

Chairman Brand called the meeting to order at 10:05 a.m., all members were present.

Hargesheimer submitted his summary, see attachment #1.

The Chairman announced that HB 181 and HJR 9 had been transferred, thus making it a rather brief hearing, hopefully.

HB 178-Rep. Harrington, sponsor--He stated that the intent of the bill should be clear by way of the title - which requires the Department of Justice to publish a pamphlet with fire protection requirements, including revisions, within 90 days after the end of each legislative session.

DAVE FISHER, Montana Volunteer Firemens' Asso.--Every fire chief and department would like a copy of these codes when we go on inspection. There is a fiscal note.

ART KORN, Volunteer Fire Departments--It is self-explanatory. The only way we could interpret the law was to go to an attorney, and we just need a uniform guide.

AL SAMPSON, Montana Firemens' Asso.--We would like to see the codes printed in a form that could be sent to all interested parties.

#### NO OPPONENTS

FEDA-How many copies would you have printed? KORN-There are 297 volunteer fire departments. RYAN-Are the copies made specifically for the fire departments, or will they be made available to the public free of charge? KORN-I think this is educational material that the public should be made aware of, but I doubt that they are really interested in fire codes. RYAN-The way the bill reads, I can see all of the schools, buildings, etc. wanting them. Don't they need a reference for the codes? KORN-I don't think the schools care much more than their drills.

HB 86-Rep. Kimble, sponsor--This is commonly called zero-based budgeting, and there are several ways to approach it. Essentially, it directs state agencies to determine their goals and processes. We currently have incremental budgeting, where you take last year's budget, and add a percentage - so that you automatically assume that the agency will continue to exist without any justification. Bureaucracies get bigger without getting any better. The legislature continues to fund them indefinitely without any results. Regardless of your viewpoint, it is stupid to put money in without any goals. This bill will create the mechanism by which we can get a handle on it. One of the frustrations I have had is that this government has no goals. This is essentially a planning program whereby you make agencies present a plan for themselves. If the goals are too expensive, you have a mechanism with which to find out why. Right now, you either accept it wholly or not at all. This way, we can achieve goals for government and allow legislators to participate in the goal setting. After two years you can see if agencies have met their goals. If not, you can cut them back. If they have, you can determine how well. You can eliminate the waste of costly programs. Its a way of saving money in programs that have to be continued. Regardless of your philosophy, we want to break the activities down into a program package, so you can look into all of the programs at all of their levels and see what they are doing. In our incremental budgeting we don't have the ability to peer in. This creates an efficiency in government that is evident in corporations like Texas Instruments, because decisions are made by way of finances.

ZACK STEVENS, Montana Farm Bureau--submitted written testimony, see attachment #2.

RON NEAR, Director of Management Systems, Office of the Commissioner of Higher Education--The concept expressed here is similar to a program outlined four years ago. We feel that the executive branch should be required to justify its existence.

FORREST BOLES, Montana Chamber of Commerce--We support the concept. 89% of our members favor zero-based budgeting.

BILL PALMER, Workmens' Compensation--The bill addresses only executive branch agencies, was this an omission?

DAVE LEWIS, Office of Budget & Program Planning--We support the concept, but have some problems. We have amendments. (see attachment #3)

DOYLE SAXBY, Deputy Director, Department of Administration--We support the concept, but we should be aware that this is not really a new system. PPBG agencies are already on a similar program - if you don't like the program, you cut it. Besides, you are evaluating programs on a line item basis. I prepare the budget for my office, and we had much more paper work involved this year - the program would require many additional people to implement.

KIMBLE--I have no objection to these statements. I have reasons not to understand this, these gentlemen don't - this is their field. John Hollow might object to Lewis' amendments. The executive branch is getting too large. There has to be a better system for budgeting the bureaucracy.

MEYER-Do you think this will add alot of staff to the department? KIMBLE-I feel they are already competent. Depending upon how many agencies you determine as having to be zero-based. I didn't want to kill it by mandating agencies. There will be staff problems, but I think the executive branch has enough people. The expenses of zero-basing will be more than offset by the savings. MULAR-Do you believe most of your goals are inflated? PALMER-Each program has a goal and objective. It is in the statute that you must have goals and objectives. What this says is that you must qualify these goals. KIMBLE-Obviously the executive branch is going to object to an 80% budget. There's an attitude presently that you spend all of your money now, or you don't get as much next year. This way, when appropriation bills appear on the floor, you have input into the goals, and some explanation so you can have a part in the process. Intervention assumptions are John Hollow's brainchild - you assume to intervene in the executive branch decision making process. TURNER-Who asked you to do this? KIMBLE-I understood the concept generally, and when the council was drafting bills, I directed them to draft a bill that would work for Montana. TURNER-What was the effect in Georgia? KIMBLE-There were contentions that the program did not save money. I am not sure how you would assess that. Texas Instruments used it very successfully. RYAN-Why do you think this would be more effective? KIMBLE-I have no conviction that the bureaucracy will perform any better, I think the goals are the most important part. What you basically do is set government on a course with this process. This is planning that the legislature can participate in. (Kimble presented a book by Peter Drucker about zero-based budgeting and stated that the Texas Instruments program was outlined in it.) TOWER-If all their money wasn't used, would they necessarily be cut completely? KIMBLE-There's a way to fund them at 150% or 50%. I would be open to any amendments as long as we fund agencies on performance.

## EXECUTIVE SESSION

HB 86-The Chairman announced that the bill would be held in order to consider all such bills in concert, and possibly come up with one bill.

HB 178-Mular moved to amend page 1, line 20; Following: "fire", Insert: "and sheriff"; and line 23; Following: "public", Strike: "without charge".

FEDA-We could print enough for each fire department and sheriff to have one, and if anyone wants one, they can xerox them.

The motion carried unanimously.

HB 123 and 124-Robbins moved to transfer the bills to Local Government, Meyer seconded, and the motion carried unanimously.

MEETING ADJOURNED - 11:45 a.m.

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Joe Brand, Chairman

*Anita C. Sierke*  
Anita C. Sierke, Secretary