

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
50TH LEGISLATURE

The meeting of the House Appropriations Committee was called to order by Chairman Donaldson on March 12, 1987 at 8:00 a.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present with Reps. Iverson and Poulsen arriving late. Also in attendance were Dori Nielsen, Keith Wolcott, and Judy Rippingale of the LFA and Denise Thompson, Secretary.

VO-TECHS: (60:A:0.05) Rep. Nathe distributed a list of the enrollments at the votech centers (Exhibit 1). He reviewed the list with the committee.

Mr. Tom Crosser, OBPP briefly reviewed the executive methodology on the enrollments which was different than the LFA's. Because they were seeing some decline in the enrollment at some of the votech centers last fall, they chose to include 87 enrollment trends in their projections rather than looking just at prior years. The way their projections were, they looked at the trends on how the fall enrollment compared to the total years enrollment, then took that relationship over three years and applied it to last fall's enrollment. The enrollment for Missoula and Helena were low last fall, so it resulted in their estimates being a lot lower than the LFA's for Missoula and Helena. Yesterday, they looked at what happened in the winter enrollment and took two quarters in 1987, using the same methodology, incorporated the most recent data or the winter enrollment. They looked at the relationship over the last three years between fall and winter to the total year, looked at that over the last three years, and applied it to 87 and came up with a different projection for 1987. It does raise the enrollment some but this still would be substantially less than the subcommittee's recommendation.

The issue was at Missoula and Helena. Using that methodology, for those the projections would be 588 from 531 for Helena, and for Missoula would be 509 from 489. There was a larger change in Helena.

Rep. Spaeth asked the LFA if, after looking at the need list, it looks as though the LFA estimates were a little high. Ms. Nielsen replied that the original projections came from looking at that pattern from 82 to 86 and trying to see some kind of a pattern. For some of them a pattern does not really materialize. They have some ups and downs.

Missoula had been somewhat steady. Helena has also been somewhat steady in their enrollments. In attempting to do three or four different things, he did not know if that was a predictor or if that was a happening and didn't know if that was what was going to happen in the future or if there was something operating in this year that might not show up in the next year. Consequently, he did go with some higher numbers and also go with some averages. At this point, their enrollment is a bit lower, the other three remained fairly close to the estimates, and he said he still doesn't know if that is a predictor or if it is going to remain. One of the concerns was if they were budgeted at a lower amount, they would indeed have less enrollment.

Rep. Spaeth stated that the projections have no bases if you look at what the subcommittee did as far as he could see.

(60:A:15.48) Rep. Spaeth moved to accept 2529 which is the LFA figures used, Exhibit 1, for the 89 biennium figure rather than the number the subcommittee approved.

Rep. Peck opposed the motion. Rep. Devlin asked if the LFA figures remained consistent all through the previous biennium and this biennium. Ms. Nielsen replied because she had not been here, she had to rely on some records and try to see what she could find. She made a projection based on the information she had and she used some things that were there that she had used as predictors before. With the votechs, you are dealing with two-year programs not like the university system.

There was a roll call vote. Reps Devlin and Spaeth voted YES. Reps. Donaldson, Thoft, Winslow, Bardanouve, Bradley, Connelly, Iverson, Manuel, Menahan, Menke, Miller, Nathe, Peck Poulsen, Quilici, Rehberg, Swift and Switzer voted NO. The motion FAILED by a vote of 2 to 18.

Rep. Nathe moved to accept the subcommittee report for all education except higher education including amendments and modifieds. Rep. Quilici called the question. The motion CARRIED.

HUMAN SERVICES REVIEW

Rep. Cal Winslow, Chairman of the Human Services Subcommittee presented the narrative to the committee regarding the agencies in the Human Services area.

Rep. Winslow stated that the subcommittee put together a letter to the Speaker and the President of the Senate asking them select a 12 member select committee to attempt to get to the bottom of some of the inconsistency in the Montana welfare programs (Exhibit 2).

Chairman Donaldson suggested that paragraph 2 line 3 "Welfare Reform" should maybe be changed to General Assistance, State Medical, and AFDC. Rep. Quilici stated he and Rep. Winslow would work that out.

(60:A:31.56) Rep. Winslow moved the committee approve the letter and mail the letter to the leadership of both houses. Rep. Nathe called the question. The motion CARRIED unanimously.

UNIVERSITY SYSTEM AMENDMENTS

Rep. Bradley said that her amendments (Exhibit 3) would amend the figures on Page F-42, 48, and 49. This would change, for the University of Montana, the total sum for which the biennium would be approximately \$500,000, for Montana State University would be approximately \$400,000. This money would revert back to the general fund. The difference in funding from the LFA figures and the subcommittee figures are with the university system. It does not change it entirely, it changes it half and half, concerning the nonresident tuition comparison. She felt the legislature is telling the university that they are overestimating the out-of-state tuition and they better make it up.

Rep. Nathe opposed the motion saying the subcommittee looked at this situation thoroughly and he felt had made the fair determination.

Rep. Peck stated he was against the motion because he felt Rep. Bradley was trying to put her judgement into the record in place of the subcommittee's. The subcommittee listened to all the testimony, they took all of the facts into account and the subcommittee voted to put in the figures. They realized there would be some people that would not be happy and those were the two larger units to which the amendment applies. Rep. Bradley referred to fairness and then she said, "split the difference." If her figures are really that solid, Rep. Peck suggested, she shouldn't be saying split the difference. If you as a committee really believes the subcommittee was wrong, then they are entitled to the full dollar allowance. It's not a negotiable thing, if you say your subcommittee did not do their work. She also mentioned there was a great leap in tuition two years ago and that took a lot of general fund away from the university system. He said he really has to disagree with that interpretation. As a matter of fact, that increase in tuition brought the units in the Montana university system up to the average of their peers that the formula is being based on. With the exception of Tech, which is still significantly below those specialized schools, they consider

its peer institutions. They really do not take advantage of the students. He feels there is a solution to this if the Board of Regents wants to go that route. They have the \$2 surcharge on the credits up to 12 credits, that is \$72 a year. If you go ahead and take up to 18 credits, you don't pay that additional \$2 on those additional 6 credits from 12 to 18. If they want to generate more tuition, he suggested the Regents apply it on those credits. That would not be a significant increase on the students and would be fairer than the current system they have. The subcommittee did not intend a tuition increase by this as Rep. Bradley seems to think. He said he thinks the subcommittee examined this very fully, they took a lot of testimony, they looked at a lot of figures, they don't guarantee you that their projection is perfect but that was their honest and best judgement of the situation.

(60:B:5.18) Rep. Bradley asked if people from the universities would comment.

President Koch noted that last fall, their resident enrollment in Missoula actually went up, in-state. The out-of-state enrollment this fall has fallen from about 17 percent of the student body in 1983 to about 13 percent this last fall. If that trend continues, then the LFA figures are simply wrong.

Bruce Shivley, Budget Officer, Montana State University, said they echoed the comments made by Dr. Koch. Their out-of-state percentage has been going at a rate of about 15 percent for several years; down to a rate of about 11.5 percent this year. Once you get this type of drop in your out-of-state tuition, it is not unlikely to see in a public school situation where you have kindergarten. It keeps filtering through the system. They feel that their out-of-state percentage is going to continue to decline to a level below that which is estimated by the LFA. Hence, the difference between their estimates and the LFA estimates.

Chairman Donaldson asked what is triggering that, why are there less out-of-state students.

President Tietz replied they are seeing this as a national trend. They have tested their data against the data of other states and they have seen the same sort of thing. People are staying home. In some respects they are seeing the same type of thing within the university system. The enrollments of some of the smaller schools are going up while the enrollments in the larger schools are going down. He thinks it is part of the economy and also part of the national trend to be more conservative in their view of their activities.

Jeff Morrison suggested that as far as the tuition goes, he's correct. After the last session, the student tuition raised up to the peer average, but as a result of the special session, and after the special session when they lost the other revenues and put the sur-charge on, you then raised the students above the peer average while the state contribution was significantly below the peer average. His personal opinion is that the regents are going to continue the sur-charge as reflected by the subcommittee's budget, he didn't see where they have any other choice. He does feel, however, they will be extremely reluctant to add anything to that sur-charge in the next biennium.

Matt Tiehl, Associated Students at U of M said while the trend is to increase out-of-state tuition, all this is going to end up doing is creating a spiral because you see this trend just continues to decrease the amount of students that are going to come in from out-of-state and while the Board of Regents and the presidents obviously want to do this, they are not going to have any choice. This is just going to continue. Presently, the students at UOM pay 105 percent compared to their peers.

(60:B:10.02) Dr. Tietz said one other factor that was failed to be mentioned which has happened to them at this time, a number of states around them have offered reciprocity relationships to students in Montana. This is partly an effort to pull students out of the state but also it is an effort to try and keep them closer to home. And reciprocity agreement with North Dakota and Minnesota and holding students a little more tightly with their own operation. There are a number of things around them that they have not been able to do. As their tuition goes up, the non-resident tuition has gone up extremely high relative to where it has been in the past. That scares people away.

Rep. Nathe reported on the fiscal 1987 academic year 1986-87 with the two units involved, MSU and UofM; Montana as a percent of their peers, Montana is 100.7 percent in their in-state, they are right on target there. Out-of-state tuition they are 98.6 percent. 1.4 percent lower in charging out-of-state tuition rates than the peers. This is the figures that they worked with. These figures are what the units report to WICHE.

(60:B:12.48) Mr. Jack Noble noted that in mentioning the peers they did not include the South Dakota institutions. Rep. Nathe said they did not have the figures for that. Mr. Noble stated their figures include the South Dakota institutions which are included in the peer institutions. South

Dakota peer institutions are at 102.1 percent of the peers and that is for 1985-86. The sur-charge came on this year. So it would not include the sur-charge and they feel that the preliminary data indicated that they have moved higher than 102 percent. Rep. Nathe pointed out that they were 1986-87, they are 1985. We don't have South Dakota institutions in there because they have not submitted information to WICHE.

Rep. Bob Marks who was in attendance stated it seems that testimony given previously shows that a survey of Montana high school seniors, indicates a larger number than ever will be leaving the state for educational purposes. Now it seems that the reverse is being presented. What are the facts, if people are staying closer to home. Are they doing it every place except Montana?

(60:B:14.13) Mr. Krause remarked that the reports that they are seeing in the paper are coming from high schools and polls that the newspapers have done with high school seniors. The report sent back to them indicates that the guidance counselors keeping track of some of the students, is considerably up from where it was. That doesn't mean that every one of those students who are asking for information on an out-of-state schools is going to go out of state. But there is without a doubt a significant increase in the number of students that are asking for that kind of information. The economy has something to do with it, and he predicts they are going to see a 10 percent outflow. Many more students are at least looking at the possibility of enrolling in out-of-state schools.

President Tietz stated he was speaking in regards to Rep. Marks comment that the national trend to hold students at home, that reflecting then the measure of the non-resident students enrolled, to show up in Montana. Many of the states in this country are making significant investments in their higher education system. They are increasing dramatically and making a very notable effort to bolster the quality to meet the needs of the society. One of the things that they are doing in Montana is giving other kinds of signals. The serious question is being raised about the university system in the state of Montana. His opinion is that having an affect. There may be a different trend in Montana than there is in some of the other state, simply because the other states are showing a very strong endorsement of their university system and serious questions have been raised in the press on what is happening in Montana.

The question was called on the motion. There was a roll call vote. Reps. Bradley, Connelly, Manuel, Menahan, Quilici and Spaeth voted YES. Reps. Donaldson, Thoft,

Winslow, Bardanouve, Devlin, Iverson, Menke, Miller, Nathe, Peck, Poulsen, Rehberg, Swift and Switzer voted NO. The motion FAILED.

(60:B:22.33) Rep. Bardanouve moved to have language added into the boiler plate to give the subcommittee a better knowledge of the internal workings of the university system (Exhibit 4). There has been concern about the lack of creditability of the university system with the legislature and this would give a more creditable fiscal mechanism to OBPP and LFA so they could better gage the internal operation of the system. It would give a uniform accounting system that the legislature can follow.

(60:B:30.00) Rep. Quilici asked Mr. Noble if he had, in his computer department to come up with these figures that are being asked for in the amendment. Mr. Noble replied it would involve a substantial effort on their part to meet those needs. When the state put in their state pay classification personnel system, they spent several hundreds of thousands of dollars on that. When they looked at the payroll system, they rejected the university system. He added there are 4,000 people on their payroll system. They work off the same listings as the LFA and OBPP which is a third level budget. He commented that having the LFA being able to dial up that information on the computer would be a large cost.

Rep. Donaldson said if they are currently doing it, why can't they make the transition. There is a lot of concern about getting the right kind of documentation. Is it accurate, etc. He noted it is a benefit to the university system and all others to at least try to resolve this issue. Mr. Noble asked for a postponement on the amendment. He said he would have the payroll people, and the detail accounting people of one of the two universities come up and meet with the executive branch, the LFA, and some legislators to take a look at how they bridged this misunderstanding; what is required, what aren't they doing that they should be doing etc., so they have a clear objective and the cost of accomplishing something like this. He stated he would have some reservations in having this pass in the absence of that understanding.

Carroll Krause asked about how they were proceeding. It seems they are looking at a whole new way of funding higher education. Maybe that is the intent. He sees that this is a position funding, and the reason they have not centralized all of that in their office is because they do not require it. The campuses have payroll systems, and they have accounting systems. They have not centralized it in their

office because they have followed the premise of formula budgeting. That, in fact, they are going to allow their campuses flexibility within the formula, they are going to determine a cost per student based on the formula, credit hours and the various disciplines. They have gone through that whole elaborate process of budgeting. They can demonstrate to the legislature that there is certainly a lower cost to a student in Montana than it is in most other states in the nation. He is simply saying that philosophy gives the campuses flexibility to move positions. They are accountable for the dollars spent. He is concerned there is an apparent suspicion that they are not spending their money well, or that the legislature needs tighter control. Because he sees this moving in an entirely different scenario; it is a policy decision. Either they have formula budgeting where they have the flexibility to try to make the best use of their money or they have very tight position control and base funding based on the number of personnel. He thinks this is more than just an accounting situation, it is a whole policy decision as to how the legislature wants to proceed to fund higher education in the future.

Rep. Nathe asked if the study committee could maybe address this issue in their proposed study.

Rep. Bardanouve stated it is imperative that the legislature communicate with the university system.

Rep. Quilici called the question. There was a roll call vote. Reps. Thoft, Winslow, Bardanouve, Devlin, Iverson, Manuel, Menke, Miller, Nathe, Peck, Poulsen, Rehberg, Swift and Switzer voted YES. Reps. Donaldson, Bradley, Connelly, Menahan, Quilici, and Spaeth voted NO. The motion CARRIED by a vote of 14 to 6.

(61:A:8.41) Rep. Nathe moved the subcommittee report as amended for the six units of higher education. Rep. Quilici called the question. The motion CARRIED unanimously.

Ms. Rippingale presented the changes to be made in the narrative from the previous day. These were on F-44 of the narrative. Montana Tech's enrollment was previously shown at 1550, that enrollment was increased to maintain a base enrollment. The differences for Tech and MSU will be shown as modifieds, they will be shown as 6 and 7. This was just a clarification for the committee.

HUMAN SERVICES SUBCOMMITTEE: (61:A:12:30)

Rep. Cal Winslow, Chairman of the Human Services Subcommittee presented the subcommittee report for Human Services.

Department of Health- QUESTIONS:

Rep. Thoft asked if all of the bureaus have a chief. Rep. Winslow said yes. Rep. Thoft asked if there was any way that these could perhaps be consolidated. Rep. Winslow replied he thought it is possible to consolidate.

Mr. Bill Opitz, Deputy Director, Department of Health stated they have looked at consolidations. All of their bureau chiefs are working chiefs. They don't just supervise. He also explained the Hazardous Waste Program to the committee and how it has been operated. Mr. Optiz said that last session the department came to the legislature and asked for over a million dollars, to first of all study the need for a transfer and collection station where hazardous wastes could be centrally collected and subsequently sent out of state to a disposal area. The first phase contemplated \$115,000 to inventory all of the small quantity generator hazardous waste within the state. As a result of the inventory, they hired a consultant who recommended that the state enter into construction with a facility and lease it out to a private enterprise. The study itself was delayed because of a slow down in the RIT dollars coming in. The study was started in July of last year. In the mean time, private enterprise such as Montana Power, SRM and others started up operations, located two transfer facilities, one in Billings and one in Butte. The study itself has inventoried what the hazardous wastes are in the state. It does not contemplate being in competition with private enterprise. Looking at the amount of wastes and the potential market, the department recommended to the governor that they not build a transfer and collection site but instead utilize a portion of the RIT monies (\$212,000) to instead educate the small commercial generator in how to dispose of the hazardous wastes, try to give them a cook book approach to how he can eliminate hazardous waste, and holding back about \$36,000 if private enterprise did not meet the need that has been identified in the study, they would issue a request for proposals from the public and present what proposals they have to the 1989 session.

Sen. Regan spoke in regard to SRM. She stated that apparently the governor has made an administrative decision to have SRM do this. The study indicated that this should be put out for bid. We apparently do not have the necessary legislation in place to probe temporary pick up stations, but they are indeed permanent because they always have hazardous waste there. There are no ways to control these or any siting requirements.

(61:B:6.17) Mr. Opitz stated when they contracted it out, they would put in the contract, a requirement that the people who worked in these areas be qualified inspectors. They would go around the state and train, use the cookbook approach with small generators, and safety, etc.

Rep. Miller asked why there is no disposal site in Montana. Mr. Opitz stated that the locations that were looked at would cost \$35 to 40 million dollars.

Health Services Division--

Rep. Winslow noted there was a bill in the Senate to reinstate the certificate of need for the next two years. He felt there needs to be some kind of control on the types of facilities that are built in the state.

Nursing Bureau-- Chairman Donaldson asked Mr. Opitz to review the Nursing Bureau and how they benefit the state.

Mr. Opitz replied there are two people that help assist the county nurses and public school nurses mostly through telephone communication.

Mr. Opitz also stated they support the budget as proposed by the subcommittee.

DEPARTMENT OF LABOR AND INDUSTRY--

Workers Compensation--

Most of the funding comes from workers comp funds.

QUESTIONS:

Chairman Donaldson referred to Page B-58 and asked Rep. Winslow about child care for some of the women who are trying to make ends meet when they can't afford to work because of the child care costs. Rep. Winslow answered he was also concerned regarding this issue as there are many AFDC mothers out there who would work if they could get some assistance with child care. He mentioned his New Horizons program which would help in this regard.

Mr. Bob Robinson, Director, Department of Labor and Industry, stated he was concerned about one area that has not been addressed and that is the mail room being relocated in the Department of Administration's Central Mail.

(62:A:38.00) Linda Stoll Anderson, Lewis and Clark Commissioner and Chairman of the local Project Work Task Force presented handouts regarding Project Work (Exhibit 7).

Ms. Anderson said if they send out a Project Work client now able to write a resume, fill out an application form and undergo an interview, i.e., able to search for a job, yet they are still unable to read a newspaper, or confront his chemical dependency and keep his job once he has acquired it, the program would not work.

Mr. Rodney Frey also spoke regarding the Project Work stating the goals were to secure employment for GA recipients and reduce GA expenditures (Exhibit 8).

DEPARTMENT OF SRS--

Rep. Nathe asked if monies weren't already provided throughout the state to provide respite care for individuals who have severely handicapped children. Mr. Dennis Taylor stated Montana DDD purchases an array of services in child and family area that include respite care, specialized family care, and family training intervention. It is aimed at individuals and youth that are developmentally disabled, at risk, or away. Their commitment in this area has increased dramatically. Unlike other states, they believe that a lot of the federal dollars which will be coming in will enable them to help more of these people who are waiting for services where they don't have the funding for that.

Mr. Dave Lewis, Director of SRS commented on the budget. He said the subcommittee did a very good job going through the budget, particularly the Medicaid. He stated they would pursue the waiting list for the DD Program. They have 742 people out there waiting in line for services. Also, he felt there was a problem with the cut in the Medicaid area.

Rep. Bradley spoke regarding the SSSO program, Special Services Support Organization. She brought before the committee something that was cut considerably less than previously proposed. She stated there is a waiting list out there which has not been addressed for a number of years in the state. Originally this proposal was for 50 individuals for four separate group homes for a central day operation center. The revised version would be for 30 individuals, in four separate group homes. The individuals for whom this is directed are severely disabled individuals, people who would not fit into the group homes that they have now. They need more individual attention, behavior and medical care. This would address individuals that have been with their families for years and are now adults who need to leave their homes. The parents are very reluctant to have them go to Boulder. It may also address some of the individuals who are currently at Boulder.

Mr. Tom Crosser, Chairman of the task force appointed to look into DD and the needs of that systems and after extensive work, they put together a series of recommendations which will be heard later. One of those recommendations was what Rep. Bradley has presented. The task force believed that many of the recommendations are long-term goals which they do not expect to be implemented overnight. It does provide an excellent direction for the state of Montana to take in delivering services for DD. He said the scale down recommendation is at least a step in the right direction to began to address the issues.

Ms. Chris Helentiby a lobbyist for the DD people of state both for private organizations and the consumers stated the SSSO, wants to support it in the fact that there is a gap in the services and there are 750 people out there waiting for services. Most of these people have been kept at home with their parents, until age 18, there is no place for them other than Boulder.

Written testimony was presented by Mr. Clyde Muirheid, Director of the Developmental Disabilities Planning and Advisory Council, regarding the SSO. He did not attend the meeting (Exhibit 8).

(63:B:9.59) Mr. Roland D. Pratt, Executive Director of the Montana Optometric Association, supported Mr. Lewis's position, stating with the subcommittee decision to deny payment of hearing aids, eye glasses and dentures, there will not be any alternatives for those people in need of examinations and eye glasses. They are not going to be able to get them any other place.

Elsie Lathan, President of the Montana Senior Citizens Association also spoke against the cuts in medicaid services on page 90 (Exhibit 9).

Rose Skoog, representing the nursing homes throughout Montana, supported the subcommittee recommendations on that part of the subcommittee. She replied the increases are not due to inflation necessarily but the level of patients there. They are very concerned about the type of services to the patients in the nursing homes.

MODIFIEDS:

Rep. Winslow moved to accept the modified on page B-24 for underground storage tanks. The motion CARRIED unanimously.

Rep. Winslow moved the modified #2, page B-24 for the superfund, 3.0 FTE be accepted. Rep. Quilici called the question. The motion CARRIED unanimously.

Page B-30, Rep. Winslow moved modified #1 for the Permit Tracking for automate water permits. Rep. Quilici called the question. The motion CARRIED unanimously.

Rep. Winslow moved the modified for the Water and Wastewater Operators be accepted. Rep. Quilici called the question. The motion CARRIED unanimously.

Rep. Winslow moved the modified for Wellhead Protection B-30, Rep. Quilici called the question. Reps. Menke, Swift, Manuel, Nathe, Rehberg, Devlin and Miller voted NO. The vote was withdrawn pending further information and discussion on the motion.

Rep. Devlin moved to table this modified until tomorrow and give an opportunity for more information to arrive. Rep. Connelly voted NO. The motion CARRIED.

Rep. Winslow moved to accept the Modified on B-42 for FTE transfer from Health Planning Bureau to Administration. Rep. Quilici called the question. There was a roll call vote. Reps. Donaldson, Winslow, Bardanouye, Bradley, Connelly, Menahan, Quilici, Spaeth, and Switzer voted YES. Reps. Thoft, Devlin, Manuel, Miller, Nathe, Peck, Poulsen, Rehberg, and Swift voted NO. The motion FAILED by a vote of 9 to 10.

Rep. Winslow moved the modified on Page 35, On-line data entry, 1 FTE for the WIC Program. Rep. Devlin called the question. The motion CARRIED unanimously.

(64:A:23.20) Rep. Winslow moved modifieds 1, 2, and 3 on Page B-40. Rep. Bardanouye called the question. The motion CARRIED unanimously.

Rep. Winslow moved the modified on the Health Planning Bureau, page B-42. Rep. Quilici called the question. The motion CARRIED unanimously.

Rep. Winslow moved the Modified on Page B-44, and addition of 9.5 FTE for the certification process. (64:A:35.35) Rep. Winslow withdrew the motion and passed it for the day pending further information being presented to the committee.

(64:A:36.36) Rep. Thoft referred to page B-36, regarding the Nursing Bureau saying he felt the program has been cut

to where it really is not functional any more and he was concerned about that.

Rep. Spaeth moved to eliminate the Nursing Bureau. Rep. Bradley made a substitute motion that rather than deleting the nursing bureau, she moved to delete the in-state renal program. The department prefers that to the nursing bureau being deleted. It would save \$125,000 per year. Rep. Peck called the question. The motion FAILED. Rep. Quilici called the question and there was a roll call vote on the Spaeth motion. Reps. Donaldson, Thoft, Winslow, Bardanouye, Devlin, Menke, Miller, Nathe, Peck, Rehberg, Spaeth, and Swift voted YES. Reps. Bradley, Connelly, Manuel, Menahan, Poulsen, Quilici and Switzer voted NO. The motion CARRIED.

Department of Health section was left open for the wellhead water and the 9.5 FTE.

DEPARTMENT OF LABOR-EXECUTIVE

(64:B:11.38) Rep. Winslow moved modified #1 on page B-58 for JTPA Summer Youth. Rep. Quilici called the question. The motion CARRIED unanimously.

Rep. Menahan asked about the increase in the travel budget. Commissioner of Labor and Industry, B-57, Travel was increased \$5,726 to allow the commissioner to travel to out-of-state meetings. Babe Harper said the reason it is in the travel budget was because the commissioners office has turned over twice in the last biennium, as a result, the previous commissioner didn't get an opportunity to represent Montana in a lot of national meeting that he should have attended.

(64:B:14.50) Rep. Winslow moved modified #2 on Page B-58 for the AFDC Day Care, \$90,000 the first year and \$109,000 the next year, he included the intent that they would seek to receive matching funds from the Carl Perkins and that would double it. Rep. Nathe asked if this could be flagged or line itemed so they could look at it next session. Rep. Bardanouye called the question. Reps. Thoft, Swift, Menahan, and Devlin voted NO. The motion CARRIED.

WORKERS COMPENSATION-EXECUTIVE

Rep. Winslow moved the modified #1 on B-63, legal secretary to aid attorneys, sunset this position. Rep. Peck called the question. The motion CARRIED unanimously.

Rep. Winslow moved Modified #2 for Computer development. Rep. Quilici called the question. The motion CARRIED unanimously.

(64:B:28.20) Rep. Winslow moved Modified #3 for a programmer/mail clerk, Page B-63. Rep. Menke voted NO. The motion CARRIED.

Rep. Winslow moved the Modified on B-64 for 10 FTE due to workload increase. Rep. Quilici called the question. The motion carried unanimously.

Rep. Winslow moved Modified #1 on page B-67. Rep. Menahan called the question. The motion CARRIED unanimously.

Rep. Winslow moved Modified #2, Page B67 for Administrative Officer. Rep. Bardanouve called the question. The motion CARRIED unanimously.

(64:B:34.39) Rep. Winslow moved modified #1 on page B-68 for Loss Control. Rep. Menahan called the question. The motion carried unanimously.

Rep. Winslow moved the amendment regarding the Human Rights Division on Page B-6 (Exhibit 9). An explanation on B-55 would clarify the language. Rep. Bardanouve called the question. The motion CARRIED unanimously.

There was discussion on a proposal from Mr. Robinson regarding the mailroom (Exhibit 10). Mr. Robinson explained the three options and what the monetary results of those options would be. Action was postponed.

Mr. Hunter stated that it would be in the best interest of the state if all state agencies used the Central Mail for mailing purposes.

It was pointed out that all of the necessary equipment was already in the Workers Compensation Division.

ADJOURNMENT:

There being no further business before the committee the meeting was adjourned.



Rep. Gene Donaldson, Chairman

DAILY ROLL CALL

APPROPRIATIONS

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date

3/12/87

NAME	PRESENT	ABSENT	EXCUSED
DONALDSON, GENE Chairman	✓		
THOFT, REP. BOB Vice Chair	✓		
WINSLOW, REP. CAL	✓		
BARDANOUVE, FRANCIS	✓		
BRADLEY, DOROTHY	✓		
CONNELLY, MARY ELLEN	✓		
DEVLIN, GERRY	✓		
IVERSON, DENNIS	✓	late	
MANUEL, REX	✓		
MENAHAN, RED	✓		
MENKE, LARRY	✓		
MILLER, RON	✓		
NATHE, DENNIS	✓		
PECK, RAY	✓		
POULSEN, HAROLD	✓	late	
QUILICI, JOE	✓		
REHBERG, DENNIS	✓		
SPAETH, GARY	✓		
SWIFT, BERNIE	✓		
SWITZER, DEAN	✓		

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/12/87 BILL NO. House Bill NUMBER 2

NAME	AYE	NAY
Rep. Gene Donaldson, Chairman	✓	
Rep. Bob Thoft, Vice Chairman	✓	
Rep. Cal Winslow, Vice Chairman	✓	
Rep. Francis Bardanouye	✓	
Rep. Dorothy Bradley	✓	
Rep. Mary Ellen Connelly	✓	
Rep. Gerry Devlin	✓	
Rep. Dennis Iverson	✓	
Rep. Rex Manuel	✓	
Rep. Red Menahan	✓	
Rep. Larry Menke	✓	
Rep. Ron Miller	✓	
Rep. Dennis Nathe	✓	
Rep. Ray Peck	✓	
Rep. Harold Poulsen	✓	
Rep. Joe Quilici	✓	
Rep. Dennis Rehberg	✓	
Rep. Gary Spaeth	✓	
Rep. Bernie Swift	✓	
Rep. Dean Switzer	✓	

TALLY

FAILED

2 18

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Spaeth moved to reduce the enrollment from 2555 to 2529 for the Subcommittee total on Exhibit 1.

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/12/87 BILL NO. House Bill NUMBER 2

NAME	AYE	NAY
Rep. Gene Donaldson, Chairman		✓
Rep. Bob Thoft, Vice Chairman		✓
Rep. Cal Winslow, Vice Chairman		✓
Rep. Francis Bardanouye		✓
Rep. Dorothy Bradley	✓	
Rep. Mary Ellen Connelly	✓	
Rep. Gerry Devlin		✓
Rep. Dennis Iverson		✓
Rep. Rex Manuel	✓	
Rep. Red Menahan	✓	
Rep. Larry Menke		✓
Rep. Ron Miller	✓	
Rep. Dennis Nathe		✓
Rep. Ray Peck		✓
Rep. Harold Poulsen		✓
Rep. Joe Quilici		
Rep. Dennis Rehberg		✓
Rep. Gary Spaeth	✓	
Rep. Bernie Swift		✓
Rep. Dean Switzer		✓

TALLY

FAILED

614

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Bradley moved to move \$413, 20 in 1988 and \$595, 470 in 1989 from out-of-state tuition to the general fund.

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/12/87 BILL NO. House Bill NUMBER 2

NAME	AYE	NAY
Rep. Gene Donaldson, Chairman		✓
Rep. Bob Thoft, Vice Chairman	✓	
Rep. Cal Winslow, Vice Chairman	✓	
Rep. Francis Bardanouve	✓	
Rep. Dorothy Bradley		✓
Rep. Mary Ellen Connolly		✓
Rep. Gerry Devlin	✓	
Rep. Dennis Iverson	✓	
Rep. Rex Manuel	✓	
Rep. Red Menahan		✓
Rep. Larry Menke	✓	
Rep. Ron Miller	✓	
Rep. Dennis Nathe	✓	
Rep. Ray Peck	✓	
Rep. Harold Poulsen	✓	
Rep. Joe Quilici		✓
Rep. Dennis Rehberg	✓	
Rep. Gary Spaeth		✓
Rep. Bernie Swift	✓	
Rep. Dean Switzer	✓	

TALLY

CARRIED

146Denise Thompson
SecretaryRep. Gene Donaldson
Chairman

MOTION: Rep. Bardanouve moved to have language inserted in the boiler plate to give the subcommittee a better knowledge of the internal operation of the university system (Exhibit 4).

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/12 BILL NO. House Bill NUMBER 2

NAME	AYE	NAY
Rep. Gene Donaldson, Chairman	✓	
Rep. Bob Thoft, Vice Chairman		✓
Rep. Cal Winslow, Vice Chairman	✓	
Rep. Francis Bardanouye	✓	
Rep. Dorothy Bradley	✓	
Rep. Mary Ellen Connelly		✓
Rep. Gerry Devlin		✓
Rep. Dennis Iverson		
Rep. Rex Manuel	✓	
Rep. Red Menahan		✓
Rep. Larry Menke	✓	
Rep. Ron Miller	✓	
Rep. Dennis Nathe	✓	
Rep. Ray Peck	✓	
Rep. Harold Poulsen	✓	
Rep. Joe Quilici	✓	
Rep. Dennis Rehberg		✓
Rep. Gary Spaeth		✓
Rep. Bernie Swift		✓
Rep. Dean Switzer		✓

TALLY

FAILED

910

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Winslow moved to Transfer from Health Planning Bureau
to Administration, FTE. B-42

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/12 BILL NO. House Bill NUMBER 2

NAME	AYE	NAY
Rep. Gene Donaldson, Chairman	✓	
Rep. Bob Thoft, Vice Chairman	✓	
Rep. Cal Winslow, Vice Chairman	✓	
Rep. Francis Bardanouve	✓	
Rep. Dorothy Bradley		✓
Rep. Mary Ellen Connelly		✓
Rep. Gerry Devlin	✓	
Rep. Dennis Iverson		
Rep. Rex Manuel	✓	
Rep. Red Menahan	✓	
Rep. Larry Menke	✓	
Rep. Ron Miller	✓	
Rep. Dennis Nathe	✓	
Rep. Ray Peck	✓	
Rep. Harold Poulsen		✓
Rep. Joe Quilici		✓
Rep. Dennis Rehberg	✓	
Rep. Gary Spaeth	✓	
Rep. Bernie Swift	✓	
Rep. Dean Switzer		✓

TALLY

CARRIED

12 7

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Spaeth moved to eliminate the Nursing Bureau

3-12-87

2

VOCATIONAL TECHNICAL CENTERS

***** ENROLLMENT *****

	STUDENT FYFTE			OPI ESTIMATE	--PROJECTED STUDENT FYFTE--		
	-82-	-83-	-84-	3-yr ave	FY87	SUBCOMM	1989 BIENNIAL LFA O8PP
BILLINGS	527	505	485	497	489	490	464 490 481
BUTTE	323	342	342	403	406	384	404 405 400
C FALLS	488	472	449	408	391	416	418 416 410
HELENA	677	656	663	665	647	536	536 658 531
MISSOULA	547	560	607	575	577	586	517 586 576 489
TOTAL	2562	2535	2546	2548	2510	2535	2339 2555 2529 2311
BUDGETED							2605 ===== ===== =====



The Big Sky Country

EX-2-2
DATE 3-12-87
NO. 2

MONTANA STATEHOUSE HOUSE OF REPRESENTATIVES

March 11, 1987

TO: Speaker Representative Bob Marks
President Senator Bill Norman

FROM: Representative Cal Winslow
Representative Joe Quilici

SUBJECT: Select Committee on Welfare

There has been a great deal of attention in the last two sessions concerning the growth of welfare. With the prospect of continued uncontrolled growth, it appears very necessary that this Fiftieth Legislature seek out any options that might be available to decrease caseload and slow the accelerating cost.

Today, the Appropriation Committee moved to support establishing a Select Committee on Welfare Reform. We would suggest that subpoena power be given to the Select Committee on Welfare Reform to bring testimony in from local welfare offices. Possibly a committee of twelve from both the house and the senate would provide the proper structure to proceed.

Areas to be addressed would include, but not be limited to:

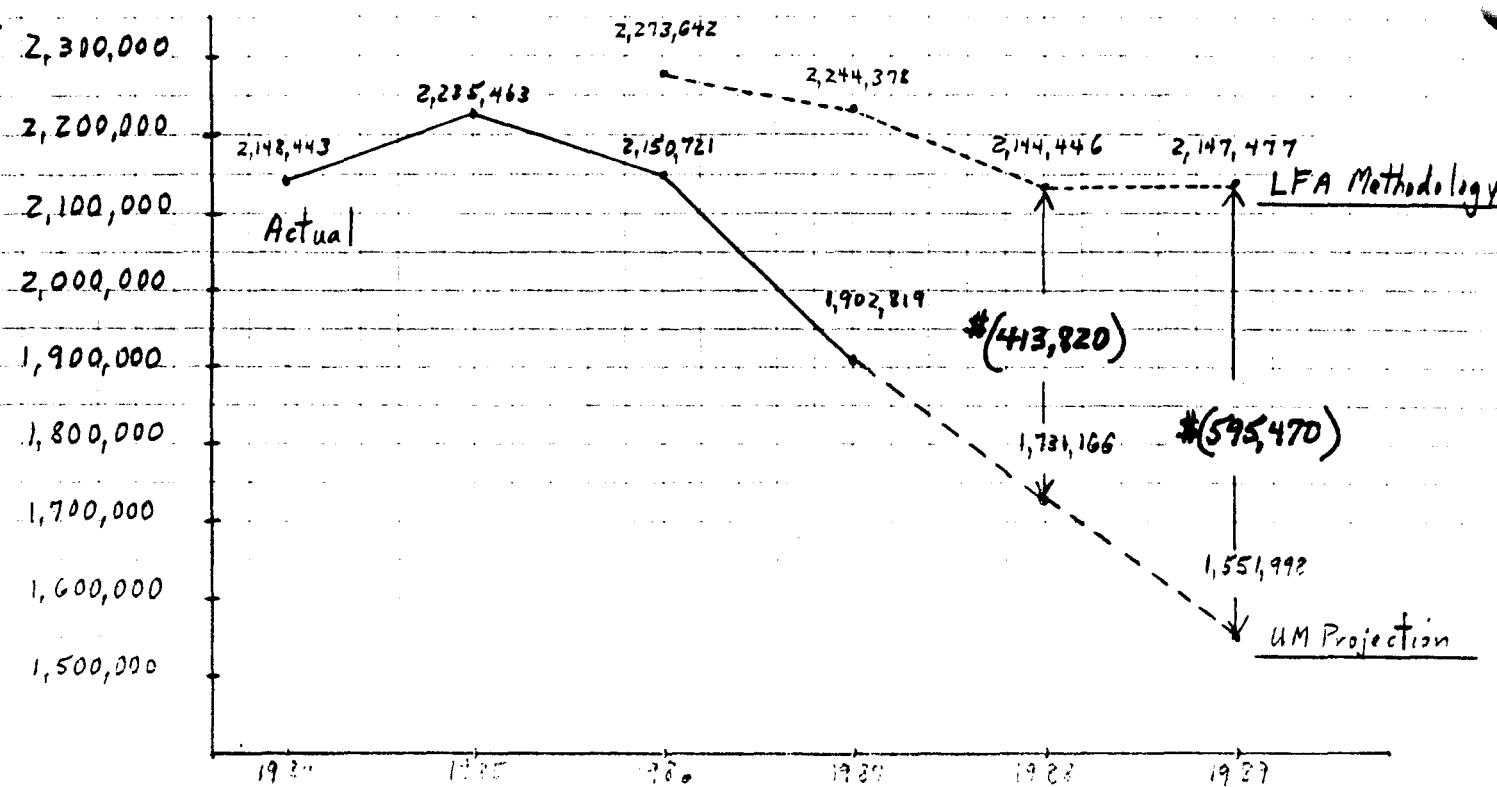
1. state role in state assumption;
2. counties role in state assumption;
3. interpretations of administrative rules;
4. role of Department of Revenue in child support;
5. fraud and potential fraud in all programs (AFDC, G.A., Food Stamps, Medicaid);
6. role of other states in welfare;
7. eligibility requirements;
8. incentives for staff to prevent abuse and for clients to move off welfare;
9. role of health care in assistance; and
10. work programs.

Your prompt consideration of our request to appoint a Select Committee on Welfare, with subpoena power, would be appreciated.

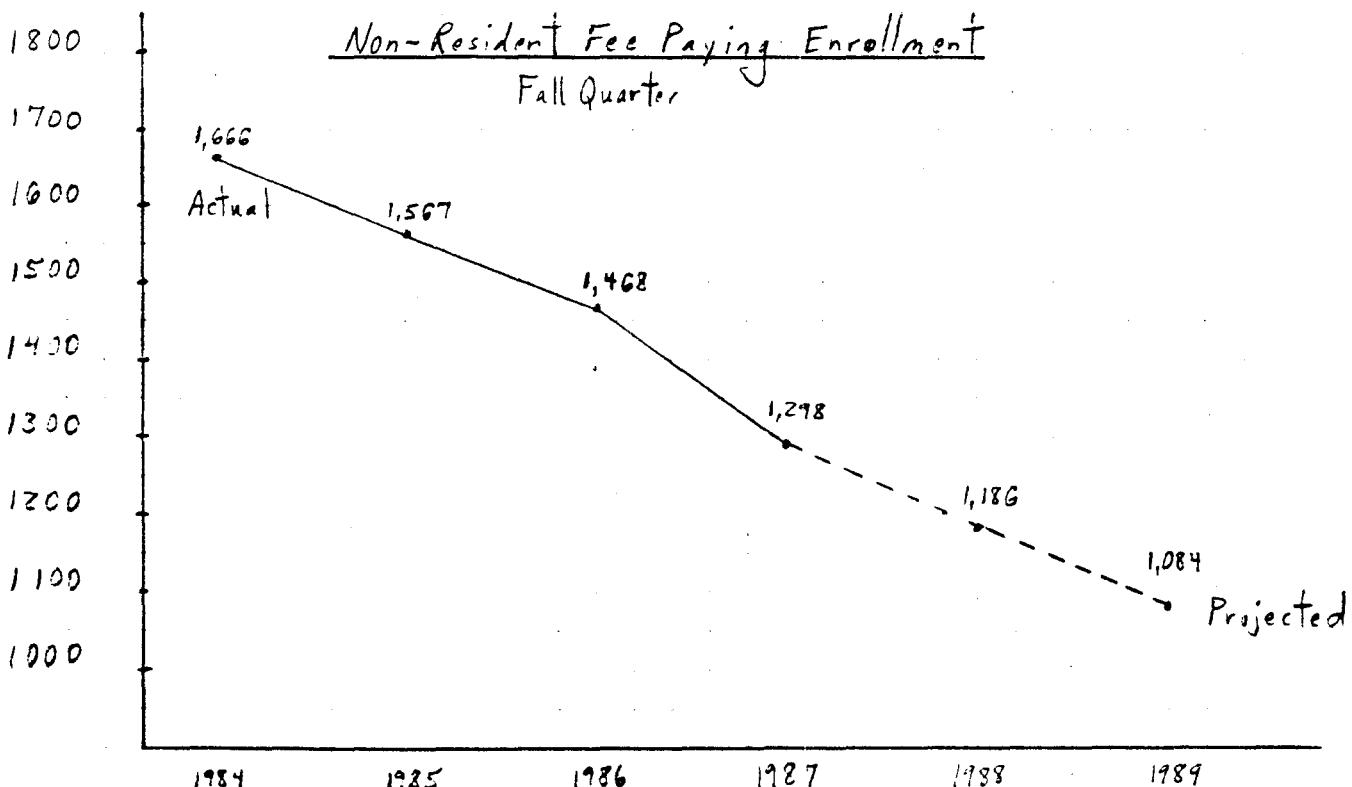
2/24/87
3
3-12-87

University of Montana
UofM / LFA Non-Resident Tuition Comparison

Non-Resident Tuition Revenue

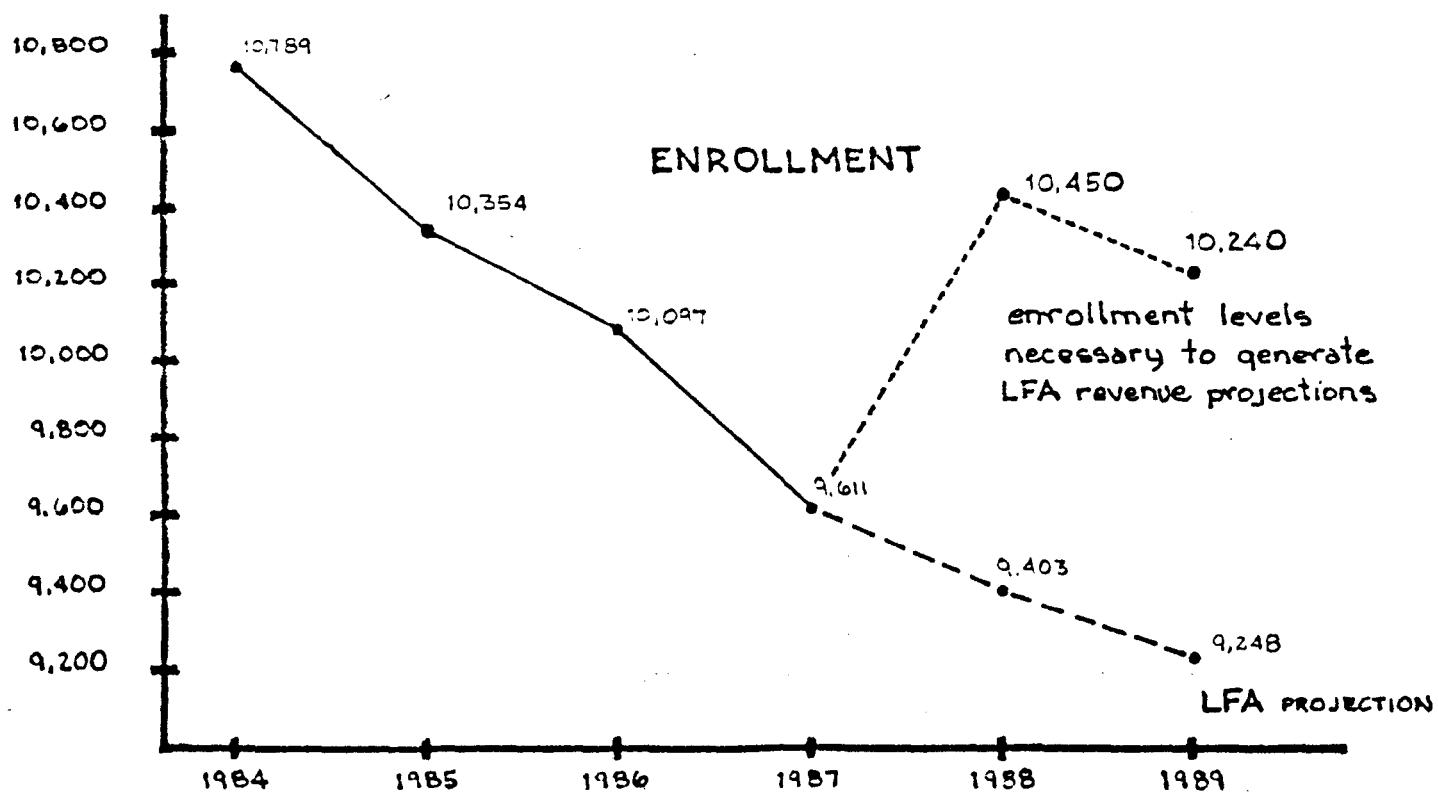
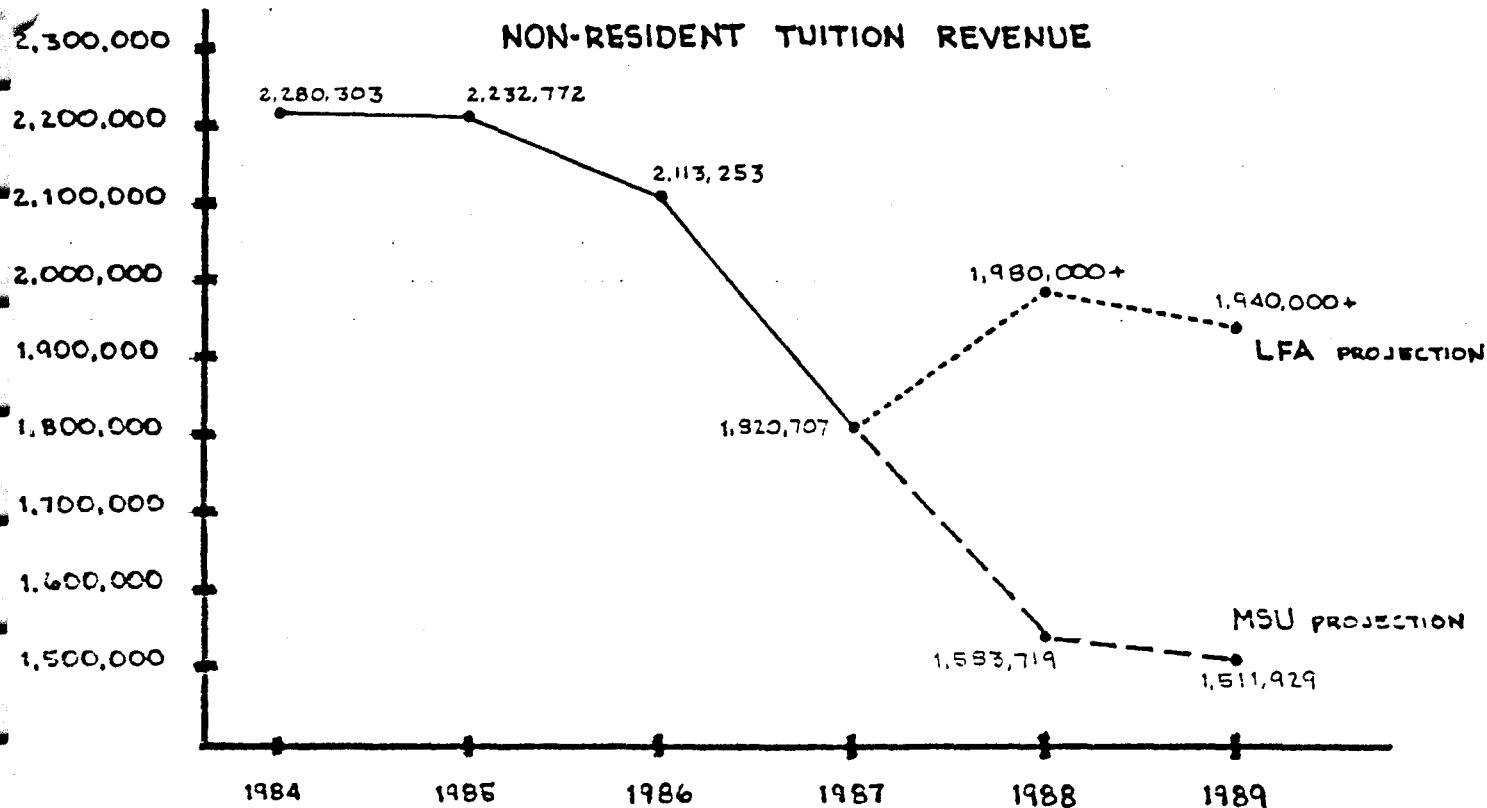


Non-Resident Fee \$ 1,476 \$ 1,620 \$ 1,692 \$ 1,746 \$ 1,746 \$ 1,746

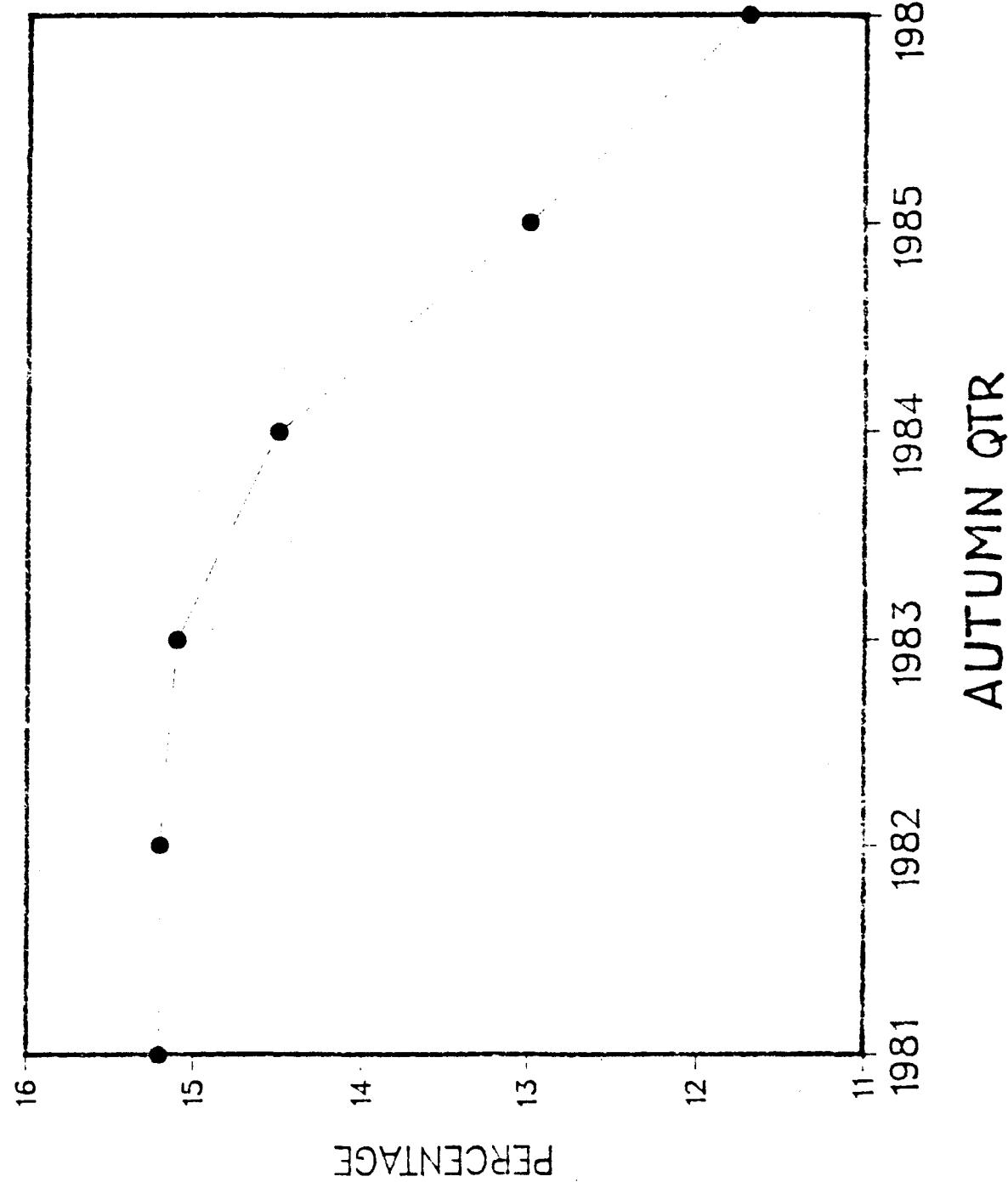


E-
3-12-87
2

MONTANA STATE UNIVERSITY
MSU/LFA NON-RESIDENT TUITION COMPARISON



NON-RESIDENT ENROLLMENT
MSU FALL QUARTER 1981-86



DATE 3-12-85
HB 2

1. The Board of Regents shall: 1) by July 1, 1988 develop a computerized personnel system for all agencies under its control, except the community colleges, which a) compares the amount expended by position to the amount budgeted for each position, b) shows the benefits expended, and c) codes the job assignment(s) of each person; 2) by July 1, 1987 have the university system utilize the statewide budgeting and accounting system in a manner which accurately reflects expenditures at the third level; and 3) by July 1, 1988 develop a computerized class enrollment system.

JR2:kj:br3-3.

UNIVERSITY SYSTEM - SIX UNITS

Modified Requests: (Addendum)

6. Instruction Program Supplement - Funding of \$456,470 in fiscal 1989 was added to the Instruction Program budget for Montana State University for phasedown funding to soften the effects of declining enrollment. The \$456,470 represents the net effect to the general fund budget if 9,403 FTE enrollment were used in fiscal 1989. This is 155 FTE higher than the 9,248 FTE projected for fiscal 1989.

7. Base Enrollment - An enrollment of 1,550 FTE for MCMST was established as a base enrollment level required to maintain the speciality mining and engineering technology programs. This is 66 more FTE in fiscal 1988 and 194 more FTE in fiscal 1989 than projected. This results in a budget increase of \$277,962 in fiscal 1988 and \$817,898 in fiscal 1989. Of this increase, \$201,789 in fiscal 1988 and \$593,995 in fiscal 1989 is general fund. The other revenue is tuition and fees.



Neighborhood Center
Basement
201 South Last Chance *Oleh*
Helena, Montana 59601
Telephone (406)449-6990

3-12-87

P R O J E C T W O R K P R O G R A M

11 March 1987

PROJECT WORK PROGRAM COMPARISON: JOB SEARCH VS JOB SEARCH WITH COUNSELING AND TRAINING

(based on data and trends experienced in Lewis and Clark County, July, 1986 thru March, 1987)

A counseling and training job search program design would include:

1. greater evaluation of client employment potentials and barriers: chemical dependency, functional illiteracy and psychological problems,
2. more counseling and education that would address and remove various client employment barriers,
3. comparable job search training and activities,
4. emphasis on a quality, humanitarian approach to solving the problems and securing employment for the unemployed.

While the cost per enrollee would be higher in a counseling and training job search program (estimated at 60% higher per enrollee or \$500 as opposed to \$300), the long-term benefits and cost savings greatly outweigh the short-term costs. The benefits and savings include:

1. higher placement rates (50% vs 45%),
2. higher employment retention rates (70% vs 50%),
3. lower program costs per placement,
4. employment offering greater benefits, including more medical coverage and employment which is more permanent,

5. greater state tax contribution,
6. greater reduction in General Assistance and state medical costs,
7. clients gain greater self-esteem and employability as their employment barriers are meaningfully addressed and overcome.

Where the barriers remain, so too will the chronic unemployment and continual welfare payments. Where the barriers are removed, meaningful employment is gained, long run welfare costs go down and those who had needed assistance now contribute to Montana's economy and tax base.

Do we send out a Project Work client now able to write a resume, fill out an application form and undergo an interview, i.e., able to search for a job, yet still unable to read a newspaper, confront his chemical dependency and keep his job once he has acquired it?

DATE 3-12-87

HB 2

11 March 1987

PROJECT WORK: A program of employment counseling,
training and search for general assistance recipients
the Lewis and Clark County approach
Prepared by Rodney Frey

Goals:

1. Secure employment for GA recipients
2. Reduce GA expenditures

Why are these Montanans unemployed? (44% clients have resided in Montana for 11 or more years, 80% clients have resided in Montana for 2 or more years)

1. state of economy and the local job market
2. circumstances/problems acquired by clients

Evaluation of PWP clients finds:

1. many job ready - no identifiable employment barrier
2. 40% score at a 7th grade level or less on Test of Adult Basic Education - illiteracy
3. majority clients are victims of child abuse
 - high percentage of female clients are sexual assaulted as children.
 - most clients are identified as adult children of alcoholics
4. 76% are alcohol dependent - while a quarter of that total are recovering alcoholics, many more are seriously impaired by the disease
5. low self-image and self-esteem
6. yet clients desire employment - middle-class values

What is to be done: three options?

1. continue GA without job training and job search
 - =increase in welfare expenditures
 - =create a population dependent on welfare
2. GA and job search
 - =short run GA expenditure savings, i.e., savings from non-participation and job placement via HB 12
 - =long run GA expenditure increase, i.e., failure to address important causes of unemployment, resulting in clients back on welfare
3. a) GA with job search and employment counseling and training, i.e., address barriers and render clients more employable.

=short run expenditure increase i.e., program costs
=long run expenditure decrease, i.e., permanent employment/higher placement rate

The Lewis and Clark County Project Work design (option 3)

1. local county Task Force design and operation
2. extensively evaluate employability (literacy, substance abuse, child abuse, aptitude, interest)
3. mental health, motivational and chemical dependency counseling
4. basic education instruction
5. job seeking skills instruction
6. workfare experience
7. client sovereignty-participation in county Task Force decision making
8. employment incentive/peer group role model; consultant fee of \$50 after gaining employment
9. cost per enrollee: \$500
10. purpose:
 - increase consultant fee to \$250
 - continue state medical coverage up to six (6) months or until additional insurance is available after employment
 - coordinate and consolidate with existing job training programs, e.g., displaced homemakers and JTPA, to better utilize resources, staff and facilities

Fiscal impact comparison between 3 options (hypothetical model)

-comparison: GA, job search and job search/training options (12 month, 120 client, all enrolled are terminated, short run cycle)

1.	<u>GA payments</u> (@ \$212 GA and \$220 average state medical per month per client or \$432) -expense: - 120 clients (4 month average on GA) TOTAL:	\$ 207,360
2.	Job Search Program/GA payments (HB 12, option a, @ \$300 year plus \$432 mon. per client, 5 mon. average on GA) savings: - 40 non-participants (@ 33 % no show rate) = 86,400 - 36 placements (3 mon. in program @ 45% placement rate, two mon. savings) = 31,104	
	TOTAL:	= \$117,504

Option 2 (continued)

expenses: 44 clients for 5 mon. =	108,240
36 clients for 3 mon. (placements) =	56,656
18 clients for 3 mon. (return after 2 mon. on job, 50% retention rate, re-enroll) =	28,728
 TOTAL:	\$193,624
- net expenses (program, GA, medical)	\$76,120
- net savings over 1.	<u>\$131,240</u>

Summary

- program budget: \$29,400
- enrollment: 98
- cost per enroll: \$300
- placements: 36
- placement rate: 45%
- retention (90 days): 18
- retention rate: 50%
- net placements: 18
 - cost per placements: \$1,633
 - state tax contribution for first year of employment (\$4.20 an hour wage with one deduction): \$3,552
 - total net savings over option 1 (Program costs + GA-medical savings + tax contribution): \$134,792

3. Job Training and Search Program/GA payments (HB 12, option b, @ \$500 year plus \$432 mon. per client)

savings: -40 non-participants =	86,400
-40 placements (3 mon. in program @ 50% rate) =	34,560
 TOTAL:	\$120,960

expenses:- 40 clients for 5 mon. =	106,400
- 40 clients for 3 mon. =	71,840
- 12 clients for 3 mon. (70% retention rate) =	21,552
 TOTAL	\$199,792
-net expenses	\$ 78,832
-net savings over 1.	<u>\$128,528</u>
-net costs over 2.	<u>\$ 2,712</u>

Summary

- program budget: \$46,000
- enrollment: 92
- cost per enroll: \$500
- placements: 40
- placement rate: 50%
- retention (90 days): 32
- retention rate: 70%
- net placements: 32
 - cost per placements: \$1,437
 - state tax contribution for first year of employment: \$6,315
 - total net savings over option 1: \$134,843
 - total net savings over option 2: \$ 51

The job training and search option offers General Assistance recipients a more humanitarian program, the opportunity to have their entire lives positively and permanently uplifted, more meaningful employment and a program which more efficiently uses their entitlement funds.

With each succeeding year, option 3 will offer significantly greater cost benefits to the state of Montana over option 2 as fewer individuals depend on welfare (GA and state medical), and more employed citizens contribute to the state's economy and tax base.

Tentative findings for Lewis and Clark County (empirical data)

1. placements first 5 months of PWP (not significantly impacted by counseling/training), are over 50% have not retained jobs after 90 days and most are back on GA
2. impact of counseling/training in conjunction with job search (comparison of first 6 months of program with last 2 months)
 - a. placement rates increased (in January and February placement numbers equaled to all clients placed first six months, or from 20% to 50% entered employment placement rate)

- b. as placement rates go up, costs per placement goes down (cut in half or from \$3,880 to \$1,500 cost per placement)
- c. jobs are at a higher wage with more benefits such as medical coverage (doubled number of jobs with medical coverage) and tend to be more permanent (clients not returning to welfare)

3. Bottom line

- where the barriers remain, so too will the chronic unemployment and continual welfare payments
- where the barriers are removed, meaningful employment is gained, long run welfare costs go down and those who had needed assistance now contribute to Montana's economy and tax base.

Do we send out a Project Work client now able to write a resume, fill out an application form and undergo an interview, i.e., able to search for a job, yet still unable to read a newspaper, confront his chemical dependency and keep his job once he has acquired it?

Give Lewis and Clark County and the other countys the opportunity to truely test their various approaches to HB 12.

you allowed us a start - allow us to continue and complete the experiment.

to judge the success or failure of a program only after 6 months operation is rather premature.

Lewis and Clark County's approach closely fulfills the original intent of HB 12

"develop job search, training and work programs"
"improve the work habits and job finding skills of recipients"
"efforts to address barriers to employment"
"program include ...remedial education ...counseling"

11 March 1987

LEWIS AND CLARK COUNTY PROJECT WORK

STRENGTHS:

1. Multi-agency (Human Services, Job Service, Career Training Institute, Rocky Mountain Development Council, Adult Learning Center, Helena Industries, County).
=best professional expertise, offering full range of specialized services.
2. Active Task Force, i.e., local and continual input.
=greater sensitivity to program design and operation, and to client needs and concerns.
3. Program staff and philosophy
=humanitarian approach and encourage client sovereignty.
4. Program design and philosophy.
=wholistic approach, i.e., attempt to resolve and alter core problems relating to client world view as well as specific employment barriers (job search skills, illiteracy, substance abuse, childhood experience, motivation).
5. Program staff, design and philosophy.
=attention to individual client needs and flexibility to meet those needs.
6. Neighborhood Center (Phase I, II & III) with Adult Learning Center, Job Service, Human Services and workfare sites.
=operational proximity.
7. Program design.
=increased employment placement and retention rates.
=employment placements have more benefits and tend to be more permanent.
=reduces dependency on state assistance and costs for GA and state medical payments.
=increases state tax base and economic growth.
8. Program design and philosophy.
=increases client self-esteem and opportunity to realize goals.



DEVELOPMENTAL DISABILITIES PLANNING AND ADVISORY COUNCIL

25 South Ewing - Room 506, Helena, MT 59620

(406) 449-8325

March 9, 1987

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
Representative Gene Donaldson, Presiding

In the matter of HB 2, General Appropriations Act of 1987, Dept Social and Rehabilitation Services, Developmental Disabilities Division Modified Request for a Specialized Services and Support Organization)	STATEMENT OF THE MONTANA STATE DEVELOPMENTAL DISABILITIES PLANNING AND ADVISORY COUNCIL
--	---	---

Purpose of the Council

The Montana State Developmental Disabilities Planning and Advisory council is a citizen-based advisory group. Its 22 members, appointed by the Governor of the State of Montana, provide a forum for consumer and professional involvement in planning and advocating quality of life issues for persons with developmental disabilities. The Council administers federal funds, paid to the State of Montana, to make a significant contribution toward strengthening services for persons with developmental disabilities.

History of Council's Support of This Modified Request

For the past 18 months, the Council has supported and participated in the work of the Developmental Planning Task Force. The work of that group produced a set of findings and recommendations for changes and improvements to the State's array of services and programs for persons with developmental disabilities. Based on the recommendation to "...fill gaps that exist in the array of DD services.", the Developmental Disabilities Division developed a proposal for the establishment of services and facilities (Specialized Services and Support Organization [SSSO]) to serve adults with severe developmental disabilities. This proposal, in a modified form, will come before the House Appropriations Committee for consideration as part of HB 2.

Council's Position on HB 2 and the SSSO

The Council, as a mandated advocacy and planning organization, supports the inclusion of the modified SSSO proposal in HB 2. Such an appropriation will enable the State of Montana, through its Developmental Disabilities Division, to respond to the needs of adults with severe disabilities, in greatest need, who are not now adequately receiving beneficial, tax-supported developmental services and programs.

END

DATE 3-12-87
2

Montana Senior Citizens Assn., Inc.

WITH AFFILIATED CHAPTERS THROUGHOUT THE STATE

P.O. BOX 423 - HELENA, MONTANA 59624



(406) 443-5341

Chairman, Committee Members,

My name is Elsie Lathan Lee; I am President of the Montana Senior Citizens Association, an organization that represents approximately 7,000 seniors.

I would like to bring to your attention services discussed on page 21.
Eliminating eyeglasses, hearing aids and dentures from the Medicaid program will have a devastating effect on the quality of life for a large number of Montana's low-income senior citizens--and they are the group that will be most discriminated against by these cuts.

Your actions on this are being watched closely. We urge you to reinstate the funding for these very basic needs. Thank you.

March 12, 1987

1. Page B-6

Strike: Lines 5 through 8.

Insert: "The human rights division may ask for a budget amendment of federal funds received for case processing and related travel up to \$9,607 in fiscal 1988 and \$9,593 in fiscal 1989. Any federal funds received for case processing and related travel in excess of \$105,607 in fiscal 1988 and \$105,593 in fiscal 1989 shall cause a like reversion of general fund.

Explanation: This amendment replaces existing language reverting additional federal funds received by the human rights division for current level operations to the general fund, and allows the division to add some federal funds received for current operations before reversion of general fund will occur.

DIVISION OF WORKERS' COMPENSATION

OUTGOING MAIL ISSUE

OPTION 1 - Division continues to process its own outgoing mail as is presently being done. State Auditor mails medical and compensation warrants and Division reimburses Auditor for postage cost. State Auditor must add .5 FTE - General Fund Cost.

OPTION 2 - Department of Administration processes all of Division's outgoing mail using pre-sort function. State Auditor will insert checks into envelopes. State Auditor must add .5 FTE - General Fund Cost. Department of Administration must add partial FTE, with cost to be recovered through charge to Workers' Compensation.

OPTION 3 - Workers' Compensation processes all outgoing mail using pre-sort function.

	<u>OPTION 1</u>	<u>FY '88</u>	<u>OPTION 2</u>	<u>OPTION 3</u>		<u>OPTION 1</u>	<u>FY '89</u>	<u>OPTION 2</u>	<u>OPTION 3</u>
Postage	\$205,335	\$176,328	\$178,989			\$213,827	\$183,516	\$186,304	
.5 FTE (State Auditor)	7,156	7,156	-0-			7,129	7,129	-0-	
D of A charge		30,857		109			32,115		109
Travel to Post Office				109					
Mtc. on mailing equipment	<u>3,097</u>	<u>3,097</u>	<u>3,097</u>			<u>3,097</u>	<u>3,097</u>	<u>3,097</u>	
TOTAL COST	<u>\$215,588</u>	<u>\$217,438</u>	<u>\$182,195</u>			<u>\$224,053</u>	<u>\$225,857</u>	<u>\$189,510</u>	
FUNDING:									
General Fund	\$ 7,156	\$ 7,156	\$			\$ 7,129	\$ 7,129	\$	
State Special Revenue	<u>208,432</u>	<u>210,282</u>	<u>182,195</u>			<u>216,924</u>	<u>218,728</u>	<u>189,510</u>	
TOTAL COST	<u>\$215,588</u>	<u>\$217,438</u>	<u>\$182,195</u>			<u>\$224,053</u>	<u>\$225,857</u>	<u>\$189,510</u>	

CONCLUSION: Option 3 is more cost beneficial, with no General Fund impact.

ACTION NEEDED ON WORKERS' COMPENSATION BUDGET

If Outgoing Mail Option 1 is Approved:

FY 1988

	<u>Budget Needed</u>	<u>Sub-Committee Action</u>	<u>Still Needed</u>
ADMINISTRATION PROGRAM:			
Communications (Postage)	\$ 15,334	\$ 15,334	\$ -0-
Repairs & Maintenance	3,097	-0-	3,097
STATE FUND:			
Communications (Postage)	150,112	116,575	33,537
INSURANCE COMPLIANCE:			
Communications (Postage)	33,965	33,965	-0-
SAFETY:			
Communications (Postage)	<u>5,923</u>	<u>5,923</u>	<u>-0-</u>
Total	<u>\$208,431</u>	<u>\$171,797</u>	<u>\$ 36,634</u>

FY 1989

	<u>Budget Needed</u>	<u>Sub-Committee Action</u>	<u>Still Needed</u>
ADMINISTRATION PROGRAM:			
Communications (Postage)	\$ 15,334	\$ 15,334	\$ -0-
Repairs & Maintenance	3,097	-0-	3,097
STATE FUND:			
Communications (Postage)	158,605	122,072	36,533
INSURANCE COMPLIANCE:			
Communications (Postage)	33,965	33,965	-0-
SAFETY:			
Communications (Postage)	<u>5,923</u>	<u>5,923</u>	<u>-0-</u>
Total	<u>\$216,924</u>	<u>\$177,294</u>	<u>\$ 39,630</u>

Must also add .5 FTE to State Auditor's budget - General Fund cost of \$7,156 in '88 and \$7,129 in '89.

ACTION NEEDED ON WORKERS' COMPENSATION BUDGET

If Outgoing Mail Option 2 is Approved:

FY 1988

	<u>Budget Needed</u>	<u>Sub-Committee Action</u>	<u>Still Needed</u>
ADMINISTRATION PROGRAM:			
Communications (Postage)	\$ 14,742	\$ 15,334	\$ (592)
Repairs & Maintenance	3,097	-0-	3,097
STATE FUND:			
Communications (Postage)	152,849	116,575	36,274
INSURANCE COMPLIANCE:			
Communications (Postage)	33,902	33,965	(63)
SAFETY:			
Communications (Postage)	<u>5,694</u>	<u>5,923</u>	<u>(229)</u>
Total	<u>\$210,284</u>	<u>\$171,797</u>	<u>\$ 38,487</u>

FY 1989

	<u>Budget Needed</u>	<u>Sub-Committee Action</u>	<u>Still Needed</u>
ADMINISTRATION PROGRAM:			
Communications (Postage)	\$ 14,742	\$ 15,334	\$ (592)
Repairs & Maintenance	3,097	-0-	3,097
STATE FUND:			
Communications (Postage)	161,293	122,072	39,221
INSURANCE COMPLIANCE:			
Communications (Postage)	33,902	33,965	(63)
SAFETY:			
Communications (Postage)	<u>5,694</u>	<u>5,923</u>	<u>(229)</u>
Total	<u>\$218,728</u>	<u>\$177,294</u>	<u>\$ 41,434</u>

Must also add .5 FTE to State Auditor's budget - General Fund cost of \$7,156 in '88 and \$7,129 in '89.

ACTION NEEDED ON WORKERS' COMPENSATION BUDGET

If Outgoing Mail Option 3 is Approved:

FY 1988

	<u>Budget Needed</u>	<u>Sub-Committee Action</u>	<u>Still Needed</u>
ADMINISTRATION PROGRAM:			
Communications (Postage)	\$ 12,769	\$ 15,334	\$ (2,565)
Repairs & Maintenance	3,097	-0-	3,097
STATE FUND:			
Communications (Postage)	132,076	116,575	15,501
INSURANCE COMPLIANCE:			
Communications (Postage)	29,212	33,965	(4,753)
SAFETY:			
Communications (Postage)	<u>4,932</u>	<u>5,923</u>	<u>(991)</u>
Total	<u>\$182,086</u>	<u>\$171,797</u>	<u>\$ 10,289</u>

FY 1989

	<u>Budget Needed</u>	<u>Sub-Committee Action</u>	<u>Still Needed</u>
ADMINISTRATION PROGRAM:			
Communications (Postage)	\$ 12,769	\$ 15,334	\$ (2,565)
Repairs & Maintenance	3,097	-0-	3,097
STATE FUND:			
Communications (Postage)	139,392	122,072	17,320
INSURANCE COMPLIANCE:			
Communications (Postage)	29,212	33,965	(4,753)
SAFETY:			
Communications (Postage)	<u>4,932</u>	<u>5,923</u>	<u>(991)</u>
Total	<u>\$189,402</u>	<u>\$177,294</u>	<u>\$ 12,108</u>

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986 Actual	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	229.25	245.50	226.75	227.75	245.25	226.75	227.75	-1.50
Personal Services	\$ 6,379,650	\$ 6,884,238	\$ 6,413,603	\$ 6,269,194	\$ 6,882,637	\$ 6,415,575	\$ 6,271,109	-1.73
Operating Expenses	4,762,706	10,115,010	4,933,014	5,644,306	11,042,382	4,908,859	5,365,663	18.51
Equipment	252,262	324,574	145,088	296,720	172,197	74,164	69,117	17.62
Non-Operating	10,587,398	8,709,085	8,674,159	11,205,101	8,935,939	8,910,675	11,431,882	5.83
TOTAL EXPENSES	\$21,982,016	\$26,032,907	\$20,165,864	\$23,415,321	\$27,033,155	\$20,309,273	\$23,137,771	6.52
FUNDING								
General Fund	\$ 3,853,795	\$ 3,751,227	\$ 3,506,769	\$ 3,322,568	\$ 3,712,500	\$ 3,450,635	\$ 3,286,238	-13.78
State Special Rev	1,774,247	2,501,633	2,290,662	2,531,201	2,178,239	2,331,234	2,152,182	42.66
Federal Revenue	16,347,574	19,780,047	14,368,433	17,561,552	21,142,416	14,527,404	17,699,351	7.43
Other Revenue	6,400	0	0	0	0	0	0	-100.00
TOTAL FUNDING	\$21,982,016	\$26,032,907	\$20,165,864	\$23,415,321	\$27,033,155	\$20,309,273	\$23,137,771	6.52

Program Description: The Department of Health and Environmental Sciences is responsible for promoting and protecting the health of Montanans. It is currently composed of four divisions: 1) the Director, 2) Centralized Services, 3) Environmental Sciences, and 4) Health Services and Medical Facilities. The department has reorganized in the 1989 biennium. The narrative that follows incorporates this reorganization.

Language in Bill: The total appropriation for the department includes \$1,897,421 in fiscal 1988 and \$1,897,421 in fiscal 1989 of the Maternal and Child Health Block Grant. To the extent revenues from this grant exceed these amounts, it shall be distributed to counties at the discretion of the director of the department of health based upon identifiable needs. To the extent revenues from this grant are less than these amounts, distributions to the counties shall be reduced.

The total appropriation for the department includes \$632,187 in fiscal 1988 and \$632,187 in fiscal 1989 of the Preventive Health Block Grant. To the extent revenues from this grant exceed these amounts, it shall be distributed at the discretion of the director of the department of health based upon identifiable needs. To the extent revenues from this grant are less than these amounts, the director of the department of health shall make program reductions.

If federal revenues exceed the amounts budgeted, the department may submit a budget amendment to include additional federal spending authority unless specifically prohibited by legislative action.

State and federal funds appropriated in item — through — include internal transfers of indirect charges. The amount of indirect charges collected for internal use by the department of health in excess of \$390,000 in fiscal 1988 and \$390,000 in fiscal 1989 for current programs shall cause a like reversion of general fund.

Budget: All programs of the department except the general funded programs, contribute to the administrative costs of the department of health via the indirect cost pool. The department negotiates a rate with the federal government, which is then applied to the personal services costs of all state revolving accounts and all federal funds, excluding block grants and National Center for Health Statistics funds. A portion of these charges are available to the department to offset certain central administrative costs, with the remainder deposited to the general fund. Centralized Services Division Administration and a portion of the Support Services Bureau are currently funded with indirect charges. Prior to fiscal 1988, indirect charges were made directly on funding sources. These charges were not budgeted for, nor did they appear as expenses. These charges will now appear in each of the contributor program's budgets. The following table shows the indirect charges added to the budget in fiscal 1988 and 1989 by program.

Table 1
Indirect Costs

Division/Program	Fiscal 1988	Fiscal 1989
Centralized Services		
Support Services	\$ 5,127	\$ 5,112
Records and Statistics	9,498	7,850
Chemistry Laboratory	16,085	16,145
Microbiology Laboratory	22,837	22,984
Environmental Sciences		
Administration	13,151	13,157
Solid and Hazardous Waste	72,994	73,023
Air Quality	49,210	48,886
Water Quality	114,998	115,237
Health Services and Medical Facilities		
Family/Maternal and Child Health	54,524	54,522
Preventive Health	19,115	19,141
Licensing and Certification	<u>29,991</u>	<u>30,000</u>
Total Current Programs	<u>\$407,530</u>	<u>\$406,057</u>
Modified Budgets		
Superfund	\$ 10,685	\$ 10,658
Underground Storage Tanks	5,552	5,544
Wastewater Operators	737	1,473
Permit Tracking	1,090	-0-
Women, Infants and Children	2,212	2,208
AIDS	7,092	7,082
Licensing and Certification	<u>16,500</u>	<u>16,479</u>
Total Modifieds	<u>\$ 43,868</u>	<u>\$ 43,444</u>
TOTAL AGENCY	<u>\$451,398</u>	<u>\$449,501</u>

A detailed summary of the budgets of the various bureaus of the department is included in the narrative that follows.

Funding: State special revenue is comprised of several sources, including: 1) vital statistics income; 2) laboratory fees; 3) junk vehicle fees; 4) Resource Indemnity Trust (RIT) interest; 5) wastewater operator license fees; 6)

subdivision review fees; 7) local board inspection fees; and 8) emergency medical technician fees. Each is discussed in the narrative that follows.

The department receives two federal block grants: 1) the Preventive Health Block Grant and 2) the Maternal and Child Health Block Grant. The following table shows actual expenditures of the Preventive Health Block Grant in fiscal 1986, the appropriated fiscal 1987 level, and the 1989 biennium budgeted levels.

Table 2
Preventive Health Block Grant

<u>Object</u>	<u>Fiscal 1986</u>	<u>Fiscal 1987</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Grant Award, carryover	\$604,601*	\$632,061	\$632,187	\$632,187
Director				
Rape Crisis	\$ 11,970	\$ 11,970	\$ -0-	\$ -0-
Administration	43,557	48,645	48,645	48,645
Support Services				
Microbiology Lab				
Health Services Medical Facilities	32,950	34,000	54,655	55,834
Administration				
Risk Reduction	9,878	10,168	10,168	10,168
Family Planning	47,869	49,257	48,218	48,315
Dental	193,430	201,961	202,015	202,017
Perinatal	-0-	15,000	18,318	18,455
EMS	96,529	56,205	70,012	68,670
Rape Crisis	168,418	204,855	168,186	168,113
	-0-	-0-	11,970	11,970
Total Disbursements	\$604,601=	\$632,061	\$632,187	\$632,187

* As of fiscal year end 1986.

The following table illustrates actual fiscal 1986, appropriated fiscal 1987, and budget 1989 biennium levels of the Maternal and Child Health Block Grant.

Table 3
Maternal and Child Health Block Grant

<u>Object</u>	<u>Fiscal 1986</u>	<u>Fiscal 1987</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Grant Award, carryover	\$1,980,759*	\$1,920,679	\$1,897,421	\$1,897,421
Director				
Administration	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Grants to Counties	824,664	685,599	-0-	-0-
Health Services Medical Facilities				
Administration	23,047	23,727	23,727	23,727
Nursing	27,314	28,000	-0-	-0-
Family Planning	27,268	29,000	29,000	29,000
Clinical Administration	98,789	80,634	105,000	105,000
Handicapped Children	797,536	843,691	866,119	865,215
Dental	57,997	43,000	43,000	43,000
Grants to Counties	-0-	-0-	662,587	667,245
Perinatal	94,144	157,028	137,988	134,234
Total	\$1,980,759	\$1,920,679	\$1,897,421	\$1,897,421

* As of fiscal year end 1986.

The department of health receives several federal funds, as illustrated in the following table. Federal revenue consists of federal grants as well as several other sources, including fees and indirect charges.

Table 4
Department of Health - Federal Funds

Federal Fund	Fiscal 1988	Fiscal 1989
Maternal and Child Health Block Grant	\$ 1,897,421	\$ 1,897,421
Preventive Health Block Grant	632,187	632,187
Legal Fees	15,164	4,080
Indirect Costs	390,000	390,000
Data Processing Fees	39,014	36,016
Film Library Fees	16,998	17,996
National Center for Health Statistics	69,435	69,435
EPA Hazardous Waste	286,565	287,324
EPA Underground Storage Tanks	136,426	105,143
EPA Superfund	1,516,120	1,516,123
State Lands	54,506	53,999
EPA Air Quality	625,405	625,722
EPA Safe Drinking Water	316,739	316,929
EPA Water Pollution Control	568,249	560,814
EPA Construction Grants	357,344	356,756
EPA Water Quality Management	100,000	100,000
Child Nutrition	2,664,406	2,662,436
Women, Infants and Children	6,340,527	6,532,001
Title XX Family Planning	808,244	808,244
Immunization	267,810	267,918
Sexually Transmitted Diseases	76,267	76,356
Rabies Vaccine	48,661	48,828
Title XIX Medicaid	134,025	133,849
Title XVIII Medicare	200,039	199,774
Total Agency	\$17,561,552	\$17,699,351

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: DIRECTOR'S DIVISION

BUDGET ITEM	FY 1986 Actual	Executive	Current Level	Subcommittee	Fiscal 1988	Current Level	Subcommittee	Fiscal 1989	Current Level	Subcommittee	FY 86-88 % Change
FTE	11.00	10.00	10.00	10.00	\$361,067	\$361,275	\$361,275	\$361,037	\$361,251	\$361,251	-1.00
Personal Services	\$388,927				56,507	62,224	56,267	56,271	62,671	56,031	-7.11
Operating Expenses	69,110				1,024	12,284	4,000	12,284	1,200	0	-18.58
Equipment											1099.61
TOTAL EXPENSES	\$459,061				\$429,858		\$427,499	\$429,826		\$418,482	-6.37
<hr/>											
FUNDING											
General Fund	\$335,503		\$335,500		\$336,017		\$335,323		\$347,921		\$335,757
Federal Revenue	73,558		94,269		74,000		93,809		83,185		82,725
TOTAL FUNDING	\$459,061				\$429,858		\$427,499	\$429,826		\$418,482	-6.37

Program Description: The Director's Division is responsible for overall management and program support for the Department of Health and Environmental Sciences. The Director's Office coordinates and provides policy development and administration for the department. The Board of Health advises the department in matters concerning the public health. Legal Services provides all aspects of legal representation to the department.

Budget: A 1.0 FTE information officer position was deleted due to no fiscal 1987 pay plan funding and the Special Session III budget cuts.

The reductions in operating expenses of 18.58 percent is cumulatively the result of the following: 1) legal expenses of the family planning lawsuit totaling \$14,151 were deleted, 2) one-time contracts totaling \$7,875 were eliminated, 3) legal expenses of the Board of Health were increased \$3,068 each year, 4) per diem and travel expenses for the Board of Health were increased \$1,508 each year, and 5) Westlaw research expenses of \$2,880 each year were added to the Legal Unit. The remainder of the difference is due to miscellaneous adjustments.

Equipment consists of computer equipment and software for the Legal Unit.

Funding: General fund declines 12.84 percent due to the reduction in FTE, contracts, and legal expenses, and the Board of Health expenditure increase. In addition to a portion of the Director's Office, general fund provides sole support for the Board of Health and the Legal Unit, with the exception of Westlaw and computer purchases.

Federal funds consist of Preventive Health and Maternal and Child Health Block Grants totaling \$78,645 in fiscal 1988 and \$78,645 in fiscal 1989, and legal fees to fund the computer purchases and Westlaw expenses in the Legal Unit, totaling \$15,164 in fiscal 1988 and \$4,000 in fiscal 1989. It is the intent of the committee that Westlaw expenses be funded with 50 percent legal fees and 50 percent general fund in future biennia.

The following table illustrates the Director's Division, and each component and its funding.

Table 5
Director - Components and Funding
Fiscal 1988 and 1989

Component	General Fund	Fiscal 1988		Total Funds	General Fund	Fiscal 1989		Other Funds	Total Funds
		Other Funds	Total Funds			General Fund	Other Funds		
Director's Office	\$215,415	\$78,645	\$294,060		\$215,678	\$78,645		\$294,323	
Board of Health	10,045	-0-	10,045		10,045	-0-		10,045	
Legal Unit	<u>110,557</u>	<u>15,164</u>	<u>125,721</u>		<u>110,034</u>	<u>4,080</u>		<u>114,114</u>	
Total	<u>\$336,017</u>	<u>\$93,809</u>	<u>\$429,826</u>		<u>\$335,757</u>	<u>\$82,725</u>		<u>\$418,482</u>	

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES**LEGISLATIVE ACTION**
PROGRAM: CENTRALIZED SERVICES DIVISION - ADMINISTRATION

BUDGET ITEM	LEGISLATIVE ACTION			PROGRAM: CENTRALIZED SERVICES DIVISION - ADMINISTRATION		
	FY 1986 Actual	Fiscal 1988 Executive Current Level	Subcommittee	Executive Current Level	Fiscal 1989 Subcommittee	FY 86-88 % Change
FTE	3.00	3.00	3.00	3.00	3.00	0.00
Personal Services	\$ 104,865	\$ 94,793	\$ 94,847	\$ 94,657	\$ 94,711	-9.55
Operating Expenses	50,531	92,854	91,025	92,854	93,203	83.76
TOTAL EXPENSES	\$155,396	\$187,647	\$185,872	\$187,701	\$186,908	20.79
FUNDING						
General Fund	\$ 0	\$ 1,781	\$ 185,872	\$ 1,781	\$ 2,216	
Federal Revenue	155,396	185,866	0	185,920	48,573	185,698
TOTAL FUNDING	\$155,396	\$187,647	\$185,872	\$187,701	\$186,908	20.79

Program Description: The Centralized Services Division Administration office provides overall financial support to the department.

Budget: Operating expenses rise 83.76 percent due to a rise in Department of Administration insurance of \$39,020 and the addition of \$1,781 in fiscal 1988 and \$2,216 in fiscal 1989 in one-time data processing adjustments.

Funding: General fund funds the onetime data processing charges each year. The balance of the funding is provided by indirect charges made against federal and state special revenue funds in the contributor programs of the department.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: SUPPORT SERVICES BUREAU

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	FTE	Actual	Executive Current Level	Subcommittee	Executive Current Level	Subcommittee	Executive Current Level	Subcommittee	Executive Current Level	
Personal Services	\$421,251	\$373,299	\$372,123	\$373,479	\$373,785	\$372,646	\$374,015	\$374,015	\$374,015	-11.34
Operating Expenses	125,784	125,957	128,392	125,957	85,866	87,377	85,866	85,866	85,866	0.14
Equipment	7,247	3,300	13,000	3,300	0	0	0	0	0	-54.46
TOTAL EXPENSES	\$554,282	\$502,556	\$513,515	\$502,736	\$459,651	\$460,023	\$459,881	\$459,881	\$459,881	-9.30
FUNDING										
General Fund	\$145,877	\$239,277	\$ 93,656	\$242,644	\$204,000	\$ 93,826	\$201,567	\$201,567	\$201,567	65.24
State Special Rev	41,721	0	0	0	0	0	0	0	0	-100.00
Federal Revenue	366,684	263,279	419,859	260,092	255,651	366,197	258,314	258,314	258,314	-28.63
TOTAL FUNDING	\$554,282	\$502,556	\$513,515	\$502,736	\$459,651	\$460,023	\$459,881	\$459,881	\$459,881	-9.30

Program Description: The Support Services Bureau maintains the accounting system and provides centralized purchasing, mailroom, cashier, auditing, data processing, and word processing functions for the department and contains the film library.

Budget: A 1.0 FTE accounting clerk position was deleted and a 1.0 FTE word processing operator position was reduced to 0.5 FTE due to no fiscal 1987 pay plan funding and Special Session III budget cuts. In addition, 2.0 FTE are now included in the Microbiology Laboratory, as the FTE had provided support services to the lab prior to reorganization.

Operating expenses show only a slight increase over the fiscal 1986 level. This is the cumulative result of a number of changes, the primary factors being: 1) audit costs of \$40,800 were added, which is \$16,176 more than fiscal 1986 costs, 2) payroll service fees were increased \$2,783 to \$8,751, 3) \$14,054 was transferred to the Microbiology Laboratory, as the expenses had been incurred in administration of the lab, and 4) child nutrition program audit expenses totaling \$5,386 were moved to the Family/Maternal and Child Health Bureau, and 5) various one-time expenditures totaling \$7,935 were deleted. Operating expenses are reduced \$40,091 from fiscal 1988 to fiscal 1989 due to the audit expenses. Equipment consists of a computer for the Data Processing Unit.

Funding: All financial functions of the bureau had been funded with indirect charges in fiscal 1986. Two factors have resulted in a reduction in the amount of indirect charges that can be used to fund this function in the 1989 biennium: 1) the indirect rate has declined from 17.6 percent in fiscal 1986 to 13 percent in fiscal 1988, and 2) carryover funds were incorporated in the 1987 biennium. As a result, general fund, which provides that portion of the unit's funding not met by indirect charges, increases 65.24 percent. General fund support to the Financial Unit totals \$150,961 in fiscal 1988 and \$109,865 in fiscal 1989. General fund also completely supports the word processing functions of the bureau and totals \$91,683 in fiscal 1988 and \$91,702 in fiscal 1989.

State special revenue in fiscal 1986 consisted of lab income to support certain administrative functions transferred to the labs in the 1989 biennium.

Federal revenue in the table is made up from three sources: 1) indirect charges in the financial unit, which total \$204,080 in fiscal 1988 and \$204,302 in fiscal 1989, 2) data processing charges totaling \$39,014 in fiscal 1988 and \$36,016 in fiscal 1989, which fund the data processing unit, and 3) film library fees totaling \$16,998 in fiscal 1988 and \$17,996 in fiscal 1989, which support the film library.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

SUBCOMMITTEE/LEGISLATIVE ACTION

PROGRAM: RECORDS AND STATISTICS

BUDGET ITEM	FY 1986		Fiscal 1988		Fiscal 1989		FY 86-88 % Change	
	Actual	Executive Current Level	Subcommittee	Executive Current Level	Subcommittee	Level	Subcommittee	% Change
FTT	15.00	15.00	15.00	15.00	15.00	15.00	15.00	0.00
Personal Services	\$327,233	\$336,642	\$336,864	\$336,864	\$336,253	\$336,480	\$336,480	2.94
Operating Expenses	76,897	96,778	89,867	96,778	89,549	90,175	89,549	25.85
Equipment	28,857	7,131	5,460	7,131	0	0	0	-75.29
TOTAL EXPENSES	\$432,987	\$440,551	\$432,191	\$440,773	\$425,802	\$426,655	\$426,029	1.80
FUNDING								
General Fund	\$301,920	\$272,104	\$260,470	\$272,326	\$279,136	\$254,944	\$279,363	-9.80
State Special Rev	69,806	99,012	102,111	99,012	77,231	102,101	77,231	41.84
Federal Revenue	61,261	69,435	69,610	69,435	69,435	69,610	69,435	13.34
TOTAL FUNDING	\$432,987	\$440,551	\$432,191	\$440,773	\$425,802	\$426,655	\$426,029	1.80

Program Description: This bureau maintains the state's vital statistics system. The bureau also contains the Tumor Registry Program, which provides a registry of cancer patients in the state.

Language in Bill: Item — includes \$99,012 in fiscal 1988 and \$77,231 in fiscal 1989 of funds from the vital statistics account. To the extent revenues into the account exceed these amounts, it shall cause a like reversion of general fund. To the extent that the vital statistics account balance exceeds \$10,000 at fiscal year-end 1988 and 1989, it shall cause a like reversion of general fund.

Budget: Operating expenses rise 26 percent from fiscal 1986 to fiscal 1988 for the following reasons: 1) The bureau must train registrars in the use of new vital statistics forms in fiscal 1988. The forms are updated every ten years. As a result, \$8,878 has been added in fiscal 1988 to accomplish this task. 2) Maintenance contracts on computer equipment purchased in fiscal 1986 were increased by \$2,000. 3) Indirect costs of \$9,498 in fiscal 1988 and \$7,850 in fiscal 1989 were added. In addition, \$2,700 for the biennial cancer data report in Tumor Registry was added in fiscal 1989. Equipment consists of software and a microfilm reader/printer.

Funding: General fund is reduced 9.8 percent, as the bureau had one-time equipment purchases in fiscal 1986 of \$28,857. State special revenue consists of vital statistics income from the sale of birth and death certificate copies, as well as other documents. Approximately \$20,000 of the current fund balance is incorporated in fiscal 1988. Federal revenue consists of National Center for Health Statistics funds of \$69,435 in fiscal 1988 and fiscal 1989.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: CHEMISTRY LAB BUREAU

<u>BUDGET ITEM</u>	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>			<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>% Change</u>
	<u>FY 1986 Actual</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Fiscal 1989</u>				
FTE	6.00	6.00	6.00	6.00	6.00	6.00		6.00	0.00
Personal Services	\$175,410	\$178,169	\$178,282	\$178,282	\$178,958	\$178,958			1.64
Operating Expenses	60,107	86,447	84,096	86,447	86,569	87,971			43.82
Equipment	35,552	83,300	14,894	83,300	0	14,894		0	134.30
TOTAL EXPENSES	\$271,069	\$347,916	\$277,272	\$348,029	\$266,812	\$280,421			28.39
FUNDING									
General Fund	\$ 81,728	\$ 82,844	\$ 87,274	\$ 82,957	\$ 83,576	\$ 88,304			1.50
State Special Rev	189,341	265,072	189,998	265,072	183,236	192,117			40.00
TOTAL FUNDING	\$271,069	\$347,916	\$277,272	\$348,029	\$266,812	\$280,421			28.39

Language in Bill: Item — includes a biennial appropriation of \$83,300 for equipment purchases.

Program Description: The Chemistry Laboratory provides analytical and consulting services to various divisions within the department of health and other state agencies and conducts tests for private air and water samples.

Budget: Operating expenses rise 43.82 percent for the following reasons: 1) \$2,000 has been added to allow for proper disposal of hazardous wastes, 2) laboratory supplies were increased \$3,410, 3) maintenance contracts were increased \$2,424, and 4) indirect costs add \$16,085 in fiscal 1988 and \$16,145 in fiscal 1989. Inflation of laboratory supplies adds an additional \$2,118 in fiscal 1988 and \$3,722 in fiscal 1989. The remainder of the increase is primarily due to rent adjustments.

Equipment consists of an atomic absorption spectrophotometer, a leak detector and two strip chart recorders.

Funding: State special revenue consists of fees from tests performed in this laboratory and water test fees of the Microbiology Laboratory. Fees provide one-third of the operational costs of the laboratory and 100 percent of the funding of the equipment. The following table shows income and disbursements from the laboratory fees account. The water test fee account is shown on page 17.

Table 6
Laboratory Fees Account - Revenue and Disbursements

	<u>Fiscal 1986</u>	<u>Fiscal 1987</u>	<u>Fiscal 1988</u>	<u>1989 Biennium</u>
Beginning Balance	\$102,264	\$ 80,220		\$ -0-
Revenue				
Miscellaneous Fees	98,741	146,695		320,408
Other	94,473	-0-		-0-
Total Revenue	\$193,214	\$146,695		\$320,408
Total Funds Available	\$295,478	\$226,915		\$320,408
Disbursements				
Chemistry Lab	\$189,341	\$193,915		\$262,408
Microbiology Lab	-0-	-0-		58,000
Administration	26,075	33,000		-0-
Total Disbursements	\$215,416	\$226,915		\$320,408
Adjustments	158	-0-		-0-
Year-End Balance	\$ 80,220	\$ -0-		\$ -0-

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: MICROBIOLOGY LAB BUREAU

		FY 1986			Fiscal 1988			Fiscal 1989					
		Executive		Current Level	Subcommittee		Executive		Current Level	Subcommittee			
BUDGET ITEM	FTE	Actual										% Change	
Personal Services		\$281,602		\$325,788		\$325,856		\$327,034		\$327,115		15.72	
Operating Expenses	123,763	167,731	183,932	223,731			167,777	191,276	173,777		80.77		
Equipment	56,900	63,500	8,863	57,500			6,000	8,863	0		1.05		
TOTAL EXPENSES	\$462,265	\$557,019		\$518,651		\$607,087		\$500,811		\$527,254		31.33	
FUNDING													
General Fund		\$338,678		\$211,405		\$189,000		\$211,473		\$191,070		\$209,924	-37.56
State Special Rev	90,729	290,959	295,651	340,959			235,134	302,184	235,134		275.80		
Federal Revenue	32,858	54,655	34,000	54,655			55,834	34,000	55,834		66.34		
TOTAL FUNDING	\$462,265	\$557,019		\$518,651		\$607,087		\$500,811		\$527,254		31.33	

Program Description: The Microbiology Laboratory provides testing, consultation, and coordination for disease control and environmental programs, and approves and certifies laboratories within the state.

Language in Bill: Item — includes a biennial appropriation of \$57,500 for equipment purchases.

Item — is for supplies and communications costs in excess of \$99,258 in fiscal 1988 and \$100,974 in fiscal 1989 caused by additional reimbursable services in the microbiology and chemistry laboratories.

Budget: Two FTE previously in the Support Services Bureau are now included in the laboratory, as the FTE had provided support services to the lab prior to reorganization of the department.

Operating expenses rise 76 percent from fiscal 1986 to fiscal 1988 for the following reasons: 1) a \$50,000 contingency was added to allow the department sufficient authority to collect fees on laboratory tests as may be needed, 2) \$6,000 was added each year for AIDS kits, 3) communications and freight expenses totaling \$14,054 were moved to the lab from support services, as the expenses were incurred in administration of the lab in fiscal 1986, 4) indirect costs total \$22,837 in fiscal 1988 and \$22,984 in fiscal 1989, 5) \$3,000 was added to allow the lab to contract for laboratory proficiency tests, a service formerly provided free of charge by the federal government, 6) maintenance contracts were increased \$8,900, 7) supplies were increased \$3,000, and 8) \$17,028 in contracts were deleted.

Equipment includes a glassware washer, an autoclave, a sonifier, a water bath, and a tissue culture microscope.
All equipment is funded with water test fees.

Funding: General fund declines 38 percent, as general fund totaling \$120,949 was expended in fiscal 1986 for PKU testing. The PKU testing is now completely supported by PKU fees.

State special revenue consists of PKU testing fees totaling \$107,222 in fiscal 1988 and \$109,075 in fiscal 1989, and water test fees in the laboratory. The following table shows revenue and disbursements from the water test fee account. Water test fees income in fiscal 1988 and 1989 includes handling fee income.

Table 7
Microbiology Laboratory Revenue and Disbursements

	Fiscal 1986	Fiscal 1987	Fiscal 1989	1989 Biennium
Beginning Balance	\$105,567	\$134,601	\$149,687	
Revenue				
Water Test Fees	51,741		120,000	338,009
Handling Fee	64,140		-0-	-0-
Written-off Collected	1,633		-0-	-0-
Total Revenue	\$117,514		\$120,000	\$338,009
Total Funds Available	\$223,081		\$254,601	\$487,696
Disbursements				
Micro Lab	\$ 72,835		\$ 86,914	\$301,796
Chem. Lab	-0-		-0-	185,900
Administration	15,645		18,000	-0-
Total Disbursements	\$ 88,480		\$104,914	\$487,696
Year-end Balance	<u>\$134,601</u>		<u>\$149,687</u>	<u>\$ -0- ==</u>

Federal revenue consists of Preventive Health Block Grant.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: ENVIRONMENTAL SCIENCES DIVISION - ADMINISTRATION

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	Executive	Current Level	
FTE	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	-0.17
Personal Services	\$ 99,068	\$ 97,116	\$ 97,226	\$ 97,226	\$ 97,161	\$ 97,270	\$ 97,270	\$ 97,270	\$ 97,270	-1.86
Operating Expenses	19,644	124,010	25,839	124,010	23,991	25,986	23,991	23,991	23,991	530.33
TOTAL EXPENSES	\$118,712	\$221,126	\$123,065	\$221,236	\$121,152	\$123,256	\$121,261	\$121,261	\$121,261	86.21
STATE SPECIAL REVENUE	\$118,712	\$221,126	\$123,065	\$221,236	\$121,152	\$123,256	\$121,261	\$121,261	\$121,261	86.21

Program Description: This office is responsible for overall administration, management, and coordination support of the Environmental Sciences Division.

Budget: A 0.5 FTE secretary was transferred to the Occupational Health Bureau, as the secretarial position in that bureau was deleted in response to no fiscal 1987 pay plan funding and the Special Session III budget cuts.

The rise in operating expenses of 530 percent is due to the inclusion of a biennial appropriation of \$100,000 to respond to emergencies caused by the uncontrolled release of hazardous materials into the environment, prepare environmental impact statements (EIS) and variance reviews, and conduct major facility siting act functions. The increase is to be funded with monies collected by the department from parties responsible for the release of hazardous materials and all fees collected. Indirect charges total \$13,151 in fiscal 1988 and \$13,157 in fiscal 1989. All operating expenses of the Champion International environmental impact statement totaling \$8,135 in fiscal 1986 have been deleted.

Funding: This office is funded from three sources: 1) monies collected from parties responsible for the uncontrolled release of hazardous materials, EIS and variance reviews, totaling \$100,000 in fiscal 1988 for the biennium, 2) junk vehicle funds, totaling \$60,618 in fiscal 1988 and \$60,630 in fiscal 1989, and 3) Resource Indemnity Trust (RIT) interest funds totaling \$60,618 in fiscal 1988 and \$60,631 in fiscal 1989. The RIT funds are part of the department's statutory allocation of 6 percent of the interest from the account.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCE

LEGISLATIVE ACTION

PROGRAM: SOLID WASTE BUREAU

<u>BUDGET ITEM</u>	<u>FY 1986</u>		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>		<u>Subcommittee</u>	<u>% Change</u>
	<u>Actual</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Fiscal 1989</u>			
FTE	21.00	22.00	22.00	22.00	22.00	22.00		1.00
Personal Services	\$ 461,859	\$ 715,757	\$ 595,728	\$ 598,164	\$ 715,830	\$ 595,997	\$ 598,441	29.51
Operating Expenses	1,2466,751	5,903,654	1,363,795	1,853,932	7,017,207	1,364,930	1,773,096	48.70
Equipment	18,767	53,741	36,434	45,504	8,729	13,872	9,385	142.47
Non-Operating	629,613	785,616	740,274	785,616	803,630	777,288	803,630	
TOTAL EXPENSES	\$2,356,990	\$2,736,768	\$2,736,231	\$3,283,216	\$8,545,396	\$2,752,087	\$3,185,052	39.30
FUNDING								
General Fund	\$ 75,856	\$ 75,713	\$ 73,293	\$ 75,734	\$ 75,289	\$ 74,201	\$ 76,181	-0.16
State Special Rev	978,626	1,277,021	1,257,270	1,268,371	1,208,343	1,288,101	1,200,280	29.61
Federal Revenue	1,302,508	6,106,034	1,405,668	1,939,111	7,261,764	1,389,785	1,908,591	48.88
TOTAL FUNDING	\$2,356,990	\$2,736,768	\$2,736,231	\$3,283,216	\$8,545,396	\$2,752,087	\$3,185,052	39.30

Program Description: This bureau is responsible for licensing, inspection, and enforcement duties concerning the 200 waste disposal sites in the state; enforcing federal and state hazardous waste statutes; and the junk vehicle recycling program. The bureau consists of the Solid Waste, Junk Vehicle Recycling, Hazardous Waste, Underground Storage Tank, and Superfund Programs.

Budget: A 1.0 FTE environmental specialist was added in fiscal 1987 to the Underground Storage Tank Program and is maintained in the 1989 biennium. The rise in personal services of 29.51 percent is primarily due to vacancy savings of \$138,844, as several positions were vacant all or part of the year and the 2.0 Underground Storage Tank Program FTE were not hired until late in the fiscal year.

Operating expenses rise 48.7 percent for the following reasons: 1) \$100,000 in junk vehicle funds were added each year as a contingency should the price of scrap metal fall and the department have to pay to remove excess junk vehicles from graveyards, 2) \$15,000 was added to the Junk Vehicle Recycling Program for public service announcements in fiscal 1988, 3) lab fees in the Hazardous Waste Program were increased \$7,951, while one-time consultant fees and contracts were reduced \$42,608, 4) the Underground Storage Tank Program was increased \$59,745 in fiscal 1988 and \$44,745 in fiscal 1989; the program was begun in fiscal 1986 and is entering the on-going field investigations phase, 5) Superfund was increased by \$432,666 in fiscal 1988 and \$442,308 in fiscal 1989 in response to anticipated increased

activities, 6) \$60,000 was added over the biennium as a contingency in the event of an emergency involving hazardous waste and for pre-CERCLA activities, 7) indirect costs add \$72,994 in fiscal 1988 and \$73,023 in fiscal 1989, and 8) \$115,000 expended in fiscal 1986 for the hazardous waste transfer station was removed from the base.

Equipment consists of the following: 1) Solid Waste Program - \$868 for a typewriter in fiscal 1989, 2) Junk Vehicle Program - \$868 for a typewriter and \$300 for office equipment in fiscal 1988 and \$288 for office equipment in fiscal 1989, 3) Superfund - \$6,226 for computers, \$400 for a camera, \$2,000 for field monitoring equipment, and \$1,000 for software in fiscal 1988, 4) Hazardous Waste - \$5,400 in field monitoring equipment and \$1,367 in office equipment in fiscal 1988 and \$7,381 in office equipment in fiscal 1989, and 5) Underground Storage Tanks - \$8,503 for office equipment, \$19,200 for field monitoring equipment, and \$239 for software in fiscal 1988 and \$1,348 for office equipment in fiscal 1989.

Grants are made to counties to reimburse them for the costs of county vehicle graveyard upkeep, and represent the full amount the counties are entitled to by law. The grants are funded with state junk vehicle fees.

Funding: General fund provides 100 percent of the funding of the Solid Waste Program.

State special revenue consists of two funds: 1) junk vehicle funds, which provide 100 percent of the funding of the Junk Vehicle Recycling Program and 2) Resource Indemnity Trust (RIT) interest funds. RIT funds provide the necessary 25 percent state match on federal Environmental Protection Agency underground storage tanks (UST) and hazardous waste funds. RIT will also be used to match Superfund monies in the 1989 biennium. However, no funds have been appropriated for this purpose, as the department is requesting that its share of RIT interest be raised from 6 percent to 12 percent, and that the department be allowed to budget amend these funds as needed. Included in the appropriation is \$60,000 over the biennium for emergencies involving hazardous waste and for pre-CERCLA activities.

Federal revenue consists of three funds: 1) EPA hazardous waste funds, which provide 75 percent of the funding of the Hazardous Waste Program, 2) EPA underground storage tank funds, which provide 75 percent of the funding of the Underground Storage Tank Program, and 3) EPA Superfund, which completely funds the appropriated Superfund Program. Superfund requires a state match, the level of which depends on the stage the work is in, and ranges from 100 percent federal in the investigatory stage, 90 percent federal and 10 percent state in the cleanup stage, unless the site is state owned, when the state must pay 50 percent of costs, to 100 percent state responsibility in the maintenance stage. All Superfund appropriated will be used for those Superfund activities which do not require a state match.

The following table illustrates each program and its 1989 biennium funding.

Table 8
Solid and Hazardous Waste Bureau - Funding
Fiscal 1988 - Fiscal 1989

<u>Program/Fund</u>	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Solid Waste General Fund	\$ 75,855	\$ 75,735	\$ 76,181
Junk Vehicle	\$ 781,890	\$1,067,374	\$1,069,458
Underground Storage Tanks			
RIT Interest	\$ -0-	\$ 45,475	\$ 35,048
Junk Vehicle	1,581	-0-	-0-
EPA UST	<u>21,477</u>	<u>136,426</u>	<u>105,142</u>
Total Program	\$ 23,058	\$ 181,901	\$ 140,190
Hazardous Waste			
RIT Interest	\$ 77,453	\$ 95,522	\$ 95,775
EPA Hazardous Waste	<u>231,251</u>	<u>286,564</u>	<u>287,324</u>
Total Program	\$ 308,704	\$ 382,086	\$ 383,099
Superfund			
RIT Interest	\$ 2,700	\$ 60,000	\$ -0-
EPA Superfund	<u>1,049,773</u>	<u>1,516,120</u>	<u>1,516,124</u>
Total Program	<u>\$1,052,473</u>	<u>\$1,576,120</u>	<u>\$1,516,124</u>
TOTAL BUREAU*	<u>\$2,241,980</u>	<u>\$3,283,216</u>	<u>\$3,185,052</u>

*The balance of the fiscal 1986 expenditures of \$115,000 were expended for the hazardous waste transfer station.

The following table illustrates anticipated Resource Indemnity Trust interest funds and the appropriated fiscal 1988 and 1989 levels. The balance of RIT interest would be used to provide Superfund match.

Table 9
Resource Indemnity Trust Interest

	Fiscal 1988	Fiscal 1989	Fiscal 1989
Revenue	\$395,783		\$425,297
Disbursements			
Division Administration	\$ 60,618		\$ 60,631
Underground Storage Tanks	45,475		35,048
Hazardous Waste	95,522		95,775
Pre-CERCLA (Biennial)	60,000		-0-
Total Disbursements	\$261,615		\$191,454
Fund Balance	\$134,168		\$233,843

The following table shows revenues and disbursements of the junk vehicle account.

Table 10
Junk Vehicle Account

	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989
Beginning Balance	\$1,544,825	\$1,437,904	\$701,551	\$369,259
Revenues				
Wrecking Facilities	\$ 10,687	\$ 10,700	\$ 10,700	\$ 10,700
JV Fee Transfer	267,724	270,000	270,000	270,000
JV Fee Rereg.	354,819	355,000	355,000	355,000
Sale of JV	82,666	60,000	60,000	60,000
Adjustments	(26)	0-	-0-	-0-
Total Funds Available	\$2,260,695	\$2,133,604	\$1,397,251	\$1,064,959
Disbursements				
Junk Vehicle	\$ 152,277	\$ 155,000	\$ 181,758	\$ 165,828
JV Grants	629,613	700,000	785,616	803,630
Env. Sci. Administration	53,395	57,053	60,618	60,630
Transfer to General Fund	-0-	500,000	-0-	-0-
Underground Storage Tanks	1,581	20,000	-0-	-0-
Adjustments	(14,075)	-0-	-0-	-0-
Total Disbursements	\$ 822,791	\$1,432,053	\$1,027,992	\$1,030,088
Ending Balance	\$1,437,904	\$ 701,551	\$ 369,259	\$ 34,871

A \$100,000 contingency should the price of steel fall to a level where the department would have to pay to remove excess vehicles from graveyards is not included in fiscal 1988 or 1989. In addition, grants appropriated represent the maximum potential liability of the department. The highest grants paid occurred in fiscal 1985, when the department expended \$705,823. The fiscal 1987 expenditures shown in the table represent an estimate of actual expenditures. The fiscal 1987 appropriation, including the \$500,000 transfer to the general fund, totals \$1,568,285, including the unexpended portion of the biennial underground storage tank program appropriation.

Modified Budgets

1. Underground Storage Tanks - Funds to expand the Underground Storage Tank Program, including 1.5 FTE, are recommended. The expansion would be funded with \$11,989 in fiscal 1988 and \$11,775 in fiscal 1989 of RIT interest and \$35,969 in fiscal 1988 and \$35,326 in fiscal 1989 of EPA underground storage tank funds.
2. Superfund - 3.0 FTE each year, including a 0.50 FTE attorney, a 0.50 FTE administrative aide, a 1.0 FTE information officer, and a 1.0 FTE accountant II plus operating expenses to expand the Superfund Program are recommended. The expansion would be funded with \$4,127,181 in fiscal 1988 and \$5,317,841 in fiscal 1989 of EPA Superfund.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: AIR QUALITY BUREAU

BUDGET ITEM	FY 1986 Actual	Fiscal 1988			Fiscal 1989			FY 88-89 % Change
		Executive	Current	Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	19.50	18.50	18.50	18.50	\$544,505	\$543,719	\$543,319	\$544,009
Personal Services	\$560,960	\$544,296	\$543,905	\$544,505	301,745	302,959	282,348	302,959
Operating Expenses	220,095	282,829	282,829	282,829	36,310	35,960	22,791	35,960
Equipment	1,609	36,310	26,791	26,791	101,277	101,291	101,277	101,291
Non-Operating	99,000	101,291						
TOTAL EXPENSES	\$881,664	\$983,642	\$954,802	\$983,941	\$983,929	\$949,735	\$984,219	11.60
FUNDING								
General Fund	\$317,520	\$320,657	\$320,657	\$320,657	0	0	\$320,657	0.99
State Special Rev	545	0	0	0	663,284	663,272	629,078	0
Federal Revenue	563,599	662,985	634,145	634,145			663,562	-100.00
TOTAL FUNDING	\$881,664	\$983,642	\$954,802	\$983,941	\$983,929	\$949,735	\$984,219	17.69

Program Description: The Air Quality Bureau is responsible for maintaining outdoor air quality levels considered safe to the public health and welfare through permit review, inspections, monitoring, and information dissemination.

Budget: A vacant 1.0 FTE environmental program supervisor position was deleted due to no fiscal 1987 pay plan funding and Special Session III budget cuts.

Operating expenses rise 37.1 percent due to a number of factors: 1) consultant fees were raised \$14,161 each year to operate the statewide ambient air monitoring network, and the smoke management program, and to monitor permit compliances, 2) laboratory fees were raised \$9,522, 3) clinic and seminar expenses were raised \$1,050, 4) data processing was raised \$2,809, 5) field monitoring supplies were raised \$3,321, and 6) indirect costs totaling \$49,210 in fiscal 1988 and \$48,886 in fiscal 1989 were added.

Equipment includes an automobile each year for \$8,652 in fiscal 1988 and \$8,965 in fiscal 1989, computer equipment and software at \$4,296 in fiscal 1988 and \$2,675 in fiscal 1989, field monitoring equipment totaling \$23,139 in fiscal 1988 and \$23,165 in fiscal 1989, and office equipment of \$223 in fiscal 1988 and \$1,155 in fiscal 1989.

Non-operating costs are grants made to counties with qualified programs to monitor their air quality. The department currently contracts with Yellowstone, Missoula, and Cascade counties.

Funding: General fund provides the maintenance of effort for Environmental Protection Agency air quality funds. The state must maintain the prior year's expenditure level. The amount appropriated represents the fiscal 1987 appropriated amount.

Federal revenue consists of two funds: 1) Department of State Lands, totaling \$37,879 in fiscal 1988 and \$37,840 in fiscal 1989, which fund a 1.0 FTE position, and 2) EPA air quality, totaling \$625,405 in fiscal 1988 and \$625,722 in fiscal 1989.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: OCCUPATIONAL HEALTH BUREAU

BUDGET ITEM	FY 1986 Actual	Fiscal 1988 Executive Current Level	Fiscal 1988 Subcommittee	Executive Current Level	Fiscal 1989 Subcommittee	FY 86-88 % Change
FTE	5.00	3.50	3.50	3.50	3.50	-1.50
Personal Services	\$123,114	\$122,215	\$122,308	\$122,087	\$122,178	-0.65
Operating Expenses	35,365	37,571	37,558	37,472	37,858	6.20
Equipment	1,225	1,125	1,125	0	1,125	-8.16
TOTAL EXPENSES	\$159,704	\$160,911	\$160,991	\$159,559	\$161,161	0.81
GENERAL FUND	\$159,704	\$160,911	\$160,991	\$159,559	\$161,161	0.81

Program Description: This bureau is responsible for administering the Radiological and Occupational Health Programs. Primary emphasis is on the inspection of x-ray machines and the provision of measurement and technical expertise to ensure safety in homes and workplaces.

Budget: A 1.0 FTE x-ray inspector position added by the 1985 legislature and never filled by the department was deleted. A 1.0 FTE secretarial position was deleted due to no fiscal 1987 pay plan funding and Special Session III budget cuts. In response, 0.5 FTE of the secretarial position currently in the Administration office has been transferred to this bureau.

Operating expenses rise 6.2 percent due to three factors: 1) consultant fees for a contracted librarian position were raised \$225 due to the loss of a 0.5 FTE secretary, 2) \$800 was added to allow the bureau to contract for laboratory proficiency tests previously provided by the federal government free of charge, and 3) maintenance contracts on equipment purchased in fiscal 1986 were increased by \$400.

Equipment consists of an Anderson microbial impactor.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: WATER QUALITY BUREAU

<u>BUDGET ITEM</u>	FY 1986			Fiscal 1988			Fiscal 1989			<u>% Change</u>
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	
FTE	40.25	41.00	39.25	40.25	40.75	39.25	40.25	40.25	40.25	0.00
Personal Services	\$1,118,913	\$1,181,918	\$1,143,161	\$1,168,821	\$1,178,820	\$1,143,005	\$1,168,630	\$1,168,630	\$1,168,630	4.46
Operating Expenses	477,743	794,646	485,192	520,660	792,583	481,900	518,751	518,751	518,751	8.94
Equipment	23,317	25,154	13,855	25,155	10,848	5,400	10,848	10,848	10,848	7.88
Non-Operating	113,035	124,233	118,707	124,233	128,797	118,797	128,797	128,797	128,797	
TOTAL EXPENSES	\$1,733,008	\$2,125,951	\$1,761,005	\$1,838,669	\$2,111,048	\$1,749,102	\$1,827,026	\$1,827,026	\$1,827,026	6.10
FUNDING										
General Fund	\$ 374,963	\$ 468,442	\$ 413,215	\$ 394,988	\$ 467,102	\$ 411,101	\$ 394,158	\$ 394,158	\$ 394,158	5.34
State Special Rev	65,979	96,613	70,674	84,721	100,313	70,582	82,210	82,210	82,210	28.41
Federal Revenue	1,285,666	1,560,896	1,277,116	1,358,960	1,543,633	1,267,419	1,350,658	1,350,658	1,350,658	5.70
Other Revenue	6,400	0	0	0	0	0	0	0	0	-100.00
TOTAL FUNDING	\$1,733,008	\$2,125,951	\$1,761,005	\$1,838,669	\$2,111,048	\$1,749,102	\$1,827,026	\$1,827,026	\$1,827,026	6.10

Program Description: The Water Quality Bureau is responsible for maintaining water quality standards and enforcing water quality statutes in the state. It consists of the Subdivision Review, Water and Wastewater Operator, Water Pollution Control, Groundwater Pollution Control, Permit Review, Water Quality Management, Safe Drinking Water, and Construction Grants Programs.

Budgets: A vacant 1.0 FTE environmental specialist position was added for giardia work, as the Internal Revenue Service had given the opinion that the individual previously under contract for giardia studies was under control of the department.

Operating expenses rise 9 percent as the net result of the following actions: 1) the Groundwater Pollution Control Program was increased \$27,100, primarily in consultant fees, in anticipation of a higher level of activity, 2) the Water Pollution Control Program was increased \$19,502 in anticipation of increased activity, 3) the Water Permits Program was raised \$11,841 in anticipation of increased activities, 4) \$1,116 was added to the Water and Wastewater Operators Program for travel of the Water and Wastewater Operators Advisory Council, 5) \$8,665 was added to the Construction Grants Program in anticipation of increased activities, 6) indirect costs of \$115,040 in fiscal 1988 and \$115,243 in fiscal

1989 were added, 7) consultant fees and contracts totaling \$26,708 were deleted from the Safe Drinking Water Program to fund the expansion in FTE, while \$7,615 was added for the additional position, and 8) \$121,512 in expenses associated with the Clark Fork and RIT funded instream flow studies were deleted, as both were special projects in the 1987 biennium.

Equipment consists of the following: 1) Water Quality Management Program - field monitoring equipment of \$1,500 in fiscal 1989, and \$2,128 for a computer and software in fiscal 1988 and \$148 for software in fiscal 1989. 2) Construction Grants - \$2,400 for a computer and software and \$300 in field monitoring equipment in fiscal 1988, and \$500 for a printer, \$300 in field monitoring equipment, and \$500 for software in fiscal 1989. 3) Water Pollution Control - \$654 for office equipment, \$800 for computer enhancements, \$300 for software and \$2,326 for this program's share of a vehicle in fiscal 1988. 4) Safe Drinking Water - \$4,326 for this program's share of a vehicle in fiscal 1988. 5) Groundwater Pollution Control - \$400 in office equipment, \$2,000 for a computer, and \$5,000 for the lease or purchase of a vehicle in fiscal 1988, and \$2,500 for field monitoring equipment and \$5,000 for the lease or purchase of a vehicle in fiscal 1989. 6) Water Permits - \$2,000 for this program's share of a vehicle in fiscal 1988 and \$400 for field monitoring supplies in fiscal 1989. 7) Water and Wastewater Operators - \$2,500 in computer equipment in fiscal 1988.

Grants are made in three programs: 1) Safe Drinking Water grants are made to local entities to perform sanitary surveys and to collect water samples at public water systems. The grants were reduced by \$4,000 to partially fund the additional FTE in that program in fiscal 1988, and total \$24,233 in fiscal 1988 and \$28,797 in fiscal 1989, compared with a fiscal 1986 total of \$28,665. 2) Construction Grants Program grants are made to local governments to begin water system planning and design in advance of federal program reimbursement, and total \$40,000 each year, compared with a fiscal 1986 total of \$35,120. 3) Subdivision grants are made to reimburse local governments with qualified personnel for minor subdivision review and total \$60,000 each year, compared with a fiscal 1986 total of \$42,850. Grants made for an Upper Yellowstone River study of \$6,400 were deleted.

Funding: General fund is used for the following functions: 1) total support of the operating costs of the Subdivisions Program, totaling \$139,098 in fiscal 1988 and \$139,240 in fiscal 1989, 2) the required 25 percent match on federal safe drinking water funds in that program, totaling \$96,213 in fiscal 1988 and \$96,277 in fiscal 1989, 3) partial funding of the Water Quality Management Program, totaling \$74,291 in fiscal 1988 and \$73,255 in fiscal 1989, and 4) maintenance of effort on federal 106 funds used to support the Water Pollution Control, Groundwater Pollution Control, and Water Permits Programs. The state must maintain the fiscal 1980 level of expenditure of \$85,386 each year. The state must also maintain this level to receive any federal 205(g) funds, which support the Construction Grants Program. General fund rises 5.34 percent primarily due to increases in the Subdivisions Program.

State special revenue is used for two functions: 1) Subdivisions Review Program grants to local entities for minor subdivision review, totaling \$60,000 each year, and 2) total support of the Water and Wastewater Operators Program totaling \$24,721 in fiscal 1988 and \$22,210 in fiscal 1989. These funds are annual license fees paid by local wastewater operators.

Federal funds are listed on the following table.

Table 11
Federal Funds - Water Quality Bureau
Fiscal 1988 - Fiscal 1989

Fund/Program	Fiscal 1986	Fiscal 1988	Fiscal 1989
EPA 106	\$ 234,632	\$ 305,795	\$ 300,961
Water Pollution Control	71,219	104,286	103,734
Groundwater Pollution Control			
Water Permits	133,406	158,168	156,119
Total	\$ 439,257	\$ 568,249	\$ 560,814
EPA Safe Drinking Water			
Safe Drinking Water	\$ 290,983	\$ 316,739	\$ 316,929
EPA 205(g) - Construction Grants	\$ 298,019	\$ 357,345	\$ 356,756
EPA 205(j) - Water Quality Management	\$ 106,864	\$ 100,000	\$ 100,000
State Lands* - Water Quality Management	\$ -0-	\$ 16,627	\$ 16,159
BUREAU TOTAL	\$1,135,123+	\$1,358,960	\$1,350,658

* Provides funding for a shared position.

+ Remainder of the bureau's federal funds in fiscal 1986 consisted of Cabin Creek totaling \$39,837, Instream Flow totaling \$16,766, and Clark Fork study funds totaling \$93,938.

Modified Recommended:

1. Permit Tracking - 0.5 FTE and \$9,426 in federal 106 funds to allow the bureau to expend the balance of a federal grant approved by budget amendment in fiscal 1987 to automate water permits are recommended.
2. Water and Wastewater Operators - 0.25 FTE in fiscal 1988 and an additional 0.25 FTE certification specialist are recommended to raise the current FTE to 1.0 by fiscal 1989. The additional FTE would be funded with wastewater operators fees totaling \$11,899 in fiscal 1988 and \$18,110 in fiscal 1989.
3. Wellhead Protection - Contracted services totaling \$266,667 each year to begin establishment of a program to prevent contamination of public water supplies is recommended, to be funded with \$66,667 of general fund and \$200,000 of EPA safe drinking water funds each year.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: FOOD & CONSUMER SAFETY BUREAU

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	Executive	Current Level	
FTE	9.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	-1.00
Personal Services	\$255,366	\$259,001	\$259,204	\$259,204	\$258,716	\$258,921	\$258,921	\$258,921	\$258,921	1.50
Operating Expenses	51,982	51,994	53,336	51,994	51,944	53,668	51,946	51,946	51,946	0.02
Equipment	1,839	327	200	327	327	0	327	327	327	-82.22
Non-Operating	203,796	207,000	207,000	207,000	208,000	208,000	208,000	208,000	208,000	---
TOTAL EXPENSES	\$512,983	\$518,322	\$519,740	\$518,525	\$518,987	\$520,589	\$519,194	\$520,589	\$519,194	1.08
FUNDING										
General Fund	\$309,187	\$311,322	\$312,740	\$311,525	\$310,987	\$312,591	\$311,194	\$312,591	\$311,194	0.76
State Special Rev	203,796	207,000	207,000	207,000	208,000	208,000	208,000	208,000	208,000	1.57
TOTAL FUNDING	\$512,983	\$518,322	\$519,740	\$518,525	\$518,987	\$520,589	\$519,194	\$520,589	\$519,194	1.08

Program Description: The Food and Consumer Safety Bureau is responsible for issuing licenses to food establishments, hotels, motels and trailer parks, and for training and support services to local health inspectors.

Budget: A vacant 1.0 FTE sanitarian position was deleted due to fiscal 1987 pay plan funding and budget cuts.

Equipment consists of chairs. Grants are made to local health departments to offset the costs of inspections.

Funding: General fund supports the operations of the program. All grants are funded with license fees. All licensed establishments pay an annual fee of \$30, of which 85 percent is deposited into the local boards inspection account to grant to local inspection boards and the balance to the general fund.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: HEALTH SERVICES DIV ADMIN

<u>BUDGET ITEM</u>	<u>FY 1986 Actual</u>	<u>Fiscal 1988 Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Fiscal 1989</u>	<u>Subcommittee</u>	<u>% Change</u>
FTE	1.90	1.75	1.75	1.75	1.75	1.75	-0.15
Personal Services	\$ 66,867	\$ 98,575	\$ 65,395	\$ 98,771	\$ 65,428	\$ 65,428	-2.20
Operating Expenses	2,677	4,751	3,678	4,735	3,771	4,735	77.47
TOTAL EXPENSES	\$69,544	\$103,326	\$69,073	\$70,146	\$103,506	\$69,199	\$70,163
FUNDING							0.87
General Fund	\$ 36,618	\$ 69,431	\$ 36,573	\$ 69,611	\$ 34,699	\$ 36,268	-1.00
Federal Revenue	32,926	33,895	34,500	33,895	34,500	33,895	2.94
TOTAL FUNDING	\$69,544	\$103,326	\$69,073	\$70,146	\$103,506	\$69,199	\$70,163

Program Description: This office provides overall supervision to the Health Services and Medical Facilities Division.

Budget: This office's portion of a 1.0 FTE administrative clerk position, totaling 0.15 FTE, was deleted due to fiscal 1987 pay plan and budget cuts.

Operating expenses rise 77.47 percent due to increases in out-of-state travel and rent allocations.

Funding: This office is funded with Maternal and Child Health Block Grant funds totaling \$10,168 in fiscal 1988 and fiscal 1989, Preventive Health Block Grant totaling \$23,727 each year, and with general fund.

Modified Budget:

1) FTE Transfer - It is recommended that 0.75 FTE currently in the Health Planning Bureau be moved to division administration. Since the FTE had been partially federally funded in health planning in fiscal 1986, and all federal funds have ended in that bureau, the positions were included in a modified. Total costs are \$33,468 in fiscal 1988 and \$33,522 in fiscal 1989 of general fund.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: FAMILY/MATERNAL CHILD HEALTH

BUDGET ITEM	FY 1986 Actual	Fiscal 1988		Fiscal 1989				
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	FY 86-88 / Change
FTE	23.00	22.50	22.50	22.50	22.50	22.50	22.50	-0.50
Personal Services	\$ 566,248	\$ 626,185	\$ 609,456	\$ 610,144	\$ 626,333	\$ 609,640	\$ 610,330	7.75
Operating Expenses	997,868	1,171,657	1,034,799	1,111,961	1,147,617	1,035,151	1,109,651	11.43
Equipment	45,071	25,396	7,601	12,510	103,056	1,301	5,070	-72.24
Non-Operating	9,528,884	7,473,917	7,493,767	9,973,917	7,677,120	7,692,269	10,177,120	
TOTAL EXPENSES	\$11,138,071	\$9,297,155	\$9,145,621	\$11,708,532	\$9,554,126	\$9,338,361	\$11,902,171	5.12
FUNDING								
General Fund	\$ 40,132	\$ 69,794	\$ 30,982	\$ 30,635	\$ 69,984	\$ 31,055	\$ 31,014	-23.66
Federal Revenue	11,097,939	9,227,361	9,114,639	11,677,897	9,484,142	9,307,305	11,871,157	5.23
TOTAL FUNDING	\$11,138,071	\$9,297,155	\$9,145,621	\$11,708,532	\$9,554,126	\$9,338,360	\$11,902,171	5.12

Program Description: The Family/Maternal and Child Health Bureau has total administrative responsibility over the following programs: 1) Special Supplemental Food Program for Women, Infants, and Children (WIC), which provides food supplements to women of childbearing age and to children determined to be at nutritional risk; 2) Child Nutrition, which provides reimbursements to day-care providers for the costs of meals served; 3) Handicapped Children's Services (HCS), which provides medical payments to eligible families of children suffering certain handicapping conditions; and 4) Family Planning, which provides administrative assistance and grants to family planning offices throughout the state. The bureau is made up of elements from the previous Nursing and Clinical Bureaus.

Budget: A 0.5 FTE public health nurse position in the Family Planning Program was deleted at the department's request in order to purchase computers.

Operating expenses rise 11.43 percent due to the following factors: 1) the Child Nutrition Program was expanded by \$40,853, 2) the WIC Program was reduced \$44,059 due to onetime expenditures in fiscal 1986, 3) the Family Planning Program was increased \$4,784, primarily for clinic and seminar expenses, 4) the Handicapped Children's Services Program was increased \$66,410 in fiscal 1988 and \$65,532 in fiscal 1989, primarily to allow for more children to receive treatment, and 5) indirect costs of \$54,524 in fiscal 1988 and \$54,522 in fiscal 1989 were added.

Equipment includes \$11,210 in fiscal 1988 and \$3,770 in fiscal 1989 for computer equipment and software and \$500 each year for films in the Family Planning Program, and \$800 each year for centrifuges in the WIC Program.

The following table shows grants of the bureau.

Table 12
Grants - Family/Maternal and Child Health Bureau

Grants	Fiscal 1986	Fiscal 1988	Fiscal 1989
Grants to Counties	\$ 824,664*	\$ 662,587	\$ 667,245
Women, Infants & Children	1,079,025	1,192,061	1,192,061
Child Nutrition	2,270,164	2,500,000	2,500,000
Family Planning	<u>917,786**</u>	<u>819,944</u>	<u>826,516</u>
Total	<u>\$5,091,639</u>	<u>\$5,174,592</u>	<u>\$5,185,822</u>

* Includes a legislative appropriation of \$139,247.

**Includes budget amendment of \$120,466.

Grants to counties are made from the Maternal and Child Health Block Grant for services to women and children at risk. WIC grants are made to local agencies to administer the WIC program. Child Nutrition grants are made to day-care providers to reimburse them for meals served. Family Planning grants, funded by Federal Title X and Maternal and Child Health and Preventive Health Block Grants, are made to local agencies for family planning services.

WIC benefits are paid to eligible food providers for the costs of WIC foods purchased and total \$4,799,325 in fiscal 1988 and \$4,991,298 in fiscal 1989.

Funding: The following table shows the funding for each program.

Table 13
Family/Maternal and Child Health Bureau - Programs and Funding

<u>Program/Fund</u>	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
<u>Administration</u>			
General Fund	\$ 40,128	\$ 30,634	\$ 31,013
Maternal & Child Health Block Grant	<u>784,207</u>	<u>767,587</u>	<u>772,245</u>
Total	<u>\$ 824,335</u>	<u>\$ 798,221</u>	<u>\$ 803,258</u>
 <u>Child Nutrition</u>			
Federal Child Nutrition	\$ 2,357,868	\$ 2,664,406	\$ 2,662,436
 <u>WIC</u>			
Federal WIC	\$ 5,889,097	\$ 6,340,527	\$ 6,532,001
 <u>Family Planning**</u>			
Federal Title X	\$ 772,307	\$ 808,244	\$ 808,244
Preventive Health Block Grant	193,430	202,015	202,017
Maternal & Child Health Block Grant	<u>27,268</u>	<u>29,000</u>	<u>29,000</u>
Total	<u>\$ 993,005</u>	<u>\$ 1,039,259</u>	<u>\$ 1,039,261</u>
 <u>Handicapped Children's Service</u>			
Maternal & Child Health Block Grant	\$ 797,536	\$ 866,119	\$ 865,215
 <u>TOTAL BUREAU</u>	<u>\$ 10,861,841</u>	<u>\$ 11,708,532</u>	<u>\$ 11,902,171</u>

* Does not include legislative appropriation of \$139,247 in fiscal 1986.

** Does not include budget amendments totaling \$136,970 in fiscal 1986.

Modified Budget:

1. WIC On-Line Data Entry - 1.0 FTE data entry operator and \$49,083 in fiscal 1988 and \$127,806 in fiscal 1989 of federal WIC funds are recommendation for on-line data entry for the WIC program.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: NURSING BUREAU

<u>BUDGET ITEM</u>	FY 1986			Fiscal 1988			Fiscal 1989			<u>FY 86-88 % Change</u>
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	
FTE	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-1.00
Personal Services	\$168,089	\$75,280	\$75,351	\$75,351	\$75,180	\$75,249	\$75,249	\$75,249	\$75,249	-55.17
Operating Expenses	29,382	20,183	19,206	19,333	20,154	19,343	19,343	19,343	19,343	-34.20
TOTAL EXPENSES	\$197,471	\$95,463	\$94,557	\$94,684	\$95,334	\$94,592	\$94,719	\$94,719	\$94,719	-52.05
FUNDING										
General Fund	\$170,158	\$95,463	\$94,557	\$94,684	\$95,334	\$94,592	\$94,719	\$94,719	\$94,719	-44.36
Federal Revenue	27,313	0	0	0	0	0	0	0	0	-100.00
TOTAL FUNDING	\$197,471	\$95,463	\$94,557	\$94,684	\$95,334	\$94,592	\$94,719	\$94,719	\$94,719	-52.05

Program Description: The Nursing Bureau provides support services to local school and public health nurses.

Budget: A vacant 1.0 FTE public health consultant has been deleted due to fiscal 1987 budget and pay plan cuts. A net increase of \$120 each year was made in travel.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: PREVENTIVE HEALTH BUREAU

BUDGET ITEM	FY 1986		Fiscal 1988		Fiscal 1989		Subcommittee	Executive Current Level	Current Level	% Change
	Actual	Executive	Current	Level	Subcommittee	Fiscal 1989				
FTE	12.90		13.00		13.00			13.00		0.10
Personal Services	\$ 345,293	\$ 445,340	\$393,652		\$393,316	\$ 445,834		\$394,243		13.91
Operating Expenses	710,315	578,828	528,659		533,629	569,288		529,938		-24.87
Equipment	4,599	5,400	5,900		5,900	5,277		5,277		28.29
Non-Operating	13,070	17,028	13,044		13,044	17,101		13,044		
TOTAL EXPENSES	\$1,073,277	\$1,046,596	\$91,255		\$945,889	\$1,032,550		\$937,552		-11.87
FUNDING										
General Fund	\$ 473,601	\$ 223,888	\$224,841		\$223,645	\$ 223,904		\$224,958		-52.78
Federal Revenue	599,676	822,708	716,414		722,244	808,646		712,594		20.44
TOTAL FUNDING	\$1,073,277	\$1,046,596	\$91,255		\$945,889	\$1,032,550		\$937,552		-11.87

Program Description: The Preventive Health Bureau has administrative responsibilities for: 1) Montana Perinatal Program, which provides services directed towards improving the care of mothers and babies; 2) Dental Program, which provides consultation and services designed to reduce tooth decay; 3) Communicable Disease, which provides surveillance and control of reportable infectious diseases; 4) Rabies Vaccine, which provides vaccine to rabies victims; 5) Health Promotion and Education, which manages resources and activities directed at promoting health and reducing disease; 6) Sexually Transmitted Diseases, which provides services to reduce and eliminate sexually transmitted diseases; 7) Immunization, which provides grants to rape crisis intervention programs, and 9) End State Renal Disease, which reimburses medical providers for the cost of services to victims of severe kidney disease. The Genetics Program, operated by Shodair Hospital with a grant from the department, was included in this budget in the 1987 biennium.

Budget: A 0.4 FTE administrative clerk position in the Dental Program was deleted due to fiscal 1987 pay plan and budget cuts. A 0.5 FTE administrative aide position authorized by the 1985 legislature for fiscal 1987 in the Perinatal Program has been maintained.

Operating expenses are reduced 24.87 percent as a result of the following action: 1) The Genetics Program expended \$264,041 in contracted services in fiscal 1986. Because the program was funded with general fund, which was offset with a fee on all health insurance policies in the state, and the charge was to be eliminated at the end of fiscal 1987, funding for the Genetics Program was not continued. House Bill 716 continues the Genetics Program and the charge on health insurance policies. 2) The Perinatal Program was reduced by \$8,978. 3) All AIDS and Behavioral Risk Surveillance expenses, totaling \$27,180, were removed, as all were special projects in fiscal 1986 and are included as modified requests in the 1989 biennium. 4) Indirect costs add \$19,115 in fiscal 1988 and \$19,141 in fiscal 1989. 5) The Dental Program was increased \$6,388 to purchase supplies. 6) The Immunization Program was increased \$100,890 to purchase vaccine.

Equipment includes \$5,573 in fiscal 1988 for a computer and software for the Perinatal Program and \$327 for films each year for the Sexually Transmitted Diseases Program.

Grants include \$11,970 of Preventive Health Block Grant each year for Rape Crisis grants and \$1,074 of Preventive Health Block Grant in the Health Promotion and Education Program. The state must expend the Rape Crisis grant in order to receive the Preventive Health Block Grant.

Funding: General fund is used for the following purposes: 1) match on federal immunization and sexually transmitted diseases funds; the state has an agreement with the federal government to match all personal services and instate travel costs in the Immunization and Sexually Transmitted Diseases Programs with 20 percent general fund, 2) complete support of the Communicable Disease Program, and 3) complete support of the End Stage Renal Disease Program.

The following table shows each program of the bureau and its funding.

Table 14
Preventive Health Bureau Funding
Fiscal Years 1986 through 1989

Program/Funding	Fiscal 1986	Fiscal 1988	Fiscal 1989
Perinatal Program			
MCH Block	\$ 94,144	\$137,988	\$134,234
PH Block	96,529	70,012	68,670
Total	\$190,673	\$208,000	\$202,904
Dental Program			
General Fund	\$ 24,909	\$ 21,670	\$ 21,599
MCH Block	57,997	43,000	43,000
PH Block	-0-	18,318	18,455
Total	\$ 82,906	\$ 82,988	\$ 83,054
Health Promotion & Education			
PH Block	\$ 47,869	\$ 48,218	\$ 48,315
Immunization			
General Fund	\$ 19,208	\$ 21,813	\$ 21,845
Federal Immunization	160,641	267,810	267,918
Total	\$179,849	\$289,623	\$289,763
Sexually Transmitted Diseases			
General Fund	\$ 11,946	\$ 12,076	\$ 12,093
Federal STD	67,436	76,268	76,356
Total	\$ 79,382	\$ 88,344	\$ 88,449
Rabies Vaccination			
Rabies	\$ 47,528	\$ 48,661	\$ 48,828
Communicable Disease			
General Fund	\$ 42,786	\$ 43,085	\$ 43,170
Rape Crises			
PH Block	\$ 11,970	\$ 11,970	\$ 11,970
End Stage Renal Disease			
TOTAL BUREAU	\$805 463	\$945 889	\$941 453

Modified Budgets:

1. Montana AIDS Project - 2.0 FTE and \$4,046 in fiscal 1988 and \$84,030 in fiscal 1989 of federal funds are recommended to continue the Montana AIDS project to develop and conduct community education projects.
2. AIDS - \$10,334 in federal funds are recommended in fiscal 1988 to allow expenditure of remaining grant funds on contracted services for AIDS counseling and testing. This recommendation continues authority approved by budget amendment in the 1987 biennium.
3. Behavioral Risk - \$11,000 of federal funds each year is recommended to establish a monthly system of surveillance for behavior health risk, and represents the first two years of a five year grant.

AGENCY, DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: EMERGENCY MEDICAL SERVICES

BUDGET ITEM		LEGISLATIVE ACTION			Fiscal 1989			FY 86-88	
		FY 1986 Actual	Executive Current Level	Fiscal 1988 Subcommittee	Executive Current Level	Fiscal 1989 Subcommittee	Executive Current Level	Fiscal 1989 Subcommittee	% Change
FTE	9.35	8.20	8.20	8.20	8.20	8.20	8.20	8.20	-1.15
Personal Services	\$235,124	\$220,822	\$220,924	\$220,924	\$220,802	\$220,910	\$220,910	\$220,910	-6.04
Operating Expenses	231,132	271,196	272,227	271,196	271,014	271,018	271,018	271,018	17.33
Equipment	1,594	5,000	5,000	5,000	5,000	5,000	5,000	5,000	213.68
TOTAL EXPENSES	\$467,850	\$497,018	\$498,151	\$497,120	\$496,816	\$502,978	\$496,928	\$496,928	6.26
FUNDING									
General Fund	\$284,435	\$268,025	\$287,127	\$284,104	\$267,960	\$287,650	\$283,985	\$283,985	-0.12
State Special Rev	14,992	44,830	44,893	44,830	44,830	44,893	44,830	44,830	199.03
Federal Revenue	168,423	184,163	166,131	168,186	184,026	170,435	168,113	168,113	-0.14
TOTAL FUNDING	\$467,850	\$497,018	\$498,151	\$497,120	\$496,816	\$502,978	\$496,928	\$496,928	6.26

Program Description: The Emergency Medical Services (EMS) Bureau is responsible for planning, implementation, and coordination of statewide emergency medical services; managing the ambulance licensing program; providing training and certifying emergency medical technicians; and administering the Montana Poison Control System.

Budget: A 1.0 FTE administrative aide position and a 0.15 FTE administrative clerk position were deleted due to fiscal 1987 pay plan and budget cuts.

Operating expenses rise 17.33 percent due to the following: 1) \$29,838 was added each year for increased activity associated with the training and testing of emergency medical technicians (EMTs), and 2) \$8,283 was added in fiscal 1988 and \$8,223 in fiscal 1989 for the Montana Poison Control System. Equipment includes several items of replacement equipment each year and \$2,100 for defibrillator equipment in fiscal 1988.

Funding: State special revenue consists of fees paid for emergency medical technician testing and training. The increase of 199.03 percent is due to the anticipation of increased activities. Federal revenue consists of Preventive Health Block Grant.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: HEALTH PLANNING & RESOURCE

BUDGET ITEM	FY 1986 Actual	Fiscal 1988			Fiscal 1989			Subcommittee	Executive Current Level	Fiscal 1989 Current Level	Subcommittee	FY 86-88 / Change
		FTE	Executive	Current Level	Subcommittee	Executive	Current Level					
Personal Services	\$235,995		\$141,327	\$174,905	\$0	\$141,318	\$174,951	\$0				-100.00
Operating Expenses	68,075	34,530	37,427	0	28,915	37,738	0					-100.00
Equipment	2,716	250	591	0	250	591	0					-100.00
TOTAL EXPENSES	\$306,786		\$176,107	\$212,923	\$0	\$170,483	\$213,280	\$0				-100.00
FUNDING												
General Fund	\$114,157		\$176,107	\$212,923	\$0	\$170,483	\$213,280	\$0				-100.00
Federal Revenue	192,629	0	0	0	0	0	0	0	0			-100.00
TOTAL FUNDING	\$306,786		\$176,107	\$212,923	\$0	\$170,483	\$213,280	\$0				-100.00

Program Description: The Health Planning Bureau produces the state health plan and related plans; administers the Certificate of Need Program; and collects, maintains, and distributes health facility service and manpower data.

Budget: This bureau had formerly been substantially funded with federal health planning funds. However, these funds have ended in fiscal 1987. In addition, the state certificate of need law expires at the end of fiscal 1987. Due to the loss of federal funding and the increase in general fund this loss entails, and pending legislative action on the certificate of need law, this bureau is included as a modified budget.

Modified Budget

1. **Health Planning Bureau** - General fund of \$176,106 in fiscal 1988 and \$170,483 in fiscal 1989 is recommended to maintain the **Health Planning Bureau**. Total staff levels have been reduced by 4.25 FTE, and all remaining expenses of the bureau are to maintain minimum certificate of need functions, including health planning, which is used in the certificate of need process.

AGENCY: DEPT OF HEALTH AND ENVIRONMENTAL SCIENCES

LEGISLATIVE ACTION

PROGRAM: LICENSING & CERTIFICATION BUREAU

		FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change	
		BUDGET ITEM		Executive	Current Level	Subcommittee		Executive	Current Level	Subcommittee		
FTE		16.35		16.05	16.05	16.05		16.05	16.05	16.05		-0.30
Personal Services	\$443,466		\$686,648	\$443,143	\$443,143		\$686,459	\$443,303	\$443,303		-0.07	
Operating Expenses	165,485		193,971	148,931	131,702		193,866	149,495	131,619		-20.41	
Equipment	21,945		2,356	1,375	1,375		500	0	500		-93.73	
TOTAL EXPENSES	\$630,896		\$882,975	\$593,449	\$576,220		\$880,825	\$592,798	\$575,422		-8.67	
FUNDING												
General Fund	\$243,758		\$368,474	\$171,098	\$242,156		\$367,536	\$170,890	\$241,799		-0.66	
Federal Revenue	387,138		514,501	422,351	334,064		513,289	421,908	333,623		-13.71	
TOTAL FUNDING	\$630,896		\$882,975	\$593,449	\$576,220		\$880,825	\$592,798	\$575,422		-8.67	

Language in Bill: General fund is line-itemed for operations of the Licensing and Certification Bureau only. The department may transfer general fund authority into the Licensing and Certification Bureau. No general fund authority may be transferred out of the Licensing and Certification Bureau unless the Governor requests general fund reductions in all state agencies.

Program Description: The Licensing and Certification Bureau issues licenses, grants medicaid certification, and recommends medicare certification for a variety of health care providers. The bureau is also responsible for legal enforcement duties concerning state, local, and federal laws governing health care providers.

Budget: A 0.3 FTE administrative clerk position has been deleted due to fiscal 1987 pay plan and budget cuts.

Operating expenses decrease 20.41 percent for the following reasons: 1) A portion of the expenses of the Family Planning lawsuit were paid from this bureau. Therefore, \$58,181 has been deleted. 2) A contract for \$7,745 for a building consultant has been deleted, as the department has hired an FTE to perform this function. 3) Indirect costs add \$29,991 in fiscal 1988 and \$30,000 in fiscal 1989.

Equipment consists of \$500 for software each year and \$875 for a typewriter in fiscal 1988.

Funding: General fund completely supports the licensing function of the bureau and provides approximately 30 percent of the costs of medicaid certification. Federal funds consist of Title XIX medicaid and Title XVIII medicare funds. The medicare funds completely support the medicare certification function.

Modified Budgets:

1. Additional Personnel - 9.5 FTE and related expenses are recommended for two purposes: 1) to address deficiencies found by the federal government in the work conducted by the bureau, and 2) to respond to changes in the federal certification procedures. Funding includes \$126,402 in fiscal 1988 and \$125,831 in fiscal 1989 of general fund, \$73,541 in fiscal 1988 and \$73,231 in fiscal 1989 of federal medicaid funds and \$107,013 in fiscal 1988 and \$106,564 in fiscal 1989 of federal medicare funds.

(6)

AGENCY: DOL/EMPLOYMENT SECURITY

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive Current Level	Subcommittee							
FTE	614.67	553.40	607.37	616.90		553.40		607.37	616.90	-5.50
Personal Services	\$13,861,097	\$13,522,111	\$14,757,363	\$14,965,810		\$13,516,526		\$14,751,282	\$14,959,420	7.97
Operating Expenses	4,260,313	5,745,047	6,381,307	7,036,918		5,669,748		6,265,732	6,904,438	65.20
Equipment	736,509	254,036	264,945	272,536		223,636		217,463	238,636	-63.00
Non-Operating	64,899,055	8,647,483	7,706,093	8,415,981		9,082,162		8,140,752	8,852,584	
TOTAL EXPENSES	\$83,756,974	\$28,168,677	\$29,109,708	\$30,691,245		\$28,492,072		\$29,375,229	\$30,955,078	-63.36
FUNDING										
General Fund	\$ 1,335,938		\$ 1,056,037	\$ 943,553	\$ 2,416,815		\$ 1,071,901	\$ 926,939	\$ 2,396,001	80.91
State Special Rev	3,250		4,000	4,000		4,000		4,000	4,000	23.08
Federal Revenue	25,782,607		24,490,646	25,651,261	25,651,621		24,874,030	25,851,397	26,013,525	
Other Revenue	56,635,179		2,619,994	2,662,284	2,618,809		2,542,141	2,592,893	2,541,542	-95.38
TOTAL FUNDING	\$83,756,974		\$28,168,677	\$29,109,708	\$30,691,245		\$28,492,072	\$29,375,229	\$30,955,078	-63.36

Program Description: Employment Services enforces state wage and hour laws, provides for apprenticeships, hears classification and unemployment insurance disputes, and enforces state and federal anti-discrimination in employment laws. The department also collects and disburses state unemployment funds, acts as an employment agency, provides training, and oversees federal Job Training Partnership Act grants. It is comprised of: 1) Job Service, 2) Unemployment Insurance, 3) Centralized Services, 4) Employment Relations, 5) Employment Policy, 6) Human Rights Commission, 7) Commissioner's Office, 8) Job Training Partnership Act, and 9) General Assistance Training Program.

The division has reorganized in the 1987 biennium. The following table illustrates the prior and current configuration of the department. The table only includes those programs affected by the reorganization. The narrative that follows incorporates the reorganization.

Table 1
Department of Labor - Reorganization Chart

Prior Configuration	Current Configuration
Standards Division Labor Standards Apprenticeship	Employment Policy JTPA Staff Apprenticeship Research and Analysis
Centralized Services Research and Analysis Audit	Employment Relations Appeals Investigations (Standards) Audit
Appeals Division Personnel Appeals Unemployment Insurance Appeals	
Job Service JTPA Staff	

Budget: A total of 13.0 FTE positions have been deleted due to budget cuts, including 5.0 FTE in Job Service, 6.0 FTE in Unemployment Insurance, and 2.0 FTE in Centralized Services. In addition, several positions have been transferred to the Division of Workers' Compensation. The General Assistance Training Program begun in fiscal 1987 adds 17.5 FTE.

The department has changed its method of accounting for indirect charges. These charges are made against all programs of the department and fund Centralized Services and the Commissioner's Office. The charges appear as operating expenses in the budgets of the contributor programs. Prior to fiscal 1988, certain indirect charges were not budgeted for and did not appear as expenses in any program. In the 1989 biennium, all indirect charges made will be budgeted and will appear as expenses. Major changes will appear in the narrative in the relevant programs.

Funding: General fund supports the following functions: 1) all operations of Investigations in the Employment Relations Program, 2) all operations of Personnel Appeals in the Employment Relations Program, 3) all prevailing wage study expenses, 4) a portion of the Human Rights Commission, 5) the state Displaced Homemakers Program in the Job Training Partnership Act, and 6) all expenses of the General Assistance Training Program. The increase in general fund is primarily due to the addition of this program, totaling \$1,428,899 each year.

State special revenue consists of license fees paid by private employment agencies.

Other revenue consists of income from the sale of appeals case decisions and indirect charges funding Centralized Services and the Commissioner's Office. The department receives several federal funds, which are discussed in detail in the narrative that follows.

AGENCY: DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: JOB SERVICE DIVISION

BUDGET ITEM	FY 1986 Actual	Fiscal 1988		Fiscal 1989		
		Executive	Current Level	Subcommittee	Executive	Current Level
FTE	343.00	338.00	343.00	338.00	338.00	338.00
Personal Services	\$7,678,830	\$ 8,188,336	\$ 8,283,723	\$ 8,192,950	\$ 8,183,656	\$ 8,188,641
Operating Expenses	1,782,295	2,891,502	2,628,067	2,831,387	2,885,200	2,603,731
Equipment	375,525	156,506	156,506	156,506	156,506	156,506
Non-Operating	33,724	85,000	70,000	50,000	190,540	175,540
TOTAL EXPENSES	\$9,870,374	\$11,321,344	\$11,138,296	\$11,230,843	\$11,415,902	\$11,215,007
 FEDERAL REVENUE	 \$9,870,374	 \$11,321,344	 \$11,138,296	 \$11,230,843	 \$11,415,902	 \$11,215,007

Program Description: The Job Service Division acts as a labor exchange through the job service offices throughout the state by listing jobs and referring qualified personnel to employers.

Language in the Bill: Item — includes federal spending authority for current level operations of all existing job service offices. If federal funds are less than these amounts, the department may seek a budget amendment to supplement federal funds with state unemployment assessments as provided in section 39-51-404(4), MCA.

Budget: Five FTE were deleted from the budget due to a reduction in federal funding. Operating expenses rise 59 percent due to several factors: 1) \$44,437 was added to allow management training, 2) janitorial services were raised \$36,270, as the contract for maintenance of local job service offices was increased, 3) maintenance contracts on existing equipment purchased in the 1987 biennium were increased \$47,684 and 4) the change in accounting for indirect costs results in an increase in indirect costs from \$135,656 in fiscal 1986 to \$1,035,558 in fiscal 1988 and \$987,938 in fiscal 1989.

Equipment includes \$59,400 each year to upgrade telephone systems in local offices, \$60,000 each year to upgrade computer equipment at local offices, \$32,106 each year for office equipment, and \$5,000 each year to purchase data base packages.

Grants are made for supportive services, such as clothing, automobile repairs, and job related tools, to WIN (Work Incentive) participants, and total \$20,000 each year. Capital outlay costs totaling \$30,000 in fiscal 1988 and \$135,540 in fiscal 1989 are included for projects in the Architecture and Engineering long range building program.

AGENCY: DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: UNEMPLOYMENT INSURANCE

BUDGET ITEM	FY 1986 Actual	Fiscal 1988		Fiscal 1989		FY 86-88 % Change
		Executive	Current Level	Subcommittee	Executive Current Level	Subcommittee
FTE	94.90	88.90	94.90	88.90	88.90	88.90 -6.00
Personal Services	\$1,899,695	\$1,956,011	\$2,034,579	\$1,957,158	\$1,955,257	\$1,956,503 3.02
Operating Expenses	745,970	1,512,184	1,500,078	1,502,718	1,486,982	1,480,501 101.44
Equipment	197,997	54,930	54,939	54,930	54,939	54,930 -72.26
Non-Operating	49,321	0	0	0	0	0 -100.00
TOTAL EXPENSES	\$2,892,983	\$3,523,125	\$3,589,596	\$3,514,806	\$3,497,169	\$3,489,603 -21.49
FEDERAL REVENUE	\$2,892,983	\$3,523,125	\$3,589,596	\$3,514,806	\$3,497,169	\$3,489,603 -21.49

Program Description: Unemployment Insurance is responsible for the administration of state and federal unemployment insurance laws. It collects unemployment insurance taxes and makes payments to eligible recipients, and manages the unemployment insurance trust fund.

Budget: Six FTE were deleted due to reductions in federal funding. Consulting and professional services were reduced \$24,581 to \$100,000, while \$15,600 for data set charges and \$4,962 for maintenance contracts were added. Due to the change in the method of accounting for indirect charges, those costs total \$786,869 in fiscal 1988 and \$775,772 in fiscal 1989, compared with the fiscal 1986 total of \$30,436.

Equipment consists of \$41,130 each year for computer equipment, \$7,300 each year for office equipment, and \$6,500 each year for software.

Non-operating expenses in fiscal 1986 consisted of one-time capital outlay expenses.

AGENCY: DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: CENTRALIZED SERVICES

BUDGET ITEM	FY 1986 Actual	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	72.10	66.00	68.00	66.00	66.00	68.00	66.00	-6.10
Personal Services	\$1,568,659	\$1,698,371	\$1,727,645	\$1,699,406	\$1,697,440	\$1,726,734	\$1,698,553	8.33
Operating Expenses	699,994	726,035	757,112	723,795	672,432	706,534	670,690	3.40
Equipment	105,065	35,700	23,100	35,700	12,200	5,000	12,200	-66.02
Non-Operating	272,602	0	0	0	0	0	0	-100.00
TOTAL EXPENSES	\$2,646,320	\$2,460,106	\$2,507,857	\$2,458,901	\$2,382,072	\$2,438,268	\$2,381,443	-7.08
FUNDING								
Federal Revenue	\$2,373,718	\$0	\$0	\$0	\$0	\$0	\$0	-100.00
Other Revenue	272,602	2,460,106	2,507,857	2,458,901	2,382,072	2,438,268	2,381,443	802.01
TOTAL FUNDING	\$2,646,320	\$2,460,106	\$2,507,857	\$2,458,901	\$2,382,072	\$2,438,268	\$2,381,443	-7.08

Program Description: Centralized Services provides overall management and support services to the Department of Labor and Industry, including legal assistance, personnel hiring and training, data processing, and budgeting.

Budget: In fiscal 1986, 6.9 positions were transferred to the Division of Workers' Compensation and Unemployment Insurance for one year. In fiscal 1988, 11 positions have been transferred, for a net reduction from fiscal 1986 to fiscal 1988 of 4.10 FTE. In addition, two FTE were deleted from this division due to budget cuts. The rise in personal services is primarily due to vacancy savings in fiscal 1986 and fiscal 1987 pay increases.

Operating expenses rise 3.40 percent due to a number of factors: 1) payroll service fees were increased \$9,718 in fiscal 1988 and \$8,866 in fiscal 1989, 2) audit fees of \$54,900 were added, which totals \$49,255 over the fiscal 1986 level, 3) indirect charges, which were not affected by the change in accounting procedure, were increased \$2,818 to \$92,490 in fiscal 1988 and total \$89,589 in fiscal 1989, 4) one time expenses of \$16,570 were deleted and \$7,268 was transferred to the Research and Analysis Bureau, and 5) grounds maintenance was reduced \$12,209 in fiscal 1988 and \$12,074 in fiscal 1989.

Equipment includes computer equipment of \$13,300 in fiscal 1988 and \$12,000 in fiscal 1989, office equipment of \$1,200 in fiscal 1988, a sorter/feeder for \$18,000 in fiscal 1988, training equipment of \$200 each year, and software for \$3,000 in fiscal 1988.

Nonoperating expenses consisted of non-budgeted debt service and transfer expenses and have been deleted from the budget.

Funding: Funding is provided from two sources: 1) indirect costs paid by all programs of the Department of Labor and Industry, including the Division of Workers' Compensation, totaling \$1,557,821 in fiscal 1988 and \$1,482,381 in fiscal 1989, and 2) data processing funds, which fund that function, totaling \$901,080 in fiscal 1988 and \$899,062 in fiscal 1989. The two funding sources had previously been classified as federal revenue, and will now be classified as proprietary funds.

AGENCY:DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: EMPLOYMENT RELATIONS

BUDGET ITEM			FY 1986 Actual			Fiscal 1988 Current Level			Fiscal 1989 Executive			Fiscal 1989 Current Level			FY 86-88 % Change		
FTE	49.00	47.50	47.49	47.50	47.50	47.50	47.50	47.50	47.49	47.49	47.50	47.50	47.50	47.50	-1.50		
Personal Services	\$1,269,119	\$1,303,872	\$1,287,408	\$1,304,235	\$1,304,251	\$1,287,876	\$1,304,701	\$1,304,701	\$1,287,876	\$1,287,876	\$1,304,701	\$1,304,701	\$1,304,701	\$1,304,701	2.77		
Operating Expenses	337,932	430,674	420,988	426,899	425,076	413,302	420,060	420,060	420,060	420,060	420,060	420,060	420,060	420,060	26.33		
Equipment	18,175	6,900	6,900	6,900	0	1,018	0	0	0	0	0	0	0	0	-62.04		
TOTAL EXPENSES	\$1,625,226	\$1,741,446	\$1,715,296	\$1,738,034	\$1,729,327	\$1,702,196	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	6.9%	=====	
FUNDING																	
General Fund	\$643,133	\$621,252	\$600,194	\$627,866	\$623,490	\$599,138	\$629,239	\$629,239	\$599,138	\$599,138	\$629,239	\$629,239	\$629,239	\$629,239	-2.37		
State Special Revenue	3,250	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	23.31		
Federal Revenue	\$977,534	\$1,112,694	\$1,107,602	\$1,102,668	\$1,098,337	\$1,095,558	\$1,088,022	\$1,088,022	\$1,095,558	\$1,095,558	\$1,088,022	\$1,088,022	\$1,088,022	\$1,088,022	12.80		
Other Revenue	1,309	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	167.38		
TOTAL FUNDING	\$1,625,226	\$1,741,446	\$1,715,296	\$1,738,034	\$1,729,327	\$1,702,196	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	\$1,724,761	6.9%	=====	

Program Description: Employment Relations Division includes the five member Board of Personnel Appeals, the three member Board of Labor Appeals, and three bureaus: 1) Audit, which performs auditing and other special services for the department, 2) Appeals, which provides mediation, fact finding, and arbitration services and conducts administrative hearings on collective bargaining matters, classification appeals, employee grievances, unemployment insurance benefits, tax appeals and on the Wage Payment Act, and 3) Investigations, which administers and enforces state laws on wages, hours, working conditions, child labor, contractors' bonds, restaurant and tavern bonds, and employment agency licensure. It also conducts representation elections and investigates collective bargaining petitions and employee grievances.

Budget: A 1.0 FTE receptionist position was deleted and a 1.0 FTE labor mediator position was reduced to 0.5 FTE due to Special Session III budget cuts.

Operating expenses rise 26.33 percent due to the following factors: 1) fact finding was increased \$3,600, 2) legal expenses were increased \$3,993, 3) maintenance contracts were increased \$12,029, 4) filing fees were raised \$2,100 in fiscal 1988 and \$4,200 in fiscal 1989, 5) printing supplies were reduced \$7,272, and 6) indirect costs total \$184,737 compared with a fiscal 1986 total of \$149,957. The department reorganized in fiscal 1987. The remainder of the

difference is primarily due to certain expenses occurring in this program in fiscal 1986 not appearing in the actual fiscal 1986 totals due to not being transferred until fiscal 1987. All expenses are included in fiscal 1988 and 1989.

Equipment includes \$4,800 for personal computers to complete the automation of the Audit Bureau and \$2,100 for software in fiscal 1988.

Funding: General fund supports 100 percent of Investigations totaling \$337,362 in fiscal 1988 and \$335,892 in fiscal 1989, and all costs of Personnel Appeals, totaling \$290,504 in fiscal 1988 and \$293,347 in fiscal 1989.

State special revenue consists of license fees paid by private employment agencies.

Federal revenue consists of: 1) audit funds to support the Audit Bureau, which are charges made to contributor programs within the department, totaling \$839,634 in fiscal 1988 and \$829,600 in fiscal 1989, 2) federal unemployment insurance appeals funds totaling \$259,688 in fiscal 1988 and \$255,076 in fiscal 1989, which support Unemployment Insurance Appeals, and 3) reimbursement for various fact finding operations totaling \$3,346 in each year.

Other revenue consists of income from the sale of appeals case decisions.

AGENCY: DOLI/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: EMPLOYMENT POLICY

		FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change	
		BUDGET ITEM	Executive	Current Level	Subcommittee		Executive	Current Level	Subcommittee			
FTE		41.00	41.00	40.98	41.00		41.00	40.98	41.00		0.00	
Personal Services	\$1,026,569	\$1,062,530	\$1,052,433	\$1,063,693	\$1,061,871		\$1,051,820	\$1,063,076	\$1,051,820		3.62	
Operating Expenses	591,131	1,143,815	983,526	1,133,605	1,115,800		970,599	1,109,156	1,109,156		91.77	
Equipment	39,236	18,500	23,500	18,500	15,000		0	15,000	15,000		-52.85	
TOTAL EXPENSES	\$1,656,336	\$2,224,845	\$2,059,459	\$2,215,798	\$2,192,671		\$2,022,419	\$2,187,232	\$2,187,232		33.73	
FUNDING												
General Fund	\$ 0	\$ 19,567	\$ 15,306	\$ 19,567	\$ 0		\$ 0	\$ 0	\$ 0		N/A	
Federal Revenue	1,656,936	2,205,278	2,044,153	2,196,231	2,192,671		2,022,419	2,187,232	2,187,232		32.54	
TOTAL FUNDING	\$1,656,336	\$2,224,845	\$2,059,459	\$2,215,798	\$2,192,671		\$2,022,419	\$2,187,232	\$2,187,232		33.73	

Program Description: Employment Policy provides overall employment and training policy and planning functions for the Department of Labor and Industry. It consists of: 1) Apprenticeship and Training, which administers the apprenticeship program, 2) staff of the Job Training Partnership Act (JTPA) Program and other state funded job training programs for specific client group needs, and 3) Research and Analysis, which develops data and statistics related to employment, conducts surveys and studies with contracting agencies and charts employment trends in the state, and administers the Montana Career Information System (MCIS) and the State Occupational Information Coordinating Committee (SOICC). Employment Policy also includes all Prevailing Wage study expenses. This study is conducted every two years to determine prevailing wage rates in Montana and will be conducted in fiscal 1988. On-going prevailing wage expenses are contained in the Investigations Bureau of Employment Relations.

Budget: Operating expenses rise 93.5 percent for the following reasons: 1) \$107,000 was added for evaluations of program participants, 2) \$77,000 was added for outside audits, 3) consulting and professional services were reduced by \$35,606 to \$18,500, as fiscal 1986 included one-time expenditures, and 4) indirect costs total \$410,118 in fiscal 1988 and \$406,060 in fiscal 1989, or \$313,799 over the fiscal 1986 total of \$96,319. This difference is due to the change in accounting for indirect charges and because JTPA indirect costs, which total \$225,185 in fiscal 1988 and \$223,692 in fiscal 1989, were included in Job Service in fiscal 1986 and do not appear in the actual fiscal 1986 totals in the above table. The department reorganized in fiscal 1987. Approximately \$85,000 in operating expenses now included in this budget are not included in the actual fiscal 1986 figures.

Equipment includes \$13,500 in fiscal 1988 for computer equipment, \$10,000 for a one-time matrix purchase in fiscal 1989, and \$2,000 for office equipment and \$3,000 for software each year.

Funding: General fund supports the prevailing wage study expenses.

Federal revenue consists of the following: 1) Job Training Partnership Act totaling \$1,154,489 in fiscal 1988 and \$1,152,214 in fiscal 1989, which fund all JTPA Staff expenses, 2) Research and Analysis totaling \$863,580 in fiscal 1988 and \$856,922 in fiscal 1989, which fund the Research and Analysis Bureau, and 3) unemployment insurance penalty and interest funds totaling \$178,162 in fiscal 1988 and \$178,096 in fiscal 1989, which support the Apprenticeship Bureau.

AGENCY: DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: HUMAN RIGHTS COMMISSION

BUDGET ITEM	FY 1986 Actual	Executive Current Level	Fiscal 1988 Subcommittee	Executive Current Level	Fiscal 1989 Subcommittee	% Change
FTE	10.50	9.00	9.00	9.00	9.00	-1.50
Personal Services	\$242,899	\$235,712	\$231,746	\$235,786	\$235,959	\$235,903
Operating Expenses	74,923	77,164	80,438	76,497	74,361	-2.93
Equipment	511	0	0	0	0	2.10
TOTAL EXPENSES	<u>\$318,333</u>	<u>\$312,876</u>	<u>\$312,184</u>	<u>\$312,283</u>	<u>\$311,796</u>	<u>-100.00</u>
FUNDING						
General Fund	\$207,053	\$216,876	\$203,053	\$216,283	\$202,801	\$213,663
Federal Revenue	111,280	96,000	109,131	96,000	108,995	96,000
TOTAL FUNDING	<u>\$318,333</u>	<u>\$312,876</u>	<u>\$312,184</u>	<u>\$312,283</u>	<u>\$311,796</u>	<u>\$309,663</u>

Program Description: The Human Rights Commission is charged with enforcement of state and federal laws designed to eliminate discrimination in the areas of employment, public accommodations, housing, financing and credit transactions, education, and government services.

Language in Bill: If the division receives federal funds in excess of the amount for case processing and related travel totaling for fiscal year 1989 \$105,593, the division will revert such excess to the general fund. Any EEOC federal funds made available up to this limit or other federal funds made available to the division to provide other services will have to be approved through the regular budget amendment process.

Budget: A 1.0 FTE human rights officer I and a 0.5 FTE human rights officer II positions were deleted due to a decrease in federal funding. Operating expenses rise 2.2 percent in fiscal 1988 due to the inclusion for one year only of \$1,500 in microfilming expenses. Travel was reduced \$700 due to the reduction in staff. Indirect charges total \$19,546 in fiscal 1988 and \$18,285 in fiscal 1989, compared with a fiscal 1986 total of \$19,192.

Funding: All cases heard by the commission fall under state law and, therefore, are funded with general fund. However, in some instances the cases cross over into federal law. In this event, the commission is entitled to a reimbursement from either the Equal Employment Opportunity Commission (EEOC) or the federal Department of Housing

and Urban Development (HUD). The state is reimbursed at a set rate of \$420 for EEOC cases and \$600 for HUD cases. In addition, the state is eligible for some travel and miscellaneous reimbursements. The fall in federal funds is due to a lower anticipated number of cases heard by the commission eligible for federal reimbursement in the 1989 biennium than experienced in fiscal 1986. In the 1989 biennium, it is anticipated that 200 EEOC and 10 HUD cases will be completed, and that \$4,000 in travel and training and \$2,000 in miscellaneous reimbursements will be received.

AGENCY: DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: COMMISSIONER OF LABOR & INDUSTRY

<u>BUDGET ITEM</u>	<u>FY 1986</u>		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>		<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Current Level</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>% Change</u>	<u>FY 86-88</u>	
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>								
FTE	4.00	4.00	4.00	4.00	4.00	4.00							0.00	0.00
Personal Services	\$154,605	\$139,809	\$139,829	\$139,829	\$139,963	\$139,993							-9.56	
Operating Expenses	27,704	16,579	11,098	16,579	16,606	11,132							-40.16	
TOTAL EXPENSES	\$182,309	\$156,388	\$150,927	\$156,408	\$156,569	\$151,125							-14.21	
FUNDING														
Federal Revenue	\$182,309	\$0	\$0	\$0	\$0	\$0							\$ -100.00	
Proprietary Fund	0	156,388	150,927	156,408	156,569	151,125							ERR	
TOTAL FUNDING	\$182,309	\$156,388	\$150,927	\$156,408	\$156,569	\$151,125							-14.21	

Program Description: The Commissioner of Labor and Industry is responsible for overall management of the Department of Labor and Industry.

Budget: The decrease in personal services is due primarily to pay out of the former commissioner. Operating expenses decrease 40 percent. The Commissioner's Office had formerly been charged directly for its share of the costs of Centralized Services. These expenses appeared as indirect charges in this office's budget. Since this office is funded by all other programs of the department, those charges were all eventually paid by the programs contributing to the support of this office. In the 1989 biennium, all indirect charges to the Commissioner's Office will be deleted to eliminate this accounting duplication. Indirect charges totaled \$16,635 in fiscal 1986. Travel was increased \$5,726 to allow the commissioner to travel to out-of-state meetings.

Funding: The Commissioner's Office is funded with charges made against all other programs of the department, which appear as operating expenses in those budgets. In the 1989 biennium, an accounting change has switched these funds to a proprietary account.

AGENCY: DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: JOB TRAINING PARTNERSHIP ACT

<u>BUDGET ITEM</u>	<u>FY 1986 Actual</u>	<u>Fiscal 1988</u>		<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Fiscal 1989</u>		<u>Subcommittee</u>	<u>FY 86-88 % Change</u>
		<u>Executive</u>	<u>Current Level</u>			<u>Executive</u>	<u>Current Level</u>		
FTE	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Personal Services	\$ 20,721	\$ 0	\$ 0	\$ 0		\$ 0	\$ 0	\$ 0	-100.00
Operating Expenses	364	0	0	0		0	0	0	-100.00
Non-Operating	8,182,140	7,636,073	7,636,093	7,636,073		7,965,212	7,965,212	7,965,212	-6.67
TOTAL EXPENSES	\$8,203,225	\$7,636,073	\$7,636,093	\$7,636,073		\$7,965,212	\$7,965,212	\$7,965,212	-6.91
FUNDING									
General Fund	\$ 291,220	\$ 125,000	\$ 125,000	\$ 125,000		\$ 125,000	\$ 125,000	\$ 125,000	-57.08
Federal Revenue	7,912,005	7,511,073	7,511,093	7,511,073		7,840,212	7,840,212	7,840,212	-5.07
TOTAL FUNDING	\$8,203,225	\$7,636,073	\$7,636,093	\$7,636,073		\$7,965,212	\$7,965,212	\$7,965,212	-6.91

Program Description: Job Training Partnership Act passes through federal JTPA funds to the Department of Labor and Industry, state agencies, and non-state organizations that provide training to help individuals enter or reenter the workforce.

Budget: The budget represents the anticipated level of JTPA funds in the 1989 biennium and does not include several budget amendments received in fiscal 1986.

Funding: General fund supports the state Displaced Homemakers Program. General fund had also provided the necessary dollar for dollar match on JTPA Title III dislocated workers funds and pre-employment training funds. The match for both of these funds, totaling \$209,000 in fiscal 1988 and fiscal 1989, will now be met with unemployment insurance penalty and interest funds. The remainder of the federal funds consist of federal JTPA grants.

Modified Budgets

1. **JTPA Summer Youth Training** - JTPA funds totaling \$926,410 each year are recommended to provide support and assistance to Montana employers in providing jobs for economically disadvantaged youth.

2. **Aid to Families with Dependent Children Day Care** - General fund totaling \$90,909 in fiscal 1988 and \$109,091 in fiscal 1989 are recommended to provide initial child care assistance to former Aid to Families with Dependent Children (AFDC) families who are employees and to provide information to the program's impact on successful employment of AFDC parents.

AGENCY: DOL/EMPLOYMENT SERVICES

LEGISLATIVE ACTION

PROGRAM: GENERAL ASSISTANCE TRAINING PROGRAM

BUDGET ITEM	FY 1986 Actual	Fiscal 1988 Executive Current Level	Subcommittee	Fiscal 1989 Executive Current Level	Subcommittee	FY 86-88 % Change
FTE	0.00	0.00	17.50	0.00	0.00	17.50
Personal Services	\$0	\$0	\$ 372,753	\$0	\$ 372,050	N/A
Operating Expenses	0	0	325,438	0	0	N/A
Non-Operating	0	0	729,908	0	0	N/A
TOTAL EXPENSES	\$0	\$0	\$1,428,099	\$0	\$1,428,099	N/A
GENERAL FUND	\$0	\$0	\$1,428,099	\$0	\$1,428,099	N/A

Program Description: The Department of Labor and Industry is the administering and evaluation agency of the General Assistance Training Program. The program was established to meet the requirements of House Bill 12 passed in Special Session II, which required all persons receiving general assistance to attend classes designed to improve their employment possibilities and to engage in structured job search. Failure to participate in the programs means the loss of eligibility for all or a portion of general assistance benefits. In each of the 12 counties whose general assistance program has been assumed by the state, the training is provided by local job service offices, as well as by county governments and other organizations, such as Human Resource Development Councils (HRDCs) and the AFL-CIO.

Budget: The program began operations in fiscal 1987, and was appropriated funds for an eight month period. The following table shows budgeted expenses and FTE of the program in fiscal 1987.

**Budgeted Expenses - General Assistance Training Program
Fiscal 1987**

<u>County</u>	<u>Budgeted Expenditures</u>	<u>FTE</u>
Cascade	\$146,113	8.0
Deer Lodge and Powell	60,803	4.0
Flathead	68,894	5.5*
Lake	12,167	0.0
Lewis and Clark	141,697	6.5
Lincoln	64,192	1.0
Mineral and Missoula	86,870	4.5
Park	34,151	1.0
Ravalli	15,549	0.5
Silver Bow	104,385	5.0
Total	<u>\$734,821</u>	<u>36.0</u>

* Includes 4.5 FTE employed by community organizations serving Flathead, Lake, and Lincoln counties.

The total FTE include 13.5 FTE in local job service offices. In addition, the central department of labor office in Helena employs 2.5 FTE for this program and has budgeted expenses of \$69,867.

The 1989 biennium budget includes all FTE associated with the local job service offices and the central department of labor office. Expenses of the central office total \$120,000 each year of the biennium, while local job service costs total \$433,191 in fiscal 1988 and \$431,267 in fiscal 1989. The 1989 biennium budget includes an additional 1.5 FTE in the local job service offices, and also includes \$145,000 each year in workers' compensation costs for participants.

Nonoperating expenses include \$21,890 in expenses of local job service offices each year and grants to other program operators for the costs of local programs, totaling \$708,018 in fiscal 1988 and \$709,942 fiscal 1989.

AGENCY: DIVISION OF WORKERS' COMPENSATION

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
FTE	175.25	199.50	172.00	184.00	199.50	172.00	184.00			8.75
Personal Services	\$3,919,515	\$4,478,602	\$3,898,305	\$4,119,159	\$4,485,131	\$3,905,128	\$4,125,884			5.09
Operating Expenses	2,310,860	2,882,042	2,474,613	2,611,451	2,777,401	2,400,934	2,605,296			-13.01
Equipment	155,672	214,369	165,320	148,257	127,540	92,650	126,690			-4.76
Non-Operating	1,611,841	1,080,199	1,063,046	655,545	1,477,937	1,461,521	1,051,520			-59.33
TOTAL EXPENSES	\$7,997,888	\$8,655,212	\$7,601,284	\$7,534,412	\$8,868,009	\$7,860,233	\$7,909,390			-5.79
FUNDING										
General Fund	\$ 99,978	\$ 657,444	\$ 658,103	\$ 81,443	\$ 632,029	\$ 632,687	\$ 76,429			-18.54
State Special Rev	7,773,881	7,873,319	6,817,719	7,328,520	8,111,104	7,101,657	7,708,085			-5.73
Federal Revenue	124,029	126,449	125,462	124,449	124,876	125,889	124,876			0.33
TOTAL FUNDING	\$7,997,888	\$8,655,212	\$7,601,284	\$7,534,412	\$8,868,009	\$7,860,233	\$7,909,390			-5.79

Program Description: The Division of Workers' Compensation is responsible for several laws relating to Montana's workers. It is comprised of four bureaus: 1) Administration, 2) State Insurance Fund, 3) Insurance Compliance, and 4) Safety and Health.

Budget: The Crime Victims Compensation Program, which provides payments to innocent victims of crime or their families, has been transferred to the Department of Justice in the 1989 biennium. The program's expenditures totaled \$422,940 in fiscal 1986, funded with a portion of the fines and citations issues by the highway patrol. A detailed discussion of budget issues is included in the narrative that follows.

Funding: General fund supports the administrative costs of the Silicosis Benefits Program and all costs of the Social Security Offsets Program, both of which are included in the Insurance Compliance Bureau. Prior to fiscal 1986, all silicosis benefit payments had been made with general fund. The payments were changed to Resource Indemnity Trust interest funds in fiscal 1986. The 1989 biennium budget maintains that funding.

State special revenue consists of state workers' compensation insurance funds, which provide most of the funding of the operational costs of the division, and of RIT funds, which fund all silicosis benefit payments. Federal funds consist of Occupational Safety and Health Administration, on-site evaluation, and coal mine safety funds.

AGENCY, DIVISION OF WORKERS' COMPENSATION

LEGISLATIVE ACTION

FUNDING

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive Current Level	Subcommittee	Executive Current Level	Subcommittee	Subcommittee	Executive Current Level	Subcommittee	Subcommittee	
FTE	39.00	39.50	36.00	37.00			39.50	36.00	37.00	-2.00
Personal Services	\$ 861,928	\$ 926,713	\$ 852,991	\$ 878,275			\$ 927,865	\$ 854,242	\$ 879,497	1.90
Operating Expenses	598,103	667,572	466,305	482,285			510,420	408,090	423,882	-19.36
Equipment	50,433	46,804	65,804	43,104			42,393	4,655	42,393	-14.53
Non-Operating	0	9,962	9,962	9,962			431,338	431,338	431,338	
TOTAL EXPENSES	\$1,510,464	\$1,651,051	\$1,395,062	\$1,413,626			\$1,912,016	\$1,698,325	\$1,777,110	-6.41
FUNDING										
State Special Rev										
Federal Revenue	\$1,478,664	\$1,617,951	\$1,360,949	\$1,380,526			\$1,878,947	\$1,664,243	\$1,744,041	-6.64
	31,800	33,100	34,113	33,100			33,069	34,082	33,069	4.09
TOTAL FUNDING	\$1,510,464	\$1,651,051	\$1,395,062	\$1,413,626			\$1,912,016	\$1,698,325	\$1,777,110	-6.41

Program Description: The Administration Program is responsible for overall management and support services of the division.

Budget: One FTE who transferred from Centralized Services in fiscal 1987 was maintained. One FTE legal staff included in the 1987 biennium only has been deleted. The FTE is included as a modified budget in this program and in the State Insurance Fund. One FTE was internally transferred.

Operating expenses decline 19.4 percent as the cumulative result of the following: 1) data processing charges were reduced \$221,830, as the division had one-time expenses in fiscal 1986, 2) expenses of the Workers' Compensation Advisory Council were reduced \$17,528, 3) audit expenses total \$1,300 less than the fiscal 1986 total of \$40,000. 4) payroll service fees total \$11,311 in fiscal 1988 and \$11,030 in fiscal 1989, compared with a fiscal 1986 total of \$1,814, 5) indirect costs total \$83,040 in fiscal 1988 and \$82,597 in fiscal 1989, compared with a fiscal 1986 total of \$80,491, 6) insurance costs of \$49,248 were added, 7) a software agreement with WANG was added totaling \$3,960, 8) janitorial expenses were raised \$8,244, 9) parking spaces were added at a cost of \$3,480, 10) maintenance contracts were increased \$2,268, 11) expenses of an anticipated major revision of the workers' compensation statutes total \$11,679, 12) legal expenses were raised \$3,468, 13) postage for small business clinic mailings was increased \$6,300, 14) rent on a copier adds \$7,291, and 15) phone enhancements total \$10,000 in fiscal 1988.

Equipment consists of \$40,004 in fiscal 1988 and \$26,793 in fiscal 1989 for computer equipment, office equipment of \$1,500 each year, library books totaling \$1,600 in fiscal 1988 and \$2,200 in fiscal 1989, and software of \$11,900 in fiscal 1989.

Non-operating costs of \$9,962 in fiscal 1988 and \$431,338 in fiscal 1989 consist of transfers for building payments not funded with investment earnings. Building payments total \$430,463 in fiscal 1988 and \$431,338 in fiscal 1989.

Funding: State special revenue consists of state workers' compensation insurance funds. Federal revenue includes a grant from the federal Occupational Safety and Health Administration.

Modified Budgets

1. Legal Secretary - State workers' compensation funds totaling \$17,541 in fiscal 1988 and \$17,518 in fiscal 1989 are recommended to retain 1.0 FTE legal secretary added by the 1985 legislature on a sunset basis to aid 2.0 FTE attorneys. The attorneys are recommended in a modified budget in the State Insurance Fund.

2. Computer Development - State workers' compensation funds totaling \$181,000 in fiscal 1988 and \$75,000 in fiscal 1989 are recommended to complete the development of the computer system currently being implemented.

3. Programmer/Mail Clerk - State workers' compensation funds totaling \$37,742 in fiscal 1988 and \$36,607 in fiscal 1989 are recommended to add 1.5 FTE to assist in the automation of identifying uninsured employers, generating management information reports and assisting with in-coming mail.

AGENCY: DIVISION OF WORKERS' COMPENSATION

LEGISLATIVE ACTION

PROGRAM: STATE INSURANCE FUND

<u>BUDGET ITEM</u>	<u>FY 1986</u>			<u>Fiscal 1988</u>			<u>FY 86-88</u>		
	<u>Actual</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>Executive</u>	<u>Current Level</u>	<u>Subcommittee</u>	<u>% Change</u>	
FTE	76.00	98.00	76.00	88.00	98.00	76.00	88.00	12.00	
Personal Services	\$1,720,713	\$2,093,465	\$1,633,317	\$1,856,031	\$2,093,864	\$1,633,829	\$1,856,553	7.86	
Operating Expenses	1,380,665	1,723,658	1,605,702	1,677,129	1,786,345	1,592,199	1,739,371	21.47	
Equipment	37,629	110,641	37,702	56,229	56,550	54,100	56,550	49.43	
TOTAL EXPENSES	\$3,139,007	\$3,927,764	\$3,276,721	\$3,589,389	\$3,936,759	\$3,280,128	\$3,652,474	14.35	
STATE SPECIAL REVENUE	\$3,139,007	\$3,927,764	\$3,276,721	\$3,589,389	\$3,936,759	\$3,280,128	\$3,652,474	14.35	

Program Description: The State Insurance Fund administers the state workers' compensation insurance fund. It enrolls employers requesting coverage and pays wage loss and medical benefits according to state law.

Budget: Twelve FTE transferred from Centralized Services and Job Service in fiscal 1987 were maintained in the 1989 biennium. The rise in operating expenses of 21.5 percent is due to a number of factors: 1) reinsurance costs of \$151,196 in fiscal 1988 and \$151,121 in fiscal 1989 were added to increase the level of catastrophic reinsurance maintained, 2) data processing expenses were raised \$160,448 in fiscal 1988 and \$217,772 in fiscal 1989 to allow more central information processing and storage, 3) \$58,367 in fiscal 1988 and \$74,767 in fiscal 1989 was added each year for anticipated increases in the costs to the fund of the contract with the actuarial firm of Coates, Herfurth and England, dues to the National Council on Compensation Insurance (NCCI), and a physical therapy consultant, and 4) internal audit expenses were reduced \$85,785 in fiscal 1988 and \$90,475 in fiscal 1989 due to budget cuts.

Equipment consists of two automobiles in fiscal 1988 for \$17,304, computer equipment of \$35,175 in fiscal 1988 and \$36,600 in fiscal 1989, office equipment of \$3,450 in fiscal 1988 and \$19,650 in fiscal 1989, and \$300 for library books each year of the biennium.

Funding: Funding is provided by state workers' compensation insurance funds, which are derived from premium, investments, assessments on employers, and other income.

Modified Budgets

1. **Workload Increase** - 10.0 FTE, including 1.0 FTE claims examiner, 6.0 FTE field representative, 1.0 FTE supporting clerical staff, and 2.0 FTE attorney positions are recommended in response to increases in workload. The modified would be funded with state workers' compensation insurance funds totaling \$339,300 in fiscal 1988 and \$285,202 in fiscal 1989.

AGENCY: DIVISION OF WORKERS' COMPENSATION

LEGISLATIVE ACTION

PROGRAM: INSURANCE COMPLIANCE

BUDGET ITEM	FY 1986 Actual	Fiscal 1988 Executive Current Level	Fiscal 1988 Subcommittee	Executive Current Level	Fiscal 1989 Subcommittee	FY 86-88 % Change
FTE	35.00	37.00	35.00	34.00	37.00	-1.00
Personal Services	\$ 697,516	\$ 780,694	\$ 734,015	\$ 706,871	\$ 780,779	1.34
Operating Expenses	187,987	303,551	258,573	310,385	296,808	65.11
Equipment	39,303	33,700	23,250	25,700	4,100	-34.61
Non-Operating	1,054,764	1,070,237	1,053,084	645,583	1,046,599	620,183
TOTAL EXPENSES	\$1,979,570	\$2,188,182	\$2,068,922	\$1,668,539	\$2,128,286	-14.70
FUNDING						
General Fund	\$ 99,978	\$ 657,444	\$ 658,103	\$ 81,443	\$ 632,029	\$ 76,429
State Special Rev	1,879,592	1,530,738	1,410,819	1,607,096	1,496,257	1,558,667
Other Revenue	0	0	0	0	0	0
TOTAL FUNDING	\$1,979,570	\$2,188,182	\$2,068,922	\$1,668,539	\$2,128,286	\$1,635,096
						-16.01

Program Description: Insurance Compliance assists claimants, insurance adjusters and carriers, employers, attorneys, and medical providers in interpreting and complying with the workers' compensation and occupational disease acts and monitors private insurers' adequacy of coverage and payment to injured workers.

Budget: The decrease of 1.0 FTE results from the transfer of the Crime Victims Compensation Program to the Board of Crime Control. The rise in operating expenses of 65 percent is the cumulative result of the following: 1) \$23,040 was added each year for state fund required referrals of certain claimants, 2) data processing costs were increased \$108,187 in fiscal 1988 and \$106,497 in fiscal 1989, and 3) \$5,709 in fiscal 1988 and \$5,706 in fiscal 1989 was transferred to the Board of Crime Control for administrative costs of the Crime Victims Compensation Program.

Equipment consists of computer equipment totaling \$24,800 in fiscal 1988 and \$3,200 in fiscal 1989 and office equipment of \$900 each year.

The following table illustrates the two grants administered by the bureau. The table includes the Crime Victims Compensation Program for comparison.

Table 1
Grants - Division of Workers' Compensation

<u>Grant</u>	<u>Fund Source</u>	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Silicosis Benefits Administration Payments	General Fund Resource Indemnity Trust	\$ 11,678 600,600	\$ 11,861 576,000	\$ 11,846 555,600
Social Security Offsets Crime Victims*	General Fund State Crime Victims Fund	88,301	69,583	64,583
Administration Payments		57,077 365,863	58,789 348,711	60,553 349,447
Total Grants		\$1,123,519	\$1,064,944	\$1,042,029

*Transferred to Department of Justice in fiscal 1988.

Social security offset payments are made to those persons adversely affected by a 1974 law offsetting payments from the division 100 percent for any social security payments received for the same purpose. The law was subsequently changed to a 50 percent offset.

Silicosis benefits are paid to those persons who contracted the disease on the job prior to 1959 and to widows of silicotics. The following table shows the number of silicosis cases, payment levels, and costs.

Table 2
Silicosis Case Payments, Costs

<u>Fiscal Year</u>	<u>Cases</u>	<u>Widow</u>	<u>Silicotic</u>	<u>Payments</u>	<u>Widow</u>	<u>Total Costs</u>
1986	183	133	\$200	\$100		\$600,600*
1987 Projected	178	141	200	100		580,800**
1988 Projected	172	136	200	100		576,000
1989 Projected	166	131	200	100		555,600

* Slight difference is due to fluctuations within fiscal year in number of claimants.
 **Actual appropriation. Projected cases upon which the appropriation was made total 171 regular cases and 142 widows.

Funding: General fund provides funding for social security offsets and for administration of the Silicosis Benefits Program, totaling \$11,861 in fiscal 1988 and \$11,846 in fiscal 1989.

State special revenue consists of two funds: 1) state workers' compensation insurance funds totaling \$1,031,096 in fiscal 1988 and \$1,003,067 in fiscal 1989, which fund operational costs of the bureau, and 2) Resource Indemnity Trust funds, which fund silicosis benefit payments. These benefits had been paid with RIT funds in the 1987 biennium. Prior to that time the benefits had been paid with general fund.

Modified Budgets:

1. Claims Examiner - State workers' compensation funds totaling \$30,911 in fiscal 1988 and \$26,898 in fiscal 1989 are recommended to add 1.0 FTE claims examiner to reduce the workload of the current FTE.
2. Administrative Officer - State workers' compensation funds totaling \$26,532 in fiscal 1988 and \$22,521 in fiscal 1989 are recommended to add 1.0 FTE administrative officer to deal with the self-insurance and insurer solvency programs.

AGENCY: DIVISION OF WORKERS' COMPENSATION

		LEGISLATIVE ACTION			PROGRAM: SAFETY AND HEALTH			
		FY 1986		Fiscal 1988		Fiscal 1989		FY 86-88 % Change
BUDGET ITEM	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	25.00	25.00	25.00	25.00	25.00	25.00	25.00	0.00
Personal Services	\$639,361	\$677,730	\$677,982	\$677,982	\$682,623	\$682,904	\$682,904	6.04
Operating Expenses	144,108	187,261	144,033	141,652	183,828	145,514	138,160	-1.70
Equipment	28,306	23,224	38,564	23,224	24,497	32,995	23,647	-17.95
TOTAL EXPENSES	<u>\$811,775</u>	<u>\$888,215</u>	<u>\$860,579</u>	<u>\$842,858</u>	<u>\$890,948</u>	<u>\$861,413</u>	<u>\$844,711</u>	<u>3.83</u>
FUNDING								
State Special Rev	\$719,561	\$796,866	\$769,230	\$751,509	\$799,141	\$769,606	\$752,904	4.44
Federal Revenue	92,234	91,349	91,349	91,349	91,807	91,807	91,807	-0.96
TOTAL FUNDING	<u>\$811,775</u>	<u>\$888,215</u>	<u>\$860,579</u>	<u>\$842,858</u>	<u>\$890,948</u>	<u>\$861,413</u>	<u>\$844,711</u>	<u>3.83</u>

Program Description: The Safety and Health Bureau is responsible for administering the state's industrial safety laws.

Budget: The decrease in operating expenses of 1.7 percent is the cumulative result of the following: 1) travel was reduced \$8,513 each year, as increased travel is included in a modified due to a proposed change in division policy to increase field work and travel, 2) insurance was increased \$686, and 3) \$2,190 was added in fiscal 1988 to reprint the Montana safety laws and rules.

Equipment includes two vehicles each year totaling \$17,304 in fiscal 1988 and \$21,152 in fiscal 1989, computer equipment of \$2,995 in fiscal 1988, a video recorder for \$800 in fiscal 1988, code books for \$625 in fiscal 1988 and \$995 in fiscal 1989, and films for \$1,500 each year.

Funding: State special revenue consists of state workers' compensation funds. Federal revenue consists of coal mine safety funds of \$39,602 in fiscal 1988 and \$39,744 in fiscal 1989, and on-site consultation funds totaling \$51,747 in fiscal 1988 and \$52,063 in fiscal 1989.

Modified Budgets:

- Loss Control -** State workers' compensation insurance funds totaling \$45,609 in fiscal 1988 and \$46,518 in fiscal 1989 are recommended to expand the travel conducted by field personnel to increase their loss control activities and provide more assistance to the State Insurance Fund.

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AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	
FTE	726.43	737.96	724.07	731.57	738.47	724.07	731.57
Personal Services	\$ 16,206,930	\$ 17,557,525	\$ 17,143,707	\$ 17,374,542	\$ 17,569,706	\$ 17,142,475	\$ 17,374,565
Operating Expenses	9,128,568	12,445,278	8,672,913	9,569,184	9,829,197	8,737,435	10,164,617
Equity	218,635	482,639	75,473	69,542	480,144	61,821	57,724
Non-Operating	183,588,816	224,744,027	212,929,867	240,927,339	237,769,513	221,171,931	260,827,315
TOTAL EXPENSES	\$209,142,949	\$255,229,469	\$238,821,960	\$267,940,607	\$265,648,560	\$247,113,662	\$288,424,221
FUNDING							28.11
General Fund	\$ 59,195,874	\$ 70,252,325	\$ 66,585,740	\$ 77,301,964	\$ 71,089,616	\$ 66,269,345	\$ 78,839,444
State Special Rev	7,777,527	8,548,086	7,154,063	7,134,063	8,934,248	7,199,469	7,199,469
Federal Revenue	142,169,548	176,429,058	165,102,157	183,504,580	185,624,696	173,644,848	202,385,308
TOTAL FUNDING	\$209,142,949	\$255,229,469	\$238,821,960	\$267,940,607	\$265,648,560	\$247,113,662	\$288,424,221
							28.11

Program Description: The Department of Social and Rehabilitation Services administers the majority of the state's human services programs. Services include cash assistance payments to recipients of Aid to Families With Dependent Children, and the General Assistance Relief Program in state assumed counties; reimbursement to health care providers for medical services to medicaid clients; services for the vocationally and visually handicapped; and community-based placement services for the state's developmentally disabled.

Budget: As shown in the above table, the increases in costs between fiscal 1986 and the subcommittee funding for the 1989 biennium occur primarily in the grants and benefits portion of the budget which increases 31.2 percent. Operating costs rise only 4.8 percent over the same period. Minor inflationary increases are included in the rate of reimbursement paid service providers, and approximately 70 percent of the total increase in costs is attributable to the projected increases in AFDC, SSI, and general assistance caseloads.

Total funds increase 28.11 percent, general fund increases 30.6 percent and federal funds increase 29.1 percent. The majority of the state special revenue funds are the 12 mills levied by those counties where the state has assumed responsibility for operation of the local welfare program. Because the Burlington Northern Railroad has protested its taxes, projected revenue from the 12 mills for the 1989 biennium is lower than the amount received during the 1987 biennium.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: ASSISTANCE PAYMENTS

BUDGET ITEM	FY 1986 Actual	Fiscal 1988			Fiscal 1989			FY 86-88 % Change
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	47.50	48.75	45.55	45.75	48.75	45.55	45.75	-1.75
Personal Services	\$ 1,182,928	\$ 1,390,340	\$ 1,302,897	\$ 1,309,278	\$ 1,390,956	\$ 1,303,720	\$ 1,310,091	10.68
Operating Expenses	1,694,631	4,753,478	2,573,416	2,341,972	2,280,442	2,762,685	2,336,249	38.20
Equipment	<u>32,769</u>	<u>416,363</u>	<u>7,910</u>	<u>1,912</u>	<u>423,847</u>	<u>7,910</u>	<u>1,467</u>	<u>-94.17</u>
Total Operating	\$ 2,910,328	\$ 6,560,181	\$ 3,886,223	\$ 3,653,162	\$ 4,095,245	\$ 4,074,315	\$ 3,647,807	25.52
Benefits								
Food Stamps	\$ 24,386	\$ 28,892	\$ 25,000	\$ 28,892	\$ 30,048	\$ 25,000	\$ 30,048	18.48
Burials	0	0	0	92,000	0	0	92,000	N/A
Nonresident GA	29,999	30,000	30,000	0	30,000	30,000	0	-100.00
Solar Bank	58,651	187,500	60,000	187,500	187,500	60,000	187,500	219.69
Training	71,910	183,787	72,000	150,000	183,787	72,000	150,000	108.59
Legal Services	99,999	50,000	0	100,000	50,000	0	100,000	0.00
TEFAP	139,713	0	0	0	0	0	0	-100.00
Job Search	153,523	361,752	231,752	231,752	491,752	231,752	231,752	50.96
Day Care	579,027	687,694	700,622	687,694	687,694	770,685	740,326	18.77
CSBG	1,207,819	1,309,485	1,307,485	1,309,485	1,361,864	1,361,864	1,361,864	8.42
Weatherization	1,705,904	1,854,924	1,784,220	1,854,924	1,929,121	1,784,220	1,929,121	8.74
General Assistance	4,586,618	5,031,455	3,818,256	4,523,472	6,030,218	4,797,864	4,054,200	-1.38
LIEAP	9,728,665	11,031,693	9,492,521	9,769,268	11,031,693	9,492,521	9,769,268	0.42
AFDC	33,786,384	40,392,994	39,672,699	43,285,939	43,029,684	42,261,590	48,921,609	28.12
Total Benefits	<u>\$52,172,598</u>	<u>\$61,150,176</u>	<u>\$57,194,555</u>	<u>\$62,220,925</u>	<u>\$65,043,361</u>	<u>\$60,887,496</u>	<u>\$67,567,788</u>	<u>19.26</u>
TOTAL EXPENSES	\$55,082,926	\$67,710,357	\$61,078,777	\$65,874,088	\$69,138,606	\$64,961,811	\$71,215,595	19.59
FUNDING								
General Fund	\$16,591,311	\$18,521,139	\$17,317,861	\$18,476,645	\$19,114,974	\$18,453,031	\$18,731,277	11.36
Federal Revenue	38,491,615	49,189,218	43,760,916	47,397,443	50,023,632	46,508,780	52,484,318	23.14
TOTAL FUNDING	<u>\$55,082,926</u>	<u>\$67,710,357</u>	<u>\$61,078,777</u>	<u>\$65,874,088</u>	<u>\$69,138,606</u>	<u>\$64,961,811</u>	<u>\$71,215,595</u>	<u>19.59</u>

Program Description: The Assistance Payments Program is administered through the Economic Assistance Division and includes Aid to Families With Dependent Children (AFDC), Day Care Services, Food Stamp and Commodities Programs, the Low Income Energy Assistance Program (LIEAP), the Community Services Block Grant (CSBG), and the state administered General Assistance Payments Program.

Legislative Intent: Ten percent of the Low Income Energy Assistance Program grant will be transferred to the Social Services block grant each year and ten percent of the grant will be transferred to the Weatherization Program in the 1989 biennium.

It was the subcommittee's intent that 95 percent of the total community services block grant funds be allocated to the Human Resource Development Councils. It was the subcommittee's intent that funds appropriated to SRS to contract with the Montana Legal Services Corporation be used for general relief clients seeking eligibility for the federal Supplemental Security Income (SSI) program and their current recipients of SSI who have been notified of termination of their benefits with the intent of reducing the general fund caseload by a minimum of 320 clients by the end of the 1989 biennium.

Budget: General fund increases 11.4 percent from fiscal 1986 to fiscal 1988. The principal causes for this increase are the increased AFDC case load and the inclusion of the unemployed parent as eligible for AFDC payments. Total funds increased 19.6 percent as a result of the federal match for AFDC program rising from 65.89 percent in fiscal 1986 to 68.91 percent in fiscal 1988. The effect of the increased federal match is a shift from state to federal funding a portion of the additional costs of increased AFDC caseloads and payments.

The reduction of 1.75 FTE from the fiscal 1986 level is the result of transfers of positions to other programs in SRS. These transfers did not result in any net increase in the department's overall level of FTE. Operating costs increased over the fiscal 1986 level due to the addition of \$175,000 per year of federal funds for expansion of the Temporary Emergency Food Assistance Program (TEFAP), and \$455,000 additional federal spending authority to allow transfer of funds for refugee programs and IV-A daycare with the new Department of Family Services. Other minor adjustments were made to operating expenses that amount to less than 1 percent of operating costs.

The following describes the subcommittee's action for each of the benefit programs in the Assistance Payments Program.

Food Stamps: The food stamp program is funded with 75 percent federal funds and 25 percent local funds. These funds are used to pay the administrative costs of the food stamp issuance program on an Indian reservation. The subcommittee adopted the executive recommendation for the 1989 biennium that included a minor increase over the fiscal 1986 actual expenditures.

Burials: This benefit was formerly included as part of the general assistance payments budget. Cost of this program is part of the costs associated with the state's assumption of the 12 county welfare programs. Funding for this benefit is 100 percent general fund and is funded at the fiscal 1986 actual expenditures.

Nonresident General Assistance: The subcommittee is proposing changes in the language for the nonresident general assistance program that would restrict use of these funds to temporary assistance to inter- and intrastate transients. Current law allows for payment of medical bills for transients which resulted in expenditures in fiscal 1987

of approximately \$150,000 for a single case. Pending the change in statutes, the subcommittee has not approved any funding for this program.

Solar Bank: This 100 percent federally funded program provides assistance to low income persons to upgrade their heating systems. The subcommittee adopted the executive recommendation for the 1989 biennium.

Training: No general funds are included under this program. The \$150,000 per year is a combination of federal funds and local match funds for training programs for eligibility workers regarding changes in federal regulations impacting AFDC.

Legal Services: The Assistance Payments program contracts with the Montana Legal Services Corporation to provide legal assistance to general assistance recipients in filing for the federal Supplemental Security Income program. Funding for the contract is 100 percent general fund. The intent of the grant is to remove persons from general assistance which is 100 percent general fund and place them on SSI which is 100 percent federally funded. The committee anticipates that the funding for this program would remove 320 general assistance clients by the end of the 1989 biennium.

TEFAP: The Temporary Emergency Food Assistance Program (TEFAP) is a 100 percent federally funded program to provide nutritional assistance to low income persons. Funding for this program is increased \$175,000 per year for the 1989 biennium; however the funds are budgeted under contract services rather than under grants and benefits as was the case during the 1987 biennium.

Job Search: This 100 percent federally funded program is designed to assist food stamp recipients in locating employment. Funding for the program was set at the anticipated level of available federal funds.

Day Care: Day care is provided to AFDC recipients who are working or participating in work-related training programs. Costs associated with employment-related day care are considered a work-related expense and are included as a deduction when calculating the AFDC payment. Training-related day care is paid directly to the provider when the AFDC recipient is participating in such programs as vocational technical schooling or WIN work experience. This program is funded at the same federal match rate as regular AFDC benefits or approximately 30 percent general fund.

CSBG: The Community Services Block Grant (CSBG) includes county anti-poverty programs originally established under the Federal Economic Opportunity Act of 1964. State statute requires that 90 percent of the funds be allocated to Human Resource Development Councils in support of local programs, 5 percent is retained by SRS for administration and 5 percent may be used as discretionary funds. The subcommittee approved funding for this program at the level of anticipated available federal funds. *(S. 100)*

Weatherization: This 100 percent federally funded program provides assistance to low income persons in weatherizing their homes. The subcommittee approved funding for this program at the anticipated level of available federal funds.

General Assistance: The General Assistance Program is intended to provide financial assistance to needy persons who do not qualify for any other state or federal benefit program. Funding for the General Assistance Program is 100 percent general fund in the 12 counties where the state has assumed administration of the county welfare programs and

100 percent county funds in the other 44 counties. Two factors determine general assistance costs: 1) the size of the caseload, and 2) the amount of the average monthly payment. Table 7 shows the growth of the general assistance caseload and average monthly payment for the 12 assumed counties from fiscal 1982 through fiscal 1989.

Table 7
General Assistance Caseload, Monthly Payment Level, and Total Cost
Fiscal 1982 through 1987

<u>Fiscal Year</u>	<u>Caseload</u>	<u>Payment Level</u>	<u>Total Cost</u>
1982	713	\$117	\$1,001,052
1983	947	140	1,590,960
1984	1,205	141	2,038,779
1985	1,704	207	4,245,721
1986	1,931	198	4,586,618

1988	1,698	222	4,523,472
1989	1,450	233	4,054,200

As is the case with AFDC, general assistance payment levels are set by the legislature as a percentage of the federal poverty index. According to Department of Social and Rehabilitation Service's attorneys, because both the AFDC and General Assistance Programs are intended to serve similar indigent populations and are based on a similar needs tests, the payment levels must also be comparable to avoid violation of the equal protection clause of the constitution. House Bill 33, passed during Special Session III, limited general assistance benefits for able-bodied individuals to two months in any 12 month period. However, a court injunction has prohibited SRS from implementing the changes contained in House Bill 33 pending an appeal of the case to the Supreme Court. The subcommittee approved funding for the general assistance program based on the assumption that the state would prevail in the Supreme Court's ruling and would be allowed to implement the provisions of House Bill 33.

LIEAP: The Low Income Energy Assistance Program (LIEAP) provides assistance to low income persons in fuel and home heating costs. The anticipated level of the federal LIEAP grant is \$11,035,480 for both years of the 1989 biennium. It was the subcommittee's intent that 10 percent of the grant award must be transferred to the developmental disabilities program to be used in that program for services to the developmentally disabled, and 10 percent of the grant award was to be transferred to the weatherization program. Approximately 5 percent, \$475,640 per year, of the grant award is retained by SRS to administer the program and the balance is used for benefits. Included in the amount of LIEAP benefits for fiscal 1988 are \$1,952,559 of carry over funds from fiscal 1987, and included in the benefits for fiscal 1989 are \$1,639,583 of carry over funds from fiscal 1988. The amount shown on the main table for benefits, \$9,769,268, is composed of \$8,748,168 for fuel assistance grants, \$517,556 for local administration, and \$1,103,548 for weatherization. Refunds of \$600,000 per year are anticipated for the 1989 biennium.

AFDC: Aid To Families With Dependent Children (AFDC) is a cash assistance program to assist needy families with dependent children. The program is jointly funded by the state, county, and federal government with approximately 30 percent general funds. Because the average payment is higher for the unemployed parent AFDC family, for budgeting purposes the projected AFDC caseload is divided into regular cases and unemployed parent cases. The following table shows the fiscal 1986 actual caseload and payment levels and the subcommittee's projected caseload and approved payment levels.

Table 8
Subcommittee Funding For AFDC
Fiscal 1986 and the 1989 Biennium

	<u>Avg. Monthly Caseload</u>	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Regular Unemployed Parent	8,052	9,326	9,979	10,038
Payment	623	979	1,054	
Regular Unemployed Parent	\$317.83	\$340.10	\$357.11	
Cost	411.50	444.72	466.96	
Regular Unemployed Parent	\$30,709,997	\$38,061,357	\$43,015,536	
	3,076,385	5,224,582	5,906,073	
<u>Funding</u>				
Federal Funds	\$22,261,847	\$29,828,341	\$34,695,205	
County Funds	682,485	809,447	856,128	
General Funds	10,842,050	12,648,151	13,370,276	
Total Funds	\$33,786,382	\$43,285,939	\$48,921,609	

As may be seen from the above table, the regular caseload grew from an average monthly caseload of 8,052 in fiscal 1986 to 9,326 in fiscal 1988 or a 15.8 percent increase. Between fiscal 1988 and fiscal 1989, the regular AFDC caseload is expected to increase 7.6 percent to 10,038. The unemployed parent caseload is projected to increase from 623 in fiscal 1986 to 979 in fiscal 1988 or 57 percent. The rate of increase for the unemployed parent caseload from fiscal 1988 to fiscal 1989 is projected to be equal to the regular caseload or 7.6 percent. The large increase in caseload for the unemployed parent program from fiscal 1986 to 1988 is due to the fact that the eligibility of this group for AFDC benefits was only begun in April, 1985.

Payment levels for AFDC have historically been set by the legislature as a percent of the federal poverty index. During the 1985 legislative session, the payment level was set at 47 percent of the poverty index. However, during Special Session III, the AFDC payment levels were frozen at the fiscal 1986 level. The current level and executive both included AFDC payments at this level through the 1989 biennium. If the payments had remained frozen at the fiscal 1986 level, by fiscal 1988 the payment would have shrunk to approximately 44 percent of the poverty index, and by fiscal 1989 the payment would have been reduced to approximately 42 percent of the poverty index. This occurs because the federal poverty index is increased each year to reflect increases due to inflation with the result being the frozen state payment makes up an ever smaller percent of the poverty index. The subcommittee approved funding for AFDC that included payment levels set at 47 percent of the poverty index for each year of the 1989 biennium.

Modifieds Recommended:

1. Project To Reinforce Increased Dedication To Employment (PRIDE). This modification is an expansion of the federally funded job search program currently operated by the department to assist food stamp recipients in finding employment. Additional federal funds of \$130,000 in fiscal 1988 and \$260,000 in fiscal 1989 were approved by the subcommittee for this program.
2. Family Assistance Management Information System (FAMIS). This modification would fund the development and installation of a computerized system for determination and verification of client eligibility for public assistance programs. Personal computers would be placed in county welfare offices with a direct link to the state's mainframe computer at the Department of Administration. To implement the new computer system, the department is requesting 3.0 additional FTE. Funding for this modified is approximately 14.5 percent general fund. The subcommittee approved \$3,362,019 in fiscal 1988 of which \$490,518 is general fund, and \$906,051 in fiscal 1989 of which \$130,006 is general fund.

AGENCY, DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: ELIGIBILITY DETERMINATION

BUDGET ITEM		FY 1986 Actual		Fiscal 1988 Executive Current Level	Subcommittee			Fiscal 1989 Executive Current Level	Subcommittee		FY 86-88 % Change
FTE		365.99		372.31	363.25	379.05		372.31	363.25	379.05	13.06
Personal Services		\$7,106,152		\$7,916,017	\$7,626,729	\$8,039,337		\$7,913,075	\$7,624,283	\$8,036,533	13.13
Operating Expenses		116,105		117,807	98,960	117,807		117,301	98,960	117,301	1.47
TOTAL EXPENSES		\$7,222,257		\$8,033,824	\$7,725,689	\$8,157,144		\$8,030,376	\$7,725,243	\$8,153,834	12.94
FUNDING											
General Fund		\$1,978,507		\$2,249,471	\$2,167,692	\$2,235,057		\$2,248,505	\$2,168,303	\$2,234,149	12.07
Federal Revenue		5,243,750		5,784,353	5,557,997	5,922,087		5,781,871	5,554,940	5,919,685	12.94
TOTAL FUNDING		\$7,222,257		\$8,033,824	\$7,725,689	\$8,157,144		\$8,030,376	\$7,725,243	\$8,153,834	12.94

Program Description: The Eligibility Determination program includes funding for county welfare eligibility staff, clerical staff, and the county welfare directors' salaries. The primary function of the program is to determine eligibility for food stamps, AFDC, medicaid, and general assistance recipients.

Legislative Intent: It was the intent of the subcommittee that SRS be allowed to hire, through the budget amendment process, such additional eligibility technician personnel as it deemed necessary for non-state assumed counties where there would be no increase in general fund. If any additional county opts for state assumption of its county welfare program, any additional staff hired through the budget amendment process in that county must be terminated.

Budget: In addition to the 365.99 FTE authorized for fiscal 1986, 3.62 FTE were added during fiscal 1987. The subcommittee approved transfer of the personnel costs of the county welfare directors and clerical staff that had formerly been included in the Social Services Program when that program was part of SRS. Prior to the transfer of the Social Services Program to the new Department of Family Services, 20 percent of the county welfare directors' salaries were paid from the Social Services budget with the remaining 80 percent included in the Eligibility Determination program budget. When the Social Services program was included in the new department, the personnel cost of the county welfare directors was retained in the Eligibility Determination program. The 20 percent of the salaries are equivalent to 15.8 FTE. However, the subcommittee also approved elimination of 6.36 other FTE: 1.2 FTE were eliminated as the result of the transfer of the positions to other programs within SRS; 5.16

FTE were vacant throughout fiscal 1986 and did not appear to be essential to the operation of the program. Additionally, the committee approved a 5 percent vacancy savings factor for this program. During fiscal 1986, the program had experienced a 7 percent vacancy savings. The subcommittee adopted the executive request for operating expenses which included a higher level of travel than included in the current level.

Funding: Funding for the program is a combination of federal funds, county funds, and general fund. Costs for the eligibility program in those counties where the state has assumed administration of the welfare program are paid with 56 percent general fund and 44 percent federal funds. In the nonassumed counties there are no general funds and the costs are split 56 percent county funds and 44 percent federal funds.

Modifieds Recommended:

1. **Additional Eligibility Technicians** - This modified would add 9.7 FTE in non-state assumed counties that had been added by budget amendment in November, 1986. Funding for these positions and approximately \$20,000 per year in travel costs are funded entirely with federal and county funds. If any county where these positions have been added becomes a state assumed county, the additional positions in that county will be eliminated.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATIVE AND SUPPORT SERVICES

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change	
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	84.68	73.20	79.70	73.20		73.20		79.70	73.20		-11.48
Personal Services	\$2,112,724	\$1,930,892	\$2,078,360	\$1,940,743	\$1,930,162	\$2,077,665	\$1,940,087				-8.14
Operating Expenses	854,971	1,055,969	937,882	1,041,916	922,216	827,611	913,171				21.87
Equipment	26,559	18,770	18,186	18,770	19,062	18,186	19,062				-29.33
TOTAL EXPENSES	\$2,994,254	\$3,005,631	\$3,034,428	\$3,001,429	\$2,871,440	\$2,923,462	\$2,872,320				0.24
FUNDING											
General Fund	\$1,330,045		\$1,347,875		\$1,253,057		\$1,192,901		\$1,298,579		\$1,196,115
Federal Revenue	1,664,209		1,755,756		1,686,566		1,748,372		1,624,883		1,676,205
TOTAL FUNDING	\$2,994,254		\$3,005,631		\$3,034,428		\$3,001,429		\$2,871,440		\$2,872,320

Program Description: The Administration and Support Services program includes the director's office, fiscal bureau, legal office, support staff for statistics and research, personnel management, and data processing. The program provides the agency's overall direction for policy development, budgeting and coordination of services.

Budget: A reduction of 4.98 FTE was made by SRS during fiscal 1987 in response to the Special Session III 5 percent reduction in expenditures. The subcommittee approved the transfer of 6.5 FTE administrative and clerical positions and associated personnel costs from the Administration and Support program of SRS to the Management Support program in the new Department of Family Services. Approximately \$84,000 of operating costs were also transferred from this program to the new department. Transferred costs included \$38,600 in contracted services, \$16,000 for supplies, \$21,400 for communications, and \$9,000 in rent, repairs and maintenance, and other expenses. The subcommittee adopted the executive request for operating costs which included \$25,000 more for various contracted services in fiscal 1988 than the current level, and \$10,000 more in contracted services in fiscal 1989. Additionally, the executive operating costs included \$18,000 each year for postage and messenger services and \$145,000 for the Statewide Cost Allocation Plan that had not been included in the current level. Additional increases over the fiscal 1986 actual expenditures include \$63,000 in fiscal 1988 for audit fees and \$21,000 in rent. Equipment approved by the subcommittee included purchase of two vehicles each year of the biennium.

Funding: Support for the program is a combination of 46 percent federal funds which includes 35 different federal funding sources allocated to the program according to a departmental cost allocation system, 10 percent county funds and 44 percent general fund.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: COUNTY ADMINISTRATION

<u>BUDGET ITEM</u>	<u>FY 1986</u>		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>		<u>% Change</u>
	<u>Actual</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>	<u>Executive Current Level</u>	<u>Subcommittee</u>		
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	\$1,252,678	\$1,324,220	\$1,121,692	\$1,258,085	\$1,224,285	\$1,108,990	0.43
Equipment	94,157	15,262	14,586	15,262	15,262	14,586	-83.79
TOTAL EXPENSES	\$1,346,835	\$1,339,482	\$1,136,278	\$1,273,347	\$1,239,547	\$1,123,576	-5.46
FUNDING							
General Fund	\$ 989,893	\$ 984,519	\$ 835,164	\$ 934,967	\$ 911,067	\$ 825,828	\$ 918,972
Federal Revenue	356,942	354,963	301,114	338,380	328,480	297,748	338,604
TOTAL FUNDING	\$1,346,835	\$1,339,482	\$1,136,278	\$1,273,347	\$1,239,547	\$1,123,576	-5.46

Program Description: House Bill 798, enacted by the 1983 legislature, allows county welfare boards to request state assumption of their welfare programs. Assumption by the state transfers all powers, duties, personnel, and public assistance costs to the state. The County Administration Program includes a portion of the operating and equipment costs associated with administration of the county welfare programs.

Budget: The subcommittee adopted funding for this program at the fiscal 1986 expenditure level adjusted to reflect the elimination of \$120,000 in welfare costs that are now included in the Department of Labor's budget and the addition of \$65,000 in fiscal 1988 and \$75,000 fiscal 1989 for increased costs associated with the food stamp issuance program. The subcommittee also approved \$54,000 in fiscal 1988 and \$46,000 in fiscal 1989 for increases in the contract to process State Medical claims. Equipment authorized by the subcommittee includes minor office equipment for county welfare offices and a new phone system in the Missoula welfare office.

Funding: General fund for this program is reduced by 5.6 percent from the fiscal 1986 expenditure level. This reduction is primarily the result of a lower expenditure level for equipment authorized for the 1989 biennium than was realized during fiscal 1986 and the elimination of the welfare contract costs.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: MEDICAL ASSISTANCE

BUDGET ITEM	FY 1986 Actual	Fiscal 1988		Fiscal 1989		Fiscal 1989		FY 86-88 % Change
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	
FTE	31.85	32.99	31.99	31.99	32.99	31.99	31.99	0.14
Personal Services	\$762,670	\$928,676	\$893,174	\$928,318	\$893,074	\$893,074	\$893,074	17.11
Operating Expenses	3,205,114	3,117,118	1,954,027	2,785,286	3,234,168	1,952,351	3,545,399	-13.10
Equipment	9,318	3,695	5,052	5,052	1,700	1,700	1,700	-45.78
Total Operating	\$ 3,977,102	\$ 4,049,489	\$ 2,852,253	\$ 3,683,512	\$ 4,164,186	\$ 2,847,125	\$ 4,440,173	-7.38
Benefits								
DHES Surveys	\$ 97,457	\$ 202,253	\$ 133,744	\$ 207,566	\$ 204,088	\$ 133,744	\$ 207,080	112.98
Medicaid Waiver	1,277,415	2,894,711	1,773,460	2,894,711	3,378,128	1,773,460	2,894,711	126.61
Medicare Buy-in	1,490,716	2,207,986	1,882,511	2,007,043	2,622,312	1,942,585	2,231,934	34.64
Indian Health	1,250,000	1,577,486	1,577,486	1,577,486	1,577,486	1,577,486	1,577,486	26.20
State Medical	2,556,945	3,654,154	3,026,214	6,000,000	3,654,154	5,026,214	6,000,000	134.66
Medicaid-Institutions	11,380,193	12,651,363	13,830,235	13,830,235	12,651,363	14,357,421	14,357,421	21.53
Medicaid-Nursing Home	41,416,302	48,210,792	45,062,653	47,606,000	50,709,015	45,062,653	48,555,000	14.95
Medicaid-Primary Care	52,088,089	69,164,619	66,771,891	82,820,676	73,290,791	70,733,753	95,672,230	59.00
Total Benefits	\$111,557,117	\$140,563,364	\$134,058,194	\$156,943,717	\$148,087,337	\$138,607,316	\$171,495,862	40.68
TOTAL EXPENSES	\$115,534,219	\$144,612,853	\$136,910,447	\$160,627,229	\$152,251,523	\$141,454,441	\$175,936,035	39.03
FUNDING								
General Fund	\$ 33,335,465	\$ 40,168,660	\$ 38,635,604	\$ 47,578,275	\$ 39,573,624	\$ 37,317,284	\$ 49,012,301	42.73
State Special Revenue	7,111,346	7,612,806	6,540,607	6,540,607	7,845,868	6,606,013	6,606,013	-8.03
Federal Revenue	75,087,408	96,831,387	91,734,236	106,508,347	106,832,031	97,531,144	120,317,721	41.85
TOTAL FUNDING	\$115,534,219	\$144,612,853	\$136,910,447	\$160,627,229	\$152,251,523	\$141,454,441	\$175,936,035	39.03

Program Description: The Medical Assistance Program administers a variety of programs designed to meet the medical needs of the state's low income population. Included among these programs on the state's participation in medicaid, which is a joint federal/state funded program to reimburse nursing homes, hospitals, physicians, and other medical service providers for the care and treatment of individuals who qualify for Aid to Families With Dependent Children (AFDC), the aged, blind or disabled, or the medically needy. During the 1987 biennium, home and community based services were significantly expanded under a medicaid waiver program to provide the elderly with an alternative to nursing home care. The State Medical Program, which is designed to provide medical services to indigent persons who do not qualify for medicaid, is also administered through the Medical Assistance Program. Two federal "pass through" grants are administered by the program: 1) funds to conduct reviews of nursing home compliance with federal regulations are passed through to the Department of Health and Environmental Science, and 2) federal funds for various health services on Indian reservations are passed through SRS to the reservations.

Budget: As shown in the preceding table, total expenditures for this program increase \$45.1 million or 39.0 percent from fiscal 1986 to fiscal 1988 as the funding was approved by the subcommittee. During the same period, general fund increased \$14.2 million or 42.7 percent. The major cause of the increase in total fund is the very significant increase in the medicaid primary care expenditures. The primary care program alone accounts for \$30.7 million of the total fund increase between fiscal 1986 and fiscal 1988. Total funds increase \$15.5 million between fiscal 1988 and fiscal 1989 or 9.5 percent. However, because most of the benefits provided under this program are jointly funded with state and federal funds and the match rate for federal financial participation increases from 65.89 percent in fiscal 1986 to 68.91 percent in fiscal 1988 and to 70.09 in fiscal 1989, the increase in general fund between fiscal 1988 and 1989 is only 3.0 percent. The increased federal matching ratio means that while total costs are rising very significantly, there is a major shift in the cost of these programs from state to federal resources. However, this shift in costs could reverse when Montana's economy improves and the federal match rate is adjusted downward.

The FTE increase between fiscal 1986 and the 1989 biennium are administrative positions that transferred to this program as part of a departmental reorganization. The transfer of the positions did not result in a net increase in FTE for SRS.

Operating costs decrease 13.1 percent from fiscal 1986 to fiscal 1988 primarily as the result of a \$1.2 million grant the department had received to upgrade their Medicaid Management Information System (MMIS). The increase in operating costs over the current level results from the subcommittee's approving the department's projection of the additional funds necessary to contract for operation of the Medicaid Management Information System. During fiscal 1986, SRS contracted with Consultec, Inc. to process the medicaid claims and operate the Medicaid Management Information System at a cost of \$80,000 per month. The executive estimates the cost of this contract will increase to \$200,000 per month when the contract is rebid in fiscal 1988. The subcommittee approved the additional funds for the contract which increase operating cost by \$831,000 in fiscal 1988 and \$1,593,000 in fiscal 1989 above the current level. In addition, the subcommittee approved \$165,000 per year in medicaid funds to allow the department to contract for social worker salaries in the new Department of Family Services. The following is a discussion of the individual benefit programs administered by the Medical Assistance program.

Department of Health Survey: The Department of Health and Environmental Sciences inspects all nursing homes receiving medicaid reimbursement to ensure compliance with federal medicaid regulations. As the state administering agency for medicaid, SRS is awarded funding for the surveys SRS passes these funds through to the Department of Health. Funds "passed through" by SRS are 100 percent federal funds. The subcommittee adopted a revised

executive request for funding the surveys that included 9.5 additional FTE to be added by the Department of Health during fiscal 1988.

Medicaid Waiver: As an alternative to nursing home care for the elderly and for disabled persons, medicaid regulations allow reimbursement for a variety of home and community based services. To be eligible for home and community based services, the individual must be certified as requiring the same level of care as would be provided in a nursing home. Services provided under the waiver include case management, homemaker services, respite care, personal care attendant services, adult day care, medical alert, and transportation services. Although first authorized by the legislature during the 1985 biennium, the program did not really become established until fiscal 1986. The following table shows the growth of the waiver services from fiscal 1984 through fiscal 1989.

Table 9
Waiver Services Growth
And Subcommittee Funding For the 1989 Biennium

Waiver	Fiscal 1984	Fiscal 1985	Fiscal 1986	Fiscal 1988	Fiscal 1989
Federal Funds	\$ 44,960	\$ 498,162	\$ 807,509	\$ 1,994,745	\$2,052,929
General Funds	207,734	449,908	469,906	899,966	841,782
Total Cost	<u>\$252,694</u>	<u>\$948,070</u>	<u>\$1,277,415</u>	<u>\$2,894,711</u>	<u>\$2,894,711</u>

The cost of the medicaid waiver services have increased 127 percent between fiscal 1986 and fiscal 1988. The general fund percentage of the costs of the waiver program have declined since fiscal 1984 as the result of the increased federal match rate and the decrease in the amount of "start up" funding the state was paying new provider teams. Start up costs are 100 percent general fund. The level of funding approved by the subcommittee for each year of the 1989 biennium is equal to the executive requested level of funding for fiscal 1988. The subcommittee did not approve an expansion of the program during fiscal 1989.

Medicare Buy-in: States have the option of paying the medicare Part B premiums for individuals qualifying for medicare, but who are unable to pay the premiums themselves. If the state chooses to pay the premiums, then medical expenses and drugs are paid with federal medicare funds rather than medicaid which requires a general fund match. The premium paid by the state is funded according to the eligibility of the individual for other assistance programs. If the individual is already receiving some form of economic assistance such as AFDC or SSI, then the premium for the medicare buy-in is a combination of Title XIX and general fund at the same match rate as medicaid. If the individual is not receiving any assistance payments, then the cost of the premium is 100 percent general fund. The cost of the medicare Part B premium is set by the federal government. The subcommittee adopted the executive estimate of the Part B premium and the current level estimate of the projected caseload. The following table shows the Medicare buy-in caseload and premium costs for fiscal 1984 through fiscal 1986 and the subcommittee's approved level of funding for the 1989 biennium.

Table 10
Medicare Buy-in Funding 1989 Biennium

	Fiscal 1984	Actual	Fiscal 1985	Fiscal 1986	Subcommittee Fiscal 1988	Fiscal 1989
Caseload	6,554	7,177	7,595	7,595	9,080	9,370
Payment	\$15.18	\$16.12	\$16.36	\$16.36	\$18.42	\$19.85
General Funds	\$ 802,968	\$ 917,123	\$ 955,308	\$ 1,183,353	\$1,281,800	
Federal Funds	390,658	470,872	535,408	823,690		\$950,134
Total	<u>\$1,193,626</u>	<u>\$1,387,995</u>	<u>\$1,490,716</u>	<u>\$2,007,043</u>	<u>\$2,231,934</u>	

Indian Health: Because SRS is the state administering agency for the medicaid program, SRS passes through medicaid funds to support a variety of Indian health services on the seven Indian reservations in Montana. These funds are 100 percent federal funds and are passed through SRS to the Bureau of Indian Affairs. The department estimates that \$1,577,486 will be available each year of the 1989 biennium. These amounts were adopted by the subcommittee for the 1989 biennium.

State Medical: As part of the state's assumption of county welfare programs in fiscal 1984, SRS assumed responsibility for administration and funding of the county level medical program in the 12 state assumed counties. State Medical benefits are provided to low income persons who do not qualify for any other form of federal or state medical assistance. The following table shows the growth of the costs for the state medical program in the 12 state assumed counties from fiscal 1982 through fiscal 1986 and the subcommittee's approved funding for the 1989 biennium.

Table 11
Comparison of State Medical Expenditures
Fiscal 1983 through Fiscal 1986 and Subcommittee Funding For the 1989 Biennium

<u>Fiscal Year</u>	<u>County Administered</u>	<u>State Assumed</u>	<u>Total Costs</u>	<u>% State Assumed</u>	<u>% Increase St Assumed</u>
1982	\$1,574,377	\$1,799,361	\$3,373,738	53.33	0.00
1983	1,815,398	2,524,512	4,339,910	58.17	40.30
1984	1,757,280	2,731,042	4,488,322	60.85	8.18
1985	1,345,630	2,723,848	4,069,478	66.93	(0.26)
1986	1,383,188	2,556,945	3,940,133	64.89	(6.13)

		Subcommittee Action			
1988	N/A	6,000,000	N/A	N/A	134.65
1989	N/A	6,000,000	N/A	N/A	0.00

Table 11 shows that although there was an increase in costs during fiscal 1984, the first year of state assumption, in subsequent years the cost of the state medical program has actually declined. Both the executive request and current level had included some growth in the cost of the state medical program for fiscal 1987 through the 1989 biennium. The original executive request had included \$3.6 million for this program in fiscal 1988. However, in January 1987, SRS revised its projection of state medical costs and presented testimony to the subcommittee that increased caseloads, increased utilization, and recent litigation by hospitals seeking reimbursement for indigent care were rapidly increasing the costs for the State Medical Program. The SRS recommended amounts were revised upward to \$6,000,000 per year of the 1989 biennium. Based on the testimony of SRS, the subcommittee adopted the revised executive request.

Medicaid-Institutions: Medicaid reimbursement for care in the state institutions is the medicaid rate per day of times the total number of days of care minus the third party reimbursements such as insurance and private payments. Because all state institutions are funded with general fund, the medicaid revenue generated through reimbursements is an important offset to the state's cost of operating the institutions. The following table shows the fiscal 1986 actual reimbursement to institutions and the subcommittee's approved level funding for the 1989 biennium.

Table 12
Subcommittee Total Medicaid Funding for State Institutions

<u>Institution</u>	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Subcommittee Action</u>	<u>Fiscal 1989</u>
Mt. Dev. Center	\$ 7,812,541	\$ 9,607,454		\$ 9,991,865
Center For the Aged	1,080,377	1,235,464		1,266,442
Eastmont	1,345,848	1,715,269		1,783,640
Montana State Hospital	<u>1,141,378</u>	<u>1,272,048</u>		<u>1,315,474</u>
Total	<u>\$11,380,193</u>	<u>\$13,830,235</u>		<u>\$14,357,421</u>
<u>Funding</u>				
Federal Funds	\$ 7,554,172	\$ 9,530,415		\$10,186,590
General Funds	<u>3,826,021</u>	<u>4,299,820</u>		<u>4,170,831</u>
Total	<u>\$11,380,193</u>	<u>\$13,830,235</u>		<u>\$14,357,421</u>

Medicaid Nursing Homes: Total Medicaid nursing home costs are the product of the total estimated number of nursing home beds, the percent of nursing home beds filled by Medicaid patients, and the Medicaid reimbursement rate. Although there has been a steady growth in the elderly population and consequently the potential number of Medicaid eligible nursing home clients, analysis of the average monthly caseload and average monthly nursing home bed/days used by Medicaid eligible clients shows a declining utilization of nursing homes relative to the number of Medicaid eligible recipients. The following table shows the total nursing home bed/days, Medicaid bed/days and the projected Medicaid bed/days adopted by the subcommittee for the 1989 biennium.

Table 13
Total Nursing Home Bed-Days, Medicaid Bed-Days, and
Percent Medicaid Bed-Days of Total

Fiscal Year	Total Bed-Days	Medicaid Bed-Days	Cost Per Day	% Medicaid Bed-Days
1984	2,130,140	1,240,536	\$31.22	58.24
1985	2,145,470	1,217,148	32.52	56.73
1986	2,196,570	1,221,768	33.82	55.62
		Projected		
1988	2,287,820	1,300,000	36.62	56.82
1989	2,287,820	1,300,000	37.35	56.82

The subcommittee also adopted a 2 percent increase in the provider rates to reflect the impact of inflation on nursing home operations. The following table shows the actual fiscal 1986 expenditures for nursing homes and the subcommittee's approved level of funding for the 1989 biennium.

Table 14
Subcommittee Funding of Medicaid
Reimbursement for Nursing Homes

	Actual Fiscal 1986	Subcommittee Fiscal 1988		
Federal Funds	\$27,291,763	\$32,805,295	\$34,435,206	
General Fund	14,124,539	14,800,705	14,119,794	
Total	<u>\$41,416,302</u>	<u>\$47,606,000</u>	<u>\$48,555,000</u>	

Medicaid-Primary Care: The primary care program provides reimbursement for the costs of inpatient and outpatient hospital care, drug, dental, and mental health services, medical transportation, audiological, speech, and physical therapies, and other medically related services for low income persons who meet the state and federal eligibility criteria for medicaid. The total primary care caseload is made up of two distinct groups: Aid to Families With Dependent Children (AFDC) and the aged, blind and disabled (SSI). Because of differences in service utilization and caseload growth, the primary care benefits are calculated separately for each group.

Basically, primary care costs are determined by three factors: 1) the number of service recipients (caseload); 2) the number of services provided each recipient (utilization); and 3) the cost of the services provided (price). The following table shows the caseload, cost per case, and total annual cost of the medicaid program from fiscal 1983 through fiscal 1986, the projected costs and caseload for fiscal 1987, and the costs and caseload as adopted by the subcommittee.

Table 14
Increases in Average Monthly Recipients, Average Cost/Recipient,
and in Total Annual Cost of Primary Care Services

Fiscal Year	Monthly Caseload	-AFDC		-AFDC		-AFDC	
		Percent Increase	Monthly Cost/Case	Percent Increase	Monthly Cost/Case	Percent Increase	Monthly Cost/Case
1983	6,312	0.00	\$259.05	0.00	\$19,624.345	0.00	\$0.00
1984	7,119	12.79	261.77	1.05	22,414,837	14.22	
1985	7,622	7.07	259.28	(0.95)	23,729,526	5.87	
1986	8,675	13.82	280.75	8.28	29,225,873	23.16	
1987*	9,352	7.80	313.58	11.69	35,199,257	20.44	
1988	10,305	10.19	347.52	10.82	42,974,120	22.09	
1989	11,092	7.64	372.24	7.11	49,546,755	15.29	
			- SSI -				
1983	10,266	0.00	\$169.30	0.00	\$20,862,160	0.00	
1984	10,279	0.13	172.75	2.04	21,302,003	2.11	
1985	10,831	5.37	179.79	4.08	23,373,896	9.73	
1986	11,436	5.59	186.75	3.87	25,628,964	9.65	
1987*	12,114	5.93	246.14	31.80	35,780,403	39.61	
1988	12,756	5.30	259.15	5.29	39,668,418	10.87	
1989	13,417	5.18	284.06	9.61	45,735,467	15.29	
			- TOTAL -				
1983	16,578	0.00	\$203.52	0.00	\$40,486,505	0.00	
1984	17,398	4.95	209.40	2.89	43,716,840	7.98	
1985	18,453	6.06	212.72	1.59	47,103,522	7.75	
1986	20,111	8.98	227.30	6.85	54,856,837	16.46	
1987*	21,466	6.74	282.48	24.27	70,979,000	29.40	
1988	23,061	7.43	298.64	5.72	82,820,676	13.82	
1989	24,509	6.28	323.97	8.48	95,672,230	15.52	

*SRS projected expenditures

As shown in the preceding table, the most significant increase in the medicaid costs occurs between fiscal 1986 and fiscal 1987 for the SSI caseload. According to testimony presented by SRS during subcommittee hearings, the primary cause of the large increase was to a higher utilization of services by SSI recipients, and particularly for disabled SSI clients. Estimates for the 1989 biennium are built from the fiscal 1987 projected expenditure level. Because there is a time lag (sometimes as long as 2 years) between the time a medicaid service is provided and when the bill for the services is actually paid, with only 6 months of data available for fiscal 1987, the projection of total fiscal 1987 costs is difficult. It was the subcommittee's intent that as additional medicaid information on fiscal 1987 becomes available during the legislative session, the approved level of funding for the 1989 biennium may be revised.

In-patient hospital care was limited to a maximum of 30 days per admission unless the hospital stay was deemed necessary and appropriate after formal revision by the hospital's Utilization and Revision committee. Physician rates were increased 1.5 percent each year of the 1989 biennium. It was the intent of the subcommittee that, to the extent possible, funds appropriated for the rate increase be used by SRS to equalize rates among providers with particular emphasis on specialists.

The subcommittee reduced selected optional services under the medicaid program. Eyeglasses, hearing aids and dentures were eliminated for a total savings of \$3,148,239 for the biennium; Medicaid reimbursement was limited to 5 non emergent emergency room services per recipient during a state fiscal year; \$345,875 for the biennium; the co-payment for drugs was increased from \$.50 to \$1.00 for a biennium savings of \$344,774, and a prescreening requirement was implemented that will save \$380,000 in fiscal 1988. The figures in the preceding table include recognition of the \$4.2 million savings made by the subcommittee.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: AUDIT AND PROGRAM COMPLIANCE

BUDGET ITEM	LEGISLATIVE ACTION			PROGRAM: AUDIT AND PROGRAM COMPLIANCE		
	FY 1986 Actual	Executive Current Level	Fiscal 1988 Subcommittee	Executive Current Level	Fiscal 1989 Subcommittee	FY 86-88 % Change
FTE	44.00	38.00	41.00	38.00	38.00	-6.00
Personal Services	\$ 1,038,679	\$ 979,147	\$ 1,055,434	\$ 979,609	\$ 978,763	\$ 1,054,984
Operating Expenses	165,001	152,959	166,384	152,959	153,409	165,581
Equipment	6,667	0	0	0	0	0
Non-Operating	87,659	113,483	115,000	147,614	113,588	115,000
TOTAL EXPENSES	\$1,298,006	\$1,245,589	\$1,334,818	\$1,280,182	\$1,245,760	\$1,335,565
FUNDING						
General Fund	\$ 587,286	\$ 549,071	\$ 591,612	\$ 576,930	\$ 549,103	\$ 591,974
Federal Revenue	710,720	696,518	743,206	703,252	696,657	743,591
TOTAL FUNDING	\$1,298,006	\$1,245,589	\$1,334,818	\$1,280,182	\$1,245,760	\$1,335,565

Program Description: The Audit and Program Compliance program conducts financial audits, quality control reviews, and seeks financial recoveries for all programs administered by SRS. Financial audits determine appropriateness of expenditures, compliance with contract terms, and adequacy of internal fiscal controls. Quality control reviews are conducted on selected AFDC, food stamp and medicaid cases to assure compliance with state and federal eligibility rules. The program also monitors the medicaid program to recover misspent medicaid dollars, remove or restrict recipients or providers who abuse the system, and ensure that liable third party payors, such as insurance or medicare, pay their share before medicaid is billed.

Budget: During fiscal 1987, the program eliminated 3 FTE in response to the Special Session III 5 percent reduction in program expenditures. The subcommittee approved the transfer of 3 FTE and associated personnel costs from this program to the Management Support program in the new Department of Family Services. The three transferred positions were auditors who will provide audit and monitoring functions in the new department. Approximately \$10,000 per year in operating costs were also transferred to the new department to support the 3 audit positions. Non-operating expenses included for this program are federal funds that are passed through SRS as a grant to the Department of Revenue to investigate food stamp and medicaid fraud. The subcommittee adopted a revised executive level for funding the grants and a similar amount is included in the Department of Revenue budget.

Funding: Funding for this program is a mix of general fund and federal funds. The amount of federal funds supporting this program is based on the amount of time audit staff spend in a particular federally funded program. Overall, general fund constitutes approximately 45 percent of the funding for this program.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: VOCATIONAL REHABILITATION

		FY 1986			Fiscal 1988			Fiscal 1989				
		BUDGET ITEM		Executive	Current Level	Subcommittee	Executive		Current Level	Subcommittee		
		FTE		Actual	FTE	FTE	FTE		FTE	FTE		
Personal Services	\$1,446,883	\$1,683,527	\$1,536,578	\$1,551,964	\$1,683,234	\$1,536,552	\$1,551,911	\$1,536,552	\$1,551,911	\$1,551,911	7.26	
Operating Expenses	367,552	393,813	367,679	376,785	388,504	366,909	371,309	371,309	371,309	371,309	2.51	
Equipment	12,794	3,810	5,847	3,810	3,810	5,847	3,810	5,847	3,810	3,810	-70.22	
Non-Operating	3,445,061	4,843,676	3,648,047	3,541,754	4,967,360	3,648,047	3,541,754	3,541,754	3,541,754	3,541,754	2.80	
TOTAL EXPENSES	\$5,272,290	\$6,924,826	\$5,558,151	\$5,474,313	\$7,042,908	\$5,557,355	\$5,468,784	\$5,468,784	\$5,468,784	\$5,468,784	3.83	
FUNDING												
General Fund	\$ 662,090	\$ 730,789	\$ 679,329	\$ 703,909	\$ 729,668	\$ 679,329	\$ 702,955	\$ 702,955	\$ 702,955	\$ 702,955	6.32	
State Special Revenue	666,181	935,280	533,456	593,456	1,088,380	593,456	593,456	593,456	593,456	593,456	-10.92	
Federal Revenue	3,944,019	5,258,757	4,285,366	4,176,948	5,224,860	4,284,570	4,172,373	4,172,373	4,172,373	4,172,373	5.91	
TOTAL FUNDING	\$5,272,290	\$6,924,826	\$5,558,151	\$5,474,313	\$7,042,908	\$5,557,355	\$5,468,784	\$5,468,784	\$5,468,784	\$5,468,784	3.83	

Program Description: The primary mission of the Vocational Rehabilitation Program is to provide an array of services to handicapped persons of employable age with the intent of returning them to gainful employment. In compliance with federal Vocational Rehabilitation Act guidelines, the emphasis of the program is on serving the severely disabled. However, to qualify for participation in the federally funded portion of the program, there must be a reasonable expectation that services provided by the vocational rehabilitation agency will eventually restore the individual to gainful employment. Services provided include diagnostic evaluation, vocational training, physical restoration, counseling, job placement, and follow-up.

The division also administers an Extended Employment program. This program subsidizes the costs of employment in sheltered workshops for the very seriously disabled who, because of the severity of their disability, are not eligible for the federally funded Vocational Rehabilitation Program.

The 1985 legislature approved funding for a new program to provide services to populations who had previously not been eligible for the traditional vocational rehabilitation services due to the severity of their disability. Individuals with disabilities such as muscular dystrophy, brain-stem injury, and multiple sclerosis are provided a variety of services intended to increase their mobility and personal independence.

Legislative Intent: The Vocational Rehabilitation and Visual Services programs are part of the same administrative division in SRS. Because the agency testified that it was often difficult to predict the exact mix of visually impaired and vocational rehabilitation clients, it was the intent of the subcommittee that the Vocational Rehabilitation and the Visual Services programs be allowed flexibility in transferring benefit funds between programs.

Budget: There was a 1.13 FTE difference between the executive and LFA current level. The subcommittee adopted the executive request to include a 1.0 rehabilitation counselor that had been vacant throughout fiscal 1986 but was filled during fiscal 1987. The subcommittee did eliminate a .13 human service aid that had also been vacant through fiscal 1986 and was still vacant in fiscal 1987. The subcommittee adopted the executive operating expenses which include approximately \$10,000 more in miscellaneous operating costs than were included in the current level. Equipment approved by the subcommittee includes minor office equipment. Non-operating expenses are grants and benefits to vocational rehabilitation clients. The subcommittee considered the grants and benefits for this program in conjunction with grants and benefits for the Visual Services program. The difference between the executive request for total grants and benefits for the Vocational Rehabilitation and Visual Services programs and the current level total benefits for these programs is in the allocation of funds between programs. The executive request was based on the fiscal 1987 projected expenditures by program, and the current level was based on fiscal 1986 actual expenditures. Total funds requested by the executive for both programs was \$3,966,021 for each year of the biennium. Total funds included in the current level were \$3,936,975. The \$29,046 more in the executive is funding for a Special Population and Independent Living program begun with a federal grant during the 1987 biennium. The subcommittee adopted the executive request for total benefits for the Vocational Rehabilitation and Visual Services programs.

Funding: This program receives funds from a variety of federal sources including "Section 110" funds from Vocational Rehabilitation, Disability Determination, Supplemental Security Income (SSI) and Social Security Disability Income (SSDI) from the Social Security Administration, Job Training Partnership Act (JTPA), and In-service Training funds from the Department of Education. Additionally, the program receives state special revenue funds from the Industrial Accident and Rehabilitation Account (IARA). Section 110 funds are the only federal funds requiring a match with state funds and are matched at an 80/20 ratio of federal/state funds. The state IARA funds can be used as the state's match for the federal Section 110 funds under grants and benefits but not for administration. The following table shows the actual funding for the program during fiscal 1986 and the subcommittee's approved funding mix for the 1989 biennium.

Table 15
Fiscal 1986 Actual Expenditures and
Current Level Funding for Vocational Rehabilitation During the 1989 Biennium

<u>Operations and Service</u>	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Federal In-service	\$ 13,739	\$ 13,500	\$ 13,500
Federal Dis. Determ.	55,188	27,418	26,662
Federal Section 110	1,406,066	1,512,113	1,508,294
General Fund In-service Match	1,526	1,500	1,500
General Fund 110 Match	<u>350,710</u>	<u>378,028</u>	<u>377,074</u>
Total Oper. and Ser.	<u>\$1,827,229</u>	<u>\$1,932,559</u>	<u>\$1,927,030</u>
<u>Benefits</u>			
Federal SSI/SSDI	\$ 52,378	\$102,378	\$ 102,378
Federal Sp. Population	96,480	-0-	-0-
Federal JTPA	405,167	333,000	333,000
Federal Section 110	1,915,001	2,188,539	2,188,539
State IARA	666,181	593,456	593,456
General Fund Sp. Population	10,953	29,019	29,019
General Fund Extend Emp	266,721	269,095	269,095
General Fund 110 Match	<u>32,180</u>	<u>26,267</u>	<u>26,267</u>
Total Benefits	<u>\$3,445,061</u>	<u>\$3,541,754</u>	<u>\$3,541,754</u>
<u>Funding</u>			
Federal Funds	\$3,944,019	\$4,176,948	\$4,172,373
State Special	666,181	593,456	593,456
General Fund	<u>662,090</u>	<u>703,909</u>	<u>702,955</u>
Total Funding	<u>\$5,272,290</u>	<u>\$5,474,313</u>	<u>\$5,468,784</u>

Modifieds Recommended:

1. General Rehabilitation Services: According to SRS testimony, this modified would increase the amount of general rehabilitation services available to clients who are underserved. This modified would take advantage of available federal Section 110 funds and state special revenue funds to increase the total funds available for vocational

rehabilitation benefits. Total additional funds approved for fiscal 1988 are \$671,614 of which \$300,000 are federal Section 110 and \$371,614 are state special revenue. For fiscal 1989, total funds are \$824,714, of which \$300,000 are federal Section 110, and \$524,714 are state special revenue.

2. Special Population and Independent Living Program. This modified would continue a federal program begun in fiscal 1986 to provide services to individuals who are too severely disabled to qualify for regular federal vocational rehabilitation programs. Services provided through this program include adaptive equipment, modification to living facilities, public education and self-advocacy. This federal grant requires a 10 percent general fund match. The Vocational Rehabilitation program funding as approved by the subcommittee includes \$29,000 each year of the 1989 biennium that would be used as the general fund match for this federal grant. Total federal funds approved for this modified are \$261,171 each year of the biennium.

3. Supported Employment. This modified would provide support to severely disabled individuals to assist them in finding and maintaining employment in regular work settings. Services provided include counseling, advocacy, and purchase of specialized adaptive equipment. Funding for the modified is federal funds of \$572,080 in fiscal 1988 and \$470,517 in fiscal 1989.

4. Title 6 Services. This modified is intended to assist severely disabled persons in finding and maintaining work in the public sector in conjunction with Modified #3, Supported Employment. Six FTE would be added to provide case management and administrative support to the Supported Employment Program. This modified is supported entirely with federal funds.

Table 16
Title 6 Services Expenditures
1989 Biennium

<u>Expenditures</u>	Fiscal 1988	Fiscal 1989
FTE	6.00	6.00
Personal Services	\$128,995	\$128,828
Operating Costs	17,028	17,195
Benefits	<u>228,977</u>	<u>228,977</u>
Total Costs	<u>\$375,000</u>	<u>\$375,000</u>

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: DISABILITY DETERMINATION

BUDGET ITEM	FY 1986 Actual	Fiscal 1988		Fiscal 1989		FY 86-88 % Change
		Executive	Current Level	Subcommittee	Executive Current Level	Subcommittee
FTE	44.13	44.13	44.13	44.13	44.13	44.13
Personal Services	\$1,204,408	\$1,215,504	\$1,208,965	\$1,216,174	\$1,219,448	\$1,220,214
Operating Expenses	1,009,123	1,085,314	1,063,918	1,075,751	1,084,960	1,063,659
Equipment	21,675	16,819	16,816	16,816	6,435	6,435
Non-Operating	52,433	75,891	51,984	75,891	51,984	75,891
TOTAL EXPENSES	\$2,287,639	\$2,393,528	\$2,341,683	\$2,384,632	\$2,386,734	\$2,377,937
AND FEDERAL REVENUE	\$2,287,639	\$2,393,528	\$2,341,683	\$2,384,632	\$2,386,734	\$2,377,937
						4.24

Program Description: The Disability Determination Bureau is a federally funded program that conducts disability determinations of Montana applicants for Supplemental Security Income (SSI) and Supplemental Security Disability Income (SSDI) benefits. Current SSI and SSDI cases are also reviewed to determine if they should remain on or be suspended from receiving benefits. In addition to the federal disability determinations, the program also provides examinations for individuals applying for medicaid under the state's medically needy program. Funding for SSI and SSDI disability determinations is 100 percent federal funds from the Social Security Administration. Funding for the medically needy portion of the program is through a contract with the Medical Assistance program of SRS and is funded at the same federal/state ratio as medicaid benefits.

Budget: The subcommittee approved staffing levels for this program at the same level as fiscal 1986. Operating expenses were increased slightly over the current level to include additional travel funds for the program staff. Equipment approved by the subcommittee included funds to improve the word processing capabilities of the program as well as additional minor office equipment. Non-operating expenses for this program are federal funds used to pay the travel expenses of clients traveling to receive medical examinations as part of their disability determination.

Funding: Funding for this program is 100 percent federal funds. Approximately \$14,000 per year of general fund is included in the Medical Assistance program to contract for disability examinations for applicants to the medically needy program under medicaid.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: VISUAL SERVICES

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
FTE	19.75	19.90	19.90	19.90	19.90	19.90	19.90	19.90	19.90	0.15
Personal Services	\$ 438,882	\$ 489,210	\$ 489,414	\$ 489,414	\$ 489,054	\$ 489,276	\$ 489,276			11.51
Operating Expenses	165,189	112,408	111,406	112,408	111,489	111,200	111,489			-31.95
Equipment	2,960	7,670	2,960	7,670	8,155	2,960	8,115			159.12
Non-Operating	360,139	424,267	288,928	424,267	424,267	288,929	424,268			17.81
TOTAL EXPENSES	\$967,170	\$1,033,555	\$892,708	\$1,033,759	\$1,032,965	\$892,365	\$1,033,148			6.88
<hr/>										
FUNDING										
General Fund	\$ 241,830	\$ 275,232	\$ 238,721	\$ 275,272	\$ 275,114	\$ 238,381	\$ 275,150			13.83
Federal Revenue	725,340	758,323	653,987	758,487	757,851	653,983	757,997			4.57
TOTAL FUNDING	\$967,170	\$1,033,555	\$892,708	\$1,033,759	\$1,032,965	\$892,364	\$1,033,147			6.88
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Program Description: The Visual Services Program provides rehabilitation services to the visually impaired and blind. In addition to physical restoration, services include rehabilitation training, orientation and mobility, independent living, and medical care related to visual impairments. Funding for this program is primarily from the federal "Section 110" Vocational Rehabilitation Act and the general fund.

Budget: The FTE level for Visual Services was set by the subcommittee at the fiscal 1986 level plus a .15 position transferred to the program during fiscal 1987. During fiscal 1987, SRS discontinued a contract for \$50,000 that had supported the blind vendor program. The subcommittee approved the executive request for operating costs which were less than 1 percent higher than the current level. Equipment authorized for the 1989 biennium included adapters for the program's computer equipment to improve the productivity of visually impaired employees. Non-operating costs include the visual medical program, the extended employment program, and rehabilitation programs for visually impaired individuals. As described under the section for Vocational Rehabilitation, the grants/benefits for Visual Services and Vocational Rehabilitation were considered together by the subcommittee. The approved level of funding for the two programs is equivalent to the fiscal 1986 expenditure level.

Funding: Funding for the Visual Services program also includes federal Section 110 funds that require a 20 percent general fund match. In addition to the Section 110 funds, Visual Services receives federal funds from the Job Training Partnership Act (JTPA). These federal funds do not require any state match. For the 1989 biennium, general fund represents approximately 26.7 percent of the total cost of operation of the Visual Services program.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

PROGRAM: DEVELOPMENTAL DISABILITIES

		FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change	
		Budget Item		Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee		
FTE		31.25		31.25	31.25	31.25	31.25	34.25	31.25	31.25	0.00	
Personal Services	\$ 856,788	\$ 888,990	\$ 886,696	\$ 889,389	\$ 959,492	\$ 885,174	\$ 888,752				3.81	
Operating Expenses	269,397	264,069	240,259	266,925	267,751	240,187	258,946				-0.92	
Equipment	7,452	0	3,866	0	1,773	3,866	1,773				-100.00	
Non-Operating	15,737,385	17,378,170	17,378,160	17,378,170	18,862,709	17,378,160	17,378,170				10.43	
TOTAL EXPENSES	\$16,871,022	\$18,531,229	\$18,508,981	\$18,534,484	\$20,091,725	\$18,507,387	\$18,527,641				9.86	
FUNDING												
General Fund	\$ 3,479,457	\$ 5,523,569	\$ 4,771,895	\$ 5,267,852	\$ 6,494,660	\$ 4,696,636	\$ 5,191,543				51.40	
Federal Revenue	13,391,565	13,007,660	13,737,086	13,266,632	13,597,065	13,810,751	13,336,098				-0.93	
TOTAL FUNDING	\$16,871,022	\$18,531,229	\$18,508,981	\$18,534,484	\$20,091,725	\$18,507,387	\$18,527,641				9.86	

Program Description: The Developmental Disabilities Program is responsible for administration of the state's community based programs for individuals disabled by mental retardation, epilepsy, cerebral palsy, autism, or other related disorders that begin prior to the individual reaching eighteen years of age. Division staff are principally administrative, and actual services to clients are provided through contracts between the division and 56 private agencies. Services provided include sheltered employment, day care, special transportation, adult and child group homes, evaluation and diagnosis, respite care, family training, and specialized family care.

Legislative Intent: It was the intent of the subcommittee that if the modified request for a 2 percent increase for developmental disabilities providers passes, any reduction in either the LIEAP or Social Services Block Grant funds would be offset by reductions in the 2 percent increase for providers rather than a reduction in current level services. If the 2 percent increase for providers does not pass, reductions in either grant level would reduce current level services by a like amount with no increase in the general fund support of the program above the fiscal 1987 appropriated level. The subcommittee anticipated LIEAP funds to be \$1,103,548 each year of the biennium and Social Service Block grant funds to be \$9,289,720 each year of the 1989 biennium. It was the intent of the subcommittee that the Developmental Disabilities Division seek assistance from the Disabilities Planning and Advisory Council on implementing the automated client assessment program, including purchase of such equipment as may be consistent with the Council's federal grant requirements.

Budget: The subcommittee adopted the executive request for operating expenditures which included funds for automation of a client assessment system that would track the training needs of all the developmentally disabled in the state. The non-operating portion of the budget includes the contract costs for providing direct services to developmentally disabled. Although the above table shows a 10.4 percent increase in benefits for the program from fiscal 1986 to 1988, actual growth of the program during the 1987 biennium was approximately 14 percent as the result of expansion funds appropriated for the program by the 1985 legislature. Due to the time required to implement the expanded program the full annualized costs of the expansion will not be realized until fiscal 1987. The following table shows the growth of the developmental disabilities services during the 1987 biennium. The amounts shown for the fiscal 1986 current level do not include \$748,937 of expansion funds.

Table 17
Growth of Developmental Disabilities Services During the 1987 Biennium

Service	Cur. Level	Slots FY 86	Cost/Serv Cur. Level	Total Cost Cur. Level	Subcommittee			Percent Increase Slots	Percent Increase Total Costs
					Slots Projected	Cost/Serv. Projected	Total Cost Projected		
Adult Group Home	408	\$ 6,653	\$ 2,707,732	455	\$ 6,981	\$ 3,176,291	11.5	17.30	
Intensive Group Home	70	18,946	1,326,203	76	17,918	1,361,805	8.5	2.68	
Child Group Home	57	18,619	1,061,276	64	20,344	1,302,022	12.3	22.68	
Semi-Indepen. Living	232	3,463	803,446	295	3,529	1,041,019	27.2	29.57	
Day Services	1,122	5,047	5,935,196	1,275	5,066	6,459,246	13.6	8.19	
Specialized Family	30	16,913	625,789	73	9,567	698,361	143.3	11.60	
Family Training	408	2,819	1,114,235	464	3,233	1,499,886	13.7	30.42	
Respite	467	524	244,733	542	512	277,644	16.1	13.45	
Vocational Placement	26	3,235	84,110	73	2,204	233,919	180.8	178.11	
Evaluation	286	1,277	353,674	317	1,142	362,081	10.8	2.38	
Adaptive Equipment	250	281	70,305	270	261	70,530	8.0	0.32	
Transportation	1,055	559	661,749	1,275	578	736,663	20.9	11.32	
Total	4,411	\$3,260	\$14,988,448	5,179	\$ 3,325	\$17,219,467	=17.4	=14.88	
Cost/Clients Served	1,946	\$7,702	\$14,988,448	2,196	\$7,841	\$17,219,467	12.8	14.88	
DD Preschool							142,088		
DD Conference							16,605		
Total Benefits							\$17,378,160		

¹ Before 2 Percent increase in modified.

Because individuals vary considerably in the amount of time they may spend in a particular service, "slots" do not necessarily represent a single individual but rather a full year's funding of, for example, a group home bed. Additionally, a single individual may receive several services during a year and thus be included in more than one slot. As shown in the above table, costs for the developmental disabilities benefits increased 14.9 percent during the fiscal 1987 biennium while the number of clients served increased 12.8 percent.

The subcommittee adopted funding for developmental disabilities benefits at the fiscal 1987 projected expenditure level. Total expenditures for the program for the 1989 biennium are 0.3 percent above the projected fiscal 1987 expenditure level primarily as a result of increased personnel costs. General fund for the 1989 biennium is less than the fiscal 1987 appropriated level as a result of an increase in the federal matching rate for medicaid and a slight increase in the amount of Social Service Block Grant funds available.

Modifieds Recommended:

1. Early Intervention. This modified would provide \$531,250 in fiscal 1988 and \$375,000 in fiscal 1989 of 100 percent federal funds to plan an early intervention program for developmentally disabled individuals between 0-2 years of age.

Table 18
Early Intervention Expenditures
1989 Biennium

<u>Expenditures</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
FTE	1.00	1.00
Personal Services	\$ 28,392	\$ 28,291
Operating Costs	13,025	11,418
Benefits	<u>489,896</u>	<u>335,291</u>
Total Costs	<u>\$531,250</u>	<u>\$375,000</u>

2. Increase For Developmental Disabilities Service Providers. The subcommittee approved a 2 percent rate increase for service providers each year of the biennium. However, if this modified is approved and there is a reduction in available LIEAP or Social Service Block Grant funds during either year of the 1989 biennium, the reduction would be taken against the 2 percent rate increase rather than a reduction in current level services.

Table 19
Developmental Disabilities Service Providers Expenditures
1989 Biennium

<u>Funding</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
General Fund	\$239,953	\$541,823
Federal Fund	<u>41,848</u>	<u>94,493</u>
Total Funding	<u><u>\$281,801</u></u>	<u><u>\$636,316</u></u>

3. Supported Employment. This modified includes \$50,000 of general fund each year of the biennium to provide supported employment to developmentally disabled individuals outside of a shelter workshop setting.

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

LEGISLATIVE ACTION

BUDGET ITEM	FY 1986			Fiscal 1988			Fiscal 1989			FY 86-88 % Change
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee			
FTF	5.00	6.00	3.00	3.00	3.51	3.00	3.00			0.00
Personal Services	\$ 56,816	\$135,222	\$ 65,460	\$ 65,460	\$ 77,204	\$ 65,367	\$ 65,367			15.21
Operating Expenses	28,807	68,123	39,290	39,290	44,672	39,302	39,533			36.39
Equipment	4,284	250	250	250	100	331	100			-94.16
Non-Operating	176,426	195,000	195,000	195,000	195,000	195,000	195,000			10.53
TOTAL EXPENSES	\$266,333	\$398,595	\$300,000	\$300,000	\$316,976	\$300,000	\$300,000			12.64
AND FEDERAL FUNDS										

Program Description: The Developmental Disabilities Planning and Advisory Council (DDPAC) is a 100 percent federally funded program that advises state agencies, other councils, local governments, and private organizations on programs and services for the developmentally disabled. Organization and membership of the council is specifically intended to provide developmental disabilities consumers and providers with a forum for input into the state's planning of services for the developmentally disabled.

In addition to its planning function, the DDPAC also contracts with a variety of agencies to provide direct-service demonstration and training projects. Of the program's total budget, federal law requires that 65 percent of the funds be spent in grants and benefits for services to the developmentally disabled.

Legislative Intent: It was the subcommittee's intent that the Developmental Disabilities Planning and Advisory Council assist the Developmental Disabilities Division in developing the automated client assessment program through purchase of such portions of the system as were consistent with the DDPAC grant.

Budget: The subcommittee adopted the executive request for funding the DDPAC for the 1989 biennium. As required by the federal grant, 65 percent of the funds available are allocated to the grants and benefits portion of the budget. It was also the committee's intent that if the program did not use all funds allocated for operations, these funds would also be reallocated to the grants and benefits portion of the budget.

Funding: Funding for the program is 100 percent federal funds.

PROGRAM: DEVELOP DISABILITY PLAN AND ADVISORY

Modifieds Recommended:

1. Employment Project for Persons With Developmental Disabilities. This modified would continue a program begun during fiscal 1987 that is intended to establish a single point of access for developmentally disabled individuals for state services and assist people in gaining the least restrictive and most appropriate vocational placement. The three additional FTE requested for fiscal 1988 are contract employees working on specific portions of the program. A .51 FTE is requested to complete the project in fiscal 1989. Total funding for the program is \$98,595 in fiscal 1988 and \$16,076 in fiscal 1989. All funds are federal funds.

VISITOR'S REGISTER

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NAME	REPRESENTING	BILL NO.	SUP-PORT	OP-POSE
<u>Larry Nienlon</u>	<u>Liberarian Division, SCS</u>			
<u>Rod Sturg</u>	<u>Ar. Health Care Com</u>	<u>SCS</u>		
<u>Rodney Sturg</u>	<u>Project Work Team/Clark</u>			
<u>Naomi Powell</u>	<u>Naomi Powell</u>			
<u>Dennis W. Taylor</u>	<u>DDP/SRS</u>			

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