

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN ROSALIE (ROSIE) BUZZAS**, on March 7, 2005 at 8:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Rosalie (Rosie) Buzzas, Chairman (D)
Rep. John E. Witt, Vice Chairman (R)
Rep. Tim Callahan (D)
Rep. Bill E. Glaser (R)
Rep. Ray Hawk (R)
Rep. Cynthia Hiner (D)
Rep. Verdell Jackson (R)
Rep. Joey Jayne (D)
Rep. Christine Kaufmann (D)
Rep. Ralph L. Lenhart (D)
Rep. Walter McNutt (R)
Rep. John L. Musgrove (D)
Rep. Rick Ripley (R)
Rep. Jon C. Sesso (D)
Rep. John Sinrud (R)
Rep. Janna Taylor (R)
Rep. Jack Wells (R)

Members Excused: Rep. Carol C. Juneau, Vice Chairman (D)
Rep. Eve Franklin (D)

Members Absent: Rep. Penny Morgan (R)

Staff Present: Marcy McLean, Committee Secretary
Laura Dillon, Committee Secretary
Jon Moe, Legislative Branch

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

Committee Business Summary:

Hearing & Date Posted: HB 2, Sections C, D, E

REP. RIPLEY continued with the presentation of Section C, **Department of Fish, Wildlife and Parks (FWP)**, found on Pages C-1 to 27. FWP is responsible for the management of Montana's fish, wildlife and recreational resources, development of recreational opportunities and operation of the State parks system. The majority of funds for this department comes from the General License Act (GLA) fees collected for hunting and fishing. These fees provide \$58.9 million of the Department's \$118 million appropriation.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 4.6; Comments: Rep. Franklin entered hearing.}

REP. RIPLEY reviewed the budgets for the eight divisions within FWP.

{Tape: 1; Side: A; Approx. Time Counter: 4.6 - 10.2}

Department Response:

Jeff Hagener, Director of FWP, said he was available to answer questions.

REP. WELLS asked how many legislative bills will affect the FWP budget because of fee increases. **REP. RIPLEY** said HB 172, which is a fee increase, and HB 176.

Public Comment: None

EXECUTIVE ACTION ON SECTION C

Motion: **REP. RIPLEY** moved that HB 2 BE AMENDED.
EXHIBIT (aph50a01)

Discussion:

REP. RIPLEY, in referring to DP101 on Page C-5, explained that this amendment would reduce the Administration and Finance Division's budget by \$14,000 per year in State special revenue for the sheep auction commission. Historically, the budget has been half of that amount and he said that would still be sufficient.

REP. MUSGROVE said he would oppose the amendment because it is all State special revenue and FWP thinks they need the funding because of the changes that taking place in the auction process.

Jeff Hagener said the money is derived from sheep licenses, which cannot be used for anything else. If the auction should go higher than the average over the past couple of years, the FWP would not have the authority to pay the commission, which is 10% of the auction. If they do not use all of this money, it would remain in the State special revenue account.

Vote: Motion carried 13-7 by roll call vote with **REP. BUZZAS**, **REP. JAYNE**, **REP. KAUFMANN**, **REP. LENHART**, **REP. MUSGROVE**, **REP. SESSO**, and **REP. WITT** voting no. **REPS. MORGAN**, **SINRUD**, and **TAYLOR** voted by proxy.

Motion: **REP. MCNUTT** moved that HB 2 BE AMENDED.
EXHIBIT(aph50a02)

Discussion:

REP. MCNUTT, in referring to Page C-6, said this amendment addresses a new DEQ proposal regarding air quality permits for oil and gas production. He said, "This is a solution looking for a problem." The amendment would strike the language from HB 2.

{Tape: 1; Side: A; Approx. Time Counter: 10.2 - 24.8}

Richard Oppen, Department of Environmental Quality (DEQ), explained that they proposed this decision package because of the increase in coalbed methane drilling and the results they have seen in Wyoming.

REP. WELLS said there has been coalbed methane drilling in Gallatin County, where the main concern has been water and noise pollution, but not air quality problems. **Richard Oppen** said that water quality issues dwarf air quality issues. The air quality issues have just recently been discovered because of the haze problem.

REP. KAUFMANN asked if the amendment was approved, how would it affect the budget. **REP. RIPLEY** said the funding is through permitting fees, which are State special revenue. If the money is not spent, then it is not available for other purposes.

{Tape: 1; Side: A; Approx. Time Counter: 24.8 - 32.6}

REP. JAYNE asked where the revenue comes from, and what happens if this permitting is not approved. **Richard Oppen** said they are statutorily mandated to recover fees for their permitting activities. If this decision package is not approved, then they will have to increase the air quality permitting fees because they cannot get additional money from the General Fund.

CHAIRMAN BUZZAS said she opposes this amendment because the State is anticipating increased coalbed methane activity and have seen the air quality problems Wyoming is experiencing. She said it is important that the State meet the requirements of the Montana Clean Air Act.

REP. RIPLEY said these fees would be assessed against 400-900 existing oil and gas wells.

REP. SESSO asked if this is entirely new money for an entirely new program. **REP. RIPLEY** said it is all new money for a new program. Its purpose would be to permit existing oil and gas wells.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 8.3; Comments: Rep. Morgan entered hearing.}

REP. MCNUTT explained that the Oil and Gas Commission permits wells. The industry is well aware of the need, after the well comes online, that they may have to obtain an air quality permit through the DEQ. He said the State is a long way from large activity in coalbed methane drilling until the water quality issues are resolved. This is a new program that is premature and has not been studied.

Vote: Motion carried 13-7 by roll call vote with **REP. BUZZAS**, **REP. CALLAHAN**, **REP. FRANKLIN**, **REP. HINER**, **REP. JAYNE**, **REP. JUNEAU**, and **REP. KAUFMANN** voting no. **REPS. SINRUD** and **TAYLOR** voted by proxy.

{Tape: 1; Side: B; Approx. Time Counter: 8.3 - 12.8}

REP. RIPLEY asked Director Oppen to address problems discussed earlier in Committee regarding the use of grant money.

Richard Oppen said some legislative appropriations made from the Reclamation & Development and the Renewable Resources accounts do not specifically comply with statutory guidelines. According to statute, the funds from these accounts can only be used for grants for designated projects and for the administration of those grants. For many years many agencies have been using these two funding sources for a wide variety of purposes, not always related to grants or their administration.

{Tape: 1; Side: B; Approx. Time Counter: 12.8 - 16.1; Comments: Rep. Taylor entered hearing.}

For the past 10 years the legislature has been appropriating these funds. In 1989 the Supreme Court ruled that uses such as

regulation and administration of mining-related industries is an appropriate use of the Resource Indemnity Trust (RIT) funds. He said the DEQ agrees that the use of RIT funds is a problem and needs to be addressed. If all of these funds were withdrawn from the various agencies, there would be a major impact to public policy. One of the suggestions for resolving this issue would be to authorize a broad-based RIT study group to develop and analyze solutions and report its finds to the 2007 legislature. He reiterated that the problem is not that the use of these funds are inconsistent with RIT, which the Supreme Court addressed, but the problem is the money may be coming out of the wrong account.

EXHIBIT (aph50a03)

{Tape: 1; Side: B; Approx. Time Counter: 16.1 - 21}

Motion: REP. RIPLEY moved that HB 2 BE AMENDED.

EXHIBIT (aph50a04)

Discussion:

REP. RIPLEY said this amendment eliminates funding of \$200,000 State special revenue and \$2.8 million in Federal special revenue for the State Wildlife Grant Program.

REP. JUNEAU said she was concerned about the loss of \$2.8 million in Federal funding. REP. RIPLEY said this money is used to conserve and enhance populations of natural fish and wildlife species. The U.S. Fish and Wildlife Service dictates the types of projects that can be considered for this funding. **Jeff Hagener** explained that this money is used for State wildlife grants for endangered wildlife issues. There is a minimal State appropriation with a substantial Federal contribution. If FWP is not given the authority to spend the money, then they would probably not receive any Federal funds.

REP. JUNEAU said she would oppose this amendment because the State would be losing \$2.8 million in Federal special revenue. As she pointed out, most Federal funding comes with the stipulation of how it will be spent.

REP. RIPLEY said the purpose in proposing this amendment is to preserve the General License Account so the State does not have to increase fees on our sportsmen.

Vote: Motion failed 10-10 by roll call vote with REP. GLASER, REP. HAWK, REP. JACKSON, REP. MCNUTT, REP. MORGAN, REP. RIPLEY, REP. SINRUD, REP. TAYLOR, REP. WELLS, and REP. WITT voting aye. REP. SINRUD voted by proxy.

Motion: REP. FRANKLIN moved that HB 2 BE AMENDED.
EXHIBIT(aph50a05)

Discussion:

REP. FRANKLIN said she is trying to protect the 2% funding from the Shared Coal Severance Tax for libraries. The amendment would decrease State special revenue by \$93,000 per year for a range management position.

{Tape: 1; Side: B; Approx. Time Counter: 21 - 32.6}

Barb Smith, LFD, said the amendment could be changed to only include the adjustment for the Salinity Control's grant, which would be \$49,500 over the biennium, and leave the range management position intact.

REP. FRANKLIN said the \$49,500 for the biennium would cover the increased appropriation from the Shared Coal Severance Tax Fund. She said the purpose of the amendment is to return the 2% funding to state libraries. She said if she had the assurance that there would be other ways to find money for these projects, she would be willing to withdraw her motion. REP. RIPLEY answered that it is difficult to balance the Shared Coal Severance Revenue Account and they had asked all agencies to lower their requests.

REP. WITT said he would oppose this amendment because he thinks the Education Subcommittee needs to find other sources of funding for libraries. He said the Salinity Control Program is very important to farmers and ranchers.

REP. FRANKLIN said she thought it was a fairness issue to the libraries because their budget was not increased.

REP. RIPLEY responded that at the beginning of the session he and REP. FRANKLIN had informally agreed to hold the funding percentages from the shared account at the same amount. It was the Natural Resources Subcommittee that appropriated more money, while Education has not over-appropriated that same percentage. He said it was unfortunate that they pit one program against another, when there is a need in all of them for more funding.

REP. FRANKLIN withdrew her motion, without objection.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 14.7}

Motion: REP. WITT moved that HB 2 BE AMENDED.
EXHIBIT(aph50a06)

Discussion:

REP. WITT said the amendment would add \$500,000 to the Parks Division to provide grants for the establishment of a dinosaur park in northeastern Montana. There is currently about a \$2.6 million balance in the Parks Division that is intended to be used for parks across Montana.

Substitute Motion: **REP. RIPLEY** moved a **CONCEPTUAL MOTION BE ADOPTED**.

Discussion:

REP. RIPLEY moved that the wording be changed from "northeastern" Montana to "northcentral" so the dinosaur park would be located in Choteau.

Jon Moe, LFD, explained that the conceptual motion would only be changing wording in the amendment and would not be binding.

Jeff Hagener said the bill in the Fish, Wildlife and Parks Committee calls for this to be General Funds to fund the park, which would need to be changed if this amendment calls for the funding to come from park fees. There have been many requests for new state parks, and the questions is where is the best place for a dinosaur park. He said that the current funding of existing parks is hurting and they need to use this funding for their maintenance.

REP. RIPLEY withdrew his substitute motion, without objection.

Vote: Motion failed 8-12 by roll call vote with **REP. GLASER, REP. MCNUTT, REP. MORGAN, REP. SESSO, REP. SINRUD, REP. TAYLOR, REP. WELLS, and REP. WITT** voting aye. **REPS. FRANKLIN and SINRUD** voted by proxy.

Motion: **REP. KAUFMANN** moved that **HB 2 BE AMENDED**.
EXHIBIT(aph50a07)

Discussion:

REP. KAUFMANN said she would like to segregate #5 of the amendment which would strike the Department of Commerce program that gives grants to businesses for workers to take new jobs.

{Tape: 2; Side: A; Approx. Time Counter: 14.7 - 32.6}

Tony Preite explained that if this program is eliminated, then Montana would be the only state that does not have this tool for job training. There also would be the threat of losing Federal funds.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 6.4}

REP. CALLAHAN said if HB 270 fails, the job training program would continue to be funded with InterCap loans, and there would be no General Fund money available to transfer to the ending fund balance.

CHAIRMAN BUZZAS said if this amendment passes, it would override HB 270, which has already passed. Then the General Fund money for HB 270 would again be available.

Vote: Motion failed 10-10 by roll call vote with **REP. HAWK, REP. JACKSON, REP. JAYNE, REP. JUNEAU, REP. KAUFMANN, REP. LENHART, REP. RIPLEY, REP. SINRUD, REP. WELLS, and REP. WITT** voting aye. **REP. SINRUD** voted by proxy.

Motion: **REP. BUZZAS** moved that HB 2 BE AMENDED.
EXHIBIT (aph50a08)

Discussion:

CHAIRMAN BUZZAS said the amendment decreases the General Fund expenditure by \$195,000, which is a small portion of the decision package, for the Incident Management Team to help manage fires in their early stages. The DNRC said they could probably find Federal funds to make up for this decrease.

{Tape: 2; Side: B; Approx. Time Counter: 6.4 - 22.5}

Ann Bachman, DNRC, responded that this decision package would equip four fire suppression teams, and they believe they would be able to use Federal funds from other teams.

REP. RIPLEY said he is concerned that the Committee is looking to decrease funding to any firefighting efforts.

REP. JACKSON said that initial firefighting efforts save money in the long run.

Vote: Motion failed 6-14 by roll call vote with **REP. BUZZAS, REP. CALLAHAN, REP. FRANKLIN, REP. JUNEAU, REP. KAUFMANN, and REP. SESSO** voting aye. **REP. SINRUD** voted by proxy.

{Tape: 2; Side: B; Approx. Time Counter: 22.5 - 32.6}

Motion: REP. BUZZAS moved that HB 2 BE AMENDED.

EXHIBIT(aph50a09)

Discussion:

CHAIRMAN BUZZAS said this amendment is similar to the last one. It decreases the General Fund by \$500,000 per year to reflect the Governor's Budget. These funds were for fire severity funding in response to a legislative audit of fire costs.

Ann Bachman responded that the DNRC would continue to make these fire decisions no matter where the funding comes from, whether from HB 2 or from the supplemental.

REP. RIPLEY said the Subcommittee feels that this amendment should be opposed.

CHAIRMAN BUZZAS said that historically fire costs have been funded through a supplemental. This amendment would add \$1 million back into the General Fund

Vote: Motion failed 7-13 by roll call vote with REP. BUZZAS, REP. CALLAHAN, REP. FRANKLIN, REP. HINER, REP. JUNEAU, REP. KAUFMANN, and REP. SESSO voting aye. REP. SINRUD voted by proxy.

Motion/Vote: REP. MUSGROVE moved HB 2, SECTION C, BE CLOSED . Motion failed 10-10 by roll call vote with REP. BUZZAS, REP. CALLAHAN, REP. FRANKLIN, REP. HINER, REP. JAYNE, REP. JUNEAU, REP. KAUFMANN, REP. LENHART, REP. MUSGROVE, and REP. SESSO voting aye. REP. SINRUD voted by proxy.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 7.6}

SECTION D

REP. CALLAHAN, Chair of Section D, introduced and thanked Harry Freebourne and Shane Schiere, LFD. He thanked the Agencies and the Departments for working hard to get the necessary information to the Subcommittee. He also thanked Subcommittee members, REPS. HINER, HAWK, and WITT.

Section D includes Montana Board of Crime Control, Department of Justice, Public Service Commission, Department of Corrections, Department of Labor and Industry, and the Department of Military

Affairs. Total appropriations for Section D are \$285 million for FY06 and \$284 million for FY07.

{Tape: 3; Side: A; Approx. Time Counter: 7.6 - 12.2}

REP. CALLAHAN reviewed the budget for the **Board of Crime Control**, as found on Pages D-1 to 3.

Department Response:

Roland Mena, Executive Director Board of Crime Control, said the major issue for them is the request for funding to address legal issues related to increased de-certification cases.

{Tape: 3; Side: A; Approx. Time Counter: 12.2 - 15.5}

REP. CALLAHAN continued his presentation of Section D with the **Department of Justice (DOC)**, found on Pages D-4 to 30.

Department Response:

Larry Fasbender, Deputy Director, DOJ, said the reduction in the Federal Byrne Grant drug money caught them by surprise. Sixteen positions have been funded by this money and they did not know the money was being eliminated until after the session started. Without the funds, the State will not have the tools to deal with the methamphetamine problem.

REP. SESSO asked about the State 50% and counties 50% funding for County Attorneys. **REP. CALLAHAN** explained that the statute says the funding will be 50/50, however the State's share has not been 50%. Previously, they only appropriated what they had available. The amount budgeted is to bring the State's share back up to 50%.

REP. JACKSON asked about the Byrne Grant. **Larry Fasbender** said it is Federal money for law enforcement issues and has been available since 1976. The change has combined the Byrne Grant money with Federal block grants, resulting in reduced funding for the states. He said that without this grant money, the State will lose the state Drug Task Force.

{Tape: 3; Side: A; Approx. Time Counter: 15.5 - 27.2}

REP. CALLAHAN reviewed the budget for the **Public Service Commission**, found on Pages D-31 to 33.

Department Response:

Greg Jergerson, Chairman, Public Service Commission, said he didn't think there would be any particular issues with their presented budget.

{Tape: 3; Side: A; Approx. Time Counter: 27.2 - 32.6}

REP. CALLAHAN presented the budget for the **Department of Corrections (DOC)**, as found on Pages D-34 to 48.

Department Response:

Bill Slaughter, Director of Department of Corrections, said this was probably the most far-reaching Corrections Subcommittee that he has ever worked with. They have seen 5-6% growth in the prison population due to the good work of the Drug Task Force. There are currently 134 state inmates who are being held in county jails. This budget expands community corrections options (i.e., prerelease) using innovative programs. The downside of this is that there needs to be an increase in the budget. The upside is that DOC is working more effectively with DPHHS to solve problems.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 7.8}

REP. KAUFMANN said her own personal goal with corrections is to have fewer non-violent offenders locked up because she said she does not think it is effective. **REP. CALLAHAN** said this budget agrees with that view, particularly with female prisoners, of which 85% of them are non-violent. They recognize that community centers for residents are not always cheaper, but may be able to rehabilitate the offender quicker. The increased community placement and treatment of special needs prisoners is why the Subcommittee's budget is over the Governor's Budget.

{Tape: 3; Side: B; Approx. Time Counter: 7.8 - 15.1}

REP. CALLAHAN continued with his presentation of Section D, **Department of Labor and Industry**, Pages D-49 to 67.

{Tape: 3; Side: B; Approx. Time Counter: 15.1 - 18}

Department Response:

Keith Kelly, Commissioner of Labor and Industry, said they worked with the Subcommittee to do a thorough and methodical review of the Department's budget.

REP. RIPLEY asked about the Employment Security Account (ESA) and why it was used to fund the Displaced Homemaker program rather than the General Fund. **Keith Kelly** explained that ESA is a 0.13% tax paid by businesses to help keep local Job Services offices open. **REP. CALLAHAN** said the Displaced Homemaker program said they were more comfortable with the ESA funding rather than General Fund.

{Tape: 3; Side: B; Approx. Time Counter: 18 - 24.2}

REP. CALLAHAN continued his presentation with the **Department of Military Affairs**, found on Pages D-68 to 80.

Department Response:

Col. Stan Putnam, Montana Army National Guard, said he represented the 3,500 soldiers and airman of the Montana National Guard. He said that he and the staff were available to answer questions.

REP. KAUFMANN asked for information on the National Guard scholarship program. **REP. CALLAHAN** said it provides scholarships to active Guard members who are attending college; the money is used for reimbursement of college expenses. The scholarship budget was increased by \$250,000.

{Tape: 3; Side: B; Approx. Time Counter: 24.2 - 30.6}

NOTE: Committee recessed at 12:00.

The Appropriations Committee Meeting reconvened at 3:30 P.M. with **REP. JUNEAU** presiding as Chair.

Public Testimony:

J.D. Lynch, Community Corrections and Counseling Services, Butte, commended the Corrections Subcommittee for their recommendation of a per diem increase for pre-release centers.

Mona Jamison, Boyd Andrew Community Services, Helena, added that pre-release centers serve as a low-cost alternative to prisons.

Sue Wilkins, Executive Director, Missoula Corrections, urged the Committee to adopt the per diem increase recommendations.

Jim McDonald, Warden, Crossroads Correctional Center, explained how the per diem increase was vital to pre-release operations.

{Tape: 4; Side: A; Approx. Time Counter: 0 - 6}

EXECUTIVE ACTION ON HB 2, SECTION D

Motion: REP. CALLAHAN moved TO AMEND HB 2 (HB000223.ahf).

Discussion:

REP. CALLAHAN explained that this was a technical amendment to allow Federal pass-through-grants to be used in any year of the biennium.

EXHIBIT(aph50a10)

REP. GLASER asked where the amendment originated. REP. CALLAHAN replied that the amendment came from the Agency.

Vote: Motion carried unanimously by voice vote. REP. BUZZAS voted by proxy.

Motion: REP. CALLAHAN moved TO AMEND HB 2 (HB000205.ahf).

Discussion:

REP. CALLAHAN explained that this amendment will add \$250,000 to the General Fund appropriation to the Department of Justice (DOJ) to be used for anti-methamphetamine ads. This amendment is contingent upon passage of both HB 340 and HB 439.

EXHIBIT(aph50a11)

REP. SINRUD asked if there were any Federal grants available through DPHHS that could be used to address the advertising funded by the amendment. REP. CALLAHAN said he was not aware of any such grants.

REP. SINRUD asked if any of these grants were discussed during Health and Human Services Subcommittee hearings. REP. KAUFMANN responded that they had not been discussed.

Vote: Motion failed 6-14 by roll call vote with REP. CALLAHAN, REP. KAUFMANN, REP. LENHART, REP. MUSGROVE, REP. SESSO, and REP. WELLS voting aye. REP. BUZZAS voted by proxy.

{Tape: 4; Side: A; Approx. Time Counter: 6 - 14.3}

Motion: REP. WITT moved TO AMEND HB 2 (HB000203.ahf).

Discussion:

REP. WITT explained that this amendment will create a \$600,000 General Fund appropriation to fund the activities surrounding offenders sentenced for second-time methamphetamine possession to the Department of Corrections (DOC).

EXHIBIT(aph50a12)

REP. CALLAHAN stated that he would oppose the amendment because it has not been indicated that there will be any savings to the Department as a result of the measure.

REP. WITT commented that the Committee was likely to see a Senate bill similar to this amendment in the future.

Vote: Motion failed 7-13 by roll call vote with **REP. GLASER**, **REP. HAWK**, **REP. MCNUTT**, **REP. SESSO**, **REP. TAYLOR**, **REP. WELLS**, and **REP. WITT** voting aye. **REP. BUZZAS** voted by proxy.

Motion: **REP. JUNEAU** moved TO AMEND HB 2 (HB000209.ass).

Discussion:

REP. JUNEAU explained that this amendment would reduce funding for the Department of Military Affairs (DMA) Youth Challenge Program by \$600,000 over the next biennium. **REP. JUNEAU** feels this amendment will help to reduce the amount by which the budget is over-appropriated, while still leaving the Youth Challenge Program with enough funding to continue operations.

EXHIBIT(aph50a13)

REP. RIPLEY asked how the Department felt about the amendment. **Reid Lund, Director, Montana Youth Challenge Program**, felt that the amendment would negatively affect the program. There has not been a budget increase for the program during the past six years and this amendment would further reduce its funding. Youth from a significant number of Montana communities have participated in the program.

EXHIBIT(aph50a14)

REP. RIPLEY, **REP. JACKSON** and **REP. CALLAHAN** stated that they would resist the amendment.

Vote: Motion failed 3-17 by roll call vote with **REP. BUZZAS**, **REP. JUNEAU**, and **REP. KAUFMANN** voting aye. **REP. BUZZAS** voted by proxy.

Motion: **REP. SINRUD** moved TO AMEND HB 2 (HB000212.ahf).

Discussion:

REP. SINRUD explained that this amendment would reduce the appropriation for the County Attorney Payroll Program to the original amount recommended by the Executive Budget.

EXHIBIT (aph50a15)

REP. SESSO urged the Committee to resist the amendment, stating that it would place an additional financial burden on counties.

Amy Sassano, OBPP, told the committee that the Department of Justice was given the opportunity to request the necessary funds for their budget. This amendment will keep the appropriation consistent with the original amount requested.

REP. CALLAHAN claimed that the Department of Justice did not include the amount in the original request in an effort to stay within the target rate.

Vote: Motion failed 6-14 by roll call vote with **REP. GLASER, REP. JACKSON, REP. JAYNE, REP. SINRUD, REP. WELLS, and REP. WITT** voting aye. **REP. BUZZAS** voted by proxy.

{Tape: 4; Side: A; Approx. Time Counter: 14.3 - 33}

Motion: **REP. SINRUD** moved TO AMEND HB 2 (HB000213.ahf).

Discussion:

REP. SINRUD explained that this amendment will reduce the General Fund to eliminate an additional pre-release pre diem increase in the Community Corrections Program not included in the Executive Budget.

EXHIBIT (aph50a16)

REP. CALLAHAN, REP. WITT and REP. SESSO encouraged the Committee to oppose the amendment. They feel the per diem increase is necessary to accommodate rising operation costs.

Ms. Sassano commented that the Governor's Office is currently discussing the issue with the DOC. Both the Martz and Schwieter Budgets included a substantial increase to address the rising prison population and associated costs. Increasing the appropriation through this amendment will contribute to a structural deficit.

Vote: Motion failed 5-15 by roll call vote with REP. GLASER, REP. JAYNE, REP. RIPLEY, REP. SINRUD, and REP. WELLS voting aye. REP. BUZZAS voted by proxy.

{Tape: 4; Side: B; Approx. Time Counter: 0 - 6.5}

Motion: REP. SINRUD moved TO AMEND HB 2 (HB000214.ahf).

Discussion:

REP. SINRUD explained that this amendment transfers \$1.5 million of General Fund money from Juvenile Corrections (Juvenile Delinquent Incarceration Program (JDIP) funds) to secure facilities within the DOC.

EXHIBIT (aph50a17)

Bill Slaughter, DOC, explained that JDIP funds are used to supplement costs associated with out-of-state juvenile placements. This fund is typically not spent in its entirety and leftover funds are transferred to balance the budget in other areas.

REP. CALLAHAN commented that Mr. Slaughter had incorrectly stated the use of JDIP funds. The funds are primarily used for in-state placements, rather than out-of-state.

REP. RIPLEY asked if there had been a surplus in the fund this year. REP. CALLAHAN replied that this was difficult to determine because the funds had already begun to be used in other areas within the DOC.

(REP. BUZZAS entered the meeting at 4:30 P.M.)

REP. SESSO asked what would be the effect of taking these funds from the JDIP program. REP. CALLAHAN replied that this could potentially allow for fewer placements.

REP. SINRUD asked where the leftover JDIP funds were used. REP. CALLAHAN responded that the program was designed to give placement flexibility to youth courts. Any savings developed by the fund are intended to be put back into less-expensive community corrections alternatives.

Vote: Motion failed 10-10 by roll call vote with REP. GLASER, REP. HINER, REP. JACKSON, REP. MCNUTT, REP. MORGAN, REP. RIPLEY, REP. SINRUD, REP. TAYLOR, REP. WELLS, and REP. WITT voting aye.

Motion: REP. SINRUD moved TO AMEND HB 2 (HB000215.ahf).

Discussion:

REP. SINRUD explained that this amendment removes General Fund money from the Secure Facilities Program in the DOC.

EXHIBIT(aph50a18)

REP. CALLAHAN stated that he would oppose the amendment because he felt it was premature at this point

REP. KAUFMANN asked what part of the program these funds would support. **REP. CALLAHAN** replied that the funding increase had been supported by the Subcommittee. He felt that any budget implications would be addressed during ongoing discussions between the DOC and Executive Branch.

REP. KAUFMANN asked if the funding to address special needs inmates was taken from the Secure Care Budget. **REP. CALLAHAN** replied, "Yes."

Ms. Sassano added that the Governor's Office feels the DOC will still be able to work with special needs inmates with the amount originally recommended.

Mr. Slaughter commented that the additional funds were to be used for a new facility, which would allow better care for special needs inmates.

REP. KAUFMANN asked if the amendment failed, would there be any direction to the DOC to spend funds for special needs facilities. **REP. CALLAHAN** replied that there was no specific restriction on how the funds must be spent.

{Tape: 4; Side: B; Approx. Time Counter: 6.5 - 21.1}

Vote: Motion carried 11-9 by roll call vote with **REP. CALLAHAN**, **REP. HAWK**, **REP. HINER**, **REP. JUNEAU**, **REP. LENHART**, **REP. MCNUTT**, **REP. MUSGROVE**, **REP. SESSO**, and **REP. WITT** voting no.

Motion: **REP. SINRUD** moved TO AMEND HB 2 (HB000216.ahf).

Discussion:

REP. SINRUD explained that this amendment reduces General Fund to remove the per diem increase to the regional and private prisons.

EXHIBIT(aph50a19)

REP. CALLAHAN and **REP. WITT** stated their opposition to the amendment. **REP. CALLAHAN** believes the per diem is an important issue within the Department that should be addressed.

Mr. Slaughter stated that eliminating the per diem rate increase could remove the option of the DOC utilizing private prisons for expansion. He added that this could also eliminate business competition between facilities, which may result in higher costs for the DOC.

Ms. Sassano added that the Governor's Office was confident the DOC will do everything they can to negotiate provider rate increases within the budget that can be afforded.

Vote: Motion failed 8-12 by roll call vote with **REP. GLASER**, **REP. JAYNE**, **REP. KAUFMANN**, **REP. MORGAN**, **REP. MUSGROVE**, **REP. SINRUD**, **REP. TAYLOR**, and **REP. WELLS** voting aye.

Motion/Vote: **REP. MUSGROVE** moved TO CLOSE HB 2, SECTION D. Motion failed 10-10 by roll call vote with **REP. BUZZAS**, **REP. CALLAHAN**, **REP. FRANKLIN**, **REP. HINER**, **REP. JAYNE**, **REP. JUNEAU**, **REP. KAUFMANN**, **REP. LENHART**, **REP. MUSGROVE**, and **REP. SESSO** voting aye.

{Tape: 4; Side: B; Approx. Time Counter: 21.1 - 32.1}

SECTION E

REP. FRANKLIN, Chair of Education Subcommittee, thanked staff Jim Standert, Marilyn Daumiller and Alan Piera, LFD, for their work and expertise. She also thanked Subcommittee members, **REPS. GLASER**, **JACKSON** AND **JUNEAU**.

Section E includes the Office of Public Instruction, Board of Public Education, School for the Deaf and Blind, Montana Arts Council, Montana Library Commission, Montana Historical Society, University System, and the Commissioner of Higher Education.

REP. FRANKLIN began her presentation of Section E with the **Office of Public Instruction**, found on Pages E-1 to 16.

EXHIBIT (aph50a20)

{Tape: 5; Side: A; Approx. Time Counter: 0 - 13.2}

Department Response:

Linda McCullough, Superintendent, Office of Public Instruction (OPI), said their budget proposals result in a high level of accountability to the taxpayers and contributes to a quality K-12 public education system. Less than 1% of this budget is for administrative expenditures in OPI.

EXHIBIT (aph50a21)

EXHIBIT (aph50a22)

This budget serves 146,552 students and 12,039 certified staff in 855 public schools. It includes the Governor's requested \$1 million General Fund appropriation and three FTEs for the State's constitutional obligation to Indian Education for All. The Subcommittee added an additional \$310,000 and one more FTE in order to fund \$1.1 million in grants to schools and perform other activities that support Indian education.

{Tape: 5; Side: A; Approx. Time Counter: 13.2 - 25.2}

REP. RIPLEY questioned why the budget shows \$2.3 million for Indian Education for All, yet only \$1.1 million was going to be distributed to schools. **REP. FRANKLIN** explained that the original funding was only for planning at the OPI. The Subcommittee working group recommended getting some of that money out to the schools in the form of grants. The grants are for schools for "two-year implementation of Indian Education for All, demonstrating best practices for replication." **Jim Standert** explained that the Governor's Budget proposed \$2 million and the Subcommittee added an additional \$300,000. The \$2.3 million will stay at OPI for curriculum development.

{Tape: 5; Side: A; Approx. Time Counter: 25.2 - 32.6}

REP. FRANKLIN continued her presentation with **Commissioner of Higher Education**, on Pages E-47 to 82.

{Tape: 5; Side: B; Approx. Time Counter: 0 - 15.1}

Department Response:

Sheila Stearns, Commissioner of Higher Education, said they worked closely with their partners in K-12, Indian Education for All and Board of Public Education in developing this budget. The budget process was highly scrutinized by the Board of Regents, causing the University system to be very thorough and rigorous in their budget process. It has resulted in a very lean and well-examined budget. The goals of this budget were: 1) workforce development, 2) distance learning, and 3) access for all.

{Tape: 5; Side: B; Approx. Time Counter: 15.1 - 27.1}

Public Comment: None

ADJOURNMENT

Adjournment: 6:10 P.M.

REP. ROSALIE (ROSIE) BUZZAS, Chairman

MARCY MCLEAN, Secretary

RB/mm

Additional Exhibits:

EXHIBIT ([aph50aad0.PDF](#))