

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 29, 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: DEPARTMENT OF CORRECTIONS WRAP-UP
Executive Action: NONE

HEARING ON DEPARTMENT OF CORRECTIONS WRAP-UP

Tape No. 1:A

Questions, Responses, and Discussion:

SEN. J.D. LYNCH asked Mr. Day, Department of Corrections and Human Services Director, for a breakdown of the \$3.2 million which is spent for inmate medical services. He wants to know where it was spent and how it was spent? He also asked for information on the \$10 million per biennium which was spent on out-of-state care for children's mental services. Are any plans being made to bring some of that money back to Montana?

Mr. Day said the Department of Family Services is responsible for children's mental services and he will talk to them regarding the

request from SEN. LYNCH.

SEN. GARY AKLESTAD asked for a follow up on SEN. LYNCH'S question on how detailed is the medical cost going to be? Will the department take into consideration prescription drugs, aspirin and what the pharmacy at MSP gives the inmates? He asked Mr. Day for a fairly detailed analysis of the medicine.

Mr. Day asked if he wanted just the prison or all the different agencies in the analysis.

SEN. AKLESTAD stated he was just interested in the prison at this time.

SEN. LYNCH said he wants to know how much was spent at St. James Hospital in Butte and the Anaconda Community Hospital.

SEN. TOM BECK stated he has a contract from Powell County Memorial Hospital which they were willing to offer the prison. He wants to check the figures against the contract to see just how much more it is costing.

REP. RED MENAHAN stated that Powell County Memorial Hospital offered them a 10% reduction on everything.

SEN. BECK said that Powell County Memorial Hospital offered up to 17 1/2% reduction on all medical expenses excluding doctors and 23% reduction on doctors.

SEN. AKLESTAD said the prisoners at MSP have special projects which they make. He wants to know the department's rules regarding the projects. He asked, what do the inmates get to keep, who provides the materials, and how much do the inmates get to keep of the sales?

SEN. AKLESTAD asked Mr. Day about item number nine EXHIBIT 1 page 1 regarding Swan River Forest Camp. As he looks at the chart he does not see any money going from the closure to the revenues which will be impacted.

Mr. Day stated there is money in number 11 EXHIBIT 1 page 1. The department took the modifications and reductions at the prison and built back in what they needed to accommodate the prisoners who were released into the communities. EXHIBIT 1 page 3.

SEN. AKLESTAD told the committee he thinks the setting at SRFC is more conducive to rehabilitation. He asked if the department has thought about keeping SRFC and expanding the facility instead of going into the community setting where there is a greater potential for the inmates to get into trouble.

Mr. Day explained that SRFC is a facility which accommodates a different need than the prison.

SEN. AKLESTAD asked if it isn't more expensive to take the inmate into a community-based program than to leave them at SRFC?

Mr. Day responded that any institution is more expensive than community-based programs.

SEN. AKLESTAD has a concern about the profit or non-profit agencies. He feels the state has some very high paid people in these non-profit services. He feels this situation needs to be looked at seriously.

Mr. Day said the state does need to have more control over these services. In the community correction and pre-release centers the department sets the reimbursement level based on the funding that is available and the amount of beds that are anticipated.

SEN. LYNCH feels if the prison population is reduced to 850 inmates the department will be putting some very bad people out on the streets and at the prison ranch. He feels the department needs to start putting more security around the ranch before a heinous crime is perpetrated on someone in his town. The credibility of the prison would be placed in jeopardy.

Mr. Day said there are some people in the prison that will never get out but everyone else in the prison will be eligible for parole, 640 inmates are past their parole dates.

SEN. LYNCH asked what happens to the prisoners coming into the prison? He stated of the ones going out there is a recidivism rate of 40% and the prison is going to take 40% of the prisoners back.

Mr. Day stated there will be other inmates coming to the prison and there are other pieces of legislation to start diverting those inmates to other sources.

REP. MENAHAN stated now there are 16 PCS and a couple of years ago there were 125. This was due to the classification changes. He stated also that to downsize the prison the classification will have to be changed. He stated that A, B, and C units are not conducive for certain types of inmates. He also said due to the configuration of the buildings there is no safety for the inmates.

Mr. Day stated that with the department's proposal there will be some problems. He stated these proposals are possible even given the budget situation. As the inmate comes into prison the inmate will go from the high-side to the low-side and then out the door, that is the classification system. There also needs to be the proper amount of staff to control the prison population.

REP. MENAHAN does not feel the committee can do what the department thinks can be done nor will there be the money to make the changes.

Mr. Day explained the plan is to take WCC inmates with the longest sentences and send them to Wyoming. The facility at Yellowstone county jail would be the secure facility. The department is planning to develop a community-based facility, expand the Montana Life Skills facility or open another private pre-release center. The department feels with this plan they can take care of the 55 inmates they have at the present time.

REP. MENAHAN feels that 43 of the inmates could be placed in communities. He stated they are walking the grounds at Warm Springs unattended.

Mr. Day told the committee that MSP is the only facility in the department that has not been downsized and that community programs have been expanded for the other facilities. This plan could accommodate 82 women.

REP. MENAHAN asked the WCC warden how many of the women are under the age of 25? He believes half of the women at WCC have mental health problems. He feels these women need mental health treatment instead of being incarcerated.

SEN. BECK does not feel the department needs 30 additional FTE at the new proposed women's facility in Billings. He feels the female population at WCC is completely different than the male population at MSP. He feels the young people can be placed in the community-based settings. He told the committee there are probably only 12 maximum custody inmates that will have to be handled differently but we do not need to build a \$10 million facility. He asked Mr. Day to bring some statistics on the population of MSP if it is cut to 850 inmates. He wants to know what type and class of inmates are going to be placed at the prison ranch.

Mr. Day asked the committee if they decide to pursue a bill regarding good time, how will the bill help the department break out how they would identify the good time as it is granted to sex offenders.

CHAIRMAN GRADY feels the ranch should not be prioritized over other issues at MSP. He feels the ranch is not there to groom inmates to work at the ranch. There may be a time in the future that the ranch will not be a part of MSP.

REP. MENAHAN said there are some people who go to prison that do not want to be paroled or to be a part of pre-release programs, they just want to do their time.

Mr. Day feels there are at least 300 inmates in the prison who are up for parole who would like to be out under some kind of program.

REP. MENAHAN stated that years ago all the women at WCC were first time offenders. The prison in the beginning, was not made

up of women with a prison mentality but since then that behavior has developed. He feels the state would have been better off not putting women in prison but placing them in community-based programs.

Mr. Day stated the option that is proposed at this time does provide the department the opportunity to switch to a higher programming environment, split out those populations, focus more on community and then provide the department the opportunity in two years to ask if this option worked.

CHAIRMAN GRADY thought it was the decision of the legislature in past sessions to build a women's prison in Billings.

SEN. LYNCH responded by telling the committee that nothing is in concrete until the building is built.

CHAIRMAN GRADY is concerned about the state picking up the cost of the facility after it is built.

SEN. LYNCH asked Mr. Day if the savings, in the general fund, is a savings in maintenance rather than in building?

Mr. Day responded by saying it is an operational savings. He explained that \$15,183,616 represents the modifications that were proposed, \$5,860,848 represents the general fund savings relative to closure of the various facilities, and \$3,242,661 represents the effect of capping the prison population. He then stated that the expenses would be \$803,000 to transfer the 20 women to Wyoming, \$2,220,000 to house and program 32 women in Yellowstone county, \$1,726,408 to expand the community programs of probation and parole, and \$3,023,746 to create new pre-release centers to serve 150 inmates. This would be a \$16,513,971 savings to the executive budget. EXHIBIT 1 page 3 and 4

CHAIRMAN GRADY asked Mr. Day to project these programs into 1997 so the committee could see the long-term expenses. He would also like to see the long-term savings for the same programs.

REP. MENAHAN asked the department if they have looked at changing the sentencing or length of sentence on violent crimes?

Mr. Day stated the department does not have any control over the decisions made by judges. The department has a proposal that would give the judges authority to place inmates in the custody of the Department of Corrections and Human Services. The alternate authority on the side of the Department of Corrections and Human Services, is to use the cap and good time acceleration provisions to keep the population down.

REP. MENAHAN stated the public is being deceived on sentences and length of sentences for inmates.

SEN. BECK asked Mr. Day if the committee could get a breakdown of

the cost per inmate in the Missoula Life Skills Center, the Women's Life Skills Center and Swan River Forest Camp.

Mr. Day stated the department will run a cost per inmate from the prison to pre-release programs.

Mr. Day stated that once the committee decides on the reductions then he has to look at his entire management and operation structure. He said from a management perspective if he is going to be responsible for operating the department he will need a strong central core.

REP. MENAHAN maintains the 11th Avenue facility has several positions that are receiving large salaries. Several of the jobs that are being done there are being done twice.

Mr. Day said he will be looking at the positions at the 11th Avenue facility and working on making the facility as efficient as possible. He would like to have enough flexibility to make the department efficient throughout the state.

CHAIRMAN GRADY said if it is necessary to cut positions in Helena as well as around the state, he will vote to cut positions to reduce the budgets. He is concerned with the department building another mini-prison at SRFC. He feels the committee should look at consolidating MSP and SRFC.

SEN. LYNCH asked Mr. Day if the department has closed the doors to alternatives uses for the Galen campus?

Mr. Day stated that no doors are closed regarding the Galen campus. He does not believe the level of savings can be achieved through alternative uses of Galen. He said a variety of private firms may wish to operate the Galen campus if the state moves out.

SEN. LYNCH asked if the long-term care facility at Galen and the Center for the Aged are closed, will all the patients be placed in private nursing homes? He believes the care per patient would be greater in a private home than in a state operated facility.

Mr. Day said the department never said to close the Center for the Aged. They need to look at a possible sale for the Center. The department feels whoever buys it should provide long-term care. Patients would definitely have to be moved into the private arena.

CHAIRMAN GRADY asked the committee if they would like the department to come up with some alternatives uses for these facilities.

SEN. LYNCH asked about the elimination of the general fund money associated with the Lighthouse program. His understanding is the Lighthouse program was put into chemical dependency and that

specific program was eliminated. **EXHIBIT 1 page 2**

Mr. Day told the committee that no programs were closed, the two programs were just combined into a chemical dependency program. He told the committee there is no need to have the general funding and so he suggested it be replaced with the alcohol revenue.

Sandra Whitney, Legislative Fiscal Analyst told the committee that when she built the LFA current level she took the positions which had been the old Lighthouse positions (general fund funded) and put that amount of general fund in the current level in the CD program.

SEN. AKLESTAD asked the department if they are trying to build their budget amendments back into the budget?

Mr. Day told the committee the department took the LFA and the budget amendments and started reducing.

SEN. AKLESTAD asked **Mr. Day** if the department will be asking for some of their budget amendments?

Mr. Day said they started at the executive level. He said the department can approach the budget from any direction the committee wishes.

CHAIRMAN GRADY asked **Mr. Day** if the committee does not accept the department's supplementals will that mean a lay-off of personnel before June 30, 1993?

Mr. Day estimated the lay-off would affect about 370 positions.

SEN. BECK asked **Mr. Day** if the department has prioritized the list according to the department's recommendations. **EXHIBIT 1**

Mr. Day told the committee the list was prioritized according to programs and how the department could accommodate the programs.

REP. LINDA NELSON asked about closing the rural mental health offices?

MR. Day said the department is not talking about state offices or state employees in the community mental health centers. The centers in the rural communities use the money to maintain some rural offices the department may not otherwise be able to keep. The state supplies approximately \$7 million which is directed to children and adolescents. Some offices may be cut back but the counties give the rural offices some funding for conducting services.

REP. NELSON said one center would end up serving four or five counties.

Mr. Day responded by saying people would probably have to drive further to get to the centers for services.

SEN. EVE FRANKLIN asked Mr. Day if there was some way to get an actual handle on the mental health services. She said there will be several rural communities within the state that would be impacted by this reduction.

CHAIRMAN GRADY asked if young people who suffer from mental health difficulties can be identified at an early age?

Mr. Day told CHAIRMAN GRADY this funding is for the population of adults who are non-seriously mentally ill. These people usually do not go to mental hospitals. Mr. Day said this is not an on-going care expense.

Kathy McGoven, Mental Health Centers representative, told the committee the biggest impact of this reduction would be the population of people from families of sexually abused children, temporary disturbances and suicidal attempts.

REP. NELSON asked about the Eastmont facility and its rank on the priority list and also about closing and making changes at the Eastmont facility?

Mr. Day said the department would have to increase the SRS community services and the DD areas. The department would have to operate the other facility, phase out Eastmont and transfer patients. This process would involve Boulder, community facilities and Eastmont.

REP. NELSON asked how many people are at Eastmont?

Mr. Day told the committee there are 49 clients and 106 employees.

CHAIRMAN GRADY said, since there is going to be a new facility at Boulder, some of the patients from Eastmont could be housed at Boulder and some patients put into the community programs. He also said if this were a possibility there would probably have to be some changes made at Boulder.

SEN. LYNCH feels that plans to downsize Warm Springs were made too hastily. He feels that moving the patients out too quickly is an injustice to the patients.

Mr. Day said the department is willing to look into the situation of dismissals from the mental institutions.

Tape 1:B

SEN. BECK asked what the original target was for the committee during the legislative session?

CHAIRMAN GRADY said the committee target was \$7 million dollars.

Mr. Day told the committee the department started with the LFA current level general funds of \$164,701,788 and the executive modifications of \$19,329,572. The department then adjusted these figures because of some duplications between the LFA and the executive and came up with \$182,862,930 but this does not include the \$1.7 million additional in supplementals. **EXHIBIT 1 page 2 table**

SEN. BECK feels the committee should give the department some direction so if **Mr. Day** does not get all the supplementals the department requested he can begin making the proper adjustments.

SEN. AKLESTAD believes the department has a \$5 million dollar slack. He also pointed out that the department is working in every modification amounting to \$19 million.

Pam Joehler, Management Services Division Administrator told the committee the department had to include the modifications because they need to match the population with the people they serve.

REP. MENAHAN asked if it would be possible since there is no new money in family services, to bring back some youth and youth programs?

Mr. Day told **REP. MENAHAN** he would be willing to talk to the Department of Family Services regarding the youth programs.

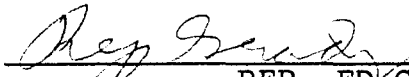
REP. MENAHAN feels the cultural education agencies are so small that it would be difficult to cut their budgets.

SEN. BECK stated that maybe one cultural education agency would have to be cut entirely.

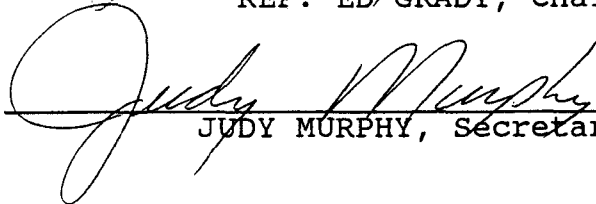
A motion was made to adjourn.

ADJOURNMENT

Adjournment: 10:00 am



REP. ED GRADY, Chair



JUDY MURPHY, Secretary

EG/jm

DEPARTMENT OF CORRECTIONS
AND HUMAN SERVICES

Bill
EXHIBIT 1

DATE 1-29-93



MARC RACICOT, GOVERNOR

1539 11TH AVENUE

STATE OF MONTANA

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PO BOX 201301
HELENA, MONTANA 59620-1301

MEMORANDUM

January 28, 1993

TO: Representative Ed Grady
Chairman, Institutions and Cultural Education
Subcommittee on Appropriations

FROM: Rick Day, Director
Department of Corrections and Human Services *RD*

SUBJECT: Requested reduction plan

The Department, in response to your request, developed the attached plan. This plan establishes priorities and outlines how the Subcommittee could make budget reductions to bring the Department's budget within the 158 million dollar spending limitation.

The plan identifies reduction options which would effect approximately 392 employees and result in about 32 million dollars in general fund savings. The plan focuses on program elimination rather than across the board cuts; but still includes programs which offer a new approach.

I'm sure this will be as difficult task for you as it has been for the Department. I ask that, if the committee selects some or all of these options, consideration be given to address the impact to employees and we work together to ensure remaining programs are funded at a realistic level.

RD:bt

Attachments

Copy to: Subcommittee members
Interested Legislators
Mike Lavin, Governors' Office
Judy Browning
Dave Lewis
Superintendents/Wardens

No.	28-Jan-93 02:53 PM	94		95		94		95		BIENNIUM EXPENDITURES		Revenue & Other Agency Impact		Total General Fund Impact 94-95 Bienn.
		FTE	FTE	General Funds	Other Funds	General Funds	Other Funds	General Funds	Other Funds	General Funds	Other Funds	General Funds	Other Funds	
BEGINNING BUDGET REQUEST:														
LFA Current Level (Adopted by Subcommittee)														
Add Executive Recommended Modifications														
ADJUSTMENTS:														
Duplicate Pilot Project EB Mod - LFA CL														
Duplicate Staff Enhancement Corrections Mod In EB														
ADJUSTED BUDGET REQUEST:														
REDUCTIONS:														
1 Close NH/Acute Care on Galen Campus														
2 Eliminate EMVH Building Costs - Trf to GF														
3 Eliminate EMVH Operating Modification														
4 Use 2 cent cigarette tax for MVH operating														
5 Fund Old Lighthouse program on Galen all from 02 funds														
6 Recover add'l support staff costs in CD program														
7 Move CD off Galen Campus														
8 Eliminate Mkt Svcs for non - seriously ill adults														
9 Close BRFC and Eliminate Exec Modification														
10 Eliminate MSP Exec Mods, Cap MSP @ 850 ADP														
11 Reduce Comm Corrections Req. Privatize PRCs														
12 Restructure Women's Services														
13 Eliminate CA Mod														
14 Sale of Center for the Aged 1 - 94														
15 Sale of Eastmont 1 - 95														
Total Reductions:														
REDUCED TOTAL:														

REDUCED TOTAL:
Note: The above amounts are estimates subject to further review and refinement.
Item 1: Includes reduction of revenue approximately \$1.4 million and increase in SRS NH cost of approximately \$363,000.
Item 13: Includes \$165,000 per year for increase in SRS NH costs.
Item 14: Includes revenue loss of \$3.5 million. SRS NH general fund of \$1.6 million and increased revenue from sale of facility of \$2.3 million.
Item 15: Includes \$1.1 million lost revenue. \$1.3 million added expenditures in SRS and DFS and increased revenue of \$1.5 million for the sale of the facility and will result in a General Fund expenditure reduction of approximately \$600,000 per year in FY96 and beyond.
Termination pay estimates are not included in the figures above.

DEPARTMENT OF CORRECTIONS & HUMAN SERVICES (DCHS)
REDUCTION PLAN NARRATIVE FY 94-95

MENTAL HEALTH DIVISION

1. Closure of Acute Care and Nursing Care at Galen

Eliminate acute care unit and nursing care unit at the Galen campus of Montana State Hospital. Some staff would be transferred to Warm Springs to provide Infirmary level care at the Warm Springs campus to meet the medical needs of Warm Springs patients. Galen Nursing home patients would be transferred to the Center for the Aged or to private nursing facilities.

General Fund Savings

\$ 4,819,995

Impact: There is limited risk concerning transfer trauma of patient; however, the department has successfully transferred patients between Montana State Hospital and the Center for the Aged in Lewistown. There would be a General Fund impact of \$1,762,579.

Legislation required - SB 39 and SB 40 have been introduced to authorize the closure of these two units.

SPECIAL SERVICES DIVISION

2-4. Eastern Montana Veterans Home (EMVH)

Eliminate EMVH Building Costs by canceling plans to build the new Glendive nursing home and Transfer to General Fund.

General Fund Savings

\$ 1,700,000

Eliminate the DCHS budget modification request for funds to operate the EMVH 80 bed facility.

General Fund Savings

\$ 1,288,794

Use 2 cent cigarette tax to fund Montana Veterans Home (MVH) operating expenses.

General Fund Savings

\$ 2,303,443

Impact: Loss of federal funds (\$3.7 million) for construction project; a loss associated with the state funds used to plan and design the project; possible future shortage of nursing home beds for veterans; and reduction of the funds available for long range building.

Legislation required - to transfer current \$1.7 in Dept of Administration's Long Range Building Account to the general fund, eliminate the EMVH and appropriate the 2 cent cigarette tax to operate the MVH.

Options to The Above

- Use the 2 cent cigarette tax to fund a stipend or insurance program to offset or fund veterans nursing at a facility of the veterans choice or to help them stay at home.

- Remodel and convert Eastmont Center for the developmentally disabled to a smaller veterans home.

EXHIBIT 1

DATE 1-29-93

Either of these options reduces the general fund savings in FY94-95.

ALCOHOL & DRUG ABUSE DIVISION

- 5-6. Replace general fund in the Chemical Dependency (CD) programs with alcohol tax revenue.

Eliminate general fund associated with the Lighthouse program and ensure the Chemical Dependency program pays a reasonable portion of expense associated with the operation of Galen.

General Fund Savings

\$ 814,166

Impact: Although less alcohol tax revenue would be available for distribution to local programs, due to an increase in federal funds and tax collections local programs would most likely experience a small increase over FY 92-93.

Legislation required - appropriations action only.

7. Move the CD off the Galen campus and close the facility.

If the acute care and nursing home at Galen are closed the CD program would be the only tenant at the facility. As Galen is self contained the expenses associated with the operation are significant. There may be some cost relative to abandoning the facility unless the campus was sold or converted to another use.

General Fund Savings

\$ 998,590

Impact: Relocation of the program to a facility which would not adversely effect the program.

Legislation required - Amendments to SB 39 & 40 may be sufficient along with appropriations action.

MENTAL HEALTH DIVISION

8. CMHC Services for Adults Who Are Not Seriously Mentally Ill

Elimination of a block grant to the mental health centers to subsidize services for adults who do not have a serious mental illness but who do not have the ability to pay for the mental health services they need.

General Fund Savings

\$ 1,194,422

Impact: The Department would fund services only for children/adolescents and for adults with severe mental illness. The mental health centers have maintained that it is this subsidy for non-seriously mentally ill adults which allows them to keep offices in small rural counties. Consequently, we can expect some rural offices to close.

Legislation required - There is no law which explicitly prohibits the Department from eliminating state funded services for certain diagnosis/disability groups.

CORRECTIONS DIVISION

DATE 1-29-92

9-12. Elimination and downsizing of institutions with a community corrections emphasis.

Eliminate or reduce all modification requests including: Community Corrections Alternatives, Montana State Prison Alternatives, Women's Correctional Center Alternative and Swan River Forest Camp Alternative.

General Fund Savings

\$ 15,183,616 *mado*

Eliminate or privatize Swan River Forest Camp, Missoula Life Skills Center, Women's Life Skills Center and Women's Correctional Center.

General Fund Savings

\$ 5,860,848 *chance*

Place a cap on the offender system, provide for good time to be added to the end of an inmates sentence and reduce prison staff.

General Fund Savings

\$ 3,242,661 *cap*

Impact: To adequately monitor those on probation or parole and provide for some form of women's corrections. The following alternatives would be needed:

> IMPLEMENTATION OF A DOWNSIZED WOMEN'S CORRECTIONAL CENTER IN BILLINGS.

Because of the possibility of no construction this biennium, the need to improve conditions and programs and the potential for a lawsuit, the following reflects an option for consideration:

Transfer 15 to 20 violent and long term inmates to Wyoming. The Wyoming Women's Center was built in 1984 and is one of the model female institutions in the United States. The per inmate cost would be in the range of \$55/day.

Contract with the Yellowstone County Jail to lease a 32 bed pod to serve as a security base to program the remaining female offenders that would need a secure setting. Combine the women currently in the Women's Life Skills Center with the remaining women offenders and develop an alternative Community Correctional Facility where the community and minimum security women can be housed and programmed. This will permit the programming of the majority of the women in community programs. This plan will require the location of an adequate facility to program approximately 50 women but the following biennial costs are estimated:

WOMEN TRANSFERRED TO WYOMING (20)

\$ 803,000

COST TO HOUSE AND PROGRAM 32 WOMEN IN YELLOWSTONE CO. **\$ 2,220,000**

+ Pre Release

> INCREASE RECOMMENDED EXPANSION OF PROBATION AND PAROLE

TOTAL

\$ 1,726,408

> IMPLEMENTATION OF THE COMMUNITY CORRECTIONS ALTERNATIVES:

Create new Pre-Release Centers to serve 150
phased in over a two year period.

\$ 3,023,746

Total General Fund Savings After Additions:

\$16,513,971

Impact and Legislation Needed:

Closing of Swan River Forest Camp will eliminate a program that has been very helpful in addressing the young offender. This program presented a much safer and more comfortable environment because of the staff and location. It is a quality program. The cases that are served by this program can be served in the community. No legislation would be required; however there will need to be a decision as to what should be done with the facility.

Closing of the Missoula and Billings Life Skills Centers. These programs have both been quality programs from a staff and services point of view. They have not been adequately staffed, and the service provided by them can be done by the private sector. These programs will take some time for transition and every effort will be made to encourage the selected providers to hire the current staff. The Missoula community is very supportive of the program, and we have already discussed some options to look at the privatization of this program. The Billings program would most likely be absorbed by the Community Corrections for the Women.

Closing of the Women's Center at Warm Springs. Some legislation may be needed. The preceding plan is very preliminary with many questions that will need to be answered. Relocation to Billings will provide the opportunity to do some creative corrections for women, but there are some gaps in how all the services will be provided. There will need to be staff that maintain contact with the women housed in Wyoming, one of the most discouraging things for these women is to be neglected by their state. Movement of the women back to Montana for less secure placement will be done with the cooperation of the inmate, and could take time in some cases. Preparing for these transfers in advance will be very critical.

Reduction at MSP. This will require legislation to set the cap and authority to grant the good time. The real impact of such action will only be known over time. It may in fact have more positive outcomes than anticipated. The numbers will make MSP a manageable institution that can be a resource to the system. The statutes need to be clear in granting the authority to the Department to maintain the caps.

BUILDING PROGRAMS

Major Projects

- o Laundry
- o Low Side Kitchen
- o Dairy Dorm

- o Remodel to meet American Disabilities Act (ADA) for all units and buildings.
- o Remodel infirmary to include x-ray machine and construct Dental Operatory.
- o Construct Dry Room at the back security station
- o Remodel Reception Unit
- o New electronic fence perimeter security system
- o Remodel A.N.C Units in Low Side for expansion of bathrooms and change security doors.
- o Complete the Bus Barn and High Side vocational building
- o Expand Industries in present compound.
- o Remodel High Side food service.

MENTAL HEALTH DIVISION

13. Eliminate Center for the Aged modification.

Center staff estimate that 27 current residents could be served in private nursing homes. The calculated savings take into account increased SRS general fund necessary to serve an additional 27 people in private nursing homes. Some of the current Center patients and their families will object to placement and there will be controversy over the discharges of elderly long-time residents.

General Fund Savings

\$ 971,109

Legislation required - No legislation is required although the Department must be able to enforce a population cap at the Center.

14. Sale of Center for the Aged:

General Fund Savings

\$ 6,021,229

Impact: The cost per day per patient of the Center is \$65. This is slightly below the average nursing home cost. Looking at the long term, it is possible that sale of the Center to a private provider may lead to cost increases at a faster rate than will occur under state management. This is especially true if it is managed by a private firm as an institution for mental disease and therefore eligible for cost based Medicaid reimbursement. Long term costs to the State through the Medicaid Program may actually, therefore, be higher under private ownership. If sold, it should be with the commitment of the new owner that the population served will be nursing home patients with mental illness.

Legislation Required - Specific legislative authority will be necessary in order to sell the Center. Amendments to Title 53, Chapter 21, Part 4 will be needed to either delete reference to the Center or reference it as a private facility.

Consider reinvestment of any potential sale proceeds to improve the State Hospital or other mental health programs.

SPECIAL SERVICES DIVISION

EXHIBIT 1DATE 1-29-93

15. Downsize and Close Eastmont Human Services Center (EHSC) during 1995 Biennium and sell facility.

General Fund Savings**\$ 1,792,403**

There would actually be approximately \$640,000 in additional costs in FY 94 due to development of community programs. The general fund savings would not be realized until the third year (FY 1996) \$ 611,000.

Impact: The scope and complexity of this proposal will have major impact on three departments: Department of Corrections and Human Services (DCHS), Department of Social and Rehabilitation Services (SRS) and Department of Family Services (DFS). A downsize of 49-50 residents to community services will require very careful and thoroughly thought out planning so as not to harm clients involved. This would involve the laying off of about 106 people at EHSC. Careful evaluation of residents would have to occur to determine community services required and the actual numbers that could be safely placed. SRS would have to develop start-up services in FY 1994 so as to begin services in FY 95 and DFS would also have to begin services in FY 95. EHSC would begin downsizing in FY 95 and the savings generated would help offset the additional FY 94-95 SRS/DFS costs. These costs could not be totally off set during FY 95 however additional general fund would be saved in FY 96 and thereafter. Selling of the facility would offset any general fund loss during the biennium

Legislation Required - Statutes referencing EHSC would need to be changed by the 1995 Legislature. Appropriations would have to allocate funding to SRS and DFS and reduce EHSC FY 95 levels. A clear statement of intent would have to be developed in the appropriations bill.

Options on the Above Proposal:

Do not sell the facility, but remodel and convert to a smaller 50 bed Eastern Montana Veterans Home (38 nursing - 12 Domiciliary).

General Fund Savings - None**(\$ 660,171)**

General Fund Cost

Would reduce savings in above as state would lose proceeds from selling the EHSC facility. This proposal assumes a portion of the \$1.7 million would be used to offset \$400,000 state construction funds required to remodel EHSC (\$1.1 million). Also assumes use of the 2 cent cigarette tax to help offset operational costs (\$800,000).

Department of Corrections & Human Services
General Fund Departmental Priorities
Using LFA Current Level Budget and Executive Requested Modifications

Pri	PG	CV Name	FY94	FY95	Biennium	Biennium
						Cumulative
1 *	50	Montana Developmental Center	15,928,890	16,275,385	32,204,275	32,204,275
2	30	Montana State Hospital	21,571,388	22,388,757	43,960,145	76,164,420
3	30	Community MH - Seriously MI Adults - CL	4,752,842	4,752,842	9,505,684	85,670,104
4	20	Community Corrections	4,867,448	4,957,004	9,824,452	95,494,556
5	20	Community Corr Alternatives	2,760,314	4,233,039	6,993,353	102,487,909
6	20	Montana State Prison	17,685,371	17,999,857	35,685,228	138,173,137
7	20	MSP Alternative Mods	3,036,931	3,555,864	6,592,795	144,765,932
8	30	Community MH - Children/Adolescents	569,881	569,881	1,139,762	145,905,694
9	30	Community MH - Seriously MI Adults - Mod	258,604	374,480	633,084	146,538,778
10	20	Women's Correctional Center	1,214,105	1,232,171	2,446,276	148,985,054
11	20	WCC Alternative Mod	77,864	1,274,019	1,351,883	150,336,937
12	60	Montana Veterans' Home	1,021,894	1,014,770	2,036,664	152,373,601
13	30	Center for the Aged	3,934,575	4,053,941	7,988,516	160,362,117
14	30	Add Budget Mod for 14.8 FTE/CFA	483,411	493,698	977,109	161,339,226
15	50	Eastmont Human Services Center	3,477,806	3,576,671	7,054,477	168,393,703
16 **	40	Montana Chem Dependency Center	257,046	265,047	522,093	168,915,798
17	20	Swan River Forest Camp	1,035,119	1,051,321	2,086,440	171,002,238
18	20	Swan Alternative Mod	19,993	225,592	245,585	171,247,821
19	30	Community MH - Adults not seriously MI	597,211	597,211	1,194,422	172,442,243
20	20	Corrections Medical	1,426,441	1,507,785	2,934,226	175,376,469
21	20	Industries Trng/Tag Plant	702,227	596,884	1,299,111	176,675,580
22	30	Add Budget Mod for 20 Nurses/MSH	78,858	81,480	160,338	176,835,918
23	50	EMVH Budget Modification	276,501	1,012,293	1,288,794	178,124,712
24	30	NH and Acute Care Hospital (Galen)	2,462,227	2,357,768	4,819,995	182,944,707
TOTAL			\$88,498,947	\$94,447,760	\$182,944,707	

*NOTE: This includes Central Operations and the Central Office costs of all divisions (\$3,213,131 in FY94 and \$3,163,014 in FY95). The department requires central administration as long as there are services required. At some point, central office costs could be reduced to some extent depending upon the service level remaining following any major expenditure reductions. This also includes \$216,267 general fund in fiscal 1994 and \$215,728 general fund in fiscal 1995 for the Board of Pardons.

** This includes only the general fund portion of the chemical dependency program on the Galen campus.

*** This schedule does not reflect general fund reimbursement revenue loss.

EXHIBIT
DATE