

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

February 19, 1979

The fifth meeting of the Senate Finance and Claims Committee met on the above date in room 108 of the State Capitol Building and was called to order at 11:12 a.m. by Senator Himsel, Chairman for the purpose of discussing Senate Bills 448 and 319.

ROLL CALL: All members present except Senators Story, Regan and Etchart.

DISPOSITION OF SENATE BILL 448: Senator Fasbender explained the amendments, copy enclosed, as carrying out the wishes of the committee members. He said from his work on the sub-committee he preferred they set up a contract with a nonprofit corporation as opposed to the possible expansion into another bureau. He said the advisory board would be expanded to 7 members. The council would develop recommendations to the Board of Regents as to what they would be looking for and as to how the contract would be drawn up to keep the costs down to the students. The nonprofit corporation would then come into the bill, and it would be their duty to carry out the contract as designed. They would be checked to see that they were running this for the benefit of the students and not for profit.

MOTION the bill be amended to reflect these amendments, made by Senator Fasbender.

Questions as follows: Senator Thiessen: Would this be the outside nonprofit corporation contractor from the east that spoke the other day? Senator Fasbender: That would be up to the advisory board.

Senator Himsel: Is there a termination date to the contract? Senator Fasbender: That would be up to them too as to how long they wanted it, and what was decided. There are some areas I may not be fully cognizant of, I have not had the time to look into this thoroughly.

Senator Aklestad: Is there a maximum time to be in this program? Senator Fasbender: There is a section in the end for dissolution of it. To specify the length of time--the board of regents would be in on that.

Senator Aklestad: Do we keep writing contracts if we wish to get out? Senator Fasbender: It is my understanding that in two years we could probably come in and say we don't want in. The Federal Government would then contract someone to do it.

Senator Aklestad: Is the reason we are considering it the fact that the default loans are going to be less? Senator Fasbender: If an agency in the state keeps track of the loans to see that they are paid back, the lender would be more apt to loan. He said he was concerned that if a nonprofit organization got in by themselves they might be more interested in making money for themselves than in the welfare of the student.

Senator Himsl said if he recalled the testimony correctly, there was going to be a program in Montana, and we have one option: The Federal can run it, or the Federal seed money can come in and we can run it ourselves, but with Federal guarantee. He said he also understood we put up \$95,000 which is a loan that will be paid back with interest. It should not cost the state any money in the long run.

Senator Stimatzz: Can a school loan money. The committee thought possibly, depending on the circumstances. Senator said he had also asked the question if an individual could loan the money, and was having the answer checked.

Senator Fasbender said he felt this would depend on the availability--perhaps a grant or loan; however, most of these were made for a specific purpose, and would not be available as loans. He mentioned that this bill would make money available to students attending private schools, also.

Senator Thiessen: On the bankruptcy laws--is the Federal Government changing the laws? Senator Stimatzz explained that there is a whole new act coming into effect now, and after this fall they were not under the same conditions as before the change. He felt this would cut the default rates.

Senator Himsl said this is a federally backed loan and so it doesn't make any difference.

Senator Fasbender said in the first five years the state is guaranteed no loss.

Senator Thomas said the default rate affected the fee. If the default rate is low, the fee charged to the student is lower, if high, it can be escalated up.

QUESTION was called on Senator Fasbender's motion to move the amendments. Voted and passed.

MOTION to pass as amended, VOTED AND PASSED.

DISPOSITION OF SENATE BILL 319: Senator Fasbender explained these amendments, as those expressed at the last meeting, and said the new section is a procedural change needed if we are to eliminate the supplemental budget next time.

Discussion was held on the problems agencies could have if they cannot roll ahead money between the years of the biennium.

Senator Aklestad asked if the \$750,000 would be enough in the disaster fund if this is passed, and Senator Fasbender said it would have to be increased to at least \$1 million. Discussion was held on the counties also being able to dip into this fund.

Senator Smith said perhaps it was best to go a step at a time. The repealer could be removed this time, and the next time it could be taken a step further.

MOTION by Senator Smith that Section 4 be removed. He said he hoped this would tighten it up.

MOTION by Senator Fasbender to amend his amendments, by striking section 4 in its entirety as a new amendment on the sheet.

Senator Thiessen said he felt the budgets should then be set up for a full 24 months and the agencies spread it over the full time.

Senator Himsl said they do have a spending plan. He said the reason the SRS had so many problems, is that they are a unique agency. Most of the other agencies sell services. The SRS purchases services, and this is where they really got into trouble. They had a plan, but didn't have what it took to hold to the line. When they get the funds, they then implement an intra-agency plan.

Senator Smith said with the wording changed from "income" to legislative appropriation in the bill, it would give them a right to take them to court for exceeding the appropriation.

At a request from Senator Aklestad, Senator Fasbender explained the repealer as letting the agency use money from the second year to the first within the biennium and then come in for a supplemental to finish the second year. If the repealer is taken out, they can no longer transfer money back and forth.

Senator Lockrem said he would like to speak in opposition to the amendments, and would probably vote against them. He said while he appreciates Senator Smith's concern over the SRS budget, that actually there is nothing so glaring as coming in with a supplemental. He said he felt it better to give an 8% increase through supplemental rather than a 15 or 20%. He said in his subcommittee they hold it down knowing full well they are going to come in for a supplemental. He said the state has to pay the bill no matter what--What would happen if the legislature voted against a supplemental? The executive branch is responsible to a far greater constituency than legislators, and is something legislators can look over during the interim. He felt this bill is an infringement on those who have a far greater constituency.

Senator Aklestad said he felt the people back home were looking at the legislators to do the job and would hold them responsible.

Senator Lockrem said maybe so, but he felt this particular incident was a flagrant contempt for the budget. He felt that a better way to handle it was to have the fiscal committee look into it. He said he would draft an amendment when the bill goes through.

QUESTION on the amendments. Voted and passed.

MOTION by Senator Thiessen that the Senate Bill 319 DO PASS

AS AMENDED. Voted and passed.

Motion by Senator Smith to adjourn. Voted and passed.

The meeting adjourned at 11:52 a.m.

Senator Himsel
Senator Himsel, Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

46TH LEGISLATIVE SESSION 1979

Date 2-19-

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HIMSL	X		
SENATOR STORY			
SENATOR AKLESTAD	X		
SENATOR LOCKREM	X		
SENATOR ETCHART			
SENATOR NELSON	X		
SENATOR SMITH	X		
SENATOR BOYLAN	X		
SENATOR REGAN			
SENATOR FASBENDER	X		
SENATOR THIESSEN	X		
SENATOR THOMAS	X		
SENATOR STIMATZ	X		

STANDING COMMITTEE REPORT

.....February 19, 1979..... 19.....

MR.President.....

We, your committee onFinance and Claims.....

having had under considerationSenate..... Bill No. 319.....

Respectfully report as follows: ThatSenate..... Bill No. 312..... introduced bill, be amended as follows:

1. Title, line 4.

Strike: "ELIMINATE"

Insert: "PROVODE FOR A 2/3 VOTE OF EACH HOUSE FOR APPROVAL OF"

2. Title, line 8, and 9.

Following: "MCA"

Strike: remainder of lines 8 and 9

Insert: "."

3. Page 2, line 9 through 20.

Strike: lines 9 through 20 in their entirety

4. Page 2, line 21.

Following: line 20

Strike: "(4)"

Insert: "(3)"

DO PASS

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5. Page 2, line 22.

Following: "the"

Strike: "introduced in"

Insert: "passed by"

6. Page 2, line 23 through 25.

Following: line 22

Strike: lines 23 through 25 in their entirety

Insert: "except by a 2/3 vote of the members of each house of the legislature present and voting on the question."

7. Page 3, line 1.

Strike: "state"

8. Page 3

Following: line 24

Insert: "NEW SECTION. Section 4. Deficiency appropriations, commonly referred to as a "supplemental appropriation", for a legislative branch agency must be included in a separate appropriation bill and may not be included in the bill appropriating money for the operation of the legislature, commonly referred to as the "feed bill"."

9. Page 3, line 25 through line 1, page 4.

Strike: Section 4 in its entirety

And, as amended, DO PASS

SENATOR HIMSLO

SENATE COMMITTEE

FINANCE AND CLAIMS

Date

✓ Bill No. 579 Time 11:47

NAME	YES	NO	ABSENT

SENATOR STORY

a. b.

SENATOR AKLESTAD

x

SENATOR LOCKREM

x

SENATOR ETCHEART

a. b.

SENATOR NELSON

x

SENATOR SMITH

x

SENATOR BOYLAN

x

SENATOR REGAN

a. b.

SENATOR FASBENDER

x

SENATOR THIESSEN

x

SENATOR THOMAS

x

SENATOR STIMATZ

x

SENATOR HIMSL

x

Secretary

Chairman

Motion:

Second
Amend.

SENATE COMMITTEE

FINANCE AND CLAIMS

Date _____

Bill No. 317 Time 11:49

NAME	YES	NO	ABSENT

SENATOR STORY

SENATOR AKLESTAD	<i>ad</i>		
SENATOR LOCKREM		<i>x</i>	
SENATOR ETCHEART	<i>ad</i>		
SENATOR NELSON	<i>x</i>		
SENATOR SMITH	<i>x</i>		
SENATOR BOYLAN	<i>x</i>		
SENATOR REGAN	<i>ad</i>		
SENATOR FASBENDER	<i>x</i>		
SENATOR THIESSEN	<i>x</i>		
SENATOR THOMAS	<i>x</i>		
SENATOR STIMATZ	<i>x</i>		
SENATOR HIMSL	<i>x</i>		

Secretary

Chairman

Motion:

to Pass a Bill

STANDING COMMITTEE REPORT

February 19..... 19 73.....

MR.President.....

We, your committee on.....Finance and Claims.....

having had under considerationSenate..... Bill No.....443.....

Respectfully report as follows: That.....Senate..... Bill No...443,..... introduced bill, be amended as follows:

1. Title, line 5.

Following: "TO"

Strike: "ADMINISTER"

Insert: "CONTRACT FOR THE OPERATION OF"

2. Title, line 6.

Following: line 5

Strike: "FOR MONTANA RESIDENTS"

3. Title, lines 7 through 8.

Strike: "ESTABLISHING A GUARANTEED STUDENT LOAN ACCOUNT WITHIN
THE STATE TREASURY;"

4. Page 2, line 2.

Following: "1."

Strike: "Student"

Insert: "Guaranteed student"

DO PASS
KARR

"continued"

5. Page 2, line 3.
Following "compensation"
Strike: ", and duties"

6. Page 2, line 5.
Following: "of"
Strike: "five"
Insert: "seven"

7. Page 2, line 12.
Following: line 17
Insert: "(e) One member must be a representative of the office of public instruction.

(f) One member must be a representative of the office of the commissioner of higher education."

8. Page 2, lines 20 through 22.

Following: line 19
Strike: subsection (5) in its entirety
Renumber: all subsequent subsections JW ✓

9. Page 3, line 4.
Following: "(a)"
Strike: "one member"
Insert: "three members"

10. Page 3, line 22.
Strike: "by the board"

11. Page 3, line 24.
Following: Line 23
Insert: "(5) "Nonprofit corporation" means the private nonprofit corporation designated by the board to guarantee student loans."

12. Page 3, line 25.
Following: "may"
Strike: "establish"
Insert: "contract for the operation of"

13. Page 4, line 2.
Following: "to"
Strike: "residents of Montana"
Insert: "students"

14. Page 4, lines 6 through 10.
Strike: subsection (2) in its entirety.

15. Page 4, lines 11 through 13.
Following: "the" on line 11
Strike: line 11 through "board" on line 13
Insert: "nonprofit corporation. The nonprofit corporation"

"continued"

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16. Page 4, line 15.

Following: "the"

Strike: "board"

Insert: "nonprofit corporation"

17. Page 4, line 20.

Following: "by the"

Strike: "board"

Insert: "nonprofit corporation"

18. Page 4, line 23.

Following: "the"

Strike: "board"

Insert: "nonprofit corporation"

19. Page 5, line 4.

Following: "shall"

Insert: ":(1)"

20. Page 5, line 6.

Following: "8)"

Strike: "."

Insert: ";(2) make recommendations to the board concerning the designation of a nonprofit corporation;

(3) monitor the nonprofit corporation to assure that both the students and lenders are adequately served; and

(4) advise on the adequacy and proper execution of any contracts entered into between the board and the nonprofit corporation."

21. Page 5, line 7 through line 4 on page 6.

Strike: Section 7 in its entirety

Insert: "Section 7. No state obligation. The legislature is not obligated to appropriate any money to pay for guaranteed student loan defaults. For the purpose of the guaranteed student loan program, neither the board nor the nonprofit corporation may obligate the credit of the state."

22. Page 6, line 9.

Following: "the"

Strike: "board"

Insert: "nonprofit corporation"

23. Page 6, line 12.

Following: line 11

Strike: "board"

Insert: "nonprofit corporation"

And, as so amended, DO PASS

SENATE COMMITTEE

FINANCE AND CLAIMS

Date

SBBill No. 448 Time 11:29

NAME

YES

NO

ABSENT

SENATOR STORY

at

SENATOR AKLESTAD

x

SENATOR LOCKREM

x

SENATOR ETCHEART

ab.

SENATOR NELSON

~

SENATOR SMITH

~

SENATOR BOYLAN

x

SENATOR REGAN

ab.

SENATOR FASBENDER

x

SENATOR THIESSEN

~

SENATOR THOMAS

x

SENATOR STIMATZ

x

SENATOR HIMSL

x

Secretary

Chairman

Motion:

3 16 P.m.