

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

JOINT SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By REP. ED GRADY, Chairman, on January 27, 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: INDUSTRY AND RANCH AT MONTANA STATE
PRISON OVERVIEW

Executive Action: NONE

HEARING ON INDUSTRY AND RANCH AT MONTANA STATE PRISON OVERVIEW

Tape No. 1:A

Informational Testimony:

Ron Paige, Manager of Montana State Prison Ranch, said he has
been the ranch manager for nine and a half years. He said he
would respond to questions the committee would like to ask
regarding the ranch at MSP.

Ross Swanson, Montana State Prison Ranch Accountant and Fiscal
Manager, discussed the budget handout which was prepared by the
LFA office. The handout shows the cash analysis through FY 1995.
EXHIBIT 1 The ending cash balance projected through FY 1995 is

a little over \$1.6 million. The cash balance projection prepared by the ranch was \$1.174 million. The difference is approximately \$400,000 with two main factors involved. They are: the LFA in its FY 1993 revenue proposal showed a projection of approximately \$2 million and the ranch projection was a little less than \$1.8 million; and the other factor that the ranch has, and the LFA office did not have in their analysis, is the ranch is working with DNRC on the dam safety and compliance with dam safety rules and regulations which need to be completed by FY 1995. There are five dams or reservoirs on the ranch. Four of the dams or reservoirs need some minor work done on them to bring them into compliance and one dam will need some major repair. DNRC is working with the ranch on a proposal using an engineering study to see what type of work must be done to meet the compliance requirements.

Mr. Swanson stated that in the FY 92-93 long-range building budget for the prison expansion project of \$20 million was approximately \$335,000 of ranch monies. This money has been committed to a high-side vocational industries building and an addition to the bus barn.

Mr. Swanson indicated the cash balance today does not reflect the cash balance of \$605,212 which will go to the general fund by June 30, 1993. EXHIBIT 1

REP. LINDA NELSON asked Mr. Paige for an overview of the ranch.

Mr. Paige told the committee the prison ranch has about 38,000 acres and most of the acreage is grazing land. The ranch raises grain, alfalfa and grass hay on the irrigated pastures. It runs about 1,300 mother beef cows, milk about 250-260 cows in the dairy, and process milk, and make ice cream and cottage cheese which is sold to state institutions. The ranch employs about 60 inmates throughout the year, 20 to 25 employees are at the dairy and the remainder in various positions on the ranch. There are 12.75 FTE employed at the ranch including the ranch accounting, ranch supervisors and ranch management. There are about 63 inmates who work on the ranch.

SEN. GARY AKLESTAD asked if the ranch has purchased any equipment related to irrigation since the last legislative session?

Mr. Paige said that the ranch has not bought any irrigation equipment, however, has purchased a swather and a baler. Mr. Paige feels the ranch equipment is in good shape.

SEN AKLESTAD asked where the cash money for the ranch is held?

Mr. Swanson replied that the cash is held in the Montana state treasury like any other state agency. The ranch has its own account number to work from. The state invests the money and any interest accrued goes to the state's general fund operation.

Mr. Paige explained the Advisory Board for the ranch to the committee. The Board is recommended by the department and appointed by the Governor. The Board is made up primarily of ranchers. **CHAIRMAN GRADY** and **REP. BARDANOUVE** are members of the Board. The Board approves the major decisions of the ranch which include major expenditures, business decisions, and managerial changes of any kind.

REP. NELSON asked if the board remains the same all the time?

CHAIRMAN GRADY stated that the board does change.

Mr. Paige said the new director will probably make some new changes in the board requirements. He said the committee has been in place for a long time and the guidance has been great. The members who serve in the legislature have given the ranch sound advice concerning some decisions. **Mr. Paige** feels the ranch is a better ranching operation now than in the past. **Mr. Paige** stated that before he started with the ranch the state general fund was subsidizing the ranch. The ranch operation has been turned around and from a production standpoint is successful. The dairy operation is one of the more productive in the state.

CHAIRMAN GRADY stated the ranch was designed to be labor intensive.

Mr. Paige said the primary idea of the ranch is to provide work and training for the inmates. He feels it is important for the inmates to establish a work ethic, some skills and knowledge. The ranch uses trustees, who are the most minimum security of the inmates, on the ranch. The inmates work independently of supervision a good share of the time. The inmates do the calving, haying and farming without direct supervision. If the more trusted inmates moved to community programs the ranch would be dealing with a different type of inmate. **Mr. Paige** has been assured that the program would still work.

CHAIRMAN GRADY asked if the inmate population were to change at the ranch would there need to be more ranch security?

Mr. Paige said that if the prison ranch required more security then they would have to look at making some changes.

CHAIRMAN GRADY asked if there will need to be more housing at the dairy?

Mr. Paige stated that at the present there is a living unit called the "dairy dorm" which is outside the prison fence. Most of the ranch inmates live at the dairy dorm. The building is made up of trailer houses which have been put together and not in good shape. There has been some thought given to construction of a new building.

SEN. TOM BECK asked to have some explanation about the state milk pool.

Mr. Paige explained that the prison ranch dairy has sold most of their surplus milk which has ranged from 35%-50% over the past years. The milk was processed in the plant for distribution to the state institutions. When Mr. Paige first started at the ranch, the surplus milk was shipped to a creamery in the Bitterroot for making cheese. When the Bitterroot creamery went out of business the milk was sent to Carnation Dairy in Spokane, WA. The Carnation Dairy has since gone out of business. The idea of reducing the dairy to just meet of the needs of the institutions would not work. The problems with that idea were; milk production is not steady; there needs to be some surplus and if there is surplus there needs to be a place to sell the extra milk; and if the prison is a business then the dairy needs to run the dairy like a business and show a profit. The prison dairy asked the Montana Dairymen's Association to find them a market in Montana. The Association petitioned the Milk Control Board to give them a quota in the Montana Milk Pool. The Milk Control Board granted the request and gave them a quota. They then started shipping the milk to Cloverleaf Dairy in Helena under the Montana Milk Pool Plan. The prison is now sending the surplus milk to Dairygold Dairy in Bozeman. Mr. Paige feels the prison has a right to the Montana Milk Pool and that the prison dairy is competitive.

SEN. BECK asked if the prison had bought existing units of milk or if they had additional units.

Mr. Paige said the units had sort of been added on. The initial quota was basically a gift to the milk pool.

CHAIRMAN GRADY said the Advisory Committee has been hesitant to go ahead with any more expansion due to putting more milk out and competing with the private sector. The decision has been made to stay status-quo with the dairy operation.

SEN. BECK asked how many pounds of milk the dairy produces; how much goes to the institutions; how much goes to the pool; and how much is left over?

Mr. Paige gave a rough estimate in answer to the question from SEN. BECK.

Institutions	35%
Pool	55%

He said he is not sure how much is quota priced and non-quota priced

Mr. Paige explained that milk quota is a saleable, buyable item. When dairymen decide to go out of business they have quotas that are put on the market. The prison did buy some milk quota a few months ago. Some dairymen think tax money was used to buy the quota, however, state money was used and the dairy earned the money.

SEN. GARY AKLESTAD asked **Mr. Paige** who made the decision to buy the extra milk quota?

Mr. Paige told the committee it was a recommendation from he and the dairymen to the department and the ranch advisory committee which was approved. Milk quota is not sold by bidding, it is sold on a private basis. MSP paid the going price at the time for the quota which was purchased a few months ago.

REP. NELSON asked if some private party contacted MSP regarding the quota which was for sale?

Mr. Paige said the prison had put out the word they were interested in buying some quota so MSP was contacted regarding the sale of some private quota.

Mr. Swanson told the committee the milk MSP sells to the institutions is at 10% below the milk control board price. This represents a savings to the general fund.

SEN. AKLESTAD asked if MSP is going to buy more milk quota?

Mr. Paige responded by saying there are no plans to buy more quota. He believes the MSP dairy has all it can handle now.

SEN. J.D. LYNCH is concerned about the security in the dairy dorm if the inmate population is changed.

Mickey Gamble, Corrections Division Administrator said that inmate behavior improves if the inmate is kept busy with some type of a job.

SEN. LYNCH said he is of the opinion that MSP has a good program and would not like to see it ruined with bad inmates.

SEN. EVE FRANKLIN asked what the criteria is for low security risk people going to community corrections or the work programs at MSP?

Mr. Gamble stated that if the inmate's behavior were the same it would depend on the sentence.

SEN. FRANKLIN asked what some of the sentences would be which would determine the different programs?

Mr. Gamble said the length of sentence is what determines the type of program the inmate is assigned.

SEN. FRANKLIN asked if there are any inmates at the ranch who have short sentences and how is it determined?

Mr. Gamble replied that there are some inmates who do have short sentences working at the ranch and the program is determined by a classification decision of the administration.

CHAIRMAN GRADY asked how much the inmates are paid for working at the ranch and also asked if the inmates are forced to work at the ranch?

Mr. Gamble responded by saying no the inmates are not forced to work at the ranch.

Mr. Swanson stated there are four different programs plus the ranch. The average pay for the ranch is 56 cents per hour. They are paid by the day so it averages out to be about \$4.00 per day.

Mr. Paige said the inmate's pay varies according to how long the inmate has been at the ranch.

Mr. Swanson stated there are a couple of things which determine the pay inmates receive. First, is how long the person has been at the ranch, and second, the level of skill the job they are doing requires. There is a cross-section of inmates doing time at the ranch.

Mr. Gamble said the inmates develop a real sense of ownership. The inmates think it is an honor to work at the prison ranch.

REP. NELSON asked if the inmates work seven days a week at the ranch?

Mr. Paige said the inmates at the ranch work seven days a week; and the inmates in industry work five days a week. There are jobs at the ranch which require someone there seven days a week such as the milking, haying and irrigating.

CHAIRMAN GRADY asked if the inmates could construct a new facility at the dairy?

Mr. Paige said the ranch has constructed some buildings at the ranch using inmates. They have constructed four residence buildings, a ranch office and two metal buildings. At the present time, **Mr. Paige** feels there are no inmates who would be capable of doing this type of building.

Jim Pomroy, Corrections Division Deputy Administrator, told the committee that the dairy dorm causes some problems for the ranch which are operational in nature. Most inmates are mandated for certain treatment and educational programs. This requires the inmates to be transported from building to building at the ranch. The dairy dorm was set up as a temporary structure and so there is no room for counseling and visiting is a problem and only occurs in the summer. There is a constant problem of in and out traffic which presents an opportunity for contraband to enter the prison. **Mr. Pomroy** suggested that with a facility on the outside that could provide programming for the inmates without the transporting in and out of the prison, they could minimize a lot of problems and provide a safe environment. There are no meals, treatment programs or counseling at the dairy dorm.

Mr. Swanson explained the other four industry programs at the prison.

1. Ranch
2. License plate factory - 16 FTE inmates, 2 civilian workers, approximately 500,000 plates per year, 100% general fund
3. Vocational training program -
 - Auto, farm repair and mechanics, repairs are also done on MSP, DCHS, FW&P, University's vehicles
 - Heavy equipment maintenance
 - Industrial arts program
 - Meat cutting school
 - Horticultural programs - potatoes for institutions
 - Business skills program
 - Telemarketing program
 - 74 inmate workers in production areas
 - 40 inmates who go through various training programs
 - 10 civilian workers
4. Industrial complex programs
 - Upholestry
 - Furniture
 - Printing
 - Signs
 - Sewing projects
 - Logging
 - Timber operation
 - Firewood processing operation
 - 64 inmate workers - low-side
 - Nine civilian FTE
 - sell to state agencies
 - 100% enterprise fund
 - self-supported program
 - retail-wholesale network around the state which sells to the private customer

In FY 1992 the average number of inmates in production type programs was 217 and 20-30 who attended classes.

SEN. AKLESTAD asked if the license plate program was strictly general fund?

Mr. Swanson said the license plate program is general fund. The program does receive revenue from the collegiate license plate. The revenue generated is \$2.50 per plate. This revenue off-sets the production cost of making the plates.

CHAIRMAN GRADY asked about the industry building in the maximum security areas?

Mr. Swanson stated that the full use of the building has not been determined. A certification program which would allow prison made articles to be sold across the state line is being reviewed. The department is also looking at a garment operation which would

be a revenue producer.

Mr. Pomroy addressed the problem of putting the best inmates back in the communities. He had an opportunity to visit the Wyoming Honor Farm for a couple of days and was made aware that one can take inmates who have committed violent crimes and make productive people out of them. The inmates had ownership and investment in the farm and did not want to take off. He is asking for the chance to change things around and be able to try new approaches.

Sandra Whitney, Legislative Fiscal Analyst discussed the DCHS Global Issues.

Miscellaneous Personal Services -

The LFA current level includes miscellaneous employee benefits at 15% of the total differential, holidays, and overtime worked. That percentage includes PERS and Social Security, but not workers' compensation. EXHIBIT 2

Prescription Services -

The current contract with HPI Prescription Services expires in December, 1993. The company has informed DCHS that when the contract expires, it will request an 8.0 percent increase in the first year and a 6.0 percent increase in the following year. The department can accept those terms, negotiate based on appropriated funds, seek a competitive bid, or attempt to provide its own pharmacy services at one or more facilities now under the current contract. EXHIBIT 2

Natural Gas Procurement -

Natural gas procurement changes at MDC, MSH, and MSP are expected to generate energy savings in fiscal 1994 and fiscal 1995 because the facilities may purchase natural gas directly from suppliers rather than through Montana Power. EXHIBIT 2

Energy Retrofit Savings -

Energy retrofit projects at MSH, CFA, and Eastmont are expected to generate energy savings of \$88,000 in fiscal 1994 and \$150,000 in fiscal 1995. EXHIBIT 2

Equipment -

The executive generally includes less equipment throughout the department budgets than does the LFA current level. The LFA developed a three-year general fund equipment average as a guideline for current level by removing major one-time and prison ranch and industries equipment expenditures from total DCHS actual equipment expenditures. The one-time general fund equipment removed includes: 1) the cook-chill system, a tractor, and computers at MDC; 2) the pellet food system at CFA; and 3) two lifts at MVH. EXHIBIT 2

Nursing Home Utilization Fee -

The LFA current level includes the nursing home utilization fee

at \$2.00 per Medicaid and Medicare bed in state nursing homes, based on current law, while the executive anticipated a statute change. **EXHIBIT 2**

Legislative Contract Authority -


In FY 1992, 20 budget amendments were approved for federal funds of \$410,013 in Corrections, \$281,397 in Mental Health, and \$166,648 in Chemical Dependency. These funds could be included in a legislative contract authority (LCA), thus eliminating the need for budget amendments up to the appropriated limit. **EXHIBIT 2**

CHAIRMAN GRADY made a motion to delay action on the Global Issues. The motion passed unanimously.

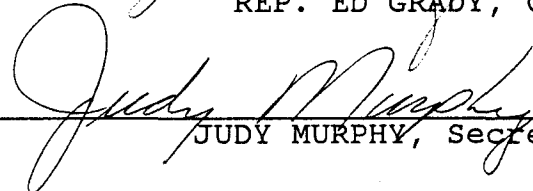
A motion was made to adjourn.

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 1/27/93

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	✓		

Accounting Entity 6033
Accounting Entity Name - Prison Ranch

	FY '90	FY '91	FY '92	FY '93	FY '94	FY '95
Beginning Balance	\$758,548	\$888,480	\$1,163,269	\$1,876,573	\$1,513,376	\$1,596,878
Revenues						
1. Transfers In*	\$1,719,330	\$1,808,896	\$2,481,803	\$2,003,343	\$2,003,343	\$2,003,343
2.	\$0	\$0	\$0	\$0	\$0	\$0
Total Funds Available	\$1,719,330	\$1,808,896	\$2,481,803	\$2,003,343	\$2,003,343	\$2,003,343
Disbursements						
1. Transfers Out**	\$1,028,646	\$1,411,938	\$2,183,429	\$1,671,998	\$1,830,511	\$1,885,352
2.	\$0	\$0	\$0	\$0	\$0	\$0
Total Disbursements	\$1,028,646	\$1,411,938	\$2,183,429	\$1,671,998	\$1,830,511	\$1,885,352
Adjustments						
1. Prior Year Adjustment	(\$91,918)	\$109	(\$31,821)	(\$41,210)	(\$41,210)	(\$41,210)
2. Transfer to Non - Cash Asset	(\$468,834)	(\$122,278)	\$446,751	(\$48,120)	(\$48,120)	(\$48,120)
3. Trans. to GF - Jan. Spec. Sess.	\$0	\$0	\$0	(\$605,212)	\$0	\$0
Total Adjustments	(\$560,752)	(\$122,169)	\$414,930	(\$694,542)	(\$89,330)	(\$89,330)
Ending Balance	\$888,480	\$1,163,269	\$1,876,573	\$1,513,376	\$1,596,878	\$1,625,539

* FY93, FY94, FY95 = 3 Yr. Average

** FY93 = Approp - FY94 and FY95 = Current Level

PRISON RANCH AND DAIRY

8.0 FTE guards are stationed at the dairy dorm. These FTE cost approximately \$227,165 per year.
An average of approximately 50 inmates work on the ranch. Variable costs for these inmates is approximately \$83,750 per year.

FTE guards	\$227,165
Variable Costs	\$83,750
Total	\$310,915

The legislature may wish to consider funding all or a portion of these costs with proprietary funds rather than general fund.

CREDIT
DATE 1-27-93

DCHS GLOBAL ISSUES

EXHIBIT 2

DATE 1-27-93

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MISCELLANEOUS PERSONAL SERVICES --

The LFA current level includes miscellaneous employee benefits at 15 percent of the total differential, holidays, and overtime worked. That percentage includes PERS and Social Security, but not worker's compensation. When worker's compensation is calculated on the straight time portion of overtime and holidays worked and all of the differential, the additional benefits needed are as follows:

	<u>FY 1994</u>		<u>FY 1995</u>	
	General Fund	Other Funds	General Fund	Other Funds
Corrections	\$54,086	\$5,144	\$65,759	\$6,227
Mental Health	106,183	0	133,324	0
Chemical Dependency		7,469	0	9,236
Develop. Disabilities	67,823	0	84,650	0
Veteran's Home	<u>6,623</u>	<u>0</u>	<u>8,635</u>	<u>0</u>
Total Funds	\$234,715	\$12,613	\$292,368	\$15,463

PERScription SERVICES --

The current contract with HPI perscription services expires in December, 1993. The company has informed DCHS that when the contract expires, it will request an 8.0 percent increase in the first year and 6.0 percent increases in each of the following two years. The department can accept those terms, negotiate based on appropriated funds, seek a competitive bid, or attempt to provide its own pharmacy services at one or more facilities now under the current contract.

The LFA current level includes the fiscal 1992 actual expenditures plus inflationary adjustments of 11.5 percent from fiscal 1992 to fiscal 1994 and 18.2 percent from fiscal 1992 to fiscal 1995. If the contract is renewed as requested by HPI, the department estimates that it will need \$7,123 in fiscal 1994 and \$11,651 in fiscal 1995 more than the amounts in the LFA current level.

NATURAL GAS PROCUREMENT –

Natural gas procurement changes at MDC, MSH, and MSP are expected to generate energy savings in fiscal 1994 and fiscal 1995 because the facilities may purchase natural gas directly from suppliers rather than through Montana Power. The Executive Budget and the LFA current level both use deflation factors established by DNRC. As noted in the Budget Analysis, DNRC has indicated that those factors may need revision. (Deflationary factors used are: 1) MDC – FY94 – 0.6382, FY95 – 0.5653; 2) MSH – FY94 – 0.5891, FY95 – 0.5073; and 3) MSP – FY94 – 0.5934, FY95 – 0.5115)

	<u>FY92 Actual</u>	<u>CL FY94</u>	<u>Adj. FY94</u>	<u>Increase</u>	<u>CL FY95</u>	<u>Adj. FY95</u>	<u>Increase</u>
1) MDC	\$225,099	\$143,658	\$169,768	\$26,110	\$127,248	171,546	\$44,298
2) MSH MH	254,219	126,610	232,095	105,485	114,169	234,355	120,186
3) MSH CD	177,306	127,601	203,193	75,592	104,744	205,852	101,108
4) MSP	225,099	<u>134,830</u>	<u>185,998</u>	<u>51,168</u>	<u>116,221</u>	<u>187,740</u>	<u>71,519</u>
Total	\$881,723	\$532,699	\$791,054	\$258,355	\$462,382	\$799,493	\$337,111

- 1) MDC utilities are funded entirely with general fund.
- 2) MSH mental health utilities are funded entirely with general fund.
- 3) The Chemical Dependency program at Galen is not included in the gas procurement program.
Utilities for the Galen chemical dependency program are funded entirely with earmarked alcohol tax.
- 4) Utilities at MSP are funded as follows:
Fiscal 1994 – \$169,605 general fund, \$16,393 proprietary funds; and
Fiscal 1995 – \$171,194 general fund, \$16,546 proprietary funds.

ENERGY RETROFIT SAVINGS –

Energy retrofit projects at MSH, CFA, and Eastmont are expected to generate energy savings of \$88,000 in fiscal 1994 and \$150,000 in fiscal 1995. The energy savings is allocated to transfers as shown by calculating the debt service on the retrofits plus one-half of the net energy savings. The remaining half of the net energy savings is a budget reduction.

LFA CURRENT LEVEL						
	<u>FY 1994</u> <u>Savings</u>	<u>FY 1994</u> <u>Energy Acct.</u>	<u>FY 1994</u> <u>GF Transfer</u>	<u>FY 1995</u> <u>Savings</u>	<u>FY 1995</u> <u>Energy Acct.</u>	<u>FY 1995</u> <u>GF Transfer</u>
MSH	\$78,000	\$66,191	\$5,905	\$130,000	\$91,637	\$19,182
CFA	10,000	0	5,000	10,000	0	5,000
Eastmont	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>5,000</u>
Total	\$88,000	\$66,191	\$10,905	\$150,000	\$91,637	\$29,182

UPDATED INFORMATION DNRC						
MSH	\$78,000	\$67,860	\$5,070	\$130,000	\$113,100	\$8,450
CFA	10,000	8,700	650	10,000	8,700	650
Eastmont	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>4,350</u>	<u>325</u>
Total	\$88,000	\$76,560	\$5,720	\$145,000	\$126,150	\$9,425

CHANGE TO LFA CURRENT LEVEL						
MSH	\$0	\$1,669	(\$835)	\$0	\$21,463	(\$10,732)
CFA	0	8,700	(4,350)	0	8,700	(4,350)
Eastmont	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,000)</u>	<u>4,350</u>	<u>(4,675)</u>
Total	\$0	\$10,369	(\$5,185)	(\$5,000)	\$34,513	(\$19,757)

Item _____ contains \$_____ in fiscal year 1994 and \$_____ in fiscal year 1995, which must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state building energy conservation program.

EQUIPMENT

The Executive generally includes less equipment throughout the department budgets than does the LFA current level. The LFA developed a 3-year general fund equipment average as a guideline for current level by removing major one-time and prison ranch and industries equipment expenditures from total DCHS actual equipment expenditures. The one-time general fund equipment removed includes: 1) the cook/chill system, a tractor, and computers at MDC; 2) the pellet food system at CFA; and 3) two lifts at MVH.

Within that department-wide, 3-year average, the LFA then included the agency request or the highest priorities from a prioritized list for each program. This methodology for general fund equipment resulted in: 1) the inclusion of the agency request in Central Operations, Chemical Dependency, and the Veteran's Home; and 2) the top priorities for Corrections, Mental Health, and Developmental Disabilities.

After establishment of the current level general fund equipment, the principal for the cook/chill system at MDC (also general fund) and the agency request for equipment in the ranch and industries programs (proprietary funds) were also added to the current level equipment.

NURSING HOME UTILIZATION FEE

The LFA current level includes the nursing home utilization fee at \$2.00 per medicaid and medicare bed in state nursing homes, based on current law, while the Executive anticipated a statute change. The fees are:

	LFA		Executive	
	<u>FY94</u>	<u>FY95</u>	<u>FY94</u>	<u>FY95</u>
Veteran's Home	9,884	9,884	62,050	62,050
MSH*	32,758	32,758	0	0
CFA	70,224	70,224	98,550	98,550

* The Executive anticipates closing the nursing facility at Galen and therefore includes no nursing home fees.

LEGISLATIVE CONTRACT AUTHORITY

In fiscal 1992, 20 budget amendments were approved for federal funds of \$410,013 in Corrections, \$281,397 in Mental Health, and \$166,648 in Chemical Dependency. These funds could be included in a legislative contract authority (LCA), thus eliminating the need for budget amendments up to the appropriated limit. The Executive Budget does not include LCA for these funds, and they are not included in the LFA current level because all budget amendments were removed from the base (see Budget Analysis, Vol. 2, page D-36).

While the Executive has included \$1.5 million each year for fiscal 1994 and fiscal 1995 in the budget amendment bill, it may be more appropriate to include LCA in the general appropriations act. If LCA is not approved, the general appropriations act must include all of these federal funds that can reasonably be anticipated at this time.

0 based every year

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

COMMITTEE

BILL NO.

DATE 1-27-93

SPONSOR (S)

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[illegible]

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

Institute SUBCOMMITTEE DATE 1/22/93
DEPARTMENT(S) _____ DIVISION _____

PLEASE PRINT

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