

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

JOINT COMMITTEE SENATE FINANCE & CLAIMS HOUSE APPROPRIATIONS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on January 9, 1997,
at 4:04 p.m., in Room 108

ROLL CALL

Members Present:

Sen. Charles "Chuck" Swysgood, Chairman (R)
Sen. Thomas F. Keating, Vice Chairman (R)
Sen. Thomas A. "Tom" Beck (R)
Sen. James H. "Jim" Burnett (R)
Sen. B.F. "Chris" Christiaens (D)
Sen. Eve Franklin (D)
Sen. Loren Jenkins (R)
Sen. Greg Jergeson (D)
Sen. John "J.D." Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Miller (R)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)
Rep. Tom Zook, Chairman
Rep. Ed Grady, Vice Chairman
Rep. Joe Quilici, Vice Chairman
Rep. John Cobb
Rep. Roger DeBruycker
Rep. Gary Feland
Rep. Don Holland
Rep. Royal Johnson
Rep. Betty Lou Kasten
Rep. Bob Keenan
Rep. Matt McCann
Rep. Red Menahan
Rep. Steve Vick
Rep. Bill Wiseman

Staff Present: Clayton Schenck, Legislative Fiscal Division
Sharon Cummings, Committee Secretary

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

Committee Business Summary:

Motion/Vote: To accept the 3% vacancy savings and apply it to ending fund balance.

DISCUSSION ON BUDGET DIFFERENCES

CHAIRMAN CHUCK SWYSGOOD and **REP. TOM ZOOK** called this meeting to discuss and give direction to the subcommittees in their endeavor to address the budget.

CHAIRMAN SWYSGOOD pointed out the differences between the executive budget and the Legislative Fiscal Division revenue estimates that have caused concern regarding what subcommittee work is to be done. **CHAIRMAN SWYSGOOD** and **REP. ZOOK** presented their plan (**EXHIBIT #1**). Vacancy savings will also be discussed in this meeting.

CHAIRMAN SWYSGOOD reminded the group of the approximately \$60 million difference between the revenue estimate of the Governor's Budget Office and the Legislative Fiscal Division. The differences in revenue are not clear and this is being looked at. **CHAIRMAN SWYSGOOD** and **REP. ZOOK** emphasize that Exhibit #1 could change as the session proceeds, these figures may be readjusted to bring everything into compliance. The legislature is bound by statute to use the Revenue Oversight Committee's estimates. **CHAIRMAN SWYSGOOD** and **REP. ZOOK** decided to approach this in subcommittees as a \$32 million reduction in spending for the budgets that have been presented. As the revenue bill works its way through the system adjustments will be made. This \$32 million figure is a starting point and will be looked at frequently and adjusted as needed.

CHAIRMAN SWYSGOOD explained Exhibit #1. Reductions can be taken out of a combination of new proposals and present law adjustments or whatever the subcommittee decides. Enrollment increases in education and welfare reform monies cannot be used as part of the target.

Clayton Schenck, Legislative Fiscal Division (LFD), explained that the GTB reimbursement is related directly to the property tax reappraisal.

There was a question regarding the pay plan. **REP. ZOOK** explained that the pay plan stands on its own and is not being addressed here.

SEN. GREG JERGESON feels this motion is premature and displays a level of panic. **REP. ZOOK** noted that we have to start somewhere and that direction now is better than to wait until the last minute to address this problem.

{Tape: 1; Side: A; Approx. Time Count: 4:14; Comments: None.}

REP. JOE QUILICI stated it is his understanding that enrollment increases in K-12 would not be used in these reductions.

CHAIRMAN SWYSGOOD explained that reversions of anticipated enrollments less than estimated are not being used in these calculations.

REP. QUILICI asked if welfare reforms are included.

CHAIRMAN SWYSGOOD stated welfare reforms are not being used in these reduction amounts.

REP. QUILICI asked if the subcommittees could pull from personnel services, operating expenses or whatever to reach these reductions.

CHAIRMAN SWYSGOOD responded yes, that is right. The subcommittee can take out of present law, new proposals, FTE, etc. That way the agencies have some leeway to make suggestions.

REP. ZOOK stated these figures may need to be adjusted in the end depending on recommendations from the Revenue Oversight Committee.

REP. JOHN COBB mentioned that it is premature to address this before the agencies are analyzed. The contributions some agencies (K-12 & Higher Education) have made to balancing the budget should not be ignored. This biennium's budget should not dictate a target for next biennium's budget.

REP. ZOOK stated the difficulties of projecting revenue 2½ years in advance are recognized. He is satisfied with recommending the \$32 million as opposed to the \$64 million as a fair approach to this problem.

SEN. MIGNON WATERMAN is concerned that when the pay plan comes there will not be money in the General Fund, additional cuts may be made to cover the pay plan.

REP. ZOOK stated that is a possibility. The pay plan will have to be funded no matter what. The pay plan bill stands on its own and he intends to make a motion that the 3% vacancy savings be accepted.

REP. "RED" MENAHAN asked if supplemental monies would be coming out with this reduction.

CHAIRMAN SWYSGOOD responded that supplementals are not a part of this equation and will be treated as they've always been treated. CHAIRMAN SWYSGOOD and REP. ZOOK assume that all the Governor asked will be done.

REP. ZOOK stated that supplementals are included in the budget & may be reduced as needed.

CHAIRMAN SWYSGOOD stated that there has never been this type of a gap before. There has been a \$10-11 million difference between the Budget Office & Legislative Fiscal Division and things fell together through the process. With this large a gap it is irresponsible to wait and anticipate.

CHAIRMAN SWYSGOOD reminded the group that this is not a reduction in the budget but in the proposed increased spending over the 1996 rate in the bill presented.

Mr. Schenck stated the target of two biennium's ago reduced a huge deficit based upon an agency's total budget. Therefore the biggest agencies got the biggest hits. This reduction is based on the requested increase. Every committee is being asked to look at a reduction of just under 20% of the total increase for their subcommittee.

{Tape: 1; Side: A; Approx. Time Count: 4:21; Comments: None.}

Motion/Vote **REP. ZOOK** MOVED THAT THIS JOINT COMMITTEE ACCEPT THE 3% VACANCY SAVINGS PROPOSAL AND THAT IT BE APPLIED TO THE ENDING FUND BALANCE. Motion carried 19-9 with **SEN. KEATING & MILLER** and **REPS. COBB, DEBRUYCKER, HOLLAND, R. JOHNSON, KASTEN, KEENAN & VICK** voting no.

Mr. Schenck explained that if this legislature goes out without vacancy savings applied, then every position has been funded as though it will be fully occupied for the full 2 years. Typically an agency will have turn over and there will be a gap while the position is being filled. There will also be a savings when a new hire comes in as a replacement for someone who has been with the state for years. The money not needed for personnel services will revert or the agency may move it to operating expenses, equipment or another purpose.

SEN. TOM KEATING stated that if personnel services are line item, any savings by vacancy savings would revert, if they are prohibited from dropping them into operating expense. The reason for not taking vacancy savings, line iteming them and having a reversion is to make sure that the agency is staffed to do the job they are required to do under statute.

REP. ZOOK asked where the reversions go when they come from vacancy savings.

Mr. Schenck responded they will go to the ending fund balance of whatever fund they came out of.

Mr. Schenck explained that the Budget Office has included elected officials, prison guards, etc. in vacancy savings but has increased the size of the contingency pool.

REP. COBB asked for the house vote on the motion. The house vote was 7 YES & 7 NO.

Mr. Schenck explained what will happen in committee in terms of procedure. The base executive budget will be adopted and the executive budget increases will be voted upon. Present law vote will have statewide issues, by accepting these the vacancy savings that is already in them will also be accepted. Voting on statewide proposals as presented means the 3% vacancy savings is adopted. Choosing to do anything other than the 3% will cause a special motion to be dealt with. Otherwise, it will be automatic because it is already built into the executive budget that is being voted on.

SEN. LOREN JENKINS asked if the 3% is in present law.

Mr. Schenck responded yes, the 3% will be in present law and also in new proposals for FTE's. On the basis of the motion made the other day - the standard motion should be to adopt present law for statewide issues, then look at any specific reductions that can be taken elsewhere. Anything other than executive vacancy savings will be treated as an FTE or otherwise.

REP. COBB asked for clarification on a joint vote. It is his impression that a majority in the House and a majority in the Senate is needed to pass.

CHAIRMAN SWYSGOOD responded that **REP. COBB** could be right. This will be checked out. We will let it stand as a guideline.

{Tape: 1; Side: B; Approx. Time Count: 4:45; Comments: None.}

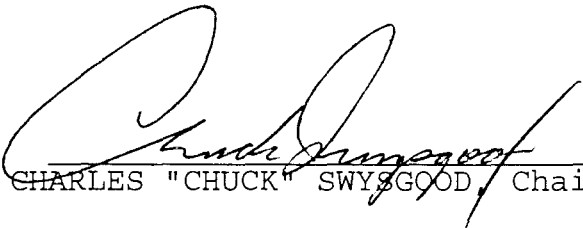
REP. QUILICI addressed the confusion on the vote. A Joint Committee is a vote of all members. It is not the same as a Conference Committee where the vote is by House. Consequently, the vote prevails at 19-9.

CHAIRMAN SWYSGOOD stated this is his interpretation of the vote. Unless the chair is overruled in his interpretation, the vote of 19-9 stands.

CHAIRMAN SWYSGOOD thanked committee members for attending.

ADJOURNMENT

Adjournment: 4:48 p.m.


SEN. CHARLES "CHUCK" SWYSGOOD, Chairman


SHARON CUMMINGS, Secretary

CS/SC