

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - 1st SPECIAL SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chairman, on January 11, 1992, at 8:00 a.m., Room 325.

ROLL CALL

Members Present:

Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Esther Bengtson (D)
Don Bianchi (D)
Gerry Devlin (R)
Harry Fritz (D)
H.W. Hammond (R)
Ethel Harding (R)
Bob Hockett (D)
Thomas Keating (R)
Richard Manning (D)
Dennis Nathe (R)
Lawrence Stimatz (D)
Larry Tveit (R)
Eleanor Vaughn (D)
Mignon Waterman (D)
Cecil Weeding (D)

Members Excused: Senator Beck

Staff Present: Teresa Olcott Cohea(LFA)

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

Announcements/Discussion: None.

HEARING ON HOUSE BILL 2

Presentation and Opening Statement by Sponsor:

Representative Bardanouve, sponsor, said the budget contains many changes, shifts in spending and reductions. Many of the reductions were offset by large sums of money which were supplementals. The executive budget requested over \$20 million in general fund supplementals in House Bill 2. There are over \$19 million of supplemental monies above and beyond what was given in the regular session. The budget committee attempted to adopt many of the proposals by the Governor. Some went beyond the Governor's recommendations and some did not reach the amount designated by the Governor. Rep. Bardanouve concluded that the Finance and Claims Committee will have to make major changes to the budget to come up with a balanced budget.

A. GENERAL GOVERNMENT AND TRANSPORTATION

Representative Quilici said this budget is probably one of the largest working budgets of all of them. It has 18 departments and over 100 programs to be looked at.

Rep. Quilici presented the House floor action on House Bill 2 for those agencies in Section A. (See Office of Legislative Fiscal Analyst, House Floor Action on House Bill 2, General Fund, as of January 9, 1992, attached as Exhibit 1)

Regarding the Department of Transportation funds, Rep. Quilici noted that the subcommittee as well as the full House Appropriations Committee and the House voted to take approximately \$4.5 million and transfer from the Highway trust into the State general fund. It was testified by the Director of the Department that these funds would have no effect on the contracts to be let in this fiscal year.

Rep. Quilici noted that there were numerous agencies that were very controversial. He said they took five percent and eight percent out of Judiciary. He noted that 35 percent of their salary is constitutionally mandated.

Regarding the Governor's office, there was a motion made and passed in the House that the Governor's aircraft be sold for \$575,000, and a smaller aircraft would be purchased for approximately \$175,000.

In floor action on the Justice Department, five FTE's were eliminated in the Gambling Division, and there were administrative budget cuts of five and five.

In floor action in Military Affairs, they were brought up to five and five. He said Finance and Claims Committee might want to look at this action because of losing federal match.

Senator Keating said he would like an explanation on the documents given to the committee as to figures that were being explained by Rep. Quilici. Senator Jacobson said Rep. Quilici is working off the LFA numbers. The numbers from the Budget Office

were received this morning and are being sorted out; she noted they used a different base. Ms. Cohea explained the OBP sheets saying they take action taken during the regular session into account. They have added what happened in the special session, and that is the percent they are showing. She stated the sheets from the Legislative Fiscal Analyst in all cases deal with what has happened in the special session. She added that the gray sheet noted as House Bill 2 as passed by the House, General Fund, from the Office of Legislative Fiscal Analyst shows by section the actual cut or increase in HB 2 that has so far been done during the special session. What is denoted as Cats and Dogs are cuts in the miscellaneous appropriations which are itemized. The other column are the fund balance transfers or revenue estimate increases that are embodied in the bill. The total column gives the entire effect on the agency. Another sheet provided by the LFA shows compared action by agency to the executive budget. The last sheet gives a fund balance status as of January 10, 1992 at 5:35 p.m.

Senator Jacobson stated she would like an explanation of the over/under funding as described on the sheets from the Office of Budget and Program Planning. Jane Hamman, OBPP, said they felt it was important to show the cumulative impact of legislative action so fully funded general fund operating budget is identical to the one used by the LFA. It includes only personal services, operating and equipment. The figures were obtained from the LFA.

When questioned by Senator Jacobson if this is legislative action of last session in the first column, Ms. Hamman said that is correct, it is what the LFA has been using to prepare the percentage reduction work sheets for the committee. The operating budget figures were obtained from Carroll South of the LFA who was doing the spreadsheets as the figures that were being used for the percentage work sheets.

Senator Jacobson questioned the OBPP in that figures were being taken out twice. Mr. Dan Gingler from the Budget Office said the column titled fully funded general fund OP budget has the vacancy savings added back in as if they were never taken out. It also includes the across the board half percent general fund reduction added back in as if that were never taken out. Senator Jacobson said they could not tie the numbers to their book. Mr. Gingler said backup information was provided to the LFA this date. Senator Jacobson said this would be looked at later.

Senator Jacobson said she would go through Section A agency by agency and ask if there are any comments or amendments.

SECTION A - JUDICIARY

Jim Oppedahl, Administrator, Court Administration, said the House subcommittee recommended a three percent cut each year of the biennium. When the budget deficit looked larger with a \$20

million deficit, in addition the committee went to a five and five percent reduction. The full House appropriations committee passed a motion to cut the budget five percent in '92 and eight percent in '93. He noted there are numerous problems with the budget cuts in the Judiciary. There was no market adjustment for salaries in the '91 session. Their employees are exempt and the amount of market adjustment could not be calculated; therefore, that was not funded. There was also a half of one percent general budget reduction that came against their budget. They were left with an inadequate and unrealistic budget in a number of areas. He indicated they pay the worst law clerk salary in the region. Other areas of concern are automated research, book budget, records storage, investigation costs. The half of one percent increase in general fund from the 1991 to the 1993 biennium that they came out of the '91 session with would have to cover rent increases, inflationary increases, data network charges, et cetera. He would like the special session to be aware that they have no cash accounts, no fund shifts that save the general fund. He added the \$17 million budget for the biennium has to be reduced to get an idea of the discretionary money they have by a large amount. They have about \$4.5 for the biennium they would call the base, which excludes judges' salaries, \$5.4 million passed through to district courts. They have 80 FTE in the general fund budget. Fifty five percent of the FTE are elected officials. The constitution does not allow a reduction in the judges' salaries. He concluded they have been reducing their budget for a number of years. He believes their reduction over a two year period is about a 7.3 percent reduction overall.

Mr. Oppedahl distributed to the committee a chart from the General Fund Operational Budget Reductions by Percent as adopted by the House Appropriations Committee. (See Exhibit A-1).

Mr. Oppedahl said they would like to recommend two amendments to the committee. One would take some general fund in their budget that really is State special revenue and take it from the base and move to State special revenue. The second amendment would be a three percent reduction in fiscal '92 and five percent reduction in fiscal '93. This saves about \$46,000 the first year and \$71,000 the second year to them. He concluded he did not feel a five percent and eight percent reduction is fair. They don't expect to escape budget reductions but they do want to be fairly treated.

Senator Jacobson said Judiciary is requesting they move money from the general fund into a special revenue account. She noted the legislature has been criticized for setting up State special revenue accounts. She questioned Mr. Oppedahl if the purpose in wanting to do that was to eliminate the percentage cuts from those accounts. Mr. Oppedahl said that was correct, although he felt they are state special revenue accounts. Senator Jacobson said if we were to reduce the cuts by that amount and instruct that cuts not be taken in those areas, the

same purpose would be accomplished.

Senator Stimatz moved an amendment to the Judiciary budget (see Exhibit A-2).

Lois Steinbeck, LFA, said if this amendment passed, she would reduce the budget reduction line in Judiciary by five percent of each of the amounts in fiscal '92 and eight percent in '93.

When questioned by Senator Keating, Senator Fritz noted that the House has taken more money out of the Judiciary than recommended by the Governor except in district court fee reimbursement.

Senator Keating questioned the Judiciary portion of the budget proposal on the long blue sheet given to the committee. Rep. Quilici explained the figures shown on the executive budget proposal, legislative budget action and the differences. Senator Keating questioned if the Supreme Court operations were left at \$32,000 more than the Executive recommended be taken. Rep. Quilici said that was correct. Senator Fritz said the general reduction line on the sheet also had to be taken into consideration.

When questioned by Senator Devlin regarding the impact Senator Stimatz' motion has on the general fund, Senator Jacobson said it is approximately \$10,000 the first year and \$18,000 the second year; approximately \$28,000.

When questioned by Senator Aklestad regarding the Judiciary reduction shown as 2.9 percent on the sheet, Ms. Cohea, LFA, said this is in operations only which is personal services operating equipment. If there were reductions in past years, it is not recorded. Ms. Cohea said the appropriation report form last time reflected action through April 30th of last year, and the percentage increases there were percentage increases from actual expenditure in 1990 to appropriation in 1992 as it was when the regular session adjourned. The sheets here take how HB 2 stood as the special session convenes and records what has happened since special session began.

Senator Keating said he would like an explanation of item 7, general reduction, shown on the long blue sheet. Ms. Steinbeck said the general reduction taken there was put on in the House appropriations committee, and it would have been a general reduction to bring the agency up to five percent cut in fiscal year '92 and eight percent cut in fiscal year '93. It was put in that way to allow the agency maximum flexibility to allocate those reductions. She said it excludes elected judges' salaries and pass through reimbursements to counties for criminal costs in district courts. When questioned by Senator Keating if the judiciary budget still exceeds what was recommended by the executive branch, Ms. Steinbeck said that is true. She pointed

out that the executive recommended an eight percent cut each year of the biennium for judiciary, excluding elected official's salaries and district court operating expenses and criminal costs in district courts.

Senator Aklestad said this motion is over the amount recommended in the executive budget. He noted as we go through the budget, we have to at least maintain with the executive or come up with additional cuts or additional revenues. He noted that the Judiciary in the last session had a 17.5 additional increase to the budget. He concluded this Department should take their proportionate share of cuts.

Senator Stimatz' amendment motion (see Exhibit A-2) passed on a roll call vote.

Senator Stimatz moved to amend Section A, Judiciary, HB 2 (see Exhibit A-3).

When questioned by Senator Keating as to dollar amounts, Senator Jacobson said it would be \$66,000 in the first year and \$113,000 in the second year.

Senator Stimatz' amendment motion (See Exhibit A-3) failed on a roll call vote.

SECTION A - GOVERNOR'S OFFICE

Senator Harding moved to amend Section A, Governor's Office (See Exhibit A-4)

In a question from Senator Jacobson regarding printing costs, Curt Nichols from the Budget Office, stated the printing costs are \$2,877 and the data processing costs are \$2,190. He said the data processing involves the budgetary data on the agency budgets that is kept on the mainframe. Also the revenue estimating system uses the mainframe. When questioned by Senator Jacobson if revenue estimating is done in the Department of Revenue, Mr. Nichols said the Budget Office does their own revenue estimating. This also includes supplies, postage, telephone, contracted service which includes contracting an analyst to work in higher education. He indicated they are maintaining a vacant position, but they are asking for \$1,800 for a temporary contract to have someone available to assist the committee. Senator Jacobson asked if that could be obtained from the vacancy savings. Mr. Nichols said they are already showing the vacancy savings cuts.

Senator Aklestad questioned if this figure was taken into consideration in the Governor's budget proposal. Mr. Nichols said it was not budgeted in. When asked by Senator Aklestad why it was not included, Mr. Nichols said their recommendations were developed prior to the time the special session was planned. When the special session was planned, they did not go back and

make an adjustment for the costs resulting from that.

Senator Harding's amendment motion (see Exhibit A-4) passed on a roll call vote.

Senator Vaughn questioned what this amendment would do. Kelly Morris, Board of Visitors, said the impact of the cuts to the Governor's Office plus the vacancy savings resulted in a 30 percent reduction in their operating budget. It would basically eliminate half of their site reviews as well as delay their ability to respond to investigations. When questioned by Senator Vaughn regarding the amount of transfers being talked about and if it would have an effect on operating under those, Ms. Morris said they will basically be eliminated.

SECTION A - STATE AUDITOR

Senator Stimatz moved to amend Section A, State Auditor, (see Exhibit A-5). He called on Dennis Sheehy to address the amendment.

Dennis Sheehy, Deputy State Auditor, presented testimony. (See Exhibit A-6).

Senator Jacobson said the total amount of this is \$70,430. Senator Jergeson indicated his dissatisfaction with the proposed amendment and noted an audit indicating they are not charging fees to insurance agents and companies as required by law, and they therefore are not following the law.

Senator Stimatz asked Mr. Sheehy to comment on the issue raised by Senator Jergeson. Mr. Sheehy said there was much confusion after the audit but that fees are being collected. In response to a question from Senator Jergeson as to them calling it a bad law, Mr. Sheehy said they feel it is a bad law, but they have been collecting the fees.

Senator Jacobson said it was her understanding this office has been reduced five percent each year of the biennium. Rep. Quilici said that was correct and it was done in House floor action.

Senator Stimatz' amendment motion (see Exhibit A-5) failed on a roll call vote.

In a question from Senator Bengtson as to actions taken on the budgets on the House floor, she asked if it was the intent to bring everyone up to five and five regardless of subcommittee recommendations. Rep. Quilici said many of the agencies on the House floor were brought up to five and five, but there were some that are over that; some are five and six.

SECTION A- JUSTICE

Senator Waterman moved to amend Section A, Justice Department (see Exhibit A-7). She noted that none of the appropriation committees or subcommittees recommended this cut and she did not think it was an appropriate way to respond to the budget crisis and that the action taken on the House floor should be reversed.

Marc Racicot, Department of Justice, said what ultimately happened as a result of action on the House floor was a 14-1/2 percent reduction in the Gambling Control Division and impregnating the legal services division with additional monies from a special gambling account so the legal services division is funded with gambling and special revenues. He noted in that division the number of employees was cut to five by the legislature. They account for approximately \$265 million that they are responsible for. From that there is \$137 million plus in net income. There is \$20.5 million in taxes, \$13.7 million which goes back to local governments and the remainder to the State and an additional \$2.6 million in license fees. He added they do 49,000 tax returns that are verified, 688 distributions to local governments, also attempting to do about 1,350 audits. He concluded there is a huge amount of activity taking place in that agency, and to reduce it by 15 percent would have significant consequences on their ability to provide a service.

Bob Robinson, Administrator of Gambling Control Division, said they are responsible for ensuring that the gambling laws are adhered to. With a reduction of staff as proposed and passed on the House floor, it erodes their ability to do their required work, and with this cut their agency would be hamstrung.

Representative Brown said there are many areas where the Department spends much time that is not needed; Montana does not have enough gambling to make it the kind of problem area that some think it is. He concluded if there was a concern that the Justice Department could operate on behalf of the people of the state, the Legal Services Division should be addressed.

Senator Jacobson said the proposed amendment would require \$283,448 general fund money. She noted the budget as it now stands has 36 FTE in this area, and this would be reduced to 31.

In a question from Senator Keating regarding the source of the funds, Rep. Quilici said they are taking state special revenue that is funded into the gambling division and that is collected in fees. He noted the \$283,448 then goes into agency legal services under the Department of Justice and that agency is funded by general fund money; this would free up general fund money by using state special. Senator Keating asked if they would still earn the fees of \$280,000 of State special revenue without the five FTE's. Rep. Quilici said he is sure they do.

Senator Aklestad questioned money transferred from gambling into legal services division and noted his opinion that legal

services does not just deal with the gambling portion of the budget. Mr. Racicot said that was correct, there is one attorney out of 25 that services the gambling control division. He added there was about \$572,000 taken out of the special gambling account and placed into legal services account. If this amendment passes, this would amount to in excess of 40 percent of the legal services division being funded with gambling special revenue funds.

Senator Aklestad questioned Mr. Racicot regarding number of investigations dealing with irregularities. Mr. Racicot said in the last year there were 412 operator license investigations, 12 manufacture distributor license investigations and 1,111 violation complaint and other investigations. He said he would estimate maybe 40 percent to 50 percent of those investigations would have legal charges placed against them, but he does not have a total figure. He concluded that many of these can be corrected with a violation notice, but to his recollection everyone brought to trial was found guilty.

Russ Ritter, Chairman of the State Gaming Advisory Commission, stated his support of the amendment proposed by Senator Waterman.

Senator Keating asked Mr. Racicot if this amendment would affect legal services division with regard to their activities and the number of people. Mr. Racicot said it would not, however it is a more speculative form of income. He noted that 1/25th of the division provides services to the Gambling Control Division.

Senator Waterman's amendment motion (See Exhibit A-7) carried on a roll call vote.

Being no further amendments to Section A, Senator Jergeson moved to close Section A.

Rep. Quilici said he was surprised to see in the Independent Record the article disclosing people being laid off in the Department of Justice. If the figure stating there are 40 FTE's to be laid off was accurate, according to the amount of money deducted from their budget, the employees must be making only about \$10,000 a year. Senator Jacobson said she felt the story is disturbing to many people, and that the figures used don't tie back to things that happened.

Senator Jergeson's motion to close Section A carried unanimously.

Senator Nathe questioned if the Legislative Fiscal Analyst and Office of Budget had reconciled their numbers. Carroll South from the LFA's office said in order to determine the cuts taken by the agency, both cuts made in the regular session and those made in the special session must be taken into account. He said he has been working on a table to do that. Based on the table

reviewed by him, there are two major differences. One is that the executive is counting the unfunded pay plan, the amount the pay plan is short. That figure is not known so it has not been included in any work done by him. There is also a difference in interpretation of how much was cut from the University system, and he has met with the budget office staff and there still exists a difference. The budget office is considering that the University system is taking approximately \$2 million per year cut, and the table handed out by the LFA shows them taking about a \$8 million cut in 1993. The executive is showing that the University system pay plan is overfunded by \$1.3 million a year. A logic check will be done on that one more time. He concluded the major conflict is the 1993 university system and how much is actually cut.

Senator Jacobson said the Governor's office is using \$20 million cuts but the legislature cannot appropriate tuition money and cannot increase tuition. That has to be looked at as an actual cut. That has to be acted upon by the Board of Regents, and if they do not, they must take the cuts, which is their decision. It is no decision on the part of the legislature, except to give them spending authority if they choose to use it. She felt it was difficult for the legislature not to count that as a cut, and that we must start from the \$8 million figure. She concluded that would be addressed in Section E.

B. HUMAN SERVICES

Rep. Bradley gave an explanation of each of the agencies worked on in her subcommittee relative to Section B.

SECTION B - DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Regarding the Department of Health portion of Section B, Senator Aklestad asked if they were all fee increases. Rep. Bradley said in general, they felt no programs would be hurt in the Department because either fees were coming in already higher than anticipated or fee level could be raised without any statutory changes. In a question from Senator Aklestad regarding the Vital Statistics Bureau, Rep. Bradley said the executive proposal is to raise the birth and death certificates from \$5 to \$10. It was noted that is in line with what other states are charging in this area, and no other changes are needed for that increase to take place.

Senator Aklestad asked if all items shown under "Other" are actual fee increases.

Dennis Iverson, Department of Health, said the \$5 to \$10 increase in records and statistics is a fee increase. Some of them are new fees; money that has not previously been collected. The Department was given authority last session by the legislature to set up a fee system. The landfill area is also a new system. In the laboratories, they are supposed to charge the

actual cost of performing tests. The legislature last session asked that those charges be reviewed to see if they were at the correct level. The Department found they were not charging quite enough.

Senator Aklestad questioned why the budget did not show them as "Other" rather than in the general fund.

Ray Hoffman, Department of Health, said a combination of two things are being looked at. One is the fee increase for Records and Statistics; that is an actual increase. Within the other areas, there is an actual reduction within the general fund appropriation that the legislature gave to the programs. Mr. Hoffman said he chose to increase the amount of earmarked revenue account in case more services were provided to allow the area to still maintain the level of services regardless of a thought of cutting back general fund dollars. The tests still cost the same. He concluded they are shifting the burden to the earmarked revenue. If the cash is not received for the test, the money is not spent because it is not there. When questioned by Senator Aklestad if the fee increases placed after the last legislative session were done inhouse or if hearings were held, Mr. Hoffman said the last hearing was conducted yesterday. The others he believes had to go before the Board of Health.

Representative Bradley continued in Section B with the Department of Labor, indicating the narrative in the LFA book starts on B-9.

Representative Bradley discussed the Department of Social and Rehabilitation Services which starts on B-14 in the narrative.

Representative Bradley presented the Department of Family Services, which is on page B-27 of the narrative.

Senator Jacobson asked for any amendments in Section B.

SECTION B - SOCIAL AND REHABILITATION SERVICES

Senator Waterman moved to amend Section B, SRS (See Exhibit B-1). She noted her amendment would reinstate in SRS on line 12 the hospital rate increase, however it does delay the implementation for another three months. It would take place the last six months of the second year of the biennium. The cost would be \$613,000 approximately and will generate federal funds of over \$1.5 million. She explained her feeling that the cut occurred on the House floor because it was noted that the industry had agreed to this cut. Senator Waterman said that was not her understanding of what happened. She concluded she agreed to offer the amendment because she believes it is the right thing to do for rural hospitals; small hospitals in the state will suffer.

Senator Jacobson said in clarification, Senator Waterman is referring to cuts in the hospitals, and we are not cutting what they presently receive. Senator Waterman said that is correct, but we are not covering their costs; these are additional costs they will have to absorb.

In a question by Senator Aklestad regarding the amount of money that would be put in by this, Senator Jacobson said it would be \$600,000.

Senator Keating questioned if what is being stated is that the \$613,000 general fund money being added will generate in match money \$1.5 million federal funds, all of which would be used for Medicaid payments to the hospitals for their patient care. Senator Jacobson said that was correct. She said this budget is probably the toughest budget anyone has to work in, but this particular area in total is \$3,475,000 over what the executive recommended, which would bring their total to about \$4 million above the recommended levels of the executive.

Senator Aklestad said in addressing Senator Waterman's motion, taking the cuts on the blue sheet, the Department was only taking a 1.52 percent cut, and with this motion the percentage would be less. He asked Ms. Cohea in the budget modifications in the LFA book, how many were actually put in place by the last legislative session. Ms. Cohea said in the budget analysis book that was prepared, every general fund budget modification was shown that was approved by the session and whether it had been implemented.

Senator Waterman's amendment motion (see Exhibit B-1) failed on a roll call vote with a tie vote.

Senator Jergeson moved that Section B be closed. Motion carried.

C. NATURAL RESOURCES

Representative Kimberley reviewed Section C of the budget and stated at the end of the regular session the budget was below the Governor's budget. The section varies from the executive in only three agencies and has \$1,163,347 more in cuts than the executive.

Rep. Kimberley noted the Public Service Commission budget was missing as it was not included in the Governor's executive order, and any increase in the Commission's budget would have to be offset by reduction in utilities collected.

Rep. Kimberley then went through the departments in Section C and reviewed them according to the blue sheets provided to the committee.

SECTION C - DEPARTMENT OF STATE LANDS

Senator Keating questioned what was meant by the purchase of Swan River Lumber.

Dennis Casey, Commissioner of Department of State Lands, said the forestry division purchases about \$11,000 of lumber from the state trust which is part of the training for the people at the camp there, where there is a small mill. He noted there is inventory at this time that would allow them to reduce the purchases.

SECTION C - DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Senator Bengtson said HB 2 now includes a \$1,010,159 reduction in general fund appropriation to DNRC, which amounts to a reduction of 10.3 percent. This reduction is in addition to the general fund reductions in place at the end of the regular session. Action narrowly approved on the House floor yesterday increased the general fund reduction for DNRC by \$132,065, increasing the general fund reduction in that agency from 8.96 percent to 10.3 percent. She noted the general fund reduction in DNRC is excessive and her motion would restore the \$132,065 to the DNRC budget. She added the increased reduction narrowly approved by the House would require that an additional three to four positions in DNRC be left open the entire biennium. This is in addition to the 12 FTE that must already be left open to incur the budget reductions. She said the programs and positions being considered for reduction as a result of the latest general fund cut are the statewide resource conservation and development coordinator, the water rights adjudication program and the regional office water rights program.

When asked to explain cuts in the DNRC agency, Karen Barclay said they are quite concerned by the additional reduction that was placed on them by the House. She said the reduction would bring them to a general fund reduction of over 10 percent. She noted the 8.96 percent reduction is made up of a combination of factors. It is a general fund reduction of close to \$400,000. Also they will be raising user fees on new permits, changes and transfers which will be an \$80,000 increase of user fees. She added that would not go into effect until the second year of the biennium. She added that new monies were found in the area of the major facility siting act and the Missouri River reservation contested case hearing. This would reduce the amount of general fund required by the Department, and that is how it should be reflected rather than a replacement of dollars. She concluded they were able to use \$133,000 of RIT expired grant monies as a replacement for general fund. Ms. Barclay said their goal was to provide the services that the Department is required to provide with the least impact to the citizens of Montana. They fear that with the additional \$132,000 on top of the 12 positions that they currently have open that an additional 4 positions for this year and 4 positions for next year would have to be looked at which

forces them to take the positions out of the general fund areas.

Senator Aklestad questioned where the eight percent cut is. Senator Jacobson said that was run out through a request by Rep. Bardanouve asking what percentage actual cut to the budget different agencies took. In some cases, they were able to do other things, such as increase fees as stated by Ms. Barclay.

Ms. Barclay said the nine percent is their general fund reversion that they currently have in place, and the additional \$132,000 brings them to a ten percent reduction to the general fund. It is made up of a combination of factors, including increased user fees.

In a question from Senator Aklestad regarding the percentage, Rep. Kimberley said the higher percent would include the funding switches. He noted that according to the actual LFA figures, it would now be at five and five in operations.

Ms. Barclay said they have provided more in the general fund area. They were able to lower their initial general fund appropriation amount which is the way the major facility siting act works. Their department as they get monies from other sources are not given the indirect dollars associated with that, which is a peculiarity with DNRC.

Senator Jacobson said according to the LFA, this amendment would bring them approximately \$40,000 over the recommended cuts of the executive, as well as lowering the five percent.

Ms. Barclay said another unusual happening in their Department is the Water Court shows up as part of their appropriation and they are a conduit for the Water Court. Originally the executive budget included an eight percent reduction to the Water Court which was about \$80,000. The subcommittee decided that was too much of a cut for the Court so it was reduced to \$30,000. It shows in their budget they were increased \$50,000 over the Governor's request and in essence that \$50,000 does not help or hinder the DNRC because they are a conduit; therefore the \$40,000 has to be added plus the \$50,000, making it a \$90,000 increase over the Governor's executive budget.

Senator Waterman asked if the motion by Senator Bengtson passed and the \$132,000 is restored, there will still be \$90,000 in cuts that the legislature has made in addition to the Governor's cuts. Ms. Cohea said that discounting the Water Courts which really don't affect the Department, if the amendment is adopted, we will be accepting the executive budget recommendation.

Senator Jacobson said as was noted in Section A, there are many agencies that are in the same situation as this agency is in where there were funding switches and fee increases, and they

were not given credit for them, and they were still imposed.

Senator Bianchi said regarding the RC&D's, he thinks they have done a tremendous job for economic development and by cutting the funds, it would hurt the state by not allowing as much rural development. He concluded his feeling that these funds are needed in the DNRC for that reason.

Senator Bengtson's amendment motion (See Exhibit C-1) passed on a roll call vote.

SECTION C - DEPARTMENT OF COMMERCE

Senator Weeding said with regard to this section, he found it ironic and offensive that we are taking \$200,000 away from local governments on one hand and giving half of it to Commerce.

Senator Jergeson moved his amendment to Section C, page C-27 (See Exhibit C-2). He said this amendment would suggest to the Governor and the Director of the Department of Commerce that they stay home until at least June 1993. He concluded that with the negative outcome of the President's trip to Japan, he doubted the Governor and Director of the Department would be effective in a trip such as this. He added the effect of the motion is not to eliminate money from the Department and its operations; the money could be used for other valid and responsible reasons within the Department.

Senator Keating said 70 percent of our foreign trade in Montana is with Canada and to hinder Montana officials from making contact with counterparts in Canada would be counter-productive inasmuch as that is our real trading area and means dollars to our agricultural people. Senator Jergeson stated his agreement that Canada is the major trading partner for Montana. He added that private businesses in Montana and Canada are developing strong ties and doing it on their own without the intervention or assistance from the governments of Canada or Montana.

Senator Harding questioned the amount of money being discussed in the proposed amendment. Senator Jergeson said the amendment was not proposed to eliminate money from the Department. If the amendment is adopted, the Department could allocate any dollars planned for this expenditure on other purposes within the office and he would presume within the same foreign trade offices. When asked by Senator Harding regarding actual dollars being addressed, Senator Jergeson said he did not have those figures, but felt the travel budget was fairly expensive for a trip to the Far East.

Senator Aklestad said regarding the Japanese aspect of the motion, he felt it was Senator Baucus on the national level that tried to increase the trade relationship with the Japanese and this amendment would be counterproductive to that effort and what

the Governor and Department of Commerce have been trying to do.

In closing, Senator Jergeson said he agreed that the Japanese would like to deal with those directly responsible for making the deal, but in the example of grain sales, the sales are not made by the Governor or any other public agency but are made by the executives responsible for doing that in the grain companies.

Senator Jergeson's amendment motion (See Exhibit C-2) failed on a roll call vote.

Senator Weeding moved to amend Section C (See Exhibit C-3). He said in subcommittee he asked that the Department of Commerce prepare a plan for five percent the first year and eight percent the second year reduction for consideration. A plan was presented which was adopted. Senator Weeding said the motion he is presenting at this time gives them the five percent and eight percent reductions. It would add a reduction of \$16,333 the first year and \$54,667 the second year.

Senator Jacobson said the Department of Commerce would be allowed to respond to the motion. Chuck Brooke, Director of the Department of Commerce, said in subcommittee action they were quoted specific dollar amounts which were taken off a sheet provided by the LFA. Their response came in accordance with that dollar request. The only thing at issue here would be the inclusion of \$56,000 for the Lewis and Clark Interpretive Center in the first year. He added their calculations still show a reduction of eight percent in the second year of the biennium.

Senator Jacobson said the numbers we have are 4.44 percent in '92 and 6.11 percent in '93 for an average of 5.27 percent and that does not include in any agencies the fund transfers. She said Mr. Brooke is correct in that the Interpretive Center would impact that.

Mr. Brooke said to calculate the cuts they came up with to reach the numbers they were given in actual dollar amounts, they had to make choices in terms of impacts on programs, and he added future cuts in operational levels would result in reductions in matching money and have a significant impact on the Department. He concluded the Department was one of the few agencies that did not have to reduce increases during the last biennium. He added they are accounting for about \$2.5 million in general fund savings for other priorities. Mr. Brooke indicated his Department worked with the subcommittee and took the cuts where they could and he stated his concern with now having to make additional cuts that they did not anticipate.

Senator Jacobson said according to her book, it shows a 25.68 percent increase last biennium and not a decrease. Mr. Brooke said we are caught up in switches, some general fund programs that were transferred from their agency.

When questioned by Senator Jacobson if the coal board money that came out did not affect their department, Mr. Brooke said it is simply the amount of grant money to grant out to the coal impacted counties. When questioned by Senator Jacobson, Mr. Brooke said they have staff that work on that. Senator Jacobson said the grants have been substantially reduced and therefore the staff load should also be somewhat reduced in that area. Mr. Brooke said in terms of the impact this fiscal year, there are over \$1 million in grant contracts that have already been approved and roughly \$800,000 in grant projects that are in the application process. The executive budget did not propose cuts in any of that. All the cuts are in the second year. He said he would defer to his Division administrator to tell what the impact might be if there are no new grants being processed during the second year of the biennium.

Senator Jacobson said according to the Governor's executive budget book, Commerce got an 18 percent increase over the 1991 biennium general fund appropriation.

Mr. Brooke asked if that included the \$700,000 appropriation for the Lewis and Clark Interpretive Center. Ms. Cohea said there is a reconciliation page and it would be shown by the budget office that the Department of Commerce general fund appropriation increased 18 percent between the '91 biennium and the '93 biennium before the special session began, so that is the base.

Mr. Brooke said the programs that the Department of Commerce runs did not receive those increases in the last session.

Senator Weeding said if his proposed amendment is adopted, the Department of Commerce would still be \$29,000 better off than when the budget went to the House floor by inclusion of the \$100,000 new monies there.

Senator Devlin questioned Senator Weeding's mention of new monies and asked if that was money being passed through local governments. Senator Weeding said he did not think it was pass through money but money that would be used in the Department. Rep. Kimberley said according to the LFA that is pass through money that goes to the local government.

Senator Jacobson asked Rep. Harper if he would like to add something to the discussion. Rep. Harper said he would like to explain how the money got into the budget. A letter received from Rep. Cobb said that he anticipated that with a general agreement between the legislature and the executive, the intent to do something for local governments in terms of either the Big Sky dividend or the Treasure State endowment fund, there needed to be upfront money for engineering studies to make sure a process was in place in the Department of Commerce so when the legislature reconvened there would be projects that could be arranged and passed on by the legislature. Rep. Harper said

since he is going to be the primary sponsor of the Treasure State endowment and since the Governor intends to go forward with his program and he intends that one of these program passes, and he added he is very much open to still talking with the administration and working out a deal in the special session because he desires to get some positive aid to the local governments as quickly as possible. He concluded this money may not be enough, and that Rep. Cobb at first intended to take the \$500,000 upfront engineering studies directly out of Rep. Harper's bill during the regular session, but the Department of Commerce currently has a community development block grant effort that it administers and that along with the \$100,000 match for local governments may provide what is needed to get the program going.

Senator Bengtson said having been on the subcommittee and asking the Department of Commerce to come back with figures for additional cuts which they did in quick fashion which were accepted by the subcommittee, and there now is no explanation how the cuts will affect the Department. She felt the Department of Commerce should be allowed time to prepare a narrative and if it is substantiated, she would like the amendments brought before the full Senate rather than in committee.

Senator Weeding's amendment motion (See Exhibit C-3) carried on a roll call vote.

Senator Bianchi stated he would like to have the Department of Commerce review the cuts and what they do to the Department, and that could be taken up on the floor of the Senate.

Senator Devlin moved to amend Section C, Department of Commerce (See Exhibit C-4). Senator Devlin stated he would like an explanation regarding the \$100,000 appropriation.

Mr. Brooke said they have some technical concerns with the appropriation and questions that the money would be able to be spent as was intended and provide the results that are intended.

Rep. Harper said it would be helpful if the committee would insert language and direct the Department that these monies will be used for health and public safety related engineering studies and couple it to the passage of an infrastructure bill. Rep. Harper said he anticipates that one is going to pass and he didn't want to necessarily tie the Department's hands but they should be told what the money is for. The prime concern is to try to get the aid to the local governments as quickly as possible, and that is what Rep. Cobb initiated the effort for. He concluded the committee needs to pay attention to that. Rep. Cobb intended to offer half a million dollars and he offered \$400,000. Eventually \$100,000 was passed by the House, and that is what the money is for and added the money would be wisely used.

Senator Jacobson said the language regarding the local governments for infrastructure projects for health and public safety related studies is in the bill. Rep. Harper said if that is not tight enough, then our committee is free to work on the language. Senator Jacobson said it is stated that this would not be spent until or unless a bill is passed. Rep. Harper said that was the intent on the House floor.

Senator Keating asked if the infrastructure program does pass, how many projects does Rep. Harper anticipate would come forward from the various counties and cities. Rep. Harper said he felt there would be a number of them. Senator Keating questioned how the Department could predetermine which should receive engineering study grants. Rep. Harper said the Department has been very professional in this respect, and if they were to use the same process by which they judge applications for community development block grants, that would work. Senator Keating said they could not use the money until they got a request for an infrastructure proposal. Rep. Harper said that would be the purpose of the money; it would be to make sure the studies were done upfront so that the applications list could be filled out in an appropriate way and they would be ready to move with the projects as soon as approved by the next legislature or the public were to pass a constitutional amendment passing the Big Sky dividend. He concluded it is the same process that was anticipated to be used by the Governor.

Senator Devlin questioned if language should be inserted regarding matching funds for the engineering.

Senator Jacobson said since there is confusion regarding this amendment, she questioned if Senator Devlin would be agreeable to discussing his amendment after lunch.

Senator Devlin withdrew his amendment (See Exhibit C-4) until after the lunch break.

(LUNCH RECESS - 12:50 p.m.)

(HEARING RESUMED - 2:00 p.m.)

Senator Jacobson reconvened the hearing on House Bill 2 at 2:00 p.m. She said we would continue with Senator Devlin's amendment motion on Section C, Department of Commerce.

Senator Devlin moved to amend Section C (see Exhibit C-5) which he stated takes \$100,000 out of the engineering studies and moves it into the Coal Board for their expenditures.

Senator Keating moved to segregate the amendment by segregating amendments 1 and 2 from amendments 3 and 4. He said he wanted to vote to delete the money but not have the money go to the Coal Board.

Senator Keating's motion to segregate passed on a roll call vote.

Senator Devlin moved items 1 and 2 of his amendment. (See Exhibit C-5).

Senator Jergeson stated his opposition to the amendment now being considered. He stated Rep. Cobb has worked hard with the problem of infrastructure in Montana and by opposing the amendment Rep. Cobb's program could move forward.

Senator Jacobson said Rep. Cobb has suggested that instead of money being in the Director's office he wanted it put in the community development part of the Department of Commerce.

Senator Aklestad said it was his understanding that the \$100,000 was not Rep. Cobb's motion, although he had a similar one. Rep. Kimberley said it was Rep. Sheila Rice's amendment. Senator Aklestad questioned whether the \$100,000 would be spent wisely for engineering studies, et cetera.

Senator Bengtson stated her support of the motion, saying the \$100,000 for engineering studies is better in the Coal Board, adding that much money has been taken from the Coal Board. She added that nothing about this transfer was mentioned in the subcommittee and it would be wrong to put the money in engineering studies.

Senator Waterman said she is concerned with the lack of statutory language and criteria for this, in that we should not encourage local governments to begin engineering studies on projects that might not be viable.

Senator Devlin's amendment motion (See Exhibit C-5, items 1 and 2) carried on a roll call vote.

Senator Devlin moved items 3 and 4 (See Exhibit C-5, items 3, 4). He noted this would reinstate the \$100,000 of local impact account funds to the Coal Board.

Senator Weeding indicated his support of the motion, stating Coal Board monies are local impact monies which can be used for many important local projects but that have not as yet reached the application stage. He concluded that in his opinion the money should be restated.

Rep. Kimberley said he would like to have Rep. Wanzenried address the amendment as he presented it on the House floor. Rep. Wanzenried said action on the House floor reduced the funding level to the Coal Board by \$100,000. He noted there is currently about \$486,000 of grants pending before the Coal Board to be funded in fiscal year '93. A balance sheet by the fiscal analyst indicates with the amendment in place there is \$395,000 to take care of the grant applications. He concluded by saying

he did not feel the amount of money is going to put a demand on the Coal Board.

Senator Devlin closed on his motion by indicating that the application period is not over.

Senator Devlin's amendment motion, (See Exhibit C-5, items 3 and 4) carried on a roll call vote.

Senator Weeding moved to amend Section C (See Exhibit C-6).

Senator Jacobson indicated to the committee that this amendment would place the figures at the level they were at in subcommittee action.

Senator Bianchi questioned where the \$100,000 is at the present time. Senator Jacobson said the money stays in the impact board until the end of the biennium and then goes into the school equalization account. It is not in the general fund but the money does alleviate the need for more general fund so it is creating a hole in the general fund so to speak.

Senator Jergeson said in adopting Senator Devlin's amendment, the \$100,000 put in for engineering studies is taken out, and that \$100,000 would go into the local impact account. He questioned the impact of the amendments. Senator Jacobson said Senator Devlin took the \$100,000 and put it back into the Coal Board impact fund. She indicated that Senator Weeding is saying that Rep. Wanzenried's amendment took \$200,000 and Senator Weeding's motion puts it all back.

Senator Weeding's amendment motion (See Exhibit C-6) failed on a roll call vote.

SECTION C - DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

Senator Weeding moved to amend Section C, page C-18 (See Exhibit C-7). He stated his motion would make it a requirement in the boilerplate language that there be money in the Department budget for the RC&D statewide coordinator and also funding the expenses.

Senator Jacobson said in conferring with the fiscal analyst, there is a problem with the language because the budget reduction contained in item 7 isn't there anymore after action taken this morning on HB 2.

Senator Weeding's amendment motion (See Exhibit C-7) carried with Senators Aklestad, Devlin, Hammond, Keating opposed.

Senator Devlin said he would like to have discussed the problem relating to the language in the proposed amendment. Senator Jacobson said the problem was the amendment was prepared before Senator Bengtson's motion and when that motion passed, it

deleted the line that Senator Weeding's amendment is referencing. She said it was her feeling that Senator Bengtson's amendment was supported because they wanted to protect the RC&D coordinator. Senator Weeding amendment is asking that no reductions be taken to the RC&D statewide coordinator. It is a language insert.

Senator Waterman said she would like a response from the Department of Natural Resources. Ms. Barclay, Department of Natural Resources, said she is confused about this amendment, and she would be concerned if the action taken this morning by the committee is overturned.

Senator Jacobson said it was her feeling that one of the reasons Ms. Barclay's amendment passed was because a number of committee members were concerned about this position, and it was her testimony that if the amendment did not pass, the RC&D coordinator was something that would not be in effect. The committee wants the assurance that with the amendment, that position is now protected.

Ms. Barclay said that is a general fund area that would have to be looked at if they took on an additional \$132,000 reduction. Senator Bianchi said he agreed with Ms. Barclay and if something did happen to that funding, he would further look into the matter.

Senator Jacobson took a re-vote on Senator Bianchi's amendment motion (See Exhibit C-7). Motion carried with Senators Aklestad, Hammond, Keating and Tveit opposed.

SECTION C - DEPARTMENT OF STATE LANDS

Senator Bianchi moved to amend Section C, State Lands (See Exhibit C-9).

Senator Bianchi said the reason he did not move the amendment when the committee was discussing the State Lands section was because he was informed that it could not be done but he has since been informed that it can. He stated he is attempting to strike \$300,000 and inserting \$50,000 back in. He directed the committee to page C-12, line 3. He is attempting to take money for the study out of the bill and retain the \$50,000 in the existing bill for the startup access to state lands. He stated his feeling that the state lands issue has been before the legislature and something that has been accomplished. He said while he thinks this study may be a good study, he does not feel it is something that has to be done to implement existing law. He added that even though he supported the study in the regular session when there was adequate money to fund it, he now feels the study is something that is not absolutely necessary to come out of the general fund to implement the existing law. He said he would suggest to change the boilerplate to where the \$250,000 would be diverted to the Department of Corrections to pay for psychiatric mandated evaluations at Warm Springs which now will

be passed down to the counties. He added that would be in the area of \$500,000. He concluded he would change that so the counties would only be responsible for one-half of the psychiatric evaluations and the State would be responsible for the other half. He stated his feeling that counties do not have any extra resources, especially since up to this point they have not had an opportunity to budget for it; it is a mandate that is being sent down by the state.

Senator Devlin said he would like to have the Department of State Lands comment on this issue. Dennis Casey, Department of State Lands, said as part of his recommendation to the Budget Office he included the \$250,000 for an economic study. He felt at that time it was something that could be delayed although it was important that it be done at some time, not only for recreational access but to make some determinations as to value of surface uses of all state lands; also he said to hopefully put aside the arguments and debate about grazing leases, etc. He stated that recommendation was accepted. In hearings held, it was made known to State Lands that the study was an integral part of the recreational access issue. Rule-making is now proceeding and it is his contention that the study is important for access onto state lands for hunting and fishing.

Senator Bianchi's amendment motion (See Exhibit C-9) failed on a roll call vote.

Senator Jergeson moved that Section C be closed. Motion carried unanimously.

D. INSTITUTIONS

Representative Menahan presented Section D of the budget to the committee.

SECTION D - CORRECTIONS & HUMAN SERVICES

Senator Keating asked for information on item 8, corrections medical. Rep. Menahan apologized for overlooking that item. He said the Department wanted to come in with a supplemental upfront. Since there was no way to know the amount, it was not felt that money should be given up front. He noted they were advised that in this area of the prison if the money is up front and someone is denied any type of service, there is bound to be legal action taken. Any money that is available in this area up front, he felt it would encourage further spending without any type of management plan being put into effect. When questioned by Senator Keating if it was like a supplemental, Rep. Menahan said it is an advanced supplemental.

Senator Keating said moving the acute care patients at Galen to Warm Springs was rejected in Section D. Rep. Menahan said they hoped HB 966 would come back in '93 with a recommendation.

He noted they agreed to endorse the Ihler movement of taking money out of that and their proposal was they would let the HB 966 interim committee come back to the next regular session and establish the criteria needed at Galen.

Senator Keating said it was his understanding there is a difference between acute mental care, that some patients at Galen are receiving acute mental treatment, and there is also a detoxification center there for alcoholism, but those are two separate programs. He questioned why mental patients are not moved to Warm Springs and leaving the alcohol treatment center at Galen. Rep. Menahan said it was felt at this time that was a fast move and that many of the people in the Department and the institution grounds were not aware of this. Senator Keating said the mental patients could be integrated into Warm Springs and the Ihler decision could still be complied with. Rep. Menahan said that was not the way the hospital people there felt about it. The patients at the two places are made up of different populations.

Senator Waterman said she would like an explanation of how we are expecting the counties to pay the one-half million dollars in court ordered evaluations. Rep. Menahan said the situation has been that the law says the county will pay for it, but the Department has been reimbursing them. The counties are now probably going to be reimbursed much less, and they are saying they can get it cheaper in the communities. He said a problem he could foresee is the people are able to be brought to Warm Springs and put in a secure facility but if they have to be put in certain types of jail facilities and then have them evaluated in the communities, the county will be stuck with higher bills than anticipated. He concluded the counties opposed this.

Senator Waterman said it was her understanding that although it was the county's responsibility, they were reassured they would be reimbursed by the state. She concluded her feeling that it was a shift to the counties that can't afford to pay for it.

Senator Bianchi said the law does not say that the counties have to pay that. The law states the counties can pay it; the state can pay it or they can pay it together.

Senator Jacobson said there are concerns in all of these budgets but she would like the committee to hold those discussions down and stick to amendments and changes that our committee is going to make. She asked for amendments at this time.

SECTION D - LIBRARY COMMISSION

Senator Franklin moved to amend Section D (See Exhibit D-1). She noted this amendment deals with an error made in terms of where monies would be taken from; it inserts it in the proper place.

Senator Franklin's amendment motion (See Exhibit D-1) carried unanimously.

SECTION D - HISTORICAL SOCIETY

Senator Waterman moved to amend Section D, (See Exhibit D-2). She noted the Historical Society is a very small agency and she fears they are being adversely impacted by budget cuts. She said it is her understanding they are the only agency that is in the first year of the biennium and will in the second year of the biennium actually have employees who will take leave without pay about five days during the year. This affects 34 members of the staff. It takes approximately a third to a half of the pay raise given to them. This amendment would alleviate the furloughs and this money could not be transferred somewhere else. If the money is not used to fulfill the pay plan, the money reverts to the general fund.

In a question from Senator Aklestad, Senator Waterman said the agency was underfunded in their pay plan by the budget adopted in '91. Senator Aklestad said the proposed amendment is not only not taking the money out that was originally taken out but in addition inserting approximately \$10,000 in addition. Senator Waterman said that was correct; they were already furloughing employees before the State budget cuts hit them.

Senator Aklestad said although he recognized the Historical Society did good things for the State, we are dealing with areas in other budgets that are more difficult to deal with, and he hoped our committee would adhere to what the subcommittee did in regard to this.

Senator Jacobson questioned if they were subcommittee cuts to the agency. Rep. Menahan said they accepted the Governor's recommendations on these cuts. Senator Jacobson stated recommendations were made by the executive, the committee accepted the recommendations and she questioned if there were further cuts after that. Sandy Whitney, Legislative Fiscal Analyst's Office said there were not. She added as she understands the intent of this, it is to replace the two percent vacancy savings that was taken last spring because the Department is not achieving those vacancy savings; they have had no turnover.

Senator Bianchi spoke in favor of the amendment. He felt it was poor policy and unfair to state employees when they have to balance the budget by taking furloughs.

Senator Jacobson said this is restoring vacancy savings but there is another area which is in the sheets from the Governor's office where they are saying that people that are overfunded or underfunded for the pay plan. She noted that same sheet shows the university overfunded by \$1,300,000 and the university had to raise tuition to meet their pay plan. She said she could support

taking their vacancy savings out but we have no way of checking the other column on the sheet provided and she could not support the other area.

Senator Waterman said it is her understanding that the Historical Society was underfunded in the pay plan and then they were hit with a vacancy savings, and they had no vacancies; then they had to assume budget cuts. The accumulation of that means their employees are taking 54 hours of time off without pay. She concluded we should not ask our state employees to go without their salaries.

Senator Devlin said that in referring to the sheet received from the Office of Budget and Program Planning, there were many people that were underfunded for the pay plan and also had vacancy savings that are also small agencies. He concluded if we are going to start trying to make them all whole, we will have trouble finding that kind of money.

Senator Jacobson said that was the point she was trying to make. She said she did not know where the figures from the OBPP were coming from. If we were to fund all the people that were supposedly underfunded for the pay plan, we would be in big trouble here. When we took vacancy savings, we took four percent in the area of the Historical Society. In the conference committee, they made a plea to take that down to two percent which was done. If they are not generating any at all, she stated she could justify giving them their vacancy savings, but added she will not support the underfunding, overfunding pay plan because she said she could not tie it to anything.

Senator Jergeson made a substitute motion for the amendment to change the numbers to insert \$16,221 in 1992 and \$16,181 in 1993 which eliminates the two percent vacancy savings.

Senator Aklestad said he would like to address the substitute motion. He indicated the Historical Society received over a 17 percent increase in total funding last legislative session; not all departments received that great of an increase and are still taking their proportionate share of cuts in the budget. To deal with the real needs of state government, he reminded the committee that this budget was sent over to us way out of balance, and we have not as yet started to balance it. He concluded he would oppose the substitute motion.

Senator Fritz said one of the reasons for the increase in the Historical Society's budget was they had a program taken away from them; it is not an increase in the operations budget of the agency.

When questioned by Senator Aklestad to explain the substitute motion, Senator Jacobson said the substitute motion would in effect remove the two percent vacancy savings imposed on this agency in the last legislative session. They have not been

able to generate the vacancy savings.

Senator Jergeson's substitute motion carried on a roll call vote.

SECTION D - CORRECTIONS & HUMAN SERVICES

Senator Aklestad moved to amend Section D (See Exhibit D-3). Senator Aklestad said with the downsizing of Galen, there would have been a million dollars savings. He noted the beds at Galen are not being utilized in the most efficient manner. He noted in the subcommittee there was overwhelming support by patients that had been treated at Galen and through the system for the downsizing per the Governor's recommendation. There was support from those that worked with the program that came and testified in the committee, overwhelming support. This proposal would save the \$1 million and still give the service these patients and this Department wants to give. He noted there is language that is not seen here that will directly have the money follow the institution into the community based program. He said there was concern in the subcommittee of making sure the money would follow and language was adopted for that. Under the community based setting, Senator Aklestad said under the proposal the patient to doctor or staff load would be reduced, not increased. He added those that have been treated came in and supported the program.

Senator Franklin said she would like to review what was done in committee. She said they provided the formula to comply with the Ihler decision which involved funding positions at Warm Springs to upgrade the patient-staff ratio which was required by the decision as well as transfer \$1 million into community mental health services with language that the money would be leveraged into the community to approximately a \$3 million level which would provide services for community consumers requiring followup care. She noted the consumers feeling very strongly about the budget had their needs met; the major need they were asking for was that the funds would follow them into the community. The Galen issue was a separate issue, and she maintained that should be a separate issue. The Galen downsizing has a number of clinical, professional, budgetary considerations that are quite complex, which is being looked at by the interim committee. She felt the interim committee will look at that in depth and she concluded by stating her desire that the Finance and Claims committee support the work done by the subcommittee which met the needs of the Ihler decision without making premature decisions regarding the Galen decision.

Senator Keating said he would like to direct a question to Mr. Chisholm regarding FTE's added at Warm Springs for patient provider ratio or patient nurse ratio for compliance with the Ihler decision. He questioned if in Mr. Chisholm's plan to move the inappropriately placed mental patients at Galen into Warm Springs, was it part of the plan to move personnel from Galen as well that would have increased the ratios.

Mr. Chisholm said relative to the Ihler compliance issue by reducing Galen, they would have transferred 10.8 positions from the Galen campus to the Warm Springs campus in order to effect the total number of professional positions they thought they would need to maintain court accepted compliance.

Senator Keating asked Mr. Chisholm if in that plan, the personnel at Galen would have been qualified to fill the slots that were added by the subcommittee at Warm Springs. Mr. Chisholm said that was correct. Senator Keating said that rather than adding personnel into both facilities, we could have transferred one group to another, downsized Galen for a substantial savings, provided appropriate care for those people that are inappropriately at Galen and still complied with the Ihler requirement for a better ratio of patient and personnel. Mr. Chisholm said that was correct.

Senator Waterman said she was confused with the adding of \$1 million. Senator Franklin said that was not added; it was transferred from the Warm Springs budget into the community, and 80 patients will be discharged from Warm Springs with treatment plans to the community, and that \$1 million will follow them into community health, and 50 positions will be lost through attrition at the Warm Springs campus. The \$1 million is coming directly out of the Warm Springs budget that is going into the community.

Rep. Menahan said there is \$1 million coming out of personal services of the Montana State Hospital budget. The other \$1 million proposed to be taken out of the Galen area remains in the facility at this time; that proposal was not accepted. There is \$1 million to follow out into the community. When the people move, the doctors informed the committee that right at this time there are not that many available spaces but they will develop by the community mental health people who are supporting pretty much this part of the proposal and they will go into the communities and there will be a reduction by October of 50 workers at the institution. The other \$1 million at Galen is a separate issue and has not been removed from the budget.

When questioned by Senator Waterman regarding the \$1 million, Senator Jacobson said there is a \$1 million downsizing at Warm Springs. That money is going into the communities for the patients that are being discharged into the communities. There was another \$1 million proposed by the Department to be cut from the Galen budget. Senator Franklin said we are still in the middle of a study and she did not feel it was appropriate to downsize until the completion of the study. They downsized Warm Springs, put the money into the community and said they would wait on the Galen issue until the committee is able to make recommendations. If they were to downsize Galen, that money would revert to the general fund.

When questioned by Senator Waterman if Senator Aklestad's motion puts the \$1 million into the general fund, Senator

Jacobson said that was correct.

Senator Keating asked Senator Franklin if her testimony stated that 80 patients would be moved from Warm Springs. Senator Franklin said that was correct.

Senator Keating asked what the capacity at Warm Springs is at the current time. Rep. Menahan said there is an approximate population of 285, and 85 of them would be moved. The hospital is being downsized to 200. When asked by Senator Keating as to its capacity, Rep. Menahan said it has been up well over 300 in the past but some of the units will be downsized and closed in this proposal. Senator Keating asked why a facility should be utilized at 60 percent of its utilization after patients are moved out and continue to house patients inappropriately in another facility not more than a few miles away in an under utilized capacity as well. He concluded all those patients could be served appropriately in a single facility. Rep. Menahan said they are not inappropriately placed and those in the Galen facility are in a very good place. He noted he had about 50 letters from members of patient's families that did not want their family member moved. He concluded if the committee on HB 966 is allowed to do their work, they will report back to the next legislative session on how to make this a better facility. When asked by Senator Keating if the committee is still funded, Rep. Menahan said they were.

Senator Aklestad closed on his motion and stated with the downsizing, the original proposal that was brought to the subcommittee, that \$1 million that could be saved would not be a reduction in service to the staff. With the \$1 million saved, there would be no reduction to the patients. We would comply with the Ihler decision. The Ihler case said we were not treating those patients in the right manner in the right setting. If they were moved into the community, they would be treated in the right manner. The downsizing would accomplish everything that this committee and the legislature would want to achieve.

Senator Aklestad's amendment motion (See Exhibit D-3) failed on a roll call vote, with a tie vote.

Senator Vaughn moved to amend Section D (See Exhibit D-4). She said the amendment would restore the two percent additional vacancy savings removed by the House Appropriations Committee.

Rep. Menahan said this measure was introduced by Rep. Cody because she was under the impression that more was going to be taken out of this; she thought they were going to take five so she put it in at two and it passed the House committee. He noted Mr. Chisholm said they are in a bind at this level so it is up to the Finance and Claims committee to decide if it should be restored.

Senator Aklestad said they were sent back to subcommittee to

try to come up with the proportionate share of additional cuts to satisfy the budget. He said in light of the amount of dollars we are out of balance at this time in that we have added more money in than has been taken out, he would have to speak against the motion.

Senator Keating said he would like a response from Mr. Chisholm. Mr. Chisholm said when the motion was made by Rep. Code in the House appropriations committee, it was not a recommendation of the subcommittee on the Department of Institutions. There was a misunderstanding in that she thought the Department could absorb more vacancy savings as did the Department. Rep. Cody did not realize that was the Department's self-imposed vacancy savings over and above the two percent they were already asked to cut. In addition to that, Rep. Cody moved that the Department absorb another two percent which takes them to the 6.2 level, not realizing the \$42,000 in fiscal year '92 and the \$16,000 in fiscal year '93 that they offered was an offering of additional vacancy savings. He said Rep. Cody's action takes them to the 6.2 level for a group of 45 people, including the staff of the Board of Pardons and two field people is more than can be absorbed by the group of 45 individuals. He said he would like it reduced back to what the subcommittee recommended and not what the additional two percent was.

Senator Jacobson said right now they are at a 6 percent level which is frightening when you are talking about prison employees; positions cannot be left vacant.

Senator Aklestad said it was his understanding there was two percent taken in the subcommittee and he wanted to know if this is the same two percent we are dealing with. Rep. Menahan said that was correct, that Rep. Cody made this recommendation in the full House appropriations committee. Senator Aklestad said he was speaking of the two percent that was in the subcommittee.

Senator Vaughn's amendment motion (See Exhibit D-4) carried unanimously.

Senator Jergeson moved that Section D be closed. Motion carried unanimously.

E. EDUCATION

Rep. Kadas presented Section E of the budget.

Senator Jacobson said for clarification since we are talking about specific dollar amounts in tuition, the dollar amounts were used at to arrive at a figure which we cut from the budget. It is up to the Board of Regents to set the tuition amount. It was a way for us to arrive at a figure that we would cut from the present budget of the university. She felt it is important to understand that we are not setting the tuition levels; we are

cutting the budget by that amount and allowing the Board of Regents the flexibility to utilize it however they choose. Rep. Kadas said he felt it is clear the Regents have the authority to do with tuition whatever they want to do and that the boilerplate language, while it is legislative intent, the legislature recognizes it as a recommendation to the Regents and in no way is it binding. He noted his feeling that it was the House opinion that they did not want to see tuition raised to more than the peer average. They felt it was their responsibility to give the Regents some guidance as to what we thought, but that they have the constitutional authority to do whatever they want.

Senator Waterman said it also was her opinion that the Board of Regents can choose to balance their budget in any way they chose. Rep. Kadas said under the amendments if they raise tuition \$400 or \$500, they would be increasing their overall budget above what we set it at. Senator Jacobson said they don't have spending authority. Rep. Kadas said they would have to request a budget amendment and he felt there was a question as to whether we could deny it or not.

Senator Waterman said she clearly believes the Board of Regents has the constitutional authority to run the university system and she does not feel there is much flexibility with the university budget.

Senator Bengtson questioned Rep. Kadas regarding an amendment for a readjustment in distribution of tuition. Rep. Kadas said the numbers in the bill regard only the dollars that were backfilled. The dollars were figured because of what tuition levels would be, but they are not tuition revenues themselves. When asked what they are, Rep. Kadas said they are general fund dollars and that is all they are. Tuition revenues are a different kind of revenue, but the dollars in there were distributed on the basis of Rep. Kadas' calculations of what the tuition would be. He added he did not anticipate that students would leave the system because of tuition increases so that has to be accounted for. Once that is accounted for, it gets the distribution of dollars closer to what will actually happen in the field. As soon as significant amounts of money are moved from one campus to another whether justified or not, there is uproar on the particular campuses. In order to make lump sum funding work as well as possible, we need to get as close as possible to what the actual distribution of money is going to be.

Senator Jacobson said there are certain campuses that have more out of state students, most noticeably the University of Montana so when the calculations were run through, of the \$4 million, over \$1 was given to Montana State University and the University of Montana was getting \$300,000. That did not change the bottom line at all because if you backfill with tuition or cuts, it will even it out to an across the board cut similar to the one they are taking in 1992. What Rep. Kadas is trying to do is account for those differences that we saw so there is not the

huge disparities and have to start moving the tuition money immediately.

Senator Jacobson said we will go onto the amendments in Section E and the question of tuition funding can be discussed as we get to it in Section E.

SECTION E - OFFICE OF PUBLIC INSTRUCTION

Senator Jergeson moved to amend Section E (See Exhibit E-1). He indicated the amendment is a language change that would provide the OSPI the maximum flexibility in program nine which is the distribution to schools. He concluded it does not increase or decrease the amount of money appropriated to the Office of Public Instruction for the programs but gives them flexibility to deal with some of the problems they have because of the cuts in the programs.

When questioned by Senator Keating as to what would happen at the present time, Greg Groepper, OSPI, said the money would revert to the general fund. In special education and school transportation there has never been a reversion to the general fund since at least 1989, but there is a new school transportation law on the books which causes consistent billing for both elementary and high school districts and they are uncertain how that will affect the program. He concluded they are not counting on a reversion in special education or transportation this year but felt if some money showed up and they could have the flexibility to use it, it might "soften the blow" a little.

Senator Devlin questioned if the OSPI was not allowed to use the money in this manner, it would revert to the general fund. Senator Jacobson said if there was any money.

Senator Aklestad asked if we are talking about personal services and operating. Senator Jacobson said there is no personal services; it is pass through money. Money could be moved into personal services if needed but it could not be moved out.

When questioned by Senator Aklestad regarding the pass through money, Skip Culver, Fiscal Analyst's Office, said these funds cannot be used for any use other than program 09; they could not be transferred into operations.

Senator Jergeson's amendment motion (See Exhibit E-1) carried on a voice vote, with Senators Devlin, Hammond, Harding, Keating, Tveit opposed.

Senator Fritz moved to amend Section E (See Exhibit E-2). He indicated the amendment restores the secondary vocational education appropriation to the level appropriated by the 1991 legislature.

Senator Keating asked what the money is used for. Senator Jacobson said this was set up years ago and at one time cut back and at one time eliminated and then reinstated about four years ago. It is grant money for vocational education programs mainly in the high schools. Those programs are high cost programs requiring high cost equipment. Those schools can then apply for grants through the OSPI to help pay for some of the high cost equipment of the vo ed programs. She noted it is a small percentage of their budget, but that is what it is used for.

Senator Keating questioned how much is remaining in the secondary vo ed account for that purpose. He noted the recommendation was to take out \$270,000 and how much remains for that purpose after the recommended reduction. Senator Jacobson said it is \$1,656,000. She noted it is an eight percent cut, and Senator Fritz' amendment would restore the program whole and not take the eight percent.

Senator Fritz amendment motion failed on a roll call vote, with a tie vote.

Senator Jacobson informed the committee that we would now lump the rest of the amendments, et cetera, together as it has to deal with the budget of the Commissioner of Higher Education.

SECTION E- COMMISSIONER OF HIGHER EDUCATION

Senator Hockett said he would like an explanation of the 1.2 percent reduction shown by the Budget Office.

Jane Hamman, Office of Budget and Program Planning, explained the spreadsheet concept and any specific questions regarding the University system could be answered by Ms. Jones-Dello. She referred the committee to C-3 in the LFA analysis as it was a small amount of general fund and is all in operating. She also referenced the long white sheet from OBPP on Fish, Wildlife and Parks. The LFA analysis shows HB 2 under general fund \$423,055, plus pay plan \$7,682 equals \$430,737. If the committee added to that the \$6,945 vacancy savings in column two on the long white spread sheet and the \$777 in the pay plan, the figure would be \$438,459 which shows in column one as a fully funded general fund operating budget. That is what was considered during the last session. Then the vacancy savings is backed out which was taken in HB 2 and the underfunding of pay plan which occurred in HB 509. Added to that are the actions of special session through the House floor, and the total operating reductions are shown from a fully funded operating budget only, personal services, operations and equipment and it shows that FW&P has a 9.62 percent reduction from what they needed to fully fund their operating budget for this year. That was important to show because of Senator Bengtson's motion on DNRC about what was happening to them with vacancy savings plus the additional cuts. The motion made by Senator Waterman on the Historical Society and the motion of Senator Vaughn dealing with vacancy savings,

underfunded pay plan problems that the executive branch agencies in particular are experiencing in addition to these cuts. She noted for example, SRS with over 900 employees had only one person leave. They have \$211,000 of vacancy savings and another \$44,000 of underfunded pay plan and they can't meet that at this time. She concluded she is trying to convey the situation as it exists across the agencies.

Senator Jacobson questioned if she would contend by this and the following page that the Department of Social and Rehabilitation Services will lay off seven FTE's. She stated the Director of the Department told her today that they have no intention of laying off anyone.

Ms. Hamman said the page she is referring to is headed potential FTE reductions. Throughout House action, the motions that were made, it was indicated to the agencies that they would have flexibility to apply the additional reductions wherever most appropriate for them. Many of the agencies are still working on that plan. Some of them already had furlough before the additional reductions were made. Some of them already had plans to put furloughs in for those. She said all that is seen on the FTE sheet is a straight calculation of the potential impact. She said they talked with some of the agencies although not all of them because of time constraints; they were being given different signals. Some of the FTE reductions are greater in the current agency plans than are shown on the FTE sheet and some of them are less. This is therefore a simple straight calculation of the general fund and average cost per FTE.

Senator Jacobson said she felt it was a little misleading to see the article in the Helena Independent Record of 1/11/92 titled "Helena Jobs Lose to Cuts". She felt it was misleading when the article shows SRS laying off people when the Director informed her that no one was being laid off.

Ms. Hamman said it has been her experience with the Independent Record that about 50 percent of the articles are 100 percent accurate.

Senator Hockett stated his concern about the top line of Higher Education showing the 1.56 percent. Senator Jacobson asked the OBPP to explain those figures.

Iloilo Jones-Delo, consultant to the Budget Office for the special session, referred to the sheet "Cumulative impact of legislative actions on agency operating budgets" and directed to the first line under the agency Higher Education. She indicated that some adjustments would be made after meeting with the LFA on the number of over(under) funding pay plan in that there is a difference in the numbers. She stated they inadvertently included in that number some which is actually tuition revenue that they brought in which was not an increase to their pay plan directly so adjustments will be made to that number. There will

also be an adjustment to the FY 93 over(under) funding pay plan. She said under the special session actions for FY 92, there is the same number for the amount of decrease in the budget of \$2,165,522. In FY 93 under special session actions, she felt the LFA showed the special session actions at being \$8 million and questioned the LFA on that figure.

Senator Jacobson said the legislature makes cuts. At the same time calculations were made as to what would happen if the university backfilled that with tuition but they are either called actual cuts or they have to be called a tax increase. They are one or the other.

Ms. Jones-Delo said they have for all other agencies been trying to carry through recognized revenue and fund transfers and offsetting those against the budget cuts so that was carried through for the university system. She noted her feeling it is a matter of semantics and makes little difference because either way they will have to raise the money; they are taking a cut. Senator Jacobson indicated her feeling that it makes a great deal of difference in the numbers we are using today. She noted the legislature has cut the university system approximately \$8 million. Some of that will be made up possibly in tuition which is a tax on the students, but it is still a cut in general fund. Ms. Jones-Delo said she agreed.

Senator Jergeson said the subcommittee adopted cuts based on the Governor's recommendation of some \$15 million. The House added back in \$4 million which was barely a third of the cuts which the executive recommended. He questioned the spread sheet showing the minimal percentage decrease. He concluded his opinion that the OBPP is spending a lot of time putting figures to somehow justify political arguments being made in the state and stated it is wrong for them to do so. Ms. Jones-Delo indicated to Chairman Jacobson her feeling that Senator Jergeson's discussion did not require a response.

Senator Jacobson asked for any other questions regarding the spreadsheet. She noted there are some further sheets on university funding that have been included in the information received this morning regarding the Montana university system. (See Exhibit E-3) She indicated the Commissioner of Higher Education would like to be able to respond to the information and if there was no objection from the committee members, she would like Mr. Hutchinson to address that at this point.

John Hutchinson, Commissioner of Higher Education, referred to the memorandum from Iloilo M. Jones-Delo to Steve Yeakel regarding the university system funding update as well as a sheet entitled Where the Montana university system ranks comparing Montana to national averages (See Exhibit E-3). He indicated the documents are incomplete and are for the most part grossly inaccurate and provide an unfounded attack on the university system credibility. He said he is prepared to go through them

item by item and refute them but noted he has a prepared document that carries the substance of what his oral remarks would be (See Exhibit E-4) which he presented and discussed with the committee. He concluded by saying the document from Ms. Jones-Delo is very misleading and urged the committee to give careful consideration to the counter-document being made available (attached as Exhibit E-4) as it will set the record straight.

Senator Aklestad moved to amend Section E (See Exhibit E-5). He mentioned to the committee that in the '79 session there was a general fund budget of \$67 million of general fund money. The budget in '92-'93 was \$195 million. He noted the budget in the university system in 1979 was \$117 million and now it is \$287 million approximately. He said the budget in the university has increased almost three times; other budgets have not increased that much but they have increased plenty and probably too much. Salaries of all employees statewide, professional people, taxpayers has not increased three times, their salaries and their income. He indicated he has a real concern that the Board of Regents and the financial and operational management of the university system has not been to the likings of the general public in Montana when it costs those same taxpayers and the general public for every out of state student coming into the system approximately \$1,800. He said this cost would not be bad if we were an industrialized state where the students were educated and we were then able to keep them in the state and utilize that knowledge they receive through the system. Unfortunately, he said we send that knowledge out of state, plus our Montana students that we send out of state. He said in most cases it takes five years to send a student through the system. He mentioned the system cannot be totally blamed because many students don't take a full load. He said that is additional tuition, additional tax dollars costing the parents of this state. The Board of Regents is working on that but has not made headway to the degree that they should have. He said there is a concern that college students don't see their professors as often as they should; there are student teachers instructing the students or someone else. The professors are sometimes off writing a thesis at the taxpayer's expense. He said these are things that he hears about that have not been done in the university system and the Board of Regents come to the legislature with a tactic of raising tuition to all students including Montana students. He said it has been mentioned here that the tuition fees would come up to peer groups but even with the Kadas amendment, they would not come up to peer colleges or university systems. We would still have the Montana taxpayer picking up much of the tab of the out of state students.

Senator Jacobson asked Senator Aklestad to tell the committee what his amendment would do. Senator Aklestad said his amendment would only do what the subcommittee did and what the full House appropriations committee did. The amendment will insert the language in the monetary amounts that was taken out on the House floor and that was the \$4 million and some dollars. It

will reinstate the language and the monetary amount that the full House appropriations committee did. He indicated his feeling that it is wrong to pay professors that are not teaching all the time and that money would add up to a savings to the university system before there would have to be a tuition increase on our students. He concluded that is the justification for his amendment and justification to the taxpayers of the state that this should be reinstated as the House appropriations committee and the subcommittee brought it before the full House.

Senator Jacobson called the committee's attention to the summary page 20 in the Budget Analysis Special Session book. She questioned Senator Aklestad saying that higher education had grown considerably since 1979 and disproportionately more quickly than the rest of state government.

Senator Aklestad said some of state government.

Senator Jacobson said reading from summary page 20 in the second column, it says "higher education - since 1979, higher education's share of the general fund pie has varied from 21 to 26 percent". She noted if this is correct, education's share of the state budget has not changed between now and '79 in comparison to their part of the pie. If they are growing, the rest of state government is growing proportionately with them.

Senator Aklestad said he would think the pie would indicate that the university system has always been higher than the rest of expenditures. Senator Jacobson said higher in general fund spending because their budget is so purely general fund spending. She noted that is the problem when we come into the budget cutting sessions, the bulk of the general fund is right in their budget and it is an easy take. She stated the 1993 cuts as we saw them and there has been some discrepancies in the figures would be 6.64 percent of their budget which she feels is in line with what we are doing with everyone else and in many cases a little higher.

Rep. Kadas said if the committee desired, he could give some of the rationale why the House put the language in on tuition and thought to displace the rest of the potential cuts on tuition increases.

Senator Jergeson spoke in opposition to the proposed amendments, stating they would be destructive to the university system. He said while some people speak against the university system, the real university system are those individuals who study in the university system, many Montanans going to class that are gaining training in education, learning for a better future. He stated making cuts like this affects the people in the university system. This will either produce tuition going up dramatically or programs will be cut or a combination of both of these which will be destructive to the university system. He noted the budget that was built in the subcommittee last winter

was based on the Governor's commission of the '90's report. He added that because of the financial condition of the state at that time, the subcommittee did not fully fund the Governor's commission's report. Consequently, the university system is faced with having to downsize their program if there were no cuts at all in the university system, which means ultimately those Montanans in the university system will be reduced. When there is downsizing, it will mean you can get into the university system when you can meet all of the requirements and the state of Montana will be in a downward spiral where access to the university system is denied to deserving Montanans. He concluded that Senator Aklestad's proposed amendments would be destructive to the university system in Montana.

Before closing, Senator Aklestad questioned the total number of out of state students. Mr. John Hutchinson said their figure across the system would suggest about 21 or 22 percent of the students are out of state students in the six units; there are very few in the vo techs and not that many in the community colleges. He said the largest percentage are at the University of Montana and Montana State University. When asked by Senator Aklestad what that calculated to in numbers, Mr. Hutchinson said about 5,300.

Senator Aklestad noted his concern that we are raising the budget. If there was a total increase of what it is actually costing the taxpayers of Montana to educate out of state students, if half of them did not show up the next school year which Rep. Kadas was relating to that number would decline, there would still be enough money to almost pay for the money we are trying to get back in the budget of \$4 million. He said it has been a numbers game in the university system for so long and recruiters are sent out to bring the students in that it is costing the taxpayers money. He said that is one point of why he is offering his amendment.

Senator Jacobson said we have students coming from out of state to our university system, some of which are foreign students which add a nice mix. She added if we looked at the number of students going out of state being subsidized by someone else, those figures might be surprising.

In further discussion, Senator Aklestad said he is sure these corrections would not take place to the degree he has laid them out and probably shouldn't, but he noted they should have taken place and we would not be here trying to find extra money for the university system.

Senator Devlin questioned students becoming state residents after a year in Montana universities. Mr. Hutchinson said if a student is unemancipated from his parents even if staying in the state a year, they are still considered an out of state student. An emancipated student must take certain steps for residency, such as getting a driver's license, register to vote, et cetera.

If they do anything contrary to that, they will not get residency. It has to be demonstrated these actions are for the intent of becoming a Montana resident.

Senator Devlin questioned how they "fall through the cracks". Mr. Hutchinson said some become emancipated by getting married, et cetera and they no longer are counted as dependent of their parents. He noted at the present time, he did not have that figure but could obtain it for the committee.

Senator Aklestad's amendment motion (See Exhibit E-5) failed on a roll call vote.

Senator Fritz moved to amend Section E (See Exhibit E-6). Rep. Kadas noted this amendment involves the distributional issues and corrects a mistake made; also includes a 15 percent reduction in out of state student because of the increased tuition. He said the increase amounts to \$1,300 and makes the distribution more realistic than what is now in the bill. It was noted it includes the agricultural experiment station, the cooperative extension service, forestry, bureau of mines, vo tech, community colleges.

When questioned by Senator Keating if we are adding money into the budget, Senator Jacobson said it doesn't add any money into the budget; it deals with distribution of approximately \$4.5 million of general fund that was added back in the House and changes the distribution throughout the entire university system.

Senator Keating asked why they were not lumped together. Rep. Kadas said he did not think the House or the Senate would accept them.

When questioned by Senator Aklestad if the figures did change, Senator Fritz said each of the numbers does change on a line but the cumulative total is the same. Money is not being added or taken away.

Senator Weeding questioned if this proposal meant some systems get a larger amount. Rep. Kadas said the University of Montana, Montana State University and Montana Tech campuses receive a larger amount. The other institutions receive a smaller amount than what is in the House bill. The reasons those three institutions receive a larger amount is because that is where the out of state students are and that is where the impact is when you take away 15 percent of the students.

Senator Nathe questioned Rep. Kadas if indirectly these three institutions are subsidizing costs at Eastern, Dillon, Northern and the five vo tech centers. Rep. Kadas said if this amendment is not passed, the Regents with their flexibility on the tuition money will have to take some of that money from the other institutions and pass it to the University of Montana. He felt if that happened, it would damage the credibility of the

Regents in terms of their ability to manage lump sum funding.

Senator Nathe said over and above the 15 percent we are trying to adjust for, do we have three institutions that are in effect subsidizing the other eight. Rep. Kadas said he did not believe so. The institutions that have the out of state students, they have been given proportionately less of the new general fund dollars because they have the out of state students because their cost of education is worth more. The campuses with the out of state students will be hurt if they lose those students. He said 15 percent is the best guess and if there is less than 15 percent of out of state students leave the system, those three institutions will have more money than we anticipated. The way we are now anticipating, none of the students will leave, and he concluded we all know that is wrong.

Senator Keating questioned if all of the adjustments will total \$4.6 million. Rep. Kadas said the total amount added by the House is still \$4.7. That means that the total cut in fiscal year '93 is 8.7 as opposed to the Governor's proposed cut of 13.1.

Senator Tveit questioned items 14 and 15 of the proposed amendment. Senator Jergeson said in the reallocation of the \$4.7 million, \$4.5 that was appropriated by the House, in a couple of the agencies with the amendments, the general fund allocation is increased but stated we have to keep in mind that the language in the bill provides that the Board of Regents have the authority to allocate tuition. He said with regard to the extension service or the experiment station, there are no students so the Board of Regents will take some of the tuition that is earned by the units and will complete the budget for those agencies so what looks like a cut in that instance is eliminated.

Senator Fritz' amendment motion (See Exhibit E-6) carried unanimously.

Senator Fritz moved to amend Section E (See Exhibit E-7) which he explained is a language change.

Rep. Kadas said there is an internal conflict in the way the present language reads. In one instance it tells the Regents to increase the fees by \$7 per credit hour for resident students and \$47 per credit hour for nonresident students and it later says to raise to the average of peer institutions. This amendment makes it clear that we are going to do the former. Senator Jacobson said it would be no more than \$7 per credit hour and \$47 per credit hour.

Senator Aklestad said he has a concern there will be a cap on how much will be brought in as far as tuition increases. With the cap, the very low tuition for a peer is not going to come up near as much as it should for out of state students; it still would be low where other institutions would raise a greater

amount. Rep. Kadas said the proposed amendment tries to correct an internal conflict in language. He noted if we wanted the legislature to recommend what Senator Aklestad is saying, the way it would make it clearest to the Board of Regents would be to add a sentence saying that "notwithstanding the above sentence, the legislature recommends that out of state tuition be brought up to the peer averages for all institutions on an individual basis." He noted that is similar to the language in the next proposed amendment. Senator Aklestad said he would discuss the proposed language with Rep. Kadas.

Senator Waterman asked what would happen if tuition is not talked about in the boilerplate language. She stated her feeling that we are meddling in something we have no business in and that the Board of Regents should do what they need to do with tuition. Rep. Kadas said the position of the House was that as we are the people responsible for putting the budget together that we should have an opinion on this issue and we should express the opinion and that we recognize our opinion is non-binding but we owe it to the people of Montana to say how much we feel tuition should be increased if at all. Senator Waterman said it sounds like there are about 150 ideas.

Senator Fritz said it is his understanding that out of state tuition, about 80 percent of peers and this would bring it up to 100 percent. Senator Aklestad said that is not true with the formula of Rep. Kadas. Rep. Kadas said in looking on summary page 50, this amendment will bring UM and MSU approximately to peer average, very close. It will bring EMC to probably within 90 to 95 percent of peer average; NMC to within approximately 95 percent of peer average. It will bring WMC above the peer average to probably 110 percent and it will bring the School of Mines to approximately 75 to 80 percent.

Senator Keating questioned what would happen if some of the peers raise their tuition. Senator Jacobson said some of them are. Senator Keating said it seems like an exotic formula trying to tie it to other states to which we have no control. We know what the base cost of education is in each unit, and he questioned if we could plug in a percentage of that cost of 25 or 28 percent per unit and say that is what the tuition will be. He concluded it would simplify the estimates and the appropriation process and would shorten the boilerplate in HB 2. Senator Jacobson said we use the peer institutions to build the entire university budget, not only tuition but everything else.

Senator Fritz' amendment motion (See Exhibit E-7) carried on a voice vote, with Senators Aklestad, Harding, Keating, Tveit and Waterman opposed.

Senator Fritz moved to amend Section E (See Exhibit E-8). Rep. Kadas said after adoption of the last amendment (Exhibit E-7), this language conflicts with that language.

Senator Jacobson asked if the effect of this would bring every unit up to the average of their own peer institutions with the language in there. Rep. Kadas said that was correct, and that conflicts with the language just passed that brings out of state students up \$47 per credit semester.

Senator Devlin questioned the usage of the numbers \$7 and \$47. Rep. Kadas said they looked at UM and MSU and their relationship to their peers and then figured out how much of a tuition increase does it take to get UM and MSU up to the peer average. That number was taken and then applied to the other institutions to maintain the uniformity.

Senator Fritz' amendment motion (See Exhibit E-8) carried unanimously.

Senator Fritz moved to amend Section E (See Exhibit E-9). He indicated the amendment would stipulate that none of the revenue generated by tuition will be used to fund administrative costs in the Office of the Commissioner of Higher Education. It would stay on the campuses.

Senator Fritz' amendment motion (Exhibit E-9) carried unanimously.

Senator Bianchi moved to amend Section E (See Exhibit E-10). He stated his feelings that the potential cut of over \$10 million in the university budget for this biennium, they need all the flexibility we can possibly give them and the Regents.

Senator Aklestad questioned regarding the transfer of personal services. Senator Jacobson said vacancy savings was eliminated a few years ago, language was put in the bill that said that money could be moved into personal services but money could not be moved out. That was so it would be known what the vacancy savings was. That language has continued to follow even though we have taken a lot of vacancy savings, and the university system is asking that they be exempted from doing that. She noted they are probably constitutionally exempted anyway, but they are on the REARS program and they want to be able to keep their accounting straight and they feel they need this flexibility.

Senator Aklestad asked Senator Bianchi what other capability we would have with his amendment as far as transfers; would they have the latitude to transfer monies from personal services side to operational side and vice versa with the amendment. Senator Bianchi said he believed so.

Senator Aklestad said in addressing the proposed amendment, most departments he is aware of have wanted this type of language and it has been denied. We have been afraid of taking personal services side down into operational budgets. He questioned if we should be setting a precedent at this time in allowing that.

Senator Keating said he also wanted to address that. When we established a line item vacancy savings, that was for the purpose of any vacancy savings to revert to the general fund at the end of the biennium so we would have a control on the actual costs of personal services. In the university budget if there is any vacancy savings it does not revert nor do operating costs revert to the general fund anymore. Once an appropriation is made to the university system in that area, we will never get any of it back. We tell them what is not spent in personal services is going into the building repair when it may be needed in operations or vice versa.

When mentioned by Senator Aklestad regarding support staff, Senator Jacobson said we did take vacancy savings in the last legislative session of the support staff. Senator Keating said taking vacancy savings up front merely reduces the appropriation. Senator Jacobson said that is correct.

Senator Bianchi said any money that is reverted back does not go into the general fund; it goes to the Regents to spend for critical needs.

Senator Devlin questioned the vacancy savings. He feels they should have to come back to the legislature for justification.

Senator Franklin said she has seen where we have a great problem in recruiting people with particular skills that we need in educating students in a program. She said many times they are people very critical to a system but for a variety of reasons we cannot recruit them.

Senator Devlin said we have those critical situations in filling many slots in state government and we have not gone this route with them.

Senator Bianchi's amendment motion (Exhibit E-10) carried on a roll call vote.

Senator Jergeson moved to amend Section E (See Exhibit E-11). He noted his first proposed amendment deals with vo tech centers and at times they have estimated wrong in revenue from local mill levies. This would provide if the revenue from the mill levy is higher than anticipated in funding, that money could be used in that center. He said it is critical for the vo tech centers. He said the second portion of the amendment applies to the six mill university levy. Every ten years the voters are asked if they want to continue the six mill university levy. This amendment would provide if the legislature under-anticipated the revenue that would be derived from the mill levy, that those additional monies would go into the university system.

Senator Jergeson's amendment motion (Exhibit E-11) carried unanimously.

Senator Jergeson moved that Section E be closed. Motion carried unanimously.

F. LONG RANGE PLANNING

Representative Connelly presented Section F of the budget.

Senator Keating questioned the figure (\$695,514) in fiscal year '92. He asked if that is under what was recommended by the executive. Senator Jacobson said the committee came in lower than the Governor's recommendations; they cut more than the executive recommended.

Senator Keating asked what the committee cut. Senator Jacobson said there are two columns, the general fund in fiscal year '92 is almost \$1 million.

Rep. Connelly said her committee doesn't have general fund so they have other funds such as coal tax, cigarette tax, etc.

Senator Keating said there is \$3 million of general fund money in the long range budget.

Jim Haubein, Fiscal Analyst's Office, said there was \$3 million of general fund money in the bill. By reducing the projects funded with capital projects, they shifted that over to a project that was funded with both capital projects and general fund and then reduced the general fund. The project is Northern Montana College gym repair. It frees up general fund. When questioned by Senator Keating how much general fund money was freed up, Mr. Haubein said there was \$584,500 of projects reduced where they did the funding. There was an additional \$58,000 cut out of MSU fund match.

Senator Vaughn moved to amend Section F (See Exhibit F-1).

Senator Jacobson said the amendment would take \$15,000 from the infrastructure study of the Montana State Hospital which is \$112,375 and move the money into the Board of Visitors. She asked Mr. Chisholm if he would like to comment on this.

Mr. Chisholm said he appreciated the intent of the amendment in that it is concerned about loss of operational dollars to the Board of Visitors so the Board can stay functional. He stated the infrastructure study is an important part of the 966 committee review and if Galen is not going to be closed or reduced which apparently it is not, then the commitment was made to that committee to give the report based on findings on the infrastructure of both campuses. The amount of money needed to do the study is not known. This will reduce the ability of the architects to complete the study to whatever degree \$112,000 is going to provide or allow them to do. Their ability will be somewhat diminished.

Senator Vaughn asked Kelly Moore to respond to this. Kelly Moore said this money will provide additional assurance that as those patients are gradually transferred out of the hospital, they will be there to respond to questions and put the money back into conducting site reviews.

Senator Jergeson said we are moving money from one place to another. He asked Mr. Haubein how the number got from \$1.3 million to \$633,000.

Mr. Haubein said referring to page OA-7 of the bill, the repair of the Northern Montana College gymnasium, there is \$584,500 added in. The general fund is reduced a like amount. He noted that capital project funds can only be used for capital projects.

Senator Waterman stated that is a complicated way of adding necessary funds to the Board of Visitors to facilitate the transfer of the clients back into the communities. She said she would offer a substitute motion to add \$15,000 to the Board of Visitors to cover their costs. She stated she did not want to do anything that would jeopardize the Galen study.

Senator Aklestad said he would oppose the motion. He said from subcommittee discussion, he was under the impression that as far as the movement of the patients, under the scenario that the legislature is dealing with, not the downsizing, will be slower than if we would have downsized because there has been additional staff put on in Galen and Warm Springs. He stated the movement will be slower out of there than it otherwise would have been. He also questioned whether we could afford an additional \$15,000 of general fund money.

Senator Franklin said the transfer of those 80 to 85 patients into the community must go forward as scheduled so those transfers will not be slowed down. It has to be done in order to comply with the Ihler decision so the Board of Visitors has a role to play separate from the Galen issue which does not enter into this.

Senator Aklestad said he felt the movement out would be slower than it would have been if we had not put the additional FTE's on. Senator Franklin said the return to the community and the patient to staff ratios are not exclusive; it is together they make up compliance. She asked Mr. Chisholm to respond. Mr. Chisholm said they intend to get very aggressive with the Ihler compliance plan because he felt the Court would expect that to be effected as immediately as possible. Irrespective of the fact that Galen has not been downsized, the additional positions from Warm Springs are intended to be filled, go through the restructuring and start reducing the patients by getting money out to the communities.

Senator Aklestad asked if it would be a true statement that

the additional FTE's that are put on will probably be less needed than they would have been before. Mr. Chisholm said they are not any less needed. He added it will take awhile to get the positions filled but it will generate a sense of vacancy savings, and that money is money that could be used to offset whatever is done to try to help the Board of Visitors.

Senator Jacobson said there is a further problem with the amendment in that money is being taken from the final section of the bill and moving it into Section A which is closed and being printed. She indicated her feeling that the only way to handle this would be to do it on the Senate floor.

Senator Keating said it would seem more appropriate to take the \$15,000 from the Warm Springs budget inasmuch as the movement of the Warm Springs patients is what is causing the Board of Visitors to become active in the process.

Senator Waterman withdrew her substitute motion, and Senator Vaughn withdrew her amendment motion.

Senator Jacobson said that is all the amendments to long range building.

Senator Keating moved that Section F be closed. Motion carried unanimously.

Senator Jacobson said she did not believe there were any amendments to the boilerplate but that section had to be closed. Senator Jergeson moved that the boilerplate section be closed. Motion carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 2

Motion:

Senator Jergeson moved that HOUSE BILL 2 AS AMENDED BE CONCURRED IN.

Recommendation and Vote:

Senator Jergeson's motion that HOUSE BILL 2 AS AMENDED BE CONCURRED IN carried with Senators Aklestad, Devlin, Hammond, Harding, Keating, Nathe and Tveit opposed.

ADJOURNMENT

Adjournment At: 7:10 P.M.

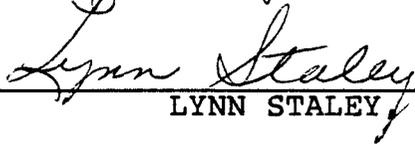
SENATE FINANCE & CLAIMS COMMITTEE

January 11, 1992

Page 47 of 47



JUDY JACOBSON, Chairman



LYNN STALEY, Secretary

JJ/lb

ROLL CALL

FINANCE AND CLAIMS

COMMITTEE

DATE 1/11/92

SPECIAL

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	✓		
SENATOR JERGESON	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK			✓
SENATOR BENGTON	✓		
SENATOR BIANCHI	✓		
SENATOR DEVLIN	✓		
SENATOR FRANKLIN	✓		
SENATOR FRITZ	✓		
SENATOR HAMMOND	✓		
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR KEATING	✓		
SENATOR NATHE	✓		
SENATOR STIMATZ	✓		

Each day attach to minutes.

9. Page C-22, line 24.

Strike: "1,096,279"

Insert: "1,196,279"

10. Page C-26.

Strike: Lines 7 and 8 in their entirety.

11. Page C-26.

Following: Line 8.

Insert: "24. Budget Reduction"

"16,333" "54,667"

12. Page C-27.

Strike: Lines 11 and 12 in their entirety.

13. Page D-1, line 24.

Strike: "832,020"

Insert: "895,977"

14. Page D-2, line 9.

Strike: "258,621"

Insert: "194,664"

15. Page D-3, line 7.

Strike: "462,516" "465,061"

Insert: "478,737" "481,242"

16. Page D-4, following line 21.

Insert: "In item 1, \$16,221 in fiscal 1992 and \$16,181 in fiscal 1993 are to offset vacancy savings that will revert to the general fund if not needed to pay personnel costs during the biennium. The agency has the authority to move these funds between programs by transfer to meet the expenses experienced."

17. Page D-5, line 4.

Strike: "1,506,197" "1,516,923"

Insert: "1,520,604" "1,546,713"

18. Page E-1, line 13.

Strike: "-"

Insert: "with the following restriction: tuitions may not be budget amended either directly or indirectly to increase the budget of the office of the commissioner of higher education."

19. Page E-1, line 15 and 16.

Strike: in their entirety.

20. Page E-5, following line 12.

Insert: "The superintendent of public instruction may use any unexpended general fund appropriation in distributions to schools, program 09, to restore the appropriations for special education contingency, gifted and talented, secondary vocational education, and out-of-district placements up to but not exceeding the amount authorized by Chapter 815 and Chapter 765, Laws of 1991. Any unexpended appropriation balances in fiscal 1992 in items 2a through 2h may be carried in and expended in fiscal 1993."

21. Page E-6, line 5.

Strike: "61,415"

Insert: "81,545"

22. Page E-6, line 23.

Strike: "61,452"

Insert: "87,478"

23. Page E-7, line 16.

Strike: "83,733"

Insert: "110,576"

24. Page E-8, line 9.

Strike: "81,814"

Insert: "115,834"

25. Page E-9, line 2.

Strike: "80,476"

Insert: "114,410"

26. Page E-9, line 15.

Strike: "must result in a general fund reversion of a like amount"

Insert: "must be added by budget amendment by the board of regents in a manner so as to offset reductions in vocational-technical center appropriations in [this act] from the levels contained in The General Appropriations Act of 1991 and acts supplementary thereto"

27. Page E-12, line 16.

Strike: "307,913"

Insert: "143,861"

28. Page E-12, line 21.

Strike: "6,548,369"

Insert: "5,178,760"

29. Page E-13, line 15.

Following: "SYSTEM"

Insert: "with the following restriction: all tuition revenue must be distributed to agencies other than the office of the commissioner of higher education"

30. Page E-13, line 16.

Following: "WHICH"

Strike: remainder of line 16 and 17 in its entirety

Insert: "is the equivalent of the difference between charges at Montana state university and the university of Montana and the average of their peer institutions."

31. Page E-14, line 18.

Strike: "2,852,474"

Insert: "2,672,011"

32. Page E-16, line 12.

Strike: "2,926,162"

Insert: "2,870,909"

33. Page E-17, line 20.

Strike: "501,334"

Insert: "510,299"

34. Page E-19, line 7.

Strike: "809,386"

Insert: "855,491"

35. Page E-20, line 15.

Strike: "363,630"

Insert: "387,812"

36. Page E-21, line 20.

Strike: "234,363"

Insert: "250,655"

37. Page E-22, line 9 and 10.

Strike: "must cause a general fund reversion of a like amount"

Insert: "must be added by budget amendment by the board of regents in a manner so as to offset reductions in the university system appropriations in [this act] from the levels contained in The General Appropriations Act of 1991 and acts supplementary thereto"

38. Page E-22, lines 17 through 25.

Strike: in their entirety

39. Page E-23, lines 1 and 2.
Strike: in their entirety

40. Page E-23, line 12.
Strike: "117,419"
Insert: "214,819"

41. Page E-24, line 1.
Strike: "44,746"
Insert: "82,408"

42. Page E-24, line 15.
Strike: "11,063"
Insert: "36,536"

43. Page E-25, line 4.
Strike: "20,054"
Insert: "20,172"

44. Page E-26, line 24.
Strike: "3,818"
Insert: "6,442"

Signed: Judy H. Jacobson
Judy H. Jacobson, Chair

SB 1-13-92
Ad. Coord.

SB 1-13 6:30
Sec. of Senate

OFFICE OF LEGISLATIVE FISCAL ANALYST
HOUSE FLOOR ACTION ON HOUSE BILL 2

SENATE FINANCE AND CLAIMS

GENERAL FUND

(As of January 9, 1992)

EXHIBIT NO. _____
 DATE 1/11/92
 BILL NO. HB 2

Section/Agency	Fiscal 1992			Fiscal 1993			BIENNIUM TOTAL	
	House Bill 2	Cat & Dogs	Other	Total	House Bill 2	Cat & Dogs		Other
SECTION A								
Legislative Auditor	(\$78,481)	\$0	(\$22,159)	(\$100,640)	(\$3,211)	\$0	(\$43,340)	(\$147,191)
Legislative Fiscal Analyst	(49,364)	(2,640)	0	(52,004)	(46,156)	(1,650)	0	(99,810)
Legislative Council	(127,584)	(2,960)	0	(130,544)	(108,608)	0	0	(239,152)
Environmental Quality Council	(7,958)	0	0	(7,958)	(7,400)	0	0	(15,358)
Consumer Counsel	0	0	0	0	0	0	0	0
Judiciary	(124,137)	(33,600)	(11,000)	(168,737)	(202,006)	0	(26,000)	(396,743)
Governor's Office	(11,212)	0	(603,000)	(614,212)	(219,557)	0	0	(833,769)
Secretary of State	(70,000)	0	0	(70,000)	(25,000)	0	(150,000)	(245,000)
Commissioner of Political Practices	(17,156)	0	0	(17,156)	0	0	0	(17,156)
State Auditor	(120,257)	0	0	(120,257)	(157,023)	0	0	(277,280)
Crime Control Division	(40,547)	0	0	(40,547)	(42,973)	0	0	(83,520)
Highway Traffic Safety *	(15,920)	0	0	(15,920)	(15,920)	0	0	(31,840)
Justice *	(551,653)	(93,894)	0	(645,547)	(891,587)	(124,032)	(24,400)	(1,685,566)
Transportation *	(47,814)	(27,600)	0	(75,414)	(31,353)	(18,640)	0	(125,407)
Revenue	(168,346)	0	0	(168,346)	(261,372)	0	0	(429,718)
Administration	(199,813)	(59,000)	(146,000)	(404,813)	(226,050)	0	(46,000)	(676,863)
State Fund	0	0	0	0	0	0	0	0
Public Employee's Retirement Board	0	0	(120,547)	(120,547)	0	0	(24,000)	(144,547)
Teacher's Retirement Board	0	0	0	0	0	0	0	0
Military Affairs	(113,504)	0	(183,431)	(296,935)	(145,513)	0	(40,000)	(482,448)
TOTAL	(\$1,743,746)	(\$219,694)	(\$1,086,137)	(\$3,049,577)	(\$2,383,729)	(\$144,322)	(\$353,740)	(\$5,931,368)
SECTION B								
Health & Environmental Sciences *	(\$280,031)	(\$1,120)	\$0	(\$281,151)	(\$391,632)	\$0	\$0	(\$672,783)
Labor & Industry *	(39,005)	0	0	(39,005)	(39,771)	0	0	(78,776)
Social & Rehabilitation Services	4,250,016	0	(1,217,235)	3,032,781	(1,262,946)	0	(527,613)	1,242,222
Family Services	970,693	(310,750)	0	659,943	(877,389)	0	0	(217,446)
TOTAL	\$4,901,673	(\$311,870)	(\$1,217,235)	\$3,372,568	(\$2,571,738)	\$0	(\$527,613)	\$273,217

SECTION C **	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Service Regulation	(34,459)	(34,459)	(34,837)	(34,837)	(34,837)	(34,837)	(34,837)	(34,837)	(34,837)	(34,837)	(34,837)	(34,837)
Fish, Wildlife and Parks	5,128,939	5,128,939	400,363	400,363	400,363	400,363	400,363	400,363	400,363	400,363	400,363	400,363
State Lands	(65,000)	(65,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Livestock	(528,751)	(528,751)	(349,343)	(349,343)	(349,343)	(349,343)	(349,343)	(349,343)	(349,343)	(349,343)	(349,343)	(349,343)
Natural Resources & Conservation	(99,930)	(99,930)	(89,634)	(89,634)	(89,634)	(89,634)	(89,634)	(89,634)	(89,634)	(89,634)	(89,634)	(89,634)
Agriculture	(128,894)	(128,894)	(176,266)	(176,266)	(176,266)	(176,266)	(176,266)	(176,266)	(176,266)	(176,266)	(176,266)	(176,266)
Commerce	\$4,271,905	\$4,271,905	\$1,070,443	\$1,070,443	\$1,070,443	\$1,070,443	\$1,070,443	\$1,070,443	\$1,070,443	\$1,070,443	\$1,070,443	\$1,070,443
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Montana Arts Council	(7,860)	(7,860)	(110,363)	(110,363)	(110,363)	(110,363)	(110,363)	(110,363)	(110,363)	(110,363)	(110,363)	(110,363)
Library Commission	(124,600)	(124,600)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)	(31,281)
Historical Society	(54,046)	(54,046)	(36,580)	(36,580)	(36,580)	(36,580)	(36,580)	(36,580)	(36,580)	(36,580)	(36,580)	(36,580)
Corrections & Human Services *	(330,275)	(330,275)	(66,727)	(66,727)	(66,727)	(66,727)	(66,727)	(66,727)	(66,727)	(66,727)	(66,727)	(66,727)
TOTAL	(\$516,781)	(\$516,781)	(\$244,951)	(\$244,951)	(\$244,951)	(\$244,951)	(\$244,951)	(\$244,951)	(\$244,951)	(\$244,951)	(\$244,951)	(\$244,951)

Board of Public Education	(9,761)	(9,761)	(9,543)	(9,543)	(9,543)	(9,543)	(9,543)	(9,543)	(9,543)	(9,543)	(9,543)	(9,543)
School for the Deaf & Blind	(56,879)	(56,879)	(66,553)	(66,553)	(66,553)	(66,553)	(66,553)	(66,553)	(66,553)	(66,553)	(66,553)	(66,553)
Office of Public Instruction	(361,444)	(361,444)	(210,390)	(210,390)	(210,390)	(210,390)	(210,390)	(210,390)	(210,390)	(210,390)	(210,390)	(210,390)
Commissioner of Higher Education	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)	(460,547)
Vocational-Technical System	(65,525)	(65,525)	(368,890)	(368,890)	(368,890)	(368,890)	(368,890)	(368,890)	(368,890)	(368,890)	(368,890)	(368,890)
Six University Units	(1,442,345)	(1,442,345)	(7,687,349)	(7,687,349)	(7,687,349)	(7,687,349)	(7,687,349)	(7,687,349)	(7,687,349)	(7,687,349)	(7,687,349)	(7,687,349)
Agricultural Experiment Station	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)	(117,419)
Cooperative Extension Service	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)	(44,746)
Forestry & Conser. Exp. Station	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)	(11,068)
Bureau of Mines	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)	(20,054)
Montana Council of Vocational Education	0	0	0	0	0	0	0	0	0	0	0	0
Fire Services Training School	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)
TOTAL	(\$2,593,606)	(\$2,593,606)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)	(\$9,000,377)

SECTION F	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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TOTAL HOUSE ACTION **	\$4,319,445	\$4,319,445	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)	(\$15,271,238)
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* Does not include fund balance transfers requiring statutory changes.

** Section C not yet completed.

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original

General Fund Operational Budget Reductions by Percent
As adopted by the House Appropriations Committee

<---Special Session Cuts--->

Agency	% Cut FY 1992	% Cut FY 1993	% Cut Biennium
1 Department of Labor & Industry	10.87%	10.78%	10.82%
2 Department of Agriculture	8.00%	8.00%	8.00%
3 Department of Transportation	8.00%	8.00%	8.00%
4 Department of Fish, Wildlife & Parks	8.00%	8.00%	8.00%
5 JUDICIARY *	5.00%	8.00%	7.31%
6 Library Commission	7.74%	4.00%	5.87%
7 Commissioner of Political Practices	9.80%	0.00%	5.77%
8 Legislative Council	6.43%	5.00%	5.72%
9 Commissioner of Higher Education	1.44%	9.82%	5.66%
10 Office of the Governor	5.00%	6.00%	5.49%
11 Department of State Lands	5.50%	5.11%	5.31%
12 Department of Commerce	4.44%	6.11%	5.27%
13 Legislative Fiscal Analyst	5.41%	5.11%	5.26%
14 Crime Control Division	8.00%	2.49%	5.17%
15 State Auditor's Office	5.00%	5.00%	5.00%
16 Office of Public Instruction	5.00%	5.00%	5.00%
17 Department of Health & Environmental Sciences	3.73%	5.91%	4.83%
18 Department of Administration	4.38%	5.00%	4.69%
19 Secretary of State	6.58%	2.47%	4.57%
20 Montana Arts Council	3.82%	5.08%	4.41%
21 Department of Natural Resources & Conservation	4.00%	3.31%	3.65%
22 Legislative Auditor	6.17%	0.25%	3.17%
23 Historical Society	3.57%	2.12%	2.85%
24 Board of Public Education	2.67%	2.54%	2.61%
25 Environmental Quality Council	2.32%	2.45%	2.39%
26 Department of Social & Rehabilitation Services	2.44%	1.93%	2.18%
27 Department of Justice	3.55%	0.70%	2.11%
28 Department of Military Affairs	3.20%	0.84%	2.06%
29 Department of Revenue	1.31%	1.83%	1.57%
30 Department of Family Services	1.44%	1.59%	1.52%
31 School of Deaf & Blind	1.34%	1.66%	1.50%
32 Department of Corrections & Human Services	1.89%	0.82%	1.36%
33 Public Service Regulation	0.00%	0.00%	0.00%
34 Department of Livestock	0.00%	0.00%	0.00%
 Average	 4.51%	 3.84%	 4.20%

*Budget reduction of 5% in FY 92 plus library fees and an 8% reduction in HB 903; budget reduction of 8% in FY 93 of total budget; excluding elected officials' salaries and pass-through funds and grants in both years but includes fee reimbursed general fund and clerk of court salary.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Q-1
DATE 1/11/92
BILL NO. HB2

PROPOSED AMENDMENT
JUDICIARY

Stenut matson

I MOVE TO AMEND HB 2 IN THE FOLLOWING MANNER:

- 1) SHIFT FROM STATE GENERAL FUND TO STATE SPECIAL REVENUE THE FOLLOWING:

	FY 1992	FY 1993
LIMITED COURT TRAINING (Program 02)	36,900	36,900
AUTOMATED LEGAL DATA BASES (Program 03)	176,050	186,773

LFA IS DIRECTED TO CALCULATE THE DOLLAR AMOUNTS AND PREPARE AMENDMENTS.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. B-2

DATE 1/11/92

BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Date 1/11/93 House Bill No. 2 Time _____

Section A

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGSON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Secretary _____

Chairman _____

Motion: Senator Stinsons amendment
motion (Exhibit A-2)
Motion carried

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

PROPOSED AMENDMENT
JUDICIARY

Stewart

I MOVE TO AMEND HB 2 IN THE FOLLOWING MANNER:

1) APPLY TO ALL GENERAL FUND IN THE JUDICIARY IN SECTION A OF HB
2 A:

3% REDUCTION IN FY 1992; AND

5% REDUCTION IN FY 1993.

THESE REDUCTIONS EXCLUDE ELECTED OFFICIAL SALARIES AND DISTRICT
COURT REIMBURSEMENT GRANTS.

LFA IS DIRECTED TO CALCULATE THE DOLLAR AMOUNTS AND PREPARE
AMENDMENTS.

AMEND2.SEN

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 6-3
DATE 1/11/92
BILL NO. HR 2

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON		✓
SENATOR BIANCHI		✓
SENATOR DEVLIN		✓
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT		✓

Lynn Stealey
Secretary

Chairman

Motion: Senator Stomatz motion to
amend (see Exhibit A-3)
Motion Failed

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN		✓
SENATOR WATERMAN		✓
SENATOR WEEDING		✓

Secretary _____

Chairman _____

Motion: _____

Harding

SENATE FINANCE AND CLAIMS
January 11, 1992

Madam Chair, I move to amend HOUSE BILL 2 (third reading copy--blue).

And, that such amendment read as follows:

1. Page A-9, following line 13.
Insert: "c. Special Session (Line Item)
8,111" (FY92 general fund)

This is to pay for Special Session operating costs in the Office of Budget and Program Planning, which include printing, data processing, paper and other supplies. The appropriation for OBPP was deleted from House Bill 1, based on the rationale that the feed bill should include only legislative agencies and that this appropriation should be included in HB2.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. A-4
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON		✓
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI		✓
SENATOR DEVLIN	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HAMMOND	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT	✓	

Secretary _____

Chairman _____

Motion: Senator Harding amendment
motion (Exhibit A-4)
Matter carried

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE	✓	
SENATOR STIMATZ	✓	
SENATOR TVEIT	✓	
SENATOR VAUGHN	✓	
SENATOR WATERMAN		✓
SENATOR WEEDING		✓

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill 2

THIRD Second Reading Copy 17400

1. Page A-13, line 22.

Strike: "63,036 in fiscal year 1992" and "29,932 in fiscal year 1993"

Insert: "11,779 in fiscal year 1992" and "10,759 in fiscal year 1993"

Stennis

SENATE FINANCE AND CLAIMS

EXHIBIT NO. A-5

DATE 1/11/92

BILL NO. HB 2

ROLL CALL VOTE

2

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI		✓
SENATOR DEVLIN		✓
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING	✓	
SENATOR HOCKETT		✓

Lynn Stealey
Secretary

Chairman

Motion: Senator Stimatz amendment
motion (Exhibit C-5)
Motion Failed

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT	✓	
SENATOR VAUGHN		✓
SENATOR WATERMAN		✓
SENATOR WEEDING		✓

Secretary

Chairman

Motion: _____

Dennis Sheehan

Madam Chair : members
of the council -

Under the current
budget reductions the
state auditors office

will have 12 ^{vacancies} ~~vacancies~~ (4000000)
~~positions~~, or 20% of
staff, our ~~office~~ budget
is 8980 personnel services.

vacancies
plus 8 additional
1-2000000

This will result in a
complete shut down of
consumer information & protection services
the R/P/P system.

During the 93 and 95 biennium
this office will reduce GF
support by well over
1 million dollars,

For every dollar spent
we bring 10 back to
State of Montana

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2-6

DATE 1/11/92

BILL NO. HP2

We are asking the committee to reduce reductions to a level that is fair and allows the agency to survive.

The amount ^{proposed} would reduce General Fund 69,000 from FY 92 and 137,850 from FY 93 which totals about 5% for the horizon. At this level we would still leave 4 positions vacant and lay off and additional 4 FTE on February 1.

We have also asked the legislature to consider a bill that will result in 7 million additional dollars for the general fund.

We ask the committee to accept this agreement.

Fees →

1511

|||||
|||||
||

Amendment to House Bill No. 2
Second Reading Copy

Waterman
Guested
Waterman
F

Requested by Senator Waterman
For the Committee on Finance and Claims

Prepared by Clayton Schenck
January 9, 1992

1. Page A-17, line 8.

Strike:	"769,234"	"388,218"	"731,192"	"419,973"
Insert:	"845,681"	"311,771"	"938,193"	"212,972"

2. Page A-17, line 23.

Strike:	"229,338"	"0"
Insert:	"305,785"	"207,001"

This amendment restores funding for the Gambling Control Expansion budget modification in House Bill 2, including funding for 5.0 existing FTE. Funding for this budget modification was eliminated in the House effective 1 April 1992. This amendment restores \$283,443 state special revenue for the biennium. It also restores \$283,448 general fund in the Legal Services Division, with a corresponding decrease in state special revenue.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. A-7
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Waterman

Date 1/11/92 7 hour Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTSON	✓	
SENATOR BIANCHI		✓
SENATOR DEVLIN	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ	✓	
SENATOR HAMMOND	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT	✓	

Lynn Stealey
Secretary

Chairman

Motion: Senator Waterman moved to
amend (see Exhibit A-7)
. Motion carried

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE		✓
SENATOR STIMATZ		✓
SENATOR TVEIT	✓	
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Second Reading Copy

Requested by Representative Bradley
For the Committee on Senate Finance and Claims

Prepared by Carroll South
January 9, 1992

1. Page B-12, line 25.

Following: "~~(Line Item)~~"

Insert: "j. Hospital Rate Rebase (Line Item)"

2. Page B-13, line 2.

Strike: "0" "0" "0"

Insert: "613,742" "1,570,394" "2,184,136"

3. Page B-17, line 24.

Following: "1992"

Insert: "The rate increase in item 6j is funded beginning January
1, 1993."

This amendment funds hospital medicaid rate increase the last six
months in FY93.

LFA will amend totals.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. B-1
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

Waterman

SENATE COMMITTEE FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON		✓
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Lynn Stacey
Secretary

Chairman

Motion: Senator Waterman moved to amend
(See Exhibit B-1)

• Motion failed on a tie vote

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE	✓	
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Bengtson
For the Committee on Senate Finance and Claims

Prepared by Terri Perrigo
January 11, 1992

1. Page C-16, line 24.
Strike: "48,596" "83,469"
LFA will amend totals.

Eliminates the budget reduction implemented to bring the
Department of Natural Resources and Conservation's general fund
operational cuts up to 5 percent each year.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. C-1
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN	✓	
SENATOR FRANKLIN	✓	
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING	✓	
SENATOR HOCKETT	✓	

Linn Stealey
Secretary

Chairman

Motion: Senator Bengton amendment
motion (Exhibit C-1)

• Motion carried

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT	✓	
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Jergeson
For the Committee on Senate Finance and Claims

Prepared by Terri Perrigo
January 11, 1992

1. Page C-27.

Following: Line 12.

Insert: "The department shall eliminate all foreign travel ~~for~~
~~staff~~ through June 30, 1993, except for staff ~~currently~~
~~located~~ in Canadian and Japanese field offices."

directly responsible for the

SENATE FINANCE AND CLAIMS
EXHIBIT NO. C-2
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON		✓
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Lynn Steacy
Secretary

Chairman

Motion: Senator Jergeson Amendment
motion (See Exhibit C-2)
· Motion Failed

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN		✓
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Weeding
For the Committee on Senate Finance and Claims

Prepared by Terri Perrigo
January 11, 1992

1. Page C-26.
Following: Line 8.
Insert: "24. Budget Reduction"
"16,333" "54,667"

LFA will amend totals.

Reduces the Department of Commerce's general fund appropriation by amounts necessary to bring their operational cuts up to 5 percent in fiscal 1992 and 8 percent in fiscal 1993.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. C-3
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/92 House Bill No. 3 Time _____

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON		✓
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Len Stacey
Secretary

Chairman

Motion: Senators Weeding Amendment
motion (Exhibit C-3)
Motion carried.

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendment to House Bill 2
Second Reading Copy
Requested by Senator Davlin

Davlin
withdrew

Page C-26.

Strike: line 8 in its entirety.

Page C-27.

Strike: lines 11 and 12 in their entirety

SENATE FINANCE AND CLAIMS

EXHIBIT NO. C-4

DATE 1/11/92

BILL NO. HB 2

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Devlin
For the Committee on Senate Finance and Claims

Prepared by Terri Perrigo
January 11, 1992

1. Page C-26.
Strike: Lines 7 and 8 in their entirety.

2. Page C-27.
Strike: Lines 11 and 12 in their entirety.

These amendments remove the \$100,000 appropriation and language for local government engineering studies.

3. Page C-22, line 24.
Strike: "1,096,279"
Insert: "1,196,279"

Reinstates \$100,000 of local impact account funds to the Coal Board.

4. Page BP-4, line 15.
Strike: "\$1,700,000"
Insert: "\$1,600,000"

SENATE FINANCE AND CLAIMS
EXHIBIT NO. C-5
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGSON		✓
SENATOR AKLESTAD	✓	
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN	✓	
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HAMMOND	✓	
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Lynn Stealey
Secretary

Chairman

Motion: Senator Devlin amendment
motion; items 3 & 4 (See Exhibit C-5)
Motion carried.

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE	✓	
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Amended
Amended

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD	✓	
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI		✓
SENATOR DEVLIN	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HAMMOND	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT		✓

Lynn Staley
Secretary

Chairman

Motion: Senator Devlin's motion on
items 1 & 2 of Exhibit C-5.
Motion carried.

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE	✓	
SENATOR STIMATZ		✓
SENATOR TVEIT	✓	
SENATOR VAUGHN		✓
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Date 1/11/192 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Lynn Staley
Secretary

Chairman

Motion: Senator Keating motion to
segregate amendments 1 & 2 from
amendments 3 & 4. (See Exhibit C-5)
Motion carried

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE		✓
SENATOR STIMATZ		
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING		✓

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Weeding
For the Committee on Senate Finance and Claims

Prepared by Roger Lloyd
January 11, 1992

1. Page BP-4, line 15.
Following: "fiscal 1992 and"
Strike: "1,700,000"
~~Insert: "1,500,000"~~

2. Page C-22, line 24.
Strike: "1,096,279"
Insert: "1,296,279"

SENATE FINANCE AND CLAIMS
EXHIBIT NO. C-6
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Weeding

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI		✓
SENATOR DEVLIN	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Lynn Stealey
Secretary

Chairman

Motion: Senator Weeding's amendment
motion (See Exhibit C-6)

· Motion Failed

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE	✓	
SENATOR STIMATZ		✓
SENATOR TVEIT		✓
SENATOR VAUGHN		✓
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Senator Jergeson
HB 2

Requested by Senator Jergeson
For the Committee on Senate Finance and Claims

Prepared by Terri Perrigo
January 11, 1992

1. Page C-18.

Following: Line 10

Insert: "In implementing the budget reduction contained in
Item 7, the department may not reduce general fund
appropriations for the Statewide Resource Conservation and
Development Coordinator or the Statewide Resource
Conservation and Development Operating Expenses as shown in
Items 3a and 3b."

Passed.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. C-7

DATE 1/11/92

BILL NO. HB 2

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Bianchi
For the Committee on Senate Finance and Claims

Prepared by Roger Lloyd
January 11, 1992

1. Page C-9, line 7.

Strike: "300,000 (General Fund, FY 1992)"

Insert: "~~43,273~~ (General Fund, FY 1992)"

50,000

SENATE FINANCE AND CLAIMS

EXHIBIT NO. C-9

DATE 1/11/92

BILL NO. HB2

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Bianchi

Date 1/11/92 House Bill No. 2 Time _____

<u>NAME</u>	<u>YES</u>	<u>NO</u>
SENATOR JACOBSON		✓
SENATOR JERGESON	✓	
SENATOR AKLESTAD	✓	
SENATOR BECK		
SENATOR BENGTSOEN	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ		✓
SENATOR HAMMOND		✓
SENATOR HARDING	✓	
SENATOR HOCKETT		✓

Lynn Staley
Secretary

Chairman

Motion: Senator Bianchi motion to
amend (See Exhibit C-9)
Motion Failed

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ		✓
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary

Chairman

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Franklin
For the Committee on Senate Finance and Claims

Prepared by Sandy Whitney
January 11, 1992

1. Page D-1, line 24.
Strike: "832,020"
Insert: "895,977"

2. Page D-2, line 9.
Strike: "258,621"
Insert: "194,664"

This amendment puts the \$63,957 reduction in State Aid to Libraries in the Local Library assistance line item and removes it from the State Library Operations line item.

Motion Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. D-1
DATE 1/11/92
BILL NO. HB 2

1000

p. D-3, line 7

I move to add \$22,298 in general fund in FY 92 and \$31,019 in FY93, also in general fund.

POSSIBLE ADDITIONAL LANGUAGE

This increase to off-set vacancy savings will revert (all or any portion) if it is not needed to pay personnel costs during the biennium. The agency shall have the authority to move these funds between programs by transfer to meet the expenses experienced.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. D-2

DATE 1/11/92

BILL NO. 282

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Lynn Staley
Secretary

Chairman

Motion: Senator Jergeson substitute
motion to remove 20% vacancy savings
imposed on Historical Society in last
legislature session
motion carried.

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Aklestad
For the Committee on Senate Finance and Claims

Prepared by Sandy Whitney
January 11, 1992

1. Page D-7, line 22.

Strike: "29,467,513" "29,928,062"
Insert: "29,195,013" "28,838,062"

This amendment reduces the mental health division budget by \$272,500 in fiscal 1992 and \$1,090,000 in fiscal 1993 to implement the executive's proposed changes at Galen. This amendment also eliminates the additional funds approved by the subcommittee for additional FTE at Warm Springs to implement the Ihler ruling compliance proposal. Those funds have been included in the executive proposal to down size Galen.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. D-3
DATE 1/11/92
BILL NO. HB 2

Sen. Vaughan

AMENDMENT TO HOUSE BILL 5 (THIRD READING)
January 11, 1992

1. Page D-5, Line 4.
Strike: "1,506,197" "1,516,923"
Insert: "1,520,604" "1,546,713"

LFA will amend totals.

This amendment adds \$14,407 general fund in fiscal 1992 and \$29,790 general fund in fiscal 1993 to restore the 2 percent additional vacancy savings removed by House Appropriations Committee action.

The 2 percent vacancy savings implemented by the 1991 legislature and the pay plan funding shortfall resulted in an overall vacancy savings factor of 2.4 percent in fiscal 1992 and 3.0 percent in fiscal 1993 in the Central Operations program. The Department of Corrections and Human Services proposed an additional \$41,219 personal services "set aside" (vacancy savings) in fiscal 1992 and \$16,000 in fiscal 1993, bringing the vacancy savings factor to 5.2 percent in fiscal 1992 and 4.1 percent in fiscal 1993. The House Appropriations Committee action resulted in a 6.2 percent vacancy savings factor in fiscal 1992 and 6.0 percent in fiscal 1993.

Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. D-4
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

*Akkestad
Motion*

SENATE COMMITTEE FINANCE & CLAIMS

Date 1/11/42 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD	✓	
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI		✓
SENATOR DEVLIN	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HAMMOND	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT		✓

Lynn Stealey
Secretary

Chairman

Motion: Senator Akkestad amendment
motion (Exhibit D-3)
. Motion Failed.

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE		✓
SENATOR STIMATZ		✓
SENATOR TVEIT	✓	
SENATOR VAUGHN		✓
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Jergeson
For the Committee on Senate Finance and Claims

Prepared by Skip Culver
January 11, 1992

1. Page E-5, following line 12.

Insert: "The superintendent of public instruction may use any unexpended general fund appropriation in distributions to schools, program 09, to restore the appropriations for special education contingency, gifted and talented, secondary vocational education, and out-of-district placements up to but not exceeding the amount authorized by Chapter 815 and Chapter 765, Laws of 1991. Any unexpended appropriation balances in fiscal 1992 in items 2a through 2h may be carried into fiscal 1993."

Carried

SENATE FINANCE AND CLAIMS

EXHIBIT NO. F-1

DATE 1/11/92

BILL NO. HB 2

Fritz

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Fritz
For the Committee on Senate Finance and Claims

Prepared by Skip Culver
January 11, 1992

- 1. Page E-4, line 2.
- Strike: "1,656,000"
Insert: "1,800,000"

This amendment restores the Secondary Vocational Education
Appropriation to the level appropriated by the 1991 Legislature.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. F-2
DATE 1/11/92
BILL NO. HB 2

ROLL CALL VOTE

Fritz

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

<u>NAME</u>	<u>YES</u>	<u>NO</u>
SENATOR JACOBSON		✓
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON		✓
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	

Lynn Staley
Secretary

Chairman

Motion: *Senator Fritz amendment motion*
(Exhibit E-2)

. Motion Failed

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING		✓
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING



STAN STEPHENS, GOVERNOR

STATE CAPITOL

STATE OF MONTANA

(406) 444-3616

HELENA, MONTANA 59620

SENATE FINANCE AND CLAIMS

EXHIBIT NO. F-3

DATE 1/11/92

BILL NO. 76 B 2

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

From: Iloilo M. Jones-Delo, Consultant *Ill (D)*
Office of Budget and Program Planning

Re: University System Funding Update

Date: January 10, 1992

House action last evening on the budget cuts in the University system resulted in \$11,023,410 of budget cuts being wiped out in FY 1993. Of this amount, \$6,548,369 will be offset by increases in tuition. The remaining \$4,475,041 of lost cuts came through restoring general fund reductions to individual units of the system. The University System is left with actual budget cuts in FY 1993 of \$2,165,522, which is the same amount as for FY 1992.

To Summarize:

\$13,188,932	Original FY 1993 Budget Cuts
(4,475,041)	General Fund Restored to Units
<u>(6,548,369)</u>	Tuition Increased by Amendment
\$ 2,165,522	Balance of FY 1993 Cuts

Still to be met is the amount of the University system's budget cuts which were to be covered by the sale of the State Liquor Stores. If this option to raise \$4.673 million does not pass, it will be necessary to find this amount in budget cuts or additional tuition increases for the University system.

Some effort should be made to communicate that there are other sources of funds within the University system which might be used to offset the shortfalls in meeting budget cuts. A few of these additional sources of internal funds for FY 1993 are listed below.

INDIRECT COSTS

\$2.5 MILLION

The University system moved indirect costs "off budget" during the last biennium. These funds are now "captured" by the research offices.

ZK. E-0
1/11/92
HB2

REGENTS' CONTRACTS **\$.75 MILLION**

546 University system administrators make over \$40,000 per year, and are on Regent's contracts. Freezing pay raises for these individuals in FY 1993 would not significantly impact their economic situation.

DISCRETIONARY FUNDS **\$1.25 MILLION**

Units of the system set aside or transfer funds to accounts labelled "President's Discretionary Funds" or similar labels. These funds are above and beyond travel and entertainment funds for presidents and other university officers.

FOUNDATION FUNDS **\$1.5 MILLION**

Foundation funds are funds raised by the development offices. The development offices salaries and expenses are supported with general fund dollars, although no development dollars are returned to the general fund.

INCREASE FACULTY TEACHING LOAD **\$0.5 - \$1.5 MILLION**

Increasing faculty teaching loads at all campuses by an average of .5 to 1.0 credit hour of instruction per year would reduce the need to hire additional faculty and allow for more economical use of classroom space, overhead and faculty time.

ATHLETICS **\$3 MILLION**

Remove or reduce athletic programs at all units. Athletic tuition and fee waivers, as well as salaries and other financial support for athletic programs, could be partially reduced or eliminated during FY 1993.

RESTRICT TRAVEL AND ENTERTAINMENT **\$1.5 MILLION**

Travel and entertainment budgets of university system officers and administrators can be reduced.

TOTAL FROM ALTERNATIVE SOURCES FOR FY 1993: **\$11 MILLION**

Other sources of funds may be available within the University system, and could be identified with additional time to conduct research.

LA. 2-3
1/11/92
HB 2

WHERE THE MONTANA UNIVERSITY SYSTEM RANKS
COMPARING MONTANA TO NATIONAL AVERAGES

NATIONAL RANK	ISSUE
4TH	IN TWO-YEAR INCREASES IN STATE APPROPRIATIONS FOR HIGHER EDUCATION. TWO OF THE THREE HIGHER STATES ARE NOW MEETING TO CONSIDER BUDGET CUTS.
15TH	IN STATE TAX SPENDING AND EFFORT FOR HIGHER EDUCATION. MONTANA, RANKING 47TH IN AVERAGE ANNUAL PAY, MAKES A GREAT EFFORT TO FUND THE UNIVERSITY SYSTEM.
16TH	IN STATE SUPPORT FOR HIGHER EDUCATION FROM STATE INCOME. THE NATIONAL AVERAGE IS 21%, BUT MONTANA SPENDS 26% OF THE STATE BUDGET ON HIGHER EDUCATION.
19TH	IN EDUCATION EMPLOYEES PER CAPITA. THE UNIVERSITY SYSTEM EMPLOYS 76.90 FTE PER 10,000 OF STATE POPULATION. MONTANA HAS MORE PEOPLE EMPLOYED IN HIGHER EDUCATION FOR ITS POPULATION THAN ALL BUT 18 OTHER STATES, AND 121 OF THESE EMPLOYEES MAKE MORE THAN THE GOVERNOR.
33RD	IN SHARE OF HIGHER EDUCATION FUNDS FROM ALL TUITION RANKED AGAINST NATIONAL AVERAGE. 32 STATES COLLECT HIGHER TUITION THAN MONTANA.
42ND	IN TUITION PAID PER STUDENT FOR ALL STUDENTS IN THE SYSTEM. MONTANA COLLECTS LESS TUITION PER STUDENT THAN 41 OTHER STATES.

Ex. E-3

1/11/92

NUMBER OF MONTANA UNIVERSITY SYSTEM FACULTY AND ADMINISTRATORS WITH SALARIES EXCEEDING \$40,000 IN FY92

Unit	FACULTY						Administrators						TOTAL
	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000	\$78,000	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000	\$65,000	
Billings Vo - Tech	2	0	0	0	0	0	2	1	0	1	0	0	0
Butte Vo - Tech	0	0	0	0	0	0	0	1	1	1	0	0	3
Great Falls Vo - Tech	0	0	0	0	0	0	0	0	0	1	0	0	1
Helena Vo - Tech	1	0	0	0	0	0	1	0	2	1	0	0	5
Missoula Vo - Tech	2	0	0	0	0	0	0	2	2	2	0	0	8
VO - TECH SUBTOTAL	5	0	0	0	0	0	3	4	5	6	0	0	23
U. of Montana	58	26	13	7	1	1	11	7	4	4	5	9	145
Montana State U.	86	44	17	16	8	8	18	14	18	4	7	24	256
Montana Tech	11	13	7	3	0	0	2	6	1	0	2	2	47
Eastern	0	0	0	0	0	0	11	5	2	0	4	3	25
Northern	0	0	0	0	0	0	0	1	3	1	0	1	6
Western	0	0	0	0	0	0	1	1	1	0	0	1	4
UNITS SUBTOTAL	155	83	37	26	9	9	43	34	29	9	18	40	483
Commissioners	0	0	0	0	0	0	0	2	0	2	1	3	8
Ag Exp Station	6	5	1	1	0	0	1	3	2	1	0	1	21
Coop Ext. Service	0	1	0	0	1	1	2	0	4	3	0	0	11
Forest/Cons Stat *													
Bureau of Mines *													
OTHER SUBTOTAL	6	6	1	1	1	1	3	5	6	6	1	4	40
MUS TOTAL	166	89	38	27	10	10	49	43	40	21	19	44	546

FOOTNOTES:

1. Asterik (*) indicates that the information was not available.
2. FTE were rounded to the nearest whole number.
3. Designation of faculty and administration was based on position titles. Position titles are inconsistent from unit to unit.
4. Data collected November, 1991

MONTANA UNIVERSITY SYSTEMS

RESPONSE TO JONES-DELO MEMORANDUM

Indirect Costs:

1. The Legislature, not the University System, moved indirect costs "off budget". The Governor signed this bill.

2. Indirect costs are negotiated costs of supporting a research infrastructure on each campus. The funds are used to pay a portion of salaries, utilities, equipment, space, etc. devoted to the research effort otherwise supported by extramural funds. These funds are used by departments and researchers in the generation of additional research funds.

3. Few other states in the nation use indirect costs as an offset to the general fund. The National Science Foundation has suggested that it is probably illegal to do so.

4. The indirect costs fuel economic development in the state.

5. There is nothing hidden about these costs; the University System routinely reports on the use of all indirect costs.

Regent's Contracts:

1. Using figures presented by the Budget Office, there are 212 administrators earning more than \$40,000, not 546 as reported in the document prepared by Ms. Jones-Delo. Campus administrators disagree with the figures and point out that MANY OF THESE ADMINISTRATORS ARE NOT ON GENERAL FUND APPROPRIATIONS.

2. Administrative costs are substantially below those of peer institutions. For example, at the University of Montana and Montana State University, the percentage of institutional funds expended on administration is 8.38% and 8.74% respectively, compared to 10.40% among peer institutions. This means there are fewer administrators and they are lower paid than the average of the peers.

3. The Regents have already instituted a pay freeze for all non-instructional personnel not covered by collective bargaining contracts.

4. In Judge v. Board of Regents, the Court ruled that the Legislature cannot dictate administrative salary levels. This is a matter for the Board of Regents to decide.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. E-4

DATE 1/11/92

BILL NO. HB 2

CX. C-4
1/11/92
HB 2

Discretionary Funds:

1. The Montana University System has no idea where the figure of \$1.25 million came from.
2. Most discretionary funds available to the Presidents are provided by foundations and are not derived from the General Fund. Furthermore, they are primarily spent in the raising of donations and gifts from private sources.

Foundation Funds:

1. The \$1.5 million figure is far overstated. Most of the campuses do not use General Fund monies to support development offices. In some instances, there is a contract with the development office to manage endowment funds and debt service. This contract is audited annually. In any case, the amount of money used for such purposes system-wide is far less than \$1.5 million.
2. Currently, according to SBAS records, only \$170,323 of general fund dollars are expended on support of salaries and expenses in development offices.

Increase Faculty Teaching Loads:

1. Last year the Legislative Auditor conducted an audit of faculty workloads. They discovered that overall weekly hours, on the average, ranged from 45 to 53 hours. Approximately 36% of the time was devoted to instruction and 18.5% to research. The remainder of their time was spent on advisement, committee work and other obligations. These figures are comparable with the national average of 46 hours.
2. The student-faculty ratio in Montana, 18.34 students per faculty member, another measure of workload, should be compared to the peer average of 16.70 students per faculty member.
2. If the State of Montana wishes to have a research environment in its system of higher education, the faculty must be given time to do research. It is important to note that because of this research effort, in the last two years, Montana has received funding from the Department of Defense, the Environmental Protection Agency, the National Science Foundation, the National Institutes of Health, and the National Aeronautics and Space Administration. Consider also the \$7.0 million NSF grant to M.S.U. and the recent \$7.9 million NASA grant to U.M.
3. Most of these funds would not be immediately available inasmuch as workloads are covered by collective bargaining contracts.

1/11/92

HB 2

Athletics:

1. It is true that the state could save money by discontinuing intercollegiate athletics. The Regents are looking at this as a part of the Commitment to Quality (downsizing) effort.
2. The reason Montana spends a considerable portion of its General Fund on athletics is because of student resistance to athletic fees. If the General Fund expenditures are reduced, a student fee will have to be introduced to keep athletics at its current level.
3. A great number of people in Montana want competitive athletic programs and wish the two universities to remain part of the Big Sky Conference. If the Budget Office has contrary public opinion, the Regents would be eager to see it.
4. Athletics do offer the opportunity for many young persons to receive a college education who might otherwise be unable to do so. Please keep in mind that in Montana athletic graduation rates are generally far above the national average.

Restrict Travel and Entertainment:

1. The figure of \$1.5 million is incorrect. According to SBAS records, post-secondary education has \$1,716,453 in travel and \$172,794 in "entertainment". Furthermore, most of the so-called entertainment funds are spent in the recruitment of new faculty members. To remove \$1.5 million would nearly eradicate all travel and faculty recruitment in public post-secondary education.
2. To provide comparative figures, the Governor's Office has a travel budget of \$149,036 (exclusive of The Airplane) for 60.2 FTE. This is a per person expenditure of \$2475. In FY 1991 the University System spent \$1,716,453 in travel for 2910 employees, a per person expenditure of \$589.

ZX. E-4
1/11/92
HO 2

THE REST OF THE STORY

"WHERE THE MONTANA UNIVERSITY SYSTEM RANKS"

1. Montana has dropped in per student expenditures since 1981 from 13th to 39th (a drop of 26 ranks).

2. Montana is 47th in the nation in appropriations plus tuitions/student.

3. In the last thirteen years the "family effort" in educating students has dropped in Montana. The tuition relative to personal disposable income per capita has dropped from 9.6% in 1977-1978 to 8.5% in 1990-1991.

4. While it is true that the two-year gain in state appropriations has been favorable in Montana, that must be balanced by a longer-term perspective. Montana has increased 73% in expenditures for higher education since 1980 which is substantially below the national average of 95%.

5. It is true that Montana spends a higher percentage of its state budget on higher education than the national average. This is not true regionally, however, where western states put a premium on access and low tuition. It is important to note that nationally 76% of the students are educated in public institutions and 24% are educated in private institutions. In Montana, the corresponding figures are 90% and 10%. Thus, it is not surprising that a greater percentage of public funds are spend on public higher education.

6. It is true that Montana has a larger number of university system employees per capita. This, however, is not uncommon in the region. For example, both North and South Dakota have more university system employees per capita than does Montana. Western states have proportionally a larger percentage of employees in the Cooperative Extension Service and the Agricultural Experiment Station. This is certainly true in Montana and accounts, in part, for the inflated number per capita.

Aklestad

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Aklestad
For the Committee on Senate Finance and Claims

Prepared by Taryn Purdy
January 11, 1992

1. Page E-6, line 5.
Strike: "61,415"
Insert: "138,585"
2. Page E-6, line 23.
Strike: "61,452"
Insert: "165,008"
3. Page E-7, line 16.
Strike: "83,733"
Insert: "184,276"
4. Page E-8, line 9.
Strike: "81,814"
Insert: "221,327"
5. Page E-9, line 2.
Strike: "80,476"
Insert: "223,985"
6. Page E-12, line 16.
Strike: "307,913"
Insert: "201,569"
7. Page E-12, line 19.
Strike: "152,634"
Insert: "337,220"
8. Page E-12, lines 20 and 21.
Strike: in their entirety
9. Page E-13, lines 14 through 17.
Strike: in their entirety
10. Page E-14, line 18.
Strike: "2,852,474"
Insert: "3,225,856"
11. Page E-16, line 12.
Strike: "2,926,162"
Insert: "3,941,603"
12. Page E-17, line 20.
Strike: "501,334"

SENATE FINANCE AND CLAIMS
EXHIBIT NO. E-5
DATE 1/11/92
BILL NO. HB 2

1/11/92

HB 2

Insert: "831,464"

13. Page E-19, line 7.

Strike: "809,386"

Insert: "1,198,048"

14. Page E-20, line 15.

Strike: "363,630"

Insert: "688,758"

15. Page E-21, line 20.

Strike: "234,363"

Insert: "396,923"

16. Page E-23, line 12.

Strike: "117,419"

Insert: "854,420"

17. Page E-24, line 1.

Strike: "44,746"

Insert: "329,178"

18. Page E-24, line 15.

Strike: "11,068"

Insert: "79,845"

19. Page E-25, line 4.

Strike: "20,054"

Insert: "144,981"

20. Page E-26, line 24.

Strike: "3,818"

Insert: "25,886"

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/192 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD	✓	
SENATOR BECK		
SENATOR BENGTON		✓
SENATOR BIANCHI		✓
SENATOR DEVLIN	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HAMMOND	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT		✓

Lynn Stealey
Secretary

Chairman

Motion: Senators Aklestad amendment
motion (Exhibit E-5)
motion failed

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE	✓	
SENATOR STIMATZ		✓
SENATOR TVEIT	✓	
SENATOR VAUGHN		✓
SENATOR WATERMAN		✓
SENATOR WEEDING		✓

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

For the Committee on Senate Finance and Claims

Prepared by Taryn Purdy
January 11, 1992

1. Page E-6, line 5.
Strike: "61,415"
Insert: "81,545"
2. Page E-6, line 23.
Strike: "61,452"
Insert: "87,478"
3. Page E-7, line 16.
Strike: "83,733"
Insert: "110,576"
4. Page E-8, line 9.
Strike: "81,814"
Insert: "115,834"
5. Page E-9, line 2.
Strike: "80,476"
Insert: "114,410"
6. Page E-12, line 16.
Strike: "307,913"
Insert: "143,861"
7. Page E-12, line 21.
Strike: "6,548,369"
Insert: "5,178,760"
8. Page E-14, line 18.
Strike: "2,852,474"
Insert: "2,672,011"
9. Page E-16, line 12.
Strike: "2,926,162"
Insert: "2,870,909"
10. Page E-17, line 20.
Strike: "501,334"
Insert: "510,299"
11. Page E-19, line 7.
Strike: "809,386"

SENATE FINANCE AND CLAIMS

EXHIBIT NO. E-6

DATE 1/11/92

BILL NO. HB 2

Ex. E-6

1/11/92

HB 2

Insert: "855,491"

12. Page E-20, line 15.

Strike: "363,630"

Insert: "387,812"

13. Page E-21, line 20.

Strike: "234,363"

Insert: "250,655"

14. Page E-23, line 12.

Strike: "117,419"

Insert: "214,819"

15. Page E-24, line 1.

Strike: "44,746"

Insert: "82,408"

16. Page E-24, line 15.

Strike: "11,068"

Insert: "36,536"

17. Page E-25, line 4.

Strike: "20,054"

Insert: "20,172"

18. Page E-26, line 24.

Strike: "3,818"

Insert: "6,442"

Senator Purdy

Amendments to House Bill No. 2
Third Reading Copy

For the Committee on Finance and Claims

Prepared by Taryn Purdy
January 11, 1992

1. Page E-13, line 16.

Following: "WHICH"

Strike: remainder of line 16 and 17 in its entirety

Insert: "is the equivalent of the difference between charges at
Montana state university and the university of Montana and
the average of their peer institutions."

Carried

SENATE FINANCE AND CLAIMS

EXHIBIT NO. E-7

DATE 1/11/92

BILL NO. HB 2

Amendments to House Bill No. 2
Third Reading Copy

For the Committee on Senate Finance and Claims

Prepared by Taryn Purdy
January 11, 1992

1. Page E-1, line 15 and 16.
Strike: in their entirety.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. E-8
DATE 1/11/92
BILL NO. HB 2

Leitz

Amendments to House Bill No. 2
Third Reading Copy

For the Committee on ~~Senate Finance and Claims~~

Prepared by Taryn Purdy
January 11, 1992

1. Page E-1, line 13.

Strike: ". "

Insert: "with the following restriction: tuitions may not be budget amended either directly or indirectly to increase the budget of the Office of the Commissioner of Higher Education."

2. Page E-13, line 15.

Following: "SYSTEM"

Insert: "with the following restriction: all tuition revenue must be distributed to agencies other than the Office of the Commissioner of Higher Education."

SENATE FINANCE AND CLAIMS
EXHIBIT NO. E-9
DATE 1/11/92
BILL NO. HB2

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Bianchi
For the Committee on Finance and Claims

Prepared by Taryn Purdy
January 11, 1992

1. Page BP-4, following line 19.

Insert: Section 15. Montana university system personal services transfer and vacancy. The Montana university system, with the exception of the Office of the Commissioner of Higher Education, is excluded from the personal services transfer provisions in [Section 2] and the vacant position provisions in [Section 7]."

Renumber: subsequent sections

2. Page E-22, lines 17 through 25.

Strike: in their entirety

3. Page E-23, lines 1 and 2.

Strike: in their entirety

SENATE FINANCE AND CLAIMS

EXHIBIT NO. E-10

DATE 1/11/92

BILL NO. HB 2

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Date 1/11/92 House Bill No. 2 Time _____

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		
SENATOR BENGTON	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT		✓

Tom Steacy
Secretary

Chairman

Motion: Senator Bianchi amendment
motion (Exhibit E-10)
Motion carried.

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	✓	
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Secretary _____

Chairman _____

Motion: _____

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Jergeson
For the Committee on Senate Finance and Claims

Prepared by Taryn Purdy
January 11, 1992

1. Page E-9, line 15.

Strike: "must result in a general fund reversion of a like amount"

Insert: "must be added by budget amendment by the board of regents in a manner so as to offset reductions in vocational-technical center appropriations in [this act] from the levels contained in The General Appropriations act of 1991 and acts supplementary thereto"

2. Page E-22, line 9 and 10.

Strike: "must cause a general fund reversion of a like amount"

Insert: "must be added by budget amendment by the board of regents in a manner so as to offset reductions in the university system appropriations in [this act] from the levels contained in The General Appropriations Act of 1991 and acts supplementary thereto."

SENATE FINANCE AND CLAIMS

EXHIBIT NO. E-11

DATE 1/11/92

BILL NO. HB 2

Amended JA

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Vaughn
For the Committee on Senate Finance and Claims

Prepared by Jim Haubein
January 11, 1992

- 1. Page 0A-5, line 17.
Strike: "112,375"
Insert: "96,755"
- 2. Page 0A-8, line 6.
Strike: "633,000"
Insert: "617,380"
- 3. Page 0A-7, line 10.
Strike: "584,500"
Insert: "600,120"
- 4. Page A-9, line 24.
Strike: "133,290" "132,930"
Insert: "140,286" "141,554"

Withdrawn

SENATE FINANCE AND CLAIMS

EXHIBIT NO. F-1

DATE 1/11/92

BILL NO. HB 2

HBX02311.AL3

