

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

January 28, 1977
8:30 a.m.
Room 428A
State Capitol Building

The meeting was called to order by Chairman Lynch with all members present. The subject of hearings: Department of Administration: Architecture & Engineering Division, Building Standards Division, Communications Division, and General Services Division.

Associate Fiscal Analyst William Gosnell explained that there are two basic differences in the budgets: 1) the method of funding. Money was traditionally from earmarked revenue; now they are putting general funds in also. The LFA recommendation is that all general funding. 2) Legal fees. Legal fees have been requested to be included in the budget because there is a possibility of court cases. It could be included or they could come in for supplemental budgets if needed.

The department concurs with the funding, according to Doyle Saxby, Deputy Director of the Department of Administration. The proposal of going to general funding is seen as cleaning up the funds; but they do feel the legal costs should be reinstated. Philip Hauck, Administrator of the Architecture and Engineering Division, testified that they basically have no disagreement with the budget, but indicated that he would like some attention directed to the legal issue. They had never before budgeted legal costs, but these cannot be absorbed by budgeted funds because of the magnitude. It seems that they are at a period of time where they are becoming more and more legally oriented and will need a resolution to this problem soon. It was included in the budget so this problem would come to the attention of the legislatures.

Mr. Gosnell next reported that there are fairly substantial problems with the Building Standards Division's budget. A bill has been introduced by Senator Lowe that would put this division under the Business Regulation Department, rather than Department of Administration; this is an organizational problem. The issue of seed money being used to generate revenue was also addressed.

Mr. Saxby indicated that there is definitely a need for the classification of the division to be resolved; but the budget issue is handled independently of that question. The three FTEs now on the staff cannot do all the work required; they need additional FTEs. The LFA recommends \$16,000 be reduced from the budget, which they can accept, but they do need the seed money.

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It was explained by Jim Kembel, Chief of the Building Standards Division, that Title 69, Chapter 21 requires the division to make a state-wide building code to be followed by the state, municipalities, and general public. They also have a program for recreational vehicles, mobile homes and modular units. They have established minimum conditions as required by law, but they have not been able to check the buildings once they have reviewed the plans. They also have to review all school buildings. One-half of the reserve funds for the division were spent in the demolition of a building at Big Timber, they are getting the money reimbursed but it entails court actions. The mobile home program took another \$30,000 of the reserve funds, totally diminishing the account. Mr. Gosnell pointed out that the division is trying to replenish their reserve funds with general funds. There is the possibility of funding this program with general funds and all revenues going back into the general funds account. Mr. Kembel explained the present workload of the division and the need for inspecting all recreational vehicles manufactured outside of the state and inspections of elevators, moving walks and dumbwaiters. This division establishes a code and the larger cities inspect at their local level using this code. Duplication is avoided, and reorganization will aid this situation. Mr. Gosnell responded to a comment by Ed Eaton of the Budget Office that a fiscal note could be made to cover the complex funding situation that would be created if the bill from Senator Lowe passes.

Mr. Saxby indicated that they could make a shift within the Communication Division to accept the cut of one FTE recommended by the LFA. The \$10,500 cut in equipment would be the reduction of two cars. He asked the legislators to attempt to read the two-volume report they have received on this division.

Curt Wheeling, Administrator of the Communications Division, explained that his office is the clearing house for the state communication systems. They receive and pay the bills for most systems and then charge it back to the agencies. They manage and provide all circuits for all the state agencies. He also felt they could accept the cut of the one requested FTE by making a shift within the division. His budget is for the most part, he explained, dependent upon state government; he cannot control the volume of work in agencies or the moves made by agencies (especially in getting prepared for the legislative sessions which require many agencies to move offices and, therefore, phones and equipment. He reported that the request for \$15,000 per year is for a data network for intercity and intrastate use; he anticipates more spending in this area. A memorandum from Mr. Wheeling was distributed to the committee members (and is attached along with the budget information sheets of each division) which shows the amounts each of the several departments spend themselves in bills; these are bills which go directly to the departments and do not go through the Communications Division. Mr. Wheeling is requesting spending authority in the amount of one-quarter million dollars a year to bring all these

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accounts and bills into one centralized billing area. This procedure would enable the division to get a better handle of the whole system. All he would have to do is tell the companies, such as Montana Bell, to bill his office rather than the division and it would be done in that manner. Chairman Lynch questioned how we could guarantee that the agencies would not continue operating in the same manner they now do, but Mr. Wheeling felt that if he was given the spending authority and the funds to cover the expenses that would be incurred, he could keep control of this. He also indicated a need to change the law because now there is an exemption for law enforcement communications services. The former attorney general did not want the Communications Division to touch the L.E.T.S. in any manner and that could come under his spending authority.

Another issue was the reduction in equipment funds which would mean the vehicles which need replacement could not be replaced. It is against the policy of the motor pool that their vehicles be used for offices outside of the Helena area; this would mean the Communications Division would have a problem with shortage of vehicles. In response to an inquiry from Mr. Gosnell, Mr. Wheeling said they would need about \$5,000 for the Helena shop and another \$2,000 for field offices.

Mr. Gosnell explained his vacancy savings funding factor; it was based on the 1976 rate which was an actual nine percent vacancy savings. They had \$100,000 out of the program that was not spent when they had it under their authority. He took this into consideration in figuring a new budget. He also funded them for an automated billing system, which Mr. Wheeling felt they would need for the Montana Bell billings at least. He reported that he has one employee who spends between 80 and 100 hours every month in analyzing the Montana Bell bill, with 2,000 different codes for telephone services. The automated billing system would free up about 30% of her time. He also feels there will be a need for an additional operator for the Capitol load.

Mr. Saxby reiterated for purposes of emphasizing two points: 1) this is not a general fund; 2) some of the bills are paid by agencies other than the Communications Division. He also indicated that possibly a letter of intent from the committee would be in order on the issue of ensuring a centralized billing system for communications systems.

GENERAL SERVICES DIVISION: Mr. Saxby began the discussion by stating that there are actually two major components of this division: Reproduction and Distribution Bureau and the Building and Grounds Bureau. These will be discussed separately. He indicated that there is agreement on the number of FTEs for R&D bureau. He pointed out that there are decreases in the amounts of \$55,000 and \$118,000 in operating expenses, which would mainly be in communications, but that they have no argument with the reductions, since postage rates are not being increased. He also reported \$20,000 in FY 78 would be under "goods for resale."

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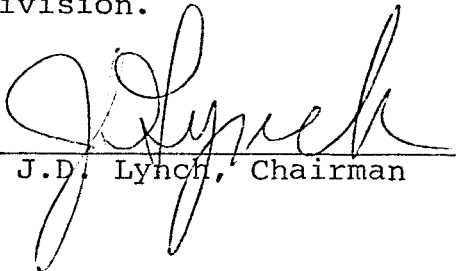
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The legislature got the division into the printing business with the duplication of bills. The bureau uses the machine 21 months while the legislature uses it only 3 months; therefore, the bureau will absorb the replacement and repair costs. The budgeting for equipment for this bureau is also satisfactory.

Mr. Saxby reported that they concur with the executive budget of \$98,500 each year for the Reproduction and Distribution Bureau.

The meeting was adjourned at 9:30 because several committee members had to attend other meetings. The hearing on the Buildings and Ground Bureau, General Services, will be held on Monday, January 31, just before the hearing for Personnel Division.



J.D. Lynch, Chairman

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