

MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS SUBCOMMITTEE FOR INSTITUTIONS
January 6, 1981 SUPPLEMENTAL HEARING FOR BOULDER RIVER SCHOOL AND HOSPITAL

CHAIRMAN JACK MOORE called the meeting to order at 8:00 a.m. Committee members present were:

Representative Tom Conroy
Representative Gene Ernst
Senator Mark Etchart
Senator Bill Thomas
Senator Jan Johnson

Testimony was given by Mr. Carroll South, Director of Department of Institutions, Mr. Peter Blouke, Director of Mental Health and Residential Services, Mr. Jim Currie, Business Manager for the Boulder River School and Hospital, and Mr. R.L. Beard, Superintendent of Boulder River School and Hospital.

Others present were Ray Hoffman, Legislative Fiscal Analyst, Doug Booker, Office of Budget and Program Planning. (See attached Visitor's Register)

THE CHAIRMAN stated to all present that he did not want to waste time by hearing the same statements over and over. He felt it was very important to work with only one set of figures. He wanted the first item for discussion to be the supplemental request for Utilities for \$386,101. (See Exhibit 1)

MR. SOUTH expressed concern over the accuracy of the figures. He stated that he would be willing to sit down with the Budget Office and the Fiscal Analyst to agree on one set of figures. He felt that if he had to prioritize, utilities would be number one. In the case of Boulder, they were able to get through the entire year of 1980 without any deficiencies other than the cost of utilities. (See Exhibit I attached)

MR. BLOUKE stated that Boulder has undertaken a reduction in utility costs due to an operational schedule initiated in the power house, and this has resulted in a greater efficiency use of the equipment. A natural gas reduction of 34% was achieved during Fiscal Year 80, and they are maintaining an approximate level during the current year. One of their problems, however, is that natural gas has increased 24.9%.

SEN. THOMAS asked what was spent and what was budget for utilities.

THE CHAIRMAN stated that \$115,300 was the shortage in 1980, and the projected shortage for 1981 would be \$270,801.

SEN. THOMAS asked what was the total amount spent for Fiscal Year 80.

MR. CURRIE answered the total amount spent was \$366,000 for Fiscal Year 80, and an additional \$420,696 is anticipated for Fiscal Year 1981.

SEN. THOMAS asked what was the condition of the buildings in regard to insulation.

MR. HEARD stated that some of the reasons for overtime involved the staffing level and replacement for employees while on annual leave or due to illness. He noted that additional staff has to be hired at an overtime rate to get through one 8 hour shift. The Food Service Department has the same problem.

THE CHAIRMAN asked of the 468.26 FTE employed, how many are direct patient staff.

MR. HEARD replied that using the Habilitation Aids 1, 2 and 3, the figure is 205. There are also 8 nurses and 10 LPN's.

REP. BARDANOUE asked if there was a penalty clause regarding absenteeism.

MR. SOUTH stated that at the present time there is no uniform policy.

THE CHAIRMAN asked how much is included in the Personal Services budget for overtime.

MR. HEARD responded that \$143,000 was budgeted.

SEN. JOHNSON asked what was the call back for overtime.

MR. HEARD stated that it is necessary to guarantee 4 hours at 1 1/2 rate of pay regardless of whether they have worked a full 40 hours or not.

SEN. CONROY asked if it were necessary to demand proof of illness.

MR. HEARD stated they have not done this in the past. He felt it would almost take a physicians examination on the day they were out to determine the illness.

THE CHAIRMAN asked for explanations on the transfer of people during the closing of the cottages and the FTE retained.

MR. HEARD replied that the budget was put together with 30 people being transferred to Eastmont. Those transfers took approximately six weeks to complete. There were 296 residents at Boulder at that time, so the 54 additional staff members needed to be retained. By the closure of Cottage 3, 27 FTE were eliminated. Building 5 was to have been closed December 1, 1979, however, due to new admissions and returns, it was not closed until September 1980. Two to three people have not been attrited at the present time.


MR. BLOUKE reported that during the time when the cottages were scheduled for closure, the Governor's Office asked that the Department attempt to reduce the staff by attrition rather than termination.

MR. SOUTH referred to the letter from Larry Zanto, dated July 31, 1980 (See Exhibit) which stated that the people were not to be terminated, but were to be attrited instead.

MR. BLOUKE asked that it be made clear that information was requested from the department and the decision was not made at an institutional level.

MR. SOUTH stated that his budget staff will project the remainder of the fiscal year side by side with the actual figures in 1980.

There being no further discussion or comments the hearing was adjourned at 9:50.



JACK MOORE, Chairman

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BOULDER RIVER SCHOOL AND HOSPITAL

Boulder River School and Hospital is requesting \$586,256.00 in supplemental funding for the FY 81 biennium. This supplemental request has been necessitated by significant inflationary increases in almost all expenditure categories as well as staff and resident populations beyond budgeted levels. The \$586,256 supplemental request is based upon deficits in the following budget categories:

Personal services	(\$167,155.00)
Supplies and Materials	(24,000.00) ✓
Utilities	(386,101.00) ✓
Repairs	(12,000.00) ✓
Less net surplus in other budget categories	<u>3,000.00</u>
Net Supplemental Request	(\$586,256.00)

Personal Services (\$167,155.00)

Boulder River School and Hospital was budgeted during FY 81 for 462.26 General Fund FTE but due to a combination of factors beyond the control of that institution began the fiscal year with an anticipated personal services deficit of \$485,790.00.

House Bill 483 vacancy savings	\$231,740.00
11.83% of HB 891 not allocated	121,435.00
Unbudgeted Workman's Compensation increases	119,557.0
Labor arbitration and .17% increases in Unemployment Insurance	<u>13,058.00</u>
Total projected personal services deficit	485.790.00

Compounding the difficulties faced by BRSH during the biennium has been the inability of the facility to close cottages 3 and 5. This was to be accomplished through a combination of resident transfers to the Eastmont Human Services Center and resident placements into the community. The timetable set forth was to allow the closure of both cottages by December 31, 1979. Resident community placements did not occur as scheduled and Cottage 5 was not able to be closed until September, 1980. Despite the additional residents at Boulder, the average general funded FTE level for FY 80 was 484.1 versus an authorized level of 482.1 and during FY 81 the YTD average FTE level is 464.0 versus authorized FTE level of 462.26. We anticipate that the average FTE level for FY 81 will be 461.0.

Through controlled hiring, position freezing, forced vacancy savings, and close monitoring of overtime, BRSH has been able to reduce its personal service deficit by \$318,635 or within \$34,540 of realizing budgeted vacancy savings of \$353,175.

Supplies and Materials (\$24,000)

Three major factors impacted BRSH's Supplies and Materials budget:

1. Budgeted increases in the category between FY 80 and FY 81 were limited to a 6% inflation factor. Actual expenses indicated that inflation is running at over 11%.
2. BRSH's Supply and Materials budget was based on an ending resident population of 220 and a staff level of 468.26. The 226 resident level was to be reached by December 31, 1980. There are currently 464 General Fund FTE and 236.32 Average Daily Resident Population at BRSH. These excess people require increased operating costs in the areas of food, clothing, reinforcers, and others. Further, there is not a direct correlation between community placement of residents and reduction in supply and material costs. For example, the selection process for community placements normally identifies those residents with the least problems; behaviorly, medically, or otherwise. As a result, even though the resident population has decreased from 296 in July, 1979, to the current 229, the number of unit dosages of drugs has stayed virtually constant, while the cost of drugs has increased at over 11%. In addition, with the State Purchasing System requiring quarterly, semi-annual, and annual orders, the costs do not instantly decrease when a resident is placed.
3. Because of similar budgetary problems in FY 80, BRSH had to increasingly draw down its supply inventory (that inventory was reduced by over \$100,000 in FY 80). Because the inventory is so low and is being maintained at a minimum level, BRSH is not able to draw on the inventory as a resource.

Utilities: (\$386,101.00)

\$115,300 in FY 80.

\$270,801 in FY 81 which includes the latest increase effective 12/19/80 of 17.98% for gas and 18.88% for electricity.

Repair and Maintenance: (\$12,000)

The projected deficit of \$12,000 in this category resulted from the following factors:

1. Again, inflation has far outstripped the 6% increase in budgeted funds, and the \$3,080 increase in this category simply is not sufficient to cover both inflationary increases and unanticipated additional resident population.
2. As mentioned earlier, because of budgetary problems in FY 80, BRSH had to draw heavily on its inventories, and, in fact, reduced those inventories by over \$100,000. As a result, this fiscal year they are not able to draw from those inventories to the same degree, and, therefore, more parts have had to be purchased.

3. Due to the eventual closure of Cottages 3 and 5, this institution is having to house residents with destructive behaviors in increasingly crowded conditions. As a result, there is more damage to the buildings, which increases general repair costs. Cottages are being systematically refitted with masonite walls and plexiglas windows to increase their durability, decrease destruction, and eliminate safety hazards to residents.
4. BRSH is dealing with increasingly antiquated equipment and buildings which require greater amounts of repair and maintenance to keep them functional. As an example, the stove/sink units in the cottages have all had to be replaced with new sinks and cabinets this fiscal year because of health problems as directed by the Department of Health. Because of inadequate design and construction, they are having to repeatedly repair the shower and bath rooms in Cottages 10 through 15. Three new gas fired water heaters had to be replaced in the newer cottages at a cost of \$900 each. A new condensate tank had to be installed in the Power House at a cost of over \$2500. The incinerator had to be completely rewired and relined. Repair and Maintenance is, at best, a difficult category to make projections on. If a piece of machinery breaks down or a building is damaged, it must be repaired. In most cases, the option doesn't exist to wait for next year.

Action Taken To Reduce Supplemental

Through a program of very tight management control over all expenditures and a decision to limit programs in specific areas Boulder River School and Hospital has been able to reduce, but not eliminate its supplemental request. As noted earlier, BRSH has had to provide care and treatment to a population significantly in excess of the population for which they were budgeted. Specific cost control measures adopted by BRSH during the FY 81 biennium include:

1. Because the basic safety and care of residents must take priority over all other functions at the institution, the additional direct care staff required for the care of the residents of Cottages 3 and 5 necessitated reductions in authorized programs and support personnel to generate vacancy savings. The personal services budget is monitored on a bi-weekly basis, and each position that becomes vacant is reassessed to determine the necessity of replacement. Overtime has been substantially reduced during both FY 80 and FY 81.
2. Consumable supplies issued from the warehouse have been reduced from a one month supply to a one week supply. This enables management to enforce tighter control and reduces opportunity for theft.
3. Food items that facilitate better portion control have been included in the quarterly menu, e.g., pork cutlets, weiners, fish squares. This has resulted in a reduction of our cost per meal.
4. The number of disposable items carried in Central Supply has been reduced.

5. BRSH has significantly reduced travel mileage and gasoline consumption. This has been accomplished through a combination of reducing the number of trips authorized, combining trips, restricting mileage allowed per trip and assigning gas allocation to departments at the institution.
6. A review of all telephone equipment has been made and all non-essential instruments have been removed. This has caused some problems, particularly in training areas, where staff do not have phones readily available. All long distance toll calls must have prior approval and are placed through the switchboard operator.
7. Because BRSH has had to freeze many of its developmental positions and consequently was not providing the level of teaching mandated both in State and Federal statute, other resources were sought. Most significantly, BRSH has been able to work with the Office of Public Instruction and received a grant in FY 80 for \$100,000.00 and \$193,000.00 during FY 81. Although these funds have provided a significant increase in BRSH's ability to provide the educational services mandated by state and federal law, the funds will not be available during the coming biennium.

The Department believes that the administrator of Boulder River School and Hospital has made very significant efforts to reduce the need for supplemental funding during the FY 81 biennium, and that the \$586,256.00 requested is justified to continue the operation of that facility during the remainder of this Fiscal Year.

FTE

	AUTHORIZED	FILLED			DIFFERENCE
				AVERAGE	
FY'79	582.6	558.6	536.6	547.6	-35
FY'80	482.1	519.5	469	484.1	+ 2
FY'81	462.1	469	458	464	+ 2

POPULATION

	BUDGETED				DIFFERENCE
FY'79	225	296	296	296	+ 71
FY'80	244	296	241	255.25	+ 11.25
FY'81	226	242	229	236.32	+ 10.32

Boulder River School & Hospital
General Fund FTE

BOULDER RIVER AND HOSPITAL

	FY80 Actual	Budgeted	Projected Expenditures	Surplus (Deficit)
Personnel Services	6,886,556	7,095,766	7,262,921	(167,155)
Contracted Services	124,737	140,756	140,756	-0-
Supplies & Materials	535,842	528,154	552,154	(24,000)
Communications	49,852	63,618	63,618	-0-
Travel	12,344	13,100	13,100	-0-
Rent	23,673	33,725	30,725	3,000
Utilities	366,257	143,460	419,261	(386,101)
Repairs	55,837	52,000	64,000	(12,000)
Other	5,728	2,757	3,757	-0-
Equipment	70,462	23,500	23,500	-0-
TOTALS	8,131,288	8,102,836	8,573,792	(586,256)
11396 General Fund	8,102,836			
The above deficit includes FY80 Supplemental of Utilities 115300				5,300
FY81 Supplemental Request				(470,956)

MINUTES OF THE MEETING OF THE JOINT APPROPRIATION SUBCOMMITTEE FOR INSTITUTIONS
January 6, 1981 SUPPLEMENTAL HEARING FOR MONTANA CHILDREN'S CENTER

CHAIRMAN JACK MOORE called the meeting to order at 10:10 a.m.

Committee members present were:

Representative Tom Conroy
Representative Gene Ernst
Senator Mark Etchart
Senator Bill Thomas
Senator Jan Johnson

Testimony was given by Carroll South and Jim Haubein, Director for Management Services.

THE CHAIRMAN said we no longer have a Children's Center. It has been put on a caretaker's status. As of the first of July 1979 through the last of February 1980, we have maintained the place, but have not funded it.

MR. SOUTH stated initially they did not feel there would be a problem in selling the facility, thus funds were not appropriated to maintain it. He commented more money was spent maintaining it, than the building was actually sold for. (See attached Exhibit 2)

MR. HAUBEIN stated there were five union positions involved in the maintenance of the Center. He felt it was necessary to keep the maintenance staff hired due to the high water level in that area and the attention the sump system required. Security was another problem for a facility of that size.

THE CHAIRMAN asked where the money had been taken to pay these expenses.

MR. HAUBEIN stated the Corrections Division paid this amount from their 1981 budget.

THE CHAIRMAN stated eventhough money had not been funded for the Children's Center, it was necessary to maintain it.

There being no further questions or comments, the hearing was adjourned at 10:20.



JACK MOORE, Chairman

MONTANA CHILDRENS CENTER

Supplemental Requested

\$79,738

This Supplemental is needed to cover the costs incurred by the Department of Institutions for maintenance of the Childrens Center from July 1, 1979, to January 31, 1980. The Legislature authorized the sale of this Institution and therefore did not appropriate any funds to maintain the facility for the 1981 Biennium.

When it was apparent that the Institution would not be sold before June 30, 1979, the Department appeared before the Legislative Interim Finance Committee to request direction and subsequent support for Supplemental Funding to maintain the facility.

The Committee's recommendation was for the Department to continue to maintain the Center and the Committee would support the necessary funding (see attached letter from the Legislative Fiscal Analyst).



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59601
406/443-2986

JOHN D. LaFAVER
LEGISLATIVE FISCAL ANALYST

July 19, 1979

Larry Zanto, Director
Department of Institutions
1539 Eleventh Ave.
Helena, MT 59601

Dear Larry:

The legislative finance committee discussed the financial situation of the children's center as presented by the department.

It was the committee's recommendation that the center be maintained during the few months necessary to sell it. Any maintenance cost during this brief period would be covered through a supplemental appropriation which the committee would recommend.

Please let me know if you have any questions on this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "John".

John D. LaFaver
Legislative Fiscal Analyst

JDL:sl

cc: Dave Lewis

RECEIVED

JUL 19 1979

DEPT. OF INSTITUTIONS

MONTANA CHILDRENS CENTER
1980 FISCAL YEAR
EXPENDITURES

	Budgeted	Projected Expenditures	Surplus (Deficit)
Personnel Services	-0-	58078	(58078)
Contracted Services	-0-	601	(601)
Supplies and Materials	-0-	204	(204)
Communications	-0-	151	(151)
Travel	-0-	-0-	-0-
Rent	-0-	84	(84)
Utilities	-0-	20095	(20095)
Repairs	-0-	525	(525)
Other	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
 TOTALS	 -0-	 79738	 (79738)