

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **SUBCOMMITTEE ON HUMAN SERVICES & AGING**

**Call to Order:** By **CHAIRMAN DOROTHY BRADLEY**, on February 22, 1991, at 8:05 a.m.

#### **ROLL CALL**

##### **Members Present:**

Rep. Dorothy Bradley, Chairman (D)  
Sen. Mignon Waterman, Vice Chairman (D)  
Rep. John Cobb (R)  
Rep. John Johnson (D)  
Sen. Tom Keating (R)  
Sen. Dennis Nathe (R)

**Staff Present:** Carroll South, Senior Fiscal Analyst (LFA)  
Sandra Whitney, Associate Fiscal Analyst (LFA)  
Terri Perrigo, Associate Fiscal Analyst (LFA)  
Dan Gengler, Budget Analyst (OBPP)  
Bill Furois, Budget Analyst (OBPP)  
Faith Conroy, Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

##### **Announcements/Discussion:**

#### **DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES (SRS) WRAP-UP**

**Tape 1A**

**Carroll South, Legislative Fiscal Analyst**, distributed a summary of suggested language for HB 2, the appropriations bill, and proposed wrap-up subcommittee action. **EXHIBIT 1**

#### **EXECUTIVE ACTION ON THE FAMILY ASSISTANCE PROGRAM**

##### **UNEMPLOYED PARENT PROGRAM:**

**Julia Robinson, SRS Director**, said a reason Montana's welfare rolls may be higher than other states is because Montana runs a year-round Unemployed Parent Program, and other states may not. This category involves two-parent homes. It should be easy to provide job placement because day care wouldn't be a problem. This population is least likely to voluntarily participate in the JOBS Program or accept jobs when available.

SRS is seeking authority to set up a work program similar to Project Work to help people get jobs quickly. The AFDC JOBS Program focuses on long-term education and training. The new

program would be funded with money transferred from AFDC benefits. The state would save money if these people get jobs quickly.

**SEN. WATERMAN** asked if SRS intends to use AFDC slots and not add slots. **Ms. Robinson** said that instead of JOBS slots, SRS would transfer benefits money, expand the Project Work model and mandate participation. More than 800 clients are in the Unemployed Parent Program. **SEN. WATERMAN** said SRS indicated post-secondary educational activity will not fulfill the work requirement. She asked for an explanation. **Ms. Robinson** said JOBS Program participants can choose to attend college or go to work. This program would be a short-term, mandatory program similar to Project Work. It would not affect the ongoing jobs training program. It would be a new model.

**REP. COBB** asked if SRS has an implementation date in mind. **Ms. Robinson** said July 1. If the Department determines the program is too expensive and isn't getting people to work, the agency would want the ability to discontinue it.

**MOTION:** **SEN. KEATING** moved approval of the language in Item No. 1, which would require at least one parent in an AFDC unemployed-parent household to participate in a work or job training program. The starting date would be July 1, 1991.

**VOTE:** The motion **PASSED** unanimously 5-0. **SEN. NATHE** was absent.

#### **COMMUNITY SERVICES BLOCK GRANT:**

**Mr. South** reviewed Item No. 2, which authorizes SRS to retain 7.5 percent of the federal Community Services Block Grant, unless the grant falls below the federal fiscal year (FY) 1990 level. If that occurs, SRS would retain 5 percent. The remainder is passed through to Human Resource Development Councils (HRDCs).

**SEN. KEATING** asked if SRS agreed to forgo the program that was to be funded with the additional 2.5 percent. **Ms. Robinson** said the agency would try to work on it some other way because it is part of the governor's health-care initiative. She felt it would have been appropriate this year because of the increase in funding. HRDC representatives said they would not oppose the Department getting the 2.5 percent if SRS guarantees they won't be cut if federal funds are reduced.

**MOTION:** **SEN. KEATING** moved approval of the language in Item No. 2.

**VOTE:** The motion **PASSED** unanimously 5-0. **SEN. NATHE** was absent.

#### **AT-RISK DAY CARE:**

**Mr. South** reviewed Item No. 3, which clarifies that AFDC and General Assistance (GA) payment levels will be 42 percent of the federal poverty index each year. The language will be inserted into HB 2 as legislative intent. Item No. 4 is language to increase AFDC day care for a new at-risk program.

**Ms. Robinson** said concern was expressed about what will occur when one-year, mandatory transitional day-care benefits run out. This is an optional program. The subcommittee voted to approve it. She understood the subcommittee wanted benefits to continue for a second year so that people could keep their jobs. It wouldn't be for new categories of day-care recipients. It would be for people moving off AFDC who have been successful in their first year. This would be an effort to keep them off welfare.

**CHAIRMAN BRADLEY** asked how these people will be selected for the at-risk benefits and how SRS will know who is at risk. **Ms. Robinson** said JOBS case management workers will determine if their clients are at risk of returning to AFDC rolls. Medicaid and day-care benefits run out at the same time. It is felt that if day care could be continued a little longer to allow clients to become more stable in their jobs, their chances of success would be better. It has to be a sliding fee scale. There aren't a lot of rules and regulations yet.

**CHAIRMAN BRADLEY** asked if this is a new federal program available to the state. **Ms. Robinson** said yes, and it is totally optional. **SEN. WATERMAN** asked if new day-care money in the Department of Family Services (DFS) could help cover some of this cost. **Ms. Robinson** said some of the money is for expanding access. It could be argued that this is expanding access. Federal rules aren't yet available for the Day-Care Block Grant, but it is like other block grants. There is broad flexibility in how the money is used. Expert planning is needed to ensure maximum use.

**Penny Robbe, Program and Policy Bureau Chief**, said the at-risk money arrives in October. It isn't known whether it can be used for this program. If possible, SRS will use federal funds instead of General Fund money. It also depends on whether the money is used for such things as provider-rate increases.

**Ms. Robinson** said clients receive Medicaid and day-care payments during the first year they are on the JOBS Program. At the end of the year, payments end. The program would be more successful if day care were provided a little longer, as the client makes the transition off welfare. Data is unavailable because the JOBS Program just began last April.

**REP. COBB** asked if SRS could just target people coming off the transitional child-care program. **Ms. Robbe** said maybe. **Ms. Robinson** asked if this is an entitlement or limited program. **Ms. Robbe** said limited. **Ms. Robinson** said SRS could limit the program to the dollars appropriated. She doesn't know if SRS can target one group. She will check.

**CHAIRMAN BRADLEY** asked how dollar figures were determined. **SEN. WATERMAN** said the amount evolved during discussion about expanding into a pilot program. An attempt was made to limit it. She can't remember how they arrived at the dollar amount. **Ms. Robinson** said the Department used 1980 figures and a sliding fee schedule to project future costs. Since it can be limited, the appropriation could be reduced.

**CHAIRMAN BRADLEY** said she is uncomfortable with the idea of adding a pilot program at a time when the state doesn't need pilot programs. The budget is out of hand. This will be the most heavily scrutinized budget that goes before the Appropriations Committee. Federal dollars are available for a lot of things, but the state doesn't have the luxury to get into it. The need is there. It should be dealt with when the state gets around to tax reform. She doesn't see how this can be done when there are crying needs elsewhere. It isn't a lot of money. But when other programs are being inadequately funded, \$310,000 is a fair amount of General Fund.

**MOTION:** **SEN. WATERMAN** moved approval of Item No. 4.

**DISCUSSION:** **SEN. WATERMAN** said it seems foolish to send these people back to welfare. **REP. COBB** asked that the priority group be transitional day-care recipients who are off AFDC and working.

**AMENDMENT:** **SEN. WATERMAN** said she would list transitional day-care recipients who are off AFDC and working as a priority group, and that federal money be used in lieu of General Fund when federal day-care funds become available.

**DISCUSSION:** **SEN. KEATING** said there is no experience with this because the JOBS Program is so new. **Ms. Robinson** said SRS knows of people in danger of going onto welfare because they can't afford day care. SRS doesn't have data on the priority group because their benefits haven't been cut off yet.

**SEN. KEATING** said they have been assisted. If the state helps them get to a point where they have a job and are on their own two feet, they won't be apt to slip back if there is a little bit of a hardship. Maybe the drive to not go back on welfare will be strong enough, and by not giving them a crutch, they will be more independent. He asked if this is additional money for a new program, or something being funded with an existing budget. **Ms. Robinson** said this is additional money the subcommittee chose to add to the SRS budget. It is a new program. **SEN. KEATING** asked if the program is partly funded with block grant money. **Ms. Robinson** said it is a matching program that became available in January this year. There is the usual 72 percent federal, 28 percent state match. It is not an entitlement program.

**CHAIRMAN BRADLEY** said she fears less money will be available for efforts to promote economic development, which is needed more than one more year of day care. She believes in the at-risk day-

care concept because it helps people move out of the welfare system. But she is trying to deal with priorities. **Ms. Robinson** said welfare is tied to economics. The purpose of the JOBS Program is to help people who don't have skills. If there are no jobs, it won't matter how good the JOBS Program is.

**VOTE:** The motion **FAILED** 2-3, with **SEN. WATERMAN** and **REP. COBB** voting aye. **SEN. NATHE** was absent.

**AFDC-GA PAYMENT LEVELS:**

**Mr. South** said a motion is needed on Item No. 3 to instruct SRS to calculate and increase AFDC payments in line with 42 percent of the federal poverty index.

**MOTION:** **SEN. KEATING** moved approval of the language in No. 3.

**DISCUSSION:** **Judy Carlson, HRDC Directors Association representative**, distributed a chart of payment levels based on family size and various poverty indexes. **EXHIBIT 2.** She urged support of AFDC and GA payments based on 45 percent of poverty. The biennial expense would be about \$3 million in General Fund, which brings twice as much federal money into the state.

**Gene Leuwer, Rocky Mountain Development Council representative**, testified in support of a rate based on 45 percent of poverty.

**SEN. KEATING** asked if there is a turnover in the population. **Mr. Leuwer** said he doesn't know the average length of stay of AFDC clients. Project Work has had remarkable successes. The last time he heard figures, the average stay on AFDC was eight or nine months. It relates to changes in divorce and marriage rates.

**SEN. KEATING** said the money needed to go from 42 percent of poverty to 45 percent would have to be taken away from some other budget. Prosperity cannot be bought. Productivity in industry is needed for people to prosper. When people prosper, they are charitable. That is why something must be done to improve Montana's productivity so that people on welfare can be better assisted.

**CHAIRMAN BRADLEY** said the General Fund cost is around \$3.8 million. If the subcommittee sticks with the poverty index, the amount is automatically adjusted each year.

**SUBSTITUTE MOTION:** **REP. COBB** moved to increase the payment rates to 46 percent of the poverty level in each year of the biennium.

**DISCUSSION:** **REP. COBB** said that since the subcommittee isn't going to approve Item No. 4 and help some of the AFDC mothers stay off welfare, it should maintain them at a better level.

**SEN. KEATING** asked how much it would cost. **CHAIRMAN BRADLEY** said \$4 million in General Fund. She wondered where **SEN. NATHE** was because she would like to have him vote on these issues. **REP. COBB** said **SEN. NATHE** indicated he wasn't going to vote on anything except the Unemployment Insurance (UI) administrative tax and Medically Needy caretaker coverage issues.

Tape 1B

**Mr. South** said it would cost \$1.6 million in General Fund at 42 percent of poverty and \$3.8 million at 46 percent of poverty. The difference is \$2.2 million. **Ms. Robinson** questioned the figures. She said the rule of thumb is \$1 million for each percentage increase. **Mr. South** asked if that includes GA, which is all General Fund. **Dave Thorsen, Budget and Program Analysis Bureau Chief**, said he doesn't think so. It depends on which inflation factor is used for poverty guidelines. He didn't know what information **Mr. South** was using. **Mr. South** said he was using SRS figures, which he checked. He arrived at similar figures using a different method. The figures reflect the cost for the AFDC program only. GA involves a smaller population but has a greater impact because it is all General Fund dollars. The subcommittee would want to increase both AFDC and GA, if there is a desire to vary from 42 percent. **Ms. Robinson** said federal rules require both to be increased together.

**CHAIRMAN BRADLEY** said the subcommittee will postpone action until **SEN. NATHE** returns to vote. This issue should be a full subcommittee decision. **SEN. WATERMAN** suggested the vote be left open. **CHAIRMAN BRADLEY** said she wanted **Mr. South** to bring the figures to the subcommittee. If **SEN. NATHE** isn't back by then, the subcommittee will vote.

**SEN. KEATING** said he hopes **REP. COBB's** motion isn't being made because the subcommittee decided against extending transitional day-care. This would impact all other programs. The idea is to help people take care of themselves. If the subcommittee increases the level of support, that squeezes the amount of money they can earn and encourages them to stop working and become reliant on AFDC.

**CHAIRMAN BRADLEY** said she wanted to postpone action. If **SEN. NATHE** comes back, she wouldn't object to reconsidering **SEN. WATERMAN's** motion on the pilot program. She doesn't want the subcommittee to leap into something that will cost an additional \$3 million. **SEN. NATHE** is a key part of the subcommittee. She doesn't want to put **SEN. WATERMAN** and **REP. COBB** at a disadvantage by having to move to reconsider the issue by losing on a tie vote. The subcommittee can start over again if desired, but it should move on for now.

**SEN. WATERMAN** said there may not be time to go back to the issue. Other subcommittee members will have to leave the hearing soon. Not everyone will be available to vote. She will vote against **REP. COBB's** motion because the subcommittee will risk losing the 42 percent if it tries to go to 46 percent. The subcommittee

needs to make a decision.

CHAIRMAN BRADLEY asked what the subcommittee wished to do. Other members indicated they wanted to vote.

VOTE ON THE SUBSTITUTE MOTION: The motion failed 1-4, with REP. COBB voting aye. SEN. NATHE was absent.

VOTE ON THE ORIGINAL MOTION FOR AFDC AND GA PAYMENT LEVELS TO BE SET AT 42 PERCENT OF POVERTY IN BOTH YEARS OF THE BIENNIUM: The motion PASSED 4-1, with REP. COBB voting no. SEN. NATHE was absent.

TRANSITION-TO-WORK ALLOWANCE:

Mr. South reviewed Item No. 5 for GA transition-to-work allowances. He said an appropriation was made in FY 90 so that people could travel to wherever they had a job opportunity. No appropriation request came before the subcommittee this session. The law still permits SRS to offer the allowance. This language would allow SRS to use money appropriated in the GA program. He did not know if the subcommittee wanted to place an upper limit on it.

Ms. Robinson said SRS spent about \$35,000 for the calendar year. The subcommittee can cap it if that would make everyone more comfortable. The allowance has very stringent guidelines. A person has to have a job lined up to get it.

MOTION: SEN. WATERMAN moved to give the Department discretion to provide transition-to-work allowances.

DISCUSSION: SEN. WATERMAN said she doesn't see a need to put in a dollar amount to cap it.

VOTE: The motion PASSED unanimously 5-0. SEN. NATHE was absent.

EXECUTIVE ACTION ON THE CHILD SUPPORT ENFORCEMENT PROGRAM

Mr. South said the subcommittee agreed there should be a recovery ratio for the next biennium for the special account in which child-support revenues are deposited. For every dollar spent from the account, \$1.25 should be collected. The language excludes from the ratio the state match for Medicaid, which the subcommittee agreed to appropriate from this account, and development cost for the SEARCHS computer project. He suggested the proprietary account established for that program be changed to a state special revenue account. It is more suitable to the kind of programs being run.

Ms. Robinson said the current approach to child support is working and this language is needed for it to continue to operate

in a business-like manner.

**MOTION:** REP. COBB moved approval of the language for the Child Support Enforcement Program.

**VOTE:** The motion PASSED unanimously 4-0. SEN. NATHE and REP. JOHNSON were absent.

**EXECUTIVE ACTION ON THE MEDICAL ASSISTANCE PROGRAM**

**MEDICAID FUNDING TRANSFER:**

Mr. South reviewed Item No. 1, which allows the Department flexibility to transfer money between different Medicaid programs, except the Medicaid Waiver Program. He said the Waiver program is not an entitlement program. The subcommittee caps it with the appropriation and instructions on the number of slots available. The Department has exceeded the budget because the cost per slot is increasing. This transfer authority would allow the Department to transfer funds into waiver programs to cover additional costs, not to expand them.

**MOTION:** REP. COBB moved approval of the language in No. 1.

**VOTE:** The motion PASSED unanimously 4-0. SEN. NATHE and REP. JOHNSON were absent.

**ADDITIONAL HOME AND COMMUNITY-BASED WAIVER SLOTS:**

Mr. South reviewed Item No. 2, which he said was the suggestion by REP. WILLIAM BOHARSKI to use Medicaid nursing home funding for 25 new waiver slots in the Home and Community-Based Waiver program.

**MOTION:** REP. COBB moved approval of the language in No. 2.

**VOTE:** The motion PASSED unanimously 4-0. SEN. NATHE and REP. JOHNSON were absent.

**PROVIDER-RATE INCREASE EXPENDITURES:**

Mr. South reviewed Item No. 3, which would limit provider-rate increases to dollar amounts, not percentages on which original estimates were based.

**MOTION:** REP. COBB moved approval of the language in No. 3.

**VOTE:** The motion PASSED unanimously 4-0. SEN. NATHE and REP. JOHNSON were absent.



**MEDICAID AND STATE MEDICAL PROVIDER-RATE INCREASES:**

**Mr. South** reviewed Item No. 4, which affirms the 2 percent Medicaid provider-rate increase and extends the increase to State Medical providers. He said the increase will not be applied to provider-rate increases or rebasing approved in executive budget modifications.

**Ms. Robinson** said she is concerned because the increase in the second year of the biennium will be less than 2 percent. **CHAIRMAN BRADLEY** said anyone confused about the appropriation can be told that the 2 percent was calculated before the subcommittee granted a 65 percent rebasing increase.

**Mr. South** said his concern is that only certain provider groups received the rebase. Those that didn't get the rebase need to get the 2 percent. Those getting other increases would get less than 2 percent.

**Ms. Robinson** said it is not a major issue. She just wanted to point out the situation in case someone comes back later and questions the figures.

**Mr. South** said the alternative is to calculate the 2 percent on top of the other increases, which would cost more money. **CHAIRMAN BRADLEY** said that was not the subcommittee's intention. She believes everyone understands the intention.

**Mr. South** said he discussed the matter with Department staff and worked out a system that will enable accurate rate calculations. It will mean less than 2 percent for nursing homes and hospitals.

**MOTION:** **SEN. WATERMAN** moved approval of No. 4.

**VOTE:** The motion **PASSED** unanimously 4-0. **SEN. NATHE** and **REP. JOHNSON** were absent.

**MEDICAID PRIMARY CARE/NURSING CARE BENEFITS:**

**Mr. South** reviewed Item No. 5, which prevents expansion and reduction of the scope of the Medicaid program. The statute permits the Department to reduce costs in the Medicaid program if the appropriation is short. He doesn't believe SRS has ever done that, or that the Legislature would want the agency to do it without legislative input. This provides assurances to SRS and the Legislature.

**MOTION:** **SEN. WATERMAN** moved approval of No. 5.

**VOTE:** The motion **PASSED** 3-1, with **REP. COBB** voting no. **SEN. NATHE** and **REP. JOHNSON** were absent.

**MEDICALLY NEEDEY CARETAKER COVERAGE:**

**REP. COBB** said **SEN. NATHE** wanted to vote to put the money back into the Medically Needy program for caretaker relatives.

**Mr. South** reviewed Item No. 6, which allows SRS to save \$1.6 million per year by eliminating Medically Needy caretaker health-care coverage. He said the subcommittee adopted the savings when it accepted executive estimates for primary care.

**MOTION:** **REP. COBB** moved to disapprove No. 6, and put \$1.7 million back into the budget, if that is what is needed to reinstate coverage for AFDC-related Medically Needy caretaker relatives.

**DISCUSSION:** **SEN. KEATING** asked if this group would qualify for low-cost health insurance under the governor's proposed program. **Ms. Robinson** said there is no guarantee. It would depend on whether the person's employer offers the insurance.

**SEN. KEATING** asked if these people could qualify for state-financed insurance premium coverage so that third-party payments would cover medical costs. **Ms. Robinson** said it depends on the case. There is no guarantee.

**SEN. WATERMAN** said 90 percent of these people are single parents. The remaining 10 percent are other relatives. Approximately 60 percent of the caretaker relatives may lack health insurance. The other 40 percent may have access to employer-provided health insurance if the governor's low-cost health insurance proposal is passed.

**SEN. KEATING** said it is an expensive program for the number of people served.

**VOTE:** The motion **FAILED** on a tie vote, 2-2, with **SEN. NATHE** and **CHAIRMAN BRADLEY** voting aye. **REP. COBB** and **REP. JOHNSON** did not vote.

**MEDICAID INPATIENT PSYCHIATRIC HOSPITAL AND RESIDENTIAL TREATMENT FUNDING TRANSFER TO DFS:**

**Mr. South** said a motion is needed on Item No. 7 to confirm previous subcommittee action to appropriate to DFS the General Fund match for inpatient psychiatric hospital and residential treatment.

**MOTION:** **REP. COBB** moved approval of No. 7.

**VOTE:** The motion **PASSED** unanimously 5-0. **SEN. NATHE** was absent.

**EXECUTIVE ACTION ON THE VOCATIONAL-REHABILITATION PROGRAM**

**PROVIDER-RATE INCREASE:**

Mr. South reviewed Item No. 1 for a 5 percent provider-rate increase in each year of the biennium for vocational-rehabilitation providers.

**MOTION:** REP. COBB moved approval of No. 1.

**VOTE:** The motion PASSED 1-4, with REP. COBB voting no. SEN. NATHE was absent.

**FUNDING TRANSFER:**

Mr. South reviewed Item No. 2 to authorize the transfer of funds between Vocational Rehabilitation and Visual Services.

**MOTION:** SEN. KEATING moved approval of No. 2.

**VOTE:** The motion PASSED unanimously 5-0. SEN. NATHE was absent.

**EXECUTIVE ACTION ON THE VISUAL SERVICES PROGRAM**

**PROVIDER-RATE INCREASE:**

Mr. South said this is for a 5 percent provider-rate increase in each year of the biennium for visual services.

**MOTION:** REP. COBB moved approval of the increase.

**VOTE:** The motion PASSED unanimously 5-0. SEN. NATHE was absent.

**EXECUTIVE ACTION ON THE DEVELOPMENTAL DISABILITIES (DD) PROGRAM**

**CONTINUED SERVICES FOR SPECIAL EDUCATION GRADUATES:**

REP. COBB said language in Item No. 1 instructs SRS and the Office of Public Instruction to come up with a way to ensure special education graduates do not end up on a waiting list for services. No money is being put into this. The two agencies are being asked to look at the issue to see what can be done.

SEN. KEATING asked if the language is enough to get the job done. CHAIRMAN BRADLEY said yes.

**MOTION:** REP. COBB moved approval of the language in No. 1.

**VOTE:** The motion PASSED unanimously 5-0. SEN. NATHE was absent.

**ACTIVE TREATMENT DELAY:**

Mr. South said that under OBRA 1990, the state can delay the active treatment provision for DD clients in nursing homes. The modification approved by the subcommittee included money to remove DD individuals from nursing homes and place them in community services, but not funding for active treatment of DD clients who choose to remain in nursing homes. SRS has to get approval from the federal government to delay active treatment in nursing homes until FY 94. The language in Item No. 2 instructs SRS to get that approval.

**MOTION:** SEN. KEATING moved approval of No. 2.

**VOTE:** The motion PASSED 4-1, with REP. COBB voting no. SEN. NATHE was absent.

**PROVIDER-RATE INCREASE:**

Mr. South said Item No. 3 is for a 5 percent provider-rate increase for DD providers.

**MOTION:** SEN. KEATING moved approval of No. 3.

**VOTE:** The motion PASSED 4-1, with REP. COBB voting no. SEN. NATHE was absent.

**WRAP-UP COMMITTEE ACTION**

**STATE MEDICAL PROVIDER-RATE INCREASE OF 2 PERCENT:**

**MOTION:** REP. COBB moved approval of the 2 percent increase.

**VOTE:** The motion PASSED 4-1, with REP. COBB voting no. SEN. NATHE was absent.

**VOCATIONAL REHABILITATION PROVIDER-RATE INCREASE AND FUNDING MIX CORRECTION:**

**MOTION:** REP. COBB moved to reduce the General Fund and increase federal authority in the funding mix.

**VOTE:** The motion PASSED unanimously 5-0. SEN. NATHE was absent.

**EXECUTIVE ACTION ON THE DD DIVISION**

Mr. South said the state for several years reduced its contribution to private providers by the amount providers received from other funding sources. Language inserted in the DD Division portion of the appropriations bill last session says the

Department may not consider donated or non-departmental contract funds obtained by DD providers when allocating a contract and state payments for DD services. The language was put in as a safeguard to ensure the state didn't reduce its contribution if providers received other contributions.

**MOTION:** SEN. KEATING moved to continue the language.

**DISCUSSION:** SEN. KEATING said the subcommittee should base the budget on its own action and not reduce it based on what other charitable contributions exist.

**VOTE:** The motion PASSED unanimously 5-0. SEN. NATHE was absent.

#### **ADDITIONAL LEGISLATION REQUIRING FUNDING**

Mr. South reviewed Item No. 1 for SRS-sponsored legislation to add hospice, qualified disabled working individuals and presumptive eligibility to the list of approved services in the Medicaid program. He said it isn't necessary for the subcommittee to make the appropriation now; but if the bill passes, either an appropriation will be needed in HB 545 or HB 2 will have to be amended to include the amounts.

He reviewed Item No 2 for SB 391, which authorizes targeted case management for DD individuals. He said the subcommittee should appropriate the federal dollars.

Bill Furois, Office of Budget and Program Planning, said DD case management historically has been provided by DFS at a 50-50 federal Medicaid administrative match rate. The federal government says the state cannot fund DD case management that way anymore. It must be funded through SRS, which will contract with DFS to provide services in the future. DFS has enough General Fund money to provide the state match for DD case management. The current level will expand by approximately \$1 million per year. This will be used by DFS, which wants language to allow the agency to provide these services in the best way it can. This language changes both budgets. The federal money will be transferred from DFS to SRS.

**MOTION:** SEN. KEATING moved approval of the transfer.

**VOTE:** The motion PASSED unanimously 5-0. SEN. NATHE was absent.

#### **WRAP-UP SUBCOMMITTEE ACTION**

**Tape 2A**

#### **AFDC DAY CARE PROVIDER-RATE INCREASES:**

Mr. South said the subcommittee appropriated to DFS a new block grant, which will cover day-care provider-rate increases. There was some discussion about doing that for SRS. He is concerned

about making that commitment to providers when no rules are available on the federal money. The Department has similar reservations. The state cannot pay above 75 percent of the market rate for day-care costs. Calculations show the subcommittee could not grant a \$1-per-day increase each year of the biennium. The Department revised estimates on what the subcommittee can provide.

**Doug Matthies, DFS Administrative Support Division Administrator,** distributed a summary of recommended day-care rates for providers, **EXHIBIT 3**, and a memo from **John Donwen, SRS Support Services Division Administrator,** to **Mike Billings, Director of SRS' Office of Management, Analysis and Support, EXHIBIT 4.**

**Jim Smith, Montana Association for Rehabilitation representative,** read language regarding the Vocational-Rehabilitation Program and its dependence on match money from the Industrial Accident Rehabilitation account at Workers' Compensation. He said a revision to the Workers' Compensation statute, **HB 837,** is moving through the Legislature.

The association was concerned about the bill and potential effects on SRS' ability to access trust fund dollars to draw down the federal match. Concerns were dealt with and the bill was approved. He read the text of **REP. DAVE WANZENRIED's** memo to the House Labor Committee regarding subcommittee intent on **HB 837.**  
**EXHIBIT 5**

He said it appears the revisions will not adversely affect Vocational-Rehabilitation's ability to access federal funds during the coming biennium. But this is probably the last biennium that SRS will have access to those trust fund dollars. The association will work with SRS and other interested parties on a General Fund-financed program.

**SEN. WATERMAN** asked why funds won't be accessible in the future. **Mr. Smith** said the money is accessible to SRS on a case-by-case certification basis. When Workers' Compensation certifies a worker for SRS rehabilitation, the money follows the worker. Fewer cases are being certified and referred to SRS. This trend will continue. The intent of **HB 837** is to give injured workers more choice in rehabilitation. In the future, if **HB 837** becomes law, the claimant will be able to get a settlement and seek rehabilitation wherever desired or opt for no rehabilitation.

**Ms. Robinson** said this program is to serve the most disabled. The state should have the kind of program that is needed. There are categories of severely disabled people who are not being served. SRS will come back with a new proposal in two years. She is not convinced SRS will not have access to the money. The law may need to be changed. She also isn't sure employers don't have some responsibility to pay for handicapped workers, but maybe not in the way they have in the past.

**Mr. Donwen** distributed revised figures for day-care provider-rate increases. **EXHIBIT 6**

**CHAIRMAN BRADLEY** said the heart of the issue regarding day-care provider-rate increases is that the subcommittee provided the increases with federal dollars anticipated to come to the state. Since rules and regulations aren't out yet, the question is whether the subcommittee can use those dollars for the increase. That isn't known yet.

**Mr. South** referred to **EXHIBIT 6**. He said figures are based on 75 percent of the market rate and represent the maximum cost. The subcommittee's first option is to increase rates, appropriate General Fund and federal matching money, and permit him to write language to use the federal block grant when it is available, and reduce the General Fund appropriation by an equivalent dollar amount. The second option would be to increase rates contingent on the availability of the federal funds, which would eliminate any risk to the General Fund.

**MOTION:** **REP. COBB** moved approval of the first option.

**DISCUSSION:** **Mr. South** said that if the subcommittee wants to provide the increase, it shouldn't use a dollar amount. It should allow the LFA to draft language to permit the amount to go up to 75 percent of the market rate and appropriate the regular matching amount of General Fund and federal money under the Day-Care Program. The language would permit the state to decrease the General Fund appropriation and increase federal funding, if the block grant comes in and can be used to fund the increase.

**SEN. WATERMAN** asked if this means the subcommittee will be providing a \$1 increase or an amount up to what the federal match will allow. **CHAIRMAN BRADLEY** said actual dollars will be adjusted up to the maximum amount possible. **Mr. South** said it was thought initially that a \$1 increase was possible, but that would put the state at above 75 percent of the market rate survey and the federal government wouldn't participate in the funding.

**SEN. WATERMAN** asked if the motion will allow the subcommittee to provide an increase up to the 75 percent match. **Ms. South** said yes. **CHAIRMAN BRADLEY** said it will be guaranteed either way.

**SEN. KEATING** asked if the \$102,000 in General Fund identified for the biennium in **EXHIBIT 6** will allow rate increases shown in **EXHIBIT 4**. **Mr. South** said yes. **SEN. WATERMAN** asked if this would affect infant day-care provider rates. **Mr. South** said no. It does not increase the infant rate. The cost of that has not been calculated.

**VOTE:** The motion **PASSED** unanimously.

**EXECUTIVE ACTION ON THE FAMILY ASSISTANCE PROGRAM**

**AT-RISK CHILD CARE:**

**CHAIRMAN BRADLEY** referred to Item No. 4 under the Family Assistance Program on Page 1 of **EXHIBIT 1**.

**Mr. South** said Item No. 4 is the language that permits the state to begin an at-risk day-care program. The motion to approve the language failed on a 3-2 vote, but the appropriation was already approved by the subcommittee. If no further action is taken, there will be \$1 million in AFDC day-care money in excess of what is needed to fund the Day-Care Program.

**CHAIRMAN BRADLEY** said this is in the form of a pilot program. She doesn't believe another pilot program is needed when other programs need funding. The language has been taken out, but the money is still there. A motion is needed to either put the language back in or take the appropriation out.

**REP. JOHNSON** asked if the appropriation amounts to \$1 million over the biennium. **Mr. South** said yes. Without language, the Department can't spend the money.

**MOTION: SEN. NATHE** moved to remove the money previously approved for the At-Risk Child Care Program.

**VOTE:** The motion **PASSED** 4-2, with **REP. COBB** and **SEN. WATERMAN** voting no.

**EXECUTIVE ACTION ON THE MEDICAL ASSISTANCE PROGRAM**

**MEDICALLY NEEDY CARETAKER RELATIVE HEALTH-CARE COVERAGE:**

**CHAIRMAN BRADLEY** asked **SEN. NATHE** if he wanted to revisit the Medically Needy caretaker issue. **SEN. NATHE** said he accepted the judgment of the subcommittee. He thought this would have been substantial help to these people. He is sorry their coverage has to be cut off.

**CHAIRMAN BRADLEY** said a motion is needed to approve language in Item No. 6. The program was removed but the language clarifies that the Department is authorized to eliminate caretaker coverage.

**MOTION: SEN. KEATING** moved approval of the language in No. 6.

**VOTE:** The motion **FAILED** 1-2, with **SEN. NATHE** and **SEN. WATERMAN** voting no. **CHAIRMAN BRADLEY**, **REP. JOHNSON** and **REP. COBB** did not vote.



**MOTION:** SEN. NATHE moved to make Medically Needy caretaker relatives eligible for Medicaid coverage.

**VOTE:** The motion FAILED 2-3, with CHAIRMAN BRADLEY and SEN. NATHE voting aye. REP. COBB did not vote.

**MOTION:** SEN. KEATING moved approval of the language in No. 6.

**VOTE:** The motion PASSED 4-1, with SEN. NATHE voting no. REP. COBB did not vote.

#### EXECUTIVE ACTION ON THE DD DIVISION

CHAIRMAN BRADLEY said a series of motions were made after the subcommittee completed action on the DD program. Thirty-five additional slots were added in the family services area. The motion was made by REP. COBB. That action is the only other soft spot in the budget. She would like to reconsider the issue if the subcommittee agrees.

SEN. WATERMAN asked if that is specialized family care. CHAIRMAN BRADLEY said yes. The subcommittee was impressed with the program because it had a favorable federal match. The motion passed with a 4-2 vote. She thought the motion was made in haste.

**MOTION:** SEN. KEATING moved to reconsider the issue.

**DISCUSSION:** SEN. WATERMAN asked if this was for services for handicapped individuals in their homes. CHAIRMAN BRADLEY said it was the beginning of the discussion on waiting lists. The subcommittee, during its hearing in the SRS auditorium, approved a mix of additional slots, including more adult care and family care, because REP. COBB wanted to eliminate the waiting list.

SEN. NATHE asked if this were where the subcommittee spent \$193,000 federal funds in each year of the biennium. CHAIRMAN BRADLEY said she wasn't sure of the dollar figures. Mr. Donwen said REP. COBB's motion was for 30 slots with a biennial cost of \$190,966 in General Fund.

SEN. KEATING withdrew his motion.

#### EXECUTIVE ACTION ON INPATIENT RESIDENTIAL PSYCHIATRIC TREATMENT

Mr. South distributed and reviewed language for inpatient residential psychiatric treatment. EXHIBIT 7. He said the document outlines the executive's position on the issue. There is no bill to continue this other than one introduced by Shodair Hospital in Helena. The subcommittee needs to determine whether SRS and DFS can use Shodair's bill or if a committee bill is needed. It is fairly important, considering the subcommittee recommended a \$12 million appropriation for residential psychiatric treatment, that the Department be authorized by

statute to operate the program.

**SEN. WATERMAN** asked if this could be accomplished with language within the appropriation. **CHAIRMAN BRADLEY** said this is going to be an ongoing program. Something is needed to continue more than the two-year appropriation. **Mr. South** said that is correct. Appropriation bills die every two years. The language would have to be reinstated again. The subcommittee would be saying that the residential psychiatric component under federal Medicaid rules is part of the state Medicaid program. Residential psychiatric treatment will no longer be a component of the state Medicaid program as of July. The law proposed by the executive says that anyone wishing to operate a residential psychiatric facility must first go through the certificate-of-need process.

**SEN. KEATING** asked if Shodair wants the subcommittee to use its bill.

**Tape 2B**

**Tom Olsen, DFS Director**, said language is needed to more carefully define facilities. If Shodair's bill is amended as DFS recommends, it would be appropriate. It would be nice to have a committee bill in reserve in case Shodair's bill is passed unamended.

**SEN. WATERMAN** asked if DFS was involved in the drafting of these proposals. **Mr. Olsen** said yes. **SEN. WATERMAN** asked if this will allow DFS enough flexibility to design appropriate services where needed. **Mr. Olsen** said yes. But without language requiring a certificate of need and the ability to screen children for appropriate care, there could be treatment centers opening up everywhere and parents could bring their children in for treatment indiscriminately. DFS needs control to ensure appropriate placements.

**CHAIRMAN BRADLEY** said she prefers the subcommittee submit its own bill and not try to amend someone else's.

**MOTION:** **SEN. WATERMAN** moved to recommend a committee bill to continue the authorization.

**VOTE:** The motion **PASSED** 5-1, with **REP. COBB** voting no.

**Mr. South** said the role of the subcommittee is to recommend the committee bill to the full House standing committee because only standing committees can present committee bills.

**CHAIRMAN BRADLEY** asked if **REP. COBB** strongly objects to the recommendation. **REP. COBB** said he is working toward a strong objection.

#### EXECUTIVE ACTION ON THE DEPARTMENT OF FAMILY SERVICES

**Sandy Whitney, Legislative Fiscal Analyst**, distributed a summary

of wrap-up items for DFS, **EXHIBIT 8**, and language regarding DD targeted case management, **EXHIBIT 9**.

**Mr. Matthies** distributed a financial breakdown of proposed increases for DD case management. **EXHIBIT 10**

**DD TARGETED CASE MANAGERS:**

**Ms. Whitney** said the amounts of \$1,133,498 in 1992 and \$1,151,440 in 1993 would increase expenditures and federal funds if approved. Language is needed to allow the Department to provide the services. She read **EXHIBIT 9**. The subcommittee can choose to approve or deny increases in federal funds and the language to allow them to provide the services.

**MOTION:** **SEN. WATERMAN** moved approval of the language and federal funding.

**VOTE:** The motion **PASSED** unanimously.

**TRANSFER OF INPATIENT PSYCHIATRIC FUNDING FROM SRS TO DFS:**

**REP. COBB** distributed draft language. **EXHIBIT 11**. He said the subcommittee already agreed to transfer the money. Language is needed to put a fence around the money. **Mr. Olsen** said DFS is not being appropriated sufficient funds to establish the system of care by July 1, 1993. The funding will allow development toward that system. He also wants fence language around the money, especially around the Foster-Care budget.

**REP. COBB** changed the wording in the third paragraph of **EXHIBIT 11** to indicate the goal would be to develop, not establish, a comprehensive child-welfare service system by July 1, 1993. **Mr. Olsen** inserted language under Fund Transfers that reads: "Funds appropriated for the Youth Foster Care Program may not be transferred to the Medicaid program administered by the Department."

**CHAIRMAN BRADLEY** suggested the time frame of July 1, 1991, in the first paragraph be changed to read "within the year 1991." **REP. COBB** agreed.

**SEN. NATHE** asked if the Department can get the plan developed. **SEN. WATERMAN** asked if the Department has the staff to accomplish the subcommittee's directives, including the continuum of care and adequate after-care services for Pine Hills and Mountain View. **Mr. Olsen** said the Department hasn't designated FTEs for the two new Community Services Division positions created through reorganization. **SEN. WATERMAN** asked if the Department would have to take staff from within existing positions to develop the continuum of care plan. **Mr. Olsen** said yes.

**MOTION:** SEN. NATHE moved REP. COBB's language, as amended by the Department, to develop a comprehensive plan.

**AMENDMENT:** SEN. WATERMAN amended the motion to add 2 FTEs to develop and implement the plan over the biennium.

**DISCUSSION:** SEN. NATHE asked if the Department is already doing this with existing staff. Mr. Olsen said yes. As of July 1, he will have to re-evaluate the number of positions and where they are placed.

SEN. KEATING asked if the Department has the expertise among existing staff to do what the subcommittee is suggesting it do. Mr. Olsen said yes.

CHAIRMAN BRADLEY said the subcommittee approved an additional 5 FTEs for management under an executive budget modification. She asked if any of those individuals will be able to work on this. Mr. Olsen said those positions were to fill vacant slots, some of which were vacant due to reorganization.

REP. COBB said the governor's modified request didn't consider the needs of the central office. The central office needs 10 people and the subcommittee approved three. If two additional FTEs are added, the cost would be approximately \$48,000 per person, including operational costs.

**VOTE ON THE AMENDMENT TO ADD 2 FTEs:** The motion PASSED 5-1, with SEN. KEATING voting no.

CHAIRMAN BRADLEY said the next vote will be on REP. COBB's language, including SEN. WATERMAN's amendment and language changes.

**VOTE:** The motion PASSED 5-1, with SEN. KEATING voting no.

CHAIRMAN BRADLEY said fence language is needed, as modified by the Department.

**MOTION:** REP. COBB moved approval of the fence language, as modified by the Department.

**VOTE:** The motion PASSED unanimously.

**FOSTER CARE PROVIDER-RATE INCREASE:**

Ms. Whitney reviewed Item No. 3, which shows a breakdown of the funding mix for a 5 percent increase in each year of the biennium.

**MOTION:** REP. JOHNSON moved approval of the revised figures.

**VOTE:** The motion PASSED 5-1, with REP. COBB voting no.

Ms. Whitney said the subcommittee needs to address day-care rates for DFS, as was done with SRS. CHAIRMAN BRADLEY said she assumed the subcommittee's action on SRS included DFS. SEN. KEATING said yes.

**FUNDING FOR INCREASED RENT COSTS:**

SEN. WATERMAN said DFS has been forced to move its office and incurred additional rent costs that are not included in the budget. Mr. Olsen said the cost is \$49,000 and it is not in the executive budget. DFS believes it can absorb the additional rent expense by cutting central office costs. SEN. WATERMAN said it is unrealistic to try to fund the additional rent with existing dollars. The Department is already inadequately funded for equipment. To expect the agency to take \$100,000 out of equipment is unrealistic.

**MOTION:** SEN. WATERMAN moved approval of additional funds needed to pay additional rent costs associated with the move.

CHAIRMAN BRADLEY asked if it will cost \$49,000 per year. Mr. Olsen said the correct amount is \$43,000 per year.

SEN. KEATING asked if DFS can move without this motion. CHAIRMAN BRADLEY said DFS has to move to healthier quarters. The question is where the agency will get the money to do it.

REP. COBB asked if DFS will be able to use money saved by not having to contract evaluations. There is a bill to have counties do the evaluations. Mr. Olsen said the number of evaluations the agency will not have to do will not save enough money to pay the additional rent expense. Mr. Matthies said DFS would save about \$30,000-\$40,000 per year.

REP. COBB asked where the \$40,000 will go. Mr. Matthies said it will be saved if the population goes down. Mr. Olsen said the population is high right now.

**VOTE:** The motion PASSED 4-2, with SEN. KEATING and SEN. NATHE voting no.

**EXECUTIVE ACTION ON THE DEPARTMENT OF LABOR AND INDUSTRY**

**UNEMPLOYMENT INSURANCE (UI) ADMINISTRATIVE TAX:**

Terri Perrigo, Legislative Fiscal Analyst, distributed and read draft language that directs the executive to develop formal guidelines for use of UI administrative tax. EXHIBIT 12

**Sue Mohr, Montana Job Training Partnership (MJTP) Executive Director**, said an agreement was worked out with **REP. BOB GILBERT, REP. JERRY DRISCOLL**, the Department and private industry council representatives regarding the method and amount of allocation of UI administrative tax reserve money. **EXHIBIT 14**

**Brian McCullough, Management Services Bureau Chief**, said the Department agrees technically on the way the funds were distributed but disagrees with the way the funds would be used.

**Tape 3A**

**Bob Mullen, Deputy Director of the Department of Labor**, said he objects to using this money to make up a JTPA funding shortfall.

**CHAIRMAN BRADLEY** asked if the reverse were true in the past, that JTPA funds were used to support Job Service. **Mr. Mullen** said JTPA funds are allocated to Job Service as a program it operates.

**MOTION: SEN. WATERMAN** moved approval of the intent language.

**Mr. Mullen** distributed the Department's suggested guidelines for allocating UI administrative tax money. **EXHIBIT 13**

**CHAIRMAN BRADLEY** asked if the Department discussed the guidelines with the group that worked out the agreement. **Mr. Mullen** said no. **CHAIRMAN BRADLEY** said she hesitates to take action on something that has not been reviewed by the group or given time for public comment.

**MOTION: SEN. WATERMAN** moved approval of the allocations recommended by the group.

**DISCUSSION: REP. DRISCOLL** said he didn't know what was decided by the group, but the proposal sent to the Appropriations Committee for apprenticeship training, **REP. DAVID WANZENRIED's** bill HB 704, was going to be funded out of HB 385, which is penalty and interest money. There isn't enough money for enforcement and **REP. WANZENRIED's** bill. He thought some UI administrative tax money could be used, but it's already gone. The cost for HB 704 is \$120,000. HB 385 would cost \$150,000. That provides for only one enforcement officer and more officers are needed. He doesn't know where the bills are.

**CHAIRMAN BRADLEY** said the Appropriations Committee will hear all cat-and-dog bills. **REP. DRISCOLL** asked why this isn't considered a cat-and-dog bill. **CHAIRMAN BRADLEY** said there was an extraordinary amount of movement and whimsical use of these dollars. It is important for the subcommittee to get a handle on the original intent, why a shift occurred a couple of years ago to use this money to replace General Fund and what the priorities were. The subcommittee has dealt with this appropriately. **REP. DRISCOLL** said his proposal will cost only \$120,000. Apprenticeship training is an alternative to vocational-technical schools, colleges and trade schools.

**SEN. NATHE** suggested contingency language be inserted so that funds for HB 704 would be subtracted out of any allocation of these funds. **REP. DRISCOLL** said that would be great.

**Ms. Carlson** said a couple hundred-thousand dollars may be left over from the proposed allocation of \$6 million.

**REP. COBB** asked how much money will be left in reserve at the end of FY 93, based on funding recommendations. **CHAIRMAN BRADLEY** said this is one-time money. Those looking for help believe their problems are one-time problems. She told **REP. DRISCOLL** that his is not.

**REP. DRISCOLL** said he started talking about this money back in August. The effort was to get \$120,000 out of \$3 million in income. Now it's all gone. He shouldn't have told anyone it was there until the last minute. Last session he got a lot of it for enforcement of prevailing wage and minimum wage.

**CHAIRMAN BRADLEY** said the discussion demonstrates that guidelines are needed.

**Don Judge, Montana State AFL-CIO**, said apprenticeship training programs used to be financed with federal Carl Perkins money through the Office of Public Instruction. That money will no longer be available. As of July 1, those programs will end or shrink substantially unless another funding source is found. These are programs in which labor and management participate. The programs spent about \$87,000 last year. Some jointly administered training programs weren't funded because of Carl Perkins definitions. The \$120,000 would allow a small expansion to include jointly administered programs on asbestos removal. This money should come from UI administrative tax if possible. He would be willing to work out a shared agreement in which a portion would come from UI administrative tax and another portion from penalty and interest money, if the Department can get a couple of people to enforce UI tax collections.

**CHAIRMAN BRADLEY** said she doesn't see how the subcommittee can take up something this major when dollars aren't known. She would be willing to work out the dollars and ensure the issue comes up in discussion in the Appropriations Committee. This subcommittee isn't equipped to take on this issue now.

**Mr. Judge** said he would prefer to take it up in committee rather than on the House floor. **CHAIRMAN BRADLEY** pledged to get details and make sure it is discussed in the Appropriations Committee rather than on the floor. She said the subcommittee cannot make a decision on this until the Department and LFA provide dollar figures. She asked if that would be acceptable. **Mr. Judge** said yes.

**Mr. Mullen** said he would answer **REP. COBB's** previous question. The Department anticipates the reserve account balance will be

\$2.4 million at the end of FY 93. Information from Washington, D.C., indicates the Department will need an additional \$1 million on top of the \$3 million considered for transfer. The additional \$1 million is based on unemployment increases and reductions in federal funding.

**AMENDMENT:** SEN. WATERMAN clarified her motion to move approval of the allocations worked out by the group.

**DISCUSSION:** SEN. NATHE asked if it would be too difficult to coordinate expenses of HB 704, if it passes, into spending priorities. SEN. WATERMAN said no.

**AMENDMENT:** SEN. WATERMAN amended the motion to include coordination of expenses associated with HB 704, the apprenticeship program bill, in setting spending priority.

**VOTE:** The amended motion **PASSED** unanimously.

REP. COBB asked about interest earnings. SEN. KEATING said interest on the reserve account would go back into the reserve account.

REP. COBB said interest earnings shouldn't be included in the amount appropriated. Ms. Mohr said it was part of the agreement. The reason it is in there is because no one knows what is going to happen. The money wouldn't be used if federal funds weren't cut by that amount.

SEN. NATHE said interest should go back to the General Fund. The subcommittee shouldn't appropriate it. CHAIRMAN BRADLEY said it is just to the extent that JTPA funds are reduced.

SEN. KEATING said the subcommittee was told at the previous hearing that the \$3 million would be moved into a reserve account instead of going into the UI Trust Fund, and that interest on the reserve fund would be deposited into the reserve fund. The subcommittee is voting on how the reserve fund will be dispersed even though it hasn't been established yet.

Ms. Perrigo said approximately \$6.2 million is available. The \$1.2 million and \$1.7 million would be appropriated out of the \$6.2 million for JTPA. That would leave approximately \$3 million. During FY 92, the agency would get \$2.8 million additional income from the UI administrative tax, which means about \$5.8 million would be available. Of the total, \$2.57 million is allocated. About \$3.3 million would go into a reserve account if the motion is passed. If the entire \$3 million is placed in the reserve at the end of FY 92, income from UI administrative tax in FY 93 would be about \$400,000 more than is needed to fund current level operations. These are just estimates of the income in UI administrative tax.



Mr. McCullough said he doesn't think the pay plan is included in the figures. Ms. Perrigo said that is correct. Figures given at the previous hearing for agency operations do not include the pay plan.

SEN. KEATING asked if this money would be spent only if federal funds don't come in. SEN. WATERMAN said yes.

SEN. NATHE asked how much is needed for the pay plan. Ms. Perrigo said \$376,000 in FY 92 and \$754,000 in FY 93. SEN. NATHE asked where the \$1 million is supposed to come from. Ms. Perrigo said UI administrative tax. The pay plan that would be funded with UI administrative tax doesn't cover pay increases for all staff in the Department of Labor. It covers staff who are funded with UI administrative tax money.

SEN. WATERMAN asked if this would be the first time the pay plan would be funded with UI administrative tax. CHAIRMAN BRADLEY said no. It started in 1989.

SEN. KEATING said he thought the subcommittee was taking the \$3 million that would have gone to the unemployment fund and putting it into a reserve fund to be used if federal JTPA funds are cut. The \$3.2 million fund balance would stay with the Department, revenue would be added to it and the subcommittee would appropriate money for expenditures. The only thing the subcommittee was setting up was a contingency in the event federal funds didn't come in. What was not needed would remain in the reserve along with interest earnings. He will not vote for this if it is not based on this understanding.

Mr. McCullough said SEN. KEATING's scenario is the way it stands right now. SEN. KEATING said he doesn't understand why the LFA said there will be only a \$400,000 balance. Ms. Perrigo said she was talking about a different reserve fund, which was proposed at the previous hearing but not voted upon, to set aside money for Job Service administration.

SEN. KEATING asked what amount would be put into that reserve fund. Ms. Perrigo said the way the motion was originally submitted was for unappropriated funds. That meant to her the \$6.9 million balance that existed at the end of FY 91, plus revenue, minus expenditures.

REP. COBB said he had proposed to move anything the subcommittee didn't appropriate into a reserve account to keep it from going into the UI Trust Fund.

CHAIRMAN BRADLEY said the subcommittee voted on the expenditure. What is needed is the language.

MOTION: SEN. WATERMAN moved approval of the language distributed by the Department to have guidelines developed over the next two years and be brought back to the 53rd Legislature, and that the

language read: "The executive, in concert with interested parties, shall..." EXHIBIT 12.

**DISCUSSION:** CHAIRMAN BRADLEY said these are the guidelines that will come back to the subcommittee next session. The next motion will be to establish a reserve account.

SEN. NATHE asked if coordination of HB 704 expenses is included in language identified under No. 1 in EXHIBIT 12, which refers to the prioritization of programs and activities to be funded. SEN. WATERMAN said yes.

**VOTE:** The motion PASSED unanimously.

**MOTION:** REP. COBB moved that the balance of Unemployment Insurance administration tax not appropriated by the Legislature be appropriated into a reserve account, including interest from the reserve account, to be appropriated as specified by the Legislature.

**VOTE:** The motion PASSED unanimously.


**DISPLACED HOMEMAKER PROGRAM:**

Ms. Perrigo said the subcommittee approved an additional \$54,000 for the Displaced Homemaker Program, if JTPA funds were lost. The subcommittee provided funds to JTPA, so she needs to know what to do with the extra \$54,000. SEN. WATERMAN said the program does not get the money twice. CHAIRMAN BRADLEY said an effort will be made to get those dollars into apprenticeship training. The subcommittee is pulling the money out. She will continue to work with the Department and Ms. Perrigo to determine the maximum amount to be put into the apprenticeship program. She will circulate the information on the House floor and try to include it so that nothing has to be amended before the full committee.

**ADJOURNMENT**

Adjournment: 12 p.m.

  
\_\_\_\_\_  
REP. DOROTHY BRADLEY, Chairman

  
\_\_\_\_\_  
FAITH CONROY, Secretary

DB/fc

**HOUSE OF REPRESENTATIVES**  
**HUMAN SERVICES SUBCOMMITTEE**

**ROLL CALL**

**DATE** 5/12/81

NAME	PRESENT	ABSENT	EXCUSED
REP. JOHN COBB	✓		
SEN. TOM KEATING	✓		
REP. JOHN JOHNSON	✓		
SEN. DENNIS NATHE	✓		✓ For next OF meeting
SEN. MIGNON WATERMAN, VICE-CHAIR	✓		
REP. DOROTHY BRADLEY, CHAIR	✓		

## SRS Suggested Language House Bill 2

### Family Assistance Program:

- 1) The department may require at least one parent in an AFDC-unemployed parent household to participate in the community work experience program, other work experience, or on-the-job training programs (JOBS). Post-secondary level educational activities may not be substituted for work requirements. A parent under age 25 who has not completed high school or an equivalent course of education may be required to participate in secondary level education activities in lieu of one or more program requirements. Any alternative work or training programs must be approved by the department and funds may be transferred from AFDC benefits to cover job and training related expenditures of AFDC unemployed parent recipients in the JOBS program.
- 2) The department is authorized to retain 7.5 percent of the federal Community Services Block Grant and pass through the remaining 92.5 percent to the Human Resource Development Councils (HRDC). If, during fiscal 1992 or fiscal 1993, the Block Grant falls below the federal fiscal year 1990 grant level, the department shall retain only 5.0 percent and pass through the remaining 95.0 percent to the HRDC's.
- 3) The legislature intends that AFDC and General Assistance payment levels for fiscal years 1992 and 1993 be 42 percent of the published federal poverty index for calendar years 1991 and 1992 respectively.
- 4) Included in the appropriation for AFDC day care is \$547,897 (\$155,000 general fund) in fiscal 1992 and \$551,601 (\$155,000 general fund) in fiscal 1993 to establish an "at risk" child care program created pursuant to provisions of the Omnibus Reconciliation Act of 1990. "At risk" persons are those likely to become eligible for AFDC and includes those who have exhausted their eligibility for "transitional child care" as provided in section 53-4-716, MCA. The department may make child care assistance available to low income families who: a) are not currently recipients of a grant under the AFDC program; b) need child care assistance in order to work; and c) would otherwise be "at risk" of becoming eligible for AFDC payments. Child care amounts shall be based on a sliding scale according to family income and size.
- 5) The department may pay general assistance recipients a transition-to-work allowance as provided in section 53-3-325, MCA, from monies appropriated for general assistance payments. Up to ??????? may be spent for this purpose each year of the 1993 biennium.

### Child Support Enforcement Program

The state share of the AFDC-related support collections and all AFDC and non-AFDC federal incentive payments shall be deposited in a state special revenue account from which the state's share of the administrative and operational costs of the program shall be paid. The legislature intends that, during the 1993 biennium, the department collect \$1.25 for each \$1.00 expended for administrative and operational costs from the account. Expenditures made from the account for state medicaid match or development of the SEARCHS computer project are not considered administrative or operational expenditures for purposes of this requirement. Any cash fund balance in excess of \$500,000 in the state special revenue account at the end of each fiscal year shall be deposited in the state general fund.

## Medical Assistance Program

- 1) The department is authorized to transfer funds among appropriations for medicaid primary care, medicaid nursing care, medicare buy-in, state medical and the Home and Community Waiver Program. Except as provided in (2), funds transferred to the medicaid waiver program may not be used to increase the number of recipients receiving waiver services but must be used solely for covering cost increases above the appropriated level.
- 2) The department may utilize funds appropriated for medicaid nursing care to increase the number of recipients in the Home and Community Based Waiver program during the 1993 biennium under the following conditions: a) during the 1993 biennium, no more than 25 nursing residents who are appropriate for waiver services may be transferred from nursing facilities to the waiver program; b) per diem waiver costs for each resident moved from nursing facilities may not exceed the state-wide average medicaid per diem cost of intermediate nursing care; and c) the department shall keep records of each resident transferred under this provision and submit to the 1993 legislature a report on the number of residents transferred and any cost savings achieved as a result of the transfers.
- 3) The legislature intends that expenditures for all executive budget modifications for provider rate increases approved by the legislature be limited to dollar amounts appropriated rather than percentage increases on which the original estimates may have been based. The department will be in compliance with this provision if: a) it estimates total costs for each medicaid service category in June, prior to the beginning of each fiscal year of the 1993 biennium; and b) the percentage increases or base adjustments approved by the department are limited to the dollar amount appropriated for each budget modification.
- 4) The legislature approved a 2 percent rate increase each year of the 1993 biennium for all medicaid and state medical providers. The fiscal 1992 increase shall be 2 percent applied to the fiscal 1991 reimbursement rate for each major service category. The fiscal 1993 increase shall be 2 percent applied to the 1991 reimbursement rate plus the 2 percent fiscal 1992 rate increase. The 2 percent increases shall not be applied to any provider rate increases or rebasing approved as per executive budget modifications. Provider rate increases granted to group homes for persons with physical disabilities funded under the Medicaid Home and Community Waiver program must equal percentage rate increases granted to group homes funded by the Developmental Disabilities Division.
- 5) The department may not expand or reduce the amount, scope, or duration of benefits provided to recipients under the medicaid primary care or nursing care programs during the 1993 biennium unless Title XIX of the federal Social Security Act is amended to require expansion or reduction of benefits as a condition of the state receiving federal financial participation.
- 6) The department is authorized to eliminate medicaid coverage for AFDC-related "medically needy" caretaker relatives who are not eligible for medicaid coverage under the "categorically needy" program. Caretaker relatives are parents, aunts, uncles adult sisters or brothers, or grandparents who are responsible for medicaid-eligible dependents but whose income and resources exceed the standards for the "categorically needy".
- 7) Funds appropriated to the department for medicaid inpatient psychiatric hospital and residential treatment are federal medicaid matching funds only. All state general fund medicaid match for these services is appropriated to the Department of Family Services.

1  
2/22/91  
Dum. Dev. Sub

## Vocational Rehabilitation Program

- 1) The legislature approved a 5 percent rate increase each year of the 1993 biennium for providers of vocational rehabilitation services.
- 2) The department is authorized to transfer funds between appropriations for the Vocational Rehabilitation and Visual Services Programs.

## Visual Services Program

The legislature approved a 5 percent rate increase each year of the 1993 biennium for providers of visual services.

## Developmental Disabilities Program

- 1) The legislature requests that the department work with the Office of Public Instruction to develop a plan for providing continuity of services for students graduating from special education programs in public schools and moving into services provided to adults with disabilities.
- 2) The department may seek federal approval of an amendment to Montana's Alternative Disposition Plan for services to persons with developmental disabilities who reside in nursing homes. The purpose of the amendment is to delay until fiscal 1994 the "active treatment" requirement for eligible persons residing in nursing homes.
- 3) The legislature approved a 5 percent rate increase each year of the 1993 biennium for providers of developmental disabilities services.

## Wrap-up Committee Action

### State Medical Provider Rate Increase

The committee approved a 2% increase for all medicaid providers. The same increase should be granted to providers of services to state medical recipients to avoid serious problems with the department's payment system. Additional costs are:

Fiscal 1992----\$77,425 (\$41,212 General Fund)  
Fiscal 1993----\$160,278 (\$85,219 General Fund)

### Vocational Rehabilitation Provider Rate Increase

The original 1993 General Fund cost estimate of providing the 5% rate increase to vocational rehabilitation providers was overstated. The General Fund amount can be reduced and federal authority increased as follows:

Fiscal 1993 Reduce General Fund-----\$25,248  
Fiscal 1993 Increase Federal Funds----\$25,248

### AFDC Day Care Provider Rate Increases

Additional funds in the following amount are required to pay for day care rate increases approved by the committee: (Rate increases are effective October 1, 1991)

Fiscal 1992----\$194,416 (\$55,000 General Fund)  
Fiscal 1993----\$519,193 (\$146,100 General Fund)

The department is requesting general fund match for these increases. However, there is a possibility that Day Care Block Grant funds could be used to fund the entire rate increase. Because federal regulations governing the use of this block grant are not available at this time, the department is requesting general fund match with language requiring the reversion of the general fund if block grant funds are available to fund the increase.

### Additional Legislation Requiring Funding

D) SRS-sponsored legislation is currently being considered that will require appropriations to fund. House Bill 545 adds Hospice, Qualified Disabled Working Individuals, and Presumptive Eligibility to the list of approved services in Montana's medicaid program. Estimated costs are:

Fiscal 1992----\$301,780 (\$85,374 General Fund)  
Fiscal 1993----\$345,649 (\$97,127 General Fund)

2) Senate Bill 391 authorizes "targeted case management for individuals with developmental disabilities" Both SRS and DFS will need federal spending authority appropriated for "targeted case management for individuals with developmental disabilities" to be performed by the Department of Family Services. Federal authority will be transferred from SRS to DFS.

Fiscal 1992-----\$1,908,791  
Fiscal 1993-----\$1,926,674

Exhibit #2  
2/22/91  
Human Serv.  
Subc.

COMPARISON CHART

# in Fam	@42% Poverty-AFDC rate	@45% Poverty Proposed	@50% Poverty	@100% Poverty	Aver Mo Expend.*
1	\$220	\$235	\$262	\$523	\$1401
2	\$295	\$316	\$351	\$702	\$2385
3	\$370	\$396	\$440	\$880	\$2720
4	\$445	\$476	\$529	\$1058	\$2984
5	\$519	\$557	\$618	\$1237	\$2989
6	\$594	\$637	\$708	\$1415	

\*From Consumer Expenditure Survey, 1989, U.S. Bureau of Labor Statistics, U.S. Dept of Labor.

Submitted by HRDC Assn to the Joint Subcommittee on Human Services  
February 22, 1991

Judith H. Carlson  
442-7462



# RECOMMENDED DAY CARE RATES FOR FY92-93

Following is a comparison of the recommended day care rates for FY 92 and 93 and the allowable rates for JOBS. The allowable rates are based on the JOBS requirement for the state market rate survey of day care providers. Financial participation from the federal program is allowed up to the 75% level of the day care provider charges based on the study. The market rate study was done in December, 1989 by the Early Childhood Project of the Montana State University.

<u>Type of Provider</u>	<u>1992 Rate</u>	<u>1993 Rate</u>	<u>75% Market Rate</u>
Family Home	\$10.50pd 1.15ph	\$11.50pd 1.30ph	\$11.25pd 1.50ph
Infant Care	No rate	No rate	\$12.00pd 1.50ph
Handicap. Child	\$13.50pd 1.50ph	\$14.50pd 1.65ph	\$12.00pd 1.75ph
Group Home	\$11.00pd 1.25ph	\$12.00pd 1.35ph	\$11.25pd 1.50ph
Infant Care	No rate	No rate	\$12.00pd 1.50ph
Handicap. Child	\$13.50pd 1.50ph	\$14.50pd 1.50ph	\$12.00pd 1.75ph
Day Care Center	\$11.50pd 1.30ph	\$12.50pd 1.40ph	\$11.00pd 2.00ph
Infant Care	No rate	No rate	\$13.00pd 2.00ph
Handicap. Child	\$13.50pd 1.50ph	\$14.50pd 1.50ph	\$12.15pd 2.00ph

The infant rate covers children up to their 24th month.

pd = Per day  
ph = Per hour

February 21, 1991

MB

TO: Mike Billings, Director  
OMAS

FROM: John Donwen, Administrator  
Support Services Division *John*

SUBJECT: Day Care Rates and Funding for the '93 Biennium

Penny Robbe just called me after her getting off the phone with Boyce Fowler from DFS.

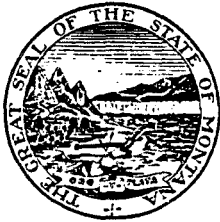
Their is a problem with what the Subcommittee was trying to do in raising Day Care (DC) rates for the '93 biennium. The Subcommittee action with the DFS budget was to raise the Day Care rate \$1 per day for each year of the '93 biennium. We had a question at the Subcommittee meeting as to whether the rate increase would exceed the 'market rate survey' that is done every two years to set the Day Care rates for the next biennium. (The last survey was done in January, 1990 for the '93 biennium). Boyce told Penny that the recommended \$1 was within the allowance increase range. Today, Thursday, 2/19/91, he called Penny and said the rate increases, to stay within the allowable range for FFP would have to be as follows:

	FY92	FY93
Day Care Homes	\$1	\$.75
Group Homes	\$1	\$.25
Day Care Centers	\$.50	\$-0-

Also they discussed the new Infant Rate Program (that the Subcommittee allowed to be implemented by and after a study is completed by Department of Family Services. To stay within the allowable rate structure a rate for the Day Care Homes and Group Homes would be \$12 a day for the '93 biennium and for Day Care Centers the rate would \$13 per day for the biennium.

Note: To get FFP for all SRS Day Care (IV-A, Transitional, JOBS, and probably 'at risk') we can only pay 75% of the "local market rate".

We believe that the proposed day care rate increases should be tied to the availability of the new GRANT, ie., if it cannot be used for increases then there shouldn't be any increases as the Executive budget did not include them.



*The Big Sky Country*

## MONTANA HOUSE OF REPRESENTATIVES

### REPRESENTATIVE DAVE WANZENRIED

HOUSE DISTRICT 7

HELENA ADDRESS:

CAPITOL STATION  
HELENA, MONTANA 59620  
(406) 444-4800

HOME ADDRESS:

435 3RD AVE. EAST  
KALISPELL, MONTANA 59901  
(406) 752-2297

COMMITTEES:

LABOR & EMPLOYMENT  
RELATIONS  
NATURAL RESOURCES  
TAXATION  
FISH & GAME

February 21, 1991

TO: HOUSE LABOR COMMITTEE

FROM: REPRESENTATIVE DAVE WANZENRIED

RE: INTENT OF SUBCOMMITTEE ACTIONS ON HB837

In its thorough review and subsequent actions on HB837 that propose to change the statutes relating to the rehabilitation of injured workers, the subcommittee does not intend to affect the monies in the industrial accident account used by the Department of Social and Rehabilitation Services for the vocational rehabilitation of injured workers.

Further, the subcommittee actions are not intended to limit the access of the Department to the account and use the monies for the rehabilitation of injured workers to meet its federal matching requirement.

---

Representative Dave Wanzenried

DW/eb

cc: Julia Robinson  
Director, SRS

5/11/93  
CARR  
Bureau of  
Finance

DAY CARE PROVIDER RATE INCREASE

	FY92	FY93	1993 Biennium
General Fund	\$44,539	\$57,850	\$102,389
Federal Funds	\$112,897	\$146,956	\$259,853
Total	\$157,436	\$204,806	\$362,242

# Inpatient Residential Psychiatric Treatment

5/22/93  
Human Serv  
Bureau

House Bill 304, enacted by the 1989 legislature, authorized medicaid reimbursement for inpatient residential psychiatric services from July 1, 1989 through July, 1, 1991. It defined residential treatment as, "a facility of not less than 30 beds that is operated by a nonprofit corporation or association for the primary purpose of providing long-term treatment services for mental illness in a nonhospital-based residential setting to persons under 21 years of age."

- 2) The executive proposes to continue inpatient psychiatric services in residential treatment facilities as a component of Montana's medicaid plan and define the services as, "active psychiatric treatment provided in a residential treatment facility, to psychiatrically impaired individuals with persistent patterns of emotional, psychological or behavioral dysfunction of such severity to require twenty-four hour supervised care to adequately treat or remediate his condition. Residential psychiatric care must be individualized, and designed to achieve the patient's discharge to less restrictive levels of care at the earliest possible time."
- 3) All definitional restrictions imposed by House Bill 304, such as "not less than 30 beds" and must be operated by a "nonprofit corporation" would be removed under the executive proposal. However, effective July 1, 1991, all residential facilities would be required to obtain a certificate of need issued by the Department of Health. This would be the only limitation on the number of residential psychiatric beds permitted in-state.
- 4) Medicaid reimbursement would be available to out-of-state residential facilities for treating Montana youth on an as-needed basis.
- 5) Medicaid eligibility criteria (such as consideration of parental income and assets) for youth admitted to psychiatric hospitals or residential facilities would not be changed.
- 6) Medicaid reimbursement for patients admitted to psychiatric residential and hospital facilities will be available only if the Utilization Review Contractor determines that treatment in the facility is medically necessary. If the patient is a responsibility of the Department of Family Services (DFS) and medicaid reimbursement is denied but there is no other placement available for the patient, DFS may have to pay for psychiatric residential or hospital treatment with general fund.
- 7) The Department of Social and Rehabilitation Services (SRS) would continue to handle all claims-paying activity, appeals processing, rate setting and rule-making responsibilities, while DFS would become the lead agency for children and adolescent services. DFS would have responsibilities for developing less intensive alternatives to inpatient psychiatric treatment during the 1993 biennium and advising SRS on the necessity of rule changes in the inpatient psychiatric program.

DEPARTMENT OF FAMILY SERVICES WRAP-UP

1. DD TARGETED CASE MANAGERS

2. LANGUAGE FOR TRANSFER OF IN-PATIENT PSYCH FROM SRS

3. FOSTER CARE PROVIDER RATE INCREASES BASED ON EXECUTIVE BASE  
5 PERCENT EACH YEAR - COUNTY FUNDING AS APPROVED IN COMMITTEE

	EXEC BASE	FY 92	FY 93	FY 92 INCR.	FY 93 INCR.
GENERAL FUND	\$7,312,077	\$7,694,647	\$8,072,531	\$382,570	\$760,454
COUNTY	\$1,139,650	\$1,059,359	\$1,061,881	(\$80,291)	(\$77,769)
FEDERAL	\$2,834,075	\$3,096,086	\$3,308,185	\$262,011	\$474,110
TOTAL	\$11,285,802	\$11,850,092	\$12,442,597	\$564,290	\$1,156,795

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TOTAL	\$11,285,802	\$11,850,092	\$12,442,597	\$564,290	\$1,156,795

2010/11/17  
Family Services  
11-17-10

The Department of Family Services may provide DD targeted case management through increases in staff or through contracts with providers.

For #2  
on 11/17/10



DEPARTMENT OF FAMILY SERVICES  
SUMMARY OF DD CASE MANAGEMENT

	1992		1993	
	Current	Proposed	Current	Proposed
FTE	32.37 <sup>1</sup>	32.37 <sup>1</sup>	32.37 <sup>1</sup>	32.37 <sup>1</sup>
Personal Services	849,604	849,604	849,441	849,441
Operating	675,830	675,830	678,777	678,777
Operating-New DD services <sup>2</sup>				
Equipment	2,888	1,133,498		1,151,440
Total	<u>1,528,322</u>	<u>2,061,820</u>	<u>1,528,218</u>	<u>2,679,658</u>
				<u>1,151,440</u>
General Fund	753,029	753,029	752,984	752,984
Federal Funds				
(Title XIX)	775,293	1,908,791	775,234	1,926,674
				<u>1,151,440</u>

<sup>1</sup> Includes: 23 Current DD Case Managers  
5 Administration  
2.75 New DD Case Managers - MDC Increase  
1.62 New DD Case Managers - SW Increase

<sup>2</sup> Department requests flexibility to deliver increased DD case management services either through increases staff or contracts with providers.

<sup>3</sup> There is an increase in personal services and operating because this proposal has the additional 2.75 and 1.62 FTE at grade 14 instead of 12 as in the original OBPP budget.

0/00/00  
#10

6/10/91  
2/22/91  
John S. ...  
Supt.

The Continuum of Service Plan is to be presented to the Finance Committee by July 1, 1991 for their review and comment.

Upon implementation of the plan after considering recommendation and review by the Finance Committee, all funds are to be spent in accordance with the plan.

The goal of the plan is to <sup>develop</sup> establish a comprehensive child-welfare service system by July 1, 1993. The system shall include but not be limited to family based services, foster care, therapeutic foster care, group care, residential treatment and psychiatric hospitalization for youth.

#### Fund transfers

Funds can be transferred from more restrictive levels of care to less restrictive community and family based care.

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10-1-01  
5/15/01  
H. H. H. H. H.  
The executive shall develop formal guidelines for using the Unemployment Insurance Administrative Tax (UI Admin Tax) and present this information to the 53rd legislature. The guidelines shall include:

1. A prioritization of programs/activities to be funded.

The criteria for prioritization shall include the following considerations: loss of federal funding; impact on rural communities; and employer/employee related functions.

2. The establishment and maintenance of a reserve fund to insure employment security services continue in the event of federal funding reductions.

2/28/82  
Criminal Service  
Section

## SUGGESTED GUIDELINES FOR ALLOCATING UI ADMIN TAX FUNDS

### Priority 1.

Funding, including sufficient reserves, should be appropriated to cover shortfalls in those programs funded by the federal FUTA tax: the employment service, the unemployment insurance program, and the labor market information program. Funding should be appropriated to allow these programs to operate at a certain benchmark level, plus provide reserves for unanticipated changes in funding and/or workload.

### Priority 2.

Funding should next be provided to programs that deal with the employer/employee relationship. These programs would include wage and hour programs, collective bargaining programs, and appeals programs. Under this second priority, employers (who exclusively pay this tax) would provide funding through the admin tax to programs that provide service to employers and workers alike.

### Priority 3.

Remaining admin tax funds could be appropriated to programs dealing with issues of employment. Should the legislature desire to appropriate funds for other than administrative purposes, a change in the statute would be needed.

2/22/91  
2:55 PM  
Herman  
Baker

2/22/91

Method of Allocation

-----

Allocate the UI Administrative Tax reserve that is shifted  
to JTPA using the existing allocation formula consistent  
with each JTPA Title.

2/22/91

Consensus of SDA organizations statewide, representing the job training system, present at 1:00 PM meeting on February 21 in Room 108 of the Capitol.

The Department of Labor and Industry does not support this position.

1. \$1,267,759 will be allocated in FY 92 to hold harmless to FY 91 level of funding, JTPA funded recipients.
2. \$1,732,241 + interest earnings will be allocated in the same manner as item 1 for FY 93 and for the same purpose.

# VISITOR REGISTER

DFS

**PLEASE PRINT**

# REPRESENTING

SRS

S/25

SPS

SRS

## HRDCs

Rocky Mt. Devel. Council

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.