approved relative" means an individual provider related to a child in that provider's care by marriage, blood, or court decree as a grandparent, step-grandparent, great grandparent, step-great grandparent, aunt, step-aunt, uncle, step-uncle, sibling, or step-sibling, who has been approved to care for specific children in the provider's own home, but does not mean a sibling provider who resides in the home of a child in that provider's care.
3. "Caretaker" means a child's biological or adoptive parent, the spouse of the child's biological or adoptive parent, or an individual acting in the stead of a child's parent at the request of the parent or another with authority to make the request, but does not mean a provider.
4. "Child care assistance unit" means all members of the caretaker's immediate household, including a child through the month of that child's nineteenth birthday, and any parent or stepparent of a child, including an acknowledged or adjudicated father of one or more children in the household, but does not mean any other person who is not acting in the stead of a parent, a child who is nineteen years of age or older, a child for whom the household receives foster care payments, or a minor parent of a child in the household unless the minor parent also requires child care or is incapable of caring for the child.
5. "Child care center" has the meaning provided in chapter 50-11.1.
6. ~~"County agency" means any county social services office.~~
7. "Department" means the department of human services.
8. ~~7.~~ "Family child care" has the meaning provided in chapter 50-11.1.
9. ~~8.~~ "Group child care" has the meaning provided in chapter 50-11.1.
9. "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.

- 1 10. "Provider" means an individual who is eighteen years of age or older, licensed as a
2 provider in a family child care, group child care, or child care center, with a
3 self-declaration as a provider of early childhood services who requires no license,
4 registered as a child care provider by a tribal entity, or an approved relative, who
5 meets criteria established by the jurisdiction with authority to regulate child care
6 services.
- 7 11. "Recipient" means an individual who is receiving child care assistance.
- 8 12. "Tribal entity" means an organization authorized by the government of an Indian tribe
9 within North Dakota to license, register, or otherwise recognize a child care provider
10 operating within the jurisdiction of that Indian tribe.
- 11 13. "Work":
- 12 a. Means any paid employment and any self-employment providing commensurate
13 income; and
- 14 b. Does not mean any unpaid activity except:
- 15 (1) With respect to a caretaker who is involved in job opportunity and basic
16 skills or tribal native employment works required by temporary assistance
17 for needy families, any approved activity for the program; and
- 18 (2) When a state has been determined to have a major disaster, activity by an
19 individual who is residing in the disaster area and involved in unpaid work
20 activities, including the cleaning, repair, restoration, and rebuilding of
21 homes, businesses, and schools.

22 **SECTION 17. AMENDMENT.** Section 50-33-02 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **50-33-02. Child care assistance - Application for benefits - Applicant's duty to**
25 **establish eligibility - Decisions - Rules.**

- 26 1. An individual desiring child care assistance or an individual seeking assistance on
27 behalf of another individual may apply for child care assistance. An applicant shall
28 submit a request for child care assistance in writing to a ~~county agency~~ human service
29 zone on a form prescribed by the department. The applicant shall complete, sign, and
30 date the application. Eligibility begins on the first day of the month in which a signed
31 and dated application is received by the ~~county agency~~ human service zone. Eligibility

may begin on the first day of the month prior to the month in which a signed and dated application is received by the ~~county agency~~ human service zone, if the applicant requests child care assistance for that month and demonstrates eligibility in that month.

2. The applicant shall provide information sufficient to establish the eligibility of each individual for whom assistance is requested, including the age, verification of relative relationship, citizenship or resident alien status of the children, verification of participation in an allowable activity, and financial eligibility.

3. An eligibility decision must be made within thirty days on child care assistance applications whenever possible. The ~~county agency~~ human service zone shall notify the applicant following a determination of eligibility or ineligibility.

4. The department shall establish rules for the administration of the child care assistance program, including rules on income requirements, appeals of eligibility determinations for child care assistance, closure of a child care assistance case, and a sliding scale fee schedule for child care assistance benefits and to establish and enforce standards against program fraud and abuse.

SECTION 18. AMENDMENT. Section 50-35-01 of the North Dakota Century Code is amended and reenacted as follows:

50-35-01. Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Director" means the executive director of the department or the executive director's designee.
3. "Direct costs" means costs that are charged directly to the human service zone human service fund. Direct costs are costs related directly to human service zone team members or human service zone services, including compensation, fringe benefits, and operating costs that are not identified by the department as an indirect cost.
4. "Economic assistance" means those primary economic assistance programs that need to be accessible to all citizens of the state through a human service zone, including:
 - a. Temporary assistance for needy families;
 - b. Employment and training programs;

- c. Child care assistance programs;
- d. Medical assistance, including early periodic screening, diagnosis, and treatment;
- e. Supplemental nutrition assistance programs, including employment and training programs;
- f. Refugee assistance programs;
- g. Basic care services;
- h. Energy assistance programs; and
- i. Information and referral.

~~4.5.~~ "Human service zone" means a county or consolidated group of counties administering human services within a designated area in accordance with an agreement or plan approved by the department.

~~5.6.~~ "Human service zone director" means a human service zone team member who oversees the human service zone's operation and budget and serves as presiding officer of the human service zone board.

~~6.7.~~ "Human services" means:

- a. A service or assistance provided to an individual or an individual's family in need of services or assistance, including child welfare services, economic assistance programs, medical service programs, and aging service programs, to assist the individual or the individual's family in achieving and maintaining basic self-sufficiency, including physical health, mental health, education, welfare, food and nutrition, and housing.
- b. A service or assistance provided, administered, or supervised by the department in accordance with chapter 50-06.
- c. Licensing duties as administered or supervised by the department or delegated by the department to a human service zone.

~~7.8.~~ "Indirect costs" means salaries, benefits, and operating costs incurred in providing those goods and services to support human services that are generally available for the common benefit of multiple county agencies which are not identified by the department as a direct cost. ~~These~~Indirect costs include legal representation; facilities and related costs, such as utilities and maintenance; administrative support, including payroll, accounting, banking, and coordination; information technology support and

equipment; and miscellaneous goods and services, such as transportation, supplies, insurance coverage, phone, and mail services.

SECTION 19. AMENDMENT. Section 50-35-02 of the North Dakota Century Code is amended and reenacted as follows:

50-35-02. State-paid human services - Application - Study - Report to legislative management.

1. The department shall administer a statewide program for state funding of staffing and administrative costs related to the administration of human services.
2. Payments must be distributed to human service zones and the department pursuant to the formula in section 50-35-04, with the first formula payment distributions commencing in January 2020.
3. Human service zones shall cooperate with the department to adopt administrative and operational cost-savings methodologies and determine options for consolidations. Human service zones shall implement the administrative and operational cost-savings methodologies and consolidations.
4. During the ~~2019-2020~~2021-22 interim, the department, with assistance from the North Dakota association of counties and human service zone directors, shall ~~consider~~ provide information to county commissioners outlining the ~~develop a process~~ for allowing a human service zone to opt in to state employment. The ~~study~~process must identify under what conditions and factors a transition to state employment may or may not be desirable for a human service zone and the department; outline the governance process for choosing to opt in to state employment, including a description of the role of the human service zone board, county commissions, and the department; and include a template and potential timeline for any zone choosing to make the transition to state employment. Before August 1, 2022, the department shall report to the legislative management the process developed for allowing a human service zone to opt-in to state employment. The transition to state employment is contingent on the approval from the ~~sixty-eighth~~ legislative assembly.
5. During the 2021-22 interim, the department, with assistance from the North Dakota association of counties and human service zone directors, shall study indirect costs. The study must identify a plan defining the process to calculate payment for indirect

costs. The department shall provide regular updates to the legislative management on the progress of the study. Before August 1, 2022, the department shall report to the legislative management the process developed to calculate payment for indirect costs.

SECTION 20. AMENDMENT. Section 50-35-03 of the North Dakota Century Code is amended and reenacted as follows:

50-35-03. ~~Formula payments~~Payments - Distributions by the director.

1. The director shall calculate the total ~~formula~~ payment for each human service zone pursuant to section 50-35-04 for each calendar year. The director shall notify each human service zone of the estimated amount of that zone's ~~formula~~ payment for ~~calendar year 2020, before December 16, 2019, and for calendar year 2021 and the following years thereafter, before June second~~July first of the previous year. The director may amend and modify each human service zone's ~~formula~~ payment. If the director amends and modifies a human service zone's ~~formula~~ payment, the human service zone director must be notified within thirty days of amendment or modification.
2. The director shall distribute fifty percent of the amount of each human service zone's ~~formula~~ payment determined under subsection 1, within the limits of legislative appropriation, before January eleventh.
3. By June first of each year, ~~excluding calendar year 2019,~~ the director shall recalculate the total ~~formula~~ payment for each human service zone pursuant to section 50-35-04 for the current calendar year.
4. ~~For payments disbursed after calendar year 2020, the~~The director shall subtract from a human service zone's June fifteenth disbursement any amount exceeding the limitation under section 50-35-05.
5. ~~The director may subtract from a human service zone's payment any amount included in the human service zone human services fund.~~
- ~~6.~~ The director shall calculate the total ~~formula~~ payment for the department pursuant to section 50-35-04.

SECTION 21. AMENDMENT. Section 50-35-04 of the North Dakota Century Code is amended and reenacted as follows:

50-35-04. Calculation of formula payment - Expenditures.

1. The director shall calculate, in collaboration with the human service zone director or designee, the total formula payment for each human service zone. The calculation must be based on the human service zone's most recently available data on historical cost and income, and may include:
 - a. Other factors outlined in subsection 3;
 - b. The human service zone director's proposed budget for the human service zone which may include expansion of scope of human services to include kinship care services and payments and services in response to the federal Family First Prevention Services Act as part of the Bipartisan Budget Act of 2018 [Pub. L. 115-123];
 - c. Compensation equity and salary increases. The department may limit future salary increases for human service zone team members ~~who received a salary increase from the county commissioners or county social service board for calendar year 2018 or 2019 which was above~~ to the salary increase provided by the legislative assembly for state employees ~~or who receive a wage above equitable compensation~~; and
 - d. Current and future duties of and services offered by the human service zone and department.
2. The director shall authorize expenditures from the human service finance fund to reimburse the department for the department's costs of providing human services that historically have been provided by a county, human service zone, or a new service or program based on federal or state law. The department may authorize expenditures from the human service finance fund to reimburse the department for transitional costs incurred for implementing the statewide program for state funding.
3. The director may recalculate and adjust each human service zone's ~~formula~~ payment ~~biannually~~ based on pertinent factors, which include actual expenditures over the previous or current payment period, current costs, offered services, need, income, performance of duties directed or assigned and supervised by the department, and caseload. If the director amends and modifies a human service zone's ~~formula~~ payment, the human service zone director must be notified within thirty days of

amendment or modification. The spending authority of the human service zone must be increased or decreased based on the approved, adjusted, or modified formula-payment.

4. The director, during the period between January 1, ~~2020~~2021, and December 31, ~~2024~~2023, shall calculate payment for indirect costs ~~according to a formula established by the department, during the period between January 1, 2020, and December 31, 2021.~~ Indirect costs of the human service zone may not become direct costs without written approval of the department. The total payment by the department for reimbursement of indirect costs incurred to support human services may not be less than the prorated amount paid to counties for this purpose in state fiscal year 2018 as identified in the indirect cost plan, unless a cost reduction or cost-savings is achieved by the county.

5. Direct costs must be applied consistently within all human service zones and may not be included in indirect costs.

6. Indirect costs must be applied consistently within all counties as it relates to human service zones and may not be included in direct costs.

SECTION 22. AMENDMENT. Section 50-35-05 of the North Dakota Century Code is amended and reenacted as follows:

50-35-05. Human service zone human services fund - Establishment - Fund balance limitations.

1. Each human service zone in this state shall maintain a fund to be known as the human service zone human services fund. All expenditures by the human service zone for human services must be paid from the human service zone human services fund. If, due to unforeseen or other extenuating circumstances, a human service zone's formula distribution payment, ~~the county's cost allocation of indirect costs,~~ and balance of moneys carried over pursuant to subsection 2 are not sufficient to meet the expenses of that human service zone, the director may approve a transfer from the human service finance fund to the human service zone human services fund.
2. The balance of moneys in the human service zone human services fund on January first of each year, after calendar year 2020, may not exceed five hundred thousand dollars for a human service zone that had annual expenditures of two million dollars or

greater in calendar year 2020 or ~~one~~two hundred fifty thousand dollars for a human service zone that had annual expenditures of less than two million dollars in calendar year 2020. The balance of moneys carried over must be used for the administration of human services within that human service zone as approved by the human service zone director and may not be used for the county's cost allocation of indirect costs.

The human service zone human services fund is not subject to any other charges and is exempt from section 21-02-08.

~~**SECTION 23. AMENDMENT.** Section 50-35-06 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**50-35-06. Human service zone human services fund - Transfer.**~~

~~1. The county treasurer shall transfer the full amount of the service area human services fund to the human service zone human services fund on January 1, 2020. If on January 1, 2021, and each year thereafter, the balance of a human service zone human services fund exceeds the limitations in section 50-35-05, the director shall reduce the human service zone's formula payment as directed in subsection 4 of section 50-35-03. The director may reduce the human service zone's payment as directed in subsection 5 of section 50-35-03.~~

~~2. The county may not transfer any funds from the service area human services fund until January 1, 2020, unless approved by the department.~~

SECTION 23. AMENDMENT. Section 50-35-07 of the North Dakota Century Code is amended and reenacted as follows:

50-35-07. Human service finance fund.

The human service finance fund is a special fund in the state treasury. Moneys in the fund may be used, subject to legislative appropriation, for the provision of formula payments to human service zones and payments to the department pursuant to this chapter.

SECTION 24. REPEAL. Chapter 50-11.2 of the North Dakota Century Code is repealed.

SECTION 25. LEGISLATIVE MANAGEMENT STUDY - DEPARTMENT OF HUMAN SERVICES AND HUMAN SERVICE ZONES EMPLOYEE COMPENSATION.

1. During the 2021-22 interim, the legislative management shall study issues related to the department of human services and human service zones employee compensation. The study must include consideration of the following issues:

- 1 a. Total state employee and human service zone team members compensation,
2 including wages and salaries, annual leave, pay grades, classification, disaster or
3 emergency services volunteers' leave, employee assistance program benefits,
4 family and medical leave, funeral leave, holidays, hours of work, administrative
5 leave, jury and witness leave, leave without pay, the merit system, military leave,
6 overtime compensation, retirement benefits, health insurance benefits, severance
7 pay, sick leave, benefits for temporary employees, and time off to vote.
- 8 b. Health insurance benefits, including the availability of health savings accounts,
9 self-insurance, healthy lifestyle incentives, and the appropriateness of the human
10 service zones' current health insurance benefits.
- 11 c. Compensation equity between the department of human services, other state
12 agencies, human service zones, and the market; within human service zones;
13 within the department of human services; and between human service zones.
- 14 d. The feasibility and desirability of implementing compensation equity.
- 15 2. The legislative management shall report its findings and recommendations, together
16 with any legislation required to implement the recommendations, to the sixty-eighth
17 legislative assembly.

18 **SECTION 26. TRANSFER OF EMPLOYEES - HEALTH INSURANCE COVERAGE.**

- 19 1. Sixteen full-time equivalent foster care licensing positions of a human service zone
20 become full-time equivalent positions of the department of human services upon
21 notice of transfer to the human service zone director or county commissioners.
- 22 2. An employee who becomes a state employee under this section is entitled to receive a
23 salary in an amount not less than the salary received as an employee of the host
24 county.
- 25 3. Each year of county or host county employment of an employee who is transferred
26 under this section will be considered a year of state employment for purposes of
27 section 54-06-14.
- 28 4. Before the transfer of the full-time equivalent position from the host county to the
29 department of human services, the host county shall pay the employer's share of any
30 premium that is necessary to continue any existing health insurance coverage for an

1 employee who is transferred under this section for one month after the effective date
2 of this transfer.

3 5. Any equipment, including technology-related equipment, furnishings, and supplies in
4 the control and custody of a county or human service zone on the effective date of an
5 employment transfer from the host county to the department of human services under
6 this section, must be transferred to the control and custody of the department of
7 human services if requested.

8 6. A position added to the department of human services under this section would be
9 position transfers from the human service zone and may not result in:

10 a. A net addition of positions delivering human services programs, services, or
11 functions under the appropriation provided in House Bill No. 1012, as approved
12 by the sixty-seventh legislative assembly.

13 b. An increase in human service zone team members delivering human services
14 programs, services, or functions.

15 **SECTION 27. EFFECTIVE DATE.** Section 12 of this Act becomes effective on January 1,
16 2022.

2021 HOUSE HUMAN SERVICES

SB 2086

2021 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee Pioneer Room, State Capitol

SB 2086
3/15/2021

Relating to gifts and donations received by human service zones; relating to the operation and financing of human service zones; relating to foster care parent grievance; to provide for legislative management reports; to provide for a legislative management study; to provide for the transfer of employees; and to provide an effective date

Chairman Weisz opened the committee hearing at 3:05 p.m.

Representatives	Attendance
Representative Robin Weisz	P
Representative Karen M. Rohr	P
Representative Mike Beltz	P
Representative Chuck Damschen	P
Representative Bill Devlin	P
Representative Gretchen Dobervich	P
Representative Clayton Fegley	P
Representative Dwight Kiefert	P
Representative Todd Porter	P
Representative Matthew Ruby	P
Representative Mary Schneider	P
Representative Kathy Skroch	A
Representative Bill Tveit	P
Representative Greg Westlind	P

Discussion Topics:

- County-wide cost allocation
- Compensation & equity

Sara Stolt, Chief Operating Officer North Dakota Department of Human Services (3:06) testified in favor and submitted testimony #9059 & #9306.

Kimberly Jacobson, Agassiz Valley Human Service Zone Director (3:10) testified in favor and submitted testimony #8978.

Steven Reiser, Human Service Zone Director Dakota Central Human Services (3:20) testified in favor and submitted testimony #8990.

Terry Traynor, Executive Director North Dakota Association of Counties (3:23) testified in favor and submitted testimony #9194.

Chairman Weisz adjourned at 3:31 p.m.

Tamara Krause, Committee Clerk

Testimony
Engrossed Senate Bill 2086 - Department of Human Services
House Human Services Committee
Representative Robin Weisz, Chairman
March 15, 2021

Chairman Weisz, and members of the House Human Services Committee, I am Sara Stolt, Chief Operating Officer with the Department of Human Services (Department). I want to thank you for the opportunity to appear before you to support Engrossed Senate Bill 2086, which was introduced on behalf of the Department. This has been an eventful year with the launch of Human Services Zones, the hiring of Zone Directors, development of zone plans and many redesign projects for programs delivered in the zones. This Bill relates to the human service zones and the provision of human services.

Section 1

The proposed changes in Section 1 of this Bill amend section 11-16-01 of the North Dakota Century Code regarding duties of the state's attorney. Page 3, line 8 updates a statutory reference regarding a chapter that was added during the 2019 legislative session regarding guardianship of a child. Page 3, lines 24 and 25 changes were made by legislative council.

Section 2

The proposed changes in Section 2 of this Bill amend section 11-16-06 of the North Dakota Century Code regarding failure of state's attorney to perform duties. Page 4, lines 2 and 3 changes were made by legislative council.

Section 3

The proposed changes in Section 3 of this Bill amend section 11-23-01 of the North Dakota Century Code regarding officers required to furnish commissioners with

departmental budget. The proposed change on Page 4, line 29 is made to replace “a formula” with “an amount” to clarify the Department’s process regarding the human service zone payments.

Section 4

The proposed changes in Section 4 of this Bill amend section 14-09-06.3 of the North Dakota Century Code regarding the costs of child custody investigations and reports. Page 6, line 10 replaces “human service zone” with “county”. During 2019 Senate Bill 2124, “county” was mistakenly replaced with “human service zone”. The human service zones have informed the Department that this expense was not part of the social services budget in the past.

Section 5

The proposed changes in Section 5 of this Bill amend section 14-09-06.4 of the North Dakota Century Code regarding guardian ad litem or investigator fees. Page 6, lines 26 through 28 replaces “human service zone” with “county”. During 2019 Senate Bill No. 2124, “county” was mistakenly replaced with “human service zone”. The human service zones have informed the Department that this expense was not part of the social services budget in the past.

Sections 6 and 7

The proposed changes in Sections 6 and 7 of this Bill amend sections 14-15-09 and 14-15-11 of the North Dakota Century Code regarding notice of adoptions to human service zones. Page 7, lines 24 through 26; page 9, lines 5 and 6; page 9, lines 14 and 15 update the notice requirement to apply to the human service zone only if the minor to be adopted is in the custody of the human service zone. The Department will continue to be named as a respondent on all adoption petitions. This is to clarify a change made in 2019 Senate Bill No. 2124 that required the human service zones to be given notice of all adoptions, whether or not they had custody of the child. As a result of this legislative change, human service zones are now receiving notice of private adoption matters, including infants privately adopted, those children adopted internationally and

stepparent adoptions. These are not children for whom the zone has any custodial responsibility, nor may they have any information about that child. The Department is requesting this change so that human service zones only be given notice when they are the custodian of the youth to be adopted.

Section 8

The proposed changes in Section 8 of this Bill amend section 50-01.1-01 of the North Dakota Century Code regarding the definitions. Page 10, lines 28 through 31 add the definition of direct costs. Page 11, lines 26 and 27 add clarification to the definition of indirect costs.

Section 9

The proposed changes in Section 9 of this Bill on page 13, lines 11 through 13, amend section 50-01.1-04 of the North Dakota Century Code to state that indirect costs of the human service zone may not become direct costs without written approval of the department. Page 13, line 25 inserts a statutory citation regarding how the funds can be carried over. Page 13, line 26 removes “formula” and “biannually” to clarify the Department’s process regarding recalculating and adjusting the human service zone payments.

Section 10

The proposed changes in Section 10 of this Bill on page 14, line 21, amend section 50-01.1-08 of the North Dakota Century Code to remove “formula” to clarify the Department’s process regarding recalculating and adjustment the human service zone payments.

Section 11

The proposed changes in Section 11 of this Bill on page 14, lines 26 through 31, and page 15, lines 1 and 2, add a new section to chapter 50-01.1 of the North Dakota Century Code defining how Human Service Zones can accept gifts and donations.

Section 12

The proposed changes in Section 12 of this Bill on page 15, lines 10 through 15, amend section 50-01.2-01 of the North Dakota Century Code to further define county commissioner representation on Human Service Zone Boards.

Section 13

The proposed changes in Section 13 of this Bill on page 15, line 24, and lines 26 and 27, amend section 50-01.2-05 of the North Dakota Century Code regarding the Department's ability to conduct estate recovery proceedings regarding general assistance claims. 2019 Senate Bill No. 2124 provided the Department with a full-time equivalent position to assist the human service zones on their estate recovery collections and the required change to this section was overlooked during the 2019 legislative session.

Section 14

The proposed change in Section 14, page 16, line 3, of this Bill amend section 50-06-05.8 of the North Dakota Century Code to remove "formula" to clarify the Department's process regarding the human service zone payments.

Section 15

The proposed changes in Section 15 of this Bill amend section 50-12-08 of the North Dakota Century Code. Chapter 50-12 is the regulatory statute for child placement agencies in North Dakota and section 50-12-08 has historically given the Department authority to intervene when a child has been placed for adoption in an unsuitable home. Consistent with the changes made by 2019 Senate Bill No. 2124, wherein the human service zone is the custodian for children in foster care whose parental rights are terminated, the changes to this section on page 16, lines 15 through 22 would clarify that the human service zone would be the responsible entity if a child was found to have been placed for adoption in an unsuitable home, would allow the human service zone to make arrangements for the care and support of the child.

Sections 16 and 17

The proposed changes in Sections 16 and 17 of this Bill amend sections 50-33-01 and 50-33-02 of the North Dakota Century Code regarding child care assistance. Page 17, line 24 removes the definition of “county agency”; page 17, lines 28 through 30 adds the definition of “human service zone”; page 18, line 28, 29, and 31, page 19 lines 2 and 10, replaces “county agency” with “human service zones” based on the changes made in 2019 Senate Bill No. 2124. These changes will keep language consistent with the provision of human services.

Section 18

The proposed changes in Section 18 of this Bill amend section 50-35.01 of the North Dakota Century Code adding the definition of direct costs on page 19, lines 24 through 27 and clarifying the definition of indirect costs on page 20, lines 28 and 29.

Section 19

The proposed changes in Section 19 of this Bill amend section 50-35-02 of the North Dakota Century Code regarding state-paid human services. Page 21, line 10 removes “formula” to clarify the Department’s process regarding human service zone payments. Page 21, lines 16 through 28, updates existing language that required a study of the potential for human service zones to opt into state employment. The proposed language now states that the Department, along with the North Dakota Association of Counties and human service zone directors, shall develop the process for human service zones to opt in to state employment, and makes any transition contingent on the approval from the legislative assembly. Page 21, lines 29 through 31, and page 22 lines 1 through 3, add a new study on indirect costs. The proposed language now states that the Department, along with the North Dakota Association of Counties and human service zone directors, shall study indirect costs and report, to legislative management, the process developed to calculate payment for indirect costs.

Section 20

The proposed changes in Section 20 of this Bill amend section 50-35-03 of the North Dakota Century Code regarding human service zone payments. Page 22, lines 6 through 24, removes “formula” and adds “estimated” to clarify the Department’s process regarding human service zone payments, removes outdated dates, and changes the date from June second to July first regarding when the human service zones will receive notice of the estimated amounts of that zone’s payments.

Section 21

The proposed changes in Section 21 of this Bill amend section 50-35-04 of the North Dakota Century Code regarding calculation of human service zone payments. Page 22, line 30 removes “formula” to clarify the Department’s process regarding human service zone payments. Page 22, lines 29 and 30, adds “in collaboration with the human service zone director or designee” to identify who is part of the budget and payment process. Page 23, lines 10 through 14 removes outdated language and inserts language permitting the Department to limit future salary increases for human service zone team members to an amount equal to the salary increase provided by the legislative assembly for state employees. Page 23, lines 23 through 30 removes “formula” to clarify the Department’s process regarding human service zone payments, removes “biannually” to allow the Department to recalculate and adjust a human service zone’s payment more frequently. Page 24, lines 1 through 5 updates dates, removes outdated language, and adds clarification on indirect costs becoming direct costs. Page 24, lines 10 through 13, provides clarification on direct and indirect costs being applied consistently across all human service zones.

Section 22

The proposed changes in Section 22 of this Bill amend section 50-35-05 of the North Dakota Century Code regarding the human service zone human services fund. Page 24, line 22, removes “formula” to clarify the Department’s process regarding human service zone payments, and also removes “the county’s cost allocation of indirect costs” to reflect that the human service zone human services fund cannot be used to fund a county’s cost allocation of indirect costs. Page 24, line 29 changes the threshold for

fund balances of human service zones with annual expenditures less than two million dollars from one-hundred thousand to two hundred fifty thousand dollars. Page 25, line 2 adds language establishing that carry-over of the human service zone human services fund cannot be used to fund a county's cost allocation of indirect costs.

Section 23

The proposed change in Section 23 of this Bill amends section 50-35-07 of the North Dakota Century Code regarding the human service finance fund. Page 25, line 9 removes "formula" payment to clarify the Department's process regarding human service zone payments.

Section 24

The proposed change in Section 21 of this Bill is to repeal Chapter 50-11.2 of the North Dakota Century Code regarding foster care parent grievance. Human service zone directors in partnership with the Department discussed the intent of the grievance procedures and found the formal grievance process to be a duplication of the already established method for managing internal agency complaints or grievances.

Section 25

The proposed change in Section 25 of this Bill is to include a legislative management study to address Department and Human Service Zone employee compensation to include an analysis and report of total salaries, leave pay, healthy insurance benefits, compensation equity between zones, within zones and within the department and the feasibility of implementing compensation equity.

Section 26

The proposed changes in Section 26 of this Bill requests a transfer of 16 FTE foster care licensing positions from the human service zones to the department of human services for the creation of a specialty state-wide foster care licensing team.

Section 27

The proposed changes in Section 27 of this bill provides that Section 12 of this Act becomes effective on January 1, 2022.

This concludes my testimony. I would be happy to try to answer any questions the committee may have. Thank you.

HUMAN SERVICE ZONE (HSZ) ROLES

	Human Service Zone Board	County Commission	Zone Director	DHS
Operations, Fiscal and Management	<ul style="list-style-type: none"> Establish policy to review and approve claims against the HSZ fund. Review and recommend services for improvement and efficiency. Review requests for additional team members. Hear/act upon General Assistance appeals. Hear/act upon employee grievances and appeals.** 	<ul style="list-style-type: none"> Receive and ratify the HSZ direct fund budget. Receive and ratify the HSZ indirect fund budget. Fund any excess indirect costs. Host County determines insurance benefit plan and coverage levels. Each county establishes public building hours and emergency closures (inclement weather). Appoint HSZ board members to represent respective community. Remove appointed HSZ board member(s) without cause. 	<ul style="list-style-type: none"> Provide overall supervision of HSZ team members in accordance with DHS policies. May also supervise DHS employees working within the HSZ. Provide day-to-day management and operations of the HSZ. Provide program oversight and management. Develop, plan and monitor HSZ budget. Serve as Chair and voting member of HSZ Board. Serve as Legal Custodian for children placed in the child welfare system. Ensure a positive workplace and service culture. May serve one or more zones. 	<ul style="list-style-type: none"> Administer a state-wide program for HSZ services, staffing, and costs. Provide Compliance Oversight: <ul style="list-style-type: none"> Adopt program standards. Provide training for those standards. Develop and administer a system to address chronic or serious HSZ performance issues. Notify HSZ Board and Zone Director of whether the HSZ meets performance requirements. Direct and supervise statewide HSZ work. Ensure compliance and provide support on HR policy and merit system.
Advocacy, Collaboration and Representation	<ul style="list-style-type: none"> Provide information on community needs and advocate to meet those needs. 		<ul style="list-style-type: none"> Serve as HSZ representative on boards, task forces, committees and appointments. Monitor legislation, testify and advocate for client needs. Collaborate with DHS leadership and other HSZs to ensure effective, efficient, and quality human services. 	

ROLES - HUMAN SERVICE ZONE DIRECTOR HIRING & SUPERVISION



NORTH DAKOTA DEPARTMENT OF HUMAN SERVICES (STATE)

- ② 2 DHS representatives serve on HSZ Director Hiring Committee and participate in interviews
- ② Must give approval to hire HSZ Director

**Subject to applicable law, policies, rules and merit system requirements



HUMAN SERVICES ZONE BOARD (LOCAL)

- ② Serves on HSZ Director Hiring Committee and participate in interviews
- ② Makes recommendation on hiring of HSZ Director
- ② Upon approval from DHS, hires HSZ Director
- ② With direct consultation and input from DHS, supervises the HSZ Director**

ROLES - HUMAN SERVICE ZONE PERSONNEL MANAGEMENT ROLES

DHS Human Resources Division (State)

- ② Sets policy and provides consultation on merit system

HSZ Director (Local)

- ② Hires, directs work of HSZ team members and takes disciplinary actions following DHS policy
- ② Uses pre-action process if suspension without pay, demotion, or dismissal is being considered
- ② Gathers information and evidence, including information provided by HSZ team member who is subject to the disciplinary action

HSZ Host County State's Attorney

HSZ Board

- ② Hears and acts on HSZ employee grievances as outlined in HSZ plan and complying with merit system requirements

Together review the information and decide whether to take the proposed major disciplinary action

Hears appeal from HSZ team member subject to disciplinary decision

SHARED ROLES

	Human Service Zone Board	County Commission	Zone Director	DHS
Come to agreement prior to eliminating an access point	×	×	×	×
Receive Zone performance notifications from DHS related to overall compliance standards	×		×	

The Countywide Cost Allocation Plan

WHAT IS THE CWCAP

The Countywide Cost Allocation Plan (CWCAP) identifies indirect/overhead costs and allocates them to various departments within the county. Indirect costs may include:



Building Costs - Building, Depreciation, Finance Costs, Maintenance, Utilities and Grounds-keeping



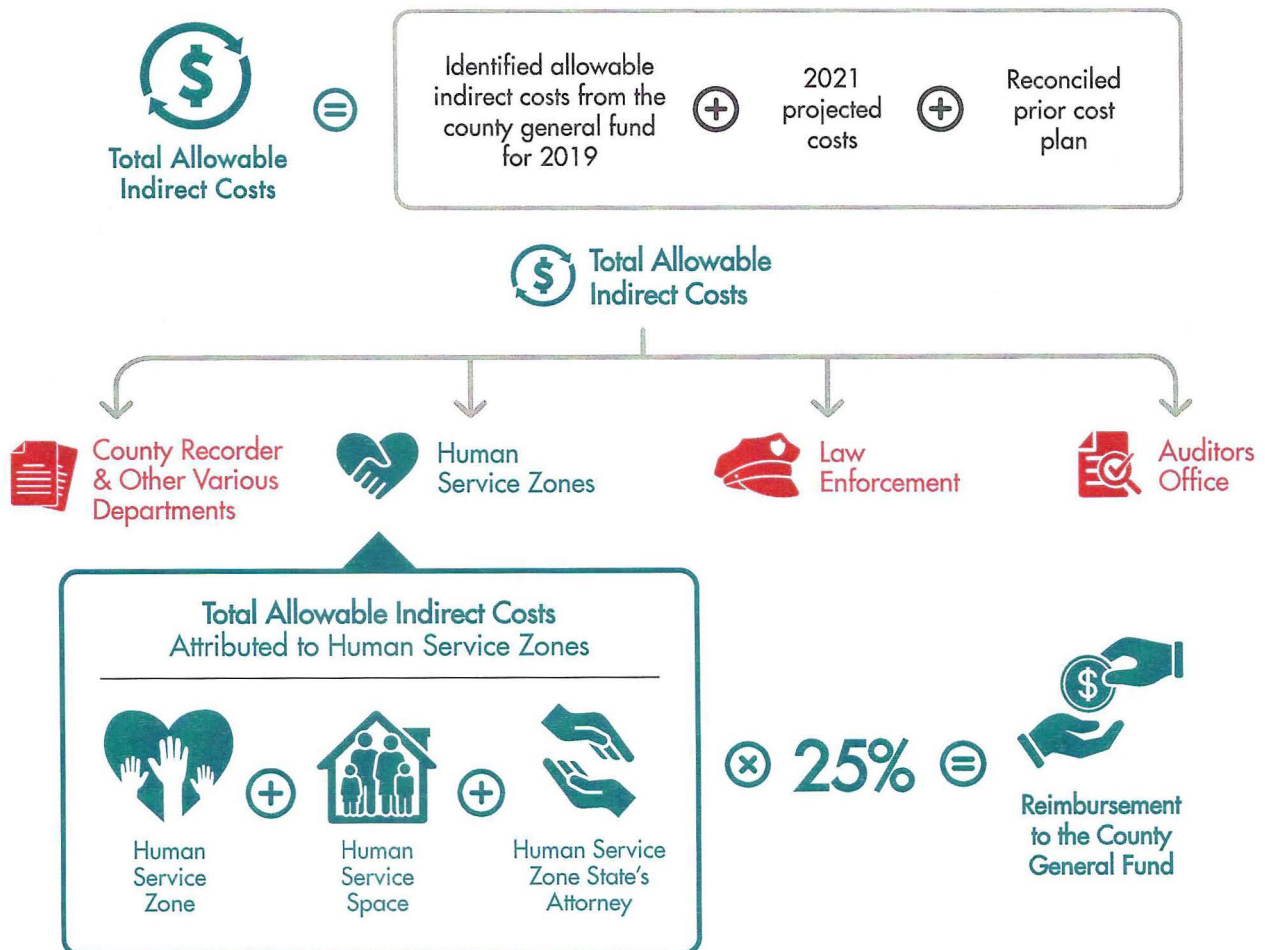
Soft Indirect Costs - Office Supplies, Postage, Copier Costs, Vehicles, Insurance and IT Services



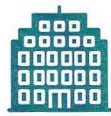
Clear Indirect Costs - Accounting, Banking, Legal, Coordination, Budget and HR

DHS uses the CWCAP to reimburse a share of the allowable indirect costs attributed to human service zones and to obtain federal funds.

HOW TOTAL ALLOWABLE INDIRECT COSTS ARE CALCULATED WITHIN THE CWCAP



DETERMINING REIMBURSEMENT AMOUNTS OF INDIRECT COSTS



SCENARIO	PROCESS PRIOR TO 2018*	CURRENT PROCESS
County DECIDES TO directly charge human service zone.**		
1 Human Service Zone Pays the Bill - or - 2 County Direct Bills Costs to Human Service Zone	<ul style="list-style-type: none">➤ County general fund is 100% reimbursed from the human service zone.➤ State uses federal share to reimburse county human service fund.	<ul style="list-style-type: none">➤ All zones must participate in the CWCAP.➤ County can no longer directly charge the human service zone for indirect costs.➤ The county general fund is reimbursed (up to the 2018 amount) from the state human service financing fund.
County decides NOT TO directly charge human service zone.**		
3 Human Service Zone Participates in CWCAP	<ul style="list-style-type: none">➤ County general fund is reimbursed at a percentage of the current CWCAP.	<ul style="list-style-type: none">➤ DHS reimburses the county general fund at 25% of the CWCAP submitted in 2018.

A workgroup is underway to determine how indirect costs will be reimbursed in the future.

*In 2018 and 2019, a formula was used to calculate the reimbursement to human service zones.

**Human service zone was known formerly as county social services.

IN 2020, TOTAL INDIRECT COSTS WERE \$13.6M
AND \$5.9M (43%) WAS REIMBURSED

Testimony Prepared for the
House Human Services Committee

March 15, 2021

By: Kim Jacobson, Agassiz Valley Human Service Zone Director

RE: Senate Bill 2086 – Operations and Financing of Human Service Zones

Chairman Weisz and members of the House Human Services Committee, my name is Kim Jacobson. I am the Agassiz Valley Human Service Zone Director, serving the service area of Traill and Steele Counties, a member of the North Dakota Social Service Director Association, and a member of the North Dakota Association of Counties Board of Directors. Please consider my testimony in support of SB 2086.

The last two years have brought many changes for the local human service delivery system. At the end of the 66th Legislative Assembly, county social service agencies and DHS together began a fast-paced path towards the formation of human service zones. The teamwork and collaboration leading up to the 66th assembly provided groundwork for system redesign, visioning, and goal setting. However, planning and doing are two very different things.

Today, I am pleased to report that we have together transitioned to 19 human service zones. We have accomplished many great things, including: developing, negotiating, and entering into human service zone agreements and operational plans; combining county-based workforces into human service zone teams; leading the transition to human service zone board structure; developing innovative service and management collaborations between zones; transitioning locally administered services allowing zones to still meet the unique needs of local communities; developing and launching unified human service zone personnel policy which provides supports merit system/federal/state law compliance while providing opportunity for

locally unique policy when appropriate; transitioning the legal custody of all foster children to the human service zone director; and restructuring to a consistent fiscal coding and management and budgeting system.

It is well recognized that the transition to effective and efficient state/human service zone teams will take at least eight years. While we have accomplished a lot of initial and visual steps, it is important to note that we are just **one year** into the human service zone and state team system of which most of the time we have also been dealing with COVID19 impacts. Our team-based approach is a strong example of government innovation. However, the operational side of service delivery is very complex. Building a responsive state/zone team system is uncharted territory. Working as one with shared decision-making and accountability while demonstrating local responsiveness is hard work that requires time, attention, and nurture. It is also key that we stay true to legislative intent to ensure we develop the vision that was agreed upon. This is critical to continued success and strong responsive services for citizens.

Last session's SB 2124 was a comprehensive and sizable bill. It was anticipated that there would be need for technical changes, intent clarifications, and parameters for next steps. SB 2086 encompasses the needs identified by DHS to help us move forward in a successful and knowledgeable manner.

There are several sections detailing housekeeping-type change. For example, Section 6 contains additional meaningful clean up language important to human service zones. Due to SB 2124 language, human service zones were designated to provide consent for all adoptions, including private adoptions. As human service zones, this authority is appropriate if the child that is subject to the adoption is in the custody of the human service zone and zone-level decision making is required. However, it is not appropriate for human service zones to

weigh in on private adoption matters. SB 2086 corrects this error and restores appropriate authority related to private adoptions.

SB 2124 identified specific specialty statewide teams to transition to state employment. There remains one team to transition – the foster care licensing team. I support the transition of this one specific and remaining team. Foster care licensors issue state-issued licenses. The transition to a specialty team best supports a system that reduces administrative burden and timeliness of issuing state-issued foster care licenses. It also provides for a network of full-time specialty workers to provide this important service statewide. From a policy perspective, it is important to note that this state specialty team, along with other prior specialty teams who have already transitioned to state employment, continue to be funded in the Human Service Zone budget located with HB 1012 – the DHS Budget. These state positions are funded by SIFT funds designated for social service financing and property tax relief.

SB 2086 requests to repeal Chapter 50-11.2 related to foster parent grievances. I support this change. Currently, there is a separate process for foster parents to grieve concerns. This process is different than all other grievances received at the zone-level from clients. For example, currently foster parents have a different grievance process than relative caregivers and even parents.

It is important for grievance processes be in place and for there to be consistency in the handling of grievances. For those reasons, human service zones agreed to abide by a uniform client grievance process as part of our approved human service zone plans. It is our goal to treat all client grievances similarly providing consistency not only to client but from zone to zone. Removing Chapter 50-11.2 supports the transition to a consistent grievance process and sets the stage for grievance outcomes and determinations within the parameters of law.

While in the Senate, there were meaningful changes made to SB 2086. This was accomplished through a legislative, DHS, NDACo and human service zone workgroup. I was part of that workgroup and necessary to help support our work and collaboration. I encourage the House to also support the improvements made to SB 2086. Some examples of those improvements include:

Acceptance of Gifts and Donations:

In many communities, human service zone offices assist with coordinating items donated from the local community and passing along to those in need. When SB 2124 was crafted, a section providing authority to accept donations was inadvertently missed. SB 2086 now addresses this oversight and restores authority previously allowed of county social service agencies to accept donations and gifts.

Opt-In Study.

SB 2124 directed the department to study during the interim, a process for allowing a human service zone to voluntarily opt into state employment. This process remains uncomplete. However, I am grateful for the delayed action on this item as we have wisdom today previously unknown.

SB 2086 now provides for study to include DHS, NDACo, and Human Service Zone Directors during interim with a report to Legislative Management. It is important to understand and study both the strengths and barriers to human service zones and the State of North Dakota prior to any potential opt-in changes to employment. The language in SB 2086 supports this study.

Total Compensation Equity:

Key to this analysis that must be addressed and clarified is compensation equity. As a statewide system with all salaries and benefits coming from a common pot of funding sourcing from state dollars, it is key that we have an equitable total compensation system. We have learned that there is great disparity in salaries and benefits in human service zones, between human service zones, between human service team members and state employees housed in the zone, and with the Department. This was largely caused by the history of social service financing being tied to property tax. As you know, social service need, and mill valuation are not reflective of one another. However, now with our funding for salaries and benefits coming from a common funding stream, the need for equity becomes increasingly important policy and appropriations positions.

For example, a family health insurance policy for Agassiz Valley Human Service Zone team members costs employees over \$1000 per month out-of-pocket. Meanwhile, our neighboring zones and state agency, who we compete with for hiring and retention, have much more robust benefit packages.

As we move forward, we realize that both salary and benefits need to be looked at in a comprehensive manner to provide a level of equity but also to prevent service deserts and to sustain a strong service workforce. SB 2086 calls for a total compensation study and a report to Legislative Management.

Direct and Indirect Costs:

One of the most challenges aspects faced in the past year has been related to Direct and Indirect Costs. The current provision for indirect costs expires on June 30, 2021. SB 2086 provides important clarity in terminology and usage of direct/indirect funds. However, direct and indirect costs matters are complex, require consistency, and have a relationship to ongoing

property tax for human service zones as well as federal fund draw down. Solutions need to be explored collaboratively and thoroughly to avoid unintended consequences. SB 2086 also provides for a study of indirect costs which would include DHS, NDACo, and Human Service Zones along with a report to Legislative Management.

Thank you for this opportunity to provide testimony regarding SB 2086. I urge your support of SB 2086 which includes the changes recommended from the workgroup and approved by the Senate. Questions from the committee are welcomed.

Testimony for Senate Bill 2086

House Human Services Committee

March 15, 2021

Chairman Weisz and members of the House Human Services Committee, I am Steven Reiser, Director of Dakota Central Human Service Zone. I am also a member of the North Dakota Human Service Zone Association. Please accept this testimony in favor of SB 2086.

When SB 2124 passed the last legislative session, what was county social services where in for big changes. Human service zones were formed in January of 2020 and have been operating for one year. Human service zone directors started their duties in April. I think everyone knew that changes this big were going to take some time and that review of the statute would be necessary. SB 2086 is the start of that review process. To assist in making the changes necessary a workgroup of Senators, Department of Human Services staff, Human Service Zone Directors and North Dakota Association of Counties staff was formed and amendments were made to the Senate bill.

I would like to touch on three studies that were included in these amendments.

The bill directs the Department of Human Services, Human Service Zone and the North Dakota Association of Counties to study indirect costs. This study's purpose is to make the indirect payments more equitable between counties.

Another study to be conducted by the Department of Human Services, Human Service Zone and the North Dakota Association of Counties is to address the process of allowing zone employees to transfer to state employment. This process study is to examine all the consequences to all parties if these transfers were to occur.

The last study is a Legislative Management Study of total compensation for Human Services and Human Service Zone employees. This is to be a comprehensive study of compensation to attempt to achieve equity between all human services employees.

Thank you for accepting my testimony and I would try to answer any questions you may have.

Testimony Prepared for the
House Human Services Committee

Monday, March 15, 2021

By: Terry Traynor, NDACo Executive Director



RE: Engrossed Senate Bill 2086 – Social Service Redesign 2.0

Chairman Weisz and committee members, thank you for the opportunity to address the ongoing process of social service redesign. I want to preface my testimony on the bill by thanking this Committee and the Legislature for passage of the enabling legislation last session, as well as DHS staff and the many county officials – zone directors, county auditors, state’s attorneys, and commissioners – that have devoted so many hours to implementing this monumental change.

My conclusion is that the transition, thus far, has gone well considering the short amount of time that we have been at this, but it is not without its difficulties. Some of which are addressed by this bill, but others, likely need to be resolved administratively by the Department – through the studies proposed in this bill.

This was a good bill as introduced and was made a better by amendments in the Senate. Clearly, our Association is in support of its passage. Others have outlined the key provisions that are strongly supported, so in the interest of the Committee’s time, I will address just two points that we hope the committee will examine carefully for possible improvement.

First, Sections 4 and 5 – which are somewhat outside of the “redesign” discussion – but shifted costs from counties to the zones/DHS in SB2024 last session. I appreciate the Department’s desire to remove this cost from their budget and shift it back to a county responsibility. But I would suggest that the costs are no more a county expense than a Department expense. The costs established by these sections are for custody investigations and guardians ad litem, ordered by the state court, in response to private custodial disputes. These cases do not involve foster care or child protection; and the county, the human service zone, and the Department are not involved. If these are indeed a governmental responsibility, should they be a property tax expense? I know that for some small counties, the surprise of such court ordered costs, although rare, can be significant. Keeping the expense in a larger state budget may even out the impact from year to year. This issue was raised in the Senate hearing, but not addressed.

The second issue relates to subsection 4 of Section 21. Counties view the date change in this section as essential, although removing the sunset entirely would be preferable. As this committee knows, significant property tax resources are dedicated by counties to providing zones with space, utilities, janitorial services, payroll/HR administration, IT and legal support, supplies, insurance, vehicles, etc. The allowed reimbursement does not come close to covering these indirect costs, but the loss of this partial support would be a very direct impact on property taxes.

Counties are requesting that the overall indirect cost reimbursement limitation be addressed. We acknowledge the state's budgetary need to cap reimbursements at a fixed amount, however indexing them to 2018 costs does not recognize the cost-of-living growth in compensation for county staff providing HR, payroll, legal, and IT support, the increasing rent for those zones that must use privately-owned office space, insurance cost growth, etc. As we now have several counties at the 60-mill general fund limitation, these general fund costs are becoming very problematic for some. NDA Co proposed an amendment to this subsection when we testified on HB1012 (DHS Budget Bill) to increase the total reimbursement by the same percentage as state salaries, since much of the total cost is related to staffing. The same language is included at the end of my testimony for this committee's consideration. In the HB1012 hearing the fiscal impact of this was estimated at \$264,000 at 1.5% and \$354,000 at 2%.

Thank you again for the opportunity to address this important bill. As I noted, we clearly support its passage. I will try to answer any questions about the points I have raised or the other important aspects of the bill.

50-35-04. Calculation of formula payment - Expenditures.

...

4. The director, during the period between January 1, ~~2020~~2021, and December 31, ~~2021~~2023, shall calculate payment for indirect costs according to a formula established by the department, during the period between January 1, 2020, and December 31, 2021. Indirect costs of the human service zone may not become direct costs without written approval of the department. The total payment by the department for reimbursement of indirect costs incurred to support human services may not be less than the prorated amount paid to counties for this purpose in state fiscal year 2018 and increased by the percentage allowed for state salary adjustments during the previous biennium, as identified in the indirect cost plan, unless a cost reduction or cost-savings is achieved by the county.

2021 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee Pioneer Room, State Capitol

SB 2086
3/16/2021

Relating to gifts and donations received by human service zones; relating to the operation and financing of human service zones; relating to foster care parent grievance; to provide for legislative management reports; to provide for a legislative management study; to provide for the transfer of employees; and to provide an effective date

Chairman Weisz opened the committee meeting at 10:23 a.m.

Representatives	Attendance
Representative Robin Weisz	P
Representative Karen M. Rohr	P
Representative Mike Beltz	P
Representative Chuck Damschen	P
Representative Bill Devlin	P
Representative Gretchen Dobervich	P
Representative Clayton Fegley	P
Representative Dwight Kiefert	P
Representative Todd Porter	A
Representative Matthew Ruby	P
Representative Mary Schneider	P
Representative Kathy Skroch	P
Representative Bill Tveit	P
Representative Greg Westlind	P

Discussion Topics:

- Indirect costs
- Indirect and direct cost study

Rep. Karen Rohr (10:28) moved **Do Pass**

Rep. Gretchen Dobervich (10:28) second

Representatives	Vote
Representative Robin Weisz	Y
Representative Karen M. Rohr	Y
Representative Mike Beltz	Y
Representative Chuck Damschen	Y
Representative Bill Devlin	Y
Representative Gretchen Dobervich	Y
Representative Clayton Fegley	N
Representative Dwight Kiefert	Y
Representative Todd Porter	A
Representative Matthew Ruby	Y

Representative Mary Schneider	Y
Representative Kathy Skroch	Y
Representative Bill Tveit	Y
Representative Greg Westlind	Y

Motion Carried Do Pass 12-1-1

Bill Carrier: Rep. Karen Rohr

Chairman Weisz adjourned at 10:31 a.m.

Tamara Krause, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2086, as engrossed: **Human Services Committee (Rep. Weisz, Chairman)**
recommends **DO PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING).
Engrossed SB 2086 was placed on the Fourteenth order on the calendar.