

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

February 20, 1985

The thirty-first meeting of the State Administration Committee was called to order by Chairman Jack Haffey in Room 331, Capitol, at 10 a.m. on Wednesday, February 20, 1985.

ROLL CALL: All the members were present with Senator Tveit arriving late.

CONSIDERATION OF SENATE BILL 358: Senator Judy Jacobson, Senate District 32, is the sponsor of this bill entitled, "AN ACT LIMITING THE EXEMPTION OF THE OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION FROM CERTAIN REQUIREMENTS RELATING TO DATA PROCESSING; AMENDING SECTION ..., MCA; AND PROVIDING AN EFFECTIVE DATE." Senator Jacobson said that we had a bill prior to this giving the university system a limited exemption for their computers that did not impact the central computer. This bill simply does the same for the Office of the Superintendent of Public Instruction. The audit committee is looking into getting data equipment into some kind of order so we are not duplicating services, and that the type they are buying will be compatible with the central system. This excludes some of the machines the students are using.

PROPOSERS: Mike Trevor, Information Services Division of the Department of Administration, supports this bill. This bill makes good sense, it will bring Superintendent of Public Instruction into our plan officially. Mr. Trevor felt that it will give them an exemption in those areas where it doesn't interface.

Bill Anderson, Superintendent of Public Instruction. Mr. Anderson said that he supports this bill and commends the Committee for their work in trying to make all these systems compatible. Mr. Anderson said they even have this problem in their own office and they will co-operate.

Dick Varner, Legislative Auditors Office, supports this bill. We did two audits of statewide control and we feel there is a need for this especially where it impacts the state's system. We implemented this change for the university system, and the same type should apply to office of Public Instruction.

OPPOSERS: There were no opposers.

COMMITTEE QUESTIONS: There were no Committee questions.

Senator Jacobson said that she closed. SENATE BILL 358 is closed.

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EXECUTIVE ACTION ON SENATE BILL 358: Senator Mohar made a motion that SENATE BILL 358 do pass. Question was called, and the Committee voted unanimously that SENATE BILL 358 DO PASS.

CONSIDERATION OF SENATE BILL 420: Senator Fred VanValkenburg, Senate District 30, is the sponsor of this bill entitled, "AN ACT AMENDING THE LAW RELATING TO THE IDENTIFICATION OR SEGREGATION OF MONEYS OR FUNDS IN THE STATE FUND STRUCTURE; REQUIRING EACH FEDERAL GRANT OR OTHER FEDERAL MONEY WITHIN THE GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND CATEGORIES OR WITHIN A SUBFUND OR ACCOUNT OF SUCH FUNDS TO BE IDENTIFIABLE WITHIN THE FUND; REQUIRING ACCOUNTINGS OF THE INCOME AND EXPENDITURES OF SUCH GRANT MONEY; PROVIDING A TRANSITION PERIOD FOR FEDERAL HIGHWAY FUNDS; PROVIDING THAT TAXES COLLECTED BY THE STATE FOR DISTRIBUTION TO LOCAL GOVERNMENTS ARE NOT TO BE ACCOUNTED FOR IN THE STATE GENERAL FUND; AMENDING SECTION..., MCA; AND PROVIDING AN EFFECTIVE DATE." Senator VanValkenburg said that he was carrying this bill at the request of the Legislative Finance Committee. This bill is to solve a problem that analysts identified in doing analysis of budgets in Legislative Finance Committee. Senator VanValkenburg said that they found in dealing with the SRS that a lot of money was coming in from various grant sources that was difficult to identify. He said that in terms of getting at what is really there and having a clear legislative understanding of where the money is going, this is vital. The analyst came to the conclusion that we needed a refinement of the way these moneys are reported. We found that this problem extends to Labor and Industry and other government agencies as well. However, we have given the Highway Department a transition period of two years as they are switching over to the state's accounting system. Senator VanValkenburg said the accounting division will offer an amendment to change to state revenue fund.

PROPOSERS: Judy Rippingale, Fiscal Analyst, explained the problem with the budgets in some detail. She entered a small amendment and a copy of the form that she would like all the agencies to use, which she feels is brief, simple and concise. (For the amendment, Ms. Rippingale's testimony, and a copy of the form, see Exhibit "1" attached hereto and by this reference made a part hereof.)

Representative Gene Donaldson supports this bill. Representative Donaldson feels that in the appropriation committee of Finance and Claims, they have not done as good a job as they should have because they cannot seem to get the information that they need to do a good job. Representative Donaldson feels that we are entering an era of tight money and tight revenues, and we are going to have to account for every penny. He asked the Committee to please support this bill.

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OPPONENTS: Bill Gosnell, Department of Highways, said that he was here more for informational purposes. Mr. Gosnell said that these grants can get very involved, and although the form looks all right now if somewhere down the road they get a "liberal" they won't be able to handle the exacting detail.

Ben Johns, Department of State and Rehabilitation Services, opposes this bill. Mr. Johns feels that this form will compound the problem rather than solve it. He said that they have dollar grants that don't coincide with fiscal year. He said that their grants come in different amounts at different times. He realizes that it is necessary to have this information, but he feels that the form is too detailed.

Kathy Fabriano, Department of Administration, opposes this bill. Ms. Fabriano introduced two amendments to this bill and explained them to the Committee (attached hereto marked Exhibit "2" and by this reference made a part hereof.) Ms. Fabriano said that House Bill 800 which was passed by the House and has been referred to this committee, will require that state agencies account for their activity on the State's accounting system using GAAP. Ms. Rippingale said that a statute that requires a particular state tax to be distributed to local governments does not change the fact that the tax is state revenue. She said that by requiring a special revenue fund, we are assured that agencies do not interpret the law as allowing these taxes to be recorded as anything but revenue or to be accounted for in just any non-general fund. (For more of Ms. Fabriano's testimony see Exhibit "3" attached hereto and by this reference made a part hereof.)

COMMITTEE QUESTIONS: Senator Mohar asked Judy Rippingale to respond to the amendments. Ms. Rippingale said they were fine. Ms. Rippingale said that the form they came up with was not all that detailed, but would cause a little extra work for SRS, but she felt they had no real record of where the money comes from and how it is spent. Senator Conover said that it bothers him that the SRS can come and ask for money and not be accountable for it. Mr. Johns responded that he did not mean not to be accountable at all. He said you cannot receive federal grants unless you are accountable. He said they deal with four fiscal ends each year, and they receive a lot of federal allotments after fiscal year has started. Mr. Johns seemed to feel that they get so many different grants that there wouldn't be enough accounting numbers for them. Mr. Johns felt they could give them an overall picture. Representative Donaldson did not feel that this would work. He said quite frankly that they didn't have the "foggiest" idea of what the SRS is doing. Senator Harding felt that the use of the state's bookkeeping system and computers could make a difference. Mr. Johns said they

have a computer and they use state accounting system. Senator Mohar asked if the appropriation process would give them some FTE's. Representative Donaldson didn't think there would be any impact because they have the staff to handle it. The type of information that we are addressing should be there. Senator Manning told Mr. Johns that he could always apply to the sub-committee or the committee as a whole if he needed extra help. Mr. Johns said he didn't know if it would take additional help. Senator Manning asked Mr. Johns if there was any reason why he couldn't ask the fiscal analyst's office what they want. Mr. Johns said he knew what they wanted. He said it was no problem with future funds, the problem was accounting for funds they already have.

Senator VanValkenburg closed by saying that passage of this bill would not require an FTE. He said it is simply that the fiscal analyst's office needs this information, and he is hearing Mr. Johns say that it is there. We are just trying to find out so we can have this information. SENATE BILL 420 is closed.

EXECUTIVE ACTION ON SENATE BILL 420: Senator Manning made a motion that the amendments submitted by the Department of Administration do pass. Question was called and the amendments passed unanimously. Senator Manning made a motion that the amendment to page 2, line 15 do pass. Question was called, and the amendment passed unanimously. Senator Manning made a motion that SENATE BILL 420 do pass as amended. Question was called and the Committee voted unanimously to pass SENATE BILL 420, so SENATE BILL 420 DO PASS AS AMENDED.

CONSIDERATION OF SENATE BILL 422: Senator Fred VanValkenburg, Senate District 30, is the sponsor of this bill entitled, "AN ACT AMENDING THE LAW RELATING TO STATE AGENCY PROGRAM BUDGETS; REQUIRING ALL AGENCIES TO PROVIDE SPECIFIC GOALS AND OBJECTIVES AND TO REQUIRE CERTAIN INFORMATION RELATING TO BONDED INDEBTEDNESS OF THE UNIVERSITY SYSTEM; AMENDING SECTION ..., MCA." This is again a bill that I am carrying in my capacity with the Legislative Finance Committee. Senator VanValkenburg said that this bill again asks that the state agencies be more specific regarding their goals and objectives that measure their accomplishment. Senator VanValkenburg said that on page 4 it requires the Board of Regents to submit a report on the status of the university system's indebtedness and related finances so we have that to see how it is going to be spent. The Legislative Finance Committee voted unanimously to ask for this legislation as to how money should be spent and how it was submitted. He said the university system was in concurrence.

PROPOSERS: Representative Gene Donaldson supports this bill.

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Representative Donaldson said that he was on a subcommittee for education and he has no problem with this form. He said basically what they want to know is where is money going and what are they doing with it. He said they had never had any trouble getting any information they wanted out of Jack Noble who is with the university system. He said there were some rumors that students were being cheated, but with all the information, they knew that wasn't true. He supports the language of this bill. Representative Donaldson said that he feels this information should be in the statute and it will clarify any problems.

Jack Noble, University System, supports this bill. Mr. Noble said that if he ever thought about refusing this information his boss would give him about five seconds to come to his senses. Mr. Noble told how large the university system has grown. Mr. Noble said that he had a problem with turning out a report that was a copy of another report and just not needed. He said there used to be a report along this line required and it was taken out of the statute because it was just not needed. He wanted the Committee to look this over very carefully.

David Hunter, Director of Office Budget and Finance, supports this bill. He also did not know if this report would be useful on an ongoing basis. He has also not had any trouble receiving information from the university system. Mr. Hunter felt that they were putting back in the language that was legislated out in 1979. He said this information wasn't useful and caused time and trouble. He felt the Committee should ask if they were going to use it, is it useful, and is it worth the cost. He said, however, if the appropriation committee thinks it is useful that's fine.

Judy Rippingale, Fiscal Analyst, supports this bill. Ms. Rippingale handed out two large handouts (attached hereto marked Exhibit "4" and by this reference made a part hereof), and explained them to the Committee. Ms. Rippingale next used the Department of Revenue to show what was expected of them. She said the Department of Revenue exists in order to serve the citizens of the State by administering a body of revenue producing statutes and she listed them. She said the Department should be responsive to the needs and desires of citizens as expressed by individuals and their elected representatives. One of the reports she showed is contrasted with the other report, so the Committee could see the two types of reports that they are getting. She said the one from the Department of Revenue is clear and concise as opposed to the one from the SRS. Ms. Rippingale showed the Committee the information that she wanted. She said that this one page was not a lot of information but it will give them some idea of what's going on.

OPPONENTS: There were no opponents.

COMMITTEE QUESTIONS: Senator Haffey said that there were a lot of reports given to the legislators which they don't read. He wanted to be sure that this report would not fall into that category. Senator VanValkenburg said that he hopes this information will help legislative fiscal analyst better understand how an agency is doing their job. Senator Van Valkenburg said that he did not think they were talking about some new report, because this is part of executive budget. He said this is one of those reports that they never see unless there is a problem.

Senator VanValkenburg closed by telling the Committee how badly this report was needed. SENATE BILL 422 is closed.

EXECUTIVE ACTION ON SENATE BILL 422: Senator Hirsch told the Committee that he sympathized with the agencies because reporting seems to get out of hand. Senator Manning made a motion that SENATE BILL 422 be amended on page 2, line 24 to include ", in a concise form,". Question was called and the motion carried unanimously. Senator Manning made a substitute motion that SENATE BILL 422 DO PASS as amended, having made an original motion that SENATE BILL 422 do pass. Question was called and the Committee voted unanimously that SENATE BILL 422 DO PASS AS AMENDED.

CONSIDERATION OF SENATE BILL 366: Senator Chris Christiaens, Senate District 17, is the sponsor of this bill entitled, "AN ACT TO INCLUDE AN EMPLOYER'S MONTHLY CONTRIBUTION FOR GROUP INSURANCE AS PART OF CERTAIN MEMBERS' MONTHLY COMPENSATION FOR THE PURPOSE OF DETERMINING RETIREMENT BENEFITS AND CONTRIBUTIONS UNDER THE MONTANA FIREFIGHTERS' UNIFIED RETIREMENT ACT; AMENDING SECTION..., MCA; AND PROVIDING AN EFFECTIVE DATE." Senator Christiaens said that he introduced this on behalf of the Montana State Firemen's Association. They are attempting to address those problems created by health insurance cost for retirees. Senator Christiaens said because of the obvious great cost a retroactive granting of benefits would have occurred under their proposal, the firefighters had scaled down the original request to only grant the current active employees the inclusion of this provision for calculating payments into the system and benefit payments from the system.

PROPONENTS: Ray Blehm, Montana State Firemen's Association, supports this bill. Mr. Blehm said that those employees who pay 6% contribution on the insurance will get to count the employer-paid portion of his insurance premium as compensation for the purpose of calculating their benefits. This is similar in concept to the Administration's "employer pick-up" bill. Our point of view is that insurance is costing enough without having to pay for it with past tax dollars. Currently, firefighters' pensions are based on approximately 92% of compensation which means the retiring member often goes from full-paid health insurance to

a situation in which he must pay for 100% of the cost of insurance. This bill addresses this imbalance. (For more of Mr. Blehm's testimony, see Exhibit "5" attached hereto and by this reference made a part hereof.)

Larry Nachtsheim, Administrator of Public Employees Retirement System, said that he was here more for information and to answer questions.

Mike Walker, Montana Professional Firefighters, supports this bill. Mr. Walker told about how last year Senator Manning carried Senate Bill 429 which gave the cities back some of their money, so this bill would not have near the fiscal impact as shown on the fiscal note.

OPPONENTS: Alec Hanson, Montana League of Cities and Towns, opposes this bill. Mr. Hanson said that he does not like to stand up against the firefighters, but this bill will cost first and second class cities a lot of money, and he feels this will not stop here. He believes that first one and then another city and county agencies will ask for the same benefit. Mr. Hanson believes that this will drive up the cost of firefighters' plan.

COMMITTEE QUESTIONS: Senator Mohar made the comment that if you work for these agencies, you are covered by insurance and you should be happy about that. He said that most people seem to fall between the cracks because they don't have groups that they can get covered under. He did not understand why they could not be happy with their plans and stop asking for more and more.

Senator Christiaens closed by saying that in order to address Senator Mohar's concerns that some people could get into group insurance and pension plans through their banks. Senator Christiaens said that he does not normally carry a bill that does not have a funding mechanism built in. He thinks this is a good bill. (SENATE BILL 366 amendments entered by the sponsor are attached hereto marked Exhibit "6" and by this reference made a part hereof.) SENATE BILL 366 is closed.

EXECUTIVE ACTION ON SENATE BILL 366: Executive action was deferred until Thursday, February 21, 1985.

CONSIDERATION OF SENATE JOINT RESOLUTION 23: Senator Jack Haffey, Senate District 33, is the sponsor of this resolution entitled, "A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA URGING CONGRESS TO PASS LEGISLATION CALLING FOR THE PRESIDENT TO SEND A SPECIAL ENVOY TO IRELAND TO HELP EFFECT A PEACEFUL RESOLUTION OF THE IRISH CONFLICT."

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Senator Haffey said that this resolution does exactly what the title says. It transcends the overtones of religion that are associated with this conflict. There is a bill in Congress to send a special envoy to do what this bill calls for, to act as a catalyst to see if there isn't a way to establish a plan to resolve a grave problem. To act as a catalyst to try to bring about fair treatment for all the people of Ireland. The resolution will also be sent to Congressman Mario Biaggi, chairman of the ad hoc Congressional Committee for Irish Affairs. Senator Haffey said that he would urge the Committee's support as this could make a difference.

PROPONENTS: Jim Murry, Montana State AFL-CIO supports this resolution. He said they deplore the violence that has marked the Irish struggles, just as we condemn the continued discrimination and deprivation suffered by Catholics in Northern Ireland which breeds the conditions for violence. (For more of Mr. Murry's testimony see Exhibit "7" attached hereto and by this reference made a part hereof.)

Bonnie Evans, Peace Legislative Coalition, supports this bill. She said that the Carter Administration brought Israel and Egypt together and this could happen again in the case of the Irish conflict.

Alec Hansen, for himself, supports this bill. He feels it is very important that this be done.

Mike Walker, for himself, supports this bill, for all the reasons above. He said if you take the anxiety and stress created by the Legislature and magnify it 500 times, that's the way things are constantly in northern Ireland.

OPPONENTS: There were no opponents.

COMMITTEE QUESTIONS: Senator Harding asked if Senator Haffey was Irish. Senator Haffey replied that he was.

Senator Haffey said that he believes there is a solution if people will sit down and be persistent. SENATE JOINT RESOLUTION 23 is closed.

EXECUTIVE ACTION ON SENATE JOINT RESOLUTION 23: Senator Mohar moves that SENATE JOINT RESOLUTION 23 do pass. Question was called and with the Committee voting unanimously, SENATE JOINT RESOLUTION 23 DO PASS.

EXECUTIVE ACTION ON SENATE BILL 384: Senator Mohar asked how Jean Turnage happened to have so much time in PERS. One of the Committee members said that he had worked for a long time under this system. Valencia Lane, staff Attorney said that there was no chance for him to collect from both retirements. Senator Farrell moved that SENATE BILL 384 do pass. Question was called and with Senator Tveit and Senator Mohar voting no and Senator Lynch not voting, the Committee voted that SENATE BILL 384 DO PASS.

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EXECUTIVE ACTION ON SENATE BILL 368: Senator Conover made a motion that SENATE BILL 368 do not pass. Senator Conover said his reason was that he took this home to study it and there was a lot of problems with it. Senator Mohar made a substitute motion that SENATE BILL 368 do pass because he feels the system of registering on election day does work and it would get better. Question was called. Senator Farrell told the Committee that of those five states that have election day registration only one state is equivalent to ours and that is Oregon, and he feels that they have had nothing but problems with it. Senator Hirsch said that he felt that Betty Lund (for a copy of Betty Lund's testimony see the minutes for February 19, 1985) had done extensive research with other states and she had found nothing but problems with this method of handling registration. Senator Harding felt that it would slow the whole process down. She felt that too many people would leave it until the last minute. The Committee voting on the motion of Senator Mohar that SENATE BILL 368 do pass voted by roll call vote (attached hereto marked Exhibit Exhibit "8" and by this reference made a part hereof), and the vote was 4 yes and 6 no, so the motion does not pass. The Chairman asked that they vote on the motion of Senator Conover that SENATE BILL 368 do not pass, so the vote was reversed and SENATE BILL 368 DO NOT PASS by a vote of 6-3 in favor of motion.

Senator Haffey told the Committee that he would assign the Boards on Friday, February 22, 1985.

The meeting was adjourned at 12:05 p.m.



SENATOR JACK HAFFEY, CHAIRMAN

DATE. February 20, 1985

COMMITTEE ON State Administration

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

Exhibit "A"
SB-420
2-20-85

Amend Senate Bill 420 as follows:

1. Page 2, line 15.

Following: "tax,"

Insert: "the portion of"

TESTIMONY ON SB 420 Section (3)

Senate Bill 420 provides for: (1) the identification of each type of federal grant in the state accounting records and (2) the separation of accounting for taxes collected by the state but allocated to local governments by statute from the state general fund.

Federal Fund Segregation

As different federal funds are available for different programs it is necessary to know what type of federal dollars are available and what type and amount of federal funds are expended for each program.

As part of the budget analysis and appropriation process, each type of federal money is reviewed to:

- A. Determine if there are unspent funds from prior years which can be utilized in the budget.
- B. Establish the revenue trend on that specific grant.
- C. Evaluate the expenditure level for that federal grant.
- D. Determine match requirements.
- E. Determine maintenance of effort levels.
- F. Determine the program expenditure level the federal grant will support.

The task of reviewing federal funds is becoming increasingly difficult and time consuming. Staff found it impossible in two agencies--the Department of Labor and Industry and the Department of Social and Rehabilitation Services. Therefore, staff asked each agency to complete a simple form for each grant or type of grant received. This form would identify any unused grant funds from the prior year, the grant funds award

for each fiscal year, (actual in fiscal 1984 and estimated for fiscal 1985, 1986, and 1987), and the disbursements from each federal grant.

Neither department was able to complete the form nor to provide their own system of identifying the different federal funds. In the department of labor, we had legislative requests about specific dollar amounts of federal grants given to AFL-CIO and JPTA expenditures which we were unable to answer. In the department of SRS, we finally wrote an issue in the budget analysis concerning the agency fiscal controls. Our office believes that Dr. Blouke's, senior fiscal analyst for human services, persistence that he needed to have information on the federal grants and a change in management's priorities were partially responsible for SRS acknowledging and deciding to revert \$4 in January 1985.

A two year exception was made for the Department of Highways as the department is in the process of converting to SBAS.

SPECIFIC FUND SOURCE: _____

[illegible]

Issue 1: Agency Fiscal Control

SRS receives funds from 32 different state and federal funding sources. Their current accounting and financial procedures are not adequate to provide accurate or timely reports that track all revenues received by the department or to account for expenditures by funding source within the individual programs. Many of the grants received by SRS such as LIFAP, Vocational Rehabilitation, and Block grants, allow for carry over funds from one fiscal year to the next. However, because the department uses a budget allocation system during the fiscal year and adjustments are not to the program cost centers, it is not possible to accurately determine; (1) expenditure levels by funding source, (2) amount of carry over funds available, or (3) funding needs from one fiscal year to the next. If used appropriately, the statewide budgeting and accounting system (SBAS) is designed and has the capacity to provide timely and accurate accounting of the department's revenues and expenditures.

Because the funding levels for SRS are so large, it is particularly important that the legislature have information available that will accurately portray the current revenue and expenditure levels of the agency and allow for reasonable decisions regarding future funding needs.

Option a: Include language in the appropriation bill that directs SRS administration to establish appropriate fiscal control as a high priority of the agency and that prior to fiscal 1986, the agency must implement an accounting system that provides accurate and timely reports on the current status of all revenues and expenditures by program and specific funding source.

Option b: Request from the agency a detailed plan that includes the specific steps, time frames, and resources necessary to improve their accounting system.

Option c: Take no action and add two fiscal analysts to the LFA staff.

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES

RECEIVED

JAN 03 1985



TED SCHWINDEN, GOVERNOR

LEGISLATIVE
FISCAL ANALYST

STATE OF MONTANA

HELENA, MONTANA 59604

January 3, 1985

TO: Legislative Finance Committee

FROM: Dave Lewis
Director, SRS

A handwritten signature in cursive script that reads "Dave Lewis".

RE: Appropriation Reversions

We have recently completed a review of several contingent liabilities which we had established due to pending federal sanctions. Favorable settlement of these sanction disputes, coupled with the receipt of a \$829,432 incentive rebate for careful management of federal funds, will allow us to revert \$2,459,626 to the general fund. In addition, we have recently completed a careful review of our accounts and have determined that we have a balance of \$1,290,772 in reimbursements from counties and \$350,000 in pre-1980 SWCAP reimbursements which can be reverted to the General Fund.

Since the balances we are reverting are not available for expenditure in the current fiscal year, we will continue to need the \$2.5 million general fund supplemental for FY 85 requested in the Governor's budget. However, you should be aware the net effect of what we have done will be to increase the ending fund balance in the current year by \$4,100,409 more than projections in the Governor's budget.

cc: Dave Hunter
OBPP

TESTIMONY ON SENATE BILL NO. 420 Section (4)

Local Government Revenue

The state general fund, after debt payments, has historically been available for appropriation by the state legislature. During fiscal 1984, oil and gas severance tax revenue allocated to counties by statute was deposited in the general fund. This complicates the process of determining what the "real" state general fund is and it raises questions about the appropriation of the funds already allocated to local government by law. Examples of the appropriation questions are:

1. What if the appropriation is larger than tax revenue allocated to the counties? Do the counties accidentally get "state general fund"?
2. What if the appropriation is less than the tax revenue allocated to the counties? Does the county lose the revenue and the state keep the "added state general fund"?
3. If the state decides to use the "general fund" for other purposes--say general assistance, school foundation-etc., how does the appropriation process fit with the statutory allocation?

Another problem is--how many other taxes, which are allocated in statute for local government, do not have a statute designating the specific fund for recording the transactions? A very likely next candidate for deposit to the general fund--the 80 percent of corporate tax on bonds.

To keep the state general fund at the discretion of the legislature and to avoid appropriation problems, taxes allocated to local government in statute should not be deposited in the state general fund.

15-36-112. Disposition of oil and gas severance taxes. (1) Each year the department of revenue shall determine the amount of tax collected under this chapter from within each county.

(2) The severance taxes collected under this chapter are allocated as follows:

(a) 33 ⅓ % of the oil severance tax, not to exceed \$42 million for the biennium ending June 30, 1985, is deposited in the local government block grant account within the state special revenue fund;

(b) the amount, if any, by which the tax collected from within a county for any fiscal year exceeds the total amount collected from within that county for the previous fiscal year, by reason of increased production and not because of increase in or elimination of federal price ceilings on oil and gas, is allocated to the general fund of the county for distribution as provided in subsection (3);

(c) any amount not allocated to the local government block grant account or the county under subsection (2)(a) or (2)(b) is allocated to the state general fund.

(3) (a) The county treasurer shall distribute the money received under subsection (2)(b) of this section to the county and to all the incorporated cities and towns within the county in the following manner. The county receives the available money multiplied by the ratio of the rural population to the county population. Each incorporated municipality receives the available money multiplied by the ratio of the population of the incorporated municipality to the county population. The rural population is that population of the county living outside the boundaries of an incorporated municipality. Population shall be based on the most recent figures as determined by the department of commerce.

(b) The money distributed under this subsection may be used for any purpose as determined by the governing body of the county, city, or town.

History: En. Sec. 1, Ch. 700, L. 1979; amd. Sec. 7, Ch. 274, L. 1981; amd. Sec. 2, Ch. 114, L. 1983; amd. Sec. 48, Ch. 281, L. 1983; amd. Sec. 2, Ch. 707, L. 1983.

Compiler's Comments

1983 Amendments: Chapter 114, at end of (3)(a), substituted "department of commerce" for "department of administration".

Chapter 707 inserted (2)(a); in (2)(c) after "allocated to the" inserted "local government block grant account or the"; in (2)(c) after "(2)(a)" inserted "or (2)(b)"; in (3)(a) after "received under" inserted "subsection (2)(b) of".

Chapter 281, in (2)(a), substituted "state special revenue fund" for "earmarked revenue fund".

1981 Amendment: Substituted "department of administration" for "department of community affairs" in (3)(a).

Cross-References

Local government block grant program, Title 7, ch. 6, part 3.

Disposition of tax proceeds, 15-1-501.

Part 7

Banks and Savings and Loan Associations

15-31-701. Department of revenue — special duties for transmitting corporation license tax revenues collected from banks or savings and loan associations to counties. (1) Within 30 days after receiving corporation license tax returns and payments from banks or savings and loan associations, the department of revenue shall transmit to the county treasurer of the county in which the business is located the revenues calculated under 15-31-702(1)(b).

(2) If the department of revenue determines, under the provisions of 15-31-503 and 15-31-531, that a bank or savings and loan association owes more taxes than shown on the original return or has paid more than the tax, penalty, or interest due in any year, it shall notify the bank or savings and loan association. Additional payment is due within 10 days after receipt of the final determination of taxes due. County treasurers shall issue warrants for their portion of the overpayment received and interest, as provided in 15-31-531.

(3) The department shall continue to exercise all its duties and powers outlined in this title with respect to auditing returns and enforcing payment of the corporation license taxes owed by banks and savings and loan associations. Any delinquent taxes collected from the sale of property of a bank or savings and loan association under the provisions of 15-31-525 shall be transmitted to the county in which the corporation owing the delinquent taxes is located. The only duties of the county treasurers in this regard are issuing refunds and distributing the taxes to local taxing jurisdictions.

History: En. Sec. 5, Ch. 634, L. 1979.

15-31-702. Distribution of corporation license taxes collected from banks or savings and loan associations. (1) All corporation license taxes collected from banks and savings and loan associations shall be distributed in the following manner:

(a) 20% must be remitted to the state treasurer to be allocated as provided in 15-1-501(2); and

(b) 80% must be allocated to the various taxing jurisdictions within the county in which the bank or savings and loan association is located.

(2) The corporation license taxes distributed under subsection (1)(b) shall be allocated to each taxing jurisdiction in the proportion that its mill levy for that fiscal year bears to the total mill levy of the taxing authorities of the district in which the bank or savings and loan association is located.

(3) "Taxing jurisdictions" means, for the purposes of this section, all taxing authorities within a county permitted under state law to levy mills against the taxable value of property in the taxing district in which the bank or savings and loan association is located.

(4) If a return filed by a bank or savings and loan association involves branches or offices in more than one taxing jurisdiction, the department of revenue shall provide a method by rule for equitable distribution among those taxing jurisdictions.

History: En. Sec. 6, Ch. 634, L. 1979.

Cross-References

Exempt from pledge to payment of long-range building program bonds, 17-5-408.

Exhibit "2"
SB-420
2-20-85

Proposed Amendments to SB420 - Introduced Bill

2. Page 2, line 19
Following: "entities"
Insert: "shall"
Strike: remainder of line 19 through "to" in line 20
3. Page 2, line 20
Following: "state"
Strike: "general"
Insert: "special revenue"

Exhibit 3
1) SB-420
2-20-85

NAME: Kathy Fabiano DATE: 2-20-85

ADDRESS: Helene

PHONE: 3092

REPRESENTING WHOM? Dept of Admin / Accounting Div.

APPEARING ON WHICH PROPOSAL: SB 420

DO YOU: SUPPORT? _____ AMEND? ~~_____~~ OPPOSE? _____

COMMENT: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Rm 331

PLANNED TESTIMONY - SB 420
SENATE ADMINISTRATION COMMITTEE
February 20, 1985

The Department of Administration (DOA) is proposing an amendment to SB 420. Handouts of the proposed amendment have been provided to the committee. The amendment (1) deletes the words "do not constitute financial resources of the State" on line 19, page 2, and (2) inserts "special revenue" in place of "general" fund on line 20, page 2. These amendments are necessary to ensure that the State accounts for the referenced taxes in accordance with generally accepted accounting principles (GAAP).

HB 800, which was passed by the House and has been referred to this committee, will require that State agencies account for their activity on the State's accounting system using GAAP. Line 19 of SB 420, which currently says that certain State taxes, that is taxes that are in whole or in part distributed to local governments, do not constitute financial resources of the State, conflicts with GAAP. State imposed taxes are financial resources of the State and must be recorded as revenue on the State's accounting system to comply to GAAP. A statute that requires a particular State tax to be distributed to local governments does not change the fact that the tax is State revenue.

Line 20 on page 2 of this bill currently says only that such taxes shall not be recorded as financial resources, or revenue, in the General Fund. It does not say which fund the taxes should be recorded in. The proposed amendments by DOA would change line 20 to require that the taxes be accounted for in the State Special Revenue Fund. By requiring a special revenue fund, we are assured that agencies do not interpret the law as allowing these taxes to be recorded as anything but revenue or to be accounted for in just any nongeneral fund.

Kathy Fabiano, Administrator
Accounting Division
Department of Administration

State of Montana
PROGRAM STATEMENT

513-422
2-20-85
Form RR

Department/Agency Revenue 1979 Session
Program Investigation Division

Description:

The Investigation Division is comprised of four functional units:

- 1302 - Welfare Fraud Unit
- 1303 - Tax Fraud Bureau
- 1304 - Alcoholic Beverage Control Bureau
- 1305 - Child Support Enforcement Bureau

Each of these units describe a particular enforcement, investigatory, or support program for the Montana Department of Revenue. The Investigation Division is a support division designed to maintain the capability of providing each of the divisions within the Department of Revenue with the investigative skills and services necessary to function proficiently. All criminal or civil investigations developed through the Investigation Division are presented to the appropriate city, county, or state prosecuting agency for litigation based on legal options applicable to the case.

Objectives:

1302: The Welfare Fraud Unit is designed to be capable of responding to 1000 referrals annually. Such investigative problems come under two major categories: Vendor Fraud (Medicaid and Medicare Fraud), and Recipient Fraud (Food Stamp Fraud, Aid to Dependent Children Fraud, etc.).

1303: The Tax Fraud Unit will provide investigative support to 1500-2000 cases annually for all tax fraud related cases, i.e., Motor Fuels Tax, personal Income Tax, Miscellaneous Tax (licenses and fees), and any other tax-related fraud matters. This Unit also provides full-time "location" capabilities for all other units in the Investigation Division. This Unit is also designed to assist the State Bad Debts Program, which receives all bad debts from other departments in Montana state government.

1304: The Alcoholic Beverage Control Program is primarily responsible for the control of alcohol in the State of Montana which is a control state. Also in the Alcoholic Beverage Control Bureau, Cigarette Tax violations are investigated. This Bureau becomes the primary source of information regarding violations, rules, regulations, and laws for the entire alcoholic beverage industry in Montana. This Bureau will train all new peace officers in alcoholic beverage enforcement, process over 1000 complaints annually, and inspect approximately 2500 licenses annually.

1305: 1) Establish full monthly enforcement in 400 new child support cases in accordance with State and Federal law;
2) Enter into cooperative agreements with all political subdivisions for prosecution or other legal assistance; and
3) handle and measure all collections and distribution of money collected.

DEPARTMENT OF REVENUE

1985 Session



TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59620

September 25, 1984

MEMORANDUM

TO: Carolyn Doering, Budget Analyst
Office of Budget & Program Planning

FROM: Don Bentson, Administrator *DEB*
Centralized Services Division

SUBJECT: Additional Budget Information

As requested by Dave in his September 14th correspondence the attached budget information is being submitted.

With regard to the one part of the request concerning goals and objectives we are submitting our "draft" Department Mission Statement and the agency goals affecting information systems. A set of mission statements and goals for each program are currently being developed over an extended period of time. The agency descriptions for each program provided in your office's 1985 Biennium Montana Appropriations Report adequately describes the functions each program is involved in administering. Goals and objectives for each program will generally involve methods of maintaining or improving services identified in those agency descriptions in line with the Department's mission statement.

The Department of Revenue exists in order to serve the citizens of the State of Montana by administering a body of revenue producing statutes. Specifically, it:

- (1) administers tax law in a fair and impartial manner and strives to assure that each taxpayer pays the proper tax due;
- (2) collects taxes and debts due the state in an effective and efficient manner;
- (3) administers the system governing the sale and distribution of liquor within the guidelines set by the Legislature, providing an acceptable level of service to the public while maintaining the required degree of control;
- (4) enforces the obligation of parents to support their children;
and
- (5) investigates instances of welfare and medicaid fraud and prepares cases for prosecution, providing maximum deterrent effect.

The Department is an agency of state government and, as such, is responsive to the needs and desires of citizens as expressed by individuals and their elected representatives. It implements a reasonable interpretation of the law based on consultation with

all affected classes. Agency decisions are made openly, grounded in ethical principles and remain consistent over time.

The Department is responsible for assuring prudent and productive expenditure of public funds. It continuously evaluates its performance and plans in order to assure that resources are used effectively and properly. It identifies trends and developments in all relevant areas, and brings them to the attention of the Governor and Legislature.

The Department does not work in isolation. It is sensitive to the fact that its actions affect the economic, business and, in some cases, the social lives of citizens. It respects the dignity of individuals and their right to be treated fairly and objectively.

Department personnel are treated fairly and considered the agency's principal resource. They are entitled to reasonable working conditions and are given the support they need in order to carry out their duties.

The Department uses a fair recruitment and selection process in order to fill positions and meet objectives regarding a balanced representation of all groups at all levels. The agency develops its employees and provides opportunities for them to advance within the organization. They are continuously evaluated and

provided with useful information as to how they are performing
their jobs.

SUMMARY OF
FY 1985-1987 INFORMATION SYSTEMS PLAN
FOR

DEPARTMENT OF REVENUE

AGENCY NUMBER(S) 5801

1.0 AGENCY GOALS AFFECTING INFORMATION SYSTEMS

1.1 Set the value of each item of taxable property in the state within
the statutorily specified time period appropriate to each type of
property.

1.2 Manage the liquor enterprise to achieve the profit and expense
goals set by the legislature while maintaining an acceptable
service level.

1.3 Maximize the speed with which tax returns are processed and tax
payments are placed in financial institutions.

1.4 Reduce the difficulty taxpayers experience in complying with the
law by disseminating information widely and minimizing the time it
takes to respond to taxpayer inquiry.

1.5 Improve the capability of all divisions to generate and retrieve
management and policy information.

SUMMARY OF
FY 1985-1987 INFORMATION SYSTEMS PLAN
FOR

DEPARTMENT OF REVENUE

AGENCY NUMBER(S) 5801

1.0 AGENCY GOALS AFFECTING INFORMATION SYSTEMS cont'd

1.6 Maximize the effectiveness of enforcement and regulatory activities.

1.7

1.8

1.9

1.10

SUMMARY OF
FY 1985-1987 INFORMATION SYSTEMS PLAN
FOR

DEPARTMENT OF REVENUE

AGENCY NUMBER(S) 5801

3.0 INFORMATION SYSTEMS GOALS AND STRATEGIES

3.1 GOAL: Maintain present rates of processing returns, payments, refunds, tax data, and taxpayer communications while seeking cost beneficial advances which will increase those rates.

STRATEGIES: 1) Study and, where feasible, implement new technologies for the purpose of capturing taxpayer information more rapidly. 2) Continue to evaluate word processing applications, expanding the DOSF system to additional work units when cost beneficial results are indicated. 3) Improve response time of the DOSF system while seeking methods which will minimize the effect of downtime on operator productivity. 4) Study and, where feasible, implement the use of microcomputers for the purpose of automating small systems.

3.2 GOAL: Improve the ability to retrieve information from and interchange information among automated systems.

STRATEGIES: 1) Complete a comprehensive data model for the Department. 2) Continue to make cost beneficial improvements in existing systems in order to make them more closely parallel evolving business practice and legislative requirements and to make them easier to use and maintain. 3) Require that the design of all new systems incorporate features that will allow easy retrieval and interchange of information.

3.3 GOAL: Improve the quality, accessibility, and flow of management and policy information.

STRATEGIES: 1) Require that the design of all new systems take into account the need for management and policy information. 2) Where feasible, implement the use of microcomputers as management workstations; obtain appropriate software packages to aid management. 3) Implement electronic mail and executive calendaring throughout the Department. 4) Use all appropriate software tools made available by CSD for the purpose of accessing and manipulating Department data. 5) Complete development of Liquor Information Management System. 6) Complete development of Child Support Enforcement Program's accounting and case management system.

(Continued)

DEPARTMENT OF REVENUE
AGENCY NUMBER 5801

3.0 INFORMATION SYSTEMS GOALS AND STRATEGIES (continued)

- 3.3 7) Complete development of Corporation Tax System and Net Proceeds System.
- 8) Develop a new Department accounts receivable system.
- 9) Develop an automated system for processing motor fuels tax information.

SUMMARY OF
FY 1985-1987 INFORMATION SYSTEMS PLAN
FOR

DEPARTMENT OF REVENUE

AGENCY NUMBER(S) 5801

3.0 INFORMATION SYSTEMS GOALS AND STRATEGIES cont'd

3.4 GOAL: Increase awareness and knowledge of developments in information management techniques and resources among the management team.

STRATEGIES: 1) Develop a systematic process for setting and prioritizing information processing system goals. 2) As needed, place a high priority on training related to information processing for members of the management team. 3) Present periodic informational updates on latest developments and concepts.

3.5 GOAL: Manage Department data to assure integrity, security and recoverability of all data and programs.

STRATEGIES: 1) Develop and implement a plan for disaster recovery. 2) Complete implementation of ACF2 security system for Department data files.

3.6 GOAL: _____

STRATEGIES: _____

Caseload.

Cumulative Actual

	<u>78</u>	<u>79</u>	<u>80</u>
# sewed	7751	7180	6633
# Rehabilitated	1307	1047	1066
% Rehabilitated	16.86%	14.58%	16.07

# Rehabilitated	1307	← 18.4% →	1066
# Sewed	7751	← 14.4% →	6633

SRS told last legislature

	<u>78</u>	<u>79</u>	<u>80</u>
SRS - Said # sewed	10,000 - 5%	10,500 - 1.2%	10,700
Actual	7751 - 7.4%	7180 - 7.6%	6633
% of Actual under Goals	22.5%	31.6%	38%
% Actual. was of Goal.	78.	68.	62.

Then SRS revised their goals downward - This helps meet the goals as long as no one keeps track of the original statement made to justify budget.

Severely disabled

	<u>78</u>	<u>79</u>	<u>80</u>
Cross-SRS	4500	4730	5029
Actual-SRS	3310 4046	3454	3310
% of total received	90%	72%	66%

Actual Severe SRS 4046 \leftarrow (18%) \rightarrow 3310

State of Montana
PROGRAM STATEMENT

Form B-8

Department/Agency Social and Rehabilitation Services

Program Vocational Rehabilitation - Program 10

Description:

Output Indicators:	Actual * FY 78	Estimated FY 79	Estimated FY 80	Estimated FY 81
1. Individuals served	10,000	10,500	10,700	11,300
2. Individuals rehabilitated	1,300	1,350	1,390	1,430
3. Percent of persons served classified severely disabled	45%	46%	47%	48%

*Estimated

Food Stamps and Upgrades

The 1979 legislature provided SRS two food stamp issuance clerks. The purpose was to have the state do all food stamp issuance activities. It was stated efficiency could be gained and county expenditures reduced. The issuance cost was to be reduced from \$1.24 in fiscal 1978 to \$0.57 in fiscal 1980. Changing the food stamp issuance system was to have saved the counties \$67,491.

These two grade 7 food stamp clerk positions are now grade 18 bureau chief positions. The cost of the new positions in fiscal 1981 would be \$61,098 or \$33,055 more than provided by the 1979 legislature. Since the food stamp issuance system was never changed, the two grade 18 positions are deleted.

In addition to the food stamp positions, several other upgrades have occurred. For example, the 1979 legislature authorized a grade 14 FTE to work on the new information system. This position is now a grade 15.



Agency
Program
Identification

Agency Code - Program Code

Program Name

6901

01

Assistance Payments

TYPE OF REQUEST:

ASSISTANCE PAYMENTS - STATE OFFICE FOOD STAMP ISSUANCE

A. PURPOSE OF BUDGET MODIFICATION

Food Stamp Issuance is presently handled on a local basis. Each county office has an agreement with "an issuing agent" (e.g., county treasurer, post office, etc.) to issue food stamps. These agents are reimbursed on a per issuance rate negotiated by the county office. Since issuance costs are high (\$134,981 for FY 78) and agents are often difficult to find, the Assistance Payment Program proposes to remove all issuance activities to the State Office. Using the computer support system being developed as a separate budget modification, it is estimated that two additional FTE's would be required to issue all Food Stamps monthly. This proposal would result in a cost savings to the counties in that personal costs for two Food Stamp Issuance Clerks, would be funded by 50% General Fund and 50% FFP. Under the present issuance system, the county costs for the biennium would be 50% of \$134,981 (at no increase) or \$67,491. In this sense, this modification will constitute a form of local fiscal relief for property tax.

B. ALTERNATIVES

The alternative to a centralized, state office Food Stamp issuance system would be to continue under the present local issuance system. However, efficiency could be gained and county expenditures reduced under this budget modification. An alternative funding would be for the counties to participate 50% rather than the state. In this manner, \$19,656 of General Fund would be saved yet the counties would still realize a net savings of \$47,835.

Performance Indicators:

Estimated
FY 80

Estimated
FY 81

1. Reduced per issuance cost (\$1.24/issuance - FY 78)

57¢

52¢

2. H.B.: Issuance cost estimates based upon Food Stamp caseload of 9,422 in FY 80 and 9,610 in FY 81.

3.

don't have two issuance clerk

① Bennett =

② ~~Smith~~ =
Tinkle

Appendix A =



STATE OF MONTANA
Office of Budget and
Program Planning

BUDGET JUSTIFICATION REQUEST

JUSTIFICATION

79 Session

PAGE 1 OF 3

Agency
Program
Identification

Agency Code

Program Code

Program Name

6901

07

Medical Assistance

TYPE OF REQUEST:

MEDICAL ASSISTANCE - SINGLE PERFORMANCE INDICATOR/CORRECTIVE ACTION

A. PURPOSE OF MODIFICATION

In April, 1978, HEW implemented a nationwide requirement that all states develop single performance measures of the quality of state Medicaid management (measured by total dollars misspent). Montana helped to pioneer the concept through a Sec. 1115 Demonstration Grant. 100% Federal funds for this project will expire September 30, 1978. Since this effort is now a federal requirement, SRS is requesting four additional FTE's to perform this task in FY 80 and FY 81.

In addition to the Federal Minimum, SRS seeks to add two additional staff in order to further develop and strengthen its corrective action efforts. The Single Performance Measure simply identifies the total dollar error rate (currently at 5.6% of all dollars). Two additional staff would provide some capability for developing and evaluating their effectiveness. While the costs are small, the potential savings are enormous (in the next biennium, an estimated \$7.3 million will be spent in error).

B. ALTERNATIVE

Due to present workloads, current level staff are unable to absorb the new tasks. Should staff not be made available to perform the HEW requirements, future Title XIX funding could be jeopardized. Should no staff be allowed to develop and monitor corrective actions, the likelihood of reducing the dollar error rate will greatly diminish.

Performance Indicators:

	Estimated FY 80	Estimated FY 81
1. Reduction of current error rate of 5.6%	5%	4%
2. Potential Savings:	\$372,000	\$1,088,000
General Fund:	(\$144,708)	(\$432,232)

3.

John Carlson
Says this was included with case
being that error

What is even here?

REQUESTED
1982 BIENNium

Code

5901
08

Agency Social & Rehabilitation Services
Audit & Program Compliance Div.

Program Integrity Bureau

FY 1983

FY 1982

Position	Classification Name	Class. Code	Gr-in	Justification	FTE	FTE	
New	Quality Control Reviewer	168001	9	To handle increase in Quality Control reviews resulting from increase in Food Stamp overload from 16,000 to 22,000	1	1	13,195
New	Quality Control Reviewer	168001	9	To enable SRS to review a random sample of social service cases for eligibility in order to assess the agencies ability to make proper eligibility determinations.	1	1	13,195
Summary of Personal Services by Accounting Entity					FTE		
					2	2	26,390
							13,195
							13,195
							26,390

Error Rate

81 Session
followup on 79 Session

Data taken from Semi-annual Statistical Reports
Sent to Denver (Before Variances and Before Regression Form)

1/78-6/78 4/78-10/78 10/78-3/79 4/79-10/79 10/79-3/80

AFDC CASE ERROR

ineligible	6.1	6.7	5.0	8.9	3.1
overpayment	10.3	10.0	13.7	7.1	7.0
under-payment	3.6	4.0	1.9	6.5	5.1
	20.0	20.7	20.6	22.5	15.2

AFDC \$ ERROR

ineligible	3.4	5.0	4.2	7.3	2.7
over-payment	4.7	4.4	6.4	2.6	2.5
undre-payment	0.7	0.9	0.5	1.2	0.9
	9.0	10.3	11.1	11.1	6.1

FOODSTAMPS CASE ERROR

ineligible	6.1	3.9
over-issued	8.16.8	10.8
under-issued	8.4	8.2
	31.3	22.9

FOODSTAMP \$ ERROR

ineligible	7.9	4.2
over-issued	21.6	3.7
under-issued	8.5	2.1
	38.0	10.0

IF The FOODSTAMP CASELOAD
is INCREASING so
drastically, how come the
error rate is declining?

1985 Session

Agency Goal

To efficiently and effectively provide those human services mandated to the department by state and federal law.

Assistance Payments - Program 01

Program Description and Goal:

The goal of the assistance payments program is to provide direct payments, and goods and services to low-income people to help assure living standards of decency and health.

Program Objective:

To reduce the impact of high winter home heating costs by providing energy conservation measures and fuel bill assistance.

To provide financial aid to meet the shelter, clothing and transportation needs of eligible persons.

To provide food and financial assistance to help meet the nutritional needs of families and individuals.

COMMUNITY SERVICES DIVISION

COMMUNITY SERVICES DIVISION is responsible to maintain family unity and provide the least restrictive environment for children and adults. The Division provides a variety of services to families, children, youth, adults and senior citizens. These services are provided directly by staff and through contracts.

The Division is legally mandated to provide protective services. Protective services are aimed at protecting children, adults and developmentally disabled people who are in danger of neglect, physical abuse, sexual abuse and exploitation.

Community Services staff provides services from county and district offices. Direct service staff include social workers, home attendants and social service aides. The services provided include protective services to children, adults and developmentally disabled individuals, foster care, day care, adoption, case management for developmentally disabled individuals, services to unmarried parents, information referral, health related services, licensing and work incentive program.

Contract services include Legal Services, Domestic Violence, Big Brothers and Sisters, Home Health, Family Teaching, West Yellowstone, Aging Services, Child Abuse and Neglect and Refugee program.

Eligibility Determination - Program 03

Program Description and Goal:

The eligibility determination program is responsible for supervision of welfare departments in eligibility determination for Aid to Dependent Children, Medicaid, Food Stamps, and general relief programs for eligible Montanan's.

Program Objectives:

To provide a uniform statewide determination of eligibility for programs under the jurisdiction of the department.

To ensure that state and federal regulations regarding assistance programs and food stamps are equitably and strictly adhered to throughout the state.

To continue efforts to effectively reduce the state error rate and maintain it within acceptable federal tolerance levels.

To provide clear and concise interpretation of Federal rules and regulations in all policy manuals in a timely fashion.

ADMINISTRATIVE AND SUPPORT SERVICES

GOAL:

To provide overall direction and centralized administrative services to support the effective delivery of services to eligible Montana citizens.

OBJECTIVES:

1. Provide overall direction for accomplishment of the department's mission.
2. Administer a personnel system based on merit and equal opportunity employment principals.
3. Improve financial reporting by: 1) simplifying and automating the department's cost allocation plan; and 2) structuring internal accounting procedures to meet the needs of the federal government, state government, and program manager.
4. Provide effective support to programs in the areas of word processing, mail, supply, purchasing, and property management.
5. Ensure that all SRS offices are provided suitable office space and adequate telephone systems at the least possible cost.
6. Design, develop, and maintain computer systems to enhance the effective and efficient delivery of services to clients.

State Assumption - Program 06

Program Description and Goal:

The goal of state assumption is to transfer administrative responsibility of public assistance programs from county to state level.

Program Objective:

To provide for supervision and administration of twelve state assumed counties.

To maintain efforts to provide consistency in eligibility policies in the general relief programs.

To provide for coordination of reporting, office procedures, budgets, program participation and other data necessary for effective operation of programs.

Medical Assistance - Program 07

Program Description and Goal:

The medical assistance program is responsible for providing necessary medical services for low-income people. . .

Program Objectives:

To provide a range of medical services for aged, blind or disabled individuals and families eligible for the AFDC program through the Medicaid program.

To assure that Medicaid eligible clients receive medically necessary services.

To assure these services are provided in a humane and dignified manner.

To provide these services in accordance with applicable state and federal regulations.

To provide payments for services delivered in an efficient and economic manner. These rates must be sufficient to promote general availability of needed services.

To insure that utilization of services is necessary yet efficient and not excessive.

To provide payments for pre-authorized and emergency medical services for persons ineligible for Medicaid.

Audit & Program Compliance Division

Program Description and Goals: the division is responsible for auditing contractors, counties, and food stamp issuance offices; performing reviews of public assistance cases to monitor eligibility determinations and to detect fraud; recovering overpayments of public assistance and medicaid due from recipients, medicaid providers, and third parties such as insurance companies; monitoring the claims processing contractor to ensure that medicaid claims are properly paid; and monitoring medicaid providers and recipients to detect fraud and program abuse. It is the division's goal to meet all state and federal regulations concerning audits, program monitoring and recoveries and to provide effective timely technical support to the other divisions.

Program Objectives

Perform financial and compliance audits of all major contractors at least once every three years or more often as required by federal regulations or as needed by program managers;

Perform audits of counties as needed for grant in aid and state assumption purposes;

Perform reviews of public assistance cases in accordance with federal regulations and do so in a manner that will avoid federal financial sanctions;

Provide the Economic Assistance Division with information and technical assistance to assure that eligibility error rates remain below federal tolerance level;

Maximize the recovery of all public assistance funds improperly paid to recipients or providers or due the state from a responsible third party;

Provide program managers with information and technical assistance to improve the operation of the medicaid program;

Identify any medicaid claims processing errors and determine if corrective action is required on the part of the department or the claims processing contractor.

VOCATIONAL REHABILITATION

Program Description and Goals: The Vocational Rehabilitation program provides rehabilitation services to disabled Montanans. Services include evaluation, counseling and guidance, vocational training, financial assistance, medical services, job placement, and extended employment. The goal of the program is to help disabled persons in overcoming their vocational handicaps in order to achieve suitable, gainful employment.

Program Objectives: To improve referral and follow-up procedures; to return clients to gainful employment as quickly as possible; to increase the number of individuals in national and state priority groups served and successfully rehabilitated; and to insure effective establishment and utilization of rehabilitation facilities and special rehabilitation projects in Montana.

DISABILITY DETERMINATION

Program Description and Goals: The Disability Determination Program is responsible for evaluating applications for Social Security Disability Insurance benefits and Supplemental Security Income disability benefits. The purpose of the SSDI and SSI programs is to provide monetary payments from Social Security Administration to individuals no longer able to work because of a physical or mental impairment. The goal of the Disability Determination Program is to provide prompt and accurate disability decisions to Montana residents applying for this aid. In FY 1984 a hearings unit was established to allow persons whose SSDI benefits were terminated to appeal the decision, with a prompt face to face hearing.

Program Objectives: To document completely and promptly all medical and vocational aspects of the applications before a decision is reached; to determine the extent, severity, and duration of an applicant's physical or mental disorder; to insure that all applications are considered for possible rehabilitation and to promote maximum effort to restore as many applicants as possible to gainful employment.

VISUAL SERVICES

Program Description and Goals: The Visual Services program provides rehabilitation services to individuals who are blind, severely visually handicapped, or who have eye conditions which may lead to blindness. Services include evaluation, counseling and guidance, vocational training, financial assistance, medical services, job placement, and transportation. In addition to vocational services, instructional services are provided on independent living skills. The goals of the program are (1) to enable blind persons to live more independently, and (2) to help blind persons achieve suitable, gainful employment.

Program Objectives: To make available a total program of services which can meet the needs of blind or legally blind persons, and to assist these persons in becoming more independent so that they can participate fully in employment and in family and community activities.

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES



TED SCHWINDEN, GOVERNOR

P O BOX 4210

STATE OF MONTANA

HELENA, MONTANA 59604

September 24, 1984

TO: Ben Johns, Deputy Director
Social and Rehabilitation Services
FROM: Mike Muszkiewicz, Administrator
Developmental Disabilities Division
RE: 1985-'87 Biennium Goals and Objectives

The goal of the developmental disabilities division is to secure for each person who may be developmentally disabled such treatment and habilitation as required by their needs and to assure that such treatment and habilitation are skillfully and humanely provided with full respect for the person's dignity and personal integrity. (see MCA 53-20-101(1))

The objectives of the division are to:

1. Accomplish the treatment and habilitation stated in the above goal statement in the least restrictive environment using the least restrictive procedures, principle of normalization and data-based technology.
2. Continue to strengthen and refine the programmatic and fiscal operations of all division funded services to improve the quality and quantity of services purchased.
3. Continue efforts to maximize the use of federal funds (e.g., Title XIX) in order to expand services to meet the needs of persons on service waiting lists.
4. Continue to address the responsibilities of the division as outlined in MCA 53-20-203.

MM12

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
DEVELOPMENTAL DISABILITIES PLANNING AND
ADVISORY COUNCIL



TED SCHWINDEN, GOVERNOR

P.O. BOX 4210

STATE OF MONTANA

(406) 447-3878

HELENA, MONTANA 59604

September 20, 1985

MEMORANDUM

TO: Ben Johns, Deputy Director
SRS

FROM: DDPAC Staff *[Signature]*

SUBJECT: DRAFT of DDPAC Goals and Objectives

MONTANA STATE DEVELOPMENTAL DISABILITIES
PLANNING AND ADVISORY COUNCIL

Program Description and Goals: The Montana State Developmental Disabilities Planning and Advisory Council (DDPAC) advises state agencies, other councils, local governments and private organizations on programs and services to persons with mental retardation and other developmental disabilities. The ultimate goal of the program is to alleviate the many and varied effects of developmental disabilities and to bring about the social, personal, physical and economic habilitation or rehabilitation of individuals with mental retardation and other developmental disabilities. In pursuit of its mandate, the DDPAC provides a working forum and a full-time staff for consumer and professional involvement in policy and priority determinations.

Program Objectives: 1) to develop, in cooperation with state agencies, a three-year state plan for developmental disabilities services; 2) to foster and facilitate integrated planning and coordination of agency service capacities; and 3) to work toward meeting priority service needs by funding direct-service demonstration and training projects which have the potential for state-wide impact.

Exhibit "5"

SB-366

2-20-85

Ray Blehm's testimony

THIS BILL ADDRESSES THE NEED FOR EMPLOYEES TO PROVIDE FOR HEALTH INSURANCE COVERAGE AFTER RETIREMENT. THE STATE FIREMEN'S ASSOCIATION ORIGINALLY STARTED TO LOOK FOR METHODS OF FUNDING INSURANCE FOR RETIREES IN RESPONSE TO A 1983 CONVENTION RESOLUTION TO LOOK FOR A BETTER WAY TO HANDLE INSURANCE.

IN THAT SAME YEAR, THE P.E.R.D. BOARD MADE A PRELIMINARY RULE IN RELATION TO HANK LAUGHLIN'S, OF ANACONDA, RETIREMENT, CLAIMING THAT THE 1/4 SICK LEAVE PAID ON RETIREMENT TO BE WAGES AND THAT HIS RETIREMENT WOULD NOT START UNTIL HIS PAYMENT WAS AMORTIZED. BECAUSE OF THE WAY THE DEFINITION OF COMPENSATION IS WRITTEN IN OUR ACT, THIS RULE COULD NOT PASS STATUTORY MUSTER.

IT WAS DURING THIS LOOK AT THE MEANING OF THE DEFINITION OF COMPENSATION THAT WE REALIZED THE INSURANCE PROVIDED BY THE EMPLOYER WAS WELL WITHIN THE DEFINITION OF COMPENSATION IN OUR ACT. WE REQUESTED TO START PAYING ON THIS ITEM AND WERE GIVEN THE INDICATION THAT IT HAD NOT BEEN TREATED AS COMPENSATION IN THE PAST SO IT WOULDN'T BE COUNTED NOW.

AFTER THE OFFICIAL DEBATE AND MANY UNOFFICIAL DISCUSSIONS, WE DECIDED THAT OUR RESPONSIBILITY WAS TO PROPOSE THIS CHANGE TO THE LEGISLATURE RATHER THAN TO ATTEMPT A LEGAL OR ADMINISTRATIVE ADJUSTMENT.

THEREFORE, THIS BILL PROVIDES THAT THOSE EMPLOYEES WHO PAY 6% CONTRIBUTION ON THE INSURANCE WILL GET TO COUNT THE EMPLOYER PAID PORTION OF HIS INSURANCE PREMIUM AS COMPENSATION FOR THE PURPOSE OF CALCULATING THEIR BENEFITS.

THIS IS SIMILAR IN CONCEPT TO THE ADMINISTRATION'S "EMPLOYER PICK-UP" BILL. OUR POINT OF VIEW IS THAT INSURANCE IS COSTING ENOUGH WITHOUT HAVING TO PAY FOR IT WITH PAST TAX DOLLARS.

CURRENTLY, FIREFIGHTERS' PENSIONS ARE BASED ON APPROXIMATELY 92% OF COMPENSATION WHICH MEANS THE RETIRING MEMBER OFTEN GOES FROM FULL-PAID HEALTH INSURANCE TO A SITUATION IN WHICH HE MUST PAY FOR 100% OF THE COST OF INSURANCE.

THIS BILL ADDRESSES THIS IMABLANCE.

Exhibit 6
SB-366
2-20-85

SPONSOR AMENDMENT TO SENATE BILL NO. 366:

1. Title, line 9.

Strike: "SECTION"

Insert: "SECTIONS"

Following: "19-13-104,"

Insert: "19-13-1006, AND 19-13-1007,"

2. Page 3, lines 14 through 20.

Strike: ":" on line 14 through "retired" on line 20

Insert: "employed"

3. Page 5.

Following: line 20

Insert: "Section 2. Section 19-13-1006, MCA, is amended to read:

"19-13-1006. Supplement to certain retirement allowances. (1) Notwithstanding 19-13-104 (14), for the purpose of calculating the allowance supplement provided for in this section for a member retired before July 1, 1973, the monthly compensation paid to a confirmed active firefighter does not include the monthly contribution for group insurance provided for in 7-33-4130.

~~(1)~~ (2) The plan shall pay to each firefighter retired before July 1, 1973, or his surviving spouse or children a monthly retirement allowance of not less than one-half the ~~regular~~ monthly ~~salary~~ compensation paid to a confirmed active firefighter of the city that last employed him as a firefighter, as provided each year in the budget of that city. If the city that last employed him as a firefighter no longer employs a full-paid firefighter, the firefighter's or his beneficiary's allowance may not be less than one-half the average ~~regular~~ monthly ~~salary~~ compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate in the plan and employ a full-paid firefighter. In the case of volunteer firefighters, the retirement allowance may not exceed \$75 per month. Distribution of the money provided for this purpose under 19-11-606(1) shall be made according to subsection ~~(2)~~ (3).

~~(2)~~ (3) At the beginning of each fiscal year the administrator shall request and the state auditor shall issue from the state special revenue fund and deliver to the administrator an amount certified to be equal to the total annual dollar difference between the total retirement allowances paid to all retirees or their surviving spouses or children in the previous fiscal year and the total benefits payable on June 30, 1973. The administrator shall deposit this money into the fund."

Section 3. Section 19-13-1007, MCA, is amended to read:

"19-13-1007. Allowance adjustment. (1) Notwithstanding 19-13-104 (14), for the purpose of calculating the allowance adjustment provided for in this section for a member retired before July 1, 1985, the monthly compensation paid to a newly confirmed, active firefighter does not include the monthly contribution for group insurance provided for in 7-33-4130.

~~41~~ (2) For a member retiring on or after July 1, 1978, who was hired before July 1, 1981, or his surviving spouse or dependent children, the service retirement allowance provided in 19-13-704(1)(a), the disability retirement allowance provided in 19-13-803(1), and the survivorship allowance provided in 19-13-902(1) may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed him as a firefighter, as provided each year in the budget of that city.

~~42~~ (3) For a member hired on or after July 1, 1981, or his surviving spouse or dependent children, the disability retirement allowance provided in 19-13-803(2) and the survivorship allowance provided in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed him as a firefighter, as provided each year in the budget of that city.

~~43~~ (4) If after a member retires, the city that last employed him no longer employs a full-paid firefighter, the member's or his beneficiary's allowance under subsections ~~41~~ (2) and ~~42~~ (3) must be adjusted on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate in the plan and employ a full-paid firefighter.

~~44~~ (5) If the employment of a vested member hired before July 1, 1981, is involuntarily discontinued before he reaches age 50 because of the termination of employment of all full-paid firefighters in the city that employed him, his service retirement allowance provided in 19-13-704(1)(b) and his spouse's or dependent child's survivorship allowance provided in 19-13-902(1) may not be less than:

(a) if the member has completed 20 years or more of service, one-half the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those cities that participate in the plan and employ a full-paid firefighter; or

(b) if the member has completed more than 10 but less than 20 years of service, 2% of the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those cities that participate in the plan and employ a full-paid firefighter, for each year of the member's service.

~~45~~ (6) In lieu of the benefit adjustment provided in subsection ~~44~~ (5), a member may elect to receive an early retirement allowance, beginning upon termination of employment, that is the actuarial equivalent of the accrued portion of the service retirement allowance that would have been payable to him beginning at age 50."

Renumber: subsequent sections

Exhibit "7"
S BR-23
2-20-85



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF JIM MURRY ON SENATE JOINT RESOLUTION NO. 23 BEFORE THE SENATE
STATE ADMINISTRATION COMMITTEE, FEBRUARY 20, 1985

Mr. Chairman and members of the committee, for the record I am Jim Murry, representing the Montana State AFL-CIO. I am also a member of the American Labor Committee for Human Rights in Northern Ireland, and I am here to support passage of Senate Joint Resolution No. 23.

This resolution truly states the position of the American people. From our mixed heritages we grew into a nation that strives to settle our conflicts without violence and bloodshed. This philosophy forms the bedrock of our free and open system of collective bargaining as the preferred method of settling labor-management disputes. It is woven throughout our theories of negotiation before confrontation.

Since the 1970s, the AFL-CIO convention delegates have taken a strong position in support of the purpose articulated by this resolution. We deplore the violence that has marked the Irish struggles, just as we condemn the continued discrimination and deprivation suffered by Catholics in Northern Ireland which breeds the conditions for violence.

The refusal of the British government to deal with the causes of that violence -- political, economic and religious discrimination -- only perpetuates it.

It is past time for the British government to begin the process of negotiations with the Republic of Ireland and the process of reconciling the Protestant majority in the North with the reality of the need for a lasting political solution that respects the rights and freedom of all the Irish people.

To paraphrase the resolution passed by the Fourteenth Constitutional Convention of the AFL-CIO: We call upon the United States government to bring to bear its considerable influence to initiate peace discussions with the government of Great Britain not only in behalf of peace and justice in Ireland, but in the name of free world unity.

Mr. Chairman, members of this committee, I urge your support for Senate Joint Resolution No. 23.

Thank you.

ROLL CALL VOTE

Exhibit 8
SB-368
2-20-85

SENATE COMMITTEE STATE ADMINISTRATION

Date 2-20-85 Senate Bill No. 368 Time 11:45

NAME	YES	NO
SENATOR ANDERSON		✓
SENATOR CONOVER		✓
SENATOR FARRELL		✓
SENATOR HARDING		✓
SENATOR LYNCH	✓	
SENATOR MANNING	✓	
SENATOR MOHAR	✓	
SENATOR TVEIT		✓
SENATOR HIRSCH, Vice-Chairman		✓
SENATOR HAFHEY, Chairman	✓	
	5	6

Glenda Pennington
Secretary, Glenda Pennington

Jack Haffey
Chairman, Senator Jack Haffey

Motion: Motion of Sen. Mohar that SB-368
Be Do Pass.

STANDING COMMITTEE REPORT

February 20, 1985

MR. PRESIDENT

STATE ADMINISTRATION

We, your committee on

SENATE BILL No. 420

having had under consideration

first reading copy (white)
color

FUND STRUCTURE CLARIFICATION--FEDERAL FUNDS AND TAXES FOR LOCALITIES

Respectfully report as follows: That SENATE BILL No. 420
be amended as follows:

1. Page 2, line 15.

Following: "tax,"

Insert: "the portion of"

2. Page 2, line 19.

Following: "entitles"

Strike: remainder of line 19 through "to" on line 20

Insert: "shall"

3. Page 2, line 20

Following: "state"

Strike: "general"

Insert: "special revenue"

AND AS AMENDED

DO PASS

~~XXXXXXXXXX~~

Chairman.

STANDING COMMITTEE REPORT

February 20 19 85

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration **SENATE BILL** No. **422**

first reading copy (white)
color

**STATE BUDGET--REQUIRING SPECIFIC AGENCY GOALS AND UNIV. BOND
DEBT INFO.**

Respectfully report as follows: That **SENATE BILL** No. **422**

be amended as follows:

1. Page 2, line 24

Following: "include"

Insert: " , in a concise form, "

AND AS AMENDED

DO PASS

XXXXXXXXXX

Chairman.

STANDING COMMITTEE REPORT

February 20 19 85

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration..... **SENATE BILL**..... No. **358**.....

first reading copy (**white**)
color

LIMITS OSPI EXEMPTION FROM CERTAIN DATA PROCESSING REQUIREMENTS

Respectfully report as follows: That..... **SENATE BILL**..... No. **358**.....

DO PASS

XXXXXX
XXXXXX

.....
Chairman.

STANDING COMMITTEE REPORT

February 20 19 85

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration **SENATE BILL** No. **384**

first reading copy (**white**)
color

**PERMITTING CERTAIN JUDGES & JUSTICES TO CONTINUE MEMBERSHIP
UNDER PERS**

Respectfully report as follows: That **SENATE BILL** No. **384**

DO PASS

~~XXXXXXXXXX~~

Chairman.

STANDING COMMITTEE REPORT

February 20, 1985

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration **SENATE JOINT RESOLUTION No. 23**

first reading copy (**white**)
color

**URGING U.S. TO SEND ENVOY TO IRELAND TO WORK FOR PEACEFUL END
TO CONFLICT**

Respectfully report as follows: That **SENATE JOINT RESOLUTION** No. **23**

DO PASS

SENATE JOINT RESOLUTION

Chairman.

STANDING COMMITTEE REPORT

February 20 19 85

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration **SENATE BILL** No. **368**

first reading copy (**white**)
color

PROVIDING A MEANS TO REGISTER AND VOTE ON ELECTION DAY

Respectfully report as follows: That **SENATE BILL** No. **368**

~~DO NOT PASS~~

DO NOT PASS

.....
Chairman.