

MINUTES OF THE MEETING OF
HOUSE APPROPRIATIONS SUBCOMMITTEE ON ELECTED OFFICIALS
MONTANA HOUSE OF REPRESENTATIVES

January 13, 1977

8:00 a.m.

Secretary of State's Office
State Capitol Building

The meeting was called to order by Chairman Lynch with all members present. Secretary of State Frank Murray, Chief Deputy JoAnn Woodgerd and Corporation Deputy Leonard C. Larson were present for the hearing on the budget for the Office of the Secretary of State.

Mr. Gosnell indicated there is a difference between the Executive Budget and the LFA Recommendation of approximately \$15,000, which includes approximately \$5,000 in wages and \$10,000 in various operating costs. (The LFA recommends about \$8,000 less in 1978 and \$7,200 less in 1979.) Mrs. Woodgerd indicated that the Office "could live" with the recommended budget. They have requested two additional employees and they feel they cannot do the work required of them without at least one additional full-time employee at a grade 7 or 8. There is some equipment that will need to be replaced with the allotted funds. Chairman Lynch said that burdens are continually being added to the Secretary of State's office and there has never been any "fat" on their budget.

Secretary Murray, in explaining their need for additional funds and staff, said that his Office has always been shorthanded but now, in accord with federal regulations, employees cannot work overtime without compensation. Also the workload relating to corporations has increased about 100%. Mr. Larson reported that in 1967 a survey found the Secretary Murray had filed more documents than any previous Secretary of State and now it would probably show four times as many documents filed. He feels they are reaching a crisis situation, which will only grow worse without additional staff. The Office of the Secretary of State has been very fortunate in having an outstanding staff; but if any personnel were to leave, retraining would create a great problem in the Office. Secretary Murray stated they "need two FTEs but can live with one."

Representative Lynch brought up the issue of adding the administrative code function to the Secretary of State's office, as it cannot be a legislative function. This function would receive two FTEs and Mr. Gosnell suggested the possibility of using a "line item" budget which would insure that the operating budget of the Secretary of State's office would not be affected if the administrative code costs were in excess of the funds budgeted.

In response to a question by Senator Regan, Mrs. Woodgerd said that the new FTEs would be picking up routine duties in the office. She said that there will be additional expenses in any new system but they want to insure that the current problems are solved with a system that will last for 50 years. The first step would be in microfilming records. Because no one else in Montana performs the same functions as the Secretary of State, they have to go to other states and see what they are doing and what systems they are using. Some agencies have been very helpful with little or no expense to our State. Senator Regan asked if, assuming a new system is initiated, their office would become more automated? Mrs. Woodgerd responded that presently almost everything is done by hand and a new system would probably mean more automation, but that additional staff as well as a new system is needed. They are checking with other record management groups about systems and equipment being used.

Deputy Director for Budget David Lewis asked that the Executive Supplemental Budget (HB 143) be discussed. Mrs. Woodgerd explained that, as far as she knew, the budget was at \$40,480. They need about \$9,500 in salary, mainly due to reclassifications and retirement benefits they had to pay which amounted to over \$8,000; they may have another retirement this next year for an employee with an extended period of service and possibly more retirees within the next few years. Publication costs of the voter pamphlet ran about \$24,000 more than they expected, primarily because of late bills and initiatives and the need to pay the printers overtime pay to get the pamphlet by the date required by law. There were also travel expenses in the amount of \$80 that nobody felt they had the authority to pay and, therefore, are still outstanding. Additional costs included in this budget request are for administrative code costs, data processing costs, and rent for office space in the Diane Apartment Building.

The meeting recessed at 8:35 a.m. and reconvened at 9:10 a.m. in room 428A, State Capitol Building. Mrs. Dorris R. Dietzen, Commissioner for Montana Administrative Code from the Secretary of State's office, was present to discuss the computer administrative code system. She described it as currently being a looseleaf system which has increased in size from 8 volumes to 20 volumes, which is intended to be updated on a monthly basis. However, she has found that it has not been regularly updated and, therefore, is not a very reliable system. The recodification of revised codes makes it important to revise the publication of the administrative code, but it would be too costly to put the code out in either soft or hard covered volumes. They would carry the present system and make revisions and recodifications as needed. This program is not in the budget proposed but in a supplemental budget which has been submitted to the Administrative Code Committee for their review. This budget would enable the revisions/recodifications to start this year. Mrs. Dietzen reported it has generally been agreed upon by the agencies that it would be best to have the recodification done in a centralized office. HB 77 will provide for agencies to be charged for printing and postage costs involved, but other expenses would have to come from the budget of the Secretary of State. In order to prepare for recodification, it is

important to have the code accurate. They propose the use of mag cards which would make it possible to make revisions faster and easier. The recodification itself would not start until about 1979; this process proposed will just be in preparation for the recodification.

The total addition of the Secretary of State's budget for the specific purpose of the administrative code would be for 9 FTEs in the next biennium. There would be four added next year and five the following, bringing the present total of 2 FTEs to 11 FTEs in the next biennium.

Representative John Scully, Chairman of the Administrative Code Committee, stated that the mag card system would be less expensive than either the present system or a computer system and that it would enable changes/revisions to be made automatically. He feels that the mag card system is the best solution to the problem.

Chairman Lynch said he felt as though a subdivision of the Secretary of State's office was being created by adding these 9 extra FTEs. In response Mrs. Dietzen indicated the number would be cut back after the recodification was completed. Representative Scully wants to make sure the number of FTEs will be reduced later and stated that he will check into the space problem.

Senator Regan stated that she has very serious reservations about the program. She asked if the request for these FTEs and this work was submitted to the Governor, and if so why was it not included in the budget. Mrs. Dietzen related how she explained the program and their needs to the Governor's office and later was told that it was going to be "thrown out because the Governor considered it an additional program." However, she says that law requires this be done now. She was eventually informed that the Governor's budget would include only the salary and expenses for the work currently being performed, rent and telephone expenses and would not allow for the new program.

Mr. Lewis responded that as a general principal they held most State agencies to the current level of operation. They weren't sure what would happen to the program, although they felt it would be done. Representative Scully indicated the Administrative Code Committee didn't get involved in the issue until there was already a problem with the budget.

Chairman Lynch pointed out that the Committee is talking about more than 1/2 million dollars and not only \$54,000 as they had thought. Mr. Gosnell will schedule another meeting to work out more of these problems in a few weeks.

At 9:50 a.m. Mr. John Hanson, Commissioner of Campaign Finances and Practices, addressed the Committee regarding the budget request for his office. He distributed a summary of their position on their '78 - '79 Biennium Budget Request with 15 pages of supporting and explanatory documents attached. The summary is attached to these minutes for information. The material was explained and discussed with the Committee. Mr. Hanson added that this budget may be somewhat less than they will need but that they would rather start out with less and come closer to affecting mandates of the legislative act and yet not create a bureaucracy.

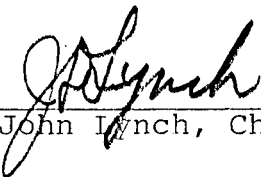
Chairman Lynch brought attention to the comment on page 11 of the information packet distributed where it states, "Knowledge of widespread misconduct and violations breeds cynicism." He asked Mr. Hanson if his Office knows of any widespread misconduct and violations. Mr. Hanson said they have no verification of this. If the public knows that all his office is doing is receiving information and they will never check into it, they might as well not have the law at all. There would be a random schedule for verifications and field audits under their proposed budget.

Mr. Hanson reported that the proposed bill does not intend to do away with the Campaign Finances and Practices Committee but proposes to transfer it to the Secretary of State's office. There would probably be savings only in printing of forms and publications.

Mr. Lewis explained that his Office of Budget and Planning could not allow expansions in all programs and determined that they simply could not allow additional funds for all departments. He said it was not a philosophical position of his Office to deny the requested increases, they simply ran out of money with the higher priorities.

In response to an inquiry of the need for a full-time staff attorney, Mr. Hanson indicated that they currently have a full-time attorney who received about 15 calls everyday asking for interpretations of the law. If the Office is to interpret and enforce election laws, they need the services of a full-time attorney.

There being no further questions and no actions asked for today, the meeting was adjourned at 10:15 a.m. The next meeting will be held in room 428A at 8:00 a.m. on January 14, 1977.



John Lynch, Chairman