

MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS SUBCOMMITTEE
ON HUMAN SERVICES

March 1, 1983

The meeting was called to order at 8:15 a.m. by Chairman John Shontz. All subcommittee members were present.

Also present were: John LaFaver, Ben Johns from the Department of SRS; Ron Weiss from the OBPP; Peggy Williams and Mason Niblack from the Legislative Fiscal Analyst's office.

Begin Tape 46 Side 2

Peggy Williams, LFA, presented an overview of all the programs presented by the Department of SRS and the LFA. The LFA had put together a booklet containing pertinent information on each program, the issues and major differences between the LFA and the executive budgets. (see exhibit 1)

ASSISTANCE PAYMENTS PROGRAM

The major differences in this program is the difference in FTE. This is due to the LFA elimination of one position in FY82 that was vacant most of the year and the executive addition of 2.5 positions, transfers from another program.

The major difference in operating expenses is a \$118,000 difference in FY84 for Contracted Services. This is due to the executive adding \$100,000 to audit the LIEAP program. After the budget was prepared, the department said they would prefer to move this to audit and program compliance rather than putting it in administration.

Administration funding was done on a percentage basis. Ms. Williams felt the subcommittee may want to take a closer look at this. The LFA kept ratios that were previously used while the executive changed these. The subcommittee should make the decision as to how they want these funds "mixed."

There are three areas of concern in benefits. The first is in AFDC. There is a difference of \$411,000 in FY84 and \$440,000 in FY85. Both are original figures and do not reflect the increased caseloads that the executive and LFA have recognized.

The next difference is in weatherization, \$759,000 difference in FY84 and \$882,000 difference in FY85. The third difference is in LIEAP program, a difference of \$1.4 million in FY84 and \$815,000 difference in FY85.

Specific to AFDC, the funding differs depending on whether the AFDC recipient is Indian or non-Indian. The department has stated that the Indian population is constant at 1275 cases, so that first the funding for the Indian population is calculated, then caseload increase is applied to the non-Indian population. Page g3 shows the breakdown. For the Indian population, the fund sources are federal, county and state.

An issue raised is the payment levels to the recipients of AFDC. The payment is generally based on the poverty level and page g3 shows the payments based on a 55% poverty index, a 51% poverty index or benefits frozen at the current level, further broken down into non-Indian and Indian population. Page g4 shows the total amount of funding based on different caseloads according to both LFA and executive estimates. Also exhibited are options for language. The second option would give the executive their entire estimated caseload but freeze the payment at the '83 level, then give the department flexibility to increase payments if the caseload does not materialize at the higher level.

LIEAP and weatherization programs are tied together because the money can be transferred from LIEAP to weatherization. Using the executive proposal, at the end of FY85 there will be a balance of about \$5 million in the total of both programs. The executive proposal does not transfer money to social services block grant but it does transfer money from LIEAP to weatherization. The subcommittee will have to decide whether they want to transfer money to social services and, if so, whether to also transfer money to weatherization program. Page i2 organizes the issues in the two programs, The President's budget indicates a new formula for LIEAP which would target more money to states with severe climates.

The subcommittee must estimate the grant award so money can be applied where they want it. Sen. Story mentioned the option of raising eligibility levels. He asked if the executive or the department had considered creating a scale of grant assistance so that the people at the upper level would receive less than those at lower levels. Mr. LaFaver noted that this had been proposed, but that to scale it in this way meant that some people now receiving benefits would receive less. Due to lack of response from public and from legislators, it was not pursued. Peggy Williams added that, at this time, there is not a funding shortage therefore no need to cut back this year. She agreed that it would certainly be an option to consider for the future.

The second issue in the LIEAP and weatherization program is the amount of LIEAP benefits. Options are; (A) to increase the FY82 level of benefits at 6% per year, which would project \$6.7 million in FY83; (the executive has already projected to spend about \$9 million in FY83 so it would mean lowering or cutting back the program.) (B) to inflate the '83 level at 6%; (C) to inflate the '82 level at 14+% which includes administration money. Option D is the executive request and Option E is inflating the '83 level at 14+% per year. The executive request goes down in the second year. Mr. LaFaver commented that no one knows what the federal grant

is going to be and he would therefore assume that whatever amount comes in, the committee would decide only priorities for benefits or weatherization or social services block grant. Ms. Williams added that, in order to be able to appropriate spending authority, the LEA felt they should come up with an anticipated grant award.

Issue three deals with the amount of weatherization benefits. Option (A) is the executive request which is \$1.3 million a year; Option (B) is the LFA request which is about \$2 million a year, increasing the '82 grants at 6% per year; option (C) is to take 15% of the LIEAP program plus executive request and any other option the committee chooses.

The fourth issue is whether the committee should transfer money from social services block grant. Up to 10% of the LIEAP block grant can be transferred to social services.

The fifth issue is transferring audit expenses from the LIEAP grant to audit and program compliance. When the audit and program compliance division made their presentation, they requested \$55,000 and about the same amount for the second year.

The sixth issue is how much weatherization will cost to administer.

In the section on community services block grant, the difference between the executive and the LFA is mainly due to the amount allocated for administration. Workfare and non-resident assistance were only briefly mentioned. In training, the department is requesting \$150,000 for FY84 and \$175,000 for FY85.

SOCIAL SERVICES PROGRAM

The Social Services Program exhibits the main difference as the FTE. There are smaller differences in travel, and other services. The executive transferred 2.7 FTE to this program and the LFA should not have deleted; this will be corrected.

The LFA kept operating expenses at current level while the executive reduced them.

In administrative funding, there are two questions: (1) Which program should be using the social services block grant funds, and (2) how much of the LIEAP block grant does the committee want to grant to social services.

The major areas for discussion in benefits include foster care, protective day care, subsidized adoption, supplemental security income and aging. The major question concerns foster care. Peggy explained that the total amount expended in foster care has increased 48% between 1980 and 1981, 17% between 1981 and 1982, and 6% between 1982 and projected 1983. The LFA has broken down this increase into different categories of foster care: foster families, group homes, in-state treatment, out-of-state treatment and care & professional. They then looked at the number of services provided in each category, noted whether it was an increase or a decrease and wrote up committee options. This was done so the committee could "mix and match." The options are to hold the '83 payment level constant or to increase the '82 payment level, assume there will be a growth in the number of people receiving services or assume that there will be no growth.

Overall options in this program include: (a) fund the executive request or \$4.9 million in FY84 and \$5.4 million in FY85; (b) fund the FY83 appropriation inflated at 6% per year or \$3.9 million in FY84 and \$4.1 million in FY85; (c) fund the FY83 projected expense based on the first six months of foster care expenses, annualize these, then fund with no increase; (d) fund the FY83 projected expenses and inflate it at 6% per year; or, (e) combine the individual categories with foster care and increase or decrease the ones the committee desires.

The difference in supplemental security income is due to the executive expanding the benefits to include more cases than in FY82. The funding is entirely general fund.

There are small difference between Family Teaching Center, Big Brothers and Sisters programs, day care, and subsidized adoptions.

There is a \$53,000 dollar difference in FY84 and \$81,000 in FY85 in aging program. There is a small difference in information and referral. The department used a higher inflation rate than did the LFA. There is a \$32,000 difference in state grants due to the department inflating the '83 appropriation while the LFA appropriated what they considered to be the minimum needed match. There is also a \$19,000 difference because HB217 passed last session. It appropriated \$125,000 per year in the biennium for in-home services. The LFA continued this amount whereas the executive increased it.

ELIGIBILITY DETERMINATION PROGRAM

In the Eligibility Determination Program, there is a difference in FTE with the LFA lower by 21.8 than the executive. The LFA deleted 20.6 FTE because they were vacant almost the entire FY82. Travel expenses were increased by the executive due to plans to fill vacant FTE's.

ADMINISTRATION AND SUPPORT PROGRAM

The main difference in the administration and support program is that the executive is 2.38 FTE lower than the LFA. The LFA kept current level and the executive transferred 2.8 FTE's to other programs. In operating expenses, the executive increased the base by \$22,000 while the LFA increased the base by \$6,000. There were small differences in supplies and other areas. The executive did include a word processor in FY84 and the LFA included a car in FY85 in the equipment category.

MEDICAL ASSISTANCE PROGRAM

The FTE differences in the medical assistance program is small, only .38. There is a difference of \$400,000 in contracted services because the LFA did not include the rate development contract which was appropriated last session, but not used. (Peggy noted that the LFA deleted it twice, so their total is \$85,000 too low.) The LFA did not include \$200,000 for the Montana Foundation Medical Care. This was previously paid for by federal funds and is therefore for the committee to decide if they want to replace federal funds with state funds.

In benefits, the most important difference is in medicaid. There are small differences in other programs such as renal disease, the DHES surveys, and the buy in.

In medicaid there is an issue on the number of care days in nursing homes between the executive and the LFA. The second issue in nursing homes is the cost per day which is related to the rate of inflation. The department is requesting 9% inflation while LFA is using 6%.

On medicaid under institutions, the issue is how much money institutions will receive in medicaid reimbursement during '84 and '85. The executive inflated FY83 appropriations by 9%, then put in money for the youth treatment center while the LFA held '82 care days at institutions constant, then calculated the cost per day and inflated it to '84 and '85.

In other medicaid, the number of services and the cost per service were at issue. The LFA took the executive number of services, reviewed the cost per service in FY83, then inflated it while the executive used trend analysis in '80 and '81 to determine the cost per service.

In benefit funding, the Omnibus Reconciliation Act reduced the medicaid federal portion by 3% in FY82 and 4% in FY83 and 4.5% in FY84. The act then expired. The issue is what reduction rate should be used in FY85.

The other issues in the medical assistance program are the smaller programs, the buy-in, renal disease, health department surveys and Indian health.

AUDIT AND PROGRAM COMPLIANCE PROGRAM

In the Audit and Program Compliance Program there is a difference in FTE of 14. Ms. Williams stated that the personal services amount was incorrect because it reflects only current level, which is 40 rather than the 50 the executive shows.

Contracted services, travel and rent have only a small amount of difference. The major difference in this program is the FTE. LFA deleted 3 FTE which were vacant most of FY82 and the executive added 11 positions. The issues in the program: (1) audit workloads. Last session, the department estimated they could perform 101 audits during 1982 and they actually performed 55. They are proposing to complete 67.5 in FY84 and 82.5 in FY85. The LFA believes these audits can be completed with the current staff. (2) In the program integrity bureau, they requested 5 new FTE to lower the error rate in the AFDC, Food Stamps and Medicaid Program. The error rates have been decreasing and medicaid is the only one that is high at the present time. Page d7 gives the 4 reasons there has been a downtrend in error rates. Because of these, the LFA believes downtrends will continue.

VOCATIONAL REHABILITATION PROGRAM

In the Vocational Rehabilitation Program, there is a difference in FTE of 3.7 per year, and some small differences in administration and in equipment. The first issue is the funding source for administration. Should SSDI and SSI funds be used for administration? They have historically been used for administration and were used in FY82. There has been a drop in these funds and the question is whether general fund should replace these. The executive deleted 6.5 FTE while the LFA added 2.8. In part, the positions were deleted because of the recommendation of the Governor's Council on Management. The LFA also reallocated some of the salaries between the Visual Services Division and the Voc. Rehab Division.

There is about a \$121,000 difference in benefits in FY84, and \$189,000 in FY85. One of the issues is whether the IARA or Workers Compensation Fund be used for state funds to match the 110 benefits for vocational rehabilitation.

The amount of the 110 and workers compensation benefits differs by \$1700 over the '85 biennium.

Chairman Shontz questioned the total \$2 million appropriated for administration alongside the total benefits being administered at about \$2.6 million for FY82. Mr. LaFaver pointed out that what is called "administration" in this area includes all of the field counselors providing services, the amounts of money that then go to pay for school, or equipment or whatever specific types of help that a person needs. All counseling costs are also included.

Ms. Williams went on to say that there is almost \$1.3 million in workers compensation funds that are available but the LFA is not sure the state can use all these due to the law talking about reversion. SRS records do not indicate that they normally revert these. The LFA is getting a further opinion on this.

DISABILITY DETERMINATION PROGRAM

Disability Determination has a difference of 8 FTE and some small differences in communications and rent and repairs. The benefits are identical in both the LFA and the executive budgets. FTE difference due to executive adding 8 FTE during FY83 by budget amendment. The concern of the LFA is that FTE and spending authority authorized in this program are not transferred to another program. Another concern is that disability determination provides contracted services to medical assistance program. Since this program does have general fund in it, they are concerned that costs remain reasonable.

The executive estimates the cost per service is rising 13% on contract services provided to the medical assistance programs and the LFA only increases it 8%. The LFA has a concern that the costs between the disability determination program and the medical assistance program are different. The disability determination program asked for \$54,000 in FY84 and medical assistance program asked for \$32,000.

VISUAL SERVICES PROGRAM

Visual Services has a difference of .20 FTE. Part of this is due to the reallocation of the people between Vocational Rehabilitation and Visual Services.

There are small differences in contracted services, travel and rent. There is a difference in equipment. The LFA did not include equipment such as visual-tech aids, talking calculators, brailers, etc. that the executive included.

In benefits, for visual services, there is about \$100,000 per year difference. The executive increased Section 110 funds 8.3% to get to FY84 and then 4% to get to FY85 while the LFA used the actual '82 base. There is a small difference in in visual medical of \$6,000.

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DD/DDPAC PROGRAM

DD/DDPAC were next discussed. Ms. Williams noted that DD is not included in the booklet, as there were some changes yet to be made. The major issues in DD were (1) intensive group homes and (2) expansion slots. Other than these, the figures were very close.

In DDPAC the difference is that the executive deleted the administrative assistant which the LFA left in.

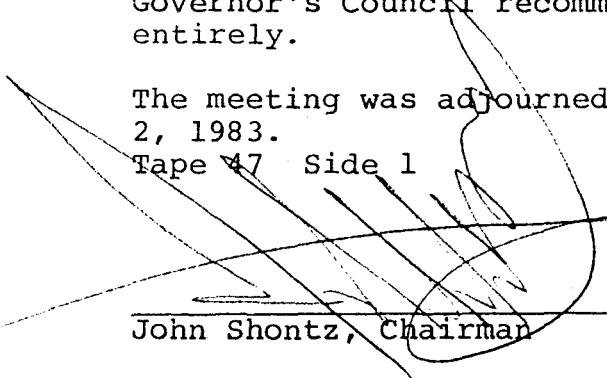
In operating expenses, therefore, the executive was a little lower because of the lower FTE. This is a 100% federally-funded program, funded by the DD Services Act. Language included in last session was included on page e3.


VETERANS AFFAIRS PROGRAM

There is a difference of 2 FTE's in the Veterans Affairs Program. The difference is due to the LFA deleting 2 vacant positions. There is also a difference in operating expenses. The LFA is over the executive. This is due in large part to the decision last fall to recommend transferring Veterans Affairs to Military Affairs. The LFA did not respond to this. The transfer results in lowering of rent because the veterans affairs offices would be in armories. The only remaining issue is whether the committee wants to pursue the Governor's Council recommendation of deleting the program entirely.

The meeting was adjourned until 8 a.m. tomorrow morning, March 2, 1983.

Tape 47 Side 1


John Shontz, Chairman


Carol Duval, Secretary