

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 24, 1981

The 26th meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol on the above date. Senator Himsel, Chairman, called the meeting to order at 7:10 a.m., roll call was taken with all members present.

Representative Hurwitz, Chairman of the subcommittee on Human Services said their committee consisted of Health, Labor and SRS, and there were substantial increases in the budget. When we cut any budgets it was a unanimous decision of the subcommittee to do so. Health and Environmental Sciences was funded at the minimum allowed by the Federal government. It was brought to our attention that they are expecting a reduction in this Department which would result in the loss of 4 FTE and they asked the committee for contingency funding.

Representative Hurwitz went through the bill and the green book listing the appropriation changes by the Appropriation committee and the House floor.

Senator Johnson: Under security and man power, you refer to the \$56,000. Is that the \$50,000 that transferred to HSA? Hurwitz: No. A program that provides for the raising of nursing homes. That is medicaid money and the purpose is for the raising and certification of the nursing homes. It is mandated. They are serving notice that they expect to serve cutoff. It is no different than SRS expecting a reduction of fees and they would like to have a contingency fund of \$10 million. If that should happen, more than likely Legislature will be called into special session to address this.

Senator Johnson: In this budget for the survey. Did the Health Department budget to survey some 20 some hospitals and 30 some nursing homes in the total? Hurwitz: Yes, they do have on schedule a definite number they intend to survey. About 60 hospitals all together and other kinds of nursing homes.

Senator Haffey: The difference between the \$20,000 the Subcommittee thought was enough for emergency and the \$1.4 million the Department requested--why did the subcommittee think \$20,000 would do the job? Hurwitz: Actually the committee funded that part of the budget as requested and then came the request for additional funds from the outside and they were the people who put in the bill to get \$1.4 million. In the appropriations committee a lot of people testified for it and it was my feeling the committee was giving them a token budget. At one time there was a motion made for \$40,000 and it failed. The opponent then said \$20,000 and that was passed. One of the reasons why it was

not funded better, testimony was brought out that 900 people have been trained in this program in basic skills. Most of them were young people that did not stay in the community and they were gone. The training was lost. It was the goal to provide the higher level of training and eventually they would like to have them become para medics. It was apparent we were building an on-going program that would likely be on-going funding.

Senator Stimatz: Occupational health. The first Butte initial study was completed. Was there a report made on it? Hurwitz: Yes. Stimatz: Was that the one mailed out to us? Hurwitz: I presume it was.

Labor and Industry: Workers Compensation. I see that you have the proposal of operating on an open ended budget. What is that all about? Hurwitz: The Labor Department brought their budget in. They did a good job. They didn't use much general fund money. I think it was Representative Bardanoueve's idea that they should maybe be on a different basis similar to the alcohol division. You give them some money and they go out and operate. The committee thought it would be better to give them some perimeters and then study it.

Senator Stimatz: What kind of work load was it? I thought we were designing to get the lawyers out. Hurwitz: They are, in effect, the largest insurance company in the state. Their insurance premiums are lower than other insurers in the field. They have grown by leaps and bounds. Their response rate is much improved.

Senator Stimatz: Is it then that their current work load is increasing too? Hurwitz: Yes. Stimatz: Is their litigation increasing also? Hurwitz: I guess we would have to look at the records. The committee voted to have it funded entirely by revolving funds.

Senator Haffey: I believe, going back to Senator Stimatz's question that the legal costs have increased due to data processing costs. Most of the increase in contracting service is data processing.

Personnel Appeals. Senator Van Valkenburg: You indicated that Personnel Appeals is at current level. Why aren't we addressing the tremendous back log by beefing it up?

Senator Keating: This is where we are having trouble with the board. We are some 70 cases behind. It had to do with getting aboard together to answer the appeals.

Senator Van Valkenburg: All I hear is that we are not getting the cases to the board. Are they getting to the board now?

Representative Hurwitz: As far as I know. We gave them what they asked for. That would indicate they are starting to catch up on their case loads.

Human Rights: Representative Hurwitz: There was a similar attempt in committee to remove the Women's rights part. The committee recommends the womens rights bureau be discontinued. It was voted on in the House Appropriations committee by a large majority it was decided to remove it.

Senator Regan: In regard to the women's bureau, it is my understanding your "large majority" was one vote. It was voted out by one vote. The vote was 9-8. I would like the record to show it was not a large majority.

As Representative Hurwitz explained the section on page 24, Department of Social and Rehabilitation Services, he was asked what SSI meant. He explained it meant Supplemental Security Income. He continued on down the section explaining the changes made by the House Appropriations Committee and the House floor, and then was followed by questions from the committee.

Senator Stimat: On page 49 of the green book, with the development in the committee, why was 4 C's not continued? Representative Hurwitz: There was an awful lot of correspondence to Legislators concerning it. It was a very popular request in the state of Montana. It was the feeling in the committee that 4 C's was designed for planning and coordinating and since we are addressing so many other subjects this was one of the programs we could probably do without. I think in the subcommittee we had a lock up on it and it was unable to get it out. We took it to the main committee for further consideration.

Senator Regan: The 4 C's did not come in from the LFA title 20 monies already used up. The motion to include 4 C's in the budget was voted 3-3 and then went to the House Appropriations committee for them to decide.

Senator Hims: This had been funded with federal funds up to this time? Hurwitz: Yes. Now \$640,000 of general fund and the federal fund will be in the neighborhood of maybe \$23,000.

Senator Johnson: What was the vote in the appropriation Committee? Hurwitz: I guess I can't quote accurately what it was. I hesitate to do this, but I read off some of the programs we are currently funding. I think it had some influence on their voting.

Representative Hurwitz listed some of the programs through SRS for families, families with dependent children, child abuse, group homes, adoptive homes, etc. and said when you put it in that context it would appear we are trying to do a lot of things for a lot of people and since the 4 C's is a coordinating and planning program we felt it did not rate as high a priority.

Senator Stimat: I understand 4 C's is the only one doing the job. Maybe that is why it is so popular.

Senator Haffey: Could you explain why the committee's decision was almost \$11 million above the LFA? Hurwitz: It was \$700,000 in ADFC, approximately \$700,000 in developmentally disabled program, \$4 million for accruals ----.

Judy Rippingale: Perhaps I can help account for the Legislature's difference. Medicaid budget from original list in LFA, SRS revised estimate \$3.6 million general fund without considering the accrual. \$700,000 for fiscal year to back up seed funds. \$2 million for development disabilities program services; about \$400,000 for additional contract audits for nursing homes.

Senator Haffey: Explain the Health to serve rural areas. Why not a request for additional funds. In the blue bill, that is the committee's position. Federal funds are dried up and they are 100% federal funds. Under the services provided by federal funds, they go away or dry up and we no longer have the services? Hurwitz: yes.

Senator Van Valkenburg: Under the DD program. Is there any money for continued movement for patients out of Boulder and into the community? Hurwitz: No. There is money for moving people out of the community homes and moving others in to take their place, but no money to take them out of the Institutions.

Senator Hims: I was given the impression there would be a request.

Senator Johnson: On page 48, of the green book, under Health Rural Areas, 3.81 FTE. That health program was never set up to be a Medicaid program. I would question that. Also, what is the length of the federal funding? Judy R.: This is a program there was a budget amendment in for the last 3 years. It was not appropriated last session. They budget amended it again this session. It is supposed to last for 5 years and there is some question that the money may dry up before that. It is not in the Medicaid program. SRS administered it under that division but it is not part of the Medicaid program. It is just in that division.

Senator Johnson: This grant is \$200,000 a year. Judy R.: The money was about \$400,000 a year.

Senator Johnson: What is the effectiveness of the program? Judy R.: They didn't really have a whole report. The purpose was to screen about 40,000 children in the state of Montana and to coordinate them.

Senator Johnson: Do you have the number of people who have been served? Judy: No.

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Senator Hims1: Would you explain the appropriation for cash and for accrual? Why two ways, does that mean unpaid claims or what? Do you appropriate for cash for accruals-- How do you appropriate for accruals unless they are unpaid claims? Judy: They are bills that are outstanding but you have not received them nor paid them.

Senator Hims1: On page 48, the appropriation for audits.

Is that in-house audits? Hurwitz: Nursing homes.

Senator Hims1: That is for the Department audits? Hurwitz: Outside audits for nursing homes and food stamps.

Senator Hims1 said he would ask the Department heads if they had anything to add to the presentation.

Department of Health: John Bartlett, Deputy Director, said he would like to amend page 22, line 19. Strike the figures and insert general fund for 82-83, 3,176,581 and in federal funds \$17,370,636 and in '83 general fund \$3,193,468 and federal funds \$18,129,678. Mr. Bartlett explained the purpose of the amendment saying one of the things it would do would be fund the pension for the FTE bureau chiefs and upgrade a position they cannot fill at the present salary. There were other upgrades besides the health physicist, an increase in gasoline costs, supplies, etc. He said they were having a subdivision hearing tonight in regard to an increase in fees. Amendments attached.

Senator Story: In consideration of the cancer registry we had two sets of figures. One was \$30,000 a year and your Department asks for \$142,000. They never explained the difference. It is now higher, why? Bartlett: I will break it down and submit it with the amendments. There is 1½ FTE staff person, and the remainder goes out to Salt Lake City for contracts, etc. It is due to difference in changes on the contract.

Senator Johnson: Where do you have that \$50,000 that was going to pass through the Health Department on to the HSA? Bartlett: It is in the Health Services Department.

Senator Johnson: What do you feel that they get now under it? Bartlett: HSA contracts for arranging and the benefit of the grass roots and receiving their input.

Senator Johnson: With the decrease in Federal funding, do you see the Health Department picking it up? Bartlett: I would think we would try to get the grass roots involved, yes.

Senator Johnson: Would you keep it in your budget? Presently the Health Department does the survey and the JCAH is much more in depth. We heard on the bill that the Health Department sees it as a duplication. Has the Department taken this into consideration when preparing their budget? Bartlett:

Yes, and we chopped the bill. The only request we made is that the joint commission make their findings available. The only time we would go in would be if there were real questions on a particular survey. We have been dealing with (?) and a disincentive program would allow us to go in twice a year. Instead of skip-hopping around we can spend some time rather than just becoming an inspection program.

Senator Johnson: The budget dollars available decreased. Bartlett: The budget reflects that number of bodies. We intend to spend more time in the individual hospitals so we budgeted for 13.

Labor and Industry: David Hunter, Administrator, Department of Labor said he had only one request. The Womans Bureau. Our request is \$143,000 and 2 FTE. He passed around a memo and said, the numbers are in the memo passed around. Both LFA and the Executive recommended inclusion. The debate revolved around whether or not discrimination was still around. I think there is. If you will look at the number of administrators that are women, if you look at the number of the cases filed with the human rights and labor, all indicate there is still a problem. I would also like to point out there are units that deal with veterans, rights in community affairs and in commerce. The most important point is the advocacy rule. The women who have the problem should have a phone number and a place to go. We are not talking about a lot of money.

Mr. Hunter mentioned the drop in CETA, Workers Compensation and discussed where the work load was coming from for them. He said they have good insurance, cheaper insurance, and they are running a lot like an insurance company. He mentioned the Board of Personnel Appeals and that they had a significant back log. He said they have a staff of 9 people and had a vacancy during the last year. He said their position was that if we could fill that position at a somewhat higher grade we would use it as an officer to get rid of a lot of the back log.

Senator Smith: You said 14 more FTE's. Along with that they need support money. With their lawyer, etc., won't they some day have the rates so high that they will exceed private rates because of the added cost? Hunter: There is some legal points we are behind on. The law says that within 30 days there must be a decision. If not the staff to do it, they will have to assume the liability. We need to process the claims within the mandated time. I believe we will be able to keep the lower rates. We need to develop the criteria to change it and one way is how the rates compare to private services.

Senator Boylan: You have the womens bureau. How does your department compare to others on women in the Department having them employed in administrative positions? Hunter: Favorably with others, but we have a ways to go.

Senator Boylan: Do you have a print out? Hunter: The purpose of the womens bureau is to serve as an advocate to see that they are directed to the right department and to see that there is not descrimination and that the right kind of services are provided. This is not a case load data kind of operation.

Senator Van Valkenburg: On the Board of Appeals. It indicates appeals since 1977. I guess I would like to see us move to see that number no longer than 1 year. I wonder if given the current budget that you could give a committment that no appeals longer than 1 year. Hunter: I think we can do this under the next biennium. I would like to do a little better than a years time, and I honestly believe we can do it.

Senator Haffey: Could you give us a better picture of how many women are employed in state government and at what level in positions that come open how many are women, etc. Hunter: I don't have those figures. I would run the data for the Department of Labor and 3 other departments at the request of state government. I could get it done for you.

Senator Haffey: Does it include applications received? Hunter: No. It shows the change between '78 and '80.

Senator Aklestad: On Personnel Appeals: There are some back to 1978, it is not because there is not enough man power but because of litigation.

Senator Regan: For the committee's information. I made it a practice as the various agencies appeared before the subcommittees to ask them: 1. How many women are employed at grade 14 and above. 2. How many 10 and below. 3. How many men in each? I asked this for 3 days in a row. Then one of the Senators on the committee said I was talking about descrimination and that all I asked for was staffing patterns.

Senator Boylan: How many people do they have in state government where both man and wife are working? I think only one in the family should work for state government.

Representative Hurwitz: The House Appropriation Committee do really love women and would not vote against women. Women have other recourse. They have the Board of Appeals and the Department of Labor. There is a Human Rights Division and further it was stated that women now have equal rights. A number of women testified that the womens bureau was a put-down and its only function was to get out the paper.

No Department heads were present to make a presentation for the Department of Community Affairs.

SRS: John LaFavor, Administrator for the Department of Social Rehabilitation Services, said he had some amendments to put out (attached). He said the issues listed clearly should not be regarded as criticism of the subcommittee. They have done a marvelous job and there remains some very serious regards of SRS. If we expect to lower the welfare roles, the mothers clearly have to have some help. The family teaching center is probably one of the most effective of any that SRS carry on. There are several provisions written into the bill that seem to me to be either substantive law, unclear as to intent or do not relate to the appropriations. Specifically, on page 26, that paragraph seems to say they will be the lowest priority programs in SRS. Maybe that will be true, but to state it like that is not conceivable. We might have to do the surveys simply to participate in federal programs. I would ask to have it stricken. The language on page 25. I support the spirit of the language. In the last sentence which states "no money may be disbursed to the homes after July 1, 1982 unless the director of the Department of SRS certifies to the Legislative Finance Committee that the group homes are recording and reporting financial information uniformly." I would ask the accounting process be as meaningful as possible, but not a complete set of forms such as required by SRS. I would ask that you look at deleting that one sentence. On page 24, line 16. I would ask that after "item" you insert "no more than". On page 27, line 9 after "limit" insert "eligibility and". I can get these amendments written up. On page 26 to the second paragraph "the Department may use general fund money appropriated in --etc.. On page 26 where it lists the items. Item 2 is used to match federal funds in Boulder, Galen, Eastmont, and once matched it goes to the general fund as revenue. The appropriation says you can take money from item 3 and augment item 2. It says a high priority on getting money into the general fund and to provide services. I would suggest we turn these priorities around so that item 2 should augment item 1. It will make up about 75% of the President Reagan's account. Perhaps we can think up some other ways to cushion the cutbacks.

Senator Johnson: I would like to know what the budget amount was for health in rural areas in the dollar amount.
LaFavor: 3 or \$400,000.

Senator Regan: I have great concern about federal cuts. SRS is not the only one affected. I guess probably that if all of it comes about I think we will have to have a special session. Is that the way the committee is thinking, or what?

Senator Himsel: It was my understanding from attending the hearing there was sufficient fund for this year. No one knows for sure what the federal funding program will be at this time and there is a proposal and some think that we are in

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no position to anticipate anything until the decision is made by the Reagan administration and Congress. If Congress goes from Categorical grants to block grants, I suppose we will have to react to what they do. We will have to cross that bridge when we come to it.

John LaFaver: I think we should cross bridges as we come to them but if we see 9 months down the road that we will be \$9 million behind, if they shift it around where will the costs end up? A year from now we have spent the revenue and then are we willing to come in and seriously consider a tax at this level?

Senator Himsel: I think what we are asking is how it looks from here to that time. I am not convinced that they will cut it. Those people have as much compassion as we have for those people. I think it is premature to push the panic button now. Our important point is, are we funding it now in the foreseeable future.

LaFaver: If there are no cutbacks, we could live with this level.

Senator Haffey: The 4 c's in Montana have planning type activities rather than direct care services. They made it a lower priority. I would like you to address it.

John LaFaver: I said right from the beginning the highest priority of the Department is to maintain direct care basic services that are in place. 4 c's in many areas have been a very important program in serving day care services. There are a number of constituencies that would like to be on the list, but if I had to choose between nursing homes and 4 c's I would choose the former.

Senator Keating: If the 4 c's has worked in a community, couldn't it be funded in that community by private organizations, etc.

LaFavor: That is using the same kind of logic as Washington. They say, why not the state, we say, why not the community.

Senator Keating: I am talking about private funding, not tap drains.

Senator Himsel: Some of them get contributions from the United Way and those. I don't see any funding for the transfer of the people out of Boulder. LaFaver: In the 4th paragraph.

Himsel: On the budget, no money in there? LaFavor: I am asking for a documented recommendation. It costs for 2 group homes for 5 kids about \$250,000. That is generally the amount of money we would be looking at for 2 homes. I don't know if you could fit that in.

Senator Himsel: It seems to me that you are the only one in a position to make a concrete recommendation. Put it in the form of dollars. LaFaver: The cost over the biennium would

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be \$250,000 for 2 group homes.

Senator Regan: Three group homes in Billings have potential slots for 24 people. Are those homes filled and is there a waiting list for those homes, or what? LaFaver: Are they under construction now? Regan: Yes. There are 3 group homes under construction there now. LaFavor: Those are to take care of the people in the community. To take care of the people having the services.

Senator Regan: Has there been some kind of a schedule for group homes in the past? Are you proposing that monies be taken from the institutions budget to follow with the people to the community? LaFaver: No. We are operating basically with the lowest cost now. When you take 6 people out you do not take \$250,000 out, the basic costs are still there. It will cost \$250,000 more for it.

Senator Johnson: Isn't the talk that the Department of Institutions has some money? LaFavor: We earn medicaid reimbursement if operating.

Senator Johnson: Why can't some of it be taken out? LaFaver: The amendment offered would do just that.

Senator Johnson: 4 c's does much more than that once it is Once it is on the service list in a community it has a lot of benefits for working mothers. It could operate on a fee for services basis, but you can't say, how do you train foster parents to be foster parents. What do you do with people on welfare that can't find day care facilities for babies? It does things for other types of coverage and that is hard to figure out a fee system for. LaFaver: It is right. If you look at the day care operators, it helps move people off welfare. The net cost is less than the amount of appropriation we are asking for.

Senator Jacobson: Was the reason you didn't appropriate money out of the bureau strictly cost effective? Did you think there was more people that needed it? Hurwitz: It is my impression you can't reduce it and make it viable. We were not really addressing it.

Senator Haffey: In reference to other constituencies, the 14 positions reduced in vocational and visual services. Similar to HUSA thing? Because federal funds are increasing at a slower rate or are actually decreasing that will back up the program, what have you concocted? It is not a lower priority. Hurwitz: We feel we can provide services to the people out there at the same level we are now doing by a close inspection of the spending and the results. It is incumbent on all of us to pull out FTE wherever we possibly can. I think the services in the field will continue at the level they are now with the exception of fiscal services that come under the Reagan cut backs.

Senator Van Valkenburg: On the use of Title IV instead of Title XX money, is that a controversial subject with the day care providers? LaFaver: I think it was, but is not now.

Senator Johnson: On the amendment he gave for changing the line item 2 medicaid. How do you supplement regular medicaid rather than the other way around. page 24 of the blue bill. The language in the bill says if Item 2 runs short you can take from item 3 and supplement so that the institutions get net reimbursements. It is disposed back into the general fund. It is 35% of the money generated into the general fund. You would be depositing \$18.7 million on item 2 back into the general fund. If you take and reverse it -- when you do that, say there was a short fall in federal funds and you put it all in item 3, you are decreasing the general fund budget by \$18.7 million, not \$6 million that is the way the financing in the state will be going. LaFaver: What she says is exactly right, but the way this language reads now, it assumes the same open-ended matter on medicaid funds we had in the past. If we appropriate so much, we know they will come in with more. In the language I proposed, it simply recognized that. It is up to the legislature if there is no contingency and these cuts come through as proposed we are going to have to come in and address it, and if everything is spent we are looking at a tax hike in a special session. I would like to lay back and not advise you that this might be in the offering.

Senator Johnson: I would like to receive the break down of the current dollars spent. Contract services, number served and where the program stands right now before we go through this. Before this material is restricted or changed.

Department of Agriculture:

Representative Stobie: Where we proposed \$15 million, LFA proposed \$10 million general fund money and the subcommittee proposed \$15 million. There is a \$5 million difference and it is primarily because Clark McNary etc., federal funds are falling off from the Department and had to be replaced by general funds. The committee tried to keep in mind not only the plight of the state department, but also the plight of the taxpayer. We had tremendous increases in the general fund. 32.5% increase in general funds. Some of that was because the committee was a little reluctant to cut too deep into the state agencies but mostly because of the federal funds. This is also true of the Department of Agriculture increase. In the past the analysts have pretty well merged the federal funds and so when the funds fall off so do the state funds and not the work load.

Senator Regan: On page 52 of the green book there is \$50,000 for seed market research, etc. Is this an attempt to bring down the cost of shipping grain? Stobie: The Department of Transportation bills to cut down on the cost of shipping, etc. We are asking for \$50,000 of seed research money to do this.

Senator Regan: Each year some kind of an appropriation to study the problem or to join other states to do something about freight rates. Stobie: I guess you have heard about the rail staggers act to potentially decontrol the rail roads.

Senator Smith: The administration for transportation of the Division, and because of deregulation of the railroads. With deregulation all the burden of proof of increase of rates and abandonment of rails is on the people.

Senator Aklestad: This money is all in the same category. It is check-off money from the grain producers. It is not general fund money.

Senator Regan: We allotted quite a sum of general fund money 2 years ago to try to drive down shipping cost, particularly the cost of wheat. Did we ever really get anything for the money? I don't care where the money has to come from or even if it is general fund but are we getting for it? Stobie: We had some questions on this and I had a hearing on this and so many people came in loud and strong that they wanted this. It is only \$70,000 general fund money in it and also there are earmarked funds.

Department of Commerce: Representative Stobie said most of the discussion on this was centered around business regulation, licensing, rail planning with the Governor's Office, and it would encompass most of the Department of Community Affairs since these were the things that would be encompassed in the new Department. On page 34, lines 8 through 12 the language in the bill was struck.

Senator Smith: Not all of the committee felt that way. There are already statutes on the book that took care of it and would not vote for it.

Senator Regan: Consumer Protection agency went from 6½ to 3. That did not come about from consolidation did it? Stobie: No, their functions. There was a paper showing where all their cases were coming from in each county and we thought they should be used on a state wide basis. They were acting on such minor complaints as dishwashers and only collecting on about 15% of the cases turned into them.

Senator Himsel: On the rail planning, to rehabilitate small lines. Is that sections of the Great Northern where they took over, or what? Stobie: It is for Administration. \$60,000 in general fund money in this. \$60,000 goes to develop the state rail plan. It is not for actual construction. It is my understanding that all the money for construction comes from the federal government.

Senator Haffey: On the Consumer Protection group. What was their funding before? Smith: \$374,000 for two years. Robinson: It would be currently, 6½ and \$161,000 in 1982, \$175,000 in fiscal '83 currently it is reduced FTE and

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and down to \$83,000 a year.

Senator Haffey: Could you give me a better idea of the jobs of the three that were eliminated? Stobie: Administrator, one attorney an investigator and three secretaries. That is what was on board before.

Senator Himsel: What you have done is cut the 6 to 3 and cut back programs and part of what they are doing, etc?

Senator Smith: They had only about a 10% success ratio.

Representative Stobie: The administrator, a half time administrator -chief private secretary person (she explained stuff to the secretaries) sort of a secretary boss type person. There was a lawyer and 2.5 secretaries. I think maybe Senator Stimatz as a county attorney hankled this kind of work in his office in Butte and told the committee about it. The committee thought they were over staffed and thought they could do the job with less people.

Senator Stimatz: We couldn't figure out what they were doing. The answer, I guess, was not enough. The committee initially wanted to cut them out and they are statutorily there and we said we will give them a chance to come back and see what they did. They are not doing state wide functions which they could do by phone from the office.

Senator Jacobson: Not doing anything state wide? I used this office a few years ago. I went to the county attorney and he sent me there. Stimatz: The county attorney was supposed to do it.

Senator Regan: Unfortunately, the county attorneys' do not like to tackle the Chamber of Commerce and this office does the job. Maybe they need it.

Fish and Game: Representative Stobie said that \$112,440 was added to the Fish and Game totals after it left the sub-committee.

Senator Jacobson: On page 88, the law allowing up to 50%etc. I had a great out cry from home about the people being concerned that money designated for fishing access is going to build up parks. They are not particularly interested in park benches and bath rooms. I would suggest a little more money here and leave fishing money alone.

Representative Stobie: If 806 does not pass, we are okay. The main concern was that the sites here were really closing up the waters etc.

Senator Keating: On the graphic art part. What does this have to do with a graphic artist? We have got a graphic art bureau in one of the other departments that is used on a revolving account basis. Why can't they use that? Stobie:

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Representative Stobie: It deals with their getting the printing done a lot cheaper than through the Department of Administration.

Department of State Lands: Senator Aklestad: In the language it explains where some of the additional money is going, but not the \$19 million. Stobie: It comes from -- . Aklestad: I read where it comes from. I want to know where it is going. Stobie: It is some land function in the Department. \$6 million is going there.

Senator Dover: I would like to ask the fiscal analyst about the graphic artist. This was done in the full appropriation committee.

Senator Himsel: On the last sentence on page 90 of the green book. "This amount should fully fund the state tax liability" will it? Robinson: State law says State Lands make payment in lieu of taxes in counties owning more than so much land in different counties, and so many counties qualify. About $\frac{1}{2}$ do. In the past we have appropriated \$100,000 a year. A couple of years ago there was being paid about 50% of what should be paid last biennium. It came up, and this should cover the state law.

Senator Dover: Federal Government? Robinson: No, State Government.

Department of Livestock: Whose idea was it to cut back on brucellosis? Stobie: There are only 6 herds left and they are all in Blaine County.

Senator Aklestad: You are reducing FTE and effort in some areas and have a budget increase. Why? Stobie: Livestock inspectors are very similar to game wardens in some instances. They use fuel and buy cars and have back-ups and it costs more money to use a car these days.

Department of Natural Resources: It was my understanding that they were going to cut back so that you may not need the \$12 million? The committee has not approved of it? On page 96 sale of timber. \$108,000. Do we get some added income from this?

Senator Etchart: I checked into that when we worked the Sage Brush bill. They get \$2 million profit on a \$700,000 appropriation and on their timber sales.

Senator Van Valkenburg: I notice in looking at the up-date that the fiscal analyst gave up there and a couple more House amendments on the floor changed funding sources in the resource and Indemnity Trust fund. Water Resources, forestry, etc. I was wondering why you used general fund money and the decision was made on the floor to use RIT money and what effect does that have on the indemnity trust fund? Stobie: The subcommittee had appropriated the money;

and House Bill 908 reappropriated the money and it is a dollar appropriation of \$4.7 million for the biennium. The current revenue is \$5.6 million. It should be about \$1.3 million cheaper.

Senator Van Valkenburg: Why did your committee make the decision to fund with all general fund then get over ruled?

Representative Stobie: We did not actually make that decision. We continued the current. Maybe some of the other members could say why we did not address it.

Senator Van Valkenburg: Have they historically been funded with the trust money or additional income in it or what?

Robinson: RITF could not be spent until \$10 million in the balance. In 1980 it reached that and now interest is available for expenditures. It has to be expenditures in areas that are affected by environment or mitigated damages there to. Previous to going on the House floor we thought interest would go into the general fund and somewhere between the House Appropriation committee and the floor it was determined they go to state agency that had an impact on it. So, it went to these divisions. Stobie: It is in effect, the general fund.

Senator Van Valkenburg: Is there going to be enough money to continue to fund out of Resource Indemnity Tax payments to continue to put money into the fund? If interest rates should go down to 4 or 5% they might have to be keeping up with the current level.

Senator Dover: On the Daly Ditch. Wasn't this supposed to be taken care of last time? Stobie: I thought it was, also. It didn't get done.

Senator Haffey: The two people to inspect dams. The need for that stops because the federal funds stop? Stobie: We added one and we still have the one dam inspector. We added three new ones.

Senator Himsel: On the energy division. Is this an 8-1 matching arrangement? According to the bill \$400,000 is put in the General fund and they get it. This deals with the energy branch division. Robinson: The energy division in this appropriation has a staff of 9 FTE on general fund. The primary function is energy planning for the state. Economic analysis related to the National Facility Siting Act and conduct other energy related work, the State Energy Conservation effort. The remainder, which is all federal money is to come in in federal grants and federal programs and only to continue as long as the federal money is available. They do the planning and surveys and develop the state planning for that.

Senator Himsel: There is federal funds generated on the basis of the general fund appropriation? Robinson: No. Originally requested money but the federal funds if they are jeopardized

because there is not 4 or \$500,000 in there we would just lose it, since we did not put money in it.

Senator Hims1: But on the basis of page 38 I could only conclude \$400,000 in general fund and it seemed to generate the rest. One \$169,000 matches \$169,000, resource indemnity trust money. That is the only one. Representative Stobie, Were your committee people and you aware that some of the conservation grants are a productive program? Stobie: They were allocated so that the grants could be made.

Senator Hims1: Is there any check up? Any insurance of the agencies? Stobie: We are concerned. We cut back because we thought maybe some of the grants were made on a private basis. Our subcommittee put them back in.

Senator Keating: \$3½ million for alternative energy from the coal tax committee?

Senator Dover: If this is to participate, you only put in part of it. How much actually could have come to this? Stobie: Within about \$176,000 of what is anticipated.

Senator Smith: Speaking of this, that occurred in the whole House Committee. They took \$250,000 out of the Soil Conservation. If House Bill 223 does not pass then they will have to take that out of the general fund and put it back in. If it passes, then there will have to be some changes in the Energy Division. House Bill 223 takes 1/5 of the money in grants. This appropriation anticipates House Bill 223 passing. The appropriation is less than would be currently going but it all depends on whether or not House Bill 223 passes.

Senator Haffey: The foresters will encourage trees to grow etc. Are you aware of the University of Montana development in this? Stobie: yes. Haffey: Did you look at this to see that there was no duplication? Stobie: They have their funds generated from cutting timber and will put it right back into this. They are talking about a timber stand improvement method.

Senator Haffey: That money has to be spent on the timber that is cut. If a timber cut is 25% it has to be spent back for re-generation.

Public Service Commission: Senator Smith: I have additional information on this and will make a report in executive session on this.

Senator Haffey: The Public Service Commission on the floor had the experience of having 5 positions eliminated. Would you explain those reductions? Stobie: The sub committee originally requested 5 additional positions. The subcommittee approved them. The full House Committee eliminated them.

Senator Haffey: Why? Stobie: The feeling of many of the committee members was that the full five were not needed. They voted to take them out.

Senator Haffey: I read about the rail inspector program, etc. Stobie: We had a lot of testimony and did address it, but the committee decided not to fund it on the basis that the federal government has an inspector and the company inspects their tracks daily. We didn't find it necessary.

Senator Keating: The Public Service Commission--did they say they needed an increased staffing for an increased work load or what? The House bill to put it back in the cities--are they helped? Stobie: A minor help, not a big help. The 15% increase is not so important. Most are above that.

Senator Haffey: In House Bill 780. There are some mandates to the Public Service Commission. Public Service Commission helped insure non renewable energy resources in Montana. Inspect it, etc. Is that addressed in this bill? Stobie: Not to my recollection.

Senator Smith: I think that is being taken care of in another Department of State Government.

Senator Hims1 said we would now go back to the beginning of this section and ask the Department heads if they have something to add to the testimony since it has been changed from the subcommittee.

Department of Agriculture: Mr. Gordon McOmber, Administrator for the Department of Agriculture said with the dollars in they should be good enough shape to operate. There is one issue--there is a bill, House Bill 488 which would, as amended, leave the Department a little short on operating funds. There are several on this committee that are on the Agricultural committee, and they are aware of it.

Senator Aklestad: I have one question. Is it possible that \$27,000 and \$25,000 for research and our administrative costs could be cut down some? McOmber: Not without severely crippling the Department if that were reduced.

Senator Aklestad: The state increase from \$17,000 to \$19,000 to \$25 and \$27,000. McOmber: That was an increase in wheat research fund, not in general fund. The Department's have to be taken out of the general funds.

Senator Nelson: Why wasn't this great increase in the cost of centralized services? McOmber: There was not a great increase in cost. It was an increase from the wheat research fund and less in general fund.

Senator Nelson: What justifies taking it out of wheat research? McOmber: The appropriation committee did that. I did not support it.

Department of Commerce: Gary Buchanan, acting head of the Department of Business Regulations and to take care of the change over, said most of you have been exposed to the changes. I understand the bill has passed the Senate. It is on the other side in the House Committee. I am concerned about the pay plan and the application of the pay plan. I understand that Bob Robinson and LFA and OBPP can bring it to you in Executive session. The next point, is the Travel Promotion Bureau. We would request that the committee at least consider the Executive budget as presented. They help with the Montana economy. Tourists are Montana business. It is jobs, tax revenue, and it is the 2nd largest employer in the state. It is 11.4% of the Montana total employment. My third concern is the Consumer Protection. The Consumer Protection is in the Department of Business regulations. It will become a division with 7.5 FTE. Upon taking over the Department of Business Regulations I cut one FTE. This complied with the LFA recommendation. After numerous testimony the subcommittee also shared our concern and helpd us to put a budget together. We are now cut again on FTE and I would like to request some additional FTE back. I do think they have to live up to the statutory requirements they have. (He gave a hand out to the committee)

Senator Smith: You are talking about statutory requirements. They didn't carry them out. Now what are we to do? Buchanan: I am very aware of the way the accounts have been administered by the current division. We went back and told them regardless of what happened in Legislature we would go in and revamp this whole thing. With 3 professionals and one secretary, I think we could live up to it.

Senator Regan: I received a letter about an economist position. Down by Representative Conroy. It appears this position has something to do with the coal board. Stobie: I wouldn't know about it. Robinson: That is the part of the Department that goes into another budget.

Senator Van Valkenburg: The way the budget on Travel is conducted right now there is no match in the bill. The Department is simply authorized to accept private contributions in thse amounts. Stobie: We left the spending at an amount and if they can raise it the other \$300,000 then.

Senator Van Valkenburg: It seems to me it would be much easier to raise it if an incentive for matching were there.

Senator Himsel: Some of the proposals may come up in executive session.

Senator Smith: We even considered a House bill that would have provided some funding. It seemed odd that a government department would come in and request this much money out of the general fund and another proposal with the wheat check-off.

Department of Fish and Game: Jim Flynn, Administrator for Fish, Wildlife and Parks said the agency has two concerns. First, funding sources have found costs for the next biennium. The Agency is out in the field primarily in the area of 280,000 gallons of gas is our estimate. They used fuel anticipated costs at \$1.16 per gallon and in '83 at \$1.58 per gallon. In light of what is happening today, those figures are inadequate. We brought this to the attention of the House Appropriation Committee and they added \$30,000 in the biennium. We are here today requesting that you put more funding in there. We have anticipated cost of \$1.65 in '82 and \$1.85 in '83; \$232,717 in the agency budget for the biennium. \$120,000 the first year and \$112,000 the 2nd year. We felt we were about \$262,000 short in the appropriation committee and they gave us \$30,000 and reduced our request to \$232,000 which we will request from this committee. The other area of concern is the total FTE. Through the budget process, the Department requested two government offices, but work by the joint subcommittee and House Appropriations committee the number of FTE has been reduced by approximately 52. We have currently all of those but 4 positions. I would like to see them put back, these 4 positions. In the Conservation Education Division there are currently 29 FTE and it is proposed this be at 20. It was reduced by 9. Reinstatement of one would make it 8 less. Montana Outdoors is put out by a staff of 4. If this position is eliminated we will be in trouble here. The magazine has 39,000 subscribers with 2500 further potential. This individual is the one to keep up the subscription list, etc. and maintains the finances, \$14,819 or \$29,638 during the biennium. Next is the centralized services. The property manager. This division had 69 FTE and is authorized they may have this in the current fiscal year. It is now 58 which is a reduction of 11. With the reinsertion of 1 it would make it would make a reduction of 10. This person inventories property in the agency. Keeping the records on the equipment and handling surplus property items as it comes up, etc. The federal funding we use. The federal funding we use, many properties have been acquired with those funds and they must be accounted for. The cost, \$21,425 a year, \$42,850 for the biennium for the property manager. The other two are not administrative positions, but in the administrative division. They are two secretary positions. We have authorized 9. This is compared to 14.9 authorized in the last biennium. I am requesting that 2 be reinstated. They would support 6 professionals in the Division of Administration. Presently it is recommended to be supported by 3. This is not enough help since there are 2 lawyers, one land agent, an association manager and a deputy commission. The cost of the total would be \$25,242 or \$50,484 for the biennium. \$61,486 per year \$122,972 for the biennium for the total positions. Even with the reinsertion of these 4 they will still be down considerably from the last biennium. Even though at a reduced level I think I can carry it out with these if enough people

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to get out and do the work.

Senator Keating: Do the subscriptions fund the magazine? No, but what is not is supported by licensing.

Senator Smith: Is this in addition to the number of FTE added on the House Appropriations? Flynn: Yes.

Senator Smith: In doing some work on the proposed money to spend there--is this the same reason? Flynn: No. It is the same ones I mentioned last week.

Senator Jacobson: If House Bill 806 does not pass what does it do to the maintenance budget? Flynn: It would say instead of spending 50% of the maintenance, we would spend 15%.

Senator Keating: Why can't you use the central services for graphic arts rather than having a special one? Flynn: First, the Montana Outdoor Magazine is not printed in our agency. That is contracted at an outside source. We print and produce it cheaper than the Department of Administration can do it for. I can get those cost comparisons for you. It will cost us more money to use the Department of Administration.

Senator Keating: You want central services. You would add on one for maintenance and magazine and you want to add a property manager as well. Flynn: Yes. The one put in in the House they modernize the equipment, build wild life cages, traps, etc.

Senator Smith: If your figures 8 additional employees. Why not all the ones. Why 4 here and 4 there? Flynn: I did make the request for the 8. They authorized only 4. I did make this request to both the subcommittee and the House Committee.

Senator Haffey: The \$280,000 is what you say you would need to do the job.

Representative Stobie: From our figures, the magazine contribution is about 50% of the total funding. It only pays $\frac{1}{2}$ its way.

Senator Van Valkenburg: What is the status of the lines we fund in relationship to the budget year. If we go along with the additions? Robinson: The Department would have about \$1.5 million. They really need to have a balance of \$1 million because of the lakes etc. If these things were added it would not take them below \$1 million and there would be sufficient funds, if House Bill 500 is passed in its present form.

Senator Dover: If we sunk the Montana Outdoor Magazine, would it really help us? Flynn: I would say my immediate reaction would be that I would oppose it. I think it would be a big mistake. I think the mail you get would be a hornet's nest.

Senator Dover: What would it do? Flynn: Well, all those people would be out.

Senator Aklestad: Are they willing to pay for the difference? Flynn: I would like to look at this. Some are suggesting advertising.

Senator Aklestad: The graphic artist? Flynn: That is the individual who does our in-house printing. The Montana Magizine is 4 person staff and it is printed outside.

Department of Lands: Brace Hayden, Administrator of the Reclamation Division of the Department of Lands said they were concerned about Hard Rock Mining, he said they would like to have added back in. We inspect projects anually. The changes I am requesting amount to about \$26,000 in each year. I am basically adding one FTE 14 level and increasing travel going to it.

Senator Aklestad: What about the abandoned mine and recreation program? Hayden: The bulk of the services are contracted also.

Senator Aklestad: Could you give me the figures of what the contractor will be in regard to the old abandoned mines. Hayden: Approximately \$6 million in the next 2 years. \$150,000 on it so far. We anticipage going into a greater amount of project work.

Senator Thomas: If the one bill that combines DNR and the new fellows--is it anticipated? Hayden: They are written up as separate budgets but remain whole and be transferred.

Senator Van Valkenburg: The source of funding on the hard rock mining inspector. Where does it put that fund?

Bob Robinson: After the House floor amendments, -- 8 or \$900,000 listed in that fund as available interest. \$1.3 million , and it would not reduce it considerably. Originally it was general fund.

Senator Van Valkenburg: How in House Appropriation Committee? Stobie: I understand there were two hard rock miners and one of the inspector and the information the subcommittee received was they probably could do the job with 2 full time inspecters.

Senator Smith: I can see Mr. Berry shaking his head. Also the subcommittee asked to fill that position and it was not filled. Clearly 4. I made the original request in the

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Governor's office and LFA approved. The additional work load we have seen over the past few years. The bureau has not been increased since it started and it is my understanding it was in through the subcommittee and cut out by the full committee.

Department of Livestock: Les Graham, Administrator of the Brands Enforcement Division said it was an oversight that should have been on page 37, line 24. Salary increases are in the bill to do this. The salary increases are going to have to be increased in our budget so that they can be paid when the time comes. I think it was an oversight. It was not picked up until after it was in the House.

Senator Himsel: This picks up the pay plan? Graham: Yes.

Senator Aklestad: What is all this travel? In the Department of Livestock you are having more travel. You are going from \$6 million to \$8 million. Graham: It is more travel. Scabies, PBC, etc. and we had an outbreak of brucellosis. These people are also law enforcement people and are scattered throughout the state. That is for the inspectors for field travel. They said if you want the people in there we want the people on the road. That was the result of a decision in the committee.

Bob Robinson: The Department of Livestock are on a pretty tight budget anyway and our increase is pretty conservative. The only place that really got any increase is in road travel. Graham: We cut travel 20% from the previous year and again this year. We can't continue to do this.

Natural Resources: Mr. Leo Berry, Administrator, Department of Natural Resources said that by and large, we are satisfied. I have 2 requests, both on page 38 of the bill, item 7. This is in regard to the grants. We requested 2 additional FTE in alternative energy division. That is the alternative energy coal tax money. It was not properly followed in the past. The agency was lax. There has been an audit report. The two people I am asking for relates to the reports. These are people to see it functions properly. We had a lack of expertise and a lack of man power before. The fuel assistance bureau, there was 1½ cut. The Department did not have the statutory authorization to perform the functions. It moved down from the Lieutenant Governor's in '77 or so. There is a bill on the Governor's desk and there was a tacit understanding with the subcommittee that if it passed, they would add the FTE to perform the function. That would be \$82,758 in '82. \$86,899 in '83 in addition to the current level. These are the two requests.

Senator Keating: Where does House Bill 16 fit into the Department? Berry: In the Energy Division.

Senator Keating: You would need how many for the energy? Berry: 3½ for H. B. 16 and 2 to correct the audit problem.

Senator Dover: Alternative energy money. House Bill 41 expands the duties, will the two FTE take care of this too? Berry: Regardless of the grant program, you need to see that the money is being done correctly.

Senator Dover: How many in it? Berry: 5 or 6.

Senator Dover: What will they do? What type of work? Berry: One is an engineer to assist in the additional application. We receive a large amount of applications. We had 176 applications last time. Some of the grant program applications are highly technical. The other is to take care of the audit committee. One of the things you will find is that we have not physically gone out and looked at the ground. That person will perform that function also.

Senator Smith: We felt in the subcommittee that with the deregulation and no set-aside left there was not the need for as many people. Also, House Bill 16--how many refineries and why so many FTE? There are 5 refineries and 2 pipe lines. Why 3½ more people with deregulation and no set-asides, why so many people to monitor the fuel? The set-aside for diesel remains. Also, the President's program on deregulation on gas, the set-aside is 5% of the fuel and 4% of the diesel that can be used by the state to move fuel through the state in case of an emergency. Three people were writing a report, and we combined it along with the one on electricity in the 1½ FTE in position now.

Public Service Commission: Bill Opitz, Executive Department for Public Service Commission said they had requested 13 FTE, The Legislative Analyst recommended 5, the OBPP said 5, the subcommittee said 5 and the full House Appropriation Committee said zero. They said we know you need more people, but let the senate do it, and it is here. I would contest that we are below the current level at the present budget for FY '82-'83. Everybody says you need more money and more people and we haven't got it yet.

Senator Stimatzi: The 5 requested were two auditors and --. Opitz: A communication specialist, an intern and a clerk typist.

Senator Stimatzi: What about a railroad track inspector? Opitz: In the 13 people, yes. Two rail inspectors and a track inspector. That was defeated 47-52.

Senator Stimatzi: Is a rail track inspector necessary? Opitz: It is mandated to enforce the safety.

Senator Stimatzi: Does the federal inspector satisfy it? Opitz: They have one federal inspector for North and South Dakota and 2 other states and Montana.

Senator Haffey: Could I ask Representative Stobie what was the reason for the 5 cut. Stobie: They were cut in the

the full committee. I think there should be a compromise.

Senator Haffey: I am aware of the work load and I know how great the work load is. What was the information that you had to support the need for these people? Stobie: The information for the need was based on processing the late applications.

Senator Haffey: Could you tell about the 8 who were not accepted by the committee? Stobie: 6 were auditors, 2 file clerks, one commission and one utility division. A legal intern and a communication specialist.

Senator Van Valkenburg: The legal intern thing. It is a full FTE. Most interns are just summer. Opitz: We get an intern from the University year around. We have used several of these people.

Senator Van Valkenburg: It sounds like you are getting a graduate from a law school to come in and work while they are waiting. Opitz: We could get a graduate at more money or one going through law school. They are here for 3 months and then gone and we get another one.

Senator Haffey: The federal laws like the National Emergency Act. The 13 people would they address that? Opitz: No. Part of the budgetary process allowing us to use that says if you get the money and use it there will not be an ongoing request for money when the federal money goes.

Senator Haffey: The work load remains. \$114,000 the first and \$160,000 the second year if the House bill passes.

Mr. Opitz passed out some proposed information on the amendments and the positions requested. He said the ones that are circled were cut out by the full committee. This was 5 people and the money.

The meeting was adjourned and Senator Himsel announced we would meet tomorrow morning at 7 a.m.

Senator Himsel, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date

3/24/81

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart	✓		
Senator Story	✓		
Senator Aklestad	✓		
Senator Nelson	✓		
Senator Smith	✓		
Senator Dover	✓		
Senator Johnson	✓		
Senator Keating	✓		
Senator Boylan	✓		
Senator Regan	✓		
Senator Thomas	✓		
Senator Stimatz	✓		
Senator Van Valkenburg	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Himsel	✓		

DATE

5/24/81

COMMITTEE ON

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BILL NO. 500

VISITOR'S REGISTER