

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - SPECIAL SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on December 15, 1993, at 9:15 a.m.

ROLL CALL

Members Present:

Sen. Judy Jacobson, Chair (D)
Sen. Eve Franklin, Vice Chair (D)
Sen. Gary Aklestad (R)
Sen. Tom Beck (R)
Sen. Don Bianchi (D)
Sen. Chris Christiaens (D)
Sen. Gerry Devlin (R)
Sen. Gary Forrester (D)
Sen. Harry Fritz (D)
Sen. Ethel Harding (R)
Sen. Bob Hockett (D)
Sen. Greg Jergeson (D)
Sen. Tom Keating (R)
Sen. J.D. Lynch (D)
Sen. Chuck Swysgood (R)
Sen. Daryl Toews (R)
Sen. Larry Tveit (R)
Sen. Eleanor Vaughn (D)
Sen. Cecil Weeding (D)

Members Excused: Senator Waterman

Members Absent: None

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: HB 38, HJR 4
Executive Action: HB 7, HB 38, HJR 4, HB 34

Chair Jacobson informed the committee that Dave Lewis, Office of Budget and Program Planning, and Nancy Griffith, Department of Administration, were going to discuss fund balance with the committee.

Dave Lewis, Budget Director, said during budget preparation they became aware that the Department of Administration felt they would have to reserve \$5 million of the general fund balance to cover long term loans. The big issue with medicaid and highway contract reimbursements is the bills have to be paid and then the state waits for their share of reimbursement from the federal government. The general fund has been used to cover the cash flow for those issues. Another problem they tried to solve is that currently the Board of Investments backs the TRANS issues by signing an agreement to buy registered warrants when the TRANS cannot be repaid so that note holders have a secondary credit enhancement. They know if the general fund is empty, they will get paid June 30th because the Board of Investments has agreed to step in, although the Board would prefer not doing that. HB 48 was put together allowing the Department of Administration to borrow cash against the coal trust in order to deal with TRANS and the issue regarding reserving portions of the general fund balance. There was concern in the House of Representatives regarding the coal trust that there could be a "backdoor raid". The budget office then discussed with Ms. Griffith of the Department of Administration other options dealing with the cash flow issue and what turned out to be a \$17 million problem concerning the general fund.

Connie Griffith, Administrator of Accounting Division, Department of Administration, distributed to the committee a sheet relative to Fund Balance (Exhibit 1), and explained the document to the committee. She said what was being proposed with HB 48 was eliminating long term loans in the general fund which could not be done with the bill. They then looked at what could be done administratively to eliminate long term loans. The problem created by the cash management improvement act and the federal government reimbursing late is that agencies end up in a negative cash position on the accounting system. The money is there but is not in the accounting system because the warrants are deducted from that system. Agencies cannot issue more warrants when they are in a negative cash position which puts them in a bad position. Statute requires only being in a negative cash position for seven days. They are allowing agencies with federal reimbursement to have a negative indicator on those accounting entities and to go negative in cash and still issue warrants, knowing they are covered and will be reimbursed in a few days, thereby reducing their need for a long term loan. The other part is to use loans payable rather than cash for accounts operating on a reimbursement basis. Both methods end up using essentially treasury cash to cover long term loan needs and ongoing cash needs, knowing they will be reimbursed by the federal government within a few days. This administratively eliminates the need for long term loans which does not affect total fund balance but decreases the reserved fund balance, bringing it back to the unreserved fund balance and increasing that balance by the \$17 million.

Senator Jacobson questioned if the \$17 million being looked at

would reduce the reserved fund balance by a like amount.

Ms. Griffith said yes, when long term loans are issued, cash is decreased and receivables are increased with the net effect on fund balance being zero. When long term loans are eliminated, cash is increased and receivables are decreased. The net effect on fund balance is zero but there is no longer anything to reserve for in the general fund. It can be kept in the unreserved fund balance.

Senator Keating questioned if they are writing checks on anticipated deposits.

Ms. Griffith said they are administratively changing the ability of those funds to have negative cash and still issuing warrants for seven days.

Senator Keating said warrants payable are similar to a postdated check, that is issuing warrants that will be good in two or three days.

Ms. Griffith said it is saying instead of going directly to cash which has not been used at that point that it is warrants payable. When the warrants clear the bank, they will go against the warrants payable.

When questioned by Senator Weeding, Ms. Griffith said they have already gone through each account and established check clearance patterns which are monitored on a quarterly basis to be fairly sure how they are going to clear. The only time this may be dealt with is at fiscal year end when all accounts have to be in a positive cash position, and there may have to be a short term loan over that period.

Senator Hockett questioned costs incurred in terms of interest lost.

Ms. Griffith said the general fund retains the interest on those accounts.

Senator Swysgood said in his opinion they are playing the float with an element of risk involved.

Ms. Griffith said she did not think they were playing the float. It is being limited to certain accounts. They know there will be reimbursement because the process is there. She concluded that she had no concerns with the risks.

Senator Swysgood questioned what would happen if the federal government argued about their budget bill at the end of the fiscal year and the only money was emergency budget spending authority.

Ms. Griffith said they had arrangements with the federal

government. She noted there are only approximately eight programs involved with this particular act. While she could not state what they would do regarding medicaid, they have never not provided for medicaid. The amount being looked at is only a portion of what they expend. She added that in the scenario of the federal government, the amount of \$17 to \$18 million is a small amount. She noted funds are available to take care of that and if they had not borrowed long term, they could be loaned the money short term until the federal government paid it back in approximately six weeks. The federal government pays interest on that situation when the funds are not available.

Ms. Griffith added that in playing the float as described by Senator Swysgood, they are doing that in a way, but many factors changed with CMIA. In their accounting system, if the warrants are taken out, the money is still there until the warrants clear the bank. She felt there would not be a problem with that.

Chair Jacobson said it was her intention to allow the Senate Finance and Claims committee to understand what is happening in place of HB 48.

HEARING ON HB 38

Opening Statement by Sponsor:

Representative Hal Harper, House District 44, Helena, sponsor, said HB 38 deals with the correct way to reorganize the legislative branch of government in response to citizen concerns. It would be done in such a way as to not only improve services to legislators and to the public, but allowing it to contain costs and possibly reduce them in the future. The type of structural change will allow the legislature to consolidate and use resources to the maximum benefit possible. It allows for processes currently going on in the legislative branch in which significant strides have been made such as staff sharing and consolidation of functions. HB 38 aims at personnel functions and addresses administration, accounting, et cetera, as well as further coordination of places found to be beneficial. He said in his opinion, previous reorganization bills centralized power in the hands of a few people, and added there is a need to balance the power of an umbrella agency or a central agency with independence of each separate committee and each branch of government. HB 38 would change the composition of the legislative council, and requires in large part that the council be composed of elected legislature leadership. He noted the bill was amended in the House so that the Speaker of the House and President of the Senate did not absolutely have to serve on the committee. The majority leader would still be on the committee. It will provide that positions must be representative of leadership to accomplish the goal. They will meet with department heads, going over recommendations and arriving at a decision. Proposals would be presented to each body and since

the decisions have to be bipartisan in order to gain approval, they will be favorably received by the legislative committees. There will be an agreed on process with better utilization of resources. He concluded that it would eliminate the need for radical, centralized changes in power that upset the balance.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Lynch stated that the legislative council has duties and obligations far exceeding this and that leadership should not make up this committee.

Rep. Harper said he understands the committee has a number of different functions, some of which delve too far into the details of the council. The bill directs that there is no power for them to accomplish anything without agreement of the other agencies involved. There has to be general agreement and the committees have to know they are independent enough to accomplish their mission. Although not totally composed of leadership, there needs to be some leadership for the committee to have clout or persuasion power. If the committee decides they do not need the leadership, the provision can be changed. People would be appointed to the council the same way, but there could be recommendations that certain positions or functions be combined for efficiency and cost saving reasons. He concluded that the legislative council would have a different relationship to the other committees.

When questioned by Senator Lynch regarding salary recommendations of officials, Rep. Harper said there would be discussions relative to the auditor, the council and EQC sharing a secretary or possibly consolidating training programs and recordkeeping.

Senator Keating questioned the Consumer Counsel and EQC being part of the legislative branch and added while the legislative auditor has that title, his duty is not dealing with legislation as a legislative branch but the official auditing authority for all of state government. He felt the department was a separate administrative function of government and not an integral part of the legislative branch. He questioned how they could delve into the legislative council, the agency determining the function and path of the legislature.

Rep. Harper said in looking at the broadest organizational charts, the functions have been placed under the legislative branch.

Senator Keating said they have been placed for administrative purposes.

Rep. Harper said these agencies have been sharing technologies and computer planning as well as sharing staff at times. Joint budgeting is also done. He concluded that HB 38 would look at other government branches, suggesting structural changes and not leave the legislators out.

Senator Keating questioned if there was a power imbalance in that the legislature has to do something extraordinary to regain a level of balance in the system.

Rep. Harper said he was not suggesting that the legislative branch has not been doing as much as possible to accomplish the functions. HB 38 would encourage and provide a mechanism to further the coordination.

Senator Aklestad said HB 38 does not get to the real problems within the legislative branch of government because the bill does not have one group that can oversee and manage the legislative entity. He added that except for the makeup of the committee where leadership is being included, the bill is merely a statutory memorandum.

Rep. Harper said it is a strong policy statement and a new method for appointing and making sure leadership will have a hand in running this branch of government as well as a process to accomplish those goals.

Closing by Sponsor:

Rep. Harper closed on HB 38.

HEARING ON HJR 4

Opening Statement by Sponsor:

Representative Larry Grinde, House District 30, sponsor, said the legislative branch of government is being discussed in HJR 4. The resolution deals with looking into cost efficiencies and the savings involved.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Keating questioned whether HB 38 that was just presented is a response to HJR 4.

Rep. Grinde said it was not, that Rep. Harper's bill was in before the introduction of HJR 4. He added they did not work together on these bills.

Senator Fritz questioned what type of plan Rep. Grinde was referring to.

Rep. Grinde said after several meetings with agencies, he did not have a plan which is the reason for the resolution. He added that his interest was in cost savings.

Senator Fritz mentioned something that can be done without a constitutional amendment to save money and improve efficiency would be to reduce the size of the legislature.

Rep. Grinde said in his opinion the power would be consolidated into the metropolitan and not the rural areas.

Senator Devlin questioned the cost of generating extra reports.

Rep. Grinde said they never really got into costs. He felt there was an assumption that the legislative branch was willing to take a look at this.

Regarding a question from Senator Lynch about a limit on bill draft requests, Rep. Grinde said he felt a limit on those requests should be implemented in the legislature and is something that could be looked at.

Senator Jergeson questioned the cost of HJR 4, stating there would probably be a minimum of nine legislators working on this plan with a cost of at least \$2,000.

Rep. Grinde said there would be costs incurred. He added that he would be willing to devote his time to help, but he did not know how other legislators felt.

Closing by Sponsor:

Rep. Grinde closed.

EXECUTIVE ACTION ON HOUSE BILL 7

Discussion: Senator Jacobson referred to amendments prepared (Exhibit 2). She said the fiscal analyst had concern with how their office would handle HB 7. A meeting was held and the

amendments (Exhibit 2) are an agreement reached between the budget office and the fiscal analyst's office that make HB 7 as workable as possible.

Motion/vote: Senator Lynch moved the amendments requested by Senator Jacobson to HB 7 (Exhibit 2). Senator Lynch's motion to amend HB 7 (Exhibit 2) CARRIED unanimously.

Motion: Senator Aklestad moved to amend HB 7 in the Title, page 1, line 9, striking the word "required".

Discussion: Senator Jacobson said she had no objection to striking the word "required" in the Title of HB 7, but having the word "required" in amendment number 10 (Exhibit 2) better explains what is being done.

Vote: Senator Aklestad's motion to amend the Title, striking the word "required", page 1, line 9 CARRIED unanimously.

Motion/vote: Senator Lynch moved that HB 7 AS AMENDED BE CONCURRED IN. Motion CARRIED with Senator Jergeson opposed.

EXECUTIVE ACTION ON HOUSE BILL 38

Motion/Vote: Senator Aklestad moved that HB 38 BE TABLED. Motion CARRIED with Senator Weeding opposed.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 4

Motion/Vote: Senator Aklestad moved that HJR 4 BE TABLED. Motion CARRIED with Senator Weeding opposed.

EXECUTIVE ACTION ON HOUSE BILL 21

Discussion: Chair Jacobson advised the committee that two amendments were being distributed relative to HB 21 (Exhibit 3, Exhibit 4), as well as a document entitled "HB 21 - total distributed costs terminology" (Exhibit 5).

Senator Jacobson said her amendments (Exhibit 3) are changing HB 21 so that the agency is still collecting the money, but the money would go into the general fund instead of a special revenue account. Although the Department is not happy with the amendments, she is concerned that there be a committee set up to look at special revenue accounts and try to reduce them to the smallest number possible. She added there is being set up another fairly large special revenue account and asked Connie

Griffith, Department of Administration, if she would like to comment relative to this.

Connie Griffith, Department of Administration, said her department has done a study of earmarked and proprietary funds, and the problem has come up when it is put in statute that it be a state special revenue fund. There is a purpose for state special revenue funds and they are administratively utilized for accounting of funds having a specific purpose and used if they are monies received for a particular purpose. The purpose of asking for a state special revenue fund is an accountability needing to be done. In the general fund, the agencies are putting their money into that fund and it can be used for any purpose. In the state special revenue fund, they would be required to make sure it is being properly appropriated. There is scrutiny in the budget process and the agencies make sure they are not paying more than their share. She said they are also concerned about the federal side of it. The monies have to be accounted for in the statewide cost allocation plan (SWCAP), and it is better accounted for if shown that it is kept separate and utilized for these purposes and offset against the agencies. There is an incentive on the part of the Department of Administration to make sure the money is collected, and that they are collecting as much of the statewide cost allocation plan as possible. When it is time to establish the base and rates for the next biennium, for any excess collected they have to adjust the agencies and know the amount so their allocation will be adjusted. Also they will revert any unappropriated fund balance to the general fund which can be done administratively.

When Senator Swysgood questioned a state agency being no different than a taxpayer relative to the general fund, Ms. Griffith said that was true.

Senator Keating asked if the Department of Administration had been previously charging these administrative indirect costs to these agencies.

Ms. Griffith said that was correct.

When questioned by Senator Keating how they were funded, Ms. Griffith said they are currently funded 100 percent general fund.

Senator Keating said if they can charge the agencies regardless of their funding source and they are paying a fee for service out of their appropriation, that becomes proprietary funding as a fee for services from the Department of Administration. Then the general fund appropriation can be backed out in lieu of fee for service from whatever account the agency is paying.

Senator Jacobson said it is taking money collected, depositing it into the general fund, and then appropriating it back for services being charged for.

Ms. Griffith said it is revenue in the general fund, and her department gets their appropriation like they always have.

Senator Jacobson said they currently are depositing federal indirect cost monies in the general fund.

In response to a question from Senator Keating, Ms. Griffith said her original proposed plan was to reduce their general fund portion and fund a part of her operations by state special revenue.

Senator Keating questioned why it was being called state special rather than proprietary.

Ms. Griffith said they could have established an internal service fund that would be proprietary, but in proprietary accounting there would be accounting for everything, and they are not accounting for all costs in their operations.

Senator Tveit said it is a mode of \$900,000 collected on fees and users from state agencies and others.

Senator Jacobson said she is concerned about setting up another special revenue account but in many other circumstances when that account is set up, the general fund is backed out which is basically being done now. They are already depositing indirect costs from the federal government into the fund.

When questioned by Senator Tveit regarding the effect on highway funds and other funds, Ms. Griffith said the only problem with using the general fund is there should be one source that everything goes in and out of. If it is set up in a state special revenue fund, for accounting purposes there can be accountability for assets and liabilities and producing separate financial records for this particular money, which would be better for federal accounting and use in developing a cost allocation plan for the federal government. She said she was not at the finance and claims committee meeting because she wanted the money kept in the general fund, but rather for an accounting purpose. Agencies set up state special revenue funds because they are able to account for these items without having to do everything manually on the computer. The general fund is one entity and all money comes in and goes out, but assets and liabilities cannot be kept track of separately for recordkeeping purposes. She added that the federal negotiator wants to see separate accounting records for these and she would not be able to give it to them.

Senator Forrester stated there was no difference in the general fund in that it was just an accounting procedure. He asked Ms. Griffith if they would not have been affected with the state special two years ago when there was the extra half percent cut imposed.

Ms. Griffith said that was true and if they wanted to make sure that the two percent that is being planned right now was included in the cuts, then the funds should be put in the two percent cut. She said state special does not have to be exempted. That is not the problem and she is not concerned whether they are missing the cut or not. She concluded that she is concerned about the accountability on her part.

Motion: Senator Lynch moved that the committee adjourn for the day. Motion FAILED.

Motion: Senator Franklin moved the amendments to HB 21 requested by Senator Jacobson (Exhibit 3).

Senator Keating questioned if the amendment (Exhibit 3) would cause more work for the Department of Administration.

Senator Jacobson said it was not her intent to cause the Department of Administration additional work. She said there are many places where the money goes to the general fund. She felt it would cause them less work by not having to deal with another special revenue fund. They would have to separate who is on special revenue and who is on general fund and the amount of salary going to each fund.

Senator Weeding questioned the intent of the bill.

Senator Jacobson said the intent of HB 21 is a separate thing that they may or may not agree with as to whether there would be collection of nongeneral fund from agencies. She added that her amendment (Exhibit 3) deals with the accounting of this and whether or not there will be a special revenue account or that it will be handled in the general fund as it has been in the past.

Vote: Senator Franklin's motion to AMEND HB 21 with amendments requested by Senator Jacobson (Exhibit 3) CARRIED UNANIMOUSLY.

Motion: Senator Forrester moved his amendment to HB 21 (Exhibit 4).

Discussion: Senator Forrester said the amendment would change the effective date of the bill. Instead of being effective during the current fiscal year, it would be effective at the beginning of the next biennium, fiscal year 1996. He concluded that it affects the ending fund balance.

Senator Devlin said \$1 million would be out of this and it would be into the next biennium.

Vote: Senator Forrester's motion to AMEND (Exhibit 4) FAILED on a roll call vote.

Motion: Senator Lynch moved that HB 21 BE PASSED FOR THE DAY. Motion CARRIED.

EXECUTIVE ACTION ON HOUSE BILL 34

Motion: Senator Aklestad moved that the committee reconsider action taken by on 12/14/93.

Discussion: Senator Aklestad said for the Department of Social and Rehabilitation Services (SRS) to have statutory authority regarding this, HB 34 should be passed. If the special legislative session adjourned and they were not given the statutory authority and the matter later ended up in the courts, additional costs would be incurred by SRS.

Senator Lynch said that Greg Petesch, Legislative Council, felt the authority was already there, and that HB 34 should remain Tabled as it is not necessary.

Senator Jacobson said there has been another memorandum from Mr. Petesch discussing inpatient and outpatient hospital care and he doesn't think it is covered in present statute. If it is not covered, SRS probably will be unable to make that cut and it would have to be made somewhere else. She concluded that she is not comfortable with the action previously taken on HB 34 and would support Senator Aklestad in recommending passage of the bill.

Senator Weeding asked Senator Aklestad if it would be his intent, if the motion to reconsider prevailed, to reintroduce the amendments previously offered for HB 34.

Senator Aklestad said he presently wants to reconsider action, and he then would want to listen to the concerns of Senator Waterman and Peter Blouke.

Vote: Senator Aklestad's motion to RECONSIDER ACTION taken on HB 34 CARRIED with Senator Lynch opposed.

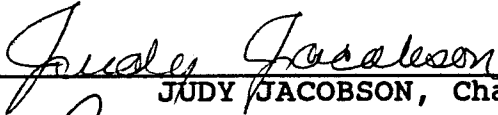
Discussion: Senator Keating questioned if the amendments put on HB 34 when the bill was Tabled are still on HB 34.

Chair Jacobson said the amendments are on HB 34.

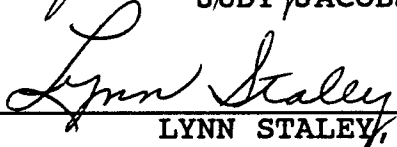
Motion/Vote: Senator Swysgood moved that HB 34 AS AMENDED BE CONCURRED IN (Amendments shown on Exhibit 6). Motion CARRIED with Senators Forrester, Fritz, Lynch opposed.

ADJOURNMENT

Adjournment: 10:55 a.m.



JUDY JACOBSON, Chair



LYNN STALEY, Secretary

JJ/LS

ROLL CALL

SENATE COMMITTEE FINANCE & CLAIMS

DATE 12/15/93

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	✓		
SENATOR FRANKLIN	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK	✓		
SENATOR BIANCHI	✓		
SENATOR CHRISTIAENS	✓		
SENATOR DEVLIN	✓		
SENATOR FORRESTER	✓		
SENATOR FRITZ	✓		
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR JERGESON	✓		
SENATOR KEATING	✓		
SENATOR LYNCH	✓		
SENATOR SWYSGOOD	✓		
SENATOR TOEWS	✓		
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN			✓
SENATOR WEEDING	✓		

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 3
December 15, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 7 (third reading copy -- blue), respectfully report that House Bill No. 7 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Title, lines 6 and 7.

Following: "DEFINITIONS OF" on line 6

Strike: "CURRENT" on line 6 through "FOR" on line 7

Insert: "TERMINOLOGY USED IN STATE"

Strike: "PURPOSES" on line 7

2. Title, line 9.

Strike: "REQUIRED"

3. Page 2, line 16.

Following: "requests,"

Insert: "in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst,"

4. Page 2, line 19.

Following: "documentation."

Insert: "In preparing the executive budget for the next biennium for submission to the legislature, the budget director shall use the base budget, the present law base, and new proposals as defined in 17-7-102."

5. Page 2, lines 21 and 22.

Following: "analyst" on line 21

Insert: ",,"

Following: "basis" on line 22

Insert: "and in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst"

6. Page 2, lines 23 through 25.

Strike: "December 1," on line 23

Insert: "October 10, a preliminary budget reflecting the base budget and, November 1, a present law base for each agency and"

Following: "financing the" on line 24

Insert: "base"

Following: "budget" on line 25

Insert: "and present law base"

W Amd. Coord.
SB Sec. of Senate

Senator Jacobson
Senator Carrying Bill

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7. Page 3, line 1.
Strike: "December 1"
Insert: "November 15"

8. Page 3, line 4.
Strike: "December 3"
Insert: "November 12"

9. Page 3, lines 19 and 20.
Strike: "current" on line 19 through "modified funding level" on
line 20
Insert: "base budget, the present law base, and new proposals"

10. Page 5, following line 8.
Insert: "(5) "Base budget" means that level of funding authorized
by the previous legislature."
Renumber: subsequent subsections

11. Page 5, line 14 through page 6, line 7.
Strike: Subsection (6) in its entirety
Insert: "(7) "Present law base" means that level of funding
required under present law to maintain operations and
services at the level authorized by the previous
legislature, including but not limited to:
(i) changes resulting from legally mandated workload,
caseload, or enrollment increases or decreases;
(ii) changes in funding requirements resulting from
constitutional or statutory schedules or formulas;
(iii) inflationary or deflationary adjustments; and
(iv) elimination of nonrecurring expenses."

12. Page 6, line 19 through page 7, line 9.
Strike: Subsection (9) in its entirety
Renumber: subsequent subsections

13. Page 7, following line 12.
Insert: "(11) "New proposals" means requests to provide new
nonmandated services, to change program services, to
eliminate existing services, or to change sources of
funding. For purposes of establishing the present law base,
the distinction between new proposals and the adjustments to
the base budget to develop the present law base is to be
determined by the existence of constitutional or statutory
requirements for the proposed expenditure. Any proposed
increase or decrease that is not based on those requirements
is considered a new proposal."
Renumber: subsequent subsections

14. Page 8, line 15.

Following: line 14

Insert: NEW SECTION. Section 3. Code commissioner instruction.

Wherever the term "current funding level" or a phrase meaning "current funding level" appears in Title 17, chapter 7, the code commissioner shall change the term or phrase to "base budget" and make the necessary grammatical changes to reflect the change in terminology. Wherever the term "modified funding level" or a phrase meaning "modified funding level" appears in Title 17, chapter 7, the code commissioner shall change the term or phrase to "present law base plus new proposals" and make necessary grammatical changes to reflect the change in terminology.

Renumber: subsequent section

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
December 15, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 34 (third reading copy -- blue), respectfully report that House Bill No. 34 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Title, line 7.

Following: "PROGRAM;"

Insert: "REQUIRING THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO SUBMIT ESTIMATES OF MEDICAID EXPENDITURES TO THE LEGISLATIVE FINANCE COMMITTEE;"

2. Page 6, lines 3 through 11.

Strike: Section 1 in its entirety

Insert: "

NEW SECTION. Section 1. **Submission of estimate to legislative finance committee.** Whenever the department of social and rehabilitation services establishes an estimate of medicaid expenditures for medicaid services, the department shall submit the estimate to the legislative finance committee. The legislative finance committee shall consider the estimate at its next regularly scheduled meeting."

3. Page 9, line 11.

Following: "program."

Insert: "The department is not required to provide all of the services listed in subsections (2) and (3) to persons qualifying for medicaid under the medically needy category of assistance."

4. Page 13, line 13.

Following: "program."

Insert: "The department is not required to provide all of the services listed in subsections (2) and (3) to persons qualifying for medicaid under the medically needy category of assistance."

-END-

M - Amd. Coord.
SB Sec. of Senate

Waterman
Senator Carrying Bill

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TABLED BILL REPORT

SENATE COMMITTEE Finance. Claims

TABLED BILL(S) HB 38, HJR 4

DATE 12/15/93

Lynn Stealy

COMMITTEE SECRETARY

4885

PHONE

303

ROOM

forward

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HB 21

DATE 12/15/93

TIME _____

A.M. P.M.

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD		✓
SENATOR BECK		✓
SENATOR BIANCHI	✓	
SENATOR CHRISTIAENS	✓	
SENATOR DEVLIN		✓
SENATOR FORRESTER	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ	✓	
SENATOR HARDING		✓
SENATOR HOCKETT		✓
SENATOR KEATING		✓
SENATOR LYNCH	✓	
SENATOR TOEWS		✓
SENATOR SWYSGOOD		✓
SENATOR TVEIT		✓
SENATOR VAUGHN		✓
SENATOR WATERMAN <i>absent</i>		
SENATOR WEEDING		✓

Lynn Stealey
SECRETARY

CHAIR

MOTION: *Senator Forrester moved amendment to HB 21 (See exhibit 4)*

Motion Failed

Connie Gifford

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 7
DATE 12/15/93
BILL NO. _____

FUND BALANCE

1. Accounting

Unreserved Fund Balance ←
+ Reserved Fund Balance
= TOTAL FUND BALANCE

2. Budget Process

Unreserved Fund Balance

3. Long-Term Inter-Entity Loans

- * Advances to Other Funds
- * No effect on TOTAL FUND BALANCE
- * DECREASES Unreserved Fund Balance
INCREASES Reserved Fund Balance

4. Eliminate Long-Term Inter-Entity Loans

- * Negative Indicator } Uses Treasury Cash
- * Warrants Payable }
- * No effect on TOTAL FUND BALANCE
- * DECREASES Reserved Fund Balance
INCREASES Unreserved Fund Balance

Amendments to House Bill No. 7
Third Reading Copy

Requested by Senator Jacobson
For the Committee on Senate Finance and Claims

Prepared by Jon Moe
December 13, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 12/15/93
BILL NO. HB 7

1. Title, lines 6 and 7.

Following: "DEFINITIONS OF" on line 6

Strike: "CURRENT" on line 6 through "FOR" on line 7

Insert: "TERMINOLOGY USED IN STATE"

Strike: "PURPOSES" on line 7

2. Page 2, line 16.

Following: "requests,"

Insert: "in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst,"

3. Page 2, line 19.

Following: "documentation."

Insert: "In preparing the executive budget for the next biennium for submission to the legislature, the budget director shall use the base budget, the present law base, and new proposals as defined in 17-7-102."

4. Page 2, lines 21 and 22.

Following: "analyst" on line 21

Insert: ","

Following: "basis" on line 22

Insert: "and in a format agreed upon by both the office of budget and program planning and the legislative fiscal analyst"

5. Page 2, lines 23 through 25.

Strike: "December 1," on line 23

Insert: "October 10, a preliminary budget reflecting the base budget and, November 1, a present law base for each agency and"

Following: "financing the" on line 24

Insert: "base"

Following: "budget" on line 25

Insert: "and present law base"

6. Page 3, line 1.

Strike: "December 1"

Insert: "November 15"

7. Page 3, line 4.

Strike: "December 3"

Insert: "November 12"

8. Page 3, lines 19 and 20.

Strike: "current" on line 19 through "funding level" on line 20

Insert: "base budget, the present law base, and new proposals "

9. Page 5, following line 8.

Insert: "(5) "Base budget" means that level of funding authorized by the previous legislature."

Renumber: subsequent subsections

10. Page 5, line 14 through page 6, line 7.

Strike: Subsection (6) in its entirety

Insert: "(7) "Present law base" means that level of funding required under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

(i) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;

(ii) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

(iii) inflationary or deflationary adjustments; and

(iv) elimination of nonrecurring expenses."

11. Page 6, line 19 through page 7, line 9.

Strike: Subsection (9) in its entirety

Renumber: subsequent subsections

12. Page 7, following line 12.

Insert: "(11) "New proposals" means requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding. For purposes of establishing the present law base, the distinction between new proposals and the adjustments to the base budget to develop the present law base is to be determined by the existence of constitutional or statutory requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those requirements is considered a new proposal."

Renumber: subsequent subsections

13. Page 8, line 15.

Following: line 14

Insert: NEW SECTION. Section 3. Code commissioner instruction. Wherever the term "current funding level" or a phrase meaning "current funding level" appears in Title 17, chapter 7, the code commissioner shall change the term or phrase to "base budget" and make the necessary grammatical changes to reflect the change in terminology. Wherever the term "modified funding level" or a phrase meaning "modified funding level" appears in Title 17, chapter 7, the code commissioner shall change the term or phrase to "present law base plus new proposals" and make necessary grammatical changes to reflect the change in terminology.

Renumber: subsequent section

{ Office of Legislative Fiscal Analyst

444-2986}

Amendments to House Bill No. 21
Third Reading Copy

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

Requested by Senator Jacobson
For the Committee on Senate Finance and Claims

DATE 12/15/93

BILL NO. HB 21

Prepared by Jon Moe
December 14, 1993

Carried

1. Title, lines 10 through 13.
Following: "MANNER;" on line 10
Strike: "ESTABLISHING" through "DEPOSITED;" on line 13
2. Page 2, lines 4 and 5.
Following: "in the" on line 4
Strike: "account" on line 4 through "[section 4]" on line 5
Insert: "general fund"
3. Page 6, line 15.
Strike: "(a)"
4. Page 6, line 18.
Strike: "and by the account established in [section 4]"
5. Page 6, lines 20 through 22.
Strike: lines 20 through 22 in their entirety
6. Page 7, line 2.
Strike: "account established in [section 4]"
Insert: "general fund"
7. Page 7, lines 3 through 16.
Strike: section 4 in its entirety
Renumber: subsequent sections
8. Page 7, line 18.
Strike: "Sections"
Insert: "Section"
Strike: "and 4"
Strike: "are"
Insert: "is"

9. Page 7, line 20.

Strike: "sections"

Insert: "section"

Strike: "and 4"

Explanation: This amendment removes the provisions relating to use of a state special revenue account and provides that the SWCAP and SFCAP collections be deposited to the general fund.

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to House Bill No. 21
Third Reading Copy

Requested by Senator Gary Forrester
For the Committee on Senate Finance and Claims

Prepared by Jon Moe
December 13, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 12/13/93
BILL NO. HB 21

filed

1. Page 1, line 17.
Strike: "AN IMMEDIATE"
Insert: "A DELAYED"

2. Page 7, line 22.
Strike: "on passage and approval"
Insert: "July 1, 1995"

Explanation: This amendment changes the effective date of the bill. Instead of being effective during the current fiscal year, it would be effective at the beginning of fiscal 1996 (the beginning of the next biennium).

{Office of Legislative Fiscal Analyst

444-2986}

**HB 21 - TOTAL DISTRIBUTED COSTS
TERMINOLOGY**

EXHIBIT NO. 5DATE 12/15/93BILL NO. HB 21OBPP - Office of Budget and Program Planning

PosCntl	Position Control	Responsible for monitoring of State agency staffing levels by program.
PP/DP	Program Planning/ Data Processing System and Statistics	Responsible for monitoring of State agency budgets, i.e. appropriation levels and revenue, by program. The DP System processes all budget documents and provides the mechanism for monitoring agency budgets. This does not include work done by OBPP to put together and support the executive budget during the legislative process.

DoA - Department of Administration - Accounting

SSU	SBAS Support Unit	Responsible for the operation and maintenance of the Statewide Budgeting and Accounting System (SBAS) and the Property Accountability Management System (PAMS). Responsible for the day-to-day flow of information into and out of these systems and the cost of operating these systems.
APFRS	Accounting Principles and Financial Reporting Section	Responsible for setting statewide accounting policy and meeting financial reporting requirements.
Treasury	Treasury Unit	Responsible for providing banking services for all state agencies. All money collected by state agencies must be deposited in the state treasury. All warrants issued must clear the state treasurer's account.

DoA - Department of Administration - Personnel

Adm/Pol	Administration and Policy Setting	Responsible for setting State personnel policy including recruitment and administering that policy. Does not include the university system.
Class	Classification	Responsible for classifying all positions in State agencies with the exception of exempt positions such as those in the legislative and judicial branches. Certain positions in each unit of the university system are also classified.
LabRel	Labor Relations	Responsible for negotiating labor contracts for all state agencies with the exception of the university system.

DoA Admin

Administrative costs associated with the 0.5 FTE, half of which is allocated to the SFCAP plan.

Committee Rept of Senate Finance and Claims

House Bill No. 34

December 14, 1993

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 6

DATE 12/15/93

BILL NO. HB 34

Mr. President:

We, your committee on Senate Finance and Claims, met and considered House Bill No. 34 and recommend that House Bill No. 34 (third copy -- blue) be amended as follows:

1. Title, line 7.

Following: "PROGRAM;"

Insert: "REQUIRING THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO SUBMIT ESTIMATES OF MEDICAID EXPENDITURES TO THE LEGISLATIVE FINANCE COMMITTEE;"

2. Page 6, lines 3 through 11.

Strike: Section 1 in its entirety

Insert: "

NEW SECTION. Section 1. **Submission of estimate to legislative finance committee.** Whenever the department of social and rehabilitation services establishes an estimate of medicaid expenditures for medicaid services, the department shall submit the estimate to the legislative finance committee. The legislative finance committee shall consider the estimate at its next regularly scheduled meeting."

3. Page 9, line 11.

Following: "program."

Insert: "The department is not required to provide all of the services listed in subsections (2) and (3) to persons qualifying for medicaid under the medically needy category of assistance."

4. Page 13, line 13.

Following: "program."

Insert: "The department is not required to provide all of the services listed in subsections (2) and (3) to persons qualifying for medicaid under the medically needy category of assistance."

{Office of Legislative Fiscal Analyst

444-2986}