

MINUTES OF THE MEETING  
FINANCE AND CLAIMS COMMITTEE  
MONTANA STATE SENATE

March 5, 1987

The 13th meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol on the above date. Senator Himsl, Vice Chairman, called the meeting to order at 4:15 p.m. since Chairman Regan was in another committee meeting.

ROLL CALL: All members present except Senator Regan who came in later.

CONSIDERATION OF HOUSE BILL 3: Representative Donaldson, House District 43, Helena and chief sponsor of House Bill 3 said this was a budget amendment bill and in the times the House and Senate are not in session the process is they are sent to the Office of Budget and Program Planning (OBPP) and if they in effect approve them they are then sent to the Legislative Fiscal Analyst (LFA) and the finance committee where they are reviewed and if they meet the criteria that has been developed and there is no problem then they are part of the budget. If the Legislature is in session it is done here. Clearly these are general fund monies and for the most part federal monies and there is a list of 3 amendments which I think should be included. The explanation and amendments have been handed out to each of you, attached as exhibit 1. He said the LFA had checked to be sure there would be no future impact on the general fund.

PROPOSERS OF HOUSE BILL 3: Tom Crosser, OBPP, said the sheets passed out is a brief explanation of each of the amendments in the bill. The cover sheet are 3 amendments that have come in since the bill passed the House and we request that you consider those as additions to the bill at this time. He said the narrative follows the same order as the way the bill is presented, and he would be happy to answer any more detailed questions and members of the various agencies are present to answer questions.

There were no further proponents, no opponents, and Senator Himsl asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Bengtson asked if these had all been considered by the subcommittees and said she recognized some of the supplementals. She was told these are budget amendments.

Senator Keating asked if on page 4, under Montana Historical Society under publications--there are two proprietary funds. He said he would like to ask someone the source of those proprietary funds. Brian Cockhill, Administrator of the centralized services, Montana Historical Society, said those are earned funds only. Magazine subscription revenue and revenues realized from the sale of merchandise.

Senator Keating asked about page 3, and the top of page 4 under the Department of Commerce section 8 housing certification. Newel Anderson, Administrator of the Local Government services division of the Department of Commerce, said, fundamentally, the Federal Department of HUD has increased the number of section 8 certificates and vouchers in the state of Montana during the fiscal year 1987 and they have also increased the fair market rent levels payable for those section 8 units in the state of Montana. The result is the appropriation for 1987 from the past legislature is insufficient spending authority to expend the federal funds that are here and will be allocated.

Senator Keating asked if this meant the Fed's had increased the amount of money they are sending to Montana which is paying for housing and that sort of thing and this is just spending authority so you can pay it. What do you mean by certification? Mr. Anderson said he was not quite sure what it means in the bill, but there are certificate programs--it is a federal term for the definition of section 8 housing and are issued from the federal government as the state housing certificates. The certificates are a piece of paper which gives authorization to draw from the federal account the money that pays for the federal subsidies.

Senator Haffey said, Mr. Donaldson said it, but these are not supplementals which include general funds from the state of Montana, but this bill deals with other than general funds that would normally go through a budget amendment and would regularly go through the finance committee as one vehicle of the statute. We are not talking about supplementals, but the other funds that would normally go through the finance committee but is easier to go through the Legislature when all we are talking about is expanding the spending authority, particularly in the proprietary accounts and it is simpler to handle it as a bill. It should have no fiscal impact on the state, and in many cases it is more federal money that we did not anticipate in the last session.

Senator Keating asked, on page 5, under SRS there is quite a list. Is any of this discretionary, or is it all specifically earmarked for various programs? Dave Lewis, Director, SRS, answered that all of the federal money--those are all specific categories, different categorical types of

grants and federal funds we receive, they are not available for general operating expenses.

Senator Keating asked, is there any discretionary latitude allowed to the state department of SRS as to where those monies are used? Not for general operating necessarily, but in the expenditure of various programs. Dave Lewis answered, no. Generally they come down for specific projects.

Senator Boylan said, like the Workers Comp judge. \$30,000, it says only if the court is eliminated by the 50th session. The bill hasn't gone completely through yet, but we put the money in here and if they do away with the judge we use it, if not we don't. Representative Donaldson said that is termination pay if that position is eliminated. The language basically provides that, depending upon whether the bill goes up or down. In either case the state is covered, and that is why the language is in there. If the bill passes and the judge is out we will have to pay. If not, we don't.

Senator Bengtson said, for instance in the SRS budget in the emergency shelter, \$23,000 which is a new program allowed by a grant and you are going to rehabilitate 3 shelters for emergency use. I would like to ask Mr. Lewis where these shelters are going to be and are they used to shelter indigents from the cold or is there something in this program that tells where this money will be available? Dave Lewis said this was a new grant that came down within the last 3 or 4 months and we had to respond very quickly. \$23,000 made available this year and it appears that there is going to be a much larger amount going to be made available in the future to provide assistance to the homeless and it is allocated on a formula basis across the country and the larger states get in the millions. According to our population and the percentage of poverty etc., we were allocated \$23,000. We requested proposals from the various shelters in the different communities and allocated that money to them. I don't recall specifically which ones ended up getting those grants. Mr. Jim Nolan, SRS, answered the question and said Missoula, Helena and Billings.

Senator Gage said, some of these say the unexpended balances are reappropriated for '88 and one says '88 and '89. Could you tell me, are you anticipating that in some of these there will be nothing to carry over? He said for instance the Department of Labor and Industry on page 5. Representative Donaldson said for the most part these are federal monies that came down and the program was not completed in F Y '87 and they wanted to extend the appropriation authority to the next biennium. As to the specific issues you would probably have to ask someone from

the Department of Labor to see what that program does and the specifics of it, but I think generally speaking that is correct, we are not able to complete the program in this fiscal year. Tom Crosser said, the ones that don't have that language would expire June 30 of this fiscal year. The ones that have the language, there is a belief in those programs that the money can't be expended before the end of the fiscal year and they are not sure how much will have to be carried over. This mechanism allows us to reestablish the authority that is remaining at the fiscal year end.

Representative Donaldson closed by saying he felt it had been discussed, it was one of the biennial bills we have, and it does not affect general fund.

Senator Himsl declared the hearing on House Bill 3 closed.

CONSIDERATION OF HOUSE BILL 248: Representative Simon, House District 91, Billings, said this was requested by the Department of Administration. There are a number of funds that are invested by the Board of Investments for various purposes and various types of agencies, etc. He said, over the period of years agencies have been allowed to keep the interest income as a result of the investments. As a result of this the D of A does all the bookkeeping, but they are not reimbursed for it. This bill sets up the mechanism whereby the D of A will get reimbursed for the work they do. They will do this by figuring out about how much the cost of the accounting work they do for these accounts and notify the Board of Investments and there will be a bookkeeping entry done by the Board of Investments to take that money out of the interest income, and this will generate approximately \$50,000 for the general fund.

PROPOSERS OF HOUSE BILL 248: Kathy Fabiano, D of A, accounting division, said this bill will allow the general fund to recover the cost of providing centralized services to general accounts and allow the board of Investments to credit them to the general fund. Her testimony is attached as exhibit 1, House Bill 248.

There were no further proponents, no opponents, and Senator Himsl asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Hammond asked if he had heard correctly that there were 14 earmarked accounts that earned \$5 million, is that correct? Kathy Fabiano answered, that is correct.

There were no further questions and Representative Simon closed by saying this is a way to recapture \$50,000 for the general fund.

CONSIDERATION OF HOUSE BILL 635: Representative Simon, House District 91, Billings and chief sponsor of House Bill 635 said this bill is a housekeeping bill at the request of SRS. During the audits of SRS it was necessary to report them in violation because of the cash flow problems they have. They expend funds that are going to be replaced by federal funds, but those federal funds don't come in until the following fiscal year and this would merely allow them to not be reported as not in compliance with their audit because of having a negative cash balance which would later be replaced with federal funds that are coming in the following year.

PROPOSERS OF HOUSE BILL 635: Dave Lewis, SRS, said this is in response to a legislative audit recommendation that has shown up in our audit for some years and we finally said we would go in and get a bill to fix it. It allows us to borrow funds that would offset reimbursements from federal and county funds that are coming back to the state for expenditures that were made. The audit report felt that we needed a change in statute so that we could clearly have the authority to do what we have been doing.

QUESTIONS FROM THE COMMITTEE: Senator Himsl asked, did I hear you right? You are borrowing funds from whom? Dave Lewis answered, from the general fund, and then pay them back when we get the money. Senator Himsl asked if it was interest free, and Mr. Lewis answered yes.

Senator Keating asked how much money are we talking about? How much money are we losing in interest by spending this general fund money in anticipation of federal money? Ben Johnson, SRS, said it was several million dollars at any given time. The loan goes up and down. Part of the reason we have to borrow the money is that the federal government gets later and later because they want to collect the interest on it. Because of their late draw down on the federal we can't draw the money when they need it.

Senator Keating asked if there should be a fiscal note and Ben Johns said it would not show any difference because it would not be any different from the present practice, but legal. In answer to a question from Senator Himsl he said they are letters of credit on medicaid and the other reimbursable type of expenditures. They give the letter of credit on a forecast of how much money they say the state will use and then settle up later when they reimburse us. They let us draw a certain percentage on the first of the month, a certain percentage the next day, etc.

Pat Gadbout, Administrator, Centralized Services Division, said the reason for the legislation is because the Legislative Auditors found we had a low of \$1.3 million because the counties owed us money and this occasionally

does happen. In no case can I think we were in excess to \$3 million. The accounts receivable are not recognized from the counties. The other solution would be to make the counties pay us in advance and she said she did not think this would be too popular. When asked what they would do if this was not passed she said she did not know but assumed they would continue to be out of compliance with the law.

Senator Hims1 asked if they would be sure to pay it and Pat Gadbout said absolutely, the receivables have to be there and she or someone in her position have to sign a letter stating all that is true.

Senator Jacobson said she would like to comment on the fact that this has been going on for a long time. The State Audit Committee, to their credit, has been rather insistent that when matters like this come up that they do come in and get corrected or at least brought to the attention of the Legislature so they can be aware of what is going on, either fix it or acknowledge that we know and don't care. There will be a number of these bills this session.

Senator Gage asked, do you have any receivables other than from the federal or county government? Pat Gadbout answered no, we don't.

There were no further questions from the committee and Representative Simons in closing said this is a situation where we are trying to correct an ongoing exception and the interest or non-interest is not a problem in this bill. It is standard procedure. It is still our money.

Senator Hims1 declared the hearing on House Bill 635 closed.

CONSIDERATION OF HOUSE BILL 489: Representative Miles, House District 45, Helena, and chief sponsor of House Bill 489 said unlike a lot of bills in this committee this bill does not cost a dime. This is what we call a medicaid trust fund and it is a voluntary hopefully revenue enhancement measure. Under our current system for every general fund dollar we spend on medicaid we get \$2 from the federal government. Recent federal regulations now allow us to use voluntary private contributions for the same medicaid match for medicaid funding. Someone could make a contribution to the Department and that could be matched by the federal government and utilized for the medicaid program. This was a measure that was one of the priorities for people measures. It was introduced at the request of the Department and my co-sponsor is Representative Winslow who did a very eloquent job of discussing the whole concept of uncontrolled medical expenses and the fix we are in. We do not assume this bill will solve any problems or probably even put a dent in them, but it is certainly a step in the right direction that if we do get some interest on private

donations going into it we can make the money stretch a little farther.

PROPOSERS FOR HOUSE BILL 489: Lee Tickle, Administrator of Economic Assistance said we support the bill, it was introduced at our request, and I would be happy to answer any questions you might have about it.

There were no further proponents, no opponents and Senator Himsl asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Jacobson asked, people who are donating money to medicaid for federal match, can they specify the particular program or is it unrestricted? Mr. Tickle said it does have to be unrestricted but he felt there could be rules established as to how we will comply with the federal standards. Senator Jacobson said, so someone could not specify which particular program they wanted to enhance with this donation. Mr. Tickle said that is correct.

Senator Himsl asked if there have been any contributions made to these funds and Mr. Tickle said there is a budget amendment before you where the hospitals agreed to put up the first party match and we in turn are enhancing a specific system enhancement for them. I think maybe the kind of things that could be accommodated in this framework is where there are fund raisers by cancer victims or something like that that then they could in fact, through the medicaid program, be used to match that type of program.

Senator Himsl said really this would be contributions that would be made, not to particular programs, just to the medicaid program. Mr. Tickle said yes. Senator Himsl asked if this were a tax deductible program and Mr. Tickle said he did not know if the question had been raised but he could find out.

Senator Gage asked, does SRS administer the general assistance program as well so the county people who go through the state (state assumed)? He was told yes. He then asked if funds are available through that program for medical assistance and Mr. Tickle said they have speculated about the opportunity for a scam against the federal government where perhaps the physicians around the state could donate money and in turn reimburse themselves with higher fees. Obviously we have not explored this, I am sure there would be some limitations on the part of the federal government for this type of activity. The question as to whether it could be used for general assistance--it would have to be used in the medicaid program and be spent for eligible people under the medicaid program.

Representative Miles said she closed.


DISPOSITION OF HOUSE BILL 489: Motion by Senator Manning we concur in House Bill 489. Voted, passed unanimous of all present.

DISPOSITION OF HOUSE BILL 635: Motion by Senator Keating we concur in House Bill 635. Voted, passed, unanimous of those present.

DISPOSITION OF HOUSE BILL 248: Motion by Senator Jergeson we concur in House Bill 248. Voted, passed, unanimous of those present.

DISPOSITION OF HOUSE BILL 3: Motion by Senator Manning we accept the amendments on House Bill 3, and that the LFA amend the totals. Voted, passed, unanimous of those present. Motion by Senator Manning that we concur in House Bill 3 as amended. Voted, Passed, Senator Boylan voted no.

The meeting adjourned.

  
-----  
Senator Regan, Chairman



ROLL CALL

50th LEGISLATIVE SESSION - - 1987

Date 3-5-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN			✓
SENATOR HIMSL	✓		
SENATOR JACOBSON	✓		
SENATOR BENGTON	✓		
SENATOR STIMATZ	✓		
SENATOR HARDING	✓		
SENATOR HAFNEY	✓		
SENATOR SMITH	✓		
SENATOR KEATING	✓		
SENATOR STORY	✓		
SENATOR BOYLAN	✓		
SENATOR JERGESON	✓		
SENATOR TVEIT	✓		
SENATOR MANNING	✓		
SENATOR HAMMOND	✓		
SENATOR GAGE	✓		

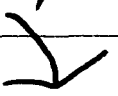
DATE

3-5-89

COMMITTEE ON

Finance &amp; Claims

BILL NO.



## VISITOR'S REGISTER

NAME

REPRESENTING

Check One  
Support Oppose

Kathy Fabiano

Dept. of Admin

HB248

Lynn Fonger

Dept. of Admin

HB3

(Please leave prepared statement with Secretary)

HB3amed.leg

AMENDMENTS TO HB 3  
Senate Finance & Claims  
March 5, 1987

Page 5

Line 11

Insert: "JPTA

Summer Youth Training 1987 \$889,693 Federal Special"

This amendment provides additional Summer Youth Employment & Training funding. This program places unemployed youth, ages 16 to 21, into job training programs during summer months.

\*\*\*\*\*

Page 5

Following line 21

Insert: " LIEAP 1987 485,795 Federal Special"

This amendment provides federal spending authority to cover an anticipated shortfall in the Low Income Energy Assistance Program in FY 1987.

\*\*\*\*\*

Page 5

Line 24

Strike: "62,385"

Insert: "89,892

The unexpended fiscal year 1987 Title IV-E Training authority is reappropriated for fiscal year 1988."

This amendment augments the original bill due to updated information on available federal funds. The amendment also makes this particular grant available in FY 88 in the amount not used in the present fiscal year.

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 1  
DATE 3-5-87  
BILL NO. 3

SENATE FOR LIFE AND CLAIMS

EXHIBIT NO. 1 <sup>R292</sup>

DATE 3-5-87

BILL NO. NB 3

EdgAmend.Nar March 5, 1987

The following text describes the budget amendments presented in the budget amendment bill. These amendments are listed by subcommittee and are in the same order as the bill.

The text also includes proposed amendments to the current bill.

\*\*\*\*\*

A: GENERAL GOVERNMENT

Governor's Office

Board of Visitors

Mental Health Protection and Advocacy - \$75,000 Federal  
This amendment provides authority to spend federal money that is authorized in the Protection and Advocacy for Mentally Ill Individuals Act of 1986. The Act is designed to "protect and advocate the rights of mentally ill individuals and investigate incidents of abuse and neglect of mentally ill individuals if the incidents are reported to the system or if there is probable cause to believe that the incidents occurred". Due to an overlap into fiscal year 1988, language is included to continue authority for any unexpended balance at the end of fiscal year 1987.

Department of Justice

Driver Services

Commercial Drivers - \$59,307 Federal  
This proposal provides funding for the initial phase of commercial vehicle operator licensing as mandated by the Commercial Motor Vehicle Safety Act of 1986. The amendment provides training for department personnel. Funds will be used to develop the administrative rules and operating rules & regulations governing the conduct of commercial vehicle licensing. In addition, computer hardware and programming will be purchased to implement an interstate communication system required in the federal act.

Highway Patrol

55 Squad - \$13,900 Federal  
This amendment provides additional funding for the 55 MPH Law Enforcement Squad. The purpose of the squad is to provide concentrated enforcement time in certain areas of the state.

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 1-1293  
DATE 3-5-87  
BILL NO. NB 3

Board of Crime Control

Planning and Administration

Drug Enforcement - \$36,052 Federal

The purpose of this amendment is to provide planning support for the preparation of the statewide drug enforcement plan. This plan is required if Montana is to receive \$1,238,000 in federal assistance for drug enforcement and drug education programs.

Juvenile Justice Assistance - \$142,500 Federal

This amendment allows subgrants for juvenile justice programs to flow to local governments. In the past, these funds were not appropriated. The Board does exercise some discretion over the distribution of the funds creating the need to place the funds in a fund group that is appropriated. Language is included to reappropriate funds not spent in Fiscal Year 1987.

Victims Assistance - \$188,000 Federal

The purpose of this amendment is to permit the Board of Crime Control to administer the Victims of Crime Block Grant program. These funds will be used to subgrant to local criminal justice agencies and local service providers for use in the Victims Assistance programs. Language is included to reappropriate funds not spent in FY87.

Department of Administration

State Personnel

Group Benefits - \$10,000 Proprietary

This amendment is needed to administer a new federal law which requires employee group health plans with more than twenty employees to provide coverage to most individuals losing group plan eligibility. Compliance with the Comprehensive Omnibus Budget Reconciliation Act of 1986 significantly increases administrative costs.

Worker's Comp Judge

Termination Pay - \$30,000 State Special

Language in the bill restricts the use of these funds for termination pay only if the current legislative session eliminates the Court function.

Teachers' Retirement

Teachers' Retirement

Termination Pay - \$15,839 Pension Trust Fund

This amendment is necessary because of the retirement of the divisions administrator. The amount reflects accrued sick and vacation leave credits.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 20 1294

\*\*\*\*\*DATE 3-5-87

BILL NO. HB 3

B: NATURAL RESOURCES

Fish, Wildlife & Parks

Law Enforcement

USCG Boat Safety - \$71,000 Federal

This amendment requests authority to spend Coast Guard boat safety funds. The Law Enforcement Program will use the funds for travel and boat repairs and maintenance.

Conservation Education

USCG Boat Safety - \$30,400 Federal

The Conservation Education Program will use Coast Guard funds to produce boating safety video programs and information brochures. This information will be used at fairs and sport shows to promote boat safety.

Department of Commerce

Section 8 Housing

Certificates and Vouchers - \$400,000 Federal

This amendment accommodates increased federal housing assistance payment levels (HUD) for authorized certificate and voucher programs for subsidized housing. (Certified housing units program and eligible low-income voucher recipients.

\*\*\*\*\*

C: INSTITUTIONS & CULTURAL AGENCIES

Montana State Prison

Care and Custody

Chapter I EICA Grant - \$ 10,379 Federal

This amendment will allow the education department at MSP to utilize federal funding for a teacher's aid to assist the remedial reading instructor. The position is needed to address a growing number of inmates enrolling in the program.

Pine Hills School

Care and Custody

Chapter II EICA Grant - \$8,253 Federal

This amendment would allow PHS authority to spend federal funds to implement an independent living skills program. Residents

will benefit from learning how to manage living on their own after release from the facility.

Montana State Hospital

Treatment Services

Chapter I EICA Grant - \$5,684 Federal  
These federal funds will be used to purchase instructional supplies and equipment for the education program at the State Hospital. In addition, funds will provide inservice training for the instructional staff at the facility.

Montana State Library

Library Development

LSCA Title I Grant - \$13,185 Federal  
This amendment will provide federal funds so that the Great Falls Public Library can convert the library's card inventory to machine-readable records. This will allow these titles to be added to the Western Library Network database.

LSCA Title II Grant - \$157,399 Federal  
This amendment requests authority to spend federal funding for the construction or renovation of libraries in Montana. Libraries that are expected to apply for these funds include those located in Laurel, Lincoln Co. @ Libby, Glasgow and Missoula.

LSCA Title III Grant - \$93,149 Federal  
The bulk of this amendment is for a demonstration project aimed at exposing 14 Montana libraries to a new technological advancement called "laser cat". This system will provide a fast, easy and economical method of accessing WLN database information. The system uses compact disc and laser technology to obtain database information. A smaller portion will be used to provide collection development training for all libraries in Montana.

Montana Historical Society

Publications

Museum Store Merchandise - \$30,000 Proprietary  
This amendment provides the merchandise program additional authority for the purchase of goods that can be re-sold. The need is generated by higher than anticipated sales fo prints and books.

Publications - \$20,000 Proprietary  
This amendment allows for additional printing costs to cover an estimated increase of 2,000 subscribers to Montana the Magazine of Western History. This increase in subscribers is the direct result of the Western History Association's designation of our magazine as their popular history journal.

SENATE FINANCE AND ADMINISTRATION

EXHIBIT NO. 1 1296

DATE 3-5-87

BILL NO. HP 3

\*\*\*\*\*

D: HUMAN SERVICES

Military Affairs

Army Guard

Training Site - \$245,000 Federal

This request provides federal authority to reverse expenses at the Army Guard training site. The federal government changed the method of funding this service. In the past, federal funds were used when expenditures were taking place. The new procedure requires state expenditures first and then reimbursement for these costs after the fact.

Department of Labor and Industry

Human Rights

Fair Housing Assistance - \$98,923 Federal

These federal dollars will be used to identify and remedy discrimination against Native Americans in the area of housing. Because this program extends for 18 months, language is included to reappropriate any unexpended balance at the end of fiscal 1987.

Amendment to current bill

JPTA

Summer Youth Training - \$889,693 Federal Special

This amendment provides additional Summer Youth Employment & Training funding. This program places unemployed youth, ages 16 to 21, into job training programs during summer months.

Department of Health and Environmental Sciences

Health Services and Medical Facilities

Child Nutrition Program - \$395,875 Federal

This amendment is the department's best guess on how much authority will be needed to continue the child nutrition program to the end of fiscal year 1987. The program reimburses for meals served to children enrolled in public or private non-profit institutions.

WIC Special Food Program - \$150,000 Federal

This amendment provides authority to continue the WIC program through the remainder of FY87. The department estimates that about 620 additional clients will be served than originally estimated. Services provided include counseling to improve eating behaviors, selected foods to supplement diets and access to preventive health programs. The program targets women, infants and children.



Department of Social and Rehabilitation Services

## Assistance Payments

## Food Stamp Training - \$20,805 Federal

This proposal provides funding to train 6 employment counselors and implement a computer program to track the food stamp program. The project's goal is to reduce the food stamp caseload.

## Job Search - \$81,000 Federal

This amendment will allow the state to continue the Job Search Program in Cascade, Flathead, Lewis & Clark, Missoula, Silver Bow and Yellowstone Counties through the end of FY87. These services, by being provided, can help reduce the food stamp case load.

## Emergency Shelter - \$23,000 Federal

This grant will allow Montana to start the Emergency Shelter Grant Program. The goal this fiscal year is to be able to rehabilitate 3 shelters for emergency use.

Amendment to current bill

## Low Income Energy Assistance - \$485,795 Federal Special

This amendment provides federal spending authority to cover an anticipated shortfall in the Low Income Energy Assistance Program in FY 1987.

## Social Services

## Aging Services Grant - \$97,685 Federal

This amendment provides for an increase in the aging services grant award and is composed of three parts. The first increase is due to a higher than anticipated FY87 grant of \$58,002. The second is due to a one time award of \$7,000 for reimbursement to the Area III Agency on Aging for expenses incurred during the flood in Blaine County in 1986. The third increase is due to the allocation of department administrative expenses allocation of departmental administrative costs. The department administrative expenses allocated to the aging grant award were lower than anticipated, freeing up funding to be contracted to area agencies for their administrative costs. (\$32,685)

Amendment to current bill

Title IV-E Training - \$62,385 Federal (this is the current amount in HB3. We are requesting that it be increased to \$89,892 and that language be placed in the bill to allow unexpended authority to be carried into FY 1988.)

This amendment provides funding for a training program for supervisors in the Community Services Division. The program is designed to improve the administrative and educational role of

supervisors with special emphasis on placement decisions, case review, case management and eligibility determination.

Eligibility Determination

Front End Investigators - \$147,501 Federal  
This amendment funds investigators through the end of FY87. These positions review eligibility request for various SRS programs prior to an individual actually being accepted for a benefit program. The goal is to reduce the amount of benefit payments to individuals not eligible for those benefits.

Medical Assistance

DRG Prospective Payment System - \$ 117,000 Federal  
This amendment will allow the state to develop and implement a system which will help contain costs by promoting economical and efficient operation of facilities, and will simplify the budgeting for inpatient hospital care.

On-Line Inquiry for Medicaid - \$7,500 Federal  
2,500 3rd party

This amendment will allow the state start-up funds to develop an on-line system which can be accessed by personal computers. This system will provide eligibility information on a timely basis to Medicaid providers.

Vocational Rehabilitation

Special Disabled - \$52,000 Federal  
These funds will be used to provide added rehab services to severely disabled citizens. Funds will be used for respite services for families of head injured persons; Native American program development; Rehab engineering services; Needs survey and staff development.

Additional Rehabilitation Services - \$150,000 Federal  
This amendment will allow the program to serve additional clients. Services provided will include vocational evaluation, vocational education/training, physical/mental restoration, guidance and counseling and job placement.

\*\*\*\*\*

E: EDUCATION

Office of Public Instruction

Special Services

Drug/AIDS Education - \$70,665 Federal  
This amendment contains two separate programs. The first grant provides federal funding to reinforce and coordinate the efforts

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 1 pg 8  
DATE 3-5-87  
BILL NO. HB 3

of concerned parents, state and local officials, and community organizations to put an end to the use of drugs by young people. The second grant provides funding for the dissemination of information to teachers, administrators and others on AIDS. The authority requested in this amendment represents the portion of the larger grant amount that is allowed to be used by DPI for state involvement in the two programs.

Montana Advisory Council for Vo Ed

Office Automation - \$23,500 Federal  
This amendment provides authority to purchase office automation equipment.

Montana University System

Commissioners Office

Education for Economic Security - \$15,000 Federal  
This amendment allows money not used for the Education for Economic Security Act awarded in FY86 to be reallocated in FY87.

Western Montana College

Tuition Revenue - \$73,725 Current Unrestricted  
Due to higher enrollment, tuition revenue is higher than appropriated. This amendment restores authority to the physical plant and the Instruction program that was lost in the 2% reductions.

DEPARTMENT OF ADMINISTRATION TESTIMONY

House Bill No. 248

RECOVERY OF CENTRALIZED SERVICE COSTS

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. R  
DATE 3-5-87  
BILL NO. NB248

HB 248 - "An act to recover the cost of providing centralized services to certain nongeneral funded programs; amending Section 17-6-201; and providing a July 1, 1987 effective date."

PURPOSE

HB 248 is requested by the Department of Administration. This bill amends Section 17-6-201, allowing the General Fund to recover the cost of providing central services to earmarked accounts that keep their investment earnings. As amended, the law will allow the Board of Investments to deduct the cost of these services from earmarked accounts' investment earnings before the earnings are distributed. Amounts deducted by the Board will be credited to the General Fund.

JUSTIFICATION

The cost of providing Statewide centralized services, such as accounting, purchasing, personnel and budgeting, is paid by the General Fund. The Department of Administration prepares the Statewide Indirect Cost Allocation Plan, allocating the cost of these services to the agencies that receive them. Agencies in turn determine the portion of their costs that are attributable to federal programs and attempt to recover that amount from the federal government. Any amount recovered is credited to the General Fund. Although these same ~~centralized~~ services are also provided to State Special Revenue (earmarked) accounts, currently no attempt is made to recover the cost from these accounts.

Agencies that receive earmarked revenues have in the past successfully argued that they should not be required to pay for the ~~centralized~~ services they receive because the investment earnings on earmarked revenues are credited to the General Fund. However, during the past few years a number of agencies have received legislative authorization to keep the investment earnings on their earmarked revenues. The programs funded from these interest earning earmarked monies each received centralized services, in different degrees, free of charge. At fiscal year-end 1986 there were fourteen such accounts. During FY86, these fourteen accounts received investment earnings totalling \$5.5 million. Amounts earned by individual accounts ranged from \$80 to \$3.2 million.

EFFECT

Under the proposed legislation, programs funded from interest earning earmarked accounts would be required to reimburse the General Fund for their share of central ~~ized~~ service costs. The Department of Administration, using the prior year's Statewide Indirect Cost Allocation Plan and working with the affected agencies, would determine the cost of providing ~~centralized~~ services to these programs. Wherever possible, the program allocations would be made on the same basis that costs are allocated to agencies in the Statewide Indirect Cost Plan. For example, the cost of providing accounting services is allocated to agencies based on the number of transactions they process;

the cost of providing personnel services is allocated based on number of FTE; and the cost of providing central purchasing services is allocated based on the number of requisitions an agency submits. Wherever allocations cannot be made as they are in the Statewide Indirect Cost Plan, the Department of Administration would work with the affected agency to determine another reasonable, cost-effective means of doing the allocation.

The Board of Investments currently deducts for their administrative expenses from agencies' investment earnings before they are distributed. If this legislation passes, the Department of Administration will provide the Board with an additional amount to be deducted from each earmarked account's investment earnings for central ~~services~~ ~~centralized service costs~~ recovered ~~from~~ ~~accounts~~ will be deposited in the General Fund as revenue. The  
em

Kathy Fabiano, Administrator  
Accounting Division  
Department of Administration

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 7  
DATE 3-5-87 # 42  
BILL NO. HB 248

# STANDING COMMITTEE REPORT

March 5 1997

MR. PRESIDENT

We, your committee on FINANCE AND CLAIMS

having had under consideration HOUSE BILL No. 3

third reading copy ( blue )  
color

DONALDSON (Haffey)

## BUDGET AMENDMENTS

Respectfully report as follows: That HOUSE BILL No. 3,  
be amended as follows:

1. Page 5, line 11.

Insert: "JPTA  
Summer Youth Training 1987 889,693 Federal Special"

2. Page 5.

Following: line 21  
Insert: "LIEAP 1987 485,795 Federal Special"

3. Page 5, line 24.

Strike: "62,385"  
Insert: "89,892  
The unexpended fiscal year 1987 Title IV-E training  
authority is reappropriated for fiscal year 1988."

4. Page 7, line 7.

Strike: "3,062,031"  
Insert: "4,465,026"

5. Page 7, line 10.

Strike: "3,244,095"  
Insert: "4,647,090"

AND AS AMENDED

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

Senator Pat Regan Chairman.

# STANDING COMMITTEE REPORT

March 5

87

19.....

MR. PRESIDENT

We, your committee on..... **FINANCE AND CLAIMS** .....

having had under consideration..... **HOUSE BILL** ..... No. **248**

third reading copy ( blue )  
color

**SIMON (Hinsl)**

## **RECOVERY OF STATEWIDE CENTRALIZED SERVICE COSTS**

Respectfully report as follows: That..... **HOUSE BILL** ..... No. **248**

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

.....  
**Senator Pat Regan**

Chairman.

# STANDING COMMITTEE REPORT

~~XXXXXX~~ March 5 19 87

MR. PRESIDENT

We, your committee on FINANCE AND CLAIMS

having had under consideration HOUSE BILL No. 489

third reading copy ( blue )  
color

**NILES (Hinsl)**

## STATUTORY APPROPRIATION OF DONATED FUNDS FOR MEDICAL ASSISTANCE

Respectfully report as follows: That HOUSE BILL No. 489

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

.....  
Senator Pat Regan

Chairman.



# STANDING COMMITTEE REPORT

March 5

19 87

MR. PRESIDENT

We, your committee on FINANCE AND CLAIMS

having had under consideration..... House No. 635

third reading copy ( blue )  
color

**SIMON (Jacobson)**

**ALLOW SRS TO MAINTAIN POSITIVE CASH BALANCE BY BORROWING FROM GENERAL FUND**

Respectfully report as follows: That..... House No. 635

BE CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

.....  
**Senator Regan**

Chairman.