

MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS SUBCOMMITTEE
ON NATURAL RESOURCES
January 15, 1981

The meeting was called to order by CHAIRMAN STOBIE. Roll call was taken with all members but SENATOR STIMATZ present.

BOB ROBINSON, Fiscal Analyst, presented the handouts provided by the Department of Business Regulation. One was the Functional Organizational Chart (EXHIBIT A), also a chart showing the FTE's from the year 1975 through 1981 (EXHIBIT B). The comparison of the Legislative Fiscal Analyst and Executive Budgets for this Department was also distributed to the subcommittee (EXHIBIT C).

GARY BUCHANAN, Acting Director of the Business Regulation Department gave an overview of their budget request (EXHIBIT D) after introducing his staff, Isabelle Pistelak, Administrator of Centralized Services Division, Dick Disney, Administrator of Consumer Protection Division, Les Alke, Administrator of the Financial Division, and Bill Ross, Administrator of Milk Control. He drew attention to the reorganizational plan and their withdrawal of a request of two new FTE's in the amount of \$26,000.00 in 1982 and \$28,000.00 in 1983. He then referred to each Division in part.

Discussion was held and SENATOR BOYLAN suggested that consolidation with Consumer Council might be looked into.

SENATOR SMITH asked Mr. BUCHANAN if these Departments could live within their budget requests. Mr. Buchanan stated that they could and that they could fulfill the duties mandated by state law.

MRS. PISTELAK presented CENTRALIZED SERVICE program.

Under WEIGHTS AND MEASURES the increases in wages were discussed as they feel they are losing people because of low salaries. That a Grade 10 is making about \$11,911.00 per year, highest paid Grade 11 is \$13,476.00 per year.

Under Supplies, Materials and Communciations the executive budget is considerably higher than LFA. It was explained that the Executive budget had included the \$5,000 for training. It was also stated that they still have a vacancy in Great Falls. They cannot afford to hire more people at this time but also cannot live up to the law if they cannot afford to put their people on the road. It was suggested by SENATOR SMITH that 12% inflation factor may not be enough for gasoline and supplies.

They reverted \$1,985,57 last year but this may have been due to one man being off work for surgery.

FINANCIAL DIVISION. In regards to the bank examiners, all fees revert to the General Fund. That there is a Bill up to increase the cost of examining to the banks. Bank Examiners generate about \$123,000.00 and spend approximately \$350,000.00 to \$400,000.00.

LES ALKE, Administrator presented the FINANCIAL DIVISION (EXHIBIT C, pg. 3) and (EXHIBIT E).

Mr. ALKE stated that the turnover is a problem as they have only retained three out of the fifteen examiners they had in 1975. Electronic data processing is progressing so rapidly their examiners are required to go to school. Since 1973 they have never had a year without a reversion and never asked for a supplemental. Banks do not mind paying fees for examination but will not go along with the fees going into the general fund. It was also brought out that frequent examination is done by the Federal government. The collection for the General Fund from Bank Examiners the first half of the year in 1980 was \$309,994.00. Bank Examiners start at Grade 12 and go on to Grade 13, 14 and 15. The top payed examiner is \$20,070.00. This department can move people from grade to grade where some state agencies can only move steps.

Under OTHER EXPENSES the difference between the LFA and Executive Budget is \$25 to \$35 a day for training.

MILK CONTROL was presented by Bill Ross. He referred to handout (EXHIBIT F AND G). He stated he was requesting an increase in travel for 1982 and 1983. Requesting \$8,986.20 for 1982 and \$9,611.20 for 1983. The reason being that the travel expenses for 1980 was not an accurate base for 1982 and 1983 in that they had one auditor sick and two missing from the staff for 2.75 months.

EXHIBIT F is a budget request for milk testing equipment totaling \$1,169.00

In reference to the butterfat testing (EXHIBIT H), it was remarked that this test was done by this division about four times a year and should be tested about once a month.

Milk Control collected in fees in 1980, the amount of \$249,266.18 which is 4 cents per 100 weight from the producer, 8 cents auditing, and 1 cent per 100 weight butterfat testing.

SENATOR BOYLAN was excused to go to another meeting.

CONSUMER AFFAIRS DIVISION presented a handout (EXHIBIT I) showing the total number of complaints that came through their office in 1979 and 1980. Dick Disney, Administrator of this department stated that they were short two staff members and they will be rehired. This department hired an investigator that investigates private colleges in state and out of state schools that solicit Montana students. These colleges must get a license.

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SUBCOMMITTEE ON NATURAL RESOURCES
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Soliciting agents must also have a license. When a school closes, the student does get his or her money back as these schools must be bonded for this purpose.

The Reorganization Bill was discussed.

The witnesses from the Department of Business Regulations were dismissed.

The meeting adjourned at 10:30 a.m.

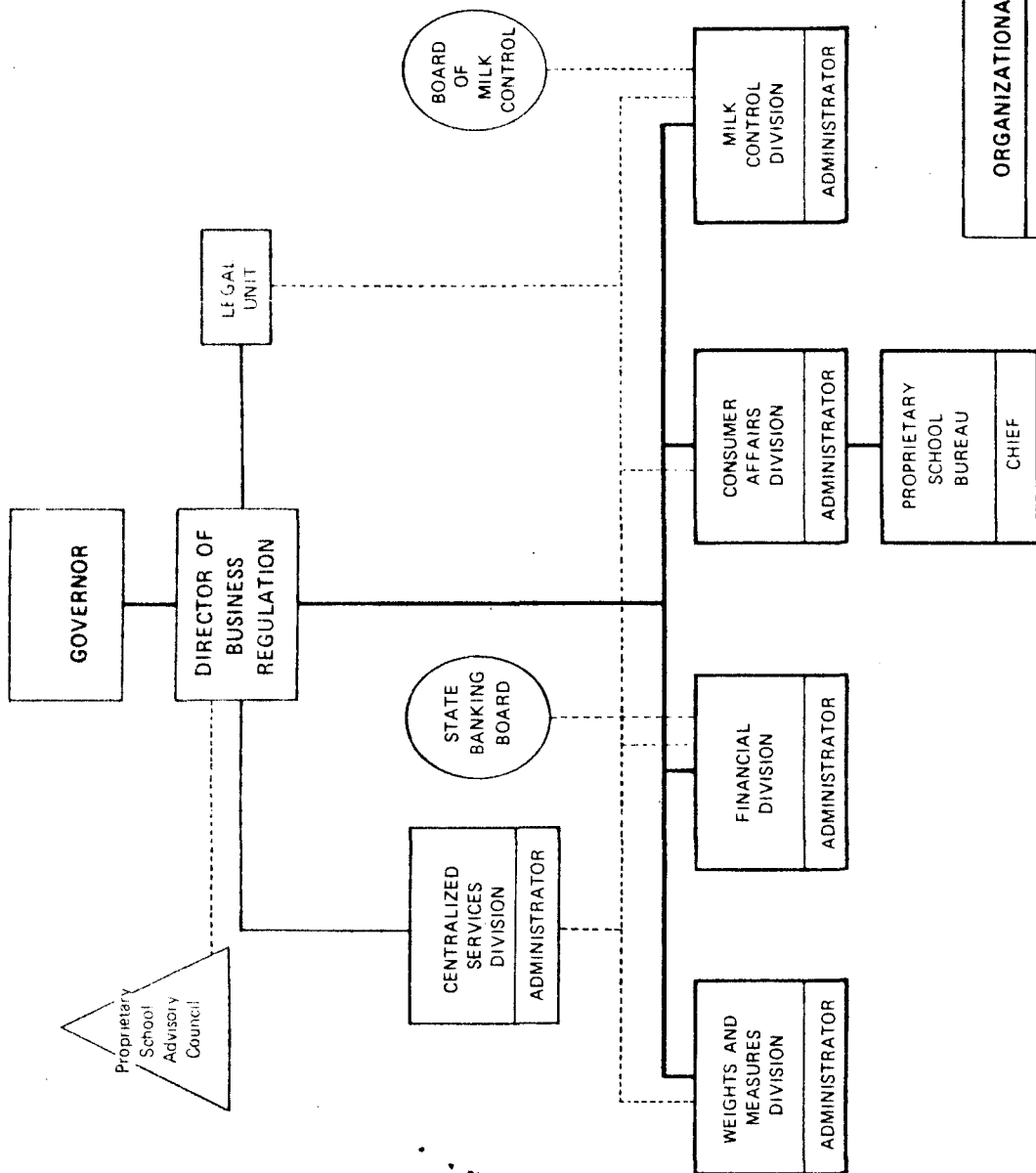


CHRIS H. STOBIE, Chairman

lmw

ORGANIZATIONAL CHART

8.1.101



ORGANIZATIONAL CHART
 DEPARTMENT OF BUSINESS REGULATION
 July 1, 1980
 Submitted by: *[Signature]*
 Approved by: *[Signature]*

GENERALIZED SERVICES DIVISION

- Accounting
- Payroll
- Budgeting
- Purchasing
- Property Control
- Records & Statistics
- Personnel
- General Services

WEIGHTS & MEASURES DIVISION

- Calibration
- Large Capacity Scale Testing
- Small Scale Testing
- Petroleum Testing
- Retail Pumps
- Petroleum Testing
- Wholesale Meters
- Liquefied Petroleum Testing
- Petroleum Quality Control
- Quantity Control
- Packaged Commodities
- Licensing
- Public Hearing & Rule Making

FINANCIAL DIVISION

- Public Hearing & Rule Making
- Administrative Hearings
- New Bank Application
- Credit Union Application
- Building & Loan Assoc. Applications
- Building & Loan Assoc. Applications
- Credit Union Examination
- Building & Loan Assoc. Applications
- Consumer Loan Examinations
- Prearranged Funeral Plan Reports
- Supervise Condominium Sales
- Licensing Consumer Loan Offices
- Licensing Finance Companies

CONSUMER AFFAIRS DIVISION

- Consumer Affairs Hearing & Rule Making
- Consumer Affairs Investigations
- Consumer Affairs Enforcements
- Consumer Affairs Education and Information
- Consumer Affairs Compilation of Statistics
- Unfair Practices Act Hearing and Orders
- Unfair Practices Act Cost Surveys
- Unfair Practices Act Complaint Investigation
- Licensing New Motor Vehicle Manufacturers, Distrib. Import.
- Consumer Reporting Agencies Hearings & Rule Making
- Consumer Reporting Agencies Investigations
- Auction Sales and Auctioneers

MILK CONTROL DIVISION

- Public Hearings & Rule Making
- Audits
- Cost Studies
- Licensing
- Compilation of Statistics
- Requests for Information
- Administrative Hearings
- Law Enforcement Actions
- Milk Testing

DEPARTMENT OF BUSINESS REGULATION

<u>YEAR</u>	<u>CENTRALIZED SERVICES</u>	<u>WEIGHTS & MEASURES</u>	<u>FINANCIAL</u>	<u>TRADE REGULATION</u>	<u>MILK</u>	<u>CONSUMER</u>	<u>POST SECONDARY</u>	<u>TOTAL</u>
75	5.25	11	18	Included in Consumer	8.25	6	Included in Consumer	48.50
76	7	11	19	"	8.25	7	"	52.25
77	7	12	19	"	11.25	6	"	55.25
78	7	12	19	"	11.25	6	"	55.25
79	7	12	19	"	11.25	6	"	55.25
80	7	12	19	"	9	6.5	"	53.50
81	7	12	19	"	9	6.5	"	53.50

DEPARTMENT OF BUSINESS REGULATION

<u>YEAR</u>	<u>CENTRALIZED SERVICES</u>	<u>WEIGHTS & MEASURES</u>	<u>FINANCIAL</u>	<u>TRADE REGULATION</u>	<u>MILK</u>	<u>CONSUMER</u>	<u>POST SECONDARY</u>	<u>TOTAL</u>
75	78,889.23	160,107.16	296,783.99	36,610.94	125,930.53	45,907.82	4,785.43	749,015.10
76	107,743.99	190,912.70	372,417.34	32,555.62	152,939.06	45,527.16	34,920.46	937,016.33
77	122,532.79	197,122.31	373,115.32	33,454.00	154,319.37	50,365.03	37,490.87	968,399.69
78	129,893.56	237,003.77	399,338.65	Included in Consumers	192,825.41	106,593.68	Included in Consumers	1,065,655.07
79	137,068.71	255,578.26	437,181.22	"	194,649.52	115,306.23	"	1,139,783.94
80	149,174.60	280,039.43	458,373.41	"	212,520.94	122,012.78	"	1,222,121.16
81	159,665.00	297,411.00	496,712.00		234,374.00	152,776.00		1,340,938.00

Appropriation)

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 LFA / OBP COMPARISON ----- CURRENT LEVEL

OBJ EXP	DESCRIPTION	LFA FY 82	OBPP FY 82	LFA FY 83	ORPP FY 83	APPROP. FY 82	SUBCOMMITTEE FY 83
	FULL TIME EQUIVALENT EMPLOYEES	7.00	7.00	7.00	7.00		
1000	PERSONAL SERVICES	164,589	131,391	179,401	131,513		
1100	SALARIES		21,077		21,077		
1400	EMPLOYEE BENEFITS						
	TOTAL FIRST LEVEL	164,589	152,468	179,401	152,590		
2000	CONTRACTED SERVICES	192	6,686	207	200		
2300	SUPPLIES & MATERIALS	3,145	2,929	3,412	3,183		
2400	COMMUNICATIONS	2,594	2,637	2,814	2,918		
2500	TRAVEL	1,003	1,137	1,083	1,309		
2700	RENT	12,410	13,433	13,340	14,817		
2800	REPAIR & MAINTENANCE	215	235	233	270		
	OTHER EXPENSES	227	188	245	188		
	TOTAL FIRST LEVEL	19,786	27,245	21,335	22,885		
	TOTAL PROGRAM COSTS	184,375	179,713	200,736	175,475		
	GENERAL FUND ACCOUNT	147,500	142,509	159,610	137,767		
	BLK CONTROL ENA	36,875	37,204	39,903	37,708		
	TOTAL FUNDING	184,375	179,713	199,513	175,475		

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 LIA / CBPP COMPARISONS ----- CURRENT LEVEL

DEPT OF BUSINESS & COMMERCE
 WEIGHTS & MEASURES PROGRAM

EXP	DESCRIPTION	LIA FY 82	CBPP FY 82	LIA FY 83	Oppd FY 83	APPROP. SUBCOMMITTEE FY 82	APPROP. SUBCOMMITTEE FY 83
	FULL TIME EQUIVALENT EMPLOYEES	12.00	12.00	12.00	12.00		
1000	PERSONAL SERVICES						
1100	SALARIES	242,559	186,303	264,389	188,761		
1400	EMPLOYEE BENEFITS		36,534		36,623		
	TOTAL FIRST LEVEL	242,559	224,837	264,389	225,384		
2100	CONTRACTED SERVICES	3,492	3,560	3,771	3,845		
2200	SUPPLIES & MATERIALS	21,406	27,777	23,225	33,049		
2300	COMMUNICATIONS	10,435	79,703	10,856	73,991		
2400	TRAVEL	36,336	36,336	41,738	41,788		
2500	RENT	8,149	8,749	8,750	9,641		
2600	UTILITIES	1,049	1,285	1,174	1,557		
2700	REPAIR & MAINTENANCE	10,253	10,067	11,124	10,611		
2800	OTHER EXPENSES	9)	75	97	75		
	TOTAL FIRST LEVEL	91,201	93,552	100,825	106,857		
3100	GRANT	34,750	34,750	9,300	9,800		
	TOTAL FIRST LEVEL	34,750	34,750	9,800	9,800		
	TOTAL PROGRAM COSTS	368,510	358,139	375,014	342,041		
	FEDERAL FUND ACCOUNT	368,510	358,139	373,213	342,041		
	TOTAL FUNDS	368,510	358,139	373,213	342,041		

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
LIA / CBPP COMPARISON ----- CURRENT LEVEL

Y : 6305 DEPT OF BUSINESS REGULATION
 : 03 FINANCIAL PROGRAM

03J EXP	DESCRIPTION	LIA FY 82	OBPP FY 82	LIA FY 83	OBPP FY 83	APPROP. SUBCOMMITTEE FY 82	APPROP. SUBCOMMITTEE FY 83
	FULL TIME EQUIVALENT EMPLOYEES	19.00	19.00	19.00	19.00		
1000	PERSONAL SERVICES	438,482	339,951	478,091	340,278		
1100	SALARIES		1,500		1,500		
1300	OTHER COMPENSATION		63,410		63,410		
1400	EMPLOYEE BENEFITS						
	TOTAL FIRST LEVEL	438,482	+04,861	478,091	405,188		
2200	CONTRACTED SERVICES	3,123	1,105	2,215	1,191		
2300	SUPPLIES & MATERIALS	2,723	2,593	2,959	2,828		
2400	COMMUNICATIONS	4,231	4,411	4,590	4,684		
2500	TRAVEL	104,297	111,644	112,640	128,391		
2700	REPAIR & MAINTENANCE	6,454	6,983	6,938	7,702		
2800	OTHER EXPENSES	910	588	987	1,134		
	TOTAL FIRST LEVEL	1,413	2,518	1,533	2,518		
	TOTAL FIRST LEVEL	123,153	130,242	131,862	148,448		
3100	EQUIPMENT	2,400	2,432	1,200	1,200		
	TOTAL FIRST LEVEL	2,400	2,432	1,200	1,200		
	TOTAL PROGRAM COSTS	564,040	537,535	611,153	554,836		
	GENERAL FUND ACCOUNT	564,040	537,535	607,625	554,836		
	TOTAL FUNDING	564,040	537,535	607,625	554,836		

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
LFA / DRPP COMPARISON ----- CURRENT LEVEL

0305 DEPT OF BUSINESS REGULATION
03 MILK CONTROL PROGRAM

OBJ EXP	DESCRIPTION	LFA FY 82	DRPP FY 82	LFA FY 83	DRPP FY 83	APPROP. SUBCOMMITTEE FY 82	FY 83
	FULL TIME EQUIVALENT EMPLOYEES	9.00	9.00	9.00	9.00		
000	PERSONAL SERVICES	185,042	143,794	201,892	144,051		
100	SALARIES		2,000		2,000		
300	OTHER COMPENSATION		27,782		27,782		
400	EMPLOYEE BENEFITS						
	TOTAL FIRST LEVEL	185,042	173,576	201,892	173,833		
1100	CONTRACTED SERVICES	16,123	14,812	17,412	16,010		
200	SUPPLIES & MATERIALS	4,633	4,457	5,028	4,877		
300	COMMUNICATIONS	5,376	5,670	5,832	5,885		
400	TRAVEL	38,124	43,228	41,173	49,713		
500	RENT	5,645	6,095	6,059	6,721		
600	REPAIR & MAINTENANCE	5,903	972	6,979	1,114		
800	OTHER EXPENSES	323	270	353	270		
	TOTAL FIRST LEVEL	71,133	75,504	76,846	84,590		
3100	EQUIPMENT	1,440		1,562			
	TOTAL FIRST LEVEL	1,440		1,562			
	TOTAL PROGRAM COSTS	257,615	249,080	280,300	258,423		
	MILK CONTROL EFA	257,615	249,080	278,564	258,423		
	TOTAL FUNDING	257,615	249,080	278,564	258,423		

6305 DEPT OF BUSINESS REGULATION
06 CONSUMER PROTECTION

OBJ EXP	DESCRIPTION	LFA FY 82	ORPP FY 82	LFA FY 83	ORPP FY 83	APPROP. FY 82	SUBCOMMITTEE FY 83
	FULL TIME EQUIVALENT EMPLOYEES	6.50	6.50	6.50	6.50		
1000	PERSONAL SERVICES	145,274	111,883	158,446	111,966		
1100	SALARIES		1,000		1,000		
1300	OTHER COMPENSATION		21,389		21,389		
1400	EMPLOYEE BENEFITS						
	TOTAL FIRST LEVEL	145,274	134,272	158,446	134,355		
2200	CONTRACTED SERVICES	1,655	1,565	1,786	1,690		
2300	SUPPLIES & MATERIALS	5,558	1,937	605	2,110		
2400	COMMUNICATIONS	1,153	5,802	5,591	6,186		
2500	TRAVEL	1,992	2,259	2,151	2,596		
2700	RENT	6,039	6,537	6,451	7,210		
2800	REPAIR & MAINTENANCE	55	60	59	69		
	OTHER EXPENSES	373	313	410	313		
	TOTAL FIRST LEVEL	15,830	18,473	17,093	20,174		
	TOTAL PROGRAM COSTS	161,104	152,745	175,539	154,529		
	FEDERAL FUND ACCOUNT	161,104	148,523	174,279	150,260		
	STATE VEHICLE LICENSING FEA		4,222		4,269		
	TOTAL FUNDTYS	161,104	152,745	174,279	154,529		

BUDGET REQUEST OVERVIEW

We will address "operations" and "equipment" during this presentation due to the fact salaries will be addressed by the Legislature in a "Pay Bill" at a later date.

As we understand it, the "salaries" will be projected by the computer based upon each employees Grade and Step and the adjustments to our budget request will be made at that time..

CENTRALIZED SERVICES

The Committee is requested to approve the Executive recommendations for Centralized Services. Included in the FY 82 operational request is a figure of \$6,500 to cover the Departments audit costs. Total Operations: \$27,245 FY 82 and \$22,885 FY 83.

Due to the ongoing reorganization of the Department of Business Regulation, the Department of Community Affairs, and the Department of Professional & Occupational Licensing into one Department - namely - the Department of Commerce -, it might be well to wait until a later date to consider funding for this program.

WEIGHTS & MEASURES

In order to comply with the Governor's wishes, this program has chosen to relinquish its request for an Investigator. The total request for the Investigator is reflected in the Executive Recommendation - \$26,000 FY 82 and \$28,000 FY 83.

We do not want to imply that the position is not vitally needed, but after careful review of the total program it was felt that we could not cut into current level operations and still have an effective program operation.

We do however, support the approved modification for training Weights & Measures Personnel.

With these adjustments we are requesting the following:

Operations \$98,552 FY 82 and \$111,857 in FY 83.

Equipment: We are requesting \$39,750 in FY 82 which is \$5,000 over the Executive recommendation due to the fact that a truck purchased this year was under estimated in this amount. We feel this increase is justified based on current history.

FINANCIAL DIVISION

We support the Executive Budget with the following exception:

Increase Operations in FY 82 to \$136,854 and to \$156,053 in FY 83
to provide training for Examiners.

MILK CONTROL (Earmarked Revenue)

Again, we support the Executive recommendations with the following adjustment to travel. (See attachment which will be handed out to the Committee).

We are requesting an additional ~~\$9,014~~^{# 2986} in FY 82 and \$9,611 in FY 83 bringing our Operational request up to ~~\$84,518~~^{24,496} in FY 82 and \$94,201 in FY 83, to allow funding for a motor pool car for the Compliance Officer. This would allow he/she to collect more than double the amount of samples that he is presently obtaining.

It would appear that the request for Equipment was inadvertently omitted from the Executive Budget. This figure should be \$1,169 for each year of the biennium. (See attached Form B - 3100).

CONSUMER AFFAIRS

Again, in order to comply with the Governor's wishes, this program has chosen to relinquish its request for an Investigator. The total request for the Investigator is reflected in the Executive Recommendations - \$24,467 FY 82 and \$24,447 in FY 83.

We do not want to imply that the position is not vitally needed but after careful review of the total program it was felt that we could not cut into current level operations and still have an effective program operation.

This Committee is requested to approve the Executive Operating recommendation of \$18,473 in FY 82 and \$20,174 in FY 83.

It appears that the funding source and expenditures have been eliminated from the LFA figures. It is not "Safe" to assume that the Auto Manufacturing activity will be moved to the Department of Justice at this time.

DEPARTMENT SUMMARY

Agency	Department of Commerce		Other Agencies		Eliminated	
	FTE	Total Budget	FTE	Total Budget	FTE	Total Budget
Business Regulation						
Centralized Services	4.00	163,458			4.00	191,730
All other programs	47.50	2,709,727				
TOTAL BUSINESS REGULATION	51.50	2,873,185			4.00	191,730
DCA						
Aeronautics	13.34	1,706,083				
Air Transportation			2.00	289,370 ¹		
Community Services			30.00	2,420,726 ²		
Highway Safety			7.50	757,503 ³		
Local Government Services			15.20	1,324,441 ⁴	20.50	721,503
Accounting & Management Systems			9.30	620,229 ⁵	1.00	0
Director's Office	4.00	369,757			2.00	147,172
Management Assistance						
Community Development	21.00	3,157,803				
Centralized Services	9.00	419,457			.50	12,447
Indian Affairs	4.00	201,215				
Coal Board	4.00	389,411				
Research & Information			9.00	639,984 ⁶		
TOTAL DCA	55.34	6,243,726	73.00	6,052,253	24.00	881,122
P & O LICENSING	35.82	3,253,476			2.20	131,342
COMMERCE & ECONOMIC DEVELOPMENT	6.00	1,474,000				
TRAVEL PROMOTION	7.50	1,700,000				
RAIL PLANNING	3.00	614,920				
BOARD OF HOUSING	9.00	960,777				
TOTAL DEPARTMENTS	168.16	17,120,084	73.00	6,052,253	30.20	1,204,194

Transfer to:

- 1 Governor's Office
- 2 Social & Rehabilitation Services
- 3 Department of Justice
- 4 Administration
- 5 Administration
- 6 Administration

These are biennial figures and do not include federal and private grant clearance funds.



STATE OF MONTANA
DEPARTMENT OF BUSINESS REGULATION

805 NORTH MAIN, HELENA, MONTANA 59601
PHONE (406) 449-3163

THOMAS L. JUDGE
GOVERNOR

KENT KLEINKOPF
DIRECTOR

FINANCIAL DIVISION

Growth in Workload

	<u>1975</u>	<u>1981</u>
Number of State Banks	101	113
Total Assets (Billions)	1.3	2.3
Credit Unions	24	26
Total Assets (Millions)	25	175
Number of Field Examiners	15	14*

*Terminated examiner cannot be replaced - vacancy savings must be utilized to cover inadequate appropriation for travel expenses.

BUDGET JUSTIFICATION

Expenditure Category Name

Coxia
 6305 Page
 05 5 of 5

BUSINESS REGULATION
 MILK CONTROL

Agency
 Program

(OBPP Use Only)
 RECOMMENDED
 1983 BIENNIUM
 1982 1983

1982 1983

List Items in Priority Order:	Quantity	Justification	1982	1983	
Wood Desk, with right hand extension	2	To Replace --- Old worn out metal desk without typewriter stand.	\$1,169.00		
Curvette glasses for Milk O Testor	2	To replace broken curvettes.		\$400.00	
I.B.M. typewriter	1	To replace I.B.M. corretting selectric II, Serial Number 2344890 - purchased in 1969. The machine is getting old and to the point where it may be cheaper to buy a new one, than to pay repair costs.		\$769.00	
TOTAL -- Transfer to Form BD2			\$1,169.00	\$1,169.00	

MILK CONTROL DIVISION

Budget Amendment for Travel in FY 1982 and FY 1983.

The total additional money requested for travel by the Milk Control Division is ~~\$9,014.32~~ for FY 1982 and \$9,611.21 for FY 1983.
~~\$9,936.20~~

The 1980 travel history is not an accurate base for updating future travel costs in FY 1982 and FY 1983 budget. The Milk Control Division had three auditor positions vacant for an average of 2.75 months in 1980. The cost to keep three auditors in a travel status for those 2.75 months is \$4,751.82 for FY 1982 and \$4,864.33 for FY 1983.

The calculations for FY 1982 were determined as follows:

1 - Auditor	\$422.57 per month X 3	=	\$1,267.71
1 - Auditor	\$422.57 per month X 3	=	\$1,267.71
1 - Auditor	\$422.57 per month X 2.25	=	\$ 950.78
Mileage for 2.75 months - 5,625 miles X \$0.22		=	\$1,265.62
			\$4,751.82
			\$4,723.70

The calculations for FY 1983 were determined as follows:

1 - Auditor	\$422.57 per month X 3	=	\$1,267.71
1 - Auditor	\$422.57 per month X 3	=	\$1,267.71
1 - Auditor	\$422.57 per month X 2.25	=	\$ 950.78
Mileage for 2.75 months - 5,625 X \$0.245		=	<u>\$1,378.13</u>
			\$4,864.33

Our Milk Testing Program needs an additional \$4,262.50 in Travel for FY 1982 and \$4,746.88 in FY 1983.

The calculations for FY 1982 were determined as follows:

19,375 miles X \$0.22 per mile = \$4,262.50

The calculations for FY 1983 were determined as follows:

19,375 miles X \$0.245 per mile = \$4,746.88

Our Compliance Officer currently travels to an area in a State vehicle, then he rides out to each farm with the farm to plant bulk milk tank drivers.

By using a State vehicle to drive to each farm the Compliance Officer would incur an additional 19,375 miles, but he would more than double the number of samples obtained.

NOTE: Per Diem costs were estimated by using a current average cost per week and inflating those costs fifteen percent (15%) for FY 1982 and FY 1983.

Mileage costs were estimated by using the current cost of vehicle actually used and inflating those costs by \$0.025 per mile per year.

EXHIBIT H

Healing
1-15-81

MILK CONTROL BOARD

Butterfat Testing Program

Department of Business Regulation
Department of Livestock

Submitted by
Carolyn Doering

Senate Bill 373, passed by the 45th Legislative Session ... "requires the testing of milk by the Department of Business Regulation to determine the value of raw milk." In other words, the Milk Control Board was given authority to hire 3 FTE to implement a program whereby the butterfat content in raw milk supplied by a producer is tested and compared to the butterfat test run by the processing plant - thus assuring the producer he is being paid fairly based on the processing plant butterfat test. There have been cases where there has been a discrepancy and a dollar amount correction made. The Department was also authorized to levy an assessment on licensed producers to administer this program. The assessment was set at 2¢ per hundredweight on the total volume of milk sold by the producer.

The Department implemented the program on July 1, 1977. Three positions were authorized. (Two of which remained vacant (milk sampler, lab tech.) and were deleted via the hiring freeze by the 46th Legislature.) A \$16,000 piece of equipment for testing milk was purchased and placed in the milk laboratory in Bozeman where employees of the Milk and Egg Bureau, Department of Livestock run the butterfat tests and log results for the Milk Control Board. The laboratory is reimbursed monthly on the number of tests processed (estimate of 20¢ per test).

Problem:

The process the Department of Business Regulation is going through for testing butterfat content is a direct duplication of the testing of butterfat content by the Department of Livestock. Below are noted some comparisons:

1. Business Regulation employs 1 milk sampler.
Livestock employs 5 milk samplers.

Each milk producer is sampled every 6 weeks by Livestock - Business Regulation averages 4 - 5 weeks. Each department sends samples to the laboratory an average of twice a week. The lab spends approximately 2 to 3 hours per week on samples from Business Regulation.

2. It is not unusual to have milk samplers from Livestock and Business Regulation at a given dairy on the same day or 2 to 3 days apart.
3. Samples are taken oftentimes from the same tank, on the same day, by each department.
4. Livestock's test are on a 36 hour turnaround due to the bacteria tests also being run on each sample.

Business Regulations tests are sometimes 4 - 5 days due to the time of the week samples are sent to the lab.

5. During FY 79 3,380 samples were tested for Business Regulation.
3,566 samples were tested for Livestock.

6. Butterfat reports:

Business Regulation - Butterfat content is calculated - a copy of the report goes to Milk Control each week. They, in turn, compare their report to that of the processing plant whose report is the basis for payment to the producer.

Livestock - Butterfat content is calculated per statute. A report is sent each week to the Milk and Egg Bureau and to the producer whose milk was sampled.

The processing plant is required to hold butterfat samples for 14 days - subject to retest by the Department of Livestock.

7. Dairy Herd Inc. which is a voluntary program to which producers may belong, also has people testing individual cows for butterfat. The producers pay Business Regulation per sample.

Recommendation:

Should the Milk Control Board continue to exist after the next session -

Eliminate the milk sampling position from Business Regulation. Employees of the livestock laboratory would continue butterfat testing on samples taken during routine work of the Department of Livestock. Results would be sent weekly to Milk Control Board as they are now, where they would continue monitoring butterfat content for producers. Some reimbursement should go to the lab for time involved in preparing a separate report for the Milk Control Board. Milk Control would not be charged for running the actual test. Assessment to the producer could possibly be lowered.

Should the Milk Control Board go down the tubes during the next session -

The Department of Livestock will continue monitoring butterfat content as specified in their law. Since results go to the Milk and Egg Bureau and producer on a weekly basis, the producer has every opportunity to discover any discrepancy between the official state test and that test upon which he was paid.

Note the attached sections (in some instances partial sections) from the statutes pertaining to milk under the Department of Livestock. It seems to me Livestock covers it all pretty well.

It is possible the Milk and Egg Bureau could end up being a referee between the producer and processor if the Milk Control Board goes under but their law gives them the authority to impose penalties under Title 81-22-417.

Purchase of the Milk Testing equipment by the Department of Livestock could also be a consideration. Butterfat testing can be accomplished by the previous method used however the time involved in the test is reduced from 1/2 hour to approximately 1 1/2 minutes per test.

Department of Livestock Statutes:

81-22-302 - A person purchasing or sampling milk or cream for manufacture, sale or shipment and paying for the milk or cream on the basis of the butterfat, protein, solids, or other compound components contained in the milk or cream as determined by official test, when receiving the milk or cream, shall take a sample of the milk or cream.

Samples taken ... shall show:

Person from whom the purchase or sample taken
Weight
Results of Analysis
Date of Sampling
Amount Paid

81-22-302(2) - All samples on which payment for butterfat ... is based shall be kept and suitably preserved by the purchaser for 14 days - ... subject to retest by the department.

81-22-417 - Penalty for offering to manufacture, sell or expose for sale or exchange ... commodity containing less butterfat or other ingredients than required by this chapter.

81-22-418 - Posting prices of butterfat required.

81-22-503 - Records made available to department. Persons buying milk or cream on basis of butterfat ... shall make available to the department (upon request) records showing:

Amount Sold or Purchased
Price Per Pound
Amount Paid
Sampling Period
Etc.

81-22-602 - Deceit in grade, measure or test of milk - ... or make any false or inaccurate statement or otherwise deceive or defraud a producer or other person concerning the weight, measure, butterfat content, or other component content of milk or cream. Department may revoke license (misdemeanor).

DEPARTMENT OF BUSINESS REGULATION
CONSUMER AFFAIRS DIVISION
 PROGRAM OF CONSUMER PROTECTION ACT

Statistical Summary 1979-1980 Activity

Total Complaints Opened-----	1,497
(806 Complaints submitted but forms never returned for processing)	
Total Complaints Investigated-----	691
Total Complaints Closed-----	700
Total Complaints Pending-----	52
\$ Amount of Complaints Investigated-----	\$1,345,999.05
\$ Amount of Monetary Recovery to Consumers-----	\$ 193,705.36

Complaints Received

Letters-----	145
Telephone-----	473
In Person-----	73
Referrals-----	95
(11 Were Referred by the Attorney General's Office)	
Citizens' Advocate Office-----	38

Miscellaneous Information

Correspondence Answered Not Related (Inquiries, etc.)-----	272
"Consumer Alerts" Issued-----	9

Legal Action

Investigative Demands Issued-----	5
Assurance of Voluntary Compliance Issued-----	2
Permanent Injunctions Issued-----	1

Consumer Education Activity

Meetings, Seminars, Workshops, etc., Conducted and/or Attended-----	13
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<u>CATEGORY</u>	<u>NUMBER OF COMPLAINTS</u>
1. Advertising-----	76
a. Bait & Switch-----	11
b. Deceptive-----	43
c. Merchandise Not Available-----	9
d. General-----	13
2. Appliance Purchase or Repair-----	13
3. Automobiles (Includes Trucks)-----	109
a. General (Tires, Taxes, Titles, Batteries, etc.)-----	30
b. New Car Sales Practices-----	7
c. Repair & Service Problems-----	44
d. Used Car Sales Practices-----	1
e. Warranty Problems-----	27
4. Billing Practices-----	44
5. Boats, Motorcycles, Motor Homes, or Snowmobiles-----	6
6. Books, Magazines, Record or Tape Clubs-----	40
7. Cable T.V.-----	0
8. Cleaners-----	3
9. Clothing-----	3
10. Club & Organizations-----	0
11. Collection Agencies-----	1
12. Construction-----	33
13. Dance, Date, or Health Studios-----	0
14. Defective Merchandise-----	8
15. Door-to-Door Sales-----	0
16. Failure to Furnish Merchandise (Other Than Mail Order)-----	13
17. Farm Equipment-----	4
18. Finance, Insurance, Investments or Mortgages-----	5
19. Floor Coverings-----	1
20. Funeral Homes & Cemeteries-----	1

21.	Furniture-----	9
22.	Hearing Aids-----	0
23.	Household Repair or Service-----	33
	a. General-----	9
	b. In-Door-----	17
	c. Insulation-----	1
	d. Painting-----	1
	e. Roofing-----	5
24.	Jewelers or Jewelry-----	10
25.	Kitchenware-----	0
26.	Landlord/Tenant-----	0
27.	Mail Order-----	167
	a. Defective Merchandise-----	5
	b. Failure to Deliver-----	68
	c. Refusal to Make Refunds-----	94
28.	Mobile Homes-----	21
29.	Moving & Storage-----	1
30.	Nursery-----	0
31.	Office Equipment or Supplies-----	0
32.	Patents-----	0
33.	Pest Control-----	1
34.	Photography-----	11
35.	Purchase Plan or Franchise-----	0
36.	Radio, Stereo, or Television-----	26
37.	Real Estate-----	2
38.	Services (General or Professional)-----	46
39.	Warranty Problems-----	7

NUMBER OF COMPLAINTS RECEIVED FROM EACH COUNTY

1. Silver Bow-----	35 ✓	29. Rosebud-----	3
2. Cascade-----	65 ✓	30. Deer Lodge-----	15
3. Yellowstone-----	16 ✓	31. Teton-----	10
4. Missoula-----	21 ✓	32. Stillwater-----	2
5. Lewis & Clark-----	206 ✓	33. Treasure-----	0
6. Gallatin-----	34 ✓	34. Sheridan-----	1
7. Flathead-----	53 ✓	35. Sanders-----	9
8. Fergus-----	12 ⁺	36. Judith Basin-----	2
9. Powder River-----	3	37. Daniels-----	0
10. Carbon-----	1	38. Glacier-----	8
11. Phillips-----	4	39. Fallon-----	2
12. Hill-----	10 ✓	40. Sweet Grass-----	0
13. Ravalli-----	12 ✓	41. McCone-----	1
14. Custer-----	5	42. Carter-----	2
15. Lake-----	12	43. Broadwater-----	11
16. Dawson-----	3	44. Wheatland-----	1
17. Roosevelt-----	4	45. Prairie-----	0
18. Beaverhead-----	3	46. Granite-----	0
19. Choteau-----	11	47. Meagher-----	0
20. Valley-----	6	48. Liberty-----	1
21. Toole-----	6	49. Park-----	0
22. Big Horn-----	1	50. Garfield-----	1
23. Musselshell-----	1	51. Jefferson-----	1
24. Blaine-----	2	52. Wibaux-----	0
25. Madison-----	7	53. Golden Valley-----	0
26. Pondera-----	4	54. Mineral-----	1
27. Richland-----	6	55. Petroleum-----	0
28. Powell-----	9	56. Lincoln-----	0

26 Complaints received from out-of-state residents.

TOP TEN COMPLAINT CATEGORIES

<u>Category</u>	<u>Number of Complaints</u>
1. Mail Order	167
2. Automobiles	109
3. Advertising	76
4. Services (General or Professional)	46
5. Billing Practices	44
6. Books, Magazines, Records or Tape Clubs	40
7. Household Repair or Service	33
8. Construction	33
9. Radio, Stereo or Television	26
10. Mobile Homes	21

TOP TEN COUNTIES FROM WHICH COMPLAINTS WERE RECEIVED

<u>Counties</u>	<u>Number of Complaints</u>
1. Lewis & Clark	206
2. Cascade	68
3. Flathead	53
4. Silver Bow	35
5. Gallatin	34
6. Missoula	21
7. Jefferson	19
8. Yellowstone	16
9. Deer Lodge	15
10. Fergus	12

NAME (Below) _____ Bill No. Supplement

ADDRESS _____ DATE _____

WHOM DO YOU REPRESENT Dept of Economic Regulation

SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

- Isabelle Pistelak
- Tony Buchanan
- William E. Row
- L. W. Alke
- Richard M. Disney