

MINUTES OF THE MEETING
FINANCE AND CLAIMS
MONTANA STATE SENATE

SPECIAL SESSION

November 19, 1981

The third meeting of the Senate Finance and Claims Committee met in Room 108 of the State Capitol Building on the above date. Senator Hims1, Chairman, called the meeting to order at 11:02 a.m. Upon roll call all members were present.

Senator Hims1 announced that House Bill 2 would be heard at 1:30 p.m. rather than now.

Senator Regan to present testimony as chief sponsor on Senate Bills 4, 5, and 6.

Senator Regan said she would present all 3 together since the same testimony would be used on each, and this would save time for the committee. She said she would make a few general comments and then turn it over to other testimony. In looking at the bills, the counties are going to be impacted by the safety net being put in place. There would be an increased number of recipients along with a cutback in funds, dropping of CETA, change in AFDC requirements, all of which will probably call for general assistance on a local level. Other factors are inflation, eroding of the tax base with the cut-in stock tax, inventory tax, etc., which means an increase in mill levy on local property tax level and it looks like a local assistance mill levy unless we as a state are willing to take a greater share of the welfare costs. The question is "at what level is the proper share?" 27 states assume 90% or more of local welfare expenditures. Montana assumes 52.1% and only 2 states rank lower than Montana for state funding for welfare costs. The first one, Senate Bill 4 is the original bill presented by MACO. It provides the state share 50-50 in the allowable general levy payment by the counties and the same for medical assistance. Section 3, page 2, lines 13 through 18 says the county will be picking up 5% of the known federal share of Medicaid. This is the original MaCO bill and is presented as one proposal. In FY '82 the impact to the state will be \$1,265,367 with the current drop of county funds of the same amount. In FY '83 the impact will be \$2,864,055 and county funds show the same drop.

Senator Hims1: Isn't this January to July in '82 and the second year is the fiscal year of '83. Answer: Yes.

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The second bill SB 5, is being urged by those counties feeling they will be having the most impact. SB 5 is proposing the state assume the complete cost. It will mean FY '82 (the short year) \$529,548 and in FY '83 \$1,165,006 for approximately 1.7 million over the biennium.

Senate Bill 6 is a proposal whereby the state would pay the total cost for eligibility technicians exclusive of the county director (we need an amendment here) there was some problem that the state might control the County Directors. They would also assume the cost of travel. FY '82, \$1,849,567 and FY '83, \$4,788,790 by excluding the county. There is another bill over in the House that looks most promising. I will ask the Senate Finance Committee to hold these bills in the committee until we see what happens there.

John LaFaver, Director, Department of Social and Rehabilitation Services, spoke on Senate Bills 5 and 6 saying they are the administration's initial proposals with the amendment Senator Regan has offered. Analysis of how to structure the program and keep the cap on the general fund as low as possible on the county burden. One of the savings suggestions brought to the legislature is the elimination of the unemployed parent coverage. We use the savings to offset the costs in Medicaid. If we had not done this, we would have had to ask for several million dollars out of general fund. While this will be sufficient for a time, it will not be permanent. We will have to develop a plan to give the counties fiscal flexibility in meeting those costs. How is it fair and equitable to the counties where the welfare is the highest, how can we do that in an administrative way as cheap as possible. Senate Bills 4 and 5 will save administrative costs from what we have now. Now counties pay 53% of the eligibility technician, and county director is a 40%. Other areas are 15%, and some 25% county, 75% state. There is no logic on how much work that is done for the county and the state so far as the percentages are concerned. It takes a great deal of effort on our part to see that we are paying the right amount in each case and to work out the proportion. We are saying here the state would pay all the salaries. The state should, they are state employees. You mandated that they are state employees, how much money they get, and how many are employed. The only task of the counties is that we send the county the bill once we have accepted it, and they pay it.

Mike Stephens said he would talk on Senate Bill 4. In analyzing the situation, we are looking at AFDC and Medicaid and what would happen to the counties, and the alternative is to look to the state or to add more property taxes. Welfare recipients are members of the county but, when they exceed the ability to pay or are over the mill levy allowed or are over the limit of fair property taxes, we look at other sources. We are only addressing

the portion we feel we will be impacted by in the shift. The state is reluctant to take over an open-ended cost. SRS Dept. did the estimate of what counties would be impacted by \$6.5 million. About \$2 million for the remainder of January through July and \$4.5 million for FY '83. This was referred to MACO. We do not agree with section 3 on the 5% and would like to see that stricken, it is not cast in granite. \$6.5 million is what it worked out to be for a price tag. We have established our budgets and designated that we go on the base for next year. We are looking at the last half of this fiscal year, by that time we should have a handle on it and could sunset it by the end of '83. We have a tremendous amount of counties under 6 mills on the county poor fund. About half of the way down on the handout (exhibit 1) Meagher County, 3.83 mills. That budget was set by local budget officers and agreed by the county as to what they felt they could afford for the poor fund budget. They have 27 mills on the general fund, the bridge fund is 4.98 mills and the road fund is nearly at its maximum. Looking at just the one figure does not relate with the taxpayers and their ability or willingness to pay more. Some of these areas were also hit by the reduction in the cattle tax. As far as our changes, eliminate section 3; as far as the county participation, the counties had no part in designing the program. Persons who are recipients do not always come from the same county. We are willing to look at another set of figures as far as the amount of money that goes to the counties or goes to the state. Welfare is a burden born by the property taxpayers on a local levy; the wide tax base of the state is the appropriate place to put some money in for the next one and one-half years for the anticipated amount.

Margaret Davis, President of the League of Women Voters, spoke on Senate Bill 6, her testimony is attached. (exhibit 2)

Joe Godfrey spoke for County Commissioners and fiscal officers saying he was in support of Mr. Stephen's testimony and concurred in it.

Bob Wicks, Administrator of the Montana Deaconess Home for Children, said he wished to address the committee in regard to kids getting care, and felt Senate Bill 5 would help. It is hard to get kids who are in trouble taken into a place, and sometimes have to get into court to get a placement. We need a referral agent to find what places have openings, a full survey of agencies; we simply have a lack of information. There are some neat kids out there that need the best kind of help we can give them.

Jim Straw, Chairman of Yellowstone Chamber of Commerce, said he was also vice-chairman of MACO. I represent one of the larger counties that does feel the impact of welfare programs. Two years

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ago we had about 6 mills, and we see no reason to see a decrease at the present time, and have searched about for a means of assistance to help with the load. A goodly portion here are migrating to the larger counties and placing the burden on the taxpayers in these particular counties. I strongly endorse Senate Bill 4 with the amendments Mr. Stephens recommends -- elimination of the 5% and the sunseting clause. This would give us some assistance in getting past the crunch we are just now getting into.

John Wilkinson, Chairman, Lewis & Clark County Commissioners, said he would speak on Senate Bills 5 and 6. I am not necessarily opposed to SB 4 nor the House Bill. The counties need assistance. A coalition, including Lewis & Clark Commissioners, met and had the opportunity for reviewing not only cutbacks but the counties that pay the bills. Counties are already beginning to feel this; before the cutbacks in October we had gone from 34 to 93 persons for general assistance. Missoula will have an impact of about \$750,000. Tax base decreased since 1979 by 10% and general fund mills are up 9%. He said that, to put it simply, concerns of local levels determining anything is a myth. SRS rates the eligibility and the federal government does the rest. Our proposal is in support of Senate Bill 5 and 6, as amended, taking out the salary for county directors. (No copy of the testimony was left, but will be attached if brought in.)

Dave Goss, Billings Chamber of Commerce, said he represented about 1,000 businesses or individuals in Billings. Property taxes would be increased to pick up these services on a local level. We are concerned about the taxable valuation in keeping up with costs of local government. Billings took some of the larger cases occurring to estimate the impact and it could be close to one-half million dollars to meet without any assistance and the local taxpayer makes up the difference. There is a big difference in what they can levy and what they should levy.

Don Peoples, Chief Executive for Butte, Silver Bow, and a member of the urban coalition said he would speak on Senate Bills 5 and 6, but was not in opposition to SB 4. We are very much concerned about the bottom line of taxes. People look at the bottom line, this is what they pay. The piece of legislation discussed now makes some move in equalization of the state's welfare program. More responsibility for the state of Montana toward a state program. It does give some assistance to the local government. I would also ask that you look carefully at H. B. 13 which could well be heard this p. m.

There were no further proponents for the bill, and Senator Himsel asked for opponents.

Opponents were Ken Rutledge, Vice-President of Montana Hospital Association, who said he was not opposed to the concept of state sharing to county general and medical assistance, but opposed to the consequences of that. He handed out 2 sheets which are attached to the minutes as exhibit 3 and said State Medicaid reimburses hospitals on a formula which comes out to be 83.9% of the actual charges. He referred to the handout. (ex. 3) which shows the average charge for a nonmedicare, nonmedicaid patient's stay in a hospital, and went on to show how these patients subsidized the Medicare, Medicaid patients. He said, in the boxed in area on the sheet, it shows the figures on subsidy. He said they were asking that, if the bill receives favorable consideration, SRS be prohibited to add county patients to this list of subsidized people.

There were no further opponents, and the Chairman asked for questions from the committee.

Senator Wolf: On Senate Bill 5 we talked about recouping the dollar amount and it going back to the counties for child care or staff at a lower level. Who is the person responsible for going out and recouping these dollars? LaFaver: Right now, SRS pays it, we bill the counties. If this passed we would not have to go through all that. Wolf: Where it states the money amounts will be transmitted to SRS. Who is going to be in charge of doing it? LaFaver: Social workers make that type of arrangement now and we are not proposing a change. Wolf: How much is being recouped presently at the county level? LaFaver: The amount being recouped will not change.

Senator Smith: I would address my question to John Wilkinson. The poor fund has increased by 48% since 1979. I don't think our economic conditions have been that bad. Why the increase?

Wilkinson: There has been no information received as to why. It has increased 118% on the rural counties, but no analysis made yet. I don't know why. From our perspective, the increase has been from the increase in inflation of the economic condition in our county.

We have been able to reduce it since our nursing home is on a subsidy. Sen. Smith: Don't you think we have to rank those people that don't need services and those that abuse the privilege?

Wilkinson: If you were going to take any two counties at random you could not find any two counties administering it the same. I think our rural counties are more liberal. There are 11 counties that have a welfare program. We think it should be built into all counties. I think we are not being liberal. Anyone receiving the services works for them if they are able.

Senator Haffey: How are the general assistance funds distributed? I would like to get an understanding of what rank might mean if the counties distribute their funds. Is there criteria for county by

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county? Ed McCaffree, president of MACO, said part of the difference in this is the fact that in rural counties you know almost everyone receiving assistance. We weed out the people not needing the assistance. Maybe with this advantage we have fewer people. In many cases we have denied assistance, have been called in for a fair hearing and in every case we have lost. Perhaps because of fewer people, we can screen closer. Someone knows them. Sen. Haffey: In terms of criteria, what is used in Yellowstone to weed them out? Jim Straw: The commissioners do not get quite as deeply involved as in some of the smaller areas. I do know there are some guidelines. When I talked to the welfare people and started trimming the budget, they would say that is mandated payments that must be paid. The Chairman in Yellowstone is very conservative. We often get the transient type of people there and we are mandated to do something for them. Sen. Haffey: You have eligibility technician and guidelines established? They are probably not as personal as in the rural areas.

Senator Van Valkenburg: John LaFaver, do you have any comments on the League on their objections? John LaFaver: They are not objecting to any provisions. I have an idea in the back of my mind--no longer should the counties' poor fund have to pay any bill at the hospital centers. Now, a person who comes into a hospital and can't pay it in 3 or 4 months, the hospitals go right to the poor fund. The poor fund is expected to pay whatever bill is presented. The people could pay it off in 5 or 6 months, but this is a convenience to the hospitals--we have to look at changes. A lot of the concerns of the League of Women Voters are my concerns and concerns we have today. I share with the concerns this special session as a narrow focus and these are stop-gap measures to take care of the immediate situation. In 1983 and '85, we will attempt to take care of the whole picture and clean it up.

Senator Regan closed the hearing on these three bills by saying she has a report prepared by the LFA analyst on the poor fund levy. Consider it in terms of effort. The committee did probably lack information it needed for the file. I will have copies made for the committee (attached exhibit 4). I would make one comment, that I find that in 3 of the counties using the least amount of levy where the poor fund was in the upper one-half of dollars paid per person and the counties using the highest percent of their levy paid the lowest per person. These figures are misleading. Look at them in depth.

Senator Himsl thanked the people for testifying and said we would recess and take executive action later. The committee would then stand at recess until 1:30 p.m. this day.

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The committee convened at 2:02 with the Chairman calling the meeting to order saying House Bill 2 would be before the committee for any modifications or changes to be discussed. He asked the sponsor, Representative Donaldson, if he would review for us some comparison of the estimates.

Representative Donaldson, Chairman of House Appropriations Committee and chief sponsor of the bill, said he would like to express his appreciation for the support the committee gave him during the hearings. He said he would like to make an announcement to update the committee. There was a meeting of the audit committee to discuss whether the Universities had a problem in complying with H. B. 2. There is no problem. There is a question that, if the MSU enrollment increases, they will have a difficult time; but they said they can comply with the law.

Representative Donaldson said he would give a brief overview of what we feel is an estimate of concerns we have--funds payable, revenue, how to keep the state in the black. I have had a sheet prepared at my request (attached, exhibit 5) by the LFA. I was concerned by the discrepancy between the budget office and the LFA at the original presentation. We have been looking at reconciling the differences and I have had this visual presentation prepared. Nobody has a crystal ball, but based on pretty firm figures, we are just trying to point out some concerns. Representative Donaldson showed large charts with colored strings to show the rise and decline of the revenue and expenditures. He said it is the concerns they have that in 1982 we find revenues drop below expenditures. In concern now, but it will be down the road, when we don't have a surplus to back us up. He said there is a \$40 million one-time expenditure this biennium. The next chart shows total available resources. This includes general fund and school foundation program, and both reflect the needs of the general fund dollar. In the beginning, we find \$100 million in cash balances. It was the intention of the last legislature to reduce it. The red and green lines on the chart are a continuation of the last chart and show revenues below expenditures. This chart is projected on the recommendations of the subcommittee. There would be a \$5 million difference by 1985 between the revenues and expenditures.

Representative Donaldson advanced to the next chart which showed the revenues less than expenditures and declining total resources. The charts before indicated 8% without more program being added. In my mind we would get to the point where the reserves will be below the expenditures and then we will be in trouble and we will not be legal. The Interest and Income school foundation program. There is a sizeable chunk of money coming into the area by oil and bonus payments. This is over one-half of the Interest and Income money.

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Our concern is with 75% of the land leased now and not all of it has oil; a lot will never be leased. There may be greater exploration and less leases. We think this will drop off and we will lose a great chunk of revenue. If we don't anticipate this, we could buy ourselves a great chunk of trouble. We are already seeing some drop off now where it had jumped in '79. There is around one-half of the amount of acres leased now, 1.6 million acres altogether. 1.2 million acres were leased in one year and there is 1.5 left to lease. We leased in one year almost the entire amount left to lease. We cannot expect the revenues to continue to increase as they have in the past few years. General fund estimations were close to OBPI -- oil and gas leases are the main difference between the two estimates.

Representative Donaldson introduced Representative Cozzens who was the chairman of Committee III. Many of the committee members are familiar with that bill and it would be my suggestion that, in the interest of time, the committee present the bill, then we will have questions by the committee members, then the agencies, and questions from the committee, then the public input. We will be hearing Committee III first as a convenience to many of the people who are interested in that section of the bill. Following this, we will go back to I and II.

Representative Cozzens introduced the Subcommittee III members. He said we would start on B9 of the attached green book titled "Report to the House Appropriations Committee by the Joint Subcommittees I, II, and III" (Subcommittee recommended changes to House Bill 500).

Since much of the testimony of Representative Cozzens and other committee chairmen will be on the white pages following the grey (which is the bill), the minutes will contain reference to the pages, attach the book, and add only those comments not recorded in the green book.

Representative Cozzens read on page 9 and explained the total savings as the final figure on Table 1, B10. He named the three major changes as listed under Federal Changes at the top of Table 1, B10 and Table 2, B13. He said they had 3 additions. One was the SSI court cases, and explained that in the east the courts had made some decisions that would probably come down as binding on Montana soon. The day-care issue, and Developmentally Disabled in the Medicaid area. These are shown on B12, B16 and B18. Explanations on B20, 21 and 22 were discussed, and script is on these pages. Administrative Savings from Reorganization are listed on B23 and DDD on B24. Page 39 of the House Bill No. 2

(1st SS) line 13 and following as item 7 was referred to as the HRDC issue. He explained this would let the counties decide how to handle the money, and they could still use the HRDC if they so desired.

Question from Senator Keating: On page 39, line 14 of the blue bill, where it says 50% of the funds, etc., then on line 21 after "public hearing" SRS shall develop a formula for distribution. That is not real clear to me. Does that mean SRS shall distribute the remaining 50% or just develop the formula for the counties?

Representative Cozzens: SRS shall distribute first and, after hearings, divide out the remaining according to the formula.

Senator Keating: It is unclear to me whether SRS will make the distribution of the remainder or the counties. Rep. Cozzens: The intent is that the remaining 50% will go to the counties for distribution. Senator Keating: Then the first sentence means all the funds will be distributed by the counties.

Senator Regan: I would like to address the same amendment. The Director of SRS is here. I am having a great deal of trouble with this. I would like to ask Mr. LaFaver to comment on this to see if he recommends it and what he perceives as the net result. It seems complicated to me to take the Indian and Administrative cut out of them and to distribute it.

Senator Himsl: Let's wait on this. We will ask for the explanation of the bill first from Representative Cozzens and then we will hear from the agencies.

Senator Smith: In Eastern Montana we have several counties banded together to pool resources and distribute out of there. Representative Cozzens: If I understand the HRDC organization, it is all multiple counties. This means the county commissioners would get the dollars and they will make the decisions on how the money will be spent. I would perceive the county commissioners would say "How can we use it most efficiently?" HRDC would say to the counties that they have the working arrangements and could do it and, if they could sell the county commissioners, they would get the money.

Senator Smith: The amount would be so small that most of the counties share for HRDC would not really count.

Representative Cozzens: Representative Sales proposed this amendment and I really have no information on it.

Senator Keating: On B20, in Table 6, I would like to understand the terms on Title XX funds estimated by the legislature. Is that what we anticipate and was it written into House Bill 500 originally? Then the Title XX funds are the estimates by the subcommittee based on the block grant and there was actually a loss of \$7 million

between what we anticipated and what the subcommittee thinks are we going to get. The subcommittee has then increased the general fund budget appropriation by \$7 million to make up this difference. Representative Cozzens: B9, the Table and the explanation in the second paragraph explain this.

Senator Van Valkenburg: Back to the Community Services block grant. It is a fairly common assumption that if it is not broken, don't fix it. What's wrong with the present system that we have to change it at all? Representative Cozzens: This is the first opportunity that the state legislature has had to have much say as to where it could go. I think there was some concern exhibited that on the local level there is no one agency that has a say as to how much a family can get. There is no coordination. How much goes for fuel, food stamps, AFDC, etc.? We are thinking of a single umbrella for the welfare system. Senator Van Valkenburg: Were the counties asking for this change? Representative Cozzens: In some areas I have heard some concern that they don't know how much these services amount to. Senator Van Valkenburg: On the unemployed parent program, do you see any encouragement to breaking up of families? One may leave the home and go elsewhere so that they can qualify. Representative Cozzens: I guess I see the situation where one would probably have to leave to go find a job elsewhere. I don't think it too unreasonable when there are two able bodies in the family. Senator Van Valkenburg: I do. Are you agreeing it is unreasonable and that it can happen? Representative Cozzens: Temporary unsettlement. Representative Van Valkenburg: Have we taken into account the increases that are going to be on welfare by a single parent as a result of this? Representative Cozzens: That is very difficult to estimate how many. Mr. LaFaver: Perhaps as many as one-third of the cases may wind up on the county welfare. Abuses on this and some from other states, and perhaps getting rid of the abuses would counter many of them. Senator Van Valkenburg: The block grant and Title XX money because of the change in the state and federal fiscal year. Does it come about because of timing of our special session and our acceptance of the block grant? If we had met in December and advised them, would this have helped? Representative Cozzens: It is my understanding it was the Title XX block grant that has been accepted in October. Senator Van Valkenburg: How, without legislative authorization? Representative Cozzens: SRS could take the initiative.

Senator Hims1: SRS makes the application and it goes into Washington along with a plan. If the secretary approves it, then the block grant has been granted for all practical purposes.

Senator Haffey: On B22, and the blue copy of the bill, I am trying to follow it, but I have some concerns about the energy assistance program. Following the 10%, I understand we could get about \$17 million over the 2 years coming into the state from the

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federal government to help low income and older people meeting the criteria. We have the latitude to take 10% of that and use it in the State of Montana in the SRS budget. Cozzens: On B9, line 5, the \$834,362 for each year, that is \$1.6 million. If it were not there, we would have to appropriate the amount shown in line 3 for SRS. It would mean that many more dollars. The \$487 would have been \$834 higher, (etc). With regard to that, the Subcommittee and House sees the need for funding SRS in the social services area on an ongoing basis of \$830,000 higher than otherwise would appear in the blue version of the bill. Representative Cozzens: If not in there, the blue bill would have \$1.6 million more for general operation of SRS. Senator Haffey: What particular services of SRS that are offered to the state need that money? Representative Cozzens: SS programs, disabled, Medicaid, etc. They have a higher priority. Senator Haffey: Suppose we did not have that to transfer, what would have been (hypothetically) the thought relative to the needs of SRS for developmentally disabled, etc. Representative Cozzens: We would have had to look at the total SRS program and determine the priorities. Senator Haffey: As of now, it appears you are saying SRS needs \$1.6 million special medical disability and, had there not been money, you suggest it would have had to come from the general fund. If the needs are there, in all likeness it would not have been funded.

Senator Hims1: We will question the one who presents the bill, then ask the agencies, then third the public if they have a contribution. Let's keep the testimony brief.

Senator Haffey: On the other side of the energy assistance thing, the need for the \$1.6 million--what's the full reason for thinking the \$1.6 million is not going to be needed on a normal winter in Montana? Representative Cozzens: The program began in '77 and the funding level was right at \$1 million. It was \$6 million in FY'80. It was a large jump in 1980-81 with \$6 1/2 to \$10.02 million. We know that SRS was not administering this last year. DCA was; and we are all aware of the payments made and the credits, with the suppliers. Until yesterday, we were not sure of what the bottom line of credit was. \$200,000 to \$1 million was made in overpayments last year. It was reported there may be \$850,000 of credits they have not accounted for and we will not know the total until late December. We are dealing with about \$1 1/2 million that can be used for this year. We are reducing this year's allocation by appropriation to \$7 1/2 million. If you add back on to this the credit out, then we are now dealing with about 8 1/2 million for this winter. This will still be about a 30% increase over 2 years ago. The net effect of the committee action is that this is still a lot of money and people will not be freezing to death.

Senator Haffey: 16,000 were served according to your statistics. Not all households were heard from, would they end up as eligible.
Representative Cozzens: No. I think SRS is tightening up the qualifications and should be more efficient. Senator Haffey: Do you know if 2 years ago was a normal winter in Montana?
Representative Cozzens: It was harder than last year.

Senator Himsl: Don't go away with the impression there was any dishonesty here by the agency distributing the money. There are balances in MDU and MP granting credit on the current balances. Other distributors have about \$300,000. The applications came in late. Some as late as April or March, and they were granted on the basis of last October. They reimbursed them. There is a difference of philosophy. The attitude has changed, and they are now credit balances. Don't get the idea there was any mismanagement here and that these funds are lost. These funds are not only for fuel, propane, and electricity, but some gas and water bills, etc.

Senator Himsl asked if the agency had any additional information for the committee.

John LaFaver, Director, Social and Rehabilitation Services, said that first he would like to thank the committee and the subcommittee for the work they have done on the SRS budget. With few exceptions, the strategy and approach we used was accepted. We tried to tighten eligibility and administrative costs to offset the cuts. Three of the areas are: 1. Low Income Energy Assistance. By action of the subcommittee is actually to transfer \$1.7 million from federal funds to state general fund surplus. We have obvious objections; we feel this is a violation of federal intent. This could be used to show that the states are not using it but are adding to the state surplus. There is a 30% cut in those funds from last year. Utility bills have gone up since last year, and last year was an easy winter; therefore, a cut of more than 30% could be drastic. This program, more than any program, needs a cash balance to start the winter. Congress does not get its act together until December when our winter is half over. The arrangements must be made so that people get it in October, or when the days get cold.

2. The amendment (Sales amendment) was put in late at night and would mandate to SRS that money used to support the Human Resources Development Councils (HRDC) would be transferred to the counties. There was not given a chance for a full hearing for this drastic a change. I have some questions on this. How is the money to be distributed? It lacks accountability. We need to report to the federal government. They look to the state to account for the counties, and there is no power here or authority given to SRS to assure that the money is spent in accordance with federal mandates. It seems to me that the approach of appropriation may not be so bad

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We have looked in times past and explored how to cut it and, also, it appears that at the local level there is not a body that can set all priorities. We need to sort it out and see if our decision-making ability cannot be put at the local level. At this time, it can mandate us to do it in such a time frame that none of us would be proud of the results.

3. The Administration has asked that some attention be given by the legislature to provide a contingency in case of further federal cuts. We are reading in the papers now that the president may make another 5% cut in the block grants. We have no real say in the budget, especially in the Medicaid and Developmentally Disabled. If a 5% cut is not made up, the result will be \$15.2 million in program cuts. We could eliminate all the optional services and still not save that much money. If the mandate of the legislature is for another session, I suppose we will live with it. We are going along with the idea that it will go along and yet each day it becomes clearer and clearer that there will be more cuts.

Senator Smith: One comment: There are many states now, Washington \$600 million they have said. This is cuts in line in addition to the cuts from the federal government. We are lucky we have a surplus. Two years from now we could have a deficit.

Senator Dover: You speak of a cash balance in the low income energy program. Do you consider the money out now is a cash balance for this year, or what? Mr. LaFaver: Now individuals have cash balances in there and they will have a cushion. Individuals who do not have a carry-over or are new this year don't have that cushion. We need a cash balance to start the program with.

Senator Dover: In regard to the money to counties and the accountability, you admitted to the fact that maybe what we are doing is not all that bad. Mr. LaFaver: In a requirement such as you have, what is the amount of population you get? In this amount of money, you are, in essence, telling the counties that they can use it for anything. If at any other point in time you should develop a structure where SRS could contract with the counties and you could assure it was what the feds would expect from the funds, then it would be something useable.

Senator Himsl: I would like to see if we can verify some figures on this amendment from the House. \$1,083,262 is the information I have. Is the figure here incorrect? The original total, Montana's share was \$389 million dollars, but now I understand it has been cut back to \$225 million. Montana's share of that is only going to be \$833,000, and that seems to be correct as of today.

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Mr. LaFaver: I would lean on the \$833,000 as closer. Senator Himsl: The state can take 5% of this off for 5% for State Administration and 10% for Indian Tribes and this would leave \$712,000 for the entire state to distribute to 10 Human Resources Districts. However, if distributed to counties the \$12,700 will then be on population basis as well as a formula, and some counties would get virtually nothing. Mr. LaFaver: That is true. The very small counties would get very little.

Senator Jacobson: How wide a scope do you perceive the counties as having to utilize the monies? The funds used on the causes of poverty, it looks like they could just put it into the poor fund. Mr. LaFaver: That is a possibility. Some counties could do it. When those decisions are made at the local level, there should be a lot of public comment.

Senator Story: How about those unused funds in a credit balance to recipients to last year's program and, if again eligible, will they be appropriated again this year? What if they are no longer eligible? Mr. LaFaver: The specific audit we are looking at now we will receive those funds. In some instances people paid in their own money as the program started and they had a cash balance, but under federal law the first money spent was the energy assistance money. In many instances, the balances are the money the people paid in themselves.

Senator Wolf made a request to hear Representative Sales as to why the amendment, and Senator Himsl said that would follow the report and questioning of the agency.

Senator Haffey: I have two questions: The \$10+ million available from FY '80 to July '81, was that all paid out? That is the money that was available from the federal government. Of that amount, how much was distributed to fuel suppliers for accounts for eligible persons? Mr. LaFaver: \$10 million is in the LFA report. John Bebee, Legislative Fiscal Analyst: \$10 million, this was less the 10%. The original was \$12 million total. Senator Haffey: Does that mean some estimates range in the million dollars out in balance? Mr. LaFaver: The program, as opposed to the people who paid it, will total \$1 million. Senator Haffey: \$1 million or less. \$9 million or so was paid out to fuel in '80 and '81; is there a concern that after the legislature that a lot more would be eligible? Mr. LaFaver: They have an out-reach program that consists of advertising on T.V.. Whether or not it will bring in large numbers of eligible people, that does not now make it available to themselves. I do not know.

Since there were no further questions from the members to the agency, Senator Himsl asked Rep. Sales if he would like to address the amendment.

Representative Sales: I want to apologize to members of Subcommittee III for not having submitted the amendment at that time. The people here did not get an opportunity to voice their opinion at that time. I had no realization it could be addressed within the call of the Governor. I was talking to Mr. LaFaver about the fuel assistance program and that they had the opportunity to make changes in Congress to look at the eligibility, that the HRDC's would be audited, etc., and that got me on the track. After more research, it appeared that this could be done within the scope of the call. It is a change of philosophy, but the dollar amount is not that much when you sprinkle the use over the state. The change was instituted by Congress. Allowing in the '82 money, it goes directly to the people in a line from the federal to the state and to HRDC. However, in '83 it can go to the local governments and then, if so decided, it could go by contract to HRDC or any other private non-profit organization to carry out the programs. This is not an attack on HRDC's, as the press claims; that is not the purpose of it. This will merely direct it to the county action groups without going through the state. The HRDC, in many instances, are doing a real good job. I had little faith in the beginning. All this amendment does is to take whatever amount there is and put it down at the county level and gives the counties the opportunity to determine the way it will be spent. They can see if the project there has local value as to the one they will be dealing with. SRS and HRDC have had this opportunity; now, suddenly the counties do have the opportunity to tell how this money for general assistance will be used. It is wide open, but if they felt their HRDC was doing a good job, they can contract with them and continue it. I don't look at it as an attack on HRDC. SRS does have the opportunity to do the same thing I am doing here. It would be up to them. I kind of hate to see the decision made on a state level as to whether or not they could do a better job. The decision this way is made locally and they can say if the HRDC is doing a better job, than the SRS on the expenditure of the tax dollars.

Senator Regan: I have a question. I am somewhat concerned about the director's statement of a 5% cut. At one time we gave an okay to a contingency fund and then rejected it. If we allocate a single sum for a biennium, then how is this made? If the 5% cut came down the tube and then someone in there asked for a supplemental, what happens? Mr. LaFaver: I guess you would be telling me to assure that services would not be cut on the basis of a 5% cut. I am concerned in the developmentally disabled and the medicaid area. I have just received a note from Dave Lewis that word has come from Washington that an additional 3 1/2% across the board has been agreed to by President Regan and Congress. If that is true, we have a problem in disabled and in the medicaid area.

Senator Hims1: Would it not be possible to make a biennium appropriation if we had to do that instead of opening it in the blue bill there would be funds available through January 1983 when the legislature came in. You would still have 6 months of the budget to cover yourselves. Mr. LaFaver: I am agreeing with what you are saying, we would need the line item changes.

Senator Regan: I think our concern is that there will be some appropriation. I have suggested an appropriation be made here so it was a single appropriation in Medicaid and SRS budgeted Developmentally Disabled. Would you then agree that's the restrictive language that you could not overspend the budget expended in relationship as to cuts coming down from the federal government? Mr. LaFaver: If we could find other areas to cut, that would be first without cutting services. If not, then I would agree to a lump sum approach.

Senator Keating: You are talking about additional federal cuts. If a 5% additional cut was made you said it would take out \$15 million. Mr. LaFaver: In the Medicaid area if a \$5 million cut is made at the federal level, yes. If you have a \$5 million cut, to replace it you will have to cut off 2 1/2 times that based on the matching funds. When we cut back, we are cutting back program and you are getting a lever working against you. \$5 million in cuts come back in terms of program cuts 2 1/2 times. Senator Keating: A 3 1/2% cut. What are we looking at in dollars? Mr. LaFaver: I would have to get back to you on specifics in the Medicaid and DD area.

There were no further questions and Senator Hims1 asked if there were comments from the public.

Don Peoples, Chief Executive, Butte, Silver Bow, said he was usually advocating local control. This HRDC is not a situation where local government wants or needs local control. In my case, we are not interested in assuming these functions. They have been performing well and to add to your statement "if it ain't broke, don't fix it". They are providing some special programs and they are not necessarily dealing with the same people as welfare. They are in poverty, but not on welfare in many cases. It has kept many from being on welfare. I see the destruction of a structure, it has taken years to develop. The fragmentation of funds will destroy them. The HRDC's are able to have some of the programs that are important to keep people off the welfare rolls. Since local governments will probably put it in the poor fund, they will forego these programs. HRDC has an expertise to deal with these problems. I would encourage you to defeat the House amendment.

Charles Mahoney, ex-Senator, said, I think this is very important. Is there going to be no tie-down on the counties on the programs? Welfare or what: I think you would be in trouble federally by just dumping it on the counties. Let's not change the rules at this short a time in a special session. Let us wait until a regular session. On fuel assistance: This total now becomes different. Another 3 1/2% cut. I hope you will go a little slow on cutting the Fuel Assistance Program. Elderly people get sickness or whatever and then they are in here and there is no money. What about the guy that gets in trouble in January? We won't lose the money. The general fund is getting it if it isn't needed. Let us hold those funds for now, and please don't change the rules in a special session.

Harold Guthrie, Livingston, spoke on the fuel allocations, and his statement is attached. (exhibit 5).

Elmer Sear, ex-county commissioner from Mineral county, said he is interested in the HRDC. I told them it was taxpayers' money and so I sat on the board, and I learned a lot. The board consists of 3 segments of our population -- lower income, public and private. How much closer can you get to the people than the HRDC? These representatives are selected by their own groups. He explained that, when he was on the board, it was with Missoula and it came out of Denver -- 1965. The commissioners felt something would be gained by combining with Missoula. In 1974 Ravalli county became absorbed into it. If you direct the funding direct to the counties, you are taking away an opportunity. If you hand it to the commissioners it is their responsibility and you will be handing them a hot potato they will not know what to do with. It is not one of their duties in order to get your funding to the areas you need to get the people involved that are concerned with it. I would like to recommend that this amendment be defeated.

Virginia Jellison, County and City of Missoula, said she represents the commission on the HRDC and represents the public. The majority of the commissioners in Missoula support the present system and they want it to continue. It is also a good neighbor policy with the other 2 counties they are with. The rural counties in District 11 would not get as much money in as they do now. We feel the present delivery of services is more efficient than the county method. We are concerned about the hasty decision made on this amendment and feel it could backfire and it could be more of a headache than help to the counties. Also, we could lose the federal intent to administer to the poor. They are advocates for the poor, and you do have to have a separate agency to do that. No specific guidelines are in the amendment. What is the criteria for determining the match? Who gets the money? We oppose the discontinuation of this program. Simply a shift from state to local government, and local government will have to take up the slack. We also feel it will affect family relationships. Low Income Assistance Program: That money may be needed. We will be glad if it is right, but we don't know what

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will happen. Keeping people warm is as important as keeping them fed.

Melody Bowen, Missoula, said she was concerned about the Energy Assistance Program. I see a lot of cold winters. This is a subsidization of Montana Power. To continue this program we continue to subsidize Montana Power. The people who need it are the people who need to weatherize homes, etc. We don't need to funnel this money into a company that is richer than any company deserves to be.

Edna Fry, Superior, spoke of the HRDC's and said they represent a lot of unemployed people and, if they lose their money they lose their programs, they lose their offices, and welfare will have to take over.

Harold Lien, Noxon, gave testimony, a copy of which is attached. (exhibit 7)

James Sloan, a miner from Boulder Dam, said he lived through and remembered the depression and help didn't come from anyone but themselves. In here, since HRDC, all these people have a lot of going out and doing it yourself to it. They have helped people to contact people, and HRDC is really helping people out there. I think it would cost thousands of dollars to change over. This is a setup where people know them. I think we will lose "Meals on Wheels", dinners out, youth groups, a lot of things. Especially in Butte, they have done a wonderful job.

Bob Peterson, a 28-year-old veteran with one child, unemployed and no funds -- said the safety net is in there to catch us. I am not receiving any AFDC payments. It has not become necessary--yet. I tried to pull myself up by my bootstraps and the soles fell off. You can't get a job if the job isn't there. The people who say "I made it on own" made it in a different economic circumstance than today. Some parts of the bill may be good, but let us now throw out the baby with the bath water, let's go against the whole bill.

Questions from the committee follow:

Senator Keating: Is there anybody here who runs an HRDC?
Larry Dominick, Kalispell, said he did. Senator Keating. How many programs do you contract with SRS? Mr. Dominick: Fuel assistance and weather assistance. We have youth employment, sick screening, HUD, contracts with other state and federal agencies. As a private nonprofit organization we can contract with any state or federal agency. The Community Services block grant would affect all our services. We use it as a basis of

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support for all our programs. If you take the Community Service block grant program out, you are affecting all the programs we operate. Senator Keating: Who are you paid by? Mr. Dominick: Our Agency pays for most of my salary. I can run all these programs from this. Senator Keating: Is the Community Service block grant subsidizing other programs? Mr. Dominick: I have been able to assist with similar assistance programs, the Columbia Falls Community Development Grants, for example. Senator Keating: You are talking about doing the paper work? Mr. Dominick: Technical assistance, paper work, community help. We can take this funding and turn around and turn it over several times. Senator Keating: Can't you charge them a little? Mr. Dominick: We do. Our effort is to get the most out of what we spend. Senator Keating: It sounds to me like a lot of money for some of these communities for other means, and this program grant is subsidizing it. Mr. Dominick: That has been the purpose of it. Senator Keating: If you talked to the counties, would they still contract with the HRDC to do this? Mr. Dominick: It is possible. However, if they elect to do that, they would also have to assume the obligation for all these other programs too. Senator Keating: In regard to Medicaid funded in this program, I would ask the LFA, is the Medicaid a block grant that will be reduced by the negotiations between the House and Senate? The 5% cut -- is the Medicaid portion on this? An LFA staff person answered that they would contact them in Montana. NCSL people I talked to then said Medicaid was not considered or the 5% on any cut in 1982. They indicated that the chairman on Appropriations who had proposed the 5% cut, Senator Dole in the Finance committee, was against any more cuts in Medicaid in 1982. I could not get anyone in Washington today since it is too late. Senator Keating: If we are talking about setting it up for a biennium appropriation instead of part for each year--if no cut and we know what we are getting, there is no necessity of doing this. Mr. Lewis: The information we got is that an agreement between President Reagan and Congress has to be voted on before midnight tomorrow. Through October 1, 3 1/2% cut. All uncertainty will be stilled tomorrow. My information this time is all of it, including Medicaid. The hearing on SRS was closed, and the committee went on to Labor and Industry, B7.

Representative Cozzens said on the blue bill, page 32, and the green book, B7, on the changes affecting the Dept. of Labor and Industry general fund impact from the changes in these areas. All are in other funds. It is summarized on top of page B7. There are four changes in the labor standards area. Additional authority for 1 1/2 FTE in service to veterans. This was a budget amendment by the department and language was also approved. The employment and training area resulted in losing federal authority because of CETA. This is a loss of 9.6 FTE in '82 and 10 in '83. The Migrant Youth training was transferred from SRS and had been in DCA before. Employment security is the fourth, and the language that goes with this change is on B8. The testimony from Hunter was that all job service centers would be able to remain open in spite of these cuts.

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There were no questions to Rep. Cozzens from the committee and the Chairman asked for remarks from Labor.

Dave Hunter, Director of the Department of Labor, said the department and the committee have no disagreements on the numbers on the bill and recommend the acceptance of all under the block grant and these numbers take out the spending authority for the funds they have lost.

There were no comments from the public.

Chairman Himsl thanked Rep. Cozzens for his presentation and called on the Chairman of Subcommittee I, Representative Moore.

Representative Moore thanked the committee who had worked with him on the subcommittee and said the members should turn to page D1, the Alcohol and Drug Abuse division. Other than what the subcommittee did, the only changes in Institutions was what the House committee recommended, the \$13,000 in the Women's Correctional budget, and line-itemed contingency-funding construction, and the full committee to restrict the Department of Institutions from spending all the 1983 block grant funds and insure they are carried over for the last quarter of the federal fiscal 1983. D1, Alcohol and Drugs. They anticipate a shortfall. Language on D1, change 1, 2 and language. He said D3 is the Community Support program which is a demonstration-type program on federal monies. D4, Mental Health with expenditures of \$83,747 in '82 and \$201,189 in '83. He said this would give the Department of Institutions some flexibility in the allocation of the mental health portion of the Mental Health and Alcohol and Drug Abuse block grant. We recovered \$252,468 general fund money by changing the spending authority.

Questions from committee members. Senator Van Valkenburg: Before I came to Helena my concern in my community was about funding for the Sheltered Care program. Is there sufficient appropriation? Representative Moore: Not brought up in committee. There were no witnesses who brought it up in committee.

Carroll South, Director of the Department of Institutions, said he had a few comments. The department does support the bill in the form in which it comes from the House. I think we got a fair shake and a fair hearing.

Senator Van Valkenburg: Could you fill me in on the situation on Shelter Care? Mr. South: Two things happened with the budget. One thing, it got left out of the budget and, rather than increase it after the budget was already in the budget office, it was not reflected by the budget as approved. Second, the area of grants was not authorized with any inflationary factor. We do believe we

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are short in our Shelter Care budget. We had a meeting and Mr. LaFaver and myself made a commitment that none of the Shelter Care homes would close. I think some of the homes were over-allocated. We do believe we can take care of it. If it was in trouble, I would go to the Crime Control Board and ask for funding. Senator Van Valkenburg: Do they have the money? Mr. South: I understand that they have about \$70,000.

There were no further questions on the institutions and there were no public comments.

Representative Moore: The other day in the House chambers I was happy to see so many senators over there listening to the explanation, that way I felt I could be short. Section E is on Other Education, and Mr. Shively will be with me from the LFA office on this section. The superintendent of OPI came in and asked for general fund money for replacement of federal funds within general administration support. This is vo-ed money and, vo-tech. This is explained on E1. The subcommittee went to work and in the general office, we took scenario 1, 2 and 3. We used the middle one, and I think that may be amended since we did not take into consideration some things that would possibly make it a subject for the worst scenario.

The School for the Deaf and Blind, E3, and Income and Interest money was used to replace federal funds that were lost to keep an ongoing program they needed for the students they have there. He said the University System requested no funds.

Questions on this section started with Senator Regan saying it is just in a matter of general information that I have a question with CETA. Did we fund any other CETA programs except for this one? Rep. Moore: No. Not in our area. This was the only one picked up. The program was an ongoing program. About 20 students in there and they are the type of students that cannot go into the interpreter tutor program. They classify them as "fringe kids" and they are up to the total program. Some are less than junior high kids. Senator Regan: This will become an ongoing program? Rep. Moore: It has been, but will become one by the state.

Senator Himsl: Is that an outreach program? Rep. Moore: No. These are almost mat children. (children that lie on a mat)-- 374 throughout the state. There are some of these people who go out and check on the kids that have been placed back in their home counties. They provide them with library materials, etc.

Senator Haffey: In our subcommittee when federal programs dry up, funds dry up and programs go away. You talk about exceptions, the public instruction superintendent, school lunch programs. Where it appears there is, some are stopping. Are you taking on the superintendent's criteria? He might consider the school children as an area where the state might pick up where the feds had stopped. Rep. Moore: My philosophy is those programs that we don't need, let them go, but the programs that are for the handicapped or infirm and some in the schools must be cut out.

Senator Haffey: On the school lunch program - if the superintendent thinks that they will have problems, it is a logical good for state funds. Rep. Moore: Yes, and he said if the program became in jeopardy, he would be back in the '83 session. The school year in '83 will only have 3 months, October, November, and December before we meet.

There were no questions from schools or agencies, none from the public, and no further comments from the committee, so Senator Himsl declared the hearing closed on Committee I and thanked Representative Moore for his presentation.

Representative Moore: I have on Long Range Building, one item on military affairs, renovation for the emergency center. The Governor had requested it along with House Bill 500. The committee approved the \$75,000 to change over the emergency power system and a couple of emergency exit doors. We tried to get a separate bill and the Governor said put it in House Bill 500. This was discussed in Rules committee this morning, and there will be an amendment in the amount of \$75,000 for the improvement of the emergency center. This is equipment, a generator for \$34,000, 2 doors, \$10,000, \$5,000 for underground fuel tank, 20% for overhead for \$9,000, A & E and inflation in at \$3,000 and a contingency of 10% making it \$74,067. The committee is available and if the committee buys the amendment it should not be in a separate bill, since it is LRB.

Senator Himsl: Will someone propose it? Senator Smith: It is in here. Senator Himsl: What is the source of funding? Rep. Moore: Federal funding.

Senator Dover: If some contractor doesn't bid that much, where does the money go? It will be on page 30, line 7.

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Mr. Gilbertson, Administrator of the Disaster and Emergency Service Division for the Department of Military Affairs, said he would leave written testimony (attached as exhibit #8) and asked if he should testify now or later, and Senator Himsl said we would take his testimony now.

Mr. Gilbertson said we took about \$75,000 for the emergency center. That is also the area where we work day by day. It is located in the basement which is used for emergencies also. We have greatly upgraded the communication in the building and we support the high-way microwave, etc., on all their emergency power. We are greatly in support of this. We have a whole list of priorities there for funding but we are asking the federal for this which is all the federal money which is available for 1982. If it is not all used here, we can use it in other areas in the A & E Division.

Rep. Moore: The committee is wholeheartedly in favor of the project. Our only difference was the means of getting it introduced.

Senator Aklestad: Did I hear you say you are putting in doors at \$5,000 each? Mr. Gilbertson: At the present time in the day to day operations we have two exits. In back is the area we use in disaster. For instance, 80 people worked out of the area for about 2 weeks this spring. There is no fire escape. We are proposing a couple of emergency exits so we could get out of the back room in case of an emergency. Senator Aklestad: You must have big holes. Mr. Gilbertson: This is two floors underground and the building was built in WPA days and the walls are very thick. It is strictly an estimate. Senator Aklestad: Are there bids taken on this? Mr. Gilbertson: That will probably be handled through A & E Division. It will be bid and whatever other requirements are needed to follow the federal bid requirements, also the states. Senator Aklestad: I was concerned that there was a contingency fund with one other agency, and here is one. Item #7. Mr. Gilbertson: I can't really address the costs on that. I wrote a breakdown and it will be formally bid. It is still a guess to give you an estimate as to where it will be.

Glen Leavitt, OBPP, Architecture and Engineering (A&E) Division, said that A & E always includes a contingency when they are putting a budget together. In case you run into trouble, bids may come in for less than this and they often do, but it is there if needed to cover the bid.

Senator Himsl: Suppose the bids come in materially less? Mr. Leavitt: HB 66 authorizes budget amendments under \$25,000 can be approved. It cannot be transferred and be used for operations.

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There were no further questions from the committee, and Senator Himsl closed the hearing on Committee I. He thanked the committee for being very cooperative and said we had Representative Hurwitz left with Committee II and we would adjourn until 9 a.m. tomorrow. He added that perhaps we might hear something from Washington and it could have some bearing on this committee's actions.

The meeting was adjourned.

Senator Himsl, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981 Date 11-19-81

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart	✓		
Senator Story	✓		
Senator Aklestad	✓		
Senator Nelson	✓		
Senator Smith	✓		
Senator Dover	✓		
Senator Johnson ^{Wolf}	✓		
Senator Keating	✓		
Senator Boylan	✓		
Senator Regan	✓		
Senator Thomas	✓		
Senator Stimatz	✓		
Senator Van Valkenburg	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Himsl	✓		

DATE

11/19/1981

COMMITTEE ON

Finance & Claims

SB 4, 5, 6 - HB 2

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppos
Robert O. Wild	Mont. Assoc. of Parents Child Care + Discover Children Home	5	✓	
Margaret Sullivan	League of Women Voters of MT	6		
Judith H. Carlson	SP-3	4, 5, 6	✓	
A. R. Higgins	Miss. County	4	✓	
Jim Straw	Yellowstone	4	✓	
Bob Gourford	Toole - Maco	4	✓	
Ed McLaughlin	MT Assoc. of Co.	4	✓	
Mike Pugh	MACO	4	✓	
Constance Blitt	"	"	✓	
Ken Luttrell	District HRDC	2		✓
Frank C. Carr	District HRDC	2		✓
John Star	District HRDC	2		✓
Agnes Kappa	Miss.	2		✓
Sandra Spivey	Miss.			
Charles H. H.	Delaware	2	✓	
Doc Goss	Mont. Assoc. of Parents	1, 5, 6		✓
Shirley Rammer	Leg. Action Comm. AD			
Ken Rutledge	Montana Hospital Assoc.	4		✓
Deanne Lyman	MTWV Human Resources	2		✓
Robert Van Orsdel	Self			
NICE MALES	Environmental Ind. Corp.	1		
Ed Kennedy	Carbon Dioxide Health	2		✓
Nicki Wilk	" " "	2		✓
Wayne Buchanan	MT School Boards	2	✓	

(Please leave prepared statement with Secretary)

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
T Cohen	OBPP			
Carroll Sander	Dept of Just.	500		
Melinda Berman	Self	2		✓
Richard Smith	self	2	✓	
Don Peoples	Battle Silver Bow	2		✓
Charles F. Edwards	Health	2	✓	
Ursanne Sylva	Dept. of Health & S.	2	✓	
Suzanne Nybo	Dept. Health	2	✓	
Ken Rutledge	Montana Hospital Assoc	2		✓
Cliff Prosser	LEA	2		✓
John D. Johnson	Dist 4 H.P.O.A.	2		✓
WADE WILKISON	LISCA	2		✓
Rita R. Blaker	myself	2		
Karen Strickler	LWVMT	2		
Pat Petaja	MHSA	2		
Len Beard	DNRC	2	✓	
Dave Lewis	OBPP	2	✓	
Pauline Voering	OBPP	2	✓	
Ann Evans	Agriculture	2	✓	
Walter M. Dwyer	Dist. 2	2		
John Anderson	Dist. 5	2		✓
Steve Meyer	MACD	2	✓	
JOHN FILZ	DDLAC	2	✓	
Shirley Rammes	DD Leg. Action Comm.	2	✓	
Constance Shea	HRC - Dist VII	2		✓
Dorinda Manning	HRC - Dist VII	2		✓

DATE

11-19-81

COMMITTEE ON

Finance & Climate

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Delicia Jackson	Math. Annu. Commission	HB 3		✓
M. J. Jones	D. & XI HRDC	HB 2		✓
Glen Leavitt	OBPP	HB 2		
P. Booker	OBPP	"		
Sandra E. Hreeg	DEBIAAOC	HB 2		✓
Esther M. Cyr	Dist 11 HRDC	HB 2		✓
Esther M. Cyr	HRDC "	# 2		✓
Charles N. Mikomy	AARP	2	Amend	
Arnold Gerhart	HRDC LISCH	2		✓
Anna Anderson	LISCH	2	Salv. Amendment OBPP 11/18/81	✓
Paula Depina	HRDC			
Kevin Stoulin	DHES	2		
John Anderson	DHES	2		
Cl. Robertson	DMA-DES	2	-	
Eric Malloch	Dept of Commerce	2	✓	
Vance Leifer	Dept. of Commerce	2		
Bob Peterson	self	2		✓
Ann Kania	self	2		✓
Andrea Southwick	self	2		✓
Ann Kania	"	2		✓
Paul Hinton	Dept of Labor	2		
JOHN LAFAVER	SRS			
Francis Olson	OBPP			
George Harris	"			
Joe Weiss	OBPP			
Ann Kania				

MONTANA ASSOCIATION OF COUNTIES
FY 82 Budget Analysis

(Courtesy of MACo)

Form 4256 Counties

Mills Levied

State Publishing Co. Helena, Montana	co. class	Value of one mill	General Fund	Poor Fund	Bridge Fund	Road Fund
Beaverhead	4	\$ 15,803	20.0	6.50	5.0	13.0
Big Horn	1	108,103	13.75	1.89	3.40	11.92
Blaine	2	33,985	17.38	2.78	6.00	14.25
Broadwater	6	7,574	23.72	5.75	4.00	17.25
Carbon	3	26,613	16.81	4.11	3.50	12.49
Carter	6	7,707	22.00	4.0	4.0	15.00
Cascade	1	95,262	25.00	13.50	4.00	14.25
Chouteau	3	28,692	17.93	2.22	4.00	14.25
Custer	3	20,255	21.73	6.31	6.00	14.25
Daniels	6	8,704	24.26	1.86	5.00	17.25
Dawson	3	27,190	23.00	5.20	6.00	14.25
Deer Lodge	4	15,353	86.85	13.50	gen. fund	gen. fund
Fallon	2	65,856	7.242	2.147	3.639	11.937
Fergus	3	23,356	23.82	7.38	3.00	12.00
Flathead	1	85,037	23.40	6.615	3.567	12.00
Gallatin	1	60,000	22.71	5.03	3.91	12.00
Garfield	6	6,690	27.00	13.50	4.00	17.25
Glacier	2	47,745	10.04	7.82	4.00	12.00
Golden Valley	7	4,377	24.00	1.00	3.00	15.00
Granite	6	5,928	27.00	13.50	4.00	5.00
Hill	2	43,775	9.514	7.221	4.00	14.25
Jefferson	5	11,566	27.00	12.36	6.00	17.00 + 2
Judith Basin	5	10,017	27.00	2.41	4.00	17.25
Lake	3	28,003	12.00	13.50	4.00	14.25
Lewis and Clark	1	57,401	22.27	9.02	3.10	13.31
Liberty	4	18,961	13.00	10.00	4.00	17.25
Lincoln	3	31,111	-0-	11.67	-0-	-0-
Madison	4	14,250	12.11	6.52	2.52	12.52
McCone	5	11,932	21.78	12.41	4.00	17.25
Meagher	6	5,329	27.00	3.83	4.98	18.00
Mineral	7	4,891	24.04	12.90	1.40	-0-
Missoula	1	137,196	24.601	10.47	2.708	12.851
Musselshell	4	23,964	15.13	3.15	3.23	7.47
Park	4	18,803	21.00	9.14	4.00	14.25
Petroleum	7	3,371	12.00	1.00	4.00	6.00
Phillips	3	26,646	15.00	3.10	6.00	12.00
Pondera	3	23,460	18.00	5.50	4.00	14.25
Powder River	1	63,481	13.56	.80	1.50	8.00
Powell	5	12,503	23.00	10.00	3.00	5.00
Prairie	6	5,669	27.00	13.50	3.83	11.02
Ravalli	3	24,236	13.42	12.93	3.73	13.93
Richland	1	106,320	5.30	3.40	4.00	14.25
Roosevelt	3	39,472	7.58	5.25	4.00	13.00
Rosebud	1	118,378	.853	1.846	1.647	5.615
Sanders	4	20,070	21.813	3.281	4.031	-0-
Sheridan	2	74,455	1.40	.90	3.00	12.00
Silver Bow	1	52,163		13.50		
Stillwater	5	14,086	24.00	1.65	6.00	16.00
Sweet Grass	6	7,434	24.20	3.40	4.00	17.30
Teton	4	19,318	23.00	3.00	5.00	14.25
Toole	2	40,308	10.29	10.00	4.00	14.25
Treasure	7	3,948	27.00	1.67	4.00	23.68
Valley	3	23,090	5.00	7.50	4.00	14.25
Wheatland	6	5,182	27.00	6.25	4.00	18.00
Wibaux	5	13,200	12.88	7.05	4.00	17.25
Yellowstone	1	200,664	7.00	8.52	2.36	11.45

EXH ①
4/19/81 - AM

Percent
to
Amt.
size
ESTIMATED POPULATION 1978
Amt.
per
County
(1978)

COUNTIES	Percent to size	ESTIMATED POPULATION 1978	Amt. per County (1978)	SQUARE MILES	DENSITY	RANK
Beaverhead	1.1	8,600	4587	5,551	1.55	46
Big Horn	1.38	10,800	5754	5,023	2.15	34
Blaine	.46	7,500	4003	4,275	1.75	39
Broadwater	.43	3,400	1743	1,193	2.85	29
Carbon	1.08	8,500	4507	2,066	4.11	19
Carter	.24	1,900	1000	3,313	.57	54
Cascade	11.01	86,400	45712	2,661	32.47	3
Chouteau	.84	7,000	3711	3,927	1.78	38
Custer	1.68	13,200	7005	3,756	3.51	21
Daniels	.38	3,000	1585	1,443	2.08	35
Dawson	1.45	11,400	6047	2,370	4.81	14
Deer Lodge	1.77	13,900	7381	740	18.78	5
Fallon	.51	4,000	2126	1,633	2.45	32
Fergus	1.71	13,400	7131	4,242	3.16	24
Flathead	6.37	50,000	26562	5,137	9.73	9
Gallatin	5.12	40,200	21350	2,517	15.97	6
Garfield	.23	1,800	959	4,455	.40	56
Glacier	1.45	11,400	6047	2,964	3.85	20
Golden Valley	.13	1,000	542	1,176	.85	52
Granite	.36	2,800	1501	1,733	1.62	44
Hill	2.42	19,000	10091	2,927	6.49	11
Jefferson	.97	7,600	4045	1,652	4.60	15.5*
Judith Basin	.38	3,000	1585	1,880	1.60	45
Lake	2.33	18,300	9716	1,494	12.25	7
Lewis and Clark	5.22	41,000	21767	3,476	11.80	8
Liberty	.32	2,500	1334	1,439	1.74	40.5*
Lincoln	2.18	17,100	9091	3,714	4.60	15.5*
Madison	.75	5,900	3128	3,528	1.67	43
McCone	.34	2,700	1418	2,607	1.04	49.5*
Meagher	.31	2,400	1243	2,354	1.02	51
Mineral	.48	3,800	2002	1,222	3.11	25
Missoula	8.88	69,700	37030	2,612	26.68	4
Musselshell	.61	4,800	2543	1,887	2.54	31
Park	1.66	13,000	6922	2,626	4.95	13
Petroleum	.09	700	375	1,655	.42	55
Phillips	.64	5,400	2877	5,213	1.04	49.5*
Pondera	.92	7,200	3836	1,645	4.38	18
Powder River	.32	2,500	1334	3,288	.76	53
Powell	.97	7,600	4045	2,336	3.25	23
Prairie	.24	1,900	1001	1,730	1.10	48
Ravalli	2.69	21,100	11217	2,382	8.86	10
Richland	1.38	10,800	5755	2,079	5.19	12
Roosevelt	1.36	10,700	5671	2,385	4.49	17
Rosebud	1.24	9,700	5171	5,037	1.93	36
Sanders	1.08	8,500	4504	2,778	3.06	27
Sheridan	.66	5,200	2752	1,694	3.07	26
Silver Bow	5.07	39,800	21142	715	55.66	1
Stillwater	.75	5,900	3128	1,794	3.29	22
Sweet Grass	.41	3,200	1710	1,840	1.74	40.5*
Teton	.85	6,700	3545	2,294	2.92	28
Toole	.69	5,400	2877	1,950	2.77	30
Treasure	.15	1,200	623	985	1.22	47
Valley	1.54	12,100	6422	4,974	2.43	33
Wheatland	.31	2,400	1293	1,420	1.69	42
Wibaux	.20	1,600	834	890	1.80	37
Yellowstone	13.25	104,000	55253	2,642	39.36	2
STATE		785,000		145,319	5.40	

ETH2

League of Women Voters of MT.
917 Harrison
Helena, MT 59601

ABC

19 Nov 81

The LWV of Montana is offering lukewarm support of this bill.

We acknowledge that welfare assistance will be an increasing burden on many counties in the months and years to come due to federal cuts and economic factors beyond their control.

We acknowledge that the state can and should ameliorate the effects of federal cuts and state legislation as they create increasing burdens on local government and the property tax system.

Nationally we support an income assistance program based on certain standards which would be applied consistently. On the state level we have supported revenue sharing to local governments that would help cities and counties meet state mandated obligations.

Our reservations with the proposals before you concern the haste with which they are being heard, the lack of consideration for long term policy, the problems of administering different general assistance programs in 56 counties. ~~The lack of county discretion allowed~~ There are other state mandated program with similar price tags, i.e. district courts which could be funded more easily by the state, freeing up a comparable amount of funds on the local level.

The legislature is making ~~the change~~ a major step towards a state welfare system. This is not necessarily a poor idea, but it appears to the League that the ramifications of this action are unclear. The legislature and the people of Montana have yet to grapple with the concept of a state general assistance system as a replacement for a locally controlled one. ~~If the~~

We favor SB 6 since welfare ~~and~~ staff is already a shared state-county responsibility, and the costs can be estimated with accuracy.

Margaret Cousins

SB 4 creates county entitlement

Some hospitals are facing serious problems these days. Problems like extinction.

The federal government pays only part of the hospital costs incurred by Medicare/Medicaid patients. Hospitals are forced to pass the remaining costs on to private patients.

This practice is called cost shifting. It's unfair. Private patients should not be billed for hospital costs the government doesn't pay. A study of federal government data reveals the severity of cost shifting. The difference between hospital charges and Medicare/Medicaid payments has more than doubled in ten years.

This same study shows that underpayments by Medicare/Medicaid that were shifted to private patients amounted to nearly \$3 billion in 1979 alone. On an average daily basis, Medicare/Medicaid payments were \$198, while private patients were charged an estimated \$239 for the same service. The gap could widen if the government cuts back on budgets allocated to these programs.

In areas that have many publicly supported patients, the repercussions of cost shifting become more severe. Hospitals that have fewer private patients are forced to absorb those costs themselves. This can lead to bankruptcy and forced closings, which in turn denies proper health care to people in these areas. This isn't speculation. In a number of states, hospitals with a high percentage of Medicare and Medicaid patients are in severe financial distress.

Everyone wants to cut health care costs. But shifting these costs doesn't save a cent. It just puts the responsibility for payment on somebody else's shoulders.

Insurance companies are working hard to contain costs with such coverages as second opinions for surgery, outpatient surgery, and hospital preadmission testing.

TWO WORDS COULD CLOSE THIS HOSPITAL: COST SHIFTING.

But these measures won't solve the problem of cost shifting. The best solution ultimately is equality of payment among all payers. This is not a theory, it's a reality now in two states.

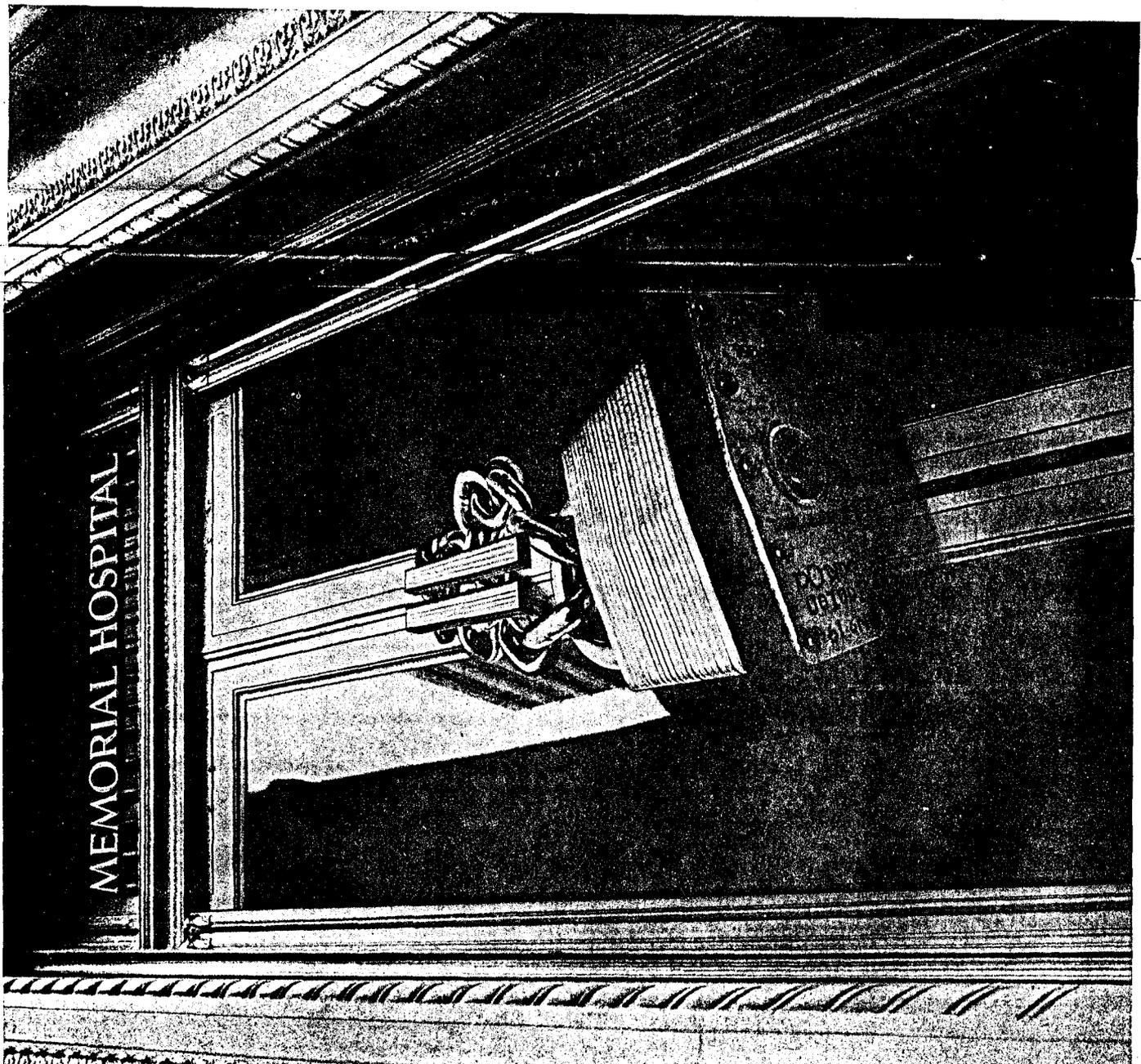
In Maryland and New Jersey an arrangement exists under which Medicare and Medicaid pay the same charges for the same hospital services as everyone else. If all states had this arrangement, the result everywhere would be equal payment for private and government patients.

We hope that, someday soon, hospitals won't have to worry about keeping themselves alive. That way, they can concentrate on keeping people alive.

**HEALTH
INSURANCE
ASSOCIATION
OF AMERICA.**

1850 K Street NW, Washington, DC 20006

Let's Keep Health Care Healthy





Montana Hospital Association

(406) 442-1911 · P. O. BOX 5119 · HELENA, MONTANA 59601

THE AVERAGE CHARGE FOR A NONMEDICARE NONMEDICAID PATIENT'S STAY IN A MONTANA HOSPITAL*

In 1980, the average nonMedicare/Medicaid patient who was admitted to a Montana hospital had a stay of 4.22 days and received a bill for \$1,120.03. \$244.34 of the bill, or 21.8% went to cover the cost of providing services to other patients which are only partially paid for or not paid for at all. Only \$875.69 or 78.2% went to cover the actual cost of care provided. The following chart shows what the average nonMedicare/Medicaid patient's bill of \$1,120.03 went to cover:

Payroll Expenses	\$ 445.20
Employee Benefits	55.52
Professional Fees (medical)	40.63
Professional Fees (legal, auditing, consultants)	13.66
Depreciation Expenses	40.72
Interest Expenses	23.03
All Other Expenses (purchased goods & services, util.)	256.93
Medicare Subsidy	118.88
Medicaid Subsidy	19.23
Bad Debts Subsidy	83.66
Charity Subsidy	13.12
Other Subsidies	9.45
TOTAL CHARGE	\$1,120.03

* SOURCE OF DATA: The Montana Hospital Association's Annual Financial Survey of Hospitals for 1980



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/449-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

November 18, 1981

TO: Senator Pat Regan
Montana State Senate

FROM: Cliff Roessner *Cliff Roessner*
Senior Fiscal Analyst

SUBJECT: Lowering the County Poor Fund Mill Levy to Less than
13½ Mills.

As you requested I have gathered historical data on county costs and mill levies. Various analysis have been done with these numbers. However, no conclusion on their significance is drawn. There are numerous factors to the county problem. Using only one set of numbers or one type of analysis does not give a good perspective.

Table 1 shows the total county mills levied in fiscal 1981, the poor fund mills and the percent the poor fund mills are of the total county levy. Beaverhead county has total mills of 55.95. Eleven percent or 6.25 mills are levied for the poor fund. Judith Basin, Golden Valley, and Treasure counties levy less than two percent of their mills for the poor fund. Garfield, Granite, Lincoln, Madison, Powell, and Ravalli counties levy over 20 percent of their total mills for the poor fund.

Table 1 also shows the county population, the county assessment, the dollars collected by the county mill levy per person and the amount of mill levied per person. It is interesting to note that the three counties who use the least percent of the total levy for the poor fund were in the upper

half of dollars paid per person. And some counties using over 20 percent of their levy for the poor fund paid the lowest dollars per person.

Table 1
Fiscal 1981 County Mill Levies and Dollars
Collected and Mill Levies per Person

	Total Mills	Poor Fund Mills	Percent Poor Fund Mills are of Total	Total County Population	Total County Assessment	Dollars Per Person	Mills Per Person
Beaverhead	55.95	6.25	11.00	8,186	\$1,004,191	\$122.67	.0068
Big Horn	30.74	1.73	5.60	11,096	3,362,372	303.02	.0028
Blaine	47.27	2.44	5.16	6,999	1,690,611	241.55	.0068
Broadwater	60.73	5.54	9.12	3,267	454,807	139.21	.0186
Carbon	42.15	3.67	8.71	8,099	997,438	123.15	.0052
Carter	65.20	9.50	14.57	1,799	582,953	324.04	.0362
Cascade	79.30	13.50	17.02	80,696	7,373,711	91.37	.0010
Choteau	43.41	1.48	3.41	6,092	1,281,637	210.38	.0071
Custer	61.23	3.72	6.08	13,109	1,289,749	98.39	.0075
Daniels	70.50	1.79	2.54	2,835	618,779	218.26	.0249
Dawson	54.11	5.10	9.43	11,805	1,311,897	111.13	.0046
Deer Lodge	92.27	7.80	8.45	12,518	1,581,323	126.32	.0074
Fallon	33.11	2.65	8.00	3,763	1,536,271	408.25	.0088
Fergus	52.80	5.00	9.47	13,076	1,319,894	100.94	.0040
Flathead	79.93	6.70	8.47	51,966	6,435,164	123.83	.0015
Gallatin	58.57	14.91	8.38	42,865	3,475,895	81.09	.0014
Garfield	59.47	12.00	20.18	1,856	451,972	243.52	.0320
Glacier	46.94	7.37	15.70	10,628	1,966,974	185.07	.0044
Golden Valley	45.63	13.80	1.75	1,026	211,951	206.58	.0445
Granite	61.88	13.50	21.82	2,700	379,819	140.67	.0229
Hill	52.21	4.35	8.33	17,985	2,249,155	125.05	.0029
Jefferson	43.15	7.00	16.22	7,029	441,209	62.76	.0061
Judith Basin	55.70	.80	1.44	2,646	596,157	225.30	.0211
Lake	53.01	9.78	18.45	19,056	1,499,176	78.76	.0028
Lewis & Clark	69.58	7.89	11.34	43,039	4,102,715	95.33	.0016
Liberty	50.25	9.00	17.91	2,329	806,513	346.29	.0216
Lincoln	75.84	9.29	35.95	17,752	759,593	42.78	.0015
Madison	45.18	13.50	29.88	2,702	814,550	301.46	.0167
McCone	69.54	11.00	15.82	5,448	811,393	148.93	.0128
Meagher	66.00	3.60	5.45	2,154	414,612	192.48	.0306
Mineral	72.99	9.55	13.08	3,675	359,403	97.79	.0199
Missoula	73.35	9.22	12.57	76,016	9,509,828	125.10	.0010
Musselshell	34.93	4.19	12.00	4,428	698,530	157.75	.0079
Park	54.66	4.50	8.23	12,869	1,045,482	81.24	.0042
Petroleum	25.24	1.00	3.96	655	97,628	149.05	.0385
Phillips	46.50	2.60	5.59	5,367	1,168,824	217.77	.0087
Pondera	57.50	5.50	9.57	6,731	1,256,433	186.66	.0085
Powder River	30.77	5.17	16.8	2,520	1,562,285	619.95	.0122
Powell	48.40	10.00	20.66	6,958	614,002	88.24	.0070

	<u>Total Mills</u>	<u>Poor Fund Mills</u>	<u>Percent Poor Fund Mills are of Total Population</u>	<u>Total County</u>	<u>Total County Assessment</u>	<u>Dollars Per Person</u>	<u>Mills Per Person</u>
Praire	80.38	8.05	10.01	1,836	415,886	226.51	.0438
Ravalli	44.79	9.08	20.27	22,493	1,130,903	50.28	.0020
Richland	27.03	1.50	5.55	12,243	2,015,087	164.59	.0022
Roosevelt	42.37	5.42	12.79	10,467	1,106,620	105.72	.0040
Rosebud	15.46	2.40	15.52	9,799	1,596,662	161.29	.0016
Sanders	43.84	3.63	8.28	7,675	854,310	98.47	.0051
Sheridan	24.20	1.90	7.85	5,414	900,264	166.28	.0045
Silverbow	112.49	13.50	12.00	38,092	6,130,930	160.95	.0030
Stillwater	58.24	1.65	2.83	5,598	825,086	147.38	.0104
Sweet Grass	73.33	5.78	7.88	3,216	606,439	188.57	.0228
Teton	69.76	3.00	4.30	6,491	1,294,815	199.48	.0107
Toole	47.96	5.99	12.49	5,559	1,659,992	298.61	.0086
Treasure	62.04	1.11	1.79	981	257,962	262.96	.0632
Valley	44.08	5.53	12.55	10,250	979,149	95.52	.0043
Wheatland	73.26	9.95	13.58	2,359	420,219	178.13	.0311
Wibaux	55.13	13.50	24.49	1,476	595,680	403.57	.0374
Yellowstone	44.13	5.62	12.74	108,035	8,463,163	78.33	.0004
Total	3034.48	341.07	11.24	786,564			.0039
	=====	=====	=====	=====			=====
Average	54.19	6.09		14,046			

Source: Montana Taxation 1981 published by the Montana Taxpayers Association.

Table 2 shows the total county mill levy revenue and the poor fund revenue from fiscal 1977 to fiscal 1981. From fiscal 1977 to fiscal 1980 total revenues grew 22 percent and the poor fund revenues grew 19 percent. However, in fiscal 1981 the poor fund revenues increased much faster than the total. From 1977 to 1981 total funds grew 38 percent and the poor fund grew 44 percent.

Table 2
Comparison of Total County Mill Revenue to
Poor Fund Mill Revenues
(millions 000,000)

	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>% Change</u> <u>FY 77-80</u>	<u>% Change</u> <u>FY 77-81</u>
Total Revenues	\$62.5	\$66.3	\$70.2	\$76.3	\$86.2	22	\$38
Poor Fund Revenues	\$ 7.3	\$ 7.8	\$ 8.1	\$ 8.7	\$10.5	19	44
Percent Poor Fund is of Total Funds	11.7%	11.8%	11.5%	11.4%	12.2%		

Source: Montana Taxation 1977-1981.

Table 3 shows the general assistance cost, the number of cases, and the average payment per case for fiscal 1979, 1980 and 1981. It shows a large cost increase in fiscal 1981. The number of cases increased 30 percent between fiscal 1980 and 1981. However, the cost per case had taken a large increase between fiscal 1979 and 1980.

Table 3
County General Assistance Costs, Cases, and Cost
per Case for Fiscal 1979, 1980, and 1981

	<u>FY 79</u>	<u>FY 80</u>	<u>%</u> <u>Change</u>	<u>FY 81</u>	<u>%</u> <u>Change</u>
Total Cost	\$451,438	\$549,954	21.8	\$819,145	49.0
Cases	537	543	1.1	707	30.2
Cost Per Case	\$841	\$1,013	20.5	\$1,159	12.6

Source: Department of SRS statistical reports.

Table 4 shows the county medical costs since fiscal 1978. These costs remained almost constant in fiscal 1978, 1979, and 1980, not even increasing with inflation. These costs decreased 14.5 percent from fiscal 1980 to fiscal 1981.

Table 4
County Medical Costs for Fiscal 1979 to Fiscal 1981

<u>Fiscal Year</u>	<u>Cost</u>
1978	\$4,157,617
1979	4,215,296
1980	4,150,505
1981	3,550,213

Source: Department of SRS statistical reports.

Fifteen counties' mill levies and expenditures were examined. The counties were equally divided between those with high, medium, and low poor fund levies. Table 5 shows three years of poor fund mill levies and expenditures for these counties and compares the mill levy change to the expenditure change. In the high counties Granite has a 69 percent decrease in expenditures but no change in the mill levy; Toole decreased the mill levy by 49 percent but expenses went up by 35 percent. The medium counties seem to have a logical change in mill levies and expenses. In the low counties Wibaux must have made some change at the county level to obtain these increases.

Table 5
Percentage Change in Mills Levied and Expenditures for the
Poor Fund Fiscal Years 1979-1981

County	---Mills Levied---			FY79	Poor Fund --Expenditures--		% Change --FY 79-81--	
	FY79	FY80	FY81		FY80	FY81	Mills	Expense:
High Mill Levies								
Cascade	13.50	13.50	13.50	\$4,022,724	\$4,500,348	\$5,034,619	0.0	25.0
Granite	13.50	13.50	13.50	300,623	169,694	91,992	0.0	(69.0)
Madison	6.22	13.50	13.50	644,042	794,649	873,774	117.0	36.0
Silver Bow	13.50	13.50	13.50	662,680	701,480	888,711	0.0	34.0
Toole	11.70	13.50	5.99	1,177,073	1,301,877	1,585,062	(49.0)	35.0
Medium Mill Levies								
Beaverhead	3.75	4.75	6.25	87,734	106,339	95,183	67.0	8.0
Flathead	2.619	3.725	6.767	879,172	1,000,653	1,135,329	158.0	29.0
Glacier	5.31	8.81	7.37	219,649	247,839	330,059	39.0	50.0
Jefferson	5.10	6.12	7.00	60,679	69,451	86,721	37.0	43.0
Judith Basin	1.89	1.32	.80	20,974	14,546	19,020	(58.0)	(7.0)
Low Mill Levies								
Golden Valley	1.74	.90	.80	4,680	3,820	4,053	(54.0)	13.0
Petroleum	1.00	1.50	1.00	3,771	3,692	4,163	0.0	10.0
Richland	2.20	2.90	1.50	96,023	102,576	91,091	(32.0)	(5.0)
Treasure	2.10	2.53	1.11	7,845	4,457	4,875	(47.0)	(38.0)
Wibaux	1.75	1.80	13.50	14,007	54,324	94,928	671.0	578.0

Source: Mills levied and dollar amounts were furnished by the legislative auditor's office. That office obtained the information by telephone.

As it was very time consuming and difficult to get consistent numbers on the expenses, the legislative auditor's office contacted the 15 counties in the above survey to obtain actual figures. The following points were noted in their summary of findings:

1. Expenditures out of the poor fund. The services that appear most commonly as expenditures from the poor fund are:

- a. aid to dependent children;
- b. foster care;
- c. burials and ambulance service;
- d. general administrations (salaries, supplies, phone, postage);
- e. welfare administration - travel expense
- f. general relief (assistance);
- g. medical and hospital.

2. Collections into the poor fund. Differences exist between assessments and collections because of timing differences (delinquent taxes) and inclusion in the collection amount, sources of revenue other than tax collections. Other sources are:

- a. corporate license tax;
- b. penalty and interest on delinquent taxes;
- c. oil and gas lease;
- d. allocation of miscellaneous receipts;
- e. child support from other states.

3. Nursing homes-hospitals. Some counties include the operation of a county nursing home and/or a county hospital in the poor fund.

When mill levy calculations are compared to the poor fund expenditures, it becomes apparent that there must be other revenue sources. Table 6 compares these fifteen counties mill levy collections to their expenditures for fiscal 1981.

Table 6
Poor Fund Mill Levies
Expenditures and Differences for Fiscal Year 1981

<u>County</u>	<u>Collected Mill Levy</u>	<u>Poor Fund Expenditures</u>	<u>Difference</u>
Beaverhead	\$ 114,258	\$ 95,183	\$ 19,075
Cascade	1,295,518	5,034,619	(3,739,101)
Flathead	513,926	1,135,329	(621,403)
Glacier	321,145	330,059	(8,914)
Golden Valley	3,946	4,053	(107)
Granite	81,024	91,992	(10,968)
Jefferson	68,532	86,721	(18,189)
Judith Basin	8,562	19,020	(10,458)
Madison	1,003,667	873,774	129,893
Petroleum	3,971	4,163	(192)
Richland	111,928	91,091	20,837
Silverbow	682,908	888,711	(205,803)
Toole	1,519,760	1,585,062	(65,302)
Treasure	4,475	4,875	(400)
Wibaux	148,991	94,928	54,063

Source: Dollar amounts were furnished by the legislative auditor's office.
That office obtained the information by telephone.

Differences exist from county to county in expenditure categories and revenue sources within the poor fund. The information and time currently available does not provide us with a consistent base to formulate specific

recommendations on state aid to counties.

If after looking at this information you want more details or further checking, please contact me.

COMPARISON OF GENERAL FUND REVENUE ESTIMATES

Revenue Category	LFA	OBPP	OBPP Over (Under)		OBPP	OBPP Over (Under)	
			LFA	LFA		LFA	LFA
Personal & Corp.	\$106,719,000	\$111,411,139	4.4%	\$115,911,000	\$118,660,920	2.4%	
Long Range Bond	18,293,000	19,005,504	3.9%	23,069,000	23,755,785	3.0%	
Coal Severance	18,202,000	17,615,248	(3.2%)	20,364,000	20,873,758	2.5%	
Interest	37,904,000	39,886,393	5.2%	43,666,000	45,563,598	4.3%	
Insurance	13,523,000	12,441,031	(8.0%)	14,750,000	13,612,657	(7.7%)	
Liquor Profits	6,500,000	7,200,000	10.8%	6,500,000	7,200,000	10.8%	
Oil Production	46,435,000	51,979,913	11.9%	52,264,000	54,393,520	4.1%	
Inheritance	5,551,000	5,300,000	(4.5%)	5,382,000	5,100,000	(5.2%)	
Inst. Reimb.	11,254,000	12,099,724	7.5%	10,142,000	11,321,642	11.6%	
Liquor/Wine Tax	8,096,300	7,621,613	(5.9%)	8,974,700	8,126,433	(9.4%)	
Cigarette	-0-	-0-		-0-	-0-		
Metal Mines	2,715,000	1,500,000	(44.8%)	3,020,000	1,500,000	(50.3%)	
Energy	2,122,000	2,275,000	7.2%	2,169,000	2,358,716	8.7%	
Drivers License	1,807,000	1,797,134	(0.5%)	1,843,000	1,813,345	(1.6%)	
Telephone	2,337,000	2,250,302	(3.7%)	2,445,000	2,499,435	2.2%	
Beer	1,520,000	1,257,099	(17.3%)	1,560,000	1,277,481	(18.1%)	
Natural Gas	2,034,000	2,082,574	2.4%	2,268,000	2,296,167	1.2%	
Gross Receipts	355,000	700,000	97.2%	445,000	700,000	57.3%	
Other	<u>11,770,000</u>	<u>9,720,058</u>	<u>(17.4%)</u>	<u>13,142,000</u>	<u>10,026,316</u>	<u>(23.7%)</u>	
Total	<u>\$297,137,300</u>	<u>\$306,143,051</u>	<u>3.0%</u>	<u>\$327,914,700</u>	<u>\$331,079,773</u>	<u>1.0%</u>	

LFA 4/20/81 Update
Public School Support
(figures in millions)

Assumption: Indexing
 SB 47 - Livestock
 SB 30 - Surtax Removal
 SB 337 - Circuit Breaker @ \$150 limit
 SB 283 - Inventories - As an Income Tax Credit
 SB 150 - Investment Credit
 HB 18 - Interest, \$800, 65 and Older
 HB 870 - Standard Deduction \$1,500
 Exemption Level = \$800
 SB 200 100%

	<u>FY '82</u>	<u>FY '83</u>	<u>FY '84</u>	<u>FY '85</u>
Percent Increase in Schedules Maximum-General Fund Without-a-Vote*	18	15	8	8
County Equalization				
40 mills	82.57	91.10	96.35	102.60
Forest Funds	2.80	2.50	2.70	2.90
Grazing Funds	.15	.15	.20	.20
Elementary Transportation	(2.57)	(2.73)	(2.90)	(3.10)
High School Tuition	<u>(1.75)</u>	<u>(1.94)</u>	<u>(2.10)</u>	<u>(2.20)</u>
Total	81.20	89.08	94.25	100.40
State Equalization				
25 percent Income Tax	31.17	33.88	36.30	38.80
25 percent Corporation Tax	10.52	11.58	12.70	14.00
10 percent Coal Tax	4.79	5.36	6.00	6.70
Interest and Income	47.00	40.00	39.00	39.00
U.S. Oil and Gas	9.00	9.50	10.00	10.50
Coal Trusts - Local Impact	<u>2.15</u>	<u>2.54</u>	<u>2.80</u>	<u>3.10</u>
Total	104.63	102.86	106.80	112.10
District Share of Permissive (nine and six mills)	23.50	24.86	25.60	26.90
Account Balances Used	11.97	30.91	0.00	0.00
Total Non-General Fund	221.30	232.73	224.35	237.40
General Fund Appropriation	0.00	1.24	38.45	45.60
	=====	=====	=====	=====

*Excluding Special Education

Basic Assumptions for '84 and '85 Calculations

Enrollment decline 1.5%-84, .5%-85
 Income Tax + 7%/year
 Corporate Tax + 10%/year
 Coal Tax + 12%/year
 U.S. Oil and Gas + 5.25%/year
 Coal Trust Interest + 10%/year
 Windfall Profit Tax Averages 27% of Gross Value of oil produced.
 Average Price of oil 1980=\$22, 1981=\$31, 1982=\$36, 1983=\$40.

Office of Budget and Program Planning
Public School Support
(figures in millions)

	<u>FY '82</u>	<u>FY '83</u>	<u>FY '84</u>	<u>FY '85</u>
Percent Increase in Schedules Maximum-General Fund	<u>18</u>	<u>15</u>	<u>9</u>	<u>9</u>
Without-a-Vote*	223.11	250.76	269.83	292.74
County Equalization				
40 mills	80.40	94.47	100.37	106.65
Forest Funds	2.50	2.50	2.50	2.50
Grazing Funds	.15	.15	.15	.15
Elementary Transportation	(2.57)	(2.73)	(2.90)	(3.08)
High School Tuition	(1.75)	(1.94)	(2.15)	(2.39)
Total	78.73	92.45	97.97	103.83
State Equalization				
25 percent Income Tax	33.88	36.69	39.63	42.80
25 percent Corporation Tax	9.64	9.66	10.24	10.85
10 percent Coal Tax	4.60	5.40	6.22	7.20
Interest and Income	46.55	40.08	35.83	32.78
U.S. Oil and Gas	9.19	10.11	11.12	12.23
Coal Trusts - Local Impact	<u>2.38</u>	<u>2.94</u>	<u>3.39</u>	<u>3.92</u>
Total	106.24	104.88	106.43	109.78
District Share of Permissive (nine and six mills)	23.50	24.86	27.60	29.33
Account Balances Used	14.64	28.57	33.63**	0.00
Total Non-General Fund	223.11	250.76	269.23	292.74
General Fund Appropriation	0.00	0.00	4.20	49.80

*Excluding Special Education

**Includes \$32.0 million general fund transferred to the 02217 account.

Basic Assumptions for '84 and '85 Calculations

Enrollment decline 1.3% in 84

Enrollment decline .5% in 85

Growth in personal income tax 8.0% in 84 and 8.0% in 85

Growth in corporate tax 6.0% in 84 and 6.0% in 85

Growth in interest and income -10.6% in 84 and -8.5% in 85

Growth in U.S. oil and gas 10.0% in 84 and 10.0% in 85

Growth in coal trust interest 15.3% in 84 and 15.6% in 85

Windfall profit tax average 27 percent of gross value of oil production

Average price of oil in 1980 = \$22.59 1981 = \$35.84 1981 = \$36.86;

1983 = \$39.58.

TESTIMONY OF HAROLD GUTHRIE

SENATE FINANCE & CLAIMS COMMITTEE

NOVEMBER 19, 1981

Mr. Chairman and members of the Committee:

My name is Harold Guthrie and I live in Livingston, Montana. Since I retired from the teaching profession, I have been active in issues affecting low and fixed income elderly Montanans. I presently serve as a board member to LISCA, the low-income senior citizens advocates. I also serve as the public representative from Park County to the District IX Human Resources Development Council Board.

I served as Mayor and City Councilman for the city of Livingston for two years. As a result of that administrative experience, I gained invaluable knowledge regarding public administration. To that extent, I heartily support and empathize the measures that you have had to take in your efforts to reduce duplication and inefficiency in public assistance programs.

I am greatly disturbed, however, by the measures that are under consideration by you today. I understand, through rumors, that the Republican Party has caucused to take away 1.6 million dollars of the fuel bill assistance program and to dismantle the Human Resource Development Councils. As a Republican, I am deeply disturbed by these actions.

Concerning the fuel bill assistance program, I have these comments:

The expected allotment this year for the fuel bill assistance program ^{is} ~~has~~ the tribal allotment, the state allotment, administration costs and the emergency set aside will be about seven and a quarter million. This is before the proposed transfer of 1.6 million dollars.

Last winter, an extremely mild winter by anyone's standards, the fuel bill assistance expenditures were about 9.7 million dollars. Granted, there is about 800-900 thousand dollars that still rests in vendor accounts.

Judging from these figures, it is clear that, if we have a severe winter this year, there will be many people who will simply be unable to pay their fuel bills. For this reason, I implore you to see to it that the 1.6 million dollars be put back where it belongs - in the fuel bill assistance program.

Secondly, I must oppose the Sales amendment that would turn the community action monies to the counties. While some of the Human Resources Development Councils - those representing the larger, urban counties - may not be hurt too badly by this transfer, certainly the rural and less populated counties, such as Park County, will suffer greatly.

I would like to submit a breakdown of the first 50 per cent split, based on population, to show how much money the counties will receive. You can see for yourself that over 40 counties will receive less than \$10,000. These counties will be in no position to run services for that amount of money.

Thank you very much for this opportunity to express my views.

David Gutierrez

MR. CHAIRMAN, MEMBERS OF THE SPECIAL SESSION APPROPRIATION SUB-COMMITTEE. MY NAME IS HAROLD LIEN. I AM FROM NOXON--NORTHWEST MONTANA. I AM HERE TO SUPPORT THE COMMUNITY SERVICE BLOCK GRANTS TO MONTANA.

WE ALL REALIZE THAT BUDGET CUTS ARE MANDATED. WE ARE HERE TO WORK WITHIN THESE BUDGET REDUCTIONS IN THE BEST WAY WE ARE ABLE. WE TRULY BELIEVE WE WANT TO BE JUST AS COST EFFECTIVE AND COST CONSCIOUS AS YOU ALL INTEND PROGRAMS TO BE.

AS A REPRESENTATIVE OF LOW INCOME PEOPLE, WE BELIEVE THAT THE HUMAN RESOURCE DEVELOPMENT COUNCILS ACROSS THE STATE ARE TO BE RETAINED AS THEY ARE PRESENTLY STRUCTURED AND AS FEDERALLY MANDATED BY THE COMMUNITY SERVICES BLOCK GRANT REGULATIONS WITH THE FORTH-COMING APPROPRIATIONS. OUR REASONING FOR THIS RECOMMENDATION IS THAT THE HUMAN RESOURCE DEVELOPMENT COUNCILS PRESENTLY HAVE THE STRUCTURE, EXPERTISE AND DIRECT RELATIONSHIP WITH RECIPIENTS. THUS ELIMINATING THE COST OF RETRAINING PERSONNEL IN ANOTHER AGENCY TO TAKE OVER NEW AND SPECIALIZED DUTIES.

THANK YOU FOR YOUR CONSIDERATION.



HAROLD LIEN
NOXON, MONTANA

TESTIMONY BEFORE THE SPECIAL SESSION APPROPRIATION SUB-COMMITTEE
NOVEMBER 5, 1981

#7
Gilbertson
TBO
JL

November 6, 1981

Mr. Carlyn L. Gilbertson, Administrator
Disaster and Emergency Services Division
Department of Military Affairs
1100 North Last Chance Gulch
Helena, Montana 59620

RE: Emergency Operation Center
Helena, Montana

Dear Gil:

Attached is a preliminary estimate for the work in the Emergency Operations Center as we discussed last week. Basically, I worked from the original proposal for the overall renovation of the center, but I only included the items that you prioritized (emergency generator, underground fuel tank, and emergency access areas).

I would suggest that you locate the new generator outside once again in order to eliminate potential building code and fire code problems, and while I understand your concerns regarding the starting problems in cold weather, I think there are ways to minimize them.

Hopefully, the information is self-explanatory but if you should have any questions give me a call.

Sincerely,

THOMAS B. O'CONNELL, Chief
Facilities Planning Bureau

TBO/cs
Enclosure

PROJECT ESTIMATE
EMERGENCY OPERATING CENTER

1.	150 KVA Emergency Generator Non Equipment @ 30%	\$ 26,300 <u>7,890</u>
		\$ 34,190
2.	6000 gallon underground fuel tank in place with piping	5,000
3.	New access 2 @ 5000 each	<u>10,000</u>
		\$ 49,190
4.	OH & P @ 20%	<u>9,838</u>
		\$ 59,028
5.	A/E @ 13% (Items 1 and 2)	<u>5,100</u>
		\$ 64,128
6.	Inflation under 1 year = 5%	<u>3,206</u>
		\$ 67,334
7.	Contingency @ 10%	<u>6,733</u>
		\$ 74,067

TOTAL PROJECT COST

\$ 75,000

* Alternate for preplanning

1. Assume \$450,000 project cost
(\$270,000 construction cost)
2. A/E Fees @ 11% = \$29,669
3. Preplan only = \$29,669 x 15% = \$4,450

PLANNING

\$ 4,450

CHANGES TO THE SUBCOMMITTEE REPORT
HOUSE BILL 2

A. LEGISLATIVE, JUDICIAL AND ADMINISTRATIVE

Governor's Office

House Floor

Change 1: Federal pay plan spending authority, which was earmarked for the old west regional commission, has been reinstated. Since the federally funded position no longer exists in the governor's office, this spending authority is available for use in other executive branch agencies.

Department of Justice

House Appropriations

Change 1: Language was added to assure reversion of general fund coal tax defense funds.

B. HUMAN SERVICES

Department of Health

House Appropriations

Change 1: The house appropriations committee recommends that \$22,950 general fund be restored to the family planning program in fiscal 1983.

Change 2: To correct an error, \$2,500 line-itemed for medicaid certification match was moved from fiscal 1982 to fiscal 1983.

Department of Social and Rehabilitation Services

House Appropriations

Change 1: There was one change by the full house appropriation committee from the subcommittee recommendation. SRS will distribute the community services block grant of \$1,083,262 in fiscal 1983 directly to the counties rather than to the HRDC's (human resource development councils).

C. NATURAL RESOURCES

Department of Commerce

House Appropriations

Change 1: Other spending authority was increased \$123,455 in fiscal 1982 and \$147,502 in fiscal 1983. This authority was mistakenly deleted and will allow expenditure of federal urban mass transit funds in the transportation program.

D. INSTITUTIONS

Department of Institutions

House Appropriations

Change 1: The house appropriation committee recommended reductions of \$13,039 of excess general fund in the women's correctional budget and line itemed the women's correctional facility budget by: operations, contingency fund, and construction.

Change 2: The committee also inserted language to restrict the department of institutions from spending all federal fiscal 1983 mental health block grant funds in state fiscal 1983. The language will insure block grant funds are available for the last quarter of federal fiscal 1983.

E. OTHER EDUCATION

House Appropriations

Change 1: The appropriation committee added \$229,508 general fund as a contingency against reductions in federal funds at the vocational technical centers in fiscal 1983. Language requires the centers charge at least \$150 per quarter for a full-time resident student to receive contingency funds. Contingency amounts will not be used if federal funds are not cut.

Change 2: The house appropriations committee replaced \$134,720 of general fund at the school for the deaf and blind with revenue from the agency's interest and income account. No program reductions are made.

F. HIGHER EDUCATION

No changes by house appropriations committee.



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/449-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

November 18, 1981

TO: Senator Pat Regan
Montana State Senate

FROM: Cliff Roessner *Cliff Roessner*
Senior Fiscal Analyst

SUBJECT: Lowering the County Poor Fund Mill Levy to Less than
13½ Mills.

As you requested I have gathered historical data on county costs and mill levies. Various analysis have been done with these numbers. However, no conclusion on their significance is drawn. There are numerous factors to the county problem. Using only one set of numbers or one type of analysis does not give a good perspective.

Table 1 shows the total county mills levied in fiscal 1981, the poor fund mills and the percent the poor fund mills are of the total county levy. Beaverhead county has total mills of 55.95. Eleven percent or 6.25 mills are levied for the poor fund. Judith Basin, Golden Valley, and Treasure counties levy less than two percent of their mills for the poor fund. Garfield, Granite, Lincoln, Madison, Powell, and Ravalli counties levy over 20 percent of their total mills for the poor fund.

Table 1 also shows the county population, the county assessment, the dollars collected by the county mill levy per person and the amount of mill levied per person. It is interesting to note that the three counties who use the least percent of the total levy for the poor fund were in the upper

half of dollars paid per person. And some counties using over 20 percent of their levy for the poor fund paid the lowest dollars per person.

Table 1
Fiscal 1981 County Mill Levies and Dollars
Collected and Mill Levies per Person

	Total Mills	Poor Fund Mills	Percent Poor Fund Mills are of Total	Total County Population	Total County Assessment	Dollars Per Person	Mills Per Person
Beaverhead	55.95	6.25	11.00	8,186	\$1,004,191	\$122.67	.0068
Big Horn	30.74	1.73	5.60	11,096	3,362,372	303.02	.0028
Blaine	47.27	2.44	5.16	6,999	1,690,611	241.55	.0068
Broadwater	60.73	5.54	9.12	3,267	454,807	139.21	.0186
Carbon	42.15	3.67	8.71	8,099	997,438	123.15	.0052
Carter	65.20	9.50	14.57	1,799	582,953	324.04	.0362
Cascade	79.30	13.50	17.02	80,696	7,373,711	91.37	.0010
Choteau	43.41	1.48	3.41	6,092	1,281,637	210.38	.0071
Custer	61.23	3.72	6.08	13,109	1,289,749	98.39	.0075
Daniels	70.50	1.79	2.54	2,835	618,779	218.26	.0249
Dawson	54.11	5.10	9.43	11,805	1,311,897	111.13	.0046
Deer Lodge	92.27	7.80	8.45	12,518	1,581,323	126.32	.0074
Fallon	33.11	2.65	8.00	3,763	1,536,271	408.25	.0088
Fergus	52.80	5.00	9.47	13,076	1,319,894	100.94	.0040
Flathead	79.93	6.70	8.47	51,966	6,435,164	123.83	.0015
Gallatin	58.57	14.91	8.38	42,865	3,475,895	81.09	.0014
Garfield	59.47	12.00	20.18	1,856	451,972	243.52	.0320
Glacier	46.94	7.37	15.70	10,628	1,966,974	185.07	.0044
Golden Valley	45.63	13.80	1.75	1,026	211,951	206.58	.0445
Granite	61.88	13.50	21.82	2,700	379,819	140.67	.0229
Hill	52.21	4.35	8.33	17,985	2,249,155	125.05	.0029
Jefferson	43.15	7.00	16.22	7,029	441,209	62.76	.0061
Judith Basin	55.70	.80	1.44	2,646	596,157	225.30	.0211
Lake	53.01	9.78	18.45	19,056	1,499,176	78.76	.0028
Lewis & Clark	69.58	7.89	11.34	43,039	4,102,715	95.33	.0016
Liberty	50.25	9.00	17.91	2,329	806,513	346.29	.0216
Lincoln	75.84	9.29	35.95	17,752	759,593	42.78	.0015
Madison	45.18	13.50	29.88	2,702	814,550	301.46	.0167
McCone	69.54	11.00	15.82	5,448	811,393	148.93	.0128
Meagher	66.00	3.60	5.45	2,154	414,612	192.48	.0306
Mineral	72.99	9.55	13.08	3,675	359,403	97.79	.0199
Missoula	73.35	9.22	12.57	76,016	9,509,828	125.10	.0010
Musselshell	34.93	4.19	12.00	4,428	698,530	157.75	.0079
Park	54.66	4.50	8.23	12,869	1,045,482	81.24	.0042
Petroleum	25.24	1.00	3.96	655	97,628	149.05	.0385
Phillips	46.50	2.60	5.59	5,367	1,168,824	217.77	.0087
Pondera	57.50	5.50	9.57	6,731	1,256,433	186.66	.0085
Powder River	30.77	5.17	16.8	2,520	1,562,285	619.95	.0122
Powell	48.40	10.00	20.66	6,958	614,002	88.24	.0070

	Total Mills	Poor Fund Mills	Percent Poor Fund Mills are of Total	Total County Population	Total County Assessment	Dollars Per Person	Mills Per Person
Prairie	80.38	8.05	10.01	1,836	415,886	226.51	.0438
Ravalli	44.79	9.08	20.27	22,493	1,130,903	50.28	.0020
Richland	27.03	1.50	5.55	12,243	2,015,087	164.59	.0022
Roosevelt	42.37	5.42	12.79	10,467	1,106,620	105.72	.0040
Rosebud	15.46	2.40	15.52	9,799	1,596,662	161.29	.0016
Sanders	43.84	3.63	8.28	7,675	854,310	98.47	.0051
Sheridan	24.20	1.90	7.85	5,414	900,264	166.28	.0045
Silverbow	112.49	13.50	12.00	38,092	6,130,930	160.95	.0030
Stillwater	58.24	1.65	2.83	5,598	825,086	147.38	.0104
Sweet Grass	73.33	5.78	7.88	3,216	606,439	188.57	.0228
Teton	69.76	3.00	4.30	6,491	1,294,815	199.48	.0107
Toole	47.96	5.99	12.49	5,559	1,659,992	298.61	.0086
Treasure	62.04	1.11	1.79	981	257,962	262.96	.0632
Valley	44.08	5.53	12.55	10,250	979,149	95.52	.0043
Wheatland	73.26	9.95	13.58	2,359	420,219	178.13	.0311
Wibaux	55.13	13.50	24.49	1,476	595,680	403.57	.0374
Yellowstone	44.13	5.62	12.74	108,035	8,463,163	78.33	.0004
Total	3034.48	341.07	11.24	786,564			.0039
	=====	=====	=====	=====			=====
Average	54.19	6.09		14,046			

Source: Montana Taxation 1981 published by the Montana Taxpayers Association.

Table 2 shows the total county mill levy revenue and the poor fund revenue from fiscal 1977 to fiscal 1981. From fiscal 1977 to fiscal 1980 total revenues grew 22 percent and the poor fund revenues grew 19 percent. However, in fiscal 1981 the poor fund revenues increased much faster than the total. From 1977 to 1981 total funds grew 38 percent and the poor fund grew 44 percent.

Table 2
Comparison of Total County Mill Revenue to
Poor Fund Mill Revenues
(millions 000,000)

	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>% Change FY 77-80</u>	<u>% Change FY 77-81</u>
Total Revenues	\$62.5	\$66.3	\$70.2	\$76.3	\$86.2	22	\$38
Poor Fund Revenues	\$ 7.3	\$ 7.8	\$ 8.1	\$ 8.7	\$10.5	19	44
Percent Poor Fund is of Total Funds	11.7%	11.8%	11.5%	11.4%	12.2%		

Source: Montana Taxation 1977-1981.

Table 3 shows the general assistance cost, the number of cases, and the average payment per case for fiscal 1979, 1980 and 1981. It shows a large cost increase in fiscal 1981. The number of cases increased 30 percent between fiscal 1980 and 1981. However, the cost per case had taken a large increase between fiscal 1979 and 1980.

Table 3
County General Assistance Costs, Cases, and Cost
per Case for Fiscal 1979, 1980, and 1981

	<u>FY 79</u>	<u>FY 80</u>	<u>% Change</u>	<u>FY 81</u>	<u>% Change</u>
Total Cost	\$451,438	\$549,954	21.8	\$819,145	49.0
Cases	537	543	1.1	707	30.2
Cost Per Case	\$841	\$1,013	20.5	\$1,159	12.6

Source: Department of SRS statistical reports.

Table 4 shows the county medical costs since fiscal 1978. These costs remained almost constant in fiscal 1978, 1979, and 1980, not even increasing with inflation. These costs decreased 14.5 percent from fiscal 1980 to fiscal 1981.

Table 4
County Medical Costs for Fiscal 1979 to Fiscal 1981

<u>Fiscal Year</u>	<u>Cost</u>
1978	\$4,157,617
1979	4,215,296
1980	4,150,505
1981	3,550,213

Source: Department of SRS statistical reports.

Fifteen counties' mill levies and expenditures were examined. The counties were equally divided between those with high, medium, and low poor fund levies. Table 5 shows three years of poor fund mill levies and expenditures for these counties and compares the mill levy change to the expenditure change. In the high counties Granite has a 69 percent decrease in expenditures but no change in the mill levy; Toole decreased the mill levy by 49 percent but expenses went up by 35 percent. The medium counties seem to have a logical change in mill levies and expenses. In the low counties Wibaux must have made some change at the county level to obtain these increases.

Table 5
Percentage Change in Mills Levied and Expenditures for the
Poor Fund Fiscal Years 1979-1981

County	---Mills Levied---			FY79	Poor Fund --Expenditures--		% Change --FY 79-81--	
	FY79	FY80	FY81		FY80	FY81	Mills	Expenses
High Mill Levies								
Cascade	13.50	13.50	13.50	\$4,022,724	\$4,500,348	\$5,034,619	0.0	25.0
Granite	13.50	13.50	13.50	300,623	169,694	91,992	0.0	(69.0)
Madison	6.22	13.50	13.50	644,042	794,649	873,774	117.0	36.0
Silver Bow	13.50	13.50	13.50	662,680	701,480	888,711	0.0	34.0
Toole	11.70	13.50	5.99	1,177,073	1,301,877	1,585,062	(49.0)	35.0
Medium Mill Levies								
Beaverhead	3.75	4.75	6.25	87,734	106,339	95,183	67.0	8.0
Flathead	2.619	3.725	6.767	879,172	1,000,653	1,135,329	158.0	29.0
Glacier	5.31	8.81	7.37	219,649	247,839	330,059	39.0	50.0
Jefferson	5.10	6.12	7.00	60,679	69,451	86,721	37.0	43.0
Judith Basin	1.89	1.32	.80	20,974	14,546	19,020	(58.0)	(7.0)
Low Mill Levies								
Golden Valley	1.74	.90	.80	4,680	3,820	4,053	(54.0)	13.0
Petroleum	1.00	1.50	1.00	3,771	3,692	4,163	0.0	10.0
Richland	2.20	2.90	1.50	96,023	102,576	91,091	(32.0)	(5.0)
Treasure	2.10	2.53	1.11	7,845	4,457	4,875	(47.0)	(38.0)
Wibaux	1.75	1.80	13.50	14,007	54,324	94,928	671.0	578.0

Source: Mills levied and dollar amounts were furnished by the legislative auditor's office. That office obtained the information by telephone.

As it was very time consuming and difficult to get consistent numbers on the expenses, the legislative auditor's office contacted the 15 counties in the above survey to obtain actual figures. The following points were noted in their summary of findings:

1. Expenditures out of the poor fund. The services that appear most commonly as expenditures from the poor fund are:

- a. aid to dependent children;
- b. foster care;
- c. burials and ambulance service;
- d. general administrations (salaries, supplies, phone, postage);
- e. welfare administration - travel expense
- f. general relief (assistance);
- g. medical and hospital.

2. Collections into the poor fund. Differences exist between assessments and collections because of timing differences (delinquent taxes) and inclusion in the collection amount, sources of revenue other than tax collections. Other sources are:

- a. corporate license tax;
- b. penalty and interest on delinquent taxes;
- c. oil and gas lease;
- d. allocation of miscellaneous receipts;
- e. child support from other states.

3. Nursing homes-hospitals. Some counties include the operation of a county nursing home and/or a county hospital in the poor fund.

When mill levy calculations are compared to the poor fund expenditures, it becomes apparent that there must be other revenue sources. Table 6 compares these fifteen counties mill levy collections to their expenditures for fiscal 1981.

Table 6
Poor Fund Mill Levies
Expenditures and Differences for Fiscal Year 1981

<u>County</u>	<u>Collected Mill Levy</u>	<u>Poor Fund Expenditures</u>	<u>Difference</u>
Beaverhead	\$ 114,258	\$ 95,183	\$ 19,075
Cascade	1,295,518	5,034,619	(3,739,101)
Flathead	513,926	1,135,329	(621,403)
Glacier	321,145	330,059	(8,914)
Golden Valley	3,946	4,053	(107)
Granite	81,024	91,992	(10,968)
Jefferson	68,532	86,721	(18,189)
Judith Basin	8,562	19,020	(10,458)
Madison	1,003,667	873,774	129,893
Petroleum	3,971	4,163	(192)
Richland	111,928	91,091	20,837
Silverbow	682,908	888,711	(205,803)
Toole	1,519,760	1,585,062	(65,302)
Treasure	4,475	4,875	(400)
Wibaux	148,991	94,928	54,063

Source: Dollar amounts were furnished by the legislative auditor's office.
That office obtained the information by telephone.

Differences exist from county to county in expenditure categories and revenue sources within the poor fund. The information and time currently available does not provide us with a consistent base to formulate specific

recommendations on state aid to counties.

If after looking at this information you want more details or further checking, please contact me.