

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

March 19, 1983

(Tape 106, Side A & B)

The Appropriations Sub-committee on Elected Officials and Highways met at 2:15 p.m. on Saturday, March 19, 1983 in Room 437 with Chairman Quilici presiding. The following members were present:

Chairman Quilici	Senator Dover
Rep. Connelly	Senator Keating
Rep. Lory	

Senator Van Valkenburg and Senator Stimatz were excused.

Also present: Terry Cohea, OBPP, Cliff Roessner, LFA and Leo O'Brien, LFA.

The following were also present:

Rep. Rex Manuel	Chairman of the Legislative Council
Diana Dowling	Executive Director of the Legislature Council
Judy Rippingale	Legislative Fiscal Analyst
John Northey	Legislative Auditor
Debbie Schmidt	Environmental Quality Control

Chairman Quilici told the committee that the Chairman of the Appropriations Committee had requested that the budgets for the legislative branch be re-evaluated in view of the continuing cuts in all the budgets.

### Legislative Council

The Chairman told the committee that the main consideration as far as this budget is concerned is that some legislators feel that travel for NCSL and CSG were a little high. Ms. Dowling came up with a recommendation, which the Chairman concurs in, that \$24,000 could be cut out of the NCSL travel and expenses. The projected cost was figured at \$2,000 per trip and it has now been proposed to cut this figure to \$1,500 per trip. If expenses are beyond that figure, the traveling legislature will have to pick up that expense. Discussion by the committee. In answer to a question from the Chairman, Ms. Dowling said that the total cuts to the Council were \$97,000 for the biennium.

Rep. Lory said that he felt legislators should not be allowed to attend every meeting.

Senator Dover made a MOTION that the committee appropriate \$72,000 for travel for NCSL. (This will result in a cut of \$24,000.) Rep. Lory suggested that if the money gets really short that the council members just not be paid. The committee discussed the possibility that the council members who travel not get paid for Saturday and Sunday. The Chairman noted that

some council members could not afford to lose a shift while there are other members who could pay these expenses themselves. Rep. Manuel said they would have a better idea of the costs when they find out where the meetings are going to be held. Senator Dover said that they could get their wages and expenses but not be paid for Saturday and Sunday which would help. Ms. Dowling told the committee that the law says when you are on legislative business you are entitled to be paid a salary.

Question being called for, the motion carried.

#### Environmental Quality Council

The Chairman said that in talking with Rep. Iverson and Ms. Schmidt, they reluctantly gave up 1.5 FTE's. The Chairman said they had taken \$30,000 out of "Contracted Services" and they also have 2,000 hours of comp. time.

Ms. Schmidt gave the Chairman a breakdown of the 1.5 FTE's and the "Contracted Services" necessary if this cut is made. (Exhibit 1)

In answer to a question from the Chairman, Ms. Schmidt said that the "Contracted Services" category includes charges for printing, zeroxing charges, extra typing help to get reports out, etc. She told the committee that the printing charges are extremely expensive and one of the biggest costs they have in that category. Discussion by the committee.

To accomplish this cut of 1.5 FTE's, "Contracted Services" in FY84 would have to be raised by \$7,939 for a total of \$22,939 and FY85 would have to be raised by \$11,089 for a total of \$31,089.

Ms. Schmidt explained that with the deletion of these positions they will at least be able to contract for typing help or for a consultant when they need them.

Discussion by the committee. In answer to a question from Senator Dover, Ms. Schmidt said that, like all legislative agencies, their expenses are higher in the second year of the biennium because of the preparation of reports to the Legislature and related paperwork in preparation for the session.

(Senator Keating joined the committee and the Chairman gave him a brief summary of the committee's actions before his arrival.)

Mr. O'Brien told Senator Keating that Ms. Schmidt, upon request of the Chairman, has proposed to reduce the modified request of 3 FTE's down to 1.5 FTE's, and reduce "Personal Services" correspondingly. They will also reduce the modified request in "Supplies" and "Communications" by one-half. They would then increase "Contracted Services" by \$7,939 in FY84 and increase by

\$11,089 in FY85. Mr. O'Brien pointed out to the committee that when the additional 3 FTE's were added for the EQC, they reduced "Contracted Services" by approximately \$15,000 the first year and \$22,000 the second year.

Ms. Schmidt told the committee that if the committee is going to cut the modified by half they would also like the committee to cut the reduction that was given in "Contracted Services" by half also.

Discussion of specific categories in modified and in proposed cuts.

Ms. Cohea said the committee is cutting \$57,000 in modifieds if you only allow half and you are adding back between \$18,000 and \$19,000 in "Contracted Services" so net, you are cutting \$39,000. Senator Dover made a MOTION that the committee delete the researcher position and a .5 clerical, in addition to half of the "Supplies" and "Communications" that were appropriated and that \$7,939 in FY84 and \$11,089 in FY85 be added to "Contracted Services". (Tape 106, Side B) Discussion.

Senator Dover AMENDED his MOTION to read: Cut the Modified in half and add \$7,939 in FY84 and \$11,089 in FY85 in "Contracted Services." Question being called for, the AMENDED MOTION carried. (The committee noted that this would allow the agency to make the decision as to how they would deal with this cut in their budget.)

Question being called for, the motion carried.

#### Consumer Council

The Chairman noted that since this budget does not contain general fund money, no action would be taken by the committee to cut this budget.

#### Legislative Fiscal Analyst

Senator Dover made a MOTION that the committee cut the modified .5 FTE. The Chairman said that Ms. Rippingale reluctantly gave up the .5 FTE. The Chairman noted that this agency really needs additional personnel and that the comp time that the analysts have worked must be terrible. He asked Ms. Rippingale if she had any ideas how many hours they have put in. Ms. Rippingale said she hadn't had a chance to add this up as it wasn't a priority at this time but in signing off the payroll for the staff she said a good portion of the staff averages from 50 to 90 comp time hours every two-week period in which their normal working hours should be 80. Discussion by the committee. Ms. Rippingale said that would be \$8,538 in FY84 and \$8,257 in FY85.

Rep. Lory noted that they would have this same problem in the

second year of the next biennium. Ms. Rippingale said because they had to have support for both years because of the two special sessions this past biennium this was a problem. However, she said the real bad crunch starts in September of the session year and goes through April.

Ms. Rippingale said this would not be a permanent type position but would work only at peak times. Rep. Lory asked if she needed the authority for the half part-time. Ms. Rippingale said that was correct.

Rep. Lory made a SUBSTITUTE MOTION that the committee delete only \$8,538 in FY84. Discussion.

Question being called for, the Substitute Motion carried.

### Legislative Auditor

John Northey told the committee that according to the "hit" list, \$112,000 would be taken out of their "Travel" budget. He said they had not been contacted on that and this would tie their hands.

The Chairman said no action had been taken on this matter in the full committee. Mr. Northey said, the point he would like to make is that apparently someone thinks they have \$112,000 of fat in the travel budget. He said, his point is that they didn't. Mr. Northey said they have in the "Travel" budget a \$20,000 contingency fund for legislative requests. If this committee chooses to take that \$20,000 out of the travel budget that is fine, but it means that if they get interim committees that request audit support from their staff they may not have the travel budget to do the work.

In answer to a question from Senator Dover, Mr. Northey said they originally took the existing FTE level and added the inflation factors from the budget office and did not ask for anything additional.

In answer to a question from the Chairman, Mr. Northey said that in the 1981 session they were authorized 14 additional FTE's for the office to comply with federal government and bond house requirements. They could not absorb that many people so that was split over '82 and '83. At the present time they have 50 FTE's; they have 12 acceptances of people who will be coming to work between now and July 1st. with two offers outstanding which will bring them up to 64. The audit committee is counted as one FTE for payroll purposes which gives them a total of 65. Mr. Northey said they have to recruit in the fall for the following summer so they historically have had vacancy savings that have, over the years, reverted to the general fund or as now set up, to the revolving fund.

The Chairman noted that they have a high turnover of accountants. Mr. Northey said this was true. For example, when Governor Schwinden was elected he hired the Legislative Auditor and the Deputy Legislative Auditor as two of his department directors and they took five people out of their office with them.

In answer to Chairman Quillici's question as to how long these positions remain vacant, Mr. Northey said it is on a continuing basis. He said over the years the Legislature has authorized more FTE's for their office. Under the old federal revenue sharing requirements they had to have an audit of each state agency once every three years. Then this was changed to Attachment P audits which require total biennial audit coverage, either once a year every year, or once every two years and cover the biennium. Then the bond houses came out last year and said they had to have annual audits of the government financial statements or they wouldn't give them a good bond rating which has a significant effect upon the interest rate the state pays on selling bonds. So the Legislature over the years has authorized an increase in their FTE level. Mr. Northey said he didn't think they had ever been at their maximum authorized FTE level because of the turnover problem, however, they keep approaching it. He said they were not asking for an increase in FTE's at this time. He said they felt the 64 authorized FTE's are sufficient to do the total biennial audit coverage and the annual bond audits that are required by the bond houses.

In answer to a question from Senator Keating regarding the vacancy savings level, Mr. Northey said they had reverted about \$300,000. Mr. Northey said the authorization was for 7 in FY82 and 7 in FY83. Senator Keating said although he doesn't feel it is a great way of doing business, but if the committee is asking all agencies to give up something, 1% of this budget would be about \$23,000 per year and he asked if they could squeeze 1% out of their budget. Mr. Northey replied that he was sure they could that it would be a problem of where. Senator Keating said that would be up to them. Mr. Northey said they are funded general fund and revolving fund with about a 60-40 split. He explained that the audit function was originally 100% general fund financed. Last session the Legislature approved a revolving fund so they bill earmarked, federal, etc. They break down their costs accordingly.

In answer to a question from Senator Keating, Mr. Northey said under "Contracted Services" this would include contracting with CPA firms for contract audits. The audit staff makes recommendations and the audit committee approves the list.

Senator Keating asked if they could not do some audits that aren't worth doing. Mr. Northey said they don't have a choice because of the federal and bond house requirements. They are into total audit coverage.

Senator Keating made a MOTION that the committee approve a reduction in the general fund for this budget of \$23,000 per year. He stated that the agency could plug this in wherever they want to. Discussion. Question being called for, the motion carried. (217)

In answer to a question from Senator Dover, Mr. Northey said the split is 60-40 between the revolving fund and the general fund. He said it depends on whether they do a financial compliance audit, a mandated sunset audit or a performance audit. Their primary concern now is the mandated financial compliance audits to comply with federal and bond house requirements. That is revolving fund money more than general fund money. If you take it all out of the general fund, effectively you are cutting back on the sunset and performance audits and not billing the non-general fund accounts.

Senator Dover asked if the bill goes through that changes this sunset, will this make it easier for the agency. Mr. Northey said it wouldn't make any difference. He said it may make a difference in total hours of audit work done depending upon the number of agencies that are put under sunset review. The fiscal breakdown will still be the same. The theory being that sunset and performance are for the convenience of the Legislature and therefore should be funded by general fund where the financial compliance are mandated by federal law and should be funded by the program fund source which funds that particular program, whether it is earmarked, federal or whatever.

The Chairman noted that some of those sources for the revolving fund are federal funds themselves. Mr. Northey said this was correct and that is the reason for that fund being set up.

#### Highway Patrol

Ms. Rippingale asked that the committee address a problem with the bill regarding the Highway Patrol. She said in reviewing the bill they have, in the Justice Department, the Highway Patrol on general fund. Under the Highway language you have appropriated general fund into the Highway Earmarked Account sufficient to pay the Highway Patrolmen's salaries. They already have the Highway Patrolmen on general fund and then you are putting general fund into the Highway Earmarked Account to pay the salaries which duplicates the payment. There are two ways of taking care of this problem and that is to either leave them on general fund in Justice, which the executive would prefer, and then not put general fund into Highway Earmarked

Account to pay their salaries from this fund. Ms. Rippingale said there is a section of law, 44-1-501 which states "All salaries of members of the highway patrol shall be paid out of the highway department's account in the earmarked revenue fund." She said because of that section of law you added that language in the Highway Department. Ms. Rippingale said that she and Ms. Dowling have worked on this and Ms. Dowling suggested that in the boilerplate in the appropriations bill they could put a repealer to repeal this one section. Then you could just not have that language in the Highway Department and leave them on general fund in Justice.

Terry Cohea said that they had put a bill in to repeal that section and through a confusion in Senate Finance and Claims the bill was killed. Ms. Cohea was concerned that they maintain compliance with the law.

Ms. Dowling said if they decide to put in the general fund we would need to repeal that section. But because of Joint Rule 6-8 that says you cannot consider any bill the purpose of which has already died unless Rules approves it. Because Senate Bill 17 was killed in the Senate and someone could say this has already been considered and killed. Chairman Quilici said it was the intent of the committee that that money come out of general fund. Ms. Dowling said that Senate Bill 17 said it was specifically to prohibit highway patrolment salaries from being paid from the earmarked revenue account. It was noted by the Senators on the committee that they were requested by the Department to kill the bill and so they did. The Chairman said this would be worked out between the LFA and Ms. Dowling and he will talk to the Rules Committee in the House.

Rep. Lory suggested that the committee wait to see where the Highway Patrol gets paid before we change the law. Discussion by the committee.

#### Legislative Council - Computer Costs

Rep. Lory told the committee that this agency is way over this session on computer costs. He felt it would be more straight forward to ask the Appropriations Committee to put in a supplemental for that in this biennium. He feels that if we let this ride it will jump the costs way up next year in the council.

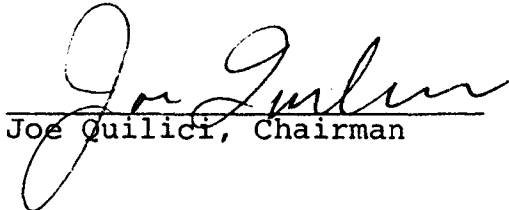
Ms. Dowling said they budgeted for \$25,000 a month during the session. The January bill was \$57,000 and the February bill was \$51,000.

The Chairman asked Rep. Manuel, the Chairman of the Legislative Council, what the council itself would wish to do. He said one legislative committee should not supercede another. Rep. Manuel said the council had discussed this last week at a meeting.

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They felt they would wait and see what the next bill is at the  
end of the month to get an idea. They may do something in the  
Senate. Discussion. The Chairman said the committee will  
work with the Council to prepare a supplemental if this is  
what the Council would like to do.

The meeting adjourned at 3:10 p.m. (423)

A handwritten signature in cursive script, appearing to read "Joe Quilici", is written over a horizontal line.

Joe Quilici, Chairman

dm



1-RESEARCHER	16,000.-
1/2-CHEMICAL	5,200.-
BENEFITS	<u>3,800.-</u>
FY 84	25,000.-
FY 85	25,000.-

MUST HAVE	FY 84 CONT. SERVICES	22,939.-
	(RAISED BY 7,939.-)	
MUST HAVE	FY 85 CONT. SERVICES	31,089.-
	(RAISED BY 11,089.-)	

TOTAL FY 84	228,703.-
	<u>11,730</u>
	230,433
TOTAL FY 85	231,582.-
	<u>1,827</u>
	233,409



# **A New Beginning**

January 25, 1983

Representative Joe Quilici  
48th Montana Legislature  
Capitol Station  
Helena, Montana 59620

Dear Representative Quilici:

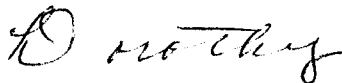
Our organization is concerned with the proposed budgets for funding the Governor's office - Mental Disabilities Board of Visitors for the next biennium. We support the Governor's budget rather than the budget proposed by the Legislative Fiscal Analyst office. We also support and recommend an additional staff person be funded and added to the Board of Visitors.

The board of Visitors provide a vital service to insure proper and adequate treatment is provided by the various state and private facilities.

In light of a recent United States District Court case (Baker et al vs staff personnel of Warm Springs State Hospital - a class action) in which the Court ordered changes in treatment procedures and in which the Court levied Court and plaintiff costs against the state, it is imperative that the Board of Visitors be fully funded to carry out their responsibilities as mandated by the Legislature. This Court action for injunctive relief could have been avoided and saved the state considerable money if the Board of Institutions had instituted the recommendations of the Board of Visitors.

We request this letter be furnished to members of your committee and be included in the record.

Your support is appreciated.



Dorothy Salmonson, President

lr

cc: (See Attached)

Representative Joe Quilici

cc: Office of the Governor  
Chairman, Board of Visitors

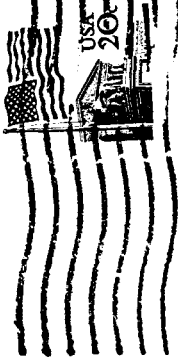
Director, Department of SRS  
Director, Department of Institutions

48th Legislative Assembly  
Chairman, Human Services Comm.  
Chairman, Appropriations Comm.  
Chairman, Institutions Comm.

Region 5 Governing Board

A NEW BEGINNING is a nonprofit support group for the families and friends of the mentally ill or neurologically disabled and serves as an advocate for better mental health services throughout Western Montana. Members serve on the Region 5 governing Board of County Commissioners and the Advisory Board for the Western Montana Regional Mental Health Center. The organization is affiliated with the Montana and National Alliance for the Mentally Ill. We are a nonprofit, educational association as defined by IRS Code, Section 501 (c)(3).

A New Beginning, Inc.  
P.O. Box 3365  
Missoula, Montana 59806



Mr. Joe Quilfier  
Legislative Representative  
48th Montana Legislature  
Capitol Station  
Helena, Montana 59620



*The Big Sky Country*

**MONTANA STATE HOUSE OF REPRESENTATIVES**

**REPRESENTATIVE JOE QUILICI**  
HOUSE DISTRICT 84

HELENA ADDRESS:  
CAPITOL STATION  
HELENA, MONTANA 59620

HOME ADDRESS:  
3040 KOSSUTH  
BUTTE, MONTANA 59701

**COMMITTEES:**

APPROPRIATION  
SUB COMMITTEE  
ELECTED OFFICIALS & HIGHWAYS, CHR.  
NATURAL RESOURCES  
CONSUMER COUNCIL, CHR.

April 8, 1983

Ellen Feaver, Director  
Montana Department of Revenue  
Mitchell Building  
Helena, MT 59620

Dear Ms. Feaver:

As a result of our budget hearing for the Liquor Division, the following criteria will apply to the Division during the 1984-85 biennium. Open-ended funding will be allowed. The conditions for such a budget are that the Division strive to return thirteen percent of net sales as profit to the general fund, and that the Division will strive to limit operational expenses to fifteen percent of net sales. Net liquor sales are gross sales less discounts and all taxes collected. Operational expenses exclude product cost, freight, and allocable expenses to other Divisions. Both profit amount and expense limitations should be understood as objectives to be sought rather than legal mandates.

I acknowledge that the Division requested that it be allowed to use 12.5 percent of net sales as a profit goal, with an expense limitation of 17.5 percent of net sales. However, the sub-committee has determined that the objectives indicated above should be used. These are predicated in part upon recommendations from the Legislative Fiscal Analyst. The LFA's conclusions are that the economy should improve during the biennium and that the Division's sales should revive accordingly.

With regard to policy issues submitted to the sub-committee for consideration, the Division is instructed to identify non-profitable state stores and to close or convert them to agency status in an orderly manner. This is understood to mean that conversions should occur when a lease expires or a store manager leaves or retires. A non-profitable store is one that shows a net loss or is less profitable than if run as an agency after deducting gross revenues by all state excise and license taxes and by further deducting all normal operating expenses, which include a

Ellen Feaver  
April 8, 1983  
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pro rata share, based on gross sales, of central administrative office expenses. However, in making such decisions the Division must consider public convenience. If the latter is not served by a store closure, i.e., the nearest store or agency is located a long distance away, such factors must be taken into account.

The Division is encouraged to extend store hours in certain areas and at times of the year when management believes that it would be cost beneficial and advantageous to do so. It is acknowledged that the Division must, by law, charge uniform prices statewide, and that in maintaining acceptable consumer service levels throughout the state, profit realized from various products sold in certain locations may be less, or more, than state averages. The sub-committee does not believe it is necessary for the Division to advertise. Further, the Division should not require licensees to purchase from assigned state stores only. The Division may proceed with the POS program as long as the project is cost beneficial.

The sub-committee appropriated liquor revolving funds to support divisions of the Department with the understanding that there is not an expected relationship between funds allocated and service to be provided. Instead, the allocations were made based upon historical funding percentages.

I hope the above will be helpful in establishing direction for the Division to follow during the coming biennium.

Sincerely,

REPRESENTATIVE JOE QUILICI  
Chairman, Appropriations Sub-committee

JQ/lr