

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION**

**JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION**

Call to Order: By **CHAIRMAN JOHN SINRUD**, on January 27, 2005 at 8:00 A.M., in Room 317-B Capitol.

ROLL CALL

Members Present:

Rep. John Sinrud, Chairman (R)
Sen. Lane L. Larson, Vice Chairman (D)
Sen. Mike Cooney (D)
Sen. Rick Laible (R)
Rep. Jon C. Sesso (D)
Sen. Corey Stapleton (R)
Rep. Janna Taylor (R)

Members Excused: None.

Members Absent: Rep. Rosalie (Rosie) Buzzas (D)

Staff Present: Marilyn Daumiller, Legislative Branch
Jamie Mickelson, Committee Secretary

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

Committee Business Summary:

Hearing & Date Posted: HB 2
Executive Action:

CHAIRMAN SINRUD announced that we are going to go through the Governor's Budget.

HEARING

Present Law
GOVERNOR'S OFFICE Page A-52

Marilyn Daumiller, LFD, explained the Governor's Office List of DPs for Hearing, Exhibit 1. She stated that on Page 1 of the handout is a combination of Governor Martz's and Schweitzer's budget proposals. Page 2 is strictly Martz's budget items; and Page 3 is a continuation of new proposals.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 3.7}

EXHIBIT (jgh21a01)

Mrs. Daumiller noted there was a change on Page A-52. She stated that figure \$253,000 under Supplemental Appropriations needs to be changed to \$163,682.

Mrs. Daumiller noted that DP 1 on Page A-54 is one-time-only to not raise the base. She explained that DP 2 has been withdrawn and replaced by DP 111. She indicated that DP 4 is a request for \$77,000 to use contracted help for personal services when the positions were not full in the Governor's Office. She stated that DP 555 is a request for the Office of Indian Affairs. She noted that there was a statement that is incorrect. She reported that in the LFD Comment and on Page 8 of the Governor's Budget Proposal that the statement "the funding for the Indian Affairs position is contingent upon the passage House Bill 18," is not correct because the Indian Affairs position is a cabinet level position and the salary is already determined. She asked the committee to look at DP 6 and DP 222, she stated that there is \$15,000 that is related because they are both for the same thing.

Mrs. Daumiller gave a brief overview of PL 111 Transfer of Workforce Training Program, PL 222 Governor's Office Budget Increase, and NP 333 Federal Relations Office.

{Tape: 1; Side: A; Approx. Time Counter: 3.7 - 11.7}

Bruce Nelson, Chief of Staff of the Governor's Office, gave a brief introduction of his staff that was present at the meeting. He stated that he has been in this position for 3.5 weeks. He informed the committee of the agency description and reviewed major budget highlights. He explained all of the decision packages on Pages A-54 thru A-56. **Mr. Nelson** stated that the Governor's Office supports all of the proposals which include:

- *DP 1 Computer Replacement Schedule
- *DP 2 HB 5 64 Spending Authority
- *DP 3 Statewide FTE Reduction
- *DP 4 Decrease Operating Expenses
- *DP 5 Extradition of Prisoners
- *DP 6 Executive Staff Operating Adjustments
- *DP 7 Board of Education Staff Person
- *DP 1 Mansion Operating Expenses
- *PL 111 Transfer Workforce Training Program
- *PL 222 Governor's Office Budget Increase

{Tape: 1; Side: A; Approx. Time Counter: 11.7 - 25}

New Proposals
NP 333 FEDERAL RELATIONS OFFICE

Evan Barrett, Governor's Office of Economic Opportunity, urged the committee to pass HB 270 and HB 271 to allow the Governor's Office to perform their duties and move things forward within the new administration. He stated that Program PL 111, which is part of HB 271 is there to fulfill the obligations to five different companies and was fulfilled in the previous administration.

{Tape: 1; Side: A; Approx. Time Counter: 26 - 28}

Mr. Nelson stated that DP 333 is a package that allocates \$250,000 and allows 1.5 FTE per year in Washington, D.C. He recounted his own personal experience from working in the Federal Relations Office in Washington, D.C. He stated that it was an extremely valuable office and made it a possibility to focus on issues of interest to the state at the federal level. He informed the committee that Nebraska and Montana are the only two states that do not have a full-time representative in Washington, D.C.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 15}

New Proposals
GOVERNOR'S OFFICE DP 334

Mr. Barrett stated that in DP 344 deals with developing and strengthening the economy for Montana. He reviewed three major points with the committee: restoring the Made in Montana Program, creating an economic development trust fund, and creating an Indian Country Economic Development Program.

Mr. Barrett gave a presentation on the Made in Montana Program. He stated that the program is promoting Montana as a place to do business and this increases economic development. He claimed that this program would be beneficial for the state for many reasons including: appropriate natural resource growth, enhance the agriculture value, increase energy development of all forms, and encourage technology related growth.

Mr. Barrett stated that job quality enhancement in the State of Montana is a large focus of Governor Schweitzer's new administration. He informed the committee that it is not just his job to create economic growth in the areas of Montana that are growing rapidly, but also in eastern and central Montana where economic growth is stagnant. He informed the committee that there are three steps to developing a successful economy: building on what was is already there, work at the state level to provide opportunities for local government, and create a partnership between local and state government.

Mr. Barrett informed the committee that state and local websites are where many people get their information on Montana. Many people visit the website to obtain many different types of information including information on our economy and tourism. He urged the committee to support DP 334 for the upgrade of the Montana website.

{Tape: 1; Side: B; Approx. Time Counter: 16 - 30}

Discussion:

CHAIRMAN SINRUD asked why the website is so outdated compared to other states. **Mr. Barrett** stated that the website has not been updated in two years and it is very important to keep it current for business recruitment and economic opportunity purposes.

CHAIRMAN SINRUD He stated that he thinks that many of them are current and do not need to be updated. He requested a list of websites that need to be updated. **Mr. Barrett** replied that some are not and that upgrades are essential.

SEN. LAIBLE stated that DP 334 sounds like a business plan. He questioned if the Governor's Office knows how many new jobs will be created and how many people will be moving into the State of Montana in the next few years. Mr. Barrett stated that this is a long term commitment. He informed the committee that Governor Schweitzer and the legislature did not spend what they said that they would spend last time.

REP. TAYLOR stated that it seems that the private sector does a better job of creating opportunities for the economy than the state does.

Mr. Barrett stated that the government doesn't created jobs, the private sector does.

SEN. LAIBLE stated that this is a refreshing idea for new business opportunities, because there are no new taxes.

Mr. Barrett stated that taxes are the sixth or seventh thing that are considered by companies.

REP. TAYLOR stated that the real problem in her county is with incentives. She stated that rather than create incentives for new businesses that the administration should focus on the already existing businesses and create incentives for them.

Mr. Barrett stated that the incentive with company training is a good idea, however there could be a drawback for companies getting training and then pulling out. There would be some provisions.

Mr. Barrett stated that he intended to develop and recruit teams of people who are from Montana. He stated that people who are from Montana in corporate positions can lobby for their state. He informed the committee that these people can identify and locate deals and maximize programs to construct deals to be helpful to the stated of Montana.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 20}

Jim Smitham spoke on behalf of Butte Local Development, MEDA, and Montana Ambassadors. He attached three letters to his presentation that asked the committee to support the budget proposed from the Governor's Office of Economic Opportunity: Montana Developers Association, Big Sky Economic Development Authority, and Montana Ambassadors. He stated that Montana has many advantages over other places and need to effectively communicate that and to attract people to our state. It is very important to have effective marketing. Marketing is one of the

most important strategies to attract people to Montana for a place to do business. He informed the committee that the state has done a great job as far as marketing is concerned; however, it is important to do the same for business.

{Tape: 2; Side: A; Approx. Time Counter: 20 - 24.3}

EXHIBIT(jgh21a02)

SEN. LAIBLE stated that if the state is able to create jobs as the Office of Economic Opportunity is proposing, then the state will need highly skilled and educated individuals. He asked where the university systems tied in and how the state is going to make these ties. He also asked if the shared leadership program was still in place.

Mr. Barrett replied that the office has tried to meet the objectives of the shared leadership program, but that the strongest emphasis from the Governor is the two year economic development and education. He stated that they are doing shared learning leadership with a different approach than in the past.

David Ewer, Budget Director to the Governor, gave a brief presentation on Shared Leadership Program. He stated that the program needs to be accessible and affordable to the citizens of Montana for the program to be effective.

{Tape: 2; Side: A; Approx. Time Counter: 24.3 - 30}

New Proposals
NP 555 GOVERNOR'S EFFICIENCY COUNCIL
EXHIBIT 1 Page 2

Mr. Ewer spoke on behalf of the Governor's Efficiency Council. He stated that he had worked for the state for 20 years. He stated that his office tries very hard to be efficient. He informed the committee that bringing outside people in to view how the state does public goods and services would be beneficial, because they would be able to bring a different perspective into the state.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 5}

Scott Seacat, Legislative Audit Division, gave a brief presentation on performance audits.

Discussion:

CHAIRMAN SINRUD requested Mr. Ewer to provide a list of the last time all of the agencies had a performance audit.

Mr. Ewer stated that he could provide CHAIRMAN SINRUD with some audits that have been done in the past few years. He claimed that there was one performance audit that caught his attention on audio poker machines.

CHAIRMAN SINRUD asked Mr. Ewer if the performance audit system is efficient as is or if adding more money to the system would make a more efficient program. **Mr. Ewer** stated that the department needs the money to be a more efficient program and currently the money is not in the program.

SEN. COONEY Schweitzer stated that he supports the efficiency council and that he is more than willing to work with them on the efficiency issue.

REP TAYLOR stated that she thinks efficiency is a great idea; however, she doesn't know if an efficiency council is the best way to attain efficiency. She stated that she thinks that there should not be an entire council, but one or two efficiency experts.

Mr. Ewer claimed that there are a lot of ideas on what is best for the government and that a council is the best way to find efficiency.

SEN. LAIBLE stated that everyone wants efficiency in government and they are looking for a way to do performance audits. He asked why they don't take the \$400,00 that the efficiency council is asking for and give it to the audit division and let them do their job.

Mr. Ewer stated that Scot Seacat has argued for more resources for his agency before. He informed the committee that the reality is they are looking at building the bridges between the legislature and the incoming governor.

{Tape: 2; Side: B; Approx. Time Counter: 5 - 20}

SEN. STAPLETON asked if legislation in response to the efficiency council.

Mr. Ewer stated that there is no legislation with this council.

SEN. STAPLETON stated, "The Audit Committee is the most important committee that he worked on. If we have to give up our spending power by allowing funds to the efficiency council then I think that it is a good idea for the Governor and the auditor's office to work together. I would like to see the money go to the auditor's office for better efficiency."

{Tape: 2; Side: B; Approx. Time Counter: 20 - 30}

Present Law

DP 1 MANSION OPERATING EXPENSES Page A-59

Mr. Nelson gave a brief description of DP 1 and stated that the Governor's Office is asking for an increase of \$25,000 beyond the \$18,500 per year for operating expenses that were recommended by Governor Martz. The point was made that Governor Schweitzer has a wife and three teenage sons who will be living at the mansion full time.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 5}

DP 222 MANSION BUDGET INCREASE

EXHIBIT 1 Page 3

Mr. Nelson informed the committee that the increase of \$18,500 is to restore the mansion to operating costs in 2005 thru 2007. The additional \$25,000 is for events for the people of Montana. He stated that it is Montana's mansion and that the Governor will be expected to host events and the \$25,000 is essential. The total budget of \$111,527 trails the budget of the Wyoming governor which is \$489,077.

{Tape: 3; Side: A; Approx. Time Counter: 5 - 10}

Present Law

DP 222 AIR TRANSPORTATION BUDGET INCREASE

EXHIBIT 1 Page 3

Mr. Nelson stated that this is a budget increase of 150,000 for the biennium for an additional pilot and training fund. This money will also be used for an additional half-time co-pilot.

DP 333 AIRCRAFT ENGINE OVERHAUL

EXHIBIT 1 Page 3

Mr. Nelson stated that the \$380,000 is for an engine overhaul and an increase in the aviation transportation fund. He stated that gas has gone from \$2.35 a gallon to \$3.00 per gallon. He informed the committee that it costs \$180,000 to get each engine overhauled for a total of \$360,000. He claimed that the money

will come from state special revenue to be used only when engines are repaired. He also informed the committee about the MOORE maintenance program of plane engines. He finished with the statement that if the plane engines are being repaired that the governor may need to use a commercial flight.

{Tape: 3; Side: A; Approx. Time Counter: 10 - 15.5}

Discussion:

SEN. LAIBLE asked how many flight hours a year are put on the Governor's plane. **Mr. Nelson** stated that there are 200 to 300 hours per year put on the plane. **SEN. LAIBLE** replied that at 300,000 hours that is another ten years before the plane has to be replaced if they stay on the MOORE program.

SEN. LAIBLE asked why DP 333 is listed twice in Exhibit 1 on Page 3. **Mary Jo Murry, Governor's Office**, stated that the reason the \$380,000 figure is shown twice, is because of an accounting factor. She stated that one figure is showing it in general fund and one is showing it is state special revenue.

SEN. LARSON asked how long it takes to overhaul the plane. **Mr. Nelson** stated that he was not sure, but he would guess four to six weeks.

SEN. LAIBLE stated that the department needs to have the money in the budget if the plane does fail.

CHAIRMAN SINRUD asked what would happen if this money was not in the budget. **Mr. Nelson** stated that if you don't have the resources and the plane goes down we'd have to find a way for Governor Schweitzer to travel.

CHAIRMAN SINRUD asked if the Governor would be able to take out a loan. **Mr. Nelson** stated that he would not take out a loan.

REP. TAYLOR stated that she thought that the office needed the contingency for the plane, but rather put money away every year.
{Tape: 3; Side: A; Approx. Time Counter: 15.5 - 26}

Present Law

DP 4 STATEWIDE FTE REDUCTION
DP 102 ELIMINATE OBPP FTE BROADBAND

Mr. Ewer stated that DP 4 is for the Governor's Office to be able to pay people adequately and to not eliminate any FTE. He stated that he does not agree with this proposal from the Martz budget.
{Tape: 3; Side: A; Approx. Time Counter: 26 - 30}

DP 104 OBPP SESSION COSTS Page A-64

Mr. Ewer stated that the office agrees with DP 104 for \$12,500 in the second year of the biennium for costs associated with cyclical printing of the executive budget.
{Tape: 3; Side: B; Approx. Time Counter: 0 - 2}

New Proposals
NP 5 NATURAL GAS CONTINGENCY
NP 103 STATE FUND DIVIDEND AUTHORIZATION

Amy Carlson, Governor's Finance Office, stated that they did not want to increase rates more than they have to. She stated that it is good to address this cost and not to build a base when one is not needed. She stated that 52% increase in 2005, a 18% increase in 2004, and a 12% increase in 2007. She also informed the committee that in the updated projections in October the department did anticipate an increase of \$400,000 a year.

Discussion:

CHAIRMAN SINRUD asked if the Department of Administration put the increases in the budget, would the committee have the increase in figures that we have for workers compensation.

Amy Sassano, Governor's Office, stated that the Department of Administration used 18%-12% increases, so that they would have the figures that they have now to use for worker's compensation.

CHAIRMAN SINRUD asked if the language is restricted for the money used on workers compensation. **Amy Carlson, Governor's Office**, stated that was correct.

CHAIRMAN SINRUD requested a list of agencies in Montana that have collected dividends. **Mrs. Carlson** replied, "Yes."
{Tape: 3; Side: B; Approx. Time Counter: 2 - 10}

Present Law

DP1 ELIMINATE INDIAN ECONOMIC DEVELOPMENT EXPENDITURES FROM BASE
Page A-67

Mr. Nelson gave a brief overview of DP 1 and stated that the budget includes a reduction of approximately \$12,000 for the State-Tribal Economic Development Commission for each fiscal year, which was established under 90-121-131, MCA, and expires June 30, 2005.

DP 2 COORDINATOR TRAVEL EXPENSES Page A-67

Mr. Nelson stated that the Coordinator of Indian Affairs position has been vacant since 2002. This request of \$5,000 general fund each year of the biennium would restore the travel budget allowing the new coordinator to complete anticipated travel. He stated that his office supports both of these proposals.

{Tape: 3; Side: B; Approx. Time Counter: 10 - 12.5}

Discussion:

REP. TAYLOR asked if the salary to this position is an increase from 25,000 to 72,000.

Mrs. Sassano stated that the salary is \$67,000 with benefits. She stated that this is still short of a cabinet position.

REP. SESSO stated that he heard that HB 18 is related to the salary of the Indian Office Affairs position. He asked for an explanation of relationship between the two.

Mr. Nelson stated that there is no relationship between HB 18 and DP 1 and DP 2. He reiterated the point that it is a cabinet level position and that the salary is already set in place.

{Tape: 3; Side: B; Approx. Time Counter: 12.5 - 17}

Present Law

DP 1 STATEWIDE FTE REDUCTION Page A-69

Mr. Nelson stated that DP 1 is a recommendation containing an FTE reduction equivalent to the reductions taken in the 2003 legislative session. He stated that this package would permanently remove 0.06 FTE and approximately \$3,400 general fund per year from the budget.

{Tape: 3; Side: B; Approx. Time Counter: 17 - 21}

Present Law
DP 1 BOARD OF VISITORS OPERATING EXPENSES
EXHIBIT 1 Page 3

Gene Haire, Mental Disabilities Board of Visitors, explained the Board of Visitors and requirements and responsibilities of the agency. He reviewed Exhibit 3 with the committee. Some of the main points that he discussed with the committee were:

- *Developmental Disability System
- *Mental Health System
- *Major Issues and Challenges
- *Base Budget and Decision Packages

EXHIBIT (jgh21a03)

Mr. Haire stated that his office receives about 300 calls a year for services. He informed the committee that one of his goals is to increase the Native American representation on his board. He stated that he did not have any Native Americans on his board at the present time. He claimed that there is a large Native American population that receives services.

{Tape: 3; Side: B; Approx. Time Counter: 21 - 30}

Discussion:

CHAIRMAN SINRUD asked why the board hasn't recruited to that position. **Mr. Haire** stated that they have not had any applicants that matched the position requirements.

REP. TAYLOR asked how many sight reviews the Board of Visitors is responsible for each year. **Mr. Haire** stated that the Board of Visitors is responsible for six to eight sight reviews a year and that the sight review teams consist of three to four board members.

REP. TAYLOR asked how long a sight review takes. **Mr. Haire** informed her that a sight review usually takes two or three days.

REP. TAYLOR asked what the agency is responsible for between sight reviews. **Mr. Haire** stated that the agency is responsible for paperwork and that it is a very tedious process.

SEN. LAIBLE asked what the agency does on a sight review and how a sight review is scheduled. **Mr. Haire** stated that he has an annual schedule. He reviews how long it has been since the

agencies last review, how the people are being treated, and they interview staff.

SEN. LAIBLE asked if there is something that the licences fall under. **Mr. Haire** stated that the licensing falls under the Department of Health and Human Services.

SEN. LAIBLE asked if they respond within 24 hours when the agency receives a call dealing with mental health services. **Mr. Haire** stated that they respond within 24 hours and that most of the calls come from the people receiving the services already. He stated that about 15% of calls are from the family of the patients receiving the services.

{Tape: 4; Side: A; Approx. Time Counter: 0 - 15}

Bonnie Adee, Mental Health Ombudsman, distributed "Testimony before the Appropriations Subcommittee For the Office of the Mental Health Ombudsman" and reviewed the handout with the committee. She stated that the Office of the Mental Health Ombudsman operates within the Ombudsman Model and Health Assistance Program. She gave a brief history of the office and informed the committee that there is a different budget system in effect this session than there was in 2003.

EXHIBIT (jgh21a04)

Mrs. Adee presented the complete budget and funding requests from the Mental Health Office.

SEN. LAIBLE asked how Mrs. Adee's job is different from Mr. Harris's job. **Mrs. Adee** stated that her office is another source of referral of patients with mental health problems and another type of access to treatment.

Mr. Nelson stated that his office supports DP 555.

CHAIRMAN SINRUD closed the hearing on the Governor's Office and stated that the committee would reconvene on Tuesday 2/1/05 to take executive action on the Governor's Office.

{Tape: 4; Side: A; Approx. Time Counter: 15 - 25.2}

ADJOURNMENT

Adjournment: 11:45 A.M.

REP. JOHN SINRUD, Chairman

JAMIE MICKELSON, Secretary

JS/jm

Additional Exhibits:

EXHIBIT ([jgh21aad0.PDF](#))