

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUB-COMMITTEE ON
ELECTED OFFICIALS AND HIGHWAYS

February 18, 1983

(Tape 81, Side B,
Tape 82 and Tape
83, Side A)

The Appropriations Sub-committee on Elected Officials and Highways met at 7:00 a.m. on February 2, 1983 in Room 437 with Chairman Quilici presiding. The following members were present:

Chairman Quilici
Rep. Connelly
Rep. Lory

Senator Dover
Senator Keating
Senator Van Valkenburg
Senator Stimatz

Also present: JanDee May, OBPP, Doug Booker, OBPP, Leo O'Brien, LFA, and Cliff Roessner, LFA.

WORK SESSION

DEPARTMENT OF REVENUE

Liquor Division

Cliff Roessner told the sub-committee that there was only one main issue in the Liquor Division budget and that was how that division was to be funded. Currently the division is operating under an open-ended appropriation. The division has the authority to operate their business as they see fit. There were some restrictions such as a 15% profit to net liquor sales and a 15% operating expenses to net liquor sales requirement.

Mr. Roessner suggested that if the sub-committee decides to go with the open-ended appropriation as a means of funding the Liquor Division, the 15% profit requirement (to net liquor sales) and the 15% operating expenses (to net liquor sales) requirement be retained. (EXHIBIT 1)

Mr. Roessner said the LFA budget presented, in the book, was simply for informational purposes. They took '82 operating expenses and inflated them forward at 6%.

Senator Dover made a MOTION that the committee approve retaining the 15% profit requirement and the 15% operating expenses requirement, with an open-ended appropriation. He also moved to have the Liquor Division close agency stores and other stores as soon as they can prove the stores are unprofitable, and not wait for the contract to close.

Senator Van Valkenburg asked if the cost of buying out the contracts was considered. Senator Dover said if the loss is greater to get

out of the contract than it is to keep the store open, that is a choice that will have to be made.

Senator Van Valkenburg suggested making the 15% a goal to be met instead of a requirement. Senator Keating agreed and said it is not practical to try to establish parameters in legislation.

Chairman Quilici asked Ellen Feaver, Director of the Department of Revenue, what she thought of the suggestions. Ms. Feaver said the difference between the two budgets is in the projection of sales. The OBPP assumption is based on what industry people have told the Department of Revenue and that is people in this country are not going to be drinking the quantity of distilled spirits that they have in the past. Based on the OBPP assumption of sales, Ms. Feaver said the Department needs the flexibility of a higher percentage on expenses. She said the 15% is a goal they would like to retain but given the sales assumptions, she said the Department cannot meet that goal without radically changing the system they have now.

Representative Bardanoue said he doesn't think it is necessary to set a certain goal or a certain profit percentage as long as the Department of Revenue "keeps their house in order".

Senator Dover said the question is whether the liquor stores are a service to the people of the state or whether the stores are a business and when those stores are no longer profitable, they are closed.

Don Burnnell, Mayor of Walkerville, said he is concerned with the possible closure of the Walkerville liquor store. He said that store has operated for approximately 48 years and has shown excellent profit over that span of time. He said the possible closure of that store is neither justified nor fair. The revenue derived from the liquor store in Walkerville amounts to about \$3,500 per year, which amounts to 10 mills of the town's budget. Without that revenue, it will be very difficult for the town of Walkerville to exist. He asked the sub-committee to consider what an adverse effect the closure of that store would have on the town of Walkerville.

Senator Dover amended his motion to have the sub-committee approve a 15% goal for the profit requirement and a 15% goal for the operating expenses.

Senator Keating said he would like to clarify his stand on this issue. He said he feels the state should get out of the retail liquor business altogether. He said he is only voting in this situation in the event the measure presented to take the state out of the retail liquor business fails and that things stay as they are. He said he does not support the concept of the motion.

The amended motion was voted on and passed unanimously.

Ms. Feaver said if the Department is expected to reach the 15% goal, a lot of the stores are going to have to be closed. Representative Bardanouve asked Ms. Feaver what percentage the profit is at now. Ms. Feaver said it is at 12.4%. Representative Bardanouve said the sub-committee might want to reconsider their action on the 15% goal. The goal should be high enough to make the stores work at achieving that goal but not so high that it is impossible to meet the goal.

Senator Stimatz made a MOTION that the subcommittee reconsider their previous action on the 15% goal. The motion was voted on and passed. Senators Van Valkenburg and Dover voted no.

Senator Van Valkenburg said the LFA arrived at the 15% figure by utilization of some of the same sorts of economic predictors that are based on all of our other revenue projections. He said the LFA based the 15% on the observation that there will be some economic recovery.

Senator Dover said the 15% goal is a good place to stop. He said we should let the Department decide which stores to close.

Ms. Feaver said the 15% goal is so far out of line that there is no hope of the Department ever being able to reach it. Ms. Feaver said the Department needs guidance from the legislature as to whether marginally profitable or unprofitable stores should be closed. Otherwise, the Department will continue to operate as they have historically. She said she doesn't feel comfortable changing the method of operation the state has had without direction from the legislature.

Senator Stimatz made a MOTION that the 15% goal be lowered to 12%.

Representative Lory made a SUBSTITUTE MOTION that the profit goal be changed to 13% and the operating expenses goal be left at 15%.

The motion was voted on and passed. Chairman Quilici voted no. He said he would rather see the profit percentage at 12%.

Senator Van Valkenburg suggested the sub-committee accept language that would say "nonprofitable state stores should be converted to agency stores in an orderly manner". The conversion should only take place if the manager of the store retires or if the lease expires on the store. He said we could also say that it would be in the best interest of the state to keep a state store open where public convenience or necessity dictates.

Senator Van Valkenburg said the Liquor Division has demonstrated, in the past, that it has closed or converted state stores to agency status, reduced the number of FTEs, and cut operating

expenses where needed. He said that sort of good history ought not to be thwarted with real restrictive language.

Chairman Quilici asked Ms. Feaver what she thought about the proposed language. Ms. Feaver said she thinks the language would comply with the profit objective which the Department has as a goal and also recognizes the public convenience aspect of the state being in the liquor retail business. She said that language would give the Department a lot of clarity in working towards the goals set by this legislature.

Chairman Quilici asked Senator Van Valkenburg and Cliff Roessner to work out language that would fit into the bill.

Senator Dover said he thinks the language concerning the Liquor Division's authority to raise or lower the liquor pricing formula to achieve the deposit requirement should be left in the bill. Ms. Feaver said, considering the reaction given to raising liquor prices, that language doesn't serve much of a function. Chairman Quilici said he would like to see the division have the discretion of being able to raise liquor prices.

Ms. Feaver said the Department wrote a rule that put their current pricing formula into the Administrative Rules. She said she does not foresee any move, on the state's part, to change the pricing formula. She said if this sub-committee would like the pricing formula changed, she would like to be told the wishes of the sub-committee.

Senator Dover asked what was included in the pricing formula. Ms. Feaver said everything is driven by the cost of the product to the state. Senator Dover asked if that included wage increases, etc. Ms. Feaver said no. She explained the pricing formula.

The distilled spirits carry the supplier price and freight costs. The Department of Revenue adds a 26% tax which includes a 10% license tax and a 16% excise tax. The license tax is earmarked for institutions and local governments. The Department adds a 40% markup. The cost of operations is paid out of the 40% markup and what remains is then turned over to the state as net profit and put into the general fund.

Senator Dover said wages should be included in those costs and if the cost of wages goes up, so should the cost of the liquor.

Senator Van Valkenburg made a MOTION to insert language into the appropriations bill that says nonprofit state stores should be converted to agency stores in an orderly manner and that the orderly manner means that the conversion would take place if the manager of the store retires or the lease expires on the store,

and that the Department is not required to make the conversion if it determines that public convenience or necessity due to distance to the nearest store or the unique nature of the clientele of the store necessitates keeping the state store open.

Representative Bardanouve said he didn't like the word "unique" being included in the language. He said that word could cover a multitude of sins. You could find justification for leaving every store open. Senator Keating said that is the reason for the language. We might have to keep some marginal stores open as a matter of convenience to the public.

The motion was voted on and passed unanimously.

Chairman Quilici asked the sub-committee if they had taken a look at the Division's policies. For example, should the Division continue to extend store hours. Ms. Feaver said the store hours vary among the communities. Ms. Feaver said the Division does have flexibility as to the hours the stores are open but the stores can only be open five days a week. She said they feel the stores should be allowed to stay open six days a week. Chairman Quilici asked if the five day limit is by statute. Ms. Feaver said yes.

Chairman Quilici asked the sub-committee how they felt about letting the stores advertise. Senator Keating said he doesn't feel the stores should be allowed to advertise. Senator Stimatz said we are shifting from control to profit. If we want the stores to make a profit, we should let them advertise. Senator Keating said advertising is a business expense. There is already liquor advertising to encourage people to drink. He said there is enough private sector advertising to "peak" the interest of the public. Chairman Quilici said this subject would be left status quo.

Chairman Quilici said the next area to be covered is should the Division require licensees to purchase only from assigned state liquor stores in larger cities. Ms. Feaver said this was a recommendation that was included in the legislative audit as a way to reduce costs. The Division could predict the staffing needs easier if the Division had the ability to assign their licensees to buy at a particular store. In Billings, for example, any licensee can go to any state store, at any hour, and demand to have whatever they want put up for them. That requires those stores to keep their inventories at a high enough level to fill any order given. If the licensees had to buy from just one certain store, the stores could better predict their inventory needs and their staffing needs. She said she would like to see that idea supported with language in the appropriations bill.

Chairman Quilici asked if the Point-of-Sale program wouldn't help with the inventory problem. Ms. Feaver said that program would really help with monitoring the inventory.

Mr. Howard Heffelfinger, Administrator of the Liquor Division, in referring to the question of whether the Division should raise the markup on low-priced, marginally profitable products, said in order to do that, the Division would have to raise the markup on all low-priced items, regardless of where they sold in the state, in order to comply with the recommendations of the legislative audit. State law mandates uniform pricing for all products carried by the Division. Mr. Heffelfinger said the question before this sub-committee is whether or not the Division should raise those markup prices. Senator Keating said that is a business decision and the Division should do what they want to do. Chairman Quilici said the prices should be raised at the discretion of the Division.

Chairman Quilici said he feels the Point-of-Sale program would be a good program. It would help with inventory problems. He said, in the long run, the Division will probably end up saving money with this type of program.

Ms. Feaver said the Division is running a pilot program in Helena but that assessment has not been completed. But, at this point, it looks like there is a very positive cost benefit payoff in the Point-of-Sale system. If the system is determined to be cost effective, the Division intends to implement the system in the larger stores in Montana during the biennium.

Senator Dover said he feels the Division should wait to implement the system until after this biennium to see if the marginally profitable stores will even stay open. Ms. Feaver said the Division needs the ability to adequately monitor the inventories. It takes a lot a lead time to get the systems in place. In order to keep the inventories down, in the larger stores, the Division needs a better inventory management system.

Senator Keating said in a time of increasing operating expenses and declining revenues, if a store manager doesn't know what he has in inventory then he is not doing his job. He should be able to tell you at the end of any given day or week what he has in inventory. If the Division has to check the inventories, there is something wrong with the store managers. Ms. Feaver said that is comparable to saying any grocery store does not need automatic cash registers because the grocery store manager should be able to tell you, at the end of any given day or week, what he has in inventory. Senator Keating said most of the liquor stores have nowhere near the inventory that a grocery store would have. Ms. Feaver said the Division would put the automatic cash registers in only about ten stores and those are the stores that have a high volume of sales. She said this would be a capital investment that would have a direct payoff to the general fund or a detriment if the Division doesn't have the ability to control the inventory.

Senator Van Valkenburg made a MOTION that this sub-committee authorize the Division to proceed with the Point-of-Sale program

if the pilot program indicates it is cost beneficial.

The motion was voted on and passed. Senators Keating and Dover voted no.

Chairman Quilici asked Cliff Roessner if he had anything to add concerning the budget. Mr. Roessner said the sub-committee should vote on whether they want to approve the open-ended appropriation for the coming biennium. Chairman Quilici asked Mr. Roessner if he foresees any problem with the open-ended appropriation. Mr. Roessner said no.

Representative Lory made a MOTION that this sub-committee approve an open-ended appropriation for the coming biennium for the Liquor Division.

The motion was voted on and passed unanimously.

HEARINGS

DEPARTMENT OF HIGHWAYS

Stores Inventory

Gary Wicks, Director of the Department of Highways, said the Department recognizes the fact that the stores inventory has been a problem in the past. The Department has taken steps to improve in that area such as changing all the locks in the Department of Highways and having better control of the keys. He said the stores inventory has not been a top priority in the past but will be this spring. Mr. Wicks said the two programs that use the stores inventory the most are the Equipment Bureau and the Maintenance Bureau.

Mr. Wicks went over the proposed budget for the stores inventory. (Exhibit 3) He said the three areas the Department has a disagreement with are: 1) Contracted Services; 2) Supplies; and 3) Repairs. The other areas of the budget are not out of line and Mr. Wicks said he would accept the lower of the figures, whether the figure comes from the LFA or the OBPP.

Mr. Wicks said they charge the activities for personnel in the Maintenance Division. He said it is like a contracted service between the Maintenance Division and the stores inventory. The two items, in contracted services, that make up the difference of \$53,612 are: 1) \$11,580 for paying private contractors to haul gravel to crushing sites and stockpiles; and 2) the amount the Maintenance Division charges personnel needs to be increased.

Senator Dover said it had been stated earlier that the contracted services account could be eliminated if authority was granted to transfer payroll costs to this program. Senator Dover said he would like to see payroll put into the account to which it is

used. Leo O'Brien said, for purposes of clarification, the audit report also recommends doing that. Senator Dover asked if that decision could be made by the sub-committee now. Chairman Quilici said that decision will have to be made in the executive session because this is strictly a hearing. Mr. O'Brien said he could draw up language that would add on the ability to transfer payroll costs between all programs, including stores inventory, and that would take care of Senator Dover's concern. The authority to add on that language would have to come from this sub-committee.

Mr. Wicks said the differences between the LFA and OBPP, in contracted services, would keep the stores inventory at current level. It would not be an increase.

Mr. Wicks said the basic difference between the LFA and OBPP estimates in the supplies category is because the LFA reduced the gasoline and diesel request by 15% based on the Governor's Council on Management recommendations for fleet reduction. Mr. Wicks said the Department has reduced its fleet size based on recommendations from consultants who did a study in December. The figures shown for the OBPP are based on that fleet size rather than the fleet size recommended by the Governor's Council on Management. Therefore, they believe the increase is justified in order to bring the usage up to the level of fleet size.

Mr. Wicks said the difference in the figures for the repair category is because of the approach used by the LFA and OBPP. The LFA used the '82 base for the amounts of road oil and reduced the other parts by 15%. The OBPP reduced the other parts by only 10% and increased the road oil. The road oil is increased to place all purchases in the Stores Program to allow full use of the Maintenance Management System. In prior years some costs were charged directly to the Maintenance Program. The OBPP amount corresponds to the total amount requested in the Maintenance Program. The amount of money to be spent in road oil is not increased, it includes expenditures made by other programs but run through the stores inventory account.

Motor Pool (Exhibit 4)

Bill Salisbury, Department of Highways, said there is only one major difference between the LFA and the OBPP in the Motor Pool budget. The LFA has recommended cutting one FTE in this program, based on the fact the position control report showed a mechanics position only being utilized 13% of base year. The full position is necessary because other equipment bureau personnel are charged against the Motor Pool program for approximately .87 FTE on an annual basis. The position was never vacant, his time was being charged to the Highway Equipment program; and other Equipment Bureau personnel services were being charged to Motor Pool.

Mr. Salisbury said the OBPP figures for most of the other categories are lower than the LFA figures.

Terry Cohea said the Department, in accordance with the legislative audit and the recommendations of the Governor's Council on Management, agreed to reduce its fleet by 42 vehicles and try to meet only 90% of the user demand. Therefore, in the budget, the OBPP reflects a 10% decrease in the estimated mileage.

The LFA, in the equipment category, did not include equipment replacement. Itemized request lists show each vehicle to be replaced and estimated costs. The Department will need to replace 35 units in FY'84 and 26 units in FY'85. All will be over 75,000 miles and fleet size will be maintained at 161 units in FY'83 and 160 units in FY'84, compared with 203 units in FY'82 and FY'83. (Exhibit 5)

Terry Cohea said the other vehicles will be transferred to institutions which will save \$250,000 in the general fund. The vehicles that are not needed by the institutions will be sold at auctions and the money will be put into the revolving account. Chairman Quilici asked if the institutions will have to pay for the vehicles. Terry Cohea said they had checked with an attorney and the Governor has the authority to transfer within state government. The transfer will be made in FY'83.

Gross Vehicle Weight Division

Mr. Wicks said an important part of this program is to increase the enforcement of GVW laws on Montana's highways. The roads are being damaged by overweight vehicles or vehicles that violate the GVW law. The Department had proposed a 300% fine increase in the GVW law. The Senate has already approved a 200% increase. The Department is also requesting an addition of eight GVW enforcement officers. The officers will be assigned to permanent weigh stations and will also be utilized for roving enforcement as needed.

Mr. Wicks said the FTE level for FY'82 was 99.85. The legislature also approved an additional 17 FTEs for the GVW Division. The Department has only used 14 of those 17 FTEs in the GVW Division because they decreased the FTE level from 99.85 to 96.14. That was done by consolidating the GVW regional offices throughout the state.

Mr. Wicks said they are requesting the base level of FTEs to be reduced by one. That will be accomplished as a result of computerizing one position in FY'83. He said the Department recommends going with the OBPP estimated FTE level of 95.14.

Mr. Wicks went over the major differences between the LFA and OBPP recommendations for the GVW Division.

During the last legislative session, the legislature passed the Multi-State Highway Agreement which provided that one legislator represent Montana at the meetings. The Department is asking that

some budget recognition be given for that. The Department is asking for \$4,400 to cover that expense.

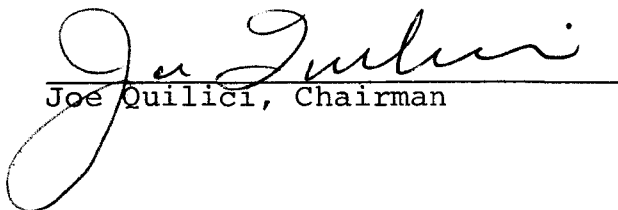
Mr. Wicks there has been an increase in expenditures as a result of the new FTEs approved by the last legislature. Those increases are in the areas of safety inspections and roving enforcement.

Mr. Wicks said the difference between the LFA and OBPP figures for the rent category is \$3,125 for FY'84 and \$3,314 for FY'85 to cover land rental paid to Burlington Northern for the Billings Minnesota Avenue Weigh Station. He said he didn't think the LFA had received that information and that is why their figure is lower.

Mr. Wicks said because of years of neglect on the scale buildings and weighing instruments, the Department needs to repair and upgrade those items. Therefore, they are requesting the OBPP figures be accepted by the sub-committee. Mr. Wicks called the sub-committee's attention to page 3 of Exhibit 6, which shows a breakdown of the equipment and buildings that will be repaired.

The last item covered by Mr. Wicks was other expenses. He said the 14 new officers the Department had on in 1982 did not work a full year so the base for 1982 is down somewhat. The requested increase covers the \$55 per month that the Department is required to pay the officers under the MPEA contract. There had been an inflation factor figured into this category which resulted in a difference between the OBPP and LFA of \$9,286 for FY'84 and \$9,849 for FY'85. The Department has since taken out that inflation factor so that the difference between the OBPP and LFA figures is \$8,259 for FY'84 and \$8,259 for FY'85.

The meeting was adjourned at 10:35 a.m.



Joe Quilici, Chairman

February 17, 1983

TO: Subcommittee on Elected Officials & Highways
FROM: Cliff Roessner, Senior Analyst
SUBJECT: Work Session on Liquor Division

The Liquor Division, in its presentation to the subcommittee, stated that 12.5 percent of net sales would constitute a fair and reasonable profit goal for the 1985 biennium. It is also predicting operating expenses to average 17.7 percent.

Table 1 shows the Legislative Fiscal Analyst's projected gross sales, net sales, operating expenses, and the biennium average of operating expenses to net sales.

Table 1
Liquor Division Operating Expenses to Net Sales
1985 Biennium

	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
Gross Sales	\$59,175,259	\$62,601,506
Less: Taxes	(11,645,691)	(12,319,976)
Discounts	<u>(1,047,402)</u>	<u>(1,108,047)</u>
Net Sales	\$46,482,166 =====	\$49,173,483 =====
Total Operating Expenses	\$ 7,884,346	\$ 8,278,563
Less: Allocable Expenses	<u>585,572</u>	<u>614,851</u>
Adjusted Operating Expenses	\$ 7,298,774 =====	\$ 7,663,712 =====
Operating Expenses as a Percentage of Net Sales	15.7%	15.6%
Average for the Biennium	15.7%	

The biennium average for operating expenses is estimated at 15.7 percent which is 2 percent lower than that estimated by the Liquor Division. Based upon two primary assumptions, the division has requested an increase in the expenditure limit for the next biennium. The division assumes that sales will continue to decline and that inflation will cause expenses to increase at the rate of 8 percent per year.

Most observers believe the economy will start to improve by the middle of calendar year 1983. If liquor sales are sensitive to personal income and as the division has stated in the past, incomes grow with economic recovery, then we should not experience a drop in liquor sales in the coming biennium.

The 8 percent inflation factor seems to be high. The high inflation experienced in the current biennium can be attributed in part to the 12 percent pay increases granted state employees. Since the pay increase for the 1985 biennium will probably not be that large, a more reasonable assumption is a 5 percent overall inflation rate which is the rate used to predict operating expenses shown in table 1.

The division also has, under current law, the means to improve its operation to reduce operating expenses and increase profit. Under current law, store hours can be adjusted and nonprofitable stores can be closed or converted to agency stores.

Based on the preceding information, as an option to the 12.5 percent profit requirement and 17.7 percent operational expense limitations recommended by the division, the committee may wish to leave the 15 percent requirement for both profit to net liquor sales and operational expenses, as they were for the 1983 biennium.

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

PAGE 365

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 05 LIQUOR DIVISION
CONTROL : 00051 LIQUOR-ADMINISTRATION

AE/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)		56,58	56,58	—, —, —		56,58	56,58	—, —, —
1100	SALARIES		835,118	835,118	—, —, —		832,040	832,040	—, —, —
1400	EMPLOYEE BENEFITS		127,001	127,001	—, —, —		128,692	128,692	—, —, —
1500	HEALTH INSURANCE		54,316	54,316	—, —, —		54,316	54,316	—, —, —
	TOTAL LEVEL		1,016,435	1,016,435	—, —, —		1,015,048	1,015,048	—, —, —
2100	CONTRACTED SERVICES		138,479	138,479	—, —, —		146,784	146,784	—, —, —
2200	SUPPLIES & MATERIALS		162,716	162,716	—, —, —		87,051	87,051	—, —, —
2300	COMMUNICATIONS		49,959	49,959	—, —, —		57,392	57,392	—, —, —
2400	TRAVEL		27,671	27,671	—, —, —		28,288	28,288	—, —, —
2500	RENT		19,775	19,775	—, —, —		20,960	20,960	—, —, —
2600	UTILITIES		-14	-14	—, —, —		-17	-17	—, —, —
2700	REPAIR & MAINTENANCE		8,019	8,019	—, —, —		8,497	8,497	—, —, —
2800	OTHER EXPENSES		4,615	4,615	—, —, —		4,888	4,888	—, —, —
2900	GOODS PURCHASED FOR RESALE		6,233	6,233	—, —, —		6,236	6,236	—, —, —
	TOTAL LEVEL		417,453	417,453	—, —, —		360,079	360,079	—, —, —
3000	EQUIPMENT		19,540	19,540	—, —, —		19,540	19,540	—, —, —
	TOTAL LEVEL		19,540	19,540	—, —, —		19,540	19,540	—, —, —
	TOTAL PROGRAM		1,453,428	1,453,428	—, —, —		1,394,667	1,394,667	—, —, —
06005	LIQUOR DIVISION		1,453,428	1,453,428	—, —, —		1,394,667	1,394,667	—, —, —
	TOTAL PROGRAM		1,453,428	1,453,428	—, —, —		1,394,667	1,394,667	—, —, —

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 05 LIQUOR DIVISION
CONTROL : 00052 LIQUOR-LICENSING

AE/OE	DESCRIPTION	ORPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)		7.00	7.00	---		7.00	7.00	---
1100	SALARIES		104,855	104,855	---		104,456	104,456	---
1400	EMPLOYEE BENEFITS		14,788	14,788	---		15,004	15,004	---
1500	HEALTH INSURANCE		6,720	6,720	---		6,720	6,720	---
	TOTAL LEVEL		126,363	126,363	---		126,180	126,180	---
2100	CONTRACTED SERVICES		27,055	27,055	---		28,675	28,675	---
2200	SUPPLIES & MATERIALS		4,947	4,947	---		5,242	5,242	---
2300	COMMUNICATIONS		7,324	7,324	---		8,457	8,457	---
2400	TRAVEL		498	498	---		500	500	---
2500	RENT		911	911	---		965	965	---
2700	REPAIR & MAINTENANCE		1,032	1,032	---		1,093	1,093	---
2800	OTHER EXPENSES		60	60	---		62	62	---
	TOTAL LEVEL		41,827	41,827	---		44,994	44,994	---
3000	EQUIPMENT		1,061	1,061	---		1,061	1,061	---
	TOTAL LEVEL		1,061	1,061	---		1,061	1,061	---
	TOTAL PROGRAM		169,251	169,251	---		172,235	172,235	---
06005	LIQUOR DIVISION		169,251	169,251	---		172,235	172,235	---
	TOTAL PROGRAM		169,251	169,251	---		172,235	172,235	---

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 05 LIQUOR DIVISION
CONTROL : 00053 LIQUOR-RETAIL STORES

AE/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)		173.00	173.00	---		173.00	173.00	---
1100	SALARIES		2,610,725	2,610,725	---		2,600,779	2,600,779	---
1400	EMPLOYEE BENEFITS		419,958	419,958	---		425,085	425,085	---
1500	HEALTH INSURANCE		166,080	166,080	---		166,080	166,080	---
	TOTAL LEVEL		3,196,763	3,196,763	---		3,191,944	3,191,944	---
2100	CONTRACTED SERVICES		830,685	830,685	---		880,521	880,521	---
2200	SUPPLIES & MATERIALS		29,100	29,100	---		30,839	30,839	---
2300	COMMUNICATIONS		29,283	29,283	---		33,469	33,469	---
2400	TRAVEL		3,831	3,831	---		3,975	3,975	---
2500	RENT		793,123	793,123	---		840,708	840,708	---
2600	UTILITIES		171,263	171,263	---		208,565	208,565	---
2700	REPAIR & MAINTENANCE		40,500	40,500	---		42,929	42,929	---
2800	OTHER EXPENSES		32,829	32,829	---		34,796	34,796	---
2900	GOODS PURCHASED FOR RESALE		684,047	684,047	---		725,089	725,089	---
	TOTAL LEVEL		2,614,661	2,614,661	---		2,800,891	2,800,891	---
3000	EQUIPMENT		37,956	37,956	---		37,956	37,956	---
	TOTAL LEVEL		37,956	37,956	---		37,956	37,956	---
	TOTAL PROGRAM		5,849,380	5,849,380	---		6,030,791	6,030,791	---
06005	LIQUOR DIVISION		5,849,380	5,849,380	---		6,030,791	6,030,791	---
	TOTAL PROGRAM		5,849,380	5,849,380	---		6,030,791	6,030,791	---

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 05 LIQUOR DIVISION
CONTROL : 00054 LIQUOR-WAREHOUSE

AE/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)		16.00	16.00	---		16.00	16.00	---
1100	SALARIES		221,643	221,643	---		220,802	220,802	---
1400	EMPLOYEE BENEFITS		35,957	35,957	---		36,396	36,396	---
1500	HEALTH INSURANCE		15,360	15,360	---		15,360	15,360	---
	TOTAL LEVEL		272,960	272,960	---		272,558	272,558	---
2100	CONTRACTED SERVICES		8,756	8,756	---		9,274	9,274	---
2200	SUPPLIES & MATERIALS		4,116	4,116	---		4,359	4,359	---
2300	COMMUNICATIONS		2,625	2,625	---		3,078	3,078	---
2400	TRAVEL		534	534	---		542	542	---
2600	UTILITIES		44,789	44,789	---		54,648	54,648	---
2700	REPAIR & MAINTENANCE		4,012	4,012	---		4,248	4,248	---
2800	OTHER EXPENSES		229	229	---		241	241	---
2900	GOODS PURCHASED FOR RESALE		34	34	---		36	36	---
	TOTAL LEVEL		65,095	65,095	---		76,426	76,426	---
3000	EQUIPMENT		3,870	3,870	---		3,870	3,870	---
	TOTAL LEVEL		3,870	3,870	---		3,870	3,870	---
	TOTAL PROGRAM		341,925	341,925	---		352,854	352,854	---
06005	LIQUOR DIVISION		341,925	341,925	---		352,854	352,854	---
	TOTAL PROGRAM		341,925	341,925	---		352,854	352,854	---

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 05 LIQUOR DIVISION
CONTROL : 00000

		CURRENT LEVEL SERVICES ONLY							
AE/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	252.58		-252.58		252.58		-252.58	
1400	EMPLOYEE BENEFITS	-242,477		242,477		-242,477		242,477	
1500	HEALTH INSURANCE	242,477		-242,477		242,477		-242,477	
	TOTAL LEVEL								
	TOTAL PROGRAM								

COMMENTS :

HOUSE BILL NO. 500
MONTANA SESSION LAWS 1981

AN ACT TO APPROPRIATE MONEY TO VARIOUS STATE AGENCIES FOR THE BIENNIUM ENDING JUNE 30, 1983; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Short title. This act may be cited as the "General Appropriations Act of 1981".

Section 2. Definitions. For the purposes of this act, unless otherwise stated, the following definitions apply:

(1) "Agency" means each state office, department, division, board, commission, council, committee, institution, university unit, or other entity or instrumentality of the executive branch, office of the judicial branch, or office of the legislative branch of state government.

(2) "Approving authority" means the governor or his designated representative for executive branch agencies; the chief justice of the supreme court for judicial branch agencies; appropriate legislative committees for legislative branch agencies; or the board of regents for the university system.

(3) "University system unit" means the board of regents, office of the commissioner of higher education, the university of Montana at Missoula, Montana state university at Bozeman, Montana college of mineral science and technology at Butte, eastern Montana college at Billings, northern Montana college at Havre, western Montana college at Dillon, the agricultural experiment station with central offices at Bozeman, the forestry and conservation experiment station with central offices at Missoula, the cooperative extension service with central office at Bozeman, or the bureau of mines and geology with central office at Butte.

Section 3. Budget amendments. (1) The approving authority may approve a budget amendment to spend funds that were not available for consideration by the legislature but have become available from a source other than the state's general fund or earmarked revenue fund and other than receipts to the state from the United States government made available under provisions of P.L. 94-488, the federal Revenue Sharing Extension Act or any extension or modification of that act. Each budget amendment shall be submitted to the budget director and the office of legislative fiscal analyst.

(2) A budget amendment may be approved to spend money in the earmarked revenue fund only if the approving authority certifies that an emergency justifies the expenditure.

(3) A budget amendment may be approved for a time period greater than one fiscal year but not to exceed the biennium ending June 30, 1983. Budget amendments for greater than one fiscal year shall itemize planned expenditures by fiscal year.

Section 4. Amendment procedures. (1) In approving a budget amendment, the approving authority shall:

(a) certify specific additional services to be provided as a result of a higher expenditure level;

(b) certify that no other alternative is available to provide the additional services;

(c) certify that the additional proposed services have not been considered and rejected by the legislature;

(d) certify that no commitment, implied or otherwise, is made for increased future general fund support;

(e) specify criteria for evaluating the effectiveness of the additional services provided.

(2) The additional funds are appropriated contingent upon total compliance with all budget amendment procedures.

Section 5. Budget requests. Sufficient funds are appropriated in this act to enable each agency to submit its 1985 biennium budget request to the budget director and the legislative fiscal analyst pursuant to the time schedule established in 17-7-112(1). If any agency fails to submit its final, complete budget request by the deadlines established in 17-7-112(1), the expenditure authority herein granted shall be reduced or rescinded by the budget director unless the agency director certifies that an emergency situation has precluded a timely budget presentation and the budget director approves an extension not to exceed 30 days.

Section 6. Detailed budget information. Within 10 days after the 48th legislature convenes in regular session, the budget director and the legislative fiscal analyst shall mutually exchange expenditure recommendations by object of expenditure to the second level of detail and by funding source detailed by treasury fund. This information shall be filed in the respective offices and available to members of the legislature and the general public.

Section 7. Expenditure limit. Expenditures may not exceed appropriations.

Section 8. Other appropriated funds. Unless otherwise indicated herein, the appropriations made under the column heading "Other Appropriated Funds" are from funds within the earmarked revenue fund, the federal and private revenue fund, or the revolving fund that accrue under provisions of law to the expending agency. Any federal funds received by or allocated to the state of Montana prior to January 3, 1983, as a block grant as defined by an act of congress enacted subsequent to April 1, 1981, and specifically designated as a block grant shall require a special session of the legislature for appropriation by the legislature prior to distribution of these funds among agencies and programs.

Section 9. Operating budgets. Expenditures may be made only in accordance with operating budgets approved by the approving authority. The respective appropriations are contingent upon approval of the operating budget by July 1 of each fiscal year.

HOUSE BILL NO. 500

Each operating budget shall include expenditures for each agency program detailed at least by personal services, operating expenses, equipment, benefits and claims, transfers, and local assistance.

Section 10. Access to records. No funds appropriated by this act may be expended for any contract, written or oral, for services with a nonstate entity for services to be provided by the nonstate entity to members of the public on behalf of the state unless such contract contains a provision allowing access to those records of the nonstate entity as may be necessary for legislative audit and analysis purposes in determining compliance with the terms of the contract. Each such contract may be unilaterally terminated by the state, and each contract shall so provide upon refusal of the nonstate entity to allow access to records necessary to carry out the legislative audit and analysis functions set out in Title 5, chapters 12 and 13.

Section 11. Reduction of appropriation. In the event of a shortfall in revenue, the governor may reduce any appropriation by not more than 15% except appropriations for:

- (1) payment of interest and retirement of state debt;
- (2) the legislative branch;
- (3) the judicial branch;
- (4) public schools; or
- (5) salaries of elected officials during their term of office.

Section 12. Severability. If any section, subsection, sentence, clause, or phrase of this act is for any reason held unconstitutional, such decision does not affect the validity of the remaining portions of this act.

Section 13. Reversion. Notwithstanding other provisions of law, the unexpended balance of each appropriation reverts to the fund from which it was appropriated at the end of each fiscal year unless otherwise provided in this act.

Section 14. Other funds to offset general fund. The approving authority shall decrease the general fund appropriation of the agency by the amount of funds received from other sources in excess of the appropriation provided in this act unless such action is expressly contrary to state or federal law, rule, or contract or the approving authority certifies that the services to be funded by the additional funds are significantly different from those for which the agency has received an appropriation.

Section 15. National conference of state legislatures. Agencies may participate in the activities and programs of the national conference of state legislatures within existing appropriations.

Section 16. Coal tax trust income. Interest income from the coal tax constitutional trust fund established under Article IX, section 5 of the Montana Constitution is hereby appropriated to the general fund for use during the biennium ending June 30, 1983.

The portion of the general fund which represents this appropriation is appropriated to the school foundation program in HB 611 (\$16,000,000), the long-range building bond proceeds and insurance clearance account in HB 666 or the highway earmarked revenue account (\$16,469,324), and to the department of commerce in HB 500, items 4, 5, 6, and 8 (\$1,580,676).

Section 17. Amounts appropriated for audits may be transferred between fiscal years.

Section 18. Totals not appropriations. The totals shown in the act are for informational purposes only and are not appropriations.

Section 19. Appropriations. The following money is appropriated only for the purposes shown for the respective fiscal years:

A. LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE AGENCIES			
Fiscal Year 1982		Fiscal Year 1983	
Other		Other	
General	Appropriated	General	Appropriated
Fund	Funds	Fund	Funds
LEGISLATIVE AUDITOR			
1,008,825	861,675	1,266,805	783,425
LEGISLATIVE FISCAL ANALYST			
489,178		506,639	
LEGISLATIVE COUNCIL			
1,905,829	318,200	1,801,835	42,000
The general fund appropriation for FY 1982 includes funds for CSG and NCSL travel, interim studies, Forestry Task Force, Revenue Oversight Committee, Administrative Code Committee, District and Apportionment Commission, coal tax oversight subcommittee, and Constitutional Convention Proceedings publication in the total amount of \$347,710 which is a biennial appropriation.			
The 1982 appropriation for the legislative council contains \$6,000 in general fund for the coal tax oversight subcommittee. This biennial appropriation is contingent upon passage of SB 487.			
ENVIRONMENTAL QUALITY COUNCIL			
151,807		166,178	
CONSUMER COUNSEL			
	460,752		479,237

HOUSE BILL NO. 500

JUDICIARY

1. Supreme Court Operations:

990,113	980,656
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2. Boards and Commissions

141,182	145,269
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3. Law Library

279,969	325,813
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4. District Courts

1,537,532	1,545,622
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5. Moving Expenses

31,342

6. Moving Expenses:

Rent Increase

130,301

7. Montana Reports

42,000	40,000
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8. Audit

10,000

9. Water Courts Supervision

<u> </u>	<u>227,543</u>	<u> </u>	<u>349,762</u>
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Total Judiciary

3,000,796	227,543	3,199,003	349,762
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If federal funds should be received for previously federal funded activities that have been general funded this biennium, a like amount of general fund, less matching requirements, shall be

HOUSE BILL NO. 500

reverted to the general fund.

GOVERNOR'S OFFICE

1. Executive Office	761,732	150,000	757,638	100,000
2. Mansion Maintenance	78,986		70,721	
3. Air Transportation	90,124		99,969	
4. Office of Budget and Program Planning	643,626		654,946	
5. Legal Jurisdiction	59,378		65,698	
6. Lieutenant Governor	173,141		179,332	
7. Citizens' Advocate	65,864		68,654	
8. Board of Visitors	46,813		48,545	
9. Old West Regional Commission Dues	45,000		60,000	
10. Engine Replacement	70,000			
11. Audit	16,000			

HOUSE BILL NO. 500

12. Contingency - Vacancy Savings

1,600,000 _____ _____ _____

Total Governor's Office

3,650,664 150,000 2,005,503 100,000

Federal indirect cost reimbursements shall be reverted to the general fund.

Item 10 is an expense for the biennium.

Funds in item 9 shall revert to the general fund if not used for this purpose.

Item 12, a biennial appropriation, is solely for instructional faculty salaries in the six college and university units and shall only be expended if vacancy savings are not realized. As a further condition precedent to the expenditure of this item 12 appropriation, any of the said agencies requesting any portion of said appropriation shall submit a verified request therefor, which request shall be verified by the president of the requesting agency and supported by evidence itemized and detailed establishing, to the satisfaction of the governor, that the requesting agency is entitled to a portion of said funds. The request and supporting documentation must be submitted by March 15 of each fiscal year and shall be subject to the conditions herein set forth. The governor shall respond with his decision by April 15 of each fiscal year.

The above agencies shall, by July 1 of each fiscal year, submit for the current unrestricted subfund a detailed list of all FTE, faculty positions, each individual salary, and total budgeted benefits. The list shall equal total compensation at 100% excluding critical area faculty salary adjustment funds appropriated in this act for personal services. This total compensation figure may not from any individual agency be 3.6% greater than the operating budget for personal services for such agency. The list shall have at least these sections. Section 1 shall detail the positions which are eligible for the contingency vacancy savings appropriation. Any salary increases granted after this list is submitted will not be reimbursed from the vacancy savings fund. Section 2 shall detail all other staff. Section 3 shall detail by position the allocation of the critical area faculty salary adjustment funds.

In the event any such request is submitted and the governor shall find that the requesting agency has satisfied all the requirements and conditions herein set forth, the governor may issue his approval for expenditure of the said contingency-vacancy funds.

If the governor should determine, in his discretion, that any requesting agency has not satisfied the conditions of item 12 relating to a request for a portion of this appropriation, he may

HOUSE BILL NO. 500

deny such request and such denial shall constitute final agency action.

SECRETARY OF STATE

1. Records Management

580,152	573,661
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2. Administrative Code

86,072	80,000	91,801	81,000
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3. Audit

6,000

4. Voter information pamphlets

53,000

5. Systems Development

<u>111,500</u>	<u>88,500</u>
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Total Secretary of State

777,724	80,000	812,962	81,000
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A budget amendment increasing the administrative code's revolving fund spending authority in item 2 may be approved only for additional printing expenses and related supplies and postage.

The secretary of state is directed to contract with the information systems division (ISD) for systems development.

COMMISSIONER OF POLITICAL PRACTICES

1. General Operations

120,466	116,992
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2. Audit

<u>3,000</u>

Total Commissioner of Political Practices

120,466	119,992
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STATE AUDITOR

HOUSE BILL NO. 500

1. State Auditor

1,547,545	125,000	1,561,152	150,000
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2. Actuarial Fees:

Insurance Division

10,000	10,000
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3. Audit

<u>12,300</u>	<u>35,300</u>
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Total State Auditor

1,569,845	125,000	1,606,452	150,000
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In addition to the funds appropriated above, the local assistance distribution of funds provided for in 19-10-305(1), 19-11-512, 19-11-606, and 19-12-301 is appropriated.

Revenues generated under provisions of 50-3-109 shall be deposited to the general fund.

DEPARTMENT OF JUSTICE

1. General Operations

7,826,540	8,213,221	7,428,170	8,391,837
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2. Case Travel:

Legal Services Division

12,000	13,000
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3. Contracted Services:

Antitrust

16,500	16,500
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4. Severance Pay

4,900

5. Hearings Officer

5,000	5,000
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6. Audit

HOUSE BILL NO. 500

	20,500	20,500	
7. Moving Costs			
		1,713	25,000
8. Out-of-State Travel:			
Forensic Science			
	1,000		1,000
9. County Attorney Payroll			
	602,395		602,395
10. Transportation of Prisoners			
	112,314		129,115
11. Radio Equipment			
	42,000		25,000
12. a. SB 466			
		3,750	
b. HB 364			
	5,000		5,000
c. HB 389			
	<u> </u>	<u>5,000</u>	<u> </u> <u>5,000</u>
Total Department of Justice			

8,643,149 8,249,184 8,245,180 8,401,837
 Appropriated amounts within item 2 are for case-related travel only.

Any fund balance remaining within the motor vehicle account at the end of a fiscal year shall revert to the general fund.

Any collections made by the county prosecutor services program or antitrust enforcement efforts shall be deposited to the general fund.

Item 4 contains \$4,900 for the biennium for severance pay, to

HOUSE BILL NO. 500

be paid upon request from the county prosecutor program.

The rate charged by the agency legal services program may not exceed \$30 per hour in 1982 and \$35 per hour in 1983.

Collections made from hearings conducted by the motor vehicle division on dealer franchises shall be deposited to the general fund.

Funds remaining within the 1981 biennium appropriation for coal tax defense at June 30, 1981, are reappropriated for the 1983 biennium for the same purpose. These funds are approved for legal-related costs only.

Salaries as established for the forensic science division may not be altered or combined during the 1983 biennium to recreate the position of director of forensic services, which was specifically abolished by the legislature, or any other position which functions as a pathologist's assistant.

Amounts in item 12 are contingent upon passage of the noted bills.

BOARD OF CRIME CONTROL

1. General Operations

218,250	391,250	217,900	404,400
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2. Grants

1,100,000	2,100,000
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3. Audit

<u>1,150</u>	<u>12,850</u>	<u> </u>	<u> </u>
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Total Board of Crime Control

219,400	1,504,100	217,900	2,504,400
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Should federal funds become available for the uniform crime reporting program or the criminal justice data center, a like amount of general fund, less the matching requirement, shall be reverted. The maximum general fund reversion is \$83,800 in 1982 and \$86,500 in 1983, less matching requirements.

DEPARTMENT OF HIGHWAYS

1. General Operations Division

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	7,545,871	7,591,008
2. Low-Band Radio Equipment		
	74,000	74,000
3. Construction Division		
	118,303,305	118,876,162
4. Maintenance Division		
	36,011,400	37,854,616
5. Preconstruction Division		
	12,435,358	12,198,196
6. Service Revolving Division		
	2,426,004	2,537,543
7. Motor Pool Division		
	1,036,727	1,160,844
8. Equipment Division		
	11,369,034	12,113,491
9. Stores Inventory		
	13,341,876	14,518,052
10. Capital Outlay		
	570,072	571,153
11. Audit		
	<u>20,625</u>	<u>61,875</u>

Total Department of Highways

203,134,272

207,556,940

The department of highways is directed to:

(1) Develop and institute a comprehensive construction project planning system. This system will be operational no later than July 1, 1985, and will be the basis for:

HOUSE BILL NO. 500

- (a) project scheduling;
 - (b) project monitoring;
 - (c) manpower planning;
 - (d) work measurement and evaluation;
 - (e) cash flow projections;
 - (f) long- and short-range construction goals; and
 - (g) budget preparation.
- (2) Utilize the partial funding method for construction projects.
- (3) Institute a cash forecasting system to minimize cash reserves.
- (4) Maintain a surplus of completed construction plans in order to obligate and expend the maximum amount of federal dollars available for construction during the biennium.
- (5) Submit to the 1983 legislature a construction work plan for the 1985 biennium that is detailed by year, project phase, and fund. This work plan must specify, by road system or project area, proposed projects on which \$1 million or more would be spent during the 1985 biennium and an aggregate cost for projects with anticipated expenditures of less than \$1 million. Costs must be detailed by year, fund, and project phase.
- (6) Institute a maintenance management system for the maintenance division that incorporates equipment needs and usage. This system will be operational no later than July 1, 1985.
- (7) Conduct a thorough assessment of equipment needs based on maintenance needs by geographic area.
- (8) Submit to the 1983 legislature a maintenance work plan for all operational systems that ties directly to the maintenance division budget request for the 1985 biennium.
- (9) Report quarterly to the legislative finance committee regarding the progress of the above-mentioned items.
- Should additional federal money become available during the 1983 biennium for highway construction, highway earmarked funds shall be budget amended to the extent of matching requirements.
- Earmarked revenue within the equipment division must be reduced dollar for dollar by revenue collected from the auction of equipment. This is contingent upon passage of SB 169.
- The Helena headquarters van pool project administered by the department of highways may continue in operation and is to be operated on a self-supporting basis.
- Funds may be transferred between line items 1, 3, 4, 5, 6, 7, and 8 to reflect actual personal service expense. No other transfers between line items may be made. This is not to be construed as permitting the transfer of full-time equivalent employees between programs, nor may there be an increase in the total number of appropriated full-time equivalent employees.
- The conservation education program is funded.
- The maintenance division is directed to establish a separate revolving account to reflect collections and expenditures related

HOUSE BILL NO. 500

to damaged structures. One million dollars per year in highway earmarked funds will be replaced with revolving authority.
DEPARTMENT OF REVENUE

1. General Operations

12,340,311	1,325,313	12,490,050	1,359,671
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2. Audit Costs

16,500	8,500	49,500	25,500
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3. Legal Fees:

Director's Office

25,000	25,000
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4. Recovery Services Division

197,718	593,153	199,603	598,807
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5. SB 50

<u>40,000</u>	<u> </u>	<u>10,000</u>	<u> </u>
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Total Department of Revenue

12,619,529	1,926,966	12,774,153	1,983,978
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Should the recovery services division return \$1.05 in collections per \$1.00 expended in 1982, the appropriation in item 4 may be increased a maximum of \$16,000 from the general fund and \$48,000 in federal funds for fiscal 1983.

Cash within the central supply revolving account at 1981 fiscal year end must be deposited to the general fund. Collections from liquidation of inventory during the 1983 biennium must also be deposited to the general fund.

In addition to those amounts appropriated above, there are appropriated to the liquor division funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor monopoly. The division shall deposit not less than \$13 million of liquor profits to the general fund during the 1981 biennium. During the 1983 biennium, profits may not be less than 15% of net liquor sales and not less than \$13 million. Net liquor sales are gross liquor sales less discounts and all taxes collected.

The operational expenses of the liquor merchandising system may not exceed 15% of net liquor sales. Operational expenses may not include product or freight costs. The liquor division has full

HOUSE BILL NO. 500

authority to determine store operating hours and the number and location of stores and employees and may raise or lower the liquor pricing formula to achieve the deposit requirement.

Nonprofitable state stores should be closed or converted to agency stores in an orderly manner. A nonprofitable store is one that shows a net loss or is less profitable than if run at agency store status after reducing gross revenues by all state excise and license taxes and by deducting therefrom all normal operating expenses, which include a pro rata share, based on gross sales, of central administrative office expenses.

The county commissioners of the various counties and the governing bodies of local government units shall provide office space in county courthouses or government office buildings to the department of revenue of the state for its use at no cost to the state. The department is not liable for any expenses in connection with the use of such space, including but not limited to rent, utilities, or janitorial services. The department shall use such space as offices for its agents: the county assessor, appraiser, and their respective staffs.

Item 5 is contingent upon passage of SB 50.
DEPARTMENT OF ADMINISTRATION

1. General Operations

4,231,557	14,120,573	4,260,356	14,354,970
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2. Communication Expense - Communications Division

2,938,440	2,862,239
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3. Insurance Expenses - Insurance Division

175,000	1,769,195	192,500	1,898,888
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4. Audit Fees

31,500	104,000	16,000	55,500
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5. Equipment - Duplicating Services

152,799	61,500
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6. Systems Development - Merit System

25,000	27,100
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7. Systems Development - Purchasing Division

120,000	55,500
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8. Systems Development - Teachers' Retirement System

140,000

9. Emergency District Court Funding

375,000

375,000

10. Disability Benefit Review - Public Employees'

Retirement System

5,625

3,750

11. Unified Firefighters - Public Employees'

Retirement System

25,770

25,270

12. General Services - Additional Buildings

200,845

205,500

13. Rent - Transferred Divisions

26,458

26,707

28,712

29,312

Total Department of Administration

4,959,515 19,508,954 4,928,068 19,524,029

The agency shall charge those divisions not supported by general fund for legal services provided by the attorney in the central office, and such income shall be deposited in the general fund.

An additional accountant is provided in the architecture and engineering division for the 1983 biennium only.

The architecture and engineering program is funded solely from the long-range building account. Any fund balance at the end of a fiscal year shall be reverted to the long-range building account. This program shall assess a 1% charge on the cost of construction funded from accounts other than the long-range building account at the time a contract is let and this revenue shall be deposited to the long-range building account.

The intent of the legislature is that all office space rentals in Helena be based on competitive bid.

The maximum length of a purchasing contract is extended to 5 years for the purchase of a new computer by the computer services

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division.

The state may continue to use its own printing facilities.

The graphic arts bureau of the publications and graphics division shall establish a separate revolving fund and shall become a self-supporting operation.

The office of budget and program planning shall assure reimbursement to the general fund for all management studies or systems support needs assessments provided by the consulting services bureau to nongeneral funded agencies if those agencies have sufficient funding available.

The board of investments shall operate under an earmarked fund.

As of July 1, 1981, interest generated on the \$2.5 million loan to the self-insurance fund shall be deposited to the sinking fund that loaned the funds. Repayment of the loan shall occur at such time as the invested funds reach par.

All employees working under the direction of the workers' compensation judge shall be classified.

In the local government services division, general fund money is provided only for administrative support, which includes 6.7 full-time employees, and related support costs. Auditing services are expected to be self-supporting.

The budgeting, accounting, and reporting system (BARS), which is being implemented statewide into local governmental entities, is expected to be completed no later than June 30, 1984.

Item 9 provides for emergency funding of the district courts in those instances when a court incurs extraordinary expenses due to an extended criminal case or state government-related suits in Lewis and Clark County. These funds shall not be used for usual court operations or additional social service programs.

Emergency funds to Lewis and Clark County for state government-related suits will not exceed 10% above the revenue collected through the 6-mill levy.

No more than \$9,000 may be spent during the biennium on a consumer health education program. All funds expended must be matched by a like amount from the health insurance carrier.

Item 10 is contingent upon passage of HB 372.

Item 11 is contingent upon passage of HB 674.

Item 12 is contingent upon the purchase of additional buildings, as referred to in HB 666, and the assumption of related maintenance duties by the department. The amount of funds spent shall be prorated based on the remaining portion of the fiscal year.

Item 13 contains the spending authority necessary to fund the lease agreement and other related costs for those divisions located in the building at 1424 Ninth Avenue. When this building is purchased by the state and maintenance responsibilities are assumed, all of the remaining funds in item 13, except for the prorated remaining portion of the annual charge of \$3.02 per

square foot in fiscal 1982 and \$3.09 per square foot in fiscal 1983 that the department of administration shall charge for rent and repair expenses, shall revert.

The accountant added in item 11 is for this biennium only.

DEPARTMENT OF MILITARY AFFAIRS

1. Adjutant General

828,740	688,435	902,865	753,687
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2. Disaster and Emergency Services

174,075	290,992	175,747	297,008
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3. Audit

<u>6,150</u>	<u>3,850</u>	<u> </u>	<u> </u>
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Total Military Affairs

1,008,965	983,277	1,078,612	1,050,695
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All departments within section A may purchase low-band radio equipment on an emergency basis only. The department director shall certify on the purchase order the nature of the emergency.

TOTAL LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE

40,125,692	237,529,923	38,729,282	243,007,303
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B. HUMAN SERVICES

Fiscal Year 1982

Fiscal Year 1983

Other

Other

General

Appropriated

General

Appropriated

Fund

Funds

Fund

Funds

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

1. Operations

3,104,046	17,333,780	3,116,388	18,069,510
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2. Audit

2,873	8,377	8,616	25,134
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3. Subdivisions Bureau

<u> </u>	<u>79,856</u>	<u> </u>	<u>79,856</u>
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Total Department of Health and Environmental Sciences

HOUSE BILL NO. 500

3,106,919 17,422,013 3,125,004 18,174,500

In item 3 \$39,928 each year is contingent upon legislative approval of the governor's amendment to HB 179.

No funds are appropriated for the hazardous waste program. However, the department may budget amend federal spending authority for the hazardous waste program if these federal funds become available and no additional general fund is required.

DEPARTMENT OF LABOR AND INDUSTRY

1. Labor Administration

430,137 423,601

2. Labor Standards

369,476 31,377 384,023 18,098

3. Personnel Appeals

318,604 8,000 321,036 8,000

4. Employment & Training

1,187,396 1,208,269

5. Human Rights

122,355 75,657 128,502 72,509

6. Employment Security

15,056,962 15,435,596

7. Workers' Compensation

906,149 4,650,371 861,886 5,369,986

8. Audit

35,000 4,287 39,713

HOUSE BILL NO. 500

Total Department of Labor and Industry

1,716,584 21,474,900 1,699,734 22,575,772

In item 5, general funds shall revert in the amount that other appropriated funds exceed the amounts shown for each fiscal year.

No funds may be used for a women's bureau.

The division of workers' compensation shall study performance factors that measure the division's operational effectiveness. The intent is to determine if the workers' compensation division budget should be based on performance measurements rather than expenditure limitations. This study shall be presented to the governor and the legislative finance committee by August 1, 1982.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

1. General Operations

21,251,903 23,263,217 23,659,030 24,172,714

2. Medicaid State Institutional Reimbursements

3,134,021 3,369,523

3. Medicaid

53,530,911

4. Medicaid Accrual

4,350,000 4,785,000

5. Department of Community Affairs -- Community Services

1,126,474 1,206,884

6. Audit

23,000 123,000

7. HB 258

53,865 100,035 53,865 100,035

Total Department of Social and Rehabilitation Services

82,343,700 24,612,726 31,867,418 25,479,633

Within other appropriated funds in item 1 is no more than \$175,000 for the biennium for the operation of the developmental

HOUSE BILL NO. 500

disabilities policy advisory council. Any federal money received above this amount may be spent only to improve direct client services as recommended by the council and approved by the SRS director.

The department is encouraged to utilize medicaid funds to support community services for the developmentally disabled where the use of such funds is cost-effective in providing services in the least restrictive environment. The department may use any savings generated from the budget for the developmentally disabled to develop additional community services.

The department of social and rehabilitation services shall assure that the community developmental disabilities group homes are reporting all financial transactions through a uniform accounting system including a single chart of accounts and accounting manual.

No money may be disbursed to the homes after July 1, 1982, unless the director of the department of social and rehabilitation services certifies to the legislative finance committee that the group homes are recording and reporting financial information uniformly.

The director shall reorganize the vocational rehabilitation and visual service programs to effect administrative economies and maintain direct benefits to clients within the appropriations herein provided. At least 15% of federal funds available for vocational rehabilitation shall be expended for the blind.

The governing body of any area agency on aging that contracts with SRS shall conduct its business in open meetings as required by Title 2, chapter 3, MCA.

The department shall monitor and assess the activities of the area agencies on aging for implementation of the department-approved area plans for aging services and shall report to the legislative finance committee, no later than 60 days prior to the beginning of the 48th legislative session, the extent to which the area agencies have complied with the area plans and the extent to which the area agencies have cooperated with the local government funding sources.

When federal funds for health underserved rural areas, Indian health services or certification surveys by the department of health and environmental sciences decrease or end, there is to be no state funding of these services during the biennium.

The department may use general fund money appropriated in item 3 together with matching federal funds to augment item 2. The department shall fully match the appropriation in item 2 at the maximum allowable federal rate with federal medicaid funds.

Item 3 is a biennial appropriation for cash expenditures made from July 1 to June 30 of each fiscal year. There may not be an accrual made at fiscal year end under item 3.

Item 4 is only for medicaid accruals. There may not be any cash expenditures made against this appropriation during fiscal

1982, 1983, or 1984. A unique responsibility center and appropriation number shall be established in the statewide budgeting and accounting system to account for this appropriation.

By August 1, 1982, the department shall identify all optional services by specific type provided under the medicaid program. The identification must include the number of recipients, cost per optional service, and the impact of not funding each option.

If appropriated funds are not sufficient to provide medical care for all eligible persons, the department shall use the following priorities in keeping expenditures within appropriations:

(1) limit the increases in reimbursement paid per service for medical care to no more than 10% for each fiscal year of the 1983 biennium to the maximum extent feasible; and

(2) limit eligibility and amount, scope, and duration of medical services provided.

The payment standard for families under the aid to families with dependent children program (AFDC) shall be an equal percentage of the poverty index according to family size. The payment standard for a family of two may not exceed \$258 in fiscal 1982 and \$280 in fiscal 1983.

Item 5 may be merged into the department of social and rehabilitation services' organizational structure or transferred to another state agency by approval of the governor's office. The legislative finance committee must be informed of any interagency transfers. The appropriation authority must be accounted for by a unique appropriation number in the statewide budgeting and accounting system.

The funding of item 7 is contingent upon passage and approval of HB 258.

The day-care rate per day for homes is not to exceed \$6.00 in fiscal 1982 and \$6.50 in fiscal 1983. The rate per day is not to exceed \$7.00 in fiscal 1982 and \$7.50 in fiscal 1983 for day-care centers.

Because of the uncertainty in federal funding, the department should anticipate receiving the level of federal funding for AFDC, Medicaid, and Title XX calculated in the appropriations until funds at the federal level are allocated.

TOTAL HUMAN SERVICES

87,167,203 63,509,639 36,692,156 66,229,905

C. NATURAL RESOURCES AND BUSINESS REGULATION

Fiscal Year 1982

Fiscal Year 1983

Other

Other

General

Appropriated

General

Appropriated

Fund

Funds

Fund

Funds

HOUSE BILL NO. 500

DEPARTMENT OF AGRICULTURE

1. Centralized Services

106,606	598,149	107,220	602,190
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2. Legislative Audit Fee

10,102	4,898		
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3. Rural Development Program

	33,553		35,714
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4. Hail Insurance Unit

1,650	934,112	1,660	937,585
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5. Crop and Livestock Unit

47,500	13,900	56,069	13,900
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6. Transportation Unit

73,916	50,000	73,383	50,000
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7. Wheat Research and Marketing

	550,259		578,457
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8. Environmental Management Division

246,103	670,921	251,816	684,368
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9. Plant Industry Division

<u>420,577</u>	<u>456,886</u>	<u>362,681</u>	<u>466,043</u>
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Total Department of Agriculture

906,454	3,312,678	852,829	3,368,257
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All indirect cost assessments received from Old West Regional Commission grants must be deposited in the general fund.

DEPARTMENT OF COMMERCE

1. Director's Office

121,432	126,249
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HOUSE BILL NO. 500

2. Centralized Services				
		270,105		274,427
a. Legislative Audit				50,000
b. Moving Expenses		39,900		
3. Aeronautics Division		798,363		861,883
4. Administrative Support - Economic Development				
	27,399	86,808	19,194	104,558
5. Business Assistance Bureau				
	85,579	130,000	89,504	130,000
6. Economic Development Grants				
	59,000	235,000		
7. Board of Housing		470,496		490,281
8. Travel Promotion Program				
	600,000	100,000	700,000	200,000
9. Coal Board				
		9,314,904		11,306,975
10. Rail Planning Program				
	60,119	5,794,329	39,056	3,548,582
11. Community Development Program				
	229,415	3,893,881	236,180	4,043,553
12. Indian Affairs Program				

HOUSE BILL NO. 500

	81,505	82,950	
13. Business Regulation and Licensing Administration			
	132,598	254,775	141,220 269,329
14. Weights and Measures Program			
	361,229		344,183
15. Financial Program			
	537,070		554,076
16. Milk Control Program			
		224,856	234,127
17. Consumer Protection Program			
	83,684		84,879
18. Board of Architects			
		23,796	24,870
19. Board of Barbers			
		21,979	23,420
20. Board of Chiropractors			
		13,220	13,895
21. Board of Cosmetologists			
		97,550	101,536
22. Board of Dentistry			
		31,231	33,284
23. Electrical Board			
		59,623	62,942
24. Board of Hearing Aid Dispensers			

HOUSE BILL NO. 500

	5,238	5,524
25. Board of Horseracing		
	212,848	224,455
26. Board of Massage Therapists		
	5,321	5,633
27. Board of Medical Examiners		
	72,367	77,488
28. Board of Morticians		
	13,886	14,975
29. Board of Nursing		
	141,249	145,922
30. Board of Nursing Home Administrators		
	18,375	19,171
31. Board of Optometrists		
	12,245	13,006
32. Board of Osteopathic Physicians		
	801	869
33. Board of Pharmacists		
	83,173	86,659
34. Board of Plumbers		
	62,565	64,501
35. Board of Professional Engineers and Land Surveyors		
	98,548	103,682
36. Board of Public Accountants		

HOUSE BILL NO. 500

	121,861	114,538
37. Board of Realty Regulation		
	259,542	269,579
38. Board of Veterinarians		
	18,667	19,837
39. Board of Water Well Contractors		
	18,333	19,381
40. Board of Psychologists		
	11,301	12,677
41. Board of Sanitarians		
	4,646	5,004
42. Private Investigators Program		
	3,897	4,022
43. Board of Landscape Architects		
	6,791	7,304
44. Board of Speech Pathologists and Audiologists		
	7,342	7,881
45. Board of Radiologic Technologists		
	8,901	9,385
46. Board of Podiatry Examiners		
	1,098	1,161
47. Board of Physical Therapy Examiners		
	<u>4,973</u>	<u>5,278</u>

Total Department of Commerce

2,257,598 23,176,216 2,291,242 23,137,843

HOUSE BILL NO. 500

The director's office and centralized services shall be operated from a revolving account, with all earmarked and federal accounts assessed a pro rata share of the total expenses. The revolving account shall be initiated with a loan from one of the accounts under the department's supervision and operated on a full accrual basis and in accordance with generally accepted accounting principles.

The department is authorized to reorganize its current organizational structure only after receiving approval from the office of budget and program planning and review by the legislative finance committee.

Included in the weights and measures program appropriation for fiscal 1982 is \$5,000 to be available for expenditure only if the cost of a new truck and trailer exceeds \$30,000.

Coal impact grants may be granted to local government units only to remedy a situation resulting from coal development. The local government unit must be making a bona fide local effort to provide for its own needs through normal financing channels (taxes, service fees, or bonds).

Those divisions and bureaus of the department of commerce that are moved from private to state-owned office space shall revert the resulting savings in rent, utilities, taxes, and other expenses.

DEPARTMENT OF FISH, WILDLIFE, AND PARKS

1. Centralized Services Division

3,345,294	3,469,096
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2. Legislative Audit

45,000

3. Purchase of Cessna 180

54,210

4. Ecological Services Division

744,740	759,203
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5. Fisheries Division

2,292,268	2,227,383
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6. Enforcement Division

2,924,202	2,935,004
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HOUSE BILL NO. 500

7. Game Damage		65,000		65,000
8. Wildlife Division		3,018,696		3,107,075
9. Recreation and Parks Division				
	587,349	1,417,279	627,177	1,492,042
10. Conservation Education Division				
		968,677		989,140
11. Administration				
		<u>463,167</u>		<u>467,167</u>

Total Department of Fish, Wildlife, and Parks

587,349 15,338,533 627,177 15,511,110

None of the funds appropriated to the department may be used for the purchase or study of the purchase of any type of abandoned right-of-way.

Included in the centralized services appropriation is revolving account authority of \$1,075,833 in fiscal 1982 and \$1,183,417 in fiscal 1983. The revolving accounts must be operated on a full accrual basis and in accordance with generally accepted accounting principles.

An additional \$500,000 a year is authorized in centralized services for the purpose of providing expenditure authority for federal and private funds that previously required budget amendments. Funds spent under this authorization must be accounted for separately from regular operations.

The Helena-based pilots shall be delegated enforcement responsibilities whenever they are not required for air transportation purposes.

The administration division appropriation includes:

(a) \$80,000 a year for transfer to the department of livestock for predator control;
 (b) \$25,000 a year for the department to begin training to initiate the conservation officer concept within the department. A progress report on this effort must be made to the 1983 legislature.

(c) \$24,000 a year for uniforms or distinctive clothing for all field personnel outside of the enforcement division.

HOUSE BILL NO. 500

DEPARTMENT OF STATE LANDS

1. Central Management Program

722,169	250,464	717,917	246,317
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2. Legislative Audit

15,000

3. Reclamation Program

7,368,739	7,894,841
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4. Land Administration Program

176,000	60,259	175,000	47,991
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5. Resource Development Program

<u> </u>	<u>574,934</u>	<u> </u>	<u>468,043</u>
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Total Department of State Lands

913,169	8,254,396	892,917	8,657,192
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The other funds appropriations for the central management program provide for salary and expenses of the Northern Powder River Environmental Impact Statement Team. The eight FTE approved for the team may continue only as long as federal funds are available to provide support.

DEPARTMENT OF LIVESTOCK

1. Centralized Services

73,320	219,962	75,820	227,460
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2. Legislative Audit

3,250	9,750
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3. Diagnostic Laboratory Program

294,894	306,839	304,754	316,700
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4. Disease Control Program

636,605	635,757
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5. Milk and Egg Program

HOUSE BILL NO. 500

	176,096	11,500	183,023	12,000
6. Inspection and Control Program				
		1,576,968		1,611,730
7. Predator Control Program				
		278,863		295,881
8. Rabies and Rodent Control Program				
	<u>70,489</u>	<u>15,000</u>	<u>71,018</u>	<u>15,000</u>
Total Department of Livestock				
	618,049	3,055,487	634,615	3,114,528

DEPARTMENT OF NATURAL RESOURCES

1. Centralized Services Division

1,059,202	758,243	1,051,051	801,551
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2. Legislative Audit

18,400	21,600
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3. Oil and Gas Regulation Division

689,798	693,932
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4. Conservation District Supervision Division

441,953	477,377
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5. Water Resources Division

1,632,061	2,767,124	1,782,524	2,840,433
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6. Forestry Division

3,149,988	2,767,281	2,943,379	2,817,674
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7. Energy Division

329,975	3,242,757	350,105	3,502,341
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HOUSE BILL NO. 500

8. Facility Siting Division

<u>208,705</u>	<u>1,500,000</u>	<u>213,189</u>	<u>1,000,000</u>
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Total Department of Natural Resources

6,398,331	12,188,756	6,340,248	12,133,308
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Included in the facility siting division appropriation of other funds for fiscal 1982 is \$500,000 resource indemnity trust fund interest to continue the appropriation of HB 908 of the 1979 legislature. The appropriation allows continuation of studies for the possible construction of a MHD engineering test facility in Montana. Expenditure of these funds is limited to the original appropriation.

The forestry division general fund appropriation for fiscal 1982 includes a \$180,000 biennial appropriation to acquire and upgrade firefighting vehicles and equipment for distribution to nine county cooperative fire districts. The districts shall operate and maintain the equipment.

Included in the general fund appropriation in item 5 for fiscal year 1983 is \$186,000 for either a grant to an irrigation district formed to operate the Daly ditch water project for the purpose of operating and maintaining the project for 1 year or, if an irrigation district is not formed, for use by the department in administering the abandonment of the project, including the removal of structures.

Included in the oil and gas regulation division appropriation each year is \$65,000 of resource indemnity trust fund interest for the purpose of repairing and plugging abandoned oil and gas wells.

All federal Clark-McNary (CM-2) funds received by the department in excess of \$250,000 per year will be deposited in the general fund.

PUBLIC SERVICE COMMISSION

1. General Operations

1,184,442	19,310	1,195,975	19,310
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2. Legislative Audit

7,000

3. Special Audit

<u>50,000</u>	<u> </u>	<u> </u>	<u> </u>
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Total Public Service Commission

1,241,442	19,310	1,195,975	19,310
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HOUSE BILL NO. 500

The appropriation in item 3 will continue the audit and any litigation related to commission docket no. 80.8.55. The appropriation may be spent only for determining the original cost of Montana Power Company's hydroelectric properties or litigation related thereto.

TOTAL NATURAL RESOURCES AND BUSINESS REGULATION

12,922,392 65,345,376 12,835,003 65,941,548

D. DEPARTMENT OF INSTITUTIONS

Fiscal Year 1982

Fiscal Year 1983

Other

Other

	General	Appropriated	General	Appropriated
	Fund	Funds	Fund	Funds
CENTRAL OFFICE				
1. Director's Office				
	237,041	28,994	235,510	32,616
2. Alcohol & Drug Abuse Division				
	194,239	1,348,521	203,871	1,294,514
3. Corrections Division				
	3,297,327		3,423,996	
4. Management Services Division				
	797,596	64,328	800,690	64,328
5. Mental Health Division				
	3,957,049	535,536	4,352,354	540,629
6. Audit				
			16,145	8,855
7. Building Space				
	76,713	21,754	77,318	21,926
8. Women's Correctional Facility				
	<u>840,000</u>	<u> </u>	<u> </u>	<u> </u>

Total Central Office

HOUSE BILL NO. 500

9,399,965 1,999,133 9,109,884 1,962,868
The Montana drug program shall be funded at 32 percent general fund and 68 percent federal funds.

General fund distribution by the mental health division to community mental health programs may not exceed \$3,756,453 in fiscal 1982 and \$4,147,272 in fiscal 1983. These amounts include pay raises. Sixty thousand dollars of funds appropriated for community mental health programs may be used to support programs provided by the current friends to youth program for emotionally disturbed children.

No general fund money may be used to support the manpower or community support programs.

Funds authorized in item 8 may not be used to establish a women's unit at Mountain View School.

Item 7 contains spending authority necessary to fund the lease agreement and other related costs for the central offices of the department of institutions. When this building is purchased by the state, all appropriated funds in item 7 except \$3.02 per square foot in fiscal 1982 and \$3.09 per square foot in fiscal 1983 in proportion to the time period remaining each fiscal year shall revert.

Item 8 and the amount appropriated in HB 666 for Spruce cottage is for the purpose of obtaining, through use of a state facility, or lease or purchase of a private facility, and the necessary renovation of such facility to house 20 female offenders. This appropriation also includes the operating budget for such facility.

The director of the department of institutions shall attempt to find a suitable facility for the housing of female offenders prior to the special session of the legislature or February 1982, whichever comes first. If such facility is found, the office of budget and program planning and the legislative finance committee shall approve of the site and the facility.

The department shall give an estimate of the biennium cost for the operation of such facility to the legislative finance committee and the office of budget and program planning. If the operational costs will exceed the appropriation in item 8 plus any pay plan funds allocated for the biennium, the department, with concurrence of the legislative finance committee, shall request an appropriation to cover the excess cost from the special session of the legislature or the 1983 legislative session in the event there is no special session.

If a facility cannot be secured by the beginning of the special session, the department of institutions shall present to the special session of the legislature for its consideration a complete detailed proposal for the site, facility, and total cost of housing 20 female offenders for the remainder of the 1983 biennium.

HOUSE BILL NO. 500

BOULDER RIVER SCHOOL AND HOSPITAL

1. General Operations

9,308,901	106,180	9,364,280	101,581
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2. Audit

<u>15,000</u>	<u> </u>	<u> </u>	<u> </u>
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Total Boulder River School and Hospital

9,323,901	106,180	9,364,280	101,581
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CENTER FOR THE AGED

1. General Operations

1,939,921	9,458	1,965,887	9,729
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2. Audit

<u> </u>	<u> </u>	<u>7,000</u>	<u> </u>
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Total Center for the Aged

1,939,921	9,458	1,972,887	9,729
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The amounts of \$18,964 in fiscal 1982 and \$21,771 in fiscal 1983 of the general fund appropriations must be used for a fire alarm system maintenance contract or be reverted to the general fund.

EASTMONT TRAINING CENTER

1. General Operations

1,530,951	48,728	1,542,725	49,799
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2. Audit

<u> </u>	<u> </u>	<u>6,500</u>	<u> </u>
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Total Eastmont Training Center

1,530,951	48,728	1,549,225	49,799
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GALEN STATE HOSPITAL

1. General Operations

HOUSE BILL NO. 500

4,405,192	1,306,988	4,366,991	1,366,719
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2. Audit

<u>12,000</u>	<u> </u>	<u> </u>	<u> </u>
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Total Galen State Hospital

4,417,192	1,306,988	4,366,991	1,366,719
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WARM SPRINGS STATE HOSPITAL

1. General Operations

11,182,794	180,466	11,374,319	190,066
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2. Audit

<u> </u>	<u> </u>	<u>16,000</u>	<u> </u>
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Total Warm Springs State Hospital

11,182,794	180,466	11,390,319	190,066
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Funds may be transferred between Warm Springs state hospital and Galen state hospital by the budget amendment process. If applicable and warranted, further consolidation may take place between the two facilities.

MOUNTAIN VIEW SCHOOL

1. General Operations

1,310,400	89,307	1,316,744	93,927
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2. Audit

<u> </u>	<u> </u>	<u>8,000</u>	<u> </u>
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Total Mountain View School

1,310,400	89,307	1,324,744	93,927
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PINE HILLS SCHOOL

1. General Operations

1,986,558	525,454	1,972,777	536,519
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2. Audit

HOUSE BILL NO. 500

			<u>11,000</u>	
Total Pine Hills School				
	1,986,558	525,454	1,983,777	536,519
MONTANA STATE PRISON				
1. General Operations				
	6,854,480	73,041	7,015,342	73,980
2. Ranch				
		1,384,106		1,398,723
3. Industries				
	143,500	193,342	78,000	295,671
4. Canteen				
		250,469		250,521
5. License Plate Factory				
		491,242		529,593
6. Audit				
			<u>11,967</u>	<u>3,033</u>
Total Montana State Prison				
	6,997,980	2,392,200	7,105,309	2,551,521
SWAN RIVER YOUTH FOREST CAMP				
1. General Operations				
	639,110	95,773	642,792	96,080
2. Audit				
			<u>6,000</u>	
Total Swan River Youth Forest Camp				
	639,110	95,773	648,792	96,080

HOUSE BILL NO. 500

VETERANS' HOME

1. General Operations

486,575	714,000	470,033	727,500
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2. Audit

		6,000	
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Total Veterans' Home

486,575	714,000	476,033	727,500
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BOARD OF PARDONS

1. General Operations

100,242	102,106
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2. Audit

2,000	
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Total Board of Pardons

102,242	102,106
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Personal services expenditures may not exceed the following level plus pay plan appropriations or budget amendments from unanticipated funds for each institution or program listed.

<u>Fiscal 1982</u>	<u>Fiscal 1983</u>
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Director's Office

226,892	226,892
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Alcohol and Drug Abuse Division

530,438	530,438
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Corrections Division

1,653,652	1,653,996
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Management Services Division

697,809	686,221
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Mental Health and Residential

Services

344,378	344,378
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Boulder River School and Hospital

7,666,835	7,666,835
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Center for the Aged

1,491,662	1,491,662
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HOUSE BILL NO. 500

Eastmont Training Center	1,311,589	1,311,589
Galen State Hospital	4,694,991	4,694,991
Mountain View School	1,155,261	1,155,498
Pine Hills School	2,019,866	1,975,381
Montana State Prison	5,062,818	5,076,689
Swan River Youth Forest Camp	479,892	479,989
Veterans' Home	882,356	882,538
Warm Springs State Hospital	9,266,217	9,266,217

Board of Pardons	80,004	80,004
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If utilities expenditures exceed the amounts listed below, the institution may ask for a supplemental appropriation. If utilities do not exceed the anticipated amounts, the difference will be reverted to the general fund.

	<u>Fiscal 1982</u>	<u>Fiscal 1983</u>
Boulder River School and Hospital	484,045	542,130
Center for the Aged	85,125	95,340
Eastmont Training Center	47,989	53,748
Galen State Hospital	326,794	366,010
Mountain View School	47,911	53,660
Pine Hills School	114,992	126,422
Montana State Prison	239,486	267,766
Swan River Youth Forest Camp	45,253	50,683
Veterans' Home	91,286	102,241
Warm Springs State Hospital	724,971	811,968
Corrections Division	22,401	25,090
TOTAL DEPARTMENT OF INSTITUTIONS		

49,317,589	7,467,687	49,394,347	7,686,309
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HOUSE BILL NO. 500

E. OTHER EDUCATION
Fiscal Year 1982
Other

Fiscal Year 1983
Other

	General	Appropriated	General	Appropriated
	Fund	Funds	Fund	Funds
BOARD OF PUBLIC EDUCATION				
1. Administration				
	79,104		79,020	
2. Fire Services Training School				
	<u>178,478</u>		<u>173,406</u>	
Total Board of Education				

257,582

252,426

The board of public education shall be provided office space free of charge in the building leased by the state and paid from the appropriation to the commissioner of higher education. The fire service training school shall be provided office, storage, and classroom space, inclusive of weekend janitorial service, in the Great Falls vocational-technical center at no charge.

PUBLIC SCHOOL SUPPORT

1. Special Education

23,254,921

25,347,864

2. Special Education Emergency Contingency

500,000

500,000

3. Audiological Services

688,614

750,589

Total Public School Support

24,443,535

26,598,453

Item 1 is for foundation and permissive support of the maximum-budget-without-a-vote for special education.

Item 2 is for emergencies that may arise in special education programs at local districts. A district's board of trustees may apply for an allocation from these funds by presenting to the superintendent of public instruction a child-study team report and an individual educational plan for each child relating to this

HOUSE BILL NO. 500

unforeseen expense and a current listing of programs, case loads, and related costs. The appropriation in item 2 is for the biennium and the specific amounts may be transferred between fiscal years.

Item 3 is for purchase of audiological services by the office of public instruction. These amounts may not be transferred between fiscal years. Any unused amounts revert at the end of the fiscal year.

Notwithstanding other provisions of law, the superintendent may not approve a maximum-budget-without-a-vote for special education which, in the aggregate, exceeds \$51,041,988 in the 1983 biennium.

Federal funds to support special education programs in excess of \$5,110,000 during the 1983 biennium shall be placed in a reserve fund and not spent until appropriated by the 1983 legislature.

SUPERINTENDENT OF PUBLIC INSTRUCTION,

VOCATIONAL-TECHNICAL CENTERS

1. Billings Center

a. Personal Services

434,969	490,694	487,031	521,942
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b. Operating Expenses

133,475	166,368	194,230	208,152
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c. Equipment

6,288	7,196	6,454	7,030
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d. Audit Costs

14,000			
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2. Butte Center

a. Personal Services

588,475	304,643	663,762	327,519
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b. Operating Expenses

76,437	46,300	119,901	59,162
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c. Equipment

HOUSE BILL NO. 500

	14,637	7,513	14,833	7,317
d. Audit Costs				
	13,000			
3. Great Falls Center				
a. Personal Services				
	539,848	360,799	602,669	379,037
b. Operating Expenses				
	128,719	86,028	176,418	119,759
c. Equipment				
	23,449	15,751	31,182	18,718
d. Audit Costs			14,000	
4. Helena Center				
a. Personal Services				
	898,055	429,643	990,168	457,023
b. Operating Expenses				
	254,922	121,958	347,259	167,205
c. Equipment				
	38,958	18,642	44,438	20,412
d. Audit Costs			15,000	
5. Missoula Center				
a. Personal Services				
	917,631	526,547	997,856	576,298
b. Operating Expenses				

HOUSE BILL NO. 500

	217,738	133,548	283,644	163,814
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c. Equipment

	56,276	32,194	32,102	18,613
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d. Audit Costs

15,000

6. Office of Budget and Program Planning

CETA Contingency Funds

44,000

Total Vocational-Technical Centers

4,415,877	2,747,824	5,020,947	3,052,001
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The superintendent of public instruction may transfer funds between personal services, operations, and equipment within each vocational-education center or between vocational-education centers. The intent of the legislature is that these appropriated funds not provide for salary increases at the vocational-education centers above the state pay plan for fiscal years 1982 and 1983.

Receipt of state funds appropriated to the five technical centers is contingent upon each county in which the center resides levying 1.5 mills each fiscal year. Millage received by the centers from the 1.5 mill levy over \$765,101 in fiscal 1982 and \$804,733 in fiscal 1983 will revert a like amount to the general fund each year.

Item 6 is to be distributed to the Billings center if CETA funds are not available to the center in fiscal 1982.

OFFICE OF PUBLIC INSTRUCTION

1. Office of Public Instruction

1,566,750	3,209,704	1,577,805	3,286,040
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2. Audit Costs

50,000

3. School Transportation

4,724,445	5,019,250
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4. School Lunch

HOUSE BILL NO. 500

731,494

807,449

5. Adult Education

121,881

132,851

6. Secondary Vocational Education

1,500,000

7. Building Space

116,897

10,740

130,662

7,911

Total Office of Public Instruction

8,761,467 3,220,444 7,718,017 3,293,951

Other appropriated funds in item 1 contain \$369,182 in fiscal 1982 and \$374,735 in fiscal 1983 for internal transfers of indirect costs. General fund money shall revert in the amount indirect costs in excess of these amounts are recovered.

Item 6 is for the biennium.

Item 7 contains the spending authority necessary to fund the lease agreement and other related costs of the office of public instruction building at 1300 Eleventh Avenue. When this building is purchased by the state, all appropriated funds in item 7 except \$3.02 per square foot in fiscal 1982 and \$3.09 per square foot in fiscal 1983 in proportion to the time period remaining each fiscal year shall revert.

All revenues received in the state traffic education account under provisions of 20-7-504 are appropriated to be distributed as provided in 20-7-506.

ADVISORY COUNCIL FOR VOCATIONAL EDUCATION

1. General Operations

92,000

94,000

2. Audit

2,000

Total Advisory Council for Vocational Education

94,000

94,000

STATE LIBRARY

1. General Operations

HOUSE BILL NO. 500

	332,472	759,794	417,771	809,245
2. Administration Program - Moving Costs				
	20,000			
3. Library Networking Operations				
		77,300		73,549
4. Audit				
	<u>3,300</u>	<u>2,700</u>	<u> </u>	<u> </u>

Total State Library

355,772	839,794	417,771	882,794
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Item 2 is for the biennium ending June 30, 1983.

Item 3 consists of earmarked funds generated under 15-35-108(2)(i). These funds are appropriated for networking operations at the state library. All other funds generated pursuant to this section shall be distributed to the library federations.

MONTANA HISTORICAL SOCIETY

1. Administration, Library, Archives, and Museum Programs

613,113	100,800	619,701	100,800
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2. Historic Sites Program

56,422	56,423	57,630	57,630
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3. Publications Program

35,162	123,944	36,827	129,812
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4. Merchandising Program

	284,337		287,515
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5. Audit

<u>2,899</u>	<u>2,101</u>	<u>8,728</u>	<u>6,272</u>
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Total Montana Historical Society

707,596	567,605	722,886	582,029
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HOUSE BILL NO. 500

Item 4 contains \$20,000 in fiscal year 1982 and \$20,000 in fiscal year 1983 for internal transfers of profits generated by the merchandising program.
MONTANA ARTS COUNCIL

1. General Operations

76,222	222,270	81,719	230,628
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2. Local Community Grants

20,275		20,275	
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3. Audit

<u>3,500</u>	<u>3,500</u>	<u> </u>	<u> </u>
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Total Montana Arts Council

99,997	225,770	101,994	230,628
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SCHOOL FOR THE DEAF AND BLIND

1. General Operations

1,486,843	510,988	1,540,847	514,247
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2. Audit

<u>15,000</u>	<u> </u>	<u> </u>	<u> </u>
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Total School for the Deaf and Blind

1,501,843	510,988	1,540,847	514,247
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TOTAL OTHER EDUCATION

40,543,669	8,206,425	42,373,341	8,649,650
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F. HIGHER EDUCATION

For units of the university system other than the office of the commissioner of higher education, the appropriations made under the column heading "Other Appropriated Funds" are from funds within current unrestricted funds unless otherwise indicated.

All funds, other than plant funds and those specifically appropriated herein, may be spent and are appropriated contingent upon approval by the board of regents by July 1 of each year of a comprehensive program budget containing a detail of revenues and expenditures and anticipated fund balances of current funds, loan funds, and endowment funds. All movement of funds between the current unrestricted subfund and the designated subfund accounting

HOUSE BILL NO. 500

entities shall be clearly identified in the state budgeting and accounting system.

Programs for the university budgets include instruction, organized research, public service, academic support, student services, institutional support, and operation and maintenance of plant.

Included within other appropriated funds to the six institutions is the sum of \$12,488,450 in fiscal year 1982 and \$13,579,452 in fiscal year 1983 from revenues generated under the provisions of House Bill 191, 46th legislature.

The amounts shown for critical area faculty salary adjustments are appropriated to the colleges and universities contingent upon approval by the board of regents of a salary distribution plan or negotiated agreement for each campus. It is the legislature's intent that the critical area faculty salary adjustment funds be expended in those academic disciplines where difficulty is experienced recruiting or retaining faculty due to external market conditions.

	Fiscal Year 1982		Fiscal Year 1983	
	General	Appropriated	General	Appropriated
	Fund	Funds	Fund	Funds
BOARD OF REGENTS	23,029		25,104	
COMMISSIONER OF HIGHER EDUCATION				
1. Office Administration	624,554	26,705	633,221	27,458
2. WAMI	1,491,997		1,625,272	
3. WICHE - Student Assistance	627,100	911,000	500,800	1,143,000
4. WICHE - Administrative Dues	46,300		50,000	
5. University of Minnesota - Rural Dentistry	153,600		168,000	

HOUSE BILL NO. 500

6. SSIG

175,000	211,592	175,000	211,592
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7. NDSL

100,000		100,000	
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8. Audit

<u>6,000</u>	<u> </u>	<u> </u>	<u> </u>
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Total Commissioner of Higher Education

3,224,551	1,149,297	3,252,293	1,382,050
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COMMUNITY COLLEGES

1. Miles Community College

779,222		819,247	
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2. Dawson Community College

587,208		639,498	
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3. Flathead Valley Community College

<u>1,127,029</u>	<u> </u>	<u>1,185,178</u>	<u> </u>
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Total Community Colleges

2,493,459		2,643,923	
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The above appropriation provides 53 percent of the total unrestricted budgets for the community colleges that shall be approved by the board of regents.

The general fund appropriation for each community college includes 53 percent of the total audit cost. The remaining audit costs shall be paid from local funds. Audit costs are not to exceed \$17,000 for each unit for the biennium.

BUREAU OF MINES

1,210,783	141,600	1,228,570	155,800
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AGRICULTURAL EXPERIMENT STATION

1. Agricultural Experiment Station

4,448,576	2,275,276	4,570,687	2,359,167
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HOUSE BILL NO. 500

6. SSIG

175,000	211,592	175,000	211,592
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7. NDSL

100,000		100,000	
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8. Audit

<u>6,000</u>	<u> </u>	<u> </u>	<u> </u>
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Total Commissioner of Higher Education

3,224,551	1,149,297	3,252,293	1,382,050
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COMMUNITY COLLEGES

1. Miles Community College

779,222		819,247	
---------	--	---------	--

2. Dawson Community College

587,208		639,498	
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3. Flathead Valley Community College

<u>1,127,029</u>	<u> </u>	<u>1,185,178</u>	<u> </u>
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Total Community Colleges

2,493,459		2,643,923	
-----------	--	-----------	--

The above appropriation provides 53 percent of the total unrestricted budgets for the community colleges that shall be approved by the board of regents.

The general fund appropriation for each community college includes 53 percent of the total audit cost. The remaining audit costs shall be paid from local funds. Audit costs are not to exceed \$17,000 for each unit for the biennium.

BUREAU OF MINES

1,210,783	141,600	1,228,570	155,800
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AGRICULTURAL EXPERIMENT STATION

1. Agricultural Experiment Station

4,448,576	2,275,276	4,570,687	2,359,167
-----------	-----------	-----------	-----------

HOUSE BILL NO. 500

2. United States Range Station

	<u>901,926</u>		<u>927,288</u>
Total Agricultural Experiment Station			
4,448,576	3,177,202	4,570,687	3,286,455
COOPERATIVE EXTENSION SERVICE			
1,644,433	1,631,270	1,607,040	1,755,623
FORESTRY AND CONSERVATION EXPERIMENT STATION			
500,773		594,407	
MONTANA STATE UNIVERSITY			
1. Instruction			
10,754,709	7,587,801	10,587,516	7,793,104
2. Critical Area Faculty Salary Adjustment			
186,191	128,809	198,595	143,405
3. Organized Research			
412,098	285,092	419,429	302,870
4. Public Service			
5,159	3,569	5,017	3,623
5. Academic Support, Student Services, and Institutional Support			
5,580,112	3,860,358	6,003,155	4,334,873
6. Operation and Maintenance of Plant			
2,174,812	1,504,549	2,285,575	1,650,411
7. Scholarships and Fellowships			
392,782	271,729	431,975	311,929
8. Audit Costs			

HOUSE BILL NO. 500

<u>18,840</u>	<u>13,035</u>	<u>6,170</u>	<u>4,455</u>
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Total Montana State University

19,524,703	13,654,942	19,937,432	14,544,670
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Total audit costs are estimated to be \$85,000 for the biennium. Fifty percent of those costs are to be paid from funds other than those appropriated by the legislature.

UNIVERSITY OF MONTANA

1. Instruction

8,773,903	5,460,204	8,732,602	5,692,301
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2. Critical Area Faculty Salary Adjustment

152,343	92,657	162,479	103,521
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3. Organized Research

220,080	133,856	222,794	141,951
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4. Public Service

100,589	61,180	102,605	65,373
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5. Academic Support, Student Services, and Institutional Support

4,899,936	2,980,227	5,180,245	3,300,525
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6. Operation and Maintenance of Plant

2,370,108	1,441,542	2,507,881	1,597,864
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7. Scholarships and Fellowships

394,307	239,825	416,972	265,669
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8. Audit Costs

<u>19,820</u>	<u>12,055</u>	<u>6,490</u>	<u>4,135</u>
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HOUSE BILL NO. 500

Total University of Montana

16,931,086	10,421,546	17,332,068	11,171,339
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Total audit costs are estimated to be \$85,000 for the biennium. Fifty percent of those costs are to be paid from funds other than those appropriated by the legislature.

EASTERN MONTANA COLLEGE

1. Instruction

2,876,473	1,585,378	2,754,541	1,727,227
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2. Critical Area Faculty Salary Adjustments

43,158	22,842	44,940	27,060
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3. Public Service

22,797	12,065	22,155	13,340
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4. Academic Support, Student Services, and Institutional Support

2,201,727	1,165,294	1,984,834	1,195,140
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5. Operation and Maintenance of Plant

1,039,378	550,105	1,049,692	632,058
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6. Scholarships and Fellowships

130,359	68,994	125,640	75,652
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7. Audit Costs

<u>7,283</u>	<u>3,855</u>	<u>14,114</u>	<u>8,498</u>
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Total Eastern Montana College

6,321,175	3,408,533	5,995,916	3,678,975
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HOUSE BILL NO. 500

Total audit costs are estimated to be \$45,000 for the biennium. Twenty-five percent of those costs are to be paid from funds other than those appropriated by the legislature.

NORTHERN MONTANA COLLEGE

1. Instruction

1,784,498	757,333	1,767,099	816,710
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2. Critical Area Faculty Salary Adjustment

11,359	4,641	12,107	5,393
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3. Public Service

6,376	2,605	6,388	2,845
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4. Academic Support, Student Services, and Institutional Support

877,010	358,345	943,010	420,070
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5. Operation and Maintenance of Plant

440,490	179,984	451,192	200,986
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6. Scholarships and Fellowships

86,263	35,247	82,950	36,950
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7. Audit Costs

<u>13,977</u>	<u>5,711</u>	<u>4,539</u>	<u>2,023</u>
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Total Northern Montana College

3,219,973	1,343,866	3,267,285	1,484,977
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Total audit costs are estimated to be \$35,000 for the biennium. Twenty-five percent of those costs are to be paid from funds other than those appropriated by the legislature.

HOUSE BILL NO. 500

WESTERN MONTANA COLLEGE

1. Instruction

730,977	369,544	720,410	388,313
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2. Critical Area Faculty Salary Adjustment

5,413	2,587	5,960	3,040
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3. Academic Support, Student Services, and Institutional Support

645,051	308,224	676,244	344,918
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4. Operation and Maintenance of Plant

343,219	164,000	354,136	180,628
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5. Scholarships and Fellowships

32,118	15,347	33,035	16,850
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6. Audit Costs

<u>4,440</u>	<u>2,122</u>	<u>13,038</u>	<u>6,650</u>
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Total Western Montana College

1,761,218	861,824	1,802,823	940,399
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Total audit costs are estimated to be \$35,000 for the biennium. Twenty-five percent of those costs are to be paid from funds other than those appropriated by the legislature.

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY

1. Instruction

1,648,006	1,096,383	1,695,835	1,127,568
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2. Critical Area Faculty Salary Adjustment

HOUSE BILL NO. 500

104,903	69,212	112,992	74,514
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3. Organized Research

23,912	15,776	26,265	17,321
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4. Academic Support, Student Services, and Institutional Support

906,491	598,075	1,156,466	762,650
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5. Operation and Maintenance of Plant

631,925	416,925	673,885	444,405
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6. Scholarships and Fellowships

100,090	66,037	104,423	68,863
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7. Audit Costs

<u>10,168</u>	<u>6,707</u>	<u>10,169</u>	<u>6,706</u>
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Total Montana College of Mineral Science and Technology

3,425,495	2,269,115	3,780,035	2,502,027
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Total audit costs are estimated to be \$45,000 for the biennium. Twenty-five percent of those costs are to be paid from funds other than those appropriated by the legislature.

Funds appropriated to the colleges and universities in all items except audit costs and critical area faculty salary adjustments may be transferred between items within a fiscal year through budget amendment approved by the board of regents.

TOTAL HIGHER EDUCATION

64,729,254	38,059,195	66,037,583	40,902,315
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GRAND TOTAL

294,805,799	420,118,245	246,061,712	432,417,030
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Section 20. Effective date. This act is effective July 1, 1981.

HOUSE BILL NO. 500

STORES INVENTORY

AE/OE		FY82 Actual	FY83 Budgeted	FY84 OBPP	FY84 LFA	Difference	FY85 OBPP	FY85 LFA	Difference
2100	Contra Serv	\$ 276,560		\$ 297,396	\$ 243,784	\$ -53,612	\$ 315,239	\$ 258,408	\$ -56,831
2200	Supplies	3,605,926		3,880,642	3,398,939	-481,703	4,273,306	3,738,605	-534,701
2300	Communica	3,747		3,542	3,552	10	3,943	3,942	-1
2400	Travel	7,115		6,456	6,361	-95	6,644	6,497	-147
2500	Rent	139,807		154,142	154,139	-3	163,391	163,386	-5
2600	Utilities	10,423		8,786	8,784	-2	9,753	9,750	-3
2700	Repair	6,127,042		9,110,206	6,807,315	-2,302,891	9,793,503	7,215,741	-2,577,762
2800	Other Expen	98,503		1,906	1,906	0	2,020	2,020	0
2900	Gds resale		\$14,518,052						
	Total Level	\$10,269,123		\$13,463,076	\$10,624,780	\$-2,838,296	\$14,567,799	\$11,398,349	\$-3,169,450
4112	Capital out	110							
	Total Pgm	\$10,269,233	14,518,052	\$13,463,076	\$10,624,780	\$-2,838,296	\$14,567,799	\$11,398,349	\$-3,169,450
02459	Stores Inv	10,269,233	14,518,052	13,463,076	10,624,780	-2,838,296	14,567,799	11,398,349	-3,169,450

2100 The Department recommends the OBPP amount. The differences result from the LFA reducing the base by the following categories:

	<u>FY '84</u>	<u>FY '85</u>
2130 - Equipment manned and fueled(1)	11,580	12,275
2199 - General(2)	42,014	44,535
2103 - Data Processing	<u>18</u>	<u>21</u>
Total	53,612	56,831

(1) This amount is needed to pay private contractors for hauling gravel from crushing sites to stockpiles.

(2) The general contracted services is the amount of personal services from the maintenance program. We request the OBPP current level for this amount or this account can be eliminated if authority is granted to transfer payroll costs to this program.

2200 The Department recommends the OBPP amount. The LFA reduced the gasoline and diesel requests by 15% based on the Governor's Council on Management recommendation. The OBPP request is based on a reduced fleet size on the Equipment Bureau.

	<u>FY '84</u>	<u>FY '85</u>
2216 - Gasoline	391,493	434,566
2242 - Diesel	<u>90,210</u>	<u>100,135</u>
Total	481,703	534,701

2700 Repairs and Maintenance

We request the OBPP amount. The LFA used FY '82 base amounts for road oil and reduced other parts by 15%. The OBPP reduced parts by 10% and increased road oil by the following amounts:

	<u>FY '84</u>	<u>FY '85</u>
- Other Parts	55,691	59,032
- Road Oil	<u>2,247,200</u>	<u>2,518,730</u>
Total	2,302,891	2,577,762

The road oil is increased to place all purchases in the Stores Program to allow full use of the Maintenance Management System. In prior years some costs were charged directly to the Maintenance Program. This OBPP amount corresponds to the total amount requested in the Maintenance Program.

MOTOR POOL

AE/OE	FY82 Actual	FY83 Budgeted	FY84 OBPP	FY84 LFA	FY84 Difference	FY85 OBPP	FY85 LFA	FY85 Difference
0000 FTE	6.00	6.00	6.00	5.00	-1.00	6.00	5.00	-1.00
1100 Salaries	\$ 103,516	\$ 109,516	\$ 111,054	\$ 88,189	\$ -22,865	\$ 110,742	\$ 87,858	\$ -22,884
1400 Benefits	24,978	33,087	21,333	13,778	-7,555	21,473	14,013	-7,460
1500 Health In			5,760	4,800	-960	5,760	4,800	-960
-Total Level	\$ 128,494	\$ 142,603	\$ 138,147	\$ 106,767	\$ -31,380	\$ 137,975	\$ 106,671	\$ -31,304
2100 Contra Serv	39,833	72,424	37,093	44,749	7,656	38,005	47,430	9,425
2200 Supplies	217,854	449,018	209,232	233,023	23,791	232,178	258,551	26,373
2300 Communica	1,143	1,724	834	831	-3	975	970	-5
2400 Travel	101	27	150	111	-39	150	117	-33
2500 Rent	2,860	2,370	3,214	3,211	-3	3,407	3,402	-5
2600 Utilities	4,694	6,394	6,279	6,275	-4	7,654	7,647	-7
2700 Repair	42,474	109,049	43,551	47,716	4,165	46,165	50,572	4,407
2800 Other Exp	208,792	361	429	474	45	454	502	48
Total Level	\$ 517,752	\$ 641,367	\$ 300,782	\$ 336,390	\$ 35,608	\$ 328,988	\$ 369,191	\$ 40,203
3100 Equipment	192,763	381,946	280,100		-280,100	203,700		-203,700
4100 Land		20,816						
Total Pgm	\$ 839,009	\$1,186,732	\$ 719,029	\$ 443,157	\$ -275,872	\$ 670,663	\$ 475,862	\$ -194,801
06506 Motor Pl	839,009	1,186,732	719,029	443,157	-275,872	670,663	475,862	-194,801
Total Pgm	\$ 839,009	\$1,186,732	\$ 719,029	\$ 443,157	\$ -275,872	\$ 670,663	\$ 475,862	\$ -194,801

FY-84

FY-85

+1.00

+1.00

0000 FTE - LFA deleted 1 FTE because the position control report showed a mechanics position only being utilized 13% of base year. The full position is necessary because other equipment bureau personnel are charged against the Motor Pool program for approximately .87 FTE on an annual basis. The position was never vacant, his time was being charged to the Highway Equipment program; and other Equipment Bureau personal services were being charged to Motor Pool.

2100- All items are acceptable at the lowest of the two recommendations 2100, 2200, 2300, 2800 2400, 2500, 2600, 2700 & 2800.

3100 EQUIPMENT - LFA did not include equipment replacement. Itemized request list shows each vehicle to be replaced and estimated costs. We will need to replace 35 units in FY 84 and 26 units in FY 85, all will be over 75,000 miles and fleet size will be maintained at 160 units, 43 units less than FY 82-83.

280,100

203,700

1983-84

EXHIBIT 5
2-18-83

Motor Pool Vehicle Replacement

<u>1984-85</u>				
Class 01	Station Wagons	sell 2 @ 2500 =		5000.00
		replace 2 @ 9100 =	\$18,200.00	
Class 02	4x4	sell 1 @ 3500 =		3500.00
		replace 1 @ 49500		
Class 04	Sub compact	No replacement		
Class 05	Sub compact	sell 1 @ 3000 =		3000.00
		replace 1 @ 47500		
Class 06	Compact	sell 20 @ 2200 =		44,000.00
		replace 20 @ 7500 =	150,000	
Class 07	Pickup	sell 1 @ 2500 =		2500.00
		replace 1 @ 47500.00		
Class 12	Van	sell 1 @ 3500		3500.00
		replace 1 @ 41,000		
Income		units	26	
Replacement		units	26	
				Cost \$403,700
				<u>\$61,500</u>

Oct

Oct

Oct

Oct

CLASS C1 STE WAGONS (17)

Use of 6.6 X 4 units = 3 units reduction
est 13,000/4yr 14 units

01-B81 1977 AMC
01-B86 1978 Ply Vol
01-B88 1978 Ply Vol
01-B89 1979 Aspen
01-B92 1979 Aspen
01-B9D 1979 Aspen

56200
*78,406
*75,036
64003
70,702
61,799

**82,200

73,003
*83,702
*74,799
**86,023

replace

do not

1983

units

* sell 2

1

replace

1983

units

* sell 2

2

replace

1984

units

* sell 2

Class 02 4x4 Rancher (16)

Use 0/0 4.55 X 44 units = 2 units reduction
9000 miles / year

- 02-A25 1976 Dodge Ram 4x4
- 02-A29 1977 Dodge Ram 4x4
- 02-A31 1977 Dodge Ram 4x4
- 02-A32 1978 GMC Jimmy 4x4
- 02-A34 1979 Dodge Ram 4x4

1982

- *78,000
- *78,697
- *75,505
- 72,129
- 60,234

1983-84

- *81,129
- 69,234

1984-85

- *78,234

1982-83 * Sell 3 units - replace /
1983-84 * replace /
1984-85 * replace /

Class 05 Sub Compact w/Air and Auto (1/1)

include with 06 total 36 units reduction
21,000 miles/year

05-A16	1980	ply	Horiz
05-A22	1980	ply	Horiz
05-A21	1980	ply	Horiz
05-A19	1980	ply	Horiz
05-A24	1980	ply	Horiz
05-A17	1980	ply	Horiz
05-A23	1980	ply	Horiz
05-A20	1980	ply	Horiz
05-A25	1980	ply	Horiz

1982-83 replace none

1983-84 * replace 1 unit

1984-85 * replace 1 unit

1982

62,971
61,627
61,470
51,000
58,500
56,886
55,000
53,167
41,230

1983-84

*83,971
*83,627
*82,470
*80,000
*79,000
*77,000
*76,000
*74,167
62,230

1984-85

95,167
*83,230

Class 06 Compacts w/Air & Auto (115)

use 90 37.5 include 04 & 05

36 unit reduction

16500 miles/year

See attached sheet

1982 1983-84 1984-85

29

MONTANA DEPT OF HIGHWAYS STATE MOTOR POOL.
DATE SEP 30, 1982

MOTOR POOL	MAKE	MFR	MODEL	YEAR	09/30/82 ODOMETER
06844	AM	HORNET	1976		89472
06877	A M HORNET		1977		72153
06880	PLYMOUTH SEDAN	VOLARE	1978		75954
06881	PLYMOUTH SEDAN	VOLARE	1978		74935
06882	PLYMOUTH SEDAN	VOLARE	1978		75389
06884	PLYMOUTH SEDAN	VOLARE	1978		80410
06885	PLYMOUTH SEDAN	VOLARE	1978		75791
06886	PLYMOUTH SEDAN	VOLARE	1978		75643
06888	PLYMOUTH SEDAN	VOLARE	1978		74297
06890	PLYMOUTH SEDAN	VOLARE	1978		77499
06892	PLYMOUTH SEDAN	VOLARE	1978		77611
06893	PLYMOUTH SEDAN	VOLARE	1978		75661
06895	PLYMOUTH SEDAN	VOLARE	1978		75521
06896	PLYMOUTH SEDAN	VOLARE	1978		76600
06897	PLYMOUTH SEDAN	VOLARE	1978		75467
06898	PLYMOUTH SEDAN	VOLARE	1978		75625
06899	PLYMOUTH SEDAN	VOLARE	1978		70787
06900	PLYMOUTH SEDAN	VOLARE	1978		75758
06902	PLYMOUTH SEDAN	VOLARE	1978		76498
06904	PLYMOUTH SEDAN	VOLARE	1978		68561
06905	PLYMOUTH SEDAN	VOLARE	1978		78252
06909	PLYMOUTH SEDAN	VOLARE	1978		68847
06911	PLYMOUTH SEDAN	VOLARE	1978		77416
06915	PLYMOUTH SEDAN	VOLARE	1978		78256
06916	PLYMOUTH SEDAN	VOLARE	1978		78702
06917	PLYMOUTH SEDAN	VOLARE	1978		78645
06918	PLYMOUTH SEDAN	VOLARE	1978		77863
06919	PLYMOUTH SEDAN	VOLARE	1978		81150
06921	DODGE 4DR SEDAN	ASPEN	1979		48673
06922	DODGE 4DR SEDAN	ASPEN	1979		76612
06923	DODGE 4DR SEDAN	ASPEN	1979		51955
06924	DODGE 4DR SEDAN	ASPEN	1979		75048
06925	DODGE 4DR SEDAN	ASPEN	1979		71292
06926	DODGE 4DR SEDAN	ASPEN	1979		74591
06927	DODGE 4DR SEDAN	ASPEN	1979		66923
06928	DODGE 4DR SEDAN	ASPEN	1979		73557
06929	DODGE 4DR SEDAN	ASPEN	1979		43943
06930	DODGE 4DR SEDAN	ASPEN	1979		43238
06931	DODGE 4DR SEDAN	ASPEN	1979		71670
06932	DODGE 4DR SEDAN	ASPEN	1979		79109
06933	DODGE 4DR SEDAN	ASPEN	1979		70512
06934	DODGE 4DR SEDAN	ASPEN	1979		79321
06935	DODGE 4DR SEDAN	ASPEN	1979		70970
06936	DODGE 4DR SEDAN	ASPEN	1979		74957
06938	DODGE 4DR SEDAN	ASPEN	1979		67732
06939	DODGE 4DR SEDAN	ASPEN	1979		78659
06940	DODGE 4DR SEDAN	ASPEN	1979		59504
06941	DODGE 4DR SEDAN	ASPEN	1979		75422

1983-84 1984-85

85,061

85,347

65,173 81,673

68,455 84,955

83,423

60,443 14,911

59,738 74,723

84,032

76,404

MONTANA DEPT OF HIGHWAYS STATE MOTOR POOL
DATE SEP 30, 1982

MOTOR POOL	MAKE	MFR MODEL	MODEL YEAR	09/30/82 ODOMETER	1983-84	1984-85
06C42	DODGE	4DR SEDAN	ASPEN	1979	72703	
06C43	DODGE	4DR SEDAN	ASPEN	1979	74825	
06C44	DODGE	4DR SEDAN	ASPEN	1979	66696	83,196
06C45	DODGE	4DR SEDAN	ASPEN	1979	62766	71,266
06C46	DODGE	4DR SEDAN	ASPEN	1979	66942	82,442
06C47	DODGE	4DR SEDAN	ASPEN	1979	72763	
06C48	DODGE	4DR SEDAN	ASPEN	1979	68927	85,427
06C49	DODGE	4DR SEDAN	ASPEN	1979	75699	
06C50	DODGE	4DR SEDAN	ASPEN	1979	71855	
06C51	DODGE	4DR SEDAN	ASPEN	1979	71111	
06C52	DODGE	4DR SEDAN	ASPEN	1979	39228	
06C53	DODGE	4DR SEDAN	ASPEN	1979	77020	
06C54	DODGE	4DR SEDAN	ASPEN	1979	71132	
06C55	DODGE	4DR SEDAN	ASPEN	1979	44521	61,021
06C56	DODGE	4DR SEDAN	ASPEN	1979	71927	77,527
06C57	DODGE	4DR SEDAN	ASPEN	1979	65330	81,830
06C58	AMC	4DR SEDAN	CONCORD	1980	64199	80,699
06C59	AMC	4DR SEDAN	CONCORD	1980	56176	
06C60	AMC	4DR SEDAN	CONCORD	1980	66157	82,657
06C61	AMC	4DR SEDAN	CONCORD	1980	35446	
06C62	AMC	4DR SEDAN	CONCORD	1980	65353	81,853
06C63	AMC	4DR SEDAN	CONCORD	1980	64298	81,798
06C64	AMC	4DR SEDAN	CONCORD	1980	56824	72,324
06C65	AMC	4DR SEDAN	CONCORD	1980	64928	81,500
06C66	AMC	4DR SEDAN	CONCORD	1980	65454	81,954
06C67	AMC	4DR SEDAN	CONCORD	1980	51511	78,000
06C68	AMC	4DR SEDAN	CONCORD	1980	58257	74,257
06C69	AMC	4DR SEDAN	CONCORD	1980	65636	81,000
06C70	AMC	4DR SEDAN	CONCORD	1980	58967	75,467
06C71	AMC	4DR SEDAN	CONCORD	1980	44328	
06C72	AMC	4DR SEDAN	CONCORD	1980	68217	84,717
06C73	AMC	4DR SEDAN	CONCORD	1980	66280	82,780
06C74	AMC	4DR SEDAN	CONCORD	1980	62171	78,671
06C75	AMC	4DR SEDAN	CONCORD	1980	51718	
06C76	AMC	4DR SEDAN	CONCORD	1980	59999	76,500
06C77	AMC	4DR SEDAN	CONCORD	1980	57700	74,200
06C78	AMC	4DR SEDAN	CONCORD	1980	51335	
06C79	AMC	4DR SEDAN	CONCORD	1980	62656	79,156
06C80	AMC	4DR SEDAN	CONCORD	1980	45864	
06C81	AMC	4 DR SEDAN	CONCORD	1981	17350	
06C82	AMC	4 DR SEDAN	CONCORD	1981	14370	
06C83	AMC	4 DR SEDAN	CONCORD	1981	19502	
06C84	AMC	4 DR SEDAN	CONCORD	1981	33758	
06C85	AMC	4 DR SEDAN	CONCORD	1981	25155	
06C86	AMC	4 DR SEDAN	CONCORD	1981	17111	
06C87	AMC	4 DR SEDAN	CONCORD	1981	18447	
06C88	AMC	4 DR SEDAN	CONCORD	1981	16978	
06C89	AMC	4 DR SEDAN	CONCORD	1981	10501	

07 Pickups (18)	1982	1983-84	1984-85
Use o/p 3.8% reduce 2 5200 mile / year			
07- F18 1976 Dodge D100	23562		
07- L73 1973 Chev CC1090	78213		
07- E14 1975 Dodge D-100	73,316	*78,316	*777,029
07- F15 1975 Dodge D-100	66629	71,829	

3
 replace 1 units
 replace 1 unit

1983-84 *
 1984-85 *

Class 12 VANS (11)

reduced one by selling to Highway
12,000 miles/year

12 A18	Dodge	VAN	1978
12 A16	Cher	VAN	1977
12 A17	Cher	VAN	1977
12 A28	Dodge	VAN	8300 1978
12 A29	"	"	" 1978
12 A22	Dodge	VAN	1979

* 1983-84 replace 9 units
* 1984-85 replace 1 unit

1982

76,450
72,704
71,483
69,047
70,940
60,179

1983-84

* 94,704
* 83,483
* 81,047
* 82,940
72,179

1984-85

* 84,179

GROSS VEHICLE WEIGHT DIVISION

AE/OE	FY82 Actual	FY83 Budgeted	FY84 OBPP	FY84 LFA	FY84 Difference	FY85 OBPP	FY85 LFA	FY85 Difference
0000	FTE	96.14	95.14	96.14	1.00	95.14	96.14	1.00
1100	Salaries	\$1,418,130	\$1,674,878			\$1,670,003		
1400	Benefits	314,396	278,700			277,888		
1500	Health In		91,334			91,334		
	Total Level	\$1,732,526	\$2,044,912			\$2,039,225		
2100	Contra Sev	241,274	309,701	308,049	-1,652	328,283	326,515	-1,768
2200	Supplies	28,876	32,067	32,973	906	33,990	34,952	962
2300	Communica	27,508	34,579	28,883	-5,696	40,696	33,693	-7,003
2400	Travel	97,050	152,669	104,981	-47,688	160,572	109,307	-51,265
2500	Rent	8,146	8,903	5,778	-3,125	9,437	6,123	-3,314
2600	Utilities	32,438	42,477	42,473	-4	53,102	53,095	-7
2700	Repair	36,221	142,920	40,858	-102,062	151,495	43,306	-108,189
2800	Other Exp	62,074	79,027	69,741	-9,286	83,770	73,921	-9,849
	Total Level	\$ 533,587	\$ 802,343	\$ 633,736	\$ -168,607	\$ 861,345	\$ 680,912	\$ -180,433
3100	Equipment	20,486	11,080	11,080		11,080	11,080	
4300	Projects	200						
	Total Pgm	\$2,286,799	\$2,858,335			\$2,911,650		
02422	Highways	\$2,286,799	\$2,858,335			\$2,911,650		
	Total Pgm	\$2,286,799	\$2,858,335			\$2,911,650		

VARIANCES FROM LFA BUDGET

1. 1100 - Decrease 1 FTE as a result of computerizing 1 position in FY 1983. Delete position 22072. G-7.
2. 2300 - The Department recommends the OBPP amount. 25 weigh station phones located throughout the State should not be deflated.

	<u>FY 84</u>	<u>FY 85</u>
Increase	5,696	7,003

3. 2400 - The Department recommends the OBPP amount.

Additional out-of-state commercial transportation (2412) is for attendance at Multi-State Highway Agreement Meetings. Two meetings per year for Highway Department representative and one Legislator.

Additional equipment rental (2405) is for increased safety inspections and increased roving enforcement due to additional staff of 14 granted by the 1981 Legislature.

Additional out-of-state lodging is to cover attendance at Multi-State Highway Agreement Meetings.

Aircraft rental is requested for G.V.W. Administrator and Bureau Chiefs to travel to Districts and to attend meetings of industry to explain rules and regulations.

	<u>FY 84</u>	<u>FY 85</u>
Increase	47,688	51,265

4. 2500 - The Department recommends the OBPP amount. This a yearly land rental paid to Burlington Northern for the Billings Minnesota Avenue Weigh Station.

	<u>FY 84</u>	<u>FY 85</u>
Increase	3,125	3,314

5. 2700 - The Department recommends the OBPP amount. Scale buildings and weighing instruments are badly in need of repair and up-grading. See attached list of proposed improvements for FY 1984.

	<u>FY 84</u>	<u>FY 85</u>
Increase	102,062	108,189

6. 2800 - Enforcement Officer monthly allowances obligated by the MPEA contract are as follows: \$55 per month x 69 officers x 12 months = \$45,540.

	<u>FY 84</u>	<u>FY 85</u>
Increase	8,259	8,259

The reason the figure was lower in FY 1982 was because the 14 additional officers were not employed for the entire year.

MONTANA DEPARTMENT OF HIGHWAYS
G.V.W. DIVISION

Schedule of Repair and Maintenance

Service of fixed weigh station scales (in Western Montana for FY '84) (Eastern in FY '85)	6,511
Service of Load-o-Meter Portable Scales	3,256
Service of Lodec semi-portable scales	2,604
Complete rebuilding and replacement of worn parts of scales	9,523
Repair/replace concrete decks due to deterioration	4,151
Repair/replace broken concrete approaches due to deterioration	16,278
Install 80'x 12'x 6" approaches for more efficient and accurate weighing because of larger units and axle configurations	14,650
Electronic scale conversion kits to replace worn and out-dated dial systems	7,325
Install steel-plated cabinets to protect digital readout of electronic scales from vandalism	977
Replacement of scalehouse buildings - Buildings are too small to accommodate officers and number of truckers at same time; also better fuel efficiency because present ones have no insulation	10,987
Replace entrance doors and door frames due to deterioration and wear. Also install safety escape doors	2,563
Install new electronic open/closed sign - upgrading to interstate standards	2,849
Install additional lighting for vision in working night shifts and for security purposes	17,092

Maintenance/repairs needed to weigh station
buildings, including paneling, painting, well
repair, sewer repair, etc.

3,296

TOTAL

\$102,062

MODIFIED BUDGET

Eight additional G.V.W. Enforcement Officers are requested to afford more protection for the highways in enforcing size and weight laws and for collection of revenue in issuing necessary licenses and permits. The officers will be assigned to permanent weigh stations and will also be utilized for roving enforcement as needed.

Tentatively, the positions are scheduled to be assigned as follows:

- a. Havre - 2 positions - presently no coverage.
- b. Billings area - 2 positions - presently 8 positions are covering 3 weigh stations.
- c. Great Falls - 1 position - presently 3 positions are covering 2 weigh stations.
- d. Butte - 1 position - presently 3 positions are covering 2 weigh stations.
- e. Wibaux - 1 position - presently 5 positions are covering 2 weigh stations.
- f. Missoula - 1 position - presently 8 positions are covering 5 weigh stations.

It is believed that these additional officers will generate approximately \$53,000 annually. \$43,000 of this will go to Highways and \$10,000 to the counties from Notices to Appear.

However, the greatest benefit will be the protection of the billions of dollars we have invested in our highways.

REPORT EBSR100
DATE : 01/08/83
TIME : 16/26/30

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 5401 DEPARTMENT OF HIGHWAYS
PROGRAM : 01 GENERAL OPERATIONS PROGRAM
CONTROL : 00122 G. V. W. DIVISION

MODIFIED LEVEL SERVICES ONLY

AE/OF	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	8.00		-8.00	---	8.00		-8.00	---
1100	SALARIES	134,475		-134,475	---	128,946		-128,946	---
1400	EMPLOYEE BENEFITS	22,377		-22,377	---	21,457		-21,457	---
1500	HEALTH INSURANCE	7,680		-7,680	---	7,680		-7,680	---
	TOTAL LEVEL	164,532		-164,532	---	158,083		-158,083	---
2100	CONTRACTED SERVICES	2,327		-2,327	---	372		-372	---
2200	SUPPLIES & MATERIALS	4,552		-4,552	---	1,792		-1,792	---
2400	TRAVEL	16,538		-16,538	---	17,306		-17,306	---
2800	OTHER EXPENSES	10,433		-10,433	---	6,289		-6,289	---
	TOTAL LEVEL	33,850		-33,850	---	25,759		-25,759	---
3100	EQUIPMENT	13,000		-13,000	---				---
	TOTAL LEVEL	13,000		-13,000	---				---
	TOTAL PROGRAM	211,382		-211,382	---	183,842		-183,842	---
02422	HIGHWAYS EARMARKED SP. REV.	211,382		-211,382	---	183,842		-183,842	---
	TOTAL PROGRAM	211,382		-211,382	---	183,842		-183,842	---

The Liquor Division seeks clarification and direction on the following policy questions concerning the operation:

1. Should the Division continue to run marginally profitable stores until a lease expires or a store manager retires? This was the criteria established last session by the appropriations subcommittee. (See 1982 Legislative Performance Audit recommendation #7).
2. Should the Division close marginally profitable agency stores?
3. Should the Division continue to extend store hours in attempting to obtain additional sales?
4. Should the Division be permitted to advertise, particularly for its table wines which are consistently cheaper than those carried by the private sector?
5. Should the Division require licensees to purchase only from assigned state liquor stores in larger cities? (See 1982 Legislative Performance Audit recommendation #5).
6. Should the Division raise the markup on low-priced, marginally profitable products? (See 1982 Legislative Performance Audit recommendation #9).
7. Should the Division proceed with the Point-of-Sale program? (See 1982 Legislative Performance Audit, pages 19, 20, 34, 35, and 37, and recommendations #3, #4, #13, and #15).
8. What should be the primary mission of the Liquor Division? (See 1982 Legislative Performance Audit recommendation #17).

The state liquor enterprise was established following repeal of Prohibition, along with seventeen other control states, primarily to effect control over the distribution, sale, and consumption of beverage alcohol. In control states, 23 percent less liquor is consumed per capita, while 15 percent more per capita revenue is raised from alcohol, than in open states. The latter is obviously due to the fact that since liquor enterprises in control jurisdictions are owned by the state's citizens, all revenues derived from such operations are returned to public coffers rather than private hands. The philosophy of control states has generally been to concentrate, by definition, on control, with profit as a secondary motive. The Montana Liquor Division is the only control state entity to have had a profit mandate imposed upon it, (see 1982 Legislative Performance Audit, page 42).

Control states have primarily attempted to accommodate a natural, unstimulated demand for beverage alcohol, but not to aggressively merchandise it. However, the requirement to return a specific amount of profit has caused the Montana Liquor Division to engage in competitive merchandising practices in order to actively increase sales and profits. This, in turn, has irritated many private sector licensees. Moreover, efforts to increase prices, close marginally profitable stores, and engage in other actions designed to produce mandated profit amounts have met with strong

political opposition.

The Division's profit mandate has been eliminated for the current biennium by passage of House Bill 40. However, the question of clarification of mission remains. Does the Legislature want the Liquor Division to emphasize profit, control, or service in the coming biennium? As stated in the 1982 Legislative Performance Audit report, "The Legislature is similar to a board of directors for a private firm. As such, the Legislature needs to give clear direction to the Division on how it wants the liquor merchandising system operated...Otherwise, the Division will not have direction about what the Legislature wants done, and therefore may not be as efficient and effective as possible."