

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION**

COMMITTEE ON APPROPRIATIONS

Call to Order: By CHAIRMAN TOM ZOOK, on December 7, 1993, at
8:30 A.M.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Ed Grady, Vice Chairman (R)
Rep. Francis Bardanouve (D)
Rep. Ernest Bergsagel (R)
Rep. John Cobb (R)
Rep. Roger Debruycker (R)
Rep. Marj Fisher (R)
Rep. John Johnson (D)
Rep. Royal Johnson (R)
Rep. Mike Kadas (D)
Rep. Betty Lou Kasten (R)
Rep. Red Menahan (D)
Rep. Linda Nelson (D)
Rep. Ray Peck (D)
Rep. Mary Lou Peterson (R)
Rep. Joe Quilici (D)
Rep. Dave Wanzenried (D)
Rep. Bill Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Taryn Purdy, Legislative Fiscal Analyst
Cathy Kelley, Committee Secretary

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

Committee Business Summary:

Executive Action: HB 7 Do Pass As Amended

EXECUTIVE ACTION ON HOUSE BILL 7

Motion: REP. GRADY MOVED HB 7 DO PASS.

Discussion: CHAIRMAN ZOOK distributed amendments hb000702.a03.
EXHIBIT 1 He asked Taryn Purdy, LFA, to explain.

Ms. Purdy said these amendments addressed concerns of the LFA about this bill and how "current level" was defined. She deferred to **Terry Johnson, LFA**.

Mr. Johnson said the amendments make the language in HB 7 more workable. The amendments leave the existing definition of "current level" in place. They remove the inflation calculation process. They expand the "modified level" budget, including work load increases, case load increases, and enrollment increases. In the past, those types of increases had been built into current level. These amendments would treat those increases as a modified level part of the budget. This ultimately means that the current level budget is almost identical to the current biennium budget.

Mr. Johnson said the legislature, as a result of this legislation, would have to address more modified budget requests than in the past. Increases in AFDC case loads, K-12 ANB increases, and inflationary increases would be treated as modified parts of the budget. The amendments would treat all equipment as a modified part of the budget and not as current level, which is a change from the present practice.

REP. PECK asked **Mr. Johnson** if these amendments had been agreed on by OBPP and LFA. **Mr. Johnson** said he felt there was general agreement that they were acceptable.

REP. PECK asked if the last sentence in amendment (1) should read "shall be excluded. . ." instead of "may be excluded. . ." **Mr. Johnson** agreed with that.

REP. BARDANOUVE said he did not see a lot of difference between the present process and that proposed in this bill. **Mr. Johnson** stated that the main difference was in how case loads and ANB increases were treated. Under present law, any case load increase or enrollment increase is included in current level budgeting. Under this proposal, any case load increase or ANB increase would be considered a modified level.

REP. ROYAL JOHNSON asked if the budget, without those modifications, would be very near the spending levels of the previous biennium. **Mr. Johnson** said that was correct. Current level would be almost identical to the current biennium budget.

REP. ROYAL JOHNSON asked how that would be shown on a spread sheet. **Mr. Johnson** said their budget presentation shows essentially two columns: current level and modifications. What they would be presenting during the next legislative session would be that information in that form. **REP. JOHNSON** asked if OBPP's budget without modifications and LFA's budget without modifications would have the same numbers. At this point in time, **Mr. Johnson** felt they would. The only point on which there may be some disagreement would be in terms of recurring vs. non-recurring expenses. Both offices have access to the same actual

data on the accounting system and both have similar computer systems that do the internal calculations the same way.

Motion: REP. BARDANOUVE MOVED AMENDMENTS hb000702.a03, EXHIBIT 1, INCLUDING THE CHANGE IN AMENDMENT (1) FROM "MAY" TO "SHALL."

Discussion: REP. WANZENRIED asked CHAIRMAN ZOOK if this bill achieved what the legislature set out to do, i.e. simplify the definition so the public could understand it. CHAIRMAN ZOOK said it would contribute to that end. He said the bill was not exactly as he had it pictured, but he said the budget would use current level figures from the fiscal year and the other items would be modified. One of the advantages that he saw was that the subcommittees would be able to look at the mods and approve them. REP. WANZENRIED wasn't sure it would be easier for the public to understand. CHAIRMAN ZOOK said listing the items as mods would make it more understandable. When reporters and others refer to "current level" it will mean what the legislature has spent for the current year.

Mr. Johnson clarified that the current level budget for the next biennium will not be exactly the same level as this biennium. One area where minor increases will be seen is in personal services. If the legislature adopts a pay proposal that increases the pay of state employees, under this proposal those additional costs, even though they are not fully realized in 1994 and 1995, will be totally realized in 1996 and 1997. There will be a slight increase in personal services because of that bill. That would be reflected as current level budget. In the area of case loads, the 1995 case load adopted by this legislature will be case load that will derive the forecast for 1996 and 1997 under current level. Any increases above that level will be treated as a mod. To the extent that 1994 case loads are less than 1995, there will be some slight increase in case load costs in the 1996-1997 biennium under this proposal.

CHAIRMAN ZOOK said he felt this was an improvement on the way the terminology is presently used, i.e. less misleading to the public.

Vote: AMENDMENTS hb000702.a03, EXHIBIT 1, INCLUDING THE CHANGE IN AMENDMENT (1) FROM "MAY" TO "SHALL." Motion carried unanimously.

Motion: REP. BERGSAGEL MOVED AMENDMENT HB7-amend.HAC. EXHIBIT 2

Discussion: REP. BERGSAGEL said it was his understanding that there was some disagreement as to some fixed costs and how they would be accounted for in the budgeting process. This amendment was requested by OBPP, and REP. BERGSAGEL deferred to Jane Hamman, OBPP, for further explanation.

Ms. Hamman said this was a question of the kinds of adjustments the committee has seen during the special session as HB 2 has

gone through the process. There have been fixed costs with negative entries for savings for computer processing and rent in practically every agency. Sometimes the fixed costs increase slightly and sometimes they decrease slightly. To try to separate them out would cause about 6,000 minor technical modifications.

REP. COBB asked how much money was concerned per biennium. **Ms. Hamman** said it was a fraction of a percent of the total budget.

REP. BARDANOUE asked why there was a difference between the LFA and OBPP. **Mr. Johnson** said it was a philosophical difference. He said the original proposed bill tried to isolate inflationary/deflationary type increases as a mod. He felt if inflationary raises were to be treated as a mod, other fixed costs shouldn't be treated any differently. His office was trying to stay with the original intent of the bill. **REP. BARDANOUE** asked **Mr. Johnson** to comment on OBPP's concerns. **Mr. Johnson** agreed that there would be many entries. He said there would be many entries anyway when budgeting is approached from this concept.

REP. BARDANOUE asked, of the changes that had been made, if this was one of the minor ones. **Mr. Johnson** said it was. In the area of inflation, the total general fund impact was around \$1.5 - \$2 million per year for all budgets, a relatively small part of the overall budget.

REP. KASTEN recalled that in joint committee at the beginning of the regular session, an agreement was reached on a formula to deal with fixed costs. She wanted to know if that wouldn't be sufficient without expressing them as a mod. **Mr. Johnson** said that would be an appropriate way to handle the problem. If inflationary costs could be addressed in bulk at the beginning of the session so that the subcommittees would have a way of dealing with them, that would be a way of alleviating the problem.

Ms. Hamman said if the committee adopted the amendment OBPP was suggesting, that is how they would continue to handle the matter.

REP. KADAS asked **Mr. Johnson** how the LFA calculates inflation. **Mr. Johnson** said his office works with OBPP on the whole inflationary/deflationary process. They jointly agree on a set of expenditure codes in terms of what items in the budget should be inflated or deflated. Their analysis usually focuses on the larger components of state expenditures, such as gasoline prices, utility prices, etc. Once they agree on larger components, then the two offices jointly develop a growth rate they think is appropriate. In most cases the inflation factors that are developed are identical between the two offices. The expenditure base that they apply them to is usually the same. In most cases, the inflation calculation is identical. The overall cost is somewhere between \$1.5 and \$2 million per year.

REP. KADAS asked Mr. Johnson, then, if his office just looked at exceptional individual items, not gross inflation. Mr. Johnson said his office looked at information compiled by the various forecasting firms, but the overall growth rate they arrive at is nowhere near the growth rate in the general CPI. He noted, in the area of fixed costs, that they don't build some of the fixed costs into the current level budget under this amendment, because inflation is to be treated as a modified level part of the budget.

REP. BERGSAGEL asked Mr. Johnson why the state had double accounting. Mr. Johnson said that under this approach fixed costs and inflation would continue to be treated as modified parts of the budget. If they could be addressed at the beginning of the session by this committee, agreeing on what the fixed cost items ought to be and what inflationary growth rates the legislature wants to use, the process would work more smoothly, thus providing direction to the subcommittees. There would then be consistency within the subcommittees as to how to handle fixed costs and inflation.

REP. BERGSAGEL repeated his question about where double accounting came in, i.e. why 6,000 additional entries would be necessary. Ms. Hamman said with the amendment that passed, inflation/deflation would be taken out of all the different expenditure codes spelled out in the executive budget. She stated that there are eight expenditure items that are part of the infrastructure of ongoing government. When OBPP builds the budget, they work with every agency in state government and the LFA and come to agreement with them. OBPP calls every program and sub-program in state government a control variable and sets up a file on the computer system for each one. Included in those variables are items like rent, computer processing fees and other items which are funded. There are sometimes very complicated funding splits or requirements under federal law, etc.

REP. BERGSAGEL asked whether, if the committee did not adopt OBPP's amendment, each individual file would have to be looked at and an assessment made as to whether a percentage increase on each individual file was appropriate. Ms. Hamman said OBPP would endeavor to make the process as understandable as possible by putting together a schedule of that information. She said the technical problems in setting up all the separate computer files were considerable.

CHAIRMAN ZOOK asked why the same situation didn't apply to inflation factors. Regarding all the codes that OBPP was still negotiating on the inflation factors, Ms. Hamman said that once they get current level budget plus inflation factors, their computer system could do a run. The point is that they are involved in months of negotiation with DOA, for example, on the computer, the rates, the networking, etc. The figure they agree on involves an analysis of the program, of agency programs, of future forecasting, etc. The only agency they do not do that

with is the legislative auditor and the auditor's office.

REP. ROYAL JOHNSON stated, then, that OBPP wanted to put fixed costs, case load changes, etc. into the new base, while LFA would like to put them into mods. Ms. Hamman said that was correct. REP. JOHNSON clarified the fact that if those factors were not put into the new base, it would take many more entries to put them into the mods. Ms. Hamman said that was correct. REP. JOHNSON asked if putting them into the new base was where the discrepancy came between actual expenditures and the new base. Ms. Hamman said that was correct. The discrepancy would be there, but it would be pulled out and presented separately for the committee's consideration. By excluding non-recurring expenses and by not using the legislative appropriations for the second year, but using that as actual, Ms. Hamman felt the discrepancy would not be large.

REP. JOHNSON asked if all the big costs would be in the mods. Ms. Hamman said that was correct. REP. JOHNSON asked what took all the entries if the \$1.5 - \$2 million per year was such a small figure. Ms. Hamman said it was the apportionment. REP. JOHNSON asked if the apportionment would result no matter whether the costs were put into the base or into the mods. Ms. Hamman said no; if you don't put those costs into the base, the work around those items would be doubled.

Ms. Hamman said if this amendment is adopted, the costs would be in the base as they have been for the last several sessions. The issues involved would be presented to House Appropriations or Joint House Appropriations and Senate Finance and Claims at the beginning of the regular session.

REP. ROYAL JOHNSON asked Mr. Johnson to respond. Mr. Johnson said if fixed costs are treated as mods, there is the same amount of work regardless. If you inflation is treated as a mod, then Mr. Johnson felt that fixed costs ought to be treated the same way. Once the costs are funded in a mod and the legislature adopts it, it is a simple matter of combining it into the current level budget. There is no additional work load at that point in time. Mr. Johnson asked a hypothetical question as to what would happen if DOA came in with a major proposal in terms of computer processing rates that had already been built into the current level base. If that factor is expressed as a mod, the impact of such a proposal is easily seen.

REP. BERGSAGEL said his understanding was that the legislators were going to see and adopt those costs either in Appropriations or Joint House Appropriations and Senate Finance and Claims. Mr. Johnson said the legislators would see the cost of the proposal either way. If it is built into current level, however, it is not as visible as if it were built into a modified budget. Once it is built into current level, it becomes part of the total rate structure. If it is built into the mods, it is a separate item that the legislature can vote up or down. If it is turned

down, the current level base rates that have been adopted are solid rates.

REP. KADAS asked if there was any difference technically between calculating inflation changes and indirect costs, i.e. whether inflation changes affect every agency across the board the same way indirect costs do. **Mr. Johnson** said if you develop a set of inflation factors, those factors apply to every agency. To the extent they apply to every agency, that will affect rates in those proprietary accounts.

REP. KADAS said what the committee was doing with respect to inflation and indirect costs was asking to be put in the middle of making all those decisions. In the past, the legislature has allowed the agencies to negotiate those issues out and the legislature has generally accepted them. Under this bill, all those decisions would be brought to the committee. He felt that the bill changed a situation that may be somewhat confusing, but was working.

REP. ROYAL JOHNSON wanted to know how much money was spent in the last biennium. He recapped his understanding that the mods would be whatever the department had asked for and whatever inflation factors had been worked out. **Mr. Johnson** said this bill would take the current level costs, other than personal services and case load growth, and that would become the current level. In addition to that, the legislators would see a separate column identifying inflationary increases as a separate mod and case load increases as a separate mod. The committee would have before it current level costs and all these proposed modifications.

REP. ROYAL JOHNSON asked **Mr. Johnson** whether, in his mind, the committee would have to make a large number of decisions. **Mr. Johnson** said he thought it would mean a lot more decisions. Inflation and case loads would be set out as separate components. For example, 2,000 more students in the K-12 case load would be identified as a separate mod. In terms of ANB, there is not a lot that can be done with the fact that there are 2,000 additional students. In the area of inflation, there will be a separate mod for inflationary increases. Each committee will have to address inflationary items in each agency budget. Under the present system, when the legislators come into session, those decisions have essentially been made.

REP. ROYAL JOHNSON asked whether it was the bill or the amendment that would create the problem. **Mr. Johnson** said that the bill, in the way it handles inflation, will create the separate mod. The amendment under discussion removes the consistency from the original bill.

REP. KASTEN said if this amendment was not adopted, then in each budget there will be a mod addressing fixed costs. If the legislature adopts the formula at the beginning of the session in

joint session, then in essence it will have fixed what it will accept as fixed costs and then it will not be able to reject the mod within the budget of any one bureau or agency because it will have accepted at the outset what the fixed costs are. She felt this amendment would allow the legislature to review the fixed costs, but not deal with them at every bend.

REP. KASTEN said she felt that rejecting this amendment would be going overboard in desiring current level to reflect last year's budget. Salaries, benefits, some case loads are already built into current level, and the committee is not saying it wants to know how much salaries or benefits have gone up.

CHAIRMAN ZOOK said his understanding was that current level as it is presently used was adopted in the '70s. He asked **REP. BARDANOUE** how the legislature treated inflation and fixed costs before that time. **REP. BARDANOUE** said they argued about how much they were and then eventually added them to the budget.

REP. KADAS asked **REP. KASTEN** whether, if indirect costs are included in current level, inflationary/deflationary changes shouldn't also be included. **REP. KASTEN** said in fixed costs, the only item addressed by this amendment, some of the basic costs will not go up. The only local inflationary cost is if there has been some new purchase to the system. It wouldn't be because of inflation necessarily but because utilities, use of a system, etc. went up.

REP. KADAS said we didn't do any overall inflationary costs. All we do now is local inflationary costs. We try to project changes in gasoline and then we account for that in all the different budgets that have gasoline use. We try to project changes in the cost of paper and then we look at how much paper different agencies use. The question being raised is if you include indirect costs as current level, they are essentially treated in the same way that these local inflationary issues are. The question is whether you're going to have them all in or all out.

REP. KASTEN said we are talking in this case about insurance, warrant writing, payroll, etc. We are talking about the fixed costs discussed at the beginning of the joint session, for example, capitol grounds maintenance. If a department has more employees, then its cost for that particular service goes up. Another budget might go down because the department has less employees. Because there are more employees in the government, the cost per capita might go down. It just depends on which one of these services are the fixed costs being dealt with. Insurance or utilities have an inflation rate built in which is reflected in that particular service increase. That inflationary cost is passed on through all of the services. That is why so many entries are needed to show each one of these services and where and what happens in each particular agency's or bureau's budget.

REP. KADAS said part of the problem was that most of the committee members weren't real familiar with how current level is developed. He thinks the process involves a lot of minutiae. In any case, he feels there is a need to be consistent. He doesn't think there is much difference between indirect costs and local inflationary issues. He thinks that regardless of how they are treated, whether they are put in current level or treated as modifieds, the committee will have the ability to review those decisions. REP. KADAS hopes that the committee will decide not to review them at the subcommittee level and will review them at the full committee level -- possibly even in joint action with Senate Finance and Claims, which is generally how it has been done in the past. The difference if they are all modified is that the committee will have to take them up one at a time. If they are current level, they are already in the budget. If the committee doesn't like one of them, then they have to change it. He stated that his main point is that they should be treated consistently.

REP. QUILICI said the reason for the bill is that when the legislature starts budget hearings, it is looking at current level and trying to determine just exactly what current level is. Every biennium, the budget escalates 6-8%, and that is what the public looks at. This bill tries to be more specific on current level. Current level is what was spent last biennium, not what was spent last biennium plus inflation factors, plus everything else. He stated that there were a lot of fixed costs. For rent and computer services the fixed costs had dropped. He asked how we would address that. Mr. Johnson replied that LFA's amendment, item (iv) addressed "inflationary or deflationary adjustments." He said his suggestion would be to provide the subcommittees with one mod for all of the inflationary/deflationary items.

REP. QUILICI said we were implementing some programs that would allocate charges to many agencies, i.e. SFCAP and SWCAP. He asked Mr. Johnson how they would be identified. Mr. Johnson said, regarding SFCAP, he didn't think that would be any different from the way DOA charges other agencies for computer services. There is a rate structure that is applied and the agency remits the funds to the computer services division.

REP. PECK said he was amazed at all the discussion. He stated that this amendment simply asks whether the legislators want to take one vote in joint committee on these issues or whether they wanted them to show up in each subcommittee in each agency. He didn't understand the LFA's resistance to OBPP's proposal. He felt this amendment would simplify the process for OBPP.

REP. ROYAL JOHNSON said he had a problem with this amendment, because he remembered spending several days in the education subcommittee trying to figure out where to start because of that current level. He said he didn't think the LFA was so much resisting OBPP as they were trying to accommodate what the legislature had asked them to do, i.e. to figure out how many dollars had been spent in the last biennium and then use the mod

method to say how much was involved in the different areas. He stated that he did not want to make a lot of extra decisions, but he did want to know how much money was spent in the biennium.

CHAIRMAN ZOOK agreed with **REP. ROYAL JOHNSON**. He felt the LFA was saying a joint vote at the beginning of the session would address the problem. He stated that the whole intent of the bill was to make sure that everybody understands what current level means. He felt that this bill may cause more work for OBPP, but he thought this amendment didn't accomplish his original intent.

Vote: AMENDMENT HB7-amend.HAC. EXHIBIT 2 Motion failed 7-10 with REPS. GRADY, BERGSAGEL, COBB, FISHER, KASTEN, PECK, and WISEMAN voting yes.

REP. KADAS stated that he disagreed that the bill would make things clearer to the public. He understood the frustration with the current system, but he felt it gives us the information that tells us what our service levels are. He didn't have a problem with inflationary issues because he thought they were a very small problem, but case loads and enrollment changes in the long run would be more confusing than they currently are. There are times, for example, when enrollment has gone down. Twenty years ago, we were educating 180,000 in K-12, not 150,000. Under this bill, what could happen is that a larger K-12 budget will have been built than there are students to spend the money.

REP. PECK said he would support the bill because it has a better definition of current level.

REP. WANZENRIED said it appears changes may be necessary in the title to reflect changes made by the LFA. He deferred to Ms. Purdy. She said that the bill title was not really reflective of the amendment that was passed by the committee.

REP. ROYAL JOHNSON stated his support for the bill. He felt it was tremendously frustrating trying to figure out a starting point for the budget.

REP. COBB reminded the committee of his two amendments to this bill that had passed on 11/30/93.

Vote: HB 7 DO PASS AS AMENDED. Motion carried 17-1 with **REP. KADAS** voting no.

CHAIRMAN ZOOK, after consultation with the LFA, pointed out that the **COBB** amendments, EXHIBIT 10A, 11/30/93, would no longer apply to the bill after today's action.

Motion/Vote: **REP. COBB** MOVED TO RECONSIDER ACTION ON HB 7. Motion carried unanimously.

Motion/Vote: **REP. COBB** MOVED TO STRIKE AMENDMENTS, EXHIBIT 10A, 11/30/93. Motion carried unanimously.

Motion/Vote: REP. COBB MOVED HB 7 DO PASS AS AMENDED. Motion carried 16-2 with REPS. COBB AND KADAS voting no.

DISCUSSION ON HOUSE BILL 35

REP. WANZENRIED stated that he had introduced HB 35 which proposes to amend the constitution to require that no more than twelve departments be part of the executive branch. The present constitution allows for 20 departments, and the state actually has 17, so under this legislation there would be a net reduction of five departments. The effective date is July 1, 1997, allowing the 1995 and the 1997 legislatures to reduce the number of departments. The bill received a do pass recommendation from the State Administration Committee.

REP. WANZENRIED said that the Speaker had asked him if he would be willing to have the bill re-referred to the Appropriations Committee, since he was not as sure as REP. WANZENRIED that administrative savings would result from the bill. REP. WANZENRIED said he was reluctant to have the bill re-referred considering the possibility of early adjournment of the special session. He also was not sure what good would come of having the bill heard in the Appropriations Committee. He stated that HB 35 was one of a three-bill package, and State Administration had only reported one out. The other two bills propose to eliminate the constitutional status of the Department of Agriculture and the Department of Labor and Industry. REP. WANZENRIED stated that his preference would be to leave the bill on second reading.

CHAIRMAN ZOOK asked Dave Lewis, OBPP, if he had any comments. Mr. Lewis said his office had some concerns about the specific number of departments. His office would like a fiscal note or some other additional information.

REP. WANZENRIED pointed out that in the 60s, the state had 188 agencies. The voters amended the constitution to provide for 20 departments, effective in 1971. The voters have spoken again wanting a reduction in the size of administration of government.

CHAIRMAN ZOOK stated his understanding that the Speaker was not opposed to REP. WANZENRIED'S proposal. He also felt the voters would approve this action. The Speaker's concern was that the Appropriations Committee should have an in depth discussion of what the effects of that reduction might be.

REP. WANZENRIED wondered what kind of discussion the committee could have that it hasn't had already. He felt that time was of the essence in the special session.

REP. COBB asked if OBPP had opposed the bill in the State Administration Committee. REP. WANZENRIED said there were no opponents to HB 35 in committee. The bills proposing to

eliminate the constitutional status of the Departments of Agriculture and Labor and Industry each had one opponent: from the Department of Agriculture and the Department of Labor and Industry, respectively. There was no testimony from OBPP, LFA, the Taxpayers Association, or the Chamber of Commerce.

REP. QUILICI asked what kind of savings REP. WANZENRIED would anticipate. REP. WANZENRIED said there wouldn't be five department directors; there wouldn't be five deputy directors; there wouldn't be five sets of centralized services. REP. WANZENRIED stated that the constitutional status of the Departments of Agriculture and Labor and Industry was a result of political expediency to reduce the amount of opposition that the agricultural community would give the new constitution and to solidify the support of organized labor for the new constitution.

REP. PECK felt this bill was appropriately assigned and the next step should be debate on the floor.

REP. JOHN JOHNSON stated that he felt the bill should go to the floor.

REP. FISHER agreed with sending the bill to the floor.

REP. WANZENRIED stated his desire for the other two bills to be brought off the table and debated on the floor as well. He also stated that this bill would not interfere with the Governor's efforts at reorganization, but complement them.

REP. COBB stated that the Appropriations Committee couldn't do anything about bills tabled in another committee. REP. WANZENRIED stated that he would like the support of this committee for a motion on the floor.

CHAIRMAN ZOOK stated that he hoped the Speaker's purpose had not been misinterpreted, because the Speaker did not want to sidetrack REP. WANZENRIED'S bill. The purpose was for a full discussion of the ramifications of the bill.

REP. PECK repeated that the bill belonged on the floor for all the members of the House to debate.

ADJOURNMENT

Adjournment: 11:30 a.m.



REP. TOM ZOOK, Chairman



Cathy Kelley, Secretary

TZ/cek

HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE

ROLL CALL

DATE 12/07/93

| NAME | PRESENT | ABSENT | EXCUSED |
|------------------------------|---------|--------|---------|
| REP. ED GRADY, VICE CHAIRMAN | X | | |
| REP. FRANCIS BARDANOUVE | X | | |
| REP. ERNEST BERGSAGEL | X | | |
| REP. JOHN COBB | X | | |
| REP. ROGER DE BRUYCKER | X | | |
| REP. MARJORIE FISHER | X | | |
| REP. JOHN JOHNSON | X | | |
| REP. ROYAL JOHNSON | X | | |
| REP. MIKE KADAS | X | | |
| REP. BETTY LOU KASTEN | X | | |
| REP. WM. "RED" MENAHAN | X | | |
| REP. LINDA NELSON | X | | |
| REP. RAY PECK | X | | |
| REP. MARY LOU PETERSON | X | | |
| REP. JOE QUILICI | X | | |
| REP. DAVE WANZENRIED | X | | |
| REP. BILL WISEMAN | X | | |
| REP. TOM ZOOK, CHAIRMAN | X | | |
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HOUSE STANDING COMMITTEE REPORT

December 7, 1993

Page 1 of 2

Mr. Speaker: We, the committee on Appropriations report that House Bill 7 (first reading copy -- white) do pass as amended.

Signed: _____

Tom Zook
Tom Zook, Chair

And, that such amendments read:

1. Title, line 9.

Strike: "PROVIDED"

Insert: "REQUIRED TO MAINTAIN OPERATIONS AND SERVICES AUTHORIZED"

2. Page 5, lines 16 through 25.

Following: "~~inflation~~" on line 16

Strike: the remainder of line 16 through line 25 in their entirety.

Insert: "that level of funding required to maintain operations and services at the level authorized by the previous legislature. Personal services are to be based on statutory pay and benefit levels and anticipated unemployment and workers' compensation insurance rates. Expenditures for nonrecurring expenses must be excluded from the current level funding base."

3. Page 6, line 12.

Following: "(9)"

Insert: "(a)"

Committee Vote:

Yes 16, No 2.

081543SC.Hcr

4. Page 6, lines 13 through 17.

Strike: "workload" on line 13 through "funding." on line 17.

Insert: ":

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

(ii) the provision of new services;

(iii) schedules or formulas that increase or decrease funding requirements;

(iv) inflationary or deflationary adjustments;

(v) changes in sources of funding; and

(vi) expenditures or appropriations for equipment.

(b) "

-END-

HOUSE OF REPRESENTATIVES
 APPROPRIATIONS COMMITTEE
 ROLL CALL VOTE

DATE 12/07/93 BILL NO. HB 7 NUMBER 1
 MOTION: REP. BERGSAGEL MOVED AMENDMENT HB7-amend.HAC. EXHIBIT 2

| NAME | AYE | NO |
|------------------------------|-----|----|
| REP. ED GRADY, VICE CHAIRMAN | X | |
| REP. FRANCIS BARDANOUVE | | X |
| REP. ERNEST BERGSAGEL | X | |
| REP. JOHN COBB | X | |
| REP. ROGER DE BRUYCKER | | |
| REP. MARJORIE FISHER | X | |
| REP. JOHN JOHNSON | | X |
| REP. ROYAL JOHNSON | | X |
| REP. MIKE KADAS | | X |
| REP. BETTY LOU KASTEN | X | |
| REP. WM. "RED" MENAHAN | | X |
| REP. LINDA NELSON | | X |
| REP. RAY PECK | X | |
| REP. MARY LOU PETERSON | | X |
| REP. JOE QUILICI | | X |
| REP. DAVE WANZENRIED | | X |
| REP. BILL WISEMAN | X | |
| REP. TOM ZOOK, CHAIRMAN | | X |
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HR:1993
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 CS-11

HOUSE OF REPRESENTATIVES
 APPROPRIATIONS COMMITTEE
 ROLL CALL VOTE

DATE 12/07/93

BILL NO. HB 7

NUMBER 2

MOTION: REP. GRADY MOVED HB 7 DO PASS AS AMENDED.

| NAME | AYE | NO |
|------------------------------|-----|----|
| REP. ED GRADY, VICE CHAIRMAN | X | |
| REP. FRANCIS BARDANOUVE | X | |
| REP. ERNEST BERGSAGEL | X | |
| REP. JOHN COBB | X | |
| REP. ROGER DE BRUYCKER | X | |
| REP. MARJORIE FISHER | X | |
| REP. JOHN JOHNSON | X | |
| REP. ROYAL JOHNSON | X | |
| REP. MIKE KADAS | | X |
| REP. BETTY LOU KASTEN | X | |
| REP. WM. "RED" MENAHAN | X | |
| REP. LINDA NELSON | X | |
| REP. RAY PECK | X | |
| REP. MARY LOU PETERSON | X | |
| REP. JOE QUILICI | X | |
| REP. DAVE WANZENRIED | X | |
| REP. BILL WISEMAN | X | |
| REP. TOM ZOOK, CHAIRMAN | X | |
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EXHIBIT 1
DATE 12/7/93
HB 7

Amendments to House Bill No. 7
First Reading Copy

Requested by _____
For the Committee on House Appropriations

Prepared by Jon Moe
December 6, 1993

1. Page 5, lines 16 through 25.

Following: "~~inflation~~" on line 16

Strike: the remainder of line 16 through line 25 in their entirety.

Insert: "that level of funding required to maintain operations and services at the level authorized by the previous legislature. Personal services are to be based on statutory pay and benefit levels and anticipated unemployment and workers' compensation insurance rates. Expenditures for nonrecurring expenses may be excluded from the current level funding base."

2. Page 6, line 12.

Following: "(9)"

Insert: "(a)"

"shall"

3. Page 6, lines 13 through 17.

Strike: "workload" on line 13 through "funding." on line 17.

Insert: ":

- (i) changes resulting from workload, caseload, or enrollment increases or decreases;
 - (ii) the provision of new services;
 - (iii) schedules or formulas that increase or decrease funding requirements;
 - (iv) inflationary or deflationary adjustments;
 - (v) changes in sources of funding; and
 - (vi) expenditures or appropriations for equipment.
- (b)"

Explanation: This amendment, relative to current law, removes inflationary adjustments from the current level base and provides that personal services costs established in state or federal law, and the unemployment and workers compensation insurance premium rates promulgated by those programs, be considered in the current level base. In addition, the definition of "modified level" is expanded to include inflationary adjustments and schedules or formulas that increase or decrease funding requirements, thereby further limiting the current level base.

pass

AMENDMENTS TO HOUSE BILL 7
First Reading Copy
House Appropriations Committee
December 7, 1993

AMENDMENT 2
DATE 12/7/93
HB 7

1. Page 5, line 20.
Following: "base."
Insert: "Intergovernmental services adjustments which are budgeted in operating expenses may be included in the current level funding base."

Explanation: The rent and computer rates adjustments, referred to as fixed costs during this special session, are two examples of budgeted intergovernmental services. Audits, insurance, warrant writing, payroll service fees, messenger services, and grounds maintenance comprise the other six such services. If this amendment is not adopted, the fixed costs expenditure codes will need to be submitted twice for each program [or more if control variables are used]. Once for the current level budget request and once for a modified level budget request.

For the 283 programs in HB2 as adopted, plus the 468 control variables used to build the budget, failure to include these infrastructure services in current level would result in about 6,000 additional, primarily technical "modifications" being presented for legislative consideration in the 1997 Executive Budget.

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