

**MINUTES**

**MONTANA SENATE  
54th LEGISLATURE - REGULAR SESSION  
COMMITTEE ON STATE ADMINISTRATION**

**Call to Order:** By **CHAIRMAN ETHEL HARDING**, on February 15, 1995,  
at 10:05 A.M.

**ROLL CALL**

**Members Present:**

Sen. Ethel M. Harding, Chairman (R)  
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)  
Sen. Mack Cole (R)  
Sen. Mike Foster (R)  
Sen. Don Hargrove (R)  
Sen. Vivian M. Brooke (D)  
Sen. Bob Pipinich (D)

**Members Excused:** Sen. Jeff Weldon (D)

**Members Absent:** N/A

**Staff Present:** David Niss, Legislative Council  
Gail Moser, Committee Secretary

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

**Committee Business Summary:**

Hearing: SB 345  
Executive Action: N/A

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**HEARING ON SB 345**

**Opening Statement by Sponsor:**

**SENATOR CHUCK SWYSGOOD**, Senate District 17, Dillon, opened the hearing on SB 345, which would reorganize human service programs and eliminate the departments of Social and Rehabilitation Services and Family Services, consolidating them into a new Department of Public Health and Human Services (**EXHIBIT 1**).

**Proponents' Testimony:**

**Peter Blouke, Director, Department of Social and Rehabilitation Services,** stated SB 345 would facilitate and improve the state's capacity to provide more efficient and effective services to consumers (**EXHIBIT 2**). He stated the legislation does not reduce the level of services provided by the state, but would enhance services within the existing resources. He noted the bill was developed over a long period of time, and much thought and discussion had gone into its development.

**Rick Day, Director, Department of Corrections and Human Services,** voiced support for SB 345.

**Hank Hudson, Director, Department of Family Services,** discussed current cross-coordination and linkages between existing agencies, the need to reinstitute public confidence in state government at the local level--i.e., decision making, support, and the administrative efficiencies that will be realized by the consolidation of current programs and departments.

**Donald Harr, M.D., Montana Medical Association Advisory Council/Montana Psychiatric Association,** expressed support for the reorganization of the developmental disabilities, substance abuse, and mental health programs in Montana.

**Kathy McGowan, Montana Council of Mental Health Centers/Task Force Member,** covered the process utilized in the development of the recommendations embodied in SB 345. Three key points were defined by those individuals working on the mental health component: the delivery of consumer services in the communities; decentralization from Helena; and a minor emphasis on dollar savings. She said the recommendations were not constructed due to a lack of satisfaction in the current departments. **Ms. McGowan** added that their committee members did not agree with moving juvenile corrections programs into the Department of Corrections. She stated that another task force had been studying this issue for over a year, and their committee members felt it would be presumptuous for the Governor's Task Force, which covered a broader scope, to override the study and recommendations of those individuals who have studied this issue in depth.

**Glen McFarlane, Montana Association of Homes and Services for Children,** representing private providers, spoke in support of SB 345. He stated providers have experienced the frustrations and confusions of dealing with multiple agencies and policies. He noted the organization was concerned with locating the juvenile corrections programs in the Department of Corrections.

**Candy Wimmer, Youth Justice Council,** stated the Council was neutral on the bill but did support an amendment that would remove the recommendation placing the juvenile corrections programs in the Department of Corrections.

**Gene Lewwer, Executive Director, Rocky Mountain Development Council**, stated his organization contracted with the Departments of Corrections, Labor, Family Services, and Social and Rehabilitation Services. He stated the unified agency approach to the delivery of human services, combined with the commitment to decentralization, will improve services in Montana.

**Charles Briggs, Rocky Mountain Aging Agency**, reiterated on the amount of discussion and forethought that had gone into the development of SB 345. He encouraged the development of a comprehensive, unified delivery system for Montana's agencies and decentralization from Helena.

**Opponents' Testimony:**

**David Hemion, Mental Health Association of Montana**, stated on the whole, the Association supported the reorganization of the mental health services delivery system. He expressed a concern with moving the juvenile corrections component into the Department of Corrections.

**Dave Bennett, Mental Health Association of Montana**, concurred with David Hemion's testimony, noting the history of the integration of juvenile/adult services was detrimental to the juvenile corrections population, jostling them between departments and providers while fragmenting services. He noted there is a recommendation from the Board of Crime Control to amend SB 345 by returning youth corrections to the Department of Family Services.

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**Cris Volinkaty, Executive Director, Comprehensive Development Center, Missoula**, expressed concern about the changes in the delivery of services to the developmentally disabled population, which she testified were adequate. She expressed specific worries about regionalization and the availability of regional providers for this group of individuals.

**Joan-Nell MacFadden, Chairman, Department of Family Services Advisory Council**, stated the Council wanted to go on record as opposing the reorganization. The Council's concerns were in the details of SB 345 and the effects on the delivery of services, i.e., staffing, timelines, chain of command, and location of services. She also questioned the move of juvenile corrections services from the Department of Family Services to the Department of Corrections. She expressed support for the movement of mental health services to the Department of Family Services.

**REPRESENTATIVE JOHN COBB**, House District 50, Augusta, stated the legislation was a solution looking for a problem. He questioned the specifics of SB 345, noting 25 FTE would be eliminated after a total reorganization of two state departments, and the fiscal note stated ultimate savings to the state would not be realized until the 1999 biennium and beyond. **REPRESENTATIVE COBB** also questioned why department directors could not be more efficient within the current structure. He also testified on the hardships of decentralization and reorganization on staff, computer systems, and departments, adding the legislation provides no funds for the process and no specifics. **REPRESENTATIVE COBB** also offered amendments to SB 345 (**EXHIBIT 3**) dealing with outcomes and organizational structure.

**Andre Larose**, Montana Advocacy Program, read prepared testimony offering a neutral position on SB 345. The testimony also offered observations and input regarding their Program's fears of the mega-agency that would replace the existing agencies and the delivery of mental health and developmental disabilities services (**EXHIBIT 4**).

A letter from **Tom Carlin**, Chairman, Montana Committee for Emotionally Disturbed Children, was presented to the Committee in opposition to the movement of youth corrections into the Department of Corrections (**EXHIBIT 5**).

#### Questions From Committee Members and Responses:

**SENATOR MIKE FOSTER** questioned Senator Swysgood on the decentralization component of SB 345 and asked for its location in the bill. **SENATOR SWYSGOOD** stated that component had yet to be worked out and time was needed to put it together, and therefore, it was not specifically spelled out in the bill.

**SENATOR FOSTER** asked if there was a connection between SB 345 and SB 234, as the Department of Health was reorganized in both bills. **SENATOR SWYSGOOD** answered that the only connection was that both bills reorganized portions of the Department of Health.

**SENATOR FOSTER** continued by questioning the elimination of the Board of Health. **Peter Blouke** responded that 95% to 96% of the current functions of the Board of Health impacted environmental issues. The consolidation and relocation of environmental activities was embodied in SB 234.

**SENATOR FOSTER** then asked Hank Hudson to list the juvenile corrections programs. **Mr. Hudson** relayed that the components within the Juvenile Corrections Division included Pine Hills School, Mountain View School, Youth Parole, two transitional facilities, (Great Falls and Billings), as well as community based corrections programs run in conjunction with the Board of

Crime Control, local schools and youth courts/corrections officers.

**SENATOR KEN MESAROS** asked how the current reorganization language in SB 345 would affect these components. **Hank Hudson** replied the above mentioned programs would be administered in the Department of Corrections.

**SENATOR DON HARGROVE** questioned the task force methodology of possibly following form rather than function. **Peter Blouke** expressed strong disagreement with the issues raised by Representative John Cobb. He stated function was evaluated and end outcomes determined prior to determining the process to meet these needs. He used the example of mental health services, which are now scattered between three departments.

**SENATOR MACK COLE** inquired about the impact of implementation on local staff. **SENATOR SWYSGOOD** reported they were a key component under decentralization.

**SENATOR COLE** further questioned the move of the juvenile corrections program. **SENATOR SWYSGOOD** stated the resources and services are more compatible with the adult corrections services than with the health services component of the newly organized department.

**SENATOR VIVIAN BROOKE** asked Hank Hudson about the 37 out of 44 co-located agencies, which, under the reorganization, are not consolidated. **Mr. Hudson** replied that, in these instances, co-location does not necessarily mean physical location or proximity.

**SENATOR BROOKE** followed up by asking Mr. Hudson how much of the reorganization has been discussed with regional administrators. **Mr. Hudson** replied that the discussion on the actual design of the reorganized agencies is just beginning to take place. Upon passage of SB 345, management teams and others who are interested would work on developing the structure of the new agency. **SENATOR BROOKE** asked if any information and input from the regional administrators was available to legislators. **Mr. Hudson** replied a formal process would be developed upon passage.

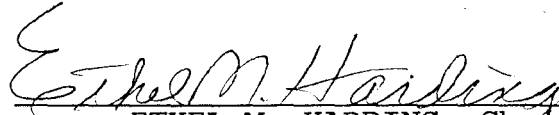
**SENATOR BROOKE** asked Cris Volinkaty to comment on the costs of institutionalization versus community-based services. **Ms. Volinkaty** responded that services for a severely profound developmentally disabled individual at Montana Developmental Center are \$112,000 a year, while the same services can be provided for \$60,000 in community-based service settings.

Closing by Sponsor:


SENATOR SWYSGOOD thanked the Committee for a good hearing and reiterated the need for change to meet the needs of the public with limited dollars. He said SB 345 "Gives us a barn to start out of," and is not meant to reinvent the appropriations process. He encouraged individuals concerned about the shift of youth corrections services to the Department of Corrections to discuss the issue with department directors. He stated SB 345 is an on-going process, allowing for decentralization, with the results not available until the 1999 biennium and beyond.

ADJOURNMENT

Adjournment: The meeting was adjourned at 11:50 A.M.

  
ETHEL M. HARDING, Chairman

  
GAIL MOSER, Secretary

  
Gayle Carpenter, Transcriber

EMH/gem/gc

MONTANA SENATE  
1995 LEGISLATURE  
STATE ADMINISTRATION COMMITTEE

ROLL CALL

DATE UG 02-15-95

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CS-09



**Proposed Reorganization of Human Service Programs  
and Elimination of Three State Departments**

The reorganization of human service programs will result in the elimination of the Departments of Social and Rehabilitation Services, and Family Services and consolidation of those programs in a new department of Public Health and Human Services. The public health functions of the Department of Health and Environmental sciences will be transferred to the new department while environmental programs will be transferred to new departments dealing with environmental quality and natural resource management. The Department of Health and environmental Sciences will then be eliminated. In addition, all of the human service functions currently located at the Department of Corrections and Human Services will be transferred to the new department.

As a result of the consolidation of three departments and elimination of duplicated functions, approximately 25 administrative and management positions will be eliminated over the biennium.

Consolidation of human service programs under a single administrative direction will accomplish four major goals:

- 1) Increase Efficiency And Use Of Scarce Public Resources:** Consolidation of administrative and support functions such as accounting, personnel and facilities management will result in improved efficiency and significant cost savings.
- 2) improve program coordination:** Services will be improved through coordination and integration of similar programs and the development of uniform and consistent policies, simplification of eligibility and development of a common, department-wide mission and purpose.
- 3) enhance opportunities for program collocation:** Physical collocation of services can be more easily accomplished if lease and facility management are under the direction of a single agency.
- 4) facilitate administrative decentralization:** The creation of a single human services department is also seen as a necessary first step towards shifting control from the state to the local program level.

**PROPOSED STRUCTURE:** A new department will be created called the Department of Public Health and Human Services. Programs currently administered by the departments of Social and Rehabilitation Services and Family Services such as Medicaid, Family Assistance, services to children and the elderly will be consolidated in the new department and those departments will be eliminated. The human service functions currently located at the Department of Corrections and Human Services (specifically mental health programs including institutional programs, developmental disabilities programs, substance abuse programs and the Veterans Home) will also be transferred to the new department. Administration of youth correctional programs will be transferred from the Department of Family Services to the Department of Corrections. All of the health related programs currently administered at the Department of Health and Environmental Sciences such as Maternal and Child Health, Preventive Health Services, Women Infant and Children, Licensing and Certification, and the local Public Health programs will be integrated with other health programs within the new Department of Public Health and Human Services.



# CITY OF BILLINGS

## OFFICE OF CITY ADMINISTRATOR

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February 15, 1995

Mr. Dave Ashley  
Administrative Offices  
State of Montana  
Helena, Montana 59620

SENATE STATE ADMIN.

EXHIBIT NO. 2

DATE 02-15-95

BILL NO. SB345

RE: SENATE BILL 345

Dear Mr. Ashley:

As a former member of the Governor's Task Force, it was my privilege to serve on the subcommittee that studied the health and human services area. As we studied this issue, we became keenly aware of the complications of providing quality customer service to all Montanans.

As a result of our deliberations over approximately nine months, it was the recommendation of our subcommittee that a significant restructuring of the health and human services area be completed. Those recommendations are contained in Senate Bill 345. I am very confident in those recommendations and feel that it will reduce the barriers that we found obstructing the provision of service to our citizens.

I would strongly urge the committee to consider endorsement of Senate Bill 345. The content of its recommendations will improve the provision of service through a singular agency with a purpose and sensitize the State organization to the many needs of our citizens. If the committee desires more detailed information, I can answer any specific questions about our study, please feel free to contact me in Billings.

Very truly yours,

Mark S. Watson  
City Administrator  
Member, State Government Committee  
Governor's Task Force

MSW:bm

*Billings, Montana*

## AMENDMENT NUMBER 1

1. change effective date on page 352, line 23 to July 1, 1998.

## AMENDMENT NUMBER 2

1. NEW SECTION

1. no reorganization shall take place until the following outcomes are determined by the agency and dates for implementation of meeting these goals subject to approval by the legislature.

- a. infant mortality rate
    - low birth weight rates
    - teenage pregnancy rate
    - reported case of preventable diseases in children
    - percentage of low birth weight babies in target population
    - percent of teenage pregnancy amount those participating in educational or training programs
    - projected low birth weight birth prevented
    - projected infant deaths prevented
    - number of afdc securing employment each year
    - number of applicants receiving service
    - number of children for whom paternity has been established
    - number of child support obligations established
    - number of AFDC cases transferred to non afdc status
    - number of paternity actions filed
    - number of actions filed to establish or modify child support obligations
    - number of collection actions
    - average turnaround time to pay first child support obligation
    - average days turnaround time for initial review and first payment
    - change in percentage of pregnancies to single teens

- long term care

1. percent of clients in the continuum of care served in community settings
    2. percentage change in medicaid in utilization of ICF facilities and nursing facilities
    3. percentage of providers meeting minimum quality standards

- AFDC

1. length of time a household receives afdc as a percent from 0 to 12 months.
    2. from 12 to 24 months
    3. more than 24 months
    4. plan to reduce by 10 percent number of afdc within two years by 5%, by 10%, by 15%.
    5. percent of individuals completing jobs training whose salary

is above minimum wage

6. percent of afdc caretakers who leave afdc because of increased earnings due to employment per year

7. percent of food stamp participants who enter employment per year

8. number of jobs participants who complete component activity or become employed each month

DD.

1. percent of eligible people with disabilities placed in competitive employment or other appropriate settings where served by vocational rehabilitation

2. percent of employed rehabilitants earning at least minimum wage

3. percent of people with disabilities in need of vocational rehabilitation services receiving services

Children.

1. ratio of the number of children who were investigated for abuse and neglect to the number of children reported to be at risk of abuse and neglect

2. percent of children needing protective services who receive direct services from staff

3. average caseload per worker

4. percent of children found through an assessment and investigation to be in need of protection who received services beyond investigation

5. percentage of children for whom the permanency plan was achieved within 24 months

6. ratio of children needing out of home placements to the number of foster home spaces available

7. percentage of children receiving purchased supportive and or rehabilitative service while in substitute care

8. number of available foster home placements

9. number of available adoptive home placements

10. case recidivism at Pine hills

11. case recidivism at Mountain View

12. case recidivism for children in different programs

13. percentage of children followed up for 6 months

14. followed up for 12 months, for 18 months for 24 months that are in custody of DFS or were in custody of DFS

2. the organizational structure shall evolve around the above and other functions to meet the goals of the legislature and the people we represent.

#### AMENDMENT NUMBER 3

organizational structure

in order to reorganize the following management structure shall be adopted.

1. the layers of management between the top and the bottom shall

EXHIBIT 3  
DATE 2-15-95  
SB 345

be narrowed. There shall be no more than 4 layers at the most.

2. A ratio of no lower than 1 to 15 shall be the number of employees managed by the typical manager. There shall be no exceptions except by direct approval of the approving authority as well as the legislature.

3. An reducing of employees or downsizing shall be accompanied by at least a 25% reduction in the number of tasks performed. All reductions shall be reported to the legislature with the number of tasks reduced.

4. the number and total length of rules shall be reduced by at least 10 percent by July 1, 1996.

5. all training records shall be placed on the accounting system.

6. the largest layoffs or downsizing shall occur at the headquarters and main office management.

AMENDMENT NUMBER 4

*By How Lintem*

**MONTANA ADVOCACY PROGRAM, Inc.**

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Helena, Montana 59624

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1-800-245-4743

(VOICE - TDD)

Fax #: (406)444-0261

February 15, 1995

Senator Ethel Harding  
Senate State Administration Committee  
State Capitol  
Helena, Montana 59620

Re: SB 345

Mr. Chair and Members of the Committee:

For the record, my name is Andree Larose and I am a staff attorney for the Montana Advocacy Program. Montana Advocacy Program is a non-profit organization which advocates the rights of individuals with disabilities. We are here to testify, neither in support of or in opposition to SB 345, but to offer some observations and input regarding the reorganization of state government.

1. We are somewhat fearful of the mega-agency that would result under the proposed reorganization. We are concerned that an agency which is so big will lose some of the "human touch." On the other hand, we do think the consolidation of human services is needed, at least to a greater extent than currently occurs.
2. At an absolute minimum, we urge you to move mental health services from the Department of Corrections and Human Services. Corrections and mental health services should not continue in the same department, as the two systems require an entirely different background, experience and mindset. The department is often headed by someone with a corrections background; it is a disservice to people with mental illness to continue to have their needs and interests determined by the Department of Corrections and Human Services.
3. For the same reasons, we urge you to move developmental disabilities services to the department of Social and Rehabilitation Services. Under the current system, SRS provides community services for persons with developmental disabilities; DCHS provides institutional services for persons with developmental disabilities. We think the reasons that might exist for keeping all "institutions" in the same department, both correctional or disability treatment oriented, are far outweighed by the advantages of separating those two types of institutions and integrating disability services into a more human services focused agency. Often when we attempt to move an individual with a developmental disability who is inappropriately institutionalized into community services, we encounter finger-pointing between DCHS and SRS over whose responsibility it is to see that the individual's need for services in the least restrictive

environment is met. An integration of community and institutional developmental disabilities services would hopefully eliminate this shifting of responsibility and allow for a more coordinated, efficient management of funds to meet the needs of the clients on a continuum of care.

4. We are very hesitant to support the folding of the Department of Family Services into a giant Department of Health and Human Services. In our experience, there have been advantages to having one department focus on the needs of children and families; DFS is an agency with a heart and with dedicated, caring staff. We would hate to see the agency dismantled just as it is coming into its own under the excellent leadership of Director Hank Hudson.

5. Finally, we urge that the management of juvenile facilities, Pine Hills and Mountain View, remain under the responsibility of the Department of Family Services or, if the Department of Health and Human Services is created, under that agency. The reasons for shifting youth corrections from the Department of Institutions (now DCHS) to DFS were good ones. It is the exception, not the rule, that youth in the corrections system have emotional needs which require some type of treatment and many are abused or neglected children. We firmly believe that youth corrections should remain affiliated with other youth services.

Thank you for your time.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andree Larose".

Andree Larose  
Staff Attorney

P.O. Box 215  
Helena MT 59624-0215  
February 15, 1995

The Honorable Ethel Harding, chair  
~~Senate~~House State Administration Committee  
Capitol Station  
Helena MT 59620

Dear ~~Senator~~ Representative Harding:

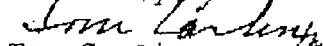
I, Tom Carlin, write to you as the chair of the Montana Committee for Emotionally Disturbed Children, a group of mental health advocates, professionals and providers. Though the Committee takes no stand on SB345 on reorganization of departments it is strongly opposed to one provision of the bill your committee will be examining today. That provision is the proposal to return youth corrections to a down-sized department of corrections. You may recall that before the Department of Family Services was created youth corrections was a part of the Department of Institutions.

Our Committee believes that the reasons for placing youth corrections with most other youth services were good ones. For instance, youth initially entering the justice system are often better served through treatment in community or residential programs than by placement in Pine Hills. The State cannot afford two treatment systems. Youth corrections should, we believe, remain affiliated with other youth services. The Spring Creek day treatment programs in Billings illustrate how a correction program can be piggy-backed on one for severely emotionally disturbed youth.

A second reason derives from fears our members have. They fear that in an adult corrections department youth needs will be neglected and appropriate services underfunded. Also they fear that in an adult corrections department the punishment motif will be over-emphasized. Youth need to be held responsible for their actions. Incarceration makes youth pay a price but often does not promote responsibility. Being sent to Pine Hills may give a youth status among his sub-culture peers. On the other hand an innovative program such as the proposed Montana Youth Alternatives offers some promise of turning some lives around. It has been developed in a department trying to focus on the needs of local communities. A new department of correction perforce will have to focus on locating enough prison or other beds for adult offenders.

Thank you for your consideration.

Sincerely

  
Tom Carlin

SENATE STATE ADMIN.

EXHIBIT NO. 5

DATE 02-15-95

BILL NO. SB345



DATE Tuesday

SENATE COMMITTEE ON 02-15-95

BILLS BEING HEARD TODAY: SB345

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Cris Volinkaty	CDC - HSLA	345		✓
Keith Colbo	HRDC Association	345	✓	
Kathy McGowan	mem HC / self	345	✓	
Diane Bent	self / children's			
Donnell Macfadden	State Family Serv.	345		✓
Donald Harr	Mt. Med. Ass'n / Advocacy Council Mt. Psychiatric Ass'n.	345	✓	
David Hemion	Mental Health Ass'n.	345		✓
JAY Driz	MFE / MFT / MHE			
Alfred Kewer	Rocky mtn. Dev. & Council	345	✓	
Charles Bonig	Rocky mtn. Agency	345	✓	
Cassidy Williams	Youth Justice Council	345		
Andrée Larose	Mt. Advocacy Program	345	✓	✓
Glenn McFarlane	Mt. Assn. Homeless & Suffering Children	345	✓	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY