

MINUTES OF THE MEETING  
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE  
50TH LEGISLATIVE SESSION  
HOUSE OF REPRESENTATIVES

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Rehberg on February 16, 1987 at 8:00 a.m. in Room 132 of the State Capitol.

ROLL CALL: All committee members were present except Sen. Stimatz. Also present were Norm Rostocki, Budget Analyst and Flo Smith, Budget Analyst from the Office of Budget & Program Planning (OBPP) and Jim Haubein, Principal Fiscal Analyst and Clayton Schenck, Senior Fiscal Analyst from the Office of the Legislative Fiscal Analyst. (LFA)

86A:0.00

DEPARTMENT OF HIGHWAYS

Jim Haubein, Principal Fiscal Analyst, gave the committee a schedule for each of the programs the committee acted upon on Friday, February 13, 1987. (Exhibit No. 1)

General Operations Program

EXECUTIVE ACTION

Rep. Quilici moved the committee approve the funding as follows: In FY 88 - \$5,378,930 from State Special Revenue and \$1,606,694 from Federal; and in FY 89 - \$5,208,734 from State Special Revenue and \$1,555,856 from Federal; for Total funding in FY 88 - \$6,985,624 and Total funding in FY 89 - \$6,764,590.

A voice vote was taken and the motion PASSED unanimously.

Construction Program

EXECUTIVE ACTION

Sen. Keating moved the committee approve the funding as follows: In FY 88 - \$4,100,000 from Bond Construction, \$26,474,715 from State Special Revenue, \$7,015,939 from Reconstruction Trust and \$85,241,460 from Federal; and in FY 89 - \$25,485,509 from State Special Revenue, \$2,946,768 from Reconstruction Trust and \$86,791,294 from Federal; for Total funding in FY 88 - \$122,832,114 and Total funding in FY 89 - \$115,223,571.

A voice vote was taken and the motion PASSED unanimously.

Construction - Modified

EXECUTIVE ACTION

Sen. Gage moved the committee approve the funding from the Highway State Special Revenue Fund in the amounts of \$21,152,215 in FY 88 and \$32,661,738 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

Maintenance Program

Norm Rostocki from the OBPP explained that in this program the pay plan shortfall amounted to \$485,000, resulting in the reduction of twenty FTE. There was discussion regarding the shortage of FTE in this program and the level of highway maintenance as a result.

Bill Salisbury, Chief of the Accounting Bureau, Department of Highways, said winter maintenance, even with the reduced program, was the highest priority. There would be a significant drop in the level of service in crack filling. This ultimately would have an affect on construction.

Rep. Quilici said, to his knowledge, the director had never used FTE when they were not needed.

EXECUTIVE ACTION

Rep. Quilici moved the committee add twenty FTE in maintenance with \$485,000 funding for FY 88 and FY 89.

Mr. Salisbury said the crews would be involved in all roadway maintenance. Rep. Poulsen suggested Mr. Wicks come before the committee with an operational plan for additional FTE and funding.

Rep. Quilici agreed and withdrew his motion.

EXECUTIVE ACTION

Sen. Keating moved the committee approve the funding from State Special Revenue in the amount of \$40,613,889 in FY 88 and \$40,865,147 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

Pre-Construction Program

EXECUTIVE ACTION

Rep. Quilici moved the committee approve the funding as follows: In FY 88 - \$4,325,797 from State Special Revenue, \$240,000 from Reconstruction Trust and \$7,271,514 from Federal; for Total funding in FY 88 - \$11,837,311 and in FY 89 - \$3,715,336 from State Special Revenue, \$208,000 from Reconstruction Trust and \$6,192,226 from Federal; for Total funding in FY 89 - \$10,115,562.

A voice vote was taken and the motion PASSED unanimously.

Pre-Construction - Modified

EXECUTIVE ACTION

Sen. Keating moved the committee approve the funding as follows: In FY 88 - \$843,815 from State Special Revenue, \$50,000 from Reconstruction Trust and \$1,567,085 from Federal; for a Total funding in FY 88 - \$2,460,900; and in FY 89 - \$410,080 from State Special Revenue, \$24,300 from Reconstruction Trust and \$761,578 from Federal; for a Total funding in FY 89 - \$1,195,958.

A voice vote was taken and the motion PASSED unanimously.

Motor Pool

EXECUTIVE ACTION

Sen. Keating moved the committee approve the funding from the Motor Pool Proprietary Fund in the amount of \$787,608 in FY 88 and in the amount of \$700,709 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

Service Revolving Program

EXECUTIVE ACTION

Rep. Quilici moved the committee approve the funding from the Proprietary Fund in the amount of \$2,903,023 in FY 88 and in the amount of \$2,882,715 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

Equipment Program

Jim Haubein, LFA, explained the area of non-operating costs represent the transfers necessary from the Highway State Special Revenue into this account to fund this program totally.

EXECUTIVE ACTION

Sen. Keating moved the committee approve the funding and transfers as follows: Non-operating Costs in the amount of \$1,930,659 in FY 88 and in the amount of \$1,705,659 in FY 89. Funding in FY 88 - \$1,930,659 from State Special Revenue and \$12,807,396 from Proprietary Fund; for a Total funding in FY 88 - \$14,738,055; and In FY 89 - \$1,705,659 from the State Special Revenue and \$12,881,144 from Federal; for a Total funding in FY 89 - \$14,586,803.

A voice vote was taken and the motion PASSED unanimously.

(34.33)

Stores Program

EXECUTIVE ACTION

Rep. Poulsen moved the committee approve the funding for this program from the State Special Revenue in the amount of \$13,602,298 in FY 88 and in the amount of \$13,672,810 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

G.V.W. Program

EXECUTIVE ACTION

Rep. Poulsen moved the committee approve the funding for this program from the State Special Revenue in the amount of \$3,497,307 in FY 88 and in the amount of \$3,503,362 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

Capital Outlay Program

Jim Haubein, LFA, explained the funding is from the State Special Revenue and is transferred to the Reconstruction Account.

EXECUTIVE ACTION

Sen. Keating moved the committee approve the funding for this program from the State Special Revenue in the amount of \$11,058,000 in FY 88 and in the amount of \$21,920,000 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

(39.10)

As had been requested by the committee, Jim prepared the General Appropriation language and he reviewed Exhibit No. 2.

EXECUTIVE ACTION

Rep. Poulsen moved the committee accept the language as corrected on Exhibit No. 2.

A voice vote was taken and the motion PASSED unanimously.

The meeting closed on the Department of Highways.

86B:2.20

LEGISLATIVE AUDITOR

Sen. Judy Jacobson, District No. 36, Silver Bow County, gave an overview of the Legislative Audit Committee. Scott Seacat was appointed acting director in July of 1985 and became Legislative Auditor in September of that year. Sen. Jacobson said she viewed this as very positive. They have looked at new directions and the committee has become extremely active in the process. The committee has also been involved in the legislative branch coordination and have had a number of meeting with the LFA and the Council. They are now reviewing duplication of efforts and coordinating with the other departments. Sen. Jacobson stated the Legislative Audit Department has become very responsive to legislators and their requests. Although there have been a number of cuts over the past couple of years, because of the direction of the department and the changes being made, there is high staff motivation and morale and a very low turnover. The department will not ask for an increase in general funds over the next biennium. The agencies do pay the costs of their audits and, if that line-item in their budget is more than the actual audit cost, there is a reversion. The department

is not requesting an increase in FTE and they are meeting their state and federal audit requirements. They are, at present, giving timely responses to legislative requests. The department will be able to continue at this level if they do not have to experience any further cuts. About the only option left is the statewide audits, which do affect the bond rating in the state. Sen. Jacobson reviewed Exhibit No. 3, Analysis of Appropriation Reductions.

Sen. Jacobson urged the committee to keep the budget at current level. The department took a salary freeze after the June Special Session without an automatic one step. They are taking some one step increases on a merit basis as the executive is doing. The management has agreed to a salary freeze this year, which might equate to a three year freeze if, in fact, the recommended freeze does go through. The department laid off one FTE in June 1986 and they have also placed travel restrictions on the staff. If it is cheaper to stay overnight, they will do that. They are also utilizing four ten-hour days rather than the five eight-hour days.

(10.20)

Re. John Cobb, House District 42, Lewis and Clark County, addressed the committee. Rep. Cobb is Vice Chairman of the Audit Committee. He reviewed the areas in which there has been a significant increase in workload. Exhibit No. 4, Increased Manhours on Legislative Requests and Projects, was given to the committee. Rep. Cobb said people were using the office more than in 1984. They are asking more questions and trying to find more answers. The increased workload and the cuts have significantly increased the comp time over the past year.

(13.50)

Scott Seacat, Legislative Auditor, discussed the major budget issues. (Exhibit No. 5) The first issue relates to the goal in the area of agencies paying for the cost of the financial compliance work. (Exhibit No. 6) This table details each of the individual agency line-items that would appear in the appropriations bill once the line-items are worked out. For the most part, the department has tried to identify the actual costs of the basic financial compliance work. Mr. Seacat reviewed the exhibit. The subtotal reflects an approximate \$40,000 decrease in agency line-items. The Unappropriated Audits as listed are not new audits.

These are annual audits required by state law. Although the agencies by law have to pay the costs of the audits, the auditor has never had the appropriation authority to use the money. Because the Special Revenue Fund budget is so tight now, the department needs this authority.

There was discussion regarding the contracting out of the audits, such as the Board of Housing. Sen. Jacobson said there are bids submitted and these are not just awarded. This particular audit is annual and has a number of unique requirements.

The next issue related to the statewide audit. This is the only optional audit work done by the department. Everything else is mandated by law. This audit is done to satisfy the state's bonding requirements. In addition, the feds are now asking for an opinion on the statewide financial statement.

Scott Seacat reviewed Exhibit No. 7. Page 1 contains a comparison of the OBPP budget and the department's request. The department asked the dollar amounts for the statewide audit be placed entirely in the budget office proprietary fund. The budget office would be billed and they would allocate those costs among the agencies. The budget office put all the funding for the statewide audit in the department's general fund budget. As a result of discussion, there was a revised funding proposal on the statewide audit. Referring to FY 88, the OBPP's budget would recommend \$135,600 more in general fund money than the department's request and \$135,600 less in Special Revenue Fund. The department's proposal recommended the committee take \$67,800 out of their general fund in the Legislative Auditor's budget and add \$67,800 in their Special Revenue Fund. Scott Seacat referred to Proposed Funding of Statewide Audit Costs, Exhibit No. 8.

The second part of the proposal begins on the bottom of Page 3 and ends on Page 4 of Exhibit No. 7. This is the part Dave Hunter recommended to the committee wherein all funding for statewide audit come out of his proprietary fund. The committee also agreed to include the boilerplate in the appropriations bill a requirement that any agency selling bonds reimburse the general fund at \$.30 per \$1,000 of the bonds sold. This would implement that and the chart on Page 4 of the exhibit gives justification for the \$.30 per \$1,000. The funding proposal is presented in this manner because there is no guarantee any bonds will be sold in the next two years. The average sold over the past five years is

\$255,000,000. If the department charges and averages that same amount over the next five years, the general fund will be reimbursed for the general fund portion of the statewide audit. There would be, in theory, a wash.

Mr. Seacat then referred to Exhibit No. 9, a summary of what the department believes the affect of funding the statewide audit will be. The benefit to the proposal under the other funds category would be the allocated costs of the statewide audit should be allowable costs under federal regulations and some of these costs can be charged against some of the federal grant monies the state receives.

The next issue Mr. Seacat addressed was the Lottery modified, Page A-6, Exhibit No. 6. Based on data furnished by other states with lotteries, the estimate for the modified is approximately \$75,000 in FY 88 and approximately \$54,000 in FY 89. The cost drops in FY 89 as the performance audit of security is only done once during the biennium. Scott said the estimate in the area of legislative requests might be low. The department has been told by other states with lotteries that after the lottery is implemented, the number of these requests increases significantly.

Last session, for the first time, the department received the four percent vacancy savings allocation and that was taken on sixty-five authorized FTE and was not adjusted after significant FTE cuts in their office. Mr. Seacat said one of the FTE is the audit committee and there is no vacancy savings there. The bottom line is the auditor's office is mandated to maintain vacancy savings at 2.56 FTE and, if that is subtracted from fifty-nine, the affective FTE level is about 56.44. This fiscal year the office has averaged 56.89 FTE. Even with the salary freeze, the salary budget at present is approximately \$17,000 in the red. The budget for this department is not based upon FTE, but direct available audit hours. If there is a cut in FTE, the number of direct available audit hours is reduced, but the work is not, as the audits are mandated by law.

Mr. Seacat referred to Exhibit No. 10 showing the analysis of comp time balance and cumulative comp time earned. The second page of the exhibit shows that the staff is taking off less of that comp time. Page 3 illustrates the increases in the biweekly comp time balances. In the long run, this will hurt the department in that when people leave, the balances have to be paid. In effect, the increased balances are going to be an increased requirement that will have to be made up through vacancy savings. Mr. Seacat said the department has the Legislative Audit Management System which they



developed to keep track of every hour spent on everything. He also said comp time is hour for hour.

In answer to Sen. Gage's question, Mr. Seacat said it would be the recommendation of the department that the allocated one-half costs be added to the agency line-items.

In answer to Rep. Quilici's question regarding the audit costs for the lottery, Mr. Seacat said this would be a modified request and is in the LFA budget. The current bill that modifies the lottery does not speak to audit with the minor exception that it makes the performance audit security recommendations confidential.

Chairman Rehberg asked Mr. Seacat if the numbers for the salaries reflected the freeze. Mr. Seacat said no and they presume the freeze will be lifted. He said they plan to move the money up from the savings in the travel budget and give raises in order to catch them up with the executive.

Exhibit No. 11, Comparison of Travel Expenditures. Scott said hopefully with the travel restrictions and the approval of the Audit Committee, he will be able to move some travel money up into salaries and lift the freeze. He said he would like to lift some of the travel restrictions also as some people have to stay out in the field over the weekend because it is cheaper than bringing them home. The handout shows the travel budget is not increasing and travel is always in the most cost effective manner.

In answer to Sen. Gage's questions regarding the equipment, Scott said the department has taken a different approach to computerization and equipment than most agencies. The department asked this committee during the last session for money to design programs and then they would come back for the equipment. They have designed a number of computer systems in the area of mainframe processing for the software they use. The Legislative Management System tracks all the hours spent on anything and has saved two days every six weeks. It also helped to justify a layoff on June 30.

The equipment request for FY 89 includes equipment to facilitate the downloading as recommended by the consultant. The current mechanization is the computerized statewide schedule of adjustments and the request includes five portable micro-computers each year. The consultant estimates the savings realized will be approximately \$12,400 on auditor time related to just the schedule of adjustments. The time involved in manhours can also be reduced.

The other item in the equipment budget in FY 88 in the amount of \$11,000 is to convert the word processing to micro-computer based systems. IBM has informed them they no longer support the software and hardware used for the displaywriters the department currently has. This conversion will provide compatibility with the equipment used by the Legislative Council and the LFA.

There was discussion regarding the performance audits. Mr. Seacat explained the functions and the value of such an audit.

Jim Northey, legal counsel, responded to questions concerning fraud. He said audits are a great deterrent.

The meeting was closed on the Legislative Auditor's Office.

The committee recessed at 10:00 a.m.

The committee reconvened at 10:20 a.m.

Sen. Keating was excused to introduce a bill.

#### LEGISLATIVE FISCAL ANALYST OFFICE

87B:0.00

Rep. Cal Winslow, House District 89, Yellowstone County, and Chairman of the Legislative Fiscal Analyst Office, said his tenure spent as Chairman has been extremely informative. He has been most impressed with the difficulty in attempting to meet the needs of the individual legislators with a limited staff. The staff has been spread thinner this session than ever before and, if they are to continue to meet the demands of the Legislature, there cannot be any further cuts in personnel. He said there has been substantial improvement over the past couple of years in teamwork and cooperation. The Legislature can be proud of the efforts of this office. There have been substantial strides made in the area of automation. With the Special Sessions, and all other demands, it has been difficult to keep the staff at the level to fulfill the needs.

(4.23)

Judy Rippingale, Legislative Fiscal Analyst, handed out Exhibit No. 12. The increase from 86-87 to 88-89 overall is 1.4 percent. The staff is currently at the 1986 pay matrix level and this continues in 88-89. Ms. Rippingale gave a brief overview of the functions of the office and reviewed the personal services category.

Page 2 of the exhibit referred to the comparison of approved operating plan to actual expenses in FY 86. The \$34,600 that shows as a difference in operating expenses is actually the remainder of the biennial appropriation and is carried over into the next year. This is a difficult area to specifically allocate. They reverted \$28 that was not on the biennial appropriation for FY 86.

In order to meet the two percent cuts in FY 86, live within the budget and meet the equipment demands, personal services were not utilized fully and operating expenses were less in the area of travel as the staff went almost nowhere. The Legislative Finance Committee charged all travel possible to the feed bills when they came in for Special Session.

Page 3, Table 2 of the exhibit illustrates current level for 1989 biennium. Committee compensation is for ten meetings in 1988 and six meetings in 1989. There is an additional .5 secretarial position for session years as the paperwork increases. All salary costs are on the fiscal 1986 pay matrix. Operating expenses increase primarily due to session costs.

Table 4 on Page 4 is a comparison of contracted service expenditures for FY 85 through FY 89. The other categories are detailed on Page 5 of the exhibit.

Ms. Rippingale expressed concerns of the committee in the area of travel. The committee feels if the staff is going to analyze agencies, they should be funded to visit the agencies. (i.e., School for Deaf and Blind in Great Falls.) In the rent category, the amount is based upon the assumption there will continue to be no charge for the basement space. In repairs and maintenance, they are trying to return the Xerox printer as it does not meet the specifications. This could result in a change in their category.

#### ENVIRONMENTAL QUALITY COUNCIL

88A:0.24

Sen. Dorothy Eck, District No. 40, Gallatin County, EQC committee member for the past six years, gave an overview of the Environmental Quality Council. The reorganization of the EQC began six years ago and has worked very well. Sen. Eck said a staff twice the size of the existing one could be utilized to meet the statutory requirements. The staff of the EQC is one of the most effective around. They have the

ability to take a very complex issue and structure it so decisions can be effectively made within the allotted time. She reminded the committee of the water marketing bill that became a water policy bill during the last session. This was the type of an issue almost impossible for a legislative committee to handle and, yet, it came together and the decisions were well reasoned and it provided good policy. Sen. Eck said it is very important the EQC be kept as a separate identity with a separate staff primarily because of the statutory requirements and, also, she feels the state gets far more than its money's worth from this office.

(3.56)

Rep. Dennis Iverson, District No. 12, Liberty County, explained the function of the EQC. The budget as presented is tight and, it is important to realize there are statutory obligations to meet. He pointed out there have been no salary increases since June of 1985. The Council is charged with implementing the provisions of MEPA. They also undertook a major subdivision study that was both costly and time consuming. There were several other potentially high profile issues resolved through the efforts of the EQC.

Sen. Keating returned to the meeting.

Rep. Iverson continued. Another area in which the EQC is involved is in water law. There have been major changes over the past three years. The staff developed a set of statutes in this area and there has been a tremendous request for the work they did. The EQC provides the staff support and research for the Water Policy Committee. The Council has absorbed some of the costs involved with this committee.

The staff of the EQC paved the way in the area of hard rock mining with legislation. Rep. Iverson said if there is a lesson to be learned from the way this staff functions, it is they took the thaw out of natural resources issues. He said in these times when things are tough, one of the worse things that could happen would be to cripple ourselves by wiping out effective portions or by reducing budgets to the point of eliminating the effectiveness of the support and research staff.

(17.00)

Rep. Dave Brown, District No. 72, Silver Bow County, supported the statements made by Rep. Iverson. He said the bottom line was two-fold:

1. In the past six years they have put together a neutrality that allowed both sides to work and bring compromise on issues.
2. It is the only non-revenue major policy oversight committee of the legislative interim committees.

He also stated the staff has not adequately been compensated for the quality of work performed.

Deborah Schmidt, Executive Director of the Enviromental Quality Council, addressed the budget. (Exhibit No. 13) The EQC program is supported by general fund and the Water Policy Committee money is State Special Revenue, RIT funds. She reviewed the functions and needs of the Council. For the first time, the Council requested equipment. Since most of the equipment needs to be replaced, the request is for \$3,000 each year of the biennium. She did not budget for any raises. Ms. Schmidt pointed out the research staff is paid several throushands dollars lower than those in other legislative agencies. She also said they did not anticipate any vacancy savings.

In travel, the budget includes funding for twelve meetings of the Council. In the past, there have been subcommittee meetings and they have tried to combine subcommittee and Council meetings with Special Session efforts to reduce the travel.

As the rent is free at present, there is no budget for this category. The \$5,000 was returned as part of the five percent cuts in FY 87. If they should have to pay rent, they will have to come in for a supplemental.

Water Policy Committee - Ms. Schmidt reviewed the budget and functions of this committee. The EQC provides the staff. The proposed budget for the 1989 biennium is identical to that of the previous biennium. The \$4,800 in personal services is for committee member compensation. Staff salaries for the committee are absorbed in the EQC Program expenses. This is an additional responsibility for the EQC in the last biennium. She reviewed the other categories.

Ms. Schmidt told the committee during the past two months the staff has worked approximately 627 hours of comp time, or the equivalent of two FTE. She said they fully understand the fiscal crisis of the state and they are ready to assist the committee in any way they can in reviewing their budget. The budget they submitted is very straightforward and sound.

(32.50)

Sen. Keating asked why they were not fully funded out of the RIT Fund? Ms. Schmidt said historically it had been general funded.

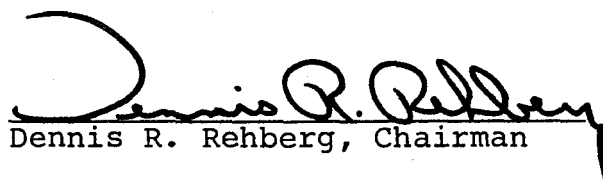
Sen. Gage said the committee should look into agencies funded by the RIT Fund and, at least fund a program dealing with environmental issues. Rep. Iverson agreed with Sen. Gage, but said the Court may decide the RIT is not to be used for ongoing programs and they could go so far as to say it could be used for only reclamation.

Chairman Rehberg opened the meeting for public comment.

George Ochenski, representative of the Montana Environmental Information Center, addressed the committee. He said he has found the staff to be some of the most competent people he has worked with in any of the agencies in this state in the environmental arena. They are able to resolve problems allowing for solutions without dog fights. They have saved time and expense because of their expertise. He strongly urged the committee's support and favorable consideration of the budget.

Rep. Brown said Gary Langley of the Montana Mining Association had asked to go on record in support of the EQC budget.

ADJOURNMENT: The meeting was adjourned at 11:40 a.m.

  
Dennis R. Rehberg, Chairman



15-Feb-67

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GENERAL OPERATIONS PROGRAM

Budget Item	Actual	Estimated	---Subcommittees---	
	Fiscal 1988	Fiscal 1987	Fiscal 1988	Fiscal 1987
P.T.E.	142.33	142.33	138.81	138.81
Personal Services	\$3,552,377	\$3,604,711	\$3,545,768	\$3,546,964
Operating Expense	\$2,439,248	\$2,729,592	\$2,575,092	\$2,624,451
Equipment	\$471,770	\$588,787	\$500,910	\$128,375
Total Operating Cost	\$6,463,395	\$6,923,090	\$6,621,770	\$6,400,290
Non-Operating Costs	\$301,595	\$308,502	\$299,695	\$299,693
Total Expenditure	\$6,764,990	\$7,231,592	\$6,921,465	\$6,699,983
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Fund Sources				
State Special	\$4,646,224	\$4,979,089	\$5,378,730	\$5,208,734
Federal and Other	\$5,123,059	\$2,059,703	\$1,506,594	\$1,555,655
Other	\$0	\$0	\$0	\$0
Total Funds	\$6,769,283	\$7,038,792	\$6,885,324	\$6,764,389
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15-Feb-87

DEPARTMENT OF HIGHWAYS  
CONSTRUCTION PROGRAM

	Actual Fiscal 1986	Appropriated Fiscal 1987	---Subcommittee--- Fiscal 1988	Fiscal 1989
F.T.E.	\$50.40	\$19.65	\$71.00	\$55.00
Personal Services	\$16,707,708	\$16,079,516	\$16,077,010	\$16,017,129
Operating Expense	\$174,769,208	\$159,577,580	\$106,560,233	\$99,031,511
Equipment	\$249,838	\$149,885	\$174,986	\$174,931
Total Operating Costs	\$191,726,554	\$174,806,981	\$122,812,114	\$115,223,571
Non-Operating Costs	\$0	\$0	\$0	\$0
Total Expenditures	\$191,726,554	\$174,806,981	\$122,812,114	\$115,223,571
Fund Sources				
Road Construction	\$0	\$0	\$4,100,000	\$0
State Special	\$71,731,986	\$58,331,133	\$25,474,715	\$25,485,509
Reconstruction Trust			7015639	2546763
Federal and Other	\$120,194,568	\$106,475,343	\$85,241,460	\$85,791,294
Total Funds	\$191,726,554	\$174,806,981	\$122,812,114	\$115,223,571

16-Feb-67

DEPARTMENT OF HIGHWAYS  
MOTOR POOL

Budget Item	Actual Fiscal 1966	Appropriated Fiscal 1967	---Subcommittee Fiscal 1968	Fiscal 1969
P.T.E	6.00	6.00	6.00	6.00
Personal Services	\$142,876	\$139,644	\$147,684	\$148,107
Operating Expense	\$225,606	\$238,529	\$212,804	\$217,982
Equipment	\$489,711	\$322,120	\$427,120	\$534,620
Total Operating Costs	\$857,593	\$700,292	\$787,608	\$700,709
Non-Operating Costs	\$0	\$0	\$0	\$0
Total Expenditures	\$857,593	\$700,292	\$787,608	\$700,709
Fund Sources				
State Special	\$0	\$0	\$0	\$0
Federal and Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$857,593	\$700,292	\$787,608	\$700,709
Total Funds	\$857,593	\$700,292	\$787,608	\$700,709

16-Feb-67

DEPARTMENT OF HIGHWAYS  
RECONSTRUCTION PROGRAM

Budget Item	Actual Fiscal 1966	Appropriated Fiscal 1967	---Subcommittee--- Fiscal 1966	Fiscal 1967
P.T.E.	243.00	243.00	212.00	212.00
Personal Services	\$5,491,205	\$5,673,393	\$5,257,282	\$5,257,793
Operating Expense	\$1,793,394	\$2,186,355	\$1,840,621	\$1,794,669
Equipment	\$1,122,527	\$1,650	\$425,453	\$394,500
Total Operating Costs	\$8,407,127	\$8,265,398	\$8,523,356	\$8,446,962
Non-Operating Costs	\$2,131,970	\$2,758,108	\$3,313,950	\$1,668,600
Total Expenditures	\$11,499,597	\$11,624,506	\$11,837,311	\$10,115,562
Fund Sources				
State Special	\$4,797,903	\$5,165,351	\$4,325,797	\$3,923,536
Reconstruction Trust			\$240,000	268,000
Federal and Other	\$6,690,694	\$6,458,655	\$7,271,514	\$6,192,326
Other	\$0	\$0	\$0	\$0
Total Funds	\$11,488,597	\$11,624,506	\$11,837,311	\$10,115,862

16-Feb-67

DEPARTMENT OF HIGHWAY  
EQUIPMENT PROGRAM

Budget Item	Actual Fiscal 1966	Appropriated Fiscal 1967	Subcommittee Fiscal 1968	Fiscal 1969
F.T.E.	120.35	120.35	119.95	119.85
Personal Services	\$3,326,003	\$3,249,152	\$3,396,551	\$3,409,223
Operating Expense	\$4,578,461	\$4,331,451	\$4,505,186	\$4,566,262
Equipment	\$4,649,029	\$4,557,009	\$4,905,659	\$4,905,659
Total Operating Costs	\$12,553,493	\$12,137,612	\$12,807,396	\$12,881,144
Non-Operating Costs	\$0	\$0	\$1,230,857	\$1,705,659
Total Expenditures	\$12,553,493	\$12,137,612	\$14,038,253	\$14,586,803
Fund Sources				
Capital Fund	\$0	\$0	\$0	\$0
State Special	\$2,710,162	\$2,247,350	\$1,930,859	\$1,705,659
Federal and Other	\$0	\$0	\$0	\$0
Highway Fund	\$9,763,331	\$9,790,262	\$12,107,394	\$12,881,144
Total Funds	\$12,553,493	\$12,137,612	\$14,038,253	\$14,586,803

16-Feb-87

DEPARTMENT OF HIGHWAYS  
SERVICE REVOLVING PROGRAM

Budget Item	Actual	Appropriated	---Subcommittees---	
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989
F.I.E	73.25	73.25	67.75	67.75
Personal Services	\$1,850,408	\$1,868,339	\$1,848,197	\$1,848,717
Operating Expense	\$1,025,451	\$1,117,522	\$1,021,550	\$1,007,712
Equipment	\$57,063	\$233,000	\$33,276	\$26,296
Total Operating Costs	\$2,933,322	\$3,217,861	\$2,903,023	\$2,882,715
Non-Operating Costs	\$0	\$0	\$0	\$0
Total Expenditures	\$2,933,322	\$3,217,861	\$2,903,023	\$2,882,715
=====				
Fund Sources				
General Fund	\$0	\$0	\$0	\$0
State Special	\$0	\$0	\$0	\$0
Federal and Other	\$0	\$0	\$0	\$0
Proprietary Fund	\$2,933,322	\$3,217,861	\$2,903,023	\$2,882,715
Total Funds	\$2,933,322	\$3,217,861	\$2,903,023	\$2,882,715
=====				

16-Feb-87

DEPARTMENT OF HIGHWAYS  
BUDGET, FISCAL

Budget Item	Actual	Appropriated	-----	
	Fiscal	Fiscal	Fiscal	Fiscal
	1986	1987	1986	1987
F.T.E.	107.14	119.14	110.03	110.03
Personal Services	\$3,249,072	\$3,513,531	\$3,570,305	\$3,570,551
Operating Expense	\$797,331	\$758,321	\$372,082	\$873,531
Equipment	\$116,452	\$32,560	\$54,920	\$54,120
Total Operating Costs	\$3,204,855	\$3,435,467	\$3,497,307	\$3,508,362
Non-Operating Costs	\$0	\$0	\$0	\$0
Total Expenditures	\$3,204,855	\$3,435,467	\$3,497,307	\$3,508,362
=====				
Fund Sources				
General Fund	\$0	\$0	\$0	\$0
State Special	\$3,204,855	\$3,435,467	\$3,497,307	\$3,508,362
Federal and Other	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Total Funds	\$3,204,855	\$3,435,467	\$3,497,307	\$3,508,362
	=====	=====	=====	=====

15-Feb-87

DEPARTMENT OF HIGHWAYS  
STORES PROGRAM

Budget Item	Actual	Appropriated	---Subcommittees---	
	Fiscal 1986	Fiscal 1987	Fiscal 1986	Fiscal 1987
P.T.E	0.00	0.00	0.00	0.00
Personal Services	\$0	\$0	\$0	\$0
Operating Expense	\$12,442,561	\$12,643,971	\$13,602,298	\$13,672,810
Equipment	\$0	\$0	\$0	\$0
Total Operating Costs	\$12,442,561	\$12,643,971	\$13,602,298	\$13,672,810
Non-Operating Costs	\$0	\$0	\$0	\$0
Total Expenditures	\$12,442,561	\$12,643,971	\$13,602,298	\$13,672,810
Fund Sources				
State Special	\$12,442,561	\$12,643,971	\$13,602,298	\$13,672,810
Federal and Other	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Total Funds	\$12,442,561	\$12,643,971	\$13,602,298	\$13,672,810



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## General Appropriation Language

1. Budget Amendment language for damages collected by Maintenance Division:

The Legislature anticipates that the Maintenance Division will receive, by budget amendment for each fiscal year of the 1989 biennium, spending authority for any funds in excess of \$292,840 each fiscal year that it collects from damage situations.

2. Budget Amendment language in the event of gasoline price increases:

The Legislature anticipates the Equipment Program will receive, by budget amendment, spending authority from the proprietary fund account if gasoline costs exceed \$1,519,802 in fiscal year 1988 and \$1,571,409 in fiscal 1989 due to increases in gasoline prices greater than a 1 percent increase per gallon from fiscal 1986 to fiscal 1988 and 4.4 percent increase per gallon from fiscal 1986 to fiscal 1989.

The Legislature anticipates the Motor Pool will receive, by budget amendment, spending authority from the proprietary fund account if gasoline costs exceed \$131,684 in fiscal year 1988 and \$136,169 in fiscal 1989 due to increases in gasoline prices greater than a 1 percent increase per gallon from fiscal 1986 to fiscal 1988 and 4.4 percent increase per gallon from fiscal 1986 to fiscal 1989.

3. Language addressing additional federal funds.

In the event additional federal highway funds become available, additional spending authority and additional FTE may be requested through budget amendment.

4. Transfer of funds to reflect personal services expenditures.

Funding may be transferred among all program, including stores inventory, to reflect personal services expenditures.

5. Language setting limits for transfers to the reconstruction trust fund from the highway state special revenue account.

The department is appropriated \$11,058,000 in fiscal year 1988 and \$21,920,000 in fiscal year 1989 for a cash transfer from the highway special revenue account to the highway reconstruction trust account.

6. Language requiring construction work plan report for the 1989 Legislature.

The Department of Highways is directed to submit to the 1989 Legislature a construction work plan for the 1991 biennium that is detailed by year, project [REDACTED]. This work plan must specify, by road system or project area, proposed projects on which \$1 million or more would be spend during the

1991 biennium and an aggregate cost for projects with anticipated expenditures of less than \$1 million. Costs must be detailed by year, [REDACTED] and project. [REDACTED]

7. Budget amendment language for airplane overhaul.

The internal service program may request a budget amendment for \$210,000 in fiscal year 1988 or fiscal year 1989 to overhaul the department's airplane.

8. Language allowing adjustments of appropriations for the Construction and Pre-Construction Programs.

The department may adjust appropriations in the construction and preconstruction programs between fiscal years and funding sources to reflect actual expenditures related to the projected work plan.

OFFICE OF THE LEGISLATIVE AUDITOR  
ANALYSIS OF APPROPRIATION REDUCTIONS  
FISCAL YEAR 1984-85 APPROPRIATION COMPARED TO FISCAL YEARS 1985-86 AND 1986-87

Fiscal Year 1984-85	Fiscal Year 1985-86			Fiscal Year 1986-87		
	<u>Appropriation</u>	<u>\$ Difference</u>	<u>% Difference</u>	<u>Appropriation</u>	<u>\$ Difference</u>	<u>% Difference</u>
Fiscal Year 1984-85 Appropriation	\$2,523,302					
1985 Legislative Session Request		\$2,254,262	-10.66%		\$2,258,577	-10.49%
1985 Session-Subcommittee Action (4% Vacancy Savings) (2% Across the Board)		2,132,952	-15.47%		2,143,663	-15.05%
1985 Session-House Floor Amendment (Final Results) (5 FTE Reduction)		2,022,227	-19.86%		2,032,938	-19.43%
1986 Governor's 2% General Fund Cut		1,999,257	-20.77%			
1986 Special Session 5% Cut for FY87					1,979,705	-21.54%
1986 Governor's 2% Cut for FY87					1,964,705	-22.14%

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OFFICE OF THE LEGISLATIVE AUDITOR  
INCREASED MANHOURS ON LEGISLATIVE REQUESTS AND PROJECTS

	<u>CY 1984</u>	<u>CY 1985</u>	<u>CY 1986</u>
LEGISLATIVE REQUESTS	37.0	1099.5	2441.5
SPECIAL PROJECTS	<u>1737.0</u>	<u>2834.0</u>	<u>5708.0</u>
TOTAL	<u>1774.0</u>	<u>3933.5</u>	<u>8149.5</u>
PERCENT INCREASE		121.73%	107.18%
DIRECT EFFECT ON FTE	1.2	2.6	5.4

REPORT EBSR99  
DATE : 01/07/87  
TIME : 17/23/43

OFFICE OF BUDGET & PROGRAM PLANNING  
EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL -- BUDGET DETAIL COMPARISONS

PAGE 1

AGENCY : 1101 LEGISLATIVE AUDITOR  
PROGRAM : 01 AUDIT & EXAMINATION PROGRAM  
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	60.00	60.00	60.00	60.00		60.00	60.00	
1000	PERSONAL SERVICES								
1100	SALARIES	1,363,192.83	1,374,971	1,478,827	1,478,827		1,476,261	1,476,261	
1200	HOURLY WAGES	.80							
1400	EMPLOYEE BENEFITS	264,676.49	274,867	218,268	218,268		221,566	221,566	
1500	HEALTH INSURANCE			81,420	81,420		81,420	81,420	
1300	TOTAL LEVEL	1,627,870.12	5,000 1,654,838	1,778,515	1,778,515		1,779,247	1,779,247	
2000	OPERATING EXPENSES								
2021	CONTRACTED SERVICES-INFLATI					1,272			2,465
2025	RENT-INFLATION					-1,969			-2,734
2100	CONTRACTED SERVICES	125,598.41	129,093	110,332	111,604	-1,272	98,931	101,396	-2,465
2200	SUPPLIES & MATERIALS	13,906.55	13,235	14,939	14,939		14,939	14,939	
2300	COMMUNICATIONS	26,014.84	25,678	25,385	25,385		25,385	25,385	
2400	TRAVEL	80,815.53	109,878	93,261	93,261		93,261	93,261	
2500	RENT	25,759.77	25,581	26,355	24,386	1,969	26,355	23,621	2,734
2700	REPAIR & MAINTENANCE	4,770.91	9,906	9,670	11,265	-1,595	9,619	11,068	-1,449
2800	OTHER EXPENSES	25,446.55	4,252	23,766	23,766		22,716	22,716	
	TOTAL LEVEL	302,312.56	317,623	303,708	305,303	-1,595	291,206	292,655	-1,449
3000	EQUIPMENT & INTANGIBLE ASSE								
3100	EQUIPMENT	26,327.95	35,165	32,900	37,150	-4,250	25,532	28,682	-3,150
3400	INTANGIBLE ASSETS	4,265.00		4,250		4,250	3,150		3,150
	TOTAL LEVEL	30,592.95	35,165	37,150	37,150		28,682	28,682	
	TOTAL PROGRAM	1,960,775.63	2,007,626	2,119,373	2,120,968	-1,595	2,099,135	2,100,584	-1,449
01100	GENERAL FUND								
02042	LEGISLATIVE AUDIT	1,094,232.96	1,068,819	1,217,733	1,083,728	134,005	1,209,495	1,075,344	134,151
		866,542.67	938,807	901,640	1,037,240	-135,600	889,640	1,025,240	-135,600
	TOTAL PROGRAM	1,960,775.63	2,007,626	2,119,373	2,120,968	-1,595	2,099,135	2,100,584	-1,449

2-16-87

ISSUE 1: LOTTERY

On November 4, 1986, the voters of Montana passed Legislative Referendum 100 providing for the establishment of a state lottery. The referendum provides that the Office of the Legislative Auditor shall:

1. witness all drawings;
2. examine lottery drawing equipment prior to and after each public drawing;
3. conduct an annual financial audit of the state lottery; and
4. conduct or have conducted a comprehensive performance audit of all aspects of security in the operation of the audit every two years beginning nine months after the first sale to the public.

In addition, the Legislative Auditor shall receive a report of any alleged violation of law. Based on the experience in other states with lotteries, a substantial increase in legislative requests related to the lottery should be anticipated.

Four categories of work are included: 1) witness drawing and inspection of equipment, 2) financial audit, 3) security audit, and 4) legislative requests. The following assumptions were used in preparing cost estimates: 1) mechanical drawing equipment is used, 2) weekly drawings are held, 3) drawings are held in Helena, and 4) adequate controls over revenue, ticket distribution, entries, validation process, prizes, and expenditures exist.

The requirements of the referendum are to be funded from the proceeds of the lottery. A modification in the Legislative Auditor's office special revenue fund is requested to pay audit costs associated with the lottery for personal services, contracted services, and travel. These costs are shown in Table 5.

Table 5  
Lottery Audit Costs

<u>Item</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Witness Drawing and Examine Equipment	\$13,936	\$11,856
Financial Audit	41,600	36,400
Security Audit	13,520	-0-
Legislative Requests	<u>5,200</u>	<u>5,200</u>
Total	<u>\$74,256</u>	<u>\$53,456</u>

Option A: Appropriate \$74,256 in fiscal 1988 and \$53,456 in fiscal 1989 from the audit special revenue account for the lottery audit work.

Option B: Do not appropriate for the lottery audit.

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Table 4  
Analysis of Changes in Special Revenue

Agency Audit	Biennium		Change
	1987	1989	
Administration	\$ 79,800	\$ 72,000	\$ (7,800)
SBAS (2 Audits)	10,500	18,000	7,500
IPF (2 Audits)	16,800	14,400	(2,400)
Investments (2 Audits)	59,000	72,000	13,000
PERD	27,300	30,000	2,700
TRD	19,740	18,000	(1,740)
Agriculture	19,950	20,400	450
Arts Council	8,400	10,800	2,400
Auditor's	16,800	19,200	2,400
Central Payroll (2 Audits)	14,700	18,000	3,300
Warrant Writer (2 Audits)	6,300	16,080	9,780
Commerce	63,000	62,400	(600)
Deaf and Blind	17,500	16,800	(700)
DNRC	21,000	28,800	7,800
FWP	46,200	48,000	1,800
Governor's Office	15,750	12,000	(3,750)
Approp. Ctr. Review (2 Audits)	14,000	16,800	2,800
Health	42,000	40,800	(1,200)
Highways	63,000	57,600	(5,400)
Historical Society	16,800	18,000	1,200
Justice	42,000	40,800	(1,200)
Judicial Branch	13,750	14,400	650
Labor and Industry	96,700	93,600	(3,100)
State Lands	25,200	30,000	4,800
Library	9,000	13,200	4,200
Livestock	14,700	16,080	1,380
Military Affairs	16,800	16,800	-0-
OPI	33,600	36,000	2,400
Public Education	2,520	2,400	(120)
Political Practices	1,680	1,920	240
Public Service Commission	11,550	12,480	930
Revenue	99,750	115,200	15,450
Secretary of State	10,000	10,800	800
SRS	115,500	115,200	(300)
Board of Regents/CHE	9,500	13,440	3,940
Eastern Montana College	50,400	52,800	2,400
Montana State University	84,000	81,600	(2,400)
Northern Montana College	42,000	43,200	1,200
Montana Tech	48,000	54,000	6,000
Western Montana College	40,000	42,000	2,000
University of Montana	75,600	79,200	3,600
Vo-Ed Advisory	2,940	2,880	(60)
Vo-Tech Centers (5 Audits)	100,000	100,000	-0-
Institutions (12 Audits)	180,670	168,000	(12,670)
In Lieu of Taxes (2 Audits)	3,150	-0-	(3,150)
Board of Housing	\$ 38,500	\$ -0-	\$ (38,500)
Community Colleges (3 Audits)	60,000	-0-	(60,000)
Subtotal	\$1,806,050	\$1,766,080	\$(39,970)
Unappropriated Audits			
Agricultural Loan (2 Audits)	\$ -0-	\$ 4,800	\$ 4,800
Health Facilities (2 Audits)	-0-	6,000	6,000
Econ. Dev. Board (2 Audits)	-0-	7,200	7,200
GSL (CHE) (2 Audits)	-0-	4,800	4,800
Fire School	-0-	2,400	2,400
Subtotal	\$ -0-	\$ 25,200	\$ 25,200
Statewide Audit (2 Audits)	147,500	271,200	123,700
Total	<u>\$1,953,550</u>	<u>\$2,062,480</u>	<u>\$108,930</u>

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## OFFICE OF THE LEGISLATIVE AUDITOR

### PROPOSED FUNDING OF STATEWIDE AUDIT COSTS

In recent years financial institutions, bond houses, and the federal government have required a statewide audit that includes an opinion on the financial statements on all of state government as a single entity. In addition, the state's tight financial situation has emphasized the need for the Legislature to have reliable and comparable financial data. In response to these needs, the Office of the Legislative Auditor conducted its first statewide audit for the fiscal year ended June 30, 1984. The cost of the first statewide audit was paid from a General Fund appropriation to the Office of the Legislative Auditor. In the 1985 Legislative Session the Legislature appropriated funds in the Governor's Office of Budget and Program Planning for the purpose of paying the estimated portion of statewide audit which benefits non-General Fund agencies. The Budget Office billed agencies which sell bonds for 59% of the total statewide audit costs. The remaining 41% was funded from a General Fund appropriation in the Legislative Auditor's budget.

Neither paying for the audit out of the Legislative Auditor's General Fund budget, nor appropriating the money to the Budget Office for reallocation to bonding agencies has proved to be a satisfactory approach to paying for statewide audit costs. Therefore, a new system of paying for the cost of statewide audit is being proposed.

Based upon our analysis, we believe that two groups benefit from the statewide audit:

1. All state agencies whose operations are supported by state and by federal funds.
2. Agencies currently active in financial markets issuing debt.

The costs of the statewide audit should be divided between the two groups. One half of the statewide audit costs would be Special Revenue funds in the Legislative Auditor's budget. The funds would be derived from the Legislative Auditor billing all state agencies. The remaining half would be a General Fund appropriation in the Legislative Auditor's budget to cover the initial cost for the bonding agencies. Correspondingly, the bonding agencies would reimburse the General Fund at a rate of \$.30 per \$1,000 of bonds issued. The benefits each group receives and the proposed method of cost allocation are discussed in the following paragraphs.

#### ALL STATE AGENCIES

All state agencies derive some benefit from the statewide audit by:

1. Favorable interest rates on tax anticipation notes which provide short-term financing for state government.



2. Having reliable, consistent, and comparable financial data on which to make management and budget related decisions.

In addition, the Federal Government requires, as a condition of receipt of federal funds by the state, that the state have conducted an audit to determine if the financial statements are prepared in accordance with generally accepted accounting principles. The most efficient way to meet this requirement is to conduct a statewide audit. Since this requirement is a condition of receipt of federal funds, those agencies receiving federal funds should pay a portion of the statewide audit costs. During the 1987 biennium, the state received more than \$800 million in federal funding.

Cost allocation to this group would be accomplished based upon the percentage each agency line-item audit appropriation is to the total of all agencies line-item appropriations. We believe this is equitable because agencies which currently have the largest line-item audit appropriations also require the most audit resources when conducting the statewide audit. In addition, federal funds would receive an allocation of the statewide audit costs. Under the proposed cost allocation system, this is accomplished because agencies receiving federal funds have line items which reflect the extra audit effort required for auditing compliance with federal regulations.

The following chart shows the dollar amount that each agency line-item audit appropriation will increase in order to pay one-half the biennial cost (2 audits) of the statewide audit.

OFFICE OF THE LEGISLATIVE AUDITOR  
ALLOCATION OF ONE-HALF OF STATEWIDE AUDIT COSTS TO ALL AGENCIES LINE ITEMS  
(ALL AGENCIES INCLUDES BONDING AGENCIES)

TOTAL BIENNIAL STATEWIDE AUDIT COST \$271,200  
ONE-HALF ALLOCATION TO ALL AGENCIES \$135,600

Agency Audit	FY88&89 OLA LINE-ITEM		BASE ADJUSTMENT	ADJUSTED BASE	PERCENT OF TOTAL ADJUSTED BASE	ALLOCATED ONE-HALF STATEWIDE COST
	AUDIT APPROPS					
Administration	\$ 72000			\$ 72000	0.0393	\$ 5331.35
SBAS	18000			18000	0.0098	1332.84
IPF	14400			14400	0.0079	1066.27
Investments	72000			72000	0.0393	5331.35
PERD	30000			30000	0.0164	2221.40
TRD	18000			18000	0.0098	1332.84
Agriculture	20400			20400	0.0111	1510.55
Agric Loan	4800			4800	0.0026	355.42
Arts Council	10800			10800	0.0059	799.70
Auditor	19200			19200	0.0105	1421.69
Central Payroll	18000			18000	0.0098	1332.84
Warrant Writer	16080			16080	0.0088	1190.67
Commerce	62400			62400	0.0341	4620.51
Health Facilities	6000			6000	0.0033	444.28
Econ Dev Board	7200			7200	0.0039	533.14
Board of Housing	0	\$ 40000		40000	0.0218	2961.86
Deaf and Blind	16800			16800	0.0092	1243.98

Agency Audit	FY88&89 OLA LINE-ITEM AUDIT APPROPS	BASE ALLOCATION ADJUSTMENT	ADJUSTED BASE	PERCENT OF TOTAL ADJUSTED BASE	ALLOCATED ONE HALF STATEWIDE COST
DNRC	\$ 28800		\$ 28800	0.0157	\$ 2132.54
FWP	48000		48000	0.0262	3554.24
Governor's Office	12000		12000	0.0066	888.56
Approp Ctr Review	16800		16800	0.0092	1243.98
Health	40800		40800	0.0223	3021.10
Highways	57600		57600	0.0315	4265.08
Historical Society	18000		18000	0.0098	1332.84
Institutions	168000		168000	0.0917	12439.82
Justice	40800		40800	0.0223	3021.10
Judicial Branch	14400		14400	0.0079	1066.27
Labor and Industry	93600		93600	0.0511	6930.76
State Lands	30000		30000	0.0164	2221.40
Library	13200		13200	0.0072	977.41
Livestock	16080		16080	0.0088	1190.67
Military Affairs	16800		16800	0.0092	1243.98
OPI	36000		36000	0.0197	2665.68
Public Education	2400		2400	0.0013	177.71
Political Practices	1920		1920	0.0010	142.17
Public Service Comm	12480		12480	0.0068	924.10
Revenue	115200		115200	0.0629	8530.16
Sec of State	10800		10800	0.0059	799.70
SRS	115200		115200	0.0629	8530.16
Board of Regents/CHE	13440		13440	0.0073	995.19
Eastern Mt. Coll.	52800		52800	0.0288	3909.66
Montana State U.	81600		81600	0.0446	6042.20
Northern Mt. Coll.	43200		43200	0.0236	3198.81
Tech.	54000		54000	0.0295	3998.51
Western Mt. Coll.	42000		42000	0.0229	3109.96
GSL (CHE)	4800		4800	0.0026	355.42
U of Montana	79200		79200	0.0432	5864.49
Vo-Ed Advisory	2880		2880	0.0016	213.25
Billings Vo-Tech	20000		20000	0.0109	1480.93
Butte Vo-Tech	20000		20000	0.0109	1480.93
Great Falls Vo-Tech	20000		20000	0.0109	1480.93
Helena Vo-Tech	20000		20000	0.0109	1480.93
Missoula Vo-Tech	20000		20000	0.0109	1480.93
Statewide Audit	271200	\$ -271200	0	0.0000	0.00
Flathead Comm Coll	0		0	0.0000	0.00
Miles Comm Coll	0		0	0.0000	0.00
Dawson	0		0	0.0000	0.00
Fire Services School	2400		2400	0.0013	177.71
TOTALS	\$ 2062480	\$ -231200	\$ 1831280	1.0000	\$135600.00

### BONDING AGENCIES

In order for an agency to sell bonds the agency must receive a bond rating. Bond houses include the requirement for audited financial statements in the bond rating criteria, and as bonding agencies receive financial benefit from the statewide audit they should be charged for those benefits. Within this group there are two types of bonding agencies with different benefits. First, there are those issuers who include the state's general purpose financial statements and audit opinion in their debt issuance documents. Second, there are those issuers who include audited financial information for only their selected operation in the debt issuance documents. This second group benefits because of the positive effect that the statewide audit has on the general credit standing of the state.

The following chart shows the total bonds issued by state agencies over the last five years. A complete listing of bond sales by agency is attached. The Governor's Office of Budget and Program Planning has indicated that it will seek to include a provision in introduced legislation that mandates that bond sales will include a \$ .30 per thousand reimbursement to the General Fund to cover a General Fund appropriation in the Legislative Auditor's budget for one-half the cost of the statewide audit.

STATE OF MONTANA - BONDED DEBT  
HISTORICAL SCHEDULE OF BONDS ISSUED

	1986	1985	1984	1983	1982
-----	-----	-----	-----	-----	-----
TOTAL ISSUED	\$459,763,268	\$170,416,090	\$402,630,000	\$150,350,000	\$93,495,000
FIVE YEAR AVERAGE	\$255,330,872				
ONE-HALF ANNUAL AUDIT COST	\$ 67,800				
FIVE YEAR AVERAGE COST/\$1000	\$ 0.27				

FUNDING SUMMARY

We propose that the funding of the costs of the statewide audit be provided as follows:

1. One-half of the cost allocated to all state agencies based upon the portion their individual line-item audit costs are to the total of all line-item audit costs.
2. One-half of the cost allocated to the bonding agencies through a fixed charge per \$1000 of bonds issued.

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2-16-87

OFFICE OF THE LEGISLATIVE AUDITOR  
Funding Statewide Audit

	Fiscal Year 1988			Fiscal Year 1989		
	General Fund	Special Revenue Fund	Total	General Fund	Special Revenue Fund	Total
Governor's Budget	\$1,217,733	\$901,640	\$2,119,373	\$1,209,495	\$889,640	\$2,099,135
OLA Budget	1,082,133	1,037,240	2,119,373	1,073,895	1,025,240	2,099,135
Difference	<u>\$135,600</u>	<u>(\$135,600)</u>	<u>\$0</u>	<u>\$135,600</u>	<u>(\$135,600)</u>	<u>\$0</u>
Revised Proposal	1,149,933	969,440	2,119,373	1,141,695	957,440	2,099,135
Governor's Budget	1,217,733	901,640	2,119,373	1,209,495	889,640	2,099,135
Difference	<u>(\$67,800)</u>	<u>\$67,800</u>	<u>\$0</u>	<u>(\$67,800)</u>	<u>\$67,800</u>	<u>\$0</u>

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Office of the Legislative Auditor  
Statwide Audit Funding

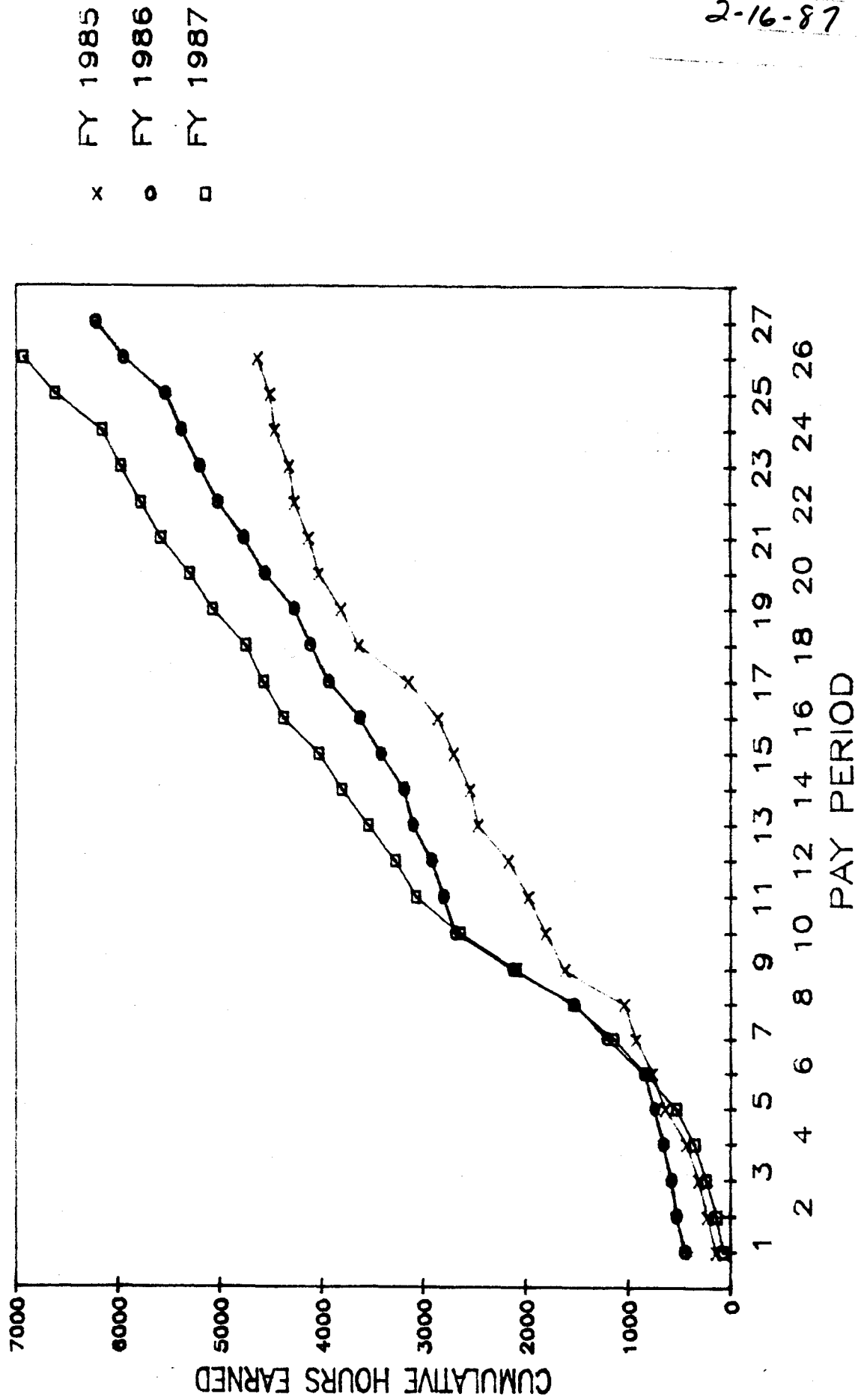
Source of Funding

	<u>1985</u> <u>Biennium</u>	<u>1987</u> <u>Biennium</u>	<u>1989</u> <u>Biennium</u>
General Fund	100%	41%	21%
Other Funds	0%	0%	29%
Bonding Agencies	<u>0%</u>	<u>59%</u>	<u>50%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

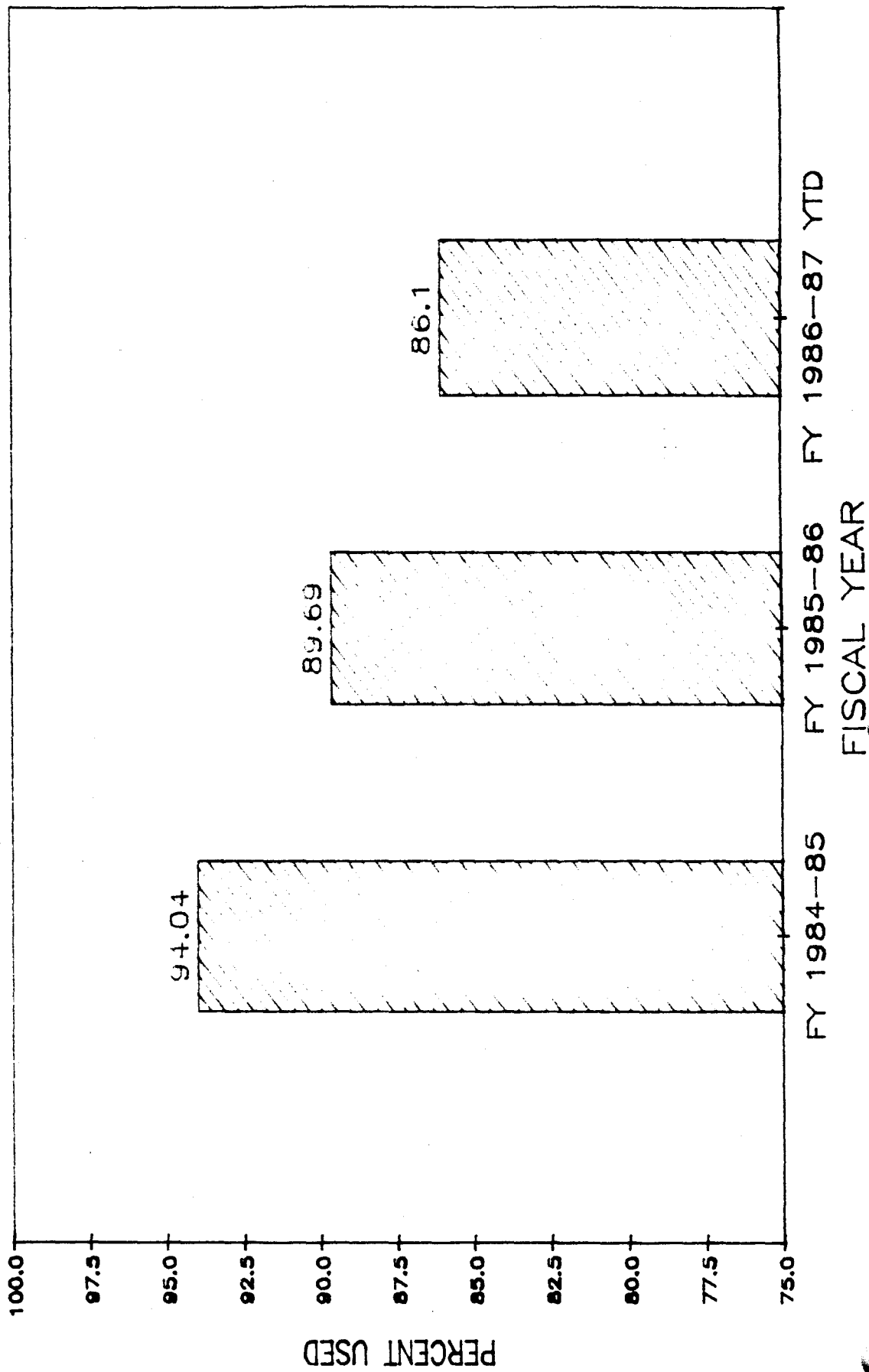
# OFFICE OF THE LEGISLATIVE AUDITOR

## ANALYSIS OF COMP TIME BALANCES

### CUMULATIVE COMP TIME EARNED

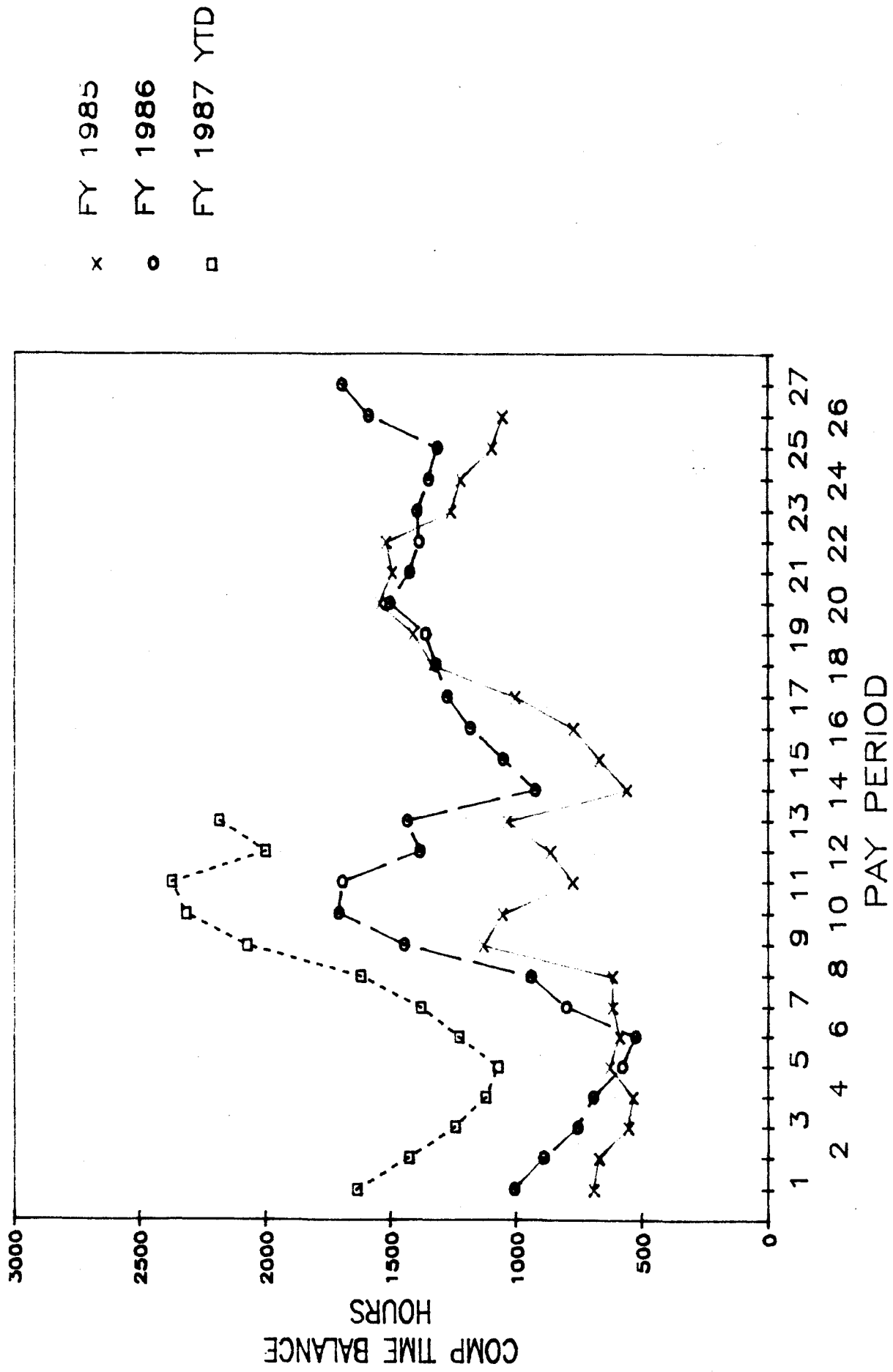


OFFICE OF THE LEGISLATIVE AUDITOR  
PERCENT OF EARNED COMP TIME  
THAT IS USED



# OFFICE OF THE LEGISLATIVE AUDITOR

## BIWEEKLY COMP TIME BALANCES





# Office of the Legislative Auditor

## Comparision of Travel Expenditures

Fiscal Years 1984-1989

	FY 1984	FY1985	FY1986	FY1987	FY1988	FY1989
	Actual	Actual	Actual	Budget	Budget	Budget
In-State	83,604	116,252	69,773	96,595	79,797	79,797
Out-of-State	13,283	19,385	11,047	13,283	13,484	13,484
Total	96,923	135,617	80,820	109,878*	93,281	93,281

\*Travel restriction in place will reduce the FY 1987 actual expenditures

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2-16-87



STATE OF MONTANA  
*Office of the Legislative Fiscal Analyst*

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-2986

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2-16-87

JUDY RIPPINGALE  
LEGISLATIVE FISCAL ANALYST

February 16, 1987

LEGISLATIVE FISCAL ANALYST

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	17.50	18.00	17.50	18.00	0.00
Personal Service	\$530,601	\$585,579	\$604,905	\$612,936	9.1
Operating Expense	127,162	158,041	125,156	167,862	2.7
Equipment	81,647	12,834	2,750	2,750	(94.2)
Total Expenditures	\$739,410 =====	\$756,454 =====	\$732,811 =====	\$783,548 =====	1.4 =====
Fund Sources					
General Fund	\$739,410 =====	\$756,454 =====	\$732,811 =====	\$783,548 =====	1.4 =====

The Office of the Legislative Fiscal Analyst (LFA) was established in 1974 to provide concentrated fiscal analysis of state government and to accumulate, compile, analyze, and furnish such information that might bear upon financial matters of the state and that might be relevant to issues of policy and questions of statewide importance. Governing legislation is the Legislative Finance Act, Title 5, Chapter 12, MCA, which also established the Legislative Finance Committee.

The major functions of the LFA staff are conducting analyses of budget requests, agency operations, and revenue to provide the legislature with an independent analysis of the Executive Budget and the Executive branch's execution of legislative intent.

The budget increases 1.4 percent from the 1987 to the 1989 biennium. Personal services increases 9 percent as: (1) the 2.5 new positions were budgeted for only three-fourths of fiscal 1986 and the new and any vacant positions in fiscal 1986 were held open approximately three months each to fund the added costs of purchasing personal computers; and (2) after the 5 percent cut, there is not sufficient money in fiscal 1987 to have a full staff. Equipment decreases significantly as the computer system will be completed in the 1989 biennium.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to allocations as anticipated by the 1985 legislature.

**Table 1**  
**Comparison of Approved Operating Plan to Actual Expenses - Fiscal 1986**

<u>Budget Item</u>	<u>Operating Plan</u>	<u>Actual</u>	<u>Difference</u>
F.T.E.	17.50	17.50	0.00
Personal Service	\$530,102	\$530,601	\$ (499)
Operating Expenses	161,762	127,162	34,600
Equipment	<u>82,640</u>	<u>81,647</u>	<u>993</u>
<b>Total *</b>	<b><u>\$774,504</u></b>	<b><u>\$739,410</u></b>	<b><u>\$35,094</u></b>

\* Remaining biennial appropriations to be allocated to data processing, data processing equipment, and contract services.

Equipment was much higher than originally anticipated. After the 1985 session when the computer needs were fully assessed and available systems examined, it was determined that the most feasible approach was to use personal computer which the staff could operate and which would communicate with the secretarial equipment. Therefore, the Legislative Finance Committee approved an operational plan change.

The committee was able to approve an operational plan change as personal service dollars were not fully utilized due to three factors. First, the Legislative Financial Committee did not use all the salary allocated for its meetings as there were fewer meetings due to special sessions and some meetings were in conjunction with special session to save costs. Second, overtime was less due to using temporary secretaries in high peak periods. Third, hiring of new personnel was delayed approximately three months for each position so that the computer system could be fully implemented. Operating expenses were less due to \$28,000 less travel. The committee held less meetings and charged some of the travel for meetings they held to special session travel. Staff travel was very minimal due to preparing for special sessions.

#### Current Level Explanation

The current level explanation has three sections: F.T.E. and personnel costs, operating expenses, and equipment.

#### A. FTE and Personal Services

Table 2 shows the type and number of FTE for fiscal years 1986 through 1989. It also shows the components of the personal service costs.

**Table 2**  
**FTE and Personal Service**

<u>Position</u>	<u>Actual FY 1986</u>	<u>Appropriated FY 1987</u>	<u>- - - Current Level - - - FY 1988</u>	<u>FY 1989</u>
Committee	1.00	1.00	1.00	1.00
Director	1.00	1.00	1.00	1.00
Professional Staff	13.00	13.00	13.00	13.00
Clerical Staff	<u>2.50</u>	<u>3.00</u>	<u>2.50</u>	<u>3.00</u>
<b>Total</b>	<b><u>17.50</u></b>	<b><u>18.00</u></b>	<b><u>17.50</u></b>	<b><u>18.00</u></b>
Committee Salary	\$ 4,912	\$ 6,160	\$ 14,069	\$ 8,441
Staff Salary	439,339	477,267	492,345	497,954
Overtime	3,544	10,000	3,897	10,000
Benefits	<u>82,806</u>	<u>91,767</u>	<u>94,594</u>	<u>96,541</u>
<b>Total</b>	<b><u>\$530,601</u></b>	<b><u>\$585,194</u></b>	<b><u>\$604,905</u></b>	<b><u>\$612,936</u></b>

Committee compensation is budgeted for ten meetings in fiscal 1988 and six meetings in fiscal 1989.

There are 17.50 authorized FTE in the even numbered years and 18.00 FTE in the odd numbered years. Due to budget cutbacks, the actual positions filled in fiscal 1987 do not include one analyst and one secretary. These vacancies are being filled by the analysts working extra time for which they are not awarded comp-time hours and by using contract secretaries during extremely busy periods. The objective of the 1985 legislature to reduce extra hours worked will not be achieved in fiscal 1987 due to the vacant analyst position and the considerable increase in legislative requests prior to session.

Secretarial overtime is budgeted at \$3,897 in fiscal 1988 and \$10,000 in fiscal 1989. Overtime is unavoidable for committee meetings, mailouts, jury duty, sessions, and sick leave.

All salary costs are on the fiscal 1986 pay matrix and at the fiscal 1986 step due to the 5 percent expenditure reductions in Special Session III. It would cost approximately \$16,000 each year to raise the salaries to the fiscal 1987 level.

#### **B. Operating Expenses:**

The difference in operating expenses between fiscal 1988 and 1989 is due primarily to session costs. Session years are more costly in the areas of computer programming, data processing charges from the Department of Administration, printing, and supplies. Table 3 shows the operating expenses for fiscal 1986, fiscal 1988, and 1989. Each of the seven operating expense categories will be discussed in detail explaining any significant changes between fiscal years.

Table 3  
Operating Expenses

<u>Category</u>	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
Contract Services	\$ 53,547	\$ 51,905	\$ 95,705
Supplies and Materials	21,363	10,260	15,000
Communications	10,820	9,752	9,991
Travel	11,451	27,846	21,666
Rent	9,424	9,560	9,560
Repairs and Maintenance	10,837	8,675	9,005
Other Expenses	9,720	7,158	6,935
<b>Total Operating Expenses</b>	<b><u>\$127,162</u></b>	<b><u>\$125,156</u></b>	<b><u>\$167,862</u></b>

Contract Services Table 4 shows the contracted services by item for five fiscal years, 1985 through 1989.

Table 4  
Comparison of Contract Service Expenditures  
Fiscal Years 1985 Through 1989

<u>Contract Expenditures</u>	<u>FY 1985 Actual</u>	<u>FY 1986 Actual</u>	<u>FY 1987 Projected</u>	<u>FY 1988 Requested</u>	<u>FY 1989 Requested</u>
Consultant Services	\$ 4,634	\$ 8,958	\$ 5,000	\$ 5,000	\$ 5,000
D.P. Programming	24,318	9,968	20,000	10,000	24,500
Insurance	1,111	455	500	500	500
Consultant Travel	1,008	213	-0-	-0-	-0-
Computer Processing	41,375	10,544	40,000	10,600	40,000
Records Storage	632	703	650	705	705
Printing	24,866	5,077	25,000	5,100	25,000
Consultant Biennial Appropriation	-0-	17,627	-0-	20,000	-0-
<b>Total</b>	<b><u>\$97,944</u></b>	<b><u>\$53,545</u></b>	<b><u>\$91,150</u></b>	<b><u>\$51,905</u></b>	<b><u>\$95,705</u></b>

Table 4 shows the differences in costs for computer programming, computer processing, and printing in the session versus the non-session years. The request for fiscal 1988 in these three contract areas is based on actual expenditures in fiscal 1986 and fiscal 1989 is based on fiscal 1985 actual expenditures and projections for fiscal 1987.

Fiscal 1986 consultant services includes a \$3,930 contract for secretary services. This was the cost of using secretaries from a local secretarial service when recruiting new secretaries for the office. This was considered a one-time expense and not included in the 1989 biennium request.

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The fiscal 1988 contract services request includes a \$20,000 biennium appropriation for consultants. These funds are needed for specialized expertise and non-routine legal costs. The 1987 biennial appropriation was \$30,000, but \$10,000 was for legal costs of a wage claim filed by a former employee.

Supplies and Materials. Requests in this category are under fiscal 1986 because fiscal 1986 reflects the cost of computer software for the personal computers which was a one-time expenditure. Printing and office supply costs increase by approximately \$5,000 in the session year above the non-session year.

Communications. Communication requests are based on fiscal 1986 with a reduction of approximately \$1,000 due to some one-time costs in fiscal 1986 resulting from moving offices to the basement and installation of a network system for the personal computers.

Travel. Funds were included for ten committee meetings in fiscal 1988 and six in fiscal 1989. Staff travel in-state was allocated at an average of \$513 each for the 14 professionals. Out-of-state travel of \$5,200 was included for both fiscal years for staff participation in professional meetings. Approximately \$4,443 was spent in out-of-state travel for fiscal 1986. Travel in fiscal 1987 was reduced as a result of the 5 percent budget reduction.

Rent. The only item in the rent category is office space. The budget requests for both years of the biennium are based on projected costs for fiscal 1987.

Repairs and Maintenance. Maintenance contracts were dropped on the word processors and the computer terminal at a reduction of approximately \$4,500 per year. Fiscal 1986 includes approximately \$5,000 one-time expenditures for renovation of the basement office space. The requests for fiscal years 1988 and 1989 include maintenance contracts for the personal computers of \$7,000 per year and the Xerox printer maintenance contract at \$600 for fiscal 1988 and \$930 for fiscal 1989.

Other Expenses. This category contains approximately \$4,600 in fiscal 1986 for employee relocation cost. This was considered one-time and was not requested in the 1989 biennium budget. All other items are based on fiscal 1986 expenditures except for \$2,000 the committee added each year for staff training. In total, the expenses are \$2,500 below the fiscal 1986 level.

C. Equipment:

The request for fiscal 1988 and 1989 allows for miscellaneous equipment of \$2,750 such as work tables, work lights, and calculators. Fiscal 1986 and 1987 expenditures include the purchase of personal computers and a laser printer.

REPORT EBSR99  
DATE : 01/07/87  
TIME : 17/23/43

OFFICE OF BUDGET & PROGRAM PLANNING  
EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL -- BUDGET DETAIL COMPARISONS

PAGE 2

AGENCY : 1102 LEGISLATIVE FISCAL ANALYST  
PROGRAM : 01 ANALYSIS AND REVIEW  
CONTROL : 00000

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	17.50	18.00	17.50	17.50		18.00	18.00	
1000	PERSONAL SERVICES		585,579	508,047	496,242	11,805	512,880	507,954	4,926
1100	SALARIES	442,883.16			14,069	-14,069		8,441	-8,441
1200	HOURLY WAGES	4,912.25		74,088	73,804	284	76,596	75,121	1,475
1400	EMPLOYEE BENEFITS	82,805.89		22,770	20,790	1,980	23,460	21,420	2,040
1500	HEALTH INSURANCE								
	TOTAL LEVEL	530,601.30	585,579	604,905	604,905		612,936	612,936	
2000	OPERATING EXPENSES		128,973	51,905	51,905		95,705	95,705	
2100	CONTRACTED SERVICES	53,545.47		10,260	10,260		15,000	15,000	
2200	SUPPLIES & MATERIALS	21,363.90		9,752	9,752		9,991	9,991	
2300	COMMUNICATIONS	10,819.81		27,846	27,846		21,666	21,666	
2400	TRAVEL	11,450.82		9,560	9,560		9,560	9,560	
2500	RENT	9,424.00		8,675	8,675		9,005	9,005	
2700	REPAIR & MAINTENANCE	10,866.70		7,158	7,158		6,935	6,935	
2800	OTHER EXPENSES	9,719.90							
	TOTAL LEVEL	127,190.60	128,973	125,156	125,156		167,862	167,862	
3000	EQUIPMENT & INTANGIBLE ASSE		6,834	2,750	2,750		2,750	2,750	
3100	EQUIPMENT	81,647.04							
	TOTAL LEVEL	81,647.04	6,834	2,750	2,750		2,750	2,750	
	TOTAL PROGRAM	739,438.94	721,386	732,811	732,811		783,548	783,548	
01100	GENERAL FUND	739,438.94	721,386	732,811	732,811		783,548	783,548	
	TOTAL PROGRAM	739,438.94	721,386	732,811	732,811		783,548	783,548	

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## ENVIRONMENTAL QUALITY COUNCIL

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	6.50	6.50	6.50	6.50	0.00
Personal Service	\$163,230	\$171,655	\$179,941	\$174,681	5.9
Operating Expense	76,086	73,860	84,574	59,633	(3.8)
Equipment	-0-	-0-	3,000	3,000	--
Total Expenditures	<u>\$239,316</u>	<u>\$245,515</u>	<u>\$267,515</u>	<u>\$237,314</u>	<u>4.1</u>
<u>Fund Sources</u>					
General Fund	\$228,393	\$230,238	\$241,315	\$237,314	4.4
State Special	<u>10,923</u>	<u>15,277</u>	<u>26,200</u>	<u>-0-</u>	<u>0.0</u>
Total Funds	<u>\$239,316</u>	<u>\$245,515</u>	<u>\$267,515</u>	<u>\$237,314</u>	<u>4.1</u>

The Environmental Quality Council (EQC) was created in 1971 by the Montana Environmental Policy Act (MEPA). As an arm of the legislature, the EQC is charged with implementing the provisions of MEPA and with numerous other statutory duties, as well as completing projects that are assigned to it by the legislature. The EQC reviews the policies and programs of Montana state agencies that are concerned with environmental matters and natural resource development and conservation. The council researches and analyzes environmental trends and problems and recommends ways to improve the state's natural, social, and economic environments. It assists the legislature with natural resource legislation, and staffs the natural resources standing committees and the Water Policy Committee.

Costs for operation of a current level budget increased 4.1 percent, primarily because a vacancy on the professional staff for part of fiscal 1986 caused actual expenditures to be lower than the appropriated amount and due to budgeting for equipment. This position has been filled, and because of the small size of the staff, future vacancy savings cannot be reliably anticipated.

The Water Policy Committee is supported by resource indemnity trust state special revenue funds. This is a biennial appropriation which shows in fiscal 1988 only under operating expenses.

Two programs exist within the agency for general operation of the EQC and operation of the Water Policy Committee. The general EQC program, under the proposed budget for the 1989 biennium, will continue to achieve the goals established in MEPA.



ENVIRONMENTAL QUALITY COUNCIL  
EQC PROGRAM

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	6.25	6.25	6.25	6.25	0.00
Personal Service	\$159,162	\$170,923	\$175,141	\$174,681	6.0
Operating Expense	69,231	59,315	63,174	59,633	(4.5)
Equipment	-0-	-0-	3,000	3,000	---
Total Expenditures	<u>\$228,393</u>	<u>\$230,238</u>	<u>\$241,315</u>	<u>\$237,314</u>	<u>4.4</u>
Fund Sources					
General Fund	<u>\$228,393</u>	<u>\$230,238</u>	<u>\$241,315</u>	<u>\$237,314</u>	<u>4.4</u>

Current level changes over the two bienniums are minor. Personal services increase 6 percent because of an unanticipated vacancy and because salary costs for legislators and public members on the EQC were lower than budgeted in fiscal 1986. The EQC has directed the agency to budget as though each member will attend every scheduled meeting, in the 1989 biennium.

Operating expenses decrease by 4.5 percent. With all positions filled, less money will be needed for contracted services than was spent in fiscal 1986. For the first time, the EQC proposes an equipment budget. In the past, unexpended funds from other categories were used to fund equipment purchases. This budget item more realistically reflects agency needs to replace worn out office equipment.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to appropriations as anticipated by the 1985 legislature.

Table 1  
Comparison of the Appropriation to Actual Expenses - Fiscal 1986

Budget Item	Legislature	Actual	Difference
F.T.E.	6.25	6.25	0.00
Personal Service	\$170,923	\$159,162	\$11,761
Operating Expense	59,315	69,231	(9,916)
Equipment	-0-	-0-	-0-
Total Exp. & General Fund	<u>\$230,238</u>	<u>\$228,393</u>	<u>\$1,845</u>

Personal services expenditures did not meet the budgeted amount because of a staff vacancy and because salaries for legislative and public members of the council were not paid for meetings not attended. Operating expenses exceeded budgeted amounts because contracted services were necessary to compensate for the vacancy.

### Current Level Explanation

The current level explanation has three parts: personal services, operating expenses, and equipment.

#### A. FTE and Personal Service:

Table 2 shows the FTE and salary by categories for fiscal 1986, 1988, and 1989.

Table 2  
FTE and Salary by Category  
Fiscal 1986, 1988, and 1989

Position	----- Salary -----					
	FTE	FY 1986	FTE	FY 1988	FTE	FY 1989
Elected Official	0.75	\$ 4,682	0.75	\$ 8,000	0.75	\$ 8,000
Director	1.00	41,271	1.00	41,430	1.00	41,271
Professional	3.00*	58,582	3.00	67,711	3.00	67,453
Technical	1.00	21,734	1.00	21,817	1.00	21,734
Clerical	0.50	6,475	0.50	6,500	0.50	6,475
Total	6.25 =====	\$132,744 =====	6.25 =====	\$145,458 =====	6.25 =====	\$144,933 =====

\*One professional position vacant part of the year.

There are essentially no changes from fiscal 1986 to the 1989 biennium. Fiscal 1988 costs are higher than fiscal 1989 costs because of more working hours in the first fiscal year. The budgeted figures include the salary for EQC staff at the fiscal 1986 pay level. Due to the five percent cutback and no pay plan funding there were insufficient funds to support any 1987 pay raises, which would have cost approximately \$6,000. There are no vacancy savings anticipated.

#### B. Operating Expenses:

The operating expenses for the general EQC program are explained by category as described below.

Contract Services. Contract services for EQC include photocopying, printing, and professional services. Contract service expenses will decrease in the next biennium because of accruals and fiscal 1987 cutbacks in this category. Contract services increase from the fiscal 1988 level by \$3,500 in fiscal 1989 to account for increased printing costs for final reports to the legislature.

# ENVIRONMENTAL QUALITY COUNCIL

Page 4

Supplies. Office supplies remain fairly constant with an increase of \$73 for each year of the biennium.

Telephone/Postage. Telephone and postage costs increase by \$160 for each year of the biennium to reflect inflation and anticipated communication costs. The requested amount is less than what was budgeted for fiscal 1987.

Travel. Travel costs for the EQC include meals, mileage, lodging for travel to EQC meetings for the members of the council, and for staff travel to out-of-town meetings. Travel costs will increase from actual fiscal 1986 expenditures in the coming biennium. The council budgets for travel as if each member will attend every scheduled meeting. Fiscal 1986 costs were less than projected because no member had a perfect attendance record. Travel costs decrease in fiscal 1989 because legislators are in Helena for the legislative session.

Rent. The council has no budget for rent. Currently EQC is not charged for rent and the money budgeted in the 1987 biennium was cut in both fiscal years as a part of the two percent and five percent cutbacks. If EQC is charged for rent during the coming biennium, supplemental funds will need to be obtained.

Repair/Maintenance. Expenses will decrease in this category because maintenance contracts have been eliminated.

Other Expenses. Expenses in this category include subscriptions and registration fees for training conferences. Expenses remain constant.

## C. Equipment:

The Environmental Quality Council has never had an equipment budget but has relied on unexpended funds in other categories when needs arose. Because much of the agency's equipment is worn-out and dated, a budget of \$3,000 for each year is proposed.

### ENVIRONMENTAL QUALITY COUNCIL -- WATER POLICY

<u>Budget Item</u>	<u>Actual</u>	<u>Appropriated</u>	<u>- - Current Level - -</u>		<u>% Change</u>
	<u>Fiscal</u> <u>1986</u>	<u>Fiscal</u> <u>1987</u>	<u>Fiscal</u> <u>1988</u>	<u>Fiscal</u> <u>1989</u>	<u>1987-89</u> <u>Biennium</u>
F.T.E.	0.25	0.25	0.25	0.25	0.00
Personal Service	\$ 4,068	\$ 732	\$ 4,800	\$ -0-	---
Operating Expense	6,855	14,545	21,400	-0-	---
Total Expenditures	\$10,923 =====	\$15,277 =====	\$26,200 =====	\$ -0- =====	---
<u>Fund Sources</u>					
State Special	\$10,923 =====	\$15,277 =====	\$26,200 =====	\$ -0- =====	---

The second program for the Environmental Quality Council is the operation of the Water Policy Committee, which was created statutorily by the 1985 legislature. The Water Policy Committee's duties include advising the legislature on the adequacy of

the state's water policy and of important state, regional, national, and international developments relating to Montana's water resources; overseeing the policies and activities of the Department of Natural Resources and Conservation and other entities as they relate to water management; analyzing and commenting on the state water plan, the water development program, water research, and water data management system; and reporting to the legislature each biennium.

The proposed budget for the 1989 biennium is identical to that of the previous biennium. The Water Policy Committee receives a biennial appropriation.

#### Fiscal 1986: Comparison of Actual Expenses to the Appropriation

Table 3 compares fiscal 1986 actual expenditures and funding to the biennial appropriation. The remaining funds will be used in fiscal 1987.

Table 3  
Comparison of the Appropriation to Actual Expenses - Fiscal 1986

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E.	0.25	0.25	0.00
Personal Service	\$ 4,800	\$ 4,067	\$ 733
Operating Expense	<u>21,400</u>	<u>6,856</u>	<u>14,544</u>
Total Exp. and State Special Rev.	<u>\$26,200</u>	<u>\$10,923</u>	<u>\$15,277</u>

#### Current Level Explanation

The current level explanation has two parts: personal services and operating expenses.

##### A. FTE and Personal Service:

A personal services budget of \$4,800 for the biennium exists currently and is proposed for the 1989 biennium for committee member compensation. Staff salaries for the Water Policy Committee are absorbed in the general EQC program. An FTE level of 0.25 is allocated for compensation to the committee.

##### B. Operating Expenses:

Only three categories of operating expenses are budgeted for the Water Policy Committee. These include: contract services--\$8,400; postage and mailing--\$1,000; and travel--\$12,000. These are biennial appropriations and remain constant for the next biennium. All other expenses for operation of the committee are absorbed within the general EQC program budget.

#### Funding

Funding for the Water Policy Committee is derived from the Resource Indemnity Trust State Special Revenue Account.

**JUDICIARY**  
**COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL**

	FTE FY '89	----- Biennium ----- General Fund	Total Funds
Executive Budget	87.00	\$8,464,877	\$9,497,403
LFA Current Level	85.50	8,204,782	9,168,086
Executive Over (Under) LFA	<u>1.50</u>	<u>\$ 260,095</u>	<u>\$ 329,317</u>

The executive budget is \$329,317 higher than LFA current level. Primary reasons for the higher executive budget include 1.5 FTE more than LFA current level, budgeting for contract services in excess of \$120,000 over LFA current level, and a budget of \$35,000 for equipment for the District Water Courts not included in LFA current level. Table A indicates the difference by type of expenditure and funding source for the 1989 biennium.

**Table A**  
**Executive Budget Amounts Over LFA Current Level**  
**1989 Biennium**

<u>Budget Item</u>	<u>Increase Over LFA Current Level</u>
Personal Services	\$ 95,292
Operating Expenses	192,785
Equipment	<u>41,240</u>
Total Expenditures	<u>\$329,317</u>
<u>Funding Sources</u>	
General Fund	\$260,095
State Special Revenue	45,622
Federal and Other	<u>23,600</u>
Total Funding Difference	<u>\$329,317</u>

The following explanation of major differences has four sections: personal services, operating expenses, equipment, and funding.

**PERSONAL SERVICES**

The executive budget has 1.50 more FTE and \$95,292 more total funds for personal services than LFA current level. The differences are explained in the following issues.

OFFICE OF BUDGET & PROGRAM PLANNING  
EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL -- BUDGET DETAIL COMPARISONS

REPORT EBSR99  
DATE : 01/07/87  
TIME : 17/23/43

AGENCY : 1111 ENVIRONMENTAL QUALITY COUNCIL  
PROGRAM : 01 ENVIRONMENTAL QUALITY PROGRAM  
CONTROL : 00000

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	6.25	6.25	6.00	6.25	-0.25	6.00	6.25	-0.25
1100	SALARIES	128,061.63	141,135	142,252	145,458	-3,206	142,252	144,933	-2,681
1200	HOURLY WAGES	7,572.98	2,680	2,680	21,403	2,680	2,680	21,468	2,680
1300	OTHER COMPENSATION	1,176.91	19,971	21,740	8,280	337	21,740	8,280	272
1400	EMPLOYEE BENEFITS	26,416.79	7,200	8,280			8,280		
1500	HEALTH INSURANCE								
	TOTAL LEVEL	163,228.31	170,986	174,952	175,141	-189	174,952	174,681	271
2021	CONTRACTED SERVICES-INFLATI								
2023	COMMUNICATIONS-INFLATION								
2100	CONTRACTED SERVICES	40,628.99	27,733	23,856	23,856	-94	27,356	27,356	-144
2200	SUPPLIES & MATERIALS	1,726.99	1,351	1,800	1,800		1,800	1,800	
2300	COMMUNICATIONS	8,947.01	9,236	8,800	8,800		8,800	8,800	
2400	TRAVEL	20,536.54	15,534	25,625	25,625		18,534	18,534	
2700	REPAIR & MAINTENANCE	1,780.80	449	500	500		500	500	
2800	OTHER EXPENSES	2,465.95	-1,914	2,500	2,500		2,500	2,500	
	TOTAL LEVEL	76,086.28	52,389	63,081	63,175	-94	59,490	59,633	-143
3100	EQUIPMENT			3,000	3,000		3,000	3,000	
	TOTAL LEVEL			3,000	3,000		3,000	3,000	
	TOTAL PROGRAM	239,314.59	223,375	241,033	241,316	-283	237,442	237,314	128
01100	GENERAL FUND	228,391.76	223,375	241,033	241,315	-282	237,442	237,314	128
02027	RESOURCE IND TR FD INTEREST	10,922.83							
	TOTAL PROGRAM	239,314.59	223,375	241,033	241,315	-282	237,442	237,314	128

REPORT EBSR99  
DATE : 01/07/87  
TIME : 17/23/43

OFFICE OF BUDGET & PROGRAM PLANNING  
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AGENCY : 1111 ENVIRONMENTAL QUALITY COUNCIL  
PROGRAM : 02 WATER POLICY COMMITTEE  
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)			.25	.25		.25	.25	
1100	SALARIES			4,400		4,400			
1400	EMPLOYEE BENEFITS			400		400			
1800					4,800	-4,800			
	TOTAL LEVEL			4,800	4,800				
2100	CONTRACTED SERVICES			8,400	8,400				
2300	COMMUNICATIONS			1,000	1,000				
2400	TRAVEL			12,000	12,000				
	TOTAL LEVEL			21,400	21,400				
	TOTAL PROGRAM			26,200	26,200				
02027	RESOURCE IND TR FD INTEREST			26,200	26,200				
	TOTAL PROGRAM			26,200	26,200				

