

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By REP. ED GRADY, Chair, on January 19, 1993, at
8:00 AM

ROLL CALL

Members Present:

Rep. Ed Grady, Chair (R)
Sen. Eve Franklin, Vice Chair (D)
Sen. Gary Aklestad (R)
Sen. Tom Beck (R)
Sen. J.D. Lynch (D)
Rep. Red Menahan (D)
Rep. Linda Nelson (D)

Members Excused: NONE

Members Absent: NONE

Staff Present: Sandra Whitney, Legislative Fiscal Analyst
Mary LaFond, Office of Budget & Program Planning
Judy Murphy, Committee Secretary

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

Committee Business Summary:

Hearing: NATURAL GAS PROCUREMENT AND ENERGY
RETROFITS

Executive Action: NONE

HEARING ON NATURAL GAS PROCUREMENT AND ENERGY RETROFITS

Tape No. 1:A

Informational Testimony:

Alan Davis, Chief of the Planning and Analysis Bureau for DNRC, presented some history regarding the department. About a year ago, the Public Services Commission changed the way the Montana Power Company gas utility operates. Instead of operating as one utility, which provides gas service from the production side to transporting the gas to its customers, to distributing the gas, and retail marketing the gas as one whole package or bundle, they unbundled the gas utility. The power company then was able to transport another company's gas on their pipeline system. Anyone

can now use Montana Power Company's gas transportation system to purchase gas and move it to their facility. The state is the third largest gas customer on the Montana Power Company system. The Public Service Commission decided that facilities of a certain size would be eligible for this gas procurement and transportation. There are only nine customers allowed to go on gas transportation based on quantity of natural gas used. As a result of a negotiated settlement between the parties, the first year the customer could only purchase 1/3 of their gas under this procurement program; the second year, which is now, they could purchase 2/3 of their gas; and the third year they can purchase all or part of their gas. The facility can decide. Every year the state must go out for bid to buy the gas.

Questions, Responses, and Discussion:

Mary LaFond, Office of Budget Planning and Program, stated one question which came arose when the work was being done on the institutional budgets, was that the Galen campus was not on the gas procurement program and the Warm Springs campus was.

Mr. Davis explained that the reason for the difference was the size threshold.

SEN. GARY AKLESTAD asked if the contracts were year-to-year?

Mr. Davis responded that they were. He said the state will need to make a decision whether they want to go with year-to-year contracts, longer contracts or with Montana Power.

SEN. AKLESTAD asked **Mr. Davis** if the gas is mostly Canadian gas or Montana Power gas coming out of Canada. He explained that none of the gas is Montana Power gas coming out of Canada. People are buying Canadian gas and brokering it to the state.

Tom Livers, Department of Natural Resources, said the state of Montana, through the Department of Natural Resources and Conservation, operates a bond finance state buildings energy conservation program. The state sells general obligation bonds and uses the proceeds from the bonds to conduct energy conservation improvements and uses the energy cost savings to cover the debt service on the bonds.

SEN. AKLESTAD asked **Mr. Livers** to explain the retrofit.

Mr. Livers explained that in the case of Warm Springs the retrofit did some work to the buildings, ventilation system changes, temperature controls, insulation, and improvements to the central plant and the heating system.

Sandra Whitney, Legislative Fiscal Analyst stated that when she put the energy retrofit issue into the budget, LFA current level, she took the \$130,000 savings and subtracted it from the electricity that was the actual FY 92 base at Warm Springs. She

then took half of the net savings after the debt service, showed that as a transfer to the general fund and showed all of the debt service as a transfer to the general fund. The other half of the net savings was a budget reduction. The LFA did not leave it in current level for an agency incentive. The budget office did not take into account the energy retrofit savings at all.

Ms. LaFond said the budget office did not have a definite direction when the change-over of analysts occurred. There was no direction from the office when the budget was being put together. With the new information the office believes there should, at this time, be a line item for this savings and some should be returned to the general fund. This is not a definite decision at this point. The decision will need to come from the committee.

CHAIRMAN GRADY suggested that no executive action be taken at this time on supplementals.

Pam Joehler, Central Services Division Administrator, said the Central Operations program consists of the Director's Office, Management Services Division, the Special Services Division Administrator, and the Board of Pardons. This program is funded primarily from general fund, except for legislative audit costs and other department fixed costs which are budgeted in the Management Services Division beginning in FY 1994. The significant operating expense increase in the FY 1995 biennium for this program is due to budgeting departmental fixed costs, such as insurance, warrant writing fees, data network fee, and rent, in the Management Services Division effective FY 1994.

EXHIBIT 1

Ms. Joehler discussed the three issues regarding the Central Operations budget: 1.) Requested Travel Increases - the department requested a \$10,000 annual base adjustment (from a \$4,200 base) for in-state travel for its attorneys. EXHIBIT 1 2.) Special Services Training Funds - the department has requested current level funding for staff training at the Montana Developmental Center, Eastmont Human Services Center, and the Montana Veteran's Home. The department is also requesting additional funds for the MDC for training the staff to deal with the sexually aggressive behaviors of clients. EXHIBIT 1 3.) Combination of Special Service Division Budget - the department requests the legislature approve the combination of the Special Services Division Administrator, the Developmental Disabilities program, and the Veteran's Home program into one budget program. There is no additional cost associated with this request.

EXHIBIT 1

SEN. J.D. LYNCH asked how long this increased travel will last? This travel is related to the recent riot situation at the MSP.

Rick Day, Director of the Department of Corrections and Human Services, responded by saying the anticipated travel will

probably last at least two more years, if not longer.

Ms. LaFond read the justification for the travel increase for the Board of Pardons. The \$4,825 will bring the budget to the fiscal FY 91 level spent for travel. During FY 92 there was turnover on the board which caused travel expenditures to be artificially low.

SEN. LYNCH asked to have the additional funds request for training at MDC explained.

Bob Anderson, Administrator of Special Services Division, explained the increase of clients at the MDC have become more sexually aggressive so the staff needs to be trained how to deal with these clients. To meet certification, the staff was increased and these staff members also need to be trained to deal with these specific clients. The department has requested \$10,000 per year for training.

REP. RED MENAHAN asked why the problem of sexually aggressive clients was not worse before MDC started downsizing.

Mr. Anderson stated that when the mission at MDC changed they received more sexually aggressive clients. The clients in past years were all profoundly retarded and did not exhibit these behaviors.

Ms. LaFond explained to the committee that when there was a reorganization of Program 10 to Program 30, there was a transfer of training funds amounting to \$10,000. Prior to the reorganization mental health was part of Program 10.

Mr. Anderson, stated the department is requesting the current level of \$9764 for Special Services and an additional \$10,000 each year in training funds for MDC.

SEN. AKLESTAD asked if money can be saved by consolidating the three agencies under Special Services.

Mr. Anderson replied there would not be any savings.

Ms. Joehler responded that it would simplify the bookkeeping system. The consolidation would be a more efficient way of obtaining information regarding the three agencies' budgets.

CHAIRMAN GRADY pointed out that **Mr. Anderson's** budget would be in Special Services instead of Central Services.

SPECIAL SERVICES

Mr. Anderson, said in the Central Office he is responsible for Program 50 and Program 60. Program 50 includes the program at Boulder (MDC) and the Eastmont Human Service Center at Glendive. Program 60 is the Veteran's Home in Columbia Falls and the new

proposed Veteran's Home in Glendive.

Mr. Anderson, stated he is asking to keep the training funds in his budget. In his position he will be able to monitor the funds and to ensure they are being used for training.

Mr. Anderson, indicated the issue of primary concerned at this time is to include the new cook-chill system which has been implemented at Boulder. This system has helped MDC in their certification. The executive budget reflects the decrease in the interest but there is no increase in the principal. **Mr. Anderson** requested increases of \$12,513 in FY 1994 and \$19,257 in FY 1995 be reflected in the equipment budget for principal payments on the cook-chill system.

Mr. Anderson, said the department is also asking for staffing levels and budget at MDC to maintain 110 residents. These two items must remain in order to maintain certification. Eastmont facility has been reduced to 50 residents to maintain staff/client ratio.

Program 60 - Budget Modification, Eastern Montana Veteran's Home Personal Services - The executive budget in both FY 94 and FY 95 reflects professional nurse positions budgeted two grades lower than they should have been. The budget does not reflect the two grade increase for nurses adopted the last biennium. An additional \$2,2228 in FY 94 and \$45,573 in FY 95 is needed in personal service to correct this error.

Supplies and Material/2200 - The executive budget currently reflects the same budget in FY 95 as it does for FY 94, adjusted for increases in drugs. This is an error since FY 94 only reflects three months of phase-in operations without residents and FY 95 represents an entire year of operations with residents. An additional \$86,908 in FY 95 is needed for supplies/materials to correct this error. **EXHIBIT 2**

REP. MENAHAN asked what staff needs to be hired at the new facility in Glendive?

Mr. Anderson responded by telling the committee that an administrator will need to be hired along with a social worker and a nurse supervisor. All of the vocational services and medical services at the facility will be contracted out. There have been three problems at Eastmont. One problem has been the inability to recruit a masters level psychologist; the second is the speech pathologist; and the third is a nurse specialist. The nurse specialist position has just recently been filled but was vacant for the past six months.

Ms. Joehler said the drugs from the pharmacy that the Glendive facility will be dealing with appear to be much lower.

Mr. Anderson told the committee the facility at Glendive will be open for three months before any residents will be admitted. The

three months will allow for staff hiring, ordering supplies, developing policies and procedures and getting the facility operational. The VA must come in to certify the facility so they can start receiving VA revenues and the health department must come in to inspect the facility. The staff from the Columbia Falls facility and **Mr. Anderson** will be on hand to help the facility become operational.

REP. MENAHAN asked what happens to the client if they cannot pay?

Mr. Anderson said only liquid assets of the client are used to determine how the patient will pay. It was established that there is legislation which would create a fair share issue and if the client will not pay, then they must leave. The client must live on the revenue they generate.


A motion was made to adjourn.

January 19, 1993

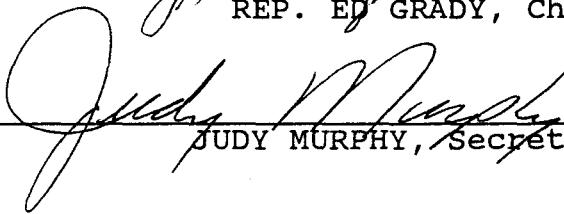
Page 7 of 7

ADJOURNMENT

Adjournment: 9:30 am



REP. ED GRADY, Chair



JUDY MURPHY, Secretary

EG/jm

HOUSE OF REPRESENTATIVES

INSTITUTIONS/CULTURAL EDU. SUB-COMMITTEE

ROLL CALL

DATE

1-19-93

NAME	PRESENT	ABSENT	EXCUSED
SEN. GARY AKLESTAD	✓		
SEN. TOM BECK	✓		
SEN. EVE FRANKLIN, VICE CHAIRMAN	✓		
SEN. J.D. LYNCH	✓		
REP. RED MENAHAN	✓		
REP. LINDA NELSON	✓		
REP. ED GRADY, CHAIRMAN	✓		

DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES
CENTRAL OPERATIONS BUDGET HEARING
January 19, 1993

The Central Operations program consists of the Director's Office (12.0 FTE), Management Services Division (26.0 FTE), the Special Services Division Administrator (1.0 FTE), and the Board of Pardons (5.0 FTE). This program is funded primarily from general fund, except for legislative audit costs and other department fixed costs that are budgeted in the Management Services Division beginning in fiscal 1994. The significant operating expense increase in the 1995 biennium in this program is due to budgeting departmental fixed costs, such as insurance, warrant writing fees, data network fees, and rent, in the Management Services Division effective fiscal 1994.

There are three issues we would like to briefly discuss regarding the Central Operations budget.

- 1) Requested Travel Increase - The department requested a \$10,000 annual base adjustment (from a \$4,200 base) for in-state travel for its attorneys. This request was supported by the Office of Budget and Program Planning but was not included in the LFA Current Level. The department has reevaluated its request and is now requesting a total travel budget of \$10,000 annually, a \$4,246 reduction in fiscal 1994 and \$4,585 reduction in fiscal 1995 from its original request. This request is based on doubling the fiscal 1992 travel expenditures to reflect the attorney workload increase and an approximate \$1,500 annual adjustment to allow the new director more opportunity and flexibility to visit the field locations of the department.

The attorneys have experienced nearly a 100% increase in their workload since the September 1991 disturbance. The major increase in attorney workload adds to the number of cases in which personal appearances are required before various judges in locations throughout the state. In reaction to the riot, judges and magistrates in both the federal and state system have been appointing attorneys for inmates in significantly more civil cases and have been setting formal hearings in more situations than prior to that time. This necessitates that the attorneys travel much more than was previously the practice.

- 2) Special Services Training Funds - The department has requested current level funding for staff training at Montana Developmental Center, Eastmont Human Services Center, and the Montana Vets' Home. In addition, because of the increased number of clients at the Montana Developmental Center that are exhibiting sexually aggressive behavior, the department is

requesting additional training funds be provided to address the issue. (\$10,000 in FY94 and \$11,528 in FY95)

- 3) Combination of Special Services Division Budget - The department requests the legislature approve the combination of the Special Services Division Administrator, the Developmental Disabilities program, and the Vets' Home program into one budget program. There is no additional cost associated with this request. Organizationally the developmental disabilities and vets' home programs report to the special services division administrator and this change would clarify that organizational structure.

If the legislature approves this request, the Central Operations budget program would include the Director's Office, Management Services Division, and the Board of Pardons. The remaining budget programs would then consist of the corrections division, mental health division, chemical dependency division, and special services division.

The Board of Pardon's budget will be presented by Board personnel.

EXHIBIT

2

DATE

1-19-93

82

DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES
SUB-COMMITTEE ON APPROPRIATIONS

BUDGET ISSUES NOT ADDRESSED IN THE LFA ANALYSIS

Program 60 - Budget Modification, Eastern Montana Veterans Home

1. Personal Services - The Executive Budget in both FY 94 & 95 reflects professional nurse positions budgeted at two grades lower than they should have been. The budget does not reflect the two grade increase for nurses adopted the last biennium. An additional \$2,228 in FY94 and \$45,573 in FY95 is needed in personal services to correct this error.

2. Supplies and Materials/ 2200 - The Executive Budget currently reflects the same budget in FY95 as it does for FY94 only adjusted for increase in drugs. This is an error as FY94 only reflects 3 months of phase in operations without residents and FY 95 represents a whole year of operations with residents. An additional \$86,908 in FY95 is needed in supplies/materials to correct this error.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

DATE _____

1-19-93

DIVISION

PLEASE PRINT

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