

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION

Call to Order: By CHAIRMAN ED GRADY, on February 17, 1995, at
7:15 a.m.

ROLL CALL

Members Present:

Rep. Edward J. "Ed" Grady, Chairman (R)
Sen. Thomas A. "Tom" Beck, Vice Chairman (R)
Rep. Gary Feland (R)
Sen. Eve Franklin (D)
Rep. Joe Quilici (D)

Members Excused: None

Members Absent: None

Staff Present: Lorene Thorson, Legislative Fiscal Analyst
Terri Perrigo, Legislative Fiscal Analyst
Shirley Benson, Office of Budget & Program
Planning
Dan Gengler, Office of Budget & Program Planning
Rosa Fields, Committee Secretary

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

Committee Business Summary:

Hearing: Department of Administration
(Informational Presentation on
Privatization)
Executive Action: Legislative Agencies
Department of Transportation
Governor's Office
State Auditor
Department of Revenue
Department of Administration
Appellate Defender Program
Personal Services Contingency Fund

{Tape: 1; Side: A; Approx. Counter: 000; Comments: n/a.}

EXECUTIVE ACTION ON LEGISLATIVE AGENCIES

REP. JOHN COBB gave a brief explanation of what would happen if the legislative agencies were cut drastically. He added that he did not feel the legislative agencies are overstaffed.

CHAIRMAN GRADY asked if there was a way the agencies could cut back on the work load as a whole and if there were areas that could be cut a little.

REP. COBB replied that if there were cutbacks in the work then there would have to be cuts in the accomplishments.

REP. JOE QUILICI clarified that the only way the legislature is going to have a handle on the departments during the interim is to have a legislative staff that will be able to take the data and let the legislators know what is going on. **REP. COBB** added that there needs to be a move to performance-based budgeting.

REP. GARY FELAND questioned if the auditors went into that at all. **REP. COBB** handed out and explained a sheet that showed areas of potential money-saving audits. **EXHIBIT 1**

{Tape: 1; Side: A; Approx. Counter: 240; Comments: NA.}

Scott Seacat, Legislative Auditor, handed out and walked the committee through the Legislative Branch FTE and Personal Services budget and reductions. **EXHIBITS 2 and 3**

CHAIRMAN GRADY mentioned that they contract out quite a bit and asked if they were able to find qualified people to do the audits. **Mr. Seacat** answered that they pre-qualify all the bidders. It may cost a bit more but it is cost effective to get the audits done and save money.

{Tape: 1; Side: A; Approx. Counter: 530; Comments: NA.}

Mr. Seacat further explained the reductions in the legislative branch budget using the second exhibit. He added that there are other alternatives to making the FTE cuts.

Clayton Schenck, Legislative Fiscal Analyst, mentioned that it should not be a question that they are understaffed in the legislative branch and that if they want the agencies to do with less then the legislature needs to ask for less. The executive branch has come up with a pay plan that will be funded by reductions in personal services either in FTEs or vacancy savings.

CHAIRMAN GRADY asked he if was willing to look at some ideas to possibly reduce the workload. **Mr. Schenck** replied that they were certainly willing to help do that. They are just asking for the resources to do what they are being asked to do.

{Tape: 1; Side: B; Approx. Counter: 00; Comments: NA.}

The problem comes during the peak work load during the sessions. If they are going to reduce staff they will need help to see where services can be reduced.

{Tape: 1; Side: B; Approx. Counter: 35; Comments: Executive action begins.}

EXECUTIVE ACTION ON LEGISLATIVE AGENCIES
Present Law Adjustments

LEGISLATIVE FISCAL ANALYST

Motion/Vote: REP. QUILICI MOVED TO APPROVE THE PRESENT LAW ADJUSTMENT FOR THE LEGISLATIVE FISCAL ANALYST FOR THE 1997 BIENNIUM. The motion carried unanimously.

LEGISLATIVE COUNCIL

Motion/Vote: REP. QUILICI MOVED TO APPROVE THE PRESENT LAW ADJUSTMENTS FOR THE LEGISLATIVE COUNCIL FOR THE 1997 BIENNIUM. The motion carried unanimously.

LEGISLATIVE AUDITOR

Motion/Vote: REP. QUILICI MOVED TO APPROVE THE PRESENT LAW ADJUSTMENTS FOR THE LEGISLATIVE AUDITOR FOR THE 1997 BIENNIUM. The motion carried unanimously.

ENVIRONMENTAL QUALITY COUNCIL

Motion/Vote: REP. QUILICI MOVED THAT THE PRESENT LAW ADJUSTMENT FOR THE EQC BE APPROVED FOR THE 1997 BIENNIUM. The motion carried unanimously.

WATER POLICY COUNCIL

Motion/Vote: REP. QUILICI MOVED THAT THE PRESENT LAW ADJUSTMENTS FOR THE WATER POLICY COUNCIL BE APPROVED FOR THE 1997 BIENNIUM. The motion carried unanimously.

CONSUMER COUNSEL

Motion/Vote: SEN. FRANKLIN MOVED THAT THE PRESENT LAW ADJUSTMENTS FOR THE CONSUMER COUNCIL BE APPROVED FOR THE 1997 BIENNIUM. The motion carried unanimously.

{Tape: 1; Side: A; Approx. Counter: 200; Comments: n/a.}

EXECUTIVE ACTION ON LEGISLATIVE AGENCIES
New Proposals - Program 5

Lorene Thorson, LFA, said if they pass the new proposals, there would be a transfer of 2.0 FTE under proposal #1. This proposal would amend it to 1.0 FTE.

Motion/Vote: REP. FELAND MOVED TO ACCEPT NEW PROPOSAL #1. The motion carried unanimously.

Motion/Vote: REP. QUILICI MOVED TO ACCEPT NEW PROPOSAL #2. The motion carried unanimously.

Ms. Thorson explained that the motions just passed duplicate what is currently in the Legislative Council and affect the whole branch.

For a detailed description of the following components, see Exhibit 9 in the Hearing on Legislative Agencies minutes of 2/16/95.

INTERIM STUDIES COMPONENT

Ms. Thorson said the base budget for this program is low, because there were substantial cuts in the 1993 special session and a lot of one-time expenditures that were removed from the base. The table on page A-13 breaks out what was spent in the 1995 biennium and what is requested in the 1997 biennium. She suggested that Dave Bohyer may be able to answer any questions they may have. The 1997 budget reflects funding all statutory duties and it's the committee's decision on what they wish to do. Statewide issues should have \$25,000 which is the contingency fund that the legislature can use if there's an issue that comes up in the interim. The bottom line would be \$691,384.

CHAIRMAN GRADY asked if they were only to accept what they've been funding the last biennium, it would be a different amount.

Ms. Thorson said that was correct. CHAIRMAN GRADY asked for further explanation. Mr. Bob Person said it was more complicated that doing that, because they are almost all biennial appropriations. The subcommittee, in previous sessions, has reviewed each individual activity and he suggested that they do that. There are quite a few one-time expenditures. He said the council has put forth a proposal that represents their view of a long-term, responsible approach which includes paying the dues and funding delegations to interstate organizations. He said they need to go through this case-by-case and there is no way to look at it as one big expense. He said they should use zero base and go from there.

SEN. TOM BECK asked if they accepted the base budget for 1994, could **Mr. Person** tell them what was in there for that year. **Mr. Person** said, as far as interstate organizations there was virtually nothing. They had a small budget to start with prior to the legislative special session. Those funds were spent on a partial dues payment to the National Conference of State Legislatures (NCSL) and some registration and travel expenses for **SEN. AKLESTAD** to attend the NCSL meeting for which he paid some of the costs.

Dave Bohyer, Legislative Council, explained that they could go through each of the items one at a time. They are all zero-based, and if they want to participate, then they can figure out how much they'll need for that participation.

The first item is the interim studies budget on page 1. It allows for five interim committees, created by joint resolution, to meet six times on the average. His recommendation is to either reduce the number of committees or number of meetings per committee.

CHAIRMAN GRADY asked if they ever zeroed it out. **Mr. Bohyer** said no, but there was a \$44,000 reduction in the proposal two years ago--a reduction by half. He said the budget for this component of the program was \$189,000 in 1981. They have cut over \$100,000 out of just this part of the program over the last 13 years.

CHAIRMAN GRADY asked if they could make motions as they go. **SEN. BECK** stated that he didn't know how **SEN. GAGE'S** bill would come out, but there are adjustments on the interim committees in his bill. He said he didn't know what to do with the funding at that point and asked if they could adjust it "down the road."
CHAIRMAN GRADY said there would be many adjustments made and that they could fund it at the same level.

Motion/Vote: **SEN. BECK MOVED THAT THE INTERIM STUDIES BE FUNDED AT \$44,762. The motion carried unanimously.**

{Tape: 1; Side: B; Approx. Counter: 538; Comments: n/a.}

STATEWIDE CONTINGENCY FUND

Mr. Bohyer said they have the issue of the \$25,000 statewide issues contingency fund which was not included in the budget book and asked that the committee consider this as they see fit. He said this fund was zeroed out in the last two bienniums.

SEN. BECK asked what statewide issues were. **Mr. Bohyer** said it's when something comes up during the interim and there isn't a committee created by joint resolution to address it. The Legislative Council has the statutory authority to create an interim subcommittee to look at the issue, and to pay the travel costs and other costs associated with it. He gave examples of

such instances and mentioned that sometimes there are critical issues that must be addressed.

SEN. BECK asked if the study that was conducted on the grain imports from Canada was paid from a fund of this kind. **Mr. Bohyer** said no. **CHAIRMAN GRADY** said it possibly could have been if the money had been there. **Mr. Bohyer** said if that had been an issue that the legislative council saw as something of statewide importance, they could have created a special committee to look at it and pay for it out of this budget.

CHAIRMAN GRADY clarified that it would have to be approved by the legislative council and **Mr. Bohyer** said yes. **CHAIRMAN GRADY** asked if the governor had the authority to set up something like this. **Mr. Bohyer** said the governor can create advisory councils and "steals from Peter to pay Paul."

Motion/Vote: **SEN. BECK** MOVED TO PUT \$10,000 IN THE CONTINGENCY FUND FOR STATEWIDE ISSUES. The motion carried 4-1 with **REP. FELAND** voting no.

COMMITTEE ON INDIAN AFFAIRS

Mr. Bohyer explained that the Committee on Indian Affairs was increased from four members to eight members, but no funding was appropriated for the increase, so they could only meet three times. They have taken on a new life and made some progress in the last four to six years in establishing better relationships with the seven tribes. The \$13,451 budget allows the committee to meet six times, approximately three times on the reservations and three times elsewhere throughout the state. If they wished to adjust this budget, it should be by the number of meetings.

SEN. BECK asked how much they were funded last session. **REP. QUILICI** replied \$7,193. **Mr. Bohyer** clarified that was for a four-member committee. **SEN. BECK** asked if they only met three times but are doing a lot better work. **Mr. Bohyer** said they met three times and are doing better work because the members of the committee were very interested and **REP. STOVALL**, **REP. GERVAIS** and **SEN. GAGE** were very active. They are focusing on economic development and for the first time in eight years they were able to go to an Indian reservation to meet.

REP. QUILICI asked about the issue between the state and the tribes on a legal matter. **Mr. Bohyer** said the committee chose not to get involved in this gambling issue because it is currently in litigation and is controlled by the federal Indian Gaming Regulation Act and the state legislature doesn't have much authority to negotiate with Indians on this gambling issue.

{Tape: 1; Side: B; Approx. Counter: 732; Comments: n/a.}

Motion/Vote: SEN. BECK MOVED TO APPROVE \$13,451 FOR THE COMMITTEE ON INDIAN AFFAIRS MEETING EXPENSES. The motion carried unanimously.

DISTRICTING AND APPORTIONMENT COMMISSION 2000

Mr. Bohyer explained this proposal would allow one staff person to attend the training sessions that will go on at the NCSL annual meetings in July 1995 and July 1996, and two separate training sessions put on the U.S. Census Bureau. He explained what this staffperson would learn at the training sessions provided by the NCSL and the Census Bureau.

REP. FELAND commented that the census is ten years away. **Mr. Bohyer** replied that the Census Bureau has already started creating the 2000 census and a lot of work takes place between the 1990 and 2000 census and in order for the staff to be up to speed by the year 2000, they must be trained by the census bureau.

REP. QUILICI asked what would happen if they don't pay their dues to NCSL. **Mr. Bohyer** said he didn't think NCSL would preclude them from going to the meetings for this purpose. He said Montana is not allowed to vote on the committees and since they haven't had the money to send a state representative, they haven't had anyone on the committees.

Motion/Vote: SEN. FRANKLIN MOVED TO APPROVE THE PROPOSED BUDGET FOR REDISTRICTING REAPPORTIONMENT. The motion failed 3-2 with SEN. FRANKLIN and REP. QUILICI voting yes.

REVENUE OVERSIGHT COMMITTEE

Mr. Bohyer said the Revenue Oversight Committee anticipates meeting nine times during the 1996-97 interim and have recommended a budget of \$31,372. He recommended they change the budget by the number of meetings, if they wish to adjust the budget. **Mr. Bohyer** referred to **SEN. GAGE'S** bill and said that none of the responsibilities of any of the committees that are eliminated go away. The revenue oversight committee's responsibilities are just transferred to the budget committee, so the duties of that committee remain, and will have to be accomplished by another committee. Some expenses may be saved, but it would probably be minimal.

Motion: SEN. FRANKLIN MOVED TO APPROVE THE GENERAL FUND PROPOSED BUDGET FOR THE REVENUE OVERSIGHT COMMITTEE.

Discussion:

CHAIRMAN GRADY asked if the requested \$31,000 is the present level. **Mr. Bohyer** said they are actually meeting more than nine times and in the coming interim will be meeting ten times. The number of meetings is dependent upon what they are assigned to study. Nine meetings is as low as he has seen.

SEN. BECK asked what this is compared to last year. **Mr. Bohyer** said he didn't have the number with him. **Ms. Thorson** said last biennium the amount was \$21,479. **SEN. BECK** wondered why it increased to \$31,000. **Ms. Thorson** said these figures would only have the 1994 actual expenses and not the 1995 expenses. She said it's hard to judge what the true figure would be.

{Tape: 2; Side: A; Approx. Counter: 000; Comments: n/a.}

CHAIRMAN GRADY stated that he didn't think it should be funded any higher and said there should be a substitute motion to change it.

Substitute Motion: **SEN. BECK** MOVED TO APPROVE THE BUDGET FOR THE REVENUE OVERSIGHT COMMITTEE MEETINGS AT \$22,000. The motion carried 4-1 with **SEN. FRANKLIN** voting no.

SEN. BECK said with that amount, all they would have to do is meet six times instead of nine times and would that make sense. **Mr. Bohyer** said that is exactly what they'll have to do and whether they can meet their statutory responsibilities is another question. He said they already cannot with nine meetings.

CHAIRMAN GRADY asked how they did it before. **Mr. Bohyer** said they have never met their statutory responsibilities because they are understaffed and can't do it.

JOB TRAINING PARTNERSHIP ACT (JTPA) REVIEW COMMITTEE

Mr. Bohyer said the four-member committee recommended that they meet four times instead of three times. This committee reviews the state job training plan and approves \$12 million in federal funds funneled through the Department of Labor and Industry to the private industry councils. He suggested that the \$4,600 figure only be adjusted by the number of meetings. He said each meeting costs roughly \$1,056.

CHAIRMAN GRADY asked if it has been funded previously. **Mr. Bohyer** said yes, and further explained that SB 16 passed, and the legislative council had asked the Department of Labor to allocate the \$4,600 from the JTPA funds. The department chose not to do that, so what happens then is that the department will send a copy of the plan to the speaker of the House, the president of the Senate and the legislative council library and that will be the legislative oversight of the JTPA funds. Unless they go back

to the Department of Labor's budget and allocate the \$4,600 from their budget to the legislative council, there will be no review committee for the JTPA.

CHAIRMAN GRADY said it was their responsibility then, if they don't want to fund the committee. **Mr. Bohyer** said that would require action by the subcommittee. **CHAIRMAN GRADY** said the department did not request this. **Mr. Bohyer** said the department chose not to have oversight.

REP. QUILICI said if there was no motion, it would stay exactly as it was. **CHAIRMAN GRADY** asked what would happen if they didn't act on it. **Mr. Bohyer** said there would be a zero appropriation.

ADMINISTRATIVE CODE COMMITTEE

Mr. Bohyer said this budget would allow for six meetings of this committee, who have traditionally had a very low budget of about \$7,000. He said the chairman of the committee was reluctant to call meetings in case there was an emergency and the funds would not be sufficient to cover an emergency meeting. They only met twice in the last interim and didn't do a very good job of meeting their statutory responsibilities. He recommended the number of meetings be adjusted.

Motion: **REP. QUILICI** MOVED THE ADMINISTRATIVE CODE COMMITTEE BE APPROVED FOR \$12,640.

Discussion:

REP. QUILICI said he believed this committee was a very important one during the interim. **SEN. BECK** said he didn't agree and wished they had some teeth and could make some adjustments on the administrative approach, but they can't. **REP. QUILICI** said he was right and asked **Mr. Bohyer** to clarify. **Mr. Bohyer** said they do have some authority. **Mr. Person** said the administrative code committee's authority is an oversight function and a committee cannot act on the behalf of the legislature. The committee can oversee the activities that are going on and that allows them to watch what is happening. The review that is done on behalf of the committee by the staff results in substantive notices of errors that are being made in the procedures for adopting rules. Those errors can be substantive. If the wrong statute is being cited, or there is no authority for a rule, the objections of this committee can be significant in the process. As well, when the process goes forward, and the committee feels that, as **SENATOR TURNAGE** called it, "the law of the unintended consequence"--then the committee is in a position to know about that and can recommend legislation to correct the issue. But only the legislature as a whole can really act to correct rulemaking. He said the question is if they want a committee to act as the eyes and ears for the legislature.

SEN. BECK said the problem is that's after the fact. His concern is for legislative intent to be put into the rules, and sometimes it's not there. **Mr. Person** said he understood, and he addressed this issue, but it still remains that the legislature is the responsible party where rulemaking is concerned.

REP. QUILICI said he remembered, in reference to administrative rules, that in the last biennium there were some rule changes for the gaming division and others. He said that was a direct violation of legislative intent. But he remembers times when they had to go to court on administrative rules, and he testified twice and the court has always ruled if it wasn't the legislative intent. He asked how they could get some teeth in the committee.

{Tape: 2; Side: A; Approx. Counter: 238; Comments: n/a.}

Mr. Person said it varies depending on the nature of the violation, and depends on what he means by teeth. He said there are actually some teeth, other than a constitutional amendment, they can't delegate to a legislative committee what the whole legislature can do. He said the answer is for the legislature to act carefully in the first place, correctively after-the-fact, and keep their eyes and ears open.

SEN. FRANKLIN thought they should give the committee the ability to function, even within the limitations that they may have. She called the question.

Vote: The motion carried unanimously.

RECONSIDERATION OF ACTION ON
REDISTRICTING AND APPORTIONMENT COMMISSION 2000

SEN. FRANKLIN wished to reconsider previous action on this commission, because the year is 1995 and there are actually only about four years before they have to be prepared for the census. She said they have had some census changes since 1990 which resulted in the loss of a congressman. She said this does have implications for the state.

Motion: **SEN. FRANKLIN MOVED TO RECONSIDER PREVIOUS ACTION ON THE REDISTRICTING AND APPORTIONMENT COMMISSION.**

Discussion:

SEN. BECK asked what they would learn at the NCSL convention that they couldn't learn out of a manual. And, in reference to reapportionment, this is the shuffling of districts in the state, are they going to be working directly with the census. **Mr. Bohyer** replied that it depends on what happens with the population nationally, whether or not they're dealing just with legislative districts. Montana currently has the single largest population of any congressional district in the U.S., which is

800,000 citizens. If it continues to grow, they could perhaps regain the seat that was lost. He thought it was unlikely, but the possibility exists. To the question, what will they learn, he didn't know because he didn't yet have the training literature. He described what the census bureau does and said they continually update the way the computer data file meshes with the line files. He described this in detail and how the council staff can utilize this data in a useful and efficient way. He said they will learn what goes on in the other states and what the census bureau sees "coming down the pike."

Vote: The motion to reconsider action carried 3-2 with CHAIRMAN GRADY and REP. FELAND voting no.

Motion/Vote: SEN. FRANKLIN MOVED TO ACCEPT THE \$3,000 BUDGET FOR THE DISTRICTING AND APPORTIONMENT COMMISSION. The motion carried 3-2 with CHAIRMAN GRADY and REP. FELAND voting no.

{Tape: 2; Side: A; Approx. Counter: 417; Comments: n/a.}

NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. Bohyer said the council has recommended that the legislature pay the dues to this organization and also appoint eight delegates to the NCSL. He described the dues history the day before during the hearing.

CHAIRMAN GRADY asked if this was funded before. **Mr. Bohyer** said it was partially funded in the last biennium and there was participation early on, then during the special session it was zeroed out.

CHAIRMAN GRADY said he had a problem with this because they're laying people off from their jobs and they're making tough decisions where people are concerned, and has trouble funding something of this sort.

REP. QUILICI said he understood how the chairman felt, but thought that they're the only state in the U.S. that doesn't belong to the NCSL. **Mr. Bohyer** said he didn't know. **REP. QUILICI** said he looked at the organization's magazine and noticed that the dues structure for all 50 states showed Montana at zero. He said it was foolish for Montana not to be part of a national network, and thought the chairman of the Senate Finance and Claims Committee felt the same way. He has spent his own money to attend some of these meetings.

Motion: REP. QUILICI MOVED THE 1993 BIENNIUM BUDGET FOR THE NCSL.

Discussion:

SEN. BECK asked how they get away with paying just a portion of the dues. He wondered if the voting status is lost if they don't pay the full dues. **Mr. Bohyer** said he had not been able to attend a meeting in 13 years, so he didn't know how they're handling this. He said Montana cannot vote on resolutions. These dues also pay for services provided to the legislature for information requests, data bases, etc.

SEN. BECK said he'd heard several comments that the legislative council has relied on NCSL a number of times to get information.

CHAIRMAN GRADY asked about the growth of dues. **SEN. BECK** said in 1993 they didn't pay any dues and he asked **REP. QUILICI** if that was his intent for the motion he made. **REP. QUILICI** said in 1993 they paid some dues. **Mr. Bohyer** mentioned that when legislators are on legislative business, they are entitled to \$57.06 per day.

Vote: The motion failed 3-2 with **SEN. FRANKLIN** and **REP. QUILICI** voting yes.

COUNCIL OF STATE GOVERNMENTS

Mr. Bohyer said the same recommendation was made for this organization which are the dues that would allow eight delegates to attend the three meetings per year. He described the function of this organization.

CHAIRMAN GRADY said this had not been funded in the last two bienniums. **Mr. Bohyer** said that was correct, but that they do have a bill from them for \$136,250. He didn't know how seriously they should take that bill.

SEN. BECK asked if they are still using the services of the CSG and are they obligated to pay that bill. **Mr. Bohyer** said they do use their services and a publication that is one of the best, called "Book of the States." All legislators get "State Government News." They are contacted regularly for information on how issues are handled in other states. They have continued to provide these services, but are trying to come to grips with how to deal with states like Montana which have not paid their dues. He said statutorily Montana is committed to the Council of State Governments. He didn't know if they had a legal obligation.

SEN. BECK asked about the statute. **Mr. Bohyer** said it states that Montana is a participant in the Council of State Governments.

No motion was made.

{Tape: 2; Side: A; Approx. Counter: 747; Comments: n/a.}

MONTANA/WESTERN CANADIAN PROVINCES
BOUNDARY ADVISORY COMMITTEE

Mr. Bohyer said this committee looks to establish relationships between Montana and three Canadian provinces and the proposed budget would allow four Montana legislatures to participate in a delegation to Alberta, Canada--once there and once in Montana.

CHAIRMAN GRADY asked if he would need a committee bill to do away with this advisory committee. Mr. Bohyer said yes, he would. CHAIRMAN GRADY asked if they have been funding this. Mr. Person replied no, they had not. He suggested that it might be a good idea to do a committee bill because the council had actually recommended that it be eliminated, and then they tried to compromise by having the participation be only with Alberta, but the Senate didn't understand the compromise and killed the bill and kept the committee going, but didn't fund it. SEN. GAGE'S bill eliminates this advisory committee.

SEN. BECK suggested not funding it at this time.

PACIFIC NORTHWEST ECONOMIC REGION

Mr. Bohyer said this was discussed at the meeting the day before and SEN. GAGE'S testimony was recalled. The legislative council recommended \$46,168 and SEN. GAGE recommended full payment of dues and not less than \$10,000 for participation by four delegates.

CHAIRMAN GRADY asked if they have funded this and SEN. BECK replied yes. He asked if the dues had increased. Mr. Bohyer said they have stayed the same. SEN. BECK said in 1993 it was funded for \$20,000 and in 1995 for \$30,534. He asked if \$584 was left in for traveling expenses. Mr. Bohyer said after the special session it was actually reduced to \$675, and paid \$15,000 in dues. SEN. GAGE paid his own way to attend and REP. GRADY went before the appropriation was eliminated. He reminded the committee that this was also a statutory requirement.

Motion: REP. QUILICI MOVED TO APPROVE THE PACIFIC NORTHWEST ECONOMIC REGION FOR \$30,000.

Discussion:

REP. QUILICI said that SEN. GAGE was explicit in his belief about how important this is to Montana and for that reason he supported it.

Vote: The motion failed 3-2 with SEN. FRANKLIN and REP. QUILICI voting yes.

NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS

Mr. Bohyer said this is an organization that all 50 states participate in that looks at laws that should be uniform between the states. Montana has five delegates. The dues are \$17,803 and the travel is \$19,000.

Motion: REP. FRANKLIN MOVED TO APPROVE THE PROPOSED BUDGET FOR THE NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS IN THE AMOUNT OF \$36,803.

Discussion:

REP. BECK asked if this was cut during the special session. Mr. Bohyer said they didn't.

{Tape: 2; Side: B; Approx. Counter: 000; Comments: The vote on the last motion was not recorded while the tape was being turned over.}

Vote: The motion failed 3-2 with SEN. FRANKLIN and REP. QUILICI voting yes.

RECONSIDERATION OF ACTION ON
NATIONAL CONFERENCE OF STATE LEGISLATURES

SEN. FRANKLIN stated that she was concerned that the legislative staff is not being provided with the resources they need to do the best job for the people of the state. She was concerned that they are being increasingly isolated, and especially in light of the movement toward asserting states' rights and telling the federal government what they want or don't want, she thought active participation in NCSL would afford the state a more effective voice for the issues. She stated that involvement at such an organization is where the work is going to get done and would be more effective than just voting on constitutional amendments.

Motion: SEN. FRANKLIN MOVED TO RECONSIDER THE PAYMENT OF DUES TO NCSL.

Discussion:

SEN. BECK said he had to agree with CHAIRMAN GRADY on this item because they are laying people off from jobs and he didn't wish to discount the value that such a convention would have, but "we're laying off grassroots" and he would oppose the motion.

Vote: The motion failed 3-2 with SEN. FRANKLIN and REP. QUILICI voting yes.

{Tape: 2; Side: B; Approx. Counter: 85; Comments: n/a.}

LEGISLATIVE BRANCH

CHAIRMAN GRADY mentioned agency cuts that have been made and stated that it's difficult to compare these agencies with the larger ones, but said that the subcommittee is sitting on \$2.5 million of general fund that has not been approved. Some may have to be reconsidered, but they have made some tremendous cuts. He didn't think they would cripple the legislative agencies, and would make a real effort in leadership and the agencies will try to cut the workload.

Motion: **REP. FELAND** MOVED THE PROPOSAL BY THE LEGISLATIVE BRANCH FOR THEIR REDUCTION.

Substitute Motion: **REP. FRANKLIN** MADE A SUBSTITUTE MOTION TO HEAR THE AGENCIES ONE BY ONE, RATHER THAN ALL AT ONCE.

CHAIRMAN GRADY said he didn't think that would be fair, because they could sit down together. He didn't think it would make any difference and they decided this is what they wanted to do.

REP. QUILICI said he wouldn't accept any of it. He asked the committee to look at the comp time accrued by the legislative agencies. No other executive agencies have this kind of comp time, "but yet, we're chewing on them harder than we're chewing on anybody." He said the most that should be taken from the legislative agencies would be the 2% vacancy savings and that's more than they should take out. He wouldn't accept any of it.

SEN. FRANKLIN withdrew her motion to look at the individual agencies in the branch, with the purpose of making another motion. She could not accept the notion that it is fair to cut legislative agencies because other agencies have been cut, and thought the speaker was missing the point, if that was in fact his premise, because they should be sophisticated enough to know that there are differences between agencies. She described those differences and said they are not only responsible to legislators, but to constituents and executive branch agencies. She suggested they look at another alternative, which would be a possibly 2% vacancy savings.

{Tape: 2; Side: B; Approx. Counter: 254; Comments: n/a.}

CHAIRMAN GRADY said he believed the proposal was a terrible way to handle this problem, the elimination of FTE, and insisted that this would be a fair way to alleviate the problem of similar proposals. He said this was as fair as anything that would come out of the session.

SEN. BECK told **SEN. FRANKLIN** that it's not over until it's over and other things could happen. He said what the chairman was saying is to take them out now and if they can eliminate some of the interim committees and lighten the load, in reference to the comp time mentioned by **REP. QUILICI**, it's generated during the

session. He hoped that during the summer months they aren't as busy and can take the comp time. He didn't think the proposal would hurt anybody, and hoped that it would be more palatable than cutting programs across the board. He said rather than cut the entire Environmental Quality Council, he was convinced that it would be better to take a little from each one.

SEN. FRANKLIN said she knew where he was coming from, but disagreed with the premise and asserted that the work they are doing is necessary.

Vote: The motion carried 3-2 with SEN. FRANKLIN and REP. QUILICI voting no.

{Tape: 2; Side: B; Approx. Counter: 387; Comments: The subcommittee took a break.}

RECONSIDERATION OF ACTION ON
MONTANA DEPARTMENT OF TRANSPORTATION

SEN. BECK said he was on page A-85 and 87 in the LFA book.

Motion: SEN. BECK MOVED TO PUT \$25 MILLION BACK IN.

Discussion:

SEN. BECK said he talked to the Republican leadership and thought there was a lack of communication.

CHAIRMAN GRADY said they took action the other day and he preferred to stay with it. They have a long way to go with budget cuts.

REP. QUILICI asked if SEN. BECK was aware that this money is not going to affect any federal programs, but is for entirely state-funded roads.

SEN. BECK said he wanted to know what the alternative is for this money, and he didn't know the answer.

CHAIRMAN GRADY said the feeling among the Republicans in the House is that maybe the cities and counties ought to have more of this extra money for infrastructure. He said there is a bill in Appropriations that would affect this issue.

SEN. BECK said he would rather send it to the Appropriations Committee with the money in it and let them take it out. He didn't want the responsibility.

REP. QUILICI said the RTF funds are very important and as far as funding more money for local government, that is admirable in some cases, but as he stated there is a bill in the Appropriations Committee to do just that. As a fiscal committee

should look at fiscal responsibility and it is their responsibility to fund RTF program adequately and would concur in the motion.

SEN. FRANKLIN said she would side with SEN. BECK.

Vote: The motion carried 3-2 with CHAIRMAN GRADY and REP. FELAND voting no.

Motion: REP. BECK MOVED THAT THEY PUT THE \$10 MILLION IN FY 1996 AND \$15 MILLION IN FY 1997 BACK INTO THE MDT BUDGET. The motion carried 3-2 with CHAIRMAN GRADY and REP. FELAND voting no.

{Tape: 2; Side: B; Approx. Counter: 561; Comments: n/a.}

INFORMATIONAL DISCUSSION ON
DEPARTMENT OF ADMINISTRATION

Lois Menzies, Administrator, Department of Administration, said there has been a substantial amount of interest in privatization in state government and the General Government Subcommittee had requested information from her agency on this issue. She stated that at this time they didn't have plans to further privatize because they have an appropriate blend of private and public sector participation and that the "easy stuff" has already been privatized; the non-core functions of state government, such as data entry operation, janitorial services, and Capitol security. The interest continues, however, for instance in their data center and they have received inquiries from private firms who may locate in Montana to provide this service.

She stated that they would like to explore this possibility during the interim, and needs to be done in conjunction with other agencies. Providing the service off the mainframe is strategic to most things that occur in state government, so it is a major consideration. She said such decisions are now made collaboratively with a group called ITECH (?), of which REP. QUILICI is a member. They need to determine whether or not they will save money for the state and maintain the control and integrity of the function at the DofA. Once this is done, they can proceed with a formal RFP process.

Ms. Menzies said they looked at privatizing the data center two years and determined that they could not do it cheaper or better in the private sector and she is proud of the people they have at the data center, but she would like to take another look and keep the legislature informed.

REP. QUILICI asked if they needed any former direction from them. Ms. Menzies said she did not think so and said they are not looking for money to do it and it is unrelated to the current budget. She wished to pledge to the committee that they will

explore this issue and will put this in a letter to the committee.

{Tape: 2; Side: B; Approx. Counter: 800; Comments: n/a.}

RECONSIDERATION OF ACTION ON
GOVERNOR'S OFFICE- CITIZENS ADVOCATE OFFICE

REP. QUILICI mentioned the Citizen's Advocate Office under the Governor's Office, which has functioned since 1973. He said it's the only office that a citizen can call to get answers to questions and is extremely important to the people of the state.

CHAIRMAN GRADY asked if he wished to reconsider action on this. REP. QUILICI said they wouldn't have to reconsider because they didn't take any action on it. CHAIRMAN GRADY said they would have to go through the Governor's Office budget.

Motion: REP. QUILICI MOVED THAT THEY RECONSIDER ACTION ON THE GOVERNOR'S OFFICE.

Discussion:

CHAIRMAN GRADY said they did take three programs out of the Governor's Office.

REP. QUILICI stressed how important this office is to Montana citizens. He received numerous phone calls from people who use the Citizens Advocate quite a bit. He said it's an important program that should be implemented.

Vote: The motion carried 3-2.

Motion/Vote: REP. QUILICI MOVED THAT THE PRESENT LAW FOR THE CITIZENS ADVOCATE OFFICE BE APPROVED. The motion carried 3-2.

RECONSIDERATION OF ACTION ON
THE GOVERNOR'S OFFICE - BOARD OF VISITORS

Motion/Vote: SEN. FRANKLIN MOVED TO RECONSIDER ACTION ON THE BOARD OF VISITORS. The motion failed 3-2.

STATE AUDITOR'S OFFICE

Ms. Thorson said they passed three new proposals that were contingent on passage of other bills.

{Tape: 3; Side: A; Approx. Counter: 000; Comments: n/a.}

Ms. Thorson continued discussing where they were at with these issues which are basically an increase in general fund and an

increase in state special revenue and a decrease in proprietary funds. She said that Tom Crosser told her that the electronic fund transfer bill may be dead, but that the state auditor's office didn't have a problem with this.

Motion/Vote: CHAIRMAN GRADY MOVED TO RECONSIDER THE STATE AUDITOR'S BUDGET. The motion carried unanimously.

Ms. Thorson said they need to vote on language that would explain what the effects would be, perhaps to document the new proposals on page A-67. Four of them were passed, the first three are tied to other bills. She said it's not mandatory, but is up to the discretion of the chairman of the subcommittee.

Motion: SEN. BECK MOVED TO ADD LANGUAGE AS EXPLAINED BY LORENE THORSON. The motion carried unanimously.

WRAP-UP AND EXECUTIVE ACTION ON DEPARTMENT OF REVENUE

Terri Perrigo, LFA, said she wished to tie up everything that was still in limbo. Ms. Perrigo read the first part of her "wrap-up" explaining an issue with the property valuation improvement fund and additional language to be considered. EXHIBIT 4

Motion: SEN. BECK MOVED TO ADD THIS LANGUAGE TO THE DEPARTMENT OF REVENUE BUDGET MODIFICATION.

Discussion:

Ms. Perrigo explained that as it is right now, there is no limit on the amount. In order for a language appropriation to be valid, it has to have an upper limit. It was clarified that the language as shown on her handout (Exhibit 4) listed as (a) and (b) was the language moved.

SEN. BECK asked if there was a guarantee about the payback of the loan and Ms. Perrigo said through the language, if it is in the bill which directs that the department will pay it back, it will be paid back.

Vote: The motion carried unanimously.

{Tape: 3; Side: A; Approx. Counter: 221; Comments: n/a.}

WRAP-UP AND EXECUTIVE ACTION ON DEPARTMENT OF ADMINISTRATION

Ms. Perrigo said this wasn't critical, but she wished to bring before the committee. As described on Exhibit 4, she discussed flexible spending accounts for health insurance. EXHIBIT 4

Mr. Dan Gengler, OBPP, said he had no objection to the addition of language for this issue.

REP. QUILICI said if the new language clears up the determination of cost effectiveness, he's in agreement.

Motion/Vote: REP. QUILICI MOVED THE LANGUAGE AS SUGGESTED BY TERRI PERRIGO. The motion carried unanimously.

WRAP-UP AND EXECUTIVE ACTION ON
THE APPELLATE DEFENDER PROGRAM

Ms. Perrigo said her office has received instructions from the finance committee that when and if **SENATOR GROSFIELD'S** SB 83 passes, the LFA is directed to do an amendment to HB 2 adding all the budgets for the agencies whose statutory appropriations are eliminated, into HB 2, and to hold those agencies harmless. (See Exhibit 4, page 2.) She said the Appellate Defender was asking for a budget and FTE increase. She asked for a \$100,000 appropriation to be approved by the committee for this purpose. It could be changed at some point once it's being considered for HB 2. At this point she needs to put a number in there.

REP. FELAND asked what would happen if they don't do this. Ms. Perrigo said if there was formal action by the subcommittee to put a zero in there, then that's what the staff would do. But lacking formal action, she needs to have a decision on what put in the amendment.

CHAIRMAN GRADY said they have yet to address this issue. Ms. Perrigo said that was correct. REP. FELAND said he wanted to put a zero in.

Motion: REP. FELAND MOVED TO PUT ZERO IN AS THE AMOUNT FOR THE APPELLATE DEFENDER OFFICE.

CHAIRMAN GRADY asked if a zero was put in, would the program still exist. Ms. Perrigo replied that if the program was not funded, there would still be reference in the statute to the program, but it would not be funded unless the legislature eliminated the statutory requirements.

Mr. Gengler said his understanding of the way SB 83 currently reads is that the statutory appropriation for the appellate defender is still there. If there was no appropriation in HB 2, they would consider that to preempt that statutory appropriation, and under no circumstances double-appropriation an agency if there was a clear intent in HB 2 at the level they were supposed to be appropriated at, but the way SB 83 currently reads, they would still have their statutory appropriation.

CHAIRMAN GRADY said SEN. GROSFIELD didn't mean to leave that as a statutory appropriation and the statute should be changed. He

asked where the funding comes from. **Ms. Perrigo** explained the source of this revenue and said it looks like general fund in the bill, because the fees are deposited into the general fund.

REP. FELAND said they got along without an appellate defender for 200 years.

CHAIRMAN GRADY asked if they are used for any other purpose. **Ms. Perrigo** said no, not unless the statute was changed. It goes to pay other costs associated with district courts.

Vote: The motion carried unanimously.

OTHER ISSUES

STATE FUND

Ms. Perrigo handled out information on State Fund salaries requested by the subcommittee.

STATUS OF OTHER LEGISLATION THAT COULD IMPACT AGENCIES

Ms. Perrigo referred to **Ms. Thorson's** comments about the impact that other legislation may have on the state auditor's office. She mentioned that they were also looking at bills and they are described on page 2 of the handout (Exhibit 4).

PERSONAL SERVICES CONTINGENCY

Dan Gengler said he issued a memo that stated the amount can be reduced by \$1 million. He didn't have much to add other than it is a critical item to the overall plan in the executive budget and they did commit to the small agencies, when they asked them to give them 5% vacancy savings, they would seek a personal services contingency in the event that they were unable to generate vacancies. They want to avoid forced layoffs because a 5% vacancy savings is not usually experienced by small agencies. He said the subcommittee had indicated that they would take action on this issue at this time. He hoped the committee would approve this item because it is a critical element in how they put together vacancy savings in the pay plan.

{Tape: 3; Side: A; Approx. Counter: 670; Comments: n/a.}

CHAIRMAN GRADY said it's a kind of bailout for the large agencies and he didn't have a problem with addressing the needs of the small agencies. He didn't like how it was set up and didn't know if that could be changed. What could they do to help small agencies use the personal services contingency, but perhaps this could wait for the full Appropriations Committee. He said giving them a pot of money isn't a good idea. He asked what portion of the \$4 million is being reduced.

Mr. Gengler said what is left would be approximately 50% general fund. Previously it was \$550,000 general fund and \$450,000 other funds. They are now proposing to reduce the other funds by \$1 million per year. The general fund would stay the same, because the small agencies' need for general fund would remain the same.

CHAIRMAN GRADY said they couldn't ignore this item and it was up to the committee.

Motion: SEN. FRANKLIN MOVED TO RECONSIDER THE BUDGET OF THE DEPARTMENT OF ADMINISTRATION. The motion failed 3-2 with SEN. FRANKLIN and REP. QUILICI voting yes.

Mr. Gengler said they could try to develop some language to address the concerns that the chairman had expressed regarding limiting the availability of these funds, and they could work with the LFA on that kind of language.

CHAIRMAN GRADY said that would be his intent, and didn't know if language would do it or they could just adjust the amount.

SEN. FRANKLIN said representatives of the small agencies came to her with their concerns, for instance, Richard Miller from the State Library and Brian Cockhill from the Montana Historical Society.

CHAIRMAN GRADY said he understood, but he would like to tighten it up a little bit. He thought they could take care of it in the full Appropriations Committee.

SEN. BECK said there's still a long way to go with this budget.

CHAIRMAN GRADY asked Mr. Gengler to work with Ms. Perrigo to see what they could come up with on this issue.

{Tape: 3; Side: A; Approx. Counter: 892; Comments: Meeting adjourned.}

ADJOURNMENT

Adjournment: 9:45 a.m.


ED GRADY, Chairman


PATTI BORNEMAN, Recording Secretary

Note: These minutes were reviewed by Bob Person and Taryn Purdy. The first few pages were written by Andrea Small. The remainder was written by Patti Borneman.

EG/pb

MEMORANDUM

EXHIBIT 1
DATE 2/17/95
HB _____

To: Potential Audit File
From: Jim Pellegrini
Date: November 1, 1994
Re: List of areas for future audit.

The following areas have been identified by legislators, committees, or by audit staff during other audits as being candidates for efficiency and effectiveness audits. These areas have not yet been given a priority by the Legislative Audit Committee. More detail will be provided when compiled for Committee action.

Highway Patrol Operations
University Student Registration Process
Fish, Wildlife and Parks Warehouse Operations
Lottery Management and Operations
University Units Utilization of Facilities
Property Accountability and Management System
Bad Debt Collection Activities
Management of Library Resources
DNRC Energy Division
DHES Underground Storage Tank Program
University Purchasing Functions
Agricultural Sciences Division
Child Support Enforcement Division (SRS)
Repair and Maintenance for Capital Projects
Food and Consumer Safety Bureau
State Agency Hiring Practices
Noxious Weed Management Program (Agriculture)
County Prosecutor Services Program
Volunteer Firemen Retirement Program (DofA)
Facility Construction Using State Labor
Montana Law Enforcement Academy
Unemployment Insurance Division
Highway Maintenance Program
Records Management Program (Secretary of State)
Controls Over Drugs in State Institutions
Central Mail Processing
Leasing of State Office Space - Helena
Predatory Animal Control Program
WICHE/WAMI and Minnesota Dental Programs
Medicaid Audits
Developmental Disabilities Program
Visual Services Program
Highway Traffic Safety Program
Motor Vehicle Registration Programs
Historical Sites Preservation Program
Teacher Certification Program
Traffic Education Program (OPI)
Disaster Coordination Response Program
Peace Officer Standards and Training Program

LEGISLATIVE BRANCH FTE AND PERSONAL SERVICES REDUCTIONS

	FY 96 CURRENT LEVEL FTE	BRANCH COMPUTER PLAN FTE	LEGISLATIVE COMMITTEE REDUCTION	ADDITIONAL FTE REDUCTION	BRANCH REVISED FTE	BRANCH NET FTE CHANGE	BIENNIAL GENL FUND SAVINGS	VACANCY SAVINGS OPTION 2%
LEGISLATIVE AUDITOR	63.50	-1	-1	-5.00	56.50	-7.00	\$179,290 or	\$50,477
FISCAL ANALYST	16.80		-1	-0.80	15.00	-1.80	\$35,108 or	\$28,946
LEGISLATIVE COUNCIL	42.97	1	-1	-3.00	39.97	-3.00	\$105,082 or	\$65,597
ENVIRONMENTAL QUALITY COUNCIL	6.50		-1	-0.50	5.00	-1.50	\$92,000 or	\$9,571
CONSUMER COUNSEL	5.25		-0.25	0.00	5.00	-0.25	\$0	\$0
TOTALS	135.02	0	-4.25	-9.3	121.47	-13.55	\$411,480 *	\$154,591
REVISED FTE	121.47							
TOTAL FTE CUT	13.55							
LEG BRANCH PERCENTAGE CUT	10.04%							

LEGISLATIVE AGENCY	EFFECT OF CUTS AND POLICY ISSUES
LEGISLATIVE AUDITOR	REDUCTION OF ECONOMY AND EFFICIENCY WORK, FEWER COST SAVINGS FINDINGS & RECOMMENDATIONS
FISCAL ANALYST	REDUCTIONS IN LEGISLATIVE REQUESTS, BUDGET ANALYSIS & STAFF SESSION SUPPORT
LEGISLATIVE COUNCIL	REDUCED QUALITY AND QUANTITY OF COMPUTER SERVICES, INCREASED RISK OF FAILURE
ENVIRONMENTAL QUALITY COUNCIL	WATER POLICY SUPPORT DOWNSIZED, REDUCTION IN EFFICIENCY & TIMELINESS OF STAFF WORK
CONSUMER COUNSEL	

EXECUTIVE FTE (EXCLUDING MUS) 10687
EQUIVALENT CUT IF SAME PERCENT 1072 FTE

* INCLUDES EQC PERSONAL SERVICES EFFICIENCIES OF \$20,000 ACHIEVED BECAUSE OF INTERNAL REORGANIZATION

3401 10 00000

STATE AUDITORS OFFICE				FISCAL CONTROL AND MANAGEMENT				
Program Summary								
Budget Item	Base Budget Fiscal 1994	PL Base Adjustment Fiscal 1996	New Proposals Fiscal 1996	Total Exec. Budget Fiscal 1996	PL Base Adjustment Fiscal 1997	New Proposals Fiscal 1997	Total Exec. Budget Fiscal 1997	Total Exec. Budget Fiscal 96-97
FTE	14.00	0.00	0.00	14.00	0.00	0.00	14.00	14.00
Personal Services	333,997	42,726	(18,836)	357,887	43,889	(18,944)	358,942	716,829
Operating Expenses	547,607	63,522	0	611,129	58,903	0	606,510	1,217,639
Equipment	18,288	(17,838)	0	450	11,518	0	29,806	30,256
Total Costs	\$899,892	\$88,410	(\$18,836)	\$969,466	\$114,310	(\$18,944)	\$995,258	\$1,964,724
Fund Sources								
General Fund	209,282	(63,867)	(1,956)	143,459	(56,291)	(1,967)	151,024	294,483
State/Other Special	513,670	118,536	(8,504)	623,702	138,572	(8,553)	643,689	1,267,391
Proprietary	176,940	33,741	(8,376)	202,305	32,029	(8,424)	200,545	402,850
Total Funds	\$899,892	\$88,410	(\$18,836)	\$969,466	\$114,310	(\$18,944)	\$995,258	\$1,964,724

Page A-67, Executive New Proposals 1, 2, and 3 are contingent on passage of other bills. If the motions to accept these new proposals are reversed so contingency language does not need to be put in bill, the affect is shown in the table above. Once the bills have passed both houses, the table in the book on page A-65 showing the Executive Budget will be correct.

Reversing the motions to adopt these new proposals will have the following affect:

1. Warrant Writer Fund Switch - general fund will increase by \$141,816 in fiscal 1996 and \$149,341 in fiscal 1997. State special revenue will increase by \$616,485 in fiscal 1996 and \$636,512 in fiscal 1997. Proprietary funds will be reduced by \$758,301 in fiscal 1996 and \$785,853 in fiscal 1997.
2. County Personal Property Tax Offset - Proprietary funds will be reduced by \$9,977 in fiscal 1997 and \$9,626 in fiscal 1997.
3. Electronic Fund Transfer/Retirement System - General fund will be increased by \$1,643 in fiscal 1996 and \$1,683 in fiscal 1997. State special funds will be increased by \$7,217 in fiscal 1996 and \$7,177 in fiscal 1997.

February 16, 1995

WRAP-UP -- GENERAL GOVERNMENT

1. LANGUAGE

Department of Revenue

Already Approved: The department is appropriated in the 1997 biennium revenues deposited in the property valuation improvement fund. In the 1997 biennium, the department is authorized to borrow up to \$50,000 from the general fund for the property valuation improvement fund. The department must repay the loan by the end of the 1997 biennium, with interest equal to rates earned by the short-term investment pool.

Issue: There are actually two appropriation actions within this language. *Would the subcommittee consider splitting the already approved language into two separate language appropriations, and adding an upper limit to the amount being appropriated from the property valuation improvement fund? The department has agreed to this change, and also to the upper limit amount being proposed. The language to be considered is this:*

a) "The department is appropriated revenues deposited to the property valuation improvement fund in the 1997 biennium, not to exceed \$250,000 in fiscal 1996 and \$250,000 in fiscal 1997."

b) "The department is authorized to borrow up to \$50,000 from the general fund in the 1997 biennium for the property valuation improvement fund. The department must repay the loan by the end of the 1997 biennium, with interest equal to rates earned by the short-term investment pool."

Department of Administration

Already Approved: "The appropriation in [item xx] for self-administration of flexible spending accounts is contingent upon the department's determination that self-administration is cost effective."

Issue: There is nothing in the language that specifies what "cost effective" means. *Would the subcommittee consider modifying the language as follows:*

"The appropriation in [item xx] for self-administration of flexible spending accounts is contingent upon the department's determination that self-administration is *more* cost effective *than contracting with the current provider.*"

2. OTHER ISSUES

Appellate Defender Program

Program currently has statutory appropriation, which would be eliminated by SB 83 (Senator Grosfield's de-earmarking bill). Under statutory appropriation, program gets \$100,000 per year, which supports 2.0 FTE. Program requesting that budget be increased to \$180,192 in fiscal 1996 and \$172,762 in fiscal 1997, and that an additional 1.5 FTE be authorized.

Issue: If SB 83 passes both houses, LFC has directed LFA staff to prepare an amendment to HB 2 adding funds for programs whose statutory appropriations are eliminated. Per direction from LFC, those program budgets are to be "held harmless" (not changed) as a result of eliminating the statutory appropriations--unless otherwise directed by subcommittee.

Subcommittee has indicated it does not wish to take formal action yet on the level of the appellate defender program budget if SB 83 passes. *Without formal action, staff still needs to put an "amount" in the HB 2 amendment for the program. I feel the amount that should go in...at this point...is \$100,000 per year. If that amendment were approved, legislators could later amend HB 2 to either: a) eliminate the appropriation for the appellate defender program; or b) increase the appropriation for the program (and FTE if desired).*

Does this sound reasonable to the subcommittee--in the absence of formal action on the program budget and FTE level?

State Fund

The subcommittee requested more information on salaries for state fund staff that directly reports to the president. That information has been provided.

Status of Other Legislation that Could Impact Agencies

- a) HB 176 - Establish filing fee to be used for court automation activities
Taxation - Passed as amended 2/15/95
- b) SB 6 - Retain 7 member supreme court
Signed by governor
- c) SB 83 - De-earmark certain funds and eliminate certain statutory appropriations
House Appropriations - Hearing 2/15/95
- d) HB 5 - Long Range Building (Capitol Restoration)
Still in subcommittee

Personal Services Contingency

Budget Office staff (Dan Gengler) wants to discuss this item.

c:\data\word\subcoma\lang

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Gen. Gov and Trans. SUB-COMMITTEE : DATE 2-17-95
BILL NO. _____ SPONSOR(S) Legislative Agencies

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Ed Smith	Mont. Highway Comm.		
TR Forsyth	" "		
Roy Duff	" "		

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

HR:1993

wp:visbcom.man

CS-14