

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By VICE CHAIRMAN JOHN BOHLINGER, on February 3, 1995, at 3:05 p.m.

ROLL CALL

Members Present:

Rep. John C. Bohlinger, Vice Chairman (Majority) (R)
Rep. Carolyn M. Squires, Vice Chairman (Minority) (D)
Rep. Chris Ahner (R)
Rep. Ellen Bergman (R)
Rep. Bill Carey (D)
Rep. Dick Green (R)
Rep. Antoinette R. Hagener (D)
Rep. Bonnie Martinez (R)
Rep. Brad Molnar (R)
Rep. Bruce T. Simon (R)
Rep. Liz Smith (R)
Rep. Susan L. Smith (R)
Rep. Loren L. Soft (R)
Rep. Kenneth Wennemar (D)

Members Excused:

Rep. Deb Kottel
Chairman Duane Grimes

Members Absent: None

Staff Present: David Niss, Legislative Council
Patti Borneman, Substitute Secretary

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

Committee Business Summary:

Hearing: HB 225, SB 55
Executive Action: HB 225 TABLED

HEARING ON HB 225

Opening Statement by Sponsor:

REP. CHASE HIBBARD said when the bill came up last week they hoped they could work out a compromise, but regretted that a compromise had not been reached. He said there is more confusion, if anything, and the lack of agreement at this point could lead

to a divisive hearing. In the process of working this out, however, a constructive dialogue has begun among the opponents on this bill. He stated that all of them have been consulted and are in agreement that it not go forward. He said they have a commitment from the parties who requested the bill that if the bill is tabled, they will not attempt to bring the bill up again this legislative session, but may try in the future. He asked that the bill be tabled.

Proponents' Testimony:

Tom Schmidt, Pfizer Pharmaceuticals agreed with REP. HIBBARD that the bill should be tabled for the rest of the session.

Opponents' Testimony:

Susan Moira who represents the Generic Pharmaceutical Industry Association, said it is an acceptable situation for them and it was good they were "forced to talk through it because it's an issue we're facing in a number of states."

Informational Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor: None

EXECUTIVE ACTION ON HB 225

Motion/Vote: VICE CHAIRMAN BOHLINGER MOVED THAT HB 225 BE TABLED. The motion carried by unanimous voice vote.

HEARING ON SB 55

Opening Statement by Sponsor:

SENATOR DOROTHY ECK, SD 15, Bozeman, said that this bill concerns Gallatin County but also concerns many other counties in Montana. She said it makes clear and provides an agreement between the Department of Family Services (DFS) and the counties for how certain administrative costs are going to be paid. When the DFS was first formed, it was expected that administrative costs would be shared, but it has always been unsure, and this agreement has not always been followed. She said this bill would provide for the payment by DFS of services such as rent, telephone, postage and equipment, and it would also require the counties to pay what they owe for 1995 and in the future. They would be billed in a regular manner so they could budget for this expense. She said the fiscal note shows a significant financial impact and it might end up in the Appropriations Committee. She said there were proponents present who would testify and she reserved the right to close.

Proponents' Testimony:

Gordon Morris, Director, Association of Counties, said he supports SB 55. He asked the committee to imagine that they're sitting in Room 325 on the third floor, the gallery is packed, and every seat on the floor is filled with county commissioners from the 44 non-assumed counties in Montana. He said he'd provide a history of the non-assumed counties if the members wished and stated that at a past legislative session they were assured that the next session would address the administrative costs. That next session was in 1989, they had a new governor and new administrators and "all the assurances that we were given in 1987 went by the board." He said they worked on this issue with three governors and five different directors of the Department of Family Services since the law was enacted in 1987. He described the obstacles they encountered.

He said the state had some budget crises that "the state was not in the position to do what was right and fair by way of the needs of our youth in Montana." He said as a result they have an agreement from the administration of Governor Racicot and the director of DFS that the state is now ready to take on the administrative responsibilities to finance the DFS, which has been an obligation and responsibility of counties since the Department was created in 1987. He said that the counties have had no accountability for administrative costs. He stated that the 44 non-assumed counties have entered into contracts with the DFS for past administrative costs that are unpaid by counties. Gallatin County signed an agreement committing the county to pay past administrative expenses for \$32,000 as part of their agreement that these costs will finally be picked up by the state. He said salary costs are not included. He cited Resolution 94-20 adopted by the Association of Counties and read

Whereas, HB 325, enacted by the 1987 Legislature, created the Department of Family Services requires in MCA 52-1-110, counties would be responsible for their proportionate share of costs for salaries, benefits and indirect costs for the 1987 ceiling.

Whereas, counties believe the responsibility for administrative costs for the department should be a total responsibility of the DFS, that we resolve therefore legislation be enacted to place the responsibility of all the administrative costs on the Department of Family Services.

He said that's all the bill does and the executive budget summary prepared by outgoing Governor Schwinden stated "counties will continue to provide current level support as in FY 87, such as space, equipment, clerical, etc. to protect the services staff and the youth probation staff."

Hank Hudson, Director of the Department of Family Services said the department and governor's administration want to resolve this issue. He clarified that the funding of \$307,000 in the fiscal note is not in the governor's budget request and the reason is that their negotiations regarding past and future costs took place right up to the end of the year. He said the funds are essential to operate the offices around the state.

Opponents' Testimony: None

Informational Testimony: None

Questions From Committee Members and Responses:

REP. BRAD MOLNAR asked **Gordon Morris** if the assumed counties have their administrative costs paid by the state, and the 44 non-assumed do not. **Mr. Morris** replied that the assumed counties, under the 1983 law, are contributing 9 mills of property tax dollars, and said that is a reduction of the 12 mills that they were prior to a special session that reduced the amount. He said that money comes to the Department of Family Services and pays all costs under state assumption, associated with social and rehabilitative services and family services. The non-assumed counties continue to have the responsibility under the act for the administrative portion of their costs. Missoula County was one of the first to become state-assumed; in 1983 they spent 17.5 mills for welfare. The legislation allowed them to give that to the state, based upon state's assumption and John LaFaver, the governor's budget director at the time, told them the state could take the money, centralize the services, and deliver with 12 mill. He said for 12 mills they got rid of the taxpayer obligation on 17.5 mills in 1983. He said the 1995 amount is about 22 mills.

(Note: **REP. MOLNAR** is too far from the microphone to be heard clearly. These minutes are being interpreted based upon the answers given by **Mr. Morris**.)

Mr. Morris said that the non-assumed and assumed counties can't be compared. He said when the Department was created the state-assumption process had already been completed. He said those counties allowed themselves to be assumed for purposes of welfare responsibility in exchange for the understanding that the state was going to be able to save money and do it cheaper. He said the state-assumed counties' costs would not drop. "They'll continue to ship the 9 mills to Helena." Those 12 counties would not be expected to change what they're already doing. **Mr. Morris** said the costs to the non-assumed counties would drop significantly.

REP. ELLEN BERGMAN said Custer County is a non-assumed county and they've been complaining that they've had to pick up the bills for DFS. She said if the state would have to start paying what the counties have been paying, she asked if this bill would go to the Appropriations Committee.

Mr. Morris replied yes, it would go to the Appropriations Committee. **REP. BERGMAN** asked how much money is involved. **Mr. Morris** said the fiscal note shows an estimated \$307,000, but doesn't take into account the revenue side. He said that counties have been fighting this by just refusing to pay it. He said some have never been billed for the costs.

REP. BONNIE MARTINEZ asked if assumed counties' general assistance costs were the issue.

Mr. Morris replied that it's for more than just general assistance. He said when the state assumption legislation was enacted, it included administration responsibility for all of welfare, full responsibility in the DFS. Those 12 counties had no county medical and no general assistance program and did not have to administer to a federally-mandated program such as AFDC, Food Stamps, etc. He said the non-assumed counties continue to be responsible for the administration of all welfare programs, county medical, county assistance.

REP. MARTINEZ said that at that time funds for the assumed counties was allotted for general assistance which included the federally-mandated AFDC program.

Mr. Morris said that was correct and added that there is a county match for the federally-mandated programs, such as AFDC.

REP. LIZ SMITH asked about the millage amount county-by-county and wondered if there was a variation in the amount that is collected.

Mr. Morris replied that those counties are obligated for the millage which is now 9 mills and in addition, there are various non-tax revenues that follow the millage. He said it's actually more than 9 mills, because the value of a mill in Lincoln County is worth \$13,000 whereas it's \$130,000 in Missoula County.

(Note: **REP. LIZ SMITH** is too far from microphone to be heard clearly.)

Mr. Morris said if the bill passes, the assumed counties will continue to assess the taxpayers 9 mills and the non-assumed counties will be relieved of the administrative responsibility. He continued explaining to **REP. SMITH** that the non-assumed counties are still financing and administering their welfare programs. He explained that the funds they are talking about have nothing to do with welfare, only administrative costs. He said the welfare programs will continue with the welfare directors in each county employed by the county.

REP. BERGMAN said she thought the 1993 legislature did away with assumed counties.

Mr. Morris explained that they only changed the law as part of welfare reform and cut back the state's responsibility for welfare. The legislature reduced the state obligation for the state-assumed counties with the Welfare Act of 1993 when the mills went from 12 to 9. He said the state-assumed counties were given the difference between the 12 mills that they were sending to Helena, and the 9 that they currently send. The non-assumed counties, then, were allowed to keep that 3 mills and use them for a new general assistance-type service, since general assistance was virtually eliminated during the 1993 session.

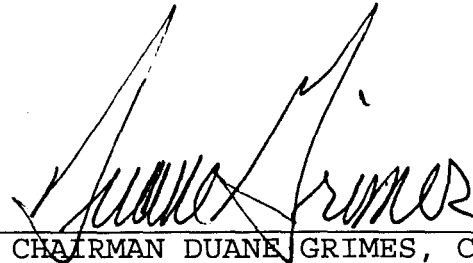
REP. TONI HAGENER added that counties refusing to be assumed did this because they could manage services for less than 9-12 mills.

(Note: Tape sound quality poor)

Closing by Sponsor: SEN. ECK said this was a simple matter and that the new legislature needed to recognize the need to consider the assumed as well as non-assumed counties. She stated that it would be helpful to go back and see why the situation exists. She described counties with a larger number of welfare recipients and the case in Gallatin County with a smaller number of recipients. She said there is a mandate to counties to provide services without funding from the state. She urged support of SB 55.

ADJOURNMENT

Adjournment: 3:45 p.m.

A handwritten signature in black ink, appearing to read "Duane Grimes", written over a horizontal line.

CHAIRMAN DUANE GRIMES, Chairman

A handwritten signature in black ink, appearing to read "P. Borneman", written over a horizontal line.

PATTI BORNEMAN, Substitute Secretary

DG/pb

HOUSE OF REPRESENTATIVES

Human Services and Aging

ROLL CALL

DATE 2/3/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Duane Grimes, Chairman			✓
Rep. John Bohlinger, Vice Chairman, Majority	✓		
Rep. Carolyn Squires, Vice Chair, Minority	✓	<i>mt</i>	
Rep. Chris Ahner	✓		
Rep. Ellen Bergman	✓		
Rep. Bill Carey	✓		
Rep. Dick Green	✓		
Rep. Toni Hagener	✓		
Rep. Deb Kottel			✓
Rep. Bonnie Martinez	✓		
Rep. Brad Molnar	✓		
Rep. Bruce Simon	✓		
Rep. Liz Smith	✓		
Rep. Susan Smith	✓		
Rep. Loren Soft	✓		
Rep. Ken Wennemar	✓		

late

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Human Services & Aging DATE 2/3/95
BILL NO. SB 55 SPONSOR(S) Sen. Dorothy Eck

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
<u>Gordon Morris</u>	<u>MA Co</u>	<u>SB 55</u>	
<u>Ann G. Kelly</u>	<u>DFS</u>	<u>SB 55</u>	
<u>Charles R. Brooke</u>	<u>Yellowstone County</u>		<input checked="" type="checkbox"/>

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