

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Jacobson, Chairman, on March 26, 1991,
at 8:00 a.m., Room 108.

ROLL CALL

Members Present:

Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (R)
Esther Bengtson (D)
Don Bianchi (D)
Gerry Devlin (R)
Harry Fritz (D)
H.W. Hammond (R)
Ethel Harding (R)
Bob Hockett (D)
Thomas Keating (R)
Dennis Nathe (R)
Lawrence Stimatz (D)
Larry Tveit (R)
Eleanor Vaughn (D)
Mignon Waterman (D)
Cecil Weeding (D)

Members Excused: Senator Manning

Staff Present: Clayton Schenck (LFA).

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 966

Presentation and Opening Statement by Sponsor:

Representative Stepler, District 21, sponsor, stated HB 966 would create a committee on the Montana State Hospital at Galen and Warm Springs and report the study's findings to the 53rd legislature. He noted the committee will gather information on case loads, staffing levels, training, rehabilitation,

maintenance, occupancy and client facility needs. They will study possible uses for the physical plant and staff resources currently available at Galen. They will determine the role Montana State Hospital will play as the institutional anchor for Montana's mental health system. HB 966 provides a close look at where we have been, where we are now and where we need to go in the future in regard to mental health care for Montanans. He concluded by directing the committee's attention to amendments made by the House Appropriations Committee to HB 966.

Proponents' Testimony:

Keith Colbo, representing Galen Task Force, stated his support of HB 966. He said the Task Force, which is made up of communities of Anaconda, Butte and Deer Lodge, was formed early last fall in response to the proposal to close Galen. The Task Force felt it was important to come before the legislature this session as a positive response to the changes proposed on the Warm Springs campus. He said HB 966 was formulated prior to the hearings on the closure proposal, prior to the appropriation hearings, and it is now out of the House and before the Finance and Claims committee. He noted HB 966 covers the Montana State Hospital, both campuses, its current uses and alternate uses for the campus. With regard to the Galen hospital, the Task Force is concerned about the investment of staff and facilities of 17 million dollars and also concerned about the capabilities of service to Montanans who need care, which has been provided at that campus for many years. He noted their concern over the statutes that provide for appropriate care and assignment to those campuses but stated they have supported those statutes and have not interfered with them in any way in terms of the Galen campus. He added that changes of this magnitude, and policy decisions needing a great deal of work, should be made by the legislature. Mr. Colbo noted that the Galen Task Force supports the bill and its purpose and are prepared to participate in the process and look forward to the study committee's findings.

Regarding the structuring of the study committee membership, he said they are concerned about input in the committee from all quarters, from the various representative groups, both in terms of administration and private sector organizations representing the residents at the Warm Springs and Galen campuses. He noted the Task Force's approval of the makeup of legislators on the committee and their feeling they should be the dominant group on the study committee in the interim, and added they have provided an appropriation that will provide support for their deliberations, including specialized work by consultants if necessary. He stated their approval of adding the Department of Social and Rehabilitation Services that is not spelled out in the amendments provided to HB 966 is that by adding SRS they are not only adding capabilities and expertise of that Department and their concerns with regard to the residents of Warm Springs and Galen, but it does add the potential for possible funding up to about 50 percent if the bill is approved. He concluded by

stating the Task Force supports the amendments added by the House to HB 966 and stated they have worked with the sponsoring bodies.

Jim Flynn, appearing on behalf of the Galen Task Force, stated his support of HB 966. He said the Task Force was developed in response to the administration's proposal to close the Galen campus and after reviewing the proposal, they felt it missed the mark of what it should have been. Thus they decided the issue was important enough to be studied because it was an issue that was not going to go away. He said HB 966 does include legislative involvement because that is where any decisions on this subject will be made. It also includes representatives of the administration who will have to administer those decisions and includes representatives of the public that will be affected by whatever decision is made. He concluded it is a reasonable approach that will allow the 1993 legislative session to make a reasoned judgment on a subject that is significant and of importance.

Teresa Reardon, Montana Federation of State Employees, stated that on behalf of the drug and alcohol counselors at Galen and the psychologists at Warm Springs, they urged support of HB 966 as it is a fair study and a good way to address the issues.

John Shontz, representing the Mental Health Association of Montana, stated their support of HB 966. He said their association is comprised of consumer groups and members of health services across Montana who have always supported community mental health services in Montana and believe the Montana State Hospital should be an institutional anchor for community mental health delivery system.

Senator Tom Beck, Senate District 24, stated when the Department of Institutions began looking at the closure of Galen, he was concerned about the closure at that time. He said since that was announced, some of the facts and figures coming from the institution at Galen showed some controversial discrepancies between the Department of Institutions and the Galen campus. He concluded for these reasons a study is necessary.

Kelly Morris, Director, Mental Disabilities Board of Visitors, stated the Board was created to ensure quality treatment for persons with mental illnesses and felt HB 966 with the amendments provided by the House are worthy of support.

Curt Chisholm, Director, Department of Institutions, stated they support HB 966 in the interest of fair play and compromise. He said his Department did recommend the closure of this facility and feel it was a responsible issue and responsible recommendations that they made. He admitted they did not address appropriately and comfortably the comfort level that was sufficient before the legislature. He added they did advise the House that their support of HB 966 was contingent on the adoption of amendments. He said he did ask that there were stipulations

in the appointment process for the eight legislative members that only two members could be from the affected area. Although that was not adopted, he strongly urged the Senate and House leadership to send a strong signal to the taxpaying public and citizens of Montana that appointments of the eight members would not have a high percentage from the affected area, and showing that this is a state issue primarily and not a local Deer Lodge issue relative to the interest of that area of the state in keeping the facility open or finding alternative uses for it. He added they received tentative approval for an infrastructure study and funding to support it out of the Long Range Building Committee. Although it is not a duplication of this effort, because this effort intends to look at past, present and future uses of the Warm Springs and Galen campuses under the mental health authority, the infrastructure study will be something that will be necessary to this particular effort. He hopes this study could be underway early in the biennium so the results could be made available to the committee. He concluded he supported the passage of HB 966 and hoped there would be a successful endeavor over the next two years to resolve the future of both of those campuses relative to the services they should and could be able to provide to the citizens of Montana.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Devlin asked if the \$37,000 mentioned as funding was about half of the needed funding. Mr. Colbo stated it was their feeling, with the participation of the Department of SRS, that there is the potential for a portion of the \$37,000 to be paid from funds available to SRS, but they don't know that for certain. Senator Devlin questioned the committee membership of 15 members and asked where it could be cut back. Mr. Colbo said he has strived to keep the legislature as the dominant representation on the board, and has not found it possible to delete any other members from the board.

In a question from Senator Keating, Mr. Chisholm said Montana State Hospital has two campuses, Warm Springs and Galen. Senator Keating questioned if the Galen campus was formerly a tuberculosis center and at the present time is a chemical dependency center. Mr. Chisholm said the campus now houses three distinct programs. It has an acute care hospital of 33 beds, a 185 bed long term care facility or nursing home, and the chemical dependency programs, of which there are two, the alcohol services center which is a 28 day inpatient treatment program for recovering alcoholics, and the lighthouse drug program which is an inpatient drug program.

Senator Keating questioned since Galen is used for purposes other than mental health, and Warm Springs is primarily mental

health, the matrix of the study is primarily for mental health, he noted the study seems to be somewhat lacking in the study of the other uses. He said that is an argument that he has been approached with regarding not closing the Galen facility because of their chemical dependency program. He felt the study hardly focuses on the other uses of Galen. Mr. Colbo said when you refer to the Montana State Hospital, you focus on the mental health aspects of the institution. Language in HB 966 directs a study at the current, future and alternate uses of both campuses and those sections are intended to refer to the three functions at Galen, but he noted there was no intention to short them at all.

Senator Keating questioned language in the bill regarding the experience of mental health facilities of other states as quite broad language and wondered if it should be limited more. Mr. Colbo said the amount of money and time available to the committee will be the limiting factors. The amendment was added so they could at least look at the experiences of other states.

Senator Keating asked Mr. Colbo if they are not satisfied with the Administration's appraisal of the study they did with regard to the appropriateness of placement of clients at Galen and Warm Springs, and Mr. Colbo said they are not.

Senator Keating asked Mr. Shontz regarding the mental health association member on the board, what is a primary or secondary consumer. Mr. Shontz said a primary or secondary consumer of mental health services means an individual in the first instance who has received mental health services somewhere within the system in Montana, not necessarily at Montana State Hospital. A secondary consumer refers to family members of such an individual.

Senator Waterman said it was her opinion from visiting the campuses that they deal with things other than mental health and wondered if that could be addressed in the course of the study. Mr. Chisholm said it was his opinion that the Warm Springs campus receives inappropriate patients at times in that they receive head injured, brain trauma, accident victim types who, because of their behavior, cannot be handled in community nursing homes and are committed involuntarily. He said that is one example of innumerable kinds of inappropriate commitments they get. He added the Galen campus alcohol services center is inappropriately used by the court at times to babysit people, for 28 days, that the courts don't know what to do with because of their problems. He felt the study needs to take a look at the past, present and future potential uses of the campuses. He said it could well be that the state would want them to develop inpatient programs for these individuals. If that is the case, they would have a clear policy signal from the legislature to do these things. If that is not the case, they have to find alternative methods of taking care of the patients. He said one of the reasons the Galen issue surfaced was to call attention to the fact that some of the

services being provided at Galen really aren't an expected part of the mission for the Department. He concluded that what they are in effect is the mental health authority and chemical dependency authority for the state and the state's adult correctional authority. If there are other missions that want to be attached to the Department of Corrections and Human Services, which they are about to be called, he felt that needs to be a deliberate action of the legislature setting in motion the terms of guiding the Department.

Senator Jacobson questioned what other facilities in Montana are able to take these brain trauma injured people that are now being put into Warm Springs under a commitment when other nursing homes won't take them. Mr. Chisholm said there are inpatient rehabilitation programs in the state that are set up for these people. For example, there is one in Missoula that is specifically set up for these types of people, up to the point the behavior becomes a problem to the facility; then there is no facility in the state to take care of these people. He added there is a support group out of Great Falls that is trying to get itself organized and incorporated. They are trying to develop some alternatives to long term nursing care treatment approaches for the individuals because they agree these people should not be put in an inpatient psychiatric care facility. However, at the present time there is no alternative for these people other than some of the State institutions.

When asked to speak on this issue, Julie Robinson, Director of the Department of Social and Rehabilitation Services, said the issue of head injured in Montana is a major problem which her department is struggling on with the Human Services Subcommittee. She said they don't provide good services for the head injured. At the present time, there are seven or eight head injured at Galen, and she stated her concern while she was at Galen that they are not providing any specialized services for these people. She added one solution is to move the group out and create another facility. Another solution is to develop the right services where the individuals are. She hoped the area the study group will be looking at is the tough issues of populations' change over time because of medical technology. She concluded she is not sure our institutions in the state have changed with them, and she does not feel we can afford to create new services all over the state.

Mr. Shontz said the Mental Health Association group was advocating some of the focus on Montana State Hospital. There are many people there that are not mentally ill but are there for other reasons, and trauma people are one group. He added the legislature may decide the state needs a county general hospital to care for indigent people needing institutional care, and there are other folks living there in other capacities that the legislature may want to look at placing there or somewhere else. He concluded that it is a mental health facility that by default is serving many people who are not mentally ill, and that the

default should be removed; the legislature should look at the purpose of the institution and the case of head trauma people. If the legislature says it is in the state's interest to help those people, then the legislature should fund a rehabilitation program to help those people instead of warehousing them.

Senator Weeding questioned adding the Governor's coordinator on aging. Mr. Chisholm said he was added because one of the issues being addressed will be number of nursing home beds that are managed by the mental health authority under the mental health division. He said at the Galen campus there are 185 long-term care geriatric beds and that was one of the major issues leading to the closure recommendation. At the Warm Springs campus, there are 60 beds and 191 at the Center for the Aged, being a total of 436 beds, so that is a large number of long-term care beds under the mental health authority, and that should be focused in on by this committee.

Senator Beck asked Mr. Chisholm if it was his recommendation regarding the primary or secondary consumer from the Montana mental health community. Mr. Chisholm said not specifically although he encouraged the House committee hearing HB 966 that there should be more representation from consumer organizations primarily in the mental health area. When asked by Senator Beck if it would be more appropriate to have those people testifying before the committee rather than sitting on the committee, Mr. Chisholm said he agreed to a large extent that those people are important in forming the public policy.

Senator Hammond asked with regard to infrastructure, is there anyone on the committee having expertise in that area. Mr. Chisholm said they intend to proceed with infrastructure study by hiring an architectural firm who will assemble a team of engineers to go to the two campuses in reference to water well systems, heating systems, and sewer lagoon systems. The results will be made available to the committee so they will be aware of what they are dealing with and what it would take to bring those facilities up to reasonable standards to use them.

In a question from Senator Hockett regarding the areas to be covered by the committee, Rep. Steppler said the committee makeup will play a role in what will be studied. Mr. Colbo added after the committee does their study, they may recommend that the Galen campus no longer function as an institution as we know it today, and in that instance there is still 17 million dollars worth of facilities and campus and we may have to look at other uses for that campus and those facilities.

Senator Aklestad stated his concern that this type of effort is not going through the normal channels. He said there is usually a resolution and then goes before the legislative counsel and then the legislature decides its importance. He added this study is about three times as expensive as a normal study. Rep. Steppler said this was in response to a bill that was going to

close the Galen facility, and they are trying to come up with a study to take care of all of the affected areas. He noted it is more expensive, but to take care of all the different parts of the study, they would end up with several different studies. He felt it should all be included in one study for a state program. Senator Aklestad questioned Rep. Stepler as to the committee makeup and the amount of money being spent on a study that could possibly close the institution. Rep. Stepler said that does bother him. He added he would like to see all parts of the state represented on this board because there are statewide concerns that should be addressed.

Senator Jacobson said she is a member of the committee on committees and there would be no intention of stacking the committee with people from the affected area. She added they want to see a good, comprehensive study done and they are anxious to be fair.

When questioned by Senator Aklestad as to whether they would consider lowering the number of legislators on the study to two, Rep. Stepler said to get a fair representation of the entire state, he questioned if two representatives and two senators could geographically cover the entire state.

Senator Aklestad questioned if the Governor's budget has included the general fund monies needed. Mr. Chisholm said they are not allocated within the budget. When questioned by Senator Aklestad about the \$37,000 needed and if the Department of Institutions had the money available, Mr. Chisholm said he brought to the attention of the budget director the extreme importance of the study so that the legislature can be apprised of the issues and that he wanted to support the study since Galen is not being closed at this present time. Mr. Chisholm said he is willing and intends to work with SRS to see if they can obtain some medicaid funds to offset the general fund impact. The Governor indicated some willingness if medicaid funds could be obtained, and Mr. Chisholm said he would rather do it that way than find money within his department because of his tight budget, and that money is intended for treatment as opposed to studies.

Closing by Sponsor:

Rep. Stepler closed by saying HB 966 would provide for a committee to study issues and provide a plan needed and a direction for the future.

HEARING ON HOUSE BILL 272

Presentation and Opening Statement by Sponsor:

Representative Bradley, District 79, Bozeman, said HB 272 has no fiscal impact this biennium. It is contemplated to work in the same way as pre-release centers. She said there are many different entities that can set up community corrections housing units. It can be a local government agency. It can be a profit or non-profit agency, but it has to have a local advisory group. She added that is taken care of at the local level. They would put together a proposal and bring it to the legislature and have it funded on a per bed per day basis, and they would run the program for the state in the county. The justification for having the state dollars pay for it is because this is designed to divert prisoners from going to Deer Lodge. It is designed to take some of the population pressure off Deer Lodge. The state would be picking up the bill of a person going to Deer Lodge. She concluded it would have to fiscal impact until such a time as the appropriation and finance committees approve the proposal that would be before us in the next biennium.

Proponents' Testimony:

None

Opponents' Testimony:

None

Questions From Committee Members:

Senator Jacobson said this concept has been discussed before and the reason Senator VanValkenburg asked that HB 272 be brought to the Senate Finance and Claims Committee was the fact that judges might begin sentencing people to these facilities that normally would go on probation at a much lower cost to the state, thereby adding prisoners in the state. She said we pay if a court orders somebody into one of these facilities. Rep. Bradley said they can't be ordered into a facility unless the facility exists so it will not happen until the option is there. It does give them the option to sentence them there. She felt judges are very anxious to find options other than prison and eager to have something they consider more rehabilitative oriented. Senator Jacobson asked Rep. Bradley if HB 272 is enabling legislation that would allow the legislature to approve in the same way we approve beds being set up around the state for pre-release centers, either paid for by private nonprofit or put into our pre-existing pre-release centers or whatever. Rep. Bradley said many different options, that is correct. When asked if they can only be built with the state's approval, Rep. Bradley said that is correct. Right now it is only a shell, but they have had much interest around the state where individuals are interested in working on rehabilitation and put proposals together. Senator Jacobson said this is saying they are authorizing local governments, tribal governments and private agencies to establish and operate facilities. Rep. Bradley said only if it is approved and it has to come through the Department of Institutions. When

asked by Senator Jacobson if the Department of Institutions can authorize the city to build a program with private funds without coming through the state, Rep. Bradley said if it was all done without public dollars, but she said she couldn't envision that happening. Senator Jacobson said it was her concern that they could if they were going to use it for local prisoners and federal prisoners. A private nonprofit could come in and speculate with a great shortage of beds and put that facility in place, at which point a judge then could sentence someone. Rep. Bradley indicated she did not think HB 272 allows that, adding there is legislative and Department control.

Senator Bengtson questioned the role of the community corrections board. Rep. Bradley said the board would run the facility. She added the language is modeled after the pre-release centers. When asked if this was modeled after Colorado, Rep. Bradley said it was. She added there has been, in the past four year period of time, a great deal of public interest in trying to do something more constructive with prisoners than the options the State has now. She noted when prisoners, at the current time, are released early, the judges can't sentence them or divert them by the prison entirely because they don't have that authority. For the judges to have that authority, the statute has to be changed, which HB 272 takes care of. The bill also sets up how the systems will be put together, with emphasis on the local advisory councils. She concluded that HB 272 has no financial impact and cannot have a financial impact until there is an appropriation in two years if a proposal is introduced.

Senator Beck questioned the need for this system in that there is currently pre-release, intensive supervision, but it is all coming from the Department of Institutions where they have had a chance to evaluate the inmate. Rep. Bradley said there is tremendous pressure on judges to protect the public safety. HB 272 furthers that protection and caution by outlining a dangerous offender who would not be allowed to go to community corrections, and gives that entity the opportunity to turn them away if they feel the necessity.

Senator Jacobson indicated it was her feeling it was a nice approach but stated her concern that there is no fiscal impact this biennium, but if someone comes in with a proposal to the state, there will be a fiscal impact and she wanted to be sure that the legislature is the body making that decision. Rep. Bradley said they would be the ones making the decision.

Senator Aklestad asked if we are talking "bricks and mortar" with state money eventually. Rep. Bradley said no. When questioned by Senator Aklestad as to how large a population we are looking at, Rep. Bradley said it would depend on the prison population and the type of criminals. This institution would become more appropriate if there are fewer violent crimes. When noted by Senator Jacobson that the trend at the present time shows there are more violent crimes, Rep. Bradley said statistics

from the Attorney General's office shows that there has been a slight decrease in violent crimes. Senator Jergeson noted that does not mean a decrease in arrests or convictions. Rep. Bradley said that was correct, but noted one of the reasons for the population problems at the prison at the current time is because people are sentenced for longer periods of time.

Regarding a question from Senator Aklestad regarding the amending of HB 272 relative to tribal governments participation in establishment of facilities, Rep. Bradley said it would only move forward if this particular proposal were approved. Senator Aklestad also noted his concern with the one million dollar operation cost for every 25 bed facility and the fact that on the Indian reservations there is not taxing jurisdiction. Rep. Bradley said there would be an advisory council and it could only be financed by this legislative body so there are many safeguards there.

Senator Hammond questioned the center being built by private for profit groups and wondered if any of the pre-release centers are built in that manner. Senator Jacobson indicated one facility is owned by the state and the rest are non-profit. Rep. Bradley said they contract out where they make an arrangement where so much money is spent per bed.

When questioned by Senator Hammond regarding the board taking responsibility for the offenders that escape, Rep. Bradley said the amendments to HB 272 take care of this.

Senator Beck asked if judges cannot directly sentence people to a pre-release center. Senator Jacobson said that was correct.

Closing by Sponsor:

Representative Bradley closed.

HEARING ON HOUSE BILL 974

Presentation and Opening Statement by Sponsor:

Representative Peck, District 15, sponsor, said HB 974 is an attempt to answer some of the concerns in Montana about rural medical service. He added that without a medical school in the state and no free-standing residency program, it makes it more difficult to get physicians in the state. He added statistics show there are about 1,244 physicians in Montana, with 1,047 or 84 percent of the physicians in the state located in the seven larger cities, meaning many counties do not have physicians. He noted that last year four rural hospitals in Montana closed because they could not get a physician. He added that HB 974 is

directed at a problem associated with the WICHE program in that 36 percent of the program has been cut in the last ten years. There is no payback provision for the students in this program.

Proponents' Testimony:

Jerry Loendorf, representing the Montana Medical Association, stated their support of HB 974. He said Montana currently has 18 counties without a physician and 22 counties without a physician doing obstetrical work and when a physician leaves an area, the hospital can no longer operate. He said this bill is designed to try to get physicians back into Montana. He stated the reason for the lack of physicians in 18 counties in the state is the pay being so much lower than the national average. He concluded the reasons underlying the problem of attracting physicians to the state include the high malpractice insurance rates and low medicaid and medicare reimbursement rates. He noted passing HB 974 would be a step forward in improving our competitive situation.

Michael Sherwood, Montana Trial Lawyers Association, stated their support of HB 974.

Jack Noble, Deputy Commissioner for Management and Fiscal Affairs, speaking on behalf of the Commissioner of Higher Education and Board of Regents, stated their support of HB 974 and noted that with this bill there is the ability to get to the problem, or part of the problem, in two years. He added this bill would be more effective than the payback provisions that have previously been attempted.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Hammond questioned the rural incentive fee. Mr. Noble said they envisioned an accelerated contract where there would be a payback of \$4,000 the first year, \$6,000 the second year, \$8,000 and then \$12,000. He said they felt it would be desirable to lure them into a four year contract at which the fourth year pays back a higher share, but they have left the contract period somewhat flexible.

Senator Bengtson questioned if the WICHE program has been cut back in the next biennium. Mr. Noble said in 1985-'86, Montana supported 51 WICHE students in the medical area. With the appropriation bill coming through right now, in four years we will have nine medical slots. There are none coming into the program this fall; there are three coming in the second year. Senator Bengtson questioned that we are providing an incentive for them to come back but we don't have any going into the program. Mr. Noble said they propose five entering freshmen per

year in the WICHE program. He added it is a tight budget; the Governor chose to recommend zero and three the second year.

In a question from Senator Fritz, Mr. Noble said this program taxes all state supported medical students. Senator Fritz asked if it does not increase their stipends and pays back only rural physicians, and Mr. Noble said that was correct. Senator Fritz said it discriminates against Montana physicians wanting to locate in urban communities, and the testimony indicates those physicians are also leaving the state because of salary differentials. Mr. Noble said they can practice anywhere they want but if they come back to the rural area, part of their debt will be paid off, up to \$30,000. He said he looked at it more as an incentive rather than discrimination. Senator Jacobson said we are talking about recruitment here also.

Senator Bianchi said it was his understanding of HB 974 that it is not necessarily designed only for Montana medical students but any student in medical school could take advantage of this program if they came to Montana. Mr. Noble said that was correct, although if two doctors were looking for one opening, the Montana student would be given the preference.

Closing by Sponsor:

Representative Peck closed by saying HB 974 solves some of the problems relative to students returning to Montana and paying back.

EXECUTIVE ACTION ON HOUSE BILL 913

Amendments, Discussion, and Votes:

Mr. Groepper said there was concern about the intent of the bill and he explained they were enabling the committee to fund other education issues such as transportation, telecommunications using the foundation program without suspending rules or amending bills to take care of this. He explained amendments proposed to HB 913. (See Exhibit 1) He concluded that this amendment would allow us the opportunity to spend foundation program money on other sorts of programs if we choose to do it, but makes it clear that it would require a legislative appropriation. It also protects the concerns of the LFA that we might be setting up a statutory appropriation.

Senator Nathe questioned the sources of revenue for the foundation program. Mr. Groepper said there are a number of sources of revenue for the foundation program. There is income tax, corporation license tax, interest off the coal trust, and revenue from state leased lands. That is the money that now funds the schedules and guaranteed tax base. This is the first year that those revenue sources fully funded the foundation

program and that will end after this year. He said using the foundation program revenue for programs other than scheduled and guaranteed tax base has not been done before. In response to a question from Mr. Nathe as to whether this is a new area we are moving into with utilization of money that used to go into schools to fund schedules, Mr. Groepper said these bills, if passed, would move us into a new area. Senator Nathe questioned if the other three bills being considered are killed, HB 913 would not be necessary. Mr. Groepper said if the other three bills are killed and there is no other legislation, that would be correct.

Senator Jergeson stated the budget approved by the subcommittee for the OPI does not assume this is the funding source for any increase in FTE's. Mr. Groepper said there is nothing in the budget that uses any foundation program money for anything associated with the Office of Public Instruction.

Regarding a question from Senator Weeding relative to special education, Mr. Groepper said there is nothing funding special education out of the foundation program right now.

Senator Keating asked what the costs are associated with the general supervision of school districts. Mr. Groepper said Section 20-3-106 is the list of what the Superintendent is responsible for, and right now there are 30 or 34 responsibilities in statute. He indicated OSPI has a general fund appropriation in the neighborhood of three million dollars for administration and there are federal programs funding the other half of OSPI and they administer approximately 450 million dollars in funding from the general fund; the bulk of that money is the statutory appropriation for the foundation program and the guaranteed tax base. Then there is an additional 33 million dollars for special education that they administer, and 6 million dollars for transportation.

Senator Jergeson moved amendments (Exhibit 1) to HB 913. Motion carried unanimously.

Motion:

Senator Jergeson moved that HOUSE BILL 913 AS AMENDED BE CONCURRED IN.

Discussion:

Senator Aklestad questioned if the title had to be changed because of the statute 20-3-106.

Senator Beck questioned if this appropriation comes out of the equalization program, this will cut the whole general base of equalization going back to the schools, and schools will have to

fund the balance out of the general fund. He asked the reason for the moving of the figures. Senator Jergeson said approval of HB 913 or the approval of the other three bills will not reduce the amount of money sent to the schools because they will get the scheduled amount.

Senator Keating questioned what money they were using to pay these costs before. Mr. Groepper said for telecommunications, that was a general fund appropriation to pay \$300,000 to the Department of Administration to buy equipment. He said before this bill, the money comes from a combination of general fund, state special revenue and federal money. HB 913 does not change how OSPI is funded; it allows for consideration of the other three bills and if we decide to use foundation program money, it will allow that to be done without making any statutory appropriation.

Mr. Groepper also noted that amendments (Exhibit 1) do not change the funding source for the foundation program. The amendment makes it clear that the only thing statutorily appropriated is the money for the foundation schedules and guaranteed tax base. He added the language in the bill regarding other duties, means if we decide to use money from the foundation program for telecommunications or transportation or audit costs and an appropriation is included to do that from the foundation program, this amendment makes it legal to do that.

When asked by Senator Weeding if HB 913 required additional money, Mr. Groepper said this bill did not require additional money, However, if HB30 is passed, additional money might be required.

Senator Nathe questioned what would be opened up in the event HB 913 passes and the other three bills do not pass with regard to general supervision. Mr. Groepper said we have opened up the ability for the legislature to continue to consider the foundation program for other kinds of school expenses in future years but we will guarantee it be done with an appropriation. Senator Nathe asked Mr. Groepper if he had any objections to coordinating HB 913 with the other three bills or if it was his desire that HB 913 go through in any event. Mr. Groepper said since there is an amendment to HB 913, he would like to see this bill be kept alive until the outcome of the other three bills is decided.

Senator Jergeson withdrew his motion that HB 913 AS AMENDED BE CONCURRED IN.

Motion:

Senator Jergeson moved that HOUSE BILL 966 BE CONCURRED IN.

Amendments, Discussion, and Votes:

Senator Keating made a substitution motion that HB 966 be amended on page 4, line 15 following the word "address", put a semicolon and strike the following language in lines 15, 16, 17, 18 and 19 to the word "AND". Motion carried with Senator Fritz opposed.

Senator Aklestad made a further substitute motion on page 2, lines 13 and 16 that we change the makeup of the legislature to two members of the Senate and two members of the House of Representatives. Senator Aklestad's substitute motion failed.

Recommendation and Vote:

Motion that HOUSE BILL 966 AS AMENDED BE CONCURRED IN passed with Senator Aklestad opposed. Senator Jergeson will carry HB 966 on the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 974

Motion:

Senator Jergeson moved that HB 974 BE CONCURRED IN.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

Motion that HB 974 BE CONCURRED IN carried with Senator Fritz opposed. Senator Fritz will carry HB 974 on the Senate floor.

ADJOURNMENT

Adjournment At: 10:30 a.m.

SENATE FINANCE & CLAIMS COMMITTEE

March 26, 1991

Page 17 of 17



JUDY JACOBSON, Chairman



LYNN STALEY, Secretary

JJ/ls

ROLL CALL

FINANCE & CLAIMS COMMITTEE

DATE 3-26-91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON CHAIRMAN	P		
SENATOR JERGSON, VICE CHAIRMAN	P		
SENATOR AKLESTAD	P		
SENATOR BECK	P		
SENATOR BENGTON	P		
SENATOR BIANCHI	P		
SENATOR DEVLIN	P		
SENATOR FRITZ	P		
SENATOR HAMMOND	P		
SENATOR HARDING	P		
SENATOR HOCKETT	P		
SENATOR KEATING	P		
SENATOR MANNING			E
SENATOR NATHE	P		
SENATOR STIMATZ	P		

Each day attach to minutes.

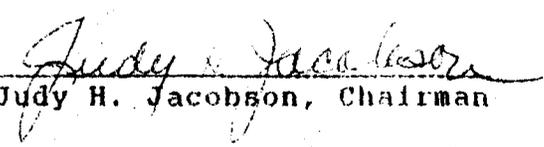
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 26, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 974 (third reading copy -- blue), respectfully report that House Bill No. 974 be concurred in.

Signed:


Judy H. Jacobson, Chairman

LB 3/26/91
Amd. Coord.

SLB 3/26 12:10
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 27, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 966 (third reading copy -- blue), respectfully report that House Bill No. 966 be amended and as so amended be concurred in:

1. Page 4, lines 15 through 19.
Following: "address" on line 15
Strike: "remainder of line 15 through "homemakers" on line 19

Signed: Judy H. Jacobson
Judy H. Jacobson, Chairman

LB 3/27/91
Amd. Coord.

SB 3/27 11:15
Sec. of Senate

Amendments to House Bill No. 913
Third Reading Copy (Blue)

Requested by Rep. Johnson
For the Senate Finance and Claims Committee

Prepared by Eddy McClure
March 21, 1991

1. Title, line 8.
Following: "AMENDING"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "20-9-343"
Insert: "AND 20-9-361"

2. Page 3.
Following: line 13
Insert: "NEW SECTION. Section 2. Section 20-9-361, MCA, is amended to read:

"20-9-361. State and county equalization revenue -- statutory appropriation. Revenue received in support of state and county equalization under the provisions of 20-9-331, 20-9-333, and 20-9-343(1)(a) is statutorily appropriated, as provided in 17-7-502, to:

(1) the superintendent of public instruction to be used for county equalization and state equalization aid for the public schools, as provided by law, and must be accounted for in accordance with generally accepted accounting principles; and

(2) counties as provided in 20-9-360(2)."

Renumber: subsequent section

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 3-26-91
BILL NO. NB 913

WE STRONGLY RECOMMEND THAT YOU SUPPORT KEEPING THE GALEN STATE HOSPITAL, WARM SPRINGS STATE HOSPITAL, AND BOULDER STATE HOSPITAL OPEN AND AVAILABLE TO THOSE PEOPLE IN NEED OF THESE HOSPITALS.

1/8 9/66

ALL PEOPLE IN THE STATE OF MONTANA DESERVE FAIR TREATMENT AND CLOSURE OF ANY OF THESE FACILITIES WOULD CAUSE SOME OF THE MOST NEEDY TO BE DEPRIVED OF FAIR TREATMENT. MANY, IF NOT MOST OF THESE PEOPLE CANNOT SPEAK FOR THEMSELVES, BUT NEED OTHERS TO SPEAK FOR THEM.

Diane Summers	Billings
Valerie Summers	Billings
Lauri Sisk	Billings
Lois (Sisk)	Billings
Bob Sisk	Bozeman
Debra Britz	Blgs
Sheri A. Gurner	Billings
Joanna R. Hinney	Billings
Leanne D. Hovson	Billings
Sharon J. Grubbs	Billings
Jarvis McNeil	Billings
Tally Dietrich	Billings
Jerry Dietrich	Blgs
Mary Kay	Billings
Al Sisk	Billings
Dan Bellin	Billings
Janet Anderson	Billings
Christina C. Cass	Billings
Kate J. Gagnier	Roundup
Shelene Soper	Billings
Eric Strickel	Billings
Pauline Long	Billings
Buck Montgomery	Billings
Carol Kemme	Billings
Aaron Johnson	Billings
April D. Harris	Billings
Betty LaMotte	Billings, MT.
Elizabeth J. Rogers	Billings, MT.
Theodore A. Guis	Billings, MT.

DATED March 21, 1991