

MINUTES OF THE MEETING
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE
49th LEGISLATURE-SPECIAL SESSION III

June 10, 1986

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Quilici on June 10, 1986 at 8:30 in Room 104 of the State Capitol.

ROLL CALL: All members were present. Also present was Cliff Roessner, Senior Analyst from the LFA Office and Lois Steinbeck from the Governor's Office of Budget and Program Planning.

(A:1:098) Chairman Quilici requested Steinbeck to present an overview of the governor's five (5%) percent cut on general funds, proprietary funds and state special revenue accounts. Explaining that the legislative and judicial branches of the government were also asked to consider the five (5%) percent cut, Steinbeck stated that the governor's office reviewed the proposed cuts and exempted some of the proprietary funds; noting that such funds would reduce billing rates. Steinbeck cited the example of the legal service program which would reduce the attorney hourly billing rates from \$46 to \$45 per hour.

(A:1:126) Senator Judy Jacobson, District 36, representing the legislative audit committee, distributed a memorandum to the subcommittee members. (See Exhibit A.) Jacobson addressed the fact that the legislative auditor's office has already undergone significant appropriation reductions that had been mandated by the 49th legislative session and by an additional two (2%) percent cut reduction. The legislative audit committee recommends that no further cuts be made. The committee vote was seven to one in favor of no cuts. Jacobson stated that work volume for the legislative requests have tripled; that delayed state wide audits will affect bond rates, that special revenue funds will reduce audit scopes, and that the reduced audits scopes will be looked upon unfavorably by the federal government. Laws concerning audits scheduling are considerations that must be taken into account.

LEGISLATIVE AUDITOR

(A:1:170) Scott Seacat, Legislative Auditor, stated that audit functions are mandated by federal and by state law to complete biennial audits of state agencies. SB 7, passed in the 1985 legislature, allows the agency to audit once every two years opposed to audit every year. This is an exemption

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under the federal single audit act. The concern of the special revenue fund is the line item audit cuts that would underfund forty-six agency audits. Uncontrollable costs will be taken from the department of administration, and they include \$12,017 printing and typesetting costs, \$18,070 data processing costs, \$13,046 rent costs and \$600 dues costs. The dues associated with the national association of state auditors and treasurers will be cut and membership withdrawn. An additional \$55,000 will be cut in the contract audit program. Total cuts of \$68,233 can be made, but "pain" is evident. Seacat reported the \$10,800 is allocated for actuarial study costs which are based on incurred 1985 costs of the PERS and TRS. Concern was expressed involving funds allocation to the federal emergency management administration audit on the north hill fire. The budget committee has the authority to budget amend. Another alternative stated to cut the budget was to eliminate the state wide financial audit, an audit that is important to bond rating.

(A:1:343) Senator Keating asked if the agency's work load had increased this past year. Seacat reported that the increase has been significant due to legislative request from the legislators. In FY 85, the agency had been allocated the equivalent of 1.2 FTEs to facilitate the legislative requests, the department projects that 4.6 FTEs will be projected for this year. Seacat stated that since the cut in TRS, the agency has accumulated tremendous overtime, the projection of accumulated comp-time will be 6,000 man hours for this next year. The department have few people who earn more comp-time, and the balances are higher, but fewer people earning more comp-time, are taking less time off.

(A:1:371) Senator Keating inquired how many FTE's are equal to the 6,000 man hours. Seacat replied that the estimate is 1,500 direct audit hours for each FTE or the number of four FTEs.

(A:1:379) Representative Lory directed questions concerning FEMA time schedule of audits after the fires. Seacat replied that the FEMA funds are withheld until the audits are completed.

(A:1:410) Senator Stimatz asked what cuts can the agency take. Seacat responded the amount that can be cut is \$68,233. Seacat further stated that the special state revenue fund audits are already underfunded, and that the general fund is already supporting audit functions.

(A:1:440) Senator Keating asked if the other agencies would cut their general fund monies by five (5%) percent for the money which had already been appropriated for the audits.

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Seacat responded that the other agencies would cut their general fund monies to pay for the audits in the amount of \$47,000. Accruals are another major problem. The total five (5%) percent general fund saving is \$64,951, state special fund is \$3,282, and the bulk of the general fund savings would be contract audit savings.

LEGISLATIVE FISCAL ANALYST

Cliff Roessner, Senior Fiscal Analyst, reported that the legislative finance division voted to take the five (5%) percent reduction of the HB 500 allocation or appropriations, plus and amount included for the FY 86 pay plan. Five (5%) percent of that amount is \$37,924. Roessner stated that the LFA office will accept the five (5%) cut

Cliff Roesnner gave an explanation of the \$9,200 which came from personal services, vacancy savings, and reduced secretarial overtime.

Senator Gage asked for an explanation of the agency's comp-time. Jim Harbine, Principal Analyst, LFA's office explained that comp-time is earned only through special session, regular sessions and finance committee meetings; other time is donated. Two years ago, the uncompensated time per analyst in interim period was between 350 to 400 hours.

Representative Lory inquired about the Department of Administration rent policy and if the LFA would realize rent rate compensation. (A:2:36.17) After discussion, Roessner cautioned the committee about taking premature inflation decreases, cuts that may be applied across the board by the Department of Administration at a later date.

LEGISLATIVE COUNCIL

(A:2:39.00) Dianna Dowling, Executive Director of the Legislative Council distributed revised budget five percent proposal handouts. Dowling reported that the Interim Committee approved and voted on the revised figure of \$108,697 detailing that five percent cut was applied to the entire budget. This included the Law Enforcement Academy, Health Insurance Studies, Coal Tax Committee, and the continuing appropriations that had previously been cut by the two percent. The five percent of the \$12,000 appropriated last special session for the special study concerning the liability issue was not included. Lois Steinbeck, OBPP, commented on the Legislative Council Report. (See Exhibit B.)

Senator Keating inquired of the involvement of the Interim Study Committee expenditures. Dowling explained the anticipated appropriations for the year end balances of the Interim Study Committee. (A:1:12.11)

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Senator Keating asked if the cut in the NCSL and the CSG was shown: affirmed at a five percent cut.

Dowling explained the revolving publishing fund account and explained the repayment of the seed money which included another \$100,000. The \$776,000 represents the profit since the fund was established in 1979 from the General Fund. However, Dowling stated, that the 1987 Code printing costs have been guaranteed to be paid by the Legislative Council. These funds have continued drawing interest.

Representative Connelly asked if the Oversight Committee would have money left over. Dowling stated that they did not anticipate fund at the end of the fiscal year. (A:2:1.55)

CONSUMER COUNSEL

James C. Paine, Consumer Counsel Director, explained that the Consumer Counsel is funded by tax on regulated entities under the jurisdiction of the Public Service Commission; the funds are established and capped by the Department of Revenue, as well as the mill levy is established by such department. Excess money is used to lower the subsequent year's mill levy.

Paine reported that the Legislative Consumer Committee voted unanimously to accept the five percent reduction of \$44,878. Paine further explained that eighty (80%) percent of the office expenditure are contractual services.

Senator Keating asked if the 4 FTE's remained the same for the FY86-FY87 period, yet the expenses went up 17%. Paine stated that the approximate eight (8%) percent per year increase went up in personal services. Roessner explained that the Consumer Counsel is not part of the pay plan, but that the pay originates through HB 500. The consumer counsel was given a pay increase effective July 1, 1985 for the FY 86 year, but the pay will not be increased for the FY 87 year.

ENVIRONMENTAL QUALITY COUNCIL

Deborah Schmidt, Executive Director of the Environmental Quality Council reported five percent budget cuts of \$59,315. Schmidt gave an overview of the Environmental Quality Council budget and explained all appropriated money in the Water Policy Committee is authorized by Chairman Galt, and that such money is not included in the \$8,000 pay plan. The total appropriation of the pay plan is \$232,327; which does not include the pay plan. The appropriation of the committee have remained constant from FY 84 through FY 87.

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The EQC general operation budget funds all personal services contained in the water policy staffing. An alternative possibility to cut expenses could come in rent and travel expense policy restructure. At present, the EQC is housed rent free. Travel by staff and legislator reduction and publication reduction cutbacks are further alternatives. Schmidt reported that the water policy committee planned to meet during the session to discuss a five (5%) percent reduction.

Representative Harper, District No. 44, gave an overview of the EQC water policy committee. Harper stated that the expertise gained through travel is an access route to very valuable information. The EQC has taken work load off other agencies' personnel. Harper expressed hope that the Senate would share the responsibility of housing the EQC. At present, the EQC is occupying House space. Schmidt expressed hope that the EQC would not have to move.

Senator Gage asked if the rent figure is based on a two year period of time or on a one year period of time. Schmidt replied that it is based on a one year period of time.

Representative Lory inquired of the difficulty of not having an intern for the regular session. Schmidt claimed that the intern monitoring the natural resource bill status provided invaluable information, but a cut from the regular staff would cripple the agency.

JUDICIARY

(A:1:336) Chief Justice, Jean Turnage, presented the judiciary response to the LFA and Governor's suggested budget report. Turnage agreed with the OBPP recommendation that the national center for state courts' dues be cut by half or by \$16,000, and that the FTE position be reduced by \$30,000. Turnage spoke of the increasing mandated legislative duties and about other responsibilities that have impact on the work load.

Turnage addressed the recommendation of eliminating the Montana Reports. Turnage expressed an opinion that a change in the method may be necessary, but he questioned the total elimination of the Montana Reports. The chief justice gave an overview of the Montana Reports and referred to the statutes of free copy distributions. Turnage stated that if the judiciary department had contingent liability, the cuts in the publication concerning the supreme courts decisions would not be an issue, but there may be a legitimate obligation towards work in progress concerning the State Reporter's claim on one or two volumes, and the Shauna Thomas attempt to keep current on the reports of the supreme court's decisions: The Montana Reporter.

State Law Library

State Law Librarian, Judith Meadows, stated that the governor's proposed five (5%) percent cuts are acceptable. The library advised the OBPP that the cuts could come from the authorized West Law Expense Center appropriation: that money allocated was not needed. Meadows discussed the LFA issue as outline on Page A-18 in the LFA's publication. Two years ago, Meadows had anticipated that the revenue would be spendable within the program and had prepared the budget accordingly. The procedure of anticipated revenue proved to be that the funds reverted back into the general fund. So, the \$31,000 was reverted into the general fund and could not be used within the program. Meadows stated that the library has \$11,500 in book bills that cannot be paid until July, and asked the committee to consider that money was not removed from the book budget on a voluntary basis, but was forced to do so because of the revenues going into the general fund. The inflation factor for journals and periodicals has risen seven (7%) percent, and for monographs, the inflation factor has risen to a seventeen (17%) percent increase over last year.

(A:2:588) Representative Lory asked Meadows if she had assumed that any revenue from the law library was automatically brought back into the law library budget, and not that the money had to be reappropriated. Meadows stated that she assumed that the money was applied to the law library program.

Chairman Quilici questioned the high rate of inflation concerning the law library's books while the inflation rate is around 2.9 percent. Meadows explained that law books are always higher than other publications, except for scientific and medical publications.

Senator Keating asked about the criteria and the need for certain books. Meadows explained that there are recommended lists of material required for all law schools and state law libraries, but that demand is taken into account before the books are ordered. The law library is responsive to the needs of the subscribers, and eliminates duplicate subscriptions and services. The library makes use of inter-library loan services with other libraries.

(A:2:619) Kathy Reardon, Accounting Technician of the Court Administration division, addressed the problems the judiciary had in addressing the five (5%) cuts. Reardon explained that the Program 04, the district judges' budget, is

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ninety-two (92%) percent elected official salaries and this money cannot be touched. The travel that is required for the Law in Motion program and the training constitutes the entire program. In the Program 01, the supreme court operations, there is seventy-six (76%) percent personal services.

Water Courts

Christine Jensen, Water Court division, stated that the division will take the five (5%) cut in the contracted service area in the amount of \$28,637.

Representative Lory asked if the water adjudication program was on schedule. Jensen replied that the water courts division is trying to stay on schedule.

GOVERNORS' OFFICE

Terry Cohea, Governor's Executive Assistant, gave an overview of the five (5%) percent budget cut and acknowledged that the governor's budget cuts were higher than the figures given in the LFA Proposal. The five (5%) percent cut is \$114,504. The difference between the two proposals was in the Lt. Governor's five (5%) cut: travel reductions of \$3,633, contracted services of \$7,000, and of other expenses of \$500. Cohea stated that in the executive office there would be two clerical positions left vacant and telephone, postage and copying expenses will be reduced. The mansion maintenance program position will be reduced from .50 FTE to .25 FTE. The Board of Visitors will reduce the number of facility reviews to five per year. The mental health centers will be reviewed each biennium. The board meetings were reduced to one per year for a total reduction for the mental health center is \$6,430. (Exhibit C)

The continuing appropriation for the coal tax program for the 1985 biennium will be reduced by \$29,137. Twenty-five thousand five hundred dollars from the \$50,000 will be reduced from the 1987 biennium. A total of \$54,637 will be reverted into the general fund.

Cohea addressed the acid rain bill presently before congress. The bill will be monitored until September 30, 1986. The total of \$24,500 was left in the coal tax lobby fund to pay for the monitoring of the acid rain issue.

Senator Keating inquired about the termination of the coal tax lobbying effort. Cohea stated that of the major issues involved in congress concerning Montana, the acid rain issue will most definitely be monitored through September.

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The lobbying effort is a separate policy issue and the cut was not duplicated in the five (5%) percent cut proposal. Cohea acknowledged that Mike Shield monitors the contract with the Washington lobbyist and requested that \$10,000 be designated to Shield's salary so that the coal tax lobbying effort can continue. (See Exhibit C.) Cohea explained that \$24,500 would be left in the account which would be needed through September 30, 1986. The reduction of the 1987 appropriation is \$25,500.

Dave Hunter, Director of the Budget and Program Planning Office stated that the language in HE 500 would be deleted or changed concerning the balance of the 1985 biennium coal tax appropriation carried into the 1987 biennium.

Representative Lory questioned the state-wide audit allocation of \$73,500 to the non-general fund entities for the payment of the state-wide audit. Hunter commented that the Department of Administration questioned the LFA proposal to pay for the financial report on the same basis as the state-wide audit is paid.

Cohea addressed the flathead basin commission appropriation that was intended originally to be a biennial appropriation, and asked that this appropriation now be on a biennial basis.

EXECUTIVE ACTION

Addressing the north hill fire, Gilbert stated that of the \$61,281 contracted services, \$15,000 was for an audit of federal emergency management act funds for natural disasters. The committee chose not to take the \$15,000 as part of the five (5%) percent cut because the federal funds must be audited as they came into the state. The federal government would not reimburse the state for the cost.

Representative Simon, House District No. 91, stated that \$500,000 was reimbursed to the state in federal funds. A member of the legislative audit committee, Simon testified that the FEMA audits cannot be cut out of the budget.

Senator Keating asked if the legislative auditor took a two (2%) percent reduction in the 1986 appropriation. The two (2%) percent reduction had been made.

Cliff Roessner addressed the inflation factors of approximately four (4%) percent between FY 84, FY 85, FY 86, and FY 87. If the committee took any reductions due to inflation, the house appropriation and the senate finance and claims may move to reduce inflation which would cause a double wamy. The committee decision was to make no cuts in regards to inflation.

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Cohea stated that it is easier to take the five (5%) percent cuts out of the appropriations than to deal with the inflation factor.

SECRETARY OF STATE

Larry Akey, Chief Deputy to the Secretary of State, presented relevant issues to the department's five percent cut. Akey explained that three-fourths of the budget is contained in the general fund, but the secretary of state's office is considered to be self-supporting. The costs are offset by fee revenue, and state statutes direct the fees commensurate cost. This includes direct cost and administrative cost. Akey stated the five (5%) percent projection comes from a one-time potential cost savings of not transferring general fund money into the administrative rules program. The governor's proposal suggests that the free copies of the Register and ARM updates be paid out of the general fund. Akey explained the subscription fees and agency filing fees fund the administrative rules program which is a special revenue fund. The general fund balance savings would come from \$5,000 line item equipment budget, and the reduction of 1 FTE to a 1/2 FTE position. Reductions in the AG-Lien program directs two features to allow direct cost savings. This will result in the reduction of document volume. The procedure of returning copies of financing or continuation statements to the debtor's county of residence and will result in cost savings. Micro-graphic reductions will also result in cost savings.

Akey addressed the LFA intent of reducing the FTEs in the records management program, stating that the department averages two vacant positions or a 6.9 vacancy savings. The LFA proposal would force a supplemental appropriation next session. As of this date, the secretary of state's office is within seven to ten thousand dollars of complete expenditure. Any major reduction in expenditures would lead to a dollar to dollar reduction in the general fund revenue base and service reduction. Akey stated that the five (5%) percent governor's cut would be accepted.

Representative Lory asked what the five (5%) percent cut would do to the office. Akey stated that if the five (5%) percent cut comes as the governor's office specified, the fees would not be impacted because the general fund revenues would not be reduced. The department's interpretation of the statutes would be explored because the change would reduce the general fund revenues as a dollar to dollar cut.

Senator Keating asked where are the reductions. Akey replied that the reductions in general funds are \$44,544 and the reductions in state special funds are \$16,170.

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Senator Keating asked about the "free copies" absorption. Akey said that the "free copies" cost would be absorbed out of the existing cash balances out of the special revenue funds. Also the filing fees for the liens would be cut. Keating asked where the resistance focused. Akey replied that existing cuts, plus those contained in the governor's proposed five percent reductions takes the department to the staffing level that the LFA has outlined in the budget book.

Roessner explained that the cuts of the LFA and the totals on page A-27 overlapped. The report had been completed in February. Akey stated the total budget of the secretary of state's office is \$889,000 excluding the \$7,500 line item for the audit expenses for the present fiscal year. This year's appropriation is \$892,000 in the general fund and \$323,000 in the state special fund.

Senator Keating asked what the source was of the special funds. Akey explained that there are two sources of the states special. They are the administrative code program which is funded by the subscription fees and the agency filing fees. The other source of funds is the Ag-Lien program which is funded by fees that are placed into the stated special revenue fund.

Senator Keating asked if the \$44,000 will be taken out of the states special revenue fund. Akey replied that the administrative code money being cut and the Ag-Lien money are two different issues. The administrative code money proposed cut is general fund money. The statute, the administrative procedure act requires that the general fund pay for the "free" subscriptions that the department is required to supply the individual counties. Akey stated that it would be the interpretation of being the best way to exempt the over ride; that particular portion of MAPA. Akey discussed MAPA.

Representative Lory understood that the secretary of state's office is on an "even keel", that the office is self-supporting. Representative Lory asked if these changes will impact the office. The office could accept the change.

Representative Lory asked what the five percent does to the office. Akey stated the five (5%) percent cuts would not have an impact on the way the fees are set. The office would not be reducing the general fund. If significant cuts came in other areas, it would be the office's interpretation of the statutes that the fee structure would need to

be changed. This would reduce the general fund revenue for a dollar to dollar cut. At present, the office operates ahead of the expenditures, returning more to the general fund than what is withdrawn..

COMMISSIONER OF POLITICAL PRACTICES:

(C:1:282) Lois Steinbeck, Office of Budget and Program Planning, reported the Commissioner of Political Practices, L. Margaret "Peg" Krivec, submitted a five percent budget cut of \$7,000, accomplished by leaving a clerical position vacant for FY 87.

STATE AUDITOR:

(C:1:281) Richard W. Gilbert, Deputy State Auditor, detailed the Governor's five (5%) percent reductions of \$54,562 in the general fund, and \$64,129 in the state special revenue fund for FY 87. Gilbert stated that the amount differs from the LFA proposal in the area of continue appropriation of non-gender insurance in the state special revenue fund.

The state auditor proposed to reduce \$16,727 in the central payroll division, \$25,740 in the central management division and in personal service. There will be no layoffs. The reason the office have been able to cut this amount from the two budgets is because \$39,000 had been authorized last session in reorganization funds. The reorganization has been attempted and the impact has been minimized in terms of increased salaries: Some salaries have been increased, others have been decreased. This project a surplus for next year of about \$31,000 with all positions being filled. Vacancies will be left open. Assuming vacancy position, there will be no layoffs. The state auditor's office proposes a \$12,095 reduction in central payroll division's general funded contract services. The effect being to reduce the capability of the PPP system to respond to any changes in federal or state law. Recent changes have been in medicare taxes and changes in the reporting requirement in the fair labor standards act are estimated to be an impact of \$35,000 this year.

The state special revenue reductions of \$64,129 come in three areas: The \$35,957 reduction impacts the PPP system in eliminating line reports or personnel, which results in no capacity to respond to state or federal changes. The on line training portion of the system will be eliminated. The \$15,000 reduction in the insurance department will be in the personnel travel and commissioner travel area. Travel to state senior citizen centers to facilitate medical supplements and other

insurance related problems will be reduced. In addition, a \$8,600 reduction will be taken in contracted services which will reduce contract legal assistance and will eliminate all contracted clerical help on a temporary basis for the peak annual statements and licensing applications periods; and the \$4,500 reduction in the securities department. \$1,500 will be reduced in the contract services areas which will reduce legal services of witness fee payment and depositions of administrative hearings. Travel reductions of \$3,000 will partially curtail north american securities administrative association meetings. On sight investigations will be reduced, a function important to the security act. Gilbert stated that the total five (5%) percent reduction is \$118,691: general fund-\$54,562 and special fund-\$64,129.

(C:1:465) Senator Keating questioned the amount of the insurance department. Gilbert answered the correct amount is \$23,672.

Roessner addressed two issues that substantially impact the state auditor's budget in the personal services area.

Gilbert continued by directing attention to page A37 of the LFA publication. The funding of the central payroll switch has two funding sources. the general fund and the central payroll which is funded by fees collected from other state agencies to support central payroll services for the entire state. These fees are deposited into an earmarked account along with the general fund. the PPP system is included. Gilbert explained the options.

Gilbert further discussed the special revenue fund and distributed Exhibit F. The LFA projects higher revenue level than does the auditors' office. Federal auditors involved with the state negotiations of the state wide cost allocation plan reported the manner in which the services were being charged back to the state agencies were not equitable. The calculation methods were to be changed or the office was in jeopardy concerning the central payroll fees. This would result in reduced money in the general fund. The office recalculated, but was forced to accept payments in the amounts that were originally submitted. Therefore, less money resulted in less revenue.

Chairman Quilici asked what effect did the increased billing have on the other agencies' budgets. Gilbert reported that some agencies could not pay the increased amount and payment was made for the original billed amount. The federal auditor did not make specific stipulations, but said that the office was to bill an "equitable amount." The auditor's office will

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submit to the next legislature a proposed outline of an equitable billing figure, acceptable to each agency. The amount of the billing will then be included in the agency's budget.

Roessner discussed the processing fee amounts that had been appropriated prior to the federal notification of incorrect procedures. The amount that would have been collected if the agencies had been able to pay is \$22,572.

Gilbert discussed the medicare change and the fair labor standard act change and reported that the auditor's office is obligated by the internal revenue and the department of labor to implement the changes immediately. Gilbert stated that there may be a supplemental for the state special account next session to enhance the PPP system. The supplemental would leave a biennium ending balance of approximately \$44,000.

Senator Keating asked what balance amount was needed. Gilbert answered that \$40,000 was a prudent amount. Gilbert further stated that the plan would be to request the supplemental for the state special fund based on fees collected from the agencies that utilize the state payroll system.

Senator Keating asked Roessner about the \$130,000 difference between the LFA and the Auditor's figures. In FY 86 there is a \$22,572 difference in revenue and in FY 87, the agencies have in their budgets \$260,504 to pay the payroll processing fees and that constitutes the difference.

Gilbert stated the reason the office has been able to cut funds from the two budgets is that last session the subcommittee authorized \$39,000 in the state auditor's office reorganization fund.

Senator Keating asked about the obvious revenues estimated by the auditor to be \$234,000, but the LFA estimated the amount to be \$260,000, a difference of \$26,000. Gilbert acknowledged that the appropriation appeared to exceed the amount collected, but the fact is the department is eating into the forwarded balance. The \$200,000 balance carried toward FY 86 will go towards making up the appropriation.

Senator Keating asked if the department was underestimating the revenues by the \$26,000. Gilbert replied that the department put together an honest figure, a legitimate figure based on the federal auditor's data.

Senator Keating asked if the federal auditors could be billed. Gilbert stated that after recalculation, some billed amounts

were less that the agencies had included in their budgets.

Gilbert discussed the \$100,000 appropriation for the FY 87 automated equipment. The fiscal analyst assumed that because the purchase orders were finalized during the current fiscal year, the auditor's office could also submit payment the current year. The department had a 90-day performance evaluation period after the Wang computer system was delivered. The \$100,000 appropriation has been committed, and the actual payment will not be made until July of FY 87.

Roessner asked for the total equipment expenditure figure for FY 86. Gilbert stated that the equipment expenditures were approximately \$60,000, including what has been paid to date for office automation equipment.

Keating inquired about the new warrant system. Gilbert answered that the department is currently working very close with the system development bureau to complete the study. The study that is becoming very extensive will be completed by August 1, 1986 with the results and replacement system proposals to be submitted to the next regular legislative session.

CRIME CONTROL

Mike Lavin, administrator of the crime control division, stated that the total five (5%) percent governor's proposed budget reduction is \$24,304. The division is projecting an additional \$3,500 reduction in travel and an additional \$4,200 reduction in key punch and contracted services.

The division does not have vacancy savings and cannot meet the four (4%) vacancy savings requirement, so a position will be vacated to make up the balance of \$24,304, the total (5%) amount. This is a stats clerk position. Lavin stated that the division does not have excess operating expenses.

(C:2:490) Representative Lory inquired about the department's participation in the national crime reporting system. Lavin stated that if the department is not able to keypunch all data, the state of Montana's data will be incomplete when submitted to the FBI.

(C:2:508) Senator Keating asked Lavin to address the juvenile justice bureau. Lavin gave an overview of the bureau and addressed the LFA proposal. Lavin further discussed program staffing, curriculum, field personnel assessment, academy training, etc. (See exhibit E.)

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(C:2:605) Senator Keating asked if there was an 1986 appropriation for the juvenile justice program. Lavin replied that the appropriation was approximately the same. The total amount has not yet been expended. The department has contracted training beyond July 1, 1986, this will end shortly after the start of FY 87.

(C:2:638) Senator Keating inquired about the vacancy savings from July through October. Lavin stated the division used the position for vacancy savings in FY 86.

(C:2:660) Lavin addressed the Montana uniform crime reporting system and reminded the committee of the necessity for keypunch data. This data must be submitted at the local level and to the federal government. This is for the inclusion of Montana in the uniform crime report. Lavin discussed the need for key punch operations.

Chairman Quilici asked if the innocent victim of crime is transferred from the workers compensation to the crime control and asked for a update. The division has completed a partial transfer, short of the legislation that will be introduced at the next session.

Lavin stated that the division put together an over-sight committee for the juvenile justice training program.

EXECUTIVE ACTION

Legislative Auditor

(D:1:098) Senator Keating commented on the legislative auditor's visual aid which showed the \$58,000 reduction in general funds. Keating said the \$15,000 is a speculative appropriation for potential auditing federal payments. The federal government withholds ten (10%) percent of the payment until the audit is completed. Therefore, Keating moved to strike the \$15,000 from the budget reduction so that the audits can be performed as soon as possible so that the federal money can be collected. The tentative motion PASSED unanimously. The total reduction is \$53,233 and is composed of general fund reductions of \$49,951 and special revenue reductions of \$3,282; which includes rent.

(D:1:190) Chairman Quilici questioned Seacat about possible bonding jeopardy concerning compliance issues. Seacat expressed concern that a five (5%) percent across the board cut in line items agency appropriation would cause forty-six of the audits to be underfunded. The state must complete a certain amount

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of auditing to be in compliance with the federal law, or the state may lose the federal funds. Seacat questioned the governor's authority to reduce the scope of an independent legislative function on a constitutional basis. The auditor does not want the governor, by executive mandate, to be able to cut the line item appropriations.

Legislative Fiscal Analyst

(D:l:341) Roessner stated that the figure presented to the subcommittee during the morning session was a cut of \$37,924, which included the pay plan. The corrected figure is \$37,480.

Representative Lory moved the revised figure of \$37,480 be accepted. The tentative motion PASSED unanimously.

Legislative Council

(D:l:372) Chairman Quilici reported that the five (5%) percent reduction figure is \$108,697. Quilici asked if there was money left in the NCSL travel budget. Director Dowling stated that the five (5%) percent cut had been taken out of the travel budget.

Representative Quilici moved to accept the \$108,697 reduction. The tentative motion PASSED unanimously.

Consumer Council

Representative Lory moved to accept the revised \$44,897 reduction of the five (5%) percent cut. The tentative motion PASSED unanimously.

Environmental Quality Council

Representative Lory made a motion to accept the five (5%) percent cut of \$44,897. The tentative motion PASSED unanimously.

Judiciary

A motion was made by Representative Lory to accept the governor's five (5%) percent cut of \$46,600 in general funds, and \$56,093 in states special revenue funds.

The motion PASSED unanimously.

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Governor's Office

Representative Lory made a motion to cut \$114,504 in general fund money. The coal tax lobby will be considered separately. The tentative motion PASSED unanimously.

Representative Lory made a motion to revert \$54,637 coal tax lobby funds: this action leaves \$10,000 for the coal tax lobby issue. The tentative motion PASSED unanimously.

The governor's office is to make the Flathead study a biennial appropriation.

Secretary of State

Representative Lory made a motion to cut the fund by five (5%) percent. The general fund will be reduced by \$44,544 and the state special fund will be reduced by \$16,170. The general fund reduction consists of record management and general funds at \$7,944 and administrative costs at \$36,600. Other funds at \$16,170. The tentative motion PASSED unanimously.

Commissioner of Political Practice

Representative Lory made a motion to cut the budget by \$6,988. The general fund reduction PASSED unanimously.

State Auditor

Executive action will be taken on June 11, 1986.

Board of Crime Control

Cliff Roessner questioned Lavin concerning the forthcoming federal money to fund the crime reporting program. Lavin stated that the money is in the federal budget. If the department would have to vacate a FTE position, the void would have to be filled. The federal government would be an option to fill that needed position.

Larry Peterson, chief of the research and planning bureau, reported that \$3 million is in the federal budget for changes in the national crime reporting program. The funds will be available to the state for only modification purposes to bring the state into further compliance with the federal government. This includes software.

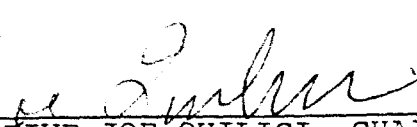
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Representative Lory moved the \$7,704 be reduced, and the \$16,600 be left in the budget to retain the FTE to keep the crime reporting system operational. The \$7,704 general fund reduction PASSED unanimously.

AJOURN: There being no further business before the subcommittee, Chairman Quilici adjourned the meeting at 4:15 p.m.



REPRESENTATIVE JOE QUILICI, CHAIRMAN