

MINUTES

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

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRMAN ROGER DEBRUYCKER** on February 12,
1993, at 7:30 A.M.

ROLL CALL

Members Present:

Rep. Roger DeBruycker, Chairman (R)
Sen. Cecil Weeding, Vice Chairman (D)
Sen. Gerry Devlin (R)
Sen. Greg Jergeson (D)
Rep. John Johnson (D)
Rep. William Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Terri Perrigo, Legislative Fiscal Analyst
Florine Smith, Office of Budget & Program
Planning
Theda Rossberg, Committee Secretary

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

Committee Business Summary:

Hearing: DEPARTMENT OF COMMERCE
Business Development
Office of Res. & Inform. Services
Board of Housing
Health Facility Authority
Investment Division
Indian Affairs

Executive Action: DEPARTMENT OF COMMERCE
Business Development
Office of Res. & Inform. Services
Board of Housing
Health Facility Authority
Investment Division
Indian Affairs

HEARING
BUSINESS DEVELOPMENT

Andy Poole, Deputy Director, Department of Commerce, gave an overview of the department.

The 5% reduction position #5172 for an Administrative Assistant is essential to maintain the department operation. Page 4, EXHIBIT 1

If the committee will allow the department the .50 FTE requested, the lower budget numbers, 1-7 of the Business Development Operating Expenses, would be acceptable. They would also accept the lower budget numbers, 1-3 for International trade. Under Equipment they were willing to take the lower number, and they are not requesting Budget Modification numbers 1-2.

The first item discussed was the \$35,818 of general fund. The target they are trying to reach is the FY 92 actual plus the FY 93 appropriation. With the additional cuts and additional requests they would be at their proposed target of \$5,129,278. EXHIBIT 2

Terri Perrigo, Legislative Fiscal Analyst, said CHAIRMAN DEBRUYCKER asked her to let the committee know whether, if other cuts were made, they would meet the target. EXHIBIT 2

She said the chart shows all the action the committee has taken in adding to or subtracting from the budget. She would update the chart everyday. Page 3, EXHIBIT 1

At the beginning, the department had \$5,441,618 of general fund, so their reduction target was \$312,340. The department gave the subcommittee proposals that would reach that target. The subcommittee approved \$53,508 general fund per year in Contracted Services which affects their target.

Mr. Poole said the department is committed to reaching its target, and the list provided is their best estimate of the way to achieve that. EXHIBIT 3.

They are asking that the .50 FTE for the Administrative Assistant, position #5172 be reinstated in order for the department to do its job.

EXECUTIVE ACTION
BUSINESS DEVELOPMENT DIVISION

Personal Services:

Motion/Vote: SEN. DEVLIN moved to approve the reinstatement of position #5172, Administrative Assistant. Motion CARRIED unanimously.

Defense Logistics Agency (DLA) Contract:

Mr. Poole said the department was willing to take the LFA on the DLA Contract.

Indirect Charges:

Mr. Poole said the Management Services and the Director's Office are funded from all the programs within the department; this is based upon a percentage of personal services.

Motion/Vote: REP. WISEMAN moved to allow the LFA and the Department to work together on Indirect Charges and only make one motion for all divisions. Motion CARRIED unanimously.

Foreign Travel:

Mr. Poole said the division would propose the Executive for Foreign Travel.

Motion/Vote: SEN. DEVLIN moved to approve the Executive for: Foreign Travel - (\$3,064) each year of the biennium, Computer Maintenance - (\$4,508) each year of the biennium and Education and Training - (\$5,508) each year of the biennium. Motion CARRIED unanimously.

International Trade:

Mr. Poole said the division would go with the LFA for International Trade.

Indirect Charges:

The Indirect Charges will be dealt with later.

Relocation:

Mr. Poole said the division would be willing to go with the Executive for Relocation expenses.

Motion/Vote: REP. WISEMAN moved to approve the Executive of \$1,884 each year of the biennium for Relocation expenses. Motion CARRIED unanimously.

Minor Operating Expense Differences:

Mr. Poole said the division would go with the LFA for Minor Differences.

Equipment:

Motion/Vote: REP. JOHNSON moved to approve the Executive of \$882 in FY 94 and \$910 in FY 95 for Equipment. Motion CARRIED unanimously.

Budget Modifications:

Small Business Development Center (SBDC) Network:

Mr. Poole said the division accepts the LFA on this item.

Canadian Trade Office:

He said this appropriation would allow them to continue the Trade Office in Calgary, Alberta. The target cannot be met by asking

for this appropriation; however, they would like to keep the FTE associated with that office, but not the dollar amount. The FTE is important in order to help do business in Canada.

SEN. WEEDING asked how they proposed to pay for the FTE. Mr. Poole said there is no request for an appropriation in the modification, but they are requesting an appropriation out of the items under Funding Issues.

Motion/Vote: REP. JOHNSON moved to approve the 1.00 FTE for the Canadian Trade Office. Motion CARRIED unanimously.

General Fund:

Mr. Poole said the division needs this appropriation to fund the Canadian Office and the 1.00 FTE the committee just approved.

SEN. DEVLIN asked what the current level was now.

Carolyn Doering, Chief Administrator, Management Services Division, said the current level is \$124,000. In the last biennium private money was used to help support the trade office. Ms. Perrigo carried forward the private funds which are no longer available. The division is requesting that the private funds be replaced with general fund which will give the division about \$40,000 more.

Ms. Perrigo said the total LFA current level for the International Trade Office is \$544,000 per year; \$124,000 of that amount is general fund, and the LFA carried forward the private funds that are no longer available.

General Fund:

Motion/Vote: SEN. DEVLIN moved to approve the Executive for \$35,818 each year of the biennium of general fund for the Canadian Trade Office. Motion CARRIED unanimously.

Federal Funds:

1. Business Development:

Motion/Vote: REP. WISEMAN moved to approve the Executive of \$10,000 each year of the biennium for Business Development. Motion CARRIED unanimously.

2. International Trade:

Motion/Vote: REP. JOHNSON moved to approve the LFA of \$5,000 each year of the biennium of general fund for International Trade. Motion CARRIED unanimously.

Vacant Positions:

Mr. Poole said the division is not asking for the FTE but for half of the appropriation to support the existing SBDC Network. Without the appropriation one of the existing SBDC offices will have to be closed.

Ms. Perrigo suggested, if the FTE is eliminated the money should

be moved into operating expenses.

Motion/Vote: SEN. DEVLIN moved to transfer one-half of the appropriated amount into operating expenses and approve \$19,463 in FY 94 and \$19,482 in FY 95 of general fund. Motion CARRIED unanimously.

Tape 1, B.

Micro-business Finance Program Administration:

Motion/Vote: REP. JERGESON moved to approve the Executive for \$192,174 in FY 94 and \$122,337 in FY 95, which includes the FTE to be funded with state special revenue funds. Motion CARRIED unanimously.

Language:

1. Micro-business Finance Program:

Mr. Poole said if SB 161 does not pass, the audit costs will be \$34,377 of general fund. However, they were quite certain it would pass. If SB 161 does not pass, they would not request the appropriation.

Motion: SEN. JERGESON moved to approve the language as follows: "If SB 161 is not approved, general fund in (Item XX) is increased by \$34,377 in FY 94. This is biennial appropriation for audit costs."

Discussion:

Ms. Perrigo said the language will not affect the division's target because it is just language.

Vote: Motion CARRIED unanimously.

HEARING

OFFICE OF RESOURCE AND INFORMATION SERVICES

Mr. Poole addressed the division's budget items with the committee. EXHIBITS 4 and 4A

Current Level Differences:

5 Percent Reduction:

Indirect Charges:

Minor Differences:

Ms. Perrigo said a motion was not needed on those three items if the committee approves the LFA.

Budget Modifications:

1. Decennial Census Work:

Mr. Poole said the FTE is currently working with Decennial Census Work. The modification is needed to handle the information received from the federal government.

Motion/Vote: REP. JOHNSON moved to approve the Executive of \$36,000 in FY 94 and \$34,000 in FY 95 for Decennial Census Work.

Motion CARRIED unanimously.

Mr. Poole reviewed the latest proposal to meet the target. The committee has approved Items 1, 2 and 5. EXHIBIT 5

REP. WISEMAN said the committee needed to act on Items 3, 4 and 6.

HEARING
FISH, WILDLIFE & PARKS
HB 131

CHAIRMAN DEBRUYCKER said that, whatever the committee's recommendation is on HB 131, it will be heard in the full Appropriations Committee.

SEN. WEEDING said he didn't think there was any demand for more shooting ranges and couldn't see pouring more money into it.

REP. JOHNSON said the funding would be taken from the license fees, and the hunter fees would be increased to make up that difference.

EXECUTIVE ACTION
HB 131

Motion/Vote: REP. JOHNSON moved to table HB 131. Motion CARRIED unanimously.

HEARING
DEPARTMENT OF COMMERCE
BOARD OF HOUSING

Jerry Hudson, member, Board of Housing, reviewed the Legislative Update for Home-ownership Programs with the committee. EXHIBIT 6

He said that, in Great Falls, the board had made mortgage funds available through the recycling of mortgage prepayments under prior bond issues of the Single Family Bond Program.

Elderly people will be allowed to refinance their homes in order to lower their payments and be able to stay in their homes.

REP. JOHNSON asked if there were cities other than Great Falls in the recycled mortgage program.

Mr. Hudson replied that Billings is trying to get started in the program.

REP. WISEMAN said the reason why Great Falls is so successful is because of one woman, Nancy Stevenson, who runs the program.

Mr. Hudson said she also does a lot of consulting in Missoula,

Billings and other areas.

Mr. Hudson said it is a new program that has not taken hold yet. These are people who are 68 years of age and older. It is hard to get them to understand that by putting a mortgage on their houses, they won't have their homes taken away from them.

SEN. JERGESON asked if there had been any resistance from the adult family members of the senior citizens. Mr. Hudson said he was not aware of that.

CHAIRMAN DEBRUYCKER asked if the Board of Housing looked into Park Dale in Great Falls, because of the housing shortage.

Mr. Hudson said there is input from various cities and different groups that say the housing shortage is astounding. There are 1300 people in Billings on housing waiting lists. There are 1200 in Missoula, 1100 in Great Falls and 900 in Butte.

Ms. Perrigo reviewed the Board of Housing budget differences with the committee. EXHIBIT 7

Florine Smith, Office of Budget Program and Planning, said the figures for Foreclosure Fees and Property Management Expenses are based upon the projection of the number of foreclosures.

Dick Kain, Administrator, Board of Housing, reviewed the budget with the committee.

Current Level Differences:

1. Consultant Services:

In the first year of the biennium the budget office noted they were anticipating six new bond issues and two new bond issues in the second year of the biennium for trustee fees.

EXECUTIVE ACTION BOARD OF HOUSING

Motion: SEN. JERGESON moved to approve the Executive of \$40,000 in FY 94 and \$65,000 in FY 95 for Consultant Services.

Discussion:

REP. WISEMAN asked why the division was requesting \$40,000 the first year for six bond issues and \$60,000 in the second year for only two bond issues.

Mr. Kain said because the bond issues differ in size.

Vote: Motion CARRIED unanimously.

2. Legal Fees:

Mr. Kain said they have contracts with the General Counsel and Bond Counsel. The General Counsel provides legal counsel to the

Board and the Bond Counsel provides issues related to bond issuance and technical bond matters. Both of those ask for a bond payment of \$20,000 per year.

REP. WISEMAN asked if they had a staff attorney. Mr. Kain said no, they contract for legal counsel.

CHAIRMAN DEBRUYCKER asked if the Board of Investments had its own attorney for bonds, etc., and whether the division could use them.

Carroll South, Executive Director, Board of Investments said they also contract for legal counsel. They do not have a staff attorney.

REP. WISEMAN asked what the cost would be to hire their own attorney.

Mr. Kain said Bond Counsel fees start at about \$150 per hour. He would estimate about \$40,000 per year.

SEN. WEEDING asked what the language meant, "the Executive includes the maximum amount that can be charged...."

Mr. Kain said any legal contract has to go through the Legal Services Review Committee and the maximum amount paid for general counsel is \$20,000.

CHAIRMAN DEBRUYCKER said he thought there was a bill proposed to move the Board of Housing into the Board of Investments. He asked the division to comment on that.

Mr. Kain said HB 425 has been introduced to consolidate the bonding function into the Board of Investments which would be called the State Revenue Bond Authority.

Jon Noel, Director, Department of Commerce, said he testified at the first hearing on that issue. They were not taking a position on the bill because there were amendments to the bill that are seriously flawed with technicalities that need to be dealt with. The opinion of the Bond Counsel is required to determine the status of the bonds if they are moved from the Board of Housing to the new State Revenue Bond Authority. He is opposed to that because of the independence of counsel. In-house bond counsel is not a good idea. He questioned the effect of consolidating them.

Tape 2, A.

2. Legal Fees:

Motion/Vote: REP. WISEMAN moved to approve the Executive for \$11,757 each year of the biennium for Legal Fees. Motion CARRIED unanimously.

3. Foreclosure Fees:

4. Property Management Expense:

Mr. Kain said Items 3 and 4 are related. The current delinquency rate is 2.3% and may go up to 4%. If the rate does go up, they won't have enough money to pay the increase.

REP. WISEMAN asked if the amount they would get from the federal government was a proprietary fund. Mr. Kain said that is correct, but they need spending authority.

Motion/Vote: SEN. DEVLIN moved to approve the Executive of \$141,974 each year of the biennium for Foreclosure Fees and \$23,057 each year of the biennium for Property Management Expense. Motion CARRIED unanimously.

5. Indirect Costs: (No action needed)

6. Minor Differences:

Mr. Kain said they do not participate in any lobbying organizations.

Motion/Vote: REP. WISEMAN moved to approve the Executive for \$666 in FY 94 and \$673 in FY 94 for Minor Differences. Motion CARRIED unanimously.

HEARING HEALTH FACILITY AUTHORITY

Jerry Hoover, Director, Health Facility Authority, gave an overview of the division. EXHIBIT 8

He said the mission of this authority is to provide affordable health care costs for people with disabilities throughout Montana. This is a seven-member board appointed by the Governor for four-year terms.

SEN. JERGESON said the program will be successful when the cost of bandaids at the hospital is at 50% of market value.

CHAIRMAN DEBRUYCKER said on the division's overview he saw that St. Peters Hospital saved over \$1.5 million and they turned around and laid off a lot of employees.

Ms. Perrigo said that is another proprietary funded program. She reviewed the budget differences with the committee. EXHIBIT 9

Mr. Hoover reviewed the budget items with the committee.

Current Level Differences:

1. Specialized Legal Services:

He said although the money was appropriated in FY92, that money was used for contract services with the Board of Investments. That was a peak year with a bond issuance of \$161 million. They contracted for staff to assist with those bond issuances.

EXECUTIVE ACTION
HEALTH FACILITY AUTHORITY

Motion/Vote: SEN. WEEDING moved to approve the executive budget of \$2,755 each year of the biennium for Specialized Legal Services. Motion CARRIED unanimously.

2. Printing:

Mr. Hoover said this item is for printing an annual report. They anticipate \$3,000 cost every five years for printing the report. Therefore, the division is requesting \$3,000 in FY 95 only.

Motion/Vote: SEN. JERGESON moved to approve the Executive for \$3,000 in FY 95 for printing and zero in FY 94. Motion CARRIED unanimously.

Minor Differences:

SEN. JERGESON asked if the division belongs to any Montana lobbying organizations. Mr. Hoover said they do not belong to any lobbying organizations.

Motion/Vote: REP. WISEMAN moved to approve the executive budget of \$1,069 in FY 94 and \$1,104 in FY 95 for Minor Differences. Motion CARRIED unanimously.

Budget Modifications:

1. Health Facilities Authority Audit and Bond Fees:

Mr. Hoover said the department is required to pay thirty cents per bond to Department of Administration to help offset the cost of the confidential annual report. Also, they were required to pay three cents per bond to offset the State Financial Advisor. They would like to make this part of the operating costs. He said he was speaking to part b) of the modification for \$14,581.

In part a), there are over \$300 million in bonds outstanding and only 15 trustees. That \$15,000 per year is for additional audit costs which are done every five years.

Motion/Vote: SEN. JERGESON moved to approve the modification for part a) for \$15,000 of additional audit costs, to be a one-time-only expenditure; and approve part b) for \$14,581 for bond fees each year of the biennium. Motion CARRIED unanimously.

HEARING
INVESTMENT DIVISION

Carroll South, Executive Director, Board of Investments, gave an overview of this division. He said this is a nine-member board appointed by the Governor, but they do not serve at the pleasure of the Governor. They are responsible for investing all state monies except for \$12.6 million currently invested by the Board of Science and Technology from the Coal Trust. There is an annual report available to this committee if they so desire.

Currently, the approximate market value of the portfolio is \$4.2 billion which makes the Board of Investments the largest banker in the state of Montana. The pension funds are the largest investments which is about 52% of the \$4.2 billion. The Coal Trust is about 13% of the portfolio.

State law requires the Board to invest 25% of the Coal Trust in state projects. The Board tries to comply, but there is about \$33 million still available for in-state investments.

The Board provides service to local governments called the Short-Term Investment Pools (STIP). There is approximately \$1 billion in that account. Approximately \$280 million is local government money. The local governments can receive a higher return for their money than from a local bank. STIP is currently yielding about 3.5%.

Under current law, the Board cannot invest Coal Trust money in common stock. In the next two years they hope to track the common stock investments with the pension funds and see what the yield is compared to the Coal Trust and bonds and loans. They may ask the legislature for permission to purchase common stock with the Coal Trust funds. The Industrial Revenue Bonds are tax free bonds, and the federal government allows the state to loan the proceeds to private businesses.

They loan schools that are in debt bond proceeds at an affordable rate. The biggest issuance is the \$142.6 million for the Workers' Compensation deficit.

Ms. Perrigo reviewed the budget differences with the committee.
EXHIBIT 10

Ms. Smith said in Personal Services, the Executive funded the grade 16 position that was temporarily filled by a grade 8.

Repair and Maintenance is a fixed cost for computers and switching of those systems. That is department-wide and the Executive supports that request. The Executive also supports the modification for the workload increase.

Mr. South reviewed the budget items with the committee.

Personal Services:

He said they had the unfortunate situation of having a grade 8 temporary person in a grade 16 position for two weeks. That is a grade 16 position that is currently filled.

EXECUTIVE ACTION
INVESTMENTS DIVISION

Motion/Vote: SEN. JERGESON moved to approve the executive budget of \$15,429 in FY 94 and \$15,454 in FY 95 for Personal Services.

Motion CARRIED unanimously.

Equipment:

Mr. South said the division was about four or five years behind in computer technology. He asked the committee's approval of the equipment expenditures.

Mr. South said they have some savings this year because one of their employees is a Legislator. With any savings they find they would like to start the computer upgrade now and have it completed by the end of the biennium. Other than maintenance this would be the last equipment request of this magnitude.

EXECUTIVE ACTION
INVESTMENTS DIVISION

Motion/Vote: SEN. WEEDING moved to approve the executive budget of \$28,743 each year of the biennium for Equipment to be a one-time-only expenditure. Motion CARRIED unanimously.

Repairs and Maintenance:

Motion/Vote: REP. JOHNSON moved to approve the executive budget of \$5,217 in FY 94 and \$5,817 in FY 95 for Repairs and Maintenance. Motion CARRIED unanimously.

Relocation:

Mr. South said they would be willing to accept the Executive which is lower, because that is an unpredictable expense.

Motion/Vote: SEN. DEVLIN moved to approve the executive budget of \$6,866 each year of the biennium for Relocation. Motion CARRIED unanimously.

Minor Differences:

Motion/Vote: REP. WISEMAN moved to approve the executive budget of \$956 in FY 94 and \$1,059 in FY 95 for Minor Differences. Motion CARRIED unanimously.

Tape 2, B.

Budget Modifications:

1. BOI Workload Increase:

Mr. South said the division could get by with \$40,000 instead of the \$86,626 per year request. Hopefully, by being fully automated the workload will decrease.

Motion Vote: SEN. JERGESON moved to approve the modification for \$40,000 each year of the biennium for BOI Workload Increase. Motion CARRIED unanimously.

CHAIRMAN DEBRUYCKER said he asked Mr. Lewis from the Investments Division last session for a report on the investments and he never received one. In 1989 he received a pamphlet that had the Build Montana programs, Northwest Airlines, a couple of feedlots,

etc. in it. He was concerned that some of those loans were pretty risky and he knew a couple of them went out of business. He asked if it was possible to get a copy of that report.

Mr. South said the only part of the Investments Division that he was involved in were the loans, but he would try to get that information. Direct loans are not made to individuals; the division only participates if a financial institution is involved. The financial institution and the Board share the risk, but also share the collateral. There is a fairly thorough process now, but he could not speak to what happened previously.

HEARING
INDIAN AFFAIRS

Kathleen Fleury, Coordinator, Indian Affairs, reviewed the division with the committee. The office was created by the legislature to serve as a liaison between the Native American population and state government. The division's responsibilities include close communication with the tribal governments, Indian organizations, local and county governments. The division serves as an information office on all issues concerning the Native American population, the tribal government and any impact legislation may have.

She said the operating budget for Indian Affairs is from the general fund for her position and an administrative assistant.

They have a contract from the Department of Transportation from the federal highway fund which contracts for a program director and a secretary position. This office primarily assists Indian business on reservations that may be certified in disadvantaged enterprises within the state of Montana relating to construction contracts. In the next six years there are \$120 million of federal highway funds appropriated for new roads and maintenance.

The division has cooperative agreements with four or five tribes and the State on Indian child welfare matters. They have cooperative agreements on the energy assistance program. Reports are submitted to the Montana Tribal Association which is their link to the reservation issues.

There is a lot of negotiations going on concerning gambling on reservations. The legislature is involved with those negotiations with the tribes. Information assistance is also provided to the general public relating to tribal government.

Donovan Archambault of the Fort Belknap Reservation said he had been involved in Indian affairs since 1972. Kathleen Fleury had survived two administrations since becoming Indian Affairs Coordinator. The division had a meeting concerning the Indian prisoners which Governor Stan Stephens attended, and that was the first time a Governor got involved. She has been instrumental in

getting their issues presented to the legislature. The issues concerning both tribal and state government are coming together. He said they were considering getting involved in tourism, also.

John Denver did a television special in Chinook and they all benefited from that show.

He said they were discriminated against on and off the reservation. He went to Harvard University; when he came back his people told him, "you have all that education, you don't belong on the reservation, you belong somewhere else." That gap has to be bridged and the office of Indian Affairs is helping to do that.

He would like to see their budget sufficient enough to continue to do the work they have started.

CHAIRMAN DEBRUYCKER asked if they were going ahead with gambling on the Fort Peck Reservation.

Ms. Fleury said that fell through. Anytime a tribe enters into a management contract, there has to be FBI clearance and there was some concern with that investment. However, they currently are negotiating with another investor. The proposal is for a hotel, restaurant, shopping center and casino. They are hoping to begin construction in March.

Ms. Perrigo reviewed the budget difference with the committee.
EXHIBIT 11

She said most of the budget has to do with the federal contract. That FTE reduction in the 5% is in the federal program. When that was anticipated, that left federal grant funds to be used for something else. There is \$90,000 anticipated of federal grant funds. The Executive didn't fund the FTE but funded the operating budget for the full amount of \$90,000. The LFA has the FTE included, so there is that much less in operating expenses.

Ms. Fleury reviewed the budget items with the committee.

Personal Services Reduction:

Ms. Fleury said that FTE was eliminated from the federal contract.

SEN. JERGESON asked whether, if the FTE is restored, Item 1, in Operating Expenses would be reduced by the amount of that FTE; and would the office prefer the consultant instead of the FTE.

Ms. Fleury said they would prefer the consultant.

EXECUTIVE ACTION
INDIAN AFFAIRS COORDINATOR

Operating Expenses:

1. Federal Funded Equal Employment Opportunity (EEO) Program:

Motion/Vote: SEN. JERGESON moved to approve the executive budget of \$26,129 in FY 94 and \$26,066 in FY 94 for Federal Funded EEO Program. Motion CARRIED unanimously.

2. Indirect Charges: (No action needed)

3. Computer Maintenance:

Motion/Vote: REP. WISEMAN moved to approve the executive budget of \$435 each year of the biennium for Computer Maintenance. Motion CARRIED unanimously.

Minor Differences:

SEN. JERGESON asked if the division was paying any dues to lobbying organizations. Ms. Fleury said no.

Funding:

1. General Fund:

Ms. Perrigo said she assumed the reason the agency was requesting the general fund was because the grant for the federal programs is on a year-to-year basis. They believe this will be continued, but they are not always sure that will happen. They put all of their fixed costs into the general fund program. She didn't think it was fair to put all those costs into the general fund so she put half of those costs into the federal program.

Ms. Doering said if they receive the federal monies, some of those fixed costs could be charged to the federal grant. The rent, telephone and fixed expenses have to be paid whether or not the grant money is received. Therefore, they have to be able to use the general fund for those costs, just in case.

She said they prefer not to use the general fund because it increases their target. Perhaps language could be put in saying, "general fund would be used only if the federal money is not received."

SEN. JERGESON said they are under the statutes that requires them to spend non-general fund money first.

Ms. Perrigo said if federal funds were continued, language could say, "if federal contract is not renewed, then general fund would be used." However, it would count toward their target.

Motion/Vote: SEN. WEEDING moved to approve the executive budget of \$2,035 in FY 94 and \$1,941 in FY 95 from federal funds with

language stating, "if federal funds are not approved, the general fund will be used." Motion CARRIED unanimously.

2. Federal Funds:

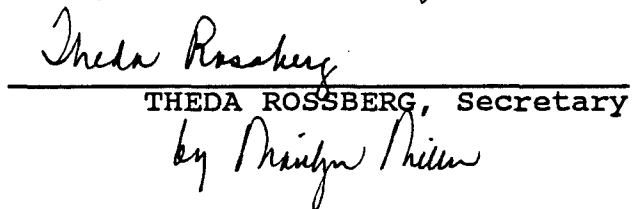
Motion/Vote: SEN. JERGESON moved to approve the Executive of \$820 in FY94 and \$822 in FY95 for Federal Funds. Motion CARRIED unanimously.


ADJOURNMENT

Adjournment: 11:05 A.M.



ROGER DEBRUYCKER, Chairman



THEDA ROSSBERG, Secretary


RD/TR

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUB-COMMITTEE

ROLL CALL

DATE

2-12-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ROGER DEBRUYCKER, CHAIRMAN	X		
SEN. CECIL WEEDING, VICE CHAIRMAN	X		
SEN. GERRY DEVLIN	X		
REP. WILLIAM WISEMAN	X		
REP. JOHN JOHNSON	X		
SEN. GREG JERGESON	X		

6501 51 00000 DEPARTMENT OF COMMERCE Program Summary								
Business Development Division HB								
Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	23.50	23.00	17.00	19.50	(2.50)	17.00	19.50	(2.50)
Personal Services	787,069	739,862	657,243	725,136	(67,893)	658,537	726,508	(67,971)
Operating Expenses	862,996	1,076,764	980,162	878,203	101,959	979,329	877,762	101,567
Equipment	16,977	11,711	16,783	17,665	(882)	16,783	17,693	(910)
Grants	1,215,262	2,093,920	2,113,037	2,113,037	0	2,113,037	2,113,037	0
Total Costs	\$2,882,305	\$3,922,257	\$3,767,225	\$3,734,041	\$33,184	\$3,767,686	\$3,735,000	\$32,686
Fund Sources								
General Fund	780,794	733,496	794,478	746,294	48,184	794,939	747,253	47,686
State Revenue Fund	476,295	584,051	504,210	504,210	0	504,210	504,210	0
Federal Revenue Fund	1,625,215	2,604,710	2,468,537	2,483,537	(15,000)	2,468,537	2,483,537	(15,000)
Total Funds	\$2,882,305	\$3,922,257	\$3,767,225	\$3,734,041	\$33,184	\$3,767,686	\$3,735,000	\$32,686

Page References

LFA Budget Analysis (Vol II), p C 131-133
Stephens Executive Budget, p C 49-50

Current Level Differences

Personal Services

5 Percent Reduction— The Executive Budget reflects elimination of 6.5 FTE and approximately \$201,050 per year to comply with Section 13 of House Bill 2. A portion of this reduction (approximately \$133,050 per year) is also reflected in the LFA current level where 4.0 FTE with the Defense Logistics Agency contract are eliminated.

Operating Expenses

Business Development

1. Contracted Services— The Executive Budget includes \$107,016 more for the biennium than the LFA current level for contracted services: 1) \$50,000 per year for National Development Council (NDC) training consultants; and 2) \$3,508 per year for technical assistance and training consultants. The department states all NDC costs will be recovered through registration fees,

2. Postage— The Executive Budget includes \$12,728 more postage for the biennium than LFA current level which reflects the division's three year average annual postage expenditure.

3. Defense Logistics Agency (DLA) Contract— The Executive continues fiscal 1992 operating expenses for this program which is not continued in the 1995 biennium. LFA current level removes those expenditures.

4. Indirect Charges— The Executive Budget includes \$9,204 more indirect charges for Management Services and Directors Office support than the LFA current level.

5. Foreign Travel— The Executive Budget contains less for foreign travel than the LFA current level which continues fiscal 1992 expenditures.

6. Computer Maintenance— The Executive Budget includes less than LFA current level for system computer maintenance contracts. LFA current level continues fiscal 1992 expenditures. *Global main*

7. Education and Training— The Executive Budget includes less than the LFA current level for education and training. LFA current level continues fiscal 1992 expenditures.

International Trade

1. Postage— The Executive Budget includes \$3,718 more for postage over the biennium than the LFA current level which reflects this division's three year average annual postage expenditure level.

Exec. Over(Under) LFA
Fiscal 1994 Fiscal 1995

53,508 53,508

6,364 6,364

46,913 46,913

4,608 4,596

(3,064) (3,064)

(4,508) (4,508)

(5,508) (5,508)

1,859 1,859

2. Indirect Charges - The Executive Budget includes more indirect charges for Management Services and Directors Office support than the LFA current level.

3. Relocation - The Executive Budget contains \$3,768 less than the LFA current level for relocation expenses in the 1995 biennium. LFA current level continues fiscal 1992 expenditures.

Minor Operating Expense Differences

Equipment

The Executive Budget contains \$1,792 less equipment for the biennium than LFA current level which represents the agency request.

TOTAL CURRENT LEVEL DIFFERENCES

Budget Modifications

1. Small Business Development Center (SBDC) Network - The Executive Budget includes a general fund budget modification to support the SBDC network throughout the state. These funds would be in addition to the \$782,914 per year included in both the Executive Budget and LFA current level for this program in the 1995 biennium.

2. Canadian Trade Office - The Executive Budget includes this modification to add 1.0 FTE and \$128,649 general fund for the biennium to fund the Canadian Trade Office, which was added through budget modification in the 1991 session. Fiscal 1992 expenditures for the Canadian trade office are continued in both the Executive Budget and the LFA current level, and include general fund support of \$26,241 per year.

Language and Other Issues

Funding Issues

General Fund

The Executive Budget includes approximately \$96,000 more general fund over the biennium than the LFA current level. Some of the difference is related to the personal services/FTE differences discussed above. However, in the International Trade program the Executive Budget includes \$35,818 per year more general fund than the LFA current level due to the LFA's continuation of fiscal 1992 private fund expenditures..

Federal Funds

1. Business Development - The Executive Budget includes \$20,000 less federal funds than the LFA current level. The funds support small business development centers and the Executive Budget represents the estimated amount of funds available.

2. International Trade - The Executive Budget includes \$10,000 less federal small business development funds over the biennium than LFA current level which continues fiscal 1992 funding from this source.

Vacant Positions

The joint House Appropriations and Senate Finance and Claims committees removed 1.0 FTE from this program which was vacant as of the 12-29-92 snapshot.

Microbusiness Finance Program Administration

In addition to the FTE and operating expenses shown on the table above, 1.5 FTE and associated personal service and operating costs are funded through a statutory appropriation of microbusiness finance program revenue. In fiscal 1992 the agency expended \$165,079 for microbusiness program administrative costs through the statutory appropriation.

There are no funds or FTE in either the Executive Budget or the LFA current level in the 1995 biennium for this program's administration. The agency would like the FTE and administrative portion of the program's budget to be appropriated in House Bill 2 in the 1995 biennium. Funding is from grants, fees, donations, and interest payments received by the Microbusiness Finance program.

Language

1. Microbusiness Finance Program: "If Senate Bill 161 is not approved, general fund in [Item XX] is increased by \$34,377 in fiscal 1994. This is biennial appropriation for audit costs."

HB	(1,884)	(1,884)
	2,634	2,259
	(882)	(910)
	33,184	32,686

	48,000	48,000
	63,529	65,120
	35,818	35,818

	(10,000)	(10,000)
	(5,000)	(5,000)

	38,926	38,964
--	--------	--------

	192,174	122,337
--	---------	---------

EXHIBIT	1
DATE	2/12/93
HB	
	(87,361) (87,439)
	(15,000) (15,000)

Target Reduction

The department's general fund target reduction is \$312,340.

The department has proposed a general fund reduction of \$174,800 to this division, accomplished by removing all but 0.5 of the general funded positions eliminated through the 5 percent reduction and vacant position elimination.

The department's general fund "additional 5 percent cut" target reduction is \$256,464.

The department has proposed downsizing the International Trade Program, which would result in a general fund reduction of \$30,000.

Positions Removed by Joint Committee Action
House Appropriations & Senate Finance and Claims.
January 6, 1993

EXHIBIT #109A
DATE 2/12/93
HB

Position #	Position Description	Total Personal Services		FTE Removed By		Total FTE Removed	Non-Approp. FTE
		Fiscal 1994	Fiscal 1995	5% Reduction	Being Vacant		
All or Partial General Fund Positions							
5160	Administrative Officer I	28,194	28,227	1.00		1.00	
5122	Publications & Production	26,972	27,004	1.00		1.00	
— 5172	Administrative Assistant II <i>Devlin</i>	<u>12,732</u>	<u>12,745</u>	0.50		0.50	
5132	Business Assistance Manager	38,926	38,964		1.00	1.00	
Sub-Total		106,824	106,940	2.50	1.00	3.50	0.00
Non-General Fund Positions							
5140	Administrative Officer IV	37,107	37,107	1.00		1.00	
5141	Administrative Officer IV	36,619	36,619	1.00		1.00	
5142	Administrative Officer IV	37,107	37,107	1.00		1.00	
5143	Program Assistant I	22,316	22,316	1.00		1.00	
Sub-Total		133,149	133,149	4.00	0.00	4.00	0.00
TOTAL		239,973	240,089	6.50	1.00	7.50	0.00

DEPARTMENT OF COMMERCE
Natural Resources & Commerce Subcommittee
February 12, 1993

LFA CURRENT LEVEL	\$ 5,441,618	
SUBCOMMITTEE ACTION	7,016	
RECOMMENDED REDUCTIONS	(31,720)	Executive below LFA
RECOMMENDED ADDITIONS	81,636	Canadian Trade Offs. & FTE
	<u>70,000</u>	ORIS Programmer & operating
NEW TOTAL	\$ 5,568,550	

HOUSE TARGET	\$ 5,129,278
NEW TOTAL	<u>5,568,550</u>
AGENCY OVER TARGET	\$ <u>439,272</u>

CUTS:

5% & vacant positions	\$ 180,320
Local Govt. reductions	106,543
Public Contractors	74,156
MSTA reductions	<u>82,298</u>
TOTAL REDUCTIONS	\$ <u>443,317</u>

EXHIBIT

DATE

2-12-93

3

AGENCY: COMMERCE

HB

Checklist

Response to Subcommittee Letter

GENERAL FUND TARGET

\$5,129,278

Total Biennial Reductions Identified	
Does Apply Toward Target	Does Not Apply Toward Target

SPECIFIC REDUCTION PROPOSALS

1	Current General Fund Appropriation*
2	Thursday's Subcommittee Action
3	Add \$3,508/year for Technical Assistance & Training (Business Development Division)
4	Agency Target Reduction Options
	Eliminate 2.5 FTE from Business Development Division
	Eliminate 0.5 FTE from ORIC/CEIC
	Eliminate additional 0.5 FTE from Business Development Division
	Eliminate Local Gov't Services General Fund Support
	GENERAL FUND BALANCE ACHIEVABLE
	ABOVE (BELOW) TARGET
1	Agency Additional Options (5% Below '93 Blen.)
2	Building Codes Public Contractors Licensing
3	ORIS/CEIC Eliminate Economic Analysis Contracts
4	Montana Science & Technology Alliance Operating Reductions
5	Community Development Technical Assistance Program
	Downsize International Trade Program
	TOTAL ADDITIONAL OPTIONS

5,441,618	
7,016	
(135,874)	
(30,997)	
(38,926)	
(108,543)	
5,136,294	
\$7,016	
(74,156)	
(20,000)	
(82,298)	
(50,000)	
(30,000)	
(258,454)	

Fund Switch	Fee Increase	Permanent Reduction	Cost Shift to Local Gov't?	Loss of G/F Revenue?	Amount of G/F Loss	Statute Change
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*Reflects LFA Current Level

MONTANA DEPARTMENT OF COMMERCE

Response to Proposed Spending Cuts -- Memo dated January 21, 1993

DEBRUY.XLS

EXHIBIT # A
DATE 2-12-93
HB

Cuts above LFA Current Level

FY 94 FY 95

1)	Business Development (#51) 5% FTE Reductions	28,194	28,227
	a) Admin. Officer gr 13 (#05160)	28,972	27,004
	b) Publications Coordinator gr 12 (#05122)	12,732	12,745
	c) 5 Admin. Assist. gr 10 (#05172)		
2)	ORIS (#61) 5% FTE Reduction	15,491	15,506
	Admin. Aide III (.5 FTE) gr 11 (#61018)		
3)	Business Development - 12/29/92 vacant pos.	19,463	19,463
	Business Assist. Manager gr 17 (#05132)		
	Elimination of only 1/2 of the Position		
4)	Local Government Services Systems	52,974	53,569
	General Fund Support	155,826	158,514
	Yearly Total		312,340
	Grand Total		

Additional 5% Cut

1)	Building Codes Bureau (#65)	37,802	36,354
	Public Contractors Licensing		
2)	Office of Research and Information Services (#61)	10,000	10,000
	Elimination of economic analysis contracts.		
3)	Montana Science and Technology Alliance (#73)	41,145	41,153
	Operating reductions.		
4)	Community Development Bureau (#60)	25,000	25,000
	Technical Assistance Program		
5)	Business Development Division (#51)	15,000	15,000
	International Trade Program		
	Yearly Total	128,947	127,507
	Grand Total		256,454

Consequences of not Funding

Mandated in Executive budget.
Mandated in Executive budget.
Mandated in Executive budget.

Mandated in Executive budget.

Reduced technical assistance related to financing and administrative support in the Small Business Development Program.

Reduces general fund support for services that are required, but can not be covered by local government fees in the Systems "BARS" program.

Department will have to absorb the Public Contractors licensing function in the Building Codes Bureau. Retention of FTE is requested.

Department Economist position was eliminated in Jan. 1989, minimal funds will be available for any economic analysis projects.

Reductions in the Science Plan, staff training, travel & contracted services related to due diligence and existing portfolio projects.

Shifting a portion of the Technical Assistance Program to CDBG and the Treasure State Endowment Program (TSEP). This will have implications on proposed work plans in these two programs. This assumes executive level funding for TSEP.

Down sizing of a foreign trade office or reduction of staff.

6501 61 00000 DEPARTMENT OF COMMERCE Program Summary			Office Of Res. & Info Services						HB <u>2-12-98</u>
Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995	
FTE	6.33	6.83	5.83	6.33	(0.50)	5.83	6.33	(0.50)	
Personal Services	197,116	185,253	190,795	206,286	(15,491)	191,459	206,965	(15,506)	
Operating Expenses	91,933	74,001	93,041	91,044	1,997	93,071	90,965	2,106	
Equipment	4,217	2,000	5,600	5,600	0	5,600	5,600	0	
Total Costs	\$293,267	\$261,254	\$289,436	\$302,930	(\$13,494)	\$290,130	\$303,530	(\$13,400)	
<u>Fund Sources</u>									
General Fund	<u>293,267</u>	<u>261,254</u>	<u>289,436</u>	<u>302,930</u>	<u>(13,494)</u>	<u>290,130</u>	<u>303,530</u>	<u>(13,400)</u>	
Total Funds	\$293,267	\$261,254	\$289,436	\$302,930	(\$13,494)	\$290,130	\$303,530	(\$13,400)	

Page References

LFA Budget Analysis (Vol II), p C138
Stephens Executive Budget, p C54

Current Level Differences

5 Percent Reduction - The Executive Budget eliminates a 0.5 FTE to comply with Section 13 of House Bill 2

Indirect Charges - The Executive Budget includes more indirect charges for Management Services and Directors Office support than the LFA current level

Minor Differences

TOTAL CURRENT LEVEL DIFFERENCES

Budget Modifications

1. Decennial Census Work - The Executive Budget includes a general fund budget modification to add 1.0 FTE and \$70,000 to continue automation of the 1990 census. In the 1991 session, 1.0 FTE and \$115,327 general fund were added through budget modification for biennial costs of automating the census. This appropriation was reduced by \$5,000 during the January special session. Fiscal 1992 expenditures were \$60,164, which have been removed from the LFA current level base as a one-time only appropriation.

Rep Johnson - passed

Exec. Over(Under) LFA		
Fiscal 1994	Fiscal 1995	
(15,492)	(15,506)	
1,629	1,649	
369	457	
(13,494)	(13,400)	

36,000 34,000

Office of Research & Information Services

Positions Removed by Joint Committee Action
House Appropriations & Senate Finance and Claims
January 6, 1993

Position #		Position Description	Total Personal Services		FTE Removed By		Total FTE Removed	Non-Approp. FTE
			Fiscal 1994	Fiscal 1995	5% Reduction	Being Vacant		
All or Partial General Fund Positions								
61018		Information Officer II	15,492	15,506	0.50		0.50	
Sub-Total			15,492	15,506	0.50	0.00	0.50	0.00
Non- General Fund Positions								
		None						
Sub-Total			0	0	0	0	0.00	0.00
TOTAL			15,492	15,506	0.50	0.00	0.50	0.00

EXHIBIT 4A
DATE 2-12-93

MONTANA DEPARTMENT OF COMMERCE

Response to Proposed Spending Cuts -- Memo dated January 21, 1993

EXHIBIT #5
DATE 2-12-93
HB _____

Cuts below LFA Current Level

FY 94 FY 95

Consequences of not Funding

1)	Business Development (#51) 5% FTE Reductions		
	a) Admin. Officer gr 13 (#05160)	28,194	28,227
	b) Publications Coordinator gr 12 (#05122)	26,972	27,004
2)	ORIS (#61) 5% FTE Reduction		
	Admin. Aide III (.5 FTE) gr 11 (#61018)	15,491	15,506
3)	Montana Science and Technology Alliance (#73)		
	Operating reductions.	41,145	41,153
4)	Building Codes Bureau (#65)		
	Public Contractors Licensing	37,802	36,354
5)	Business Development - 12/29/92 vacant pos.		
	Business Assist. Manager gr 17 (#05132)	19,463	19,463
	Elimination of only 1/2 of the Position		
6)	Local Government Services Systems		
	General Fund Support	52,974	53,569
	Yearly Total	222,041	221,276
	Grand Total		443,317

Mandated in Executive budget.

Mandated in Executive budget.

Mandated in Executive budget.

Reductions in the Science Plan, staff training, travel & contracted services related to due diligence and existing portfolio projects.

Department will have to absorb the Public Contractors licensing function in the Building Codes Bureau. Retention of FTE is requested.

Reduced technical assistance related to financing and administrative support in the Small Business Development Program.

Reduces general fund support for services that are required, but can not be covered by local government fees in the Systems "BARS" program.

2/11/1993
7:53 PM

Board of Housing - Legislative Update 1993

Mission Statement: To provide decent, safe, sanitary and affordable housing for lower income individuals and families in the State of Montana.

Homeownership Programs:

Single Family Bond Program:

- Initiated in 1977 to assist lower income Montanans purchase homes via the issuance of tax-exempt Mortgage Revenue Bonds.

Fiscal Year 1992 Highlights:

- ✓ Issued \$50,000,000 in Mortgage Revenue Bonds to provide low interest homeownership loans, which in turn injected new capital into the State's housing industry;
- ✓ Helped 878 individuals and families buy a home at interest rates ranging from 7.375% to 7.90%;
- ✓ Purchased the 17,000th home loan in the Program for a total of \$770,000,000 in mortgage loans purchased since 1977.

Mortgage Credit Certificate Program:

- Implemented in July 1987, as another mechanism to assist lower income Montanans in the purchase of homes through the Board issuance of federal tax credits. 2,200 individuals and families have been assisted in purchasing a home since inception.

Fiscal Year 1992 Highlights:

- ✓ Issued 500 Mortgage Credit Certificates to assist homebuyers in obtaining \$25,000,000 in mortgages for the purchase of a home.

Homebuyers Cash Assistance Program:

- This Program, initiated in May 1991 by the Board is targeted to assist those credit worthy persons and families lacking the financial resources to purchase a home under any other of the Board's homeownership programs. In order to be eligible for the Program, the homebuyer may not have annual income in excess of \$20,000 and the home's purchase price may not exceed \$45,000. Cash assistance of up to 50% of the minimum cash required to close a loan (maximum advances of \$1,000), combined with 7% 30 year mortgage money is available for eligible homebuyers.

Fiscal Year 1992 Highlights:

- ✓ Provided downpayment and closing cost assistance, as well as permanent loan financing to 85 new homebuyers through the Program.

Homeownership Programs (continued):

Recycled Single Family Mortgage Program:

- The Board has made additional mortgage funds available through the recycling of mortgage prepayments held under prior bond issues of the Single Family Bond Program. The Board's goal with the recycled funds is to work with other non-profit housing providers to assist those lower income persons and families which do not have the financial capabilities to purchase a safe and sanitary home.

Neighborhood Housing Services, Inc. of Great Falls (NHS):

Neighborhood Housing Services, a non-profit housing provider, has been in operation since 1980 and has had a major impact in revitalizing two neighborhoods in Great Falls. The Board began work with (NHS) in 1986, to offer affordable homeownership opportunities to lower income individuals and families in conjunction with the neighborhood revitalization.

The Board has committed \$4,645,000 of recycled 6½% and 7½% 30 year mortgage funds, since 1986, to four separate low income homeownership programs sponsored by (NHS). As of June 30, 1992, through the excellent partnership with (NHS), 80 individuals and families have achieved affordable homeownership.

Fiscal Year 1992 Highlights:

- ✓ Expanded its commitment to Neighborhood Housing Services, Inc. of Great Falls via a setaside of \$1,000,000 of 7½% recycled 30 year mortgage funds;
- ✓ Eighteen (18) individuals and families became homeowners.

HUD 203(k) Rehabilitation Loans:

In conjunction with the U. S. Department of Housing and Urban Development (HUD), the Board committed in March 1992, \$5,000,000 of recycled 7½% mortgage funds as the permanent take out financing to lenders closing HUD 203(k) loans. With a HUD 203(k) loan, a homebuyer is provided financing for both the acquisition of a house and also to complete the substantial repairs needed in order for the house to meet HUD appraisal and underwriting criteria at an affordable mortgage rate. In order to be eligible, the homebuyer may not have an annual income in excess of \$30,000 and the maximum available loan amount is \$60,000. It is anticipated that 75 to 100 homebuyers will be assisted in purchasing and rehabilitating an affordable home.

Fiscal Year 1992 Highlights:

- ✓ Board commitment of \$5,000,000 of 7½% recycled 30 year mortgage funds to purchase 203(k) loans.

Multifamily Programs:

Multifamily Bond Program:

- Initiated in 1978 via the issuance of tax-exempt bonds to provide construction funds and to purchase permanent multifamily mortgage loans for projects that provide rental housing occupied by persons and families of lower income and the elderly.
- 668 housing units financed in eleven (11) projects.

Fiscal Year 1992 Highlights:

- ✓ Board authorized necessary steps to revitalize the Program and to work with public housing authorities and other non-profit housing providers to challenge the housing crisis in Montana's major cities.

Low Income Housing Tax Credit Program:

- Implemented in November 1987, to promote the retention of existing and the provision of new low income rental housing through the use of federal tax credits. Since the inception of the Program, tax credits have been utilized in the rehabilitation and production of 786 units in Montana.

Fiscal Year 1992 Highlights:

- ✓ Allocated \$896,000 in Low Income Housing Tax Credits to the developers of seven (7) projects containing 294 low income rental units and generated construction costs estimated at \$11,700,000.

Elderly Programs:

Reverse Annuity Mortgage Loan Program:

- The Board made the Program available in October 1990 to enable senior homeowners to provide more substantially for their own in-home support. Senior lower income homeowners 68 years of age or older, have the ability with this Program to benefit from an additional income source from the use of equity in their homes.

Fiscal Year 1992 Highlights:

- ✓ Assisted eight (8) senior homeowners to provide more substantially for their own in-home support through the Reverse Annuity Mortgage Loan Program.

Summary:

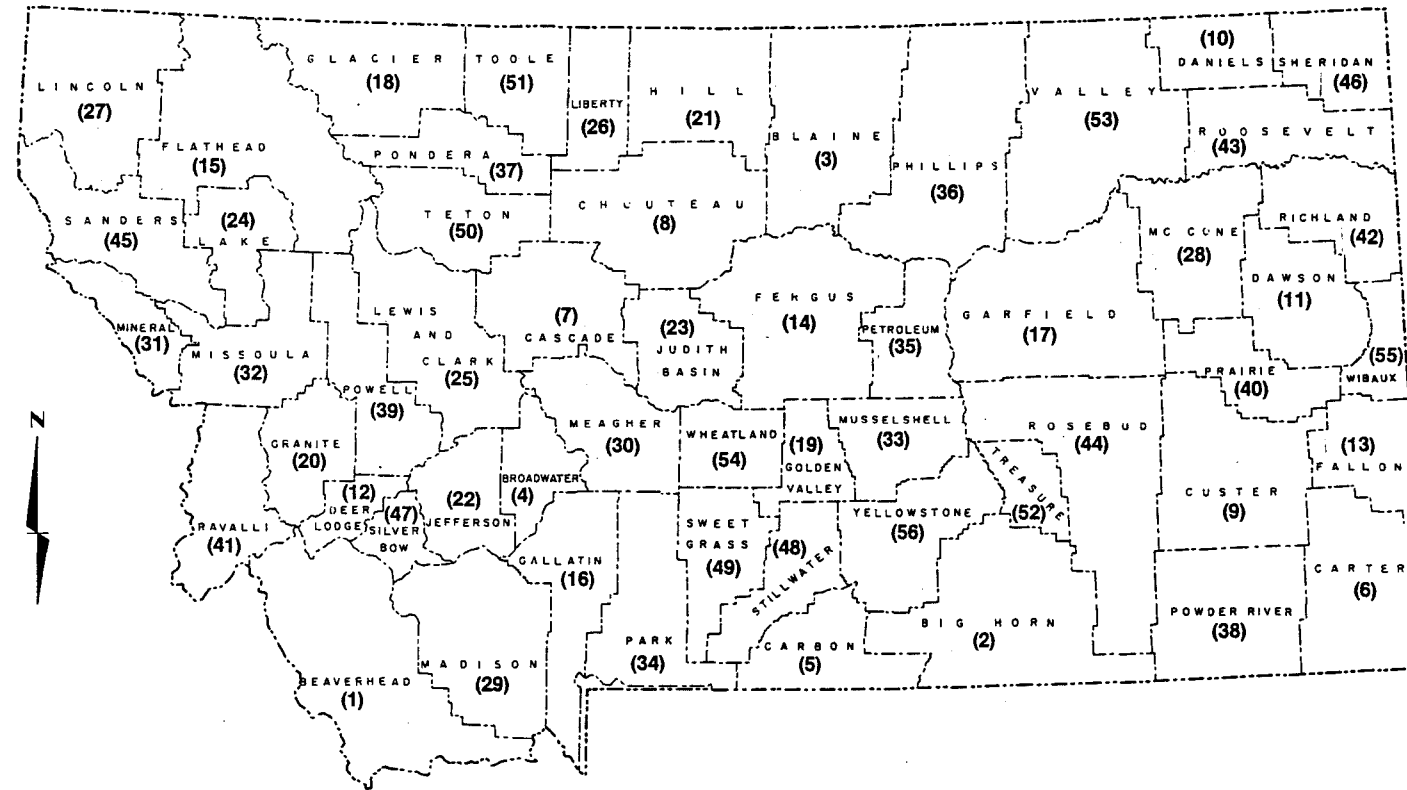
- Fiscal Year 1992 Expenditures = \$1,215,558
- Staff Size = 14
- Bond Rating on Single Family and Multifamily Bonds = Aa

Fiscal Year 1992 Highlights:

- ✓ 1,481 homebuyers were assisted.
- ✓ 294 new low income rental units were initiated.
- ✓ 8 senior homeowners were assisted.

**SINGLE FAMILY MORTGAGE PROGRAM
ORIGINAL PRINCIPAL BALANCE AND NUMBER OF
MORTGAGE LOANS PURCHASED BY COUNTY**

County	For Period 4/1/77 thru 6/30/92		For Period 7/1/89 thru 6/30/92	
	# of loans	Principal Purchase	# of loans	Principal Purchase
1. Beaverhead	78	\$ 3,166,128	15	\$ 640,184
2. Big Horn	48	1,935,291	6	212,144
3. Blaine	58	2,040,022	11	331,896
4. Broadwater	37	1,521,276	2	83,984
5. Carbon	61	2,521,735	19	790,947
6. Carter	1	18,000	0	0
7. Cascade	2,877	129,285,091	498	25,151,623
8. Choteau	20	740,857	4	163,130
9. Custer	385	13,509,750	62	1,823,429
10. Daniels	1	30,703	0	0
11. Dawson	242	9,265,185	42	1,284,767
12. Deer Lodge	131	4,002,737	20	687,066
13. Fallon	38	1,465,319	3	63,800
14. Fergus	115	3,884,429	8	319,901
15. Flathead	1,425	69,739,857	374	19,091,290
16. Gallatin	738	35,528,301	77	3,562,645
17. Garfield	3	80,515	0	0
18. Glacier	69	2,914,235	11	438,173
19. Golden Valley	3	109,387	1	40,000
20. Granite	5	181,680	0	0
21. Hill	366	15,552,709	87	3,788,580
22. Jefferson	96	4,537,618	11	650,786
23. Judith Basin	5	196,650	1	36,300
24. Lake	214	8,679,873	26	1,143,033
25. Lewis & Clark	1,206	53,340,736	151	7,495,280
26. Liberty	5	172,294	0	0
27. Lincoln	163	6,357,288	29	1,248,555
28. McCone	15	602,774	4	111,200
29. Madison	42	1,851,338	7	310,924
30. Meagher	35	1,206,913	2	96,352
31. Mineral	60	2,405,871	6	255,295
32. Missoula	2,429	122,054,791	502	27,127,770
33. Musselshell	18	721,300	5	193,743
34. Park	188	6,695,465	50	1,980,724
35. Petroleum	1	19,493	0	0
36. Phillips	23	932,146	3	90,690
37. Pondera	80	\$ 2,843,262	34	\$ 1,258,542



County	For Period 4/1/77 thru 6/30/92		For Period 7/1/89 thru 6/30/92	
	# of loans	Principal Purchase	# of loans	Principal Purchase
38. Powder River	5	\$ 178,893	0	\$ 0
39. Powell	63	2,355,495	5	223,176
40. Prairie	4	177,510	0	0
41. Ravalli	215	9,621,325	72	3,394,719
42. Richland	250	10,460,367	66	2,264,048
43. Roosevelt	77	3,049,605	15	472,689
44. Rosebud	45	1,996,700	14	518,292
45. Sanders	26	1,053,846	5	194,509
46. Sheridan	11	419,832	9	337,568
47. Silver Bow	576	\$ 19,736,040	93	\$ 3,507,833

County	For Period 4/1/77 thru 6/30/92		For Period 7/1/89 thru 6/30/92	
	# of loans	Principal Purchase	# of loans	Principal Purchase
48. Stillwater	45	\$ 2,035,884	3	\$ 181,900
49. Sweetgrass	13	548,662	2	106,500
50. Teton	33	1,372,268	11	549,101
51. Toole	51	1,811,426	10	417,418
52. Treasure	0	0	0	0
53. Valley	91	3,454,891	16	568,182
54. Wheatland	8	248,943	2	72,247
55. Wibaux	2	37,493	1	9,893
56. Yellowstone	4,216	205,280,241	648	28,783,943
STATE TOTAL	17,012	\$773,950,442	3,043	\$142,074,771

Page 6
DATE 2-12-93

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	14.00	14.00	14.00	14.00	0.00	14.00	14.00	0.00
Personal Services	375,209	422,025	437,240	437,236	4	438,124	438,119	5
Operating Expenses	791,583	1,584,016	1,052,065	830,886	221,179	1,016,811	770,636	246,175
Equipment	48,765	3,950	14,600	14,600	0	0	0	0
Total Costs	\$1,215,558	\$2,009,991	\$1,503,905	\$1,282,722	\$221,183	\$1,454,935	\$1,208,755	\$246,180
Fund Sources								
Proprietary Fund	1,215,558	2,009,991	1,503,905	1,282,722	221,183	1,454,935	1,208,755	246,180
Total Funds	\$1,215,558	\$2,009,991	\$1,503,905	\$1,282,722	\$221,183	\$1,454,935	\$1,208,755	\$246,180

Page References

LFA Budget Analysis (Vol II), p C 148
 Stephens Executive Budget, p C 62

Current Level Differences

1. Consultant Services—The Executive Budget includes an incremental increase of \$105,000 for the biennium for consultants based on anticipated new bond issues, redemptions, and maturities. LFA continues fiscal 1992 expenditures. *Jorgean Posner*

2. Legal Fees—The Executive Budget includes the maximum amount that can be charged to legal service contracts with board and bond counsel (\$40,000 per year). LFA current level continues fiscal 1992 expenditures of \$28,243. *Wesley Posner*

3. Foreclosure Fees—The Executive Budget contains \$283,948 more for the biennium for foreclosure costs than the LFA current level. LFA current level continues fiscal 1992 expenditures, while the executive increases this category based on projected delinquency and foreclosure rates. *Debra Posner*

4. Property Management Expense—The Executive includes \$46,114 more for the biennium for property management expenses than the LFA current level which continues fiscal 1992 expenditures. The Executive Budget reflects the agency request, which is projecting cost increases due to projected foreclosures on VA guaranteed loans. *Debra Posner*

5. Indirect Charges—The Executive Budget includes \$7,448 more indirect charges for Management Services/Directors Office support than the LFA current level. *John Carr of this*

Minor Differences

TOTAL CURRENT LEVEL DIFFERENCES

Exec. Over(Under) LFA
 Fiscal 1994 Fiscal 1995

40,000

65,000

11,757

11,757

141,974

141,974

23,057

23,057

3,729

3,719

666

673

221,183

246,180

Budget Modifications

None

Language

None

EXHIBIT # 8DATE 2-12-93MONTANA HEALTH FACILITY AUTHORITY
PROGRAM OVERVIEW

HB _____

MISSION:

- * Health care cost containment by issuance of low cost tax - exempt and taxable revenue bonds.
- * Affordable access to health care services.

AUTHORITY:

- * Established by the 1983 Legislature.
- * Seven board members appointed by governor for four year terms. *Chair Bud Little Helena*
- * Bond issuance cap: \$150 million per biennium.
- * Cumulative bond issuance: \$317,008,000

FACILITY ELIGIBILITY:

- * Any non-profit, 501(c)(3) health care facility.

PROJECT ELIGIBILITY: Finance or refinance:

- * New building construction;
- * Acquisition or renovation of buildings; and,
- * Equipment purchases.
- * Does not finance operating expenses.

ACTIVITY:

- * Loan portfolio includes 93 loans for 53 borrowers.
- * Borrowing rates have ranged from two to six percent below refinanced mortgage rates.
- * Weekly consultation with health care managers on capital finance issues.

INTEREST RATE PERFORMANCE (FY92-93):

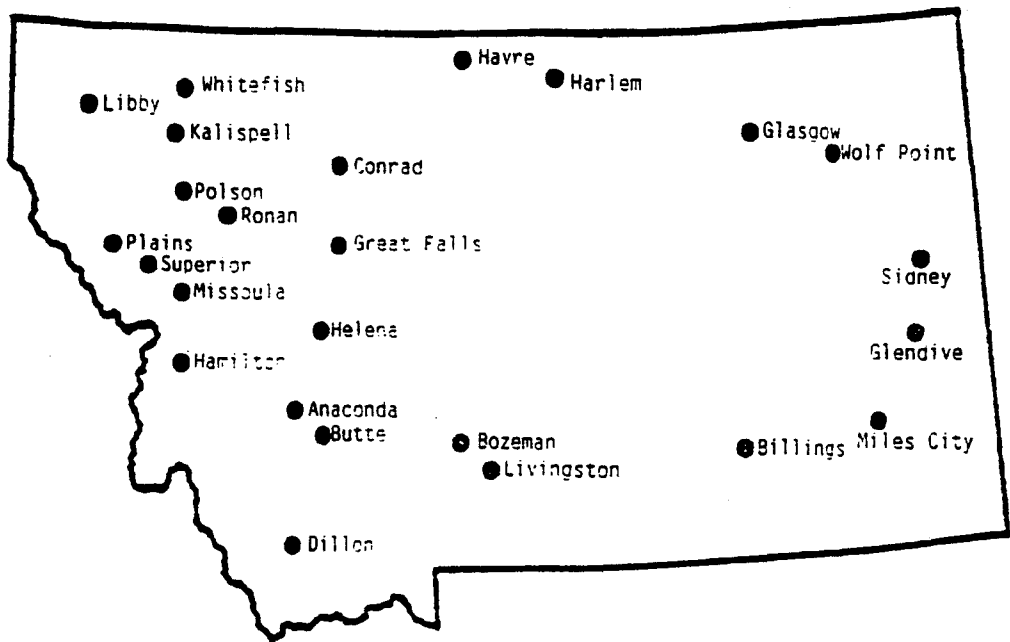
1985 Variable Rate Program

<u>Year</u>	<u>Borrower's Averaged Annual Rate</u>	<u>Prime Rate +2 percent</u>	<u>Interest Rate Savings (est.)</u>
1991	6.50%	10.50%	\$ 692,793
1992	4.87%	8.00%	\$ 622,403

Stand Alone & Pooled Loan Programs

<u>Issue</u>	<u>Borrower's Averaged Annual Rate</u>	<u>Prime Rate</u>	<u>Interest Rate Savings (est.)</u>
St. Peter's	6.86%	8.46%	\$1,679,310
1991 CPPLP	7.53%	8.46%	\$ 551,659
1992 HPLP			
St. John's	5.75%	Ref.	\$1,102,186
Community Medical	4.76%	6.50%	\$ 180,615

LOCATION OF MHFA FINANCINGS



ANACONDA

AWARE, Inc.

BILLINGS

Billings Deaconess Hospital
Northern Rockies Regional
Cancer Treatment Center
Rem Montana, Inc.
Residential Support Services
Rimrock Foundation
Special Training for
Exceptional People
Special Transportation, Inc.

BOZEMAN

Bozeman Deaconess Foundation
REACH, Inc.

BUTTE

Butte Sheltered Workshop, Inc.

CONRAD

Northern Gateway Enterprises, Inc.

DILLON

Mental Health Services, Inc.

GLASGOW

Frances Mahon Deaconess Hospital

GLENDIVE

Glendive Community Hospital

GREAT FALLS

Columbus Hospital
Golden Triangle Community
Mental Health Center
Montana Deaconess Medical Center
Region II Child and Family Services

HAMILTON

Ravalli Services Corp.

HARLEM

Blaine County Activities Center

HAVRE

Havre Day Activity Center, Inc.
Northern Montana Hospital

HELENA

Montana Children's Home and Hospital
Region IV Family Outreach, Inc.
Shodair Hospital
Mental Health Services, Inc.
St. Peter's Community Hospital
Tri-County Developmental Disabilities
West-Mont Habilitation Services, Inc.
West-Mont Home Health Services, Inc.

KALISPELL

Northwest Healthcare Corporation

LIBBY

St. Johns Lutheran Hospital

LIVINGSTON

Counterpoint, Inc.
Mental Health Services, Inc.

MILES CITY

Developmental/Educational
Assistance Program
Eastern Montana Community
Mental Health Center
Eastern Montana Industries
Holy Rosary Hospital

MISSOULA

Big Bear Resources
Opportunity Industries, Inc.
Missoula Community Hospital
Missoula Developmental Services
St. Patrick Hospital
Western Montana Regional Communi
Mental Health Center

PLAINS

Little Bitterroot Special Servic

POLSON

St. Joseph Hospital, Inc.

RONAN

Mission Mountain Enterprises
St. Luke Community Hospital and
Nursing Home

SIDNEY

Community Memorial Hospital
Richland Opportunities, Inc.

SUPERIOR

Mineral County Hospital

WHITEFISH

North Valley Hospital

WOLF POINT

Faith Lutheran Retirement Home

EXHIBIT 8
DATE 2-12-93

6501 71 00000 DEPARTMENT OF COMMERCE Program Summary		Health Facilities Authority						
Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	1.00	1.00	1.00	1.00	0.00	1.00	1.00	0.00
Personal Services	50,077	49,546	51,633	51,636	(3)	51,683	51,685	(2)
Operating Expenses	<u>72,457</u>	<u>69,143</u>	<u>95,402</u>	<u>88,575</u>	<u>6,827</u>	<u>91,111</u>	<u>84,250</u>	<u>6,861</u>
Total Costs	\$122,535	\$118,689	\$147,035	\$140,211	\$6,824	\$142,794	\$135,935	\$6,859
Fund Sources								
Proprietary Fund	<u>122,535</u>	<u>118,689</u>	<u>147,035</u>	<u>140,211</u>	<u>6,824</u>	<u>142,794</u>	<u>135,935</u>	<u>6,859</u>
Total Funds	\$122,535	\$118,689	\$147,035	\$140,211	\$6,824	\$142,794	\$135,935	\$6,859

Page References

LFA Budget Analysis (Vol II), p C 145
Stephens Executive Budget, p C 58

Current Level Differences

1. Specialized Legal Services - The Executive Budget includes \$5,510 for the biennium for specialized legal services. No funds were expended for this purpose in fiscal 1992 and LFA current level does not include funds for specialized legal services. *W. Leedney Russen*

2. Printing - The Executive Budget includes \$6,000 more for printing for the biennium than LFA current level which continues fiscal 1992 expenditures. *Deussen - Russen 3,000 for 95 only*

3. Minor Differences

W. Leedney Russen

TOTAL CURRENT LEVEL DIFFERENCES

Budget Modifications

1. Health Facilities Authority Audit and Bond Fees - The Executive Budget includes this modified request for:
a) \$15,500 per year for additional audit costs to provide more detailed and specific audits of trustee performance; and b) \$14,581 per year for the programs share of annual fees for the state bonding and financial advisor. Proprietary funds support the modification. *Deussen Russen*

Language

None

Exec. Over(Under) LFA
Fiscal 1994 Fiscal 1995

2,755 2,755

3,000 3,000

1,069 1,104

6,824 6,859

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	27.00	29.00	28.00	28.00	0.00	28.00	28.00	0.00
Personal Services	1,138,190	1,171,591	1,252,302	1,236,873	15,429	1,255,557	1,240,103	15,454
Operating Expenses	563,293	565,731	608,240	598,321	9,919	518,407	507,751	10,656
Equipment	6,575	12,000	36,190	7,447	28,743	36,190	7,447	28,743
Total Costs	\$1,708,059	\$1,749,322	\$1,896,732	\$1,842,641	\$54,091	\$1,810,154	\$1,755,301	\$54,853
Fund Sources								
Proprietary Fund	1,708,059	1,749,322	1,896,732	1,842,641	54,091	1,810,154	1,755,301	54,853
Total Funds	\$1,708,059	\$1,749,322	\$1,896,732	\$1,842,641	\$54,091	\$1,810,154	\$1,755,301	\$54,853

Page References

LFA Budget Analysis (Vol II), p C149 - C150
 Stephens Executive Budget, p C63

Current Level Differences

Personal Services - The Executive Budget includes \$30,883 more than LFA current level for position number 75202 (security analyst II). The LFA current level reflects the agency request, while the Executive Budget includes additional salary and benefits to fund a salary increase processed after the snapshot.

Jerome - Russell

Operating Expenses

1. Repair & Maintenance - The Executive Budget includes 11,034 more than the LFA current level for computer maintenance. LFA current level continues fiscal 1992 expenditures. In fiscal 1994 the difference consists of 2,016 for current UNEX system computer maintenance costs and \$3,201 for maintenance on computers acquired in the transition to a LAN.

John Russell

2. Indirect Charges - The Executive Budget includes \$21,258 more indirect charges for Management Services/Directors Office support than the LFA current level.

3. Relocation - The Executive Budget contains less than the LFA current level for relocation. The LFA current level continues fiscal 1992 expenditures, while the Executive Budget eliminated relocation expenditures.

Equipment - The Executive Budget includes \$57,486 more for equipment over the biennium than LFA current level. The Executive Budget reflects the agency request, which replaces ten terminals with PC's each year to move toward a local area network (LAN) system. LFA current level reflects BOI's three year average equipment expenditure.

10 PCs Weekly Russell

Minor Differences

revision - Russell

TOTAL CURRENT LEVEL DIFFERENCES**Budget Modifications**

1. BOI Workload Increase - The Executive Budget includes this modification to add \$86,626 per year to fund contracts for bond compliance activities, computer system work, and secretarial work.

Language

None

Exec. Over(Under) LFA
 Fiscal 1994 Fiscal 1995

15,429 15,454

5,217 5,817

10,612 10,646

(6,866) (6,866)

28,743 28,743

956 1,059

54,091 54,853

6501 70 00000

DEPARTMENT OF COMMERCE
Program Summary

Indian Affairs Coordinator

HB _____

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	4.50	5.00	4.00	5.00	(1.00)	4.00	5.00	(1.00)
Personal Services	119,234	151,406	128,493	152,716	(24,223)	128,671	152,923	(24,252)
Operating Expenses	44,443	54,465	68,104	41,026	27,078	68,072	41,057	27,015
Equipment	0	2,500	0	0	0	0	0	0
Total Costs	\$163,677	\$208,371	\$196,597	\$193,742	\$2,855	\$196,743	\$193,980	\$2,763
<u>Fund Sources</u>								
General Fund	100,393	100,991	105,777	103,742	2,035	105,921	103,980	1,941
Federal Revenue Fund	63,283	107,380	90,820	90,000	820	90,822	90,000	822
Total Funds	\$163,677	\$208,371	\$196,597	\$193,742	\$2,855	\$196,743	\$193,980	\$2,763

Page References

LFA Budget Analysis (Vol II), p C 144
Stephens Executive Budget, p C 57-58

Current Level Differences

Personal Services Reduction - The Executive Budget reflects the elimination of 1.0 FTE in compliance with Section 13 of House Bill 2.

(24,223) (24,252)

Operating Expenses

1. Federal Funded Equal Employment Opportunity (EEO) Program - The Executive Budget includes more operating expenses for the biennium than LFA current level. This is due to limited federal grant funds and LFA's inclusion of the 1.0 FTE eliminated in the Executive Budget. Funded in the Executive Budget are: 1) \$30,255 for consultant services; 2) \$14,262 for other contracted services; and \$7,678 for supplies, travel and communications increases associated with a newly established 24 member steering committee.

26,129 26,066

2. Indirect Charges - The Executive Budget includes \$2,128 more than LFA current level for Management Services and Directors Office support.

1,069 1,059

3. Computer Maintenance - The Executive Budget includes 870 more than LFA current level for computer maintenance contracts.

435 435

Minor Differences

(555) (545)

TOTAL CURRENT LEVEL DIFFERENCES

2,855 2,763

Budget Modifications

None

Language and Other Issues

Funding

1. General Fund - The Executive Budget includes more general fund than the LFA current level due to a larger budget for the Indian Affairs Coordinator program which is funded entirely with general fund.

2,035 1,941

2. Federal Funds - The Executive Budget includes more federal funds than LFA current level. Federal funds are the sole support the Indian Affairs Equal Employment Opportunity (EEO) program, which the agency estimates will receive approximately \$90,000 of federal grant funds each year of the 1995 biennium.

820 822

Office of Research & Information Services

Positions Removed by Joint Committee Action
House Appropriations & Senate Finance and Claims
January 6, 1993

		Total Personal Services		FTE Removed By		Total FTE Removed	Non-Approp. FTE
Position #	Position Description	Fiscal 1994	Fiscal 1995	5% Reduction	Being Vacant		
All or Partial General Fund Positions							
	None	0	0	0.00		0.00	
Sub-Total		0	0	0.00	0.00	0.00	0.00
Non-General Fund Positions							
70005	Program Assistant III	24,223	24,252	1.00			
Sub-Total		0	0	0	0	0.00	0.00
TOTAL		0	0	0.00	0.00	0.00	0.00

EXHIBIT 11

DATE 2-12-93

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

NATURAL RESOURCES SUBCOMMITTEE

~~BILL NO.~~

DATE 2-12-92 ~~SPONSOR(S)~~

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Jack Clark	Commerce Dept		
Mike Wasenska	Commerce		
Frank Jones	Commerce		
Bob Heller	Counsel		
Andy Fodor	Commerce	X	
Franklin Flury	Ind Affairs		
Hudson	Bud at Housing		

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