

MINUTES OF THE MEETING  
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE  
50TH LEGISLATIVE SESSION  
HOUSE OF REPRESENTATIVES

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Rehberg on January 26, 1987 at 8:00 a.m. in Room 132 of the State Capitol.

ROLL CALL: All committee members were present, except Sen. Stimatz. Also present were Flo Smith, Budget Analyst from the Office of Budget & Program Planning (OBPP) and Pam Joehler, Senior Fiscal Analyst from the Office of the Legislative Fiscal Analyst. (LFA)

46A:0.00

DEPARTMENT OF ADMINISTRATION

Public Employees Retirement System

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget with adjustments.

A voice vote was taken and the motion PASSED unanimously.

Chairman Rehberg outlined the issues. The OBPP reduced the printing in the second year and it was deleted. The supplies, communications, travel and equipment were all related to the Social Security Program.

EXECUTIVE ACTION

Sen. Gage moved the committee reduce the LFA budget in equipment by \$469 for FY 89.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Chairman Rehberg moved the committee adopt the OBPP recommendations on the lower figures for the Social Security Program in areas identified as supplies and materials, communications, travel and other expenses.

A voice vote was taken and the motion PASSED unanimously.

There was discussion regarding the difference in printing costs for FY 89 in the amount of \$3,350. The OBPP recommendation was less.

(16.49)

EXECUTIVE ACTION

Rep. Quilici moved the funds for printing of the handbooks be allowed for an increase of \$5,700 in FY 88 and a decrease of \$3,350 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

There was discussion regarding the attorney fees.

Chairman Rehberg addressed the \$50,000 modified request for data processing. Linda King, Assistant Administrator, reviewed the modified. This request is to update the active member system.

Workers' Compensation Court

Pam Joehler addressed the major differences. In contracted services, the LFA included funds for a court reporter and the OBPP included funds for a court reporter and a hearings examiner. The difference amounts to \$19,000 per year. In communications, the OBPP included funds for moving costs. The OBPP also increased base travel costs.

EXECUTIVE ACTION

Sen. Keating moved the LFA budget be adopted.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Keating moved the moving expenses be line-itemed. This is \$8,155 in FY 88 only.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Rep. Quilici moved the \$19,500 be added and line-itemed for rent in FY 88 and FY 89.

A voice vote was taken and the motion PASSED unanimously.

Teacher's Retirement Division

Pam Joehler addressed the major differences in contracted services. This amounts to \$15,909 in the first year and \$18,921 in the second year for data processing costs.

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget for FY 88 and FY 89.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the OBPP budget in personal services as adjusted between the OBPP and the LFA.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Gage moved the LFA budget be reduced in contracted services by \$1,536 each year for janitorial and caretaker services not included in the OBPP recommendation.

A voice vote was taken and the motion PASSED unanimously.

Tort Claims Division

Pam Joehler addressed the major difference. Interest earnings from the self-insurance fund can be used to pay administrative costs. The authority to use these funds has to come from temporary appropriations that can be obtained either through the General Appropriations Act or through an authorized budget amendment. In order to pay their operating expenses in the current biennium, the division has received administrative appropriation. If this authority is included in the General Appropriations Act, they would not have to come in for a budget amendment.

EXECUTIVE ACTION

Rep. Quilici moved the committee adopt the LFA budget with adjustments.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Rep. Quilici moved the reduction in the LFA budget for contracted services by \$5,005 each year for duplicative actuarial costs included in the LFA budget but not requested by the OBPP.

A voice vote was taken and the motion PASSED unanimously.

John Maynard, Administrator, addressed the difference in contracted services. The potential for an increased case-load is there primarily due to the addition of the automobile cases, as well as the general liability cases.

There was discussion regarding maintenance contracts on computers.

EXECUTIVE ACTION

Sen. Gage moved to reduce repair and maintenance by \$2,242 per year for computer maintenance which would reflect the OBPP recommendation.

A voice vote was taken and the motion PASSED unanimously.

Board of Investments

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget with adjustments.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Gage moved \$4,550 per year be added to the LFA budget for per diem expenses for board members.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Gage moved that \$1,369 be added in FY 88 only to computer processing for the Information Services Division base adjustment.

A voice vote was taken and the motion PASSED unanimously.

Modifieds

Flo Smith said the OBPP supported the two FTE, portfolio managers, in the amount of \$64,000 per year and \$250,000 each year of the biennium for the Link Deposit Program.

EXECUTIVE ACTION

Sen. Keating moved the committee grant the modified for the two portfolio managers in the amounts of \$64,209 in FY 88 and \$64,113 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

There was discussion regarding the Link Deposit Program.

47A:1.05

EXECUTIVE ACTION

Sen. Gage moved the committee not fund the Link Deposit Program.

A voice vote was taken and the motion PASSED, with Rep. Quilici voting no.

EXECUTIVE ACTION

Sen. Keating moved a pay raise for the two FTE, portfolio managers, approved in the modified, from grade 17, step 3 to grade 17, step 13, be granted. This adds \$17,500 each year to the cost of the previous modification.

A voice vote was taken and the motion PASSED unanimously.

There was discussion regarding the replacement for Jim Howeth, Administrator of the Board of Investments. Funds for accumulation of sick leave and vacation are considered unfunded liabilities. Approximately \$13,275 will be needed.

EXECUTIVE ACTION

Sen. Keating moved \$15,000 in termination funds be allocated for Mr. Howeth and that it be line-itemed.

A voice vote was taken and the motion PASSED unanimously.

Director's Office

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget for FY 88 and FY 89 with adjustments.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Gage moved that \$100 per diem each year be allowed for two legislative members on the Capital Finance Advisory Council.

A voice vote was taken and the motion PASSED unanimously.

Governor Elect

EXECUTIVE ACTION

Rep. Quilici moved to line-item the \$25,000 budget for FY 89.

A voice vote was taken and the motion PASSED unanimously.

Centralized Services Division

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget with adjustments.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Rep. Quilici moved to increase the LFA budget by \$690 per year for increased health insurance.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Rep. Quilici moved to decrease supplies, an agency reduction, by \$600 per year for the five percent cut.

A voice vote was taken and the motion PASSED unanimously.

Accounting Division

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget for FY 88 and FY 89.

A voice vote was taken and the motion PASSED unanimously.

There was discussion regarding computer rates. (Exhibit No. 1)

Pam Joehler referred to the highlighted portion of Exhibit No. 2, page 2.

EXECUTIVE ACTION

Rep. Quilici moved the committee add \$1,500 per year to the LFA budget for printing SBAS report for the Department of Institutions.

A voice vote was taken and the motion PASSED unanimously.

Personnel Division - Personnel Program

EXECUTIVE ACTION

Rep. Quilici moved the committee adopt the LFA budget with adjustments.

A voice vote was taken and the motion PASSED unanimously.

Pam addressed the .25 FTE. The agency requested the position be funded seventy-five percent from the Personnel Program and twenty-five percent from Employee Benefits Program in the 89 biennium. This has an impact to the general fund of approximately \$11,200 per year. The LFA current level budgets the position one-half from the Personnel Program and one-half from the Employee Benefit Program. This was the intent of the 85 Legislature.

EXECUTIVE ACTION

Sen. Keating moved \$1,270 per year be added for classification manuals.

A voice vote was taken and the motion PASSED unanimously.

Personnel Division - Employee Benefits Program

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget for FY 88 and FY 89.

A voice vote was taken and the motion PASSED unanimously.

Pam Joehler addressed the differences. In contracted services, the OBPP recommended increased funding for health promotion activities, amounting to approximately \$23,000 in the first year and approximately \$25,000 in the second year. The other differences are the increases the agency requested for COBRA, resulting in increased computer processing costs in the amount of \$4,650 per year. In other expenses, the LFA deleted a base year expenditure that was related to a genetics program that is scheduled to terminate at the end of this fiscal year. The amounting to \$11,804 per year and is included in the OBPP recommendation.

Rod Sunstead from the division gave an overview of the genetics program. This was set up for the first time last session. There was a tax to be paid in the amount of \$.45 for every person insured under the group health plan for the State of Montana. This money went to Shodair for their genetics program. There is a bill in to extend this program.

EXECUTIVE ACTION

Sen. Gage moved the Genetics Program be line-itemed at \$11,804 each year.

A voice vote was taken and the motion PASSED unanimously.

47B:2.10

There was discussion regarding the Health Promotion Program. Rod Sunstead explained this program. \$6,000 of the \$20,000 difference was in actual costs for FY 86, but they were not rolled up in the budget. The additional \$14,000 is money requested due to a program change. They did have the authority, but did not spend it. This money is spent on blood pressure screening and classes to promote smoking cessation. The remainder of the difference relates to COBRA.

EXECUTIVE ACTION

Sen. Keating moved that \$20,000 per year be allowed for health information purposes.

Rep. Quilici amended the motion to include the \$4,650 for COBRA as listed under contracted services in the OBPP budget.

A voice vote was taken and the motion PASSED, with Chairman Rehberg voting no.

(12.10)

Personnel Division - Training

Rep. Quilici moved the committee adopt the LFA budget with adjustment.

A voice vote was taken and the motion PASSED unanimously.

Pam Joehler explained the 9.1% increase to the general fund. Vacancy savings was taken from general fund for two positions in the 87 biennium and should have been taken on one. This time, the general fund amount includes the cost of one position with four percent vacancy savings taken out.

EXECUTIVE ACTION

Sen. Gage moved that \$528 in FY 88 and \$546 in FY 89 be added to personal services for longevity and also those adjustments be made in the transfer of general fund to the proprietary fund, as well as the adjustment to FTE in vacancy savings.

After discussion with Pam, Sen. Gage withdrew his motion.

There was discussion regarding longevity.

Laurie Ekanger said without the support of the general fund, the Training Program would be in jeopardy. This program trains managers in hiring and firing procedures and other duties. She said when managers make a mistake, it is usually very costly to the state. With this support, they can offer the training at affordable and competitive prices. Also, the training offered by the division relates to Montana laws specifically.

EXECUTIVE ACTION

Sen. Keating moved that approximately \$34,000 in each year from the LFA and the \$528 in FY 88 and \$546 in FY 89 be allowed for longevity, with the adjustments for vacancy savings.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Rep. Quilici moved the amount of \$1,086 be reduced each year for special printing projects not included in the OBPP recommendation.

A voice vote was taken and the motion PASSED unanimously.

The committee recessed at 10:20 a.m.

The committee reconvened at 10:40 a.m.

General Services Division - Governor's Security

48A:0.00

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget for FY 88 and FY 89.

A voice vote was taken and the motion PASSED unanimously.

The agency withdrew their request for repairs and maintenance.

General Services Division - General Services

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget for FY 88 and FY 89.

A voice vote was taken and the motion PASSED unanimously.

There was discussion regarding the difference in utilities. The LFA was \$107,000 less than the OBPP. Referring to the second level comparison sheet, Pam Joehler explained why the LFA was \$150,000 more in general fund. This dollar amount will change slightly due to the committee's action leaving the Governor's residence in common area. Overall, the \$500,000 difference relates to transfers. This is a proprietary funded operation. The general fund is used in addition. The rent revenue is deposited into the proprietary fund.

EXECUTIVE ACTION

Sen. Keating moved the committee adopt the OBPP common area allocation of twelve percent.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Gage moved the LFA contracted services be reduced by \$6,259 in FY 89 for duplicative audit costs.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Keating moved \$10,000 be added back in FY 89 to purchase paint.

A voice vote was taken and the motion PASSED unanimously.

Mail and Distribution Section

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget for FY 88 and FY 89 with adjustments.

A voice vote was taken and the motion PASSED unanimously.

Pam Joehler addressed the major difference in operating expenses. This amounts to \$13,283 per year and is administrative costs. This was not included in the LFA as it did not show up as revenue in the General Services' budget. The OBPP included this amount as an expense only in the mail program. The LFA did not include this as an expense or revenue in either program. Flo Smith from the OBPP pointed out the money for overtime was omitted from the OBPP budget.

EXECUTIVE ACTION

Sen. Keating moved the committee grant overtime in the amount of \$3,552 per year in personal services.

A voice vote was taken and the motion PASSED unanimously.

H. Deane Blanton, Administrator of the Division, stated the need for a new mail processing machine. One of the existing machines is frequently down for repairs. Time would be saved in processing the mail.

EXECUTIVE ACTION

Sen. Keating moved the \$6,420 for equipment be added to the LFA.

A voice vote was taken and the motion PASSED unanimously.

Modified

EXECUTIVE ACTION

Sen. Keating moved the committee allow the addition of one FTE for increased workload due to the addition of the Workers' Compensation.

There was discussion and it was determined it would be better to address the modified in full committee.

48B:2.56

Sen. Keating withdrew his motion.

Architective & Engineering Division

EXECUTIVE ACTION

Sen. Keating moved the committee adopt the LFA budget with adjustments.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Rep. Quilici moved the committee grant \$1,200 per year in contracted services for office automation and subscription fees for five personal computers.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Gage moved the committee allow \$543 per year for photocopy pool.

A voice vote was taken and the motion PASSED unanimously.

There was discussion regarding the grade 14 transfer that was paid at a grade 17 level.

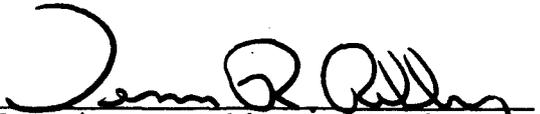
EXECUTIVE ACTION

Sen. Keating moved the committee allow an addition to personal services of \$9,140 in FY 88 and \$9,125 in FY 89 to cover the pay discrepancy in the position.

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A voice vote was taken and the motion PASSED, with Sen. Gage and Chairman Rehberg voting no.

ADJOURNMENT: The meeting was adjourned at 11:40 a.m.



Dennis R. Rehberg, Chairman

Attachment: Letter to Chairman Rehberg from Don Breiby,  
Administrator of the Publications and  
Graphics Division



DEPARTMENT OF ADMINISTRATION  
INFORMATION SERVICES DIVISION

1-26-87



TED SCHWINDEN, GOVERNOR

ROOM 22, MITCHELL BUILDING

## STATE OF MONTANA

196) 444-2700

HELENA, MONTANA 59620

TO: David L. Hunter, Director  
Office of Budget and Program Planning

FROM: Ellen Feaver, Director  
Department of Administration

DATE: August 28, 1986

SUBJECT: Implementation of New Computer Rates

Our proposed changes to the Information Services Division computer rates have been discussed with the Data Processing Advisory Council, the Data Processing Managers and several agencies on an individual basis. Response has been generally favorable. Some changes have been made which affect the proposed base adjustments attached to the August 8th memo on this subject. Please note that the figures included in this memo and its attachments supercede all previous figures related to rate implementation and the proposed base adjustments.

ISD has prepared a final set of recommended base adjustments needed to provide a budgetary framework for implementation of the new cost recovery system for computer-related services in July of 1987. Several changes have been made since these adjustments and their net effect on the budget were last compiled. Some of the changes were a result of feedback from the agencies and some were a result of oversights. However, the results are similar except that an adjustment for the Department of Justice network charges totaling approximately \$43,000 each year has been added which greatly reduced the overall savings that was previously projected. The negative effect of this addition is minimal since the funding source is non-general fund.

Several other adjustments have been made to the tables of base increases for each year and some slight changes were made to the allocation of office automation subscription fees. The attached tables of recommended base adjustments are as accurate as can be projected at this time and should not be subject to any further changes. In most cases the budget program has been identified for each of the recommended adjustments.

Analysis of impact on the budget (amounts include all funds)

Adjustment	budget impact FY'88	budget impact FY'89
Addition of Office Automation subscription fee of \$20 per month for Personal Computer users	\$ 90,000	\$ 99,120
Addition of Network and other miscellaneous charges for smaller offices unable to offset increases with savings resulting from reduced processing charges.	\$113,801	\$ 80,389
Decreases for all agencies charged for mainframe processing (ie, negative inflation factors of 3.5% in FY'88 and 7% in FY'89)	(\$157,560)	(\$329,804)
Net effect to budget:	\$ 46,241	(\$150,295)

The savings resulting from the negative inflation factors are based on a FY'86 budget base for processing (expenditure ID's 2172 & 2174) of \$4,500,312 which includes the expenditures for network charges in addition to all processing charges. The base figure for FY'89 projections has been adjusted to reflect legislative year increases reflected in the FY'85 base for three agencies (the adjusted base is: \$4,711,487). In the event that agencies expand their base for processing the savings resulting from the negative inflation factors will be increased proportionately.

In the final analysis of the effects of the new rates on all agencies we have realized that there are a few additional problem areas that can be resolved without base adjustments.

Department of Administration, Accounting Division will be short \$10,250 in FY'88 and \$22,000 in FY'89 due to the large amount of local printing required for SBAS reports. This problem may be overcome by reducing the amount of local printing by sending SBAS report output directly to some agencies in electronic form for them to print themselves.

Department of Labor, Employment Security Division will be short \$29,450 in fy'88 only, due to the new direct charge for 8100 system support. This problem will be resolved by phasing the

David Hunter  
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full support charge in over the two years of the biennium.

Department of Revenue, Central Services and Legal Divisions will be short both years. However, there is adequate savings in Liquor and Income Tax Divisions to cover the shortfall.

The negative inflation factors of 3.5% and 7% should not be applied to the Department of Justice since processing will be paid for on a flat fee (\$523,000 each year) basis which has been agreed to by the Department of Justice, and network charges will need the base adjustment mentioned above in order to avoid a shortfall.

The imperfections of this conversion to a completely new scheme of cost recovery will be worked out once the new system is implemented. These implementation problems are one time problems that will not be perpetuated in the future. Information Services staff remains available to assist your office with budget problems or questions related to the implementation of these new rates and their effect on each agency.

Attachments

1988 ADJUSTMENTS TO AGENCY BUDGETS FOR INCREASED COMM. EXPENSE

ACCT	AG #	PGM	AGENCY	Base-3.5%	1988 Proj	1988 Dif	Add Proj	FY88 Adj.
83	1102		FISCAL ANALYS	\$9,669	\$13,179	\$3,510		\$3,510
27	1104		LEG COUNCIL	\$118,828	\$128,811	\$9,983		\$9,983
10	3101	04	GOVERNOR'S OF	\$21,067	\$22,257	\$1,190	\$380	\$1,570
16	3301	01	TREASURER	\$737	\$890	\$153	\$720	\$873
37	4108	36	HWY SAFTEY	\$2,923	\$4,522	\$1,599		\$1,599
73	4110	17	JUSTICE REGISTR				\$4,516	\$4,516
56	4110	24	JUSTICE ID BUR				\$720	\$720
82	4110	13	HIGHWAYS PATRO				\$1,200	\$1,200
60	4110	29	JUSTICE LETS				\$36,436	\$36,436
41	4201	01	PSC	\$14,941	\$16,035	\$1,094		\$1,094
33	5102	01	HIGHER ED	\$13,538	\$15,045	\$1,507		\$1,507
26	5103	06	UM	\$7,413	\$7,924	\$511		\$511
89	5105	06	MT TECH	\$6,347	\$7,730	\$1,383		\$1,383
54	5106	06	EMC	\$7,059	\$7,429	\$370		\$370
59	5107	06	NMC	\$7,772	\$8,183	\$411		\$411
53	5108	06	WMC	\$7,922	\$9,246	\$1,324		\$1,324
87	5115	05	STATE LIBRARY	\$497	\$713	\$216		\$216
76	5117	01	HISTORICAL	\$727	\$1,808	\$1,081		\$1,081
04	5201		FWP				\$590	\$590
05	5301		HEALTH	\$65,079	\$66,026	\$947	\$3,730	\$4,677
70	5603	06	LIVESTOCK	\$10,834	\$17,185	\$6,351		\$6,351
68	5801	03	REV RESEARCH	\$37,571	\$39,522	\$1,951		\$1,951
62	5801	03	REV LEGAL	\$29,711	\$35,092	\$5,381		\$5,381
45	5801	03	REV PROP ASSE	\$300,642	\$314,670	\$14,028		\$14,028
46	5801	03	REV MOTOR FUE	\$7,830	\$9,917	\$2,087		\$2,087
01	6101	03	ADMIN ACCT	\$181,379	\$186,174	\$4,795		\$4,795
20	6101	19	INVESTMENTS	\$37,556	\$38,925	\$1,369		\$1,369
09	6201	15	AG/ENVR				\$470	\$470
19	6401	12	INSTITUTIONS	\$2,512	\$3,600	\$1,088		\$1,088
71	6602		LABOR MANPCWE	\$11,081	\$13,792	\$2,711		\$2,711
TOTAL						\$65,039		\$113,801

NOTE: Amounts calculated for object of expenditure 2172/2174, which include computer processing and data communications paid to the Department of Administration.

8-28-86

1989 ADJUSTMENTS TO AGENCY BUDGETS FOR INCREASED COMM. EXPENSE

ACCT	AG #	PGM	AGENCY	Base-7%	1989 Proj	1989 Dif	Add Proj	FY89 Adj.
10	3101	04	GOVERNOR'S OF	\$37,029	\$39,607	\$2,578	\$500	\$3,078
37	4108	36	HWY SAFETY	\$2,817	\$4,250	\$1,433		\$1,433
56	4110	24	JUSTICE ID BUR				\$720	\$720
60	4110	29	JUSTICE LETS				\$36,436	\$36,436
73	4110	17	JUSTICE REGISTR				\$4,516	\$4,516
82	4110	13	HIGHWAYS PATRO				\$1,200	\$1,200
33	5102	01	HIGHER ED	\$13,047	\$13,622	\$575		\$575
26	5103	06	UM	\$7,144	\$7,880	\$736		\$736
89	5105	06	MT TECH	\$6,117	\$7,752	\$1,635		\$1,635
54	5106	06	EMC	\$6,803	\$7,420	\$617		\$617
59	5107	06	NYC	\$7,490	\$8,181	\$691		\$691
53	5108	06	WMC	\$7,634	\$9,285	\$1,651		\$1,651
87	5115	05	STATE LIBRARY	\$479	\$702	\$223		\$223
76	5117	01	HISTORICAL	\$700	\$1,807	\$1,107		\$1,107
04	5201		FWP				\$2,800	\$2,800
05	5301		HEALTH				\$6,850	\$6,850
70	5603	06	LIVESTOCK	\$10,441	\$16,577	\$6,136		\$6,136
46	5801	03	REV MOTOR FUE	\$7,546	\$9,167	\$1,621		\$1,621
68	5801	03	REV RESEARCH	\$36,209	\$36,603	\$394		\$394
62	5801	03	REV LEGAL	\$28,634	\$33,437	\$4,803		\$4,803
16	6101	01	TREASURER	\$711	\$899	\$188	\$725	\$913
09	6201	15	AG/ENVR				\$520	\$520
71	6602		LABOR MANPOWE	\$10,679	\$12,413	\$1,734		\$1,734
TOTAL						\$26,122	\$54,267	\$80,389

NOTE: Amounts calculated for object of expenditure 2172/2174 which include computer processing and data communications paid to the Department of Administration.

8-28-86

Office Automation Subscription Fee Programs

Agency	FY88 Subscrip. cost	FY89 Subscript Cost	Agency and Program Number
Labor	\$2,400	\$2,640	
FWP	\$8,880	\$9,840	Will make a decision Sept. 5
Highways	\$7,680	\$8,400	5401-01
Institutions	\$0	\$0	----
Revenue	\$9,600	\$10,560	5801-03
State Lands	\$7,200	\$7,920	They'll add it themselves
SRS	\$6,720	\$7,440	6901-04
DHES	\$7,200	\$7,920	
Justice	\$1,920	\$2,160	4110-29
Commerce	\$2,400	\$2,640	6501-81 subprogram 1000
Governor's Office	\$3,600	\$3,600	3101-04
Admin/Purchasing	\$2,400	\$2,640	6101-10
Legislative Council	\$2,400	\$2,640	They'll add it themselves
Agriculture	\$1,920	\$2,160	6201-15
Admin/PERD	\$480	\$480	6101-35
Historical Society	\$1,920	\$2,160	5117-01
DNRC	\$2,160	\$2,400	5706-21
LFA	\$2,160	\$2,400	They'll add it themselves
Public Service Com.	\$1,440	\$2,160	4201-01
Just/Highway Safety	\$1,440	\$1,680	4110-36
Livestock	\$1,440	\$1,680	5603-06
Legislative Auditor	\$1,200	\$1,440	They'll add it themselves
Admin/Communications	\$960	\$960	6101-20
Military Affairs	\$1,680	\$1,680	6701-01(\$240),12(\$240),31(\$240) 24(\$240),29(\$720)
Admin/General servic	\$1,200	\$1,440	6101-08
Admin/A&E	\$1,200	\$1,200	6101-04
State Library	\$960	\$960	5115-02(\$240),06(\$240),07(\$480)
Consumer Council	\$720	\$720	They'll add it themselves
Admin/TRD	\$720	\$720	6101-36
House and Senate	\$720	\$720	They'll add it themselves
Admin/Central Servic	\$720	\$720	6101-17
Admin/Dir Office	\$720	\$960	6101-01
Admin/workers comp c	\$720	\$720	6101-33
Admin/tax appeal bd	\$720	\$720	6101-37
Admin/Personnel	\$960	\$1,200	6101-23
Admin/Tort Claims	\$480	\$480	6101-24
Admin/Investments	\$240	\$240	6101-19
Admin/P&G	\$240	\$240	6101-05
Admin/Accounting	\$240	\$240	6101-03
Admin/Treasurer	\$240	\$240	6101-17
Total additions	\$90,000	\$99,120	

PROPOSED LANGUAGE FOR HB2 - APPROPRIATIONS BILL  
DEPARTMENT OF ADMINISTRATION

2  
1-26-87

GENERAL SERVICES

During the 1989 biennium, if utility costs exceed the budgeted amount, the Department may submit a budget amendment to cover the increase in utility costs.

TORT CLAIMS

The Department may expend available self-insurance reserves and revenues to pay any deficit that may be incurred for property or liability insurance premiums due and payable through June 30, 1989.

During the 1989 biennium, if miscellaneous defense costs for defending tort claims filed against the State of Montana, exceed the budgeted amounts, the Department may submit a budget amendment to cover the increase.

FOR DISCUSSION AT HOUSE APPROPRIATIONS

A reminder that the subcommittee decided to discuss at House Appropriations the addition of 2 FTE for Mail & Messenger Bureau. The FTE and postage costs are for processing out-going mail for agencies that are anticipated to join central mail in the next biennium. This was a modified request included in the executive budget.

lang. km

Fiscal 1986

Fiscal 1987

	<u>Fiscal 1986</u>		<u>Fiscal 1987</u>			
	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>Special</u>	<u>Revenue</u>
	<u>Special</u>	<u>Special</u>	<u>Special</u>	<u>Special</u>	<u>Revenue</u>	<u>Proprietary</u>
	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
1						
2						
3	<u>General</u>		<u>General</u>			
4	<u>Fund</u>		<u>Fund</u>			
5	36,800					36,800
6	-----					
7	<u>Total</u>					
8	3,902,063	884,635	29,983,936	34,770,634	3,849,255	896,319
9					3,656,792	882,821
10						30,788,047
11						35,525,621
12						29,585,852
13						34,125,465

- 10 The appropriation in item 3a in the Proprietary column is appropriated from the capital projects fund.
- 11 The appropriation in item 4a in the Proprietary column includes \$55,356 in fiscal 1986 and \$58,801 in fiscal 1987 from the capital projects fund.
- 13 Item 8c may be used only in the event the Investment Bureau moves from its existing facilities to more expensive facilities.
- 15 Item 9b is a biennial appropriation to hire consultants for a long-term telecommunications proposal.
- 16 Item 18b is a biennial appropriation for the "34 percent cases" and appeals resulting from property reappraisals.
- 17 Item 16b is for the purchase of copier pool equipment.
- 18 Item 16c is to be used only for hiring one FLE to monitor vendor contracts with the state and to pay all vendor printing claims for the state.
- 20 Items 6b, 7b, 15b, and 15c are line item appropriations for each year of the biennium <sup>1988</sup> ~~1987~~ 3.08
- 21 In item 4, the Department may charge a maximum of ~~\$2.08~~ <sup>2.97</sup> per square foot in fiscal ~~1988~~ <sup>1989</sup> and ~~\$3.10~~ <sup>3.08</sup> per square foot in fiscal ~~1987~~ <sup>1989</sup>. At the end of fiscal ~~1987~~ <sup>1989</sup>, the maximum cash the Department may carry over is \$320,000. During the ~~1987~~ <sup>1989</sup> biennium if utility costs exceed the budgeted amounts, the Department may submit a budget amendment to cover the increase in utility costs.
- 25 The Department may expend available self-insurance reserves and revenues to pay any deficit that may be incurred

DEPARTMENT OF ADMINISTRATION  
PUBLICATIONS AND GRAPHICS DIVISION

TED SCHWINDEN, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-3053

HELENA, MONTANA 59620-0132



Representative Rehberg, Chairman  
General Government & Highways Subcommittee  
Room 132  
State Capitol  
Helena, Montana 59620

Chairman Rehberg:

While reviewing the budget of the Publications & Graphics Division on Thursday, January 22nd, Senator Gage asked if we could show how much money would have been saved had a Copy Center been installed in the DNRC building. This Center was a Modified Request in the Division's 1987 Biennium Budget.

The methodology used to prove this potential savings is to demonstrate that a savings does exist in a Copy Center environment (Table 1), and, equally important, to establish that there is a demand for a sufficient quantity of copies to make a Center necessary and productive (Table 2). The DNRC Center was proposed as a replica of our SRS Quick Copy Center in both equipment and manpower. Table 1 shows the copies actually made in our existing SRS Center and the price agencies paid for those copies, and projects what the copies would have cost if made on photocopiers. The projections are based on the prevailing cost per photocopy for each of the six fiscal years shown.

TABLE 1

FY	Copies Made	DUPLICATED COPIES		PHOTOCOPIES		Savings
		Total Cost	Cost/ Copy	Cost/ Copy	Total Cost	
81	1,421,103	\$ 32,942	.0232	.041	\$ 58,265	\$25,323
82	1,886,776	\$ 44,510	.0236	.046	\$ 86,746	\$42,236
83	2,230,348	\$ 57,218	.0257	.041	\$ 91,444	\$34,226
84	2,400,762	\$ 69,963	.0291	.042	\$100,832	\$30,869
85	3,964,022	\$106,011	.0267	.041	\$162,525	\$56,514
86	4,325,845	\$119,138	.0275	.043	\$186,011	\$66,873

The savings over a six year period of time is substantial, \$256,000. In this comparison, we can be thankful the SRS Copy Center exists. However, in order to evaluate the feasibility of a DNRC Copy Center, it is necessary to establish the existence of an additional volume of work in order to create a productive environment. It is, therefore, necessary to find other copies the DNRC Center could produce, not take away from the SRS Center. The most logical place to get these copies is from the State's photocopiers. The following table analyzes the cost and number of copies made through the State Photocopy Pool.

TABLE 2

FY	No. of Copiers	Total Copies	Total Cost	Cost/Copy
81	48	7,163,495	\$293,054	.041
82	44	6,739,735	\$304,057	.046
83	68	7,753,603	\$308,334	.041
84	69	8,831,503	\$364,456	.042
85	89	11,756,334	\$481,721	.041
86	114	13,168,606	\$558,220	.043

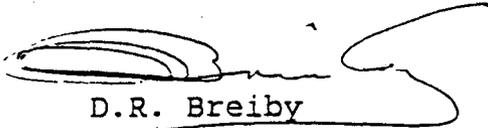
When the Division put forth its proposal for a new Copy Center last session, it was in response to an increase of approximately one million photocopies per year. Our proposal was an attempt to stem the pattern of increasing copier placements. As the above table shows, our projection for FY86 was accurate. The number of copies increased by 1,412,272. Had a Quick Copy Center been authorized, the cost of those additional copies could have dropped from \$60,728 to \$38,837, a \$21,891 savings.

Having said all that, I recommend that no new Copy Center be placed in the DNRC building this biennium. The Office of the Legislative Auditor is presently in the process of evaluating the State Photocopy Pool. I would recommend that the Committee encourage the Auditor's Office to expand the scope of their study to include a thorough look at all agency Copy Centers as well as the Photocopy Pool. The state of the economy and its obvious effects on agency budgets will impact the number of copies produced by state government. To establish a new Center at this time would not be prudent.

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Representative Poulsen asked a question at the end of our hearing concerning our overhead allocation. I was unfamiliar with the terminology "G and A" and, in fact, thought he said "GNA". Administrative Overhead is the public sector equivalent of G & A, and we do allocate our administrative expense to each of our cost centers and include them within our rate structure. Those expenses that cannot be directly attributed to any given activity are allocated based on the percentage of personnel performing each function. I apologize for my ignorance of the term.

Sincerely,

A handwritten signature in black ink, appearing to read "D.R. Breiby", with a long, sweeping flourish extending to the right.

D.R. Breiby  
Administrator