

MINUTES OF THE MEETING
NATURAL RESOURCE SUBCOMMITTEE
49TH LEGISLATURE SPECIAL SESSION III

June 10, 1986

The meeting of the Natural Resource Subcommittee was called to order by Chairman Rex Manuel on June 10, 1986 at 8:30 a.m. in Room 317 of the State Capitol.

ROLL CALL: All members were present with the exception of Representative Spaeth who was temporarily excused. Also present were Carl Schweitzer, Senior Analyst for the Legislative Fiscal Analyst's Office (LFA) and Ron Weiss, Budget Analyst for the Office of Budget and Program Planning (OBPP).

Tape 1:A:002

DEPARTMENT OF AGRICULTURE:

Carl Schweitzer of the LFA explained to the committee that the Department of Agriculture budget plan includes the 5% cut plus the pay plan. Exhibit A was handed out to all committee members. He stated that not shown on Exhibit A is the Crisis Center money which is also being proposed to be cut which changes the general fund reduction by \$75,000 to \$92,000. He said that the Governor's Budget Book said that the cuts were not to be looked at as being specific cuts. The department was to have the flexibility of perhaps changing the cuts as they deemed necessary in the department.

Director's Office: (057)

Keith Kelly, Director of the Department of Agriculture, said that they are in for a budget amendment to have authority to hire back three people in the grain lab in Great Falls because of the increased work load, but would only do that as the work load necessitates. Discussion was held in regards to the department's budget amendment. Mr. Kelly stated that it was the department's understanding that the Resource Indemnity Trust (RIT) money would not be touched. It is a special revenue account and does not impact the general fund, but there was a reduction of \$12,500 in there. Ron Weiss, OBPP, stated that they held this money harmless from this cut. He further explained, instead of going in and amending another bill, they could just reduce HB 500 which would then give the department the authority to move over the general fund account in a counseling program.

Senator Smith commented that as far as he is concerned the RIT monies were set aside for a specific purpose and, if it's an attempt by the Governor's office or the LFA office to take this additional money from that special account that was provided for a particular purpose and then put that into the general fund, he is going to resist it because that money by law was set aside for a specific purpose and wasn't supposed to be used to supplement general fund money. Ron Weiss, OBPP, stated that on this situation they have elected not to take the 5% cut of the RIT money, but have recommended to cap the RIT account and deposit those estimated earnings into the general fund and then use the general fund to come back and fund certain programs.

Carl Schwietzer, LFA, explained to the committee the LFA's options of raising the fees to be placed into the general fund. Senator Smith stated that by raising the fees and the license you would be passing the cost of those raises on to the consumer.

Director Kelly stated that in order to cover the salaries of the employees, they have had to reduce operations in their agency. A discussion was held on the motor pool fees. Senator Smith asked if the committee could receive information about what happened within the motor pools budget. Ron Weiss said he would get the information.

There was further discussion regarding fees.

EXECUTIVE SESSION: 1:B:028

Senator Smith moved to do not add any increase fees at this time. The motion was seconded by Representative Swift. The motion CARRIED.

Representative Nathe made a motion to accept the Governor's 5% budget cut. Representative Swift seconded the motion with the change from \$75,000 to \$92,516. The motion CARRIED.

DEPARTMENT OF LIVESTOCK: Tape 1:A:001

Carl Schweitzer, LFA, explained that the 5% cut would be \$330,640 and that there are four programs that would be cut with the greatest portion of that cut coming in the diagnostic laboratory which would eliminate one veterinarian position which is currently not filled. He explained to the

committee where the majority of the cuts would be made. He also explained that the legislature might want to consider funding the LFA's issue 1, which is in regards to the Rabies Control Program with the Fish and Game fund instead of the general funds. He further stated that currently a portion of the program is financed with Fish and Game funds.

Director's Office: (044)

Les Graham from the Department of Livestock said that in the centralized services their budget has been reduced by 4.4% prior to any directives coming from anywhere. He explained to the committee where the percentage of cuts were made prior to this special session. One thing he was concerned about is when cattle start coming back into the state they have to be ready to respond. He stated that in their department the overall reduction is around 8%. Senator Smith asked Mr. Graham if they were asking them to take 5 addition percent over what they have already done within their department. Mr. Graham answered "no". Senator Smith asked if it would be better to let the director make those adjustments instead of the legislature. Mr. Graham said that they would go back to the drawing board if they had to. He stated that they would do everything they can to help the general fund situation, however, he felt that the rabies situation was not a livestock issue nor a wildlife issue but rather a public health issue and he is in awe with the department of health for ignoring this issue. Senator Smith commented that the rabies issue is not a hunter related issue and shouldn't be taken out of the hunters fee but rather out of the general fund because the public will benefit from the program. Exhibit B was handed out to the committee.

Discussion was held on the rabies control program.

Senator Manuel asked Mr. Graham if he could write a synopsis of the cuts the Department of Livestock has already done. He said they would do that and have it to the committee in a short time. The report was delivered to the committee and is recorded as Exhibit C.

EXECUTIVE ACTION: (380)

Senator Smith moved to accept the recommendation of the Governor's 5% budget cut. Senator Boylan seconded the motion which CARRIED.

Representative Swift suggested that the committee takes no action on the rabies issue. The committee agreed.

RECESS: There being no further discussion they recessed for lunch at 10:38 a.m.. The Department of State Lands will be heard at 1:00 p.m..

The meeting resumed at 1:10 p.m. with the Department of State Lands.

DEPARTMENT OF STATE LANDS: Tape 1:A:002

Carl Schweitzer, LFA, gave the committee an overview of the 5% cuts that have been recommended.

Director's Office: (128)

Dennis Hemmer from the Department of State Lands handed out Exhibit D. He then went through his testimony with the committee. Mr. Hemmer commented on the LFA's issues. He started with Issue 1, Aircraft Direct Operating Costs, stating that in 1983 they went into the pool and up to that time it was basically funded by beg, borrow and steal. At the year end when they had reversions they would take the money they had left and that's how much maintenance they did on the aircrafts. He stated that what they are trying to do is set themselves up to the point that they can do the maintenance when it is required which is necessary if they are going to keep the aircrafts certified. He pointed out that the LFA's figures don't address outstanding expenses. It also doesn't consider the accrued expenses that they are expecting through FY87. He stated that they now feel that they have the pool up to the point where it can operate the aircraft and if you take the money out now they can't pay their bills and can't maintain the aircrafts. Issue 2, Forest Fire Suppression Cost, was delayed. Issue 3, Slash, the department proposed to take general fund subsidy out. They proposed to wait and take it into the 87 session. Issue 4, Mr. Hemmer stated that he thinks it is a good program and should not take it out. If anything, we are going to run into more of a need for it. He requested that it not be budgeted. Discussion was held on Issue 4. Mr. Hemmer informed the committee about the budget amendments that are being proposed to the legislature and why they would like these amendments adopted. A discussion was held.

EXECUTIVE ACTION: Tape 1:B:544

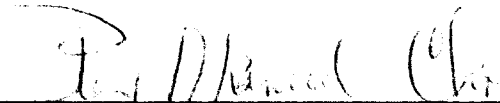
Representative Nathe made a motion to go with the Governor's 5% budget cut with the exception of the reduction of the county equalization funds. Senator Smith seconded the motion. Discussion was held on this issue. The motion CARRIED.

Natural Resource Subcommittee
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Tape 2:A:060

Representative Swift made a motion to delay action in the other areas until the 1987 Legislative session. Representative Spaeth seconded the motion. The motion CARRIED.

ADJOURNMENT: There being no further business before the committee the meeting was adjourned at 2:45 p.m..



REX MANUEL, Chairman

SUBCOMMITTEE

Date June 10, 1986

8:30 A.M.

[illegible]

VISITORS' REGISTER

NATURAL RESOURCE SUBCOMMITTEE COMMITTEE

AGENCIES DEPARTMENT OF AGRICULTURE

~~XXXXXX~~ DEPARTMENT OF LIVESTOCK

DATE June 10, 1986

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>Brunner</i>	<i>Power</i>		
<i>Keith Kelly</i>	<i>Agriculture</i>		
<i>Jes Graham</i>	<i>Dept. of Livestock</i>		
<i>John Stutka</i>	<i>" "</i>		
<i>Ken Weiss</i>	<i>OBPP</i>		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

COMMITTEE

BILL NO. _____

DATE _____

SPONSOR _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

6-10-86

Exhibit A.

AGENCY ACROSS-THE-BOARD REDUCTIONS FOR FISCAL YEAR 1987

Please verify AND
Correct these numbers.
Get them to Jim Oppedahl
ASAP so he can finish the
Bill.

Tom

AGENCY	FY87 Gen. Fund	FY87 St.Special	FY87 Proprietary	FY87 Total All Funds
Leg. Aud.	\$54,542	\$47,104	\$0	\$101,646
LFA	\$37,490	\$0	\$0	\$37,490
Leg. Council	\$109,767	\$0	\$0	\$109,767
EOC	\$12,926	\$1,310	\$0	\$14,236
Consum. Cns	\$0	\$44,879	\$0	\$44,879
Judiciary	\$46,600	\$56,093	\$0	\$102,693
Governor	\$113,074	\$0	\$0	\$113,074
Sec. of St.	\$44,544	\$16,170	\$0	\$60,714
Pol. Pract.	\$6,989	\$50	\$0	\$7,038
St. Aud.	\$54,562	\$66,469	\$0	\$121,031
OSPI	\$1,902,600	\$45,729	\$0	\$1,948,329
Signs Vo Tc	\$66,222	\$0	\$0	\$66,222
Butte Vo Tc	\$50,061	\$0	\$0	\$50,061
St. Fla. Vo Tc	\$54,588	\$0	\$0	\$54,588
Flina Vo Tc	\$81,588	\$0	\$0	\$81,588
Msia Vo Tc	\$65,423	\$0	\$0	\$65,423
Crime Cont.	\$24,304	\$0	\$0	\$24,304
High. Safety	\$0	\$3,535	\$0	\$3,535
Justice	\$285,465	\$685,324	\$0	\$970,609
PSC	\$0	85,584	\$0	\$0 85,584
Ed. Pub. Edc	\$5,196	\$0	\$0	\$5,196
Cow Higher Ed	\$291,906	\$0	\$0	\$291,906
UofM	\$1,115,934	\$0	\$0	\$1,115,934
MSU	\$1,382,177	\$0	\$0	\$1,382,177
EMC	\$440,684	\$0	\$0	\$440,684
NMC	\$267,500	\$0	\$0	\$267,500
WMC	\$137,851	\$0	\$0	\$137,851
Tech	\$269,440	\$0	\$0	\$269,440
AES	\$297,112	\$0	\$0	\$297,112
DES	\$109,433	\$0	\$0	\$109,433
Bur. Mines	\$74,302	\$0	\$0	\$74,302
FCES	\$33,479	\$0	\$0	\$33,479
MSDB	\$135,549	\$0	\$0	\$135,549
Mt Arts Co	\$5,915	\$0	\$0	\$5,915
Lib Comm	\$27,304	\$22,309	\$0	\$49,512
MACVE	\$0	\$0	\$0	\$0
Hist Soc	\$55,662	\$0	\$0	\$55,662
Bd of Regents	\$1,173	\$0	\$0	\$1,173
Fire Serv	\$12,227	\$0	\$0	\$12,227
FWP	\$0	\$806,047	\$109,665	\$915,712
DHES	\$170,787	\$208,061	\$0	\$378,848
Highways	\$0	\$7,585,685	\$36,700	\$7,622,585
St. Lands	\$237,695	\$169,293	\$9,294	\$516,282
Livestock	\$33,640	\$176,901	\$0	\$210,541
DNRC	24,378 \$277,627	24,228,242 \$299,343	\$0	46,620 \$576,972
Revenue	\$750,125	\$45,758	\$32,572	\$928,455
Admin.	\$192,463	\$13,498	\$1,192,564	\$1,398,525
Agric	92,516 \$75,016	32,504 \$67,935	\$7,644	\$137,995 132,664
Inst. CO	\$438,330	\$17,232	\$0	\$455,562
ERSH	\$0	\$0	\$0	\$0
Cent Aged	\$50,096	\$0	\$0	\$50,096
Eastmont	\$41,617	\$0	\$0	\$41,617
Mount. View	\$62,967	\$0	\$0	\$62,967
Pine Hills	\$26,804	\$0	\$0	\$26,804
Prison	\$117,376	\$0	\$0	\$117,376
Swan	\$33,530	\$0	\$0	\$33,530
Vets Hs	\$23,836	\$0	\$0	\$23,836
Mt. Hosp	\$254,424	\$0	\$0	\$254,424
Pardons	\$8,309	\$0	\$0	\$8,309
Youth Treat.	\$0	\$0	\$0	\$0
Commerce	\$427,611	\$1,243,045	\$180,620	\$1,656,276
Lab and Ind	\$34,922	\$163	\$175	\$35,261
Exp Sec	\$16,700	\$0	\$0	\$16,700
W-Vs Camp	\$5,020	\$0	\$0	\$5,020
Mil. Affrs	\$93,588	\$0	\$0	\$93,588
SRS	\$756,732	\$357,839	\$0	\$1,114,571
STATE TOTAL	\$12,102,616	\$11,974,372	\$1,569,234	\$25,646,222

RABIES EPA EXCEPTION STUDY

The use of strychnine baits by the Department of Livestock to control rabies carriers has been in effect since 1972. The department has applied for and received an EPA section 18 exception for the use of strychnine. The restriction is designed to protect the endangered species wildlife such as, grizzly bear and eagles. Now the EPA has elected to deny the section 18 exception applications. This action effectively denies the use of one of the primary and most effective control agents for rabies carriers.

The EPA may approve the exception if Montana agrees to fund a study on the impacts of previous use of strychnine. Apparently the department's records on the number of accidental kills is not sufficient evidence to permit the exception without the new study. The EPA demanded the study funding be guaranteed up front or the current exception would not be approved. Initial cost estimates prepared by the department suggest a total cost of \$100,000 over a 3 phase time schedule.

PHASE 1- Begins November, 1985, estimated cost \$15,750.

PHASE 2- upon completion of phase 1, estimated cost of \$20,000 to \$60,000 to be completed in FY 1987.

PHASE 3- upon completion of phase 2, estimated cost of \$60,000 to be completed in the 1989 biennium.

The costs of the study would be split equally with the state of Wyoming. Wyoming has put up their share of phase one and the study has started. Montana's phase one share is \$8,000 and is due in March 1986. The department estimates our phase two costs will be \$20,000.

According to Section 50-23-101-106 MCA the departments of Health and Livestock share rabies control responsibilities in cases involving possession of wild animals. The department of Health has generally assumed responsibility for provision of rabies vaccines if a person is exposed. In 1981 the legislature appropriated \$10,000 to purchase an initial vaccine stock with the understanding that the patient was responsible for payment of the vaccine used and a small handling charge. This system assures a ready supply of the vaccine.

While department of Livestock has rabies control responsibilities in the situation above, the department of Agriculture according to 80-7-1101-1103 has responsibility for vertebrate pest management. This definition includes skunks, raccoons and bats. All are prime rabies carriers. The department of Agriculture is responsible for the licensing of the applicators of the control substances. Over the years Agriculture and Livestock have used the general fund and \$15,000 per year of fish and game

license funds to control rabies. In the 87 biennium a combination of general funds, \$136,830, and license funds, \$30,000, are appropriated to Livestock.

Fish Wildlife and Parks contributes an additional \$65,000 license funds annually to Livestock for the control of predatory animals. In 81-7-101 predatory animals are defined as coyote, lynx and other animals causing depredations on livestock. Livestock uses these funds in addition to livestock animal levies to support the predatory animal control program.

How to fund the needed study? There is no guarantee that the study will influence the EPA decision as the EPA must hold a hearing on the current strychnine exemption. The EPA may rule out the use of strychnine after the hearing thus negating any study effort. The issue of rabies control is a public health issue so the use of general fund for the study seems appropriate. To fund phases one and two the State must spend \$28,000 in the 87 biennium. Phase three can be taken to the next legislature.

If we assume that four agencies, Agriculture, Livestock, Health and Fish Wildlife and Parks contribute \$7,000 general fund each the 87 biennium is taken care of. For Livestock to contribute this amount from the rabies program general fund will place operation of the program in jeopardy as \$7,000 is 10.4% of the annual general fund appropriation. Other department programs with general funds are Milk and Eggs, Diagnostic Lab and Central Services. These programs are already impacted due to the earmarked revenue shortfall which has resulted in a lay off of personnel. The only general fund in FWP is in the Parks Division. If we use their general fund the program will have to reduce the administrative activities accordingly. The Parks Division is a logical contributor as skunk control in the various camping areas is necessary. In fact we received several complaints about the number of skunks in local parks. The department of Health will have to take general funds from program budgets as the department does not receive general fund specifically for rabies. In Agriculture the Environmental Management program is funded to carry out the vertebrate animal control responsibilities.

Should Livestock re-allocate the FWP license funds from predator control then the predator control program will have to be cut back significantly as the earmarked cash and authority are not available to pick up the slack. If FWP transfers the FY 87 share to FY 86 the rabies and predator programs will be reduced accordingly in FY 87 unless a supplemental is requested.

I would recommend the study be funded with general funds contributed by Agriculture, Health, FWP and Livestock. The Directors should recommend the programs to provide funds and decide if the costs are to be split equally between the departments. The directors may also have suggestions on alternative funds for this study.

An alternative is to use fish and game license funds as you suggested. While these funds are not specifically related to rabies by statute, they are more available than general fund and can be considered as rabies related when viewed in the context of the animals involved, eg. skunks, racoons and lynx cats. The director should make the final choice as to which programs should contribute but those programs could include Parks, Conservation Education(nongame), Wildlife, Administration, and Field Services.

The cost of the study may be paid by the contributing departments out of existing appropriations and the central service administrators can co-ordinate these details.

June 9, 1986

TO: Chairman Rex Manual
Members of Natural Resources Commission

FROM: *Les* Les Graham, Executive Secretary
to the Board of Livestock

RE: Cost Reduction Summary

Management actions taken to date by the Department of Livestock for F.Y. 86 & 87 to eliminate funding problems.

1.) Cost Saving Measures:

Personal Services:		<u>F.T.E.</u>	<u>Pos.</u>
Inspection & Control Division	\$230,000	11.9	15
Animal Health Division	\$ 70,000	4.0	4
Lab Division	\$ 40,000	1.0	1
Centralized Services Division	<u>\$ 17,000</u>	<u>1.0</u>	<u>1</u>
Total	\$357,000	17.9	21
Operating Expense:			
Inspection & Control Division	\$ 70,000		
Animal Health Division	<u>\$ 95,000</u>		
Total	\$165,000		
Total Expenditure; Reductions = \$522,000			

The following represents the reduction to each program by percentages. These reductions have been ordered by the Board of Livestock.

- a.) Centralized Services
Total reduction since April, 1985 4.4%
- b.) Diagnostic Laboratory
Total reduction since April, 1985 6.1%
- c.) Disease Control
Total reduction since April, 1985 9.0%
- d.) Milk & Egg
Total reduction since April, 1985 1.5%
(Does not include position to be cut)
- e.) Inspection & Control
Total reduction since April, 1985 12.5%
- f.) Predator Control
Total reduction since April, 1985 16.8%
- g.) Rabies
Total reduction since April, 1985 1.3%

Notes:

- a.) This represents an overall Department reduction of approximately 12.1%.
- b.) From 1971 - 1986 FTE vacancies and/or position reductions = 29.8%.
- c.) In 1985-1987 positions held or cut equal 14.7%.

PRESENTATION TO NATURAL RESOURCES SUBCOMMITTEE
SPECIAL SESSION

INTRODUCTION

I have prepared testimony which shares with the committee my thought process in allocating the 5% cut. If you have reviewed the form B212's and the memorandum accompanying them, you will note that I did not impose the cut in each program. Hopefully through this presentation you will understand why and agree with my decision.

CENTRAL MANAGEMENT - Program 01

With the exception of the Data Processing project, the lion's share of the 01 budget is personal services, rent, utilities and other fixed costs. These are primarily fixed costs which have almost no flexibility. The personnel are needed to cashier the trust receipts, pay the claims and provide the other necessary support services. Therefore no cut was allocated against the body of the program. This program has almost no turnover. Therefore we are going to have to cut every corner possible to make the 4% vacancy savings.

County Equalization

I have proposed a 5% cut in the County Equalization program which comes to \$13,250. It should be noted that the equalization payments were made for FY 85 before the 2% cut was imposed. Therefore, they got the full payments in 1985. These are General Fund monies.

Data Processing

The B212 indicates a cut of \$19,978 to the Data Processing Project. The project is funded from Resource Development funds. The Resource Development account is facing a shortfall of approximately \$300,000. Therefore I have imposed a cut of \$100,000 on the project. Therefore the \$19,978 cut will have no impact.

Air Operations

This program is funded by a revolving account. A cut of \$9,294 has been imposed against Air Operations. If we have a normal or below normal fire season, this cut will have no impact. If we have an above normal fire season or unanticipated major repairs, we would have to request a budget amendment.

RECLAMATION

The Reclamation Division is funded by a combination of General Fund, Ear-marked Funds, and Federal Funds. For FY 1987 a number of lawsuits were anticipated. These have failed to materialize. I have proposed a General Fund cut of 9% (\$52,081) drawing mainly on the money programmed for the lawsuits. Virtually all capital has been eliminated to meet vacancy savings and other cuts.

Environmental Analysis Bureau

The Environmental Analysis Bureau is funded by earmarked industry fees. Due to a decline in Environmental Impact Statements, there is not sufficient funds to maintain the staff. The staff has been laid off. A cut of \$38,418 of spending authority has been proposed. EIS's will have to be done, mainly under contract with DNRC's Facility Siting Bureau, but the remaining authority should be sufficient.

LANDS DIVISION - Program 04

No cuts have been proposed for the Lands Division. All capital will be diverted to make up vacancy savings. With current staffing, including the three added last session, the Division still cannot keep up with the required inspections, easements and other problems. With the new positions, we were finally able to bring on people-oriented to farming rather than just range and to open a sorely needed Glasgow Office. The program is just now approaching what I consider minimum requirements. Therefore I have allocated their 5% cut to other programs.

RESOURCE DEVELOPMENT - Program 05

The 5% cut, \$46,329, has been assigned to the capital outlay. The Resource Development account income has been significantly below projections. Cuts far in excess of 5% have already been initiated, therefore the 5% cut will mainly be a reduction in authority which will have no impact.

FORESTRY DIVISION - Program 25

In addition to the 5% cut this program has also suffered other shortfalls. About 6% of the Forestry budget is funded by federal funds. The Gramm-Rudman deficit reduction bill passed by congress is also impacting the Forestry budget. Federal grants this Fiscal Year were reduced 7.2%. We are anticipating a 20% cut for FY 87. Also, there is a shortfall of \$150,000 in RD Funds slated for the timber sale program. This situation, along with the 4% vacancy savings, requirement has forced significant reductions to the Forestry budget. To deal with the 5% in addition to the aforementioned cuts, it is the agency's intent to do the following:

1. Almost totally eliminate the capital equipment purchases. This will increase repair and maintenance costs and the probability of equipment malfunction.
2. Eliminate the Forestry Information program (1.0 FTE).
3. Reduce the timber harvest by 2.4 million board feet per year (2.0 FTE). This will decrease trust revenue.
4. Reduce forestry inventory by 60,000 acres per year (1 FTE).
5. Reduce thinning on state lands by 250 acres per year (.5 FTE)
6. Reduce wildfire protection capabilities
 - a. Eliminate fire prevention program at staff level (1.0 FTE)
 - b. Eliminate 1 seasonal firefighter
 - c. Eliminate 2 lookouts
 - d. Reduce fire suppression training