

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 28, 1986

The third meeting of the Finance and Claims Committee of the Montana State Senate, Special Session 2, met in room 108 of the State Capitol on the above date. Chairman Regan called the meeting to order at 4:20 p.m.

ROLL CALL: Roll call sheet is attached, several members being excused to attend other committee meetings.

CONSIDERATION OF HOUSE BILL 8: Representative Moore, chief sponsor of House Bill 8, said they had been notified last summer by the commissioner of State Lands that we were in the midst of a terrible fire fighting season. He said the figures on the bill of nearly \$2million was the result and none of the fire-fighting we had at that time met the requirement of the Federal emergency funds, that we did not collect any for the year.

Representative Bardanouve spoke as a proponent. He said this is not really on the bill, but at the last minute Mr. Hemmer had received a billing after this bill was before us. It is a BIA billing, and he thought it was \$47,000. He said Mr. Hemmer wished the billing to be audited before it was submitted. It had apparently been sent to the wrong place. It will be presented to the Legislature in '87, or possibly if there is anything in June he could do it then.

No further proponents, no opponents, and Chairman Regan asked if there were questions from the committee.

Senator Smith: I have one. I am told that when they had fires next to the reservation and they were having the assistance of the local rural fire departments, as soon as it reached the boundaries of the Indian reservation they were not allowed to go in and fight those fires?

Representative Bardanouve: Senator Smith, I believe you are under the impression they have it through supplemental reservation fires. This billing was for Indian fire crews that were sent out from the reservations that fought fires on Montana land in the Western part of Montana. Like Ft. Belknap. We may send out 7 or 8 crews at one time out of Ft. Belknap, and this crew or crews had nothing to do with the boundaries on the reservations.

Senator Smith: Just one follow up question on that. I also heard that they work 8 hours and then that's it. Is that true when the fire is burning and they are on the job?

Representative Bardanouve: I have never been around them, but I think they are well paid.

Senator Keating: Is there anyone here from the Department?

Senator Regan: I have to apologize for the shortness of the meeting. The timing is short and we just got the bills.

Representative Moore said he had a summary from Mr. Hemmer, and Senator Regan asked if he would leave it for whoever carries the bill.

There were no further questions and Representative Moore said he closed.

DISPOSITION OF HOUSE BILL 8: Motion by Senator Keating, second by Senator Manning that House Bill 8 be concurred in.

Voted, passed, unanimous of those present. Senator Keating to carry the bill.

CONSIDERATION OF HOUSE BILL 2: Representative Bardanouve, chief sponsor of the bill, explained it by saying that House Bill 2 is from SRS. It is the result of the court declaring the able-bodied legislation that we passed last session as unconstitutional. We appropriated to a level which would assume to have covered the welfare cost if the House Bill, the original one, had been intact. When that was declared unconstitutional, there were able-bodied people who received benefits that we had not planned on, so that is what the \$3,638,948 is for. It is the result of the court opinion. Now there is an amendment here-- Representative Winslow has been working on this quite a bit. It is a job search training and work program. SRS has been working with him, and SRS approved the amendment here. They can use federal funds in some of their efforts for job search training and work programs.

Representative Bardanouve said this was very successful in Nebraska, and is an intensive training program to show people how to get a job, etc. He said the transient assistance was pulled out of the bill, and explained the reason. 925 on the tape.

PROPOSERS FOR HOUSE BILL 2: Representative Moore: The reason for taking the \$81,000 out is we didn't want to open the door right now to every rescue mission in the state when they found out about it. The additional language inserted at the bottom will allow, when and if House Bill 12 passes, the SRS to contract with the Department of Labor, who will provide the job service features under House Bill 12. This is just the authorization for it in this bill.

Ben Johns, Deputy Director, SRS, stated that the supplemental appropriation as shown in the bill is the amount of money that is anticipated to meet the cost of general assistance program.

Gene Huntington, Department of Labor: I just wanted to indicate

again, that as Representative Moore said, that language is not new money, jut to allow us the authority to spend the funds that SRS would contract with us.

There were no further proponents, no opponents, and Senator Regan asked for questions from the committee.

Senator Keating: I will ask somebody from the Department-- Senator Regan asked for Mr. Johns-- Senator Keating: I was just wondering if this money were not appropriated, what would happen?

Mr. Johns: I guess the program would run until it ran out of money, or maybe we could appropriate it at a different time-- come back in June? I think the anticipation is this would run until next fall without the money. If it is not appropriated at all, I guess we would probably end up in courts since we already have pretty much the mandate that we couldn't reduce the amount of the benefits that are being paid.

Senator Keating: You are talking about the Supreme Court or the district court or what?

Mr. Johns: I imagine it would have to go through the district court.

Senator Keating: Why would we be in court? What would be the ramifications of the suit?

Mr. Johns: I think it is the question of the constitution, Mr. Senator, since they said we had to adequately provide.

Senator Keating: Would we be in contempt of court for not complying with the Supreme Court decision or what? Or would we be in court because we are not in compliance with the constitution, or their interpretation of the constitution?

Mr. Johns: I am not aware of what would happen if you got before the court, you might be held in contempt of court. There is a constitutional requirement to provide services, being unable to provide them because there are no funds available--the appropriation that is for general assistance is line-itemed with the language that says you cannot transfer in or out of that appropriation so you couldn't transfer money from any other source. You can't overspend your budget by law--I would imagine for them to be in contest with the court--I don't know if it would be a contempt of court charge. I would think a contempt of court charge would have to have something to do with the previous bill that was in there, and this isn't a result of that.

Senator Keating: Madam Chairman, it seems like we've kind of got our back to the wall, there is really no decision to be

made, the decision is already made for us, and I'm just--I'm not satisfied with that answer. I'd really like to know what would happen in this state if we did not appropriate sufficient funds to meet the demand of general assistance.

Representative Bardanouve: Well, we'll soon find out if we don't do it. We could create a constitutional crisis--or a crisis in the judicial system and the legislative branch.

Senator Smith: It seems to me the Supreme Court is not only making decisions in other matters, but it is also appropriating money.

Senator Aklestad: I'm probably wrong, but am I tracking the language right on the amendment on the bottom? On line 16 page 2, the Department of Labor and Industry--is that correct? That should be SRS? It seems to me the SRS should be the one that is transferring the money, and I guess--does that read right?

Representative Moore: SRS will contract with the Department of Labor and Industry. This money is appropriated to SRS, and if House Bill 12 passes, then we will set up the job training, job search and work training programs to get them off the general assistance roles. Within the 12 counties, the Department of Labor, through job service, will handle the employment plans, etc. for these people, and to pay those people will come from SRS.

Senator Aklestad: I understand that, but I just think you have the wrong department on line 17, but I may be wrong.

Senator Regan: No, that's right.

Gene Huntington: What we need, when you think of the budget amendment process--they will be contracting with us--so to pay our bills when we start training people, we don't have expenditure authority, and that is what this really gives us so we don't have to get a budget amendment because we don't have the authority to spend the money they give us. It is just authority for expenditures that they contract with us--we couldn't spend the money because we didn't have the authority to do so.

Senator Haffey: The money in this bill goes to general assistance. It has nothing to do with contracting with SRS and Labor.

Gene Huntington: With that bill, or maybe even under the existing welfare statutes, it's possible for SRS to say that because putting people in a training program will save some money for general assistance, we'll instead give you that money to train people, and they have contemplated even going

to other agencies than us, but we're the only state agency, we're the only one that would need expenditure authority to do this. So they would use benefit dollars for training instead of paying benefits. I think when you get into the discussion of the other bill, that will become clear exactly what they are talking about.

Senator Aklestad: I guess if you talk about this you've got to talk about the other one--the proposed legislation that is going through, is a constitutional amendment, right?

Senator Regan: That doesn't impact his training program. The constitutional amendment is one that deals with the Legislatures ability to set limits on who and who shall not be eligible for assistance. They are really two separate Winslow bills.

Senator Keating: The Department of Labor and Industry already has this training program in effect, right?

Gene Huntington: We do have training programs, and we assume this program would be similar. They are in essence buying a training slot from us, and they would buy a whole classroom full probably.

Senator Keating: I am presuming that you already have the program in operation and that this would not be a new program or an additional, you could slot--you could run these people through that program.

Gene Huntington: By and large we have to add additional classrooms. Our programs now are all full of JTPA people that are paid for the federal government. We would use the same kind of training procedure, but we would have to add more classes.

Senator Hammond: This \$3 million 638,000--part of that is backlog and part of it's for this training.

Representative Moore: As of the end of February, under the monies already spent that were appropriated for the past year, there are still \$3.1 million left. Under the projections out through the end of the biennium we've come up with \$3.6 million short, and this is what this money is from roughly October until the end of July of next year--the end of June next year.

Senator Hammond: What effect might the constitutional amendment have on this?

Representative Moore: In the '87 session we could go back in the Legislature--if it passed by the people--it would allow the Legislature who was eligible and who wasn't eligible and what type of program we wanted to have.

Senator Aklestad: If that had an immediate effective date on that then could that take effect in January and we wouldn't need this total amount from January to July and the end of that fiscal year?

Senator Regan: No, I don't think so, do you want to address that Gene?

Gene Huntington: You would have to enact a statutory restriction, and the constitution would only allow you then to take statutory action, so the state would be statutory action.

Representative Moore: Right, it would go into the next regular session.

Gene Huntington: The period of time -- would be the time between the immediate effective date and the end of the fiscal '87.

Representative Bardanouve: It seems to me, even if the constitutional amendment should pass and the Legislature of '87 passed some kind of legislation, it looks like the age will be a barrier that the Legislators may not be able to get around. You know, you can't discriminate against age also, and so when we define a certain age category. The constitutional amendment we propose has nothing to do with age. You might run another part of the constitution you can't separate the certain age and deny them or treat them different, so even if we have to find some other kind of criteria than age.

Senator Hammond: I am sure we are not concerned with that here, but I am just trying to investigate the possibility that--could this have some effect on the amount of money that we say that we need here.

Representative Bardanouve: If the Legislature enacted a bill by say--February, it might have an immediate effective date, you might have April, May and June, say March, April, May and June, it might reduce somewhat--it depends.

Senator Aklestad: This money was appropriated. It's only when you need it then it's used? Representative Moore stated it might not actually be needed until October.

Representative Bardanouve: It's the same as any appropriation. We make \$10 million effective July 1, 1985 and they don't use some of it clear over until June of 1987. It lies in that pool in the general fund and we draw interest on it until they draw a check on it.

Senator Aklestad: It is going to be drawing the same amount of interest.

Representative Bardanouve: It will be a short term investment.

Senator Regan: I really think we have explored this quite thoroughly, unless there are some new questions or concerns, I would ask that we try to wrap this up now.

Senator Keating: I have one more question. We are appropriating the \$3 million for '87 to cover the short fall in the latter part of the biennium. Is this language in here sufficient that the Department of Labor can contract with SRS NOW for that program to begin after the effective date of this measure?

Gene Huntington: I think the effective date of House Bill 12 is the most important thing. That is the other bill that sets up the program. What we were really concerned about, House Bill 12 doesn't have an appropriation and we need this language so we can spend the money.

Senator Regan: There is not really a quorum present. If this bill is controversial with you I am going to hold it for executive action. If it is not controversial then I am going to ask that we kick it out. Is there anyone that is having trouble with it?

DISPOSITION OF HOUSE BILL 2: Motion by Senator Hammond that House Bill 2 be concurred in. Second by Senator Manning. Voted, carried, unanimous of those present. Senator Haffey to carry the bill.

CONSIDERATION OF HOUSE BILL 18: Representative Dave Brown said this would allow the unanticipated indirect costs generated over and above the amount that you all included in House Bill to remain with the University System. We are talking here about contract research dollars. The money that the professor's get by going out and bringing in the contracts whether they be from the Department of Energy, Defense, NSF, or who it might be into the system that essentially pays some of the systems indirect costs through charges for those contracts and also allows for additional graduate student, particularly work effort and additional professor effort.

He said he felt that one of the things they should promote in the Universities is increased contract research work wherever we can, and as cheaply as we are able to do it so that those people can go out and raise the academic standards of the University and the ability to practically teach those courses in which they are engaged. The estimate is that this would be about \$380,000 over H. B. 500 which would presently go back to the general fund. It is not money now counted in the state budget.

Carrol Krause, Commissioner of Higher Education: I would like to explain to the Senate in a little more detail. When the last Legislative session, when the budget was put

together, it was estimated that the University System would contribute \$1,887,000 or that they would receive \$1,887,000 in a direct cost. We revert to the general fund 85% of that amount, so the figures that you see on page 2 of the bill represent 85% of that indirect cost. The total is \$1,604,000 if you would add all those together. We are comitted to put that back into the general fund. This year our university system professors have been more productive and have been working much harder for grants and research than they have in the past. It appears that we will have \$360,000 over and above that amount that's already in House Bill 500 and that breaks down to about \$300,000 at MSU, approximately \$60,000 at U of M, \$20,000 at EMC. There may be some slight amounts to our other campuses, but there are some grants in progress but we don't know if we're going to be successful. What we are asking is that we be allowed to retain that \$360,000 in our institutions. I think it would give us some incentive to use some of that money for additional research, which we are certainly encouraging that our faculty be involved in, but more importantly because of the loss of tuition this year, because of the 2% budget reductions which we have already transmitted back to the general fund. We are finding that we are unable to support the number of graduate students that we now support, that we're actually going to have to take some people out of research and put them back in the classroom.

He said the research programs bring in about \$15 million right now, into the state economy.

Senator Regan: I watched at the House hearing on this and there was significant support for the bill.

PROPOSERS FOR HOUSE BILL 18: Representative Moore said he was a proponent. Representative Wallin had asked to be included as a proponent. Several people were in the room who indicated support of the bill but did not speak. No opponents.

Senator Regan asked if there were questions from the committee. Side 2, tape 1, 273. Senator Smith: Just one question. Now say the Montana Wheat Research and Market Committee which is collected from the farmer. If they made you a donation then that would be included in this figure, wouldn't it? Or is this additional?

Commissioner Krause: It probably would not have an indirect cost factor in it. That would probably be a direct grant and it wouldn't have any indirect costs built in. It is only those indirect costs.

Senator Hammond: This column over here that is listed, the \$935, \$400,000, etc. That's the 85% of the \$1million 887,000.

Commissioner Krause: That is the 85% figure.

Senator Hammond: That's what you agreed would go back into the general fund.

Commissioner Krause: This will go back in.

Senator Hammond: So what you are saying then, is that in addition to what you expected to use you have this additional money, the \$300,000, the \$60,000 and the \$20,000 in indirect costs that you have gotten from additional research, and you would like to keep it.

Commissioner Krause: That is correct.

Senator Regan asked Pam Joehler if she would like to make any additional comments about clarifying the way this has been set up in the past.

Pam Joehler, LFA, said no, Mr. Krause explained it very well.

Senator Keating: The money, the indirect flow that you're asking to retain here is \$360,000?

Commissioner Krause: That is the estimate. \$380,000.

Senator Keating: Now, during the budgeting process a certain amount of that is anticipated, is it not? Krause: Yes.

Keating: So when the University budget was being formed in the subcommittees earlier, was it not a part of the formula that the indirect cost reimbursements that you received would be coming in and would go to the general fund to offset some of the appropriation that you were getting?

Commissioner Krause: That is correct that 15% will be retained on the campus, 85% would be used to offset the general fund.

Senator Keating: But you're saying this \$360,000 is not a part of the 85% that would be reverted?

Commissioner Krause: If you do not pass this bill the 85% of the \$380,000 would go into the general fund.

Senator Regan: Correct me if I'm wrong. It's research above that which was anticipated and budgeted for. This is the additional, is that it? What is it Pam?

Pam Joehler: This is additional indirect cost reimbursement revenue that exceeds the revenue that was provided for in the budget. In House Bill 500.

Senator Keating: We are running at the 85% that was agreed to when we budgeted. This happens to be a surplus that came along at the right time.

Senator Regan: Right, and they are keeping it. We have one more bill to hear and unless there are great problems with it I would like to close the hearing.

DISPOSITION OF HOUSE BILL 18: Motion by Senator Lane, second by Senator Manning that House Bill 18 be concurred in. Voted, passed, unanimous of all present. Senator Jacobson to carry the bill.

CONSIDERATION OF HOUSE BILL 10: Representative Schultz, chief sponsor of the bill was not present and Senator Lane explained the bill. He said this bill does not give a lot of information, but they had the bill in Agriculture and Senators Aklestad and Hammond were present. He read the title of the bill. He said it would purchase discount certificates of deposit under the Agriculture Production Loan, Link Deposit Program. When a person qualifies for his loan he will go to the bank and the investment group will go through the bank and loan the money to the bank. The bank will be responsible. The bank will handle these funds at about 2%. They will borrow the money from the state. This is just to let the farmers on a 6 month loan to try to get their crop in. It is not a long term loan, just a supplement to try to let them carry along.

Senator Regan: Senator Neuman presented the bill and it passed the Senate the other day. This is just the funding mechanism for that bill.

Senator Smith: I have one comment. As I understand it, there was \$5 million in the program before in the last session? We appropriated another \$5 million--isn't this the one that doubles that? (A chorus of noes).

Senator Lane: No. This is handled strictly from the Board of Investments.

Senator Keating: Just a comment. This does take \$250,000 new money out of the general fund.

Senator Lane: But it don't go out at one time. Maybe it will never go out. The only time it goes out is if the bank has a loan set up on this kind of loan.

Senator Keating: I understand all that.

If there are no other questions, I would entertain a motion on the bill.

Senator Regan said if there are no further questions she would entertain a motion on the bill.

DISPOSITION OF HOUSE BILL 10: Motion by Senator Manning that the bill be concurred in. Second by Senator Haffey.

Senator Aklestad: We don't have enough money in the supposed surplus, and I am just wondering where all this is coming from. Is this on the cuff--I mean not on just this, but on all the money we have been appropriating. I am wondering what kind of a fix we are getting ourselves into.

Senator Regan: It is not what we are getting ourselves in-- we are in.

QUESTION was called, voted, with Senator Keating voting no, the remaining of those present voting yes, the motion passed. Senator Neuman will carry the bill.

The meeting was adjourned at 5 p.m.



Senator Regan, Chairman

DEPARTMENT OF STATE LANDS
 FIRE SUPPRESSION SUPPLEMENTAL
 FISCAL YEAR 1986

The following summary represents unbudgeted expenses incurred by the Department of State Lands to date for fire suppression during Fiscal Year 1986. The State-wide Budgeting and Accounting System (SBAS) has been utilized to record fire suppression expenditures as they occurred during the fire season.

The following information is taken from SBAS and reflects expenses incurred for emergency firefighters hired locally, overtime, contracting of manpower and equipment from other agencies, supplies, aircraft rental and other expenses typical of suppressing forest fires. The outstanding obligations are costs not yet posted to SBAS. The BLM billing is based on their cost estimate, and a bill is forthcoming. The USFS bill is in the process of being audited and will be paid in February along with the other outstanding obligations shown. Any adjustments to these bills resulting from the audit, or additional FY86/87 fire costs will be reflected in any supplemental presented as a result of the 1986 fire season at the 1987 Legislative Session.

Total Supplemental Cost Summary

<u>FY1986 EXPENSE</u>	<u>SUPPLEMENTAL REQUEST</u>
SBAS Fire Expense through January	\$ 1,173,141.86
OUTSTANDING OBLIGATIONS:	
U.S. Forest Service billing	1,857,449.93
Bureau of Land Management billing	50,747.40
Montana State Prison billing	7,692.42
Missoula Rural Fire Department billing	89,494.20
Bureau of Indian Affairs	6,946.48
TOTAL	\$ 3,185,472.29

ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

49th LEGISLATIVE SESSION - - 185

Date 3-28-86

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HAFFEY	✓		
SENATOR JACOBSON			✓
SENATOR AKLESTAD	✓		
SENATOR HAMMOND	✓		
SENATOR LANE	✓		
SENATOR CHRISTIAENS			✓
SENATOR GAGE			✓
SENATOR HIMSL			✓
SENATOR STEMATZ		✓	
SENATOR BOYLAN			✓
SENATOR STORY			✓
SENATOR SMITH	✓		
SENATOR MANNING (Dick)	✓		
SENATOR BENGTON	✓		
SENATOR KEATING	✓		

STANDING COMMITTEE REPORT

March 28 19 86

MR. PRESIDENT

We, your committee on **FINANCE AND CLAIMS**

having had under consideration **HOUSE BILL** No. **8**

third reading copy (blue)
color

Moore Keating

APPROPRIATION TO STATE LANDS FOR FIRE SUPPRESSION

Respectfully report as follows: That **HOUSE BILL** No. **8**

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXX~~
DO NOT PASS

SENATOR PAT REGAN

Chairman.

STANDING COMMITTEE REPORT

March 28 1986

MR. PRESIDENT

We, your committee on **FINANCE AND CLAIMS**

having had under consideration **HOUSE BILL** No. **2**

second reading copy (**yellow**)
color

Bardanove Haffey

SUPPLEMENTAL APPROPRIATIONS TO SRS AND STATE LANDS

Respectfully report as follows: That **HOUSE BILL** No. **2**

BE CONCURRED IN

XXXX
DO PASS

XXXXXXXXXX
DO NOT PASS

SENATOR FAT REGAN

Chairman.

STANDING COMMITTEE REPORT

March 28 19 86

MR. PRESIDENT

We, your committee on **FINANCE AND CLAIMS**

having had under consideration **HOUSE BILL** No. **18**

second reading copy (yellow)
color

Brewer Jacobson

SUPPLEMENTAL APPROPRIATIONS FOR UNIVERSITY SYSTEM

Respectfully report as follows: That **HOUSE BILL** No. **18**

BE CONCURRED IN

XXXXXXXX
DO PASS

XXXXXXXXXX
DO NOT PASS

SENATOR PAT KEGAN Chairman.

STANDING COMMITTEE REPORT

March 28 1986

MR. PRESIDENT

We, your committee on **FINANCE AND CLAIMS**

having had under consideration **HOUSE BILL** No. **10**

third reading copy (**blue**)
color

Schultz Neuman

APPROPRIATION FOR AGRICULTURAL PRODUCTION LOAN LINKED DEPOSIT PROGRAM

Respectfully report as follows: That **HOUSE BILL** No. **10**

BE CONCURRED IN

XXXXXXXX
DO PASS

XXXXXXXXXX
DO NOT PASS

SENATOR PAT REGAN

Chairman.