

MINUTES OF THE MEETING  
LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE SUBCOMMITTEE

January 30, 1979  
8:30 a.m.  
Room 132  
State Capitol Building  
Tape Data: 4:1-1: 150-1189  
Subject: Legislative Agencies

The meeting was called to order by Senator Lockrem, Vice Chairman. Present were Senator Thiessen and Representative Wood. Representative Hand was excused. Fiscal Analyst JanDee May was also present. Chairman Menahan took over at approximately 9:15 a.m.

The hearings for the day were Legislative Agencies: Legislative Fiscal Analyst, Legislative Auditor, Consumer Counsel and Legislative Council.

LEGISLATIVE AGENCIES  
Legislative Fiscal Analyst

John LaFaver, Legislative Fiscal Analyst, stated that the budget request was the smallest increase the committee has ever asked for. From 1979 - 1981 the increase was 1% per year, this does not include the employee pay raises. The major portion of the 11% increase between 1978 and 1979 occurred with an addition of a position.

Mr. LaFaver stated that they have been audited every year since the agency was created and there has never been an audit exception. He also pointed out that as a comparison, their staff is one third the size of the Budget Office with which they work closely. He made this point to illustrate that it is a tight operation. Mr. LaFaver noted that since the subcommittee adopted the policy that all agencies pay rent in the Capitol Building they will need an additional \$9,419 for the biennium. He commented that it was not included in the LFA budget and was not included by the Legislative Auditor or Legislative Council.

Legislative Auditor

Harold Gerke is acting Chairman for the Legislative Auditor Committee for this biennium. He commented that the committee is made up of 4 representatives and 4 senators. The committee is charged by constitution with overseeing the post auditing function provided by law. Mr. Gerke stated that the Legislative Auditor has not only audited almost all of state government but has assisted in establishing an accounting system.

Morris Brusett, Legislative Auditor, commented that in the area

of auditing, the question is how much can be afforded in relation to what is necessary. He stated that ideally there should be full coverage for auditing. Presently, audits are taken once every 3 years to meet requirements. Mr. Brusett stated that steps are being taken to improve coverage by increasing audits. One of these steps is the Contract Audit Program. They have \$75,000 within operating expenses for the program. The Contract Audit Program gives them the flexibility to give audit coverage. The savings in salaries are transferred into the Contract Audit Program. Mr. Brusett said the reason for this transfer was if they did not have the person to do an audit it would have to be done by someone else.

Another thing being done by the Legislative Auditor is reviewing the audit programs and process to get more efficiencies. In reviewing the audits they could see if they could cut back and reduce the time necessary for doing audits and use the personnel elsewhere. Mr. Brusett commented that they plan to expand their central review process in the next cycle.

Lastly, Mr. Brusett said they are using program audit staff when available and merging with the Financial Compliance audit staff when problems arise within a program.

They believe they will collect \$500,000 from audit fees for the biennium. For the next biennium they estimate \$400,000. This money does revert to general fund.

Mr. Brusett stated that they have 50 FTE and also part time help. They bring in a summer intern every year from the University of Montana or Montana State University. He said this has been the same over the last several years.

The square footage charges for rent of office space in the Capitol was \$14,608 in 1980 and \$15,430 in 1981. These amounts will be added to the Legislative Auditor budget.

Mr. Fitzpatrick stated that according to House Bill 145, fund balances are to revert to general fund unless there is an emergency. He felt the Legislative branch did have legitimate needs for money not reverted and asked the committee to review the language of this bill in relation to the Legislative agencies.

#### Consumer Counsel

Geoffrey Brazier, Consumer Counsel, stated that the proposal for the budget was prepared by the Governor's guidelines at about the end of last fiscal year. The base was the expenditures for last fiscal year with a non-recurring capital expense for meters the Montana Power load study is removing. Mr. Brazier stated that their major expense is expert witness fees in contracted services.

Mr. Brazier did comment that the Consumer Counsel office and other state agencies that are involved in budgeting and handling the finances of Consumer Counsel are involved in 4 different lawsuits filed by Montana's four largest utilities. These lawsuits are challenging the method of funding by the Consumer Counsel. The committee has met on a regular basis with the utilities and the Governor's Office of Budget and Program Planning and has had advice from the members of the Counsel. They have come up with 3 other bills to aid in funding. Mr. Brazier went through the bills. House Bill 294 contains an appropriation of \$338,000 per year plus a \$100,000 contingency in case of a heavy case load. House Bill 354 provides for \$150,000 to be appropriated to the Counsel for Fiscal Year ending June 30, 1979. Mr. Brazier stated that as of yesterday, January 29, 1979, the fund balance was \$39.86. He said that House Bill 354 is a supplemental for the remainder of Fiscal Year 1979 and the funds are vitally needed. One reason is so testimony can be made in the case of Montana Power requesting authority to increase rates for natural gas service in the State. House Bill 301 is a bill to revise and clarify the method of funding by the Consumer Counsel. Mr. Brazier said they hoped this would put an end to the controversy. Mr. Brazier passed out a 5-page handout which he stated was a justification for the supplemental appropriation bill and House Bill 294. The handout provided for a comparison of what was spent last year and where the Counsel is this year, a summary of expenses for expert witnesses and other contracted services from the beginning of the fiscal year to July 26, 1979, and anticipated expenditures for the balance of the year. Mr. Brazier stated that they have 4 full time FTE on staff which is less than they have ever had. Presently, 2 are on salary and paid on a contracted basis. It is anticipated that 4 will be on salary for the next biennium.

Mr. Brazier stated they forecast that House Bill 294 basic expenditures will not cause an increase over the present levy rates but the \$100,000 supplemental may cause the levy rates to go up .8 of a mill. Mr. Brazier also pointed out that under the Federal Energy act that all electric utilities in Montana are mandated for review of rate structure during the next biennium. Also, gas utilities will be mandated for review of their rate structure in the next biennium. In the next biennium Montana Power will file for a major rate increase at any time.

#### Western States Legislative Task Force

Senator George Roskie gave a short presentation of the Task Force. He said that they will be appearing with the Department of Natural Resources for their budget. There was discussion as to whether the Task Force should be funded through the Department of Natural Resources and not the Legislative Council. Senator Roskie stated that the costs of operation for this year had increased 10%. The \$76,500 figure is the cost of operating the office in San Francisco. This cost is proposed to be line itemed in the Department of Natural Resource's budget.

### Legislative Council Supplemental

The committee had questions concerning the Legislative Council Supplemental. One area was the staffing of the Coal Tax by the Council and no reimbursement by the Coal Tax. Diana Dowling replied that \$15,000 was appropriated for this purpose but that it was underestimated as to the amount of work to be done.

Representative Robert Marks stated that this was a problem the Legislative Council has, not only with the Coal Tax Oversight Committee, but in other areas as well. There is a tendency to place studies in the Legislative Council if there is no where else for them to go. Senator Thiessen suggested, if possible, that the reimbursement should be from Coal Tax to the Legislative Council and not from general fund.

The committee questioned some of the amounts for terminations. The Walker termination was of concern. The Legislative Council explained that in this case, 2 months salary was paid and Mr. Walker was asked for his resignation.

### Legislative Council Budget

Diana Dowling, Executive Director, stated that a comparison could not be made to last year's budget because of confusion and lump sum figures. They have completely revamped the budget. Mrs. Dowling said they have created the Management Division.

Management Division. One office clerk has been added to take care of supplies. The position is requested in the supplemental and in the budget, but has already been hired. Mrs. Dowling stated that they have not budgeted for any telephone increases or for the square footage rent in the Capitol Complex.

As a result of the Recodification she said they have had practically a full time staff for 3½ years. She said this is one of the reasons for the large supplemental request.

Mrs. Dowling pointed out that the salaries for the division were low in comparison to other agencies. The large costs are from the Data Processing costs which are running \$25,000 to \$30,000 a month. This cost is mainly for bill drafting and searching the codes. The amount for Data Processing over the biennium is \$200,000. She said there is also a \$20,000 to \$30,000 cost after every session for an update of the data base.

Research Division. This division handles the salaries for the 8 researchers, 1 librarian, and ½ time librarian clerk. The library provides services for the rest of the agencies. In this budget is included the cost for printing the monthly newsletter the "Interim". The other costs in the budget are related directly to the research division and its staff.

She pointed out again that the researchers are not highly paid. Mrs. Dowling stated that they do not know how many studies they will be assigned. They have put on 2 additional researchers and a secretary to take care of the research.

Intergovernmental Relation/Interim Studies. This would consolidate all travel costs and dues for the Council of State Governments and 1979 Western Conference Host costs and all interim studies. After the studies are decided the chairman of those committees would meet with Bob Pierson, Director of Research, who would come up with some budgets for each study and would divide the money among each study picked. This budget does not have any money for staff travel or staff salaries with one exception for staff travel; if there is a meeting of a subcommittee, there is money for a member and a secretary for travel. She pointed out there is money in this budget for coffee. Mrs. Dowling stated that this budget is written with a \$50,000 contingency in addition to the \$200,000 for the studies. If something came up there would be money. If not, it would revert. They have line itemed the dues for the Council of State Government. There is a \$6,000 fee for 1979 conference host costs and a \$10,000 amount because of hosting the Western Conference in September.

Legal Services Division. Mrs. Dowling stated that they had 8 attorneys and 1 secretary in addition to 3 part-time people. This budget does not take into account the reclassification of the attorneys, done by the executive branch. After 3 years of experience an attorney can be classified as a lawyer 3. Mrs. Dowling stated that the attorneys on staff have indicated they are looking elsewhere for employment and she stated that 4 of the attorneys should be classified as lawyer 3 come July. Mrs. Dowling felt that they need experienced lawyers and if they did lose these lawyers they would have to hire inexperienced lawyers to take their place. To keep the experienced lawyers by reclassifying them would cost an additional \$38,000 for the biennium.

Montana Code Annotated. Senate Bill 1 provides for a revolving account. The fees from the codes will be put into a revolving account. Mrs. Dowling commented on why they needed the revolving account. One reason was for the next biennium, they will be printing many titles for the codes. She stated that hopefully by 1981 they will be self-supporting. Approximately \$400,000 of general fund was spent for printing of the code.

They are requesting a salary for an invoice clerk in this budget. Mrs. Dowling stated that something would have to be worked out for the fund balance to revert to general fund if a certain amount was accumulated. Mrs. Dowling stated the Administrative Code Committee is line itemed. She stated in this budget they

would not need the requested additional attorney; \$21,597 and \$17,481 could be deducted for this position.

Senator Thiessen questioned Mrs. Dowling as to the projection of the amount returned to the State on the Annotated Codes. Mrs. Dowling stated all of the costs plus 20% should be returned. She stated that at least 80% of attorneys around the state do not know about the new codes and some judges do not know about them. If all the sets are sold a profit will be made; however, some sets are furnished to staff members, etc. and are not sold. Their request for this biennium is about \$400,000 more than last biennium because of the Montana Annotated Code.

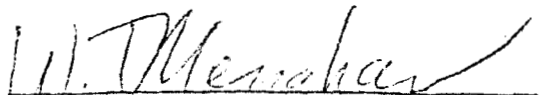
The dues for the State belonging to the National Conference of State Legislators is \$40,000 for the biennium. The dues have been going up about 10% a year.

Senator Chet Blaylock suggested to the committee that the State withdraw from the National Conference of State Legislators. He felt that some of the work is duplicative and that it could not be justified. Senator Blaylock stated that it is very expensive and he felt that the State was not gaining that much. Senator Robert Marks gave his views. He stated that he felt the organizations were doing a good job, but also felt that there was some duplication and agreed that the meetings were too distant and expensive. Senator Marks stated that a better job could be done if in some areas the National Conference of State Legislators and the Council of State Governments worked together.

Senator Marks stated in his opinion a regional conference would be more beneficial to the State. Senator Carroll Graham gave his views on the conferences.

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

Respectfully submitted.

  
William Menahan, Chairman