

MINUTES OF THE JOINT MEETING OF
HOUSE APPROPRIATIONS COMMITTEE AND
SENATE FINANCE AND CLAIMS COMMITTEE
State Capitol, Governor's Reception Room

March 25, 1977

The joint meeting was called to order on the above date at 8:00 a.m. by Representative Bardanouve, Chairman. The Cochairman was Senator Thiessen. Roll call was taken with a quorum being present; see attached roll call sheets.

Representative Bardanouve commended the Subcommittee on Education for its hard work over many long hours and the careful consideration it gave to the budgets on Education. He introduced Representative Carroll South, Chairman of the Subcommittee on Education, who in turn introduced the committee members (Representatives Moore, Kvaalen and Halvorson and Senators Himsl and Fasbender) and Judy Rippingale, the fiscal analyst that worked with the committee.

Rep. South stated that this budget is under both the LFA and the Executive recommendations. The cost of living increases are in the budget; all state employees will be paid by the pay plan and the university employees will be under a separate plan. He reported on the actions taken by the subcommittee as follows: (see attachment A)

BOARD OF PUBLIC EDUCATION: Rep. South added that they appropriated money to the fire training school for rent so they may pay rent to the Vo-Tech Center; this is not general fund money.

OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION: In working this budget, they took into consideration that this office has not had a good scrutiny for many years. They reduced general funds and increased federal funding; and federal funds cannot be used towards some positions that they recommended deleting. They requested information from the OSPI several times, but did not get a response as to which positions cannot be funded with federal moneys; therefore, this is their proposal.

Senator Smith asked if this is a move to eliminate elected officials and give the responsibilities to an appointed board; Rep. South said that was not the intention. They had 160 employees and just added 60 more; none of them are on the pay plan.

There is no reflection of the present superintendent who just took office as she had no real input into this budget. Rep. South commented in response that he was disappointed that she did not come to the meetings more frequently; if she had a legitimate complaint, she should have been present for the meetings.

REGIONAL SERVICE CENTERS: They did not feel a justification to expand it in any way.

In response to a question from Rep. Gunderson, it was explained that the centers are in Glendive, Billings, Conrad, Belgrade and Missoula. They primarily serve rural districts but a study is needed to find out what the duties are.

Rep. South explained that these are under the board of trustees for the districts in which they are employed; they are not subject to the pay plan. The Superintendent's Office is not directly responsible for these centers. If H.B.612 passes and is signed by the Governor, Senator Regan pointed out, these employees will be put on the pay plan.

SCHOOL LUNCH PROGRAM: No additional information or questions.

SCHOOL TRANSPORTATION: There is a bill in Appropriations that would raise the reimbursement to .52 cents per mile for each year of the biennium.

The state matching requirement is 10%, Rep. South stated.

There is a significant increase because the prices have increased and additional districts are coming on to the program. Rep. Bardanoue said that 81% increase seems very high; but Rep. South said they did not see any drastic wrongs with spending that much because it would revert. If some districts want to come on, they could not if there was not enough money.

VOCATIONAL EDUCATION CENTERS: There is some disagreement to the federal rules and regulations regarding adult vocational education money; therefore, that topic was not addressed. This program is completely uncontrolled. The vo-ed centers increased fees because they were appropriated more money because of the enrollments. The budgets based on projected enrollments ran short of money and had to raise student fees to make for the difference in money. This budget does not recommend any increase because they could not justify it. The attitude of the centers was to give them the money and they will see what they can do with it. They felt that the best way to control this program is to keep the budget tight.

Rep. Marks asked if there was a proliferation of programs. Rep. South responded that there was not in and of itself; no one really had the information that could be evaluated. They just demanded new and expanded programs; the committee denied all new and expanded programs.

In response to another question from Rep. Marks, Rep. South said that they will not be closing any centers; these are set up by statute.

SECONDARY & OTHER VOCATIONAL EDUCATION: They have kept the budget tight and recommended saving general fund dollars, with the intention of the OSPI can rewrite the rules in a manner that is equitable and sensible, in two years it could be decided whether or not to appropriate the money.

In response to a question from Senator Smith, it was stated that now the system is not working and we cannot force those rules and regulations to be changed. This is just a poor system, Rep. South stated.

Senator Smith presented the testimony, see attachment B, and stated that general funds are necessary for secondary education. Rep. South did not think they were being punished; they were just given a limited amount of money.

Senator Smith continued that the programs cannot continue at the secondary level without funding; the ones that are making the reimbursements are being hurt.

Jon Krutar said that they recommended the secondary education funding basically at the current level. Rep. Lynch asked if they are still defending their recommendation; Mr. Krutar said Yes.

Rep. South said they felt that if new programs were going to be authorized, the money should be appropriated to them at the beginning when they need it. It should not be based on the teachers' salaries.

In response to a question from Senator Regan, Rep. South said that funding is about \$1.4 million over the biennium for this program. The federal dollars are not shown because they decided to appropriate to the five centers the same amount during the last two years and not change; that allows them the flexibility to use the money in anyway they choose. The federal funds are on the same percentage level as previously. This is the only program where the committee does not look at the federal funds; they go straight to the OSPI and are dispersed as they want.

Rep. Marks asked if there will be federal funding available to make up for the reduction of \$700,000 in two vo-tech budgets; not the entire amount, Rep. South said.

Senator Fasbender commented that the budget will be cut in general funds by 1/3 the first year and 2/3 the second year of this biennium. The amounts being cut are so insignificant that it would not affect the program.

Rep. Moore, for the information of the committee, read from PL 94-482, which was signed into effect in October 1976 and provides a simple one year extension of existing laws for easier transition of the new law. Federal grants are increasing to the states and we will be getting more federal dollars.

Senator Smith observed that some get over \$2,000 and when 50% of the general funds is cut, they did not even appropriate what is going to the secondary schools. After the legislature has closed, they could shift it all to the vo-tech centers. We don't know how much we are going to fund the schools' foundation program; a high percentage is not given to the secondary schools, he said.

Rep. South responded to the comments above by stating that the budget is a way of controlling local schools. Rep. Bardanouve felt that the legislature will have to show some control here or have a firm program to which they could appropriate the money. Rep. South explained that the OSPI is responsible for giving money to the districts but the districts can spend it in any way they choose; and that is the problem.

ADVISORY COUNCIL FOR VOCATIONAL EDUCATION: No additional information. This committee took no action on the adult basic education or the gifted and talented school programs.

MONTANA STATE LIBRARY COMMISSION: The state is obligated to appropriate \$317,000 a year to the state library program. If this is not met, they will not receive federal funds.

MONTANA HISTORICAL SOCIETY: In response to a question from Senator Story, Rep. South indicated that the Fish & Game budget would be decreased to reflect the addition of historical rangers under the Historical Society's budget. Dave Lewis, of the Budget Office, said this change was made because of new federal regulations that require a historian and archeologist under the historical society.

Rep. South indicated that there are 6-8 people for the magazine and merchandizing programs and 5 FTE for the Libby Dam project. The magazine and merchandizing programs will be self-serving; it is on a revolving account. They contract with the historical society to operate it. Since the Libby Dam project is a federal government dam site, the historical society has to contract to run an exhibit there.

MONTANA ARTS COUNCIL: The federal grants that the Council channels to the local governments amount to about \$400,000 a year.

SCHOOL FOR THE DEAF AND BLIND: There is no cost of living adjustment made here.

According to labor law, Rep. Bardanoue stated, the houseparents must be on 8 hour shifts. The children really identify with the houseparents, but the law forces us to go this way unless we go to a complete overtime program. Rep. Marks asked if the possibility of contracting these individuals had been checked into to get around the shift problem. The answer was that is what we have been doing but that is not legal either. Rep. South indicated that the 11 additional FTE are for houseparent positions and 1 FTE for a janitorial position.

Rep. Lynch suggested that the same thing could be applied to Boulder, Warm Springs and the other institutions.

This principal could kill the group home concept, Senator Smith felt.

UNIVERSITY SYSTEM: The cost of living adjustment is in this budget, but not in the Governor's. Rep. South explained that the Governor changed the analysis from the 1977 fiscal year to the 1976 fiscal year figures for every agency of state government except the university system. The committee appropriated what they felt was needed to do the job, but not too much more than that.

In response to a question from Rep. Lynch, it was explained that there has been a tentative agreement to draft up a pay plan for the university employees only.

The Governor, above and beyond everything else for the university system, included in the budget \$2.8 million for a discretionary fund for the board of regents, which they do not want. That would be reduced from the general fund.

The Governor under estimated the millage from the 6 mill levy by about \$2 million.

Rep. South commented that this was the year of education, as far as the university system's budget was concerned, and they had different rules set for them and their budgeting than the other state agencies.

Dave Lewis reported that this budget was not put together arbitrarily; a lot of thought and work was put into it. They felt the operating expenses were very tight before and, therefore, took the board of regents' recommendation. The discretionary fund of \$2.8 million was felt to be needed by the board of regents when the budget was put together. They were aware of the millage but used the figure because they knew they had to hold some money for the pay raises.

BOARD OF REGENTS: General Fund money should probably be used because if the tax relief bill passes, \$300,000 will have to be paid to offset the millage.

COMMISSIONER OF HIGHER EDUCATION: Rep. South said that the subcommittee would like the full committee to write a letter of intent to the board of regents when it is determined what the vital positions are. They authorized 19 positions and felt that some of those were vital and must be filled. They would like to designate at least four positions to fill.

STUDENT FINANCIAL ASSISTANCE: WICHE has asked to have the dues increased to \$39,000 a year, but this was not included because it was heavy with too many administrators and too many high salaries. The Governor's Office will recommend that we appropriate \$28,000 and \$11,000 per year and leave to the discretion of the Governor the amount paid for dues depending on what the other western states do.

WAMI alone has 80 students in the medical program on a 4 year basis, 20 per year to Bozeman for the first year and then to the University of Washington medical school. WICHE is made up of medical, podiatry, veterinary and dental hygiene students; all the costs are increasing.

There is a need for funds to match federal dollars for student assistant programs. It is an 87% increase with \$1,443,600 for 1978 and \$1,275,800 for 1979.

Rep. Bardanoue said that he sometimes questions this program and wonders if this money were put into education in our own university system, if we would probably receive more benefit from educating children in Montana rather than educating a few that rarely ever return to Montana.

Rep. Moore responded that under WICHE, out of the first 103 medical students that went to schools in other states, only 4 returned to the state to practice. Under WAMI, 60% return to Montana and many go to the rural areas.

Senator Himsl felt the health care of the state would be quite poor if our health care services were from Montana only. There is a problem with specialized education in this state. Senator Regan said that a vet. school would cost over \$50 million to start. Rep. Halvorson felt it is provincial to assume that we could set up these educational areas. Our students go out of state because we don't have the facilities, and we do receive a great deal back in proportion to what is spent. Senator Thiessen agreed with these sentiments and is opposed to expansion of the WICHE program.

COMMUNITY COLLEGES: Currently the law in Montana requires that the community colleges be funded at 65% of the regent's budget; this is totally unrealistic, Rep. South stated. They funded at 65% of what they felt would be needed exclusive of the federal dollars. They funded from 1976 expenditures and 8% increase for 1978 and 4% for 1979. There is some capital investment each year; COLA increases will be done like the university system and state employees.

There was a brief discussion over the rate of increase in the budget. The same guidelines were used as with the other budgets. The student: teacher ratio was 18:1 at all schools.

UNIVERSITIES AND COLLEGES: From the actual 1976 expenditures, they applied 8% increase for 1978 and 4% increase for 1979 in operating expenses; and 10% for 1978 and 6% for 1979 in capital expenditures. Then they went back and made adjustments at all the units. The average salaries are in line with other state institutions that are comparable. It was explained that UM and MSU are Category I schools; Eastern, Western and Northern Montana Colleges are Category II schools; and Montana Tech. is 45% Category I because of the engineering factor and 55% Category II. The Category I schools have more faculty at the professor and associate professor levels than the Category II schools and they pay higher in salaries.

In comparing the courses and fees UM was \$1400 in 1972 per student and \$2522 now; MSU was \$1543 in 1972 and about \$2100 now. All other factors are consistent. UM has not let any support staff go; and adjustments were made so UM would be \$132,000 less in the first year of the biennium and \$268,602 in the second year. MSU would receive an additional \$152,215 in 1978 and \$313,529 in 1979 because they have experienced a lot of growth and additional support staff. The regents have raised fees and have decided that student activity fees will no longer be used for athletic money; general funds will go to the intercollegiate athletic programs.

In response to a question, Rep. South explained that the budget was built totally disregarding the amount of student fees, and they felt it was a fair budget. The committee's intent was not to offset the general fund with student fee money

Senator Roberts asked what the rationale was behind putting general fund money into the intercollegiate athletics and how much they are talking about. Rep. South said that when the fees are raised the cost of scholarships also go up along with other costs. He stated that the campuses would receive: Northern: \$24,000; Western: \$12,265; Eastern: \$94,880; Montana Tech.: \$26,170; MSU: \$90,000; UM: \$50,000 because their students had not been participating as on the other campuses. Rep. South added that he did not give the amounts that are already being paid by the state. He felt the board of regents made a good decision to raise student fees and in doing that they asked that no student fees be paid for the athletic program. Rep. Bardanoue said that maybe the students were trying to tell us something. Senator Regan said that is exactly the point; why don't we listen to them. Rep. South responded that there is a constitutional problem with the board of regents. If we don't program it in, there is nothing to prevent them from taking it out of another area; we just don't have that kind of control. Senator

Regan said that the regents have that kind of power but if their order of priorities is a football team over a law school, we support a system that is wrong.

In response to another question from Senator Roberts, Rep. South said that we must consider how many fee waivers are being granted to athletes; at UM and MSU they also pay for room and board in order to obtain good athletes. Senator Roberts asked if the funding was quid pro quo with the board of regents; Rep. South said no, they had no agreements with the regents. Senator Fasbender indicated that this was done to establish some kind of consistency on the budgets. Senator Regan felt that the students should be commended for their academic achievement rather than have "paid gladiators" being recognized.

In response to a question from Rep. Kvaalen, Rep. South said that the student activity fee goes toward all activities; the student matriculation fee could also be considered to be general fund money.

Senator Himsl felt this was a philosophical, as well as legal, issue. He felt the regents did the right thing in establishing uniformity. He said that when student fees go across the table, these are state funds, according to an Attorney General opinion. He felt we were discussing something we have no control over; the board of regents can do whatever they wish with this so we should be concerned with the bottom line figure only.

Rep. Bardanouve asked about the computer at Montana Tech and was told that they felt it was justified because they had just paid for the one at Eastern Montana College.

Rep. Bradley asked if all the enrollment figures were using full-time student figures only. It was explained that part-time, undergraduate and graduate students were all weighted in the calculations. The student faculty ratio two years ago was recommended for MSU and UM at 20:1.

There was a brief discussion of the pay plan for the university system employees.

Senator Regan stated she felt that Eastern is being penalized because of the student faculty ratio recommendations. Rep. South said that the Regents recommended 19:1 because that is what was bargained for; the committee did not feel bound by that. Over the last 8 years, Eastern was at 20:1 ratio.

COOPERATIVE EXTENSION SERVICE: Rep. Marks asked for some coordinations in order to avoid duplications of services and work.

AGRICULTURAL EXPERIMENT STATION: There was a discussion on the increase of FTEs because two years ago the budget did not show the U.S. ranger station in Miles City; it was a restricted fund. Now it is a semi-revolving fund and is shown on the 1979 budget. The federal government owns the facility and the state runs livestock on it and tests it and then sells it. This has been self-supporting. The confusions were because the LFA recommended that the range station remain in a restricted account; the committee recommended some new programs but the LFA did not. Rep. Bardanouve said that the LFA does not recommend programs to be added; that is a function of the legislature and not the LFA they feel.

BUREAU OF MINES: They did not specify any FTE for the ground water study in the subcommittee recommendations; they were there last year but not specified in this year's budget.

Senator Smith felt there should not be a cut in FTEs with the emphasis on more mining and gas and oil studies. The moneys were appropriated but the FTEs did not show in this budget, but the increase is for one FTE, Rep. South explained.

FOUNDATION PROGRAM: (This is not on the committee's Summary.) Rep. Bardanouve indicated that it has not yet been resolved if the program's moneys will be put here. The committee's recommendations were different than the Governor's but will all be discussed at another time.

The committee meeting was then opened for witnesses and the following people testified:

BOARD OF PUBLIC EDUCATION: Mr. Larry Keys from the Board of Public Education asked what the percentage of increase is for the fire academy. Rep. South explained that they pulled their recommendation right out of the Governor's budget. It would be \$247,000 for the biennium without rent. The office for the assist would be furnished at the office of the Commissioner of Higher Education; they will be rent free.

OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION: Bob Stockton of the OSPI spoke as a representative for Superintendent Rice who is out of town. He indicated that their budget was under the guidelines of the executive budget but a substantial decrease is recommended by the LFA.

Bill Byars, Manager of the Accounting Services in the OSPI, discussed the cuts made in their budget. He indicated that they did not revise the budget request when Ms. Rice took office. Some of the positions that were deleted were for programs they had expected to end but did not; there is a shortage there. He stated they request 8.4 FTE added to their original request, which will bring them in line with the LFA recommendation. There were some issues not discussed initially because of the newness of the staff; and these areas have come to be of great concern for them now. He also mentioned that certain fines collected by their office must go to the driver education program.

Bill Cunneen, for the Adult Basic Education programs, requested that serious consideration be made to putting funds into this program. They cannot keep up with inflation and increased enrollment with the present funds; and they will not be able to serve the citizens of the state without additional funding. That money will not replace local or federal funds, but only allow people to get adult literary training. There are over 100,000 people in this state with less than a high school level of education; in an age of technocracy they are at a distinct disadvantage.

REGIONAL SERVICE CENTERS: Bob Stockton, of the OSPI, explained that they had contracted with school districts to handle the money fiscally. The contracts were signed by the boards of trustees to operate the programs. The problems came up because these contracts were with the

school districts but the teachers were serving the rural areas. By the fourth year there was a problem with the issue of tenure for the teachers; therefore, the school districts did not want to be contracted. In the last session, it was put under this office and managed from there. These teachers are now negotiating with the Department of Administration on their salaries.

SCHOOL LUNCH: No witnesses

SCHOOL TRANSPORTATION: No witnesses

VOCATIONAL EDUCATION CENTERS: No witnesses

SECONDARY & OTHER VOCATIONAL EDUCATION: Gordon Warner said they are aware there are some problems with vocational education, but it is not all wrong. He asked that their budget not be decreased. He read from a letter from the Denver offices saying that they cannot spend less in state money than was spent in 1974 and 1975 in order to get the federal grant. They will be short there if they do not have a large appropriation. He further explained that they have a 5.8% cost on the administrative services; compared to 9%-11% for neighboring states. The funding will make a very definite impact on those schools that depend on that money. In response to a question from Rep. Estenson, Mr. Warner said that there are several differences under the new law, which will take effect in November 1977: there must be a planning council of 10 members from 10 specific areas and they must hold a number of public hearings throughout the state. They will have to have a one year plan and a five year plan, etc.

ADVISORY COUNCIL ON VOCATIONAL EDUCATION: No witnesses.

MONTANA STATE LIBRARY COMMISSION: Mr. Conklin from this Commission said there would be a shift of federal funds only which would come before the subcommittee.

MONTANA HISTORICAL SOCIETY: No witnesses.

MONTANA ARTS COUNCIL: No witnesses.

SCHOOL FOR THE DEAF AND BLIND: No witnesses.

✓UNIVERSITY SYSTEM: Ted James, Chairman of the Board of Regents, congratulated the committee for a very fair and conscientious job; however they feel uncomfortable with the figures. He is aware that the Regents will have to make some changes and rearrangements and the changes at the universities will necessitate some other changes.

Mr. Thomas of the Budget Committee for the Board of Regents indicated appreciation for the fair and thorough treatment the committee gave them. However, the budget presented is harsh in two areas: 1) It is harsh for the universities (UM and MSU); this will cut UM to cut back on 120 staff, half of which would be faculty positions. They are prepared to handle some but not all of those, without hurting the students. 2) The athletic question. While this is a small part of the budget, they have spent about one year examining this. They started state funding to ensure stability of the programs. At some of the schools'

units the students are being put at a disadvantage. This plan was to restore some equity. This was not intended to be a pro-athletic decision, just taking over what already exists.

Larry Pettit, Office of the Commissioner of Higher Education, reiterated the above comments. He explained how they came up with the request for the regents and asked to have another opportunity to meet with the subcommittee to review the recommendations.

Dr. Bowers, President of University of Montana, said they are not going to close any doors. He indicated they are gravely concerned with the base budget cut in personnel. They cannot go along with the committee's recommendations and requested another opportunity to discuss this issue. He made several points along these lines: 1) Their enrollment did decrease by 400 this year; but it went up in the previous year. They project an increase in the following year. 2) He explained how the enrollment figures used do not reflect an accurate picture of their situation and why it should be changed, especially as it relates to the social work program. 3) They feel continuing education is worthwhile and should be included in the budget. They have a large and a growing enrollment in this area. 4) Their offering of extension courses on campus has benefited the students and members of the community but it is hurting their enrollment figures, and therefore their budget. Further, he carefully explained the situation at the Law School. (This was also carefully covered in the subcommittee hearings.) They have been fighting making the changes recommended by the American Bar Association; but if they lose the fight, it is the students (past and present) who will suffer.

Dr. McIntosh, President of MSU, stated that they need time to work with the committee further. They must work out the number of FTE they can have, as well as the student-faculty ratio. If they have to operate with a ratio higher than 19:1 they will have to reduce some programs and make changes in some of the clinical programs, such as nursing which has and needs a ratio of about 9:1.

Dr. John Van de Wetering from Eastern Montana College stated that the student faculty ratio concerns them also. They feel they will be hurt by the 19.6:1 ratio and would prefer the 19:1 ratio originally proposed by the Board of Regents. They also are concerned with the staffing pattern established by the committee. If they are funded at 90%, they don't have the sources to restructure during the next biennium and request a 96% funding, which is the national estimation.

Dr. Fred DeMoney, President of Montana Tech., discussed the computer for that college and thanked the committee for the budget for the remaining payments. He stressed one point which is a key to the budget rational for this campus. Montana Tech is a unique institution as it is a national and international resource. There are only three schools similar to it in the country. This greatly affects the faculty salary structure. They pay higher than other units because others had to staff with engineering and technical professors. Engineering is 50% of the total enrollment and 45% of the total faculty. While they are higher in salaries compared to other Montana schools, they are below the national average for this type of faculty. Must also be considered that their enrollment has increased by 35% in the last biennium.

Koehler Stout, Acting Dean at Montana Tech., also addressed the issue of the uniqueness of this institution. Their primary function is to train people to serve in the mineral industry which is over \$1.3 million industry and has exceeded the agricultural industry. The young people of the country are responding to the needs of the country by enrolling in these special colleges. Qualified people are hard to find and money is required to hire them. They need more money in order to keep their present faculty.

Ted Delaney of the University of Montana and nine other individuals stood in support of the University from the business community there. They strongly urged the recommendation of a budget that would meet the needs of the campus.

Dr. George Bundy, President of Western Montana College, also expressed appreciation to the committee for its hard work, etc. They would again like to consult with the subcommittee regarding their budget. He said that athletics is not a major issue for them, until it comes to the point where money comes out of other programs for that purpose. The institution would be penalized if the students chose to put less in their activity fees. He stated that if the committee adheres to the principals of supporting athletics from the budget then there should be greater equity involved. The two universities should be the same amount because they are in the same conference and the other campuses should also be the same amount of funding because they too are in the same conference.

Warren Gardner of Northern Montana College spoke on behalf of President Leach stating that the college is growing and that has been recognized by the committee here. But their data processing needs are growing and their operating expenses budget should be expanded. They are reserving the right to meet again with the subcommittee.

Ms. Ellison, spoke on behalf of the Montana Student Lobby, said that the subcommittee did have the quality of education for the students in mind in considering the budget. She presented two requests: 1) Now at EMC, \$120,000 per year is being used from student building fees for painting and maintaining the physical education facility; they feel this should be from the general operating fund and request this change. 2) They would also like to see a state student work-study program. Something must be done for the students who are having financial problems; this is a way in which jobs could be provided for students who desire to work and need the money. The employer could pay 30%, or it could be negotiated by the Office of the Commissioner of Higher Education. This is not a fellowship or scholarship program but a work program.

Blake Wordal of the Governor's Office submitted the attached request. (See attachment C)

EXTENSION SERVICE: Mr. Carl Hoffman from the extension service indicated that they presented their "case" at the hearing on February 11. This budget provides less support than any other state in the nation, on a county basis; however, on a per capita basis we were much more than the average with our rural population much above the average. Of 11 areas in which they requested support, only 4 are recommended. He

briefly explained these four programs: entomology, plant, dairy, and community development. In the last session the attempt was made to bring Montana up to the Western states' average in this field; in this fiscal year they have again lost ground with this budget. He requested to have another meeting with the subcommittee.

Jack Iman presented the attached letter (attachment D) in support.

The following letters were also presented in support:

Bob Deaton, Chairman, BitterRoot Resource Cons. & Dev. Project (E)
Dave Huls, Corvallis, Montana (Attachment F)
John Badgley, President, Institute of the Rockies (Attachment G)
Bill Kearns, Vice President, State Bank of Townsend (Attachment H)
Lois S. Tonne, Geraldine, Montana (Attachment I)
James Bermes, Molt, Montana (Attachment J)
Glennadene Ferrell, Lake County Superintendent of Schools (Attach. K)
Marcia Staigmiller, Montana Leadership Development Ass'n. (Attach. L)

Betty Boetger, also stated her support for the KEEP program.

AGRICULTURAL EXPERIMENTAL STATION: Bill Osmosen, Director of the project in Bozeman, discussed the Miles City station again and stated that this had been thoroughly discussed in the subcommittee. They would like the opportunity to review the budget recommendation further.

Bill Otton, Supervisor of the Missoula control office, drew attention to the budget for entomology and weed control research. In western Montana there is a problem with noxious weeds that must be handled. In order to allow the program to continue beyond July 1977 they are requesting an experimental substation and funding.

Ms. Carrie Day of Missoula also spoke in support of the weed control office for the entomology program.

Entomologist Jim M. Story submitted the attached testimony and report in support of this program. (Attachment M)

BUREAU OF MINES: Dr. Sid Groff, Director of the Bureau of Mines and Geology discussed the functions and operations of this Bureau, which is 10% mineral and 90% geological. He emphasized the importance of the mineral industry to Montana and stated that the mineral and agricultural industries are interdependent. The subcommittee did not give them enough money to do the work desperately needed during the next biennium. If they don't do the work now, it will cost the people in the state far more later. He presented the attached budget proposal (attachment N).

Jim Mackle, Supervisor of the fire services training, explained that they have 3 full time instructors and 5 part time training fire fighters throughout the state. The volunteers are required to take 30 hours of training each year. They narrowed their request to 6 instructors to improve the program. They trained 2300 volunteers in 425 fire depts throughout the state; and need more money to continue.

The meeting adjourned at 1:00 p.m.

MINUTES OF THE APPROPRIATIONS COMMITTEE
HOUSE OF REPRESENTATIVES
State Capitol, Room 225

March 25, 1977

The Chairman called the meeting to order at 7:05. Roll call was taken, and a quorum was present. Roll call attached. Also present were Dave Lewis, Office of Budget and Program Planning, and John LaFaver, Legislative Fiscal Analyst.

The Chairman explained that Mr. LaFaver had prepared a Summary of Fiscal Status-Recurring Expenses, which would give us an indication of where we stand. This summary was distributed to the committee, and discussed. (Attached)

Mr. LaFaver explained the summary, stating that as of the subcommittee action reported this afternoon, the reports total \$415 million. All moneys being discussed in this summary are general funds.

The Executive Pay Plan (H.B. 834) is \$7.3 million.

The next three items on the attachment (Data Processing, OB&PP; Governor's Travel-Bradley estimate; and Economic Development proposal at \$300,000; \$142,800; and \$259,250) are presented to the full committee, but not acted on in terms of dollar amounts. Data processing was recommended by the subcommittee. Governor's travel and EDP are not in the elected officials budget, Mr. LaFaver explained.

The Legislative Agency Pay Plan (Est.) (\$153,000) is an estimate Mr. LaFaver made with assistance of other legislative agencies as to what it would cost to pay the legislature the same as the executive.

The total at this point is \$424,145,481. Recurring appropriation bills alive in committees now raise this total to \$443,074,80.

Other negative fiscal impact, items requiring spending, but not appropriated, raise the total to \$569,492,505.

The Executive estimate of available funds is \$418,200,000; the LaFaver estimate of available funds is \$415,100,000.

The Chairman noted that as of this point we have spent \$6 million over the executive estimate, and \$9 million over the fiscal analyst's estimate of available funds. And we haven't yet gotten into the appropriation bills; it looks like we will have to do some chopping in subcommittees, he noted.

Questions:

Rep. Bradley asked concerning the travel estimate on the attachment; Mr. LaFaver explained the figure is his understanding of what Rep. Bradley estimated should be appropriated to the executive for

travel; they asked for \$80,000 per year; my impression was you were recommending a lower figure than that, Mr. LaFaver commented.

Rep. Bradley questioned the EDP figure; does the figure you are questioning include the state match, Mr. LaFaver asked? Rep. Bradley replied no; and Mr. LaFaver explained that the figure on the summary includes the whole thing.

Governor's travel was discussed further. Use of the Dept. of Community Affairs plane without charge was discussed; this has built up a deficit. Funds would now be appropriated for travel and he will pay like everyone else.

Supplementals were discussed; the summary does not include supplementals; they do not come out of general fund income, but out of the surplus and anticipated reversions.

Mr. LaFaver was asked to clarify "negative fiscal impact"; this is legislation that would cost something but is not appropriated; or legislation that would cut taxes; it can be offset by a bill that would lower expenditures or increase taxes.

Rep. South asked concerning the difference in estimated funds between executive and LFA; \$3 million difference. LFA is that amount under the executive.

Rep. Ellis asked concerning estimated reversions; are they hard to pick up? Mr. LaFaver replied they are; about 2% is the average.

The Chairman stated he would hate to come before the House with this package which is over both the executive and the LFA. Rep. Kvaalen noted that this had been considered in their subcommittee; that this might occur. We should take a percentage off across the board of all agencies, he said.

Chairman Bardanoue commented a better way would be to look for marginal or soft areas that had been funded and cut these. Could the subcommittees meet with the LFA tomorrow and recommend areas that could be cut so we could balance this figure, he asked?

Mr. LaFaver stated the staff would talk these areas over with the subcommittees; he believes the subcommittees are more aware of these items than his staff would be.

The foundation program was discussed, and the funding proposed for the Homestead Tax Relief Act. Rep. South asked concerning the amount of the surplus; it is approximately \$47 million.

Then even including the HTRA, isn't there \$5 million there we could spend, and still have a surplus, Rep. South asked.

Mr. LaFaver answered that is what is being proposed for construction; the executive is planning to appropriate \$6.2 million.

Rep. Moore commented he felt uncomfortable coming down to a \$12.5 million surplus; I think we should keep \$25 million; we don't know what is going to happen in the state. There is a large increase in the SRS budget. We don't have more taxpayers moving into the state, but everything else goes up, Rep. Moore stated.

Rep. Lynch asked what areas are the subcommittees over the budget; Mr. LaFaver replied that every committee report shows some areas.

The Chairman commented that we agreed to hold this budget at the \$415 million figure; I think that is what we should present to the House; we should hold this as a committee to that, and if the other members want to increase it, they can do it. This was agreed to in caucus by a majority, he concluded.

Discussion was had on the caucus; \$415 million seemed to be what had been agreed by both parties.

Rep. Lynch asked what are we over in general funds above the executive in each subcommittee.

Mr. LaFaver explained the elected official subcommittee by fiscal year:

1978: subcommittee - \$27.9 million	1979: subcommittee - \$28.2 million
executive - \$27.9 million	executive - \$27.6 million

\$600,000 over the executive for the biennium.

Mr. LaFaver noted that one item needs to be explained; a big reason why that subcommittee is over is because of retirement pay for highway patrolmen, which in the past has been paid from earmarked revenue, and now is paid from general funds.

Rep. Lynch commented that overall, that subcommittee is under about \$400,000 in actual dollars; Mr. LaFaver agreed.

The other subcommittees are as follows, Mr. LaFaver explained:

Institutions:

78 - subcommittee \$39.3	79 - subcommittee \$41.1
executive \$37.9	executive \$38.5

This is mostly in the prison and the mental health centers; and Boulder.

Agencies II: (biennium)

subcommittee - \$79.8
executive - \$83.1

Agencies I: (biennium)

subcommittee - \$15.1

executive - \$15.7

Education: (biennium)

subcommittee - \$183.0

executive - \$175.3

This includes the foundation program.

Regarding the executive budget, Mr. LaFaver noted, they need the money to come up with the appraisals; they are using the higher reappraisal figures for the biennium which means they have \$4 million more to fund their schedules. We can't count on that revenue now.

Rep. Lynch commented that the executive has found some extra money and that some is available; he would like to know if it is.

Mr. Lewis replied that a letter was written listing and identifying sources of revenue, particularly for the prison. The subcommittee budgets are livable, Mr. Lewis commented.

The Governor has cut some projects to make money available for the prison, Rep. South commented.

There was considerable discussion on whether there was more money available, and as to the source of the funds which the governor had identified. More discussion was held on the prison, and the foundation program.

Mental health funding was discussed. Rep. Gerke noted that people have been taken out of the institutions and money has to be given to the communities; the program won't work if it isn't funded for care in the communities.

Special education moneys and vo-ed programs were discussed. There is a strong feeling there is no handle on the special ed moneys.

The Chairman asked again that the subcommittees go back and look at their budgets; some areas suggested for cuts might be \$200,000 to conservation districts - perhaps that is not vital. The new prosecutors program perhaps could be looked at; mental health is getting a big amount. There is nothing sacred about the figures you brought in, the Chairman commented; if you can't cut, fine; but there are some programs that could be worked to produce some savings.

The Chairman stated there is one other thing to be considered; when Rep. Kimble appeared before the committee some time ago he commented that we as a committee spent every dollar available in the budget,

and at the end of the session we say there isn't one dollar left for anyone else to spend. I agree this is wrong, the Chairman commented. Are we so arbitrary that we have to decide how every dollar is spent? We should leave something for others to spend.

Rep. Gerke agreed, and noted that we should get this in as good a shape as we can; we probably couldn't get our budgets through the House if we aren't satisfied with them, he concluded.

The Committee will meet Monday, at 8:00 a.m.

Meeting adjourned at 9:30 p.m.

FRANCIS BARDANOUVE, Chairman