

MINUTES OF THE  
LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE SUBCOMMITTEE

January 22, 1979

8:30 a.m.

Room 132

State Capitol Building

Tape Data: 3:1-1:0-887

Subject: Dept. of Administration  
Supplemental Legislative Council

The meeting was called to order at 8:30 a.m. by Representative Hand, Acting Chairman. All members were present except Senator Lockrem, who was excused. Fiscal Analyst JanDee May was also present. Chairman Menahan took charge of the committee at approximately 9:15 a.m.

LEGISLATIVE COUNCIL  
Supplemental Request

Diana Dowling, Executive Director, said it was difficult to explain why they need the supplemental request of \$250,000. She said the former budget was in lump sums. Mrs. Dowling said recodification of some 3 million words of the laws of the State of Montana was a very expensive project. The first \$60,000 was for terminal operators and proofreaders. She said they had practically a full crew on during Recodification. They estimated that it would run 8,000 pages and it ran 9,000. They added 2 additional secretaries. They hired 2 researchers for an extra two studies that was not budgeted for and needed a secretary to type some 20 reports. They also staffed the Coal Tax which cost \$7,500 for which they were not reimbursed. They hired a business manager who took over the business manager function for the Legislature. Mrs. Dowling said it appears that this was not in the budget. She also stated that they are not allowed to budget for terminations, however they did have terminations for which vacation benefits and other benefits had to be paid.

All committee reports ran \$5,500 over what was budgeted. The Legislative Improvement Report was run 3 times. They printed a comparison of House Bill 122 with present law which cost \$7,300 in extra printing costs.

Mrs. Dowling said they contracted with Data Retrieval to derive a system for the Recodification. They estimated that it would not go over \$14,000 and the contract went \$8,000 over the estimated amount. Mrs. Dowling stated they had \$55,000 in the budget but the bid for printing came in at \$89,000 so they encumbered money that had been allocated for salaries. The cost still went in excess of the \$89,000. Of the total, \$80,000 is in the Feedbill.

In Fiscal Year 1978 they were running low on Legislators' salaries for the Interim Committee so they moved some money

from the 1979 budget to pay for per diem. They were \$7,000 short for 1978. \$12,000 was for telephone, copier and overtime.

Mrs. Dowling said if some of the attorneys leave after the session they will have to pay them termination benefits. Senator Thiessen questioned the \$5,000 paid for termination of Mr. Walker and suggested that the Fiscal Analyst speak with the Council Chairman in regards to this matter.

Mrs. Dowling stated they are working on having more control over their budget and have an accountant so if they are having trouble they will know. She felt before no one knew how much they really had in the budget. Mrs. Dowling made note that in the next budget there are \$200,000 set aside for Interim Studies and to cover the Legislators' salaries and travel. She said the budget could be line itemed. Also, she mentioned that the Council had never come in for a supplemental before.

#### Workman's Compensation Judge

William Hunt, Workman's Compensation Judge, stated that the budget request takes care of inflation more than anything else. Judge Hunt felt that the travel and the procedures used to operate is part of the formula that has allowed savings in the area of reduced cost of employers by \$9,000,000 in premiums. He also said in his opinion, if they were reduced \$108,000, they would be coming in sooner for an additional hearing examiner or court reporter or another workman's compensation judge.

Hearings have increased about 200 the first year and 400 last year. Petitions have decreased but the number of people covered in incidents has increased. Judge Hunt explained the procedures leading to a hearing. He said they hold hearings in 9 cities. He said that it is less expensive for them to go to the cities than for the people to come to them. They had gone to a city when there were no hearings but he said people could come in to ask questions and work out a claim without having to go to the court. Now, they do not go unless there are hearings. Judge Hunt said about 20% of hearings are settled in prehearings.

The Fiscal Analyst stated that the recommended reductions were in the area of travel and rent. She mentioned that there had been times when there had been travel to cities with no hearings. The Fiscal Analyst felt this was expensive. The Fiscal Analyst said a plane is often taken to cities less than 150 miles away. She mentioned the motor pool cars would be less expensive and savings would be approximately 25%. Judge Hunt commented that he does use state cars. He said that he was getting a round trip rate on a plane, flying it himself and it was cheaper than a car.

The other area of concern for the Fiscal Analyst was in rental.

The Fiscal Analyst stated that they were renting private space for \$4.82 a square foot and recommended that if possible they should move into state space which would save approximately \$10,000. Judge Hunt responded that if they did find a more economical and satisfactory location he would have no objections. Their present lease is based on a 30 day notice. Mr. Eaton stated that with walk-in public and need for a judge-like situation it would be more difficult to move the Workman's Compensation Judge into state space.

### State Insurance

Michael Young, Administrator, stated that the programs function is to provide fire insurance on state owned property. Presently, there are over 400 million in state owned realty on the books. They also provide coverage on all state personal property, contents in buildings and automobiles. The 1977 Legislature passed an act to enable the program to self-insure in all lines of insurance. Mr. Young listed the areas that were self-insured and stated that the only liability insurance is on the state auto fleet.

The major issue in the Insurance Program is the question on how large the reserve should be. Mr. Young said they had presently in their retention account \$4,796,000. The \$2 1/2 million loan from the Long Range Building sinking bond account is included. The rest which is approximately \$2.3 million represents premium charges to the agencies and accrued interest to date. The other reserves are to pay claims and expenses for specific risks. Mr. Young set aside \$250,000 for a deductible for flood insurance to avoid losing federal grants and funds. The flood insurance retention account is receiving interest.

The Insurance budget was based on 1979 allowable charges plus a 6% inflation factor. The Budget Office reduced their budget the first year by approximately \$241,000 and \$178,000 the second year. Mr. Young stated that he thought this money had been appropriated through prior sessions to buy liability insurance for what they are now self-insuring. He said the Fiscal Analyst had made additional reductions up to \$972,742 for 1980 and \$1,134,823 for 1981 which brought them approximately \$1,000,000 under their current budget each year. He also stated there was no funds allowed for increases on premiums for the fire or automobile policy.

The program presently has 4 FTE and they request an additional attorney. They had the authority from last session but did not have the cases to hire the attorney. Mr. Young commented on the Fiscal Analyst's recommendation for an actuarial evaluation. There was discussion on this point.

There was discussion on the reserve account. Representative Francis Bardanouve stated that present claims may not come in until 2 to 3 years later. He felt that the reserve should be built up and if two years from now it is felt that the

reserve is in excess then at that time it could be looked into. Mr. Eaton also felt this way and said if the balance was in excess than the charges to the agencies could be reduced. The aspect of reenacting the state's sovereign immunity was discussed.

Mr. Eaton stated that the Fiscal Analyst's recommendation was for the program to operate at 1978 level. Mr. Eaton proposed to go with the minimum of the 1979 operation level for the next biennium with the 6% inflation increase requested by the agency and at the end of the 2 years have the risk evaluation. Mr. Eaton said he would recommend closer acceptance of the agency request over the Executive recommendation.

### Communications

Curt Wheeling, Administrator, stated that the telephone expenses will be increasing excessively in the future. A new rate will be going into effect February 1. He said they operate from a revolving account and are an enterprise operation. The program pays all the telephone bills. Mr. Wheeling said they are asking for spending authority.

Mr. Wheeling stated that they have two bureaus. The Radio Microwave Bureau which contains radio maintenance shops and is staffed by electronic technicians. The Telecommunications Bureau takes up approximately 90% and takes care of the state telephone system. There are 1 1/2 engineers in this bureau. Mr. Wheeling stated that they have come in for budget amendments to add to spending authority every year for paying of bills.

The amount approved for Fiscal Year 1979 was \$1,955,000. They are now projecting that the \$1,955,000 will be half a million short. Mr. Wheeling stated that he did not have a accurate projection for expenditures for 1979 and probably would not have a good handle until after the rate increase is in effect. Their request for 1980-81 is \$3,100,000.

They plan to add an additional maintenance shop on the highline area but do not have the workload or revenue at this time so Mr. Wheeling stated they could do without the fulltime position.

In Fiscal Year 1979 most agencies' communications were 11% over 1978 due to the increase rate by Mountain Bell on May 30, 1978. Mr. Wheeling said the rate increase coming in February means on an average of another 11%. Mr. Wheeling explained the Grandfather Clause where if no changes are made to a telephone system (changing telephones, moving telephones, adding telephones) than that agency can remain in the grandfather rate. If a change is made than the agency will go into a still higher bracket which could go as high as 25% over the other 2 increases.

In the area of travel, the Fiscal Analyst recommends a decrease of 4 1/2%. The majority of travel for the program is done by

the radio technicians when traveling around the state to maintain equipment. The Fiscal Analyst has recommended a \$143 reduction for utilities. Mr. Wheeling stated if the revenue is available, they request to purchase communications equipment and they also need some safety equipment for snow travel. For equipment, they are requesting \$10,000 a year spending authority.

Mr. Wheeling stated that by reducing their budget the control is really not where it should be. They pay the bills. Mr. Eaton stated that Mr. Wheeling has no control over agency spending.

The Fiscal Analyst commented on the 12% increase for moving of telephone systems that she did not include this figure in her recommendation. The Fiscal Analyst said if an individual was appointed as monitor that perhaps some control could be enforced to keep costs down. The Fiscal Analyst recommended normal inflationary increases. There was discussion on the teleprocessing network and the amount of savings. Mr. Wheeling stated the spending authority would be taken out of their budget.

#### Treasurer

Mr. Lewis stated they have requested 2 additional FTE. He said the one recommended by the Fiscal Analyst will be used to monitor the banks on a daily basis to get the deposits within the federal reserve so the Treasurer could process drawdowns daily. Vera Freseman stated that all certificates of deposits banks use to purchase money from the investment board have to be certified going in and out of the office. Because of the rate of interest increasing, the banks have been turning the certificates over instead of just renewing them. This is an extra cost to the Treasurer in the area of communications for postage. Under repairs and maintenance Mrs. Freseman said that the typewriters and adders need maintenance contracts. There was discussion about the drawdowns and how the money and when the money can be invested.

The Fiscal Analyst did recommend the one FTE for the monitoring of the banks. The office manager position was not recommended.

Mrs. Freseman commented that they need probably a grade 10 position to take some of the work load from the Administration. An alternative was proposed by Mr. Lewis to close the windows which would free up a position to use elsewhere. The window is a traditional service that has been provided for state employees.

The meeting was adjourned at 11:00 a.m.  
Respectfully submitted.

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William Menahan, Chairman