

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

March 28, 1977  
8:15 a.m.  
Room 428A  
State Capitol Building

The special meeting of the subcommittee was called to order by Chairman J.D. Lynch with all members present except Representative Gunderson, who was excused. The meeting was called for reconsideration of executive actions previously taken by the subcommittee.

Senator Cornie Thiessen, Chairman of the Senate Finance and Claims Committee, asked the subcommittee to look at these budgets very frugally and consider cutting some of the FTEs that have been added. He noted that there has been a great expansion of government.

Department of Revenue: Chairman Lynch asked for reconsideration of the \$700,000 for the Department of Revenue for implementation of the Homestead Tax Relief Act. The question is whether it should be under H.B. 145 or if it could be taken out of that bill, thereby reducing the general fund by \$700,000. Bill Groff, Director of the Department of Revenue, stated that it should be in an appropriation bill but not in H.B. 145, as that is just for administration.

Senator Regan moved that the \$700,000 be included in House Bill 828.  
VOTE: The motion carried unanimously.

Legislative Auditor: The subcommittee previously approved \$600,000 for the 24 new FTEs for the biennium for the Legislative Auditor's Office. Chairman Lynch suggested that if there is going to be money coming back from the agencies, the \$600,000 could be taken from the general fund, put in a revolving fund, and they could get that money from the agencies which they audit. Morris Brusett, Legislative Auditor, said that this is the first time they have tried to get reimbursement from the federal government. The timing of the federal money is an uncertainty and then some federal agencies will not make reimbursement until after the audit is done and the report is accepted. Senator Regan asked if part of their work isn't done in the Department of Administration.

To build a strong audit staff, Mr. Brusett explained, recruitments must be done under long-range planning. That type of situation makes it difficult to plan. They would probably have to revert back to using CPA firms, if they had to use a revolving fund. Chairman Lynch said that supplementals or budget amendments could be requested if the costs are over and above what was anticipated, but Mr. Brusett simply said that he would doubt that the audit committee would come in for a supplemental. Federal law says that they have to audit all federal agencies in the state or that federal revenue will be cut off. The Legislative Auditor's office cannot audit all the agencies with the current schedule.

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Chairman Lynch said that the committee knows of \$600,000 that would in fact come back to us; the question is whether the entire \$600,000 should be in a revolving fund or if about \$400,000 should be revolving fund and \$200,000 from general funds. Mr. Brusett suggested that about \$300,000 or \$400,000 be put in a revenue estimate of the general fund, which would enable them to plan ahead, or they would need an advance of about that amount of money to work with a revolving fund account. Both John LaFaver, Legislative Fiscal Analyst, and Les Simpkins of the Budget Office felt this could be satisfactory; Mr. Simpkins stated they could increase the revenue based on that.

Senator Regan commended the Legislative Auditor for the good job his office has done on some audits but asked about the new FTEs they are adding. Mr. Brusett said that they have 20 on the compliance audits and 8 on program audits and two clerical plus the office administrator. They have a total of 34 employees in the office now, including the attorney but not the part-time high school students. They had been approved to add on 24 new FTEs in the biennium; half would be added in each year.

Senator Regan felt that the subcommittee did not really fight the addition initially, but they must be equally hard-nosed with the legislative branch as they have been with the others. She complained that when this budget was first presented, the committee was told that all the money would be coming back in; now they are not sure how much will be coming back. Mr. Brusett said they will try to get every dollar they possibly can, and they have even compiled a report of how they can actually get that money. The money will go back into the general fund when they get it, he emphasized. But Senator Regan felt that the FTE increase was still very high and felt that a third provisor should be put on so that if he gets the money then he can hire more. She feels this is a good program, but there are a lot of good programs being presented to the legislature while there is not enough money for them all.

Senator Lockrem moved that the revenue estimate be increased to \$400,000. Senator Regan made a substitute motion to establish some kind of a revolving fund and he can operate from there; put in \$300,000 seed money in lieu of the \$600,000 general fund.

Discussion: The immediate gain, Chairman Lynch said, would be \$300,000 from the general fund. Senator Lockrem suggested then that not all the audits be done because 60 people is not enough to audit 14,000 people in all state agencies.

VOTE on Senator Regan's substitute motion: The motion failed with a vote of four (4) NO votes and one (1) AYE vote (Senator Regan).

Discussion on Senator Lockrem's motion: Senator Lockrem said that the \$400,000 would go as an increase to the revenue. Chairman Lynch pointed out that the increase of revenue to the general fund would be \$400,000 for the biennium. Mr. Brusett commented that it would be difficult but that is reasonable. Senator Regan still expressed problems with the 24 additional employees.

Senator Regan made a substitute motion to cut at least the two program auditors and go with the 8 FTEs for the fiscal compliance audits and the 2 clerical.

Discussion on Senator Regan's substitute motion: Senator Lockrem commented that there is no difference between the Legislative Auditor's program audits and the Legislative Fiscal Analyst's audits, there is just not enough of them. Mr. Brusett said there are 2 bills that would add more audits that have already passed the House and are in the Senate.

Senator Regan said that there is not a bit of difference between these program audits and what the LFA office does. Mr. LaFaver said that the functions of the audits in both offices are very similar. They have both stated that but they will not be doing and have not been doing studies of the same things, he added. Those done by the LFA will be analyses and those done by Mr. Brusett's office will be audits. Mr. LaFaver said he would not request additional staff no matter what happens to the Legislative Auditor's budget. The Legislative Fiscal Analyst's budget request was an extremely conservative one and they are not going to change it. If they are to expand, it will be done slowly and carefully. Senator Lockrem said that the four new FTEs that this motion would cut out would increase the capabilities in the Legislative Auditor's Office by four times. Mr. Brusett did not agree with the comments made by Mr. LaFaver. Audits and analyses are not comparable in his view because audits are done after the fact to see if the goals that were presented to the legislature were actually accomplished; they complement one another.

VOTE on Senator Regan's substitute motion to cut the 4 FTEs for the biennium. The motion failed with a vote of four (4) NO votes and one (1) AYE vote (Senator Regan).

Vote on Senator Lockrem's motion that the revenue estimate be increased to \$400,000: The motion carried with four (4) AYE votes and one (1) NO vote (Senator Regan).

Representative Francis Bardanoue, Chairman of the House Appropriations Committee, addressed the committee briefly, saying "the zero hour has approached; I have to have final decisions this morning." He asked the committee to try to save some money somewhere.

State Tax Appeals Board: Senator Lockrem moved that we take from the Department of Administration under the State Tax Appeals Board one FTE, which is \$42,655 for the biennium. Discussion: This motion is made because they have done away with that position. Senator Lockrem asked if the committee would also want to make this a part-time board; Chairman Lynch responded that this is established by statute under the constitution. VOTE: The motion carried unanimously.

Department of Revenue: Senator Regan asked if they need the \$30,000 per year added for their research, because they reverted about \$63,000. She felt they could get along without that much money but that they would be tight. Ed Eaton of the Budget Office said that when he put the Department of Revenue's budget together in the areas of data

processing, audit and accounting, and research, there was an assumption that the liquor fund was a substantial fund. They thought they were getting a "free ride" off the others and tapped the liquor earmarked funds for these divisions.

The LFA recommendation, Senator Regan said, was a 25% increase over 1978 and the expenditures show the program is running at 66.7% for the time elapsed. Mr. Groff said that if there is a need to cut money, he would prefer it be cut from any other place rather than the research area. An oversight committee was established by the legislature that would increase them by 8 FTEs; it is a committee comparable to the interim committee on finances, but this will be for revenues.

Senator Regan moved that \$60,000 be cut from the research area of this budget. VOTE: The motion failed with four (4) NO votes and one (1) AYE vote (Senator Regan).

Department of Administration: Since it does not look like H.B. 700 relating to the Merit System Council will survive, adjustments should be made if it does not pass the legislature. Mr. Gosnell recommends it be funded at 30 FTEs, which is the 28 currently there plus one additional FTE for systems work and one additional for legal help. That would be a total of 25 reduced from the subcommittee's recommendation made earlier, 7 of those 25 should go back to the Merit System Council. It is about \$150,000 a year in general fund money that could be reduced.

Senator Lockrem moved that the budget be reduced to \$628,000 for 1978 and \$638,000 for 1979 of general funds and 30 FTEs.

Discussion: Jack Crosser, Director of the Department of Administration, said that whether or not the Merit System goes into the Personnel Division, they need the money and people. Their personnel function was set by the legislature in the last session at a point that did not enable them to meet the requirements of the law. It would be a drastic mistake on the part of the legislature to cut them again. Mr. Gosnell said that he agrees with Mr. Crosser. It would be a step backward, if the 7 FTEs from the Merit System Bureau are cut.

Doyle Saxby, Deputy Director of the Department of Administration, said that originally they requested 75 people on the combined effort; they requested an EEO for the department. But their request was cut from 75 to 55 and now there is talk of cutting back to the current level (which is just not enough people to do the job).

The motion was withdrawn.

Department of Revenue: Escalation: A savings of \$1.4 million in general funds could be made if the escalation funds are not granted, but the job will be completed later. The question is whether the earlier time frame is worth the money it will cost. Mr. Groff said that a bill has been passed on the floor to escalate it; and therefore, he suggests that the committee give them the funding to accomplish it. Senator Regan

said there would be problems on the local government level if they don't fund it. Representative Wood felt the decision should be made in the full Appropriations Committee.

No actions were taken.

Energy Advisory Council: Senator Lockrem felt the function of this council should be transferred back to the Governor's Office. We are spending about \$300,000 a biennium for a job and a function that had been handled by the Lieutenant Governor previously; funding it differently is like paying for two Lieutenant Governors. Dave Lewis of the Budget Office explained that the function was performed partially by Military Affairs and partially by the Lieutenant Governor's Office. About half of that budget was taken out of the Military Affairs budget. But Senator Lockrem said that that was earmarked money that came in on the fuel allocation, and now the state is picking up the whole cost. Mr. Eaton said there will be some FEA reimbursement on the operation of this. If the bill is killed in the Senate, Senator Lockrem said, it still makes no difference because it can be done by executive order as it was in the past.

Senator Lockrem moved that the Energy Advisory Council be transferred back to the Lieutenant Governor and the Civil Defense.

Discussion: All they need in the Civil Defense is a couple of FTEs to do the work involved, Senator Lockrem stated. But it has already been transferred by executive order and it can be transferred right back where the Governor wants it. All this action would do is to get the legislative approval.

Motion withdrawn.

Environmental Quality Council: Senator Lockrem suggested pulling out the research staff and have them rely on the other agencies of state government for help. It would be a 10% cut.

No action taken.

Vietnam Veterans' Honorarium: Senator Regan stated that the Vietnam Veterans' Honorarium was extended to July 1, 1977. There are \$400,000 in funds which were to be carried over into the new biennium. She felt that kind of demand will not be placed on that fund; \$150,000 will probably be enough. She suggests that the full committee receive the recommendation that \$250,000 revert to the general fund and \$150,000 be appropriated for the Vietnam Veterans' Honorarium. The FTEs have been cut already. Chairman Lynch said he would like to put that money into the revenue now rather than to have the \$250,000 go in later, and they may not have to cut some other legitimate programs now.

Representative Wood moved that no more than \$200,000 be appropriated for the Vietnam Veterans' Honorarium, contingent upon the passage of H.B. 376 for the 1979 biennium. The exact language will be worked out later. VOTE: The motion carried unanimously.

Commission on Uniform State Laws: Rep. Wood moved and Senators Lockrem and Regan seconded the motion, to do away with the Commission on Uniform State Laws. Discussion: Chairman Lynch said that this was requested by the judges but Senator Regan asserted that they can take it out of their budget if they want it. VOTE: The motion carried with a vote of four (4) AYE votes and one (1) NO vote (Representative Lynch).

Environmental Quality Council: Senator Lockrem moved that the two bottom FTEs but cut from this budget. Discussion: They currently have 7 FTEs; but the director left and that position has been filled by Dick Bourke, who was previously on the staff. This would be a savings of \$30,000 for the biennium. VOTE: The motion failed with a tie vote: three (3) AYE votes (Senators Nelson and Lockrem and Representative Wood) and three (3) NO votes (Senator Regan, Rep. Lynch and Rep. Gunderson - proxy vote).

Board of Visitors: The Appropriations Committee has already approved this; this committee must put in \$41,412 and \$40,626 for the 1979 biennium.

Senator Regan moved that these amounts be put in for this budget. VOTE: The motion carried unanimously.

Chairman Lynch said that funding should be appropriated contingent upon passage of a bill from Senator Towe to put a full-time lawyer on the board of visitors to handle the commitment hearings at Warm Springs. It is a washout on dollars. Chairman Lynch said that he would make sure it would be a washout.

Senator Regan moved that \$23,771 for 1978 and \$24,144 for 1979 be appropriated for the lawyer and that it should be assured that it come out of the Warm Springs contracted services. VOTE: The motion carried unanimously.

Governor's Office: Senator Regan said there are three slots that could be deleted. Dave Lewis said that now there are 26.25 FTEs. The Office of Budget and Program Planning has other than position control of each new position that comes into state government; they have the responsibilities as far as setting up the appropriations and all budget amendments. Everybody works a couple hundred hours of free overtime. They asked for five positions and were approved for three. Mr. Gosnell said that to get the university system in line and under the SBAS system, the funding and personnel are needed. Mr. Saxby said that Montana put in SBAS for \$500,000 while other states have gone over \$6.5 million to get it started.

Senator Regan moved that the committee disallow the three slots from the Governor's Office for the O.B.P.P.; that is \$101,000 for the biennium. VOTE: The motion carried with four (4) AYE votes and one (1) NO vote (Representative Lynch).

Department of Justice: County Prosecution Unit: Chairman Lynch suggested that the committee look at this. He discussed this with Attorney General Mike Greely; it was felt that the assistant prosecutor could be eliminated in the second year of the biennium. Senator Lockrem said that, by adopting this unit, a whole new philosophy of prosecuting is being adopted. Counties had to spend \$100,000 in the course of a year for special prosecution; going to that cost would be better than putting in a whole new level of state government, Senator Lockrem felt. The unit is funded at \$110,000 for the biennium; the salaries of the special prosecutor and assistant prosecutor for this unit would be \$35,000 and \$20,000, respectively.

Senator Lockrem moved to strike this position. Discussion: These are not all new positions for this program. Two FTEs are there now. Chairman Lynch suggested that three be left on and one cut if we feel we must cut something.

Senator Lockrem made a substitute motion that the committee recommend the current level; that it be left status quo and \$110,920 be cut from the proposed budget.

VOTE: The motion failed with a tie vote: three (3) AYE votes (Senators Lockrem and Nelson and Representative Wood) and three (3) NO votes (Senators Regan and Representatives Lynch and Gunderson). Representative Gunderson's vote was a proxy vote recorded after the meeting with the approval of all members of the committee.

Office of Commerce and Small Business Development: These requests were presented to and explained in the subcommittee chaired by Rep. Dorothy Bradley. Mike Koehnke of the Budget Office briefly explained the functions of these and what is actually being requested. He also stated that on Section 304 money they have \$801,000 credited to the state which must be matched with 25% state money for use for public works construction, loans, grants or for matching existing EDA money. These were presented to and approved by the full Appropriations Committee, but the subcommittee must allow for the funding. Senator Lockrem said that the full Appropriations Committee should then put the money in, since they were presented with the information.

Rep. Wood moved that the funding be put in the budget as follows: Office of Commerce and Small Business Development at \$125,250 in general and \$320,000 in other funds; and for Economic Development: \$134,000 in general funds and \$400,000 in other funds.

VOTE: The motion carried with four (4) AYE votes and one (1) abstaining vote (Senator Lockrem).

Governor's Travel: The original request was for \$90,000 a year, which was modified to \$85,000 for 1978 and \$90,000 for 1979. The recommendation for \$68,400 for 1978 and \$74,400 for 1979 was made by Representative Bradley's committee based on 1976 actual expenditures. Mr. Lewis explained that the \$90,000 request is based on the fact that the Governor's airplane travel ran at \$30,000 for the first six months of

this fiscal year. That does not count the Highway Department's plane. That is costing about \$75,000 this year, but next year they are raising the hourly charges for the plane based on the increased costs of fuel. The modified request is for the Governor's travel at a status quo level.

Representative Wood moved that the Governor's travel be approved at the amounts of \$85,000 and \$90,000 for fiscal years 1978 and 1979 respectively. Discussion: Representative Bradley said that their recommendation was based on the current level, but that was without the knowledge that the price per air mile was going to be raised.

VOTE: The motion failed with a tie vote: two (2) AYE votes (Representatives Lynch and Wood) and two (2) NO votes (Senators Lockrem and Nelson). Senator Regan was not present at this time.

Senator Lockrem moved that the travel figures from the other subcommittee be adopted at \$68,400 and \$74,400 for the fiscal years of 1978 and 1979, respectively. VOTE: The motion carried with three (3) AYE votes and one (1) NO vote (Representative Lynch).

Board of Investments: Senator Lockrem moved that the language in the bill be changed from Board of Investments to the Department of Administration Investment Division. VOTE: The motion carried with three (3) AYE votes and one (1) NO vote (Representative Lynch).

Pay: Senator Lockrem moved that the Legislative Fiscal Analyst be allowed to adjust the budgets for the Legislative Auditor and for the pay plan, appropriating \$57,500 into the judiciary budget and about \$150,000 into the legislative branch. VOTE: The motion carried unanimously.

Department of Administration: Senator Lockrem moved that one clerical FTE be put in the director's office in the Department of Administration at \$9,332 for 1978 and \$9,554 for 1979 and that \$22,000 a year be cut from the S.T.A.B. budget. VOTE: The motion carried unanimously.

Highway Department: Senator Lockrem moved that, contingent upon the passage of H.B. 769, regarding the 1/4¢ tax for functional reclassification of the highways, about \$800,000 a year be put into the Maintenance Division, \$752,000 be put into the Equipment Bureau, and the remainder be put into the Long Range Building Program. VOTE: The motion carried unanimously.

Administrative Code: Senator Lockrem moved that \$20,400 for 1978 and \$9,829 for 1979 be put into this budget. VOTE: The motion carried unanimously.

Fire Marshal: Representative Wood said that this request was not in the original request but was presented to the full Appropriations Committee. It is presently being paid for by the insurance premiums. Chairman Lynch felt that some is justified but disagreed that that much is coming in and must be spent. They are saying they want the entire amount and will find something to do with it.




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Representative Wood moved that the request for the fire marshal's budget be granted. Discussion: Chairman Lynch said that the difference would go to the general fund so we would be cutting out of the general fund that amount appropriated for the fire marshal. Mr. Gosnell pointed out that the Department of Justice did not have this in their budget request. Representative Wood suggested that this should be checked out with the Department and get some specifics and then it could go before the full Appropriations Committee. Motion withdrawn.

There being no further business, the meeting adjourned at 10:15 a.m.



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J.D. Lynch, Chairman

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