



VISITORS' REGISTER  
JOINT INSTITUTIONS SUBCOMMITTEE

BILL NO. \_\_\_\_\_

DATE January 8, 1985

SPONSOR \_\_\_\_\_

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Bobbie Dixon	Helena - DOTI		
Scott Sim	" - DOTI		
ROBERT ANDERSON	Helena - "		
Jerry Hoover	Polona - "		
Jim Hamber	" - "		
Dan Russell	Helena - "		
Carroll South	Helena - "		
Gree McNaair	Boulder BSH		
Sharon Donaldson	Helena - AFSCME - C#9		

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MINUTES OF THE MEETING  
INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE  
49TH LEGISLATIVE SESSION  
January 8, 1985

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The meeting of the Institutions and Cultural Education Subcommittee was called to order by Chairman Steve Waldron on January 8, 1985, at 8:05 a.m. in Room 129 of the Capitol Building.

ROLL CALL: All members were present.

GENERAL INFORMATION: Chairman Waldron introduced all of the members of the subcommittee. He also introduced the various staff people who will be working with the committee when they hear the Department of Institution's various budgets. Those people are Keith Wolcott of the Legislative Fiscal Analyst's Office, George Harris of the Governor's Office of Budget and Program Planning, Carroll South, director of the Department of Institutions, and Lynn Tumey, secretary for the committee.

Chairman Waldron explained the difference between the Legislative Fiscal Analyst (LFA) and the Office of Budget and Program Planning (OBPP) methods of calculating inflation and current level. He noted that anything that was not current level would be treated as a modification and this subcommittee would only make recommendations on modifications to the full Appropriations Committee for a final decision.

Sen. Himsl expressed his concern on this method of handling modifications saying that the full Appropriations Committee would not be as knowledgeable about the programs. He felt this committee should be making those decisions. The committee discussed this problem in length and Chairman Waldron concluded that this committee could always change this methodology in the future.

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(150) Mr. South introduced the agency administrators for the Department of Institution's four divisions and explained what each division consists of and their various duties. He then gave an overview of the department which consists of ten state institutions. Mr. South outlined the functions of each of the institutions.

(285) Mr. South said one of the issues he would like the subcommittee to address was to allow him as the director to transfer funds from one institution to another. He explained that, occassionally, an institution will have an emergency that will cost a lot of money to deal with. He cited the Prison riot as an example. There is not a fund set up to deal with this sort of an emergency and it can wipe out an

institution's budget. Mr. South proposed that he be given the authority to transfer funds from another institution that did not have such a tight budget. Chairman Waldron noted that the Department of Social and Rehabilitation Services is allowed this kind of flexibility and, he said, it makes good use of it. Sen. Bengtson voiced her concern that there could be abuse of this ability in the future and asked how these transferred funds could be tracked. Mr. South responded that the transfers could easily be tracked through SBAS.

Mr. Harris gave an overview of the OBPP's method used to prepare the Executive Budget. He discussed funding the pay plan through vacancy savings as was done last legislative session. There was some discussion from the committee on this subject. Rep. Menahan noted that this method of funding the pay plan will have to stop sometime or there won't be any positions left to fund. This session, there will be a pay plan but vacancy savings will have to be used to fund salary increases.

Mr. Harris also noted that the OBPP deleted one-time expenditures from the base. He then outlined what he considered to be the major issues to come before the committee:

1. Funding for the Alcohol and Drug Abuse Division and the Mental Health & Residential Services Division.
2. Study the recommendations that arose from HB909 regarding Boulder River School and Hospital.
3. Decide whether the Youth Evaluation Program in Great Falls is necessary or does it simply duplicate services performed at Mountain View and Pine Hills.
4. Move the Children's Unit from Warm Springs to the new Montana Youth Treatment Center in Billings.
5. With the Prison expansion, there will be additional costs such as landscaping, etc. Will the agency have to absorb these costs or will the Legislature fund them?

#### DIRECTOR'S OFFICE

Tape 1, Side B The LFA outlined this agency's budget from the LFA budget book (Exhibit 1). The director had taken a position from within the Central Office and used it as a management analyst position. Mr. South said he would like the Legislature to give this position to the Director's Office

to be used as an internal auditor and to include travel costs for this position.

There is also a request for a .5 FTE lawyer. Mr. South explained that, when he took office in 1980, he did not feel the second lawyer position was necessary and it was cut from the budget. He found, however, that there are a large number of suits filed against the department and the various state institutions and the second lawyer position is indeed necessary. The 48th Legislative Session granted a .5 FTE lawyer and now he would like this Legislature to grant him the other half.

There was a lot of discussion regarding the need for the internal auditor. Mr. South justified the position because of incidents such as the one at Warm Springs where there were such loose controls on patients' money that there appeared to be abuse of these funds. Mr. South said he would like the management analyst to do internal auditing so that problem areas such as this can be discovered before abuse can occur. Rep. Menahan said the Legislative Auditor's Office conducts audits and he felt this would be a duplication of effort. Sen. Himsl outlined the duties of the Legislative Auditor and assured Rep. Menahan that there was indeed a difference in the duties performed. Also, the Legislative Auditor's Office only performs audits every two years and this management analyst position would conduct audits on an ongoing basis.

#### MANAGEMENT SERVICES

The OBPP and LFA recommendations for Management Services are very similar. Mr. Wolcott outlined the budget from the LFA's budget book (Exhibit 2). At issue is the data processing services. The department was granted funds to study data processing. Mr. South said that, currently, all information on the institutions and their clients/inmates are kept by hand and it takes many manhours to do any type of research. Data processing would make the system much more efficient.

Mr. South said he checked into data processing services offered by a national institutions service but he found that our state laws and procedures are so different from other states that this alternative would not be feasible. He then checked into the state's main frame computer system. The main frame is currently doing good-time for the Prison and that service costs the department \$20,000 per month. The director felt this is too costly so he checked into getting a computer system for the department. He found that an IBM Systems 38 could handle all of the work needed by the department and, for \$180,000 per year, the department would

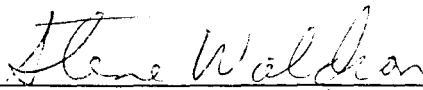
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own the system in three years. At the Computer Services Division charge of \$20,000 per month, this option would cost less. The department submitted this study to the Computer Services Division and they signed off on it. Chairman Waldron explained that, by the Computer Services Division signing off on the proposal, they are agreeing that it would be better (cheaper) for the department to go this route.

Mr. South said the department could operate the system within their current level budget if the money that had been granted for researching this issue (approximately \$25,000) could be used to help run it. He said the department already has three people who could run the system. The committee discussed this issue at length.

There being no further business to come before this committee, the meeting was adjourned at 9:40 a.m.

Respectfully Submitted:

  
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Steve Waldron, Chairman

SW/lt

DIRECTOR'S OFFICE

Budget Item	Actual	Appropriated	---Current Level---		% Change
	Fiscal 1984	Fiscal 1985	Fiscal 1986	Fiscal 1987	1985-87 Bienn'um
F.T.E	9.50	9.50	8.50	8.50	(12.8)
Personal Service	\$326,967	\$316,570	\$304,217	\$304,864	(5.3)
Operating Expense	41,619	45,789	44,097	36,030	(8.3)
Equipment	216	1,043	-0-	-0-	(100.0)
Inflation	-0-	-0-	1,549	3,180	--
<b>Total Expenditures</b>	<b>\$368,802</b>	<b>\$363,402</b>	<b>\$349,863</b>	<b>\$344,074</b>	<b>(5.2)</b>
<b>Fund Sources</b>					
General Fund	\$335,250	\$329,770	\$349,863	\$344,074	4.3
Proprietary Fund	33,552	33,632	-0-	-0-	(100.0)
<b>Total Funds</b>	<b>\$368,802</b>	<b>\$363,402</b>	<b>\$349,863</b>	<b>\$344,074</b>	<b>(5.2)</b>

ISSUE: Cost (Savings)	-----Fiscal 1986-----		-----Fiscal 1987-----	
	General Fund	Other Funds	General Fund	Other Funds
1. Lawyer to Full-time	\$ 13,622	-0-	\$13,627	-0-
2. Addition of Management Analyst				
Option a:	\$ 23,597	-0-	\$23,606	-0-
Option b:	\$(66,738)	-0-	\$23,606	-0-

The Director's Office of the Central Office coordinates and directs the administrative tasks of the Department of Institutions. The director, through his staff and administrative programs of the Central Office, assures the financial solvency and integrity of the department, assures uniform and appropriate personnel, budget, and legal policies and procedures throughout the department, assures that appropriate legal and inmate/patient treatment policies are maintained, and oversees the construction and maintenance programs of the 11 institution campuses.

Fiscal 1984: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1984 actual expenditures and funding to allocations as anticipated by the 1983 legislature. A .5 FTE lawyer has been added above the authorized level. Vacancy savings were insufficient to fund the pay plan increases. The personal services shortfall was funded by savings in operating costs. The operating expense savings were in contract services, communications, and travel. The contracted Professional Standards Review cost \$2,450 less than anticipated while the new phone system appears to have been

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\$3,100 less expensive to operate than anticipated. The Director's Office spent \$4,618 less in travel and approximately \$500 more for subscriptions than anticipated.

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E.	9.50	10.00	(.50)
Personal Services	\$317,196	\$326,967	\$(9,771)
Operating Expenses	51,207	41,619	9,588
Equipment	795	216	579
Total Expenditures	<u>\$369,198</u>	<u>\$368,802</u>	<u>\$ 396</u>
<u>Funding</u>			
General Fund	\$335,646	\$335,250	\$ 396
Proprietary Funds	33,552	33,552	-0-
Total Funds	<u>\$369,198</u>	<u>\$368,802</u>	<u>\$ 396</u>

Current Level Adjustments

Personal services have been decreased by the deletion of the industries coordinator which was funded by the industries proprietary account. The director has determined, as a result of the position vacancy, that current staff under the supervision of the Corrections Division administrator can operate the program without the coordinator position.

Operating expenses have been increased by \$2,478 overall. Professional service contracts have been increased by \$1,625 over the current level to expand to two and one-half days the peer review of the psychiatrists and physicians at Montana State Hospital. The Professional Standards Review Organization (PSRO), which conducts the peer review, provides the department with a report and recommendations on the psychiatric and medical care provided by the medical staff at Montana State Hospital. Travel has been increased \$1,146 for a department attorney to make one trip per month to Billings for Montana Youth Treatment Center commitment hearings. Other minor adjustments which amount to less than 1 percent of the operating budget were made.

Issue 1: Lawyer to Full-time

The Director's Office hired a second full-time lawyer in April 1984. The office is authorized 1.5 FTE lawyer positions. General fund and one-half of an administrative officer I position were transferred from the Corrections Division for the additional .5 lawyer over the authorized FTE level. The administrative officer



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I was a research and statistical analyst position which was vacant most of fiscal 1984 and the department determined the position was not essential to the future operations of the Corrections Division.

Based on a time summary submitted by the department, the annual hours spent by the legal staff performing its duties equates to 1.94 FTE during years the legislature is in session and 1.82 FTE in non-session years. During session years, the legal staff spends 220 hours drafting, reviewing, and testifying on bills.

The cost of the additional .5 lawyer position is \$13,622 including benefits and insurance while half of the administrative officer position amounts to \$11,556, or \$2,066 less than the amount required to fund the lawyer at full-time.

Option a: Add a .5 FTE lawyer. The cost increase to the Director's Office will be \$13,622 in fiscal 1986 and \$13,627 in fiscal 1987.

Option b: Maintain the total authorized lawyer positions at 1.5 FTE.

Issue 2: Addition of a Management Analyst

The Director's Office is requesting the addition of a management analyst to perform department-wide internal audit functions. These audit functions are to insure that: fiscal controls are being exercised; fiscal policies are being followed; cost reports are completed accurately; all proprietary operations maintain solvency; and all audit recommendations made by the Legislative Auditor are pursued. The office proposes to transfer general fund and the remaining half of the administrative officer I position from corrections and .5 FTE of a vacant data entry operator from the Management Services Division.

The Central Office of the department includes the Management Services Division which contains three budget analyst positions, one for each of the three programmatic divisions (i.e., corrections, alcohol and drug, and mental health). The budget analysts as well as the accounting and fiscal manager have fiscal and budgetary responsibilities which may be duplicated by the management analyst position. In addition, the Legislative Auditor conducts audits of the entire department for every fiscal year. It is projected to cost \$180,620 to audit the department in the 1987 biennium.

The management analyst position would cost \$23,111 in fiscal 1986 and \$23,120 in fiscal 1987, plus \$486 for travel in each year. The office proposes to transfer general funds associated with the positions above of \$19,642 in fiscal 1986 and \$19,665 in fiscal 1987.

Option a: Add a management analyst at a general fund cost of \$23,597 in

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fiscal 1986 and \$23,606 in fiscal 1987.

Option b: Authorize the addition of this position and fund its costs by rotating the legislative audits to once every other biennium. If schedules were altered so as to audit each institution every other biennium, it would save the department \$90,335 in legislative audit costs for the 1987 biennium. The duties of this position are the same as performed by the legislative auditors when conducting a financial audit. This position could assure the fiscal controls are maintained at the institutions for those years a legislative auditor is not conducted.

The biennium cost of the auditor with travel is \$47,203 while the savings from rotating audits would be \$90,335 or a net savings of \$43,132.

Option c: Do not authorize the position.

MANAGEMENT SERVICES

Budget Item	Actual	Appropriated	---Current Level---		% Change
	Fiscal 1984	Fiscal 1985	Fiscal 1986	Fiscal 1987	1985-87 Biennium
F.T.E	31.00	31.00	30.00	30.00	(3.2)
Personal Service	\$659,031	\$678,400	\$678,091	\$679,160	1.4
Operating Expense	239,681	299,380	211,287	176,301	(28.0)
Equipment	57,392	3,479	832	1,272	(96.5)
Inflation	-0-	-0-	3,343	7,483	--
<b>Total Expenditures</b>	<u>\$956,104</u>	<u>\$981,259</u>	<u>\$893,553</u>	<u>\$864,216</u>	<u>(9.2)</u>
<b>Fund Sources</b>					
General Fund	<u>\$956,104</u>	<u>\$981,259</u>	<u>\$893,553</u>	<u>\$864,216</u>	<u>(9.2)</u>

ISSUES: Cost (Savings)	-----Fiscal 1986-----		-----Fiscal 1987-----	
	General Fund	Other Funds	General Fund	Other Funds
1. Phase I of Data Base	?	-0-	?	-0-
2. Computer Purchase Contract	\$(138,000)	-0-	-0-	-0-

The Management Services Division of the Central Office provides technical assistance to the institutions in budgeting, accounting, and other management areas. The Reimbursement Field Section is responsible for billing and collecting for services provided to residents in the state's institutions. The Information and Systems Bureau is responsible for coordinating data processing projects within the department.

Fiscal 1984: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1984 actual expenditures and funding to allocations as anticipated by the 1983 legislature.

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E.	31.00	31.00	0.00
Personal Services	\$679,090	\$659,031	\$ 20,059
Operating Expenses	298,179	239,681	58,498
Equipment	-0-	57,392	(57,392)
<b>Total Costs &amp; General Fund</b>	<b><u>\$977,269</u></b>	<b><u>\$956,104</u></b>	<b><u>\$ 21,165</u></b>

The personal services savings of \$20,059 is the result of leaving a budget analyst position vacant and normal position turnover. The division contracted for a budget analyst intern in lieu of filling the authorized position during fiscal 1984. The actual impact of this arrangement, if the contract cost of \$15,877 for the intern were transferred to personal services, if the division spent \$74,375 less in operating than anticipated.

Savings of \$58,354 in operating costs were realized within the data processing needs study authorized by the 1983 legislature. The department was authorized \$81,740 for the study in fiscal 1987. By performing most of the programming with department employees rather than contract programmers and purchasing, instead of renting hardware, a savings occurred in operating expense. However, due to the purchase of hardware, \$57,392 more was spent on equipment than anticipated.

The biennial audit by the Legislative Auditor cost \$10,399 less than the \$35,000 authorized. Word processing equipment paid off in fiscal 1984 resulted in a savings of \$3,497. Savings in travel and communications were offset some by overexpenditures of supplies and repairs.

Current Level Adjustments

Personal services have been reduced by one data entry operator position which the division has determined is unnecessary.

Operating expenses have been reduced \$23,386 for the data processing study expenditures and \$15,877 for the budget analyst intern contract. Contract services includes the Legislative Auditor's estimate of \$35,000 for the 1987 biennium Central Office audit. This is a \$10,399 increase over the fiscal 1984 actual audit cost. Building rent charges from the Department of Administration

have been decreased \$184. The Department of Administration's charges for insurance coverage increased \$969, while other adjustments made amounted to less than 1 percent.

The division requested four typewriters, two in each year of the biennium, and two calculators in fiscal 1987. Current level includes one typewriter in each year and two calculators in fiscal 1987.

Issue 1: Department of Institutions Data Processing Study

The 1983 legislature authorized \$81,740 in fiscal 1984 and \$108,333 in fiscal 1985 to increase the department's data processing capabilities. The department contracted for technical assistance through the National Institute of Corrections to assess the current and future information needs and define an automated system that would meet the assessed needs. Although the assessment covered corrections, alcohol and drug and mental health needs, the primary focus was on corrections. Based on this study and recommendations of the Computer Services Division of the Department of Administration, the department is developing a new data base information system using a four-phase program for implementation. The following is a brief description of each phase.

Phase 1: This system, including all hardware, software, and necessary programs will be in place in Central Office and Montana State Prison. This phase is designed to track the inmate through the Corrections System. Additionally, this phase will provide management much needed information. The applications will include inmate programs (i.e. Drug Programs, AA, Education Programs) and the assignments (i.e. tag factory, slaughterhouse, dairy dorm). The applications would provide information on the number of inmates in each, number of program/assignments openings, historical data, good time earned, etc; classification/the classification on each inmate, number of inmates in each classification, housing, number of open cells in living units, good time earned relative to classification, etc; calculations for release including up-to-date automated tracking of parole eligibility dates and discharge dates. As these dates would be updated daily the risk of detaining inmates past their release date is greatly reduced and the subsequent risk of litigation is averted.

Phase 2: All adult clients served by the Corrections Division would now be included in the information system. This phase would also account for all inmates from pre-release centers and clients on probation or parole. Additionally, all disciplinary, parole and revocation hearing applications would be on-line. This phase would provide management information to adjust probation/parole officer caseloads, keep pre-release centers filled to capacity, and predict future trends with the adult offenders.

Phase 3: All applications relative to the medical records would be on-line. Some examples of applications would be an automated, medical file on each inmate; a historical file on each inmate; information relative to all procedures performed by the medical staff daily/monthly/yearly, etc.

Phase 4: Basically, this phase would provide management applications to examine cost versus the result, plus an automated inmate pay and accounting system.

The department is currently in the development portion of Phase 1. In fiscal 1984, the department spent \$23,195 for system development and processing of Phase 1 and \$54,558 for data processing equipment to test and operate the new system. The first test of the system is scheduled for November 1984. Until the system is tested, the department and Computer Services Division can only estimate the operating costs. The estimate to operate Phase 1 is \$20,000 per month or \$240,000 annually; however, the department is currently studying alternatives and has not requested any additional funds to operate the system during the 1987 biennium or provided information on the benefits or savings resulting from the implementation of the system.

Option a: Require that the department provide the subcommittee a detailed analysis of the costs and benefits of the Phase 1 portion of the data processing system. To be included in the analysis would be a projection of any actual savings the department might realize as a result of implementing each phase of the new system. Authorize additional expenditures on the remaining three phases contingent upon the department's presenting a similar analysis for each phase of the program.

Option b: If a satisfactory plan, including costs and benefits, does not justify further consideration, require the equipment purchased with general fund to be transferred to another general funded program requesting like computer equipment.

Issue 2: Department of Institutions Personal Computer/Word Processing Purchase Contract

The department entered into a \$138,000 contract at the end of fiscal 1984 with CSD- for the purchase of 12 personal computers/word processors, one for each of the institutions and Central Office. Each institution has accrued \$10,000 in fiscal 1984 for this purpose. To date, actual orders have not been placed pending an institution-by-institution analysis of need.

The department director stated that the top priority is to provide word pro-

cessing capabilities for each institution. He also stated that if a personal computer with word processing enhancements would provide word processing and upgrade the department's data processing capabilities, then they would order personal computers. However, the institutional computers are not part of the data processing study discussed in Issue 1.

The funds for this purchase come from the budgets of each institution. The affect on each budget is discussed under each institutional comparison report of actual expenses to the appropriation.

Option a: Require the department to revert all institutional accrued funds.

Option b: Allow the department to purchase the institutional equipment, but restrict the purchase to word processing equipment. Any computer purchase would have to be included in the institution-wide analysis of costs and benefits discussed in Issue 1.