

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON INSTITUTIONS

Call to Order: By Rep. William Menahan, on February 9, 1989, at 8:15 a.m.

ROLL CALL

Members Present: All but Rep. Grady

Members Excused: Rep. Grady

Members Absent: None

Staff Present: Sandy Whitney, Associate Fiscal Analyst

Announcements/Discussion: HEARING AND EXECUTIVE ACTION - STATE LIBRARY

Henry McLaren, Vice Chairman of the Library Commission gave a list of job duties, one of which is to provide library service for blind and physically handicapped people. This is done in cooperation with the Federal government. The second thing they do is provide library service for state government, primarily by having the facility here so the employees of state government have close access for material to do their jobs. The third duty is to improve library service for the rest of the citizens of Montana by developing and improving public libraries. The primary way to do this in the last few years is a pass through grants program involving the coal severance tax.

In the last couple of years they have picked up the duty of administering the Natural Resource Information System. They collect, interpret and present this natural resource data for the use of anybody who wants it, primarily people from state government.

They receive some federal money from LSCA, the Library, Service and Construction Act which varies every year. They get state general fund money and state special revenue which is the coal severance tax money. The Library Commission is as group of seven people and the most important thing they do is hire a state librarian, to be the chief executive officer of the agency.

TAPE 1A43

Richard Miller, State Librarian, introduced Jacki Wrigg, Assistant, and discussed the Agency and its problems. He stated it is a State Agency that helps to improve libraries throughout the state, that offers services to state government and to the blind and visually impaired throughout the state, and that serves

the state institutions as well. Libraries are signs our culture, or civilization. Libraries are also a means of promoting economic government. School libraries existed in some of Montana's small towns but there were no public libraries. Through the LSCA funds they have worked with setting up five combination school/public libraries that are extending the school libraries into the community. Mr. Miller distributed the fact sheet, exhibit 1, which gives more detail.

Since the State Library has the overall responsibility for the development and improvement of library and information services statewide, they carry out this charge through five major divisions. First is the Library development which offers consulting, planning, administration of federal and state grants, and continuing education in librarianship and children's services.

Second is the library for the blind and physically handicapped, which services nursing homes, hospitals, shut-ins through public libraries. They have a large volunteer involvement in this area. Third is service to state institutions such as direct service to residents of mental health, correctional and other types of state-run institutions. Fourth, information resources provides back-up reference service for Montana's libraries and other services. Fifth, the natural resource information system provides natural resource information to state and federal agencies, organizations, consultants and companies.

TAPE 1A 188

The Heritage portion of the program is a computer assisted inventory of rare plants and animals throughout the state. Data is collected by scientists which can help prevent putting a species on the rare or endangered list by finding where else they are located. It actually prevents a duplication of effort because time and money are saved.

Mr. Miller stated they would be requesting one modification in addition to the two already in the executive budget. They have looked over the executive budget and the current LFA budget and they feel it would be easier to work with the LFA figures and go from there. Using work sheets (exhibits 2 and 3) Mr. Miller reviewed their requests for the committee. The two modifieds that have already been approved are for 1 FTE in the Blind and Physically handicapped program. This is an absolute necessity for that department. Map cases are definitely needed. The other modified they are asking for is equipment. Apparently some time ago new equipment was supposed to go into this modification and for some reason it wasn't accounted for at that point.

Mr. Miller mentioned some people attending who would testify and Exhibit 5 is testimony from Deborah Schlesinger, Legislative Chair, Montana Library Assoc. who could not be here.

She mentioned the reasons the Coal Severance Tax money dropped were changes in the tax structure and because after 1% was set aside then there was a change giving 12% to highway construction which reduced the amount to libraries.

TAPE 1A282

Virginia Sutage, President for the Montana Association for the Blind, testified in support of another full time employee of the Library; also Keith Colbo, representing the Montana Cultural Advocacy project supported the Library budget. Jim Heckel, Director of the Great Falls Public Library testified in support of the State Library and expressed concern with the decrease in Coal Tax money. Cynthia Barrow, coordinator of the Senior Companion program visually impaired project which is sponsored by the Rocky Mountain Development Council in Helena testified in support of the State Library budget.

Mr. Miller went over the budget proposal work sheet and talked about personal services. They are asking for an additional \$12,097 for each of the years of the biennium to take into account some changes occurred after the budget's submission. The first position #28 was upgraded. In the other two positions the incumbents were hired at higher levels than was budgeted because of the need to get the sort of persons they wanted in those positions. This request is to added to personal services.

The rest of the work sheet is operating expenses. They are asking for an additional \$21,570 for the categories there. Under contracted services the amount is \$13,770 for FY 90 and \$14,508 for FY 1991. Under supplies and materials the READS system needs data processing supplies for \$3,500. For communications they are requesting \$1,500 the first year and \$1,000 the second biennium. Education and training for the 14 institution librarians is \$2,800 in FY90 and the same in FY91. These increases will require funding from the General Fund. The Library also requests the committee accept the Coal Severance Tax estimate as submitted in the executive budget.

The other sheet, Exhibit 2, is the modified request for new equipment. They would like a better quality printer that will enable the program to do more in-house preparations of newsletters and other publications. FY90 - \$2,500. For the blind and physically handicapped they are asking for two sets of p.c. workstations which will bring the total to six. The cost in FY90 is \$3,400. The Optical Character Recognition, OCR, wand reader is necessary to allow the workstation to read OCR labels. The cost in FY90 is \$1,400. One p.c. and printer is asked for the State Librarian is FY90 at a cost of \$3,500.

TAPE 1A 588

Sandy Whitney directed the committee's attention to D-99 in the notebook and stated the budget increases overall by about 15.6%. Almost all of that is in grants area. The FTE declines

by 0.79 and personal services decreased by 4.9 percent which reflects the reduction for the loss of the Kellogg Foundation funds. Operating expenses are at the 1989 biennium appropriated level with adjustments for inflation, audit costs, insurance, payroll fees, and postage increases, and with offsetting reduction for the operating costs associated with the reduction of the Kellogg Foundation funds.

The equipment budget is the agency's request that they received last fall and is within the three year average of the appropriated equipment budgets for fiscal years 1986 through 1988.

Non-operating expenses are the grants made to the six regional library federations in the state. The non-operating costs increase 53.3 percent reflecting the increase in Title II Library Construction Grants of approximately \$275,000 and Title III Interlibrary Cooperation and Resource Sharing Grants of approximately \$100,000 per fiscal year over the fiscal 1988 actual expenditure. Some of this increase is not an actual increase in funds. It is a carryover of funds into the next biennium. Under funding, page D-100, the general fund provides funding for the operating costs of the agency. There is an increase of approximately 0.6 percent in the general fund reflecting a decrease in the coal tax funding.

Federal funds are made up of Title I Library Services Grants, Title II Library Construction Grants and Title III Interlibrary Cooperation and Resource Sharing Grants. These funds are anticipated to increase 51.1 percent over the 1991 biennium and a lot of this is increased authority to spend carry over funds. The federal government requires a "maintenance-of-effort level of state funds that are utilized by the State Library. The Federal Register states not less than the total amount actually expended from state and local sources for services provided under a library services grant during the second year preceding the year covered by the annual program. They have to spend at least as much in the next biennium as they did in 1988.

Those actual expenditures, shown in Table I from general fund, state special, and state grants, total \$1.1 to \$1.2 million. Of that amount \$342,817 each year was actually available for maintenance of effort.

On Page D-101 they have shown \$74,000 for administration in fiscal 1990, and \$84,836 for fiscal 1991 instead of \$81,657. Those amounts shown in current level are over and above the \$69,084 actually expended in fiscal 1988. This will be discussed further on.

The Natural Heritage Program was transferred to the library from the Dept. of Administration by HB860 and gave the responsibility for the Natural Heritage Program and the Natural Resources Information system to the library. This is a centrally

located catalog, index, and referral system which has been mentioned by Mr. Miller. The program will be entirely funded by statutory appropriations through grants received from other state agencies. These funds are appropriated in statute or appropriated to other agencies to be granted to the State Library. Therefore, they are not included in current level.

TAPE 1A 715

On page D-97 there is a summary of the differences between the executive budget and the LFA current level. The first one is the Natural Heritage Program which is not included in current level because it is statutory. The second one is equipment. The executive equipment is less than the LFA current level. Third, Table A shows the differences between the executive budget and the LFA current level operating expenses. The executive is over current level by a total of over \$30,000. Fourth, the modified budget request includes \$31,000 from general fund for one additional FTE to meet increased workload in the blind and handicapped program, and \$3,750 in general fund for the map cases.

Ms. Whitney discussed the coal tax issue. The funding issue is being considered first because the decision made on the State Special revenue estimate has an impact on operations, grants, or both, depending upon whether the executive budget or current level is being considered. State Special revenue is coal severance tax allocated to the support of statewide library federations and networking. The funds are expended in operations for networking and for grants. The current level estimate is \$204,270 in fiscal 1990 and \$183,168 in fiscal 1991. These estimates are \$4,720 higher than the executive in fiscal 1990 and \$15,168 higher in fiscal 1991. The library has already suggested the option they think the committee should take - there are two options to either utilize the executive budget estimates or the current level. If the committee utilizes the executive budget estimate, no adjustments will have to be made in the executive budget revenue. However, current level coal tax revenues must be decreased by \$4,720 in fiscal 1990 and \$15,168 in fiscal 1991. The current level general fund would then have to be increased by like amounts. If you reduce the coal tax you would have to increase the general fund to support that budget. If the committee takes the current level estimate under Option B revenues and expenditures in both the executive budget and current level must be adjusted.

TAPE 1B 39

Sen. Bengtson moved to take the executive budget recommendations on funding. Mary LaFond, from the budget office, commented that the estimated numbers in the executive budget are accurate. Sen. Aklestad asked if the current level estimates were accurate. Ms. Whitney stated the current level coal tax estimate was estimated in their office with \$4,000 and \$15,000 difference. They did a current law estimate. If the executive

assumed moving some of the coal tax or assumed a different interest rate, the answer is yes, there could be differences. Motion carried. Ms. Whitney stated that since the committee has chosen Option A they will not need any adjustments in the executive budget. With the motion she is assuming current level adjustment has been approved.

Personal services - There are 24.71 FTEs in 1990 and 24.50 FTEs in 1991 and no real difference in the executive and the current level. The vacancy savings has been added so there is \$50.00 difference in each year. Sen. Bengtson moved the executive recommendation of \$584,232 fiscal 1990 and \$580,111 fiscal 1991 for personal services. Motion carried.

TAPE 1B 101

Sen. Aklestad asked if the money shown in the personal services reflected any of the increase shown in the modified. Ms. Whitney said "no". In operating expenses, according to Ms. Whitney, the executive was \$345,501 in fiscal 1990 and \$334,444 in fiscal 1991, the difference over current level is \$18,555 in 1990 and \$27,201 in 1991. The differences are in contracts for non-profit organizations which are primarily supported by coal tax, \$9000 and \$10,000 in two years. Other contracted services which will be supported always by general fund are \$4,310 in 1990 and \$4,763 in 1991. Current level took out more money for the loss of Kellogg Funds than did the executive. There is \$1,000 in 1990 and \$6,240 in 1991. There were some other net differences in other operating expenses \$4,128 in 1990 and 5,501 in 1991. These differences are primarily from data processing supplies, postage, messenger services and travel. In these line items current level used actual 1988 expenditures as a base. Ms. LaFond stated their office went through the areas where they have included these operating expenses and the LFA has not. Sen. Bengtson asked if the modified would take care of contracted services. Sen. Bengtson moved to accept the executive budget on operating expenses of \$345,501 in fiscal 1990 and \$334,444 in fiscal 1991. Sen. Harding asked to hear more about the contracts. Mr. Miller stated they are asking for the \$21,570 and not asking for the \$27,201 difference. Some of the contracted services he mentioned above are fees for services which you either pay for or don't get the services. Some of these are an increase. Sen. Aklestad asked what service he is referring to. Mr. Miller said the Western Library network and OCLC are regional and national data bases and provide them with information so they can tap into 3,000,000 volumes around the state. Sen. Aklestad asked if there is a yearly contract with them and Mr. Miller stated it was. There will be increases in both the next fiscal years. Motion carried. Sen. Aklestad voted no.

Current level equipment budget is based on the agency request and was within the three-year average for equipment expenditures for fiscal 1986 through 1988. Sen. Bengtson moved to accept the LFA current level of \$109,188 for fiscal 1990 and \$100,290 in fiscal 1991. Motion carried.

TAPE 1B 402

Grants - Sen. Bengtson moved to accept the LFA budget of \$762,308 for fiscal 1990 and \$742,154 for fiscal 1991. Motion carried. Sen. Aklestad voted no.

The Modified budget would add 1.00 FTE for the biennium at a general fund cost of \$15,602 in fiscal 1990 and \$15,617 in fiscal 1991 to meet an increased workload in the blind and physically handicapped program. Sen. Bengtson moved to accept the modified budget on the additional FTE and the equipment for general fund of \$19,352 in fiscal 1990 and \$15,617 in fiscal 1991. Vacancy savings of \$319 will be added in. Motion failed with Rep. Peterson, Sen. Harding and Sen. Aklestad voting no.

TAPE 2A 42

Exhibit 6 is a handout from the Agency for wording needed in Appropriations bill regarding transfer of LSCA funds between fiscal years and allowing an increased appropriation of coal severance tax funds if they become available. Sen. Aklestad moved to accept the language. Motion carried.

Sen. Bengtson moved to allow the Agency \$12,097 of each year of the biennium for personal services to upgrade one position and for the other two positions which were hired at a higher grade. Motion failed. Sen. Bengtson voted yes, Sen. Aklestad, Sen. Harding and Rep. Peterson voted no.

MONTANA ARTS COUNCIL

TAPE 2A 118

Ms. Whitney stated the overall budget decreases by approximately 7.1 percent. Personal services remain at approximately the same level with a very slight increase of 0.1 percent. The personal services budget provides funding for 6.84 FTE of the total 7.97 FTE of the Agency. The other 1.13 FTE are funded by a cultural and aesthetic grant from the coal tax acquisition trust funds. There was no vacancy savings applied because of the small number of staff in the agency.

There is a difference in operating expense reflecting a decrease by 6.7 percent in honorarium expenditures from fiscal 1989 to both years of the 1991 biennium. That particular money, while it is funded with funds other than general funds will have the general fund impact if the executive budget is approved.

The equipment is an agency request and includes a personal computer, printer, and related equipment for the accounting clerk to implement the SBAS online entry and edit system.

Non-operating costs are grants provided to local communities for art projects.

The Arts Council receives a portion of its funding from the general fund. Current level projects \$109,000 and \$102,000 from general fund for fiscal 1990 and 1991.

Federal funds from the National Endowment Grants provide approximately 80 percent of the current level funding for the council. The federal funds are based on the agency's estimate.

The council also receives approximately \$20,000 from 1 percent of new construction costs as approved by the long range building committee.

Neither the executive budget nor current level includes an operating or an equipment budget for the Coal Tax Grant for the Long Range Building Committee. The agency requests authority to spend \$14,029 for operations in fiscal 1990 and \$14,713 in fiscal 1991, and to spend \$1,005 for equipment for fiscal 1990 only. If this committee wishes to implement the Long-Range Building recommendation, the operating expense and the equipment budget for fiscal 1990 should be considered.

TAPE 2A 405

Sen. Bengtson moved to accept the executive recommendation of \$170,149 fiscal 1990 and \$170,408 fiscal 1991 for personal services, the executive recommendation of \$191,093 fiscal 1990 and \$177,606 fiscal 1991 for operating expenses, the executive recommendation of \$2,400 fiscal 1990 for equipment, and the executive recommendation of \$155,582 for grants in fiscal 1990 and \$155,582 in fiscal 1991. Motion carried.

Sen. Bengtson moved to accept the executive budget on funding. Motion carried.

Sen. Bengtson moved to accept the operating and equipment budget on the Coal Tax Issue. Motion carried.

Sen. Bengtson moved to give the authority to spend in grants the federal money which had been utilized in operations and which was replaced by coal tax funds from the Long Range Building Committee. Motion carried.

Sen. Bengtson moved the modified budget of \$1,200 per year general fund for legal services.

ADJOURNMENT

Adjournment At: 10:00 a.m.

A handwritten signature in cursive script, reading "Rep. Wm Menahan". The signature is written in dark ink and is positioned above a horizontal line.

REP. WILLIAM MENAHAN, Chairman

WM/ms

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