

JOINT MEETING OF THE SENATE FINANCE AND CLAIMS COMMITTEE
AND THE HOUSE APPROPRIATIONS COMMITTEE

State Capitol, Room 225

March 22, 1977

The joint meeting of the Senate Finance and Claims Committee and the House Appropriations Committee was called to order at 8 a.m., by Rep. Bardanoue, Chairman of the Appropriations Committee, who presided as Chairman of the joint meeting.

Also attending were Mr. Dave Lewis, Office of Budget and Program Planning; Mr. John LaFaver, Legislative Fiscal Analyst; Curt Nichols, Fiscal Analyst; and Bob Robinson, Fiscal Analyst. Sylvia Kinsey, Committee Secretary of the Senate Finance and Claims Committee, was also present. Roll call of both committees was taken (see attached roll call sheets). A quorum of both committees being present, the Chairman stated the subject of the joint meeting was to hear the Agency I Subcommittee Report. He introduced Rep. Dorothy Bradley, Chairman of the Agency I Subcommittee. Summary: Agencies I Subcommittee Action Report (Attachment A) and DRAFT: Agencies I (Attachment B) were handed out.

Rep. Dorothy Bradley, Chairperson of the Subcommittee Agency I, gave the subcommittee report to the combined committees as follows:

Rep. Bradley stated that other than the 89 FTE's in the Employment Security Division, which federal money funds, there is only a small increase in FTE's. This recommendation is \$500,000 less than the executive Budget, and \$500,000 less than the Legislative Fiscal analyst's budget. She further stated it is important to note that as to total funds, the subcommittee came down a total of about \$50 million. Agencies funded by general fund moneys and those funded by federal funds received equal scrutiny.

Department of Business Regulation: In addition to the subcommittee report, Attachment A, Rep. Bradley stated that 3 positions in the financial area were cut by the Executive Budget. The committee felt bank examinations and other institutions examinations would be beneficial, so these were put in.

Regarding the weights and measures program, Rep. Lund asked if this is the same as the Department of Agriculture. Rep. Bradley said no, this is for testing weights and measuring devices around the state to be sure they are accurate.

In reply to a question from Rep. Moore regarding the Consumer Protection Bureau, he was told there had been a reorganization consolidating the former consumer protection, trade regulation, and private postsecondary supervisions programs into the consumer protection program, and the committee felt they could make some consolidations on secretaries. Postsecondary is still a separate entity--it is a one-man bureau as it was before. The savings here was in the secretarial position.

Department of Community Affairs: In addition to Attachment A, Rep. Bradley stated that since H.B. 680 did not pass there will be less money for the grant program. The committee reviewed the grants and felt there was not sufficient evidence to justify a general fund adjustment, so there will probably be a cutback. The committee feels the fees for the revolving account should be adjusted. There is no need for a supplemental budget at the end of the biennium.

All in this department is set up to maintain the current level.

Housing Program: This program has four individuals now and the banks will be servicing the mortgages. The committee felt the additional accountant is not needed. This program may be moved to the Department of Administration and may need an accountant at a later date.

Under Concerns of the Subcommittee, Rep. Bradley stated that with pooling of aircraft, there will be an additional highway twin engine airplane available, and there is not enough information to justify purchasing a new plane at this time.

Questions from the committee - Department of Community Affairs: Rep. Lynch asked concerning the federal and state local coordinator; the federal coordinator was transferred from the Governor's Office to the Department of Community Affairs. Is this change included in this budget? Rep. Bradley said this was not in this office but the state-local coordinator was in this budget. The committee felt that this specific position was not necessary. There is a bill that abolishes the state requirement for this office.

Senator Lockrem asked concerning the highway safety program - driver improvement school, whether they are getting support now. He was told this is a new program. He then asked if there is any consideration of other sources of income such as federal funds, rather than highway earmarked revenue. Rep. Bradley said the subcommittee felt this was the best source.

Chairman Bardonoue asked how this program compares with H.B. 356. Rep. Bradley said they did not know how it would compare with this proposal. She said she would check to see if there was duplication.

Witnesses: Department of Community Affairs: Dan Mizner, representing League of Cities and Towns, stated that they are concerned about being low man on the totem pole in the government structure, and the two they work with the most are the two departments cut out. They have put together a relationship between the state and local government. The coordinator's office disseminates information to local government. The low funded requests such as physical fitness coordinator and state-local coordinator are the easiest to kick out because of low funding, but these are the two we work closest with on behalf of local government. In relationship to some of the others whose aim is an advocacy of their program, i.e., selling their program to local government, the coordinator's aim is to bring state and local government together rather than dictate something coming down from the state. There is a justification for these types of programs.

Harold Fryslie, Director of Community Affairs, read two statements on behalf of Judith Carlson into the record, one urging funding of the state-local coordinator's budget; the other to include the Governor's request of \$43,000 for the Mental Health Advisory Council (statements attached).

Department of Health and Environmental Sciences: In addition to attachment A, Rep. Bradley spoke concerning the T.B. program at Galen. It was felt it was important to start decentralization at Galen. The committee felt a program of 10 days stay and treatment in local communities would be better if it could be worked out.

With present funding, the Crippled Children's Program will continue at the level it has in the past.

Committee concerns are in the area of accountability of HSA - after review, the committee felt it was appropriate to keep a sharp eye on this.

In summary, the most substantial part of this increase is the additional \$300,000 to the Crippled Children's Program and \$180,000 to the Heart Diagnostic Clinic, which were not in the Executive Budget.

Questions from the Committee - Department of Health: Rep. Moore asked where the additional \$300,000 will be added to the Crippled Children's Program. Rep. Bradley said she would look that information up for him. He then asked what amount is in the cleft palate program. Senator Flynn asked concerning the T.B. program in Butte - if the subcommittee heard testimony from Galen. Rep. Bradley said she believed they did and it was a recommendation from the Department.

Rep. Gerke said there seemed to be conflicting testimony on the T.B. program in Galen. The two directors do not agree. Dr. Higgins said the program for long-term cures must be done in Galen. Communities are not anxious to place patients with active T.B. in hospitals. Rep. Bradley said she is sure there will be discussion on this point later.

Senator Fasbender asked concerning the rent, utilities, maintenance, etc., for the Cogswell Building and Board of Health Building in the budget. It was his understanding that the Department of Administration had half of this cost on the sheet we had yesterday. There was general discussion on this, and concern about the wording. John LaFaver is to prepare an analysis and give it to the Chairman to clarify this point.

In reply to Rep. Moore's question earlier concerning the Cleft Palate Program, Curt Nichols said these amounts were not designated. Rep. Moore said this is a problem, that the program has been dragging and he would like to see a certain amount set aside for it.

Rep. Lund asked concerning the Cystic Fibrosis Program, whether it is included in this budget also. It is. Rep. Moore said of the \$30,000 set aside last year for this program, there was \$20,000 left over which he had had budgeted over to the Cleft Palate Program to carry them over.

The Chairman asked concerning the "Logan Creek Project" - and was told it was to study the effects of logging on water quality.

Senator Fasbender asked concerning the Nursing and Health Program, it was duplicated in OSPI and eliminated, and if it was general fund money. It was. He then asked if OSPI has an on-going program. Rep. Bradley said she was not sure but there was some correspondence on this.

Witnesses - Department of Health: Dr. A. Knight stated there is a difference of opinion between Dr. Higgins at Galen, and Dr. Skinner in the Department of Health. Dr. Skinner's program is quite extensive for a \$58,000 budget. There are cases that cost \$15,000 to treat. The philosophy of T.B. treatment was mentioned--surgery as an answer was tried and abandoned in Galen in 1969. Diagnosis can be difficult. He proposes that as long as there is going to be alcohol treatment at Galen, per diem costs are going to run lower than general hospital costs. A flexible program between the Department of Health and Galen is suggested--treating patients in general hospitals and in the home. If done this way, they would have experience to fall back on if it goes to treatment in general hospitals. He suggested setting this up so if the Department sees a need for long-term care in Galen, they would give the \$50,000 to Galen.

Dr. Knight replied to a question that this is not working out now because Dr. Higgins might be right that cases take 100 days. Chairman Bardanouve said he would like the professionals to resolve the problem and coordinate the programs. The Chairman also made mention of the number of tuberculin patients that are discovered through their entering Galen for alcohol treatment.

Rep. Gerke stated he would like to respond to Dr. Knight because this involves institutions. Some of the things Dr. Knight spoke of should have been done sooner. However, if professionals do not agree, it is even more difficult to get others to agree. The T.B. program is voluntary. The Institutions Subcommittee received information that Galen was established primarily on grants from the BIA and Indians coming there have to be treated. Dr. Higgins says you cannot do this by out-patient treatment. It takes long-term treatment.

Dr. Knight mentioned that the Recalcitrant Patient Law was passed in 1959, so patients can be forcibly confined until treatment is concluded.

Robert James, Staff Officer of the Department of Health, discussed the problem in the subdivision program. There are two senate bills pending which will affect the appropriations. Under the present law, our maximum in fee schedule is about \$103,000. At the state

level we can get by with a supplemental appropriation of \$65,000 of general fund money. There is pressure from local people to pay some of this money through to them. Our attorney does not think present law would permit this pass-through. Two senate bills are still pending and affect the subdivision program. Senate Bill 310 would raise the fee schedule to \$25 for subdivision lot; \$10 passes to local level for their efforts in the program. The \$114,000 residual goes to the state after we pay the counties their portion.

Senate Bill 225 would remove a great number of subdivision plats and projects and would take about \$60,000 of revenue we get under current law. The maximum repaid would be \$55, which leaves us \$55,000 short of making our budget. If both are enacted, we would wind up with less than \$141,000 and we would be short \$71,000. We proceeded last summer on interim financing in the hope the general fund would fund these positions this biennium. He suggested holding the decision on this until the senate bills are acted upon. If fee arrangements could be worked out the money would be returned to the general fund.

Department of Labor and Industry: In addition to Attachment A, the following comments were made by Rep. Bradley:

Employment and Training Council which was transferred to this department in the 1979 biennium is funded by federal money.

The Human Rights Commission: there will be a minority report on this.

Women's Bureau: This acts as a clearing house for employment and job opportunities for women. It is difficult for one professional to work alone. Quality should increase with two professionals working together. This bureau should be improved considerably or we should consider discontinuing it.

Worker's Compensation Division: Rep. Bradley said she is sure there will be further discussion on this budget. The original Fiscal Analyst's recommendation was based on 1976 figures and building in insurance factors, vacancy savings, etc. The committee provided for an increase in general fund money for silicosis, audit, judge, expansion of equipment, dues and safety and health. They met objections and it was recalculated by the fiscal analyst. He used the first method of the same projections plus expenditures on an annual basis and made another 7-month calculation. From February 1976 through February 1977 he did another one with adjustments, and all came out with budgets below what the committee recommended.

Human Rights Commission: Minority Report: Rep. Bradley mentioned the Human Rights Act and the Code of Fair Practices, and explained the acts to the joint committee. The Human Rights Act requires that action be taken in every case where discrimination is found. The EEO Bureau puts together affirmative action plans, but has no enforcement authority. This rests with the Human Rights Bureau. The existing situation of the Division is that they have a staff

of 8. The state funds 4.3; EEO funds 3.5. There are 2 CETA employees who are working on their own contracts and are not directly available to the Commission. The Fiscal Analyst recommends current level based on a caseload not to increase. The state accounts for 20% of the caseload and it is thought this might be eliminated. The assumption is that they are coping with the present caseload, and Rep. Bradley does not believe they are doing so. The Commission requests 8 FTE's. A minority report of 4 is requested.

This is a new agency. In 1975 the caseload was 102; in 1976 it was 201, and in 1977 300 was predicted. They have 143 cases now, which is ahead of last year's caseload. The 4 new positions should include a new attorney (this is most important), 2 compliance officers, 1 conciliator (conciliation is required in every case where cause is found). There is currently one lawyer--this person has to supervise and defend the position taken by the Commission. We are letting the Code of Fair Practices slide and this is a mistake. Rep. Bradley sees no indication that the caseload of the Human Rights Division will go down. The grievance process in the state is different from the discrimination process.

The Chairman asked who had signed the minority report. It was Reps. Gunderson and Bradley.

Questions from the Committee - Department of Labor and Industry:
Rep. Lynch asked concerning the Labor Standards, whether 5 FTE's is enough. The Executive asked for 11. Rep. Bradley stated that there are 14 individuals in the division, only 2 are involved in this work. There is a backlog and there is not full enforcement of the laws, but adding 5 to those 2 is an appropriate increase.

The Chairman expressed concern about the duplication of effort between the safety and health program of Worker's Compensation and the Occupational Health Program of the Department of Health. He asked the Legislative Auditor to take a look at the duplication and report back to the committee.

Witnesses - Department of Labor and Industry: Dave Fuller, commissioner of Labor and Industry, spoke concerning the budget. He stated he is being charged legally to do some things which the Legislature is not giving him the authority to do. The subcommittee has been fair, he just disagrees with about 5% of the budget and 5% of the FTE's. As to Labor Standards, it is a division of 14 FTE's charged to enforce 9 laws. The subcommittee granted an additional 5 FTE's out of a requested 23. He did not make that request because he was not Commissioner at that time. He said 5 was not the answer. Of the 9 laws he is charged with enforcing, he can enforce 2 with the personnel available from the subcommittee. He asked if they are not funded that the laws not be passed. The job cannot be done without sufficient staff.

Worker's Compensation Division: Norman H. Grosfield, Administrator, and James L. Murphy, Assistant Administrator, spoke briefly in support of additional funding for this division, and distributed a comparison of the Division's revised request and the subcommittee's recommendations (attached).

Mr. Murphy stated they are not asking for additional FTE's but are asking to retain present positions where authorized to have flexibility needed to meet needs as they occur in 1978-1979. Operating costs from earmarked funds were addressed. The budget presented to the Executive involved input of all who were affected. They then did a detailed review of FY 77 and revision of the executive request--they also did a 12-month study of actual costs. All these methods came within less than 3% of each other. This is in conflict with what you were told earlier, but these are the facts. He then discussed the 3 main costs on the handout sheet--the personnel technician, vacancy savings concept, and turnover savings and operating expenses. He stated operating expenses came out of the 1976 actual costs, and this is not a valid basis. The sub-office costs of Miles City were explained.

The subcommittee recommendations to move from 1978-1979 are 7/10ths of 1% increase. Funds that are not expended out of our program are returned to the people who invested the money. The figure we put in of \$3,232,096 for FY 1978 is about \$404,000 below what our 1977 appropriation is right now so we have made an effort to reduce this down to something that is manageable, but the subcommittee report as it is now will not allow us to do the job.

Mr. Grosfield spoke about increased enrollments. He stated they see the time coming when they will have to fill positions due to increased work. He asked that the committee not penalize the agency for functioning well.

Raymond D. Brown, Administrator of the Human Rights Division, spoke concerning the \$165,000 figure. He said they show they had \$137,000 for the 1977 biennium. He thanked Rep. Bradley for the minority report. He did not know where the \$165,000 figure came from. His figures, if they stay where they are, will give them a .3% increase.

Senator Roberts explained that the figures under the 1977 biennium are those appropriated by the Legislature, and the others are budget amendments.

Mr. Brown further stated the caseload so far this year is 166. The Fiscal Analyst's report had to do with projected caseload. He stated they are falling behind as the present staff cannot handle the load--there are 72 cases not assigned.

The Chairman asked how long they had been waiting and Mr. Brown said since last October. They now have 30 cases per caseworker and 15 to 20 are recommended caseload. He distributed a justification fact sheet (attached) and explained other states' caseload compared to Montana's. The Department of Administration has come out with an affirmative action plan which will increase the caseload. Even if the in-house grievance committee bill had passed, past experience shows the caseload would still increase. They request additional help as set forth on the fact sheet. He further stated that the Fair Practices Act had been passed but not funded. Two FTE's are needed to work with this act in Montana. If it is not funded, they will not be able to do the job.

Duane Johnson, Administrator of the Personnel Division, Department of Administration, stated he is concerned about the budget level recommendations for the Human Rights Division. Personnel Division works closely with the Human Rights Division and they will be establishing a grievance procedure in the coming biennium, but it will not decrease their workload. Their review of discriminatory practices in Montana shows a situation that must change. Understaffing and underfunding the agency that would deal with them is a shame and will leave it to the over-crowded courts.

Lee Topash, member of the Human Rights Commission, spoke in support of the 5-member commission, urging granting of additional funds to the Human Rights Division.

Dave Fuller stated he would consider the Executive Budget.

The Chairman told the combined committees that due to the large number of people expected for the hearing tomorrow on Institutions, that hearing would be held in the House Chambers rather than the Governor's Reception Room.

The hearing adjourned at 10:30 a.m.

FRANCIS BARDANOUVE, Chairman