

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - 2nd SPECIAL SESSION
COMMITTEE ON FINANCE & CLAIMS**

Call to Order: By Senator Judy Jacobson, Chairman, on July 13, 1992, at 8:30 a.m., Room 325.

ROLL CALL

Members Present:

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

Members Excused: None

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:

Chairman Jacobson asked Ms. Cohea, LFA, to outline the pink sheets that appear in front of the HB 2 material in the committee

notebooks. Ms. Cohea went through the four LFA general fund summary sheets. She indicated the current projected ending fund balance deficit at this date is \$65.1 million dollars. She described the sheet showing changes made on the House floor. She outlined the House floor action to date compared with the executive budget. She described the pink sheet showing the detail in the \$11.1 million that the legislature has approved to date. She noted for the committee the blue sheets in the notebooks for each agency showing the executive proposal, legislative action to date and difference.

Senator Keating asked if there was anything that showed the total general fund budget for each agency being dealt with. He said the sheets presented show the recommended differences by LFA and OBPP but he questioned what the committee is dealing with.

Ms. Cohea said the LFA appropriation book would show after the last special session appropriations for each agency and each program.

Ms. Cohea presented to the committee the agency by agency specifics of the last line item changes on the House floor, the general budget reductions.

Senator Hammond asked if the calculations are based on what was agreed on with OBPP before the start of the special session. Ms. Cohea stated the calculations that led to the Rep. Cobb amendments is based on the appropriation as the agency came into this special session. It had the revisions from the last session and the HB 509, pay plan money. LFA worked with the budget office and made them aware of that. The operating budget of the agency is what they are attempting to arrive at. Ms. Cohea said the executive budget used an entirely different concept in that they went back to the January 1991 session and constructed what is called a fully funded operational base by adding back in money that was cut in the 1991 regular session, money that was cut in the January 1992 special session. That is the basis upon which the reductions in the executive budget were done. Rep. Cobb's request was to look at the figures as this special session started. She indicated it was her understanding that the OBPP was not in disagreement with any of the numbers used in preparing the Cobb amendment; the difference is one of concept in where do we want to get back to. She concluded that Rep. Cobb's amendment only takes into account what has happened in this special session to date. When questioned by Senator Hammond regarding the amendment, Ms. Cohea said the amendment was prepared according to how Rep. Cobb requested the calculation.

Senator Aklestad questioned if each section would be closed after the testimony was presented. Chairman Jacobson said it was her intention to have each section presented, testimony received, executive action taken and then close each section. She noted her desire to have HB 2 on the Senate floor for consideration on July 14, 1992. In order to accomplish that, each section would

have to be closed so that staff can begin to prepare for floor action.

Senator Aklestad questioned if any language in boilerplate to be changed would be worked in by the LFA to the various budgets and then discussed on the Senate floor or should it be done as the particular section is addressed.

Senator Jacobson stated they would have to be dealt with section by section. If we wait until the end, the section will have gone to printing and the changes won't be seen except maybe as an add-on somewhere. In order for HB 2 to be discussed on the Senate floor on July 14, the analysts will have to prepare and get HB 2 changes into the bill immediately. She indicated if there are changes to the totals, it should be brought up at the time the particular section is still open.

Senator Keating asked regarding percentage cuts for various departments that was discussed in subcommittee and then some being followed and some that were not. He noted some agencies that had already been cut in accordance with the executive proposal were cut again. Ms. Cohea said the Cobb amendment is cuts that were requested to get the agency to the four percent in this special session.

In a question from Senator Devlin regarding adjustments made, Ms. Cohea explained the percentage cut calculation spread sheet. (See Exhibit 1) She noted this reflects what has been done in this special session only.

Regarding Senator Weeding's question on figures from the previous special session, Ms. Cohea referred the committee to page 19 of the LFA Budget Analysis. Senator Jacobson said copies of that particular page would be presented to the committee members for review.

Senator Devlin questioned that some changes don't reflect in the calculations. Senator Jacobson felt it could be followed. If we are trying to come to total percentage cuts, the percentages can be taken from the spread sheet and follow that out to what Rep. Cobb has done, which was an attempt to spread the four percent cuts across the board for this special session. Some of the cuts that were made in January were made to the 1992 year and are not reflective of what is happening today. That has to be borne in mind when percentage cuts are looked at also. She concluded the spread sheets will be provided to the committee members before executive action is taken.

Rep. Bardanouve said although he was not the sponsor of HB 2, he would present some of the highlights. He noted the appropriations subcommittees made some reductions and further reductions were made by the House appropriations committee as well as further reductions made on the House floor. He indicated there was bipartisan cooperation on all areas of HB 2. He noted

the House appropriations committee had little difference of opinion except in how the university system was appropriated money as well as the social welfare area. He indicated that HB 2 as adopted by the House provides \$11.1 million of general fund budget balancers. He indicated there is \$7.8 million net budget cuts. Actual cuts by the agencies was \$10.8 million. He noted that the net \$2 million dollar reduction in agency budget is \$4.8 million more than recommended by the governor. He noted we are \$2.2 million in cuts above the governor's recommendation. He added that money was switched in various places in HB 2.

Rep. Bardanouve said it does not reduce as much as the administration recommended in the university area and in the social welfare programs. He noted the increasing costs of welfare will probably double up all the increased revenues that we will get in the future.

Rep. Bardanouve concluded by hoping the Senate would take a conservative approach to this budget. He said some hard decisions were made in the House, however he felt the House was not brave enough to make a serious reduction in the social welfare program and that is a reason that a considerable amount of money was lost. He added that government has not been downsized to as great an extent as in other parts of the country; government is fairly well financed even with the cuts. Cuts will have to be made even beyond what the House has recommended.

Senator Jacobson said the committee would now go back to the blue sheets presented in the notebook. She noted the committee does not have House subcommittee chairmen before us today to present their particular section. She asked the committee how they would like to proceed through HB 2.

Senator Bengtson felt it would expedite matters to have people come before the committee if there are questions and testimony rather than have subcommittee chairmen go over all of it again.

Senator Jacobson said if there is no objection, the committee will go through HB 2 section by section, page by page. If there is an amendment to the section, she asked to have it presented when that page is being discussed.

SECTION A - GENERAL GOVERNMENT AND HIGHWAYS

LEGISLATIVE AUDITOR

Senator Devlin questioned the budget work sheet relative to the legislative auditor. Ms. Cohea said this sheet shows cumulative action to date. It includes cuts made in subcommittee and on the House floor. It reflects all House action.

LEGISLATIVE FISCAL ANALYST

No amendments. No one to speak to the committee.

LEGISLATIVE COUNCIL

Bob Person, Executive Director, Legislative Council, stated an amendment was offered in the House that had the effect of reverting the unobligated balance for NCSL. Dues have not as yet been obligated for this year and apparently they will not authorize any additional travel. He wanted to note for the record there are legislators that have made obligations which will need to be paid for the annual meeting in Cincinnati this year. He felt those should be regarded as obligated at this point so those can be honored. The dollar amount this would represent is approximately \$100,000.

Senator Nathe asked Mr. Person if he was asking for money to be put in for that obligation to NCSL. Mr. Person said the language amendment in HB 2 is not specific as to dollar amount and is not entirely clear to him that a technical reading of the word obligated is perfectly clear. He said he wanted to state that from his point of view if a legislator under this appropriation who was authorized to make arrangements to attend the annual meeting has done so, that should be regarded as a state obligation and from that appropriation that would be paid but nothing else after that, if that obligation was made prior to this special session.

Senator Nathe questioned if we do nothing, the air travel is still covered. Mr. Person said yes.

Senator Devlin asked how many legislators are now obligated. Mr. Person said he thinks it is about six that are obligated. He said many of the hotel reservations are made. Some have made non refundable airline reservations.

ENVIRONMENTAL QUALITY COUNCIL

No amendments. No one to speak to the committee.

JUDICIARY

Senator Stimatz moved to amend HB 2, page A-7, line 25, strike the figure \$146,407 and insert \$102,060.

Senator Stimatz said this amendment takes the budget reduction for the Judiciary back to the level established by the House appropriations committee before the Cobb amendment.

Jim Oppedahl, Administrator, Court Administration, Department of Justice, presented to the committee a sheet showing general fund reductions. (See Exhibit 2) He concluded by asking the committee to look at what these reductions are and at least take them back to the level of the House appropriations cut which was about 9.5 percent of their adjusted general fund budget.

In a question from Senator Bengtson regarding figures on the spread sheet as well as figures from Mr. Oppedahl, Senator Jacobson stated if our concern is that we need to reduce state spending, the committee has to look at actual cuts to departments, and that is what Rep. Cobb has done. He has in this case removed judicial salaries, district court reimbursement. He has left cuts to the judiciary. If we are going to include transfers and fund balances, then the level of any department is not being reduced. Rep. Cobb has given us actual cuts and we must decide if that is appropriate or inappropriate. Ms. Cohea has laid them out as actual cuts to the department. She concluded the committee has to determine if the judiciary can or cannot deal with this level of cuts.

Senator Stimatz moved his amendment. (See Exhibit 3)

When asked a question by Senator Devlin, Mr. Oppedahl said when all reductions are gone through, judiciary has 9.46 percent less if the amendment is accepted. They would have 11.5 percent less if the amendment is not accepted.

Senator Jacobson said the other way this is being calculated with fewer cuts to the judiciary would be somewhat in the neighborhood of 7 percent.

Senator Keating asked Mr. Oppedahl if he had some restrictions with regard to moving money from operating to personal services and back and forth.

Mr. Oppedahl said he had the same restrictions that any other agency would have. He added the largest restriction is there is not much money to move from one category to another. When asked if there were presently any vacancies in his department. Mr. Oppedahl said in the judiciary there are 92 fte and half of those are judges. The others are law clerks, secretaries, et cetera. There is presently one fte vacant which is being held vacant but it is because a program was cut in the January special session. When asked by Senator Keating if someone else might have to be suspended with these cuts, Mr. Oppedahl said it is possible. He noted this special session reduction is around \$90,000. They had \$112,000 from the January special session.

Senator Stimatz' amendment motion (See Exhibit 3) failed.

Senator Stimatz moved to amend page A7-line 25. (See Exhibit 4). He noted the amendment is asking that the law library does not have to spend \$7,470 of money it does not get.

Senator Jacobson asked if the Department of Justice had to charge this to the law library.

Lois Steinbeck, fiscal analyst, said this is a service that the law library provides to many customers, including attorneys

who pay for the automated legal data bases. The money collected by the law libraries is deposited to the general fund. The law library and the judiciary provides the service. In the January special session this committee requested that the judiciary increase fees for this service and deposit those to the general fund.

When asked by Senator Keating if this is just spending authority, Ms. Steinbeck said it is not just spending authority; it is general fund appropriation. They should not spend more than they take in in fees. The appropriation is taken out of the general fund but people who use this service pay the judiciary for the service and they take those fees and put them back into the general fund as general fund revenue.

Senator Keating asked if this was a budget reduction increase. Senator Jacobson said that was correct. When asked by Senator Keating why they needed \$7,000, Mr. Oppedahl said this would help them. This would reduce the \$90,000 cut from this special session by \$7,000.

Senator Stimatz' amendment motion (Exhibit 4) carried with Senators Hammond, Keating and Tveit opposed.

GOVERNOR'S OFFICE

Mary Jo Murray, Governor's Office, said it was her belief that the numbers for the chief labor negotiator's transfer do not include the benefits so the amount would not be sufficient.

Lois Steinbeck, fiscal analyst, said she prepared the subject amendment. She said she made a mistake in calculating the figure but the amount transferred is sufficient to cover salary, benefits and operating. She added it was not her intention to short the governor's office. If they feel that is not adequate to carry on that task, she would meet with them and inform the finance and claims committee if that is not an adequate appropriation.

Senator Jacobson asked Ms. Steinbeck to meet with the governor's office and make sure they have the proper amount of money in there for that task. If there is a problem, it can be corrected in the HB 2 conference committee.

SECRETARY OF STATE

No amendments. No one to speak to the committee.

COMMISSIONER OF POLITICAL PRACTICES

No amendments. No one to speak to the committee.

STATE AUDITOR

No amendments.

Dennis Sheehy, Deputy State Auditor, testified. (See Exhibit 5)

CRIME CONTROL DIVISION

No amendments. No one to speak to the committee.

DEPARTMENT OF JUSTICE

No amendments. No one to speak to the committee.

DEPARTMENT OF TRANSPORTATION

No amendments. No one to speak to the committee.

DEPARTMENT OF REVENUE

No amendments. No one to speak to the committee.

DEPARTMENT OF ADMINISTRATION

No amendments. No one to speak to the committee.

DEPARTMENT OF MILITARY AFFAIRS

No amendments. No one to speak to the committee.

Senator Jacobson advised we are ready to complete Section A. She asked Senator Aklestad if he had any amendments to that section.

Senator Aklestad said his amendment relates strictly to boilerplate language. He added it is on page 4, line 15. Senator Aklestad asked the Chair if the boilerplate language would be handled at the end of HB 2 discussion.

Senator Jacobson said that normally is the way we deal with it. She asked if the proposed amendment planned to freeze any hiring.

Senator Aklestad said yes, it will eliminate those positions that are on as of June 26, 1992. Within the amendment there are various areas of concern that it would not eliminate that would have to be taken care of, for instance, positions necessary for compliance in SRS and different areas dealing with Boulder and those type of areas. He felt it should be dealt with in boilerplate language but said that is up to the chairman. There are not specific numbers or specific fte's.

Senator Jergeson asked Senator Aklestad if he would anticipate that rather than changing any numbers as they are appropriated in HB 2 itself that his amendment may increase the

reversions that we could expect.

Senator Aklestad said it would be an estimate because it is impossible at this time for the LFA or the budget office to come up with exact figures. Even though it is an estimate, it will affect the budget that is being dealt with at this time, this biennium, and also goes into 1994 and 1995. It does not eliminate any people but eliminates the base. It is strictly in the boilerplate.

Senator Jacobson advised Senator Aklestad if it his intention to deal with it as estimated reversions, that should not be a particular problem if it is dealt with in the boilerplate. Senator Aklestad said he would save that particular amendment until the boilerplate is dealt with.

Senator Devlin questioned with regard to the Department of Revenue corporation tax auditors, are those the same ones they were given in January for specialized auditing of collection and taxes. Lois Steinbeck said those are the same positions.

Senator Jacobson said at the time we gave the two fte's, the estimate was that we would realize \$13 million over and above in corporate taxes. That estimate has now been changed to \$8 million. She indicated the House felt if the \$13 million was not going to be achieved, that many auditors are not needed.

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

SECTION B - HUMAN SERVICES

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Senator Franklin moved to amend page B-1, line 5. (See Exhibit 6)

Carroll South said regarding the four percent reduction, that was the case. An fte was reduced in the Health budget. The reduction was the amount of salary and benefits of that individual. It was changed on the House floor and is no longer fte specific; it is just a \$50,000 general budget reduction as all other state agencies are.

Senator Keating said when the subcommittee dealt with this budget, they took the executive recommended cut of \$93,000 as an across the board cut and instructed the department to run their business the best they knew how.

Senator Franklin said this is in response to chief legal counsel. The department will sustain their cut along with other departments. She said the amendment may be moot at this point.

Senator Jacobson asked Ray Hoffman to comment on this.

Ray Hoffman, Administrator of Centralized Services, Department of Health, said it is as stated by Carroll South. He said the department needs flexibility in addressing these cuts.

Senator Franklin said she would like to withdraw the amendment.

DEPARTMENT OF LABOR AND INDUSTRY

No amendments. No one to speak to the committee.

DEPARTMENT OF SOCIAL & REHABILITATION SERVICES

Senator Keating referred the committee to the testimony of Roger LaVoie, Family Assistance Division, page 4. (See Exhibit 7) He also directed the committee to page 5 of Exhibit 7. He said this proposal is not to reduce AFDC benefits by the amount of income to the extent it previously had been.

Senator Keating said the program would be changed in that they would be disregarding the income that AFDC recipient can earn and still be able to lift themselves to a better economic level and also reduce general fund expenditure so the burden on the taxpayers is lessened somewhat. He said those not working still earn a little bit or are given a little bit from somebody. He said \$25 a month is not much to earn and can be achieved by babysitting or part-time work of some type. It is possible that those considered as not having any income can do some work to earn income that is not deducted against their benefits or grants they receive.

Senator Jacobson said because of House action, FY 93 would be 40.5 percent and \$390. That was designed to freeze the level of payment to AFDC recipients at the 1992 level, disregarding inflation or anything else; they would get approximately the same dollar amount.

Senator Keating said the increase to 40.5 percent of poverty level was an increase in benefits and did not touch the disregard for earning. The 40.5 percent is a flat rate, but under the old formula as the percentage went up, there would be a reduction in the disregards on earnings, and the 40.5 is not a true figure at this point. Under the old formula, the disregards would reduce the benefits by the amount of earnings. The change in the House did not affect those earnings. If we go to 40.5 and do not deduct earnings, the general fund expenditure will be increased for those benefits.

In a question from Senator Jacobson regarding the current disregard, Julia Robinson, Department of SRS, said the disregard is 30-1/3 if the budget methodology is not changed. She said as she understands what passed in the House, it is 40.5 with the

budget methodology still in there. That costs an extra \$150,000 over what they requested because people are being allowed to keep more money while they stay on welfare so they can work themselves off welfare.

Senator Jacobson asked Ms. Robinson if they had another proposal in to increase that disregard. Ms. Robinson said that is the budgeting method. She presented a graph to the committee relative to standard of need. She said the current system has a dis-incentive for working because as soon as they start working, the grant gets cut. Because there are so many medical benefits and other benefits, people don't have an incentive to go to work. They are trying to build a system that allows people to keep more countable income.

Senator Jacobson said if they go to 38 percent of the poverty level, they are talking about people that have some additional income but there are single mothers with small children or babies that probably can't go to work for awhile, and they don't get any kind of a break unless as suggested by Senator Keating that someone is giving them \$25 a month as a gift or for babysitting. It does not change the fact that those single mothers will get a cut to their benefits.

Ms. Robinson said there is no question that there are more people who don't work on AFDC than there are people that work.

In a question from Senator Nathe regarding the money for the budget methodology already being there, Ms. Robinson said the money is there for the change at 38 percent but not for 40.5 percent. It will take more money, although there is some money in there already.

Rep. Carol Squires, representing House District 58, said she would like to speak against Senator Keating's amendment. She said she placed the 40.5 percent back into the budget. She stated there needs to be incentives for people to work. If the level is pulled down to 38 percent, many people will be hurt. We are talking about 10 to 14 percent of the people that are now able to work. She added these people have been promised at least a level of 40.5 percent in the last session and it is not appropriate to take it away and reduce their benefits. She concluded the methodology and the 40.5 percent should be passed. She said she had talked to Ms. Robinson and was advised there is a way to monitor if these folks are moving and procuring employment. If that is happening, then a look should be taken at the system. She noted that many of the people don't know their rights and privileges as far as claiming their benefits.

Hiedi Wilkinson testified in opposition to Senator Keating's amendment. (See Exhibit 8)

Leanne Jordan said the \$24 to \$39 she is getting from the state is a lot more than \$25. To people that are trying to get

ahead, \$25 is a lot of money.

Harley Warner, Montana Association of Churches, said the amendment is good from the standpoint of the work incentive program. He disagrees with the reduction to 38 percent; they would like to keep the assistance at least at 40.5 percent.

Marcia Dias, Montana Low Income Coalition, said raising self esteem is easier said than done. She said she would like to ask the Department of SRS to get a breakdown out of 14 percent of the people having some income, what percent are getting unemployment. She felt it is much less than 14 percent. She questioned what countable income is being subtracted from the benefit level or standard of need level. She concluded by stating her concern about the methodology.

Ms. Robinson said she would like to state that by going to the 40.7 level, money would actually be saved on the methodology because there isn't as big a difference between the standard and the grant.

When asked by Senator Jacobson regarding the difference between countable and earned countable income, Ms. Robinson said there is no difference in how it is counted. She said under the current methodology, everything is counted and if the budgeting methodology is changed, they would subtract it from a higher standard so they could keep more of that income.

In a question from Senator Beck regarding the methodology, Ms. Robinson said it is her understanding the House raised the grant level but they also left in the money so people that are working or have other income keep the money.

Senator Waterman said she supports the change in methodology and felt it is a step in the right direction. She stated her opposition to Senator Keating's amendment.

Senator Nathe asked how Montana compares to other states if we stay at 40.5 percent.

Ms. Robinson distributed to the committee a sheet relating to AFDC. (See Exhibit 9)

Senator Jacobson questioned Ms. Robinson about medicaid benefits in Montana being much more generous. Ms. Robinson said the medically needy program provides benefits to people making more money that have to spend down to the level to qualify. None of the states around us have that program.

Senator Jacobson said we are talking about the AFDC welfare benefit package and amount the recipient receives. She noted that general assistance may be more than in surrounding states, but it is not a program where children are involved. The medically needy program is offered to people that do not qualify

for AFDC. She felt we need to distinguish what AFDC benefits are. Ms. Robinson directed the committee to the AFDC Facts on Exhibit 9.

Senator Keating closed on his motion to amend (See Exhibit 10). He said the majority of the subcommittee thought it was a logical and reasonable idea and he hoped the whole committee would uphold the action of the subcommittee.

When asked by Senator Stimatz what the motion is, Senator Jacobson said the motion is to reduce the AFDC benefits from 40.5 percent that the House recommended down to 38 percent. She noted the 38 percent came out of the subcommittee, however at that time it was tied to a four percent cut in the foundation program. That language was taken off in full appropriations but the benefits were not brought to 40.5 until House action. Right now they are receiving the same amount of money in '93 that they are receiving in '92. If Senator Keating's motion passes, there will be a reduction in the amount of money they will receive between this year and next year.

Senator Keating's amendment (Exhibit 10) motion passed on a roll call vote.

Senator Harding said she had an amendment to the Department of Health.

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Senator Harding moved her amendment. (See Exhibit 11)

Carl Schweitzer said he was asked by Senator Harding to look at grants at the low end of the priority list for reclamation and development program, the renewable resource development program and the water development program. In the grants not contracted for, they are taking the money and replacing general fund in solid and hazardous waste bureau with state special revenue. In amendment 4, they are replacing general fund in water resource division of DNR. Total amount being switched is \$850,000; approximately \$400,000 from renewable resource and water development and \$450,000 from reclamation and development.

Senator Bengtson questioned if there was a tradeoff of monies between DNRC and Department of Health. Mr. Schweitzer said they are grant monies that DNRC administers; money is being taken from the grants and they are doing a funding shift with it.

Senator Bengtson said she would like Ms. Barclay from DNRC to comment on this. Ms. Barclay said she opposes the amendment. She distributed a chart to the committee. (See Exhibit 12) She stated that the grant programs are necessary and have provided much needed infrastructure activity, much needed research. She said she is concerned that the grant programs have been robbed to offset general fund needs.

Senator Hockett stated his opposition to the amendment. He said there are some programs that would have a short term gain and that we would pay more in the long run.

Senator Aklestad questioned if the people being directly affected by the project are ongoing and if they are committed to these monies.

Ms. Barclay said her chart (Exhibit 12) showed the accurate funding line. She added it is the updated version. As projects come in and they spend less than they are appropriated, that money is given to people lower on the list. She stated these people have been notified there is money available, and they are ready to sign the contracts.

Senator Aklestad said while the money is not actually allocated at this time since the contracts are not signed, they would be eligible to reapply in the next legislative session and go through the process.

Ms. Barclay said the accounts are collected throughout the biennium. They only contract as monies come into the account. Some of the contracts would not be signed until the end of the biennium. If the money was eliminated, they could not contract.

Senator Jacobson asked if there was a possibility the rules could be eased if something different happened. Ms. Barclay said they could take the original applications if the legislature directed them to put them into the process they currently have or they could reopen the process and give a new deadline. She noted it takes time to prepare the applications so they would have to give at least 30 days to prepare them. She said it takes much staff time to review applications, as well as a lot of out of house input. Currently they are reviewing these and if this is extended, it would be difficult to meet the requirements of the next legislative session to have it in place.

Rep. Bardanouve said he would like to comment. He noted he would not take a position on this but felt the long range building committee should have an opportunity to look at this before there is a major change made in the operation of the program.

Senator Harding closed on her amendment.

Senator Harding's amendment (Exhibit 11) motion failed on a roll call vote.

Chairman Jacobson called a recess and said the committee would reconvene after the Senate floor session at 1:00.

(HEARING RECESS - 12:00 P.M.)

(HEARING RESUMES - 1:15 P.M.)

Senator Jacobson reconvened the Senate Finance and Claims Committee. She informed the committee we are still working on amendments to the Department of Health and Environmental Sciences.

DEPARTMENT OF HEALTH & ENVIRONMENTAL SCIENCES (Cont'd)

Senator Beck moved to amend page B-2, following line 8. (See Exhibit 13).

Senator Beck said this deals with the air quality assessment. He stated he would like to have Ken Williams comment on this.

Ken Williams, Montana Power, Entech, stated with regard to action in the 1991 session where they set up fees for states to run their air quality programs, industry agreed with the Department of Health to fees to run the program, and they concurred that the fees would be used solely for the costs associated with the permit program. He noted that action taken in the House would develop a situation where some of the monies that will be raised on the fees for the air quality program will go to general fund money. He said the language in the federal clean air act required that any fee required to be collected by a state, local or interstate agency shall be utilized solely to cover reasonable, direct, indirect costs required for the permit program. He concluded by stating his support for Senator Beck's amendment.

Ted Doney, Asarco, Incorporated, said he was involved with setting up a fee structure for air quality permits. He referred the committee to the federal law which mandates the fees. (See Exhibit 14). He concluded there could be a problem with additional funds supplementing the general fund.

Senator Jacobson said technically Senator Beck's amendment should be page B-2, lines 1 and 2 rather than lines 9 and 10.

Senator Waterman said she would like an explanation regarding this from the Department of Health.

Ray Hoffman, Department of Health & Environmental Sciences, stated at the time they proposed a reduction, they proposed to the subcommittee an extended list of reductions. They did not have the ability to go in depth into those reductions. He said they did not wish to reduce anything but maintain flexibility, and they were granted that flexibility by the subcommittee. They did not have the opportunity to address the specific reductions that were made to the committee by Rep. Cobb. He noted when asked by Rep. Bardanouve what the implications were, he told him there could be an impact of a million dollars of federal funds they had, and he was told by Rep. Bardanouve if that happened, they would take care of it.

When asked by Senator Waterman if he concurred that this reduction could not be done, Mr. Hoffman said the industry representatives have given their point of view. The interpretation of the law is there that it can be used for permitting. He stated they do not agree with the \$300,000 general fund reduction.

Senator Waterman questioned what portion could be reduced and still not move fees to the general fund.

Jeff Chaffee, Air Quality Bureau, said the \$303,000 is the general fund contribution to air quality program budget. To replace all that with fees would take away from the flexibility needed to fund various activities. It is possible to replace some of that money with fees and still be within the statutory requirements.

Senator Jacobson indicated if Senator Beck's amendment passed, Senator Waterman could discuss this with Mr. Chaffee before HB 2 is discussed on the Senate floor.

Senator Beck's amendment motion (Exhibit 13) carried unanimously.

DEPARTMENT OF FAMILY SERVICES

Senator Waterman moved to amend page B-19, line 19. (See Exhibit 15) She noted her amendment would take the figure back to the governor's recommendation.

Senator Jacobson asked if this amendment would eliminate the cut to the Department of Family Services altogether. Senator Waterman said that was correct. She does not feel they can absorb a cut of this type.

Senator Jacobson asked if anyone would like to comment on this particular amendment.

Tom Olson, Department of Family Services Director, stated the cut before the committee was not approved by the subcommittee or the executive. He asked that they be allowed to manage as best they can if the cut has to be taken by them. He noted if this is taken from the management information system, it will pretty much remove the system from operation.

Senator Beck questioned if they are asking for boilerplate changes so they have more discretionary ability.

Mr. Olson said yes, that this would place an additional two percent on vacancy savings. The cuts will have to come in the new program areas.

Senator Devlin questioned if this flexibility could be granted without legislation. Mr. Olson said there would have to

be boilerplate language allowing them the flexibility to manage their budget in the program areas.

Senator Bianchi stated it is in the boilerplate. He noted his support for Senator Waterman's amendment.

Senator Aklestad stated that through the remainder of the budget, they are going to have to distinguish at some point in time whether they can make cuts or increase taxes some way or take money from certain funds within state government that are dear to many people. He said that is the bottom line. He noted this is an area where it is hard to make a decision but we have to decide whether to raise taxes or make cuts.

Senator Jacobson said she wished Senator Aklestad was wrong, but that he is right in that regard.

Senator Waterman's amendment motion (Exhibit 15) failed on a roll call vote.

Senator Jergeson moved to close Section B. Motion carried unanimously.

SECTION C - NATURAL RESOURCES

DEPARTMENT OF FISH, WILDLIFE AND PARKS

No amendments. No one to speak to the committee.

DEPARTMENT OF STATE LANDS

Senator Weeding moved to amend page C-11, line 19. (See Exhibit 16) He noted the governor's budget has some unused emergency funds yet and he felt \$1 million gives them a normal suppression cost for this.

Senator Jacobson asked if someone from State Lands would like to comment on this.

Bob Kuchenbrod, Administrator of Central Management Department, State Lands, noted if there was not a January special session that due to the fire costs of the previous summer, a special session would have been needed. He said they had \$5.5 million in fire costs and money would not have been available.

Senator Jacobson indicated there will be a regular session in January 1993.

Senator Beck stated his assumption if \$1 million was spent on fire suppression that the \$2 million would revert back. Senator Weeding said that was correct.

Senator Beck said no matter what the fire costs are, we have

to pay the bill. If the money reverts back to the general fund, he felt it would make it a little more pleasant for the January '93 session.

Senator Bianchi questioned if the money would revert back if it was not used for fires. Senator Jacobson stated there is a line item on page C-12 stating the money is to be used only to pay fire suppression costs. She said it does revert, and the question is are we going to realistically look at what we think fire suppression costs are or are we trying to start a pot of money to help us out in January 1993.

Senator Nathe asked Mr. Kuchenbrod if they have determined who is responsible for fires in various blocks of the state.

Mr. Kuchenbrod said they are currently determining who is responsible for various fires. When questioned by Senator Nathe regarding the fluctuation in costs of fire suppression and them being tied back to the responsibility in certain blocks, Mr. Kuchenbrod said they have increased their responsibility for the state. Senator Nathe asked regarding fires that occur in mountains and with regard to the \$800,000 figure in one year for fire suppression to as high as \$12 million in another year, is that tied not to the number of fires but as to the location of the fire.

Mr. Kuchenbrod said it is where the fires happen.

Senator Nathe said when the fires start, the Forest Service is involved and there is a time delay before the bills are paid; he questioned what the time delay is. Mr. Kuchenbrod said State Lands pays the full fire costs and then the federal government is billed, the BLM and the Forest Service. He said many times when they are reimbursed by the federal government it is late November or December before they get the accurate figure from those agencies. He noted many times they have to push the federal government in order to get accurate figures so State Lands can prepare their supplementals for the regular session.

Senator Beck made a substitute motion to insert \$2 million rather than the \$1 million in Senator Weeding's amendment.

Senator Weeding reminded the committee we are not breaking from established policy; we are making new policy. He concluded his opinion that this season does not look like an extraordinary fire season.

Senator Beck's substitute motion to allow a \$2 million supplemental failed on a roll call vote.

Senator Beck asked Mr. Kuchenbrod how much money is put in their budget for fire suppression. Mr. Kuchenbrod said it is zero. Senator Beck said that was the point he was trying to make.

Senator Weeding's amendment motion (Exhibit 16) passed on a roll call vote.

Senator Jacobson advised that votes would be held open for senators that had to leave the hearing to present bills in other committees.

DEPARTMENT OF LIVESTOCK

Senator Weeding moved to amend page C-13. (See Exhibit 17) He stated the amendment would restore general funding.

Senator Jacobson told Senator Weeding that in most other accounts like the various boards, the interest earned on the fund balance reverts to the general fund. She questioned if that was true with this money.

Senator Weeding said he believed not; there are statutory restrictions to that and perhaps some constitutional restrictions.

Senator Jacobson said she believes it is statutory and not constitutional. She noted this fund for their fees is very different from all the other fees gathered from various boards, et cetera. She noted she is curious why these are the only fees she can think of in the state that retain their own interest.

Senator Weeding said he could not answer that, but he thought it was a product of the last session.

Senator Devlin said he would like to have the past director of the Department address some of the numbers we have been looking at and provide some clarification.

Les Graham, representing the Board of Livestock as well as several organizations around Montana, said they had a serious situation involving their funds in the 1970's. He said a serious financial crisis was resolved without getting general fund money. He said they wanted to deal with a crisis without having to come to the legislature. He said long range plans were made and they tried to hold down the number of fte's in their agency. He noted that he wanted to say that the diagnostic laboratory has been a part of the Department of Livestock for many years. He said he is very much against removal of those types of funds and in favor of the amendment presented by Senator Weeding.

Senator Jacobson commended Mr. Graham for the job he did while with the Department. She said the amendments do more than just restore the money that was taken from various accounts. She noted every single account has been looked at in state government, every fund balance that exists. She indicated state government is now in difficult times and the Department of Livestock is not being singled out. It just happened that the fund balances in that area were much larger than those in other

areas. She said language was looked at with regard to consolidating the Department of Livestock with the Department of Agriculture. She asked Mr. Graham if he would like to comment on that.

Mr. Graham said in consulting with Mr. Frazier of the Department of livestock, he said that regardless of the amendment outcome, he would like the two departments to look into that very seriously.

Senator Jacobson questioned whether Senator Weeding would be willing to separate the amendments. Senator Weeding said yes, he would divide the motion so that one would be the restoration of funds and the other would be the language.

Senator Weeding said the first motion would be amendments 1 through 10 on page one.

Senator Jacobson indicated her feeling that there are two issues combined in one amendment. One has to do with fund balances and the other has to do with whether the Department of Agriculture and Department of Livestock will come before the next session on their consolidation plan. She concluded that it would be best to take the issues up separately as two separate amendments.

Senator Beck said he would like to have Mr. Bill Frazier comment on this.

Bill Frazier, Executive Secretary of Department of Livestock, said he would like to apologize to the committee for the confusing information regarding the reserve balances. He said he would be happy to answer any questions regarding the figures.

Senator Tveit said he would like to have Mr. Frazier explain the figures. Mr. Frazier said there is a reserve balance of \$5,713,000. He said the brand report amounted to \$2.2 million, and the remaining balance of that is \$1.9 million. This fund is protected by statute 81-3-107. He noted that ten percent of this can be used a year to run brands enforcement, brands division. There is data furnished weekly to the livestock markets and information is supplied to all lending institutions that check on liens on the brands. Because of the way their revenue is collected, they must carry half of next year's budget because their revenues are not received until about December from the per capita income tax. Their annual budget is in the area of \$5 million. Of that amount, \$800,000 is general fund with the revenue remaining being per capita, state special revenue. If another \$2 million is deducted from \$3.8 million, that gives a balance of \$1.8 million.

Senator Jacobson said we are talking about fees that go for particular services to the people paying the fees. She said

speaking of it in terms of tuition fees, some people have suggested that when tuition comes in above what we have looked it because there are more students paying those fees that that money should revert to the general fund. She suggested if we feel the fees paid by farmers and ranchers and others for these services in livestock belong in livestock, then she feels that tuition money belongs in the university system.

Senator Weeding said amendment 11 has to be cut in two. Page 2 would be the second amendment.

Senator Jacobson said the committee would vote on page 1 of the Weeding amendment (See Exhibit 17). The motion carried with Senator Fritz opposed.

Senator Jacobson said the committee would now vote on the amendments on page 2 (Exhibit 17), the second part of amendment number 11 and amendments 12 and 13. The motion carried.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

No amendments. No one to speak to the committee.

DEPARTMENT OF AGRICULTURE

No amendments. No one to speak to the committee.

DEPARTMENT OF COMMERCE

Senator Bengtson moved to amend page C-25 dealing with the Montana Lottery. (See Exhibit 18) She referred the committee to the spreadsheet accompanying the amendment. She said she would like Zoann Attwood to explain the amendment.

Zoann Attwood said the Montana Lottery is proud of the fact that they are \$1.8 million over their projected revenues. She noted they have been effective with advertising dollars and felt if they have to cut money from their program, it would most likely come from advertising as they have nothing extravagant in their budget.

Senator Bengtson's amendment motion (Exhibit 18) failed.

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

SECTION D - INSTITUTIONS AND CULTURAL EDUCATION

MONTANA ARTS COUNCIL

No amendments. No one to speak to the committee.

LIBRARY COMMISSION

Senator Franklin moved to amend page D-1 (See Exhibit 19) She noted this would restore money to the interlibrary loan reimbursement.

Senator Blaylock urged the committee to look favorably on this amendment in that the interlibrary loan program is very valuable. He noted there is around \$200,000 left in the Senate resources and as legislative administration committee chairman, he advised that Senator Waterman is prepared to make a motion that \$85,000 of that money be given to do something favorable for the library system. Senator Jacobson said she appreciated the offer but it is confusing the issue a little bit.

Senator Aklestad spoke in opposition to the amendment. He noted this particular area was given an influx of money in two different appropriations in the last two years, and these were monies over and above what was generally appropriated to this particular department.

Senator Hockett said he would like to have the State Librarian comment on this issue.

Brian Cockhill, State Librarian, said during the 1989 session there was approximately \$735,000 allocated for the first biennium and \$591,000 after cuts allocated for the second biennium. He said he would like to submit to the committee that libraries are human services; they have an impact on peoples' lives. If the \$200,000 is cut, the libraries will have to start charging for the resources.

Senator Vaughn said in her area many of the needed resource materials come from the state library, and she strongly recommended that the money be inserted into HB 2.

Senator Beck said although he felt it is a good program, we must get through a fiscal crunch that we are presently in and some things will have to be cut. He said he would have to oppose the motion because somewhere along the line we are still going to have to be faced with a tax increase to fund state government.

Senator Franklin moved on her motion.

Senator Franklin's amendment motion (Exhibit 19) carried on a roll call vote.

HISTORICAL SOCIETY

Senator Fritz moved to amend page D-4, line 19, restore \$22,636 to the Historical Society. He said he would like to have the need for this restoration explained by Mr. Cockhill.

Brian Cockill, Director of Montana Historical Society, said he did not know where the \$22,000 would come from. He noted his agency has a \$1.1 million general fund budget, and over 15

percent of that is fixed costs they do not control. He concluded if this cut is taken, they will probably eliminate educational services to children or close the library one day a week, something of that order.

Senator Jergeson stated the amendment to be offered has been misplaced and he questioned if the committee would be comfortable voting on Senator Fritz' motion without a typewritten amendment. He indicated the amendment would restore \$22,636 to the Historical Society. It would reverse the 4 percent cut for this agency.

Senator Fritz' amendment motion carried on a roll call vote.

CORRECTIONS AND HUMAN SERVICES

Senator Aklestad moved to amend page D-5, line 16. (See Exhibit 20) He noted the fiscal impact would be \$26,910. He noted this position is not a necessity as there is input given to the Board of Pardons from other staff members.

Senator Jacobson asked if the Department would like to address this amendment.

Curt Chisholm asked if the amendment is to cut money from the position but not the position itself. Senator Aklestad said the intent of the motion is to delete the funding in the Board of Pardons in the amount of \$26,910.

Mr. Chisholm said the Board has by law the authority to hire and fire their own staff. He said this is a new position they requested of the Department two years ago. He said they average about 141 cases a month statewide. They asked for the position to keep pace with the increased caseload. He said the Board of Pardons besides having hearings at Montana State Prison travels to other areas in order to conduct parole hearings. He noted if this position is not sustained, the Department will have to help them get by as best they can.

Senator Waterman questioned if the backlog cannot be kept up with, do the inmates stay in prison longer.

Mr. Chisholm said they are still facing a population of 1248 at the Prison presently. He said the Parole Board is a critical mechanism for people to be released, and they need the resources to deal with inmates that come before them for parole.

Senator Hockett asked if the workload is going up because of the prison population figures.

Mr. Chisholm said the workload is going up. The emergency capacity at the prison is 1130 and there are 1248 presently there. He said a few inmates are being confined in other areas. Swan River and the pre-release centers are up to capacity. He

asked the committee to keep in mind that the Parole Board is citizen appointees; this is not their full time job. They meet twice a month to hear parole requests. He said his opinion would be to leave this position in for this overworked Board.

Senator Beck stated the prison enrollment has increased. He felt the whole system has to be looked at. He said the facts came back that this extra person was not helping the population problem at the Prison.

Senator Aklestad closed by stating his belief that there is not a backlog. The workload is probably significant but he believes there is no backlog at this time. He said currently there are states that do not have a parole board. The amendment takes out a dollar amount.

Senator Aklestad's amendment motion (Exhibit 20) carried.

Senator Jergeson moved to close Section D. Motion carried unanimously.

SECTION E - EDUCATION

OFFICE OF PUBLIC INSTRUCTION

No amendments. No one to speak to the committee.

BOARD OF PUBLIC EDUCATION

Wayne Buchanan, Board of Public Education, stated the Board had already received cuts of \$6500 and an additional \$3600 was cut earlier. With the House amendments it amounts to a \$13,600 cut that they will face this fiscal year. He said the cuts come at a time when there are increasing costs. He noted the number of revocation and certification hearings has been extensive, as well as expenses in legal cases. They will be asking the legislature for a supplemental of some \$7700 already. He said it would be necessary for Board members to assume their own expenses when traveling to board meetings which is not fair to the Board members. He concluded he did not get an amendment prepared as he did not know the procedures but he would like to have page E-9 amended by striking lines 3 and 4 in their entirety. That would reinstate the extra \$4400 in cuts.

Senator Jergeson moved to amend page E-9, strikes lines 3 and 4 in their entirety.

Senator Jergeson's amendment motion failed on a roll call vote.

MONTANA DEAF & BLIND SCHOOL

Senator Bianchi moved to amend page E-25, line 15. (See

Exhibit 21)

Senator Bianchi stated his feeling that to take an additional \$52,000 away from the school is unthinkable and would do tremendous damage to that particular school.

Bill Prickett, Superintendent of Montana School for Deaf and Blind, stated they came to this session with a four percent cut in place as a result of the 1991 session and the first special session. He said their plan was to adopt this with an across the board cut but still maintaining their educational programming including multiple handicapped class. All of the children remain in school. He said with the governor's recommended cut they had to devise a vertical cut to eliminate the multiply handicapped program. He said by cutting this program it would affect the smallest number of students. If the Cobb amendment is adopted and the budget is cut an additional \$52,000, the percentage cut increases to 8 percent which severely hurts their program. It would mean the educational services to all 300 students would be reduced including elimination of multiply handicapped program.

Senator Keating questioned the 4 percent and 8 percent cut. Senator Jacobson questioned if in the last regular session there were any cuts to the School for the Deaf and Blind.

Mr. Prickett said from an administrative standpoint, he had to count all money that he was doing without, and he is going back to a fully funded budget and counting vacancy savings, loss of federal funds appropriated by the '91 session. He concluded that he started with a four percent cut according to his calculations.

Senator Jacobson said in actuality the State did not cut any funds in the regular session. The percentage of cuts in the January special session was 1.5 percent. She questioned Mr. Prickett if the School could look at maybe not purchasing some equipment he feels is necessary and maybe cutting back on grounds and some deferred maintenance that they could handle rather than actually cutting out a program to aid students. She concluded it is difficult for her to realize when the university system is facing such heavy cuts as well as other areas that they are not doing these type of drastic measures. She asked if he truly looked at every available pot of money.

Mr. Prickett said the horizontal cutting did everything that was mentioned by Senator Jacobson. They are not going to purchase any equipment, their materials budget was slashed, and they have advised professional staff to reduce substitute budget by 50 percent. One administrative position has been eliminated. He concluded with the additional cuts from this legislative session they have to get into cutting educational programs.

In a question from Senator Aklestad regarding the Cobb amendment, Senator Jacobson said it is a 4 percent reduction.

Senator Aklestad questioned Mr. Prickett as to how many positions they do not have filled in their total staff.

Mr. Prickett said he has not issued any contracts to any of the teachers or other professional staff pending the outcome of the special session. He noted what he considers true vacancies at this time are three positions in the dormitory program that are direct care. In response to Senator Aklestad, Mr. Prickett said there are 85 fte's at the school.

Senator Aklestad stated that he felt the School provided a service to people so they could function normally in our society and be productive citizens. He indicated however the wisdom of anybody taking advantage of anyone that cannot help themselves to further their goals and resents that type of activity that has been happening, and he hoped the school is not directly involved in that. He said he would be willing as a legislator to listen to individuals testify before the committee.

Mr. Prickett said he could assure Senator Aklestad that the School for the Deaf and Blind had nothing to do with any demonstrations that occurred on this day. He said that could be verified by people sitting in the balcony listening to this hearing. He said the parents of these children however are citizens of the state and they are exercising their rights, but he concluded their School did not engineer the activities of today.

Senator Jacobson said the parents of these children have every right to be present and plead with the committee as well as people pleading with regard to other areas of the budget.

Senator Aklestad said he agreed with that. He stated his opinion that they were taking advantage of the situation by having those type of children parading around in that manner, and he felt that was not in the best interests of what the legislature is trying to do.

Senator Jacobson said she disagreed with Senator Aklestad in that many parents have brought their children to the legislature to emphasize how important various programs are, but she preferred not to pursue this any further.

Senator Bianchi closed on his amendment motion. He noted the education subcommittee looked at this budget and made a very tough vote to reduce it \$57,000. He noted the School is doing a very good job with the resources they have, and he asked the committee to pass his amendment and not reduce the School another \$53,000.

Senator Bianchi's amendment motion (Exhibit 21) carried.

Senator Franklin moved to amend page E-25, line 13 and restore the \$57,000 for the handicapped program.

Senator Aklestad said he did not have a copy of the amendment, and questioned if the committee was going to conduct the rest of the meeting without copies of amendments before them. He said if that is the case, he would also like to have that privilege.

Senator Franklin said she would respectfully withdraw the amendment motion if it is uncomfortable for Senator Aklestad to do it verbally.

Senator Aklestad noted he wanted to have the same privilege down the line if that is the precedent that is being set.

Senator Jacobson indicated to the committee that Senator Franklin's amendment has been withdrawn.

MONTANA UNIVERSITY SYSTEM

Senator Bianchi moved to amend Section E, university system (See Exhibit 22) He noted the amendment reimburses the higher education system monies collected under the six mill levy. He said he would like to have Dr. Hutchinson speak to this issue.

John Hutchinson, Commissioner of Higher Education, distributed a handout to the committee showing general fund reductions in higher education. (See Exhibit 23) He said the amendment by Senator Bianchi remedies what they consider to be problems on the House side by restoring lost millage to the university system and restoring the millage language which would direct them in the future to budget amend and if there is any overage in that account, the Regents would have authority to distribute the money for the purposes of higher education. He urged the committee to support the amendment.

Senator Bianchi closed on his amendment motion. He said the people of Montana voted to tax themselves on this because they feel it is something worthwhile to Montana, and those taxpayers don't expect the legislature to take the money and revert it back to the general fund and use it to balance the budget. He urged the committee to approve the amendment and put the money where it rightfully belongs.

Senator Bianchi's amendment motion (Exhibit 22) carried on a roll call vote.

Senator Jergeson moved to amend page E-9, line 17. (See Exhibit 24)

Senator Jacobson said the reason she asked that this discussion be brought before the committee is in reaction to some language that was put in on the House floor which states that student services money must be held in the Commissioner's office and reverted and not used and diverted to other expenses or to reduce their reductions in this office. She felt the committee

should go through what is happening in the Commissioner's office and what their obligations are and what their reductions will be. She asked Taryn Purdy, fiscal analyst to explain this.

Taryn Purdy, Fiscal Analyst, presented a spreadsheet to the committee. (See Exhibit 25)

Senator Jacobson questioned how many vacant positions there are in the Commissioner's office.

Dr. Hutchinson said he wanted to make it clear that the Commissioner's office believes that student assistance dollars should be held sacred for the purposes of student assistance, and they have never deviated from that in any given year. He said over the course of a year, a student may drop out of a program or leave the program and there may be a balance left in that collective set of accounts at the end of a year. He said the Commissioner's office was hit as a result of the January 1991 recision. A freeze was put on out of state travel and requested substantial reductions within the office in use of supplies, communications. He noted they were obligated for a payout for the non-renewal of a contract, which dollars are statutory obligations they have. At the end of the year there was some money left in the student assistance account; they were going to be short in the Commissioner's office and they felt the prudent thing to do was create a program transfer so at the end of the fiscal year they would have exercised their fiscal responsibility of ending in the black, knowing that the next year they would not go after any of that student assistance money for any purposes in administration. He noted the amendment as presented is something they can live with but the committee needs to understand that next year their office may be short, and they would like to have direction from the committee regarding seeking a supplemental if they are short in student assistance dollars. He concluded that student assistance money should be used for students.

Senator Keating questioned the WAMI program regarding students that were denied application because the money was gone and then money came back and the student may no longer be interested or his application was denied.

Dr. Hutchinson said there were none on the WAMI program.

Senator Jacobson said she realizes there was a budget amendment before the finance committee to increase the salary levels in the Commissioner's office as well as other offices which was put on hold. She said in the last session there were increases in the Commissioner's office over and above what was authorized by the subcommittee in the amount of approximately \$90,000 that was transferred from the university system pay plan to the Commissioner's office to cover salaries above HB 509. She questioned Dr. Hutchinson if he intended to transfer money from the six units' pay plan again to increase the salaries in the Commissioner's office.

Dr. Hutchinson said no, he would not. When questioned by Senator Jacobson how he was going to handle the \$100,000 payout, Dr. Hutchinson said he hoped to do it through the program transfer to handle the payout. He noted if for some reason that does not take place, they would be short in fiscal year '93.

Senator Hammond questioned who is responsible for the operation of the MHESAC building being constructed.

Dr. Hutchinson said the building was built by MHESAC, the secondary loan market. The Commissioner's Office will be leasing space from that operation. He noted it is a wonderful thing for the general fund because they have frozen their current rent. They currently pay lease payments for their present office. Their lease payments have been frozen into the future for something like 20 years at their current level. It is basically the same operation; they are simply moving to different quarters that are owned by a different landlord, and they have security that their lease payments are frozen. The actual management and care of the building is handled through MHESAC and their funds. He noted in response to a question from Senator Hammond that there would not be an increase in rent or upkeep down the road. The payments coming from the Commissioner's office will be held constant for 20 years.

Senator Aklestad asked if all student assistance programs are money generated from student fees.

Dr. Hutchinson said some are derived from state appropriations and some of them are from federal appropriations as well in that total pool.

When questioned by Senator Aklestad regarding the monies that were diverted, Dr. Hutchinson said the money diverted from student assistance were going to be used fundamentally and primarily to handle the payout that was discussed.

Senator Waterman observed that we are really getting into micro-management and for a body that has consistently raided everybody else's funds, she felt to criticize the university system for taking \$120,000 is out of line.

Senator Tveit asked Dr. Hutchinson the number of fte's currently under his direct supervision. Dr. Hutchinson said the number of fte's that are general fund are 15.05 fte in the administration program. The Guaranteed Student Loan program changes almost daily because more and more workers are being brought into Helena.

Senator Nathe questioned if the \$129,000 that is being impacted here is funds from for example a WAMI student that started at the University of Washington and after a year or two dropped out, et cetera. The money had been appropriated and there is no way to fill that slot and is therefore excess.

Senator Jacobson said there is an exact amount in the WAMI program because we already have the bill. The WICHE and other programs is an estimate, but the WAMI is dollars we have been able to identify.

Senator Nathe stated his concern that we don't impact any future WAMI or WICHE class going in this fall by our actions today.

Senator Beck questioned Dr. Hutchinson regarding a supplemental possibly being needed somewhere along the line.

Dr. Hutchinson said if they fell short in the next year, they might come in for a supplemental to make those accounts whole. When questioned by Senator Beck if it was his estimation that they might need additional funds, Dr. Hutchinson said the '92 figures are estimated. He said they honestly could need some additional money if this is taken away, but it is hard to predict.

Senator Beck asked if the money would not be for present students but students up and above what they presently have.

Dr. Hutchinson said that was correct.

Senator Jacobson noted there is a difference between the WAMI money which there is a bill for and some of the other accounts.

Senator Bianchi's amendment motion (Exhibit 24) carried.

Senator Jergeson moved to close Section E. Motion carried unanimously.

SECTION F - LONG RANGE PLANNING

Senator Waterman moved to amend page OA-7. (See Exhibit 26) She indicated these monies would revert to the general fund.

After discussion on this amendment, Senator Jacobson asked Senator Waterman if she could hold her motion for awhile.

Senator Waterman moved to amend page OA-7, following line 23. (See Exhibit 27)

Senator Waterman said there is a question relative to the federal funding for this Center. She stated this amendment would repeal legislation for the Lewis and Clark Interpretive Center.

Senator Franklin said the whole issue of federal funding is very much alive, and they are expecting some funds. She noted that communities were charged by the legislature a year ago with matching \$700,000 that would be appropriated with \$300,000 community based effort. Great Falls and surrounding communities

has come up with approximately \$225,000 plus monies from a fundraising effort and outstanding grants. She asked that the amendment motion be rejected.

Senator Fritz questioned if it was proper to repeal a section of Montana law in a budget bill.

Ms. Cohea, LFA, said in HB 2 in the January '92 special session, there were a number of appropriation bills in the OA section, some being amended and some being repealed.

Senator Waterman closed on her motion. She stated her feeling this is a good project but other projects also were good and individuals were told they would not be able to go ahead with their programs because of finances.

Senator Waterman's amendment motion (Exhibit 27) failed on a voice vote.

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

BOILERPLATE

Senator Nathe moved to amend page BP-4. (See Exhibit 28)

Senator Nathe said this amendment is clarifying language of the Cobb language that was inserted on BP page 4, starting on line 10.

He noted if there are comments on this amendment, Jane Hamman from the Budget Office was available to answer any questions.

When questioned by Senator Hockett regarding the effective date of this, Senator Nathe said it is upon passage and approval.

Senator Nathe's amendment motion (Exhibit 28) carried unanimously.

Senator Aklestad moved to amend page BP-4, following line 15. (See Exhibit 29)

Senator Aklestad said his amendment would eliminate those positions in agencies that were not filled as of June 26, 1992. He emphasized that this amendment would not affect any people that are now on unless there was some filled between that date and the implementation of this bill. He said it will reduce the base so the legislature will know what we are dealing with in a more factual manner and it actually has a positive effect as far as reducing the budget for the years we are dealing with as well as have potential to hold the line on budgets in the next biennium.

Senator Jergeson questioned regarding the signing of contracts not having taken place at the School for Deaf and Blind for faculty members. He wondered if those positions are considered vacant at this point and if Mr. Prickett would be at risk in having a hiring freeze put on and having no faculty and staff except for himself.

Senator Aklestad said it would not affect him. He stated if that was left out of his amendment, that was not his intent and if that is not covered in his amendment as presented, he will cover it on the Senate floor. He said other areas have that same problem.

Senator Bianchi stated his opposition to the proposed amendment. He felt the administrators should be allowed to determine what positions they need to do their jobs with available money, and just because a position is vacant on June 26th is not valid. This would be very restrictive and take the administrator's prerogative to adjust to budget cuts already made.

Senator Franklin stated her opposition to the amendment in that agencies should not be held to that restrictive date.

Senator Aklestad closed. He felt that agency heads are not as concerned about the bodies as they are the dollars that these bodies contribute to their budget. He felt the legislature should get a handle on this in case of supplementals. He noted his exceptions in the amendment will handle situations that are necessary. He stated this amendment would not directly involve any personnel working now unless they fall into the category from June 26 until this date. It does cut the base and will help the next legislature. He concluded it takes an impact that is needed in the general fund for the general fund of approximately \$4 million to this biennium. He said the vast majority of Montanans want state government to be cut and not increase taxes. This will help that and help it in a manner that is not affecting people that are now working directly. He said a decision has to be made if we want to reduce state government in a manner that is responsible or do we want to increase taxes on the people.

Senator Aklestad's amendment motion (Exhibit 29) carried on a roll call vote.

Senator Jergeson moved that the boilerplate language 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:

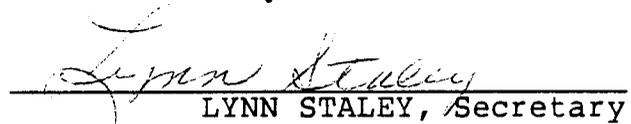
Senator Jergeson's motion that HOUSE BILL 2 AS AMENDED BE
CONCURRED IN carried.

ADJOURNMENT

Adjournment At: 5:00 p.m.



JUDY JACOBSON, Chairman



LYNN STALEY, Secretary

JJ/lis

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

DATE 7/13/92 am

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.

SENATE STANDING COMMITTEE REPORT

Page 1 of 4
July 13, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 2 (third reading copy -- blue), respectfully report that House Bill No. 2 be amended and as so amended do pass:

1. Page BP-4, line 11.

Following: "education"

Insert: ", but excluding the balance of the Montana university system,"

2. Page BP-4, line 12.

Following: "5% of the"

Insert: "personal services"

3. Page BP-4, line 13.

Following: "Authorized"

Strike: "employee"

Insert: "FTEs and the budget of the"

4. Page BP-4, line 14.

Following: "job"

Strike: "description"

Insert: "title"

5. Page BP-4, line 14.

Following: "he"

Insert: "the same as"

6. Page BP-4, line 15.

Following: "provided"

Strike: "to"

Insert: "by"

7. Page BP-4.

Following: line 15

Insert: "NEW SECTION. Section 14. Vacancy savings required.

(1) A budgeted position in an agency that was not filled on June 26, 1992, may not be filled in fiscal 1993, except:

(a) positions necessary for compliance with the order of a court;

(b) positions required to maintain certification or licensing of a state facility or institution, which certification or licensing is necessary for the receipt of federal money;

(c) positions in an agency comprised of 20 or fewer persons;

(d) positions in legislative agencies during legislative session; and

(e) positions in the Montana university system.
(2) A position not filled in accordance with subsection (1) and positions in the Montana university system unfilled on June 26, 1992, may not be included in the budget base for the 1994-95 biennium. The Montana university system shall include in its 1994-95 biennium budget a report identifying those positions not included in the budget base in accordance with this subsection."

Renumber: subsequent sections

8. Page A-7, line 25.

Strike: "146,407"

Insert: "138,936"

9. Page B-2, line 2.

Strike: line 2 in its entirety.

Insert: "814,875 (general fund, fiscal 1993)

1,401,616 (state special, fiscal 1993)"

10. Page B-7, lines 7 and 8.

Strike: lines 7 and 8 in their entirety.

11. Page B-10, line 23.

Strike: "814,731" "53,684" "2,187,605" "3,056,020"

Insert: "0" "0" "0" "0"

12. Page B-15, line 20.

Strike: "40.5%"

Insert: "38%"

13. Page C-11, line 19.

Strike: "3,000,000"

Insert: "1,000,000"

14. Page C-13, line 2.

Strike: "0" (general fund 1993)

415,337" (state special revenue 1993)

Insert: "62,714" (general fund 1993)

"352,623" (state special revenue 1993)

15. Page C-13, line 7.

Strike: "0" (general fund 1993)

768,241" (state special revenue 1993)

Insert: "314,978" (general fund 1993)

"453,263" (state special revenue 1993)

16. Page C-13, line 12.

Strike: "0" (general fund 1993)
 "149,680" (state special revenue 1993)
Insert: "149,680" (general fund 1993)

17. Page C-13, line 25.

Strike: "0" (general fund 1993)
 "225,510" (state special revenue 1993)
Insert: "225,510" (general fund 1993)

18. Page C-14.

Strike: lines 6 through 11 in their entirety.

19. Page C-19, line 25 through page C-20, line 1.

Strike: line 25 on page C-19 through line 1 on page C-20.

20. Page D-1, line 25.

Strike: "737,251" (General Fund, Fiscal 1993)
Insert: "937,251" (General Fund, Fiscal 1993)

21. Page D-4.

Strike: lines 18 and 19 in their entirety.

22. Page D-5, line 11.

Strike: "26,910" (general fund, fiscal 1993)

23. Page E-9, line 17.

Strike: "4,854,262"
Insert: "4,724,568"

24. Page E-12, line 21.

Strike: "14,986,881 9,665,958"
Insert: "15,504,308 9,148,531"

25. Page E-14, line 15.

Strike: "20,033,758 10,306,716"
Insert: "20,608,791 9,731,683"

26. Page E-16, line 6.

Strike: "3,320,949 2,133,825"
Insert: "3,411,274 2,043,500"

27. Page E-17, line 15.

Strike: "2,893,079 5,206,805"
Insert: "3,095,181 5,004,703"

28. Page E-19, line 4.
Strike: "2,669,051 1,847,556"
Insert: "2,764,317 1,752,290"

29. Page E-20, line 13.
Strike: "1,473,506 1,086,188"
Insert: "1,526,351 1,033,343"

30. Page E-21, following line 22.
Insert: "Included within current unrestricted funds (contained in the "other" column) to the six university units is the sum of \$11,887,000 in fiscal 1992 and \$12,131,000 in fiscal 1993 from revenue generated under the provisions of 20-25-423. The department of revenue shall levy the full 6 mills as authorized in 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds \$11,887,000 in fiscal 1992 and \$12,131,000 in fiscal 1993 is appropriated to the office of the commissioner of higher education for distribution to the university system and must be added by budget amendment by the board of regents in a manner so as to offset reductions in the university system appropriation in [this act] from the levels contained in The General Appropriations Act of 1991 and acts supplementary thereto."

31. Page E-25, line 15.
Strike: "109,539"
Insert: "57,353"

LFA will adjust totals

Signed: Judy H. Jacobson
Judy H. Jacobson, Chairman

MA 7/13/92
And. Coord.
SB 7/13/92
Sec. of Senate

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 7/13/92

DATE 7/13/92

BILL NO. HB 2

PERCENTAGE CUT CALCULATIONS

Agency	Fiscal 1993 HB2/509	Benefits	Student Assist.	Public Schools	Local Assist.	Debt Service	Elected Officials	Direct Care Workers	Other	Total Adjusted Operations	SS 2 Selective Cuts	SS 2 Global Cuts	Total SS2 \$ Cuts
Legislative Auditor	1,298,049									1,298,049	39,428	12,494	51,922
Legislative Fiscal Analyst	876,447									876,447	35,000	58	35,058
Legislative Council	2,063,545									2,063,545	56,100	26,442	82,542
Environmental Quality Council	294,493									294,493	15,473	0	15,473
Judiciary	8,613,659									8,613,659	50,000	44,347	94,347
Governor's Office	2,366,266				2,985,405		3,269,575			2,366,266	0	90,493	90,493
Secretary of State	989,002						103,935			989,002	34,401	3,658	38,059
Commissioner of Political Practices	122,081						37,526			122,081	0	4,883	4,883
State Auditor	2,146,431									2,146,431	0	84,240	84,240
Office of Public Instruction	44,003,169			40,469,352			40,440			44,003,169	48,308	90,904	139,212
Crime Control Division	494,184						53,525			494,184	7,000	12,767	19,767
Highway Traffic Safety	183,080									183,080	0	0	0
Justice	11,609,712						1,396,966			11,609,712	361,624	46,886	408,510
Public Service Regulation	2,081,711									2,081,711	0	0	0
Board of Public Education	109,739									109,739	0	4,390	4,390
School for the Deaf & Blind	2,738,477									2,738,477	57,353	52,186	109,539
Montana Arts Council	17,657				17,657					17,657	1,349	0	1,349
Library Commission	1,033,747				283,000					1,033,747	13,870	16,160	30,030
Historical Society	1,303,402									1,303,402	29,500	52,136	81,636
Higher Education	123,154,959		5,059,325							117,397,481	4,701,549	0	4,701,549
Fish, Wildlife and Parks	400,623					698,153				400,623	0	16,025	16,025
Health & Environmental Sciences	3,397,314				46,000					3,351,314	50,000	84,053	134,053
Transportation	360,558				265,000					360,558	60,000	0	60,000
State Lands	8,700,477									8,435,477	0	337,419	337,419
Livestock	812,272				38,500					812,272	0	0	0
Natural Resources & Conservation	4,596,354									4,557,854	72,212	110,102	182,314
Revenue	20,374,922						1,651,923			18,722,999	821,070	0	821,070
Administration	3,389,483									3,389,483	0	135,579	135,579
Agriculture	1,030,785									1,030,785	0	41,231	41,231
Corrections & Human Services	74,348,825	4,510,357						26,324,725		43,513,743	286,229	292,023	578,252
Commerce	2,651,770									2,651,770	0	106,071	106,071
Labor & Industry	723,297									723,297	0	13,171	13,171
Military Affairs	1,990,940	394,028								1,990,940	30,893	48,653	79,546
Social & Rehabilitation Services	100,360,168	2,280								100,360,168	295,929	141,948	437,877
Family Services	30,392,441	15,152,130						2,220,875		13,019,436	0	260,389	260,389
TOTAL	459,030,039	109,472,030	5,059,325	40,469,352	3,818,542	698,153	6,553,890	28,545,600	264,413,047	7,067,288	2,099,208	9,166,496	9,166,496

02:26 PM
12-Jul-92

Opposition
Judiciary

JUDICIARY, FISCAL 1993 GENERAL FUND BUDGET REDUCTIONS
7/13/92

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 7/13/92
BILL NO. HB 2
\$5,766,497

FULLY FUNDED GENERAL FUND OPERATING BUDGET
FROM OBPP

DEDUCT ELECTED OFFICIALS SALARIES (\$3,269,575)
DEDUCT DIST COURT CRIMINAL REIMBURSEMENT
ADMINISTRATIVE COST (\$80,185)

DEDUCTION OF PASS THRU FUNDS

AUTOMATED LEGAL DATABASE (\$202,773)
JP AND CITY JUDGE TRAINING (\$36,900)

ADJUSTED GENERAL FUND OPERATING BASE \$2,177,064

LESS
HB2 VACANCY SAVINGS (\$25,781)

UNDERFUNDED PAY PLAN (\$18,300)

SPECIAL SESSION I REDUCTIONS (\$112,462)

SPECIAL SESSION II REDUCTIONS (\$50,000)

SS II - HOUSE FLOOR AMENDMENT REDUCTION (\$44,347)

TOTAL REDUCTIONS (\$250,890)

TOTAL PERCENT REDUCTION -11.52%

8 % REDUCTIONS (\$174,165)

EXCESS REDUCTIONS (\$76,725)

Judiciary

Proposed Amendment to HB 2
Third Reading Copy

[Handwritten signature]

- 1. Page A-7, line 25.
Following: line 24
- | | |
|------------------------|----------------|
| Strike: <u>146,407</u> | <u>146,407</u> |
| Insert: 102,060 | 102,060 |

Filled
 HOUSE OF REPRESENTATIVES FINANCE AND CLAIMS
 EXHIBIT NO. 3
 DATE 7/13/92
 BILL NO. 182

This Amendment takes the budget reduction for the Judiciary back to the level established by the House Appropriations Committee before the Cobb amendments.

The budget is reduced 9.46 % of the adjusted base.

Amendments to House Bill No. 2
Third Reading Copy

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 7/13/92
BILL NO. HB 2

Requested by Senator Stimatz
For the Senate Finance and Claims Committee

Prepared by Lois Steinbeck
July 13, 1992

*See Judiciary
Stimatz Amendment
Record*

- 1. Page A-7, line 25.
Strike: "146,407"
Insert: "138,936"

This amendment exempts pass-through funds for automated legal data bases from the additional general fund budget reduction passed by the House.

Modern ...
Dennis ...

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

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 5
DATE 7/13/92
BILL NO. HB 2

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 ^{184,000} \$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~~ 3 positions vacant for the majority of fiscal year 1993. This is prior to a 4% cut which would result in at least 4 additional vacancies.

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.

Our budget will be cut by 12% for FY93

This will result in a situation of public services and ...
difficult situation

Vertical handwritten notes on the left margin: "Governor recommended - 0 added cuts" and "7/13/92".

Vertical handwritten notes on the right margin: "15,000 from ...", "we will ...", "RIF ...", "107".

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.

384,000

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.

warrant mailing
up 640

Rep Quilici
Rep Peterson Sen Fritz
Rep Zook Sen Tveit
Sen Stine

I would be happy to address any questions you have.

Thank you for your consideration.

EXHIBIT NO. 6
DATE 7/13/92
BILL NO. HB 2

Amendments to House Bill No. 2
Second Reading Copy

Requested by Senator Franklin
For the Committee on the Whole

Prepared by Lisa Smith
July 10, 1992

Franklin
Withdrawn

- 1. Page B-1, line 5.
Strike: "75,714" (General Fund, Fiscal 1993)
Insert: "125,091" (General Fund, Fiscal 1993)
- LFA will amend totals

This amendment reinstates funding for the Chief Legal Counsel position in the Director's Office (\$49,377) general fund.

TESTIMONY OF THE DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES
PRESENTED BY ROGER LA VOIE, ADMINISTRATOR
FAMILY ASSISTANCE DIVISION

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 7
DATE 7/13/92
BILL NO. HB 2

Aid to Families With Dependent Children (AFDC) is a program established by the Social Security Act, that provides temporary financial assistance to needy children and their families. The roots of AFDC go back to the early part of this century with the public recognition that it is better for children to be raised in their own homes by their own parents than to be raised in an institution. Eligibility for AFDC is determined by evaluating specific nonfinancial and financial criteria established by federal and state regulations and laws.

As currently structured, the AFDC program provides recipients with a disincentive to work. They currently gain little net dollar benefit by going to work. The Department proposes action to make employment a more attractive alternative and thus reduce the length of stay on public assistance.

1. AFDC benefit standards are proposed to be reduced from 42% of the federal poverty level (FPL) to 38% for FY93 (\$405 to \$366 for a family of three). The Department would implement this change September 1, 1992. Theoretically, reduced benefits should encourage able-bodied recipients to rejoin the workforce or to

participate in employment and training programs to develop the tools to become self-sufficient. Thus AFDC becomes a less attractive way of life. The safety net of AFDC will remain available for those individuals not able to gain employment, but in reduced amounts.

2. AFDC Budget Method Example:

	FY 93	Proposed
Standard of Need*	\$ 497	\$ 497
Benefit Standard*	\$ 405	\$ 366
Countable Income	\$ 150	\$ 150
Computation	\$405 Benefit Standard <u>150</u> (less) \$255	\$497 Stand. of Need <u>150</u> (less) \$347
Monthly Payment	\$ 255 (Benefit standard less countable income)	\$ 347 (Standard of Need less countable income)

* This amount is defined by state policy for a household of three.

The budgeting method used to determine the AFDC monthly payment is proposed to be changed. The Department would also implement this change September 1, 1992. To be eligible, the AFDC household's countable income must be below specific income and benefit standards for household size. The monthly payment is then determined by subtracting net countable income from the benefit standard.

In many situations currently, income earned at a minimum wage job

exceeds allowable standards and households lose eligibility. However, these households are not able to sustain self-sufficiency through minimum employment alone and soon come back on the rolls.

The proposed change determines the monthly payment by subtracting net countable income from the standard of need. (The standard of need represents the monthly cost of the family's basic needs, i.e. food, shelter, clothing, household supplies, and personal care items.) This difference is then compared to the benefit standard and the household would receive the lesser amount. The benefit standard remains the value for the maximum payment allowed per household size.

The working AFDC recipient remains eligible for reduced benefits for an extended period. This extension allows a gradual transition from dependence on public assistance to self-sufficiency and reduces the possibility that a return to the rolls will occur. The charts on pages 4 and 5 demonstrate what a typical welfare benefit package is.

June 26, 1992

AFDC WELFARE BENEFIT PACKAGE
Non Working Household

Assumptions

3 person household, rent is \$250 per month, 2 bedroom/natural gas and phone, no income.

40.5%

Program	FY92 (42%)	FY93 (42%)	Proposed (38%)
AF Grant	\$ 390	\$ 405 290	\$ 366
Food Stamps	269	265	277
LIEAP	17	17	17
Phone Assistance	7	7	7
Subtotal	\$ 683	\$ 694	\$ 667
Medicaid*	\$ 587	\$ 587	\$ 587
Total	\$1,270	\$ 1,281	\$1,254

* Medicaid is not a cash benefit - this is estimated cash value.

Additional benefits (not available to all AFDC participants)

Program	FY92	FY93	Proposed
Day Care (for training or education)	\$ 200	\$ 200	\$ 200
Public Housing	\$ 254	\$ 254	\$ 254

Federal Poverty Level 100% = \$964 per month.

WelBen.jl

June 26, 1992

AFDC WELFARE BENEFIT PACKAGE
 Working Household

Assumptions

3 person household, rent is \$250 per month, 2 bedroom/natural gas and phone, working at \$500 per month, 1 child under 2 in day care, and job started 2 months ago.

Program	FY92 (42%)	FY93 (42%)	Proposed (38%)
Income	\$ 500	\$ 500	\$ 500
AFDC	336	351	366
Food Stamps	226	221	217
LIEAP	17	17	17
Phone Assistance	7	7	7
Subtotal	\$1,086	\$1,096	\$1,107
Medicaid*	\$ 587	\$ 587	\$ 587
Total	\$1,673	\$1,683	\$1,694

* Medicaid is not a cash benefit - this is estimated cash value.

Additional benefits (not available to all AFDC participants)

Program	FY92	FY93	Proposed
Public Housing	\$ 254	\$ 254	\$ 254

Federal Poverty Level 100% = \$964 per month.

WelBen.jl

3. To reaffirm the temporary nature of AFDC and to encourage recipients to move back into the workforce, the Department proposes to seek a federal waiver which would allow the establishment of a time-limited AFDC grant for households headed by able-bodied adults. The AFDC family would receive the time-limited grant during the first 12 months of eligibility. However, if employment of 30 hours per week at minimum wage or above was not obtained after 12 months on AFDC, the grant would be reduced.

AFDC time-limited benefits for households with able-bodied adult(s).*

Time-limited grant (Recipient for 12 months or less)	\$596**
Basic Grant (Recipient for more than 12 months)	\$507**

** Based on California's proposed changes which limits grants at six months.

Teen parents attending full time high school and families not headed by an able-bodied adult would remain at the time-limited benefit payment until their status changes.

The Department asks the approval of the legislature to seek the

federal waiver, and, if federally approved, to implement this change.

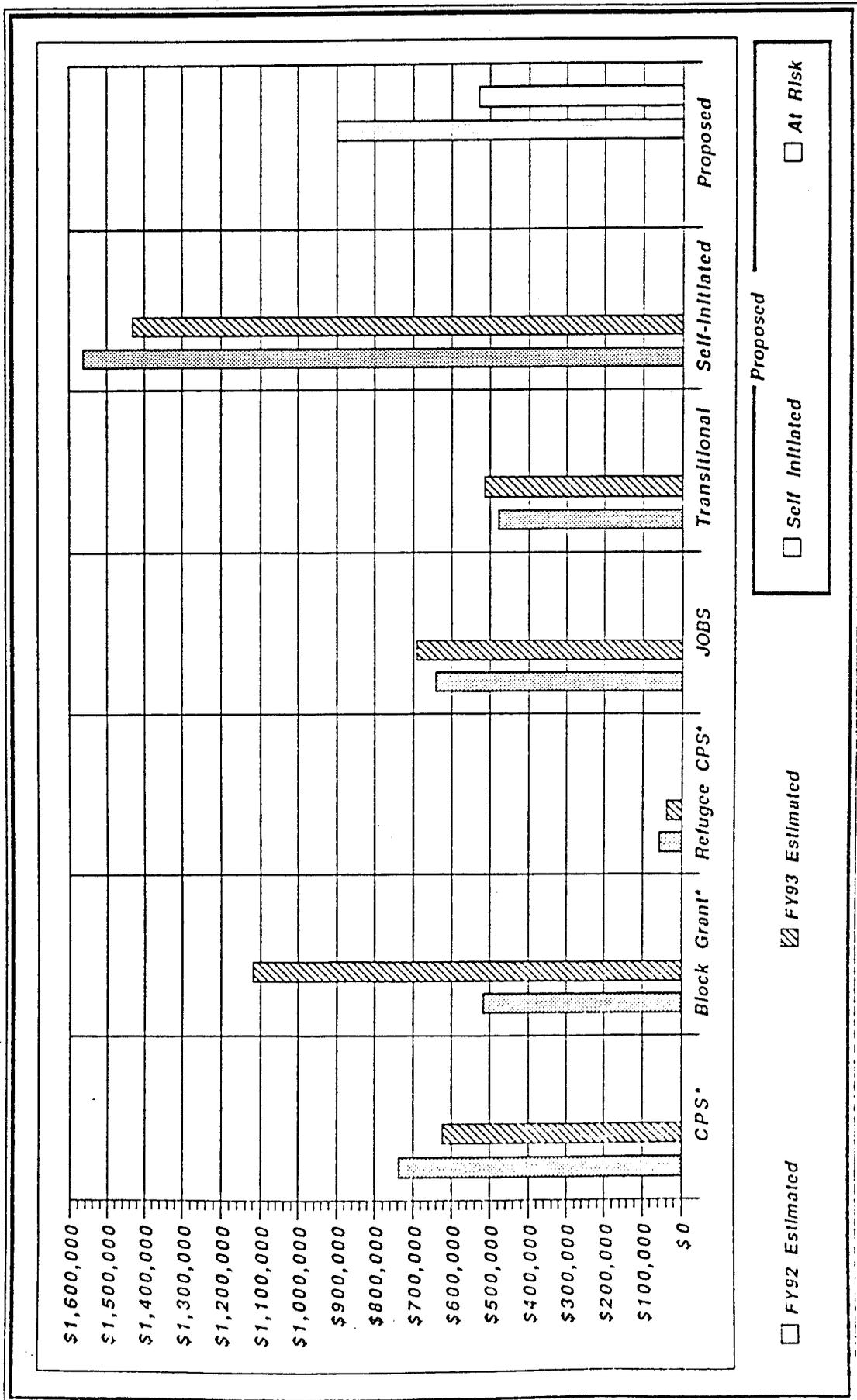
4. The At-Risk Child Care Program is a new child care assistance program which is offered to non-AFDC working families who are low income (below 75% of the state median income - for a family of 3, 75 % of state median income is \$1,779), need the child care in order to work and are at risk of coming onto the AFDC Program. Families must pay a portion of their own child care based on a family income sliding fee scale.

Low income families often pay a disproportionate amount of their income for child care. By providing subsidized child care, this program encourages families to work and remain self-sufficient. The co-payment requirement is also indicative of this program's strategy for recipient responsibility for self-support. By keeping families working and off AFDC, we save the state funds which would have been spent on the AFDC program. We also break the pattern of welfare dependency for future generations by giving young children working parents as role models.

The Interim Finance Committee has given their approval for the At-Risk Program to begin a pilot project in Yellowstone County, July 1, 1992, using a \$44,000 donation from the United Way of Yellowstone County. This money will be matched at the Federal Medical Assistance Percentage rate (FMAP) to the federal funding

MONTANA SRS/DFS DAY CARE EXPENDITURES

Exhibit # 7 HB 2
7/13/92



*Department of Family Services Expenditure.
CPS = Child Protective Service

available. Since there was no new state funding available to begin this program, alternate private funding was sought.

We are proposing to expand this program state-wide by using funds which would have been used for the Self-Initiated Child Care Program (a program which pays child care for AFDC recipients who are going to school). The Department estimated \$1,430,000 would be available during SFY93 to fund Self-Initiated child care slots for approximately 525 families. The Department intends to use \$530,000 of the \$1.4 million to provide child care assistance for approximately 200 working low-income families through the At Risk Child Care program. Funding of \$900,000 remains available for approximately 325 Self-Initiated slots for post secondary and GED students. We also will continue to seek out other sources of private and non-private funding to match to the federal dollars available. We have chosen to seek legislative approval, rather than making the change administratively.

We agree that AFDC recipients who are motivated will often choose schooling, and thus seek that path to self-sufficiency. However, we also believe that with Montana's economic picture, a number of low income working families are at risk of coming onto AFDC. We hope to decrease that risk by implementing this program.

The chart on page 9 shows day care expenditures.

legnar.af1

IV-A (AFDC RELATED) CHILD CARE PROGRAMS

(All IV-A Department of Social and Rehabilitation child care programs are funded at the FMAP rate, which is approximately 28% state general fund matched to 72% federal. * designates Department of Family Services Program)

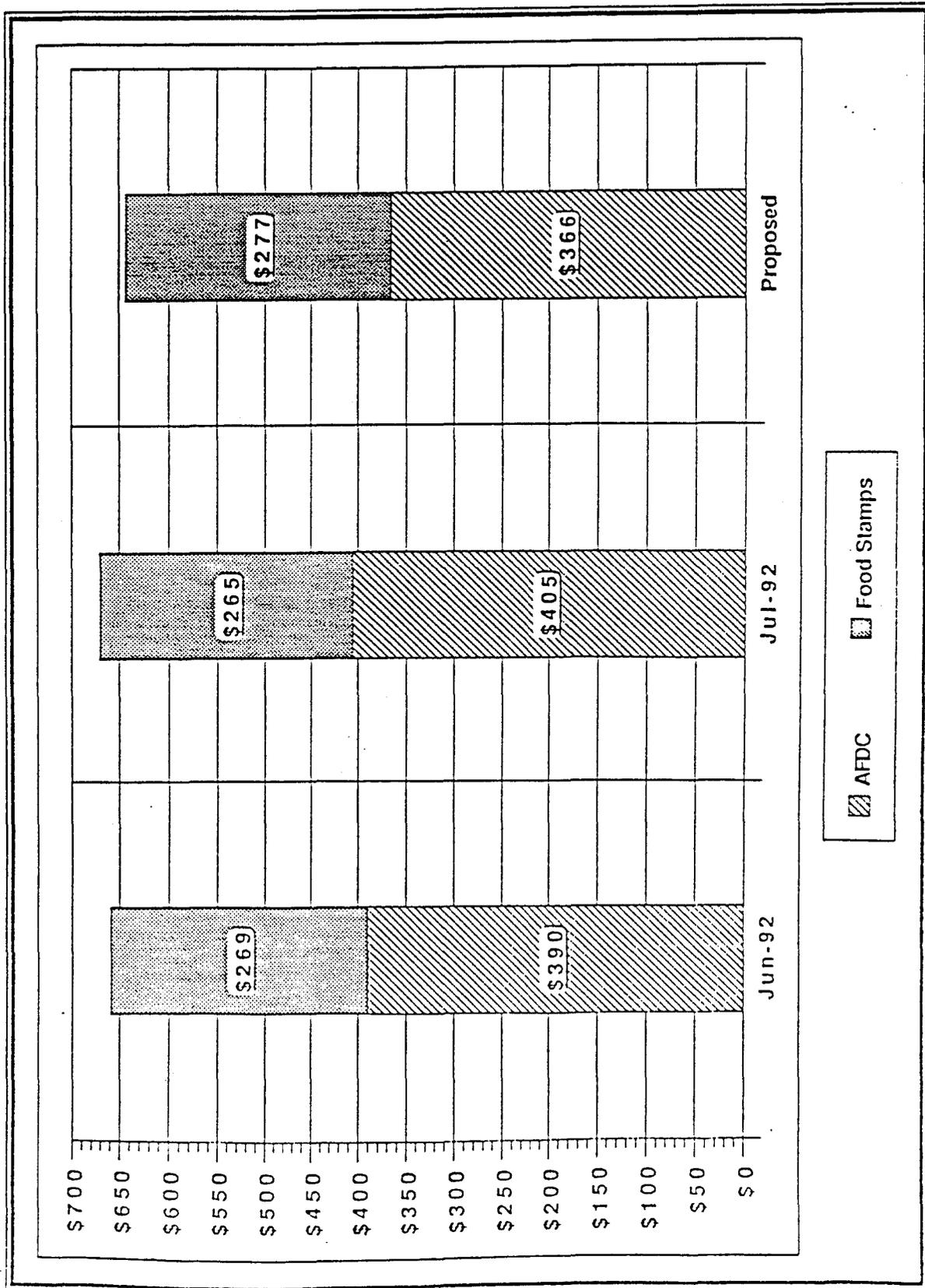
- I. Transitional Child Care began in Montana April 1, 1990. This program provides for up to 12 months of child care subsidy for working families who lost their eligibility for AFDC due to increased income, increased hours of employment or loss of time limited disregards. Families pay co-payment based on their income. Montana is required to provide child care for all families who meet the eligibility requirements for the program.
- II. The JOBS program (Job Opportunities and Basic Skills) began in Montana in July, 1990. Certain AFDC recipients are required to participate in JOBS components which include: education, training, work activities, and supportive services. JOBS child care is provided to all clients who are participating in JOBS and need child care in order to participate. Montana is required to provide child care for JOBS participants.
- III. The Self-Initiated child care program is a program which pays for child care for AFDC families while they are attending training or education activities. These families start their education or training activities prior to being required to participate in JOBS. Montana is required to pay for child care for families who are approved for participation in self-initiated education or training activities.
- IV. The At-Risk child care program is scheduled to begin in Montana in July 1992. It will start with a pilot program in Yellowstone County, using private donations as match for available federal funding. This program is designed to subsidize child care for low income families who need child care in order for the family to work and to avoid becoming eligible for AFDC. Families are required to pay a portion of their own child care based on their income.
- *V. The Child Care Block Grant day care program is 100% federally funded and is for families who are working at least 15 hours per week, and whose income falls below 75% of the State Median Income. It is designed to serve working families in need of child care assistance. A sliding fee scale sets income limits and is used to determine the required co-payment amount each family must pay.
- *VI. Child Protective Services Day Care is provided to protect children who have been abandoned, neglected or abused. CPS day care gives the family an opportunity to remain together instead of removing the child from the home. These services are funded 100% with state general fund and are determined by the local Department of Family Services or are court ordered.
- *VII. Refugee Child Protective Services Day Care is provided to refugee families for education, training, or child protective reasons for up to 8 months. Funding is 100% federal.

one-pag.lp

Benefits based on family of three; no income; \$250 rent

	Jun-92	Jul-92	Proposed
AFDC	\$390	\$405	\$366
Food Stamps	\$269	\$265	\$277

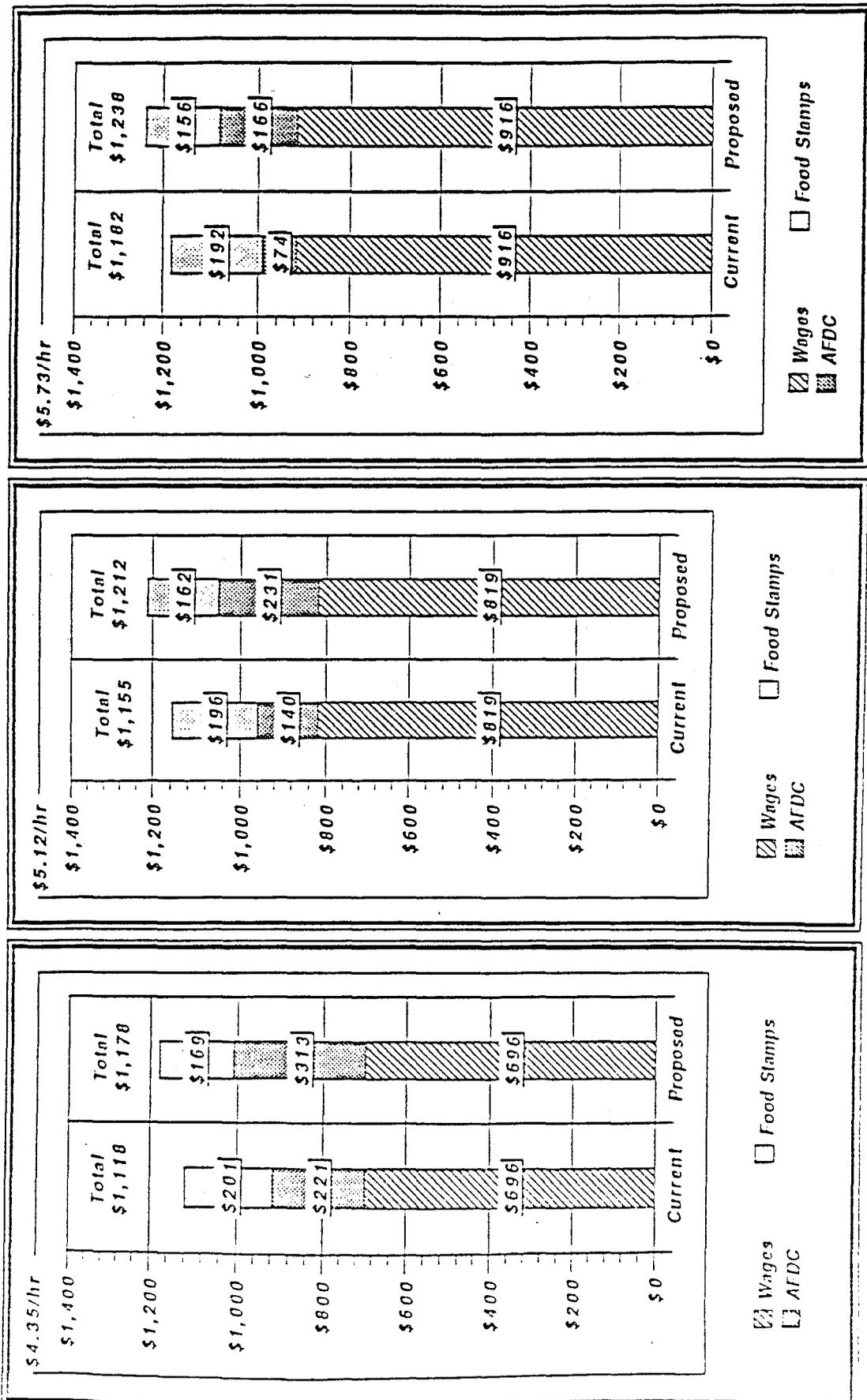
AFDC/Food Benefit Package



AFDC Food Stamps

AFDC/Food Stamp Benefits

Family of 3 with Earned Income



Assumptions: Family 1 adult & 2 children; employed 2 months; one child under two in Day Care at \$200/month; rent of \$250/month; employed 40 hrs per week.

Current: AFDC benefit set at 42% of poverty with current budgeting method.

Proposed: AFDC benefit set at 38% of poverty with proposed budgeting method.

**At \$5.74/hr,
40 hrs/week,
AFDC Closes**

DATE 2/17/92SVL NO. 482

~~Heaven~~, My NAME IS HEAVEN WILKINSON AND I AM A SINGLE MOTHER OF 2 CHILDREN. I NEVER INTENDED TO BECOME A WELFARE RECIPIENT. I WAS RAISED BY MY FATHER IN AN UPPER-MIDDLE CLASS ENVIRONMENT, THE LAST 15 YEARS IN MONTANA.

IN 1989 I STARTED INTO A NEW MARRIAGE, WITH ALL THE HOPES OF YOUR ~~STANDARD~~ TYPICAL NEWLYWEDS. IN ~~THE~~ JANUARY OF 1990 - I FOUND MYSELF NEEDING MORE THAN A HIGH SCHOOL EDUCATION TO ACQUIRE ANY TYPE OF A WELL-PAYING JOB. - SO I STARTED SCHOOL AT CARROLL COLLEGE AS A PSYCHOLOGY MAJOR. IN FEBRUARY, I FOUND MYSELF PREGNANT WITH A LONG AWAITED PREGNANCY. I CONTINUED THROUGH SCHOOL. IN APRIL, MY ALCOHOLIC HUSBAND ABANDONED THE FAMILY - LEAVING ME A PREGNANT, FULL-TIME STUDENT, DEPENDANT UPON AFDC -

I NEVER LET THIS CRUSH ME, I CONTINUED THROUGH SCHOOL - I TOOK FULL TIME SUMMER CLASSES, AND 12 CREDITS IN THE FALL. ~~THE~~ ~~WAS~~ ~~THE~~ ~~END~~ ~~OF~~ ~~THE~~ ~~SEMESTER~~ ~~AND~~ ~~I~~ ~~WAS~~ ~~OUT~~ ~~OF~~ ~~SCHOOL~~ ~~FOR~~ ~~8~~ ~~DAYS~~ ~~AFTER~~ ~~WHICH~~ ~~I~~ ~~RETURNED~~ ~~TO~~ ~~COMPLETE~~ ~~THE~~ ~~SEMESTER~~ ~~WITH~~ ~~HEAVEN~~ ~~AT~~ ~~MY~~ ~~SIDE~~.

HEAVEN ISABOE WILKINSON WAS BORN ON NOV. 3, 1991. I WAS OUT OF SCHOOL FOR 8 DAYS, AFTER WHICH I RETURNED TO COMPLETE THE SEMESTER WITH HEAVEN AT MY SIDE.

~~IN JANUARY, I WAS TO RETURN TO SCHOOL~~
ON JAN. 12, THE DAY I HAD TO COMPLETE REGISTRATION TO BEGIN THE SPRING SEMESTER ON JAN 15, I GOT A CALL AT HOME TO COME TO THE HOSPITAL IMMEDIATELY. I ARRIVED AT THE HOSPITAL TO MEET 2 CHAPLAINS. THESE

MEN PROCEEDED TO TELL ME THAT MY PERFECTLY NORMAL, BEAUTIFUL BABY HEAVEN, HAD SUFFERED AN ATTACK OF SIDS DEATH. SHE WAS BREATHING WITH A MACHINE, AND HER HEART WAS KEPT BEATING WITH MEDICATION, AND SHE HAD TO BE RUSHED TO GREAT FALLS INTENSIVE NEONATAL UNIT. I PACKED AND FOLLOWED THE AMBULANCE WITH DEVASTATING HOPES.

THE WORST OF MY FEARS WERE CONFIRMED WHEN I ARRIVED IN GREAT FALLS. THE CAT SCAN REVEALED THAT 80-85% OF HEAVEN'S BRAIN HAD DIED DUE TO LACK OF OXYGEN. - IT WAS A WONDER SHE HAD MADE IT THIS FAR. THE DOCTOR SAID THAT HEAVEN COULD BE KEPT ALIVE FOR MAYBE ANOTHER 24 HOURS - BUT HE DIDN'T FORESEE MUCH MORE BEYOND THAT. IN MY HEART I ^{KNEW} HAD TO LET MY BABY HEAVEN GO - IT WAS NOT AN EASY DECISION.

THEN CAME THE HARD PART, I HAD TO GO TO THE FUNERAL HOME AND PICK OUT A CASSET FOR MY BABY. THE DIRECTOR KNEW I WAS ON MEDICAID - SO HE SHOWED ME WHAT THE STATE ALLOWED BABIES TO BE BURIED IN. HE DISPLAYED A STYROFOAM BOX - RESEMBLING A CHEAP ICE COOLER. MY CONSCIENCE ~~WOULDN'T~~ WOULDN'T LET ME LEAVE MY BABY IN A "COOLER" FOR ETERNITY - SO I TOOK THE EXTRA BURDEN OF PAYING \$200 DOLLARS MORE ON MY MEAGER \$340⁰⁰ A MONTH.

ONE WEEK AFTER THE FUNERAL, I RETURNED TO SCHOOL - HOPING TO GET BACK ON TRACK - I WAS SURE LIFE COULDN'T GET ANY WORSE. I BOLE MY GRIEF AND BUCIED MYSELF IN MY TEXT BOOKS. THIS WAS NOT THE END OF MY TROUBLES,

THE BEGINNING.

I ~~was~~ ^{AM} CONSIDERED A SELF-INITIATED PARTICIPANT IN THE JOBS program for daycare. ~~I~~ IN MARCH OF 1992, I was informed that people who were not "mandatory" for the Jobs program would have to apply for their daycare slots. I was told there would be 900 slots available statewide. I did all the paperwork and tried to stay ahead of the game, and I was one of the first applications to be received. The opening and closing dates for the application "window of opportunity" fell right in the middle of the 1st summer classes at Carroll. I was told that there would probably be more slots than applicants, and that they would back-date the contracts ~~change~~ to cover the daycare debt accrued.

As time went on, they cut back the daycare slots from 900 statewide, to 500 statewide, then they cut it again, to the final figure of 225 slots. They have a waiting list of 350 people, and I am # 75 on that list.

My babysitters contracts were sent back unpaid - a total balance due of \$575⁰⁰ - Money I don't have, ~~which was the reason~~ ~~for my payment of daycare for my family~~ ~~repaid~~ ~~and now I have been~~ deceived into accruing a debt I didn't have to obtain, and I am expected to pay this ^{over} on the 405⁰⁰ a month I now receive - which ~~is~~ there is a proposal to lessen this amount

to a meager \$36⁰⁰ per month. It is hard enough to pay the rent and attain lives necessities - nonetheless carry our own burdens and deal with lifes tragedies.

I am not someone who wishes to remain on this system a "welfare mother". I had entered school hoping to better the world and help our failing system in any way I can with my education.

~~But~~ My education has been nothing but a battle, I am not about to give up. Currently, I am a 3.4 student -

I will maintain this G.P.A. - and go further to attain my masters degree. I am not the ~~stereotypical~~ alcoholic

alcoholic, child abusing welfare mother, nor am I a lower form of human life.

I am a ~~free~~ person ~~who~~ who has lived through lifes trials, ~~and~~ ~~through~~ some worse than most experience, but I am still fighting. My children deserve

a life - and they are not being raised to become welfare mothers. They

see a mother with ambition and drive to make the best of herself. We share report cards. School is not just

"sitting around collecting benefits".

It's a lot of work. So I am a working parent as a role model - Not a pattern of welfare dependancy.

By trying to eliminate a select minority of AFDC recipients - you are penalizing the hard workers who are trying to get off the merry-go-round of welfare. There are many more like me, in my situation, not only here in this room - but across the state of Montana. You are not only affecting my 2 remaining children - but many children across the state of Montana. Tragedies are not planned - they just seem to happen at the worst time. Right now - you are ~~planning~~ ^{proposing} a tragedy for many families - crushing many dreams. Don't cut our benefits -

~~trying to take away the money that supports the future of our children and the future of our state. We just deserve a chance.~~

You have seen a glimpse of the nightmare I have already endured - it's got to get better someday. ~~Help me and others like me live our dreams and hope and turn tragedies into~~

Don't add to our burdens, by cutting the budget here and sacrificing honest education. The longer we are knocked down, the longer we remain in the system, and the state budget will suffer even more. Please have some consideration for the children and families of the state of Montana when you cast your vote. ~~Thank you.~~
Thank you.

WHY SRS HAS PROPOSED CHANGES TO THE AFDC, GENERAL ASSISTANCE AND STATE MEDICAL PROGRAM

Prepared by SRS
July 10, 1992

John [unclear]
SENATE FINANCE AND CLAIMS

EXHIBIT NO. 9

In-migration of Welfare Recipients DATE 7/13/92

BILL NO. HB 2

Recently county welfare directors have become concerned about immigration of clients for benefits from other states.

In FY92 30% of the General Assistance applicants were from out of state and had lived in Montana less than a year. Seventeen percent had been here less than a month.

In certain counties 25% of all new AFDC applications were from residents moving into Montana.

General Assistance Facts

There is no state bordering Montana which gives as large a general relief check to a single person as Montana.

Twenty-two states have no GA program. Three of the 22 are neighboring states.

You would have to drive to Oregon or Washington to get more. Even California, with the exception of Los Angeles County, does not have a General Relief Program.

State Medical Facts

Twelve states have no State Medical program. Colorado and New Mexico are the Western states.

Only fifteen states have a state program with medical benefits as generous as Medicaid. Montana is one of those states.

Twenty-four states have benefits less than Medicaid. These include Utah, Wyoming, North Dakota, South Dakota and Nebraska.

While the SRS proposal eliminates state medical, assumed counties will have money to develop a medical program similar to surrounding states if they choose.

AFDC Facts

Montana has a higher AFDC payment for a family of three than Arizona, Utah, North and South Dakota.

Only 11 states increased AFDC payments in 1991. Montana was one of those. Montana's increase was tied for the fourth highest increase in the nation at 5.4%. In 1991 AFDC in 40 states was frozen or reduced.

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Aklestad
For the Senate Finance and Claims Committee

Prepared by Carroll South
July 13, 1992

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 10
DATE 7/13/92
BILL NO. HB 2
Aklestad
amendment

1. Page B-10, line 23.

Strike: "814,731" "53,684" "2,187,605" "3,056,020"
Insert: "0" "0" "0" "0"

2. Page B-15, line 20.

Strike: "40.5%"
Insert: "38%"

LFA will amend totals

This amendment sets AFDC and GA benefit levels at 38 percent of the federal poverty index, effective September 1, 1992 and reduces general fund by \$814,731.

ROLL CALL VOTE

Exhibit # 10 HB 2-
7/13/92

SENATE COMMITTEE FINANCE & CLAIMS

Date 7/13/92 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: Sen. Hockett motion
(Exhibit 10)

Passed

ROLL CALL VOTE

(Cont'd)

- Exhibit # 10 HB 2
7/13/92

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 Sen. Harding
For the Committee on Finance and Claims

Prepared by Lee Heiman
July 13, 1992

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 11

DATE 7/13/92

BILL NO. HB 2

1. Title, line 8.

Following: "1992,"

Insert: "SECTIONS 1 AND 2, CHAPTER 551, LAWS OF 1991, SECTION 2,
CHAPTER 552, LAWS OF 1991,"

2. Page B-2, line 22.

Strike: "166,794 2,280,766"

Insert: " 0 2,447,560"

3. Page B-3, line 7.

Strike: "13,491 124,583"

Insert: " 0 138,047"

4. Page C-15, line 11.

Strike: "2,339,042 2,091,112"

Insert: "1,669,327 2,760,827"

5. Page OA-7.

Following: line 23

Insert: "Section 7. Section 1, Chapter 551, Laws of 1991, is
amended to read:

"Section 1. Appropriations from the water development state special revenue account. (1) Because the legislature cannot appropriate individual grants to private entities, there is appropriated to the department of natural resources and conservation \$72,208 from the water development state special revenue account during the 1992-93 biennium for grants to private persons for water development projects and activities pursuant to the provisions of Title 85, chapter 1, part 6. This appropriation is from money available in the water development state special revenue account for grants for water development projects and activities under 85-1-604(3)(c) and according to priorities established in subsections (3) and (4) of this section.

(2) There are appropriated to the department the interest earnings from the proceeds of water development bonds and renewable resource development bonds issued to finance loans authorized by [sections 1 through 12]. Interest earnings must be deposited in the water development debt service fund and the renewable resource development account, respectively.

(3) There are appropriated to the department all other funds not appropriated under subsection (1) and available for grants to political subdivisions and local government entities from the water development state special revenue account during the 1992-93 biennium. This appropriation is from money available in the water development state special revenue account and renewable resource development account for grants and from the

water development or renewable resource accounts for loans for water development projects and activities under 85-1-604(3)(c) and [sections 1 through 12]. The funds appropriated in this section must be awarded by the department to the named entities for the described purposes and in the described grant amounts set out in subsection (4), subject to the conditions set forth in [sections 1 through 12] and the contingencies described in the renewable resource and water development program's January 1991 report. The legislature, pursuant to 85-1-605, approves the grants listed in subsection (4), with grants to be made in the order indicated in the prioritized list of projects and activities. Funds must be awarded up to the amounts approved in this section in order of priority until available funds are expended. Funds not accepted or used by higher ranked projects and activities must be provided for projects and activities further down the priority list that would not otherwise receive funding. If the total expenditure of funds appropriated under this section results in a cutoff that ends at a point at which more than one project or activity is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the department. Any projects that are funded by the reclamation and development grants program may not be funded under [sections 1 through 12]. Actual rank and score of the various projects and activities are contained within the renewable resource and water development program's project evaluations and recommendations report for the 1992-93 biennium.

(4) The following are the grant and loan prioritized projects and activities:

WATER DEVELOPMENT PROGRAM

<u>Applicant\Project</u>	Recommended Grant	Funding Loan
CHINOOK IRRIGATION DISTRICT		
Milk River Water Supply Project	\$100,000	
LOWER MUSSELSHELL CONSERVATION DISTRICT		
River Management Tools	72,539	
GLASGOW IRRIGATION DISTRICT		
Improving Water Use Efficiency	100,000	
GREENFIELDS IRRIGATION DISTRICT		
Greenfields Gravity Sprinkler Planning	100,000	
MONTANA STATE LIBRARY		
Drought Monitoring System	58,364	
JOCKO, MISSION, AND FLATHEAD IRRIGATION DISTRICTS, JOINT BOARD OF CONTROL		
Flathead Irrigation Information System	92,000	
LEWIS AND CLARK COUNTY CONSERVATION DISTRICT		
Nilan Water Conservation Project	100,000	
PRIVATE APPLICANT		
 Ruby Creek Dam Feasibility Study	14,708	
PRIVATE APPLICANT		
Wastewater Collection and Treatment System	50,000	\$150,000
FORT SHAW IRRIGATION DISTRICT		
Rehabilitation of Headworks and "A" System Diversion	50,000	50,000
DUTTON, TOWN OF		

Dutton Water Storage Reservoir	91,319	
PHILLIPS CONSERVATION DISTRICT		
Moisture Monitoring Project	53,382	
PRIVATE APPLICANT		
Sun River Water System	7,500	
CHINOOK, TOWN OF		
Milk River Weir Replacement		200,000
BELT, TOWN OF		
Sewage System Improvements		100,000
GLASGOW, TOWN OF		
Glasgow Water and Wastewater		80,950
MISSOULA CITY/COUNTY HEALTH DEPARTMENT		
Linda Vista Sewer Interceptor		100,000
FAIRFIELD, TOWN OF		
Fairfield Waterway		14,169

(5) To the entities listed in this section, this appropriation constitutes a valid obligation of these funds for purposes of encumbering the funds within the 1993 biennium pursuant to 17-7-302."

Section 8. Section 2, Chapter 551, Laws of 1991, is amended to read:

"Section 2. Appropriations under renewable resource development program -- eligibility. (1) There are appropriated to the department of natural resources and conservation all available funds from the renewable resource development account during the 1992-93 biennium for projects under the renewable resource development program.

(2) The department shall award grants to the named entities for the described purposes and in the described amounts set out in subsection (3). The legislature, pursuant to 90-2-111, approves the listed grants, with grants to be made in order of priority ranking, except renewable resource development grants for water development projects and activities that must be made in the order of priority listed in [section 1]. Projects and activities sponsored by public entities listed in [section 1] that do not receive water development funding are eligible for renewable resource development funds on the basis of the renewable resource development program priority ranking criteria. Any project or activity listed in [section 1] that receives water development funds is not eligible to compete for renewable resource development funds. Projects and activities listed in this section that do not receive renewable resource development funding are eligible for water development funds on the basis of the water development program priority ranking criteria. A project or activity listed in this section that receives renewable resource development funds is not eligible to compete for water development funds. Funds not accepted or used by higher ranked projects must be provided for projects further down the priority list that would not otherwise receive funding. If the total expenditure of funds appropriated under this section results in a cutoff that ends at a point at which more than one project is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the department. Actual rank and score of the various projects are contained within the renewable resource and water development

program's project evaluations and recommendations report for the 1992-93 biennium.

(3) The following are the grant and loan prioritized projects and activities:

RENEWABLE RESOURCE DEVELOPMENT PROGRAM

<u>Applicant\Project</u>	<u>Recommended Grant</u>	<u>Funding Loan</u>
YELLOWSTONE COUNTY CONSERVATION DISTRICT Streambank Reinforcement	\$100,000	
JEFFERSON VALLEY CONSERVATION DISTRICT Cereal-Legume Energy Efficient Crop Rotations	48,677	
NEIHART, TOWN OF Neihart Water System Improvements	50,000	\$150,000
EKALAKA, TOWN OF Water Supply and Storage Project	49,975	100,000
MONTANA STATE UNIVERSITY, MONTANA WATER RESOURCES CENTER Public Education in Water Management	100,000	
STILLWATER CONSERVATION DISTRICT Evaluation of Plastic Lining and Fabrication Process	56,848	
BROADWATER CONSERVATION DISTRICT Irrigation Water Management Demonstration Project	100,000	
NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF, WATER MANAGEMENT BUREAU Beaverhead County Ground Water Study	100,000	
POLSON, CITY OF Wellhead Protection Program	76,055	
THREE FORKS, TOWN OF Water System Improvements	100,000	
FORT SHAW IRRIGATION PROJECT Rehabilitation and Betterment Study	50,000	
BUTTE SILVER BOW, GOVERNMENT OF Blacktail Creek Restoration	100,000	
LIBERTY COUNTY CONSERVATION DISTRICT Sweetgrass Hills Ground Water Study	100,000	
MISSOULA COUNTY CONSERVATION DISTRICT Irrigation Diversion Alternatives	85,250	
FALLON COUNTY Baker Lake Erosion Control and Recreation Path	15,361	
DARBY SCHOOL DISTRICT NO. 9 Darby School Park Project	25,300	
MEAGHER COUNTY CONSERVATION DISTRICT South Side Canal Lining Project	37,500	62,500
NATURAL RESOURCES AND CONSERVATION, DEPARTMENT OF Battle Creek Storage Unit	82,000	

(4) To the entities listed in this section, this appropriation constitutes a valid obligation of these funds for purposes of encumbering the funds within the 1993 biennium pursuant to 17-7-302."

Section 9. Section 2, Chapter 552, Laws of 1991, is amended to read:

"Section 2. Approved grant projects. (1) The legislature approves the grants listed in subsection (2), to be made in the order of priority as indicated within the following list of projects and activities. If conditions in [sections 3 and 4] are met, funds must be awarded up to the amounts approved in this section in order of priority until available funds are expended. Funds not accepted or used by higher ranked projects and activities must be provided for projects and activities lower on the priority list that would otherwise not receive funding. Descriptions of the various projects and activities and specific conditions established for each project and activity are contained within the department of natural resources and conservation's Montana reclamation and development grants program project evaluations and recommendations report for the 1992-93 biennium.

(2) The following are the grants program prioritized projects and activities:

<u>Applicant/Project</u>	<u>Grant Amount</u>
BUTTE-SILVER BOW, GOVERNMENT OF Water, Air, Soils Testing and Evaluation Center (WASTECC)	\$296,113
CHINOOK IRRIGATION DISTRICT Milk River Water Supply Project, Rehabilitation and Betterment Element	300,000
JUDITH BASIN CONSERVATION DISTRICT Community-Led Rural Development in Montana	170,000
HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT OF, AND CENTRAL MONTANA HEALTH DISTRICT Arro Refinery Sludge Cleanup	300,000
MONTANA BOARD OF OIL AND GAS CONSERVATION Abandoned Well Plugging Project "A"	300,000
MONTANA BOARD OF OIL AND GAS CONSERVATION Abandoned Well Plugging Project "B"	295,000
MONTANA SALINITY CONTROL ASSOCIATION Soil and Water Nonpoint Source Pollution Control and Management	137,500
MONTANA STATE UNIVERSITY, RECLAMATION RESEARCH UNIT Effect of Sodium, Chlorine, and Total Salts from Treated Cyanide Solutions on Soils	82,885
CARBON COUNTY, STILLWATER COUNTY, AND THE CITY OF BIG TIMBER Integrated Waste Management in Southcentral Montana	45,437
HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT OF, WATER QUALITY BUREAU Nonpoint Pollution Control Project in Montana	146,620
MONTANA BUREAU OF MINES AND GEOLOGY Downhole Geophysical Logging Techniques	39,749
MONTANA BOARD OF OIL AND GAS CONSERVATION Abandoned Well Plugging Project "C"	144,000
TOOLE COUNTY North Toole County Reclamation Project	105,000
CARBON COUNTY, CHOUTEAU COUNTY, CUSTER COUNTY,	

DAWSON COUNTY, AND LAKE COUNTY	
Pesticide Contamination Cleanup	300,000
BUTTE SILVER BOW, GOVERNMENT OF	
 Upper Clark Fork River Basin Coordinator	60,000
NATURAL RESOURCES AND CONSERVATION,	
DEPARTMENT OF, WATER MANAGEMENT BUREAU	
 Arsenic in Upper Missouri River Basin	179,330
STATE LANDS, DEPARTMENT OF	
 Well Assessment and Abandonment	300,000
STATE LANDS, DEPARTMENT OF	
 Comet Mine Wetlands Development	250,700
GLACIER COUNTY CONSERVATION DISTRICT	
 Comprehensive Evaluation of Ground Water	
 Contamination	197,453
HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT	
OF, WATER QUALITY BUREAU	
 Hydrogeology, Land Use, and Chemical Quality	
 of Water Resources in the Clark's Fork	
 Yellowstone River Basin	218,250
SHERIDAN COUNTY CONSERVATION DISTRICT	
 Extent of Oil Field Waste Contamination	134,736
YELLOWSTONE COUNTY	
 Yellowstone Co. LIS/GIS Project	50,000
MONTANA STATE UNIVERSITY BIOLOGY DEPARTMENT	
 Trout Stream Restoration	45,500
MONTANA SALINITY CONTROL ASSOCIATION	
 Supplemental Funding for Soil and Water	
 Nonpoint Source Pollution Control and	
 Management	62,500

(3) To the entities listed in this section, this appropriation constitutes a valid obligation of these funds for purposes of encumbering the funds within the 1993 biennium pursuant to 17-7-302."

Renumber: subsequent section

LFA will adjust totals

ROLL CALL VOTE

Exhibit # 11 HB 2
7/13/92

*for
amendment*

SENATE COMMITTEE

FINANCE & CLAIMS

Date 7/13/92 House Bill No. 2 Time _____

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

Lynn Stealey
Secretary

Chairman

Motion: Sen Harding Amendment
(Exhibit 11)

Failed

RESOURCE INDEMNITY TRUST INTEREST ACCOUNTS
 DNRC PROGRAMS
 1993 Biennium

JULY 1992

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 12

DATE 7/13/92

BILL NO. HB 2

Water Development 30%	Renewable Resources 8%	Reclamation & Development 46%
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Beginning Balance	1,503,783	30,960	1,217,349
Projected Revenues			
RIT Interest	4,967,303	1,325,614	7,616,531
Coal Tax	437,270	437,270	0
State Owned Projects	410,000	0	0
Loan Repayments	1,113,993	131,344	0
Other Sources	50,000	0	0

Total Funds Available	\$8,482,349	\$1,925,188	\$8,833,880
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Appropriation			
Debt Service	1,229,964	380,231	0
DNRC	3,671,355	438,549	2,855,170
State Water Projects	891,000	0	0
Reserved Water Rights	0	0	603,591
State Lands	0	0	1,652,146
Water Courts	977,425	0	0
State Library	0	198,273	175,472
EQC	0	0	26,451
Pay Plan	206,508	43,370	308,753

Total Disbursements	\$6,976,252	\$1,060,423	\$5,621,583
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Available Grant Funds	\$1,129,573	\$648,574	\$3,212,297
Water Storage	\$376,524	\$216,191	

TOTAL AVAILABLE FOR WD & RRD GRANTS		\$1,778,147	
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RECLAMATION AND DEVELOPMENT GRANTS
PROJECTS AUTHORIZED BY THE 1991 LEGISLATURE

JULY 1992

CONTRACT STATUS	RANK	PROJECT SPONSOR	PROJECT NAME	AMOUNT	ACCUMULATIVE TOTAL
Contracted	1	Butte - Silver Bow	WASTEC	296,113	296,113
Contracted	2	Chinook Division Irrigation District	Rehab. & Betterment Element of Milk River	300,000	596,113
Contracted	3	Judith Basin CD	Community - Led Rural Development in MT	170,000	766,113
Contracted	4	DHES/Cent MT Hlth District	Arro Refinery Sludge Cleanup	300,000	1,066,113
Contracted	5	MT Board of Oil and Gas	Abandoned Well Plugging Project "A"	300,000	1,366,113
Contracted	6	MT Board of Oil and Gas	Abandoned Well Plugging Project "B"	295,000	1,661,113
Contracted	7	MT Salinity Control	Soil & Water Nonpoint Source Pollution Control	137,500	1,798,613
Contracted	8	MSU/Reclamation Research	Effect of Sodium, Chlorine & Total Salts	82,885	1,881,498
Contracted	9	Carbon County Et. Al.	Integrated Waste Management in SE MT	45,437	1,926,935
Contracted	10	DHES Water Quality	Nonpoint Pollution Control Project	146,620	2,073,555
Contracted	11	MT Mines & Geology	Downhole Geo Logging Tech/Well	39,749	2,113,304
Contracted	12	MT Board of Oil and Gas	Abandoned Well Plugging Project "C"	144,000	2,257,304
Contracted	13	Toole County	N. Toole County Reclamation Project	105,000	2,362,304
Contracted	14	Pesticide Co Cleanup/DHES	Pesticide Contamination Cleanup	300,000	2,662,304
	15	Butte - Silver Bow	Upper Clark Fork River Basin Coordinator	60,000	2,722,304
	16	DNRC Water MGMT	Arsenic In Upper Missouri River Basin	179,330	2,901,634
	17	State Lands	Well Assessment and Abandonment	300,000	3,201,634
Anticipated Funding Line					
	18	State Lands	Comet Mine Wetlands Development	250,700	3,452,334
	19	Glacier County CD	Comprehensive Eval. of Groundwater Contam.	197,453	3,649,787
	20	DHES Water Quality	Hydrogeo, Land Use & Chemical Qual. of Res.	218,250	3,868,037
	21	Sheridan County CD	Extent of Oil Field Waste Contamination	134,736	4,002,773
	22	Yellowstone County	Yellowstone Co. LIS/GIS Project	50,000	4,052,773
	23	MSU Biology Dept.	Trout Stream Restoration	45,500	4,098,273
	24	MT Salinity Control	Soil & Water Nonpoint Source Pollution Control	62,500	4,160,773
AMOUNT CONTRACTED (including Draft Contracts)				\$2,239,670	

WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT GRANTS
PROJECTS AUTHORIZED BY THE 1991 LEGISLATURE

CONTRACT STATUS	RANK	PROJECT SPONSOR	PROJECT NAME	AMOUNT	ACCUMULATIVE TOTAL
Contracted	1	Chinook Irrigation District	Milk River Water Supply Project	100,000	100,000
Contracted	2	Lower Musselshell CD	River MGMT Tools for Musselshell River	72,539	172,539
Contracted	3	Glasgow Irrigation District	Improving Water Use	100,000	272,539
Contracted	4	Yellowstone County	Streambank Re-enforcement & Erosion Control	100,000	372,539
Contracted	5	Greenfields Irrigation District	Greenfields Gravity Irrigation System	100,000	472,539
Contracted	6	Mt St. Liberty	Drought Monitoring System	58,364	530,903
Contracted	7	Jefferson Valley CD	Cereal-Legume Cropping Rotations	48,677	579,580
Contracted	8	Flathead Joint Board of Control	Flathead Irrigation Information System	92,000	671,580
	9	Neihart	Neihart Water System	50,000	721,580
	10	L&C County CD	Nilan Water Conservation Project	100,000	821,580
Contracted	11	Ekalaka	Water Supply & Storage Project	49,975	871,555
Contracted	12	MSU/MT Water Course	Montana Water Course	100,000	971,555
	13	Stillwater CD	Evalu. of Plastic Lining/Fabrication Process	56,848	1,028,403
Contracted	14	Broadwater CD	Irrigation Water Mgmt; Construction Project	100,000	1,128,403
Contracted	15	DNRC Water MGMT	Beverhead Co. Groundwater Study	100,000	1,228,403
Contracted	16	Polson	Wellhead Protection Project	76,055	1,304,458
	17	Three Forks	Three Forks Water System Improvements	100,000	1,404,458
	18	Fort Shaw Irrigation District	R&B Study	50,000	1,454,458
	19	Butte - Silver Bow	Blacktail Creek Restoration Project	100,000	1,554,458
	20	Private	Water Dam - Feasibility Study	14,708	1,569,166
	21	Liberty County CD	Sweetgrass Hills E. Butte Groundwater Study	100,000	1,669,166
	22	Private	Wastewater Collection Treatment System	50,000	1,719,166
	23	Fort Shaw Irrigation District	Reliab. of Headworks & "A" System	50,000	1,769,166
Anticipated Funding Line					
					1,778,147
	24	Missoula County CD	Irrigation Diversion Alternatives	85,250	1,854,416
	25	Fallon County	Baker Lake Erosion Control & Rec. Path	15,361	1,869,777
	26	Dutton	Dutton Water Reservoir	91,319	1,961,096
	27	Darby School District No. 9	School Park	25,300	1,986,396
	28	Phillips CD	Moisture Monitoring Project	53,382	2,039,778
	29	Meagher County CD	South Side Canal Lining Project	37,500	2,077,278
	30	Private	Sun River Water System	7,500	2,084,778
	31	DNRC	Battle Creek Storage Project	82,000	2,166,778

AMOUNT CONTRACTED
(including Draft Contracts)

\$997,610

Beck

Amendment for House Bill No. 2
Prepared for Senator Beck
By John Ilgenfritz

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 13
DATE 7/12/92
BILL NO. HB 2

1. Page B-2, Following line 8.
Strike: Lines 9 and 10 in their entirety

42 § 7661a
CAA § 502

FEDERAL ENVIRONMENTAL LAWS

(ii) Any source that fails to pay fees lawfully imposed by the Administrator under this subparagraph shall pay a penalty of 50 percent of the fee amount, plus interest on the fee amount computed in accordance with section 6621(a)(2) of Title 26 (relating to computation of interest on underpayment of Federal taxes).

(iii) Any fees, penalties, and interest collected under this subparagraph shall be deposited in a special fund in the United States Treasury for licensing and other services, which thereafter shall be available for appropriation, to remain available until expended, subject to appropriation, to carry out the Agency's activities for which the fees were collected. Any fee required to be collected by a State, local, or interstate agency under this subsection shall be utilized solely to cover all reasonable (direct and indirect) costs required to support the permit program as set forth in subparagraph (A).

(4) Requirements for adequate personnel and funding to administer the program.

(5) A requirement that the permitting authority have adequate authority to:

(A) issue permits and assure compliance by all sources required to have a permit under this title with each applicable standard, regulation or requirement under this Act;

(B) issue permits for a fixed term, not to exceed 5 years;

(C) assure that upon issuance or renewal permits incorporate emission limitations and other requirements in an applicable implementation plan;

(D) terminate, modify, or revoke and reissue permits for cause;

(E) enforce permits, permit fee requirements, and the requirement to obtain a permit, including authority to recover civil penalties in a maximum amount of not less than \$10,000 per day for each violation, and provide appropriate criminal penalties; and

(F) assure that no permit will be issued if the Administrator objects to its issuance in a timely manner under this subchapter.

(6) Adequate, streamlined, and reasonable procedures for expeditiously determining when applications are complete, for processing such applications, for public notice, including offering an opportunity for public comment and a hearing, and for expeditious review of permit actions, including applications, renewals, or revisions, and including an opportunity for judicial review in State court of the final permit action by the applicant, any

person who participated in the public comment process, and any other person who could obtain judicial review of that action under applicable law.

(7) To ensure against unreasonable delay by the permitting authority, adequate authority and procedures to provide that a failure of such permitting authority to act on a permit application or permit renewal application (in accordance with the time periods specified in section 7661b of this title or, as appropriate, subchapter IV of this chapter) shall be treated as a final permit action solely for purposes of obtaining judicial review in State court of an action brought by any person referred to in paragraph (6) to require that action be taken by the permitting authority on such application without additional delay.

(8) Authority, and reasonable procedures consistent with the need for expeditious action by the permitting authority on permit applications and related matters, to make available to the public any permit application, compliance plan, permit, and monitoring or compliance report under section 7661b(e) of this title, subject to the provisions of section 7414(c) of this title.

(9) A requirement that the permitting authority, in the case of permits with a term of 3 or more years for major sources, shall require revisions to the permit to incorporate applicable standards and regulations promulgated under this chapter after the issuance of such permit. Such revisions shall occur as expeditiously as practicable and consistent with the procedures established under paragraph (6) but not later than 18 months after the promulgation of such standards and regulations. No such revision shall be required if the effective date of the standards or regulations is a date after the expiration of the permit term. Such permit revision shall be treated as a permit renewal if it complies with the requirements of this subchapter regarding renewals.

(10) Provisions to allow changes within a permitted facility (or one operating pursuant to section 7661b(d) of this title) without requiring a permit revision, if the changes are not modifications under any provision of subchapter I of this chapter and the changes do not exceed the emissions allowable under the permit (whether expressed therein as a rate of emissions or in terms of total emissions: *Provided*, That the facility provides the Administrator and the permitting authority with written notification in advance of the proposed changes which shall be a minimum of 7 days, unless the permitting authority pro-

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 15

DATE 7/13/92

BILL NO. HB 2

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Waterman
For Senate Finance and Claims

Prepared by Lisa Smith
July 13, 1992

Waterman

1. Page B-19, line 19.

Strike: "260,389"

(General Fund, Fiscal 1993)

Insert: "0"

LFA will adjust the totals.

This amendment eliminates the general budget reduction.

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

*Waterman amendment
2 minutes passed*

Date 7/13/92 House Bill No. 2 Time _____

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

Lynn Staley
Secretary

Chairman

Motion: Sen. Waterman amendment
(Exhibit 15)

Failed

ROLL CALL VOTE (Cont'd)

Exhibit # 15 HB 2
7/13/92

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 Senate Finance and Claims Committee

Prepared by Taryn Purdy
July 13, 1992

*Weeding
amendment to
HB 2*

- 1. Page C-11, line 19.
- Strike: "3,000,000"
- Insert: "1,000,000"

This amendment reduces fire suppression costs to \$1,000,000 in fiscal 1993.

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

*Wesley's amendment 16
approved
passed*

Date 7/13/92 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	✓	

Ann Stealey
Secretary

Chairman

Motion: Sen. Wesley's amendment (Exhibit 16)

Passed

ROLL CALL VOTE (Cont'd)

Exhibit # 16 HB 2
7/13/92

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

Beck
failed

Date 7/13/92 House Bill No. 2 Time _____

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

Lynn Stealey
Secretary

Chairman

Motion: Sen. Beck substitute motion.
page C-11 line 19. Insert \$2 million.

Failed

ROLL CALL VOTE

(Cont'd)

~~_____~~
- Exhibit # 16a
7/13/92 HB 2

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

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 17

DATE 7/13/92

BILL NO. SB 2

AMENDMENTS TO HOUSE BILL NO. 2

Requested by Senator Weeding
For the Committee on Finance and Claims

Prepared by Lon Mitchell
July 13, 1992

1. Page C-13, line 1
Insert: "62,714 352,623" (state special revenue)
2. Page C-13, line 2
Strike: "0 415,337" (state special revenue)
3. Page C-13, line 6
Insert: "314,978 453,263" (state special revenue)
768,241 (total)
4. Page C-13, line 7
Strike: "0 768,241" (state special revenue)
5. Page C-13, line 11
Insert: "149,680" (general fund)
6. Page C-13, line 12
Strike: "0 149,680" (state special revenue)
7. Page C-13, line 24
Insert: "225,510" (general fund)
8. Page C-13, line 25
Strike: "0 225,510" (state special revenue)
9. Page C-14, line 3
Insert: "752,882" (general fund)
3,632,722 (state special revenue)
10. Page C-14, line 5
Strike: "0 4,385,604" (state special revenue)
11. Page C-14, line 6
Strike: in implementing the appropriation in item 1, the department shall apportion \$62,714 of state special revenue funding to the various special levies collected, based upon the percentage of support from centralized services for the support of the activity supported by the levy.

in implementing the increases in state special revenue funding in items 2, 4, and 8, the department shall use existing balances in the state special revenue accounts from levies designated to support the activity.

THE DEPARTMENT OF LIVESTOCK IS DIRECTED TO DEVELOP
A PLAN IN CONJUNCTION WITH THE DEPARTMENT OF
AGRICULTURE ON CONSOLIDATION OF THE TWO
DEPARTMENTS. THIS PLAN MUST IDENTIFY ANY GENERAL
FUND SAVINGS THAT WOULD RESULT FROM THE
CONSOLIDATION. THE PLAN MUST BE PRESENTED TO THE
53RD LEGISLATURE.

12. Page C-19, line 25

Strike: THE DEPARTMENT OF AGRICULTURE IS DIRECTED TO
DEVELOP A PLAN IN CONJUNCTION WITH THE DEPARTMENT
OF LIVESTOCK ON CONSOLIDATION OF THE TWO
DEPARTMENTS. THIS

13. Page C-20, line 1

Strike: PLAN MUST IDENTIFY ANY GENERAL FUND SAVINGS THAT
WOULD RESULT FROM THE CONSOLIDATION. THE PLAN MUST
BE PRESENTED TO THE 53RD LEGISLATURE.

Third Reading Copy

July 13, 1992

AMEND HOUSE BILL 2
SPECIAL SESSION II

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 18
DATE 7/13/92
BILL NO. HB 2

Amend House Bill 2 as follows:

Page C-25 - Line 23

Strike: 93,627
(Remove entire line)

Adjust totals accordingly

This amendment removes the budget reduction line associated with the Montana Lottery. This line was inserted during action on HB 2 on the House floor.

Jacob

27,806,057

April 29, 1992

MONTANA LOTTERY'S FINANCIAL HISTORY

	FISCAL YEARS 1987+1988	FISCAL YEAR 1989	FISCAL YEAR 1990	FISCAL YEAR 1991	FY 1992 BUDGET	FY 1993 BUDGET
REVENUE						
Instant Ticket	\$25,503,264	\$11,644,061	\$11,613,728	\$8,170,377	\$9,000,000	\$9,500,000
Lotto*America			9,890,070	14,859,511	11,295,000	16,779,000
Montana Cash				901,490	5,707,000	6,735,000
License Fees	60,800	3,600	4,150	4,350	4,000	4,000
Interest Income			25,825	40,371	68,000	40,000
Other			5,987	9,880		
TOTAL REVENUE	\$25,564,064	\$11,647,661	\$21,539,760	\$23,985,979	\$26,074,000	\$33,058,000
EXPENSES						
Prizes - Instant Ticket	11,480,587	5,300,097	5,549,622	4,672,276	4,960,800	5,225,000
Prizes - On-line Games			4,639,706	6,986,546	7,650,900	11,622,300
Retailer Commissions	1,416,501	669,313	1,352,477	1,346,955	1,525,100	1,888,200
Ticket Cost - Instant Games	880,701	630,843	552,884	503,516	520,000	522,500
Ticket Cost - On-line Games			2,358,147	3,539,506	3,416,748	4,169,214
Total Cost of Ticket Revenue	\$13,777,789	\$6,600,253	\$14,452,836	\$17,048,799	\$18,073,548	\$23,427,214
Personal Services	1,171,161	905,375	919,490	966,940	1,115,045	
Advertising	654,784	231,536	779,968	622,030	642,596	
Other Services	702,908	219,375	319,623	309,563	367,915	
Amortization	168,080	179,289	204,747	198,341	189,944	
Depreciation	126,712	114,994	118,258	119,055	118,000	
Rent and Utilities	131,863	93,969	95,280	96,536	94,998	
Communications	138,711	64,193	67,710	73,970	73,867	
Repairs and Maintenance	93,831	76,313	83,709	77,878	84,356	
Management Service Fees	90,642	71,446	78,172	78,627	97,789	
Supplies and Materials	90,715	71,589	103,051	46,326	52,136	
Travel	83,863	35,877	41,706	35,053	39,446	
Audit Fees	53,990	53,293	45,044	58,711	60,000	
Other	42,556	16,061	35,491	22,033	22,204	
Multi-State Dues			25,788	33,807	33,040	
Total Operating Expenses	\$3,549,816	\$2,133,310	\$2,918,037	\$2,738,870	\$2,991,336	\$3,230,786
TOTAL EXPENSES	\$17,327,605	\$8,733,563	\$17,370,873	\$19,787,669	\$21,064,884	\$26,658,000
TRANSFERS	\$8,375,894	\$2,774,692	\$4,168,858	\$4,200,337	\$5,009,116	\$6,400,000
					<i>5,600,000 est.</i>	19.36%

Handwritten circled note: \$26,074,000

Handwritten circled note: 11.42%

Handwritten circled note: \$5,009,116

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Franklin
For
Senate Finance & Claims

Prepared by Lisa Smith
July 13, 1992

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 19
DATE 7/13/92
BILL NO. HB 2

1. Page D-1, line 25.

Strike: "737,251"

(General Fund, Fiscal 1993)

Insert: "937,251"

(General Fund, Fiscal 1993)

LFA will amend totals

This amendment restores funding for interlibrary loans.

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

*Franklin amendment
7/13/92
collected*

Date 7/13/92 Law Bill No. 2 Time _____

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

Lynn Staley
Secretary

Chairman

Motion: Franklin amendment motion
(Exhibit 19)

Carried

ROLL CALL VOTE

(Cont'd)

Exhibit # 19 HB 2
7/13/92

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

Fritz
7/13/92
Chairman

Date 7/13/92 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: Sen. Fritz amendment
D 4 line 19 restore \$ 22,636.

Carried

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Aklestad
For the Senate Finance and Claims Committee

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 20

DATE 7/13/92

BILL NO. HB 2

Prepared by Jim Haubein
July 13, 1992

1. Page D-5, line 16.
Strike: "20,858,830"
Insert: "20,831,920"

Deletes funding for 1.0 FTE in Board of Pardons.

ROLL CALL VOTE

Jergeson
Bd of Public
Education

SENATE COMMITTEE

FINANCE & CLAIMS

- Exhibit # 20a
7/13/92 HB 2

Date

7/13/92

House Bill No.

Bill No.

2

Time

NAME

YES

NO

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

Mr Stealey
Secretary

Chairman

Motion:

Sen Jergeson amendment
page E-9, strike lines 3 & 4 in
their entirety

Motion Failed

ROLL CALL VOTE (Cont'd)

Exhibit # 20a
7/13/92 HB 2

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 Bianchi
For Senate Finance and Claims

Prepared by Skip Culver
July 13, 1992

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 21

DATE 7/13/92

BILL NO. HB2

1. Page E-25, line 15.
Strike: "109,539"
Insert: "57,353"

LFA will amend totals

This amendment restores \$52,186 to the budget of the MSDB that was removed by the Cobb amendment on the House Floor.

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Bianchi
For the Committee on Finance and Claims

Prepared by Taryn Purdy
July 13, 1992

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 22
DATE 7/13/92
BILL NO. HB 2

1. Page E-12, line 21.

Strike: "14,986,881 9,665,958"

Insert: "15,504,308 9,148,531"

2. Page E-14, line 15.

Strike: "20,033,758 10,306,716"

Insert: "20,608,791 9,731,683"

3. Page E-16, line 6.

Strike: "3,320,949 2,133,825"

Insert: "3,411,274 2,043,500"

4. Page E-17, line 15.

Strike: "2,893,079 5,206,805"

Insert: "3,095,181 5,004,703"

5. Page E-19, line 4.

Strike: "2,669,051 1,847,556"

Insert: "2,764,317 1,752,290"

6. Page E-20, line 13.

Strike: "1,473,506 1,086,188"

Insert: "1,526,351 1,033,343"

7. Page E-21, following line 16.

Insert: "Included within current unrestricted funds (contained in the "other" column) to the six university units is the sum of \$11,887,000 in fiscal 1992 and \$12,131,000 in fiscal 1993 from revenue generated under the provisions of 20-25-423. The department of revenue shall levy the full 6 mills as authorized in 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds \$11,887,000 in fiscal 1992 and \$12,131,000 in fiscal 1993 is appropriated to the office of the commissioner of higher education for distribution to the university system and must be added by budget amendment by the board of regents in a manner so as to offset reductions in the university system appropriation in [this act] from the levels contained in The General Appropriations Act of 1991 and acts supplementary thereto."

ROLL CALL VOTE

Be...

SENATE COMMITTEE FINANCE & CLAIMS

Date 7/13/92 House Bill No. 2 Time _____

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

Lynn Staley
Secretary

Chairman

Motion: Sen. Bianchi amendment
(Exhibit 22)

Carried

GENERAL FUND REDUCTIONS - HIGHER EDUCATION

(Data are from Office of the Legislative Fiscal Analyst)

1991 Base for FY 1993	\$131,878,910
Removal of Student Asst & V.T. Bond Pmts	- 5,757,478
Adjusted Base FY 1993	\$126,121,432
Jan. Special Session Actions	- 8,582,718
	\$117,538,714
July 1992 House Actions	- 6,234,549
4% Reduction in Operations	= \$4,701,549
Loss of Millage	= \$1,533,000
Struck Budget Amendment Language on Millage	
Current Higher Education FY 1993 Base	\$111,304,165

Percentage Reductions to General Fund

January Special Session	- 6.80%
4% Reduction	-10.53%
Loss of Millage	-11.75%

Suggested Remedies

1. Restore Lost Millage of \$1,533,000
2. Restore Millage Language in place at end of January Special Session - page #-2 (HB 2)

Amendments to House Bill No. 2
Third Reading Copy

For the Senate Finance and Claims

Prepared by Taryn Purdy
July 13, 1992

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 24

DATE 7/13/92

BILL NO. HB 2

1. Page E-9, line 17.
Strike: "4,854,262"
Insert: "4,724,568"

This amendment reduces student assistance payments by \$129,694, which is a result of two factors: 1) the difference between actual WAMI payments due in fiscal 1993 and the budgeted level, minus \$100,000 due to the anticipated special session I recision; and 2) the total amount remaining in the fiscal 1992 appropriations at fiscal year end in the remaining student assistance programs, minus the anticipated special session I recision amounts.

Jump Funding

Table 1

Student Assistance – Total Budget Recision Commissioner of Higher Education

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 25
DATE 7/13/92
BILL NO. HB 2

	Total FY 92 Excess++	January 92 Sp Session+	Total	Special Session II
<u>General Fund</u>				
<u>Student Assistance</u>				
WAMI	161,909	(100,000)	61,909	
WICHE	55,584	(41,233)	14,351	
NDSL	17,198		17,198	
Work Study	32,206		32,206	
SEOG State Match	4,030		4,030	
 Total	 270,927		 129,694	
 <u>Other General Fund Programs</u> (Administration, Board of Regents, vo-ed administration)**		(12,687)		
 Total		 (\$153,920)		 \$53,952

+As allocated by CHE

++Assumes same level in fiscal 1993 as in fiscal 1992.

	Total	Percent
Total Current SpSess I and II	\$66,639	4.9%
Total SpSess I&II Plus Payout	\$174,639	12.8%
Assume SA Takes all I&II Reduce	\$108,000	7.9%
No Intent Lang/No Reduction in SA	\$44,945	3.3%

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Waterman
For the Senate Finance and Claims Committee

Prepared by Jim Haubein
July 13, 1992

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 26
DATE 7/13/92
BILL NO. HB 2

1. Title, line 9.
Strike: "AND"
Following: "OF 1991"
Insert: "SECTION 1, CHAPTER 1, LAWS OF 1991"

2. Page OA-7.
Following: line 23
Insert: "Section 7. Section 1, Chapter 1, Laws of 1991, is amended to read:

"Section 1. **Appropriation.** (1) The following amounts are appropriated from the general fund for fiscal years 1991, 1992, and 1993 for the operation of the 52nd legislature and costs of preparing for the 53rd legislature:

House of Representatives	\$2,388,301	<u>\$2,290,062</u>
Senate	\$1,467,689	<u>\$1,382,689</u>
Legislative Council	\$641,207	
Department of Administration	\$2,300	

(2) The appropriation to the department of administration is for additional personnel to provide capitol post-office service to the public during the regular session. The appropriation to the legislative council includes \$3,500 to reimburse the department of administration for costs associated with making the state's financial adviser available for consultation with the legislature."

Renumber: subsequent sections

This amendment makes the following reductions in the 1991 session feed bill:

House	\$98,239
Senate	85,000

Amendments to House Bill No. 2
Third Reading Copy

Requested by Senator Waterman
For the Senate Finance and Claims Committee

Prepared by Terri Perrigo
July 13, 1992

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 27

DATE 7/13/92

1. Title, line 9.

Following: "1991;"

Insert: "REPEALING SECTION 14, CHAPTER 13, SPECIAL LAWS OF
JANUARY 1992, AND CHAPTER 820, LAWS OF 1991;"

FILE NO. HB 2

2. Page OA-7.

Following: line 23

Insert: "Section 7. Repealer. Section 14, Chapter 13, Special
Laws of January 1992, and Chapter 820, Laws of 1991, are
repealed."

Renumber: subsequent sections

This amendment repeals legislation appropriating \$644,000 to the
department of commerce for the Lewis & Clark Interpretive Center.

Amendment to House Bill 2
Senate Finance and Claims
July 13, 1992

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 28
DATE 7/13/92
BILL NO. HB2

1. Page BP-4, line 11.
Following: "eduction"
Insert: ", but excluding the balance of the Montana university system,"
2. Page BP-4, line 12
Following: "5% of the"
Insert: "personal services"
3. Page BP-4, line 13
Following: "Authorized"
Strike: "employee"
Insert: "FTE and the budget of the"
4. Page BP-4, line 14
Following: "job"
Strike: "description"
Insert: "title"
5. Page BP-4, line 14
Following: "be"
Insert: "the same as"
6. Page BP-4, line 15
Following: "provided"
Strike: "to"
Insert: "by"

These technical amendments clarify and make workable for state agencies the intent of the reduction in personal services. Section 13 would read as follows after these amendments:

Reduction in personal services--exemption. Current funding level budget requests for the 1995 biennium submitted by each executive and legislative branch, and the commissioner of higher education, but excluding the balance of the Montana university system, submitted under Title 17, chapter 7, part 1, must include a reduction in personal services equivalent to 5% of the personal services amount specified in each agency's approved operating plan submitted under 17-7-138 for fiscal 1993, which plan reflects the appropriation changes made by the legislature during the January 1992 special session. Authorized FTE and the budget of the positions must be reduced to equal the percentage reduction in personal services. The job title, grade and budget for each position reduced must be the same as shown in each agency's fiscal 1994 and fiscal 1995 budget request package provided by the office of budget and program planning. Agencies with 20 or fewer FTEs are exempt from this section.

Amendments to House Bill No. 2
Third Reading Copy

Requested by Sen. Aklestad
For the Finance and Claims Committee

Prepared by David S. Niss
July 13, 1992

Aklestad
SENATE FINANCE AND CLAIMS
EXHIBIT NO. 29
DATE 7/13/92
BILL NO. HB 2

1. Page BP-4.

Following: line 15

Insert: "NEW SECTION. Section 14. Vacancy savings required.

(1) A budgeted position in an agency that was not filled on June 26, 1992, may not be filled in fiscal 1993, except:

(a) positions necessary for compliance with the order of a court;

(b) positions required to maintain certification or licensing of a state facility or institution, which certification or licensing is necessary for the receipt of federal money;

(c) positions in an agency comprised of 20 or fewer persons;

(d) positions in legislative agencies during legislative sessions; and

(e) positions in the Montana university system.

(2) A position not filled in accordance with subsection (1) and positions in the Montana university system unfilled on June 26, 1992, may not be included in the budget base for the 1994-95 biennium. The Montana university system shall include in its 1994-95 biennium budget a report identifying those positions not included in the budget base in accordance with this subsection."

Renumber: subsequent sections

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE & CLAIMS

Aklestad motion
carried

Date 7/13/92 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: Sen Aklestad motion
(Exhibit 29)

Carried

ROLL CALL VOTE

(Cont'd)

Exhibit # 29 HB 2_
7/13/92

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: _____

