

MINUTES OF THE MEETING
AGENCIES II SUBCOMMITTEE

January 31, 1979
8:15 A.M.
Room 313
State Capitol Building

Subject: Orientation:
Department of Lands
Executive Session

Table 3; Side 2, Truck 4 (365)

The meeting was called to order by Chairman Rex Manuel with all members present. Also present were Bob Robinson, LFA and Jim Williams, OBPP.

The purpose of the meeting was to orient the members on the recommendations on the Department of State Lands budget and to begin Executive Action on the Department of Agriculture budget.

Centralized Management (347)

This division provides support services for the department and is responsible for collecting the income from state land.

The department reviews land leases every ten years. This will eventually be spread out so the work load is more even. Presently, there is an ongoing FTE to help them through this big work period.

Environmental Impact Studies (390)

Environmental Impact Statements must be completed before strip mines are approved. In the past it has been better to have the department conduct these studies. The entire cost is paid by the companies. Currently, the department has a contract for \$166,000 including 11 FTE for the Accelerated Soil Survey. The department has canceled this contract, therefore, this amount should be taken out of the budget.

The Executive recommendation is short one FTE, but the money for this position has been included. The Executive recommendation should read 20 FTE.

There are some modifieds that should be included to avoid a budget amendment at a later time. This cost is for an Environmental Impact Statement concerning MONTCO operations.

This division relies on general fund for the most part and receives about \$29 million a year for the school trust.

The difference in the general funds occurs in the non-operating expenses. The department has requested \$215,000. Payments in lieu of taxes are payments the state makes to the counties and school

districts in places where there is more than 7% state land. The average mill levy has not increased, therefore, the LFA did not increase their recommendation. This state contribution is to offset taxable value taken out of the county. There is no amount set by law. The Executive recommended that the department requested, the LFA kept it a constant.

The department may be faced with a rent increase. Current rent is \$4 a square foot and this could be raised to as much as \$6 a square foot per year. The department is currently paying \$10,000 per year. The department will have to find an alternative building for negotiating purposes.

The department will also be asking for several upgrades in this division.

Reclamation Program (539)

This is the operation that supervises the reclamation of coal mines, supervises the operation of hard rock mining and gravel pits, and anything that comes under the Montana Environmental Protection Act.

The LFA is short 1 FTE in this program, it should read 26.75 FTE.

The primary difference is the 10% vacancy savings amounting to \$34,000 taken by the LFA. The Executive took a vacancy savings also.

The additional FTE over the 1978 figure is the result of money provided by the federal government for the state to administer the Federal Stripmine Reclamation Law. The total amount of the grant is \$173,494 for 1980 and \$191,408 for 1981 for personal services and the cost of administration. This is a program that will terminate the positions when the federal money is no longer coming in.

In operating expenses the department has gone from \$78,000 in 1978 to over \$5 million a year. The Federal Coal Bureau collects royalty on all coal mined under federal leases. Half of this money is returned to the state in which the coal was mined. The money will go first to the reclamation of old coal spoils. Once these are taken care of, the money may be used to reclaim abandoned hard rock mines. This will be an 18 year program. Centralized services is allowed to charge 15% of the personal services for administration. This will involve 1 FTE, amounting to \$23,000 in 1980 and \$12,000 in 1981 for indirect cost money.

There is an ongoing argument between the department and the budget office over the way fees and fines are applied to the budget. This will probably be addressed at tomorrow's hearing. The LFA has included \$12,661 in 1980 and \$12,840 in 1981 to finance centralized services overhead charge from this \$6 million.

The current staff will absorb much of this program. The professional people necessary for this program are already on staff.

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The LFA has recommended that this department move some of their employees closer to their work. The department is opposed to this move. The QGPP has taken the same stand, and cut the travel for the department in half, in an effort to bring this to the legislature's attention.

It was a discussion of the various coal mines throughout the state, concerning their locations. It was also brought to the subcommittee's attention that there has been some foreign interest in the state coal mines.

Senator Stimuli was excused at this point.

Land Administration (687)

This operation oversees the use of state land being leased. They monitor the land use practices of the leasees. This program is supported by the general fund and is an effort to make sure the state is getting the maximum return from the land.

The .1 FTE difference is that of a clerk typist under contracted services, which the LFA has recommended be moved to personal services. The other difference is the Natural Areas program which is no longer included in this department.

The Executive did not cut this program. This program has had a lot of turn-over and the wages have been increased in an effort to keep the employees. The department was able to justify the cost of keeping a man in the field, therefore, the Executive included more money than the LFA. The LFA would concur on this point. Most of the difference occurs in travel.

Resource Development (750)

This program is responsible for taking action and working with the people leasing the land to see if they can get more production from the land. The goal is to get more money into the school trust.

The difference in FTE is a recommendation made as a result of a legislative audit. This FTE is an auditor to examine mineral and oil leases. It was stated that the work of this auditor will return more than the cost. The .5 FTE is a recreational analyst on staff to do a recreation land inventory. The LFA recommends taking this position out of contracted services and placing it in personal services at a cost of \$7,000 a year.

In non-operating expenses, both recommendations provide \$230,000 for capitol improvements on state lands. These are improvements to the land itself.

Included in this budget is \$60,000 a year for the state to drill core samples to see what resources the state has. This was recommended in the 1978 and 1979 budget, but the program has never been initiated.

Saline Alkali Study (850)

This program was funded in 1978 and 1979 and was to self-distruct at the end of the biennium. Therefore, the department had no request and neither office had a recommendation.

There was a ten minute break at this point.

EXECUTIVE SESSION: Department of Agriculture (887)

The subcommittee went into executive session to begin final action on the Department of Agriculture. It was decided not to act on the Transportation Division at this time.

Centralized Services (895)

The problem here is the earmarked funds recommended to replace the general funding sources. The department is concerned with the amount of support applied to the federal and private funds.

The LFA charged 5% for the hail insurance support services. At the time this figure was presented, the LFA did not consider that the program was already contributing 2% of collections to the general fund. The question is whether \$9,000 is enough to charge for the services they get out of centralized services. If they did not contribute to the general fund, the LFA felt that \$9,000 would be a fair assessment.

A summary of charges assessed by the LFA and OBPP are as follows:

<u>Funding Source</u>	<u>LFA - 1980</u>	<u>1980</u>	<u>OBPP - 1980</u>	<u>1981</u>
General Fund	\$47,215	\$51,124	\$151,533	\$152,345
Feed	5,665	7,573	7,982	8,301
Fertilizer	5,665	5,680	7,982	8,301
Rural	30,555	31,445	32,428	33,417
Wheat Research and Marketing	37,770	41,654	6,644	6,749
Pesticides	56,655	49,228	-----	-----
Grain Laboratory	26,439	24,614	23,602	24,154
Hail Insurance	9,442	9,466	-----	-----

It was suggested that the subcommittee could take the Executive recommendation and put the EPA money on top of this which would be about \$23,000 each year. The LFA recommendation for wages is better because the Executive took too high of a vacancy savings.

The state is subsidizing these operations at this time. If they are to pay their share, they must pay something.

Wheat Research and Marketing (1129)

The subcommittee might want to state that the recommendations were

made on the basis of expenditures in the program. The OBPP used 10% of operating costs and did not include the grants. This 10% was applied to personal services.

Senator Boylan made the motion that the subcommittee take \$18,153 for 1980 and \$16,341 for 1981 for centralized services out of the Research and Marketing. Representative Hurwitz seconded the motion. The motion passed with Senator Smith and Rep. Manattive Manuel opposed.

Chemical Laboratory (1152)

There is a \$2,500 difference in the two recommendations. Chairman Manuel asked for a compromise figure. Senator Smith expressed the opinion that maybe some of this money could justifiably be taken out of the general fund. 10% of operating expenses for this program would be \$15,000 which is more than either the LFA or the OBPP recommends.

Senator Boylan made the motion to accept the figure of \$25,000. Representative Manning seconded the motion. The motion passed unanimously for both years.

Hail Insurance (1203)

Senator Boylan made the motion that the subcommittee not appropriate hail money for centralized service support. Representative Hurwitz seconded the motion. The motion passed unanimously.

Pesticides (1213)

Senator Boylan made the motion to accept the LFA figures of \$56,655 and \$49,228. Representative Manning seconded the motion. The motion passed with Chairman Manuel opposed.

Feed and Fertilizers (1240)

Representative Manning made the motion to accept the OBPP budget for centralized services. Senator Boylan seconded the motion. The motion passed unanimously. The figures would be \$7,982 for 1980 and \$8,301 for 1981.

Rural Development (1240)

Representative Hurwitz made the motion to accept the LFA budget. Senator Boylan seconded the motion. This would be \$30,555 for 1980 and \$31,445 for 1981. The motion passed unanimously.

General Fund (1270)

The group decided to wait for the bottom line amount before taking action.

1 FTE Attorney (1306)

This position was not recommended by the LFA but was recommended by the OSPP. Question here is whether they should be using the lawyer now in the Attorney General's Office. Point was made that maybe this department should share a lawyer with the Livestock Department.

Site 1, Track 3 (000)

Representative Hurwitz made the motion to not allow the 1 FTE and qualified the motion by stating he would like to see them look into sharing a lawyer with the Department of Livestock. Senator Boylan seconded the motion. The motion passed with Chairman Manual opposed and Senator Smith reserving his vote.

Centralized Services Appropriation: Operating Expenses (040)

Representative Manning made the motion to accept the Executive recommendation. The motion was seconded by Senator Smith. The motion passed unanimously.

Personal Services (047)

Representative Manning made the motion to accept the LFA budget. The motion was seconded by Representative Hurwitz. Motion passed unanimously.

Equipment (053)

Representative Manning made the motion to accept the LFA recommendation for equipment. Representative Hurwitz seconded the motion. The motion passed unanimously.

Representative made the motion that money appropriated for equipment be only spent on equipment. Senator Smith seconded the motion. The motion passed with Representative Hurwitz opposed.

Representative Hurwitz asked that the LFA and OSPP look into the possibility of one lawyer between the Departments of Livestock and Agriculture.

There was no further business, the meeting was adjourned at 11:15 A.M.



REP. REX MANUEL, Chairman