CONFERENCE COMMITTEE HOUSE BILL 2

April 22, 1987

The Free Conference Committee on House Bill 2 was held in room 104 of the State Capitol on the above date. Members of the committee were:

Senator	Regan, Chairman	Representative	Thoft
Senator	Jacobson	Representative	Rehberg
Senator	Hammond	Representative	Spaeth

All members were present.

Senator Regan told the people in the audience, if in the discussion there is a technical question that cannot be answered by the staff she would permit a single question and She said, we have this whole bill to a brief answer. ao through tonight, straight through, and hopefully in 4 hours or less. To the members of the committee she said, I would like your name on any amendment so they can easily be identified, and will you give one copy of any amendment to the secretary and one copy to Judy of the LFA so that we know what the amendments are and they will be tracking them. All amendments are to be written, we will either stand at ease or leave that little portion and come back to it, but we will close the bill section by section. That way the staff can go work on the section while we are going into the next one.

In voting on the amendments, 2 members from the House or 2 members from the Senate voting against the amendment will kill the amendment.

LANGUAGE AT THE BEGINNING OF THE BILL:

Amendment #1. Representative Thoft read briefly a part of the amendment handed in, and said this would ask the Governor to re-address the rehiring of people who had vacated their positions.

Senator Regan said, the intent is to ask the Governor to permanently bring about a 30% reduction in the Executive branch of Government through attrition.

Representative Thoft said, it would be a 30% reduction in replacements.

It was suggested by the Fiscal Analyst, Judy Rippingale that this amendment would go on BP2, following line 16.

Question was called, voted, Senators Jacobson and Regan voting no, the motion failed.

Amendments # 2. BP1, line 6. Handed out, and attached.

Senator Jacobson said, I would like an explanation of this. Judy Rippingale, LFA said her office had not prepared them and perhaps they should ask the Budget office.

Dave Hunter, Budget Director said, this whole sheet of amendments has to do with the amendments necessary to implement Senate Bill 200, which is the vehicle fee bill of Senator Smith. There needs to be supplemental appropriations in this biennium to Revenue and Justice as well as amendments to both their budgets, so you need to amend the title to provide for a supplemental appropriation so that system can be up and running on July 1 when the new system for vehicle taxation takes affect.

Representative Rehberg asked if the bill has been signed by the Governor. Dave Hunter said he did not know. It has been passed by both Houses and sent down there. I don't believe it has been signed as of today. As you may be aware there's \$15 million of general fund revenue riding on this bill.

Representative Thoft said, this whole set of amendments deal with additional revenues.

Senator Regan said the first 2 amendments go together. They deal with the Motor Vehicle Division and I guess they have to buy the software for putting the appraisal of the Motor Vehicle blue book on the computers. That is one of the things that has to be done. I have a question for Mrs. Rippingale. Why can't they take it out of the current funds in the Motor Vehicle Division. Clayton Schenck, LFA said, there is a \$145,000 balance for '88 and '89. The \$53,000 is what they want for FY 87.

Senator Regan asked, then it is spending authority out of that Special State Revenue account? Clayton Schenck answered, yes.

Senator Regan asked, the Property Appraisal Division \$89,000, that is general fund for start up costs, and I had not heard about that and would like to know if you can address that one also. John LaFaver answered that is tax we calculated on the same basis as the funding in FY 88 and 89

is calculated on. We estimated approximately 5 minutes of staff time for each of the vehicles. I think that is the minimum amount of time, and that's the amount of staff effort to get the system up and running and to fund the manuals. They have to include those manuals that the staff and the counties will be utilizing.

Senator Hammond said, the counties collect it, all they use is the rule book.

Representative Rehberg asked Clayton Schenck, this is for supplemental. This is just for this year only, then what's the addition? On the amendments 3 and 4, what is the dollar amount for -- let's say the Department of Justice from the Motor Vehicle account for the biennium? Mr. Schenck answered, for '88 and '89 they are asking for \$61,460 per year so that would be \$122,920 for the biennium out of the Motor Vehicle account.

Representative Rehberg said, then in our subcommittee and all the way through the process we've tried to maintain \$125,000 balance. This would, in effect, take that balance because there wouldn't be enough revenue.

Clayton Schenck answered, yes it would, because there is \$145,000 projected balance in that account. When you take out these amounts it would leave about a \$35,000 negative balance projected in that account.

Representative Rehberg said, that would then have to come from the general fund. Mr. Schenck said, if that account is short, they would have to come in for a supplemental.

There was no motion offered on this amendment.

Amendment #3. BP3 line 24. Handed out, and attached.

Senator Regan said, they are asking you to strike the language that says before they can spend money they must present the plans to the Legislative Finance Committee. They are saying they want to be able to use the grants without first coming before the Legislative Finance Committee for implementation.

There was no motion made to accept this amendment.

Amendment #4. BP4, line 1. Motion by Representative Thoft to accept this amendment. This would place the Department of Family Services, the Department of Institutions on line 1, of the Boiler Plate language page 4.

Voted, passed.

There were no further amendments offered on the Boiler Plate language.

SECTION A.

Amendment #5. A-13, line 19. Department of Justice. Motion by Senator Hammond. This is the Motor Vehicle Registration, Special Revenue.

Representative Rehberg asked, I believe that is the on-going money, isn't it Clayton? Clayton Schenck answered, yes.

Question was called, the amendment failed with two no votes from the House.

Amendment #6. A-7 following line 18. Governor's Office. Workers' Comp. Adjustment.

Senator Regan said, this is an important amendment and I have had some discussion with the Budget office about it. I would like to ask Mr. Hunter to address this. We will have to take the amendment and hold the dollar figure open until we find out what happens to 884.

Dave Hunter, Governor's Budget office said, the issue brought before you is what to do with the payroll tax that would be imposed on all employers, including state government in House Bill 884. That bill is in conference committee and we don't know what the answer is going to be, but we do need to provide for the additional costs. I would hope there would be some resolution in the conference committee today to have a recommendation to you to add just the amount of the payroll tax. It was 2/10 of a percent coming out of the House and 3/10 of a percent coming out of the Senate. The amount would be \$471,000 a year at 2/10; \$707,000 at 3/10. If the committee would be willing to adopt the approach, I would suggest we plug in the amount once we know what the outcome of 884 is.

Senator Regan said, if we were to accept the amendment, we would accept it with a blank in there to be filled in once 884 has been disposed of.

Representative Thoft said, the other alternative is to let the agency eat it.

Representative Spaeth asked, what magnitude of money are we talking about here?

Dave Hunter answered, \$471,000 a year of general fund and about half that of other funds at 2/10. \$707,000 a year at 3/10 and about half of that on other funds. The issue of course of workers' comp. is somewhat more of an issue with the Institutions than it is with the other agencies.

Representative Spaeth asked, how much money in Institutions are we talking about? Mr. Hunter said, I can't answer that, I'm sorry. I have the total figure but I don't know what the specific is. Representative Spaeth said, about 1/3 of it? Mr. Hunter said, 1/3 of it is a couple hundred thousand dollars, so it would be in the neighborhood of \$400,000 to \$600,000 over the biennium if we fail to adopt this.

Motion by Representative Spaeth to adopt the amendment #5 on the basis of the Institution problem. If we could separate out the Institutions, maybe it might be more palatable to me but I know that budget is extremely tight and when you take another \$200,000 to \$300,000 a year out of it, I think it might have some deep ramifications that I am not sure we would particularly appreciate.

Senator Regan said, on the other hand it makes it possible for Institutions to come in for a supplemental.

Senator Jacobson said, they just went through an audit and got an audit exception because they were doing it and according to state law they are violating state law by doing it that way. This would make them go another 2 years violating the state laws and coming in for a supplemental and we are going to pay the bill anyway.

Question was called, voted, the motion failed.

Amendment #7. State Auditor. A-10, line 19 etc.

Senator Jacobson says this does the same thing. It is plugging \$15,000 into the State Auditor's budget because of the House Bill 884.

There was no motion on this amendment.

<u>Amendment #8.</u> Legislative Auditor. A-1, line 8. These would grant the Legislative Auditor the additional authority in regard to the Family Services and Science and Technology Bond Program.

Motion by Senator Jacobson to adopt the amendment.

Question was called, voted, passed.

Amendment #9. Secretary of State. A-8, line 24. This amendment moves money from general fund and puts it in Special Revenue? It is a wash?

Clayton Schenck said on the top of the sheet This is not a wash, it does remove money from the general fund and State Special, there is an additional \$33,000 per year of general fund deductions as a part of House Bill 837. It eliminated

the requirement to reimburse county Clerk and Recorders for recording pass-through of Ag lien recording fees.

Motion by Representative Rehberg to adopt the amendment.

Question was called, voted, passed.

<u>Amendment #10.</u> Secretary of State. A-9, following line 13. This is the removal of the contingency language.

Motion by Senator Jacobson to adopt the amendment. Voted, passed.

Amendment #11. Department of Revenue. A-19, line 7. This is dealing with Keno machines. It is appropriating authority from Special Revenue.

Motion by Senator Jacobson that the amendment be adopted. She said this is a result of House Bill 863.

Representative Rehberg asked John LaFaver, House Bill 863 which deals with Video Poker, were these numbers included in the fiscal note as that bill passed. John LaFaver, Department of Revenue answered, I don't know. The Department of Commerce receives all that money. We contract with them, and these are numbers that the Department of Commerce provided us.

Representative Rehberg said, I would like to ask the Department of Commerce because my second question is, does this money have to fall within the 5% administrative cost cap?

Carolyn Doering, Department of Commerce, said yes there was a fiscal note on 863. These are over and above the administrative cap.

Representative Rehberg asked, why is it over and above the 5%? Why wouldn't that have to fall within since this has an administrative function to it. Carolyn Doering said, it is adding Keno. Keno was not included in that.

Representative Rehberg asked, is this all to Keno, or what? Carolyn Doering answered, there is some video poker in there.

Representative Rehberg said, it seems like the administrative costs, at least for the video poker, it should count toward that 5%, or that number doesn't mean anything any more. At least, I feel it is part of the administrative proceedings.

Senator Regan asked, what is the number of 5%? Representative Rehberg answered, I don't know because when ł.

it came out of our committee, for some reason when it was transferred from the Department of Revenue Enforcement to the Department of Commerce, the number was increased from 3% at the DOR to 5% at DOC, and I am not sure we ever got an explanation of why the additional 2%, why it was going to cost more at Commerce.

Judy Rippingale, LFA asked if the amendment includes the second part at the bottom of the page, and Senator Regan said no, just the first part.

Question was called, motion failed.

Amendment #12. A-20. Insert language shown on amendment. This would give additional revenue authority if activity expanded beyond HB863 anticipation.

Representative Spaeth said, the question I have is since we have defeated the upper part of the motion, do we really need the bottom part of it? I have a question -- we are passing these bills, House Bill 863 and I am wondering why we are not following through with the requirements of those bills or maybe we shouldn't have passed them in the first place. I am not sure why we are not coordinating them to do what we have to do under the bills.

Senator Regan said, quite frankly, the second part is a blank check. I feel more comfortable with the first part than I would with the second part. Would you like to make a motion to reconsider the first part?

Representative Spaeth said, we passed House Bill 863, and I am just wondering if we don't do anything, what kind of an impact that will have.

Senator Hammond said, I can't understand why we haven't seen these amendments before.

Representative Spaeth said, at least as far as the Commerce part of the bill was concerned, we expected some of these things to be coming along. There were presentations on this.

Senator Regan said, the Department of Commerce apparently contracts with the Department of Revenue, therefore the DOR has asked for this. We have rejected it. I would suggest we put this aside and go on to the other amendments and if before we close the section you have second thoughts, or there is a reason, we can come back to it.

Representative Spaeth said, I think we had better be real careful and get more information on each one of these technical amendments before we reject them. Maybe we should

get the bills killed if we are not going to comply with them and they are still within our reach.

Senator Jacobson said, I think one of the reasons we have not seen some of these amendments before is because some of these bills are still before us. We didn't deal with them in Senate Finance and Claims if they were still in conference committees and that sort of thing with amendments on them etc.

Representative Spaeth said, our subcommittee took a look at this and assumed that when the bill eventually passed we would be doing this to adjust it. Because it is in Commerce but the enforcement was going to be in Revenue. We are not dealing with general fund here, this is State Special Revenue.

Representative Rehberg said, I remember discussion in both our full committee and on the floor about them having the contract with the Department of Revenue, but it seemed to me we talked about that funding being in House Bill 2 already, and I am a little confused as to why we are seeing the numbers here and are they in addition to House Bill 2.

Senator Regan said, that is why I asked if we could put this amendment aside for now. I would suggest as we get further into this we can make a motion to reconsider.

This amendment was held until later.

Amendment #13. A-5, line 23. Motion by Representative Thoft to adopt.

Senator Regan said this was the Farrell amendment made on the Senate floor and he took \$50,000 out of their budget and said they would raise it by fees.

Question was called, voted, Senator Hammond voting no, the motion carried.

Amendment #14. A-16, line 9. Motion by Representative Thoft to adopt the amendment. Representative Thoft said, the way this whole fiasco sits today there is no direction from the Attorney General whatsoever in regard to the Law Enforcement Academy. He said he passed out a sheet (attached as exhibit 1, amendment #14) which did a comparison.

Senator Regan asked if he would change this to read A-16, line 15 since that was what was pointed out as the proper place to put it. He agreed and amended his amendment to so read.

Senator Hammond said, you are saying the state should buy the facility?

Representative Thoft said, if they don't buy the facility they are going to wind up paying exorbitant lease costs for a much longer period. This seems to be the course the Legislature should take toward the Law Enforcement Academy.

Senator Regan said, by buying this though we will be spending roughly \$800,000? Is that right? Representative Thoft said, there is money in that line item. What they would do is to take \$55,000 a year operating and the excess in the Appropriation could be used. I asked that there be enough money put in House Bill 2 to actually buy it or to turn it in on something they would rather use.

Senator Regan said, but you are issuing a blank check, aren't you? Representative Thoft said, no, because the terms of purchase are in the bill.

Senator Hammond asked, do they have any intention of buying? Representative Thoft said, I don't know.

Question was called, voted, passed, Senator Hammond voting no.

Amendment #15. A-13, line 7. Motion by Senator Thoft, said this deals with the Highway Patrol. This is the Bear in the Air.

Senator Regan said, this eliminates the Bear in the Air.

Senator Hammond said, from all the information I have received, they operate that about as efficiently as anything in the state. I would resist the motion. They do a lot of emergency work for the state.

Question was called, voted, motion failed, Senators Hammond, Regan and Jacobson voting no.

Amendment #16. A-3, line 10. Motion to adopt by Representative Rehberg. He said he presented the amendment at the request of Representative Swift. He said, in our budget in the Legislative Council area the Forestry Task Force took the same cuts everyone else did, but they also were cut in half and then again in full Appropriations. Representative Swift and Senator Severson came and said, would you be willing to put in this amendment that says if we can find money from other sources such as private industry, or if there is federal monies available to supplant what has been taken out by the Legislature, would you present it to the Conference Committee, and that is what I am doing here.

Senator Hammond asked, did you say private sources? Representative Rehberg answered yes.

Senator Regan asked, like Warehouser or some of those? Representative Rehberg said, yes. It is not precedent setting in this Legislature. I am not sure I like some of the direction some of these things are taking, but when the Legislature is not willing to spend the money, should we turn our backs on those who want to supplement it? I don't know.

Senator Regan said, there is another philosophical question, though. Public programs being funded from private sources, you lose some of your independence in the process. Representative Rehberg said, I can't disagree with that.

Senator Thoft said, I think they are in a position to do the work if they can get the money.

Senator Jacobson said, while I understand this is not precedent setting, we have cut back all of those funds for NCSL, CSG, all our studies for the interim, and I guess I am a little hesitant to single this one group out and suggest they should go out looking for private funds.

Representative Rehberg said, it is an industry that is the 2nd or 3rd largest in the state of Montana, and obviously they have some following behind them because some of these companies feel that they want to have the Montana Legislators represented at the other state government meetings and they took a larger percentage cut than the NCSL and the CSG and some of the others.

Senator Hammond said, there is one thing about it, if private business is going to get behind it they are going to have to do something about the business of sending people places and they don't come back and report, they don't really do anything. If private money is involved, I think they will have to do these things.

Question was called, voted, failed.

Amendment #17. A-16, following line 18. Motion by Representative Rehberg to adopt the amendment. He said this amendment puts the language back in that says the Department of Justice will seek all possible alternatives to lower the cost of building space for the Forensic Science Division by the end of the 1989 biennium. They moved without the approval of the Legislature, money was taken out to punish them, but it was put back in. We did not feel we could take the rent money away from them now since they are in the building. This was the House version to tell them that we are not satisfied that you are paying the third highest rent in the state of Montana for the Forensic Science Lab.

Senator Hammond asked, wasn't part of the \$11 and some cents per square foot going toward renovation? Representative Rehberg said, they put a great deal of money in that. Senator Hammond said, that money is lost whether they move or not. Representative Rehberg said, the problem is that money becomes the base and so they will pay that higher figure, not only forever, but there is an escalator clause built on top of that number that we're stuck with. They not only have included the cost of the remodeling within that square footage cost, but then the escalator is built on top of that, and it is a percentage figure.

Representative Thoft said, I would like a little explanation as to why the money used for renovation would become part of the base.

Susan Hansen, Attorney General's office said, the money used for the renovation does not become part of the base. The lease is renegotiable at the end of the 111 months on the \$5 base rate. Representative Rehberg said, not at the end of the 111. Susan Hansen said, yes. Representative Rehberg said, the lease specifically says that does not have to be paid past this biennium. They cannot sign a lease that binds this legislature beyond this next biennium. Susan Hansen answered, that is correct, but the \$5 base figure, when the lease is up for renegotiation and the state determines they would like to renegotiate the lease, the renegotiations will be made on the \$5 figure.

Senator Hammond said, if that's true, we don't need this.

Question was called, the motion failed with the Senate voting no.

<u>Amendment #18.</u> A-27, line 18. Motion by Representative Rehberg to adopt the amendment. He said this amendment deletes money from the proprietary accounts within the Department of Administration. He said, when going through our budgets, I asked the LFA staff to identify any excess funds in proprietary accounts. At that time Pam Joehler thought there was perhaps \$500,000 in excess funds in a number of accounts in the Department of Administration. In closer scrutiny it came to about \$326,000 excess proprietary account money. That being Central Data Processing \$150,000; Communications \$130,000; Rent and Maintenance \$46,000. Perhaps it would short some of these accounts, but I don't believe if that money is there that it should just be sitting there. If it isn't there they could come back to the Legislative Finance Committee or come back to the next legislature for a supplemental. As she has identified for us, if that money is there, I think we ought to take that money.

Senator Regan said, they won't come before the Legislative Finance Committee because we cannot appropriate any money. Representative Rehberg said, I know that and that's why I said a supplemental, but it wouldn't be a disaster if there was a shortage.

Representative Spaeth said, is this the same thing we had a discussion on in the whole Appropriations? One of the problems we had was the federal monies that flow into these revolving accounts. Is this the same thing? If I remember one of the problems, we have federal funds that have built up the account. Representative Rehberg said, no, that is what Ellen Feaver brought up during the committee, but this was specifically identified as non-general fund excess by our LFA staff. Senator Regan asked Ellen Feaver if she would address this.

Ellen Feaver, Director, Department of Administration said, even though the LFA may believe you can identify some specific cash as general fund, in reality that money has accumulated and is cash balances in the proprietary business accounts over time and you cannot specifically say, this is general fund, this if federal funds, etc. I don't arque specifically that approximately that amount has been accumulated from the general fund, but once you take out that general fund money, then you have to have a dual rate structure that you charge for computer services, for telephone system services, and for other services because you cannot charge the general fund a different rate than you charge federal funds or we end up paying in the end anyway. There is no free lunch here; if you say this is general fund money and you take it, then we have to come up with a dual rate structure in the future and the general fund gets charged a higher rate for the next biennium than the federal funds, so there is no way to take federal money and win. There is no way to take cash balances out of the proprietary accounts and benefit the general fund. The way we recommend, and the House Appropriations committee agreed, was appropriate, is to reduce rates and lower cash balances in that manner on a ratable basis over the biennium, SO that if cash balances are building up because their rates are too high, we have higher volume than we predict, or for whatever reason, then we lower rates and that eliminates the cash balance without instituting a very complex accounting system for dual rate structures. I am not even sure we could do it because we are not always sure who the beneficiary of our services are.

Senator Regan asked, have you looked at these figures? Have you seen this amendment? Mrs. Feaver answered, no. Senator Regan said, I guess what I want to know is -- we sit here and we have stolen money from every place we can, and this is another raid. It is another attempt to steal what we perceive as money lying around. Mrs. Feaver said, I submit

to you, that we will do this much in bureaucratic maneuvering with the feds, and in the end we will pay them anyway. Ellen Feaver said, we get about 3 letters per quarter about our cash balances in our proprietary accounts. They watch us like a hawk. Once we take money out of these accounts they will pounce right in on us and then we will pay.

Senator Regan asked, what percentage of your money that is in any one of these accounts -- let's just say what percentage of the money that is in your communications account -- what part is federal money. Ellen Feaver said, you can't identify what part of the balance is, because over the years the money accumulates and every year we try to estimate what part of revenue is general fund, and it varies by service. For one year you can find out how much of your charge was to general fund and federal funds.

Senator Regan said, would you say it is 50%, would that be in the ball park? Would 60% be closer to it? Ellen Feaver said, federal funds will vary by proprietary account, but 20 to 30%. Senator Regan said, am I getting closer to it at 20%? Ellen Feaver said, if you take a dollar you have the same problem as if you take \$1 million. Once you take the cash out you have to charge the feds less and you have to charge a dual rate in the future.

Representative Spaeth said, we are lowering the rates so that at the end of the biennium the ending fund balance in those proprietary accounts will probably be less and that will probably impact the present budget that we already have. It is a matter of taking it now or taking it over the next 2 years and having less problems if we take it over the next 2 years.

Ellen Feaver said, that is right, and the Appropriations committee made it perfectly clear, they wanted to see our tax balances go as low as they could.

Question was called, voted, motion failed.

Amendment #19. A-15, line 13. Motion by Representative Rehberg to adopt the amendment. He said, within the Forensic Science Lab's funding, there had been Alcoholism Treatment Rehabilitation funds. We have established that 18% of the work done in the Forensic Science Lab is alcohol related. This number takes some Alcohol Treatment Rehabilitation funds and puts it back into the Forensic Science Lab's funding. We had done that in the full Appropriations committee and it was held to the House and was taken out in the Senate Finance and Claims. I am actually replacing general fund with this money, saving the general fund \$287,057.

Question was called, motion carried.

Amendment 20. A-19, line 24. Representative Rehberg moved the amendment. He said, within the Department of Revenue, the state of Montana pays 100% of the Deputy County Assessors' salaries. Last session the Legislature chose to only fund 70% of the Assessors' salary, and in the House we felt the Deputy Assessor should be funded at the same level. We did identify a number of areas where the counties had full time deputy assessors, but their work load did not warrant it. Missoula County, Flathead County and I think Lewis and Clark County did not even have a deputy assessor. A number of the smaller counties do have; Blaine County, and Meagher County, and in fact Representative Bardanouve was the one who made the motion to lower it to 70%, so his district was really impacted because, in fact, if the counties feel they want a full time deputy assessor, and we lower it to 70%, somebody has to pay the 30% difference, and that will be the counties. We felt this might force the counties to look at consolidation with the County Treasurer or see if they even needed to have a full time deputy assessor.

Question was called, voted, passed. Senator Hammond voted no.

Amendment #21. A-19, line 20. Motion by Representative Rehberg to adopt the amendment. He said, this was an amendment that was presented to the House floor by Representative Raney. It lowers the state's contribution to the elected assessors from 70% to 49% and the savings would be \$683,479 in general fund for the '89 biennium. His rationale for this amendment was to see if there could be an incentive to the counties to consolidate the functions of the assessor and the treasurer and pick up the rest of the 51%

Senator Hammond said, I am certainly going to oppose this. We want to give them all the responsibility and we retain the position of boss in the situation. This adds more expense on the counties without their retaking a means to raise money and they are to take care of the fringe benefits in addition to that -- they just don't have a way of doing this.

Representative Thoft said he would have all kinds of questions to ask Representative Rehberg on that.

Senator Hammond said he would be opposed to any change in the 70% they are paying now since that was the agreement.

Senator Regan said, my understanding was even though the amendment changed the funding 29%, the fringes and the rest of that would remain the obligation of the state. Is this

correct or not? Representative Rehberg said he did not honestly remember. Clayton Schenck said, the amendment as written takes the benefits out. They would no longer be paid by the state.

Senator Regan said, it would perhaps be more attractive to me if the benefits were continued to be paid by the state.

Representative Rehberg said, all I asked was that the amendment be put back to the way that Representative Raney had presented it on the floor. I have no problem with changing that.

Senator Regan asked, would you care to amend your amendment? Representative Rehberg answered, I would do that to adjust the numbers up to the level that the state would pick up the benefits as in flex time etc., at least; when it hits 50% then the state picks up the benefits. If we stay with the 49% number, I am not sure if we should have it on a proportional basis. If it is 55% then perhaps we should pick up 100%, similar to what we are doing with flex time.

Senator Jacobson said, perhaps we could pass on this for a little while or get some information on it, all I've got in front of me is \$683,479 in savings by this amendment and I have no idea what the 55 is doing with this or who will be handling the benefits, and I would really like to.

Representative Thoft asked if the statute would have to be changed. Representative Rehberg said, I do not believe so, but would be willing to withdraw the motion so some additional information could be received, but would like to propose that the information that is put together will be at the 55% level and the state will pick up 100% of the benefits.

Clayton Schenck said he could have the figures on 50% it would be \$402,703 and that included the benefits at 100% on the total salary.

Representative Rehberg said part of the justification of some of the small counties is that on the state payroll they are being paid more than the prevailing wage.

Question was called on Representative Rehberg's amended amendment. Voted, failed with Senators Hammond and Jacobson and Representative Spaeth voting no.

Amendment #22. A-11, line 9. Motion to adopt the amendment by Senator Jacobson. She said this would remove the actuary position and associated costs and add \$15,000 for contracted services annually. This is in the State Auditor's budget. She said she did not know if they actually could hire an

actuary, but their salaries are \$80,000 to \$90,000 a year, and this would let them contract the services.

Representative Rehberg asked, is that general fund or state special? Senator Jacobson said, I believe it is a state special, but doesn't that then drop down into the general fund? Representative Rehberg said, it would. I would point out to the committee -- the money that was added here was in direct proportion to the bill that was introduced by Representative Miller and passed. The money is coming from increased fees on insurance salesmen and brokers. Thev actually came in to our subcommittee and said, you've got to fund an actuary and 2 other positions, and we said no. We did not give them the modified and they came back and said we are willing to increase our license fees to cover the cost of this. Their fee increase would raise about \$117,000 a year, and as a result of their agreeing to that we passed Representative Miller's bill. This just sort of says -- you raised the money, we have your fees, now we will take the money back out.

Representative Spaeth said, the Insurance Industry would be really mad at us if we raised the fees on their licenses to do what they asked us to do and then we take the money, so I would resist the amendment.

Senator Hammond said, we have no evidence here as to what the funds really are, whether it is general fund or what? Senator Regan said, what happens here is that the money that is collected that is not expended at the end of a biennium reverts to the general fund. Last year we amended the way in which these monies are carried. I believe it used to revert and we changed it so they could carry over. Ι remember saying to Senator Himsl that if we allow them to do that they are going to go into budget and they are going to say -- see, this is my money, this is what the fees brought in and I should be allowed to spend it. That's the trap we fall into when we allow this to happen. I can point to account after account where fees are generated by a tax and we certainly don't allow the agency to spend it all. It is not their money. It is in essence, general fund money and I think we should regard it as general fund money. I think the issue here is, whether you can fund an actuary position for that amount of money or whether it is better to put it on contracted services and thereby save some money. That is the question before you.

Representative Rehberg said, I will answer Senator Hammond's question. He wanted some numbers. I was right, it was \$117,497 that this new fee on the insurance agents will bring in. Then the cost out will be \$116,127 in the first year and \$112,000 the second, so there is still a little additional money coming to the general fund. We told them to get as close to what they wanted to raise as possible.

Representative Spaeth said, Wendy is here from the Auditor's office and I would like to have her comment on this. Kathy Irigoin, State Auditor's office said, what Representative Rehberg said about House Bill 372, a bill to increase fees, is accurate. The Insurance Industry supported the increase in fees contingent on our office receiving an actuary and administrative assistant and a field investigator, and that was the only reason they supported the increase in fees. During the last year our office collected \$1.2 million in fees and \$500,000 of that amount reverts to the general fund, which made the Insurance Industry unhappy to be paying fees that revert to the general fund. They did say, however, that if it could be guaranteed this new increase would be used to fund positions in our office they would support the bill.

Kathy Irigoin said Idaho had acquired an actuary for \$58,000 and they were confident they could do so. She also said that an actuary for contracted services was really difficult to find in Montana. She said she thought there was only one in the whole state and it would be costly to get someone to come for a case by case basis. The law requires them to look at every rate that is filed in their office and since they don't have an actuary no one really looks at them.

Senator Regan asked, how many rates are filed in your office? Kathy Irigoin said, 1300 insurance companies that are licensed in the state. I don't know how often they file a rate, but there are 1300 companies. I don't think they file a rate every year. When a company files a rate they also file substantially new data to support that rate. You could look at these and maybe segregate the ones where there are glaring increases or something that looks wrong.

Senator Regan said, your office looked at the rates (in regard to women) and the rates didn't come down, nor did the Insurance Commissioner order a blending of rates or any adjustment. In fact the insurance companies use that as a perfect excuse to really take advantage of us, and that didn't make me feel very sympathetic toward the rate regulations. Kathy Irigoin said, part of the problem of our office not having looked at the rates -- which we did not have anyone in our office with the expertise to look at them -- these companies filed rates, and without an actuary to look at the rates we cannot turn around to the companies and say, well we looked at this and from our lay person's opinion it looks like a bad rate blended. We just can't do that without having someone with expertise to back us up.

Question was called, voted, motion failed.

Amendment #23. A-21, following line 10. Motion by Representative Rehberg to adopt. He said this refers to some language that took place in the Senate Finance and

Claims. It took the sunset provision away from the 13 auditors within the Department of Revenue. The 13 positions were sunsetted in the last Legislature. They were brought in for consideration before our committee and we made them justify the fact that these auditors were bringing in the money that the director had promised they would bring in. In the Child Support Enforcement area, that ratio is starting to get kind of low, but we decided to keep it going. Within the Income Tax Audit, we again determined that these 13 FTE's that are on board right now are bringing in the money they said they would. The language placed on in Senate Finance and Claims would take away the sunset language and make these permanent positions and I guess I oppose that because I feel they should still have to come in and justify their existence. We don't want to make them permanent employees.

Senator Regan said, I believe it was Senator Keating's amendment that was made.

Question was called, voted, motion failed.

Amendment #24. A-4, line 25. Motion by Representative Spaeth to adopt the amendment. He said this is the Environmental Quality Council and it would reinstitute the funds for the Water Adjudication Study. It was \$100,000 as it came out of the House. He said he had talked to several people and they felt it could be done for \$75,000. It goes to the EQC but ends up with the Water Policy Committee.

Representative Spaeth said there had been a lot of "yelling" by different parties, he did not know who was right, but felt an independent study, probably from out of state, should be able to accomplish what was needed, and would be something that was very important in the adjudication process.

Question was called, voted, passed. Senator Hammond and Representative Thoft voting no.

Amendment #25. A-10, line 14. Motion by Representative Spath to adopt the amendment. This would eliminate 2 FTE's from the State Auditor's office. It is general fund money. I know they would prefer to have those positions, but those positions were eliminated as a result of the June Special Session and were re-implemented in this budget. It will cause them some problem, but these are positions they thought they could get by without as a result of the June Special Session. They would like them but I don't think they necessarily need them.

Representative Thoft said, I guess I would need to know how they would reorganize. I think these positions are needed. I would like to ask Kathy to answer this. Kathy Irigoin

said, since we appeared before the Senate Finance and Claims Committee, our office has looked at the FTE's in the office again and we would ask that the cuts Representative Spaeth is suggesting represent the salaries of two FTE's, an Administrative Assistant who handles the SBAS and various other functions in our office, and a data processing technician who has about 5 different duties required by law. We have determined that we can spread the 5 duties of the data processing person among several employees within the office so we will not argue against eliminating that data processing position from our office. However, when it comes to the administrative assistant who handles the SBAS and purchasing and inventory and that sort of record keeping in our office, we feel that person is absolutely indispensable because there is a cost savings to the state money-wise to have those duties in one person. They are not duties that we can spread out among other FTE's because it requires a certain grade level and a certain background to perform those functions. What we would suggest, instead of eliminating that administrative assistant who handles the SBAS, would be to eliminate another administrative officer the within our office who handles the administrative hearings. That person's salary is \$30,000 as opposed to the administrative assistant salary of \$21,000. however we do have to hold hearings and while we are willing to eliminate the Hearings officer as a permanent FTE within the office, we would need approximately \$20,000 of contracted services. The net savings to the state general fund then would be \$10,000 per year. By eliminating the data processing technician, that is \$18,000 per year; by not eliminating the administrative SBAS person, but instead changing the Administrative hearing procedure to a contracted services type of arrangement would save an additional \$10,000, for а total of \$28,000 per year, or \$56,000 for the biennium as opposed to the \$77,000 per biennium suggested by Representative Spaeth.

Representative Spaeth said, I don't have any trouble with going with that proposal. I think that is a reasonable one, so since we don't have it written up I would go ahead and withdraw my motion and make the motion that we accept the proposal as submitted by the State Auditor's office and adjust the figures accordingly.

Judy Rippingale, LFA said, that would work the best because then we could get the benefit of the positions right and everything.

Senator Regan asked that Clayton Schenck and Kathy Irigoin work on this together.

Question was called, voted. Passed.

Representative Spaeth said he came in a little late on the technical amendments and some were not made. He said he would like to go back to some of them. I understand we passed the Department of Justice Motor Vehicle Division \$53,000 state special revenue. I understand that under the Department of Revenue Property Assessment Division that we could use instead of general fund, we could use Block Grant monies, that would be a legitimate use, and the monies would be available.

BP-5, Amendment #26. following line 2.Motion by Representative Spaeth to adopt the amendment. I would move the whole amendment, with the change that the Property Assessment Division of \$89,055 be Block Grant funds as opposed to general fund. The reason why this is so important, it is a little unique as far as House Bill 2 is concerned, but it is a supplemental and whether we like House Bill 200 or not, it is a reality and on July 1 of this year when someone goes in to your local Assessor and Appraiser to buy their license, they have to be ready to sell them the license. This will allow for the start up costs to get the system into place. If we don't do this we will have absolute chaos starting July 1, until it gets resolved, and I think that would be a totally irresponsible thing to do, particularly those who will be caught in that 6 to 10 week period of time.

Senator Regan said, I guess I don't understand this Block Grant. What block grant money? Representative Spaeth said, they are the Block Grant funds that go to the counties. It is those funds that are available for the system as I understand it. Senator Regan said, they are available for the Counties though, not for this. Representative Spaeth said he would ask Mr. Hunter to explain this.

Dave Hunter, Governor's Budget Office said, I assume Representative Spaeth is talking about the Block Grant funds in the Department of Commerce, that there was still a payment to be made on June 30. I think the amendment as drafted suggests a general fund supplemental to fund the start up costs of the DOR, and I assume this committee could if you wanted to, instead appropriate monies from the Block Grant account in the Department of Commerce to fund the start up costs in '87. Senate Bill 200 repealed the Block Grant effective July 1.

Senator Hammond asked, who suffers from this. Senator Regan asked if he would like to address that to Gordon.

Gordon Morris, Montana Association of Counties said, I am not sure, but I think what I understand from Mr. Hunter, what we are looking at here is to use approximately \$89,000 for Representative Spaeth's amendment out of the current Block Grant program scheduled to terminate on June 30 of

this year. That is a bit of a surprise. It would be your decision to make. There is approximately \$2,011,000 that is scheduled to be distributed prior to June 30 to the counties, school districts, cities and towns, fire districts, etc.

Senator Regan asked, before we go to this amendment, because the amendment was turned down, you will have to make a motion to reconsider our action in rejecting this amendment.

Representative Spaeth said, as I understand the only thing you dealt with so far as this amendment was to the Department of Justice Motor Vehicle Division for \$53,000. I will move to reconsider. My motion would be somewhat different. If my motion fails, I will move to reconsider and go back to the original one. The reason I looked at the Block Grant is that Senate Bill 200 was strongly lobbied by the local entities -- the counties etc., as a source of revenue for them. I think they could shoulder some of the responsibilities and help get it in place since they will receive the main benefits.

Motion was made to reconsider by Representative Spaeth. Motion was voted, failed.

Representative Spaeth said, since I was not in on the original discussion, I would like to ask, how are we going to implement Senate Bill 200.

Senator Regan said, I suspect the committee is turning this down, looking at the Department of Revenue and saying, \$89,000 is peanuts, they can steal it someplace easier than we can steal it.

Representative Spaeth said, I would like to ask Representative Rehberg what his thoughts are on it. Representative Rehberg answered, I think the Chairman hit it right on the head for me.

Senator Thoft said, I don't see this being a very complicated system. It can be simplified considerably, and with that comment and the Chairman's comment, I would agree.

Amendment #27. Motion by Representative Spaeth to adopt the amendment. He said, this deals with Representative Ramirez's annual assessment bill, and the fiscal note as it went through the House and I assume the Senate says it is going to cost us some money. It will cost us \$1/2 million to implement this. I realize there may be a proposal that we eliminate the whole Reappraisal Division in the Department of Revenue coming up. I assume a motion will be made shortly on that. We have a bill in place that is passing, and I think in the House it received a substantial

number of votes. It was a good proposal and may help to clean up the whole mess we find in that reappraisal.

Representative Rehberg said, I asked Representative Ramirez when I saw the bill whether the fiscal note was accurate and whether it was going to cost this amount of money. He did not know if it would cost this. My question then would be, is someone going to make a motion then on holding off for 2 years, and then if that is made I could certainly see justification for this amendment because this could probably take the place of that delay in appraisals over the next 2 years. This money might be well spent thereby saving this -- I think I one time saw a potential savings of \$5.7 this million per year over the biennium. This wouldn't be bad spending this little amount of money to save \$11.5 million, but if that motion is not going to be made I don't know if there is justification for this kind of addition to the budget right now.

Representative Thoft said, I don't have the amendment prepared, but I have a narrative and I would move it. Senator Regan said, we have a motion before us. Let us address that amendment unless you make a substitute motion.

Substitute motion for #27. Representative Thoft explained his amendment in context and Clayton Schenck is to come up with the figures. Motion by Representative Thoft to delete the Field Appraisers. This was roughly 210 FTE's with a savings of \$5,750,000 the first year and \$5,700,000 the second year. He said, I think there are a lot of reasons for doing this. I strongly believe it will take us 2 years to clean up the mess we've got, the appeals -- and I firmly believe that there may be some changes made in this whole process and I think it won't hurt to wait 2 years. Ι believe if this amendment passes, the amendment that Representative Spaeth is proposing would be a good amendment.

Senator Regan said, you have heard the motion by Representative Thoft to eliminate 210 FTE's with a savings over the biennium of approximately \$11 million.

Representative Rehberg said, I didn't realize he was going to do this, but I support the amendment, and then can see that the next amendment could in fact, provide some of the same information, not specifically on individual properties, but could at least keep us current if there is some concern that we would be putting it off for 2 years and you are going to mess things up. I think by putting the money into Representative Ramirez's bill it would keep our information at least current.

Representative Thoft said, you still have the manpower to take care of new construction and that sort of thing so it would not totally shut down the process at all.

Senator Jacobson said, I have a paper here from John LaFaver giving some of the problems that this would pose. Now we have this other amendment working into it and I wonder if I could ask John LaFaver what this is going to do.

John LaFaver, Department of Revenue said, the way understand the sense of Representative Thoft's motion Ι is that combined with the other motion, would be to hope that you can, for \$1 million, pay for what it costs \$11 million to do. The bottom line is that the amendment to take \$11 million and more out of the DOR is that new construction won't be found, the property that needs to be appraised annually won't be, and to the extent that there unhappiness with the results of the appraisal, an is and Ι understand that there is, I think we ought to understand some of the reasons. The Legislative Auditor says the reason is because it is not adequately staffed. To cut 200 staff out, we are asking for an absolute disaster.

Mr. LaFaver said if you cut them out in 2 years, no matter who operates it, you will need a trained staff. It will take another 2 to 4 years to recruit and train a staff.

Senator Regan asked, was this proposed in the House? Representative Rehberg said no. Senator Regan said, it was not proposed in the Senate either. Representative Rehberg said, I have heard the talk for quite some time for putting it off for 2 years, and some of that talk centered around the fact that often they wait until the end of the reappraisal cycle before the majority of the work gets done.

Senator Hammond said, all of the tax appeals that are up now aren't because the Appraisers weren't there, it is an inaccurate job. I am sure it wasn't because of the shortage of staff at that time, so I can't see how that can be held over our heads.

Representative Spaeth said, I would like to ask Representative Thoft a couple of questions. We do a moratorium for a couple of years, what do you propose that at the end of 2 years we would be looking at in the '89 session of the Legislature to deal with the reappraisal? What would we be starting up? This kind of program, trying to go back to the local appraiser, local assessors, or what?

Representative Thoft said, I think there are going to be some things happen in the next 2 years that may have a big bearing on this whole tax structure. I am not just saying that lightly, I believe that. The other issue is that in 2 years, I think we can do anything we want to do, and I think

there is a lot of unemployed real estate people that are certainly qualified to go to work for us at any point.

Representative Spaeth said, let's say we started up with hiring unemployed real estate people in 2 years as opposed to the people that are in there. Would we start it up similar to what we have right now and it would just be delayed a couple of years as to the next reappraisal cycle, or what? Representative Thoft said, I don't think you are totally unaware of what went on in the last election. I think it is safe to say there may be some changes in this whole process in the next 2 years. We've got a mess on our hands right now from the standpoint of appeals etc. I am not trying to destroy the system, I am just trying to say "Hey, wait a minute".

Representative Spaeth said, I have as much criticism of the reappraisal system as probably anyone has, but one of the problems we had was that it was based on '82 levels when the costs were as high as we experienced in recent times, and I have trouble putting a moratorium on it. I would like to move a lot faster and get those values assessed down to the present values as opposed to the '82 values, and I think that would be important to the people's acceptance of this whole reappraisal situation.

Representative Thoft said, you are misinterpreting I think. As far as the last appraisal, I know of a number of appraisals in my area that need adjusting and we will let the appeal process take care of that -- hopefully.

Question was called on the substitute motion. Voted, failed.

Original Motion. Representative Spaeth said, I am wondering if we fail to pass this motion, how we implement HB 436. I wondered if I could ask Mr. LaFaver that question.

John LaFaver said, I would guess that without that \$500,000 a year, House Bill 436 cannot be implemented, and by and large the effect of 436 is to bring market values from the '82 high level down to the 1986 level. That was the purpose of the bill.

Question was called. Voted, failed.

Amendment #28. A-19, line 24. Motion by Representative Spaeth to adopt the amendment. He said, my understanding on going back to S.B. 200 that no motion was made on reconsidering the #3 on the reference copy. We have to have some system in operation and running on July 1 and there is some cost involved in the system over the next 2 years. This puts some money back in there, and I would like to ask Gordon's comment on it.

Senator Regan asked, is this general fund money? Representative Spaeth said, it is my understanding that it is not general fund money, it is Senate Bill 200 monies that are raised to cover the cost of raising the monies.

Senator Regan said, it is general fund money. It is \$824,200 the first year of the biennium and \$824,200 the second year of the biennium, general fund money.

Dave Hunter, OBPP said, that is correct. Senate Bill 200 creates the new Vehicle Fee system. It makes up for the Oil Severance Tax which was otherwise deposited in the Block Grant, general fund revenue. It makes the expense of operating that system a general fund expense, so the \$820,000 amendment was in the fiscal note, it was discussed all the way through. Senator Smith was prepared to offer an amendment in Senate Finance and Claims, you asked that he not do that because the bill was still pending at that time. The number is exactly consistent with the fiscal note, and it was on the fiscal note as a general expense.

Representative Spaeth said, I think it has to be pointed out that we do have a substantial savings -- I think in the neighborhood of \$7 million we save as a result of Senate Bill 200, and so I think it is important we adopt this so that we take care of it. Maybe the DOR can swallow the \$89,000 or something like that, but I don't think we can swallow that kind of money here and that was very clearly discussed in Senate Bill 200. We have to have it if we are going to have a system that is going to operate.

Question was called, voted, failed.

Amendment $\frac{#29}{reconsider}$ BP 3, line 24. Motion by Representative Spaeth to reconsider our action. It does cause some real problems in getting some things up and going there, and I would like to call upon the Budget office for an explanation.

Dave Hunter said, there are a number of agencies here that would like to speak to this, if necessary. Section 10 basically makes AFDC and GA payments, and any payments to individuals, contingent upon a plan that it has to be reviewed by the Finance Committee before the first of July. As some of you know, I don't think that SRS particularly could even notice up rules if that plan weren't adopted. By asking you to strike that first sentence is -- the agencies don't have any difficulty developing a plan, they don't have any difficulty in presenting it to the Finance Committee -of trying to do what they are being asked to do in this amendment; but to make entitlements contingent upon a plan being created and submitted to the Finance Committee by the 1st of July, we don't think we can accomplish. We are asking for this amendment to make the Boiler Plate workable.

I think it accomplishes what Representative Thoft wants to accomplish, but it deals with a problem that is potentially a very serious problem if you leave that first sentence out.

Representative Spaeth asked, why is it a serious problem? Dave Hunter said, because it says "prior to using the money appropriated in this act for grants or contracted for services to individuals." It makes the appropriations contingent on completing the following: it makes statutory entitlements contingent upon completing this language and we have to make those payments beginning July 1. I am not sure we can accomplish that by July 1. I don't think there is any problem with the agencies trying to comply with the spirit, but the time table is very difficult.

Senator Jacobson asked, Mr. Hunter, if we took out the time frame and put language in asking that you come forward with this plan at some day certain, would that solve your problem? Dave Hunter answered, I think that is what the amendment does if you just strike the first sentence. If we strike that sentence we still have to do it. The Department still has to send it to the Finance Committee. Your staff can schedule it when convenient, but they don't have the July 1 date conflict.

Senator Regan asked, Mr. Hunter, what would happen if instead of requiring that it is July 1, but was required for fiscal '89 so that you had a year in which you could get your plans together. Dave Hunter said, I would see no problem.

Representative Rehberg asked, you are going to let him go а whole year without a review? Senator Regan said, no they would review but they would not have to come in before they spent any money. I can see where there is a real problem on July 1. They have obligations and the money must be spent. The Finance Committee is not meeting. What do they do? It is a real problem; but if indeed they are going to bring in something that indicates what they are putting the emphasis on, but then we require them prior to fiscal '89 to have a complete plan in place, that might helpful. be Representative Rehberg said, I can see a problem with the first date as it is written now, but I don't want to lose the spirit of the original intent of the amendment, and I feel by putting it off that far it might. Senator Regan said, I believe they would be coming in anyhow, with their plans, but we will definitely say, given the 2nd year of the biennium there will be a whole year's plan there that we will see.

Representative Rehberg said, I would assume there will be a Legislative Finance meeting shortly after the first of the fiscal year and recognizing that obviously they can't get in by the June meeting, at the next available date. Senator

Regan said, I would like to suggest perhaps January 1988 which is 6 months and that would do it.

Representative Spaeth said he would so amend his motion.

Question was called, motion passed.

Amendment #30. A-17, line 8. Board of Crime Control. Motion by Representative Spath to adopt the amendment. This would reduce by \$50,000 for the biennium the technical assistance activity of the agency. This is where they provide technical assistance to different entities and some of them local, like the Billings prison. I am proposing that we remove \$25,000 per year of general fund and we would have to adjust it so that they would have additional spending authority. My feeling is that the local entities, on these different projects, if they are really that important, can come up with 1/4 of the cost. So we would decrease by \$25,000 the general fund and increase by that amount their spending authority so they can receive contracted monies back from whoever they are providing the technical assistance to.

Question was called, voted, passed. Senator Jacobson voting no.

Senator Regan said, while this amendment is not complete, we will ask that the adjustment be made that gives them the spending authority on the quarter we have taken away in general funds.

Judy Rippingale said, we will put it in the bill and write up the narrative with that amendment.

Amendment #31. A-1, line 25. Motion by Representative Spaeth to adopt the amendment. He said, for those of you who were with me on the Appropriations, I always looked around and felt vacancy savings should be a minimum of 2% and I found one in the Legislative Fiscal Analysts that we allowed the 1% vacancy savings. I move we increase it to 2%. It is not a substantial savings in there, but I think we should be consistent somewhat with our own agencies, and that is why I propose a 2% vacancy savings for the LFA.

Question was called, voted, passed. Senator Jacobson voted no.

Amendment #32. A-31, line 24. Motion by Representative Spaeth to adopt the amendment. He said this amendment might be a bit controversial. We have 6 Veterans Affairs Offices in the state of Montana and I am suggesting we delete one Veterans Affairs Office in the State of Montana for a savings of about \$80,000 over the biennium. I think we can take a cut and make it 5 and I don't think it will be any

great problem. It gives them the discretion to pick the one that has the lowest use, and they also have watts lines, etc. I think it is an area where we can still provide the same kinds of services, but do it with one less amendment.

Senator Hammond asked were the offices are, and Representative Spaeth said Mr. Brown could answer that, since he did not have his list with him. Rich Brown said, I am not sure exactly what the question is. Do you mean where our offices are, or to address the amendment. Representative Spaeth said, I think both questions would be appropriate.

Rich Brown said, our offices are located in Wolf Point, Miles City, Billings, Great Falls, Bozeman and Butte and we have a Helena office only for administrative purposes and offices in Kalispell and Missoula. I could not speak as to where the Board of Veterans Affairs would close an office. We would have to close either the Butte, Billings or the Missoula or Wolf Point office. We would have to close an office, the amendment states office. I would say that the Board of Veterans Affairs in considering which office to be closed, would be considering which county or counties could do without about \$2 million in federal benefits for veterans and offset that loss with say -- \$1 million increase in medicaid and county welfare benefits and those kinds of costs. Although it appears to be a \$30,000 or \$40,000 savings it would probably be about a \$3 million annual loss to the state of Montana in terms of lost federal dollars and increase to the state and county dollars.

Representative Spaeth said, just to quickly respond, I don't think the loss is going to be there. I don't know that we have to have your neighborhood veterans service offices. I think we can do with one less.

Question was called. Voted, failed.

Amendment #33. A-26, line 8. Motion by Representative Rehberg to adopt the amendment. He said this amendment is in the Department of Administration Training Division. In the House we deleted approximately \$69,116 from general fund and put it in proprietary account. Last session the Legislature took one of the other two training positions and made it proprietary. The rationale for my amendment is that since the agencies are being trained by these two people and they pay from their budget, then there should not be a general fund subsidy for this program if it is as good as they say it is. Their justification for the general fund subsidy was to keep the position going and if that is indeed true, maybe we don't need two full time FTE's. I think the two positions should be fully funded by the proprietary account.

Senator Regan said, you would insert a like amount in proprietary funds then? It would be the spending authority. Clayton Schenck LFA said, I don't believe that would be necessary since the proprietary funds would put the same amount in here. Representative Rehberg asked, don't we have to give them spending authority to pay for that position? Clayton Schenck said, they already have that authority.

Question was called, voted, failed, Senator Jacobson and Senator Regan voting no.

Amendment 34. Motion by Representative Spaeth to adopt an amendment. (no page and line given)Representative Spaeth said he had an amendment which was in 2 parts and said, what I am proposing is that we have money in House Bill 492 and some of it is appropriated under A-8. There is no money available. There is basically \$125,000 in addition to the money we transfer and I am proposing that we increase that \$125,000. The Senate eliminated Montclerc, a legal research service, and since the other amendment I am proposing will save \$125,000, I am going to move that instead of eliminating Montclerc, that we continue to have Montclerc as a legal research, but instead of \$145,000 that it be reduced to \$100,000, which is a \$45,000 savings over the present budget and to increase the other accounts accordingly in the other fund. Particularly rural areas take advantage of this, but also the urban areas by public defenders and it saves local county funds, city funds and things like that. This would direct them to increase their charges to the cities and the counties so they took up a greater share and would reduce the general fund but we would still keep the program alive.

Representative Spaeth said his amendment would reinstate Montclerc with general fund funding of \$100,000 and add the \$45,850 to other funds of \$36,460 so we keep that program alive. It is a cost saving program throughout.

Since the amendment was not before the committee in written form, Senator Regan asked if the committee was comfortable discussing it without having it before them. Senator Hammond said, I understand the Montclerc part of it but I didn't understand the other part of it. Representative Rehberg said, the other one is not tied in.

Representative Rehberg said, the money is being taken from the Motor Vehicle Account. Representative Spaeth said no, I am not taking it from that account. There is approximately \$125,000 in that account that we have not transferred to the general fund and since I've found that, I am saying give me \$100,000 of it to keep Montclerc going.

Representative Thoft said, I had a couple of concerns. I think he wants to spend it before he takes one out. I think

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there is a cash flow problem if we take all the money out of the Motor Vehicle account. Representative Spaeth said that could be debated separately, but he did not think there was.

Senator Jacobson said, I would resist the motion to put the money back in for the Montclerc program. We had it out in our subcommittee and then they came in with quite a plea and it got put back in over in the Department of Justice. It is a good program and the counties do use it and it is probably a cost savings to the county, but it isn't enough of a cost savings to the county that they want to pay for it. I think they are paying about 30%. I specifically asked the question, if you had to pay 50%, would you use it and they said no, they didn't think the program would be used. How valuable can it be if the counties don't want to pay for it. It is basically a work study program for law students and it is a benefit for the counties, but I think when we are going to have to cut everything else back that we can probably live without it.

Senator Regan asked, would it be all right with you and with the committee if we address just the Montclerc section right now and dispose of that part first. The committee agreed and she said, we will be voting then on Representative Spaeth's motion to partially fund Montclerc as he has described.

Question was called. Voted, failed.

Amendment #35. A-4, line 22. Motion by Representative Rehberg to amend and said throughout deliberations in the Legislative Agencies they attempted to make things on an equal basis. We increased the salaries in the EQC and the LFA, we adjusted that upward to cost the additional money. We tried to be consistent in our vacancy savings all the way through General Government and Highways. We took a 4% across the board and within a couple of the smaller areas of the legislative agencies we lowered that to 1%. Representative Spaeth earlier had an amendment to increase the vacancy savings to 2% in the LFA office. This increases the EQC's vacancy savings to 2%, thereby again trying to be fair across the board in the Legislative agencies.

Senator Jacobson asked, how many people do they have in the EQC? The answer was 5 people. Representative Rehberg said it is merely a cost savings measure. We took it in one group that had 2; we took it on the Governor.

Question was called, voted, passed.

Amendment #36. A-15, line 13. Motion by Representative Spaeth to amend. He said there is approximately \$125,000 as far as the revenue estimate being transferred. If it doesn't exist, it won't be transferred because it won't be

there, but this doesn't hurt because there is no sense in having \$125,000 just sitting there. I don't think we have that kind of luxury to have it sitting there.

Senator Regan said we already took it. We took it for the Alcohol Treatment Rehabilitation. There is no general fund there, that money doesn't exist.

Representative Spaeth said, but this isn't part of 287, it is part of the revenue estimate on House Bill 492. Senator Regan said, Representative Rehberg's amendment dealt with this same fund. \$143,835. He replaced the general fund with the Alcohol Treatment Rehabilitation fund and took all of the general fund.

Representative Rehberg said no, that was giving money back to the general fund.

Judy Rippingale said, I think what Representative Spaeth is doing -- he wants to use the remaining \$125,000 fund balance, and we've used the general fund to save general fund \$125,000. You have already saved all of the \$125,000. Other than just giving them \$125,000 to spend, there is no general fund money to save any more because Representative Rehberg already took that away.

Representative Spaeth said, no, if you look at the elimination of contingency language 492, you use Motor Vehicle funds, we are dealing with the Revenue estimate basically on what 492 will raise. My amendment will increase that \$1,493,000 by another \$125,000. I think that the revenue estimate indicates that there is another \$125,000 coming in under 492 and so we are not giving anybody any spending money, we are just transferring it.

Clayton Schenck said, the only \$125,000 that I am aware of in terms of being available is the ending balance of the Motor Vehicle account. House Bill 492, the entire amount that was generated by 492 has been utilized in House Bill 2, so all those funds are gone for House Bill 492. The over all balance in that account is on page A-54 of the narrative and includes all the revenues from 492 and the other bills that increased any funding and includes all the disbursements for all these various items. There is an ending balance in that account of \$145,000 which was intended to be left there as a working balance. There isn't anything in the Forensic Science Division to take out.

Representative Spaeth said, we have a working account but we really don't need the money there, do we? Clayton Schenck said there is \$145,000; there is fluctuations in how that money comes and goes and there is a need for a working balance.

Representative Spaeth said, there is \$145,000 there and my amendment is for \$125,000 which allows a \$20,000 leeway there and they can also borrow from the general fund account. That is a fund we can grab.

Senator Regan said, I think there are problems with this. I am not going to support it because I don't think the general fund is there. Representative Rehberg said, maybe one way of looking at it, if there is more money there, maybe we can take more vehicle fund money and put it in the general fund.

Question was called, voted, motion failed with the 3 Senators voting no.

Representative Rehberg said at the beginning of the session we killed an amendment that the Department of Revenue brought in. It was a technical amendment on Video Poker. What I'd like to do is to put that off until section C since they are inter-related. While it should be done in section A, there is some correlation between A and C.

Senator Regan asked if it would be agreeable to close section A with the exception of this one issue.

Representative Bardanouve asked if there was some way he could address this committee. He said, before you close Section A, I fear you have created a problem in this committee, no matter how well you do your work, to have the committee report be rejected. There was a motion made earlier to fund the Vehicle account in Senate Bill 200 which was to pay for the appraiser. What you have done, you will cause that program to completely fail if somehow there isn't some solution found to pay for those costs of the appraiser. That program will fail, and if it fails local governments will suffer millions and millions of dollars loss, and this committee report will not be accepted when they find out that Senate Bill 200 will not be implemented. There will be a rebellion in the House, and I think Senators think pretty much the same. If there is some way -- if you can somehow take some of the money raised by that bill and use it to finance the appraisal costs of the assessor. It won't fly if local government finds there is no money for local government. That is the main thing we have approved in this Legislature, approved by the Senate and House and I knew instantly when that motion failed, and it wasn't the Department of Revenue that told me. If you want this report to be accepted, and if you want to get out of here on time, then you are going to have to come up with something on this issue.

Senator Regan said, you have heard the concern and I think what I will do at this point is simply ask you to go up and be back in a half hour. We will have a 1/2 hour recess while the House members go up to vote. We will have two

issues open. One is Senate Bill 200 and the way it is funded or not funded, and the other is the Keno Poker issue.

Representative Rehberg said, I am not getting the answer I want on the video poker amendment. It is a 2 part amendment. The second part I find not acceptable, but I would make a motion we accept the first part of the amendment. A-19, line 7.

Senator Regan said, we will have to have a motion to reconsider our action in having rejected them.

Amendment 37. A-19, line 7. Motion by Representative Rehberg to reconsider our previous action (#11). Voted, passed.

Motion by Representative Rehberg moved the administrative costs for the Keno and Video Poker machine bill. It is changing it from the flat fee to the 15% tax. I was attempting to separate Keno and Video Poker and I think there might be some duplication in here, but I am not finding the answer. I guess the best way to approach that is to give them this money but not allow the budget amendment authority they are asking for in the second part.

Question was called on A-19, line 7. Voted, passed.

Senator Regan asked about the question of Senate Bill 200. Curt Nichols said, we spoke with the DOR about Senate Bill 200 and the need for the assessors. SB 200 has passed the Legislature and if you wanted to change that bill and take an allocation off the Property Tax Revenue, you would either have to recall it or get the Governor to return it. The budget office could not tell me where the bill was, as to whether the Governor had it in his hands or not. Second, is could the Department do it? In the short time we couldn't do an analysis of the department to know if what they have there is the minimum they need. Third, could the counties absorb part of the cost? Not having the counties here, we couldn't address that. I think the counties do have \$33 million dollars of revenue riding on this and I expect they would do what they could to carry out the assessment, but we don't have the figures.

Representative Spaeth said, "have the counties absorb". I am not sure how the counties would absorb some of these monies. The money goes directly, not necessarily to the state for us to be able to grab under Senate Bill 200. It goes directly back to the entities as I understand it, and it would be pretty hard for us to grab any of that money.

Curt Nichols said, what I was thinking, either they have excess manpower staff available to do the assessment or they would budget at the county level at assessment time to carry out the assessment of the vehicles.

Representative Spaeth said, but if we budgeted, that would be on a county basis and we would have total confusion and chaos between counties out there, wouldn't we? Curt Nichols said, I would assume each county would make its decision as to what its needs were and what to do.

Representative Spaeth said, there would be no uniformity though throughout the system if we basically turned it over to the counties to do whatever they wanted to do to try to collect it. Curt Nichols said, I think it could be done the same way it is contemplated in the bill. The counties do assess it.

Senator Hammond said, they just use the blue book. Did you check that? The blue books are available. Curt Nichols said, it is my understanding that it is a straight forward process to assess them.

Representative Spaeth said, I have a proposal here. I think that they can do with fewer people the second year, and I guess this amendment is not in the proper format yet, so I guess I would request we leave this subject and come back to it. They probably still need the start-up FTE's to get the computers on line and that sort of thing.

Senator Regan said, with that understanding, that we leave Section A open only for the question of how to deal with Senate Bill 200. LFA said they were not aware of any.

Motion by Representative Rehberg that Section A be closed with the exception of what to do with 200.

Question was called, voted, passed.

SECTION B.

Amendment #1. B-5, line 19 etc. Motion by Senator Jacobson to adopt the amendment. She said, this amendment is in response to HB 460. It is splitting up the funds in 460 so that \$40 goes to Displaced Homemakers, \$30 to Big Brothers and Sisters, \$5 to New Horizons, \$5 to Childrens' Trust and \$20 back to the Counties, as is stated in the bill.

Senator Regan said, that is the amendment that we accepted today in the Senate. It was the bill that raised the divorce fees and then there was the question of Childrens' Trust being left out. This allocation now reflects what we accepted in the amendments.

Representative Rehberg asked, then either the House accepted it while we were gone or it will be on the board tomorrow? Senator Regan said, that is correct.

Question was called, voted, passed.

Amendment #2. B-10, line 20. Motion by Senator Jacobson to adopt the amendment. She said, this amendment takes the estimate that is in HJR 41 of the revenue from the 12 mills levied and collected by the 12 state-assumed counties and transfers to the general fund, the excess. If this is wrong they will be coming back for a supplemental I suppose, but that is the revenue estimates that the Legislature accepted.

Question was called, voted, passed.

Amendment #3. B-6, line 12. Motion by Senator Jacobson to adopt the amendment. She said, this is to take care of HB 581 and provides for travel reimbursement for the general assistance participants if their training or work study is more than 10 miles from their home. This comes off the fiscal note on that bill and is about \$59,400 each year in general fund money.

Representative Thoft said, it seems to me there was money available at the county level but they needed to have the authority to spend it.

Senator Regan asked Taryn Purdy, Legislative Fiscal Analyst, have you seen this amendment? Taryn Purdy said she had seen it. Senator Regan said, Taryn, isn't there a million and a half in this general Work Study Program? Taryn Purdy said, that is correct. There is currently \$1,400,000 in it. Senator Regan asked, is there any reason why they couldn't take the \$59,000 and the \$59,000 out of that? Taryn Purdy said, the appropriation is not particularly set at the subcommittee at a level per participant. It is assumed that there is enough authority that they would even be able to assume the cost. Senator Regan asked, then we don't really need this? Taryn Purdy answered, that is correct.

Senator Jacobson withdrew her motion.

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Amendment #4. B-14, line 23. Motion by Representative Rehberg to adopt the amendment. He said, this deleted the language on B-15 that was placed to replace the Marks amendment on the House floor to require the Department of SRS that once the funding runs short of the state assumed medical area then they make the determination of which of the optional services -- how to spend the money. It strikes the Senate amendment because I feel without the language in the bill the SRS would have the ability to make that determination when funds were running short. With the language this assures us of a pretty large supplemental when we come in next time. By taking this out they will still probably have to come in for a supplemental but they could also adjust their income accordingly.

Senator Regan asked, this only addresses medicaid primary care program, not anything else? Representative Rehberg answered, that is correct.

Senator Hammond asked, this would strike the language? Senator Regan answered, it would strike the language that the Senate put in.

Representative Thoft said, I would really hope the committee would support this amendment because the Senate amendment really gives them a blank check.

Senator Jacobson asked, you are just striking all the amendments? Representative Rehberg answered, yes. I am putting the bill back the way it was before the House messed it up.

Senator Jacobson said, if we adopt this amendment that means they are going to have to cut if they don't have sufficient funds in those optional services. Representative Rehberg said, no, they can still come in for a supplemental. We have set the level of expenditure and by leaving the Senate's language it is giving the weight toward the direction that that supplemental will be approved -- just bring it to us in the next legislature.

Senator Hammond said, but we take all this ability away from them in this language. Representative Rehberg said, that is correct. Senator Jacobson said, except that you've got to realize that we've taken any optional services we can; namely eye glasses, hearing aids and those kinds of things so there is nothing else that they can cut back on.

Senator Hammond said, what about scope and duration? Representative Rehberg said, I can't specifically name the optional services that we haven't taken, but there are a number of them.

Senator Regan said, we understand what the optional services are. One of the problems is that if they deny an optional service -- for instance the foot doctor -- they end up going to the hospital. What happens often is in an attempt to deny an optional service the recipient is smart enough then to go to the hospital and get admitted and then you have it in the hospital. I know that because I was on that Health Cost Containment Committee, and while I understand the thrust of this amendment, my fear is that you haven't seen anything yet -- when they start going to the hospital and spending 4 days there and you get the bill for that you will see.

Representative Thoft said, that is not what this amendment does. This amendment says they can come in for a supplemental; they can run the program any way they want,
but they have to come in and ask for a supplemental. The bill says they cannot just go ahead and spend.

Senator Regan said, I think I know what happens. In the attempt to close down those optionals we will find that often times the patient will get the service in a different way, and that is by admission to a hospital. Mr. Leary, would you address that?

Mr. Leary said, you are correct. What will happen, and I will use the experience of an independent, outside a hospital, physical therapist, which is a better example. If a patient is going to an independent physical therapist, and that is one of the optional services that has to be cut by the Department, the patient will go to a physician and be admitted to the hospital to receive that physical therapist treatment, either as an in-patient or as an out-patient and it is going to be more expensive.

Representative Thoft said, I would request asking the gentleman a question. With this amendment, does that change the ability of the Department to let them go to the physical therapist? Mr. Leary answered, I would rather you refer that question to Mr. Lewis or the Department.

Representative Thoft said if Mr. Leary could answer one part of the question he could certainly answer the other, and asked again, does this amendment make it impossible for the patient to go to a physical therapist? Mr. Leary said, no it doesn't make it impossible, but if the Department is faced with running out of money and has to make the decision to cut some optional services, and if they do cut an optional service such as out-patient independent physical therapy, that's what will happen.

Representative Thoft said, then does this preclude you from coming in for a supplemental? Does it, Dave?

Dave Lewis answered, I am not sure I understand the amendment, if I could just ask -- does this return to the Marks amendment language? Representative Rehberg said, no it does not. Dave Lewis asked, it just simply deletes any language whatsoever? Representative Rehberg answered, yes, it does.

Dave Lewis said this would mean it is something that we would have to sit down and talk to the Governor about. We have the option, as Representative Thoft says, of coming in with a supplemental or we would have to turn back and cut the optional services. If there is no specific direction in there, that would be as usual, a decision the Governor would have to make at the start of the fiscal year because we will face the issue that if there is no language at all then

there is no direction from the Legislature as to how the situation should specifically be handled.

Question was called, voted, motion failed with Senators Regan and Jacobson voting no.

Amendment #5. B-12, line 14. Motion by Representative Thoft to adopt the amendment. He said, this is the amendment on Community Based Services on DD. The general fund cost is \$373,836 this biennium, but that is really not the issue. The next biennium, I think the cost is \$1.8 million. I think I have some concerns, particularly since this is new.

Peter Blouke, LFA said I believe it is \$1.8 million. It is \$1.5 million, the annualized cost, so going into the next biennium it would be \$1.5 million per year.

Representative Rehberg said, if you remember from last session, I believe it was House Bill 909, the big study, this is the Community Based DD program of the clusters out close by the hospitals and where there are other services. This is new, as I understand it. I don't believe we did any of this in our subcommittee last session, and I guess we were a little surprised when we saw it come to the House floor because it had been attempted in the subcommittee and failed, and then attempted in full Appropriations Committee and failed, and won on a very close vote on the House floor and passed.

Senator Regan said, I guess I have a question for Peter. I supported the DD addition, but I had no idea of it's ramifications. Would you explain to us how this program, as presented to us as a rather modest increase, would have such a significant impact on the next biennium. What exactly did we do?

Peter Blouke answered by saying, the modified as presented would start in '89. The full cost of the program would not be realized in fiscal year '89 because it would take some time to create the program in the communities so it would not be fully operational during fiscal year '89. However, if I understand the Department correctly, by the end of fiscal year '89, the program would be fully in place, therefore going into the next biennium you would have the full annualized cost of the program which would be approximately \$1.5 million.

Senator Regan asked, per year? Mr. Blouke answered, per year, yes.

Dennis Taylor, administrator of the Disabilities Division, was requested to address this question and said, the proposal that is referenced in the proposed amendment is the

Specialized Services Support Organization that was recommended in the Executive budget and was included by House amendment. The original proposal would have called for approximately \$1.5 million of general fund with a total program of \$2.3 million. The scaled down version that is currently in House Bill 2 has a fiscal year '89 cost of \$373,863 in general fund with a 70% federal funding of \$650,000 in '89 for a total fiscal year '89 cost of a little over \$1 million -- \$1,024,613. When fully operational the annualized cost will be \$1,499,663; \$543,663 will be general fund and it will leverage from Title XIX.

Senator Regan asked, how much will be general fund? Mr. Taylor answered, \$543,663. Because this program is eligible for Title XIX Medicaid funding, 70% of those annualized costs will be paid for under the Title XIX program, and will be federal dollars. Approximately 30% of the annualized cost will be general fund expenditures. The individuals who will be served from this will come from places like the Montana Developmental Center, Eastmont, and people currently in the community who are aging out of Specialized Ed and Specialized Family Care. Their only alternative would be to be served in places like Montana Developmental Center and Eastmont at significantly higher annual cost, and therefore a significantly higher general fund cost than proposed in this modified that is contained in House Bill 2.

Senator Regan asked, how secure is Title XIX funds, and is this one of those programs where we get started and then the fed funds drop and we've bought the whole ball of wax? Dennis Taylor said, just this year we were notified by HCFA (Health Care Financing Administration) that our Home Community Based Waiver Program for the Developmentally Disabled has been reauthorized for 3 full years beginning July 1, 1987, so that at least for this biennium we have a strong commitment in the renewed contract at a higher level of slots than we were funded previously. It is certain for the next 3 years and it represents the attitude that the Congress has adopted in the last Congress and that HCFA continues programs in the community, as opposed to more costly programs than an intermediate care facility for the mentally retarded like Montana Development and Eastmont.

Representative Rehberg said, then the second half of the question -- maintenance of effort is always the big fear and the second question then, if these people are in places like Eastmont now, by the addition of this, what you are saying is to spend money is to save money, is there a subsequent decrease in those budgets right now.

Dennis Taylor said, it is my understanding that there is not because the population that would be served by this in 1989 is not known until those 30 individuals would be screened in. At the time you would have the benefit, once this is

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operational, of knowing where these individuals came from and make appropriate reductions in other budgets as required. They won't be incurring expenditures if they are not in the Montana Developmental Program at \$65,000 a year.

Senator Regan said, but Dennis -- you are talking 30 people for \$1 million? Dennis Taylor said, we are talking 30 people for an annualized cost of \$1 million in fiscal year '89.

Senator Hammond said, these are just the severe ones? Dennis Taylor answered, these are individuals that are severely disabled. Currently that would be about \$45,000 per individual for those same individuals in Montana Developmental Center; that is a significantly higher cost.

Keith Wolcott, LFA said, you won't save the full cost of an individual from Montana Developmental Center or Eastmont because the incremental costs are about \$60,000 a year. It will save some money, but it will probably be closer to \$10,000 rather than \$60,000. You will have to make a substantial reduction before you can start closing cottages etc., to save much money.

Senator Hammond asked, these people are being served now in the group centers, etc.? Dennis Taylor answered, currently the people that would be benefitted would just come on line are not totally being served. There are 800 individuals that are waiting for services, some of whom would benefit from this that need intensive services. There are 740 some individuals on community waiting lists. The Department of Institutions who supports this proposal and the Department of SRS have jointly identified 39 individuals in the institutions that are priority for placement if we had room in our community system. We have seen, in my tour of a year and a half, I've seen 11 individuals leave the community and end up in Montana Developmental Center. If we had a service like this, that would not be where they would be being served. We have 172 individuals who have either just recently aged out, graduated from special education, or will in the next biennium. The Developmental Planning Task Force that Representative Bardanouve, and Senator Keating, myself, and a representative from OPI, Department of Institutions Providers recommend are two such specialized service organizations being included for 52 people each. This is the scaled down version that at least gets us moving in the direction toward addressing the need, makes a modest investment toward meeting that un-met need. It is a small step forward.

Senator Regan asked, this kicks in the last quarter of '89? Is that what we are doing here? Dennis Taylor answered, the idea would be that the Specialized Service and Support Organization would become operational at the beginning

quarter of fiscal year '89 and that people would be placed then throughout that quarter and the full cost wouldn't kick in fully until fiscal year 1990.

Senator Regan said, this is a tough one. I think for everyone sitting here, and when I first voted for it I did not realize the full extent of the cost of an ongoing program. How can you justify starting a new program like this when we are really cutting and trying to save money and trying to get a handle on the budget. Dennis Taylor answered, I guess if you had the opportunity to sit with Dave Lewis and I and talk to the people on appeal when they are faced with a decision to place one individual in a vacancy and 4 other individuals that are just exactly like the individual that is selected, appeal that placement and you have to decide -- we place this individual in Montana Developmental Center and this other individual in this community opening. We have 740 people chasing the one slot that becomes available. We have 40 people in the institutions that are chasing that one spot. What we're saying is that this program addresses 30 opportunities and is a modest step forward and keeps people having some hope that someday we'll close that gap and meet the need. Without any expansion in this service, I think we run a real risk of people giving up and seeking alternatives through the court system.

Senator Jacobson said, this was a top priority in this Task Force, and I think it is a real step backwards if we don't do it. I realize it is difficult to buy these kinds of things, but this is something we have been working toward for the past 4 years, and I just strongly urge you not to support this amendment.

Representative Thoft said, I guess when we are talking about 700 or 800 people and 30 slots for this cost and I guess we've only heard one side of the issue.

Representative Rehberg said, I agree with the Chairman, being a new program, it is perhaps a step backwards, but so is -- and I still remember my days on Health and Human Services subcommittee, and cutting the AFDC and the general assistance, and some of the other programs that are in place right now. These waiting lists seem to continue to grow and our question was always, are they growing because your identificatn is getting better, or what, because the population of Montana is not growing. We are probably only touching the surface with these kinds of programs, but I can't justify a new program now.

Senator Hammond said, this is an attempt to reach the people that they don't feel they are serving the various needs of now, but they admit they are not going to be able to reach the number they should be and it is kind of a drop in the

bucket they are reaching. I think it is awfully good but I don't think we can support it this year.

Representative Thoft said, I think we are going to have to realize that unless the surcharge and some of the tax measures pass we are going to be back here about \$200 million in the hole, and I think we have to be more responsible.

Question was called, voted, passed, Senator Jacobson voting no.

Amendment #6. B-8, line 20. Motion by Representative Spaeth to adopt the amendment. He said, it adds general fund monies in '88 and '89, about \$2.5 million but this is where we lowered the AFDC and GA from 44% down to 41% which is contrary to the law. We are preparing an addition to the bottom that in essence said that if a bill passed the Legislature changing the statute then this would not apply. Representative Bardanouve has suspended the rules to get a bill introduced to change the statute in this area to lower it to comply with the spending level that we have in House Bill 2 at the present time. The reason I think we have to do this is that if it is on statute and we don't fund it we are going to get sued and we are going to lose the lawsuit.

Representative Rehberg said, I guess I don't disagree that we might be sued, my question is, it was on the board when we left to come down here. Is there anyone here who knows what happened to that bill? (Someone in the room said it passed) If it passes on third reading then the Senate has to suspend the rules to accept the bill. Then, is there more pressure on the Senate to accept the bill by not accepting this amendment?

Representative Spaeth said, I don't think there would be any different pressure one way or the other, particularly if we have that language on there. The Senate can still go ahead and save \$2.5 million by suspending the rules. If they don't suspend the rules, and we don't adopt that amendment, we just spend money on a lawsuit, so I am not sure whether it is advantageous either way you go but I think with that language in there, there is still enough pressure on the Senate to accept it as opposed to us not doing anything.

Dave Lewis said, we are talking about the AFDC and GA issue, and I am quite sure if nothing is done, there will be a law suit.

Senator Regan asked, supposing we don't do anything, if the Senate does not accept the bill or it does not pass, in that event could you not just follow the law because obviously you are going to have to follow the law. You would run out of money and you will have to come in for a supplemental.

Would that not be as easy a way of handling it as messing around with this?

Dave Lewis answered, obviously yes. The hearing in House Appropriations was at 6 o'clock and we discussed this on House Bill 912 which is the issue, and as I told the House Appropriations Committee, the statute basically sets the levels. We will have to follow the statute. If the Legislature chooses not to put the money in, they automatically set us up for a minimum \$2.5 general fund supplemental because we would have to pay at the level required by the statute.

Question was called, voted, the motion failed.

Amendment #7. B-8, line 20. Motion by Representative Spaeth to adopt the amendment. He said, this is the non-resident medical relief one.

Senator Regan said, if you remember we had a bill that would have transferred the responsibility to the local level and we refused to do that. At the time we were told that this was the price tag if we didn't do it. Now we have the amendment before us.

Senator Hammond asked, this is on which page. Senator Regan said it is B-8, line 20, the non-residential general relief. If the monies are not spent, they all revert. It is both for the transient and for the share of people that are in jail, fall off mountains, get smashed up in cars -- all that sort of thing.

Senator Hammond said, your amendment would put it back in so the state takes care of it? Senator Regan said, we did that when we failed to enact the bill. I don't think we have much choice on this one.

Question was called, voted, passed.

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Amendment #8. B-8, line 14. Motion by Representative Spaeth to adopt the amendment. He said, this is the semi-tractor/trailer. It does not involve any general fund, it is an adjustment in state or federal special. I am not very knowledgeable on it so if there are any questions I would like them referred to Mr. Lewis.

Senator Jacobson said, this is all federal money. The feds are giving them the money to purchase this tractor/trailer for expanded delivery of cheese and other commodities.

Representative Thoft said, why can't you contract the services? Senator Regan said because you would be using general fund and this is federal fund.

Representative Thoft asked, can't they contract with federal funds? Senator Jacobson answered, I don't think so.

Dave Lewis said, we received a dramatically increased allocation of federal surplus commodities from the Department of Agriculture. The food stamp or commodity feds, gave us federal money to buy an additional semi and also money to pay for a driver and for operating expenses for that truck for 2 years. They have a commitment in the program that has been in existence for some years, which gives us the future support for that. It does allow us to add one additional semi to transfer the commodities from the warehouse where they are collected here in Helena, around the state, and we have almost doubled our allocation of the basic commodities.

Representative Thoft said, you did not answer my question. Can you contract that same service? Dave Lewis said, yes. We can contract it, but it is more expensive.

Question was called, voted, passed with Representative Thoft voting no.

Amendment #9. B-2, line 22. Motion by Representative Spacth to adopt the amendment. He said, this is the Nursing Bureau in the Department of Health. I was the one who originally made the motion to take it out in the House. I conferred with some of the people in the Department of Health and some of the people out in the field and they feel it is very necessary, particularly these days with the increase in the AIDS problems and the numbers increasing in Montana. There are only 2 people in it. It is \$197,000 a year and because of what I would consider an epidemic in numbers in Montana, I would like to go ahead and put it back in.

Representative Rehberg said, I preferred Representative Spaeth's argument in full Appropriations since it was much better, and that is that once you get to a level and have cut a program so much that it no longer resembles the original program you created, perhaps it is time you do away with the program completely. The Nursing Bureau was a viable concern and it was a program of the past. It is down to the level now that I think we ought to just put it to bed.

Representative Thoft said, Representative Spaeth has obviously changed his whole attitude because of AIDS and I don't think it is that bad. Representative Spaeth said, I would like to have Mr. Opitz to address this question and explain some of the numbers that we are starting to look at in the state here.

Bill Opitz, Department of Health, said basically the numbers on AIDS -- since January the testing has gone up from about 100 tests per month to over 500 per month. We are averaging, in April, approximately 30 tests per day, so it will be about 600 for the month. The number of positive tests that we have in the state so far is 74; 8 cases of AIDS and we are projecting approximately 11 cases for 1988 and about 24 in 1989. The average cost of each one of those cases will be about \$40,000. It started out at about \$150,000, but due to the fact that people are zeroing in on it we are reaching a diagnosis sooner and the unit cost has come down to about \$40,000 a case. These two nurses, at one time in 1978 that bureau was down to 2. This is not the first time it has gone down to 2, both of them are workers; and it would be our proposal that we take the bureau and incorporate the Nursing Program into the Preventive Health Bureau and not have it as a bureau on its own.

Representative Thoft said, this amendment would add \$50,000 general fund for AIDS testing and I would like to have that discussed. Senator Regan said, we will come to that. That is laboratory tests, and my understanding is that we are not able to charge a fee for these. They can only charge handling fees, therefore it was necessary to give them more money for the actual tests themselves.

Representative Rehberg said, somebody told me though that was strictly spending authority and as federal money or other monies came in -- now if there is federal money for this, why isn't there federal money for the other consultation.

Senator Regan said, I think this is a different issue and I would like to settle this and move on.

Question was called, voted, failed.

Amendment #10. B-10, line 21. Motion by Representative Spaeth to adopt the amendment. He said, we took out as optional, hearing aids, dentures and eye glasses. In discussing it with people that were involved, the hearing aid question was extremely important. This would just put hearing aids back in as optional services. It is \$66,000 general fund one year and \$69,000 for replacing them. The federal money being \$148,000 and \$163,000 during the biennium. This was extremely important to people dealing with the program.

Question was called, voted, failed.

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<u>Amendment #11.</u> Senator Jacobson said she had an amendment which was not prepared yet. The gist of the amendment is that it would allow further spending authority of federal funds so that the Department can go after some of the Home

and Community based waiver money, the Title XIX money, in order to expand their services that you just moved back. Representative Thoft's amendment. Could you leave the section open for that one amendment?

Representative Rehberg asked, that does not necessarily have to be match money? The feds could pay 100% of this? Dennis Taylor said, the amendment being prepared now would add \$500,000 to the federal fund authority in FY '88, \$500,000 in FY '89 and that would allow us to convert to increase our services without additional general fund dollars either in this biennium or in future bienniums, and we just want to have that flexibility in order to maximize our use of the recently renewed waiver program. It would not allow us to do the Specialized Services and Support Organization that was taken out by the previous amendment on general fund.

Senator Regan asked if we could handle the amendment and allow the LFA to do it.

Senator Jacobson moved the amendment. Question was called and the motion was voted and passed.

Motion by Senator Jacobson that Section B be closed. Voted, passed.

SECTION C. HOUSE BILL 2.

Amendment #1. C-3, line 7. Motion by Senator Hammond to adopt the amendment.

Senator Regan said this is the one that deals with noxious weeds, the one House Bill 102 that was amended on the floor, it is the weed control bill and would appropriate the money for that 50 cents and is retained at the county level.

Question was called, voted, passed, Representative Rehberg voted no.

Amendment #2. C-16, line 17. Motion by Representative Rehberg to adopt the amendment. It is the Department of Commerce. The amendment deals with the indirect costs that were originally included in the merger of the Board of Investments and the Montana Economic Development Board to reflect the lower Departmental indirect costs we will be reducing their appropriation authority by \$11,336 in '88 and \$12,639 in '89.

Question was called, voted, passed.

Amendment #3. C-17, line 11. Senator Regan said this amendment deals with the Video Poker Control Bureau in the Department of Commerce.

Representative Rehberg said he would move the first part of this amendment. We have already made the value judgement that we cannot determine what the fee ought to be, or what the cost will be. I will move the first part of the amendment.

Question was called, voted, passed.

Amendment #4. C-12, line 13. Senator Regan said this is the amendment that would allow the department to request a budget amendment to spend fees collected under this bill.

Representative Spaeth said, this is the enactment of House Bill 642 and the explanation is fairly clear. This is the Water Rights Division in the Department of Natural Resources. It is the result of changing the publication notification and things like that, particularly on the termination of a permit application. House Bill 831 deals with the Board of Water Well Contractors which is attached to DNRC. There is no general fund in either of these two costs. It is basically a spending authority for fees that would be collected under those two bills.

Motion by Representative Spaeth to adopt the amendment.

Senator Regan said she would ask Curt to address this. She said, I asked Curt, what does this mean, it satisfies the emergency provisions of 17-7-403 and I will ask Curt to speak to that before you call for the question so that we are all aware of what we are voting on.

Curt Nichols, LFA said, 17-7-403 is the Budget Amendment Law and in the Budget Amendment Law, in order to approve expenditure of a budget amendment in the state special revenue account, the certifying authority has to certify them an emergency and justify the expenditure. What this is, it is declaring that in this case that emergency requirement is met. These funds become available, the emergency is met, so they no longer have that hurdle in front of them in getting a budget amendment.

Senator Regan said, they can just spend it. Curt Nichols said they still have to bring the budget amendment but they don't have the emergency requirements.

Question was called, voted, passed.

Amendment #5. C-14, line 25. Motion by Representative Spaeth to move the amendment. Representative Thoft was concerned over the need for some changes. Representative Spaeth said this amendment covered it and that he would like to have someone from the Department of Commerce explain it a little more.

Senator Jacobson said, part of what this does is to eliminate the Local Government Block Grant Program and that is fine except that we have not done anything in Section A as yet to implement Senate Bill 200.

Senator Regan asked if the committee would like to hold this hostage until we are done. Senator Thoft said he would like to discuss the issue, and the committee agreed.

Representative Thoft said, Senate Bill 200 funded the District Courts and we don't need this contribution from general fund.

Curt Nichols said, Senate Bill 200 places the District Court in the general fund so you still need this appropriated from the general fund.

Representative Thoft asked, the money that we normally appropriate to the District Court -- is that this money or is this money from Senate Bill 200? Senator Regan said, it is both. Curt Nichols said, it would be either. Previously you had the District Court Fee which you appropriated. Senate Bill 200 abolished the fee and set up 7% of the tax. That is your revenue source now, both of them went into the general fund and was appropriated from the general fund.

Representative Thoft said, all of the money that goes to District Courts will come from Senate Bill 200? Curt Nichols said, that is correct. You include the language that coordinates it or sets your appropriation equal to the revenue. If you set a higher appropriation, you could wind up paying out more than you receive.

Representative Thoft said, I would like to know when you get around to it.

Senator Regan said, we will hold this amendment then? Senator Jacobson said, we were holding another amendment on 884 that needs to be plugged in, and I guess we are going to have to go back and look at all of them.

Dave Hunter said, the amendment that Senator Spaeth offers matches the general fund appropriation to the fiscal note for Senate Bill 200 as it now sits on the Governor's desk. The LFA is exactly right, if you adopt these amendments you will appropriate exactly the amount that the fiscal note says that you should bring in and deposit it to the general fund. I think, as Senator Jacobson pointed out, it also wipes out the \$18 million state special revenue appropriation which is in there for a block grant and is repealed by 200, should it take effect.

Representative Thoft asked, is the revenue in 200 questionable enough so that we should put language in here

not to exceed the revenue of available? Dave Hunter answered, I wouldn't be opposed to it. I appreciate that making an estimate of the value of the equals is difficult, but this is our best guess of what that revenue is.

Representative Thoft said he would amend the amendment. He said the language was simply that we would use these figures, not to exceed revenue available.

Amendment to Amendment #5. C-19, line 21. This is Representative Thoft's amendment to the amendment above. This was also set aside. All motions were withdrawn for the present time.

Amendment #6. C-12, line 10. Carl Schweitzer, LFA said, this is a technical amendment. There is a section that deals with the DNR budget that said basically the funding for the Centralized Services would be funded in part by general fund if House Bill 621 does not pass, and it is my understanding that bill is ready to be signed by the Governor. That is the oil overcharge money. So this would be taking out that language.

The amendment was moved by Senator Jacobson, question was called, voted, passed.

<u>Amendment #7</u>. C-12, line 8. Representative Spaeth moved to adopt the amendment. He said, this is in the Department of Natural Resources and is basically the boiler plate in the adjudication in the DNR. We made substantial cuts in that agency and the adjudication program for pre-July 1, 1973 and I have basically line itemed the amount of money. I would assume that the 5% transfer authority would still apply in this instance that we have in the general boiler plate, but I think it ties down the amount of money that was taken out in the Senate. I think it makes good fiscal sense to have it line itemed since we did make substantial cuts in that area.

Question was called, voted, passed.

Amendment #8. C-13, line 12. Representative Spaeth moved the amendment. He said, in the Division of Transportation in the Department of Commerce, under the Oil Overcharge, there is \$2.1 million for the transloading facility in Butte. The Department of Commerce, and in particular the Division of Transportation, would receive 5% of those monies for administration. That would be \$105,000 and I am suggesting we take \$26,000 out of the rest of the Division. They would still get a net of \$55,000 approximately of increased spending in the Division of Transportation, but they would have to absorb some of that administrative overhead in readjusting their priorities. The reason I do that is that sometimes you get an infusion into your

Department you increase your activity and then come back in 2 years and say that is sort of current level. I want to have them readjust priorities in addition to receiving new funds and that is why I am saying we save half of them. It would save \$55,000 and will not have any impact on their administrative overhead in Butte.

Senator Jacobson asked, the \$105,000, where did that come from originally? Representative Spaeth answered, it will come from the 5% overhead that they receive for administering the transloading facility.

Senator Jacobson asked, is it general fund money? Representative Spaeth answered, no, it is Oil Overcharge in Representative Quilici's bill.

Senator Jacobson asked, so you are taking Oil Overcharge money used to administer the money and you are giving it to the general fund. Representative Spaeth answered, half of it.

Senator Regan asked Carolyn Doering to address this. She said, I may have to call on Mr. Hunter to help support me on this, but the money that we get for the Transloading Facility is Exxon Overcharge monies and there are no administrative monies that can be used from Exxon funds. The administrative monies come out of the Stripper Well funds and they all go to Natural Resources. If the \$26,000 were reduced from the general fund, we would need that equal amount of money back from the Stripper Well money, which is in DNRC for administration.

Representative Spaeth said he would like to call upon Mr. Hunter on this also. Mr. Hunter said, Carolyn is right, the money is in Exxon, but we also did appropriate all of the Diamond Shamrock money to the Department of Natural Resources to be used for administrative costs by all the agencies that administer Oil Overcharge money. DNR would have the ability to transfer \$26,000 of Oil Overcharge monies to the Department of Commerce to take out the money that was put in for administrative purposes.

Question was called, voted, passed.

Amendment #9. C-5, line 24. Motion by Representative Spaeth to adopt the amendment. He said, this deals with the Department of State Lands and the Division of Forestry. We have a Centralized Services in the Division of Forestry and a Centralized Services Division within that agency. The oversight committee, the business men that came in felt that this was an area where we could save some money by consolidating. Also, because we removed the Department of Forestry from the DNRC into the Department of State Lands, I think there can be consolidation of other support functions

in the Department of State Lands. The amendment is set up and scaled to take out 2 positions in the 2nd year of the biennium, 1989; 2 positions in the Forestry Division in Missoula.

Senator Regan asked if there was a comment from the agency and Dennis Hemmer, Director, State Lands said, as I understand Representative Spaeth's amendment, he is basically correct as to consolidating our support services. This is something we've been looking at. The question, rather than efficiency, is how many people will it take to process the claims, process payroll, etc. We have found that we are at the number that it takes to do it, whether we do it in Helena or in Missoula, or what proportion we do in each location. The question is how many people does it take to do it.

Question was called, voted, passed.

Amendment #10. C-3, line 7. Motion by Representative Rehberg to adopt the amendment. He said this is the Deputy Director in the Department of Agriculture.

Question was called, voted, failed.

Amendment #11. C-13, line 19. Motion by Representative Spaeth to adopt the amendment. He said this will save \$100,000 over the biennium in general funds and deals with the money raised from House Bill 84 which is the Bed Tax. That is the Travel Promotion and we are increasing the money going into the Travel Promotion almost three fold per year. I think if we are going to be successful we will have to have a combination and a cooperative effort with the businesses that are going to help take care of those tourists. I am taking \$100,000 from the Travel Promotion efforts and moving it over into the Business Assistance efforts and taking \$50,000 of the general fund appropriation per year out of it. I would increase their spending in the Business Assistance by \$50,000 per year and I think that will give the Business Assistance Division some incentive to work more closely with the Travel Industry.

Representative Rehberg said, I had some indication that this was coming and ran it by Representative Winslow, who was the author of the Bed Tax bill and he actually kind of liked the idea.

Question was called, voted, passed.

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Amendment #12. Representative Spaeth moved to adopt the amendment. He said this takes care of 5 bills within the Department of Fish, Wildlife and Parks which have all cleared both Houses. This does not involve general funds, it is spending authority in these bills where they have

raised the money. In order to save some time, I will move the amendments listed on this page as 1.), 2.), 3.), 4.) and 5.).

Senator Regan said, I know that all of the bills have not been signed by the Governor. Are any of these bills in trouble? Have they passed both Houses? Representative Spaeth said they have all passed both Houses.

Representative Thoft asked about the bill which deals with purchasing wildlife habitat. I just wanted you to know that these purchases can be made without Legislative approval, and that bothers me.

Question was called, voted, passed with one no vote from each House.

<u>Amendment</u> $\frac{#13. C-9}{Iine 13.}$ Motion by Senator Jacobson to adopt the amendment. Senator Regan explained the amendment and said it is an amendment that was pointed out to her by a brand new Senator who had looked at the bill we passed dealing with Yellow Bay the other day. It originally came in at about \$115,000 general fund money and was amended bo \$50,000 of FW&P, and \$100,000 general fund. The question posed by Senator Vaughn is, why can't they use all Fish, Wildlife and Game money? I know they won't be happy with it, we have looked at it very hard and I feel it is appropriate.

Representative Thoft said, I think if they fund that entirely they will want control of it, and that would not be acceptable to the U of M.

Senator Regan said, we could fund it with \$129,000 and have U of M have \$1 in it and veto power. I don't care how we do it, but we are spending the money and that's the way I think it should go.

Representative Thoft said, we may have a problem with Dingell-Johnson, Pittman-Robertson money here. He asked if Director Flynn was present.

Jim Flynn, Director, Fish, Wildlife and Parks said, the question that Representative Thoft has brought up is very real. We do have a problem with this bill with \$50,000 and the potential for it being a diversion of these federal Dingell-Johnson, Pittman-Robertson monies that the Department receives to the tune of about \$5 million a year. We discussed this with the House Appropriations Committee and we determined we would go ahead with the \$50,000 level and felt we could probably write a contract with the Yellow Bay Station that we would not be in violation. To assume that we can write a contract between the Department and the Yellow Bay Station for \$150,000, I think is stretching that

point considerably because what we are getting into is, then we will be requiring Yellow Bay to do that much work that we feel is a benefit to our Fishery Program and we think we can do this at the \$25,000 level a year, but if we are going to raise it up to \$75,000 a year we are going to, I think, infringe more upon their normal work pattern than they may wish to be infringed upon. While we did tacitly agree to the \$50,000 level because we think we can come to that accommodation, I seriously question if it can be reached at the \$150,000 level. I would suggest if we could leave it at the \$50,000 level and see how it works for the next 2 years. If we go to the \$150,000 level, I am afraid the federal authorities will be looking at that contract and unless we have a major say in what is going on with the expenditure of that money, they are going to judge us in violation of those funds.

Representative Rehberg asked, does that law specifically say that you have to have control, or does it refer to the function of the money? The fisheries, and the fish and wildlife related activities. I am having a hard time seeing why it says that you can't participate with another group that is doing the same thing you are doing, only better.

Mr. Flynn said, that gets down to the question that exists. You are assuming, and the assumption was by the committee, that those kinds of agreements can be reached between the Yellow Bay people and us. I think we probably can't at the \$25,000 level, but when we start paying \$75,000 and assuming that there is that much benefit to our program to come from Yellow Bay, that is the question.

Representative Rehberg asked, but where does it say that you make the determination whether it is in their best interests or we make the determination that it is in our best interests?

Mr. Flynn answered, the contract that would be written would be reviewed by the federal officials, and that is where the determination would be made as to what we are getting from Yellow Bay for what we are paying to Yellow Bay. The higher the amount, the more we will have to get from Yellow Bay. We are a Fish Management agency and that is what that money is to be spent for, and they are not a Fish Management unit, they are a Research Unit that is studying the ecology of the lake up there.

Representative Thoft said, I know for a fact that they are doing work on other areas besides Flathead Lake, and I guess the question I want to ask is, can't you take straight license fee money and put into this program without the feds being involved? You build buildings and whatever. Mr. Flynn said, we can take straight state license dollars and put into this program, but the same federal scrutiny applies

as though we were using part of the funding from the federal sources.

Question was called, voted, passed.

Senator Regan said she would like this last motion to reflect the appropriation and give the LFA permission to clean up the language and strengthen it so that we are in a little better position.

There was no objection from the committee.

Amendment #14. C-1, line 24 etc. Representative Spaeth said this amendment would apply a 4% Vacancy Savings in the Department of Livestock. This is the impact it will have in that Department. They do have a fairly tight budget. The reason our subcommittee did not take any Vacancy Savings in the Department of Livestock is because they came in and indicated they would be willing to take a 10% cut, but when you eliminate and went to a zero on a vacancy savings that ended up about a 6% count. I looked at the other Divisions that our subcommittee had looked at. We took, generally, a 5% across the board and then on top of that, a 4% vacancy savings, so that most every group within our subcommittee took more than the 6% which was what ended up in the Department of Livestock. I didn't think we treated Livestock the same as the other agencies, and 4% might be a little large, especially in taking it in state special.

Motion by Representative Spaeth to take a 2% vacancy savings and apply it to general fund in the Department of Livestock and have the LFA adjust the figures accordingly.

Representative Thoft said, because of the drop of revenue from the Livestock, I think they cut their personnel drastically, and I really question whether this vacancy savings is appropriate. I guess I need to know the numbers.

Representative Spaeth said, that's why I felt we should take it only against general fund because most of the general fund that goes into this agency is not really tied to Agricultural numbers. I believe one of them is the Ag Program and we can call upon them. They may want to explain from the Department of State Lands why he doesn't like it either.

John Skufca, Department of Livestock said, this really doesn't address the particular item, but when we made our cuts because of the drop in livestock numbers, in all the programs that were funded from a split of general funds and state special revenue or federal, we took a percentage cut. We took the same amount, like centralized services, 15% of the cut in general fund and 85% cut out of our state when we turned back an employee there. In the laboratory, in the

last biennium, there was approximately 50-50 general fund and state special revenue. Rather than turn back just state special revenue, we also turned back the general fund portion. In answer, we feel we have made our contribution. All of the programs that would be affected by Representative Spaeth's amendment are under 20 FTE's. They don't fall quite to the 5 FTE's category, so it would be difficult to absorb this along with approximately the 7 1/2 to 8% cut that it really works out to be.

Representative Spaeth said, just quickly in response, in looking at the other Divisions that we did, they still came out ahead because we didn't take any vacancy savings here. We did increase their spending authority from other funds. I only make the motion because I think if we are going to treat the other Departments the same I think we have to go with the 2% vacancy savings in the general fund category.

Carl Schweitzer, LFA said, I don't have the exact figures on how many positions Livestock gave up. It shows here a reduction of 2 from '86, but I believe there were some positions they did not feel that they eliminated themselves. I believe it was 3 or so. John Skufca said, there were 5 positions we actually turned back to the Budget office in '86 and 7 in '87, and then there were some positions we didn't fill.

Representative Spaeth said, those were not general fund positions, if I remember correctly. John Skufca answered, of the 5, 2 were involved in general fund money and of the 7, there were 2 or 3, I can't recall for sure.

Representative Rehberg said, you made the statement that you turned the general fund back as you were reducing. To what level would that have been. John Skufca answered, for example, if the laboratory was funded 50% general fund and 50% state special revenue, when we turned the veterinarian position back from the lab, in order to save money in our state special revenue account that we didn't have, we turned a like amount of general fund money back. I think it amounted to \$20,000 general fund and \$20,000 state special revenue. Rather than just hanging on to the general fund authority which we already had and just giving up the state special revenue, we gave up both in a like proportion.

Representative Rehberg asked, was this as a result of the reduction by the Governor, Legislature, or as a result of the lowering of the cattle numbers. John Skufca said, we had made those adjustments prior to the reductions the Governor imposed upon us, the budget office accepted them as our portion since we had reduced more than the Governor originally requested.

Representative Spaeth said, if you look through your summaries, the Department within our subcommittee, had a reduction of 5.33% in general fund spending. As a result of what we did in the Department of Agriculture, we have right at a 20% reduction. In the Department of State Lands we had a 21.16% reduction of general fund monies, and going through the other ones -- it means the Department of Livestock was treated a lot better than the other agencies we dealt with and they would still be better treated than the other divisions.

Representative Thoft said he thought Representative Spaeth's bookkeeping was a little behind, he did not think the Senate amendments were incorporated in there. Representative Spaeth said, I readjusted them in my head, basically I reduced them down.

Question was called, voted, failed.

Carl Schweitzer said he had written some language here on the local Government Block Program, since they will be receiving less revenue than anticipated.

Representative Spaeth said he had the amendments ready on Senate Bill 200 if the Chairman would like to take care of that now.

Senator Regan suggested we could then go back and address those two sections.

SECTION A. Amendment #15A. A-19, line 24. Motion by Representative Spaeth. He said, we are dealing with several positions and this is the start-up of Senate Bill 200. I think there is reduction in the second year in personnel and I have taken out 5 positions. I think probably when we come back next time we can take out another 5.

Representative Thoft asked, how many FTE's do they have? Representative Spaeth said, I believe the total is 48. Someone also told me 42, and I just asked them to take out 5, whatever it is. Curt Nichols said 48.

Representative Thoft said, are any of those located in Helena, or are they all in county offices? Representative Spaeth said, I cannot really answer that question. Perhaps Mr. LaFaver would answer that; he doesn't like this amendment.

John LaFaver said, none of them are in the Helena central office. There would be one in the Lewis and Clark office and of course there is an average of fewer than one in every county. I would like to state that I don't see what the logic is in having fewer staff in the second year. There are going to be more vehicles. Basically the staff is based

on 5 minutes on every vehicle you have. It is on a hands-on basis.

Representative Rehberg asked John LaFaver if these were area managers in real estate. John LaFaver answered, no this was in motor vehicle assessment and none of them were area managers. Representative Rehberg then asked, why does your amendment say area managers and Representative Spaeth answered, I just took 3 and I just took numbers. Representative Rehberg said this caught my attention because we deleted area managers and 2 supervisory positions within the Department of Revenue and I want to make sure we maintain those cuts.

Clayton Schenck, Representative Spaeth and Representative Rehberg briefly discussed the language, then Representative Rehberg asked, then the language came from the Department of Revenue? He was told yes, it came from Mr. LaFaver.

Representative Rehberg said, may I ask you again then Mr. LaFaver, why do you specifically refer to in the language that everyone says came from you, to area managers? Mr. LaFaver said, the language did not come from me. The numbers that Representative Spaeth moved is calculated on the basis of 48 FTE's at a grade 8. The language here would allow the administrative flexibility of organizing the department to make the whole thing happen. I would guess that the language is much less necessary than the numbers are. We have debated the issue as to whether there are adequate supervisors, and I don't think there is.

Representative Spaeth said he would withdraw the last sentence on the sheet.

Question was called, voted, passed.

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Representative Spaeth said, in getting this set up and going, this was something that Representative Thoft and I talked about to see if we couldn't get something for the counties to help chip in a little bit and help get this thing going, and that is where we did the local block grant. I prepared a formal amendment where we take the \$89,000 out of the local block grant program, and that's where the counties contribute. They are getting a lot of good out of Senate Bill 200 and I think they can afford to put up \$89,000.

Amendment #16. BP1, line 6. Motion by Representative Spaeth to reconsider former action. I still think it would make good sense to have the local areas pick up some of the costs.

Representative Thoft asked, is the issue here that the counties eat this or the Department of Revenue eats it?

Representative Spaeth said that is a fair assumption. Representative Thoft then asked, you are then trying to get the counties to eat it? Representative Spaeth answered, I am trying to help them a bit.

Question was called on the motion to reconsider. Voted, failed. The motion was not offered then, as a result of failure to reconsider former action.

Senator Regan said, if there is nothing more in Section A, I will now consider Section A closed. Is that the understanding of the committee. The committee agreed and she said it is then closed.

There was nothing more to do in Section B and it was then closed.

Section C. District Court Problem to consider.

Amendment 17. C-19, line 21. Motion by Representative Thoft. He said it provides the revenues to the counties that was raised by Senate Bill 200 and not to provide anything over and above that.

Question was called, voted, passed.

Amendment #5. This was held from earlier. This would remove the language but not the amendment. Motion by Representative Thoft.

Question was called, voted, passed, Representative Rehberg voting no.

Motion by Senator Jacobson moved that Section C be closed. Voted, passed.

SECTION D. Amendment 1. D-10, line 5. Motion by Senator Jacobson said, all this does is to line item the money for the Capitol Tour Guide. It is in the Historical Society.

Senator Hammond asked, this money is in the bill? Senator Jacobson answered, yes.

Senator Hammond asked, why do you have to line item it? Senator Jacobson said she was trying to remember, that it had been discussed. Senator Hammond said, weren't they out? Senator Jacobson said, then we are putting them back in.

Senator Regan said, you are putting them back in, but you are using Administration money from the Historical Society, is that it? She was told yes.

Representative Rehberg said, it says general fund, though and Senator Regan said, this is general fund money.

Mr. Archibald, Historical Society said, the Capitol Tour Guide Program was eliminated by the subcommittee and this amount of money was withdrawn from the Society budget as a consequence of the deletion of the Capitol Tour Guide program. This, in essence, gives us the responsibility back after the funding has been removed. I haven't seen the amendment, but my immediate reaction is, I don't think it is possible.

Representative Hammond said, it says \$14,000 from general funds. Senator Jacobson said, it is out of their administration program.

Representative Spaeth said, this was offered up by your organization as a suggested general fund cut in your operation, was it not? Mr. Archibald said, this was done in two stages. Initially what we offered up was 1/2 of the Capitol Tour Guide Program, which permitted us to continue to operate the Tour Guide during the Legislative session and then during the summer months.

Representative Spaeth said, then what happened to the second half? Mr. Archibald said, the second half was removed by the subcommittee.

Representative Spaeth said, the Capitol Tour Guide, particularly during the Legislature, we have to have that function. With all the busses and all the visitors, and also during the summer. I guess the Historical Society felt that everyone else was being cut, so this wasn't terribly important to them and they would just take their general fund cuts here. I don't think that was a very good thing on their part. It is only \$14,000 total for each of the years. I just don't like what the Historical Society did in taking one they didn't really care about, but I think it is part of their function. Unless we want to go ahead and eliminate the Capitol Tour Guide, and I don't think that's good, either.

Representative Rehberg asked, why can't the Centennial Commission pick up this and pay for it out of the Centennial money.

Representative Spaeth said, that would be \$28,000 we would be taking out of their hide and we don't give them anything and they sell their inch and everything.

Question was called, voted, the motion failed.

<u>Amendment 1-A.</u> Representative Spaeth asked if the committee could vote for 1/2 the amount. He said he did not like what they did. It might not be important to them, but it still has to be done.

Motion by Representative Spaeth to amend the last amendment by requiring the Historical Society to pay 1/2 the costs.

Question was called, voted, failed.

Amendment #2. D-6, line 24. Motion by Senator Jacobson. She said, this has to do with the interest and income revenue estimate at Pine Hills School each year of the biennium. This is \$300,000 each year of the biennium as recommended by the Executive. In effect this increases these revenues by \$15,000 each year of the biennium and decreases the general fund by a like amount.

Question was called, voted, passed.

Amendment #3. D-7, line 22. Motion by Senator Jacobson to adopt the amendment. She said, this amendment has to do with House Bill 791 on the possession and storage of dangerous drugs. It is giving them state special revenue spending authority, if in fact, they do get this money in on the taxation on possession and storage of dangerous drugs.

Representative Spaeth said, this is the Strizich bill, it has passed. If we don't give the spending authority, the bill wouldn't be implemented, would it? Senator Regan said, as I remember the bill it would depend on revenue being available, and as revenue becomes available they could come in for budget amendment and at that time be looked at. One of the requirements of a budget amendment is that it not be an ongoing program.

Representative Thoft moved a substitute motion that would make it a budget amendment so there would be some control over how it is spent.

Senator Jacobson asked, what does the bill say about how the money is to be spent? Keith Wolcott, LFA answered, 627 would authorize the unit valuation of the programs so that it is based on available revenue and also says the county, determined by the youth court of the residence of the detained youth, may retain for the cost of detention include medical attention incurred during the detention. It makes no mention on the other bill. This bill says that there is in Institutions a special revenue account within the state prison. 1/2 of the tax that is collected under section 9 shall be deposited in this account. Later it says, the state treasurer shall deposit 1/2 of the share within the Department of Institutions to be used for Youth Evaluation Program and Youth Aftercare Program.

Senator Jacobson said, so in other words, if we don't adopt this language we set up a state special revenue fund that can't be used.

Representative Thoft said, my question was, can I make a substitute motion? The funding here should be addressed. Can I make a motion to appropriate it to the general fund? Judy Rippingale answered, no.

Representative Rehberg said, half of it? The half that doesn't go to the special revenue account? Where does it go? Senator Jacobson answered, to the general fund.

Representative Spaeth said, the rest of the money that is in this bill -- the treasurer shall put their name on half the tax proceeds as follows, and it is all listed -- Department of Justice and 15% to Special Law Enforcement Assistance.

Representative Rehberg said, I don't remember seeing that money coming into the Department of Justice through our budget. If it goes to the Department of Justice it has to go somewhere, they can't just set up a new program in there without authority from appropriations. Senator Regan asked, is the money appropriated here?

Representative Spaeth said, I am not sure what motion we have in front of us? Senator Jacobson said, we have my motion. Representative Thoft asked if he could appropriate it to the general fund and Judy said no, you can't do that.

Representative Spaeth asked, if we didn't pass this amendment we wouldn't set up these programs and we wouldn't implement this bill; we could be consistent with what we have done previously tonight, but that isn't good either.

Senator Hammond said, some of this money is assigned to other agencies, and we have to worry about them. Keith Wolcott said, this money is appropriated to the new Department of Family Services. The Youth Evaluation has been transferred to the Family Services Department.

Senator Hammond said, if we pass this amendment, it doesn't go there? Senator Jacobson said, if we pass this amendment, it gives them the spending authority to use the special funds that are being set up in Family Services. If we don't pass this amendment, the money, if it comes in, will sit there.

Representative Rehberg said, my question then is, if Representative Thoft makes his motion and it passes, even though it is true it can't go to the general fund but that is our final action, then the bill dies for this biennium.

Representative Spaeth said, the bill doesn't die, it just doesn't get implemented. He asked Mrs. Rippingale, that's a bill that is a tax on illegal drugs and basically applies when we find them and confiscate them. We tax so they have

the money there. If we were to get this program of YEP in place because we had some good drug busts this year, what would happen to those programs if we didn't have good drug busts next year and we didn't get the money in. I am talking about during the biennium? Judy Rippingale answered, based upon the history of Legislative action, you would fund them with general fund.

Representative Thoft said, I would really like to make some sense out of this. There are only 2 things that make sense to me. You put the money in the general fund which we can't do, but I'd like to put it someplace except where it is supposed to go. Judy Rippingale said, this is a new program and you don't know how much you are going to get. The bill is written in another bill and you can't change the distribution in House Bill 2.

Question was called, voted, failed with Senator Jacobson voting yes.

Representative Thoft said, on D-5 there is Health Care \$60,000. With the growth in that program I would really like to hear some justification for another \$60,000.

Senator Regan said, it was a modification that was \$60,000, the idea being that this Home Health Care, I think the reason the Senate bought it, is the feeling that by the expansion of Home Health Care you would be keeping people out of Nursing Homes longer. That was the rationale for it; it was the one expansion that I know of in the Aging Program.

Senator Hammond said, they pointed out that these people are all pre-nursing home patients.

Rpresentative Rehberg said, I remember this whole argument that we went through last session in the Health and Human Services subcommittee, and it is kind of the old camel's nose under the tent flap. This is just the beginning of something we are going to get into that is going to be big. If you start this, they will continually build on this program and pretty soon it is going to cost the state of Montana a lot of money. This is an expansion that I don't think is necessary.

Senator Regan said, it is one the Senate was quite friendly toward, and if you are testing the water and you want to know how I will vote, I will vote no.

Representative Thoft asked, were you totally aware of the program when you voted?

Representative Spaeth said, on D-7 page D-9 on the pink sheet -- adjust vacancy savings funding allocation. There

is \$19,000 general fund in there and I would like to know more about that. Keith Wolcott answered, in Senate Finance and Claims, the Historical Society came in with an amendment that requested to adjust the vacancy savings taken in the general fund. The subcommittee accepted the Executive budget on personal services, and all the vacancy savings applied to general fund, none to the other fund, basically. They came in and asked to have this reallocated to general fund and other funds which made about \$9,700 per year increase in general fund and a like adjustment to other funds. They offered a second amendment which then removed all vacancy savings for other funds.

Representative Spaeth said, I didn't catch who did it. Mr. Wolcott answered, the Historical Society. Representative Spaeth went through the explanation with Mr. Wolcott step by step and then said, I don't think that is right. I think we applied vacancy savings a lot of times in non-general fund categories, and to reallocate it -- and I can understand why you would reallocate in it's proportionate share -- I think they pulled another fast one here. I am wondering if we can reimplement vacancy savings on the Historical Society as far as their non-general fund allocation. I will ask Mr. Archibald, but I don't like what it sounds like they did there.

Mr. Archibald said, when the Society's budget was put together as it came out of subcommittee, there are Society programs that are funded from more than one funding source. You would have a mix of proprietary funds that are -- say, earned and other funds that are general fund. When the vacancy savings was levied in those programs it amounted to significantly higher than the 4% vacancy savings rate which was the committee's intent. It was an inadvertent error which resulted in a vacancy savings rate above the 4%. When the reallocation took place in Senate Finance and Claims, the vacancy savings rate on general fund which had been above 5.3% as it came out of subcommittee, was reduced to the 4% that was typically applied to most agencies. The reason we requested the removal of the vacancy savings rate from the other funds is that it was applied to donated funds, it was applied to general funds, it was applied to funds in which cases the benefits to the general fund or the savings to the state was zero. What it did was reduce the appropriation and in essence, resulted in no benefit to the state whatsoever.

Senator Regan asked if there was anything more in Section D or anything by the Researchers or the Analysts that should be taken care of. There was not and she then asked if there was a motion to close the section.

Motion by Representative Rehberg to close Section D. Voted and passed.

SECTION E OF HOUSE BILL 2.

Amendment #1. Motion by Senator Jacobson to move the amendment which has 13 amendments and an explanation on the second sheet. She said this replaces the money that is the Education Trust earnings that are in the Adult Basic Ed, they are in the WICHI WAMI program and they are in the Vo-Tech Centers. It is the money we are pulling out in 904 and 228.

Senator Hammond asked, what do you mean by "pulling out"? Senator Jacobson said, you are taking the Education Trust fund money so the interest earnings won't be there. Consequently you have to put the money back in general fund.

Senator Hammond asked, this is the money that was taken out? Senator Jacobson said, yes, it was \$34 million and then another \$35 million and obviously we won't be earning any interest on this if we stole the funds.

Senator Regan said, this paragraph at the end of the amendment gives a clear explanation. Senator Jacobson said, they are figured into those sheets we have been getting from the LFA, and I think it is about \$7 million.

Representative Rehberg asked if it really had to be done, and Senator Jacobson said, it doesn't really have to be but if we don't we will really be devastating those other programs. Adult Basic Ed has all Education Trust Fund interest money -- the whole thing is funded from that. Vo Tech has some, it goes to them first and then it goes to the Vo Tech Centers and the WICHI WAMI program, so if you don't put it back they are in trouble.

Representative Rehberg asked, what would be left in Vo Tech, WICHI WAMI and Adult Basic Education. It says here, as an example, Vo Tech \$238,456 -- of what? Which number does that correspond to on the previous page? What percent of those budgets does this money entail?

Dori Nielson, LFA said, it is replacing 23% of Adult Basic Education funding in FY '89. We don't dip into Adult Basic Ed in '88, and in '89 if this is not replaced, then we lose 23% of the funding for Administration.

Senator Jacobson said, when you dip into Vo Tech, you have a situation where you've got maintenance of effort, etc., there. If it makes any difference at all, the revenue estimates do predict that we would put this money back, what the subcommittee said, and it was figured in to the revenue estimates all along, and that is what this amendment is doing.

Senator Hammond said, these figures are at \$2,659,000.

At the Request of Senator Regan, Dave Hunter said, the point that Senator Jacobson makes is exactly right. All the way through, when we have appropriated the \$35 million in the supplemental bill, when the \$34 million was appropriated in House Bill 904; we made the assumption in all the calculations that the lost interest earnings would be replaced to Vo Techs and to Adult Basic Education. They have to be replaced in the School Foundation Program because it is an entitlement. We have worked through the numbers with the LFA and that is what these amendments do. It has already been considered in the balance of the budget, and I guess because of the levels established in those programs, I think both of our offices assumed that those lost interest earnings would be replaced. Certainly if you took permanent trust monies they would be lost on the revenue side rather than the expenditure side.

Senator Jacobson said, I am going to offer this separately, but just let me explain the second amendment to you so that this may not be as distasteful as it sounds. The second amendment -- there is state general fund money in Secondary Vo Ed programs, and there used to be a lot more and we have been robbing it ever since we've been going broke in the state, but there is \$400,000 out there each year of this biennium. The money goes to the High Schools. It is a very small portion of their Vo Ed monies that go to the High School. A lot of that is federal funds, this is state general fund. It goes to buy equipment for those programs. It amounts to -- say in the Helena High Schools, \$14,000, when you spread it all the way across the state. I am going to propose to you that we eliminate that program on the state level and use that money to replace some of this money. That would save us \$800,000 over the biennium.

Representative Thoft asked if this wasn't money that was used for educational purposes, and Senator Jacobson said no, this is a separate fund. It goes to buy typewriters, sewing machines, etc. Senator Regan said originally when this was first set up, it was set up with general fund money, but I think it was set up at first, it was set up as a program that would be of short duration because the schools were just putting these programs in place and they needed help to buy some of the equipment. The original intent was to use some of this extra general fund money to fund that kind of equipment purchase. Now what has happened, is the vocational programs are in place, the equipment has been bought. Sure, there is replacement, but this is a very small portion of what we use to fund vo-ed. As Senator Jacobson said, I think in my district which is the largest in the state, it is something less than \$25,000. When you spread this money clear across the state, the amount of money per district, I think is insignificant. When you lump this together and use it to support the Vo Tech center, then

you are looking at a chunk of money that could impact significantly here.

Senator Hammond said, this would go to the Vo Tech centers and you would be taking it away from the High Schools. I have some problem with that. Senator Regan said, I am not sure you will be taking it away totally from the High Schools because they all have to write in and ask for these grants. Some of them are so small, and what they are able to get is so small that it is hardly worth while doing the work for the grant, at least that is what I was told.

Senator Jacobson asked the LFA, what percentage of their budget is this money? Taryn Purdy answered, it is about .3% of the total Vo Ed budget. Representative Rehberg asked, 3/10 of 1% and was told yes.

Representative Rehberg asked, to get back to the Adult Basic Education at 23%. Is that match money or is it strictly administration? Taryn Purdy said, these are funds that are granted to local school districts for their Adult Education Program, so it is not administration on the state level at all.

Representative Rehberg asked, it is 23% of total funds that is used for grants. Taryn Purdy said, of the Coal Tax money, it is 23%, yes. The school districts also receive some federal money that passes through OPI.

Representative Rehberg asked, then on the Vo Techs, what percent is that? Taryn Purdy answered, approximately 4%. Representative Rehberg said, and that again is not match money? Dori Nielson said, no, it is not match money. It is money that would be considered part of our contribution and would be used for match. Representative Rehberg said, so there would be federal money lost? Dori Nielson said, yes, it would reduce their use of federal funds.

Representative Rehberg asked, then what percent of the WICHI WAMI is this? Dori Nielson answered, 22%. Senator Jacobson said, and we have already reduced the WICHI program by 4 medical slots.

Question was called, voted, passed.

Amendment #2. E-5, line 5. Motion by Senator Jacobson to adopt the amendment. She said I have already explained it, this is the secondary vo-ed funds.

Question was called, voted, passed. Representative Spaeth and Senator Hammond voting no.

Amendment #3. E-2, line 12. Motion by Senator Jacobson to adopt the amendment. She said, this is an amendment to take

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a 4% vacancy program out of the Student Services Program of the School for the Deaf and Blind. This, historically. is the way we funded for the last 3 bienniums that we have taken either zero or 1% out of the instructional part. This part funds the cottages and it left the subcommittee at 4%. In Senate Finance and Claims they came in and asked to have that reduced. You can look back historically over the past 6 years and see that they have had at least a 4% vacancy savings in their student services in the cottages, so I don't think it is going to harm them greatly. Also, we have increased the teachers salaries there, which is one of the things they complained about, that they had to move extra money in there because of the teachers salaries, so it is a reduction of \$16,000 each year.

Senator Hammond said, the increase in teachers salaries does not affect this amendment. He was told no.

Representative Spaeth asked, why didn't we take this in Education. If we take it in Education and Student Services, we can save \$103,000 as opposed to \$32,000, and I just want to know why we don't take it. I have an amendment to do that if the committee is so inclined. Senator Jacobson said, I think the committee has always felt that when you are in the teaching or the instruction part of it, if the teacher is absent or gone for awhile, they have to get a substitute in there to replace them. The class doesn't shut down. The vacancy savings aren't particularly real in that portion of it. I think we can show historically that they are real in the Student Services.

Question was called, voted, passed.

Amendment #4. E-3, line 17. Motion by Senator Jacobson to adopt the amendment. She said, this is taking \$21,300 each year, out of the OPI. We had moved some money around in Senate Finance and Claims, dealing with their loss of indirect funds, but going back and looking at it again, I would say they probably have less oversight now that they don't have the Vo Tech centers, and I think it is probably realistic to reduce this \$21,000 each year of the biennium.

Question was called, voted, passed.

Amendment #5. Motion by Representative Spaeth to adopt the amendment. He said, if we look at the pink item, E-1, Accreditation study, HJR 16, Board of Education, \$97,825, my amendment would reduce that study down to \$50,000. They're here and we may want to hear from them. They are fairly adamant that they have to have \$97,000, but I think they can get a pretty good study for \$50,000 and we can save about \$47,000 in general fund. \$50,000 is a fair amount of money for a study like this, and I think they can cut some corners and still accomplish what they do want to

accomplish. They are here and they do oppose this motion strongly and adamantly, and so I think it would be only fair to call upon them.

Claudia Morton, Board of Public Education said, the Board of Public Education has only 2 staff members currently to do a study of this nature, which is somewhat in response to the lawsuit, other than the fact that we are a defendant in that, and based on the outcome of the lawsuit, it may be very important that we are in fact, going ahead with the study of this nature. We cannot since we don't have a lot of resources to call upon in the office, it is very important because it involves such a large amount of money -- the Foundation Program. The cost of this study over the biennium is .00057ths of the Foundation Program. It is a very small amount to determine how it is that we use all of this large amount of state money. It is important that we get input from a variety of people throughout the state and that we take our findings back to the people around the state. We have tried to involve only the bare expenses for some educators to come in for task forces and for public hearings. We will then, coordinate with the Fiscal Analyst's work and an interim study by the Legislature. This is a very bare-bones study and it is very critical that we have this for just this biennium to do the study.

Representative Spaeth said, I think it is important that they have people from around the state participating, that they go out there and participate and take the results, but I think some of that can be reduced a little bit. I think that is a luxury we can afford to do without, and I think we can still reduce this.

Question was called, voted, with Senators Regan and Jacobson voting no, the motion failed.

Representative Thoft said, I would like to discuss the transfer of the Vo Tech to Higher Ed. Maybe someone has a motion. \$175,284 seems like a lot of money. How did Senate Finance and Claims justify that?

Senator Regan said, the money was already allotted to OPI. All we did was to take that money and move it from OPI to the Board of Regents.

Representative Rehberg asked, is it a wash? Senator Regan answered, not quite. It is now, I think, that we have taken the indirect costs out, now I think it is a wash. I think it is a savings.

Dori Nielson said, there was originally a savings of \$28,000 in general fund when we do the switch anyway because there is a little change in match money. So, there was already a savings of \$28,000. They have a Deputy Commission, a sex

equity person, and the majority of the funds that were transferred over were federal funds.

Representative Thoft said, are you certain there is no expansion in the program? Judy Rippingale answered, there is no expansion. Senator Regan said, in fact, we picked up money by doing that.

Amendment #6. E-4, line 18. Motion by Senator Jacobson to adopt the amendment. She said, there are federal funds that come in to the Vo Tech centers and this amendment is transferring those that belong now over in the Board of Regents to the Board of Regents, and leaving the K through 12 in OPI. It is dealing strictly with the federal funds coming in, getting them into the right places.

Question was called, voted, passed.

Judy Rippingale said they had some technical amendments that needed to be taken care of. Senator Regan said, these amendments deal with School Foundation Program, there has to be spending authority in the big bill for this.

Judy Rippingale said, there is not any appropriation in 904. It would be non-general fund monies, and it is nowhere in the bill. Senator Regan said she would pass out the amendment in the hopes someone would offer an amendment.

Amendment #7. E-6, line 6. Motion by Representative Rehberg. Question was called, voted, passed.

Judy Rippingale said, now there will be 2 amendments coming out and Curt and Madalyn will explain them to you.

Madalyn Quinlin, LFA said, there are Amendment #8. two amendments here, they have the same language in them. only difference is the amount that is appropriated. The If House Bill 904 does not pass and the \$34 million is not withdrawn from the Educational Trust fund, then general funds will need to be appropriated in excess of \$96 million for Public Education in the School Foundation Program. The amendment which you have that says \$101 million assumes that Senate Bill 228 will pass the Legislature in the way it was amended by Representative Hannah this afternoon. If vou want to assume it will pass in that form, then you will need to adopt the amendment that says \$101 million. If you want to assume that the bill will return to the original form as Senator Van Valkenburg then you can choose the other amendment for \$93 million.

There was no motion on this amendment.

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<u>Amendment #9.</u> E-6, line 6. Motion by Representative Thoft to amend E-6, line 6 to appropriate \$93,000.

Senator Regan said, we can take House Bill 2 up on the floor after the revenue bills have passed, and we can pick this one up. If indeed this is flawed, then we can have a conference committee, no a free one, just to change the figure in here.

Representative Rehberg asked for a point of clarification, he said, the \$93 million assumes the bill is going to go back the way it came from us taking out the Education Trust, so then an offsetting amendment will not have to be made to what we previously did with the lost interest. If 228 goes through as it is right now with the Hannah amendment on it, then we've pumped in some money and lost interest, it wouldn't be lost. Our previous action a couple of amendments back was to pump that money back in to \$2.3 million lost interest from the Educational Trust to which WICHI and WAMI are a part of. We didn't put a contingency in there.

Madalyn Quinlin said, if you assume the Hannah amendment is going to stick all the way through, then the amendment you just accepted for compensating for lost Education Trust money will have to be changed. The assumption in the amendments that you just drafted assumed the bill would go back to its previous form. Representative Rehberg said, and our previous actions assumed they would not stick, also, because we pumped the money back in.

Question was called, voted, passed.

Senator Regan asked, is the Residency in Section E? She was told it was in Section C.

Judy Rippingale asked if the committee would like a general fund progress report. She said, you have added \$61,941.

Motion by Senator Thoft to close Section E. Voted and passed.

SECTION F, HOUSE BILL 2.

Amendment #1. F-7, line 7. Motion by Senator Jacobson to adopt the amendment. She said, there was a bienniel general fund savings of \$220,000 from the merger. We took part of that for something else but this part was put back in for a new communication specialist position at \$40,000 a year. That's a brand new FTE, brand new program, and the administration of that program is \$70,000 per year. I supported it in the subcommittee and I think Senator Hammond did also, but the problem is, here we are cutting so many other things and this is a program that is not even on board yet, so I would offer this.

Question was called, voted, passed.

Amendment #2. F-11, line 9. Motion by Representatiave Rehberg to adopt the amendment. He said, this amendment is flawed. I am going to move it, or at least move the concept. It is the 13 printer positions at the University of Montana. I understand that the motion made on the House floor was incorrect and that the motion was to delete the general fund portion of these 13 printers, and I guess we never came to the conclusion that we could do it that way. I will have to rely on the staff to answer for me how we could get an equivalent general fund reduction by deleting these 13 printers. It is my belief that we don't need these people over at the U of M. They have set up a shop that is unnecessary and certainly there is no similar system in any of the other University systems. It has become a bone of contention with the printing people over in Missoula, also.

Dori Nielson said, the complication of dealing with the 13 positions is that, they are indeed, funded in the account that is part of the current unrestricted program. The amount of money that is listed here comes from the support program with an equivalent amount to approximate the 13 printer positions. The support program in each of the units provides the services of the support to the college itself, whether it be for student services or for Administrative support. This is the area where funds would be expended to provide for printing and that sort of thing; but the printer positions are not funded from the current unrestricted budget. They are funded in a separate account. There is proprietary money that comes in to the printing program and much of that money does come in from the current unrestricted budget.

Representative Rehberg said, we ran into this problem a lot with the Department of Administration because a large percentage of it is proprietary, but we established a percent always, whether it be 39% or 60% of the money generated was from general fund. How do we get at that proportion, then? Understanding that it is proprietary funds, how do we get at that percentage that is general fund? Judy Rippingale said, with the information that we have at this time -- we don't.

Representative Rehberg said, we can't? Judy Rippingale said, that is correct. Representative Rehberg said, I guess I just don't understand. Let's say it's 40%; why can't we take 40% of the 13 printers and assume that the rest then are funded by non-general fund accounts. Judy Rippingale answered, the question then is, how do I know how much is current unrestricted into this, and we don't know. To follow up and make an <u>assumption</u> that x% comes from current unrestricted, you can do that, but I can't back it up with facts because I don't know.

Representative Rehberg said, what we are seeing here is that we feel we know they don't need a large printing shop, but what we are being told is that because we don't have adequate information there is just nothing we can do about it. Is that the way we want to leave this situation?

Senator Regan said, I am not sure that we all agree that they don't need the printers or agree that it might not be to the advantage of the University that they print their own catalog and many of their own publications.

Representative Rehberg said, the evidence that came to us is that they are going outside of the University System and contracting for other printing jobs. Senator Regan said, would it not be more appropriate then, to ask the Board of Regents to write some guidelines for the University rather than to attempt this sort of thing.

Representative Rehberg withdrew the amendment.

The Committee asked for a short break and Senator Regan said we would break then until 12:20 a.m. which would be a 12 minute break.

Amendment #3. F-7, line 7. Motion by Senator Jacobson to adopt the amendment. She said, this amendment takes the 2% vacancy savings up to 4% on the Cooperative Extension Service Employees. These are the County Extension Agents and specialists.

Question was called, voted, passed.

Amendment #4. F-3, line 9. Motion by Representative Rehberg to adopt the amendment. He said, this amendment deals with the Family Practice Training Program. I would like to have an adjustment in this amendment. As it was prepared, it had been cut in half to \$35,000 and then \$17,500 in each year of the biennium and sunsetted at the end of the biennium. I would like to change this and have the amendment read that it is cut in half to \$35,000 and that \$35,000 must be spent in FY '88.

Senator Regan said, so you will strike the \$1,397,329 and add \$17,500 to \$1,638,641. Representative Rehberg said, that is correct.

Senator Regan said, looking at the language then, general fund support for the Family Practice Program does not extend beyond the FY 1988.

Representative Spaeth said he would oppose the amendment. he said, I have the original amendment and could support the original but not the other.
Senator Jacobson said, I think I prefer the original amendment. Senator Regan said, I sort of like this one.

Representative Thoft said, I think what is wrong with this amendment is, we are putting the next legislature in a bad position. Senator Regan said, no, we are not. We are saying it will sunset.

Representative Thoft said, but we are saying it is ended. Representative Rehberg said no, it doesn't as we found out because, you remember this has been winding down for many years and we told them, don't come back. Then every session they come back.

Senator Regan said, what he is attempting to do, is to give them the \$35,000 for the first year and nothing the second year and hopefully we have weaned them then from the state program so that in the next biennium they have already gone a year without funding and should be self supporting. This should certainly serve notice on them that we really mean it.

Question was called, voted, passed. Senator Jacobson and Representative Spaeth voting no.

Amendment #5. F-0, line 9 etc. Motion by Senator Hammond to adopt the amendment. He said this would reduce the funding level for the instruction program from 99% to 98%. This came out of the subcommittee at 97% and was raised to 99%. The Universities are having some of the very same problems that we're having and I think if we settle at 98% we will be right in the ball park with the rest of them. We would save about \$1,230,491 in general fund savings.

Question was called, voted, failed.

Amendment #6. F-9, line 24. Motion by Representative Rehberg to adopt the amendment. He said, this amendment refers to the MSU plant program. In fiscal '84 they took the \$229,000 plus from the plant program and it was lost in the base. They then came in and asked for recreation within the base. In our subcommittee, any time any cuts were made, especially if it was the result of what the Legislature had done or what the Governor had asked for, we attempted to make those cuts permanent. I think an example of that was what the committee did today with the State Auditor's office, and I think this is another example of where they had made the transfer, they made the decision that it wasn't necessary in '84 and this would make those cuts permanent and drop that base back down by \$229,535 per year.

Senator Jacobson said, I would resist this motion. I think that at the time they did this they were low on instruction and it was a time when the enrollments came in much higher

than they had anticipated them coming in and it also happened to be a mild winter and they were able to take some money that might have gone for their power bill and used it for instruction. I think it was a judgment call on their part. When you do this, they lose it in the instruction and they lose it in the plant also, and you are reducing their funds. All of the units have been robbing out of their plant funds to try to keep up with things in the past, and there are a lot of things being let go on the campuses and I think we ought to let them have this money back.

Senator Regan said, I remember the discussion over the plant funds and their embarking on a program to take this money to save them money in operating costs over a 2 year period. Does this amendment impact on that at all? Senator Jacobson said no, that money was saved when -- if you remember the old thing about wood pellets and lower costs from Montana Power company and that is the money they want to use to retrofit. This is separate, it has nothing to do with that, it was transferred out of their operation and when you do that it doesn't get figured back into the instruction part because that's done on enrollment and it drops out of the plant so they lose it both places.

Senator Hammond said, I would oppose this amendment. Senator Jacobson and I agree on this. I have another amendment that makes a lot more sense.

Question was called, voted, failed.

Amendment #7. F-9, lines 4 and 5, etc. Motion by Senator Hammond. He said this would remove the 1989 phasedown funding in the Instruction Program at MSU. He said he felt that the \$229,000 was a legitimate claim of theirs and I was there when it first happened and after. We have done a lot of things to the University System. They seem to be untouchable. We went after the Deaf and Blind School and everybody else and we can't get the University System for a This is \$456.470 that we gave in a kind of a phase dollar. down because of a disagreement in what the enrollments are doing. This has nothing to do with out-of-state enrollment. this is just enrollment figures and it is for MSU phase down. They've gotten so many other parcels that I think this is one we can take back.

Senator Jacobson said, I would oppose this motion also. One of the problems we have with the formula and that is why we have this money for the study of the formula. They start going up as their enrollments go up and all of a sudden the bottom goes out when the enrollments start going back down and you can't cut professors out that quickly when they are under contract. We had to do this for the U of M and we did it for Montana Tech and MSU is in the same boat here and I think it should be consistent.

Senator Hammond said, there were three other schools that were almost the same percentage of phase down and we did much less than this for.

Senator Regan asked, are you taking all phase down money here? Senator Hammond said, this is the additional phasedown money. We gave some other monies in support as far as the institution is concerned in regard to some other incidental costs. This is strictly phase down.

Representative Rehberg said, this is for '89 so they actually have 2 years to actually implement this and I think it is sufficient time to notify the faculty etc.

Question was called, voted passed, Senator Jacobson and Representative Spaeth voting no.

Amendment #8. F-9, line 14. Motion by Representative Spaeth to adopt the amendment. He said, this is the museum of the Rockies. The Senate put \$240,000 back in and somewhat tied them to the FTE's. I want to reduce that down to \$100,000 and make it very clear that this is not going to replace general fund, this is the last time to see us and go from there.

Representative Thoft said, why don't you do it like the Family Practices and then you know it won't be back. Representative Spaeth said the Family Practices was a lot less money. If you give them \$100,000 in one year it might be more difficult for them to do something with it and that's why I went with \$50,000 a year.

Representative Thoft said, it might be nice to have them go a year without coming back. Senator Jacobson said, there is some other money for the Museum of the Rockies. Representative Hammond said the University supports 1/3 of the Museum of the Rockies. Senator Regan said, that is for personnel.

Senator Regan said, I wonder if it would be better to simply make that a biennial appropriation and allow the museum if they might want to spend \$75,000 the first year and as the subscription money comes in, \$25,000 the second year rather than give them the \$50,000. They can move this around, can't they? Representative Spaeth said no, not the way I have it set up, but I will go with the \$100,000 biennial appropriation.

Representative Spaeth said he would withdraw the original motion, and move for a biennial appropriation of \$100,000, and the language remain the same.

Question was called, voted, passed.

Amendment #9. Motion by Representative Spaeth to adopt the amendment. He said, right now we support the Community Colleges at the rate of 49%. I would move them back to 48%. It is not a big cut, we have 3, but I think that we can afford to make the cut here.

Senator Jacobson said, I would resist the motion. We started them out at 55% and 53% -- something like that -- and we have reduced them every year. It is basically a cost shift to the counties that have those Community Colleges in their areas.

Representative Spaeth said, if you look at the Community Colleges -- like the Kalispell one is going to move to a new campus and everything -- I think that they can absorb this. I think it is time for them to tighten their belt just a little bit.

Question was called, voted, passed.

Amendment #10. F-3, line 16. Motion by Senator Jacobson to adopt the amendment. She said, this returns the College Work Study to the current level which was the level it was at after the 5% cuts in June. Originally we put this in because the federal funds were supposed to drop. The federal funds have not dropped, in fact, they have increased since 1982, and while it is a worthwhile program, I think we should probably just leave them at current level. Especially when we reduced some WICHI slots and increased the College Work Study. All I am taking is \$24,000 a year. It doesn't touch them actually. They are still going to be getting \$276,458 from federal funds which is \$2 million plus.

Question was called, voted, passed.

Amendment #11. F-61, lines 22 - 24. Motion by Representative Spath to adopt the amendment. He said, this is on the Spring Wheat Breeding program. It is a new program that was put in on the House floor. I really have some problem with what was done here because the bill died in House Appropriations and it was another example of how we sort of went around it. They came up with matching monies. My amendment would be general fund support for the startup of the Spring Wheat Program, it is bienniel only and other funds will be required to continue the program beyond the 1989 biennium. I am sure they will be back next time asking us to continue this program, but I think if we at least have this language in it. I just don't like the way they did it; when the bill died they got it in here and it is what they did with the Family Satelite program. I think it should be clear that it is for a 2 year program and that is it.

Senator Hammond asked, did they fund \$80,000 of the \$150,000. Representative Spaeth said, it is \$160,000 of general fund money and is a bienniel appropriation.

Representative Rehberg said, I would like to know why it showed up as \$160,000 general fund. Was that just money that was going to be replaced with the match and was spending authority, or what? Representative Spaeth said no, I think there is the \$160,000 and then there is a match on top of the \$160,000 is my understanding. Senator Hammond said, there is an \$80,000 match.

Senator Regan said, I saw another amendment that was a little more drastic than that. Senator Hammond said, this is a \$2 million industry and we spend \$150,000 on it. Senator Regan said, if it is a \$2 million industry, let the industry support it. Why do we start another program at \$80,000 each and every year.

Senator Hammond said, I am willing to accept it for 2 years. Representative Thoft said, the thing that bothers me about this whole thing, and I fought this battle with the Experiment station. They never seem to drop a program, or at least if they do, I never find out about it. They are trying to start new and they want more money.

Senator Regan asked, did this appropriation appear before any of the subcommittees? Senator Hammond said, we had it in subcommittee. Senator Regan asked, you refused it in subcommittee? Senator Hammond said no, we passed it in subcommittee. Representative Spaeth said, there was a bill introduced and we tabled the bill in House Appropriations and the first time you see it showing up is when the salmon copy came over when you put it in on the floor of the Senate.

Representative Thoft said, I think the bill was referred to the Education committee. Senator Hammond said, that is where it came from.

Senator Regan asked Jane Hamman, how was the \$80,000 for each year arrived at. Was there any supporting documentation or was it just -- that's what they come in for and that's what they got, or what? Jane Hamman said, that came in as 1/2 of the amount that had been recommended out of the Education subcommittee because there was information that it would be matched dollar for dollar from Spring Wheat Breeding groups around the state, and I am not sure what organizations were going to provide the match. So this was to provide funds for the breeder and some of the operating costs and a portion of the equipment that the agency had requested in the Education subcommittee.

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Senator Regan said, there is nothing in the language of this bill that requires a match. It is just an \$80,000 each year of the biennium general fund appropriation. There is no requirement for a match and a permanent on-going program. She said, Representative Thoft, would you chair the committee so that I might offer an amendment. I do not have the amendment prepared, but I think it is very easy to explain. It is simply to strike \$80,000 each year of the biennium and strike the language between lines 22 and 24. My intent is that if they do want to have this program in the Agricultural Experiment Station they will find funds in the private sector and not have it become, at this time, а brand new program we are embarking on, using general fund money We have tried to limit starting new programs, I offer this as a substitute amendment and I don't know whether I will get any place, but we can vote it up or vote it down.

Representative Rehberg asked, shouldn't there be some kind of language in there saying that they have spending authority? Judy Rippingale said, they have it.

Representative Thoft said, there is a question I would like to have an answer to. If in fact, they draw some other research program, can they go ahead and put some of the money into this, or does there need to be language to do that? Judy Rippingale said, no. The Legislature at this point has really written direction on programs they will take.

Senator Regan said, if they decided they really want to do this they could drop another program and pick this up in its place.

Back to the original #11 by Representative Spaeth. He said, this concerns me, I agree with Representative Thoft, I keep seeing these new programs come in. Maybe we could say this is a new program, but you have to take one out.

Question was called, voted, passed.

Amendment #12. F-16, line 15. Motion by Representative Spaeth to adopt the amendment. He said, the enrollment at Tech is based on 1550 and that's what is plugged into the formula and that's what the appropriation is. It appears that with the applications they have for the freshman class there is a very good chance that Tech will experience an increase to about 1600 students. We are doing here what we did at MSU in the supplemental in-state, out-of-state. What we are saying is, if we are right you only get enough for 1550 or whatever your enrollment is up to that, but if we are wrong, you can come back in and get more money from us to correspond with the supplemental and we did it on the in-state out-of-state tuition money. I think it is only fair, if their enrollment is up that much they should be

able to adjust their formula accordingly. If their enrollment is down then we won't spend the money, anyway.

Senator Jacobson said, at the present time they are over. Representative Rehberg said, didn't we raise that number in full appropriations? Wasn't it lower than that coming out of your subcommittee? Senators Hammond and Jacobson said, no, we put the 1550 in.

Senator Jacobson said, I think the LFA estimate came in lower than that. I think that right now Montana Tech has about 1600 students if I am not mistaken. The problem we have over there that concerns me greatly is that we have taken out the business program which is their low cost program, and they are experiencing an increase in engineering students because there are other engineering schools that are closing and they are picking up some Chinese students and others that are coming in there. They have a high-cost program in place and they are below last year's biennium. In fact, we still have them below the June level and we are concerned about accreditation, and about a number of things. If these students come on campus into those high cost programs, I just think it is reasonable to give them the flexibility to come in and at least recover some of the cost of those students.

Senator Hammond said, we gave them the 1554 because they told us that's what it took in order to keep the doors open so we raised it up to that point. Most of their students, they told us, the big influx of students are out of state people and even some out of the nation, so their monies on their out-of-state tuitions are going to be much higher than the mix we expected them to have, so they are going to gain in that area.

Senator Regan asked, it is my understanding that the drop of the business school would not take place until when? You still have business school students and you don't drop those until what year? Carrol Krause, when does MSU and MST drop their business school? He answered, the business program is to be phased out by 1991. They're to be totally phased out of the school of business then, but what the Board wanted to do was to have the freshmen that had enrolled be able to work through the program. All of the upper division will be gone by 1991.

Senator Regan said, my second question is, how many of the 1550 are engineering students? Commissioner Krause said, I am going to have to give you an estimate. I believe it is approximately 1000 of the students are in one of the engineering programs through the 4 years of the program. Probably about 400 freshmen and then going on down as they advance.

Question was called, voted, motion failed.

<u>Amendment #13.</u> Representative Spaeth said, I was given something by Representative Cobb here and he was wanting to know if we would consider it in some kind of boiler plate. This is the education part. I think it makes good sense, but I am not sure it belongs in House Bill 2.

Senator Hammond said, there was a bill that went through that provided for all of this. We passed a bill through both the Houses that kind of outlines the program for voluntary consolidation in all these areas.

Senator Regan said, in view of the fact that we are going to be looking at basic education, it is hardly appropriate language for the boiler plate. If there is no motion then is there anything more to come before the committee on Section F. She asked if there was anything from the LFA on technical amendments. Judy Rippingale answered no.

Representative Rehberg moved to close section F. Voted, passed.

Representative Spaeth moved to reconsider the action on House Bill 436. He said, that is Representative Ramirez's bill on the reappraisal. We have a general fund of \$500,000 and the \$481,000. That is the long sheet here that explains how it is arrived at. I think if we are going to do anything on 436 that is a sum of money they can't absorb, but I would suggest we cut them back by about 10% each year and for FY'88 instead of \$500,789 that it be cut to \$450,000 and that under FY'89 the general fund be reduced to \$435,000. That is a 10% cut. I sort of like that bill, we can't implement it and it is silly to put it on the books if we can't implement it. I think that bill is the only thing going out of this session that has any potential unless we get the moratorium adopted and I don't think that is a solution. I would move to reconsider with the intention of moving \$450,000 and \$435,000 to try to get some money in there to try to implement 436.

Question was called, voted, failed.

Representative Spaeth said, is there any amount of money that you might consider putting in there? I went with 10% just to implement the bill.

Representative Thoft said, would you consider reducing the field appraisers by a like amount?

Senator Regan said, I really believe these issues have to stand on their own merit. It this bill has merit, and if indeed you think it should be funded, then I would suggest to the committee if you see a level of funding that would be

acceptable to the House, we can pursue this, otherwise I think the hour is late.

Representative Rehberg said, I feel we weren't as specific in our video poker program, but I said okay, let's go ahead to implement the program, but I think there is extra money in there. I would like to see this bill go too, but I think we have done as well as we could down here.

Senator Regan asked, do you want to fund it for the second year of the biennium? Fund it for the second year of the biennium, which might be a more reasonable way to go, and fund it with general fund because if there is more money in the poker, it is going to revert to the general fund and there we would have a wash.

Representative Thoft said, I have a question, would we fund it the second year out of Education Trust? Senator Regan said, all of the Educational Trust is flowing into the general fund anyhow, so it is all one pot of money and I think we delude ourselves at times when we say we are going to take it out of the Educational Trust.

Representative Spaeth said, I think that makes some good sense, we do it the second year and sure, it does flow into the same pot, but maybe it will make us feel good.

Representative Rehberg said, even though we've tapped it, it looks like there is still excess funds in the Educational Trust. If we can't do something like that, or make the Department of Revenue eat it, then I will vote against the amendment.

Senator Regan said, I am just exploring with the committee to see if there is some middle ground, and I think maybe we are approaching it. That we fund it the second year of the biennium, and then from Representative Thoft's motion that we take it from the Educational Trust money, and at that time we will be back in, look at the program and hopefully fund it correctly because then we will know how much money will be brought in from these other resources.

Senator Jacobson said, how can you take it out of the Education Trust in House Bill 2? Judy Rippingale said, we can write language to do that.

Motion by Representative Spaeth moved to reconsider the action with the intention of making another motion that we fund 436 the second year of the biennium and take the money from the Educational Trust.

Motion was voted, passed.

Representative Spaeth moved the motion he had just explained. Voted, passed.

Senator Regan said, I will ask the Fiscal analyst to draw up the proper language which will allow us to tap the Educational Trust fund and to adjust the figures for the 2nd year of the biennium.

Senator Regan said, there is an issue here I would like to call to your attention. Because it is a start-up, it seems to me we will have to go with the first figure, but it is in the second year of the biennium. That is your understanding? Representative Spaeth answered yes.

Motion by Senator Jacobson that House Bill 2, as amended do pass. With Senator Hammond voting no, the motion carried.

Senator Regan said, there are some questions on the part of the staff. Judy Rippingale said, what is our agenda for tomorrow, and what is the time table? Senator Regan said, our agenda for tomorrow is to get this bill through 3rd reading so we can all go home. That does not mean we will have it at 8 o'clock in the morning, but as soon as possible. I don't know what that will mean for you and the staff, I don't know what the time frame is.

Judy Rippingale said, I am not as familiar with the procedures upstairs, but we are preparing a conference committee report. We are not going to reprint House Bill 2. The amendments will come out, but we do not plan to prepare House Bill 2 by tomorrow. You will have strike and insert and an explanation. They are putting longer explanations at each of them.

Representative Thoft asked about presenting it and Senator Regan said you will be carrying it in the House, I will be carrying it in the Senate.

Senator Regan asked if the members would please return the copies used since there were not enough prepared.

The conference committee was adjourned at 2:45 a.m.

Regan, Chairman Senator

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It is the legislative intent that there be a permanent reduction through attrition of the number of executive branch state employees (excluding the university system) by reducing by at least 30 percent the number of persons hired to replace state employees who have vacated their positions.

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Therefore it is urged that the Governor effect a permanent reduction through attition of the number of executive branch state employees in order to reduce by at least 30 percent the number of persons hired to replace state employees who have vacated their positions.

The governor is urged to make these reductions through attrition unless the following criteria is met to fill the vacancy:

1. the position is absolutely essential for direct services, life support, security or law enforcement or,

2. no other personnel or position can perform the same service or,

3. there can be no consolidation within units or bureaus or other programs within or between departments to perform the same or similiar task or,

4. the service is needed for direct service to a patient or client and there are no other funds or reorganization or services or other personnel in local or state agencies to perform the same or similiar services, or

5. the positions needed for a highly technical position or supervisory postition that is needed because employees need supervisory control and are unable to make similar decisions on their own or in concerted effort, or,

6. that administrative or supervisory personnel cannot be reduced or their job description altered to perform similar tasks.

It is also the legislative intent that after making all necessary benefits and payments needed to pay those employees who have vacated positions, the remaining money used for these employees including but not limited to salaries, benefits and operational costs of the position which is not replaced, that the monies be returned to the appropriate fund for the biennium.

The Governor shall report to the appropriate legislative committees on a regular basis all reductions made and procedures followed in making these recommended reductions in accordance with this part.

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Conference Committee SENATE FINANCE AND CLAIMS and NO.__ DATE 4-22-8 A BULL NO.

amend to Jan. 88 Fire. nity Kent-Fart 1 HB2BpLg.leg AMENDMENT TO HB 2, REFERENCE BILL Page BP3 Line 24 Strike: "Prior to using money appropriated in this act for grants or." Line 25 "Contracts for services to individuals, all executive Strike: departments, including" Page BP4 Line 1 Following: "Sciences," Insert: "The department of family services, the department of institutions," Hans I end HANCE AND CLAIMS 3 and 29 and # 4 1-22-87

NBHLI NO. 2

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Section 10 of House Bill 2 contains the following language:

"Plans for coordinating services. (1) <u>Prior to using</u> money appropriated in this act for grants of contracts for services to individuals, all executive departments, includind the department of Social and Rehabilitation Services, FS9 INST the Department of Health and Environmental Sciences, and the Department of Labor and Industry, shall develop written plans for coordinating the services with similar services provided by other programs within the department or by other agencies.

(2) The plans must be prepared with an emphasis on reducing the amount of grant or contract money used for administrative costs and maximizing the amount of money used for benefits to individuals.

(3) The plans must be presented to the legislative finance committee before implementation."

Because the above language is very broad, we have interpreted the intent of the language as follows:

- Major emphasis of the language deals with benefits and claims. This includes such things as AFDC payments and payments for developmental disability services.
- 2) The planning process will be evolutionary because of the complex nature of many of the programs. Complete, final plans cannot be developed between now and the end of the current fiscal year.
 -) Payment of Legislatively mandated expenditures cannot be stopped by this language or the Legislative Finance Committee.
 - 'Initial plans developed for compliance with the language will probably be general in nature, but will provide a blueprint for the development of more specific plans. Updates on these revisions should be made at regular intervals in order to keep legislators informed on progress being made.
- Agencies will initially concentrate on areas of significant potential. Attempting to develope comprehensive coordinating plans immediately for all affected areas will not produce quality results.
- 6) Agencies significantly impacted by this language include the departments of SRS, Health, Labor, Family Services, and Institutions.

AMENDMENT TO HB002 REFERENCE COPY

DEPARTMENT OF JUSTICE

1. Page A-13, line 19.

Strike: "1,905,923" in State Special Revenue FY88 Insert: "1,967,383" in State Special Revenue FY88

2. Page A-13, line 20.

Strike: "1,976,472" in State Special Revenue FY89 Insert: "2,037,934" in State Special Revenue FY89

Impact of SB200 on Registrars Office

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CLAIMS IND 22-81 DAT H BILL NO.

AMENDMENT TO HB002, REFERENCE BILL

Page A-7 Following Line 18 Insert:

"C. Workers' Comp Adjustment

(FY88 Gen. Fund)

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Page A-8

Following Line 20

Insert: "Item 4c is a general fund appropriation to the Office of Budget and Program Planning for the biennium ending June 30, 1989, to provide funding for provisions of HB884 as it pertains to the legislative, judicial, and executive branch agencies. The Office of Budget and Program Planning is authorized to increase the expenditure authority of the legislative, judicial, and executive branch agencies by the amount contained in item 4c and by \$_____

for the biennium ending June 30, 1989, from funds other than the general fund which accrue under provisions of law to the respective agencies to carry out provisions of HB884."

HEE AND DATE 4 H BILL NO ...

AMENDMENT TO HOUSE BILL 2 REFERENCE COPY

STATE AUDITOR

Audit Division

Explanation: House Bill 884 proposes a new payroll tax for the benefit of Workers' Compensation. If it becomes law, it will have a financial impact on the State Auditor's Budget. To implement this legislation, several of the 200 computer programs that comprise the payroll system would have to be altered. This new tax would have to be calculated and accumulated separately from the rates currently in place for Workers Comp. All the reports that are generated from the system would also have to be altered. We do not have our own computer programmer, so we contract with the Information Services Division of the Department of Administration for our programming. As mentioned in the Fiscal Note for this bill we estimate the cost to be \$15,000. The \$15,000 in Contracted Services should be funded with 56% general fund and 44% from state special to remain consistent with the overall funding of this program.

1. Page A-10, line 19.

Strike: "563,930" (General Fund FY88)
Insert: "572,330"
Strike: "421,841" (State Special Revenue FY88)
Insert: "428,441"
Strike: "985,771" (Total FY88)
Insert: "1,000,771"

2. Page A-11, line 17.

Strike: "1,558,742" (State Special Revenue FY88) Insert: "1,565,342"

3. Page A-11, line 19.

Strike: "1,046,402" (General Fund FY88)
Insert: "1,054,802"
Strike: "2,605,144" (Total FY88)
Insert: "2,620,144"

FINANCE AND CLAIMS ABIT NO._ 4-22-81

Amendment to House Bill 2 Reference Copy

Be amended as follows:

1. Page A-1, Line 8 Strike: "926,544" Insert: "963,944"

Explanation Of Amendments to House Bill 2 Reference Copy

These amendments grant the Legislative Auditor the additional authority in the Special Revenue Fund for audits of Department of Family Services (\$22,400), and Science and Technology Bond Program (\$15,000). State law will require the agencies to pay the costs of each of the audits.

HB 700 (Science and Technology) Signed by Governor

HB 325 (Department of Family Services) Signed by Governor

AND CLATE BIT NO DATE 4-22-8 H BILL NO.

AMENDMENTS TO HB002 REFERENCE COPY

SECRETARY OF STATE

1. Page A-8, line 24.

Strike: "699,484" General Fund, FY88 "510,157" Insert: Strike: "227,603" State Special Revenue, FY88 Insert: "383,930" "709.775" Strike: General Fund, FY89 "521,931" Insert: Strike: "224,292" State Special Revenue, FY89 "379,136" Insert: Adjust totals.

This amendment implements the provisions of HB837 which:

- 1) transfers the general fund portion of the UCC expenditures to state special revenue -- \$189,327 in FY88 and \$187,844 in FY89;
- 2) eliminates the non-operating costs of \$33,000 in each fiscal year for pass-through of ag lien recording fees to county clerk and recorders.

2. Page A-9, following line 13.

Performant to (

Strike: Lines 14 and 15 in their entirety.

This amendment removes contingent appropriation of \$30,600 general fund in each fiscal year because passage of HB901 makes this language unnecessary.

- BILL NO.

431 F1 11		# 31
FF. Junices	AMENDMENT TO HOUSE SECTION A REFERENCE COP	A get the state of the
Page A-19, Line 7		$\mathcal{W}^{\mathcal{C}}$
Strike: 74,795	120,455	
Insert: 230,728	238,348	

Investigations and Enforcement Division Department of Revenue

House Bill 863 requires the licensing and testing of electronic Keno machines in the state of Montana. The bill also reduces the licensing fees on video poker machines from \$1,500 to \$100 annually while creating a tax on net machine income of 15% for both Keno and Poker machines.

This amendment adds appropriation authority in the amount of \$155,933 in FY88 and \$117,893 in FY89 to the Investigations and Enforcement Division to cover the costs of providing investigatory and compliance services to the Video Poker Control Program.

A coordinating amendment will be offered in Section C of House Bill 2 to provide spending authority for the Video Poker Control Program in order to administer the provisions of HB863.

Page A-20, Following Line

Insert:

Additional state special revenue authority may be added by budget amendment to the Department of Revenue if activity in the enforcement of electronic keno machines expands beyond that anticipated in HB863.

PROPOSED AMENDMENT TO HB 2 Reference Copy (Salmon Color)

Page A-5, line 23. Strike: "<u>131.719 50.000 131.623 50.000</u>" Insert: "181,719 181,623" (General Fund Columns)

2. Page A-6. Following: line 16 Strike: lines 17 and 18 in their entirety

LFA to adjust totals

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-END-

the AND CLAIMS DATE H BILL NO ._

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AMENDMENT TO HB 2

(Third Reading Copy) (Pink)

1. Page A-16, line 9. Following: "<u>ACADEMY</u>."

Insert: "The department of justice shall purchase the modular facilities in Bozeman that currently house the Montana law enforcement academy. For the purpose of purchasing such facilities, the department is authorized to expend funds appropriated in item 10a."

15



A:7106.TXT

OFFICE OF THE LEGIELATIVE AUDITOR - APRIL 1987

ANALYSIS OF DECISION TO PURCHASE OR LEASE CURRENT FACILITIES

If we assume the academy will remain in Bozeman for a period of time that extends beyond the termination date of the purchase option (September 30, 1988), then the decision to purchase or continue to lease will have to be made prior to September 30, 1988.

If we assume the buildings currently in use have no residual value, then we should extend the lease payments and the cost of purchase over a period of time until the purchase option is less expensive than the lease option.

The following table illustrates and compares the costs of the two methods of funding the operations of the academy. The lease payments are based upon current lease payments made on a quarterly basis and reflect a 4% increase in fiscal year 1990. The purchase costs include the purchase price plus operating costs in the first quarter and then operating costs for the quarters following. The operating costs were also inflated by 4% in fiscal year 1990.

The table indicates that after April 1990 the decision to purchase the buildings will become the least costly alternative even without including the residual values of the eight buildings.

Lease Payment		Current	Buy	Cummulativ	
Dates		Lease	Decision	Difference	
****		******	******	******	
July 1	1987	s37,112	\$308,783	(\$271,671)	
October 1	1987	\$37,112	\$13,750	(\$248,309)	
January 1	1988	\$37,112	\$13,750	(\$224,947)	
April 1	1988	\$37,112	\$13,750	(\$201,585)	
July 1	1988	\$37,112	\$13,750	(\$178,223)	
October 1	1988	\$37,112	\$13,750	(\$154,861)	
January 1	1989	\$37,112	\$13,750	(\$131,499)	
April 1	1989	\$37,112	\$13,750	(\$108,137)	
July 1	1989	\$38,596	\$14,300	(\$83,841)	
October 1	1989	\$38,596	\$14,300	(\$59,544)	
January 1	1990	\$38,596	\$14,300	(\$35,248)	
April 1	1990	\$38,596	\$14,300	(\$10,951)	
July 1	1990	⊊4Ø,14Ø	\$14,872	\$14,317	
October 1	1990	540,140	\$14,872	\$39,586	
January 1	1991	\$40,140	\$14,872	\$64,854	
April 1	1991	\$40,140	\$14,872	\$90,122	

J-BILL N

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Representative Rehberg Amend House Bill 2 (Salmon Reference Copy)

1. Page A-13, Line 7 Strike: "8,709,992" Insert: "8,679,992"

> Strike: "8,802,922" Insert: "8,772,922"

> LFA will adjust totals

AND CLAN

AMEND3:hb2a-13.

Representative Swift Amend House Bill 2 (as passed the Senate) Section A

- 1. Page A-3 Line 10 Insert: "\$12,000 in Fiscal 1988 (Federal Special Revenue)
- 1. Page A-4 Following line 10 Insert: "Item 7 contains \$12,000 of Federal Special Revenue appropriation for the biennium which may be expended if private or other non-governmental funds become available.

This amendment would increase the spending authority for the Western State's Legislative Forestry Task Force from \$8,000 for the biennium to \$20,000. (revised)

Committee NANCE AND CLAIMS _16 NO. 4-22-N BUL NO Z

cs:4-17-87:kvol

FT incle of

Representative Rehberg Amend House Bill 2 (Salmon Reference Copy)

1. Page A-16, Following Line 18 Insert: "The department shall seek all possible alternatives in the state to lower the cost of building space for the Forensic Science Division by the end of the 1989 biennium."

60 AND CLAIR 17 DATE 22 -87 BILL: NO. H 2

AMEND3:rr2.

Transfer Excess Balances, State Special Revenue Accounts

Amend House Bill 2 (Salmon copy) Section A

- white

1. Page A-27, Following Line 18 Insert: 17. Transfer to General Fund 326,000

326,000 (Propietary fund)

 Page A-28, Following Line 24
 Insert: On July 1, 1987, Item 17 will be transferred to the general fund from the following propietary accounts: Central Data Processing, \$150,000; Communications, \$130,000; and Rent and Maintenance, \$46,000.

This amendment transfers portions of projected fiscal 87 ending balances in propietary accounts in the Department of Administration that are considered in excess of operating needs. The amounts relate to the portion of those fund balances considered to have been generated from the general fund, and they would be transferred to the general fund.

ference Comm FINANCE AND CLAIMS EXHIBIT NO. DATE 4-22-87 BILL NO

is which

Dept . 1 Justice Rep. Rehburg

AMENDMENT TO HB002 REFERENCE COPY

Page A-15, line 13

Strike:	"14:	3,835	633,964	and	143,232	629,368"
Insert:	H	0	777,799	and	0	772,600"

Replace general fund with Alcoholism Treatment Rehabilitation funds - \$287,067 for the biennium.

DEPARTMENT OF JUSTICE - FORENSIC SCIENCES DIVISION

• • ÷ AND CLAIMS FINANCE 9 2187 DATE H BILL NO.

AMENDMENTS TO HBOO2 REFERNCE COPY

Ro in 2 m 2 m 2 m Sty a Gy

This amendment changes elected assessor salaries to 49% paid from state changes deputy assesor slaries to 70% being paid from state sources.

Page A-19, Line 20 Strike: "769,479 770,886" Insert: "428,443 428,443"

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And d

Page A-19, Line 24 Strike: "8,114,206 8,182,783" Insert: "7,847,721 7,916,693"

6 ammilter HEIT NO. 20 and 21 an DATE U = 22 - 82BILL P

HE Chanter

AMENDMENT TO HB002 REFERENCE COPY

1. Page A-11, line 9 Strike: "116,127 and 112,442" Insert: "71,371 and 69,026"

Remove the actuary position and associated costs and add \$15,000 annually for contracted services.

STATE AUDITOR

Aler

the mde FINANCE AND CLAIMS # 22 HETT NO. DATE 4-22-87 A BILL NO. 2

Rep. Rehberg Batata Insart Sunsat Langue DDR - Income Tax Di-

Amend House Bill 2, Reference Copy (Salmon)

1. Page A-21, Following line 10.

Freder Juice of

Insert: "The appropriation for the income tax division includes 13 additional FTE. The agency is prohibited from including these 13 FTE in its current level budget request presented to the 1989 legislature.

ar	Conference Committee SEMATO FINANCE AND CLAIMS	
ħ	DATE 4-22-87 BILL NO. 2	

AMEND3: Taxdiv.txt

t for and the second 71-

AMENDMENT TO HB002 REFERENCE COPY

Page A- 4, line 25

Strike: "26,200" Insert: "101,200"

\$75,000 for the biennium of water development funds for water adjudication study.

ENVIRONMENTAL QUALITY COUNCIL

AND GLAIMS-24 NO - 2 2 -6 DATE_

AMENDMENT TO HB002 REFERENCE COPY

Page A-10, line 14

PLACR

Strike: "256,271 and 256,039" Insert: "217,719 and 217,501"

Delete 2 FTE's as part of the permanent FY87 budget reduction.

1 21/ Rec (Mitthey

STATE AUDITOR

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Will dress

6 ammitte AND GLAIMS NO.25 4-22-8

AMENDMENTS TO HB002 REFERENCE COPY

	REFERENCE COTT
Martin 1. Page BP-1 Line 6 Following: Insert:	: 1989 "and providing supplemental appropriations to fund implementation costs of legislation enacted by the 50th legislature."
Page BP-5 Following Insert:	Line 2 New Section. Section 17. Supplemental appropriations for SB200 start-up costs. Department of Revenue, Property Assessment Division \$89,055 general fund
Space 3. Page A-19 Line 24	Department of Justice, Motor Vehicle Division \$53,000 state special revenue Re-number subsequent sections
The depart fund the p	8,114,206 8,114,206 8,182,783 8,182,783 8,938,406 8,938,406 9,006,983 9,006,983 rtment may use funds generated by administrative efficiencies to positions of senior appraisers and area managers.
4. Page F-17 Line 13 Following: Insert: 5	: Line 13 Section 17 is effective on passage and approval.

Conference Committee SENATE TINATIVE AND CLAIMS Omen A NV 26 and 28 DATE 4-22-87 M BILL NO. 2



HB.

Amendment #3

Free Conference Committee Amendment to HB-2 (Reference Bill)

23.55

1. Page A-20, after line 10. Insert: "e. Property Assessment - - HB436" Insert under FY'88 General Fund and Total: "500,789" Insert under FY'89 General Fund and Total: "481,778"

Operating money, per the fiscal note, to implement HB-436.

Justification

Assumptions:

- 524,6000 properties to be valued. 1.
- 2. Annual notification will be required for all properties.

Property Tax Division:

	FY 88	FY 89
 Install new values in county computers (52 FTE @ Grade 8 - Step 2 for 2 months) 	\$144 , 560	\$144,560
 (2) Implement trending program (1 Programmer Analyst @ Grade 14 - Step 3 for 1 month) 	2,235	0
 (3) Recost property file (492,775 records — 90% of file — X .00187 	920	920
(4) Reprint cost sheets (492,775 X .35)	17,245	17,245
(5) Mail new cost sheets to counties	495	495
(6) Notification forms and postage (492,775 X .35)	172,470	172,470

Total Cost - Property

(1) Excludes r run as high cost could Ś Total Danj

faith

AMENDMENT TO HB002 REFERENCE COPY

Page A-17, line 8

Strike: "437,791 and 436,834" Insert: "412,791 and 411,834"

Reduce by \$50,000 for the biennium, the technical assistance activity of the agency.

BOARD OF CRIME CONTROL

Prover S

Reduce & add ppending

HE FINANCE AND GLANNS HE NO. 30 DATE 4-22-87 A BILL NO. 2


AMENDMENTS TO HBOO2 REFERENCE COPY

Page A-1, line 25

Strike: "794,956" Insert: "788,773"

Page A-2, line 5

Strike: "718,820" Insert: "712,552"

Increase vacancy savings from 1% to 2%.

LEGISLATIVE FISCAL ANALYST

AHEE AND CLAIMS DATI BILL NO.

Apainel .

AMENDMENT TO HB002 REFERENCE COPY

Page A-31, line 24

Strike: "449,104 and 445,638" Insert: "408,062 and 404,666"

Close one Veterans Affairs Office and delete 2 FTE, a veteran service officer and a secretary.

MILITARY AFFAIRS

Apriled (

AND GLA DATE BILL NO ...

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Representative Rehberg Amend House Bill No. 2, Reference Copy (Salmon)

1. Page A-26, line 8.

Strike: "34,572 Insert: "0

34,544" 0"

Juit

LFA will adjust totals.

SENATE FINANCE AND CLAIMS EXAMPLE AND CLAIMS EXAMPLE NO. 33 EXAMPLE V-22-87 DATE V-22-87 FILLE NO. 2

AMEND3: Training.txt

Da Mar Li,

Amend House Bill 2 Reference Copy

1. Page A-4, Line 22 Strike: "245,347 241,333" Insert: "243,618 239,609"

LFA will adjust the totals



FF BK

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AMENDMENT TO HB002 REFERENCE COPY

Page A-15, line 13 1. Strike: "143,835 633,964 and 143,232 629,368" Insert: "90,085 687,714 and 71,982 700,618"

Reduce general fund and increase motor vehicle fund support the Forensic Sciences Division by \$125,000 for the biennium.

DEPARTMENT OF JUSTICE - FORENSIC SCIENCES DIVISION

AMENDMENTS TO : BILL NO.2 ×

FINANCE AND CLAIMS

DATE Initials Cale

Approved By





Amend House Bill 2 (salmon reading copy) Section B

- Page B-5, line 19

 Strike:
 "125,000

 Insert:
 "216,760

 216,760
 "125,000"
- 2. Page B-6, following line 14 Insert: "1. New Horizons 27,095

27,095" (general fund columns)

- 3. Page B-8, following line 10 Insert: "Item 11 is contingent upon the passage and approval of House Bill 460. If House Bill 460 is not passed and approved, general fund in item 1e is reduced to \$125,000 in fiscal 1988 and \$125,000 in fiscal 1989."
- 4.
 Page D-5, line 25

 Strike:
 "7,503,511
 7,576,576"

 Insert:
 "7,516,081
 7,589,146"
- 5. Page D-8, following line 15 Insert: "If House Bill 460 is not passed and approved, general fund in item 2b is reduced to \$7,503,511 in fiscal 1988 and \$7,576,576 in fiscal 1989."

HIGE AND GLAIMS ST ND ._ DATE 4-

AMEND3:hb460.



Amend HB 2 reference bill copy

1. Page 8-10

Line 20

Strike: "6,540,607" "6,606,013" Insert: "7,168,000" "7,349,000"

2. Page B-10

Line 21

Strike: "19,130,953" "21,138,235" Insert: "18,503,560" "20,395,249"

LFA will adjust totals.

This amendment incorporates the estimate in HJR41 of the revenue from the 12 mill property tax income collected in state-assumed counties and transferred to the general fund.

ANCE AND CLAIMS 22 DATE N- BILL NO.

rahe Jan To Goversigned 4/16/87

B:hb2hb581.txt

HB2 Amendments

Version -Eink Copy

ORA

HB 2 Amendment

Department of Labor and Industry

Labor

Description:

HB 581 provides for travel reimbursement to Project Work(General Assistance) Participants if training or work site is more than 10 miles from their home.

Amendment:

HB 2, Section B Page B - 6 Following line 12

Insert "Subject to passage of HB 581 add to line 12; 59,406 in general fund in FY 88 and add 59,406 in general fund in FY 89"

ci aims DATE H BILL NO.

Representative Rehberg Amend House Bill 2 (Salmon Reference Copy)

- U- Fel

Page B-14, Line 23
 Following: "<u>APPROPRIATION.</u>"
 Strike: remainder of line 23 through line 7 on page B-15

Conf Com BENATE FINANCE AND CLAIMS BIT NO. 4-22-8 2 LE. NO.

AMEND3:rr.

Amend House Bill 2 Reference Copy (Salmon) Section B

> 1. Page B-12, Line 14 Strike: "310,359 938,622" Insert: "280,458 908,722"

2. Page B-12, Line 17 Strike: "5,846,843 13,517,746" Insert: "5,502,908 12,896,869"

FINANCE AND CLAIMS SENATE (B) DATE 22-87 N BILL NO ._

cs:4-22-87:thoft1

Your	1.	Page B-8, Strike:	(GEN	(Ref IERAL A IERAL A	DMENT TO I erence Cop PPROPRIAT SSISTANCE	DY) IONS ACT	:)		
		"3,932,568		3,932,568	3,447,576		3,447,5	<u>76''</u>	
		Insert:			·				
		"4,319,712		4,319,712	3,691,344		3,691,34	44''	
		Adjust:	total a	ccordi	ngly				
	2.	Page B-8, Strike:	line 23	ł	· •				
	' <u>'11,033</u>	,494	26,726,580		37,760,074	11,413,301	-	30,347,772	41,761,073"
		Insert:							
	"12,106	,956	29,326,843		41,433,799	12,188,745		32,409 <u>,</u> 662	44,598,407''
		Adjust:	totals a	ccordi	ngly				

This amendment increases the appropriation for general assistance and AFDC payments to the level approved by the House Appropriations Committee prior to the reduction in payment levels that passed on the House Floor. This amendment is necessary as the statute establishing the payment matrix for general assistance was not amended, making it impossible for SRS to reduce payment levels. If SRS were to only reduce AFDC payment levels in order to stay within the current HB2 appropriation, AFDC clients could appy for ga payments in the amount of the difference between the ga grant and the AFDC grant.

100

This amendment adds general fund in the amount of \$1,460,606 in FY88 and \$1,019,212 in FY89. The total increase in general fund over the biennium is \$2,479,818.

FINANCE AND CLAIMS DATE -22-H-BILL NO.



1.

AMENDMENT TO HB 2 (Reference Copy) GENERAL APPROPRIATIONS ACT

Page B-8, Following: line 20 Insert: "iii. Nonresident General Relief" Under: Column 1, Fiscal Year 1988, General Fund Insert: "180,000" Under: Column 6, Fiscal Year 1989, General Fund Insert: "180,000" Adjust: totals accordingly Renumber: subsections accordingly

This amendment is necessary as statutes regarding state responsibility for payment of medical expenses for indigent transcients werenot amended (HB886 was defeated in the Senate). Of the \$180,000, only \$30,000 is allocated to emergency relief for transcients; the balance is allocated to emergency medical relief for transcients.

The entire amount involved in this amendment is all general fund.

AMENDMENT TO HB 2 (Reference Copy) GENERAL APPROPRIATIONS ACT

1. Page B-8, line 14. Strike: "5,625,446" (Federal Special Revenue Column) Insert: "5,735,323" (Federal Special Revenue Column) Adjust: totals accordingly

2. Page B-8, line 14. Strike: "3,524,512" (Federal Special Revenue Column) Insert: "3,549,363" (Federal Special Revenue Column) Adjust: totals accordingly

Purpose: This amendment is requested to enable the Department to expend federal funds for the purchase of a semi-tractor/trailer for the delivery of food commodities and to allow for one additional FTE and fuel costs to operate the vehicle in FY 88 and FY 89. Total federal increase is \$109,877 for FY 88 and \$24,851 for FY 89.

CLAIMS BILL NO

Amend House Bill 2

1

1. Page <u>B-2</u>, Line <u>48</u> <u>22</u>

Strike: "353,823" General Fund Fiscal 1988
 "353,775" General Fund Fiscal 1989
Insert: "448,507" General Fund Fiscal 1988

"448,494" General Fund Fiscal 1989

This amendment is to fund the Nursing Bureau in the Department of Health for Fiscal Years 1988 and 1989. The Nursing bureau has primary responsible for education and consultation for Montana's 369 community health nurses in public health nursing, school health services and home health services. In carrying out the mandate of MCA 50-202 (11), the professional nursing staff develop and promote standards for community health nursing services, including assurance that the legal requirements for nursing practice are met in the community setting. Additionally, staff monitor and evaluate quality assurance and patient care standards in direct-service clinics, including wellchild and residential child care health services; provide public and professional education and consultation; develop educational, technical and other materials for local providers of public health, school and home health nursing services. Evaluation of local health services, participation in recruitment and hiring of locally-employed staff as well as generlized nursing responsibilities for the division.

NANCE AND CLAIMS BILL NO

Port Amar Amend House Bill 2 Reference Copy (Salmon) Section B

linen

1. Page B-10, Line 21 Strike: "19,130,953 56,900,198 21,138,236 67,662,386" Insert: "19,197,827 57,048,423 21,207,908 67,825,653"

MANCE AND CLAIMS BIT NO 0 4-22-DATE HA BILL NO_ 2

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Amend House Bill 2 (Reference Copy)

Section C

flar r

Page C-3, Line 7.

Strike: "223,505" "217,284" Insert: "594,830" "588,609"

Explanation of Amendment

Funding for this amendment is state special revenue.

House Bill 102 assesses a .50 cent weed control fee upon the annual registration of motor vehicles and allocates the proceeds to be used for chemical and non-chemical noxious weed management. This amendment would appropriate the fee revenue (minus a three percent reduction which would be retained for county treasurers) to the Department of Agriculture for noxious weed management. Funding is state special revenue.

(This amendment to be utilized only if HB102 has been signed by the Governor)

HOE AND CLARKS EXHIBIT NO 4-22-DATE____ 从 能生的。

AMENDMENT TO HB2 - REFERENCE BILL Section C - Department of Commerce

Page C-16:

Line 17

Strike:1,323,2671,360,660Insert:1,311,9311,348,021

This amendment adjusts the departmental indirect cost recovery that was originally included in the merger of the Board of Investments and the Montana Economic Development Board to reflect a lower departmental indirect cost recovery rate. This reduces appropriation authority by \$11,336 in FY88 and by \$12,639 in FY89.

and the



AMENDMENT TO HOUSE BILL 2 SECTION C

> 405 247

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PAGE C-17, LINE //

STRIKE:	2,999,805	3,025,
INSERT:	658,411	597,
	يستنز السني مسلمان	1

HOE AND GLANN A BILL NO-

Video Poker Control Bureau Department of Commerce

House Bill 863 requires the licensing and testing of electronic Keno machines in the state of Montana. The bill also reduces the licensing fees on video poker machines from \$1,500 to \$100 annually while creating a tax on net machine income of 15% for both Keno and Poker machines. The Video Poker Control Bureau will administer the provisions of this bill.

This amendment adds \$353,667 in FY88 and \$294,299 in FY89 to the Video Poker Control Bureau to cover the costs of administering the licensing, testing, enforcement and tax collection functions associated with electronic gaming in Montana. The appropriation is reduced in House Bill 2 because the local government share of the tax proceeds is statutorily appropriated in HB863.

A coordinating amendment will be offered in Section A of House Bill 2 to provide spending authority for the Investigations & Enforcement Division in the Department of Revenue. Video Poker will contract with Investigations & Enforcement for this service.

PAGE C-19, FOLLOWING LINE 21

INSERT:

Additional state special revenue authority may be added by budget amendment to the Department of Commerce if activity in the licensing and enforcement of electronic keno machines expands beyond that anticipated in HB863. AMENDMENTS TO HOUSE BILL NO. 2

Department of Natural Resources and Conservation

1) Page C-12
Following: line 13
Insert: "Enactment of House Bill No. 642 and House
Bill No. 831 satisfies the emergency
provisions of 17-7-403, and the department
may request a budget amendment to spend the
fees collected under the authority of the
bill."

Explanation

<u>House Bill 642</u> requires the Department of Natural Resources and Conservation to publish a notice of requests to extend the time to put water right permits to use. The bill also requires the department to hold a hearing if necessary. The Board of Natural Resources and Conservation has the authority to assess fees to pay for a part of the costs of this new process. The fiscal note for HB 642 anticipates approximately \$11,800 per year of fees being collected to help offset the cost of HB 642. This amendment gives the department authority to request a budget amendment to spend these fees if their board assesses the fee. The amendment does <u>not</u> authorize the expenditure of general fund monies.

<u>House Bill 831</u> requires that the Board of Water Well Contractors (which is attached to the DNRC for administrative purposes) license drillers of monitoring wells. The Board may assess a fee for this service. The Board anticipates that this responsibility will require the assessment of about \$9,100 per year in fees. This amendment gives the department authority to request a budget amendment to spend these fees if the Board assesses the fee. The amendment does <u>not</u> authorize the expenditure of general fund monies.

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Representative Spaeth Amend House Bill 2 (Salmon Reference Copy)

- Page BP-1, Line 6
 Following: "1989"
 Insert: "and providing fiscal 1987 supplemental appropriations to fund implementation costs of legislation enacted by the 50th legislature"
- Page BP-4, Following Line 24
 Insert: "Section 15. Fiscal 1987 supplemental appropriation. There
 is appropriated to the Department of Revenue, Property
 Assessment Division, \$89,055 general fund for fiscal 1987 to
 implement Senate Bill 200.
 Renumber subsequent sections.
- 3. Page F-17, Following Line 13 Insert: Section 15 is effective on passage and approval.



AMEND3:bp.

AMENDMENTS TO HB2 - REFERENCE BILL Section C - Department of Commerce

Page C-14:

Line 25 Strike: b. Local Government Block Grant

Page C-15:

Line 5 Strike: line 5 in its entirety

Line 9 Strike: 2,500,000 general fund in both years Insert: 2,286,259 general fund in FY88 and 2,373,870 general fund in FY89

These amendments incorporate the impact of SB200 on the local government block grant program and the district court reimbursement program. The statewide LGBG program is eliminated and the district court appropriation ties to the revenue estimates contained in the reference bill version of the fiscal note for SB200.

This reduces state special revenue by \$18,250,000 for the biennium and general fund by \$339,871 for the biennium.



Amend House Bill 2 (as passed the Senate) Section C

1. Page C-12 Following Line 10 Strike : Lines 11 through line 13 in their entirety

At Mar al

This amendment should be used if HB 621 passes both houses. The lines which would be struck include a boilerplate provision which would change the funding of the DNRC Centralized Services Division if HB 621 does not pass.



Amend House Bill 2 Reference Copy (Salmon) Section C

J. March

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 Page C-12, Following Line 8 Insert: "Of the funds appropriated in item 4a, not more than \$584,788 for each year of the biennium may be used for adjudication of pre July 1, 1973 water rights."

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CS:4-22-87:spaeth2

AMENDMENT TO HB2 - REFERENCE BILL Section C - Department of Commerce

Page C-13

Line 12

C-SSF. Proved

Strike:	539,626	536,444
Insert:	513,626	510,444

This amendment reduces Transportation general fund operations by \$26,000 per year due to the fact that HB621 provides administrative funds in association with the transloading facility approved in that bill.



Amend House Bill 2 Reference Copy (Salmon) Section C

1. Page C-5, Line 24 Strike: "5,210,325" Insert: "5,154,352"

CH Still

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2. Page C-6, Following Line 13 Insert: "The department shall consolidate support functions by July 1, 1988. If any relocation costs are incurred in consolidating functions, they shall be financed from the forestry division's fiscal 1988 appropriation. The department shall report to the 51st legislature on the fiscal savings of the consolidation."



P. J. C. P.

Amend House Bill 2 (Salmon Reference Copy)

1. Page C-3, Line 7 Strike: "242,558, 223,505 71,526, 30,226 252,481 217,284, 46,935, 28,809" Insert: "218,920, 215,339, 63,790, 26,788, 226,111, 210,375, 40,156, 25,821"

AMEND3:pc3.



AMENDMENTS TO HB2 - REFERENCE BILL Section C - Department of Commerce

Page C-13:

CA. Mar = P

Line 19

Strike:	686,692	30,114	683,219	59,257
Insert:	636,692	130,114	633,219	159,257

Page C-14:

Line 10

Strike:	4,575,215	4,672,834
Insert:	4,475,215	4,572,834

This amendment decreases general fund for the Business Assistance program by \$50,000 per year and increases state special revenue by \$100,000 per year -- for an overall expenditure increase of \$50,000 per year. The increase in state special revenue funds comes from Montana Promotion Division's accommodation tax revenue, which is reduced in that program by \$100,000 per year.

								21/41
			"and 5C"	Insert		\$2,627,810	Insert	
			ing 2C	Following 2C		\$2,612,810	Strike	
			ine ll	Page C-9 line ll		\$2,677,150		
		-				\$2,662,150	Strike	
ו (in FY-88				24	3.) Page C-7 line 24	3.) Pa
055	er O	rogram" with \$987,000 unde	Page C-8 rollowing line 5 Insert: C. "Pheasant Enhancement Program" with \$987,000 under	5.) rage U-8 roi Insert:		51,088,942	Insert	
ATT DA P						\$1,084,442		
	J		\$3,703,724	Insert	1	\$1,111,104	Insert	
NO.) (Strike	-	\$1,108,854	Strike	
				Insert	0	11	2.) Page C-8 line ll	2.) Pa
0, 1, 2			\$3,696,188	Strike				
		A A	ine 18	Page C-7 line 18		"and 5C"	Insert	
						2C	Following 2C	
~				Insert	· · · · · · · · · · · · · · · · · · ·	ц	Page C-9 line 11	Pa
				Strike				
	100			Insert	revenue in FY-88.	under state special revenue in FY-88.		
,			ine 18 \$1,801,255	4.) Page C-6 line 18 Strike Sl	" with \$3,600,000	owing line 5 "C. Wildlife Habitat" with \$3,600,000	 Page C-8 Following line 5 Insert: "C. Wildlift 	1.) Pa
	987,000			earmarks for pheasant	Increases bird license fees and earmarks for pheasant enhancement (no FTE's). FY-88	SB-331		5.)
·		5,900 5,900	4, 700	for elk drawings. ividually (.25 FTE)	Establishes landowner preference for elk drawings. FWP will review applications individually (.25 FTE) FY-88 FY-89	SB-219		4.)
	15,000			koff program. (.40 FTE	Revise and continue nongame checkoff program. (.40 FTE) FY-88 FY-89	SB-177		3.)
2,250 4,500				ATVs. Earmarks ucation. (no FTE's)	Provides fee in lieu of taxes on ATVs. Earmarks fine monies to FWP for Safety Education. (no FTE's) FY-88 FY-89	HB-813		2.)
	3,600,000				PY-88			+• /
Con Ed	Wildlife	Enforcement	Centralized Services	fe habitat (no FTPIc)	Description Torresses licence fees for wilding habitat (no FTEIs)	Bill Number HR-596		
	- - -		Proposed Amendments to HB2 (Pink Copy) Department of Fish, Wildlife and Parks Conference Committee	Proposed Amen (Pink Department of Fish, Conference				

Z

 (\mathcal{A}^3) Amend House Bill 2 (as passed the Senate) Section C

12 à

1. Page C-9 Following line 13 Insert: "If this act and House Bill 599 are both enacted the appropriation in House Bill 599 is from the Department of Fish, Wildlife, and Parks in the amount of \$150,000 and no general fund is appropriated for the biological station at Yellow Bay. The appropriation is a biennial appropriation.



Amendment to apply a four percent vacancy savings rate to the Department of Livestock; thus reducing funds for the biennium as follows. General Fund: \$ 34,300 State Special: \$213,735 \$ 1,324 Federal: \$249,359 Total 1) Page C-1, line 24. Strike: "55,058" "346,304" "401.372" "54,659" "344,711" "399,370" Insert: "53,611" "337,352" "390,963" "53,212" "335490" "388,702" 2)Page C-2, line 7. Strike: "300,222" "371,513" "671,735" "305,330" "378,356" "683,686" Insert: "291,222" "360,514" "651,736" "296,308" "367,329" "663,637" 3)Page C-2, line 9. Strike: "492,868" "492,868" "491,731" "491,731" Insert: "477,235" "477,235" "476,098" "476,098" 4) Page C-2, line 11. Strike: "203,948" "20,000" "223,948" "205,160" "20,000" "225,160" Insert: "197,261" "19,338" 216,599" "198,473" "19,338" "217,811" 5) Page C-2, line 13. Strike: "2,058,015" "2,058,015" "2,078,118" "2,078,118" Insert: "1,988,656" "1,988,656" 2,008,588" "2,008,588" 6) Page C-2, line 17. Strike: "267,776" "267,776" "271,287" "271,287" Insert: "266,090" "266,090" "269,592" "269,592" 7) Page C-2, line 22. Strike: "606,942" "3,566,156" "95,000" "4,268,098" "610,262" "3,579,203" "95,000" "4,284,465" Insert: "589,798" "3,459,527" "94,338" "593,106" "4,143,663" "3,472,097" "94,338" "4,159,541"

Amend House Bill 2 Salmon reference copy

Pool

Lullet Julie

1. Page A-19, line 24 Strike: "8,114,206 Insert: "8,938,406

8,182,783" 8,923,906"

LFA will amend totals.

BATE_____

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The department may use funds generated by administrative efficiencies to fund the positions of senior appraisers and area managers.

1. por e C.5, 2

Amend House Bill 2 (Salmon Reference Copy)

1. Page C-19, Following Line 21

Insert: "If the revenues deposited to the general fund through the implementation of Senate Bill 200 are less than the appropriation for district court reimbursement, the department shall reduce the reimbursement to equal the revenues generated."



AMEND3:c-19.

AMENDMENTS TO :

FINANCE AND CLAIMS

4-22-87 DATE Cate Prepared By

Approved By

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AMENDMENT TO HB002 REFERENCE COPY

Page D-10, Line 5 Strike: "425,760 431,418" Insert: "411,676 417,334"

Page D-10, Line 6 Insert: "b. Capitol Tour Guide"

Page D-10, Line 7 Insert: "14,084 14,084"

MAALE *** &

6.0

Re-number subsequent lines

Explanation: This amendment line items general fund of \$14,084 in FY88 and FY89 for capitol tour guides and reduces the Society general fund in their administration program by a like amount each year.


HB2 Amendment

Reference Bill

Page D6

Line 24

Strike:

\$2,848,740 \$510,722 \$2,873,834 \$510,722

Insert:

\$2,833,740 \$525,722 \$2,858,834 \$525,722

This amendment places the interest and income revenue estimate at Pine Hills at \$300,000 each year of the biennium as recommended by the executive. This increases these revenues by \$15,000 each year and decreases general fund by \$15,000 each year of the biennium.

The agency collected over \$350,000 in FY86 and any decline in oil lease income has been offset by steady title and lease income. Also, favorable congressional farm legislation should help maintain at least the \$300,000 estimate. The appropriations subcommittee reduced these estimates to \$285,000 each year.





AMENDMENT TO HOUSE BILL 2 Second Reading Copy Before the Free Conference Committee

1. Page D-7, Line 22

UNDER: <u>Fiscal 1988</u> and <u>Fiscal 1989</u>, <u>State Special Revenue</u> columns

INSERT: <u>380,896</u> <u>332,010</u>

2. Page D-7, Line 22

UNDER:	Fiscal 1988	and <u>Fiscal 1989</u> , <u>Total</u> columns
STRIKE:	"146,292"	"146,173"
INSERT:	527,188	478,183

3. Adjust totals accordingly

#

Justification

House Bill 627 requires the Department of Institutions to establish and maintair additional Youth Evaluation Programs to replace evaluations done at state institutions subject to the availability of funding.

The funding for these programs would be generated from House Bill 791, which establishes a tax on the possession and storage of dangerous drugs. In accordance with section 9, subparagraph 2 of House Bill 791, "The state treasurer shall deposit one-half of the tax to the credit of the department of institutions to be used for the youth evaluation programs and chemical abuse aftercare programs."

House Bill 627 does not establish appropriation authority. Therefore, the purpose of this amendment is to obtain the necessary appropriation authority ir House Bill 2 to establish and maintain additional Youth Evaluation Programs as required in House Bill 627.

This amendment appropriates State Special Revenue <u>Spending</u> <u>Authority</u> in the amount of \$380,896 in FY88 and \$332,010 in FY89. These amounts reflect the projected cost of operating a 15 bed community based evaluation program as reflected in the Department of Institutions' fiscal note prepared for House Bill 627.

BILLE NO. 2

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FINANCE AND CLAIMS

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REDUCTION IN EDUCATION TRUST EARNINGS

Amend House Bill No.2, Reference Copy (salmon) Sections E and F

1.	Page E-3 Strike: Insert:	5, Line 9 "147,523" "33,821" "113,701"		f nd column) ial column)		only
2.	Strike:	7, Line 7 "514,290 "552,545	455,811 417,556	514,290 590,773	455,811" 379,328"	
3.	Strike:	7, Line 14 "125,975 "133,026	260,157 253,106	54,092 64,279	332,075" 321,888 "	
4.	Strike:	8, Line 5 "530,859 "563,073	270,961 238,747	530,859 595,265	270,961" 206,555"	
5.	Strike:	8, Line 12 "212,830 "218,767	137,425 131,488	166,404 174,982	183,881" 175,303"	
6.	Strike:	8, Line 25 "492,189 "524,403	331,408 299,194	492,189 556,595	331,408" 267,002"	
7.	Strike:	9, Line 10 "220,421 "226,358	156,686 150,749	171,217 179,795	205,924" 197,346"	
8.	Strike:	9, Line 23 "820,684 "873,033	482,024 429,675	820,684 925,345	482,024" 377,363"	
9.	Strike:	10, Line 8 "316,347 "325,996	99,550 89,901	162,758 176,698	253,177 239,237	
10.	Page E Strike: Insert:	-10, Line 21 "643,444 "689,752	516,719 470,411	643,444 736,028	516,719" 424,135"	
11.	Page E Strike: Insert:	-11, Line 6 "146,816 "155,351	274,262 265,727	282,779 295,110	138,338" 126,007"	٦



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12. Page F-3, Line 5 Strike: " 901,687 Insert: "1,161,470	883,947 624,164	901,687 1,436,131	684,981" 150,537"
13. Page F-3, Line 8 Strike: "1,656,141 Insert: "1,933,618	277,477 0	1,415,429 1,984,929	611,292" 41,792"

LFA will amend totals.

This amendment replaces education trust fund interest earnings with general fund due to passage of House Bill 39, House Bill 904, and Senate Bill 228. The interest earnings reductions for the vocational-technical centers are \$238,449 in fiscal 1988 and \$456,154 in fiscal 1989 for a biennial total of \$694,603. The interest earnings reduction for Adult Basic Education administration in the Office of Public Instruction is \$33,821 in fiscal 1989. The interest earnings reduction for WICHE and WAMI is \$537,260 in fiscal 1988 and \$1,103,944 in fiscal 1989 for a biennial total of \$1,641,204. The total general fund replacement of education trust fund interest earnings due to House Bill 39, House Bill 904, and Senate Bill 228 is \$2,369,628 for the biennium.

AMEND3:Trio.txt

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Amend House Bill 2 (Salmon reading copy) Section E

1. Page E-5, Following line 5 Strike: Lines 6 and 7 in their entirety

This amendment eliminates funding for excess secondary vocational education costs saving \$400,000 of general fund each year. These savings will offset lost education trust interest in the vocational-technical centers.

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AMEND3:bh2e.

Amendment to HB2 (Salmon Copy)

This amendment changes the vacancy savings in the student services program at the School For the Deaf and Blind to 4%.

The general fund savings totals \$16,199 in FY88 and \$16,186 in FY89.

Page E2 Line 12 Strike 702295 707991

f.e.

Insert 686096 691805



Amendment to HB2 (Salmon Copy) Office of Public Instruction

This amendment reduces the general fund that was added when the administration of the Vo Tech Centers was transferred to the Commissioner of Higher Education. This amendment implies that administration costs for OPI will be less now that they do not have oversight of the Vo Tech Centers.

This amendment reduces general fund by \$21,346 in FY88 and \$21,344 in FY89.

Page E3 Line 17 Strike 870397 873767

Insert 849051 852423



Amendment to HB2 (Salmon Copy)

This amendment reduces the budgeted amount for an interim study on the adequacy and cost of accreditation standards under the Board of Public Education. The study was originally budgeted at \$97,825 for the biennium. This amendment reduces the budgeted cost of the study to \$50,000 for the biennium.

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Page E1 Line 13, Strike 47,100 47,100 50,725 50,725 Insert 20,000 20,000 30,000 30,000



Amend House Bill 2 (salmon reading copy) Section $E \Rightarrow e^{-i\pi}$

- Page E-4, Following line 18 Insert: "Item 3 includes \$150,271 in fiscal 1988 and \$150,282 in fiscal 1989 of general fund and \$179,925 in fiscal 1988 and \$179,938 in fiscal 1989 of federal funds contingent upon the Board of Regents contracting with the Office of Public Instruction to administer and supervise K-12 vocational education programs, services, and activities in accordance with House Bill 39."
- 2. Page E-6, Following line 6 Insert: "Item 4 is contingent upon the Board of Regents contracting with the Office of Public Instruction to administer and supervise K-12 vocational education programs, services, and activities in accordance with House Bill 39."
- 3. Page E-6, Line 11 Strike: "3,350,000 3,350,000" Insert: "1,025,000 1,025,000"

4. Page E-6, Following line 21 Insert: "Item 2 is contingent upon the Board of Regents contracting with the Office of Public Instruction to administer and supervise K-12 vocational education programs, services, and activities in accordance with House Bill 39."

5. Page F-2, Following line 21 Insert: "3. Vocational Education Grants" "2,325,000 2,325,000" (Federal Special Revenue Columns)

Renumber items

LFA will adjust totals

Item 5 appropriates \$2,325,000 each year for all vocational education grants except those for K-12 programs, services, and activities which will be administered and supervised by the office of public instruction under a board of regents contract in accordance with House Bill 39.

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AMEND3:hb2ve.



Amend House Bill 2 (salmon reference copy) Section E

1. Page E-6, following line 6 Insert: "All revenues received under the provisions of 20-9-343 for state equalization aid are appropriated to the superintendent of public instruction for the biennium ending June 30, 1989, for public school support other than special education."



AMEND3:hb2p.



Amend House Bill 2 (salmon reference copy) Section E

1. Page E-6, following line 6 Insert: "If House Bill 904 does not pass, there is appropriated from the general fund \$101,000,000 for the biennium ending June 30, 1989, to be used to the extent funds appropriated under the provisions of 20-9-343 are insufficient to finance the maximum general fund budget schedules for public schools, excluding special education."

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AMEND3:hb2p.

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Amend House Bill 2 (salmon reference copy) Section E

1. Page E-6, following line 6 Insert: "If House Bill 904 does not pass, there is appropriated from the general fund \$93,000,000 for the biennium ending June 30, 1989, to be used to the extent funds appropriated under the provisions of 20-9-343 are insufficient to finance the maximum general fund budget schedules for public schools, excluding special education."



AMEND3:hb2p.

AMENDMENTS TO : _____BILL NO.

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AMENDMENTS TO HB2 - REFERENCE BILL Section F - Higher Education

Page F-7:

Line 7

Strike:	1,954,375	1,955,847
Insert:	1,914,341	1,915,81

Line 10

Strike: line 10 in its entirety

Line 11

Strike: line 11 in its entirety

This eliminates the new communications specialist position for \$40,034 per year and the appropriation for \$70,068 of general fund savings per year realized by administrative merger of the Agricultural Experiment Station and the Cooperative Extension Service. These funds were to be used to expand the communication capabilities of the informational services of the merged agencies. Biennial general fund savings are \$220,204.

N BILL NO.

Eh. (Whet due...)

> Amend House Bill 2 Section F

1. Page F-11, Line 9 Strike: "1,883,300 1,860,880" Insert: "1,579,801 1,558,539"

LFA will amend totals

This amendment reduces the general fund for the support program for the University of Montana by \$303,499 in fiscal 1988 and by \$302,341 in fiscal 1989, for a total of \$605,840, the equivalent cost of 13 printer positions.

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AMEND2:rg-f.

AMENDMENT TO HB2 - REFERENCE BILL Section F - Higher Education

Page F-7:

Line 7

Strike:	1,954,375	1,955,847
Insert:	1,906,998	1,908,470

This amendment applies a 4% vacancy savings rate to all Cooperative Extension service employees by changing the 2% vacancy savings rate for the county extension agents and specialists to 4%. General fund savings are \$47,377 per year.

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AMENDMENT TO HB2 - REFERENCE BILL Section F - Higher Education

Page F-3:

Line 8

Strike:	1,656,141	1,415,429
Insert:	1,638,641	1,397,929

Page F-4:

Following line 24

Insert: General fund support of the family practice program does not extend beyond the 1989 biennium. $\ell^{2\gamma}$

This amendment reduces general fund support for the family practice program from \$35,000 per year to \$17,500 and "sunsets" general fund support at the end of the 1989 biennium.



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UNIVERSITY SYSTEM - REDUCE FUNDING LEVEL FOR INSTRUCTION PROGRAM FROM 99 PERCENT TO 98 PERCENT

Amend House Bill 2 (salmon copy) Section F

- 1. Page F-9, Line 9
Strike: "499,699492,159"
246,079"Insert: "249,850246,079"
- 2. Page F-10, Line 22
Strike: "383,228384,439"
192,220"Insert: "191,614192,220"
- 3. Page F-12, Line 11 Strike: "133,375 133,579" Insert: "66,688 66,790"
- 4. Page F-13, Line 14
 Strike: "86,399 87,973"
 Insert: "43,199 43,986"
- 5. Page F-14, Line 17 Strike: "47,858 47,361" Insert: "23,929 23,680"
- 6. Page F-15, Line 18
Strike: "82,387
Insert: "41,19482,526"
41,263"

LFA will amend totals.

This amendment reduces the funding level for the instruction program in the six units of the university system from 99 percent to 98 percent. General fund is reduced in fiscal 1988 by \$616,472 and in fiscal 1989 by \$614,019 for a total general fund savings of \$1,230,491 for the biennium.

REDUCE PLANT PROGRAM - MONTANA STATE UNIVERSITY

Amend House Bill 2 Section F

1.	Page F-9	, Line 24	
	Strike:	"1,494,031	1,544,589"
	Insert:	"1,264,496	1,315,054"

LFA will amend totals.

This amendment reduces the Montana State University Plant program by \$229,535 each year of the biennium for a total general fund savings of \$459,070.

Explanation:

In fiscal 1984 MSU transferred \$229,535 from the plant program, which is incrementally based, to the instruction program, which is enrollment driven, thus losing this amount from the base. The 1985 legislature added \$229,535 back into the MSU plant program for fiscal 1986 but not for fiscal 1987. The \$229,535 has been restored to the MSU plant program for both years of the 1989 biennium.



REMARK

REMOVE MONTANA STATE UNIVERSITY INSTRUCTION PHASEDOWN FUNDS

Amend House Bill 2 (salmon copy) Section F

- 1. Page F-9, Lines 4 and 5 Strike: Lines 4 and 5 in their entirety
- 2. Page F-9, Line 6
 Strike: "c"
 Insert: "b"
- 3. Page F-9, Line 8
 Strike: "d"
 Insert: "c"

LFA will amend totals.

This amendment removes fiscal 1989 phasedown funding in the Instruction Program at Montana State University, reducing general fund by \$456,470 in fiscal 1989.

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AMENDMENT TO HB2 - REFERENCE BILL Section F - Higher Education

Page F-9:

Line 20

Strike: 120,000 50,000 Insert:

120,000 50,000 Changed Beend, \$100,00 governe,

Page F-10:

Following line 14

Charge (es.)

Insert: ¹ General fund support of the Museum of the Rockies does not extend beyond the 1989 biennium. It is expected that private funds will replace general fund support beginning in the 1991 biennium.

This amendment reduces general fund support to \$50,000 per year for the 1989 biennium and "sunsets" general fund support at the end of that period.

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AMENDMENTS TO HB2 - REFERENCE BILL Section F - Higher Education

Page F-5:

Line 7

Strike:	709,912	713,832
Insert:	695,424	699,264

Line 9

Strike: 8,820 Insert: 8,640

Op Mar X

Line 12

Strike:	1,646,996	1,656,090
Insert:	1,613,384	1,622,292

Line 14

Strike: 8,820 Insert: 8,640

Line 17

Strike:	731,209	735,247
Insert:	716,286	720,242

Line 18

Strike: 8,820 Insert: 8,640

This amendment reduces general fund support of community college current unrestricted budgets and audit costs from 49% to 48%. Biennial general fund savings total \$126,934.

AND CLAN DATE

AMENDMENT TO HB2 - REFERENCE BILL Section F - Higher Education

Page F-3, line 16:

10

Strike:	300,450	300,450
Insert:	276,450	276,450

This amendment returns College Work Study to current level and reduces general fund by \$24,000 per year. (Current level here defined as FY87 amount of \$291,000 reduced by FY87 5% cut.)

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AMENDMENT TO HB2 - REFERENCE BILL Section F - Higher Education

Page F-6:

Lines 22 - 24

Strike: lines 22 - 24 in their entirety.

Insert: General fund support for startup of the spring wheat breeding and biotechnology program at the Agricultural Experiment Station is for the 1989 biennium only. Other funds will be required to continue the program beyond the 1989 biennium.

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Amend House Bill 2 (Salmon Reference Copy) Section F

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1. Page F-16, Following Line 15 Insert: "If enrollment exceeds the 1550 FTE annual enrollment used to develop the current unrestricted budget for MCMST, a supplemental may be requested."



AMEND3:f.

April 15, 1987

FI - A Liver In light of the serious nature of ongoing budget difficulties that the state is faced with and that the financial problems of funding education will continue for the foreseeable future, the Legislators, therefore, urge the school districts of Montana to consider the following recommendations:

- Consolidation of administration between and within 1. school districts.
- Careful consideration of consolidation of school districts 2. for benefit of cost-savings in operation of school districts.
- Ongoing review of every educational program within school 3. districts to evaluate whether the programs meet ongoing and future educational needs and where efficiencies can be made.
- Where possible, consolidation of educational programs within 4. and between school districts.
- Elimination of rules and regulations that limit flexibility 5. to school districts to manage their finances and that do not infringe upon the basic educational requirements.

Before warrants are released each time under 20-9-346(3) to school districts, that school district must certify that the school board has considered these recommendations as well as explain any changes made in light of the recommendations.

