

MINUTES OF THE MEETING  
JOINT SUBCOMMITTEES OF HOUSE APPROPRIATIONS  
AND  
SENATE FINANCE AND CLAIMS

March 7, 1985

The meeting of the Joint Subcommittee of House Appropriations and Senate Finance and Claims was called to order by Chairman Bardanouve on March 7, 1985 at 11:10 a.m. in Room 104 of the State Capitol.

ROLL CALL: Roll call was not taken.

(Tape 26:A:000)

The Chairman asked Judy Rippingale, Legislative Fiscal Analyst (LFA) to inform the committee on why they are meeting today.

INFLATION FACTORS:

Judy said there are inflation factors in most budgets at 4-4.5-5 percent. Some legislators have discussed reducing the factors to 3-3-3 and one subcommittee has used 3-3-3 percent. If the committee will adopt a uniform inflation factor for all subcommittees, her staff could make the changes by running them through the computer.

Utility Costs:

In terms of inflation, electricity is going to be higher than originally estimated and natural gas is going to be lower. The net result is an increase in total cost for the biennium of \$40,000; however, between shifts in agencies and the funding sources of each agency, there should be an approximate \$600,000 General Fund savings. The users of electricity and gas don't offset each other in the same agency, so to more accurately reflect the cost, the change should be made.

Representative Quilici (034) said his subcommittee addressed this question this morning and in one small budget they took \$157,000, of which \$32,000 was the inflation factor. The subcommittee voted to hold off to see what the full committee will recommend so all subcommittees can be consistent in the percentages.

In response to a committee question, the LFA said the Executive budget used an inflation factor of 4-0-0 percent.

E X E C U T I V E   A C T I O N :

Senator Haffey (051) made a motion that utility costs in agency budgets, in the amount of \$600,000, be reduced and prorated in proportion to the amount of each agency's use.

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A voice vote was taken and the motion carried unanimously.

(End of Executive Action)

Senator Haffey (065) asked if the 3-3-3 inflation rates used by one subcommittee is within reason. The LFA said 3-3-3 is below the actual level of inflation. She said Judy Curtis Waldron, Senior Analyst, could address this.

Judy Curtis Waldron said the latest forecast from Chase Econometrics suggests the 4-4.5-5 inflation rate is a little high, but it high by probably less than .5 percent.

Representative Winslow (092) said if a 3-3-3 percent inflation factor were used across-the-board in Human Services budgets, it may be close to \$1 million.

Representative Donaldson (097) asked Judy Curtis Waldron if Chase Econometrics' projections reflect what is happening in Montana. Judy said Chase projections are national and there are no historic figures for Montana which would enable a comparison. The Chairman said Chase has lost some credibility with him because they projected a rise in oil prices. Representative Moore (133) said 4 percent is more reasonable, based on past years.

Representative Manuel (148) said his subcommittee, in 99 percent of the cases, used the Governor's recommended 4-0-0 percent and this is already reflected in the budgets. Judy Rippingale said her staff has exempted all programs which took the Executive inflation factors from any further reduction.

E X E C U T I V E   A C T I O N :

Senator Christiaens made a motion that subcommittees use inflation factors of 4-3-3.

Representative Quilici (204) asked the LFA if she could make a cost comparison between a 4-3-3 and 4-4-4 inflation factor which would reflect the actual savings in the total subcommittees so the committee will know exactly where it stands. Judy said her computer programmer has completed the program which changes the numbers and is now working on a program to produce a printout of all changes in programs. Assuming there are no major problems, she said she thinks this comparison is possible.

A voice vote was taken and the motion carried, with Representative Manuel voting no.

(End of Executive Action)

The LFA (246) said her understanding of the Executive Action just taken is as follows: Anything in the base will go to 4-4-4 and be printed out to see what the cost is; then she will go to 4-3-3 and print that out to see what that cost is.

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Then the 4-3-3 factor is what will be entered into the permanent numbers except for those agencies which took the Executive inflation factors of 4-0-0, which will be exempt from changes. She said in every case, however, the dollar figures cannot be precise to the dollar.

Senator VanValkenburg (259) said the LFA can't be entering these factors until subcommittees have voted on them. He said he assumes the committee meeting now is an ad hoc committee to makes recommendations to subcommittees, so the LFA will have to wait until the subcommittees take action.

Senator Regan (266) urged there be agreement in this committee that all subcommittees treat agencies equally, which is the intent of the committee at this time.

The Chairman said he hopes the committee considers the action taken as a policy decision, but it is not an absolute.

The LFA said occasionally a subcommittee program used the Executive inflation factor of 4-0-0, but it is rare except in Representative Manuel's subcommittee on Natural Resources.

MEETING SCHEDULES:

Chairman Bardanoue said he assumes each subcommittee report to the full committee next week will contain a report on soft spots. He said the meetings of the full committee will begin at 8 a.m. on Monday, March 11 and run until 12 noon. Executive Action will be taken either before 12 noon or in the evenings, if necessary. A different subcommittee will be heard each day.

COMMITTEE BILLS:

Representative Thoft (362) asked if the full committee will hear bills which have already had a full hearing. The Chairman said in most cases, no; and in Long Range Planning especially. If Long Range Planning does not have the money and a fair hearing has been held, he thinks the full committee will not hear this again. Representative Thoft said he is speaking of bills which have come off the floor and been referred to the Appropriations Committee. The Chairman said he thinks the full committee will not hold these full hearings unless someone really has some burning issue. He said he told one lobbyist this morning that if they want to come to the full committee hearing, they will have to designate one spokesperson for their association. Representative Winslow asked if the bills which came off the House floor and sent to subcommittees will have full committee hearings. The Chairman said the full committee will review these bills, but will not hold full hearings again. He said Representative Thoft is referring to bills which have been heard in other committees and sent to Appropriations because of their fiscal impact.

In response to a committee member's question, the Chairman said subcommittees cannot table a bill, but can recommend to the full committee that it be tabled.

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BALANCED BUDGET:

The Chairman said he hopes a balanced budget can be sent to the Senate. Representative Donaldson agreed this should be done. Senator Regan agreed and said this goes for the Foundation Program too. She said "Don't send a 7 and 7 increase without the revenue". The Chairman said even the most optimistic feels a 4 and 4 is absolute tops and if there is not more revenue, this may have to be reduced below 4 and 4.

VACANCY SAVINGS:

The Chairman (553) asked the LFA if there has been a uniform policy on vacancy savings. Judy said no. He said he feels the committee should address this very soon. Representative Waldron said it is difficult to get uniformity. The Chairman said if there is not a uniform policy this session, the problem of vacancy savings will be compounded.

The Chairman asked Dave Hunter, Budget Director, what his recommendation is on vacancy savings. Dave said his recommendation is a 4 percent across-the-board regardless of the agency. He said there will be a few problems, but his recommendation is that the agency come in for a supplemental because this forces better management and will save a little money.

Education Subcommittee:

Senator Haffey said they basically used the LFA recommendations for vacancy savings, but varied as the situation warranted. He said a uniform vacancy savings figure is not necessarily a wise decision.

General Government & Highways Subcommittee:

Representative Quilici's subcommittee tried to use the 4 percent vacancy savings on agencies which can sustain it, but for some agencies, there was 1 percent or less in vacancy savings.

(Tape 26:B:000)

Human Services Subcommittee:

Representative Winslow said his subcommittee used 4 percent on vacancy savings.

Institutions Subcommittee:

Representative Waldron said his subcommittee tried to take 4 percent, but in one institution they took 5 percent and in another they took 6. There were no vacancy savings taken at the prison on security, but the subcommittee did take the savings on support, a total of about 3 percent at the prison.

Natural Resources Subcommittee:

Representative Manuel said his subcommittee did almost the same as Representative Quilici's subcommittee, but in some cases they took 5 percent. Overall, they tried to keep the 4 percent.

Senator VanValkenburg said he is hearing that if a policy were adopted, there would not be a significant change in dollars because in most instances, the subcommittees have done what the Budget Office recommended. The Chairman agreed that the vacancy savings are pretty close and it may not be significant to undo what has already been done in subcommittees.

Adjourn:

  
FRANCIS BARDANOUE, Chairman