

APPROPRIATIONS SUBCOMMITTEE ON INSTITUTIONS

January 16, 1979 - Room 108

The meeting of the Appropriation Subcommittee on Institutions was called to order at 8:00 a.m. by Chairman Yardley. Other members present were:

Representative Howard Ellis
Senator Mark Etchart
Representative Pat Gesek
Representative Art Lund
Senator Bill Thomas

Betty Waugh, Legislative Fiscal Analyst, and Doug Booker, Office of Budget and Program Planning, were present.

Those attending from the Department of Institutions were: Larry Zanto, B. J. Rhay, Curt Chisholm, Jim Haubein, Bobbie Dixon, and Peter Blouke. Roger W. Christ and Bill McCrea were present representing the Prison. Galen State Hospital was represented by E. P. Higgins, MD, and Joe Balkovatz.

Todays hearing began with the supplemental budget request by the Prison.

Mr. Zanto asked Mr. Rhay to discuss, as an overview, the prison supplemental. Mr. Rhay said the prison supplemental is before the subcommittee because of three main factors. First, the overcrowding at the prison. In the last biennium they budgeted for 500 daily population the first year and for 550 the second year. The daily population is 673 and this overpopulation is the main factor. The other two factors are medical costs and legal costs. With an overpopulation you have to consider three types of costs fixed costs, semivariable costs and variable costs. The variable cost is the most important and reflects the most on this budget request. The committee were handed a budget summary which is exhibit 1.

Warden Roger Christ said they believe they can support a supplemental based on increased population in the amount of \$36,469 semivariable and \$109,776 variable, utilities in the amount of \$24,182 and unusual legal fees, court ordered, of \$27,300 for a total of \$197,727 for the first year of the biennium. Due to budget cutbacks introduced during the first year their actual request for the first year of the biennium was \$134,855. Basically what they did was to take 1% off the top and hold that back. In the 1978-79 budget they believe they can justify a supplemental based on increased population of \$55,206 semivariable, \$162,680 variable, utilities \$54,168, unusual fees \$35,000 and salary requirements of \$108,059. This represents the difference between the positions that were allocated by legislature and the amount of money that was there to pay for that. They have been able to reduce those costs somewhat by deleting some four positions. They feel their actual request for the second year rather than \$415,568 will be for \$254,076 and that brings their general fund needs for the biennium

January 16, 1979

Page 2

to a total of \$388,931. They are not in disagreement with the budget office. Some areas of concern are uncontrolled variable areas with high population, medical costs, legal costs and the poor condition of the old prison.

During discussion and questions by the committee it was brought out they were using the old prison and there was a population of 305 in the old facility.

Bill McCrea said they did find where the fiscal analyst had included all funding sources in her analysis and they did have approximately \$60,000 spending authority in federal grants that they did not receive or use. There was \$16,500 in contracted service funds to the University for a psychologist and that is not being done at this time.

Representative Bardanouye came in.

Representative Ellis asked about the four positions they cut back. One position is being handled by another staff member, other positions not filled were band director and teacher, and the psychologist position was transferred to contract services. There was a savings of \$52,000.

It was asked what is the accountability of funding for out-of-state prisoners and the answer was they have inmates from other states and they are exchanged on a one to one basis. When they send prisoners to federal prison and to the State of California it has to be a direct money exchange. They receive \$32 per day for those prisoners and \$4 of that goes into a special fund. This money shows up in a private-federal revenue account. At the present time they are not using any general fund money for out-of-state prisoners.

It was noted at the present time they do not have any staff vacancies. Overtime is quite high. Overtime costs were approximately \$286,000 for one year and they are presently in the process of working up a schedule to overcome this. It was asked if the ranch and license factory generate overtime and the answer was not in administrative but they do in maintenance, care and custody and somewhat in food services.

For the prison ranch they are asking for legislative authority for \$25,000 from the revolving fund for the purchase of hay.

There is a request for \$215,000 in earmarked funds for the license plate factory.

Mr. Chisholm suggested that Mr. McCrea, business manager, could go through the supplemental for the prison item by item and explain the reasons for the \$398,000 supplemental request.

January 16, 1979

Page 3

Personal Services - Mr. McCrea said there is a projected deficit of \$218,559. This is comprised of \$110,000 from last year and a \$108,559 shortage projected in personal services this year. The \$110,000 was deducted from the largest area which was care and custody. The remainder of the shortage was needed funds to cover positions over and above the allocated dollars.

Mr. Booker explained the pay bill that gave raises was not fully funded and agencies that did not have a turnover would be short in both years.

Contract Services - They have projected a surplus of \$3,800. This was brought about by computing year to date expenditures and through savings by using the Galen doctors, they projected an overall surplus of approximately \$70,000. This surplus has been brought down by the fact that they had some outstanding legal bills they could not pay last year. They have projected some \$30,000 for open heart surgery and \$35,000 for a contract with the law school.

Supplies and Materials - there is a projected deficit of \$100,000 in supplies and materials. Based on their food costs they have done an analysis at the prison that indicates that they will need \$125,000 in the area of food. They have come to an agreement with Mr. Booker and \$100,000 would be sufficient. The Fiscal Analyst noted that the prison has requested supplies that are above what are actually needed.

Warden Christ felt they could justify a lot larger supplemental request than the \$388,931.

Representative Ellis said he is still troubled with the \$100,000 in supplies. Up to this time they have spent up to one-half of their proposed budget for FY79 and then they are asking for twice as much to finish out the year. Mr. Booker said the increase is based on over 100 prisoners they had not budgeted for.

Communications - There is a projected deficit for telephone costs. The prison has been placed on the meter system and this will increase the billing costs above what was estimated in the past.

Travel - There is a \$9,300 projected deficit and this is generated through the fact they have to provide an officer to pick up parole violators out of state and when they fly they are required to have two officers.

Rental Charges - The \$1,200 is for rental charges for two zerox machines, one at the old prison and one at the new institution. This is to save travel between the two institutions.

January 16, 1979

Page 4

It was noted the prison is asking for \$4,200 up to November and now asking for a \$11,000 supplemental. Mr. McCrea said there is a \$8,000 encumbrance that will be liquidated at the end of this year. Chairman Yardley asked that someone look into that.

Utilities - There is a deficit of \$73,000 which includes \$20,000 from the last fiscal year. The prison received a supplemental billing from Montana Power in the amount of \$19,239.77 which is a corrected billing for December, 1977. This was the result of an incorrect meter reading by Montana Power.

Repair and Maintenance - There is a \$22,000 surplus and the reason is that through purchases of new vehicles and using the newer facilities they have not spent the money as anticipated.

Other Expenses - This shows a deficit of \$7,000 and is in the area where they pay the inmate payroll, gate money, and college program. The inmate payroll was \$9,000 and that is the major expense.

Equipment - They are requesting no money for equipment.

This brings the total supplemental request to \$388,931.

To a question on the \$110,000 request Mr. Booker said that was made up of three separate areas, \$27,300 for law school, \$30,000 for food, and \$52,700 for medical services. When doing the supplemental it was simpler to take out of one area.

Mr. Chisholm spoke briefly on the differences between their recommendation and the LFA.

The hearing concluded on the Prison supplemental request and there was a short recess.

The Galen State Hospital supplemental request was heard next.

Mr. Chisholm introduced Peter Blouke, Acting Division Administrator, who will give a summary of the supplemental request. There were handouts to the committee members. For the biennium Galen State Hospital was budgeted for \$8,080,792 and they were anticipating expenditures of \$8,478,160 which leads to the supplemental request of \$397,368. \$355,308 of the request is in the area of personal services. They are also anticipating a deficit of \$48,637 in the operating category and a surplus of \$9,399 in equipment.

Doctor Higgins, Superintendent; Joe Balkovatz, Hospital Administrator; and Jim Barkley, Business Manager, representing Galen State Hospital were introduced. Doctor Higgins spoke first telling the history of the hospital and went into the present programs.

Mr. Barkley said they are looking at a supplemental request for labor of \$179,018. They did not have the vacancy savings that was anticipated plus the fact they had differential, longevity, and

January 16, 1979

Page 5

additional benefits not funded by the legislature. He pointed out that vacancy savings of \$178,000 was projected for Galen but they did not realize it to the extent the fiscal analyst projected. At the last legislative session their work force was reduced 42 people. They were budgeted then for a population of 170 to 200. They do run a little less than that but gain during the winter months. Total personnel at this time is 260 FTEs and at the present time they are at full capacity. Differential pay was questioned and they are required to pay differential by labor contracts negotiated with the union. Mr. Booker said this year negotiations are going through the Personnel Division.

Contracted Services - They are projecting a surplus of \$12,087 and this is basically the result of buying lab equipment last year which enabled them to do more of the lab tests at Galen.

Supplies and Materials - Projected deficit is \$52,652. Majority of increase is in food, drug, and hospital supplies and this is approximately a 10% increase over last year.

Communications - Shows a deficit of \$3,933 due to metering of hot-line.

Travel - This shows a deficit of \$2,109. When a patient leaves and has no funds they pay for a bus ticket. There is a 6% increase in bus costs.

Rental - This is for equipment and is a deficit of \$100.

Utilities - They are projecting a \$10,000 additional deficit because of the cold weather. The projection they had was based on past two years.

Repair and Maintenance - They are showing a surplus of \$682 over what was budgeted.

Other Costs - There is a surplus of \$866. There is an equipment cost surplus of \$8,350 due to not buying anymore this year.

Vacancy savings and benefits were discussed by the committee. It was noted that two wards were closed and when they reduced the work force and to comply with federal regulations they closed areas and concentrated the employees.

The hearing closed on Galen State Hospital.

The meeting adjourned at 11:20 a.m.

Dan Yardley, Chairman

Yvonne Borgmann, Secretary