

MINUTES

**MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on March 26, 1997, at
7:09 a.m. , in Room 312-2

ROLL CALL

Members Present:

Sen. Charles "Chuck" Swysgood, Chairman (R)
Sen. Thomas F. Keating, Vice Chairman (R)
Sen. Larry Baer (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. Arnie A. Mohl (R)
Sen. Linda J. Nelson (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: None

Members Absent: None

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:

Hearing(s) & Date(s) Posted: HB 2, 3/20/97
Executive Action: HB 2, BCCAA

HEARING ON HB 2, SECTION D

**REP. GARY FELAND, HD 88, SHELBY, CHAIRMAN, JOINT SUBCOMMITTEE ON
INSTITUTIONS** REP. FELAND gave an overview of subcommittee work
done in Section D.

{Tape: 1; Side: A; Approx. Time Count: 7:28; Comments: None.}

Comment on Individual Budgets:

Board of Crime Control: None

Department of Justice: Joe Mazurek, Attorney General We've accepted most of the reductions made but are bringing three issues that will hurt the most back for consideration. These issues affect employees who are in place, doing a good job and important work. They are all doing law enforcement work in the form of highway patrol officers and prosecutors in your communities. These are all core level services that are important to the people of this state. The bankruptcy program bill has passed both houses of this legislature and has been signed by the Governor. It is a program that will make the state money. We would like to retain the 6 highway patrol positions that were cut. This is a gas tax issue, we think there are ways to wean the highway patrol off the gas tax and are willing to work with you on that. We are also asking for the continuation of a special prosecutor. Serious violent crime is on the increase and we try these complex crimes in small communities. Our demands for this assistance are up, the person whose position will be eliminated has tried 3 homicide cases since the first of the year. We will have to lay off 11 people on July 1, 1997 because of these cuts. These are people working to support the people in your communities and we hope you will look favorably on these proposals.

Mary Bryson, Department of Revenue (DOR) The Department of Revenue uses the bankruptcy unit for bankruptcy claim hearings. The DOR files proof of claims in bankruptcy court and uses the bankruptcy unit for defense of the claim if the debtor objects. The DOR has referred several cases to DOJ, in calendar year 1996 they answered questions amounting to \$168,000. We encourage your positive consideration of the DOJ request in this area as it is beneficial to the DOR.

Laurence Hubbard, State Fund We are here to support the DOJ budget with specific regard to the bankruptcy lawyer position. State Fund filed approximately \$1.4 million worth of personal claims in 1993, these are claims made in a bankruptcy proceeding for debts owed to the State Fund. In 1995 that amounted to \$3 million. Bankruptcy law is immensely complex. This is one program that pays for itself and I urge your support.

Public Service Commission: None

{Tape: 1; Side: A; Approx. Time Count: 7:40; Comments: None.}

Department of Corrections: Rick Day, Director Packet listing Department of Corrections issues handed out. (EXHIBIT #1)
Testimony handed out. (EXHIBIT #2)

{Tape: 1; Side: B; Approx. Time Count: 7:55; Comments: None.}

Department of Labor and Industry: Brian McCullough SB 62 deals with shifting part of the process of paying voc rehab benefits to claimants and has been signed by the Governor. There will be an amendment to deal with funding for this. We are also interested in preserving the displaced homemaker program. There was a mix-up relative to the work comp judge's wage which needs to be rectified. We have an opportunity in the community services program to utilize \$50,000 in General Fund to leverage \$1.5 million in federal funds for the community services base budget. We think these things will be a benefit to providing services to the State of Montana. The Department of Labor and Industry (DLI) cut 30 FTE's and reduced divisions from 6 to 4 this biennium (EXHIBIT #3) handed out.

Wendy Keating, DLI I encourage you to consider the reinstatement of \$58,600 per year for the displaced homemakers program. This program benefits displaced homemakers who have been divorced or abandoned.

SEN. DEBBIE SHEA, SD 18, BUTTE The state displaced homemakers program provides services to adult men and women who are widowed, divorced or separated or have a partner who is long term unemployed or disabled. The intent of the program is to assist individuals to become self-sufficient and the main support of their family. There are no income guidelines for eligibility so the program is able to assist individuals before it is necessary for them to apply for assistance or welfare. There are 10 displaced homemakers centers in the state. If these cuts go through 40 less people will be served per year. The displaced homemakers centers provide job readiness, retention training, job search assistance, computer literacy training, entrepreneurship and supported services to all employed individuals. Please allow this valuable, quality program to continue at its current rate of funding.

Sue Moore, Montana Job Training Partnership We carry out the funding decisions of the private industry councils of Montana who are appointed by county commissioners. Our private industry councils have long supported state displaced homemaker funding because they understand that federal job training funds cannot serve this group. Federal funds in job training have always been directed toward disadvantaged people who have additional barriers to getting employed; displaced homemakers are not part of that group. The displaced homemaker centers require funding in a tripod situation, they receive federal funds through the private industry councils, state displaced homemaker through you and Carl Perkins funding. Without this three pronged effort the centers cannot exist financially. The displaced homemakers program has the ability to use the state funds as a match for additional funds. On behalf of the private industry councils I urge your support for full funding of this program.

Sheila Hogan, Displaced Homemakers Center, Helena I would like to describe 2 displaced homemakers in Helena. The people we see haven't exhausted all their resources and are not on welfare.

Al Smith, Montana Advocacy Program I am here to ask your support for increased funding for the Human Rights Commission. The work they do is very important.

Betty Waddell, Montana Association of Churches We support reinstatement of the Human Rights Commission budget to 16 FTE's. They have many cases to process and without the added support staff they will not be able to do the job of protecting those who are needy and disabled.

Mary Blake, Office of Community Services Our budget is inside the Department of Labor and Industry for administrative purposes. I'd like to bring your attention to an amendment you may be hearing today for \$50,000 General Fund for our office per year. This money will be used to leverage over \$1.5 million in federal funds. The Office of Community Service was established by the 1993 legislature to create opportunities for service for Montanans and to give assistance to rural communities to meet their needs. We have a small staff of 3 people and provide training opportunities for all non-profits in the state that use volunteers. We manage the Americorp program in Montana which is 150 full-time Montanans providing service in rural communities. The \$50,000 I'm requesting is 40% of the match needed for our office.

Mike Malloy, Attorney I work closely with the Montana Human Rights Commission. HB 2 will substantially delay the process of resolving human rights issues for both employers and employees. (EXHIBIT #4) handed out.

{Tape: 1; Side: B; Approx. Time Count: 8:15; Comments: None.}

Department of Military Affairs: John Prendergast I am here to answer any questions the committee may have.

REP. FELAND The thing to remember is that we were requested to find reductions in the budgets so we would end up with an ending fund balance. As you try to add amendments to this section keep in mind that cuts were made in education.

Questions from Committee Members:

SEN. J.D. LYNCH Are the 5 new FTE's for the women's correction center in Billings because of the new buildings requested? **REP. FELAND** No, I believe that was a request for more help as the population of the prison is more than they expected.

SEN. LYNCH What is the number of guards per prisoner at the women's correction center, I can't imagine you are 5 short at present. What if you build the two new ones, would you have to

ask for more? **Mr. Day** The majority of the requests at the women's prison was directed at relief for correctional officers. It is the same thing we deal with in all areas of institutions. If we had added the new unit we would have had to add staff.

SEN. EVE FRANKLIN Would you make some comments on where the Governor's office and your office is in regards to where we sit with the Corrections budget? My concern is the lack of focus on juvenile justice. **Dave Lewis, Office of Budget and Program Planning (OBPP)** The most critical area, in my mind, is adult corrections as that is the major risk to public safety. If we don't have the beds we will have to take some actions that may include early release. SB 48, which is in conference committee now, addresses juvenile corrections.

SEN. FRANKLIN Please talk about your long range plans for prevention and protecting vulnerable youth. There are two different categories, youth in need of care and youth in need of prevention. **Mr. Day** These issues sometimes get confused. We take an active role in juvenile justice. If you'd look at the summary page of **(EXHIBIT #1)** #9 lists issues we have identified as critical at this point. This would add \$5 million that we believe is necessary to properly support juvenile placement activities. We are responsible for delinquent youth and youth in need of intervention. Youth in need of care are the responsibility of the Department of Public Health and Human Services.

SEN. FRANKLIN Do you anticipate you'll be putting more focus on vulnerable youth in the next biennium? **Mr. Day** The public safety issue needs to be resolved. The lack of prison space for the adult male population is a big issue. Juvenile justice is of equal priority and we have had effective legislative response to our proposals. Right now juvenile placement is the main issue in juvenile justice.

SEN. CHRIS CHRISTIAENS I'm interested in the number of beds we budgeted for pre-release centers versus the number filled. We budgeted for 414 pre-release beds, how many of those were filled? **Mr. Day** Please refer to the green sheet of **(EXHIBIT #1)** PRC-Residential for FY97 is 277.

SEN. CHRISTIAENS Then about one-half of the beds budgeted for were filled. **Mr. Day** I would agree that about half of the expanded facility was filled.

SEN. CHRISTIAENS In the current budget you are asking for 409 beds in FY98 and 419 beds in FY99. The fact is that we are not filling those beds and that there are 33 people continually on a waiting list. Why weren't these people put in pre-release? **Mr. Day** Many of the 33 inmates on the waiting list have requested a particular facility, often Butte. The Butte facility remains at capacity almost all the time. These 33 inmates are still in the institution system.

SEN. CHRISTIAENS If the money budgeted for pre-release beds isn't resulting in those beds being filled we are building a slush fund that is being used for something else. What did you do with the money that was contracted as pre-release and was not used? Was that transferred into medical or foster care; where does the money go? **Mr. Day** If inmates are not in pre-release they are probably in prison and the money is used for the holding population.

SEN. CHRISTIAENS We need to know the actual number of beds that will be available in pre-release. These numbers are projections for the second year of the biennium for the expansion in Missoula and Billings. How realistic is it that Missoula will actually need the money that is being requested for pre-release within this biennium? **Mr. Day** The subcommittee reduced our plan for FY98 pre-release by approximately 108 beds. There is no reason why we shouldn't be able to have our expanded pre-release facilities up in FY99. Our capacity as anticipated is approximately 342 ADP by the end of FY99.

SEN. CHRISTIAENS I'd like to talk about employee upgrades. Statute indicates that the department is not allowed to ask for supplementals if there are upgrades. It appears that about 117 FTE's were given upgrades and approximately 32 were downgraded which leaves 85 FTE's with upgrades of \$2,000 each. The department came in for a supplemental that statute says is against the law. Please comment on that. **Mr. Day** We look at the statute every time we authorization a reclassification. My understanding of the statute is that the reclassification cannot be the cause of the supplemental. In this case we reviewed correctional officer classifications and the supplementals were caused by the demand for youth placement services and prison space.

SEN. CHRISTIAENS I don't agree with what **Mr. Day** said, that the supplemental language doesn't say that it is totally because of those reclassifications. **Dave Lewis, OBPP** We pay close attention to statute. My recollection is precisely as **Mr. Day** says that you can't give upgrades if it is going to cause supplementals. Their supplementals were brought about by the higher population in the adult correction facilities and juvenile corrections. The upgrades were absorbed through vacancies, etc.

{Tape: 2; Side: 1; Approx. Time Count: 8:39; Comments: None.}

CHAIRMAN SWYSGOOD If you look at page 15 in the book you'll find the overview by agencies. You can get a pretty good picture of what has been expended in this entire budget and the percentage of growth. Most of this is related to the Department of Corrections.

SEN. LYNCH Are the highway patrolmen positions being eliminated based on last hire, first fire? **Mr. Mazurek** Yes.

SEN. MIKE TAYLOR Are you taking into account the private prisons that could come on line when you talk about bed space? Mr. Day Yes, we are taking that into consideration.

Amendments: Amendment #hb000250.a31 (EXHIBIT #5)

Motion: SEN. LYNCH MOVES TO AMEND HB 2 WITH AMENDMENT #HB000250.A31.

Discussion: SEN. LYNCH This amendment addresses the displaced homemaker program. This isn't a lot of money but if it keeps people off welfare it is money well spent. I've seen this program work.

CHAIRMAN SWYSGOOD How much money is in this budget? REP. FELAND \$180,000 per year. This is an increase of \$59,000 per year.

SEN. LYNCH This amendment would put them at current level. REP. FELAND We cut into the base

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000250.A31 CARRIED 9-8 ON ROLL CALL VOTE.

Motion: SEN. CHRISTIAENS MOVES TO AMEND HB 2 WITH (EXHIBIT #6).

Discussion: SEN. CHRISTIAENS This is an amendment to take \$50,000 General Fund each year of the biennium to allow the Office of Community Services to increase the federal match for programs.

Vote: THE MOTION TO AMEND HB 2 WITH (EXHIBIT #6) FAILED 6-11 ON ROLL CALL VOTE.

Motion: SEN. LYNCH MOVES TO AMEND HB 2 WITH (EXHIBIT #7).

Discussion: SEN. LYNCH The salary raise for the workers' compensation court judge was not appropriated.

Clarice Beck, DLI Our funding is through special revenue, the workers' compensation assessment.

Vote: THE MOTION TO AMEND HB 2 WITH (EXHIBIT #7) FAILED 5-12 ON ROLL CALL VOTE.

{Tape: 2; Side: A; Approx. Time Count: 8:52; Comments: None.}

Amendment: Amendment #hb000239.a07 (EXHIBIT #8)

Motion: SEN. CHRISTIAENS MOVES TO AMEND HB 2 WITH AMENDMENT #HB000239.A07.

Discussion: SEN. CHRISTIAENS This amendment restricts travel until an issue that was put into law in 1993 is resolved. I have been trying to make sure the DOJ and DOC get together and comply

with the law. With this language the departments will work together to get the problem solved.

Keith Roberts, DOJ Our duty under this law is to give an identification card to an individual discharged from any correctional facility. Every release center has a form for this purpose. We have tried to work with the DOC since November and have had no response from them. For the DOJ to be penalized for not doing its duty would not be fair as we are doing our duty. We provide a free id card for anyone coming to us under statute.

SEN. CHRISTIAENS The law requires that an id be given to everyone upon leaving the institution or they cannot get a job. The two departments need to work together on this.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000239.A07
FAILED 5-12 ON ROLL CALL VOTE.

Amendment: Amendment #hb000231.a07 (EXHIBIT #9)

Motion: SEN. FRANKLIN MOVES TO AMENDMENT HB 2 WITH AMENDMENT #HB000231.A07.

Discussion: SEN. FRANKLIN This amendment requires the DOC director to make an on-site visit to the private prison facility in Texas.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000231.A07
CARRIED 9-8 ON ROLL CALL VOTE.

Amendment: Amendment #hb000235.a07 (EXHIBIT #10)

Motion: SEN. LYNCH MOVES TO AMEND HB 2 WITH AMENDMENT #HB000235.A07.

Discussion: SEN. LYNCH This amendment restores the 6 highway patrolmen who will be laid off July 1, 1997. I think that is a severe cut to the highway patrol.

SEN. ARNIE MOHL I object to this amendment. This is coming out of the gas tax fund and we were told yesterday they may be coming to us for an increase of that tax. This would be fine if you can find another way to fund it.

SEN. LINDA NELSON Do you have any other possible funding source for these 6 highway patrolmen? **Mr. Mazurek** We are looking for ways to get the highway patrol off gas tax money. I'd like to sit down and find ways to do that.

REP. FELAND This is money that came from federal crime control. The money dried up. The message from the committee was that if the agencies pursue these funds they'll have to take the consequences when the money dries up and we won't backfill with General Fund.

SEN. TAYLOR There were 10 patrolmen added 2 years ago, the committee cut 6 so 4 patrolmen are funded.

Mr. Mazurek The initial proposal was for funding from gas tax. When it was sent from the budget office helmet money was used. We received a grant to fund 7 positions from the US Department of Justice, the match goes from 40% to 25% in 1999. We are trying to keep the officers funded under this program and gradually go to gas tax.

SEN. MOHL We did not reduce highway patrol staff, we just said we would not fund them.

SEN. LARRY BAER I was told you transferred \$200,000 spending authority from highway patrol to gambling control, is that true?

Mr. Mazurek That is not true. We worked with the budget office and made a proposal to spend \$200,000 on privatization. The spending authority but not the dollars came from the highway patrol.

Vote: THE MOTION OF AMEND HB 2 WITH AMENDMENT #HB000235.A07
FAILED 5-12 ON ROLL CALL VOTE.

{Tape: 2; Side: A; Approx. Time Count: 9:10; Comments: None.}

Amendment: Amendment #hb000214.a94 (EXHIBIT #11)

Motion: SEN. MOHL MOVES TO AMEND HB 2 WITH AMENDMENT
#HB000214.A94.

Discussion: SEN. MOHL This takes money out of the gambling audit and puts it into the county prosecutor services.

Clayton Schenck, LFD This provides \$133,000 from the gambling special revenue funds and uses \$67,000 of the existing federal funds to fund the county prosecutor services.

SEN. LYNCH Is there a lot of crime in the gambling area? How are these two items related? **SEN. MOHL** This is another way of funding to help counties out. It doesn't do anything with gambling.

SEN. LYNCH This is not a good way to do business. If there is money you don't think is spent properly in the gambling division it should be put into something related to gambling problems. I would like to see it go to treatment.

Mr. Mazurek The gambling special revenue fund is created by charging fees on video gambling machines. A portion of this fund is proposed for problem gambler treatment programs. This probably isn't good policy but we think the prosecutor positions are very important and appreciate that **SEN. MOHL** made this motion. These funds have been taken by the legislature before for General Fund use.

SEN. FRANKLIN How much money is available for the addiction treatment program? Dennis Taylor, DOJ HB 2 was submitted to you with \$50,000 to the compulsive gambling program in FY98 and \$100,000 in FY99. As I understand, that is how the bill currently stands.

CHAIRMAN SWYSGOOD With the passage of this amendment and the addiction treatment program, the gambling account will contain approximately \$700,000.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000214.A94 CARRIED 11-6 ON ROLL CALL VOTE.

Amendment: Amendment #hb000242.a07. (EXHIBIT #12)

Motion: SEN. MOHL MOVES TO AMEND HB 2 WITH AMENDMENT #HB000242.A07.

Discussion: SEN. MOHL House floor action set a rate of \$48.00 on prisons and took 25 cents from Corrections and gave it to OPI. This amendment gives the 25 cents back to Corrections.

REP. FELAND This happened on the house floor, I agree with this.

Skip Culver, LFD The House took 25 cents per inmate per day which is approximately \$130,000 per year and moved that money into OPI's Timber Harvest for Technology grant. This amendment reverses that action.

SEN. FRANKLIN What does the Timber Harvest for Technology grant do? SEN. DARYL TOEWS Timber sales over a fixed amount go to a technology fund, this is a slush fund for computers, etc.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000242.A07 CARRIED WITH SEN. JERGESON, FRANKLIN, CHRISTIAENS, NELSON AND WATERMAN VOTING NO.

{Tape: 2; Side: B; Approx. Time Count: 9:22; Comments: None.}

Amendment: Amendment #hb000238.a07 (EXHIBIT #13)

Motion: SEN. CHRISTIAENS MOVES TO AMEND HB 2 WITH AMENDMENT #HB000238.A07.

Discussion: SEN. CHRISTIAENS Please change the amount of \$1,000.000 to \$750,000. This amendment reduces the pre-release center budget by \$750,000 in FY99. This is for bed expansion and I do not believe it is possible for those beds to come on line. This amendment leaves approximately \$800,000 for those expansions should they come on line. It also creates a line item budget for pre-release centers and restricts its usage for that purpose.

CHAIRMAN SWYSGOOD You are reducing the budget for the pre-release centers by \$750,000 which is General Fund balance. Where

is this General Fund balance going? **SEN. CHRISTIAENS** I have another amendment to transfer this savings into the DOC budget.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000238.A07 CARRIED 11-6 ON ROLL CALL VOTE.

Amendment: Amendment #hb000237.a07 (EXHIBIT #14)

Motion: SEN. CHRISTIAENS MOVES TO AMEND HB 2 WITH AMENDMENT #HB000237.A07.

Discussion: **SEN. CHRISTIAENS** This amendment reduces 50 cents per inmate day at Montana State Prison.

REP. FELAND This started out at \$50 per day and was reduced to \$48 per day in House Appropriations. This will lower the per day inmate cost to \$47.50.

SEN. MOHL I feel strongly that we should not go under the \$48 per day cost.

SEN. CHRISTIAENS I believe this is possible. It is costing us less to house inmates out-of-state. As we continue to see the inmate population increase there should be some economy in scale. As you increase business costs should go do overall. With **SEN. MOHL'S** earlier amendment this only amounts to 25 cents which is needed in another part of this budget.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000237.A07 FAILED 7-9 ON ROLL CALL VOTE.

Amendment: Amendment #hb000230.a07 (EXHIBIT #15)

Motion: SEN. TAYLOR MOVES TO AMEND HB 2 WITH AMENDMENT #HB000230.A07.

Discussion: **SEN. TAYLOR** This amendment transfers federal funds to biennial grants in the Board of Crime Control, this has no impact on the budget.

SEN. TOM KEATING What is the rationale for moving this and how much money is in there now? **Mr. Culver** When the joint subcommittee was asked for new proposal for federal grant funds they were listed as an annual appropriation and were rolled into the operations portion of the budget. The Crime Control division wanted all the grant funds line itemed, this is taking care of that for these grants.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000231.A07 CARRIED UNANIMOUSLY.

{Tape: 2; Side: B; Approx. Time Count: 9:32; Comments: None.}

Amendment: Amendment #hb000232.a07 (EXHIBIT #16)

Motion: SEN. CHRISTIAENS MOVES TO AMEND HB 2 WITH AMENDMENT
#HB000232.A07.

Discussion: SEN. CHRISTIAENS This amendment adds \$1 million General Fund to the DOC to provide private medical costs to inmates.

CHAIRMAN SWYSGOOD This adds \$1 million to outside medical providers and is \$250,000 above what you saved in your first amendment.

SEN. CHRISTIAENS This legislature has never funded medical care at the prison. We have an aging population in the prison that will require more medical care. We have 2 inmates that have to come to Helena twice weekly for dialysis treatment. This is extremely expensive. We also have 196 inmates that have some type of mental illness. This area is extremely under budget.

Vote: THE MOTION TO AMEND HB 2 WITH #HB000232.A07 FAILED 4-13 ON ROLL CALL VOTE.

{Tape: 2; Side: B; Approx. Time Count: 9:36; Comments: None.}

Amendment: Amendment #hb000233.a07 (EXHIBIT #17)

Motion: SEN. CHRISTIAENS MOVES TO AMEND HB 2 WITH AMENDMENT
#HB000233.A07.

Discussion: SEN. CHRISTIAENS This amendment adds \$210,000 to educate youth placed in licensed detention centers for over 10 days. There is no funding for this right now.

CHAIRMAN SWYSGOOD This is expending \$210,000 General Fund money.

SEN. FRANKLIN I'd like to speak in favor of the motion. If these kids don't have education they are in a bigger world of hurt than they were before.

SEN. TOEWS If I remember right there is some money being spent on these kids somewhere in education. The districts are responsible to a certain point after which the state takes over.

SEN. CHRISTIAENS We have juveniles living in those facilities for up to 6 months without any education going on. It is important that education continue with this group of young people. These are kids at risk, this is the way to prevent them from going on into the adult system. This money was in a grant from the Board of Crime Control but is no longer available. We have over 400 kids per year not getting educated.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000233.A07
FAILED 6-11 ON ROLL CALL VOTE.

{Tape: 2; Side: B; Approx. Time Count: 9:41; Comments: None.}

Motion: SEN. FRANKLIN MOVES TO AMEND HB 2 WITH (EXHIBIT #18).

Discussion: SEN. FRANKLIN This amendment is for nursing in the MSP infirmary.

CHAIRMAN SWYSGOOD This amendment adds \$950,000 General Fund money to the DOC budget.

Vote: THE MOTION TO AMEND HB 2 WITH (EXHIBIT #18) FAILED 5-12 ON ROLL CALL VOTE.

Motion/Vote: SEN. CHRISTIAENS MOVES TO AMEND HB 2 ON PAGE D-5 FOLLOWING LINE 17 INSERT "UNTIL THE DEPARTMENT IS IN COMPLIANCE WITH THE PROVISIONS OF 61-12-504, WHICH REQUIRES THAT A FREE IDENTIFICATION CARD BE ISSUED TO AN INDIVIDUAL DISCHARGED OR PAROLED FROM A CORRECTIONAL FACILITY, THE DEPARTMENT MAY NOT TRAVEL FOR THE STAFF OF THE ADMINISTRATION AND SUPPORT SERVICES PROGRAM." THE MOTION TO AMEND HB CARRIED 13-4 ON ROLL CALL VOTE.

Close: CHAIRMAN SWYSGOOD Section D closed.

{Tape: 2; Side: B; Approx. Time Count: 10:12; Comments: None.}

HEARING ON HB 2, SECTION E

REP. ROYAL JOHNSON, HD 10, BILLINGS, CHAIRMAN, JOINT SUBCOMMITTEE ON EDUCATION REP. JOHNSON gave an overview of subcommittee work done in Section E.

{Tape: 3; Side: A; Approx. Time Count: 10:53; Comments: None.}

Comment on Individual Budgets:

Office of Public Instruction: None

Board of Public Education: Wayne Buchanan The only new proposal we had was for reimbursement of board travel, an appropriation of \$3,200 that was eliminated in the House. BPE members have been paying for their own travel expenses. The Board of Education has increased their meetings from 2 to 5. We hope you will restore at least some of this money.

School for the Deaf and Blind: None

Montana Arts Council: Arni Fishbaugh HB 2 was amended to require 75% of the budget be allocated for grants. This will have a crippling impact on our agency's ability to serve Montana. It will reduce our staff of 8 to 3 or 4 people. It will eliminate services we are able to provide the state.

State Library Commission: None

Vo-Educational Council: None

Montana Historical Society: None

{Tape: 3; Side: A; Approx. Time Count: 10:59; Comments: None.}

University System: Richard Crofts Handouts explained, Accountability and the Montana University System (EXHIBIT #19), Montana University System Collaborative Agreements (EXHIBIT #20), and Cumulative Change in Expenditures per Student (EXHIBIT #21). In the last two years the Commissioners office and the Board of Regents have taken steps to increase productivity, eliminate program duplication, address transfer problems, speed up the amount of time it take students to receive their degrees, establish tuition rates and hold to them for 2 years. We have taken steps to increase enrollment in 2 year programs and have participated with the legislature in the system of enrollment management and budget accountability. At the end of this biennium we will revert over \$1 million to the General Fund. HB 2 provides \$15 million which is less than the Governor recommended. It provides \$5 million less in General Fund for the educational units than we had during the current biennium. We will see at least 2,400 new Montana resident students in the next biennium. We do not see how we can educate those students with a \$5 million reduction. State support per student basis continues its decline. In 1992 the State of Montana was funding each of its resident students in the university system at a level of \$4,487. The 1995 legislature agreed on a figure of \$4,040 per student. In 1999 under HB 2 the state support for each Montana resident full-time student would fall to \$3,823. This is a 15% decrease since 1992. The same thing is true for total state expenditure for the educational units. In 1992 General Fund expenditures on educational units totaled \$115 million. In 1999 under HB 2 that total will fall to \$100 million. Other issues are the impact of the property tax freeze on millage revenue, \$3.7 was removed from the General Fund in the House Appropriations process and a \$3.7 million spending authority was put into place for the MTAP program. At this point there is no revenue to fund this spending authority. HB 2 and HB 188 eliminated all budget increases for technology increases in the university system. The funds are insufficient to educate students in the State of Montana and it is time to rectify this situation.

Community Colleges: None

College of Technology: None

Experiment Station: None

Forestry: None

Bureau of Mines: None

Fire Training School: None

{Tape: 3; Side: A; Approx. Time Count: 11:10; Comments: None.}

Questions from Committee Members:

SEN. FRANKLIN Where would the Governor like to see education?
Mr. Lewis Obviously, some work needs to be done on the higher education budget. Some issues are salaries and new building maintenance. We would like to see at least \$10 million more added to this budget.

SEN. LYNCH Can you tell me about the change to line iteming MetNet? REP. JOHNSON This line item was an amendment on the House floor and is a one time only appropriation.

{Tape: 3; Side: B; Approx. Time Count: 11:15; Comments: None.}

SEN. CHRISTIAENS I'm concerned with the ongoing maintenance of state buildings. With term limits the concerns that previous legislatures have had may be lost. Please give the Governor's perspective on what is recommended for maintenance and upkeep of all state buildings. Mr. Lewis We have concern about maintaining the facilities we have. We have dedicated more money to the building program in HB 5.

SEN. TOM BECK Was MetNet taken out of the base and line itemed?
REP. JOHNSON On page E-1 of the bill, it is taken out of administration and will go on the Internet after this biennium is over. Madalyn Quinlan, OPI The amendment on the House floor pulled out the funding for MetNet and made it a one time only appropriation. The discussion on the House floor was that all school districts should be able to be on the Internet by the next biennium. Scott Buswell, OPI We find that less the 50% of the schools have access to the Internet. The majority of the schools using our 3 toll free lines are small rural Montana schools.

SEN. BECK Do all schools have access to the MetNet. Mr. Buswell Yes, through the toll free lines.

{Tape: 3; Side: B; Approx. Time Count: 11:23; Comments: None.}

Amendment: Amendment #hb000202.a08 (EXHIBIT #22)

Motion: SEN. MIGNON WATERMAN MOVES TO AMEND HB 2 WITH AMENDMENT #HB000202.A08.

Discussion: SEN. WATERMAN This adds an appropriation for funding of the school improvement program through OPI. It is critical to set high standards for schools and hold them accountable. If we don't do this we will fall behind the other states in this region.

CHAIRMAN SWYSGOOD This amendment adds \$1.6 million General Fund to the budget.

SEN. TOEWS This is where K-12 is going and we need better, more specific standards. It won't take this much money to do this. We should go to other states and look at what they have done. This amount of money is not enough to create it ourselves.

Dori Nielson, OPI This was in the budget and has been removed. This amendment puts it back in the budget again. This is an important project. Our students perform very well but other states are going to march past us. The greatest increases in student performance are in states that have adopted standards. We have to make sure Montana students don't stand still while other students pass us. We are asking for a modest amount to look at what other states have done. **(EXHIBIT #23)** handed out and explained. We are losing money for Montana because of the lack of standards.

SEN. LOREN JENKINS I thought this is what OPI did. I'm curious to know what they do with their 115 employees.

SEN. WATERMAN We need to invest in our schools if we want them to grow.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000222.A08
FAILED 6-11 ON ROLL CALL VOTE.

{Tape: 3; Side: B; Approx. Time Count: 11:35; Comments: None.}

Amendment: Amendment #hb000222.a06. **(EXHIBIT #24)**

Motion: SEN. GREG JERGESON MOVES TO AMEND HB 2 WITH AMENDMENT #HB000222.A06.

Discussion: **SEN. JERGESON** The funding source for the university system comes from General Fund, the six mill levy and student tuition. This amendment puts in General Fund money in anticipation that the six mill levy will not be allowed to increase due to the property tax freeze.

CHAIRMAN SWYSGOOD There are three parts to this amendment. The second and third part put \$6 million General Fund money into the budget to backfill the anticipated loss of revenue from the property tax freeze as it relates to the six mill levy.

REP. JOHNSON We need to be careful how we handle the six mill levy and funding of the university system. We need to have truth in budgeting, if we are going to all General Fund we need to be honest about it.

SEN. CHRISTIAENS I would like to know what kind of tuition increase is being anticipated. **Dr. Crofts** Tuition proposals vary from 6.5-7% per year for the biennium. To recover the reductions we are now faced with through tuition increases we would end up with tuition increases in the 15-20% range. Those kinds of increases are not planned though.

SEN. BECK I think this is a little premature, we haven't seen the tax cut bill get through the house yet.

SEN. FRANKLIN I'd like to hear from the student representative. **Jeremy Fritz, Student, MSU-Bozeman** We encourage any kind of funding and support the state can give the university system. The students do not want to pay more tuition than they are paying today.

SEN. JENKINS What do you think about the university system's increased cost of 12-15% when the average inflation factor is 1-3%? What should be done to clarify that? **Mr. Fritz** 12% of the 15.5% increase from 1992-96 is inflation measured by CPI. The rest is increases in enrollment.

SEN. JERGESON I agree we need truth in budgeting around here. The motion made in House Appropriations would have worked last session when the property tax base against which the six mill levy is applied was relatively stable. The amendment picks a figure for the six mill levy that is revenue neutral. I urge your approval of this amendment.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000222.A06
FAILED 5-12 ON ROLL CALL VOTE.

{Tape: 3; Side: B; Approx. Time Count: 11:52; Comments: None.}

Amendment: Amendment #hb000226.a06. (EXHIBIT #25)

Motion: SEN. TOEWS MOVES TO AMEND HB 2 WITH AMENDMENT
#HB000226.A06.

Discussion: SEN. TOEWS This amendment takes money for an Ag specialist from OPI and gives the money to the university system. OPI has not been able to fill this position.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000226.A06
CARRIED 14-3 ON ROLL CALL VOTE.

Motion: SEN. KEATING MOVES TO AMEND HB 2 WITH (EXHIBIT #26) BY
RESTORING A PERSONNEL OFFICER TO DNRC AND REMOVING COMPUTER MONEY
FROM THE HISTORICAL SOCIETY.

SEN. CHRISTIAENS I have an amendment to take the money for the DNRC personnel officer from the General Fund and let the money stay in the Historical Society for computers.

SEN. KEATING The personnel officer was funded under proprietary money and needs to show up as General Fund now. The subcommittee approved the transfer and funding mechanism. I hope you will reverse the action taken on the House floor.

Vote: THE MOTION TO AMEND HB 2 WITH (EXHIBIT #26) CARRIED 11-6
ON ROLL CALL VOTE.

Amendment: Amendment #hb000221.a06 (EXHIBIT #27)

Motion: SEN. LYNCH MOVES TO AMEND HB 2 WITH AMENDMENT #HB000221.A06.

Discussion: SEN. LYNCH This amendment was in the Governor's budget for electronically delivered higher education programs.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000221.A06 FAILED 6-11 ON ROLL CALL VOTE.

{Tape: 4; Side: A; Approx. Time Count: 11:59; Comments: None.}

Amendment: Amendment #hb000217.a06 (EXHIBIT #28)

Motion: SEN. DALE MAHLUM MOVES TO AMEND HB 2 WITH AMENDMENT #HB000217.A06.

Discussion: SEN. MAHLUM This amendment adds General Fund money to the university system for faculty salary agreements and fee waivers.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000217.A06 FAILED 6-11 ON ROLL CALL VOTE.

Amendment: Amendment #hb000220.a08 (EXHIBIT #29)

Motion: SEN. BECK MOVES TO AMEND HB 2 WITH AMENDMENT #HB000220.A08.

Discussion: SEN. BECK This amendment takes out the language put on the House Floor trying to micromanage the Montana Arts Council and gets rid of the 75%.

SEN. BAER A study of the budget for the Montana Arts Council showed that almost half the money for the grant was used for administrative purposes. It was felt that was not fiscal prudent and the House required more grant money go to the people of Montana and less to the administrators. Perhaps the Montana Arts Council needs to eliminate even one more FTE and hire an efficiency expert.

SEN. FRANKLIN What is the role of your staff? Ms. Fishbaugh Field services to the artists and community are important and are ranked as one of the top priorities for the agency to address in its strategic planning. Those services include the newsletter, information lists, facts and figures, business development technical assistance, arts education programs, etc. The cultural trust funding is requested in such a way that three-quarters of the money goes out the second year of the biennium. This skews the amounts of grant funding. Grant and agency administration costs are approximately 13%. The services we provide are requested by Montanans to help them do their jobs better.

SEN. BECK This amendment was put in on the House floor. It is a micromanagement amendment, it wasn't put on in the subcommittee or the Appropriations Committee. Let's restore it to the way it came out of the Appropriations Committee.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000220.A08
CARRIED 13-4 ON ROLL CALL VOTE.

{Tape: 4; Side: A; Approx. Time Count: 12:06; Comments: None.}

Amendment: Amendment #hb000227.a06 (EXHIBIT #30)

Motion: SEN. TOEWS MOVES TO AMEND HB 2 WITH AMENDMENT
#HB000227.A06.

Discussion: SEN. TOEWS This amendment takes the Montana Tuition Assistance Program (MTAP) appropriation and spreads it out over all resident students.

Mr. Fritz The MTAP program in SB 187 uses the interest earned from tuition. House Appropriations took off the appropriation in HB 2 and gave MTAP no spending authority. We wanted the program to stand on its own feet but that is not possible now. We would prefer you restore the \$3.7 million in HB 2 and let SB 187 go through the legislative process for the MTAP appropriation.

Dr. Crofts The Board of Regents approved MTAP with the understanding it would be funded from interest on tuition. I agree with and appreciate the effort of SEN. TOEWS to remove the restriction in the language.

SEN. TOEWS If we add the \$3.7 million and the \$800,000 we've added to the university system budget they would have a spending authority somewhere close to FY97.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000227.A06
CARRIED 16-1 ON ROLL CALL VOTE.

{Tape: 4; Side: A; Approx. Time Count: 12:13; Comments: None.}

Amendment: Amendment #hb000249.a19 (EXHIBIT #31)

Motion: SEN. LYNCH MOVES TO AMEND HB 2 WITH AMENDMENT
#HB000249.A19.

Discussion: SEN. LYNCH MetNet should not be sunset in 2 years. Approximately 40% of the schools still won't be on the Internet. This helps rural schools, the subcommittee was correct where they put it. There is no additional money involved with this amendment.

REP. JOHNSON SEN. LYNCH is correct.

SEN. KEATING Was the motion made in the subcommittee on line iteming MetNet? REP. JOHNSON No.

Vote: THE MOTION TO AMEND HB 2 WITH AMENDMENT #HB000249.A19 CARRIED WITH SEN. BAER, JENKINS AND KEATING VOTING NO.

Close: CHAIRMAN SWYSGOOD Section E closed.

BOILERPLATE HB 2

CHAIRMAN SWYSGOOD Does anyone have any amendments to the boilerplate section of HB 2?

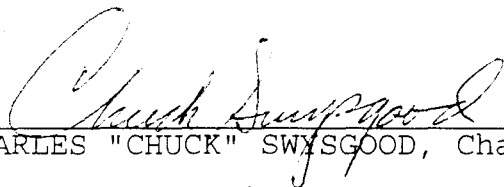
Close: CHAIRMAN SWYSGOOD Boilerplate closed.

EXECUTIVE ACTION ON HB 2

Motion/Vote: SEN. KEATING MOVES HB 2 BE CONCURRED IN AS AMENDED. THE MOTION CARRIED 10-7 ON ROLL CALL VOTE. CHAIRMAN SWYSGOOD will carry HB 2.

ADJOURNMENT

Adjournment: 12:17 p.m.


SEN. CHARLES "CHUCK" SWYSGOOD, Chairman


SHARON CUMMINGS, Secretary

CS/SC