

TESTIMONY
Senate Bill 2121 – DD Loan Fund
Senate Human Services
Senator Judy Lee, Chairman
January 19, 2011

Chairman Lee, members of the Senate Human Services Committee, I am Barbara Murry, Executive Director of the North Dakota Association of Community Providers. I am here today to testify in support of Senate Bill 2121.

The DD Loan Fund was used extensively by developmental disability providers during the initial years of deinstitutionalization. Most of our group homes utilized this funding. It has not been used for many years for two reasons. One, the interest rate set in the loan program for developmental disabilities was at 10.5% and not at all competitive with interest rates in the general market. Secondly, for a decade or more, there has been an informal policy in developmental disabilities of “no new bricks and mortar.” The philosophy was that all services should be provided in the home of the individual and not in an environment that resembled a group home. It was a sound philosophy.

During the past decade people moved out of the Developmental Center, while new people, with more significant problems moved in. The number of individuals moving out was about equal to those moving in and the

population served at the institution never reduced. The old saying, “if you continue to do the same thing, you are likely to get the same results,” applies. In the course of our work on the Transition Task Force, headed by Alex Schweitzer, we jointly realized that the mechanisms for planning and implementing deinstitutionalization that were developed in the 1980’s are no longer adequate to create the community capacity needed to get to the next level. The Centralized Project Development team was created to encourage the development of the needed capacity. We also recognized that environments needed to be designed around the specialized needs of small groupings of people with similar needs who now live in the institution. This is a much more focused effort than the old strategy of fitting people into existing living options. It allows for and facilitates state-of-the-art thinking in our field to be implemented that transcends the old models of 8-bed group homes, and provides for more specialized environments than typical apartments in the community.

Because of this new strategy, and a push to downsize the institution to 95 by June 30, 2011; and to 67 by June 30, 2013, there has been renewed interest in using the DD Loan Fund to cover the cost of new environments.

Simultaneous to this process, others recognized that the DD Loan Fund was saddled with an expensive audit process and hadn’t been used for

approximately 10 years. The necessary players on both sides of these viewpoints just began discussions early in January of 2011.

DD providers need assistance in the following areas:

- (1) Providers have difficulty obtaining loans for more than 5 years with local banks. Current reimbursement rules create a disincentive for provider funding when there are unanticipated increases in the interest rate, after the five year fixed rate expires. Providers need loans that will extend over the useful life of the building, typically 25 years.
- (2) Providers developing housing options for individuals in Home and Community Based Waiver services need low interest rates to assure the rent is affordable to clients. Clients in those services pay for room and board.
- (3) Some of the loan options explored require providers to compete with other local business entities for community matching funds. They may be successful in some communities. Other communities would prefer a new business coming to their community.
- (4) Additionally, some providers feel that can't afford the 20% - 30% down required by their local banks.

Providers want to meet the needs of those individuals currently at the Developmental Center who are requiring placement in the next biennium. We don't need to have the current DD Loan Fund. We need assistance with a loan program that will help us meet the state's goals and provide creative options for people.

We believe we can work with the Bank of North Dakota and personnel From the Department of Human Services to find new solutions to these Issues.

This concludes my testimony. I would be happy to answer any questions.