

MINUTES OF THE MEETING
LONG-RANGE PLANNING SUBCOMMITTEE
49TH LEGISLATURE SPECIAL SESSION III

June 17, 1986

The meeting of the Long-Range Planning Subcommittee was called to order by Chairman Robert Thoft on June 17, 1986, at 8:00 a.m. in Room 108 of the State Capitol.

ROLL CALL: All members were present. Also present was Madalyn Quinlan from the LFA office.

Tape 10:A:000

EXECUTIVE ACTION ON HOUSE BILL NO. 10: Rep. Bardanouve moved that HB 10 DO PASS. Question being called for, motion PASSED.

Chairman Thoft asked Jim Flynn, Director of the Department of Fish, Wildlife and Parks, what they did with the \$7,700 for caring for the capitol grounds, and wondered why they couldn't use the workfare people. Mr. Flynn (10:A:017) replied that one of the difficulties they have is that the majority of the costs, like mowing the lawns and sprinkler repairs, is contracted services. They use their own people for trimming the trees and planting the flowers, and that is where they use the Green Thumb people.

Rep. Bardanouve (10:A:024) asked Mr. Flynn where they buy their flowers. Mr. Flynn replied they put those out on contract on a state-wide bid basis. State Nursery in Helena has had the bid at least once.

HOUSE BILL NO. 12: Rep. Bardanouve, District 16, (10:A:044), sponsor of the bill, presented it to the subcommittee. He said this is not a bill which he ordinarily would carry, but these are not ordinary times. We are in a serious financial bind in our budget. He said that at the end of the 1985 session, the committee felt it had appropriated all the money in the Long-Range cash program, and had met the most important needs in the renovation and repair of the buildings across Montana, including the university system. However, since the 1985 session, there apparently is more money in the cash program than was calculated. There now appears to be \$2,028,521 in the account, and this money should be transferred to the general fund. This is a windfall and will not rob the program from the 1989 biennium because the regular income for the cash program will come in in the 1989 biennium. This will not take away from the regular appropriation in the 1987 session

for the 1989 biennium. He stated that if the legislature passes every proposal that the Governor proposes, in every area, every cut, every transfer and every bit of new revenue, there will be a significant shortfall from when the proposal was made by the Governor which appeared to meet the shortfall. However, the LFA figures, and the revenue committee that has met in the past few days, show that the shortfall is more serious than what the Governor projected when he made his proposals. If we pass every cut, reduction, transfer and revenue which the Governor has proposed, we will be several million dollars short. This bill is Rep. Bardanouve's attempt to have something over and above what the Governor has proposed.

There were no further proponents to HB 12.

Opponents: Ellen Feaver, (10:A:165), Director of the Department of Administration, spoke as an opponent. She explained that ordinarily when making appropriations for a biennium, they leave a cushion in the long-range building cash account so that if any of their estimates are short, as cigarette tax or interest earnings might be, they would have the cushion, and also cash to begin the new building program with. Although the building program projects are painfully slow, they do get started right after the legislature meets and determines what projects the department will have. It has been the policy of this committee, in recent years, to leave about \$1 million in the kitty to start the next biennium with, and that is part of the money which is here to begin with. The other million is money that wasn't necessarily anticipated to be there. In contrast to Rep. Bardanouve's perspective that, if this money is appropriated to the general fund, you won't be taking away money from the next biennium's project. Another way to look at it would be that if you don't do this, you will have \$7 million; if you do this, you will have \$5 million to take care of maintenance projects. Total requests for major maintenance alone is over \$21 million, not \$11 million which was the figure given earlier. She said last session they had \$11 million to work with, and they need as much money as possible to take care of the buildings.

Tom O'Donnell (10:A:205), from the Architecture and Engineering Division of the Department of Administration, spoke in opposition to the bill. He asked the committee to consider what it is doing to his division if they don't have a cash balance to start with. In response to the comments about the slowness of state projects, that will be more emphasized in the next biennium. They need money to start projects and to pay bills as the biennium begins.

There were no further opponents present.

Committee Discussion: Sen. Fuller (10:A:223) asked Ellen Feaver, Department of Administration, of the \$2 million, \$1 million would be left in the cash balance, and he wanted to know how the other \$1 million would be spent. Ms. Feaver said that at the end of the last session it was projected there would be about \$1 million left over, which this committee recognized. Since then they have earned an additional million over what they anticipated. Rather than the \$2 million being a surprise, half of it is. She further stated that the point she was trying to make is that if Rep. Bardanouve's bill is defeated, there will be an additional \$2 million in the maintenance budget. It will all be carried into the next fiscal year, and there would be \$7 million as opposed to \$5 million.

Sen. Tveit (10:A:237) asked if there would be a zero balance in the cash if the \$2 million was taken. Mr. O'Connell said one of the reasons there is more cash than was anticipated is there were two large projects appropriated in the cash program last year, and those projects are just getting started. There has been interest earnings on that money for longer than anticipated. The smaller projects that they can start up faster, draw down that cash faster as well. They had two large projects in the cash program that would normally be with the bonding program.

Rep. Ernst asked for a quick review of the tax source to explain the cigarette tax. Ellen Feaver explained that the revenue to the building program is mostly cigarette tax money. It comes in at about \$200,000 to \$210,000 per month. They also have interest on whatever cash is in the program, including the residual from bond proceeds. They have had the interest from capitol renovation, as well as from the Fish and Game projects that were authorized under the bonding program. They have various kinds of investments; and they charge a supervisory fee for all the projects that the division administers for other agents.

Rep. Ernst (10:A:270) asked how much is the cigarette tax, how much per pack of cigarettes. Mr. O'Connell said the cigarette tax is 16 cents per pack and 20.25 percent goes to the cash program, and the other percentage goes to the retirement of the bonds. Madalyn Quinlan, LFA, said the cigarette tax is 8 cents per pack.

Madalyn Quinlan, LFA, (10:A:279) said her records from

last session is that the Long-Range Planning Committee projected that \$11.6 million would be available in the program and that \$11.3 million of that was appropriated by the committee. Therefore, whatever fund balance was anticipated was at less than \$500,000.

Chairman Thoft (10:A:286) asked Ellen Feaver if actually the increase in revenue was because of interest on those two large projects, and that the revenue is actually going down. She replied yes.

Sen. Van Valkenburg (10:A:292) asked Rep. Bardanouve what his experience is over the years in terms of building projects coming in at the amount that the legislature anticipates. Rep. Bardanouve replied that overall they have been fairly close to what they appropriated, with some exceptions. There is a youth treatment center in Billings which came in over, and an overrun on the capitol renovation. That project was cancelled. There was another project where they had to appropriate around \$300,000 over on the bids. In fact, they held the bids open until they were in session at that time. Most of the projects run fairly close or under, with a few exceptions.

Sen. Van Valkenburg (10:A:313) then asked if it wouldn't be nice to have some money to take care of those exceptions. Rep. Bardanouve agreed. He said the forensic unit has just been formalized, and it will be many months before that project will be finished. There will be several millions of dollars lying in the long-range building program for many months. Rep. Bardanouve felt there would be more interest in the account by July 1 because there will be very little pay out between now and this July. It will be two years or more before the final payment is made on that project. There will be a cushion for overruns, which do not usually occur in smaller projects.

In closing, Rep. Bardanouve (10:A:352) said there is no real serious disagreement. However, he felt Ms. Feaver has repudiated her own argument about having a cash balance at the beginning of a project. By her own admission, \$210,000 will be available on August 1 of the new fiscal year. He also stated that the Department of Administration would have to look a long time before they could find a project that was on the board and money paid out the first month. Therefore, they will have several hundred thousand dollars before any money must be paid out on a project.

EXECUTIVE ACTION ON HOUSE BILL NO. 12: Sen. Fuller (10:A:385) moved to TABLE HB 12. Motion PASSED on a Roll Call Vote of 5 - 1.

Rep. Bardanouve said he would make an attempt in the full Appropriations Committee to revive this bill and get it on its way.

HOUSE BILL NO. 4: Rep. Swift (10:A:429), District 64, sponsor, presented the bill to the committee. He read the title "An act revising procedures for applying state pay schedules in the event of a revenue shortfall", and explained the bill. It allows the agency and department heads some options in adjusting their program to meet these kinds of conditions. It does have some restrictions because of the problems with contractual and binding bargaining agreements, and it gives the agency heads the leeway to take the actions necessary to meet the shortfalls of our budgetary process. This bill allows the agency heads to look at no change and continue the fiscal year 1986 pay plan; it allows statutory legal processes that allow step increases, and it considers the bargaining arrangements that have already gone before, which are a contractual agreement. It gives the agency heads the prerogative to implement the FY 1987 pay plan increase as brought on by HB 375. He presented a summary by Karen Renne, Researcher, Legislative Council, that indicates the impact of about 9,000 employees who might implement step increases and/or the pay increase in FY 1987 (EXHIBIT 1). The summary and analysis shows who will be impacted the greatest.

There were no other proponents present.

Opponents: Laurie Ekanger (10:A:606), Administrator of the Personnel Division of the Department of Administration, spoke in opposition to the bill. She asked the committee to reject the proposal, for three reasons: First, mechanically, the bill would be difficult to implement as it is retroactive. Second, it decreases the manager's flexibility to manage their budget, and it requires that cuts be taken from personal services. Third, as an employer, one of their goals is to treat employees the same from agency to agency, and they do have a single administrative pay plan. This bill decentralizes this to the agency level. They could end up with employees of the same employer who are doing the same work, at the same matrix, being paid differently, and being treated unequally from one agency to another. This increases legal vulnerability for the department.

Tom Schneider (10:B:000), representing the Montana Public Employees Association (MPEA), also appeared as an opponent. He said people are telling the unions that they are not being responsible by not wanting to discuss the contracts which they negotiated last time. Part of the reason they can't talk about these things is because of pieces of legislation like this. Employees have reached a point where they feel that no one really cares what happens to them. He further stated that the thing which bothers him the most is that if this legislation is passed, the legislature can do anything they want in the future. Passing this legislation would create a nightmare.

Terry Minow (10:B:059), representing the Montana Federation of Teachers, stated they oppose the pay plan freeze, as well as the layoffs of workers who provide special state services. This bill is very punitive in nature. It is an attempt to force them to negotiate, which they are saying no to. She urged the committee to reject this bill.

Jim Flynn (10:B:071), Director of the Department of Fish, Wildlife and Parks, presented written testimony in opposition to the bill (EXHIBIT 2).

There were no further opponents present.

Committee Discussion: Sen. Fuller (10:B:098) addressed Rep. Swift and said his major concern is with the inequities it will cause. He felt that if this legislation is given to agencies, the result could be that a worker in Agency A, where the cuts weren't as severe or were handled differently, and one in Agency B could be doing the same kind of work, with different salaries. If Rep. Swift said yes to that, wouldn't that result in litigation. Rep. Swift answered that it possibly could. This is a question of people feeling that they are treated impartially or unfairly, but the personnel procedures and appeal process will take care of most of that. In relation to one agency doing something different than the other, Rep. Swift's opinion is that if there are personnel standards related to procedures, those standards should be well understood by all agencies, and they should be able to carry them out.

In closing, Rep. Swift (10:B:119) said he strongly feels that the employees of an organization should be willing to cooperate and share part of the responsibility of the organizational objectives. . And sometimes you have to

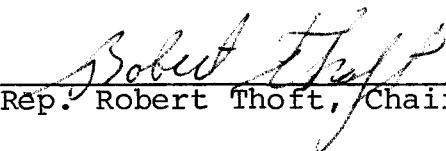
subordinate your desires to those things. This isn't a totally mechanical procedure. If the private sector has to accept reductions, everyone should have to look at it in the same way. He ended by saying with the economic situation in Montana, we can't afford any increases at this time, or any further tax burdens on the citizens of Montana.

EXECUTIVE ACTION ON HOUSE BILL NO. 4: Sen. Fuller (10:B:147) moved that HB 4 DO NOT PASS.

Rep. Bardanouve (10:B:149) commented that he is concerned. Before the state had a pay plan, we had a hodge-podge of agencies, salaries and people moving from one agency to another trying to get the best salary. This bill may cause this again, and he feared it will disrupt the pay.

Sen. Fuller's motion PASSED unanimously.

There being no further business before the subcommittee, the meeting was adjourned at 10:00 a.m.


Rep. Robert Thoft, Chairman

49TH LEGISLATURE SPECIAL SESSION III

DAILY ROLL CALL

LONG-RANGE PLANNING

SUBCOMMITTEE

Date June 17, 1986

[illegible]

LONG RANGE PLANNING SUBCOMMITTEE

BILL NO. HB 12

DATE June 17, 1986

SPONSOR Rep. Bardanoue

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

LONG RANGE PLANNING SUBCOMMITTEE

DATE June 17, 1986

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PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

LONG RANGE PLANNING SUBCOMMITTEEBILL NO. HR 4DATE June 17, 1986SPONSOR Rep. Swift

NAME (please print)	RESIDENCE REPRESENTING	SUPPORT	OPPOSE
Paul Juss	Associated Students - UH		
Ellen Leaver	DoA		X
Tom Cornell	"		
Kathleen Halder	DoA		
Tom Schneider	MPEA		X
George Allen	MT - Katoe P		
Norman Hanna	State Militia Office		
Red Sundsted	DoA		
Jim Menow	MFT		X
Matthew Thiel	MFT		X

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