

MINUTES OF THE MEETING  
HUMAN SERVICES SUBCOMMITTEE  
49TH LEGISLATURE SPECIAL SESSION III

June 10, 1986

The meeting of the Human Services Subcommittee was called to order by Chairman Cal Winslow on June 10, 1986 at 8:30 a.m. in Room 312-2 of the State Capitol.

ROLL CALL: All committee members were present along with Peter Blouke and Taryn Purdy, LFA.

Chairman Winslow said the committee would start off with the Department of Labor with Gene Huntington, Director, giving an overview and Taryn Purdy, the LFA, addressing the Legislative Fiscal Analyst options and discussing the two proposals.

Tape (1A:1.22)

DEPARTMENT OF LABOR

Gene Huntington, Director, gave an overview of the 5% cuts and policy changes and adjustments that will help reduce the budget. A handout was referred to (Exhibit 1) during this overview. Mr. Huntington stated that the Human Rights Division already has a \$20,000 shortfall in their budget. The cut in that budget was less than others. Some cuts were funds from other sources. Continued reference was made to Exhibit 1 (program workseet). Cuts in the Labor Standards Division, Human Rights Division and Appeals Division totalled \$36,904 (Exhibit 1). Shifts from different funds made a total reduction in General Funds of \$420,697. (See Exhibit 1, pg. 4)

Apprenticeship and Crime Victim Funding:

Taryn Purdy, LFA, stated there are two primary issues to be discussed in the Department of Labor. The first was the Apprenticeship Bureau; whether this Bureau should continue to be funded. Reference was made to the Analysis Budget book, Pg. B25, pointing out that the Bureau has gone from a primarily federally funded entity to one being entirely supported by the General Fund. The number of persons benefiting from the bureau, those serving apprenticeships and completing them, has fallen from FY80 to FY85, therefore, questioning the continued need for the bureau.

The second issue is the Crime Victim's fund in Worker's Compensation (LFA Budget book, Pg. B35). Current fund balance is \$267,000. They are eligible for 18% of all fines resulting from citations issued by the Highway Patrol. The amount of grants and administrative costs spent are limited to that amount, per HB500. Fund balance should not be affected in the future by the amount of grant payments making the fund balance unnecessary. It was recommended that the fund balance be lowered to approximately \$17,000 with \$250,000 of this fund

balance being transferred to the General Fund.

Tape (1A:17.35)

Apprenticeship:

Mr. Huntington, Director of Labor, made reference to his hand-out (Exhibit 2), saying that working with this program and keeping it at a level to maintain this service to the public will be beneficial to the workforce of Montana. If this program is dropped, it will not decrease the need that is out there.

Chairman Winslow asked if other states have an Apprenticeship Bureau and Taryn, LFA, said that in her contacts with the surrounding states, as federal funds have been dropping off, these states have not been picking up the slack with state funds. Contacts made were: Utah, North Dakota and South Dakota. Testimony was presented that Montana definitely needs this program to produce skilled journeymen. Senator Manning made a comment that we need apprentices to replace the older people. Senator Christiaens asked if the employers are aware of this program being made available to them to offset some training costs. He said that perhaps the Department of Labor or Job Service needs to educate the public. There are both union and non-union programs.

Tape (1A:3.10)

Workers' Compensation:

Crime Victims:

Bob Robinson, Administrator of the Division of Workers' Compensation, stated they have updated their revenue expense projections. (See Exhibit 3). For highlighting purposes, he circled the months in which expenditures exceed revenues. He said a transfer of \$150,000 would give enough cash flow to take care of this. Rep. Bradley asked for an explanation of federal funds within the victim's funds. Taryn, LFA, replied that when the state expends all of their funds, and if the crime victim's fund expends all of their appropriations, they will be eligible for up to \$150,000 of federal funds.

Senator Christiaens asked that Mr. Huntington provide the committee with the number of apprenticeship programs in the state and the various trades.

- B R E A K -

Tape (1B:25.24)

DEPARTMENT OF HEALTH:

Dr. Drynan gave an overview on the executive 5% cut issues as follows: Food & Consumer Safety: (Making reference to the Budget Analysis book Pg. B2). The department had a vacancy savings to meet of 4% and proposed returning the dollars that are not used to the general fund.

Management Services: The balance will be returned to the General Fund due to a position vacancy. The balance is needed to maintain the vacancy savings factor.

Clinical Administration: The department will return \$27,034.00 to the General Fund. A 1.0 FTE will be reduced to .75 FTE, saving \$15,465. Contracted services will be reduced \$11,569.00.

Genetics & Residency Program: The executive proposes a 2.5% reduction for a total of \$14,750.

Board of Health: There is \$8,000 in the Legal Contingency Fund. The department has (3) law suits presently outstanding which they hope will not become active; if they do, the contingency fund will not possibly cover the suit.

Occupational Health: The department is proposing to reduce \$4,000.

Water quality Management: The department is proposing to reduce \$19,000 by deleting the U of M contract.

Dental Bureau: The department is proposing a \$1,213.00 reduction in travel.

Emergency Medical Services: The department is proposing to return \$15,183.00.

Air Quality: The department proposes returning \$12,640.00.

Director's Office: The department proposes returning \$18,250 due to a retirement. The department does not plan to fill that position; however, the department will need the other money to pick up vacancy savings of 4%.

Solid Waste: \$3,905 proposes a 5% reduction in operating.

Health Planning: \$6,272 proposes a deletion of position.

Sub-Division Bureau: The department proposes to return \$6,991. A 5% operating cost reduction.

Tape (1B:33.22)

In the States special revenue junk vehicle fund, \$500,000 was transferred to the General Fund by the 1985 legislature and \$119,000 was taken out of the Centennial project. The department's proposal is to return \$52,687 of the \$100,000 contingency fund to the General Fund. This will leave the department short for reimbursement to the counties. Also, the department proposed to reduce RIT funds for the Hazard Waste Collection and Transfer Facility by \$52,687.

Tape (1B:35.54)

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES:

Environmental Protection Fund -- Superfund:

In the Environmental Protection Fund, \$50,000 of the \$1,000,000 in authority was cut. In the proposal to cut the RIT superfund, it was assumed the department would receive the amount authorized in the legislation, and the interest would grow, which it has not. The department is looking at an approximate \$70,000 deficit in match funds the first year. The department is now getting into the clean-up phase of the superfund sites. The two most imminent sites are: Mill Creek in Anaconda and Mill Town in Missoula. Cleanup for Mill Creek is scheduled for August through September, 1986. State match could be as high as \$300,000. The state match could range from \$500,000 - 2 million for all projects. The department is anticipating that by next biennium, sites to be looked at will be Kalispell, Butte, Anaconda, Bozeman, etc.

Dr. Drynan's concern is that the state will not have the money for cleanup if the RIT funds are reduced as part of the 5%. Law says these dollars can be carried from fiscal 1986 to 1987 so the money would be available. The department estimates a shortage of over \$200,000. It is proposed the money be put in an account of its own to gain interest so the state will have a reserve in that account. The match requirements are 90/10 in the cleanup phase.

Tape (1B:41.06)

Senator Manning asked, "In the event we don't clean up the site, what is the alternative?" Dr. Drynan responded that the state could face a law suit.

Chairman Winslow had a concern with the RIT proposal and had asked Dr. Drynan about accepting the Governor's proposal. Dr. Drynan responded with a "Yes, that also was his proposal to balance the budget." He said that the dollars that are left in the RIT could be built up over a period of 3-6 years so the state can match their dollars for cleanup.

Tape (2A:0.00)

Air Quality Bureau:

Dr. Drynan stated that the general fund in the program is a required maintenance level - if decreased, the state would lose all general funding. Dr. Drynan received a letter (Exhibit 4) from John Welles, Regional Administrator of the Environmental Protection Agency, stating these monies will not be allowed to be removed.

Water Quality Bureau: The department will have to maintain a match level for the 106 funds of \$85,000 - if not, the 205 general fund will be jeopardized. If the department drops below \$59,000 in that program, all of the federal funds will go.

Supplementals: Chairman Winslow questioned a potential supplemental in January. Dr. Drynan responded; "I know of three areas to be affected: 1.) The planned parenthood lawsuit (looking at about \$81,000 supplemental to cover defense and lawyers). 2.) Aids work, and 3.) S02 law suits.

In addition, the dollars for water testing generated are far less than the appropriation. Right now the department is looking at a shortfall of about \$30,000 in the chemistry lab. Chairman Winslow questioned why the shortfall, and Dr. Drynan stated that the first year collections of the handling fees were used in the base for future physicians. This was an artificially high figure in that year that has not been maintained.

Tape (2A:8.42)

Ray Hoffman, Financial Administrator for the Department of Health, summarized: \$30,000 in Labs, \$78-80,000 on the Planned Parenthood, S02 unknown, AIDS work unknown, totalling \$100,000 in supplemental coming in January. The revenue in the chemistry lab is projected to be approximately \$53,000 less this fiscal year than what appropriations received. The district trying to be creative in regard to the two lab

fund accounts: one being miscellaneous fees and the water testing fees. If the department can transfer some excess funds from one account into the other, it would greatly reduce any potential supplemental contingent upon what fees we receive next year and if the department has at our disposal the ability to transfer funds. The LFA has asked that water test funds be reduced and in turn General Funds be reverted. If that happens, the department would be at \$70,000 supplemental for labs.

Tape (2A:11.46)

Family Planning:

Taryn Purdy, LFA, reviewed the LFA Report issues starting with page B17, Issue #10. Two issues having material impacts on the Department of Health are: 1.) Dental Bureau -- recommended being eliminated and 2.) Food & Consumer Bureau, recommending a substantial increase in fees to the General Fund.

Dental Program:

This is an optional program oriented to school children. The LFA questioned the need for the state to do it since such services are available from private dental professional at a charge; and also through Medicaid. Savings through elimination of this program would total approximately \$25,000 in General Funds. Also, the Maternal & Child Health Block Grant (MCH) and Preventive Health Grants could be reduced. These grants are vulnerable to cuts in FY87 on the federal level. Savings through elimination of the programs could offset the anticipated cuts and maintain other levels in other areas of the Health Department.

Clinical Bureau Administration:

There are MCH block funds with no limit on administration. Elimination of the Dental Program could be used to offset General Funding in this program.

Food & Consumer Safety Bureau:

Making reference to page B21 of the LFA Analysis Book, there are three options which may require modification of section 50-51-204 MCA. Other issues in common with the Department are: 1.) Board of Health legal fees, 2.) EMS, 3.) Water Quality Management, 4.) FCS, and 5.) Management Administration. Issues #8 and #9 show a difference between vacancy savings not applied to LFA analysis. It has been recommended to use the fund balance of Vital Statistics account; Waste Water Operation fund & Water Test Fee accounts. The final option is in the RIT funds. Taking \$200,000 that was anticipated, would leave \$70,000 less. (Dr. Drynan indicated it was a greater deficit than that). This does not cover the Mill Creek project

which was just brought to our attention.

Tape (2A:20.38)

The Water Test:

The fee includes money that could be transferred with no supplemental funding in the Chemical Lab. The legislature set aside money to purchase equipment and maintain this equipment to avoid asking for General Funding to buy more every year.

Water and Wastewater Operators:

Training is necessary for the more technical advanced equipment. It was suggested by Dr. Drynan that an increase in fees will be necessary for wastewater operators to be certified and tested. Chairman Winslow asked by how much would the fees have to be increased. Dr. Drynan responded by saying he would get the figures back to him of what the increase would be.

Tape (2A:49.00)

Deletion of Dental Bureau and the Transfer of Funds:

The department indicated that the MCH block grant requires a state match. Agencies approached by the department for money are now using their own dollars as match for their MCH block grant dollars. The dept. is presently looking for \$350,000 worth of general fund match to get the MCH block grant. The State of Montana is not able to match the requirements of the grant which is 1.9 million dollars. The dept. has a federal audit exception of administrative dollars in the preventive health grant area. Federal legislation has recommended an increase in the MCH block grant to the states. Dr. Drynan continued to discuss the increased license fee of \$56, which does not take into consideration the indirect charges. The federal government is insisting the state charge indirect costs where there are matched dollars. They will not pay indirect dollars and neither will the state.

Ray Hoffman, Health Department, (2B:35.07) further pursued direct and indirect charges.

Renal Program:

Dr. Drynan says the Department ran out of the \$125,000 appropriation in May due to the late filing of the bills by the Hospitals. The department has not paid a bill dating past January of this year. Services between July and December have been paid only to the extent funds were available.

Tape (2B:0.00)

In interactions between Dr. Drynan, Rep. Bradley and Chairman Winslow regarding Renal Program Reduction, they agreed there will be more need in the future for this type of program than in the past.

Board of Health Legal Fees:

Rep. Bradley wanted further clarification of Issue B, Pg. B4., and asked if this cut was due to the Department of Health not having any legal fees. Dr. Drynan responded that the Attorney General would charge for hours representing the Board of Health. Eliminating the \$8,000 appropriation now will have to be paid out of my budget.

Tape (2B:6.00)

Rep. Bradley asked if other agencies besides the Department of Health are included in the testing at Flathead Lake. Dr. Drynan responded saying water quality studies include members of the Planning Commission. Water quality management is going to be a big issue next session. The federal government is saying they will continue with 106 funds. It is the state's responsibility to pay for the scientists who do the work. The federal is now planning out their funding.

Tape (2B:14.11)

The funding of genetics was brought up by Chairman Winslow. Dr. Drynan explained: of the 5% allotted, the department took 2.5%. A change of \$45 on insurance policies was instigated to replace the General Funds appropriated to the program. Senator Christiaens asked, if when the fee was originated for insurance, was it anticipated generating \$634,000 - \$134,000 more than was needed. The intent was to be a wash. The FY87 General Fund will become a base in the Health Department for reconsideration for appropriation

Rep. Bradley, Dr. Drynan and Dr. Haggberg discussed the shortage of services in the rural areas for dental prevention. Dr. Haggberg stated there are 38,000 kids receiving services at .39 cents each, saving \$36 per child in future dental costs totalling \$1,368,000 per year in treatment funds.

Tape (2B:34.00)

Rep. Bradley wanted clarity on the foregoing \$24,000 and asked if it would have a direct impact on losing other funds. Dr.

Drynan responded, "yes". Rep. Bradley again asked for confirmation of the \$24,000 General Fund plus \$43,000 in MCH and \$15,000 in preventative. Dr. Drynan responded "yes, that's how it was appropriated".

At this time, the committee recessed for lunch.

Meeting was reconvened by Chairman Winslow at 1:00 p.m. this day to continue with the Department of Health.

Tape (3A:0.00)

Rep. Bradley made reference to Pg. B5 on Subdivision questioning the fees and asked, "are we looking at fees assigned for a specific purpose now being put into the General Fund?" Dr. Drynan said the fees were increased to cover the shortfall. Chairman Winslow questioned the \$30 fee in the Food and Consumer Safety Bureau. Dr. Drynan said 85% goes back to the county and 15% to the state. The purpose of the fee increase in the last session was to put more money into the General Fund.

Tape (3A:11.25)

S02 Law Suit, Blgs.: Chairman Winslow asked if the state standards will be stricter than federal standards and who decided that. The State Board of Health decided that. Legislature vs. Board of Health on this law suit -- the Legislature can overrule and set the standard. Mr. Opitz commented that there are 5 western states with standards equivalent to Montana standards. Mr. Opitz indicated that the Board of Health determined that there was a health risk at a S02 level in excess of .20; federal standards say .30 is a health hazard. (Executive Action will be taken tomorrow).

At this time the committee recessed until 3:00 p.m. this day.

The committee reconvened at 3:00 p.m. with Chairman Winslow calling it to order.

Tape (3A:24.07)

DEPARTMENT OF SOCIAL & REHABILITATION SERVICES:

Chairman Winslow asked that Dave Lewis, Director SRS, give a brief overview of the department and the supplemental and said the LFA will review their options for discussion.

Tape (3A:26.05)

Dave Lewis, Director of SRS, stated that the approach taken to this budget is to stay at the FY86 level and treat everyone equally in presenting a package maintaining the most critical services at the current level, for an overall general fund savings of approximately \$5.0 million.

Referring to the handout (Exhibit 5), the department proposed the 5% cuts as described in the various programs. There are several position reductions within the department. A major problem is the foster care program. Because there are more children in that area than we were budgeted for, SRS will run well over that budget. The number of children is growing dramatically in child abuse. SRS anticipates a \$1.2 million to a \$2.4 million supplemental. The only other option is to reduce the number of kids presently receiving services.

Another major supplemental is the AFDC which is also growing dramatically and the department sees no leveling off. The LFA has recommended reducing the level of payment which needs to be discussed. Our proposal from last session including the unemployed parent program with AFDC has worked as planned with 600 people shifted from GA to AFDC. Anticipated growth in AFDC is in the single parent family. Reducing dollars in this program produces an unhealthy atmosphere for the children in that home.

GA has continued to grow. There are over 2500 cases at the present time. The LFA indicates a shortfall of \$500,000 in addition to the 3.6 million received in March. The department projections are about \$990,000 more than the 3.6 million appropriated. Looking at the overall priorities in this budget, SRS is proposing cuts in GA benefits to the able bodied.

Peter Blouke, LFA, (3A:37.41) reviewed the LFA options. To help expedite this discussion, the LFA has prepared a comparison sheet (Exhibit 6) by program showing the differences between the Governor's proposals and the LFA's. Please Note: In the governor's reduction, the only reduction made was in General Funds. The executive does not reduce federal or other funds. Figures in the executive budget are reductions in General Funding. The LFA does include federal funds and other funds in their reductions.

Tape (3A:41.00)

Economic Assistance:

Dave Lewis gave testimony that, if the committee reduces personal service funds, they are in effect increasing the vacancy savings.

Peter Blouke, LFA, commented that the main issue within the operating expenses is the legal services contract (pg. B71).

Dave Lewis commented he would like to continue this service at half the level. There is a possibility of seeking some competitive proposals so he would like to continue this program at half the appropriated level. This reduction is possible due to the decrease in people.

Lee Tickell commented that the average stay on GA is 3.1 to 3.4 months - the point being when a recipient is transferred off GA and onto SSI there will be a longer term savings because they stay on SSI longer.

Tape (3B:19.56)

Social Services:

Peter Blouke, referred to the LFA book Pg. B72 and stated that both executive and LFA reduced 12 social worker positions dealing with child abuse issues. Per the LFA, the positions were reduced to include other county funds. In the executive, only the General Fund portion was reduced from this budget. In addition to these 12 positions, the executive budget increased the vacancy savings by \$134,766. The difference between executive and LFA is \$193,000 - reflects the additional vacancy savings that executive has applied to this program. (No testimony was heard on the 5% cuts in this area.)

Tape (3B:29.44)

Operating Expenses for Social Services:

Peter Blouke, LFA, made reference to Pg. 4 Exhibit 6 and Pg. B73 of the LFA budget book. He stated that all that was done was to reduce the operating budget.

Tape (3B:32.21)

Eligibility Determination:

(Reference to Pg. B69 of the LFA book and Pg. 5 of Exhibit 6). The Governor's recommendation and the LFA's proposal eliminated the additional eligibility technicians discussed on B69. Rep. Bradley questioned the 23 contracted positions to assistance payments. The LFA explained that these contracted services were not FTE's with the department.

Tape (3B:46.35)

Administration & Support:

LFA made reference to Pg. B68, personnel reduction. The executive reduced a .5 Lawyer position and added dollars to their vacancy savings. Dave Lewis asked for some flexibility in eliminating one position - maybe more.

Operating Expenses in the Administration & Support Program:

Referred to Pg. 7 Exhibit 6, reductions in rent, data processing and travel.

Tape (4A:2.03)

County Assumption Program:

(Reference to Pg. 8 of the LFA Exhibit 6). Reducing this program by \$9,191.00 as a result of increased efficiencies in the issuance of food stamps.

Tape (4A:3.05)

Medical Assistance:

(Reference to Pg. 9 LFA Exhibit 6). (Difference in FTE and issue #2 of the LFA budget book Pg. B68). The LFA eliminated a .34 administrative officer III and a .5 long term care specialist. Just recently one of these positions was filled. Executive reduction made was a \$5,512 increase in vacancy savings.

Operating Expenses Medical Assistance:

Reduction of \$682 in data processing costs. (Ref. Pg. 10 Exh. 6)

Tape (4A:5.50)

Audit and Compliance:

Executive proposed eliminating 3 FTE's - an increase in vacancy savings of \$10,473. Rep. Bradley asked what quality assurance does vs. quality control. Ron Brown responded saying quality control is federally mandated for medicaid, AFDC and food stamp cases. Quality assurance is a state operated program using federal match. Mr. Lewis stated that for the last 6 months, all GA cases were reviewed in order to gather data for the coming session. The report will be made available.

Operating Expense Audit & Compliance:

Pg. 12, Exhibit 6. Reduction in the executive budget is \$22,197 basically in travel.

Tape (4A:16.16)

Vocational Rehabilitation:

(Refer to Pg. 13, Exhibit 6). Peter Blouke noted the difference in the executive and LFA on the FTE levels. Reductions in the LFA include 2 human service aides and a .83 program officer II. Reductions in personal service budget included the associated federal funds. Executive reduction is an increase in vacancy savings of \$21,496.00 General Fund.

Operating Expenses: Voc. Rehab. (4A:27.45):(Pg. 14, Exhibit 6)  
Reduction is \$521 - basically rent and data processing.

Visual Services: (4A:28.14):(Pg. 14, Exhibit 6)

Difference in FTE with reducing a teacher position. Difference is then reflected in the personal services budget in the increased vacancy savings of the executive 5% reduction or the loss of the position.

Operating Expenses: Visual Services (4A:29.57):(Pg. 16 Exhibit 6)  
Reduction is \$90 in rent and data processing.

Developmental Disabilities: (4A:30.43):(Pg. 17, Exhibit 6)

Personal services reduction by the executive by increasing vacancy savings by \$15,431.

Operating Expense DD: (4A:33.42):(Pg. 18, Exhibit 6)

The executive proposal reduces the operating budget by \$15,284 - \$13,809 of that is in contracted services.

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For clarity sake, the LFA pointed out this deals with the Administrative 5% reductions within the Governor's budget and the issues in the LFA report. Issue #4 Pg. B47, and Issue #5 relating to Option A. Have not dealt with option B. Issue #6, additional social worker's position. The remaining issues will be in the benefit areas scheduled for tomorrow beginning with the Social Services.

There being no further business before the committee at this time, the meeting adjourned at 4:45 p.m.

  
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CAL WINSLOW, CHAIRMAN