

Testimony
Engrossed House Bill 1012 – Department of Human Services
Senate Appropriations
Senator Holmberg, Chairman
March 15, 2017

Chairman Holmberg, members of the Senate Appropriations, I am Randy Slavens, Director of Lake Region Human Service Center (LRHSC) and Northeast Human Service Center (NEHSC) for the Department of Human Services (Department). I am here today to provide an overview of the programs and services that make up the budget request for the LRHSC and NEHSC.

Lake Region Human Service Center (LRHSC)

LRHSC provides a full spectrum of behavioral health services for adults, adolescents, and children in the six counties of Benson, Cavalier, Eddy, Ramsey, Rolette and Towner and two Indian reservations: Turtle Mountain Band of Chippewa and Spirit Lake Nation. In addition to the Human Service Center in Devils Lake, LRHSC has an outreach office in Rolla that offers a full spectrum of behavioral health services provided by nine staff. Rolette County has grown to be the region's most populous county with a population of 14,649. LRHSC also offers outreach behavioral health services in the following communities: Cando, Langdon, Leeds, New Rockford and Warwick. Based on 2015 U.S. Census Bureau estimates, Region III is comprised of 41,497 residents or 5.5% of the state's population. Poverty continues to be a major problem in this region. The U.S Census Bureau 2015 census estimates indicate the region's 20.5% poverty rate as being twice the statewide average of 10.7%. Poverty in the region is further highlighted by the region's number of individuals receiving Temporary Assistance for Needy Families (TANF) benefits as Region III compromises 33% of the State's TANF

cases. Native Americans account for 39% of the region's population which also happens to be 39% of the State's entire Native American population.

Program Trends/Program Changes

LRHSC serves a number of adults with severe and persistent mental illness and substance use disorders as well as adolescents and children with severe emotional disturbances. LRHSC is committed to providing core services to priority populations and clients involved with the child welfare system as well as the legal system. LRHSC is working to implement service delivery options consistent with current statewide initiatives. The goal is to develop a more integrated service model that better meets the needs of clients with serious mental illness, substance abuse disorders, and dual diagnosis. The objective is to provide greater opportunity for clients to remain in the community. LRHSC consistently works to provide local training to staff to keep current on behavioral health initiatives and best practices.

LRHSC provides emergency behavioral health services twenty-four hours a day for the region. LRHSC partners with local and regional law enforcement agencies, courts, correctional facilities, and probation and parole. LRHSC provides expert examiner assessments for both mental health and substance abuse issues. LRHSC is one of the few regions without inpatient psychiatric beds which results in having to rely on the North Dakota State Hospital (NDSH) for emergent care of clients. In an effort to reduce the need for admission to the NDSH, LRHSC provides a great deal of emergency services for corrections, law enforcement, and medical providers.

LRHSC has struggled with the impact of workforce shortages in the area of addiction. LRHSC currently has four open licensed addiction counselor positions. One position which is in our Integrated Dual Disorder Treatment (IDDT) program has been open for more than one year.

During the current biennium, an FTE for a Developmental Disabilities Case Manager was transferred from Life Skills & Transition Center in order to meet the caseload ratio requirement of 60:1. In addition to an increase in this population within Region III, the region is being highly impacted by the number of infants testing positive for illegal substances at birth.

The LRHSC's budget request also includes an FTE transferred from the Life Skills and Transition Center to support work in the area of Child Welfare. Foster care cases in Region III have grown from 208 in fiscal year 2013 to 304 in 2015, and Child Protection Services (CPS) assessments from 281 in 2013 to 382 in 2015. In addition to those increased workloads, our regional supervisors also monitor all IV-E foster care cases for the Turtle Mountain Band of Chippewa, at their request, to assure adherence to practice and policy; increase permanency, safety, and well-being of children; to reduce risk of harm; and support tribal social services in their mission to protect children. This is approximately 125 more foster cases that are not included in the numbers. Licensed early childcare facilities numbered 337 in calendar year 2015.

Division	2017-2019 Executive Budget					State Fiscal Year 2016 Actual	
	Salary/Wages and Operating Expenses	Grants & Contracts	Total	HSC FTE's	HSC Temporary Staff	# of Contract Provider Staff *	# of Individuals Served
Behavioral Health	6,557,233	2,682,894	9,240,127	33.00	1.50	37.00	2,490
Developmental Disabilities	1,380,841		1,380,841	8.00			459
Vocational Rehabilitation	644,369		644,369	4.00			79**
Child Welfare	709,509	20,100	729,609	4.00		0.25	
Aging Services	528,758		528,758	3.00			
Administration	1,716,746		1,716,746	12.00	0.45		
Total	11,537,456	2,702,994	14,240,450	64.00	1.95	37.25	
* This number is a combination of full and part-time staff.							
** VR applicant data is for FFY 2016							

Overview of Budget Changes – Lake Region Human Service Center

Description	2015-2017 Budget	Increase/ (Decrease)	2017-2019 Executive Budget	House Changes	2017-19 Budget to Senate
HSC / Institutions	14,573,402	(332,952)	14,240,450	(95,904)	14,144,546
General Funds	8,417,285	238,922	8,656,207	(80,260)	8,575,947
Federal Funds	5,487,873	(1,237,808)	4,250,065	(10,763)	4,239,302
Other Funds	668,244	665,934	1,334,178	(4,881)	1,329,297
Total	14,573,402	(332,952)	14,240,450	(95,904)	14,144,546
Full-time Equivalent (FTE)	63.0	1.0	64.0	(0.0)	64.0

Budget Changes from Current Budget to the Executive Budget:

The overall budget decrease of \$332,952 can be mainly attributed to the following:

- \$223,082 in total funds, of which \$191,271 is general fund needed to fund the Governor's compensation package for State employees.
- \$108,255 in total funds, of which \$98,963 is general fund needed to continue the employee increases approved by the last Legislative Assembly.
- \$147,710 in total funds of which \$86,041 is the general fund needed for a FTE that was transferred from the Life Skills and Transition Center for a Developmental Disabilities program manager in order to meet the required client to staff ratio of 60:1.
- \$157,149 in total funds of which \$92,498 is the general fund needed for a FTE that was transferred from the State Hospital for a County Regional Supervisor to meet the Child Welfare caseload demands.
- A decrease of \$383,240 in total funds, of which \$240,061 is general fund due to the reclassification of a hard to recruit psychiatrist to a nurse practitioner.
- A decrease of one FTE and \$204,259 in total funds, of which \$43,507 is general fund due to the retirement and reorganization of duties of a Vocational Rehabilitation Administrator that will not be filled.
- The salary underfunding changed from \$158,318 to \$266,821, which is a net change of (\$108,503).
- \$61,133 decrease in Travel due to the Department-wide process used to develop the Department's savings plan.

- An increase of \$6,520 in Building, Grounds, & Vehicle Supply as a result of maintaining the outreach office in Rolla.
- An increase of \$6,415 in Rentals/Leases – Equipment & Other. This is due to the Center leasing copiers and replacing them with leased equipment.
- An increase of \$12,605 in Rents/Leases – Bldg/Land, with the majority being attributable to a \$3,600 increase for rent for outreach services in New Rockford, which was previously offered free of charge, and for a 3% increase in the Rolla Outreach office rent.
- A decrease of \$11,716 in Repairs due to decreased costs associated with the Center’s office machines and copiers.
- A decrease of \$11,663 in IT Communications as a result of decreased telecommunications costs.
- A decrease of \$15,000 in Equipment over \$5000 as the Center moves to leasing its office copiers rather than purchasing.
- A decrease of \$52,927 in Grants, Benefits & Claims. Of this amount, \$30,440 is a decrease in costs in the Center’s Respite Care budget. With other funds typically being available for this purpose, the use of Center funds has decreased. An additional \$35,701 reduction is due to a decrease in inflationary costs to continue. These savings are offset by an increase of \$13,214 to fund the Governors requested 1% second year inflationary increase for contractors.

House Changes From Executive Budget:

- The Department-wide FTE allocation would result in the reduction of two FTE for the Lake Region HSC area of the budget, resulting in a \$306,000 decrease in Salary and Wages, of which \$184,804 is

general fund with the remaining \$121,196 consisting of approximately \$45,497 in client billings and \$75,699 in other federal funds. The majority of HSC staff provides interrelated behavioral health, child welfare, aging, vocational rehabilitation, and DD program management services. Cuts to one area adversely impact another.

Each behavioral health FTE loss would reduce client services by 1300 hours annually, the consequences of which would include revenue loss, delays in court-ordered assessments, wait time for specialized services, reduced response to community emergencies and further narrowing of priority population served to ensure resources are not spread so thin so as to render treatment ineffective. Behavioral health service reductions would further contribute to the statewide behavioral health service shortage, the significance of which include the worsening of illnesses left untreated, the severest of which result in lengthy hospitalization, overrepresentation within prison and jails, and violent law enforcement encounters ultimately shifting and increasing costs.

Other consequences to FTE reductions would include the decrease of county social service oversight and the delay of child care licensing, foster care licensing, family permanency planning, adoption facilitation, or child abuse investigation, all of which adversely affect children.

- \$14,599 decrease in Salary and Wages, of which \$6,680 is general fund due to the removal of the Fair Labor Standards Act overtime funding. This funding is entirely for the Center's two nurse positions and will result in decreased client services as the Center

will need to keep other vacancies unfilled for a longer period of time in order to find savings to cover this cost.

- \$42,776 decrease in Salary and Wages, of which \$36,760 is general fund due to the elimination of the 1% salary increase that had been proposed for the second year of the biennium.
- \$25,215 general fund decrease in Operating expenses, will result in an overall operating expense decrease of approximately \$41,479 when federal matching funds are considered. This will result in further reductions in service contracts decreasing residential, case aide, and support services. Reducing capacity to treat at these lower levels of care, already identified as shortage, will result in the limiting of care and drive higher rates of hospitalization and over-incarceration.
- \$13,314 decrease in Grants, of which \$11,605 is general fund due to the elimination of the 1% inflationary increase for providers that had been proposed for the second year of the biennium.

This concludes my testimony on the 2017 – 2019 budget request for Lake Region Human Service Center.

Northeast Human Service Center (NEHSC)

NEHSC provides a full spectrum of behavioral health services for adult, adolescent, and child population for four counties in northeastern ND. Counties served are Grand Forks, Nelson, Pembina, and Walsh. NEHSC has an outreach office in Grafton that offers these behavioral health services on a smaller scale than in our main office in Grand Forks. NEHSC also offers outreach services in Cavalier. Region IV is comprised of 91,872 residents or 12.14% of the state's population as estimated by the 2015 U.S. Census Bureau.

Program Trends/Program Changes

NEHSC serves a large number of adults with severe and persistent mental illness and substance use disorders as well as a large number of adolescents and children with severe emotional disturbances. NEHSC serves 14% of the total clients of the eight human service centers. NEHSC is committed to providing core services to priority populations and clients involved with the child welfare system as well as the legal system. NEHSC is also working to implement service delivery options consistent with current statewide initiatives. NEHSC is moving toward a more integrated approach with clients as many require services from multiple units and an integrated care model better meets the needs of these clients and increases the effectiveness of their treatment/services at NEHSC as well as providing the opportunity to remain in the community for services. NEHSC consistently works to provide an in-house training program to assist staff to keep current on behavioral health initiatives and skills and supports staff seeking dual credentialing.

NEHSC partners with local and regional law enforcement agencies, courts, and correctional facilities, and probation and parole with both adult and adolescent populations. NEHSC does an average of two civil committal

expert examiner assessments per week, primarily for substance use issues. We work closely with the local state's attorney's office to make sure the most appropriate services are recommended for the safety of the client and community. NEHSC works with the correctional centers to provide mental health and substance abuse assessments either on-site or in one of our offices. NEHSC has been actively involved with both Adult and Juvenile Drug Court. NEHSC also has a 24/7 crisis line services for Region IV. This service includes both face-to-face and phone contacts. NEHSC is also part of a community advisory group that helped establish a withdrawal management center (WMC-social detox) in Grand Forks and has budgeted funds to help continue to support this financially in the upcoming biennium. NEHSC also has a Memorandum of Understanding with the city of Grand Forks to provide on-site staff consultations at the WMC. NEHSC leads a community coalition of stakeholders made up of both public and private organizations/facilities that meet quarterly to discuss and problem solve issues/concerns with service delivery in the community.

NEHSC contracts with several organizations to provide residential programs for clients as well as with local medical facilities to provide inpatient psychiatric care for clients in Region IV.

NEHSC partners with the University of North Dakota (UND) in the training of students in several programs. Since 2014, the Alcohol and Drug (A&D) Services Unit has been a part of the Behavioral Health rotation for first year family practice residents. These residents are actively involved in A&D programming one day a week for a month. In conjunction with the UND Medical School, NEHSC continues to function as a psychiatric training site for third year medical students. NEHSC is actively involved

with the Red River Valley Addiction Training Consortium as well as the statewide Addiction Training Consortium group. NEHSC has several approved clinical supervisors for undergraduate and graduate students in the areas of social work, counseling, and rehabilitation.

NEHSC has struggled with the impact of workforce shortages in the clinical areas of addiction and psychology. It has been difficult to fill a psychologist position which has been open for over a year. In an effort to attract more applicants, the position which was based in Grafton, has been transferred to Grand Forks and when filled will travel to Grafton as needed. NEHSC currently has three open licensed addiction counselor positions one of which has been open for more than a year. This workforce shortage is somewhat new to NEHSC and provides challenges with client service capacity.

NEHSC received an FTE transferred from the Life Skills and Transition Center for the purpose of meeting the required 60:1 client/program manager ratio in the Developmental Disabilities program. This transfer is supported by the growing number of individuals served through Developmental Disabilities from 841 in 2014 to 916 in 2016 an increase of 75 individuals.

Northeast removed a couple of items from its budget. NEHSC will close the Cornerstone Sober House, a 6 bed house which provides transitional housing for clients of the addiction services program as they complete treatment at NEHSC and begin to integrate back into the community. These individuals will instead receive post-treatment support and outreach services in their housing option of choice in the community. NEHSC will also close its outreach/satellite office in Cavalier (Pembina

County). We will terminate our rental arrangement with the landlord and work to find alternate options for serving the clients in Pembina County.

Division	2017-2019 Executive Budget					State Fiscal Year 2016 Actual	
	Salary/Wages and Operating Expenses	Grants & Contracts	Total	HSC FTE's	HSC Temporary Staff	# of Contract Provider Staff *	# of Individuals Served
Behavioral Health	16,300,985	5,216,223	21,517,208	80.95	4.90	104.00	2,510
Developmental Disabilities	3,366,963		3,366,963	18.80	1.00		916
Vocational Rehabilitation	1,973,879		1,973,879	12.00			222**
Child Welfare	1,323,861		1,323,861	4.50			
Aging Services	361,069		361,069	2.00			
Administration	3,578,153		3,578,153	22.70	1.00		
Total	26,904,910	5,216,223	32,121,133	140.95	6.90	104.00	
* This number is a combination of full and part-time staff.							
** VR applicant data is for FFY 2016							

NEHSC recently became aware of an unanticipated increase not included in the 2017-2019 Executive Budget. A contracted entity, Centre Inc., provides 26 beds of Chemical Dependency short-term residential and crisis residential for individuals with Serious Mental Illness in a building adjacent to Northeast's main offices. The landlord for the building occupied by Centre Inc. is the Job Development Authority/ Growth Fund of the city of Grand Forks. They have notified Centre Inc. of a plan to move the rent to "market" by July 1, 2017. This could mean a rent increase of \$3,783 to \$8,383 per month or a biennial impact ranging

between \$90,792 and \$201,192. This increase in rent will require an increase in our contract with Centre Inc. or we will risk losing this residential service for both clients with serious mental illness or chemical dependency. We would expect an increase in referrals to the State Hospital, greater use of local hospitalization and a decreased ability to manage State Hospital discharges.

Overview of Budget Changes – Northeast Human Service Center

Description	2015-2017 Budget	Increase/ (Decrease)	2017-2019 Executive Budget	House Changes	2017-2019 Budget To Senate
HSCs / Institutions	31,319,737	801,396	32,121,133	(367,602)	31,753,531
General Fund	15,867,522	869,083	16,736,605	(260,004)	16,476,601
Federal Funds	12,994,691	(598,997)	12,395,694	(85,503)	12,310,191
Other Funds	2,457,524	531,310	2,988,834	(22,095)	2,966,739
Total	31,319,737	801,396	32,121,133	(367,602)	31,753,531
Full-time Equivalent (FTE)	139.95	1.00	140.95	0.00	140.95

Budget Changes from Current Budget to the Executive Budget:

The overall budget increase of \$801,396 can be mainly attributed to the following:

- \$496,042 in total funds, of which \$425,621 is general fund needed to fund the Governor’s compensation package for state employees.

- \$219,304 in total funds of which \$199,266 is general fund needed to sustain the employee increases approved by the last Legislative Assembly.
- \$144,256 in total funds, of which \$84,217 is the general fund needed for the addition of a Developmental Disabilities program manager. This FTE was transferred from the Life Skills and Transition Center in order to meet the required client to staff ratio of 60:1.
- Additional overtime of \$80,309 is budgeted to ensure compliance with the Fair Labor Standards Act.
- The salary underfunding changed from \$308,943 to \$228,342 which is a net change of \$80,601.
- The remaining increase in salaries and fringe benefits, totaling \$421,962 is a combination of increases and decreases needed to sustain the salary of 140.95 FTEs. Fringe benefits are budgeted for all positions.
- \$76,850 decrease in Travel due to the Department-wide process use to develop the Department's savings plan.
- A decrease of \$16,440 in Utilities, of which \$11,998 is general fund resulting from closure of our Cornerstone Sober House.
- An increase of \$68,451 in Rentals/Lease – Bldg/Land mainly consisting of an increase of \$92,538 due to a \$1.19 per square foot rate increase on our main office space in the Grand Forks County Office Building as a result of increased operating costs. A reduction of \$15,600 resulting from closure of Cornerstone Sober House and a reduction of \$9,120 resulting from closure of the Cavalier Outreach office.

- \$13,990 decrease in Professional Development due to the Department-wide process used to develop the Department's savings plan.
- \$8,997 decrease in Fees – Professional Services, is a result of a \$9,508 decrease in foster grandparent stipends, due to attrition of our aging foster grandparents. Difficulties in recruiting seniors to serve as foster grandparents has resulted in our underspending this budget. This is offset by a \$511 increase in interpreters' fees for our chemical dependency programs.
- Grants, Benefits and Claims decreased by \$265,734 and is mainly attributed to the following:
 - \$25,038 for a 1% provider inflationary increase the second year of the biennium.
 - A decrease of \$114,108 due to removing the second year of 2015-2017 provider increases in cost to continue.
 - A decrease of \$176,664 in the contract funding for crisis residential service for individuals with serious mental illness (SMI), chemical dependency residential services, SMI supported residential services and Partnership Tracking/Mentoring contracts. As a result of underspending our 2015-17 biennium budget we were able to make these reductions without decreasing services.

House Changes From Executive Budget:

- The Department-wide FTE allocation would result in the reduction of three FTE for the Northeast HSC area of the budget, resulting in a \$459,000 decrease in Salary and Wages, of which \$236,608 is general fund with the remaining \$222,392 consisting of

approximately \$144,125 in client billings and \$78,267 in other federal funds. The majority of HSC staff provides interrelated behavioral health, child welfare, aging, vocational rehabilitation, and DD program management services. Cuts to one area adversely impact another.

Each behavioral health FTE loss would reduce client services by 1300 hours annually, the consequences of which would include revenue loss, delays in court-ordered assessments, wait time for specialized services, reduced response to community emergencies and further narrowing of priority population served to ensure resources are not spread so thin so as to render treatment ineffective. Behavioral health service reductions would further contribute to the statewide behavioral health service shortage, the significance of which include the worsening of illnesses left untreated, the severest of which result in lengthy hospitalization, overrepresentation within prison and jails, and violent law enforcement encounters ultimately shifting and increasing costs.

Other consequences to FTE reductions would include the decrease of county social service oversight and the delay of child care licensing, foster care licensing, family permanency planning, adoption facilitation, or child abuse investigation, all of which adversely affect children.

- \$120,852 decrease in Salary and Wages, of which \$64,696 is general fund due to the House Amendments that removed funding for the anticipated retirements of 13 FTE in this area.
- \$80,309 decrease in Salary and Wages, of which \$40,955 is general fund due to the removal of the Fair Labor Standards Act overtime

funding. This will result in reduced caseloads, creation of a waitlist or clients would receiving a lower level of care. It is also likely that this would contribute to staff burnout, turn-over and further complicate recruitment and retention efforts.

- \$92,648 decrease in Salary and Wages, of which \$80,560 is general fund due to the elimination of the 1% salary increase that had been proposed for the second year of the biennium.
- \$48,755 general fund decrease in Operating expenses, will result in an overall operating expense decrease of approximately \$93,580 when federal matching and maintenance of effort are considered. This will result in further reductions in service contracts decreasing residential, case aide, and support services. Reducing capacity to treat at these lower levels of care, already identified as shortage, will result in the limiting of care and drive higher rates of hospitalization and over-incarceration.
- \$25,038 decrease in Grants, all general fund due to the elimination of the 1% inflationary increase for providers that had been proposed for the second year of the biennium.

This concludes my testimony on the 2017 – 2019 budget request for Northeast Human Service Center.