

MINUTES OF THE
LEGISLATIVE, JUDICIAL AND ADMINISTRATIVE SUBCOMMITTEE

February 1, 1979
8:30 a.m.
Room 132
State Capitol Building
Tape Data: 5:1-1:0-1090
Subject: Governor's Office

The meeting was called to order at 8:30 a.m. by Acting Chairman Senator Lockrem. Chairman Menahan took charge of the meeting shortly after the meeting began. All members were present. Fiscal Analyst JanDee May was also present. Bob Robinson, Fiscal Analyst, gave the FA presentation for the Office of Commerce and Economic Development.

The hearings for the day were Governor's Office: Executive Office, Lieutenant Governor's Office, Office of Budget and Program Planning, Legal Jurisdiction, Mansion Maintenance, Citizens Advocate and Office of Commerce and Economic Development.

GOVERNOR'S OFFICE
Executive Office

Mike Koehnke, Budget Analyst, stated the program has 16.5 FTE and \$633,000 of general fund.

Raymon Dore, Assistant to the Governor, commented that the Governor's Office accepted the FA recommendation.

The FA stated the subcommittee decided to include rent for the agencies in the Capitol. Therefore, the agencies budget will be increased by \$23,822 the first year and \$25,164 the second year.

The main area of difference between the Executive and the FA recommendations is within the area of travel. The FA recommended \$100,000 and the Executive reduced its own budget to \$86,000. Mr. Koehnke stated when the budgets were prepared by the Governor's direction they cut the travel funding by 15%. They used this base for their request. The Executive also applied a 6% cost of living increase. They allowed no cost increase in consultant fees.

For physical moving of some agencies, they allowed increases in communications. The FA did eliminate the secretarial overtime and the equipment contingency account.

Mr. Koehnke stated all items in the Governor's budget are general fund.

The FA figures of \$18,965 and \$20,103 were for equipment rentals within this program. The FA stated that by adding the additional

building rent to the rent figures she had, it would bring the totals of the Governor's Office and the FA very close. The difference would be the \$2.25 and \$2.47 footage rates. However, there was a \$23,000 difference after adding the costs. Mr. Koehnke stated the FA figures were more current than their's and they had no problem accepting them.

The total FA rent figures are \$42,787 in 1980 and \$45,267 in 1981.

Lieutenant Governor's Office

The program has 6 FTE and is all general funding. The Office originally had the Montana Energy Office within its program. After reorganization, those FTE and general fund dollars were transferred to the Department of Natural Resources. A portion of the money was reverted at the end of the year.

In personal services, there is an \$11,000 difference between the FA and the Executive. The \$11,000 accounts for salary increases for 2 people in the Lieutenant Governor's Office. The Executive is allowing pay raises for positions which are exempt from the classification scale.

The FA used 1978 as her base. She stated that there were adjustments made for increases in salaries. A vacancy savings was also applied.

In contracted services, the FA is under the Executive approximately \$1,000 the first year and \$1,800 the second year, however, the FA recommended the agency request for contracted services. She said this difference could be due to SBAS and payroll charges.

In communications, the FA used a 1977 base, added a 6% inflation rate each year plus a 25% increase for communications. For travel, the FA feels that \$10,000 will be adequate for a staff of 6 FTE. Last year with a larger staff, \$20,000 of general fund was spent for travel. The FA recommended no funding for equipment because the Lieutenant Governor in their budget requested no equipment.

There was discussion of the Fuel Allocation Program being transferred over to the Department of Natural Resources.

Mr. Koehnke stated that the FA used 1977 as a base year when the Lieutenant Governor's Office had 3 FTE. Presently, the office has 6 FTE and Mr. Koehnke felt a better base year could be used than 1977.

For travel, the agency requested travel at current level and also some additional travel in a modification request. That request was withdrawn and is not considered in the figures for the Executive budget.

The FA stated that the 1977 base she used would only affect the

communications area. She also stated within the program, rent for the Capitol would need to be added which would be \$2,079 the first year and \$2,196 the second year.

The overall difference between the FA and the Executive would be \$23,366 in 1980 and \$24,180 in 1981.

Office of Budget and Program Planning

The FA recommendation deletes one position in the Office. Mr. Koehnke stated they would like to have the position, which is filled now with a staff attorney, for the next biennium.

In operating expenses, the additional rent would have to be added to the budget.

The agency requested \$1,343 in equipment the second year. The FA recommends no funding for equipment the second year. Contracted services was decreased by \$12,000.

George Bousliman, Director, stated the most important difference between the FA and their budget is the deletion of the FTE. The position is occupied by a Joe Roberts, the staff attorney, and is being shared with the Governor's Office.

Mr. Bousliman stated that the Governor had created the Legal Services Review Committee for which the Office has made no specific provisions for. He said it will require legal time and clerical time and this would add to their reason for having legal assistance in their office.

Mr. Bousliman commented within contracted services, he felt the cut was too deep. They need for data processing \$28,000; \$7,000 for printing and \$7,000 for copy. The other area was rent which was resolved.

The FA stated in relation to personal services, the position was vacant at the time of the hiring freeze and the Budget Office stated they would not fill the position. She stated it would be a decision for the committee as to whether or not to keep the position.

In the area of operating expenses, the FA did not include enough money for printing. The adjustment for printing costs would be put back in to the FA recommendation. Also, the FA deleted some one time expenditures from the base year involving federal money. The deletions brought the base to \$3,400 to which the FA applied normal inflationary factors.

The FA commented that she could not respond to the change from the original requests in the area of rent from \$14,800 to \$19,000 in 1980 and from \$16,000 to \$21,000 in 1981. However, she stated there would be additional rental costs for equipment which was rented the last 2 months of 1978.

The adjustments of the FA included \$10,000 and \$15,000 for the new System 6 and the building rent. The bottom line figure for rent for 1980 is \$24,969 and for 1981 \$30,554 by the FA.

The agency only recommended \$19,000 for themselves. Mr. Bousliman stated that \$10,000 of that amount was for the System 6, approximately \$1,500 for rental of the data processing terminal and \$9,000 for office rent.

The FA did recommend the requested \$1,800 for equipment in 1980.

Mansion Maintenance

The difference between the FA and the Executive in this program is the 7.5 FTE.

In operating expenses, the FA made reductions in repair and maintenance and in the area of equipment. Mr. Koehnke stated it was very difficult for the mansion to run without adequate repair and maintenance. He said there are various household items that do need repair or replacing.

Mr. Dore stated there was no way of anticipating something happening. The structure is approximately 20 years old and maintenance is accumulating.

The agency felt that \$835 for maintenance and repairs was not a large sum for a 14-room house. They also requested a 3/4 FTE be reinstated. The FA deleted the position because it was vacant.

Citizens Advocate

The program has 2.5 FTE. The FA eliminated the part-time position which is now filled. Mr. Koehnke stated that during different times of the year, the workload requires an extra position. The FA stated the .5 position was vacant 50% of the time and said it might be better to make it an aggregate position of .25.

There was discussion on the answering service and use of the telephone line.

Legal Jurisdiction

The FA made no recommendation for this program and took a neutral position. The Executive is recommending continuing funding for the project.

Joe Roberts, staff attorney, stated that two years ago the Legislature appropriated the money for this biennium to start the Legal Jurisdiction project. Mr. Roberts stated the state agencies were receiving various jurisdictional questions and did not have the expertise to deal with the questions and issues. This was the reason for the task force being set up. This has been handled through a Policy Committee which consists of a representative of the Attorney General's Office, Allen Chronister

a representative of the Governor's Office, Mr. Roberts and a representative from one of the agencies, Bob Cochran from the Department of Revenue. The Policy Committee was to give an overall policy guidance to make the determination of what lawsuits to get involved in and what questions to research.

Originally, it was planned to have the attorneys fulltime state employees. With the price offered for the attorney positions, qualified attorneys could not be attracted. The best alternative was hiring on a contract basis with two full-time law school graduates and two other part-time attorneys who have more experience. There was also a legal secretary hired.

It was decided to station the people in Missoula. The other component has been the training review and research which is handled through contract with the Historical Research Associates. Their mandate was to go back and review all the Federal Legislation, treaties, executive orders, or anything that would bear on the status of the reservations in Montana.

Mr. Roberts cited some cases which the Legal Jurisdiction Task Force is involved in. Two of the major cases are the Blackfeet Tribe versus the State of Montana and the Crow Tribe versus the State of Montana.

Mr. Roberts stated litigation is started by an individual or by a tribe who raises an issue.

Senator Lockrem was concerned with the fact that there have been requests for almost a million dollars for outside legal services and the reference that qualified in-house attorneys cannot be found. He questioned the \$132,000 being adequate to handle the litigation for the state and if it was then he also questioned the amount being requested for the Coal Tax Defense.

Mr. Roberts stated to find an attorney with the expertise in one certain area of the legal field was hard to find. Another problem was the amount of salaries offered by the state.

The two fulltime attorneys are on the payroll. The other attorneys are on contract. They also have a fulltime legal secretary and two part-time help positions.

The FA noted expenditures in the amount of \$88,228 for 1978. Last year \$20,000 was moved from the Legislative Council for the Jurisdictional Committee. She stated this money instead of being shown as a transfer was shown as an expenditure. Each year \$150,000 was used for the program and \$20,000 each year was for the Jurisdictional Committee.

Senator Lockrem said somewhere down the line a stricter control will be needed for attorneys and attorney fees.

Mr. Bousliman commented that the Legislative Services Review Committee was making a serious effort to get a handle on outside legal counsel. Now, before agencies can place someone from the outside they are required to come before the Committee.

Office of Commerce and Small Business Development

The Office of Commerce originated last Legislative Session. Last year it received its first federal funding. Prior to last biennium, it was brought into the Governor's Office by an EDA 304 grant.

The Office originally had 5 FTE. The Old West Funds were transferred to the Governor's Office to consolidate all economic development activities. There were 6 FTE involved with the Old West Program. The Executive deleted one of these positions and transferred one position to the Governor's Office.

The Executive recommendation for general funds includes one additional FTE for business licensing coordinator. The total general fund request is \$78,146.

The FA recommends no general fund and does not recommend any use of EDA planning grants. The FA does recommend full use of the Old West Regional Funds.

John Lopach, Director, introduced Mr. Fred Bernatz, President of World Housing Corporation in Butte, Mr. Forest Boles, President of the Montana Chamber of Commerce, Mr. Richard McConnen, Professor of Agricultural Economics at Montana State University and John Rabenberg, Executive Vice President of the Wolf Point Chamber of Commerce. These men gave testimonials in support of the budget for the Office of Commerce. Mr. Lopach also handed out letters of testimony from the public.

Bob Robinson, Fiscal Analyst, stated the FA position was the Office was not addressing the problem. Mr. Robinson stated if industry is going to come into Montana the Office would have to make it economically feasible by addressing taxation issues: income tax, property tax, corporation taxes; transportation issues; problems with the labor force. Senator Thiessen added they would also have to address the energy issues.

Mr. Robinson stated studies have indicated that taxation, transportation or remoteness from markets and cost of doing business are problems when bringing new industry to Montana.

Mr. Robinson stated the Office's active role was administering contracts, overseeing the Old West Regional Commission grants and appropriating economic development grants. He stated for the next biennium most of their planned appropriation is going for studies and issuing more grants.

Mr. Lopach commented that the theme in their plan is to address

the basic issues. He said they have located counties in the state that need the jobs the most. Mr. Lopach said their main job would be to create basic primary sector jobs. He added they would not exclude other counties where there is an opportunity to assist in creation of jobs.

Mr. Lopach commented that his report to the committee mentions numerous research contracts intended to be entered into for the 1980-81 biennium. He said these contracts are all keyed to economic issues. They address the need for capitol, transportation costs and transportation availability.

Old West Program. Neil Anderson, Coordinator, stated in 30 contracts in the past 30 months, \$760,000 has been contributed to local government to allow them to proceed with their own initiatives from an economic standpoint.

The Old West Commission is a combination partnership of Montana, Wyoming, North Dakota, South Dakota, Nebraska and the federal government with the function for economic development in the region. The Governors of the five states are the Board of Directors for the Old West Commission. They allocate the funds appropriated by Congress to meet the needs of the region.

Mr. Anderson listed some of the programs dealt with through the Old West Commission. He stated the Commission is a contributor and is an assistance to the agencies in government to bring to some conclusion the factors in economic development.

Mr. Lopach in closing, urged the committee to review their report of activities, staffing plan and development plans.

The meeting was adjourned at 11:35 a.m.

Respectfully submitted.

William Menahan
William Menahan, Chairman

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