

MINUTES OF THE MEETING
SUBCOMMITTEE AGENCY 1

March 4, 1977
8:00 A.M.
Room 225
State Capitol

WRAP UP

The meeting was called to order by Chairman Bradley. Roll was not taken; however all members were present except Senator Story.

HOUSE JOINT RESOLUTION 86 -

Testimony was given on HJR 86. Dr. McMahon could not be here but his testimony was handed to the committee members. Copy attached.

The first person to give testimony was Barbara Schilling from Sweet Grass County. She read an 11 page testimony she had prepared. She talked about the importance of active consumer participation in health planning and told the committee they had been mis-informed if they are considering HJR 86. She told how important Comprehensive Health Planning is, especially in the rural areas where it is so far to hospitals, doctors, etc.

The next speaker was Mr. Elmer Richey, Vice President of Consumer and Loans in Great Falls. He said he has been associated with the Health Planning since 1971. He talked about his own experience when he had a heart attack in a small town in Washington and how important health planning is to a small area. He said we must have outreach to all corners of the state, not just in the larger cities. He said we have serious health problems in Montana and said Health Service can be a good vehicle for this. We need support in the 5 sub areas. He talked about the duplication of services in hospitals in the larger cities.

George Fenner, from the Department of Health, was the next speaker. He said he was in favor of the testimony given and in opposition to HJR 86 and encouraged the committee to fund the budget of \$145,300 from the state general fund money and let us receive from the federal government \$231,000 which will provide the funds needed.

Rod Gudgel was here representing the Montana Nursing Home Association The Optometric Association, and the State Pharmaceutical Association. He supports the testimony given so far. He said there has been some reference to some unhappiness with the providers, but this is the first time we have had a chance to have some input so everything can't be perfect. After a few more comments, the meeting was open to questions from the committee.

Senator Stephens asked how many people do you have on HSA - consumer members? Barbara Schilling said from 51 - 60% of every sub board.

Senator Stephens asked how many meetings a year do you go to that requires travel and expense? Ms. Schilling replied that at least half of their meetings must be held in the small rural areas. Every meeting requires travel, unless it happens to be in your own town or community.

Senator Stephens asked if they meet once a month, or what? Mrs. Schilling said they have found it works best to have a meeting when needed. The regular board does meet 4 times a year.

Senator Stephens then asked Mr. Fenner to refresh his memory. The \$145,000 in general fund money to match approximately \$200,000 of federal funds, in addition to paying expenses for members traveling, what other expenses do you have?

Mr. Fenner said \$188,612 is for salaries, \$24,521 other benefits, (instead of the \$205,231 as originally presented to you), \$3800 for miscellaneous line item materials, \$3900 for telephone and postage, \$38,060 for travel of personnel, \$14,075 for rent, \$1,287 for repair and maintenance, \$1,050 for dues, subscriptions, etc. and \$1,000 for a typewriter, bringing it to a total of approximately \$355,000.

Senator Thomas asked someone to explain a typical agenda at one of their meetings.

Mrs. Schilling said first - reading of minutes, roll call, old business, new business. Following that will be comments from the floor to the board members.

Mr. Richey added we do solicit comments from the audience. We like to devote at least an hour to this.

Senator Thomas asked if they have developed any mechanism here to see if you are meeting your goals?

Mr. Richey said yes. We have guide lines and goals that we must meet. We have very little "gab fest" in our meetings. The members of the board are made up of high class professionals and high class consumers. We have to develop a health plan that will satisfy Denver. In the past we could only advise but now we have a little more authority.

Senator Stephens asked if they have authority, in the case of 2 or more hospitals being in the same town, to tell one of the hospitals they will do one thing and the other hospital to do something different.

Mr. Richey said all we can do is advise and recommend. We can not tell the hospitals what they can or can not do. We can not go in and tell them how to run their business.

Senator Stephens asked if they have the authority to stop the duplication of 2 hospitals? Mr. Richey said no, we are only advisory. We do not have the authority. He also mentioned that should the committee be successful in getting Congress to repeal 93-641 you would get something else tomorrow.

Mrs. Schilling added they did not want to go into a hospital and tell them how to operate it. We are advisory; if we don't like something or want something in a hospital we will talk to them about it and offer advice or input.

Senator Thomas asked after the state plan is developed, will you have some areas that will self destruct? Mr. Richey said they will change a little maybe, not self destruct. The people will be able to take the plan and go out into the sub areas and really do something.

With no more questions from the committee, Chairman Bradley thanked the witnesses and this portion was closed.

ECONOMIC DEVELOPMENT -

This part of the meeting was open to questions from the committee to Mike Fitzgerald on the proposal for the Office of Commerce and Small Business Development.

Representative Bradley said on the revised budget you gave us, there was a change in the travel; now it is \$27,500 with \$7500 of that for the Council of Economic Advisors. In looking at the 5 FTE's in Personal Service, only 3 will be traveling. In breaking this down, it amounts to \$28.00 a day for each individual. Why is it so high?

John Barrett said there is a lot more travel than we had thought. We added \$5,000 on as a cushion. There will be more time on the road for the 3 than we originally thought.

Chairman Bradley asked about program goals - #2 - on increase per capita and personal income by encouraging and assisting economic growth and development. I don't have a clear picture of how that will be provided. How can you provide that?

Mike Fitzgerald said the goals are general goals. We are trying to create more primary industries, such as flour mills instead of shipping our wheat out of state; this type of thing. More manufacturing.

Representative Bradley then asked about No. 3 - the number of jobs you would like to create by 1985. That is about 25% increase in jobs. Is that realistic?

Mr. Fitzgerald said no, that is not realistic. I put that in for the information of the readers.

Senator Roberts asked about contract services of the forest industries, the \$10,000 for Economic Feasibility Studies, what is that about?

Mr. Fitzgerald said the way these will be used would be for management assistance, accounting assistance, management operation or whatever. We will work with these individuals on whatever economic feasibility is needed.

Senator Roberts asked about the special assistance for \$6,000.

John Barrett said that is similar to what happened in Dillon where an accountant was hired when they had a problem. This person will assist them wherever technical assistance is necessary.

Senator Stephens asked Mike Fitzgerald if he was familiar with the Montana Foundation. It is an off-shoot of Montana Chamber of Commerce. On that board are the most experienced and capable people in Montana. Is there anything that would stop you from contracting with them?

Mr. Fitzgerald said I am familiar with them and I am aware of no legal reason for not calling on them.

Senator Stephens asked again, you could call on them for their expertise if you wanted to? Mr. Fitzgerald said I believe that is so.

Representative Bradley asked Mr. Fitzgerald about the feasibility study. I think you have scattered through the contract budget something about \$38,000 for feasibility studies. I am trying to figure how feasibility studies have worked out in the state in the past because there have been some done through the economic development division through DCA. She named different studies listed - have they ever been used?

Mr. Fitzgerald said he could only speak about the one on irrigation. It was a very good study. He talked about how this can be used in the state and said the information is very necessary. He also talked about one study on chisel plows. He said we all know there are studies made that will never be used.

Representative Bradley then said there is a lot of money in here and I don't want to see it going on useless paper work. She talked about some of the useless studies already done. Mr. Fitzgerald said they did not plan on doing that type of thing again.

Senator Roberts said my question is, "Why shouldn't the businesses themselves be doing that?"

Mr. Fitzgerald said the ones that can afford to do it. The ones we will be helping are the ones that can't afford it. He then talked about the mill they recently helped in Dillon. He said they would have been out of business today without their help. A letter was passed out from the mill owner in Dillon they had helped. Copy attached)

Representative Marks asked about the Multi-County Districts Development Groups. What really needs done that isn't being done now?

Mr. Fitzgerald replied that about all that has been done is they have been drawn on a map. He then talked about Bear Paw District in Havre and Golden Triangle in Conrad. He said they were put in business at a time when EDA funded those projects - He talked about these 2 projects and how they were helped.

Representative Marks asked if they had gotten started with state help or on their own. Mr. Fitzgerald said on their own. Now it is channeled through the Governor's office because they want a coordinated effort.

Representative Marks then asked if the people at home don't have to want to do that? Mr. Fitzgerald said yes. Right now the people in Districts 1,9,6 and 11 have banded together and generated applications. Those are pending right now. The trouble is they won't be funded unless we get this program. This program is a match - They come up with a certain amount and we will match it to help them get started. If they come up with \$5,000 we can match with \$20,000.

Representative Bradley asked about contracted services on abandoned facilities in Montana. Did you include Glasgow?

Mr. Fitzgerald said no, not Glasgow. Glasgow is a unique case. He then talked about the pea canning factory in Red Lodge. When it closed it put people out of work and the community had no place to sell the peas. We said he went down and tried to help them figure out what could be done with the building. He told the committee the building is still empty today. He then talked about the most recent one, the Kevin Oil Refinery in Cut Bank. If something isn't done it will probably dry up Kevin entirely. Another one he mentioned is Twin Bridges. He said what we want is authority to have this money available to do this kind of work and to help the communities where needed.

Representative Bradley mentioned the amount of money in contracted services. It is a lot of money. The only difference between now and your first budget is federal money now instead of state money. We did not accept your first budget. When we discussed the contracted services we talked about contracting with DCA. Who else have you contracted with?

Mr. Fitzgerald said the most will be with private individuals in Montana - farmers, ranchers, mill owners, accountant firms; the private sector. Most of the money will be put back into the private sector through this. We will try to coordinate and mobilize their efforts.

Representative Bradley then said I think your outline is very good. I don't want to be in a position of endorsing expenditure of funds to any group that will be meeting in private and the public will be excluded.

Mr. Fitzgerald said if I have anything to say, this would not happen. I think the restrictions you can put on that, is the Council of Economic Advisors. This is where you can ride herd on this. That is where it can be controlled. I would put a farmer, a rancher, a labor representative, an environmentalist, a local government representative on the council. Pay their per diem and travel and I think you can get the very best.

Representative Bradley said a council like that would be very beneficial to the state. She then talked about the Cottage Industries Development Group portion of the contracted services. It is very close to a similar proposal included in the Montana International Trade Commission's request to the EDA which has been withdrawn. It is my feeling that in any expenditure of these funds, the people have to participate and be aware of what is going on.

Mr. Fitzgerald said the most he could do is he would take any suggestion from any of them. I am totally open to whatever may be suggested.

Representative Marks said this is similar to the first one you had. In adding up the FTE's you have to accomodate the various services you have here, I come up with about 15 people. Mr. Fitzgerald said more than that. They are all from the private sector.

Representative Marks then asked if he could accept letting the Council of Economic Advisors select the staff members and then let the legislature select the Council of Economic Advisors.

Mr. Fitzgerald said I would have no trouble accepting that. I don't know about the Governor.

Representative Marks then asked how do you think you can help the farmers and ranchers more then they can help themselves now? The lenders, bankers, etc. will certainly give them all the advice they need.

Mr. Fitzgerald said these organizations are not doing a very good job. The outreach being done is not very effective. He then gave an example of how a borrower was intimidated by the banker, etc. Representative Marks did not agree at all. When you borrow money, you are expected to pay it back. The lender does review every loan. These people are experts.

Senator Stephens said in going back to the Economic Advisory Council, it seems you have something for everyone in here. This committee should be very heavily weighted in 2 ways - management and labor. We should look at economic development for the state.

Merle Lucas was introduced and passed out a proposal on the Inter-Tribal Development Project.

Senator Roberts said his immediate question on this without reading through the proposal is there are similar kinds of programs and I would be concerned about duplication.

Merle Lucas said with the Bureau of Indian Affairs there are only 2 programs now. Under the Indian Finance Act one is the BIA revolving loan program and the other is the business development program, which is a 60-40 match. He talked about the problems facing the Indian people when they need financial help. He said they propose to train people to manage business before the business is even financed. Once the individual completes the training, the corporation would then finance the business. We would train the individual, help finance the individual and continue with technical assistance.

There were no further questions from the committee.

Senator Thomas said he had asked Jim Murray and Dave Fuller to come this morning because they have some concerns about their budget. Jim Murray is the Executive Secretary of the AFL - CIO.

Mr. Murray said he was here this morning appealing for enough money to get additional staff. We need 23 people in order to enforce existing laws. The budget department has cut this down to 11 and I understand we are now looking at 2 additional people. The job can't be done. We need consideration in raising that level. He talked about what they are charged with doing and asked the committee to reconsider.

Dave Fuller said he wanted to reinforce what Jim has said. We recognize the limited funds you have available. The Department said 23 people are needed. This committee says 2. I can't tell you how to balance the budget but I know I have 11 laws to enforce and 7 of them I am doing nothing about because of the lack of staff. If you are not going to fund us then repeal the laws. He ended by asking the committee to reconsider.

OFFICE OF COMMERCE -

Representative Bradley asked if anyone wanted to make a recommendation. My personal feeling is I do think the travel budget is inflated.

Senator Roberts said I am afraid that is symptomatic of this whole budget. I am disturbed by this whole proposal. It is the previous proposal all over again. We are talking about as many people, IF NOT MORE, doing the work as consultants instead of FTE's. This is as big as before. For my part, I am not going to go along with it. Too much fat in it.

Senator Thomas said I make a motion that the recommendations for the Office of Commerce and Small Business Development do pass.

Representative Gunderson said I thought the only problem we had was should we do it or not. Why not when it is a 4 to 1 match of federal money. Sen. Roberts said federal money is still my money.

Representative Marks said in this proposal, I noticed that the general funds have increased over the last one. I can't see any great difference in the rest of the proposal.

Senator Stephens said they are missing the target again. It is not their responsibility to go out and handle the farmers and ranchers. They can't do it. I don't think this will help the Indians either. Seems they want to cover everything. The International Trade Markets is not all that important to Montana.

Representative Bradley said one concern is there is a lot of duplication, such as small business administration does a lot of advising.

She then called for a vote on the motion made by Senator Thomas.

AYES - Representative Gunderson and Senator Thomas

NOS - Representative Marks, Senator Stephens, Representative Bradley and Senator Roberts.

MOTION FAILED

HEALTH SERVICE AGENCY RESOLUTION #86 -

Representative Marks said he thought maybe the resolution was a mistake. He made the motion it not be adopted.

Representative Bradley called for a vote - all in favor of the resolution not passing -

ALL VOTED AYE

Representative Bradley said she would make this recommendation to Representative Bardonoue.

DEPARTMENT OF HEALTH BUDGET -

Representative Bradley said we postponed action on this. She said we were concerned about the \$52,682. Will we pay this amount that goes through the state recognizing that another \$200,000 does not go through the legislature?

Representative Marks made the motion that we include this in the budget.

ALL VOTED AYE

MOTION PASSED

Representative Bradley asked if anyone wanted to reconsider any portion of the budget on the Labor Department.

Representative Thomas made the motion we raise 3 making a total of 5 for the bureau of labor standards.

There was some discussion on this.

AYES - Senator Thomas, Representative Gunderson and Representative Bradley.

NOS - Senator Stephens and Representative Marks

ABSTAINING - Senator Roberts

Mr. Robinson reported to the Committee that Curt Nichols said there is sufficient money to fund everything the committee has approved for the entire health services.

With no further business, the meeting was adjourned.

Dorothy Bradley
Dorothy Bradley, Chairman

Nina Kosmas, Sec.