

MINUTES OF THE MEETING  
STATE ADMINISTRATION COMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

March 22, 1985

The meeting of the State Administration Committee was called to order by Chairman Sales at 9:00 a.m. on the above date in Room 317, State Capitol.

ROLL CALL: Sixteen members were present with Reps. Cody and Fritz excused.

CONSIDERATION OF SENATE BILL NO. 384: Sen. James Shaw, Senate District #12, sponsor, said the bill would allow district judges or supreme court justices to remain members of the PERS system rather than join the Judges' Retirement System.

PROPOSERS: There were no proponents.

OPPOSERS: There were no opponents.

DISCUSSION OF SENATE BILL NO. 384: Chairman Sales asked why anybody would want to stay in PERS since the State puts in about \$20,000 per year to the Judges' Retirement System. Sen. Shaw said that the justice in question had been under the PERS system a long time and didn't anticipate being a judge for long enough to get any gain under their system.

Rep. Harbin stated he wasn't against the bill but did ask who proposed it to Sen. Shaw. Sen. Shaw said that it was Chief Justice Turnage.

There being no further questions, Sen. Shaw closed his presentation.

CONSIDERATION OF SENATE BILL NO. 361: Sen. Jack Haffey, Senate District #33, sponsor, said the bill would provide a one-time increase in the retirement allowance and survivorship allowance for certain members under PERS. He said the bill sets out a formula as to how the pensions would be increased on this one-time basis. The language on page 2, lines 2 through 4 sets a cap and a floor for what comes out of that equation depending on how many years they had in the system before they retired and what their benefits are. The Y is the years of service and the A is the monthly pension for the person at the present time. He handed out Exhibit #1 and explained the examples thereon. He said that the fiscal note shows \$1 million per year cost - about half of that \$1 million would come from State agencies and the other half would come from the cities, counties and towns around the state so the cost is very well spread around. This requires those government entities to somehow absorb those costs and he then distributed some examples of how that might be done.

As an example he used the Department of Natural Resources and Conservation and said their cost would be about \$14,000 per year and their personal service budget is in the range of \$5 million so it would be a minimal cost to most State agencies.

PROPOSERS: Leo Berry, representing the Montana Retired Public Employees, said this was critical to these retirees. He submitted written testimony which is attached to the minutes as Exhibit #3. He told the Committee that the average increase for medical costs, insurance and energy alone is \$73.80 per month.

William Shoquist, President of the Montana Association of Retired Employees, said that two of their problems are with their low retirement increases and the problems with health insurance and with their health. He submitted two letters into the record from members of the Association regarding their low benefits. He also read another letter to the Committee stating that it was getting harder to get by on the low income.

George Christensen said he retired in 1978 with a pension of \$190 per month after 19 years service. This last year or two he had considerable medical expense and is still paying on \$2,000 that Medicare did not take care of. He told the Committee that any consideration would be appreciated by him and many other members.

Teri Menow, Montana Federation of Teachers, also spoke in support of the bill.

Tom Schneider, Montana Public Employees' Association, said their membership consists of about 1700 retired members under PERS. The people who will receive the \$3 are those that have been retired the longest. Before 1971 there was a matching annuity formula system and these people got about 27% of salary. Those people never really got a benefit commensurate with the system today. He stated that the employees, by law, cannot be assessed for a benefit they will not receive in the future. Because this is a one-time benefit, the present employees could not be assessed for it, therefore, it would have to be paid by the employer.

OPPOSERS: There were no opposers.

DISCUSSION OF SENATE BILL NO. 361: Rep. Jenkins asked where, in the bill, it said it would be one-time. Sen. Haffey said it does not appear in the bill as stating that but the pension increase for all these persons retired before July 1, 1984 would be increased by the amount of this formula and then would be and stay at that amount until future action by the Legislature. The Legislature, in 1981, decided against yearly cost of living increases. The increased cost to state and local governments would go up from 6.417% to 6.667%.

He said the benefits the first few years would be more than the revenue but over the passage of time this would decrease.

David Senn from the Montana Employees' Retirement Board, stated that HB 84 had this formula and that is why the \$45 cap. The original bill was \$3 for those receiving \$0-500; \$2 for \$500-1000 and for those over \$1,000 they would receive \$1. He explained the concept of the formula in the bill.

Rep. Peterson asked if perhaps people retiring in 1990 would find themselves retiring at a lower income than those before this bill takes effect and Chairman Sales said that would occur only if salaries started decreasing instead of increasing.

Rep. Jenkins asked how solvent this fund is. Mr. Senn said that the fund is about \$400 million and there should be no trouble. Rep. Jenkins asked if this bill was drafted after HB 84 got into trouble. Mr. Berry said that HB 84 was never in trouble as it never was even heard however this bill was drafted after that.

There being no further questions, Sen. Haffey closed, saying he was not inclined for agencies to eat up these increases but believes in this case it would be appropriate because the costs would be such a small part of their budgets and also believed that the cities, towns and counties could also do it. If the bill passes the Committee, he told the Chairman that Rep. Harper would carry the bill.

CONSIDERATION OF SENATE BILL NO. 420: Sen. Jack Haffey, Senate District #33, presented the bill for Sen. Fred Van Valkenburg in his absence. He said that the bill comes to this session from the Legislative Finance Committee which is an interim committee that meets throughout the year to try and watch the fiscal affairs of the State. They try to understand and review the audit trail of all funds appropriated from the last session. This would allow them to make plans and reach conclusions with some certainty.

PROPOSERS: Rep. Gene Donaldson, District #43, said that the problems relating to the federal government are going to become more acute and they have problems identifying federal grants. They can't identify what dollars are doing what. This bill is trying to address those problems and specifically federal grants; where they are going and what they are doing. They requested some information at different times from the Legislative Fiscal Analyst's office and it was impossible for them to give that information.

Judy Rippingale, Legislative Fiscal Analyst, handed out prepared testimony that was presented to the Senate and copies of a proposed amendment to the bill concerning the SRS.

Mrs. Rippingale said it was impossible for the Department of Labor and Industry and the Department of Social and Rehabilitation Services to track their federal grants and neither agency was able to provide their own system of identifying the different federal funds. Therefore, the amendment was drafted, at the suggestion of SRS, concerning a revenue tracking code. (See attached proposed amendments Exhibit #6) She said it would be very difficult if other money starts getting into the State general fund.

Ron Brown, Department of Social and Rehabilitation Services, said they supported the amendment and the bill with the amendment. He said they have 45 separate funding sources from the federal government. Some of those have varying percentages and this has been a problem. They were unable to furnish Mrs. Rippingale with the information she requested. Putting the tracking in another format was difficult and sometimes impossible.

OPPONENTS: There were no opponents.

DISCUSSION OF SENATE BILL NO. 420: Rep. Harbin asked how many sources would they have to attach these revenue identification codes to. Mrs. Rippingale said in the case of SRS it would be 45 sources.

Tom Crosser, Budget and Program Planning Office, explained how they attached identification codes and how they tracked them.

Chairman Sales asked Rep. Donaldson if this would help in tracking some of these funding sources that come to the counties. Rep. Donaldson replied that they certainly hoped so. This is the first step to try to identify what the federal monies are going to do.

Rep. Jenkins asked Sen. Haffey if there would be any trouble with the amendment in the Senate and Sen. Haffey did not believe there would be any trouble with the amendment proposed by Mrs. Rippingale.

Rep. Peterson asked if she would be able to call and find out how much a certain department needs of general funds in order to make some federal matching. Mrs. Rippingale said Rep. Peterson would not be able to obtain that information herself but Mrs. Rippingale's staff would be able to find it for her. This would at least be a start for them to be able to do this.

There being no further questions, Sen. Haffey closed, and said that Rep. Donaldson would carry the bill.

CONSIDERATION OF SENATE BILL NO. 422: Sen. Jack Haffey, Sen. District #33, again presenting the bill for Senator

Van Valkenburg, said that the Legislative Fiscal Analyst's Office works very hard during the session to help the legislators understand State finances and appropriations. This bill requires specific goals and objectives be provided by all state agencies and the University System bonded indebtedness also. The legislature could also look back at these goals and objectives.

PROPOSERS: Rep. Gene Donaldson, District #43, supported the bill. This bill requires the state agencies to spell out very briefly and concisely where the money is going to go, where it is coming from and what they are trying to accomplish when they request their budgets. The second part of the bill deals with the board of regents and they are in agreement with this. This information would be made available to the finance committees and the Legislature so they know how they are spending this money. He said it is important that they know where this money is being spent and for what.

OPPOSERS: There were no opposers.

DISCUSSION OF SENATE BILL NO. 422: Mrs. Ripplingale explained Exhibit #7 to the Committee.

Mr. Crosser said he had been involved in preparing the fiscal note for SB 422. He said that one of the concerns of the University System should be to provide a quality education - how many students and how many graduated. However, it is much more difficult to quantify that education. This bill states that the information has to be quantifiable.

There being no further questions, the hearing was closed.

The Committee then went into executive session on the four bills just heard.

DISPOSITION OF SENATE BILL NO. 422: Rep. Harbin moved that SB 422 BE CONCURRED IN, seconded by Rep. Campbell. The motion CARRIED UNANIMOUSLY and Rep. Hammond will be contacted to carry the bill.

DISPOSITION OF SENATE BILL NO. 420: Rep. Jenkins moved that SB 420 BE CONCURRED IN, seconded by Rep. Campbell.

Rep. Harbin moved the ADOPTION OF THE AMENDMENTS, seconded by Rep. Campbell. The motion CARRIED UNANIMOUSLY.

The original motion BE CONCURRED IN AS AMENDED CARRIED UNANIMOUSLY and Rep. Donaldson will carry the bill.

DISPOSITION OF SENATE BILL NO. 361: Rep. O'Connell moved that SB 361 BE CONCURRED IN, seconded by Rep. Pistoria. The motion CARRIED with Reps. Sales, Compton and Smith voting

State Administration Committee  
March 22, 1985  
Page 6

"no" on SB 361.

Chairman Sales stated that the figures given in the testimony were for persons retiring with 15 years of service. If they had 30 years of service their cap would be \$90 per month rather than \$45.

DISPOSITION OF SENATE BILL NO. 384: Rep. O'Connell moved that SB 384 BE CONCURRED IN, seconded by Rep. Garcia. The motion CARRIED UNANIMOUSLY and Rep. Phillips will carry the bill.

Mike Abley, Administrator for the Supreme Court, in answering Rep. Harbin's question as to why this bill was introduced and at the request of who said that it was because of the Chief Justice, Turnage and said that he had been a member of the PERS for many years. He would have to be in the Judges' Retirement System for many, many years to get up to where he is now with PERS. He said there are other judges that would be affected by this also. They had talked to Mr. Natsheim and he said he didn't see any problems.

There being no further business, the Committee adjourned at 10:30 a.m.

  
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WALTER R. SALES, Chairman

ls

(Type in committee members' names and have 50 printed to start).

DAILY ROLL CALL

State Administration COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 3/22/85

NAME	PRESENT	ABSENT	EXCUSED
Chairman Walter Sales	/		
V-Chairman Helen O'Connell	/		
Campbell, Bud	/		
Compton, Duane	/		
Cody, Dorothy			✓
Fritz, Harry			✓
Garcia, Rodney	/		
Hayne, Harriet	/		
Harbin, Raymond	/		
HolliDay, Gay	/		
Jenkins, Loren	✓		
Kennerly, Roland	/		
Moore, Janet	/		
Nelson, Richard	/		
Peterson, Mary Lou	/		
Phillips, John	/		
Pistoria, Paul	✓		
Smith, Clyde	✓		

—3-22-85

✓ SB-361 - yes  
✓ SB-384 - yes  
✓ SB-420 - yes  
✓ SB-422 - yes

Walt,

This is my vote  
on the bills we are  
hearing today -

Sorry I must  
leave to testify in the  
Senate Judiciary  
Committee - Thanks!

Rep. Paul Moore

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SB - 361	yes
SB - 384	yes
SB - 420	yes
SB - 422	yes, yes, yes

Rep. Anthony A. Cody

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# STANDING COMMITTEE REPORT

March 22

1935

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 420

Third reading copy ( Blue )  
color

## FUND STRUCTURE CLARIFICATION - FEDERAL FUNDS AND TAXES FOR LOCALITIES

Respectfully report as follows: That Senate Bill No. 420

### BE AMENDED AS FOLLOWS:

1) Page 2, line 10.

Strike: "or"

2) Page 2, line 11.

Following: "conter,"

Insert: "or revenue identification code,"

AND AS AMENDED  
BE CONCURRED IN

~~DO PASS~~

# STANDING COMMITTEE REPORT

March 22

1935

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 361

Third reading copy ( Blue )  
color

## COST-OF-LIVING INCREASE FOR CERTAIN PERS MEMBERS

Respectfully report as follows: That Senate Bill No. 361

BE CONCURRED IN

DO PASS

# STANDING COMMITTEE REPORT

March 22

19 85

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 422

Third reading copy ( Blue )  
color

**STATE BUDGET - REQUIRING SPECIFIC AGENCY GOALS AND UNIV.  
BOND DEBT INFO.**

Respectfully report as follows: That Senate Bill No. 422

BE CONCURRED IN

~~DO PASS~~

# STANDING COMMITTEE REPORT

March 22

19 85

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 384

Third reading copy ( Blue )  
color

**PERMITTING CERTAIN JUDGES & JUSTICES TO CONTINUE MEMBERSHIP  
UNDER PERS**

Respectfully report as follows: That Senate Bill No. 384

BE CONCURRED IN

~~DO PASS~~

Ex. #1  
SB-361  
3/22/85

SB 361

15 YEARS

WITH CAP

$$\frac{\$45 \times 15^2}{\$200} = \$50.62$$

(\$45.00)

$$\frac{\$45 \times 15^2}{\$300} = \$33.75$$

$$\frac{\$45 \times 15^2}{\$500} = \$20.25$$

$$\frac{\$45 \times 15^2}{\$750} = \$13.50$$

(\$15.00)

E.K. #2  
 58 361  
 2/20/95

TABLE 5  
 SUMMARY OF RETIREES

NUMBER OF MEMBERS

	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	172	269	896	956	706	380	161	120	3660
Female	99	226	807	882	537	274	139	99	3063
Total	271	495	<u>1703</u>	<u>1838</u>	<u>1243</u>	654	300	219	6723

TOTAL BENEFIT IN THOUSANDS

	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	124	157	407	316	202	103	39	31	1379
Female	19	61	211	212	129	62	34	26	754
Total	143	218	<u>618</u>	<u>528</u>	<u>331</u>	165	73	57	2133

AVERAGE MONTHLY BENEFIT

	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	722	585	454	331	286	270	242	257	377
Female	196	269	262	241	239	226	244	261	246
Total	530	441	<u>363</u>	<u>287</u>	<u>266</u>	251	243	259	<u>317</u>

Ex. # 2  
SB-361  
3/22/85

EXAMPLES OF IMPACTS TO AGENCIES

	<u>FY 86</u>	<u>FY 87</u>	<u>Personal Services Budget FY 87</u>
DNRC	13,744	13,704	5,481,600
Revenue	44,918	44,018	17,607,200
Admin.	22,590	22,780	9,112,000
Labor	38,379	38,431	15,372,400

EL 11-3  
SB-361  
3/22/85

TESTIMONY  
SB 361

Association of Montana Retired Public Employees

SB 361 is critical to the well being of the approximately 7,000 retired public employees. Cost of living increases are particularly critical to our elderly, those on fixed incomes or retirement benefits. We would like to demonstrate the impacts of the rising costs of living over the past five years, from 1979 to 1984. During that time the C.P.I. (Consumer Price Index) rose almost 50%, but a few specific examples paint a more vivid picture:

MEDICAL COSTS:

1979 hospital room -- \$96.00  
1984 hospital room -- \$200.00  
increase of \$104.00 or 108%

INSURANCE COSTS--WITHOUT DENTAL

a) Retiree and spouse--Medicare eligible  
1979 -- \$43.20  
1984 -- \$94.00  
increase of \$50.80 or 117%

b) Retiree and spouse--under 65  
1979 -- \$65.99  
1984 -- \$122.00  
increase of \$66.01 or 100%

ENERGY:

a) electricity/kilowatt hour  
1979 -- 2.7 cents  
1984 -- 4.0 cents  
increase of 1.3 cents or 48%

b) natural gas  
1979 -- \$3.04/mcf  
1984 -- \$4.29/mcf  
increase 1.25/mcf or 41%

The legislature authorized a cost of living increase in the PERS system in 1981 of \$.50/month for each year of service. In 1983 the legislature authorized \$1.00/month for each year of service. So lets look at the average retired employee to see just how inflation has hit:

Insurance premiums (increase since 1979)--	\$50.80/month
Energy increase since 1979	
a) electricity (1.3 cents x 750 kw)	9.75/month
b) gas (\$1.25 x 10.6 mcf)	13.25/month
	=====
TOTAL	\$73.80/month

The average public employee has 18.4 years of service.

In 1981 he got an increase of \$ 9.20/month

In 1983 he got an increase of \$18.40/month

=====

TOTAL

\$27.60/month

So in just those two areas the average public employee has experienced a net lose per month of \$46.20. It is obvious with the imports of inflation in other areas, that the total loss of buying power is far greater than \$46.20. We all know what has happened to the cost of necessities such as food and clothing.

But the numbers only tell part of the story. The real story is told by the people affected.

E. #4  
SB-361  
3/22/85

Jan 7, 85

Dear Mr Hale:

We are writing you to find out if public employees are going to receive a cost of living raise? We have not heard anything since Nov. newsletter.

I have had two eye surgeries in 1984 and am nearly blind - and my vision is not too well either any raise in retirement will be appreciated.

When we worked under the plan in the 50's 60's and early 70's the wages were so low.

I receive ~~133.00~~ 133.00 and my husband 142.00 a month.

Sincerely,

Ex-5  
SB-361  
3/22/85

Association of Montana Retired Public Employees  
P.O. Box 4721  
Helena, Montana 59604

I am enclosing my dues for 1985 with a 1984 form that I received last year after I returned home. We were gone during December and January and the Post Office did forward our first class mail but would not forward anything without a stamp on it.

So here we are again away from home and I suppose mail from you is at home in Montana. I did send in my 1984 dues from here last year too, without a notice or form.

I am deeply interested in what you are doing for retired PERS employees. Since I retired in 1976, inflation has just about licked us and now my State Health Insurance has gone up to \$49. per month which adds up to \$588.00 per year and on top of that we now have a deductible of \$150.00 which makes my health insurance \$738.00 per year and that takes a very healthy bite out of my small retirement from the State. I was with PERS for 22 years and more but for 8-1/2 years I worked for Custer County and then I went to work for the State Highway here in Miles City and worked another 14 years. The check for retirement now is \$308.00 per month and I need a cost of living increase badly to offset the cost of living. We should have regular costs of living increases.

Another thing I want to mention is that I had a serious accident in my backyard in which I was hurt quite badly. This happened in August and part of it was paid through Mutual of Omaha but treatment continued on into September which was the beginning of a new year for State Health Insurance and so far Blue Cross who is taking care of the State Insurance now, has refused to pay any claims and in cases of an accident our Health book says they should. The accident happened August 16, 1984, I believe that Blue Cross should honor my claims.

Sure wish I had some word from you as I haven't had a thing since I arrived home last year. We come down here to be near our daughter.

Sincerely,

Miles City, Montana 59301

## TESTIMONY ON SB 420 Section (3)

Senate Bill 420 provides for: (1) the identification of each type of federal grant in the state accounting records and (2) the separation of accounting for taxes collected by the state but allocated to local governments by statute from the state general fund.

### Federal Fund Segregation

As different federal funds are available for different programs it is necessary to know what type of federal dollars are available and what type and amount of federal funds are expended for each program.

As part of the budget analysis and appropriation process, each type of federal money is reviewed to:

- A. Determine if there are unspent funds from prior years which can be utilized in the budget.
- B. Establish the revenue trend on that specific grant.
- C. Evaluate the expenditure level for that federal grant.
- D. Determine match requirements.
- E. Determine maintenance of effort levels.
- F. Determine the program expenditure level the federal grant will support.

The task of reviewing federal funds is becoming increasingly difficult and time consuming. Staff found it impossible in two agencies--the Department of Labor and Industry and the Department of Social and Rehabilitation Services. Therefore, staff asked each agency to complete a simple form for each grant or type of grant received. This form would identify any unused grant funds from the prior year, the grant funds award

for each fiscal year, (actual in fiscal 1984 and estimated for fiscal 1985, 1986, and 1987), and the disbursements from each federal grant.

Neither department was able to complete the form nor to provide their own system of identifying the different federal funds. In the department of labor, we had legislative requests about specific dollar amounts of federal grants given to AFL-CIO and JPTA expenditures which we were unable to answer. In the department of SRS, we finally wrote an issue in the budget analysis concerning the agency fiscal controls. Our office believes that Dr. Blouke's, senior fiscal analyst for human services, persistence that he needed to have information on the federal grants and a change in management's priorities were partially responsible for SRS acknowledging and deciding to revert \$4 in January 1985.

A two year exception was made for the Department of Highways as the department is in the process of converting to SBAS.

TESTIMONY ON SENATE BILL NO. 420 Section (4)

Local Government Revenue

The state general fund, after debt payments, has historically been available for appropriation by the state legislature. During fiscal 1984, oil and gas severance tax revenue allocated to counties by statute was deposited in the general fund. This complicates the process of determining what the "real" state general fund is and it raises questions about the appropriation of the funds already allocated to local government by law. Examples of the appropriation questions are:

1. What if the appropriation is larger than tax revenue allocated to the counties? Do the counties accidentally get "state general fund"?
2. What if the appropriation is less than the tax revenue allocated to the counties? Does the county lose the revenue and the state keep the "added state general fund"?
3. If the state decides to use the "general fund" for other purposes--say general assistance, school foundation-etc., how does the appropriation process fit with the statutory allocation?

Another problem is--how many other taxes, which are allocated in statute for local government, do not have a statute designating the specific fund for recording the transactions? A very likely next candidate for deposit to the general fund--the 80 percent of corporate tax on bonds.

To keep the state general fund at the discretion of the legislature and to avoid appropriation problems, taxes allocated to local government in statute should not be deposited in the state general fund.

Ex. #6  
SB-720  
3/22/85

Senate Bill #420 3rd Reading (blue)

1. Page 2, Line 10  
Following: "center,"  
Strike: "or"
  
2. Page 2, Line 11  
Following: "center,"  
Insert: "or revenue identification code,"

Ex. # 7  
 SB-422  
 3/22/85

Case load.

Cumulative Actual

	<u>78</u>	<u>79</u>	<u>80</u>
# Sewed	7751	7180	6633
# Rehabilitated	1307	1049	1066
% Rehabilitated	16.86%	14.58%	16.07
# Rehabilitated	1307	← (18.4%) →	1066
# Sewed	7751	← (14.4%) →	6633

SRS told last legislature

	<u>78</u>	<u>79</u>	<u>80</u>
SRS - Said # Sewed	10,000 - 5%	10,500 - 1.9%	10,750
Actual	7751 - (7.4%)	7180 - (7.6%)	6633
% of Actual under Goals	22.5%	31.6%	38%
% Actual was of Goal.	78.	68.	62.

Then SRS revised their goals downward - This helps meet the goals as long as no one keeps track of the original statement made to justify budget.

Severely disabled

	<u>78</u>	<u>79</u>	<u>80</u>
Goals - SRS	4500	4930	5029
Actual - SRS	<del>3310</del> 4046	3454	3310
% of goal achieved	90%	72%	66%

Actual Sewed SRS 4046 ← (18%) → 3310

79 Session

State of Montana  
PROGRAM STATEMENT

Form B-8

Department/Agency Social and Rehabilitation Services

Program Vocational Rehabilitation - Program 10

Description:

Output Indicators:	<u>Actual *</u> <u>FY 78</u>	<u>Estimated</u> <u>FY 79</u>	<u>Estimated</u> <u>FY 80</u>	<u>Estimated</u> <u>FY 81</u>
1. Individuals served	10,000	10,500	10,700	11,300
2. Individuals rehabilitated	1,300	1,350	1,390	1,430
3. Percent of persons served classified severely disabled	45%	46%	47%	48%

\*Estimated

## Food Stamps and Upgrades

The 1979 legislature provided SRS two food stamp issuance clerks. The purpose was to have the state do all food stamp issuance activities. It was stated efficiency could be gained and county expenditures reduced. The issuance cost was to be reduced from \$1.24 in fiscal 1978 to \$0.57 in fiscal 1980. Changing the food stamp issuance system was to have saved the counties \$67,491.

These two grade 7 food stamp clerk positions are now grade 18 bureau chief positions. The cost of the new positions in fiscal 1981 would be \$61,098 or \$33,055 more than provided by the 1979 legislature. Since the food stamp issuance system was never changed, the two grade 18 positions are deleted.

In addition to the food stamp positions, several other upgrades have occurred. For example, the 1979 legislature authorized a grade 14 FTE to work on the new information system. This position is now a grade 15.



Agency Program Identification	Agency Code	Program Code	Program Name
	6901	01	Assistance Payments

TYPE OF REQUEST:

ASSISTANCE PAYMENTS - STATE OFFICE FOOD STAMP ISSUANCE

A. PURPOSE OF BUDGET MODIFICATION

Food Stamp Issuance is presently handled on a local basis. Each county office has an agreement with "an issuing agent" (e.g., county treasurer, post office, etc.) to issue food stamps. These agents are reimbursed on a per issuance rate negotiated by the county office. Since issuance costs are high (\$134,921 for FY 78) and agents are often difficult to find, the Assistance Payment Program proposes to remove all issuance activities to the State Office. Using the computer support system being developed as a separate budget modification, it is estimated that two additional FTE's would be required to issue all Food Stamps monthly. This proposal would result in a cost savings to the counties in that personal costs for two Food Stamp Issuance Clerks, would be funded by 50% General Fund and 50% FFP. Under the present issuance system, the county costs for the biennium would be 50% of \$134,921 (at no increase) or \$67,491. In this sense, this modification will constitute a form of local fiscal relief for property tax.

B. ALTERNATIVES

The alternative to a centralized, state office Food Stamp issuance system would be to continue under the present local issuance system. However, efficiency could be gained and county expenditures reduced under this budget modification. An alternative funding would be for the counties to participate 50% rather than the state. In this manner, \$19,656 of General Fund would be saved yet the counties would still realize a net savings of \$47,835.

Performance Indicators:	Estimated FY 80	Estimated FY 81
Reduced per issuance cost (\$1.24/issuance - FY 78)	57¢	52¢

II.B.: Issuance cost estimates based upon Food Stamp caseload of 9,422 in FY 80 and 9,610 in FY 81.

*don't have two issuance clerk*

- ① Bennett =
- ② ~~Smith~~ =  
Wick

Appendix A =



Agency Program Identification	Agency Code	Program Code	Program Name
	6901	07	Medical Assistance

TYPE OF REQUEST:

MEDICAL ASSISTANCE - SINGLE PERFORMANCE INDICATOR/CORRECTIVE ACTION

A. PURPOSE OF MODIFICATION

In April, 1978, HEW implemented a nationwide requirement that all states develop single performance measures of the quality of state Medicaid management (measured by total dollars misspent). Montana helped to pioneer the concept through a Sec. 1115 Demonstration Grant. 100% Federal funds for this project will expire September 30, 1978. Since this effort is now a federal requirement, SRS is requesting four additional FTE's to perform this task in FY 80 and FY 81.

In addition to the Federal Minimum, SRS seeks to add two additional staff in order to further develop and strengthen its corrective action efforts. The Single Performance Measure simply identifies the total dollar error rate (currently at 5.6% of all dollars). Two additional staff would provide some capability for developing and evaluating their effectiveness. While the costs are small, the potential savings are enormous (in the next biennium, an estimated \$7.3 million will be spent in error).

B. ALTERNATIVE

Due to present workloads, current level staff are unable to absorb the new tasks. Should staff not be made available to perform the HEW requirements, future Title XIX funding could be jeopardized. Should no staff be allowed to develop and monitor corrective actions, the likelihood of reducing the dollar error rate will greatly diminish.

Performance Indicators:

	Estimated FY 80	Estimated FY 81
1. Reduction of current error rate of <u>5.6%</u>	<u>5%</u>	<u>4%</u>
2. Potential Savings: General Fund:	\$372,000 (\$144,708)	\$1,088,000 (\$432,232)
3.		

*John Carlson*  
*Says this was ineligibility cases*  
*being true errors*

*What is even being done?*



AGENCY INFORMATION				REQUESTED 1982 BIENNIUM			
Agency Name & Rehabilitation Services		Code	Paygo	FY 1982		FY 1983	
Audit & Program Compliance Div.		5001	08				
Program Integrity Bureau							
Position	Classification Name	Class. Code	Gr-in	Justification	FTE	1982	1983
New	Quality Control Reviewer	168001	9	To handle increase in Quality Control reviews resulting from increase in Food Stamp overload from 16,000 to 22,000	1	13,195	13,195
New	Quality Control Reviewer	168001	9	To enable SRS to review a random sample of social service cases for eligibility in order to assess the agencies ability to make proper eligibility determinations.	1	13,195	13,195
Summary of Personal Services by Accounting Entity					FTE		
					2	26,390	26,390
						13,195	13,195
						13,195	13,195
						26,390	26,390

82

# Error Rate

81 Session  
followup on 79 Session

Data taken from Semi-annual Statistical Reports  
Sent to DENVER (Before Variances and Before Regression For  
1/78-6/78    7/78-10/78    10/78-3/79    4/79-10/79    10/79-3/80

## AFDC CASE ERROR

ineligible	6.1	6.7	5.0	8.9	3.1
overpayment	10.3	10.0	13.7	7.1	7.0
under-payment	<u>3.6</u>	<u>4.0</u>	<u>1.9</u>	<u>6.5</u>	<u>5.1</u>
	20.0	20.7	20.6	22.5	15.2

## AFDC \$ ERROR

ineligible	3.6	5.0	4.2	7.3	2.7
over-payment	4.7	4.4	6.4	2.6	2.5
under-payment	<u>0.7</u>	<u>0.9</u>	<u>0.5</u>	<u>1.2</u>	<u>0.9</u>
	9.0	10.3	11.1	11.1	6.1

## FOODSTAMPS CASE ERROR

ineligible	6.1	3.9
over-issued	8.16.8	10.8
under-issued	<u>8.4</u>	<u>8.2</u>
	<u>31.3</u>	<u>22.9</u>

IF The FOODSTAMP CASELOAD  
IS INCREASING so  
drastically, how come the  
error rate is declining?

## FOODSTAMP \$ ERROR

ineligible	7.9	4.2
over-issued	21.6	3.7
under-issued	<u>8.5</u>	<u>2.1</u>
	38.0	10.0

1985 Session

Agency Goal

To efficiently and effectively provide those human services mandated to the department by state and federal law.

Assistance Payments - Program 01

Program Description and Goal:

The goal of the assistance payments program is to provide direct payments, and goods and services to low-income people to help assure living standards of decency and health.

Program Objective:

To reduce the impact of high winter home heating costs by providing energy conservation measures and fuel bill assistance.

To provide financial aid to meet the shelter, clothing and transportation needs of eligible persons.

To provide food and financial assistance to help meet the nutritional needs of families and individuals.

## COMMUNITY SERVICES DIVISION

COMMUNITY SERVICES DIVISION is responsible to maintain family unity and provide the least restrictive environment for children and adults. The Division provides a variety of services to families, children, youth, adults and senior citizens. These services are provided directly by staff and through contracts.

The Division is legally mandated to provide protective services. Protective services are aimed at protecting children, adults and developmentally disabled people who are in danger of neglect, physical abuse, sexual abuse and exploitation.

Community Services staff provides services from county and district offices. Direct service staff include social workers, home attendants and social service aides. The services provided include protective services to children, adults and developmentally disabled individuals, foster care, day care, adoption, case management for developmentally disabled individuals, services to unmarried parents, information referral, health related services, licensing and work incentive program.

Contract services include Legal Services, Domestic Violence, Big Brothers and Sisters, Home Health, Family Teaching, West Yellowstone, Aging Services, Child Abuse and Neglect and Refugee program.

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## Eligibility Determination - Program 03

### Program Description and Goal:

The eligibility determination program is responsible for supervision of welfare departments in eligibility determination for Aid to Dependent Children, Medicaid, Food Stamps, and general relief programs for eligible Montanan's.

### Program Objectives:

To provide a uniform statewide determination of eligibility for programs under the jurisdiction of the department.

To ensure that state and federal regulations regarding assistance programs and food stamps are equitably and strictly adhered to throughout the state.

To continue efforts to effectively reduce the state error rate and maintain it within acceptable federal tolerance levels.

To provide clear and concise interpretation of Federal rules and regulations in all policy manuals in a timely fashion.

## ADMINISTRATIVE AND SUPPORT SERVICES

### GOAL:

To provide overall direction and centralized administrative services to support the effective delivery of services to eligible Montana citizens.

### OBJECTIVES:

1. Provide overall direction for accomplishment of the department's mission.
2. Administer a personnel system based on merit and equal opportunity employment principals.
3. Improve financial reporting by: 1) simplifying and automating the department's cost allocation plan; and 2) structuring internal accounting procedures to meet the needs of the federal government, state government, and program manager.
4. Provide effective support to programs in the areas of word processing, mail, supply, purchasing, and property management.
5. Ensure that all SRS offices are provided suitable office space and adequate telephone systems at the least possible cost.
6. Design, develop, and maintain computer systems to enhance the effective and efficient delivery of services to clients.

State Assumption - Program 06

Program Description and Goal:

The goal of state assumption is to transfer administrative responsibility of public assistance programs from county to state level.

Program Objective:

To provide for supervision and administration of twelve state assumed counties.

To maintain efforts to provide consistency in eligibility policies in the general relief programs.

To provide for coordination of reporting, office procedures, budgets, program participation and other data necessary for effective operation of programs.

## Medical Assistance - Program 07

### Program Description and Goal:

The medical assistance program is responsible for providing necessary medical services for low-income people. . .

### Program Objectives:

To provide a range of medical services for aged, blind or disabled individuals and families eligible for the AFDC program through the Medicaid program.

To assure that Medicaid eligible clients receive medically necessary services.

To assure these services are provided in a humane and dignified manner.

To provide these services in accordance with applicable state and federal regulations.

To provide payments for services delivered in an efficient and economic manner. These rates must be sufficient to promote general availability of needed services.

To insure that utilization of services is necessary yet efficient and not excessive.

To provide payments for pre-authorized and emergency medical services for persons ineligible for Medicaid.

## Audit & Program Compliance Division

Program Description and Goals: the division is responsible for auditing contractors, counties, and food stamp issuance offices; performing reviews of public assistance cases to monitor eligibility determinations and to detect fraud; recovering overpayments of public assistance and medicaid due from recipients, medicaid providers, and third parties such as insurance companies; monitoring the claims processing contractor to ensure that medicaid claims are properly paid; and monitoring medicaid providers and recipients to detect fraud and program abuse. It is the division's goal to meet all state and federal regulations concerning audits, program monitoring and recoveries and to provide effective timely technical support to the other divisions.

### Program Objectives

Perform financial and compliance audits of all major contractors at least once every three years or more often as required by federal regulations or as needed by program managers;

Perform audits of counties as needed for grant in aid and state assumption purposes;

Perform reviews of public assistance cases in accordance with federal regulations and do so in a manner that will avoid federal financial sanctions;

Provide the Economic Assistance Division with information and technical assistance to assure that eligibility error rates remain below federal tolerance level;

Maximize the recovery of all public assistance funds improperly paid to recipients or providers or due the state from a responsible third party;

Provide program managers with information and technical assistance to improve the operation of the medicaid program;

Identify any medicaid claims processing errors and determine if corrective action is required on the part of the department or the claims processing contractor.

## VOCATIONAL REHABILITATION

**Program Description and Goals:** The Vocational Rehabilitation program provides rehabilitation services to disabled Montanans. Services include evaluation, counseling and guidance, vocational training, financial assistance, medical services, job placement, and extended employment. The goal of the program is to help disabled persons in overcoming their vocational handicaps in order to achieve suitable, gainful employment.

**Program Objectives:** To improve referral and follow-up procedures; to return clients to gainful employment as quickly as possible; to increase the number of individuals in national and state priority groups served and successfully rehabilitated; and to insure effective establishment and utilization of rehabilitation facilities and special rehabilitation projects in Montana.

## DISABILITY DETERMINATION

Program Description and Goals: The Disability Determination Program is responsible for evaluating applications for Social Security Disability Insurance benefits and Supplemental Security Income disability benefits. The purpose of the SSDI and SSI programs is to provide monetary payments from Social Security Administration to individuals no longer able to work because of a physical or mental impairment. The goal of the Disability Determination Program is to provide prompt and accurate disability decisions to Montana residents applying for this aid. In FY 1984 a hearings unit was established to allow persons whose SSDI benefits were terminated to appeal the decision, with a prompt face to face hearing.

Program Objectives: To document completely and promptly all medical and vocational aspects of the applications before a decision is reached; to determine the extent, severity, and duration of an applicant's physical or mental disorder; to insure that all applications are considered for possible rehabilitation and to promote maximum effort to restore as many applicants as possible to gainful employment.

## VISUAL SERVICES

Program Description and Goals: The Visual Services program provides rehabilitation services to individuals who are blind, severely visually handicapped, or who have eye conditions which may lead to blindness. Services include evaluation, counseling and guidance, vocational training, financial assistance, medical services, job placement, and transportation. In addition to vocational services, instructional services are provided on independent living skills. The goals of the program are (1) to enable blind persons to live more independently, and (2) to help blind persons achieve suitable, gainful employment.

Program Objectives: To make available a total program of services which can meet the needs of blind or legally blind persons, and to assist these persons in becoming more independent so that they can participate fully in employment and in family and community activities.

DEPARTMENT OF  
SOCIAL AND REHABILITATION SERVICES

TED SCHWINDEN, GOVERNOR

PO BOX 4210

STATE OF MONTANA

HELENA, MONTANA 59604

September 24, 1984

TO: Ben Johns, Deputy Director  
Social and Rehabilitation Services

FROM: Mike Muszkiewicz, Administrator  
Developmental Disabilities Division

RE: 1985-'87 Biennium Goals and Objectives

The goal of the developmental disabilities division is to secure for each person who may be developmentally disabled such treatment and habilitation as required by their needs and to assure that such treatment and habilitation are skillfully and humanely provided with full respect for the person's dignity and personal integrity. (see MCA 53-20-101(1)).

The objectives of the division are to:

1. Accomplish the treatment and habilitation stated in the above goal statement in the least restrictive environment using the least restrictive procedures, principle of normalization and data-based technology.
2. Continue to strengthen and refine the programmatic and fiscal operations of all division funded services to improve the quality and quantity of services purchased.
3. Continue efforts to maximize the use of federal funds (e.g., Title XIX) in order to expand services to meet the needs of persons on service waiting lists.
4. Continue to address the responsibilities of the division as outlined in MCA 53-20-203.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
DEVELOPMENTAL DISABILITIES PLANNING AND  
ADVISORY COUNCIL



TED SCHWINDEN, GOVERNOR

PO. BOX 4210

STATE OF MONTANA

(406) 449-3878

HELENA, MONTANA 59604

September 20, 1985

MEMORANDUM

TO: Ben Johns, Deputy Director  
SRS

FROM: DDPAC Staff *[Signature]*

SUBJECT: DRAFT of DDPAC Goals and Objectives

MONTANA STATE DEVELOPMENTAL DISABILITIES  
PLANNING AND ADVISORY COUNCIL

Program Description and Goals: The Montana State Developmental Disabilities Planning and Advisory Council (DDPAC) advises state agencies, other councils, local governments and private organizations on programs and services to persons with mental retardation and other developmental disabilities. The ultimate goal of the program is to alleviate the many and varied effects of developmental disabilities and to bring about the social, personal, physical and economic habilitation or rehabilitation of individuals with mental retardation and other developmental disabilities. In pursuit of its mandate, the DDPAC provides a working forum and a full-time staff for consumer and professional involvement in policy and priority determinations.

Program Objectives: 1) to develop, in cooperation with state agencies, a three-year state plan for developmental disabilities services; 2) to foster and facilitate integrated planning and coordination of agency service capacities; and 3) to work toward meeting priority service needs by funding direct-service demonstration and training projects which have the potential for state-wide impact.



VISITORS' REGISTER

COMMITTEE

BILL NO. 361

DATE \_\_\_\_\_

SPONSOR \_\_\_\_\_

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Frank J. Skufca	225 So. Montana Ave <sup>Helena, Mt</sup>	✓	
Battie Skufca	225 So Montana	✓	
Robert Knapp	654 No Cwiny	✓	
Ken Davin	1205 Broadway	✓	
Jim Sabien	523 - 6 <sup>th</sup>	X	
Jean Inoronato	1735 Boulder	✓	
Mary Bague	1130 Butte Ave	✓	
W Spangus	Boulder	✓	
George H. CHRISTENSEN	✓	✓	
Tom Schneider	MPEA	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.  
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.