

MINUTES

MONTANA HOUSE OF REPRESENTATIVES

52nd LEGISLATURE - 1st SPECIAL SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By JOE QUILICI, CHAIR, on January 2, 1992, at 1:50 p.m.

ROLL CALL

Members Present:

Rep. Joe Quilici, Chairman (D)
Sen. Larry Stimatz, Vice Chairman (D)
Sen. Harry Fritz (D)
Rep. Mary Lou Peterson (R)
Sen. Larry Tveit (R)
Rep. Tom Zook (R)

Staff Present: Clayton Schenck, Senior Fiscal Analyst (LFA)
Lois Steinbeck, Associate Fiscal Analyst (LFA)
Terri Perrigo, Associate Fiscal Analyst (LFA)
Dan Gengler, Budget Analyst (OBPP)
Bill Mandeville, Budget Analyst (OBPP)
John Patrick, Budget Analyst (OBPP)
Lois O'Connor, Secretary

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

Announcements/Discussion: REP. QUILICI, CHAIR announced to all interested persons that the committee would be hearing all budget proposals as quickly as possible. He added that all agencies would be given adequate time to submit its testimony; but he asked that they keep it short and let the committee be aware of any differences between the executive budget and the agencies.

HEARING - DEPARTMENT OF TRANSPORTATION

Clayton Schenck, Senior Fiscal Analyst, (LFA), presented an overview of the executive budget as it pertained to the Department of Transportation. **EXHIBIT 1**

John Rothwell, Director, Department of Transportation (DOT), stated that the new highway bill, that was just passed by Congress, contains definite inaccuracies. While the appropriation was \$160 million per year, the actual budget authority for the first year was \$135 million. There is little

difference between what the Department had last year in comparison to this year because they did not receive spending authority for the total amount of their appropriation. Because of this, the proposed cuts by the executive budget will not affect their matching problems through FY 93.

He stated further that he expects a fuel tax increase in the 1993 legislative session. It is the Administration's position that it will not let federal funds lapse. He did not know what the fuel tax increase would have to be because the Department gets its next year's spending authority in September.

Mr. Rothwell referred to the McCarty Farms Litigation. He said that he did not know where it stands to date. The litigants may appeal the \$16 million decision, and the decision to do so will be made within the next week. To date there has been no spending out of that appropriation because the money pays for expert witnesses. Mr. Rothwell added that there would be a need for more matching funds after FY 93.

SEN. TVEIT asked if the new highway bill was a six year federal bill and would the money be distributed over that six years. Mr. Rothwell said yes. He stated that the total spending increase will be locked solidly into the national budget agreement (Gramm-Rudman). SEN. TVEIT stated that under the new plan, there will be a new formula which will change the ratio and match the funds at a higher rate. Mr. Rothwell said that the matching ratio is better because of the amount of federal lands in Montana. The match ratio will be 13 percent from the state to 87 percent from the federal government. The State does have the authority to operate out of the financial district law for a year if the federal program changes. It is legislative intent that the Department try to adhere as closely as possible to the old financial district law. SEN. TVEIT said under the highways of national significance, Montana came out better. Now there will be a difference in formulas on how the funds will be matched. He asked how much money did Montana lose. Mr. Rothwell said that everything is 80 percent - 20 percent with the exception of new interstate which is 90 percent - 10 percent. Because of the amount of federal land Montana has, the calculation can be taken down to 87 percent - 13 percent.

REP. BARDANOUE asked if there were any federal dollars available for work on the interstate. Mr. Rothwell said yes. Montana has an interstate maintenance law which is funded at \$37 million.

REP. TVEIT said when Montana receives the money from the federal government, it has to match it or lose it. This means that there will be gas tax increases. Mr. Rothwell said yes. The Department needs the gas tax increase to cover its cash flow not the program.

REP. QUILICI said the problem he sees is the \$4.5 million that will be taken out of the Reconstruction Trust Fund (RTF) account.

Mr. Rothwell responded that it is no different than what is being done statewide. We are tapping fund balances. REP. QUILICI asked if this would have any affect during this biennium in matching federal funds. Mr. Rothwell said he was firmly committed to matching every available federal dollar plus Montana must maintain a state funded highway program beyond the RTF to maintain the non-federal highways.

REP. QUILICI asked if any of the four categories on Exhibit 1 give him any concern. Mr. Rothwell said no. Clayton Schenck pointed out that the coal tax allocation and the highway retirement (HB 77) will have the same affect on the RTF account. There was general fund money added to HB77 to handle part of the increase, and there is a statutory appropriation on highway fuel tax funds to make up the difference. If you reduce the general fund, the difference will be made up by the gas tax thus reducing the highway's special revenue account. Mr. Schenck suggested that when executive action is taken, HB 77 (Highway Patrol Retirement) should be appropriated directly to the Department of Justice.

HEARING - LEGISLATIVE AUDITOR

Terri Perrigo, Associate Fiscal Analyst, LFA, explained the executive budget proposal pertaining to the Legislative Auditor's Office. She stated that the FY 92 proposed reductions have been agreed to by the Legislative Audit Committee, however, the proposed reductions for FY 93 are only proposed reductions by the Executive. They have not been agreed to by the Legislative Audit Committee. EXHIBIT 2

Mary Bryson, Legislative Auditor's Office, explained the target reversions for FY 93 as presented by the Legislative Auditor's Office. EXHIBIT 3

She stated that the Auditor's Office is currently leaving three positions vacant. They were allocated 7.5 additional FTE in the 1991 regular session to manage its current budget. The Legislative Audit Committee does not believe that the Auditor's Office should take any more cuts than they are currently taking.

Ms. Bryson explained Exhibit 3 beginning with the management proposals. She stated that the Auditor's Office was not allocated full funding for the market-based pay plan. The \$45,000 represents the difference between what the full funding amount would have been and the 4% vacancy savings. The \$10,200 represents the non-budgeted revenue which is audit work that the Auditor's Office has been requested to do by other outside agencies and departments who are willing to pay for the service. She added that part of the funding for the statewide audit that is given every year is the bond assessment fee that is assessed against any state agency that sells bonds. It is assessed 30

cents per \$1,000 which is deposited into the general fund. The last audit identified that several agencies were not paying this bond assessment fee. The \$33,140 represents the amount of money that has not been paid for bonds to date.

Ms. Bryson referred to the FY 92 operating budget reversion. She stated that because the Auditor's Office has six months experience and because they have experienced vacancy savings, they are projecting another \$20,000 to be included.

REP. ZOOK said he did not understand the appropriation shortfall from the market-based pay plan. Ms. Bryson said that was the pay plan that was adopted by the last session. REP. ZOOK asked if all agencies had this experience. Ms. Bryson said no. The way that the pay plan was worded, exempt positions were not covered and the Legislative Auditor's Office is entirely an exempt position.

SEN. FRITZ asked what is not being covered by not hiring the additional FTE's. Scott Seacat, Legislative Auditor, Legislative Auditors Office, said he either did not implement the pay plan or he would have to have a vacancy savings. He didn't anticipate having to delay any financial audits this fiscal year. Their interim work for the individual agencies is slipping, but the job would get done.

REP. QUILICI asked if the Audit Committee has had time to look at their operational plan and have they acted on it. REP. COBB said the committee has approved the FY 92 budget but has not approved the FY 93 budget. REP. QUILICI asked if in the event the Committee adopted the Governor's proposal of \$97,000, what would the operational reduction have on the Auditor's Office in FY 93. Ms. Bryson said she went through their current operating budget for FY 92 - 93. She was able to make cuts similar to the cuts made in FY 92. If the Auditor's Office had to go to the \$97,000 cuts, it would not be able to manage its budget appropriately.

REP. ZOOK asked Mr. Seacat if the \$30,600 from the Bond Assessment Fee was questionable or reliable. Mr. Seacat said he couldn't predict what the Attorney General will do. He suggested that the Committee add language that if the Attorney General rules, the money will be deposited to the general fund.

HEARING - LEGISLATIVE COUNCIL

Terri Perrigo, explained the executive budget proposal as it pertained to the Legislative Council. EXHIBIT 4

She stated the Legislative Council has four general fund budget modifications. One of the modifications has been implemented but they couldn't come up with a dollar amount that has been spent through November because it has been rolled into the agency's current level. Ms. Perrigo referred to the Galen/Warm Springs

Committee (HB 966). She stated that this is a biennial general fund appropriation for \$37,000. The executive budget has proposed to reduce this amount by \$2,960 in FY 92. She added that the FY 92 reductions in the executive budget proposal have been approved by the Legislative Council, but FY 93 represents executive recommendations and have not been approved by the Council.

Robert Person, Executive Director, Legislative Council, stated that the Council has considered this fiscal year's reductions and has approved the proposal as presented. Should it be necessary to continue this proposal into the next fiscal year, the Council would follow a similar approach. He reminded the Subcommittee that FY 93 is a legislative year. He is confident that they can achieve reductions assuming the Legislature stays in a normal range of bill numbers.

Mr. Person added that an appropriation was approved that included the activation of interim committees. Because of the studies the Legislature asked for, the cuts that have been proposed under Program 5 of Exhibit 4 are being made out of the Reapportionment Tech. Support. The only committee that was a "cat and dog" bill was the Galen/Warm Springs Committee (HB 966). This is the only active committee that will have to suffer a reduction in its authorized budget.

SEN. TVEIT asked if part of the \$102,244 was the base pay adjustment. **Mr. Person** responded that this is where the reduction could be credited; but from a policy prospective, it is unlikely that this will happen. **SEN. TVEIT** asked if this would be a direct cut on staff in the legislative year. **Mr. Person** said he didn't think the Council would manage it that way. When the Council looks at what the Subcommittee decides, they would make up an operating budget that would do the best it could.

REP. QUILICI asked **John Patrick, Budget Analyst, Office of Budget and Program Planning (OBPP)**, if the executive budget takes into consideration that FY 93 is a legislative year or is it an across-the-board 8 percent cut. **Mr. Patrick** said the amount recommended is an 8 percent cut.

SEN. TVEIT asked where they came up with the figure of \$30,000 on the base pay adjustment and why is it present the second year and not the first year? **Mr. Person** said the base pay adjustment came into the Legislature as a modification. The Appropriations Committee made the decisions that all modifications would be line itemed. It became a separate, identifiable amount of money that could be tracked through the whole system. It was justified to the Subcommittees that this was an amount of money that represented an increase if the Legislative Council adopted its pay plan.

HEARING - ENVIRONMENTAL QUALITY COUNCIL

Terri Perrigo, explained the executive budget as it pertained to the Environmental Quality Council (EQC) EXHIBIT 5. She stated that the FY 92 reductions have been approved but the FY 93 reductions have not.

REP. ZOOK said that in most cases the FY 93 budgets of the agencies have not been approved. He asked if this was because the Committees haven't had a chance to get together. Ms. Perrigo said she believed the Committees were aware that there were some proposals, but they chose to wait and see what happens.

Deborah Schmidt, Executive Director, Environmental Quality Council, responded to REP. ZOOK'S question. She stated that the Council was only aware of the reductions for FY 92 at the time they were considering budget reductions. Their Management Subcommittee and the Council weren't aware of the Special Session coming up and did not consider FY 93.

Ms. Schmidt stated that the reductions to her agency for both FY 92 and FY 93 would come from operating expenses in FY 92, rent, travel, and a reduction in equipment expenditures in FY 93. In FY 93, the Council needs the contracted services money to publish the reports it does for the Legislature, but the Water Policy Committee has agreed to give up 8 percent of its Resource Indemnity Trust interest funds to supplant any EQC reductions because the Water Policy Committee does not pay for any overhead or supporting staff. She added that the Subcommittee and full Legislature did approve the hiring of a half-time FTE to do more work with state agencies in training them to implement the Environmental Policy Act. They had hired this person before they were aware of any budget shortfall.

She added that the executive budget asks that the Council take \$24,000 out of its budget in FY 93. If this were done, it would mean laying staff off. They have no vacancy savings, and their operating budget has been reduced continually over the past several biennia. The bulk of their budget is in personal services.

REP. DRISCOLL, Chairman, EQC, said the Council was mandated to have two studies, the Energy Study and the Lakeshore Study. Since they are still on the books, they must be done. The Council created subcommittees to evaluate the majority of the studies. This saved travel and expense money for the whole Council. Some of the reductions can also be met by not having so many full Council meetings. If the Council has to take the \$24,000 reduction, it would have to lay off staff. He suggest to the Committee that if this should happen, it must repeal one of the studies.

REP. QUILICI asked if the full committee has had a chance to evaluate the FY 93 revisions of \$7,400. REP. DRISCOLL said no.

HEARING - CONSUMER COUNCIL

REP. QUILICI said that the Consumer Council has no general fund money and it is not in the executive revisions. Terri Perrigo gave a work-sheet to the Committee showing this fact. EXHIBIT 6

HEARING - COMMISSIONER OF POLITICAL PRACTICES

REP. QUILICI stated that Dolores Colburg was called out of town on an emergency and her budget does not involve much. He asked the Committee to hold the hearing on the evaluation of her budget until she returns.

Terri Perrigo explained the executive budget as it pertained to the Commissioner of Political Practices. EXHIBIT 7

SEN. TVEIT asked if the court costs would be reduced by 38 percent. John Patrick said that from the onset the Commissioner identified this area as the only place where she could meet the reductions. Ms. Colburg asked for the discretion to move the appropriations around.

C.B. Pierson, Executive Director of Common Cause, stated that in the past two Legislative sessions, it recommended an increase in the Commissioner's budget so that her office could fulfill its mandated duties. They oppose the budget cut as the Commissioner's office is currently overwhelmed and can not fulfill these duties. This budget cut could put into jeopardy a significant complaint that is before the Commissioner's office and has been there since August of 1990. The complaint has significant ramification on the enforcement of Montana's campaign laws.

HEARING - SECRETARY OF STATE

Lois Steinbeck, Associate Analyst, LFA, explained the executive budget as it pertained to the Secretary of State. EXHIBIT 8

She stated that the FY 92 executive budget proposal will reduce the funding for two budget modifications. The Secretary of State is mandated by statute it have two copies of each document the agency stores. The second year of the microfilm project is still in the executive budget. The first year is reduced. The full amount that was budgeted for the purchase of shelving in the fireproof document storage has been taken out. The executive

budget also includes fund balance transfers.

Doug Mitchell, Chief Deputy, Secretary of State's Office, said that the Secretary of State's Office finds the executive budget proposal acceptable.

SEN. TVEIT asked Mr. Mitchell if the records will hold out another year with the delay of microfilming and delay of purchase. Mr. Mitchell said the office is working on some microfilming from equipment that is on a lend-lease basis. They are going to try a lease-purchase option for the fireproof cabinets.

Mr. Mitchell commented on the \$40,000 give-back. The office had to borrow start-up money for records management because the transfer of funds had not yet been made. These monies have been received from the Department of Administration and will carry a transfer back into the general fund in FY 93.

Clayton Schenck explained to the Committee EXHIBITS 9, 10, 11, 12, 13, 14, 15, 16 and 17. He stated that REP. BARDANOUVE asked that each of the Committee members receive copies of the initial agency proposal for the reductions they would take.

HEARING - JUDICIARY

Lois Steinbeck explained the executive budget as it pertained to Judiciary. EXHIBIT 18

She stated that the cuts were recommended by the Office of Budget and Program Planning (OBPP). These reductions were not promulgated by the Supreme Court. When OBPP calculated these reductions, it was an 8 percent reduction to the general fund appropriation and the water adjudication appropriation with the exception of elected official salaries, the entire district court operations program, and FY 92 appropriation for the District Court Reimbursement Program.

She discussed some of the proposals in the executive budget. The executive budget has recommended an 8 percent reduction in the Law Library Program's general fund appropriation. One of the items in the appropriation is automated legal data base which is a service provided by the Law Library for other agencies, private attorneys, and county agencies. Payments from users are deposited to the general fund.

The second item discussed was water court supervision. The Water Court is funded by water development fees, Resource Indemnity Trust interest, and coal severance tax. The reduction of 8 percent is used in the Department of Natural Resources and Conversation (DNRC) to offset a like amount of general fund

spending.

The third item discussed was district court criminal reimbursement. This program was transferred to the Judiciary from the Department of Commerce (DOC) in HB 864. District courts are funded through part of the assessment on vehicle registration fees. Counties collect these fees and remit part of the fees to the State Treasurer. The money is deposited into the general fund and allowable criminal costs of district courts are paid out of the general fund back to counties. If the amount of funding is insufficient to fund all of the criminal costs of district courts, the counties will bear the increased costs. Alternatively, if there is too much money collected by the counties, the court administrator can award grants to counties after they apply for excess funds. The executive budget proposes reducing the district court criminal reimbursement appropriation by 8 percent in FY 93. The earliest draft of legislation to enact this would strike the language allowing counties to apply for grants if there were excess monies available.

The last item Ms. Steinbeck discussed was HB 903 which gave the Supreme Court an appropriation of \$420,000 in general fund over the biennium to begin district court automation. The Judiciary has hired two FTE to implement this bill. As of November 30, 73 percent of the general fund appropriation had been expended. The Executive Budget proposes an 8 percent reduction of the general fund appropriation.

J.A. Turnage, Chief Justice, Supreme Court of Montana, provided written testimony. EXHIBIT 19

Jim Oppedahl, Administrator, Supreme Court, stated that 35 percent of their budget is salaries for district court judges and supreme court justices. These are monies that the Judiciary must pay and should be taken into consideration.

SEN. TVEIT asked what was the increase to the judicial system in the last budget year. Mr. Oppedahl said in terms of overall increases, Judiciary added about \$4 million to its budget because of the transfer from district court programs that used to be in the DOC. SEN. TVEIT asked if \$40,000 is taken from the Water Court, what will this do to the adjudication process. Ms. Steinbeck did not know but would get the answer for him. REP. ZOOK asked if the \$40,000 was general fund money. Ms. Steinbeck said that amount was state special revenue (Resource Indemnity Trust interest, water development fees and water development projects).

SEN. FRITZ asked if some counties are more liable than others if they have to pick up the insufficient balance of the district court reimbursement program. Mr. Oppedahl said the appropriation for district court reimbursement in FY 92 is \$2.68 million. They spend up to that amount for reimbursable items. Historically, most all of the money has been spent.

Gordon Morris, Executive Director, Montana Association of Counties (MACO), stated that \$224,000 is suppose to come from the district court reimbursement appropriation in FY 93; in addition, the Department of Corrections and Human Services (DCHS) is giving back to the counties, without asking, an estimated \$514,000 in costs associated with court ordered psych-evaluations which are currently conducted at Warm Springs. This adds up to a \$740,000 impact on district courts. This is unacceptable. This program came about by introducing a 2 percent vehicle fee, to fund schools, cities, towns, counties, and the district court reimbursement program which was funded from the state general fund until that time. This has been dwindling because of the Legislature's failure to fund the reimbursement program to the extent necessary. Out of the 2 percent collected at the local level, counties treasurers send 7 percent to Helena. Mr. Morris stated that the 7 percent is county money and dedicated to the district court reimbursement program. Any effort to make statutory changes necessary to accomplish what is being proposed will be opposed most vigorously. This is local property tax revenues which will be used to bail the state out. He added that if the Subcommittee chooses to do this, County Commissioners will say no.

SEN. FRITZ asked Mr. Morris how he came up with the figure of \$740,000. Mr. Morris said he gave an assessment of the total impact of the Governor's proposal and the District Court Reimbursement Program which is not seen because \$514,000 is in the DCHS budget. SEN. FRITZ asked if the total of \$740,000 will have to be absorbed by the counties. Mr. Morris said yes.

REP. QUILICI asked if there were any other interested persons who wanted to speak on the Judiciary budget.

Bruce Loble, Chief Water Judge, Water Court, stated that the Water Court receives special fund money not general fund. During the last session, HB 509 provided 1/8th of 1 percent market adjustment increase. The Judiciary was not funded for that amount. The Court can help by not hiring a Water Master for \$30,000 in FY 92, but the Water Master will be needed in FY 93. If the Water Court is hit with a 8 percent reduction in FY 93, it will have a severe affect on the water adjudications.

Ed Smith, Clerk, Supreme Court, said that an 8 percent cut will be very difficult to meet. His budget is very small and can only meet the cuts by reducing the salaries of his staff.

Judy Meadows, State Law Library, stated that her budget is very tight. She is willing to give \$10,000 in FY 92, \$15,000 in FY 93, and institute a 10 percent surcharge on the Law Library's database use and telefax. EXHIBIT 20

et also includes fund balance transfers.

Mitchell, Chief Deputy, Secretary of State's Office, said the Secretary of State's Office finds the executive budget proposal acceptable.

WELT asked Mr. Mitchell if the records will hold out over year with the delay of microfilming and delay of purchase. Mr. Mitchell said the office is working on some microfilming from equipment that is on a lend-lease basis. They are going to try a lease-purchase option for the fireproof safes.

Mitchell commented on the \$40,000 give-back. The office had no start-up money for records management because the transfer of funds had not yet been made. These monies have been borrowed from the Department of Administration and will carry a transfer back into the general fund in FY 93.

WELT on Schenck explained to the Committee EXHIBITS 9, 10, 11, 12, 13, 14, 15, 16 and 17. He stated that REP. BARDANOUVE asked each of the Committee members receive copies of the initial proposal for the reductions they would take.

HEARING - JUDICIARY

Steinbeck explained the executive budget as it pertained to the Judiciary. EXHIBIT 18

Steinbeck stated that the cuts were recommended by the Office of Budget and Program Planning (OBPP). These reductions were not mandated by the Supreme Court. When OBPP calculated these reductions, it was an 8 percent reduction to the general fund appropriation and the water adjudication appropriation with the reduction of elected official salaries, the entire district court operations program, and FY 92 appropriation for the District Court Reimbursement Program.

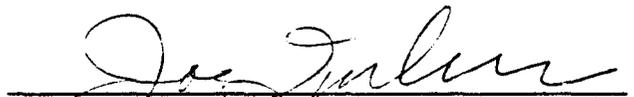
Steinbeck discussed some of the proposals in the executive budget. The executive budget has recommended an 8 percent reduction in the Law Library Program's general fund appropriation. One of the items in the appropriation is automated legal data base which is currently provided by the Law Library for other agencies, private attorneys, and county agencies. Payments from users are currently credited to the general fund.

The second item discussed was water court supervision. The Water Court is funded by water development fees, Resource Indemnity interest, and coal severance tax. The reduction of 8 percent is used in the Department of Natural Resources and Conservation (DNRC) to offset a like amount of general fund

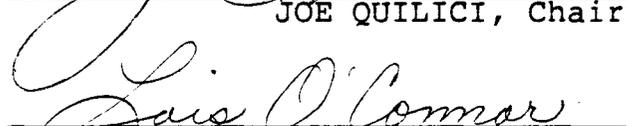
REP. QUILICI asked who the fees would be charged to. Ms. Meadows said the fees would be charged to the state agencies, district courts, and private law firms that use their services. SEN. STIMATZ asked if the fees would be deposited in the general fund. Ms. Meadows said yes.

ADJOURNMENT

Adjournment: 4:55 p.m.



JOE QUILICI, Chair



LOIS O'CONNOR, Secretary

JQ/loc

HOUSE OF REPRESENTATIVES

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE 1-2-92

NAME	PRESENT	ABSENT	EXCUSED
REP. JOE QUILICI, CHAIRMAN	✓		
SEN. LARRY STIMATZ, VICE-CHAIRMAN	✓		
REP. TOM ZOOK	✓		
SEN. LARRY TVEIT	✓		
REP. MARY LOU PETERSON	✓		
SEN. HARRY FRITZ	✓		

1-2-92
 Sullivan
 Town + Trans
 Special Session

Dept. of Transportation
 15401\W000000.LBP

Description	Pgm	Executive Budget Proposal			1993 Biennium Adjustments Legislative Budget Action			Difference (Leg. - Exec.)		
		Fiscal 1992 General Fund	Other Funds	Fiscal 1993 General Fund	Fiscal 1992 General Fund	Other Funds	Fiscal 1993 General Fund	Fiscal 1992 Other Funds	Fiscal 1993 Other Funds	
Use Bill 2										
Transportation Coordination	50	(\$33,297)					33,297		31,353	
McCarty Farms Litigation	50	(14,517)					14,517			
Other Appropriation Bills										
HB 77-Hwy. Patrol Retirement	01	(27,600)					27,600		18,640	
Coal Tax Allocation to RTF	N/A								4,572,000	
Totals		(\$75,414)	\$0	(\$4,572,000)	\$0	\$0	\$75,414	\$0	\$4,621,993	

EXHIBIT 2

DATE 1-2-92

Sullivan
Horn + Trana
Special S

1993 Biennial Adjustments

Description	Executive Budget Proposal			Legislative Budget Action			Difference (Leg. - Exec.)		
	Fiscal 1992 General Fund	Fiscal 1993 Other Funds	Fiscal 1993 General Fund	Fiscal 1992 General Fund	Fiscal 1993 Other Funds	Fiscal 1993 General Fund	Fiscal 1992 Other Funds	Fiscal 1993 General Fund	Fiscal 1993 Other Funds
see Bill 2									
Operational Reduction	NA (\$59,969)	\$0	(\$97,101)					59,969	0
Fund Balance Transfer	NA (22,159)	0	(7,000)					22,159	0
Totals	(\$82,128)	\$0	(\$104,101)	\$0	\$0	\$0	\$0	\$82,128	\$104,101

Legislative Auditor
Target Reversions - FY 93
January 1992

EXHIBIT 3
DATE 1-2-92
~~FB~~ Subcom Gen
Govern + Trans
Special Session

	Current Estimated
OPERATING PLAN:	
Operating Budget Target Reversions	\$ 0
FY 92 Operating Budget Reversion	<u>20,000</u>
TOTAL TARGET REVERSION	20,000
MANAGEMENT PROPOSALS:	
1. Estimated Appropriation Shortfall	\$ 45,613
2. Non Budgeted Revenue	10,200
3. Bond Assessment (\$.30/1000)	<u>33,140*</u>
Subtotal	88,953
TOTAL PROJECTED	<u><u>\$108,953</u></u>

OBPP TARGET REVERSION (8% of GF Appropriation) \$104,101

* In addition, the Office is seeking an Attorney General's Opinion regarding the Bond Assessment Fee charged to the Montana Higher Education Student Assistance Corporation. The amount in question is \$30,600, which would be deposited to the General Fund.

1993 Biennium Adjustments

P:\1104\W0000000.LBP Executive Budget Proposal Legislative Budget Action Difference (Leg. -)

Description	Pgm	Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993		Fiscal 1992		Other Funds	Other Funds	General Fund	General Fund
		General Fund	Other Funds												
House Bill 2															
1 Operational Reduction	05	(\$37,361)	\$0	\$0	\$0									37,361	0
2 Operational Reduction	10	(42,223)	0	(102,244)	0									42,223	0
3 Base Pay Adjustment	10	0	0	(30,349)	0									0	0
4 One Added FTE	10	0	0	(27,179)	0									0	0
5 Reapportionment Tech. Support	10	(35,000)	0	0	0									35,000	0
6 Legislative Computer Network	10	(25,000)	0	(14,000)	0									25,000	0
Other Appropriation Bills															
7 HB 966 - Galen/Warm Springs	MA	(2,960)	0	0	0									2,960	0
Totals		(\$142,544)	\$0	(\$173,772)	\$0									\$142,544	\$0

1993 Biennium Adjustments

P:\3202\W0000000.LBP
 = = = = = Executive Budget Proposal = = = = = Legislative Budget Action = = = = = Difference (Leg. - E

Description	Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993	
	Pgm	General Fund	General Fund	Other Funds								
House Bill 2												
1 Legal Fees and Court costs	NA	(\$17,156)	\$0	\$0	(\$17,156)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals		(\$17,156)	\$0	\$0	(\$17,156)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

SECRETARY OF STATE
 \3201\W000000.LBP

SECRETARY OF STATE

1993 Biennium Adjustments

Executive Budget Proposal Legislative Budget Action Difference (Leg. -

Description	Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993		Fiscal 1992		Fiscal 1993	
	Pgm	General Fund	General Fund	Other Funds								
House Bill 2												
1 Microfilm Project	01	(\$25,000)									25,000	
2 Fireproof Document Storage	01	(45,000)									45,000	
Other												
3 Fund Balance Transfer	03			(20,000)								
Administrative Code												
4 Fund Balance Transfer	05			(20,000)								
Records Management												
Totals		(\$70,000)	\$0	(\$40,000)	\$0	(\$40,000)	\$0	\$0	\$0	\$0	\$70,000	\$0

COMMISSIONER OF
POLITICAL PRACTICES

EXHIBIT 9

DATE 1-2-92

SubComm
Gov. + Trans
Special Session



STATE OF MONTANA

DOLORES COLBURG
COMMISSIONER
TELEPHONE (406) 444-2942
FAX (406) 444-1643

CAPITOL STATION
1205 EIGHTH AVENUE
HELENA, MONTANA 59620-2401

M E M O R A N D U M

TO: Steve Yeakel, Budget Director
Office of Budget and Program Planning

FROM: Dolores Colburg

DATE: August 21, 1991

SUBJECT: Planning for Possible 1993 Biennium Budget Reductions

Attached are completed worksheets as requested in your memorandum of August 12.

The first page identifies two areas that provide the only real possibilities for budget reductions--especially if reductions in fact are ordered in the magnitude suggested. Both areas, as you see, are funded with biennial appropriations; thus, any budget reductions ordered for my office should be for the entire biennium with the understanding that I will apply them to each fiscal year according to my assessment of critical work.

The second page (items 2, 3, and 4) is largely blank because I really have no knowledge of where unrestricted fund balances may be available among various state agencies. My one recommendation for legislative action does not shift any funding from the general fund to other funds; rather, it suggests a source of some more revenue to the general fund by increasing lobbyist fees. The result, however, is the same.

Finally, let me reiterate here that this office constitutes the smallest agency in state government and that significant budget reduction has occurred during my tenure at my own initiative. As you are aware, when I first came into office on January 1, 1987, I reviewed the staffing needs of the agency and determined that we did not need 4.75 FTE. I decided that the office did not require a full-time staff attorney and could rely on contracted legal services through the Department of Justice and, as needed, with outside private counsel. That decision alone has saved the state nearly \$150,000 over the past four fiscal years.

Steve Yeakel
August 21, 1991
Page two

My decision not to fill the three-quarter time position was, in retrospect, not wise. Demands placed on the office, principally in the great number of complaints filed over the past four years, have nearly overwhelmed me and my two full-time staff. During the 1991 Legislature, I therefore requested a modest .25 FTE over the biennium to help during crunch periods, which mainly surround elections.

I realize that if budget reductions must, in fact, be ordered that they will be hurtful for all agencies. I respectfully submit, however, that the axe will be felt more deeply in an agency as small and lean as this office.

I look forward to discussing any possible budget reductions for my office and to reviewing the information provided with this memorandum.

Thank you for your consideration.

Sincerely,


DOLORES COLBURG

Copy: John Patrick

OFFICE OF BUDGET AND PROGRAM PLANNING
BUDGET REDUCTION WORKSHEET

	FY 92		FY 93	
	TOTAL GENERAL FUND	TARGET REDUCTION (@ 8%)	TOTAL GENERAL FUND	TARGET REDUCTION (@ 8%)
COMMISSIONER OF POLITICAL PRAC ADMINISTRATION	175,085	14,007	122,081	9,766
General Fund				
				<u>OVER</u> <u>BIENNIIUM</u>
				<u>23,773</u>

Within the budget for this office for the current biennium (FY 1992 and FY 1993), there are but two areas that could take a budget reduction hit of any percentage whatever. They are personal services and contracted services. Virtually everything else in the budget is comprised of fixed costs.

PERSONAL SERVICES

This office is the smallest agency in state government, having just 3.0 full-time staff--including the commissioner--and recently granted legislative authority to employ an additional .25 FTE over the biennium. The latter request was made and granted to meet the peak work periods occurring around primary and general elections. A portion of the contemplated budget reduction could occur by foregoing altogether the hiring of a .25 FTE (a most unpalatable choice) or by reducing that small amount of seasonal help even further.

CONTRACTED SERVICES

Within contracted services is a specifically appropriated amount of \$45,000 over the biennium to cover principally legal fees and court costs for a far-reaching complaint, the largest one ever filed with this office. Reducing this specific appropriation would accommodate a large part or all of a budget reduction however, commensurate with that reduction would be a failure of this office to perform its duties and responsibilities as mandated by law.

In summary, listed below are identified areas discussed above and possible reductions. Please note that these figures are not broken out for each year of the biennium because they are biennial appropriations

	1 month	2 months	3 months	None
Seasonal help (.25 FTE)	1,734	3,469	5,203	10,406
From contracted services	22,039	20,304	18,570	13,367
TOTALS	<u>23,773</u>	<u>23,773</u>	<u>23,773</u>	<u>23,773</u>

Planning for 1993 Biennium Budget Reductions Gov to Trans.Special Session2. List Any Unrestricted Fund Balances Which May Be Available

<u>Agency</u>	<u>Accounting Entity</u>	<u>Explanation</u>
---------------	--------------------------	--------------------

No knowledge of where any unrestricted fund balances may be available among state agencies.

3. Potential Legislative Action Regarding Fund Balances

<u>Agency</u>	<u>Accounting Entity</u>	<u>Explanation</u>
---------------	--------------------------	--------------------

Unknown

4. Potential Legislative Action to Shift from General Fund to Other Funds

<u>Agency</u>	<u>Program</u>	<u>Explanation</u>
---------------	----------------	--------------------

3202	Administration	Increase lobbyist fees from \$10.00 to \$25.00 effective for the 1993-1994 registration period
------	----------------	--

NOTE: This suggestion will not shift general fund moneys to other fund accounts; rather, it will generate more money for the general fund. The increase in fees should generate \$6,500 in additional money.

THE SUPREME COURT OF MONTANA

EXHIBIT 10

DATE 1-2-92

*# Sub Com Gen
Yoon + trans*

JUSTICE BUILDING
215 NORTH SANDERS

HELENA, MONTANA 59620-3001
TELEPHONE (406) 444-2621

*Specia
Jessie*

J. A. TURNAGE
CHIEF JUSTICE



RECEIVED

AUG 20 1991

OBPP

August 20, 1991

Steve Yeakel, Budget Director
Office Of Budget and Program Planning
State Capitol
Helena, Montana

Dear Mr. Yeakel;

In response to your memo of August 12, 1991, the Judicial branch will assess our FY 92 and FY 93 appropriations and establish a priority for expenditures.

I would like to point out that the Judiciary has 43 elected officials that have their salaries set by statute and Section 7 (1) of the Montana Constitution provides:

"All justices and judges shall be paid as provided by law, but salaries shall not be diminished during terms of office".

The Constitution and statute prevents a cut in judicial salaries.

The District Court Program, a \$2.6 million a year program, has \$2.5 million for judges salaries and the remaining \$150,000 for travel. Many District Judges must travel long distances from their county of residence to hold court in other counties of their district. Some judges are required to travel in excess of 300 miles between courthouses in their districts and return to their residences.

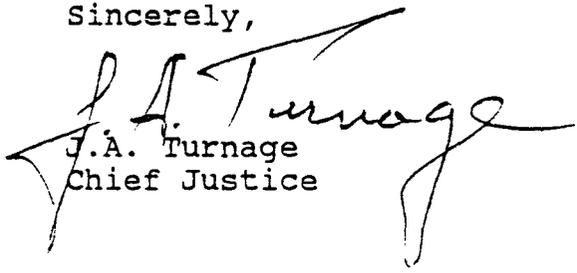
State funding for district courts is essentially a pass through program, previously administered by the Department of Commerce and since the 1991 legislative session will be administered by the Supreme Court. The funds in this program amount to \$2.6 million each year and the statute does not allow any discretionary use of these funds by the Supreme Court. The source of these funds is a fee on vehicles and sections 3-5-901, 3-5-903 and 7-6-2352, M.C.A. strictly mandate the distribution of these funds. None of these funds can be returned to the general fund by a discretionary act of the Supreme Court. This program is very important to the

continued prosecution of criminal cases in Montana and the guidelines for reimbursement are set by statute.

It must also be noted that the Clerk of the Court is a statewide elected official. He has his own budget and has direct control over that budget as an elected official. A response to your memo should be requested from this elected official.

The Judicial Branch must perform constitutional duties and a reduction of the magnitude proposed in your memo would not allow performance of these duties. The Judicial Branch has always operated fiscally responsible and we will do everything we can to continue this and to cooperate with the Executive request where possible.

Sincerely,



J.A. Turnage
Chief Justice

State of Montana
Office of Clerk of the Supreme Court
Helena 59620
406-444-3858

EXHIBIT 11
DATE 1-2-91
SubCom on
Govn + Trans
Special Session



ED SMITH
CLERK

August 21, 1991

Steve Yeakel, Budget Director
Office of Budget and Program Planning
State Capitol
Helena, MT 59620

Dear Mr. Yeakel:

I received your memorandum of August 12, 1991, requesting general fund program reductions of up to eight percent. I subsequently reviewed this office's budget in an effort to identify programs that could potentially be reduced.

The administration's concerns regarding the budget shortfall are shared by all elected officials. The purpose of this letter is to let you know that I want to cooperate and will attempt to cut costs in various programs, provided the reductions do not affect the services this office must provide to the Court and the public. At this early stage of the biennium, it is difficult to predict the amount that will be saved through such reductions. However, with careful management I am certain this office will revert dollars to the general fund at the close of the biennium as it has done in the past.

If I can be of further assistance, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ed Smith", with a long horizontal flourish extending to the right.

ED SMITH
Clerk of the Supreme Court

ATTORNEY GENERAL
STATE OF MONTANA



Marc Racicot
Attorney General

EXHIBIT 12
DATE 1-2-92
RECEIVED SubCom Gen Govn + Trans
AUG 21 1991 Special Session
OBPP

Justice Building
Helena, Montana 59620

MEMORANDUM

TO: STEVE YEAKEL, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

FROM: MARC RACICOT ^(D)
ATTORNEY GENERAL

DATE: August 21, 1991

RE: PLANNING FOR 1993 BIENNIUM BUDGET REDUCTIONS

In response to your memorandum of August 12, 1991, the general fund programs for the Department of Justice identified on your worksheet, with one exception, are those that I will review in the event that the Governor orders a reduction in general fund appropriations. The lone exception is the County Attorney Payroll. Because that appropriation is for the salaries of elected officials, it is not subject to reduction pursuant to the authority vested in the Governor by HB 454.

Consistent with the intent expressed in your memorandum, I want to emphasize that if the final budget reduction figure is in the range discussed in your memorandum, I do not expect to be able to implement the Governor's order by applying across-the-board decreases to each general fund program within the Department. In that event program elimination will have to be considered.

I have been and will continue to analyze fund balances, estimated revenues and general fund appropriations to identify, prioritize, and plan for budget reduction implementation. The brief response time has been inadequate to allow for a thorough analysis of the potential impacts significant budget reductions will have on the ability of the Department to perform the responsibilities assigned by law. As the amount of the required budget reduction becomes more refined and certain, and information from your office becomes more definitive, the Department will have had time to analyze and discuss the various options available. I will then be able to provide details regarding actual implementation of the Governor's order.

EXHIBIT 13

DATE 1-2-92

#3 SubCom Gen
Yoon + Trans
Special Session

DEPARTMENT OF MILITARY AFFAIRS

STAN STEPHENS, GOVERNOR

STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL
(406) 444-6810

HELENA, MONTANA 59604-4789

M E M O R A N D U M

TO: Steve Yeakel, Budget Director
Office of Budget and Program Planning

FROM: MG Gary C. Blair, The Adjutant General
Department of Military Affairs *Gary C Blair*

DATE: August 23, 1991

SUBJECT: August 12, 1991 Memorandum - Planning for 1993 Biennium
Budget Reductions

1. The following outline is the Department of Military Affairs proposed action to above request:

a. The Department of Military Affairs will transfer 8% of our FY 92 State Fund Accounts which is \$183,431 into the State General Fund on 6 September 1991.

b. If the estimates for required reductions hold for FY 93, the Department of Military Affairs will meet the figure of \$170,325, as set in your memo, in July 1992.

2. Your request asked for ideas that could be used to overcome some of our State revenue shortfalls. We believe the following could assist:

a. Pursue paying the utilities, utilizing a budget based plan. This would force the Departments to analyze utility expenses; conservation would become a reality; utility costs could be better programmed and possible overcharges eliminated.

b. Have Departments review what they charge the Federal Government for Administrating Federal funds.

c. The Department of Military Affairs, along with SRS, implemented a program in FY 91 that has saved \$1,179,156 in medicare and medicaid accounts that should have been charged to Federal VA funds. It is estimated this saved the General Fund over \$300,000 plus in 1991. We do not feel that every eligible client has been processed correctly. Therefore, we need to ensure clients are processed correctly.

3. As always it is a pleasure doing business with you, however, we would hope the future is less painful.

EXHIBIT 14

DATE 1-2-92

SubCom Gen.
Gov. + Trans
Special Session

State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

STAN STEPHENS
GOVERNOR

RECEIVED
SEP 1991
OBPP

MEMORANDUM

DATE: August 30, 1991
TO: Steve Yeakel, Budget Director
FROM: John Kinna, Chief of Staff
RE: Preliminary Recommendations for 8% General Fund Reduction

Following are our preliminary recommendations for an 8% General Fund cut in the Governor's Office budget. Note that we request an adjustment to the cut of \$14,720 in FY92; \$184,000 in the Air Transportation Budget is for the final payment on the Governor's aircraft, which cannot be reduced.

	FY92	FY93
8% Target	214,868	206,175
Requested Adjustment		
Aircraft Payment 184,000 * 8%	<u>(14,720)</u>	
Total	<u>200,143</u>	<u>206,175</u>

Itemization

Balance Transfer Private Funds	28,000	0
Audit Costs	1,505	1,505
Indirect Cost Accounting Change	5,000	5,000
Appropriation/NASBO Conference	5,000	5,000
Reduce state support to Flathead		
Basin Commission by 1/2	25,000	25,000
Moratorium on equipment purchases	18,500	18,500
Employee furlough 1 day/quarter	28,000	28,000
Reduce use of Governor's aircraft	10,000	10,000
Organizational dues reduction	16,000	16,000
Forced additional vacancy savings *	24,157	24,157
Forced reduction/operating expenses		
Governor's Office	20,000	20,000
Governor's Mansion	5,000	5,000

* This vacancy savings would be in addition to the 4.5% vacancy savings imposed by the last legislature. Additional vacancy savings would increase the percentage to at least 6%.

	FY92	FY93
Forced reduction/operating expenses (Continued)		
Air Transportation Program	5,000	5,000
OBPP	10,000	10,000
Lt. Governor's Office	10,000	10,000
Board of Visitors	6,000	6,000
TOTAL	217,162	189,162
DIFFERENCE	(17,014)	17,013

1. The transfer of private funds represents funds remaining from ARCO Coal for the Clark Fork Demonstration Project.
2. Audit costs represent an 8% reduction in the Legislative Audit fees charged to the Governor's Office and the Office of Budget and Program Planning.
3. Indirect cost accounting change. The Governor's Office has collected more funds from federal sources than we have spending authority for. Previously, this was deposited directly into the General Fund. This year, the estimated excess collections will be used to reduce General Fund appropriations. The net effect to the General fund will be the same.
4. NASBO Conference. The Budget Office received an appropriation to pay for one-time costs associated with hosting the National Conference of the National Association of State Budget Officers. Other funds will be sought.
5. The Flathead Basin Commission, located in Kalispell, is administratively attached to the Governor's Office. We propose limiting General Fund support to that Commission.
6. A moratorium on equipment purchases will postpone replacement of outdated computer equipment and software upgrades for the office.
7. At this time, we are considering a quarterly one-day furlough for all employees.
8. This \$10,000 reduction will force a 20% reduction in the use of the Governor's aircraft.
9. We will consider negotiating a temporary dues reduction for national organizations to which the Governor's Office belongs, including the National Governors' Association and the National Association of State Budget Officers.
10. Additional vacancy savings will necessitate leaving one FTE vacant, possible reduction of working hours for current-level staff, and reduction of staff.

~~HB~~ SubCom Gen
Govn + Trans
Special Session

11. Forced reduction of operating expenses will be obtained by reducing current level expenditures where feasible.
- Governor's Office: most savings will come from limiting travel very extensively.
 - Governor's Mansion: maintenance and upkeep budgets will be drastically reduced.
 - Air Transportation: anticipated savings will come from travel, and postponement of optional maintenance on the aircraft.
 - Budget Office: savings may possibly be obtained from decreased computer processing costs, by limiting equipment maintenance, and printing reductions.
 - Lt. Governor's Office: savings may be obtained by curtailing general office expenditures and travel.
 - Board of Visitors: savings are anticipated by postponing or eliminating required site reviews of institutions for the mentally ill and developmentally disabled.

SECRETARY OF STATE
STATE OF MONTANA

EXHIBIT 15

DATE 1-2-92

Sub Comm Gen
Gov. + Trans
Special Session

Mike Cooney
Secretary of State



Montana State Capitol
Helena, MT 59620

August 21, 1991

MEMORANDUM

TO: Steve Yeakel, Budget Director

FROM: Doug Mitchell, Chief Deputy
Office of the Secretary of State

Doug Mitchell / SR

RE: Budget Reductions

This memo is to serve as a working response to yours of August 12, 1991, regarding the proposed 8% reduction in general fund appropriations for the coming biennium. Please be assured that this office will continue the same fiscally responsible management that it has illustrated over the past three years, and which has resulted in both substantial budget reversions, and significant deposits of revenue in excess of the amount appropriated for its use. In FY91 alone, the office generated general fund revenue in the amount of \$1,099,701, 11% more than was anticipated, while spending only \$942,643. This represents 17% in additional funding available to the state for other general fund uses, an amount that translates into more than twice the 8% requested budget reduction.

It is in that spirit of good government that this office is willing to make the following suggestions. Please keep in mind that our listing herein of potential cuts does not in any way indicate that the noted expenditures are anything less than necessary. The fact of the matter is that an 8% reduction, combined with existing vacancy savings and cross the board cuts already implemented, will result in reduced services from this agency. It must be understood that any reduction in services will likely also reduce general fund income thus hampering the effectiveness of the proposed cuts. While our good faith efforts to develop potential cost savings for this agency represents our willingness to work with you in this regard, the impacted services need to be reinstated when adequate funds become available.

MEMORANDUM

Steve Yeakel

August 21, 1991

Page Two

Fully 51% of our general fund appropriation is in the area of personal services. With vacancy savings already proving to be a significant management challenge, further cuts in this area are not possible without a reduction in force. A reduction in force is not acceptable to this office.

In addition, roughly another 20% of our general fund appropriation represents "pass through" money already allocated to state agencies (rent, computer charges, audit fees, etc.), and outside entities (publication of the Voter Information Pamphlet, purchase of legal advertisements) that are mandated by constitutional and statutory obligations. These disbursements must be made unless specific exempting legislation is adopted by a special legislative session.

This then leaves us with 30% of our appropriation from which the Governor is requesting an actual reduction of roughly 25% of available dollars in order to reach the \$85,109 figure mentioned in your memo as the goal for FY 92. In order to get close to this figure, I have combined cost savings and one-time deposits into a plan that I believe is fair and even handed. I look forward to meeting with you on the 26th to discuss this matter at greater length.

Proposed Reductions:

All Figures From Agency 3201-Program 01

FY 1992

\$45,000

The 1991 Legislature passed a budget modification to allow for the purchase and installation of fireproof storage for corporate documents. Currently, only one copy, the original, of corporate documents is maintained. This project must go forward in the very near future as any damage to the only record of corporate charters in Montana would be devastating. This potential cut will impede services due to the files being stored in 3 separate areas of the Capitol Building because of space and shelving limitations. It also puts on hold a necessary project that office has been working toward for several legislative sessions.

\$25,000

The 1991 Legislature passed a budget modification to allow for the inception of the corporate document microfilming project. As stated above, only one copy exists of these corporate records and damage could be devastating. This expenditure needs to be made, but it can be held until the FY 1994-1995 biennium.

EXHIBIT 15

DATE 1-2-92

HB Subcom Gen
Yoon + Trans
Special Session

MEMORANDUM
Steve Yeakel
August 21, 1991
Page Three

FY 1993

\$25,000

The 1991 Legislature passed a budget modification to allow for the development of a microfilming project for corporate and other state records. If this option is adopted, this office will extend the horizon on this project from seven to eight years. This expenditure needs to be made, but it can be held until FY 1994.

Deposit of Unrestricted Fund Balances

FY 1993

\$20,000

One time reduction in fund balance of the Administrative Code Program (3201-03) could be made without seriously jeopardizing the program. This fund balance transfer from the Special Revenue Fund is offered in place of general fund money.

FY 1993

\$20,000

One time reduction in fund balance of the Records Management Program (3201-05) is possible given new management priorities and potential for efficiencies do to the transfer of the agency from the Department of Administration to the Secretary of State. Please note that the fund balance in this proprietary account is currently zero. This fund balance transfer from the Enterprise Account is offered in place of general fund money.

Deposit of Fund Balances through Legislative Action

While the legislature can clearly take any action they deem responsible in this area, this cyclical nature of the special revenue and proprietary programs in this office are such that the minimal fund balances retained to cover special needs are required if these entities are to remain non-general fund entities. If the legislature chose to place these entities on the general fund then there would be no need for the maintenance of fund balances.

Suggested Legislative Action

Because this office's general fund program has regularly returned more money than is appropriated, there has been continuing interest among legislators in removing this program from the general fund in its entirety. Please keep in mind that this action would have an equal and opposite reaction as regards general fund revenue. Under certain parameters, this proposal might be worthy of serious consideration.

STATE AUDITOR
STATE OF MONTANA

EXHIBIT 16
DATE 1-2-92

HB Sub Com. on
Gov. + trans.
Special Session

COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

Andrea "Andy" Bennett
STATE AUDITOR



August 22, 1991

Mr. Steve Yeakel, Budget Director
Office of Budget and Program Planning
Office of the Governor
State Capitol
Helena, MT 59620

Dear Mr. Yeakel:

This letter is in response to your memorandum of August 12, 1991, regarding reductions in general fund appropriations.

I have directed my executive staff to make all efforts to comply with this request. We have developed a proposal that further reduces an already underfunded budget but will not totally eliminate the mandated state and public services this office provides. I feel that this is a reasonable proposal to assist with current state revenue shortfalls.

Prior to further detail, I would like to present the following facts in relation to my current office budget:

- * During the 1991 Legislative Session, we were forced to seek supplemental funding of \$334,661 to pay Department of Administration, ISD charges for operation of the State payroll and warrant writing systems.
- * During the 1991 Legislative Session, general fund support for office operations was reduced \$300,000 from the previous biennium.
- * Due to mandated reductions in general fund personnel services appropriations, my budget for the 1993 biennium is \$200,000 short of meeting budgeted salaries. This results in a vacancy rate of 5% of total salaries for the biennium.
- * We have met with ISD to review charges for the 1993 biennium, and our estimates indicate that their charges will very likely exceed our appropriations again this biennium. These charges are for vital state functions of state payroll and state warrant writing.

- * I have initiated procedures to maintain services, consolidate duties, and evaluate operations to operate within the current prohibitive budget situation.
- * The 1991 Legislature mandated that my office develop a procedure by June 1992 to charge all agencies for producing state warrants. This plan is to be implemented in the next biennium and will result in a further reduction of \$850,000 in general fund support for this office.

With this in mind, I directed my staff to review all operations and make a good faith effort to comply with OBPP's request to further restrict general fund support. This plan is as follows:

- * Operations will continue to be restricted to essential state and public services.
- * The State Auditor's Office will attempt to double up on duties and leave vacant positions unfilled for the maximum duration possible. My target is an 8% vacancy rate for each year of the biennium. This will result in \$300,000 for the biennium. Of this amount, \$200,000 will be available to make up the current deficit and \$110,000 will go toward budget cutbacks. An 8% reduction in personnel services is equivalent to leaving 7 grade 12 positions unfilled for a year. This will have a significant effect on operations.
- * The State Auditor's Office will attempt to reduce operational expenditures by 2% overall by further increasing restrictions on travel, equipment, and other controllable costs. This will result in reducing general fund expenditures by \$28,000 for the biennium.
- * My executive staff has agreed to a 3% reduction in salary on a temporary basis. This raise will be reinstated, if the budget picture becomes better, or funds somehow become available. This will total \$16,000 less in general fund support for the biennium.

These adjustments will reduce general fund support for the biennium by \$154,000. If I can achieve this amount, I want to note that my office will be operating in a position where extreme effort must be maintained to serve and protect the public. Under this plan, I will be operating short of personnel and resources for the entire biennium. If vacancy funding cannot be generated at the level projected, I will be forced to cut staff.

Steve Yeakel
August 22, 1991
Page 3

EXHIBIT 116
DATE 1-2-92
HB Subcom Gen
Gov + Trans
Special Session

In response to items 2 and 3 of your memo, I have no unrestricted fund balances and there is no fund balance that will be available to the 1993 Legislature. I would like to note that my office generates significant funds for the general fund and uses 79% of the funds generated for operations.

Item 4 of your memo requested suggestions for legislative action to further reduce general fund support. I have already mentioned the change in support for the warrant writing system to self-supporting from general fund.

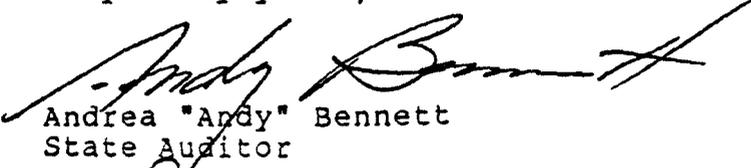
I would propose that the same method of funding could be used for the state payroll system. Currently, state payroll is funded 50% general fund and 50% special state revenue. We could allocate payroll services cost to the state agencies at 100%. This would reduce general fund support for this office by about \$400,000 in the 1995 biennium.

Additionally, I have tried in the last two bienniums to base the funding for the Insurance and Securities Departments on the fees and fines collected, and not on the general fund. State special revenue accounts could be used as funding sources eliminating general fund support. This change would have no effect on total general fund support for the state, but would eliminate using premium tax collections for office support. Fees could be based on program costs for better accountability and reduction of future general fund support.

I have addressed all items included in your memo. If you have any questions, please contact me.

With best personal regards, I am

Very truly yours,



Andrea "Andy" Bennett
State Auditor

AB/jsp(777)

EXHIBIT 17

DATE 1-2-92

Sheldon H. Brown & Trans. Spec.

RANK ORDER OF TOTAL ACTIONS BY PERCENT

	TOTAL IMPACT			REDUCTIONS			REVENUE ACTIONS			SUPPLEMENTALS			GENERAL FUND			REDUCTION PCT			TOTAL ACTION PCT		
	FY1992	FY1993	FY1994	FY1992	FY1993	FY1994	FY1992	FY1993	FY1994	FY1992	FY1993	FY1994	FY1992	FY1993	FY1994	FY1992	FY1993	FY1994	FY1992	FY1993	FY1994
DEPARTMENT OF COMMERCE	556,000	1,500,000	0	500,000	1,500,000	0	3,685,130	2,886,665	0	0	0	0	0	0	0	0.85%	15.08%	0.00%	15.08%	51.96%	31.29%
DEPARTMENT OF REVENUE	3,644,566	4,302,665	260,300	3,486,250	4,041,297	4,041,297	20,974,402	20,588,238	0	0	0	2,058,238	2,058,238	0	0	1.53%	17.86%	1.82%	17.86%	21.45%	19.64%
DEPT NAT RESOURCE/CONSERVATION	539,642	390,152	382,228	157,414	227,435	0	4,876,475	4,925,697	0	0	0	4,925,697	4,925,697	0	0	5.66%	11.07%	7.84%	11.07%	5.73%	9.49%
DEPARTMENT OF ADMINISTRATION	882,478	224,212	341,514	340,964	123,673	0	6,876,258	3,915,533	0	0	0	1,204,419	1,204,419	0	0	4.10%	9.00%	4.97%	9.00%	8.00%	8.00%
DEPARTMENT OF AGRICULTURE	99,930	89,634	99,930	340,964	123,673	0	1,249,117	1,204,419	0	0	0	537,157	537,157	0	0	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
CRIME CONTROL DIVISION	40,547	42,973	40,547	0	29,573	0	506,838	537,157	0	0	0	435,460	435,460	0	0	5.17%	8.00%	2.49%	8.00%	8.00%	8.00%
DEPT OF FISH, WILDLIFE & PARKS	34,459	34,837	34,459	0	34,837	0	942,672	624,911	0	0	0	624,911	624,911	0	0	8.00%	8.00%	5.07%	8.00%	8.00%	8.00%
DEPARTMENT OF TRANSPORTATION	75,414	49,993	47,814	27,600	18,640	0	942,672	624,911	0	0	0	624,911	624,911	0	0	5.05%	8.00%	5.07%	8.00%	8.00%	8.00%
ADJUTANT GENERAL	251,056	102,700	67,625	163,431	80,000	0	2,292,892	2,129,048	0	0	0	2,129,048	2,129,048	0	0	2.04%	10.95%	2.95%	10.95%	4.82%	8.00%
BOARD OF PUBLIC EDUCATION	9,761	9,543	3,252	6,509	9,543	0	122,018	119,282	0	0	0	119,282	119,282	0	0	1.35%	8.00%	2.67%	8.00%	8.00%	8.00%
HIGHWAY TRAFFIC SAFETY	15,920	15,920	15,920	0	9,543	0	189,000	189,000	0	0	0	189,000	189,000	0	0	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
COMMISSIONER OF HIGHER ED	6,638,522	14,137,888	2,165,522	4,673,000	0	0	130,339,390	131,865,740	0	0	0	131,865,740	131,865,740	0	0	6.22%	5.25%	1.66%	5.25%	10.72%	8.00%
LIBRARY COMMISSION	124,600	62,562	124,600	0	62,562	0	1,289,666	1,065,028	0	0	0	1,065,028	1,065,028	0	0	7.91%	9.59%	5.87%	9.59%	5.87%	7.91%
DEPARTMENT OF FAMILY SERVICES	65,109	2,406,927	1,896,420	2,006,268	371,628	0	31,355,482	31,269,830	0	0	0	31,269,830	31,269,830	0	0	6.23%	7.23%	6.05%	7.23%	7.70%	7.46%
DEPARTMENT OF AGRICULTURE	82,128	104,101	59,969	22,159	7,000	0	1,272,318	1,301,260	0	0	0	1,301,260	1,301,260	0	0	6.10%	6.45%	4.71%	6.45%	8.00%	7.24%
LEGISLATIVE COUNCIL	142,544	173,772	142,544	0	173,772	0	2,206,282	2,172,153	0	0	0	2,172,153	2,172,153	0	0	7.22%	6.46%	6.46%	6.46%	8.00%	7.22%
DEPT HEALTH & ENVIRON SCIENCES	299,136	303,116	162,141	139,960	136,995	0	163,527	0	0	0	0	4,808,500	3,788,946	0	0	3.51%	3.68%	3.37%	3.68%	8.00%	7.01%
LEGISLATIVE FISCAL ANALYST	51,004	73,808	51,004	0	73,808	0	960,003	922,603	0	0	0	922,603	922,603	0	0	6.63%	5.31%	5.31%	5.31%	8.00%	6.63%
DEPARTMENT OF JUSTICE	531,221	1,014,857	522,836	8,385	804,449	0	12,757,967	13,262,371	0	0	0	13,262,371	13,262,371	0	0	2.82%	4.16%	4.10%	4.16%	7.65%	5.94%
COMMISSIONER OF POLITICAL PRAC	17,156	0	17,156	0	0	0	175,085	122,081	0	0	0	122,081	122,081	0	0	5.77%	9.80%	9.80%	9.80%	0.00%	5.77%
GOVERNORS OFFICE	139,000	157,881	75,000	64,000	0	0	2,685,843	2,577,199	0	0	0	2,577,199	2,577,199	0	0	3.57%	5.16%	2.79%	5.16%	0.00%	3.57%
SECRETARY OF STATES OFFICE	70,000	40,000	70,000	0	40,000	0	1,063,863	1,014,002	0	0	0	1,014,002	1,014,002	0	0	3.37%	6.58%	6.58%	6.58%	3.94%	5.29%
MONTANA ARTS COUNCIL	7,860	6,498	7,860	0	6,498	0	143,309	128,020	0	0	0	128,020	128,020	0	0	5.29%	5.48%	5.48%	5.48%	5.08%	5.29%
DEPARTMENT OF STATE LANDS	(5,872,939)	456,363	349,711	305,363	151,000	0	(6,373,550)	9,103,840	0	0	0	9,103,840	9,103,840	0	0	3.57%	5.40%	3.75%	5.40%	5.01%	5.21%
DEPARTMENT OF LIVESTOCK	65,000	20,000	0	65,000	20,000	0	814,386	832,272	0	0	0	832,272	832,272	0	0	0.00%	7.98%	0.00%	7.98%	0.00%	5.16%
LABOR & INDUSTRY	39,005	39,771	39,005	0	39,771	0	781,992	763,068	0	0	0	763,068	763,068	0	0	5.10%	5.10%	4.99%	5.10%	5.21%	5.10%
DEPT SOCIAL & REHAB SERVICES	(2,613,631)	2,663,030	1,219,471	1,787,538	1,635,163	0	(3,979,136)	94,970,117	0	0	0	94,970,117	102,977,093	0	0	3.15%	3.17%	1.28%	3.17%	6.45%	4.87%
DEPT. CORRECTIONS & HUMAN SER	1,681,938	2,934,653	1,400,267	2,214,772	2,119,968	0	(426,763)	74,328,266	0	0	0	74,328,266	74,328,266	0	0	1.77%	4.85%	1.88%	4.85%	4.52%	4.68%
JUDICIARY	210,745	404,260	210,745	404,260	404,260	0	0	8,470,121	0	0	0	8,470,121	8,470,121	0	0	3.62%	2.48%	2.48%	2.48%	4.77%	3.62%
STATE AUDITORS OFFICE	69,000	95,000	69,000	0	95,000	0	2,435,143	2,303,454	0	0	0	2,303,454	2,303,454	0	0	3.50%	2.87%	2.87%	2.87%	4.17%	3.50%
HISTORICAL SOCIETY	54,046	36,980	47,528	28,086	6,518	0	1,332,025	1,323,801	0	0	0	1,323,801	1,323,801	0	0	2.85%	4.06%	3.57%	4.06%	2.76%	3.41%
SCHOOL FOR THE DEAF & BLIND	56,879	95,553	36,879	46,553	20,000	0	2,760,447	2,805,030	0	0	0	2,805,030	2,805,030	0	0	1.50%	2.06%	1.34%	2.06%	3.41%	2.56%
ENVIRONMENTAL QUALITY COUNCIL	7,958	7,400	6,900	1,058	0	0	297,236	301,893	0	0	0	301,893	301,893	0	0	2.39%	2.68%	2.32%	2.68%	2.45%	2.56%
OFFICE OF PUBLIC INSTRUCTION	(40,418,513)	405,763	1,115,487	405,763	0	0	(41,534,000)	44,214,096	0	0	0	44,214,096	44,214,096	0	0	1.60%	2.20%	0.92%	2.20%	0.92%	1.60%
PUBLIC SERVICE REGULATION	0	0	0	0	0	0	2,179,162	2,081,711	0	0	0	2,081,711	2,081,711	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	(32,402,423)	32,403,416	11,139,634	14,224,221	11,474,421	0	(57,766,284)	(4,520,022)	0	0	0	(4,520,022)	(4,520,022)	0	0						

Note: Revenue actions include fund balance transfers, estimate increases, and funding switches

RANK ORDER OF GENERAL FUND REDUCTIONS BY PERCENT

	---TOTAL IMPACT---		---REDUCTIONS---		---REVENUE ACTIONS---		---SUPPLEMENTALS---		---GENERAL FUND---		---REDUCTION PCT---		---TOTAL ACTION PCT---	
	FY1992	FY1993	FY1992	FY1993	FY1992	FY1993	FY1992	FY1993	FY1992	FY1993	FY1992	FY1993	FY1992	FY1993
DEPARTMENT OF AGRICULTURE	99,930	89,634	99,930	89,634	0	0	0	0	1,249,117	1,120,419	8.00%	8.00%	8.00%	8.00%
DEPT OF FISH, WILDLIFE & PARKS	34,459	34,837	34,459	34,837	0	0	0	0	430,737	435,460	8.00%	8.00%	8.00%	8.00%
HIGHWAY TRAFFIC SAFETY	15,920	15,920	15,920	15,920	0	0	0	0	199,000	199,000	8.00%	8.00%	8.00%	8.00%
LIBRARY COMMISSION	124,600	62,562	124,600	62,562	0	0	0	0	1,299,666	1,065,028	9.99%	9.99%	9.99%	9.99%
LEGISLATIVE COUNCIL	142,544	173,772	142,544	173,772	0	0	0	0	2,206,282	2,172,153	7.22%	7.22%	7.22%	7.22%
LEGISLATIVE FISCAL ANALYST	51,004	73,808	51,004	73,808	0	0	0	0	960,003	922,603	8.00%	8.00%	8.00%	8.00%
DEPARTMENT OF FAMILY SERVICES	65,109	2,406,927	1,896,420	2,006,268	371,628	400,659	(2,202,939)	0	31,355,482	31,269,830	6.23%	6.23%	7.23%	7.70%
COMMISSIONER OF HIGHER ED	6,838,522	14,137,888	2,165,522	14,137,888	4,673,000	0	0	0	130,339,390	131,865,740	1.66%	1.66%	5.25%	10.72%
LEGISLATIVE AUDITOR	82,128	104,101	59,968	97,101	22,159	7,000	0	0	1,272,318	1,301,260	7.46%	6.10%	6.45%	8.00%
COMMISSIONER OF POLITICAL PRAC	17,156	0	0	0	0	0	0	0	175,085	122,061	9.80%	0.00%	9.80%	0.00%
DEPT NAT RESOURCE/CONSERVATION	539,642	390,152	382,228	162,816	157,414	227,435	0	0	4,876,475	4,925,697	7.84%	3.31%	11.07%	7.95%
MONTANA ARTS COUNCIL	7,860	6,498	7,860	6,498	0	0	0	0	143,309	128,020	5.08%	5.29%	5.48%	5.08%
CRIME CONTROL DIVISION	40,547	42,973	40,547	42,973	0	29,573	0	0	506,888	537,157	8.00%	2.49%	8.00%	8.00%
LABOR & INDUSTRY	39,005	39,771	39,005	39,771	0	0	0	0	781,982	763,068	4.99%	5.21%	4.99%	5.21%
DEPARTMENT OF TRANSPORTATION	75,414	49,993	47,814	31,353	27,600	18,640	0	0	942,672	624,911	5.02%	5.05%	8.00%	8.00%
DEPARTMENT OF ADMINISTRATION	682,478	224,212	341,514	100,539	340,964	123,673	0	0	6,876,258	3,915,533	4.97%	2.57%	9.93%	5.73%
JUDICIARY	210,745	404,260	210,745	404,260	0	0	0	0	8,501,334	8,470,121	2.48%	4.77%	2.48%	4.77%
GOVERNORS OFFICE	139,000	137,881	75,000	112,881	64,000	45,000	0	0	2,685,843	2,577,199	2.79%	4.38%	5.16%	6.13%
DEPARTMENT OF STATE LANDS	(5,872,939)	456,363	349,711	305,363	151,000	151,000	(6,373,650)	0	9,266,008	9,100,840	3.77%	3.36%	5.40%	5.01%
DEPT HEALTH & ENVIRON SCIENCES	299,136	303,116	162,141	139,590	136,995	163,527	0	0	4,808,500	3,788,946	3.77%	3.68%	6.22%	8.00%
STATE AUDITORS OFFICE	69,000	96,000	69,000	96,000	0	0	0	0	2,405,143	2,303,454	2.87%	4.17%	2.87%	4.17%
SECRETARY OF STATES OFFICE	70,000	40,000	70,000	0	0	40,000	0	0	1,063,863	1,014,002	6.58%	0.00%	6.58%	3.94%
DEPT SOCIAL & REHAB SERVICES	(2,613,631)	2,663,030	1,219,471	5,007,003	1,787,538	1,635,163	(5,620,640)	(3,979,136)	94,970,117	102,977,093	1.28%	4.86%	3.17%	6.45%
HISTORICAL SOCIETY	531,221	36,580	47,528	28,096	6,518	8,494	0	0	1,332,025	1,323,801	3.57%	2.12%	2.85%	2.76%
DEPARTMENT OF JUSTICE	7,958	7,400	6,900	7,400	1,056	804,449	0	0	12,757,967	13,262,371	4.10%	1.59%	4.06%	4.16%
ENVIRONMENTAL QUALITY COUNCIL	251,066	102,700	67,625	22,700	183,431	80,000	0	0	297,236	301,893	2.32%	2.45%	2.68%	2.45%
ADJUTANT GENERAL	1,681,938	2,934,653	1,400,267	1,241,448	2,214,772	2,119,968	(1,933,101)	(426,763)	2,282,892	2,129,048	2.95%	1.67%	4.85%	4.52%
DEPT. CORRECTIONS & HUMAN SER	(40,416,513)	405,763	1,115,487	405,763	0	(41,534,000)	0	0	74,607,943	74,328,266	1.88%	0.92%	1.77%	1.60%
OFFICE OF PUBLIC INSTRUCTION	3,544,536	4,302,669	260,300	375,495	5,466,250	4,041,297	(101,954)	(114,123)	50,636,163	44,214,096	2.20%	1.82%	2.20%	0.92%
DEPARTMENT OF REVENUE	56,879	95,553	36,879	46,553	20,000	49,000	0	0	20,974,402	20,586,238	1.24%	1.66%	1.86%	2.45%
SCHOOL FOR THE DEAF & BLIND	9,761	9,543	3,252	46,553	0	9,543	0	0	2,760,447	2,805,030	1.34%	1.66%	1.50%	3.41%
BOARD OF PUBLIC EDUCATION	586,000	1,500,000	56,000	0	6,509	1,500,000	0	0	122,018	119,282	2.67%	0.00%	1.85%	8.00%
DEPARTMENT OF COMMERCE	65,000	20,000	0	0	500,000	20,000	0	0	3,685,130	2,886,665	1.52%	0.00%	15.09%	31.29%
DEPARTMENT OF LIVESTOCK	65,000	0	0	0	65,000	20,000	0	0	814,336	832,272	0.00%	0.00%	7.98%	5.16%
PUBLIC SERVICE REGULATION	0	0	0	0	0	0	0	0	2,179,182	2,081,711	0.00%	0.00%	0.00%	0.00%
TOTAL	(32,402,429)	32,403,416	11,139,634	25,449,117	14,224,221	11,474,421	(87,766,284)	(4,520,022)						

Note: Revenue actions include fund balance transfers, estimate increases, and funding switches

EXHIBIT 18
 DATE 1-2-92
 HB Sub Comm
Gov. + Trans.
Special Session

Description	Pgm	JUDICIARY		1993 Biennium Adjustments		Difference (Leg. - Exec.)	
		Executive Budget Proposal		Legislative Budget Action			
		Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Supreme Court Operations	01	(85,654)				85,654	
Boards and Commissions	02	(19,928)				19,928	
Law Library	03	(60,834)				60,834	
Water Court Supervision	05		(40,908)				40,908
Clerk of Court	06	(10,729)				10,729	
District Court Reimbursement	07		(224,767)				224,767
Other Appropriation Bills							
HB 903 Court Automation	01	(33,600)				33,600	
Totals		(210,745)	(40,908)	\$0	\$0	\$210,745	\$40,908

THE SUPREME COURT OF MONTANA

J. A. TURNAGE
CHIEF JUSTICE



EXHIBIT 19

DATE 1-2-92

~~HB Sub Comm Gen~~
~~Gov + Trans~~ Special
Session

JUSTICE BUILDING
215 NORTH SANDERS
HELENA, MONTANA 59620-3001
TELEPHONE (406) 444-2621

TO: Members, Subcommittee on General Government and Highways
FROM: J.A. Turnage
DATE: January 2, 1992

A handwritten signature in cursive script, appearing to read "J.A. Turnage".

Thank you for this opportunity to present information regarding the Executive recommendations for budget reductions in the Judicial Branch.

First, let me say that we are aware of the difficult task that faces this Legislature of balancing revenues and expenditures. I know that your time is very limited. I would like to emphasize several points that are important to this branch of government.

- ** The Judicial Branch workload remains very heavy. Cases in the Supreme Court have remained at a very high level. Case loads for functions such as Sentence Review, Commission on Practice, the Judicial Standards Commission and other Boards and Commissions are also very high. The staffing level of the Court is minimal and there is little flexibility for reductions in personnel.
- ** The Judicial Branch budget is already extremely limited. For example, the FY 1991 actual operating expenditures for the Supreme Court operations program were about \$291,000. That is about the same level that we had eight years earlier (FY 1983) when our operating expenditures were approximately \$283,000. This flat operating budget has only been possible because of the Judiciary's continuing effort to manage resources in the light of continuing inflationary pressures, budget reductions and limited appropriations. We have "managed" our limited resources by reducing expenditures for items such as Montana Reports, eliminating books, subscriptions and supplies, and tightly accounting for expenditures in other activities. We have had a "bare bones" budget for almost a decade and do not believe that further reductions are realistic.
- ** The Executive's recommendations represent an 8% across-the-board cut in virtually every program. While the Legislative Fiscal Analyst's January 1992 report shows the Judiciary to have a 3.18% overall reduction, this percentage is based upon our total appropriation which includes several categories where Judicial Branch managers have absolutely no authority to make reductions.

The Executive budget recommendation is 8% across-the-board after excluding constitutionally mandated judicial salaries, the district court operations program, and the first year of the district court reimbursement program.

- ** Judicial Branch reductions are disproportionate to our size. The Judicial Branch general fund appropriation (excluding judicial salaries) represents less than 1.2% of the total state general fund budget yet the recommended cuts for the Judiciary account for nearly 2.2% of recommended expenditure reductions for state agencies.
- ** The Judicial Branch has no pots of cash, accounting tricks, trust funds, or ending fund balances that can be transferred to increase revenues. Some state agencies have various special revenue accounts, revolving accounts, and other trust funds that they can transfer to the state general fund in order to make up budget deficits and lessen the impact of across-the-board cuts on their agency. The Judicial Branch has no such accounts. With the exception of Water Courts, our funding is totally general fund and all our collections are deposited directly into the state general fund.
- ** The executive's recommended cuts include reductions in general fund appropriations that are not really general fund. In the Law Library, for example, the general fund appropriation for legal data base searches is included in the 8% reduction recommendation even though the general fund is reimbursed for all expenditures through charging user fees.

Assessing an 8% reduction against fee reimbursed general fund appropriations results either in false savings or in shifting the burden of reductions to other program areas.

This problem of assessing an 8% reduction against fee reimbursed general fund appropriations exists in most Judiciary programs where general fund expenditures are reimbursed through fees; for items such as the bar examination, character and fitness fees, certain investigation costs, and limited jurisdiction court training.

In summary, I would ask this Subcommittee to carefully analyze the Executive's budget reduction proposal relating to the Judicial Branch and keep in mind that we have a heavy workload, limited staff, and an already tightly stretched budget for administering justice to all of our citizens.

PROPOSED CHANGES TO STATE LAW LIBRARY'S BUDGET, 1/92

	<u>Approp.</u> <u>FY92</u>	<u>Proposed</u> <u>FY92</u>	<u>Proposed</u> <u>FY93</u>
General Fund	760,421	760,421 737,863	742,467 753,756
less:			
Database Pass-through	176,050		
Current Revenues	38,000		
Charges for Rent, Grounds, Messenger	<u>80,063</u>		
Revised General Fund Target:	466,358 x 08		
	<u>37,310</u> 1		
 New Fees:			
10% surcharge on database use		7,000	18,000
telefax		<u>4,000</u>	<u>8,000</u>
		<u>11,000</u> 2	<u>26,000</u> 2
<hr/>			
Revised Target	⇨⇨⇨	37,310 1	37,310 1
Less:			
New fees	⇨⇨⇨	<u>11,000</u> 2	<u>26,000</u> 2
		<u>\$26,310</u>	<u>\$11,310</u>

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Subcommittee
Gen. Govern + Highways

BILL NO.

DATE 1-2-92 SPONSOR(S)

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Doug Abelin	NORTHERN MONTANA OIL GAS		
MARK LANGDORF	AFSCME		
John Mize	AFSCME		
John Decker	AMRPE		
Jim James	MT. ENVIRO. Info Center		
Darrell Holzer	MT. ST. AFL-CIO		
Ed McCallister	Rep ^H Dist 27		
Doug Mitchell	SECRETARY OF STATE		
B. PEARSON	COMMON CAUSE		
Gordon Morris	MACO.		
Jan Omedahl	Supreme Court Administration		
J. A. Turnage	Chief Justice		
Judith Sadowski	Director, State Law Library		
Bruce Loble	MONT WATER COURT	J	

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