

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By REP. TOM ZOOK, on March 5, 1993, at 8:10 A.M.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Ed Grady, Vice Chairman (R)
Rep. Francis Bardanouve (D)
Rep. Ernest Bergsagel (R)
Rep. John Cobb (R)
Rep. Roger DeBruycker (R)
Rep. Marj Fisher (R)
Rep. John Johnson (D)
Rep. Royal Johnson (R)
Rep. Mike Kadas (D)
Rep. Betty Lou Kasten (R)
Rep. Red Menahan (D)
Rep. Linda Nelson (D)
Rep. Ray Peck (D)
Rep. Mary Lou Peterson (R)
Rep. Joe Quilici (D)
Rep. Dave Wanzenried (D)
Rep. Bill Wiseman (R)

Members Excused: None

Members Absent: None

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

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

Committee Business Summary:

Hearing: HB 632, HB 549, HB 500, HB 501, HB 647,
HB 609, HB 654, HB 646

Executive Action: HB 500, HB 19, HB 618, HB 632, HB 653,
HB 78

HEARING ON HB 632

An Act providing for the control of out-of-state placements of children with multiagency service needs; establishing a multiagency service placement plan committee; providing for the

duties of the committee; requiring a placement plan by the Department of Family Services and the committee.

Opening Statement by Sponsor: REP. BRAD MOLNAR, HD 85 passed out amendments, EXHIBIT 1 and Gray Bill, EXHIBIT 2. The state currently spends about \$5.2 million per year out-of-state for multiagency needy children. It is spent primarily in Utah, Colorado and California. Assuming a mental health provider in the state of Montana and one of the agencies, identifies a child with multi-needs, such as criminal inclinations, special education needs and dietary needs, they will pay \$50,000 a year to look after this child. A psychiatrist for the criminally predisposed is \$70,000 a year, a teacher for a child with these needs is \$30,000 a year and a security system is another \$40,000 so it cannot be done for \$50,000 so they are sent out-of-state. What this bill does, will take the 128 children out-of-state and group them according to their needs and then the local providers can bid on them. The \$5.2 million currently exported will be brought back to Montana, creating jobs and adding to the tax base. They are trying to bring them back to the area they came from. If there is any possibility of trying to put the youth back into the community, it will be through their families. That is the intent of the bill.

Informational Testimony: Hank Hudson, Director, Department of Family Services said in early January he spoke with REP. MOLNAR and he expressed his concern about the number of public dollars being spent on services to youth out-of-state and was curious about what activities were going on to develop services and alternatives in-state so kids would not be so far from their homes and money wouldn't be flowing out of state. He expressed interest in developing Montana-based services as an alternative and wanting to see a planning process begin immediately that would stem this flow of funds out-of-state.

Some of the youths are out-of-state because we haven't developed similar services in Montana. How to go about doing that is the reason for this bill, to provide legislative impetus and directions the departments can get on with. Four or five years ago there was a process which was very similar to what is in this bill. That process made sure that every child going out-of-state was reviewed by a number of agencies before the placement occurred. Since then there has been an explosive growth in the number of children out-of-state. That is one of the reasons they want to see a process back in place.

Section 1 of the bill is the definition section. Most notable in that section is the definition of "least restricted setting". That's been placed in here to emphasize the goal and the value that all the departments of state government place on that type of setting and that type of service for youth.

Section 2 sets out the policies of the state that it is the intent of the state to develop the continuing services necessary

to provide services for Montana children in Montana. It is the intent of these services being developed, beginning with services in the home, if possible, then working from that setting into more restrictive settings. Out-of-state placement is the last resort and the least attractive option they want to pursue.

Section 3 discusses the multiagency service placement plan committee and references another part of the code. The membership of this committee will be as described in the code and would be people appointed by the directors of the Department of Family Services, Corrections and Human Services, SRS and Health, along with representatives of OPI and Board of Crime Control.

Section 4 discusses the duties of this committee as described in this bill. This committee is to develop a plan which would limit the continued placement of children in out-of-state treatment and also develop policies and rules needed to implement this.

Section 5 discusses the plan itself. The purpose of the plan this committee would develop would be to limit placement, provide a description of what the services are that are needed to be developed in the state to limit placements. It would describe any needed changes in rules, licensing or reimbursement of services to make this plan work. It would identify flexible funding strategies so that agencies could once again pool their money, if necessary. It would describe how, after the plan is adopted, any out-of-state placements could be made in the future. It would put a price tag, a dollar amount, on implementing the plan and would provide a description of youth and their needs currently being served out-of-state.

Section 6 speaks directly to the limitations placed on out-of-state placements. After October 1, 1993, or until the plan is completed, the state may place a child with multiagency service needs out-of-state only if it is closer to the child's home and there is no appropriate provider to provide the service in the state at the same cost, and if local screening committees, already established in law, approve the placement.

Section 7 speaks specifically to the process by which in-state providers would be given the opportunity to come before the departments, respond to RFPs and develop services in lieu of what we are purchasing out-of-state. The Department may use the current RFP process to solicit offers of in-state providers to match the services provided out-of-state. This is the heart of the bill.

In summary, HB 632 would create a structure to reduce the over-reliance on out-of-state mental health providers for children and creates both a planning process to limit what we are doing now and a mechanism to encourage the development of in-state resources. It is something that all of the agencies spending money on children out-of-state would welcome and it could very well be the mechanism by which qualified providers in the state

could begin receiving the funds and keep the kids closer to home.

Proponents' Testimony: Pete Surdock, Department of Corrections and Human Services, Mental Health Division said his department supports HB 632 with the amendments recommended by the Department of Family Services. This bill supports the development of community based programs that provide quality education, treatment and other services needed by multiagency children, adolescents and their families. This group of multiagency population includes his mental health division's target population of children and adolescents with severe emotional disturbances. They concur with the bill's making purchase of services from out-of-state providers a choice of last resort. This bill enables Montana to take a significant step forward in the comprehensive planning, coordinated delivery of services to multiagency use through a managed care approach. The bill supports using public moneys to develop in-state resources and providers, thereby, having a positive impact on economic development of the state. This is in contrast to the current practice of using public funds to purchase out-of-state services and supporting the development of those programs in other states. This bill requires non-duplication, whenever possible, and utilization of existing service delivery systems to meet its objectives. They believe the bill provides the means to significantly reduce youth being moved out-of-state to receive services. The bill's emphasis on beginning with the needs of multiagency child and its family, rather than beginning with what services do we have to place this child into, regardless of appropriateness, is important.

In summary, the department supports passage of HB 632 with its amendments and through the public mental health system will do everything they can to implement this legislation.

Robert Runkel, Director, Special Education, OPI said the cost of education for children of disabilities placed by state agencies and courts have more than doubled from approximately \$500,000 for the 1991 biennium to over \$1 million in the 1993 biennium. This bill represents an effort of cost control and also represents an effort to serve our children as close to home as possible. The OPI supports HB 632 with the proposed amendments.

Opponents' Testimony: None

Questions From Committee Members and Responses: REP. ROYAL JOHNSON asked Mr. Hudson how he sees this particular bill dovetailing with the current DFS committees in the regions throughout the state? Do you see some coordination with that situation and how will it integrate with those committees? Mr. Hudson said one of the major screening apparatus they have now is the youth placement committees who screen youth court placements prior to placement in the foster care system. One of the amendments that is offered would say that nothing in this bill would pre-empt or replace what they are doing. They are willing

to be coordinational in regard to recommendation of placement out-of-state. They still retain that authority as to youth courts to make those placements. The other group that is engaged in referring cases of individual children is the group mentioned in the codes, Interagency group. This bill would implement what has already been allowed. Right now those groups are particularly active and this bill would allow them to become more active.

REP. JOHN JOHNSON said he is interested in this from a standpoint of Home on the Range. **Mr. Hudson** stated Home on the Range would be allowed to accept these out-of-state placements because they are so close to the border. Home on the Range is an established branch in Glendive. **REP. JOHNSON** asked how does that branch fit into this? **Mr. Hudson** said Home on the Range has traditionally served a large number of Montana youth. Not only because they are close to Montana but also because they provide a cost-effective service, are a relatively low-cost provider, and provide services to a population that traditionally has not been of interest to in-state providers. The North Dakota operation would be protected by the fact that a lot of kids are served in eastern Montana and that is the closest program of that type. In addition, their costs are hard to beat. In fact, they have expressed interest in developing a program in Glendive which will be to the state's advantage. **REP. JOHNSON** asked who bears the cost of sending adolescents to Home on the Range? **Mr. Hudson** said if the child is in custody of the Department of Family Services they bear those costs. **REP. JOHNSON** asked how is the school district they are sent from involved in this? **Mr. Hudson** said that is an issue causing some confusion in his department. Children from Montana have their educational costs paid for by OPI as long as they have an educational plan which is provided by the local school district. **REP. JOHNSON** said he is concerned with this because the elementary districts' cost of sending a student out is paid for out of district funds and the high schools are paid out of the county equalization. In a sense, two different items. His reason for asking is to find out what the state's share is. **REP. JOHNSON** said from the description **REP. MOLNAR** gave of the students, the students in the Home on the Range program are not in that category and not included in this bill. Those students have severe psychological needs and homicidal tendencies. **Mr. Hudson** said this bill addresses any child who is receiving public funds from more than one agency who is placed out-of-state which would include children from Home on the Range.

REP. QUILICI asked if this would have any effect on the funding or would there be any problem coordinating the funding under this bill? Will the funding for the agencies always be the same? **Mr. Hudson** said one of the provisions of this bill requires, in the planning process, that they identify opportunities to pool money and in HB 2 the departments are requesting flexibility for some of their funding and it's advantageous to transfer that money from DFS to the Department of Corrections.

REP. PETERSON asked if this bill should pass, then does it allow you to immediately start and how soon will you be making some plans? Mr. Hudson said if this bill is drafted, it would require them to have their plan in place by October and that is not an unrealistic timeframe. After that date if the plan is not in place there will be other limits placed on out-of-state placements.

REP. FISHER referred to REP. JOHN JOHNSON's question, asking for more information how the school funding is affected. Mr. Runkel said the way funding education costs works is as follows: If the child is a child with disabilities, a special education child, the costs of the child's education is paid directly by the Office of Public Instruction, not from funds from the local public schools, for all children with disabilities who are placed out-of-state by a state agency. If the child is placed out-of-state by the Department of Family Services but is not a special education child, then the County Superintendent of County Equalization Funds pays the amount it would cost to educate that child, non-disabled child, in his home district. Any remaining balance is the responsibility of the Department of Family Services.

Closing by Sponsor: REP. MOLNAR said he does support the amendments, EXHIBIT 1. The economics for the state by bringing \$5.2 million in, and yet keep the child in mind, is important. One of the by-products of this is, if there are four children at \$100,000 each in a holding facility out-of-state and a local provider bids at \$350,000 and get it, that leaves \$50,000. He wants to earmark that money to keep it in the mental health program for walk-in daycare mental health. The language in HB 2 currently says the money can be used for that sort of thing and he is very comfortable with that.

He referred to REP. JOHN JOHNSON's reference to a "partial list". That was actually a "partial paragraph". He wanted to show there is no way a homicidal youth can be run past a provider and then a suicidal youth because they are totally different problems. That's why blocking is so important.

There is no fiscal note because everything done by the departments involved is well within their normal range of activities. They are already doing this to send them out, now they want to bring them back.

CHAIRMAN ZOOK closed the hearing on HB 632.

HEARING ON HB 549

An Act clarifying the use of certain fees by the Secretary of State; revising the deposit of the fees; clarifying that fees are not refundable.

Opening Statement by Sponsor: REP. MARY LOU PETERSON, HD 1 said

this bill is an outgrowth of talk that has been going on in the Secretary of State's office for some time because those people who work there can see they could do a better job of their entire system if they went to an enterprise account whereby they served the public, accomplished their task the legislature set before them, and would be freed up to do those things they knew were necessary and do them in a better way. The philosophy is privatizing the Secretary of State's office by giving them the enterprise fund. Mr. Mitchell will point out how they have to come to this committee for authority and what happens to extra money generated etc.

Proponents' Testimony: Doug Mitchell, Chief Deputy, Office of Secretary of State passed out EXHIBIT 1, background proposal to change the funding structure in HB 549 said, without question, there is no single issue more important to Secretary of State, Mike Cooney, than the proper stewardship of the public funds that are bestowed upon his office for use in providing services to the people of the state of Montana. Since his election in 1988, Mr. Cooney has made it a priority to improve both the services provided and the efficiency with which those services are provided. As a result, he can honestly submit that the Office of Secretary of State under the stewardship of Mr. Cooney is one of the most efficient offices in state government. HB 549 is a result of committee hearings in the General Government and Highways subcommittee.

The general fund dollars currently appropriated to the Office of the Secretary of State can be better used elsewhere in state government. This agency operates on the fees it charges to the customers to whom they provide services. Using the Generally Accepted Accounting Principles, they are an agency where "costs are to be financed or recovered through user charges". That is a definition, not of a general fund agency which they currently are, but the definition of an enterprise account which is what this bill seeks to create. It is their proposal that the general fund amount currently appropriated to their office, roughly \$1.9 million per biennium, can be drastically reduced, reduced in fact, by \$1.7 million in this biennium. In addition, by doing that, and putting in place an enterprise account, they are creating a marketplace situation where their agency must earn its keep or be forced to cut expenditures. Under a general fund scenario, income is completely irrelevant to the agency.

The establishment of an enterprise fund for the use in the operation of their office, particularly in the business services bureau, allows for the development and implementation of long range plans and other positive business decisions. Expenditures will no longer rely on general fund support but on legislative authority and accompanying customer' support through the payment of fees.

The bill also removes general fund income. This office, currently under its operation, subsidizes other agency

expenditures through the surplus income they deposit in the general fund through the fees they charge. Over the past decade they have deposited \$1.8 million of their customers' money into the general fund to be used for purposes other than the services for which they paid. For the most part, this subsidy is due to the fact that prior legislative sessions have been hesitant to fund modifications that would have spent this money and created much greater income to expenditure equity. Their office proposes to revert most of the cash the enterprise account may accrue back into the general fund. It is their proposal the account be able to accrue a certain reserve balance, as appropriate, to allow for potential future investments. In this way, the office would have the means to undertake revenue enhancement projects, such as the sale of corporation lists, monitoring, and business licensing and still deposit funds in excess of the reserve amount, directly in the general fund. They were given authority in the last legislative session to develop and sell lists of corporations. They have currently about 80 requests for this information, including one request that would pay their office \$10,000 every month. Because they are general funded and revenue is irrelevant, they do not have enough money to purchase the computer services to produce the lists that would return a substantial investment to the state of Montana.

This change will enhance their ability to create efficiencies, improve their service to the public, and earn revenue. It will not only make the general fund smaller but it will make government better. The bill is a technical bill because what they need to do in order to effectuate this, is go through state law and change the portions of law that describe where money is deposited when it is earned by the Secretary of State.

Opponents' Testimony: None

Questions From Committee Members and Responses: REP. DeBRUYCKER asked who determines the fees and will the Secretary of State's Office be able to raise them? Mr. Mitchell said no. The policy for changing fees would remain the same. In some instances, their fees are determined by state law. A substantial number of the fees are developed by rule and that would remain the same. This bill, in no way, changes the way they determine fees. REP. DeBRUYCKER asked about the selling of lists and spoke of his dislike in receiving junk mail. Mr. Mitchell said this has been an issue of some consternation and it was discussed in the last session. They are not wild about this idea either. What the bill provided for was the more efficient sale of lists. These are currently being provided to people at a net loss to government. They are trying to get into the main channel of the 90s with the corporate move. REP. DeBRUYCKER said he does not mind making it easier for his office but hates to make it easy for the people who are buying them.

REP. QUILICI said if this bill passes, the method of funding will change, but as far as the budgeting is concerned, will they still

have to go before the appropriation subcommittee and the full committee? Mr. Mitchell said yes, they will still have to go through the same process. They currently have two non-general funded entities in their office and go through the same process with them.

Closing by Sponsor: REP. PETERSON said this is an idea well thought out because Mr. Mitchell has covered lots of bases. It is an idea to make government more efficient and encourage departments to look at ways they can better serve the people of the state of Montana. She was alarmed at the rate of paper business that goes through that office and how their hands are tied in trying to take care of it. This idea is an approach that gives them a chance to make that office the best one it can be in serving Montana.

CHAIRMAN ZOOK closed the hearing on HB 549.

HEARING ON HB 500

An Act requiring that a proposed supplemental appropriation must contain a plan for reducing expenditures in the second year of the biennium that allows the agency to contain expenditures within appropriations; authorizing the Governor to implement the plan.

Opening Statement by Sponsor: REP. JOHN MERCER, HD 50 handed out EXHIBIT 1, Supplementals. HB 500 seeks to bring under control things referred to as supplementals or deficit spending or deficiency spending and are a gigantic problem for Montana. Since 1985, in total funds, we have had over \$300 million in supplementals and in general funds. Since 1985, we have had \$160 million in supplementals, and in the last biennium we have had \$80 million in general fund and \$57 million in other funds. Given the magnitude of the present budget problems a great deal can be attributed to supplementals. Under the current law, money can be spent from the second year of the biennium, in the first year if there is a problem. In the second year of the biennium, there is no statute that authorizes agencies to spend money, but still agencies have done it anyway and come to the legislature seeking additional spending. This bill is going to try to put a stop to that.

- 1) In the first year, if you want to spend money from the second year, you will have to present a plan to show how you are going to stay within your appropriation.
- 2) If it is fire suppression, it does not count. If the forests are on fire, we will have to put the fires out no matter what the cost.
- 3) If the agency puts together this plan and the Governor will allow this supplemental to occur, then they have to implement the plan that keeps the agency within its expenditures.

The bigger part of the bill is on page 3 and has to do with the second year of the biennium and that is when agencies start spending money they don't have either in the first or second year. This is money they will come to the legislature for. This says they can't do it. They will have to keep their expenditures within the budget given them, however, if there are mandated expenditures that are acquired by federal law or state law, they can still spend the money but before they do they will have to reduce all their non-mandated expenditures to the greatest extent possible. He is hoping they will end this era of agency budgets coming in for supplementals.

In regard to supplementals, it is not entirely the agencies' fault. There has not been a good job of cost-containing at the agency level and he is expecting more to be done under the **Racicot Administration** than has been done in the past. It has also been a problem with the legislature because, as this committee knows, it has often underestimated knowing there will be greater costs down the road. They are trying to do everything they can to bring supplementals under control. They are a serious problem. They are saying the agencies have to have a plan to stay within their budget. If something is mandated and they can't stay within their budget, then are asking to eliminate, to the greatest extent possible, all non-mandated services.

Proponents' Testimony: **Dave Lewis, Director, Office Budget and Program Planning** said he strongly supports the bill and, as stated in the Governor's original budget message, had intended to make a dramatic effort to reduce the amount of supplementals. As seen in **EXHIBIT 1** there has been a tremendous increase and that is unacceptable.

SEN. JUDY JACOBSON, SD 36 said she rises in support of this particular piece of legislation. The supplementals, obviously, have been one of the most troubling parts of the budget they have been dealing with over the last several years and commended **REP. MERCER** for trying to get a handle on this problem.

Opponents' Testimony: None

Questions From Committee Members and Responses: **REP. WANZENRIED** said the areas in which the supplementals occurred have been in SRS, Family Services and Corrections and Institutions. How is this bill going to deal with what those agencies are faced with? In most cases, they don't have discretion to simply eliminate programs, such as medicaid. **Mr. Lewis** said the biggest problem has been, in dollar amounts, medicaid. There has been an ongoing issue whether or not the Department had authority to reduce optional services in case of a shortfall. If there is starting to be a problem with medicaid, this gives his office good reason to work with the department to reduce costs in other areas. If the committee recalls, they are looking at an excess of \$25 million in supplementals for SRS for medicaid, yet within the

biennium there were 600 upgrades. His objective would be to work hard with the Department involved. Certainly, they couldn't cut back as much in operational costs as the overrun of medicaid may or may not be. They would hope they are doing a very solid job of budgeting. His objective would be to force the agencies to cut back on the operational side as well.

REP. WANZENRIED asked what would happen this fiscal year if they had this in effect with the SRS upgrade? **Mr. Lewis** said one of the things the agency has to do is certify that they do not need a supplemental when they do upgrades. His recollection is they did certify that. It may have been technically correct because they argued they didn't need a supplemental in their operational budget but that the benefit budget was a separate item. He would have been much more restrictive on that and would have forced them to either hold positions vacant or make reductions in other areas before allowing those upgrades to go through with that particular certification. Again, that may not have had a dramatic impact on the large medicaid supplemental but thinks it would have made the agency much more aware of the consequences and whether they could have come up with some options. **REP. WANZENRIED** asked if he anticipates, if this happens in the future, that this plan allows the department, if they had a medicaid problem, to eliminate or cut back an optional service. **Mr. Lewis** said he has not looked at the specific language but as he recollects, HB 2 says that the department does not have that option. That is at the legislature's discretion.

REP. PETERSON asked about lawsuits and that has been one of those runaway things they haven't prepared for. She asked the Sponsor to address that supplemental. **REP. MERCER** said much of the supplementals are due to improper estimating by the legislature. They need to stop doing that. The same with lawsuits. If they know there is a lawsuit then should properly fund the money. If an unexpected lawsuit came up and there were insufficient funds in the agency, then under this bill you need to do whatever you can, cut back in whatever non-mandated area you can, to try to cover that. They can't always hope there will be money to put in for a supplemental.

This is a wakeup call in state government that the legislature is going to do two things; 1) try to accurately estimate things at the legislative level so supplementals won't be built in automatically; and 2) we're not interested in hearing supplementals until we know that everything possible is being done to reduce in other areas.

REP. BARDANOUVE said one of the areas with serious shortfalls is the SEA. How will this be handled? **Mr. Lewis** said technically under the bill, the Superintendent of Public Instruction would have to include in her plan, if there was a shortfall in the SEA, that would show they were making an effort to reduce in every possible area to offset that. The bill is written so that they can take a reasonable look at those kinds of plans. They

wouldn't expect that particular office to shut down if there was a shortfall. The concept is that agencies should make the very best possible effort to cut costs of every area before they come before the legislature and this committee with a supplemental.

Closing by Sponsor: REP. MERCER has closed.

CHAIRMAN ZOOK closed the hearing on HB 500.

HEARING ON HB 501

An Act revising the definitions of current funding level and modified funding level for budgeting purposes; requiring that the budget analysis of the legislative fiscal analyst and the executive budget be based on the level of funding provided by the previous legislature.

Opening Statement by Sponsor: REP. JOHN MERCER, HD 50 passed out EXHIBIT 1, major differences in the current level budgets for the two biennia. This is a controversial bill which he considers to be truth in government. It has to do with current level expenditures and will accomplish a couple of things. It will help control government spending and it will end much of the confusion that exists between the public and what the government does and between the legislature and what the government does. It seeks to simply say when the legislature starts out with the budget and it looks at what the government spent last time. That is the way the average Montanan understands budgeting and the way the average legislator understands budgeting. How much money did you get last time and how much money do you need this time? Right now, in the area of universities, there is all kinds of confusion between LFA numbers, numbers people say they actually got and what the formula says. They spent lots of valuable time debating what base is, what it ought to be.

The trouble with the way things are done now, in his opinion, is it looks through government's eyes. The state legislature has directed the fiscal analyst to present a budget which contains all kinds of built-in increases. If there are additional students, build that increase in. If there are increases in certain statutory appropriations, build those in. If the agencies have increases due to increased case load, inflation, workers' comp or pay plan increases, they want those built in. Government is going to add those additional expenses, then when the legislature comes in, it is presented with LFA current level and the average legislator realizes LFA current level is not what they spent last time. It is what they would need to spend to keep doing everything they did last time and there is a big difference between those two concepts.

In regard to the K-12 system, they would say if you have 6,000 more students then you must have some additional expenses and should decide whether to give that additional money. If Workers'

Comp rates have gone up, you should decide whether to give that additional money. The legislature should be making that decision as to whether they give more instead of constantly building in automatic increases for government and then finding some of those should come out.

The most important thing is, the average Montana citizen and taxpayer does not have some sort of automatic thing built in, such as automatic raises for an additional child. Nothing is automatic, so why should it be automatic for government?

Why not simplify the budget system so that they all know what they are talking about? It is very easy to understand the concept of how much actual money was given the university system last time. How much do they want now?

Government will not like this bill because it takes away built-in increases. This bill is not designed to "knife" government or harm government in any way. It's an effort to try to get everyone to honestly understand what these questions are. No one is so naive in the legislature or on this committee to know there are increased costs out there. We can understand those concepts. Those things should be argued before this committee and this committee should decide whether or not they get those things rather than be built in and have that sort of confusion each time. EXHIBIT 1 shows what the built-in increases are in the LFA current level.

Proponents' Testimony: Dave Lewis, Director, OBPP said he supports the bill and thinks it is a good idea. Back in the mid 70s the concept of current level modified budgeting was adopted in Montana. Up to that time, they simply had a budget to present. Then they tried 0 base budgeting one biennium and then evolved into the concept of current level and modified budgeting. It is time to move to the next step because if you go into the subcommittees and listen to the discussion between LFA current level from one office, as required by the legislation, and the current level from the executive office, it is a waste of discussion as they are all concerned and should be talking about real policy issues.

Opponents' Testimony: SEN. JUDY JACOBSON, SD 36, Chairman, Legislative Finance Committee said she commends REP. MERCER for doing an in-depth look at how they build the budget and if this only dealt with the Office of Budget and Program Planning would not have too much of a problem with it. There are different duties and different expectations from the OBPP who puts together an executive budget and a revenue picture that should balance and bring to the legislature the Governor's plan for the next biennium. On the other hand, the Legislative Fiscal Analyst has a very different mission to present to the legislature. Current level is not a recommendation, it is simply intended to provide as complete a picture as possible the cost of maintaining the type of programs that the legislature has put together.

Therefore, it is a benchmark for the legislature to use. It considers both the impact of the changes proposed by the executive budget and also assesses the current program in order to enable the legislature to decide if they want to change them, eliminate programs or modify those programs they presently have. Under this bill they would be looking at the programs but not at the actual cost of the programs. For instance, caseloads change, inflation changes, differences in the mix of K-12 enrollments. Although it could be done that way, you would have more modifieds than current level, not only giving them an incomplete picture of the programs the legislature is presently funding and dealing with, but also giving them a false sense of what those programs are actually costing in the next biennium.

It would be fine for the executive to come in with any type of a budget they want as long as the we can agree on some continuity. It is important that the fiscal analysts give them the actual costs of the programs that they, the legislature, have enacted and approved and what they will cost in the next biennium. While this bill looks very simple and straightforward, it isn't going to give the legislature the full picture actually needed to deal with those budgets. For those reasons she cannot support this legislation.

REP. BARDANOUVE said he didn't like to be classified as an opponent but classified as a concerned person. **SEN. JACOBSON** has outlined her concerns. She tried to understand the bill but thinks they must maintain the fiscal analyst's office as an independent agency, a separate branch of government, and the budget office as an executive branch. Can they maintain the independence of the legislature in presenting these figures as they see them, separate from the budget office? He is concerned there will be a conflict and will somewhat infringe upon the independence of the different branches.

Questions From Committee Members and Responses: **REP. QUILICI** said on page 5, new language under current level definition: "Expenditures and appropriations for nonrecurring expenses may be excluded from the current funding level base" and asked **Mr. Lewis** to explain it. **Mr. Lewis** said it would seem to him that if you had one-time studies or lawsuit settlements, the office would have the option of leaving them out of the base. It could be clearly defined as a one-time expenditure. **REP. QUILICI** said an increase in enrollment wouldn't come under this sentence. **Mr. Lewis** said the increase in enrollment would not be in the base. The point of the bill would be the increased enrollment would be dealt with as a modified. The base would be the expended and appropriated amount for the current biennium. The budget for the next biennium would have that as a base and have a modified for an extra 600 students at a particular unit, that is, the cost assigned to that block of students.

REP. PECK said, given the description of purpose **REP. MERCER** made to the committee on line 18, page 5, the same sentence **REP.**

QUILICI referred to, does the word "may" really fulfill the purpose or should it be "shall"? **REP. MERCER** said it probably should be "shall". It was his intention that if there was a one-time expenditure, which was just outlined, obviously that is not something they need in the future. **REP. PECK** said if you leave it "may" who will be the authority that would remove it. **REP. MERCER** said probably the finance committee. **REP. PECK** said beginning on page 4, it lists the approving authority and he always thought the approving authority, having been in the Board of Regents for their budget considerations and particularly, budget amendments, just signs off on what you say is necessary. Would it be appropriate to insert the Governor or his designated representative? **REP. MERCER** said that has nothing to do with this particular bill. He is sure the university system would have a great deal of concern with that with what they perceive to be their constitutional powers. However, he is one of the advocates to give the legislature more authority over the university system. Under the current constitution it says they have full power so he would question whether that would be legitimate and feels there would be a conflict if the committee amended that the way **REP. PECK** suggested.

REP. PETERSON said she has been working with all kinds of budgets with several columns and she can see, without much change, the work the Legislative Fiscal Analyst does to prepare the analysis. If the first column showed what was appropriated in the last session, the next column could show where they started and then the work. In the written explanation, all of that is discussed, as well as showing tables. They must not lose that service, and that is where they look for explanations. She asked **Ms. Cohea** if she could work that in her office? **Ms. Cohea** said what her office shows are actual expenditures and that includes everything, budget amendments etc. with the table showing what has been removed. They actually remove approximately 1/2 the expenditures because they are nonrecurring, not approved by the legislature, they are budget amendments etc. Then they have the column showing current level and that is what was spent in 1992 from what you appropriated. The next column is what the legislature has appropriated for 1993. The next two columns are the LFA projection of what it will cost to continue. If she understands **REP. PETERSON's** question or comment there would be for 1994-95 a column that showed just what was appropriated and then another column showing adjustments and then showing the current/modified level. Would that be the thought? **REP. PETERSON** said that is what we need to see and that is what this bill is saying.

CHAIRMAN ZOOK said, as an example, they have current level fiscal 1992 and in this particular situation it is \$155,645. Then they go to current level fiscal 1993 and there is \$162,585. They don't know, looking at those figures, what was the calculation for inflation, what was the calculation for workers' comp, and what was from some formula, depending on what budget it is in. He would like to know those things and make his decision based on

that. This bill would allow them to do that. He asked **Ms. Cohea**, in this particular situation, where that increase is and how much is it? **Ms. Cohea** said, certainly her office has the third level detail that shows exactly that but is not reflected in that detail in this table. One of the things their analysis shows is they discuss how you got from 1992 to 1994 but again all the inflation factors are shown at the beginning of the book so they are not written up in every program. **CHAIRMAN ZOOK** asked if there are different inflation factors in different parts of the budget? **Ms. Cohea** said the budget office and the LFA office worked together and first of all, agreed on the bases. In the past there have been different inflation factors the two offices use. There were only a few cases in which they had differences and outlined them. They agreed on the inflation factors and summary page 132, Vol. 1, Budget Analysis 1995 Biennium, list every expenditure I/D and the inflation factor applied to it. Certainly there are different inflation factors applied to gasoline than there are to printing, but both offices use the same inflation factor applied to them.

REP. KASTEN referred to **SEN. JACOBSON's** testimony that if an agency is preparing for a supplemental, or thinks they will have to go for a supplemental and move money into the first year, then that would inflate the base. Would that happen? **Mr. Lewis** said she is referring to the sentence on line 19, page 5, "current funding level for an agency may not exceed the total of actual expenditures from appropriations authorized by the legislature in the first year" so what that does is if you move money from the second year to the first year that in fact, you could argue you inflated the base. He is going to discuss with the sponsor the possibility of simply adding language that says "if you move money from the second year to the first year that, in fact, lowers your second year base". You are working with the biennium totally and the objective is to talk about what the agency had from the legislature for the biennium you are using for the base. That could be fixed to deal with the criticism voiced by **SEN. JACOBSON**. The principle is that where you start from is where the legislature left and the language could be fine-tuned to make sure that was clear.

REP. BARDANOUVE asked **Ms. Cohea** if there is any validity to his concern about a separation of the legislature and the budget office? **Ms. Cohea** said it is entirely up to the legislature how they want the LFA to prepare the budget. It is being done for the legislature so they can make the decision and whatever is the easiest way for them to consider it. Obviously, as **SEN. JACOBSON** mentioned, the Budget Office has a different role. They are to present a recommendation. LFA current level is not a recommendation, it just tells the legislature the estimate of what it costs. There is value in the two offices working together so the information is built from the same base and that they have the same assumption. If there are different assumptions used these are clearly identified. It is purely a legislative decision. Under the constitution you have the

authority and the duty to establish the appropriations. Whatever makes it easiest is what the LFA office wants to do for you.

REP. PECK said that brings up a question. In the years he's been here there have been some major problems between the Budget Office and the LFA, conflicts as to how they will do budgets. He does not think that problem exists now. Should the legislature put in statute procedures that may not be agreeable to the Budget Office next session? Would they create problems by doing this?

Mr. Lewis said the executive budget, in his mind, is prepared to be presented to the you, the customer. The customer or the consumer of that information is the legislature and the appropriations committee. It is entirely appropriate for the legislature to say "this is how we want the information presented". He is supporting this bill because he sees it as an improvement in the way the information is presented to the legislature and will re-focus the discussion of the subcommittees on more important policy issues than difference in current level.

REP. PECK said we all know you had difficulty with the university system in terms of reporting their budget proposals and information to your office. Being the fourth branch of government that some believe they are, we do have some potential conflicts there if they are going to ignore the way we want this presented. **Mr. Lewis** said he understands they did not present the information in the manner it was requested by the Governor and would hope they could work that out next time around so that would not happen. They don't report to the Governor so it is more of a cooperative situation between the Regents and the Executive Budget Office. **REP. PECK** said if they put it in statute and have a lack of flexibility available for parties to cooperate, do we create a problem? **Mr. Lewis** said in reference to the university system he would think the legislature is the only one that can tell them how they must present their budget. The Governor is not able to exert that kind of authority over them as far as the presentation. They can hope to persuade them to cooperate. **REP. PECK** asked if we really would create a potential that is a valid conflict by the university saying this is a form they are unable to provide because of the accounting practices that are too specific in this manner? Is there a potential for valid disagreement? **Mr. Lewis** said he is not trying to be elusive but he thinks there is not a conflict in this bill because it is simply saying they want to present the budget, the way the bill is written now, with actual expenditures and appropriations for 1993. That seems pretty straightforward to him.

REP. BARDANOUVE referred a question to **REP. MERCER** regarding HB 500. He said budgets were made in the past that agencies have said they could not fulfill nor meet an appropriation level. If legislature under-appropriated the money, would it be possible for the agency to file a document with the budget office at the time the bill is passed? **REP. MERCER** said he wouldn't have any problem with filing some kind of document but would have questions like; what would the document mean, what effect it

would have and would it be more paper work? What if every agency filed one of these letters?

Closing by Sponsor: REP. MERCER said 1) this bill is aimed at simplicity because we are a citizen legislature and can't emphasize enough the idea of how the common sense person looks at "how much did we spend last year" as opposed to "how much do we need to spend this year"? That is being lost and is what this bill is trying to get in and will assist them as legislators.

He is surprised that the Governor's budget director is supporting this because it will require Governors to come in to look at expanded government spending and has some negative political things because you are starting from an honest actual expenditure level instead of the inflated level.

Everyone is talking about the horrendous budget cuts. We are not cutting budgets in Helena. We are cutting increases.

2) This is not aimed at the finance committee, the fiscal analyst or independence of the LFA. It has to do with, how should the budget be presented to the legislature and is asking "here is what we spent last time and if the mandated increases will have to be presented in a modified way". Nothing is hidden or lost. The LFA can still present everything the same way they do now. There is no problem with the university system because all the legislature is asking them to do is have their budget presented over the actual dollars they spent. The legislature is not here to destroy education or government. The current budgeting process confuses the legislature and that is where the friction comes in.

This is not 0 based budgeting, but actual expenditure based budgeting and seems like a compromise from the difference between 0 base and built-in cost of living type increases.

SEN. JACOBSON gave him a copy of a letter her testimony was based on that she had received from the fiscal analyst concerning a number of objections she had. If the committee wouldn't mind delaying action on this bill, she would like the opportunity to get together with the fiscal analyst, the budget director and REPS. BARDANOUVE and PECK and some of the others from the finance committee to work on some of these issues because there is some confusion with regard to this bill.

CHAIRMAN ZOOK closed the hearing on HB 501.

HEARING ON HB 647

An Act submitting to the qualified electors of Montana an amendment to Article VIII of the Constitution of the state of Montana to place a limit on state government spending.

Opening Statement by Sponsor: REP. ERNEST BERGSAGEL, HD 17 said

this bill is a Constitutional amendment to limit government spending. First thing to do is amend the bill and strike the amendment on page 1, starting on line 21 through line 25, cross that out completely. On page 2, beginning on line 1 through line 11, scratch out that portion. **EXHIBIT 1** correctly reflects the amendment in Section 1 beginning on line 13 through line 20. What it essentially says is we will take all of the revenues of the two previous bienniums, average them out and that will become our state cap. If for example, in the current biennium there is an additional \$100 million of revenue, if the legislature wants to spend that, it will take a 2/3 vote of the legislature to spend that money. If there is a revenue shortfall there is a constitutionally requirement that they balance the budget.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members and Responses: **REP. WISEMAN**

said he does not think the federal government is going to get its spending under control and is fearful of entering an era of hyper-inflation because of the lack of federal government distance. What if we go into an era of 20 to 25% inflation per year. What will that do? **REP. BERGSAGEL** said if we still have the power to change the amount of moneys that we appropriate, we will have to have revenue before we can do that. That's the only way to get inflation under control. Don't spend more than you are making. Government is a portion of inflation. He can't, in this position, be responsible for the federal government.

REP. BARDANOUVE asked what is the 97%? **REP. BERGSAGEL** said what they will do is add up all the revenues, taxes etc., add up all the money they get from TRANS, then take the ending fund balance and put it into the account. That will be multiplied by 97% and that will be the cap and they will not be able to spend above that level unless they have a 2/3 vote of the legislature.

REP. BARDANOUVE asked how he arrived at the 97%. **REP. BERGSAGEL** said other states that have done this have used 98%. He took 97%. There are several states who have spending limits. Most of them don't work, primarily because they don't tie the expenditures to the amount of revenues they have.

REP. ROYAL JOHNSON asked does this bill flatten out the amount of revenue the state can spend for years or is there any expansion of state government at all? **REP. BERGSAGEL** said yes. For example, if our revenues increase because personal income goes up, that would figure into the equation and if, in the current biennium, there is an additional \$100 million of revenue or there is a tax increase because there is a need, we can still do that with a 51% margin in the legislature. It will take a 2/3 margin to spend that money.

Ms. Cohea wanted to make the committee aware that on Pages 68 and 69, of the LFA Budget Analysis there is an analysis of how the

current expenditure limitation works and as **REP. BERGSAGEL** mentioned in the current biennium for 1995 this expenditure limit would allow the legislature to spend \$290 million more than the executive budget recommended. Currently the expenditure limitation is far in excess of what the legislature is spending.

REP. WISEMAN said, as an example, if they get in an era of higher inflation where inflation across the whole spectrum is 20% a year. That means before they could expend the money in that kind of scenario it would require a 2/3 vote of both houses each year. **REP. BERGSAGEL** said any additional spending, in order to be in excess of 97%, would require a 2/3 vote. For example, if the legislature wanted to spend 100% of all revenues received, the 3% in excess of the 97% cap, would require a 2/3 vote. If a tax is passed in the current biennium that generated another \$50 million, in order to spend the money, it would require a 2/3 vote of the legislature (of each house).

REP. PETERSON said to continue, but the tax would go as a regular vote as it does now. **REP. BERGSAGEL** said that is correct. **REP. PETERSON** said then to spend it, would require the 2/3 vote.

Closing by Sponsor: **REP. BERGSAGEL** said in the short time he has been a legislator he has been frustrated because they have spent all the "pots of gold" and they are gone. One of the things he would like to do is force them, as legislators, to operate like everyone else, within their means and get a handle on how the money is spent. This is the way he decided to present it and go with it.

CHAIRMAN ZOOK closed the hearing on HB 647.

HEARING ON HB 609

An Act transferring the investigative functions relating to alcoholic beverage licensing and enforcement, tobacco, and public assistance from the Department of Revenue to the Department of Justice.

Opening Statement by Sponsor: **REP. DAVE WANZENRIED, HD 7,** said this bill is a proposal to transfer investigative functions from the Department of Revenue to the Department of Justice. It proposes to transfer, after consolidating investigative functions, 12 FTE from the Department of Revenue to the Department of Justice, 8 of those positions are currently located in the liquor division and 4 of those positions are currently located in the Welfare Fraud Program. The idea is to streamline the investigative process involved with liquor licensing and gambling. The background checks required in both cases are performed by two different agencies, so there are two sets of investigations, two sets of staff, in many cases doing the same kind of work. The proposal is to merge those into one unit in the Department of Justice. The fiscal note shows there will be an up front cost to merge the program into one unit. It is going

to cost \$215,000 to do that.

The most important thing to keep in mind is that what they are proposing to do is to look at this as a point of beginning in transferring functions from the Department of Revenue to the Department of Justice.

The funding source for the \$215,000 is the Liquor Enterprise Fund which is the profit of the liquor control program. The transfer is of staff and function. The responsibility of issuing the licenses, once the investigations are done for liquor, is the Department of Revenue. The investigative functions that are currently being transferred for Welfare Fraud would report back to the Department of SRS. They are looking at the Department of Justice being an agent of those two departments.

There are amendments to the bill, that **Mr. Tippy** and the Department have worked out to clarify the ruling that authority is being extended to the Department of Justice in carrying out the investigative responsibilities.

Proponents' Testimony: **Dennis Taylor, Deputy Director, Department of Justice** said the proposal is the product of a joint study by the Department of Justice and the Department of Revenue that has been underway since 1989. From its inception they believe they are able to take this first step in interagency efforts to coordinate, streamline and enhance services. The Attorney General believes these are appropriate functions to come under the jurisdiction of the Department of Justice. Combining like functions increases overall effectiveness.

Jack Ellery, Deputy Director, Department of Revenue said as **Mr. Taylor** alluded, in 1989 they transferred a number of investigators from the Department of Revenue to the Gambling Division, which was created at that time. At the time they coordinated the transfer, they concluded it was a good idea. This is a prime example of agencies recognizing potential for streamlining operations and improving services to the taxpayer and actually coming before the legislature with this idea.

Mike Lavin, Governor's Office said in the last three years he has had the opportunity to participate in the creation of the Gambling Control Division and observe both its and the Liquor Control Regulatory functions. What became clear early on was the licensing and investigative responsibilities of both were nearly identical and lend themselves ideally to consolidation.

Individuals holding the licenses deserve reduced paper work and bureaucratic overlap and being able to get as many answers as possible from one single source. HB 609 will definitely eliminate much of the duplication, streamline the process and send a message that this is good government.

Larry Akey, Montana Coin Operators' Association in support of HB

609. As earlier proponents have indicated this bill originated out of discussions the last several years. His association has been involved with those discussions because they are concerned about the time delays that occur often in the transfer of liquor licenses and gambling licenses. He has one concern about HB 609 and that is how, if these two functions are combined, are they going to handle funding issues, not so much in this fiscal year but fiscal years down the road. Gambling and the Gambling Control Division today is paid for entirely by fees from the gambling industry. Liquor investigation is paid for by revenue generated by the sale of liquor. Their concern is, as they move through this consolidation, and from their perspective, they don't end up with a cross-subsidization, that the gambling industry doesn't pay for liquor investigations; from the liquor industries perspective, that they don't end up paying for gambling investigations. That is an issue that needs to be worked through.

This bill does require a small general fund appropriation but, without the ability to bring the liquor investigators across with adequate funding, I would be very concerned they end up not improving the efficiency in the licensing process but, in fact, causing it to become more inefficient.

Opponents' Testimony: None

Questions From Committee Members and Responses: REP. WISEMAN asked, if we are improving efficiencies, why aren't we cutting FTE and why isn't there cost savings? Mr. Taylor said right now there seems to be tremendous pressure on both liquor and gambling agencies. They have been coming in individually asking for increased FTE in order to meet the demands for timely licensing and applicants. By consolidation they believe they would not come before the legislature for more FTE.

Mr. Ellery said the situation is the same in the Department of Revenue. They have a tremendous workload and transfer hundreds of licenses every year. They have 8 investigators to cover the entire state of Montana. That is why this proposal makes so much sense. They will be able to keep up with transfers and background investigations to improve the overall productivity.

Informational Testimony: Roger Tippy, Proponent with an Amendment, EXHIBIT 1, said he was representing the Montana Beer and Wine Wholesalers' Association. He read this bill and had one concern with the delegation of rule-making powers through the Department of Justice. He had a problem with page 10, line 19 which is the Section in the alcoholic beverage code. Also on page 33, "the Department of Justice may adopt rules which implement this Act". This Act includes quite a number of code sections from the alcoholic beverage code and without further clarifications, could have a situation someday, not the present administration, where the Governor and the Attorney General might not get along as well.

Questions from Committee members and responses: REP. QUILICI said the General Government and Transportation subcommittee has looked at these budgets for a number of years and the FTE associated with investigations has been kept down. By combining these two functions with existing FTE it will help them do a better job.

Closing by Sponsor: REP. WANZENRIED underscored one of the points that was made by Mr. Akey. Although seeking to transfer these functions and consolidate them, he would caution against making any reductions in staffing. The people involved in this happen to be the former Attorney General, now Governor; a member of this body, former SENATOR MAZUREK now Attorney General Mazurek and the staffs have been involved on the Justice side and now, in the Department of Revenue side, Mr. Robinson. They have done a good job of putting together a defensible reason for each and include additional funding for the transfer.

This bill will allow us to consolidate those resources out there and do a better job and will probably result in general fund savings.

CHAIRMAN ZOOK closed the hearing on HB 609

HEARING ON HB 654

An Act to eliminate youth forest camp work program.

Opening Statement by Sponsor: REP. ROGER DeBRUYCKER, HD 13 said this bill is a repealer. They took the money away from State Lands to operate the Swan River camp and without the money they don't need the business.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members and Responses: REP. WANZENRIED asked REP. DeBRUYCKER to explain "took the money away" and what will not be done at the Swan River camp that is currently being done? REP. DeBRUYCKER said the Department of State Lands recommended 5 FTE for the Swan River camp. They supervise building, working with wood etc. and Swan River Forest camp now will be continued as a boot camp so the funding and FTE were taken away and a statute change is needed. So that is roughly what this bill does. REP. WANZENRIED asked what the status is with the boot camp. The subcommittee on Human Services did not include funding for that program. REP. DeBRUYCKER said the Department of State Lands sent five people there for a training program and the Natural Resources subcommittee said it is not a needed function even if the Swan River camp was to continue as it was.

REP. GRADY said in the Institutions subcommittee they decided to convert the Swan River Forest camp to a boot camp and will no

longer be able to allow the prisoners out into the work areas which the 5 FTE were supervising so they are no longer needed in the State Lands budget.

REP. PECK said he does not know the difference between the Forest camp and a boot camp. REP. MENAHAN said over the years there were fire fighting crews, logging, forest thinning crews and all the people working at the youth camp. That is being eliminated. There is room for 55 inmates and it will be cut back to about 50 and will be a 90-day military basic boot camp program for young offenders, if they agree to go. After 90 days the inmates can go out on parole.

REP. NELSON asked if this bill is premature? It is not a done deal yet that its converted to a boot camp. They did recommend that in the committee but it has a long way to go. REP. DeBRUYCKER said that is probably right but he believes the Department of State Lands has people there, the SCS has people there, the Department of Corrections has people there and there seems to be a lot of duplication. The people from the Department of State Lands were more or less trainees. CHAIRMAN ZOOK said REP. GRADY has a good suggestion that the committee will have to hold off executive action on this until after they get through HB 2.

REP. BARDANOUE said the Swan River Forest camp has been one of the most successful programs they have had in Montana so he cannot support the bill.

Closing by Sponsor: REP. DeBRUYCKER closed.

CHAIRMAN ZOOK closed the hearing on HB 654.

EXECUTIVE ACTION ON HB 609

Motion: REP. FISHER moved to take action on HB 609 for executive action.

Motion/Vote: REP. WANZENRIED moved the amendment proposed by Roger Tippy, EXHIBIT 1. Motion carried unanimously.

Discussion: REP. WANZENRIED referred the committee to page 3 of the Fiscal Note, which shows the general fund impact is from the Liquor Enterprise fund which is the profit after all the expenses. That profit is passed into general fund at the end of the fiscal year.

Ms. Cohea referred the committee to page 2 of the Fiscal Note saying it will actually help them with regard to the target because it will reduce general fund spending by \$167,000. However, it will reduce revenue so on the flip side of the status sheet, showing revenues, it would show a negative \$215,000 revenue impact.

REP. GRADY said this will put them over the 99/99 base. Ms. Cohea said yes, in a sense it would reduce revenue. REP. GRADY said there is an impact and he is uncomfortable voting for this bill at the present time.

REP. QUILICI said although it impacts funds going into the state general fund, in the long run by combining both these agencies there will be a savings in the total budget as well as expedite services to taverns.

Ms. Cohea said from the point of view of expenditures what it saved in the general fund in revenue is spent in the Gambling Control Division so there is no impact on the target. The increased spending in the Gambling Control Division, the biennial appropriation shown on the page 3 of the Fiscal Note, is a new expenditure that has not appeared before. It is funded out of the liquor profits, therefore, it reduces the money that goes into the general fund so the net impact of the whole bill is a loss of \$215,000 of general fund revenues.

REP. WANZENRIED said there is a one-time cost associated with the transfer. Part of it has to do with positions being transferred from the Department of Revenue and not classified on the same level as the Department of Justice and need to be brought up. There are some other costs associated with rent.

Motion: REP. FISHER moved HB 609 DO PASS AS AMENDED.

Discussion: REP. QUILICI said he has a concern "increases for the upgrades of 8 FTE", page 1, of the Fiscal Note. Evidently, the investigators in Revenue weren't making as much as investigators in Justice. Jan Dee May, Department of Justice said the investigators in the Gambling Division do a far more complex investigation than the Liquor Division. Their classifications are being reviewed now and what she is hearing from the DofA classification group is if the Liquor folks work for the Gambling Division they would be eligible for an upgrade. REP. QUILICI said along with that is there an assumption these investigators are getting into more technical work and will need additional training and how will that training come about? Ms. May said her Division is in negotiations right now and cannot specifically answer who would do the training.

REP. MENAHAN said they lost a lot of money in the industry and people are not investigated fast enough and poker machines are sitting idle.

REP. WISEMAN said he supports the bill fully but is not ready to vote right now. He would like to keep a list of bills to prioritize later on when they get down to the final dollars.

Motion: REP. WISEMAN made a substitute motion to Table HB 609.

Motion: REP. GRADY moved HB 609 pass for the day.

Motion/Vote: REP. WISEMAN withdrew his motion and moved to pass HB 609 for the day only. Motion carried unanimously.

EXECUTIVE ACTION ON HB 632

Motion: REP. MENAHAN moved HB 632 (Gray Bill) DO PASS AS AMENDED.

Discussion: REP. GRADY spoke in favor of this bill and thinks it is something they should have been doing some time ago. We have facilities in state to house the youth that are now in facilities out-of-state. They should be brought back.

REP. BARDANOUVE said this is the first concrete proposal that has been carefully prepared. The bill should be passed.

REP. KASTEN said she doesn't disagree with the bill, however, is not quite sure what they did in the Human Service subcommittee when they rejected and took out the "family of one" rule and took away in-patient psychiatric care and have funneled everything through the Department of Family Services.

REP. WANZENRIED said the way the "family of one" rule was applied and the way in which we disqualified the in-patient psychiatric care program, we made the very highly intensive treatment program in general fund and will try to get these kinds of people into the system at lower levels of treatment. The idea is they will not be in the system as long. There is one thing to be recognized. There are a number of facilities, including one in Helena, who are not medicaid eligible and for that reason there are some instances where these people could be kept in state but because the facility is not medicaid eligible, patients are sent to Lewiston, Idaho which is medicaid eligible and keeps down our general fund costs. There is more that needs to be done. This bill, by itself, is not going to solve the problem. We do want to keep the youth as close to home as possible because indications are they more likely to recover more quickly. There is more to be done than just keeping them in-state.

REP. KASTEN said there are two sets of amendments and would like a clarification. REP. PECK said one is the revised bill with the amendments in it, the Gray Bill.

REP. PECK said he agrees with REPS. WANZENRIED and BARDANOUVE. This is merely setting up a coordinating committee that is going to have an overview of all of this and it has gone out to a number of different sources now and there is nobody keeping track of it. The bill is a first step and a very vital step.

Vote: Motion passed unanimously.

EXECUTIVE ACTION ON HB 500

Motion/Vote: REP. DeBRUYCKER moved HB 500 DO PASS. Motion passed unanimously.

EXECUTIVE ACTION ON HB 653

Motion/Vote: REP. GRADY moved to Table HB 653. Motion carried 14 - 3 with Reps. Bardanouve, Royal Johnson and Wanzenried voting no.

Discussion: CHAIRMAN ZOOK said Ms. Cohea shows the fiscal note with the amendment has a net impact to the general fund of \$121,000.

EXECUTIVE ACTION ON HB 618

Motion: REP. PECK moved to Table HB 618.

Discussion: REP. PECK said they have looked at this bill every session and have always agreed that you can't tie one institution to the geographic location where it is.

REP. BARDANOUE said if the institutions are tied to others in the state there is a hodgepodge of salaries.

REP. GRADY said he hopes they can address this situation as he feels the School for the Deaf and Blind will be in a bind eventually and will have problems hiring teachers.

REP. PECK said that REP. DOLEZAL indicated there will be a study done that could lead to some solution.

REP. WISEMAN asked for information because there is a reluctance to equate the salaries of the School for the Deaf and Blind with the Great Falls School System. How far is the Great Falls School System out of line to salaries statewide? REP. PECK said he does not believe Great Falls is greatly out of line but are one of the better paying districts where a teacher can get a lot of training and experience. Many smaller districts cut that off so you can't go beyond a Masters'. Great Falls goes all the way through the Doctorate and they have additional experience beyond what most districts provide. That's what makes the comparison pretty stark in Great Falls.

Vote: Motion carried with Rep. Wiseman voting no.

EXECUTIVE ACTION ON HB 642

Motion: REP. MENAHAN moved HB 642 DO PASS. REP. MENAHAN withdrew the motion.

EXECUTIVE ACTION ON HB 78

Motion/Vote: REP. COBB moved to Table HB 78. Motion carried unanimously.

EXECUTIVE ACTION ON HB 19

Motion: REP. ROYAL JOHNSON moved HB 19 DO PASS.

Discussion: REP. JOHNSON said this is an attempt to keep the Children and Families' Committee, which was created at the last legislative session, into the next legislative session. That committee spent a lot of time setting out a goal for children and families and the way to get to that goal is underway. This bill continues that committee and he asked this committee to put the \$20,000 in.

REP. KADAS asked how many people are on the study? REP. JOHNSON said there are eight. There are four Senators and four Representatives. REP. KADAS said the standard cost for a study involving that many people is \$10,000 for the interim. REP. JOHNSON said they spent \$14,000 last year.

Motion/Vote: REP. PECK moved a substitute motion to amend HB 19 to \$10,000 per biennium. Motion carried 17 - 1 with Rep. Kasten voting no.

Motion/Vote: REP. ROYAL JOHNSON moved HB 19 DO PASS AS AMENDED. Motion carried 15 - 3 with Reps. DeBruycker, Kasten and Mary Lou Peterson voting no.

HEARING ON HB 646

An Act increasing the allowable sale price of the Montana code annotated to the cost price plus 25 percent; providing that sales to state and local government agencies may be at cost plus 5 percent.

Opening Statement by Sponsor: REP. MARY LOU PETERSON, HD 1 said HB 646 is a subcommittee bill. When that committee was doing the Legislative Council, it realized there is an opportunity for the Council to have a little more freedom and space in what they are doing because one of the great services they do is getting ready with the code books. For some time, in selling code books to the general public, they could recoup a 20 percent over cost, and to other state agencies, they could pick up a 5 percent over cost. That's what this bill does and generates about \$50,000.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members and Responses: To answer a question from REP. BARDANOUVE, REP. PETERSON said right now they are allowed to have 20 percent over cost and it goes to 25%, that is the change.

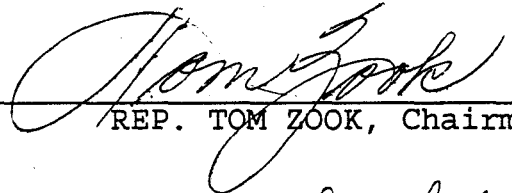
Closing by Sponsor: REP. PETERSON closed.

EXECUTIVE ACTION ON HB 646

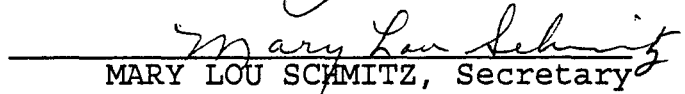
Motion/Vote: REP. BARDANOUVE moved HB 646 DO PASS. Motion carried unanimously.

ADJOURNMENT

Adjournment: 11:55 A.M.



REP. TOM ZOOK, Chairman



MARY LOU SCHMITZ, Secretary

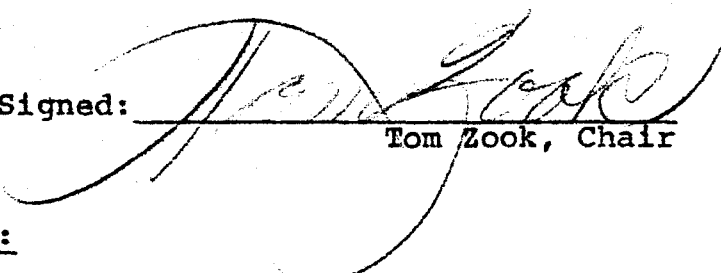
TZ/mls

HOUSE STANDING COMMITTEE REPORT

March 8, 1993

Page 1 of 6

Mr. Speaker: We, the committee on Appropriations report that House Bill 632 (first reading copy -- white) do pass as amended

Signed: 

Tom Zook, Chair

And, that such amendments read:

1. Page 1, line 25.

Following: "."

Insert: "The legislature intends that implementation of this bill not duplicate similar initiatives by other state agencies."

2. Page 2, lines 5 through 10.

Following: "means" on line 5

Strike: remainder of line 5 through "agencies" on line 10

Insert: "a child under 18 years of age who has a need for services that are available from more than one state agency"

3. Page 2, lines 11 and 12.

Strike: subsection (2) in its entirety

Insert: "(2) "Least restrictive setting" means a setting in which a child with multiagency service needs is served:

(a) within the child's family or community; or

(b) outside the child's family or community where the

needed services are not available within the child's family or community and where the setting is determined to be the most appropriate alternative setting based on:

(i) the safety of the child and others;

(ii) ethnic and cultural norms;

(iii) preservation of the family;

(iv) services needed by the child and the family;

(v) the geographic proximity to the child's family and community."

4. Page 2, lines 13 and 14.

Following: "means" on line 13

Strike: remainder of line 13 through line 14 in its entirety

Insert: "a local interagency staffing group formed pursuant to 52-2-203 or parents who are"

Committee Vote:

Yes , No .

521439SC.Hss 

5. Page 2, line 16.

Strike: "with an out-of-state provider"

Insert: "and who is suffering from mental, behavioral, or emotional disorders"

6. Page 2, line 17.

Following: line 16

Insert: "(4) "Managed care" means control of the provision of services to a defined population through a planned delivery system."

Renumber: subsequent subsections

7. Page 2, line 17.

Following: "means"

Insert: "an agency of state or local government,"

Following: "person"

Insert: ", "

Following: "or"

Insert: "a"

Following: "program"

Strike: "that provides"

Insert: "authorized to provide"

8. Page 2, line 18.

Following: "treatment"

Strike: "for the mental and emotional needs of"

Insert: "or services to"

9. Page 2, line 19.

Following: "needs"

Insert: "who is suffering from mental, behavioral, or emotional disorders"

10. Page 2, lines 20 through 23.

Strike: subsections (5) and (6) in their entirety

Insert: "(6) "Request for proposals" has the meaning as defined in 18-4-301.

(7) "Services" has the meaning as defined in 52-2-202."

11. Page 3, line 1.

Following: "available"

Insert: "and using a managed care system"

12. Page 3, line 3.

Strike: "residential"

13. Page 3, lines 4 and 5.

Following: "state" on line 4

Strike: remainder of line 4 through "department" on line 5
Insert: "with multiagency service needs"

14. Page 3, lines 6 and 7.

Following: "serve" on line 6

Strike: "those"

Following: "children" on line 6

Strike: remainder of line 6 through "department" on line 7

Insert: "with multiagency service needs"

15. Page 3, line 9.

Following: "needs"

Insert: "as provided in [sections 6 and 7]"

16. Page 3, line 10.

Strike: "provide care for a child"

Insert: "serve children"

17. Page 3, lines 11 through 18.

Following: "needs" on line 11

Strike: remainder of line 11 through "with" on line 18

Insert: "within the state and use"

Following: "providers"

Insert: "as a last resort"

18. Page 4, line 1.

Strike: "the administrator of the mental health division"

Insert: "an appointee of the director"

19. Page 4, line 3.

Following: "(d)"

Strike: remainder of line 3 in its entirety

Insert: "an appointee of the director"

20. Page 4, line 5.

Following: "(e)"

Strike: remainder of line 5 in its entirety

Insert: "an appointee of the director"

21. Page 4, line 15.

Strike: "for"

Insert: "aimed at allowing"

Following: "agencies"

Insert: ", through a managed care system,"

Strike: "state"

22. Page 4, line 17.

Following: "needs"

Strike: remainder of line 17 in its entirety

Insert: ": (a) that are currently provided by"

23. Page 4, line 19.

Following: line 18

Insert: "(b) who may have a future need to obtain services provided by out-of-state providers unless in-state services are developed; and"

24. Page 5, line 3.

Following: "plan"

Insert: "must adhere to the policy set forth in [section 2] and as a minimum"

25. Page 5, lines 4 and 5.

Following: "the" on line 4

Strike: remainder of line 4 through "the" on line 5

26. Page 5, line 6.

Following: "necessary"

Insert: "will be developed"

27. Page 5, line 9.

Strike: "the"

Insert: "rules regarding"

28. Page 5, line 10.

Following: "licensing"

Strike: remainder of line 10 in its entirety

Insert: "of"

29. Page 5, line 11.

Following: "providers"

Insert: "who may be used"

30. Page 5, line 12.

Following: "strategies"

Strike: "and"

Insert: ", pooling of"

Following: "resources"

Insert: ", and strategies"

31. Page 5, line 13.

Following: "development"

Insert: "and provision"

32. Page 5, line 15.

Strike: "and in"

Insert: ", "

Strike: "necessity for"

33. Page 5, line 17.

Strike: "in the future"

Insert: ", and maintaining children with multiagency service needs within the least restrictive state setting"

34. Page 5, line 19.

Strike: "will"

Insert: "may"

35. Page 5, line 22.

Strike: "and"

36. Page 5, line 23.

Following: line 22

Insert: "(6) a current description of the children with multiagency service needs that, as a minimum, include services:

(a) being received and the cost of the services;

(b) needed in the least restrictive setting and an estimated cost of the services; and"

Renumber: subsequent subsection

37. Page 6, line 7.

Strike: "provider is"

Insert: "services are"

38. Page 6, lines 12 through 19.

Following: "of" on line 12

Strike: remainder of line 12 through "court" on line 19

Insert: "the child is approved by the local interagency staffing group formed pursuant to 52-2-203"

39. Page 6, line 20 through page 7, line 2.

Strike: subsection (2) in its entirety

Renumber: subsequent subsection

40. Page 7, line 4.

Strike: "implemented, placement"

Insert: "completed and submitted to the department, the department shall adopt rules implementing the plan. Placement"

41. Page 7, line 7.

Strike: "terms of"

Insert: "rules implementing"

42. Page 7, lines 9 through 20.

Following: "shall" on line 9

Strike: remainder of line 9 through "providers" on line 20

Insert: "use the request for proposals process to solicit in-state providers. If there is no appropriate in-state response to a request for proposals under this section, alternative resources may be sought"

43. Page 7, line 21 through page 8, line 9.

Following: "(2)" on page 7, line 21

Strike: remainder of line 21 through "." on page 8, line 9

44. Page 8, line 21.

Insert: "NEW SECTION. Section 10. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications."

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL

DATE

3/5/93 AM

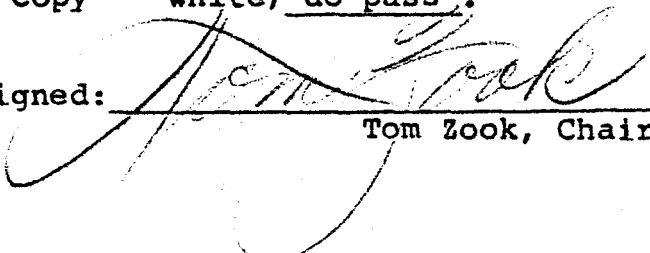
NAME	PRESENT	ABSENT	EXCUSED
REP. ED GRADY, V. CHAIR	✓		
REP. FRANCIS BARDANOUVE	✓		
REP. ERNEST BERGSAGEL	✓		
REP. JOHN COBB	✓		
REP. ROGER DEBRUYKER	✓		
REP. MARJ. FISHER	✓		
REP. JOHN JOHNSON	✓		
REP. ROYAL JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BETTY LOU KASTEN	✓		
REP. WM. "RED" MENEHAN	✓		
REP. LINDA NELSON	✓		
REP. RAY PECK	✓		
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI	✓		
REP. DAVE WANZENREID	✓		
REP. BILL WISEMAN	✓		
REP. TOM ZOOK, CHAIR	✓		

HOUSE STANDING COMMITTEE REPORT

March 8, 1993

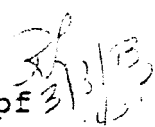
Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 500 (first reading copy -- white) do pass.

Signed: 

Tom Zook, Chair

Committee Vote:
Yes __, No __.

521405SC.Hpf 

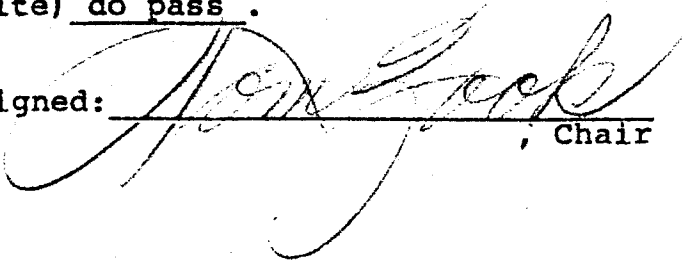
HOUSE STANDING COMMITTEE REPORT

March 8, 1993

Page 1 of 1

Mr. Speaker: We, the committee on ___ report that House Bill
646 (first reading copy -- white) do pass .

Signed: _____


_____, Chair

Committee Vote:
Yes ____, No ____.

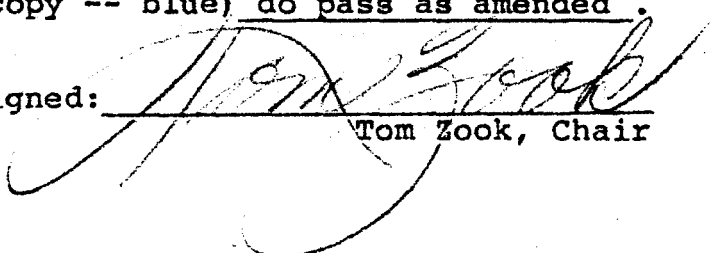
521407SC.Hpf *RL 3/10*

HOUSE STANDING COMMITTEE REPORT

March 8, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 19 (third reading copy -- blue) do pass as amended.

Signed: 


Tom Zook, Chair

And, that such amendments read:

1. Page 4, line 11.
Strike: "\$20,000"
Insert: "\$10,000"

-END-

Committee Vote:
Yes ____, No ____.

521409SC.Hpf 

Amendments to House Bill No. 632
First Reading Copy

Requested by Representative Molnar
For the Committee on Appropriations

Prepared by Greg Petesch
March 4, 1993

*right
over*

EXHIBIT 1
DATE 3/5/93
HB 632

1. Page 1, line 25.

Following: "."

Insert: "The legislature intends that implementation of this bill
not duplicate similar initiatives by other state agencies."

2. Page 2, lines 5 through 10.

Following: "means" on line 5

Strike: remainder of line 5 through "agencies" on line 10

Insert: "a child under 18 years of age who has a need for
services that are available from more than one state agency"

3. Page 2, lines 11 and 12.

Strike: subsection (2) in its entirety

Insert: "(2) "Least restrictive setting" means a setting in
which a child with multiagency service needs is served:

(a) within the child's family or community; or

(b) outside the child's family or community where the
needed services are not available within the child's family or
community and where the setting is determined to be the most
appropriate alternative setting based on:

(i) the safety of the child and others;

(ii) ethnic and cultural norms;

(iii) preservation of the family;

(iv) services needed by the child and the family;

(v) the geographic proximity to the child's family and
community."

4. Page 2, lines 13 and 14.

Following: "means" on line 13

Strike: remainder of line 13 through line 14 in its entirety

Insert: "a local interagency staffing group formed pursuant to
52-2-203 or parents who are"

5. Page 2, line 16.

Strike: "with an out-of-state provider"

Insert: "and who is suffering from mental, behavioral, or
emotional disorders"

6. Page 2, line 17.

Following: line 16

Insert: "(4) "Managed care" means control of the provision of
services to a defined population through a planned delivery
system."

Renumber: subsequent subsections

EXHIBIT 1
DATE 3/5/93
HB 632

7. Page 2, line 17.
Following: "means"
Insert: "an agency of state or local government,"
Following: "person"
Insert: ", "
Following: "or"
Insert: "a"
Following: "program"
Strike: "that provides"
Insert: "authorized to provide"

8. Page 2, line 18.
Following: "treatment"
Strike: "for the mental and emotional needs of"
Insert: "or services to"

9. Page 2, line 19.
Following: "needs"
Insert: "who is suffering from mental, behavioral, or emotional disorders"

10. Page 2, lines 20 through 23.
Strike: subsections (5) and (6) in their entirety
Insert: "(6) "Request for proposals" has the meaning as defined in 18-4-301.
(7) "Services" has the meaning as defined in 52-2-202."

11. Page 3, line 1.
Following: "available"
Insert: "and using a managed care system"

12. Page 3, line 3.
Strike: "residential"

13. Page 3, lines 4 and 5.
Following: "state" on line 4
Strike: remainder of line 4 through "department" on line 5
Insert: "with multiagency service needs"

14. Page 3, lines 6 and 7.
Following: "serve" on line 6
Strike: "those"
Following: "children" on line 6
Strike: remainder of line 6 through "department" on line 7
Insert: "with multiagency service needs"

15. Page 3, line 9.
Following: "needs"
Insert: "as provided in [sections 6 and 7]"

16. Page 3, line 10.
Strike: "provide care for a child"
Insert: "serve children"

EXHIBIT 1
DATE 3/5/97
HB 632

17. Page 3, lines 11 through 18.

Following: "needs" on line 11

Strike: remainder of line 11 through "with" on line 18

Insert: "within the state and use"

Following: "providers"

Insert: "as a last resort"

18. Page 4, line 1.

Strike: "the administrator of the mental health division"

Insert: "an appointee of the director"

19. Page 4, line 3.

Following: "(d)"

Strike: remainder of line 3 in its entirety

Insert: "an appointee of the director"

20. Page 4, line 5.

Following: "(e)"

Strike: remainder of line 5 in its entirety

Insert: "an appointee of the director"

21. Page 4, line 15.

Strike: "for"

Insert: "aimed at allowing"

Following: "agencies"

Insert: ", through a managed care system,"

Strike: "state"

22. Page 4, line 17.

Following: "needs"

Strike: remainder of line 17 in its entirety

Insert: ": (a) that are currently provided by"

23. Page 4, line 19.

Following: line 18

Insert: "(b) who may have a future need to obtain services provided by out-of-state providers unless in-state services are developed; and"

24. Page 5, line 3.

Following: "plan"

Insert: "must adhere to the policy set forth in [section 2] and as a minimum"

25. Page 5, lines 4 and 5.

Following: "the" on line 4

Strike: remainder of line 4 through "the" on line 5

26. Page 5, line 6.

Following: "necessary"

Insert: "will be developed"

27. Page 5, line 9.

Strike: "the"

Insert: "rules regarding"

28. Page 5, line 10.
Following: "licensing"
Strike: remainder of line 10 in its entirety
Insert: "of"

29. Page 5, line 11.
Following: "providers"
Insert: "who may be used"

30. Page 5, line 12.
Following: "strategies"
Strike: "and"
Insert: ", pooling of"
Following: "resources"
Insert: ", and strategies"

31. Page 5, line 13.
Following: "development"
Insert: "and provision"

32. Page 5, line 15.
Strike: "and in"
Insert: ", "
Strike: "necessity for"

33. Page 5, line 17.
Strike: "in the future"
Insert: ", and maintaining children with multiagency service
needs within the least restrictive state setting"

34. Page 5, line 19.
Strike: "will"
Insert: "may"

35. Page 5, line 22.
Strike: "and"

36. Page 5, line 23.
Following: line 22
Insert: "(6) a current description of the children with
multiagency service needs that, as a minimum, include
services:
(a) being received and the cost of the services;
(b) needed in the least restrictive setting and an
estimated cost of the services; and"
Renumber: subsequent subsection

37. Page 6, line 7.
Strike: "provider is"
Insert: "services are"

38. Page 6, lines 12 through 19.
Following: "of" on line 12
Strike: remainder of line 12 through "court" on line 19

Insert: "the child is approved by the local interagency group formed pursuant to 52-2-203"

39. Page 6, line 20 through page 7, line 2.

Strike: subsection (2) in its entirety

Renumber: subsequent subsection

40. Page 7, line 4.

Strike: "implemented, placement"

Insert: "completed and submitted to the department, the department shall adopt rules implementing the plan. Placement"

41. Page 7, line 7.

Strike: "terms of"

Insert: "rules implementing"

42. Page 7, lines 9 through 20.

Following: "shall" on line 9

Strike: remainder of line 9 through "providers" on line 20

Insert: "use the request for proposals process to solicit in-state providers. If there is no appropriate in-state response to a request for proposals under this section, alternative resources may be sought"

43. Page 7, line 21 through page 8, line 9.

Following: "(2)" on page 7, line 21

Strike: remainder of line 21 through "." on page 8, line 9

44. Page 8, line 21.

Insert: "NEW SECTION. Section 10. {standard} Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications."

EXHIBIT 2
DATE 3/5/93
HB 632

DFS PROPOSED AMENDMENTS TO HOUSE BILL NO. 632
DELETIONS INTERLINED, ADDITIONS UNDERLINED

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE CONTROL OF OUT-OF-STATE PLACEMENTS OF CHILDREN WITH MULTIAGENCY SERVICE NEEDS; ESTABLISHING A MULTIAGENCY SERVICE PLACEMENT PLAN COMMITTEE; PROVIDING FOR THE DUTIES OF THE COMMITTEE; REQUIRING A PLACEMENT PLAN BY THE DEPARTMENT OF FAMILY SERVICES AND THE COMMITTEE; PROHIBITING FUTURE OUT-OF-STATE PLACEMENTS EXCEPT UNDER CERTAIN CIRCUMSTANCES; AND PROVIDING A METHOD FOR AWARDDING OUT-OF-STATE PLACEMENTS TO IN-STATE PROVIDERS."

STATEMENT OF INTENT

A statement of intent is necessary for this bill because (section 8) requires the department of family services to adopt rules. The legislature intends that implementation of this Act not duplicate other similar initiatives by state agencies. Furthermore, the legislature intends that the department particularly adopt rules implementing (sections 6 and 7). Rules implementing (section 6) should combine the review and approval process required by this bill into the current processes used by the department and the youth placement committees. The rules adopted to implement (section 7) should provide a process similar to the request for proposal (RFP) process used previously by the department in placing groups of children with providers.

EXHIBIT 2
DATE 3/5/8
HB 632

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

NEW SECTION. Section 1. Definitions. The following definitions apply to (sections 1 through 8):

(1) ~~"Children with multiagency service needs" means a youth in need of care, youth in need of supervision, or delinquent youth, except a youth placed with an out of state provider by order of the youth court, with treatment needs that can be satisfied only by treatment in cooperation with the department and local agencies~~ children as defined in 52-2-202(1).

(2) ~~"Delinquent youth" means a delinquent youth as defined in 41-5-103.~~ "Least restrictive setting" means a setting in which children with multiagency service needs are served:

(a) within their family or community; or

(b) outside their family or community where the needed services are not available within their family or community and where the setting is determined to be the most beneficial and appropriate alternative setting based on:

- (i) safety of child and others;
- (ii) ethnic and cultural norms;
- (iii) preservation of the family;
- (iv) service needs of child and family; and
- (v) geographic proximity to child's own home and community.

~~(3) "Local agency" means a school district, office of youth court probation, or other office of local government seeking placement of a child with multiagency service needs with an out-of-state provider.~~

~~(4) "Provider" means a person or program that provides treatment for the mental and emotional needs of a child with multiagency service needs.~~

~~(5) "Youth in need of care" means a youth in need of care as defined in 41-3-102.~~

~~(6) "Youth in need of supervision" means a youth in need of supervision as defined in 41-5-103.~~

(3) "Local agency" means a local interagency staffing group formed pursuant to 52-2-203(2)(e), or parents who are seeking

EXHIBIT 2
DATE 3/5/93
HB 432

placement of children with multiagency service needs who are suffering from mental, behavioral or emotional disorders.

(4) "Managed care" means the exercising of control of the provision of services to a defined population through a planned delivery system.

(5) "Provider" means an agency of state or local government, person, or program licensed or otherwise authorized to provide treatment or services to children with multiagency service needs who are suffering from mental, behavioral or emotional disorders.

(6) "Request for proposal" means request for proposal as defined in 18-4-301.

(7) "Services" mean services as defined in 52-2-202(2).

NEW SECTION. Section 2. State policy. The legislature declares that it is the policy of this state:

(1) to the extent that funds are available, and utilizing a managed care system, to provide for and encourage the development of a continuum of quality education, treatment, and residential services for the children of this state with multiagency service needs who are committed to the custody of the department.

(2) to serve those children who are committed to the custody of the department children with multiagency service needs either in their home or in the least restrictive setting that is most appropriate to their needs according to (sections 6 and 7); and

(3) to provide care for a child with multiagency service needs at state expense in a setting that is not more restrictive than is provided by the child's school, home, family foster care home, or youth group home unless it is determined through the process established in (sections 6 and 7) that the multiagency service needs of the child cannot be met except in a more restrictive setting; and to serve children with multiagency service needs within the state thereby utilizing out-of-state providers as a last resort."

(4) to prevent unnecessary placement of children with multiagency service needs with out-of-state providers.

NEW SECTION. Section 3. Multiagency service placement plan committee -- membership -- administration. (1) There is a multiagency service placement plan committee.

(2) The committee is composed of ~~the following members:~~

~~(a) an appointee of the director of the department;~~

~~(b) an appointee of the superintendent of public instruction;~~

~~(c) the administrator of the mental health division of the department of corrections and human services;~~

~~(d) the administrator of the health services division of the department of health and environmental sciences; and~~

~~(e) the administrator of the medicaid services division of the department of social and rehabilitation services.~~ appointees of the directors of the state agencies set forth in 52-2-202(3).

(3) The committee is attached to the department for administrative purposes only as provided in 2-15-121.

(4) Except as provided in this section, the committee must be administered in accordance with 2-15-122.

NEW SECTION. Section 4. Committee duties. The committee established in (Section 3) shall:

(1) assist the department in the development of the plan required by (Section 5);

(2) develop policies for local agencies to access state funding for services for children with multiagency service needs who otherwise would have to be placed with out-of-state providers aimed at allowing local agencies, through a managed care system, to access funding for:

(a) services for children with multiagency service needs currently provided by out-of-state providers; and

(b) services for children with multiagency service needs who may have a future need to obtain services provided by out-of-state providers unless in-state services are developed; and

(3) advise local agencies to ensure that the agencies comply with applicable statutes, administrative rules, and department policy in making any determination that a child with

EXHIBIT 2
DATE 3/5/93
HB 432

multiagency service needs cannot be served by an in-state provider.

NEW SECTION. Section 5. Multiagency service placement plan required. The department and the committee established in (Section 3) shall develop a written plan for limiting placement of children with multiagency service needs with out-of-state providers. The plan must adhere to the policy of this state set out in (Section 2) and as a minimum must include:

(1) an explanation of how the ~~department and local agencies will develop~~ range and quality of services necessary will be developed for children with multiagency service needs in order for those children to receive quality services from in-state providers;

(2) changes needed in the rules regarding classification, reimbursement rates, or licensing ~~status of out-of-state and in-state providers~~ of providers who may be utilized;

(3) flexible funding strategies and , pooling of resources, and strategies for the development and provision of a broad range of services to assist in returning children with ~~multiagency service needs~~ from out-of-state providers, ~~and in limiting the necessity for~~ placement of other children with multiagency service needs with out-of-state providers ~~in the future,~~ and maintaining children with multiagency service needs within the least restrictive in-state setting;

(4) a description of those instances in which children with multiagency service needs ~~will~~ may continue to be placed with out-of-state providers;

(5) the amount and source of money needed to implement the plan; ~~and~~

(6) a current description of the children with multiagency service needsd which at a minimum includes:

(a) services being received and cost;

(b) services needed in the least restrictive setting and an estimated cost; and

~~(6)~~ (7) other information necessary to implement the

purposes of (Sections 1 through 8).

NEW SECTION. Section 6. Out-of-state placements limited.

(1) Until the plan required by (Section 5) is implemented, the department may approve the placement of children with multiagency service needs with an out-of-state provider after October 1, 1993, only if:

(a) the provider is located closer to the child's home than is an alternative in-state provider or an equally appropriate, individualized in-state ~~provider is~~ services are not available or cannot be developed for the child for up to 100% of the cost of an out-of-state provider for which application is being made or would be made on behalf of the child; and

(b) the placement of the child is approved by the committee established in 52-2-203(2)(e).

~~(i) a youth in need of care with out-of-state provider has been recommended in accordance with 41-5-527 through 41-4-529 by the appropriate youth placement committee, created pursuant to 41-5-525; or~~

~~(ii) a youth in need of supervision or a delinquent youth does not conflict with an order or judgement of the youth court.~~

~~(2) If a recommendation for the out-of-state placement is received from the youth placement committee, the local agency that applied for placement with an out-of-state provider must have in place a plan developed by the youth placement committee that contains a description of the type and length of services necessary for the child upon the child's return to the state and a description of future services considered necessary for the child.~~

~~(3)(2)~~ After the plan required by (Section 5) is implemented, completed and submitted to the department, the department shall draft rules implementing the plan. Placement of a children with multiagency service needs with an out-of-state provider may be approved by the department only if the child is placed in accordance with the terms of rules implementing the plan.

NEW SECTION. Section 7. Department to use requests for proposals from in-state providers. (1) The department shall may:

(a) ~~continuously group children with multiagency service needs placed with out of state providers into categories according to the type of treatment received by the children~~ issue requests for proposals for in-state providers to provide services for children with multi-agency service needs as funding permits;
and

(b) ~~notify in-state providers of the number of children in each category, the types of treatment being received by the children, and the cost to the state of the treatment provided;~~

(c) ~~request from in-state providers proposals for the care and treatment of those children placed with out of state providers.~~ use the request for proposal process to solicit in-state providers. If there is no appropriate in-state response to a request for proposal under this section, alternative resources may be sought.

(2) ~~In-state providers wishing to be considered by the department as a source of services shall send to the department in a form and at a time determined by the department a written proposal for the services necessary for the child. The department shall determine whether to award the placement of the child to an in-state provider responding with a written proposal or to continue the placement with the out-of-state provider. In making the determination, the department shall consider the geographic location of the current and proposed service in relation to the needs of the child. An existing or proposed service, whether in-state or out-of-state, closes to the geographic needs of the child must be given preference by the department in making a placement under this section. A decision by the department not to place a child with with multiagency service needs with a particular provider is not subject to a contested case procedure.~~

NEW SECTION. Section 8. Rulemaking. The department shall adopt rules necessary to implement (Sections 1 through 7). The

rules must be adopted in cooperation with the committee established in (Section 3).

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HB 632

NEW SECTION. Section 9. Codification instruction. (Sections 1 through 8) are intended to be codified as an integral part of Title 52, Chapter 2, and the provisions of Title 52, chapter 2, apply to (Sections 1 through 8).

NEW SECTION. Section 10. Separation. Should any part of this law be declared unconstitutional, the remaining parts shall continue in force.

EXHIBIT _____
DATE 3/5/93
HB 549

Office of the Secretary of State
Mike Cooney

Background
Proposal to Change Funding Structure
House Bill 549

Prepared for Presentation

To:
1993 Legislative Session

Prepared February, 1993

The role of the Secretary of State's office is unique with dual roles, first as a government agency that has been delegated custodial responsibilities for records filing, storage and maintenance of public records. Secondly, the office is an enterprise that has services that it delivers and sells to customers. We believe that this second aspect of our operations have long been undervalued and overshadowed. Our current financial structure places far too much importance on our being a governmental body and not enough emphasis is given to meeting customer (taxpayer) needs. Our proposal as contained in HB549 reprioritizes the emphasis on each of our roles. This proposal recognizes product/service responsibilities and the changing technological needs and requirements of our customers. The proposal does not diminish legislative review or controls of our operations.

The benefits inherent in the flexibility of our proposal would be very advantageous to the state. We believe management of our office will be more businesslike and efficient which will provide for long term cost savings as well as provide for better and additional customer services. House Bill 549 is the outcome of the Secretary of State's office presentation of a proposal, to the General Government and Transportation Appropriations Subcommittee, to change the configuration of the Agency's accounting records in order to "reinvent-enhance" the operations of the Agency into a more businesslike operating mode as well as bringing the structure into compliance with accounting principles. As illustrated to the subcommittee the Secretary of State's office requires no tax revenues to fund its operations. The office generates revenues in excess of operating costs from fees for services to office customers. House Bill 549 recognizes the "enterprise" nature of the Secretary's office and facilitates a more appropriate fund structure.

In recognition of concerns raised during early discussions over our proposal by staff from the Legislative Fiscal Analyst's office we scheduled meetings with Department of Administration Accounting Bureau personnel. During these meetings we discussed the legislative mandates that require state accounting to be in accordance with GAAP and specifically addressed the needs to comply with the following principles contained in the Montana Operations Manual.

Governmental Accounting Standards (GASB) is the authoritative source on the application of general accepted accounting principles (GAAP) to state governments. GASB recognizes the need to segregate governmental accounting into funds types. This system of organizing accounting activity includes the following groupings of funds:

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DATE 3/5/93
HB 549

Governmental Funds:

General Fund (a/e 01100)
Special Revenue Funds (a/e 02XXX & 03XXX)
Debt Service Funds (a/e 04XXX)
Capital Project Funds (a/e 05XXX)

Proprietary Funds:

Enterprise Funds (a/e 060XX)

GASB has the following definition for enterprise funds -
To account for operations (a) financed and operated similar to private business enterprises, where the intent of the Legislature is that costs are to be financed or recovered through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

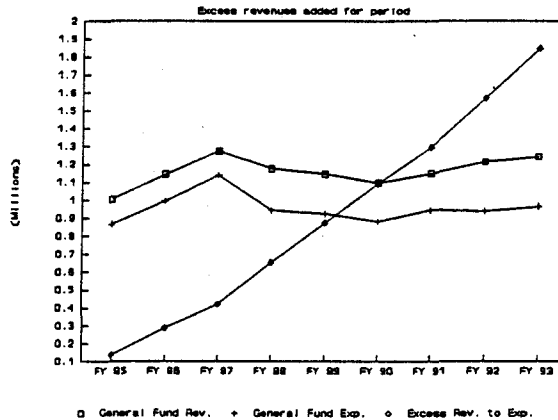
Internal Service Funds (a/e 065XX)

GASB defined - To account for the financing of foods and services provided by one department of agency to other departments, agencies or other governmental entities on a cost-reimbursement basis.

The office of the Secretary of State has historically been funded from the state's general fund or from state special revenue funds. With the addition of the Records Management Program the office acquired a proprietary/internal service funded operation. Prior legislative actions have demonstrated the intent to segregate agency operations into self supporting components, striving to associate specific costs with revenues. Existing legislative language requires that the office establish fees for services to be commensurate with costs. This user fee structure system has the support of the business and government community that utilize services. Based upon this information agency staff as well as Administration accounting staff agreed that the office's current budget/accounting structure does not observe the accounting principles and definitions as defined by GASB.

During the current fiscal year almost two thirds of the total operating expenditures for this office will come from the general fund. Correspondingly 12% will come from state special revenue funds and 23% from proprietary funds. The office sets and collects fees based upon the most accurate projections of cost and budget information available. The current fund classification has led to legislative actions that have reduced and withdrawn authority which has postponed or even entirely eliminated expenditures which were part of the cost projection base as well as the revenue projection base. The following table graphically presents the excess amount of funds that this office has collected from customers that have not been reinvested in customer service activities.

General Fund Revenues to Expenditures



As demonstrated in the previous graph between 1985 and fiscal year end 1993 an excess of over \$1.8 million will be collected in fees for services but not be reinvested in customer related transactions. During each year of this cycle cash receipts collected exceeded cash outlays but no recognition was made in the accounting system of equipment depreciation or obsolescence. As in any sound business system a portion of current excess receipts is assignable to equipment and technology replacement costs and is thereby reserved to update these items. This in the long run saves money while providing a platform for generating additional revenues and allowing the office to adjust its operations to provide the services that its customers require. HB 549 would accomplish this task and facilitate the revision of existing organizational structures and duties as well as allowing fiscal and managerial policies that would be more reflective of an operation that is primarily a proprietary fund operation.

As previously noted, our discussions with Administration accounting personnel centered around the need to revise our current fund structure and bring it into compliance with GAAP. Our initial proposal was to combine all activities of this agency within a single accounting entity within the proprietary fund category as an enterprise fund. We based this proposal upon the presumption that the preponderance of activities conducted by the Secretary of State's office was contained in the definition of an enterprise fund and that this method provided the most expeditious accounting/financial treatment. We tried to remain cognizant of the need to

EXHIBIT 1
DATE 7/5/93
HB 549

continue support for all aspects of the organization.

Administration personnel were very helpful in evaluating GAAP issues and because of their perspective of examining the funding issue from a statewide basis we revised our earlier proposal to segregate activities into three fund types. Beginning the 1994-95 biennium funding for the Secretary of State's office would be comprised of 4.3% general funds, no state special revenue funds, 66.9% enterprise funds and 28.8% internal service funds. This proposal limits the amount of general fund support for the office to activities connected with legislative and legal functions only. Administration personnel were resolute in their opinion that these activities not be included in our proprietary fund classification where all other functions will be appropriated and where fees are collected.

Under this proposal accounting entries will be made to transfer initial working cash to provide for day to day needs during July of 1993 as well as requiring the transfer of funds for receipts that occurred in 1993 that belong to revenue transactions in 1994. These funds are not earned and thereby represent liabilities to the office. In addition all fixed assets of the agency would be transferred to a proprietary fund classification.

Accounting Entries

1993 Est. Property Held in Trust	\$ 60,145.95
1993 Est. Deferred Revenue	53,200.00
1993 Est. Accrued Expenditures	7,131.72
July 1993 Working Capital	175,200.00
1993 Estimated Year End Payroll Accrual	<u>35,000.00</u>
Total Liabilities	\$330,677.67

Under our proposal interest earnings would remain with the proprietary funds with the Secretary of State being assigned the responsibility of maximizing interest earnings to the enterprise fund by investing excess cash in STIP. After the end of each fiscal year an analysis of future needs would be done and presented to LFA. Funds in excess of working capital and reserves would be transferred to the General Fund. The attached fiscal note form has been adjusted to reflect Subcommittee budgetary actions and the loss of revenues due to the reduction in fte.

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB 549 (revised)

DESCRIPTION OF PROPOSED LEGISLATION: AN ACT CLARIFYING THE USE OF CERTAIN FEES BY THE SECRETARY OF STATE.

- ASSUMPTIONS:
1. Secretary of State will transfer excess fund balances to General Fund.
 2. General Fixed Assets will be transferred to proprietary funds.
 3. Approximate costs include estimate for impact of SWCAP type costs.

FISCAL IMPACT:

Expenditures: Secretary of State (General Fund)

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
General Fund						
FTE	21.25	1.25	(20.00)	21.25	1.25	(20.00)
Personal Services	532,611	32,510	(500,101)	533,966	32,581	(501,385)
Operating Expenses	346,952	20,372	(326,580)	365,782	40,303	(325,479)
Equipment	68,427	4,018	(64,409)	7,057	414	(6,643)
Total	947,990	56,900	(891,090)	906,805	73,298	(833,507)
State Special Revenue Fund						
FTE	3.25	0.00	(3.25)	3.25	0.00	(3.25)
Personal Services	98,355	0.00	(98,355)	98,474	0.00	(98,474)
Operating Expenses	113,875	0.00	(113,875)	100,104	0.00	(100,104)
Equipment	1,457	0.00	(1,457)	1,600	0.00	(1,600)
Total	213,687	0.00	(213,687)	200,178	0.00	(200,178)
Enterprise Fund						
FTE	0.00	22.00	22.00	0.00	22.00	22.00
Personal Services	0.00	565,765	565,765	0.00	567,132	567,132
Operating Expenses	0.00	402,606	402,606	0.00	392,314	392,314
Equipment	0.00	65,382	65,382	0.00	7,711	7,711
Total	0.00	1,033,753	1,033,753	0.00	967,157	967,157
Internal Service Fund						
FTE	8.80	10.05	1.25	8.80	10.05	1.25
Personal Services	224,733	257,463	32,690	225,353	258,080	32,727
Operating Expenses	117,939	155,788	37,849	116,945	150,214	33,269
Equipment	22,395	22,879	484	23,755	24,287	532
Total	365,107	436,131	71,024	366,053	432,581	66,528
Total Agency						
FTE	33.30	33.30	0.00	33.30	33.30	0.00
Personal Services	855,739	855,739	0.00	857,793	857,793	0.00
Operating Expenses	578,766	578,766	0.00	582,831	582,831	0.00
Equipment	92,279	92,279	0.00	32,412	32,412	0.00
Total	1,526,784	1,526,784	0.00	1,473,036	1,473,036	0.00

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Revenues:						
General Fund	1,182,000	0.00	(1,182,000)	1,182,000	0.00	(1,182,000)
State Special Revenue Fund	210,000	0.00	(210,000)	210,000	0.00	(210,000)
Enterprise Fund	0	1,280,000	1,280,000	0	1,280,000	1,280,000
Internal Service Fund	360,000	472,000	112,000	360,000	472,000	112,000
Total Revenues	1,752,000	1,752,000	0	1,752,000	1,752,000	0

Revenues decreased over previous fiscal note submission due to loss of fte.

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Net Impact:						
Proprietary Fund Transfer Estimate	000	175,200	175,200	000	000	000
Est. Excess Fund Bal.	000	106,916	106,916	000	352,262	352,262
Net effect on General Fund	234,010	50,016	(183,994)	275,195	278,964	3,769

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

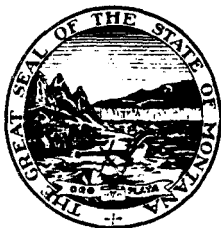
None

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

General fund expenditure/revenue impact above will be reflected in corresponding expenditure/revenue effects to proprietary account. Impact of funding change results in one year reduction of general fund resources, each year thereafter are resource neutral, improved operational basis resulting from funding mechanism change to more business like nature will result in long term operational and revenue enhancements.

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Sponsor name here, PRIMARY SPONSOR DATE
Fiscal Note for _____ as introduced



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

TERESA OLCOTT COHEA
LEGISLATIVE FISCAL ANALYST

March 3, 1993

EXHIBIT 1
DATE 3/5/93
HB 500

Representative John Mercer, Speaker
Montana House of Representatives
Helena, MT 59620

Dear Representative Mercer:

The following table provides information you requested concerning the amount of supplemental appropriations for the last four biennia. Included in these totals are supplementals approved during regular and special sessions.

Supplementals 1985 to 1993 Biennia			
<u>Biennia</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
1993	\$81,970,171*	\$57,871,069*	\$139,841,240*
1991	20,446,383	66,032,539	86,478,922
1989	17,057,841	2,483,492	19,541,333
1987	32,725,747	26,483,743	59,209,490
1985	7,574,613	1,560,571	9,135,184
TOTALS	\$159,774,755	\$154,431,414	\$314,206,169

*Includes HB3 supplementals as approved by subcommittees

Included in the 1993 biennium totals is \$29.2 million of general fund that was appropriated to the school equalization account to offset revenue shortfalls. Approximately \$19.1 million of that amount will revert to the general fund.

If I can be of further assistance, please call.

Sincerely,

Roger Lloyd
Associate Fiscal Analyst



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
408/444-2986

TERESA OLCOTT COHEA
LEGISLATIVE FISCAL ANALYST

March 4, 1993

EXHIBIT 1
DATE 3/5/93
HB 501

Representative John Mercer, Speaker
House of Representatives
Helena, MT 59620

Dear Representative Mercer:

In response to your request of March 3, I have prepared the following information.

Table 1 (attached) shows the difference between the LFA current levels for the 1993 and 1995 biennium (general fund and school equalization account). Pages Summary 126 through 134 in the Budget Analysis, 1995 Biennium provide details on how the current level budgets for both biennia were calculated.

The major differences in the current level budgets for the two biennia are:

1) \$87.3 million in state agency budgets (\$64.9 million when supplementals are considered). Table 2 provides further detail on key components in the increase.

2) \$37.4 million increase in school foundation costs due to anticipated increased enrollment.

3) \$3.9 million increased statutory appropriations, due to the formulas provided in statute.

Table 2 (attached) shows the key components of the increase in state agencies' general fund budgets. This table totals to more than the \$87.3 million difference for state agencies shown in Table 1 because the many minor offsetting adjustments made to current level budgets are not itemized. These adjustments are discussed in depth in sections A through E of the Budget Analysis.

The key components of the increase in state agency current level budgets are:

1) pay plan annualization.

The 1991 Legislature structured the 1993 biennium pay increase for state employees in three increments: 1) a raise in fiscal 1992 (60 cents per hour plus a market adjustment); and 2) two raises in fiscal 1993 (25 cents per hour and a market adjustment in the first half of fiscal 1993 and an additional 20 cents per hour in the second half of the fiscal year). The salary level and the end of fiscal 1993 becomes the base for the 1995 biennium.

Continuing the final fiscal 1993 salaries in the 1995 biennium will cost agencies \$11.0 million more general fund than in the 1993 biennium. These salary levels are established by law for classified employees.

2) workers compensation increases.

During the 1993 biennium, the State Fund raised premiums an average of 28 percent in fiscal 1992 and 26 percent in fiscal 1993. The rate increase for some occupations--such as workers in state institutions--was even higher than this average.

The impact of these rate increases on state agencies has been substantial. Based on State Fund estimates, agencies requested \$4.3 million in fiscal 1994 and \$6.1 million ^(total funds) in fiscal 1995 more for workers' compensation premium costs that was budgeted in fiscal 1993. These requests do not reflect the 5 percent mid-year increase imposed in fiscal 1993 and likely to be imposed again during the 1995 biennium.

3) PERS contribution increase. The 1991 legislature increased state agency contributions for retirement from 6.55 percent to 6.7 percent, effective in fiscal 1994.

4) vacancy savings. This is an estimate, since fiscal 1993 is not yet complete. The estimate is based on the following: a) during the 1991 regular session, the legislature imposed \$8.9 million of vacancy savings in general fund positions; and 2) over \$1.0 million of additional vacancy savings was imposed during the two subsequent special sessions. (In addition, the legislature imposed general budget reductions which many agencies met through vacancy savings.) At the direction of the Legislative Finance Committee, LFA staff included full funding for all authorized positions in the 1995 biennium current level budget.

5) inflation. Since inflation is not separately funded, I cannot isolate the general fund cost of the inflation factors included in the LFA current level. However, as detailed on pages Summary 132-3, inflation factors were applied to a limited number of expenditure items and deflation factors were applied to several significant expenditure items (computer processing, long distance telephone, motor pool, water and sewage rates). As a result, the growth in general fund budgets due to inflationary adjustments in operating costs is not a major factor.

6) human service benefits. These benefit increases are to fund programs authorized by the 1991 legislature. The estimates for SRS were prepared jointly by OBPP, SRS, and LFA staff prior to the session and do not reflect SRS's recent upward revision.

7) university system. Continuing the formulas and factors used by the 1991 legislature in setting university system budgets for the 1995 biennium increased general fund costs by a net \$6.5 million.

Please call if I can provide anything further.

Sincerely,



Teresa Olcott Cohea
Legislative Fiscal Analyst

EXHIBIT 1
DATE 3/5/93
HB 501

TOC3J:lt:rm3-4.ltr

Table 2

COMPARISON OF STATE AGENCY COSTS

1993 and 1995 Biennium LFA Current Level

(General Fund - Millions)

Personal Services		\$30.4
Pay Plan Annualization	\$11.0	
Workers' Compensation	8.5	
PERS Contribution Increase	0.9	
Vacancy Savings	10.0	
Operating Inflation	Unknown	
Human Service Benefits		53.3
SRS	44.6	
DFS	8.7	
University System		<u>6.5</u>
TOTAL		\$90.2

Table 1

EXHIBIT

DATE

HB

Dollar
Change

3/15/92
501

	Current Level 93 Biennium	Current Level 95 Biennium	Dollar Change
General Appropriations			
General Act Plus Pay Plan	\$939.209	\$1,026.459	\$87.250
Supplementals	<u>22.330</u>	<u>0.000</u>	<u>(22.330)</u>
Sub-Total	\$961.539	\$1,026.459	\$64.920
Other Appropriations			
Governor Elect	0.050	0.000	(0.050)
Feed Bill	<u>5.425</u>	<u>5.000</u>	<u>(0.425)</u>
Sub-Total	\$5.475	\$5.000	(\$0.475)
Statutory Appropriations			
Public Schools (K-12)	802.323	839.723	37.400
Property Tax Reimbursement	38.431	39.846	1.415
Debt Service	24.314	25.728	1.414
TRANS Interest	6.464	Unknown	(6.464)
Retirement	<u>6.700</u>	<u>7.814</u>	<u>1.114</u>
Sub-Total	\$878.232	\$913.111	\$34.879
Reversions	(\$7.305)	(\$7.305)	\$0.000
Totals	\$1,837.941	\$1,937.265	\$99.324

EXHIBIT 1
DATE 3/5/93
HB 647

Section 15

THERE IS A GENERAL FUND SPENDING LIMIT FOR STATE GOVERNMENT. THE LEGISLATURE MAY NOT APPROPRIATE OR OTHERWISE AUTHORIZE THE DISBURSEMENT OF MORE THAN 97% OF THE AVERAGE OF THE TOTAL SUMS OF REVENUES , FROM OTHER FINANCING SOURCES AND ENDING FUND BALANCES FROM THE PREVIOUS TWO BIENNIUMS UNLESS THE EXCESS APPROPRIATION IS AUTHORIZED BY TWO THIRDS VOTE OF EACH HOUSE OF THE LEGISLATURE. THE REMAINING REVENUE SHALL BE USED TO CREATE ENDING FUND BALANCES OR TO BE DEPOSITED IN AN ACCOUNT TO BE USED IN THE EVENT OF A REVENUE SHORTFALL.

House Bill 609
Amendments

Statement of Intent, page 1, line 24

Following: "~~general~~" "~~bill~~"

Insert: "~~Rules for inspections of premises, records, etc,~~
~~currently published as department of revenue rules, such~~
~~as ARM 42.12.207 and 42.13.103 will become department of~~
~~justice rules. Any amendments later adopted by the~~
~~department of justice must conform to constitutional~~
~~standards for administrative search and seizure as~~
~~applied to businesses in general. If the attorney~~
~~general assigns the investigative positions to the~~
~~gambling control division, he should create a distinct~~
~~program dealing with those types of alcoholic beverage~~
~~licenses not associated with gaming licenses.~~"

~~The department of justice is to limit its rulemaking to~~
~~investigative procedures and to accept the substantive~~
~~rules and other interpretations of the Montana Alcoholic~~
~~Beverage Code issued by the department of revenue. The~~
~~pending compilation by the liquor division of rulings,~~
~~official legal opinions, and interpretations should be~~
~~completed and published as soon as possible, and is to be~~
~~consulted by department of justice personnel in all~~
~~issues of substantive interpretation.~~

Page 10, lines 18-19

Following: "department"

Strike: "and the department of justice"

Page 33, lines 5-6

Following: "implement"

Strike: "[this act]."

Insert: "[sections 17 through 24]."

THE INVESTIGATIVE FUNCTIONS FOR WHICH RULEMAKING MAY BE DONE ARE LIMITED TO THE FACT-FINDING RESPONSIBILITIES OF INVESTIGATORS AND THE SEARCH AND SEIZURE FUNCTIONS ASSOCIATED WITH ILLEGALLY STORED OR TRANSPORTED ALCOHOLIC BEVERAGES OR TOBACCO PRODUCTS.

EXHIBIT
DATE 7/5/93
HB 609

Amendments to House Bill No. 609
Introduced Copy

EXHIBIT 1
DATE 3/5/93
HB 609

Requested by House Appropriations Committee

Prepared by Roger Lloyd
March 5, 1993

1. Page 1, line 24.

Following: "bill."

Insert: "The investigative functions that rulemaking may address are limited to the factfinding responsibilities of investigators and the search and seizure functions associated with illegally stored or transported alcoholic beverages or tobacco products."

2. Page 10, lines 18 and 19.

Following: "department"

Strike: "and the department of justice"

3. Page 33, lines 5 and 6.

Following: "implement"

Strike: "[this act]"

Insert: "[sections 17 through 24]"

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 609 NUMBER _____

MOTION: Rep. Wanzenried moved to adopt amendments proposed by Roger Tipy, Exhibit 1. Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ, FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 609 NUMBER _____

MOTION: Rep. Fisher moved HB 609 DO PASS AS AMENDED.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGEI		
REP. JOHN COBB REP. ROGER DEBRUYKER		
REP. MARJ. FISHER		
REP. JOHN JOHNSON		
REP. ROYAL JOHNSON		
REP. MIKE KADAS		
REP. BETTY LOU KASTEN		
REP. WM. RED MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 609 NUMBER _____

MOTION: Rep. Wiseman made a substitute motion to Table HB 609

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGEI		
REP. JOHN COBB		
REP. ROGER DEBRUYKER		
REP. MARJ. FISHER		
REP. JOHN JOHNSON		
REP. ROYAL JOHNSON		
REP. MIKE KADAS		
REP. BETTY LOU KASTEN		
REP. WM. RED MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 609 NUMBER _____

MOTION: Rep. Grady moved HB 609 pass for the day.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGEI		
REP. JOHN COBB		
REP. ROGER DEBRUYKER		
REP. MARJ. FISHER		
REP. JOHN JOHNSON		
REP. ROYAL JOHNSON		
REP. MIKE KADAS		
REP. BETTY LOU KASTEN		
REP. WM. RED MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 609 NUMBER _____

MOTION: Rep. Wiseman withdrew his motion and moved to pass HB 609
for the day only. Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILLICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 632 NUMBER _____

MOTION: Rep. Menahan moved HB 632 (Gray Bill) DO PASS AS AMENDED.

Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 500 NUMBER _____

MOTION: Rep. DeBruycker moved HB 500 DO PASS.

Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 653 NUMBER _____

MOTION: Rep. Grady moved to table HB 653

Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	x	
REP. FRANCIS BARDANOUVE		x
REP. ERNEST BERGSAGEI	x	
REP. JOHN COBB	x	
REP. ROGER DEBRUYKER	x	
REP. MARJ. FISHER		
REP. JOHN JOHNSON	x	
REP. ROYAL JOHNSON		x
REP. MIKE KADAS	x	
REP. BETTY LOU KASTEN	x	
REP. WM. RED MENAHAN	x	
REP. LINDA NELSON	x	
REP. RAY PECK	x	
REP. MARY LOU PETERSON	x	
REP. JOE QUILICI	x	
REP. DAVE WANZENREID		x
REP. BILL WISEMAN	x	
REP. TOM ZOOK, CHAIR	x	
	14	3

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 618 NUMBER _____

MOTION: Rep. Peck moved to Table HB 618.

Motion carried 17 - 1

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN		X
REP. TOM ZOOK, CHAIR	X	
	17	1

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 642 NUMBER

MOTION: Rep. Menahan moved HB 642 DO PASS. Rep. Menahan
withdrew the motion

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGEI		
REP. JOHN COBB		
REP. ROGER DEBRUYKER		
REP. MARJ. FISHER		
REP. JOHN JOHNSON		
REP. ROYAL JOHNSON		
REP. MIKE KADAS		
REP. BETTY LOU KASTEN		
REP. WM. RED MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 78 NUMBER _____

MOTION: Rep. Cobb moved to Table HB 78

Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILLICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 19 NUMBER _____

MOTION: Rep. Royal Johnson moved HB 19 DO PASS.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGEI		
REP. JOHN COBB		
REP. ROGER DEBRUYKER		
REP. MARJ. FISHER		
REP. JOHN JOHNSON		
REP. ROYAL JOHNSON		
REP. MIKE KADAS		
REP. BETTY LOU KASTEN		
REP. WM. RED MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 19 NUMBER _____

MOTION: Rep. Peck made a substitute motion to amend HB 19 to \$10,000 per biennium. Motion carried 17 - 1

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN		X
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	17	1

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 19 NUMBER _____

MOTION: Rep. Royal Johnson moved HB 19 DO PASS AS AMENDED.

Motion carried 15 - 3

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER		X
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN		X
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON		X
REP. JOE QUILLICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	15	3

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/5/93 BILL NO. HB 646 NUMBER _____

MOTION: Rep. Bardanouve moved HB 646 DO PASS.

Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILLICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0

**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

Appropriations

COMMITTEE

BILL NO. _____

DATE 3/5/93

SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<i>[Signature]</i>	NCHS	HB 632	
R. C. Coughran	DOR	HB 609	
Diana Koon	MDOR	HB609	
<i>[Signature]</i>	MIT Conf Elect Wkus	✓ HB549	
DENNIS M. TAYLOR	JUSTICE	HB609	
Robert Runkel	OPR	HB 632	
Bob Oskeman	School Asts & Puffe		
William D'Alon	U of M Law School		
Roger Tippy	Mt Beer & Wine Wholesales Assoc.	HB609 (amd.)	
Mike Lavin	Gov's office	HB609	
LARRY AREY	COIN OPERATOR'S ASSOCIATION	HB609	

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

