

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION

Call to Order: By REP. MARY LOU PETERSON, CHAIRMAN, on February 12, 1993, at 8:05 AM.

ROLL CALL

Members Present:

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

Members Excused: None

Members Absent: None

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

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

Committee Business Summary:

Hearing: NONE
Executive Action: LEGISLATIVE COUNCIL; JUDICIARY; AND
SECRETARY OF STATE

Announcements/Discussion:

REP. MARJORIE FISHER distributed letters concerning the Department of Administration's proposal for an interactive voice response unit. EXHIBITS 1, 2 and 3

Mr. Clayton Schenck, Legislative Fiscal Analyst, distributed a summary of previous subcommittee action. EXHIBIT 4

EXECUTIVE ACTION ON LEGISLATIVE COUNCIL

Tape No. 1:A:115

Informational Testimony:

Mr. Schenck distributed information concerning the effects of proposed action by the subcommittee with regard to the Interim Studies and Conferences Program. EXHIBITS 5 and 6 He reviewed the agency's proposals. EXHIBIT 7

BUDGET ITEM LEGISLATIVE BRANCH CENTRAL NETWORK:

Ms. Terry Cohea, Legislative Fiscal Analyst, distributed a memo concerning the legislative branch central network proposal. EXHIBIT 8

Discussion:

REP. JOE QUILICI pointed out that the Legislative Council's budget is having to accommodate needs of four other legislative agencies as well as the house and senate. This makes it difficult for the agency to reach its target.

Ms. Cohea stated that the funding for equipment is expended every two years. Therefore, the necessary amount is not accurately represented by using figures from the 1992 biennium. She stated that \$1.9 million in unallocated funds could be considered for funding the network proposal.

SEN. GARY FORRESTER suggested that reducing the budget for the agency would reduce the number of bills that could be considered by the Legislature.

Mr. Bob Person, Legislative Council, in response to SEN. FORRESTER'S comment, stated that the concern of the agency is not the number of bills distributed; the concern is distributing the bills quickly so they receive reasonable consideration before transmittal deadlines. A legislative mandate limiting bill drafters would be necessary to limit the number of bills produced.

Motion: REP. FISHER moved to fund the LBCN at \$439,000. This would exclude funding for the four new senate machines.

Questions, Responses, and Discussion:

CHAIRMAN MARY LOU PETERSON asked how the passage of this motion would affect the proposal. Mr. Person responded that the agency would distribute the monies so that no one portion would suffer.

Vote: THE MOTION CARRIED UNANIMOUSLY.

Motion/Vote: REP. QUILICI moved that the \$439,000 for the LBCN be included in the current level budget. THE MOTION CARRIED UNANIMOUSLY.

Discussion:

The subcommittee determined that this would put the agency

considerably above its target.

Motion/Vote: REP. FISHER moved to remove the funding for the LBCN from the current level budget and show it as a credit in reaching the subcommittee's target. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM INTERIM STUDIES AND CONFERENCES PROGRAM:

Informational Testimony:

Mr. Schenck reviewed EXHIBITS 5 and 6. He referred the subcommittee to page A12 of the Budget Analysis. EXHIBIT 9

Tape No. 1:B:122

Questions, Responses, and Discussion:

CHAIRMAN PETERSON inquired about the joint interim committees and statewide issues portions of the program. Mr. Person explained, with regard to statewide issues, that if an issue arises during the interim for which no committee has been assigned, the Legislative Council can appoint a committee. The funding for this is contingent on its need and has been used only once.

Motion/Vote: REP. FISHER moved to fund statewide issues at \$5,000. THE MOTION CARRIED UNANIMOUSLY.

Questions, Responses, and Discussion:

SEN. HARRY FRITZ asked how many joint committees are funded with the budget. Mr. Person answered that the budget is calculated on the assumption of funding five committees.

Motion/Vote: REP. QUILICI moved to reduce the \$89,762 budgeted for the joint interim committees by \$45,000.

Questions, Responses, and Discussion:

SEN. FRITZ promoted the interim studies committees, citing that they "bridge the gap" between legislative sessions and provide necessary information on substantive issues.

Motion: THE MOTION CARRIED with SEN. FRITZ opposing.

Motion/Vote: SEN. FRITZ moved to eliminate funding for the Coal Tax Oversight Subcommittee. THE MOTION CARRIED UNANIMOUSLY.

Discussion:

REP. QUILICI and CHAIRMAN PETERSON concurred that the Revenue Oversight Committee is important to the legislative process and that it should not be eliminated.

Questions, Responses, and Discussion:

REP. FISHER asked why the Revenue Oversight Committee requires 12 members when the agency utilizes so many computers. Mr. Person responded that this is a philosophical issue of how government should be run and what legislative involvement should be. He stated that the committee also covers taxation issues.

Motion/Vote: SEN. FRITZ moved to: reduce funding for the Revenue Oversight Committee by one-half; reduce funding for the Administrative Code Committee by one-half; reduce the budget for the National Conference of State Legislators by one-half of the original amount; and reduce the Northwest Economic Regional Conference budget by one-half. THE MOTION CARRIED with REP. QUILICI and CHAIRMAN PETERSON.

BUDGET ITEM OPERATIONS PROGRAM:

The subcommittee reviewed the agency's proposal. EXHIBIT 10

Questions, Responses, and Discussion:

REP. QUILICI asked if the funds for law school drafting go to the students or the university. Mr. Person answered that the funds go primarily to the students.

Motion: REP. FISHER moved to accept the reduction of \$95,100.

Questions, Responses, and Discussion:

SEN. FRITZ asked if it is possible to authorize an increase of revenue with, for example, a 5% increase in fees for code books. Mr. Person responded that the council sets the prices in accordance with statute limits.

Motion/Vote: SEN. FRITZ made a substitute motion to reduce the agency's budget to meet the target. THE MOTION CARRIED with REP. QUILICI opposing.

Motion/Vote: SEN. FRITZ moved to raise the cost of copies of the code to cost plus 5% and to raise cost to private entities to cost plus 25%, in order to raise an entrepreneurial type account to \$50,000. THE MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON JUDICIARY

Tape No. 2:A:900

Informational Testimony:

Mr. Jon Moe, Legislative Fiscal Analyst, distributed information concerning the agency's target. EXHIBIT 11. He distributed the agency's proposal. EXHIBIT 12

Tape No. 2:B:150

Questions, Responses, and Discussion:

SEN. GARY FORRESTER asked if funding could be reduced for the two additional Supreme Court judges above the five that are constitutionally required. **Mr. Pat Chenovick, Administrator of the Supreme Court**, answered that, based on the constitution, salaries cannot be reduced during the term of office.

SEN. FORRESTER asked if the salary for Judge McDonough and his employees could be reduced since the Judge is retiring. **Mr. Chenovick** answered that he would return with an answer. He stated that Judge McDonough does share a secretarial position that likely could not be reduced.

Mr. Schenck in response to **SEN. FORRESTER'S** question, answered that, according to the constitution, the salary for Judge McDonough's position cannot be reduced during the time of the term.

Motion/Vote: **REP. FISHER** moved to accept items #1 through #4 on **EXHIBIT 11**. **THE MOTION CARRIED UNANIMOUSLY.**

EXECUTIVE ACTION ON SECRETARY OF STATE

Tape No. 2:B:1025

Informational Testimony:

Mr. Moe distributed a summary of the agency's revised proposals. **EXHIBIT 13**

Questions, Responses, and Discussion:

SEN. TVEIT asked what the liability of the state would be if records were lost to fire. **Mr. Garth Jacobson, of the Secretary of State's Office**, answered that it could be considerably high.

Motion: **REP. FISHER** moved to restore funding for the fireproof storage and to eliminate funding for the 1.25 FTE.

Discussion:

REP. QUILICI stated that restoration of the 1.25 FTE is a high priority for the agency in order to keep the office functioning.

CHAIRMAN PETERSON pointed out that other agencies have restored positions and reached the target by other means.

REP. FISHER conceded that this is true, but no agency has been given funding to restore all its positions.

Motion: **REP. QUILICI** made a substitute motion to accept the agency's proposal. **EXHIBIT 13-TOP PORTION.**

Discussion:

CHAIRMAN PETERSON pointed out that the agency has provided additional options that can be considered in meeting the target.

Vote: THE MOTION FAILED with REP. FISHER, CHAIRMAN PETERSON and SEN. TVEIT opposing.

ADJOURNMENT

Adjournment: 11:45 AM



REP. MARY LOU PETERSON, Chair



ELAINE BENEDICT, Secretary

MLP/EB

HOUSE OF REPRESENTATIVES

Gen. Gov. & Hwys.

SUB-COMMITTEE

ROLL CALL

DATE

2/12/93

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



DEPARTMENT OF LABOR AND INDUSTRY
UNEMPLOYMENT INSURANCE DIVISION

MARC RACICOT, GOVERNOR

STATE OF MONTANA

P.O. BOX 1728
1327 Lockey
Helena, MT 59624

EXHIBIT 1

DATE 2/12/93

RE MB

Benefits (406) 444-3783
Fax (406) 444-2699

Proprietary

1st 183K
2nd 3LK

February 2, 1993

TO: Tony Herbert, Assistant Administrator
Information Services Division
Department of Administration

FROM: Joanne Loughney-Finstad, Chief
Benefits Bureau

RE: Interactive Voice Response Anticipated Savings

We fully expect the Unemployment Insurance Division's costs of implementing Interactive Voice Response will be covered by the savings. However, there are some unknowns at this point: claimant acceptance levels, implementation date and UI workload. In other states, such as North Carolina and Maryland, the acceptance rate has been at least 50%. The second unknown is implementation date. I understand the Department of Administration predicts a Fall of 1993 start-up. The Unemployment Insurance Division would also need planning time to inform claimants of phone filing for weekly claims. As a result most cost savings would occur in SFY 95. The 96/97 biennium budget would reflect actual experience and thus, provide better cost savings information. Once the system is up and running the cost savings should increase. The third variable in cost savings is workload. Our workload is based on economic conditions and unemployment levels. If Congress extends the Emergency Unemployment Compensation Act which is expected to end in June, UI claims will be higher than projected, thus requiring more staff. Even with higher workload, actual costs for temporary staff may increase, but still be significantly lower than if the Division did not have voice response.

We estimate savings in three areas:

1. Decreased usage of weekly claim forms, mailers and envelopes -- \$3700 per year.
2. Voice response would allow claimants to enter their weekly paycards by telephone. Currently, UI staff data enter the paycards. Weekly claim cards totaled 424,220 in SFY 91 an increase of 17% over the previous year. For the last quarter of Calendar year 1992, weekly claims are still up 18% over the

EXHIBIT 1

DATE 2/12/93

HE

same quarter in 91.

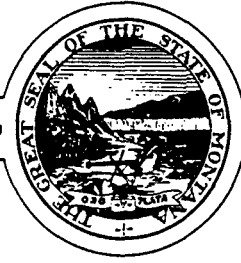
We requested \$500,000 in contract authority for temporary winter staff to deal with spikes in the UI workload. Last year and this year we hired 6 to 8 additional grade 7 temporary clerical staff. If voice response is implemented, we will be able to minimize the hiring of additional staff to handle the workload. We should be able to cut any additional "contingency" requests by 3 positions (Word Processing Operators, grade 7 filled for six months each) after voice response is implemented. Savings would total \$27,155 in SFY 95. No savings is predicted in SFY 94 because of the unknown start-up date.

3. Postage costs will increase due to the scheduled loss of postal franking in September, 1993. We estimate a reduction in postage costs of \$17,000 per year. These funds would be a reduction in the base UI grant from the U.S. Dept. of Labor.

If you have any questions, please call me at 444-3783.

cc: Brian McCullough
Bob Jensen

EXHIBIT 2
DATE 2/12/93
ME
DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES
CHILD SUPPORT ENFORCEMENT DIVISION



MARC RACICOT
GOVERNOR

PETER S. BLOUKE, PhD
DIRECTOR

STATE OF MONTANA

FAX # (406) 444-1370
(406) 444-4614

PO BOX 5955
HELENA, MONTANA 59604-5955

February 3, 1993

Tony Herbert, Assistant Administrator
Office of Policy, Research, & Development
Information Services Division
Department of Administration
Room 211, Mitchell Building
Helena, Montana 59620-0113

Subject: Voice Response Unit

Dear Mr. Herbert:

The CSED has an increasing need for better communication with the public and with agencies of this and other states, both telephonically and in person. At a time when the program needs to be devoting its efforts to intensified casework, however, the cost of caseworkers personally responding to every inquiry, including those which request only simple program information, is very high. The use of advanced technology is the best answer. The program needs to install at least 5 toll-free lines in its central Helena office and to connect these lines to a Voice Response Unit (VRU), with recourse to a human attendant, connected to our new computer system, SEARCHS. Ideally, the VRU would be purchased and operated by the Department of Administration (to provide better expertise and to avoid duplication of effort for other agencies or programs who could avail themselves of this device).

There are direct, hard dollar savings available to Montana for availability of a VRU. Federal regulations require child support enforcement programs to notify AFDC custodial families of the amount of any collections received during the month. Assuming bulk postage rates to be \$.25 in SFY 1994 and SFY 1995, this mailing will cost approximately \$35,000 each year of the biennium. A VRU giving each family 24 hour on-demand access to collection information would substitute for the required mailings. This would then allow the CSED to decrease its approved budget for postage and mailing by over \$70,000 in the biennium. Since this program transfers surplus collections to the General Fund, this expenditure savings can generate increased revenue for the State. In addition, the CSED program is 66% federally funded. Its portion of VRU operational cost (estimated at between \$45,000 and \$50,000 per year, including line charges) will, in essence, transfer part of the cost to federal dollars allowing another state savings.

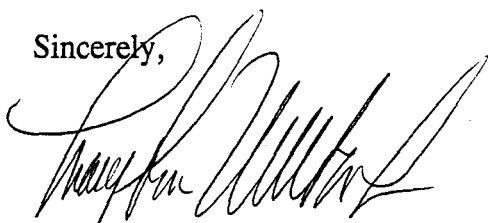
EXHIBIT 2
DATE 2/12/93
MB

Mr. Tony Herbert, Assistant Administrator
February 3, 1993
Page Two

We have also estimated over 50% of the calls received by the CSED are for information which could be provided without human interface. With an estimated SFY 1994/95 CSED average salary cost of \$10.95/employee/hour, if each employee of the CSED spends as little as 5 minutes per work day answering questions which could be handled electronically (a conservative average), a VRU could save us \$28,000 a year in staff time which can much more profitably be applied to collection efforts.

If you (or the Sub-Committee) have any questions or would like further testimony from us, please let me know.

Sincerely,



Mary Ann Wellbank, Administrator

MAW/LMC/lc h:\data\adu\share\budget\projects\vrultr

cc: Michael G. Billings, OMAS Director
Linus Carleton, Administrative Services Bureau Chief

State of Montana

Marc Racicot, Governor

EXHIBIT 3

DATE 2/12/93

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Department of Revenue

Mick Robinson, Director

Room 455, Sam W. Mitchell Building

Helena, Montana 59620

February 3, 1993

To: Tony Herbert, Assistant Administrator
Information Services Division
Department of Administration

From: Jack Ellery, Deputy Director *Jack*

Subject: Interactive Voice Response Capabilities

In my testimony to the General Government Subcommittee last month, I emphasized the importance of implementing an Interactive Voice Response capability from a statewide perspective. I stressed the fact there is tremendous potential throughout state government for this technology in terms of cost savings, improved service to the public and better use of staff resources.

I am concerned that the subcommittee appears to be favoring a decentralized approach to fund this technology within the state. It is my understanding the Committee has discussed recommending that funding for this technology be conditioned on actual cost saving within each agency and that each agency implement and support its own version of the technology.

That approach, if adopted, is inconsistent with the recommendations of the Data Processing Advisory Council and legislation (House Bill 99) which is under consideration this session. House Bill 99, among other things, legislates the review, approval, standardization and coordination of new and emerging technology by the Department of Administration. Fragmenting this technology among state agencies will prove to be inefficient and cost defective in the long run.

Cost savings should not be the sole criteria for funding this technology. There are clearly other considerations that are also important. We need to consider public service levels, well cost avoidance and more focused use of scarce staff resources. This is particularly true in the Department of Revenue (DOR). The following illustrates the need for this technology within the DOR:

Department of Revenue - DOR

Last March with the assistance of the ISD, the department implemented new technology to improve public access. That technology was a feature in the centrally managed telecommunications network called "call menuing". Call menuing allows the caller to select options for directing phone calls to specific areas of the Department (refunds, forms, tax questions). The application of this technology has completely solved the situation discussed below.

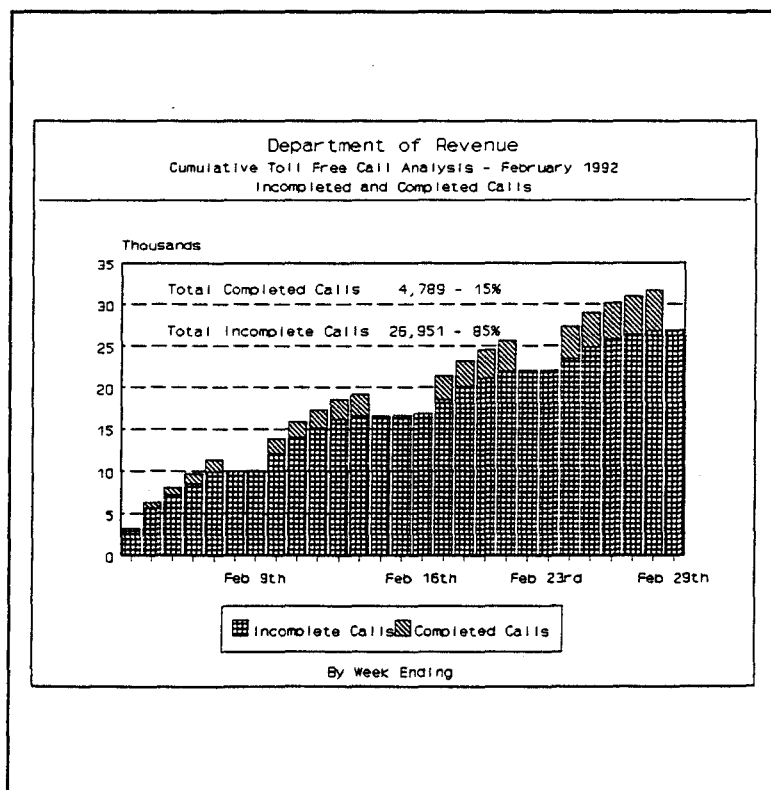
Prior to March 1992, the Department of Revenue received thousand of telephone calls that could not be answered because all of our lines were "busy". This was a large irritant to many Montana taxpayers who expect better service from state government. The vast majority of the calls received were requests for the status of an individuals' income tax refund or for additional tax forms.

The following statistics for the month of February 1992 (a historically low volume month) on our 800 line into the Income Tax Division clearly illustrates the frustration Montanans experienced when they attempted to contact the department during the income tax season:

Total Completed Calls	4,789	15%
Total Incomplete Calls	<u>26,951</u>	<u>85%</u>
Total Attempted Calls	31,740	100%

These statistics, which do not include traffic on our direct phone line into Helena, were pretty depressing and would only get worse as we approached the peak return filing period in March and April.

These statistics clearly indicate that we needed to improve public access to the Department of Revenue.



Realistically there were only three ways to improve this unacceptable situation.

They included:

1. Shifting resources from areas currently assigned to peak processing activities to "man" the phones;
2. Adding more staff during peak processing times; or
3. Investing in and implementing appropriate technologies to improve service to taxpayers and increase staff productivity at a very marginal cost to the State.

The application of advanced technology was clearly our answer. As a result, the public no longer experiences "busy signals" when they call the Department. Moreover, their calls are directed to the area of the Department they wish to speak to. While this does not guarantee that staff will immediately be available to answer questions, it does eliminate the frustration of not being able to contact the Department.

The majority of our calls concern the status of tax refunds. The application of Interactive Voice Response technology in the Income and Miscellaneous Tax Division would clearly benefit the taxpayer and improve department efficiency. This technology would allow the taxpayer to directly inquire into our computer systems to determine the status of their refund. This capability would significantly reduce the incidence of having to wait for staff to answer the phone and would allow staff to concentrate their efforts assisting taxpayers with more complex questions.

Implementing IVR capabilities, programmed with appropriate security to allow taxpayers to call in **at any hour** and receive the information without manual intervention is the most cost effective solution expanding taxpayer service. This capability would result in improved customer service and improved productivity of staff who will be allowed to concentrate their efforts on revenue generating activities.

GENERAL FUND EXPENDITURE TARGETS

1995 BIENNIUM

EXHIBIT

DATE

2/12/95

09:38 AM

AGENCY TARGET BEFORE SUB COMMITTEE ACTION

BOX "A"	Agy. #	(A)		(B)		(C)		(D)		(E)		(F)	
		---Target---		LFA		-Difference-		Current Level		Additional		Total Cuts	
		Current Level	Fiscal 1992-93	Current Level	Fiscal 1994-95	LFA C/L	Dollar Cut	Current Level	Percent Cut	5% Cuts		To Identify	
	2110 Judiciary		\$16,463,815		\$18,046,448		\$1,582,633		9.61%	\$823,191		\$2,405,824	

AGENCY TARGET AFTER SUB COMMITTEE ACTION

BOX "B"	Agy. #	(A)		(B)		(C)		(D)		(E)		(F)	
		---Target---		SUB COMM		-Difference-		Current Level		Additional		Total Cuts	
		Current Level	Fiscal 1992-93	Current Level	Fiscal 1994-95	SUB COMM C/L	Dollar Cut	Current Level	Percent Cut	5% Cuts		To Identify	
	2110 Judiciary		\$16,463,815		\$17,776,974		\$1,313,159		7.98%	\$823,191		\$2,136,350	

AGENCY TARGET RELATING TO "TRUE" REDUCTIONS

BOX "C"	Agy. #	(A)		(B)		(C)		(D)		(E)		(F)	
		---Target---		SUB COMM		-Difference-		Current Level		Additional		Total Cuts	
		Current Level	Fiscal 1992-93	Current Level	Fiscal 1994-95	SUB COMM C/L	Dollar Cut	Current Level	Percent Cut	5% Cuts		To Identify	
	2110 Judiciary		\$16,463,815		\$17,776,974		\$1,313,159		7.98%	\$823,191		\$2,136,350	
	Less Elected Salaries		\$6,327,571		\$6,695,184		\$367,613						
	Sub Total		\$10,136,244		\$11,081,790		\$945,546		9.33%	\$506,812		\$1,452,358	
	Less District Court Criminal Reimbursement		\$5,739,084		\$6,614,131		\$875,047						
	TOTAL GENERAL FUND		\$4,397,160		\$4,467,659		\$70,499		1.60%	\$219,858		\$290,357	

Note: Difference includes increased fixed costs added by LFA.

EXHIBIT 5
DATE 2/12/93
HB

Subcommittee Action
2-9-93

LEGISLATIVE COUNCIL

GENERAL FUND TARGET* 3,807,150

General Fund Appropriation as of 2-9-93* 4,739,626

February 9, 1993 Subcommittee Action

Representative Fisher Motion

- | | |
|--|-----------|
| 1. Eliminate Interim Studies (1) | (456,979) |
| 2. Reinstate NCSL Dues | 128,188 |
| 3. Remove \$607,000 for Legislative Branch
Central Network Budget | (607,000) |
| 4. Fund Legislative Branch Central Network
at Reduced Level | 503,000 |

General Fund Appropriation After Fisher Motion 4,306,835

Distance from Target After Fisher Motion 499,685

Representative Quilici Motion

- | | |
|---|--------|
| 1. Reinstate Joint Interim Committees | 89,762 |
| 2. Reinstate Permanent Statutory Committees | 71,197 |
| 3. Reinstate Commission on Uniform State Laws | 35,000 |
| 4. Reinstate NW Economic Region Conference | 48,003 |
| 5. Reinstate Five State Conference | 3,321 |

General Fund Appropriation After Quilici Motion 4,554,118

Distance from Target After Quilici Motion 746,968

*As shown on "Checklist -- Response to Subcommittee Letter"

(1) The general fund appropriation as of 2-9-93 reflects previous subcommittee action eliminating \$208,028 general fund from the Interim Studies program

EXHIBIT 60DATE 2/12/93140

Legislative Council

Interim Studies Program

1995 Biennium

	Agency Budget	Subcommittee Original	Subcommittee Fisher (2/9)	Subcommittee Quilici (2/9)
Joint Interim Committees	\$89,762	\$89,762	\$0	\$89,762
Statewide Issues	25,000	25,000	0	0
Revenue Oversight Committee	42,958	42,958	0	42,958
Coal Tax Oversight Subcommittee	4,609	4,609	0	0
Administrative Code Committee	14,464	14,464	0	14,464
Select Committee on Indian Affairs	7,193	7,193	0	7,193
JTPA Review Committee	6,582	6,582	0	6,582
Natl Conference of State Legislatures (NCSL)	207,388	176,280	128,188	128,188
Council of State Governments (CSG)	176,920	0	0	0
Commission on Uniform State Laws	35,000	35,000	0	35,000
Northwest Economic Reion Conference	51,324	48,003	0	48,003
Five State Conference	0	3,321	0	3,321
Inflation	8,416	3,807	?	?
	<u>\$669,616</u>	<u>\$456,979</u>	<u>\$128,188</u>	<u>\$375,471</u>

AGENCY: LEGISLATIVE COUNCIL

Response to Subcommittee Letter

GENERAL FUND TARGET* \$3,807,150

SPECIFIC REDUCTION PROPOSALS

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

Fund	Fee	Permanent Reduction	Cost Shift to Local Gov't?	Loss of G/F Revenue?	Considered Mandatory	Statute Change
Switch	Increase					

1	Agency Target Reduction Options:	4,739,626				
1	Reduce review of ballot issues	(17,986)				
1	Change operations in Legislative Intern program	(200)				
1	Reduce staff training and information	(291,860)				
1	Reduce subscriptions					
2	Reduce adequacy of office environment	(188,674)				
2	Limit response to legislators & other states					
2	Administer/maintain Legislative Computer Network					
2	Support Council guidance of agency activities					
2	Reduce public information function					
3	Reduce drafting of bills	(433,756)				
	GENERAL FUND BALANCE ACHIEVABLE	3,807,150				
	ABOVE (BELOW) TARGET	\$0				
3	Agency Additional Options (5% Below '93 Blen.)	(934,290)				
3	Reduce drafting of bills	(157,917)				
3	Support bill and publication production					
3	Staff interim committees	(1,803,684)				
3	Administer Council Library					
3	Reduce acctg/peyroll/purchasing svcs					
3	Support leadership, committees, and committee chairs					
3	Reduced services to the legislature					
3	Provide qualified, permanent, professional staff					
	TOTAL ADDITIONAL OPTIONS	(2,895,891)				

February 10, 1993

Dear Members of the General Government Subcommittee:

Thank you for your vote earlier this week to include \$503,000 general fund in House Bill 2 for the Legislative Branch Central Network (LBCN) budget. Your support demonstrates the importance of data processing operations to the continued efficient operation of legislative functions.

We also appreciate how hard the subcommittee is working to reach the HR2 targets and the difficult decisions that you are having to make. In order to assist you in this task, the legislative directors have met and agreed that the budget request can be reduced further by \$45,000. The remaining \$458,000 budget (which represents a 25 percent reduction from the original proposal) will allow the legislative branch to:

- 1) replace existing equipment needed to continue providing existing services;
- 2) purchase replacement software needed to continue providing existing services;
- 3) continue operating the network and ensure its compatibility with the state standard; and
- 4) purchase 4 new workstations for the Senate.

In reducing our budget request by 25 percent, we have eliminated funding for:

- 1) enhancements to existing systems;
- 2) additional security, back-up, and fault tolerance equipment that would have increased the safety and reliability of legislative computer network operations; and
- 3) 8 new workstations for the Senate.

Our priority in the reduced budget request is replacement equipment and software and continued operation of the network. The reduced request will allow us to maintain existing services to the legislature (although with possibly more risk of breakdown). While we had hoped to enhance some services we provide (such as

installing equipment to ensure greater reliability and new software that would have improved some budget, bill-drafting, and audit services), we understand that the present budget deficit makes funding for such improvements difficult.

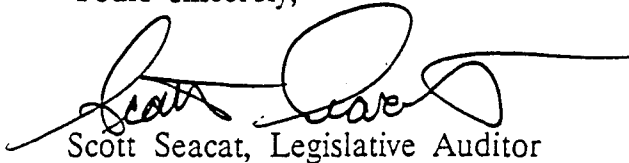
Since the Senate has fewer workstations for session staff than the House, the original budget request included funding for 12 new workstations (at a cost of \$57,600). Since the revised budget request emphasizes maintenance of existing operations, we have reduced the request for new machines for the Senate to 4, at a cost of \$19,200.

Since the reduced budget request (\$458,000) will simply replace a portion of and maintain our existing equipment, software, and network services (other than the 4 new workstations for the Senate), we would respectfully request that it be included in the current level budget rather than be presented as a budget modification. By definition, a budget modification represents new or expanded services. Clearly, we are seeking these funds to maintain current level services for the legislature.

We also ask you to recognize that although the budget request for the Legislative Branch Central Network is presented within the Legislative Council's budget, it includes funding for four legislative agencies and the Senate and the House. As a branch request, it needs to be considered separately from the Legislative Council's budget in relation to the HR2 targets.

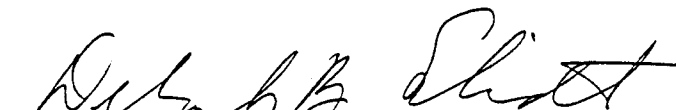
Thank you for your continued support.

Yours sincerely,


Scott Seacat, Legislative Auditor



Teresa Olcott Cohea, Legislative Fiscal Analyst


Deborah B. Schmidt, Director of the Environmental
Quality Council



Robert Person, Director of the Legislative Council

Table 1 provides a 1993 biennium appropriation to 1995 biennium budget comparison for the Interim Studies and Conferences program.

Funding

All interim studies and conference activities are funded by general fund with the exception of the Coal Tax Oversight Subcommittee, which is funded by coal tax state special revenue funds.

In the 1993 biennium, the legislature used \$12,000 of coal tax funds for the Regional Conferences budget and used general fund to support the Coal Tax Oversight Subcommittee. State special revenue decreases in the 1995 biennium due to elimination of the Regional Conferences budget and reinstatement of coal tax support of the Coal Tax Oversight Subcommittee at a lower level than appropriated in past biennia.

Table 1 Interim Studies and Conferences Comparison - 1993 Biennium Appropriation to 1995 Biennium Budget			
	1993 Biennium	1995 Biennium	Increase/ (Decrease)
FTE	2.00	2.47	0.47
<u>Interim Standing or Temporary Committees</u>			
Joint Interim Committees	\$82,470	\$89,762	\$7,292
Statewide Issues	25,000	25,000	0
Districting and Apportionment Commission	43,000	0	(43,000)
State-Owned Aircraft Study	12,000	0	(12,000)
<u>Permanent Statutory Committees</u>			
Revenue Oversight Committee	37,983	42,958	4,975
Coal Tax Oversight Subcommittee	0	4,609	4,609
Select Committee on Indian Affairs	14,048	14,464	416
JTPA Review Committee	7,200	7,193	(7)
	0	6,582	6,582
<u>Interstate Cooperation</u>			
National Conference of State Legislators			0
Salary	14,458	14,880	422
Dues	118,608	128,188	9,580
Travel & Training	56,640	64,320	7,680
Council of State Governments			0
Salary	0	14,880	14,880
Dues	0	96,400	96,400
Travel & Training	0	65,640	65,640
Commission on Uniform State Laws	30,000	35,000	5,000
Northwest Economic Region Conference	20,000	51,324	31,324
Regional Conferences	32,000	0	(32,000)
Subtotal	\$493,407	\$661,200	\$167,793
Plus Inflation		\$8,416	\$8,416
Less January 1992 Special Session Reduction	(\$37,361)		37,361
Less July 1992 Special Session Reduction	(100,000)		100,000
Total Expenses	\$356,046	\$669,616	\$313,570
<u>Funding</u>			
General Fund	\$344,046	\$665,007	\$320,961
State Special Revenue	12,000	4,609	(7,391)
Total Funding	\$356,046	\$669,616	\$313,570

Senate Members
GARY C. AKLESTAD
VICE CHAIRMAN
DELWYN GAGE
MIKE HALLIGAN
J.D. LYNCH

Executive Director
ROBERT B. PERSON



CANDIDATE
DATE 2/12/93
HAB

House Members
RED MENAHAN
CHAIRMAN
JAN BROWN
MARY LOU PETERSON
JIM RICE

Montana Legislative Council

Office of the Executive Director

Room 138 • State Capitol
Helena, Montana 59620-1706
(406) 444-3064
FAX (406) 444-3036

January 27, 1993

TO: General Government and Transportation Subcommittee on Appropriations

FROM: Robert B. Person, Executive Director *Bob*

RE: Proposed spending cuts

This memo responds to Representative Mary Lou Peterson's memo of January 21, 1993 on the same subject.

Rep. Peterson encouraged use of data developed in response to Mr. Lewis's memo of January 12 in preparing this response. I refer you to the section "General Comments" in the report I submitted to you dated January 20, 1993, which responded to Mr. Lewis's memo (extract attached). The cuts discussed in this memo follow the principal of preserving capital as discussed in the attachment. Tacit priority is given to the Operations Program over the Interim Studies and Conferences Program based on that principle. The atypicality of the LFA current level is ignored.

If it is the case that cuts of the size established by the targets are necessary, the cuts proposed here meet the necessity. I do not recommend these cuts except in relation to alternatives of equivalent size.

Proposed reductions.

1. Reduction to LFA Current Level (Biennium)

A. Target: \$1,140,968; total proposal: \$1,143,000

B. Proposals:

- (1) Remove branch network appropriation proposal to a modification proposal and consider it separately on its own merits. \$607,000.

[Consequences: Since the branch network proposal represents a change in the

manner of funding the network costs of the 5 legislative agencies in the Capitol against which there is no base, the proposed change puts the balance of the Council budget on equal footing with other budgets. We have proposed a thorough discussion by the subcommittee of the consequences of failure to approve a major portion of this budget. Ms. Cohea is producing an analysis of the proposal, which will be available to assist in evaluating consequences.]

(2) Eliminate Interim Studies and Conferences Program appropriations for everything but CSG and NCSL dues. \$441,000.

[Consequences: Legislators would no longer receive state support for participation in interim activities such as interstate cooperation, interim studies, and the like. Participation in such activities would be voluntary and at the expense of legislators. Appointees to the National Conference of Commissioners on Uniform State Laws would not be reimbursed for their travel expenses. Dues would not be paid to the Pacific Northwest Economic Region or the National Conference of Commissioners on Uniform State Laws. No laws need be amended unless permanent realignment of responsibilities is desired. Staff analysis of state policy issues and similar assignments could continue under the general guidance of the Legislative Council with information provided by mail to members appointed to committees. If legislators and others are authorized to pursue interim activities, technically an amendment should be made to the statute entitling them to salary and expenses.]

(3) Operational reductions in the Council operations program. \$95,100.

[Consequences: Elimination of the Law School drafting program would increase the bill drafting load on bill drafters by the equivalent of approximately 1 drafter, which would increase overtime worked and slow bill drafting production. Payments for proprietary program maintenance would be reduced resulting in the probable elimination of Council geographical analysis capability. Training for staff involving travel or registration fees is eliminated. Library acquisitions are limited. Supplies purchases are reduced. No laws need be amended.]

2. Additional 5% reduction (Biennium)

A. Target: \$190,358; total proposal: \$224,558

B. Proposal

Eliminate CSG and NCSL dues. \$224,558

[Consequences: Montana would remove itself from eligibility for support services provided by these organizations. Their support services are a significant adjunct to staff information services for legislators. The Legislative Council is obligated by law to carry forward Montana participation in the Council of State Governments and has participated in other funded interstate activities under the same law. Removal of this budget compromises the ability of the Council to fulfill its obligations. An intent to permanently alter this requirement demands amendment or repeal of 5-11-301 and 5-11-302, MCA.]

EXHIBIT 10
DATE 2/13/93
HB

Excerpt

Prioritized List of General Fund Spending

Legislative Council general fund base for the chosen year atypical. The notion that current level amounts might be used to set appropriation levels for the 1995 biennium is a formula for major limitations in agency capability. The general fund base as shown in LFA current level is \$181,000 lower than would be true if it represented the amount that should have been general fund spending that year. The fiscal year 1994 budget understates general fund by \$88,000. The reason for this is rooted in the fact that the Legislative Council combined a purely special revenue funded "program" with a general funded program at the beginning of the current biennium. Special revenue historically had been over appropriated to assure there was enough money to pay for the cost of printing Montana Code Annotated products. Since sales prices of Montana Code Annotated products were set to cover costs, the appropriation really had no meaning so long as it was high enough. When the programs were combined, however, section 17-2-108, MCA, forced the expenditure of the entire special revenue appropriation in fiscal year 1993, which reduced corresponding general fund spending. This resulted in a shortage of special revenue in fiscal 1994, which will force spending to be much lower than the amount appropriated (approximately \$175,000). Appropriate adjustments were made in the budget submitted for the 1995 biennium, which can be ignored only at the peril of reducing program performance levels far below what nominal target goals otherwise would be.

Priorities not established across programs. The Legislative Council has not established priorities between its two programs. Since essential support for Interim Studies and Conferences is supplied by Council Operations, Council Operations must maintain significant capability if Interim Studies and Conferences is to operate.

Priority in budget reduction should be to preserve investments. Over the years, the Legislative Council has invested in developing and maintaining a base of knowledge in its employees and a base of tools used by those employees to provide services to the legislature and the public. These investments should be preserved. Budget reductions should be made in low priority areas of the operations budget and the Interim Studies and Conferences budget before dissipation of Council capital.

EXHIBIT 11DATE 2/12/93

MB

LFA RECALCULATION OF JUDICIARY "TARGET" CUT AMOUNT
(Assumes reversal of all actions to - date)

Item Description	--TARGET-- Current Level Fiscal 1992-93	LFA Current Level Fiscal 1994-95	Difference or Dollar Cut
Judiciary (Starting with LFA Current Level)	16,463,815	18,046,448	1,582,633
Less: Elected Judges Salaries	(6,327,571)	(6,695,184)	(367,613)
Revised Target and "Cut" Amount	10,136,244	11,351,264	1,215,020

ADJUSTMENTS TO TARGET CUT AMOUNT	Running Balance
----------------------------------	-----------------

Fixed Costs (Capitol Grounds) Adjustment	19,983	1,235,003
--	--------	-----------

POSSIBLE REDUCTIONS TO REACH TARGET "CUTS"
--

- | | | |
|---|-----------|---------|
| 1) Reduce District Court Reimbursement
to Fiscal 1992-93 Level | (817,788) | 417,215 |
|---|-----------|---------|

This action would put the Reimbursement program expenditures \$875,000 below the estimated revenue. Funds collected but not used ultimately would be returned to the counties in proportion to collections.

- | | | |
|---|----------|---------|
| 2) Eliminate "On-Line Bulletin Board
Systems Development | (10,000) | 407,215 |
|---|----------|---------|

The department indicated that this item was no longer necessary in the request, and could be deleted from the LFA current level.

- | | | |
|---|-----------|----------|
| 3) Move Legal Database to State Bar
(Revenue goes away also) | (429,000) | (21,785) |
|---|-----------|----------|

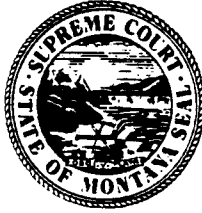
This move was approved by the committee in the initial action. The committee needs to consider whether this can be counted as a cut toward the target. The agency counts it as a cut in its "target cuts" letter.

- | | | |
|----------------------------|-----------|-----------|
| 4) Reduce Automation Costs | (193,015) | (214,800) |
|----------------------------|-----------|-----------|

This would be contingent upon passage of House Bill which the committee heard February 5th. An amendment to that bill which the committee shows this amount of reduction. This might not be considered a permanent reduction.

- | | | |
|--|-----------------------------------|-----------------------------------|
| 5) '5% Reduction in Personnel Services (excludes judges) | (158,722)
(106,714) | (873,522)
(321,514) |
|--|-----------------------------------|-----------------------------------|
- The Judiciary had no positions affected by the "5% reduction" cuts or the "snapshot" vacancy list.

The Supreme Court of Montana
Office of the Court Administrator



JIM OPPEDAHL
Court Administrator

EXHIBIT 12

DATE 2/12/93 P

JUSTICE BUILDING — ROOM 315
215 NORTH SANDERS
HELENA, MONTANA 59620-3002
TELEPHONE (406) 444-2621
FAX (406) 444-3274

January 27, 1993

Representative Mary Lou Peterson, Chairman
General Government Subcommittee
Room 420
State Capitol
Helena, Montana 59620

Dear Chairman Peterson:

The Judicial Branch of state government recognizes that the General Government and Transportation Subcommittee has a very difficult this Session. Before we presented our budget proposal this year, we examined all of the operations of the Judiciary with belt tightening in mind. We presented during our subcommittee hearing a tight, bare-bones budget that barely allows the Judiciary to perform it's constitutional and statutory functions.

The Judicial general fund proposal to the Legislature for the 1994-95 biennium was \$18,741,356. This represented our best efforts to provide a realistic budget proposal that addressed all the current needs of the state funded judicial branch of government.

The Executive budget proposal reduced our budget proposal by almost \$202,000. The Legislative Fiscal Analyst office recommended decreasing our budget proposal by approximately \$695,000.

Actions to-date by the Subcommittee have further reduce the LFA recommendations by \$291,415 -- for a total reduction in our original budget proposal of \$986,325.

The schedule that accompanied the Subcommittee's January 21, 1993 memorandum allocated a \$1,582,633 dollar cut for the Judiciary from the LFA current level. It also calculated an additional 5% cut of \$823,191, for a total identified cut of \$2,405,824 (box "A" on the attached schedule).

Box B in the attached schedule represents our "target" after reflecting the reductions already made by the Subcommittee.

In considering the Judiciary's budget, we ask that the Subcommittee exclude elected official salaries and pass-through money to the counties before considering what reductions are to be made in our appropriations. The Legislature has always done this in the past - and we believe it would be appropriation now. Only after these exclusions are done can the Subcommittee arrive at the "true" general fund appropriated base. This is reflected in box "C" on the attached schedule.

This true base reflects the following subtractions:

1.) Elected judges salaries. These can not constitutionally be decreased during their term of office so these funds need to be deducted from the base. It is important to remember that in the last session court fees were raised to offset increases for judges salaries. \$227,064 in FY 92 and an estimated \$379,566 in FY 93 will be collected, for a total of \$606,630 that will be placed in the general fund. The estimated cost of the salary increases authorized by the 1991 Legislature was \$526,828 -- a net gain to the general fund of \$79,802.

2.) The District Court Criminal Reimbursement Program is funded entirely from vehicle license fees. The appropriation that we received in subcommittee is the estimated revenue that will be received. The statute is specific in that this money goes back to the county for use by courts for criminal prosecution reimbursement and cannot be used for state general fund purposes.

With these adjustments, the "true" base for FY 1994-95 is \$4,445,716, or \$48,556 more than the FY 1992-93 target base.

This difference can be accounted for by inflation adjustments for rent, grounds maintenance, data network fees, and miscellaneous inflation adjustments to operating categories. These inflationary adjustments were calculated by the Fiscal Analyst's Office. We do not recommend that you decrease the base by this amount, but if the subcommittee intends to get to the same appropriation as FY 1992-93 it would need to decrease our current appropriation by \$48,556.

I would be please to provide any additional information that the Subcommittee may require.

Sincerely,



Jim Oppedahl

cc: David Lewis, Office of Budget and Program Planning

**GENERAL GOVERNMENT AND TRANSPORTATION
GENERAL FUND EXPENDITURE TARGETS
1995 BIENNIIUM**

EXHIBIT 12

DATE 2/13/93

~~HB~~

AGENCY TARGET BEFORE SUB COMMITTEE ACTION

Agy. #	(A) ---Target---		(B) LFA		(C) -Difference- LFA C/L		(D) Current Level Percent Cut		(E) Additional 5% Cuts		(F) Total Cuts To Identify	
	Current Level Fiscal 1992-93	Current Level Fiscal 1994-95	Current Level Fiscal 1994-95	Dollar Cut	Dollar Cut	Dollar Cut	Percent Cut	Percent Cut	5% Cuts	5% Cuts	Total Cuts To Identify	Total Cuts To Identify
2110 Judiciary	\$16,463,815	\$18,046,448	\$18,046,448	\$1,582,633			9.61%		\$823,191	\$823,191	\$2,405,824	\$2,405,824

BOX
"A"

AGENCY TARGET AFTER SUB COMMITTEE ACTION

Agy. #	(A) ---Target---		(B) SUB COMM		(C) -Difference- SUB COMM C/L		(D) Current Level Percent Cut		(E) Additional 5% Cuts		(F) Total Cuts To Identify	
	Current Level Fiscal 1992-93	Current Level Fiscal 1994-95	Current Level Fiscal 1994-95	Dollar Cut	Dollar Cut	Dollar Cut	Percent Cut	Percent Cut	5% Cuts	5% Cuts	Total Cuts To Identify	Total Cuts To Identify
2110 Judiciary	\$16,463,815	\$17,755,031	\$17,755,031	\$1,291,216			7.84%		\$823,191	\$823,191	\$2,114,407	\$2,114,407

BOX
"B"

AGENCY TARGET RELATING TO "TRUE" REDUCTIONS

Agy. #	(A) ---Target---		(B) SUB COMM		(C) -Difference- SUB COMM C/L		(D) Current Level Percent Cut		(E) Additional 5% Cuts		(F) Total Cuts To Identify	
	Current Level Fiscal 1992-93	Current Level Fiscal 1994-95	Current Level Fiscal 1994-95	Dollar Cut	Dollar Cut	Dollar Cut	Percent Cut	Percent Cut	5% Cuts	5% Cuts	Total Cuts To Identify	Total Cuts To Identify
2110 Judiciary	\$16,463,815	\$17,755,031	\$17,755,031	\$1,291,216			7.84%		\$823,191	\$823,191	\$2,114,407	\$2,114,407
Less Elected Salaries	\$6,327,571	\$6,695,184	\$6,695,184	\$367,613								
Sub Total	\$10,136,244	\$11,059,847	\$11,059,847	\$923,603			9.11%		\$506,812	\$506,812	\$1,430,415	\$1,430,415
Less District Court Criminal Reimbursement	\$5,739,084	\$6,614,131	\$6,614,131	\$875,047								
TOTAL GENERAL FUND	\$4,397,160	\$4,445,716	\$4,445,716	\$48,556			1.10%		\$219,858	\$219,858	\$268,414	\$268,414

BOX
"C"

~~14~~

Checklist

Response to Subcommittee Letter

\$1,875,831

SPECIFIC REDUCTION PROPOSALS

**Total Biennial
Reductions Identified**

Does Apply Toward Target	Does Not Apply Toward Target
--------------------------------	------------------------------------

Fund	Fee	Permanent Reduction	Cost Shift to Local Govt?	Loss of G/F Revenue?	Amt. of G/F Rev. Loss	Statute Change
Switch	Increase					

Current General Fund Appropriation*

Current Level Adjustments Requested:

Agency assumes return to LFA current level
Restore 1.25 FTE taken as 5% reduction
Eliminate Operating Increases
Eliminate Fireproof Storage Modification

Agency Target Reduction Options:

The Secretary of State LFA current level prior to committee action was below the 1993 biennium current level target.

**GENERAL FUND BALANCE ACHIEVABLE
ABOVE (BELOW) TARGET**

1,865,520

(\$10,311)

Agency Additional Options (5% Below '93 Blen.)

Impose 3% Vacancy Savings
Reduce Out-of-State Travel by 50%
Eliminate Systems Development Expenditures
Reduce Subscriptions by 50%

TOTAL ADDITIONAL OPTIONS

\$83,598

○

Z Z Z Z
 Z Z Z Z
 (1) Y
 (3) Y
 Z Z Z Z
 (2) Y
 (2) Y
 (2) Y
 (2) Y
 Z Z Z Z

* This amount represents subcommittee action to date, or LFA current level if there has not yet been committee action.

COMMENTS:

- (1) Vacancy savings is not a permanent reduction unless it is imposed each biennium.
- (2) In its letter, the agency reminds the committee that it generates revenue from fees and implies that reductions to expenditures may translate to reduced general fund revenues.
- (3) If these systems development costs are "maintenance costs" and would otherwise stay in the agency's current level base each biennium, then it is a permanent reduction. If these costs are for a defined project that will be completed on a specified date, then they are not a permanent reduction.

GEN. GOV. & HWYS. SUBCOMMITTEE DATE 2/12/93

PLEASE PRINT

PLEASE PRINT

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