

MINUTES OF THE MEETING OF THE APPROPRIATIONS COMMITTEE
March 11, 1983

The Appropriations Committee met at 7:37 p.m. on March 11, 1983, in Room 104, with Chairman Francis Bardanouve presiding. No roll call was taken because the committee was on recess from the morning meeting. Dick Gilbert, Assistant Analyst from the Legislative Fiscal Analyst's office; Gary Buchanan, Director of the Department of Commerce; and Brian McCullough, Administrator of Centralized Services Bureau, Department of Commerce, were also present. Later in the meeting, Judy Rippingale, Legislative Fiscal Analyst, and Cliff Roessner and Leo O'Brien, Analysts, also were present. No EXECUTIVE ACTION was taken.

Chairman Bardanouve turned the meeting over to Representative Manuel because agency budgets to be discussed were covered in Rep. Manuel's subcommittee on Natural Resources and Commerce.

(Tape 8: Track 1:000)

DEPARTMENT OF COMMERCE (Continued):

Montana Promotion: Chairman MANUEL read the narrative from Page C64 (Exhibit 1). He said John Wilson (Bureau Chief, Promotion Bureau) put on a good presentation of the things they had done and the things they will be doing and the subcommittee was satisfied with their recommendations. The Committee had no questions.

Housing Division: Chairman MANUEL read the narrative from Page C65 of Exhibit 1. Chairman MANUEL said there were 2 FTES they hadn't utilized, but Mr. Olson (Administrative Officer, Board of Housing) asked that they be left in. The Committee had no questions.

Community Assistance: Chairman MANUEL read the narrative from Page C66 of Exhibit 1.

Representative ROUSH asked Gary Buchanan, "In merging these two Boards - the Hard Rock Mining and Coal Board - is there going to be any funding on the part of the Hard Rock mining portion to help offset some of the costs or is it all going to come from the coal tax fund?" Gary BUCHANAN said, "The Coal Board pays for itself out of its own grant operations. The Hard Rock Board, which was approved by the Legislature last session, was funded on an interim level with GF, and at that time Speaker Marks came in and asked for General Fund to carry it over for the interim. Now there is a bill upstairs to take a percentage of the mine tax to pay for the operation, so it should be on a self-sustaining basis if that legislation does pass."

Economic Development Support: Chairman MANUEL read the narrative from Pages C67 and C68 of Exhibit 1.

Representative BARDANOUVE asked, "Are we going to take over a program that was entirely run with federal dollars and use General Fund dollars?" Gary BUCHANAN said, "There are a couple of components to this. One is the bill in the Legislature which I am quite sure has passed the House and is on its way to the Senate which moves the

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census data center from the Department of Administration to the Department of Commerce. (Item 3 on Page C68.) I regard this as the core part of the economic development program that the Administration wants to pursue this next biennium; and yes we are asking for the replacement of federal funds. I think its a policy decision that at least the Executive Branch has proposed... that economic development be a priority of the Administration and, I think, a priority of this session. This is current level of our economic development operation and it is really a minimum level. This is the one part of the whole budget I would like to reinstate the 3 FTEs to get back to current level... I'm down 3 FTEs here. We think it is essential to have this operation, including the clerical secretarial staff to run the division. I have passed out a chart which outlines what all is in that economic development division. (Exhibit 2). It is not an increase of FTEs at all... it's our current level operation, but it does involve replacement of federal funds with General Funds."

Representative BENGTON said, "What if the economic development program does not pass?" Gary BUCHANAN said, "If 'Build Montana' does not pass, we still have a modest economic development program within the Executive Budget. This is that program. This budget supports our current program. If 'Build Montana' passes the Legislature, we have a small additional request for staffs and certain program components."

Representative QUILICI said the FTEs in the Department of Administration's budget for census data work were transferred out of the D of A's budget. He said there is also a bill upstairs to move the local government auditing function to the Department of Commerce and if the Block Grant (HB 600 and HB 418) are passed, it's the Administration's recommendation to the Legislature that that also be moved to Commerce. The objective is to centralize local government services under one Executive Branch agency and that is all part of what you see here (in regard to the FTEs).

Representative BENGTON asked Chairman Manuel, "What was your rationale in picking up the federal funding with General Funds?" Representative MANUEL said, "The program was very important to the business community all over the state, and, as you can see, we pared down the Executive about \$100,000 a year and the equivalent in travel and FTEs. We thought we'd leave them a core staff here to continue their operations, but in anticipation of the passage of 'Build Montana' they could gear up again if that bill does pass." Representative STOBIE said he didn't see any point in paring - or eliminate that department - in view of the massive effort that's going on for 'Build Montana'." Representative BENGTON said, "It either goes by the wayside, or you pick it up and keep it alive... it's important to the state." Chairman MANUEL said, "It is a hard decision."

Representative WALDRON asked, "If the budgets are so tight that we can't pass 'Build Montana', then do you still need this amount of

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money in here?" Representative MANUEL said, "It's still a core staff." Gary BUCHANAN said, "I've been pitching that we need current level to do the current program. I think the way the subcommittee looked at this is if 'Build Montana' did pass, there could be some reconciliation within the Appropriations Committee. I know Senator Smith said he would be interested in reconciling it in Senate Finance. We're hoping to be able to discuss this as an open question with the Appropriations Committee." Representative MANUEL said, "The subcommittee felt this is the lowest we could possibly go for the functions they had to do in the state." Representative MANUEL said that if 'Build Montana' does not pass, the subcommittee felt they could get by with the core staff, but it is reduced by 1/3 of the current level."

The Committee had no further questions.

(Tape 8: Track 1:087)

Indian Affairs Coordinator: Chairman MANUEL reviewed the narrative from Page C69 of Exhibit 1. He said the subcommittee has approved the staff reduction of 1 FTE and recommended that the program be transferred to the Governor's office. The Governor's office recommended this. Later information showed that there should actually be 3 FTEs. He said, "We're going to have to make some adjustments to this because the subcommittee feels that at least the Administrator and the Deputy Administrator and the secretary should remain in the budget." Representative BARDANOUVE said he had met with the Indian Coordinator and it appears they want to remain where they are, so the money will have to be put back and they will remain where they are. Gary BUCHANAN submitted a letter from William P. Yellowtail, Jr., Executive Director, Montana Inter-Tribal Policy Board, outlining their desires, i.e. that they are opposed to HB 313, which puts them into the Governor's office (which bill has now been 'tabled'); that the Coordinator's Assistant be put back in the budget; and that they remain under the Department of Commerce. (Exhibit 3).

Director's Office: Chairman MANUEL read the narrative from Page C70 of Exhibit 1. The Committee had no questions.

Centralized Services: Chairman MANUEL read the narrative from Page C71 of Exhibit 1.

Representative BARDANOUVE asked Gary Buchanan, "Shouldn't data processing reduce personnel?" Gary BUCHANAN said, "We've been informed formally in writing that the present Administration will cease giving us the normal data processing. We do a lot of data processing. We have automated almost all of those licensing Boards. What we are doing here is taking the funds we would normally contract for and put those people 'on board' in the Department of Commerce."

The Committee had no further questions.

Legal Services: Chairman MANUEL read the narrative from Page C72

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of Exhibit 1. He said Gary Buchanan has put all the legal services in one program so he can utilize all the attorneys better. The subcommittee disallowed 1 additional attorney. Gary BUCHANAN said they needed this additional attorney because of increased litigation in the Professional & Licensing Board work and he would like the full Committee to consider this.

Indian Affairs Coordinator: [Chairman MANUEL said there was a modified request for \$12,000 for sending out a newsletter and on Monday night this went "down the tube". He said, "We can take this up in EXECUTIVE session."]

Housing Division: [Someone said, "The Board of Housing has been relatively dormant the last few years for obvious reasons... interest rates, etc. That Board has now done \$300,000,000 dollars worth of mortgages, but very little this last year. We expect much more housing mortgage activity this next biennium. All we ask is the 'authority' to add 1 additional person if our mortgage activity increases."]

The hearing ended on this portion of the budget requests.

(Tape 8: Track 1:173)

Judy Rippingale, Legislative Fiscal Analyst, Cliff Roessner, Analyst, and Leo O'Brien, Analyst, entered the meeting at this time.

Chairman Bardanoue turned the meeting over to Representative Quilici because agency budgets to be discussed were covered in Rep. Quilici's subcommittee on Elected Officials and Highways.

LEGISLATIVE, JUDICIAL & ADMINISTRATIVE:

Legislative Auditor: Chairman QUILICI read the narrative from Page A1 of Exhibit 1. He said some of the issues the full committee could address during Executive session are "travel", "contracted services" and "other expenses".

Representative WALDRON asked if there were some vacancies? Chairman QUILICI said, "Yes, they had some vacancies." Representative WALDRON asked if the subcommittee also increased their travel? Representative QUILICI said, "Yes." Representative WALDRON asked if the Legislative Auditor was going to pick up some of the auditing done around the state under contract? Chairman QUILICI said, "That's right, but also they still want to contract audits out of the office." Representative WALDRON asked if their contracted services was decreased? Chairman QUILICI said, "No, I don't think we did. I think we took this just about the way the audit committee sent it down with issues going into the committee. That's why I say we've got issues as far as travel, contracted services and other expenses which I think the Committee should address."

The Committee had no further questions.

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(Tape 8: Track 1:197)

Legislative Fiscal Analyst: Chairman QUILICI read the narrative from Page A2 of Exhibit 1.

Representative WALDRON asked the Legislative Fiscal Analyst for an explanation of the use of consultants. Judy RIPPINGALE said, "That is, for example, this last year publications and graphics had a considerable amount of controversy and the private printers came to the Finance Committee objecting and we did a bunch of work, but we felt that the very depth that you had to go into the printing business was beyond the expertise of my staff because I had no expert printer and the Finance Committee had a consultant to come in and do some work for them there. The Finance Committee also directed us to hire a lawyer on the budget amendment bill. It is that type of thing that comes up when the Finance Committee does something."

Representative WALDRON asked, "Is that the reason you got about a \$10,000 increase over current level?" Chairman QUILICI said, "I believe that's the 6% inflation factor." Representative WALDRON said, "No, fiscal year 1984 says \$591,268 is current level, according to the Fiscal Analyst, and the subcommittee gave \$601,082. Is that that .5 FTE?" Chairman QUILICI said, "That's the half FTE."

The Committee had no further questions.

Legislative Council: Chairman QUILICI said, "This one could be a little controversial also, but we took it into the committee recommendation." He then read the narrative from Page A3 of Exhibit 1.

The Committee had no questions.

Consumer Counsel: Chairman QUILICI read the narrative from Page A4 of Exhibit 1. He said this is all Earmarked Revenue funded.

The Committee had no questions.

Environmental Quality Council: Chairman QUILICI read the narrative from Page A5 of Exhibit 1. He said the subcommittee went over this budget quite carefully and asked the need for the added FTEs. He submitted the reply from the EQC. (Exhibit 4). He said these FTEs are an addition to current level.

Representative WALDRON asked if the EQC staff had to do as much as they did which required 'compensatory time'? Debbie SCHMIDT, of the EQC, said the law requires them to do what they do.

Representative BENGTON asked if there were penalties for not doing what the law requires? Debbie SCHMIDT said, "No, there are not penalties, but, again, under the responsibilities required under NEPA we simply have been fulfilling requests by interim studies and additions to state law in the last session."

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The Committee had no further questions.

(Tape 8: Track 1:271)

JUDICIARY:

Agency Summary: Chairman QUILICI read the narrative from Page A6 of Exhibit 1.

(Tape 8: Track 1:280)

Supreme Court Operations: Chairman QUILICI read the narrative from Page A7 and A8 of Exhibit 1. He said he understands the "\$0" (last paragraph of Page A7) is not correct. He said the increased cost in education and training is to send the judges, Supreme Court judges, to 2 sessions throughout the United States, usually New York and Chicago, for additional training. He thought it was supposed to be mandated in some way, and he asked Michael Abley to explain. Michael Abley was not present, so Lee Jellison, Budget and Finance Officer, Court Administrator of the Supreme Court, said, "Representative Quilici is right. The Court has mandated legal training for lawyers and they are looking at mandating legal training for judges. They haven't come up with a final proposal yet, but what it would amount to is 1 each training session at judicial education institutions."

The Committee had no further questions.

Boards and Commissions: Chairman QUILICI read the narrative from Page A8 of Exhibit 1.

Supreme Court Operations: Representative DONALDSON asked Chairman QUILICI to return to the "Supreme Court Operations", Page A8 of Exhibit 1. He asked for an explanation of the sentence at the top of the page regarding "a legal settlement of \$8,504 to pay attorney fees for Justice Shea". Chairman QUILICI said, "Remember the Ethics Commission had Judge Shea up before them? At that hearing he hired an attorney, I guess, and they ruled in favor of Justice Shea. The Supreme Court ruled that this \$8,504 should be paid as attorney fees. Maybe Mr. Jellison can explain that a little more thoroughly." Lee JELLISON said, "Representative QUILICI is approximately right. It was the case where Judge Shea was brought up before the Judicial Standards Commission. It was a District Court ruling where he won and the settlement is to pay his attorney. The claim was sent to the Department of Administration for payment and they didn't know what to do with it, for whatever reason, and they sent it back and eventually it was put in our budget. When we got to the subcommittee, we weren't fully agreeable with it being in our budget either, but apparently it worked its way back, at which time it was taken out." Representative BARDANOUE asked, "Has it been paid or not?" Lee JELLISON said, "It hasn't been paid." Representative BARDANOUE said, "It probably won't be paid." Chairman QUILICI said, "Representative Donaldson, I'm glad you brought that up and I'm sorry I missed that. We asked the question in committee, 'Why wasn't this brought up before the Board of Examiners?' and we never did get an answer, so I think this is something that will have to be addressed." Representative

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BARDANOUE said, "If I get in trouble, I have to pay my own lawyers." Representative QUILICI said, "Right, this is an issue." Representative BARDANOUE said, "It's not an issue any more."

Boards and Commissions (Continued):

A Committee member asked, "What's the reason for the 30% increase over the biennium? Chairman QUILICI said, "That's for the Commission on Civil Procedure, the Sentence Review Board and to pay relative expenses and I think Lee Jellison can explain." Lee JELLISON said, "The increase is due primarily to two reasons... updating and revising the civil rules and procedure and also the bar exam has increased a considerable amount... almost doubling; however those fees do come back to the state... directly to the General Fund. We need the authority to spend for the bar exam. Representative WALDRON said, "Fees for the bar exam are commensurate with the cost, so there should be a wash between the General Fund there and the amount coming back into the General Fund." Lee JELLISON said that's correct. He said, "The graduates of the University will be taking the exam for the first time, which will double the amount of participants in the exam."

Representative WINSLOW asked, "What kind of increases are we paying since we moved over to that new building? It looks like it's huge." Chairman QUILICI said he hadn't figured it out percentage-wise, but you can look at the costs of the library being moved from the existing library in the state Capitol."

Law Library: Chairman QUILICI read the narrative from Page A9 of Exhibit 1. He said, "This, Representative Winslow, will show you what's happened." (In regard to moving the law library pertaining to cost.)

Referring to the "Westlaw" service, Chairman QUILICI said, "You will see that any of the agencies which use this Westlaw have that built into their budget... this \$95 an hour to use this Westlaw."

Representative BENGTON asked what does this \$95 an hour do? Chairman QUILICI said, "Westlaw is like a computer that ties into all the statutes so that instead of going through the law books, you punch into this computer and it pulls it out for you." He asked Leo O'Brien to explain. Leo O'BRIEN said, "It is essentially a data base and allows attorneys to enter into the data base and look up various decisions that have been made which relate to a particular issue or point." The Committee had further discussion of a minor nature with various agency personnel regarding utilization of Westlaw service.

District Court Operations: Chairman QUILICI read the narrative from Page A10 of Exhibit 1.

The Committee had no questions.

Water Courts: Chairman QUILICI read the narrative from Page A11 of

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Exhibit 1. He said it has been mandated by law to fund the Water Courts. He said, "We're hoping we can get this money out of the Water Development Fund, but if not, it will have to be funded by the General Fund."

Witnesses:

Leanne SCHRAUDNER, Attorney from Bozeman, said she worked with Judge Lessley in the Water Courts. She supported the Water Courts.

K. M. KELLY, Montana Water Development Association, supported funding of Water Courts from General Funds and opposed additional fees for original water rights filers. (Exhibit 5).

John MORRISON, Morrison-Maierle, Inc., Helena, supported the work of the Water Courts.

Joe BRUNNER, W.I.F.E., Helena, opposed claimant rate hikes.

Bill ASHER, Bozeman, representing the Agricultural Preservation Association, Park County Legislative Association, and Sweetgrass County Preservation Association, opposed claimant rate hikes. He supported the Water Courts.

Terry MURPHY, Farmers Union, supports the funding, but expressed reservations about rate hikes.

Steve MEYER, Helena, representing Montana Association of Conservation Districts, supported the program, but opposed fee hikes.

The Committee had no further questions.

(Tape 8: Track 1:434)

ADMINISTRATIVE:

Governor's Office:

(Agency Summary): Chairman QUILICI read the narrative from Page A12 of Exhibit 1.

The Committee had no questions.

(Office of Budget & Program Planning): Chairman QUILICI read the narrative from Page A13 of Exhibit 1.

The Committee had no questions.

(Executive Office Program): Chairman QUILICI read the narrative from Pages A14 and A15 of Exhibit 1. He said the subcommittee reduced to \$400,000 the initial request of \$500,000 for "Item X" (advocating state's opposition to federal legislation that would prohibit or diminish state's right to levy a 30 percent tax on coal mined in Montana). The Governor's office agreed to this reduction after reviewing some budgets.

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Representative WINSLOW asked if \$250,000 had been spent? Leo O'BRIEN said, "The Governor's office anticipates that by the end of the '83 biennium they will have spent \$300,000 of that original \$500,000. I am uncertain as to what the balance is at this time."

The Committee had no further questions.

(Tape 8: Track 1:462)

(Board of Visitors): Chairman QUILICI read the narrative from Page A16 of Exhibit 1. He said, "During the 1982 fiscal year, the agency reviewed only 7 of the 10 facilities which it is responsible to review. In essence, they went to Eastmont, Center for the Aged, Warm Springs-Galen, the Mental Health Centers in Miles City, Billings and Helena. They missed going to Boulder River and Mental Health Centers in Great Falls and Missoula. This Board is made up of 5 professional members and, if I remember right, there was 1 vacancy in the '82 biennium, but that person is now on board."

Representative DONALDSON asked what the 1 FTE did? Chairman QUILICI said, "The 1 FTE coordinates all the travel for the Board members, handles all the mail and calls which come to the Board of Visitors, handles the complaints in between the visits, and various things like that... in fact, she runs the whole show."

The Committee had no further questions.

(Air Transportation): Chairman QUILICI read the narrative from Page A17 of Exhibit 1.

Representative DONALDSON said, "When we set this up 2 years ago, we anticipated that other agencies might use the Governor's plane. I don't see any place here where there's any revenue coming from any of those sources." Chairman QUILICI said, "I think that a lot of them are using the Highway planes and the Fish & Game."

Representative WALDRON said, "When the subcommittee went to Eastmont and Pine Hills, we needed a couple of planes at that time, and we did take the Aero Commander, which was rather expensive to operate, and I asked the Governor's office about utilizing their plane and they said they couldn't do it because they don't have a Revolving Account authorization, so we had to rent a commercial plane and pilot which was probably a lot more expensive than if we could have utilized the Governor's plane. Could someone set that up in a Revolving Account so the other agencies can utilize that?" Chairman QUILICI said, "It would be something to really take a look at... rather than it sitting on the ground, I think that if we could use a Revolving Account it would be cheaper for the agencies to use it." The Committee asked Leo O'Brien to look into this.

The Committee had no further questions.

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(Mansion Maintenance): Chairman QUILICI read the narrative from Page A18 of Exhibit 1.

The Committee had no questions.

(Northwest Regional Power Act): Chairman QUILICI read the narrative from Page A19 of Exhibit 1.

The Committee had no questions.

(Citizens' Advocate Office): Chairman QUILICI read the narrative from Page A20 of Exhibit 1.

The Committee had no questions.

(Lieutenant Governor): Chairman QUILICI read the narrative from Page A21 of Exhibit 1. He said the budget modification for printing reports was granted by the subcommittee because there are a lot of reports which must be sent to local governments pertaining to federal grants and they are trying to get a book together so local governments will know how to apply for various grants and what the changes are concerning local governments."

The Committee had no questions.

(Tape 8: Track 1:506)

Secretary of State:

(Summary): Chairman QUILICI read the narrative from Page A22 of Exhibit 1.

The Committee had no questions.

(Records Management): Chairman QUILICI read the narrative from Page A23 of Exhibit 1. He said the subcommittee asked about the \$2,037 in attorney fees to pay court-ordered attorney fees. He said this was the "conflict of interest" case down in Dillon and this is the attorney fees we are ordered to pay by the court. It is something that maybe the Committee might want to address in EXECUTIVE SESSION."

Representative BARDANOUE questioned Larry Akey, Executive Assistant to the Secretary of State, about the cost effectiveness and added value of converting to the automated records system. Larry AKEY said, "We have a file of correspondence from attorneys throughout the state applauding that they can get their corporate papers processed from 45 days collapsed down to 5 days. I would not disagree at all... the costs are higher."

Representative SHONTZ entered the meeting at this point.

Representative WALDRON asked if fees were charged for this service? Larry AKEY said they do charge fees for every corporate document.

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Larry AKEY said, "Our corporate bill more than pays for itself. We generated roughly \$625,000 of revenue to the General Fund, while \$430,000 for the last biennium was for these kinds of appropriations transactions. These sheets really do now show that."

The Committee had no further questions.

(Administrative Codes): Chairman QUILICI read the narrative from Page A24 of Exhibit 1.

The Committee had no questions.

(Tape 8: Track 1:565)

Commissioner of Political Practices:

(Administration): Chairman QUILICI read the narrative from Page A25 of Exhibit 1.

The Committee had no questions.

State Auditor:

(Agency Summary): Chairman QUILICI read the narrative from Page A26 of Exhibit 1.

The Committee had no questions, but Chairman QUILICI said there would be some comments on the "PPP Control System" later when the Committee gets to the Central Payroll Division.

(Investment Division): Chairman QUILICI read the narrative from Page A27 of Exhibit 1.

Representative BARDANOUE asked what conferences are attended? Richard TUCKER, Securities Division, said, "These are actually workshops to keep uniform the laws directed under the statutes by the many states."

Representative BARDANOUE asked, "How much money here is for conferences?" Richard TUCKER replied, "Actually the conferences and attorneys sessions heretofore which have been expended over the last two years have not cost the State of Montana anything... they've been paid for by the National Association of Security Administrators. The statement here is a little bit misleading. The approximately \$11,000 that was placed into the budget for travel, was not expended. Only \$4,326 was expended, which left that amount and we came back with this budget and asked for that same amount. The reason for that is the North American Security Administrators Association has been paying that travel and this particular travel was just left in the budget and in some cases will revert. In fact, last year it did revert and the year before it did the same thing."

The Committee had no further questions.

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(Tape 8: Track 1:597)

(Management and Control Program): Chairman QUILICI read the narrative from Pages A28 and A29 of Exhibit 1. He said his subcommittee has told him that 8 employees are leaving, but the subcommittee did not allow the \$108,000 request for termination pay.

He referred to "Table 1" on Page A29 and said these are funds collected from insurance premiums and distributed for local assistance.

The Committee had no questions.

(Central Payroll Division): Chairman QUILICI read the narrative from Page A30 of Exhibit 1. Referring to the large appropriation of \$552,591 for Payroll/Personnel/Position (PPP), he said, "If you will remember, in 1981 there were 3 separate appropriations to this. They went to the Budget Office, the Auditor, and Department of Administration; and they were all putting information into this data base called PPP. This would set up 1 large data base within the Auditor's office and is something I think the whole Committee should should take a look at."

Kathleen BEHM, Administrator, Central Payroll Division, Auditor's office, submitted a paper pertaining to the PPP System. (Exhibit 6). She said the PPP system is cost effective and more efficient than the 3 separate systems heretofore. She said the system is approximately 90% complete. They have yet to work on supplemental payrolls and direct bank deposits.

Representative DONALDSON asked if there would be a corresponding decrease in the other agencies if we go this route? Kathleen BEHM said, "Currently the payroll portion collects 200 percent more data elements than it did in the past. We collect grades, steps, pay plan and all this other data. With this, it's going to eliminate the need for a payroll clerk - it did last summer - and other adjustments. It has not increased the duties of the agencies and as far as I know, it has not reduced the number of employees at the agency level, but I feel it has reduced some overtime work."

Representative BARDANOUVE said, "It seems the computer is running us."

The Committee had no further questions.

(Administrative Support): Chairman QUILICI read the narrative from Page A31 of Exhibit 1.

The Committee had no questions.

(Insurance Division): Chairman QUILICI read the narrative from Page A32 of Exhibit 1. He said it is his understanding that the income from the activity of HB 385 brings in about twice as much as it costs.

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Representative HEMSTAD made a correction in language in the last paragraph of Page A32 by saying that they are not "health insurance corporations", but "health service corporations".

Representative WALDRON said, "On this \$74,000 to fund HB 385, my memory is not too good, but didn't we appropriate 2 FTEs in 1981 to do this?" James CHEETHAM, Assistant Chief Deputy Commissioner of Insurance, said, "Yes, you did give us 2 FTEs in 1981 before HB 385 was born... it was for other things. There was a legislative intent with HB 385 to fund it which didn't get done because I think it was about the last day or two that the bill passed. We still have the 4 years to get it done. We won't have this much expense every year. The first go 'round will be a little more than the others, but this is still only half of what the fee was put in for."

Representative BENGTON asked, "There was a sort of a review of that during the interim and I remember the State Auditor disagreeing with the findings of the Legislative Fiscal Analyst and I don't think it was ever resolved. The Fiscal Legislative Finance Committee felt that you have not gone ahead with your duties as prescribed by the law and the Auditor argues that the intent was - that they should be appropriated some money for it - it is still hanging up there. You're getting the job done without the appropriation?" James CHEETHAM replied, "The job is in process now, Blue Cross and Blue Shield have been asked and they have remitted the additional funds. Ever since the Attorney General's opinion was handed down, we have the grounds to go on." Representative BENGTON said, "You have done this without the appropriation?" James CHEETHAM said, "That part of it. We're hoping to get this appropriation to go into the field." He said the \$32,000 for the first year and the \$42,000 for the second year is for a contract to have the field work done, and includes an actuary cost.

The Committee had no further questions.

The meeting adjourned at 10:00 p.m.


FRANCIS BARDANOUVE
Chairman

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FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	7.50	9.00	9.00	9.00	9.00	9.00
Personal Ser.	\$133,256	\$216,419	\$211,267	\$215,980	\$210,958	\$ 214,254
Operating Exp.	563,714	686,896	655,158	731,759	696,357	1,059,542
Equipment	760	129	129	129	129	129
Total Exp.	\$697,730	\$903,444	\$866,554	\$947,868	\$907,444	\$1,273,925
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FUNDING:						
General	\$613,517	\$892,773	\$666,554	\$936,557	\$707,444	\$ 923,925
Fed. & Private	84,213	10,671	200,000	11,311	200,000	350,000
Total Exp.	\$697,730	\$903,444	\$866,554	\$947,868	\$907,444	\$1,273,925
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Montana Promotion promotes Montana for both its tourism qualities and as a location for new businesses.

General fund for the Montana Promotion Program increases approximately 34 percent on a biennial basis. This increase is due primarily to the replacement of private contributions with general fund. The department requested and the subcommittee approved, that the current level operations of this program be totally general funded, and that all private revenues raised be included in this budget for the "Build Montana" Program. The department anticipates raising \$350,000 each year from private sources. This amount has been included for each year of the biennium, but does not contribute to the current level operation.

Program: Housing Division

The 1985 biennium includes \$12,180,031 in federal grant money to fund rental assistance programs. This funding level provides rent subsidies to assist over 2,100 families.

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	10.67	10.67	9.67	10.67	10.67	9.67	10.67
Personal Ser.	\$ 230,608	\$ 311,287	\$ 327,237	\$ 308,673	\$ 312,022	\$ 327,730	\$ 309,155
Operating Exp.	256,233	503,367	273,564	491,043	536,083	289,212	521,578
Equipment	7,938	2,306	1,784	2,306	1,184	584	1,184
Non-Oper. Exp.	2,099,163	40,745,565	16,475,787	18,253,563	42,774,565	18,802,276	18,253,565
Total Exp.	\$2,593,942	\$41,562,525	\$17,078,372	\$19,055,587	\$43,623,854	\$19,419,802	\$19,085,482
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$ 263,293	\$ 3,330,969	\$ 225,072	\$ 289,550	\$ 3,346,530	\$ 232,927	\$ 294,763
Earmarked	2,267,967	32,072,556	10,866,480	12,273,915	34,118,324	13,200,055	12,288,966
Fed. & Private	62,682	6,159,000	5,986,820	6,492,122	6,159,000	5,986,820	6,501,753
Total Funding	\$2,593,942	\$41,562,525	\$17,078,372	\$19,055,587	\$43,623,854	\$19,419,802	\$19,085,482
	=====	=====	=====	=====	=====	=====	=====

The Community Assistance Program has resulted from the merging of the impact functions served by the Coal Board and Hard Rock Mining Board with the functions of the Federal Community Development Block Grant (CDGB) and the state-supported assistance to communities in land planning and financial planning.

The Coal Board provides grants to communities where adverse impacts have occurred as a result of mining operations. The Hard Rock Mining Board provides analysis and mediation between communities and hard rock mining companies to address adverse mining impacts. The Community Development Block Grant Program provides grants to communities for public facilities, economic development, and housing. The Community Assistance Program provides technical assistance to local governments.

The 1985 biennium includes 4 FTE for administration of approximately \$22,600,000 in Coal Board grants, 4.34 FTE to administer approximately \$12,000,000 in community development block grants, and 2.33 FTE to administer the state community assistance grants of approximately \$1,200,000.

General fund shows 3 percent decrease from the 1983 biennium.

-C66-

Agency: Department of Commerce

Program: Economic Development Support

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	2.00	9.00	2.00	6.00	9.00	2.00	6.00
Personal Ser.	\$ 48,659	\$254,151	\$ 63,062	\$178,104	\$253,590	\$ 63,236	\$177,555
Operating Exp.	24,121	136,909	29,086	113,235	137,570	30,975	118,803
Equipment	1,570	3,608	108	3,608	108	108	108
Total Exp.	\$ 74,350	\$394,668	\$ 92,256	\$294,947	\$391,268	\$ 94,319	\$296,466
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$ 14,364	\$368,231	\$ 17,523	\$269,701	\$364,420	\$ 17,983	\$270,015
Earmarked	11,400	26,437	13,866	25,246	26,848	13,873	26,451
Fed. & Private	48,586	-0-	60,867	-0-	-0-	62,463	-0-
Total Funding	\$ 74,350	\$394,668	\$ 92,256	\$294,947	\$391,268	\$ 94,319	\$296,466
	=====	=====	=====	=====	=====	=====	=====

The Economic Development Support Program is responsible for providing administrative and statistical support for the Business Assistance, Business Promotion, Community Impact, and Travel Promotion Programs. In fiscal 1982 this support program consisted of a division administrator and one secretary.

The substantial increase in general fund in this program for the 1985 biennium is due primarily to three factors:

1. In fiscal 1982, federal funding provided 66 percent of the support units total funding. Beginning in fiscal 1984 federal funds will no longer be available. Based on fiscal 1982 current level, replacement of federal funds would require an additional \$60,000 of general fund in fiscal 1984 and \$62,000 in fiscal 1985. The subcommittee approved the replacement of federal funds. The federal funds were Farm Home Administration funds and Housing and Urban Development funds.

2. The subcommittee approved the transfer of one FTE program manager from the community assistance program. This FTE was previously funded with a mixture of general funds and federal funds. In the Economic Development Support Unit this FTE would be funded entirely with general fund. The cost of the FTE is \$28,937 in fiscal 1984 and \$28,826 in fiscal 1985.

3. Also approved by the subcommittee is the transfer of the data center from the Department of Administration to the Department of Commerce. The data center is part of a federal/state cooperative program which disseminates population and economic data to state agencies, counties, municipalities, school districts, businesses, and the public. The cost of the data center is \$163,845 in fiscal 1984 and \$164,233 in fiscal 1985. The data center is entirely general funded.

Program: Indian Affairs Coordinator

The Indian Affairs Coordinator provides advice to state and national governments on Indian issues and provides a liaison between the state and Indian tribes.

The decrease in general fund is due to the elimination of one FTE. The subcommittee has approved the staff reduction and recommended this program be transferred to the Governor's Office. For the 1985 biennium, the Indian Affairs Coordinator Program includes two FTE including the state coordinator and one secretary.

Agency: Department of CommerceProgram: Director's Office

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Personal Ser.	\$ 92,554						
Operating Exp.	24,261	\$108,083	\$104,049	\$107,297	\$107,836	\$103,865	\$107,076
Equipment	1,036	33,908	27,969	33,798	36,433	30,023	36,274
		492	-0-	492	492	-0-	492
Total Exp.	\$117,851	\$142,483	\$132,018	\$141,587	\$144,761	\$133,888	\$143,842
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$ (68)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revolving	117,919	142,483	132,018	141,587	144,761	133,888	143,842
Total Funding	\$117,851	\$142,483	\$132,018	\$141,587	\$144,761	\$133,888	\$143,842
	=====	=====	=====	=====	=====	=====	=====

The Director's Office is responsible for the overall supervision of the Department of Commerce. This office includes the director, one secretary, and an administrative officer. The office is financed from charges to programs within the agency.

The Director's Office is continued at current level for the 1985 biennium. This office is financed from charges to the other programs which make up the department.

Agency: Department of Commerce

Program: Centralized Services

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	12.00	15.00	12.00	15.00	14.50	12.00	14.50
Personal Ser.	\$224,987	\$341,609	\$266,209	\$341,152	\$334,243	\$265,829	\$334,243
Operating Exp.	42,275	110,147	71,593	109,924	115,976	74,465	115,608
Equipment	1,219	16,264	264	16,264	264	264	264
Total Exp.	\$268,481	\$468,020	\$338,066	\$467,340	\$450,483	\$340,558	\$450,115
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
Revolving	\$268,481	\$468,020	\$338,066	\$467,340	\$450,483	\$340,558	\$450,115
	=====	=====	=====	=====	=====	=====	=====
Total Funding	\$268,481	\$468,020	\$338,066	\$467,340	\$450,483	\$340,558	\$450,115
	=====	=====	=====	=====	=====	=====	=====

Centralized Services is responsible for all programs in the areas of budgeting, accounting purchasing, personnel, management assistance and data processing.

For the 1985 biennium, 3 FTE and associated operating costs have been added. This staff will be responsible for maintaining the department's data processing systems, the development of new data processing systems, and studying the feasibility of automating other manual operations. The cost of this data processing modification is \$98,849 in fiscal 1984 and \$100,238 in fiscal 1985. These costs would be paid through charges assessed to each program.

One half-time clerical position was eliminated in fiscal 1985, as recommended by the Governor's Council on Management.

		-----Fiscal 1984-----			-----Fiscal 1985-----		
	FY 1982 Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	3.00	8.00	6.00	7.00	8.00	6.00	7.00
Personal Ser.	\$ 68,580	\$228,816	\$179,182	\$197,456	\$228,300	\$178,519	\$196,869
Operating Exp.	9,471	120,491	66,669	84,714	125,825	68,468	86,550
Equipment	150	4,044	16,525	3,600	244	-0-	244
Total Exp.	\$ 78,201	\$353,351	\$262,376	\$285,770	\$354,369	\$246,987	\$283,663
		=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$ 78,201	\$120,145	\$101,134	\$120,145	\$121,253	\$101,813	\$121,253
Revolving	-0-	233,206	161,242	165,625	233,116	145,174	162,410
Total Funding	\$ 78,201	\$353,351	\$262,376	\$285,770	\$354,369	\$246,987	\$283,663
		=====	=====	=====	=====	=====	=====

The Legal Services Division is the result of combining the previous Consumer Affairs Program (3 FTE) with 3.0 FTE attorneys transferred from Professional and Occupational Licensing, Business Licensing and Support, and Community Impact Programs. The Consumer Affairs Division is sponsored by general fund. The legal pool is funded by charges for services to the programs within the agency that use its services. The purpose of this change was to provide a unified legal unit that will deliver legal services to all programs.

The large increase in general fund represents the addition of indirect charges for Centralized Services and the Director's Office. These costs were not previously paid by the Consumer Affairs Program.

Added to the Legal Services Division is one legal secretary. The cost of this addition is \$22,162 in fiscal 1984 and \$22,141 in fiscal 1985. This position will be funded through charges to the other programs within the agency.

Agency: Legislative Auditor

Program: _____

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
FTE		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
		65	65	65	65	65	65
Personal Ser.	\$1,094,868						
Operating Exp.	329,711	\$1,839,097	\$1,847,957	\$1,839,097	\$1,983,111	\$2,002,273	\$1,983,111
Equipment	4,157	536,827	521,631	539,183	571,411	554,030	573,238
Non-Oper. Exp.	149,159	8,427	7,500	7,500	5,360	4,500	4,500
		-0-	-0-	-0-	-0-	-0-	-0-
Total Exp.	\$1,577,895	\$2,384,351	\$2,377,088	\$2,385,780	\$2,559,882	\$2,560,803	\$2,560,849
		=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$ 962,778	\$1,525,477	\$1,518,214	\$1,526,906	\$1,729,356	\$1,730,277	\$1,730,323
Revolving	615,117	858,874	858,874	858,874	830,526	830,526	830,526
Total Funding	\$1,577,895	\$2,384,351	\$2,377,088	\$2,385,780	\$2,559,882	\$2,560,803	\$2,560,849
		=====	=====	=====	=====	=====	=====

The Legislative Auditor is responsible for auditing the fiscal accounts and records of all state agencies to assure that the directives of the legislature have been carried out. The Legislative Auditor is charged with the duty of conducting audits and reporting to the Legislative Audit Committee. The agency is also responsible for conducting program and sunset audits.

The Legislative Auditor's 1983 appropriation was for 64 staff. Due to legislators being added to the payroll rather than getting a flat amount per day, the committee is counted as 1.00 FTE. There is a large increase above fiscal 1982 in personal services, as many of the positions were not filled.

During the 1981 regular legislative session, House Bill 519 authorized a revolving account to allow the Legislative Auditor to charge state agencies for audit services. Audit expenses are included in all state agency budgets as biennial appropriations.

General fund is provided for sunset and program audits, legislative agency audits, and audits that are expanded beyond the scope of a usual financial compliance audit.

Agency: Legislative Fiscal Analyst

Program: _____

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	15.0	15.5	15.0	15.5	15.5	15.0	15.5
Personal Ser.	\$364,947	\$476,859	\$468,505	\$476,863	\$471,278	\$463,024	\$471,281
Operating Exp.	76,462	121,263	121,263	122,719	145,636	145,636	146,309
Equipment	3,287	1,500	1,500	1,500	2,750	2,750	2,750
Total Exp.	\$444,696	\$599,622	\$591,268	\$601,082	\$619,664	\$611,410	\$620,340
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$444,696	\$599,622	\$591,268	\$601,082	\$619,664	\$611,410	\$620,340
Total Funding	\$444,696	\$599,622	\$591,268	\$601,082	\$619,664	\$611,410	\$620,340
	=====	=====	=====	=====	=====	=====	=====

The Office of the Legislative Fiscal Analyst was initially established in 1974. Some of the responsibilities of this agency include: fiscal analysis of state government; accumulating, gathering, and analyzing information bearing upon financial matters of the state; estimating revenue from existing and proposed taxes; analyzing the executive budget; and developing reports and recommendation regarding fiscal policy for the legislature.

There are 14 staff positions in fiscal 1982. A .5 FTE secretary is added for the 1985 biennium. One FTE is for the committee members whose salary for committee meetings is processed through payroll.

Operating expenses increase due primarily to contract services which will be used for computer programming and associated data processing costs and for the continued use of consultants to assist staff in areas where certain technical expertise is needed. Operating expenses increase above the fiscal 1982 level as very little data processing work or systems development was accomplished. As the special sessions work did not involve the normal type of preparation and systems, no data processing was utilized.

Operating costs are higher due to items such as printing, data processing, etc., during session years.

Agency: Legislative Council

Program: _____

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	48.75	44.50	44.00	43.50	56.00	56.50	55.00
Personal Ser.	\$1,059,770	\$1,185,206	\$1,185,206	\$1,163,086	\$1,453,800	\$1,453,800	\$1,431,680
Operating Exp.	1,155,734	1,362,247	1,362,247	1,331,107	864,146	864,146	848,255
Equipment	61,422	31,944	31,944	31,944	13,538	13,538	13,538
Total Exp.	\$2,276,926	\$2,579,397	\$2,579,397	\$2,526,119	\$2,331,484	\$2,331,484	\$2,293,473
FUNDING:							
General	\$1,856,722	\$2,051,257	\$2,051,257	\$1,997,979	\$2,152,484	\$2,152,484	\$2,114,473
Revolving	420,204	528,140	528,140	528,140	179,000	179,000	179,000
Total Funding	\$2,276,926	\$2,579,397	\$2,579,397	\$2,526,119	\$2,331,484	\$2,331,484	\$2,293,473

Language:

The general fund appropriation for fiscal 1984 includes the following amounts that are biennial appropriations: NCSL travel, \$96,000; CSG travel, \$35,000; interim studies, \$75,000; Forestry Task Force, \$25,000; Revenue Oversight Committee, \$25,000; Administrative Code Committee, \$25,000; Capitol Building and Planning Committee, \$5,000; Salary Commission, \$3,000; Five State Legislative Conference, \$12,000; Five State Water Task Force, \$6,400.

Comments:

The Legislative Council is responsible for the preparation of reports and recommendations for various standing and select committees of the legislature. The council also prepares proposed legislation.

FTE levels are reduced 4.25 FTE from fiscal 1982 due to the completion of the codification project, completion of a Con-Con project, and reductions in staff of .25 in the Legal Services Division.

Interim study costs have been funded at \$75,000 for the biennium. Travel expenses of \$20,916 have been transferred to the Governor's Office. This travel is related to the National Conference of Commissions on Uniform State Laws (NCCUSL). The Governor appoints the members of the commission.

Agency: Consumer Counsel

Program: _____

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----	
		Executive	Current Level	Executive	Current Level
FTE	4.25	4.25	4.25	4.25	4.25
Personal Ser.	\$128,879	\$159,802	\$159,160	\$174,006	\$173,328
Operating Exp.	315,441	433,722	373,850	487,261	429,350
Equipment	274	3,000	3,000	900	900
Total Exp.	\$444,594	\$596,524	\$536,010	\$662,167	\$603,578
	=====	=====	=====	=====	=====
FUNDING:					
Earmarked	\$444,594	\$596,524	\$536,010	\$662,167	\$603,578
Total Funding	\$444,594	\$596,524	\$536,010	\$662,167	\$603,578
	=====	=====	=====	=====	=====

Language:

The biennial contingency appropriation is for contract services for unanticipated cases during the biennium.

Comments

The Consumer Counsel represents consumer interest before the Public Service Commission and related federal regulatory agencies. This agency's funding is obtained by charges to companies which are regulated by the Public Service Commission.

The above budget allows for pay increases established by the Legislative Consumer Committee.

Contract services are increased to allow the agency to hire consultants to participate in utility rate cases before the Public Service Commission. Participation in such cases has been restricted in the past, due to a limited amount available to hire consultants. The budget also allows for the acquisition of office equipment which has been postponed in the past in order to pay operating expenses.

Finally, the Consumer Counsel was given a \$100,000 contingency appropriation for contracted services during the coming biennium. This money would be used for unanticipated cases, which the counsel becomes involved in during the biennium.

Agency: JudiciaryProgram: Agency Summary

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	76.50	82.00	76.50	85.50	85.50	76.50	89.00
Personal Ser.	\$2,672,400	\$3,043,103	\$2,888,038	\$3,078,138	\$3,199,697	\$2,890,004	\$3,183,410
Operating Exp.	427,546	930,042	613,646	914,639	1,047,113	649,651	1,024,916
Equipment	169,602	230,732	158,357	253,778	256,911	173,597	240,289
Non-Oper. Exp.	77,839	106,000	87,459	96,855	113,265	92,707	98,933
Total Exp.	\$3,347,387	\$4,309,877	\$3,747,500	\$4,343,410	\$4,536,986	\$3,805,959	\$4,547,548
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$3,227,675	\$3,878,057	3,738,257	\$3,895,922	\$3,906,688	\$3,796,716	\$3,918,636
Earmarked	119,712	431,820	-0-	418,330	630,298	-0-	599,204
Revolving	-0-	-0-	9,243	29,158	-0-	9,243	29,708
Total Funding	\$3,347,387	\$4,309,877	\$3,747,500	\$4,343,410	\$4,536,986	\$3,805,959	\$4,547,548
	=====	=====	=====	=====	=====	=====	=====

The Judiciary contains the budgets of the Supreme Court, District Court Operations, Water Court, and the Law Library.

Total expenditures for the Judiciary increase 20.2 percent over the previous biennium. General funds appropriation increase only 13.5 percent. This increase in general fund expenditure is limited, due to the fact that the Water Courts are being funded out of the Water Development account.

FTE have been added to Supreme Court Operations, Boards and Commissions, Law Library, and Water Courts. Operating expenses increase substantially due to the move to the new Justice Building, additional travel and training authorized for judges, and the expansion of Water Courts.

Agency: JudiciaryProgram: Supreme Court Operations

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	33.00	30.00	31.00	32.00	30.00	31.00	32.00
Personal Ser.	\$ 865,331	\$ 893,846	\$ 896,257	\$ 924,506	\$ 891,790	\$ 894,703	\$ 922,849
Operating Exp.	188,537	356,559	260,194	372,356	351,749	280,506	361,953
Equipment	897	-0-	-0-	-0-	-0-	-0-	-0-
Non-Oper. Exp.	77,839	106,000	87,459	96,855	113,265	92,707	98,933
Total Exp.	\$1,132,604	\$1,356,405	\$1,243,910	\$1,393,717	\$1,356,804	\$1,267,916	\$1,383,735
FUNDING:							
General	\$1,132,604	\$1,356,405	\$1,243,910	\$1,393,717	\$1,356,804	\$1,267,916	\$1,383,735
Total Funding	\$1,132,604	\$1,356,405	\$1,243,910	\$1,393,717	\$1,356,804	\$1,267,916	\$1,383,735

The Supreme Court is the appellate court in the State of Montana. The Supreme Court also has original jurisdiction to issue, hear, and determine writs of Habeas Corpus and other writs as provided by law. The Supreme Court Operations relates specifically to the day-to-day operations of the court.

The general fund appropriation increases 11.8 percent or \$292,870 over the biennium.

Two law clerks were added. In fiscal 1982 the agency had added two law clerks and one secretary above the FTE level anticipated by the legislature.

Rent increases from \$44,446 in fiscal 1982 to \$127,724 for fiscal 1984 and \$129,242 for fiscal 1985 due primarily to the new building.

Contract services increased \$5,898 in fiscal 1984 to develop sentencing data report. Education and training increased from \$0 in fiscal 1982 to \$8,000 a year in the 1985 biennium. Travel increased from \$9,948 in fiscal 1982 to \$16,769 in fiscal 1984 and \$17,246 in fiscal 1985 due primarily to increased education. Contract services were increased \$18,866 to use the Westlaw Library service.

Dues for the National Center for State Courts were funded at \$27,000 in fiscal 1984 and \$28,900 in fiscal 1985. In fiscal 1985 a legal settlement of \$8,504 to pay attorney fees for Justice Shea was appropriated.

Non-operatings are for MONTCLIRC, a University of Montana Law School program, which conducts research for district courts, public attorneys, and county attorneys. MONTCLIRC was expanded as staff salaries were increased and a work processor will be leased.

Agency: Judiciary

Program: Boards and Commissions

		FY 1982		-----Fiscal 1984-----		-----Fiscal 1985-----	
		Actual		Executive	Current Level	Subcommittee	Subcommittee
FTE		3.00		3.00	3.00	3.00	3.50
Personal Ser.		\$ 58,281		\$ 66,039	\$ 66,617	\$ 65,890	\$ 74,219
Operating Exp.		<u>90,722</u>		<u>149,906</u>	<u>110,272</u>	<u>150,125</u>	<u>129,550</u>
Total Exp.		<u>\$149,003</u>		<u>\$215,945</u>	<u>\$176,889</u>	<u>\$216,015</u>	<u>\$203,769</u>
		=====		=====	=====	=====	=====
FUNDING:							
General		<u>\$149,003</u>		<u>\$215,945</u>	<u>\$176,889</u>	<u>\$216,015</u>	<u>\$203,769</u>
Total Funding		<u>\$149,003</u>		<u>\$215,945</u>	<u>\$176,889</u>	<u>\$216,015</u>	<u>\$203,769</u>
		=====		=====	=====	=====	=====

The Montana Constitution assigns a number of duties to the Supreme Court. These duties include, but are not limited to, supervision over all other courts, development of rules for appellate procedure, and establishment of appropriate practice and procedure for all courts. These duties are not accomplished by the court itself, but by thirteen boards and commissions.

The general fund appropriation increases 29.6 percent or \$92,712 over the biennium.

A .5 FTE secretary position was added because of the shift of duties for the Sentence Review Board from the Prison to the Supreme Court offices.

Operating expenses doubled for contract services and supplies. Travel increased 22 percent from fiscal 1982 to fiscal 1984.

Agency: JudiciaryProgram: Law Library

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	5.50	5.50	5.50	6.50	5.50	5.50	6.50
Personal Ser.	\$104,296						
Operating Exp.	22,388	\$121,754	\$118,050	\$149,463	\$121,482	\$117,869	\$149,168
Equipment	160,393	214,732	149,021	200,900	142,763	108,869	158,528
					226,911	163,702	210,000
Total Exp.	\$287,077	\$465,357	\$371,930	\$496,194	\$491,156	\$390,440	\$517,696
		=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$287,077	\$465,357	\$362,687	\$467,036	\$491,156	\$381,197	\$487,988
Revolving	-0-	-0-	9,243	29,158	-0-	9,243	29,708
Total Funding	\$287,077	\$465,357	\$371,930	\$496,194	\$491,156	\$390,440	\$517,696
		=====	=====	=====	=====	=====	=====

The Law Library is a reference source for the Montana Supreme Court, district courts, and all attorneys who practice law in the state. The inventory of books and materials on hand is classified into the following categories: treatises, law reviews, reports, and microfilm. The Law Library also maintains a collection of every state's codes.

The general fund appropriation increase 59 percent or \$378,000 over the 1983 biennial appropriation. Operating expenses increase due to the move to the new Justice Building. Previously the Law Library was not charged rent, the anticipated rent expense for fiscal 1984 is \$70,415 and \$77,079 in fiscal 1985. The book budget increases 17 percent over the biennium due primarily to high inflation costs associated with legal publications.

The Law Library added the Westlaw service during the 1983 biennium. The cost of this service is approximately \$95 per hour. Funding for this service will be accomplished through the use of a revolving account. Agencies will be assessed charges by the Law Library, which will then be paying the charge.

Agency: JudiciaryProgram: Water Courts

FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----	
	Executive	Current Level	Executive	Current Level
FTE	5.00	5.00	11.50	5.00
Personal Ser.	\$ 86,269	\$123,998	\$246,707	\$354,298
Operating Exp.	25,131	28,196	118,745	246,000
Equipment	8,312	9,336	52,878	30,000
Total Exp.	\$119,712	\$161,530	\$418,330	\$630,298
	=====	=====	=====	=====
FUNDING:				
General	\$ -0-	\$161,530	\$ -0-	\$164,523
Earmarked	119,712	-0-	418,330	-0-
Revolving	-0-	-0-	-0-	-0-
Total Funding	\$119,712	\$161,530	\$418,330	\$630,298
	=====	=====	=====	=====
				\$599,204
				=====

The Water Courts Program, with the assistance of the Department of National Resources and Conservation, is charged with the responsibility of adjudicating water rights in the State of Montana, pursuant to Title 85, Chapter 2, Part 2, MCA.

During fiscal 1982 Water Courts expended only \$119,710 of the \$235,522 authorized. The court operated with a total of 5.00 FTE as opposed to the 13.50 authorized. The 1982 expenditures were primarily for start-up costs, as Water Courts were nonexistent prior to 1980. The court issued one preliminary decree during fiscal 1982.

The 1985 biennium appropriation increases by 97.6 percent over the 1983 biennium as the court will be fully operational during the 1985 biennium and plans to begin the actual adjudication of water rights in at least nine basins. This anticipated increase in adjudication increases both personal services and as operating expenses.

Funding for the Water Court will be provided through the Water Development Fund. It is the subcommittee's intention that should such funds not be available general fund be used to finance the Water Courts.

Agency: Governor's Office

Program: Agency Summary

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	60.00	56.00	56.00	57.50	56.00	56.00	57.50
Personal Ser.	\$1,473,393	\$1,673,295	\$1,687,058	\$1,709,716	\$1,672,194	\$1,686,587	\$1,710,191
Operating Exp.	941,097	718,137	789,032	987,367	749,648	831,902	829,507
Equipment	70,719	14,833	14,833	15,883	4,295	4,310	4,295
Non-Oper. Exp.	12,075	-0-	-0-	-0-	-0-	-0-	-0-
Total Exp.	\$2,497,284	\$2,406,265	\$2,490,923	\$2,712,966	\$2,426,137	\$2,522,799	\$2,543,993
FUNDING:							
General	\$2,136,882	\$2,046,367	\$2,098,733	\$2,308,466	\$2,071,322	\$2,123,192	\$2,131,993
Fed. & Private	360,402	359,898	392,190	404,500	354,815	399,607	412,000
Total Funding	\$2,497,284	\$2,406,265	\$2,490,923	\$2,712,966	\$2,426,137	\$2,522,799	\$2,543,993

The budget for the Governor's Office expenses increases 12 percent. The Indian Legal Jurisdiction Project has been transferred to the Department of Justice.

The agency has eight programs which are discussed separately.

Agency: Governor's Office

Program: Office of Budget & Program Planning

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----	
		Executive	Current Level	Subcommittee	Subcommittee
FTE	22.25	18.25	21.25	18.25	18.25
Personal Ser.	\$540,695	\$548,564	\$617,302	\$550,164	\$552,924
Operating Exp.	125,678	131,020	137,267	126,899	145,683
Equipment	22,805	2,400	2,400	2,400	2,530
Total Exp.	\$689,178	\$681,984	\$756,969	\$679,463	\$701,137
	=====	=====	=====	=====	=====
FUNDING:					
General	\$689,178	\$681,984	\$756,969	\$679,463	\$701,137
Total Funding	\$689,178	\$681,984	\$756,969	\$679,463	\$701,137
	=====	=====	=====	=====	=====

The Executive Budget Office is responsible for planning, preparing, and administering the state budget. The office also provides support services for the Governor's Office. The responsibility for developing policies for the acquisition of data equipment and data processing services and indirect cost rates are being transferred to the Department of Administration.

FTE decrease by 4. This is due to transferring 3 FTE. An accounting technician and the centralized services directors were transferred to the Governor's Office. A contract service monitor was transferred to the Lieutenant Governor's Office. An accounting technician was deleted.

Agency: Governor's OfficeProgram: Executive Office Program

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Executive	Current Level	Subcommittee
FTE	19.50	19.50	17.50	19.50	17.50	20.50
Personal Ser.	\$ 508,880	\$599,289	\$554,418	\$597,955	\$553,595	\$621,506
Operating Exp.	491,050	288,253	293,413	291,067	281,799	299,633
Equipment	7,171	6,930	6,930	1,515	1,530	1,515
Non-Oper. Exp.	6,420	-0-	-0-	-0-	-0-	-0-
Total Exp.	\$1,013,521	\$894,472	\$854,761	\$890,537	\$836,924	\$922,654
	=====	=====	=====	=====	=====	=====
FUNDING:						
General	\$ 951,873	\$894,472	\$842,261	\$890,537	\$836,924	\$922,654
Fed. & Private	61,648	-0-	12,500	-0-	-0-	-0-
Total Funding	\$1,013,521	\$894,472	\$854,761	\$890,537	\$836,924	\$922,654
	=====	=====	=====	=====	=====	=====

Language:

Item X includes \$200,000 from the general fund to the Governor's Office for the purpose of advocating the state's opposition to federal legislation that would prohibit or diminish the state's right to levy a 30 percent tax on coal mined within Montana's borders. In addition, any balance remaining from House Bill 828 of the 47th Legislature is reappropriated for use in the 1985 biennium.

Comments:

The Governor, as Chief Executive Officer, is responsible for operations and activities of executive branch agencies.

The general fund appropriation for the Governor's Office increases by 13.4 percent, or \$241,611, over the biennium. The fiscal 1984 appropriation includes a \$200,000 appropriation for coal tax lobby.

In addition, language provides that any of the balance remaining from the original \$500,000 be carried forward into the 1985 biennium. There is currently a balance of approximately \$250,000 of these funds remaining. The Governor's Office anticipates that by the end of fiscal 1983 the balance will be reduced to \$200,000. It was committee intent that if these funds were exhausted, the Governor's Office could approach the 1985 Legislature for a supplemental request.

Two FTE have been transferred from the Budget Office to the Governor's Executive Office; associated operating expenses have also been transferred. The Old West Regional Commission FTE were deleted as the funding is no longer available. The travel expenses of \$20,916 associated with the National Conference of Commissioners on Uniform State Laws has been transferred from the Legislative Council budget.

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	1.00	1.00	1.00	1.50	1.00	1.00	1.50
Personal Ser.	\$25,374	\$28,199	\$28,396	\$37,306	\$28,135	\$28,353	\$37,230
Operating Exp.	22,139	35,602	24,412	35,510	36,740	25,793	38,883
Equipment	-0-	-0-	-0-	1,050	-0-	-0-	-0-
Total Exp.	\$47,513	\$63,801	\$52,808	\$75,866	\$64,875	\$54,146	\$76,113
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$47,513	\$63,801	\$52,808	\$75,866	\$64,875	\$54,146	\$76,113
Total Funding	\$47,513	\$63,801	\$52,808	\$75,866	\$64,875	\$54,146	\$76,113
	=====	=====	=====	=====	=====	=====	=====

The Mental Disabilities Board of Visitors is a five-member board which is charged with the responsibility of monitoring the condition and activities of various state mental health facilities. The board has one full-time staff person, charged with the administrative duties relating to the board.

The general fund appropriation increases by 51 percent over the biennium. This increase is caused by the addition of a .5 FTE administrative aid and additional operating expenses. During fiscal 1982 the agency reviewed only seven of the ten facilities which it is responsible to review. The subcommittee therefore authorized additional operating expenses to accommodate review of all ten facilities.

Agency: Governor's Office

Program: Air Transportation

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Personal Ser.	\$23,834						
Operating Exp.	49,410	\$26,490	\$28,344	\$28,344	\$26,431	\$28,300	\$28,300
Equipment	21,675	54,463	54,442	54,508	58,421	58,388	58,421
		4,653	4,653	4,653	-0-	-0-	-0-
Total Exp.	\$94,919	\$85,606	87,439	\$87,505	\$84,852	\$86,688	\$86,721
FUNDING:							
General	\$94,919	\$85,606	87,439	\$87,505	\$84,852	\$86,688	\$86,721
Total Funding	\$94,919	\$85,606	87,439	\$87,505	\$84,852	\$86,688	\$86,721

The Air Transportation Program is to provide safe transportation for the Governor.

One plane is retained to provide safe transportation for the Governor and state officials.

The general fund appropriation decreases by 12.6 percent over the biennium. The final payment for the plane will be made on the lease purchase agreement in fiscal 1984 and engine equipment replaced during the 1983 biennium will not be done during the 1985 biennium.

Agency: Governor's Office

Program: Mansion Maintenance

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	3.25	2.25	2.25	2.25	2.25	2.25	2.25
Personal Ser.	\$38,917						
Operating Exp.	19,183	\$42,825	\$42,829	\$43,084	\$42,961	\$42,772	\$43,229
Equipment	<u>2,115</u>	<u>21,247</u>	<u>21,227</u>	<u>21,247</u>	<u>23,090</u>	<u>23,057</u>	<u>23,090</u>
		850	850	850	250	250	250
Total Exp.	\$60,215	\$64,922	\$64,906	\$65,181	\$65,181	\$66,079	\$66,569
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$60,215	\$64,922	\$64,906	\$66,569	\$66,301	\$66,079	\$66,569
Total Funding	\$60,215	\$64,922	\$64,906	\$65,181	\$66,301	\$66,079	\$66,569
	=====	=====	=====	=====	=====	=====	=====

This program provides housing maintenance for the Governor's residence. The program also pays some living expenses. General fund decreases 6.4 percent due to reductions in staff. A .5 FTE custodial worker and a .5 FTE personal staff were reduced as requested. The appropriation allows for the purchase of household appliances.

Agency: Governor's OfficeProgram: Northwest Regional Power Act

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Personal Ser.	\$155,121	\$227,829	\$232,879	\$227,829	\$226,981	\$234,458	\$226,981
Operating Exp.	122,867	132,069	146,811	164,171	127,834	165,149	185,019
Equipment	15,111	-0-	-0-	-0-	-0-	-0-	-0-
Non-Oper. Exp.	5,655	-0-	-0-	-0-	-0-	-0-	-0-
Total Exp.	\$298,754	\$359,898	\$379,690	\$392,000	\$354,815	\$399,607	\$412,000
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
Fed. & Private	\$298,754	\$359,898	\$379,690	\$392,000	\$354,815	\$399,607	\$412,000
Total Funding	\$298,754	\$359,898	\$379,690	\$392,000	\$354,815	\$399,607	\$412,000
	=====	=====	=====	=====	=====	=====	=====

The Northwest Regional Power Act established the Northwest Electric Power and Conservation Planning Council. The Montana State Legislature, with passage of House Bill 641 of the 47th Legislative Session, enabled Montana to participate in the council. The Power Planning Council consists of the states of Montana, Washington, Idaho, and Oregon. The council is charged with the task of developing a 20-year electric energy plan, which assures the region of an efficient and adequate power supply.

The above appropriation allows for spending authority of \$392,000 in fiscal 1984 and \$412,000 in fiscal 1985. This money would come from the Bonneville Power Administration.

Agency: Governor's Office

Program: Citizens' Advocate Office

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Personal Ser.	\$41,492						
Operating Exp.	<u>21,245</u>	\$29,625	\$31,864	\$29,601	\$29,563	\$31,862	\$29,595
		<u>15,334</u>	<u>15,328</u>	<u>28,347</u>	<u>17,937</u>	<u>17,931</u>	<u>30,687</u>
Total Exp.	\$62,737	\$44,959	\$47,192	\$57,948	\$47,500	\$49,793	\$60,282
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	<u>\$62,737</u>	\$44,959	\$47,192	\$57,948	\$47,500	\$49,793	\$60,282
Total Funding	\$62,737	\$44,959	\$47,192	\$57,948	\$47,500	\$49,793	\$60,282
	=====	=====	=====	=====	=====	=====	=====

The Citizens' Advocate Office provides accessibility to state government for Montana citizens. The office provides information to citizens as well as acting as a referral service.

The general fund appropriation decreases by 15.4 percent over the biennium. This decrease was caused by the deletion of 1.0 FTE. Operating expenses increase substantially as communications costs are expected to increase over the biennium.

Agency: Governor's Office Program: Lieutenant Governor

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	5.00	6.00	5.00	6.00	6.00	5.00	6.00
Personal Ser.	\$139,079	\$170,474	\$151,026	\$170,811	\$170,090	\$150,835	\$170,426
Operating Exp.	34,285	40,149	34,380	45,225	43,173	36,804	48,091
Equipment	1,842	-0-	-0-	-0-	-0-	-0-	-0-
Total Exp.	\$175,206	\$210,623	\$185,406	\$216,036	\$213,263	\$187,639	\$218,517
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$175,206	\$210,623	\$185,406	\$216,036	\$213,263	\$187,639	\$218,517
	=====	=====	=====	=====	=====	=====	=====
Total Funding	\$175,206	\$210,623	\$185,406	\$216,036	\$213,263	\$187,639	\$218,517
	=====	=====	=====	=====	=====	=====	=====

The Lieutenant Governor is responsible for carrying out duties prescribed in law as well as duties delegated by the Governor. During the previous biennium, the Lieutenant Governor's Office has been heavily involved in state-local government relations.

The general fund appropriation increases 14.2 percent over the biennium. This increase is primarily attributed to the transfer of 1.0 FTE contract monitor from the Budget Office to the Lieutenant Governor's Office. A budget modification for printing reports for local governments was approved. The biennial cost of this modification is \$4,126.

Agency: Secretary of State

Program: Summary

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	33.17	31.17	28.67	31.00	31.17	28.07	31.00
Personal Ser.	\$546,636	\$ 636,046	\$599,113	\$ 641,505	\$ 634,643	\$596,177	\$ 638,416
Operating Exp.	356,614	382,989	229,146	383,270	393,081	270,448	397,028
Equipment	<u>27,305</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Exp.	\$930,555	\$1,019,035	\$828,259	\$1,024,775	\$1,027,724	\$866,625	\$1,035,444
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$843,852	\$ 915,561	\$748,659	\$ 918,133	\$ 920,452	\$787,025	\$ 926,471
Earmarked	<u>86,703</u>	<u>103,467</u>	<u>79,600</u>	<u>106,642</u>	<u>107,272</u>	<u>79,600</u>	<u>108,973</u>
Total Funding	\$930,555	\$1,019,035	\$828,259	\$1,024,775	\$1,027,724	\$866,625	\$1,035,444
	=====	=====	=====	=====	=====	=====	=====

The constitution provides that the Secretary of State shall maintain official records of the Executive Branch and the acts of the Legislature, as provided by law. He shall keep the great seal of the State of Montana and perform any other duties provided by law.

General fund increases 4.4 percent, or \$78,211, over the 1983 biennium. The office has two programs: records management and administrative codes.

Agency: Secretary of State

Program: Records Management

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	27.67	26.67	26.17	26.50	26.67	26.17	26.50
Personal Ser.	\$467,266	\$532,733	\$528,530	\$533,358	\$531,550	\$525,709	\$530,520
Operating Exp.	249,566	273,360	140,612	270,467	276,089	178,741	279,654
Equipment	24,936	-0-	-0-	-0-	-0-	-0-	-0-
Total Exp.	\$741,768	\$806,593	\$669,142	\$803,825	\$807,639	\$704,450	\$810,174
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$741,768	\$806,593	\$669,142	\$803,825	\$807,639	\$704,450	\$810,174
Total Funding	\$741,768	\$806,593	\$669,142	\$803,825	\$807,639	\$704,450	\$810,174
	=====	=====	=====	=====	=====	=====	=====

Language:

Included in contracted services in fiscal 1984 is \$2,037 in attorney fees to pay court-ordered attorney fees.

Comments:

The Records Management Program provides statutorily required services related to elections, filing of corporate records, and custodianship of the state's official documents.

General fund increased by 3.3 percent, or \$51,251, over the 1983 biennium.

A .17 FTE office clerk was voluntarily cut as a means of reducing general fund expenses. This results in a savings of \$2,224 in fiscal 1984 and \$2,215 in fiscal 1985. A grade 12 document specialist was deleted by the agency due to operational efficiencies gained from the new corporation automated records system. In fiscal 1984, \$110,250 was added and in fiscal 1985, \$75,127 was added to finish and maintain the Corporate Automation Project, which maintains records of all licensed corporations in Montana.

Agency: Secretary of State		Program: Administrative Codes					
FY 1982		-----Fiscal 1984-----		-----Fiscal 1985-----			
Actual		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	5.50	4.50	2.50	4.50	4.50	2.50	
Personal Ser.	\$ 79,370	\$103,313	\$,70,583	\$108,147	\$103,093	\$ 70,468	\$107,117
Operating Exp.	107,048	109,129	88,534	112,803	116,992	91,707	117,108
Equipment	2,369	-0-	-0-	-0-	-0-	-0-	
Total Exp.	\$188,787	\$212,442	\$159,117	\$220,950	\$220,085	\$162,175	\$225,225
FUNDING:							
General	\$102,084	\$108,975	\$ 79,517	\$114,308	\$112,813	\$ 82,575	\$116,108
Earmarked	86,703	103,467	79,600	106,642	107,272	79,600	108,108
Total Funding	\$188,787	\$212,442	\$159,117	\$220,950	\$220,085	\$162,175	\$225,225

Language:

The rate charged for agency filings to update the ARM shall not exceed \$25 per page.

Comments:

The Administrative Rules Program is responsible for filing, publishing, and distributing administrative rules developed for the operation of state agencies.

General fund increased 16.2 percent, or \$26,960, over the 1983 biennium.

Three FTE were added to the program's budget by the 1981 Legislature in fiscal 1982 to work on the Administrative Rules indexing project. Two of these FTE have been retained to finish the project and one has been deleted.

Operating expenses increase by \$23,867 in fiscal 1984 and \$25,297 in fiscal 1985 to complete the ARM indexing project.

The earmarked revenue funds are fees collected from state agencies filing rules and subscribers to the Administrative Rules and the Montana Administrative Register.

Agency: Commissioner of Political Practices

Program: Administration

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----			
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Personal Ser.	\$110,493						
Operating Exp.	16,446	\$123,188	\$123,696	\$123,696	\$122,920	\$122,872	\$122,872
Equipment	1,605	25,969	25,081	25,261	19,706	19,509	18,609
		200	140	200	-0-	-0-	-0-
Total Exp.	\$128,544	\$149,357	\$148,917	\$149,157	\$142,626	\$142,381	\$141,481
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$128,544	\$148,607	\$147,417	\$148,407	\$141,876	\$140,881	\$140,731
Revolving	-0-	750	1,500	750	750	1,500	750
Total Funding	\$128,544	\$149,357	\$148,917	\$149,157	\$142,626	\$142,381	\$141,481
	=====	=====	=====	=====	=====	=====	=====

The Commissioner of Political Practices is appointed by the Governor to a six-year term for the enforcement of laws relating to campaign finance and practices.

General fund increased 7.4 percent, or \$19,836, over the 1983 biennium. The revolving fund appropriation is to record receipts and pay expenses relating to the sale of copies of campaign reports.

Agency: State Auditor

Program: Agency Summary

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	58.00	58.00	58.00	60.00	58.00	58.00	60.00
Personal Ser.	\$1,063,259	\$1,258,495	\$1,258,440	\$1,292,685	\$1,379,537	\$1,256,617	\$1,291,187
Operating Exp.	584,031	820,052	707,823	1,080,739	838,358	779,205	1,035,644
Equipment	50,069	45,820	2,289	41,026	2,700	2,232	2,119
Total Exp.	\$1,697,349	\$2,124,367	\$1,968,552	\$2,414,450	\$2,220,595	\$2,038,054	\$2,328,950
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$1,551,006	\$2,001,767	\$1,748,482	\$2,156,381	\$2,097,995	\$1,809,420	\$2,093,081
Earmarked	146,343	122,600	220,010	258,069	122,600	228,634	235,869
Total Funding	\$1,697,349	\$2,124,367	\$1,968,552	\$2,414,450	\$2,220,595	\$2,038,054	\$2,328,950
	=====	=====	=====	=====	=====	=====	=====

The State Auditors Office is charged with the responsibility of overseeing insurance activities in the state, pre-paring and issuing state warrants and licensing broker dealers.

The overall budget for the State Auditor's office increases general fund expenditures by a total of 26 percent or \$880,590 over the 1983 biennium.

Two FTE were added--1.0 FTE in the Central Payroll Division and 1.0 FTE in the Investigation Division.

Operating expenses increase because of expenses associated with the Payroll/Personnel/Position Control System. The new system has been placed in the Central Payroll Division of the State Auditor's Office.

Program: Investment Division

Operating expenses, such as contract services increase from approximately \$600 in fiscal 1982 to \$9,000 in fiscal 1984. These additional funds have been added to allow for increased legal costs and Westlaw needed in enforcement activities. Travel expenses increased from \$4,326 in fiscal 1982 to \$11,109 in fiscal 1984. These additional travel funds have been added so that staff may attend training and professional conferences.

Agency: State Auditor

Program: Management and Control Program

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Personal Ser.	\$169,488	\$198,299	\$197,481	\$197,481	\$321,392	\$197,205	\$197,205
Operating Exp.	145,600	168,966	163,973	168,623	176,274	176,367	175,776
Equipment	<u>10,052</u>	<u>26,000</u>	<u>107</u>	<u>26,000</u>	<u>-0-</u>	<u>113</u>	<u>-0-</u>
Total Exp.	\$325,140	\$393,265	\$361,561	\$392,104	\$497,666	\$373,685	\$372,981
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	<u>\$325,140</u>	<u>\$393,265</u>	<u>\$361,561</u>	<u>\$392,104</u>	<u>\$497,666</u>	<u>\$373,685</u>	<u>\$372,981</u>
Total Funding	\$325,140	\$393,265	\$361,561	\$392,104	\$497,666	\$373,685	\$372,981
	=====	=====	=====	=====	=====	=====	=====

Language:

Included is \$26,000 for replacement of equipment for the 1985 biennium which is to be used in emergency situations only.

In addition to the funds appropriated above, the local assistance distribution of funds provided in 19-9-702, 19-9-1007, 19-10-305, 19-11-512, 19-11-606, and 19-12-301, 19-13-604, MCA, is appropriated.

Comments:

The Fiscal Management and Control Bureau of the State Auditor's Office is responsible for preparing and mailing state warrants and for depositing all monies received by the State Auditor.

The general fund appropriation increases by 6.3 percent or \$45,697 over the biennium.

Personal services as well as operating expenses have been retained at current level. The subcommittee has allowed \$26,000 for the purchase of equipment used in preparing state warrants. This appropriation is a biennial appropriation to be used in emergency situations.

The agency request for termination pay of \$108,000 was not approved. The subcommittee did, however, recognize the possible need for termination pay. If this need should arise, the 1985 Legislature should consider a supplemental request for termination pay.

Table 1 shows the funds distributed for local assistance by the state auditor.

Table 1
Funds Distributed by State Auditor for Local Assistance

19-10-305	=	Amend state payments to municipalities with police department.
19-9-702	=	State contribution to municipal police officers.
19-11-502	=	Fire department relief association payment out of insurance premium taxes.
19-9-1007	=	Supplement to certain police officers' pensions.
19-11-606	=	Supplement to certain firefighters' pensions.
19-12-301	=	Fire insurance premium tax paid to volunteer firefighters fund.
19-13-604	=	Annual state payments from the premium taxes for Montana firefighters.

Agency: State Auditor

Program: Central Payroll Division

	FY 1982 Actual	-----Fiscal 1984-----		-----Fiscal 1985-----		
		Executive	Current Level	Executive	Current Level	Subcommittee
FTE	9.00	9.00	9.00	9.00	9.00	10.00
Personal Ser.	\$159,623	\$193,818	\$195,165	\$193,387	\$194,881	\$211,471
Operating Exp.	266,479	413,032	355,009	424,530	376,703	585,680
Equipment	2,797	-0-	-0-	-0-	-0-	-0-
Total Exp.	\$428,899	\$606,850	\$550,174	\$617,917	\$571,584	\$797,151
	=====	=====	=====	=====	=====	=====
FUNDING:						
General	\$282,556	\$484,250	\$330,104	\$495,317	\$342,950	\$561,282
Earmarked	146,343	122,600	220,070	122,600	228,634	235,869
Total Funding	\$428,899	\$606,850	\$550,174	\$617,917	\$571,584	\$797,151
	=====	=====	=====	=====	=====	=====

The Central Payroll Division is primarily responsible for preparing and delivering payroll documents for all state agencies. The division has acquired added duties over the past several years with the integration of the Payroll/Personnel/Position Control (PPP) data base.

The general fund appropriation increases by 90 percent or \$552,591 over the biennium.

One FTE has been added to input information into the data base. Contract services, particularly data processing, increase significantly with the additional Payroll/Personnel/Position duties recently transferred from the Department of Administration. A related expense, authorized by the subcommittee, is a modified request of \$79,000 for enhancement to the PPP system. Communications cost increase from \$4,585 in fiscal 1982 to \$7,787 in fiscal 1985. This increased cost can also be attributed to the new PPP system.

A concern of some committee members was the significant increase in data processing while there was no net reduction in FTE.

The earmarked revenue is charged to state agencies for processing the state payroll for non-general fund positions.

Agency: State Auditor Program: Administrative Support

	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Personal Ser.	\$164,439	\$188,539	\$186,782	\$186,782	\$188,416	\$186,509	\$186,509
Operating Exp.	37,222	59,376	39,348	61,277	43,746	63,396	43,240
Equipment	1,169	1,100	1,075	1,075	1,200	1,156	1,156
Total Exp.	\$202,830	\$249,015	\$227,205	\$249,134	\$233,362	\$251,061	\$230,905
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$202,830	\$249,015	\$227,205	\$249,134	\$233,362	\$251,061	\$230,905
	=====	=====	=====	=====	=====	=====	=====
Total Funding	\$202,830	\$249,015	\$227,205	\$249,134	\$233,362	\$251,061	\$230,905
	=====	=====	=====	=====	=====	=====	=====

The Administrative Support Division of the State Auditor's Office handles personnel, payroll, accounting, and budgeting functions for the agency.

The general fund appropriation increase 4.9 percent or \$22,750 over the biennium. Personal services and operating expenses have been retained at current level.

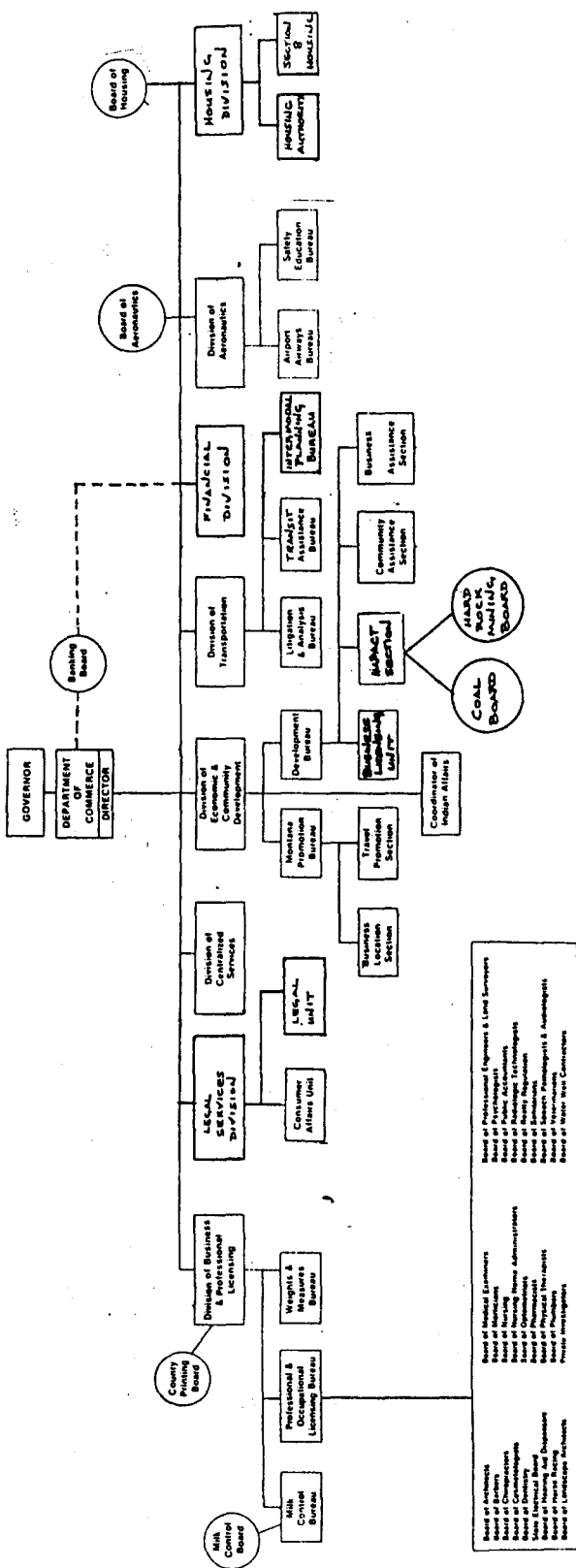
	FY 1982 Actual	-----Fiscal 1984-----			-----Fiscal 1985-----		
		Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee
FTE	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Personal Ser.	\$410,478	\$487,864	\$488,026	\$488,026	\$486,776	\$487,317	\$487,317
Operating Exp.	108,258	130,616	119,088	160,745	141,870	129,748	181,250
Equipment	24,050	2,000	957	957	1,500	963	963
Total Exp.	\$542,786	\$620,480	\$608,071	\$649,728	\$630,146	\$618,028	\$669,530
	=====	=====	=====	=====	=====	=====	=====
FUNDING:							
General	\$542,786	\$620,480	\$608,071	\$649,728	\$630,146	\$618,028	\$669,530
Total Funding	\$542,786	\$620,480	\$608,071	\$649,728	\$630,146	\$618,028	\$669,530
	=====	=====	=====	=====	=====	=====	=====
Language:							

The fiscal 1984 appropriation includes \$10,000 to be used for actuary fees and \$32,000 to carry out duties pre-scribed in House Bill 385 of the 1981 Legislative Session. The fiscal 1985 appropriation includes \$10,000 to be used for actuary fees and \$42,000 to be used to carry out the duties mandated in House Bill 385 of the 47th Legislature.

Comments:

The Insurance Division is responsible for regulating activities related to the insurance industry in the state. The duties of the division include licensing of insurance agents, monitoring of trade practices and insurance rates, and investigation of insurance-related consumer complaints.

The general fund appropriation increases by 14.1 percent or \$163,424 over the 1983 biennium. This increase can primarily be attributed to the \$32,000 approved in fiscal 1984, and the \$42,000 appropriated in fiscal 1985, to carry out duties prescribed in House Bill 385. The agency plans to use these funds to contract for audits of nonprofit health insurance corporations.



Montana Inter-Tribal Policy Board

2303 Grand Ave., Suite 5 • Billings, MT 59102 • (406) 652-3113

MEMBER TRIBES

Blackfeet
Crow
Flathead
Fort Belknap
Fort Peck
Little Shell
Northern Cheyenne
Rocky Boy

March 11, 1983

Honorable Representative Francis Bardanouve, Chairman
House Appropriations Committee
Room 104
Montana House of Representatives
Capitol Station
Helena, Montana 59620

Dear Representative Bardanouve:

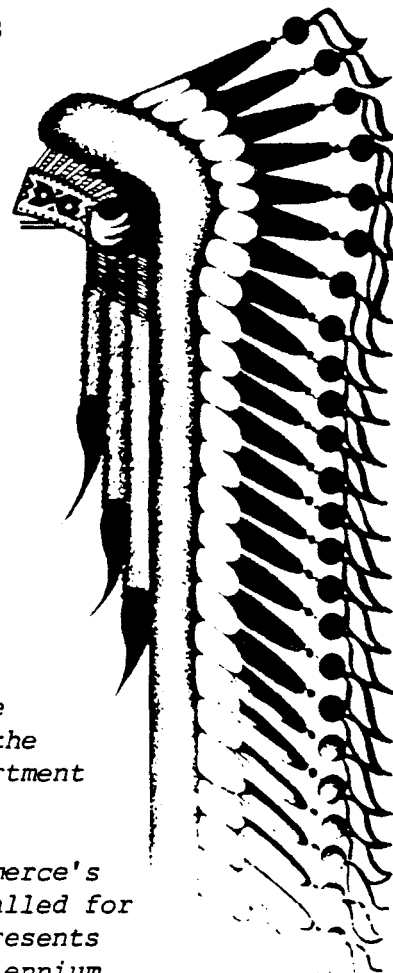
The eight Tribes of Montana have instructed me to ask the Appropriations Committee's consideration for full funding of the Office of the State Coordinator of Indian Affairs in the Department of Commerce.

The Tribes are fully supportive of the Department of Commerce's original budget request for the Coordinator's Office, which called for \$106,117.00 in FY 1984, and \$109,041.00 in FY 1985. This represents basically a maintenance level in comparison to the previous biennium funding.

In this era of increasing numbers of issues of mutual concern to the Tribes and the State, the Tribes are very much interested in enhancing an atmosphere of communication and cooperation, rather than confrontation and adversity. The Coordinator of Indian Affairs Office is a crucial element of liason between the Tribes and the State of Montana.

Since the history of this budget request is somewhat complex, perhaps a recap of events would be helpful to clarify any confusion.

1. The Department of Commerce submitted the original budget request (\$215,158 for the biennium).
2. HB 313 was introduced, proposing to move the Coordinator of Indian Affairs to the Governor's Office.
3. The Governor proposed a reduction of one FTE in the Coordinator's Office (the Coordinator's Assistant), with a corresponding budget adjustment.



4. The Tribes expressed concern, not with the proposed move to the Governor's Office, per se, but with the reduction of necessary staff. The Tribes testified in opposition to HB 313.
5. The Governor has now recommended that HB 313 be tabled and that the original budget be restored.

The Tribes remain supportive for the Office of the Coordinator of Indian Affairs, and respectfully request your consideration for complete funding to allow the office to be as effective as possible.

I apologize for not having been able to deliver this testimony personally; other obligations have forced me to return to Billings before this particular budget matter came to the attention of your committee.

Respectfully,

William P. Yellowtail, Jr.
William P. Yellowtail, Jr.
Executive Director

ENVIRONMENTAL QUALITY COUNCIL

In the 82-83 biennium, and at the direction of the Legislature, the Environmental Quality Council has conducted major interim studies on hard-rock mining and on the effect of environmental regulations and the economy. The EQC has also evaluated the Alternative Energy Program, conducted a conference on groundwater management, and held numerous hearings on various natural resource issues as mandated under the Montana Environmental Policy Act (MEPA) and other legislation. The staff is currently assisting the natural resources standing committees and drafting much of the natural resource legislation requested by legislators.

The current staff of four FTE's has logged approximately 2,000 hours of compensatory time since October 1, 1981, in order to attempt to accomplish the responsibilities required under MEPA and by the Legislature. These include comprehensive oversight of all Montana's environmental programs, reports on conditions and trends of the environment, specific issue reports as needed, and special oversight of the environmental impact statement process.

It is likely that the 1983 Legislature will direct EQC to conduct several major interim studies, including those on MEPA, the Major Facility Siting Act, pesticides regulation, subdivision regulation, and possibly others. Additional staffing for the Groundwater Advisory Council and the committee studying water marketing may be requested of EQC.

The EQC and the Legislative, Judicial, and Administrative Subcommittee have approved the addition of 3 FTE to accomplish these and other tasks as follows:

1 FTE (Grade 12) - Duties to include monitoring and evaluation of environmental impact statements which form the basis for decisions on projects affecting the environment. This FTE would be responsible for involving Council members and the Legislature more closely in the preparation of environmental impact statements and environmental reviews under MEPA. These reviews are crucial to providing sound decisions on state actions affecting Montana's environmental and economic stability.

1 FTE (Grade 12) - Duties to include research on natural resource economics issues that are of increasing concern to the Legislature. In the 82-83 biennium, the EQC contracted for the services of two economists and was compelled to solicit private funds to help defray the fees of these consultants. Because Montana's economy depends heavily on the state's natural resources, it is imperative that the EQC have on its staff an economist who can assist the Legislature in balancing environmental and economic concerns.

1 FTE (Grade 6) - Duties to include clerical assistance to administrative assistant responsible for all accounting, typing, word processing, reception, stenographic, and other duties. Duties would include receptionist/clerk functions such as answering the telephone, sorting and distributing the daily mail, handling information requests, photocopying, assembling mass mailings such as the newsletter, and maintaining the central filing system including environmental impact statements and research material used by the staff.

It is important to note that if the 3 additional FTE's are approved as the EQC and Subcommittee have requested, contracted services from the LFA current level budget can be reduced \$15,000 in FY 84 and \$20,000 in FY 85. While personal services will be increased \$54,654 in FY 84 and \$54,538 in

FY 85, operating expenses will increase very little. The EQC has surplus office equipment from past years when the staff was considerably larger. The net increase from the LFA current level budget of \$211,642 in FY 84 and \$218,211 in FY 85 will be \$41,995 in FY 84 and \$35,475 in FY 85.

The EQC has worked very hard to provide sound, credible information to the Legislature on natural resource issues and to minimize conflict between various interests in environmental disputes. But the EQC cannot continue to make progress in these areas or to meet its statutory responsibilities without additional staff.

WITNESS STATEMENT

Name K. M. Kelly Committee On Appropriations
Address Helena Date Mar 11, 1983
Representing Mont. Water Development Assn Support X
Bill No. Water Courts Appropriation Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. We support adequate funding of the water courts from the General Fund. We oppose
2. additional fees for water rights filers.

3.

K.M. Kelly

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.



STATE OF MONTANA

OFFICE OF
E. V. "SONNY" OMHOLT
STATE AUDITOR
COMMISSIONER OF INSURANCE
INVESTMENT COMMISSIONER
CENTRAL PAYROLL SYSTEM

HELENA, MONTANA 59601

March 10, 1983

TO: REPRESENTATIVE FRANCIS BARDANOUVE
Chairman, Appropriations

FROM: Kathleen M. Behm *KB*
Administrator, Central Payroll Division

RE: PPP System

The purpose of this communication is to clarify the PPP System with respect to the need for such a system, the functions provided by the system, and the cost of contracted services needed to operate the system.

The PPP System resulted from recommendations by the Legislative Auditor and Legislative Fiscal Analyst. Attached are Exhibits A and B for your information.

The functions of the PPP System incorporate the requirements of a statewide payroll system, statewide personnel system, and statewide position control system into one system. The advantages of such a system are as follows.

The data used by payroll, personnel, and position control is synchronized.

The system provides data integrity. EXAMPLE: An employee's pay rate must match an authorized position provided by position control (budget) which in turn must prove correct when tied to the grade and step in a pay plan provided by the personnel portion of the system.

The system allows for data manipulation to provide accurate information to the Legislature and managers of State government for decision making purposes.

The system provides the data needed to comply with the State's reporting requirements. Some of these include the EEO 4 Report, the report to the Bureau of Labor and Statistics, and the leave accounting liability amount for the State's financial statements.

REPRESENTATIVE FRANCIS BARDANOUVE

Page Two

March 10, 1983

The system decreases duplication of effort and reduces the need for Agency sub-systems. Some Agencies have in the past maintained their own automated systems for the accrual and use of vacation and sick leave for their employees.

The system minimizes manual effort within the Agencies. EXAMPLE: The system is designed to automatically calculate proposed salary increases at the beginning of each fiscal year based upon Legislative direction. In other words, the computer looks at the grade and step for an employee and goes to the matrix for the appropriate pay plan and determines the new pay rate. In the past this function was manual and took Payroll Technicians many hours of work to accomplish.

Although it appears that the contracted services costs of operating the PPP System are high, it is difficult to estimate what the cost would be if there were three stand-alone systems, payroll, personnel, and position control. There would be duplication in data collection and processing in areas such as social security number, name, address, grade, step, pay plan, position number, and classification code as well as other data elements. A history of the contracted services costs of the PPP System is as follows:

FY 1982 \$ 228,445 (actual)	The "skeleton" of the payroll portion of the PPP was operational for six months with three months of extensive testing and running parallel and another six months of testing and debugging the system. This amount also includes six months of running the former payroll system.
FY 1983 \$ 296,532 (estimate)	The payroll portion was operational for twelve months, position control was operational for twelve months, and leave and service accounting was operational for nine months. The personnel portion of the system is expected to be operational at the end of the fiscal year.
FY 1984 \$ 369,036 (budget request)	The PPP System is expected to be operational with all the enhancements in place by the end of Fiscal Year 1984.
FY 1985 \$ 376,868 (budget request)	

cc: Representative Rex Manual	Representative Ray Peck
Representative Steve Waldron	Representative Joe Quilici
Representative Esther Bengtson	Representative Glenn Roush
Representative Mary Ellen Connolly	Representative John Shontz
Representative Gene Donaldson	Representative Chris Stobie
Representative Gene Ernst	Representative Bob Thoft
Representative Andrea Hemstad	Representative Cal Winslow
Representative Earl Lory	
Representative Red Menahan	

1979 Biennium

BUDGET ANALYSIS

Presented to

THE 1977 LEGISLATURE



OFFICE OF THE LEGISLATIVE FISCAL ANALYST

Helena, Montana

January, 1977

We recommend that the central payroll function be transferred to the department of administration from the state auditor's office, and major redesign be undertaken during the current fiscal year to generally modernize the reporting capabilities and enable the university system payroll to be incorporated into the state's payroll system in fiscal 1978.

There are several reasons why we believe a major redesign should be undertaken on the existing system, and why the function should reside in the department of administration:

1. The payroll system does not presently interface with the state-wide budgeting and accounting system (SBAS). There are 26 payroll periods and only 12 SBAS reporting periods. Payroll costs (personnel services) which generally comprise 80 to 85 percent of program costs are not accurately reported monthly by SBAS. During fiscal 1976 approximately \$414,000 was spent on SBAS and another \$183,000 on payroll, yet neither reporting system provides unified management reporting.

2. It is recommended elsewhere that a major design effort be undertaken to automate as many personnel-related functions as possible. This effort would reduce the number of personnel positions required throughout state government and provide adequate reporting and management capabilities. Many of the subsystems needed could be derived from a payroll data base (e.g. pay administration, EEO data, labor relations).

3. During fiscal year 1976 an automated position accounting system was instituted which provided the basis for projecting personal services

costs for the 1979 biennium. Efforts are underway to expand this system into a position control system designed to provide budgetary and pay administration controls, derived from the payroll data base. However, SBAS is the primary budgetary control mechanism in state government. Again, the lack of interface between SBAS and payroll lessens the usefulness of the position control system.

4. The university system's accounting system is currently being merged into SBAS. We are recommending that the university system's payroll and a position control system be merged within the state's payroll system. However, there are existing university system requirements that dictate that some modification to the standard bi-weekly state system be made. This could best be accomplished by the same staff currently working on the university system's accounting merger.

5. Because of the present organizational structure there is a degree of duplication in records and effort. Section 82-110(6) R.C.M. 1947 requires the department of administration to "keep in its office the names of and amount of salary paid to each person regularly employed by the state and every agency." This is essentially the same data that is maintained by the auditor's office.

6. The personnel division and the budget director have shared responsibilities under Title 59-9 R.C.M. 1947 in regards to positions, classifications, and salaries. The record base to which the controls apply are not controlled by either responsible party.

It is recommended that the department of administration begin a major redesign effort in payroll and the personnel administration during fiscal 1977 by utilizing existing financial resources. The authority to do so is contained within Sections 82-110(1) and (2), and 59-913, R.C.M. 1947. The department of administration should attempt to gain the support, assistance and financial resources of the office of budget and program planning and the university system in this effort.

The funds recommended for approval include \$199,833 for fiscal 1978 and \$206,446 for fiscal 1979 to support the current level effort. These amounts represent an increase of 6.4 percent over the 1977 biennium. Additionally, \$50,000 is being recommended for this program for each fiscal year to complete the redesign and implementation of a revised, integrated system.

Exhibit B

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59601
406/449-3122



MORRIS L. BRUSETT
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:
JOSEPH J. CALNAN
ADMINISTRATION AND
PROGRAM AUDITS

ELLEN FEAVER
FINANCIAL-COMPLIANCE AND
CONTRACTED AUDITS

STAFF LEGAL COUNSEL
JOHN W. NORTHEY

December 8, 1977

Kathy Behm, Administrator
Central Payroll Division
Room 17 Sam W. Mitchell Building
Helena, Montana 59601

Dear Ms. Behm:

In response to your letter requesting comments on a proposed new payroll system, we ask your consideration of the areas discussed in the enclosed attachment.

If you have any questions, please contact me.

Sincerely,

Morris

Morris L. Brusett
Legislative Auditor

MLB/sk

Enclosure

AREAS THAT SHOULD BE CONSIDERED

IN THE DEVELOPMENT OF A NEW CENTRAL PAYROLL SYSTEM

STANDARDIZED PAYROLL FORMS, PROCEDURES AND REPORTS

The various state agencies have developed their own payroll systems within the basic requirements of the present central payroll system. These systems include varying procedures, forms and summary reports not provided by the Central Payroll Division.

By standardizing these procedures and forms, the state payroll function can be made more effective and efficient. The Central Payroll Division should consider implementing standardized time forms for all state employees. These forms could be completed in a machine readable form and approved by a supervisor. Each agency would need only a minimum payroll staff to review these forms for propriety and submit them to the Central Payroll Division. The division could directly input these forms into the payroll system to generate the required output. These forms should include leave activity so the planned automated leave system can be updated without additional input forms.

Some of the individual payroll systems used by the state agencies include manual and computerized reporting systems to provide essential cost and summary information not available from the central payroll system. The Central Payroll Division should review the informational needs of all state agencies and ensure that the new payroll system will meet these needs to the greatest extent possible. The new system should be flexible to provide information on at least a program, appropriation and project basis.

PAYROLL PROCEDURES MANUAL

The Central Payroll Division should provide a procedures manual for

the new payroll system so that the system and its required forms can be understood by agency personnel. The division has not provided a procedures manual for the present system and as a result, agency payroll staff can only base their procedures on past experience or call the Central Payroll Division for assistance. By issuing a procedures manual, the division can make the overall payroll process more efficient and free itself from answering numerous questions.

LEAVE ACCOUNTING

It is essential that the Central Payroll Division include in the new payroll system an automated system to record sick and vacation leave earned and taken each month. Based on time forms submitted by each employee, bi-weekly leave balances would be maintained by the computerized system. This system should include the following:

1. Controls to prevent negative leave balances.
2. Notification of employees who exceed the maximum allowable leave balances.

It would also be beneficial if leave balances would be listed on bi-weekly warrant stubs.

INTERFACE WITH SBAS

It is essential that the Central Payroll Division work closely with the Department of Administration to ensure that the new payroll system properly interfaces with SBAS. The present system is not compatible with SBAS in the area of program codes and expenditure cutoffs. Some agencies such as the Department of Fish and Game have to manually revise payroll detail information so they can break down expenditures to the proper program level on SBAS. All payroll costs paid during a

particular month are not necessarily included in SBAS expenditure reports for that month. The new Central Payroll System must be compatible with SBAS so that management receives the most current and meaningful expenditure information.

PAYROLL ACCRUALS

The new payroll system should provide payroll accruals on a monthly and fiscal year-end basis so that management will have the most current expenditure information. Payrolls are a significant expense and unreported expenditures might result in improper management decisions or overexpenditures. The Central Payroll Division should also work with the Department of Administration on providing projections of total fiscal year expenditures based on to-date expenditures. Such information would be a useful management tool for making long range decisions.

DIRECT BANK DEPOSITS

We support the implementation of a direct bank deposit system for state payroll warrants. Such a system should be optional so that employees can choose the method they like best. Under such a system it will be essential that all employees choosing the deposit method know when their money will actually be deposited.

VISITOR'S REGISTER

HOUSE

COMMITTEE

FILE

DATE 3-11-83 p.m.

~~SPONSOR~~

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

COMMITTEE

~~Bill~~

DATE 3-11-83 p.m.

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

COMMITTEE

BILL

Date March 11, 1983 p.m.

~~SPONSOR~~

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

COMMITTEE

~~BILL~~

DATE March 11, 1983 p.m.

~~SPONSOR~~

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.