

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By Chairman Bardanouve, on April 3, 1991, at 7 a.m.

#### **ROLL CALL**

##### **Members Present:**

Francis Bardanouve, Chairman (D)  
Ray Peck, Vice-Chairman (D)  
Dorothy Bradley (D)  
John Cobb (R)  
Dorothy Cody (D)  
Mary Ellen Connelly (D)  
Ed Grady (R)  
Larry Grinde (R)  
John Johnson (D)  
Mike Kadas (D)  
Berv Kimberley (D)  
Wm. "Red" Menahan (D)  
Jerry Nisbet (D)  
Mary Lou Peterson (R)  
Joe Quilici (D)  
Chuck Swysgood (R)  
Bob Thoft (R)  
Tom Zook (R)

**Staff Present:** Terry Cohea, Legislative Fiscal Analyst, Jim  
Haubein, LFA  
Sylvia Kinsey, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

#### **HEARING ON SENATE BILL 62**

Lump-Sum Appropriation for the University System

##### **Presentation and Opening Statement by Sponsor:**

**SENATOR JUDY JACOBSON**, Senate District 36, Butte and Chief Sponsor of Senate Bill 62 said this bill came out of the recommendations of the post-secondary education study committee she chaired during the interim along with the bill that **REP. SWYSGOOD** presented to you on the permanent committee. This bill speaks to how the budget of the Board of Regents is presented finally to the Legislature. In the constitution there is a

provision that says the Board of Regents will submit a budget to the Board of Education. That is presently not being done. This bill would state the Board of Regents will present a unified budget of all of the institutions under their power which would include the University System, Vo-Tech Centers and the Community Colleges. They would then present that to the Board of Education and finally to the Governor's office. The only place "lump sum" appropriation is mentioned is in the title of the bill. She said they changed the title to say to accommodate lump sum appropriation, it was not the intention of the committee that we just hand over a lump sum of money to the Board of Regents without any instructions. She said **Commissioner Hutchinson** as well as **REP. SWYSGOOD** who worked on the bill is stuck in Finance and Claims Committee and she was not sure they would be able to get down.

**Proponents' Testimony:** Dr. David Toppen, Deputy Commissioner for Academic Affairs said as **SEN. JACOBSON** has explained, **Commissioner Hutchinson** is stuck in the Finance and Claims Committee and they had sent someone up to bring him down. He said this was an appropriate and important piece of legislation and should have a very positive impact on the way they interface from the Commissioner's office with the individual campuses of the system, including the vocational technical centers.

**Questions From Committee Members:** **REP. THOFT** asked **SEN. JACOBSON** to take the committee through a scenario of how this bill would work. **SEN. JACOBSON** said basically they are pulling the vo-tech centers into this unified budget request. They are presently the only ones that have been accommodated with any lump sum appropriation in this session; there is some discretionary money and some other money. This bill would ask the Board of Regents to submit unified budgets on the University System, unified budgets on the vo-tech centers, and unified budgets on the community colleges which would be presented to the Board of Education. There are several ways you could handle that portion of the law, and one of them would be to change the constitution. She said they did not think they wanted to go that far but did think it was time this was done in accordance with the law, and this would direct how that process would take place. The Board of Education is the Board of Public Education and the Board of Regents meeting collectively. The unified budget request would then go to the Board of Education and then to the Governor's office.

**REP. THOFT** asked how this would be presented to the Legislature? Would it just be a dollar amount? **SEN. JACOBSON** said she thought you are presently being presented a unified budget. She did not think the presentation would be much different. The difference is that they will accommodate the law and go through the Board of Regents.

**REP. PECK** said the meat of the bill is on page 7 and it says "present a unified budget request for the educational

institutions". He read that as saying one budget for Vo-Tech, Community Colleges and University System, but in your description it doesn't sound like that is what you are saying. **SEN. JACOBSON** asked **Pam Joeehler**, who had a lot to do with the wording in the bill, to explain it to the committee. **Ms. Joeehler** said she did not perceive this language substantively changing the way the budget is currently presented to the Legislature. She said she perceived the difference is in the way they have to submit it to the Board of Education which is not being done now, and to the Governor's budget office. Right now the budgets come in from the individual campuses instead of from the Board of Regents. She would expect they would have information on an institutional level the same way we have the information now, but it would be requested through the Governor and summarized.

**REP. PECK** said looking at the language as it is drafted, isn't it saying a unified budget for all institutions under the Board of Regents? He said we have always had this and it has never been done, why will this change what is being done? He said he could see why it wasn't done since it did not make much sense to have the budget for the post-secondary education presented to a combination of the Board of Regents and the Board of Public Education. **SEN. JACOBSON** said the alternative is to ignore the law or change the constitution and the committee decided they did not want to go to the extent of changing the constitution.

**Ms. Joeehler** said when the post-secondary committee was considering this, they went to the Legislative Council to seek their advice on what sections of statute, if any, would be required to implement a lump sum appropriation policy. Their recommendation was that there is no provision in current law that allows the constitution be met. Their recommendation was to change the constitution or change the law.

**REP. QUILICI** asked of there was no enabling legislation for them to uphold the constitution? **Ms. Joeehler** said that was her understanding of what they told her.

**REP. CODY** asked **Mr. Hutchinson** if he foresees that if this legislation is passed, the Board of Education would then adopt a unified budget for the next session? **Mr. Hutchinson, Commissioner of Higher Education** said there has been a good deal of pressure that has come to bear on the presentation of a unified budget. In the past the Board of Regents have prepared their budget and OPI has prepared their budget and in order to unify it we staple the two together and submit them. He did not think that was what had been envisioned by the concept of the unified budget, but at the present time with separate and independent operations, it is sort of a natural development and you would come up with different budgets. He said theirs is very much line-itemed, and the OPI really functions in many ways in a lump sum fashion. They are really quite different, and the two budget presentations have come to the Legislature rather independently. He has no objection and would support the concept

of the Board of Regents sitting down with the OPI and checking to see if there are any duplications, to reduce them, and to come to the Legislature with a unified budget, but it will take time to implement because there is incredible institutional inertias that are prevalent in how the budget is done. He said as he viewed it, lump sum funding is a method of allocation and the language of the bill is fundamentally on the other side, the presentation to the legislature. The bill deals with language with budget presentation, whereas lump sum funding deals more with how you allocate the money once you determine how much is available to go to either public education or higher ed.

**CHAIRMAN BARDANOUVE** said we would go back to proponents of the bill since **Commissioner Hutchinson** had arrived.

**Proponent:** **Commissioner Hutchinson** said the Board of Regents, the Commissioner of Higher Education and the units of the University System stand in support of Senate Bill 62. The language in SB 62 speaks largely to the mechanics of budget presentation and lump sum runs more to allocation strategy. He shared with the committee 2 methods of lump sum funding. The first would be lump sum funding to the Board of Regents for allocation to the University System, and in this scenario the Regents would have full discretion over the distribution of funds appropriated to the University System. He said he was not talking about the vo-techs nor the community colleges. In this option the general Legislative approach is the pay plan distributions, the specific campus modifieds, enrollment adjustments and all other non-discretionary funds would be allocated by the Regents to the Campuses in historic fashion. The only place where true discretion would be exercised would be for things like peer catch-up funds or some system wide budget modifications that aren't specifically ear-marked for specific campuses and those would be allocated by the Regents to the campuses. No campus would suffer any kind of an attack on it's base budget.

**Commissioner Hutchinson** handed out **EXHIBIT 1** which showed how lump sum funding that is the total lump to the Regents is done elsewhere. He discussed the information in the exhibit so far as funding, control, etc. He said a second option would be to look at the sort of approach they use in South Dakota, see **EXHIBIT 1**.

**Questions from the Committee:** **REP. KIMBERLEY** asked in regard to lump sum funding, would that mean this Legislature would not have to continue to respond to the special requests, for example, the School of Pharmacy at U of M, School of Architecture at MSU, Business Dept. at Eastern etc.? **Commissioner Hutchinson** said he thought under a lump sum scenario the number of "cat and dog" amendments and "cat and dog" bills would be substantially reduced. There would be nothing to prevent this kind of bill from coming forward, but this Legislature would have to hear what the needs of the system were, and it would include all the things we talked about, then the Legislature would determine how much

money is available and how much would be needed to cover the additional things, but the money would be allocated to the institutions, they would say "we know we have those problems, this is how much money you have, you guys work it out the best way you can". Then the Institution must decide how to allocate and prioritize the money. There is one thing you should be aware of however, there will be need for additional money and it could become a natural and uneasy cop out from the perspective of the Regents if you just say "here is the money, you fix your problems". There are problems that will require additional money above and beyond what might be available, but if there is managerial flexibility some of these things can be taken care of.

REP. QUILICI said, in the event you got this lump sum funding, then at the discretion of the Board of Regents, if you and the Regents figured there was not enough money in the budget, could the Regents themselves say, "well then, we will close the School of Pharmacy" or the School of Architecture at Bozeman. Could they do that? Mr. Hutchinson said he thought they could do that now under current circumstances. REP. QUILICI said with the lump sum, the money is there. Without the lump sum the Legislature still has a handle on it. Mr. Hutchinson said that is true, the Legislature has far greater control under the current circumstances and you can line item for a specific program. He said their feeling is that the Legislature is sufficiently removed from the day to day management of a given institution, and to some degree the Regents are also, and the management responsibility should be vested at the closest level to where the problems occur. He said it was true the Regents might opt to close a program in one system, but that is very much what they are looking at right now.

REP. THOFT mentioned the two scenarios and asked if both or either could happen under this bill. Commissioner Hutchinson said either could happen. The bill does not require the Legislature to do so since you could continue to operate with the line item approach you now have, or you could go to the full lump sum appropriation to the Regents, or to a compromised position with lump sums to individual institutions with some overall money for the Regents. REP. THOFT asked how that decision would be made. Commissioner Hutchinson said that decision would be made in the Legislature. He said there is some precedent in REP. KADAS motion that came before the Education subcommittee where there was boiler plate language put in for the vo-techs so they have lump sum funding to each individual unit, and you could do the same sort of thing through amendments to House Bill 2.

CHAIRMAN BARDANOUVE said he thought there was a fear of piranhaism in that the big ones would eat up the little ones. Commissioner Hutchinson said he could only give assurance that the Board of Regents at the present time is not in any way contemplating closure or reduction of those individual units. He said the Commissioner of Higher Education does exercise a protective role over the smaller units trying to keep balance and

assure that you don't have the big ones gobble up the little ones. That could happen also in the Legislative process, it just so happens that some of the smaller units have very powerful delegations.

**REP. PECK** wondered if the constitutional language isn't saying something we are passing over very lightly. It talks in section 9 about the Board of Education consisting of the Board of Education consisting of the Board of Regents and the Board of Public Education and it says very specifically "it shall submit a unified budget request". That is saying that the Board of Public Ed and the Board of Regents, sitting as the Board of Education shall submit one budget. Is that the way you interpret it? **Mr. Hutchinson** said he thought that is in fact, what the constitutional language says, and would interpret it the same way you do, and it hasn't happened. **REP. PECK** said, we are ignoring the constitution and if we said this bill is going to implement that constitutional language, every public school unit out there would be in here on our back saying "wait a minute, we don't want to be involved in that kind of a set up in terms of budgeting". **Commissioner Hutchinson** said that is a good point, we are trying to merge an apple and an orange, and they are very different. He thought a unified budget is going to be a very complex thing to figure out, and agreed you wouldn't want every school district in Montana in here, just as you don't want all the University presidents here every day either. **REP. PECK** asked if he had studied the constitutional convention record relative to this issue and **Commissioner Hutchinson** said yes. **REP. PECK** asked why it was created in this way. He said he had read it but did not remember the justification and it didn't make any sense to him. **Commissioner Hutchinson** said he thought he understood they were attempting to assure that the whole of education had a coherent presentation--a coming together. They talk about education from kindergarten through graduate school as something of a "seamless web" where what we do in Higher Education is not disconnected and divorced from what is done in public education and vice versa. He thought they also wanted all of education to come before this Legislature with one request so you didn't have public education warring with higher education for the limited amount of money that might be available. **REP. PECK** said philosophically that sounds good, but in a practical operational sense does it make any sense to you? **Commissioner Hutchinson** said yes, it makes enormous sense. He said in the state of Idaho that is, in fact, what happens. The Board of Regents have the responsibility for all of education from kindergarten through graduate school. They come to the legislature with a unified budget which cuts down substantially on a potential contest between two educational enterprises which would be very unhealthy in the state.

**CHAIRMAN BARDANOUVE** asked if it wouldn't open a Pandora's Box to really follow the constitution. **Commissioner Hutchinson** said he did not think it necessarily means it has to open a Pandora's Box. If it is a unified budget presentation and you identify specific spokes persons who will carry the ball for those unified

presentations, they would come to you, make the presentation and you would make your return allocation to the institutions. He did not see any necessity for everybody to converge on the Legislature.

**REP. KADAS** said regarding the joint board, he felt to follow the constitution to this degree, then have the Board of Regents set this budget and essentially present the budget to the joint board. If the joint board doesn't like what the Board of Regents decided they can change it and that would be the budget that got submitted to the executive branch. **Commissioner Hutchinson** said that is one mechanism in which it can be done, and thought that was what was originally envisioned. **REP. KADAS** said in the bill it says the budget from the joint board should be presented before Sept. 1. When do you present your budget to the Executive branch now? **Commissioner Hutchinson** said currently they get the budget to the Exec. branch in late October or early November. The time line is not that critical although they would have to back up their process within the University System in order to meet that deadline. He said he would be troubled by that, but thought they could still get it to the state Board of Education which could review it and get it to the Executive in a timely fashion.

**REP. KADAS** asked OBPP if they are supporting the bill and particularly the Sept. 1 date. **Mr. Nichols** said yes, they support the Sept. 1 date and the concept of the lump sum appropriation.

**REP. COBB** asked if they had enough staff to implement this lump sum at the present time or do you need more people? **Mr. Hutchinson** said this particular approach would not substantially increase the work load in the office. They have an enormous work load to meet line item accountabilities as it currently stands. He said he was not sure, but there could be some reductions with the simplified kind of approach that lump sum provides, so we might provide some easing of the work load in the office. That would not be true in the early stages of the game, but over all it may provide some relief to them.

**Closing by Sponsor:** **SENATOR JACOBSON** closed by saying both she and the Commissioner of Higher Education felt it was an appropriate forum to discuss the possibility of a lump sum appropriation when we were discussing this bill. This bill does not do lump sum appropriation. That would have to be decided by this Legislative body. She discussed the options, etc.

**Announcement:** **CHAIRMAN BARDANOUVE** said he was not sure what happened, they were told a few days ago to hear these bills and that we had Thurs. Fri., and could finish hearing on Monday. The schedule was arranged, hearings were posted in an orderly fashion. Yesterday afternoon we had a mandate that all these bills have to be out of committee by tomorrow. **Mrs. Cohea** went around to each Senator to see which ones could have a hearing

today, and in violation of the hearing procedures we have moved the bills up to today for those the sponsors agreed to, the remainder will have to be heard tomorrow.

REP. SWYSGOOD said after the message yesterday they had some concerns also on the advancement of hearings. The only thing they could come up with was that these are general bills that have to be transmitted. He wondered, if they are not appropriation or revenue bills, what are they doing in this committee. CHAIRMAN BARDANOUVE said it had taken him by complete surprise also. He said he couldn't answer the question since he didn't have the answer.

### HEARING ON SENATE BILL 123

Allocate Money from Weed Mgmt Trust to Ag Experiment Station for Research

Presentation and Opening Statement by Sponsor: SENATOR GREG JERGESON, House District 8, Chinook, and Chief Sponsor of House Bill 123 said this bill started out in Senate Finance and Claims Committee and he suspected that is why it ended up here even though it has no appropriation. In it's original introduced form it proposed to take some money from the noxious weed trust "catch-all" and use it to pay for positions at the experiment station to deal with cropland weed problems. REP. THOFT, REP. GRADY and himself had several meetings and it was agreed he would pursue a modified in the Appropriation subcommittee in Education to provide for a microbiologist and a biologist at the MSU Experiment station to deal with crop land weed problems and return to Senate Finance and Claims and seek an amendment to SB 123, which rather than mandating the allocation, would make it permissive for the weed board to make grants to the experiment station and the cropland weed management program. The main problem is that many of the farm chemical companies have de-labeled some of the chemicals they have been used to using and a great many farmers and ranchers are looking for alternatives to use to control their cropland weeds. The combination of the modified, the appropriation for the experiment station, and this bill will go a long way toward dealing with the problem.

Proponents' Testimony: Jim Barngrover, Alternative Energy Resources Organization (AERO) said weeds continue to be considered by farmers in Montana as the biggest recurring economic problem they face. Farmers don't even know what the economic threshold of weed population is, when it becomes financially advantageous to spray or take other control measures. He pointed out that science has not solved the real problem of weeds, alternatives to herbicides, safe herbicides, life cycle of weeds, etc. He said over 2/3 of the herbicides used in Montana are used on crop land weeds.

Bob Stevens, Montana Grain Growers Association, and Montana Agri-Business Association said they were in support of SB 123 and



urged a do pass.

**Questions From Committee Members:** REP. THOFT said he felt putting those two positions in HB 2 was the right decision, but wondered why we need this bill. The committee that handles the trust fund can already give grants to whoever applies that has a good project so what are we doing here and why? SEN. JERGESON said HB 2 funds those 2 positions, one in the first year of the biennium and 2 in the 2nd. That funds the positions and perhaps some assistance to them, but they need to do some actual projects in research and development to alternatives to current practices. That is why they will come to the Weed Board and try to get a grant. He understands there may be some restrictions on how grants can be awarded that would apply to noxious weeds. Some of the weeds that are detrimental to crop land areas are not necessarily noxious weeds, but are obnoxious weeds to crop land. REP. THOFT said this bill then gives the Trust Board the ability to deal with weeds that are not necessarily noxious. SEN. JERGESON said yes, but it won't be everybody coming in and asking for grants to deal with kochia. He would suspect the weed board would only make grants for other than noxious weeds to the experiment station for research. REP. THOFT asked if this says the grants have to be made to the experiment station or can we make them to the individual researchers as we have always done? SEN. JERGESON said it says to the experiment station and the cooperative extension service. REP. PECK said he thought both could be done, on the bottom of page 3 it says "may" and then it goes on with the other language.

CHAIRMAN BARDANOUVE asked if this was more permissive or was it mandatory? SEN. JERGESON said it is permissive because it does say "may". REP. PECK asked if the Department had expressed any concern about this bill and SEN. JERGESON said not to his knowledge. They participated in the meetings REP. THOFT and GRADY were at and helped with the various methods of constructing the bill.

**Closing by Sponsor:** SEN. JERGESON closed by saying this bill had a bumpy road in the Senate to begin with, but once agreement was reached in the subcommittee, the modified was put in and made the amendments made, it has had smooth sailing from there on.

#### EXECUTIVE ACTION ON SENATE BILL 123

**Motion/Vote:** REP. GRADY moved Senate Bill 123 do pass. Second by Rep. Thoft. Motion passed 17 to 1 with Rep. Peterson voting no. REP. GRADY to carry the bill on the floor.

#### EXECUTIVE ACTION ON SENATE BILL 62

Lump-Sum Appropriation for the University System

**Motion:** REP. KIMBERLEY moved Senate Bill 62 do pass. Second by

Rep. Thoft.

**Discussion:** REP. KADAS said he had a concern about the time deadlines. There are 3 places in the bill where says a budget shall be transmitted by Sept. 1, but there are 2 different groups that are transmitting the budget to two different places. He read on page 1 it says the Board of Regents shall transmit a budget to the budget office by Sept 1; on page 3 it says the Joint Board shall transmit a budget (presumably to the budget office) by Sept. 1 and on page 7 it says the Board of Regents submitting one to the State Board by Sept. 1. He said if we are going to follow the letter of the constitution we need to have the Board of Regents transmitting a budget to the joint board by a day and then give them a couple weeks before they must transmit a budget to the budget office. The way it is written, it is a joke.

REP. PECK said he felt they were going the wrong way. He felt the constitution was crazy on this matter and did not think this bill had been noticed enough to public school people who could become involved in this, given the constitutional language where it says it "shall". He said he felt it involved the public schools and if the bill were passed it would implement something that could impact public schools. When you start putting public school dollars in with the university dollars in budgets he felt it created a situation that was untenable. He said this bill flies in the face of the constitution and is the wrong way to go. REP. QUILICI said in this hand out by Dr. Hutchinson showing the Idaho and South Dakota's handling of the situation, South Dakota's gave the legislature a better look to see how that money is allocated but he was not sure how to implement it. With the questions raised by REP. PECK, unless we got answers to some of the questions, we might end up in court.

REP. ZOOK asked if the Board of Education and the Board of Regents have ever met as a Board of Education. REP. KADAS said they do now, they didn't used to.

REP. CODY said if the constitution says this is what needs to be done, this is only an enabling piece of legislation, and things are finally beginning to fall in place with those entities--if you don't like the constitution, then change it. REP. PECK said that is not what the constitution says. It says that the Board of Education shall submit a unified budget. it doesn't say a University unified budget or a post-secondary unified budget, it says a unified budget. REP. CODY asked if the bill didn't say the same thing on page 7.

REP. NISBET said he did not see where this bill really changes anything. Section 2 is existing law now. On page 3 it states the State Board of Education shall review and unify the budget request, etc. That is already in the law. REP. PECK said the section REP. CODY is pointing out on page 7 that says will submit the unified budget for the educational institutions under the

authority of the Board of Regents, is not what the constitution says it will do.

REP. BRADLEY said she could not understand REP. PECK's position on this. Either way we are violating the constitution. We are already doing that, so isn't this just sort of up or down as to whether you like this or not?

REP. KADAS said he would like the opportunity to get some amendments prepared to at least try to match the constitution. We may kill the bill as well. CHAIRMAN BARDANOUVE said the bill will be held in obedience, and if there are no amendments the bill will die.

REPRESENTATIVE KIMBERLEY withdrew his motion.

#### HEARING ON SENATE BILL 215

Create a Capital Reserve Account for Mt. Health  
Facility Authority

#### Presentation and Opening Statement by Sponsor:

SENATOR JOHN HARP, Senate District 4, Kalispell and Chief Sponsor of Senate Bill 215 explained his bill as creating a capital reserve account to provide financing for the Montana Health Facilities and Authority. It authorizes the Board of Investments to provide loans and authority to purchase bonds required by the authority. The purpose of the bill is to give the Dept. of Commerce the ability to use authority to the Board of Investments for leverage. Currently any construction or improvements in health facilities have been financed exclusively through the private sector. By using the Board of Investments we should be able to reduce interest rates.

Proponents' Testimony: Mary Munger, Chairman of the 7 member board that constitutes the Montana Health Facility Authority said she came in support of Senate Bill 215. She handed in written testimony, see EXHIBIT 2.

Jim Aherns, President of Montana Hospital Association said he thought this was a good idea. He said it is difficult to obtain a letter of credit, and had been told it would be 1% to 3% to get it, which adds substantially to the bond issue and upon investigation he found this was probably accurate. He pointed out the facility, if it prevails under the Health Facility Authority has to undergo their tests, so funds or bonds are not issued to people that are not credit worthy. If they could knock a percentage point off these issues it saves money for everybody.

Jerry Hoover, Administrator for Montana Health Authority said he would like to bring to the attention of the committee that this is not something new, it currently exists for the Board of

Housing as well as for the Board of Investments. It is crafted for the legislation that currently provides for the use of the Capital Reserve Account for those two boards. Dave Lewis testified in Senate Finance and Claims Committee but was called out of state for illness in his family, but the Board of Investments is in support of this bill.

Chris Volinkaty, lobbyist for the 46 non-profit providers and consumers of services for the Developmentally Disabled said they are in support of this bill. This is a real reasonable way of financing health facilities.

Questions From Committee Members: CHAIRMAN BARDANOUVE said don't we take on more liability when we take on the moral obligation? In the past few years, our financial advisors in New York and Los Angeles has shown we are becoming more obligated for bonding in the past few years and are rapidly raising the amount of bonded debt. This is not a GO bond, but becomes a moral obligation. His reasoning is that hospital and health bonds throughout America are probably the most risky bonds. They have a higher risk because of hospitals being closed, cutback in medicaid, etc. Mr. Hoover said if a bond is denoted as a moral obligation bond and a revenue bond, it would probably be considered as a moral obligation on the state. However the Health Facility Authority is a public instrument of the state and bonded issues are revenue bonds and are therefore not a part of the state debt. The debt issue by the authority is not on the balance sheet for the state. If the 7 member board approves this and it goes through the state and is approved by the Governor, then when it is approved it would be considered a moral obligation of the state. That is why the Montana Health Authority intends only to use this if necessary to sell the bond for those community providers Chris Volinkaty spoke of, not for hospitals.

CHAIRMAN BARDANOUVE said the testimony was "those that were not in the best financial shape", and asked if we are going to put our moral obligation behind those bonds. Mr. Hoover said the Board of Health Facility Authority is not going to fund a risky debt. They have very strict under-writing criteria for eligibility to sell bonds. He said in the 7 years of existence they have nearly \$200 million in bonds that have been sold for loans and they have not had a default. CHAIRMAN BARDANOUVE mentioned the case in Havre where an expensive clinic was so costly it drove doctors out of Havre and was teetering on the edge--where would we be in a case like that. Mr. Hoover said you would not be involved in a case like that because that was for a physician clinic which is for profit. The Health Facility Authority only deals with non-profit corporations. CHAIRMAN BARDANOUVE said it makes him nervous because a few years ago New York got hooked for \$400 million in moral obligations and they had to pay it.

REP. SWYSGOOD said he was concerned that we are going beyond the moral obligation and are committing ourselves. Page 2 sets up a

capital reserve account and it doesn't say what the amount of that reserve account will be. In section 4 it says the Governor shall include in the Executive budget submitted to the Legislature the sum required to restore the reserve account to the minimum requirement. He said this was not only setting a moral obligation, but establishing a requirement because it says "shall". Mr. Hoover said you are correct in that the Governor must include in the budget provisions for making appropriations to the capital reserve account if necessary. The Legislature is not obligated to appropriate money to that capital reserve account. REP. SWYSGOOD asked what would happen if the Legislature did not fund it and Mr. Hoover said the bonds would be in default. When you have reached the 4th level of security which would be the moral obligation, then you have the bonds in default. The bond holders would not then receive some or all of their interest principle payments.

Tape 1, side 2

REP. SWYSGOOD asked if that wasn't what happened with the Savings and Loans and Mr. Hoover said he did not think it was the same. When bond investors purchase bonds there is always a risk of any investment on securities where you may not get your interest or principal back. That is true in any kind of an investment and we state that openly. CHAIRMAN BARDANOUVE said once those bonds are in default it almost becomes mandatory that we pay them off. Mr. Hoover said you have a moral obligation and that is the extent of it, he could not tell if there would be a hue and cry over it.

REP. CODY said in section 4, sub 2 it says all amounts must be repaid to the state general fund without interest. If we have to feed general fund money into that account to maintain it, we lose the interest.

REP. COBB said someone said because we have a moral obligation it cuts a half a percentage or so off. You said you didn't do it for hospitals. Once we did this, wouldn't we want to go in and refinance it for hospitals too? Mr. Hoover said the Health Facility Authority Board made a policy that the moral obligation would only be available for those facilities that contract with the state to provide services for the mentally ill, etc. The Board of Investment enhancement would be for hospitals but they would not be moral obligation bonds.

Dave Lewis, Board of Investments, said he had been in California for the past 4 days to place an elderly uncle in a nursing home and learned enough about the nursing home industry in the past 4 days, that he was glad to be in Montana, have the kind of facilities we have and the kind of health care system we have here. One of the things Mr. Hoover is doing with the Health Facility Authority to help lower the cost of health care by providing lower cost financing, has been to acquire letters of credit to back the bonds issued. He said the costs have gone up to about 200 basis points and that transfers right through to the hospital that is borrowing and is increasing the cost of health care in the state. This bill allows the Board of Investments to

look at each of these hospital loans on a case by case basis and if they meet their standards, they would be willing to step in and for a much lower fee, they would issue the guarantee for those particular hospitals. He said there are 4 layers of credit here, they have the facility under a first mortgage, Jerry has a reserve account, the revenues at the hospitals etc.

**CHAIRMAN BARDANOUVE** mentioned the things the committee was concerned about and said the Board of Investments would not be giving away any free interest. Why do we as a Legislature have to provide general fund money interest free? **Mr. Lewis** said that is referring back to the backing of the bonds. It goes back to the DD facilities and those types of things, and even though the Board of Investments would not get involved in this, if the state has set up a DD facility and has people in it, and a provider gets to be a problem SRS simply cancels that contract and puts a new provider in. The facility would still be maintained under contract with SRS so that flow of revenue from SRS to that provider is really the backing for the loan. The Legislature is behind this program anyway since you are paying through SRS for the placements in that DD facility. Jerry is saving you money because he will allow them to build the facility at a lower interest rate, and at an even lower rate if the state is willing to do a moral obligation to the bonds. The state has to back these bonds anyway since we have to pay for the people in the facility.

**REP. COBB** asked where the letter of credit is in the bill. Can't you get a letter of credit without a moral obligation bond or how does that work? **Mr. Lewis** said the letters of credit have been for the hospital bills. The moral obligation bonds are just for the DD and other non-profit facilities. He said they need the language in the bill to allow the board to step in and give approved loans to hospitals, the board is not doing it now.

#### HEARING ON SENATE BILL 105

Amend Formula for Federal-State Funds for Medical  
Facility Construction

#### Presentation and Opening Statement by Sponsor:

**SENATOR GENE THAYER** District 19, Great Falls and Chief Sponsor of House Bill 105 said the McLaughlin bill was one of the major bills of the last session and allocated \$2 million to be set aside for anyone who could obtain a 4 to 1 federal match for a medical research project. He said the McLaughlin research in Great Falls has done a lot of research on cancer. As a result of the allocation of \$2 million our Montana Congressional delegation was able to get a commitment for a \$5 million grant. With the 4 to 1 match it meant the McLaughlin Research qualified for \$1,250,000 which was just granted by Science and Technology a

couple weeks ago. They have qualified and have been granted that amount. This bill asks for the additional \$750,000. The federal government grant is not given to a community until all the funding is in place for a completed project. This bill needs to pass to complete the funding for the total project.

**Proponents' Testimony:** Ardy Aiken, Mayor, Great Falls spoke in favor of Senate Bill 105. The expansion of the McLaughlin Institute will be a direct asset to Great Falls, to Montana and to the entire scientific community.

Lee Walker, President of the Board of Trustees, McLaughlin Institute, Great Falls spoke in favor of the bill and handed in EXHIBIT 3 from George A. Carlson, Ph.D., Scientific Director McLaughlin Institute and said Mr. Carlson was in San Francisco at a scientific meeting. He expanded on the research center what it had done and what the expansion would do for scientific research.

REP. PAT GALVIN, House District 40, Great Falls spoke as a proponent of Senate Bill 105.

Larry Fasbender, representing Cascade County spoke in favor of Senate Bill 105 and said the County Commissioners are a group that are always trying to keep operations going so far as counties are concerned, providing services etc., and are concerned about maintaining the infrastructure of the communities they operate. He told of the importance of the McLaughlin Institute to the infrastructure in Cascade County because of the additional things that may come in because of the research, the jobs, etc. and how the upgrading of the institute helped to upgrade the infrastructure by creating more jobs and inviting more related industry.

Carl Russell, Executive Director of the Montana Science and Technology Alliance spoke in favor of the bill and read the 3 criteria which the Legislature put upon McLaughlin 2 years ago.

Sam Hubbard, representing the Deaconess Research Institute said they see an emerging bio-medical research and development occurring in Montana and feel the McLaughlin Institute is a critical element in this process. They would appreciate a do pass recommendation on SB 105.

REP. SHEILA RICE, House District 36, Great Falls spoke in favor of SB 105, and said the McLaughlin Institute is located in her district.

REP. CHAR MESSMORE, House District 38, Great Falls said as a registered nurse, a resident of Great Falls and a citizen of Montana she urged favorable consideration of Senate Bill 105.

REP. JERRY NISBET, House District 35, Great Falls asked to be listed as a proponent of SB 105.

**REP. DIANA WYATT, House District 37, Great Falls** said she was a proponent and would be carrying the bill in the House.

**Questions From Committee Members:** **REP. THOFT** said Mayor Aiken gave some figures on what was billed and what was needed. He thought the needed was \$6.9 million and asked for the available figure. **Ms. Aiken** said they have the \$1.25 million from the Science and Tech Alliance and are promised \$5 million from the federal government but they do not have that in hand. At the time the Appropriation was made it was with the idea the \$2 million was available to them so we have \$6.125 million available now. **REP. THOFT** said we are talking about \$6.125 available to build a \$6.9 million facility? He was told yes, and said he thought the origin was general fund money and asked if anyone had considered scaling back what is available to the \$6.125. **Mayor Aiken** said the structure has already been scaled back in hopes of \$8 million from the federal government. The design today will house about 57 kinds of researchers and their support staff. It is also designed so it can be expanded at a later date if the revenue becomes available to do so.

**CHAIRMAN BARDANOUVE** asked the Chairman of the McLaughlin Board, what had happened in the down size of this project to what we had? **Mr. Walker** said they are working with the architects now to prepare the plans and specifications and it is based on the available funds of \$6,250,000, however part of that building that is being planned now is going to be shell space that can be fixed up and brought up to standards and those additional monies required will be about \$750,000. When the planning is completed we will know for certain how much. **CHAIRMAN BARDANOUVE** said in the testimony he had said they had already contacted people that want to work in the research areas. **Mr. Walker** said they had 55 applications. **CHAIRMAN BARDANOUVE** asked how soon will this building be built? **Mr. Walker** said they expected to be done with the building no later than June 1, 1993, and hopefully April 1. **CHAIRMAN BARDANOUVE** said these researchers are down the road some years? **Mr. Walker** said no, they have made arrangements, and have room for 1 additional researcher in the facility the way it is now and have leased a house next door and are going to put their administrative personnel there so they can bring another researcher in. When they move in they expect to have 3 researcher primary investigators on board with their staff and 2 more selected and ready to come within the next 6 months provided they are able to finish the shell space. **CHAIRMAN BARDANOUVE** asked how they are financing these high cost personnel and **Mr. Walker** said they are launching a fund drive in the city of Great Falls to provide some assistance to them, and those we are recruiting are those that already have grants which will bring with them. We cannot afford to bring someone in without that support.

**CHAIRMAN BARDANOUVE** asked if they can obtain federal dollars for any of the research besides what they bring with them? **Mr. Walker** said they are submitting grants not only to the federal



government, but to private companies, the American Cancer Society, etc. and are pursuing that type of thing. **CHAIRMAN BARDANOUVE** asked how many people are working in your facility. **Mr. Walker** said 24, and with the 5 researchers they expect to be in the vicinity of 60 employees.

**REP. QUILICI** said Congress appropriated \$5 million for this purpose. This state match helps that along but can you use any other type of funding for match with federal grants? **Mr. Walker** said no, the state legislation requires it to be federal dollars for medical research facilities. We can't go out and raise money to add to the \$5 million and use it to match the state funds. State legislation specifically does not include that opportunity. **REP. QUILICI** asked if the \$5 million was expressly for this purpose? **Mr. Walker** answered yes, the McLaughlin institute was specifically named in the legislation.

**REP. PECK** asked **Mr. Fasbender** if this isn't an appropriation bill? **Mr. Fasbender** said his understanding is that the Legislation is appropriating additional dollars but it is already there, it was appropriated last session. It would be changing the match numbers. It doesn't appropriate more money, but makes the money appropriated last session available for expenditure for this project. **REP. PECK** said his concern was that this bill started out in the Senate and **Mr. Fasbender** said his understanding is the reason it was done was because the money was already appropriated, it is already in that account, available for this purpose. By changing the match numbers that are there it frees that money up to be used for this purpose. **REP. PECK** asked if that money would have reverted if they had been unable to exercise that option? **Mr. Fasbender** said it possibly would have reverted at the end of the biennium. **REP. PECK** said then this is really renewing a appropriation.

**Mr. Walker** said it was his understanding that **SEN. THAYER** discussed this with **REP. HARPER** before the introduction of the bill.

**CHAIRMAN BARDANOUVE** was interested in the statement which said the Legislation prohibited them from raising matching money. **Mr. Walker** said the bill that passed the House and the Senate 2 years ago specifically stated the state would provide up to \$2 million to match federal funds on a ratio of 1 to 4. It didn't say we could raise \$3 million in the private sector and the state would have to match it on a 1 to 4 basis, just federal funds. **CHAIRMAN BARDANOUVE** asked if the Legislation were changed, could you go out and raise additional money to finish your project? **Mr. Walker** said their fund raising goals are not just a million, but they will provide money to bring in more researchers.

**REP. CODY** said when we heard this bill in the last session she was under the impression you already had all these things in place, and now we are hearing the 4 to 1 match from the federal government didn't go through and all these things you had to do

that she had understood had been done before the last session. **Mr. Walker** said the federal is not as fast as the state and the decision that came down after the last session adjourned, was that they would not approve the \$8 million funding request. This was a parallel operation, the bill had been introduced in Congress and was in the Legislative process in Washington.

**REP. KADAS** asked if the City of Great Falls had made any financial contributions? **Mayor Aiken** said yes, they have. They made a \$100,000 loan to McLaughlin for their initial lay out and design. The monies we are seeking here are essential for the structure and any monies raised in the private sector are necessary to purchase the equipment and recruit scientific research specialists. **REP. KADAS** asked about the counties and **Mr. Fasbender** said he was not aware they put any money put into the program from the county level. **Mr. Walker** said there was no money put in but the county has been very cooperative and they have some land made available to them through the county. It turned out the site didn't stand up to the criteria and another site was selected. They have been very cooperative and helpful. **REP. KADAS** asked if the \$750,000 has been figured as part of our revenue for the next biennium? **Mr. Haubein, LFA**, said we are assuming this was already used. **Pam Joehler, LFA** said in anticipation of the question **Mrs. Cohea** intimated the \$750,000 was included in the general fund estimate from the LFA was not included as revenue but was assumed by the Executive as given to the McLaughlin institute. The only difference was whether it was assumed to come from the '91 or the '92 fiscal year.

**REP. KADAS** asked if the budget office supports this bill and **Mr. Nichols** said his understanding was that this is not budgeted for in the next biennium. SB 242 does have money for the McLaughlin center.

**REP. KADAS** asked **Mr. Nichols** if the \$750,000 was included as revenue in the executive budget or are you anticipating that the whole \$2 million would be spent. **Mr. Nichols** said they had estimated that the \$2 million would have been spent in the current biennium and did not anticipate another \$350,000 for the next biennium.

**REP. PECK** said in the amendment to the bill broadens the bill from construction and start up cost and includes equipment. Isn't that unusual in view of the shortage of dollars for construction? He asked for an explanation. **Mr. Walker** said their budget of \$6.9 million was the original construction budget and \$6.25 million as it is now, includes about \$1 million of equipment. We can't start the process without equipment. **REP. PECK** said then you weren't properly authorized in the legislation last time so it has to be included now? **Mr. Walker** said yes, they could get by without the word equipment in the bill since the federal government appropriation does allow equipment under their funding.

REP. ZOOK asked if Mayor Aiken had said the city of Great Falls had given the McLaughlin Institution a \$100,000 loan? Mayor Aiken answered yes. REP. ZOOK asked how they would get paid back. Mayor Aiken said presumably from whatever budget they can put together in the next few years. It is an interest free loan and felt it better to make a loan rather than a grant at that point. Mr. Walker said the money they got from the city was used to develop the program--what is going to be in the building, what is needed, how many square feet, etc. It is an architectural exercise that is required. That money is reimbursable through the federal funds that are available and is a part of the construction process.

REP. KADAS asked why do we have to have the cash up front to build this? Mr. Walker said the federal government will not allow the use of their funds to pay interest. REP. KADAS said if we gave you a \$750,000 loan you could use your federal funds to pay the principle back? Mr. Walker said this is not a profit operation, not even a non-profit operation, it is a negative profit operation. Any research operation loses about 25% of it's budget, it is just not covered.

REP. SWYSGOOD asked if the city of Great Falls doesn't receive CDDG money? Mayor Aiken said yes. REP. SWYSGOOD asked if this project wouldn't qualify for some of those monies? Mayor Aiken said she did not think it would. You need to have at least 51% employed in the lower income bracket and has to do with something that does away with slum and blight, one or the other. This Institution would not be employing individuals in those lower income categories.

Closing by Sponsor: REP. WYATT closed on the bill by saying the research going on at this center is well worth the dollars being spent by the state and would appreciate the consideration of the committee for this bill.

There was a group introduced to the committee from the hamilton Highschool who were here to benefit from listening to the committee.

REP. SWYSGOOD said we have two bills that he felt were in the committee illegally. One was SB 242 and the other SB 105. He suggested these two bills be sent to rules committee. Both bills require a reauthorization of money and are appropriation bills and the law is very explicit that appropriation bills start in the House.

MOTION: REP. THOFT moved Senate Bills 242 and 105 be sent to rules committee.

Discussion: REP. SWYSGOOD said he felt these two bills were illegally before this committee. That is not to cast any doubt on the bills themselves, but the process that they were put through. SB 105 requires reappropriation of money and is an

appropriation bill. SB 242 requires expenditures and has a fiscal note, the law says appropriation bills start in the House, and he said he is on the rules committee. He would like a rules committee interpretation of these two bills.

REP. BRADLEY said she felt REP. THOFT's interpretation of 105 was incorrect. This is not a reappropriation, the only thing that is changed here is the match and the addition of equipment. REP. SWYSGOOD said his concern is that in every other program we reauthorize for expenditure we do so from the appropriation side. He said his concern is not with the bill itself, but felt this set a precedent the Senate to start an appropriation bill and is very dangerous. REP. ZOOK said in the case of the one bill it was mentioned that the Speaker had more or less guided them in this direction, and while he did not know all the powers a speaker has, he would be inclined to believe what he was told. CHAIRMAN BARDANOUVE said the speaker could not suspend a rule if it is in violation.

REP. JOHNSON asked what would happen if these are declared appropriation bills by the rules committee and he was told there would have to be a suspension of rules. REP. JOHNSON asked if we would be able to meet the deadline and REP. SWYSGOOD said yes. REP. QUILICI said you would disallow the deadline, but suspension of the rules would take 2/3 of both bodies and thought perhaps the rules committee would have to make a decision on this but felt they are dominated by the leadership and they are the ones that put these bills where they are.

REP. NISBET said he believed the question did come up prior to SEN. THAYER introducing the bill. He did discuss it with the leadership in both houses and he thought they had agreed it would be appropriate for SB 105 to start in the Senate.

REP. GRINDE said the discussion on HB 242 was in the Senate and Mr. Russell is here, it did go to Senate Rules and also Greg Petesch from the Legislative Council has addressed this. He asked for Mr. Russell to address HB 242 as to why it is here.

Mr. Russell said in SB 242, the major question on the bill at the time it was introduced was the question of taking monies that are in the in-state portion of the coal tax trust fund so it wound up in the rules committee rather quickly. He said the language in the bill says they are administered by the Science and Technology Alliance as loans with a pay back, and are therefore not an appropriation. The question still remained as the bill began to move and the sponsor asked Mr. Petesch for an opinion on that and with his opinion and some amendments in the bill his interpretation and that of the rules committee is that it is not an appropriation bill. We would do the same thing with this bill as we do with the seed capital fund, administer it for the Board of Investment. We make investments with the money and therefore it is not an appropriation.

**CHAIRMAN BARDANOUVE** said the fiscal analyst's note says it contains a general fund appropriation of \$153,000. **Ms. Joehler** said it says no appropriation, there is a general fund in the state equalization account but no specific appropriation.

**REP. KADAS** said in regard to rules suspension, there are two important rules we are talking about. 1. If the rules committee rules that either of these bills is an appropriation then you have to have a suspension for us to properly have it before us. 2. If we don't pass any of the bills that are not revenue bills out of this committee by tomorrow it will take a rules suspension for the Senate to accept the bills back from the House.

There was further discussion on whether the rules are violated, jeopardizing the bills, whether a rules committee in the Senate can declare a bill a non-appropriation bill and bind the house by the decision, etc.

**Mr. Fasbender** said he checked after the question came up and SB 105 did go through rules and **Mr. Petesch** did provide the brief information to the rules committee in the Senate. Their determination that by changing the number so far as the match was concerned did not classify as an appropriation bill. They looked at some other legislation that changed the effective date on legislation concerning appropriations and said if you changed the effective date, that too, was not an appropriation bill. On that basis they made the determination these were not appropriation bills.

**CHAIRMAN BARDANOUVE** was concerned that these bills were questionable in the beginning and they had gambled on them. **REP. THOFT** said he could not understand the determination by **Mr. Petesch** that changing the effective date is not an appropriation. He said he did not agree with that decision. **REP. SWYSGOOD** said it did not matter that these bills went through Senate Rules. Senate Rules cannot determine an appropriation bill. That is the obligation of the House, the House and the House Rules were never consulted on these bills.

**SENATOR THAYER** said this bill, because the appropriation had been made 2 years ago was not considered an appropriation bill. The reason it went through Senate Rules was because we were extending the date, and by that extension it might be considered an appropriation bill. Senate Rules ruled it was not, but the advice was to go to the House and check with the House Leadership and find out whether or not they will accept the bill on that basis. He said he went to Speaker Harper and the House Majority Leader, presented his case to them, and they said they would take the bill. There was a bill **Sen. Koehnke** got through the Senate that has to do with gasohol that is appropriating about \$6 million and extending the date into the year 2007 or 2008 and that bill went sailing through without even going through rules. He said he felt he had taken all the appropriate steps to be sure this bill would not be questioned after getting to the House.

REP. SWYSGOOD said he had questioned whether this and one other bill were appropriately before this committee. SEN. THAYER said in addition, this particular bill is quite important to him because of dealing with cancer research. He said at his request Mr. petesch came and testified at Senate Rules. He said he had sincerely tried to cover all the bases.

REP. QUILICI said there is no doubt there is some kind of gray area here, but with all the Senator had done, and had checked with the House Leadership, he felt this was a very important piece of Legislation and was afraid if this went through the process of rules we would be taking a chance of losing the bill.

REP. SWYSGOOD said he believed the sponsors of these bills took the appropriate action on both these bills and there was no intent on his part to jeopardize them. He said this is an area that is very touchy and needs to be addressed. We have rules that are very clear in their intent and we have Rules Committees set up to interpret them and so far the Rules Committee of the House has not been apprised of what has transpired here.

REP. KADAS said he did not want to kill the bills using the rules, but is concerned about the procedure used. The reason for the rule in the first place is to aid in the process of balancing the budget. He is concerned about the precedent being set and which has been ongoing to some extent with regard to the Senate bills to spend money. He felt they did need to make an issue of it and it needed to be brought to the leadership of both Houses.

REP. NISBET asked if it would be possible to continue, take action on the bills and make that action contingent upon the outcome of the Rules Committee?

REP. PETERSON said she felt this should be evaluated and some statement be made on this procedure so it does not continue to be a problem. She did not want to jeopardize these bills, but some statement should come out of Rules Committee.

REP. COBB made a second to REP. THOFT's motion to take these two bills to the Rules Committee.

REP. KADAS said he could not support the motion because he felt the motion would kill the bills because of the time involved.

REP. PECK said given SEN, THAYER's efforts he did not want to endanger the bill, but did not agree that the bill would be necessarily lost by sending it to the Rules Committee. He felt both the House and Senate would vote to suspend their rules If we don't draw a line on the appropriation bills we will continue to see appropriation bills coming out of the Senate.

REP. MENAHAN said he was concerned with the bills being killed as a result of the time. He felt the Leadership should have

consulted with the chairman of this committee. He felt these bills were appropriation bills but did not want to see the bills hurt.

REP. NISBET said there was a question in his mind as to where they are coming up with all the new transmittal dates. The only reason he could see that any transmittal deadline would apply to any of these Senate Bills is if we amend them. If we act on them and pass them as they are that is it, they go to the Governor unless we amend them. REP. KADAS said if we amend them they have to meet the 73rd day.

REP. BRADLEY said she would resist the motion, she did not think anyone wanted to kill the bills, but did feel the proposed action would be a high risk. She said she would resist it most since these bills had a full airing in Senate Rules.

SENATOR THAYER said he would make the same point. There was no attempt to start a bill in the Senate that was debatable. He took every step he knew of to take.

REP. BARDANOUVE said he had not kept an eye on the Senate Bills because there were so many to worry about in the House. He felt perhaps he should have kept a closer watch on the Senate Bills and raised the issue earlier.

REP. CONNELLY said she was concerned about a bill we had on a project she had been working on for a few years, it needed to be reauthorized and the Senator, rather than take a chance on it brought it to the House and it was introduced here. She felt these people should have been more responsible and done the same thing rather than putting them in jeopardy.

REP. GRINDE asked Chuck Brooke, Dept. of Commerce comment on this. Mr. Brooke said Sen. Crippen is still tied up, but due to the fact that this bill was prepared at the request of the Governor he felt he was in a position to speak to it. This bill was prepared prior to the session, they had their attorney's look at it, sought a lot of outside advice and were told it was not an appropriation bill. At that point we made it available to the party leadership as to who wanted to sponsor what bill. We were not making a decision as to whether the bill should go to the House or the Senate because it was a general bill.

REP. THOFT said two things seem to have gone wrong here, the first being that the whatever the Senate Rules do will determine what the House does, and then for the Speaker of the House to determine these bills are all right and send them to Appropriations also bothered him.

Vote: Motion by REP. THOFT passed 10 to 8, roll call vote # 1.

CHAIRMAN BARDANOUVE said he hoped the Rules Committee would act

HOUSE APPROPRIATIONS COMMITTEE

April 3, 1991

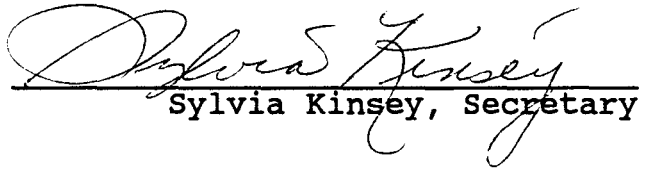
Page 24 of 24

quickly and he would like the rule back by tomorrow morning.

ADJOURNMENT

Adjournment: 11:15 a.m.

  
FRANCIS BARDANOUE, Chair

  
Sylvia Kinsey, Secretary

FB/sk



# HOUSE OF REPRESENTATIVES

## APPROPRIATIONS COMMITTEE

ROLL CALL

DATE

H-3-91

NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB	✓		
REP. DOROTHY CODY	✓		
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY	✓		
REP. LARRY GRINDE	✓		
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM. "RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD	✓		
REP. BOB THOFT	✓		
REP. TOM ZOOK	✓		

12:10

4-3-91

JDR

HOUSE STANDING COMMITTEE REPORT

April 3, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that  
Senate Bill 123 (third reading copy -- blue) be concurred in .

Signed: Francis Bardanouve  
Francis Bardanouve, Chairman

Carried by: Rep. Grady

IN THE SENATE

SENATE BILL NO. 1589

BY FINANCE COMMITTEE

EXHIBIT 1  
DATE 4-3-91  
SB 62

## AN ACT

APPROPRIATING MONEYS FOR GENERAL EDUCATION PROGRAMS AT BOISE STATE UNIVERSITY, IDAHO STATE UNIVERSITY, LEWIS-CLARK STATE COLLEGE, THE UNIVERSITY OF IDAHO AND FOR THE OFFICE OF THE STATE BOARD OF EDUCATION FOR FISCAL YEAR 1991; LIMITING THE APPROPRIATION FOR THE OFFICE OF THE STATE BOARD OF EDUCATION; EXPRESSING LEGISLATIVE INTENT WITH REGARD TO \$2,500,000 OF THE GENERAL ACCOUNT APPROPRIATION; MAKING CERTAIN CODE PROVISIONS SPECIFICALLY AVAILABLE TO THE STATE BOARD OF EDUCATION AND THE BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO; REAPPROPRIATING CERTAIN UNEXPENDED AND UNENCUMBERED BALANCES.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. There is hereby appropriated to the State Board of Education and the Board of Regents of the University of Idaho for Boise State University, Idaho State University, Lewis-Clark State College, the University of Idaho, and the Office of the State Board of Education the following amount, to be expended for the designated program from the listed accounts for the period July 1, 1990, through June 30, 1991:

## FOR:

General Education Programs	\$160,099,200
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## FROM:

General Account	\$133,264,300
State Endowment Funds	6,547,100
Interagency Billing and Receipts Account	20,287,800
TOTAL	\$160,099,200

SECTION 2. The appropriation for the Office of the State Board of Education in Section 1 of this act is to be used for system-wide needs and shall not exceed twenty-five hundredths per cent of the General Account for the period July 1, 1990, through June 30, 1991.

SECTION 3. It is legislative intent that \$2,500,000 within the General Account appropriation be limited to specific research funding, matching awards, research centers and infrastructure, with commercial application as a goal.

SECTION 4. The provisions of Sections 67-3608, 67-3609, 67-3610 and 67-3611, Idaho Code, are hereby specifically made available to the State Board of Education and the Board of Regents of the University of Idaho for the period of July 1, 1990, through June 30, 1991, the provisions of Section 67-3516(1), (3) and (4), Idaho Code, notwithstanding.

SECTION 5. There is hereby reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for Boise State University, Idaho State University, Lewis-Clark State College and the University of

1 Idaho, any unexpended and unencumbered balances of the moneys appropriated by  
2 Section 1, Chapter 116, Laws of 1989, to be used for nonrecurring expenditures  
3 only, for the period July 1, 1990, through June 30, 1991.

# State of South Dakota

SIXTY-SIXTH SESSION  
LEGISLATIVE ASSEMBLY, 1991

Assigned to Committee on				
Senate				
Committee Report:				
Do Pass _____ Amend _____ Table _____				
Legislative Action on Amendments:				
Adopted _____ Not Adopted _____				
Second Reading and Final Passage:				
Pass _____ Fail _____				
HOUSE		H. J. Page	Aye	Nay
Assigned to Committee on:				
House				
Committee Report:				
Do Pass _____ Amend _____ Table _____				
Legislative Action on Amendments:				
Adopted _____ Not Adopted _____				
Second Reading and Final Passage:				
Pass _____ Fail _____				

Exhibit # 1  
4-3-91 SB 62

520S0528

HOUSE BILL NO. **1417**

Introduced by: Representatives Nicolay, Flatt, Krautschun, McKillop, Putnam and Wishard and Senators Poppen, Haskell, Lyndell Petersen, Stoick and Mary Wagner

1 FOR AN ACT ENTITLED, An Act appropriating money for the expenses of  
2 the operations of the legislative, judicial and executive depart-  
3 ments of the state, for the expenses of the operations of certain  
4 officers, boards and departments, for support and maintenance of  
5 the educational, charitable and penal institutions, the South Da-  
6 kota veterans' home, for maintenance of the state house and for  
7 support and maintenance of the state guard.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

9 Section 1. There is hereby appropriated the following sums of mon-  
10 ey, or so much thereof as may be necessary, out of any money in the  
11 state treasury not otherwise appropriated, to pay: the expenses to op-  
12 erate the legislative, judicial and executive departments of the  
13 state; the expenses of certain officers, boards and departments; to  
14 support and maintain the educational, charitable and penal institu-  
15 tions, the South Dakota veterans' home and the state guard; and to  
16 maintain the state house for the fiscal year ending June 30, 1992.

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Legislative Research Council at a cost of \$11.50 per page.

Insertions into existing statutes are indicated by underscores.  
Deletions from existing statutes are indicated by ~~overstrikes~~.

	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
1 Personal Services	\$4,908,207	\$1,906,776	\$997,944	\$7,812,927
2 Operating Expenses	\$154,009,798	\$60,030,124	\$3,071,937	\$217,111,879
3				
4 TOTAL	\$158,918,005	\$61,936,900	\$4,069,901	\$224,924,806
5 F.T.E.				304.9
6				
7 HIGHER EDUCATION				
8 Regents Central Office				
9 Appropriation	\$6,411,916	\$133,650	\$6,159,430	\$12,704,996
10 F.T.E.				33.0
11				
12 Regents Salary Policy				
13 Appropriation	\$3,585,140	\$774,760	\$882,324	\$5,242,224
14 F.T.E.				0.0
15				
16 University of South Dakota				
17 Appropriation	\$26,065,104	\$7,396,524	\$17,869,760	\$51,331,388
18 F.T.E.				997.7
19				
20 South Dakota State University				
21 Appropriation	\$37,286,801	\$17,016,868	\$27,540,248	\$81,843,917
22 F.T.E.				1,620.1
23				
24 Animal Disease Research and Diagnostic Laboratory				
25 Appropriation	\$742,412	\$0	\$695,790	\$1,438,202
26 F.T.E.				34.2
27				
28 South Dakota School of Mines & Technology				
29 Appropriation	\$8,976,308	\$3,523,228	\$7,106,871	\$19,606,407
30 F.T.E.				350.5
31				
32 Northern State University				
33 Appropriation	\$8,391,037	\$3,583,727	\$5,828,890	\$17,803,654
34 F.T.E.				361.8
35				
36 Black Hills State University				
37 Appropriation	\$6,517,712	\$3,842,138	\$6,768,607	\$17,128,457
38 F.T.E.				303.6
39				
40 Dakota State University				
41 Appropriation	\$4,744,368	\$1,339,884	\$2,738,713	\$8,822,965
42 F.T.E.				195.9
43				
44 South Dakota School for the Visually Handicapped				
45 Appropriation	\$1,148,372	\$51,232	\$126,832	\$1,326,436
46 F.T.E.				50.2
47				
48 South Dakota School for the Deaf				
49 Appropriation	\$1,744,896	\$106,379	\$146,415	\$1,997,690
50 F.T.E.				62.9

	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
1				
2	South Dakota School of Medicine			
3	Appropriation	\$7,625,576	\$1,394,007	\$2,301,523
4	F.T.E.			\$11,321,106
5				225.5
6	BOARD OF REGENTS SUBTOTAL			
7	Appropriation	\$113,239,642	\$39,162,397	\$78,165,403
8	F.T.E.			\$230,567,442
9				4,235.4

- (3) public schools;
- (4) the judiciary; or
- (5) salaries of elected officials, during their term of office.

Section 10. An informational copy of each approved budget amendment shall be filed with the legislature auditor. The director of the budget division shall submit to the succeeding legislature a summary of all approved budget amendments made during the biennium together with the supporting data.

Section 11. If any section, subsection, sentence, clause, or phrase of this act is for any reason held unconstitutional, such decision shall not affect the validity of the remaining portions of this act.

Section 12. The following monies are appropriated for the biennium ending June 30, 1973:

	For the Fiscal Year Ending June 30, 1972	For the Fiscal Year Ending June 30, 1973
--	--	--

#### UNIVERSITY OF MONTANA

(1) From the earmarked revenue fund, student fee account, for personal services, operation and capital .....	\$ 3,450,000	\$ 3,600,000
(2) From the earmarked revenue fund, university millage account, for personal services, operation and capital .....	1,975,000	2,025,000
(3) From the general fund, for personal services, operation and capital ....	7,000,000	7,000,000

#### MONTANA STATE UNIVERSITY

(1) From the earmarked revenue fund, student fee account, for personal services, operation and capital .....	2,750,000	3,000,000
(2) From the earmarked revenue fund, university millage account, for personal services, operation and capital .....	2,000,000	2,025,000
(3) From the general fund, for personal services, operation and capital ....	7,105,000	7,105,000
(4) From the general fund, for personal services, operation and capital ....	200,000	.....



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General Fund	Fiscal 1990				General Fund	Fiscal 1991			
	State Special Revenue	Federal Special Revenue	Proprietary	Total		State Special Revenue	Federal Special Revenue	Proprietary	Total
6. McKinney Homeless Act		475,208		475,208			496,968		496,968
7. Education of the Handicapped -- Architectural		140,414		140,414			70,212		70,212
		32,000		32,000					
Total		4,131,224		4,131,224			4,132,782		4,132,782
STATE COUNCIL FOR VOCATIONAL EDUCATION									
1. Operations		133,823		133,823			134,182		134,182
2. Audit		3,736		3,736					
Total		137,559		137,559			134,182		134,182
TOTAL SECTION E									
47,235,199	491,217	7,181,372	908,284	55,786,062	47,236,015	497,010	7,124,538	904,721	55,762,284

F. HIGHER EDUCATION

All funds, other than plant funds and current unrestricted operating funds, may be spent and are appropriated contingent upon approval of the comprehensive program budget by the board of regents by July 1 of each year. The budget must contain detailed revenues and expenditures and anticipated fund balances of current funds, loan funds, and endowment funds. All movement of funds between the current unrestricted subfund and the designated subfund accounts entities must be clearly identified in the state budgeting and accounting system.

Programs for the university budgets include instruction, organized research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships and fellowships.

The six university units shall account for expenditures consistently within programs and funds across all units and shall use the national center for higher education management systems program classification structure, along with the college and university business administration (CUBA) system, as a minimum standard for achieving consistency.

Each year of the biennium, the portion of indirect cost reimbursements that exceeds the amount set forth in the current unrestricted operating subfund appropriation for each unit is appropriated to the respective unit. All indirect cost reimbursements not expended in the current unrestricted operating subfund account must be clearly identified and separately accounted for during the 1991 biennium.

Included within current unrestricted funds to the six institutions is the sum of \$12,060,009 in fiscal 1990 and \$12,022,009 in fiscal 1991 from revenues generated under the provisions of 20-25-423. The department of revenue shall levy the full 6 mills as authorized in 20-25-423. Revenues received by the university system under the provisions of 20-25-423 that exceed \$12,060,009 in fiscal 1990 and \$12,022,009 in fiscal 1991 must cause a general fund reversion of a like amount each year.

Research grant indirect costs retained at the various units of the university system in funds other than the current unrestricted subfund must be expended for the enhancement of existing research programs, assistance to and encouragement of new research programs, and the general support of research.

There is appropriated for higher education programs general fund of \$465,000 in fiscal 1990 and \$592,000 in fiscal 1991 to replace education trust fund interest earnings. If education trust fund interest earnings become available during the biennium, then one dollar of general fund appropriated for higher education programs will revert for each dollar of education trust interest earnings.

COMMISSIONER OF HIGHER EDUCATION

1. Office Administration									
a. Operations									
804,801				804,801	801,403				801,403
b. Audit									
16,487				16,487					
2. WICHE Dues									
68,100				68,100	68,400				68,400
3. WICHE - Student Assistance									
1,664,400				1,664,400	1,687,867				1,687,867
4. WAMI									
2,067,872				2,067,872	2,152,280				2,152,280
5. Minnesota Rural Dentistry									
93,800				93,800	95,200				95,200
6. State Student Incentive Grants									
220,000		220,000		440,000	220,000		220,000		440,000
7. Carl Perkins Loan									
55,000				55,000	55,000				55,000

	Fiscal 1990				Fiscal 1991				Total
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	
8. State College Work Study	391,586				391,587				391,587
9. Supplemental Educational Opportunity Grant	46,921				99,066				99,066
10. Paul Douglas Teacher Grants		82,728				82,728			82,728
11. Education for Economic Security		161,561					161,561		161,561
12. Talent Search									
a. Operations		213,639					184,409		184,409
b. Audit		1,500							
13. Guaranteed Student Loan									
a. Operations		1,567,791					1,375,166		1,375,166
b. Audit		6,066							
14. University System Group Insurance			10,296,000	10,296,000				11,750,000	11,750,000
15. Vocational-Technical Administration	83,889	143,880		227,379	80,837		140,637		221,274
16. Vocational Education Grants		4,584,487		4,584,487			4,587,560		4,587,560
17. Board of Regents	32,817			32,817	32,868				32,868
18. Vocational-Technical Bond Payments	730,906			730,906	717,068				717,068
Total	6,262,978	6,961,484	10,296,000	23,539,472	6,371,166		6,782,061	11,750,000	24,873,227

In each fiscal year, the commissioner of higher education is allowed to transfer appropriation authority between the amounts included in the WICHE appropriation for dentistry, which is \$144,300 in fiscal 1990 and \$134,867 in fiscal 1991, and the Minnesota rural dentistry appropriation.

Item 18 may not be expended unless the board of regents obtains a contract from the school district that ensures that the state of Montana shall receive dues to the vocational-technical center facility for the cost of retiring the outstanding bond.

#### FIRE SERVICES TRAINING SCHOOL

1. Operations	217,158	31,772	248,930	207,022		28,933	238,966
2. Audit	2,214		2,214				
3. Training Delivery		20,000	20,000				
Total	219,372	51,772	271,144	207,022		28,933	238,966

The fire services training school must be provided office, classroom, and storage space in the Great Falls vocational-technical center at no charge.

Item 3 is a biennial appropriation.

	Fiscal 1990		Total	Fiscal 1991		Total
	General Fund	Current Unrestricted		General Fund	Current Unrestricted	
COMMUNITY COLLEGES						
1. Dawson Community College						
a. Operations	714,317		714,317	714,317		714,317
b. Audit	8,460		8,460			
2. Flathead Valley Community College						
a. Operations	1,709,586		1,709,586	1,709,586		1,709,586
b. Audit	8,460		8,460			
3. Miles Community College						
a. Operations						

	General Fund	Fiscal 1990 Current Unrestricted	Total	General Fund	Fiscal 1991 Current Unrestricted	Total
b. Audit	758,388		758,388	758,388		758,388
	8,460		8,460			
Total	3,207,671		3,207,671	3,182,291		3,182,291

The above appropriation provides 47% of the total unrestricted budgets for the community colleges, which budgets must be approved by the board of regents.

The general fund appropriation for each community college includes 47% of the total audit cost. The remaining 53% of these costs are to be paid from funds other than those appropriated in items 1 through 3. Audit costs may not exceed \$18,000 for each unit for the biennium.

Dewson, Flathead Valley, and Miles community colleges are prohibited from including in student enrollment, used in calculating the unrestricted budget referred to in 20-15-310, student FTE from out-of-district centers not approved under board of regents Policy 220.1.

#### BILLINGS VOCATIONAL-TECHNICAL CENTER

1. Instruction	867,314	167,485	1,024,799	882,007	142,702	1,024,799
2. Plant Operation and Maintenance	131,071	146,328	277,399	121,917	155,482	277,399
3. Support						
a. Operations		514,988	514,988		514,988	514,988
b. Audit	22,414		22,414			
Total	1,010,799	828,802	1,839,601	1,004,014	813,173	1,817,187

Total audit costs are estimated to be \$24,904 for the biennium. Ten percent of these costs are to be paid from funds other than those appropriated in items 1 through 3.

#### BUTTE VOCATIONAL-TECHNICAL CENTER

1. Instruction	925,747		925,747	925,747		925,747
2. Plant Operation and Maintenance	207,451	2,231	209,682	208,091	1,591	209,682
3. Support						
a. Operations		519,912	519,912		519,912	519,912
b. Audit	22,414		22,414			
Total	1,155,612	522,143	1,677,755	1,133,838	521,503	1,655,341

Total audit costs are estimated to be \$24,904 for the biennium. Ten percent of these costs are to be paid from funds other than those appropriated in items 1 through 3.

#### GREAT FALLS VOCATIONAL-TECHNICAL CENTER

1. Instruction	1,167,372	48,771	1,216,143	1,161,826	54,317	1,216,143
2. Plant Operation and Maintenance	128,261	143,192	271,453	119,304	152,149	271,453
3. Support						
a. Operations		465,854	465,854		465,854	465,854
b. Audit	22,414		22,414			
Total	1,318,047	657,817	1,975,864	1,281,130	672,320	1,953,450

Total audit costs are estimated to be \$24,904 for the biennium. Ten percent of these costs are to be paid from funds other than those appropriated in items 1 through 3.

#### HELENA VOCATIONAL-TECHNICAL CENTER

1. Instruction	1,440,026		1,440,026	1,440,026		1,440,026
2. Plant Operation and Maintenance	224,252	180,670	404,922	240,523	164,399	404,922
3. Support						
a. Operations						

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	General Fund	Fiscal 1990 Current Unrestricted	Total	General Fund	Fiscal 1991 Current Unrestricted	Total
b. Audit		616,112	616,112		616,112	616,112
	22,414		22,414			
Total	1,686,692	796,782	2,483,474	1,690,549	780,511	2,471,060

Total audit costs are estimated to be \$24,904 for the biennium. Ten percent of these costs are to be paid from funds other than those appropriated in items 1 through 3.

MISSOULA VOCATIONAL-TECHNICAL CENTER

1. Instruction	1,514,445		1,514,445	1,514,445		1,514,445
2. Plant Operation and Maintenance	347,297	5,581	352,878	310,574	42,904	353,478
3. Support						
a. Operations	35,051	721,419	756,470	45,337	711,133	756,470
b. Audit	22,414		22,414			
Total	1,919,207	727,000	2,646,207	1,870,356	754,037	2,624,393

Total audit costs are estimated to be \$24,904 for the biennium. Ten percent of these costs are to be paid from funds other than those appropriated in items 1 through 3.

EMPLOYEE CLASSIFICATION CONVERSION

1. Personal Services	36,762		36,762	36,762		36,762
----------------------	--------	--	--------	--------	--	--------

The amounts in item 1 are for anticipated employee classification costs when the vocational-technical center employees become part of the state pay and classification system beginning July 1, 1989. The amounts in item 1 may be expended in either year of the biennium upon review and approval by the commissioner of higher education.

The commissioner of higher education may transfer county millage collections among centers. Millage received by the centers from the 1.5-mill levy that in the aggregate exceeds \$787,000 in fiscal 1990 and \$796,000 in fiscal 1991 must cause a general fund reversion of a like amount each year. Any voted millage funds available for the vocational-technical centers are appropriated.

BUREAU OF MINES

1. Research	1,254,014	53,000	1,307,014	1,275,109	53,000	1,328,109
2. Poplar River Monitoring	18,000		18,000			
Total	1,272,014	53,000	1,325,014	1,275,109	53,000	1,328,109

Item 2 is a biennial appropriation.

AGRICULTURAL EXPERIMENT STATION

1. Agricultural Experiment Station	6,509,679	2,031,135	8,540,814	6,727,832	2,031,135	8,758,967
2. Spring Wheat Breeding	170,000		170,000			
3. U.S. Range Laboratory		390,104	390,104		389,396	389,396
Total	6,679,679	2,421,239	9,100,918	6,727,832	2,420,530	9,148,362

Item 2 is a biennial appropriation.

COOPERATIVE EXTENSION SERVICE

1. Public Service	2,268,712	1,946,508	4,215,220	2,452,446	1,946,508	4,398,954
2. Ground Water Protection Workshops	14,967	8,000	22,967	14,967	15,000	29,967
Total	2,283,679	1,954,508	4,238,187	2,467,412	1,961,508	4,428,920

The cooperative extension service shall revert \$1 of general fund for each \$1 that federal Smith-Lever funds in item 1 exceeds \$1,946,508 in fiscal 1990 and \$1,946,508 in fiscal 1991.

FOREST AND CONSERVATION EXPERIMENT STATION

HB 100

MONTANA SESSION LAWS 1989

2077

	General Fund	Fiscal 1990 Current Unrestricted	Total	General Fund	Fiscal 1991 Current Unrestricted	Total
1. Research	654,455		654,455	667,253		667,253
<b>MONTANA STATE UNIVERSITY</b>						
1. Instruction						
a. Operations	24,735,156	944,535	25,679,691	26,829,594	661,124	27,490,718
b. Architecture/Interior Design		96,150	96,150		96,150	96,150
2. Research		597,759	597,759		597,963	597,963
3. Public Service		10,749	10,749		10,752	10,752
4. Academic Support, Student Services, and Institutional Support		13,171,840	13,171,840	265,228	13,342,206	13,607,434
5. Audit	47,042		47,042			
6. Operation and Maintenance of Physical Plant	4,159,454	1,563,345	5,722,799	5,149,758	801,955	5,951,713
7. New Space	50,000		50,000			
8. Scholarships and Fellowships		1,188,665	1,188,665		1,188,665	1,188,665
Total	28,991,652	17,572,843	46,564,495	32,244,578	16,898,817	49,143,395

Total audit costs are estimated to be \$94,063 for the biennium. Fifty percent of these costs are to be paid from funds other than those appropriated in items 1 through 8.

Item 7 is a biennial appropriation.

UNIVERSITY OF MONTANA

1. Instruction						
a. Operations	18,555,351	1,149,162	19,704,513	19,902,864	1,232,201	21,135,065
b. Law/Pharmacy/Physical Therapy		398,700	398,700		398,700	398,700
2. MBA Program	260,000		260,000			
3. Pharmacy Accreditation	25,000		25,000	25,000		25,000
4. Research		536,137	536,137		536,582	536,582
5. Public Service		183,132	183,132		183,288	183,288
6. Academic Support, Student Services, and Institutional Support		10,684,143	10,684,143	217,252	10,831,563	11,048,815
7. Audit	47,042		47,042			
8. Operation and Maintenance of Physical Plant	3,796,207	1,479,255	5,275,462	4,728,409	758,072	5,486,481
9. New Space	225,000		225,000			
10. Scholarships and Fellowships		1,077,497	1,077,497		1,077,497	1,077,497
Total	22,906,600	15,506,026	38,412,626	24,873,515	15,017,903	39,891,418

Total audit costs are estimated to be \$94,063 for the biennium. Fifty percent of these costs are to be paid from funds other than those appropriated in items 1 through 10.

Items 2 and 9 are biennial appropriations.

Up to \$25,000 per year of current restricted private donations for the pharmacy program accreditation are appropriated.

EASTERN MONTANA COLLEGE

1. Instruction	6,889,638		6,889,638	7,311,399		7,311,399
2. Public Service		246,653	246,653		249,889	249,889
3. Academic Support, Student Services, and Institutional Support	493,758	4,348,068	4,841,824	299,910	4,597,948	4,897,858
4. Audit	45,658		45,658			

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## MONTANA SESSION LAWS 1989

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	General Fund	Fiscal 1990 Current Unrestricted	Total	General Fund	Fiscal 1991 Current Unrestricted	Total
5. Operation and Maintenance of Physical Plant	1,514,250	591,328	2,107,578	1,894,360	295,321	2,191,681
6. New Space	20,000		20,000			
7. Scholarships and Fellowships		358,808	358,808		358,808	358,808
Total	8,965,302	5,544,656	14,509,957	9,507,660	5,501,944	15,009,604

Total audit costs are estimated to be \$60,877 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

Item 6 is a biennial appropriation.

## NORTHERN MONTANA COLLEGE

1. Instruction	3,989,888	200,000	4,189,888	4,214,100		4,214,100
2. Transition Funding	300,000		300,000			
3. Public Service		8,891	8,891		8,891	8,891
4. Academic Support, Student Services, and Institutional Support	428,375	1,963,040	2,391,415	284,736	2,117,724	2,402,460
5. Audit	38,394		38,394			
6. Operation and Maintenance of Physical Plant	802,812	316,609	1,119,421	1,008,311	155,886	1,164,197
7. Scholarships and Fellowships		314,000	314,000		314,000	314,000
Total	5,567,469	2,802,540	8,369,009	5,509,148	2,596,501	8,105,649

Total audit costs are estimated to be \$51,192 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

Item 2 is a biennial appropriation.

## WESTERN MONTANA COLLEGE

1. Instruction	2,187,560	50,334	2,237,893	2,298,466		2,298,466
2. Transition Funding	125,000		125,000			
3. Academic Support, Student Services, and Institutional Support	261,228	1,112,154	1,373,382	183,427	1,221,525	1,404,952
4. Audit	38,394		38,394			
5. Operation and Maintenance of Physical Plant	542,176	219,425	761,601	685,863	106,212	792,075
6. Scholarships and Fellowships		107,889	107,889		107,889	107,889
Total	3,154,357	1,489,802	4,644,159	3,167,745	1,435,636	4,603,371

Total audit costs are estimated to be \$51,192 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 6.

Item 2 is a biennial appropriation.

## MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY

1. Instruction	4,447,218		4,447,218	4,879,660		4,879,660
2. Research		50,282	50,282		50,351	50,351
3. Academic Support, Student Services, and Institutional Support	599,638	2,119,068	2,718,804	530,170	2,291,294	2,821,464
4. Audit	45,658		45,658			
5. Operation and Maintenance of Physical Plant	1,082,941	416,830	1,479,771	1,332,896	206,067	1,538,963
6. Scholarships and Fellowships		286,256	286,256		286,256	286,256
Total						

General Fund	Fiscal 1990		Total	General Fund	Fiscal 1991		Total
	Current	Unrestricted			Current	Unrestricted	
6,155,655	2,571,403		9,027,058	6,742,615	2,832,967		9,575,582

Total audit costs are estimated to be \$60,877 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 6.

Fiscal 1990					Fiscal 1991				
General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Total	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Total
TOTAL SECTION F									
103,440,602	53,750,560	6,981,494	10,348,772	174,519,428	108,960,106	52,060,340	6,752,061	11,778,933	180,541,429

NOTE: The total of state special revenues for section F includes the following amounts of current unrestricted funds:

Fiscal 1990 — \$53,750,560

Fiscal 1991 — \$52,060,340

TOTAL STATE FUNDING										
391,731,577	329,137,257	481,721,406	83,049,337	1,265,639,577	404,804,969	309,127,284	480,102,353	83,896,186	1,257,729,761	

Approved April 26, 1989.

## HOUSE BILL NO. 301

AN ACT APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1989; AMENDING SECTION 17, HOUSE BILL NO. 2, LAWS OF 1987; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

*Be it enacted by the Legislature of the State of Montana:*

Section 1. **Time limits.** The appropriations contained in this act are intended to provide only necessary and ordinary expenditures for the year for which the appropriations are made. The unspent balance of any appropriation must revert to the fund from which it was appropriated unless the appropriation is continued by this act.

Section 2. **Governor's power to reduce appropriations.** In the event of a shortfall in revenue, the governor may reduce any appropriation in this act by not more than 15%.

Section 3. **Totals not appropriations.** The totals shown in this act are for informational purposes only and are not appropriations.

Section 4. **Appropriations.** The following money is appropriated, subject to the terms and conditions of this act:

### Agency and Program

<u>FY</u>	<u>Amount</u>	<u>Fund</u>
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### DEPARTMENT OF STATE LANDS

Forestry	1989	\$12,639,542	General Fund
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42

EXHIBIT 2  
DATE 4-3-91  
SB 215

TESTIMONY  
MARY D. MUNGER, CHAIRMAN  
MONTANA HEALTH FACILITY AUTHORITY  
April 4, 1991

Mr. Chairman, members of the Committee I am Mary D. Munger, Chairman of the seven member board which constitutes the Montana Health Facility Authority. I want to encourage your support of Senate Bill 215 which would assist the Authority in carrying out its mission of trying to contain health care costs by the issuance of low cost tax exempt and taxable revenue bonds.

As you may know the Authority was established in 1983. The seven board members are appointed by the Governor for four year terms and have the authority to issue bonds and lend the bond proceeds to non profit (501 (c) (3) health care facilities. The Authority can lend money to finance new building construction, the acquisition or renovation of buildings and equipment. It does not finance operating expenses.

The Authority meets its administrative costs through the collection of fees both at the time of financing and in some cases annually for the term of the debt.

Through December 1990 the Authority has loaned bond proceeds to 47 separate borrowers through 61 loans without any defaults. Borrowing rates are usually two to six percent below alternative taxable borrowing rates. The Authority has been able to help facilities access otherwise unattainable tax exempt municipal markets and the commensurate low interest rates.

Staff of the Authority also provide objective financial assistance to health facility managers who are formulating capital plans.

The major concern of the Authority in lending bond proceeds is the ability of the facility to repay the loan. Loans are secured by the revenues of the facility, a mortgage on the facility and the debt reserve fund established within the bond documents from bond proceeds and finally, a letter of credit or bond insurance. The capital reserve fund, which would be authorized by S.B. 215 would be used instead of a letter of credit or bond insurance in case of a default as the fourth step. With such an account in place the Authority will be in a better position to issue bonds for facilities which have difficulty or are unable to get letters of credit or bond insurance such as the community providers who contract with the state. In other words the capital reserve account would be analogous to a letter of credit or bond insurance and, hopefully, will not be used.



McLaughlin  
Research

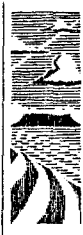


EXHIBIT 3  
DATE 4-3-91  
HB 58242  
Institute  
for  
Biomedical Sciences

2 April, 1991

Scientific Advisory  
Committee

Honorable Chairman and Members of the  
Montana House Appropriations Committee

Dear Representatives:

I regret that I am unable to personally present my support for passage of Senate Bills 242 and 105, but I will be participating in the annual meeting of our prion research group in San Francisco.

Senate Bill 105 would change the matching requirement for funds appropriated in the previous legislative session to provide a \$2 million state match to our \$5 million federal grant. Use of the \$750,000 that has already been appropriated for this project will allow two laboratories to be completely finished, rather than shelled, allowing a staff of five to seven scientists to occupy the newly completed building. The state appropriation of \$2 million was a significant factor in the decision of Congress to appropriate \$5 million to MRI. The overwhelming vote in both the state House and Senate was a very positive factor in emphasizing to the federal legislators the commitment that our state has towards biomedical research.

We are now recruiting new scientists to join us in Great Falls. We have been inundated with applications and have identified some outstanding investigators who would like to move their research programs to Montana. A significant factor in their decision will be the state's support of research and biotechnology; the candidates who have already visited the Institute have been very impressed with local and state involvement.

Senate Bill 242 is for support of the Montana Science and Technology Alliance, which has had a major impact in the development of the biotechnology industry in the state. We fully support the MSTTA and this bill, including its provision to provide matching loans for federal or private biomedical research support. I believe that the state's tangible support for research and biotechnology will more than repay the investment in the form of jobs for our talented young people and the growth of a new, non-exploitive industry.

Thank you for your consideration.

Sincerely,

  
George A. Carlson, Ph.D.  
Scientific Director

# HOUSE OF REPRESENTATIVES

## APPROPRIATIONS

ROLL CALL VOTE

TIME

DATE 4-3-91 BILL NO. \_\_\_\_\_ NUMBER 1

MOTION: Thopt motion to send  
105 &

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY		✓	
REP. JOHN COBB	✓		
REP. DOROTHY CODY		✓	
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY	✓		
REP. LARRY GRINDE	✓		
REP. JOHN JOHNSON		✓	
REP. MIKE KADAS		✓	
REP. BERV KIMBERLEY		✓	
REP. WM. "RED" MENAHAN		✓	
REP. JERRY NISBET		✓	
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI		✓	
REP. CHUCK SWYSGOOD	✓		
REP. BOB THOFT	✓		
REP. TOM ZOOK	✓		
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	10	8	

## HOUSE OF REPRESENTATIVES

## VISITOR'S REGISTER

1 of 1

Appropriation COMMITTEE BILL NO. \_\_\_\_\_  
 DATE 4-3-91 SPONSOR(S) \_\_\_\_\_

PLEASE PRINT

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PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
<i>Jim Bangrow</i>	<i>AERO</i>	<i>SB 123</i>		✓
<i>Chuck Brooke</i>	<i>Dept of Commerce</i>	<i>SB 242</i>		✓
<i>Carl Russell</i>	<i>" " - MSTA</i>	<i>SB 242</i>		✓
<i>Cris Valukaty</i>	<i>DD</i>	<i>SB 215</i>		
<i>Ree Walker</i>	<i>of Franklin Research Inst</i>	<i>SB 105</i>		✓
<i>Larry Fashbender</i>	<i>Cascade County</i>	<i>SB 105</i>		✓
<i>Ardi Fikri</i>	<i>Great Falls</i>	<i>SB 105</i>		✓
<i>Pat Galvin</i>	<i>House Dist 40</i>	<i>SB 105</i>		✓
<i>Pat Winkler</i>	<i>Democracy Research Inst</i>	<i>SB 242</i>		✓
<i>Sue Wasson</i>	<i>Hamilton High School</i>			
<i>Mary Kay Jacobson</i>	<i>Hamilton High School</i>			
<i>Sam Hubbard</i>	<i>Democracy Research Inst</i>	<i>SB 105</i>		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.