

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

June 24, 1986

The fifth meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol on the above date. Senator Regan, Chairman, called the meeting to order at 8 a.m. to take executive action on House Bill 30.

ROLL CALL: All members present.

Senator Regan: We will go from the beginning of the bill and take it section by section. Before we take executive action it is fitting that the agencies have a chance to briefly-- briefly, respond to what they heard yesterday. I would like you to particularly ask you to address the actions that took place either on the floor or in the House Committee. You have had two chances to state your case and I know it pretty well now, so if in going through the bill -- in section 1 there is a particular matter that you want to address, I will ask that you stand, give your name and state your case and then we may ask some questions that deal with that. I think we will go right down the list.

Legislative Auditor. Nothing.

Legislative Fiscal Analyst. Nothing.

Legislative Council. Nothing.

EQC. Nothing.

Judiciary. Nothing.

Consumer Counsel. Nothing.

Governor's Office. Nothing.

Secretary of State. Nothing.

Commissioner of Political Practices. Nothing.

State Auditor. Nothing.

Crime Control. Nothing.

Highway Traffic Safety. Nothing.

Department of Justice. Nothing.

Department of Highways. Nothing.

Department of Revenue. Nothing.

John LaFaver, Director, Department of Revenue: I wanted very briefly to address an amendment that was very narrowly adopted on the House floor that I believe is an error. I think the consequences of leaving that amendment in the bill will have unintended and undesirable consequences on the financial situation that we are trying to remedy here. The amendment cut 7 FTE income tax auditors and tax collectors from the budget. That eliminated, in round numbers, 129,000 dollars. These folks are income generators. The two sheets of handout that I provided, (attached as exhibit 1, Dept. of Revenue) the chart--the graph, shows how our accounts receivable have been increasing over the past 2 fiscal years. They are right now almost over the \$16 million mark. Now this is income that is owed to the State of Montana and the tax staff that we are talking about are auditors that go out, they find people that in fact are not filing Montana tax returns or are not declaring all of their income, and we put that income then on the tax rolls as an accounts receivable. You can see during fiscal 1986 during the time that this staff has been increased that the accounts receivable have increased substantially. The second page that I handed out shows for the fiscal year that we're in, and I would direct your attention to the last column of numbers there, how the actual collections of that receivable have increased almost every month to where in April and May we are experiencing the first million dollar months in the state's history. Now these are dollars in the bank. The other is what we hope to collect--certainly to the extent that that number starts to fall off and there's less money out there to actually put in the bank, but the second sheet shows how successful this staff is being in actually putting dollars in the bank. I would want to point out that no one--not the Department, not the Budget Office, not the Legislative Fiscal Analyst--recommended making this kind of staff cut. Certainly if it were a situation that the staff would be nice to have, I wouldn't stand here and state the objection that I have; but I very firmly believe that if this cut remains the fiscal situation that we're trying to resolve is not going to improve but is actually going to worsen. With that, I would try to respond to any questions.

Senator Smith: I have one question. As you know, we are getting less taxpayers every day in the state of Montana, and I was wondering how many FTE's you have in that division and if they couldn't take over some of this additional load as far as auditing is concerned.

Mr. LaFaver: We will get as much mileage out of whatever staff we have, but these audits and income tax collection efforts we could profitably employ more people than we do. There is money out there right now that is going unassessed and uncollected, so to the extent that our staff is reduced, we simply won't have the time on the phone and the time out doing the work that we otherwise would have. As I say, I think very conservatively, I'm being very conservative here, a cut of 7 FTE here

will result in \$½million, I think it will be closer to a million.

Senator Smith: How many people do you have now. You say you are cutting 7, but how big a number in that division?

Mr. LaFaver: 90.

Senator Story: Before last session, how many in that division?

Mr. LaFaver: I believe you added -- there were 70 prior to last session. One of the moves of last session was that instead of raising taxes was to add tax collectors, and what I was attempting to lay out here is they're doing the work that you wanted them to do last session.

Senator Regan: This amendment was put on on the floor?

Mr. LaFaver: Yes.

Senator Aklestad: John, what you're saying is if we just keep giving you more people you are going to keep bringing in more money, but that hasn't been the case at least percentage wise, with the people you had on staff, the amount of people that we gave you in the '85 session--that increase hasn't percentagely gone up. I guess I would like to know--you are talking about accounts. What kind of accounts and what type of money is out there? Just what accounts are you going after?

Mr. LaFaver: If I could answer that specifically they wouldn't be out there, of course, but we routinely find, every month, find taxpayers that simply have not filed, or they have way under-estimated their tax liability, and when you put an auditor on that case, of course it takes time, but I think the experience has shown that at least at this point, the auditor's are paying for themselves by a factor of 2 or 3 or 4 dollars of income for every dollar of spending that they make.

Senator Smith: In most instances, don't you go off the federal audit anyway and the federal government is also doing what you're doing?

Mr. LaFaver: We do a lot of that, but there are a lot of cases that we catch that the Feds haven't.

Since there were no further questions, Senator Regan went on with the list.

Department of Administration.

Senator Keating: Are you taking amendments at this time?

Senator Regan: I would like to have all the comments made for the section and then we'll go into executive action.

Military Affairs. Nothing.

Senator Regan: Seeing none, are there any comments on the policy issues that were raised. Okay, then let us address the bill section by section and at the end of the section we will close it and go on to the other. There will be some language I know, prepared for the Department of Revenue dealing with the liquor stores. I think the Revenue Oversight Committee wants some language inserted there and that will be offered to you later on. We will then go through the bill again in an orderly fashion, so if you will refer back to A-1.

Legislative Auditor. Senator Regan asked if there were any amendments for this.

Senator Aklestad: I guess I would like to know when this was started and what their statutory responsibility is.

Senator Himsl: (in answer to Senator Regan's question as to whether he would like to address it) I can, but I am not on the committee but I will try to. The question is what is their function?

Senator Aklestad: When was it started and what is their statutory function.

Senator Himsl: When did it start? It started during the administration of Governor Babcock, how ever many years ago that might have been, and the purpose of of that was to be the Legislative--and it is established as a Legislative--post audit committee. The committee was to be charged with reviewing the operation of the Executive Department to see whether or not they complied with the intent of the Legislation of the Legislators. That was the original operation. It is incidently, a committee set up by the constitution--it is not a statutory committee, it's a constitutional committee. And then, as that committee started operating it followed--it had two basic functions, the audit function, a financial auditing process and then also a compliance -- whether or not these compliance audits which would reveal whether or not these agencies were operating according to law. Then as the federal funds started coming in it became a requirement as a part of those grants that there be an annual--in some cases it was a biennial, but they had to have an audit of --every agency that received federal funds had to be audited, and that's when the thrust of much of the audit committee's efforts in the department--agency changed from strictly state audit, but to audit state operations to comply with the federal requirements. So there is a requirement that they be audited, whether you like it or not, they've got to be audited or they will not receive federal funds.

Senator Regan: Senator, do you have an amendment that you

wish to offer?

Senator Aklestad: No, I don't at this time. I have some questions that I think if we're going to dig some money out of this budget which were overtures made by many people in this committee to start with I think we are going to have to ask some questions and have some answers. I guess I would like to know what areas of duplication there are between the Legislative audit and the state audit if any.

Senator Himsl: None

Senator Aklestad: In the last session, I don't have the documentation, it was brought out that in fact much of the work done by the Legislative audit was not mandated by statute, by constitution, and there could have been a reduction in the last session in the Legislative Audit. Does the LFA have any information on that.

Senator Regan: We did decrease--remember we removed 5 from their payroll and if you want to persue that why don't you check further with the agency and you can come back in and probably this afternoon--we'll hold that section open for you if you want to offer an amendment. I would hope that you're all ready to make the amendments today and be done with them, we simply must get this bill out.

Senator Jacobson: Senator Aklestad, Mr. Seacat, the director of that department is here and I'm sure would be glad to go over his budget with you.

Senator Himsl: You're questioning whether or not they were statutory requirements. The financial audit is, the compliance audit is, the performance audit may not be. That is selective and at the request of Legislators, or the Attorney General or whomever.

Senator Regan: Any amendments to:

Fiscal Analysts. None.

Legislative Council. None.

EQC. None.

Consumer Council. None.

Judiciary. Senator Aklestad asked if the Chairman would go a little bit slower. She agreed.

Governor's Office. None

Secretary of State. None.

Commissioner of Political Practices. None.

State Auditor. None.

Crime Control.

Senator Regan asked if Cliff were here, and said she has some questions about Crime Control Agency. The Crime Control budget was at one time 100% federally funded, and then gradually so now it is a program that is all general fund. The program is one that has grown--I am not sure about the federal grants, and there was some question about some administrative loading. Would you address that for me?

Cliff Roessner, LFA: Perhaps I could go through the LFA report on the Board of Crime Control very briefly. Starting on page A-65 (LFA Budget Analysis Book, III) The table there shows a total budget of \$586,176 appropriated in fiscal 1987. That was before the 5% cuts. There was approximately \$26,000 that was taken out of the general fund for the 5% cuts, so the general fund portion is about \$487,000. The \$82,500 in federal revenue supports the Juvenile Justice Program in the Board of Crime Control. It is administrative funds that they use for their studies and of course for the federal government program. Over on page A-67 we show a table of the split out in fiscal 1987 of the various functions of the Board of Crime Control and those functions are: Post Police and Officers training--certification training, \$60,000 a year, Grant administration, 279,000 a year; planning and research, 101,000 and Juvenile Justice 63,000 a year in general fund. We were able to tie down the approximate dollars that it takes to administer the post program, the planning and research and the juvenile justice, and we sort of backed into that \$279,000 figure for grant administration because those are the 4 functions. Over on page A-66 we show the 3 grants that the Board of Crime Control currently administers. The Victims Assistance, the Bureau of Justice Assistance and Juvenile Justice Assistance Programs. Of those three the Victims Assistance Programs, if the state did not choose to administer that program, we're unsure right now whether the feds would pass that money into the state through another local government or whatever, but the Bureau of Justice Assistance and Juvenile Justice Assistance, if the Board of Crime Control was not there to administer those grants the federal government has indicated that they would find another agency within the state--for example--Montana Association of Counties or somebody like that to administer those grants.

Senator Christiaens: If those grant monies were contracted with someone else, how much would they be allowed for administration?

Cliff Roessner: I believe that in the grant statements themselves they forbid the use of the federal funds for grant administration. In other words, the general fund is picking up the total cost of that grant administration at this point

in time because the federal enabling act does not allow the use of that money for administration.

Senator Christiaens: It appears they are getting almost 30% of the funds for grant administration and under federal guidelines 20% is the maximum.

Senator Regan: That's what I want to point out to the committee and I would entertain a motion if there is one forthcoming.

Senator Keating: I didn't hear Senator Christiaens comments about the administration.

Senator Christiaens: If you are dealing with federal grant money or grants, normally 20% is what the maximum allowed for administration. You look at these numbers you are looking at almost 30% for administration.

Senator Keating: What numbers are you looking at?

Senator Christiaens: On A-67 the chart shows \$258,969 and you look at table 1 on A-66, the total amount of monies that are being administered are \$756,500.

Cliff Roessner: I should point one thing out--this grant administration. It is labeled Grant Administration, but it does do other things besides administer grants. They have functions such as providing technical assistance to local governments, we haven't been able to tie down exactly what that is--we've been working with the Department to tie it down but haven't yet.

Senator Regan: Why haven't you?

Cliff Roessner: It is probably a timing problem.

Senator Regan: As you worked through this budget, what monies in the grant administration section have you clearly been able to identify as legitimate in regular expenses for this section. In other words, how much money is hanging out there that you can't account for?

Cliff Roessner: I don't have a number for you.

Senator Regan: Would you see if you can get a number for us and bring it back to us upon--we are going in at 10 o'clock, I believe, and then there'll be a recess and we'll be back here and I want to see if we can come up with a number because as I looked at this I became concerned that the figures do not seem to be reasonable for administration. You say there are other things in there though, so--perhaps the agency would be very willing to go over the numbers and

justify that.

Cliff Roessner: They have said that they are willing to do that with us. We just haven't had time to get together.

Senator Regan: Will that be possible this morning?

Cliff Roessner: Yes, it will.

Senator Himsl: I am a little embarrassed about this. I've just been appointed to this Crime Control Board, and I'm not familiar with this. This has gone through a committee review and they've taken one position, and then here without having any testimony on the other side we are taking action on it and are going to do this and I think the representative of the director should be here to answer some questions.

Senator Regan: We are going to have him work with it.

Senator Himsl: This isn't a one-way street here.

Senator Regan: Senator, I intend to have -- to be fair.

Senator Aklestad: Are we going to stay on this subject?

Senator Regan: We are going to get more information to us. We may or may not take action on this particular information you seek.

Senator Hammond: I would like to point out, too that there is 82,500 that's not included in table 1 but it shows 63,000 cost in table 2, which makes the picture look even worse.

Senator Regan: That's why I wanted to take a particular look at this program.

Senator Aklestad: On page A-41, the State Auditor--I guess I would like to know if those options A & B are above and beyond the 5% cuts the State Auditor took, or are they a part of it.

Cliff Roessner: Those figures were part of their 5% cuts.

Senator Aklestad: What were the--How much of these figures are above and beyond the 5% cut, or are they?

Cliff Roessner: No, There's none of them above the 5% cut. They were identified as part of the 5% cut.

Senator Aklestad: On A-53, with A-52 the Justice Department, I believe we passed over that, didn't we? The option on A-53, is any part of that the 5% cut? Was that option pursued?

Finance and Claims

June 24, 1986

Page 9

Cliff Roessner: The Highway Patrol switch or the vehicle purchase.

Senator Aklestad: Option A: Reduce the general fund by \$250,000. How much of that money is in the 5%?

Cliff Roessner: It is in the 5% cuts, but it is in the State Special Revenue Fund because there was an effective funding switch with the Highway Patrol for the State Special Revenue fund, also.

Senator Aklestad: Was the \$250,000 used up then?

Cliff Roessner: Yes, it was.

Senator Regan: Is there anything else.

Senator Aklestad: On page 52, the FTE's in that -- was anything done with that FTE level?

Cliff Roessner: No, there wasn't. It was left at the total. FTE's were not reduced.

Senator Aklestad: The FTE's were left on. Was there any explanation for that, just why wasn't there FTE's?

Cliff Roessner: The discussion wasn't all that great on it when they came in for their 5% cut. They indicated where they would take the cuts, but they didn't indicate that they wanted to reduce the FTE level, they just wanted to leave the positions vacant.

Senator Regan asked if there were any other questions, and said that seeing none they would pick up where they had left off.

Highway Traffic Safety Program. None.

Department of Justice. None.

Department of Highways. Senator Gage: #1. Each of you have a proposed amendment before you. Page 36, Following line 22. Senator Ferrell contacted me this morning and there was concern evidently in his area that perhaps they might try to take the 5% cut out of the construction budget on Highway Department, and this amendment says it will not reduce their contractor payments due to the cuts. Those cuts are to be made out of other-than construction or maintenance programs.

MOTION by Senator Gage to amend the bill Page 36, following line 22.

Senator Regan: You have heard the motion to accept the amendment which directs the Department not to make their cuts out of the construction or maintenance programs but to take their cuts elsewhere, mainly I suppose, Administration.

Voted, Passed, Unanimous.

Senator Keating: I need to go back to the Department of Justice. Page 21 of the yellow bill. In Senator Van Valkenburg's Senate Bill 7 that we just handled a couple of days ago it deals with the salaries for county attorneys' and deputy county attorneys' and to be paid out of the fines from the courts. In the House when they took action on House Bill 30 on page 21, line 12 referring to previous actions they deleted \$752,312. That included the portion for appropriation for deputy county attorneys and it is a little bit difficult to explain in that the numbers got mixed up. It's not clear cut. Of the \$752,000 it included about \$40,000--it included \$136,000 in part time county attorneys pay but only \$90,000 got cut, and in order to reinstate that \$90,000 this amendment is proposed so that the full \$136,00 of this appropriated for payment of assistant county attorneys under the law will be corrected and maintained. It means adding \$90,000 to the general fund to correct that error. It is a goofy situation.

Senator Regan: You've run this one by the LFA?

Senator Keating, Yes, I have run it by the LFA, and it was brought in by OBPP.

Senator Regan: It's just the correction that in the total--

Senator Keating: Yes, the amendment just says if Senate Bill 7 passes item 9 shall be increased by no more than \$90,000 from the general fund in fiscal '87. I suspect that it will all be paid out of the fines, but it is confusing.

Senator Aklestad: Senate Bill 7, which Senator Van Valkenburg carried, I thought returned all of the expenditure over to the county, which I didn't agree with, but I thought it turned all of the expenditure over to the county and those expenditures supposedly were going to be paid from fines and if they couldn't then that money would have to come out of the county general fund. I guess I just don't follow why we have this much still in existence after Fred's bill went through.

Senator Keating: Under the law the state is required to pay half of those salaries.

Senator Christiaens: I think, too I would like to ask the Department.

Susan Hanson, Attorney General's office. This amendment just contains the payment for the salaries for part time county attorneys. It doesn't have anything to do with the deputy county attorneys. Senator Van Valkenburg's bill removes all responsibilities for paying deputy county attorneys and returns that responsibility to the counties. But Senate Bill 116 also included a provision that slightly increased the pay for part time county attorneys, those are county attorneys that aren't

full time, but they are county attorneys, and by deleting the -- what happened on the floor of the house, the amendment took it out--the full appropriation for Senate Bill 116 which was not just for deputy county attorneys, but it also was the increase in pay for the part time county attorneys. So, this put the money back in for the part time attorneys which by law we must pay and it will come out of general fund. None of this will come from fines.

Senator Hammond: What does this do to their increase?

Susan Hanson: What does this do to their increase, If you don't put it back and you don't amend the statutes we will have to come in for a supplemental to pay it because we have to pay it.

Senator Regan: I don't really think we have much choice, Senator.

Senator Hammond: Well, I don't know about that--I think we should know what choices we do have.

Senator Keating: I would like to ask a question of the Department--the Attorney General's office. Say that we did not accept that amendment and we rejected the supplemental and we don't pay the part time attorneys, would they sue us.

Susan Hanson: I would assume they would.

Senator Keating: Since under the law we are required to do it, so they could sue us?

Susan Hanson: Yes.

Senator Aklestad: Under Senate Bill 116 were the part time county attorneys to be paid their increase in salaries through their fines or through the charges?

Susan Hanson: I don't believe so. The fines were simply for the deputy county attorneys, for those positions. But actually the deputy county attorneys were paid--it was all paid out of the general fund and the fines were just dumped into the general fund. There was not a state special revenue account. Everything was paid for out of the general fund.

QUESTION was called on Senator Keating's motion page 21, lines 12 through 14. Voted, passed, Senators Boylan and Hammond voting no.

Senator Regan asked if there was anything more in the Department of Justice, Department of Highways, and the answer was no.

Department of Revenue. Senator Aklestad said he would like to know on page A-83 option A, Option A, Reduction of personal services for a general fund savings of \$1,861,000, How much of that was handled and how much was not.

Cliff Roessner: On page A-83 , (he read the option) none of that was adopted.

Senator Aklestad: Will either Cliff or somebody that served on that subcommittee explain why some of that wasn't taken.

Cliff Roessner: The committee felt at the time--this is the County Assessor, deputy County Assessor payroll. Apparently there is a law suit against the state for not funding 100% of the county assessors payroll for fiscal 1987. The committee felt they would wait until that law suit was settled before they took further action as far as county assessor's payroll was concerned. That's why they didn't take any action on it. I believe Senator Gage may want to speak to this.

Senator Aklestad: I guess,--why did the fiscal analyst use that as an option. Did you have that information prior to making the statement there?

Cliff Roessner: No, we did not have the information prior to making it an option.

Senator Gage: As I recall, this is funded 30% by the counties at the present time and we proposed in committee to put the whole cut back on the state. Representative Bardanoue came in and kind of blew us out of the water on that.

Senator Aklestad: What is the amount of money that the state has taken in on slot machines and how does that formula work?

John LaFaver: You will recall the last Legislature passed a state license on poker machines that cost \$1500 per machine. The counties and cities, depending on where the machine is located, receive approximately \$1,000 of that. The state does receive approximately \$500 of that which goes into the state general fund. I am going to take a number off the top of my head--it seems to me that it is something over a million dollars that comes to the state.

Senator Aklestad: The original \$1500 is that per machine and goes to the state automatically, is that what you are saying.

John LaFaver: The state collects it but then remits approximately \$1000 back to the local unit of government.

Senator Aklestad: The amount that the Local Government assesses is an option, is that right, and some Local Governments--

Mr. LaFaver: That is exactly right, and then there is an option that Local Government can put on on top of that.

Senator Aklestad: So the state actually derives \$500 per machine.

Mr. LaFaver: That's about right, yes.

Senator Regan: Is there any other comments regarding the Department of Revenue.

Senator Manning: In regard to these revenue collectors that we've done away with--would this be the proper place to make an amendment?

Senator Regan: It is.

MOTION by Senator Manning that we reinstate 7 revenue collectors in the Department of Revenue.

Senator Regan: The motion has been made to reinstate the 7 FTE that were eliminated in the Department of Revenue. Is there discussion.

Senator Aklestad: I guess we were reluctant to put the original 21 on last session. I question the motion, the motion should probably be to take the rest of them off. In the light of the money that they have collected, it really hasn't justified--I guess it has justified it dollar for dollar, but I guess I question how much blood you can get out of a turnip out in our society.

Senator Keating: In looking at the graph that was furnished us for the collections receivables, which indicates that these receivable balances are going up, which merely indicates the economic condition of the state. Those people out there have told us that they owe us the money and they will pay us as soon as they can--that they are trying, and the twisting arms and squeezing here and there I don't think helps the productivity of the state one bit. I was opposed to the increased FTE's in the regular session, and I'm almost tempted to offer a substitute motion to take 7 more out rather than put 7 more back. I'll resist the temptation, but I just don't think we need all these collectors in there strong arming the taxpayers.

QUESTION was called, Senator Manning's motion to reinstate 7 FTE had a roll call vote. Voted, failed, roll call attached.

Department of Administration. Nothing.

Military Affairs. Senator Regan: I would like you to turn in your book to the Department of Military Affairs. I want to address with you the issue of the Veterans Affairs Bureau. The Veterans Affairs Bureau has come in for a great deal of scrutiny in the Fiscal Analysts office. It is a program also that has grown and is costing the state a great deal of money and I think the way it is structured we are not getting the biggest bang for our buck. We have a series of offices all

over the state with a secretary and a hot line and their function is to contact veterans and be an advocacy for a federal program. This is a federal program, and I realize that in bringing this issue before you I will be accused of being anti-veteran, that I am attacking veterans, and I would never do that. My husband is a veteran, my brother was a veteran, but I simply think if you are serious in addressing cuts in government this is one where there can be some adjustments made with no harm or violence to the program. If you will examine the LFA's options I would ask you to look very carefully at option B -- no, option C. I would propose instead of having 9 offices that we go to the option C which would reduce the division by 4 FTE and have regional offices. We can save quite a bit of money this way, we do not do violence to the program, and I offer this as a compromise because I am really not terribly convinced that this organization is necessary. We have the American Legion, we have the Veteran's of Foreign Wars, we have the Disabled American Veterans all who act as advocates for the veterans, and from what I've been able to find out they help the veterans fill out forms and that kind of thing and they sometimes appear as advocates for them when they have been having trouble. I would like you very seriously to consider this option and I realize that there is a lot of fear because if you vote against the veterans, boy we're going to cream you when you get back home. You're not going to vote against veterans. You are voting to bring some kind of efficiency into this program. There has been great abuse in it, and I won't go into the horror stories, but I really think it is up to this committee to address this issue, and I offer this amendment for option C.

(The motion for option C would read: Reduce the Veterans' Affairs Division by 4 FTE and form regional offices to handle veterans contact for a general fund savings of \$73,688.)

MOTION by Senator Story to move the amendment Option C. I move we amend as Option C and remove \$73,688 from this portion.

Senator Hammond: \$73,688. This in addition to the 5% cut?

Senator Regan: That's correct.

Senator Hammond: The service offices serve VFW, American Legion and all those others.

Senator Regan: It depended quite frankly, on who was heading the division. In the past I would not agree with your statement, I will today.

Senator Himsl: Just in fairness to those involved, did you make this presentation to the subcommittee? I know it is an option, did they react?

Senator Hims1: It is my understanding it has been done so often--you come to military affairs and you turn the page and go on, and I think it is time to address this issue.

Senator Hims1: One other question. Is there someone here on the subcommittee? Was this given any consideration in the committee or what?

Senator Stimatz: This came up before our subcommittee in Finance and they testified in favor of it and they had several people, I don't remember the names of the other organizations that came in and testified for them. We reconsidered it, but didn't adopt it. It was unanimous, as I recall.

Senator Bengtson: On A-115, you have the option and all the offices. Now were those offices Bozeman, Kalispell and Wolf Point were those --how did the Fiscal analysts office determine that those were the ones that wouldn't have the FTE's? Or would you leave that up to the Veterans' Affairs Commission as a sort of proposal and not anything that binds us to those particular locations.

Senator Regan: When this analysis was done here the LFA seemed to indicate the location for the offices. On what basis was that done?

Cliff Roessner: We tried to pattern after the regional concept.

Senator Regan: If it would make the committee people feel better, obviously the Board of Veterans Affairs would determine where those offices would be located because it is not our intent to mandate that. For instance in Miles City there is a Veterans' hospital there and perhaps there are sufficient personnel so that you -- it does not need to be there, but that should be the direction and the decision of the board.

Senator Smith: Your last comment would even fortify my position more to oppose this amendment. If even the Wolf Point office is closed the veterans that are assisted in my area would travel 200 miles, but if you close the Miles City one as you suggested in your comment they would drive almost 400 miles for assistance and the person who does provide that service to all the veterans in those areas have to drive 360 to 430 miles, but I think these people have made a great contribution to what this country has and I think that they should be provided the service. This is one way that you will eliminate many services to those veterans.

Senator Regan: It is not my intention to eliminate any services, but I would call attention to the fact that this program is costing us over 3/4 of a million dollars over a biennium--\$800,000 over a biennium for services that can be provided without it. I would just call this to your attention. We have cut elderly, we have cut blind, we've cut God only knows what and we don't even look at this which is a fat program and that's what I am

bringing this to your attention.

Senator Hammond: We've cut them 5%.

Senator Regan: Yes, 5% the same as everyone else.

Senator Keating: During the '85 budget I probably harrassed the Veterans Affairs director more than anybody on the sub-committee and at one time I even proposed the idea that if every veteran sent in \$5 a year fee that they could fund their own program and we ended up not increasing them one bit. They made adjustments, they cut offices and they cut personel coming into the '85 session. We did not raise them one bit. We raised everybody else--all the other departments were raised but this one was not and they still came in for a 2% cut and a 5% cut. They've been cut. Your argument of duplication of services I can sympathize with you to some extent, but I have attended some of the meetings at the various organizations out there and I've seen the benefits that this organization has made to the veterans and I can't sympathize with the amendment at this point. If in the next biennium you want to kick out the whole bunch and let the veterans pay as they go, fine and dandy, but to cripple them at this point I don't think does any good.

Senator Aklestad: I guess it's not always quite fair--some of us try to protect certain areas of the budget and I guess if we are going to act responsible as a legislature at this time all of us are going to have to evaluate the programs and take cuts in areas that we may not like to take them in, and this is probably one of them. I think some of the motions that were made prior to this were handled with reluctance because those individuals just don't want to go into those areas. I guess my concern in this one here would be--Senator Story's motion--do these people have the flexibility to put the offices in the areas where they wouldn't have to travel so far and still get the job done, or are you going by the LFA recommendation and specifying towns.

Senator Story: I think we would have to give them the flexibility to absorb this as they wish, but this is an option they could use.

Senator Aklestad: I would think that that option--and I really think it should be stated in the motion or a notation made in the minutes that they have that option. If that is done I would support the motion. I think at some point in time--we're really going to have to be doing it now or we're going to be back down here because we're so far off of what the revenue

needed that this committee and the Appropriations committee is going to have to come back down. I don't think your voters out there, and I think most of you are interested in your voters--I don't think they are going to go for the sizable tax increases that we're going to have to come up with since many of the revenue sources that the Governor is proposing are not going to fly--we know that they are not going to fly, some didn't fly yesterday and there is some more that are not going to fly so we are going to have to take some cuts. I realize this is just dollars, but if we are going to get any cuts it takes pennies to make dollars and it takes thousands to make millions.

Senator Bengtson: I think this is a bit premature. This is not a pet program of mine, but I don't think that we have given fair notice to that department. If we have to come back and do it, then we may have to do it, but I don't think it's fair. We talked about cutting the Fire Services Training school, we didn't do that, we gave them their 5% cut. I think we should not treat this differently.

Senator Smith: I have one comment left to make. # 1. I am not a veteran, # 2. I realize the budget crunch we're in. I feel that the amount of money that we are contributing to the Veterans Affairs is a very small contribution to the sacrifices that our military people have made.

Senator Regan: Senator, I would agree with you if it weren't for the fact that Montana has been most generous to its veterans. This is not our contribution. If you want to see a list of the contributions of what we give our veterans, I think it would be quite startling in terms of job preference, a cemetery,--what are all the benefits that our state mandated--there are a whole list of them, and perhaps I am remiss in not having done my homework to bring in the list, but obviously it is a sacred cow, but we'll take a recorded vote.

Senator Gage: If you would all look on page A-107 and take a look at the actual fiscal '85 for the Department of Military Affairs, I am not sure what the reduction may have been in the veterans area, but fiscal '85 of 4.8 million approximately; fiscal '87 at 3.8 million, the Department had a million dollar cut already.

Senator Regan: The Department of Military Affairs is separate from the Veterans' Affairs. That is just stuck over there for administration purposes. At one time this bureau was with SRS, it has nothing to do with the Department of Military Affairs. It is similar in name only.

QUESTION was called, Senator Story's motion to take option C in the LFA report was voted, roll call vote, motion failed.

Senator Regan: This apparently closes section 1 of the bill. We will be readdressing the problem of the language of the revenue oversight committee dealing with the liquor division, and you were going to consult and get some figures dealing with the administrative costs of crime control. Other than those two issues, I would entertain a motion to close section 1 of the budget.

MOTION BY Senator Manning that we close Section one with the exception of the issue on Crime Control and the Liquor Division.

Senator Aklestad: I would like to discuss the Legislative Auditors section.

Senator Jacobson: I would be willing to go over it with you.

Senator Regan: I agreed we could open it for you.

Motion was voted, and passed. SECTION A with those exceptions was closed. (a short break was taken at this point)

Senator Regan called the committee back to order and said there are apparently some language problems that we are having dealing with the amendments that were offered this morning. The amendment clerk is working on one which is more technical than any thing else, but I will bring it before the committee in order not to mess up the bill and have it stricken out. It will give a cleaner bill when you are up on the floor of the House. So, sometime later today you will be looking at two language changes that dealt with amendments that were made. One is a technical amendment, the other deals with the Highway--Senator the amendment was given to him by someone else has maintenance in there and they have already taken their 2% cut, so we have to take the language dealing with maintenance out of there.

HUMAN SERVICES. If there are people here who would like to comment on any section, we will take them in order and you will look in your big book B1, or your copy we'll go right through the list.

Department of Health -- they took their 5% cut and then there were a number of other changes. One was the subdivision.

The Subdivisions. none

The genetics program. None

Family Physicians. None.

Hazardous Waste. None.

Any comments in general on the Department of Health?

Ray Hoffman, Department of Health and Environmental Sciences: There is one area of action that was taken by the subcommittee that has the Department a little bit stressed and that has to do with the depositing of Waste Water fees to the state general fees. The Executive branch did not recommend any type of reduction within Waste Water operators, yet the Legislative Fiscal Analysts came up with a scenario that identified excess cash within a Waste Water earmarked revenue account which are fees generated from licensing for Waste Water operators to be deposited to the state general fund. The Department feels that this may be a precedence setting that may not be able to be controlled, and that is that any time you apply a fee to a specific segment of our population that is required to get a license, you in turn are requesting that segment to per se subsidize the general fund. To take that a little bit further, the fees that are generated again are due to the licensing of Waste Water operators, the license is to allow them to proceed provide services to a community in regard of discharge of waste water. The committee itself, meaning the Committee for Waste Water operators, in the past determined there should be some type of mechanism to establish control of those individuals that were providing the service. This program is 100% earmarked revenue funded, there is no general fund going into it, and the excess fees were brought about by an increase within the Waste Water Program to provide continuing education in the future. The \$25,000 reduction would leave a cash balance within the Waste Water operators Program of approximately \$65.00 which the Department feels would be very close to breaking the program, in that we do not know the anticipated dollar amount of the licenses that would be received in the future and I think if anybody can realize, there is always peaks and valleys within any type of licensing process. The Department basically is advocating to leave the fees within the entity, but if a reduction must be taken that it be reduced to approximately \$15,000 rather than the \$25,000.

Senator Christiaens: Ray, in testimony before the committee, I thought it was brought out that there was not going to be any training sessions scheduled and that those fees were continuing and that it was not going to cut what the program does now.

Ray Hoffman: The Department has a little bit of egg on its face in regard to that. The Director and myself were unaware that there had already been rules promulgated and sent to the Secretary of State to institute the continuing education requirement for Waste Water operators, effective June 24. After the scenario was brought up by the Legislative Fiscal Analyst, we had approximately 4 hours until we had the committee hearing. We basically skimmed over the Waste Water operator issue and then when it came up in the committee and reduction was given, the Division administrator that's in charge of the program, Mr. Don Willems, informed Dr. Drynan that those administrative procedures had been on file and signed. It is our error in mainly some misinformation that we had passed on to the committee.

Senator Christiaens: Ray, then what is the minimum that you need to operate this program.

Ray Hoffman: We feel that the amendment that is going to be proposed which would reduce the \$25,000 to \$15,000 would again be adequate to institute the continuing education program, but again we feel that it is a very dangerous precedent that you may be establishing by taking fees that are generated through a licensing mechanism and depositing those excess fees to the general fund.

Senator Bengtson: When you raise those fees, is that a Departmental decision to raise the fees or is it the Waste Water people themselves. Do they decide that they want the continuing education and then they agree to raise their pay?

Ray Hoffman: That is correct. The Waste Water operator has a committee that is made up of the Waste Water operators throughout the state. They basically advise the Department in regard to continuing education, and ask us that the fees be increased to operate that type of program. Being as there is no other support in it, then those fees that are generated through licenses, other than some money that we receive from the investment of those funds, that is the only mechanism that they were to have to fund this type of service.

Senator Regan: Ray, what would happen if you got \$5,000 plus the fees that you generate this coming year, wouldn't that be sufficient?

Ray Hoffman: That again, because of the licensing mechanism in itself is only as good as the amount of funds that we receive. We feel that to take a cash balance to an entity to just about zero when you do have peaks and valleys, again dependent upon the people that are per se sending you the dollars for that licensing, 5,000 would probably take us very close to be riding on zero with the institution of this program. If we institute the program and the fees don't come in, we've got one of three options. 1, to increase the fees further, to pick up a program that they've already paid for because those additional dollars have been deposited to the general fund; 2. to not continue the program at the level anticipated and recommended by the Waste Water operators; or the third one would be to come back to you and request supplemental funding out of the general fund because that's where their dollars would go.

Senator Regan: How about borrowing money from another--you know, borrowing money just to get you through the valley. You know, you've got a whole year here with your peaks and valleys. I don't mean to be hard, but we've got problems and every nickel that we stold fairly we are going to try and keep.

Ray Hoffman: I think that Ellen Feaver, the Department of Administration would substantiate this that they cannot give

a loan to an entity unless you can pay it back. We cannot give reasonable assurances that we could pay it back if we are operating at that tight a level.

Senator Boylan: Why isn't this under the Occupational Licensing, everything else is, and your're licensing the same people to do certain functions, so why isn't it there instead of under the Department?

Ray Hoffman: Senator, I personally really can't address that, but I would assume that the addressing of it would be that you are talking about the discharging of waste waters that are under the Department of Health for control, and I would assume that may be the reason. I think you also brought up another nice good point, and that is we didn't see any reductions within those earmarked revenue accounts that are within the Occupational Licensing, and why should this area per se suffer that?

Senator Jacobson: I think there was some travel money taken out of their budgets if I am not mistaken.

Senator Smith: You made the statement that they may borrow possibly and Ray says they couldn't pay it back, but if we --if the Waste Water operators find that their fees are going into the general fund, I don't think that you will find many of them paying their fees in, so you will completely eliminate that service.

Ray Hoffman: They are required by law to be licensed. They don't pay it, they don't operate, and this would affect every municipality within the state of Montana. If these folks got in arms about it the Department of Health would probably have to shut down every community because they don't have a license to operate within that program.

Senator Regan asked if there were further questions to Ray, and seeing none she said they would go on with the bill.

Department of Social and Rehabilitative Services. Someone on the committee suggested they had missed Labor and Industry and the committee went back.

Labor and Industry. No comments.

Social and Rehabilitative Services.

Neil Haight with Montana Legal Services Association: The sub-committee on Human Services eliminated \$50,000 of Title XX funding which there is no illusions about restoring that, we'll have to adjust to that. What I am asking for today is some wind down money--if we could get half of that to get us through the rest of this year which we budgeted for we could at least even out the impact of this thing and do an orderly adjustment.

The impact of this comes from a cut in our federal funding which made retroactive to January 1, we have to make it up during the last half of the year, which means we have to make the double cut in our annual funding. To accomplish this, we were already short handed in Butte and Havre, and to accomplish this we decided we would simply have to close--at least temporarily--the Wolf Point office. That's being done on the 1st of July, and that will get us through the federal cut. That doesn't take care of the remainder of this year as far as the Title XX funding is concerned. Next year, if we leave the Wolf Point office closed we can absorb this \$50,000 cut, and we'll proceed, but for the rest of this year it would certainly be a lot of help if we could have \$25,000 to make it out through the rest of this year and wind down right.

Senator Stimatz: What do you mean by the rest of this year?

Mr. Haight: The calendar year, 1986.

Senator Regan: Are you on a different year with your services than our fiscal year, is that what you're saying?

Mr. Haight: All of our budgeting is done on a calendar year basis, yes.

Senator Regan asked if there were any other questions, and with none forthcoming she then asked if there were any further questions on the SRS portion of the bill.

Senator Keating: The state was recently sued for a child abduction suit, it cost us about \$22,000. The parents' child was taken by SRS and taken off to a Foster Home and the parents sued and said the state didn't have the right to do it. They won, is that right. Is that under your section?

Neil Haight: I am not familiar with that case--I don't think that's our case.

Senator Keating: It was a child abuse suspicion, or something or other, it was in Musselshell County and SRS was the department that was defending itself against the charges. Anyhow, the parents only sued for their actual legal losses, etc. but they didn't charge any penal damages or any other compensatory damages, and I thought the state got off pretty lucky and I was wondering, were any of these things pending now.

Neil Haight: I am not aware of any that we are involved in anyway, as far as I know we haven't had any of those cases.

Senator Keating: Do you handle all of those legal cases for SRS?

Neil Haight: No, we do not represent SRS. We represent the people with claims against SRS.

Senator Keating: Which Department defends SRS?

Dave Lewis, Director, SRS: I guess we do.

Senator Keating: You do it all by yourself.

Dave Lewis: Yes,--I have some information on that Musselshell case if you are interested I can get it for you.

Senator Christiaens: Neil, would you address, I think for clarification of the committee the difference between Economic Assistance Legal Services versus the \$50,000 that was cut from your budget. I think there might some people who wonder which parts you---.

Neil Haight: The \$50,000 was Title XX money with which we provided general services to ADC people and SSI recipients, and a lot of that is abuse cases and that type of thing and claims for benefits. That originally started out a number of years ago at \$200,000 a year then it dropped to \$100,000 and the '85 legislature dropped it to \$50,000 and then this year of course, it is to be eliminated. The Economic Assistance money is a separate contract with the Department to represent general assistance claimants in state assumed counties in claims for SSI disability, and on those cases--it has been a very successful program. I think so far we've saved the state around \$275,000 by getting them off of G. A. and into SSI. That's a separate contract, which incidently has not yielded to us what we thought it would be because there are simply not as many cases--they are being solved at a lower level than expected.

Senator Regan asked if there were further comments from anyone regarding the SRS, and since there were none said she would then start executive action on this section of the bill.

Human Services Subcommittee, Department of Health and Environmental Sciences.

Senator Jacobson: This is an amendment to strike the \$25,000-- This is the issue Ray Hoffman addressed a few minutes ago-- and insert \$15,000 which would leave them a balance of \$10,000 to continue the program.

Senator Story: Regarding this matter. I think Mr. Hoffman's statement was that this was because they just came up with a rule? (answer--July 24) Story: That isn't so. The rule was in place all along. All this is a housekeeping amendment for that bill. I've got the rule. The rule was filed May 8 but if there is already a rule in place--what they are doing is changing some language in that rule, and that basically doesn't change a thing. It is an amendment to a rule that you put in place over a year ago.

Ray Hoffman: Senator Story, my knowledge is provided me by

the programmer is that currently on the Montana Codes Annotated there is a section that states "The Department may promulgate rules to continue education waste water operator. The programmer told me that the rules that they put in for the continuing educational requirement were effective June 24 and I think that is the same information that the LFA received yesterday, Senator.

Senator Story: We passed a law in '83 that said not "may", but "shall" and you did adopt rules prior to this, and what you are doing here is amending a rule, and I looked and read the amendment and finally in the book it says it is a house-keeping amendment. The rule was in place, this program was in place.

Senator Gage: I visited with the people in the Water Quality Department and it doesn't make any difference whether the rule was in there or wasn't in there, the fact is they have plans to start a continuing education program for these people who have already paid for that service, and I think we were kind of stupid to take their money away from them and say, "Hey, you can't do what you have already planned to do," because the state needs money.

Senator Stimatz: I'm certainly against taking any of their money away from them. I'd like to give them the \$25,000 that was collected for fees. It was not collected for general fund and they can reduce their fees to the people who pay the fees in the next fiscal year. That's what we do in the licensing area and this is akin to that even if it does happen to be in a different department, and I'd be in favor of that rather than nickel and dimeing this item.

Senator Jacobson: Senator Stimatz, the offer that I am offering here is sort of a compromise coming from the Department of Health saying that if we are going to take any of it away that we at least leave them \$10,000. If you'd like to make a substitute motion--if you'd like to try that first, go ahead.

Senator Stimatz: MOTION: I will then make a substitute motion that--it was decided Senator Jacobson had not made a motion. In the yellow bill, page 41, line 10, strike \$25,000 in both places.

Senator Regan: Senator, we'll have the LFA make all the necessary changes, but your intent is to give them back the \$25,000 and they'll arrange that.

Senator Himsl: I have one question for clarification. I understand that this money is generated by the licensees of those who operate the sewer plants--the sewer disposal plants--they have to be licensed and that they contribute their money as a part of their license qualifications and that money then is used for their continuing programs, is that correct.

Senator Story: What we are talking about is guys that operate backhoes and put in septic tanks.

Senator Himsl: No, no. These are sewer plant operators. The sewage plants are licensed.

Senator Regan: I have a question for the department. Is Dr. Drynan here? (Ray Hoffman said he was representing the Dept.) Is this budget completely self supporting?

Ray Hoffman: Yes. The annual budget for this program is approximately \$20,000 a year, plus they also get charged the fee for administration of the program by the Department and the state to what is called the indirect cost pool.

Senator Regan: And how much is that?

Ray Hoffman: That is approximately \$2,000.

Senator Regan: Then how much do you collect per year in this program?

Ray Hoffman: This year we are anticipating collecting \$19,829.

Senator Regan: Then it really will not be self supporting.

Ray Hoffman: The program will be self supporting because there was a cash balance as of July 1, 1985 of \$32,578 and this is the dollars that have been proposed to go into it. With that cash balance being reduced to approximately zero at the end of the biennium.

Senator Regan: Would you tell me what the cash balance was? It was 30 what?

Ray Hoffman: It was \$32,578 was the cash balance on July 1, 1985.

Senator Haffey: Just quickly, I think that this is a good place to talk about--we're trying to find ways to reduce the budget, but if this motion passes, and I commend Senator Stimatz and Senator Gage for kind of guiding us in what we're doing here. If this motion passes, I think it should be an indication that we're not going to do irresponsible things to reduce these budgets. I think people start to get the impression we will sell pop bottles to balance the state budget, and I don't think we will do that. Senator Stimatz's is a good motion and I hope it passes.

Senator Gage: If B-10 & B-11 in the LFA book you can see that whole thing laid out. This is not just waste water, it is water and waste water. It is the sewage treatment plants that are in, and the water treatment plants that are in most of your communities. Those people that are running that have to be

recertified or certified, depending on their situation every year. They pay for that service, and we are taking from them monies that they have accumulated for those services.

Senator Keating: This is not just an appropriation measure, it is a taxation measure and I am afraid it is in the wrong committee. (laughter)

QUESTION was called for on Senator Stimatz motion to replace the \$25,000. Roll call vote, attached. Voted, passed.

Senator Regan asked if there were other areas to be addressed in the DHES. There were none, and she went on with the bill.

Department of Labor and Industry: There were none. She said since it was 5 minutes until the Senate went in, she would then recess the committee and was sorry she could not give a time schedule, we would meet on recess and the time would depend on floor action and caucuses. The committee returned following recess and Senator Regan said, I have been given the actual amendment by the LFA, as it will appear in your bill that puts into effect Senator Stimatz' motion. This is the motion that restored \$25,000 to the DHES, and I would tell you that I walked out the door and met Dr. Drynan and he was surprised--remember he offered less than the 25. It is a most generous committee.

Senator Regan asked the committee to turn to page B-9 of the narrative and asked if there were amendments.

Social and Rehabilitation Services. Are there any amendments here? This was a particularly difficult committee to work, Senator Regan said, and that the committee had done an excellent job and should be commended for it, because of how hard it really was to work this budget.

MOTION by Senator Story that this section of the budget be closed. Voted, passed, unanimous that the Human Services Section of the budget be closed.

Natural Resources, and Commerce. Senator asked if there were any comments the people there would like to make on this budget. Seeing none, she asked if there were any testimony to be given on this section. Seeing none she said the section would be open for executive action. As you can see they pretty well followed the 5% cut and there are some policy issues. Do you have anything to offer?

Agriculture. None.

State Lands. None

Fish, Wildlife and Parks. None.

Livestock. None

Commerce. None

Public Service Commission. None

Natural Resources. None

Senator Regan asked if there were any policy issues the committee wished to address. They are found on C-1. Seeing none I will ask for a motion to close this section of the budget.

MOTION by Senator Christiaens to close this section of the budget.

Senator Aklestad: I guess I would like to know specifically from the LFA what areas of major concern were handled by the committee. I have an example, but I'm not sure if it is an example by the committee. On C-92 the reduction of programs-- what was done on that in that area. Was that taken, or a portion of it?

Carl Schweitzer, LFA office. On C-92 the committee took nothing more than the 5% of the promotion budget. They listened to the presentation and decided that at this point in time a special session was not the time to cut the promotion budget.

Senator Aklestad: What did the special session budget have to do with not cutting the promotion budget besides referring to decision making. Aren't there some committee members--I should put them on the spot more than you. Who was on it?

Senator Boylan: What was your question again, please?

Senator Aklestad: C-92, the Promotion Travel budget, I was wondering--there was only a 5% cut taken out of this whole department clear across the board and there were other options. I was wondering why some of the other options weren't exercised.

Senator Boylan: Well, because we figured that --some of them wanted to do away with it completely--I think there was a couple of runs taken at it in committee, in the House, but it is the number 2 industry in the state of Montana so we just took the 5% cut.

Senator Aklestad: When was the Department of Commerce started?

Senator Boylan: With the reorganization of state Government when "twenty of the plenty" was implemented and instigated by the Governor. It went in with the reorganization of state government.

Senator Regan: I think, Senator --(directed to Keith Colbo)-- could you address this?

Keith Colbo, Director, Department of Commerce: The department as such has been in existence under that title for 5 years.

Senator Keating: I have a question of the Department of Agriculture.

Ralph Peck, Deputy Director, Department of Agriculture said he was present.

Senator Keating: I think in the last session we had a young farmers start up program and we appropriated a certain amount of general fund money as a loan to the Department to start up some of those, and it is my understanding was that the agency that has been instrumental in gaining 2 loans thus far and that it didn't generate enough finders fees from the loans to pay back the amount of money that's been spent. Could you give me some of the details on how much money was loaned, how much money has been spent administratively, how much finders fee was earned and what the balance of the budget is basically?

Mr. Peck: I guess I'm not as prepared as I should be on this. There was about \$180,000 -- I'm going off the top of my head again and I apologize -- originally loaned to the Beginning Farmer program two sessions ago. That loan was continued last session and we continue to operate on that loan. Federal legislation was enacted that basically curtailed and really eliminated a lot of the program as it was originally proposed in the State of Montana and restricted the use of tax exempt bonding for Agriculture. It pretty much wore the program down. In working with the actual revenue receipts it could only complete three loans in the State of Montana. Combined rent costs and the administration of the Agricultural Development Division. The division is now used to answer the counseling program. The program basically has \$300 for salary, pays the rent and communications costs. About \$800 a month to maintain it to see what the federal does in the Senate, and then come back.

Senator Keating: Do you have any FTE?

Mr. Peck: Administration of Agriculture Development Division and 1/3 secretary paid out of that funding received about \$300 a month. Expenses were paid out of the existing Beginning Farm Program, the rest out of the Marketing Program and the Rural Development Program.

Senator Keating: It is my understanding they spent about \$40,000 in costs in obtaining 3 loans for \$160,000 and generated about \$20,000 in fees and leaving a loss of operation of about \$140,000.

Senator Keating said he felt this was a lot of money and wondered if he could get more information. It seemed a lot

of money to waste and wondered how much more would go to waste if we don't eliminate the process.

Senator Regan said she would hold this section open.

Senator Regan mentioned a section in Fish, Wildlife and Parks that concerned an option both in the Governor's proposal and in the LFA proposal in regard to license fees. (The tapes on the recorder had a problem involving 2 tapes so did not get the actual wording) She said the option had not been taken. She said all other agencies gave their 5% cuts and this department virtually has no general fund and therefore the 5% was not taken although, I believe the Governor's budget and the LFA showed that 5% as being taken out. Both agencies recommended it, it has not been done, and I would call it to your attention in case you wanted to address the issue. If not, we'll go on.

Senator Smith: I was a member of that committee along with Senator Boylan and Senator Lane and this was discussed at length in our committee. We were not lobbied by the Director of the Fish and Game Department or anyone. We just felt that this was hunting and fishing license fees and was also federal monies collected (the Dingell Johnson and Pittman Robertson funds and this can be spent where the perpetuate has to go back into that account. But, if we had went with that recommendation we would have taken \$900,000 out of that over into the next budgeting year within the Department of Fish and Game and I would just like to point out that in the last session of the Legislature the Fish and Game Department had a real large income because of the increase in game population. We disallowed the Fish and Game Department from spending all that money. As a matter of fact we've got a \$2½ million surplus in the F&G budget to compensate when we have a drop in game numbers etc. So we just felt that putting another \$900,000 in that surplus would then make that much bigger amount of money to start from along with the fees they collect and we just felt that could create a real problem in the next years budget. Also, this money is used to plant fish and do a lot of things within the department that does benefit the people that do pay the license fees, so I guess that is the reason the committee made the decision they did.

Senator Christiaens: I have a question. Is this any different than the Waste Water project that we talked about prior to the regular session and it seems to me they're one and the same issue.

Senator Smith: Could I answer that? I guess the difference is Waste Water was mandated by law, and I guess maybe license fees are too, but I suppose to a certain extent it is--it's paid in by those people that provided the services.

Senator Keating: What happens to the earned income or the interest on the fund.

Carl Schweitzer: It goes into the general fund.

Senator Hammond: Senator Smith, a thought occurs to me that a lot of the game that they sell these licenses for are -- well 80% of it is fed by private ownership and landowners. Maybe they should bear some of the burden against the crisis that we have because it is about the only way the landowner gets paid anything for the use of feeding that game except in the situation where he will lease out hunting rights, and they certainly are going to that more and more. Maybe they do have a responsibility.

Senator Smith: There are some proposals coming now that will originate in the next regular session whether there will be money paid in some account to compensate for the game damage. I guess the other thing I wanted to mention and that is that a large percent of the F&G budget is paid by license fees by out of state hunters. If they are contributing that large amount to the state F&G account I think we should continue to make every effort to provide good hunting for those people who come in to Montana.

Senator Regan: Seeing no amendment, I would entertain a motion to close this section except for the Agricultural question that Senator Keating wants to address later.

MOTION by Senator Smith to close the section except for Agriculture. Voted, Passed.

Institutions. Senator Regan said she would call for comments that people might have in dealing with the Institution budget. Rather than go through one at a time, are there any comments anyone wishes to make in regard to the Institution budget. Seeing none, we will take up the Institution budget for Executive session.

Senator Bengtson: I have an amendment. It deals with one of the policy issues on D-2. We have three policy issues that were brought to our center. One was to close the Youth Evaluation Center, one was the Youth Detention and one was the Lighthouse. This amendment closes the Youth Evaluation Program, deletes \$110,169 from the total and just as a bit of a background on that. This is a duplication of services. The YEP evaluates roughly 60 people, Pine Hills 162, and Mountain View evaluates 106 juveniles. All of these facilities have had excellent evaluations. At Pine Hills they have 2 psychologists who conduct these 45 day evaluations, they also have social worker professionals and professional educators who assist in those evaluations; both psychologists are at doctorate level. These kids that go to Pine Hills are housed separately. Mountain View also has a quality program. They have a psychologist on contract, they have a master social worker, a clinical services director and they are four

Finance and Claims

June 24, 1986

Page 31

professional level social workers who assist with these evaluations. Mountain View has not seen the need to segregate the one or two girls who may be on campus for those evaluations. All of the judges who have sentenced these people to these different institutions, whether Pine Hills, Mountain View or the YEP, have not given any adverse feed back on any of these particular institutions, and the real issue is the duplication of services. The YEP evaluates 60, or an average daily population of 5. 2/3 of these are male and the rest are female. Mountain View can absorb an additional 1 or 2 residents and Pine Hills can take care of another 2 or 3. This is \$110,000 of general fund that can readily be saved. The Governor recommended it during the regular session and is recommending it again now. The Department says it is a feasible way to go and I think we can take that \$110,000 out. I would move the motion.

Senator Regan: You have heard the motion by Senator Bengtson --is there any further discussion.

Senator Christiaens: I'm going to go back to some numbers issues. We're talking about duplication of services and that may be to a certain extent, but I would like to draw the committees attention to one fact. It costs approximately \$65 a day to have a youth go through the Youth Evaluation Program in Great Falls, the YEP, versus \$100 a day to do the same thing at either the Yellowstone Boys and Girls Ranch or Mountain View. We're dealing with young people who perhaps do not need the same kind of treatment that you are seeing with at either one of the other two schools. They're there to be assessed, and those young people who go there are the ones, in the judges and those who send them to the youth center would most favorably respond to a nurturing environment, which is what they are able to get in this particular program. I think one of the things that you would need to take into consideration is that this is probably the best money spent to address problems in the 10 year to 17 year old age group, although the majority of those adolescents who are going there are between the ages of 10 and 14, that we can spend, because if we don't do good evaluations at this point you are going to see them in larger programs later on. If that's Montana State Prison, or the program that I am running now, the pre-release program. So, it's how much are you willing to spend long term rather than on a short term basis and I firmly believe that this particular motion should not pass.

Senator Manning: I served on the Youth Justice Council for two years under the Board of Crime Control, and the juvenile officers from all over the state of Montana spoke very highly of the Youth Evaluation Program in Great Falls over all other programs in the state. More than that, they felt that this program they felt that this program dealt with some of the younger people and were able to handle them in much better manner because of the way they operate this home and they had

very high, high standards, and I think we've got to pay attention to what our juvenile officers say in the State of Montana. They are the ones that deal with each of them, and if we don't handle them at that young age we are going to wind up having them at an older age either in Senator Christiaens' area or over there in Deer Lodge.

Senator Aklestad: I think Senator Himsl would like to comment.

Senator Himsl: I'd like to comment just briefly on this. We've had this up--this issue has been before us several times and I think we've all recognized the seriousness involved with it. If this program is devaluation, which we think it is, and it is a behavior modification type of evaluation, it seems reasonable that you're not going to find that normal development in an environment that is a correctional institution. If you're going to evaluate someone in isolated, segregated, boys institution or girls institution and then try to evaluate their behavioral patterns in that kind of an environment, it doesn't seem to me--it stretches your imagination to conclude that they are going to behave differently there. But, if you listen to Great Falls, this is a co-educational one in a kind of family environment in which they observe and evaluate these youngsters who are not criminals, they are adjudicated in the system in any way as being criminals but they are problem youngsters, and this is the environment in which they are to be evaluated and adjusted and hopefully saved to keep them out of the criminal justice system for youth. So, it is with mixed feelings that--I realize that \$110,000 is a great deal of money, and if this could save one child it would be worth it--especially if it were mine.

Senator Keating: We had a bill through here earlier that we not close something at Mountain View School?

Senator Regan: It was a cottage.

Senator Himsl: That was a Youth Detention Center--that was a different deal, and that is being closed for a different reason. Senator Keating: Mountain View School is still there? Can somebody tell us about the environment at Mountain View School? What it is like as a setting for this testing as opposed to Great Falls.

Senator Regan asked if Mr. South were here, and Jim Currie said he was not, however he would try to answer questions. She then asked him, would you address this issue and explain to us why it was one of the recommendations by the Department, or at least the Governor.

Jim Currie: Basically, the Department recommended the closure of the YEP program as Senator Bengtson mentioned, not because it's a bad program--it's a very good program--however there

are some duplication of services. We feel those evaluations can be done just as effectively at Pine Hills School and Mountain View School, and can be done within the level of appropriations, and there'd been some talk about the individuals being put with hardened criminals. Our intent would be to separate those individuals. Granted they would still be in an incarceration facility, but they would not be kept with the "hardened" youth. Senator Keating, to answer your question, Mountain View School, if you've never been out there, is on Sierra Road in the Helena Valley. It is in a rural setting and its--for lack of a better description--there are no fences around it, it is not the high security facility like you would find at the Womens Correction Center at Warm Springs Campus or at Montana State Prison. It is a rather open environment and minimal supervision.

Senator Keating: Are the youth that are at Mountain View School similar in nature to the youth in the YEP in Great Falls.

Jim Currie: I am not sure I can answer that. I believe that the problem associated with the individuals at Mountain View School are probably more serious in that they have already been adjudicated delinquent, whereas the people in YEP are there for strictly an evaluation, and at that point I don't believe had been adjudicated as delinquent.

Senator Aklestad: I am sure Senator Bengtson is not making this motion presenting this very lightly. We have had a lot of discussion in our committee on that. We had all the concern that has been expressed here today as far as reaching the younger people, people who have not been sentenced or committed to one of the institutions and whether they would be mixing. I was satisfied because I was concerned last session, it was my vote in the subcommittee that kept this thing on board in the subcommittee in the last session. I believe we were reassured that these people, if desired, they could keep them separate. In fact at Pine Hills, they have a separate lodge they can put them in if they desire. If not, then Senator Himsl feels that maybe they should be co-mingled so that they will not pull away from the evaluator. Either way--they can do it either way at these two institutions. Both of these two centers have not had negative evaluation from judges or that. I haven't seen any documentation which showed a negative from judges or those evaluating the young people that was presented to the subcommittee. As I stated before, it is not our intention that this program is not a good program. We realize it is a good program, but it is a duplication of programs and we are in a budget crunch and hopefully we can cut out some duplication and still not jeopardize the young people. I am sure why that motion is made in that attempt.

Senator Jacobson: I think we've all made up our minds by now I would call for the question.

MOTION to amend to delete YEP was voted, roll call vote, the

motion failed.

Senator Regan announced that the vote had failed by a 9-7 vote and asked if there were any other issues to be addressed in the Department of Institutions.

Senator Smith: I have an amendment. I apologize for doing this because it is an increase in the budget and its on page 75 of the bill, D-9 on your book. I would like to explain some of the reasons that I am doing this. I would like to point out to the committee, this is not in my area where this is from. The Montana State Hospital in Warm Springs received a 2% cut for 1987 and Mental Health Association received a 5% cut which is about \$200,000. In addition even though there is not a single state employee in the entire Mental Health Center there is \$154,000 in the state pay plan which will be cut from the Mental Health Care funding and since, I guess my argument is since the patients at Warm Springs and the ones in the Mental Health Centers are often the same patients, it would seem to be fair to provide the Mental Health Centers with a similar cut. Warm Springs and the Mental Health Centers work together to ensure that seriously mentally health patients coming out of the State Hospital go into community programs such as Guildler House in Butte, Rainbow House in Billings, Montana House in Helena, New Direction Great Falls and Clark Street in Miles City. In addition many clients who have gone into Warm Springs are diverted into out-patient community care treatment mental health center programs in the local communities and are never committed to Warm Springs. The Community Health Centers serve over 15,000 unduplicated clients per year. I would just like to point out to the committee that it costs \$36,500 a year to provide for the needs of the patients in Montana State Hospital but it only costs \$595, and I am using Eastern Montana as an example because that's where the clients are served, it is only around \$600 per client for the treatment. I would say if we just kept 3 people out of the institutions we would be saving far more money by appropriating this \$100,000 additional dollars, and I recognize the problems of the state budget, but sometimes we are pennywise and end up pound poor.

MOTION by Senator Smith page 75, line 24 to strike \$4,024,712 and insert \$4,214,712.

Senator Christiaens: I will support this particular motion. I think that again we have been trying to deinstitutionalize people that this is money very well spent. I notice more and more people in Great Falls who are using these services, and I don't think we should be cutting them at this time.

Senator Manning: You know an ounce of prevention is worth a pound of cure, and that is really what this is all about.

Senator Bengtson: I am not going to speak against it, but you

know that we have --that whole Mental Health arena has been tightened up in the state budgeting process, and if we have a paper service on board-- There was some problems with Mental Health and I think years ago, maybe about 4 or 5 years ago they were wondering if we were setting the budget for them so they didn't have any kind of loose money around, but that's all been pinned down. I kind of think they are taking a double whammy here, and \$100,000 probably wouldn't hurt us. They are getting cut back on the federal level as well and they are doing a real service in our communities. There is a waiting list all over, and I am going to support the amendment.

QUESTION was called for, voice vote, Senators Aklestad and Senator Story voting no, the motion carried.

Senator Regan asked if anything else was to be addressed in the section.

MOTION by Senator Christiaens to close Section D, Institutions. Voted, passed.

Senator Regan announced they would reconvene here at 1:30 for the Educational section of the budget and hopefully they could finish it before 3.

The meeting recessed, and was called back to order by Vice Chairman Senator Jacobson who said Senator Regan had asked that she start the meeting if she was not back on time. We will go ahead on Other Education starting on E-1. We will continue as she was going with the across the board cuts on E-1. Is there someone who has a comment on the Bd of Educ.

Board of Education. None

Fire Services Training School. None

School for the Deaf and Blind. None

Audiological Services. None

OPI-State Administration. None

OPI-Distribution to Public Schools. None

Vo-Tech Centers. None

Montana Arts Council. None

Montana Historical Society. None

Montana State Library. None

Senator Jacobson asked if there was any comments to be made on the policy issue. If not, I think we could go ahead then. Does anyone on the committee then have any changes or additions

to:

The Board of Public Education. None

Fire Services Training School. Senator Manning, I have a little problem with user fees in the Fire Services Training School, on the policy issue. These people are actually dealing with rural areas and volunteer fire departments which in most cases don't have any extra funds. They are very lucky to get by as well as some of them do. In rural Montana there is a big changeover in the fire services in the volunteer departments. Training is an utmost essence, because it is required by state law. I think that I would like to make an amendment to do away with the policy as stated here in regard to these volunteer departments. They don't have any money to spend.

Senator Jacobson: Do you have an amendment prepared?

Senator Manning: No, I don't. I'll just make a motion that we do away with the user fees for the volunteer fire departments.

Senator Jacobson asked if he had the page of the bill. Page 80.

At this point Senator Regan arrived and took over the chair and Senator Jacobson asked the chair to be recognized.

Senator Jacobson: Senator Manning, Members of the committee, the reason it was done, in the LFA book there was an option to close the Fire Services Training School and during that discussion we also discussed the possibility of user fees. I believe the director of the Fire Services Training School offered up those user fees on the bill as a compromise. I'm not sure how well it will work either, I guess we'll have to kind of wait and see.

Senator Manning: They took the 5% cut, didn't they?

Senator Jacobson: We gave them the 5% cut and then if you look on page E-1 they actually took a 5.3% cut and that, including the user fees. We pulled out the general fund and put in the user fees. So they have more than a 5% cut.

Senator Manning: The Fire Services Training Center doesn't deal with paid departments any more. They pretty well have those departments trained--they have training instructors and they really don't require the services. But the volunteer department, the rural areas of Montana, and I don't happen to live in the rural areas, but I do know the importance of this because when I went on the fire department in 1952 in Great Falls, there was no training. We lost a lot of buildings and other things because we weren't adequately trained. A lot of your volunteer departments have had the same problem in the course of years, but with the training they have improved incredibly and a good many of them have gone so far out as to

take medical training, emergency medical training and they have saved lives. Before a lot of them didn't have any idea what they were doing and I think it is very important that we keep this in place or our rural areas will suffer.

Senator Story: I was a president of a rural fire company, and rural fire companies are required to have x number of hours of training every year. None of our training came from this school. We're too far from the school, so our training was from local fire companies, Red Cross, CPR, and that sort of training. All of our training -- I suspect except for the area around Great Falls there is no training. If there is someone here I would like to know how many rural firemen they trained last year.

Senator Manning: They have an instructor that's hired by the school that works out of Miles City, works that area. Glendive, etc. (something more which was undistinguishable on the tape) It's not just the Great Falls area because most of your small volunteer departments around Great Falls are pretty well trained and they've got some people on board that will probably stay there for years and they can do the future training. But there's many other areas that will decide.

Senator Jacobson: Senator Manning, I believe the gentleman in Miles City was retired with the 5% cut. I guess I would oppose your motion, not because I don't agree with you that the Fire Services Training School is delivering a good service, but for the fact that Mr. Weeden did offer to put into place those user fees, and I think we ought to give him a chance to see if it works. If it doesn't work we'll be back in January and we may want to change our mind.

Senator Bengtson: Was it Mr. Weeden's offer or was it the LFA's option that proposed that we take this. I think as long as they have a 5% cut why tack on another .3%. They don't have any money to pay for those fees. Every volunteer fire department in the country is having their barbeques, their pig roasts or whatever to make some money. She said they went on every spring and in her area there had been 3 of them. She continued, I don't know what you're trying to do with this-- 5% ought to be plenty.

Senator Jacobson: Did Mr. Weeden offer to cut the user fees?

Pam Joehler, LFA: The Education subcommittee suggested that Mr. Weeden go back and take a look at where he could come up with user fees or where they could charge for their services and Mr. Weeden offered these as the area where he thought that--he'd probably meet with some resistance, but he would be willing to give it a try.

MOTION. Senator Manning said he had made the motion to remove the user fees.

Senator Regan: The motion before us is to do away with the user fees,

it is Senator Mannings motion.

Senator Keating: Before we vote, I could not hear the comments in regard to the user fees being paid, I don't know of any rural fire departments that are being served by this have agreed to pay those user fees or not, I don't know.

Senator Jacobson: Senator Keating, what happened was we had asked the LFA to go back and talk to Mr. Weeden about user fees in that Fire Services Training School, and see if he thought there was any area where he thought they might be able to collect user fees and he suggested this was one area where he might be able to try it, he wasn't sure how the rural fire departments would react to it, but he would try this out and see how it worked.

Senator Keating; Then, did your committee put in language reauiring fees in the bill?

Senator Jacobson: Yes, we did and we reduced the general fund by a like amount of \$900,000.

Senator Keating: So we collect \$9,000 of user fees and backed out \$9,000 out of general fund.

Senator Jacobson: Yes. They send out a number of these films, and if they charge \$5 for the use of a film--

Senator Story: There is one other thing the committee ought to know. There are two types--well there are 3, but there are two types that use this service. One is tax supported. There are fire districts that are tax supported. There are also volunteer fire companies that do nothing but barbeque and that sort of money. One other thing according to the book only 22% receive the services of this group.

Senator Keating: This training school is only reaching 1/5 of the volunteer fire fighters?

Senator Smith: One other comment. That is that they may not be getting all of the services that you are talking about but those people come into every area that they have a rural fire department in. They have a rural fire department in our area plus the fire department in Medicine Lake and all the others. They bring all of those people in and they give them training on how to use the pumps, how to go out and effectively fight fire and this sort of thing. Actually what you're doing now, is all these volunteer fire departments, if they want to be able to put on this training school they are going to have to dig in their own pocket or some local gets some money to provide that they will be able to get that service. We just keep plugging away---.

Senator Haffey: Senator Smith, if that was the case what you just said would happen I wouldn't have supported this in the

subcommittee. I wouldn't reject Senator Manning's motion now. But that's not the case. This is where films, slides, information can be put into an envelope and sent to the Livingston Rural Fire Company if they want to.

Senator Smith: It doesn't include the pick-up on the county, the flight training.

Senator Haffey and Senator Jacobson: No.

QUESTION was called. Roll call vote, the motion failed.

School for the Deaf and Blind.

Senator Jacobson: Maybe we can take up the Audiological services first, I have something for that too. The Audiology program, testing childrens' hearing in the schools used to be with the Office of Public Instruction and back in 1983 we moved it to the School for the Deaf and Blind. In the last legislative session we cut their budget and kept them at the 1983 level through this biennium. Right now--there was a lot of discussion in our committee because the Board of Education had suggested taking a lesser cut out of the School for the Deaf and Blind and making up the difference out of the Audiology Program which is contracted, and is out for bids right now. When the bill went into the House Appropriation, I believe it was the school that came in with the suggestion which we had talked about back in 1985 but the committee did not decide to do and that was to take the program from a contracted services and move it into the School for the Deaf and Blind, hire the Audiologists, hire administrative staff and do the program themselves. They seemed to think they could do it for less money. I got a little bit of concern--I'd be delighted if we could do the job and save a little bit of money, but I've got a little bit of concern about doing it this quickly because you're going to wind up hiring a number of FTE's that will go on board as state employees with all the benefits and everything else, and it it just doesn't work out--they're there. I think both the school is here and Mr. Hidde Van Duym from the Board of Education and I would like to ask Hidde Van Duym on how this will work. We have had no time for our LFA staff to take a look at the kind of staffing pattern they are talking about.

Hidde Van Duym, Board of Public Education: The proposal--Jack Moore's proposal, is based on the idea that it would be easier to handle the program straight through the school as an administrative program rather than have 14 (we have right now) 14 contracts with 14 times the overhead. I would like to call on Bill Sykes for the details, but the key is that the 14 sub-contracts each time causes more problems and more overhead than right now to do and through school. The figures proposed to you include the benefits -- I don't know whether you saw the language change to House Bill 30 when it came through the committee. The figure there of 21 personnel is not correct. With the aids, they are not all full time. I would like to

defer to either Bill or Bob.

Bob Deming, Superintendent for the School for the Deaf and Blind: This proposal came about after the bids were received for the Audiological program well in excess of the appropriated amount as set by the Education subcommittee. In looking across the state, in talking with audiologists and those folks who have been providers, their suggestion was to collapse the 14 contract areas into perhaps 6 or 8 regions, served by an audiologist with aids to do the screening, evaluation of the students in the public and private schools in Montana. The proposal was that the Board of Education be allowed some flexibility in this area of full time equivalents. In breaking it out we would suggest at a maximum of 15.64 FTE to a minimum of 6.15. The reason for that difference is this, there are presently contractors out there that are doing a super job. The school has within its budget the Audiological Services contract, however this school has no money and this was boiler plate language in the bill to administer the program. So the contracts were let to the contractors and then very little if any follow up was done in terms of administering those contracts. It has been rather of a headache in terms of the Board of Public Education in the school without administrative control to that degree to control what each contractor is doing. These proposals would then be presented to the Board of Public Education from whom come the policies to direct the services of that program.

Hidde Van Duym: To answer your question directly, I think when all is said and done, the Audiologists are probably more--in a more insecure position right now with their contracts being rebid every year than they would be under an administrative situation. Right now we have last year, we had a set of contracts, and the cheapest bids went and so suddenly a whole set of audiologists were out of work and were replaced with another set. Ultimately, I think this situation would give a great deal more continuity in the program than the other set-up would be. To answer your question, I think this set-up will probably provide more stability.

Senator Jacobson: I guess my biggest concern, and it sounds like you have thought this through very well and it might be the best way for everyone concerned, my concern is that at this time and in this tight budget crisis that we are adding a lot of FTE's. Is it possible to contract with the audiologist for 9 months? Is it possible to contract for some of these other services so we can get the program into place without having those people on board forever if we feel we do not need them.

Mr. Deming: The irony is that the bids went out--or the request for proposal went out just a month ago and the 14 bids came back at \$179,000 more than we even have available now--that is on a 9 month basis.

Senator Jacobson: I guess what I'm suggesting to you is contract with a specific audiologist to do the job rather than to

put them on as a state employee. Can we do that?

Mr. Deming: I would assume that that was what he had in mind. Now these are not necessarily direct employed people. I think what he was looking for is x number of audiologists contracted for 9 months -- for the school year in time.

Senator Haffey: That person and 20 others are in the column that says 21 FTE?

Mr. Deming: Yes, what we are saying here is that the contracted people who are in place right now--for example use the Great Falls school audiologist. We merely contract, he would not be a state employee.

Senator Haffey: And that person and 20 others are included in the column that says 21 FTE? Is that what we have there?

Mr. Deming: Yes.

Senator Hammond: What does the \$500,000 cover which is much less than what the contract bids came in for. Isn't that about \$500,000? What does that cover?

Mr. Deming: It covers personnel, it covers benefits and it covers operations, repair, maintenance, calibration etc. It covers the whole show.

Senator Hammond: It covers those people that you are talking about? The 21?

Mr. Deming: Yes.

Senator Regan: Why benefits if they are not state employees?

Mr. Deming: I would imagine if we contracted for Great Falls, the total salary package for an audiologist for even the Great Falls public schools would be salary with benefits, whatever that might be. I would assume we would have to make a contract for Great Falls for that person for 9 months.

Senator Regan: You'd make a contract, but you don't include state benefits, do you? You're not hiring them as employees. We don't want them put on the payroll as state employees. We come back in January, if you think this is tough, this is just the warm up. Pam, do you have anything to shed some light on this?

Pam Joehler: This (exhibit A. Pam attached to minutes) is a copy of the amendment that was handed out to House Appropriations and if the agency and the legislature does not want these additional personnel as state employees then we are going to have to change the language that was approved because the language reads "item E" which refers to the appropriation for the audiological program includes funds to allow the Board of

Public Ed to employ necessary personnel, and if it is the intent of the legislature not to have that then we will have to change that to contract with necessary audiologists or whatever.

Senator Christiaens: I am confused as to the number of FTE's. If I heard you right you said instead of 21 you said it should be 15.4 and then you went on to say 6.11 and I think I got all lost in there somewhere.

Mr. Deming: To respond to a couple questions and Senator Christiaens. The FTE--21 people--anytime the FTE is related to our operation it is a 9 month operation. Therefore it is translated to .73. When you take the 21 personnel to operate the program and come down with .73 except for the administrator which would be a 1, then you come on down to 15.64 in that translation of the 9 month program.

Senator Regan: But, Mr. Deming. You show one administrator at \$30,000 for a 9 month job you show 8 audiologists, 10 aids and 2 secretaries. Are you telling me that the 8, 10, and 2 which is what Representative Moore proposed, apparently the House passed, translates instead as 1/4 of that? This is what we were given. This shows the FTE's.

Bill Sykes, School for the Deaf and Blind: What the 15.64 and the 6.15, we thought if we could contract with existing contractors to a certain extent, we could reduce it possibly down to a minimum of 6.15. One of the problems is Eastern Montana is tough to get contractors to bid on some of our eastern counties and we would not want to leave ourselves with not enough flexibility in FTE not to be able to cover some eastern school districts.

Senator Regan: I bet you could get the county Health Department and cover those schools very easily.

Bill Sykes: The school has continually had trouble getting contracts in eastern Montana and even in the last bids there were 2 or 3 areas--2 areas that were not covered by any of the contractors bidding. That is simply--we will, to the extent employ current contractors on a contract basis rather than employ an FTE because we are simply duplicating what's out there. If they're doing a good job we'll contract with them.

Senator Regan: If the language of this bill is changed with who funds to allow the Board of Education to contract with the necessary personnel--we don't want any state employees put on, we want the language changed, and the person you would normally hire to Eastern Montana, if that's the case, you are just going to have to find that person, give them a contract--it's the same thing except they're not a state employee.

Bill Sykes: We don't have a big problem with that. One thing

that we would like the committee to consider is an administrator of this program. As Senator Jacobson is well aware, under the current program there is no administration of the program whatsoever. We have 7 contractors going their own way and for example, in the current fiscal year, you had one contractor drop the preschool screening where the other contractors are providing that service, and that is a critical service, we think, in terms that that is really the age group that you really want to hit the hardest, is the preschool kids. We need continuity in service. We can't have one contractor doing one thing and another contractor doing something else. We really need somebody out there to look at and see what they are doing so no kids are slipping through the cracks with hearing problems.

Senator Jacobson: This program was for years and years and years in the OPI and it never had any administrative money and we never had a problem with it. I don't understand why we've been having a problem with it just since we moved it.

Hidde Van Duym: I think that has been a problem all along. It does require a good deal of administrative check-ups on the contracts. I think it was absorbed by the OPI and it has been a problem absorbing it in the School for the Deaf and Blind, and I do think it has been a problem all along.

Senator Regan: I have some real problems further, with what happened on the amendments that were offered, because talking about absorbing it, it would appear to me that the audiological budget which was \$673,000 was reduced to \$500,000 and then \$173,000 went to the School for the Deaf and Blind. For what reason? What was the justification of taking that money out of the program.

Hidde Van Duym: As I understand it that money did not go to the school for the Deaf and Blind. As I understand it that money was taken to go back--it was simply taken out of the program.

Senator Regan: Into the general fund?

Hidde Van Duym: Yes.

Senator Hammond: We didn't have money enough to cover the contracts when the bids came in. The bids came in after we saw this in the subcommittee. This was an amendment to try to make this work another way and was suggested by the School for the Deaf and Blind that they would take it on, supervise it through the method that they have just described at this \$500,000 figure.

Senator Himsel: I have a problem with this too, do you envision that you are going to employ individual contractors who are going to be under your supervision to escape the employee benefits?

Is this what I am hearing? Is this what we really have in mind? Let me repeat that--You are proposing actually that you employ independent contractors, you intend to employ them and they'll be under your supervision which will have some effect on their independence for the purpose of escaping the employee benefits? Is this what we're hearing?

Mr. Deming: We included the salary level with benefits included, Senator.

Senator Hims1: The same as a state employee then?

Mr. Deming: Not if they're contracted. Their salary is high enough before benefits --

Senator Hims1: A teachers contract is the same way unless they're an independent contractor.

Senator Regan: I am going to ask that the LFA persue this further with you. I think there is a great deal of confusion, we want to take a hard look at it--we may come back after 3 we will want to wrap up the language anyhow and this issue will be addressed then.

With the committee's indulgence we will put this one aside for the moment and come back to it. Are there any issues dealing with the school itself, not the audiological portion but the school itself.

Senator Jacobson: The School for the Deaf and Blind came in with, having gone through the Board of Public Education, with a 49--saying they could take a cut of 49912 and that the remainder of it would come out of the Audiology budget. Our committee looked at both of those budgets separately because we felt that they were two separate programs and we felt that we shouldn't be mixing from borrowing from one to give to the other. That's kind of a moot point at this point in time, but the committee did look at the School for the Deaf and Blind. We didn't feel that they could absorb a full 5% cut, but in view of the fact that we were taking the deep cuts in institutions, Human Services and Developmentally Disabled, and all the rest we felt that they would be able to absorb some and the motion was made by Representative Peck to remove 3%. It was not unanimous, but it was adopted by our committee. I have both of those amendments-- and after it went over into House Appropriations then they reduced them to a .6 reduction which is \$11,000. I guess I'd just like the committee's opinion on whether that's a fair reduction to make if you 'd just as soon leave the School for the Deaf and Blind with little or no cuts or if you feel that they should take some fair percentage of the cuts.

Senator Manning: Their budget itself, wasn't it pretty much bare bones?

Senator Jacobson: **Senator Manning, we looked that up** because there was about 3½ hours of testimony on the School for the Deaf and Blind. Senator Haffy, Representative Donaldson and I have been working that budget since 1981 and we couldn't remember ever having reduced them, in fact I think we've increased them every biennium. I believe Pam's figures were--was it 61% increases since '79. Since '79 we have increased their budget 61%, we have given them about 1.4 million in new buildings plus equipment which wasn't in the 61% increase. So, no, I don't think we've been decreasing. They have come in every year for modifications and we haven't been able to give them everything they asked for but we have certainly given them part of everything they asked for every year.

Senator Regan: Their budget has continued to increase, although I think that their population dropped somewhat, did it not--or is it back up?

Senator Jacobson: I am not sure.

Senator Manning: May I ask Bob Deming a question? has your work load increased?

Mr. Deming: Yes. Senator Manning, the population did decrease during the graduation of the (?) it has increased and come back up since that graduation.

Senator Regan: This is a \$3 million budget for the School on the Deaf and Blind. She asked if an amendment had been offered.

Senator Jacobson said she would do so if there were any sentiment for it.

Senator Haffey: Before you do it, there are lots of ways to look at this budget. One is what Senator Manning is getting at--Bill Sykes talked to us about pre-school audiological testing. We can agree to, I think, several children who profoundly have hearing problems. Some of whom move with their families to Great Falls. Some of them get -- for example -- 2 days a week or 3 days a week, 15 minutes a session, attention from a teacher--from an audiologist. So it's not that they are being over attended to. I suppose there are lots of measures that we could look to in terms of whether they are over funded or under funded. I think that was Representative Moore's efforts probably that resulted in this .6% deduction. I would argue that they are not over funded at all for the service they ought to be giving.

Senator Christiaens: If I could add to that, I think that one of the things you are finding more and more all the time are multi-handicapped as well. At the time these babies are born with multi-handicaps the calls go immediately to the school and some early intervention is done at that point which may lessen some of the impacts down the road. I know for a fact that that is true and one of the sad things is that the air force realizes the quality of the school also, and sends children with families

to Great Falls because of that facility being there, and they are not reimbursed for some of those federal indigents who have handicapped children in school. So, I guess I think we need to keep this funding right where it is.

Senator Regan asked if there were any other comments. There were none and she said we would go on to the Superintendent of Public Instruction.

Superintendent of Public Instruction. Senator Regan: (someone mentioned an item) In there, you are right, Senator, there is an area of Secondary Vo-Tech grants. I believe that was an issue. Do you want to address that?

Senator Aklestad: I just wanted to know if you were going to hit it. I don't know what the issues are, but was there any proposals made in the subcommittee? Similar to the one that was made in Higher Education? As far as a resolution that these vo-techs had better start to come in with a suggestion as far as consolidation or administration or anything?

Senator Jacobson: Our committee did send a letter regarding looking at those things. Someone else has a resolution in I think, that deals with those issues, but our committee did not look at a resolution. The main reason we did it with the University system was because Senator Halligan proposed a resolution and we felt that we'd like to work with him and get the suggestions that we had, but our committee did send a letter to the OPI asking them to address the policy issues.

Senator Bengtson: What would their--maybe Pam could help to figure this out--what would their--I would like to know what a 5% reduction of that vocational educational grant secondary vocational grants would be. Rather than a 16.6%. It bothers me that the schools take the 5% cut in all those special budgets--transportation, school lunch--and in addition to that they take another cut here. I have had a lot of response from constituents on this. There are school districts in my area--they think it is unfair as they get whacked part of this 5%.

Senator Regan: Senator Jacobson, if you would turn in your budget book to E-33, there's a rather interesting table which Secondary vo-ed grants. If you look at the way in which vocational educational costs have risen, they have increased 31.6% when you look at the total cost, and when consider out of cost per student, they've increased 38.6%, as opposed to the regular educational increase of 11.4%. The funds that were taken here are funds that, I think Senator Jacobson might want to address with you, I do not think in any way they hurt the program--indeed we funded it, I think extremely well. Much better than we funded the School Foundation program.

Senator Jacobson: Senator Bengtson, the policy issue was to discontinue the special secondary vo-ed grants saving \$480,000 which is the page that Senator Regan has been referring to. Our

committee looked at and certainly it was a viable option, and it could have been done and it still could be done. Instead we chose to just take the \$80,000 that we needed to cover what we could not pull out of OPI because there they had such a bare bones budget they would not be able to deliver the services that are needed out in the communities. The people that I talked to out in my community said they would much rather see OPI take a lesser cut and get the services they needed than the small amount of money they get from the secondary vo-ed grants. So, if it was a trade off, the \$80,000 didn't bother them one bit. It was a very tiny amount for our community.

Senator Smith: There are two things. 1. In regards to the last comment. Maybe that's the case in Senator Jacobson's schools, but it certainly isn't in ours because just about every one of our schools in my district anyway, do have vocational education, and in regards to using the figures that were presented, you will find that when it comes to vocational education they need to buy a lot of equipment that is behind this education, and that is where your additional cost is.

Senator Regan: Those funds, Senator, were meant to be start-up funds. They came into the program, approved by us--all general fund money, and the idea was when you started up a vocational educational program--when you were starting--you would have to buy equipment. Those funds have already gone to our schools for start-up costs. They have bought the equipment. It is just simply that we have never cut those funds off, and the policy issue is--isn't it about time that we do? I think the committee acted very gently in just removing the small amount they did because I think there is a real question whether we should continue these grants since the start-up costs have already been there.

Senator Smith: I am not questioning that, however there were some questions raised and I thought I would answer them. I would like to also point out to you that technology changes, the equipment you use wears out and you do have to continually replace it.

Senator Regan: Any other comments? (none) That finishes then the section on the Other Education and I would entertain a motion to close that section except for the Audiology Program. Was there anything else that was an issue?

Senator Bengtson: Before you close it, I would like to offer a motion on that secondary vo-ed, just to get the feeling of the committee.

MOTION by Senator Bengtson that rather than take up the 16.6% to take out the 5% as we've done in the other budgets which would be a deletion of \$24,000 from the grant monies to secondary public schools. I would think it would be only fair to take out 5% but I can't understand the rationale of 16.6% and we were just doing that as a compromise rather than taking the whole grant away.

That is E-8, talking about the Secondary Grants, and I don't know the line.

Senator Regan: Pam, could you get us the line?

Pam Joehler: Page 83, line 16.

Senator Regan: Your proposal is to take the 5% and restore the balance to this program.

Senator Bengtson: Yes, that is correct.

Senator Regan asked if there was further discussion, question was called and a voice vote was taken. She then asked for a roll call vote.

Senator Keating: I have a question. Are we just taking the money out? Will the local taxpayers have to make up the money in this or are they just not going to spend this money?

Senator Regan: They just don't spend as much. It is general fund money.

Senator Smith: May I answer that question. If they want to continue the vocational education for those students who in many cases do not go on to college and get higher earnings, they will then have to ask the local taxpayer to pick up the difference.

Senator Regan: Senator, if you will look at E-33, you will see the millions of dollars that we spend on secondary vo-education. This is not for the students, it is in essence sort of a (I hate to use the word, but sort of a) slush fund that OPI doles out and the amounts are piddling amounts to these districts. They will not feel the effects of this. It is a program, as I say, that once started with the start-up costs, we can't seem to ever cut the spigot off, and it's time to start batting down the hatches. People are sitting here giving back money when it was our intent to do something somewhat different.

Senator Jacobson: Senator Keating, to put it into perspective, I believe don't all the counties get a percentage of this?

Senator Bengtson: I am not sure of this--

Senator Jacobson: Evidently all the counties do not, but if you would take the number of counties that receive the grant and slip their part of the \$80,000 out it doesn't amount to much. I think someone from Butte told me \$13,000, but I'm not sure. Our feeling in the committee was that people in our communities around the state needed the services of the OPI more than the \$13,000 or whatever their share of the grant was, and that is why we did it that way.

Senator Manning: May I ask Senator Jacobson--Do you have any idea how many counties do participate in this? You say not all of them.

Senator Jacobson: I think Mr. Christiaansen is here.

Mr. Christiaansen: It is not by county, it is by school district, and it is by application. There are 120 of the 169 High School districts that are participating in excess costs for secondary education.

Senator Jacobson: Can you then put that into perspective so far as--take one school district--what kind of a loss of money are we talking about with \$80,000 spread across the board?

Mr. Christiaansen: It is difficult to say because it's not across the board you know. It depends on the number of programs that you have in your high school. If you take \$80,000 and divide that by about 524 projects, that's about what we have. On an average, if you can deal with an average, which we cannot in this case--but if you wanted to make it simplistic that way, just divide \$80,000 by 520 some projects.

Senator Regan: And what does that give us, Pam?

Pam Joehler: \$152.

Senator Regan: \$152.

Senator Hammond: You might just mention those courses that qualify. Do you have those?

Mr. Christiaansen: The programs, Madam Chairman, that qualify are those that are approved by OPI, and they're in the occupational areas of Agriculture, Business, Home Economics, Distributive Education, Industrial Arts, and--gosh, I've lost the last one there.

QUESTION was called, Roll call vote,

Senator Hammond asked where this money goes, and Senator Regan said the general fund.

The roll call vote was taken and the motion failed.

Senator Regan said this finishes the Other Educational section of the budget and she would entertain a motion now to close that section except for the Audiological problem and any technical amendments that might come up.

Voted, passed.

Higher Education.

Senator Regan: Are there any comments to be made. Now is the time for the public comments regarding this section.

Commissioner's Office. None

Community Colleges. None

Agricultural Experiment Station. None

Bureau of Mines and Geology. None

Cooperative Extension Service. None

Forest Experiment Station. None

University System, itself. Carrol Krause, Commissioner of Higher Education: There is an item that we need to bring to your attention relating to indirect costs. House Bill 18 that was passed during the March special session of the Legislature, modified the language on indirect costs. The language in H. B. 30 goes back to the language that was in House Bill 500 prior to the time that the Legislation was passed. It occurs in the language correction is required in several places because that language is included in every one of the University units. It goes back to the language of 500 rather than the appropriation bill.

Senator Regan: Have you discussed this with the---.

Carrol Krause: Yes, I think it is also one that you can--the wording is very critical that it follow 18 in order to correct it, I would like to work with Pam to try to get the language corrected in a manner in which it was intended in H. B. 18.

Senator Regan: That's fine. Thank you for calling it to our attention and we will take it up probably upon adjournment at 3. Are there any other comments dealing with the University system. Anyone wish to make any comments dealing with Higher Education? Seeing none, we're ready for executive action.

Board of Regents. No amendments offered.

Commissioner of Higher Education. Senator Aklestad: I don't have an amendment, but I do have a question. The Commissioner's office is exempt from the 5%? Is that right?

Senator Jacobson: No, they took a 3.1. There are some things that go into the Higher Education budget including the WICHE and WAMI programs and some other things, and if you look in your book you can run through those sections.

Senator Aklestad: Do the FTE fall under the salary one, not just the operational?

Senator Jacobson: You are asking me if they are projected in the freeze? Yes. They are. As state employees, they are. To the best of my knowledge. Mr. Krause, could you answer that?

Carrol Krause: I didn't hear the question.

Senator Jacobson: He was asking if the employees in your office are state employees and thereby subject to the pay freeze bill that is coming in.

Carrol Krause: Yes, that is correct. Could I explain this question? We offered a 5% reduction in our budget but what happened, the reason it is 3.1 is because the committee re-instituted some of that work study money that we had cut earlier so it reduced it to 3.1%.

Senator Jacobson: The Appropriations full committee did that. Our committee took the full 5%. Our administration is all 5%. It is the work study that brings it back up to 3.1 %.

Senator Aklestad: I guess then, why didn't the committee re-instate the full 5%--in the narrative on F-7 indicates that the Commissioner's office for comparable--talents, I guess, for lack of a better word--it seems far more variable than--

Senator Jacobson: Oh, you're talking about the policy issue on F-7. We looked at that Senator Aklestad, and I guess we felt we were kind of comparing apples to oranges here. We weren't real comfortable with the comparisons that were laid out for us, and so we put that option aside and just took the 5% across the board cut that was--it was the full Appropriations committee that then refused the cut we had made in the work study and reduced the 5% cut. We did discuss this, we did not feel comfortable acting on it. It would be a little bit hard if we cut their salaries to this level. In essence we are cutting the commissioner's office and asking him to find it where ever he can find it because he can't go in and cut those contracts.

Senator Aklestad: I guess I realize that was the over reaction of the full committee of the legislature, but I really do think the 5% ---.

Senator Regan: I think that the commissioner knows that we have some deep concerns about the salary structure that we are using--the level of funding, and I hope you notice.

Community Colleges. No amendments

Ag Experiment Station. None

Bureau of Mines and Geology. None

Cooperative Extension Service. None

Forest Experiment Station. None

University System-6 Units. Senator Jacobson: I am passing around an amendment that, in essence, would strike the amendment that Representative Hannah had put on on the WICHI, WAMI program on the House floor a couple of days ago. I realize that we have talked a great deal about pay-back situations, about the possibility of requiring these students to come back and work in the state to pay back the state for their out of state tuition. There's a philosophical problem that we keep running up against here. On the one hand are we educating doctors and dentists and occupational therapists and veterinary students because we need them in the state of Montana or because we don't offer the services and we feel that our children and the state of Montana should be allowed to make those choices as part of their education is concerned. I guess whichever side of the fence you are coming from, I still object to doing what was done on the House floor for several reasons. Number 1, I am philosophically opposed to it because I think it is a lot cheaper for us to be a part of the WICHI, WAMI program than to provide the education in Montana. What I object to in the students who are already in the program and it will affect them next year on the pay back. Let me give you an example of what will happen.

(There was some discussion here on finding the amendment, Senator Jacobson pointed out the blue attached Committee of the Whole amendment because it happened on the House floor, Senator Regan said if you are looking at the yellow copy of the bill, this is the way the amendment would appear if it were printed in blue)

Senator Jacobson: Let me just give you an example of what is going to occur. A medical student who is now in the program as a sophomore will be told right now that starting next year as a junior, that in their junior year and their senior year, they will then owe back to the state, and I think it is around \$5500 a year, so in addition to any other debts that they may have incurred going to 8 years of college and be looking at a residency program and whatever else they're going to need, we have just put another 10 or 11,000 dollars on that debt that they've already got without ever giving them a chance to even comment on it or even have the time to assess whether or not they want to continue in the program. I just kind of think that if you really want to do this you might want to look at it in the next legislative session and bring in a bill. If you put it into this appropriation bill there's a good chance that in 1987, all those students that are going to school that year are going to have to pay back and we could change our mind next year because this appropriation won't be around when we come back in the 1987 session. I would just hope that you would take a look at it and if you really want to do it at least slow it down until 1988 and let those students who are in the program or wanting to enter the program, give them

a chance to come in and tell us how they feel about it and whether they can handle it.

Senator Story: That isn't how I read the amendment. It says one year after they graduate.

Senator Jacobson: I think Representative Hannah is here, and perhaps we should let him explain his amendment and what he meant to do.

Senator Regan: I am going to ask instead. (she asked who had prepared the research asked if Jane Hamman, LFA, would respond) I would like you to respond, and considering this whole question I shared some of the concerns Senator Jacobson did, and I wondered if indeed the way the language originally was written whether it did what we wanted it to do. So, I asked the LFA to prepare some alternatives for us to consider. Before I ask her to address this issue. Before I ask her to address this question I would like to present another view of this philosophic question of what the role of the state should be in furnishing these opportunities of education for our young. I am glad we have had the WICHI, WAMI and the Rural Dentistry Program. We have begun to reduce some of those slots because we have an abundance of dentists, and indeed the projection is that we are going to have an abundance of doctors as well. But, I don't think that's the issue, I don't think that providing sheer numbers is the issue. I think the question is how far should the state go in providing for degrees that are not offered by our University System. We have 800,000 people and as you know, quite an ambitious post-secondary educational system. I point out that I have a friend whose daughter now is getting a PHD in a rather obscure subject, going to school out of state and in fact to Europe. It has been an incredibly expensive program. The state is not contributing one dime for this. The state simply can't provide all the programs that people wish. They have provided for medical degrees and the health care system. I suppose in the hopes that some of these people will come back to the state and provide us with the kind of care that we need. I would ask Pam to discuss--or I'm sorry--Jane to discuss what problems are found in the amendment and what we might consider doing instead.

Jane Hamman: First of all, looking at all of the student contracts, that is the letters that go to the prospective students and the agreements with accepted students, there is language included in all of those related to "so long as funding is appropriated by the Legislature, contingent upon approval". Therefore, there does not appear to be a problem with regard to the notification to the students. The related question is that of an implied contract which references back to our state constitution, and making a change for all of the students in fiscal 1987 rather than just making a change

for new students who are starting the program. I believe there is someone here from the council that may be able to speak further to that. This matter of an implied contract may mean that the Legislature would want to decide to phase in the program starting just with new students. And then, looking at another option, if you have the analysis book and you will look at F-10 in the analysis book, table 4, you see in the third column a cost per slot for each student, so for example on the first line, a medical student, the cost per slot is \$22,000. Those figures, I might add, are considered every year by the educational sub committee in determining the appropriation for WICHI, WAMI, and Minnesota Rural Dentistry so that we are aware of the cost per slot. Therefore the options might be 20% of the cost of the slot, or 25% of the cost of the slot. You will recall on table 8, page F-14 the summary of the kind of pay back provisions in other surrounding states. The lowest one there is in Nevada at 25%, and then it goes on up to 100% related to these kinds of options. So if 25% were to be used, a medical student would be paying back \$5,500 and at the other end of the continuum, an occupational therapist would be paying back \$975. If this were initiated in '87 for all 200 students under the student assistance program, the total pay back would be \$960,660. If it were just for the 49 scheduled new students the amount would be \$253,000. I would be happy to answer any questions.

Senator Regan: Representative Hannah, I know that you have waited and want to speak to this issue, do you want to speak to the issue?

Representative Hannah: Only if you think it is appropriate, I am here to answer any questions that this committee might have. If you want me to address the committee, I'm just here at your call.

Senator Regan: You're welcome to do so.

Senator Hims1: This is an appropriation bill. Has this been reviewed that these programs are set up in the statutes and that we are in the appropriation bill attempting to amend the statute. I wonder if anybody has searched the propriety of that, or would it be better to wait and address this in the regular session where you can address the statute first before you start the appropriation bill.

Jane Hamman: Senator, there does not appear to be anything in the statute at this time that would preclude the beginning of a repayment program. As I mentioned the only item that might be questionable would be that of an implied contract.

Senator Keating: May I ask Representative Hannah the rationale for beginning the payback program as of now upon those students who have already entered the program under a certain assumption. Why did we not grandfather in those that are in the program

but establish a pay back for those students wishing to enter the program on the basis that this becomes a loan for their education that would have to be paid back and not try to change horses in the middle of the stream for those who are already committed to the program.

Representative Hannah: I don't think that that would be a problem in the House. It would not be a problem with me. When we put the amendment before the House the information that we had was that we could in fact, change the contracts because they were issued annually to the students, and the language in the contracts which was referenced about the funding was dependent upon the funding from the legislature. If that is a real problem and I have some information here from the Council that they don't think that it is, but if the committee thinks that it is in fact a problem, I guess the mood of the House on this particular amendment was that number 1, we felt that there needed to be some reasonable attempt made to ask for some reasonable repayment. That's where the terms came from, the terms are like a 5% interest over a 10 year period. The proposal that you have in front of you shows a 1 year time payment before the repayment begins. There were amendments to this amendment which changed that to three years to try to take into account the residency that these people would have to have. The mood, as far as I can gather from the House was to be reasonable but yet that it was very appropriate to ask these people to pay back this portion.

Senator Keating: By what vote count did your amendment pass?

Representative Hannah: 65-35, as a rough guess.

Senator Jacobson: Representative Hannah, I guess my biggest concern, and this issue has certainly come up many times, and I would certainly suggest to you that it might be appropriate to bring a bill in to the next legislative session. I am very concerned, however, that we have sort of skirted the process. I've gotten a lot of letters from WICHI students and from WAMI students being concerned about our reducing this program and I have written back to them that there are no recommendations at this point that we are going to do anything to your program and so they're all sitting home sort of lulled into thinking we're not dealing with it this session. I have a joint resolution that will be coming into this session that was brought up by the Higher Education subcommittee looking at doing a number of things including consolidation of the administration of the Ag Experimental station and the Cooperative Extension Service. If you'd like we could add it to the list of 7 things we are already asking the commissioners to look at and you could bring a bill into the next legislative session and that time at least the people in the program would have a chance to testify. Somehow, that seems ultimately much more fair than going this direction with it. It would also eliminate the problem of putting it into an appropriation bill and having the chances

of it failing next session end up with those students in 1987 being the only ones that ever paid any money. Maybe there's not much chance, but it's there.

Representative Hannah: Well, I just think that--well, there are a lot of bucks, but you made a lot of points. I think that we're here, and something should be done now--but I lost my train of thought-- I think it might be fine to come back and put an amendment and put it in your consideration, -- I guess it is my duty, and I apologize to you and the other members of the committee, but most of us who are not on the appropriation committee, when the bill comes to the House floor it is really the only opportunity that we have. I know that hearings were going on and those kinds of things, but we really don't--the process is very complex even to those of us who are members of the legislature, and issues are identified through all of the caucuses on both sides as to things that might be brought up and the only opportunity to those of us who don't have a seat on the appropriations committee to address the issues that we might feel strongly about is on the House floor. So, although I agree with you in a sense, I think it really limits the voice that I have, anyway to express what I believe to be a reasonable idea, an idea that was approved by the House by a fairly substantial vote.

Senator Regan: I want to address a question to Jane, I believe, This is a special session to look hard at expenditures and how we're spending our general fund monies. Part of the money we spend is not general fund, is that right, or is it all general fund?

Jane Hannan: If you will look at page 97 of the bill, you will see on lines 10 and 11, there has been a considerable fund shift made during the work of the committee this session. But we are still talking about under WAMI about \$178,000 of general fund, and \$1.7 million of special--state special coal tax interest earnings. Then under WICHI, for this fiscal year '87 we're talking about \$1.8 million of coaltax and Rural Dentistry down on line 18, \$111,000 of general fund.

Senator Regan: Then you are really looking at about \$3,600,000 for this program.

Senator Regan: We are very close to going into session. We have Senator Jacobson's motion before us which would simply strike any obligation on the part of the students. It would remove this language from the bill. If that passes, I think I will compose an amendment which will still require some pay back but will be structured a little bit differently.

Senator Himsl: I would just like to comment philosophically and I know there are differences of opinion here, but I have always been opposed to this indentured servant approach. This has been discussed for years and years with all these popular programs.

I think there is a serious flaw in this in the implied contract situation that we have.

Senator Keating: Are we going to discuss this WICHI, WAMI thing more at some later time.

Senator Regan: Well, we could take a vote on Senator Jacobson's motion so that we may have settled that--whether they want to wipe out this language. That does not necessarily mean that someone might stick other language in there.

Senator Keating: I had a different thing. If we were going to discuss this further at some later point, I would like to have the administrators of the program give us a little background in the eligibility for these programs. I'm getting information from my constituents that non-residents are moving into the state to live with relatives and then getting into this program as residents, and I would like to find out if there is any of that going on and if there is any tightening up on eligibility and that sort of thing. If we are going to discuss this at a later time.

Senator Regan: We will continue the discussion. It is 3 o'clock now. We'll recess now and take the vote when we come back since we are due up on the floor.

The committee recessed and came back following session of the Senate.

Senator Regan: I believe we were discussing the WICHI WAMI program and Senator Jacobson had proposed an amendment which would in essence strike the language which had been placed on the bill on the floor of the House. It would repeal the requirement for any kind of pay back. Is there any further discussion.

Senator Aklestad: I guess I'm going to speak against the motion. As I read the amendment that is before us, It goes into effect in '87 but there is no payback until about 1990. Three years after the student graduates as I read the amendment as it is now, and as far as there being just one year that might be obligated to do this, if it is in this bill it is not much different than being in statute because the next legislative body can also change the law. I feel this would put them on notice, and the new students coming in that we do have a change going into effect and they are not delaying any further. It does have a three year pay back--or a 3 years before it goes into effect for a payback, if there is real, real problems with it the statute can be changed and there would be nobody who had paid back anything.

Senator Jacobson: Senator Aklestad, I won't belabor this much longer, but the point that I'm trying to make is that although those students would not be required to pay back for three years, they have had no notification until now that we were

even discussing this in this special session. It was not brought to their attention, nor has it been discussed until it hit the House floor the other day. I think it is reasonable to ask that Representative Hannah wait until January and bring it in as a bill in the next legislative session. I think at that point those students who are entering the program or are thinking of entering the program by virtue of the press coverage in this room today will then have notice for the fact that they may have to pay back the funds and they may want to reevaluate whether they want to enter that program or not.

Senator Smith: I guess the first question I have. You raised the question in your comments earlier today is that, do you have an amendment that would give the protection that you are talking about to those students that would be enrolling and protect those that have already signed a contract?

Senator Regan: I do not have such an amendment drafted right now. I think that the language that you have before you obviously does not work. There are real problems with the language. I would support striking that language. I do not know whether the committee wants to address right now a repayment option that would be based on a different formula and a different phase in. I think what I'll do is ask that this issue be settled and then find out if there is sentiment for such an amendment. That can easily be drafted.

Senator Smith: Just one other comment in regard to Senator Jacobson's comment that we should wait until the next session. I think what will happen, if we wait for the next session we will wind up the same as we are because we will have students that will be enrolling this next fall, so I think if we are going to address it we should address it now so that we take care of the new students that are going to enroll in the program.

Question was called on Senator Jacobson's amendment. (#10 on amendment attachments) It would strike the Committee of the Whole amendment. It would replace it with nothing.

Roll call vote was taken, the amendment passed.

Senator Regan: This may be a little unusual, I don't know. In order to save a lot of discussion kind of work on the part of the staff, how many people are philosophically in favor of requiring some sort of pay back if the time frame and the percentage can be established so it is an easy matter to handle. (She took an informal vote, the amendment would not carry) I will not pursue it this time. We'll leave that issue of WICHI WAMI, are there any other issues in the University system? Any other amendments to be offered.

Questions as to policy issues, Forestry, etc. were informally discussed.

Senator Haffey: I would like to have a clarification, I don't have an amendment, but there'll be a pay plan freeze bill that could--and I would ask Carrol Krause to address something in regard to the status of the general fund reductions for the 6 units. (to Krause) I wonder if you would just address the part of the commission, because as Representative Hannah said an hour ago that he didn't have the benefit, and neither did all the members of even this committee, of all the discussions we have had. The subcommittee, as you know, was very concerned with the 3 million 6 reduction for the University systems 6 units. It was about as far as we ought to go. We were concerned about--we addressed all the policy issues, you recall that, and we didn't embrace any of them. The 3 million 6 was 5%. The sense of the subcommittee as I remember said we are about as far as we ought to go. We had a concern then that the pay plan freeze bill, if it passed, would not be able to do what it is represented to do. That is to cause salaries to be frozen, and things that go on in the University System because of contractual obligations. That bill is passing in the House as you know, would you tell us in just a sentence or so, just a brief explanation of how that's going to present itself in the form of your response if that passes through. Where are you going to make the cuts?

Carrol Krause: We have looked and tried to determine what the impact of that would be, and it would be approximately another 3%. Not quite--it's 2.89 or something like that. In trying to do the planning and anticipating some of the possibilities, we have identified that we would have to reduce somewhere between 120 and 150 employees, I don't have the figures in front of me at the moment. One of the problems that we are faced with, is the fact that we do have for all of our faculty and professional staff, we do have notice requirements whereby we have to give a year notice, and so there are only very few people that we are going to be able to reach at that level, teaching assistance, a few adjuncts, but the bulk of the reductions will fall on the classified employees. The custodians, etc. They only require 30 day notice, so obviously you are going to be reaching into that pool much harder than anywhere else. In fact that is where a majority of the cuts will be made.

Senator Haffey: When we cut right through all the discussion that we perhaps would hear on the pay plan freeze bill, in the context of this appropriation bill and 3 million 6 of reductions to the 6 units, does it mean if the pay plan freeze passes, the net effect of the University system is you will either cut classified employees like maintenance engineers, etc., or you'll cut expenditures for equipment maintenance library books, etc, or a combination of those but you won't be able to cut faculty as long as the contracts exist, is that correct?

Carrol Krause: It will be a combination. There are only a few part time faculty that we can cut, because they are not on continuing contracts so there would be some part time faculty that we wouldn't hire. The majority of the cuts, however, will come in terms of staff it would be somewhere between 125 and 150. In addition to that, we will have to take some operational budget. The percentage will be certainly everything we can take out of physical plant, and we would, but the estimate is still based on 125 to 150 employees in addition to operations, not buying library books and equipment.

Senator Regan: Are there any other issues within the Universities. Seeing none, are there any policy issues? Then I will entertain a motion to close this section.

Jane Hamman: This is a brief technical amendment which merely corrects a mistake in the typing in the bill. Page 100, line 5. This indicates that the community college appropriation for fiscal 1986 was at 52% and for fiscal 1987 at 49%. Just a technical matter.

Senator Hammond: I move the amendment.

Senator Regan asked for discussion, none, voted voice vote, motion carried. Are there any other issues to be addressed?

Carrol Krause: The language that we worked out with Pam, I think, on the indirect cost language. That needs to be incorporated before you take final action.

Senator Regan: We have a number of technical amendments that we will be going down and picking up. I would like to close this section and go to the Long Range Building section, and then we'll do the clean up. I don't think there will be anything substantive done to your bill once the motion to close the bill is passed.

Senator Manning moved we close this section. Voted, passed.

Long Range Building Program. Senator Regan asked if there were any comments on, or any one who wished to comment on any portion of this Long Range Building Program.

Representative Brown: Very briefly, the RIT portion of the bill, on the selection of this criteria of its programs, there was one down about 8th, I think. I am not sure what it was, but it is in that range. It was \$500,000 for Butte Silver Bow for reclamation projects for up on the hill area. The \$200,000 of that money we are unable to use for those projects because of the super fund designation. Just before the House Appropriations committee took action, and I think you were there, Larry Fasbender came and said the Department wanted to shift those to another project site, and we were kind of caught off guard and did not have time enough to

explain it. I have some people here from both the Department and the Butte Silver Bow government that can do that very quickly. All we are asking is that that money be used for a similar project since it can't be used for the super fund site areas, just be transferred to another area. The Department says it has to have new authorization from the committee because it was site specific in that legislation.

Senator Regan: Thank you. Is Senator Van Valkenburg here, he was just a moment ago. (someone said he had gone down the hall and she said we need him back)

Gary Fritz, Department of Natural Resources and Conservation. The \$500,000 that was appropriated from the Legislature in the last regular session for the Butte Hill project one of the conditions for the expenditures of that money that the recreation sites could not be involved in the super fund activities there. Since the last regular session we have found out that at least 2 of the ball parks are super fund sites. In fact EPA has ordered those ball park sites be fenced off. They are so involved with concentrations of mercury and lead. We have worked hard with the Anaconda Company, the EPA and the Department of Health to try to find alternate recreation sites on Butte Hill, and we think it is going to be virtually impossible to find recreation sites on the hill, not associated with super fund activities, so I guess that is one point I would like to make. The other point is we believe the Clark Park Project that the city of Butte has suggested as the alternate location for the use of these funds does qualify as a use of these Resource Indemnity Trust fund interest type program. We think it is a project that mitigates mining activities on the Butte Hill, or could mitigate mining activities on the Butte Hill. So-- it is not the Department's position to support or oppose this kind of project, but merely to point out the technical aspects of the project as relates to the super fund activities.

Rick Griffith, Reclamation coordinator for Butte Silver Bow. The project mentioned, it basically takes the memorabilia from the old Columba Gardens which was about a \$6 million recreation facility that was destroyed by mining in 1971. There is little memorabilia left, but the stuff that is left we would like to take to the Clark Park area and build a theme park around it and that is the purpose, and Butte Silver Bow does support the amendment.

Senator Regan asked if there were other comments. Seeing none she asked if there were questions from the committee.

Senator Regan: I have some questions, I guess I will direct them to you, Representative Brown since you brought this in. I really have some problems with this because it was never reviewed by the committee and by doing this we are in essence we are slipping a new project that has never been examined by

the Long Range Building Program or anybody else--slipping it in ahead of projects that have already been reviewed. Indeed Representative Quilici brought in a like project aiming for that same money in the House appropriation committee where he asked for the money to build -- I thought baseball fields -- in this same Clark Park. When the vote was taken and it went down the tube he commented--well, I did better than I thought I'd do. I think the problem is not that the project may be worth while, but simply that it has never gone through this project of review. I think I for one would have to oppose it because there are other projects waiting there that have been reviewed and are on the priority list. I understand your kind of frustration of being granted the money and then not having the chance to use it, but I do think it raises a question here.

Representative Brown: I think part of Representative Quilici's problem in the House committee was that he literally found out about this minutes before he made the amendment. He was not sure what was going on, and quite frankly neither was I. The Department kind of drafted the amendments for us so we at least had that right. In fact, you do raise a good point, however, this project is not any different than the ones that were already approved, and I think if it were other than that we wouldn't have tried to bring it in. The point is that because of the superfund sites we can't use it on those two specific sites on the hill. This is the same kind of site and a similar kind of project. We're not trying to force the process, I think that is a legitimate question. Were it that I don't think I would have brought it in. I see it just as a replacement for the money that we can't spend because the super fund designation. But it is the committees will, obviously.

Senator Smith: I have a question of Representative Brown. What is the match on the super fund and what does the state put up?

Representative Brown: 90-10 on the super fund programs. This money is not super fund match money, Senator Smith. We couldn't use it for the original sites because they are designated super fund. Super fund I think is a 90-10 match, but that is a separate program and the state has a problem using the fund because of the liability question in this particular area.

Senator Regan: Are there other questions? Senator Van Valkenburg, would you care to comment on this. Have you heard about it before, was it ever mentioned?

Senator Van Valkenburg: Just a point--first of all it didn't come up until they had already done their work in Long Range Building. Otherwise it would have gone there first, for the same kind of request. Second it doesn't bump any other projects on the list. All the others on that list are funded.

Senator Regan: Do you have someone on the committee to make that amendment?

Senator Jacobson: (#12 page 65 following line 12) I have the amendment in front of you.

Senator Smith: Could I ask one other question? Was this money already appropriated for some other project?

Representative Brown: In Butte, Senator Smith, which is now designated as super fund so we can't use it for that particular project. We just want to change it to a different site which would not have as many complications.

Senator Smith: Was this unappropriated money that is laying there that hasn't been designated for some other use?

Representative Brown: No, Senator, it was appropriated in House Bill 922 in the last session. In the list of RIT projects. It is already appropriated funds, it just can't be used for 2 of the 5 sites that it was designated for.

Senator Regan: Senator, as I understand it the portion of these funds that are unused are funds that were granted in order to establish some baseball fields and then because of the superfund--now they want to use the funds for establishment of--

Representative Brown: it is essentially a recreation--a theme park based on the old Columbia Gardens for a replacement for the site that was lost.

Senator Regan: a theme park where they are going to store some memorabilia, but not for base ball fields.

Senator Jacobson: Representative Brown, correct me if I'm wrong because I'm kind of new to this amendment also, but the original money was funded to clean up the ball parks. What we are asking now is, the Anaconda Company went in and as you may know, the East Pit used to be a part of Columbia Gardens. Some of that equipment was saved, and what they are trying to do is take some of that equipment from that site which is now a pit, namely the East Pit that we're talking about opening up again--take some of that equipment from there and move it over to Clark Park and salvage that and use it. It is still mining reclamation representing the same thing, and that is what Representative Brown is trying to explain to you.

Question was called, Senator Regan called for a vote on the Clark Park project, \$200,000. Voice vote, then asked for a roll call vote. The motion failed on a tie vote.

Senator Regan asked if there were any other comments to be made on the LRP program. Seeing none she said she would take up executive action, and asked if the committee had any particular issues they wanted to address within this program.

Senator Smith: I move we close the section on the Long Range Planning action. Voted, passed.

Senator Manning: We have some people here from the Crime Control Board that I think came in to answer some questions we were to ask them.

Senator Regan: We will be taking these issues one at a time. Remember we left certain sections open. I have no particular feeling about the order in which they are taken, but I would tend to go back and start through again so that we don't miss anything as we go. Reverting back then to the General Government and Highway section, I believe the Crime Control issue is in this budget and we'll wait a moment for the LFA to come. We are going to start with A-65, the Montana Board of Crime Control. Cliff was going to get some data for us and I think he was successful.

Cliff Roessner: Yes, I was successful. I have a hand out (attached as exhibit c, Montana Board of Crime Control)

Senator Regan: Cliff, were you able to discuss this with the agency and get us more material, and would you explain this hand out for us.

Cliff Roessner: The agency split out the whole budget of \$586,176 into 5 different functions. Post, Grant Administration, Administration, Planning and Research and Juvenile Justice. I guess that's 6 functions. They tie their total 14 FTE to these functions. They have the direct charges, the administrative services, or indirect charges, How much it takes to audit each function and then the total cost over here in the right hand column. The administrative services which consist of 1 FTE and the operating expenses and audit plus the one FTE who handles all the bills and handles the accounting for the department. The numbers don't tie back directly to what we have on A-67 by function, but they're close enough and there are just a few minor differences. I believe the agency is here if there is members of the committee who have questions of them in regard to specifics about each one of these functions.

Senator Regan: I still have concerns over the grant administration. When you look at this the juvenile justices is the only one in which we receive federal funds.

Cliff Roessner: That is the only one which receives federal funds directly for administrative costs. In the grant administration there is approximately in fiscal 1986 \$756,500 in flow through money that they administer.

Senator Regan: And they take 10% of that?

Cliff Roessner: No, they don't take any of that for grant

administration.

Senator Regan: Well, what's this \$73,172 grant administration?

Cliff Roessner: That's general fund. That's general fund it takes to administer these grants.

Senator Regan: Could we take the administrative cost out of the grants?

Cliff Roessner: No, you cannot. The grant specifically forbid taking any money out for administrative costs.

Senator Regan: How are these \$700,000--how many grants are involved here?

Cliff Roessner: Could the Department respond to this?

Senator Regan: Yes, I'd like to know more about this.

Mike Lavin, Administrator for the Board of Crime Control. First of all I'd like to apologize for not being here this morning. I think we could hopefully settle this then, we were across the hall, and I wasn't aware that there was a problem. The grant administration, Senator Regan, administration could be a bit of a misnomer. When we are calling those people grant administrators, they're the people that are making the sure that the people we are giving the money to are spending it in accordance with the way they tell us they are going to. That consists of auditing their books and evaluating the progress of their projects, so grant administration is a bit of a misnomer really when you are looking at that. In response to your other question to Mr. Roessner. We have three sources of federal money. Three active grant programs. We have about 90 to 110 active grants at the present time. We have available about a million 4 for granting in FY '86 and during the next fiscal year. The three grant sources are the Juvenile Justice and Delinquency Prevention Act, which you're referring to; a brand new one which is exclusively for programs to aid victims of crime which comes from federal fines and forfeitures; and an old carry over grant program known as the Bureau of Justice Assistance, which is a rather generic grant program which allows us to give money to all pieces of the Justice system. I understand that Senator Christiaens had a question this morning about the amount being spent to administer the grants. The way that is stated in your book, I can understand that, Senator. It is misleading. What we're counting is actual administrative of the Division, and I am excluding the people who are monitoring and auditing and evaluating grants, is that 4th line there--just under \$60,000. I can appreciate your concern, because that was confusing there I think, the language in the book.

Senator Regan: Have not your grants greatly been reduced by

the federal government? At one time the Board of Crime Control had, it seemed to me, an awful lot of money and it gradually has dwindled and is even in further jeopardy, is it not?

Mike Lavin: Well, unbelievably so, the grant programs have survived the cuts at the federal level, and believe me, I would have been the first to stand up here and tell you that I would not have believed they would of, but we actually have the next fiscal year's grant awards in the office. We have an additional grant program, the new Victims of Crime Program which brings the total up to about what it was when we were only administering one program.

Senator Regan: While the money is in the program, that money has not been--very little of that money has been granted, I understand however.

Mike Lavin: From the federal to us, or from us to the locals?

Regan: To the locals. Lavin: We have granted 100% of the funds that are available to grant, so I guess Senator Regan, I am not tracking with you on that.

Senator Regan: Then I was misinformed by someone else.

Mike Lavin: I am sure that the fiscal analyst could respond to that. They are aware of our grant procedures.

Senator Regan: Let's see, who worked this budget, it was Senator Stimatz and

Mike Lavin: Senator Keating.

Senator Regan: Did you go over this thoroughly and were you --did you ask about this?

Senator Keating: May I elaborate a little about this because I have been involved in this crime control thing since 1981. In the beginning there were a lot of federal monies that were supporting this organization and so they were allowed to perform all these services for law and order throughout the state, and the county attorney's and the chief's of police and the sheriff's and all kind of law enforcement organizations--the Juvenile Court Counselors--all kinds of people have become dependent programs. In the '81 the feds began to start slicing what they were putting forth and the programs were getting by on what little general fund, and rather than diminishing general fund money, we kept it at current level for the most part, but the programs were able to operate on less and less money. As we talked about--let's just get rid of the whole program--we had an onrush of support from all of the law enforcement agencies throughout the state, from county attorneys, sheriffs, everybody, came in to that little room and just got all over us like June bugs on a tree, and saying--You can't do away with this,

this is essential to our law enforcement in the state, and Mr. Lavin has done a tremendous job of administering all of these programs with less and less money every biennium. But they made it work, and so what we have given them is bare bones. Now, if you want to eliminate the whole thing and suffer the ravages of the people back home, that's fine, go ahead and do it, but the subcommittee and the full committees and the Legislatures have seen fit to fund these people. They have taken their 5% cut, this is not the time to decide whether to cut a program or not, and if you do any more to it you will cripple it, so either kill it dead, but don't cripple it.

Senator Regan: Well, Senator, I think that may be an exaggeration, but I would like to have you look at the book in front of you. What's happening here are the federal funds are falling, they're off 10%, and we're increasing the general fund by 19%, and that, I don't think, is the direction we want to go. When the federal funds fall I think the state funds should fall accordingly, and I really have a great deal of problem in times like this where we in essence where we begin to underwrite and pick up federal programs with state funds. That's how we got ourselves in this trouble.

Senator Himsl: To bring this to a head, it seems to me we are spending a lot of time on this issue. It has been passed by the review committees that worked the budgets, by the Appropriation committee in the House, by the House, and it seems to me, Madam Chairman, that you're the only one here that is disturbed by this. I move that we accept the items in the bill as is.

Senator Regan: A motion is not really necessary unless--.

Senator Himsl: I just thought we could end the debate by doing it.

Senator Regan: Allright. You have heard the motion of Senator Himsl just simply to lay the issue aside--is there any further question? Question was called, voted, passed. Senator Regan, no.

Senator Regan: Were there other issues that we were going to address? There's some language.

Senator Aklestad: Madam Chairman, on page A-6 in the LFA book, At the top, or near the top you've got the functions of the Legislative Auditor. I was going to ask questions about how long it takes the Legislative Auditor to complete a financial compliance audit, which I understand is sometimes very time consuming, and questioning why it takes that much time. I am going to go to the performance audit which as I understand it, a lot of individuals have looked into it, and from testimony in the '85 session, some of the performance audit--all of the performance audit is not mandated, in fact the compliance is

not mandated. The performance audit, in many areas is a duplication of what the LFA is doing, or could do, so I think we better take some FTE's out of their office or had better take some FTE out of areas in LFA, where they are doing this type of auditing. With that in time, I will make a motion.

MOTION: Aklestad. On the proposed audit--or I guess I don't have to designate, just give them latitude, but that's where I would like to take it out of. I would move to take 6 FTE out of the Legislative Auditor, hoping they would come out of the performance.

Senator Bengtson: Wasn't this section closed?

Senator Aklestad: No. (Senator Jacobson took the chair)

Senator Jacobson: We had left -- Senator Keating had a question about this and we had left it open, I'm sorry, Senator Aklestad, you might want to get Scott Seacat down here if you want to discuss it, but maybe we can just discuss it ourselves. I would certainly resist the motion.

Senator Keating: If I may present something. Sitting over in the corner, maybe you can't always hear or see what's going on. An independent financial consultant was asked by Mrs. Feaver, the director of Department of Administration the question about financial audits and if we didn't do the state-wide audits, what it would do to the state. The finance was that if the Legislative auditor did not do these financial and compliance audits state wide, and verify the financial solvency of the state we won't be able to sell bonds. The Moody's Investors Service and the Standards and Poore's Corporation will carry us as a high risk , poor risk institution for selling bonds. You won't be able to sell highway bonds, or coal severance tax bonds, or revenue anticipation notes, the various items that we use to help finance government and create government without having a much higher rate of interest, and if you can sell the bonds at all. So by jeopardizing the Legislative Auditor's functions that are statutorily required, you jeopardize the financial standing of the state when it comes to selling the bonds and the notes that we all vote for every time we come here. Now if you want to pay a higher interest and you want a poorer rating, then lay off the people that you think we don't need to do the job. But if you want to maintain that rating and the low interest privileges that we get from it and you want to continue to fund the state by bonding and some of these other things, then I suggest that you leave the Legislative Auditor right where he is. That budget did not get an increase at all in the '85 budget. Everybody else got a 10% increase across the board, but Legislative Auditor got no increase--in fact got cut back on audit, has taken the 2% cut and the 5% cut and has still given everybody in here all of the audit information they have ever wanted, and the audits that have come in under request by everybody has saved this state a lot of money by changing the administration of most of the programs. So, all I'm saying is if

you don't want the Legislative Auditor, then in the regular session, make a statutory move to do all of the auditing by contracted services and lay everybody off, get rid of the whole department, and turn the whole thing over to the Legislative Council. But, in the meantime, don't try to tinker with this thing or you'll end up jeopardizing the ability of the state to sell bonds and revenue notes and anything else that is required because we will get a lower rating in Moodys, and in Standard and Poors. That's all I'm going to say to you.

Senator Aklestad: If Senator Keating is done carrying water for this division, I'll say a few words. I've never seen so many flags shown up on a subject in my life. I specifically said we should have those things, I wasn't going to mandate it, but they should come out of the performance audit. I would like to remind the Senator and this committee that a financial compliance is not mandated through statutory or constitution. Neither is the performance. This is the information I get from the LFA, if I'm wrong you can correct me on the financial law. (someone said something in this regard) Okay, just the performance is not, then, okay, and that is where I wanted the 6 auditors to be taken out of--performance. It is a duplication of the LFA in many cases.

Senator Jacobson: Senator Aklestad, we did have some concern that the two offices might be doing similar work. They are now working together very closely. It was the Legislative Auditors that found that GAP money last time and I think if the offices had been coordinating they would have realized that a little bit sooner. They are doing so now. Let me try and explain to you why, if you take out 6 FTE you are probably not going to take the ones you want to take and you will take the ones that Senator Keating is telling you that you'll take. Because Legislators go into that office and make requests. Senator Himsel has a request in right now that we audit the medical mal practice board. I have another request in and certain other legislators have other requests in. We have (at this point there was "helter-skelter" discussion which was not distinguishable) One of the requests ultimately ended up in a bill that Senator Van Valkenburg is carrying right now, and that has to do with the Deputy County Attorneys' salary. I think that we have managed through this to save quite a bit of money, and I would certainly be happy to let Scott address that, but I think you put his office in a pretty funny position when legislators are tripling the use of that office right now for him to have to stand at the door and say I'm sorry, I can't honor your request, I can't do the work for you. So what is he going to do? He is probably going to decide not to do the state wide audit, and all of the things that Senator Keating has told you will come true.

(Senator Regan had resumed the chair)

Senator Gage: We either have a misprint or a misstatement or something as far as the financial compliance audit not being required. Look on A-4 it says "Section 5-13-304, MCA, states that the Legislative Auditor shall: conduct a financial and compliance audit of every state agency every 2 years".

Senator Jacobson: That's right, that's by state law and if you remove that law then we go into federal law which says we do it every year, and will cost us more money.

QUESTION was called on Senator Aklestad's motion to cut 6 FTE out of the Legislative Auditor's office which will then reduce their budget down to about what Scott?

Scott Seacatt: Since the '85 session--this is off the top of my head, I would think we would be cut about 30% from where we were.

Voted, voice, then a request for a recorded vote. Voted, motion failed.

Senator Regan asked if there were other issues in that section, and Cliff Roessner said there is the language in the Department of Revenue, Liquor Division, and we don't have that yet, I don't believe. Senator Regan said she thought we did and asked Senator Van Valkenburg to speak.

Senator Van Valkenburg: Believe it or not, it is my opinion that we are approaching the end of this session and in the course of getting toward the end here, I have attempted to try and tie together all of the various proposals for expenditure reduction and revenue increases that were proposed in the executive to see if we have adopted them all. One of those that I have some concern about is whether we have done anything to address the issue of increased liquor profits. The executive proposal indicated that there was approximately \$1,085,000 of revenue --~~for~~ liquor profits-- if certain expenditure reductions were gained in the liquor division. It is my understanding that that executive recommendation comes about between the agreement of the Revenue Oversight Committee and the Department of Revenue to make certain changes in the way the liquor division will be operated in the coming year. I don't think personally that that is a sufficient guarantee to the Legislature that there will be a million dollars there --to just have an agreement between the Revenue Oversight Committee and the Liquor Division. I think that that ought to be implemented into this bill by virtually adopting the language that I have passed out. Now, I am not conversant with the details of that recommendation, so I am not here to answer and to tell you everything that has been proposed. I think that there may be members of the committee who are familiar with it, but my purpose I guess in doing this is to say that there has to be some contract between the Leg-

islature as a whole and the Department of Revenue and that I think the appropriate thing to do is to put this language into this bill.

Senator Regan: Thank you. Would someone move that amendment?

Senator Jacobson so moved.

MOTION to adopt the language.

Senator Smith: I would ask a question of Senator Van Valkenburg--as I understand it, in that recommendation it was recommended that we reduce the percentage of income to those people in the agencies or from selling liquor from 10 to 8%, is that right, Senator Van Valkenburg?

Senator Van Van Valkenburg: I think, Senator, that that had been an earlier recommendation that had been made when we came in March to Special Session, but the agreement between the Revenue Oversight Committee and the Liquor Division now would be that Agency commissions would remain at their current levels through 1987.

Senator Smith: Unless we're presented with all of the committee's recommendations, I personally couldn't vote for this kind of an amendment, we're leaving the door wide open for the Revenue Oversight Committee to carry out things that I don't understand.

Senator Van Valkenburg: In response to that, the language here refers to the recommendations they made on May 19. It doesn't open the door for them to change those. We would simply be adopting what they did then and I think, and most importantly, Senator, I think limiting the Director of the Department of Revenue from doing something different than he agreed to with the Revenue Oversight Committee on May 19.

Senator Smith: I have no objection to that, but I certainly would like to see what their recommendations were, but maybe I should have read that, maybe I did--but I don't remember all the issues that were addressed there.

Senator Regan: Senator, as I understand it, it was an agreement that was agreed between the Liquor Division and the Committee. I think that the question of the agent being commissioned and I think they agreed not to close the two stores that they had earlier said they were going to close. I don't know what the third item was, but it was fairly minor.

Senator Keating: There are two things in this so-called agreement by the Oversight Committee and the Liquor Division that I find particularly bothersome. It has been recommended by the last 6 years by Governor's Advisory Council, by numerous members of the Legislature that the state get out of the Liquor

(retail) Business NOW. Let's get out of it, period. Go to a warehouse system and let people who want to be in the retail liquor business buy a license and go to work. What is happening in the Oversight Committee agreement is that the state is entering into contracts with individuals to convert a state liquor store in the small towns where there is only one liquor store to an agency store in which the individual who takes over the agency store has to buy all the inventory and is responsible for all the inventory, but is still dictated to, as to the price of the product and is limited to a 10% profit in this situation. Wherever there is more than one liquor store in a town, then the state still controls the hours, price, all the things in that so-called agency store as they're converted, so as not to compete with the state liquor store in that town. So, what we have is the state controlling the business while the entrepreneur has to pay for the inventory and is responsible for the inventory and the costs pursuant thereto. The other part that I don't like is that they are setting up 5 year contracts which means they are going to keep the state in the retail liquor business for an additional 5 years. Also, what we're leading to in all this is the quota system which we already have a great deal of problem with in the night clubs and the restaurants and all of the licensing in the state. So, we are getting into two problems. One, we're keeping the state in the business for another 5 years, and we're getting into a quota system, and I think if this measure is introduced into this Legislature and this Legislature is bound by this for the next 5 years, I would strongly urge you to reject this measure because I still think we've got to get out of that retail liquor business as fast as we can.

Senator Regan asked if there were other comments and then none being presented, said there has been--there have been bills introduced in the past to take us out of the liquor business. It was tried last session and it failed. Until that bill passes we have to deal with what we've got, and I would suggest that this is a reasonable approach to use. If in January, indeed, you want to try once again to take the state out of the liquor business, introduce such a bill. It is not as easy as it seems at first blush, I know.

Senator Keating: My concern, Madam Chairman, is that if we adopt this language that this precludes any legislation to the contrary. What we're saying is--we agree that the Oversight Committee's agreement for a 5 year lease is sacred, or that we go about this system where the state will control these agency stores. We will not have any more liquor stores--retail liquor stores--but we will have agency stores, we'll end up with a quota system and we'll end up with a bureau or agency controlling the retailing of liquor in the state, and I realize that we have tried to get out of the retail liquor business and it has been defeated for political reasons a number of times. If we adopt this language we are in for another 5 years of control, and I might add, we're in for another 5 years of continuing decline in the profit area or we're in for an increase of expenses at the expense of those who purchase liquor in the state.

Senator Christiaens: I guess my question is--what are the recommendations?

Senator Van Valkenburg: If you want, I will go and get a copy of those right now.

Senator Christiaens: I think it would be helpful to the members of the committee.

Senator Smith: Is there someone here from the Revenue Oversight Committee or the Liquor Division? The reason I asked that--to address Senator Keating's concern. I was just wondering when you signed a contract with someone, is there a clause in there that protects us from guaranteeing them a 5 year contract?

Senator Van Valkenburg: Could you go on to something else while I go and get this?

Senator Regan: We'll lay this aside, certainly. We'll put this aside, I believe we still have some amendments for section 1 that is a technical amendment that Senator Gage has dealing with the Highways.

Senator Gage: Yes, I would move that the amendment was offered (the first one) that the wording on that be changed so that on page 36 bottom of line 22 it would now read the Department shall not reduce contractor payments due to the 5% cuts in the special session III. All reductions as a result of the 5 % cuts made in Special Session III are to be made from non-construction programs.

Senator Regan: Have you understood the amendment? Would you explain the reason for the amendment, I think there are some who--.

Senator Gage: What happened is, the person in the House who was concerned about those 5% cuts being taken out of construction funds in the Highway Department and thus cutting back construction programs of the Highway. The Highway Department explained to them that the 4 million that was taken out of construction programs had already been put back in the construction program. Further that about \$2 million had been taken out of the maintenance program of the Highway Program, of the 5%, and when this bill--when the amendment was drafted, it was drafted as I just gave it to you. That person then gave us this penciled in some information on it to where it would read "other than construction or maintenance programs" and you either have to put the 2 million back into the maintenance program or change this amendment.

Senator Boylan: Is this General fund money?

Senator Gage: No, Highway construction, gas tax, GVW etc.

QUESTION was called on Senator Gage's amendment, Voted, passed.

Senator Regan asked if there were further areas in section 1, none were given and she said then Section 1 is cleaned up except for the Revenue Oversight Committee, if we decide to do that. We'll put section 1 aside until Senator Van Valkenburg gets back and go on to section 2.

Agriculture section was mentioned as questioned by Senator Keating on new loans from the young farm program. Nothing was brought up, and she asked Keith Wolcott, LFA.

Keith Wolcott: Someone had a question in the Department of Agriculture on the Young Farmers Loan Program.

Senator Keating: I was the one who raised the question on the Beginning Farm Loan Program. In the '85 biennium the program was given general fund loan authority of \$197,000 plus change, and the idea was that they were to make loans for the Young Farmer Program and collect loan fees from the borrowers and return that money to the general fund. There was some problem with some of the federal regulations and the program got up and got going, but was unable to do all they intended to do. However, they spent about \$180,000 to obtain 2 or 3 loans and they collected about \$40,000 in loan fees so they lost about \$160,000 in the first year of operation--the first year and a half, and now they're down to a cash balance of about \$25,000. They've laid off everybody, they only have 1/5 of an FTE that is trying to keep the thing alive and they pay a little bit of rent and the Director has assured me that at the end of the biennium he intends to revert \$20,000 --I don't want to pursue the issue, I don't want to take any of it out, but I thought you ought to know that the Beginning Farm Loan Program is a bust.

Senator Regan asked if there were any further questions in Section C. None to be addressed here. Institutions, Section D. I don't think there is anything to do there. Were there any amendments in sections E or F? Other Education or Higher Education?

Senator Jacobson said there was a question on the Audiology section in the School for the Deaf and Blind. Pam Joehler said there were two for Section E and two for Section F.

Senator Regan: Let's take up the proposed language for the School for the Deaf and Blind. Do you want to go over the language, Pam?

Pam Joehler: The language for the School for the Deaf and Blind which you have before you would amend the language that is currently in the bill to allow the agency to employ or contract with temporary personnel to provide for the Audiological services. The intent, as it would be spelled out in this language would be that the Legislature would review the program during

the '85 regular session to determine if the current status of the program is effective or if there should be some changes at that time.

Senator Regan: Are there comments or questions from the committee?

Senator Jacobson: The intent--they are going to contract out for temporary help, they will be paid as state employees with full state benefits?

Pam Joehler: The agency, when I spoke with them, they didn't know at this time if they would be contracting for every service, or if they would hire some of the clerical personnel to be state employees and the audiologist, for example the one in Eastern Montana, to remain on contract. They weren't able to answer at this time how many would be FTE and how many would be contract. We felt that this language would make it a temporary situation that we could take a look at it in the '87 session.

Senator Jacobson: But it is their intention at some point to hire full time state employees to run this program out of the School for the Deaf and Blind.

Pam Joehler: Senator Jacobson, to the best of my knowledge, yes to some degree, some of them would be FTE, they were not able to tell me which ones were.

Senator Jacobson: I move the amendment (page 81, line 24.

Senator Regan: Pam, what would be the effect to strike the words "to employ or" and simply allow them to contract with temporary personnel? I really resist the idea of putting more state employees on. We haven't got them now, I don't see why we should put them on. Pam, would you comment?

Pam Joehler: Right. The impact of directing the agency to contract with personnel, I think you draw a fine line between a contract relationship and an employee-employer relationship. I don't have the answer on whether or not this would be in jeopardy, or whether this would jeopardize the state or not. I just don't have the answer to that.

Senator Regan: Norm, I know you want to make some comment--you're just dying to, so.

Norm Rostocki from the Budget Office, The request for the FTE will come to our office to put on new FTE. Now if that person could be hired under a contractual -- if they hired them under contract and they should actually be state employees, then we are just opening ourselves up. There is a management memo out that has three specific criteria that says if this person

meets the three criteria they are in fact, state employees, whether or not you call them contractors or not, and we have suits right now that say "we should have been state employees" all along and not contractors. I drafted up this language hoping that putting it on as a temporary situation we could avoid that problem saying make them a contractor for the next 6 months. I was trying to avoid that. I don't think in all cases all these people they are talking about will meet those three criteria to make them independent contractors. In some cases they would, others, they wouldn't.

Senator Regan: We have your word you're going to look hard at this then?

Norm Rostocki: All I can say is that the request for the FTE will come before us and we'll try to monitor it and make sure that if they could contract and they meet the criteria for those contractors, we will make them contract for it.

Senator Regan: The word temporary--does that give you a measure of protection.

Norm Rostocki: I think rather, that it gives you the protection. That was the intent when I put that word in there, that they're not on--when they're hired they can show them the language and say, look, we don't know how long you're going to be on here, and the Legislature can look at it and you can decide then when you come in for the regular session whether this is the way you want to run the program or not. I think it offers both sides the protection.

QUESTION was called on Senator Jacobson's amendment on page 81, line 24. Voted, passed, the motion carries.

Senator Regan: Is there anything else for that section? There's another one for the Historical Society, and this looks like a technical--Pam is this yours?

Pam Joehler: Apparently when we made the changes for the 5% reductions in the Historical Society we're using the wrong source documents, and there were some changes we had to take care of. The budget office brought it to my attention, I wanted to bring it to the committee's attention. The bottom line is there is no difference to the dollar amount to the general fund reduction. We had to allocate the reductions in different programs.

MOTION by Senator Haffey to accept the amendments. QUESTION was called, motion was voted and passed.

Senator Regan: The indirect costs. We have a sheet of amendments on indirect costs.

MOTION by Senator Jacobson to move the amendments. In the last

Legislative session we had a bill on indirect costs by Representative Dave Brown on returning indirect costs for the coming year that were over and above that money that was appropriated in the prior session--that they would be able to keep those indirect costs to offset part of the 2% cuts. That was passed in the March special session, but evidently there was some problems with the language, and that's what you've got in front of you with the language corrections to the bill that was passed in March.

Senator Regan: These indirect costs--are they the ones that they came in -- they normally would have reverted and then they came in and said--can we keep them? That was for '86 wasn't it, or was it for the biennium?

Pam Joeehler: It was for the biennium.

Senator Regan: And, did the Legislature approve their keeping those costs in '87. (someone said yes.) You've heard the motion of Senator Jacobson, and the call for the question. All in favor signify by saying aye. Motion passed.

Senator Regan: The last amendment is a technical amendment, it deals with the 6 mill levy. When the House did this, I think they took the wrong figures. Instead of 14 million it has to be 18. Is that correct? (page 96, line 18)

MOTION by Senator Jacobson, voted, passed.

Senator Hammond: There is another amendment--I handed it out here. Page 81, line 23, the wording, I think will explain it. Insert the amounts in item 3e represent a biennial appropriation.

Pam Joeehler: When the change was made in the House Appropriations --this addresses the Audiological services and the School for the Deaf and Blind, there is a language change that was part of that amendment. The language was supposed to strike the wording "no administrative cost may be taken from item 3e for the Montana School for the Deaf and Blind. When the change was made in the bill, this language which states the amounts in item 3e represent a biennial approp was struck by mistake and the amendment is to restore that language--to make that Audiological Services appropriation remain a biennial appropriation.

MOTION by Senator Hammond to move the amendment. Voted, passed.

Senator Regan: Then the one item we have to address is the Department of Revenue Oversight Committee issue in the Liquor store.

Senator Regan: May I have your attention for a moment. Senator Christiaens has an announcement to make that I think you should all hear. Would you repeat that in a loud voice?

Senator Christiaens: The House Appropriations Committee is meeting tonight at 7 across the hall and they have asked that a Senator or senators from this committee sit in regarding the sale of the Youth Treatment Program at Billings. It will last about 2½ hours they feel.

Senator Regan asked John LaFavor if Senator Van Valkenburg had talked to him and he answered.

John LaFaver: No, I was in the hallway. I don't have the final language. I have some sense of where they were headed but I have not seen their final report.

Senator Regan; John, it would appear that it was the language that they adopted on May 19. It is no change.

Senator Van Valkenburg: In the course of getting this, it appears that one confusing fact is that apparently the recommendations of the Revenue Oversight Committee were adopted on June 19 as opposed to May 19, even though at the top of this it is denominated May, but I also got a copy of the letter from the Chairman of the Revenue Oversight Committee, Mel Williams to the Legislature and it refers there to a final meeting on June 19, so I would ask that my proposed amendment be so amended to reflect the recommendations dated June 19, 1986.

Senator Smith: Is John LaFaver here? John, the question came up earlier, and that is in regard to the contract you make with both state stores and agency stores, and that is -- Is there a clause in that contract that doesn't bind future sessions of the Legislature if they want to change the way liquor is marketed.

John LaFaver: The language that we have tried to put in all of the contracts--there are some exceptions--but the language that we have tried to put in all contracts allows an out. That if the Legislature determines to move the state out of the liquor business that that contract is void, usually on a 30 day notice. That is the type of language that we try to insist upon. Of course the landlords don't like that language and we have to push pretty hard to keep it in sometimes.

Senator Smith: You say you tried, but it isn't in all the contracts?

John LaFaver: I believe there are 4 or 5 contracts in the state that are tighter than that. I won't say that they are absolutely iron clad, but we cannot step out on simply 30 day notice. Most of the contracts with agents and with landlords do allow

an out if the Legislature makes the move.

Senator Keating: John, On the agreements with the agency stores, are they given any preference to a license, if the state gets out of the retail liquor business and starts licensing individuals or corporations or whatever. Are these agency store agreements any kind of a preference for a quota or anything of that nature that would preclude us from severing all ties with agency stores and getting out of the retail liquor business and opening it up in the market place for anybody who wanted to invest.

John LaFaver: What I believe is envisioned here is an entirely different liquor system than we have in place now. If the 1987 Legislature chose to go to taking the state out of retail sales of liquor toward a liquor license concept, you can move to what ever source of preference or nonpreference that you wanted to, but since that is not a part of our liquor system now, there really is no way that I can answer you, since that is not--we don't move agents to liquor licenses now, that is not what is in the law.

Senator Keating: Would these 5 year contracts in any way preclude us from canceling those contracts and getting out of the retail liquor business altogether?

John LaFaver: Let me go back to what I get as the sense of the recommendation of the Revenue Oversight Committee. They're asking us in 17 communities to seek out agents to convert those to an agency status, then in the larger communities they are asking us to move as leases expire, to move in an orderly way. We are not going to get a legitimate business man or woman to invest a significant amount of money in an agency if we're simply going to say "and we can step out of this on a 30 day notice". If we're asking them to put an investment up front they're going in turn, to expect us to make some sort of a commitment in terms of how long they might expect to have that agency.

Senator Keating: Are we making some sort of a 5 year commitment in those agency stores that they will be free of any sort of competition in the area if they enter into a contract with the state to become an agency store?

John LaFaver: That is not a part of the agency contracts at the present time. We allow for--it is a 5 year contract, and we allow for certain "outs", but you have to remember that the only place that we have agency contracts now are in isolated towns that are one store market areas. Very small sort of enterprise, not a lot of interest in those licenses. Sometimes we have to work real hard to find someone to run them. If we move toward an agency concept let's say in the city of Billings, you can depend on it that there will be a lot of interest. It would seem to me that if we went that way we would have to lay out some sort of a time commitment, so that if they are going to make the investment they can depend that they will be an

agent for a specified period of time.

Senator Keating: Okay, what we are going to have in those contracts will be an implied covenant with those agency stores that they are going to have a 5 year monopoly in that spot--that the state would be going back on its contract if we allowed other stores to open on a free enterprise basis. What you're saying is that we can find people to make the investment in the inventory in an agency store the state is going to protect them so they can have a monopoly or we can avoid any complications for at least that 5 year contract.

John LaFaver: That isn't really what I'm arguing. I am looking for whatever Legislative direction that you want to provide. All I'm saying is if we carry out what I understand to be the thrust of the Revenue Oversight Committee then we are going to have to provide some sort of a time assurance that an agent can rely upon in providing a bid to the state.

Senator Keating: What I see is that somehow or other without it being said directly, we're backing the state into the corner to have to honor these 5 year contracts and we will be establishing monopolies for agency stores throughout the state, and that is what I find wrong with the Oversight Committee's agreement for proposals or whatever they have agreed to. We're going to keep the state in the retail liquor business for another 5 years by virtue of these proposed agency contracts.

Senator Regan: I have a couple of questions. If we were not to adopt this language, and as of January decided to get out of the liquor business and pass such a law, how would the Department of Revenue control, or would there be any attempt to control the opening of a liquor store in every drug store and on every corner. Is there a permit--what do you do?

John LaFaver: At the present time there is no package liquor license.

Senator Regan: I understand that, but if we go out of the liquor business then that indeed is what you create, is it not?

John LaFaver: You would have to create whatever --or choose not to.

Senator Regan: And if you chose not to, you might get a liquor store in every grocery store and --.

John LaFaver: No, it would not work that way. If you chose not to create a package liquor license, what you would be saying is that the present tavern would be the liquor store so that you would have on-premises consumption everywhere you had a package store. Because that's the only kind of liquor

license available.

Senator Regan: Do you see real problems with this concern of Senator Keatings -- the conversion of the store and the implied 5 year committment?

John LaFaver: We've been down a lot of roads and lost a lot of blood and skin over this issue. I think at some point pretty soon we are at a point where for the sake of this system we are going to have to say "this is what we are going to do people", landlords, employees, whomever that are trying to rely on this system, we presented a number of ways to try to keep the revenues in place. Some of them have been rejected, some have been modified. I guess at this point I'm saying, I don't much care which one you choose, just choose one and let's go that way, because we are really--if in fact we say we don't want to do this or we don't know what we're going to do, we leave a lot of people sitting in limbo, and I don't think that's very healthy, either.

Senator Story: A couple of questions. One, I know the Oversight committee approved these, but who proposed them?

John LaFaver: We made a proposal to the Revenue Oversight Committee. They chose not to go. No, this is not the proposal that we made. There were--in fact the letter that comes with this that Senator Williams wrote, details to some extent the back and forth that went on. They had a subcommittee of the Oversight Committee that worked on this issue that brought a recommendation to the Oversight Committee. They changed, and then they came back and met again and they told their subcommittee to go back to work. They brought another recommendation back, Revenue oversight Committee changed that and eventually arrived at where you are here.

Senator Story: My second question is, if in fact the agency shops are told when they can open, what price they sell for, and virtually everything else, what are we gaining?

John LaFaver: Well, that's certainly a valid point. The way the agencies are run now are they operate as a private store. They can be open Monday's or Saturdays, at 9 o'clock or close at noon, or whatever they feel that they can make money. The reason, I think, that the Revenue Oversight Committee put this into their recommendation was that there was the concern in a multi-store market area that an agency store could pull the business from a state store and we could end up paying all of the costs that we do in a state store plus paying an agency the commission that we could normally sell out of a state store. And, from the standpoint of the state's bottom line, it wouldn't be a very wise move, that's the reason that it's there, I think.

Senator Regan asked if there was any further discussion.

Senator Keating: The Liquor Division can operate in this manner as directed by the Oversight Committee without having any language in the appropriation bill. The Liquor Division can go right ahead with all of these plans and that sort of thing. It doesn't take a imprimatur from this committee in this bill.

Senator Jacobson: Senator Keating, I think the reason that Senator Van Valkenburg would like the language in the bill. They can also do it by administrative rule, but when they try to do it that way the Legislature seemed to register some concern in the March special session, and I think Senator Van Valkenburg would like the language in the bill so that it is very clear that it is not 12 members of the Legislature, but 150 members of the Legislature that would like to see these goals accomplished.

Senator Keating: One last comment. Then it comes down to whether the Legislature intends to whether we stay in the Liquor business for another 5 years or lease it, or whether we may want to entertain language in another 6 months to get completely out.

Senator Regan: Even if you were to pass a bill to take us out, I'm sure you can't take us out overnight. There would have to be some kind of phase out because there are all kinds of problems that are going to have to be addressed there, including a number of employees and everything else. I do think that there may be some further restructuring, but this sounds like a reasonable approach.

Senator Haffey: John, the concern that Senator Keating has, I think he ought to have that concern whether we place this language in this bill or do not place it in this bill. Does it sound right to you? You understand his concern, he certainly expressed it. He is concerned that the state will be committed to staying in the liquor business for 5 years or so.

John LaFaver: I think under any regard we have to make some commitments over at the Department of Revenue for over 6 months. We have a lease situation right now in Billings that the person wants a 5 year, iron clad lease, and so we're trying to negotiate that.

Senator Haffey: , You are attempting to put in what you characterized them as "outs". However, if you put this language in this bill or don't put this language in this bill you are still going to have that, you are still going to have Senator Keating's concern, that is HE ought to have this concern whether this language goes in or doesn't.

John LaFaver: I think that that's accurate.

Finance and Claims
June 24, 1986
Page 83

QUESTION was called on the motion, voted, voice, then roll call vote. Voted, passed.

Senator Regan asked if there were any further matters to come before the committee.

MOTION by Senator Manning that we concur in House Bill 30 as amended. Voted, passed. Unanimous.

Senator Regan announced the procedure for floor action on House Bill 30 and said there would be a new printed bill.

The meeting was adjourned.

Senator Regan, Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS

COMMITTEE

49th LEGISLATIVE SESSION - - 185

Date

6-24-86

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

6-24-86

DATE 6-6
Finance & Claims

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Lois STEINBECK	OBPP			
Book	OBPP			
May Day	OBPP			
Karen Murray	Dept. of Admin.			
Roy Hoffmann	Health			
Richard Hall	St Auditor's office			
Wendy Curran	St. Auditor			
JUDITH CARLSON	NASW			
Helen Walbran	OBPP MAR			
MARVIN DYE	BCC			
Milk Lavin	BCC			
Bruce H Carpenter	EMC			
Dave Nelson	MT Aids Council			
Tracy Murray	MT Fed Teachers			
by Nicholas	M.H.A.M			

(Please leave prepared statement with Secretary)

6-24-56

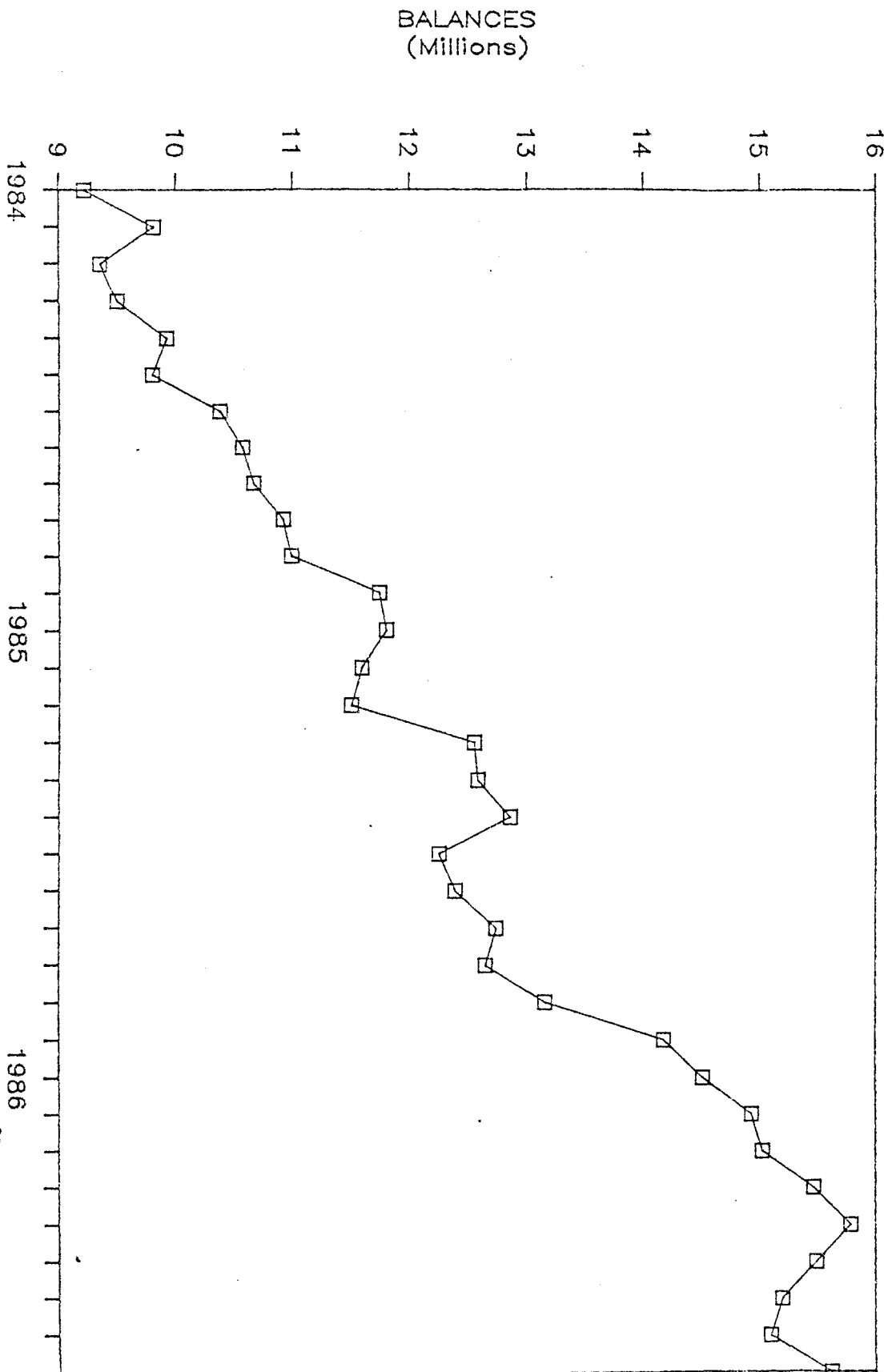
DATE 6-24
Finance & Clerical

Support	Oppose
<p>1. <input type="checkbox"/> <u>1</u></p> <p>2. <input type="checkbox"/> <u>1</u></p> <p>3. <input type="checkbox"/> <u>1</u></p> <p>4. <input type="checkbox"/> <u>1</u></p> <p>5. <input type="checkbox"/> <u>1</u></p> <p>6. <input type="checkbox"/> <u>1</u></p> <p>7. <input type="checkbox"/> <u>1</u></p> <p>8. <input type="checkbox"/> <u>1</u></p> <p>9. <input type="checkbox"/> <u>1</u></p> <p>10. <input type="checkbox"/> <u>1</u></p> <p>11. <input type="checkbox"/> <u>1</u></p> <p>12. <input type="checkbox"/> <u>1</u></p> <p>13. <input type="checkbox"/> <u>1</u></p> <p>14. <input type="checkbox"/> <u>1</u></p> <p>15. <input type="checkbox"/> <u>1</u></p> <p>16. <input type="checkbox"/> <u>1</u></p> <p>17. <input type="checkbox"/> <u>1</u></p> <p>18. <input type="checkbox"/> <u>1</u></p> <p>19. <input type="checkbox"/> <u>1</u></p> <p>20. <input type="checkbox"/> <u>1</u></p> <p>21. <input type="checkbox"/> <u>1</u></p> <p>22. <input type="checkbox"/> <u>1</u></p> <p>23. <input type="checkbox"/> <u>1</u></p> <p>24. <input type="checkbox"/> <u>1</u></p> <p>25. <input type="checkbox"/> <u>1</u></p> <p>26. <input type="checkbox"/> <u>1</u></p> <p>27. <input type="checkbox"/> <u>1</u></p> <p>28. <input type="checkbox"/> <u>1</u></p> <p>29. <input type="checkbox"/> <u>1</u></p> <p>30. <input type="checkbox"/> <u>1</u></p> <p>31. <input type="checkbox"/> <u>1</u></p> <p>32. <input type="checkbox"/> <u>1</u></p> <p>33. <input type="checkbox"/> <u>1</u></p> <p>34. <input type="checkbox"/> <u>1</u></p> <p>35. <input type="checkbox"/> <u>1</u></p> <p>36. <input type="checkbox"/> <u>1</u></p> <p>37. <input type="checkbox"/> <u>1</u></p> <p>38. <input type="checkbox"/> <u>1</u></p> <p>39. <input type="checkbox"/> <u>1</u></p> <p>40. <input type="checkbox"/> <u>1</u></p> <p>41. <input type="checkbox"/> <u>1</u></p> <p>42. <input type="checkbox"/> <u>1</u></p> <p>43. <input type="checkbox"/> <u>1</u></p> <p>44. <input type="checkbox"/> <u>1</u></p> <p>45. <input type="checkbox"/> <u>1</u></p> <p>46. <input type="checkbox"/> <u>1</u></p> <p>47. <input type="checkbox"/> <u>1</u></p> <p>48. <input type="checkbox"/> <u>1</u></p> <p>49. <input type="checkbox"/> <u>1</u></p> <p>50. <input type="checkbox"/> <u>1</u></p>	<p>1. <input type="checkbox"/> <u>1</u></p> <p>2. <input type="checkbox"/> <u>1</u></p> <p>3. <input type="checkbox"/> <u>1</u></p> <p>4. <input type="checkbox"/> <u>1</u></p> <p>5. <input type="checkbox"/> <u>1</u></p> <p>6. <input type="checkbox"/> <u>1</u></p> <p>7. <input type="checkbox"/> <u>1</u></p> <p>8. <input type="checkbox"/> <u>1</u></p> <p>9. <input type="checkbox"/> <u>1</u></p> <p>10. <input type="checkbox"/> <u>1</u></p> <p>11. <input type="checkbox"/> <u>1</u></p> <p>12. <input type="checkbox"/> <u>1</u></p> <p>13. <input type="checkbox"/> <u>1</u></p> <p>14. <input type="checkbox"/> <u>1</u></p> <p>15. <input type="checkbox"/> <u>1</u></p> <p>16. <input type="checkbox"/> <u>1</u></p> <p>17. <input type="checkbox"/> <u>1</u></p> <p>18. <input type="checkbox"/> <u>1</u></p> <p>19. <input type="checkbox"/> <u>1</u></p> <p>20. <input type="checkbox"/> <u>1</u></p> <p>21. <input type="checkbox"/> <u>1</u></p> <p>22. <input type="checkbox"/> <u>1</u></p> <p>23. <input type="checkbox"/> <u>1</u></p> <p>24. <input type="checkbox"/> <u>1</u></p> <p>25. <input type="checkbox"/> <u>1</u></p> <p>26. <input type="checkbox"/> <u>1</u></p> <p>27. <input type="checkbox"/> <u>1</u></p> <p>28. <input type="checkbox"/> <u>1</u></p> <p>29. <input type="checkbox"/> <u>1</u></p> <p>30. <input type="checkbox"/> <u>1</u></p> <p>31. <input type="checkbox"/> <u>1</u></p> <p>32. <input type="checkbox"/> <u>1</u></p> <p>33. <input type="checkbox"/> <u>1</u></p> <p>34. <input type="checkbox"/> <u>1</u></p> <p>35. <input type="checkbox"/> <u>1</u></p> <p>36. <input type="checkbox"/> <u>1</u></p> <p>37. <input type="checkbox"/> <u>1</u></p> <p>38. <input type="checkbox"/> <u>1</u></p> <p>39. <input type="checkbox"/> <u>1</u></p> <p>40. <input type="checkbox"/> <u>1</u></p> <p>41. <input type="checkbox"/> <u>1</u></p> <p>42. <input type="checkbox"/> <u>1</u></p> <p>43. <input type="checkbox"/> <u>1</u></p> <p>44. <input type="checkbox"/> <u>1</u></p> <p>45. <input type="checkbox"/> <u>1</u></p> <p>46. <input type="checkbox"/> <u>1</u></p> <p>47. <input type="checkbox"/> <u>1</u></p> <p>48. <input type="checkbox"/> <u>1</u></p> <p>49. <input type="checkbox"/> <u>1</u></p> <p>50. <input type="checkbox"/> <u>1</u></p>

MT. DENO. Sys.

INCOME TAX DIVISION

ACCOUNTS RECEIVABLE BALANCES



FISCAL YEARS 1984-1986

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1

DATE 6/24/86

BILL NO. 2130

6-20-86
N. C. 30 - 25 mt
6-20-86
1986

INCOME TAX DIVISION

Collection to date FY 1986

<u>Month</u>	<u>Collections</u>	<u>Refund Decrease</u>	<u>Total</u>
July	\$429,184	\$89,360	\$518,544
August	\$453,607	\$49,094	\$502,701
September	\$530,389	\$36,259	\$566,658
October	\$597,492	\$38,718	\$636,210
November	\$541,733	\$38,497	\$580,230
December	\$657,217	\$20,075	\$677,292
January	\$898,785	\$42,132	\$940,917
February	\$476,025	\$146,682	\$622,707
March	\$511,047	\$175,176	\$686,223
April	\$890,633	\$222,934	\$1,113,567
May	\$819,156	\$185,875	\$1,005,031
June			\$0
TOTALS	\$6,805,268	\$1,044,812	\$7,850,080

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 6/24/86
BILL NO. 1000.30

RE: Proposal for Audiological Services
Date: June 18, 1986
Sponsor: Representative Jack Moore

LANGUAGE CHANGE TO HOUSE BILL 500:

Strike: "No administrative costs may be taken from item 3e for the Montana School for the Deaf and Blind"

Insert:

"Item 3e includes funds to allow the Board of Public Education to employ necessary personnel pursuant to providing comprehensive audiological services as provided for in Board of Public Education Policy"

Budget:

Personnel services

1 Administrator	\$ 30,750
8 Audiologists	196,800
10 Aides	104,550
2 Secretaries	25,338

Total personal Services
(includes benefits)

\$337,438

Operations

Travel	87,562
Repair & maintenance & calibration	10,000
Other (supplies and communications)	25,000

Total operating costs

\$122,562

Equipment

20,000

TOTAL PROGRAM COSTS

\$500,000

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 6/24/86
BILL NO. 530

Moore moves
to restore
two itinerant consultants
49,500 to budget of school
Passed with one
no

MONTANA BOARD OF CRIME CONTROL

	FTE	Direct	Admin Services (Indirect)	Audit	Total Cost
POST	1.5	60,121	9,870	1,204	71,195
Grant Administration	2.75	73,172	13,289	1,435	87,896
Technical Assistance	2.0	66,492	12,076	1,322	79,890
Administration	1.25	49,696	9,027	1,018	59,741
Planning & Research	2.0	100,474	16,415	2,003	118,892
Juvenile Justice	3.5	145,650	20,078	2,834	168,562
TOTAL		495,605	80,755	9,816	586,176
Admin. Services Audit	1.0	80,755			
	-	9,816			
TOTAL	14	586,176			

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5

DATE 4/22/86

FILE NO. 5.1

RECOMMENDATION OF THE REVENUE OVERSIGHT COMMITTEE

Liquor Division Recovery

May 19, 1986

* * * * *

The Revenue Oversight Committee recommends to the 49th Legislature and the Department of Revenue:

1. that the Department not close any state liquor store in Kalispell or Billings during fiscal year 1987;
2. that the Department not lower the commission rate paid to any agency store existing on June 1, 1986;
3. that the Department restructure the pricing of liquor products sold at retail in state liquor stores and state liquor agency stores;
4. that in the 17 communities with one state liquor store wherein the leases on the state liquor stores expire during fiscal year 1987, the Department convert the state stores to agency stores;
5. that the Department work towards conversion of state liquor stores in other communities with one state liquor store, with such conversion to be done in an orderly fashion, but without the Department exercising the early termination clause in any lease, unless early termination is done through negotiation;
6. that the Department work towards conversion of state liquor stores in communities with more than one state liquor store either through regulation, e.g. specifying that hours of operation and other restrictions and limitations must be the same as at state liquor stores, or through leasing provisions that would allow concurrent conversion of all state stores in a community to agency stores; and
7. that the commission rate paid to any agency store converted from a state store after July 1, 1986, conform to a sliding scale based on the value of sales of historical record in the converted state liquor store.

Therefore, in meeting the requirement of Section 4, House Bill No. 14 of the March 1986 Special Session, it is the sincere and reasoned recommendation of the Revenue Oversight Committee that the members of the 49th Legislature accept this proposal, and that the Department of Revenue implement the recommendations in an orderly and timely manner.

SENATE FINANCE AND CLAIMS

EXHIBIT NO.

DATE

BILL NO.

Sub-Committee on Education

CURRENT AUDIOLOGICAL PROGRAM

The Montana School for the Deaf and the Blind contracts now with seven (7) providers servicing fourteen (14) contract areas. Currently, there is no administration of the program or coordination of service areas.

Proposal:

MSBD proposes to collapse the fourteen (14) contract areas into six (6) or eight (8) service areas. Full time equivalent (F.T.E.) hiring will include either of the following options:

- | | | | |
|-----|--------------|-----|---|
| (1) | 1 | FTE | Audiologist/Administrator |
| | 1.5 | FTE | Secretary |
| | 5.84 | FTE | Audiologists |
| | 7.30 | FTE | Aides |
| | <u>15.64</u> | FTE | |
| (2) | 1 | FTE | Audiologist/Administrator |
| | 1.5 | FTE | Secretary |
| | 1.46 | FTE | Audiologists with the remainder contracted from current providers |
| | 2.19 | FTE | Aides with the remainder contracted from current providers |
| | <u>6.15</u> | FTE | |

Proposals will be presented to the Board of Public Education. It is felt that with the school administering the program there will be more accountability on services provided and this will eliminate duplication of administrative costs in each of the contract areas. As stated previously, there is no administration of the program under the current structure being provided by the school.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 42-5114
DATE 4-2-80
BILL NO. 207-30

Highway ✓ 21
~~Amend House Bill 30, Blue Copy~~

Page
2, *line 23,*
Page 36, *Following* Line 22

Insert: "The Department shall not reduce contractor payments due to the 5% cuts in Special Session III. All reductions as a result of the 5 percent cuts made in Special Session III are to be made from other than construction or maintenance programs."
now ~~now~~

SENATE FINANCE AND CLAIMS
EXHIBIT NO. *Amendment #1*
DATE *6/24/86*
BILL NO. *HB 30*

2
19 Leating
D of Justice

yellow

Page 21, lines 12 through 14.

Strike: "and \$752,312" on line 12 through "approved" on line 14.

Insert: "If SB 7 passes, item 9 shall be increased by no more than \$90,000 in general fund in fiscal 1987."

passed
Boydland, Hennings

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment #2
DATE 6/24/86
BILL NO. 4B 30

#3
Maximizing

Proposed amendments to HB 30

Senator ~~Gage~~ Jacobson

Amend HB 30, 3rd reading copy, blue, as follows:

(DUE TO LENGTH, THIS BILL WAS NOT REPRINTED. PLEASE REFER TO YELLOW COPY AND ATTACHED BLUE AMENDMENTS)

1. Refer to 2nd reading copy, yellow.

Page 41, line 10.

Strike: "25,000" 25,000"

Insert: "18,000" 18,000"

15,000? 15,000?

1.
Thru
27

Stenetz:
moved strike lines 9 + 10
p. 41

p. 44, lines 8 + 9

p. 41, line 9 + 10.

Strike: lines 9 + 10 in their entirety

p. 44, lines 8 + 9.

Strike: lines 8 + 9 " " "

Refer to
2nd reading
copy, blue
attachments.

QUESTIONS:
(1) Q- less taking
out 25,000
transfer
affect totals?
if so, is it still
OK?
(2) 136, line 25
still OK?

HB30.C1

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment #3
DATE 6/24-86
BILL NO. HB 30

Am # 3

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. _____

Time 8:47

Name	YES	NO	ABSENT	EXCUSED
------	-----	----	--------	---------

Senator Haffey	✓			
Senator Jacobson		✓		
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz	✓			
Senator Boylan		✓		
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan	✓			

4

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

Add L 7 in Rev.

Add back 7 in Dept of Revenue

Failed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Voting Am # 3
DATE 6/24/86
BILL NO. HB 30

*Manning
Amendment*

*Military
affairs*

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-24-86

Bill No. 30

Time 9:06

Name	YES	NO	ABSENT	EXCUSED
------	-----	----	--------	---------

Senator Haffey		✓		
Senator Jacobson		✓		
Senator Aklestad	✓			
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsl		✓		
Senator Stimatz		✓		
Senator Boylan		✓		
Senator Story	✓			
Senator Smith		✓		
Senator Manning (Dick)		✓		
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan	✓			

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: Option C in A 1-114 → 4 FTE

Farley

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment H 4
DATE 6/24/86
BILL NO. HB 30

Amendment to HB 30

Page 41, line 10

Strike: 25,000

Insert: 15,000

Amend totals to reflect change

*Discontinued -
Not moved.*

JUSTIFICATION

The above amendment will reduce the transfer of Wastewater operators state special revenue fees to the general fund by \$10,000. The Department of Health and Environmental Sciences will institute a program of continuing education requirements for wastewater operators effective July 1, 1986. If the fund is reduced by \$25,000 DHES cannot institute the program. Fees were increased in FY 1986 for this program.

Stimuly

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment # 5
DATE 6/24/86
BILL NO. HB 30

Reich's
4

6-24-96
9:45

(1)

Amend HB 30 yellow copy

page 41, line 10

Strike 25000
insert 0

Meloni

page 41, line 9

strike: J. Transfer to General Fund

passed

Senator Stimato

(St
Stimato)

SENATE FINANCE AND CLAIMS
EXHIBIT NO. LFA-Am
DATE 6/24/96
BILL NO. HB 30 #5 (2nd am)

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date

6-24

Bill No.

30

Time

9:50

Name

YES

NO

ABSENT

EXCUSED

Senator Haffey

✓

Senator Jacobson

✓

Senator Aklestad

✓

Senator Hammond

✓

Senator Lane

✓

Senator Christiaens

✓

Senator Gage

✓

Senator Himsl

✓

Senator Stimatz

✓

Senator Boylan

✓

Senator Story

✓

Senator Smith

✓

Senator Manning (Dick)

✓

Senator Bengtson

✓

Senator Keating

✓

Senator Regan

✓

10 - 6

Sylvia Kinsey

Secretary

Senator Regan

Chairman

Motion:

Restore 25,000 to Waste Water Bureau

Dept Health

Carried

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 6124/38

DATE

6/24/88

BILL NO.

48 30

Leighton

Amend House Bill 30 Yellow Copy

Page 73, Line 5

Strike: "\$3,873,602"

Insert: "\$3,763,433"

This eliminates YEP, saving \$110,169 general fund.

Forced

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment #6
DATE 6/24/86
BILL NO. H.B. 30

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-29Bill No. 30Time 11:50

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey		✓		
Senator Jacobson		✓		
Senator Aklestad	✓			
Senator Hammond	✓			
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz		✓		
Senator Boylan	✓			
Senator Story	✓			
Senator Smith		✓		
Senator Manning (Dick)		✓		
Senator Bengtson	✓			
Senator Keating	✓			
Senator Regan	✓			

7 9

Sylvia Kinsey
SecretarySenator Regan
Chairman

Motion:

Bengtson - Close Y & P.

Faiter

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Vote on Am # 6
DATE 6/29/66
BILL NO. HB 30

#47
Smith
Amend House Bill 30 second reading copy:

Page 75 line 24

strike: \$4,024,712

insert: \$4,124,712

LFA will amend totals.

Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment # 7
DATE 6/24/86
BILL NO. NE 30

Manning #8

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-24-86

House

Bill No. 30

Time 1:4

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey		✓		
Senator Jacobson		✓		
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage	✓			
Senator Himsl		✓		
Senator Stimatz	✓			
Senator Boylan		✓		
Senator Story		✓		
Senator Smith	✓	✓		
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan		✓		

7 9

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: to away with user fees
Fire Service Training School Pg 80

failed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Vote on Amendment #8
DATE 6/24/86
BILL NO. 30

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-24-86H.Bill No. 30Time 2:

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey		✓		
Senator Jacobson		✓		
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz		✓		
Senator Boylan		✓		
Senator Story		✓		
Senator Smith	✓			
Senator Manning (Dick)		✓		
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan		✓		

Senator Haffey

Senator Jacobson

Senator Aklestad

Senator Hammond

Senator Lane

Senator Christiaens

Senator Gage

Senator Himsel

Senator Stimatz

Senator Boylan

Senator Story

Senator Smith

Senator Manning (Dick)

Senator Bengtson

Senator Keating

Senator Regan

Sylvia Kinsey
SecretarySenator Regan
Chairman

Motion:

take 5% not 16.67%pg 83 line 16
(deletes \$24,000)filedrestore c. 95,Senator Bengtson

SENATE FINANCE AND CLAIMS
 EXHIBIT NO. Amendment #9
 DATE 6/24/86
 BILL NO. NB 30

#10
Jacobson

Passed

12

70

~~Amendment to House Bill 30-~~
~~Third Reading (Blue) Copy~~

- ✓ 2.1. Amend Committee of the Whole Amendment submitted by Representative Hannah, dated 6-21-86 at 9:15 a.m.

Strike: Committee of the Whole Amendment in its entirety.

- ✓ 3.2. Amend Committee of the Whole Amendment submitted by Representative D. Brown, dated 6-21-86 at 11:33 a.m.

Strike: Committee of the Whole Amendment in its entirety.

House Strike Hannah's
House Amendment

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 24 10
DATE 6/24/86
BILL NO. HB 30

#10
Jacobson
Amendment

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

3 14x

Date 6-24-86

House

Bill No. 30

Time 2:15

Name	YES	NO	ABSENT	EXCUSED
------	-----	----	--------	---------

Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens	✓			
Senator Gage			✓	
Senator Himsl	✓			
Senator Stimatz	✓			
Senator Boylan	✓			
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating	✓			
Senator Regan	✓			

10 | 5

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

Strike Hannah Amendment.

Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Voting Amendment #10
DATE 6/24/86
BILL NO. SB 30

11

10

Section E. Technical Amendment

Amend House Bill 30, Yellow Copy as follows:

Page 100, Line 5

- 20, 1. Strike: "above"
Insert: "fiscal 1986"

no space
*

Following: "provides"

Insert: "52% and the fiscal 1987 appropriation provides"

Technical

Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment # 11
DATE 6/24/86
BILL NO. NB # 30

Enroll NO. _____
DATE _____
BILL NO. _____

#12
Jacobson

AMENDMENT TO HOUSE BILL NO. 30

1. Page 65
Following: Line 12
Insert:

<u>Fiscal 1987</u>	
<u>State</u>	
<u>Special</u>	
<u>Revenue</u>	<u>Total</u>

"h. Butte-Silver Bow Clark Park Project	200,000	200,000"
---	---------	----------

2. Page 66
Following: Line 12
Insert: "Item 4h is an appropriation of funds from the grant program special revenue account within the state special revenue fund established in 17-2-102. \$200,000 of the funds appropriated in House Bill No. 922, Laws of 1985, for grant programs prioritized project number 7 are appropriated for item 4h."

forward

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment #12
DATE 6/24/86
BILL NO. HB 30

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-24-86Bill No. 30Time 4:16

Name

YES

NO

ABSENT

EXCUSED

Senator Haffey

Senator Jacobson

Senator Aklestad

Senator Hammond

Senator Lane

Senator Christiaens

Senator Gage

Senator Himsel

Senator Stimatz

Senator Boylan

Senator Story

Senator Smith

Senator Manning (Dick)

Senator Bengtson

Senator Keating

Senator Regan

8

8

Sylvia Kinsey
SecretarySenator Regan
Chairman

Motion:

*Jacobson**20'**\$ 65**to put the \$200,000 in the Clock Park project**failed*SENATE FINANCE AND CLAIMS
EXHIBIT NO. *Amendment #12 Vote*
DATE *6/24/86*
BILL NO. *NB-30*

73
Aklestad

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-24-86

None

Bill No. 30

Time 4:35

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey		✓		
Senator Jacobson		✓		
Senator Aklestad	✓			
Senator Hammond	✓			
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz		✓		
Senator Boylan	✓			
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)		✓		
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan		✓		

3

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: Take out 6 FTE out of
the Leg. Visitors Office

Motion failed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment # 13 Vote
DATE 6/24/86
BILL NO. HB 30

14

1

26

~~Amend House Bill 30~~

1. Page 24, Line 25

Following: "distance."

Insert: The Division is directed to implement the recommendations of the Revenue Oversight Committee dated ~~May~~ 19, 1986, with respect to Liquor Division Recovery.

June

Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. *Amendment #1*
DATE *6/24/86*
BILL NO. *HB 30*

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-24-86Bill No. 30Time 5:28

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsl		✓		
Senator Stimatz	✓			
Senator Boylan				
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan	✓			

8 7

Sylvia Kinsey
SecretarySenator Regan
Chairman

Motion: Page 24 Line 25 Jacobson (✓✓)
14

Carried

SENATE FINANCE AND CLAIMS
 EXHIBIT NO. Volume Am #14
 DATE 6/24/86
 BILL NO. HB 30

Jackson
15

30
PROPOSED LANGUAGE FOR HB ~~500~~

SCHOOL FOR THE DEAF AND BLIND

Page 81 (yellow copy)
Line 24

Item 3e includes funds to allow the Board of Public Education to employ necessary or contract with temporary personnel pursuant to providing comprehensive / audiological services as provided for in Board of Public Education policy. It is the intent of the Legislature that this program be reviewed during the 1987 regular session.

Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Am #15
DATE 6/24/86
BILL NO. WB 30

#16

16

Section E
Hist. Society

Hoffman

~~AMEND HOUSE BILL 30, YELLOW COPY~~

12. 1. ✓ Page 92, line 18.
Strike: "380,125" 451,346"
Insert: "371,891" 443,112"
13. 2. ✓ Page 92, line 23.
Strike: "146,337" 179,970"
Insert: "145,057" 178,640"
14. 3. ✓ Page 93, line 5.
Strike: "215,909" 324,966"
Insert: "214,081" 323,138"
15. 4. ✓ Page 93, line 9.
Strike: "40,124" 399,719"
Insert: "39,758" 399,353"
16. 5. ✓ Page 93, line 15.
Strike: "71,912" 830,417"
Insert: "71,272" 829,777"
17. 6. ✓ Page 93, line 20.
Strike: "203,171" 220,935"
Insert: "201,435" 219,199"
18. 7. ✓ Page 93, line 23.
Insert: "14,084" under general fund, fiscal 1987
Strike: "65,042"
Insert: " 79,126"
- ~~LEA WILL AMEND TOTALS~~

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment #16
DATE 6/24/86
BILL NO. HB 30

9

AMEND HB30, YELLOW COPY

21. 1. Page 102, lines 17-20.
Strike: lines ¹⁷⁻²⁰ in their entirety
~~Following line 16~~ Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$935,000 is appropriated to Montana State University."
22. 2. Page 104, lines 6-9.
Strike: lines ⁶⁻⁹ in their entirety
~~Following line 5~~ Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$400,000 is appropriated to the University of Montana."
23. 3. Page 105, lines 13-15.
Strike: lines ¹³⁻¹⁵ in their entirety
~~Following line 12~~ Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$85,000 is appropriated to Eastern Montana College."
24. 4. Page 106, lines 17-19.
Strike: lines ¹⁷⁻¹⁹ in their entirety
~~Following line 16~~ Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$20,000 is appropriated to Northern Montana College."
25. 5. Page 107, lines 18-21.
Strike: lines ¹⁸⁻²¹ in their entirety
~~Following line 17~~ Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$14,000 is appropriated to Western Montana College."
26. 6. Page 109, lines 1-4.
Strike: lines ¹⁻⁴ in their entirety
~~Following line 25 on page 108~~ Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$150,000 is appropriated to Montana College of Mineral Science and Technology."

the

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment #17
DATE 6/24/86
BILL NO. HB 30

Passed

#18
19,
Section F. Technical Amendment

OK
~~Amend House Bill 30, Yellow Copy, as follows:~~

1 Page 96, line 18

Following: "exceed"

Strike: "\$14,384,000 in fiscal 1986 and"

The House Appropriations Committee intended that 6 mill levy revenue up to \$18,049,000 be used by the university system in fiscal 1987. Existing boilerplate language requires that excess fiscal 1986 and 1987 revenues cause a general fund reversion. This amendment eliminates the reversion requirement for fiscal 1986 and will allow the Commissioner of Higher Education to meet legislative intent in fiscal 1987.

Passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. *Amendment #18*
DATE *6/24/86*
BILL NO. *HB 30*

Hammond
Amendment to House Bill 30, Yellow Copy as follows:

Page 81, Line 23:

Insert: "Amounts in item 3e represent a biennial appropriation."

SENATE FINANCE AND CLAIMS
EXHIBIT NO. Amendment # 19
DATE 6/24/86
BILL NO. H.B. 30

STANDING COMMITTEE REPORT

June 24,

86

19.....

MR. PRESIDENT

FINANCE AND CLAIMS

We, your committee on.....

HOUSE

No. 30

having had under consideration.....

third

reading copy (

blue

) color

GENERAL APPROPRIATIONS REVISION -- AMEND HB 500

BARDANAGUE (REGAN)

(DUE TO LENGTH, THIS BILL WAS NOT PRINTED, PLEASE REFER TO YELLOW COPY AND ATTACHED BLUE AMENDMENTS)

HOUSE

No. 30,

Respectfully report as follows: That.....

No.

be amended as follows:

Refer to 2nd reading copy, yellow.

1. Page 24, Line 35

Following: "distance."

Insert: "The Division is directed to implement the recommendations of the Revenue Oversight Committee dated June 19, 1986, with respect to Liquor Division Recovery."

2. Page 36, Line 23.

Following Line 22

Insert: "The Department shall not reduce contractor payments due to the 5 percent cuts in Special Session III. All reductions as a result of the 5 percent cuts made in Special Session III are to be made from non-construction programs."

3. Page 41, Lines 9 and 10.

Strike: Lines 9 and 10 in their entirety

Page 44, Lines 8 and 9.

Strike: Lines 8 and 9 in their entirety

4. Page 42, Line 24.

Strike: "\$2,060,470 23,339,367"

Insert: "\$2,335,470 23,314,367"

5. Page 44, Lines 8 and 9.

Strike: Lines 8 and 9 in their entirety

~~XXXXXX~~

~~XXXXXX~~

(continued)

~~XXXXXX~~

June 24,

86
19.....

6. Page 54, Line 12.
Strike: "17,538,843 291,977,279"
Insert: "17,513,843 291,952,279"
7. Page 75, Line 24.
Strike: "4,024,712 5,259,888"
Insert: "4,134,712 5,359,888"
8. Page 79, Line 6.
Strike: "63,373,490 73,127,570"
Insert: "63,373,490 73,227,570"
9. Page 81, Line 24.
Following: "appropriation."
Insert: "Amounts in item 3e represent a biennial appropriation."
10. Page 81, Line 25.
Following: Line 24
Strike: "necessary"
Insert: "or contract with temporary"
11. Page 81, Line 5.
Following: "policy."
Insert: "It is the intent of the Legislature that this program be reviewed during the 1987 regular session."
12. Page 92, Line 16.
Strike: "380,125 431,346"
Insert: "371,891 443,112"
13. Page 92, Line 23.
Strike: "148,337 179,970"
Insert: "145,057 178,690"
14. Page 93, Line 5.
Strike: "215,902 324,366"
Insert: "214,061 323,136"
15. Page 93, Line 8.
Strike: "40,124 399,719"
Insert: "39,758 399,353"
16. Page 93, Line 15.
Strike: "71,912 930,417"
Insert: "71,272 930,777"
17. Page 93, Line 20.
Strike: "203,171 228,035"
Insert: "201,435 219,199"

(continued)

June 24,

86

19.....

18. Page 93, line 23.
Insert: "14,884" under general fund, fiscal 1987
Strike: "63,942"
Insert: "79,126"
19. Page 94, line 18.
Following: "exceed"
Strike: "\$14,394,000 in fiscal 1986 and"
20. Page 100, line 5.
Strike: "above"
Insert: "fiscal 1986"
Following: "provides"
Insert: "52% and the fiscal 1987 appropriation provides"
21. Page 102, lines 17-20.
Strike: lines 17-20 in their entirety
Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$935,000 is appropriated to Montana State University."
22. Page 104, lines 6-9.
Strike: lines 6-9 in their entirety
Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$409,000 is appropriated to the University of Montana."
23. Page 105, lines 13-15.
Strike: lines 13-15 in their entirety
Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$85,000 is appropriated to Eastern Montana College."
24. Page 106, lines 17-19.
Strike: lines 17-19 in their entirety
Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$20,000 is appropriated to Northern Montana College."
25. Page 107, lines 18-21.
Strike: lines 18-21 in their entirety
Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$14,000 is appropriated to Western Montana College."
26. Page 109, lines 1-4.
Strike: lines 1-4 in their entirety
Insert: "For each year of the 1987 biennium, that portion of the current unrestricted fund derived from indirect cost reimbursements that exceeds \$150,000 is appropriated to the Montana College of Mineral Science and Technology."

(continued)

27. Page 109, line 18.

Strike: TOTAL STATE FUNDING totals under General Fund, State Special Revenue, and Total, fiscal 1987

Insert: "337,447,624" under General Fund

"304,919,326" under State Special Revenue

"1,059,380,362" under Total

Refer to 3rd Reading Copy, blue, attachments.

1. Amend House Committee of the Whole Amendment sponsored by Representative Quilici, dated 6-21-86, 7:59 p.m., as follows:

Amendment 6.

Following: Strike instruction

Insert: "Insert: "If Senate Bill 7, Special Session III, passes, item 9 shall be increased by no more than \$93,000 general fund in fiscal 1987.""

2. Amend Committee of the Whole Amendment submitted by Representative Hannah, dated 6-21-86 at 9:15 a.m.

Strike: Committee of the Whole Amendment in its entirety.

3. Amend Committee of the Whole Amendment submitted by Representative D. Brown, dated 6-21-86 at 11:33 a.m.

Strike: Committee of the Whole Amendment in its entirety.

AND AS AMENDED
BE CONCURRED IN

SENATOR REGAN, Chairman