

MINUTES OF THE MEETING
AGENCIES II SUBCOMMITTEE

January 10, 1979

9:00 A.M.

Room 343

State Capitol Building

Subject: Orientation Session

Tape 1; Side 1, Track 1 (000)

The meeting was called to order by Chairman Rex Manuel.

Chairman Manuel then introduced each member of the subcommittee, all members were present. The subcommittee members include:

Sen. Paul Boylan
Rep. Burt Hurwitz
Rep. Richard Manning
Sen. Ed Smith (Vice Chmn.)
Sen. Larry Stimat

Also present at the meeting were Bob Robinson, Legislative Fiscal Analyst; and James Williams from the Executive Budget Office.

Chairman Manuel welcomed all members to the subcommittee and explained they should be pleased that some members had previously served on this committee. This should be a help in dealing with some of the problems and help to inform the newer members.

Meeting Schedule (018)

It was decided that the subcommittee would meet everyday, Monday through Friday, at 8:15 in room 343, State Capitol Building. There were no schedule conflicts to meeting at this time, other than Sen. Smith who will be meeting with the SRS committee to assist with budget proposals. He stated a few of the meetings may have to be postponed for this reason.

Budget Analysis (034)

Bob Robinson then explained how he carried out his analysis of the agency budgets. Budgets are submitted by the Agencies to the Governor's Office. Copies are then sent to the Legislative Fiscal Analyst's office. Analysis begins at that time to see if budget requests are justified. Personal services, salaries, and benefits of the employees are generally guided by the state pay plan adopted by the previous legislature. Once verified, this becomes the basic personal services dollar amount. Rates of benefits are reviewed and generally run from 14 - 15% of gross salary. This rate is based on the fiscal year before, plus projected increases in Social Security and PERS contributions. Exceptions here include the Highway Patrol, Fish and Game, University Employees, and the Department of Justice which have separate

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retirement programs.

It was explained that the State's Fiscal Year ends on June 30. Analysis is based on the last full fiscal year.

Contracted services are reviewed as to their necessity. These generally include such services as janitorial services. Sen. Smith pointed out that one of the contracted services very often abused are the contracted services of lawyers. Sen. Stimatzi agreed with this statement.

Definitions (085)

The Fiscal Analyst then presented the following definitions:

FTE (Full Time Equivalent) - This refers to one employee on the job for 2,080 hours; 40 hour week, with three weeks vacation.

Current Level - What the Legislature authorized in the last biennium.

Modified Level - This refers to any changes made in the Current Level, over and above what was authorized by the Legislature in the last biennium.

Worksheets were handed out containing the Fiscal Analysis and the Executive Analysis proposed budgets on a comparison basis. For convenience purposes this will be referred to as Appendix #1.

The Fiscal Analyst then directed attention to the Department of Livestock. Page 1 contains a summary of the budgets proposed by the Executive Office and the Fiscal Analyst. Major differences here are not in total dollars but in total funding, \$384,000 difference in general funds. Both recommendations are very similar. It was stated that this department is very well run, not very fat.

The remainder of the worksheet contains a summary, by program, of the fiscal 1980 and 1981 recommendations. The Department of Livestock is primarily self-supporting. This self-support comes from revenue taken in from taxes on cattle, sheep, and other livestock.

Cattle Dipping and Spraying Equipment (105)

Rep. Hurwitz was interested in a program where equipment could be rented from the department to spray their own cattle when a disease is suspected. This money would be put in a revolving fund which would help support the program. The Analyst explained that such a program is used in other states and has proved to be very successful. It is a good way to prevent further spread of disease.

Sen. Boylan was concerned that some private veterinarians may object to such a program.

The Analyst then summarized the figures listed on the page concerning Central Services. He directed the members to their notebooks for further comparison

of the budgets listed on the worksheet. He also pointed out an error on the worksheet - Fiscal 1981 Recommendations should be listed on top of the second set of figures.

Sen. Boylan then pointed out that there were some real personnel problems in this department. The work load has increased tremendously. The cattle industry should be protected from suffering because of this. Sen. Smith expressed the opinion that the livestock industry is unjustly paying for a lot of services being provided to the public, and are not related to the cattle industry. The Analyst said that this would be explained later in his presentation.

Sen. Smith asked that minutes of the last subcommittee meetings be made available for review by the current subcommittee members.

Centralized Services (195)

There is very little difference in the two recommendations, however, one difference does exist in the benefit rate. Operating expenses have increased substantially due to the fact that when they first occupied their building they were not paying rent. They are now paying approx \$2.13 per square foot. Rep. Manuel pointed out that this is a rather low rent, compared to other departments.

Sen. Smith referred to a growing demand for more office space due to a growing government. The Analyst stated that the Department of Livestock is probably the best administered of all the agencies this subcommittee will have to deal with. They have a very tight program in general.

Jim Williams commented that differences were primarily in operations, an organizational change, and budgetary limitations account for budget differences.

Animal Health Administration (250)

Neither office had a recommendation here. The department has requested nothing for this program.

Diagnostic Laboratory (262)

Major differences between the Executive and LFA recommendations are apparent here. The Analyst predicted strong disagreement from the department in this area.

Funding is the major difference here. A summary of these figures may be found on page 334 in the notebooks.

Disease Control (340)

The LFA recommends 1.5 FTEs more than the Executive recommendation. The Analyst explained that this provided for an extra person on surveillance to keep scabies infected cattle out of the state.

The second difference was in personal services, .5 FTE to facilitate the

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the recording of animal health statistics system. The Executive proposed to contract with an outside person to do this work. The opinion was expressed that this position should be filled on a contract basis and not as an FTE, to keep the FTEs down. Sen. Smith asked if this service would cost the same amount however it was handled. Jim Williams stated that basically yes, the cost would be the same. This would be verified with the department at tomorrow's meeting.

An addition of \$6,000 to operating expenses proposed by the LFA in the disease control program, was noted here.

Milk and Egg (401)

The LFA recommendation is higher here due to a new requirement which requires that inspectors make two additional inspections per year of milk and egg producing plants. They will be doing this with the same staff, but will require additional traveling expenses. This is a tight program.

Inspection and Control (409)

The LFA recommends 2.5 more FTEs in fiscal year 1980. This is for a new brand recording and data processing program.

Personal services show different recommendations primarily because of a lower benefit rate. This department is well run. They have reduced FTEs on their own by pooling many services on retirements. They have not had to fire anyone.

Predatory Animal Control (450)

This program is funded by earmarked funds entirely. Basic differences are in FTEs, the Executive cut out one FTE in 1981. The figures reflect this difference. Funds supporting this program are from two sources; \$65,000 a year from the Fish and Game Department, and the remainder is made up by taxes levied for predator control.

Rep. Hurwitz was concerned that this was the last year that strichnine poisoning would be available to ranchers and the effect this would have on the cattle industry. Also of concern was the elimination of further predatory control.

Sen. Smith asked if the EPA set up controls for the uses of strichnine. He felt that this was cause for great concern. He asked that the committee line item money on the budget to be taken to the full committee later.

Rabies and Rodent Control (515)

Recommendations were basically the same. The total difference amounted to \$19,000. This concluded Bob Robinson's presentation.

Jim Williams had a few words to say in defense of the agency. He stated that the figures presented were arrived at by looking at last years figures. For this reason there should be some flexibility considered in reviewing the figures presented. The members should be aware that there will be some changes made.

Mr. Williams emphasized that the total difference in the two budgets amounted

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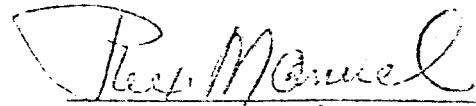
to only \$11,720.

Chairman Manuel suggested and the members agreed that there would be a short coffee break about 10:00 each morning, to last 10 minutes.

A question was raised about money appropriated to certain programs, but not spent on that program. The Analyst stated that not more than 10 percent of the total money allocated may be relocated within a department. Approval for any program transfers must come from budget directors.

Chairman Manuel expressed appreciation for the information presented. It should be a great help in tomorrow's hearing. The Analyst stated that the same information would be provided before each agency's hearing.

There was no further business. The meeting was adjourned at 11:00 A.M.


Rex Manuel
REX MANUEL/ Chairman

Mary Flanagan
Secretary