

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
January 21, 1983

The House Appropriations Subcommittee on Education met at 8:00 a.m. on Friday, January 21, 1983 in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. The budget for the Historical Society was voted on.

The Historical Society budget was considered.

Program 01 - Administration. Pam Joehler (LFA) distributed new figures to the Committee; see Exhibit "A."

Personal Services. Sen. Hammond moved the OBPP recommendation of \$141,971 in 1984 and \$141,665 in 1985; motion carried unanimously.

Operating Expenses. Mr. Francis Olson (OBPP) explained that the difference in Contracted Services was because the OBPP had included funding for auditing. This accounts for about \$3,500 more in the first year. The other difference was because the OBPP budget had inflated 1984 bonds and insurance, and this shouldn't have been done. \$1,988 in 1984 and \$3,072 in 1985 should be removed.

Regarding the differences in Communication allowances, Ms. Joehler explained that OBPP allowed a one-time expense of \$3,600 to install four additional telephone lines. They also allowed a base adjustment, and since the LFA didn't allow the new phones, they didn't allow the base change either. Mr. Olson said the Historical Society said they were swamped on the phone lines, and therefore OBPP allowed the increase. Ms. Joehler explained that they had four lines at present, and wanted four more.

Rent. The OBPP and the LFA used a different rate. There is also a difference in the square footage to be used: the Governor's office has been using 17,846 feet, and 19,240 was given to the LFA by the agency. Ms. Joehler added that on January 20, the agency had told her that they were being billed for more than 20,000 feet. She submitted that she felt the cost would be higher than what the LFA used.

Rep. Ernst moved the LFA budget on Operating Expenses, plus the deficiency in the rent both years as the LFA had it. This brought the LFA budget to \$114,397 in 1984 and \$111,248 in 1985. Motion carried unanimously.

Equipment. Rep. Ernst moved the LFA figures; motion carried unanimously.

Cultural and Aesthetic Grants. There are no figures, because it isn't known what the appropriation will be. It is a separate bill.

Funding. Ms. Joehler explained that the LFA had included some funds from the Merchandising revolving account to help pay the salary of the FTE transfer from Merchandising. OBPP gave it all general fund. If revenue comes in comparable to the past, they would be able to support this but, if not, they may have trouble supporting the increase in FTE. Rep. Bengtson wanted to know what would happen if the Committee accepted the LFA recommendation and the revolving account didn't generate the amount of revenue the LFA estimated. Ms. Joehler stated that the revenue would be used to pay for operating expenses as well as personal services, and if there were any profit after the expenditures were all paid, the agency has indicated it would be used for other purposes.

Rep. Donaldson expressed concern about doing away with Merchandising, since it had produced a certain amount of revenue in the past. Mr. Bob Archibald, Director of the Historical Society, spoke up. He explained that the 1.1 FTE that was being discussed was actually an aggregate position. He feels that clearly the Merchandising Program has lost money over the years. While it does have a positive cash balance, it has lost about \$41,000 in the last biennium. Also, they have received numerous complaints about being in competition with private enterprise. The agency's position is that the program should be regarded as a purely educational service. He submitted that if they had to pay for the 1.1 FTE out of Merchandising, there would be a shortfall. The only way that they have succeeded in paying for those positions over the past biennium was by substantial inventory reductions. He pointed out that they had eliminated 4.65 FTE out of the Program. Merchandising has in the past helped pay for several other positions which weren't specifically part of the program. Since the program is being reduced in scope, the agency is requesting that those costs that in the past were partially funded by Merchandising now be picked up by general fund. Rep. Peck submitted that if the Merchandising Program was being discontinued, the overall workload for the Society should be going down. Mr. Archibald said that while the workload within that program has decreased, the overall workload had increased dramatically, mainly due to the activity of other programs.

Sen. Haffey moved that the funding in support of the program appropriation approved by the Committee be consistent with the

OBPP; i.e., that the general fund downward adjustment that the LFA suggests not be approved. Ms. Joehler provided the bottom line funding figures: \$258,118 in 1984 and \$253,913 in 1985. Motion carried unanimously.

Program 02 - Library Program. Personal Services. Rep. Ernst moved the OBPP budget for 1984 and 1985; motion carried unanimously.

Operating Expenses. Ms. Joehler explained the difference in Contracted Services. The LFA did not allow a base increase requested for additional microfilm services, and the OBPP did. Sen. Haffey moved the OBPP Contracted Services line of the budget and the rest of Operating Expenses from the LFA, for both years. The total level adjusted figures were: \$20,694 in 1984 and \$22,220 in 1985. Motion carried unanimously.

Equipment. Rep. Donaldson moved the LFA figures for both years. Discussion took place regarding the items being recommended for funding by OBPP and the LFA. Sen. Haffey asked Mr. Archibald where the priorities were in equipment funding. He replied that the priority was book purchases. The question was called for; motion carried with Sen. Haffey opposed.

Program 03 - Museum Program. Personal Services. Rep. Donaldson moved to accept the OBPP estimates; motion carried unanimously.

Operating Expenses. Ms. Joehler explained that rent money for the original Governor's mansion was put into the Dept. of Administration's budget by the LFA and into the Historical Society's budget by OBPP. Utilities on the Original Governor's mansion are included in Operating Expenses under this program, and should be removed whether or not the rent expense is included in this budget, because they are part of the rent expense.

Mr. Olson said he would like a clarification from the agency regarding the utilities question. His understanding was that the amount in the budget was what they spent for utilities, and for that reason he would leave it in. Linda Gamble, Business Manager for the Society, said the utilities allocation wouldn't be needed if the modification request for maintenance contracts with the Department of Administration is approved. Regarding the contracted services difference, the LFA removed janitorial and custodial services. Even if the Society got the maintenance contract with the Department of Administration, they would still like to contract for those services separately, due to

the nature of the work. At present, they contract with a man who does the work for \$100 per month.

Regarding the \$2,541 difference in other expenses, Ms. Joehler explained that the LFA had removed the "job candidate expense" from the base. Mr. Olson said it was his understanding that other categories had been adjusted so that they could pay for this expense out of this category. Ms. Gamble explained that the rent figure from the Department of Administration included pest control, boiler maintenance, insurance, janitorial services, utilities, security guards, and a whole variety of things. The rent figure is based on 11,246 square feet, at the rate that OBPP had for the Department.

Mr. Archibald, in response to Sen. Haffey, stated that it would cost more for the Society to rent from the Department of Administration, and have control and manage the mansion, but if the present situation continued, ultimately improper boiler maintenance and other problems would make it almost impossible to get liability insurance. The Society has tried to get staff people in the Museum Program certified as boiler inspectors, but it hasn't worked. He added that the Department of Administration was the legal owner of the building, and they were willing to provide those services. The Society wants to pull out of the Department of Administration's budget that portion that goes for janitorial costs, and continue to take care of those themselves. He was not sure if the Department of Administration would accept this proposal, however, because it would mean a lower rent cost. If the Society just contracted with the Department, they would have no control over who would be cleaning the artifacts, which the Society is ultimately responsible for. The Society has tried to contract, in a haphazard sort of way, over the past biennium, for lawn care, boiler maintenance, etc. They feel that the Department should have this responsibility because they are set up to provide that kind of service. Regarding boiler maintenance, the Department finally agreed to absorb that cost because the situation made them nervous because of their liability.

Ms. Joehler said that the LFA gave the Department of Administration general fund authority to take care of the operations at the mansion. Mr. Olson said that the OBPP analyst for the Department of Administration pointed out that the Department was probably appropriated the money for this operation, but if this proposal were approved, their appropriation would be reduced. This is why the OBPP had the modification for utilities.

Sen. Jacobson moved the LFA budget; motion carried unanimously.

Equipment. Sen. Haffey moved the LFA figures. Motion carried unanimously.

Historical Society. Ms. Joehler explained that the \$20,000 was a transfer from the profits from the Merchandising Program, to help support this program. In the past there hasn't been \$20,000 transferred because the money hasn't been there. It is up to the Committee to decide if this should be put in general funding. She added that it was continued at this level because this was current level. Sen. Haffey moved to remove this category from the funding, and this would leave all of the funding to general fund. Motion carried unanimously.

The Committee took a five-minute recess.

Program 04 - Magazine Program. Personal Services. Rep. Donaldson moved the OBPP figures. Motion carried unanimously.

Operating Expenses. The Goods Purchased for Resale category was discussed. Ms. Joehler explained that in this program, which is now a combination of the Magazine and Merchandising operations, they purchase goods which they then sell. Part of the goods are part of Merchandising: books and prints; and part is the supplies they use in the production of the magazine. She explained that she provided for the additional amount for the merchandise from Merchandising into this program, in addition to a base adjustment.

Mr. Olson said that OBPP's figure was higher because in addition to a 12% base increase which was to cover the additional cost to be involved in actual production of the magazine, there was also a request for \$2,200 on an index. \$125,927 was requested for Merchandising. These figures were added together and inflated to reach the OBPP figure. Pam said the main difference was that the Governor's office inflated that figure, and the LFA did not.

Rep. Bengtson wanted to know why the OBPP had increased the base 12% rather than just applying an inflation factor to the current level. Mr. Olson replied that the agency felt that 12% rather than 6% brought the amount closer to the actual cost of the production of the magazine. Ms. Gamble stated that this category basically covered the cost of magazine production. The Society's best estimate of the increase in those printing costs was 12%, plus an inflation factor. The increase in the last biennium has been 12%. The reduced

version of the Merchandising Program has been attached to the Publications Program. The \$144,308 figure includes \$78,043 for goods purchased for resale in the Merchandising Program, and \$66,265 in goods purchased for resale in Publications. Ms. Joehler said that in 1982, \$87,651 was spent in this category of the Merchandising program. The agency had requested \$62,715 of the \$87,651 be transferred into the Magazine Program. Ms. Gamble said that the agency was requesting a total of \$93,009 in 1984 and \$96,178 in 1985 for the Merchandising Program. In the past biennium, the total appropriation for the program has been about \$280,000 - \$290,000.

Rep. Bengtson wanted to know how magazine sales related to goods purchased for resale. Ms. Joehler replied by explaining that in 1981 the Legislature appropriated general fund monies to help support the Magazine Program. Since then, the two programs have been combined, and the LFA identified the costs associated with the Merchandising Program, and kept them separate. Everything else was maintained at current level for the Magazine Program. At the bottom line, the Magazine Program accounts for a percentage that relates to the general fund, and the rest of the amount is magazine sales authority. The base was increased on the Magazine portion. By mistake the 12% increase the agency had requested had been related to Merchandising when it should have been related to the Magazine Program. Therefore, the base adjustment should relate to the Magazine Program, and not to Merchandising. The general fund on the funding side would have to be increased slightly. Ms. Joehler explained to Sen. Haffey that zero inflation should have been applied to the goods purchased for resale category, and both the OBPP and LFA had agreed to this approach; however, OBPP had applied an inflation factor.

Sen. Haffey moved the LFA figures for Operating Expenses. Motion carried unanimously.

General Fund. Ms. Joehler submitted that in all fairness to the agency, she should adjust the general fund upwards slightly for both years of the biennium. Rep. Donaldson so moved; motion carried unanimously.

Historical Society Enterprise. Sen. Hammond moved the LFA amount; motion carried unanimously.

Magazine Sales. Ms. Joehler explained that the entire funding mix would be changed as a result of the general fund

adjustment which would be made. The Historical Society Enterprise spending authority would be going down. The Magazine authority and general fund will both increase.

Rep. Peck moved the LFA to-be-adjusted figure for Magazine Sales; motion carried unanimously.

Program 06 - Historical Sites Preservation Program. Personal Services. Sen. Jacobson moved the OBPP figures; motion carried unanimously.

Operating Expenses. In the Contracted Services category, OBPP allowed a base adjustment of about \$1,500. Ms. Joehler explained the audit costs. Both OBPP and the LFA allowed \$17,500; however, the LFA distributed the costs in four programs and OBPP distributed them in only two. Therefore, this accounts for the difference. Rep. Donaldson submitted that inflationary costs were already built in, and he didn't see the need for base increases. Mr. Olson said that the agency requested a printing cost base increase, from \$1,057 1982 actual to \$3,500. This request was cut by \$1,000 and granted, to provide for four preservation supplements to the Montana Post.

Rep. Donaldson moved the LFA figures; motion passed unanimously.

Equipment. Sen Hammond moved the LFA recommendation. Discussion ensued. The request is for a microfiche reader. Rep. Peck made a substitute motion to adopt the OBPP budget. Motion failed on a tie vote, with Reps. Ernst and Bengtson and Sens. Hammond and Tveit opposed.

Ms. Joehler stated that the new totals for the program were: \$137,048, with funding split evenly at \$68,524 in 1984 and \$136,430, with funding split evenly at \$68,215.

Program 07 - Archives Program. Personal Services. Rep. Donaldson moved the OBPP figures; motion carried unanimously.

Operating Expenses. Mr. Archibald explained that the difference in Supplies and Materials was because the OBPP allowed for the purchase of archival storage boxes. The reason this category was underspent in the past biennium was because funds were used for vacancy savings. The '82 base figure was lower than the appropriated amount.

Sen. Haffey moved the OBPP Operating Expense figures. Ms. Joehler stated that in the budget documents received by the

LFA, the archival storage boxes were listed under Equipment; however, they were not included in the list of items which the LFA allowed in that category. The question was called for on Sen. Haffey's motion; motion carried unanimously.

Equipment. Rep. Ernst moved the LFA figures; motion carried unanimously.

Photograph Program. Sen. Jacobson moved the OBPP amounts; motion carried unanimously.

Program 08 - Education Program. Sen. Haffey moved the OBPP total program amounts of \$51,780 in 1984 and \$53,314 in 1985; motion carried unanimously.

Modification requests were then considered.

Modified No. 1 - Governor's Mansion (Original). Ms. Joehler said that if no action were taken on this request, the program would stay in the Department of Administration budget. Rep. Donaldson asked Mr. Archibald to check with the Department of Administration to see about the status of their proposal for the Society to provide for janitorial services and retain the man presently being employed for \$100 per month.

Modified No. 2 - Security Staff. Rep. Donaldson moved that this budget be passed over for the time being, and be addressed at a later date. He submitted that the Committee needed to discuss the issue with the Department of Administration. Motion carried unanimously.

Modified No. 3 - Development Program. The modified request simply gives the agency the authority to spend the money if it comes in. Shortfalls could generate general fund supplemental requests. Sen. Haffey moved approval of Modified No. 3; motion carried unanimously.

Modified No. 4 - Teakle Funds. Rep. Donaldson moved acceptance; motion carried unanimously.

Modified No. 5 - Photocopy Program. Sen. Jacobson moved acceptance; motion carried unanimously.

Modified No. 6 - Magazine Program. Sen. Jacobson moved acceptance; motion carried unanimously.

Modified No. 7 - Capitol Tour Service. It was explained that this program was being transferred from the Department of

Administration. Ms. Joehler said it was her understanding that the Department of Administration would like to give this program to the Historical Society. However, she didn't know if these funds had been taken from the Department's budget yet. Rep. Peck expressed his desire to pass the issue over until the Security Staff modified was addressed. Sen. Haffey suggested that the LFA could be made responsible for seeing to it that this money was removed from the Department of Administration budget. He then moved to accept the modified request, with the above-mentioned direction to make a corresponding adjustment to the Department of Administration budget.

Mr. Archibald explained what the Contracted Services were for. This covers both the tour guides and the printing of the brochure that is available in the Rotunda. During the summer and the legislative session, additional guides beyond the 1.5 FTE are contracted. The question was called for; motion carried unanimously.

Modified No. 8 - Montana History Conference. Sen. Haffey moved approval; motion carried unanimously.

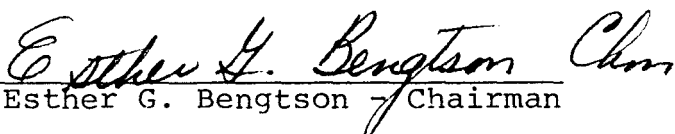
Mr. Archibald brought up the conservator and clerical help modifieds that were presented by the agency during the hearing before the Committee. The Committee members were referred to Exhibit "C" from the January 18 hearing. Chairman Bengtson spoke up in favor of utilizing volunteer help as much as possible.

Sen. Haffey asked Ms. Joehler and Mr. Olson why they had not considered these modifieds. Ms. Joehler said that she didn't feel the additional clerical staff was needed. Mr. Olson said that originally additional staff had been included in the OBPP proposal, but after considering the rest of the agency requests, they decided this wasn't a very high priority, and so they deleted it. Regarding the conservator, Ms. Joehler said the LFA didn't address this issue because of the additional cost factor. Mr. Olson said OBPP did consider this request originally, but it wasn't a high priority either, being No. 5 on the list. They thought that possibly other resources could be used by the Society to make room for a conservator.

Mr. Archibald said that the conservator was clearly a priority in their eyes.

Chairman Bengtson said that the Committee might have to reconsider the action it took on the language in the University supplemental request. MSU President Tietz said that the two universities (U of M and Western Montana College) which had not requested supplementals, were counting on other funds that would be coming in to cover the enrollment increases. If a cap is put on, they will not be allowed to spend the additional tuition. Also, Dr. Tietz wanted to explain the reversion of utility money, and the lack of other funds coming in. Chairman Bengtson said that she would be meeting with Dr. Tietz, and she invited any other Committee members to come along who wished to attend the meeting. Rep. Donaldson suggested that Dr. Tietz would like to appear before the entire Subcommittee. Rep. Bengtson said that a time could be set up for Dr. Tietz to present his position before the Subcommittee.

The meeting was adjourned at 10:30 a.m.


Rep. Esther G. Bengtson - Chairman

AGENCY MT Historical Society

PROGRAM 01-Administration

Subprogram _____

1/21/83

Educ. Sub Comm.

EXHIBIT "A"

Exec. Budget Page _____

Fiscal Analyst's Page _____

FTE

Personal Serv.

Operating Serv.

21 Contr. Serv.

22 Supplies

23 Communication

24 Travel

25 Rent

26 Utilities

27 Repairs

28 Other

Subtotal

EQUIPMENT

Non-Operating

1. Cultural +

2. Aesthetic Grants

3.

4.

5.

6.

Total Expenditures

Funding

General Fund

Other Funds

1. Cultural + Aesthetic

2. Herbrandising R/A

3.

4.

5. Total Funding

Leg:cm:a

| EXPEND. | 1984 BUDGET | | | 1985 BUDGET | | | | |
|-------------------------|---------------|---------------|----------------|---------------------|--------------|----------------|---------------------|--|
| | 1982 Adjusted | Exec. Budget | Fiscal Analyst | Exec. -LFA Variance | Exec. Budget | Fiscal Analyst | Exec. -LFA Variance | |
| FTE | 4.4 | 5.5 | 5.5 | -0- | 5.5 | 5.5 | -0- | |
| Personal Serv. | 97,405 | 141,971 | 143,485 | 1,514 | 141,665 | 143,219 | 1,554 | |
| Operating Serv. | | carried unan. | | | | | | |
| 21 Contr. Serv. | 18,461 | 39,460 | 32,967 | (5,493) | 25,371 | 22,290 | (3,081) | |
| 22 Supplies | 2,526 | 2,840 | 2,831 | (9) | 3,011 | 2,998 | (13) | |
| 23 Communication | 4,461 | 8,688 | 4,943 | (3,745) | 5,778 | 5,608 | (170) | |
| 24 Travel | 11,029 | 12,012 | 12,002 | (10) | 12,547 | 12,534 | (13) | |
| 25 Rent | 40,696 | 57,494 | 55,906 | (1,588) | 63,623 | 59,257 | (4,366) | |
| 26 Utilities | — | — | — | — | — | — | — | |
| 27 Repairs | 2,334 | 2,622 | 2,620 | (3) | 2,780 | 2,777 | (3) | |
| 28 Other | 1,198 | 1,347 | 1,340 | (7) | 1,428 | 1,418 | (10) | |
| Subtotal | 80,705 | 123,664 | 114,397 | (11,055) | 114,538 | 111,248 | (7,656) | |
| EQUIPMENT | | | carried unan. | | | | | |
| Non-Operating | 1,138 | 2,822 | 1,750 | (1,072) | 1,000 | 1,000 | 0 | |
| 1. Cultural + | | | | | | | | |
| 2. Aesthetic Grants | 235,807 | — | — | — | — | — | — | |
| 3. | | | | | | | | |
| 4. | | | | | | | | |
| 5. | | | | | | | | |
| 6. | | | | | | | | |
| Total Expenditures | 415,055 | 268,467 | 257,844 | (10,623) | 257,203 | 251,101 | (6,102) | |
| Funding | | | | | | | | |
| General Fund | 179,248 | 268,467 | 233,974 | (34,493) | 257,203 | 227,323 | (29,880) | |
| Other Funds | | | | | | | | |
| 1. Cultural + Aesthetic | 235,807 | — | — | — | — | — | — | |
| 2. Herbrandising R/A | | | 23,870 | 23,870 | | 23,778 | 23,778 | |
| 3. | | | | | | | | |
| 4. | | | | | | | | |
| 5. Total Funding | 415,055 | 268,467 | 257,844 | (10,623) | 257,203 | 251,101 | (6,102) | |

258,118

carried unan.