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MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON
INSTITUTIONS

February 1, 1983

Side 45 The meeting was called to order at 8:10 a.m.
in Room 108 of the Capitol Building.

Members present were Sen. Mark Etchart, Rep. Bob Thoft,
Sen. Donald Ochsner, Rep. Steve Waldron, and Rep. Glenn
Roush. Sen. Bill Thomas was excused on personal business.

Also present were Peggy Williams of the Legislative Fiscal
Analyst's Office (LFA), Bill Gosnell of the Governor's
Office of Budget and Program Planning (OBPP), Carroll
South, director of the Department of Institutions, Jim
Haubein, administrator of the Management Services Divi-
sion, Pat Emerson, budget analyst for the Director's
Office and Management Services, Nick Rotering, legal
counsel for the Department of Institutions, and Curt
Chisholm, deputy director of the Department of Institutions.

(038) The committee went over the costs of mental health
care programs in other Western states. It was noted that
Montana has relatively low costs for mental health care
comparably speaking.

(065) Mr. South introduced Jim Haubein and Pat Emerson.
He then gave an overview of the Director's Office and the
Management Services Division. Management Services handles
the accounting and budgeting for the Department.

(132) Ms. Williams went over the major differences in
the OBPP recommendations and the LFA recommendations.

(135) Director's Office

The OBPP has requested an additional lawyer for the
Director's Office.

In the area of Contracted Services, the OBPP included
funds for a professional review of Galen, Warm Springs,
and the Prison. The LFA included \$700 for contracted
legal services because the LFA did not add an additional
legal counsel FTE.

In the area of Rent, the LFA included the building rent
incorrectly which accounts for \$1,000 of the difference
in the two recommendations. \$700 of the difference is
for a word processor. The LFA did not include these
funds because this purchase was not authorized by the
legislature and the word processor has ongoing expenses.

JW

In the area of Other Expenses, the LFA deleted newspaper subscription costs and increased the clipping services cost.

(194) Management Services

Both the OBPP and the LFA deleted two FTE to be transferred to the Director's Office. In addition, the OBPP deleted an Accounting Supervisor and combined her job with another position. That position is now a Bureau Chief. The OBPP also deleted two FTEs as recommended by the Governor's Council on Management to eliminate the Reimbursement and Field Investigation Section. They did not, however, delete the Section completely as was recommended.

There was a 2% vacancy savings in FY'82. The LFA recommends continuing a 2% vacancy savings factor. The agency requested \$3,543 for overtime. The LFA recommended no overtime.

The major difference in the operating expenses for this division is accountable to the fact that the LFA did not include funding for the ongoing charges of the word processor which was not authorized by the legislature and the LFA feels is an expansion of services.

(246) One of the issues to be decided by the subcommittee relates to funding. The LFA included funding from the block grants for Alcohol and Mental Health Treatment. The second issue is a modified request for data processing submitted by the agency.

(270) The agency responded to the LFA's presentation. Nick Rotering outlined his duties as the legal counsel for the Department. The agency explained the need for the additional legal counsel and what this additional legal counsel will do if it is authorized.

(424) The Chairman asked why the department feels they need a professional review service for Galen, Warm Springs, and the Prison when the Board of Visitors provides these kinds of services. Mr. South responded that the review of the Montana Medical Foundation is more in-depth than the Board of Visitors' review.

(454) Mr. South defended his decision to purchase word processing equipment. Utilizing the word processing equipment is more efficient and allowed the deletion of FTE.

(522) Mr. South felt, if given a choice, he would rather give up the clipping service than the newspaper subscriptions because the clipping service is usually about three weeks old when the department receives them and the newspapers come daily.

(568) Mr. South responded to the agency's position regarding the use of block grant monies. The agency would prefer to use the block grant money for Alcohol and Mental Health Treatment programs rather than for administration costs.

Side 46

(048) Mr. South felt that, since the agency has offered to delete three positions, the agency would request a 0% vacancy savings factor for the Management Services Division.

(079) Mr. South responded to the recommendations of the Governor's Council on Management to eliminate the Reimbursement and Field Investigation Section. The Department feels that two FTE of the five FTE in the Section can be deleted but to delete the entire Section may cost more money than it would save.

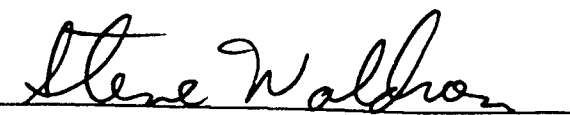
(104) Curt Chisholm responded to the request for an expanded data processing system for the Department. The Department feels the expanded system would be more efficient and more progressive. The Department had the bureau chief of the Systems Development Bureau of the Computer Services Division of the Department of Administration examine the data processing system and make recommendations (see Attachment 1).

(219) Jeff Brandt, bureau chief for the Systems Development Bureau responded to questions of the committee regarding the examination he gave to the data processing system currently being used by the Department of Institutions. He feels the expanded data processing system would allow more flexibility.

(359) Rep. Thoft addressed the Industries Management Director currently located at the Director's Office. The committee decided to hear discussion on this position when the committee hears the Prison budget.

The meeting was adjourned at 9:30 a.m.

Respectfully submitted:


Steve Waldron, Chairman

Approved

VISITORS' REGISTER

HOUSE Institutions Subcommittee COMMITTEE

BILL _____

Date February 1, 1983

SPONSOR _____

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
<i>Jeff Bennett</i>	<i>Helena</i>	<i>Institutions</i>	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



DEPARTMENT OF ADMINISTRATION

TED SCHWINDEN
GOVERNOR*Memorandum*

TO: Curt Chisholm, Deputy Director
Director's Office
Department of Institutions

FROM: Jeff Brandt, Chief *JTB*
Systems Development Bureau
Computer Services Division

DATE: October 1, 1982

SUBJECT: DATA PROCESSING LONG RANGE PLAN FUNDING

INTRODUCTION

This memorandum documents the conclusions drawn from the study of the Department of Institutions use of data processing. The goal of the study was to provide input to the data processing budgetary request for the FY84-85 biennium. The method used to gather the information was a series of interviews with representatives of each division in order that a long range plan for data processing could be prepared. Discussions were held with members of the Information Task Force and other knowledgeable department personnel regarding basic information categories managed by the division in order to meet department information needs.

Although the results of the study to-date are incomplete and require substantial expansion in order to complete the long range plan and ultimately identify areas which justify automation, several conclusions can be drawn from the initial study:

- There is a large potential for increased automation within the department.
- Personal services expenditures for automated systems (software) will need to be increased if substantial progress is to be made over current levels of development and maintenance activity. The additional personal services can be in the form of additional staff hired by the department, private or State data processing personal services contracting, pre-written software "packages" already developed or a combination of all three.
- Expenditures for computer equipment (hardware) will also need to be increased to accommodate the increased level of automation. Increased hardware expenditures can be in the form of per-hour charges for use of the State's central computer facility, dedicated computer capacity (e.g. distributed processors, micro computers) or a combination of the two.

RECOMMENDATIONS

The recommendations bases on the preliminary study are provided below.

Prepare Long Range Plan. The information gathered in the preliminary analysis should be refined and be the basis for preparing a long range plan for department automation.

The following reasons are given for preparing a long range plan for the department:

- . Data processing plans will be identified in a manner that allows for management review, approval and prioritization. More accurate budget requests and operational plans will be able to be prepared and allocated to the most critical areas within the divisions based on division management decisions.
- . Identifying long range data processing plans will allow management and data processing personnel to identify information requirements that should be integrated, especially for meeting both the needs of central office personnel and field offices (institutions, regional and district offices, etc.)

Increase Personal Services (Software) and Hardware Expenditures. Although there was not sufficient analysis conducted to conclusively recommend a particular hardware/software configuration nor the priority area(s) for additional development, it is clear that the potential and management desires for automation easily justify additional staff regardless of the specific hardware/software configuration determined by additional analysis. Sufficient hardware and software budget monies should be made available to complete the long range plan and begin the additional automation.

FUNDING

Recommended funding for the biennium is described below and summarized in Attachment A - FY84-85 Data Processing Budget Recommendation.

Prepare Long Range Plan. The preparation of a comprehensive long range plan is estimated to cost \$36,000. The estimate is based on six man-months to prepare the plan in FY84 and three man-months to revise and expand the plan as appropriate in FY85. These estimated costs are based on anticipated hourly rates for the Systems Development Bureau. These costs may be lower if internal staff is used and data processing staff personal services costs need not be fully costed. They would likely be higher if a private consultant was retained.

Personal Services. The additional personal services expenditure recommended is \$174,411. This expenditure is based on the following positions:

Curt Chisholm, Deputy Director
October 1, 1982
Page 3

<u>Position</u>	<u>Grade/Step</u>	<u>Hire Date</u>
Systems Analyst	16/4	7/1/83
Programmer/Analyst III	15/4	7/1/83
Programmer/Analyst II	14/4	1/1/84

The position expenditures for FY84-85 are based on the FY83 pay plan, including insurance, 17.8% for benefits and compounded at 11% from the FY83 pay plan.

Equipment (Hardware)

Equipment expenditures are estimated to be \$84,480. This estimate is based on a typical installation of an IBM 8100 or equivalent capacity computer system leased for \$4,000 per month (FY83 base). It assumes the hardware would be installed in January of 1984. Lease cost increases are assumed to increase at 10% per year.

JB/tms

Attachment

Management Services - FTE

	<u>Exec</u>	<u>LFA</u>
Current FTE	36.0	36.0
- 1.0 Personnel Officer	-1.0	-1.0
- 1.0 Administrative Asst	-1.0	-1.0
} Transferred to directors office		
- 1.0 Accounting Sup.	-1.0	0
- 2.0 FTE from Gov. Council on Management Recommendation (Eliminate the Reimbursement and Field Investigation Section)	-2.0	0
Total FTE	<u>31.0</u>	<u>34.0</u>

Note: Governor's Council on Management recommended deleting the entire Section (5.0 FTE); the executive has deleted only 2.0 FTE.

Management Services Division

This division provides department-wide fiscal control and reporting services as well as secretarial, personnel, and data processing support. The staff also processes insurance claims for reimbursement of institutional resident medical and rehabilitation service costs. The fiscal 1982 budget of \$943,000 included \$131,000 in federal funds. It supported an authorized staff of 39 with four vacancies. The administrator supervises three budget analysts, a personnel staff and two bureaus. The Information Services Bureau develops automated systems. The Administrative Services Bureau has three sections: Accounting, Reimbursement and Field Investigation, and Reimbursement Control.

The division has been successful in installing adequate financial controls. Nevertheless, data processing systems for accounting and billing require manual information retrieval. Field investigations are costly and the large vehicle fleet is poorly managed.

Recommendations

148. Develop an integrated patient accounting and billing system.

Current accounting and billing procedures are time consuming and inaccurate. Data must be retrieved manually from four distinct systems. To increase accuracy and simplify processing, an integrated patient accounting and billing system should be developed. Medicare/Medicaid eligibility should be included for automatic identification. One-time development and programming costs are estimated at \$50,000. However, implementation will reduce current staffing by four positions for an annual saving of \$58,000.

149. Eliminate the Reimbursement and Field Investigation Section.

Two different methods are employed to get the information required for reimbursement control. Although the Reimbursement and Field Investigation Section of the Administrative Services Bureau is responsible for this activity, three institutions have investigative units with a staff of 22. Since institutional control is more efficient, the section should be eliminated and the following measures implemented:

- Assign investigative control to the business office at each state institution.
- Reassign separate investigative units at Boulder River School and Hospital, Warm Springs State Hospital, and Galen State Hospital to the respective business office at each institution.
- Hire a private investigative service when supplementary reports are required.

Implementation of this recommendation will strengthen control, use existing personnel more efficiently, as well as eliminate four field investigators and one section supervisor. The annual saving to be attained is estimated at \$117,000 while retaining private investigations will cost approximately \$84,000 annually.

Department of Institutions - Management Services

	1	2	3	4	5	6	7	8	9	10	11	12
	FY84		FY85		Comments							
	Exec over (under) LFA		Exec over (under) LFA									
Contracted Services		4		7								
Supplies + Materials		1269		1347	Did not include charges for new equipment (Exec + processed word purchases (not authorized last session)).							
Communications		615		850	LFA inflated current level and added in some money for rate increases (LFA is too high by about 900)							
Travel		2260		2392	LFA adjusted for transferred FTE (at department's request) then increased the travel base.							
Rent		(1832)		(970)	Exec calculated building rent using square foot area. LFA did not include \$2000 of rent for word processor (not authorized last session)							
Repairs and Maintenance		366		389	LFA did not include additional word processing charges (not authorized last session)							
Other Expenses		263		289	LFA reduced registration fees							
Equipment		3567		(3479)	LFA included calculators and file cabinets. This represents entire equipment request for both LFA and exec; just put in different years.							

Director's Office
FTE

Current # FTE		<u>Exec</u>	<u>LFA</u>
		7.0	7.0
+ 1.0 Personnel Officer	} Transfer from Management Services	+ 1.0	+ 1.0
+ 1.0 Administrative Assistant		+ 1.0	+ 1.0
+ Lawyer		<u>+ 1.0</u>	<u>0</u>
Total FTE Recommended		10.0	9.0

Department of Institutions - Directors Office

	1	2	3	4	5	6	7	8	9	10	11	12
			FY84 Exec over (under) LFA		FY85 Exec over (under) LFA		Comments					
Contracted Services			8001		(1,084)		FY84 + LFA did not include funds for PSRO (wrote up as 15 Both years - LFA included \$700 for contracted legal services (LFA did not include lawyer)					
Supplies + Materials			(161)		(167)		LFA increased ^{office} supplies for two transferred FTE; kept other supplies at current level					
Communications			518		615		LFA increased telephone costs for two transferred FTE Exec inflated differently					
Rent			1,645		1,742		LFA increased base by \$476 and inflated					
Building Rent			1,744		2,186		\$1000 Building Rent					
DP Equipment			140		456		\$700 DP Equipment (word processor)					
Repair + Maintenance			695		738		LFA increased current level (by %) and inflated					
Star Expenses			322		343		LFA deleted newspaper subscription costs and increased clipping services costs (to \$396)					
Equipment			-0-		-0-							