

MINUTES OF THE MEETING
SUBCOMMITTEE AGENCY 1

March 3, 1977
8:00 A.M.
Room 225
State Capitol Bldg.

The meeting was called to order by Chairman Bradley. Roll was taken and all members present except Senator Story.

Representative Bradley said the first thing to do is decide about the Economic Development Budget and make a decision and get it out of the committee.

Representative Marks made the motion we leave the Economic Development Budget where we set it previously. He said about 10 days ago he and Representative Bradley went to the Governor to talk about this. He said he has since written a letter to the Governor. As yet, there has been absolutely no response from him. Therefore, I think my motion is justified. They can come back to us and justify what they have asked for.

Senator Stephens asked Representative Marks if his motion prevailed, don't you think it might be in order to let the Governor know we didn't just frivolously set it aside? A letter should be sent from the Chairman explaining our actions. I think the committee is willing to accept something reasonable. I don't want the Governor to believe we won't authorize anything.

Representative Marks said I am agreeable to that. I do think with the time the Governor has had they should have been able to put something together for us and when we make our recommendation to the full committee we ask the Governor to bring in a plan before the full committee telling what kind of people these positions will be and a breakdown on contracted services.

Representative Bradley said she did not support his motion but does share his frustrations. He asked us for another \$50,000 for EDA matching funds and again, did not know what the matching funds would be used for.

Senator Roberts mentioned he thought the reason is because he doesn't think they know what they are going to be doing either.

Representative Bradley called for a vote on eliminating the budget entirely -

AYES - Representative Marks, Senator Stephens and Senator Roberts
NOS - Representative Bradley and Representative Gunderson

MOTION PASSED

Senator Stephens then asked that a letter be sent to the Governor encouraging him to bring all details to the full committee to clear up the doubts and questions that have been raised.

Mr. Jim Flynn and Mr. Mike Fitzgerald then came to the meeting and passed out the alternative proposal and information that had been requested. This proposal contains the breakdown on who will be hired and how the money will be spent. (Copy attached)

Mr. Fitzgerald said he had prepared this breakdown and made some explanations. He said in the last 2 weeks we have found we have a cash reserve account in Denver of \$800,000 that can be matched four dollars to every one of ours. He said they have tried to re-write this using the money in Denver. He also said the money can not be loans to businesses as such. It is technical assistance money. It is set up to give technical assistance and advise to small ranchers and farmers, to the small business man in Montana, such as helping him to understand all federal rules and regulations, help him get established in his own business or whatever technical assistance he should need. This is also to help the Montana Forest Industries. There will be an Indian Business Development group to help Indian businessmen throughout Montana to own and develop their own businesses. There will be a multi-county district development group (12 of them) to help with whatever technical assistance needed. About the only area they won't be involved in too much is in mining. He went over the entire proposal for the committee.

He said on the Cottage Industries Development Group the purpose is to assist Montana artists, craftsmen and women to cooperatively market their products. These funds will be matched with Montana Arts Council funds on a 50-50 basis.

Representative Bradley then complimented Mr. Fitzgerald on the thoroughness of his report. She then opened the meeting to questions from the committee.

Representative Marks asked if they still intend to have this in DCA? Mr. Fitzgerald said no, in the Governor's office.

Representative Marks then asked the Chairman if they should vote, review it, or what? She replied she felt they should study it and make a decision tomorrow. This was agreed to by all.

Senator Roberts suggested asking questions now and have Mr. Fitzgerald come back again tomorrow.

Senator Thomas asked about the time frame. Will we meet the rest of the week? Chairman Bradley said we have a few details left to wrap up and a hearing on the resolution tomorrow at 8:00 A.M. We should be able to finish up tomorrow.

Senator Thomas asked Mr. Fitzgerald if this is going to take place, do you have any proposals to evaluate, performance indicators, time lines, etc? Mr. Fitzgerald said this is all just the breakdown. I haven't had time to do it all. However, it should start very soon.

Representative Marks asked concerning your Council of Economic Advisors, have you changed your structure on that as far as numbers or anything? Mr. Fitzgerald said no, they had not.

Senator Roberts asked about the Council of Economic Advisors, what will they be doing? Please advise us.

Mr. Fitzgerald said one of the most difficult problems in state government is to decide what kind of policy to pursue. We need competent input in addition to government bureaucrats. They will have 5-9 members representing different aspects of the economy - very broad based. They will work with the Bureau of Business and Economic Research to give us advice about our policies, how they are doing, what they could do, etc. They will give us some way to measure how we are doing.

Senator Stephens asked about the Indian Business Development Group - this type of action has been carried on for many years with no success. Also, on your qualifications for different positions, you want a B A degree. You will be eliminating a lot of good people with that one qualification.

Mr. Fitzgerald agreed, and said this could be changed.

Representative Bradley asked about the suddenly available federal funds. Mr. Fitzgerald said these funds are under Title 9 and have been available for some time now. It has been built up to \$800,000 because in the past we haven't used it. Other states have used theirs. It is all for technical assistance. We can use it on a match basis to get a business started.

Representative Bradley asked if in some of your proposals in using retired people to give advice, is there some duplication with small business and other agencies?

Mr. Fitzgerald said possible in some areas but not in all. The Small Business Administration doesn't have the capacity or the manpower to do much.

Representative Marks asked about their budget, why do you need an 8% increase in 1979? I don't think any other subcommittee is figuring 8%. Mr. Fitzgerald said he thought this was to make it uniform.

Representative Marks then asked about specifics for job description - I notice on all professional type people, there is a great stress on international market. Is this high priority, incidental or what?

Mr. Fitzgerald answered only to the extent that so many of Montana's products do go to international markets. We are groping for expertise.

Representative Marks asked about educational requirements calling for degrees in various areas, is this rigid in job description or what? Mr. Fitzgerald said he would be happy to change this. Degrees are not everything; experience is important.

Representative Bradley asked in your farm and ranch management assistance program, what is the feasibility study for \$10,000?

Mr. Fitzgerald said they would help a farmer or rancher with any problem they might have and could call on the expertise of a retired person with the knowledge needed.

Representative Bradley asked about finances for Dick Setterstrom under the forest industries portion. Mr. Fitzgerald said he was retired and can only take a little money for his services but he is the best available in the state.

Representative Bradley then asked if they have the Trade Showcase in their revised budget. Mr. Fitzgerald said no.

Senator Roberts asked in regard to the international trade, will you be duplicating the efforts of the International Trade Commission? Mr. Fitzgerald said no, he hoped not. We would define markets and would need people with background in that area.

There was no further questions so this portion was concluded for today.

LABOR -

The first supplemental is to upgrade 2 positions on the Board of Personal Appeals. The upgrading has already been done. It is recommended we grant the supplemental amounts so grades could be kept where previously established. This would be an addition of almost \$2,000 each year for this particular budget.

Representative Gunderson made the motion to grant this increase for upgrading of the positions.

AYES - All

MOTION CARRIED

SUB-DIVISION BUREAU - Department of Health and Environmental Sciences

Representative Bradley passed out a sheet asking for 2 more FTE's in fiscal 78 and 79 calling for a sanitary engineer and sanitarian. This would call for an increase of \$30,350 in fiscal 78 and \$31,010 in fiscal 79. The funds could be those earmarked from subdivision fees or general fund. If by subdivision fees, an increase of \$5 in such fees would be sufficient.

Senator Roberts mentioned there is a bill in the Senate on this now.

Senator Thomas said the legislation also reverts much of the duties back to the local sanitarian. Why do they need these positions at the state level?

Senator Roberts asked if these positions have been filled? Representative Bradley said yes, they are on now.

Senator Stephens asked if these positions have been approved. Bob Robinson said no one knew they were on according to Curt Nichols. There was no budget amendment.

Representative Bradley said they were on now and if we don't fund them they will be removed.

Senator Roberts said I think they are swamped right now. I don't think they should have additional staff but I do think they probably do need the staff they have right now in order to do the work they have.

Representative Marks said I think the review on the occasional sales on the state level is a farce. He gave an example of what happens. It is probably different on a major division.

Representative Bradley said I don't think it is up to us to decide if it is a farce or not. The question is whether we are going to appropriate funds for them to do what is required by law.

More discussion.

Senator Roberts said I think we should keep the existing people under earmarked funds.

Senator Roberts moved we include these positions in earmarked revenue.

AYES - Representative Gunderson, Representative Bradley, Senator Thomas and Senator Roberts.

NOS - Representative Marks and Senator Stephens

MOTION PASSED

HUMAN RIGHTS COMMISSION (pass out attached)

Representative Bradley reported there has been an error in funding and it will be necessary to add \$13,932 in fiscal 78 and \$9,466 in fiscal 79 in general fund appropriation if this error is to be corrected.

Senator Roberts moved the addition of general fund monies as set forth. This motion was seconded by Senator Stephens.

AYES - All

MOTION PASSED

Next, Representative Bradley passed out a letter from Jack Crosser regarding the committee's request for space in the Old Highway Department Building for the Public Service Commission. (copy attached)

She suggested we calculate in their budget for the space they are in now, as she could see no alternative at this time.

There was no discussion and this was agreed upon.

Representative Bradley told the committee that the Legislative Auditor will be charging the state agencies for the audits in the next biennium. If that is the case, the Division of Workmans" Comp. needs another \$30,000 to be transferred to the Auditors office. This will be earmarked funds.

Mr. Robinson said the money would be put in a revolving account to be used for the audits.

Senator Stephens asked if this would be reflected by an offset on the Legislative Audit Office? Mr. Robinson said this was paid entirely out of general funds in the past.

Senator Stephens moved the \$30,000 for the biennium be approved.

Representative Gunderson seconded the motion.

ALL VOTED AYE

MOTION PASSED

Representative Bradley said the second matter requires the transfer of funds from Division of Workmens' Comp Judge program to the Department of Administration. The division also suggested language that will clarify this. Representative Bradley then read a portion of the letter she had requesting this.

Mr. Robinson said it would be \$137,235 in FY 78 and \$140,000 in FY 79. There was more discussion on the travel and expense of so much travel by the judge, secretaries, court reporters, etc.

Representative Bradley then said they should consider the \$7,000 under the Department of Labor for supplemental budget for social security offset. She said it had been discussed before but no action was taken.

Mr. Robinson explained the law was changed a few years back saying the social security could be used as an offset for workmans' comp benefits. This was only for 2 years, and then changed back. The people that were affected are going to cost the \$7,000 a year until they die. This is a supplemental amount and I don't see much choice.

Senator Roberts moved the amount be accepted.

ALL VOTED AYE

MOTION PASSED

Next, Bill Gosnell talked to the committee about the funds for the workmans' comp. judge. He said the judge increased the staff of 5 at 10% a year in salary. We didn't feel this was justified. We gave them 2.1% and this brought the cost down. Cuts were made in terms of travel, case loads, etc. In looking at the duties of the judge, his case load has nearly doubled. He has become more careful and therefore more time is consumed and case adjudication is more costly. He was originally budgeted around the \$82,000 level in 76-77. He had an amendment processed in 76 for \$25,000 which brought it up to the \$107,000 he actually spent in FY 76. He had a supplemental of \$57,000 in FY 77 bringing him around \$142,000 for the year. We have reduced this to \$141,931 in FY 78 and \$144,306 in FY 79. This is workman' comp. money, not general funds.

Senator Thomas asked how this is going to work with your appropriations?

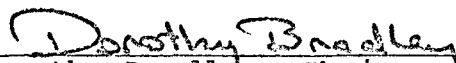
Mr. Gosnell said we have put language in the bill itself. "The appropriation rate of the Workmans' Compensation judge from other appropriated funds are derived from the funds created by Section 92-116 of Workmans' Compensation fund."

No further questions. Representative Bradley suggested we revise that recommendation to include their final. No motion is necessary.

Representative Bradley talked about a letter she received from the Workmans' Comp. objecting to the level we set.

Mr. Robinson talked about how Curt Nichols went through and reviewed the budget again and how he re-worked it. He said after re-working the budget again, Curt came out at just about the same - about \$4,000 difference. Curt feels the budget we have established is sound. The Department feels that is not enough.

After a little discussion on this, with no more questions, the meeting was adjourned.


Dorothy Bradley, Chairman

Nina Kosmas, Sec.