

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
49TH LEGISLATURE SPECIAL SESSION III
HOUSE OF REPRESENTATIVES

June 24, 1986

The meeting of the Appropriations Committee was called to order by Chairman Bardonoue on Tuesday, June 24, 1986 at 8:00 a.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present.

(Tape 13:A:000)

CONSIDERATION OF HB 36: AN ACT TO DISCONTINUE STATE OPERATION OF THE MONTANA YOUTH TREATMENT CENTER: TO AUTHORIZE THE SALE OF THE FACILITY BY THE BOARD OF LAND COMMISSIONERS; TO GENERALLY REVISE THE LAWS RELATING TO OPERATION OF THE MONTANA YOUTH TREATMENT CENTER; AND AMENDING CERTAIN SECTIONS.

Rep. Kelly Addy, House District 94, sponsor of HB 36, introduced the bill as a specific proposal for privatization of a state owned facility. He advised the committee that it has become a difficult problem to provide quality care. The state has found it impossible to attract psychiatrists to work at the center. He pointed out that psychiatrists are paid more than lawyers, more than the staff director of the Board of Investments, and more than the superintendent of schools in Billings. Moreover, they do not want their salaries published in the newspapers. This facility has become more than twice as expensive to operate as originally planned, and it has never become eligible for medicare certification.

He testified that the appraised value of the center is \$3.275 million, and state lands and facilities cannot be sold for less than their fair market value. Some interest in this facility has been expressed by Rivendell Corp. with its corporate headquarters in Tennessee. If they are able to provide as good or better quality care at the same or even less cost to the state of Montana, and if their proposal will return \$3 million to the general fund, the legislature should take a look at the proposal.

Section 5 of the bill are conditions of sale, including but not limited to always providing 40 beds for the treatment of court-ordered youth; mandating the buyer to become a health care provider of last resort; and stipulating that quality care will be provided. One amendment to this bill would provide hiring preference by the purchaser to present employees. (See Exhibit 2.)

Rep. Addy noted that the city of Billings gave the land to the state provided that the Youth Treatment Center would be built in Billings. He said the construction is completed and the employee payroll will remain in Billings. There is the possibility that \$750,000 in new construction will be done by a private health care organization. Rep. Addy said he was reluctant to ask the legislature to reimburse the city of Billings for a portion of the sale price as reimbursement for the land originally given to the state.

PROPOSERS: Carroll South, director of the Department of Institutions, (190) said this bill was introduced at the request of the department. He feels it is time for the state to take a good look at what can be done with the center. He informed the committee that bids to run the center were challenged in court; however, the suit was settled in the state's favor, but a late starting date caused \$100,000 to be added to the construction costs. The facility opened in 1985, and 24 Warm Springs patients were transferred there. Many problems have ensued including a tremendous staff turnover and no control over the heavy influx of patients. The 1985 legislature reduced the budget for the Youth Treatment Center by approximately \$350,000. No strenuous objections were made at that time because there was no anticipation of future problems. By June 30th, the state will have spent nearly \$200,000 on the psychiatric care even though only \$74,999 was budgeted for said care. He pointed out that there have been morale problems, control problems and problems with the building itself.

He said the facility has tried for 20 months to become Medicare-certified, but they still are unable to employ a permanent, full-time psychiatrist for the state pay plan range of \$60,000 to \$70,000. However, that has not been the sole factor that is responsible for their lack of recruitment ability. After their last survey by the federal government in December, they were told that they could never achieve certification without two full-time psychiatrists for a patient load of 40. If the facility isn't sold to someone who can achieve certification, the state will never be able to obtain certification. Mr. South is in agreement to sell the facility because he believes this corporation has a long-term commitment to quality care for the patients in the center.

June Johnson (510), representing Rivendell of America and Rivendell of Montana, said she is a member of the board of directors of Rivendell of Montana, Inc., a wholly

owned subsidiary of Rivendell of America. Ms. Johnson gave a brief summary of the history of the company. In closing, she assured the committee that Rivendell had the ability to deliver quality health services to children and adolescents with the objective of giving the very highest quality service with no consideration to any extraneous matters, i.e., ability to pay, etc. There are presently 14 shareholders in Rivendell of America, and 10 of those have mental health backgrounds.

(Tape 13:B:000)

Ms. Johnson concluded her remarks by saying that Rivendell is committed to the highest quality health care and invites due-diligence review and inspection.

Rep. Rod Garcia, House District 93, said that this center is in his district and he supported the concept to put it in Billings. He asked the committee to consider his proposed amendment. (See Exhibit 3) The property was purchased for the sum of \$333,000; today's value of said property is \$375,000. He feels that \$100,000 of the sale price be returned to the city of Billings since the money came from community development block grants. The remainder of the money would go to the general fund. He said Billings is hurting and needs the money.

Dave Goss, representing the Billings Chamber of Commerce, (14) said that major policy decisions are being discussed today which will affect Montana for many years. State and local governments are having to decide which services government can and should provide. It is our belief that some services are not available from the private sector, and it is the government's role to provide such services. However, when services are adequate and available from the private sector, government should turn such services over to them.

Steve Waldron, representing the Community Mental Health Centers, (155) supports the sale of the center provided it is sold to an organization that can provide quality psychiatric services and who has demonstrated an ability to run a psychiatric hospital. HB 36 falls within those criteria we feel are necessary in order to the state to appropriately sell the facility. He feels that they could work with Rivendell in order to provide the continuum of care for kids that come to the mental health system. He pointed out that although there is a critical need for the youth treatment center and psychiatric hospital for adolescents, there is also a critical need for more intensive group home care for emotionally disturbed children.

Rep. Winslow (189) testified as a proponent to HB 36. He said he discussed privatization with the psychiatric people in Billings, and they agreed it would be appropriate. He said there is a good possibility of privatization of the Home for the Aged in Lewistown, Eastment facility in Glendive, for Galen, Warm Springs and possibly others. Rep. Winslow said he felt it would be appropriate to consider other groups around the country who have submitted interest in the center. He submitted a copy of an article describing psychiatric care in America. (See Exhibit 4.) There are about 12 nationally known firms moving in the area of psychiatric care. Three of those listed in the article, Charter Medical, HCA, and Cumberland Homes have requested an opportunity to look at this project. He feels there is pretty much an already packaged deal in place, but we need legislative review before the deal is completed.

Rep. Winslow commented that the exemption from the certificate of need process is wrong. He doesn't want to delay the sale, but it does need review. If we are going to have a certificate of need process, it should not be done away with just because the state is involved. The privatization of this facility is extremely important. There are children who need care. We have not begun to touch the surface of the problem we have in the foster care area. And children are being sent out of state because we don't have facilities for them. We are looking at over \$1 million in supplemental next session in the foster care area, and that will continue to grow. We need to take a good look at what kind of continuum of care we have for these kids -- not just acute care. He feels the legislature should proceed in this direction by looking at what kind of care will be given and how it fits in with overall needs of the state of Montana; however, we should proceed with caution.

Kelly Morris, director of the Mental Disabilities Board of Visitors, (316) stated that the board supports this bill and the proposed sale. Since the facility opened, the board has documented concerns with regard to the Youth Treatment Center. He urged the committee to keep any delays at a minimum. The facility is understaffed leaving the youth unsupervised. Programs are being cancelled because of the inadequate staffing. The treatment needs of these residents must continue to be a priority.

Rep. Menahan (334) agreed that money should not be the major concern. He said this facility is a failure because money was a concern. He encouraged the legislature to do something positive for our youth, and someday the Board of Visitors may

give us a good writeup. He hopes the management corporation can do a better job for the youth.

Pat Melby, an attorney representing Rivendell regarding the sale of the certificate of need, (380) said the legislature has reviewed the need; we don't really need an administrative agency to review the need. We don't need an 18 month to a 2 year delay. The need has been determined when the facility was built. This is an acquisition only.

Tom Cherry (402) representing the Volunteer Mental Health Association of Montana, stated the board supports this bill. Several of their members have toured the facility and have questions regarding the situation. The certificate of need process has not contributed to care. He said he hopes the committee will move with dispatch.

Paul Melvin, (455) a field representative of A.F.T., stated that their members have expressed concern about the proposed sale. They transferred from Warm Springs with the understanding that they would remain state employees. They have no information regarding future employment with a private concern. He asked the committee to include language in the bill regarding employment of present employees. (See Exhibit 5.)

OPPONENTS: Howard Simmons, (565) a private citizen and professor of psychology at EMC, said he was not an absolute opponent, but he had his feet planted firmly in the air. He doesn't feel the state is getting a good deal with the proposed sale. He said the state is not simply selling a building. He was also upset because the state is not giving the bid process enough time. A copy of his written testimony was marked Exhibit 6 and attached hereto.

There were no further opponents, and the committee was allowed time for questions.

(Tape 14:A:000)

In response to a question asked by Rep. Bardanouve (017), June Johnson said that up to this point, the corporation has not been in a situation where clinical or professional people belong to a union. Rivendell has an open minded attitude toward their employees and labor relations. We have every intention of dealing with the bargaining unit if the employees wish to unionize.

Rep. Bardanouve (82) asked Dr. Drynan if he approved of a waiver of the certificate of need in this instance.

Dr. John J. Drynan, director of the Department of Health and Environmental Sciences, advised that the original decision was to go through an abbreviated review. After talking with lawyers, there was a consensus that this proposal would be exempt because the state exempted itself from the need for review. There is a legal opinion that this may be challenged. He personally believes that there should be an abbreviated review.

Rep. Rehberg (226) said he was disturbed with the sale section of the bill. He supports Rep. Winslow's position for the need of local review. He feels that Billings should be involved in a review of what is happening in their area. He also thinks the bill needs a lot of amendments in other areas such as previews for notice, advertising, and advising other potential customers of the sale.

Carroll South (248) advised that four providers are interested now. Contacting national providers is easy. The comparison, however, will be difficult.

RECESS: The meeting was recessed at 10:00 a.m.

Chairman Bardanoue reconvened the meeting at 1:05 p.m.

Rep. Peck (392) expressed concern regarding the rush aspect of the bill. He asked Dr. Simmons for further input.

Howard J. Simmons, psychologist from Billings, said he believed the state has four options: 1. outright sale; 2. lease; 3. management contract; and 4. contracted services. Some of these proposals would make the state money and some would cost the state money. He said it can't be done in 30 days.

Rep. Quilici (487) said he had received a letter from physicians directly involved with the Billings' facility. They expressed concern that there is a need right now for immediate relief. He asked what the bottom line is as far as taking care of these kids.

Carroll South answered that the situation is very difficult. He thinks the whole process could get out of control and should not be delayed.

Rep. Donaldson (649) said it appears that the committee is hesitant to go into this without time frames longer than the ones discussed. He asked if we could get a management contract for a year.

Mr. South said he didn't know who he would contract with.

(Tape 15:A:000)

June Johnson discussed the aspects of support for systems in place to deal with the children before, during and after their stay with Rivendell.

Rep. Bardanouve (135) said there are some serious questions to deal with. He regretted that the department has been placed in the position of having to avoid the appearance of advocating anyone. Time is of the essence, and therefore, he appointed a subcommittee to review the questions raised at this meeting. The subcommittee was requested to report back their findings within 48 hours. Rep. Peck was appointed chairman, and Reps. Spaeth, Miller and Rehberg will serve with him.

Rep. Addy closed and stated that he had one more set of amendments to offer. (See Exhibit 7)

The hearing was closed on HB 36. (225)

CONSIDERATION OF HB 21: AN ACT APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR FISCAL YEARS ENDING JUNE 30, 1986, AND JUNE 30, 1987, WHICH WOULD USUALLY BE MADE BY BUDGET AMENDMENT; PROVIDING FOR SOME APPROPRIATIONS TO CONTINUE FROM FISCAL YEAR 1986 TO FISCAL YEAR 1987; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Tom Crosser, representing the Office of Budget and Planning, presented HB 21. He explained that HB 21 is the budget amendment bill brought in at every session to deal with expanding spending authority during the interim period between sessions.

(Tape 15:B:000)

Rep. Bob Raney, House District 82, (041) presented information (Exhibit 9) pertinent to using 100% federal funds for the design of three armories in the state. If the money is turned down, there will be no chance of getting funding for the next 10 years.

Rep. Rehberg moved that amendments presented by Rep. Raney (Exhibit 9) be adopted. The motion was seconded and CARRIED unanimously on a voice vote.

General Jim Duffy, (068) director of the Department of Military Affairs explained that this would not cost the state anything until construction is begun. The plans will be on

the shelf. Until the state has building funds, the money stays in the federal appropriation. Every state is short on money, so Congress provides funds to be ready with a design when the states are ready to build.

Rep. Manuel (95) presented a motion on behalf of DNRC. (See Exhibit 10 for amendment.) He said this would allow centralized services to spend indirect money related to the energy budget amendments that are also in the bill. This is federal indirect money from the grants the Energy Division receives.

Rep. Manuel moved the amendment. The motion was seconded, the question called, and it CARRIED unanimously on a voice vote.

Rep. Quilici (112) presented an amendment from the Department of Labor. (See Exhibit 11.) These funds are Title 11 job training programs, distributed through C.E.P.

Rep. Quilici moved the amendment. It was seconded. A voice vote was taken, and the motion CARRIED unanimously.

Rep. Spaeth (140) presented a motion (Exhibit 12) from the Department of Highways. Funding was requested from the Federal Highway Relief and F.E.M.A. which has been received. Whatever monies are not spent in June will go into FY87.

Rep. Spaeth moved the amendment. It was seconded, and it CARRIED unanimously on a voice vote.

Rep. Manuel presented an amendment (Exhibit 13) from the Department of Agriculture. The purpose of this amendment is to reschedule the purchase of a van when funds are available.

Rep. Manuel moved the amendment. It was seconded, and it CARRIED on a voice vote.

Rep. Lory (190) presented an amendment (Exhibit 14). This will provide 10 scholarships to outstanding high school students from the Carl Perkins Scholarship at \$5,000 each.

Rep. Lory moved the amendment. It was seconded and CARRIED unanimously on a voice vote.

Rep. Lory presented another amendment at the request of the Board of Crime Control. (210) (See Exhibit 15.) The amendment was moved by Rep. Lory, seconded and CARRIED on a voice vote.

Rep. Hand moved that HB 21 DO PASS AS AMENDED. The motion was seconded by Rep. Quillici and CARRIED on a voice vote. (303)

CONSIDERATION OF HB 32: AN ACT TO PROVIDE THAT DURING FISCAL YEARS 1987 THROUGH 1989 PENALTIES AND INTEREST ON OVERDUE EMPLOYER CONTRIBUTIONS APPROPRIATED TO THE DEPARTMENT OF LABOR AND INDUSTRY MUST BE USED TO ADMINISTER THE UNEMPLOYMENT INSURANCE LAW AND FOR JOB TRAINING PROGRAMS.

(350) Rep. Norm Wallin, House District 78, sponsor of HB 32, gave a brief overview of the bill.

PROPOSERS: Gene Huntington, senior administrative assistant to the governor introduced Peg Hartman, administrator of the Unemployment Insurance Division who gave a brief report on the health of the unemployment trust fund. He also submitted Exhibit 16.

Ms. Hartman said as the committee could see by looking at her chart, the unemployment trust fund was in the red last session. The legislature fixed it by reducing benefits to the unemployed and increased taxes to employers; as a result, we are in the black.

George Allen, (376) representing the Montana Retail Association, stated that he had served on the Governor's Council on Unemployment Insurance. He thinks this is a good thing to do on a one-shot basis.

Don Ingels, representing the Montana Chamber of Commerce, wished to go on record in support of this bill.

Don Judge, representing the Montana AFL-CIO, said that although they would like to be general fund supported, they think the budget problem is serious enough that this source of money is needed.

There were no further proponents or any opponents. The meeting was opened up for questions.

Rep. Lory (420) moved the following amendment:

1. Title, line 6.
Strike: "YEARS"
Insert: "YEAR"
Strike: "THROUGH 1989"

2. Page 3, line 9.
Strike: "1989"
Insert: "1987"

He feels the date should be confined to one year.

There being no further questions, Rep. Wallin closed. Rep. Miller seconded the above motion to amend. When asked if Rep. Wallin objected to the proposed amendment, he said he would leave that up to the committee. The question was called, and the motion to amend CARRIED 7-5. (See roll call vote.)

Rep. Lory moved that HB 32 DO PASS AS AMENDED. The motion was seconded and CARRIED on a voice vote.

CONSIDERATION OF HB 18: AN ACT DEPOSITING A PORTION OF THE EARNINGS OF THE PERMANENT COAL TAX FOR LAW ENFORCEMENT ASSISTANCE. REDUCING THE ALLOCATION OF EARNINGS TO THE PERMANENT TRUST; REVISING THE APPROPRIATION OF MONEY FOR CRIMINAL INVESTIGATION.

Rep. Ray Peck (499), House District 15, said that all the ground work has been done in order to implement this activity in terms of planning and personnel. Unfortunately, they are back to square one because of the money that was taken out to restore and repair the general fund. Rep. Peck said this bill will actually take the money -- 2% of the interest earnings out of the coal trust. It currently takes 15% and puts it back into the trust to guard against the inflation factor and also partially make up for the loss of the balance on water bonds. In addition, it will offset the reduction of purchasing power on the principle.

He thinks the committee should realize that the youth and adults who get into drug using and peddling contribute to the high cost of health insurance. He said that Montana is woefully understaffed in law enforcement and Montana is a "haven" for drug dealers. Rep. Peck said that they are receiving vigilante threats about the drug problem in certain areas of the state. Due to a lack of training of good law enforcement officers, some of these drug dealers are getting turned loose on legal technicalities.

(Tape 16:A:000)

Senator Delwyn Gage, Senate District 5, said that until the drug problem is "nipped in the bud", we will never be successful in getting rid of it. He feels this program would become self funding, but it needs to get off the ground. Another concern he has is that according to U.S. Attorney, Pete Dunbar, the FBI are diminishing their work in the state of Montana with regards to narcotics. It is his understanding that in this state, in excess of 50% of the people

in Montana's penal institutions were into the drug scene prior to their arrest. Senator Gage said that we are presently putting in excess of 3 to 4 times the amount of inflation back into the coal trust that the reinvestment was suppose to cover.

PROPONENTS: Gary Carrell, (049) Criminal Investigation Bureau of the Department of Justice, advised that the drug problem is not only statewide but nationwide as well. He said that this problem is not going to be entirely solved through law enforcement alone, but he does believe that law enforcement can have a detrimental effect on demand, and it can primarily affect this problem by getting the drug supplier. We need to start a program that can at least provide us with some level of enforcement to be able to address this problem which will eventually get worse.

William Mountsere (085), a special agent to the U.S. Drug Enforcement Administration, said that his agency is in support of HB 18. They see two basic trends happening in this state. First, non-residents are setting up laboratories for the manufacturing of controlled substances. Second, there is a lack of training of local law enforcement officers. He believes this problem will worsen.

Susan Hansen, administrative officer from the Attorney General's Office, discussed some proposed amendments with the committee. (See Exhibit 17.)

There being no further proponents or any opponents, the chairman opened for questions.

Chairman Bardanouve (179) asked if this bill would expand into the areas of gambling, pornography, etc. Mr. Carrell said that the amendment just transfers part of the money that is in the buy fund which is used to buy drugs and pay informants. Ms. Hanson said the amendment changes the appropriation to the state special revenue fund from the general fund. The appropriation bill specifically establishes the undercover criminal investigation program, and it would be used for undercover criminal investigation. She said that technically, the money could be used in areas such as gambling, pornography, stolen property, etc. unless the committee desires to restrict it solely to criminal investigations. Rep. Peck pointed out that the issue dealing with drugs is the most common request received in terms of criminal investigation.

Chairman Bardanouve (224) had several concerns with the bill. He stated he could not see anything in the bill limiting it to a drug program. Rep. Peck again pointed out that the emphasis has been directed to the drug problem even though it is a total undercover investigation.

(275) In response to a question asked by Rep. Swift, Rep. Peck said the undercover agents would come in only followed by an invitation of the local law enforcement authorities; however, there is no provision to fund local enforcement agents for this program.

There being no further questions, Rep. Peck closed by saying he feels it is vital to implement this program in order to control the present problem.

ACTION ON HB 18: Rep. Peck moved for the adoption of the proposed amendments. (See Exhibit 17 for amendments.) The motion was seconded, the question called, and the motion CARRIED unanimously on a voice vote.

Rep. Peck further moved that HB 18 DO PASS AS AMENDED. The motion was seconded by Rep. Lory and further discussed.

Rep. Moore stated his problem with the bill. He doesn't think this money should be used for this purpose; there are too many other important priorities to be concerned with. On that basis, Rep. Moore moved that HB 18 DO NOT PASS AS AMENDED. The motion was seconded by Rep. Donaldson.

(357) It was Rep. Quilici's opinion that a real drug problem does exist in this state, and this program is necessary to deal with that problem.

Even though he feels a problem does exist, Rep. Donaldson feels that their priorities would not be right to implement this program at present.

Rep. Spaeth spoke in favor of the bill. He feels that they can afford to take the money from this source at present. But a few years from now, interest rates may have to be raised in order to make up the loss ground. He said that even though this is an important program to implement now, it doesn't necessarily mean it will be important five years from now.

Rep. Nathe asked Rep. Peck if he had any problems with implementing a sunset provision in the bill. He feels that the legislature ought to look at the program in 1989. Rep. Peck said he didn't have any problem with a sunset provision.

Rep. Moore withdrew his substitute motion, and the committee reverted back to acting on the original DO PASS AS AMENDED motion. The motion CARRIED 13-5. (See roll call vote.)

CONSIDERATION OF HB 7: AN ACT REDUCING THE APPROPRIATION FOR RESIDENTIAL ALCOHOL ABUSE TREATMENT FOR INDIGENT YOUTHS.

Rep. Cal Winslow, (584) House District 89, sponsor of HB 7, informed the committee that this is a program that he helped establish during the last legislative session. This act simply amounts to part of SRS's 5% budget cut.

There were no proponents nor any opponents to testify. There were no questions from the committee, and Rep. Winslow closed.

ACTION ON HB 7: Rep. Miller moved that HB 7 DO PASS. The motion was seconded by Rep. Moore and CARRIED unanimously on a voice vote.

CONSIDERATION OF HB 46: AN ACT AUTHORIZING THE LEGISLATIVE FISCAL ANALYST TO INVESTIGATE AND EXAMINE REVENUES OF STATE GOVERNMENT ACTIVITIES; PROVIDING THAT THE FISCAL ANALYST'S OFFICE MAY OBTAIN COPIES OF STATE AGENCY RECORDS THAT IT IS AUTHORIZED TO EXAMINE; CLARIFYING THAT THE LEGISLATIVE FISCAL ANALYST'S OFFICE MAY NOT DISCLOSE INFORMATION OBTAINED IN ITS INVESTIGATIONS WHEN PUBLICATION IS PROHIBITED BY LAW.

Rep. Cal Winslow, (664) House District 89, chief sponsor of HB 46, informed the committee that this bill was drafted at the request of the Legislative Finance Committee regarding the inability of the LFA to receive certain information from the Department of Revenue. Rep. Winslow said that the Department of Revenue's concern in not providing certain information to the LFA was that confidentiality would not be met.

(Tape 16:B000)

Rep. Winslow said the LFA and staff is not asking for individual information on individual taxes. However, it is very important that the legislature be given the ability to analyze some of the information coming out of the Department of Revenue. This piece of legislation makes it clear that the records will remain confidential.

PROPOSERS: Steve Brown, (022) a Helena attorney, said he had been retained by the LFA in order to work out some kind of an agreement with the Department of Revenue regarding the access to certain tax records. He informed the committee of the Department of Revenue's recent offer regarding these records. The primary dispute has to do with a computer run of basic data the department relies on in making revenue projections. The LFA had requested access to the computer run, but they had asked it to be rerun with deleted names, i.d. numbers, etc. showing only the raw tax paid. He said that the LFA office has been for years obtaining access to confidential data, and there has never been a problem with any legislative staff

or the legislature disclosing confidential data.

There were no further proponents.

OPPONENTS: (111) John LaFaver, director of the Department of Revenue, shared his concerns with passing this bill. He said the issue isn't whether the legislature can have strong independent fiscal analysis. The issue is how to assure confidentiality of the most sensitive information that state government contains on anyone. The mandate for the Department of Revenue is very specific. He said that if the department divulges or allows to be divulged personal income tax information, it is subject to a \$500 fine, a six-month jail term, and removal of office. The mandate is very broad and specific to protect this very sensitive information. Mr. LaFaver said he wouldn't have any objection to turning over the requested information to the LFA if the legislature would place the same penalties on the LFA and require them to hold confidential the information as is required by the Department of Revenue. He further said that based on the experience that the department has had, the LFA has not been as sensitive to the need of holding data in the absolute, strictest confidence as the department is required to do.

There were no further opponents, and the committee was opened for questions.

Judy Rippingale, LFA, took time to clarify what the situation has been with her office and the Department of Revenue. She said this bill was proposed to make it absolutely clear to the department to quit putting up road blocks in order to allow her office to obtain certain information.

Rep. Bardanoue (402) encouraged the department and the LFA to sit down and work out their problems in lieu of this bill. Mr. LaFaver again explained that if the LFA were under the same strict disclosure regulation that the department is, he wouldn't have any problem supplying the requested information.

Rep. Winslow felt that amendments tightening up the standards for the LFA should be considered.

Rep. Bardanoue said he sees no fundamental differences. He felt the bill wasn't needed and that the parties arrive at a peace treaty.

It was Rep. Rehberg's feelings, however, that when differences do arise between departments such as this, it is the duty of the legislature to step in and to help solve them.

(471) Rep. Quilici asked Mr. LaFaver why he would ask the LFA to be subject to the same strict disclosure regulations when other departments such as the budget office isn't required. Mr. LaFaver said that the budget office has no interest in these records, and from now on, the data that they would provide the executive budget office would be masked.

Mr. Brown stated that he understood Mr. LaFaver's request for an amendment that subjects the LFA to the same penalties under the income tax law, corporate license tax law, or whatever law in which that penalty exists. By the same token, the legislature has spoken and placed on the books a liability provision that is, in fact, inconsistent with another provision of law which excludes legislators, its agents and officers from liability.

At the suggestion of Rep. Donaldson, action on this bill was deferred until precise language subjecting the LFA to stricter penalties can be drafted.

RE-CONSIDERATION OF HB 32: Rep. Moore moved to reconsider action on HB 32 in order to make an amendment that was inadvertently left out. The motion was seconded by Rep. Quilici and CARRIED on a voice vote. Rep. Donaldson moved the following amendment:

Page 2, line 11.
Strike: "state"
Insert: "federal"

The motion to amend was seconded by Rep. Moore and CARRIED unanimously on a voice vote.

ADJOURN: There being no further business, the meeting adjourned at 4:50 p.m.


REP. FRANCIS BARDANOUVE, Chairman

STANDING COMMITTEE REPORT

June 24

19 36

Mr. Speaker: We, the committee on APPROPRIATIONS

report HB 7

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. FRANCIS DARDANOUVE

Chairman

REDUCE SRS APPROP. FOR RESIDENT ALCOHOL ABUSE TREATMENT

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reading copy ()
color

STANDING COMMITTEE REPORT

June 24

1936

Mr. Speaker: We, the committee on APPROPRIATIONS

report HB 18

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. FRANCIS BARDANOUVE

Chairman

ALLOCATING PART OF COAL TAX TRUST EARNINGS FOR LAW ENFORCEMENT

Be Amended as Follows:

~~.5 Title, lines 5 & 6.~~

~~Strike: "LAW ENFORCEMENT ASSISTANCE"~~

~~Insert: "CRIMINAL INVESTIGATION"~~

1. Title, line 9.

Following: "17-6-305"

Strike: ", "

Insert: "AND"

Following: "17-6-306"

Strike: "AND 44-13-103,"

2. Page 2, lines 2 and 3.

Strike: "special law enforcement assistance"

Insert: "criminal investigation"

3. Page 3, lines 11 and 12.

Page 3, lines 13 and 14.

Page 3, line 16.

Strike: "special law enforcement assistance"

Insert: "criminal investigation"

4. Page 3, line 18 through line 8, page 4.

Following: line 17

Strike: section 5 in its entirety

Renumber: subsequent sections

5. Page 4, line 23.

Strike: "303,959

303,959"

Insert: "353,959

353,959"

6. Page 4, line 25.

Strike: "100,000

100,000"

Insert: "50,000

50,000"

7. Page 5, LINES 1 through 4.

Following: Page 4

Strike: section 7 in its entirety

Renumber: subsequent section

First

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ROLL CALL VOTE

APPROPRIATIONS

COMMITTEE

DATE June 24, 1986 BILL NO. HB 18 NUMBER

NAME	AYE	NAY
BARDANOUVE, Francis (Chairman)		✓
DONALDSON, Gene (Vice Chairman)	✓	
BRADLEY, Dorothy		
CONNELLY, Mary Ellen		
ERNST, Gene	✓	
FRITZ, Harry		✓
HAND, Bill	✓	
LORY, Earl	✓	
MANUEL, Rex	✓	
MENAHAN, William	✓	
MILLER, Ron	✓	
MOORE, Jack		✓
NATHE, Dennis	✓	
PECK, Ray	✓	
QUILICI, Joe	✓	
REHBERG, Dennis	✓	
SPAETH, Gary	✓	
SWIFT, Bernie	✓	
THOFT, Bob		✓
WINSLOW, Cal		✓

TALLY

13

5

Marcene Lynn

Secretary

Rep. Francis Bardanouve

Chairman

MOTION: Rep. Peck moved that HB 18 DO PASS AS AMENDED. The
motion was seconded by Rep. Lory and CARRIED 13-5.

STANDING COMMITTEE REPORT

June 25

1986

Mr. Speaker: We, the committee on APPROPRIATIONS

report HB 21

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. FRANCIS BARDANOUVE Chairman

APPROPRIATIONS FOR VARIOUS AGENCIES USUALLY MADE BY BUDGET AMENDMENT

Be Amended As Follows:

1. Page 2, following line 15.

Insert: "DEPARTMENT OF HIGHWAYS

Maintenance	1986	448,416	Federal & Other Special Revenue
-------------	------	---------	------------------------------------

Fiscal year 1986 unexpended balance is reauthorized for fiscal year 1987."

2. Page 2, following line 25.

Insert: "Board of Crime Control	1987	5,645	Federal & Ot Special Reven
---------------------------------	------	-------	-------------------------------

3. Page 3, following line 8.

Insert: "Carl Perkins Scholarship	1987	50,000	Federal & Other Special Revenue"
-----------------------------------	------	--------	-------------------------------------

4. Page 4, following line 3.

Insert: "Centralized Services Division	1987	54,507	Federal & Other Special Revenue"
---	------	--------	-------------------------------------

5. Page 4, line 13.

Strike: "64,682"

Insert: "74,912"

6. Page 4, line 16.

Strike: "94,700"

Insert: "249,700"

7. Page 4, following line 24.

Insert: "Job Training Partnership Act	1987	73,368	Federal & Other Special Revenue"
--	------	--------	-------------------------------------

First

White

reading copy ()
color

STANDING COMMITTEE REPORT

June 24

1936

Mr. Speaker: We, the committee on APPROPRIATIONS

report HB 32

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. FRANCIS BARDANOUVE

Chairman

UNEMPLOYMENT INSURANCE & JOB TRAINING PROGRAM ADMINISTRATIVE COSTS

BE AMENDED AS FOLLOWS:

1. Title, line 6.

Strike: "YEARS"

Insert: "YEAR"

Strike: "THROUGH 1989"

2. Page 2, line 11.

Strike: "state"

Insert: "federal"

3. Page 3, line 9.

Strike: "1989"

Insert: "1987"

First

White

reading copy ()

color

ROLL CALL VOTE

APPROPRIATIONS

COMMITTEE

DATE June 24, 1986 BILL NO. HB 32

NUMBER

NAME	AYE	NAY
BARDANOUVE, Francis (Chairman)		✓
DONALDSON, Gene (Vice Chairman)	✓	
BRADLEY, Dorothy	✓	
CONNELLY, Mary Ellen		
ERNST, Gene		✓
FRITZ, Harry	✓	
HAND, Bill		
LORY, Earl	✓	
MANUEL, Rex		✓
MENAHAN, William		
MILLER, Ron	✓	
MOORE, Jack		
NATHE, Dennis	✓	
PECK, Ray		✓
QUILICI, Joe		
REHBERG, Dennis	✓	
SPAETH, Gary		✓
SWIFT, Bernie		
THOFT, Bob		
WINSLOW, Cal		

TALLY

7

5

Marcene Lynn

Secretary

Rep. Francis Bardonoue

Chairman

MOTION: Rep. Lory moved to amend by reducing number of years that penalties & interest on overdue employer contributions must be used (from 3 years to 1 year). See attached standing committee report for exact amendments. The motion was seconded by Rep. Miller and
CARRIED.

6-24

HB 36

AMENDMENTS TO HB 36 INTRODUCED COPY
Before the House Appropriations Committee

1. Page 5, After Line 7, insert new subsection as follows:
[8] The buyer will accept applications of all Montana Youth Center employees who desire to continue employment with the purchaser. Between substantially equally qualified applicants, present employees of the Montana Youth Treatment Center shall be given preference in hiring by the purchaser.

#

Amendments to HB 36

Prepared by Mary MacCue for Rep. Rod Garcia

1. Page 3, line 2.

Following: "must be"

Strike: remainder of line 2 through line 3

Insert: "distributed as follows: (a) \$100,000 to the Billings housing and community development block grant fund; (b) the remainder to the state general fund."

Amendments to HB 36, white (introduced) copy

Prepared by Mary McCue for Rep. Cal Winslow

1. Page 2, line 20

Strike: Subsection (3) in its entirety

Insert: "(3)(a) A review committee comprised of the following members shall review the proposals for purchase and recommend a purchaser to the board after meeting and discussing the factors set forth in subsection (b):

(i) the directors of the departments of institutions, health and environmental sciences, and social and rehabilitation services;

(ii) members of the house of representatives and senate from the districts where the Montana youth treatment center is located;

(iii) a representative of the city where the Montana youth treatment center is located, appointed by the city council; and

(iv) a representative of local health care professionals where the Montana youth treatment center is located, appointed by the governor.

(b) The review committee shall consider:

(i) the various proposals for purchase;

(ii) conditions of the sale of the Montana youth treatment center, including the quality of care to be provided, continued state responsibilities, treatment costs, accreditation standards, contractual relationships with the state and other governmental entities and the terms of those contracts, and other matters pertaining to the administration of the Montana Youth treatment center; and

(iii) other matters relating to the sale and subsequent services and costs of a privately operated facility.

Recent Developments In Corporate Psychiatry

by Alan I. Levenson, M.D.
Dr. Levenson is Chairman of
Psychiatry, University of Arizona.



Investor-owned corporations play a very significant role in this country in the delivery of health care services in general and psychiatric services in particular. During the past several years, these large firms have achieved prominence primarily through the ownership and operation of inpatient facilities—both acute care general hospitals and psychiatric hospitals. Now, more recently, these multihospital chains have greatly expanded their operations, not only through substantial increases in the number of their hospital facilities but also through broad diversification of the health-related activities in which they are involved. While these firms are still frequently referred to as "hospital management companies" (especially in investment circles), hospitals now represent only one aspect of their business.

The first investor-owned multihospital chains were established in the mid-1960s, and today there are approximately thirty of them. While the principal focus for most of these firms is the operation of acute care general hospitals, there are approximately a dozen investor-owned chains that operate psychiatric hospitals. Currently, just about half the facilities that are members of the National Association of

The Psychiatric Times

been a part owner of the nation's largest for-profit nursing home chain, Beverly Enterprises.) Now the hospital chains are diversifying still further by building and/or acquiring many other types of non-hospital facilities and services. These include ambulatory surgical centers, diagnostic centers, ambulatory outpatient centers (which are frequently located in shopping centers and other high-traffic retail areas), and home health agencies. In addition, the investor-owned chains are purchasing (or establishing) commercial health insurance firms, health maintenance organizations (HMOs) and preferred provider organizations (PPOs). For a chain, these financing mechanisms are seen as a means of attracting patients to the chain's own facilities and programs through benefit packages that are linked directly to the chain's own services.

Likewise, as yet another aspect of the totally integrated systems they are developing, many of the chains are in the process of spending substantial sums of money for the purchase of teaching hospitals. While most of these teaching facilities are general hospitals, some are psychiatric hospitals. The chains' interest in these teaching facilities arises in part because of the prestige that is associated with the ownership of such a facility and in part because of the fact that teaching hospitals provide highly specialized services that are necessary components of the chains' totally integrated health care systems.

Whether building individual hospitals, acquiring other chains, or (more recently) developing non-hospital based health care services, the investor-owned multihospital chains have required very large amounts of capital to finance their expansion. To obtain these funds, chains have used both equity and debt

financing. For equity funds, the firms have sold ownership shares to individual and institutional stockholders; and, to raise debt funds, the chains have sold bonds in the commercial credit markets. Together, these two approaches have enabled the hospital firms to raise the large sums of money they have needed; and what is particularly significant is the fact that these two financing mechanisms have given the chains access to far more capital funding than has ever been available to non-profit hospitals.

Traditionally, the non-profit hospitals have derived their capital funds primarily through charitable contributions and government grants; but both of these sources are now of much more limited value than they were in years past. As a result, non-profit hospitals are themselves now turning to commercial credit markets as the source of borrowed capital; but as they do so, these individual non-profit facilities often find it very difficult to compete with the large chains in their efforts to obtain funds. Because of their size and their established financial records, investor-owned multihospital chains continue to have a distinct advantage in obtaining the funds that are needed not only to establish new forms of health care delivery systems but simply to build new hospitals and remodel old ones.

Access to capital (through equity and debt channels) has enabled the chains to grow large and financially strong. Their size and financial strength have given them access to yet greater amounts of capital. For about two decades, the chains showed extraordinary rates of growth; but now, just within the last few months, this growth rate has showed signs of slowing down. The firms themselves (Wall Street Journal, February 1, 1986, p. 11)

(Continued on page 21)

...of investor-owned firms (the remainder of the Association's members being either non-profit tax-exempt facilities or independent for-profit facilities). By comparison it should be noted that fewer than one-quarter of the nation's nongovernmental acute care general hospitals are now associated with the investor-owned multihospital chains.

The chains that are actively involved in the psychiatric field include some of the very largest in the hospital business. The largest hospital management firm of all, for example, Hospital Corporation of America (HCA), owns and operates a total of more than 400 general hospitals in this country and throughout the world as well. In addition, HCA owns and operates more than thirty freestanding psychiatric facilities. (Along with the number of HCA's facilities, another indication of the firm's size can be found in the fact that its revenue for 1984 was 3.5 billion dollars and its total assets amounted to almost five billion dollars. HCA ranked number thirteen on *Fortune's* most recent list of the fifty largest diversified service firms in the nation.)

The second largest firm in the industry, American Medical International (AMI), is a relative newcomer to the psychiatric field, but the firm is now actively involved in acquiring psychiatric facilities in many areas of the country; and, as a result of its recent commitment to the psychiatric field, AMI now has four psychiatric facilities. Meanwhile, AMI's general hospital operations are represented by its more than 150 acute care facilities.

A third firm with a major involvement in the psychiatric field is National Medical Enterprises. Along with its over 100 general hospitals, NME also owns and operates more than 30 psychiatric facilities through its wholly

...company has come about as a result of their acquiring existing facilities. What is more, particular note must be taken of the fact that the chains' acquisitions have frequently involved not simply the purchase of individual facilities but, rather, the purchase of other entire chains. This phenomenon of one chain growing by acquiring another such firm is very evident in the psychiatric hospital field. Thus, for example, Hospital Corporation of America (HCA) achieved its prominent position as an owner and operator of psychiatric hospitals through the 1981 purchase of Hospital Affiliates International (HAI), a firm which owned and operated some twenty psychiatric hospitals. Similarly, National Medical Enterprises (NME) acquired Psychiatric Institutes of America (PIA) in 1982. Prior to its acquisition by NME, PIA had been a privately held firm that was involved in psychiatric services exclusively.

Having focused their efforts (and their resources) primarily on the development of hospitals during the past two decades, many of the chains are now becoming involved in a much broader range of health related activities. Instead of being simply hospital management companies, these firms are developing totally integrated health care systems that incorporate both a wide variety of patient care services and a wide variety of financing mechanisms as well. Some early developments in this regard could be seen in the chains' involvement in the operation of medical laboratories, physicians' office buildings, and nursing homes. (For example, through a wholly owned subsidiary, Hillhaven Corporation, National Medical Enterprises has for some time been the second largest operator of for-profit nursing homes in the country; and, likewise, Hospital Corporation of America has

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Lawsuits

(Continued from page 20)

vation to assess the severity of myocymic movements under varying doses of medication, staff can observe movements to be: not present, minimally present, mild, moderate and severe. "We don't have anything better and there is no laboratory scale," said Sprague. "This method can be our easiest and least expensive instrument to use in an institutional setting."

Sprague refined his method by applying empirical standards of observation and well-known psychometric principles tested in the 1985 revision of the Principle of Standards for psychological and educational testing. He applied relevant principles for high reliability, among them: whether two observers seeing the same patient at the same time can independently agree, for example, on the severity of tongue thrusts.

Sprague and his staff trained nurses to observe 519 patients, many on psychotropic drugs, at the Cambridge State Hospital. "The only ethical experimental method to assess tardive dyskinesia is to have patients on major tranquilizers and then remove the drugs," said Sprague. The Cambridge State Hospital was under a court order to remove medication once a year to assess neuroleptics. Sprague observed 200 randomly assigned patients who had been on the drugs more than a year. They were withdrawn from medication over 24 weeks.

"We compared these patients' movements to those of patients not on medication for five years to see whether the effects were attributed to drug withdrawal," he said. During one

PET Scanning

(Continued from page 16)

project to the temporoparietal cortex. The authors' finding that the only non-Alzheimer dement who demonstrated temporoparietal hypometabolism had Creutzfeldt-Jakob disease is tantalizing because some researchers have hypothesized that AD is caused by a novel infectious agent or slow virus.

PET promises to be a useful research tool because it can be used to study numerous other aspects of brain function. The blood-brain barrier permeability in AD can be evaluated with the nonpermeable tracer ⁶⁷Ga-EDTA. If, as has been suggested, there is a defect in the blood-brain barrier in AD, abnormal brain accumulation of the isotope would be expected to occur. Other methods that might yield important results include the quantitation and regional evaluation of neurotransmitter receptors in the AD-damaged brain.

These PET results are also of major import because they may provide a method of positively diagnosing AD, as opposed to the current necessity of diagnosing the disease by exclusion. The temporoparietal hypometabolism appears to be so specific that it may clearly differentiate AD from other

causes of dementia. Preliminary results indicate that PET may be useful in distinguishing AD from treatable normal pressure hydrocephalus. Although PET is an expensive technique that currently is limited to only a few research centers, recent developments in single photon emission computed tomography (SPECT) promise to make physiological imaging capabilities available to the community hospital. The use of SPECT in combination with recently developed isotopes that can measure brain-blood flow may well lead to a new, inexpensive diagnostic test for differential diagnosis of dementia.

Acknowledgments

The authors are indebted to Thomas Budinger, MD, PhD, director of the Research Medicine Group at the Donner Laboratory, and to R.H. Huesman, PhD, Elisabeth Koss, PhD, and Chester Mathis, PhD, without whose assistance this work would not have been possible. This study was supported by the VA's Medical Research Service and by the director, Office of Energy Research, Office of Health and Environmental Research of the Department of Energy under contract DE-AC03-76SF00098.

Reprinted from VA Practitioner.

Corporate Psychiatry

(Continued from page 17)

investment analysts are, for the first time, projecting reduced growth and lower earnings for some of the largest chains. When compared with past experience, these projections for the coming year represent a significant change in the character of the chains' operation. On the other hand, it must be noted that the change is one of degree rather than direction. Despite the projection of reduced earnings and slower growth, the chains still anticipate being able to continue their pattern of expansion. As the spokesman for one of the largest chains noted in discussing expansion plans for the coming year, his firm's reduced capital expenditures during the year will still amount to approximately three-quarters of a billion dollars.

The chains' reduced growth rate can be attributed to several factors; but, surely, the introduction of prospective payment systems must be recognized as being a major one. Many observers have related the success of the investor-owned multihospital chains to the fee-for-service reimbursement system that has long been in place for both public and private health care programs.

High Point Hospital



MONTANA FEDERATION OF STATE EMPLOYEES

AFT, AFL-CIO

P.O. Box 1246

Helena, Montana 59624

ARTCRAFT, BUTTE

(406) 442-2123

JIM MCGARVEY
Executive Director



TESTIMONY OF PAUL MELVIN, FIELD REPRESENTATIVE, MONTANA
FEDERATION OF TEACHERS/ MONTANA FEDERATION OF STATE EMPLOYEES,
AFT, AFL-CIO ON THE PROPOSED SALE OF THE MONTANA YOUTH TREATMENT
CENTER [H.B. 36] BEFORE THE HOUSE APPROPRIATIONS COMMITTEE ON
JUNE 24, 1986

Mr. Chairman, members of the committee.

My name is Paul Melvin, and I am a Field Representative for the Montana Federation of Teachers/ Montana Federation of State Employees, AFT, AFL-CIO. I am speaking today on behalf of the members of the two bargaining units that we represent at the Montana Youth Treatment Center.

When I was in Billings two weeks ago, the employees at MYTC asked me to express to you, their concerns about the proposed sale of MYTC to a private health care provider.

Many of the MYTC employees transferred into that institution from SRS, Montana State Hospital, Eastmont, Pine Hills, the School for the Deaf and Blind, the Center for the Aged and other subdivisions of state government with the understanding that they would remain state employees.

When they gave up their former positions in state government to help start up MYTC, they did so knowing that the move to Billings meant that they also gave up their seniority rights at their former agencies. But they willingly made the move in order that the state could provide specialized services in a psychiatric health care facility to youth in need of help.

They have remained dedicated to providing quality treatment to troubled youth from the start-up of MYTC, and have persevered in spite of the underfunding, lack of adequate staffing, the problems associated with implementing a new treatment program, and the perceived lack of commitment by the state of Montana in securing Medicare certification.

The announcement of the proposed sale has sent shock-waves through the institution, and has affected both patients and staff. Continuity of care and continuity of personnel is directly related to positive outcomes for the mentally ill youth. H.B.36 should address this issue of "transfer trauma".

The employees are concerned that although discussions for the sale to a private corporation have been going on for months, they were not considered in this process. Now that the plans for sale have been made public, the employees know only that they will be allowed to apply for work.

They do not know if the private provider's positions will be the same, or if the requirements for their present positions will change and exclude them from consideration. There is no assurance that they will be offered training to upgrade their skills, if needed. Nor do they know what weight will be given their years of state experience, by a private corporation. Similarly, there has been no substantive information on wage rates, insurance plans, or retirement plans.

Those employees who have many years of service with the state of Montana, and who wish to remain state workers are concerned that there will be no positions available to which they can apply. They also do not know if relocation assistance will be available if they are able to transfer to another state institution.

To summarize, there is widespread concern among MYTC employees that continuity of treatment will suffer, their careers and livelihoods are facing an uncertain future, and that their loyalty and devotion to providing an essential service has not been reciprocated. They have not received adequate consideration in the process, and fear that they will be forced to incur an unacceptable personal cost.

What is needed is meaningful recognition and commitment from the state of Montana that the MYTC employees on both the direct care and clinical staffs deserve a fair deal. They need to be assured of continued employment at the same or equivalent seniority, earnings and benefits.

The best way to accomplish this is by including in the authorizing language of H.B. 36 -- the following requirements as a term and condition of this sale:

(8) The buyer shall ensure the orderly and just transition of Montana Youth Treatment Center employees from state to corporate employment by continuing recognition of the current collective bargaining units, agents and agreements in effect at the time of the sale.

(9) Montana Youth Treatment Center employees who wish to remain state employees shall be provided relocation assistance of up to \$1,000 and any retraining necessary to qualify for similar positions within the agency.

There was a similar situation in Butte when the public hospital was sold to a private corporation. The NLRB recognized the bargaining units that transferred with the sale. This will allow for the orderly and just transition of MYTC employees from state to corporate employment, and will ensure continuity of care and treatment necessary for a positive outcome for the youth at MYTC.

Thank you.

Amendment to H.B. 36

NEW SECTION. Section 5. Conditions of Sale. The sale of the Montana Youth Treatment Center is subject to the following conditions:

(Add to end of Section 5. page 5 of H.B. 36)

(8) The buyer shall ensure the orderly and just transition of Montana Youth Treatment Center employees from state to corporate employment by continuing recognition of the collective bargaining units, agents and agreements in effect at the time of the sale.

(9) Montana Youth Treatment Center employees who wish to remain state employees shall be provided relocation assistance of up to \$1,000 and any retraining necessary to qualify for similar positions within the Agency.

6-24-
HB 36

24 JUNE 1986

TO: House Appropriations Committee

FROM: Howard J. Simmons

1. Details of my testimony are attached.

2. Essential points:

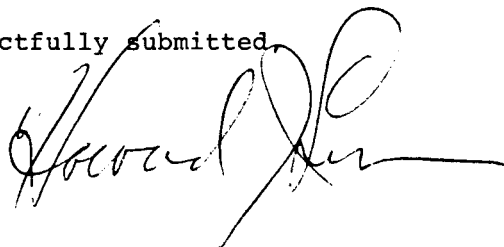
A. The 'privatization' of Montana State Hospitals is too important to be handled as a simple real estate deal.

B. HB#36 needs to be broadened to set policy explicitly.

C. To protect the financial interests of the State and the clinical interests of potential patients, competitive bidding is a must.

I suggest a 120-day period, AT A MINIMUM.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Howard J. Simmons", with a long horizontal flourish extending to the right.

21 JUNE 1986

TO: A) MEMBERS OF THE MONTANA LEGISLATURE.
 B) DEPARTMENT OF INSTITUTIONS.
 C) OFFICE OF THE GOVERNOR.

FROM: HOWARD J. SIMMONS
 2850 COLTON BOULEVARD
 BILLINGS, MONTANA 59102
 TELEPHONE: (406) 656-9705 (HOME IN BILLINGS)
 (406) 782-6619 (HOME IN BUTTE)
 (406) 723-4341 (HOSPITAL IN BUTTE)

RE: A) COMMENTS AND PROPOSALS CONCERNING HOUSE BILL #36, AN ACT TO DISCONTINUE OPERATION OF THE MONTANA YOUTH TREATMENT CENTER
B) DISPOSITION OF OTHER TREATMENT FACILITIES

ITEM 0. A GUIDE TO CONTENTS OF THIS MEMORANDUM.

Item 1:	Summary	Page 1.
Item 2:	Positive comment concerning HB #36	Page 2.
Item 3:	Negative comments concerning HB #36.	Page 2.
Item 4:	Issues apparently incidental to HB #36	Page 3.
Item 5:	Range of alternatives for offering psychosocial services and related medical services.	Page 4.
Item 6:	Proposed legislative remedies	Page 4.
Item 7:	Rivendell's proposal	Page 6.
Item 8:	HB #36 as introduced	Page 8.
Item 9:	Request to testify and acknowledgement of interests	Page 17.

ITEM 1: SUMMARY.

A) It is argued that the proposal to sell the MYTC is neither financially nor clinically sound. Similarly, formal and informal proposals for the closure of other state treatment service facilities ("in order to economize") are flawed; viz.:

- 1) Such proposals underestimate the market value of the treatment facilities.
- 2) They underestimate the need for treatment services, the severe restrictions on public access to treatment facilities, and the financial consequences of sale or closure.
- 3) They misestimate (over or under depending upon the facility being discussed) the capacity of the private sector to meet treatment needs.
- 4) They ignore other strategies for operating public treatment facilities; such strategies can reduce costs to the State and maintain or improve clinical services.

B) The present memorandum asks the Legislature to amend HB #36 to require the study of and to authorize the adoption of alternative managerial and financial strategies. This memorandum asks that the Legislature:

- 1) Direct the Department of Institutions to study the feasibility of changes in management and financing of MYTC and other state treatment agencies. An important part of this study would be a general solicitation for bids and proposals to operate our public treatment facilities.
- 2) Authorize the Department of Institutions to adopt various new managerial and financial strategies where economic and clinical considerations dictate. Among the acceptable strategies are:

- a) Abandonment and sale of the physical property.
- b) Sale of the facility including the right to do business.
- c) Leasing of the facility including the right to do business.
- d) Contracting with outside service providers to perform well defined functions at a state facility.
- e) Contracting with outside service providers to perform functions at their own facility (insurance-like subsidies).
- f) Licensing.
- g) State operation of the facility.

The listing is not meant to be exhaustive; other reasonable alternatives should also be allowed, subject to review (see Item 1-B-3, the next requirement).

- 3) Require that any change in mode of operation be approved by the Board of Land Commissioners.
- 4) Require that changes in the mode of operation have an adequate review and bidding procedure; e.g., require aggressive advertising of bidding, require at least a 120-day opportunity for bidding or review, require that appropriate data be made available to the bidders and the public.
- 5) Provide that minors' access to treatment facilities will be as easy as it is for our adult citizens.
- 6) Temporarily suspend plans for closure or sale of any state treatment facilities.

ITEM 2: POSITIVE COMMENTS CONCERNING HB #36.

During the past year, both the general public and some health care professionals have noted difficulties in the operation of the MYTC in Billings. HB #36 offers a start toward innovative proposals for solving some of the financial, clinical, and administrative problems that confront the State's treatment system today.

In the United States, there has been a pattern to the development of health care. The state governments, federal government, and charitable agencies have become involved in health care through tax incentives, via grants, and even as direct service providers. The involvement of such agents in health care has been most marked in cases where:

- A) The disease is socially stigmatized.
- B) The disorder has wide social ramifications.
- C) The costs of treatment are high, treatment outcomes uncertain, and insurance coverage is low or nonexistent.

With progress in each of these areas, the State has been able to disengage itself from the direct offering of treatment services and to focus on licensure and on the provision of insurance for the indigent.

During the past ten years, the Legislature and the Administration have made significant progress in instigating improved, cost effective treatment for chemical dependency. HB #36 can serve as a starting point for similar progress in the area of mental illness.

ITEM 3: NEGATIVE COMMENTS ON HB #36.

In my opinion, there are several defects in the HB #36. I think it is important (for both financial and clinical reasons) that something like HB #36 be enacted. However, I think it is equally important that some flaws be remedied.

- A) IN GENERAL, HB #36 is too narrow in its scope. It does not allow for the full range of reasonable alternatives - alternatives that could have dramatic implications for the cost and quality of service.
- B) RE SECTION 2, PART 1 OF PROPOSED HB #36, the eligible private health care provider is poorly defined. Does the description mean that a provider that offers other services (in addition to specialized adolescent psychiatric treatment) may not bid? If that is the intent, then the range of bidders has been narrowed irrationally.
- C) RE SECTION 2, PART 2 OF PROPOSED HB #36, the 30 day period for bids is absurdly short. It would require several weeks merely to acquire the data necessary for an intelligent bid. What is required is a 90-120 day bidding period preceded

by an aggressive advertising campaign for potential bidders. It is my guess that at least three national corporations would be interested in evaluating MYTC for purchase, for lease, or for contracted services.

- D) RE SECTION 2, PART 2 OF PROPOSED HB #36, the basement price is too low. It represents only the appraised value of the physical property and the prepaid special improvement district, for a total of \$3,278,000. This basement price ignores items that have a dollar value; e.g., the exemption from the certificate of need process, the assembly in Billings of a qualified staff, the well known existence in Billings of an adolescent psychiatric facility, the important risk accepted when the the State invested in the facility. Briefly, the value of MYTC has not been assessed adequately.
- E) Items 3-B, 3-C, and 3-D in combination with the correspondence between Rivendell and the Department of Institutions (see ITEM 7) creates the unfortunate impression that the successful bidder has already been determined. The mere appearance of impropriety could (and should) provide the basis for a court challenge to the sale of MYTC.
- F) The penalties for non-performance by the purchaser are inadequate. Failure to comply with the act will result in the loss of license. We are then stuck with an unlicensed hospital. The State has no right to reclaim except in the case of resale. All of this is an invitation to lengthy and expensive litigation.
- G) HB #36 allows little or no flexibility. Were circumstances to dictate the multiple use of the facility (say for pediatric or adult patients, as well as adolescent patients) the change would require both the renegotiation of the sale contract and an act of the Legislature.
- H) There has been published no evidence that the sale of MYTC is the most appropriate way of solving the problems presented during the past year, or that the sale will improve or maintain the quality of services offered to mentally ill adolescents.

ITEM 4. ISSUES APPARENTLY INCIDENTAL TO THE MAJOR POINT OF HB #36. The major focus of this special session of the Legislature is financial. HB #36 and several other measures before the Legislature address only the superficial and short range economic issues and ignore others that will have hidden but major financial impacts.

- A) Proposals (both formal and informal) have been made to close various State treatment agencies; e.g., the Lighthouse drug treatment program at Galen, and Mountain View at Helena. Consider Lighthouse as a specific problem. As a direct financial matter, the simple closure of Lighthouse sacrifices the hidden assets of the agency. As with MYTC, these include such things as the right to do business (certificate of need), staff, and reputation. These and other factors have monetary value. As a clinical matter, the simple closure of Lighthouse would make a bad situation rotten. The treatment facilities for drug addicts in the State of Montana are inadequate. I believe that only one hospital in the State (St. James in Butte) routinely admits cocaine addicts for detoxification. There are no long term (6 months or longer) rehabilitation facilities. Economically, the results are increased welfare costs, increased legal costs, and increased Medicaid costs as the addicts are admitted and repeatedly readmitted for short detoxifications or related physical ailments. This is a clear case where cooperation between the state agency and the private sector would yield both economic and clinical benefits. The private sector cannot simply absorb Lighthouse's function. Working jointly, the State and the private sector can save the State money and maintain some services.
- B) Given that the law concerning the treatment of adolescents is to be amended, there is a need to correct a major error in the original act. In attempting to protect the rights of adolescents, the Legislature actually deprived them of an important right exercised by adult patients. As interpreted by the authorities responsible for admission of adolescents to state institutions, adolescents may not voluntarily admit themselves to a state institution; their admission must be by court order. Only adolescents who are well insured or from consenting families with a great deal of money may seek voluntary treatment. The indigent adolescent is entitled to treatment only when his misbehavior is sufficiently severe as to warrant court action. I do not think that this was the intent of the Legislature. Allowing this situation to persist can only increase the unnecessary legal actions for the treatment of adolescents, and hence the costs.

ITEM 5: THE RANGE OF ALTERNATIVES FOR OFFERING PSYCHOSOCIAL SERVICES AND RELATED MEDICAL SERVICES. In the instigation and control of health services the State has many alternatives, each carrying with it economic and clinical benefits and penalties. Among the alternatives are:

- A) Direct provision of the service.
- B) Licensing and certification of the service providers.
- C) Contracting with outsiders to provide a defined service under specified conditions, either at a state facility or in the provider's own facility. At times, this amounts simply to paying an agent to perform a function. At other times, this is a matter of shared risk and benefits, so that the State can dramatically reduce costs or even realize income from the contract.
- D) Leasing a physical facility with the right to offer services (certificate of need). This guarantees continuing income from the facility, and provides some control through the possibility of non-renewal of the lease if the lessor does not meet performance demands.
- E. Selling the facility with the right to offer services. This relieves the State of continuing financial responsibilities, provides a one-time source of revenue, but eliminates almost all State control over the purchaser's performance.

I am deliberately ignoring some possible alternatives (e.g., selling certificates of need) because of some obvious ethical problems or financial considerations.

Considering the present state of the arts in the applied psychosocial sciences, the costs of treatment, and the degree of financial impairment frequently experienced by victims of psychosocial disorders, some combination of A, B, C, or D seem most desirable. Such combinations seems to offer an acceptable level of public control and cost containment.

Option E, The outright sale of the facility and the right to do business, seems advisable only where 'good practice' is so publicly obvious and the availability of alternative services so sure that abuse is unlikely. It should be noted that, in considering the sale of the MYTC, neither condition is met. There is a shortage of adolescent care facilities. Access to the facilities are severely and unreasonably restricted, by money and other circumstances.

I am suggesting the amendment of HB #36 to:

- A) Direct the Department of Institutions to study the desirability of 'pursuing all of these options in providing psychosocial treatment.
- B) Allow the Department of Institutions to pursue these options when economic and/or clinical considerations warrant such action.

I would suggest that such direction and authorization not be limited to adolescent facilities. While the poor state of adolescent care facilities requires immediate attention, there are other areas (e.g., long term drug treatment) that require equal attention.

ITEM 6: PROPOSED LEGISLATIVE REMEDIES. I strongly recommend that HB #36 be amended to read AN ACT TO AUTHORIZE CHANGES IN THE OPERATION OF THE MONTANA YOUTH TREATMENT CENTER AND OTHER STATE TREATMENT FACILITIES, and that the act:

- A) Direct the Department of Institutions to study the feasibility of changes in management and financing of MYTC and other state treatment agencies. An important part of this study would be a general solicitation for bids and proposals to operate our public treatment facilities.

B) Authorize the Department of Institutions to adopt various new managerial and financial strategies where economic and clinical considerations dictate. Among the acceptable strategies are included:

- 1) Abandonment and sale of the physical property.
- 2) Sale of the facility including the right to do business.
- 3) Leasing of the facility including the right to do business.
- 4) Contracting with outside service providers to perform well defined functions at a specific facility.
- 5) Contracting with outside service providers to perform functions at their own facility (insurance-like subsidies).
- 6) Licensing.
- 7) State operation of the facility.

The listing is not meant to be exhaustive; other reasonable alternatives should also be allowed, subject to review (see Item 6-C, the next suggested requirement).

- C) Require that any change in mode of operation be approved by the Board of Land Commissioners.
- D) Require that changes in the mode of operation have an adequate review and bidding procedure; e.g., require aggressive advertising of bidding, require at least a 120-day opportunity for bidding or review, require that appropriate data be made available to the bidders and the public.
- E) Provide that minors' access to treatment facilities will be as easy as it is for our adult citizens.
- F) Temporarily suspend plans for closure or sale of any state treatment facilities.



WJS:NB36:21 JAN 86 PAGE 6 OF 19

Rivendell of America

5100 Poplar • Suite 2820 • Memphis, Tennessee 38137 • (901) 685-9152

May 30, 1986



Mr. Carrol South
Director,
Department of Institutions
State of Montana
1539 11th Avenue
Helena, MT 59620

Dear Mr. South:

We have received the appraisal of the Montana Youth Treatment Center (MYTC) at a value of \$3,275,000, and find it completely acceptable. The Joint Management Committee recommended approval of the project to the Board of Directors who agreed to move ahead expeditiously. We appreciate the diligence demonstrated by you and Mr. Curt Chisholm in handling the matter so quickly. Also, please extend our thanks to the Department of State Lands for the rapid and thorough manner in which they completed the task.

We also accept the condition that the special improvement district assessment of \$103,000, which was not included in the appraisal, will increase the purchase price accordingly to \$3,378,000.

It is further understood that the purchase figure for the building and land does not include moveable equipment or furnishings, which may be purchased in part or total separately from the Department. A copy of the current inventory would assist our staff to determine what items we may desire to purchase separately and what additional equipment will need to be ordered.

We request that a computer search be initiated of the statutes which govern the present operation of the facility so that we can jointly determine what alternative legislation will be required.

It is agreed that Rivendell will expend the necessary sum of money, not to exceed \$750,000, to retrofit the MYTC to a level of environmental standards comparable to other Rivendell Children and Youth Centers. All previous commitments made by us to the Department remain in force, specifically Rivendell agrees to continue to accept court ordered referrals at the same level as currently taking place. We understand that the Legislators must approve the sale of the facility and that the Department of State Land must give a 60 day public notice of the proposed sale after that. All these factors being given, Rivendell is tendering an offer to the Department of Institutions to purchase the MYTC for a price of \$3,378,000. In June we will submit an application for a preliminary inducement resolution to the Montana Economic Development Board. If everything goes smoothly, we may be able to close the financing in September. In the event that any significant

Mr. Carroll South
May 30, 1986
Page 2

delay develops we will be able to go to alternative financing approaches in a timely fashion, and one which will be acceptable to the Department.

Because we have received a preliminary favorable finding from the Department of Health and Environmental Sciences concerning the CON for the 48 bed facility in Butte, the purchase of the Billings Center will potentiate Rivendell's posture in Montana, both financially and clinically. Having facilities in each half of the state will strengthen and stabilize the financial base of Rivendell of Montana and will increase our flexibility clinically to place patients in the facility which is closest to their home and families.

During the entire process, we will doubtlessly need the assistance of your technical staff in order to assure an extremely smooth transition. We anticipate that several key staff people will be on the ground in Billings for an extended period of time. Please advise if and when you will need myself or technical specialists to meet with you or your staff.

We look forward to the opportunity of working with your department in order to provide a greater level of care to the young people of Montana.

Very respectfully,



Richard S. Sweet, Ed.D.
President, Division I
Rivendell of Montana, Inc.
Rivendell of America, Inc.

RSS:amb

cc: Mr. Curt Chisholm
Mr. Pat Melby

HJS: HB#36: 21 JUNE 1986:

PAGES 8 TO 16 OF 19 PAGES.

ITEM 8: HOUSE BILL #36 AS INTRODUCED. HB #36 is attached. (NINE PAGES TO BE INSERTED HERE)

COPY OF THE BILL NOT INCLUDED. COMMITTEE MEMBERS ALREADY HAVE COPIES.

ITEM 9: REQUEST TO TESTIFY AND ACKNOWLEDGEMENT OF INTERESTS. I should like the opportunity to appear before the appropriate committee or committees to discuss the problems and solutions raised here.

I am presenting these views as a private citizen. The opinions presented are my own. They may or may not coincide with those held by the agencies with which I am affiliated. I do not know. I have not cleared this presentation with them.

My principal occupation (community service representative for an agency specializing in addictive and psychiatric disorders) gives me potential professional and economic interest in the outcome. Knowing what I know about my immediate and long-term ambitions, I am not sure which outcome would best serve my pocketbook.

My twenty-five years of experience (academic, clinical, and administrative) in the psychosocial sciences have provided me with some special understanding of the problems of maintaining public and private psychosocial services.

My recent two-year term on the Billings School Board has made me especially sensitive to the needs of our adolescents for easy access to quality treatment services.

For the record, a brief statement of my background appears below.

HOWARD J. SIMMONS, PH.D.

Residence: 2850 Colton Boulevard, Billings, Montana 59102
Telephone: (406) 656-9705

Hospital: Care Unit and Care Psych Center, St. James Hospital, 2500 Continental Drive, Butte, Montana 59701
Telephone: (406) 723-4341

SUMMARY OF PROFESSIONAL ACTIVITIES

ADMINISTRATIVE EXPERIENCE. HEALTH CARE AGENCIES SPECIALIZING IN TREATMENT OF ADDICTIVE AND PSYCHIATRIC DISORDERS.
1971-PRESENT.

My duties have included:

- *FINANCIAL MANAGEMENT (including budgeting, operations, fund raising, grant writing, development of fee structures)
- *PERSONNEL MANAGEMENT (including recruitment, training, development, and coordination of diverse staffs - counseling, medical, nursing, business)
- *COMMUNITY SERVICE (including marketing, public relations, education, and analysis of service demand)

CLINICAL EXPERIENCE. AGENCIES AND PRIVATE PRACTICE, TREATMENT OF BEHAVIORAL DISORDERS WITH A SPECIAL INTEREST IN PSYCHOPHYSIOLOGICAL PROBLEMS.
1970-PRESENT.

My clinical work has been well distributed with respect to acuity of illness, social class of the family, and age of the primary client; e.g., about one third of my clients have been under 18 years of age, a third have been young adults, and the rest have been middle-aged or older. My duties have included:

- *Public information programs and publication.
- *Clinical audit and supervision.
- *Evaluation, intervention, and referral.
- *Program development and evaluation.
- *Treatment (individual, group, family).
- *Staff and intern training.

ACADEMIC EXPERIENCE. UNIVERSITY TEACHING AND RESEARCH.

1963-PRESENT.

*Teaching fields: Physiological psychology, chemical dependency, experimental psychology, clinical psychology, research design, statistics and applied mathematics.

*Research fields: Chemical dependency, neurophysiological mechanisms of emotional behavior.

APPLIED MATHEMATICS AND ENGINEERING. IN CONNECTION WITH SUBSTANTIVE AREAS CITED ABOVE.

1954-PRESENT.

My concerns have included statistical and other mathematical techniques, computer methods, and instrumentation in the behavioral and biological sciences; e.g., numerical methods for description and analysis of brain damage in animals, computer based laboratory exercises for students in experimental psychology.

EDUCATION

POST-DOCTORAL STUDIES IN CLINICAL PSYCHOLOGY. Veterans Administration Psychiatric Hospital, North Little Rock, Arkansas. Supervisor: Dr. M.Rae Barnes. 1970-1971.

POST-DOCTORAL STUDIES IN COMPARATIVE NEUROLOGY. Department of Anatomy, University of Arkansas Medical School, Little Rock, Arkansas. Supervisor: Dr. Ervin Powell. 1969-1971.

PH.D. IN PSYCHOLOGY WITH MINOR STUDIES IN PHYSIOLOGY AND MATHEMATICS. University of Illinois. Supervisor: Dr. Garth J. Thomas. 1965.

B.S. IN MATHEMATICS. Massachusetts Institute of Technology, Cambridge, Massachusetts. 1954.

PROFESSIONAL SOCIETIES

SIGMA XI, AN HONORARY SCIENTIFIC RESEARCH SOCIETY.

DETAILS OF PROFESSIONAL ACTIVITIES**RECENT ACTIVITIES**

COMMUNITY SERVICES COORDINATOR AND ASSISTANT PROGRAM MANAGER. Care Unit and Care Psych Center, St. James Hospital East, 2500 Continental Drive, Butte, Montana, 59701. (406) 723-4341. The Program Manager is Mr. Robert A Farren. 1983-PRESENT.

The Care Unit offers inpatient treatment for chemical dependency. The Care Psych Center provides inpatient treatment for psychiatric disorders, and stress-related problems. My duties are administrative, clinical, and educational.

OWNER AND PRINCIPAL COUNSELOR. Lampson, Post Office Box 23504, Billings, Montana 59104-3504. (406) 656-9705. 1978-1983.

Lampson is an outpatient counseling service specializing in the treatment of chemical dependency and other psychophysiological disorders.

ADJUNCT PROFESSOR OF PSYCHOLOGY. Eastern Montana College, 1500 North 30th Street, Billings, Montana, 59101. (406) 657-2242. The Department Chairman is Dr. Beal Mossman; he is on-leave during the current year. Dr. Ellen E. Garber is the Acting Chairman. Service is without financial compensation. 1977-PRESENT.

My duties include research, the supervision of interns and trainees, and occasional classroom instruction. This year, I am supervising three interns and teaching a graduate seminar on the treatment of chemical dependency and offering a community education seminar on crisis intervention.

TRUSTEE. Board of Trustees, Billings School District #2, Billings, Montana. Service is without financial compensation. 1983-1985.

The Board sets policy and oversees the operation of the Billings school system. This is an elective office.

AMENDMENTS TO HB 36, INTRODUCED COPY
Before the House Appropriations Committee

1. page 3, line 24

after "youth." strike the remainder of line 24, and strike line 25
in its entirety.

page 4, line 1, strike "license"

page 3, line 24 insert: The buyer or any subsequent transferee
must keep reasonable documentation of compliance with this
condition. Failure to comply with the provisions of this section
may result in the loss of hospital licensure.

2. page 17, line 17

after: "is"

delete: "filed by"

insert: delivered to

3. page 17, line 17

after "buyer"

insert: "."

delete: "with the Yellowstone County clerk and recorder."

Amendment to House Bill 21

Strike and insert

Page 4, Line 16
Strike "94,700".
Insert "249,700"

This addition to the Department of Military Affairs Amendment is for authority to design the Armories at Livingston and Libby. The cost of the design will be 100% Federal Funds.

The design is necessary to reserve federal construction funds for short term future use. If the Armories are not designed prior to Federal Fiscal year 87, then the Federal Government will drop the projects from their construction list and it may be 10 years or more before they can be rescheduled.

13 50 12
650
650
120
780
600
500

Amendment to HB 21

1. Page 4

Following: Line 3

Insert: "Centralized Services	1987	54,507	Federal and Other
Division			Special Revenue"

HB 21 - Amendment

6/24/86

Department of Labor and Industry

<u>Agency and Program</u>	<u>FY</u>	<u>Amount</u>	<u>Fund</u>
Page 4 following line 24			
Insert "Job Training Partnership Act	1987	73,368	Federal & Other Special Revenue

Amendment to HB021

Department of Labor and Industry

On June 16, 1986, the Job Service and Training Division of the Department of Labor and Industry received notification of \$73,368 in additional Title IIA Job Training Partnership Act funds to be used in the counties in Southwestern Montana. The money is the result of a supplemental distribution of a national setaside for Concentrated Employment Program areas. The funds are to be used for job training activities.

Amendment to HB 21

1. Page 2, Following Line 15

Insert: "DEPARTMENT OF HIGHWAYS

Maintenance	1986	448,416	Federal & Other Special Revenue
-------------	------	---------	------------------------------------

Fiscal year 1986 unexpended balance is reauthorized for fiscal
year 1987."

Amend House Bill #21, Introduced Bill as follows:

Page 4, line 13.

Strike: 64,682
Insert: 74,912

This amendment will move appropriation authority of \$10,230 from FY '86 to FY '87 because agency did not purchase van in FY '86 due to balance in State Special Revenue Account at the requisition time schedule deadline.

The appropriation authority has been approved in the last three legislative sessions, but not purchased because of lack of funds. This amendment gives the option to the agency of purchasing the van if funds are available.

AMENDMENT TO H.B. 21 -

Page 3, Following line 8 insert:

Carl Perkins Scholarship	1987	\$50,000	Federal and Other Special Revenue
--------------------------	------	----------	--------------------------------------

Explanation:

The Carl D. Perkins Scholarship Program is a federally-funded program that provides \$5,000 scholarships to outstanding high school students to encourage them to pursue careers as teachers at the elementary or secondary school level.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION

RECEIVED

APR 23 1986

THE MONTANA UNIVERSITY SYSTEM

April 22, 1986

Honorable Ted Schwinden
Governor of Montana
Helena, Montana 59620

GOV. HAS SPECIFIED REGENTS
AS ADM. AGENCY + SELECTION
AGENCY. APPLICATION FOR FUNDS
BEING PREPARED

Dear Honorable Schwinden:.

We are pleased to announce the Department of Education's plans to implement the Carl D. Perkins Scholarship Program for the 1986-87 academic year. This new program will provide \$5,000 scholarships to outstanding high school students to encourage them to pursue careers as teachers. A total of \$9.57 million is available, which will be allotted to the States on the basis of population. Attached is a table which shows the minimum amount available for each State. We have also attached fact sheets and a copy of the legislation, which provide additional information about the program and steps necessary for implementation.

If you wish to have this program available to the students from your State for the 1986-87 academic year, we must receive a letter from you within twenty-one days indicating your agreement to participate. We will also need to have the following information:

- the name of the agency you have designated to administer the program. (You have the option of choosing either the agency which administers the State Student Incentive Grant Program or the State agency which administers the Guaranteed Student Loan Program.)
- the name, address, and telephone number of the individual at the designated agency who will serve as primary contact for this program.
- whether you will designate an existing agency or panel to select the scholarship recipients or whether you will be appointing a seven-member statewide panel for this process.

We look forward to working with you in this Federal-State partnership effort to attract our most outstanding high school students into teaching careers.

Sincerely,

C. Ronald Kimberling
C. Ronald Kimberling
Assistant Secretary

Enclosures

cc: Montana University System

OFFICE OF BUDGET AND PROGRAM PLANNING
Memorandum •

TO: Dave Hunter, Director
Tom Crosser, Lead Budget Analyst
Doug Booker, Budget Analyst

FROM: Lois Steinbeck, Budget Analyst

DATE: June 23, 1986

RE: Amendment to HB 21--Budget Amendment Bill

Language to spend an additional \$5,645 needs to be added to the youth services reorganization FY87 budget amendment appropriation. This amount is included in the original grant amount; however, when the Board of Crime Control obtained the FY86 budget amendment (0378), OBPP requested that the Board break out the amount to be spent in FY87. Granting continuing appropriation status for the budget amendment was not considered.

Suggested language is as follows:

1. Page 2, ~~line 16~~
Following line 25
Insert: "Board of Crime Control 1987 5,645 Federal &
Other Special Revenue"

EXHIBIT 10
6/24/86
HB 32

Proposal to Replace General Fund Monies With Unemployment
Penalty and Interest Funds

Proposal: Employment training programs currently funded with \$383,793 from the General Fund would be funded in fiscal year 1987 with "penalties and interest" collected on past due unemployment insurance taxes.

Background: Section 39-51-1301 MCA, authorizes the Department of Labor and Industry to collect penalties and interest on past due unemployment insurance taxes. Prior to 1979 penalty and interest funds were used for administrative purposes by the Employment Security Division. In 1979 the law was changed to require the penalty and interest funds to be deposited in the Unemployment Insurance Trust Fund to pay benefits to unemployed workers.

The federal government provides no clear restrictions on the use of penalty and interest funds.

In that the penalties and interest are generated from the unemployment insurance tax, the funds would best be spent for programs that serve the unemployed.

In calendar years 1980 through 1985 \$2,213,000 in penalties and interest have been collected, averaging \$443,000 a year. Penalty and interest collections make up about .7% of income to the Unemployment Insurance Trust Fund. It is unlikely that diverting these funds would affect unemployment insurance tax rates.

Main Points of the Proposed Legislation:

- Creates a new account to which penalty and interest collections are to be deposited.
- Provides that funds may be appropriated from the new account for the following purposes:
 - * Training or retraining of unemployed or underemployed workers.
 - * Administration of the unemployment insurance program and job training programs.
- Provides for funds not appropriated to be deposited in the Unemployment Insurance Trust Fund.
- Sunsets in 3 years, so the use of the funds can be re-evaluated.

General Fund Programs to be Funded:

Federal Job Training Match	\$125,000
Pre-employment Training	84,000
Apprenticeship Program	154,793
Training Program Administration	20,000
	<u>\$383,793</u>

AMENDMENTS TO HOUSE BILL NO. 18

1. Page 3, lines 11 through 17
Strike: Section 4 in its entirety
Insert: "Section 4. Coal tax criminal investigation account created. (1) There is
within the state special revenue fund a
coal tax criminal investigation account.
(2) Money allocated under
17-5-704(1)(a) must be deposited to the
coal tax criminal investigation account."
2. Page 3, line 18
Strike: Section 5 in its entirety
Renumber: subsequent sections
3. Page 4, line 23
Strike: "308,959" 308,959"
Insert: "358,959" 358,959"
4. Page 4, line 25
Strike: "100,000" 100,000"
Insert: "50,000" 50,000"
5. Page 5, line 3
Following: chapter 13
Strike: remainder of line 3 through "section 4"
on line 4, page 5.

VISITORS' REGISTER

APPROPRIATIONS

COMMITTEE

BILL NO. 7, 18, 21, 29, 32, 36-43 DATE June 24 1986
446

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Howard J. Simmons	2850 COTTON BLVD BILLINGS MT 59102	SEEK TO AMEND X	
HB 36 CURT CHISHOLM	D/I	X	
HB 36 James Johnson	5105 Poplar #2220 Memphis TN	X	
36 Carroll Smith	Helena	X	
36 Pat Hollman	5105 Poplar #2220 Memphis TN	X	
36 Janice GOTTEN	5700 Poplar #2220 Memphis TN	X	
MARVIN DYE	HELENA		
Steve P. Nelson	Helena	X	
36 Paul Helvin	Helena	SEEK TO AMEND X	
Jim Currie	D/I	X	
George Harris	OEPP	X	
Pat Melby	N.H. House #1117 H. Lewis	X	
36 Pat Melby	Helena - Riverview	X	
11 CARROLL SMITH	D/I	X	
Steve Walther	Mental Health Center	X	
HB 17 Gary Carroll	Dept of Justice Helena	X	
HB 17 William H. Mountain	Great Falls	X	
Don Judge	Montana State AFL-CIO	HB 32 X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.