

MINUTES
NATURAL RESOURCES SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 22, 1987

The meeting of the Natural Resources Subcommittee was called to order by Chairman Swift on January 22, 1987, at 8:00 a.m. in room 202 of the State Capitol.

All members were present with the exception of Rep. Spaeth who was excused. Also present were Carl Schweitzer, Senior Analyst for the Legislative Fiscal Analyst's Office (LFA) and Sib Clack, Budget Analyst from the Office of Budget and Program Planning (OBPP).

Tape 33a

Rep. Manuel addressed the subcommittee by stating he had been on the subcommittee for 14 years and chairman five times and expressed concern regarding credibility of recent actions in subcommittee. Chairman Swift did not desire to respond but agreed he wants to continue the working relationship in the subcommittee and the credibility. He further stated these are hard times so the subcommittee cannot continue "business as usual". He asked the department heads to help the subcommittee approach problems in a uniform and equitable manner. To look at the budgets all in the same manner as discussed and asked for comments.

Sen. Smith commented on his respect for the subcommittee and stated his actions were not politics but strictly economics. He emphasized his district had lost 3,000 jobs in the last four years. The subcommittee must make some tough decisions until the economy turns around.

Sen. Story stated the state priority was to fund the essentials first. His priority was to take all the general fund from the agencies in order to fund these essentials. He supported making cuts the first time so the subcommittee would not have to do the work twice.

Rep. Devlin told the subcommittee he realized when general fund match is removed, federal fund match is also lost. He felt matching got them in the problem they faced now.

Rep. Spaeth also felt strongly about the programs. Business Assistance Program was a very tender nerve to

him. All subcommittee members have favorite programs and felt the subcommittee was harder on Business Assistance than other programs. He would continue to fight for this program to see that it was reviewed in same manner as others.

Sen. Boylan stated the need to proceed with committee business.

Department of Commerce

Local Government Administration

Carl explained the executive budget for Item One and explained the Local Government Administration had two positions, the division administrator and an attorney position. See EXHIBIT 1.

A short discussion followed. A motion was made by Rep. Devlin to accept the executive budget for Item One. Motion passed unanimously.

Housing Bureau

Carl stated that the Board of Housing administers the section eight Housing Funds and there was no general fund, but completely funded by federal funds. See Exhibit No. 1, page C-155.

There were no questions and no discussion. A motion was made by Sen. Smith to accept the executive budget's recommendations. Motion passed unanimously.

Board of Housing

Carl explained Board of Housing was financed by proprietary funds and explained the differences. See Exhibit No. 1, page C-185.

Jay McCloud told subcommittee members that \$98,000 was a posturing budget item. There were no questions. A motion was made by Sen. Smith to accept the executive budget's recommendations for Board of Housing. Motion passed unanimously.

Director's Office

Carl stated all the remaining programs were on page C-187 thru C-190. See Exhibit No. 1. Carl explained both the director's office and the Management Service Division are financed by the indirect charges where every program is charged a percentage on their personal services which then comes in and finances the

director's office and the Management Services' Division. The LFA has in the budget, \$6,600 each fiscal year for computer maintenance.

Tape 33B

Sib Clack, OBPP, stated the National Governor's Association dues of \$2,500 is in the Executive Budget but is not in the LFA budget. She explained the \$6,600 should be in the Executive Budget which was an oversight of hers and is needed to continue. Motion was made by Rep. Devlin to accept the LFA budget on Item 1. Motion passed unanimously.

Rep. Devlin asked would the cuts they have made in the subcommittee make a difference on the total? Sen. Smith answered stating if you eliminated all the business assistance division which is primarily the position that finance the general fund, that would be one source not able to draw administrative funds from. Percentage is going to increase in all other budgets to finance management Service Division. Guiding Factor is level set for the Director's Office Budget and the Management Service's Division. If one program is eliminated then there are not as many programs to spread the costs so the cost per program goes up. Currently charging 9.8% personal services which is about .90% of the total agency appropriation. With the lottery, that percent will fall to about 7.5%.

Rep. Devlin stated there is an increase above the current level and had not been able to tie it back to the amount of the Governor's budget. Sib Clack stated current level which was FY '86 expenditures for dues in this program was \$4,450. What they were asking was \$5,000 from the National Association of States Development Agencies and \$4,050 for the prorated share of the MGA dues. She further commented if the full NASDA dues of \$4,400 were paid they have probably gone up to \$5,000.

Sen. Smith moved that they were not opposed to this being in another budget and that they do not allow the \$2,050 in this particular budget but be in the Governor's budget. Rep. Manuel made a substitute motion to delay this decision until further information could be obtained. Substitute motion passed unanimously.

Public Contractor Licensing

Carl explained the program was entirely general fund with an additional \$700 postage that the executive budget cut. See EXHIBIT 1, page C-189. Sen. Smith

asked if the program had been automated prior to the present proposed budget. Mr. Brint Markle, Council for the Department of the Public Contractor's Licensing, answered yes, they had a licensing system which was designed three years ago but does not sufficiently meet the needs of the operation. Through license fees the general fund earned about \$245,000 a year. In turn, the licensing function is appropriated out of the general fund.

Sen. Smith asked if the Governor recommended they eliminate a lot of these licenses? Rep. Story answered about 12 or 15. Mr. Markle stated the only checking done is to clearly examine the application which included a financial statement and a statement that bond had been acquired. He stated that, according to the law, jobs under \$10,000 do not require public license. Sen. Smith stated that due to all the costs involved, sometimes the building permit and the architect costs exceed the labor on the project and he wanted to make sure these people were not asked to pay dues to the Contractor's Association plus have to live under all the requirements that were set up. Sen. Smith moved to accept the executive budget on Item 1.
Motion passed unanimously.

Sen. Smith moved to accept executive budget for Item 2.
Motion passed unanimously.

Rep. Manuel moved to accept the budget as a whole.
Motion passed unanimously.

Consumer Protection

Carl informed the committee the one difference was a modification the executive is approving for \$15,483 to implement the Lemon Law. See Exhibit No. 1, page C-189. Sib Clack stated the amount listed for lemon law should be \$10,483 instead of \$15,483.

Rep. Devlin stated they cannot function with the current law and are asking for the funding to affect the statutory law that was passed in 1985.

Rep. Manuel asked if there were a lot of calls from the consumer that ask what to do about a car. Carolyn Doering answered the original estimates were between 20 and 30 actual lemon cases a year but now the office receives from two to four phone calls per day. Many from lawyers, others from consumers. Rep. Devlin asked what they would do if they had the \$10,000. Mr. Markle stated the law says the state shall set up an arbitration procedure which can be done on fees. If

money was available, he would set up a state system if it still remained in the law that was coming up. Sen. Story asked how many phone calls were received on other consumer matters? Mr. Markle answered 60 to 100 per day. They send out 2000 complaints a year of which 90% are investigated. Of those, 45% to 50% cannot be settled congenially. Sen. Story asked why they could not go to court on consumer complaints. Mr. Markle answered due to no funding. Sen. Smith asked how many complaints were received from the consumer in a year. Mr. Markle answered a little over two thousand a year.

Sen. Story moved to accept the executive budget without the modified. Motion passed unanimously.

Legal Services Division

Carl stated the differences were so insignificant they were not listed. See Exhibit No. 1, page C-189. Sen. Story moved to accept the executive budget. Motion passed unanimously.

Programmer

Carl explained if a program within the department wanted to use the programmers, they pay for the services on an hourly rate. See Exhibit No. 1, Page C-189. Andy Poole gave a background on programmers. Rep. Manuel moved to accept the executive budget for this program. Motion passed unanimously.

Management Services

Carl stated this was the division that did all the personnel, bookkeeping, and accounting for the department and was funded by percentage. See Exhibit No. 1, Page C-189. There has been a modification request for an additional administrative position which would handle the additional responsibilities connected with the lottery.

The building and grounds specific charges, being charged now by Fish, Wildlife, and Parks, are divided up by building for all buildings other than the Ninth Avenue building. Rep. Devlin asked if, on Item 1, it included the increase level asked for. Carl responded with the addition of 35 FTE's and approximately \$25 million in revenue, it would be covered. Currently they had about 170 FTE's and the addition of 35 FTE's was significant in terms of payroll and payment of daily bills.

Rep. Manuel moved to accept the executive action for Item 1. Motion passed unanimously. Mr. Colbo commented there were proposed amendments to the lottery division. The addition of the lottery would result in approximately a two percentage point drop in all the programs in the agency. Rep. Manuel moved the subcommittee recommend to the full committee that No. 1 be approved. Roll call vote. Motion carried 4-2.

Sen. Story moved to accept executive budget for the Management Services as approved. Motion passed unanimously.

Carl stated that the Governor is reorganizing the Coal Board Loan Program. The proposal is to meld it with the Board of Investments. He further stated he has some difficulties ahead to put the budget together for the Department of Commerce due to a big piece still missing which is the lottery. This will affect the entire budget because it will affect how much he charged the other programs.

Montana Promotions

Carl highlighted the differences. See Exhibit 1, page C-153 and C-132. Sen. Story moved to accept the executive budget. Motion passed unanimously. (Rep. Spaeth was absent.)

Building Codes Division

Sib Clack stated the language they were asking the subcommittee to consider was to be included in the general appropriations tax for the 1989 biennium which is found on page S-221 in the executive budget. They are asking for the continuation of this language. The problem, administratively is, if we did this are we condoning the acceptance of the Model Conservation Standards. It would allow the state of Montana to enforce those energy codes, if they are adopted, for the region by the Northwest Power Planning Council and enforced by Bonneville Power Administration. The threat has been within the federal law which is a 10% surcharge. Language would allow the Department of Commerce to provide education and enforcement of those provisions if necessary.

Sib stated one of the requirements for certification of bonafide budget amendment during the interim is that the funds were not available for consideration during the legislature and were not addressed. Language says if federal funds become available for this education

and enforcement it would not come out of general fund. Rep. Swift questioned whether or not with this kind of language they were condoning the enforcement or implementation of MCS. Sib responded by stating what the subcommittee was doing was safeguarding the state so they would be able to respond in case a 10% surcharge would be attached to that kind of activity within Bonneville service territory.

Sen. Smith asked if the money was available. Sib answered not to her knowledge. Sen. Smith as concerned and asked if there was an anticipation that the money would be available. Colbo stated he did not anticipate those revenues in the next two years. Rep. Manuel moved to allow the language in the new appropriation's bill similar to '87 budget. Motion passed unanimously.

Sib stated she neglected to ask for consideration by the subcommittee of two more additional budget amendment language wording in the general appropriation's act. Recommended language is "if a computerized adaptive testing program becomes mandatory in FY '89, the Board of Nursing may request a budget amendment to cover the costs of implementing the program".

Rep. Manuel moved to accept the language. Motion passed unanimously.

Sib also asked, regarding Board of Housing, that budget amendment language be included such that "if their bonding activities increases in the '89 biennium, they may come in for a budget amendment approval for proprietary funds if necessary to cover the additional bonding cost". Rep. Manuel moved to accept the language proposed in executive budget. Motion passed unanimously.

Board of Investments

Keith Colbo gave overview of what was proposed regarding a finance program known as Montana Economic Development Program which houses the finance program within the department programs for economic development. See Exhibit No. 1, page S-215. The Governor submitted a special letter to all members of the legislature detailing a proposal that is now taking bill form in drafting in the Legislative Council, which would merge the State Board of Investments with Montana Economic Development Board within the Department of Commerce. The state of Montana, through the Board of Investments, manages over \$2.1 billion. The Economic

Development Board within the Department of Commerce has over \$14.2 million in coal tax loans. By combining the two, would reduce the need for more staff and they could share duties and responsibilities which would reduce the demand on the general fund expenditure by \$140,000 per year in proposed year FY '88 and FY '89. Mr. Colbo introduced Tom Crosser, senior analyst for the Budget Office who submitted written testimony. See Exhibit No. 2.

Tape 34B

Mr. Crosser went over his four page testimony. He stated one of the general fund savings would result from the direct general fund appropriation for the Department of Commerce's Economic Development Board being eliminated and those costs shifted to the Board of Investments' proprietary account. Sen. Story stated the handout did not mention the bank deposit program. He also asked what the local assistance, which is \$250,000, is for. Carl answered by stating it was for the interest buy down to subsidize for the interest rate of agriculture loans. It allowed the banks to cut the interest rate 1%. Question was asked as to how many people are utilizing the program at the present time. Colbo said forty used it last year. He also stated there will be a one 9-member board created. Rep. Swift stated in view of the fact of the need to look at legislation and the need to answer questions relative to the link deposit, they would delay taking executive action until they had the opportunity to do that.

Coal Board

Carl asked Newell Anderson to look into what commitments had been made for '88 and the Coal Board. Mr. Anderson stated the only commitment was for 1988 for \$712,500 for Yellowstone County Prison for one year.


Chairman Swift stated they could move back to the motion on the Coal Board made yesterday which stated "to allow those committed funds from the Coal Board to approve that level that they knew of" and proceed that way on Item Four. Sen. Story state his motion to read "to give no spending authority for any funds that were not committed". Carl told the subcommittee to look at the executive budget showing non-operating was \$815,824. He suggested to strike that and put \$712,500, which is the amount needed in 1988, and then under the executive for 1989 where it says \$857,028, strike that and put zero, and leave the operating

expenses. What they had eliminated was the ability to give any more grants. Along with that, send a letter stating what actions had been taken to specifically appropriate enough money for the Yellowstone County jail plus the administrative costs.

Sen. Smith asked how much money would this divert to that maneuver and how much would revert to the general fund. Carl answered \$4,375,000 in 1989 could be available to the general fund and about \$3,400,000 in 1988. Sen. Smith asked would that give a signal insinuating we have \$8 to \$9 million that could be pulled out to put into general fund. Carl answered yes, it would be a signal. Sib Clack asked for clarification on the amount of the obligation for the Yellowstone County jail. Answer was whatever level the commitment was, they approve at that level.

Sen. Story's motion passed with Rep. Manuel and Sen. Smith voting no.

The meeting adjourned at 11:30.



Chairman
Natural Resources Subcommittee

Subcommittee Action

Agency: Commerce Program: Coal Board

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	2.50	2.50	0.00	2.50	2.50	0.00
Personal Serv.	\$ 83,376	\$ 82,390	\$ 986	\$ 83,488	\$ 82,508	\$ 980
Operating Exp.	83,577	59,206	24,371	82,484	49,977	32,507
Equipment	223	-0-	223	-0-	-0-	-0-
Non-Operating	<u>815,824</u>	<u>4,154,104</u>	<u>(3,338,280)</u>	<u>857,028</u>	<u>4,375,002</u>	<u>(3,517,974)</u>
Total Exp.	<u>\$983,000</u>	<u>\$4,295,700</u>	<u>\$(3,312,700)</u>	<u>\$1,023,000</u>	<u>\$4,507,487</u>	<u>\$(3,484,487)</u>

Funding

State Spec. Rev.	<u>\$983,000</u>	<u>\$4,295,700</u>	<u>\$(3,312,700)</u>	<u>\$1,023,000</u>	<u>\$4,507,487</u>	<u>\$(3,484,487)</u>
------------------	------------------	--------------------	----------------------	--------------------	--------------------	----------------------

<u>Differences</u>	Add to (Subtract From) LFA Current Level		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Contract Service	\$ 15,953	\$ 15,953	_____	_____
2. Audit		8,000	_____	_____
3. Overtime	1,090	1,090	_____	_____
4. Grants	(3,338,280)	(3,517,974)	_____	_____

Subcommittee Action

Agency: Commerce

Program: Hard Rock Board

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	2.00	2.00	0.00	2.00	2.00	0.00
Personal Serv.	\$ 61,029	\$ 61,051	\$ (22)	\$ 61,066	\$ 61,093	\$ (27)
Operating Exp.	43,961	29,399	14,562	43,495	29,209	14,286
Non-Operating	<u>-0-</u>	<u>1,008,550</u>	<u>(1,008,550)</u>	<u>-0-</u>	<u>1,280,698</u>	<u>(1,280,698)</u>
Total Exp.	<u>\$104,990</u>	<u>\$1,099,000</u>	<u>\$ (994,010)</u>	<u>\$104,561</u>	<u>\$1,371,000</u>	<u>\$(1,266,439)</u>
Funding						
State Spec. Rev.	<u>\$104,990</u>	<u>\$1,099,000</u>	<u>\$ (994,010)</u>	<u>\$104,561</u>	<u>\$1,371,000</u>	<u>\$(1,266,439)</u>
Total Funding						

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Executive Project Increases in Hard Rock mining activity	\$ 14,562	\$ 14,286	_____	_____
2. Trust Fund Appropriation	(1,008,550)	(1,280,698)	_____	_____

Subcommittee Action

Agency: Commerce

Program: Community Assistance

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	8.50	8.50	0.00	8.50	8.50	0.00
Personal Serv.	\$ 247,291	\$ 245,833	\$ 1,458	\$ 247,078	\$ 245,621	\$ 1,457
Operating Exp.	152,104	140,929	11,175	150,603	139,307	11,296
Equipment	223	223	-0-	-0-	-0-	-0-
Non-Operating	<u>5,262,651</u>	<u>5,262,651</u>	<u>0-</u>	<u>5,262,673</u>	<u>5,262,651</u>	<u>22</u>
Total Exp.	<u>\$5,662,269</u>	<u>\$5,649,636</u>	<u>\$12,633</u>	<u>\$5,660,354</u>	<u>\$5,647,579</u>	<u>\$12,775</u>
Funding						
General Fund	\$ 214,613	\$ 211,539	\$ 3,074	\$ 213,839	\$ 209,481	\$ 4,358
Federal	<u>5,447,656</u>	<u>5,438,097</u>	<u>9,559</u>	<u>5,446,515</u>	<u>5,438,098</u>	<u>8,417</u>
Total Funding	<u>\$5,662,269</u>	<u>\$5,649,636</u>	<u>\$12,633</u>	<u>\$5,660,354</u>	<u>\$5,647,579</u>	<u>\$12,775</u>

Add to (Subtract From)
LFA Current Level

Subcommittee Action

<u>Differences</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Overtime	\$1,458	\$1,457		

Subcommittee Action

Agency: **Commerce**

Program: **District Court**

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	1.00	1.00	0.00	1.00	1.00	0.00
Personal Serv.	\$ 17,772	\$ 17,772	\$ -0-	\$ 17,791	\$ 17,793	\$ (2)
Operating Exp.	52,911	62,128	(9,217)	52,926	13,251	39,675
Equipment	-0-	-0-	-0-	2,429,283	2,500,000	(70,717)
Non-Operating	<u>2,429,317</u>	<u>2,500,000</u>	<u>(79,900)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Exp.	<u>\$2,500,000</u>	<u>\$2,579,000</u>	<u>\$(79,000)</u>	<u>\$2,500,000</u>	<u>\$2,531,044</u>	<u>\$(31,044)</u>
Funding						
General Fund	<u>\$2,500,000</u>	<u>\$2,579,000</u>	<u>\$(79,000)</u>	<u>\$2,500,000</u>	<u>\$2,531,044</u>	<u>\$(31,044)</u>

Add to (Subtract From)

LFA Current Level

Subcommittee Action

Differences

Fiscal 1988

Fiscal 1989

Fiscal 1988

Fiscal 1989

Subcommittee Action

Agency: Commerce

Program: County Land Planning

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Non-Operating Exp.	<u>\$299,000</u>	<u>\$245,469</u>	<u>\$53,531</u>	<u>\$311,000</u>	<u>\$257,571</u>	<u>\$53,429</u>
<u>Funding</u>						
State Spec. Rev.	<u>\$299,000</u>	<u>\$245,469</u>	<u>\$53,531</u>	<u>\$311,000</u>	<u>\$257,571</u>	<u>\$53,429</u>

Add to (Subtract From)

LFA Current Level

Subcommittee Action

Differences

Fiscal 1988

Fiscal 1989

Fiscal 1988

Fiscal 1989

1. Revenue estimate differences
0.38 percent of total coal
severance tax

Subcommittee Action

Agency: Commerce

Program: Local Gov't Block Grant

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Non-Operating Exp.	<u>\$8,836,000</u>	<u>\$17,971,867</u>	<u>\$(9,135,867)</u>	<u>\$9,414,000</u>	<u>\$18,356,358</u>	<u>\$(8,942,358)</u>
Funding						
General Fund	\$ -0-	\$11,557,687	\$(11,557,687)	\$ -0-	\$12,038,358	\$(12,038,358)
State Spec. Rev.	<u>8,836,000</u>	<u>6,414,000</u>	<u>2,422,000</u>	<u>9,414,000</u>	<u>6,318,000</u>	<u>3,096,000</u>
Total Funding	<u>\$8,836,000</u>	<u>\$17,971,687</u>	<u>\$(9,135,687)</u>	<u>\$9,414,000</u>	<u>\$18,356,358</u>	<u>\$(8,942,358)</u>

Add to (Subtract From)

LFA Current Level

Subcommittee Action

Differences

Fiscal 1988

Fiscal 1989

Fiscal 1988

Fiscal 1989

Table 20
Local Government Block Grant Funding Options

	- - - - Fiscal 1988 - - - -		- - - - Fiscal 1989 - - - -	
	<u>Revenues</u>	<u>Percent of Program Funded</u>	<u>Revenues</u>	<u>Percent of Program Funded</u>
Fully Funded LGDG Program	\$17,971,867	100.0%	\$18,356,358	100.0%
Option A:				
Oil Severance Tax	6,414,000	35.7%	6,318,000	34.4%
Option B:				
Oil Severance Tax	6,414,000		6,318,000	
Reinstate Vehicle Fees	<u>2,313,100</u>		<u>2,313,100</u>	
Total Option B	<u>\$ 8,727,100</u>	<u>48.6%</u>	<u>\$ 8,631,100</u>	<u>47.0%</u>
Option C:				
Oil Severance Tax	6,414,000		6,318,100	
Reinstate Vehicle Fees	2,313,100		2,313,100	
Raise Vehicle Fees (\$5.00/veh)	3,220,000		3,220,000	
General Fund	<u>5,000,000</u>		<u>5,000,000</u>	
Total Option C	<u>\$16,947,100</u>	<u>94.3%</u>	<u>\$16,851,200</u>	<u>91.8%</u>
Option D:				
Oil Severance Tax	6,414,000		6,318,000	
Reinstate Vehicle Fees	2,313,100		2,313,100	
Raise Vehicle Fees (\$5.00/veh)	<u>3,220,000</u>		<u>3,220,000</u>	
Total Option D	<u>\$11,947,100</u>	<u>66.5%</u>	<u>\$11,851,100</u>	<u>64.6%</u>
Option E:				
Oil Severance Tax	6,414,000		6,318,000	
(Current Level) General Fund	<u>11,557,867</u>		<u>12,038,358</u>	
Total Option E	<u>\$17,971,867</u>	<u>100.0%</u>	<u>\$18,356,358</u>	<u>100.0%</u>

Subcommittee Action

Agency: Commerce

Program: Local Gov't Systems

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	6.00	5.30	0.70	6.00	5.30	0.70
Personal Serv.	\$184,089	\$168,776	\$15,313	\$183,851	\$168,562	\$15,289
Operating Exp.	69,277	68,278	999	67,719	68,505	(786)
Equipment	<u>4,250</u>	<u>4,250</u>	<u>-0-</u>	<u>4,250</u>	<u>4,250</u>	<u>-0-</u>
Total Exp.	\$257,616	\$241,304	\$16,312	\$255,820	\$241,317	\$14,503
	=====	=====	=====	=====	=====	=====
Funding						
General Fund	\$ 87,208	\$ 87,177	\$ 91	\$ 87,208	\$ 87,117	\$ 91
State Spec. Rev.	<u>170,408</u>	<u>154,187</u>	<u>16,221</u>	<u>168,612</u>	<u>154,200</u>	<u>14,412</u>
Total Funding	\$257,616	\$241,304	\$16,312	\$255,820	\$241,317	\$14,503
	=====	=====	=====	=====	=====	=====

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Vacant position cut by LFA	\$15,313	\$15,289	_____	_____

Subcommittee Action

Agency: Commerce

Program: L.G. Audit

	- - - - - Fiscal 1988 - - - - -			- - - - - Fiscal 1989 - - - - -		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>

FTE	28.20	24.70	3.50	28.20	24.70	3.50
Personal Serv.	\$ 758,074	\$ 679,476	\$ 78,598	\$ 758,002	\$ 629,550	\$ 78,444
Operating Exp.	268,137	237,833	30,304	261,899	231,738	30,252
Equipment	13,000	13,000	-0-	10,500	10,500	-0-
Non-Operating	<u>-0-</u>	<u>87,054</u>	<u>(87,054)</u>	<u>-0-</u>	<u>-0-</u>	<u>87,054</u>
Total Exp.	<u>\$1,039,211</u>	<u>\$1,017,363</u>	<u>\$ 21,848</u>	<u>\$1,030,301</u>	<u>\$1,008,850</u>	<u>\$21,451</u>

Funding

General Fund	\$ 87,768	\$ 87,054	\$ 714	\$ 87,768	\$ 87,054	\$ 714
State Spec. Rev.	<u>951,443</u>	<u>930,309</u>	<u>21,134</u>	<u>942,533</u>	<u>921,796</u>	<u>20,737</u>
Total Funding	<u>\$1,039,211</u>	<u>\$1,017,363</u>	<u>\$ 21,848</u>	<u>\$1,030,301</u>	<u>\$1,008,850</u>	<u>\$21,451</u>

	Add to (Subtract From)			
	LFA Current Level		Subcommittee Action	
<u>Differences</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. 2 secretarial positions from Centralized Services to state employees	\$25,433	\$25,388	_____	_____
2. LFA eliminated 2.0 vacant positions				
A. Personal Services	53,165	53,056	_____	_____
B. Travel	15,000	15,000	_____	_____

Subcommittee Action

Agency: Commerce

Program: Local Gov't Admin.

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	2.00	2.00	0.00	2.00	2.00	0.00
Personal Serv.	\$84,496	\$84,554	\$ (58)	\$84,551	\$84,615	\$ (64)
Operating Exp.	<u>15,424</u>	<u>12,986</u>	<u>2,438</u>	<u>14,967</u>	<u>12,537</u>	<u>2,420</u>
Total Exp.	\$99,920 =====	\$97,540 =====	\$2,380 =====	\$99,518 =====	\$97,152 =====	\$2,366 =====

Funding

State Spec. Rev. <i>Proprietary</i>	\$99,920 =====	\$97,540 =====	\$2,380 =====	\$99,518 =====	\$97,152 =====	\$2,366 =====
---	-------------------	-------------------	------------------	-------------------	-------------------	------------------

Add to (Subtract From)

LFA Current Level

Subcommittee Action

<u>Differences</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Operating expenses for the attorney position	\$1,650	\$1,650	_____	_____

Subcommittee Action

Agency: Commerce

Program: Housing Assistance

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	7.00	7.00	0.00	7.00	7.00	0.00
Personal Serv.	\$ 182,964	\$ 183,101	\$ (137)	\$ 183,206	\$ 183,362	\$ (156)
Operating Exp.	110,313	107,565	2,748	106,732	106,061	671
Equipment	1,249	1,249	-0-	696	696	-0-
Non-Operating	<u>9,740,286</u>	<u>9,732,120</u>	<u>8,166</u>	<u>9,744,360</u>	<u>9,736,196</u>	<u>8,164</u>
Total Exp.	<u>\$10,034,812</u>	<u>\$10,024,035</u>	<u>\$10,777</u>	<u>\$10,034,994</u>	<u>\$10,026,315</u>	<u>\$8,679</u>
Funding						
Federal	<u>\$10,034,812</u>	<u>\$10,024,035</u>	<u>\$10,777</u>	<u>\$10,034,994</u>	<u>\$10,026,315</u>	<u>\$8,679</u>
Total Funding						

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Updated Revenue Estimate	\$8,166	\$8,164	_____	_____

Agency: Commerce

Subcommittee Action

Program: Board of Housing

	Fiscal 1988			Fiscal 1989		
	Executive	Current Level	Difference	Executive	Current Level	Difference
FTE	14.00	14.00	0.00	14.00	14.00	0.00
Personal Serv.	\$ 387,440	\$ 386,787	\$ 653	\$ 388,068	\$ 387,115	\$ 953
Operating Exp.	687,080	809,237	(122,157)	684,792	765,904	(81,112)
Equipment	-0-	2,890	-0-	-0-	2,890	-0-
Total Exp.	\$1,074,520	\$1,198,914	\$(124,394)	\$1,072,860	\$1,155,909	\$(83,049)
Funding						
Proprietary	\$1,074,520	\$1,198,914	\$(124,394)	\$1,072,860	\$1,155,909	\$(83,049)

Differences	Add to (Subtract From) LFA Current Level		Subcommittee Action	
	Fiscal 1988	Fiscal 1989	Fiscal 1988	Fiscal 1989
1. Increased bonding activity	\$(98,000)	\$(98,000)	_____	_____
2. Audit	(20,000)	(20,000)	_____	_____
3. Equipment	(2,890)	(2,890)	_____	_____

Subcommittee Action

Agency: Commerce

Program: Director's Office

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	4.00	4.00	0.00	4.00	4.00	0.00
Personal Serv.	\$133,592	\$133,604	\$ (12)	\$133,548	\$133,560	\$ (12)
Operating Exp.	42,321	46,712	(4,391)	42,447	46,851	(4,404)
Equipment	<u>1,180</u>	<u>1,180</u>	<u>-0-</u>	<u>1,180</u>	<u>1,180</u>	<u>-0-</u>
Total Exp.	\$177,093	\$181,496	\$(4,403)	\$177,175	\$181,591	\$(4,416)
	=====	=====	=====	=====	=====	=====
Funding						
General Fund	\$ 975	\$ 975	\$ -0-	\$ 975	\$ 975	\$ -0-
State Spec. Rev.	<u>176,118</u>	<u>180,521</u>	<u>(4,403)</u>	<u>176,200</u>	<u>180,616</u>	<u>(4,416)</u>
Total Funding	\$177,093	\$181,496	\$(4,403)	\$177,175	\$181,591	\$(4,416)
	=====	=====	=====	=====	=====	=====

Add to (Subtract From)

LFA Current Level

Subcommittee Action

<u>Differences</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Computer maintenance	\$(6,600)	\$(6,600)	_____	_____
2. Due NASDA \$(5,000) National Government Assn dues \$(2,050)	2,050	2,050	_____	_____

Subcommittee Action

Agency: Commerce

Program: Public Contractors Lic.

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	1.00	1.00	0.00	1.00	1.00	0.00
Personal Serv.	\$21,968	\$21,974	\$ (6)	\$21,926	\$21,933	\$ (7)
Operating Exp.	<u>8,097</u>	<u>6,650</u>	<u>1,447</u>	<u>5,861</u>	<u>6,417</u>	<u>(556)</u>
Total Exp.	<u>\$30,065</u>	<u>\$28,624</u>	<u>\$1,441</u>	<u>\$27,787</u>	<u>\$28,350</u>	<u>\$(563)</u>
Funding						
Total Funding	<u>\$30,065</u>	<u>\$28,624</u>	<u>\$1,441</u>	<u>\$27,787</u>	<u>\$28,350</u>	<u>\$(563)</u>

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Automation of license system	\$2,000	\$ -0-	_____	_____
2. Postage (General Fund)	(700)	(700)	_____	_____

Subcommittee Action

Agency: Commerce

Program: Consumer Protection

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	2.50	2.50	0.00	2.50	2.50	0.00
Personal Serv.	\$ 73,631	\$73,501	\$ 130	\$ 73,663	\$73,541	\$ 122
Operating Exp.	32,973	16,694	16,279	25,962	16,657	9,305
Equipment	<u>446</u>	<u>446</u>	<u>-0-</u>	<u>654</u>	<u>446</u>	<u>-0-</u>
Total Exp.	\$107,050	\$90,641	\$16,409	\$100,279	\$90,644	\$9,635
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Funding						
General Fund	\$107,050	\$90,641	\$16,409	\$100,279	\$90,644	\$9,635
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
		\$10,872		
1. MOD - Lemon Law (General Fund)	\$15,483	\$15,483	_____	_____

Subcommittee Action

Agency: Commerce

Program: Legal Services

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	1.50	1.50	0.00	1.50	1.50	0.00
Personal Serv.	\$41,400	\$41,413	\$ (13)	\$41,328	\$41,339	\$ (11)
Operating Exp.	<u>21,848</u>	<u>22,282</u>	<u>(434)</u>	<u>21,312</u>	<u>22,128</u>	<u>(816)</u>
Total Exp.	<u>\$63,248</u>	<u>\$63,695</u>	<u>\$(447)</u>	<u>\$62,640</u>	<u>\$63,467</u>	<u>\$(827)</u>

Funding

State Spec. Rev.	<u>\$63,248</u>	<u>\$63,695</u>	<u>\$(447)</u>	<u>\$62,640</u>	<u>\$63,467</u>	<u>\$(827)</u>
------------------	-----------------	-----------------	----------------	-----------------	-----------------	----------------

Add to (Subtract From)

LFA Current Level

Subcommittee Action

Differences

Fiscal 1988

Fiscal 1989

Fiscal 1988

Fiscal 1989

Subcommittee Action

Agency: Commerce

Program: Programmers

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	1.20	1.20	0.00	1.20	1.20	0.00
Personal Serv.	\$39,806	\$39,830	\$ (24)	\$39,761	\$39,785	\$ (24)
Operating Exp.	<u>2,321</u>	<u>2,592</u>	<u>(271)</u>	<u>2,327</u>	<u>2,596</u>	<u>(269)</u>
Total Exp.	<u>\$42,127</u>	<u>\$42,422</u>	<u>\$(295)</u>	<u>\$42,088</u>	<u>\$42,381</u>	<u>\$(293)</u>

Funding

State Spec. Rev.	<u>\$42,127</u>	<u>\$42,422</u>	<u>\$(295)</u>	<u>\$42,088</u>	<u>\$42,381</u>	<u>\$(293)</u>
------------------	-----------------	-----------------	----------------	-----------------	-----------------	----------------

Prop.

Add to (Subtract From)

LFA Current Level

Subcommittee Action

Differences

Fiscal 1988

Fiscal 1989

Fiscal 1988

Fiscal 1989

Subcommittee Action

Agency: Commerce

Program: Management Services

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	15.00	14.00	1.00	15.00	14.00	1.00
Personal Serv.	\$375,720	\$358,426	\$17,294	\$375,505	\$358,259	\$17,246
Operating Exp.	127,687	120,429	7,258	65,061	58,204	6,857
Equipment	<u>2,599</u>	<u>1,099</u>	<u>-0-</u>	<u>1,308</u>	<u>1,308</u>	<u>-0-</u>
Total Exp.	\$506,006	\$479,954	\$26,052	\$441,874	\$417,771	\$24,103
	=====	=====	=====	=====	=====	=====
Funding						
State Spec. Rev.	\$506,006	\$479,954	\$26,052	\$441,874	\$417,771	\$24,103
	=====	=====	=====	=====	=====	=====

TRP.

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. MOD - Additional administrative position (lottery)	\$20,151	\$18,618	_____	_____
2. Rent ground maintenance	6,002	5,452	_____	_____

BOARD OF INVESTMENT/ECONOMIC DEVELOPMENT BOARD PROPOSAL

The following detail provides budgetary information on the proposed consolidation of the Montana Economic Development Board (MEDB) and the Montana Board of Investments (MBI). The unified Board will be attached to the Department of Commerce for administrative purposes only.

Several assumptions are used in developing these figures.

- 1) FTE will remain the same as proposed in the Governor's Budget. The total number of exempt positions will also remain the same.
- 2) The staff of the MEDB will move to the present MBI facility. Adequate space to accommodate the two staffs is available.
- 3) Funding for the investment activity of MEDB will be provided by the current MBI proprietary account rather than the general fund.
- 4) Proprietary funding for investment operations has an impact on the general fund. 12.5% of funds appropriated for investment operations are considered lost general fund earnings.

CURRENT BOARD BUDGET REQUESTS

	<u>7 Member Board of Investments</u>		<u>7 Member Mt. Econ. Development Board</u>	
	FY88	FY89	FY88	FY89
FTE	19.0	19.0	7.0	7.0
Expenditures:				
Per.Svs.	\$ 613,946	\$ 613,803	\$ 236,084	\$ 235,918
Operating	344,114	268,378	105,025	104,001
Equipment	5,259	1,759	0	0
Local Assist.	250,000	250,000	0	0
Debt Service	9,190	3,924	0	0
Total	\$1,222,509	\$1,137,864	\$ 341,109	\$ 339,919
Funding:				
Gen.Fund	\$ 250,000	\$ 250,000	\$ 181,262	\$ 181,262
Prop.	972,509	887,864	159,847	158,657
Total	\$1,222,509	\$1,137,864	\$ 341,109	\$ 339,919

Current General Fund Impact for Both Boards

MBI Proprietary	FY88	\$972,509 x 12.5% = \$121,564	
	FY89	\$887,864 x 12.5% = \$110,983	
		<u>88</u>	<u>89</u>
MBI Gen. Fund		\$ 250,000	\$ 250,000
MBI 12.5%		121,564	110,983
MEDB Gen. Fund		181,262	181,262
		-----	-----
Total Current GF Cost		\$ 552,826	\$ 542,245

Under the new consolidated board, several positions will be reclassified to provide additional investment expertise.

All personal services costs include benefits and insurance.

Position # 71102 under the current MEDB budget will be filled by the present director of the Department of Social and Rehabilitation Services, Dave Lewis. The proposed salary will be increased to this individual's current pay level.

		<u>88</u>	<u>89</u>
Budgeted Cost	\$	30,247	30,227
Proposed Cost		59,418	59,445
		-----	-----
Cost Increase	\$	29,171	29,212

Two proposed classified positions will be filled by current employees at their current pay levels. These new positions were originally budgeted at grade 17. However, due to actual salary level differences, the proposed grade level would be modified to reflect the employees' current salaries.

		<u>88</u>	<u>89</u>
Budgeted Cost	\$	66,884	66,784
Proposed Cost		81,430	81,307
		-----	-----
Cost Increase	\$	14,546	14,523

Two existing exempt positions will be increased to \$38,000 in fiscal year 1988 and \$48,000 in fiscal year 1989. These positions will be filled with high level investment personnel to enhance the consolidated board's investment mission.

		<u>88</u>	<u>89</u>
Budgeted Cost	\$	81,430	81,307
Proposed Cost		89,932	113,118
		-----	-----
Cost Increase	\$	8,502	31,811
=====			
Total FS Cost Increase	\$	52,219	75,552

9 Member

PROPOSED CONSOLIDATED BOARD OF INVESTMENTS

	<u>FY88</u>	<u>FY89</u>
FTE	26.0	26.0
Pers. Services	\$ 850,030	\$ 849,721
Adjustments:		
Salary Increases	52,219	75,552
Per Diem Decrease	(3,850)	(3,850)
Added Vac. Savings	<u>(2,089)</u>	<u>(3,022)</u>
Sub-total	\$ 896,310	\$ 918,401
Operations	\$ 449,139	\$ 372,379
Adjustments:		
Rent Reduction	(7,269)	(7,583)
Travel Reduction	(3,000)	(3,000)
Moving Expense	2,000	0
Indirect cost @9.8%	<u>64,702</u>	<u>66,883</u>
Sub-total	\$ 505,572	\$ 428,679
Equipment	\$ 5,259	\$ 1,759
Adjustments:		
Office Furniture	<u>7,000</u>	<u>0</u>
Sub-total	\$ 12,259	\$ 1,759
Local Assistance	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Debt Service	<u>\$ 9,190</u>	<u>\$ 3,924</u>
<u>TOTAL BOARD EXPEND.</u>	<u>\$1,673,331</u>	<u>\$1,602,763</u>
New Funding		
General Fund	\$ 250,000	\$ 250,000
MEDB Prop. Fund	159,847	158,657
MBI Prop. Fund	<u>1,263,484</u>	<u>1,194,106</u>
Total Funds	<u>\$1,673,331</u>	<u>\$1,602,763</u>

Proposed impact on the general fund for the consolidated board:

MBI's Proprietary FY88 \$1,263,484 x 12.5% = \$157,935
 FY89 \$1,194,106 x 12.5% = \$149,263

	<u>FY88</u>	<u>FY89</u>
MBI Gen. Fund	\$ 250,000	\$ 250,000
MEDB Gen. Fund	0	0
MBI 12.5%	<u>157,935</u>	<u>149,263</u>
Proposed Gen. Fund	<u>\$ 407,935</u>	<u>\$ 399,263</u>

CURRENT BUDGET/PROPOSED BUDGET COMPARISON

	<u>FY88</u>	<u>FY89</u>
Current Combined FTE	26.0	26.0
Proposed Single Board FTE	<u>26.0</u>	<u>26.0</u>
Difference	<u>0</u>	<u>0</u>

Current Combined Cost	\$ 1,563,618	\$ 1,477,783
Proposed Cost	<u>1,673,331</u>	<u>1,602,763</u>
Difference	<u>\$ 109,713</u>	<u>\$ 124,980</u>

Current General Fund	\$ 552,826	\$ 542,245
Proposed General Fund	<u>407,935</u>	<u>399,263</u>
Gen.Fund Savings	<u>\$ 144,891</u>	<u>\$ 142,982</u>
