

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

March 2, 1983

The meeting was called to order by Chairman John Shontz at 8 a.m.

Present were: Ray Hoffman and Dr. John Drynan from the Department of Health; John LaFaver and Ben Johns from the Department of SRS; George Harris and Ron Weiss from the OBPP; and Norman Rostocki and Peggy Williams from the Legislative Analyst's office.

Begin Tape 47 Side 2

HEALTH DEPARTMENT EXECUTIVE ACTION

Norman Rostocki, Legislative Fiscal Analyst, presented the committee a handout explaining the items that were not considered in the discussions of the health budget. (exhibit 1)

The first issue was in environmental administration funding. The committee has approved the operating expenses but still have to approve the funding for this area. The second issue was in rent; because of actions taken in the subcommittee on elected officials this has impacted this area. Norman also pointed out there was never a vacancy savings discussion and the handout explained what the LFA recommendations were for the different divisions. The last issue concerned new money the federal has granted and the Department of Health desired to obtain spending authority for this money without going through the budget amendment process.

Sen. Regan asked if language could be prepared so that the spending authority would not be greatly expanded. Norman told her that they would be allowed to have this under the normal budget amendment process. He said there was no language needed, that Mr. Hoffman was aware of the funds and he just felt that since it was available now he would bring it before the committee for consideration.

SEN. REGAN made a MOTION that the spending authority for the rabies, new EPA moneys for East Helena lead study and the new EPA money for inventory of hazardous waste be granted.

Chairman Shontz asked what the amounts of the moneys for these programs would be. Mr. Hoffman told the committee that in the hazardous waste program, EPA is saying that the state of Montana will have \$51,000 available for inventory of hazardous waste disposal sites within the state. The department does not know whether they can do that between now and June or if they have to do it after the next fiscal year. He will still handle it through the budget amendment process but is only making the committee aware that the funds are available.

The second area EPA has notified the department about is that the Air Quality Bureau will have approximately \$40,000 additional

funds for enhancing the Indian Air Monitoring Program within the state. They do not have a specific breakdown of where the funds are going at the present time or what they are going to be used for.

The third area of concern is in conjunction with the Center for Disease Control and EPA, that EPA is going to make available for the state of Montana funds for studying East Helena lead study and he does not know the specific dollar amount because they are putting together a protocol now to tell the EPA how they would perceive doing this project. They feel they will have to start the program this year.

SEN. REGAN withdrew her original MOTION and made a SUBMOTION then to grant the Department of Health spending authority in the special revenue fund of \$43,414 and \$44,981 for the rabies program. MOTION CARRIED.

SEN. REGAN made a MOTION to approve of the rent of \$11,955 in FY84 and \$23,659 in FY85.

Chairman Shontz asked why there was such an increase in general fund portion for rent in the second year of the biennium. Mr. Rostocki replied that in some cases where the committee has maximized the use of general funds there are just not other funds available and that the only option was to go to the general fund to make up the rent. He also explained that the rent figures are based on the subcommittee's decision in elected officials. They have set a rate of \$3.17 and \$3.47 a square foot and the D. of A. sent out a sheet and told them this is how much square footage you have and this is the amount it will cost you. Originally the budget office and LFA had allowed 6% inflation and this inflation has been more than 6% as granted by the subcommittee's action and it has therefore impacted every budget.

Sen. Aklestad asked what the rent figures per square foot were before, and asked how the subcommittee was justifying the increase. Mr. Hoffman said the rates that were approved were \$3.17 for 1984 and \$3.47 for 1985. He said the action of the committee increased it over the LFA and the executive by 4.2% in 1984 and 7.42% in 1985.

Sen. Story felt this was something that should be discussed with Rep. Bardanouve. A discussion ensued as to what options the committee should take. Chairman Shontz mentioned another option would be to do this in house appropriations. Norman said if they chose this method they could say that the building rent would be approved of at \$3.17 a square foot and all budgets reduced or increased accordingly. SEN. REGAN withdrew her rent MOTION.

On vacancy savings discussion, Sen. Regan asked if there was to be any payroll increase it is not provided for in the budget and

it will have to come out of vacancy savings. Chairman Shontz replied it all depended on what the legislature determines as far as revenue is concerned. Norman added that vacancy savings is not a reduction dollar for dollar in personal services yet, it is just a recommendation from the committee and from his understanding when they decide what amount or if there is going to be a pay plan these amounts would be plugged into the pay plan calculation.

Ray Hoffman added that any vacancy savings that are taken are going to be impacted on federal funds available to each department (The Department of Health is 15% general funded and 85% federally funded.) more than it is on the general fund. Of the 15% general fund approximately 12% is based upon specific levels of effort so even if the committee took a vacancy savings on some programs you have to maintain the level of effort. He said the Department of Health is at 246 FTE at the present time and are going down to 215. He feels any vacancy savings factor at this point in time would be the best guess of maybe what might materialize.

Rep. Menahan stated the vacancy savings effect is to reduce staff and in this particular case that it should be left alone. Chairman Shontz added it should not have been brought up at all.

Norman Rostocki then told the committee that on the environmental administration funding the way it was left before was to approve of the LFA funding but the committee wanted to go back and look at it again. There were 3 FTE in this program who oversee the rest of the environmental programs. When the LFA initially put the funding together the program was funded in the same proportion that the whole division spends funds and the funding broke out quite differently than the way the department had requested it. The general fund decreases substantially and the federal funds increase whereas in the department request there are no federal funds requested. Chairman Shontz asked if we had appropriated in both budgets the junk vehicle and federal funds that we are looking at on the handout. Norman explained these were not pulled from other areas except in one case; in water quality. Chairman Shontz asked if we approved of the LFA budget if this would not disrupt that funding source or anything that has been done previously in terms of funding other programs. Norman stated then this would not but in one case, in air quality; it would reduce the air quality program \$30,000 a year. The other programs are either federally funded or from earmarked funds and they have sufficient funds except for air quality.

Sen. Aklestad asked what the funding option was. Norman said the LFA funding pattern was originally approved but this was the

one area in the health department the committee wanted to leave open for further consideration. This funding will fund the program but it will reduce air quality's budget approximately \$30,000 a year. Chairman Shontz then added that in order to keep air quality where it is at the committee has to add an additional \$30,000 per year to finish up this budget.

Norman added further that this was an indirect effect upon it because as it stood air quality had \$550,000 for their grant and the department said this was all they were going to get, and if the committee spends some of the air quality's money in the environmental administration program then they don't have it to spend in air quality. All other environmental programs are funded from general or earmarked funds or have federal balances available. So, in order to keep air quality program where it is, the committee has to put in \$60,000 more general fund into the administrative budget.

Sen. Aklestad asked where the new federal moneys would come into the budget. Norman replied they would come into the hazardous waste program as explained earlier. Sen. Aklestad asked why some of these funds could not be used. Norman replied that his understanding is that they would be able to at the regular indirect cost rate because they are not budgeted anywhere right at the present time. Every dollar that comes in has an indirect cost rate of about .13 cents on every dollar that is able to be spent for indirect costs.

Sen. Aklestad also asked with these new moneys if there are more responsibilities if they had to broaden the scope on each one of these 3 areas. Norman said they were for a specific project. Chairman Shontz stated that if we are going to spend money here he would entertain a motion to spend \$30,000 each year of the biennium general fund for environmental administration but with a provision that wherever possible the department take all the indirects against it from the federal grants.

Mr. Hoffman stated that this program cannot get indirects because this program is simply identified as a program that is providing a specific service. He gets indirects based on the dollars that he spends in his program and the directors program.

Sen. Story stated he did not want to do this and stated that if there is no motion, nothing happens.

Regarding format of the appropriations bill, Norman wanted some feedback from the committee. He stated that the committee heard

the budget the way the department was organized prior to session, and then the department reorganized and just last weekend he reorganized the budget so that it will read out in the appropriations bill according to the way the department is now organized. He is asking if the committee wants to put the amounts in by the bureau level or subprogram level. He explained there will be some problem putting them in at the sub-program level because some of the sub-programs have been split up in the reorganization. Norman feels that if they put them in at the bureau level there will be much more control than they had in prior years.

SEN. STORY made a MOTION that it be put into appropriations at the bureau level except where the federal funds were involved and these would be at the sub-program level.

MOTION CARRIED. Norman added there will be about 28 line items on the budget this time in the health department.

Ron Weiss asked if they line itemed to this degree the committee should understand that this reduces the flexibility of the department almost to zero, and it brings up the question of what happens if more federal funds come into some of these various programs and how do they deal with this. Chairman Shontz replied they could budget amend it as long as the budget amendment criteria were met. Ron wanted to clarify they had this understanding then.

Mr. Weiss also wanted the committee to be aware that the language for budget amending has been changed and at the present time it is rather restrictive and there is concern on the part of the executive branch as to the way the bill is written that they might not be able to budget amend any money and if this is the intent of the legislature there is a problem.

Sen. Regan asked Norman Rostocki if there was a way in which the committee could write the language so that if the federal funds come in they are used and the general funds slips out. Norman told her this had been discussed. She then made a MOTION we accept the executive request for environmental administration which calls for more general funds but if the federal money comes in that money slips out and we have it covered. Chairman Shontz told her that Mr. Hoffman had stated this could not be done. Norman further explained that if money comes in for these new projects, there is an indirect cost ratio applied against it, something like .13 cents for every dollar, and this amount would go to Mr. Hoffman's program and expand his program or some of his money could be used to fund environmental administration program. Mr. Hoffman says he will keep this in a pool and the committee can look at it next time for use. Norman want on to say there is no reason that the division administrator can't be considered an indirect cost because he is overseeing this program. Mr. Hoffman said his program can't expand with these new funds. Norman added that they attempted to put a

budget amendment through last biennium to spend this exact money we are discussing today.

SEN. REGAN then made a MOTION to go with the executive funding option for administrative and they spend the federal funds before general funds if they should receive more federal funds. Rep. Menahan seconded. On a roll call vote the MOTION FAILED.

Chairman Shontz asked the committee again if they desired a motion on vacancy savings and the committee desired no motion, just to leave it as it is.

Chairman Shontz asked again why if it was an administrative effort why you can not use indirect costs to cover it. Ray Hoffman explained the indirect cost pool is based upon those dollars that are given to the feds that can not be specifically identified with the program, for example, his accounting clerk. If the accounting clerk is doing the accounting functions for the complete department they will allow this to be put into indirect cost pool. This area is specifically identified as three people, the function has previously been completely general funded except for earmarked revenue and they will not allow it to be included in the indirect cost pool because it does not service the complete department. Chairman Shontz then asked if there was a reason why the committee could not direct the department to use the indirect costs dollars here or in the directors office and reduce that budget by a like amount in general fund. Ray replied that what they would be doing was reducing general fund in the director's program and pushing it over to this area but they would not be expanding the general fund in the budget. Ray replied this was so they would be reducing the director's program by a like amount of general fund or whatever the committee put in. He also added that indirects are only taken upon the personal services within the program not from the total grant. They may contract with this which would mean that no indirects would come into the program.

Sen. Aklestad asked if it was possible to absorb \$60,000 if vacancy savings was not taken. Chairman Shontz answered if we took the vacancy savings numbers that are represented here on the handout it would come to \$93,000 per year. Ray Hoffman said this would be approximately \$9,000 general fund and the remainder is federal. Thus, by taking no vacancy savings the committee is giving them \$184,000 for the biennium. Sen. Regan asked if action would be taken and Sen. Story stated again by the absence of motions it finalizes the committee's action.

Norman added that the committee had voted to accept the entire department budget the way it was except for this one area, so by doing nothing the committee has said they will come up with the balance from federal funds. Sen. Regan added she felt this was not being responsible. A discussion ensued. Rep. Menahan suggested a motion for \$45,000 for funding environmental administration.

Norman explained further that on the sheet he presented the federal authority is \$64,000. This represents the portion of federal funds that the entire division spends. Of this \$64,000, they have to come from federal programs in the environmental areas; water quality, air quality and from the hazardous waste program. In water quality the committee has already allocated the money when they chose this option, this moved the 205j money. In hazardous waste, we haven't moved any money over but Norman has an allocation that shows how much would be moved. In air quality, it says that their funds are matched and they would have to eat about \$30,000 to fund the division administrator per year. So of the \$64,000, air quality would have to be reduced \$30,000 to pay it. He sees no problem with the other programs.

End of Tape 47 Side 2 Begin Tape 48 Side 1

Norman went on to explain that in every federal program that every environmental area that has additional money come in has indirect costs available.

Sen. Story suggested \$30,000 general fund for the biennium. SEN. REGAN MOVED we give them the \$30,000 for the biennium. In a roll call vote, SEN. REGAN, SEN. STORY, REP. MENAHAN and REP. WINSLOW voted yes and REP. SHONTZ and SEN. AKLESTAD voted no. MOTION CARRIED.

Executive action closed on the Department of Health.

After a short break, the committee reconvened to begin discussion on the SRS budget.

EXECUTIVE ACTION ON DEPARTMENT OF SRS

SEN. STORY made a MOTION we come back on Friday, March 4, 1983, and be presented a full package by Mr. LaFaver on an austerity budget. Sen. Regan felt this was unfair. Sen. Story added that Mr. LaFaver knows what is being considered and the figure has been set and if the department shows the committee a budget within those parameters that gives them the flexibility he needs, that he is willing to accept it. Sen. Regan asked what figure he was looking at and Sen. Story replied it was \$5.5 million off the executive budget. Sen. Story went on to say that he

had been told by Rep. Bardanouve that the House will be presenting the committee with a balanced budget with some surplus reserve in it and not based on unrealistic figures. And, if this is not so, and the budget that comes to the Senate is out of whack, then they will have to slice some more off of something somewhere.

Sen. Aklestad asked if the committee was still \$25 million difference between the department's budget and the LFA. Peggy Williams replied this was so.

Sen. Regan asked Mr. LaFaver to comment on this. He stated that Rep. Bardanouve had spoken to him about the general situation the budget is in and what sort of cutbacks they can live with in order to help balance things out and the figure that was arrived at was \$5.5 million. Mr. LaFaver said he told Rep. Bardanouve that if indeed this was the figure they would do everything they could to spread this in a way that would be as livable as possible and that the department would support it but he shared with him his concern that if the department agreed to a \$5.5 million cutback that this not be viewed then as the starting point for more cutbacks and Rep. Bardanouve assured him that this was his desire. Mr. LaFaver hoped that if this is the instruction of the subcommittee that this is the understanding that SRS would have with the committee as well.

Chairman Shontz pointed out that what we traditionally referred to as "cats and dogs" bills have some major issues and one is the desire of a number of people to take the county welfare budgets and shift these to the state and Rep. Bardanouve is assuming that none of these are going to happen. Mr. LaFaver interjected that this particular bill is one Rep. Bardanouve is assuming will pass. A discussion on this bill was held.

Chairman Shontz again expressed his concern that there are a number of issues like this that may or may not be over and above what we are discussing and there is going to be a lot of pressure put to bear to include those items in whatever budget comes. Sen. Regan also expressed concern about the number of cats and dogs bills but that historically we don't spend more than \$5 million on cats and dogs. Chairman Shontz further explained there is going to be a lot of sentiment not to kill these bills, to in fact pass them; he feels the realization of how the bills enter into the budget process has not been fully understood.

Mr. LaFaver wanted clarification from the committee that when SRS comes back with \$5.5 million that the target doesn't shift to some other figure. There was then general discussion on the

amounts for the budget. Rep. Winslow added he thought there should still be some flexibility for differences in opinion of some of the programs.

Mr. LaFaver stated all he was referring to was the agreement that he made which is that the department present a bottom line figure and there can be changes made within this budget as to whether the committee feels the SRS's priorities are correct or not. But they are asking that the \$5.5 million figure stick.

Sen. Story added his conclusion that to have an ending surplus this biennium, they have to take \$40 million out of the executive budget and he feels this is this committee's share and let the other committees make their share of the cuts.

Chairman Shontz added that in the next few days he thinks you will see some revised revenue numbers that are considerably below \$31 for a barrel of oil. He feels we are going to see some things where we may be talking about more than \$40 million. He feels it is also important that this committee has been pretty severe in terms of meeting declining revenue projections and the other committees have not. So far in this committee, we have gone below current level by almost 18% in the budgets that have been dealt with and the other committees are going to have to take priority. The Governor said that human needs come before the foundation program. He stated it is time to put reality in front of politics.

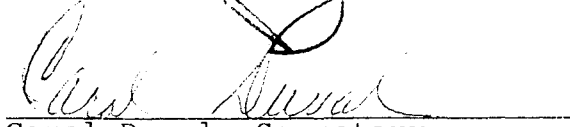
Sen. Aklestad stated he could not give Mr. LaFaver his word on this kind of a motion but he wants to make sure that the \$5 million is on the existing executive budget.

SEN. STORY'S MOTION CARRIED with Sen. Aklestad voting no.

The meeting was adjourned until 8 a.m. Friday morning.



John Shontz, Chairman



Carol Duval, Secretary

HEALTH CATS DOGS

3/2/83

① Environmental Admin Funding

	<u>1984</u>	<u>1985</u>
Approved budget level	\$113408	\$114137

Funding options:

	<u>1984</u>	<u>1985</u>
<u>EX66</u> gt	91968	92542
junk vehicle	21440	21595

LFA
(currently approved)

gt	26250	26822
junk vehicle	22341	22485
Fed	64417	64830

② Rent - rent was approved in another subcommittee at a rate higher than the 1985 estimate we budgeted for.

	<u>1984</u>	<u>1985</u>
gt	7145	14437
Commoned	856	7897
Federal/priv.	3754	1325
	<u>11955</u>	<u>23659</u>

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③ Vacancy savings was never considered. LFA recommendations were as follows:

Maternal & Child Health	3.5%
Preventive Health	0
Hospital & Medical Facilities	2.5%
Central Services	1%
Director's Office	0
Health Planning	0
Food & Consumer Safety	0
Solid Waste	0
Air Quality	0
Occupational Health	0
Water Sanitation	3.5%
Substance Abuse	0
Environmental Admin	0
LAB	2%
Legal	0

④ Additional spending authority requested by Ray for:

- rabies program
- new EPA \$ for east havana lead study
- new EPA \$ for inventory of hazardous waste in the state

~~LABOR - some problems with rent.~~