

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION**

**Call to Order:** By REP. MARY LOU PETERSON, CHAIRMAN, on January 18, 1993, at 9:00 AM.

#### **ROLL CALL**

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

Rep. Mary Lou Peterson, Chair (R)  
Sen. Harry Fritz, Vice Chair (D)  
Rep. Marjorie Fisher (R)  
Sen. Gary Forrester (D)  
Rep. Joe Quillici (D)  
Sen. Larry Tveit (R)

**Members Excused:** None

**Members Absent:** None

**Staff Present:** Jon Moe, Legislative Fiscal Analyst  
Terri Perrigo, Legislative Fiscal Analyst  
Clayton Schenck, Legislative Fiscal Analyst  
Dan Gengler, Office of Budget & Program Planning  
John Patrick, Office of Budget & Program Planning  
Elaine Benedict, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: SUPPLEMENTALS  
Executive Action: SUPPLEMENTALS

#### **HEARING ON SUPPLEMENTALS**

**Tape No. 1:A:000**

##### **Informational Testimony:**

**Mr. Clayton Schenck, Legislative Fiscal Analyst,** reviewed the presentation of supplementals in the Fiscal Budget Analysis. **EXHIBIT 1.** He distributed a summary of the supplementals (with the most recent changes) to be considered by the subcommittee, **EXHIBIT 2,** and a copy of House Bill 3, **EXHIBIT 3;** an LFA summary of the agency supplementals, **EXHIBIT 4;** and copies of letters, submitted by the agencies in response to **REP. TOM ZOOK'S (DISTRICT 25)** request for information on supplementals, impacts, etc., **EXHIBITS 5, 6 and 7.**

**RISK MANAGEMENT & TORT DEFENSE**

**Tape No. 1:A**

**Informational Testimony:**

**Mr. Jon Moe, Legislative Fiscal Analyst,** presented an overview for the supplemental request of the Risk Management and Tort Defense Division. **EXHIBITS 2, 4 and 5**

**Mr. Brett Dahl, Administrator, Risk Management and Tort Defense,** stated that the request is not for increased funding or appropriation, but rather is for authority to expend funding from the self insurance program. Any money not spent would remain in the fund. The authority is necessary due to an increase in the number of law suits being defended by the division and for the ability to contract legal services for these suits.

**Questions, Responses and Discussion:**

**SEN. HARRY FRITZ** asked the source of the proprietary funds. **Mr. Dahl** answered that the funding is derived from premium assessments to state agencies. The state of Montana self-insures its tort liability coverages because commercial insurance is not available.

**SEN. FRITZ** assessed that the funding comes from the budgets of other agencies. **Mr. Dahl** responded that this is true.

**REP. JOE QUILICI** asked how many people are employed by the division. **Mr. Dahl** answered that there are currently three attorneys and two paralegal secretaries.

**REP. MARJORIE FISHER** asked **Mr. Dahl** to briefly explain the major law suits being defended by the division. **Mr. Dahl** answered that the first case concerns the Hatch family's collision with a snow plow near Seeley Lake, in which the father and two children were killed and several children injured. The family is requesting millions of dollars in damages and it will be necessary for the division to contract experts in the situation. The second involves a **Mr. George** falling asleep while driving and striking the median. He is suing for more than the division's estimated value of the case, which is why the division is willing to take the case to court. The third involves two youths digging in a Department of Transportation gravel pit (with the knowledge of their parents). The pit caved in, injuring the youths. The families are claiming negligence on the part of the department. The fourth case involves the Baeder family suing Montana State University for negligence in the shooting death of their son by another student. The case has not yet gone to trial, however the division is preparing defense for the case.

**CHAIRMAN MARY LOU PETERSON** asked why the request was not included in HB 3. **Mr. Dahl** answered that the division has not historically sought legislative approval for the statutory

provision for contracted legal services.

**Mr. Schenck** asked if the request has any impact on the fee structure built into the 1994-95 biennium. **Mr. Dahl** answered that it does not.

**CHAIRMAN PETERSON** asked what the consequences would be if the division were not granted the authority to expend the \$450,000. **Mr. Dahl** answered that the division may be rendered unable to defend the state agencies.

#### JUDICIARY

Tape No. 1:A:445

**Mr. Jim Oppedahl, Administrator, Supreme Court**, withdrew the supplemental originally requested by the agency.

#### GOVERNOR'S OFFICE

Tape No. 1:A:450

#### Informational Testimony:

**Mr. Schenck** presented an overview of the supplemental request of the agency. EXHIBITS 2 and 5

**Ms. Mary Jo Murray, Administrator, Central Services**, distributed a summary of the agency's supplemental request. EXHIBIT 8. She stated that the current administration has no control over leave payment established under the previous administration. Because of vacancy savings and other reductions made during the special session, the agency is unable to absorb the cost of termination pay without serious impact to the staffing level of the current administration.

#### Questions, Responses and Discussion:

**REP. QUILICI** concurred with this. The January Special Session made a \$95,993 reduction in the executive budget. The July special session reduced the budget by an additional \$90,493. The executive budget is not a large budget, even without the reduction.

**CHAIRMAN PETERSON** asked if any other means have ever been taken, such as a line-item, to resolve the issue of termination pay. **Ms. Murray** answered that it is not in the Budget Office policy to budget for termination pay.

#### STATE AUDITOR

Tape No. 1:A:595

#### Informational Testimony:

**Mr. Schenck** reviewed the supplemental requests of the agency. The first request concerns warrant writing. EXHIBITS 2, 3, and 5.

The funding for this is included in the 1994-95 current level.

**Mr. Mark O'Keefe, State Auditor,** explained that the agency is required by statute to mail warrants.

**Mr. Schenck** reviewed the additional supplemental requests.  
**EXHIBITS 2, 4 and 5.**

**Mr. O'Keefe** distributed a summary of the agency's supplemental requests. **EXHIBIT 9.** He explained that the previous Auditor had several suits filed against her which the Tort Defense Division chose not to defend. She then hired her own attorney. If the supplemental for this is not provided, the funding for the defense will need to be taken from personal services, an already low budget.

**Questions, Responses and Discussion:**

**REP. QUILICI** asked if any other cases are pending. **Mr. O'Keefe** answered that there are none yet, but the possibility exists that more will surface.

**SEN. GARY FORRESTER** asked how the Tort Defense Division determined which cases it would choose to defend. **Mr. O'Keefe** surmised that cases were accepted on merit and the ability of the Division to win the case.

**Mr. O'Keefe** stated that if the supplemental were not granted, the agency would have to cease duties by April, continue with a skeleton staff of 82%.

**DEPARTMENT OF JUSTICE**

**Tape No. 1:A:1260**

**Informational Testimony:**

**Mr. Schenck** reviewed the supplemental requests for the agency.  
**EXHIBITS 2, 4 and 6**

**Ms. JanDee May, Administrator, Central Services,** addressed the supplemental request for County Attorney Payroll. The Department of Justice administers the statute that half of the County Attorneys' salaries be paid from the general fund. Counties with a population over 33,000 automatically hire a full-time attorney. The remaining have the option of hiring a part-time or full-time attorney. In FY92, four counties opted to hire full-time, rather than part-time attorneys. Cost of living increases have also contributed to the increased need for a supplemental. The Department of Justice is required to fund this.

**Questions, Responses and Discussion:**

**SEN. FRITZ** asked if any restraint is placed on county governments

concerning increase of pay. **Ms. May** answered that the counties must maintain a base salary, but that it is within the counties' discretion to utilize the cost of living index. **Mr. Schenck** responded that two thirds of the counties opted to increase salaries in accordance with the index.

**CHAIRMAN PETERSON** asked if counties ever opt to change from a full-time to a part-time attorney. **Ms. May** answered that in 1989, Roosevelt County chose this option and that Golden Valley and Musselshell Counties have consolidated the position.

**Informational Testimony:**

**Ms. May** addressed the issue of transportation of prisoners. She explained that the Attorney General is responsible for reimbursing all mileage to sheriffs for the delivery of prisoners and mentally ill persons to the Montana Detention Center and state mental health facilities. The expense for extraditions has increased because, at times, immediate extradition by airplane is required, causing the agency to have to pay maximum flight costs. Also, airlines require guards for those being extradited. The high expense of out of state per diem and the increase in crime rate are also factors in rising costs. **Ms. May** believes the new governor will be helpful in decreasing the number of accepted extraditions.

**Questions, Responses and Discussion:**

**REP. QUILICI** asked if, in accordance with the special session request, the agency has investigated cost-reducing measures for the program. **Ms. May** answered that a relay system has developed for in-state transfers of prisoners. **Mr. Mick Robinson, former Director of the Department of Justice**, explained that the program received little cooperation from the former Governor's Office for implementing out-of-state cost savings plans.

**CHAIRMAN PETERSON** asked if we have a 100% rate of extraditing prisoners. **Mr. Robinson** answered that the rate is not 100% and that a review is necessary regarding types of crimes for which individuals are extradited so that there is not an excessive amount spent for extraditing individuals who have committed minor crimes.

**SEN. FRITZ** asked if counties sometimes would approve extradition requests and then forward the bill. **Mr. Robinson** explained that, technically approval by the Governor's Office is required, however, sometimes counties have extradited a prisoner and then sent the request to the Governor's Office, and have received approval.

**Informational Testimony:**

**Colonel Bob Griffith, Montana Highway Patrol**, addressed the issue of prisoner costs. **EXHIBIT 10**. He stated that excess costs are

partially due to medical expenses of prisoners. Also, guards are required for prisoners who are patients in hospitals. The fact that more prisoners are serving the entire length of sentences also has caused increased cost. He projected that even with the supplemental, the program will be \$156,000 short.

**Discussion:**

**CHAIRMAN PETERSON, SEN. LARRY TVEIT and REP. QUILICI** concurred that laws concerning state responsibility for medical bills of prisoners should be examined and legislation proposed to assure taxpayers are not required to pay the medical expenses for felons who take advantage of the system.

**Mr. Carl Schweitzer, Montana Contractor's Association,** expressed concern that highway dollars are being used to finance prisoners and medical bills, therefore violating the Constitution.

**REP. QUILICI** responded that if highway dollars are not used, the money will have to come from the general fund and, therefore, the taxpayers.

**Col. Griffith** stated that if the medical needs of the prisoners are not tended to, the program is vulnerable to law suits.

**Questions, Responses and Discussion:**

**SEN. FRITZ** asked if medical costs could be recovered from the individuals receiving the treatment. **Col. Griffith** answered that this is possible if the individuals in question possess assets, but that most don't.

**DEPARTMENT OF TRANSPORTATION**

**Tape No. 1:B:925**

**Informational Testimony:**

**Mr. Schenck** reviewed the supplemental requested by the agency.  
**EXHIBITS 2, 4 and 5**

**Mr. Bruce Barrett, Maintenance and Equipment Bureau,** distributed information concerning the department's motor pool. **EXHIBIT 11.** He stated that, due to high rate of use of the Motor Pool in Fiscal Year 1992 and the loss of spending authority to purchase vehicles in Fiscal Year 1993, the agency must purchase, by the end of this fiscal year, 53 units to maintain the fleet at 197 vehicles. The agency is faced with the task of balancing the desires of the auditors, who believe the fleet is too large, and the desires of the consumers, who believe the fleet is too small. The agency has complied with legislative audit recommendations and reduced the fleet by 28 units. Studies conducted by the department indicated that privatization of the motor pool, commercial rental, and/or payment of mileage for use of a private vehicle exceed motor pool rates. Approximately 68% of motor pool

use is by agencies other than the Department of Transportation, so increase in travel costs would be assumed primarily by those agencies. Therefore, approval of the supplemental would save money in the general fund in instances where travel is charged against this fund.

The request for a supplemental appropriation can be reduced by \$36,987, for a total of \$556,513, based on actual bid prices of vehicles. The agency is seeking spending authority to purchase the vehicles.

**Mr. Dan Gengler, Office of Budget and Program Planning**, stated that he feels the department's request is consistent with the action of the special session. Also, other agencies are increasingly turning to the motor pool for travel needs and that this is a cost savings to those agencies.

**Questions, Responses and Discussion:**

**REP. FISHER** asked what kinds of vehicles comprise the fleet. **Mr. Barrett** answered that there are approximately 130 mid-size cars, six pick-ups and 20 passenger vans. There are several sub-compact cars which the consumers are reluctant to use and those will not be replaced. All the vehicles are commercial.

**REP. FISHER** asked if the department can pay mileage for an individual to use his/her private vehicle. **Mr. Barrett** answered that this can be done. Current reimbursement rate is 28 cents/mile and current motor pool cost for a mid-size car is 22 cents/mile, including all costs in the division.

**REP. FISHER** asked if the division accrues depreciation value for cars that remain in the lot. **Mr. Barrett** replied that most vehicles do not remain in the lot and that those that do, do so for good reasons. **EXHIBIT 11**

**REP. FISHER** believes that if agencies were required to expend their own money, travel would decrease and other means would be found to conduct necessary business.

**SEN. FORRESTER** asked why the agencies do not stipulate use of sub-compact cars for individuals traveling alone. **Mr. Barrett** answered that the cost advantage of sub-compact cars is not significant enough to warrant requiring its use.

**SEN. FRITZ** asked **Mr. Barrett** to surmise the reason for the dramatic increase in miles traveled. **Mr. Barrett** responded that due to reductions in staffs of state agencies, more travel is necessary to assure that all necessary areas and various programs are covered.

**SEN. FRITZ** asked if the state motor pool is separate from the university system motor pools. **Mr. Barrett** answered that the two are separate.

**Mr. Barrett** stated that 70 vehicles within the fleet are on lease to agencies and that the division has received requests from agencies for doubling of the fleet.

**SEN. TVEIT** asked the average age and yearly mileage of a unit within the fleet. **Mr. Barrett** answered that the age is approximately two and one half years and that the average mileage ranges from 29,000 miles/yr. to 32,000 miles/yr.

**DEPARTMENT OF REVENUE**

**Tape No. 2:A:275**

**Informational Testimony:**

**Mr. Moe** reviewed the supplemental requested by the department. **EXHIBITS 2, 4 and 5.** He stated that not approving the supplemental could result in a significant number of layoffs in the department.

**Mr. Mick Robinson, Director, Department of Revenue,** stated that the department is facing a three-year reappraisal cycle with a reduced staff load and reduced operating expenses. Also, the supplemental involving the appropriation transfer was approved by the Budget Office and the Legislative Finance Committee and should have been included in a supplemental bill during the special session.

**Questions, Responses and Discussion:**

**REP. QUILICI** asked why the division purchased the BEVS system when the CAMAS system is already in place.

**Mr. Ken Morrison, Administrator, Property Assessment,** answered that the CAMAS system does not aid in valuing personal property and the BEVS system provides uniformity in the valuation process. The state does incur some interfacing cost to access county data and make changes in the county computer system.

**REP. QUILICI** asked why the BEVS system was not requested in the last session. **Mr. Morrison** responded that, at the time, the system appeared to be too expensive. Since then the division has developed internally a less expensive system.

**SEN. TVEIT** asked if the proposal had been brought before the Legislative Finance Committee. **Mr. Robinson** answered that it was not, that it was based on an internal management decision and that legislation during this session is leaning toward granting agencies flexibility in such matters.

**SEN. TVEIT** stated that the proposal, being as large as it is, should have at least been reviewed by the Committee, if not approved by it. **Mr. Robinson** answered that some of the equipment purchased, such as personal computers, was necessary at the county level for other purposes. The cost of the software was



approximately \$7,000, considerably lower in comparison to the CAMAS system software.

**SEN. FORRESTER** stated that he believes the agencies already have a great deal of flexibility. **Mr. Robinson** responded that the agencies have less flexibility than private businesses. There is latitude within particular areas in the agencies, (but not between the areas) and the initiative taken by the Department of Revenue will provide significant state-wide savings. He stated that the current budgeting system does not provide incentive for agencies to save money.

**Mr. Gengler** stated that the Office of Budget and Program Planning was not aware of this supplemental at the time of the last regular legislative session. However, for the January 1992 Special Session, the OBPP did include a \$750,000 anticipated supplemental for the Department of Revenue.

**Mr. Robinson** stated, with regard to the Income Tax supplemental, that the special session was made aware of the staff reductions that would be necessary due to the legislative action.

#### STATE FUND

Tape No. 2:A:1110

#### Informational Testimony:

**Mr. Moe** presented an overview of the supplemental request of the agency. EXHIBITS 2, 4 and 5

**Mr. Gengler** stated that the OBPP supports the State Fund request at \$32.4 million.

**Mr. Patrick Sweeny, Administrator, State Fund,** stated that benefit payments are made from a proprietary fund and are paid according to statute. This is the first biennium in which benefits are subject to appropriation. If the supplemental is not granted, the payment of benefits will have to cease until the next fiscal year. No statutory authority exists to delay the payments; this could result in legal action being brought against the State Fund. Any excess appropriation would revert.

#### Questions, Responses and Discussion:

**REP. QUILICI** asked how the claiming of stress as a disability came to be allowed. **Mr. Sweeny** answered that the 1987 Legislature eliminated this as a claim, however, the case was taken to the Supreme Court, which upheld the ruling to allow stress to be claimed. **REP. QUILICI** believes that stress should not be allowed as a disability.

**SEN. TVEIT** stated that this issue is one reason the State Fund should be privatized.

SEN. FORRESTER asked what percentage of the supplemental would go to benefits. Mr. Sweeny answered that the entire amount would go to this.

SEN. FORRESTER asked how the agency determines and funds administrative costs. Mr. Sweeny answered that administrative cost is set by the Legislature. Costs are figured as a percentage of earned premiums--approximately 10%, the lowest administration cost of any State Fund or insurance company in the nation.

SEN. FORRESTER asked if legal fees are included as part of benefits for an individual claimant. Mr. Sweeny answered that they are not.

#### MILITARY AFFAIRS

Tape No. 2:B:330

#### Informational Testimony:

Mr. Moe reviewed the supplemental request of the agency.  
EXHIBITS 2, 4 and 7

Mr. Doug Booker, Administrator, Centralized Services, stated that a portion of the legal fee request is due to a wrongful discharge suit filed against the agency. The agency believes that there is adequate documentation to win the case.

#### Discussion:

REP. FISHER believes the person losing a case such as this should be required to pay the state's cost.

#### Informational Testimony:

Mr. Booker stated that the agency is facing three separate law suits concerning fire fighters at the Montana Air National Guard. One has been found against the state and the agency will return at a later time to request a supplemental for the amount of legal costs once the amount of damages has been determined by the lawyer. The other two suits involve fire fighters challenging a mandate that fire fighters belong to the Air National Guard. The agency reduced the supplemental request by \$10,352.

#### EXECUTIVE ACTION ON SUPPLEMENTALS

Tape No. 2:B:555

#### GOVERNOR'S OFFICE

Motion/Vote: REP. QUILICI moved to accept \$71,046 and \$11,180 in Federal funds for the supplemental, stating that the Legislature previously reduced approximately \$300,000 from the agency's budget and that the agency would not be able to function without

the supplemental. THE MOTION CARRIED with SEN. FORRESTER opposing.

STATE AUDITOR

Tape No. 2:B:645

BUDGET ITEM TERMINATION PAY:

Motion: REP. QUILICI moved to accept the supplemental for termination pay at \$34,672.

SEN. TVEIT supported this motion.

Vote: THE MOTION PASSED UNANIMOUSLY.

Questions, Responses and Discussion:

REP. FISHER asked if the State Payroll Division ever examined the possibility of cost savings if pay checks were mailed monthly rather than bi-monthly. Mr. Tom Crosser, Deputy Auditor for Fiscal Control, answered that this has not been examined but that a large portion of the cost is for the information system used by the division.

BUDGET ITEMS WARRANT WRITING/STATE PAYROLL:

Motion: SEN. FRITZ moved to accept the Warrant Writing and State Payroll supplemental requests. However, he does believe cost saving measures need to be implemented in the area of payroll.

Discussion:

REP. QUILICI stated that rebate and other types of checks to be mailed are also responsible for this increased cost.

Vote: THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM LAW SUIT SETTLEMENT:

Motion: SEN. FRITZ moved to accept the supplemental request for \$34,672 for the lawsuit settlement for personal services, stating that the current auditor should not be held responsible for actions of the previous auditor.

Discussion:

SEN. TVEIT supported the motion, stating that the expenditure could prevent considerable money in the future.

Vote: THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM PERSONAL SERVICES SHORTFALL :

Motion/Vote: SEN. FRITZ moved to accept the request for \$40,712

for the personal services shortfall. THE MOTION CARRIED UNANIMOUSLY.

DEPARTMENT OF JUSTICE

Tape No. 2:B:1007

BUDGET ITEM COUNTY ATTORNEY PAYROLL:

Questions, Responses and Discussion:

REP. FISHER asked how counties are able to charge the state for hiring of county attorneys. Ms. JanDee May, answered that Statute 7-4-2503, Sect. 38, provides that the state pay half the cost.

Motion/Vote: SEN. FRITZ moved to accept the request. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM TRANSPORTATION OF PRISONERS:

Motion/Vote: SEN. FRITZ moved to accept the supplemental request. However, he does believe that costs can be decreased in this area. THE MOTION CARRIED with SEN. FORRESTER and REP. FISHER opposing.

Discussion:

Mr. John Patrick, Office of Budget and Program Planning, stated that the Executive Office supports the supplementals for highway patrol retirement. They are included in HB 3 and in the executive summary of Governor's Racicot's budget.

BUDGET ITEM HIGHWAY PATROL RETIREMENT:

Motion: REP. QUILICI moved to accept the request.

Questions, Responses and Discussion:

REP. FISHER asked how the division came to require such a large amount of funding. Mr. Patrick answered that HB 77 increased the state contribution but did not sufficiently fund the increase.

Vote: THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM HIGHWAY PATROL PRISONER COSTS:

Discussion:

SEN. TVEIT, REP. FISHER, and CHAIRMAN PETERSON expressed concern that people take advantage of the medical assistance in the highway patrol prisoner costs and recommended legislation to counteract this.

SEN. FRITZ and SEN. FORRESTER stated that the payment is court

ordered and that if the Highway Patrol does not pay the costs that medicare and welfare will have to assume them.

**Motion/Vote:** SEN. FRITZ moved to accept the request for highway patrol prisoner costs. THE MOTION FAILED with REP. FISHER, SEN. TVEIT and CHAIRMAN PETERSON opposing. REP. QUILICI was not present for the vote.

DEPARTMENT OF TRANSPORTATION

Tape No. 3:A:307

**BUDGET ITEM MOTOR POOL:**

**Motion:** SEN. FRITZ moved to accept the department's supplemental request for the motor pool.

**Motion:** REP. FISHER amended the motion and moved to disband the motor pool and require that each agency be responsible for its own travel. She asked if the Motor Pool receives income for cars that remain idle. Mr. Barrett, answered that the it did not.

**Discussion:**

REP. QUILICI stated that, for safety reasons, he feels the motor pool should exist.

**Motion:** REP. QUILICI made a substitute motion to provide funding for 26, rather than 53 vehicles.

**Vote:** REP. QUILICI'S MOTION FAILED with SEN. FRITZ, SEN. TVEIT and REP. FISHER opposing.

**Vote:** REP. FISHER'S MOTION FAILED with SEN. TVEIT, REP. QUILICI, SEN. FORRESTER, and SEN. TVEIT opposing.

**Vote:** SEN. FRITZ'S MOTION FAILED with REP. QUILICI, SEN. FORRESTER, REP. FISHER, SEN. TVEIT and CHAIRMAN PETERSON opposing.

ADJOURNMENT

Adjournment: 12:20 PM

  
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REP. MARY LOU PETERSON, Chair

  
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ELAINE BENEDICT, Secretary

MLP/EB

# HOUSE OF REPRESENTATIVES

Gen. Gov. & Hwys.

SUB-COMMITTEE

ROLL CALL

DATE

1/18/93

NAME	PRESENT	ABSENT	EXCUSED
Rep. Mary Lou Peterson Chair	X		
Sen. Harry Fritz Vice Chair	X		
Rep. Marjorie Fisher	X		
Sen. Gary Forrester	X		
Rep. Joe Quilici	X		
Sen. Larry Tveit	X	X	

## SUPPLEMENTAL REQUESTS

## Additional Supplementals

The Executive Budget includes \$67.5 million in additional supplemental requests for the 1993 biennium. Of this amount, \$22.3 million is from the general fund. Total supplementals requested for the 1993 biennium are \$126.7 million. This total includes the \$59.2 million (\$52.6 million general fund) that has already been approved by the legislature. During the January 1992 special session, the legislature funded \$50.3 million (\$43.7 million general fund) in supplementals, at the request of the executive. During the July 1992 special session, an additional \$8.9 million of

general fund was appropriated, including \$7.9 million to the school equalization account (SEA) and \$1.0 million to the Department of State Lands for fire suppression costs.

As discussed below, several of the additional supplementals requested in the Executive Budget presented to the 1993 Legislature reverse budget reductions imposed by the legislature during the January and July special sessions.

Table 1 shows the general fund supplemental appropriations approved in each special session and the additional general fund supplementals requested in the Executive Budget.

Table 1  
General Fund Supplementals  
1993 Biennium

Agency	1/92 Special Session	7/92 Special Session	Additional Requested	Total
Social & Rehab. Services	\$9,599,776		\$11,417,590	\$20,977,366
Family Services	2,202,939		3,239,078	5,442,017
Corrections & Human Services	1,919,403		3,570,238	5,489,641
State Lands	5,573,650	\$1,000,000	1,303,097	7,876,747
Public Instruction				
SEA Revenue Shortfall	24,130,000	2,520,000		26,650,000
SEA ANB increase		5,350,000		5,350,000
State Auditor			155,000	155,000
Governor's Office	15,620			15,620
Justice			1,284,500	1,284,500
Board of Public Education			40,813	40,813
Historical Society	32,402			32,402
Revenue	216,077		929,217	1,145,294
Judiciary			37,712	37,712
Military Affairs			24,152	24,152
Health & Environ. Sciences			145,962	145,962
Livestock			105,512	105,512
Commissioner of Higher Ed			11,617	11,617
School for the Deaf & Blind			65,443	65,443
Total	\$43,689,867	\$8,870,000	\$22,329,931	\$74,889,800



## SUPPLEMENTAL REQUESTS

As Table 1 shows, \$26.7 million of the supplemental for the SEA is due to revenue shortfalls. This portion of the supplemental did not fund increased expenditures; it ensured sufficient revenue in the SEA to fund the foundation program at the level appropriated by the 1991 legislature. The remainder of the supplemental to the SEA was used to fund increased expenditures due to higher-than-anticipated enrollments in Montana public schools.

Total general fund supplementals for the 1993 biennium are much higher than historical levels. When the supplemental due to SEA revenue shortfalls is removed, supplementals for increased expenditures total \$48.2 million. As Table 2 shows, this is nearly double the amount of general fund supplementals in previous biennia.

Table 2  
General Fund Supplementals for  
Increased Expenditures

<u>Biennia</u>	<u>Millions</u>
1987	\$25.8
1989	17.1
1991	19.8
1993	48.2

Table 3 shows the additional supplemental requested in the Executive Budget by agency and fund type. Detail on these supplementals is provided in the agency narratives in sections A-E.

Table 3  
Additional FY 1993 Supplementals Included in Executive Budget

<u>Agency</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Agency Total</u>
Judiciary			\$37,712
Law Library	\$37,712		
State Auditor			155,000
Warrant Writing System	155,000		
Justice			1,947,500
Legal Services	1,099,500		
County Attorney Payroll	35,000		
Transportation of Prisoners	150,000		
Highway Patrol		\$663,000	
Transportation			593,500
Motor Pool		593,500	
Revenue			929,217
Property Assessment	910,000		
Income Tax	19,217		
State Fund		18,741,000	18,741,000
Military Affairs			24,152
Disaster and Emergency Services	8,000		
Air National Guard	14,352		
Veterans' Affairs Division	1,800		
Total - Section A	\$2,430,581	\$19,997,500	\$22,428,081

<sup>1</sup> Due to higher-than-anticipated SEA revenues in fiscal 1993, approximately \$18.5 million of this supplemental will not be needed and will be returned to the general fund.

## SUPPLEMENTAL REQUESTS

<u>Agency</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Agency Total</u>
Health and Environmental Sciences			\$145,962
Water Quality Bureau	\$145,962		
Labor and Industry			125,000
Employment Relations		\$125,000	
Social and Rehabilitation Services			36,321,267
Family Assistance	1,522,380		
Support Services	77,279	1,239,617	
Medical Services	9,571,712	23,290,558	
Management, Analysis, and Systems	175,000	325,000	
Vocational Rehabilitation	71,219	71,219	
Family Services			3,239,078
Juvenile Corrections	204,244		
Community and Protective Services	3,034,834		
Total - Section B	\$14,802,630	\$25,028,677	\$39,831,307
Fish, Wildlife, and Parks			\$64,000
Enforcement		\$64,000	
State Lands			1,303,097
Forestry	\$1,303,097		
Livestock			211,024
Meat and Poultry Inspection	105,512	105,512	
Total - Section C	\$1,408,609	\$169,512	\$1,578,121
Corrections and Human Services			\$3,570,238
Corrections and Others	3,570,238		
Total - Section D	\$3,570,238	\$0	\$3,570,238
Board of Public Education			\$40,813
Administration	\$40,813		
Commissioner of Higher Education			11,617
Student Assistance	11,617		
School for the Deaf & Blind			65,443
Education	52,400		
General Services	13,043		
Total - Section E	\$117,873	\$0	\$117,873
TOTAL SUPPLEMENTALS	\$22,329,931	\$45,195,689	\$67,525,620

SUPPLEMENTAL REQUESTS ~~HB~~Reverse Legislative Budget  
Reductions

Three of the additional supplementals requested in the Executive Budget reverse budget reductions imposed by the legislature during the January and July 1992 special sessions:

1) Department of Justice. During the January special session, the Executive Budget recommended and the legislature approved a \$50,000 per year reduction in the Extradition and Transportation of Prisoners program. The executive stated that "lower cost options implemented by the Governor's Office and the department for the extradition of prisoners to Montana and department coordination of cost reduction measures will reduce travel and transportation expenses". These cost reductions did not occur. In fiscal 1992, cost overruns required a transfer of \$65,000 from the program's fiscal 1993 appropriation. The Executive Budget includes a \$150,000 general fund supplemental request for fiscal 1993.

During the January special session, the Executive Budget recommended and the legislature approved a \$46,240 reduction in the general fund appropriation for additional funds for the highway patrol retirement system (House Bill 77). The Executive Budget includes a supplemental request for \$280,000 in highway special revenue funds to

cover the general fund reduction and other funding shortfalls in the retirement system.

2) Department of Transportation. During the July special session, the legislature reduced the Motor Pool's proprietary fund appropriation \$218,000, the amount budgeted for equipment (including 18 new vehicles). This action was based upon a Legislative Audit finding that the motor pool fleet was larger than needed and could be reduced by 30 vehicles. The legislature directed that \$218,000 be transferred from the proprietary account to the general fund. The Executive Budget requests a supplemental \$593,000 proprietary funds to replace 53 vehicles in the Motor Pool in fiscal 1993, citing increased agency demand for rental vehicles.

3) Commissioner of Higher Education (CHE) During the July special session, the legislature reduced the WICHE appropriation by \$14,351 which was the estimated amount that would not be needed based on anticipated student enrollment. The Executive Budget includes a general fund supplemental request for \$11,617 for the WICHE program because a student who was eligible for assistance in fiscal 1992 but was not enrolled is now enrolled for fiscal 1993. The requested supplemental represents only 0.7 percent of CHE's fiscal 1992 appropriation (excluding student assistance and community college assistance).

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EXHIBIT 2  
DATE 1/18/93

**SUPPLEMENTALS – FISCAL 1993  
HOUSE BILL 3  
GENERAL GOVERNMENT AND TRANSPORTATION**

<u>Agency/Supplemental</u>	<u>Funding</u>	<u>HB 3 Amount</u>	<u>Requested Amendment:</u>	<u>Total</u>	<u>S/C Action</u>
<u>JUDICIARY</u>					
1) Law Library – Legal Databases	Gen Fund	\$37,712	(\$37,712)	\$0	
<u>GOVERNOR'S OFFICE</u>					
2) Termination Pay – Personal Staff	Gen Fund	0	71,046	\$71,046	
	Federal	0	11,180	\$11,180	
<u>STATE AUDITOR'S OFFICE</u>					
3) Warrant Writing System – Postage	Gen Fund	155,000		155,000	
4) State Payroll – Data Processing	Gen Fund	0	45,620	45,620	
5) Judgments – Personal Services	Gen Fund	0	61,250	61,250	
6) Termination Pay – Personal Staff	Gen Fund	0	34,672	34,672	
7) Personal Services Shortfall	Gen Fund	0	40,712	40,712	
<u>JUSTICE*</u>					
8) County Attorney Payroll	Gen Fund	35,000		35,000	
9) Transportation of Prisoners	Gen Fund	150,000		150,000	
10) Highway Patrol – Retirement	State Spec.	280,000	↔ 100,000	380,000	
11) Highway Patrol – Prisoner Costs	State Spec.	383,000		383,000	
<u>TRANSPORTATION</u>					
12) Motor Pool – Vehicles	Proprietary	593,500		593,500	
<u>REVENUE</u>					
13) Property Assessment	Gen Fund	910,000		910,000	
14) Income Tax	Gen Fund	19,217		19,217	
<u>ADMINISTRATION</u>					
15) Risk Mgt & Tort Defense – Legal Costs	Proprietary	0	450,000	450,000	
<u>STATE FUND</u>					
16) Compensation & Medical Benefits	Proprietary	18,741,000	13,680,553	32,421,553	
<u>MILITARY AFFAIRS</u>					
17) Disaster & Emergency Svcs – Lawsuit	Gen Fund	8,000		8,000	
18) Air National Guard – Lawsuit	Gen Fund	14,352		14,352	
19) Veterans' Affairs Division – Office Rent	Gen Fund	1,800		1,800	
		1,331,081	215,588	1,546,669	
		19,997,500	14,241,733	34,239,233	
		\$21,328,581	\$14,457,321	\$35,785,902	

\* There is a separate bill (HB 77) for an additional supplemental appropriation of \$1,159,200 general fund for litigation costs to the Department of Justice.

EXHIBIT 3DATE 1/18/93HB

HOUSE BILL NO. 3

INTRODUCED BY COBB

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1993; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Time limits.** The appropriations contained in [this act] are intended to provide for the cost of only necessary and ordinary expenditures for fiscal year 1993. The unspent balance of an appropriation reverts to the fund from which it was appropriated.

NEW SECTION. **Section 2. Totals not appropriations.** The totals shown in [this act] are for informational purposes only and are not appropriations.

NEW SECTION. **Section 3. Appropriations.** The following money is appropriated, subject to the terms and conditions of [this act]:

<u>Agency and Program</u>	<u>FY</u>	<u>Amount</u>	<u>Fund</u>
MONTANA SUPREME COURT			
Law Library	1993	\$37,712	General Fund
STATE AUDITOR			

1	Warrant Writing System	1993	155,000	General Fund
2	DEPARTMENT OF JUSTICE			
3	County Attorney Payroll	1993	35,000	General Fund
4	Transportation of Prisoners	1993	150,000	General Fund
5	Highway Patrol-retirements	1993	280,000	State Special
6	Highway Patrol-prisoners	1993	383,000	State Special
7	DEPARTMENT OF TRANSPORTATION			
8	Motor Pool	1993	593,500	Proprietary
9	DEPARTMENT OF REVENUE			
10	Property Assessment	1993	910,000	General Fund
11	Income Tax	1993	19,217	General Fund
12	STATE FUND			
13	Compensation and Medical Benefits	1993	18,741,000	Proprietary
14	DEPARTMENT OF MILITARY AFFAIRS			
15	Disaster and Emergency Services	1993	8,000	General Fund
16	Air National Guard	1993	14,352	General Fund
17	Veterans' Affairs Division	1993	1,800	General Fund
18	DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES			
19	Water Quality-subdivisions	1993	145,962	General Fund
20	DEPARTMENT OF LABOR AND INDUSTRY			
21	Employment Relations	1993	125,000	Proprietary
22	DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES			
23	TEAMS	1993	175,000	General Fund
24			325,000	Federal Special
25	Support Services Division	1993	77,279	General Fund
26			26,971	State Special

## 53rd Legislature

EXHIBIT 3DATE 1/18/93HB

HB 0003/01

1			92,750	Federal Special
2	MEDS Contract	1993	65,000	General Fund
3			65,000	Federal Special
4	Nurse Aide Registry	1993	82,721	General Fund
5			82,721	Federal Special
6	AFDC Benefits	1993	1,069,723	General Fund
7			29,897	State Special
8			1,064,177	Federal Special
9	General Assistance	1993	368,072	General Fund
10	Medicaid Primary Care	1993	8,415,196	General Fund
11			1,638,000	State Special
12			18,900,058	Federal Special
13	FY92 Medicaid Primary Care	1993	1,008,795	General Fund
14			2,604,779	Federal Special
15	Day Care	1993	84,585	General Fund
16			145,543	Federal Special
17	Vocational Rehabilitation	1993	71,219	General Fund
18			(71,219)	Federal Special
19	DEPARTMENT OF FAMILY SERVICES			
20	Pine Hills School	1993	189,244	General Fund
21	Mountain View School	1993	15,000	General Fund
22	Foster Care	1993	1,218,171	General Fund
23	Inpatient Youth Psychiatric	1993	1,437,411	General Fund
24	Residential Youth Psychiatric	1993	379,252	General Fund
25	DEPARTMENT OF FISH, WILDLIFE, AND PARKS			
26	Enforcement Division-retirements	1993	64,000	State Special

1	DEPARTMENT OF STATE LANDS			
2	Forestry Division-firefighting	1993	1,303,097	General Fund
3	DEPARTMENT OF LIVESTOCK			
4	Meat and Poultry Inspection	1993	105,512	General Fund
5			105,512	Federal Special
6	DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES			
7	Corrections	1993	1,031,695	General Fund
8	Workers' Compensation Rates	1993	2,538,543	General Fund
9	BOARD OF PUBLIC EDUCATION			
10	Administration-lawsuits	1993	40,813	General Fund
11	COMMISSIONER OF HIGHER EDUCATION			
12	Student Assistance-WICHE	1993	11,617	General Fund
13	SCHOOL FOR THE DEAF AND BLIND			
14	Workers' Comp Rate Increase	1993	13,043	General Fund
15	Add 2.00 + FTE Interpreters	1993	52,400	General Fund
16				
17	STATEWIDE TOTALS			
18	<u>Fund</u>	<u>FY</u>	<u>Amount</u>	
19	General Fund	1993	\$22,329,931	
20	State Special Revenue	1993	2,421,868	
21	Federal Special Revenue	1993	23,314,321	
22	Proprietary and Other	1993	19,459,500	
23	Total	1993	\$67,525,620	

24        NEW SECTION.    **Section 4. Effective date.**    [This act] is

25    effective on passage and approval.

- END -



E/ 4  
EXHIBIT

DATE 1/18/93

HB

SUPPLEMENTALS - FISCAL 1993  
HOUSE BILL 3  
GENERAL GOVERNMENT AND TRANSPORTATION  
NARRATIVE

## JUDICIARY

### 1) Law Library - Legal Databases

The Judiciary is requesting \$37,712 general fund to support the cost of automated legal data base searches. Although the service is budgeted in and paid from the general fund, the agency charges fees to persons who use the service. Fees, augmented by a 10 percent surcharge imposed by the January 1992 special session, are deposited in the general fund. Program estimates of database costs for fiscal 1993 anticipate expenditures in excess of the appropriation. If the legal database service function is transferred to the State Bar Association during fiscal 1993 as proposed by the agency, this supplemental would not be necessary.

## GOVERNOR'S OFFICE

### 2) Termination Pay - Personal Staff

This supplemental would provide \$71,046 general fund and \$11,180 federal funds for the termination costs paid to 11 personal staff in the Governor's Office that were not retained by the new Governor during the recent change of administration. Termination pay is required by statute when an employee leaves state employment, and is not a budgeted expense. Similar supplemental requests occurred in fiscal 1989 in agencies where there was a change in the elected official.

## STATE AUDITOR'S OFFICE

### 3) Warrant Writing System - Postage

The Executive Budget includes a supplemental fiscal 1993 request of \$155,000 general fund in the Fiscal Management and Control program for postage costs of mailing state warrants. The request cites a 6 percent growth in the volume of warrants processed above the anticipated level. The request includes the amount needed to cover a \$57,000 appropriation transfer from fiscal 1993 to fiscal 1992. In developing the 1995 biennium budget, both the Executive Budget and the LFA current level included funding for the increased postage in the supplemental in current level.

#### 4) State Payroll - Data Processing

This supplemental would provide \$45,620 general fund for payments to the Information Services Division (ISD) for costs of running the state payroll on the state mainframe computer. The state's bi-weekly payroll costs over \$25,000 per month in data processing costs to run the payroll. The agency projects a shortfall of approximately 1.5 months data processing costs without a supplemental. The 1991 legislature provided a line-item appropriation for payroll program data processing costs. At the end of December, the appropriation was 74 percent expended, although only 50 percent of the fiscal year is completed.

Although the program is 67 percent funded by state special revenue funds from fees charged to non-general fund agencies, there are no available state special revenue funds to fund a share of the supplemental request.

#### 5) Judgments - Personal Services

This supplemental would provide \$61,250 general fund to cover costs already incurred by the State Auditor's office for settlements in four lawsuits filed by employees for violations of the federal Fair Labor Standards Act. The agency was required to pay judgments and attorney fees for two of the cases and settled the other two cases out of court. The agency personal services appropriation for fiscal 1993 included a 12 percent vacancy savings reduction, and the agency states that additional layoffs will be unavoidable if supplemental funding isn't provided for the cost of the lawsuit settlements.

#### 6) Termination Pay - Personal Staff

This supplemental would provide \$34,672 general fund for the termination costs paid to eight personal staff in the State Auditor's Office that were not retained by the new State Auditor during the recent change of administration. Termination pay is required by statute when an employee leaves state employment, and is not a budgeted expense. Similar supplemental requests occurred in fiscal 1989 in agencies where there was a change in the elected official.

#### 7) Personal Services Shortfall

The agency is requesting a supplemental of \$40,712 general fund to fund a shortfall in the appropriation for personal services. The supplemental appropriation would enable the agency to fund payroll costs for the existing staff that is on the payroll as of January 1993. The agency laid off seven employees in January that were on probationary status to reduce the shortfall by over \$65,000, and projects a need for further lay-offs if the additional funding is not obtained. If this supplemental requested is approved plus supplementals #5 and #6 above for additional personal services funds, the agency projects it could meet the payroll for 58.0 of the 70.0 FTE authorized for the agency in the fiscal 1993 appropriation.

## DEPARTMENT OF JUSTICE

The Executive Budget includes five supplemental budget requests for the Dept of Justice for fiscal 1993. One of the requests, \$1,159,200 general fund for litigation funds, is being carried in a separate bill, House Bill 77.

### 8) County Attorney Payroll

The executive is requesting a fiscal 1993 supplemental appropriation of \$35,000 general fund for the county attorney payroll, citing pay increase options exercised by the controlling county governments (supported by statute) and an under-funded fiscal 1992 appropriation. The agency received a fiscal 1992 appropriation transfer from fiscal 1993 of \$95,00, but due to excess funds in the fiscal 1993 appropriation, the shortfall for the biennium was reduced to \$35,000. This program has required supplemental appropriations for the last two biennia. For additional information, see the program current level narrative.

### 9) Transportation of Prisoners

The Executive Budget includes a request for a supplemental appropriation of \$150,000 general fund for travel costs of prisoner transfers and extraditions. Costs of the Extradition and Transportation of Prisoners program have increased 47 percent from fiscal 1988 to fiscal 1992. The agency cites a significant increase in the number of claims and increasing travel costs.

During the January special session, the Executive Budget recommended and the legislature approved a \$50,000 reduction in this program for both fiscal 1992 and 1993. The executive stated that "lower cost options implemented by the Governor's Office and the department for the extradition of prisoners to Montana and department coordination of cost reduction measures will reduce travel and transportation expenses." These cost savings did not materialize. In fiscal 1992, the program required a \$65,000 transfer from the fiscal 1993 appropriations.

This program has consistently needed supplementals. In fiscal 1990, \$44,882 was transferred from the fiscal 1991 appropriations. In fiscal 1991, the program required a \$100,000 supplemental.

### 10) Highway Patrol Retirement

The executive is requesting a supplemental appropriation of \$380,000 highways special revenue to cover a shortfall in funding for the Highway Patrol retirement system, including funding for \$35,000 a fiscal 1993 appropriation transfer to fiscal 1992. House Bill 77 in the 1991 Legislature provided \$578,000 general fund for the 1993 biennium to help fund a 9.53 percent employer's share increase in the plan.

The January 1992 special session reduced the House Bill 77 general fund

appropriation by \$46,240 (8 percent). The supplemental will more than offset the reduction taken in special session, although the reduction was in general fund and the supplemental is from highways special revenue. House Bill 77 will fund only \$531,760, or 58 percent, of the added costs of the retirement program in the 1993 biennium.

#### 11) Highway Patrol Prisoner Costs

The Executive Budget includes a supplemental request of \$383,000 highways special revenue for prisoner per diem paid to local detention centers for prisoners arrested by the Highway Patrol. The agency cites new legislation that eliminated a fixed reimbursement rate and allows charging a much higher rate. The agency made an appropriation transfer of \$114,000 from fiscal 1993 to fiscal 1992 for the increased costs. The agency reduced the amount of the fiscal 1992 appropriation transfer by transferring equipment funds for 10 patrol cars to operating expenses to reduce the shortfall by \$131,000.

### DEPARTMENT OF TRANSPORTATION

#### 12) Motor Pool - Vehicles

The Executive Budget is requesting \$593,500 proprietary fund to replace 53 vehicles in the state motor pool, citing increased demand. This supplemental would effectively reverse the July 1992 special session action that reduced the motor pool appropriation by \$218,000, the amount of the equipment budget in fiscal 1993 for 18 new vehicles. The special session action transferred the fund balance resulting from these savings to the general fund. DOT states that it is not seeking an increase in the number of fleet units, but needs this modification to maintain a fleet size of 197 units and a turndown rate for state agency requests for vehicles of only 14 percent. The agency took no action to attempt to reverse the special session action during the last week of the session.

In addition to a request for \$728,100 to purchase 59 additional fleet units in the Executive Budget current level, the executive includes a budget modification for \$228,000 to increase the fleet size by 20 units in the 1993 biennium.

### DEPARTMENT OF REVENUE

#### 13) Property Assessment

The Executive Budget includes \$910,000 general fund for a supplemental appropriation in the Property Valuation Division (PVD). These funds replace an appropriation transfer of general fund authority from fiscal 1993 to fiscal 1992. When the department originally submitted the request for an appropriation transfer,

it anticipated that it would not be able to absorb the fiscal 1992 transfer in fiscal 1993 and would request another \$525,000 (\$1.435 million total) supplemental appropriation from the 1993 Legislature. However, the Executive Budget includes an amount only for the appropriation transfer.

The Department of Revenue (DOR) stated that the appropriation transfer was necessary because: 1) PVD did not realize anticipated vacancy savings; 2) PVD hired additional, temporary staff to complete the reappraisal cycle by December 31, 1992; and 3) implementation of CAMAS was delayed. The computer-assisted mass appraisal system (CAMAS) is being used for the first time to reappraise property in Montana.

DOR is required to reappraise all property in Montana every three years (section 15-7-111(1), MCA)<sup>1</sup>. The 1989 Legislature extended the current cycle to seven years to allow implementation of CAMAS. The current cycle is statutorily required to be completed December 31, 1992.

DOR has requested two additional general fund appropriations related to CAMAS. PVD received a supplemental appropriation of \$220,984 in fiscal 1990 and a budget modification of \$609,562 for the 1993 biennium for unanticipated CAMAS costs.

PVD began hiring temporary help in January 1991, in time to alert the 1991 Legislature that additional general fund was needed to complete the reappraisal cycle. Neither the department or the OBPP informed the 1991 regular or January 1992 special session of the need for a supplemental appropriation in PVD. The appropriation transfer was approved June 6, 1992.

PVD would have needed to leave about 13 FTE vacant in fiscal 1992 to generate vacancy savings applied by the 1991 Legislature (\$315,535). However, PVD staff estimate that between 30 to 35 additional temporary FTE above the level authorized in House Bill 2 were hired in fiscal 1992. Most of the temporary FTE are clerical staff to input data in CAMAS, although a few of the FTE are appraisers assigned basic appraisal duties such as verification of property characteristics.

DOR, in testimony before the 1989 Legislature, stated that CAMAS would yield efficiencies sufficient to forego hiring temporary FTE needed and (previously) approved during the final year of a manual appraisal cycle. The LFA 1987 Biennium Appropriations Report states that the 1985 Legislature authorized 24.0 temporary FTE--20 clerical and 4 data entry positions--in fiscal 1986 to assist in completing the previous reappraisal cycle.

During the 1993 biennium, PVD implemented and purchased equipment for a new computer system (BEVS) not presented to or approved by the legislature, despite the need to conserve funds to reduce the size of the supplemental appropriation.

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<sup>1</sup>At the request of DOR, the length of the reappraisal cycle was shortened by the 1991 legislature from 5 to 3 years as DOR believes that CAMAS will facilitate more frequent cycles.

#### 14) Income Tax

The supplemental request of \$19,217 general fund is to cover the cost of overtime required by the Department of Revenue to complete income tax processing and deliver the 1991 income tax tape to the Legislative Fiscal Analyst (LFA). This tape was needed by the LFA for the purpose of performing analysis and developing recommendations concerning revenue estimates for the Revenue Oversight Committee (ROC), which is statutorily required to adopt a revenue estimate by December 1 prior to each legislative session. Documentation provided by the department includes a statement of support by the ROC for a supplemental appropriation if needed "to get the job done". Apparently, the Legislative Finance Committee also indicated support for a supplemental for this purpose.

### DEPARTMENT OF ADMINISTRATION

#### 15) Risk Management and Tort Defense - Legal Defense Costs

The supplemental request of \$450,000 proprietary funds is for adequate budget authority through the current fiscal year to cover unforeseen and unanticipated legal fees and court costs which exceed current budgeted levels. The current level budget for this purpose is about \$1.35 million. The supplemental would increase this amount to \$1.8 million. The division is projecting that it will overspend its non-personal services operational budget for fiscal 1993. The division indicates that it requested a budget modification during the last legislative session of \$1,000,000 for contract legal services, but the legislature ultimately approved \$500,000.

### STATE FUND

#### 16) Compensation and Medical Benefits

The supplemental request of \$18,741,000 proprietary funds is for an increase in spending authority for the State Compensation Mutual Insurance Fund to meet the estimated benefit payments for the current fiscal year. The State Fund's fiscal 1993 appropriation for benefits is \$118,060,000. The State Fund's actuarial consultant (letter dated October 20, 1992) estimates benefit payments at \$136,801,412, which is \$18,741,000 higher than the appropriation. The actuary states also that "significant variation from these expected payment patterns are likely; deviation from expected as great as 10% or even higher are possible". Based upon the uncertainty reflected in this statement, the State Fund requested a supplemental of \$32,421,553. The Office of Budget and Program Planning approved the request at the lower level of \$18,741,000.

## DEPARTMENT OF MILITARY AFFAIRS

### 17) Disaster and Emergency Services - Lawsuit

The department is requesting \$8,000 for attorney costs for the Disaster and Emergency Services program to defend a termination action. Even though the program is 100 percent federally funded, federal regulations do not allow federal funds to be expended for legal defense costs.

### 18) Air National Guard - Lawsuits

The Air National Guard program is requesting \$14,352 for costs to defend two lawsuits. This program is funded 75 percent by federal funds, but as in the previous case, federal funds may not be used to pay legal costs.

### 19) Veterans' Affairs Division - Office Rent

The Veterans' Affairs Division is requesting \$1,800 for rent of an office in Butte during fiscal 1993. Previously, office space was provided free.



STATE COMPENSATION MUTUAL INSURANCE FUND  
P.O. BOX 4759  
HELENA, MONTANA 59604-4759

January 13, 1993

Representative Mary Lou Peterson, Chairman  
Joint Appropriations Sub-committee  
Montana State Legislature  
State Capitol Building  
Helena, MT 59620

Dear Representative Peterson:

The State Compensation Mutual Insurance Fund has requested a supplemental appropriation for Fiscal Year 1993 in the amount of \$18,741,000 to pay benefits to and on behalf of injured workers. Following is the response to questions posed by Representative Zook:

**1. What will the consequences be if your supplemental request is not approved? is reduced by 50 percent.**

If the supplemental appropriation of \$18,741,000 is not approved or is reduced by 50%, the State Fund will be unable to pay compensation benefits to injured workers and medical benefits on behalf of injured workers. The benefit payments are a statutory requirement, and the State Fund has no authority to withhold payments when due.

**2. Are there funds within your fiscal 1993 budget that could be used to offset the requested supplemental?**

No. The majority of the State Fund's budget is benefit payments.

**3. What steps have you taken to ensure that a supplemental will not be required in future biennia?**

The appropriation request for benefit payments is based on the most recent estimates by the independent actuary. The actuary states his projections may vary by as much as 10-15% up or down. Therefore, the request for the next biennium took his base estimate and increased it by 10%. In addition, the State Fund is seeking legislation to have benefit payments statutorily appropriated.



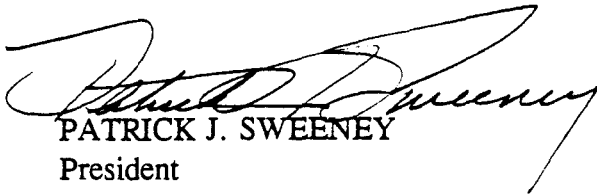
Representative Mary Lou Peterson

January 13, 1993

Page 2

We look forward to discussing the FY 1993 supplemental appropriation request with your committee next week.

Sincerely,



PATRICK J. SWEENEY  
President

DEPARTMENT OF ADMINISTRATION  
RISK MANAGEMENT AND TORT DEFENSE DIVISION



STAN STEPHENS, GOVERNOR

MITCHELL BLDG., ROOM 111

STATE OF MONTANA

TELEPHONE (406) 444-2421  
FAX (406) 444-2812

HELENA, MONTANA 59620

January 15, 1993

Honorable Tom Zook  
Chairman, House Appropriations Committee  
Montana House of Representatives

Honorable Mary Lou Peterson  
Chairwoman, House Appropriation  
General Government Subcommittee  
Montana House of Representatives

Dear Chairman Zook and Chairwoman Peterson:

The Risk Management and Tort Defense Division is submitting a supplemental request of \$450,000 to cover the costs of additional and complex law suits against the State through FY 93.

The request is for legislative authority to spend funds for contract legal services from the self insurance fund (statutory appropriation). This request is not a request for increased funding or costs to state agencies. If all of the authority is not used, the balance remains in the fund.

The division anticipates that five major lawsuits will go to trial before the end of the fiscal year. This represents an increase of three more major cases than at the same time a year ago. The expenditure authority is necessary to pay for legal defense costs in these cases.

In addition, we offer the following responses to Chairman Zook's questions:

- 1) The consequence of not approving the supplemental or reducing it by 50% would be that the division would not have adequate authority to pay legal fees, trial preparation and presentation costs, and directly related expenditures in defense of these trials. This would greatly reduce the likelihood of a successful defense in these critical cases. Loss of these cases in court could have a significant impact on the self-insurance fund.

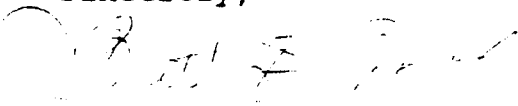
If the supplemental was reduced by 50%, then once \$225,000 had been spent the division would have to consider: 1) not paying law firms, 2) delaying payment and presenting the matter before the legislature, or 3) simply stopping the defense and allowing verdicts against the state and the fund.

- 2) Funds are not available within the existing fiscal 1993 budget that could be used to offset the requested supplemental. The division was authorized \$1,177,950 in FY93 for outside legal services and court fees. By reducing other operations within the division budget, an estimated \$1,340,000 would be available to defend the same level of cases as FY92. In FY92, actual expenditures were \$1,353,058 for these services. These additional cases are above the level of cases defended in FY92. It is extremely difficult to project exactly what the additional defense costs will be. The cost of each case varies as the trial unfolds. But the division does estimate that \$450,000 will be adequate authority. Again if expenditures are less than authority then the balance remains in the fund.
- 3) The division has taken steps to ensure that a supplemental will not be required in the future biennia. It is extremely difficult to project what cases will be tried in the future and at what cost. The division has applied a 20% and 22% rate increase in all agency budgets to generate additional revenues for the fund. This rate increase has been supported by OBPP and the LFA and is greatly appreciated. Claims where the state is at fault are promptly processed. The cases with no merit are vigorously defended. The division will consider statutory authorization to include these defense costs as part of the payment of claims.

Overall, it is of vital interest to the State that we defend these lawsuits. We will respond to any questions and we are certainly open to suggestions.

Thank you for your consideration.

Sincerely,

  
Brett E. Dahl  
Administrator  
Risk Management and Tort Defense

# State of Montana

Marc Racicot, Governor

EXHIBIT           

DATE 1/18/93

HB                     



Department of Revenue

Mick Robinson, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

January 13, 1993

Representative Mary Lou Peterson  
Chair, General Government and Transportation Appropriations Subcommittee  
Capitol Building  
Helena, MT 59620

RE: \$19,217 - Income and Miscellaneous Tax Supplemental Request

Dear Representative Peterson:

The supplemental request for \$19,217 is attributable solely to staff overtime required to complete income tax processing and delivery of the 1991 income tax tape to the Legislative Fiscal Analyst on November 20, 1992. The requirement to meet this deadline was clearly "unforeseen and unanticipated" In fact, our October 7, 1992 memorandum to the Fiscal Analyst, outlines the required effort of department staff to complete the task requested. Additionally, it points out the fact that we apprised the Legislature on numerous occasions during both Special Sessions that the consequences of the budget cuts would be delays in refund processing and the completion of the income tax tape.

In meetings last fall with the Revenue Oversight and Legislative Finance Committees, the Department received direction and support to complete processing as quickly as possible (see the attached letter from Representative Gilbert and memo from the Legislative Fiscal Analyst). The Legislative Finance Committee also indicated support a supplemental appropriation for this effort.

The Special Session budget reductions enacted by the Legislature have eliminated any flexibility the Department may have had to cover these costs from other programs within the Department. A department-wide hiring freeze has been in place since August 27th of this year to address a \$1,000,000 vacancy savings requirement. We simply do not have excess funding to cover an additional \$19,000 in unanticipated personal services.

The following responses are in reply to questions asked of the department by Representative Tom Zook in regard to the departments supplemental requests. These responses are specific only to the agency's Income and Miscellaneous Tax Division

supplemental request.

1. **What will the consequences be if your supplemental request is not approved? Is reduced by 50 percent?**

Department-wide our current projected shortfall in all operating expense categories is estimated to be \$75,000 to \$100,000. We will continue our department-wide hiring freeze until we are positive that we can make up this shortfall. As a result of holding positions vacant, the current processing of income tax refund claims has already been hampered by our inability to hire seasonal staff. Without the supplemental funding, we will only make matters much worse - to the extent that we could be looking at forcing vacancy savings through reductions in force. This of course would only further the deterioration of taxpayer service.


2. **Are there funds within your fiscal 1993 budget that could be used to offset the requested supplemental?**

NO. There are no additional funds anywhere in the Département in FY93 available to cover this expenditure. Had we not had the full support of the Revenue Oversight and Legislative Finance Committee's, we would not have committed to the overtime required to meet the income tax tape deadline for the Fiscal Analyst.

3. **What steps have you taken to ensure that a supplemental will not be required in future biennia?**

If we are authorized the funding levels requested in Governor Racicot's budget and the LFA current level recommendation we will not experience this situation in the future. If the reductions we have experienced in FY93 are continued without a commensurate reduction in workload or delivery time expectations, (ie., income tax refunds and completion of tax processing), we will face the same situation in FY95.

Sincerely,

  
**Mick Robinson**  
Director

of it's previous reappraisal efforts. The Property Assessment Division is using 397 FTE to complete this reappraisal compared to 465 FTE during it's 1986 reappraisal effort and 784 FTE in it's 1978 effort. The complete automation of our appraisal process using CAMAS and the automation of business equipment and livestock using the Business Equipment Valuation System (BEVS) have all proven beneficial to the department's ability to continually improve the quality of service it provides to the taxpayers of Montana and it's efforts to uniformly and equitably carry out it's responsibilities statewide.

Sincerely,



**Mick Robinson**  
Director

# State of Montana

Marc Racicot, Governor

EXHIBIT 5

DATE 1/18/93



Department of Revenue

Mick Robinson, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

January 13, 1993

Representative Mary Lou Peterson  
Chair, General Government and Transportation Appropriations Subcommittee  
Capitol Building  
Helena, MT 59620

RE: \$910,000 - Property Assessment Supplemental Request

Dear Representative Peterson:

The reason for the department's supplemental request for the Property Assessment Division is to offset losses in personal services funding that the division incurred as a result of transferring \$910,000 from their FY93 budget appropriation to their FY92 operating budget. This transfer occurred following the approval of the Legislative Finance Committee (April 1992) and Governor Stephens (May 1992 and July 1992).

The following responses are in reply to questions provided to the department by Representative Tom Zook in regard to the department's supplemental requests. These responses are specific only to the agency's Property Assessment Division supplemental request.

1. What will the consequences be if your supplemental request is not approved?  
Is reduced by 50 percent?

If the Property Assessment Division supplemental request is not approved, we will be faced with massive layoffs, services will have to be cut and the department's ability to provide such services will be drastically reduced.

The department will be faced with further reducing the quality of the current reappraisal cycle it is in the process of completing. Some sacrifices have already been made as a result of the division's current vacancies that the department has been unable to fill because of a Department-wide hiring freeze that has been in place since August 1992. If this supplemental request is not approved, we will be faced with the inability to complete our statutorily mandated

obligations including beginning the next reappraisal cycle (January 1, 1993 to January 1, 1997).

Both of these situations will impact property owners, state and local governments, and schools. Individual property values will not be updated to reflect market value. Consequently, local tax bases will continue to erode and become outdated. As a result, the statutory equalization responsibility of the department will be compromised resulting in additional lawsuits.

If the department's supplemental request is denied and it is forced to make up this reduction in its personal services budget, the division will be forced to layoff 82 employees effective February 1, 1993. These layoffs and the 27 position vacancies which the Division is currently experiencing as a result of the 5% forced vacancy savings would result in a total of 109 position vacancies for the Property Assessment Division, about 1/3 of its total staff. As you can see, this is a reduction in FTE which would adversely affect the division's ability to function.

Any reduction in the amount of the department's supplemental request for the Property Assessment Division will only complicate an already bad situation for the Department. With the currently mandated vacancy savings in personal services, any reduction in the amount of the supplemental will have serious impact and consequences on the Department's ability to meet its statutory obligations.

2. **Are there funds within your fiscal 1993 budget that could be used to offset the requested supplemental?**

No. The Department is already projecting insufficient funds to operate for the remainder of FY93. Any budgetary savings will be required to be used to offset forced vacancy savings requirements. The Property Assessment Division has already severely cut into its funding that was provided to do a quality job. We do not have funds available within our FY93 budget that could be used to offset the amount requested in the supplemental.

3. **What steps have you taken to ensure that a supplemental will not be required in future biennia?**

As long as the Property Assessment Division receives full funding for the services it is required to perform, there should be no problem for the division to live within those appropriations. If full funding is not provided, services and the quality of work will need to be reduced. Any reductions in funding or staffing, complicated by new legislation could jeopardize the division's ability to complete its mandated obligations.

The department has completed the third reappraisal with far fewer staff than any



MONTANA DEPARTMENT OF TRANSPORTATION  
2701 PROSPECT  
PO BOX 201001  
HELENA MT 59620-1001

TO: Representative Mary Lou Peterson, Chairperson  
General Government and Transportation Appropriations  
Committee

FROM: James D. Currie, Budget Section Supervisor  
Financial Management Bureau

DATE: January 15, 1993

SUBJECT: State Motor Pool Supplemental Appropriation Request

The Department of Transportation reduced the Motor Pool fleet size as recommended by the Office of the Legislative Auditor in the June, 1992 Performance Audit of the Equipment and Motor Pool Programs. During the July Special Session, the legislature transferred \$218,000 in cash from the Motor Pool Proprietary Account, and reduced the Motor Pool Equipment budget by a like amount.

Because of dramatically increased usage in FY92, a substantially higher number of units will require replacement in FY93 than was originally planned. Based on the department's standard replacement schedule, 53 units will require replacement on or before June 30, 1993.

This supplemental request is not being submitted to "undo" the actions taken in the July Special Session, but to meet the unanticipated large number of vehicles which must be replaced due to the high usage in FY92.

The following responses are presented to the specific questions asked by Representative Zook.

1. "What will the consequences be if your supplemental request is not approved?... is reduced by 50 percent?"

The current fleet is comprised of 70 leased units, many of which are stationed outside the Helena area, and 127 daily rentals that provide transportation to Helena based agencies. If the supplemental request is not approved, or approved but reduced by 50%, the department will be required to reduce the number of leased vehicles by an amount necessary to continue providing the current level of daily motor pool services to Helena based agencies. The reduction in the number of available leased vehicles will have a negative impact on the leasing agency budgets, and may force them into more expensive transportation alternatives.

2. "Are there funds within your fiscal 1993 budget that could be used

to offset the requested supplemental?"

Because of the high usage in FY92, there is currently sufficient cash in the Motor Pool fund to purchase the vehicles requested in the supplemental. However, there is not currently sufficient spending authority in the program to make the purchase.

The only other significant source of Proprietary Fund budget authority in the department is in the Equipment Program. This authority could be transferred to the Motor Pool and used to purchase the vehicles, however this would have to come from the Equipment category in the Equipment Program, and would result the department's not purchasing badly needed field equipment, (snow plows, sanders, motor patrols, etc.) for the Maintenance and Construction Program activities.

3. "What steps have you taken to ensure that a supplemental will not be required in future biennia?"

Supplemental appropriations will only be requested after all other viable alternatives have been considered. Changes in the State's transportation requirements are normally accounted for in the planning which is part of the Executive Budget process. Barring exceptional circumstances, this planning has prevented the necessity for requesting supplementals. Over the past ten years, no supplementals have been requested for this program.

Thank you for the opportunity to respond to the above questions. If further information is required, please contact me. My number is 444-6031.

cc Director  
Bill Salisbury  
Monte Brown  
Bill Strizich  
Dan Gengler, OBPP  
Clayton Schenck, LFA

# STATE AUDITOR

STATE OF MONTANA

EXHIBIT 5  
DATE 1/18/93  
HB                     

Mark O'Keefe  
STATE AUDITOR



COMMISSIONER OF INSURANCE  
COMMISSIONER OF SECURITIES

January 14, 1993

Rep. Mary Lou Peterson, Chair  
General Government Subcommittee  
State Capitol  
Helena, MT 59620

Dear Rep. Peterson:

Rep. Zook asked that each agency respond to a series of questions regarding supplemental appropriations. The responses for the Auditor's Office are detailed below.

1) Warrant writing system \$155,000

The supplemental is for increased postage costs to mail state warrants. The Auditor's Office does not have the alternative of not mailing warrants that are legitimate obligations of the state. If the supplemental appropriation is not granted or cut, the agency will be in violation of the law for not paying its bills on a timely basis. Our FY94-95 request includes an adjustment to the postage base, thus reducing the risk of future postage supplementals.

2) Payroll data processing costs \$45,620

The supplemental is for increased data processing costs for the state payroll system. The agency does not have the option of not processing payroll checks for state employees. The agency has already eliminated any system enhancements for the remainder of the fiscal year to reduce the amount of the request. The FY94-95 base budget reflects the growth in data processing costs billed by ISD.

3) Judgements \$61,250

The agency was held liable in four cases for violation of the federal Fair Labor Standards Act. The judgements and settlements were already awarded. If the appropriation is not granted or is reduced, it does not eliminate the state obligation to pay a court judgement. It would require the agency to layoff additional staff and not meet other statutory obligations. The

Rep. Mary Lou Peterson, Chair  
Page 2  
January 14, 1993

new administration has taken steps to prevent future Fair Labor Standards Act violations.

4) Severance Pay \$35,672

Severance pay for Auditor Bennett's political appointments is required by statute and has already been paid. Auditor O'Keefe significantly reduced the potential liability by retaining five exempt staff. A supplemental appropriation for severance pay of exempt staff has been granted to other statewide elected officials after transitions. If the appropriation is not granted, it would require additional layoffs and failure to meet other statutory obligations. This expense only occurs during a change of administration.

5) Personal Service Costs \$40,712

This supplemental is the result of overspending by the previous Auditor. Auditor O'Keefe has made layoffs of seven staff, left five additional positions vacant and changed policies to reduce operational expenses. Even with those actions and the above supplemental appropriations, there is still a need for this amount. If the appropriation is not granted, it would require additional layoffs and failure to meet other statutory obligations.

If the agency had taken no action, the supplemental request would have been \$107,290. The new administration will manage personal service expenditures in accordance with the legislative appropriation.

Thank you for your time and energy.

Sincerely,



Mark O'Keefe  
State Auditor

MOK/dhp

ATTORNEY GENERAL  
STATE OF MONTANA

EXHIBIT 6

DATE 1/18/93

~~HB~~

Joseph P. Mazurek  
Attorney General



Department of Justice  
215 North Sanders  
PO Box 201401  
Helena, MT 59620-1401

January 15, 1993

Representative Mary Lou Peterson  
Chairman  
General Government and Transportation Appropriation Subcommittee  
State Capitol  
Helena, MT 59620

Re: HB 3 - Department of Justice Supplemental Appropriation  
Request

Dear Representative Peterson:

The Department of Justice is requesting four supplemental appropriations:

1. County Attorney Payroll \$35,000/General Fund

Description: The Department is mandated to pay one-half of each county attorney's salary. Funds appropriated for this program are insufficient for three reasons: 1) vacancy savings was applied to these positions, 2) the projected and appropriated 3.3% cost of living increase was actually 5.4%, and, 3) four counties (Rosebud, Fergus, Toole, and Anaconda-Deer Lodge) increased their county attorney position from part time to full time.

What will the consequences be if your supplemental request is not approved: Our only alternative would be to hold positions in the Department of Justice open and/or initiate layoffs somewhere in the department. Either option would be devastating to department programs already understaffed and shouldering the workload of positions left vacant to meet vacancy savings and special session cuts.

Approved at 50%? Same as above.

Are there funds within your fiscal 1993 budget that could be used to offset the requested supplemental? No. Vacancy savings coupled with the reductions made by the special sessions has already forced program and staff reductions in other areas of the department.

Representative Peterson  
Page 2  
January 15, 1993

What steps have you taken to ensure that a supplemental will not be required in future biennia? It is impossible to predict the number of counties that will opt for full time county attorneys. The average has been two to three per year. Anticipating and funding this average, applying an optimistic cost of living adjustment and using no vacancy savings would likely eliminate further supplementals.

**2. Transportation of Prisoners                      \$150,000/General Fund**

Description: The Department is mandated to reimburse counties for their costs of transporting prisoners to a State detention facility and the costs of returning a fugitive from another state (MCA 7-32-2144 and 46-30-411). Accordingly, the Department cannot control the amount expended. Increases in air fare, lodging, meals and a greater volume of prisoners being transported accounts for this request.

What will the consequences be if your supplemental request is not approved: Our only alternative would be to hold positions open or initiate layoffs somewhere in the Department of Justice. Either option would be devastating to programs already understaffed and shouldering the workload of positions left vacant to meet vacancy savings and special session cuts.

Approved at 50%? Same as above.

Are there funds within your fiscal 1993 budget that could be used to offset the requested supplemental? No. Vacancy savings coupled with the reductions made by the special sessions has already forced program and staff reductions in other areas of the department.

What steps have you taken to ensure that a supplemental will not be required in future biennia? We hope to have discussions with the new Governor about the fiscal appropriateness of some extraditions. Since the Governor's Office approves extraditions, the number could be reduced in future if a more restrictive policy is adopted by Governor Racicot.

Representative Peterson  
Page 3  
January 15, 1993

**3. Highway Patrol Retirement Fund      \$380,000/Earmarked**

Description: HB77 was passed during the 1991 session and increased the employers share to the Highway Patrolmen's Retirement System. Funding added for this purpose will not be sufficient.

What will the consequences be if your supplemental request is not approved: Deposits to the retirement fund must be made in accordance with the law. Costs of this magnitude this late in the year could only be addressed through laying off highway patrolmen. The impact would be felt by the local communities where highway patrol coverage would be diminished or eliminated.

Approved at 50%? Same as above.

Are there funds within your fiscal 1993 budget that could be used to offset the requested supplemental? No. Vacancy savings and reductions made by the special sessions have left insufficient funding to carry out our most basic functions.

What steps have you taken to ensure that a supplemental will not be required in future biennia? The proper percentages have been included in the FY94/95 budget.

**4. Highway Patrol Prisoner Per Diem      \$383,000/Earmarked**

Description: The Highway Patrol has no control over the fees the State of Montana may be charged by the counties for housing prisoners. The mandated \$20 per day charge was repealed by the 1989 session. Most counties are currently charging \$40 per day with increases likely.

What will the consequences be if your supplemental request is not approved: Costs of this magnitude this late in the year could only be addressed through laying off highway patrolmen. The impact would be felt by the local communities where highway patrol coverage would be diminished or eliminated.

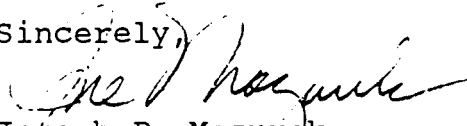
Representative Peterson  
Page 4  
January 15, 1993

Approved at 50%? Same as above.

Are there funds within your fiscal 1993 budget that could be used to offset the requested supplemental? No. Vacancy savings and reductions made by the special sessions have left insufficient funding to carry out our most basic functions.

What steps have you taken to ensure that a supplemental will not be required in future biennia? Historically, the legislature has given minimal increases over base to this program, line itemed the appropriation and directed the department to request a supplemental if needed. To avoid a supplemental, the FY94 and FY95 budget request would need to be increased.

Sincerely,

  
Joseph P. Mazurek  
Attorney General

copies to: Colonel Griffith  
JanDee May  
Dennis Taylor  
John Patrick  
Clayton Schenck  
Representative Tom Zook



DEPARTMENT OF MILITARY AFFAIRS

EXHIBIT 7

DATE 1/18/93

HB P.O. BOX 4789



MARC RACICOT, GOVERNOR

STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL  
(406) 444-6910

HELENA MONTANA 59604-4789

January 15, 1993

Representative Tom Zook, Chairman  
House Appropriations Committee  
Capitol Building  
Helena, Montana

Representative Zook,

In reply to your letter on supplementals, we would like to offer the following comments to your questions.

1. Consequences to the programs if not approved? Although small in size the Veterans Affairs supplemental request is almost 4% of their operating budget. To absorb this amount this late in the year services would be curtailed. Disaster and Emergency Services would have to layoff one employee immediately to come up with that amount of general fund. The Air Guard, through some hard management decisions, will attempt to absorb the supplemental due to lawsuits by previous fire fighter employees.

This will reduce our request from \$24,152 to \$13,800. Any further attempt to absorb this amount would be difficult due to the lateness in the fiscal year.

We try hard during the year to eliminate any future supplemental, but the ones we are requesting funding for have been out of our control.

Sincerely,

A handwritten signature in cursive script, appearing to read "Doug Booker".

Doug Booker, Administrator  
Centralized Services

**GOVERNOR'S OFFICE**  
**Exempt Staff Termination Pay**

EXHIBIT 8  
DATE 1/18/95  
B

	Salary	Benefits	
Prog 01 Executive Office			
Behr	7,792	1,247	
Ramage	3,036	486	
Kinna	7,988	1,278	
Lester	3,250	520	
Sullivan	535	86	
Miller	6,971	1,115	
Wittich	<u>7,054</u>	<u>1,129</u>	
Total Executive Office	36,626	5,860	42,486
Prog 02 Mansion			
Jones	9,460	1,719	11,179
Prog 04 OBPP			
Yeakel	11,156	1,785	12,941
Prog 09 NWPPC			
Brenden	9,706	1,553	11,259
Prog 12 Lt. Governor			
Hannah	<u>3,826</u>	<u>612</u>	<u>4,438</u>
Total	70,773	11,529	82,303

**Funding Summary:**

	General Fund	Federal
Executive Office	42,486	
Mansion Maintenance	11,180	
Ofc Budget & Program Planning	12,940	
NW Power Council	11,260	
Lt. Governor	<u>4,440</u>	
Total	71,046	11,260

1. What will be the consequences if your supplemental request is not approved? Is reduced by 50%?

The Governor's Office budget has already been subjected to cuts totalling \$360,000, (12.8% of General Fund) during the '91 regular session and the special sessions. The amount of this supplemental represents another 3½ percent. The Governor needs to be able to adequately staff his office and have enough operational budget to perform his required duties.

If the supplemental were not funded:

Governor's Office: at least two additional positions would have to be left vacant between now and June 30. Four out of 21.50 FTE are currently vacant, and two are budgeted only through the session.

Governor's Mansion: The termination pay for Elsie Jones is equivalent to 20% of the Mansion budget. (\$11,000 out of \$55,000). A replacement could not be hired, as there is no flexibility in the operations budget.

OBPP: Layoffs would be forced.

Lt. Governor's Office: Only one person is currently staffing the office. The second funded position could not be filled if the supplemental were not funded.

2. Are there funds within your FY93 budget that could be used to offset the requested supplemental?

No. The Governor's Office is mostly General Fund, and other funds in the office are earmarked for specific purposes.

3. What steps have you taken to ensure that a supplemental will not be required in future biennia?

Termination pay for personal staff has always been subject to supplemental appropriations, and cannot be anticipated or controlled by an incoming administration.

# STATE AUDITOR

STATE OF MONTANA

EXHIBIT 9  
DATE 1/18/93  
#B                     



Mark O'Keefe  
STATE AUDITOR

COMMISSIONER OF INSURANCE  
COMMISSIONER OF SECURITIES

State Auditor's Office  
Additional Supplemental Requests  
January 13, 1993

1) Payroll Data Processing Costs \$45,620 General Fund

Data processing costs for the payroll division have exceeded the amount budgeted. The Auditors office does not have the choice of not processing the state payroll. The requested amount is strictly data processing costs. Costs by month for the past two years and FY93 actual and estimated figures are presented below.

Because FY91 and FY93 are both legislative years month by month cost comparisons are best made between those two fiscal years.

MONTH	FY 91	FY 92	FY 93
JUL	\$28,893	\$32,422	\$34,010
AUG	\$30,176	\$41,065	\$28,827
SEP	\$18,648	\$23,809	\$32,868
OCT	\$27,693	\$25,345	\$29,287
NOV	\$19,516	\$29,094	\$21,304
DEC	\$26,080	\$29,745	\$20,224
JAN	\$31,739	\$40,183	\$29,000
FEB	\$24,003	\$29,040	\$23,000
MAR	\$21,526	\$17,404	\$20,000
APR	\$26,981	\$25,395	\$25,000
MAY	\$30,100	\$17,237	\$23,000
JUN	\$26,088	\$21,184	\$24,000
	\$311,443	\$331,923	\$310,520

1st 6	\$151,006	\$181,480	\$166,520
2nd 6	\$160,437	\$150,443	\$144,000
	\$311,443	\$331,923	\$310,520

State Payroll 21xx Budget:	\$264,900
Less Actual Jul-Dec.:	\$166,520-
Less Estim. Jan-Jun.:	\$144,000-
Sup. Amt:..	\$ 45,620

2) Judgements for personal services. \$61,250 General Fund

The Auditors Office has had four complaints filed by employees of the department regarding violations of the Federal Fair Labor Standards Act. Two cases have resulted in judgements against the agency. Two cases have been settled prior to going to court. The requested supplemental covers the cost of all outstanding cases and includes the cost of court awarded attorney fees in the Weg and Erdmann cases.

Judgements and Settlement amounts are as follows:

Judgements: Weg and Erdmann	\$53,650
Settlement: Jacobs	\$ 6,800
Settlement: Belville	\$ 800
	=====
Total:	\$61,250

3) Severance Pay for political appointments: \$35,672 general fund

Eight of the thirteen political appointed staff of Auditor Bennett were not retained by Auditor O'Keefe. Severance pay for those staff is \$34,672. Costs are detailed by position below:

Deputy State Auditor	\$12,132
Staff Attorney	\$ 1,887
Fiscal Administrator	\$ 7,325
Administrative Assistant	\$ 2,526
Deputy Insurance Commissioner	\$ 2,444
Chief Legal Counsel	\$ 4,478
Deputy Securities Commissioner	\$ 376
Executive Secretary	\$ 3,504
	=====
Total	\$34,672

4) Personal services costs: \$40,712 general fund

Auditor Bennett filled positions that should not have been filled if the agency was going to operate within its appropriation. She spent operating funds faster than could be sustained. As of January 4th the agencies budget was seriously overspent.

Auditor O'Keefe took actions he could take to reduce the rate of expenditure and still fulfill the agency's statutory obligations. O'Keefe layed off seven employees, restricted operating expenses, left an exempt staff position vacant for the remainder of the fiscal year, and is paying his exempt staff less in total than Bennett paid the same positions. Even with those actions the personal services budget will be \$40,712 overspent by fiscal year end.

EXHIBIT

9

DATE

1/18/93

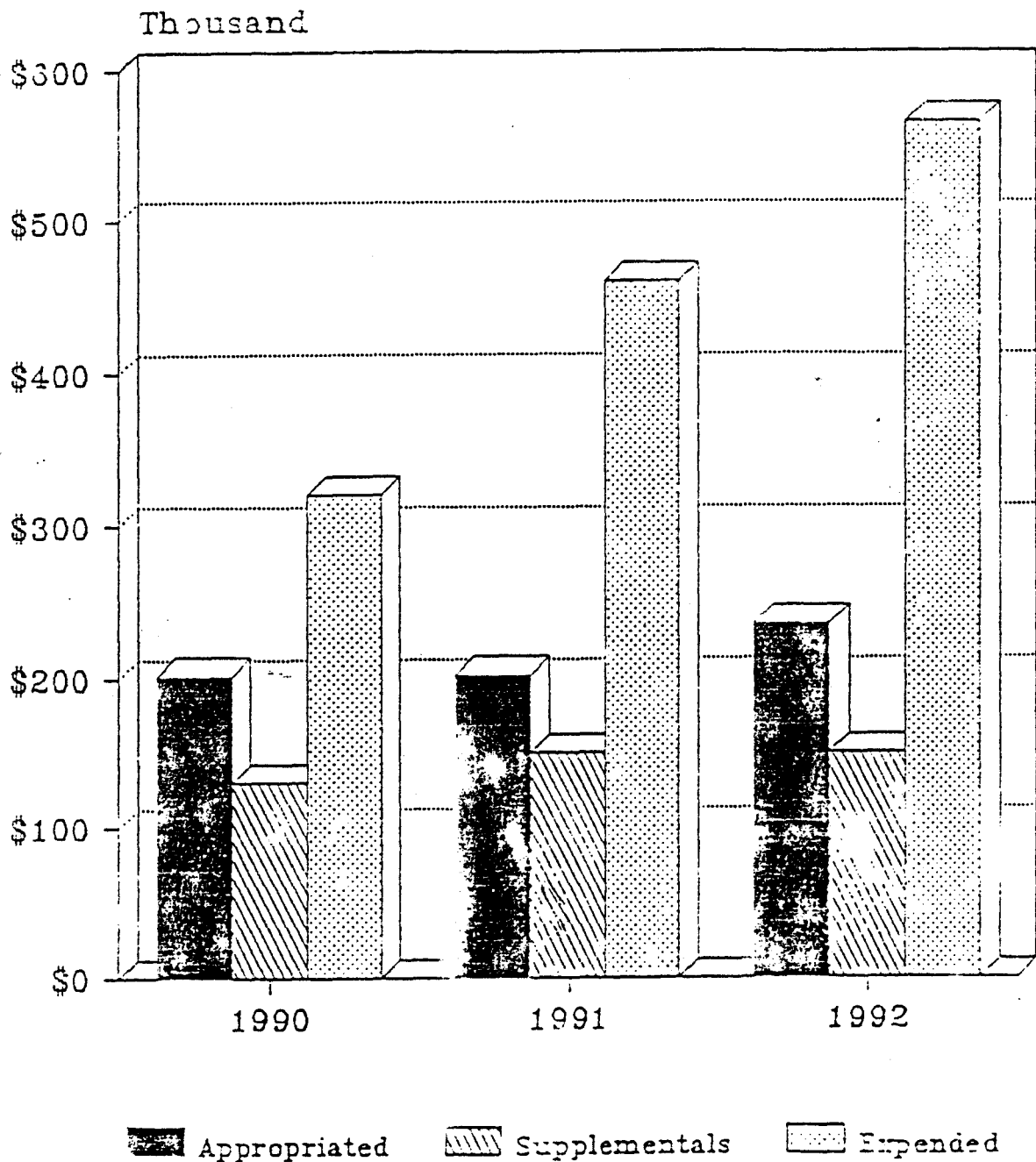
~~HB~~

The net effect of Auditor O'Keefe's actions was to reduce the projected deficit by \$66,578. The Auditor does not feel that he can make further reductions in staff or operational costs and meet the agency's statutory obligations.

The attached spreadsheets detail the personal service costs for the agency both prior the reduction in force and after.

EXHIBIT 10  
DATE 1/18/93  
HBC

# Prisoner Costs



EXH.B.1 11

DATE 1/18/93

Montana Department of Transportation  
Helena, Montana 59620

Memorandum

To: All Motor Pool Users

From: Bruce H. Barrett  
Assistant Maintenance Engineer *B. Barrett*

Date: June 9, 1992

Subject: FY 1993 Motor Pool Rental Rates

Please be advised that effective July 1, 1992, the rental rates for all Motor Pool vehicles will be as follows:

<u>Class No.</u>	<u>Description</u>	<u>Rate per Mile</u>
02	Utility 4x4's	.3430
05	Sub-Compacts	.2040
06	Compacts	.2225
07	Pickups	.2450
12	Vans - 5 & 8 Passenger	.3530

The above rates contain .0180 per mile loan repayment. Subsequently, the entire rate may not be reimbursable from federal programs. Leased vehicles will be evaluated by Sue Nichols, the Motor Pool Manager, and she will be contacting all lessees with new leases.

BHB:JH:D:EQ:jrh:1.kld

cc: Motor Pool Manager  
Information Services Bureau  
Accounting Services Bureau - Collections  
Rate File



EXHIBIT 11DATE 1/18/93BB

DESCRIPTION	QTY	EACH	TOTAL
4X4 UTILITY	1	\$16,119	\$16,119
MID-SIZE CAR	50	\$10,271	\$513,550
1/2-TON PICKUP	1	\$11,645	\$11,645
12-PASSENGER VAN	1	\$15,199	\$15,199
TOTAL		* <i>needed</i>	\$556,513

*requested 573,500**reduction 34,237**\* Actual bid prices*

EXHIBIT 11  
DATE 1/18/93  
~~HB~~

FY93 vs FY92 Mileage Comparison

+148,473 miles for July, August & December  
-151,880 miles for September, October & November  
  
-3,407 compared to same period in FY92

Reasons For Available Cash In Motor Pool Fund

+700,000 more miles of depreciation and replacement income than anticipated in FY92 and FY93 to date.

Auction proceeds were greater than planned.

Based on financial statements and rental rate establishment procedures, a gain was experienced which would have been returned to users in the form of reduced rates; however, the funds are needed for replacement vehicles.

Reasons There Will Always Be Vehicles On The Motor Pool Lot

Units are awaiting shop repair, commercial repair or service work.

Units have been dispatched and customer hasn't picked up the unit yet, or has parked it on the lot and will use it later.

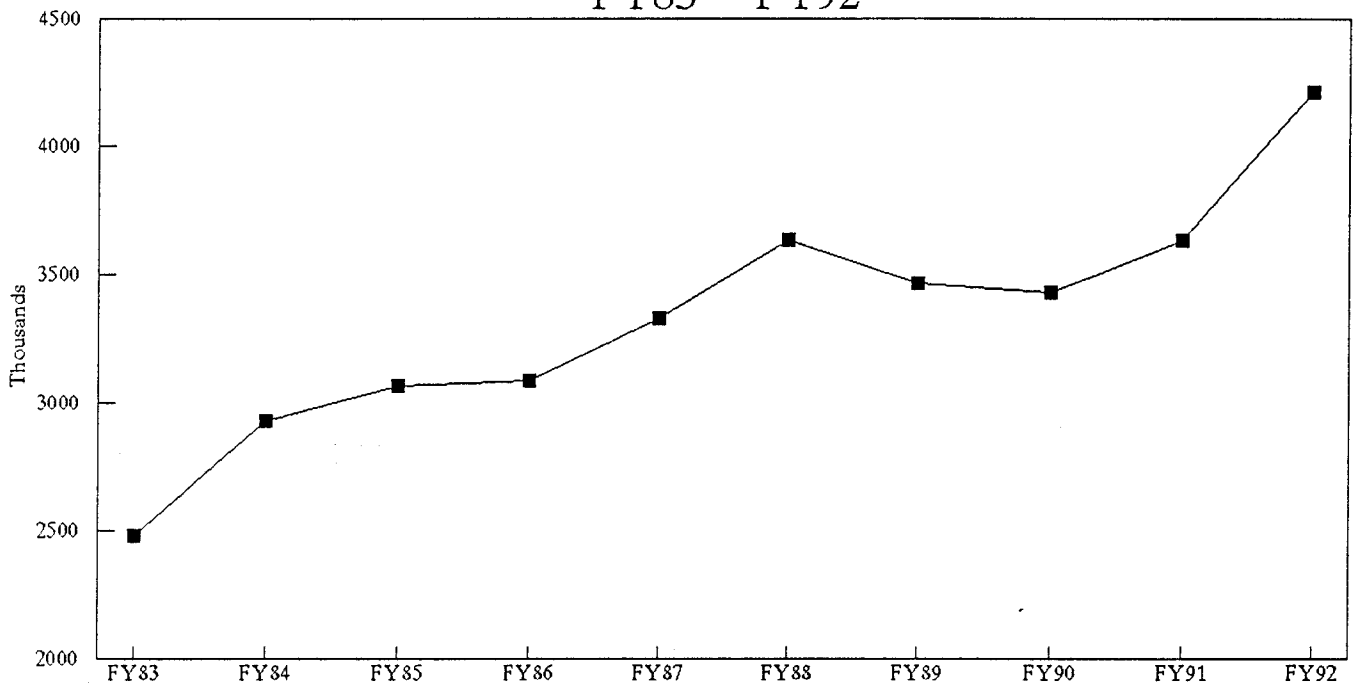
Units have been returned but have not been fueled and/or serviced and are not ready for dispatch.

Units have been reserved for late afternoon or next day pickup.

Units are on lease and are parked on the Motor Pool lot.

# MOTOR POOL MILES

FY83 - FY92

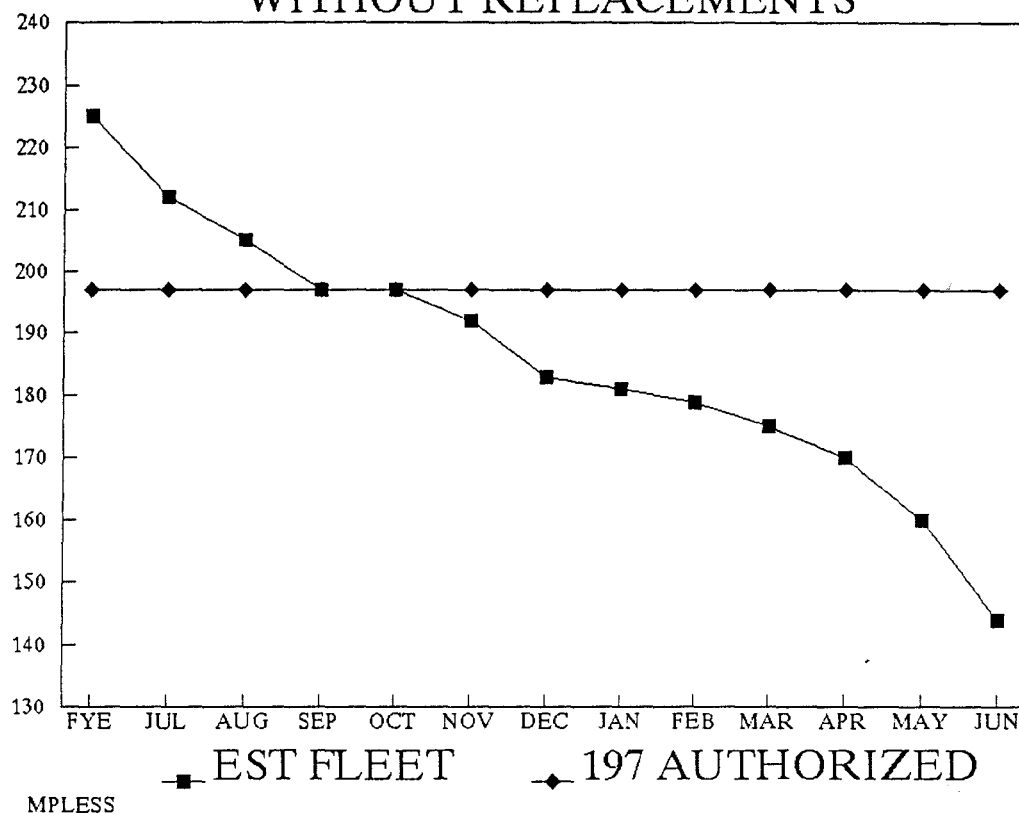


—■— TOTAL MILES BY YEAR

MP8392ML

YEAR	FY83	FY84	FY85	FY86	FY86	FY88
MILES	2,477,072	2,926,029	3,065,793	3,085,798	3,327,573	3,634,386
YEAR	FY89	FY90	FY91	FY92		
MILES	3,467,900	3,431,081	3,631,908	4,215,427		

## ESTIMATED MOTOR POOL FLEET WITHOUT REPLACEMENTS



MPLESS


### MOTOR POOL PROJECTED FLEET SIZE

	FYE92	JUL	AUG	SEPT	OCT	NOV
PROJ. FLEET SIZE	225	212	205	197	197	192
DEC	JAN	FEB	MAR	APR	MAY	JUN
183	181	179	175	170	160	144

EXHIBIT 11DATE 1/18/93HB                     

<b>MONTANA OPERATIONS MANUAL</b>  <b>MANAGEMENT MEMO</b>	<b>Management Memo Number</b>	<b>Vol.</b>	<b>Year</b>	<b>No.</b>
		1	93	3-4
	<b>Date Issued</b>	12/18/92		
	<b>Date Effective</b>	01/01/93		
<b>SUBJECT</b>	<b>Personal Car/Airplane Mileage Rates</b>			

TO: All State Agencies

FROM:  Bob Marks, Director  
Department of Administration

This memo updates the information contained in Management Memo 1-92-3-4 dated 1/09/92. Please remove Management Memo 1-92-3-4 from your manual.

Reimbursement for personal car mileage driven in connection with State business will increase from the present 27.5 cents per mile to 28 cents per mile commencing January 1, 1993. In order to claim reimbursement at 28 cents, the State employee must qualify according to the Administrative Rules of Montana (A.R.M.) Section 2.4.114.

If qualification is not met according to the above section, and approval is obtained from the Director of your Department to use your personal car, the new rate is 25 cents per mile (as opposed to the old rate of 24.5 cents per mile). The effective date for this new rate is also January 1, 1993.

The reimbursement rate for private airplane usage will also increase to 56 cents per nautical mile (see MCA 2-18-503(4)). The new rate is effective January 1, 1993.

These increases are authorized by MCA Section 2-18-503 and are made in conjunction with official notification of increase by the Internal Revenue Service. Questions should be directed to the Accounting Bureau at 444-3092.

**HOUSE OF REPRESENTATIVES  
VISITOR REGISTER**

GEN. GOV. & HWYS.      SUBCOMMITTEE      DATE 1/18/93  
DEPARTMENT(S) SUPPLEMENTALS      DIVISION

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**PLEASE PRINT**

NAME	REPRESENTING	
James May	Dept of Justice	
Jim Oprelahl	Supreme Court	
Dennis M. Taylor	JUSTICE	
Doug Booker	Military Affairs	
Ken Morrison	Dept. of Revenue	
off miller	Dept. of Revenue	
JACK ELLERY	" "	
Carl Schweitzer	Montana Contractors Association	
Russ Hyatt	DEPT OF REVENUE	
LOIS MENZIES	DEPT. OF ADMIN.	
Bill Salisbury	Dept of Transportation	
B. H STRIZICH	Dept of Transportation	
Bruce Barrett	Dept of Transportation	
DAN LIEBERG	Military Affairs - DES	
Gregory H. Harris	Risk Mgt. Int Defense Admin	
Freddie DAHL	" "	
Mick Robinson	Dept. of Revenue	
Col Bob Griffith	JUSTICE - Highway Patrol	

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 FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

GEN. GOV. & HWYS. SUBCOMMITTEE DATE 1/18/93  
DEPARTMENT(S) SUPPLEMENTARY DIVISION

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NAME	REPRESENTING	
MIKE LAVIN	Gov's office	
Mary Jo Murray	Gov Ofc	
Jim Jacobsen	VETERANS AFFAIRS DIV	

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