

MINUTES OF THE MEETING
JOINT COMMITTEE APPROPRIATIONS AND FINANCE AND CLAIMS

March 10, 1979
8:00 A.M.
Room 104
State Capitol
Subject: Hear Reports of
Joint Subcommittee on
Agency II,
Natural Resources

The meeting was called to order at 8:05 A.M. by Chairman Francis Bardanouve. Roll was called and a quorum being present, the Chairman presented Representative Rex Manuel, the Chairman of the Joint Subcommittee on Natural Resources.

Mr. Bardanouve stated that this hearing is the first of the subcommittee reports that will constitute House Bill 483.

Representative Manuel introduced the members of his subcommittee. He stated that the subcommittee had it in mind to go along with the Governor's recommendations that the FTES would not be increased too much. They also watched the general fund very closely. The subcommittee would add 25 or 26 FTES to the 1216 FTES recommended in the Executive Budget. The reason for this addition would be for modifications in the budgets. The subcommittee's recommendations fall in between the Executive Budget and the Fiscal Analyst's recommendations on the general fund. The subcommittee is recommending \$19,235,715 for the general fund.

In fiscal 1978, their report shows a FTE level of 1428. In fiscal 1979, they have reduced this to 1339 FTES. The Executive showed 1216 for fiscal 1980 compared to 1253 for the Fiscal Analyst and 1258 for the subcommittee. In fiscal 1981 there are 1216 FTES in the Executive recommendation; 1232 in the LFA's report and the subcommittee has recommended 1255.

Mr. Manuel stated that the first agency we would discuss would be the Department of Agriculture. He stated that this is one of the smaller agencies and their general fund decreased during the 1979 to 1981 biennium. He stated that they have an EPA grant for \$640,000 which will provide support for all but .5 new positions. The grant will authorize \$640,000 in fiscal 1980 and \$536,000 in fiscal 1981. In the 1979 biennium, the EPA provided \$90,000 per year. Mr. Manuel stated that this is a large grant the Department has received. The subcommittee felt it should be included. The EPA is a serious thing with pesticides, etc. The subcommittee felt that the State should administer this program instead of the federal people. This program would cost 10.7 FTEs to the Department. Their request is also for a .5, new position for an in-house attorney. Half the funding for this position is general fund and the other half is from the EPA grant.

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The Department has been authorized to administer the Old West Regional Commission grants. The money that had previously come from the Federal government, Montana is now authorized to have the program. There will be a promotion office in Billings and one in Tokyo. The program does several things. They work with the federal programs in the Missouri Basin and other programs. They require no additional FTES on this program.

Mr. Manuel stated that the appropriation would appropriate general fund to the Hail Insurance Program for the first time. This appropriation will allow the Department to use the services of the Hail Insurance administrator in the winter months when the hail activity is slight.

At this point, Representative Marks directed a question regarding the Old West Regional Commission. He wondered if this is the total administration for the whole 5-state program. Mr. Manuel responded that it is.

Mr. Marks then wondered if it would be possible to use the Hail Commissioner on a part-time basis. Mr. Manuel stated that this is just a part-time basis.

Representative Marks then asked how much wheat check-off money is in here. Bob Robinson, the FA, replied that there is \$505,000.

Mr. Marks stated that this is administered through the Department. Senator Aklestad asked if this appropriation is for the biennium.

This is for each year. Mr. Robinson stated that they do contribute to the centralized services for administration also. This amounts to about 10%.

Representative Bengtson had a question regarding the Old West Regional Commission. She stated that the report shows no FTES. She wondered why, if it is on a contract basis, does the Billings office contract the Old West Regional Commission, or how does it operate?

Mr. Manuel replied that this grant is brought to the Department of Administration. They get a certain percentage of money for centralized services.

Representative Marks asked if it is funded through the Governor's Office, and the answer was that it goes through the Department of Agriculture. This is just a new program; this is the first time the Department has had it.

Senator Aklestad asked again if they correlate. Mr. McOmber stated that they work together but if they had no authority, there is no money.

Representative Manuel then addressed the Department of Business Regulation. He stated that this department is one of the higher

general fund agencies. They had a 5% increase in general funds and an 11% decrease in other funds.

Their FTES are lower than in 1978 or 1979. They were reduced in the area of the Milk Control Program. The appropriation provided \$15,000 in Fiscal 1980 for staff training in auditing and security of electronic fund transfer systems. The Department felt that they should have a representative attend the school for this training. The cost of Montana's share is about \$45,000 for this school. They feel that they should know how the system works if Montana is going to be in this business.

The Weights and Measures Program was appropriated \$26,000 in Fiscal 1980 and \$29,000 in Fiscal 1981, to purchase three weight trucks. Mr. Manuel stated that this division is run very conservatively. It is felt that these trucks should be removed after so many miles. The cost for upkeep is too large an item.

There is also an appropriation for the Department for \$10,000 each year for hearings examiners and legal fees.

Representative Moore asked why the other funds decreased so much from the 1979-81 biennium.

Mr. Manuel stated that the two butterfat examiners were cut out of the program.

Representative Hurwitz stated that the Department was appropriated a portion of money for butterfat testing machines; however, this has never been used and so it was eliminated from the appropriation.

Discussion was had on the positions of the attorneys for the Department, and Mr. Robinson, the Fiscal Analyst, stated that there were no attorneys added to this Department.

Under Weights and Measures, Representative Ellis asked where the fees from Weights and Measures come in. Mr. Robinson stated that the fees from Weights and Measures go back to the general fund. It was approximately 60% of the cost of operation that was reimbursed to the general fund.

FISH AND GAME DEPARTMENT

Mr. Manuel stated that the appropriation is not very great in the general fund. He stated that it is all in the Parks Division which increased 4.1% general fund and 2.2% other funds.

He stated that the FTES are approximately the same as they have been. He stated that at the present time they have 473 FTES. Discussion was held on the summer employees. Mr. Manuel said that it is difficult to tell what the current level is because of the summer employees. If you take the summer count, you will have more than in the winter.

The Department has been appropriated \$853,194 in Fiscal 1980 and \$491,199 in Fiscal 1981 to administer federal and private grants and contracts. Mr. Manuel stated that the Department does a lot of work for other agencies. They are appropriated 26.4 in Fiscal 1980 and 21.26 in Fiscal 1981 to administer the agreements. None of the positions are to be continued by department funds once the contracts expire.

They have been appropriated an additional 5.91 FTES as ongoing positions. The Parks Program is authorized 5.91 of the new positions each year to operate and maintain parks and recreation areas acquired in the 1979 biennium. They have also been appropriated a full-time position for a staff attorney. This new position will cost slightly over \$37,000 per year for personal services and related operating expenses. The total biennial expense for this position is \$37,000 less than the Department had budgeted for contracted legal services of this type. Mr. Manuel explained this, stating that the subcommittee felt it was best to have an attorney right in the department rather than to employ one under contracted services. When he is not engaged in trials, he could work right in the department.

The appropriation for out-of-state travel for the Department is limited to \$30,000 per year. This is a reduction of \$13,656 from the previous 1978 expenditures.

The appropriation includes language for the establishment of a six-member core environmental impact statement team. Federal funds are included in the current level appropriation. The Department is allowed to support these positions with other department funds for a short period in case federal funds do not materialize.

Mr. Manuel stated that an additional \$40,000 has been appropriated per year above the current level to insure that the Department has sufficient funds to operate all fish hatcheries and distribute the fish.

Mr. Manuel stated that the committee had appropriated by program but that the Department was also given the flexibility to move the money back and forth if they needed to.

Discussion was held at this point on the Montana Outdoors magazine and the possible censorship that the committee had placed on the publication of this magazine.

Senator Regan questioned the appropriation for the attorney and she also called for further explanation of the core impact statement team.

Representative Manuel responded that this is a core staff. The members of the staff write the environmental statements. They are actually the people who run this. They would be eliminated if there is no federal money available or if there are no contracts or grants to write. There is a possibility that a time

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could come when they are not busy. The subcommittee felt that they are very important to the Department.

Representative Menahan directed a question to the Parks Division. He stated that some of the state's parks are poorly kept. He wondered if they are going to fix up the parks.

Representative Manuel stated that the subcommittee recommended six new positions in the Parks Division.

Representative Menahan stated that in addition to the 6.9 new positions, there were 5.91 of the new positions to operate and maintain the parks.

Representative Marks then asked what the additional attorney will be doing for the Department.

Mr. Manuel stated that he would be doing high level trial work. Discussion was then had on the type of trial work that is classified as high level. Representative Hurwitz stated that land and boundary suits are classified as high level trial work.

Mike Koehnke, from the Office of Budget and Program Planning, stated that their office felt it would be better to have two full-time attorneys on the staff than to go outside and hire an attorney on a contracted basis. He also stated that the attorneys also do a lot of legal work on the Environment Impact Statements.

Representative Moore directed a question to the FTES in the Fish and Game Department. He wondered how many law enforcement people they now have. Mr. Manuel stated that they have 93 wardens. That is kept at current level.

Senator Smith stated that there is a bill in that does environmental work as far as the division is concerned.

Senator Himsel stated that he noted that the bottom line figures on the personal services have been increased. He wondered what they were based on.

Representative Manuel stated they are based on just exactly what they are being paid. He said that when the pay plan comes in, they will have to be inserted into it. Chairman Bardanoue stated that the money for the pay plan will probably be appropriated through the Budget Office.

The Fiscal Analyst, Bob Robinson, stated that the personal services are based on the salary matrix for Fiscal 1979. Senator Regan inquired if the anticipated increase for longevity is included in there.

Mike Koehnke stated that personal services is basically current level. Discussion was held on this, and Mr. Manuel stated that different rates of benefits are used by various departments.

Senator Aklestad noted that in 1978 and 1979 the FTES were down, yet the personal services were up. He wondered why. Bob Robinson stated this is the effect of the pay plan going from 1978 to 1979. There was an increase in there. He stated that most of the positions that were reduced were CETA positions.

Mike Koehnke stated that 5.8 million dollars represents actual dollars spent. The 500.3 FTES are actual FTES authorized.

Representative Bengtson inquired of the Parks and Recreation Areas what number reflects the acquisitions and how much was acquired in 1978. Mr. Koehnke stated that acquisitions for parks is not included in this budget. That would be in Long Range.

Senator Etchart wondered what kind of vacancy savings are you showing, and Mr. Manuel stated that there are none in here.

Representative Hand stated that all this general fund is for Parks for maintenance and operation only. Chairman Bardanouve stated that there is no general fund money used for operation of the Fish and Game Department itself.

Representative Smith stated that the Fish and Game has acquired more land and more access; he doesn't think they have enough money to maintain these lands.

Representative Hand wondered if this budget reflects the value of the land. Chairman Bardanouve stated that it does not.

Mr. Tom Ripplingale from the Department of Fish and Game stated that they can provide this information from records that have been kept of acquisitions in the recent past. He will provide a copy of this to Representative Hand.

Mr. Robinson stated that there is still \$285,000 in the earmarked revenue money that is available for parks and recreational areas.

Discussion was then had on game reserves.

Representative Ellis questioned the Montana Outdoors Magazine. Representative Hurwitz responded saying that the subcommittee just wanted them to clean up their act. Chairman Bardanouve stated that he does not agree with the censorship of the magazine. Representative Ellis stated that he feels we either have to decide to have them put advertising in or we have to decide to quit funding the magazine.

Senator Thiessen noted that the appropriation is larger than the actual expenses. He wonders if there was any reversion this year.

Representative Manuel stated that they do not have general fund in this. There is some parks money that they expect to get out of license fees.

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Representative Manuel then addressed the appropriations for the Department of State Lands. He stated that it is one of the smaller agencies and is well run. He said that two additional FTES were added each year with state funds. Federal and private funds will support an additional 6 FTES in Fiscal 1980 and 5.5 in Fiscal 1981.

He said that four new mine inspector positions were added to administer federal strip mine reclamation regulations. Federal funds have been made available to support these positions. Another federally funded position has been added to administer more than \$11,000 in contracts for reclaiming abandoned strip mines.

The U.S. Department of Interior has committed \$11,079,557 over the biennium to reclaim abandoned mine spoils. This accounts for the increase in the other funds appropriation.

Mr. Manuel stated that the subcommittee was alarmed about the granting of 11 million dollars. He explained that old diggings will be reclaimed. He stated that two additional FTES were added to the appropriation and that four new mine inspectors were added. Mr. Manuel said that this is another program that will inspect these mines for reclamation.

\$10,000 of travel money is federally funded.

Mr. Manuel went on to explain the appropriation for the State Lands Department stating that two additional state financed positions have been added. They are for an auditor-investigator and a clerical position. The auditor will review producing unit agreements to insure that the state is receiving proper royalties. The clerical position was previously supported by a discontinued federal contract.

General fund money for payments in lieu of taxes was increased from \$190,000 per year to \$215,000 per year. Previously, counties with more than six percent state land were allocated approximately 80% of the amount assessed.

Chairman Bardanouve asked if we are planning to open new mines in the biennium that will require more inspectors.

Leo Berry, State Lands, responded that there will be some new mines. They have 10 permit applications pending in the Department right now. He said that this number of new inspectors is the minimum number of new inspectors that they feel will be necessary.

Further discussion was held on the \$11 million to reclaim the abandoned strip mines. Senator Story asked if they have an estimate of how many acres will be reclaimed by this program. Mr. Berry stated that they have to first get their strip mining program appropriated. Mr. Berry went on to state that the applications were for new coal mines.

Discussion was then had on the clerical position that was previously supported by a discontinued federal contract. Mr. Berry stated that the department had this person on general fund at one time. Now since the federal money is gone, they are asking for general fund once again for this position. The position was on-staff at one time.

Jim Williams of the OBPP explained that half of the position was funded with E.I.S. funds and the other half with coal money.

Representative Bengtson questioned the Payment in Lieu of Taxes portion of the presentation. She stated that this is just counties with 6% or more state lands. She wondered how many this would be.

Senator Smith stated that they don't know. Daniels County has over 24% of state-owned land. He stated that 12 or 13 counties are involved.

Representative Hand wondered if the money that comes from the use of grazing land goes directly into the general fund. The response was that all grazing fees go directly into the foundation program.

DEPARTMENT OF LIVESTOCK

This is a smaller, very well-run department. Its general fund decreased 17% and other funds were increased 17%.

Under "other funds", other earmarked funds come into the department. The department charges livestock producers and they pay for most of its expenses.

Mr. Manuel stated that six new FTES are recommended by the appropriation. Two of the positions are added to increase scabies surveillance efforts. Mr. Manuel stated that this is a big problem which could be very dangerous to the state if this disease gets out of hand in Montana.

One FTE is added to automate brand recording and disease related information. This is a 10-year program. When the brand recording is done, the FTE will be deleted.

Two file clerk positions are added in Fiscal Year 1981 only to process brand re-recording information which is required every decade. The same explanation applies here as for the automate brand recording FTE.

One FTE is added to handle the bill of sale administration which will be required by the passage of SB 68. The subcommittee put this in. The Legislature has mandated this, and you have to have somebody to do the work.

Mr. Manuel stated that the Bill of Sale Clerk is recommended as an ongoing position. All other new positions will terminate at

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the end of the biennium or when funding ceases.

General fund support for the diagnostic laboratory is recommended at 50% of total expenses based on the current workload. Mr. Manuel explained that the general public uses this laboratory at least 50% of the time. Previously, the general fund supported 60% of the operation. The adjustment is responsible for the reduction in general fund appropriation.

Discussion was then held on the brand re-recording positions. It was explained that other states have put in computers for this process and they have found it to be quite efficient and so Montana is also attempting to put this into effect.

Senator Regan then addressed the passage of Senate Bill 68. She wondered if this bill has a fiscal statement saying that this bill would cost us money.

Representative Hurwitz stated that the director of the department asked that this position be appropriated for. Mr. Hurwitz stated that if they don't pass the bill and the FTE is not necessary, they don't have to pay for it.

General discussion followed on the brand re-recording, the bills sale clerk, veterinarians and the diagnostic lab appropriated under this department.

There was no further discussion and so Mr. Manuel then addressed the appropriations for the Department of Natural Resources and Conservation. He said that the general fund is up .8% and the other fund is decreased 4.3%.

They explained the reduction in the FTES stating that the CETA and forest inventory positions are no longer included. New positions in various program total 30.43 FTES.

Mr. Manuel stated that two FTES were added to central services to audit and administer YCC and YACC jobs programs. These programs will terminate when federal support stops.

Mr. Manuel explained that 3 FTE dam safety inspectors were added in the Water Resources Program. One current level position was eliminated. These positions will continue only as long as the federal dam safety funds are available. Mr. Manuel stated that this is a concern to the subcommittee. He said that there is a problem here; a lot of dams were built with state and federal money and nothing has been done with the dams for years. They felt it was necessary that appropriations be made for the inspection of the dams.

Four FTES were added to the Oil and Gas Regulation Program. Mr. Manuel explained the problem here, stating that because the state is so large, the inspectors just can't get the job done. He said that with the energy conservation program there is a lot

of increased drilling which also increases the need for inspectors.

The appropriation authorizes 12.5 new FTES in the Energy Division. Six of the FTES are federally funded and 6.5 FTES were transferred from the Lieutenant Governor's Office. Here again the federally supported positions will continue only as long as federal funds are available.

They were authorized 8.92 FTES in the Forestry Division because of an increase in federal Clark McNary forestry funds. Six of these FTES will be in the county rural fire protection program. The other 2.92 FTES will be apportioned among the Helitack fire fighting team, the Rogers Mountain Lookout and one FTE to inventory all state and county fire equipment.

Explanation was made of the Helitack fire fighting team and the rural county fire protection program.

The appropriation eliminated funds for retained legal counsel as very little service was provided in the past.

Funds totaling \$14,960 for the biennium are included to provide for dues and expenses of the legislative timber task force.

Senator Thiessen addressed this portion of the appropriation. He said that this was formerly in the Legislative Council budget. It is a sizeable task force.

Representative Manuel stated that \$75,000 of general fund money is included each year to maintain the state water project facilities. Cooney Dam is also to receive \$500,000 of federal funds in Fiscal 1981.

Mr. Manuel stated that if you were going to do this job correctly, it would cost millions of dollars. He also said that Cooney Dam funds are available and the subcommittee put them in so they would be there.

Mr. Manuel stated that the small increase in general funds over the biennium is due to the discontinuance of the timber inventory program and the replacement of \$122,056 of general fund by an increased allocation of federal forest money. The decrease in other funds results from the creation of an agency account to manage slash and brush disposal bonds. A question and answer period followed on this portion of the presentation.

Representative Moore asked what earmarked revenue account handles the Oil and Gas Regulation Program. Mr. Manuel replied that it is the Oil and Gas Account.

Mr. Moore then asked about the 6.5 FTES that were transferred from the Lieutenant Governor's Office. He wondered what funds support these FTES. Bob Robinson stated that this is general fund money. The other six FTES are federal funded.

Ted Doney, the Director of the Department of Natural Resources, stated that 6.5 FTEs were transferred by the Governor's executive order. They are funded with general fund money. He then went on to say that these six federally funded people would develop and implement the energy conservation program.

Senator Thiessen wondered why the timber task force transferred to the Department of Natural Resources. Chairman Bardonoue stated that they felt it was more compatible with the State Forestry Division.

Mr. Manuel stated that they are legislators who actually work with state employees. He said that the manual will make it plain that they are not there just for administrative purposes only. This comes out of general funds. They were put in the Forest Division so that they can administer the program. Mr. Manuel stated that the subcommittee felt that this task force would get a lot more out of general funds.

Representative Bengtson asked for an explanation of the County Rural Fire Protection Program. Mr. Manuel stated that they are the people who work in the county; they do the work and maintain the vehicles, etc.

Discussion was then had on the timber inventory program. Discussion was also had on the legal services and contracted services.

Representative Manuel then addressed the Public Service Commission appropriation. He stated that the general fund increased 3.7% and the other fund 3.8%.

The appropriation continues the current level of operation with the addition of one FTE. This is a receptionist position which was previously a CETA position.

The commission was also authorized to purchase the System 6 machine. Two cars are also authorized to be purchased over the biennium. Also an expansion of gas pipeline safety inspection was authorized by increasing contracted services \$5,000 per year.

Mr. Manuel explained that the commission had originally requested 24 new FTEs. The committee put in some bills that would relieve the Department of some responsibilities. Its highest priority of the 24 new positions was the receptionist CETA position. The subcommittee determined that the position was necessary, otherwise the Department would be paying a \$12,000 person to do the work.

Mr. Manuel stated that the Legislative Auditor recommended that sufficient funds be included to pay the full expenses of legal advertising and printing. He also explained that obviously, it would be cheaper to buy the System 6 rather than pay rent for it.

The cars that were authorized were replacements for vehicles that

have over 100,000 miles on them. Mr. Manuel explained that the maintenance costs on these vehicles are very high and it is necessary to replace them.

Discussion was then held regarding the appropriation for this department. Various items were discussed including the system and maintenance contract, the types of cars that were being appropriated, commissioners' salaries.

Chairman Bardanouve stated that the PSC has had difficulty in retaining attorneys. They feel that with the new lawyer pool this will enable them to retain attorneys for longer times.

Mr. Manuel then explained that the Department of Professional and Occupational Licensing was authorized 2.24 less FTEs than the 1979 biennium. These positions were eliminated in the hiring freeze. He stated that there was a lot of sun-setting on this board. The Board of Abstractors was proposed to be eliminated. The budget will have to be adjusted accordingly if this is accomplished. Mr. Manuel stated that these are all earmarked funds and there is no general fund money involved.

Caroline Doering, the FA, stated that 1.6 FTE was transferred from board responsibility to a central cashier function. Mr. Kearney, the Director, stated that the actual figures of expenditures was 35.56 for Fiscal Year 1978, \$394,000, 35.56% represents what was authorized but not used. For 1980, \$520,000 was appropriated and represents what is in the budget request now. Amount appropriated was \$544,000 making a drop of about \$10,000.

Representative Waldron asked if they took vacancy savings. Bob Robinson stated that it was difficult to take a vacancy savings adjustment. It is difficult to know which board has the vacancy.

A question was asked about the functions of the Medical Board. Mr. Kearney explained the process.

This concluded the presentation of the appropriations for this subcommittee and Chairman Bardanouve stated that if any of the departments plan to protest their appropriations, we would review them.

The Department of Business Regulations do not plan to protest; the Fish and Game Department had small concerns; but basically do not plan to protest; the Department of Livestock does not plan any protest.

The Department of Natural Resources' Director, Ted Doney, stated that the Natural Energy Act calls for a revamping of energy and conservation. The program will require states to participate on a 50% matching basis on the administration of that program. After that it will cost \$300,000 for the next biennium. If we don't

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participate we stand to lose four million dollars in federal funds.

He also stated that if we don't participate in the Utility Conservation Program, we stand to lose federal funds for the hospitals and schools. Montana's share is \$120,000 to participate in this program. The purpose of the program is for the utility companies to advise and assess.

Mr. Opitz of the Department of Public Service Regulation stated they are planning on protesting. He said that the appropriation is not enough to do the job they are asked to do.

Mr. Kearney of the P.O. Board suggested we look into the emergency appropriation for the Medical Board. He also stated that under the engineers and land surveyors, the amount appropriated is insufficient.

Discussion was then held on the sunset bill. Senator Hims1 stated that the board will not be terminated, but it will be reviewed. He said that either the boards should perform or they should be buried.

There was no further business before the committee and the meeting was adjourned at 11:00 a.m.

Respectfully submitted,

FRANCIS BARDANOUVE, Chairman

Robert M. Opitz
Secretary