

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - 1st SPECIAL SESSION

#### SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By CHAIRMAN WM. "RED" MENAHAN, on January 3,  
1992, at 8:00 A.M.

#### ROLL CALL

**Members Present:**

Rep. Wm. "Red" Menahan, Chairman (D)  
Sen. Eleanor Vaughn, Vice Chairman (D)  
Sen. Gary Aklestad (R)  
Sen. Tom Beck (R)  
Rep. Dorothy Cody (D)  
Sen. Eve Franklin (D)  
Rep. Chuck Swysgood (R)

**Members Excused:** SEN. TOM BECK

**Members Absent:** NONE

**Staff Present:** Sandra Whitney, Senior Fiscal Analyst (LFA)  
Mary LaFond, Budget Analyst (OBPP)  
Mary Lou Schmitz, Secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Announcements/Discussion:**

#### HEARING - MONTANA STATE LIBRARY

Ms. Whitney referred to Page D-4 of the LFA book which lists the Executive Budget proposal. The Table has been re-produced on Exhibit 3. The write-ups in the book show that the State Library operations' reductions are \$60,643 FY 1992, \$62,562 FY 1993 and that the reduction in state aid to libraries is \$63,957 FY 1992.

Richard T. Miller, Jr., State Librarian, presented his testimony from Exhibit 1. REP. CODY asked Mr. Miller if he was willing to take the 8% cut and he said they have taken it in FY 1992 and referred to Exhibit 2. In FY 1993 they will not be able to absorb all the shortfalls so will have to come in for a Supplemental.

SEN. AKLESTAD asked what the overall increase in State Aid and total Library Operations was in budget last biennium? Jackie Wrigg, Accountant, said they will show a 12% increase in personal services. Part of that is the FTE the committee understood the

need for in the Library for the Physical Handicapped. The other is the pay increase. There had to be cuts in other areas. In the operating expenses, with that reduction, they will be down 12.6%. This is being done in FY 1992 but cannot be done in FY 1993 and keep the Library functioning.

**REP. SWYSGOOD** said when the budget was presented last session there was General Fund money for State Aid to Libraries and then there was a Modified that gave additional money. He asked if there is a 24.7% impact if only taken against the Modified but if taken against the total funding there would only be 8%? **Mr. Miller** said that is correct. In the past Biennium the two portions of State Aid that were distributed were \$1,000 base grants with Public Libraries distributed to six Public Library Federations. **Ms. LaFond, Office of Budget Program and Planning,** said one of the unknowns at the time the State Aid to Libraries was passed was the maintenance of effort that her office has since found out about. The requirement from Federal Law and Regulations mandates that the state contributions remain at least at the level expended in the second preceding year fiscal year for State Aid to Libraries.

**CHAIRMAN MENAHAN** asked what level her office supports? **Ms. LaFond** said the 24.7% cut in the modified, \$63,957. If that is left in it will have to be matched again next time.

**SEN. AKLESTAD** asked **Ms. Whitney** if she had the additional appropriation figures for operational cost. She said the personal services actual in FY 1990 was \$571,000. The Legislature appropriated for FY 1992 \$649,000, rounded numbers. The operating actual in FY 1990 was \$320,000 and the Legislature appropriated \$389,000. In equipment the actual FY 1990 was \$130,000 and the Legislature appropriated \$144,000. In grants, excluding Federal grants, there was \$87,000 from coal severance, \$200,000 for Inter-library loans and \$83,000 for grants to library federations. The last two were general fund. **SEN. AKLESTAD** asked if these were increases over the last biennium and **Ms. Whitney** said they were current level.

**Darlene Staffeldt, Director of Information Resources, Montana State Library,** provided testimony from Exhibit 4.

**Deborah L. Schlesinger, Legislative Chair for the Montana Library Association,** provided testimony from Exhibit 5.

**Gloria Hermanson, Montana Cultural Advocacy,** provided testimony from Exhibit 6.

#### HEARING - MONTANA ARTS COUNCIL

**David Nelson, Executive Director, Montana Arts Council,** presented testimony from Exhibits 1 and 2.

HEARING - MONTANA HISTORICAL SOCIETY

Larry Sommer, Director, Montana Historical Society, presented testimony from Exhibits 1 and 2. Brian Cockhill, Administrative Officer and Sharon McCabe, Accountant, were also present to answer any questions.

REP. CODY asked if most of their programs are related to tourism and why can't some of their money come from that source? Mr. Cockhill said everything they do, with the possible exception of some reference work in the library, is related to tourism. During the last Session they asked the Legislature to agree to use the Accommodation's Tax money they are given to support Capitol tourism. It was turned down. They continue to argue that some money, whether it is from that same amount of tax, or an increased amount of tax, has to go to public tourism facilities.

Ms. Whitney quoted from the Appropriation's Report from the last session as follows: "The Legislature funded 1.5 FTE for the Capitol Tour Guides from the Accommodation's Tax Revenue which is statutorily appropriated for the Historical Society for the 1991 Biennium. Because use of these funds for this purpose was called into question by the Legislative Auditor, the Legislature appropriated to this function from the general fund for this Biennium." There was a question whether the tour guides for the Capitol, specifically, were within the statutory allocations.

EXECUTIVE ACTION - MONTANA STATE LIBRARY

Tape 2, Side A, 025

Motion/Vote: SEN. AKLESTAD moved to accept the proposed Executive Budget reduction for State Library Operations \$60,643 FY 1992 and \$62,562 FY 1993. MOTION FAILED with SENS. VAUGHN AND FRANKLIN AND REPS. MENAHAN AND CODY VOTING NO.

Motion/Vote: REP. CODY moved the reduction for State Library Operations \$60,643 FY 1992 and \$31,281 FY 1993. MOTION CARRIED WITH SEN. AKLESTAD AND REP. SWYSGOOD VOTING NO.

Motion/Vote: REP. SWYSGOOD moved the Executive Budget reduction recommendation for State Aid to Libraries \$63,957 FY 1992. MOTION CARRIED WITH SEN. FRANKLIN AND REP. MENAHAN VOTING NO.

EXECUTIVE ACTION - MONTANA ARTS COUNCIL

Motion/Vote: REP. CODY moved to accept the Executive Budget proposal reduction \$7,860 FY 1992 and \$6,498 FY 1993. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION - MONTANA HISTORICAL SOCIETY

Motion/Vote: REP. CODY moved to accept the Executive Budget proposal reduction \$54,046 FY 1992 and \$36,580 FY 1993. MOTION CARRIED UNANIMOUSLY.

HEARING - DEPARTMENT OF CORRECTIONSCENTRAL OPERATIONS DIVISION

Curt Chisholm, Director explained Exhibit 1 and gave testimony from Exhibit 1A.

REP. CODY asked how much was reverted for FY 1991? Mr. Chisholm said it was close to \$3.5 million dollars. REP. CODY then asked how much was asked for in Supplementals? Mr. Chisholm said they were close to \$1.5 million dollars. REP. CODY said it did not make sense to have \$2 million dollars excess in the budget in the last Biennium and then say there was not enough money for officer's training. Mr. Chisholm agreed it was poor management and the reason he turned the money back in was because of boiler-plate restrictions on transferring personal services money into operations to contract for training. It sits there as surplus funds. REP. CODY advised him to come to the Legislature with his expenditure needs. REP. CODY asked if the Legislature under-funded all the Departments in the Pay Plan? Pam Joehler, Management Services Division Administrator, said her understanding is the Pay Plan is under-funded approximately 10% FY 1992 and 13% FY 1993 for the Department of Corrections.

SEN. AKLESTAD asked if the request for \$65,000 for Technical Advisors will come from Personal Services and Mr. Chisholm said yes and it would come from Montana State Prison Budget.

SEN. AKLESTAD asked Mr. Chisholm if he was not aware of the increases in Medicaid and Medicare twelve months ago? Mr. Chisholm said they were not aware of the rate increases at that time.

REP. CODY asked if the state is reimbursed for nursing home beds under Medicaid, the same as any other Nursing Home Institution? Mr. Chisholm said yes. REP. CODY said then the Department of Institution received an increase just like everyone else. Mr. Chisholm said that is correct and those revenues go into the General Fund.

Ms. Whitney spoke in regard to the language request. According to the Executive proposal the Department of Corrections and Human Services is granted an exemption from Personal Services transfer restrictions in HB 2 to allow flexibility in management. There are two points to be considered when thinking about the language specifically. If the Personal Services funding is inadequate in any one program the Agency has the opportunity or the flexibility to move Personal Services from one program to another as long as

it does not exceed 5%. That has not been restricted by HB 2. However, the Agency does not have the flexibility to move from Personal Services down into Operating.

**SEN. AKLESTAD** asked, even though those monies would be used for Personal Services as long as they are identified during the transfer? **Ms. Whitney** said no. The Personal Services are state hired employees. The Personal Services in a community center would be a contract.

**SEN. VAUGHN** asked where that contract money would come from if people from Warm Springs Hospital would be moved into the communities? **Ms. Whitney** said that is one of the reasons the Department has requested this language to allow the Personal Services money from approximately 50 FTE at Warm Springs to be transferred to the community via grants or contracts.

**REP. CODY** asked if the Committee is at the point where they are talking about statutory changes? **Ms. Whitney** said the language requested in the Central Operations Division is the same language that is requested by other Divisions as well. That language is in HB 2 and not in the Code book and it can be changed. When the Committee reaches the point where they are discussing mental health and chemical dependency then there is some statutory language that defines the role of Galen and Warm Springs that might be looked at. That issue is separate from the HB 2 language.

#### EXECUTIVE ACTION - CENTRAL OPERATIONS

**Motion/Vote:** **REP. SWYSGOOD** moved to accept Executive Budget recommendation for reductions in Central Operation Setasides \$42,680 FY 1992 and \$16,240 FY 1993. **MOTION CARRIED UNANIMOUSLY.**

#### HEARING - SPECIAL SERVICES

**Mr. Chisholm** reviewed Exhibit 1 for the Committee. **Bob Anderson, Special Services Administrator**, explained the Developmental Disability services at Boulder, Montana Developmental Center and Eastmont Human Services Center at Glendive and responsible for Program 60, which is the Veteran's Home in Columbia Falls and the reductions at each. **Mr. Anderson** also reviewed Exhibit 1.

In answer to a question by **REP. CODY**, **Pam Joehler, Management Services Division Administrator**, said she read in the LFA Budget Analysis the Worker's Compensation rate averaged 15% increase so it will be difficult for them to meet the \$160,000 reduction.

**Ms. Whitney** said in the funding switch for the Veteran's Home there is a technical difference between what the LFA has given the committee and what the Executive has given. The Executive included in their funding switch at the Veteran's Home only the VA reimbursements. The private insurance, Medicare and Medicaid, were included in the front of the book as income enhancements.

According to current statute, the private insurance, Medicare and Medicaid, for the Veteran's Home only, have to be paid to the Home and they reduce General Fund there proportionately. The numbers seen on Exhibit 1 and the numbers in the LFA book refer to having all of those disbursements to the Veteran's Home. The bottom line ends up the same.

In addition, in FY 1992 in the Veteran's Home funding switch, the totals will show a difference in the Department's handout and the LFA. There has been a change in the calculation and the Department number is higher. There are \$207,421 instead of \$165,000. Reference Page D-10, #15, LFA Budget Analysis.

Jim Pomroy, Collections Division Administrator, explained Exhibit 1, Pages 1, 2 and 3, Budget Modifications.

REP. CODY asked if there would be medical costs resulting from the prison riot. Mr. Pomroy said most of the medical costs might be covered by insurance.

SEN. AKLESTAD asked if a rate was ever established for prisoners incarcerated in county jails or is it still being negotiated for each county? Mr. Pomroy said the rate was budgeted at \$35 or \$35.50 a day and they are still in the process of negotiating with some counties. In many instances they have contracts.

SEN. AKLESTAD said in the past there was a problem pertaining to overtime which was related to sick leave. When someone got sick the people on duty had to remain and that involved overtime. He asked if that problem had been analyzed? Mr. Chisholm said anytime they need to fill a post that is mandated to be filled on a 24-hour basis it has to be filled. That is the reason they have budgeted overtime there. He does not suspect fraud or corruption as it is monitored.

REP. CODY asked what the "unfunded holiday" was? Mr. Pomroy said it is Martin Luther King Day. Mr. Chisholm said they were appropriated money to cover ten of the eleven holidays out of the year. In all the Institutions they have to maintain services on holidays. The non-exempt individuals get double time and a half plus an additional day. If the professional employees have to work get double wages, plus a day and this all comes out of the budget.

CHAIRMAN MENAHAN asked if there is anything in this budget incurred for correctional inservice training and are any of these budgets in review? Mr. Chisholm said with one exception, and that is asking for the technical assistance money, \$65,000. REP. MENAHAN said it appears they are handling a lot of things that are not as important as the incident they had at the prison.

Ms. LaFond, OBPP, said it was their position to try to mitigate as many Supplementals as they could foresee now. They did not want a large Supplemental facing them at the end of FY 1993 or

the beginning of the next Session. REP. CODY said it was her impression they were in the Special Session to cut existing budgets and try to do some balancing.

SEN. VAUGHN asked if money is appropriated for legal costs and other anticipated costs, could it only be spent for that? Ms. Whitney said one other way it could be done is line-item it.

Ms. Whitney referred to Page D-12 in the new LFA book. On that page there is a Table that shows the Budget Modifications that are proposed for cuts or for delayed implementation. It shows the amount appropriated for each in FY 1992 and the proposed reduction. Then it shows in FY 1993 there is no proposed reduction. What will happen with these Modifications, whether they are cut or not, is that they will be ongoing programs in FY 1993 and probably will be considered in the base. These programs are line-itemed which makes it more difficult for the Department to move funds between them or somewhere else. The Budget Modifications they are asking for, although the Executive Budget termed it a population increase, it is not. Almost half is unfunded personal services. If the Supplementals are approved to the extent they are expended in FY 1992, they would also be considered part of the base.

Ms. Whitney referred to Page D-13, #8 in the new LFA book concerning a Corrections Medical question. She looked at the expenditures as of the end of September before the prison costs could have been included and compared that to the previous year. If you extrapolate that forward the Department needs more than the \$1.9 million that the Committee appropriated last session. As it has been said these are estimates. If you extrapolate the first quarter forward with the difference, there will be \$2.6 million. The Department's original estimate was \$2.7 million for the Biennium.

Wilbur Rehman, Communications Director, Montana Federation of State Employees addressed the report that came from the Commission Committee who investigated the riot at the prison. See Recommendations Exhibit 4.

REP. CODY asked about the rumor she heard that part of the cause of the riot was for hazardous duty pay. Mr. Rehman said the report indicates but does not conclude, that in interviewing some inmates, they contended there were some employees encouraging a riot. That is not what the report says but there could be some inmates who have those beliefs. He doubts any employees would want to take those risks. He said they have to look at the Recommendation document to help prevent the next riot.

**EXECUTIVE ACTION - DEPARTMENT OF CORRECTIONS**

Tape 4, Side A, 015

**Motion/Vote:** REP. SWYSGOOD moved to accept the Executive Budget

reduction recommendation of \$670,067 for Community Services FY 1992. **MOTION CARRIED UNANIMOUSLY.**

Motion/Vote: REP. CODY moved to accept the Executive Budget Proposal reduction, Item 3, Local Jurisdiction Sentencing, \$17,312 FY 1992. **MOTION CARRIED UNANIMOUSLY.**

Motion/Vote: SEN. AKLESTAD moved to accept the Executive Budget Proposal reduction, Item 4, Worker's Comp. Rate Adj. \$190,208 FY 1992 and \$190,208 FY 1993. **MOTION CARRIED UNANIMOUSLY.**

Motion/Vote: SEN. VAUGHN moved to accept the Executive Budget Proposal reduction, Item 5, License Plate Factory \$280,000 FY 1992 and \$235,000 FY 1993. **MOTION CARRIED UNANIMOUSLY.**

Motion/Vote: REP. SWYSGOOD moved to approve the Supplemental for Reception Overflow of \$41,000 to be line-itemed, Gallehon Turner Trial of \$75,000 to be line-itemed, Maximum Disturbance legal costs \$25,000 to be line-itemed and Food Costs 78,782 to be line-itemed FY 1992. **MOTION CARRIED WITH SEN. AKLESTAD VOTING NO.**

Motion/Vote: REP. CODY moved to accept funding for the Public Defender for \$6,004 FY 1992. **MOTION CARRIED WITH REP. SWYSGOOD VOTING NO.**

Motion/Vote: REP. CODY moved to accept overtime training costs as incurred, \$84,556 FY 1992. **MOTION CARRIED UNANIMOUSLY.**

Motion: REP. CODY moved the Unfunded Personal Services \$200,000 FY 1992.

Motion/Vote: SEN. FRANKLIN made a substitute motion for the Unfunded Holiday account in the amount of \$20,000 FY 1992. **MOTION CARRIED WITH SEN. AKLESTAD AND REP. SWYSGOOD VOTING NO.**

Motion/Vote: SEN. AKLESTAD moved to fund the unfunded Personal Services portion \$355,520 FY 1992, in addition to the \$20,000 previously approved to total \$375,520. **MOTION CARRIED WITH REP. SWYSGOOD VOTING NO.**

Motion/Vote: REP. SWYSGOOD moved to fund Corrections Division - Medical expenses \$622,885. **MOTION FAILED WITH ALL VOTING NO.**

Tape 5, Side A, 001

Motion/Vote: REP. CODY moved to fund the Corrections Division - Technical Advisor \$65,000 with boiler plate language requesting a report back to this Committee in the 1993 Session on what the benefit was for this particular position. **MOTION FAILED ON TIE WITH REPS. SWYSGOOD AND MENAHAN AND SEN. AKLESTAD VOTING NO.**

Discussion: REP. BARDANOUE asked what the technical advisor would do. Mr. Chisholm said they would not hire anybody in terms of an FTE engagement but bring in some consultation under a

contract. REP. BARDANOUE asked what the Warden's salary is. Mr. Chisholm said approximately \$40,000 a year. REP. BARDANOUE said if the Warden cannot do his job then a Warden should be hired that can. The Warden should be the one to run the prison.

Motion/Vote: REP. SWYSGOOD moved to transfer Prison Industries Revolving fund \$605,212 reserve to General Fund FY 1993. MOTION CARRIED UNANIMOUSLY.

Motion/Vote: REP. CODY moved to accept the staffing levels for Boulder and Eastmont and service contracts \$404,511 and \$19,767 FY 1992 and \$406,996 and \$19,767 FY 1993. MOTION CARRIED WITH REP. SWYSGOOD AND SEN. AKLESTAD VOTING NO.

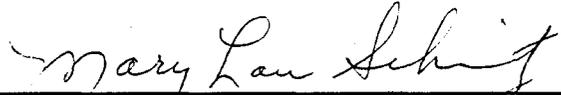
Motion/Vote: REP. CODY moved to accept the funding switch, reduction of General Fund and increase in other funds, \$207,421 FY 1992 and \$208,432 FY 1993. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 4.55 P.M.



WM. "RED" MENAHAN, Chair



MARY LOU SCHMITZ, Secretary

WM/MLS

HOUSE OF REPRESENTATIVES

INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE

ROLL CALL

DATE 1-3-92

NAME	PRESENT	ABSENT	EXCUSED
REP. WM. "RED" MENAHAN, CHAIRMAN	✓		
SEN. ELEANOR VAUGHN, VICE-CHAIR	✓		
REP. DOROTHY CODY	✓		
REP. CHUCK SWYSGOOD	✓		
SEN. EVE FRANKLIN	✓		
SEN. GARY AKLESTAD	✓		
SEN. TOM BECK			✓

EXHIBIT \_\_\_\_\_  
DATE Exhibit 1  
SB 3-92  
*St. Librarian*

# MONTANA STATE LIBRARY

STAN STEPHENS, GOVERNOR

1515 E. 6TH AVENUE



## STATE OF MONTANA

(406) 444-3115

HELENA, MONTANA 59620

### MEMORANDUM

TO: Representative William "Red" Menahan  
Chair  
Institutions and Cultural Education Subcommittee

FROM: Richard T. Miller, Jr. *RTM*  
State Librarian

RE: Attached Testimony Before Subcommittee

DATE: January 3, 1992

Please find attached by testimony before the Institutions and Cultural Education Subcommittee. Thank you for the opportunity to present this testimony. I look forward to appearing before your committee and to answering any questions you or committee members may have.

Best wishes in the New Year.

STATE LIBRARY COMMISSION -- PROPOSED BUDGET REDUCTIONS

Testimony before the Institutions and Cultural Education Subcommittee -- January 3, 1992

Mr. Chairman, members of the Committee, for the record my name is Richard Miller; I am the Montana State Librarian.

I am here this morning to testify about the budget reductions proposed in the Executive Budget. Following my testimony, you will hear from three other people. Thank you for the opportunity to share my views with you.

Page D-4 of the LFA's Budget Analysis indicates the budget reductions proposed in the Executive Budget for operations at the State Library, and for state aid to libraries. Before you make your decisions concerning these issues, please consider the following.

Under State Library Operations:

1. The proposed reductions for FY 1992 are being attained only by eliminating .25 FTE of a current position; by reducing and postponing the new FTE in blind and physically handicapped services; and by reducing the materials budget by \$18,000.
2. The proposed reductions for FY 1993 cannot be met because of personal services costs not adequately provided for in the budget. These include the 8% reduction, the forced vacancy savings, and the underfunding of the pay plan. The figures on the fact sheet I've distributed to you indicate that these factors combine to result in a 5% reduction in personal services-related areas of the budget. During the last regular session the Legislature agreed to lower the State Library's vacancy savings figure from 4% to 2% because of the size of the agency. Please note that we have thus far had no vacancy savings because people are not leaving their jobs during the current economic recession.
3. The proposed FY 1993 reductions also cannot be met because of unavoidable and non-reducible fixed costs in the budget. Again, as you will see on your fact sheet, these fixed costs which include items such as building rent, and payments to the Information Services Division for computer maintenance, total \$187,996 of the \$352,206 operating budget. The proposed \$30,857 reduction represents 18.8% of the non-fixed balance available. We have already informed the budget office in writing that we will be coming in for a supplemental during the next Legislative session.
4. A reduction of this size will force us to irrevocably harm the State Library's materials budget which would have to reduced

piece. Please do not reduce this aid to a level where it is insignificant.

Shortly you will hear from others about the impact of this state aid on the libraries in Montana.

Closing remarks:

Mr. Chairman, members of the Committee, I have spoken to you this morning about fairness and equity. We stand ready at the State Library and in the library community as a whole, to make reductions which are equitable and workable within the framework of the constraints I have listed during my testimony. But I must, as State Librarian, ask that you consider the impact of the reductions proposed by the budget office and that you reject those recommendations. The impact of the 8% reduction, the forced vacancy savings, the underfunding of the pay plan, inflationary increases of library materials, and other factors have all combined into an unworkable mix which will be devastating to the State Library and to libraries around the state.

The Governor has indicated that he wants to protect education. I submit to you that the vital part libraries play in the education of all Montanans is not recognized in these budget proposals. If you make deep cuts in aid to any type of library -- public, college or university, school or special -- you affect adversely the ability of all to attain self-improvement, to gain access to up-to-date information, and to promote economic development on the micro and macro levels.

I realize you face a difficult task over the next several weeks, but I ask that you be "penny wise and pound wise" and reject the deep cuts proposed in the Executive budget.

Thank you.

EXHIBIT  
DATE Exhibit 2  
1-3-92  
SB State Library

MONTANA STATE LIBRARY  
Institutions and Cultural Education Subcommittee  
January 3, 1991

State Library Operations (Program 01)

- Proposed Personal Services-related reductions in FY 1993 are significantly higher because of several factors:

\$12,405	8% reduction
<u>\$23,814</u>	Vacancy savings and pay plan underfunding
\$36,219	Total reduction (which represents a 5% cut)

- Fixed cost items in the FY 1993 budget drive up the actual reductions:

\$352,206	Operating expenses
<u>\$187,996</u>	Fixed costs and contracts
\$164,210	"Non-fixed" balance

The proposed \$30,857 reduction in operations equals an 18.8% reduction of this "non-fixed" balance available.

- Library materials budget reductions of \$48,300 in FY 1993 represent a reduction of one-third of the total available, a figure below the FY 1989 budget.
- An agency of this size cannot sustain a budget reduction of the magnitude proposed.

BOTTOM LINE: THERE IS NO FLEXIBILITY LEFT IN THE STATE LIBRARY'S BUDGET.

State Aid to Libraries (Program 01)

- The per capita and per square mile aid are part of a comprehensive state aid package approved by the Legislature in 1989; the Legislature has twice appropriated money for this aid.
- The original request of \$1.00 per capita and \$1.00 per square mile is now at 10.4 and 10.3 cents each.
- The first year of aid has now been distributed with an 8% reduction from the 12.5 cents passed. A cut of 24.7% in this aid is inequitable.
- Local libraries have included these monies in their local budgets.

BOTTOM LINE: ACCESS TO UP-TO-DATE INFORMATION IS ESSENTIAL FOR A MODERN SOCIETY.

EXHIBIT  
DATE 3-92  
SB 3-92

MONTANA STATE LIBRARY  
1993 Biennium Adjustments  
Legislative Budget Action

Description	Pgm	Fiscal 1992		Fiscal 1993		Difference (Leg. - Exec.)	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
House Bill 2							
1 State Library Operations	01	(\$60,643)				60,643	
2 State Aid to Libraries	01	(63,957)				63,957	
Totals		(\$124,600)	\$0	(\$62,562)	\$0	\$62,562	\$0

*1st motion failed*  
*(\$60,643) why?*  
*(63,957) why?*

*John W. ...*  
*(62,562)*

DATE Feb 4  
SB C. 4  
3-92  
State Library

# MONTANA STATE LIBRARY

STAN STEPHENS, GOVERNOR

1515 E. 6TH AVENUE



## STATE OF MONTANA

(406) 444-3115

HELENA, MONTANA 59620

January 3, 1992

Mr. Chairman, Members of the Committee, For the record, My Name is Darlene Staffeldt and I'm the Director of Information Resources, Montana State Library.

I'm here to tell you about the reaction of State Library users as we continue to cut our information collection because of funding problems.

In the past four years as we have had to cut reference materials or information resources from our collections we have received everything from petitions signed by state employees to angry phone calls from all agencies.

In 1990 we cut 22 reference titles from our standing order reference collections. Titles such as Datapro reports were not available in any other library in Montana. We cut 21 periodical titles from our periodicals subscriptions. We have cut titles such as Congressional Quarterly, American Economic Review, Pediatrics.

Following these cuts one library patron from the Legislative Council wrote "needless to say, cancellation of your subscription to the Congressional Quarterly has resulted in the loss of an information resource that I have valued and used for some time, and the loss of this resource has caused me a number of problems in performing my job. In the last month alone, I have been unable to get adequate information regarding: (1) congressional consideration of "reform amendments" to the federal Job Training Partnership Act; (2) the prospects of congressional intervention to delay implementation of Medicaid regulations disallowing provider-specific taxes to fund the state's share of the Medicaid program; and (3) congressional budget reconciliation affecting Medicaid, AFDC, and other state human service programs. I am confident that I could have found the information I needed in these areas if the Congressional Quarterly were available."

Staff from the Department of Revenue wrote concerning the elimination of the publication entitled Value Line Investment Survey. "Given that some cuts are inevitable, we commend your staff for coordinating with the Carroll College Library and the Lewis and Clark Library. The elimination of duplications will save money while maintaining as much of the current information base as

possible." The Montana State Library staff have cut as much duplication as possible from our collections - we are now cutting the unique and hard to locate materials.

The State Library provides back up assistance for reference and libraries too small to afford adequate personel. Last month when the proposal to cut additional monies from the materials budget was presented to the State Library Commission, numerous phone calls, letters, and people came to the meeting to provide testimony against such cuts. Some of their thoughts were as follows:

From the Flathead County Library, "With all libraries experiencing cutbacks in staff and materials, there is a great need to have some backup at the State Library in professional reference services and materials, especially for libraries with no trained staff."

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From the Department of Health and Environmental Sciences, environmental specialists report that they use the library extensively in their work and feel that their ability to perform as environmental specialists would be adversely affected by reductions from information services. The information base at the Water Quality Bureau relies on easy access to books, journals, and symposia proceedings obtained by State Library staff from current library holdings as well as through interlibrary loan.

From the staff at Shodair Children's Hospital Library " the absolutely most basic library service of all is the acquisition of a collection and access to that collection. That is the bare bones role of libraries. Maintaining the relevance of the collection to the needs of the state...must be your priority."

If the State Library cuts additional reference materials we will not be able to serve our users.

From the Department of Administration, "Reference staff support and materials are critical to the work of the Professional Development Center."

226  
Several responses from the Department of Natural Resources and Conservation included: (1) "The State Library provides a vital service to state agencies in carrying out their obligations to state government and to the public." (2) Another party stated that he wishes to object to a cut in the materials budget. (3) " A strong State Library reference collection saves state agencies from having redundant libraries. The Energy Division draws on the state reference collection heavily for statistical publications, association directories, and other energy-related reference materials. We believe that reducing the book budget would be wrong and our technical work could be seriously impacted."

From the Bitterroot Public Library comes " as a public reference librarian I strongly feel any cutting or reducing of services in reference to public libraries around the state would be cutting off

EX. 4  
1-3-92  
State Library

library's ability to keep their patronage "information current". It is difficult enough for small or medium size libraries to provide professional reference service within their own modest collection. We rely on our state library network to fill major gaps in this area."

If continued cuts are made all in Montana will suffer.

From the Office of Public Instruction, one person writes "The book budget has already dropped too many titles, any more and you will soon have an ineffective facility."

The Librarian from the Department of Veterans Affairs in Miles City writes " At a time when other libraries are cutting back on some of the more specialized reference materials, the State Library should be maintaining its collection. Having a strong, centralized collection makes good economic sense."

The response from the Department of Commerce urges us not to cut or in any way further reduce reference services.

State agencies as well as libraries throughout the State of Montana have had to depend on the Montana State Library collections. At least one agency in the past has totally closed their agency library and rely on the State Library to provide their information. With the additional cuts required this coming year we will be dropping approximately 200 titles; if even a few of these titles are critical to more than one agency the costs will increase for Montana. For example, eight state agencies on a regular basis use one of our titles called State Policy Reports. The subscription cost for that title is \$360.00 per year; if we drop that title, and only four of the eight agencies feel it is critical and pick up a subscription, the cost of Montana State Government will be \$1,440.00.

Mr. Chairman, Members of the Committee I thank you for your time and I urge you to try to find a way to solve our State's current budget problems without further affecting the State Library, as Montana's primary information resource. Thank you.

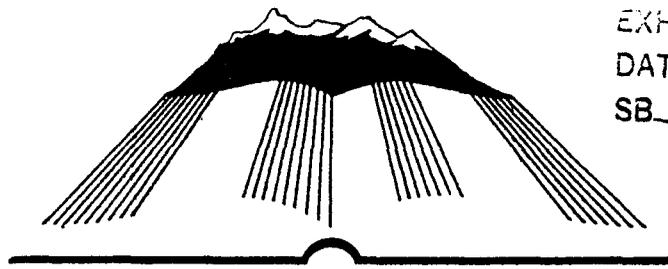


EXHIBIT 10  
DATE 1-3-92  
SB State Library

MONTANA  
LIBRARY ASSOCIATION

*Testimony of Deborah L. Schlesinger  
January 3, 1992 to the Institutions and Cultural Education Subcommittee.*

*Mr. Chairman, members of the committee, my name is Deborah Schlesinger and I am Legislative Chair for the Montana Library Association. I hope that my testimony will help convince you that:*

- 1) State Aid to libraries is vital to the health and economic welfare of the citizens of Montana and therefore should not be cut.*
- 2) The budget of the State Library is already at an absolute minimum and cannot be cut any further.*
- 3) The services provided by the State Library are critical to the information needs of state government and the public, academic, and special libraries of Montana.*

*Some examples from my real life as a public librarian illustrate these sweeping assertions.*

*The State Aid monies Lewis and Clark library receives in percapita and geographic aid of \$5,244 is 20% of our current book budget. The aid to our Federation of \$21,000 means that we can fund continuing education for twenty-one libraries and provide reference and interlibrary loan, and consulting assistance to these libraries. The \$8,000 we receive in interlibrary loan reimbursement allows us to share our collection with libraries all over the state. State aid for my library has allowed us to buy materials, keep hours, and keep staff.*

*The materials budget of the State Library and the other services offered to libraries are especially critical in the real life situations of failed emergency mill levies and I-105 constraints. Very often, materials at the State Library are available nowhere else in the state. Access to these materials will be denied at a time when we have no place else to go.*

*Since the latest round of budget cuts at the State Library, no one in state carries materials like "Data Pro" a loose leaf service necessary for technology reference and costing way beyond a local library's means.*

*Please know that public, academic, and the State Library are necessary for the economic, educational, and cultural well being of this state, and please help keep our doors open.*

DATE 1-3-92  
SB State Library

TESTIMONY ON MONTANA STATE LIBRARY BUDGET  
1992 SPECIAL SESSION  
PRE-SESSION HEARING

Appropriations  
Institutions Subcommittee  
January 3, 1992  
8:00AM

Mr. Chairman, Members of the Committee:

I am Gloria Hermanson. I reside in Helena. I represent the Montana Cultural Advocacy, a broad cross-section of Montanans committed to the development of our state's cultural resources.

Our State Library is a very small agency, ~~As you have heard in previous testimony,~~ yet they rank in the top ~~five~~ state agencies for budget cuts. They operate with a very high percentage of fixed costs and are working with an already minimal materials, or information resource budget.

Information is today's commodity. Without it our local governments don't function, our state government doesn't function, and individual people's options are narrowed. Without access to information people cannot better themselves, look for alternatives, or research where to go next. Deliberately narrowing options in recessionary times is not appropriate and does not constitute solution.

Access for information is a basic need for government operation, it's basic support for education, and it's a basic need for the people of Montana individually. We're not talking about limiting access to recreational reading. We're talking about limiting access to an essential resource.

I urge you to consider your actions regarding the State Library budget very carefully.

Thank you.

EXHIBIT  
DATE 1-3-92  
SB 1-3-92  
Mr. Arts Council

# MONTANA ARTS COUNCIL



STAN STEPHENS, GOVERNOR

48 NORTH LAST CHANCE GULCH  
NEW YORK BLOCK

## STATE OF MONTANA

(406) 444-6430

HELENA, MONTANA 59620

August 22, 1991

To: Steve Yeakel, Budget Director  
Office of Budget and Program Planning

From: David Nelson, Executive Director  
Montana Arts Council

RE: Memorandum of August 12, 1991 on 92-93 budget cuts

Our budget is already being strained due to a number of factors, including:

- The agency has participated in increased cultural exchange activity with Kumamoto, which was unanticipated.
- General Fund cuts reduce capacity to match federal funds, specifically at a time when federal matching funds are available for rural states.
- The increase for the state pay plan this biennium is being paid two dollars from existing federal sources to every one dollar from General Fund sources.
- The potential exists for our budget to be impacted by about \$13,000 in unfunded liabilities with anticipated staff changes.
- Indirect cost requirements of the state further diminish our federal resources by nearly \$5,000 per year since FY 89.
- General fund support continues to decline as a percentage of our overall funding. At the end of each legislative session, we believe we have come close to maintaining current level, only to learn that unfunded costs and inflation continue to erode all other sources.

This pattern continues with this new cut. We can meet the targeted 8% General Fund reduction only by reducing federally funded programs and transferring the savings to the General Fund, providing the National Endowment for the Arts agrees to this budget modification. Our specific targets for reductions by fiscal year are as follows:

	FY 92	FY 93
--	-------	-------

The agency experienced an overall shortfall in FY 1991. That amount must first be applied to the projected reduction.

	(\$1,796)	
Eliminate grant temporary position/6 weeks @ \$8.25/hour	\$3,960	\$3,960

This reduction is only made possible due to the increased federal funding, part of which was allocated to provide contract clerical support to two of our program staff. This function will be carried out by that staff.

Reduce Office on the Road by half	\$1,500
-----------------------------------	---------

Last FY the Council staff traveled to Great Falls, Lewistown, Kalispell, Libby and Thompson Falls, providing workshops for and responding to questions from Montanans. This cut will allow only one trip this FY with reduced staff participation.

page 2  
Steve Yeakel  
92-93 budget cuts

	FY 92	FY 93
Reduce Art Beyond Boundaries VI	\$1,000	
This annual 4-state conference benefits rural cultural organizations. The original \$2,500 allocation was to be utilized as match for a federal grant, which is not forthcoming, so the lower amount will be utilized to support this conference.		
Reduce Underwriting	\$1,500	
These small grants act as risk insurance for rural groups sponsoring performing arts events. The FY 91 allocation of \$12,000 was raised to \$15,000 this FY from increased federal funds specifically received for support of rural activities. The reduction will reduce this increase to half and will eliminate 5 to 10 communities from support.		
Reduce SOS/Technical Assistance	\$1,370	
This program provides a small amount of funding to organizations in trouble but who have the potential to survive and achieve stability with some outside professional technical assistance.		
Reduce Arts in Education by 1 and 1/2 residency	\$1,000	
This exciting program provides Montana children with exposure to professional artists. It also supplements the school's arts program, if there is one.		
Cut Spring All-Arts Event	\$1,000	
This event for teachers is co-sponsored by the Council and Office of Public Instruction. It is our understanding that the governor's cut will strain O.P.I.'s budget to the point of not conducting this event. Without their support, we cannot carry it out. This is the amount of Council support to the event.		
Reduce WESTAF/NISP compliance	\$2,000	
For the last 10 years, the Council has cooperated with all the other states to provide compatible information on the arts from all sources. This cut will slow down our ability to participate fully in this effort.		
Reduce Cultural Congress		\$6,213
The event in FY 93 will be held in conjunction with the Kumamoto Artists Festival, tentatively to be held in Bozeman in the summer of 1992. The Japanese will be absorbing most of the costs for this event.		

Ex. 1  
 1-3-92  
 MT. Arts Council

OFFICE OF BUDGET AND PROGRAM PLANNING  
 BUDGET REDUCTION WORKSHEET

	FY 92		FY 93	
	TOTAL GENERAL FUND =====	TARGET REDUCTION (@ 8%) =====	PROPOSED REDUCTION =====	TOTAL GENERAL FUND =====
	143,309	11,465	11,534	128,020
				10,242
				10,173

MONTANA ARTS COUNCIL  
 PROMOTION OF THE ARTS  
 General Fund

**Planning for 1993 Biennium Budget Reductions**

**2. List any unrestricted Fund Balances which may be available**

Agency    Accounting Entity    Explanation

We are unaware of any unrestricted Fund Balances which may be available.

**3. Potential legislative action regarding Fund Balances**

Agency    Accounting Entity    Explanation

We are unaware of any potential legislative action regarding Fund Balances.

**4. Potential legislative action to shift from General Fund to Other Funds**

Agency    Accounting Entity    Explanation

We will take this matter up with our governing body at our next meeting.

EXHIBIT \_\_\_\_\_

DATE Exhibit 2

SB 1392

Montana Arts Council

Montana Arts Council  
Promotion of the Arts

5114-01

Budget Item	FY92			FY93		
	Appropriated	Recommended	Difference	Appropriated	Recommended	Difference
FTE	7.97	7.97	0.00	7.97	7.97	0.00
Personal Services	240,655	240,655	0	249,105	249,105	0
Operating Expenses	218,371	212,891	(5,480)	202,902	196,404	(6,498)
Equipment	1,797	1,797	0	0	0	0
Grants	593,600	591,220	(2,380)	20,000	20,000	0
<b>Total Costs</b>	<b>1,054,423</b>	<b>1,046,563</b>	<b>(7,860)</b>	<b>472,007</b>	<b>465,509</b>	<b>(6,498)</b>
General Fund	143,309	135,449	(7,860)	128,020	121,522	(6,498)
State Special Revenue Fund	119,700	119,700	0	121,416	121,416	0
Federal Special Revenue Fund	791,414	791,414	0	222,571	222,571	0
<b>Total Funding</b>	<b>1,054,423</b>	<b>1,046,563</b>	<b>(7,860)</b>	<b>472,007</b>	<b>465,509</b>	<b>(6,498)</b>

ITEM	FY92	FY93
• <b>Promotion of the Arts</b> Contracted services are reduced.	(3,480)	(6,498)
• <b>Artists in Schools</b> Projects are reduced 13.2% in FY92 only.	(2,000)	(0)
• <b>Local Community Grants</b> Grants are reduced 11.9% in FY92 only.	(2,380)	(0)

EXHIBIT 3  
 DATE 1-3-92  
 SB M. Arts Council

MONTANA ARTS COUNCIL  
 1993 Biennium Adjustments  
 Legislative Budget Action

Description	Executive Budget Proposal		Fiscal 1992		Fiscal 1993		Difference (Leg. - Exec.)		Fiscal 1992		Fiscal 1993	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
House Bill 2												
0 Service Reductions	1 (\$7,860)		(\$6,498)						7,860		6,498	
Totals	(\$7,860)	\$0	(\$6,498)	\$0	\$0	\$0	\$0	\$0	\$7,860	\$0	\$6,498	\$0

*proposed*

*Cady*

EXHIBIT  
DATE 8/14/91  
SB 1-3-92

*Society*

# Montana Historical Society

225 North Roberts · Helena, Montana 59620-9990 · (406) 444-2694

TO: OSPP

8/14/91

FROM: Larry Sommer *LS*

RE: Reductions

The thrust of the reductions proposed by the Society is to withdraw the agency to its more basic and most statutory obligations - the acquisition and care of the myriad collection owned by the Society. This \$42,000,000 assemblage is the state's heritage and is the core of the agency. It must be protected. In consequence, public services will suffer. Many public offerings currently conducted are somewhat tangential to the basic statutory mission of the society - thus they are proposed for elimination if necessary. That does not suggest that these are not good or important offerings, just that they do not affect the core operation of the Society.

Other cuts reflect the need to simply meet the target amount or to conform to what is assumed to be necessary to maintain agency basic operations.

In order of priority these are the cuts and a short discussion of each.

1. Close the Society on weekends and holidays. Extended hours have strained the Society for years. Security is inadequate, there is no janitorial on weekends and the resulting risk to collections and the less than adequate appearance of the building argue for this reduction. One half security guard position would be eliminated with a cost per full Fy 92 of \$11,931. plus \$250.00 for uniforms.

2. Close the Original Governor's Mansion to the public and eliminate the Tour Guide position. The OGM has been a continuing strain on Museum staff taking them away from their more traditional duties. The Society was requested by D of A to operate the mansion when it was returned to the State by the City of Helena. It is a continuing strain on resources. The Society would continue to maintain security protection and clean and repair as needed. Savings from Tour Guide - \$10,591 in full Fy 92.

3. Cancel security camera purchase - \$ 25,000 one time savings. This can be accepted if the Society goes to a five day schedule for remaining security guard shifts would be concentrated in that five day rotation. This is not an ideal situation and will ultimately cost the state more in insurance premiums.

4. Reduce general fund travel. The Society receives approximately \$11,000 in general fund to support staff total both in and out of state. A reduction of \$3,380 of the travel is proposed with a commensurate reduction in out-of-state travel while still retaining the ability to travel in-state for acquisitions and other purposes.

5. Eliminate capital tours. This is a good service but one tangential to the agency mission. We believe if general services can locate the funds a printed guide for tourists could somewhat replace this service. Eliminated would be the positions of Tour Guide Supervisor and Tour Guides. This will end all tours in the Capital as well as coordinated scheduling of tours of the Capital, Society and OGM for school groups. That coordination was the tour guide supervisor's responsibility. Full year FY 92 savings \$28,852.

6. Eliminate one half-time historian from the Preservation office. This reduction is essential to meet the target. Its impact will be slower office responses to public/government inquiries on surveys, compliance, etc. Reduction for full FY 92 -\$8,047.

7. Cancel rotating and new traveling exhibits. Removes \$11,000 from the supplies and materials budget of the Museum Program. This is in accord with the philosophy of concentrating remaining staff time on collections and current exhibit maintenance and enhancement.

8. Eliminate a full-time reference technician from the Library/Archives reading room and reduce public hours by one day a week. This will reduce public access but allow remaining staff to concentrate on collection management and remaining reference traffic and requests. Full year FY 92 savings \$21,894.

9. Reduce accounting technician I position to half-time. Saves in a full year \$10,154. This is a critical reduction but necessitated to meet the target. Response to bureaucracy will be severely slowed, accounts payable will be hampered, and accounts receivable and cash handling will be severely compromised.

The Society protests the levying of this target without a commensurate reduction in mandated fixed costs from other agencies. We estimate that our target could be reduced by over \$12,000 a year if the eight percent reduction were applied to such things as rent, computer network fees, etc. As it stands, the agency is being doubly penalized to benefit recipient agencies. If that \$12,000 were available we could save at least a half-time position.

Ex. 1

1-3-92

MT. Historical  
Society

In response to CBPP's other suggestions for mitigation of impacts of these targets, the Society cannot respond positively. The Society has no unrestricted fund balances that can be used. There are no fund balances that can be dealt with legislatively for all are already over-committed. The Society has always been a "hand to mouth" agency lacking in many areas. The last six or seven years have further hampered operations. The Society has no further resources to tap and must rely on government to be a viable entity.

It should be added that in the area of shifting other funds it is the agency's belief that accommodations tax revenue now used solely for tourist promotion should be shifted, at least in part, to support of tourist destinations such as the Society. This may call for an increase in the tax rate. It is consensical to promote tourism in Montana while the public and private sectors are presiding over deteriorating attractions.



EXHIBIT 2  
 DATE 3/92  
 SB  
 Montana Historical Society

Montana Historical Society  
 Administration Program

5117-01

Budget Item	FY92			FY93		
	Appropriated	Recommended	Difference	Appropriated	Recommended	Difference
FTE	13.50	13.50	0.00	13.50	13.50	0.00
Personal Services	378,867	377,351	(1,516)	392,923	391,576	(1,347)
Operating Expenses	274,240	272,032	(2,208)	260,003	258,328	(1,675)
<b>Total Costs</b>	<b>653,107</b>	<b>649,383</b>	<b>(3,724)</b>	<b>652,926</b>	<b>649,904</b>	<b>(3,022)</b>
General Fund	531,904	528,180	(3,724)	529,154	526,132	(3,022)
State Special Revenue Fund	85,700	85,700	0	86,965	86,965	0
Federal Special Revenue Fund	35,503	35,503	0	36,807	36,807	0
<b>Total Funding</b>	<b>653,107</b>	<b>649,383</b>	<b>(3,724)</b>	<b>652,926</b>	<b>649,904</b>	<b>(3,022)</b>

ITEM

- **General Savings** (3,724) (3,022)  
 Reduction of capital tours and travel.

MONTANA HISTORICAL S  
 1993 Biennium Adjustments  
 Legislative Budget Actior

P:\5117\W000000.LBP

Executive Budget Proposal

House Bill 2

Description	Pgm	Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
House Bill 2									
1 Reduce Capitol Tours & Travel	01	(\$3,724)							
2 Vacancy Savings	02	(2,014)		(\$3,022)					
3 Eliminate Tour Guide	03	(16,790)		(2,325)					
4 Electronic Security	03	(25,000)		(22,739)					
Other									
5 Historic Sites Funding Switch	06	(6,518)	6,518	(8,494)	8,494				
<b>Totals</b>		<b>(\$54,046)</b>	<b>\$6,518</b>	<b>(\$36,580)</b>	<b>\$8,494</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Body* *Martin J. ...*

EXHIBIT 1  
 DATE 7-3-92  
 SB

DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES  
 8% MITIGATION PLAN-GENERAL FUND ONLY  
 12/11/91

PGM	PROGRAM/ITEM	FY 92	FY 93	TOTAL
<b>EXPENDITURE REDUCTIONS</b>				
10	Central Operations			
	-Setasides	\$42,680	\$16,240	\$58,920
20	Corrections			
	-Bud. Modifications	\$670,067	\$0	\$670,067
	-Local Jur. Sent. Op.	\$17,312	\$0	\$17,312
	-Workers Comp	\$18,574	\$18,574	\$37,148
	-License Plate Fac.	\$280,000	\$235,000	\$515,000
30	Mental Health			
	-Galen Downsize	\$200,000	\$800,000	\$1,000,000
40	Chemical Dependency			
	-Workers Comp	\$3,452	\$3,452	\$6,904
50	Developmental Disabilities			
	-Workers Comp	\$160,858	\$160,858	\$321,716
60	Veterans Home			
	-Workers Comp	\$7,324	\$7,324	\$14,648
<b>TOTAL EXPENDITURE REDUC.</b>		<b>\$1,400,267</b>	<b>\$1,241,448</b>	<b>\$2,641,715</b>
<b>GENERAL FUND REVENUE ENHANCEMENTS</b>				
<b>GENERAL FUND REVENUE INCREASES</b>				<b>\$0</b>
30	Mental Health	\$955,333	\$622,009	\$1,577,342
	-COE	\$0	\$513,454	\$513,454
50	Developmental Disabilities	\$1,093,841	\$170,861	\$1,264,702
<b>FUND TRANSFERS TO THE GENERAL FUND</b>				
20	Corrections	\$0	\$605,212	\$605,212
<b>FUNDING SHIFTS</b>				
60	Veterans Home	\$207,421	\$208,432	\$415,853
<b>TOTAL REVENUE CHANGES</b>		<b>\$2,256,595</b>	<b>\$2,119,968</b>	<b>\$4,376,563</b>

388

DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES  
 8% MITIGATION PLAN-GENERAL FUND ONLY  
 12/11/91

PGM	PROGRAM/ITEM	FY 92	FY 93	TOTAL
SUPPLEMENTAL REQUEST-GENERAL FUND ONLY				
10	Central Operations	\$0	\$0	\$0
20	Corrections			\$0
	-Pop., pay plan	(\$820,938)	\$0	(\$820,938)
	-Medical	(\$622,885)	\$0	(\$622,885)
	-Technical Advisor	(\$65,000)	\$0	(\$65,000)
30	Mental Health (see note)	\$0	\$0	\$0
40	Chemical Dependency (see note)	\$0	\$0	\$0
50	Developmental Disabilities			\$0
	-Add'l FTE certification	(\$404,511)	(\$406,996)	(\$811,507)
	-Contract Increases	(\$19,767)	(\$19,767)	(\$39,534)
60	Veterans Home	\$0	\$0	\$0
TOTAL SUPPLEMENTAL REQUEST		(\$1,933,101)	(\$426,763)	(\$2,359,864)
NET INCREASE (DECREASE) TO GF REVENUE		\$1,723,761	\$2,934,653	\$4,658,414

Note: The Mental Health Division has a state special revenue supplemental request for \$16,920 each year of the 1993 biennium. The Chemical Dependency Division is requesting a state special revenue supplemental for \$23,229 in fiscal 1992 and \$24,158 in fiscal 1993.

Ex. 1  
1-3-92  
Corrections

DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES  
SUMMARY OF BUDGET MITIGATION PLAN

The budget mitigation plan as presented in the executive proposal is composed of three primary factors:

1. Expenditure reductions
2. General fund revenue increases, fund transfers, and fund shifts; and
3. A supplemental appropriation request.

Overall, the mitigation plan increases general fund revenue approximately \$4.66 million in the 1993 biennium.

EXPENDITURE REDUCTIONS

Expenditure reductions are implemented throughout the department and include reductions in workers compensation premiums due to single agency consolidation, delaying or deleting approved budget modifications, reducing services at Galen, reducing the license plate factory appropriation to meet anticipated needs, and other general reductions. Expenditure reductions total \$1,400,267 in fiscal 1992 and \$1,241,448 in fiscal 1993. The reductions are summarized on the main table. Budget modification delays in the Corrections Division are summarized below:

DELETED OR DELAYED BUDGET MODIFICATIONS  
CORRECTIONS DIVISION - FISCAL 1992

Modification	# Beds "Lost"	Amt. Reduced
House Arrest	15	\$45,000
Pre-Release Expansion	35	\$264,155
Graduated Sanctions	5	\$66,120
Great Falls ISP	20	\$22,142
P & P Expansion	30	\$35,271
Women's New Pre-Release	16	\$237,379
*Local Jurisdiction Sentencing Option	0	\$17,312
Total Budget Modifications	121	<u>\$687,379</u>

\*Deleted; all others delayed

Galen Downsizing-The service changes proposed for the Galen campus of Montana State Hospital are summarized below:

1. Move the acute care hospital to the Warm Springs campus and change its license to infirmary level.
2. Reduce the capacity of the nursing home program to 35 patients. Appropriate transfers to Warm Springs Unit 219, the Montana Center for the Aged, and private nursing homes will be made to reduce the current patient population.
3. Establish an 87 bed chemical dependency treatment program in the Galen Hospital building and discontinue use of the Lighthouse and ASC facilities.
4. Establish a non-hospital detoxification and orientation program in the Galen Hospital building. Capacity would be approximately 24 patients.

The consolidation of the chemical dependency programs into a single, three track program with a detoxification, education, and assessment and referral unit is considered a program enhancement. The Department intends to implement these changes in the chemical dependency program independent of the budget deficit mitigation plan.

#### REVENUE ENHANCEMENTS

The executive proposal contains three types of general fund revenue enhancements including: actual revenue increases (including increased third party reimbursements and court ordered evaluations), fund balance transfers (the prison ranch account), and funding shifts (additional VA reimbursements and other third party reimbursements at the vets home). These are summarized on the main table. Revenue increases resulting from the proposed enhancements total \$2,256,595 in fiscal 1992 and \$2,119,968 in fiscal 1993.

#### SUPPLEMENTAL REQUESTS

The executive proposal also includes a \$2,359,864 supplemental appropriation request for the 1993 biennium. The request is summarized on the main table and discussed in detail in this narrative.

#### Corrections Division-Population, pay plan

**\$820,938**

Reception Overflow-The 1991 legislature funded MSP for staff and facility costs for Reception Overflow each year of the 1993 biennium and Rothe Dorm for fiscal 1993 only. MSP has been operating Rothe Dorm in fiscal 1992 instead of Reception Overflow because it is more cost effective. The population increase at MSP requires Reception to be opened in late January 1992. The amount requested reflects the net additional cost of opening Reception Overflow.

41,000

*Me/ \**

*Montana  
State  
Dept  
of  
Corrections*

Gallehon Turner Trial-The cost of providing security to inmates testifying at this trial and other costs exceeded the 1992 appropriation

75,000

\*  
ce

Additional Inmates-The variable costs for care and custody of inmates exceeding 1,135 were not included in the 1992 appropriation. This estimated cost assumes a 1,203 ADP at MSP in fiscal 1992.

115,076

no motion

OT Training Costs-MSP has incurred overtime costs for correctional staff to receive in-service training for disturbance control, weapons qualification, and other training.

84,556

Cody

Unfunded Personal Services-This represents the difference between MSP's estimated actual personal services costs in fiscal 1992 and its allocation from HB2- & 509 (pay plan). Differences are attributable to vacancy savings, pay plan shortfall, and an (unfunded holiday) 20,000 Frankli - passed

395,520

motion passed  
375,520  
200,000  
Cody

Max Disturbance Legal Costs-This is an estimated expense for prosecution costs relating to the maximum security unit disturbance of 9/22/91.

25,000

\* motion passed

Food Costs-This is the estimated additional costs incurred in fiscal 1992 due to implementing sack lunches for inmate workers and increasing the overall food quality at MSP.

78,782

\* motion passed

Food quality was reduced in fiscal 1990 to stay within budget.

Public Defender-This is an unfunded increase in the public defender contract with the 3rd judicial district.

6,004

255,4  
930

Corrections Division-Medical Expenses

This is the estimated additional cost the Corrections Division will incur to provide medical services to inmates. The 1993 biennial appropriation was \$1,869,975.

\$622,885

W  
dier  
Corrections  
medical

Corrections Division-Technical Advisor

\$ 65,000

This is a biennial appropriation for an on-site corrections professional to provide MSP with technical advice on overall prison policies and procedures.

line  
motion  
Cody

Cody

line  
motion  
Cody

line  
motion  
Cody

Cody

Developmental Disabilities-Additional FTE, certification

\$811,507

In February and May 1991, both MDC and EHSC did not pass HCFA medicaid surveys conducted by the Department of Health and Environmental Services (DHES). In both surveys facility staffing was cited as a condition of participation that was not in compliance.

MDC-During March/April 1991 MDC retained 20 FTE that were originally proposed for elimination. This decision was necessary to develop a plan of correction and ensure compliance to medicaid deficiencies. This action was successful as MDC passed an April 1991 follow-up survey. However, deficiencies were still noted in staffing levels and DHES recommended that MDC be given a limited nine month certification and placed on a monthly monitoring process. During this time, MDC staffing levels were re-evaluated for both FY 92 and 93 and along with the above 20 FTE, an additional .30 was required for FY 92 and 6.5 for FY 93. Again, this decision was successful as MDC passed an October 1991 survey with few deficiencies.

Delays in construction of five community group homes due to cold October/November weather moved back the elimination of 20 FTE from January 1, 1992 to February 1, 1992 which required an additional 1.6 FTE in FY 92.

EHSC-In May 1991, 1.0 FTE (QMRP) was added to EHSC to comply with medicaid deficiencies and EHSC passed a June 1991 follow-up survey. However, as with MDC, EHSC was also given a limited certification and monitored. This additional FTE is reflected in the supplemental request.

Developmental Disabilities-Contract Increases

\$ 39,534

Unanticipated increases in contracts for required services (medical, dental, occup. therapy, pharmacy, etc) were required.

DEPARTMENT OF CORRECTIONS  
AND HUMAN SERVICES

EXHIBIT \_\_\_\_\_  
DATE \_\_\_\_\_  
SB Exhibit 1 A  
3-92



STAN STEPHENS, GOVERNOR

1539 11TH AVENUE

STATE OF MONTANA

(406) 444-3930 FAX (406) 444-4920

HELENA, MONTANA 59620-1301

MEMORANDUM

DATE: August 21, 1991

TO: Steve Yeakel, Budget Director  
Office of Budget and Program Planning

FROM: Curt Chisholm, Director  
Department of Corrections and Human Services (DCHS)

RE: Proposed 1993 Biennium Budget Reductions

The following are my proposed DCHS 1993 biennial budget reductions to assist in the mitigation of the projected general fund revenue shortfall.

To reduce DCHS's budget by approximately twelve million dollars over this biennium is a very difficult task and will have a major impact on the human service systems it is mandated to provide. As you are aware these systems face major problems even with the current legislative appropriated budgets and include: the over crowding of the corrections system which has led to major expansion, the continual increase in the demand for the quantity and quality of mental health and chemical dependency services which has led to major litigation, the Governors four phase plan for the modification of developmental disability services which has led to major changes and reductions in institutional services, compliance to medicaid certification standards in developmental disabilities and nursing home institutions which has a major impact on state revenues and proposed expansion of the veterans nursing home program.

Through our analysis of these systems it was determined that reducing the department's budget by \$12 million dollars this biennium would severely inhibit our ability to provide the minimum programs mandated by statute or required by certification standards and could have an even larger impact to the general fund. With this in mind the departments proposals for this budget mitigation can best be accomplished by eliminating low priority, duplicated or unneeded programs, delaying implementation of new programs, revising revenue projections based on new and approved per-diem

rates, and propose transferring unused special revenue account balances to the general fund. These proposals would have the least impact on our current systems and include;

ACTION	BIENNIAL SAVINGS
1. Targeted Budget Reductions	
a. Closure of Galen's acute care hospital, nursing unit and consolidating the alcohol services and Lighthouse programs.	\$4,266,187
b. Delay implementation of corrections new modified budgets.	\$ 687,442
c. Eliminate Medical Director modified	\$ 65,000
d. Set Asides	\$ 800,000
2. Unrestricted Fund Balances (reimbursement revenue increases or enhancements)	
a. Revenue Increases - new rates (less Galen)	\$ 875,127
b. MSH charges for COE evaluations	\$ 913,090
c. Unknown prior year revenue adjustments	\$1,094,664
3. Fund Balance Transfers To The General Fund	
a. MSP Industries/Ranch	\$ 605,212
b. EMVH delayed construction	\$1,991,897
	-----
GRAND TOTAL	\$11,298,619 =====

These actions are not prioritized as I feel they could all be implemented equally with the exception of the delaying of the implementation of the Corrections Budget Modification. Because of the impact this will have on the MSP and the corrections system this would be my last priority.

Attached, by service system, is more justification and impact information on the above proposals.

CC:bt

OFFICE OF BUDGET AND PROGRAM PLANNING  
BUDGET REDUCTION WORKSHEET

Ex. 1A  
1-3-92  
Corrections

	FY 92			FY 93		
	TOTAL GENERAL FUND	TARGET REDUCTION (a 8%)	PROPOSED REDUCTION	TOTAL GENERAL FUND	TARGET REDUCTION (a 8%)	PROPOSED REDUCTION
DEPT. CORRECTIONS & HUMAN SER						
CENTRAL OPERATIONS						
General Fund	1,964,814	157,185	32,500	1,885,237	150,819	32,500
CORRECTIONS SYSTEMS						
General Fund	25,883,169	2,070,654	687,442	24,973,224	1,997,858	605,212
MENTAL HEALTH SYSTEM						
General Fund	30,954,705	2,476,376	1,419,059	32,156,194	2,572,496	2,847,128
CHEMICAL DEPENDENCY SYSTEM						
General Fund	262,396	20,992		288,213	23,057	
DEVELOPMENTAL DISABILITY SYSTEM						
General Fund	14,556,275	1,164,502		13,925,408	1,114,033	
VETERAN'S NURSING HOME PROGRAM						
General Fund	986,584	78,927		1,099,990	87,999	
Additional Reimbursement Revenue			1,601,729			368,062
Construction of EMVH			1,991,897			
Charge Counties for Court Ordered Evaluations			399,636			513,454
Department Set-aside			400,000			400,000
TOTAL			6,532,263			4,766,356
			53.66			96.32

**OFFICE OF BUDGET AND PROGRAM PLANNING  
BUDGET REDUCTION  
FY92-FY93  
NARRATIVE/JUSTIFICATION**

AGENCY     Department of Corrections and Human Services

PROGRAM    Program 10 - Central Operations

UNIT        Special Services

SPECIAL SERVICES-MEDICAL DIRECTOR CONTRACTED SERVICES     \$65,000

During the 1991 legislative session the DCHS requested and received a budget modification to contract for a medical director to provide medical policy guidance and direction to the department and institutions.

IMPACT - The Department will lose valuable and needed funds which are needed to enhance and improve medical policy and services provided within our mental health, chemical dependency, corrections, and special services systems. Will attempt to rely on in-house or contracted medical personnel.

OFFICE OF BUDGET AND PROGRAM PLANNING  
BUDGET REDUCTION  
FY92-FY93  
NARRATIVE/JUSTIFICATION

AGENCY Department of Corrections and Human Services  
PROGRAM 20 Corrections System  
UNIT Montana State Prison Industries

CORRECTIONS CUTS

1. MONTANA STATE PRISON INDUSTRIES REVOLVING ACCOUNT  
\$605,212

The projected balance available to transfer at the end of the 1993 biennium is based on several unstable areas. A major portion of the revenue is dependent upon the Dairy Market which has been in a constant state of flux for the past several years. Additionally, the market for the M.S.P. milk sold in Montana is very tenuous. Cattle prices also impact our revenue. Any market decreases will have a negative impact on the account balance available.

The projection also does not take into account the effect of a crop failure. The crops are used for the feed at the Dairy and for Ranch livestock. If the crops are lost or damaged the specialized feed will have to be purchased on the open market at a much higher cost. A crop failure or major equipment failure at the Dairy will also effect the operational cost at the Main Prison, as they are heavily dependent upon Prison Produced Dairy Products.

**OFFICE OF BUDGET AND PROGRAM PLANNING  
BUDGET REDUCTION  
FY92-FY93  
NARRATIVE/JUSTIFICATION**

AGENCY Department of Corrections and Human Services  
 PROGRAM 20 Corrections System  
 UNIT Community Corrections

**CORRECTIONS CUTS**

2. MODIFIEDS DELAYED UNTIL FY 93 \$687,442

Correctional trends, nationwide, show an increased use of community-based programs, as alternatives to incarceration and as transitional programs between incarceration and return to civilian status. Community-based programs are considered to be cost effective and rehabilitatively sound. Montana Corrections has pursued community programs for years and is among those states making the most use of such programs.

Continued and dramatic increase in correctional populations is anticipated. Expansions of community-based programs were proposed to meet those increases, for budgetary as well as programmatic reasons. Existing community programs cannot function at reduced levels. Any budget reductions in the community component of the corrections system must come at the expense of planned program expansions. Some of those program expansions have been quantified in terms of prison bed equivalents. The results of eliminating community program expansions are listed below. It is important to recognize that the expected effects of these reductions on prison overcrowding is **in addition** to already severe overcrowding and the anticipated effects of institutional budget cuts.

Anticipated Annual Effect of  
Reductions in Community Program Expenditures

<u>FTE Cuts</u>	<u>FY92 Cuts</u>
Pre-Rel. Expansions	\$285,395
House Arrest	45,000
2.5 ISP Expansion	128,978
Graduated Sanctions	66,120
Peace Officer Training	12,200
Local Jurisdiction	
Sentencing	17,000
3.0 P/P Enhancements	\$132,749
	<b><u>\$687,442</u></b>

Ex. 1A  
1-3-92  
Corrections

ge 2

	<u>Prison Bed Equivalents</u>
Pre-release Expansions	68 males
House arrest	15-30
Intensive Suprv. Prog. Expan.	20
Graduated Sanctions	5-10
P/P Enhancements	30
	<u>238-158</u>

**OFFICE OF BUDGET AND PROGRAM PLANNING**  
**BUDGET REDUCTION**  
**FY92-FY93**  
**NARRATIVE/JUSTIFICATION**

AGENCY Department of Corrections and Human Services

PROGRAM 30 - Mental Health

UNIT MSH

2) Closure of Galen \$ 4,266,187

It is proposed to eliminate nursing home care and acute hospital care at the Galen campus of Montana State Hospital. Inpatient chemical dependency services would continue to be provided at Galen. In order to accomplish this closure, the current nursing home patients would be transferred to Warm Springs, the Center for the Aged or to private nursing homes. To provide a medical setting for Warm Springs patients this proposal includes the retention of sufficient positions to operate an infirmary on the Warm Springs campus. Funding is also provided for contracted acute hospital services for the few Galen patients who require medical detox.

Some of the Galen staff positions will be transferred to the Center for the Aged so that program can serve additional heavy care patients.

With careful planning, patients can be relocated with no decrease in the quality of care they are receiving. A 90 day transfer period is advisable. On a long term basis, the mental health system can provide the full range of services necessary without the Galen nursing home and hospital programs.

There will be significant impact on State Hospital staff due to likely layoffs and the economic impact that may have on the Deer Lodge/Anaconda area.

If the Galen closure is implemented, one of three pilot projects funded from projected vacancy savings in the mental health system will be eliminated. The cut back in Galen staff will reduce vacancy savings and result in discontinuing the Kalispell Crisis Response Team. Elimination of this program will remove a treatment and support resource for people experiencing an acute crisis relating to a severe mental illness.

OFFICE OF BUDGET AND PROGRAM PLANNING  
BUDGET REDUCTION  
FY92-FY93  
NARRATIVE/JUSTIFICATION

Ex. 1A  
1-3-92

AGENCY Department of Corrections and Human Services

PROGRAM 30 - Mental Health

UNIT MSH

1) Court Evaluations

Charging counties - Revenue Income

\$ 913,090

Criminal defendants are often sent to Montana State Hospital for an evaluation of their mental health status. The Department has not charged the counties for these evaluations despite the fact that 46-14-202, MCA would allow the Department to charge the counties.

It is proposed as of 10/1/91, to start billing counties for room/board and ancillary professional fees associated with court-ordered evaluations. Counties have the ability to obtain reimbursement for evaluation expenses from a District Court fund which is administered by the Supreme Court. Section 3-5-901 provides for appropriations to fund district court expenses, including psychiatric evaluations, in criminal cases. In the likely event that monies appropriated are insufficient to fully fund the expenses cited in 3-5-901, the counties are responsible for the balance. There may, therefore, be additional financial liability on the counties. Billing the counties may lead to more evaluations done locally and fewer done at the State Hospital. Doing fewer evaluations at the State Hospital is consistent with the Department's desire to emphasize treatment of the mentally ill at MSH and to perform evaluations only when they cannot reasonably be accomplished on the local level.

**OFFICE OF BUDGET AND PROGRAM PLANNING  
BUDGET REDUCTION  
FY92-FY93  
NARRATIVE/JUSTIFICATION**

AGENCY Department of Corrections and Human Services

PROGRAM Program 60 - Veteran's System

UNIT Eastern Montana Veterans' Home

SPECIAL SERVICES-EASTERN MONTANA VETERANS' HOME (EMVH)      \$1,991,897

During the 1989 legislative session HB 547 was passed which established a 100 bed veterans home in Glendive, Montana.

Also, HB20 was passed and added a 2 cent cigarette tax to generate state matching funds (35%) for the construction of the EMVH. Because federal construction funds were not available during the last biennium, the 1991 legislature passed HB 234 which reappropriated 1,991,897 of these funds to the capital construction account for the construction of the EMVH. This proposal would recommend delaying that for another biennium and reverting those funds to the general fund. Because of the revenue shortfall, it is apparent that the CDHS is having difficulty affording its current institutions, let alone adding another.

IMPACT - Opposition from eastern Montana and veteran groups. Limited impact on veterans nursing services.

Ex. 1A  
1-3-92

**OFFICE OF BUDGET AND PROGRAM PLANNING  
BUDGET REDUCTION  
FY92-FY93  
NARRATIVE/JUSTIFICATION**

AGENCY Department of Corrections and Human Services  
 PROGRAM Various  
 UNIT Reimbursement Bureau

REVENUE \$ 1,969,791

A. SBAS revenue estimates are updated to compensate for current budgeted per diem rates in effect on 7-1-91 and projected through 6-30-93. Other factors not included within SBAS revenue estimates are updated patient day configurations, increased Medicaid Eligibility, and private pay revenue factors.

SBAS	FY92	FY93
General Fund	13,379,796	12,872,087
Updated	13,909,386	13,501,678
Increase estimate	529,590	629,591

Additional factors

Galen Closure 1-1-92

1. Affecting Center/Aged and proposed SRS increasing rate	93,809	423,282
2. Affecting Warm Springs N.H. Unit 219	267,001	320,724
3. Galen closure	<u>-515,523</u>	<u>-1,164,029</u>
Net Impact of closure	374,877	209,568

C. Medicaid cost settlement: 1,094,664  
 EHSC, MDC, W/S Unit 219  
 Total Revenue Increase 1,469,541      209,568

Note to "C": Underpayments associated with provider costs for FYE 6-30-90 will add approximately \$1,094,664 in new federal Medicaid revenue during FY92. Even though this information is based on unaudited cost reports, SRS personnel consider the estimate valid. These funds were not considered by members of the legislature. There will be an additional Medicaid cost settlement on FY 1991 costs occurring in FY 93 for these three facilities. However the amount cannot be estimated until cost reports for the prior year are filed. Settlement for '91 is not anticipated to be as dramatic as FY '90 but we can expect some settlement.

D.	Veterans Home	132,188	158,494
	Federal communications indicates an increase in V.A. per diem rates 10-1-91		

Department of Corrections & Human Services

Department of Corrections & Human Services  
 Central Operations Division

6401-10

Budget Item	FY92			FY93		
	Appropriated	Recommended	Difference	Appropriated	Recommended	Difference
FTE	45.00	45.00	0.00	45.00	45.00	0.00
Personal Services	1,440,637	1,399,418	(41,219)	1,489,497	1,489,337	(16,000)
Operating Expenses	442,222	440,870	(1,352)	280,216	280,056	(160)
Equipment	25,286	25,177	(109)	3,059	3,059	0
Debt Service	113,169	113,169	0	112,465	112,385	(80)
<b>Total Costs</b>	<b>2,021,314</b>	<b>1,978,634</b>	<b>(42,680)</b>	<b>1,885,237</b>	<b>1,868,997</b>	<b>(16,240)</b>
General Fund	1,964,814	1,922,134	(42,680)	1,885,237	1,868,997	(16,240)
State Special Revenue Fund	41,150	41,150	0	0	0	0
Federal Special Revenue Fund	8,512	8,512	0	0	0	0
Proprietary Fund	6,838	6,838	0	0	0	0
<b>Total Funding</b>	<b>2,021,314</b>	<b>1,978,634</b>	<b>(42,680)</b>	<b>1,885,237</b>	<b>1,868,997</b>	<b>(16,240)</b>

ITEM

- General Savings**  
 The FY92 reductions include \$41,219 in personal services, \$1,352 in operating, and \$109 in equipment. FY93 includes \$16,000 in personal services, \$160 in operating, and \$80 in leases.
- Language Recommended**  
 The Department of Corrections and Human Services is granted an exemption from personal services transfer restrictions in HB2. The exemption will allow the flexibility necessary to manage programs effectively.

	FY92	FY93
	(42,680)	(16,240)
	(0)	(0)

*[Handwritten signatures and initials]*

**Department of Corrections & Human Services  
Corrections System**

6401-20

Budget Item	FY92	FY92	Difference	FY93	FY93	Difference
	Appropriated	Recommended		Appropriated	Recommended	
FTE	599.69	599.69	0.00	610.29	610.29	0.00
Personal Services	17,490,406	17,552,748	460,528	18,439,026	18,420,452	(18,574)
Operating Expenses	12,424,287	12,486,629	62,342	10,762,108	10,527,108	(235,000)
Equipment	587,517	587,517	0	423,220	423,220	0
Capital Outlay	16,500	16,500	0	16,500	16,500	0
Debt Service	1,154	1,154	0	888	888	0
<b>Total Costs</b>	<b>30,519,864</b>	<b>31,042,734</b>	<b>522,870</b>	<b>29,641,742</b>	<b>29,388,168</b>	<b>(253,574)</b>
General Fund	25,883,169	26,406,039	522,870	24,973,224	24,719,650	(253,574)
State Special Revenue Fund	1,363,694	1,363,694	0	1,367,364	1,367,364	0
Federal Special Revenue Fund	155,734	155,734	0	156,179	156,179	0
Proprietary Fund	3,117,267	3,117,267	0	3,144,975	3,144,975	0
<b>Total Funding</b>	<b>30,519,864</b>	<b>31,042,734</b>	<b>522,870</b>	<b>29,641,742</b>	<b>29,388,168</b>	<b>(253,574)</b>

In addition to the decreases outlined in the Corrections System, the corrections program is substantially impacted by the rising population and the cost of medical care in correctional institutions. The Department of Corrections and Human Services (DCHS) estimates a corrections medical increase of \$872,885 in the biennium, resulting in the need for additional funding in FY93. Other population increase costs of \$920,938 in FY92 and \$1,595,931 in FY93 are projected.

ITEM	FY92	FY93
<ul style="list-style-type: none"> <li><b>Community Services</b> (670,067) (0) Delayed implementation of selected portions of approved modifications in FY92 only: Pre-release expansion \$264,155; House Arrest \$45,000; Intensive Supervision Program expansion \$22,142; Graduated Sanctions \$66,120; Women's Pre-release \$237,379; and Probation and Parole enhancements \$35,271. The balance remaining for expanded community services is \$314,507 in FY92 and \$911,434 FY93.</li> </ul>		
<ul style="list-style-type: none"> <li><b>Local Jurisdiction Sentencing Options</b> (17,312) (0) Modification approved by 1991 Legislature is reduce 100% in FY92 only.</li> </ul>		
<ul style="list-style-type: none"> <li><b>General Savings</b> (18,574) (18,574) Workers compensation rate adjustments are reflected in personal services of \$18,574 each year of the 1993 biennium.</li> </ul>		
<ul style="list-style-type: none"> <li><b>License Plate Factory</b> (280,000) (235,000) Surplus funding, due primarily to a decreased price of aluminum for the license plate plant, will enable reduced supplies, repair, and maintenance.</li> </ul>		

Ex. 2  
1-3-92  
Corrections

- |  |         |     |
|--|---------|-----|
| ● <b>Population Increase</b><br>An increase is included in the Corrections program due to increased population throughout the corrections system.  | 820,938 | (0) |
| ● <b>Corrections Medical</b><br>Increase in medical expenditures due to increased population and medical costs rising faster than inflation.   | 622,885 | (0) |
| ● <b>Technical Advisor to Montana State Prison</b><br>A biennial appropriation is needed for an on-site professional to perfect the technical operation at the prison to enhance security, inmate classification, inmate grievance procedures, and overall prison policies and procedures. | 65,000  | (0) |
| ● <b>Language Recommended</b><br>The DCHS is granted an exemption from personal services transfer restrictions in HB2. The exemption will allow the flexibility necessary to manage programs effectively.  | (0)     | (0) |

**Department of Corrections & Human Services  
Mental Health System**

6401-30

Budget Item	FY92	FY92	Difference	FY93	FY93	Difference
	Appropriated	Recommended		Appropriated	Recommended	
FTE	784.78	784.78	0.00	784.53	784.53	0.00
Personal Services	22,629,314	22,429,314	(200,000)	23,568,649	22,768,649	(800,000)
Operating Expenses	4,717,209	4,734,129	16,920	4,802,124	4,819,044	16,920
Equipment	78,012	78,012	0	77,637	77,637	0
Grants	5,697,715	5,697,715	0	5,806,223	5,806,223	0
<b>Total Costs</b>	<b>33,122,250</b>	<b>32,939,170</b>	<b>(183,080)</b>	<b>34,254,633</b>	<b>33,471,553</b>	<b>(783,080)</b>
General Fund	30,954,705	30,754,705	(200,000)	32,156,194	31,356,194	(800,000)
State Special Revenue Fund	749,552	766,472	16,920	774,717	791,637	16,920
Federal Special Revenue Fund	1,417,993	1,417,993	0	1,323,722	1,323,722	0
<b>Total Funding</b>	<b>33,122,250</b>	<b>32,939,170</b>	<b>(183,080)</b>	<b>34,254,633</b>	<b>33,471,553</b>	<b>(783,080)</b>

ITEM	FY92	FY93
<ul style="list-style-type: none"> <li> <b>Galen Program Changes</b>            Move the acute care hospital to Montana State Hospital on the Warm Springs campus and change its license to infirmary level of care and reduce the nursing home to 35 beds.         </li> </ul>	(200,000)	(800,000)
<ul style="list-style-type: none"> <li> <b>Montana State Hospital Canteen</b>            Due to product price increases, the Montana State Hospital canteen is unable to maintain adequate inventory with the currently authorized spending level. The adjustment of \$16,920 is made in the state special revenue fund each year of the 1993 biennium.         </li> </ul>	(0)	(0)
<ul style="list-style-type: none"> <li> <b>Language Recommended</b>            The Department of Corrections and Human Services (DCHS) is granted exemption from personal services transfer restrictions in HB2. The exemption will allow the flexibility necessary to manage programs effectively.         </li> </ul>	(0)	(0)
<ul style="list-style-type: none"> <li> <b>Fund Balance</b>            DCHS may transfer any unexpended balance of the Mental Health general fund appropriation from FY92 to FY93 to allow flexibility in complying with legal and program mandates.         </li> </ul>	(0)	(0)

Ex. 2  
1-3-92  
Connecticut

Department of Corrections & Human Services  
Chemical Dependency System

6401-40

Budget Item	FY92			FY93		
	Appropriated	Recommended	Difference	Appropriated	Recommended	Difference
FTE	59.65	59.65	0.00	59.65	59.65	0.00
Personal Services	1,742,563	1,739,111	(3,452)	1,815,984	1,812,532	(3,452)
Operating Expenses	213,806	237,035	23,229	141,944	166,102	24,158
Equipment	738	738	0	307	307	0
Grants	2,588,392	2,588,392	0	2,141,176	2,141,176	0
<b>Total Costs</b>	<b>4,545,499</b>	<b>4,565,276</b>	<b>19,777</b>	<b>4,099,411</b>	<b>4,120,117</b>	<b>20,706</b>
General Fund	262,396	258,944	(3,452)	288,213	284,761	(3,452)
State Special Revenue Fund	1,651,582	1,674,811	23,229	1,696,372	1,720,530	24,158
Federal Special Revenue Fund	2,631,521	2,631,521	0	2,114,826	2,114,826	0
<b>Total Funding</b>	<b>4,545,499</b>	<b>4,565,276</b>	<b>19,777</b>	<b>4,099,411</b>	<b>4,120,117</b>	<b>20,706</b>

ITEM	FY92	FY93
<ul style="list-style-type: none"> <li> <b>Personal Services</b>  Workers compensation rate adjustments are reflected in personal services of \$3,452 each year of the biennium. </li> </ul>	(3,452)	(3,452)
<ul style="list-style-type: none"> <li> <b>Inflation Adjustment</b>  When Galen was restored in the 1993 biennium budget by the 1991 Legislature, operating expenses for chemical dependency services were placed in the Mental Health Division and funded at the FY90 level without the necessary inflationary increases. The budget is adjusted correctly in the state special fund by \$23,229 in FY92 and \$24,158 in FY93. </li> </ul>	(0)	(0)
<ul style="list-style-type: none"> <li> <b>Language Recommended</b>  The Department of Corrections and Human Services is granted an exemption from personal services transfer restrictions in HB2. The exemption will allow the flexibility necessary to manage programs effectively. </li> </ul>	(0)	(0)

**Department of Corrections & Human Services  
Developmental Disability System**

6401-50

Budget Item	FY92			FY93		
	Appropriated	Recommended	Difference	Appropriated	Recommended	Difference
FTE	476.81	499.71	22.90	431.93	459.43	27.50
Personal Services	12,692,106	12,935,759	243,653	11,989,514	12,235,652	246,138
Operating Expenses	1,779,643	1,799,410	19,767	1,839,954	1,859,721	19,767
Equipment	92,285	92,285	0	97,759	97,759	0
Debt Service	36,444	36,444	0	30,872	30,872	0
<b>Total Costs</b>	<b>14,600,478</b>	<b>14,863,898</b>	<b>263,420</b>	<b>13,958,099</b>	<b>14,224,004</b>	<b>265,905</b>
General Fund	14,556,275	14,819,695	263,420	13,925,408	14,191,313	265,905
State Special Revenue Fund	30,227	30,227	0	30,251	30,251	0
Federal Special Revenue Fund	13,976	13,976	0	2,440	2,440	0
<b>Total Funding</b>	<b>14,600,478</b>	<b>14,863,898</b>	<b>263,420</b>	<b>13,958,099</b>	<b>14,224,004</b>	<b>265,905</b>

In addition to the decreases outlined in the Developmental Disability System, staffing levels were increased at Montana Development Center (MDC) 21.90 FTE in FY92 and 26.50 FTE in FY93 and Eastmont Human Services Center (EHSC) 1.00 FTE each year of the 1993 biennium. Subsequent to Medicaid surveys in FY91, the program was cited for inadequate staffing levels. Adjustments were made for staff deficiencies necessary to continue to meet Medicaid certification requirements.

Unanticipated increases in service contracts at EHSC are required for Medicaid certification (i.e. medical, dental, pharmacy, occupational therapy and laundry).

ITEM	FY92	FY93
<ul style="list-style-type: none"> <li><b>General Savings</b> Workers compensation rate adjustments are reflected in personal services of \$160,858 each year of the 1993 biennium.</li> </ul>	(160,858)	(160,858)
<ul style="list-style-type: none"> <li><b>Program Staffing Levels</b> Increase in staffing levels necessary to comply with federal regulations.</li> </ul>	404,511	406,996
<ul style="list-style-type: none"> <li><b>Service Contracts</b> Unanticipated increases in service contracts at EHSC.</li> </ul>	19,767	19,767
<ul style="list-style-type: none"> <li><b>Language Recommended</b> The Department of Corrections and Human Services is granted an exemption from personal services transfer restrictions in HB2. The exemption will allow the flexibility necessary to manage programs effectively.</li> </ul>	(0)	(0)

Ex. 2  
1-3-92  
Corrections

Ex. 2  
1-3-92

Department of Corrections & Human Services  
Veterans' Nursing Home Program

6401-60

Budget Item	FY92			FY93		
	Appropriated	Recommended	Difference	Appropriated	Recommended	Difference
FTE	85.89	85.89	0.00	85.89	85.89	0.00
Personal Services	2,166,317	2,158,993	(7,324)	2,268,001	2,260,677	(7,324)
Operating Expenses	681,778	681,778	0	732,309	732,309	0
Equipment	6,082	6,082	0	5,524	5,524	0
<b>Total Costs</b>	<b>2,854,177</b>	<b>2,846,853</b>	<b>(7,324)</b>	<b>3,005,834</b>	<b>2,998,510</b>	<b>(7,324)</b>
General Fund	986,584	888,895	(97,689)	1,099,990	998,686	(101,304)
State Special Revenue Fund	1,106,550	1,106,550	0	1,144,715	1,144,715	0
Federal Special Revenue Fund	761,043	851,408	90,365	761,129	855,109	93,980
<b>Total Funding</b>	<b>2,854,177</b>	<b>2,846,853</b>	<b>(7,324)</b>	<b>3,005,834</b>	<b>2,998,510</b>	<b>(7,324)</b>

ITEM	FY92	FY93
<ul style="list-style-type: none"> <li> <b>General Savings</b>  Workers compensation rate adjustments are reflected in personal services of \$7,324 each year of the biennium. </li> </ul>	(7,324)	(7,324)
<ul style="list-style-type: none"> <li> <b>Funding Shift</b>  A general fund reduction is offset by federal revenue for Veteran's Administration per diem rates. </li> </ul>	(90,365)	(93,980)
<ul style="list-style-type: none"> <li> <b>Language Recommended</b>  The Department of Corrections and Human Services is granted an exemption from personal services transfer restrictions in HB2. The exemption will allow the flexibility necessary to manage programs effectively. </li> </ul>	(0)	(0)

EXHIBIT Exhibit 3  
 DATE Exhibited 3  
 SB 1-3-93

DEPARTMENT OF CORRECTIONS & HUMAN SERVICES

1993 Biennium Adjustments

Legislative Budget Action

Executive Budget Proposal

P:\6401\0000000.LBP

Difference (Leg. - Exec.)

Description	Pgm	Fiscal 1992			Fiscal 1993			Fiscal 1992			Fiscal 1993			Fiscal 1992			Fiscal 1993			
		General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total	
House Bill 2																				
General Savings	10	(\$42,680)																		
Community Services	20	(670,067)																		
Local Jurisdiction Sentencing	20	(17,312)																		
Worker's Comp. Rate Adj.	4	(190,208)																		
License Plate Factory	20	(280,000)																		
Population Increase	20	425,418																		
Personal Services Shortfall	20	(395,520)																		
Corrections Medical	20	(622,885)																		
Technical Advisor/MSP	20	85,000																		
Galen Program Changes	30	(200,000)																		
Mont. State Hospital Canteen	30	16,920																		
Inflation Adjustment	40	23,229																		
Program Staffing Levels	50	404,511																		
Service Contracts - EHSC	50	19,767																		
Funding Switch	60	(165,598)																		
Other																				
Prison Industries Revolving	20	(605,212)																		
Institutional Reimbursements	17	(999,162)																		
Fiscal 1990 Cost Settlement	18	(1,050,012)																		
Court Ordered Evaluations	30	(513,454)																		
Totals		(\$1,681,938)	\$205,747	\$249,510	(\$2,934,653)	\$249,510	\$0	\$0	\$0	\$0	\$1,681,938	(\$205,747)	\$2,934,653	(\$249,510)	\$0	\$0	\$0	\$0	\$0	\$0

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## XII. Recommendations

### A. Riot-Related:

1. That PC inmates be moved out of the Max unit permanently. (Note: Already accomplished after Inquiry Team's visit.)

2. That restrictions imposed on the general population after the riot be re-examined for necessity and purpose. (Note: partially accomplished after Inquiry Team's visit.)

3. That the State Attorney General's office, or the Federal Department of Justice, be requested to investigate possible staff violations of inmates Civil Rights. (Note: Federal Department of Justice and FBI investigation requested by Department Director and State Attorney General on Thursday, October 31.)

4. That a neurological consultation be arranged for each of the six inmates who was hog-tied in the incident in the Reception Unit.

### B. Organizational Considerations:

1. That the Mission and Goals of the Institution be carefully considered, articulated, and thoroughly disseminated.

2. That the organizational structure and chain of command issues be clarified and thoroughly disseminated.

3. That a study be commissioned comparing correctional staff salaries and benefits in Montana with those of comparable States with comparable costs of living.

4. That the State Legislature give serious consideration to extending (Hazardous Duty Retirement to correctional staff and that correctional salary levels be brought to the median of comparable States as disclosed by the salary study.)

5. That a comprehensive plan to increase staff professionalism be developed.

6. That an Office of Inspector General, attached to the Department Director's Office, be developed to conduct Management and Security audits on a regular basis from that Office. That Office should also conduct or oversee Internal Affairs investigations for the Department.

7. That MSP Consider a Unit Management System for running the institution.

8. That the Department seek a review of Unit Determination for the Bargaining Unit to find out if supervisors can be removed from the Bargaining Unit representing non-supervisory staff.

9. That MSP develop a realistic plan to employ and promote more Native American and female staff, and to ensure that the work environment is not hostile to these groups.

#### C. Operations:

1. That technical assistance be arranged for an analysis to determine whether the inmate population is generally over-classified.

2. That managers and supervisors be involved in reviewing and rewriting policies, procedures and post orders.

3. That the inmate Grievance System be redesigned with appropriate checks, balances, controls and safeguards. Hold staff accountable to administer the new system with scrupulous fairness and consistency.

4. That the Inmate Disciplinary System be re-written so that offenses are objectively defined. Serious and minor offenses should constitute different offense categories. Review several other State disciplinary systems as models. Develop a plan to eliminate inmate backlog awaiting space for a lock-up.

5. That the Departmental administrators, the Parole Board and the Governor's Office work to change Parole Board policies and inmate perceptions of Parole Board Hearings.

6. That staff be disciplined for taunting, swearing, demeaning or otherwise engaging in clearly unprofessional conduct with inmates.

7. That a thoughtful, complete Use-of-Force Policy be developed. Train all staff, security and civilian, in its meaning and application. Develop a review procedure for use of force incidents.

8. That minimum standards for Executive Staff and management visits to living units and other areas of the Prison be developed.

#### D. Emergency Preparedness:

1. That MSP develop simple, basic Emergency Plans as quickly as possible to be used on an interim basis until comprehensive emergency preparedness can be completed.

2. That at least five additional hostage negotiators be trained in order that a minimum of two negotiators will be available by phone or pager at any time. As with other key emergency functions, track sick leave and annual leave for these sensitive positions.

3. That DCT be maintained and their capacities enhanced with additional defensive equipment. Bring a tactical expert to Deer Lodge to provide the entire team with State-of-the-Art tactical training.

4. That specific inter-agency emergency agreements be developed.

#### E. Security:

1. That the institution engage a security expert to conduct a full-scale security audit. (Note: Security Audit began November 19.)

2. That specific Post Orders be developed for all key security posts throughout MSP. These Orders must include Emergency Procedures. Mandate staff familiarity with Post Orders prior to a staff member beginning an assignment to any new post and develop controls to ensure that staff have mastered the Post Orders (oral quiz by Supervisor, written test, etc.).

3. That some person or method for coordinating intelligence across shifts and across living units be developed.

4. That a policy be developed that requires video taping of any Critical Incident or Use-of-Force situation in which time allows video tape equipment to be brought into position. Make the use of the video tape a Supervisory responsibility.

5. That, at a minimum, two air packs be purchased for each of the three Compounds and the two DCT air packs be moved to the Shift Commander's office. Either train all staff in the use of air packs or train a substantial number of staff on each of the three shifts.

6. That if the Security Audit currently underway does not include a thorough review of fire safety, such a review be conducted as a separate enterprise.

7. That supervisors supervise and that front-line living unit staff spend the majority of their time on the floor interacting with inmates and not gathered in small staff groups or in the Sergeants' offices.

8. That recreation be actively and regularly supervised for Max inmates.

9. That technical assistance be arranged for an analysis of post positions and staffing needs.

10. That separation of High and Low Compound inmates be improved, particularly at the Religious Activities Center.

11. That a psychological autopsy of any inmate suicide be mandated.

12. That an appropriate analysis of every serious security threat or violent incident be prepared, even if it is a criminal act for which the AG has primary investigative responsibility.

#### F. Inmate Programs/Services:

1. That the amount of individual counseling time available to inmates within the living units be increased.

2. That more inmate pay jobs for maintenance and clean-up be organized, both inside and outside the living units.

3. That a medium-ranged strategy to increase inmate programming opportunities and decrease idleness be developed.

4. That a thorough audit of MSP Medical services be conducted using outside medical experts.

5. That the Food Service operation be reviewed with particular attention to sanitation, the food preparation area, presentation and temperature standards.

6. That inmate visit procedures be improved with particular attention to treating inmate families with dignity and attending to privacy needs of visitors where possible without compromising security.

7. That increased mental health programming be provided; develop medium-range plans for housing and services for special needs offenders, e.g., geriatric inmates, physically disabled inmates, etc.

8. That MSP plan to provide programming for Max inmates.

9. That the institution provide inside recreation space within Max (perhaps on the various blocks) and provide some recreation equipment or games that can be used for outside recreation.

10. That the possibility of building additional Max outdoor recreation areas adjacent to the Max building, under tower coverage, be reviewed.

#### **G. Training:**

1. That a line item for Staff Training be included in the Budget.

2. That agreements be forged with the Union to allow non-uniformed staff to relieve Security Staff in Post positions for training purposes.

3. That some minimum amount of corrections-specific supervisory training and management training be established as mandatory for those two groups of staff.

4. That the Correctional Officer Basic Academy be expanded to five weeks and that the curriculum be revamped to include, among other topics, legal issues, emergency procedures, use of force, suicide prevention and correctional standards.

5. That MSP provide some agreed upon minimum number of hours of in-service training for all correctional staff each year.

6. That training for experienced staff be provided on day-to-day low level informal communication with inmates, as well as on areas like Conflict Resolution, Crisis Intervention and Suicide Prevention.

7. That Supervisors and Mid-managers be trained in report writing and other documentation requirements.

#### **H. Media Relations:**

1. That Department officials, Governor's Staff and MSP Staff involved in dealing with the media should review media relations during and after the riot in order to achieve better pre-planning for media relations in emergency situations and improved coordination between Deer Lodge and Helena.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Institution

COMMITTEE

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DATE 1-3-92 SPONSOR(S)

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Jacki Whigg	State Library			
Darlene M Staffeldt	MT State Library			
Alma Hernandez	MT Cultural Heritage			
Richard Miller	MT State Library			
Wendie Simon	MHS			
Bria Lockard	MHS			
Sharon McCals	MHS			
Morgan Morris	MAG			
R. Nunn	Self			
Keith P. Colld	galea Park Force			

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