MINUTES

51st LEGISLATURE - REGULAR SESSION

CONFERENCE COMMITTEE
HOUSE BILL 100

Call to Order: By CHAIRMAN PETE STORY, on APRIL 18, 1989, at 8:00 A.M.

ROLL CALL

Members Present: Senator Pete Story, Senator Judy Jacobson, Senator Gerry Devlin, Representative Gary Spaeth, Representative Dorothy Bradley, Representative Bob Thoft

Staff Present: Legislative Fiscal Analyst Staff

Announcements/Discussion: None

(Tape 1-A)
Senator Jacobson presented an amendment that would take money that is in the Regent's education trust fund balance and replaces it with general fund. (Exhibit #21)

Keith Wolcott explained that the current balance in the Board of Regents education trust fund was unexpended.

Senator Jacobson asked if this amendment passed would this take the Van Valkenburg amendment off the hit list.

Dave Lewis replied that it was supposed to be an even trade.

Senator Jacobson noted that the amount was $1,440,034. Mr. Lewis said it would take that item off the Governors list.

The question was called. The motion passed unanimously.

Senator Jacobson presented an amendment for the implementation costs for SB 203. (Exhibit #22) She noted that the coordinating clause was put in so it was contingent on the passage of SB 203. She moved the amendment.

The question was called. The motion failed with 3 no votes by Senators Devlin and Story and Representative Thoft.

Judy Rippingale discussed an amendment that was for the Budget Director. (Exhibit #23)

Dave Lewis explained that the Board of Investments, which was his real job, had a bill going through HB 717 that authorized the Conservation Reserve Enhancement Program. The Board will sell bonds and buy up conservation reserve contracts for qualifying farms. He noted that they do not want to hire any FTE but have to hire a contractor to administer the program. A statutory appropriation in HB 717 was removed in Senate Finance and Claims. This is why they are asking for spending authority in HB 100.

Representative Spaeth asked what the status of HB 717. Mr. Lewis replied that it had passed second reading.

Senator Story asked if there was no interest in the programs would the bonds be sold.

Mr. Lewis replied that a needs assessment had to be done to find out if there was enough interest. The needs assessment would be paid for by the underwriters. He explained that the budget of the Board of Investments is made up of assessments of the managed funds. There is another segment of the Board's programs that are involved with economic development bond issues. All of the bond issues carry their entire costs so that they don't assess back to the funds that are managed. He pointed out that it would be improper for any of them to carry the cost of this program. The particular program should carry the cost.

Representative Spaeth asked if SB 203 would not be funded why should HB 717. He pointed out that it was a substantial amount of dollars involved in both of them and neither one had passed yet.

Mr. Lewis noted that this did pass the House with 90 votes and passed the Senate on second reading. The only difference between the Senate version and the House version was the removal of the statutory appropriation. It is not as controversial as SB 203, he said.

The question was called. The motion failed with 3 no votes.

Judy Rippingale distributed an amendment regarding the Department of Commerce (Exhibit #24).

Mr. Lewis explained that the object of the amendment was to reduce the money in the Coal Board appropriation. An estimate of the projects they have to fund could use the appropriation account without adverse affect on the operation of the Board (250). He noted that they may have a contrary opinion.

Senator Jacobson asked if this would take care of the projects in this biennium or were there some other projects they were using this money for.

Mr. Lewis replied that there was some discussion about another road project in the coming biennium. He said it had not progressed enough to justify moving funds. (278)

Representative Hand noted that he was not sure what the amendment was intended to eliminate in the road projects. He said there would be some protests lodged. He said that Hershel Robbins could answer this better but he was not here.

Representative Bradley asked if this amendment could be held until Hershel Robbins could speak.

Summary of Senate Floor Amendments
Judy Rippingale discussed the Senate floor amendments (Exhibit #25).

Representative Spaeth moved to reject #2, accept #3, accept #4, accept #6, and reject #A-1, A-2. Representative Bradley commented that she had a problem with A-1 and does not accept it. Representative Thoft asked Representative Spaeth about dues. Clayton Schenck clarified that approximately $5,600 of that appropriation was dues. Representative Thoft commented that there was a complaint about that issue because they couldn't pay those fees. Representative Bradley commented that she served on House Appropriations and had felt it was totally worthless.

Pam Joehler explained A-2 that the Senate Finance and Claims committee had added $112,000 and 1 FTE to the executive office and the floor removed $66,297 and 1 FTE so there were still funds when you compare what Senate Finance and Claims added to what the floor removed.

Representative Thoft noted that this amendment deletes the extra money left in the Governor's Office budget after the clerical clerk was removed on the Senate floor.

Representative Spaeth asked for a breakdown of the figures.

Mr. Lewis replied that he would have to get the breakdown from Mr. Yaekel because he had reduced the amendment and made some other adjustments within the office to cover his costs for the coming biennium. He said he did not have the details.

Represented Spaeth asked if this information could be made available before deciding on A-2.

Senator Story asked about A-3, the EDP Auditor. Representative Spaeth said they would accept A-3.

Senator Story said the next one A-4, would reduce the cost of the Governor's airplane. Representative Bradley asked for the reasoning behind this. Senator Story replied that it was his motion on the Senate floor to reduce the appropriation for the Governor's airplane by about half of the original request. He said it would force them to buy a five year old plane instead of a new plane.

Senator Devlin pointed out that the committee could come back to the issue at a later time (758). This would be a reject on A-4. Senator Story pointed out that the second part of it strikes the language requiring a turbine powered airplane.

Senator Story said that A-8 was Senator Jacobson motion. Senator Jacobson explained that at the time it was unclear about open positions and upgrades. Pam Joehler clarified that $25,600 was left for the Governor's Office upgrades.

Representative Spaeth asked for clarification on A-9 to appropriate $150,000 if HB 774 passes. Clayton Schenck replied that it was a contingency for the secondary road 223 between Fort Benton and Chester. That appropriates money for the Highway Department for additional funds to maintain that particular stretch of road.

A-9 accept.

Senator Jacobson said that A-10 was a part of deleting the EDP Auditor (881). Representative Spaeth said they would accept A-10.

Senator Jacobson discussed B-1. She noted that this would just implement the fiscal note. She said fees go into the general fund to pay for this. Representative Spaeth said he had no problem with this and would accept B-1.

Senator Story said that B-2 was an amendment that was put into a bill that did not pass. Representative Spaeth said that B-2 would be rejected. He moved to take out B-2. The motion passed unanimously. (989)

Representative Bradley commented that B-5 and B-6 went

together. B-5 and B-6 are accepted. Representative Bradley clarified that the federal welfare reform and the jobs program through SRS would begin in July 1990. Parts of the jobs program have to be implemented a year from now prior to July which is the transitional daycare and so forth. Mr. Opitz explained B-6 was contingent on passage of HB 757 for agricultural monitoring of pesticides.

Senator Story asked about B-8. Representative Bradley said it was her understanding that $100,000 came out of the GA budget on the Senate floor. She said her position was that she did not want to fight that but her commitment was to keep out of court. She would fight any further reductions but would accept this. She said she had an amendment. In order to insure that the program would be done right, she suggested building a fence around that particular fund to make sure that those funds only stay in GA and if there is any supplemental and if there is some speculation that there could be, then it would revert at the end of the biennium.

Representative Spaeth decided that B-8 would be rejected now and then be considered later after looking at Representative Bradley's amendment.

Senator Story asked about C-1, PSC Consultants. Representative Spaeth said he had an amendment. He explained the reason why that was taken out was due to a turf battle between the PSC and the Consumer Counsel. He noted that the PSC does need the money in that area. He pointed out that the various cuts would wipe it out and be too drastic. C-1 is rejected.

Senator Story asked about C-3.
(Tape 1-B)
C-3 accept, C-4 accept, C-5 accept.
Representative Spaeth asked what this was for. Senator Jacobson replied that it was money that was left over in the Department of Commerce from private funds. There was language that would give it directly to the Montana Ambassadors. They realized that they could not give it directly so they are appropriating it to Commerce and then giving it as a grant to the Montana Ambassadors.

Representative Spaeth wanted an explanation of C-6 so it is on hold.

D-1 accept, D-2 accept

Senator Story explained that E-2 was and increase to the Board of Public Education for travel. Senator Jacobson

pointed out that an amendment had been offered by Senator Jergeson to increase the Board of Public Education travel and dues. This was a compromise that she and Senator Nathe worked out because they felt that with the implementation of HB 203 and the problems they are having with the School for the Deaf and Blind and some other things that perhaps the director would need more travel. Representative Thoft commented that it seemed like a lot of additional travel. E-2 accepted.

Senator Story asked about F-1, the EDP Audit Funds. Senator Jacobson said it was a result of the meeting of the EDP audit. They were funds that were to be charged and they would have been proprietary to pay for that auditor so that has to come out as part of the other amendment. F-1 accept.

Senator Story said that F-2 had to do with groundwater protection workshops. Senator Jacobson said the Extension Service was putting on these workshops. She asked where the rest of the program was. Sandy Whitney replied it was part of HB 757. Representative Spaeth asked if they needed the $52,000. Senator Jacobson replied that half of the workshop money was in the Department of Agriculture and half in the Extension Service. She pointed out there was $30,000 general fund for these workshops. Carl Schweitzer said that the pesticide license fees were increased which go into the general fund to offset the cost of this. Representative Spaeth requested additional information so F-2 was held.

Representative Spaeth said he rejected F-5. (152) Representative Thoft asked for more information on F-4 so it will be held until later.

Summary of Senate Finance and Claims Amendments
Representative Spaeth said he would like to go through what Finance and Claims did. (Exhibit 25a) He asked if 2 FTE communication techs were needed in the Justice Department.

Mic Robinson replied that this modification was discussed in subcommittee and that is was critical to maintain the vast system of 50 mountaintop towers and redoing patrol cars (212). He said it was Highway Special Revenue funding. Representative Spaeth said he had no problem with that and could accept A-2, A-3.

Clayton Schenck clarified that the function of the bad debts collection had always been in the Department of Revenue. This simply transfers that function to the State Auditor and

results in a new warrant writing system. It did add $4,300 of additional funding above and beyond what the Department of Revenue was doing that function with. Representative Spaeth asked why there was an increase in costs for that function. Clayton Schenck said these were one time costs primarily in moving. A-4 accepted.

Senator Story asked about the statewide genetics program A-5. Representative Spaeth said that the 4 classification specialist were accepted. Senator Devlin pointed out that it had been taken out on the House floor and then put back in.

TEAMS system A-6 accepted (278). Representative Spaeth asked if "other funds" were federal funds. Pam Joehler said the $1.3 million was proprietary funds. Those costs would be recovered from all state users, not just SRS. Representative Spaeth said this would have an indirect cost on some other general fund accounts.

Senator Story asked about the highway patrol A-7. Representative Spaeth said it would be accepted.

A-8 would be held.

A-11 was taken out on the floor so they are not there.

A-13 hold until later

A-14 accept, A-15 accept, A-19 hold, A-21 hold, A-22 hold.

Representative Thoft pointed out that the Butte coordinator would hurry things up because 150 miles of the Clark Fork Basin was a problem. Senator Story commented that the one to have was the one that had the authority in the state to do something and not the authority of the city council in Butte. He said the whole 150 miles is a problem area and the Governor's coordinator is trying to do something about the entire stretch. Representative Spaeth wanted to check this out further.

A-24 accept, A-25 accept, A-26 reject, A-28 accept, A-29 accept, A-31 accept. (520)

Senator Jacobson commented that the $650,000 was the amount of money that would be required to put the university system on central payroll. She pointed out that the Governor's office had made that a condition of the $13 million increases that the university system got. Certain timelines

were put forth. If the $650,000 was not accepted then the university system would eat the cost of doing this. Part of the cost is that the central payroll system cannot presently accommodate the university system without the purchase of software, hardware to allow communication links to interface with central payroll system. She said the bulk of this would be one time money and would be administered out of Mike Trevor's office, that does all the computer analysis and coordination. She noted that $25,000 of it goes to the state Auditors Office, since that is where the central payroll system is located.

Representative Thoft noted that it was in two accounts and that was not the way it should be handled.

Pam Joehler explained that the $625,000 of other funds is simply to enable the Information Services Division to meet an accounting requirement. (690)

Representative Bradley commented that she thought the best compromise was the one that was reached in the House. The bill had to be passed because the vo-techs needed to be included in PPP. There would be two studies taking place to find out if that was an efficient option. The compromise reached in the Senate is that it will be done but it will be paid for. The language that says it will be done is in HB 26. Her positions was to look at the efficiencies of it first. A-31 accepted (803).

A-32. Representative Spaeth asked what the money was for. He pointed out that general fund was never put in the Centennial Office. He rejected A-32 until more information could be learned.

A-33. Representative Spaeth asked about potential mischief with A-33. Senator Story said this was transfer of funds from the authorization of the Legislative Council between items 3-13. Representative Spaeth pointed out the Council could transfer money out of interim studies, statewide issues or NCSL, CSG. Judy Rippingale noted that they could transfer more than that. She pointed out the boilerplate on page 4, there is a section 8 on program transfers with allows transfer of not more than 5% of the agency total. However, 100% of a program can be transferred. This other language is more restrictive (925).

A-33 accepted.

B-1 accept, B-3, 4, and 5 accepted. B-6, B-7, B-8, B-9, B-

11 accepted.

(Tape 2-A)
Hershel Robbins gave his response to the proposed amendments regarding the Coal Board. He said he was a past member of the Coal Board for 8 years. Senator Story explained that the committee had some questions regarding the budget amendment to remove some funding and what effect would this have on the second road. Mr. Robbins replied that it had a lot of effect. The $2.0 million taken out of the budget would mean there was no money left for Sarpy Creek Road. He gave a history of the situation. He said that all the roads in the impact area came to the Coal Board and ask for money to fund highways and secondary roads. They were not able to fund that due to lack of support from the federal and the Legislature on funding secondary roads. In 1985 the Board was mandated to look at the impact roads. The problem was there was no money in the Coal Board. The reason nothing has been done since was because they did not have the authority to spend any money. This session money would be in the impact if it was allowed to be spent. Treasure County road is asking for $4,375,000. Even with all that money, without this amendment, there will not be enough money to fund that road completely but it would be a good start and would connect up with Big Horn County Road which is already done (067).

Senator Story asked Dave Lewis if the Coal Board had this money that was not committed at this time could they commit it to this road or other things. Mr. Lewis said they had the authority to allocate funds based on the grant. Senator Story asked if they had made a commitment to allocate money for this road.

Mr. Robbins said that they had a pre-application before the Coal Board and it had been pending for some time. He noted that another Coal Board meeting would not be called to allocate any money or consider the pre-apps to commit the Legislature for funding. With all the attempts to take out the Coal Board money entirely, the remaining board members refused to call a meeting because they were unsure of their status (120). Now that the Governor has appointed a Board they plan to meet in June. He pointed out that he thought Sarpy Creek, Treasure County application meets enough of the criteria laid down in the statutes that they could be funded. But he could not say that was what the Coal Board would do. Sarpy Creek is the second on the priority list.

Senator Story said they would not act on this amendment now. He said the question was whether this money would be used to start building that road or would be used for something

else. (353)

Representative Thoft asked if the counties were bidding for the SSSO program in B-13.

Peter Blouke replied that language was put in to cover the contingency. The way it was originally funded, the federal funds for the SSSO were to come from the Medicaid Waiver. Because that is limited to the number of beds that are available to the state, if the department cannot get a waiver, they wanted the option to seek funding from the Medicaid Program called ICFMR (Intermediate Care Facility for the Mentally Retarded). The language is a mechanism for them to seek additional alternatives to federal funding in the event that the waiver is not approved. During the subcommittee there was some discussion about putting language in to require counties to bid on the location of the SSSO. However that language had not been put in the bill, he said.

B-13 accept, B-14 accept, B-15 accept, B-16 in conference committee hold, B-18 accept, B-20 accept, B-21 accept, B-22 accept. (550)

B-26 hold, B-28 accept, B-29 accept, B-32 hold, C-1 accept, C-2 accept.

Senator Devlin said that C-1 had to do with the operations and changes at Canyon Ferry. Representative Spaeth asked what the Senate did with this. Senator Devlin replied that they accepted the money from the Bureau of Reclamation. Carl Schweitzer clarified that C-1 added $50,000 to study Canyon Ferry, $37,500 fee money to switch to operating and maintenance. C-2 was language to say how much money was in the parks budget for the operation and maintenance at Canyon Ferry. The federal government wanted to make sure that the state was following up on its commitment to put money in there.

C-3 accept. Judy Rippingale explained that this was a bill to correct the statutory appropriation and this goes the other way so that the prizes are statutorily appropriated rather than being in the bill.

C-4 accept, C-5 accept, C-7 accept, C-8 reject, C-9 accept.

(812) C-12 accept, C-13 accept, C-14 accept, C-15 hold, C-16 hold, C-19 accept, C-21 accept.

Judy Rippingale discussed the pay plan authority and as programs are added within the department, it shifts some of

their indirect cost allocation and they wanted to make the indirect costs precise to the bill for C-22.

C-22 accept.

D-1 accept, D-2 accept. Representative Spaeth said he did not know why the Art Council needed an increase. Senator Story noted that they were not paid anything for per diem in the past. Sandy Whitney clarified that SB 325 provided for per diem.

D-3 accept, D-4 accept, D-5 accept, D-6 accept. Senator Story commented that Senator Van Valkenburg had strong support for D-4 Parole and Probation Officers.

(Tape 2-B)
E-Section. Representative Spaeth pointed out there was a concern on E-3 that they did not want to hurt the kids at the School for the Deaf and Blind. He suggested this be line-itemed so it would not be spent for anything else. E-3 hold.

Representative Spaeth asked if F-2 was for the Bureau of Mines due to potential HB 100 cuts. Sandy Whitney replied that it was on the potential list of cuts. She said it was a monitoring project that Senator Nathe was supporting. She said it was line itemed.

Representative Spaeth asked what was the reduction of Smith Lever Funds. Keith Wolcott replied that there were increase in federal employees within the Extension Service, federal benefits for fiscal 1990 and 1991. It was recommended that the federal Smith Lever pay for additional cost of the increase of federal benefit rates.

Representative Spaeth rejected F-4. Representative Bradley disagreed. Representative Thoft asked for clarification. Keith Wolcott replied that now it is funded by general fund. The problem is that not one checked with the federal government to see if they would pay the additional costs. The costs come in and the federal revenue remained level so the general fund was expected to pick up the costs. That was why the recommendation was made to ask the feds for more money. He said there was already language in the bill that says if the Smith Lever funds come in excess of what was appropriated then there would be a dollar for dollar reduction in general fund.

Senator Jacobson said there was a question on F-2 on Senate floor amendments that started with Extension Service add

groundwater protection workshops. It is HB 757 which had amendments made. The question was that much money needed for workshops, what is it for and what is it from. (152) They are fees that go into general fund, fees collected from the pesticide and go into general fund and fees charged for the workshop.

Senator Jacobson rejected F-2 and C-16 (203).

Representative Thoft presented an amendment that would delete the Accounting Division Administrator and consolidate that division with Centralized Services on Page 8, line 11. He said that one division administrator could handle those duties (267).

Bob Kuchenbrod commented that the position of the budget officer chairman is to support the Department of Administration in funding both of the positions, the Administrator of Central Services and the Accounting Division. It is essential that they have both those people in those positions. The accounting position has been vacant since January 1. David Ashley, from the division, commented that it was not working well this way.

Senator Jacobson said she would resist the amendment. Additional duties have been given them that they did not have before. She pointed out that it was tempting to look at it when it is vacant but that the position was essential.

The amendment failed. (329)

Representative Spaeth commented that he thought there should be some consolidating going on over there.

Representative Thoft presented an amendment that would eliminate 2.0 FTE of the 5.0 that were given in Insurance and Regulation Division. (Exhibit #26) (356)

Representative Spaeth said he supported the amendment. He asked if they were about the same amount of money or if the Auditor's Office had the discretion of which two to eliminate.

Evan McKinney replied that the salary was $24,000 to $34,000 and the two that had been taken out are the lowest two, and administrative assistant and an attorney.

Representative Thoft moved the amendment with no designation of which FTE just so they take two. (420)

Senator Story asked if the federal government had put pressure on the office in regards to auditing insurance. Mr. Ashley discussed the importance of the positions. He said the administrative assistant helps oversee 22 people and provides technical assistance. The attorney is important due to the backlog in the legal division of 60 cases.

Representative Thoft asked which other positions could be deleted.

Mr. Ashley replied that the division was designed to protect consumers. He noted that there were 75-80 investigation files and a lot were still open. A lot of these were agent complaints or consumer complaints. He noted that there were a lot of violations of insurance codes.

Representative Spaeth pointed out that the way the motion was amended was not to take out those two positions but to leave to the discretion of the Auditor for the two lowest paid positions of the five positions. Representative Spaeth pointed out this would make additional savings.

The question was called. The motion passed unanimously.

ADJOURNMENT

Adjournment: 2:56 p.m.

PETE STORY, CHAIRMAN

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