

MINUTES

MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By CHAIRMAN ETHEL HARDING, on January 4, 1995,
at 10:00 AM

ROLL CALL

Members Present:

Sen. Ethel M. Harding, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Mike Foster (R)
Sen. Don Hargrove (R)
Sen. Vivian M. Brooke (D)
Sen. Bob Pipinich (D)
Sen. Jeff Weldon (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: David Niss, Legislative Council
Gail Moser, Committee Secretary

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

Committee Business Summary:

Hearing: SB25
Executive Action: N/A

{Tape: 1; Side: A; Approx. Counter: 28.3}

HEARING ON SB25

Opening Statement by Sponsor:

SEN. GREG JERGESON, Senate District 46, Chinook, stated that SB25 was requested by the Department of Administration. SEN. JERGESON SB25 extends rule-making authority to the Department of Administration for the central payroll program, and it changes the funding of central payroll from General and State Special to the Internal Service Fund. The Department of Administration is a service agency for almost all other agencies in state government, and they get reimbursed for the services they provide.

Proponents' Testimony:

Mark Cress, Administrator of the State Personnel Division, handed out written testimony in support of SB25 (EXHIBIT 1). **Mr. Cress** stated his Division handles the state payroll program. The first part of SB25, section 1, extends rules. The State Personnel Division took over the payroll function July 1, 1993. Prior to that time, the payroll function was handled at the State Auditor's office. The State Auditor's office had rule authority and basic rules that covered payroll deductions; i.e., what kind of organizations could have payroll deductions and what criteria are needed to be met. The State Personnel Division needs to have similar rules in place, and SB25 would give them that authority. Section 2 of SB25 changes the type of funding. Currently the State Personnel Division receives a General Fund appropriation to provide services for generally funded agencies. Fees are collected from non-general fund agencies and those fees go into a State Special Revenue Account to pay the remainder of payroll expenses. SB25 would change State Personnel Division to an internal service fund so that fees would be collected from all agencies. This method would be much more consistent with how all of the Personnel Division's general service programs work, and it is more consistent with generally accepted accounting principles. This method will also provide a more accurate allocation of the payroll costs to the agencies. Finally, this method will facilitate compliance with the Federal Cost Allocation Program. **Mr. Cress** stated that this change of funding is in the Governor's budget. The General Government Subcommittee of Appropriations and Senate Finance and Claims will be hearing about these internal service fees and their inclusion in HB2. However, SB25 will provide the change in language in the statute in Title 2. **Mr. Cress** stated there is one technical amendment to the bill (EXHIBIT 2), and that the State Personnel Division concurs in that amendment.

Opponents' Testimony: None

Questions From Committee Members and Responses:

CHAIRMAN ETHEL HARDING asked **Mr. Cress** to describe specifically what kind of rule-making authority the State Personnel Division needs regarding the payroll change. **Mr. Cress** stated that the primary intent of the State Personnel Division is to provide rules that cover payroll deductions. **CHAIRMAN HARDING** asked **Mr. Cress** to clarify that the State Personnel Division is requesting the rule-making authority that existed previously at the Auditor's office. **Mr. Cress** said that was correct. **CHAIRMAN HARDING** said that the statutes needed to be changed to grant this rule-making authority.

Closing by Sponsor:

SEN. JERGESON said that Mr. Niss will work with the State Personnel Division, and the amendment and a statement of intent would be included with SB25.

SEN. BOB PIPINICH asked David Niss if the statement of intent would be included with the amendment and covered with one vote? **David Niss** said he could redraft John McMaster's draft of the amendment to include a statement of intent.

DISCUSSION ON GOVERNOR'S APPOINTMENTS

Mr. Niss gave details of the process that would be taking place regarding this Committee's investigation and confirmation recommendations for the Governor's appointees.

CHAIRMAN HARDING stated she would like this Committee to meet tomorrow to disburse the lists of appointees so that the Committee members could begin this investigation process.

ADJOURNMENT

Adjournment: 10:30 AM


ETHEL M. HARDING, Chairman


GAIL MOSER, Secretary

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TESTIMONY IN SUPPORT OF SENATE BILL 25
Mark Cress, Administrator
State Personnel Division

NO. 1
DATE 2-04-95
BILL NO. SB 25

Madame Chair, members of the committee, my name is Mark Cress. I am the Administrator of the State Personnel Division in the Department of Administration. I am here today in support of Senate Bill 25.

SB 25 deals with the state payroll program that processes bi-weekly payroll for all executive, judicial and legislative agencies.

Section 1. Extends our rule authority to include the payroll program. The payroll program moved to the Department of Administration on July 1, 1993 from the State Auditor's Office. The State Auditor did have some basic rules covering payroll deductions. We need authority to adopt similar rules.

Section 2. Changes the program from a combination of general fund and state special revenue to an internal service fund. Currently we receive a general fund appropriation and then collect fees from non-general fund programs. The Governor's budget proposes we collect fees from all programs we serve and place those fees in an internal service fund.

This accomplishes several things:

- (1) It is more consistent with Generally Accepted Accounting Principles.
- (2) It is the same as how other internal service operations within the department are funded.
- (3) It allows for a more accurate allocation of payroll cost across the various funding sources and may save the state some general fund.
- (4) It makes it much easier to comply with the Federal Cost Allocation Plan whereby portions of our general government overhead costs are allocated to federally funded programs.

This funding change will be reviewed by the Joint Subcommittee on General Government. In fact, they are scheduled to review these internal service fees in a meeting tomorrow morning.

There is a technical amendment prepared by the bill drafter. The amendment excludes two parts of chapter 18 from our rule authority. We do not have authority over those parts now. We concur with the amendment.

Thank you for your consideration and I urge you to support SB 25.

Exhibit 2

Amendments to Senate Bill No. 25
First Reading Copy

For the Committee on State Administration

Prepared by John MacMaster
January 3, 1995

OFFICE OF THE CLERK OF THE SENATE

EXHIBIT NO. 2

DATE 01-04-95

BILL NO. SB25

1. Page 2, line 6.
Following: "chapter"
Insert: ", except parts 9 and 10"

DATE January 4, 1995

DATE January 4, 1995
SENATE COMMITTEE ON State Administration

BILLS BEING HEARD TODAY: S.B. 25

Senator Greg Jergeson

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Check One

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VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY