

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - 2nd SPECIAL SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By JOE QUILICI, CHAIR, on July 6, 1992, at 1:50
p.m.

ROLL CALL

Members Present:

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

Staff Present: Clayton Schenck, Senior Fiscal Analyst (LFA)
Dan Gengler, Budget Analyst (OBPP)
John Patrick, Budget Analyst (OBPP)
Lois O'Connor, Secretary

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

Announcements/Discussion:

REP. QUILICI said that the Department of Justice, Crime Control Board, Secretary of State, Judiciary, Department of Revenue, Legislative Auditor, Legislative Council, Legislative Fiscal Analyst, Environmental Quality Council, and the Department of Military Affairs were all agencies that could make more cuts under the executive budget recommendations. Cuts to the other agencies not listed would be up to the Subcommittee's discretion.

HEARING - STATE AUDITOR'S OFFICE

Dennis Sheehey, Deputy State Auditor, State Auditor's Office, provided written testimony. (EXHIBIT 1)

QUESTIONS FROM THE SUBCOMMITTEE

SEN. TVEIT asked if the State Auditor's Office will be \$300,000 in the hole by the end of FY 1993, how much of the total will be supplementals. Mr. Sheehey said that in the last biennium, the

State Auditor's Office requested a supplemental of \$324,000 to pay ISD charges for warrant writing and payroll processing costs. It has requested and received a supplemental to move \$57,000 from FY 1992 into FY 1993. This will compound in FY 1993. Along with payroll costs, the Auditor's Office predicts that it must request a supplemental of over \$200,000 in the next biennium.

REP. ZOOK said that the Policyholder's Division is not mandated by statute. He asked how many dollars are involved in the Policyholder's Division. **Mr. Sheehey** said he did not know the exact figures; but out of the 25 total FTE, one-half are allocated to policyholder services. He assumed that since the program's budget is \$1 million, the total cost would be \$500,000.

SEN. FRITZ asked what percentage of reductions has the State Auditor's Office absorbed to date. **Mr. Sheehey** said that there are two figures being used. The Legislative Fiscal Analyst's (LFA) figures provide a 5 percent reduction. The Office of Budget and Program Planning's (OBPP) figures provide a figure of over 8 percent. He has not been able to balance the two figures.

Clayton Schenck, Senior Fiscal Analyst, LFA, said that the difference between the 5 and 8 percent figures comes from the difference in the base appropriation. The LFA calculations took the current budget and assessed a 5 percent reduction overall. OBPP's calculation of 8 percent took the State Auditor's appropriation and added back the vacancy savings and the underfunding of the pay plan. They are also received credit for the cuts made in Special Session 1. OBPP increased the base before they computed the 8 percent.

SEN. FRITZ asked where the State Auditor's Office would absorb another budget cut. **Mr. Sheehey** said the biggest impacts would be in investigations and not being able to answer the public's questions about insurance. Several departments would have to look at program eliminations. More cuts would have a severe impact on the agency.

HEARING - DEPARTMENT OF JUSTICE

Mick Robinson, Administrator, Central Services Division, Department of Justice, said the 8 percent reduction recommended by the OBPP includes the County Attorney payroll program and the Attorney General's salary. These are statutory and are not available for reductions. He added that in the regular session House Bill No. 579 and Senate Bill No. 232 allocated further reductions totaling \$124,000. These reductions are not included in the 8 percent computation. He requested that the Subcommittee be fair in its reduction request. He added that in Special Session 1 the Department was allowed to shift some of the biennial reductions into FY 1992. Many of the reductions were taken by delaying the implementation of new programs such as the

automation of county motor vehicle registrations. If additional cuts are made in FY 1993, the same type of approach must be taken. He asked that the Subcommittee review the management flexibility proposals recommended by the Governor's Office. As a large agency, it has the flexibility to move staff around to meet a crisis situation that may develop. Smaller agencies do not have the same flexibility.

QUESTIONS FROM THE SUBCOMMITTEE

REP. QUILICI said the executive budget proposal is for another 3.5 percent cut. He asked where the Department could make another cut. **Mr. Robinson** said the 3.5 percent cut would be made up in the attrition process. The problem is that when a number of positions are kept vacant, it affects the services that are provided to the public. The only other area where cuts could be made would be in delaying programs.

REP. PETERSON asked how far the automation of county motor vehicle registrations has gone. **Mr. Robinson** said that 30 of the 56 counties have been automated.

SEN. TVEIT asked **Mr. Schenck** what the difference was between the LFA and executive budget figures. **Mr. Schenck** said the executive budget shows a fully-funded general fund operating budget of \$12.8 million. This is not an appropriated amount. The \$12.8 million is the amount that it would take to "fully fund" the Department if vacancy savings and other things were not taken out. From the fully-funded budget, the Department is given credit for \$371,000 of vacancy savings, \$105,000 of underfunding of the pay plan, and \$414,000 in FY 1993 cuts already taken by Special Session 1. To date, the Department has taken budget cuts totaling 6.93 percent. The 6.93 percent is comparable to the LFA figure. The executive budget figures are based on a theoretical fully-funded budget. The LFA figures are based upon the actual appropriation.

REP. ZOOK asked if the LFA figures considered vacancy savings and the underfunding of the pay plan. **Mr. Schenck** said the LFA figures go with the appropriation. The vacancy saving is already taken out of the base and the percentage is based on the appropriated level. **John Patrick, Office of Budget and Program Planning (OBPP)**, said that cumulatively, the Department must live with the results of vacancy savings, pay plan underfunding, and budget reductions. It is a much better picture to look at the impact of all the cumulative cuts.

REP. PETERSON said that agencies should be ready to tell the Subcommittee what bureau or section, that would least hurt the state, may be eliminated or combined to meet the budget cuts.

SEN. TVEIT asked what the Department would do if the Subcommittee asked for another budget cut. **Mr. Robinson** said the Department has no programs that are not statutorily required. If there is going to be another cut, there needed to be corresponding legislation to remove those requirements from statute.

SEN. STIMATZ said the Subcommittee must be sure that it is not over-cutting the agencies to where the reductions will be cutting into mandates.

HEARING - CRIME CONTROL DIVISION

Edwin Hall, Administrator, Crime Control Division, said the requested reduction for the Division is \$22,676. If the appropriated level is looked at, the Crime Control has an 8 percent reduction in both fiscal years, but it was not given credit for a general fund transfer which resulted in a change in the match for federal funds. If the transfer were calculated in the figures, the Divisions reductions would total \$40,000 per year. The Crime Control Division is very close to impairing its ability to use federal funds if it must continue to cut general fund money.

Four percent of the federal dollars are used for administrative purposes. The federal monitors are recommending the use of between 7 and 9 percent in order to do an adequate job in monitoring the funds. If the Division must take another reduction, it has only two options: (1) to gut its operating budget; or (2) shift some personal services into the federal area which could be in violation of federal regulations by paying people with federal funds when they are not doing the work.

Mr. Hall informed the Subcommittee that there would be a little money available to transfer from the Crime Victims Compensation Fund.

HEARING - HIGHWAY TRAFFIC SAFETY

REP. QUILICI said the executive budget recommends no cuts from this agency because its budget is mostly federal funds.

Al Goke, Director, Highway Traffic Safety, said in Special Session 1, 8 percent was transferred to the county level for the DUI Task Force. Additionally, in the last Legislative Session, the reinstatement fee on DUIs was doubled to \$100. House Bill No. 6, in Special Session 1, transferred the second \$50 into the general fund.

Mr. Schenck said Highway Traffic Safety is not in the Governor's proposal because the proposal is looking only at general

operating budgets. Operating budgets exclude federal pass-through funds. The money transferred to the county DUI Task Force is pass-through funding and are not considered a part of the operating budget.

HEARING - GOVERNOR'S OFFICE

REP. QUILICI said that the Governor's Office was an agency not listed for the executive budget reductions.

Mary Jo Murray, Governor's Office, provided a graph which showed the Subcommittee the number of FTE employed in the Governor's Office from FY 1976 through FY 1993. (EXHIBIT #2) She said Special Session 1 reduced the Governor's Office budget by 10 percent. Their general fund in this biennium is less than the appropriated level in the 1991 biennium. Further reductions will be taken from personal services.

Ms. Murray also provided a graph which compared the percentage of general fund increases in the 1991-1993 biennium for the following agencies: the Legislative Branch, the University Systems, Judiciary, Governor, and Human Services (SRS, DFS, DCHS). (EXHIBIT #3)

HEARING - SECRETARY OF STATE

Doug Mitchell, Chief Deputy, Secretary of State, provided written testimony. (EXHIBIT #4) He stated that if the Secretary of State's budget is reduced any further, the state will lose money because the Office earns \$1.33 for every \$1.00 it receives. It is reasonable to assume then, that if the Office is cut by \$1.00, the state will lose \$1.33.

HEARING - JUDICIARY

J.A. Turnage, Chief Justice, Supreme Court of Montana, provided written testimony. (EXHIBIT #5)

QUESTIONS FROM THE SUBCOMMITTEE

SEN. TVEIT asked Mr. Schenck asked what the difference was between the LFA figures and the executive budget proposal. Mr. Schenck said the LFA's 5 percent reduction was a reduction to the appropriation excluding the judicial salaries. The executive budget recommendation of 8 percent is based upon total funding. Judiciary was totally funded for the Regular Session and Special

Session 1 cuts. To get to the 8 percent, it would have to have an additional reduction. The additional reduction includes salaries for judges.

SEN. TVEIT asked if more cuts were made, would it require a change in the law. **Mr. Turnage** said yes. About 80 percent of the Judicial budget is not accessible such as judicial salaries and the aid to the counties for criminal defenses.

Jim Oppedahl, Administrator, Court Administration, referred to p. 3 of Exhibit #5. Judiciary has approximately an \$8.7 million budget. The budget was reduced by \$112,462 in Special Session 1. He asked for the Subcommittee's consideration for adjustments to the reduced FY 1993 budget to get to the real budget that the Judiciary is working with.

The District Court Criminal Reimbursement Program is the program that passes approximately \$3 million to local courts for criminal case reimbursements. Most of this is either indigent defense, transcripts in criminal cases, or court reporter salaries. The elected official salaries are \$3.2 million. This cannot be touched. The legal database fee reimbursed are activities that the Legislature has given general fund money for, only under the understanding that Judiciary would charge for the program and deposit the fees in the general fund. The limited courts training is fee reimbursed. The counties are charged for the program, and the money is deposited into the general fund. The same goes for character and fitness fees. When the fee reimbursements and those programs that are statutory are reduced, it leaves an operational budget of \$2 million. The executive budget proposal is an approximately 16 percent cut against the adjusted operational budget.

Mr. Patrick, OBPP, commented on the inclusion of elected official salaries in the operating budget. He said that the salaries are a part of the operating budget defined as personal services, operation, and equipment. It is a large piece of the operating budget for Judiciary. It will take a statutory change to reduce those programs. Most agencies cannot reduce salaries or totally control vacancy savings. The cuts must be made either through layoffs or reductions in the operating budget. **Mr. Patrick** added that the District Court Reimbursement Fund was excluded from the executive budget.

Mr. Oppedahl said the court can and has eliminated an employee after Special Session 1. The 36 district court judges and 7 supreme court justices cannot be fired or have their pay decreased. If an 8 percent cut is put against the elected official salaries amount of \$3 million, it would be \$250,000 and would cripple Judiciary.

Judy Meadows, Director, State Law Librarian, said the legal database reimburse is part of her agencies program. She said

that this is a activity that her agency has no control over. It is Lexus and Westlaw. It is used by district court judges, county attorneys, private law firms, and the rest of state government. Her agency simply pays the vendor, and it cannot be cut. Also, during Special Session 1, the Law Library was given permission to charge a 10 percent fee for the use of the database. If this is cut, the state will lose additional revenue.

HEARING - DEPARTMENT OF REVENUE

Jack Ellery, Deputy Director, Department of Revenue, provided a graph that showed the budget reduction that the Department is facing. (**EXHIBIT # 6**) In FY 1993, the Department is facing a total of \$1.7 million in reductions which equals 8 percent of the fully-funded general fund budget. There were several budget modifications in the last Regular Session that were added to the Department's budget to generate additional revenue, primarily in the accounts receivable collections. 1992 is the best year the Department has had in collections.

QUESTIONS FROM THE SUBCOMMITTEE

REP. QUILICI said the executive budget shows that the deductions have amounted to 8 percent. The LFA figures shows the biennial percentage cut for the DOR was 1.57 percent. He asked for an explanation of the difference. **Mr. Schenck** said the 8 percent would be reached by a \$707,000 increase in reductions would be based on a theoretical fully-funded budget. The 1.57 percent is a measure of how much of reduction was taken from the appropriation in the DOR. The reason it is so low is because the Legislature gave DOR money in order to increase the revenue estimates. Their net reduction in Special Session 1 was small only because it was netted against the increases. The executive budget now recommends a deduction of \$707,000 in general fund, but it doesn't reduce the anticipated revenue collections as a result of the reduction.

SEN. TVEIT asked if the \$707,000 reduction would affect the DOR revenue collections. **Mr. Ellery** said in the Regular Session, the Senate Taxation Committee added a \$1 million revenue estimate for 4 FTE to reprioritize the Department's efforts in collecting general fund revenue. The Governor's budget proposal does not include the \$1 million. The Department hopes to minimize the cuts that would have to be taken in the Corporation Tax and Income Tax Divisions and still maintain what it had committed to in the Regular Session. It doesn't make sense to keep the 4 additional FTE and operating money and then cut into the Department's infrastructure. **Dan Gengler, OBPP**, said the \$1 million revenue estimate is in House Joint Resolution No. 1., but

it is not included in the executive budget revenue estimates. He said that agencies have the flexibility and discretion to apply the cuts where they feel the least amount of impact. If the 4 additional FTE were to be cut, it would not affect the revenue estimates in the executive budget because it was not included. **Mr. Ellery** said if more cuts are taken by the Department, the 4 additional FTE positions would have to be eliminated.

REP. ZOOK asked if the Department is forced to give up the 4 FTE would it still be able to collect the additional revenue dollars. **Mr. Gengler** said when OBPP considered the cuts and whether or not to exempt the DOR entirely, OBPP did consider what impact it would have on revenues. That is why OBPP did not recommend cuts in the revenue-generating operations in Special Session 1. However, it was felt that given flexibility and discretion, DOR could apply the cuts in a way that would minimize the impact to general fund collections in FY 1993. Because of the state's current crisis, OBPP felt DOR should be included in the reductions.

REP. QUILICI said if DOR takes more cuts there is a possibility that the general fund could lose money. **Mr. Gengler** said that this could be a possibility depending on how DOR chooses to apply the reductions.

REP. ZOOK asked how DOR measures or knows that \$1 million dollars has been collected if FTE are hired. **Mr. Ellery** said in that particular budget modification, it would be difficult to track because it was a reprioritization of resources to concentrate only on general fund revenue. On the accounts receivable modification, DOR has very good statistics as to what a collection person can bring in.

REP. PETERSON said in the Regular Session, testimony was heard concerning the backlog of revenue collections. The Legislature was interested in getting the FTE to bring the backlog down. She asked if the backlog had been reduced. **Mr. Ellery** said DOR had a record year in accounts receivable collections in FY 1992. The target in FY 1992 was \$13.83 million. DOR collect \$13.36 million as of June 30. The Department has made a major penetration in the collection area. However, the Subcommittee must recognize that the Department is working with a moving target. Because the Department is detecting more money that is owed to the state, it is adding to the accounts receivable. The accounts receivable will never come down.

SEN. TVEIT asked how much the 4 additional FTE would generate in revenue. **Jeff Miller, Administrator, Income and Miscellaneous Tax Division, DOR**, said the 4 FTE were committed to \$250,000 each. There has been a return of 10 to 1. **SEN. TVEIT** asked if the additional \$707,000 reduction would eliminate the 4 additional FTE positions. **Mr. Ellery** said yes. **Mr. Gengler** said the 4 FTE would only represent a small portion of the reductions. The Property Appraisal Division constitutes \$12 million in DOR's

budget. Reduction to this division would effect the quality of the product it produces. This is the same with any reductions. Not all of the \$707,000 reduction would necessarily affect revenues.

SEN. FRITZ asked about the delay in the individual income tax returns. **Mr. Ellery** said DOR took the Special Session 1 reductions in its data entry staff. This created a backlog in processing returns. **Mr. Miller** said there are approximately 9,700 refunds that are yet to be drafted as of July 1. It is expected to be done by July 10. **SEN. FRITZ** asked how much money is involved in the income tax refunds. **Mr. Miller** said the average refunds represent \$2.7 million. There are other refunds that have been filed (late files). All total \$4.2 million in refunds will be processed.

REP. ZOOK said one reason the refunds are larger than usual is because the withholding tables are out of date. **Mr. Ellery** said the withholding tables have not been changed since 1987. There is also behavioral changes, such as overwithholding, that must be taken into account. If the tables were updated, people would most likely received a zero refund or at least come close.

HEARING - DEPARTMENT OF ADMINISTRATION

REP. QUILICI said the Department of Administration was not an agency in the executive budget to receive more reductions.

Bob Marks, Director, Department of Administration (DOA), said the DOA took a 8.99 percent reduction in Special Session 1. The Department is a service agency and much of the work done is for other agencies. If the Subcommittee decided to take more money out of the Department's budget, it will not go out of existence. The DOA was able to absorb the 8.99 percent reduction. Any more reductions would mean a reduction in force.

QUESTIONS FROM THE SUBCOMMITTEE

REP. QUILICI asked about the deletion of deputy directors and assistant administrators. **Mr. Marks** said there has been some attention given to eliminating deputy positions. He puts that into the same category as asking people to be furloughed on Friday. He would prefer being told how much money the Legislature wants in reductions, and let the managers manage.

REP. QUILICI said the state is in a financial bind. The only way it can get out of it is to let the agency have the flexibility to make the decisions.

SEN. TVEIT asked **Mr. Marks** to justify the \$1.6 million for mail distribution. **Mr. Marks** said the DOA has taken on mail

distribution from other agencies because it can save the other agencies money. **SEN. TVEIT** asked for information or a breakdown in the mail distribution program.

SEN. STIMATZ asked how the employee group benefits, including the health plan, is working out in both the cost level and how quickly the claims are being handled. **Mr. Marks** said there has not been any great changes made. It is progressing, and there have been some changes in the coverage. **SEN. STIMATZ** asked if the program was solvent and if the state was in any danger of a cost explosion. **Mr. Marks** said health care cost are exploding everywhere, but the DOA is managing this program very well.

SUBCOMMITTEE DISCUSSION

REP. QUILICI said that there was a possibility that the Subcommittee would review the elimination of full programs. He told the Legislative Leadership that he wanted to make sure the Subcommittee would have time to evaluate all suggestions being made. His major concern was that when cuts are made, like those that are being suggested, it means the elimination of jobs.

REP. PETERSON said her concern is that the Subcommittee must look at cuts in programs that are making money. She felt this was very poor management.

SEN. FRITZ said that if anyone believed that there was fat in general government, should sit on the Subcommittee. The agencies are being asked to cut revenue-producing programs.

REP. ZOOK said that there are some theories that if the waste and fat could be cut out of government, it would be a great deal of money. Some of the "boilerplate" language ties the hands of the administrators to eliminate the waste and fat. He would be more comfortable to take money from a department if the administrators were given the flexibility to operate the department.

The Subcommittee decided that in the interest of time, they would eliminate the hearings from the Consumer Council and the State Fund because neither agency has general fund money.

REP. ZOOK asked that the agencies provide a memo that would prioritize programs in each department.

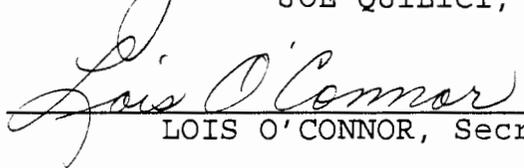
SEN. TVEIT asked about the consolidation of the Legislative agencies and if there would be a savings if consolidation were done. **REP. QUILICI** said that he inquired about this through the NCSL. Missouri, Mississippi, and Nevada consolidated their agencies and found nothing but problems.

ADJOURNMENT

Adjournment: 4:30 p.m.



JOE QUILICI, Chair



LOIS O'CONNOR, Secretary

JQ/lao

HOUSE OF REPRESENTATIVES

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE

~~7-6~~ 7-6-9

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

General Government Subcommittee
July 6, 1992
State Auditor's Office

1
7-6-92
Special Session #
General Government
Transportation

Six months ago on January 6, 1992, I testified to this committee that if budget cuts were approved at the recommended level services to the Montana public would suffer. In addition it was noted that 8 - 10 personnel would lose their jobs through a reduction in force. This reduction in force was in addition to four already vacant positions. On February 10, 1992, we RIF'd ten employees resulting in a reduction in staff of over 20%. We faced a shortage in personal services funding of \$283,000 for fiscal year 1992.

The State Auditor decided to try to maintain services rather than eliminate total programs. The only program that is not mandated by statute is the direct services to the public through Policyholder Services. The Policyholders Division receives over 100 calls per day from worried, confused and concerned citizens of Montana with insurance problems. With a staff cut in half, we were forced to take calls every other day and use electronic phone machines to try to address all inquiries. Staff were forced to perform extraordinary duties for six months to get the job done and we are falling behind. Dedicated employees assumed extra duties to get general fund deposits of 23.5 million done in a timely fashion, maintain investigations to protect consumers, keep the payroll on time and pay the states bills. Special committees were formed to eliminate travel requests. Supplies were approved for basic operations only. Equipment purchases were eliminated and travel funds were reallocated to pay employees. These people deserve praise from the state and not further budget reductions.

For fiscal year 1993, we are projecting a \$100,000 budget deficit in meeting current level salaries. At this level we can re-employ 7 of 10 RIF'd positions and leave 5-7 positions vacant for the majority of fiscal year 1993.

I have attached a memo from the State Personnel Division dated June 3, 1992, called the "Reduction in Force List." These are state employees that are eligible for re-hire under the states RIF rules. Please note that of 18 total names on this list 9 are from the State Auditor's Office.

The committee heard many warnings from state agencies of staff and services reductions during special session testimony. Yet it is apparent that this office, being accurate in projections, suffered far more than any other state agency from budget cuts.

EX. 1
7-6-92
Gen Govt. Sub.

By the end of the biennium the State Auditor's Office will have reduced overall General Fund support by over one million dollars. Also, in order to mail state payments a supplemental of \$57,000 was necessary to pay the Department of Administration mail services. We project that by the end of FY 1993 warrant and payroll processing costs, including computer support and postage, will exceed the budget by \$200,000. This means that even without further budget reductions the current level fiscal year 1993 budget is \$300,000 in the hole.

In summary, I would like to ask the committee to consider the impact of further budget reductions on the Auditor's Office. Current employees are under exceptional stress and this will cost the state more in the long run. The State Auditor's Office has suffered significantly more from existing budget reduction than other state agencies. The ability to serve and protect the public, process general fund deposits and operate are in a critical state. Any further budget reductions will be devastating to the service provided to Montana consumers and the state of Montana by the Montana State Auditor's Office.

7-6-92
Gen. Govt. Sub.

REDUCTION IN FORCE LIST

Updated: 06/03/92

From Department of Administration - Personnel 2 -

NAME	RIF DATE	TITLE/GRADE/INFO
David T Earley	06-30-91	Security Guard/Technical Writer/Investigation/Research/Editor/Public Affairs/ Computer Programmer or Operator
William M Dotson	02/01/92	Gr.7-Habilitation Aide/Food Preparation/Welding
Eleanor M Dunn	02/01/92	Habilitation Aide I/Laundry Worker/Food Service Worker.
James H Dunn	02/01/92	Entry-Habilitation Aide II/Truck Driver/Front End Loader Operation/Fast Food Service Management/ Supervisory Experience.
Christy Harmon	02-01-92	Entry-Habilitation Trainer I/Nurse's Aid
/ John R Forsman	02-10-92	Gr.12-Insurance Compliance Specialist/Bookkeeping/Science Education/Training.
/ Lois A. Freeman	02-10-92	Gr.8-Payroll Clerk/Bookkeeping.
/ Marjorie G Garden	02-10-92	Gr.9-Payroll Technician/Office Manager/Bookkeeper/Supervisory Experience.
/ Roger L Halver	02-10-92	Gr.14-Securities Analyst-Examiner/ Finance & Business Admin/ Investigation/Auditing and Compliance Specialist.
/ Thomas M Hodges	02-10-92	Gr.12-Insurance Compliance Specialist/Auditor/Real & Personal Property Appraisal/ Public Relations/Training
/ Robert N Post	02-10-92	Gr.13-Senior Insurance Compliance Officer/Field Investigation/Inspection/Marketing.
/ Jean M Ruff	02-10-92	Gr.9-Word Processing Tech/Secretarial/Clerical.

Deborah J Stanton	04-01-92	Gr.13-Contract Monitor/ Administrative Officer/ Accounting/Auditing/ Secretarial/Clerical.
Kay M. Turnquist	04-27-92	Gr. 8-Grain Laboratory Aide/Wheat & Barley Grader.
Harold Gilbertson	05/01/92	Gr.13-Admin Officer III/ Personnel Management/Program Planning & Management/Research/ Training/Employment Counselor.
Joseph W. Fetta	06/30/92	Gr.7-Liquor Store Manager/ Retail Management/Sales.

Passion Hill ✓

Staff
Attorney - Exempt employee

Robin Baker ✓

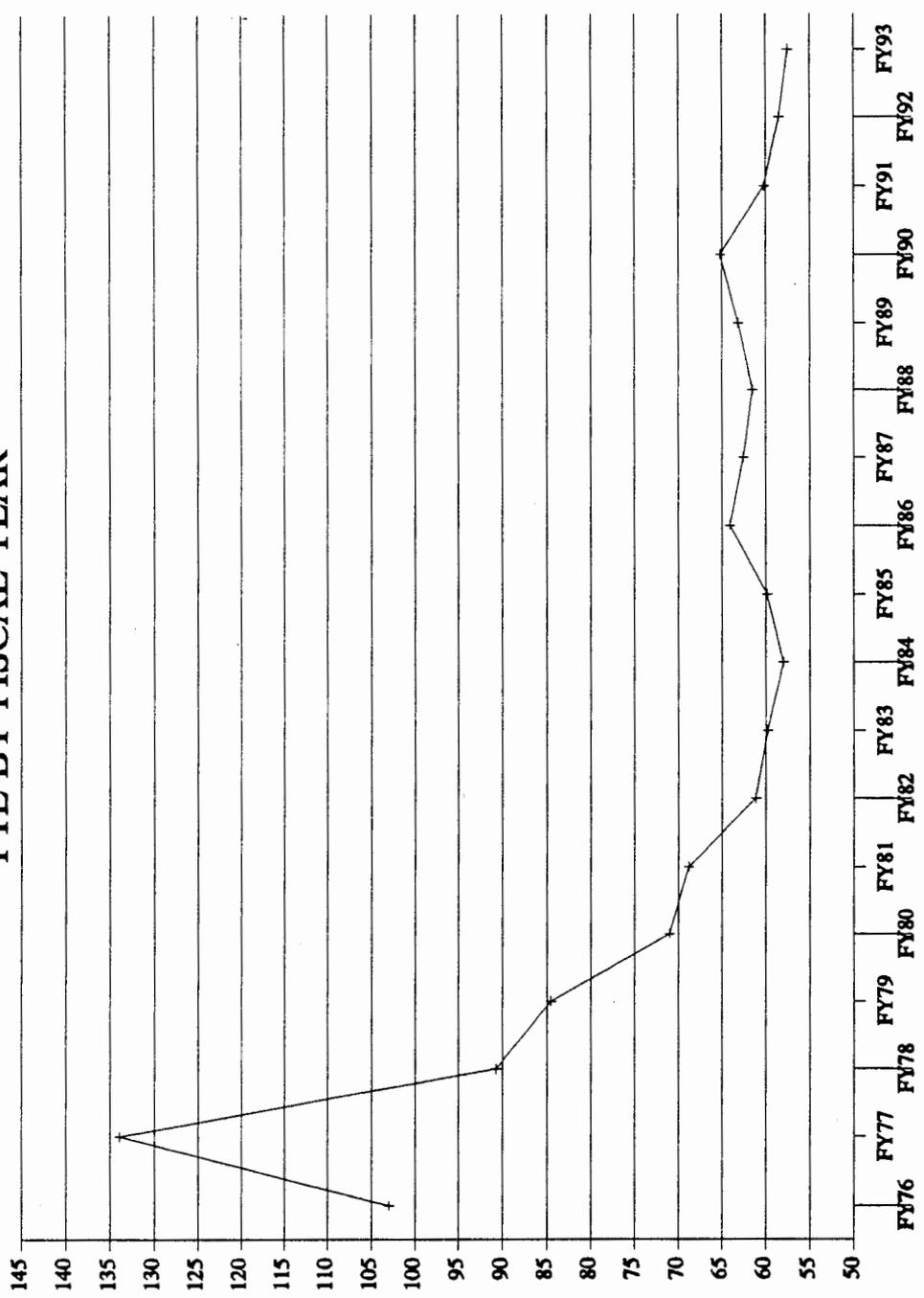
Insurance Clerk Grade 7

10 Total RIF's

4 vacant positions -

EXHIBIT 2
 DATE 6-7-92
 Special Session #
 General Government
 +
 Transportation

GOVERNOR'S OFFICE FTE BY FISCAL YEAR

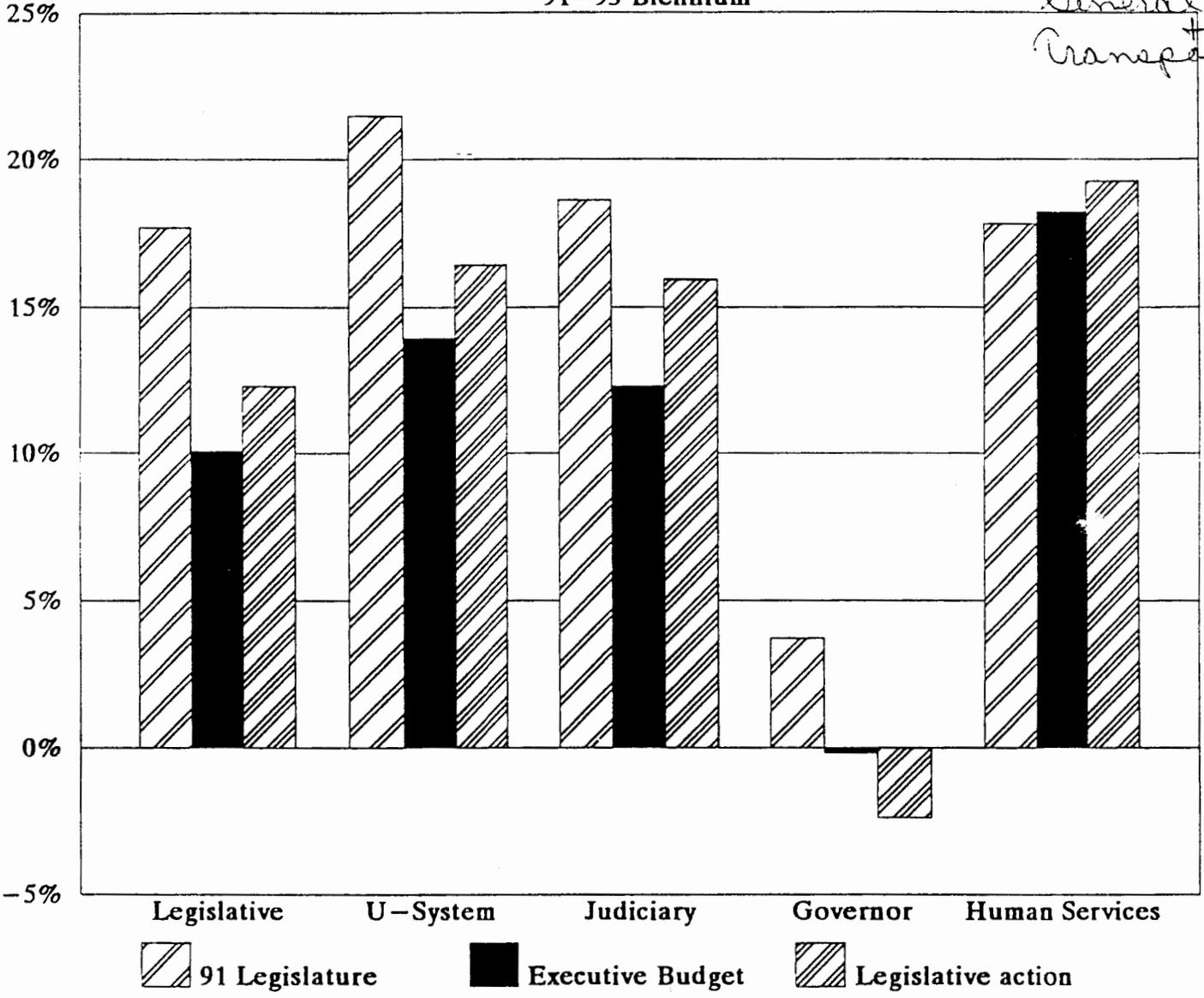


_____ Judge _____ Schwinden _____ Stephens _____

PERCENTAGE INCREASE

91-93 Biennium

3
7-6-92
Special Session
General Gov
Transportation



	----- 91-93 Biennium General Fund Increase -----		
	91 Legislature	Executive Budget	Legislative action
Legislative Branch	17.7%	10.1%	12.3%
University System	21.5%	13.9%	16.4%
Judiciary	18.6%	12.3%	15.9%
Governor	3.7%	-0.2%	-2.4%
Human Services (SRS,DFS,DCHS)	17.8%	18.2%	19.3%

Notes: Includes supplemental appropriations and budget reductions only, excludes funding switches and fund balance transfers. The figures for the Legislative branch exclude 'feed bill' appropriations. The figures for the Judiciary are adjusted to reflect the movement of the district court reimbursement program from the Department of Commerce. The figures for the Governor exclude the revenue from sale of current airplane or expenditure for purchase of smaller replacement airplane.

SECRETARY OF STATE

STATE OF MONTANA

Mike Cooney



Doug Mitchell
Chief Deputy

Montana State Capitol
Helena, MT 59620

EXHIBIT 4
DATE 7-6-92
~~Special Session~~
General Government
+
Transportation

July 6, 1992

MEMORANDUM

TO: Joint House Senate Subcommittee on
General Government

FROM: Doug Mitchell, Chief Deputy

RE: Status of FY 1993 Budget

This memorandum is to serve as background for the decisions you have to make regarding budget reductions for fiscal year 1993. As you will remember, the Special Session of January 1993 addressed this same matter. At that time the office of the Secretary of State worked closely with this subcommittee and the legislature to produce an aggressive package of budget cuts, fund reversions and fee increases. The package for the 1992-1993 Biennium included the following features:

\$ 40,000 in fund reversions
\$ 150,000 in fee increases
\$ 90,000 in budget cuts

\$ 280,000 Total Package which translates to a 14.1% deficit reduction package from this office. Please keep in mind that this **does not** include either the personal services reductions or the .5% across the board cut mandated during the 1991 regular session.

Below is a list of services that were cut in order to meet this requirement:

- *Commercial Printing of the Primary Election Canvass.
- *Publication and Distribution of Business Services Bulletin.
- *Sale of Corporate Lists.
- *Replacement of unsafe corporate file storage facility.
- *Duplication of corporate records to meet state statute.
- *Replacement of current file-server computer which has a consistent failure rate that reduces productivity.
- *Publication of "How To" information about registering to do business in Montana.

-A. 7
7-6-92
Gen. Govt. Sub

Memorandum
July 6, 1993
Page Three

As you know, most of the services provided by this agency are mandated by state statute. Because of the nature of the business conducted by the Secretary of State, non-compliance with state law is not an option as it is in some agencies. Non-compliance by this office may result in the voiding of elections, the loss of confidence in business filings held here and possible severe financial liability to the state.

As always, this office remains committed to working closely with the Office of Budget and Program Planning, the Legislative Fiscal Analyst and the Legislature in doing our part to help meet the budgetary needs of the state of Montana.

DM: 75.108

THE SUPREME COURT OF MONTANA

J. A. TURNAGE
CHIEF JUSTICE

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



June 24, 1992

EXHIBIT 5
DATE 7-6-92
Special Session #2
General Government
+ Transportation

Representative Joe Quilici, Chairman
General Government and Highways Subcommittee
3040 Kossuth
Butte, Montana 59701

Dear Joe:

I would like to provide you with some background information regarding the Judiciary's budget for the upcoming Special Session of the Legislature scheduled to begin on July 6, 1992.

As you know, the January Special Session cut the Judiciary's adjusted general fund operational budget* across-the-board by 5%. This amounted to a reduction of \$112,462 in FY 1993. In addition, a net cost of about \$250,000 of expenses for court-ordered mental evaluations in District Courts was transferred to the judicial budget.

The reductions for FY 1993 imposed by the first special session are being managed as best we can. The reductions have forced the shutdown of a statewide judicial information tracking system for district courts, a reduction of one FTE in the Court Administrator's Office, the elimination of the February Bar Examination, and various other cost saving efforts such as eliminating subscriptions, removing telephones from offices, cutting or delaying maintenance and supply items and forcing vacancy savings in several positions.

I might add that all these reductions came on top of nearly a decade of other cost management efforts that the Judiciary has implemented in order to live within an extremely limited judicial budget.

Yesterday, we received the Governor's judicial budget reduction proposal for FY 1993. The proposal recommends an additional \$256,401 in cuts. These proposed reductions would slash nearly 12.5% of the Judiciary's adjusted general fund operational budget. This 12.5% cut would be in addition to the 5% cut already imposed by the Legislature in January.

* The adjusted general fund operational budget represents those general fund operational appropriations over which the court has control. Excluded are appropriations for elected officials salaries, transfer payments to local government and general fund appropriations that are reimbursed through fee collections. See attachment.

7-6-92
Gen. Govt.
Sub.

Cuts of this magnitude are unacceptable and unrealistic. They would do irreparable harm to Montana's Judiciary.

It is extremely important to note that less than 25% of the Judiciary's total appropriation in FY 1993 is subject to what I would characterize as discretionary management by the Court. More than 75% of our general fund appropriation falls into specific categories and programs that are controlled either constitutionally or by specific statute or are essentially services that are performed on a cost recovery basis.

For example, the Court can not legally make up for the proposed cuts by reducing the salary of justices or district court judges. The Governor's proposal is predicated on such a reduction -- but they cannot legally be made. The Montana Constitution states in Article VII, Section 7 that "All justices and judges shall be paid as provided by law, but salaries shall not be diminished during terms of office." [emphasis added]

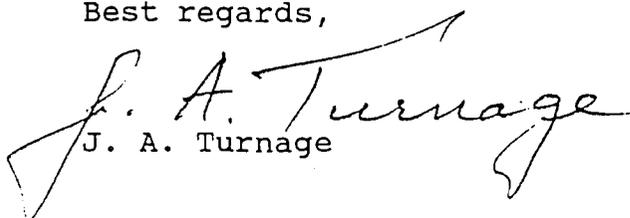
The District Court Criminal Reimbursement Program is another example of an appropriation that is restricted to specific purposes. While we have the responsibility to manage the program, the legal mechanics of the program do not allow any of the funds to go anywhere except to district courts and counties.

These examples highlight the necessity to carefully distinguish between those areas of the judicial budget where reductions can be made by the Court and those where the court has no discretion. To apply across-the-board cuts against the entire budget without regard for these distinctions results in seriously inflated reduction targets that would be devastating to current operations.

Finally, I know that when your subcommittee begins its work for the July Special Session, we will be given an opportunity to remind Legislators that the courts of this state are not simply another special interest group or just another "agency" asking for consideration. The judiciary is in fact a co-equal branch of government charged with enormous responsibilities to ensure and protect our citizen's constitutional rights to fair and efficient justice.

We look forward to being able to present our case to your subcommittee in July.

Best regards,


J. A. Turnage

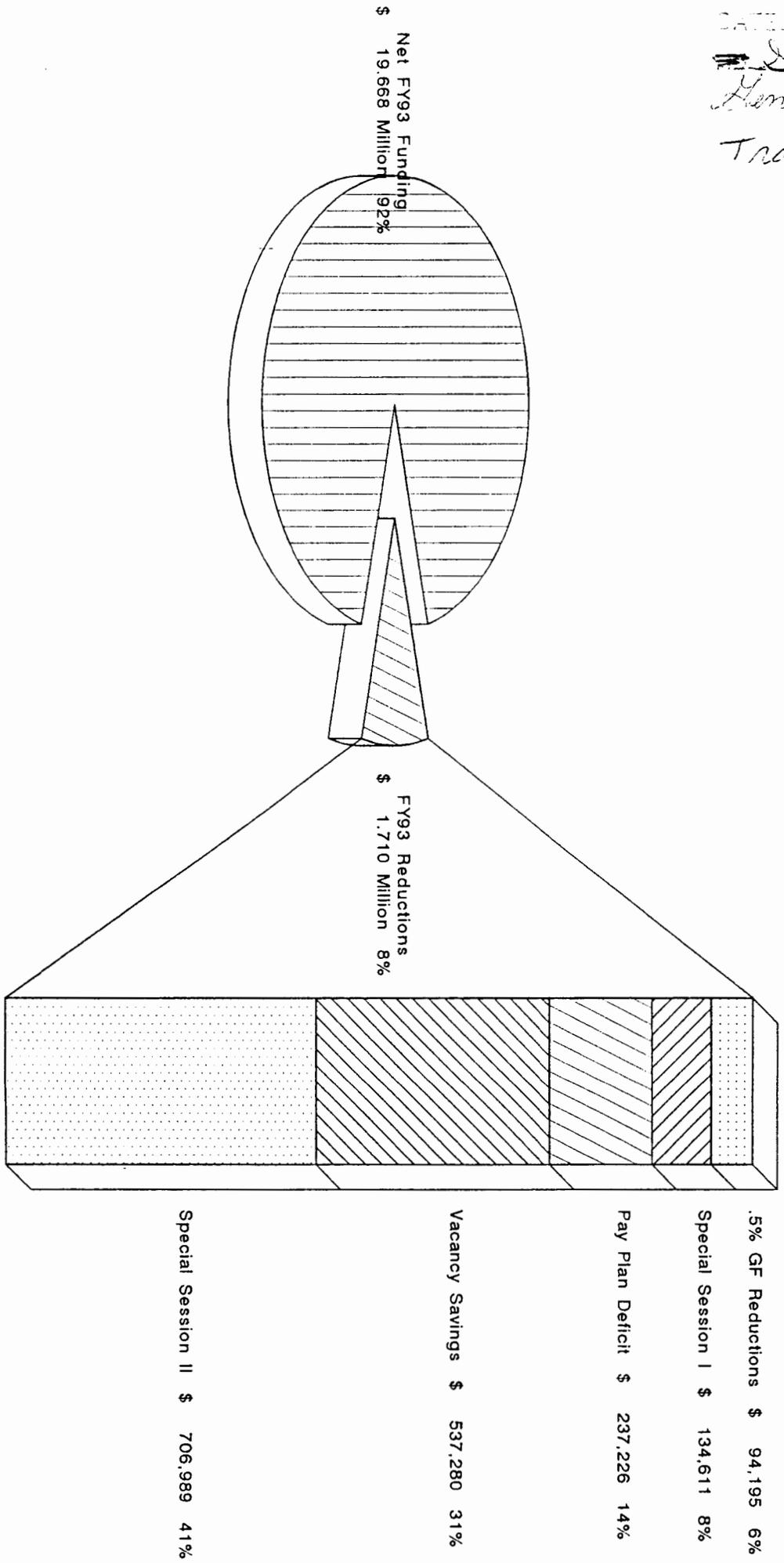
cc: Representative Francis Bardanouve
Senator Judy Jacobson
Teresa Olcott Cohea

JUDICIARY, BASE FOR BUDGET CALCULATIONS FISCAL 1993

TOTAL ORIGINAL GENERAL FUND BUDGET FY 93 <i>(includes \$256,000 added by Special Session I for the District Court Criminal Reimbursement Program)</i>	\$8,726,121	
REDUCTION BY LEGISLATIVE SPECIAL SESSION I <i>(5% reduction of Base)</i>	(\$112,462)	
REDUCED BUDGET FY 93 <i>(HB 2 AND HB509)</i>	<table border="1"><tr><td>\$8,613,659</td></tr></table>	\$8,613,659
\$8,613,659		
ADJUSTMENTS		
1) PROGRAM 07 DISTRICT CT CRIM REIMBURSEMENT	(\$3,061,622)	
2) PROGRAM 01, 04, 06 ELECTED OFFICIALS SALARIES	(\$3,254,275)	
3) PROGRAM 03 LEGAL DATABASE FEE REIMBURSED	(\$186,773)	
4) PROGRAM 02 LIMITED COURTS TRAINING FEE REIMB	(\$36,900)	
5) PROGRAM 01 CHARACTER & FITNESS FEES REIMBURSED	(\$14,000)	
TOTAL ADJUSTED GENERAL FUND OPERATIONAL BUDGET	\$2,060,089	

7-6-92
 Special Session
 General Government
 +
 Transportation

Department of Revenue FY93 Budget Reductions
 Using a Fully Funded General Fund Budget of \$21,378,234



HOUSE OF REPRESENTATIVES
VISITOR REGISTER

General Government *Sub*
+ Transportation COMMITTEE

DATE 7-6-92 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<i>J. Dennis Sheehy</i>	<i>SAO</i>		
<i>M. CHRIS INHOFF</i>	<i>Citizen</i>		
<i>Claudia Clifford</i>	<i>for Mark O'Keefe</i>		
<i>Missy Robinson</i>	<i>BCBS</i>		
<i>Mary Jo Murray</i>	<i>Governor's Ofc.</i>		
<i>Doug Spahn</i>	<i>Military Affairs</i>		
<i>J. A. Turmage</i>	<i>Montana Secretary</i>		
<i>Joni Oppelahl</i>	<i>" "</i>		
<i>Judith ...</i>	<i>State Law Library</i>		

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