

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT MEETING OF SENATE FINANCE AND CLAIMS AND COMMITTEE ON APPROPRIATIONS

Call to Order: By SEN. JUDY JACOBSON, on January 20, 1993, at
7:30 A.M.

ROLL CALL

Members Present:

Rep. Tom Zook, Chair (R)
Rep. Ed Grady, Chair, Institutions (R)
Sen. Eve Franklin, Vice Chair (D)
Rep. Ernest Bergsagel, Chair Long Range Planning (R)
Sen. Bob Hockett, Vice Chair (D)
Rep. John Cobb, Chair, Human Services (R)
Sen. Mignon Waterman, Vice Chair, (D)
Rep. Roger DeBruycker, Chair, Natural Resources (R)
Sen. Cecil Weeding, Vice Chair, (D)
Rep. Royal Johnson, Chair Education (R)
Sen. Don Bianchi, Vice Chair (D)
Rep. Mary Lou Peterson, Chair, General Government (R)
Sen. Harry Fritz, Vice Chair (D)

Members Excused: None

Members Absent: None

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Mary Lou Schmitz, Secretary

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

Committee Business Summary:

Hearing: None
Executive Action: None

Discussion on Ways to Apportion Spending Target approved in House
Joint Resolution 2 Among Subcommittees

CHAIR JUDY JACOBSON said this meeting is to sit down with the
Chairs and Vice Chairs of the subcommittees to talk about the
Resolution passed by the House, some of the targets, what they
mean to the subcommittees and what the realities of the level of
cuts are and how they may be apportioned across the various
subcommittees. She referred to EXHIBIT 1, which gives spending

levels and the levels of the cuts required of those specific subcommittees if the 1993 biennium spending levels of general fund are taken this biennium. The target that troubles most at the outset is Human Services which would be required to take \$60 million in cuts which translates to over \$1 billion in federal money. She is not sure that realistically they can get to that level.

REP. JOHN COBB, Chairman Human Services Subcommittee, said he is speaking for himself and not members of the committee. He would try to work towards a target of \$25 million or under. That would still be an increase in the budget from FY 92-93. Because the Medicaid growth is going to impact the budget, he would like to slow that growth rate down.

CHAIR JACOBSON said although this is a House Resolution the Senate needs to participate in it because it does affect both House and Senate subcommittee members. If some level is not reached in the subcommittees, the House Appropriations Committee will be charged with those duties. If there is not sufficient revenue to put some of these cuts back when it reaches the Senate, she does not see much happening beyond that. While the Senate is not bound by a House Resolution, they are involved.

SEN. WATERMAN, Vice Chair, Human Services Subcommittee said in her discussions with other members of the Human Service subcommittee, they certainly recognize the problems as Medicaid expenditures and are going up 20% a year. She feels the \$60 million target cut for Human Services is unrealistic.

Peter Blouke, Director of SRS, said any reductions in SRS will mean that many services will be cut. He is interested in an across the board percentage reduction.

SEN. WATERMAN said they have talked about some of the cuts but the Catch 22 situation the subcommittee is in is they are not only dealing with the most vulnerable people but their needs will not go away. They will go on to more costly care.

REP. COBB said **Mr. Blouke** will work with the subcommittee. The issue is, if the legislature increases the general fund cost of SRS by \$50 million, plus all the federal moneys, and keep it at this rate, in several years all these programs would be wiped out anyway. The revenue growth rate cannot sustain it.

CHAIR JACOBSON went on to **General Government and Highways** and said **REP. PETERSON's Subcommittee** would be required to go to the 1993 level to cut out \$13.5 million. She asked **REP. PETERSON** how she feels about the ability to achieve those level of cuts? **REP. PETERSON, CHAIR** said her committee has completed some of the budgets they reviewed but as they worked on them knew there would be certain cuts to be made. She feels they can do it but it won't be easy. The thing that is uppermost in their minds is they want to find those areas that are least effective in

providing services for the state. There is a great deal of interest in not wanting to make sweeping cuts across the board.

SEN. FRITZ, Vice Chair said any cuts are difficult but they will work with the agencies.

CHAIR JACOBSON asked to hear from Natural Resources. She said their target at this point is about \$3 million and asked the Chairman if that is achievable or can he perhaps go above that? REP. ROGER DeBRUYCKER, CHAIR said he sees no problem in meeting the target and believes it is achievable.

SEN. WEEDING, Vice Chair concurs with REP. DeBRUYCKER because they are shifting expenses from the general fund into special revenues and raising fees in a number of areas as there is so little general fund in the Natural Resources budget.

REP. ZOOK said, when you go to the fee arrangement you have not reduced government. Some fees could be viewed as increased taxes, but they come about at the urging of the people that deal with that Department. He asked if there were other areas that go beyond the fees where some budget reductions can be derived from those agencies. REP. DeBRUYCKER said the subcommittee is approving budgets, contingent upon the passage of five or six Bills that are being heard now. If these Bills fail, the departments will have to return.

REP. ZOOK asked the same question of REP. PETERSON and her committee: is part of the general fund reduction realized through increased fees? REP. PETERSON said they haven't looked at that yet but do have a proposal from the Secretary of State to reduce general fund costs by changing to a fee structure.

CHAIR JACOBSON asked REP. MERCER if the Resolution that was passed in the House, states that we will not increase fees in order to replace general fund?

REP. MERCER said that's exactly what it says. There certainly is nothing wrong with fees, it's just that fees are taxes. He wants to make it clear that the budget target number is designed to limit expenditures, not simply to substitute other funds for that amount of money. If you want to use fees to replace general fund, that's fine but that is not the kind of cuts we're talking about. We're talking about reductions of government spending, not just simply replacing it with fees. There is nothing to prevent subcommittees from doing that but there are many other proposals that can be made.

REP. DeBRUYCKER said many of the departments are coming to his subcommittee with most budgets financed by fees and very little general fund in them. There is probably about \$1 million at the very most.

SEN. WEEDING said beyond that, these fee increases are in bills

that people affected by them are bringing in so they can be more self-sufficient. All the subcommittee is doing is substituting that money for general fund. In addition, they are assigning administrative costs back to special revenue.

CHAIR JACOBSON referred a question to **REP. DeBRUYCKER** and said regardless of fee increases, and put those aside, would you be able to achieve \$3 million reductions of general fund? **REP. DeBRUYCKER** said if we're told to we will.

CHAIR JACOBSON said the next subcommittee to be heard is **Institutions and Cultural Education**. Their level would be \$14 million in reductions at the 1992 level. **REP. GRADY, CHAIRMAN**, said this is another area that will probably not reach its goal. There are Bills in the Session that will affect his committee. At this time it is hard to project what is going to happen. He said his committee will make every effort to control the budget and try to reach their goal. **Rick Day, Director, Institutions** said the Executive Budget already contains downsizing and some institution eliminations. Some of their goals are complete closure of the Galen facility, delay the Veteran's Nursing Home, and delay the building of the Women's Correctional facility.

SEN. FRANKLIN, Vice Chair said the subcommittee has not taken any action on some of the larger portions of the budget. The Department has come in with some fairly significant Supplementals they will be looking at.

CHAIR JACOBSON referred to the **Higher Education** subcommittee and, while the cuts in that area look small, when you drive off the 1993 biennium level of expenditure in general fund, all of the increases in the University System have been tuition increases and not general fund increases so their level of cuts, as far as general fund is concerned, are \$4 million.

REP. ROYAL JOHNSON, CHAIRMAN, said OPI is probably willing to live with that sort of cut shown in the target. In Higher Education, he is not sure how Commissioner Hutchinson would react to a \$25 million cut as opposed to a \$4 million cut. The subcommittee has just started getting into the Higher Education cuts and are not prepared to report now. They have gone over the Board of Education's budget and \$19,000 would keep the lawsuits at a minimum. School for the Deaf and Blind's budget cut is severe for that single institution. The only request from the School is to rebuild the swimming pool. He thinks it is possible that the target can be reached in the Higher Education subcommittee.

SEN. BIANCHI, Vice Chairman, said he basically agreed with **REP. JOHNSON** and thinks the overall goal will be reached in Education. He mentioned the School for the Deaf and Blind will be drastically hurt by the cuts.

REP. COBB had a question for **REP. JOHNSON** concerning the "\$4

million as opposed to \$25 million" and asked him to explain. **REP. JOHNSON** said the comment the Commissioner made recently related to a \$4 million dollar cut as opposed to a \$25 million cut. **REP. COBB** said his recommendation is Education should take a bigger cut. He feels Human Services should not be trading their program to fund the University System or pay for Commissioners' salaries. **REP. JOHNSON** said he feels **REP. COBB** is not 100% right. He said if there is a suggestion for a higher cut in the University System, he will be willing to listen to it. He thought they were only addressing the cuts they have in front of them this morning.

CHAIR JACOBSON said the lists they have before them have been prepared by the Legislative Fiscal Analyst and is in line with the Resolution that was passed by the House of Representatives to go back to the 1993 biennium general fund spending levels. When you look at Higher Education, their increases have been tuition money and not general fund over the last two years, so they show a very small cut. But, in fact, the students have been contributing to the increases over the last two years. She is not suggesting these numbers are perfect, that is why they are here to talk about them. Obviously, they have at least a \$35 million gap at the outset because Human Services is assuring them that \$25 million may or may not be realistic but they seem to feel that's the very highest they can go. There will have to be some give somewhere if the overall goal is to be achieved.

REP. COBB said he thinks the Resolution does not say go back to current level, for the 1993 biennium, but to cut back to \$99 million.

REP. GRADY asked **Terry Cohea, Legislative Fiscal Analyst** to explain what they are short after hearing from the subcommittees today. **Ms. Cohea** said everyone has indicated they are trying to meet the target but are \$35 million short for the General Appropriation Act. She referred the Committee to **Page 1, EXHIBIT 1** which would leave them approximately \$12 million short of meeting the cut. She referred to the pink sheet, **EXHIBIT 2** which describes what is in the columns on the third page, **EXHIBIT 1**. In determining a current level budget they would move "one-time" expenditures. When the committee adopted \$1,837.9 million as the target, that was actual expenditures in 1992, appropriated in 1993. Within that amount there are "one-time" expenditures. If you look at the current level budgets shown on Pages 3 and 4, **EXHIBIT 1**, those have only ongoing expenditures in them. So when you subtract ongoing expenditures from the target you have about \$23.9 million of unallocated money, which is one-time money pulled out so is not in the base. If you are unable to meet the target in a particular subcommittee, the unallocated money could be allocated in that area. Under that logic, then you would be about \$12 million short of meeting the target.

CHAIR JACOBSON asked **REP. BERGSAGEL, Chairman, Long Range Planning** if he sees any achievable reductions in general fund in

his budget? **REP. BERGSAGEL** said if they want to eliminate some of the projects that haven't been started and can take general fund obligation for debt service out of some of that, about \$2 million can be saved. However, that means they wipe out the Women's prison and the new addition on the Men's prison. **SEN. HOCKETT** said he had no particular comment.

CHAIR JACOBSON asked **REP. MERCER** to comment on what he has heard this morning.

REP. MERCER said essentially what they are looking for is \$1,837.9 million and want to allocate that across the various subcommittees. The criticism is, you are trying to make these kinds of decisions without having all the evidence in. However, this decision will be made later if we don't make it sooner, anyway. If we try to set some realistic targets, then it gives the subcommittees time to try to work through the budgets and determine the best place for the reductions. Based on what he has heard so far, certainly the target that has been set for General Government should be achievable. It is his understanding Human Services subcommittee would be reducing the target by \$25 million. In response to a question, **Ms. Cohea** said she understood **REP. COBB's** plan was that instead of cutting \$61 million they would cut only \$25 million. **REP. MERCER** said that seems realistic. The Natural Resource target seems realistic. It is his understanding the Institutions subcommittee will cut \$14 million out of Institutions. Based on what he knows, he questioned if that is realistic or should be readjusted. He asked to hear from the Fiscal Analyst as well as the Budget Director concerning that target.

Ms. Cohea referred to the last page of **EXHIBIT 1**, which shows the 1992-1993 biennium current level and the **Racicot** recommendation, which is about \$28 million higher. So, if you look at it from the perspective of the **Racicot** budget, the subcommittee would have to cut \$28 million to meet the target. The **Racicot** budget reflects the increased prisoner caseload at the Men and Women's prisons and reflects the staffing of the new Veterans' Home.

REP. MERCER said what they are trying to find out is a realistic target, not necessarily whether or not the **Racicot Administration** supports it at this point. He's not sure the proposed target is realistic and asked **Dave Lewis, Budget Director** what he thought. **Mr. Lewis** said he would try to be of service to the committees as they go through this difficult process. However, there are going to be times he cannot support the recommendation of the subcommittee because his final obligation is to deliver the services to the programs. He will make every effort to help the subcommittees identify the issues and to provide information. To answer **REP. MERCER'S** question, he does not think you can get that big a cut in that area. It will have to be offset with a deeper cut in some other area. **REP. MERCER** asked what is a realistic target for that? **Mr. Lewis** said he would hesitate to put a number on it. He would suspect at least 50% or 60% of that money

is an absolute necessity. Perhaps there is a possibility of cutting 30% of that. He thinks it will require deeper cuts in some other area.

SEN. WATERMAN asked if the \$25 million cut in the Human Services area is achievable and would the Administration support that? **Mr. Lewis** said, working with **Director Blouke** and from his own past knowledge as Ex-Director of SRS, he thinks it is achievable. He would have to support what **Director Blouke** said that there are very difficult cuts involved and hard decisions required. A lot of these issues have been looked at in the past and they know how hard they are.

SEN. WATERMAN said one of the most substantial cuts they are talking about in subcommittee is eliminating the state assumed county program. She asked **REP. MERCER** to clarify how he interprets the House discussion on the issue as you reach the \$99 million target? The other counties can go up to 12 mills under current law. Would it be within the intent of that Resolution to allow these state assumed counties to run an operation at no more than 12 mills? Would it be the intent of the Resolution to allow them to run programs as they run now and tax at the local level to raise that additional 5 or 7 mills? What would meet the intent of the Resolution? **REP. MERCER** said the Resolution did not address that specific issue to the point. It was not one of the issues debated. It would be his interpretation of the Resolution, that you cannot shift the costs to the local government property taxpayer. If state assumption is one of the things you eliminate, it is not necessarily a shifting of a cost to a local taxpayer. It is not a mandated program from the state. If the county chooses to continue the program, then it is a decision they would have to make at the local level. So it would seem, under the Resolution, to be an option, but whether or not that would be done is a decision that would have to be made by your subcommittee, then later Appropriations, and later the House. In summary he does not think the elimination of state assumption would be a violation of the Resolution.

REP. ROYAL JOHNSON said one thing that hasn't been mentioned this morning, in view of the seriousness of the situation and the magnitude of the cuts in several areas, is how money is given to each department for their use. They need to allow those people the flexibility to get their departments in the shape they need to with whatever funds they finally end up with. They have argued at length about lump sum funding for the University System but are at a point now where they are asking the University System and every other system in the state to take some pretty serious cuts and with those cuts we have to give them that flexibility that allows them to do the best job for what they are trying to do with the money.

CHAIR JACOBSON said they have specifically asked the Commissioner of Higher Education, as well as all the Department heads, to identify areas they would look at regarding cuts. It is her

understanding there has been very little response. Is there some concern in your subcommittee the Regents will begin decreasing enrollments before they start looking at administrative costs and how do you intend to handle that? **REP. ROYAL JOHNSON** said he is not sure his committee has come to that point yet because they haven't seen Higher Education's budget but he does think the Board of Regents, in their meeting tomorrow, will address this issue because they are fully aware of the problem the legislature is facing. They do not want to take those cuts, whether it's the \$4 million or more. They want to go back to the original level of funding. But on the other hand, they are part of the state government and will do whatever they can to take care of that situation. That will come up as they go through each of the University System's educational units and they will be fully aware of that area. They agreed to answer a group of questions as rapidly as possible.

REP. ZOOK said, in reality, the legislature has to accept the fact that the University System came out very well in the last biennium as compared to the other areas of government. There is no way we can ask Human Services to take the kind of reduction in their budget again as they did in the past and tap the University System for such a small amount. As he understands, **Governor Racicot's** budget takes \$25 million from the University System and he would ask the Chairs represented here if they would disagree with setting that as a figure to work from in this process.

REP. JOHNSON said it is entirely possible to set that as a goal. It's good the University System knows the kind of problem the committees are facing and that the legislature is looking for their help. As they struggle through that budget, they might find there are those decreases they can take but ought to be able to go through before making those kinds of decisions. It's always great to have a goal and he is willing to work towards that goal, as he would rather do it in this manner than do it at 11:00 p.m. the last night of the Session. He is sure the University System will want to approach it that way too.

REP. GRADY said he agreed with **REP. COBB** that the Universities have not taken a big enough cut. He said they have other means of raising money and always come out ahead and continue to grow. The rest of the governments cannot do that and they have to live within their budget. He has been somewhat conservative in his committee (Institutions) but will be discussing more cuts there.

CHAIR JACOBSON said everybody sitting at this table is aware that if the House intends to meet the targets they have set for themselves, Higher Education is going to take a rather heavy decrease but she feels the committee should be aware, as you look at **EXHIBIT 1** it becomes very clear that while the University funding may have increased over the last biennium, the increases in the general fund share have been a mere \$4 million. They are increasing tuition on the students and those are taxes. But the state has not, in any way, kept up an equal share with what we've

asked students to do and are continuing to ask the students to do. She asked Ms. Cohea if the tuition from new students is reflected in EXHIBIT 1. Ms. Cohea said the 1994-1995 column shown on the third sheet, EXHIBIT 1 reflects implementation of the formula and includes the additional students and tuition revenue under the formula driven funding. As you have stated, the reason that the increase in General Fund is only slightly over \$4 million is because a higher level of tuition in 1993 is carried forward to 1994-95; General Fund is a "plug" figure after tuition is considered, so the increase is less than total funding.

SEN. BIANCHI said the way the Universities are currently funded is formula-driven, based on the number of students. So, as students increase, as they have in the University System, the budget increases because that is the way the legislature has done it, in recent years. If we really want to cut money out of the University System, can reduce access. In fact, the Regents came up with a plan of doing that, which met with all kinds of political criticism across the state. He assumes the subcommittee will look at that and if there are those kinds of decisions to be made, this body will have to make them. At this point, he thinks they have directed the University Systems to come to the Legislature and say what would happen if we cut \$25 million out of their budget. They haven't done that yet but thinks they will. Until they know that, it's hard for the subcommittee to say that \$25 million is even a possibility.

CHAIR JACOBSON said what we are trying to do today is look as realistically as we can at what we might ask the subcommittees to achieve. Today we are telling the subcommittees this is the "ball park" of what we expect from you. It is clear that Human Services is not going to be able to achieve the numbers on the sheet, EXHIBIT 1, and guess their target would be around \$25 million. REP. MERCER said it is his understanding the Human Services subcommittee would take \$344 million and subtract \$25 million from it. REP. COBB said this was not part of the Resolution, we were to find \$99 million. This is just going back to current level 1992 so it's how we come up with \$99 million. The Resolution is also saying if we don't do something now with the sales tax or income tax increases, in three or four years the growth move is back to more tax increases. We are just trying to slow the growth down.

REP. MERCER said his proposal on Institutions is, instead of requiring a \$14 million cut, should consider looking for a \$7 million cut as being more realistic. Then he reminded the committee they were \$12 million short, add another \$7 million to that or \$19 million. If you add the \$19 million to the \$4 million in Education and make the target there \$23 million as a reduction, that would reduce Higher Education from \$246 million to around \$223 million. He referred to the Racicot budget on the last page which has a general fund of \$211 million for the University System so the target would actually be \$12 million

higher expenditure of general fund for the University System than is in the **Racicot** proposal. That would get us to our target of \$1,837.9 million. **Ms. Cohea** said if all of the unallocated that is assigned to the Human Service Subcommittee, yes, that would get you within \$1 million on the target. **REP. MERCER** said he does not want to get within \$1 million of it but get exactly to it so what needs to be done. **Ms. Cohea** said you would need to take \$24 million from the Universities. **REP. MERCER's** suggestion would be to take \$24 million from the Universities, \$7 million from Institutions, and the rest as they have already discussed.

SEN. WATERMAN said she was not clear on the Human Services number. She needs a more solid number than "something less than \$60 million". **REP. MERCER** said it depends on which number you drive off of. He used the LFA current level which is \$344 million. Instead of \$60.8 million it would be \$25 million in the cut column. You are asking to come off of LFA current level by \$25 million. General Government would still be \$13.5 million, Natural Resources would be \$3.1 million, Institutions would be at \$7 million and Education would be at \$24 million.

CHAIR JACOBSON said part of the confusion in Human Services is the unallocated target (the one-time expenditures). If you allocate that to Human Services, they will take a \$25 million reduction.

SEN. HOCKETT said the total at the bottom of page 3, **EXHIBIT 1**, is \$95.9 million not \$99 million. **Ms. Cohea** referred the committee to the front sheet, **EXHIBIT 1**. Again the target is \$1,837.9 million. In this calculation, the LFA was instructed to do was hold K-12, the Foundation program, at the 1993 biennium expenditure level. Because legislation would be required to change the other statutory appropriation listed on the next sheet, we were told to leave that at the 1995 biennium level. To meet your target, the \$955.8 million in HB 2 is what you would need to meet in the subcommittees. The subcommittee totals tie to the sheet at the back. These totals compare the current level for the 1993 biennium to the current level for the 1995 biennium, with the one-time money out.

It is this one-time money (or unallocated) that is making this a little difficult to understand. This is current level to current level. The front sheet is dealing with actual expenditures to current level. The sheets at the back deal with the current level, agency by agency. There is \$23 million unallocated because of the one-time that is carried to the front. If you then allocate it in agencies, such as Human Services, that gets you to the \$955.8 million which is the sub-set of the target.

REP. KADAS said it seems to him if they are relating the cuts to current level in this biennium the total cut is \$136 million not \$99 million because of the difference in the Foundation program. Up until this point, the Foundation program reduction has not been counted as a reduction. **Ms. Cohea** referred the committee to

the second sheet, **EXHIBIT 1**. It shows the current level 1993 biennium, the \$1,837.9 million. Then the next column shows the 1995 biennium calculation. The target is \$99.3 million below that. She referred the committee to the General Appropriation Act shown at the top of the sheet, that total is \$961.5 million. On the front sheet, you will see for the General Appropriation Act at \$955 million. The difference between the \$961 million and the \$955 million is growth that is occurring in the property tax reimbursement debt service and retirement. Instead of cutting these statutory appropriations, under the revised target, you are cutting it in state agencies. You have reassigned essentially \$6 million of the target to state agencies. Once you have done that the cut in the foundation is \$37.9 million. So the total cut is \$99.3 million. **REP. KADAS** said if you used as the base from which we started from for agencies, current level 1995, with the exception of the foundation program, where you use current level 1993 as the base. **Ms. Cohea** said the target shown on page 2 drives from the 1993 base for everyone. On the front page, the \$802.3 million total shown for the Foundation is the 1993 expenditure level. Implicit in using that as a target for the 1995 biennium, is cutting the Foundation schedules 4.7%, since there are more students. The target cut for the Foundation is included in the front sheet.

REP. KADAS referred to Page 3, looking at subcommittee totals and include the unallocated of \$23 million, it totals \$99 million for that amount. Add \$37 million cut in Foundation program and that totals \$136 million. **Ms. Cohea** said it's the unallocated that is causing difficulty. If it would help the committee **Ms. Cohea** will meet with the Budget Office and work out a schedule that will make this clear.

CHAIR JACOBSON asked **REP. MERCER** for any instructions for Long Range Building. He said he didn't have anything in mind for Long Range Planning but was interested more in people's comments on these particular target allocations. If you drive off the current level LFA numbers to determine what the cut would have to be, the \$13.5 million for General Government, \$25 million for Human Services, \$3.1 for the Natural Resources, \$7 million for Institutions and \$24 million for Education, would those be acceptable targets?

SEN. WATERMAN said if they are to accept \$25 million target for Human Services, she would advocate they do no new building of anything in this state. She would certainly hope they would eliminate \$2.9 million out of Long Range Building. If they cannot educate the students in the schools and must limit access, if they cannot take care of the most vulnerable and needy in this state, we ought not be building new buildings.

CHAIR JACOBSON said the reason she asked the question of **REP. MERCER** is because of his comments earlier of the fee schedules. Everyone needs to fully understand that when we are bonding for these new buildings we are obligating debt for the state of Montana and obligating the cost of maintenance for those new


buildings, such as the Honors Building at the University of Montana. **REP. JOHNSON** said the President of the University said they had talked to the donors and if necessary, and the state did not come with money to maintain it, they would, in fact, get that from private sources on that particular building.

CHAIR JACOBSON said this has a familiar ring to it and referred to the Museum of the Rockies discussion a few years ago.

REP. BERGSAGEL asked if it is the desire of the Committee that he look at any project that has ongoing maintenance or operation cost that are located in his subcommittee? **CHAIR JACOBSON** said it is important in keeping with the spirit of the House Resolution and what **REP. MERCER** has shared with them that they look very closely at those projects because what **SEN. WATERMAN** has said is very true. It is not proper to build new buildings when we can't maintain them.

ADJOURNMENT

Adjournment: 9:30 A.M.


SEN. JUDY JACOBSON, Chair


Mary Lou Schmitz, Secretary

JJ/mls



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RAY PECK
TOM ZOOK

January 19, 1993

TO: Chairs and Vice-Chairs of Joint Appropriations Committee
Dave Lewis, Director, Office of Budget and Program Planning
Peter Blouke, Director, Dept of Social and Rehabilitation Services
Hank Hudson, Director, Department of Family Services
Rick Day, Director, Dept of Corrections and Human Services

FROM: Representative *Tom Zook* Tom Zook, Chair of House Appropriations Committee
Senator *Judy Jacobson* Judy Jacobson, Chair of Senate Finance and Claims Committee

SUBJECT: Meeting at 7:30 a.m. on Wednesday, January 20

We would appreciate your attending a meeting from 7:30 to 9:00 AM on Wednesday, January 20, in room 312-2.

At the meeting, we will discuss ways to apportion the spending target approved in House Joint Resolution 2 among subcommittees.

To assist you in preparing for the meeting, we have attached background material prepared by LFA staff. This material includes:

Pages 1-2--summaries of the \$955.8 million general fund for state agency budgets contained within the \$1,837.9 million spending target;

Page 3--agency detail on the \$931.9 million general fund contained in agencies' 1993 biennium budgets. Totals for each subcommittee are also provided; and

Page 4--agency detail on the Racicot budget general fund recommendations (current level plus budget modifications) by agency. Totals for each subcommittee are also provided.

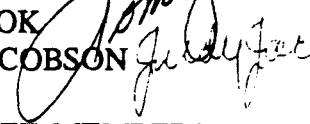
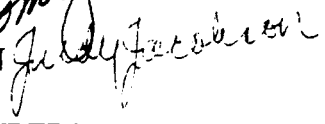
We look forward to your thoughts on approaches for allocating the spending target among subcommittees.

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Exh. 1

EXHIBIT
DATE 1/20/93
HB

January 20, 1993

FROM: REP. TOM ZOOK 
SEN. JUDY JACOBSON 
TO: SUBCOMMITTEE MEMBERS
RE: HOUSE RESOLUTION SPENDING REDUCTION TARGETS

Chairs and Vice Chairs of the six subcommittees met Tuesday, January 20, 1993, to discuss the allocation of spending targets within the \$1,837.9 million target adopted by the House in House Resolution 2. The chairs discussed the possibility of holding their spending levels at the 1993 biennium current level as shown on the LFA sheets and what they felt they could realistically achieve. It was determined that Human Services probably could only achieve \$25 million in spending reductions and that Institutions cuts would have to be reduced from \$14 million to \$7 million. The remainder of the reductions would be shifted to the Education sub-committee increasing their general fund reductions from \$4 million to \$24 million. The Long Range Building Chair was asked to look at all new buildings approved but not started, since those buildings will affect both the State bond obligation and general fund future maintenance money.

It is our hope that the subcommittees will use these House Resolution targets as general guidelines in their deliberations and look closely at the priority lists provided by state agencies to reduce or eliminate programs. We understand that subcommittees may need to draft legislation necessary to achieve recommended spending levels and elimination of programs and or duties of the agencies.

The enclosed LFA sheet details the House Resolution targets and the new proposed allocations by subcommittee. The bottom of the sheet references the \$37.4 million reduction in foundation program costs and adjustments to other statutory appropriations necessary to achieve the \$99.3 million expenditure reduction contained in the House Resolution.

Office of Legislative Fiscal Analyst
Expenditure Targets
 Figures In Millions

EXHIBIT 1
 DATE 1/20/93
 HB 1

SC	Committee	Initial Target	1/20 Target	Change
01	General Government & Highways	\$109.347	\$109.347	\$0.000
02	Human Services	283.158	319.049	35.891
03	Natural Resources	39.624	39.624	0.000
04	Institutions & Cultural Education	156.040	163.084	7.044
05	Education	342.329	322.667	(19.662)
06	Long-Range Planning	Unknown	Unknown	0.000
	Unallocated Target	<u>25.268</u>	<u>1.995</u>	<u>(23.274)</u>
	Sub-Total	\$955.766	\$955.766	(\$0.000)
	Statutory Appropriations			
	K-12 (SEA)	802.323	802.323	0.000
	All Other Statutory *	<u>79.852</u>	<u>79.852</u>	<u>0.000</u>
	Grand Total	<u>\$1,837.941</u>	<u>\$1,837.941</u>	<u>(\$0.000)</u>
	HR 2 Target	<u>\$1,837.941</u>	<u>\$1,837.941</u>	<u>\$0.000</u>

Target Comparisons
LFA Current Level & Racicot Budget
 Figures In Millions

Sub-Committee	1/20 Target	LFA Cur.Lvl.	Diff.	Racicot Budget	Diff.
General Government & Highways	\$109.347	\$122.861	(\$13.514)	\$110.408	(\$1.061)
Human Services	319.049	344.049	(25.000)	335.366	(16.317)
Natural Resources	39.624	42.800	(3.176)	40.784	(1.160)
Institutions & Cultural Education	163.084	170.084	(7.000)	184.188	(21.104)
Education	322.667	346.667	(24.000)	317.731	4.936
Long-Range Planning	Unknown				0.000
Unallocated Target	<u>1.995</u>		<u>1.995</u>		<u>1.995</u>
Total Agencies	\$955.766	\$1,026.461	(\$70.695)	\$988.477	(\$32.711)
K-12	802.323	839.723	(37.400)	806.292	(3.969)
All Other Statutory *	79.852	71.083	8.769	79.459	0.393
Other Appropriations	0.000	0.000	0.000	19.896	(19.896)
Totals	\$1,837.941	\$1,937.267	(\$99.326)	\$1,894.124	(\$56.183)

* Includes property tax reimbursement, debt service, TRANS interest, retirement, feed bill, and reversions.