

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairman Gary Spaeth, on February 13, 1989, at  
10:00 a.m.

ROLL CALL

Members Present: All members were present

Members Excused: None

Members Absent: None

Staff Present: Carl Schweitzer, LFA; Jane Hamman, OBPP; Donna  
Grace, Committee Secretary

HEARING ON PUBLIC SERVICE COMMISSION

List of Proponents and Group they Represent

Madeline Cottrill, PSC  
Don Elliott, PSC  
Wayne Reed, PSC  
Tim Baker, PSC  
John Alke, MDU Resources Group, Inc.

Executive Action: 63:A (001)

Mr. Schweitzer stated that there were two items in the Public  
Service Commission budget which had not been completed.

Issue No. 2. Consultant Services. Please refer to Exhibit 1 for  
an outline of the items included in this issue. This item  
also includes the budget modification. Mr. Schweitzer went  
through the outline item by item, explaining the  
differences. There were no differences in the NARUC fees  
(1). Mrs. Cottrell explained that the commission had no  
control over the court reporter costs (2) because it  
depended on the number of cases heard each year and the fact  
that the cost of court reporters is going up.

MOTION: Representative Swift made a motion to accept the  
executive recommendation on court reporter costs.

SUBSTITUTE MOTION: Senator Jergeson made a substitute motion to  
approve the executive plus \$5,000.

VOTE: SUBSTITUTE MOTION PASSED. All present voted yes.

There were no differences in the contract to monitor BTU content of natural gas (3).

On the contract to monitor MPC's natural gas pipeline (4) the LFA did not include this issue. The executive gave them \$10,000 which was the department's request. Dan Elliott said this is a five-year program. The PSC issued its order in 1986 and this is the second year of monitoring. See Exhibit 2. MPC has contracted with a private party to do the work and the PSC also needs an expert. The charges would be \$3,000 to \$5,000 per year; however, the consultant thinks the cost will be towards the lower number.

**MOTION:** Representative Swift made a motion to approve \$6,000 for this project with language to indicate it is for a two-year period only.

**VOTE:** MOTION PASSED. All members voted in favor of the motion.

Mr. Schweitzer stated that the LFA had allowed \$23,934 for expert witness and other consultants (5), and the executive had allowed \$16,472. The department requested \$100,000. Ms. Hamman stated that the executive had put some of the court reporter costs and the expert witness costs into a line item of \$30,000 for a biennial appropriation. This was covered in the court reporter costs considered previously.

Mr. Elliott stated the Commission was requesting a \$100,000 biennial line item for consultants and the reason they are requesting a line item is that they have no control over when the cases come in. It is possible that there may not be any in the next two years. However, they do expect some in the Williston Basin Interstate Pipeline Co. which has cases before the federal regulatory commission. This company was formed in 1982 from assets of Montana Dakota Utilities. The assets were the production and transmission facilities of MDU which the Commission formerly regulated. These are now regulated by FERC so if they want to effect any kind of rate-making treatment for the 60,000 MDU gas customers they will have to intervene in Washington, D.C. To give an order of magnitude of how much that is in MDU's rates, it's about 75 cents out of every dollar the gas customer pays is then paid to Williston Basin. Mr. Elliott stated that what the OBPP and LFA have allowed would cover ongoing costs on common issues; however, it wouldn't cover any special Montana items that come up. For instance, in a recent Williston rate case, the Montana PSC staff identified \$500,000 to \$1 million of revenue requirements that they thought should be paid for by other states. However, they didn't have the money to hire a consultant for the Montana-specific items so consequently the PSC thinks that Montana ratepayers are paying too much. If they had the money it would have cost about \$50,000 to pursue it for legal counsel and expert witnesses. Mr. Elliott said that if the committee approved the \$100,000 it would be about 3.3% of

the PSC total budget spent on all regulatory activities.

John Alke, representing MDU Resources Group, Inc., stated that MDU owns both the Williston Basin and the Montana Dakota Utilities as their distribution arm and the pipeline subsidiary that are being discussed today. Mr. Elliott has given you a factual presentation of how that relationship has been set up. Although some of you might think I am here opposing the request, he said he was there to support it and said he would like to explain why. Given the majority of the action which is occurring at the federal level, the key decisions are being made at the federal level for a four-state area in which MDU does business. Those decisions are then taken back to the individual states and as a matter of constitutional law supremacy clause, they are obligated to effectuate the FERC decision. In fact, if the PSC took the attitude that they should let the federal proceeding go and revisit the question when the matter comes up, he assured that his group would sue them at the drop of a pin. It is not permitted and they would not allow it to occur so in the interest of fair play since they would not permit the PSC to revisit the federal matter at the state level, they should be adequately covered so that the positions they take, disagreements they have, can be properly aired at the federal level. He said he thought that was in the best interests of everyone, the rate-payer, the commission and the MDU. They do not want to hear in their state rate cases that the commission was unable to address the matter at the federal level because of a lack of funding. He said he felt the committee should approve the modification at the funding level requested.

MOTION: Representative Swift made a motion to accept the LFA. Discussion followed.

SUBSTITUTE MOTION: Representative Jergeson made a substitute motion to approve the \$100,000 with the stipulation that the Commission report back at the next session regarding the cases intervened in and an estimate of the savings achieved for the ratepayers. The entire amount is to be line-itemed.

VOTE: SUBSTITUTE MOTION PASSED. Swift and Devlin voted no; all others voted yes.

#### HEARING ON DEPARTMENT OF AGRICULTURE

##### Agricultural Assistance Program (314)

Mr. Schweitzer explained that originally the executive had proposed \$53,000 per year for this program. The budget now is \$151,000 in accordance with the revised fiscal note and one of the issues to be decided relative to this program is the level at which the program should be funded. In the fiscal note (Exhibit 3) the executive has \$60,000 in federal revenue which is available to finance this program which

requires a 50/50 match of state funds. Please see Exhibit 4 for an outline of funds to match the federal dollars. If any of the funds are not available, a like amount of federal dollars would be lost.

Mr. Murphy stated that the primary concern is in the historic information they have in dealing with the program is that it is very difficult to collect fees from the farmer/rancher who is experiencing serious financial problems to begin with. A bill for these services would be very difficult for them to handle.

Mignon Waterman, Montana Association of Churches, stated her only concern is that there be adequate funding to operate the program as she felt it was essential to help people who need financial consulting and mediation if needed. She said she thought that general fund money should be made available to cover the costs.

Ted Neuman, representing the Council of Cooperatives, stated that Al Hazelbaker, the head of the Department of Credit Association, was in Helena to testify on another bill and also on the Mediation bill. He said that he thought the peer counseling bill and efforts that are going on in Montana are very worthwhile. He encouraged the committee to consider funding this bill at a higher level and putting more effort into this sort of service. His second point was that with the farmers they have worked with, there has been a very high success rate, 70% of those farmers being able to restructure their loans and stay on the farms. The other side is that through job training they are putting substantial amounts of money into retraining farmers that have left the farms in excess of \$3,000 per enrollee in those programs. His point is if they can stand a few hundred dollars up front to keep these people in business as opposed to several thousand after they go out of business, it would be better to put the money up front to keep the farmers on the farm through counseling programs.

Mr. Snortland stated that they did not have a solid position on the funding or not funding but they would like to have the legislature realize that they need the tools and they cannot fund a statutory tool so that they can charge up front. The lenders seem to believe this is a pretty good tool or a resolution to the problem versus bankruptcies and litigation. He said he hoped the legislature would give them a package they could deal with.

Mr. Murphy handed out an updated listing of the number of telephone calls and requests for information they have received. Exhibit 5. He stated that all cases will now be required to go through mediation and they have had four requests in the last week.

MOTION: Senator Jenkins made a motion to approve the budget as

outlined in Exhibit 4, incorporating the figures in the revised fiscal note attached to HB273.

Discussion followed regarding funding for this program. Senator Jergeson said he felt that there should be general funds available to provide matching funds if it was not possible to collect fees from the farmer or rancher.

**SUBSTITUTE MOTION:** Senator Jergeson made a motion to increase the general fund expenditure by \$16,500, special revenue to stay at \$64,000, federal revenue at \$60,000 and adjust the \$150,848 accordingly on both the expenditures and the funding side and that the language be attached that the fee collections be spent first and used to reduce the general fund accordingly.

**VOTE:** SUBSTITUTE MOTION PASSED. All present voted in favor of the motion.

Noxious Weed Funding 63:B (140)

Mr. John Northey, an attorney from the Legislative Auditor's Office, appeared before the committee to discuss the funding issue on the noxious weed program. He said that he had seen the letter from the Attorney at the Department of Agriculture relative to the use of the funds from the Noxious Weed Trust Fund and it seemed that they had a different opinion on what the permissible uses of the funds would be. He said that he had indicated that funding administrative costs as indicated on the flow chart which was handed out to committee members (Exhibit 6) are limited to the specific categories listed. In other words, collecting the surcharge up to 3% of the surcharge and the administrative costs associated with the noxious weed management council. He said it was his understanding that at the present time there is a program person who travels the state assisting in the weed programs and the question is whether or not it is a permissible expenditure under subsection (a) of subsection (3) of the law relating to the funding of the weed management program. Mr. Northey said that he would point out to the committee that it says that those funds expended under that exception of the law must be on a cost sharing basis for the local entity receiving the benefit. He said he did not know whether that was done at the present time or not. It is the Department of Agriculture attorney's position that "since the law was basically silent, the administrative costs of the program could be taken from the state special revenue funding." Mr. Northey said that he disagreed with him on that point in that the legislature said specifically in the law that the costs or expenditures of the special revenue fund can be used basically for grants and contracts; then subsequently lists about a half a dozen exceptions to that limitation on the use of funds. The exceptions are quite specific but do not include overall administrative expenses. He said his

position was, looking at the law, the legislature had intended those costs to be included in the permissible exceptions, they would have so stated instead of limiting to the administrative costs themselves. That might not have been the intent of the legislature but that is the way he read the law right now.

Discussion followed.

Wheat and Barley 63:B (218)

Executive Action:

The LFA's Analysis is attached as Exhibit 7.

Jim Christianson, Bureau Chief, and Bud Daniels, a member of the Wheat and Barley Committee testified in behalf of the budget presented by this bureau. The issues to be considered were included in the Department of Agriculture's budget under the Agricultural Development Division.

Issue No. 4. (A) Postage. Mr. Christianson said that the additional \$2,000 is needed to produce and mail their annual report. There is also a request for a telephone line for a fax machine. They are also sending out more wheat samples that require postage.

MOTION: Senator Devlin made a motion to approve \$1,500 for postage but to disallow the dedicated phone line for the fax machine.

VOTE: MOTION PASSED. All present voted in favor.

(B) Travel. Mr. Christianson said that nine out of the ten people on the Wheat and Barley Committee travel extensively. During the last year the average traveled by each member of the committee was 35.9 days on Wheat Commission business. They have asked for an additional \$5,100. There was a considerable amount of concern on behalf of the committee about the amount of travel.

MOTION: Senator Jergeson made a motion to adopt the executive recommendation.

VOTE: MOTION PASSED. All present voted in favor.

(C) Dues. Mr. Christianson stated that dues are paid to seven different organizations of which the U. S. Wheat Association is the largest. He discussed at some length the organizations to which they belong and the benefits gained from membership in these organizations. They have asked for an increase of \$158,600. They have been paying only a portion of their dues to some organizations which reduces the number of votes they have. He said that Montana is the second largest producer of barley and to put Montana on a par with other states in the U. S. Feed Grain Council they

should be paying at least \$80,000 which would be a \$20,000 increase for this one organization. The total amount of dues they would be paying would be \$317,000.

Senator Jergeson had some questions about the U. S. Wheat Association. He felt it was an organization in which the state has only partial control and decisions on what the budget is going to be. Mr. Christianson said their budget for the coming year is \$14 million which is all producer money. Other organizations may put money into the association but they do not have any seats on the board which controls the organization.

Senator Jergeson said he was somewhat resistant to spending this much money and he said he suspected there was the same resistance in other states who are considering the same issues at this time. Mr. Christianson said that this organization is represented in 100 countries around the world with a staff of 81 people.

Mr. Frank Daniels, a farmer from Sidney who is a member of the Wheat and Barley Committee, stated that the reason for having a Wheat and Barley Commission was to build markets and do research and he felt that through the U. S. Wheat Association they have an excellent opportunity to build overseas markets. With the change in the farm program with the 1985 Farm Act they emphasize more on marketing of wheat rather than putting it in storage. The directors feel that they don't all agree with the farm program, but they do feel it should be used to its fullest so they think they are getting a bargain through U. S. Wheat Associates in that if the producers can spend \$3 million and get \$14 million worth of salesmanship, it is a good thing. The money spent is one of the good points. Montana is relatively new in barley and there hasn't been very much work done on exporting it but through the use of the program they have sold to Saudi Arabia which really helped the barley market in Montana. He said that the commission feels this is a place where producer funds should be spent to make better markets. On the raising of the assessment Mr. Daniels said the legislature had approved letting the committee raise and lower the assessments. With the small crop this year, the reserves would not allow them to continue. The alternative was to raise the assessment and it is high but they still feel it is a bargain.

Senator Jergeson asked if the budget being considered included any contribution to the Pacific Rim Office and also did it include any contribution to the spring wheat breeder. Mr. Christianson said it did not. In regard to the Pacific Rim, he said that was a two-year obligation and that was all. He said the U.S. Feed Grain already has offices in the Pacific Rim at Tokyo, Korea and Taiwan. He said they had no interest in those offices in the first place other than they are interested in the development of international markets

because it is extremely important for Montana to get into that and they see a big advantage for the beef industry. They were committed to start-up money and that was all. Mr. Christianson said that was the deal they made at the time. Chairman Spaeth said that was not the way he had understood it as the committee had been told that it would be an on-going program. Representative Swift said that he concurred with that understanding. Mr. Christianson said that Governor Schwinden had personally made an appeal to the commission for a two-year contract.

Mr. Schweitzer stated that they had spent \$240,000 per year in the last biennium on dues and the executive budget would increase this amount to \$320,000 per year.

MOTION: Representative Swift made a motion to decrease the executive recommendation to \$100,000 or an additional \$50,000 for each year of the biennium.

VOTE: MOTION PASSED. All present voted in favor of the motion.

(D) Training. The LFA is \$2,100 higher than the executive.

MOTION: Senator Devlin made a motion to adopt the executive.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 7. Grants for Wheat Research. Mr. Schweitzer stated that this related to the dues increase. The LFA went with the 1988 expenditure and the executive had granted them an increase of \$924,000. Mr. Christianson explained that this is all funding for the university system grants and also a Crops Institute which should have \$60,000 per year and has only had \$25,000. The executive budget has asked for \$1.5 million and the LFA has \$961,000. He said he would ask the subcommittee to support the spending authority for the amount of money they took in. He said they should have the authority to spend the money they take in and he projected the income to be \$1,435,000 this year. He said they obviously wouldn't write a budget that large, but he couldn't say for sure they wouldn't.

MOTION: Representative Kimberley made a motion to accept the executive recommendation.

Discussion followed. Senator Jergeson asked if this was the budget which would include 50% of the spring wheat breeder program. Mr. Christianson said that, yes, it was included under the grants. Representative Spaeth questioned the advisability of the Wheat and Barley Commission starting research programs and after they get going, they want to build them into the general fund base. Mr. Spaeth said it looked like they wanted to move some programs into the general fund and it was meeting with resistance in the House. Senator Jergeson said he thought they didn't do

anything specific on marketing Montana wheat and he was somewhat irritated about that. Mr. Christianson said that wasn't how it worked because in order to make a product marketable, in a commodity like wheat, there has to be an entire quality spectrum and Montana wheat fits in at only one end of the spectrum. Montana's wheat has the highest protein and gluten in its spring wheat next to North Dakota and the highest in the nation in winter wheat but someone has to balance the other end of the spectrum because you can't just sell one end. If you put all the states together you have the entire spectrum. He said that most of Montana's wheat has little or no value in and by itself so it has to be blended with wheat from other states to bring up the quality of the product.

Senator Jergeson said he would like to come back to this issue if there are no general funds appropriated to support wheat research.

VOTE: MOTION PASSED. All present voted in favor.

Budget Modification - Wheat and Barley Position. This budget modification would provide for 1.00 FTE to work on barley related issues and grant activity. The position would be financed with revenue from the wheat and barley assessment. Mr. Christianson said they only had three people in their office since 1973 and they need the extra help, especially since the directors travel so much there is no one in the office except a secretary and no one is there to answer technical questions.

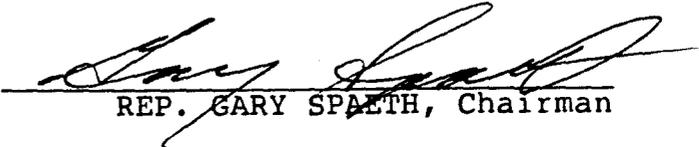
MOTION: Senator Jergeson made a motion to approve the modification.

VOTE: MOTION PASSED. All present voted in favor of the motion.

Announcements/Discussion: Meeting on February 14 will be a joint meeting with the Long Range Planning Committee to discuss RIT and the State Parks System. The meeting will be held in Room 317 at 8:00 a.m.

#### ADJOURNMENT

Adjournment At: 12:00 noon.

  
REP. GARY SPÆTH, Chairman

GS/dg

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EXHIBIT 1  
DATE 2-13-89  
HB 100

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Public Service Commission  
Consultant Services

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	<u>Executive</u>	<u>LFA</u>	<u>Agency Request</u>
1. NARUC Fees	\$ 3,528	\$ 3,528	\$ 3,528
2. Court reporter costs	20,000	18,202	30,000
3. Contract to monitor BTU content of natural gas	1,600	1,600	1,600
4. Contract to monitor MPC's natural gas pipeline	10,000	-0-	10,000
5. Expert witnesses and other consultants	<u>16,472</u>	<u>23,934</u>	<u>100,000</u>
Total	<u>\$51,600</u>	<u>\$47,264</u>	<u>\$145,128</u>

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CSS:rs:pse

# Contract to Monitor MPC Pipeline

- An August, 1986 PSC order allowed MPC's new 16 inch high pressure pipeline into service with cracked welds. It also ordered careful monitoring of the pipeline for 5 yrs.
- MPC has contracted with a third party to do this specialized work. Likewise, the PSC needs a special expert to review the work.
- The PSC's expert has informed us that his charges after the first monitoring year will be \$3,000-\$5,000 per year.
- MPC's chief legal counsel, Mr. Bob Gannon, appeared here in 1987 to support PSC monitoring. MPC supports it in 1989 also.

EXHIBIT 2  
DATE 2-13-89  
PAGE 100

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Revised Fiscal Note for HB273, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

HB273 continues the program for providing assistance to financially-distressed farmers and ranchers at the Dept. of Agriculture, which was scheduled to terminate July 1, 1989, and provides clarifying definitions.

ASSUMPTIONS:

1. Farmers Home Administration and other creditors or borrowers will request debt mediation for about 150 families each year of the 1991 biennium.
2. About 600 calls will be received each year on the eight-hour per day telephone hotline.
3. There will be about 100 requests for peer counseling support approved each fiscal year.
4. Financial consulting will be provided to about 50 families per year.
5. The department will provide training for individuals providing peer counseling and pay for travel and communications expenses.
6. The department will contract with the Service Corps of Retired Executives and the Montana Association of Churches to help provide peer counseling assistance.
7. This Montana mediation program will retain federal certification and there will be 50% federal matching funds provided for mediation and administrative costs, projected to be \$60,000 each year.
8. Fees charged for financial consulting and mediation assistance will average \$175 per participant for mediation and \$250 for financial consulting.
9. The federal grant guidelines allow FmHA and other mediation fees to be used as state match.
10. The general fund match is as included in the executive budget for review as a budget modification by the appropriations subcommittee; the fees and federal funding are increased due to expansion of the federal programs since the executive budget was prepared.

EXHIBIT 3  
DATE 2-13-89

100

*Ray Shackelford*  
RAY SHACKLEFORD, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING  
DATE 1/30/89

*Linda J. Nelson*  
LINDA J. NELSON, PRIMARY SPONSOR  
DATE 1/31/89

Revised Fiscal Note for HB273, as introduced

**HB 273 - Revised**

FISCAL IMPACT:

	FY90		FY91	
	Current Law	Proposed Law	Current Law	Proposed Law
Dept. of Agriculture Expenditures:				
Personal Services	\$ -0-	\$ 20,946	\$ -0-	\$ 21,398
Operating Expenses	\$ -0-	129,902	\$ -0-	129,702
Total	\$ -0-	\$150,848	\$ -0-	\$151,100
Funding:				
General Fund	\$ -0-	\$ 25,967	\$ -0-	\$ 26,152
Special Revenue-Fees	\$ -0-	64,881	\$ -0-	64,948
Federal Revenue	\$ -0-	60,000	\$ -0-	60,000
	\$ -0-	\$150,848	\$ -0-	\$151,100
		Difference		Difference
		\$ 20,946		\$ 26,152
		129,902		64,948
		\$150,848		60,000
		\$ 25,967		\$151,100
		64,881		26,152
		60,000		64,948
		\$150,848		60,000

*Handwritten calculations:*  
 \$6,000  
 43,000  
 60,250 Hot  
 8,848  
 159,848

EXHIBIT 4  
 DATE 2-13-89  
 HB 100

AGRICULTURAL ASSISTANCE PROGRAM

Funds Available for Federal Match\*

<u>Source of Funds Available for Match</u>	<u>General Fund</u>	<u>Farmer/Rancher</u>	<u>Lender/Creditor</u>
General Fund Appropriation	\$17,000		
Financial Consult. Fee			
27% of 50 cases at \$250/case		\$ 3,375	
Mediation			
50% of 150 cases at \$175/case		13,125	
100% of 150 cases at \$175/case			\$26,500
<b>Total Available for Match</b>	<b><u><u>\$17,000</u></u></b>	<b><u><u>\$16,500</u></u></b>	<b><u><u>\$26,500</u></u></b>

\*These figures represent the amount that must be available to match for federal matching grant if cash flow is to work for program.

Total funds available for match is equal to \$60,000. However, availability of these funds is very dependent upon ability to actually collect fees as estimated.

EXTENSION 5  
 DATE 2-13-89  
 FB 100

MONTANA FARM HOTLINE

Week of	2/06 - 2/12	Total
Total Calls	21	2142
Program People(PC-MED)	8	415
Information	2	612
Assistance Request	10	529
Follow-up	1	304
Legal Information	0	115
Miscellaneous	0	167

Current peer counselor assignments ----- 176  
 Total peer counselor requests ----- 403

Mediation cases in process ----- 0  
 Mediation cases pending ----- 13  
 Mediation cases completed ----- 9  
 Mediation declined by borrower ----- 6  
 Mediation declined by lender ----- 6  
 Mediation declined by bankruptcy ----- 2  
 Mediation discontinued by requestor ----- 16  
 Total Mediation cases ----- 52

Financial consultant cases assigned ----- 16  
 Financial consultant cases completed ----- 91  
 Total financial consultant cases ----- 107

Department of Agriculture

EXHIBIT 4  
DATE 2-13-89  
HB 100

AGRICULTURAL ASSISTANCE PROGRAM

Funds Available for Federal Match\*

<u>Source of Funds</u> <u>Available for Match</u>	<u>General</u> <u>Fund</u>	<u>Farmer/</u> <u>Rancher</u>	<u>Lender/</u> <u>Creditor</u>
General Fund Appropriation	\$17,000		
Financial Consult. Fee 27% of 50 cases at \$250/case		\$ 3,375	
Mediation 50% of 150 cases at \$175/case		13,125	
100% of 150 cases at \$175/case			\$26,500
Total Available for Match	<u>\$17,000</u>	<u>\$16,500</u>	<u>\$26,500</u>

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Edition 5  
 DATE 2-13-89  
 NB 100

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Department of Agriculture

NOXIOUS WEED MANAGEMENT FUNDING

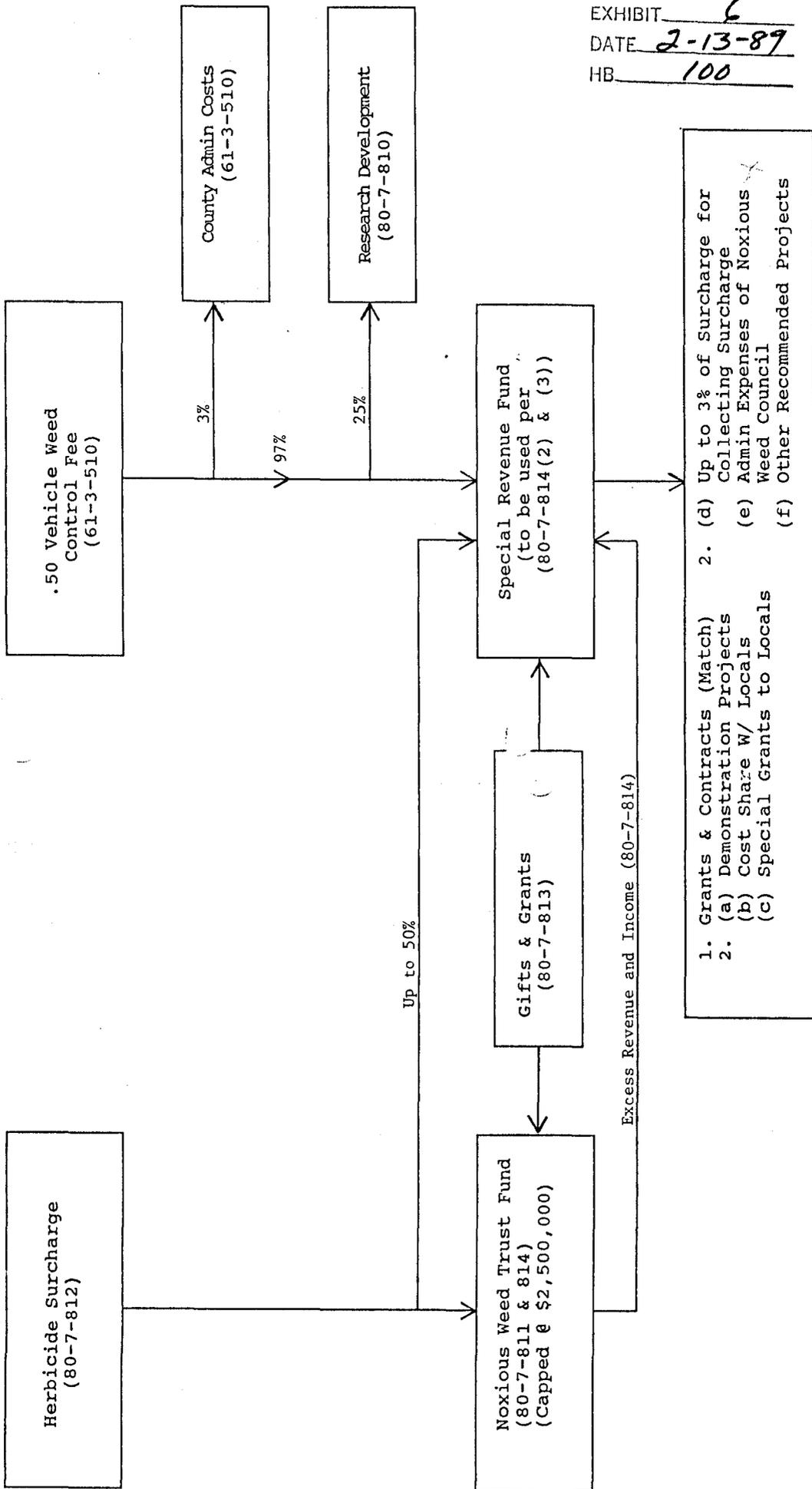


EXHIBIT 6  
 DATE 2-13-89  
 HB 100

1. Grants & Contracts (Match)
2. (a) Demonstration Projects
- (b) Cost Share W/ Locals
- (c) Special Grants to Locals
2. (d) Up to 3% of Surcharge for Collecting Surcharge
- (e) Admin Expenses of Noxious Weed Council
- (f) Other Recommended Projects

EXHIBIT 7  
 DATE 2-13-89  
 FB 100

AGENCY: Department of Agriculture      LEGISLATIVE ACTION      PROGRAM: Agricultural Development Division

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference	Executive	LFA Curr Lvl	Difference
	Executive	LFA Curr Lvl	Executive	LFA Curr Lvl				
FTE	17.67	18.34	17.67	18.34	0.67			0.67
Personal Services	\$412,723	\$401,859	\$413,454	\$402,573	(\$10,864)			(\$10,881)
Operating Expenses	540,153	450,525	543,619	452,406	(89,628)			(91,213)
Equipment	7,548	12,098	3,740	8,698	4,550			4,958
Non-Operating	1,539,719	1,116,316	1,543,041	1,116,316	(423,403)			(426,725)
TOTAL EXPENSES	\$2,500,143	\$1,980,798	\$2,503,854	\$1,979,993	(\$519,345)			(\$523,861)
FUNDING								
General Fund	\$111,258	\$148,990	\$106,214	\$144,340	\$37,732			\$38,126
State Special Rev	603,272	596,221	604,823	597,767	(7,051)			(7,056)
Federal Revenue	1,553,105	1,005,416	1,560,500	1,009,533	(547,689)			(550,967)
Other Revenue	232,508	230,171	232,317	228,353	(2,337)			(3,964)
TOTAL FUNDING	\$2,500,143	\$1,980,798	\$2,503,854	\$1,979,993	(\$519,345)			(\$523,861)

Agricultural Development Division

	FTE	General Fund	Gross
1. Alfalfa Seed Committee FTE	(0.67)	\$ -0-	\$ -0-
2. Alfalfa seed research	0.00	-0-	13,042
3. Noxious weed contracted services increase.	0.00	2,674	2,674

Agricultural Development Division

	<u>FTE</u>	<u>General Fund</u>	<u>Gross</u>
4. Wheat and barley	0.00	-0-	2,000 / 500
a. postage			
b. travel	0.00	-0-	5,100
c. dues	0.00	-0-	158,600
d. training	0.00	-0-	(2,100)
5. Travel increase because of vacant positions in base year.	0.00	-0-	3,700
6. Equipment	0.00	-0-	(9,500)
7. Grants: Noxious Weed Wheat Research	0.00 0.00	-0- -0-	(74,300) 924,400
8. Noxious Weed Program funding	0.00	(68,400)	-0-
9. Agricultural Bulletin Funding	0.00	(5,000)	-0-
10. House eliminated two part-time positions which resulted in a 0.50 FTE reduction. The positions were a 0.25 administrative clerk in the Noxious Weed Program and a 0.25 hail maintenance adjutor.	0.50	-0-	16,300

Budget Modifications

The executive budget proposes four budget modifications for the Agricultural Development Division. Table B details the four budget modifications.

Table B  
Agricultural Development Division  
Budget Modifications

Budget Modification	FTE	Fiscal 1990 General Fund	Total	FTE	Fiscal 1991 General Fund	Total
Administrative Assistant Agricultural Development Division Administrator	1.00	\$ -0-	\$ 29,725	1.00	\$ -0-	\$ 29,810
Wheat and Barley Position	1.33	49,500	49,500	1.33	49,600	49,600
Agricultural Counseling and Mediation Program	1.00	-0-	28,000	1.00	-0-	23,330
	1.00	25,967	53,076	1.00	26,152	53,276
Total Budget Modifications	<u>4.33</u>	<u>\$75,467</u>	<u>\$160,301</u>	<u>4.33</u>	<u>\$75,752</u>	<u>\$156,016</u>

The administrative assistant budget modification adds an administrative assistant who would work two-thirds-time in the Noxious Weed Control Program and one-third time in the Rural Development Program. The position would be financed with noxious weed vehicle assessment funds and rural development funds and would cost \$59,535 for the biennium.

The Agricultural Development Division Administrator budget modification would finance the Agricultural Development Division administrator and a 0.33 FTE secretary. In the 1989 biennium, the positions were financed with funds from the Agriculture Counseling and Mediation Program.

The Wheat and Barley Position budget modification would add 1.00 FTE to work on barley related issues and grant activity. The position would be financed with revenue from the wheat and barley assessment.

The Agriculture Counseling and Mediation Program budget modification would continue a modified Agriculture Counseling and Mediation program. The recommendation would continue 1.00 FTE program manager and operating expenses. The funding of the program would be \$52,119 general fund, \$44,233 federal funds, and \$10,000 of fee income. The total biennial budget would be \$106,352.

