

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

April 5, 1983

The 15th meeting of the Senate Finance and Claims Committee met on the above date in Room 108 of the State Capitol. Senator Himsel called the meeting to order at 8:08 a.m.

ROLL CALL: Roll was called with all members present.

REP. JOE QUILICI, Subcommittee Chairman of Legislative, Judicial and Administrative sections of the budget continued with the explanation beginning with the Department of Administration, page 21 of the blue bill, A 165 of the LFA narrative report.

REP. QUILICI: There were FTE removed, general fund travel was reduced in the Accounting Division, and in Central Administration.

Two programs under the Department of Administration, the Accounting and managements and the Local Government Services were transferred to another subcommittee and will be reported by them. They will be heard under the Department of Natural Resources subcommittee, and they also have the Department of Commerce. There were some changes here that the full committee might want to look at.

The Department of Administration was authorized to spend any insurance to pay for property damage through June 1985.

There were two programs that had some controversy - publications and graphics. The subcommittee had taken trips to the publication division and located them over there and funded them adequately. They seem to be doing an awfully good job and we thought they should have funding since they are doing a good business for the state.

SEN. AKLESTAD: What is the large discrepancy between the LFA budget and the one on 162 of the agency summary? Cliff Roessner: Part of the difference was in central administration. We had recommended 4.4 FTE, the subcommittee was at 9. Part of this is due to reorganization within the department that occurred after the budget was established. The movement of FTE from consultant service bureau, the computer service, etc. They were not included in the current level. I can get you a list.

SEN. AKLESTAD: The one you are referring to - I see that. We are dealing with 20-some difference. That only makes five you are talking about. Why 20 difference? Cliff Roessner: There were seven in the Consultant Services Bureau that were added to computer service.

SEN. AKLESTAD: Can you get us a breakdown? Cliff Roessner: Yes, I will.

REP. QUILICI: A lot of reorganization within the Department of Administration. They had transferred them around and you would

have to look at the chart and go over the transfers.

SEN. HIMSL: Part of the answer is on A 162 in the summary. On A 158 - the counties have to provide space for the assessors and appraisers and the staff? REP. QUILICI: Yes, that is under the Department of Revenue. It is in the law right now.

SEN. SMITH: As I go through the 20 1/2% increase in general fund and the 18 1/2% increase in general fund - in our subcommittee when we set this, we only built in a 6% at the most. How come this substantial amount is built in here? Isn't that a tremendous increase over the '82 budget?

REP. QUILICI: If you take a look at A 165 on Central Administration you will see that it is a general fund decrease. The re-organization makes some major increases but also some major decreases.

SEN. SMITH: Part of that was transferred over to another department. When you move that you are going to have a decrease?

SEN. HIMSL: A 162, that 16.2% increase was the district court funding that was increased.

SEN. SMITH: You paid for that before.

SEN. DOVER: Counties \$757,000 and now more.

SEN. VANVALKENBURG: I think even though the subcommittee heard the two budgets at the end, they are still included in here. No change in the bill itself.

SEN. SMITH: In other words there will be adjustments in here.

REP. QUILICI: The money has not been transferred. It is still within this budget.

SEN. BOYLAN: Did your subcommittee take any vacancy savings or not?

REP. QUILICI: Vacancy savings on subcommittee was figured at 6 and 6 and the full appropriation cut it down to 5 and 5, and then the full House brought it down to 4 and 4.

SEN. DOVER: That was inflation.

REP. QUILICI: 3.5% overall is the vacancy savings.

SEN. HIMSL: This budget was developed the same as before.

CLIFF ROESSNER: We had a vacancy savings in the others but there is no vacancy savings in this budget.

SEN. BOYLAN: Our subcommittee worked and we took vacancy savings in different agencies.

SEN. SMITH: Some as much as 4%.

CURT NICHOLS, LFA: I think a lot of subcommittees took a vote to take vacancy savings but a number was not taken out.

SEN. HIMSL: We want to be sure of that because it may make a difference.

REP. QUILICI: State Tax Appeals Board: There is a difference between the subcommittee and the full committee action. General fund was decreased. This was the property tax issue. A 233.

Department of Military Affairs: A couple of cuts here. A carpenter was deleted by the full committee action and utilities were reduced \$15,000 and \$15,000 due to the energy retrofits within the army. Equipment in '85 was reduced, federal funds not used and again reduced. This is one budget that is unusually tight.

Disaster and Emergency Funds: Exactly at current level. One modified for 1 FTE for communications.

SEN. AKLESTAD: Which is that? REP. QUILICI: Disaster and communications to coordinate the communications throughout the state in times of disaster.

SEN. AKLESTAD: The same deal as before? REP. QUILICI: No different but coordinate their efforts.

SEN. HIMSL: Department of Highways. I think, in this budget, there was a contingency on Senate Bill 454 and HB 16. The whole budget was balanced around those particular two bills. One thing you might notice is general fund transferred of \$12 million - biennium appropriation to the highway earmarked account. Highway patrolmen salaries. What we are doing is paying the highway patrol salaries from general fund rather than the earmarked monies. That is \$12 million. A 262.

REP. QUILICI: The committee authorized additional to cover the additional payroll services be paid by earmarked funds. Everything in this budget is contingent on the passage of these two bills. Total federal earmarked highway funds for the Department of Highways is approximately \$514 million. That takes care of all the programs. I am sure Mr. Wicks is here to answer any questions you might have.

SEN. HIMSL: Is the \$33 million in here? REP. QUILICI: Yes. The \$33 million came in here; we put it into the budget. That money, more or less, is earmarked for I 90 down around Lodgegrass, page 29 of the bill. It is built into line 11. We do have a break down of the revenue and everything for the committee.

SEN. SMITH: What is the total number of FTE increase? I realize we need it if we step up the building program. REP. QUILICI: Actual is 1,956 and the subcommittee recommended 1,930 in '84, 1,971 in FY '85. It will take at least 1 year to get the contracts

and construction in, then more FTE. SEN. AKLESTAD: To follow up - the current level LFA and Executive is 1800. You are substantially over those two. What was the '83 level?

LEC O'BRIEN (LFA): First, I don't have the '83 number now. The difference between current level and subcommittee action rests with the fact that first the number authorized did not take into account additional federal money that became available after the gas tax. If considerably more money then FTE added. This is not the ones for ACI or district program. They were identified as issues in their budget and not as a current level. If you like, I can get a breakdown as to which ones for here.

SEN. AKLESTAD: I have trouble with the number being put on. A few more people for administrative, but you should be putting people on who will be working on the highway. REP. QUILICI: I think, when working on this budget, we assumed \$66 million in federal funds. That was raised to \$100 million sometime in December; then again in February they got another \$33 million so that reflects the difference in FTE. A difference between \$66 million and \$100 million when it finally got into the budget on federal funds and that reflects the number of FTE. That is my understanding and the understanding the subcommittee got.

SEN. DOVER: This personnel goes into all areas of preconstruction, construction, etc. - the whole bit, and a lot are temporary.

REP. QUILICI: That is our budget. There are some amendments that we will give to your committee. Some are technical. We will give them to your sub-committee people and they can get them through the executive session.

SEN. HIMSL: Yes. Give the amendments to our subcommittee members and they can make the recommendations.

Sen. Himsl declared the hearing closed on this section of the budget.

REP. REX MANUEL, Subcommittee Chairman for the next section named the members of the subcommittee and thanked them. He said they had the Department of Natural Resources (DNR) and some of the elected officials, etc. from the previous section A. He said in their subcommittee, before the 1% was taken off operations, their budget was 17% below the budget office and 1% over the LFA in '84 and 4% below in '85. It is now lower.

Public Service Commission: Page 47, and C3. We are having some difficulty. The truckers - the motor carriers object to the way they were funding positions in the bill. A \$5 stamp. On the House floor it was raised to \$6. Some material here I will hand out.

DICK GILBERT (LFA): There was an amendment made on the House floor to change the vehicle stamp from \$5 to \$6. This would allow 4 FTE (2 auditor positions and 2 computer positions) and

they were contingent on the additional revenue raised on the vehicle fees.

SEN. HIMSL: What is the stamp you are talking about? Dick Gilbert: A truck drivers' stamp.

REP. MANUEL: A House bill on this.

BILL OPITZ, PSC: House Bill 627, and it established 5 additional exempt positions and a \$27,000 a year fiscal note. This has passed both houses and is in the Senate now and will be sent to the Governor's office for his signature.

SEN. BOYLAN: What about amendments? Can the subcommittee get it back? REP. MANUEL: No.

SEN. HIMSL: If someone has anything to suggest to amend in this bill, you should refer it to the subcommittee members that handled it. If they then want to make a recommendation, fine, and then the committee will take a good look at it.

REP. MANUEL: C 5, Department of Livestock: Page 48. Not much general fund here. It is mostly earmarked funds and a very frugal department. It is below the 1982 actual.

Central Services: A transfer on FTE. No problem.

Laboratory: General funding. There are people all over the state that use that, not just Livestock.

Disease Control: This is earmarked funds.

Milk and Eggs: There is general fund in this. The federal reimburses the general fund for this. It is a program that is necessary for all the people of Montana.

Inspection and Control: Earmarked.

Beef and Pork Research & Marketing: This is federal and private.

Rabies and Rodent Control: Some general fund in that - it affects all the people.

There are no amendments that I know of here.

Department of Agriculture: Rep. Manuel continued. C 24, page 49. The FTE here are lower than the '82 actual. The Department of Agriculture has some amendments they would like to talk about for your consideration. Mr. Kelly has some to pass out to the committee.

Centralized Services: The deputy director was taken out of this on the House floor. I would recommend that it be put back in. He was recognized prior to McOmber leaving. He tried, without a deputy director, and came back two years ago and reinstated the

deputy director. We found McOmber had lost vacation time he never recovered since he had to put in too many hours with no deputy.

Another one on your sheet - Marketing and Transportation Division. It is a technical amendment. The Wheat and Research Marketing gives the grain growers information for that department. It is more of a technical thing. Number 3 on the sheet - they are asking for an amendment on environmental management division. The subcommittee was asked for 6 and our subcommittee recommended an entomologist. We told the Department no general fund. It is contingent on HB 802. It has passed both houses. It would come into general fund and they are asking this entomologist work in the pesticide division. The one there has many hours of comp time and they need another one pretty bad for all the problems. It would be \$40,834. HB 802 expect \$9,000+ and still have a balance that could go to the general fund extra. This is the pesticide bill. The last one (amendment) is planning in regard to industry. That is where a deal with the elevator industry went bankrupt. This person would deal with the bankruptcies and check with the licensed grain dealers. Increase 54,000, expenditure \$44,000 and operations \$19,000 and \$8400 in practice. That is a setup for the first year. In the future biennium. I think it will be in some amendments.

Central Services Division: C 27. The committee approved \$1,111 in '84 and \$806 in '85 for payroll changes.

SEN. AKLESTAD: Why did the committee choose to, out of general fund, rather than earmarked revenue to continue the centralized services program? LFA was going to use earmarked. They chose to take it out of general fund.

REP. MANUEL: In previous years it was a federal fund and we earmarked them. Some not available any more.

SEN. AKLESTAD: LFA thought they were available. Dick Gilbert: We prepared their budget when they were available and the EPA dropped the federal money. REP. MANUEL: EPA funds. For years the subcommittee had been using EPA funds for all it was worth. EPA funds deal with more things than just agriculture. We have been getting a bargain out of these and we used them every time.

SEN. HIMSL: On C 24. The language there indicates the Environmental Protection Agency funds are no longer available and the lost federal funds were replaced with general funds to cover about 94% of that. That accounts for the difference. EPA is not available so you put general funds in.

REP. MANUEL: Our subcommittee didn't believe in replacing federal funds with general funds, but this was a hard decision.

SEN. HIMSL: The assistant director position in here was taken out on the House floor? REP. MANUEL: One of the amendments would put it back in.

C 29. Loans to Young People: About the same.

Hail Insurance: A little general fund here. The subcommittee took it out. The reason was because the director of that department works for the department besides just here.

Marketing and Transportation: One FTE in research and marketing. Federal and Private. Authorization to spend.

Environmental Management: This is where the entomologist is. While there is a large increase in general fund due to replacement, their budget is about the same. They have had a lot of trouble with Endrin, etc.

State Lands: The FTE are much the same. This is a fairly big division of the Department. C 46 and 47. Central Management. FTE down but some changing around and reorganization to do a better job.

Reclamation Division: Federal and private grants for \$7 1/2 million and reclamation of old abandoned mines. Coal mines first and then other mines. Federal grant. FTE would go up so that they can do their job. It will give them about 10 years. There is a helicopter bought with federal funds for about \$300,000. State Lands have two others. One is a big troop carrier and one 25 years old that they cannot get parts for. This one will be used to transport from one mine to another and also for fire fighting in season.

SEN. HIMSL: This whole program is federally funded? REP.

MANUEL: Yes. SEN. HIMSL: Their cost - the actual level of '82 was \$1 million in federal and private funds. REP. MANUEL: That is to go to \$7 1/2 million per year. What are they going to be doing?

REP. MANUEL: On these mines?

SEN. HIMSL: Board them up or what?

REP. MANUEL: Reclaim them.

SEN. HIMSL: What do you mean, reclaim?

REP. MANUEL: They are actually doing the work. Get the holes filled.

SEN. HIMSL: Close them up or what?

SEN. KEATING: A lot of placer claims that were just scarred and bulldozed. Just like gravel pits. Scrapings where people have taken out ore. They will fill them up and plant grass and trees.

SEN. HIMSL: I have an interest in some of those old holes.

SEN. DOVER: Up in our area they have pulled a lot out for coal.

SEN. SMITH: They drill down and fill it in with sand.

SEN. HIMSL: They are surface mines, aren't they?

SEN. SMITH: Underground. The timbers are rotting out and they fall in. With this money they will drill down the shaft. Also, the ones on top they are reclaiming.

REP. MANUEL: The study has been made and they know where each one is.

Administration: There is general fund in this one. The budget was transferred from service management on FTE. This does record the surface and mineral leases on trust land. This is the one that makes the money for the state on rent and leasing, etc.

SEN. KEATING: That is where they will tell how leasing land inventory, etc. There was a proposal for comparison for inventory for better operation. Is there an amendment?

REP. MANUEL: An amendment I will ask for would do it. A modified thing. The committee did not take any action and it sort of fell in a crack.

SEN. KEATING: Was the testimony before the committee such that it appeared to be a revenue maker that would be worth the price?

REP. MANUEL: The subcommittee recommended it to the full committee. On "bloody Monday" it went down the tube.

SEN. SMITH: On resource development - the subcommittee has approved \$450,000 for expansion and projects. This money could be used for adjudication for water rights.

REP. MANUEL: Instead of taking it out of general fund, take it out of Resource and Development.

SEN. AKLESTAD: Is there language that if it is not used it would revert? REP. MANUEL: A certain percentage comes out of RIT. It is money that could be used for trying to improve the state lands like wells, etc.

Forestry: Timber lands were turned back to school trust funds. FTE lower than in '82. Total funding is down quite a bit. General fund \$33,000 for Swan Youth Forest Camp and the Land Office Building in Missoula were switched over to the Long Range Building, and \$50,000 each year for the addition of 5 counties in the County Cooperative Fire program was taken out.

DENNIS HEMMER, Director, Department of State Lands said he would refer to the fact sheet on the problem at hand. The Department has contracted with the Forest Service to land. (See fact sheet

attached as an exhibit). We are looking at an increase in billings. The alternatives we are faced with are listed and the one we prefer. It would require we take over land so that it would be a share.

SEN. KEATING: The land you are talking about, is it programs or what? Forest ownership of State lands?

MR. HEMMER: A large amount would be private land. State land is scattered through it. Under the state lands and districts we protect basically the entire area.

SEN. KEATING: Fees? MR. HEMMER: 16¢ or a \$10 charge to the landowners. The balance with the general fund is about 60% which comes from state and remaining balance from the landowner.

REP. MANUEL: This is a 10 year plan. MR. HEMMER: The package we prefer, we are proposing over 10 years increase acreages, also increase assessment to landowners. If we keep the same balance and the same percentages of operations to private at the end of 10 years the private would be paying 25¢. The package of '84 and '85 total \$585,000 for the biennium to start into it.

SEN. DOVER: Could it be done through this bill or what?

REP. MANUEL: Through the next session.

SEN. VAN VALKENBURG: Through congressional delegation. Is there any relief to get from this? MR. HEMMER: Throughout the forest service levels. They say no obligation to protect these areas. They will be cutting back and need funding on protecting the area.

SEN. KEATING: Many federal lands within these programs and any combination form them? MR. HEMMER: Yes. Rather than protect our own ownership we protect programs. In a block there could be some federal land too. They protect 2.2 million acres state and private. We need to get it in balance so that we are protecting as much federal land as state and then call it even.

SEN. ETCHART: Aren't the federal a bigger forest fire hazard than the state? MR. HEMMER: There are areas where they have a bigger die-off and they are going in. A lot is private and they don't have the money. Also, people building in the area create the biggest hazard.

SEN. HIMSL: At this point we are nearly obligated to put this money in to keep from being assessed \$1 million.

SEN. AKLESTAD: Do you let people come in and get wood in these areas? MR. HEMMER: I believe we are allowing dead wood. The biggest problem is bug kills.

SEN. TVEIT: What does the state charge the Feds? MR. HEMMER: We are in such an imbalance now that whatever we get is just taken off the amount we owe them.

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Central Services: MR. HEMMER: That is what Sen. Keating alluded to earlier. We tried to get data processing. We have reduced it down to where we are asking for a data processing manager and the authorization of wherever we can save money elsewhere, we could put it into this. The 2 FTE were on the assumption that we would have data processing. Now it is reduced down and if no data processing we will need the two FTE back to do the work. The amendment is given to Sen. Smith. One other thing; an attorney. We are funding it almost daily with federal funds, since it is almost all federal funds that causes the extra work.

Fish, Wildlife and Parks: REP. MANUEL: The summary on Page C59 was read. The subcommittee recommended a 3% decline in general fund, 36% increase in earmarked funds, and 24% decline in federal funds.

Public Service Commission: Bill Opitz, PSC said he had distributed a letter from Sen. Himsl, Chairman of the Audit Committee. Our commission was studied by the audit committee staff. The recommendations said we should obtain computer capabilities, audit capabilities and an ongoing review capability. A \$1 fee was put on the motor carriers. It will generate \$35,000 in the biennium. So that money, over the \$300,000, will be generated and used from this fee on truckers. When the subcommittee originally met, the three members of the Senate - Smith, Boylan and Lane, all voted to give an additional attorney. The cost is \$32,800 a year. The justification; (1) 35 utility lawsuits. (2) This morning one of our major utilities announced they would not appeal one of the decisions to the Supreme Court. This is a savings to the consumer of \$2 million a year. If the committee feels we do need another attorney we will propose an amendment. If any questions concerning the letter distribution, I would be happy to address them.

SEN. HIMSL: This does not have the other data on the increase generated. BILL OPITZ: No, it doesn't. If the committee would like some more information, we will get it. We presently share these statements. \$180,000 a year at \$5 but if increase the fees to \$6 per the amendment line 15 and 16, page 48 of the blue bill, it says appropriation in item 3 is contingent on, etc. When we carry that out it will generate \$360,000 for the biennium.

SEN. SMITH: What kind of problems did you run into by increasing the fees and using them for other than the purpose relating to what it was originally taken out for? Another area of jurisdiction. BILL OPITZ: If we had another attorney he would be working on these matters. The computer system is needed in both. The audit capabilities would be, in fact, used throughout the division. The audit bill 436, Sen. Blaylock had language that would set the fees. The utilities have amended the bill so that it does not cover applications and siting, a maximum fee of \$500. The intent of the audit committee was to raise the money. I think the way it was amended we will not be able to raise the money in each area. Of the appropriation of \$5 million we are finally raising over \$1 million with the stamp increase. I guess we

are funded by the general fund. All the monies we collected all go back into the general fund.

SEN. SMITH: On rule-making authority to increase fees - I am a little reluctant to open the doors. We may come back and find many of the fees we authorized in a moderate amount -- we may come back to find them much higher just to fund other things. On page 48, line 10, by us authorizing the raise from \$5 to \$6 we have authorized to spend the money on line 10. If the money is in you would not have the authority to spend it.

SEN. DOVER: On the \$6 a stamp - is \$6 all you are going to do?
BILL OPITZ: Right now our plans would be to stay at \$6.

SEN. DOVER: Are we legislating this and making it so you can do what you want with this? BILL OPITZ: Sen. Bill 436 would give the commission the authority to move it up to \$10 now. That would be the maximum. This more clearly indicates what the intent is. In 1972 it was reduced to \$5. It was probably a general erosion of general fund powers in not having it changed in the last 10 years.

REP. MANUEL: Back to Fish, Wildlife and Parks - the FTE is lower for '82. Very little general fund. Earmarked federal, private, license fees, etc. The federal like a lot of others, was reduced. It is down about \$1 million. A few amendments for this committee - mostly technical ones. Dick Gilbert (LFA) can work these out in committee. Mr. Flynn did a lot of reorganization to the benefit of the department. The subcommittee worked on this and thought it a very good idea as he was on the right track.

Centralized Services: People were pulled out to work in other areas.

SEN. AKLESTAD: What is the nonoperating expense? Why changed so much?

Dick Gilbert: On C 64 the explanation is written out. The last paragraph on the page.

REP. MANUEL: This is so that they don't have to come in for budget amendments and spending authority.

Dick Gilbert: \$320,000 for license commission. Previously that was taken out. Now dealers are selling them out and the dealers are reimbursed for the commission.

Mr. Flynn: That was the recommendation received from our last legislative audit. We instituted that program to follow up on it.

SEN. HIMSL: They were to make them promptly and not hold them up 3 months here like they were before.

Ecological Services: This division changed around quite a bit.

Reduction in FTE. There was a change here. The committee added 1 FTE to supervise development and management of the wildlife monitoring studies in the Elkhorn Mountains - earmarked funds.

Law Enforcement: We added one FTE in the subcommittee here in the Colstrip area. This is a game warden for the Colstrip area. It is contingent on the coal board financing it.

There is \$111,000 for high band radios here. We have requests from different divisions for high band radios, also per diem for outfitters council per year. I think that is a part of the amendments.

SEN. HIMSL: Develop a little more for Item 2, C 72. REP. MANUEL: Reimburse the ranchers or farmers for damage for their production. Not so much repaid to them as to relieve the damage of the fencing, etc.

Wildlife Division: This is earmarked funds. FTE are down.

Recreation and Parks: There is general fund in this. 1982 was \$627,000 and the subcommittee recommended \$630,000. It was quite a bit below the Executive. The committee added 1/2 FTE and \$15,000 each year from fishing license revenue to manage Anaconda Company land for public recreation.

It was turned over to the Fish and Wildlife to handle this. It had been done by private contracts. I had a lot of communication on this. They are in agreement this could be done by private contracts also. It was a hot item until we got it settled.

SEN. REGAN: On C 76 in the notation. Is this a swim pool in the Anaconda pit or what is this? REP. MANUEL: This was put in by the House Appropriations committee.

JIM FLYNN, Director, Fish, Wildlife & Parks: When Anaconda closed, it had extensive land holdings west of town. A lot of borderline property around Georgetown Lake. The company has had it on the market since they closed. About three weeks ago they said it looked like they could not sell the land and would like to continue it for recreation. They wanted us to enter into an agreement to see that it could be used. The House did authorize that much appropriation to work with the company to keep that property open.

SEN. AKLESTAD: Who before? MR. FLYNN: The smelter in Anaconda maintained it before. They do not anticipate maintaining it now, and indicated because they would have the responsibility for cleaning it up, etc., they would not do it themselves but would have us do it. The source of funds would be fishing licenses. It is a highly used area.

Administration: REP. MANUEL continued, part of this in re-organization. This will help Mr. Flynn keep better track of the

fishing, etc. With this we gave him one lawyer to take care of the water rights. We have several technical amendments that Mr. Gilbert can take up with the committee and there are four of them here. One that will require your consideration; the timber sale. Lake Elmo was one. In SB 312 to increase the compensation. Boiler plate only gives the ecological bureau can be transferred and others are affected by the reorganization.

SEN. DOVER: Page 53, line 21 and 22. Doesn't that language say Item 2 may be transferred to other programs, etc.? In regard to the ecological services, you can transfer all those funds, can't you? REP. MANUEL: There are some transfers in the departments and they have been able to transfer their programs around to satisfy some of that, but some of this needs an amendment. Maybe Mr. Flynn?

Mr. Flynn: The Governor's Council on Management did a review of the agencies. Duplication was found in three agencies. Their recommendation was ecological services be taken out and put into fish and wildlife and the recommendation did not come in until after the Governor's budget was submitted for printing. We need the authority to implement it. We disbanded the ecological division and put it into two other divisions. In addition, the field services, that is line 21, it would let the appropriations in lines 2 and 8 be transferred. Field services will be put into a field service all their own.

SEN. DOVER: I would like to have some discussion on Montana Outdoor Magazine. Mr. Flynn: We have taken one step internally and increased the subscription fees. Also submitted the budget money to increase subscriptions. 78% sustaining by the end of January. The request for the promotion was taken out in the subcommittee. Now, I think we will be around 60-65% self sustaining.

SEN. STORY: On C 80 - the program for orphans?

Mr. Flynn: In early spring we continually get people who will be out in the wilds and see the fawn or whatever - antelope, deer, bear, etc., with no parent around and pick it up and drop it off on our doorstep. It will go to the facility in Helena where we keep them through the summer and turn them out in the fall. Bear and wildcats we try to take to a zoo at about three months.

SEN. HIMSL: How about the lawyer for water rights? Mr. Flynn: It is a maybe thing. If we get involved and need more than our staff can handle.

Page 54. Oil and Gas: This is earmarked funds. The oil and gas people furnish the money to run this department. They asked for more FTE. It was approved.

Conservation Districts: This is the grass roots, back home. One extra here, we transferred from central services program to the

water resources division. The FTE are a little higher here. See C 99 on the extra FTE that come from here.

Water Resource Division: In SB 409 you have the Water Rights Commission. This session it is 885, and 897 that you will be coming off of. One is the grants and one is the loans.

SEN. AKLESTAD: On C 97, the Daly Ditch deal. What is happening to this? REP. MANUEL: It is all over with so far as the State is concerned. The boiler plate to spread it out to '85. The money was appropriated in 1981 to give them money to operate on. There is an amendment to let them spend the phasing out process. There is no general fund money in it.

SEN. STORY: This is money that was appropriated and would have to revert. It is a reappropriated fund? REP. MANUEL: It is really reappropriated to spend it in 1985. No money in it.

SEN. HIMSL: Two years ago at the end of the Session, the Legislature appropriated money to operate until they were all phased out, etc. This is only to spread it out.

SEN. REGAN: It is really a general fund appropriation. If you don't spend it it would go into the general fund.

REP. MANUEL: No appropriation. The authority is there.

SEN. STORY: The money could still be spent before the end of June. With this appropriation they can spend it more wisely.

LEO BARRY, Director, Department of Natural Resources: The Department was instructed to dispose of the Daly Ditch. The Legislature appropriated for the two years maintenance. We received the funding and have been working on it. We have the appropriation but have only 6 months to spend it. We would prefer to take two years to spend the money over. That would allow them to spread it out. Without the amendment I would assume they would try to spend it all before June.

SEN. HIMSL: Why did we give them \$186,000?

MR. BARRY: That is the estimated cost of running the ditch for one year. The Legislature gave them the money to run it for one year.

SEN. STORY: Didn't we get rid of a lot of liabilities on this? It was costing us so much money every year.

SEN. REGAN: Do we, by hanging onto this, do we have an umbilical cord so that when we come back they will say they want more money?

REP. MANUEL: It is all over and done with.

SEN. JACOBSON: The range land involvement program - is it money for fees collected, travel expenses to inspect all the programs?

REP. MANUEL: The \$4200 each year? This would be for the committee that goes out and inspects to see just exactly what the Department does with the money. It is an executive committee that goes out to see that the money is being spent wisely.

SEN. JACOBSON: Outback? REP. MANUEL: All the State lands.

SEN. REGAN: I don't understand what the loan business is. Are you loaning them money to do this?

MR. BARRY: The range land loan program was established from our RRD funds two years ago, and a bill to establish it as a permanent program has now been signed by the Governor. Loans are made for improvement and individuals are eligible to receive them. It puts the land back into range land that was improperly broken up and we loan the money to put it back into good land. The Citizen's Advisory Committee that advises us who to loan to also will inspect and pay the expenses to the people who come in to Helena. The money comes out of a fee charged.

REP. MANUEL: Water Adjudication: Because of SB 711. There are some cases in the appropriation that cause some problems.

SEN. SMITH: This problem has to do with the RIT money. The Department of State Lands takes \$2.4 million of RIT trust money. Two years ago no water projects. The State Lands Department started two years ago and we allowed it. There is about 3 1/2 million of RIT money. All these projects will have to be turned down because of the money. It is the intent of the 47th Legislature that future loans not be made to fund general operations of state agencies. I think you will find all the money but a small amount has been used that should have been used for other things and it should have been used for water. This is a certain percentage of the resource tax. It goes into the resource development funds - oil, gas, coal, etc.

SEN. VAN VALKENBURG: Where do we get the general fund to do this in the future?

SEN. SMITH: It seems every time we get into a little bind we raid some other area. This money was not for this purpose.

SEN. VAN VALKENBURG: It is a nice identification of the problem, but does not address the problem itself.

REP. MANUEL: House bill 711 was an appropriation and was killed. It will cause a problem that maybe Mr. Barry will address. It could be a general fund expense to State Lands and also to DNR.

MR. BARRY: Water Rights Adjudication Program runs off earmarked funds and when they are expired they would run off general funds. We have been expending general fund money to run the program. The Governor planned on going back to the people to get the money, and it was in House Bill 711. It was killed in committee. Our

budget for this program is based on the assumption it would be passed. There is a \$1,275,000 per year shortfall. We have prepared an amendment to replace it with general fund money. Sen. Smith has that amendment.

SEN. SMITH: The question: How much money did you receive out of the \$40 fee from each? Mr. Barry: Approximately \$18.50 rather than the \$40 fee from each because of the exemptions. As a result less than 1/2 of the funds came in that we had anticipated.

SEN. SMITH: Total dollars? Mr. Barry: \$200,000 claims with an average of \$18.50 a claim.

SEN. SMITH: What have you accomplished? Mr. Barry: We have received and are processing those claims. The water courts have run out of this money and Loble & McOmber areas have both run out of money. Paper processing mainly. SEN. SMITH: How much money was used to just go around and get people to file? Holding the meetings and the workshops, etc.

SEN. HIMSL: We are talking about page 54, line 13, the water resources \$6.3 million under special revenues. Is that figure in the anticipation of the passage of 711? Mr. Barry: We did propose you reduce that by \$1.275 million.

SEN. DOVER: I have trouble keeping track of all that is being funded. We funded \$1 million or so for courts. If not water, then what do you have to do with it? Mr. Barry: We assist the courts. The water recording process grants, etc. The court's budget is mainly for judges' salary and court costs.

SEN. VAN VALKENBURG: Why did the House leave the money in the earmarked account when it killed the bill to raise the fees? I guess I don't understand the logic in it. REP. MANUEL: The law says general fund on the special assessment.

SEN. VAN VALKENBURG: In the appropriation funds it is not earmarked.

REP. MANUEL: HB 711 was killed after this bill went through the House.

SEN. VAN VALKENBURG: So it is just another \$1 million on the deficit. REP. MANUEL: It was not filled in on the Governor's budget, etc. It was one of the general things that had to be filled in.

Energy: This is a combination of the Facility Siting Act, the Alternative Energy Loan Program, the Energy Emergency Act and the Federal Conservation Programs. It includes Facility, Utility and Energy Division. This is a fairly well run department. There are some amendments that Sen. Smith has and some that are technical.

SEN. HIMSL: There are some more federal funds that are coming

into this program, isn't there? I am sure of that and the oil companies are getting racked for more that will probably go into this energy program.

SEN. BOYLAN: In regard to another bill which places more duties on the department - will we have it in here? Mr. Barry: Yes.

Department of Commerce: Manuel continued - this Department was combined with a lot of departments last year. This year a difference of FTE. We will try to explain.

In the Build Montana Program bill which is in this committee, it is a separate bill. This is a big department.

Business Licensing and Regulation - Program support: This has general fund. Earmarked is taken also. Two FTE. Deals with the licensing and Milk Control Board.

Weights and Measures Bureau: This is pretty well selfsupporting.

Financial Division: This is the part that examines state banks, credit unions, savings and loan associations, etc. Legislation is in the process to make this division selfsupporting.

Milk Control: Earmarked funds.

Professional and Occupational Licensing: Earmarked funds. There are 27 or 28 boards listed on page C 115 and 116. It is a hard one. Different ideas on how to finance and they furnish their own funds.

SEN. HIMSL: About four new ones that have been added from the earmarked revenue.

SEN. AKLESTAD: Backing up to the Financial Division, why not earmarked? The Executive recommended it. About \$1.4 million in the biennium. The subcommittee talked about a revolving fund but the language would have to be changed. It was too late, but it should be a revolving fund. They should be able to set their own fees. The Department tries to get it set up and the Legislature sets it back down. The same fund base for part of it. The fees go back into the general fund. The law has to be changed to give them a revolving fund.

Aeronautics Division: This is all earmarked funds.

Transportation Division: This was transferred from Agriculture two years ago. Some general fund in it. Pretty much the same.

Business Assistance: This is a smaller bureau. The FTE are down as recommended.

Montana Promotion: We had a lot of discussion on this. General fund is a modified, more general fund. Their actual increase is about \$200,000 a year on travel promotion. This was discussed

on the House floor very lengthy. Most of the tourism is small business and is second or third in the state in small business. Also, it used to come out of Highway Construction Funds. Last session it was put in as general fund for \$600,000 the first year and \$700,000 the second. The subcommittee feels these people should pay for more of their own each year. They are authorized to spend money from private sources. It should be their goal for these people to raise all their own money, promote their own products just like farmers and ranchers and others do.

SEN. HIMSL: On page 56, Montana Promotion, you struck the first figure and put in a corrected one. Where was the correction made?
REP. MANUEL: That was the 1% off the operations from the House floor.

SEN. HIMSL: I didn't realize that Montana Promotion would have a utility expense, etc.

Housing Division: Lyle Olson passed away between subcommittee hearings. We are very sorry to see an able director going like that. Currently, 13 but two people hired as needed so we gave him his 15 FTE. This is a very well run division.

SEN. AKLESTAD: Why increased so much? REP. MANUEL: Just authority to spend the money. The \$6 million is what you spoke of? This is federal and private funds that went up.

GARY BUCHANAN, Director, Department of Commerce: This is the program that provides rent subsidies on a federal rental assistance program. We are moving the subsidized housing in with the mortgage program - it is moving them together.

SEN. DOVER: In section 8, is this just to buy rental or what they have already built or what? Mr. Buchanan: Some authorization for multi-family housing but section 8 is little houses.

SEN. DOVER: Can you still build these units and the government then subsidize the rent? Mr. Buchanan: Yes.

Community Assistance: This is pretty much the same as before.

Economic Development Support: The Executive recommended 9, the subcommittee cut it back to 6. C 130-131 narrates the changes.

Indian Affairs Coordinator: This was supposed to be transferred to the Governor's office and a little confusion resulted. We have some amendments that would restore them back to the 3 FTE.

Louie Clayborn, Bureau of Indian Affairs, said the one you cut was my assistant. It was contingent on the House Bill and that legislation was tabled and it was after the subcommittee action.
REP. MANUEL: The subcommittee recommends that this be reinstated in the bill.

SEN. HIMSL: If transferred to the Governor, you need two and

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alone you need three? REP. MANUEL: If it goes to the Governor they would have other help to make up the difference. In the Department of Commerce they are all needed.

SEN. HIMSL: A coordinator deputy and secretary? REP. MANUEL: Yes.

SEN. KEATING: Why? Didn't the subcommittee approve of it?

SEN. STIMATZ: They did. It was in my subcommittee and tabled at the request of the tribes. They decided they would rather stay in the Department of Commerce.

REP. MANUEL: Director's office: A change here of three FTE.

Centralized Services: A certain amount of money, about 13% comes in the revolving fund to run this office. We have some technical amendments.

Legal Services: This Division is the result of combining the old Consumer Affairs Program with 3 FTE transferred from the Professional Licensing, Business Licensing and Support and Community Impact programs. The large increase in general funds is a result of adding indirect charges for centralized services and the Director's office. They were not in the Consumer Affairs Program before.

SEN. KEATING: On page 55, line 11. "To facilitate the orderly transfer of, etc., to the Department of Revenue". What does all this mean?

LEO BARRY, Director, Department of Natural Resources: The Governor's Council on Management recommended tax collection in their department be transferred to the Department of Revenue. They have similar types of functions to collect them. We won't receive the court hearing until October on what happens. We will be receiving it for some time after the biennium. When the transfer has been made we will transfer two FTE to the Department of Revenue.

SEN. KEATING: What taxes do you collect? Mr. Barry: A tax on producing oil wells.

SEN. HIMSL: Two reports. One to the Department of Natural Resources and one to Revenue. This came out of an audit committee. They would make it to the Department of Revenue and copies would be made available so that eliminates one from the process.

MR. BUCHANAN: We have two amendments: The four new bills, adding a board of Athletics, a board of Polygraph Examiners, a board of Private Investigators and a board of Social Workers.

Keith Kelly, Director, Department of Agriculture, said he would like to reiterate my request for the Department of Agriculture; one thing, the Deputy Director. The Department has had that since

1972. In 1978 the director (retired Director McOmber) tried to do without for two years and then had the office reinstated. The other amendment is in regard to 802. They have a net increase of approximately \$90,000. These should be looked at by your committee.

SEN. HIMSL declared the hearing closed on this section.

REP. STEVE WALDRON, Subcommittee Chairman for the Department of Institutions presented the next section.

REP. WALDRON: Named the committee members and thanked them. He then named the House members, and said it was a pleasure working with that particular subcommittee.

REP. WALDRON said Peggy Williams and Norman Rostocki were the LFA members assigned the committee and he thanked them for the job they had done. He also said the Department came in with a good budget and this made it easier to work. He said he would go through the budget and stop in the areas that had controversy.

Director's Office: 2 1/2 FTE were added to the 1982 level. Also, 1/2 lawyer. We thought they could get along with two but gave him the 1/2 back after hearing the testimony. We added the 1/2 lawyer but cut contract services accordingly.

Management Services: The management council recommends five field investigator positions. The Department consolidated the work load and recommended three out. We felt that they would probably need a couple in the reimbursement section since continuing with the work would be more expensive.

Alcohol and Drug Abuse: There is a serious problem here. There has been a switch from hard liquor to wine and beer. The hard liquor is a percentage and wine and beer is a sales tax. Consequently, the revenue is not keeping pace with the cost. There was a cent sale due the department and the subcommittee has authorized using most of it up. In the next biennium there will be a serious problem with this program needing more revenue.

SEN. HIMSL: FTE was 12 in 1982 and the subcommittee at 10. Did you cut them that much? REP. WALDRON: The Department did that, and the director program is being contracted out. It is all federal money.

SEN. HIMSL: Did the committee get rid of part of it? REP. WALDRON: The director program had the other 13 and we contracted that out. I don't know if it is cheaper. They have increased the number of sessions by doing that.

SEN. KEATING: How come do they contract? Norm Rostocki (LFA): Private non-profit organizations in the counties. Now there is Helena, Butte and one other. Now there will be another one in the state with the same amount of money and we can spread it to more programs in the state.

SEN. KEATING: We just passed a bill that would change the terminology from drug and alcohol to chemical dependency because drug usage and alcohol usage are considered within the same category having the same foundation for usage. Now, it appears that they are separate programs. Why different when so similar?

REP. WALDRON: Federal money is segregated into drug treatment and alcohol treatment.

SEN. STORY: It is my recollection that 30% goes to alcohol, 30% to drugs and 30% to preventive health. REP. WALDRON: You have the percentages a little wrong - 35%. We are tight on money.

General fund (D 9) funds 32% of the drug program. The subcommittee was comfortable with that and we kept the 32%. The subcommittee allowed the department to make up new state forms in earmarked alcohol program from the program grant money. This time they could have but the language was too tight. We will use up most of that money.

SEN. KEATING: You mentioned it. A program grant for mental health and chemical dependency. What is the program grant and what is the division?

Mr. Rostocki: I can get you the exact percentages. Approximately 52% A, D and Mental Health. The percentage coming down is 52.37% on that area. An amount goes there and then the remaining to Mental Health. It is 35% each, then Mental Health comes down if there is any remaining. REP. WALDRON: The total program will be maintained at current level because of using up the fund balance. The Department is authorized to make up the difference from earmarked alcoholic funds. This should prevent the money being cut in the county programs less than anticipated.

Aftercare, Parole and Probation: About the same.

Corrections Division: We reappropriated \$115,230 in general fund. In the last biennium some of this for pre-release centers. We also provided language so that if one started up that they could actualize the money for the care in the prison.

SEN. STIMATZ: If not for pre-release center then for board and room. REP. WALDRON: Fifty prisoners to pre-release centers. If we don't have them started then the Department can use the money to pay for food for the fifty inmates that will have to stay in the prison.

SEN. STIMATZ: Are they budgeted for it in the prison? REP. WALDRON: They are budgeted for the pre-release centers, not in the prison.

SEN. STIMATZ: When we did that did we take care of the other end? REP. WALDRON: Yes.

SEN. HIMSL: Aren't you really saying the food just follows the prisoners?

REP. WALDRON: Yes.

SEN. DOVER: \$667,000 just food or what? Are there other overhead costs in the pre-release? REP. WALDRON: There is more than that.

SEN. AKLESTAD: If they do stay in the prison. They are saying \$39 a day to keep them in prison. That \$200,000 for 40?

REP. WALDRON: \$3,000 for the pre-release centers that are on line now. We have those three on line. We are talking about the two additional ones.

SEN. AKLESTAD: If they don't revolve we have more money? REP. WALDRON: The \$667,000 is the money for all the pre-release centers - not just two.

SEN. AKLESTAD: How many involved altogether? REP. WALDRON: 99.

SEN. VAN VALKENBURG: The parole and probation officers. These were deleted. Did the subcommittee look at at the caseload briefs and consider the increase of people coming out into the pre-release centers? REP. WALDRON: The subcommittee did. The department asked for 5 parole and one secretary. The subcommittee authorized 2 parole officers. Their caseloads are higher in eastern Montana. The full appropriation committee denied the positions since a tight budget - we could do without them for two more years.

SEN. VAN VALKENBURG: What has been the growth in parole and probation officers in the last two years?

REP. WALDRON: You will have to address that to the Department. I don't know the answer.

SEN. VAN VALKENBURG: I see more prisoners, more guards and no one out on the streets to watch these people. REP. WALDRON: This budget contains the 6 pre-release centers.

Women's Corrections at Warm Springs: The entire subcommittee was impressed with the program for the women here. They have a good program. We did add FTE. This was a new program that just got on line last fall. There was an error made in calculating the number of FTE. At times there is only one guard on the floor. The subcommittee agreed they needed the extra help.

SEN. HIMSL: In this program - 3 FTE and they went to 23. Is this the same institution? REP. WALDRON: A new program. In FY82 - any figure is meaningless. It is a new program started up last year.

SEN. KEATING: Isn't there an offset? Didn't we used to pay board and room? REP. WALDRON: Part of the costs do reflect with out-of-state prisoners. This is a medium facility. Maximum are kept in the federal penitentiary. It also reflects the 12 in the Billings Life Centers.

SEN. KEATING: Do you have the figures: REP. WALDRON: More women. It probably costs as much but we are supplying more.

SEN. JACOBSON: What are the goals? The aim was to get them out on some jobs. REP. WALDRON: A number of CETA available in Anaconda and a number of jobs available with the ones on the campus. Enough jobs available for all the minimum security women that want jobs. Also, there are professionals that come in and give college art classes, etc. Movies, physical fitness, social workers, swimming, etc.

SEN. HIMSL: It is time for a break, will the committee please be back at 1:15 p.m.

1:22 P.M. Medical Expenses: (Rep. Waldron continued with the explanation of subcommittee action). There is a lot of trouble here in anticipating medical expenses. The executive and subcommittee put them all into one pot. You might have a prisoner who has a severe medical problem and you can draw from the pot of money. It is one line item for the prison facility. Also, the department has a policy that they will not treat, just maintain any pre-existing nonlife-threatening problem. That will help hold down expenses.

SEN. VAN VALKENBURG: In treating pre-existing nonlife-threatening - someone comes into the prison with the onset of pneumonia, for instance, and you say if you go to life-threatening, we will treat you. REP. WALDRON: It would be a case of very correctional operations pre-existing before.

SEN. VAN VALKENBURG: Teeth? REP. WALDRON: Dental plates, orthodontic work, etc. They would fill them but not provide plates and crowns, etc. They are abusing the state's responsibility here.

Community Mental Health Centers: There is a problem here similar to alcohol. Funding source is not rising as fast as the problems are. The subcommittee put in a fund balance. This was a change from the categorical to a block grant and a fund balance to be used up. The Department purchases services and currently a law that prevents it from exceeding 50%. The Department had a bill in the appropriations committee which we disposed of to do just that. Next biennium we will have some problem maintaining that funding support, I expect. General fund has decreased and that is because of the fund balance. Program grants will not rise as fast as the programs will. A system of calibrating use here per patient is almost impossible.

Boulder River School and Hospital: This has been somewhat controversial. It is increased by a small percentage. Allocated a number of vacant positions. All through the Department of Institutions budget we allocated as many vacancy positions as possible. It makes it difficult to deal with the pay plan and there may be some hardships. We authorized a move of 25 residents out of BRSH. Fifteen to Eastmont in Glendive. We visited all the institutions and were highly impressed. Boulder has a good

staff. Clearly a five day program at Eastmont and approximately eight people in that five day program. The facility can have 15. They will be moved into community programs out of Eastmont. Ten from Boulder will go into intensive group homes. A cottage at Boulder or that equivalent will be closed. The ten from Boulder will go into a group home on direct medical. This will be a substantial cost savings. It does not affect the waiting list since those people should not be going to either place. In order to bring the Boulder Center up to Eastmont it would be about \$485,000 to the BRSH to build it up. Any place with Title 1 they would not replace. The Department can come in for budget amendments if Title 1 funds become available. The subcommittee unanimously approved the move out of Boulder. Also, a bill from the House to do a study of the Boulder facility and it will be in this committee. At some point as legislators, we should sit down and take a good look at that program and the DD program and how they relate.

SEN. AKLESTAD: Why doesn't the budget show much reduction? It looks like it goes up anyway. I am looking at the dollar amount. The money is higher but the FTE way down and you are closing a cottage. REP. WALDRON: The cost per client will increase some.

SEN. AKLESTAD: You are a million dollars over the general fund for 1982. REP. WALDRON: We are down below the LFA current level.

SEN. AKLESTAD: I have trouble relating this.

REP. WALDRON: To retain the 25 residents in the Boulder institution you would have to add \$600,000 to the budget.

SEN. SMITH: One question in regard to the eight clients at Eastmont. Will they be taken into special education classes in group homes or what?

REP. WALDRON: They are scheduled to go into group homes. No determination as yet as to where the group homes are located. Current discussion is eastern Montana. We talked about Sidney or Glendive.

SEN. SMITH: That would also be a program handled by the Developmentally Disabled?

REP. WALDRON: Yes, SRS.

SEN. TVEIT: What is the cost at Boulder by the State versus the five days in the group homes? REP. WALDRON: The State pays all the group homes. The group homes are much cheaper.

SEN. TVEIT: What about schools?

REP. WALDRON: Schools would be in the community, but the State pays for special ed.

Center for the Aged: The Appropriations Committee did delete elevator repairs because it was appropriated twice. There is a debate on this. The Department says no, and LFA says it is still in the budget.

SEN. HIMSL: The elevator door. It is a sliding door and it is in Long Range Building appropriations.

SEN. ETCHART: We did not put \$5400 in, we put \$3400 in.

SEN. HIMSL: About \$5400 when they got the door.

REP. WALDRON: The subcommittee, because the Health Department had taken out a laundry worker and contracted out the laundry services. We put the worker back in and they will do in-house laundry at a savings of approximately \$35,000.

SEN. DOVER: Why take out the centralized service manager?

REP. WALDRON: The subcommittee didn't find a need for a centralized service manager so we deleted the position. We put the money into direct care. We also deleted a psychiatric aid. We increased the water/sewer base.

Eastmont: They provide services here for the mentally retarded children and adults. A five day program and a seven day program there. They have 15 beds at the present time and eight people. The eight will be going out and 15 coming in. The Eastmont will be better utilized with a seven day program for the people. The level of training at Eastmont is higher than the BRSH. There was a slight increase in staff (5 over current) to care for the additional residents that will be moving in.

SEN. KEATING: With the change in the program, rather than being in and out like a school at Eastmont, the patients will go through the commitment process. They will stay on the grounds. They will be custodial now rather than a day school?

REP. WALDRON: Yes. They will get the same training as the five day. They went home on weekends before. These people will now be staying in but about the same arrangements as in Boulder.

SEN. KEATING: The patients on five day will go home and not necessarily stay at Eastmont?

REP. WALDRON: They will go to a community group home.

SEN. TVEIT: Is it going to be a five day or a 7 day group home? Are they committed to the 7 day thing?

REP. WALDRON: They are over five days now.

SEN. TVEIT: When they go into the group home it will be run on a 7 day? They can just come out when people want to take them out?

REP. WALDRON: Yes.

SEN. TVEIT: Fifty-five in 1985. How many at present? At Eastmont, that is.

REP. WALDRON: They do have a 7 day and a 5 day program and now 40 in the 7 day program, 8 in the 5 day program. They have room for 7 more but there is not a need for 7 more in the 5 day program.

Mountain View: The appropriation moved the fire alarm system out of Mountain View. Also deleted \$2430 a year to reflect some lower overtime expenses. There is not much of a change in this program. We did delete the Title 1 program. We authorized the purchase of a tractor or snow blower, but if the consolidated move to Pine Hills takes place it would not pay to buy that. Also, federal money will decrease. The same will be true in Pine Hills, and we would have to back those up with general funds.

Pine Hills: The Appropriations Committee did delete some from repairs. The Appropriations Committee increased expected funding from interest and income by \$25,000 a year. Federal boarder reimbursement will probably decrease since there is no longer a shortage of beds in the federal system.

SEN. DOVER: What do beds have to do with teenagers? Why are they incarcerated?

REP. WALDRON: Juveniles that break federal law.

SEN. VAN VALKENBURG: What is the big difference in the two schools that caused the subcommittee to recommend the consolidation? Primarily an expense item, or what?

REP. WALDRON: Mainly programatic adjustments will be made in the change. Not just program - Al Davis is the new director there. Perhaps he could answer you.

Al Davis, new Director at Pine Hills: It is a much better program. They will receive better treatment than in the past. They closed Lewis and Clark Lodge. They had a place they locked the kids in and the staff out and let them go to it. That is all changed. They utilized a leveling process, sort of a point system, where they can go up or down depending on their behavior. It seems to be working better.

Prison Summary: A couple of areas where we changed the budget. The subcommittee felt they just had to spend the money. A 13.3% increase in the past biennium. There are new programs in the prison. Utilities were increased \$45,000 in 1984 and \$52,000 in 1985. Montana Power claims a faulty meter they installed. They want us to pay this. The Department director has told them that we are not going to pay it. They have installed a new meter and we increased this budget to take care of it.

Care and Custody: The prison budget was for 785 inmates. We are still anticipating new pre-release centers. If not established the money will be used here. The money is in the portion of the budget for the pre-release centers.

Prison Ranch: It is on a revolving account. It is now a budget. We have authorized them to purchase some additional equipment but they will have to meet with the ranch committee before they make any major changes. Also, we made a significant change. We allowed the Department to contract out all or a portion of the management so that the ranch and dairy would be implemented to a profit sharing plan with a firm contract out of managing the ranch. We have a problem having people come in to manage it. We decide who and it would have to be some sort of profit sharing involved and they would have to have the ability to contract with the manager.

SEN. DOVER: During the special session, we put 30 units out there for ranch hands. Is there a better attitude now?

REP. WALDRON: I went out before the session started and went out on the grounds and looked. We bought 2 modular units. They are on 2x4 studs. I went under them and looked. They are solid and have 10 or 12" joists.

SEN. DOVER: How was the work of the prisoners? Did it look good?

REP. WALDRON: It was adequate.

SEN. DOVER: How is it working for the guys out there? Is it really working better? Do we have a better attitude out there now?

REP. WALDRON: There is one problem and Mr. South has promised he will work it out. Not as much "good time" allowed as sitting in a classroom.

CARROLL SOUTH, Director, Department of Institutions: We had someone working on this all one day. I would assume he will have worked it out.

SEN. DOVER: On the cost sharing - it might not be a good idea. How will this work in the utilization of prisoners?

REP. WALDRON: Let's separate out the manager from the people doing the work. The Department has assured me they will be very cautious. Any contract will establish that prison help will be utilized. Other than the dairy there are not many prisoners working on it now. If we sold the prison ranch there would not be that many people involved. We could really use the money better.

SEN. STIMATZ: On the ranch management - is this union operated?

REP. WALDRON: The person who actually runs the ranch. Some are union people and some are not.

SEN. STIMATZ: Do you have farmers?

REP. WALDRON: As Rep. Bardanouve says, you can't run a ranch on an 8 hour basis.

SEN. STIMATZ: How do they run it now? The Department is running it at 57 men. Seventeen employees on the ranch. One for each three prisoners. The guard is a crew chief because you can't just send them out. The residents living out there are more security for the prisoners on the ranch.

SEN. STIMATZ: If we contract them out how does it solve the security problem? REP. WALDRON: It is \$25,000 for a guy to come and live with the prisoners. If you have been a rancher you know you cannot operate it like a ranch. You have to go through the state system. Anyone here who has run a ranch knows if you had to go to a board for every repair, every expense, every single part of the operation, you would know how impossible it would be to run it like a ranch. If we contract it out and it was in the control of a person who could operate it like a ranch, it should be operated at a profit and then it would be easier to get someone in.

SEN. HIMSL: Who makes the decisions?

REP. WALDRON: The Department with the consultation of the Ranch Policy Board. SEN. HIMSL: If we contract this out will we still have to go through the purchasing conditions that are on now or what?

REP. WALDRON: There would be fewer conditions to follow since it would be a profit sharing involvement.

SEN. DOVER: Money for ground? Did we appropriate money for seed or something?

REP. WALDRON: They dug up the wrong spot. A lot of rocks, etc. They are working on it.

SEN. DOVER: In regard to the kitchen - it was \$200,000 and they had to get it done right away. Is it done?

MR. SOUTH: It was \$205,000. With the state building process and the hurdles you jump over - architect, etc. Now it is all based on the expansion of the new prison.

SEN. DOVER: The money to the monitor detection system; has it helped?

MR. SOUTH: Yes, it has helped.

SEN. SMITH: What about visitors?

MR. SOUTH: There is a monitor detector in the main control.

SEN. SMITH: Are you using main control?

MR. SOUTH: Yes. The only other one is in the guard check point. We have to run cable and put up a barricade and everyone going into the prison will be going through a guard check.

SEN. DOVER: The one appropriated?

MR. SOUTH: It is in and ready to use but have to pull the man out of check point.

SEN. DOVER: How about remedial treatment? MR. SOUTH: It is doing some good.

SEN. DOVER: Water well and system? MR. SOUTH: We have hired a hydrologist and they are in the process of drilling test wells.

License Plate Factory: REP. WALDRON: We authorized the factory to budget in a revolving fund account and gave them the spending authority. If they could make license plates for other states and utilize prisoner help to do it. The license plates are under the Department of Justice and managed by the Department of Administration. The subcommittee recommends that the 26 prison industry programs be transferred over to the Department of Administration. It was past time to do it this session. We would have to change the law and it should be looked at next session.

SEN. AKLESTAD: What kind of a reduction with your employees?

REP. WALDRON: Two State employees but a number of prisoners.

Prison Industry: This has to be selfsustaining. In addition to refinishing furniture, etc., they manufacture ring binders. They had a loan of about \$90,000 to purchase the equipment and get it set up. That program is pretty clean.

SEN. DOVER: Is this a profitable venture? It was \$90,000 up front money and a big building. Are we trying to break even or make a lot of money, or what?

REP. WALDRON: This one has to be profitable. There is an industry training program we do not expect to be profitable.

Canteen: An increase here due to the change in packaging policy. We wanted to cut off the little packages from home that contain the files, etc. The warden has required the prisoners cannot receive groceries from home but must purchase them from the canteen. They can get the money as a gift. The cost will be higher at the canteen than at a discount store. The economy scale makes it more expensive to handle than a bigger store.

SEN. KEATING: You have a captive consumer group here. We have authorized them to increase the number of products there. We authorized a number of programs here. This is an expansion. Automotive, where they would do heavy equipment, industrial arts,

auto repair, meat cutting, horticulture, electronic repair center and business skills - clerical training and repair center is what it would be.

SEN. HIMSL: Are these programs in place or what?

SEN. DOVER: Is this another one the architect and everyone had to get his act in? It was acted on way last spring.

NORM ROSTOCKI (LFA): A study in the special session and was not available until February. There will be some income from the sales in there but not excessive. Maybe \$150,000 income in the automotive. It will be started up.

Swan River Youth Forest Camp: This is the only area of the budget we would pick up loss of federal funds. Part of a teacher was picked up. The money for the drainfield repair will be in the Long Range Building. It keeps the youngsters away from the hardened criminals in the prison and the rate of recidivism is very low.

Veterans; Home: The new wing is scheduled to open in February. Expenses were prorated. Not much general fund. The largest number of people will come from Flathead County.

SEN. AKLESTAD: Are they going to leave all the existing home functional too?

REP. WALDRON: They are talking about closing one building.

SEN. AKLESTAD: Why the increase?

REP. WALDRON: Start up the new wing.

PEGGY WILLIAMS (LFA): In 1984 this reflects only a proportional year. $.5 = 1/2$ year. 1985 will be a full year.

SEN. AKLESTAD: If you close down and then open up, why more?

REP. WALDRON: The facility was built for 36 more beds than they have right now.

SEN. HIMSL: It is a new wing of the nursing home. Only an old building that is being shut down. There are some in there that have money and they do pay.

Warm Springs & Galen: The full committee deleted a vacant position and added in four food service workers that we cut twice. They finally decided it was right.

SEN. SMITH: You are saying they were cut out and you added them back?

REP. WALDRON: They cut out four of them twice instead of one time. There was an increase in the number of patients and they really

did need the four in food service. There has been a dramatic number of patients here. The budget was for 350 and before we finished they were already over that. The executive recommended 340, the subcommittee set the average at 350. Twenty-seven additional direct care positions were appropriated along with an increase of \$153,773 to handle the increase to the recommended level of 350. There will be a decrease in FTE in the food service when the consolidation equipment arrives and begins to operate. The overall will be a substantial decrease in FTE.

SEN. DOVER: The hot meals program sounds good when you talk about the dollars. Is there a lot of maintenance?

SEN. VAN VALKENBURG: It is an interstate highway.

SEN. STORY: Are they expensive carts and how much?

REP. WALDRON: \$2500 a cart and we need six.

SEN. STORY: I thought we might be exceeding the FTE savings on carts.

SEN. BOYLAN: What do you figure the life expectancy of the food carts?

REP. WALDRON: The only thing that can go wrong is the heat units.

SEN. STIMATZ: Will that work in 30 below weather or will it all freeze up? REP. WALDRON: They should work in sub-zero weather. The school districts use them. We had to increase the contract for radiology. That is a sort of tricky way of theirs of spreading the word around.

SEN. REGAN: Will absolutely all food be prepared at one place? All three meals?

REP. WALDRON: Yes.

SEN. REGAN: Snacks?

REP. WALDRON: They have facilities for heating snacks at Galen.

SEN. HAFLEY: What is the fall back position of the Department? Do they have any if the project blows up in their face?

REP. WALDRON: We are not completely shutting down the kitchen at Galen. The equipment, etc., will be left there. We have to be prepared to use the equipment. Also, it does take some time for the equipment to arrive. This is a commitment much like the Billings Children's Home. It is going to happen.

SEN. HAFLEY: It is fine to say it is going to happen. What if it simply doesn't work, for instance the carts don't keep it warm?

REP. WALDRON: The food cooked at Galen now does not necessarily stay warm. They are getting cold food now. There are no insulated trays - just open trays.

SEN. THOMAS: The inmates will be fed. We aren't taking the service away from them. At Warm Springs the food was hot. We got them a microwave so that if someone was working late and needed food, they could fix up a plate and heat it up there. It is not something that has not been tried and tested. It is working now.

SEN. VAN VALKENBURG: When working in the motor vehicle pool we were told a number of figures were being transferred to the motor pool.

REP. WALDRON: We did not give them any new vehicles.

SEN. VAN VALKENBURG: After looking at the vehicles the Highway Department had with 80,000-90,000 miles and possibly a lot of maintenance, we dropped it. You didn't know anything about that?

REP. WALDRON: It was discussed. Some would have to come to Warm Springs, etc., as I recall.

SEN. ETCHART: I think we probably more or less said they could get them if it were true, but would not authorize any new ones.

SEN. THOMAS: I talked to Gary Wicks. Forty-three vehicles were involved. The transfer is still on. We are talking about making the move. We do anticipate doing it. As to whether 80,000 miles or not, I don't know.

REP. WALDRON: LFA made a study on the vehicles. Many times there is less maintenance on one with over 50,000 miles than under that.

SEN. VAN VALKENBURG: Maintenance gets deferred because of age, etc., so that the study does not mean much.

Youth Treatment Center: Supposed to be in operation July 1. We are making the assumption December 1 and here is a cost savings. There was a motion on the floor of the House to take out some equipment and put it in Long Range Building. We took out some stuff not covered in Long Range Building.

Board of Pardons: We did put in a little extra. Parole eligibility got some additional money. There will have to be some out-of-state travel.

SEN. HIMSL: On this budget they asked for \$900 for more frequent meetings. Two people for three meetings. When you took the cuts you took away \$1400. Do they really need that much more, do you think? When you take a percentage cut on a small agency, it hurts.

Finance and Claims

April 5, 1983

Page 33

The note on the treatment center with \$500,000 for opening late reduction. I saw some language on that before today. The money can be used to take care of the people at Warm Springs. I want to make sure they are covered at Warm Springs. You reduced it by \$5,000 and the prior in Billings. What do they do at Warm Springs?

PEGGY WILLIAMS (LFA): The \$500,000 does take into consideration the cost of operating Warm Springs. Warm Springs is cheaper. Less professional people. Forty-three at Warm Springs, 100 plus at the Youth Center.

SEN. SMITH: I think there will be more problems with the Youth Treatment Center than you think.

Sen. Himsl said we will start the executive action on this bill right through the bill from the beginning at 8 a.m. tomorrow morning.

The meeting adjourned at 2:45 p.m.


SENATOR HIMSL, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

48th LEGISLATIVE SESSION - - 1983

Date

4/5/83

NAME	PRESENT	ABSENT	EXCUSED
<u>Senator Etchart, VC</u>	✓		
<u>Senator Dover</u>	✓		
<u>Senator Keating</u>	✓		
<u>Senator Smith</u>	✓		
<u>Senator Thomas</u>	✓		
<u>Senator Van Valkenburg</u>	✓		
<u>Senator Stimatz</u>	✓		
<u>Senator Story</u>	✓		
<u>Senator Ochsner</u>	✓		
<u>Senator Haffey</u>	✓		
<u>Senator Jacobson</u>	✓		
<u>Senator Regan</u>	✓		
<u>Senator Lane</u>	✓		
<u>Senator Aklestad</u>	✓		
<u>Senator Hammond</u>	✓		
<u>Senator Tveit</u>	✓		
<u>Senator Boylan</u>	✓		
<u>Senator Himsl, Chairman</u>	✓		

DATE

4-5-83

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Mike Stephen	MT Assoc. of Co.			
Ken Coffill	Phil M			
Ed Lickerton	DES - DMA			
Tom Schneider	PSC			
Jim Christensen	D.O.A.			
Don BREIBY	D/A			
Dave Boley	Dept. of Administration			
Deane Blanton	D/A			
William H. Taylor	Personnel D.U / D/A			
Zerry Howell	Central Stores / Surplus Dept			
John Rubi	Dept of Hqs.			
Dennis Burke	Dept of Hqs.			
Dennis Hammer	Dept of State Lands			
Eileen Shore	Mt. PSC			
Bill Opitz	" "			
Ben Hardsell	MT Motor Carriers			
Mike Abley	Supreme Court			
D. Becker	OBPP			
T. L. L.	OBPP			
John Deane	Administration			
Col. R.W. Radon	H.W.A. PATROL			
Terry Lynn Minow	MT Fed of Teachers			
Jim Flynn	DEPT FWP			

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION



TED SCHWINDEN, GOVERNOR

32 SOUTH EWING

STATE OF MONTANA

(406) 449-3712

HELENA, MONTANA 59620

MEMORANDUM

TO: Senator Paul Boylan
FROM: Leo Berry, Director
RE: Appropriation to Implement SB 401
DATE: April 4, 1983

Senate Bill 401 expands the duties of the Department of Natural Resources by requiring central recordation of water right transfers. We have no data or experience upon which to estimate the additional work but have done some research and made some assumptions in order to develop a rough estimate.

Information we have received from the Department of Revenue indicates that 120,000 real property transfers occur annually in Montana and approximately 25% of those transfers occur in rural areas.

If we assume most rural transfers and 10% of the municipal transfers include water rights or permits approximately 39,000 transfers would have to be recorded.

Most transfers would be very simple to record. The only change would be the name of the property owner of record. Others, especially partial ownership transfers, would be more complicated and require staff time to verify for accuracy. We estimate about 30% (11,700) of the property transfers with water rights would require analysis and verification. We also anticipate most of those would occur in areas with high subdivision activity.

If 39,000 property and water transfers are recorded and 11,700 were partial transfers requiring verification the Department's high estimate anticipates 15½ FTE and nearly \$90,000 in operating expenses for an annual total of \$330,000. Nine of the 15 FTE would be field office staff whose primary function would be verifying and assisting those involved with property transfers. The workload is estimated at one transfer per 1½ work hours per field office employee. This estimate only considers partial interest transfers as total interest transfers would require little field staff time.

Memorandum to Paul Boylan
April 4, 1983
Page 2

In addition, four records clerk analysts, two microfilm clerks and ½ FTE key punch operators would be necessary to process the transfers.

Because of the uncertainty of the workload related to recording transfers, we suggest that a conservative budget and number of FTE's be added to the Water Resources Division budget. None of the positions would be filled or funds spent other than for form development and distribution, until the transfer documents begin flowing into the Department.

The budget we propose includes:

four field office staff (Gr. 10)	\$ 66,513
four record/clerk analysts (Gr. 8)	57,331
operating expenses	19,953
form printing, special postage, computer service	28,225
TOTAL	\$ 172,022

This budget is \$157,978 and 7½ FTE less than what the Department feels is a safe estimate.

If more transfers are submitted than anticipated or we cannot handle the work with the reduced budget we will attempt to obtain a budget amendment for authority for more FTE's and more money to meet our legal responsibility. I assume this would constitute an emergency situation in order to clear property titles on land transfers.

Attached is an amendment for \$172,000 to be added each year of the coming biennium.

cc: Senator Hims1
Rep. Manuel
Rep. Bardanouve

Amendment to HB 447

amend page 54, line 14 under State Special Revenue Column

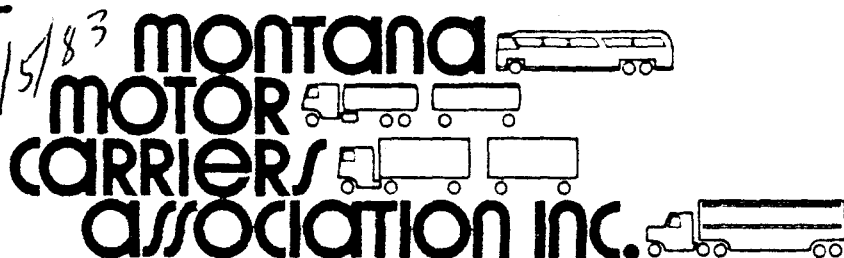
strike:	3,627,836	4,300,739
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insert:	3,799,836	4,472,739
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amend page 54, line 15, under Total Column

strike:	5,203,562	4,875,971
---------	-----------	-----------

insert:	5,375,562	5,047,971
---------	-----------	-----------



B. G. HAVDAHL, EXECUTIVE VICE PRESIDENT
P. O. BOX 1714, HELENA, MONTANA 59624
TELEPHONE: AREA CODE 406 442-6600

April 4, 1983

Senator Matt Hims1, Chairman
Senate Finance and Claims Committee
State Capitol
Helena, MT 59620

Dear Senator Hims1:

The Montana Motor Carriers Association is opposed to the "Additional Operations" appropriation for the Montana Public Service Commission on line 9, page 48, of HB 447. The amount of \$243,411 - \$70,349 in FY 1984 and \$173,062 in FY 1985 - is, as noted on lines 15 and 16, contingent upon the Montana Public Service Commission instituting a rule to set the cost of a motor vehicle identification stamp at a minimum of \$6 per stamp by January 1, 1984. The present cost is \$5.00 and the increase represents a 20% increase. This, coupled with increases in heavy truck taxes at the federal level by 800% and fuel tax increases at the federal level by 125% plus fuel taxes at the State level by 45%, is in our view excessive.

The Montana Motor Carriers Association does not take issue with the addition of computer capability to the operation of PSC. We do, however, oppose increasing truck fees to pay the entire cost.

I would point out that PSC authority for increasing truck fees or any of the fees charged by PSC comes under the passage of SB 346, the bill reestablishing the PSC. It removes the statutory fee schedules and authorizes PSC to charge fees commensurate with costs. Section 3 of the bill says, "Each fee charged by the Commission must be commensurate with the costs incurred in administering the function for which the fee is charged....."

According to the Report to the Legislature of the Sunset Audit of the Public Service Commission and Department of Public Service Regulation, the present fee of \$5 per truck represents a charge in excess of the administrative cost. According to the report, PSC has 44 full time employees and the Division of Transportation has a staff of 14 full time employees, representing about 32%. Revenues to PSC in fiscal year 1979-1980 were \$847,325 and 80% or \$679,321 came from the \$5.00 Motor Vehicle Identification Stamp. In 1980-1981 fiscal year, 75% of the revenue (\$784,934 of \$1,047,399) came from the \$5 fee.

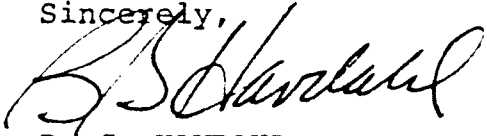
Senator Matt Hims1

- 2 -

April 4, 1983

Increasing the fee by 20% to \$6 will, in our view, further increase the gap between the revenue and the cost incurred by the PSC to administer the Motor Carrier Regulatory function.

Sincerely,

A handwritten signature in cursive script, appearing to read "B. G. Havdahl".

B. G. HAVDAHL
Executive Vice President

BGH:ap

enc.

cc: Members of Senate Finance and Claims Committee

oversees the operation of the department, hires the department's executive director, and reviews and approves budget proposals. The PSC's functions also include the formulation of administrative rules, the determination of the reasonableness of utility and carrier rates, and the enforcement of applicable statutes, rules, and orders.

DEPARTMENT OF PUBLIC SERVICE REGULATION

The Department of Public Service Regulation was created by the Executive Reorganization Act of 1971 and consists of four divisions: 1) the Centralized Services Division, 2) the Legal Division, 3) the Utility Division, and 4) the Transportation Division. The department is administered by an executive director who is responsible to the PSC. Division administrators have full authority over their respective divisions and report to the executive director.

~~The department is authorized and maintains a staff of 44 full-time~~
~~employees~~ with 39 working at the department's office in Helena and 5 motor carrier enforcement officers working at field locations around the state as of June 30, 1982.

Centralized Services Division

The Centralized Services Division is responsible for providing accounting and personnel related services for the department, and for maintaining docket books. The division staff consists of an administrator, an accounting technician, a secretary, and a receptionist.

The division administrator has been designated as the Secretary of the Commission. The secretary's duties include keeping a full and complete record of all PSC proceedings, maintaining its

records, and performing such other duties as the PSC may prescribe.

Legal Division

The Legal Division is responsible for advising the PSC and other department staff in all matters requiring a legal interpretation or opinion, assisting in the drafting of PSC orders, and representing the PSC in court cases involving PSC/department activity. The division has a staff of four attorneys, a hearings reporter, and three clerical employees. The division administrator and another senior attorney share the responsibility for cases related to major utilities, with other cases assigned to the staff as necessary.

Utility Division

The PSC's administrative rules specify the role of the Utility Division as regulation of all public utilities. Currently, the Utility Division is responsible for monitoring the services of approximately 600 public utilities operating in Montana. The division has twelve full-time staff positions, including an administrator, assistant administrator, two economists, an accountant, three rate analysts, a utilities engineer, a consumer services representative, and two clerical positions.

Transportation Division

The Transportation Division is responsible for the regulation of approximately 900 intrastate common motor carriers, contract carriers for hire, and intrastate activity of four railroads in Montana. ~~The division has a staff of 14 full-time employees and~~ includes the Motor Carrier Enforcement Bureau and the Motor Carrier Insurance and Authority Bureau.

PSC/DEPARTMENT FUNDING

License and permit fees are the major source of commission/department revenues as shown in Illustration 1. Revenues are deposited to the state General Fund, except for federal funds which are deposited into a federal and private revenue fund.

PSC/DEPARTMENT REVENUES FISCAL YEARS 1979-80 AND 1980-81

<u>Type of Revenue</u>	<u>Fiscal Year</u>	
	<u>1979-80</u>	<u>1980-81</u>
<u>General Fund</u>		
PSC Application & Permit Fees	\$ 25,884	\$ 36,341
Highway Fees (Motor Unit Stamps)	679,321	784,934
Annual Report Filing Fee	4,988	5,063
Tariffs & Filing Fees	1,621	1,544
Legal Advertisement Reimbursements	13,562	19,856
<u>Federal and Private Revenue Fund</u>		
Gas Pipeline Safety	14,150	28,311
Comprehensive Employment and Training Act (CETA) Grant	7,799	-0-
Public Utility Regulatory Policies Act (PURPA) Grant	100,000	171,350
Totals	<u>6847,325</u>	<u>1,047,399</u>

Source: Compiled by the Office of the Legislative Auditor from Montana's Statewide Budgeting and Accounting System

Illustration 1

The PSC is funded through appropriations from the state General Fund, as well as from federal funds. Illustration 2 is a summary of appropriations, expenditures, and reversions for the last six fiscal years.

Western States Public Utility Commissions Motor Vehicle

Identification Stamp Fees

Arizona	\$5.00 Per Stamp Per Truck
California	\$2.00 Per Stamp Per Truck
Colorado	No Cost
Hawaii	Not Available
Idaho	\$25.00 per year per Carrier, regardless of # trucks
Montana	\$5.00 Per Stamp Per Truck
Nevada	No Cost
New Mexico	No Cost
Oklahoma	\$3.00 Per Stamp Per Truck \$5.00 Per Stamp Per Tractor
Oregon	\$5.00 Plate For Two Years
South Dakota	\$4.00 Per Stamp Per Truck
Texas	\$11.00 Per Stamp Per Truck
Utah	\$1.00 Per Stamp Per Truck
Washington	\$3.00 Per Stamp Per Truck
Wyoming	No Cost

*Data compiled by Western Highway Institute

4/5/83

January 4, 1983

RECEIVED

JAN 06 1983

MONT. P. & COMMISSION

Francis Bardanouve, Chairman
House Appropriations Committee
Capitol Station
Helena, Montana 59620

Dear Representative Bardanouve:

As chairman of the Legislative Audit Committee, I am asking the House Appropriations Committee and the Senate Finance and Claims Committee to consider the following audit committee motion made at its November 8, 1982 meeting. The action was taken during a hearing of the enclosed sunset audit of the Montana Public Service Commission.


"The Legislative Audit Committee supports the establishment of the following Public Service Commission capabilities:

1. Capability to audit regulated utilities and carriers;
2. Data processing capability; and
3. Capability for an on-going financial review of regulated utility and carrier earnings.

Audit and data processing capabilities would allow the commission and its staff to verify and more thoroughly analyze, on a timely basis, the information provided by the regulated utilities and carriers. The on-going review capability would ensure that the commission and its staff are better informed about the financial condition and operations of the regulated utilities and carriers between rates cases."

Thank you for your consideration. If you have any questions, please contact me or the Legislative Auditor.

Sincerely,


Matt Himsel, Chairman
Legislative Audit Committee

MH/mt

cc. House Appropriations Committee members
Senate Finance and Claims Committee members
Enclosure

4/5/83
HOUSE APPROPRIATIONS COMMITTEE

Legislative Auditor - General fund was reduced \$25,000 each year of the biennium. It was left up to the legislative auditor to determine what expenditure categories should be reduced.

Legislative Fiscal Analyst - General fund was reduced by \$8,538 as a result of reducing a modified .5 FTE secretary position in fiscal 1984.

Legislative Council - General fund was reduced \$24,000 in fiscal 1984 as a result of reducing NCSL travel for the biennium to \$72,000.

Environmental Quality Council - General fund was reduced \$20,997 in fiscal 1984 and \$18,007 in fiscal 1985. Modified personal services were reduced by \$27,327 in fiscal 1984 and \$27,269 in fiscal 1985 for one research and a .5 FTE secretary. Operating expenses were reduced \$1,609 in fiscal 1984 and \$1,827 in fiscal 1985. Contract services were increased \$7,939 in fiscal 1984 and \$11,089 in fiscal 1985.

Supreme Court - Boards and Commissioners - A modified request for a .5 FTE secretary was deleted at a general fund savings of \$7,729 in fiscal 1984 and \$7,701 in fiscal 1985.

HOUSE FLOOR

Governor's Office - The following language was added: "If the appropriation is not sufficient to cover the costs for the 1985 biennium, the Governor's Office may present a supplemental to the next legislature." This expresses the legislature's intent to the executive that he has an option to expend funds in excess of the appropriation if necessary to continue the defense of the coal tax.

HOUSE APPROPRIATIONS COMMITTEE

Secretary of State - Administrative Codes - The ARMS indexing project was deleted. One FTE was deleted at a savings of \$18,969 in fiscal 1984 and \$18,901 in fiscal 1985. Operating expenses of \$23,865 in fiscal 1984 and \$25,297 in fiscal 1985 were deleted. All of the amounts deleted were in the general fund.

Department of Justice - Legal Services - General fund for the anti-trust program was reduced \$27,313 in fiscal 1984 and \$27,249 in fiscal 1985. No current level FTE were reduced and case assessments costs for multi-state anti-trust cases will continue.

Justice - Driver Licensing - General fund for out-of-state travel was reduced \$2,489 in fiscal 1984 and \$2,502 in fiscal 1985.

Justice - Field Services - Two traffic safety officers were deleted. Personal services savings were \$43,207 in fiscal 1984 and \$42,215 in fiscal 1985. Operating expenses and equipment expenses associated with the two positions of \$33,694 in fiscal 1984 and \$9,012 in fiscal 1985 were also deleted.

The uniform allowance for highway patrol officers was maintained at \$175 per year per officer. This was a general fund reduction of \$15,150 per year.

General fund for seven patrol cars per year was deleted. This is a savings of \$67,823 in fiscal 1984 and \$71,897 in fiscal 1985.

Highway patrol officers salaries are funded with general fund. However, due to 44-1-501, MCA, highway earmarked revenue fund is appropriated in Justice. A general fund appropriation to the highway earmarked revenue fund of \$12,000,000 is made to the highway earmarked account in the Highway Department budget. Before pay raises highway patrol officers salaries cost \$5,893,836 in fiscal 1984 and \$5,873,796 in fiscal 1985, or \$11,767,632 in the 1985 biennium.

HOUSE FLOOR

Federal funds of \$34,000 were added to allow for the continuation in fiscal 1984 of a summertime 55-mile per hour enforcement squad that was started with a budget amendment in fiscal 1983. Included are personal services of \$12,573 and operating expenses of \$12,427.

HOUSE APPROPRIATIONS COMMITTEE

Law Enforcement Teletype - General fund for contract services for data processing fees were reduced \$10,597 in fiscal 1984 and \$14,520 in fiscal 1985. The budget contains \$110,000 per year in data processing fees.

General fund was substituted by funds from the motor vehicle account saving \$214,495 in fiscal 1984 and \$155,000 in fiscal 1985.

Law Enforcement Academy - Instructors travel was reduced \$3,600 each year of the biennium. One FTE secretarial position in the juvenile justice program was reduced with personal services savings of \$15,106 in fiscal 1984 and \$15,052 in fiscal 1985. Operating expenses for that position of \$2,173 in fiscal 1984 and \$2,370 in fiscal 1985 were also reduced. The amounts reduced were in the general fund.

General fund was substituted by funds from the motor vehicle account saving \$199,175 in fiscal 1984 and \$139,799 in fiscal 1985.

Identification Bureau - General fund for data processing fees used to maintain the criminal justice history file were reduced \$3,592 in each fiscal year.

Criminal Investigation - One FTE criminal investigator and one FTE secretary were reduced at a savings to the general fund of \$56,775 in fiscal 1984 and \$57,928 in fiscal 1985. Personal services savings were \$43,345 in fiscal 1984 and \$43,247 in fiscal 1985. Operating expenses were reduced \$13,430 in fiscal 1984 and \$14,681 in fiscal 1985.

Data Processing - A one FTE programmer was reduced at a savings to the general fund of \$29,027 in fiscal 1984 and \$28,920 in fiscal 1985.

Forensic Science - General fund was substituted by funds from the motor vehicle account saving \$199,175 in fiscal 1984 and \$139,799 in fiscal 1985.

Legal Jurisdiction - Language was added to require the attorney general to report to the Legislative Finance Committee in August 1984 and the next legislature in January on how the legal jurisdiction appropriation was expended.

Department of Revenue

Director's Office - Contract services for legal fees were reduced by \$35,000 in fiscal 1984. Travel costs for training were reduced by \$2,051 in fiscal 1984 and \$2,140 in fiscal 1985. All of the amounts reduced were in the general fund.

Revolving account authority for agency payroll charges of \$3,574 for fiscal 1984 and \$3,229 in fiscal 1985 were added.

Central Services - Training fees were reduced \$1,209 in fiscal 1984 and \$1,065 in fiscal 1985. Miscellaneous equipment of \$1,000 in each year of the biennium was reduced. All of the amounts reduced were in the general fund.

Research and Information - One programmer was deleted at a savings to the general fund of \$27,902 in fiscal 1984 and \$27,799 in fiscal 1985.

HOUSE FLOOR

Liquor Division - The open-ended appropriation was specifically identified as an appropriation for the Liquor Division's revolving fund.

The 13 percent profit suggestion was changed from "should attempt to return 13 percent of net sales" to "shall attempt to return at least 13 percent of net sales". The 15 percent limitation on operational expenses of the liquor merchandizing system was made mandatory. Closing or converting nonprofitable state stores to agency stores was made mandatory. Language describing a nonprofitable state store was deleted.

HOUSE APPROPRIATIONS COMMITTEE

Property Assessment - Sixteen new cars were reduced in fiscal 1985 at a general fund savings of \$133,600. Funding to help counties computerize property tax statements was reduced 50 percent for a general fund savings of \$105,906. Aid to counties for supplies, materials, and travel expenses of \$43,318 in fiscal 1984 and \$42,754 in fiscal 1985 were deleted from the general fund. Equipment authorized for county assessors and appraisers offices was reduced 50 percent saving the general fund \$38,950 in each year of the biennium.

HOUSE FLOOR

Language in the bill that required county commissioners to provide office space in county courthouses or government office buildings at no cost to the state Department of Revenue for appraiser staff was deleted.

HOUSE APPROPRIATIONS COMMITTEE

Central Administration - One management analyst position was deleted saving the general fund \$30,347 in fiscal 1984 and \$30,234 in fiscal 1985. Out-of-state travel was reduced \$1,600 in fiscal 1985.

Just into operating → Accounting Division - General fund travel was reduced in fiscal 1985 by \$1,435 for out-of-state travel.

Accounting and Management - The committee changed the funding for fiscal 1985 from all revolving funds to 59 percent general fund and 41 percent revolving fund. General fund increases \$91,078. The revolving fund decreased by \$91,078. *BARS*
#B639

Local Government Services - General fund for district court funding was reduced \$275,000 per year. This leaves \$1,375,000 per year for district court funding.

State Insurance Division - General fund for fire insurance on state buildings was reduced \$56,250 in fiscal 1984 and \$58,750 in fiscal 1985. The revolving fund was increased a like amount to pay the premiums.

The department was authorized to expend available self-insurance reserves and revenues to pay any deficit which may be incurred for property insurance premiums due and payable through June 30, 1985.

State Tax Appeals Board - General fund was decreased \$20,287 in fiscal 1984 and \$11,250 in fiscal 1985. This reduces by 25 percent the funding that was added as a contingency for the "34 percent" property tax issue.

Administration Program - General fund was increased as a deputy director was reinstated at \$37,000 each year. *and sat*

284 at which Military Affairs - Army National Guard - One FTE carpenter was deleted at a general fund savings of \$10,537 in fiscal 1984 and \$10,352 in fiscal 1985. Utilities were reduced \$15,000 in fiscal 1984 and \$18,000 in fiscal 1985 due to fuel economies. Equipment was reduced \$5,000 in fiscal 1985. Federal funds were also reduced for the carpenter position of \$10,537 in fiscal 1984 and \$10,352 in fiscal 1985. Federal funds for utilities were reduced by \$10,000 in fiscal 1984 and \$12,000 in fiscal 1985.

Highway Construction - The following language was approved: If Senate Bill 454 is enacted, the appropriations in 1a and 1b will be combined in fiscal 1984 and the appropriations in 11a and 11b will be combined for fiscal 1985.

General Operations - A general fund transfer of \$12,000,000 is a biennial appropriation from the general fund to the highway earmarked account. This transfer is to pay the highway patrol salaries.

The committee authorized an additional \$42,467 in fiscal 1984 and \$30,346 in fiscal 1985 to cover additional payroll service fees. This will be paid with earmarked funds.

The PPP system was initially began in 1977. The 45th Legislature made the first appropriation to fund this system. Subsequent legislative sessions appropriated monies for continued development of the system. The 1981 Legislature made three separate appropriations for this system to the Budget Office, State Auditor and Department of Administration for continued development of this system. The system has now been completely placed in the State Auditor's Office - consequently a large increase has occurred in this budget.

Modified Request Approved:

	<u>Fiscal 1984</u>	<u>Fiscal 1985</u>
1. System Transfer	\$152,518	\$161,669
2. Minor Enhancement	15,000	
3. Personnel Enhancements	64,000	
4. One FTE	16,650	16,590
5. Office Equipment	6,444	

4/15/83
DEPARTMENT OF MILITARY AFFAIRS



TED SCHWINDEN, GOVERNOR

P.O. BOX 4789

STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL

HELENA, MONTANA 59604

DMA-AG

31 March 1983

MEMORANDUM TO: Senators Dover, Van Valkenburg, Keating, Stimatz

FROM: MG James *[Signature]* Duffy, The Adjutant General

I am writing this memo to bring you up to date on the status of the Military Affairs budget since the Joint Sub-Committee adjourned.

When our budget went to the House Appropriations Committee the Legislative Fiscal Analyst's office recommended that the three new maintenance positions and the contract administrator position be cut out of the budget. Per the attached letter to Representative Quilici we determined that the Maintenance Supervisor and the Contract Administrator were critical to our operations and should be saved. I also determined that we could supplement the other two positions by contracted services and a shifting of duties. Only one of the positions was cut by the Appropriations Committee.

At the same time we determined that due to saving in utilities this fiscal year which are being spent on energy measures and with an energy retrofit program submitted to the Long Range Building Program Committee we could reduce our FY 84/85 utility expense and therefore voluntarily reduce our operating budget.

I am sure more cuts will be recommended by the Legislative Fiscal Analyst; however the Department cannot absorb further reductions and still accomplish what we told the sub-committee we would do.

I urge you to support our agency and oppose further cuts in our budget.

If I can be of further assistance please let me know.

cc: Sen Haffey
Rep Quilici



STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL

HELENA, MONTANA 59604

March 17, 1983

Representative Joe Quilici
House Appropriations Committee
Capitol Station
Helena, MT 59620

Dear Representative Quilici:

I have just learned that a proposed reduction in the Department Budget is to cut the four FTE's which were added to the Army Program. I suggest the following compromise and the reasons for the compromise.

1. Retain the Maintenance Supervisor in the Budget. We need the supervisor to put together and operate our maintenance and energy conservation programs effectively. This position will supervise 12 maintenance employees and will have direct control of the maintenance budget so that he can coordinate all assets for successful accomplishment of our maintenance program.
2. Retain the Contract Administrator position in the Budget. This position will more than pay for itself in increased Federal revenue. We were criticized by the Legislative Auditor for our administration of the Federal/State contracts and this position will allow us to get these contracts in order. Also, our 84/85 Budget shows substantial increase in Federal revenue and this increase is based on this position's ability to generate these funds. The service provided by this position could not be absorbed into our existing situation.
3. Cut the Carpenter position. We will be somewhat hampered in our ability to do what we want but will adjust.
4. Cut the Maintenance position.

Based upon our LRBP request for spending authority for energy conservation measures for our non-Army facilities and our plan to use utility savings from the 82/83 open winter, we will save some utility costs in FY84 and FY85. We can take a chance and cut utility funding in FY84 by \$25,000. and FY85 by \$30,000. See attached sheet.

I urge you to accept this compromise and fund our program as presented above.

Sincerely,

JAMES W. DUFFY
MG, MT NG
The Adjutant General

*Done by
House Comm. H-*

4/5/83

DEPARTMENT OF MILITARY AFFAIRS



TED SCHWINDEN, GOVERNOR

P.O. BOX 4789

STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL

HELENA, MONTANA 59604

VACANCY SAVINGS

I request that the Vacancy Savings recommended by the Fiscal Analyst be omitted from our Budget. With a probable state pay raise of 4.5% each year the Adjutant General Division will have to cover approximately \$25,000 in FY 84 and \$50,000 in FY 85. If the forced vacancy savings is added to this amount - estimated at \$20,000 in FY 84 and \$40,000 in FY 85 we would not be able to continue to maintain present staff levels. We are a small agency and the slightest problem of this type compounds greatly on us.

For Example: In the Administration Program the Vacancy Savings was 8% per the LFA Budget. Administrator of Centralized Services contributed 25% of the total savings by attending a Military School for 6 weeks in a LWOP status. General Duffy, the Department Director contributed 10% of the savings by going on LWOP to attend meetings throughout the year.

As you can see, a Vacancy Savings amount could severely impact on our ability to do our job.

4/5/83
Walker
Amendments to HB 447.

Amendments requested before the Senate Finance and Claims Committee:

That HB 447 be third reading copy, be amended as follows:

1. Page 66, line 22:
Under General Fund
Strike: "\$1,784,780"
Insert: "\$1,830,984"
Under Total
Strike: "\$1,822,791"
Insert: "\$1,868,995"
2. Roll up totals to reflect change:

#

Explanation:

This amendment increases the operational budget for the proposed Youth Treatment Center by \$46,204.00. This amendment reestablishes \$46,204.00 of general fund equipment dollars of \$57,024.00 that was deleted from the budget via a floor amendment during 2nd reading debate on HB 447 in the House. The intent of the sponsor of the amendment was to transfer \$57,024.00 of proposed equipment for the Montana Youth Treatment to the Long-Range Building Program Budget. However, of the equipment list only \$10,820.00 would be appropriate to transfer to a Long Range Building. The \$46,204.00 that is being requested to be reinserted consists of equipment that is not appropriate for long range building. This equipment consists of the following items.

1.	15 passenger van [2]	\$25,440.00
2.	The lawn tractor with	
	attachments [1]	2,650.00
3.	Half ton pick up [1]	8,322.00
4.	Sewing machine [2]	1,259.00
5.	Lawn mowers [2]	265.00
6.	Station Wagon [1]	8,268.00
	TOTAL	\$46,204.00
	6, STATION WAGON	8268.00
		\$33708.00

4-5-83

January 4, 1983

Francis Bardanoue, Chairman
House Appropriations Committee
Capitol Station
Helena, Montana 59620

RECEIVED
JAN 06 1983
MONT. P. & S. COMMISSION

Dear Representative Bardanoue:

As chairman of the Legislative Audit Committee, I am asking the House Appropriations Committee and the Senate Finance and Claims Committee to consider the following audit committee motion made at its November 8, 1982 meeting. The action was taken during a hearing of the enclosed sunset audit of the Montana Public Service Commission.


"The Legislative Audit Committee supports the establishment of the following Public Service Commission capabilities:

1. Capability to audit regulated utilities and carriers;
2. Data processing capability; and
3. Capability for an on-going financial review of regulated utility and carrier earnings.

Audit and data processing capabilities would allow the commission and its staff to verify and more thoroughly analyze, on a timely basis, the information provided by the regulated utilities and carriers. The on-going review capability would ensure that the commission and its staff are better informed about the financial condition and operations of the regulated utilities and carriers between rates cases."

Thank you for your consideration. If you have any questions, please contact me or the Legislative Auditor.

Sincerely,


Matt Himsel, Chairman
Legislative Audit Committee

MH/urt

cc: House Appropriations Committee members
Senate Finance and Claims Committee members
Enclosure

4-5-83

4/5/83

Department of State Lands - Fire Protection

Background

- The Department protects non-federal classified forest lands in western Montana.
- The U. S. Forest Service has protected 2.2 million acres of state and private land under an agreement with the State for the State's assessment of \$0.16 per acre.

Problem

- The Forest Service has notified the Department that beginning July 1, 1983 they will charge the full cost of protection or \$0.66 per acre (see attached letter).
- The Department will be billed \$1.1 million over the assessment per year.

Solution

- The Forest Service has agreed to protect the area for the assessment if the State enacts a program to equalize the acreage over a 10 year period.
- The State would assume the protection of 300,000 acres in the next biennium referred to as the "Libby Block".

Cost

<u>FY 84</u>	<u>FY 85</u>
\$292,404	\$292,201



United States
Department of
Agriculture

Forest
Service

Attachment #2

36

P. O. Box 7669
Missoula, MT 59807

Reply to: 5170

Date: SEP 8 1982

Gary G. Brown, Administrator
Division of Forestry
Department of State Lands
2705 Spurgin Road
Missoula, Montana 59801

Dear Gary:

Al Troutt's letters to you dated January 22 and June 18, 1982, discuss the need to revise our cooperative fire protection agreement and established July 1, 1983, as the effective date.

We will charge the full cost of protection beginning July 1, 1983, or I could enter into an agreement for offset protection. It would not be practical to go to full offset protection in a short period of time due to impact on our organizations, lead time required for budgeting, planning, etc. We could mutually agree on an implementation plan, working toward full offset protection over a specific planning period.

The Forest Service protects over 2,200,000 acres of State and private land in Montana. The cost of protecting these lands is \$.657 per acre (based on an average of the most recent 5-year costs) or a total of \$1,445,000.

It is important that we continue a cooperative approach to fire protection in order to provide the most cost effective protection program. If you have any questions, please let me know. I would be glad to discuss this with you in more detail at your convenience.

Sincerely,

for 
TOM COSTON
Regional Forester



7-12
4-5-83
29 November

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Missoula, MT 59807

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Gary G. Brown, Administrator
Division of Forestry
Department of State Lands
2705 Spurgin Road
Missoula, Montana 59801

Dear Gary:

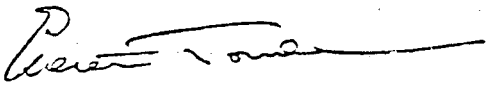
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Sincerely,

for 
TOM COSTON
Regional Forester



POINT-OF-SALE SYSTEM
LIQUOR DIVISION
Option I - POS in 42 Stores with Hand Held Inventory Devices in 32 Stores

	FY83	FY84	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94
COSTS:												
Additional Manpower to Develop & Maintain System	\$ 42,936	\$ 42,936	\$ 21,283	\$ 21,283	\$ 21,283	\$ 21,283	\$ 21,283	\$ 21,283	\$ 21,283	\$ 21,283	\$ 21,283	\$ 21,283
Employee Benefits	8,588	8,588	4,257	4,257	4,257	4,257	4,257	4,257	4,257	4,257	4,257	4,257
Electrical Preparation	--	13,200	--	--	--	--	--	--	--	--	--	--
D.P. Computing, Testings, Developing	67,200	6,500	--	--	--	--	--	--	--	--	--	--
Added Computer Production Costs	3,972	21,960	43,920	43,920	43,920	43,920	43,920	43,920	43,920	43,920	43,920	43,920
Equipment Costs	230,000	591,318	--	--	--	--	--	--	--	--	--	--
Maintenance Costs	4,740	32,088	64,176	64,176	64,176	64,176	64,176	64,176	64,176	64,176	64,176	64,176
Communications Costs	267	2,616	5,232	5,232	5,232	5,232	5,232	5,232	5,232	5,232	5,232	5,232
Additional Supplies	200	1,680	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360
TOTAL COSTS	357,903	722,886	142,228	142,228	142,228	142,228	142,228	142,228	142,228	142,228	142,228	142,228

BENEFITS:												
4% Inventory Reduction	--	918,400	1,377,600	--	--	--	--	--	--	--	--	--
Elimination of New or Replacement Cash Registers	--	--	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
10% Reduction in Store FTE's	--	170,791	240,583	240,583	240,583	240,583	240,583	240,583	240,583	240,583	240,583	240,583
1% Return (Cost) Invest.	--	(44,568)	(2,000)	183,659	226,284	265,621	309,687	359,036	414,307	476,210	545,582	623,193
Software Contract	--	70,000	70,000	70,000	--	--	--	--	--	--	--	--
TOTAL BENEFITS	--	\$1,064,123	\$1,689,383	497,442	470,067	509,408	553,470	607,819	638,040	719,993	789,375	866,976
NET ANNUAL BENEFITS (COSTS):	(357,903)	341,237	1,547,155	355,214	327,839	367,180	411,242	460,591	515,862	577,765	647,097	724,748
ACCUMULATIVE BENEFITS (COSTS):	(357,903)	(16,666)	1,530,489	1,885,703	2,213,542	2,580,722	2,991,964	3,452,555	3,968,417	4,546,182	5,193,279	5,918,027

Handwritten:
#2
9/16/83