

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
49TH LEGISLATURE SPECIAL SESSION III
HOUSE OF REPRESENTATIVES

June 17, 1986

The meeting of the Appropriations Committee was called to order by Chairman Bardanouve on June 17, 1986 at 10:05 a.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present with the exception of Rep. Harry Fritz who was excused.

(Tape 1:A:000)

CONSIDERATION OF HB 8: "AN ACT APPROPRIATING \$24,000,000 FROM THE COAL SEVERANCE TAX TRUST FUND TO THE GENERAL FUND FOR USE IN FISCAL YEAR 1987; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Rep. Norm Wallin, sponsor of HB 8, urged the committee to pass HB 8. A copy of his written testimony was marked Exhibit 1 and attached hereto.

PROPONENTS: George Allen, representing the Montana Retail Association (A:021) stated his support for HB 8. He said that most of the retail businesses in this state are just hanging on. He further stated that from the meetings he has attended around the state, the sentiment is "no more taxes." He supports the use of coal tax money at this time.

Ben Havdahl, representing the Montana Motor Carrier's Association, (A:102) stated his support for HB 8 as a means of funding the deficit. His group is opposed to a gasoline tax increase because of its potential adverse effect on motor carrier's industry.

Keith Anderson, Montana Taxpayer's Association, (A:114) stated that these are the worse economic times since the 1930's. He said that Montana has the lowest percentage of economic growth in the nation. He feels that this is not the time to pour oil on fire by passing a tax increase. He further believes that Montana's entire tax structure should be considered in 1987. He said that several states have "rainy day" funds, but Montana has no such special fund, and the coal tax fund must be this "rainy day" fund. He feels that use of the coal tax funds is the best solution to the serious budget problems that Montana is facing at this time.

Tom Harrison, Montana Automobile Association, (A:138) and the Montana Auto Dealers, feels that HB 8 should be used as an alternative to an increase in the gas tax. He further stated that if a gas tax is imposed, Montana

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will have the highest gas tax in the nation.

Dennis Mansfield, representing the Montana Highway Users Federation (A:160) said that he is extremely concerned that the gas situation will change as it did in the 1970's. On behalf of his association, he requested the committee to pass HB 8 in lieu of a gas tax.

Bob Correa, Bozeman Chamber of Commerce, (A:171) stated that increased taxes are repressive for the economic growth of this state. He encouraged the committee to pass this bill.

Lorna Frank, Montana Farm Bureau, (A:175) and a member of the Highway Users Association, stated that the board cannot support the governor's proposal to increase taxes on fuel. When times were better, the Farm Bureau supported increases; however, with the current economic conditions, a tax increase would hurt everyone. She feels that using the coal tax money to balance the budget is a reasonable approach to the current financial problem in Montana.

Julie Hacker, representing the Missoula County Freeholders Association, stated that the association supports this bill and opposes any tax increase on any commodity whatsoever. She said that the state must manage with the monies it has.

OPPONENTS: Russ Brown, representing the Northern Plains Resource Council, (A:200) said they have members who have been and could be very negatively impacted by the passage of this bill.

There being no further proponents or opponents, Chairman Bardanoue opened the meeting up for questions.

Rep. Moore (A:214) asked Rep. Wallin how much would it cost us in interest earnings of that to be used in the general fund in the other special state revenue projects by removing this \$24,000,000 from going in there in the following year. Rep. Wallin said he has no way of knowing. Rep. Bardanoue said that if we use the last figures the Board of Investments had for 11% it would amount to 2.64 million dollars.

Rep. Quilici asked Mr. Anderson what will happen to the deficit in 1988 and 1989 when we take \$24,000,000 from the coal trust and put it in the base as base spending and we experience spending going up and funding going down. Mr. Anderson said that it depends on what the 1987 legislature does. He said what you have here is a bandaide, soft gap solution. He said the legislature is not only going to have to consider a level of expenditures, but

it will also have to consider the tax structure and level of revenue. He views this as the use of a "rainy day fund" to tide us over until this whole problem can be reviewed by the next legislature.

Rep. Quilici further asked if we are going to build up this base and hopefully somewhere in the future, receive the revenue to compensate for this base spending. Mr. Anderson said he didn't believe that to be true because part of this package is to bring about sizable cuts during this special session. He doesn't feel that the budget can be cut by a \$100,000,000; there has to be a combination of the two, and this happens to be an emergency way of plugging in part of it from the revenue side.

Rep. Donaldson asked Mr. Anderson if he was in support of this bill as a replacement for the gas tax. Mr. Anderson said that is not the issue. Mr. Anderson said he is simply addressing this bill and not the gas tax.

Rep. Winslow asked Madalyn Quinlan from the Legislative Fiscal Analyst, what the proposed interest income will be next year off that trust that offsets income tax and offsets other taxes. Madalyn said she believes the estimates would be \$34 million into the general fund. Rep. Winslow asked if we choose not to divert some of this money, what will the figure be in years to come. Madalyn stated that \$2.4 million would be lost each year. That is if you assume that the \$24 million would be invested at a 10% rate. Rep. Winslow asked if we would have more than \$34 million coming in to the next year because we are going to have more money invested if rates stay the same. Madalyn said that was true.

There being no further questions, Rep. Wallin closed.

Rep. Bardanoue announced that the committee would take no executive action on the bills heard today.

CONSIDERATION OF HB 5: (A:458) "AN ACT APPROPRIATING MONEY FOR FISCAL YEAR 1987 FROM THE COAL SEVERANCE TAX BOND FUND OF THE COAL SEVERANCE TAX TRUST FUND FOR STATE EQUALIZATION AID TO THE PUBLIC SCHOOLS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Rep. Bernie Swift, House District 64, sponsor, stated that this bill will provide some financial support for the shortfall in the equalization of the foundation program. Rep. Swift pointed out that there was an oversight on page 1, line 14 of the bill by placing 25% in there. It is actually 50% of the monies that go into the permanent trust which would be one-half of those dollars. Basically

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this bill will utilize one-half of those dollars that comes from the coal severance tax before it enters into the permanent trust fund leaving one-half of the dollars to go into the permanent trust fund to continue drawing interest. At present, the figures he has are in the neighborhood of \$80 million in FY86; one-half of that would be \$42 million that we are addressing. He told the committee to keep in mind that we are talking about the bond fund that backs up the bonds for the state of Montana. This bill will not impair the trust which will be left intact. It will not endanger at all the cash or the bonding that is guaranteed all of our programs in this state. In closing, Rep. Swift said this bill will help offset the problem we have with our funding deficiency -- specifically for the foundation program. It will in turn help those people at the local level. He further pointed out that this requires a 3/4 vote by both houses.

Senator Elmer D. Severson, Senate District 32 and co-sponsor of this bill, said that when the coal tax was enacted, it was for the purpose of helping out future generations. He said that education is in arrears in the neighborhood of \$30 million, and this is a way that we can pick up some additional money in a proper way. He asked the committee to consider what the coal tax fund is really for.

PROPOSERS: (A:606) Ed Argenbright, Superintendent of Public Instruction, stated his support for this bill. He feels the bill is important and the time is right to do something. He said the state's share of school funding should be 1/3 and it isn't at present. This bill should be seriously considered as a means of maintaining support for the schools. He pointed out that the school districts face the possibility of having to dip into their reserves. He handed out a chart showing state aid cash flow. (See exhibit 3) He is concerned with the negative cash flow problem that schools are facing.

Ray Shackelford, assistant to Ed Argenbright, (1-B:000) said they are within \$200,000 of making their final payment in assessing the amount of cash they must make. After making it, the cash flow is negative. In December of this year, the cash flow may be \$5 million positive, but after that payment, they may never get positive again.

Rep. Ralph Eudaily spoke in favor of the bill. He commented that he felt the wording, "appropriation for FY 87" in the title of the bill needs to be tightened up.

Rep. Bob Pavlovich, District No. 70, (1-B:035) testified as a proponent of HB 5. He encouraged the committee to save quality education.

Senator Bob Brown, Senate District 2, (1-B:045) appeared as a reluctant proponent; however, the problem is significant enough that SB 5 needs to be seriously considered as a solution until the economy improves.

Rep. Kerry Keyser, House District 74, (1-B:057) stated that the property taxpayers cannot afford any more tax increases. He said that he is constantly questioned as to what the coal money is being used for. These are difficult times, and these monies should be used.

Wayne Buchanan, Montana School Board Association, (1-B066) told the committee that although he realizes the precedent that may be set if the coal tax money is used, he agrees with the other proponents that the time has come to use some of this money to prevent further erosion of our school programs.

Jesse Long, executive secretary of the School Administrators of the state of Montana, (1-B093) stated that the money being moved into the fund should offset the proposed \$30 million supplement; however, they are in support of the bill.

There were no further proponents.

OPPONENTS: Rep. Ray Peck, House District 15, (1-B102) stated that he opposed the bill on the basis that some of the statements made by the proponents are inaccurate. He feels that diversion could be the first step in raiding money from the coal tax fund. He feels that it is not a correct statement to say that failure to pass this bill will result in a direct local tax increase. He further said that by cutting costs, schools wouldn't have to dip into their reserves. The most important question that we must ask ourselves is, "What are we starting?" He feels that by passing this legislation, we are going to hook ourselves on the trust fund and deplete it which will result in loss of income.

There being no further opponents, Chairman Bardanoue opened the meeting up for questions.

Rep. Quilici stated that the governor's budget indicates that school enrollment must have dropped by 25,000 students and expenditures have risen 146%. He asked Mr. Argenbright to account for the dramatic increases in expenditures in education. Mr. Argenbright said that

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new equipment is being used and half of the mothers in the state who have school age children are working. This has had a tremendous impact on school districts. He said that costs are a reflection on Montana's wish to have quality schools. He further pointed out that teaching salaries in this state don't rank in the top half.

Rep. Spaeth asked Mr. Argenbright if this \$22 million that is to fund the potential supplemental that is going to be coming in next session at approximately \$33 million which will help reduce the problem the legislature will be dealing with next session. Mr. Argenbright said it will help offset that problem in FY87. Rep. Spaeth asked if the legislature could deal with this next session instead of now to meet the same results. Mr. Argenbright agreed that the legislature could take action now or deal with it at the next regular session.

Rep. Bardanouve said he is concerned about Montana's educational system in that we spend so much money on the system versus the income we have. He feels we should be asking serious questions regarding whether or not to pump more money into education.

In response, Mr. Argenbright said that it must be realized that education is an investment -- a resource for the state. (1-B:420)

Rep. Spaeth (1-B:461) pointed out that Montana is third in the nation per capital tax support for education. He feels we can't continue to ask for more money. Mr. Argenbright (1-B:480) replied by saying they are not asking for increasing the amount but rather maintaining the program used by the local trustees.

(1-B:492) It was Rep. Donaldson's opinion that 550 school districts are too many for this state. He feels the system has a serious equalization problem.

Wayne Buchanan (1-B:520) commented that consolidating will not really solve the problem. Montana spends only \$418 more per student than the average throughout the rest of the country. He further pointed out that in a sparsely populated state, a lot of money is spent on transportation.

(1-B:548) Mr. Argenbright also feels that bigger isn't necessarily better when it comes to the consolidation issue. He doesn't believe that any move from the state to force consolidation should be done.

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In response to a question by Rep. Quilici, (1-B:614) Mr. Argenbright stated that if the foundation program is frozen and the legislature reneges, it will force the school districts to use their reserves. He said these monies are not just sitting around; the local districts invest them to reduce levies. He doesn't feel that local property tax money should be used to fund the state obligation.

There being no further questions, Rep. Swift closed on his bill.

RECESS: Rep. Bardanouve recessed the meeting at 11:40 a.m. and informed the committee that the meeting would reconvene at 1:15 p.m. this afternoon.

The meeting of the Appropriations Committee was re-convened at 1:15 PM in Room 104 of the State Capitol.

(Tape 2:A:00)

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

Representative Quilici, Chairman of the General Government and Highways Sub-committee, presented the recommended budget cuts from Exhibit 4.

LEGISLATIVE AUDITOR: Cuts of 4.6% were made. Extensive federal funding would be lost under F.E.M.A. guidelines, if audits are not done according to federal guidelines.

LEGISLATIVE FISCAL ANALYST: Across-the-board cuts of 5% were taken.

LEGISLATIVE COUNCIL: Across-the-board cuts of 5% were taken. HB 2, heard this morning, addressed the Montana Codes Annotated. The sub-committee recommended that \$500,000 be taken from that account and put in the general fund.

STATE AUDITOR: Across-the-board cuts of 5%.

ENVIRONMENTAL COUNCIL: Across-the-board cuts of 5% were taken.

CONSUMER COUNSEL: Across-the-board cuts of 5% were taken, with no general funds involved. The cut of \$44,879 was from state special revenue.

GOVERNOR'S OFFICE: Budget cuts were made in the general fund of 4.9% and a cut of 2.4% was made in the Coal Tax Lobby Fund, for a total cut of 7.3%.

COMMISSIONER OF POLITICAL PRACTICES: Across-the-board cuts of 5% were taken.

BOARD OF CRIME CONTROL: A cut of 1.6% was recommended. The sub-committee recommended to keep a statistical clerk at a cost of \$16,000. Rep. Spaeth (2:B:245) made a motion to take the full 5% cut from this budget.

A roll call vote was taken and the motion CARRIED with 17 members approving the motion and 3 members opposing.

DEPARTMENT OF JUSTICE: General fund cut of 2.1% was recommended. Cliff Roessner (2:B:215) LFA, explained that Indian Legal Jurisdiction, a policy issue, was the major source of discrepancy between the sub-committee report and the governor's recommended budget cuts.

JUDICIARY: Cuts of 1.1% were made. All district court judges, the Supreme Court judges and retired judges are paid from this budget. Rep. Winslow (2:B:337) made a motion to take the full 5% out of the Judiciary budget. Rep. Quilici (2:B:345) requested that he be allowed to take this matter back to the sub-committee. Rep. Winslow withdrew his motion and made a request that the sub-committee study the full 5% cut and report back.

DEPARTMENT OF HIGHWAYS: No general fund money is involved with this department. Rep. Manuel (2:B:420) questioned the cut in earmarked funds when no dollars will go into the general fund. Rep. Bardanouve (2:B:425) explained that all agencies, including the Department of Highways, had agreed to take a 5% cut in their FY 87 budget.

Gary Wicks (2:B:650) explained the \$7 million reduced expenditures for FY 87. As a consequence there will be \$7 million more in the highway earmarked account at the next legislative session.

HIGHWAY TRAFFIC SAFETY: No general fund money is involved, but a 0.2% cut was taken from other funds.

DEPARTMENT OF REVENUE: Sub-committee recommended cuts of 4.3% in this budget. The governor recommended that the state take only half the cost of county automation. The sub-committee recommended the state bear the full cost of this program.

DEPARTMENT OF ADMINISTRATION: Across-the-board cut of 5% was recommended. The department reported that by taking this cut they could lose \$29,000 in federal funding.

TEACHERS RETIREMENT AND P.E.R.D.: No recommended cuts.

Representative Bardanouve asked the sub-committee to meet and study the problem with the Judiciary budget. He also asked the sub-committee to report on the large item of \$408,000 needed to fund the Undercover Task Force drug program.

Chairman Bardanouve requested the committee to reconvene at 4:00 o'clock this afternoon.

The meeting of the Appropriations Committee was re-convened at 4PM in Room 104 of the State Capitol.

(Tape 3:A:481)

INSTITUTIONS SUBCOMMITTEE

Representative Menahan, Chairman of the Institutions Subcommittee, presented the recommended budget cuts from Exhibits 5 and 5A.

DIRECTOR'S OFFICE: Approved the governor's recommendation of 3.4% cuts.

Rep. Bardanoue (3:A:510) advised the committee that the governor was not insisting on a 5% cut for the Department of Institutions.

MANAGEMENT SERVICES: Across-the-board cuts of 5% were taken.

ALCOHOL AND DRUG ABUSE: Across-the-board cuts of 5% were taken.

CORRECTIONS: Across the board cuts of 3%. A cut of \$32,000 in depreciation for the pre-release center involved a policy issue. This was a duplicate appropriation.

Chairman Menahan (3:A:600) reported there has been a large increase in the prison population.

WOMEN'S CORRECTIONS: Across-the-board cuts of 5% were taken.

MENTAL HEALTH CLINICS: Across-the-board cuts of 5% were taken.

MOUNTAIN VIEW: Across-the-board cuts of 5% were taken.

PINE HILLS: Across-the-board cuts of 1%. Rep. Menahan(3:B:50) reported that another cottage had been opened. The facility is funded for 88 youth and the population is now 131.

MONTANA STATE PRISON: Across-the-board cut of 1% was taken. Carroll South (3:B:100) reported that the prison population

had been budgeted for 800 men and the population was now about 1100.

Rep. Bardanouve requested a brief report on the new prison facility and the explosion that occurred last year.

Carroll South reported he anticipated using the new facility in October; that the guard tower was being worked on at the present time; and they were about 10 months away from occupying the administration building. Insurance payments are supposed to cover all of the loss, but there are some questions as to which insurance company is responsible.

MONTANA PRISON INDUSTRY AND TRAINING PROGRAM: Across-the-board cuts of 1% were taken.

SWAN RIVER FOREST CAMP: Across-the-board cuts of 4% were taken.

CENTER FOR THE AGED: A cut of 2% was recommended for this facility.

MONTANA DEVELOPMENT CENTER: No reductions can be made in this budget because of the federal funding.

EASTMONT TRAINING CENTER: Across-the-board cuts of 2% were taken.

VETERAN'S HOME: Across-the-board cut of 5% was taken.

MONTANA STATE HOSPITALS AT GALEN AND WARM SPRINGS: Across-the-board cut of 2% was taken.

Rep. Menahan discussed the policy option, proposed by the governor, to close the Lighthouse Program. The sub-committee voted not to close this facility since the Board of Pardons uses the program. Twenty-five per-cent of the prison inmates are in for drugs and the Board of Pardons requires those people to go to the Lighthouse Program for 90 days before they can be paroled.

MONTANA YOUTH TREATMENT CENTER: Carroll South reported that this facility has not been certified for Medicare payments. We have been unable to hire psychiatrists to work at the Center so it is doubtful that we can become certified.

Rep. Bardanouve requested that Mr. South give a brief report on the proposed sale of the Youth Treatment Center.

Mr. South reported he had been in contact with two entities

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who had expressed interest in buying the Youth Treatment Center from the state. Quality of service would be the chief feature of any negotiation.

YOUTH EVALUATION PROGRAM: Rep. Bradley asked for a brief summary about the Great Falls facility.

Rep. Menahan reported that the subcommittee did not feel that emotionally disturbed children should be housed in a correctional facility. Sixty-one youth went through the program this year.

Chairman Bardanouve advised the committee that no executive action would be taken at this time.

ADJOURN: The meeting was adjourned at 4:50 p.m.


FRANCIS BARDANOUE, Chairman

DAILY ROLL CALL

APPROPRIATIONS

COMMITTEE

49th Legislature Special Session III

Date June 17, 1986

NAME	PRESENT	ABSENT	EXCUSED
BARDANOUE, Francis (Chairman)	✓		
DONALDSON, Gene (Vice Chairman)	✓		
BRADLEY, Dorothy	✓		
CONNELLY, Mary Ellen	✓		
ERNST, Gene	✓		
FRITZ, Harry			✓
HAND, Bill	✓		
LORY, Earl	✓		
MANUEL, Rex	✓		
MENAHAN, William	✓		
MILLER, Ron	✓		
MOORE, Jack	✓		
NATHE, Dennis	✓		
PECK, Ray	✓		
QUILICI, Joe	✓		
REHBERG, Dennis	✓		
SPAETH, Gary	✓		
SWIFT, Bernie	✓		
THOFT, Bob	✓		
WINSLOW, Cal	✓		

ROLL CALL VOTE

APPROPRIATIONS

COMMITTEE

DATE 6/17/86

BILL NO.

HB 30 i.e.
HB500

NUMBER

General Government & Highways Subcommittee Report

NAME	AYE	NAY
BARDANOUE, Francis (Chairman)	✓	
DONALDSON, Gene (Vice Chairman)	✓	
BRADLEY, Dorothy	✓	
CONNELLY, Mary Ellen	✓	
ERNST, Gene	✓	
FRITZ, Harry SCHYE, Ted	✓	
HAND, Bill	✓	
LORY, Earl		✓
MANUEL, Rex		✓
MENAHAN, William		✓
MILLER, Ron	✓	
MOORE, Jack	✓	
NATHE, Dennis	✓	
PECK, Ray	✓	
QUILICI, Joe	✓	
REHBERG, Dennis	✓	
SPAETH, Gary	✓	
SWIFT, Bernie	✓	
THOFT, Bob	✓	
WINSLOW, Cal	✓	

TALLY

17

3

Marcene Lynn

Secretary

Rep. Francis Bardanoue

Chairman

MOTION: Rep. Spaeth moved to cut 5% from Board of Crime

Control's budget. The motion was seconded by Rep. Nathe and

CARRIED.

Exhibit 1
HB 8
Rep. N. Wallin

JUNE 16, 1986

I'M NOT PROPOSING IN THIS BILL TO HATCHET THE COAL TAX INDEMNITY TRUST FUND NOR TO DESTROY THE HOLY IMAGE IT HAS. BUT I WANT TO BE REALISTIC ABOUT THE STATE OF MONTANA'S ECONOMY AND WHY WE ARE HERE IN HELENA TO DEAL WITH A PROJECT DEFICIT OF \$88 MILLION.

THE 4TH WHEREAS IN THE GOVERNOR'S CALL FOR THIS SPECIAL SESSION READS "STATE REVENUES HAVE DECLINED SIGNIFICANTLY IN THE PAST YEAR DUE TO LOWER PRICES FOR OIL, COAL, AND AGRICULTURAL PRODUCTS, DECLINING INTEREST RATES, AND THE 1985 DROUGHT". THE TRUST FUND HAS LOST PURCHASING POWER IN THE PAST FROM A HIGH LEVEL OF INFLATION. NOW IT ACTUALLY SUFFERS FROM LACK OF EARNING POWER.

THE GOVERNOR HAS MADE IT CLEAR THAT HE WILL NOT DO ANYTHING BUT VETO ANY NEW TAX. HE HAS SAID THAT A 5 CENT GASOLINE TAX INCREASE IS NOT A NEW TAX, BUT, I ASK YOU IF A TAX YOU DID NOT PAY UNTIL AFTER THIS SESSION ISN'T A NEW TAX? YOU DIDN'T PAY IT BEFORE.

THIS BILL SHIFTS A PART OF ONE YEAR'S TAX FROM COAL TAX TO THE OPERATION OF GOVERNMENT THAT STILL WILL LEAVE ABOUT \$15 MILLION TO BE ADDED TO THE TRUST FUND IN THIS ONE YEAR ALONE. SO, IT ISN'T A DESTRUCTION OF THE FUND. I ASK YOU IN A YEAR WHEN BUSINESSES AND FARMERS ARE BORROWING OPERATING MONEY, CAN WE FEEL RIGHT ABOUT NOT USING ONLY \$24,000,000 WHICH DOESN'T PRODUCE ALL THE INCOME WE HAD BUDGETED ON? IF THERE IS ONE THING THAT COMES THROUGH LOUD AND CLEAR RIGHT NOW IS NO NEW TAXES!

FUTURE GENERATIONS ARE TO BENEFIT FROM THIS COAL TAX MONEY. I BELIEVE WE ARE NOT ONLY A FUTURE GENERATION RIGHT NOW, BUT WE ARE ONE IN REAL NEED. IN FAR TOO MANY CASES, OUR YOUNG PEOPLE HAVE HAD TO LEAVE MONTANA TO FIND JOBS THEY ARE EDUCATED FOR AND SO THE FUTURE GENERATION GETS TO BE THAT GROUP WHO WALK INTO THE FAMILY BUSINESS AND THE FAMILY FARM OR RANCH. ARE WE GOING TO SAVE THIS MONEY FOR ONLY THEM AND FOR THOSE WHO MOVE TO MONTANA TO RETIRE FROM OVER-POPULATED STATES? I HAVE HAD MANY PEOPLE AND GROUPS TELL ME THAT IT IS TIME TO PUT SOME OF THAT MONEY TO GOOD USE. I AM ASKING FOR THE AMOUNT THAT WE HAVE BEEN ASKED TO RAISE WITH MORE GASOLINE---TAX MONEY WE HAVE NOT HAD TO PAY BEFORE - AND WHICH OUR CONSTITUTION SAYS IS TO BE SPENT ON ROADS AND HIGHWAYS.

NORM WALLIN, REPRESENTATIVE



502 South 19th

Exhibit 2
H.B. 8
Bozeman, Montana 59715

Phone (406) 587-3153

TESTIMONY BY: Lorna Frank

BILL #: H.B. 8 DATE: June 17, 1986

SUPPORT YES OPPOSE

As members of the Montana Highway Users Federation, Montana Farm Bureau supports the action taken by the Board of Directors of that organization and supports H.B. 8, introduced by Representative Wallin, that would appropriate permanent Coal Tax Trust Fund money, not to exceed \$24 million for the 1986-1987 biennium..

We support this bill because we cannot support the Governors proposal to increase the taxes on motor fuel, 5 cents on gas and 3 cents on diesel.

When times were better Farm Bureau supported an increased tax on motor fuel, but with the current economic conditions, many farmers are loosing their farms and ranches or are cutting back. An increased motor fuel tax would hurt those people who are doing their best to keep the farm and ranch going.

By using some of the Coal Severance Tax money at this time to balance the budget along with cuts in spending by all segments of government is a reasonable approach to the current financial problems in Montana.

SIGNED: Lorna Frank

Rep. Noun Wallin

6—The Montana Standard, Butte, Wednesday, May 28, 1986

Opinion and comment

Tap coal revenues to ease fiscal crunch

Gov. Ted Schwinden has said that Montana's fiscal problem is not a crisis, but a "crunch," which should ease within three years or so, as the state economy recovers.

If that's the case, there's an option for reducing the state's projected budget deficit that would not do as much damage to state employees, the university system and public schools as the governor's budget plan. That option is to use some of the revenue that now goes into the constitutional coal tax trust fund.

That wouldn't be easy, since it takes a three-fourths vote of both legislative houses to divert revenue from the trust fund. However, as the time nears for lawmakers to deal with the budget, this choice might be less painful than some of the others.

It certainly would be less painful than the governor's proposals.

Schwinden keeps calling for a one-year pay freeze for government employees, saying the alternative might be the loss of up to 700 state jobs. The loss of another 700 career jobs would constitute economic disruption in itself, adding to the pressure on the unemployment compensation fund and, probably, causing a further drain on other social programs. Furthermore, such firings probably would not hit those who need hitting the most. Almost surely, they would fall hardest on the line employees who deal directly with the public, and on the lower-level workers in Helena. It's doubtful that many high, and highly paid, bureaucrats would be affected.

IF THE deficit can be blamed on anyone, it can be blamed on legislators, fiscal analysts and administration officials who failed last year to see the revenue crunch ahead. Why should hundreds of state employees have to pay such a price for this failure?

Schwinden's call for a five percent across-the-board cut in state agencies would have a severe effect on the university system. University officials are always complaining about not having enough money, but they're probably right this time. Some system officials say the recent chipping away at university budgets may be more damaging than simply closing a unit.

And the governor's proposal to cancel next year's 4-percent increase in the school foundation program would hurt school districts, like Butte's, that have been tightening their belts for years. Schwinden says school districts could make up the loss by tapping their reserve funds, but some cities, like Butte, have no reserves.

On the other hand, the governor would raise gas and diesel fuel taxes 5 cents and 3 cents, respectively, to generate about \$23 million. If these taxes were for a limited time, or subject to cancellation if fuel prices exceeded a certain amount, they would be justifiable.

Last year, according to state figures, about \$46 million went into the constitutional coal severance tax trust fund. The fund now contains nearly a quarter-billion dollars.

It has been suggested that the state tap the money that would go into the fund next year, to deal with the budget deficit instead. It's a good idea. When the fund was created, it was recognized that there might someday be compelling reasons to use some of this revenue for other purposes. The three-fourths vote provision ensures that the revenue won't be diverted frivolously.

THE \$88 million deficit isn't a frivolous matter. It's serious. Using just one year's worth of revenue otherwise destined for the trust fund would cut the deficit in half. Add Schwinden's fuel tax proposal, and the deficit would be three-quarters solved.

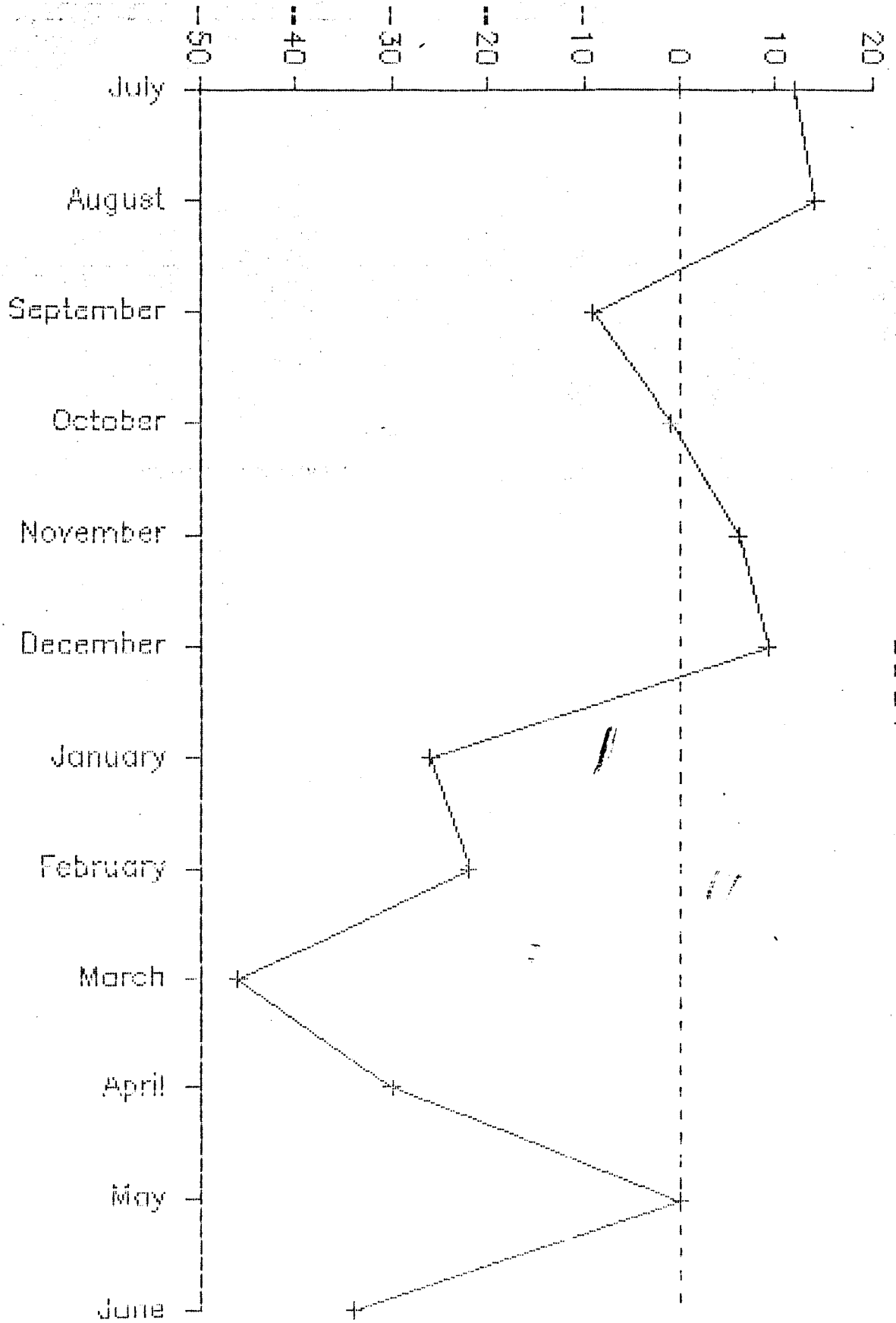
If the current revenue situation is, indeed, a "crunch" that will be short-lived, it doesn't make sense to cut needed services except as a last resort. Instead, the state should be trying to keep its schools and universities adequately funded so a short-term revenue pinch doesn't have damaging, long-term consequences.

Tapping the trust fund revenue is an alternative to such cuts that is possible if enough legislators will agree on it.

We think it would be far more preferable to most Montanans than either the cuts the governor has proposed, or the kind of permanent general taxes the big spenders would like.

Exhibit 3
HB5
OPI

Millions \$



State Aid Cash Flow

1987

Exhibit 3
HB5
OPI

GENERAL GOVERNMENT AND HIGHWAYS
Action as of June 16, 1986

Subcommittee Cuts	General Fund	Fiscal 1987		
	% Cut	General Fund	Other Funds	Total
Across-the-Board-Cuts				
Legislative Auditor	4.6	\$ 49,951	\$ 3,282	\$ 53,233
Legislative Fiscal Analyst	5.0	37,480	-0-	37,480
Legislative Council	5.0	108,697	-0-	108,697
Environmental Quality Council	5.0	11,639	-0-	11,639
Consumer Counsel	0.0	-0-	44,879	44,879
Judiciary	1.1	46,600	56,093	102,693
Governor's Office	4.9	114,504	-0-	114,504
Secretary of State	5.0	44,544	16,170	60,714
Commissioner of Political Practices	5.0	6,988	50	7,038
State Auditor	5.0	54,562	65,141	119,703
Crime Control	1.6	7,704	-0-	7,704
Highway Traffic Safety	0.0	-0-	3,535	3,535
Department of Justice	2.1	195,780	277,930	473,710
Department of Highways	0.0	-0-	7,622,585	7,622,585
Department of Revenue	4.3	759,324	48,113	807,437
Department of Administration	5.0	192,463	1,206,062	1,398,525
Military Affairs	5.0	93,588	-0-	93,588
Total Across-the-Board-Cuts	4.1	\$1,723,824	\$9,343,840	\$11,067,664
Policy Issues				
Coal Tax Lobby		\$ 54,637	\$ -0-	\$ 54,637
Highway Patrol Cars		-0-	250,000	250,000
Indian Legal Jurisdiction		118,551	-0-	118,551
Funding Switch - Highway Patrol		3,082,747	(3,082,747)	-0-
Funding Switch - Deputy County Attorney		752,312	(752,312)	-0-
Total Policy Cuts		\$4,008,247	\$(3,585,059)	\$ 423,188
Total Subcommittee Action		\$5,732,071	\$ 5,758,781	\$11,490,852
Revenue Issues				
Transfer from Montana Code Annotated		\$ 500,000	-0-	-0-
Total General Fund Adjustment		\$6,232,071	\$ 5,758,781	\$11,490,852

LEGISLATIVE AUDITOR

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	60.0	60.0	0.00
Personal Services	\$1,616,874	\$1,616,874	\$ -0-
Operating Expenses	397,514	344,281	53,233
Equipment	<u>18,550</u>	<u>18,550</u>	<u>-0-</u>
Total Expenditures	<u>\$2,032,938</u>	<u>\$1,979,705</u>	<u>\$53,233</u>
 <u>Funding</u>			
General Fund	\$1,090,849	\$1,040,898	\$49,951
State Special	<u>942,089</u>	<u>938,807</u>	<u>3,282</u>
Total Funding	<u>\$2,032,938</u>	<u>\$1,979,705</u>	<u>\$53,233</u>

----- SPECIAL SESSION III ACTION -----

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>4.6</u>	<u>\$49,951</u>	<u>\$3,282</u>	<u>\$53,233</u>	<u>2.6</u>

ACROSS-THE BOARD-CUTS

Contract services was cut \$46,287, rent \$1,346, legislative request travel \$5,000, and dues \$600. The Legislative Auditor had proposed an additional \$15,000 in cuts for FEMA/FED grant audits which the committee did not accept. These audits are necessary in order for the state to receive full funding in case of federal assistance for natural disasters.

LEGISLATIVE FISCAL ANALYST

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987 Subcommittee</u>	<u>Difference</u>
FTE	18.0	18.0	0.00
Personal Services	\$587,152	\$578,396	\$ 8,756
Operating Expenses	159,701	130,977	28,724
Equipment	<u>2,750</u>	<u>2,750</u>	<u>-0-</u>
Total Expenditures	<u>\$749,603</u>	<u>\$712,123</u>	<u>\$37,480</u>
 <u>Funding</u>			
General Fund	<u>\$749,603</u>	<u>\$712,123</u>	<u>\$37,480</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F. % Cut</u>	<u>General Fund</u>	<u>Fiscal 1987 Other Funds</u>	<u>Total</u>	<u>Agency % Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$37,480</u>	<u>-0-</u>	<u>\$37,480</u>	<u>5.0</u>

ACROSS-THE-BOARD-CUTS

The 5 percent reduction of the legislative fiscal analyst budget was \$37,480. The legislative fiscal analyst budget had the following reductions:

1. Personal Services - Vacancy savings and reduced secretarial overtime will save \$8,756.
2. Contract Services - The \$30,000 biennium appropriation for consultants and legal assistance will be reduced, saving \$11,000.
3. Travel - Staff travel will be reduced, saving \$2,724.
4. Rent - Rent for data processing terminals will not be needed, as the personal computers will be able to access the state computer, saving \$11,000.
5. Repairs - Maintenance contracts on the two word processors will be dropped, saving \$4,000.

LEGISLATIVE COUNCIL

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	58.0	58.0	0.00
Personal Services	\$1,500,259	\$1,500,259	\$ -0-
Operating Expenses	637,885	542,288	95,597
Equipment	28,193	15,093	13,100
Total Expenditures	<u>\$2,166,337</u>	<u>\$2,057,640</u>	<u>\$108,697</u>
<u>Funding</u>			
General Fund	<u>\$2,166,337</u>	<u>\$2,057,640</u>	<u>\$108,697</u>
----- SPECIAL SESSION III ACTION -----			
	G.F.	Fiscal 1987	Agency
<u>Changes From HB500</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
			<u>% Cut</u>
Across-the-Board Cuts	5.0	\$108,697	-0-
			\$108,697
			5.0
----- GENERAL FUND REVENUE TRANSFER -----			
<u>Revenue Issue</u>			
A. MCA Fund Balance	-0-	\$500,000	-0-
			-0-

ACROSS-THE-BOARD-CUTS

The interim studies and conference committees were reduced are: the 5-State Committee by \$12,932; the Agriculture Committee by \$275; and the Lien Laws Committee by \$400.

The statutory committees reduced are: the Administrative Code Committee by \$2,000; the Capital Building and Planning Committee by \$1,300; and Indian Affairs Committee by \$1,000.

Dues and travel for interstate organizations reduced are: the NCSL dues by \$2,004; the CSG dues by \$1,681; the NCSL travel by \$1,175; the CSG travel by \$633; and the Forestry Task Force by \$541.

The council operations budget reductions are: equipment by \$13,100; travel by \$13,100; registration fees by \$6,111; and computer costs by \$52,445.

REVENUE ISSUE A: MONTANA CODES ANNOTATED FUND BALANCE TRANSFER

The Montana Codes Annotated program pays for the costs directly related to the printing and distribution of the codes annotation and anno-

tation supplements. Costs are funded by revenues generated from sale of the publications. As of the end of April 1986, there was a cash balance in the Montana Codes Annotated account of \$978,564. Table 1 shows the anticipated cash flow in the account for the balance of the 1987 biennium.

Table 1
Anticipated Balance in Montana Codes Annotated Program
As of 6/30/87

Balance 4/30/86	\$ 978,564
Revenues	<u>36,970</u>
Total Available	\$1,015,534
Anticipated Expenditures	<u>238,613</u>
Balance 6/30/87	<u><u>\$ 776,921</u></u>

The Montana Codes Annotated account was originally started with seed funds of \$426,151 from the general fund. Over the past four years, the account has become self sufficient with revenues exceeding expenditures. The Legislative Council has indicated it is willing to transfer \$500,000 of the anticipated balance to the general fund.

ENVIRONMENTAL QUALITY COUNCIL

----- Fiscal 1987 -----

<u>Budget Item</u>	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	6.25	6.25	0.00
Personal Services	\$168,299	\$168,299	\$ -0-
Operating Expenses	<u>64,028</u>	<u>52,389</u>	<u>11,639</u>
Total Expenditures	<u>\$232,327</u>	<u>\$220,688</u>	<u>\$11,639</u>
<u>Funding</u>			
General Fund	<u>\$232,327</u>	<u>\$220,688</u>	<u>\$11,639</u>

----- SPECIAL SESSION III ACTION -----

<u>Changes From HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$11,639</u>	<u>-0-</u>	<u>\$11,639</u>	<u>5.0</u>

ACROSS-THE-BOARD-CUTS

Rent paid to the Department of Administration was reduced by \$5,039. Legislative and staff travel was reduced by \$3,000. Contract services for interns during the regular session was reduced by \$3,600.

CONSUMER COUNSEL

----- Fiscal 1987 -----

<u>Budget Item</u>	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	4.25	4.25	0.00
Personal Services	\$192,134	\$192,134	\$ -0-
Operating Expenses	704,436	659,557	44,879
Equipment	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>
Total Expenditures	<u>\$897,570</u>	<u>\$852,691</u>	<u>\$44,879</u>
<u>Funding</u>			
State Special Revenue	<u>\$897,570</u>	<u>\$852,691</u>	<u>\$44,879</u>

----- SPECIAL SESSION III ACTION -----

	G.F.	----- Fiscal 1987 -----			Agency
<u>Changes from HB500</u>	<u>% Cut</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>% Cut</u>
Across-the-Board Cuts	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$44,879</u>	<u>\$44,879</u>	<u>5.0</u>

ACROSS-THE-BOARD-CUTS

The Consumer Counsel budget was reduced \$44,879 in the area of contract services for consultants and expert witness fees. The reduction has no effect on the general fund.

JUDICIARY

----- Fiscal 1987 -----			
<u>Budget Item</u>	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	91.0	91.0	0.00
Personal Services	\$3,528,273	\$3,498,273	\$ 30,000
Operating Expenses	1,032,235	959,542	72,693
Equipment	<u>218,878</u>	<u>218,878</u>	<u>-0-</u>
Total Expenditures	<u>\$4,779,386</u>	<u>\$4,676,693</u>	<u>\$102,693</u>
<u>Funding</u>			
General Fund	\$4,159,488	\$4,112,888	\$ 46,600
State Special Revenue	<u>619,898</u>	<u>563,805</u>	<u>56,093</u>
Total Funding	<u>\$4,779,386</u>	<u>\$4,676,693</u>	<u>\$102,693</u>

----- SPECIAL SESSION III ACTION -----					
<u>Changes from HB500</u>	<u>G.F.</u>	<u>Fiscal 1987</u>			<u>Agency</u>
	<u>% Cut</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>% Cut</u>
Across-the-Board Cuts	<u>1.1</u>	<u>\$46,600</u>	<u>\$56,093</u>	<u>\$102,693</u>	<u>2.2</u>

ACROSS-THE-BOARD-CUTS

The 1 percent general fund reduction consists of a \$16,600 cut for dues to the National Center for Courts and a \$30,000 cut by leaving 1.0 FTE financial budget officer position vacant.

The 10 percent reduction in other funds consists of \$28,637 for contract services in the Water Courts for court reporting services and a \$27,456 reduction in the Law Library for Westlaw.

GOVERNOR'S OFFICE

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	63.08	63.08	0.00
Personal Services	\$1,962,237	\$1,887,597	\$ 74,640
Operating Expenses	1,126,492	1,031,991	94,501
Equipment	4,200	4,200	-0-
Total Operating Costs	\$3,092,929	\$2,923,788	\$169,141
Non-Operating Costs	73,750	73,750	-0-
Total Expenditures	<u>\$3,166,679</u>	<u>\$2,997,538</u>	<u>\$169,141</u>
Funding			
General Fund	\$2,320,220	\$2,151,079	\$169,141
Federal Revenue	772,709	772,709	-0-
Proprietary	73,750	73,750	-0-
Total Funding	<u>\$3,166,679</u>	<u>\$2,997,538</u>	<u>\$169,141</u>

----- **SPECIAL SESSION III ACTION** -----

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	4.9	\$114,504	-0-	\$114,504	3.6
Other Changes					
A. Language - Flathead Basin Commission					
Policy Issues					
A. Coal Tax Lobby Fund	2.4	54,637	-0-	54,637	1.7
Total Changes	7.3	\$169,141	-0-	\$169,141	5.3

ACROSS-THE-BOARD-CUTS

In the Executive Office Program, two positions were left vacant and phone, postage, and copying expenses were reduced saving \$36,334. Dues budgeted for payment to the Western Governor's Association were cut by \$15,000.

In the Mansion Maintenance Program, a maintenance position budgeted at .50 FTE will be filled at .25 FTE.

In the Air Transportation Program, a reduction in aircraft maintenance expenses saved \$3,259.

The Board of Visitors reduced the number of facility reviews to five and reviews of the mental health centers will be conducted biennially. Contract services were reduced. Board meetings were reduced by one per year. The total effect of these reductions was \$6,430.

In the Office of Budget and Program Planning, a 1.0 FTE was left vacant, saving \$35,766.

Reduction in the Lieutenant Governor's Office were: travel - \$3,633, contract services - \$7,700, and other expenses - \$500.

Other Changes - Language - Flathead Basin Commission

The Governor's office told the committee that it was their intent during the 1985 session that the general fund appropriation of \$39,690 for the Flathead Basin Commission could be a biennial appropriation. The committee approved language that could amend House Bill 500 to make that appropriation a biennial appropriation.

POLICY ISSUE A: COAL TAX LOBBY FUND

The committee reduced the coal tax lobby fund by \$54,637. This leaves \$24,500 to operate through September 30, 1986.

SECRETARY OF STATE

- - - - - Fiscal 1987 - - - - -

<u>Budget Item</u>	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	31.5	31.0	0.5
Personal Services	\$ 655,780	\$ 649,836	\$ 5,944
Operating Expenses	477,883	475,713	2,170
Equipment	<u>2,000</u>	<u>-0-</u>	<u>2,000</u>
Total Operating Costs	\$1,135,663	\$1,125,549	\$10,114
Non-Operating Costs	<u>80,600</u>	<u>30,000</u>	<u>50,600</u>
Total Expenditures	<u>\$1,216,263</u>	<u>\$1,155,549</u>	<u>\$60,714</u>
<u>Funding</u>			
General Fund	\$ 892,873	\$ 848,329	\$44,544
State Special	<u>323,390</u>	<u>307,220</u>	<u>16,170</u>
Total Funding	<u>\$1,216,263</u>	<u>\$1,155,549</u>	<u>\$60,714</u>

- - - - - SPECIAL SESSION III ACTION - - - - -

<u>Changes from HB500</u>	<u>G.F.</u>	<u>Fiscal 1987</u>			<u>Agency</u>
	<u>% Cut</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$44,544</u>	<u>\$16,170</u>	<u>\$60,714</u>	<u>5.0</u>

ACROSS-THE-BOARD-CUTS - RECORDS MANAGEMENT

1. A data entry operator in the Corporations Bureau will be left vacant. The position will be filled only during the period that corporate annual reports are processed from January through June each year.
2. The equipment budget of \$2,000 was eliminated.
3. Local assistance payments were reduced. The last legislature established a central filing system for liens covering agricultural products. Part of this new law requires the Department of Revenue to send a copy of financing and continuation statements to the clerk and recorder in the county of the debtor's residence. It also requires the Secretary of State to pay the county for this filing. At the time budget estimates for this program were prepared, anticipated filing were 22,000 documents with the counties at a filing fee of

\$2 per document. More recent information suggests an over-estimate on the number of document filings. Therefore, the department does not anticipate any operational impact from this reduction.

4. Micrographics was reduced. The estimate of the number of ag lien lenders who will file during fiscal 1987 was revised downwards. Micrographics expenditures depend directly on document volume. Therefore, the department does not anticipate any operational impact from this reduction.

ACROSS-THE-BOARD-CUTS - ADMINISTRATIVE CODE

The Montana Administrative Procedures Act provides that the Secretary of State supply copies of the Register and ARM updates to a variety of local, state, and federal government offices. Section 2-4-312(2), MCA, states that the cost of these "free" subscriptions "must be paid by appropriation from the general fund." In fiscal 1987, the legislature budgeted \$36,600 to cover the costs of these subscriptions. The committee eliminated this transfer from the general fund to the state special revenue fund and the Secretary of State will rely instead on existing cash balances to pay for these subscriptions. Although this will preclude an anticipated reduction in subscription rates and agency filing fees, the office doesn't anticipate any short-run operational impact. Elimination of this transfer in years after fiscal 1987 as a longer-run budget reduction measure would necessitate increased agency filing fees to offset the cost of these "free" copies.

COMMISSIONER OF POLITICAL PRACTICES

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987 Subcommittee</u>	<u>Difference</u>
FTE	4.75	4.75	0.00
Personal Services	\$124,136	\$124,136	\$ -0-
Operating Expenses	<u>16,633</u>	<u>9,595</u>	<u>7,038</u>
Total Expenditures	<u>\$140,769</u>	<u>\$133,731</u>	<u>\$7,038</u>
 <u>Funding</u>			
General Fund	\$139,769	\$132,781	\$6,988
State Special	<u>1,000</u>	<u>950</u>	<u>50</u>
Total Funding	<u>\$140,769</u>	<u>\$133,731</u>	<u>\$7,038</u>

SPECIAL SESSION III ACTION

<u>Changes From HB500</u>	<u>G.F. % Cut</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>Agency % Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$6,988</u>	<u>\$50</u>	<u>\$7,038</u>	<u>5.0</u>

ACROSS-THE-BOARD-CUTS

The general fund reduction will be accomplished by holding a secretarial position vacant for part of the year.

STATE AUDITOR

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987 Subcommittee</u>	<u>Difference</u>
FTE	59.5	59.5	0.00
Personal Services	\$1,367,738	\$1,325,271	\$ 42,467
Operating Expenses	855,279	778,043	77,236
Equipment	<u>91,000</u>	<u>91,000</u>	<u>-0-</u>
Total Expenditures	<u>\$2,314,017</u>	<u>\$2,194,314</u>	<u>\$119,703</u>
<u>Funding</u>			
General Fund	\$1,091,243	\$1,036,681	\$ 54,562
State Special	<u>1,222,774</u>	<u>1,157,633</u>	<u>65,141</u>
Total Funding	<u>\$2,314,017</u>	<u>\$2,194,314</u>	<u>\$119,703</u>

----- SPECIAL SESSION III ACTION -----					
<u>Changes from HB500</u>	<u>G.F. % Cut</u>	<u>General Fund</u>	<u>Fiscal 1987 Other Funds</u>	<u>Total</u>	<u>Agency % Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$54,562</u>	<u>\$65,141</u>	<u>\$119,703</u>	<u>5.2</u>

ACROSS-THE-BOARD-CUTS

The budget reductions in the general fund are in the Central Management and Audit Department. Personal services were reduced by \$42,467 and will be achieved by not using the additional money appropriated for the reorganization of the office. The reorganization was accomplished without the need of the additional funds. The balance of the general fund reduction of \$12,095 will be a cost reduction of computer services for the PPP system. Enhancements and special reports from the PPP system will be reduced.

The budget reductions in the state special revenue fund are in the Audit Insurance, and Securities Programs. In the audit program, \$36,969 will be cut from computer services for the PPP system. In the insurance program, travel will be reduced by \$15,000 and contract services by \$8,672. In the securities program, travel was reduced by \$3,000 and contract services by \$1,500. Spending reductions in the Insurance and Securities Programs have a direct general fund impact as unobligated cash balances remaining in these funds at fiscal year-end are transferred to the general fund.

DEPARTMENT OF JUSTICE

<u>Budget Item</u>	----- Fiscal 1987 -----		
	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	549.35	549.35	0.00
Personal Services	\$15,040,028	\$14,838,271	\$201,757
Operating Expenses	5,173,570	4,869,221	304,349
Equipment	1,208,152	871,997	336,155
Total Expenditures	<u>\$21,421,750</u>	<u>\$20,579,489</u>	<u>\$842,261</u>
<u>Funding</u>			
General Fund	\$ 9,544,765	\$ 9,230,434	\$314,331
State Special	10,623,747	10,095,817	527,930
Federal Special	822,730	822,730	-0-
Other	430,508	430,508	-0-
Total Funding	<u>\$21,421,750</u>	<u>\$20,579,489</u>	<u>\$842,261</u>

----- SPECIAL SESSION III ACTION -----					
<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	----- Fiscal 1987 -----			<u>Agency</u> <u>% Cut</u>
		<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	
Across-the-Board Cuts	2.1	\$ 195,780	\$ 277,930	\$473,710	2.2
Policy Issues					
A. Patrol Cars	-0-	-0-	250,000	250,000	1.2
B. Indian Legal Jurisdiction	1.2	118,551	-0-	118,551	0.5
C. Funding Switch - Highway Patrol	32.3	3,082,747	(3,082,747)	-0-	-0-
D. Funding Switch - Deputy County Attorney Payroll	7.9	752,312	(752,312)	-0-	-0-
Total Changes	<u>43.5</u>	<u>\$4,149,390</u>	<u>\$(3,307,129)</u>	<u>\$842,261</u>	<u>3.9</u>

ACROSS-THE-BOARD-CUTS

The across-the-board-cuts are discussed by program.

Legal Services

Personal Services are reduced by \$10,756. A .50 FTE secretary will be left vacant for the entire fiscal year. A 1.0 FTE attorney position will be left vacant for three months.

Operating Expenses are reduced by \$35,077. The reduction in operating expenses includes \$20,000 designated for multi-district case assessments in antitrust cases. The Attorney General has extricated the state from all multi-district

cases it was previously party to, so there will be no assessments for fiscal 1987. The additional reductions in operating expenses are in contract services, including Westlaw Research, continuing legal education and travel.

Driver Services Bureau

Personal services are reduced \$68,675. Headquarter and field staff will be reduced, including examiner and clerical positions. The planned reductions will affect the Billings, Great Falls, Missoula, Bozeman, Deer Lodge, and Libby areas, with some secondary impact on adjacent stations.

Operating expenses are reduced \$21,500. Printing of driver license and motorcycle manuals will be delayed and "hot line" phones for exam stations will be removed. Large motor vehicle registration customers will be converted to "tape in tape outs", reducing postage expenses for motor vehicle checks for insurance companies.

Equipment is reduced \$16,000. The purchase of two Driver Services Bureau vehicles will be delayed and two old highway patrol vehicles used as replacements.

Motor Vehicle Registration

Personal services is reduced \$33,212. Personal service reductions will be achieved through forced vacancies. Seasonal workload may result in a moratorium on personalized plate processing and dealer inspections.

Operating expenses are reduced \$51,500. Reductions are made in printing, postage, microfilm services, phone lines, and data processing rent. If necessary, mail renewal notices will be discontinued.

Equipment is reduced \$15,000. Reductions will delay all equipment purchased until the next biennium.

County Attorney Payroll

Personal services is reduced \$37,615. This reduction is in the state special revenue fund and reduces the deputy county attorney payroll in anticipation that the legislature will approve the funding switch of that program from the general fund to the state special revenue fund.

Law Enforcement Network

Personal services is reduced \$9,607. A 5 percent cut in the highway state special revenue fund will require a .25 FTE reduction. This will be accomplished

by reducing the 24 hour service at the Glendive Patrol Communications Center.

A 5 percent reduction in general fund for personal services will require a .35 FTE reduction in the Helena Patrol Communications Center.

Operating expenses and equipment are reduced \$27,700. The Criminal Justice Information Network (CJIN) will reduce the number of hours the toll free telephone service is available to users and will review consolidation of more network lines. Alternatives to on-site training for CJIN users will be developed and, when travel is required for training, regional or area-wide classes will be considered. Equipment required to add new users to the system will be purchased only if funds are available.

Law Enforcement Academy

Personal services is reduced \$5,035. A legal instructor position will be left vacant 36 weeks, reducing the number of legal schools and requiring additional expenditures from contract services for consultant instructors.

Operating expenses are reduced \$21,595. The reduction in operating expense will mean fewer courses in the special school programs and regional training programs.

Equipment is reduced \$3,000. The reduction in equipment will mean the equipment replacement schedule will have to be adjusted.

Fire Marshall

Personal Services is reduced \$12,034. A deputy state fire marshal position will be vacant for 19 weeks.

Operating Expenses are reduced \$4,540. The operating expenses for this program are reduced to reflect the vacant position.

Identification

Personal Services are reduced \$12,135. A grade 6 fingerprint clerk position will be vacant for the entire fiscal year.

Criminal Investigation

Operating Expenses are reduced \$11,846. The criminal investigation bureau cut supplies by \$3,553, travel by \$7,107, and repair and maintenance by \$1,186.

Central Services

Equipment is reduced \$18,869. The 5 percent reduction will be accomplished by decreasing the insurance reimbursement account, which receives insurance

refunds and payments for damaged equipment during the fiscal year. The appropriation is only used to offset replacement costs of equipment replaced by insurance.

Data Processing

Personal services are reduced \$8,094. A grade 16 programmer analyst position will be open for 15 weeks.

Operating expenses and equipment are reduced \$3,700. The 5 percent reduction will limit travel for maintenance and continuing education for programmers.

Equipment is reduced \$4,000. A personal computer which was authorized will not purchased.

Transportation of Prisoners

Operating Expenses are reduced \$8,340. The cost of extraditing and transporting prisoners is always unknown from year to year. In the past, there have been cost overruns in some years and reverted funds in others.

Forensic Science

Personal Services are reduced \$4,594. The reduction in personal services will be accomplished by leaving one of the two chemist positions vacant for 10 weeks.

Equipment is reduced \$29,286. The division was budgeted to purchase a replacement automobile at \$9,286 and a gas chromatograph at \$20,000. The gas chromatograph (GC) is to replace an old GC used in the toxicology section to analyze for the presence of drugs and pesticides in cases involving coroners.

POLICY ISSUE A: PATROL CARS

The equipment budget for new patrol cars was reduced by \$250,000. This leaves funding for 67 new cars in fiscal 1987.

POLICY ISSUE B: INDIAN LEGAL JURISDICTION

The Indian Legal Jurisdiction program provides coordination of trial and appellate lawsuits involving the state of Montana and the Indian tribes, provides legal services, and supervises private attorneys contracted by the state to assist with those cases. A line-item general fund biennial appropriation of \$400,000 for

legal fees and court costs was approved for the 1987 biennium. The department anticipates there will be a \$369,476 balance in the appropriation starting fiscal 1987. Estimated expenses for fiscal 1987 are \$250,925. Therefore, the appropriation was reduced by \$118,551.

POLICY ISSUE C: FUNDING SWITCH - HIGHWAY PATROL

In the highway patrol program, all civilian personal services, equipment, and operating costs are funded with general fund. Personal services of uniformed highway patrol officers are paid from the highway special revenue account. The committee supports a funding switch of the general fund expenditures to the state special revenue fund.

Funding all program expenses with earmarked highway revenue would allow the flexibility to use operating expense savings to offset a portion of the vacancy savings required in uniformed officer personnel costs.

POLICY ISSUE D: FUNDING SWITCH - DEPUTY COUNTY ATTORNEY PAYROLL

The county attorney payroll program provides state funding for the salaries of county attorneys and one-half the salary of no more than two deputy county attorneys per county. The committee supports a funding shift of deputy county attorney salaries from the general fund to a state special revenue fund, but did not alter the amount appropriated. This policy would reduce general fund appropriations by \$752,312 and decrease general fund revenue by about \$142,000, for a net general fund spending reduction of \$610,312. County attorneys' salaries would still be paid from the general fund.

BOARD OF CRIME CONTROL

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	14.0	14.0	0.00
Personal Services	\$401,287	\$401,287	\$ -0-
Operating Expenses	166,797	159,093	7,704
Equipment	<u>500</u>	<u>500</u>	<u>-0-</u>
Total Expenditures	<u>\$568,584</u>	<u>\$560,880</u>	<u>\$7,704</u>
<u>Funding</u>			
General Fund	\$486,084	\$478,380	\$7,704
Federal Revenue	<u>82,500</u>	<u>82,500</u>	<u>-0-</u>
Total Funding	<u>\$568,584</u>	<u>\$560,880</u>	<u>\$7,704</u>

<u>SPECIAL SESSION III ACTION</u>				
<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>1.6</u>	<u>\$7,704</u>	<u>-0-</u>	<u>\$7,704</u> <u>1.6</u>

ACROSS-THE-BOARD-CUTS

The Board of Crime Control had proposed that it would meet a 5 percent across-the-board reduction in fiscal 1987 by deleting 1 FTE and by decreasing travel and contract service expenses. The reduction in personal services of \$16,600 was a statistical clerk. This position was one of two which function as a "support pool" to process secretarial work for six standing committees and data entry for adult and juvenile arrest and offense data. The committee did not accept this reduction.

Travel costs were decreased \$3,500 in two areas: 1) reducing travel for technical assistance to local agencies, and 2) reducing the number of meetings of the Peace Officers' Standards and Training Council from four to two per year. Certification of peace officers by the council would then be changed from a quarterly to a semi-annual basis.

The agency has a fiscal 1987 budget of \$30,000 for contract services, which includes \$20,000 for data entry of arrest and offense data and \$10,000 for

printing and other costs. The committee reduced \$4,204 from this area. The agency had expressed concern that the reduction could result in incomplete participation in the National Crime Reporting System. A scheduled conversion in August 1986, of the Uniform Crime Reporting System to automated entry of data by local law enforcement agencies should, however, significantly reduce data entry requirements at the state level, and lessen the impact of cut-backs in contract services.

HIGHWAY TRAFFIC SAFETY

Budget Item	HB 500	Fiscal 1987 Subcommittee	Difference
FTE	8.5	8.5	0.00
Personal Services	\$ 247,277	\$ 247,277	\$ -0-
Operating Expenses	<u>204,350</u>	<u>200,815</u>	<u>3,535</u>
Total Operating Costs	\$ 451,627	\$ 448,092	\$3,535
Non-Operating Costs	<u>1,100,000</u>	<u>1,100,000</u>	<u>-0-</u>
Total Expenditures	<u><u>\$1,551,627</u></u>	<u><u>\$1,548,092</u></u>	<u><u>\$3,535</u></u>
<u>Funding</u>			
State Special	\$ 70,691	\$ 67,156	\$3,535
Federal Revenue	<u>1,480,936</u>	<u>1,480,936</u>	<u>-0-</u>
Total Funding	<u><u>\$1,551,627</u></u>	<u><u>\$1,548,092</u></u>	<u><u>\$3,535</u></u>

----- SPECIAL SESSION III ACTION -----					
Changes from HB500	G.F. % Cut	General Fund	Fiscal 1987 Other Funds	Total	Agency % Cut
Across-the-Board Cuts	<u>-0-</u>	<u>-0-</u>	<u>\$3,535</u>	<u>\$3,535</u>	<u>0.2</u>

ACROSS-THE-BOARD-CUTS

The 5 percent reduction is in the highway state special revenue account. That account pays for 50 percent of the planning and administrative program costs; the other 50 percent is a match of federal funds for administrative costs. If there is a state fund reduction of 5 percent, there will be an equal loss of federal funds. Federal administration funds that are not used can be used for grants.

DEPARTMENT OF HIGHWAYS

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	1985.75	1985.75	0.00
Personal Services	\$ 51,185,410	\$ 51,078,296	\$ 107,114
Operating Expenses	206,840,139	199,753,017	7,087,122
Equipment	<u>6,279,994</u>	<u>5,868,825</u>	<u>411,169</u>
Total Operating Costs	\$264,305,543	\$256,700,138	\$7,605,405
Non-Operating Costs	<u>19,747,389</u>	<u>19,730,209</u>	<u>17,180</u>
Total Expenditures	<u>\$284,052,932</u>	<u>\$276,430,347</u>	<u>\$7,622,585</u>
<u>Funding</u>			
General Fund	\$ -0-	\$ -0-	\$ -0-
State Special	154,921,108	147,631,223	7,289,885
Federal Revenue	114,992,701	114,992,701	-0-
Proprietary	<u>14,139,123</u>	<u>13,806,423</u>	<u>332,700</u>
Total Funding	<u>\$284,052,932</u>	<u>\$276,430,347</u>	<u>\$7,622,585</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>-0-</u>	<u>-0-</u>	<u>\$7,622,585</u>	<u>\$7,622,585</u>	<u>2.7</u>

ACROSS-THE-BOARD-CUTS

The General Operations Program was cut \$212,508. The department plans to achieve the 5 percent cut in General Operations by a delay in filling vacant positions, cutting back data processing services, travel, equipment rent, and purchasing less radio equipment.

The Gross Vehicle Weight Program was cut \$178,378. The 5 percent cut will be achieved by delaying the upgrading of weigh station facilities. There will also be reductions in data processing costs.

The Construction Program was cut \$3,606,967. Table 1 shows the construction projects which the department will delay to meet the budget cuts. The balance of \$35,000 will be reduced travel for monitoring the construction progress.

Table 1
Construction Projects to be Delayed - Fiscal 1987

<u>Project</u>	<u>Letting Date</u>	<u>Fiscal 1987 Dollars</u>
Seeley Lake/Inez	6/86	\$ 949,000
Great Falls/North	8/86	1,969,000
West of Anaconda	3/87	<u>653,967</u>
Total		<u><u>\$3,571,967</u></u>

The Maintenance Program was cut \$2,018,044. The department plans to achieve the majority of the reduction through price reductions of petroleum products. They also plan to reduce the city contracts for Butte, Great Falls, Billings, and Missoula by 5 percent.

The Pre-construction Program was cut \$265,615. The 5 percent reduction will be met by delay in filling vacant positions and a reduction in consultant engineers and appraisers on several projects.

The Motor Pool Program was cut \$36,700. The reduction will be realized by lower gasoline costs and by purchasing less equipment.

The Equipment Program was cut \$638,901. The reductions will be realized by lower fuel prices and a reduction in the purchase of new equipment.

The Stores Inventory Program was cut \$665,472. The 5 percent reduction will be realized because of lower road oil costs.

DEPARTMENT OF REVENUE

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987 Subcommittee</u>	<u>Difference</u>
FTE	798.47	777.97	20.5
Personal Services	\$16,212,097	\$15,765,097	\$447,000
Operating Expenses	4,317,507	3,976,906	340,601
Equipment	182,609	162,773	19,836
Total Operating Costs	\$20,712,213	\$19,904,776	\$807,437
Non-Operating Costs	160,000	160,000	-0-
Total Expenditures	<u>\$20,872,213</u>	<u>\$20,064,776</u>	<u>\$807,437</u>
<u>Funding</u>			
General Fund	\$17,763,739	\$17,004,415	\$759,324
State Special	915,168	867,055	48,113
Federal Special	1,541,867	1,541,867	-0-
Other	651,439	651,439	-0-
Total Funding	<u>\$20,872,213</u>	<u>\$20,064,776</u>	<u>\$807,437</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F. % Cut</u>	<u>General Fund</u>	<u>Fiscal 1987 Other Funds</u>	<u>Total</u>	<u>Agency % Cut</u>
Across-the-Board Cuts	<u>4.3</u>	<u>\$ 759,324</u>	<u>\$48,113</u>	<u>\$ 807,437</u>	<u>3.9</u>

ACROSS-THE-BOARD-CUTS

The 5 percent cuts are discussed by program.

Director's Office -- \$29,700

Vacancy savings will be generated by continuing to leave a .5 FTE training officer position and a 1.0 FTE secretary position vacant for the entire fiscal year and reducing operating expenses paid to Department of Administration proprietary fund accounts.

Centralized Services -- \$54,400

Vacancy savings will be generated by holding a 1.0 FTE accounting position and a 1.0 FTE payroll specialist position vacant for the entire fiscal year and reducing operating expenses paid to Department of Administration proprietary fund accounts.

Research and Information -- \$44,900

Vacancy savings will be generated by eliminating 1 FTE and reducing operating expenses paid to Department of Administration proprietary fund accounts. This position performs administrative and computer operating functions which can be reassigned to other division staff functions without major disruption in the Operations Bureau.

Investigation and Enforcement -- \$45,200

Reductions will be achieved by forcing vacancy savings and/or eliminating positions in all areas of the division. As positions become vacant they will be left unfilled longer than normal or permanently in order to generate a \$40,300 savings. An additional \$4,900 will be obtained through expenditure reductions paid to Department of Administration proprietary fund accounts.

Income Tax -- \$139,700

Contract services can be substantially reduced as a result of lower than anticipated computer processing rates, efficiencies gained due to the implementation of the Short Form Return, and 38 percent fewer refund notifications than originally projected. The remaining reductions will come as a result of reducing administrative travel, eliminating equipment purchases, and reducing operating expenses paid to Department of Administration proprietary fund accounts.

Natural Resource and Corporation Tax -- \$29,000

The reductions proposed are primarily in audit travel with \$4,000 in expenditure reductions to proprietary fund accounts. The department says it is possible to make these reductions by:

- increasing efforts to prioritize all audits and conduct only those audits in fiscal 1987 which have the highest priority,
- obtaining statute waivers to extend the statute of limitations on tax audits,

- conducting as much audit work as possible in the office, and
- reducing or eliminating administrative travel.

Travel expenses can be reduced by \$25,000 and still remain at the fiscal 1986 level of audit activity.

Property Assessment -- \$357,062

Vacancy savings of \$214,400 will be generated by eliminating 15 county FTE positions. This reduction will be made possible through reorganization at the county level which will reduce duplication of effort between the assessors and appraisers' offices.

Computer aid to the counties was decreased by \$121,018.

The remaining \$21,644 of savings will be generated by reducing expenditure to Department of Administration proprietary funds.

Miscellaneous Tax -- \$68,200

Vacancy savings will be generated by redistributing various administrative functions within the division, holding positions vacant, and reducing expenditures to Department of Administration proprietary accounts.

Motor Fuels Tax -- \$39,275

Vacancy savings will be generated by holding 1 FTE field audit position open for the entire fiscal year. Additional savings are generated by not purchasing a new vehicle for field audit staff, reducing audit travel, and reducing expenditures to Department of Administration proprietary accounts.

DEPARTMENT OF ADMINISTRATION

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	392.59	392.59	0.00
Personal Services	\$ 9,861,163	\$ 9,766,055	\$ 95,108
Operating Expenses	21,288,827	20,163,463	1,125,364
Equipment	<u>1,904,660</u>	<u>1,734,380</u>	<u>170,280</u>
Total Operating Costs	\$33,054,650	\$31,663,898	\$1,390,752
Non-Operating Costs	<u>2,483,471</u>	<u>2,475,698</u>	<u>7,773</u>
Total Expenditures	<u>\$35,538,121</u>	<u>\$34,139,596</u>	<u>\$1,398,525</u>
<u>Funding</u>			
General Fund	\$ 3,849,255	\$ 3,656,792	\$ 192,463
State Special	896,319	882,821	13,498
Capital Projects Fund	589,578	589,578	-0-
Proprietary	<u>30,202,969</u>	<u>29,010,405</u>	<u>1,192,564</u>
Total Funding	<u>\$35,538,121</u>	<u>\$34,139,596</u>	<u>\$1,398,525</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$192,463</u>	<u>\$1,206,062</u>	<u>\$1,398,525</u>	<u>3.9</u>

ACROSS-THE-BOARD-CUTS

The following programs were cut by the committee as recommended by the Governor.

General Fund was reduced \$192,463 as follows:

1. Central Administration - \$1,213 travel.
2. Accounting - \$41,018 of contract services for data processing and \$1,228 of travel.
3. General Services - \$44,385 of operating expenses and \$1,399 of transfers to fish, wildlife and parks for grounds maintenance.
4. Purchasing - \$39,868 of personal services and \$25,775 of operating expenses.

5. Central Services/Treasury - \$1,444 of operating expenses.
6. Personnel - \$8,536 of personal services and \$12,822 of operating expenses.
7. State Tax Appeal Board - \$5,775 of personal services and \$9,000 of contract services.

Other funds were reduced a total of \$1,206,062. Included in this total, however, is a request to increase the authority in the Architecture and Engineering Division by \$13,329, consisting of an increase of \$24,153 in personal services and a reduction of \$10,824 in operating expenses. This request is to fund a position transferred from the Purchasing Division. The general fund in the Purchasing Division was reduced by \$39,868 for this transfer.

1. Publications and Graphics - \$162,784 goods purchased for resale and \$6,128 equipment.
2. Information Services - \$44,000 contract services, \$338,710 communications, \$25,000 goods purchased for resale, and \$160,128 equipment.
3. General Services - \$14,143 personal services, \$75,511 operating expenses and \$6,334 transfer to fish, wildlife and parks for grounds maintenance.
4. Central Store - \$26,872 operating expenses and \$135,515 goods purchased for resale.
5. Central Services/Treasury - \$1,381 operating expenses.
6. Investments - \$41,200 personal services.
7. Personnel - \$14,368 operating expenses.
8. Tort Claims - \$140,450 contract services.
9. Passenger Tramway Safety - \$988 contract services.
10. Workers Compensation Judge - \$9,739 personal services and \$16,100 operating expenses.

DEPARTMENT OF MILITARY AFFAIRS

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	91.0	91.0	0.00
Personal Services	\$1,989,104	\$1,972,446	\$16,658
Operating Expenses	1,691,494	1,617,564	73,930
Equipment	6,898	3,898	3,000
Total Operating Costs	\$3,687,496	\$3,593,908	\$93,588
Non-Operating Costs	2,280	2,280	-0-
Total Expenditures	<u>\$3,689,776</u>	<u>\$3,596,188</u>	<u>\$93,588</u>
<u>Funding</u>			
General Fund	\$1,871,756	\$1,778,168	\$93,588
State Special	1,818,020	1,818,020	-0-
Total Funding	<u>\$3,689,776</u>	<u>\$3,596,188</u>	<u>\$93,588</u>

<u>SPECIAL SESSION III ACTION</u>					
<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$93,588</u>	<u>-0-</u>	<u>\$93,588</u>	<u>2.5</u>

ACROSS-THE-BOARD-CUTS

Information on the 5 percent reduction for each program follows.

Administration Program

Contract Services - \$1,520. Janitorial Services was reduced from five to three days per week and the commercial security service contract was eliminated.

Travel - \$1,000. Approximately one-third of the director's travel budget was reduced.

Repairs and Maintenance - \$2,206. Building repair was reduced by one-half. Office equipment repairs and maintenance contracts for office equipment will be reduced.

Other - \$82. All magazine, trade, and newspaper subscriptions were eliminated.

Army Guard Program

Contract Services - \$4,611. Liability insurance on two department owned vehicles were eliminated. Janitorial service was reduced from five to three days per week. Printing done at the Publications and Graphics Division was reduced by one-third.

Supplies and Materials - \$3,861. The amount normally spent for tools, gasoline, and weed control was eliminated.

Travel - \$1,995.

Repairs and Maintenance - \$34,685. Building repairs of \$17,000 and painting was eliminated. Repairs of office equipment was reduced by one-half.

Other - \$3,150. The annual officer clothing allowance was reduced from \$35 to \$25.

Equipment - \$3,000. The replacement of two secure radios was reduced by one-half.

Air Guard Program

Contract Services - \$795. Janitorial service was reduced from five to three days per week.

Communications - \$312. One phone in the Helena office of the Air National Guard was eliminated.

Repairs and Maintenance - \$712. Building repair and maintenance was reduced by \$3,560. This is an 80 percent federal match program and to cut general fund dollars the department must also take cuts in the federal funds.

Other - \$1,110. The officer clothing allowance was reduced from \$35 to \$25.

Travel - \$71. In-state travel was reduced by \$71.

Veterans' Affairs Division

Personal Services - \$14,308. All field office clerical personnel will be reduced from 80 hours per pay period to 70 hours per pay period.

Contract Services - \$9,026. The clerical contract with the VFW and DAV was eliminated.

Disaster and Emergency Services

Personal Services - \$2,350. A training officer III position will be left vacant.

Contract Services - \$856. Janitorial service was reduced from five to three days per week. Staff training was reduced.

Travel - \$4,332. In-state travel to assist local governments in disaster and emergency planning and out-of-state travel to conferences was cut.

Other - \$3,606. Supplies and materials for maps, charts, and reference material was cut by \$1,400. Communications equipment was cut by \$1,197. Repair and maintenance was be cut by \$644. Registration fees for conferences was cut by \$365.

INSTITUTIONS SUBCOMMITTEE ACTION AS OF JUNE 16, 1986

Subcommittee Cuts	G.F. % Cut	General Fund	Fiscal 1987 Other Funds	Total
Across-the-Board Cuts				
Director's Office	5.0	\$ 18,974	\$ -0-	\$ 18,974
Management Services	5.0	44,331	-0-	44,331
Alcohol and Drug Abuse Div.	5.0	10,980	17,232	28,212
Corrections	3.0	120,818	-0-	120,818
Women's Corrections	5.0	34,705	-0-	34,705
Mental Health	5.0	211,827	-0-	211,827
Mountain View School	4.0	62,967	-0-	62,967
Pine Hills School	1.0	26,804	-0-	26,804
Prison Care and Custody	1.0	115,921	-0-	115,921
Prison Industries Training	1.0	1,455	-0-	1,455
Swan River Forest Camp	4.0	33,530	-0-	33,530
Center for the Aged	2.0	50,096	-0-	50,096
Eastmont Training Center	2.0	41,618	-0-	41,618
Veteran's Home	5.0	23,836	-0-	23,836
Montana State Hospital	2.0	357,683	-0-	357,683
Board of Pardons	5.0	8,309	-0-	8,309
Total Across-the-Board Cuts	1.8	\$1,163,854	\$17,232	\$1,181,086
Policy Issues				
Corrections - Mens Pre-Release		\$ 32,856	-0-	32,856
Total Subcommittee Action		<u>\$1,196,710</u>	<u>\$17,232</u>	<u>\$1,213,942</u>

Note: The subcommittee reduced the fiscal 1986 and fiscal 1987 pre-release center appropriation by \$32,856 each year. Therefore the total general reduced for for the biennium amounts to \$1,229,566.

DIRECTOR'S OFFICE

Budget Item	Fiscal 1987		
	HB 500	Subcommittee	Difference
FTE	10.0	10.0	0.00
Personal Services	\$512,120	\$495,114	\$17,006
Operating Expenses	39,364	37,396	1,968
Equipment	-0-	-0-	-0-
Total Expenditures	<u>\$551.484</u>	<u>\$532.510</u>	<u>\$18.974</u>
Funding			
General Fund	<u>\$551.484</u>	<u>\$532.510</u>	<u>\$18.974</u>

SPECIAL SESSION III ACTION

Changes from HB500	G.F.	Fiscal 1987			Agency
	% Cut	General Fund	Other Funds	Total	% Cut
Across-the-Board Cuts	<u>3.4</u>	<u>\$18,974</u>	<u>\$ -0-</u>	<u>\$18,974</u>	<u>3.4</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions in the Director's Office of the Department of Institutions. The overall general fund reduction of 3.4 percent amounts to \$18,974. Although this reduction amounts to 3.4 percent of the total general fund in the Director's Office, it amounts to a 5 percent reduction if the \$172,000 appropriated amount for expected worker's compensation overruns is excluded from the total.

MANAGEMENT SERVICES DIVISION

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	30.0	30.0	0.00
Personal Services	\$679,160	\$645,203	\$33,957
Operating Expenses	206,195	195,885	10,310
Equipment	<u>1,272</u>	<u>1,208</u>	<u>64</u>
 Total Expenditures	 <u>\$886,627</u>	 <u>\$842,296</u>	 <u>\$44,331</u>
 <u>Funding</u>			
General Fund	<u>\$886,627</u>	<u>\$842,296</u>	<u>\$44,331</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$44,331</u>	<u>\$ -0-</u>	<u>\$44,331</u>	<u>5.0</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions in the Management Services Division of the Department of Institutions. The overall general fund reduction of 5 percent amounts to \$44,331. These reductions are allocated proportionately across the budget within the Management Services Division.

ALCOHOL AND DRUG ABUSE DIVISION

Budget Item	Fiscal 1987		
	HB 500	Subcommittee	Difference
FTE	10.0	10.0	0.00
Personal Services	\$ 272,359	\$ 259,848	\$12,511
Operating Expenses	99,874	95,290	4,584
Equipment	3,000	2,863	137
Total Operating Costs	\$ 375,233	\$ 358,001	\$17,232
Non-Operating Costs	1,272,302	1,261,322	10,980
Total Expenditures	<u>\$1,647,535</u>	<u>\$1,619,323</u>	<u>\$28,212</u>
Funding			
General Fund	\$ 219,592	\$ 208,612	\$10,980
State Special	344,383	327,151	17,232
Federal Special	1,083,560	1,083,560	-0-
Total Funding	<u>\$1,647,535</u>	<u>\$1,619,323</u>	<u>\$28,212</u>

SPECIAL SESSION III ACTION				
Changes from HB500	G.F.	Fiscal 1987		Agency
	% Cut	General Fund	Other Funds	% Cut
Across-the-Board Cuts	<u>5.0</u>	<u>\$10,980</u>	<u>\$17,232</u>	<u>\$28,212</u>
				<u>1.7</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions in the Alcohol and Drug Abuse Division of the Department of Institutions. The overall general fund reduction of 5 percent amounts to \$10,980. The state special alcohol funds were also reduced 5 percent or \$17,232 for an overall division reduction of \$28,212 or 1.7 percent. The state special alcohol fund reductions are allocated proportionately across the operating budget within the Alcohol and Drug Abuse Division. The general fund was reduced from the non-operating portion of the budget which is grants to local drug programs. There were no policy options in the Alcohol and Drug Abuse Division.

CORRECTIONS DIVISION

Budget Item	HB 500	Fiscal 1987 Subcommittee	Difference
FTE	91.5	91.5	0.00
Personal Services	\$2,069,202	\$2,007,877	\$ 61,325
Operating Expenses	772,511	748,690	23,821
Equipment	-0-	-0-	-0-
Total Operating Costs	\$2,841,713	\$2,756,567	\$ 85,146
Non-Operating Costs	1,188,512	1,119,984	68,528
Total Expenditures	<u>\$4,030,225</u>	<u>\$3,876,551</u>	<u>\$153,674</u>
Funding			
General Fund	\$4,027,276	\$3,873,602	\$153,674
State Special	250	250	-0-
Other	2,699	2,699	-0-
Total Funding	<u>\$4,030,225</u>	<u>\$3,876,551</u>	<u>\$153,674</u>

SPECIAL SESSION III ACTION

Changes from HB500	G.F. % Cut	General Fund	Fiscal 1987 Other Funds	Total	Agency % Cut
Across-the-Board Cuts	3.0	\$120,818	\$ -0-	\$120,818	3.0
Policy Issues					
A. Pre-release depreciation	.8	32,856	-0-	32,856	.8
Total Changes	<u>3.8</u>	<u>\$153,674</u>	<u>-0-</u>	<u>\$153,674</u>	<u>3.8</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommended across the board reductions for the Corrections Division of the Department of Institutions. In addition the subcommittee reduced the general fund for the contract pre-release centers to adjust for depreciation appropriated twice during the 1985 regular session. The total general fund reduction amounts to \$153,674. The subcommittee reduced the general fund by 3.0 percent across the board for a savings of \$120,818. The across the board cuts are allocated proportionately in the division's budget.

POLICY ISSUES - PRE-RELEASE DEPRECIATION

General fund of \$32,856 was reduced from both fiscal 1986 and fiscal 1987 to adjust for depreciation inadvertently included twice in the appropriation during the 1985 regular session. Therefore fiscal 1986 was reduced \$32,856 and fiscal 1987 was reduced \$153,674 for across the board cuts and policy issues for a total biennial savings of \$186,530.

WOMEN'S CORRECTIONS

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	24.0	24.0	0.00
Personal Services	\$483,448	\$459,276	\$24,172
Operating Expenses	209,936	199,439	10,497
Equipment	718	682	36
Total Expenditures	<u>\$694,102</u>	<u>\$659,397</u>	<u>\$34,705</u>
<u>Funding</u>			
General Fund	<u>\$694,102</u>	<u>\$659,397</u>	<u>\$34,705</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$34,705</u>	<u>\$ -0-</u>	<u>\$34,705</u>	<u>5.0</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions in the Women's Corrections program of the Department of Institutions. The overall general fund reduction of 5 percent amounts to \$34,705. These reductions are allocated proportionately across the budget within the Women's Corrections program. There were no policy options.

MENTAL HEALTH AND RESIDENTIAL SERVICES DIVISION

Budget Item	Fiscal 1987		
	HB 500	Subcommittee	Difference
FTE	5.0	5.0	0.00
Personal Services	\$ 179,934	\$ 170,937	\$ 8,997
Operating Expenses	70,412	66,895	3,517
Equipment	-0-	-0-	-0-
Total Operating Costs	\$ 250,346	\$ 237,832	\$ 12,514
Non-Operating Costs	5,221,369	5,022,056	199,313
Total Expenditures	<u>\$5,471,715</u>	<u>\$5,259,888</u>	<u>\$211,827</u>
<u>Funding</u>			
General Fund	\$4,236,539	\$4,024,712	\$211,827
Federal Special	1,235,176	1,235,176	-0-
Total Funding	<u>\$5,471,715</u>	<u>\$5,259,888</u>	<u>\$211,827</u>

----- SPECIAL SESSION III ACTION -----

Changes from HB500	G.F.	Fiscal 1987			Agency
	% Cut	General Fund	Other Funds	Total	% Cut
Across-the-Board Cuts	<u>5.0</u>	<u>\$211,827</u>	<u>\$ -0-</u>	<u>\$211,827</u>	<u>3.9</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions in the Mental Health Division of the Department of Institutions. The overall general fund reduction of 5 percent amounts to \$211,827. A total of \$199,313 of the \$211,827 is applied to the community mental health center contract appropriation. These reductions are allocated proportionately across the budget. There were no policy options adopted in the Mental Health Division.

MOUNTAIN VIEW SCHOOL

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	74.18	74.18	0.00
Personal Services	\$1,392,790	\$1,339,157	\$53,633
Operating Expenses	246,992	237,762	9,230
Equipment	<u>2,150</u>	<u>2,046</u>	<u>104</u>
Total Operating Costs	<u>\$1,641,932</u>	<u>\$1,578,965</u>	<u>\$62,967</u>
<u>Funding</u>			
General Fund	\$1,574,168	\$1,511,201	\$62,967
State Special	2,000	2,000	-0-
Federal Special	<u>65,764</u>	<u>65,764</u>	<u>-0-</u>
Total Funding	<u>\$1,641,932</u>	<u>\$1,578,965</u>	<u>\$62,967</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>4.0</u>	<u>\$62,967</u>	<u>\$-0-</u>	<u>\$92,967</u>	<u>3.8</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions for the Mountain View School. The overall general fund reduction of 4 percent amounts to \$62,967. These reductions are allocated proportionately across the budget. There were no policy options for Mountain View School.

PINE HILLS SCHOOL

Budget Item	Fiscal 1987		
	HB 500	Subcommittee	Difference
FTE	116.97	116.97	0.00
Personal Services	\$2,565,299	\$2,543,873	\$21,426
Operating Expenses	644,122	638,744	5,378
Equipment	-0-	-0-	-0-
Total Operating Costs	<u>\$3,209,421</u>	<u>\$3,182,617</u>	<u>\$26,804</u>
<u>Funding</u>			
General Fund	\$2,680,399	\$2,653,595	\$26,804
State Special	41,467	41,467	-0-
Federal Special	212,555	212,555	-0-
Other	<u>275,000</u>	<u>275,000</u>	<u>-0-</u>
Total Funding	<u>\$3,209,421</u>	<u>\$3,182,617</u>	<u>\$26,804</u>

----- SPECIAL SESSION III ACTION -----

Changes from HB500	G.F.	Fiscal 1987			Agency
	% Cut	General Fund	Other Funds	Total	% Cut
Across-the-Board Cuts	<u>1.0</u>	<u>\$26,804</u>	<u>\$-0-</u>	<u>\$26,804</u>	<u>.8</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across-the-board reductions for the Pine Hills School. The overall general fund reduction of 1 percent amounts to \$26,804. These reductions are allocated proportionately across the budget. There were no policy options for Pine Hills School.

MONTANA STATE PRISON-CARE AND CUSTODY PROGRAM

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	379.78	379.78	0.00
Personal Services	\$ 8,826,718	\$ 8,739,108	\$ 87,610
Operating Expenses	<u>2,907,036</u>	<u>2,878,725</u>	<u>28,311</u>
Total Operating Costs	<u>\$11,733,754</u>	<u>\$11,617,833</u>	<u>\$115,921</u>
 <u>Funding</u>			
General Fund	\$11,592,121	\$11,476,200	\$115,921
State Special	50,637	50,637	
Federal Special	<u>90,996</u>	<u>90,996</u>	<u>-0-</u>
Total Funding	<u>\$11,733,754</u>	<u>\$11,617,833</u>	<u>\$115,921</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>1.0</u>	<u>\$115,921</u>	<u>\$-0-</u>	<u>\$115,921</u>	<u>1.0</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across-the-board reductions for the Montana State Prison. The overall general fund reduction of 1 percent amounts to \$115,921. These reductions are allocated proportionately across the budget. There were no policy options for Montana State Prison.

MONTANA STATE PRISON-INDUSTRIES TRAINING PROGRAM

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	2.75	2.75	0.00
Personal Services	\$ 81,247	\$ 81,247	\$ -0-
Operating Expenses	<u>245,897</u>	<u>244,442</u>	<u>1,455</u>
Total Operating Costs	<u>\$327,144</u>	<u>\$325,689</u>	<u>\$1,455</u>
<u>Funding</u>			
General Fund	\$145,487	\$144,032	\$1,455
Other	<u>181,657</u>	<u>181,657</u>	<u>-0-</u>
Total Funding	<u>\$327,144</u>	<u>\$325,689</u>	<u>\$1,455</u>

----- SPECIAL SESSION III ACTION -----

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>1.0</u>	<u>\$1,455</u>	<u>\$-0-</u>	<u>\$1,455</u>	<u>.4</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation of across-the-board reductions for the Montana State Prison Industries Training Program. The overall general fund reduction of 1 percent amounts to \$1,455. These reductions are allocated to the utilities budget. There were no policy options for Montana State Prison Industries Training.

SWAN RIVER FOREST CAMP

<u>Budget Item</u>	----- Fiscal 1987 -----		
	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	26.83	26.83	0
Personal Services	\$658,221	\$633,312	\$24,909
Operating Expenses	290,725	282,104	8,621
Equipment	<u>3,650</u>	<u>3,650</u>	<u>-0-</u>
Total Operating Costs	<u>\$952,596</u>	<u>\$919,066</u>	<u>\$33,530</u>
<u>Funding</u>			
General Fund	\$838,862	\$805,332	\$33,530
State Special	72,284	74,284	-0-
Federal Special	<u>39,450</u>	<u>39,450</u>	<u>-0-</u>
Total Funding	<u>\$952,596</u>	<u>\$919,066</u>	<u>\$33,530</u>

----- SPECIAL SESSION III ACTION -----

<u>Changes from HB500</u>	<u>- G.F.</u> <u>% Cut</u>	----- Fiscal 1987 -----			<u>Agency</u>
		<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>% Cut</u>
Across-the-Board Cuts	<u>4.0</u>	<u>\$33,554</u>	<u>\$-0-</u>	<u>\$33,554</u>	<u>3.5</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across-the-board reductions for the Swan River Forest Camp. The overall general fund reduction of 4 percent amounts to \$33,530. These reductions are allocated proportionately across the budget except for the equipment budget which is all federally funded through a vocational training grant. There were no policy options for Swan River Forest Camp.

CENTER FOR THE AGED

<u>Budget Item</u>	----- Fiscal 1987 -----		
	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	100.24	100.24	0.00
Personal Services	\$1,958,986	\$1,919,806	\$39,180
Operating Expenses	552,929	542,025	10,904
Equipment	622	610	12
Total Operating Costs	<u>\$2,512,537</u>	<u>\$2,462,441</u>	<u>\$50,096</u>
<u>Funding</u>			
General Fund	\$2,504,802	\$2,454,706	\$50,096
State Special	7,735	7,735	-0-
Total Funding	<u>\$2,512,537</u>	<u>\$2,462,441</u>	<u>\$50,096</u>

----- SPECIAL SESSION III ACTION -----

<u>Changes from HB500</u>	G.F.	----- Fiscal 1987 -----			Agency
	<u>% Cut</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>% Cut</u>
Across-the-Board Cuts	<u>2.0</u>	<u>\$50,096</u>	<u>\$-0-</u>	<u>\$50,096</u>	<u>2.0</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions Center for the Aged. The overall general fund reduction of 2 percent amounts to \$50,096. These reductions are allocated proportionately across the budget. There were no policy options for the Center for the Aged.

EASTMONT TRAINING CENTER

<u>Budget Item</u>	----- Fiscal 1987 -----		
	<u>HB 500</u>	<u>Subcommittee</u>	<u>Difference</u>
FTE	93.02	93.02	0.00
Personal Services	\$1,735,784	\$1,701,067	\$34,717
Operating Expenses	347,554	340,664	6,890
Equipment	<u>559</u>	<u>548</u>	<u>11</u>
Total Operating Costs	<u>\$2,083,897</u>	<u>\$2,042,279</u>	<u>\$41,618</u>
<u>Funding</u>			
General Fund	\$2,080,897	\$2,039,279	\$41,618
State Special	<u>3,000</u>	<u>3,000</u>	<u>-0-</u>
Total Funding	<u>\$2,083,897</u>	<u>\$2,042,279</u>	<u>\$41,618</u>

----- SPECIAL SESSION III ACTION -----

G.F.		----- Fiscal 1987 -----			Agency
<u>Changes from HB500</u>	<u>% Cut</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>% Cut</u>
Across-the-Board Cuts	<u>2.0</u>	<u>\$42,618</u>	<u>\$-0-</u>	<u>\$42,618</u>	<u>2.0</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across the board reductions for the Eastmont Training Center. The overall general fund reduction of 2 percent amounts to \$41,618. These reductions are allocated proportionately across the budget. There were no policy options for the Eastmont Training Center.

MONTANA VETERAN'S HOME

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	74.50	74.50	0.00
Personal Services	\$1,351,243	\$1,333,542	\$17,701
Operating Expenses	527,755	521,777	5,978
Equipment	<u>12,000</u>	<u>11,843</u>	<u>157</u>
Total Operating Costs	<u>\$1,890,998</u>	<u>\$1,867,162</u>	<u>\$23,836</u>
 <u>Funding</u>			
General Fund	\$ 476,719	\$ 452,883	\$23,836
State Special	20,764	20,764	-0-
Federal Special	<u>1,393,515</u>	<u>1,393,515</u>	<u>-0-</u>
Total Funding	<u>\$1,890,998</u>	<u>\$1,867,162</u>	<u>\$23,836</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$23,836</u>	<u>\$-0-</u>	<u>\$23,836</u>	<u>1.3</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across-the-board reductions for the Veteran's Home. The overall general fund reduction of 5 percent amounts to \$23,836. These reductions are allocated proportionately across the budget. There were no policy options for the Veteran's Home.

MONTANA STATE HOSPITAL

<u>Budget Item</u>	<u>HB 500</u>	Fiscal 1987 <u>Subcommittee</u>	<u>Difference</u>
FTE	701.2	701.2	0.00
Personal Services	\$16,431,804	\$16,128,942	\$302,862
Operating Expenses	<u>3,143,575</u>	<u>3,088,754</u>	<u>54,821</u>
Total Operating Costs	<u>\$19,575,379</u>	<u>\$19,217,696</u>	<u>\$357,683</u>
<u>Funding</u>			
General Fund	\$17,884,144	\$17,526,461	\$357,683
State Special	1,686,132	1,686,132	-0-
Federal Special	<u>5,103</u>	<u>5,103</u>	<u>-0-</u>
Total Funding	<u>\$19,575,379</u>	<u>\$19,217,696</u>	<u>\$357,683</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	G.F. <u>% Cut</u>	<u>General Fund</u>	Fiscal 1987 <u>Other Funds</u>	<u>Total</u>	Agency <u>% Cut</u>
Across-the-Board Cuts	<u>2.0</u>	<u>\$357,683</u>	<u>\$-0-</u>	<u>\$357,683</u>	<u>1.8</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across-the-board reductions for the Montana State Hospital. The overall general fund reduction of 2 percent amounts to \$357,683. These reductions are allocated proportionately across the budget. The policy option proposed by the governor to close the Lighthouse Program at Galen was not approved.

BOARD OF PARDONS

<u>Budget Item</u>	<u>HB 500</u>	<u>Fiscal 1987</u> <u>Subcommittee</u>	<u>Difference</u>
FTE	4.0	4.0	0.00
Personal Services	\$127,444	\$121,072	\$6,372
Operating Expenses	<u>38,737</u>	<u>36,800</u>	<u>1,937</u>
Total Operating Costs	<u>\$166,181</u>	<u>\$157,872</u>	<u>\$8,309</u>
<u>Funding</u>			
General Fund	<u>\$166,181</u>	<u>\$157,872</u>	<u>\$8,309</u>

SPECIAL SESSION III ACTION

<u>Changes from HB500</u>	<u>G.F.</u> <u>% Cut</u>	<u>General Fund</u>	<u>Fiscal 1987</u> <u>Other Funds</u>	<u>Total</u>	<u>Agency</u> <u>% Cut</u>
Across-the-Board Cuts	<u>5.0</u>	<u>\$8,309</u>	<u>\$-0-</u>	<u>\$8,309</u>	<u>5.0</u>

ACROSS-THE-BOARD CUTS

The subcommittee approved the Governor's recommendation for across-the-board reductions for the Board of Pardons. The overall general fund reduction of 5 percent amounts to \$8,309. The across-the-board cuts approved by the subcommittee total \$8,309. These reductions are allocated proportionately across the budget.

INSTITUTIONS
Action Not Completed Governor's Recommendations

<u>Governor's 5 Percent Reductions</u>	<u>Governor's Recommended General Fund Reduction</u>	<u>Committee Action</u>	<u>Difference</u>
Central Office	\$ 438,330	\$ 441,635	\$(3,305)
Mountain View School	62,967	62,967	-0-
Pine Hills School	26,804	26,804	-0-
Prison Care and Custody	115,921	115,921	-0-
Prison Industries Training	1,455	1,455	-0-
Swan River Forest Camp	33,530	33,530	-0-
Montana Development Center	-0-	-0-	-0-
Center for the Aged	50,096	50,096	-0-
Eastmont Training Center	41,618	41,618	-0-
Veteran's Home	23,836	23,836	-0-
Montana State Hospital	354,424	357,683	(3,259)
Montana Youth Treatment Center	-0-	-0-	-0-
Board of Pardons	8,309	8,309	-0-
 Total Across-The-Board	 \$1,157,290	 \$1,163,854	 \$(6,564)
 <u>Governor's Policy Issues</u>			
Close YEP	\$110,169	-0-	\$110,169
Close Youth Detention	102,000	-0-	102,000
Close Lighthouse	162,947	-0-	162,947
 Total Governor's Policy Issues	 \$ 375,116	 -0-	 \$375,116
 Total Governor's Recommendations Not Completed	 <u>\$1,532,406</u>	 <u>\$1,163,854</u>	 <u>\$368,552</u>

VISITORS' REGISTER

APPROPRIATIONS

COMMITTEE

BILL NOS. 5 and 8

DATE June 17, 1986

SPONSOR Swift, Severson (5) and Wallin (8)

NAME (please print)	RESIDENCE REPRESENTING	SUPPORT	OPPOSE
Wayne Buchanan	Mt. Sch Bldg Assn	5	
Bruce Warner ^{MORIER}	MSBA	5	
Nancy Koryzek	PRESIDENT ASMSU		
Todd Hudak	ASMSU		
Bill Anderson	OPI	5	
Ray Shackleford	OPI	5	
Ed Wignubright	OPI	5	
Nancy Tschornelle			
Jim W. Long	SAM	5	
Bruce Desmond	Mt Legislative Council		
Julie Bunnors	aide to Rep. Connelly		
Julie Harker	Wida Co. Truckers		
Kara Cahoon	" "	5-8	
Lerna Fogg	Montana Farm Bureau	8	
Elmer A. Severson	Senator 32		
Robert Comer	Boy. Chamber	8	
Dean Mansfield	Mont. Heavy Users Federation	8	
James Hamilton	Mont. Auto Assoc & Mt. Auto Dealers	8	
Tucker Hill	Mt. Wood Products Assn.		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

APPROPRIATIONS

COMMITTEE

BILL NOS. 5 and 8

DATE June 17, 1986

SPONSOR Swift, Severson(5) and Wallin (8)

NAME (please print)	RESIDENCE REPRESENTING	SUPPORT	OPPOSE
Sandr Whitney	Mon Tai	HB	
BG Havel	Mont Motor Carriers	HB 8	
Larry Tobiason	Mont. Auto Assn	HB 8	
Jim Morrison	" " "	" "	
George Allen	Mont Retail Assn.	8-8	
Paul Juss	Associatal Students - Umn		
John Delano	Mont RR Assn	✓	
APRIL GUEDDE	KLFM	HB	
Larry Geyde	Mont. House of Reps.	5-8	
John Anderson	Tiburon Inst	✓	
LOUI GESS	BILLIDGS CHAMBER		
CHIP EDMAN	MSBA		

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VISITORS' REGISTER

APPROPRIATIONS

COMMITTEE

BILL NO. HB 8 + 5DATE June 17, 1986

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>John Carlouil</i>	<i>State Rep - HD #70</i>	✓	
<i>Ralph Adairly</i>	<i>State Rep - HD 60</i>	✓	
<i>S. Keith Anderson</i>	<i>Montax HB 8</i>	✓	
<i>Paula Schulke</i>	<i>Bozeman</i>		
<i>Judith H. Carlson</i>	<i>HELENA</i>		
<i>Bob Smith</i>	<i>in</i>		
<i>Shirley Campbell</i>	<i>MEA</i>		
<i>MATTHEW TOLIN</i>	<i>MFT</i>		
<i>Russ Brown -</i>	<i>NPRC</i>		✓
<i>Ken Williams</i>	<i>Western Energy Co</i>		
<i>Dave Deppen</i>	<i>MPEN</i>		
<i>Tom Schneider</i>	<i>MPER</i>		

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VISITORS' REGISTER

APPROPRIATIONS

COMMITTEE

BILL NO. 500 i.e. HB 30 DATE June 17, 1986SPONSOR GEN'L GOV. & HIGHWAYS & INSTITUTIONS SUBCOMM. REPORT

NAME (please print)	RESIDENCE REPRESENTING	SUPPORT	OPPOSE
GOSNEN, Ann	DEPT of Highway		
Booker, D	OBPP		
Amia Brandm	OPI		
SCOTT SEARAT	OLA		
Larry Petersen	Board of Crime Control		
Peg Krivec	Political Practices		
Eileen Engstedt	EQC		
Deborah Schmidt	EQC		
JACK ELLERY	DOR		
JOHN LAFAYER	DOR		
LARRY AKEY	SEC OF STATE		
Shirley Gennelly	Leg. Council		
Ed Munnah	Senator		
Brian Leedhies	Mt. Hist. Soc.		
Mike Dahlen	MFT		
Brz Humboldt	Mt. Hist. Soc.		
Steve Waldron	Mental Health Center		
Karey Olson	Committee Secretary		
PICK BOUTILIER	8th Judicial Dist. Juvenile Probation		

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