

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT AND HIGHWAYS

Call to Order: By Chairman Quilici, on February 17, 1989, at  
9:00 a.m.

ROLL CALL

Members Present: All members were present with the exception of  
Sen. Regan.

Members Excused: None.

Members Absent: Sen. Regan.

Staff Present: Pam Joehler, LFA  
Clayton Schenck, LFA  
Flo Smith, OBPP  
Mary Liedle, secretary

Announcements/Discussion: Rep. Quilici announced the committee  
needed to address some wrap up issues in the State Auditor's  
Office and the Department of Justice and some language  
relating to the Department of Military Affairs Army National  
Guard Program.

DISPOSITION OF GOVERNOR'S OFFICE

Tape No. 62A

Motion: Rep. Swysgood moved to approve an increase of \$3000 each  
year of the biennium for computer and non-operating costs.

Discussion: Pam Joehler told the committee this money correlates  
with the 1 FTE accounting technician the committee  
previously approved.

Amendments, Discussion, and Votes: The motion PASSED  
unanimously.

DISPOSITION OF DEPARTMENT OF MILITARY AFFAIRS: ARMY NATIONAL  
GUARD LANGUAGE ITEM

Tape No. 62A

Motion: Rep. Swysgood moved to approve language stating, "Item \_

includes \$177,586 and \$177,157 general fund in fiscal years 1990 and 1991 for personal services. It is the intent of the legislature that the agency's 1993 biennium current level personal services general fund request for this program not exceed \$177,586 in fiscal 1992 and \$177,157 in fiscal 1993".

Discussion: Pam Joehler told the committee this language represented her understanding of the intent of the committee regarding the position in the guard program that is to be federally funded in exchange for the full general fund position in another program. Rep. Swysgood said this language addressed the concerns he expressed to Pam.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

DISPOSITION OF DEPARTMENT OF JUSTICE

Tape No. 62A

Motion: Rep. Swysgood moved to approve the cost allocation plan as presented by the department. (See exhibit 1)

Discussion: The department provided the committee with a copy of the plan.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

Motion: Rep. Swysgood moved to supplement the budget with \$505,903 general fund to balance the budget at this time.

Discussion: The committee discussed the fact that the motor vehicle fund account is overdrawn and action needs to be taken to balance the budget at this time. The money would actually be general fund money anyway since there are not adequate funds in the account. The Appropriations Committee has also introduced a bill to de-earmark that account at the request of this subcommittee.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

Motion: Rep. Swysgood moved to approve federal spending authority of \$90,000 in FY90 only and \$32,000 each year.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

DISPOSITION OF STATE AUDITOR'S OFFICE

Tape No. 62A

Motion: Sen. Stimatz moved to line item warrant writing system processing costs of \$110,000 per year in operating expenses and to line item the P/P/P on-line conversion of \$204,000 in FY90.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

Motion: Rep. Nisbet moved to approve \$6,367 in FY90 for desks, chairs, file cabinets and calculators.

Discussion: There was discussion about the need for these things. Sen. Stimatz said if they have the FTE they need the appropriate equipment for them to work.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

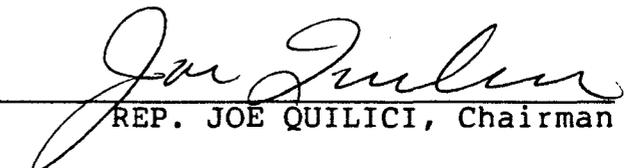
Motion: Rep. Swysgood moved to approve a \$40,000 biennial appropriation to be line-itemed for computer system replacement with authority for the agency to use the Wang system as a trade-in toward the cost. The ISD will allow a 50% discount subscription charge per personal computer. Language will be included in HB 100 stating, "The appropriation in item \_\_\_\_\_ is for a computer system. The agency must follow the system design recommendation approved by the Information Services Division in the Department of Administration."

Discussion: Mike Trevor said the agency needs to have a computer system replacement and they need to be compatible with the rest of the state. The current Wang system is over capacity. Andy Bennett said because the Wang system is over capacity about every three months files must be removed so new information can be stored.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

ADJOURNMENT

Adjournment At: 10:30 a.m.

  
REP. JOE QUILICI, Chairman

JQ/ml

4122.min



DEPARTMENT OF JUSTICE  
 PROPOSED COST ALLOCATION PLAN  
 CENTRAL SERVICES DIVISION

Current subcommittee action calls for allocating the costs of Central Svcs Division among all funds, and establishing an indirect cost in each program, with Central Services set up as a state special revenue account. This is a somewhat complex system and results in a double appropriation for the costs of Central Services.

OPTION: Make a direct appropriation from the four largest fund sources to the Central Services Division, eliminating the need for a separate special revenue account and for indirect costs in each program. It also avoids a distorted appearance of cost increases in each program.

Fiscal 1990

General Fund	\$5,371,726	26.50%	\$100,970
Motor Vehicle Fund	\$4,218,648	20.81%	\$79,296
Highway Spec Rev	\$10,239,364	50.51%	\$192,465
Agency Legal Svcs	\$440,520	2.17%	\$8,280
	-----		
	\$20,270,258	100.00%	\$381,012
Other Fund Sources	\$1,760,728		=====
	-----		
Total, excl Cent Svcs	\$22,030,986		

Fiscal 1991

General Fund	\$5,242,867	26.17%	\$92,059
Motor Vehicle Fund	\$4,203,626	20.98%	\$73,811
Highway Spec Rev	\$10,144,510	50.64%	\$178,126
Agency Legal Svcs	\$442,397	2.21%	\$7,768
	-----		
	\$20,033,400	100.00%	\$351,763
Other Fund Sources	\$1,826,920		=====
	-----		
Total, excl Cent Svcs	\$21,860,320		

FUND STATUS, BEFORE FINAL COMMITTEE ACTION

FUND ANALYSIS AND CAPACITY WORKSHEET

15-Feb-89

02404

MOTOR VEHICLE ACCOUNT

	FY '86	FY '87	FY '88	FY '89	FY '90	FY '91
Beginning Balance	\$2,012,574	\$1,267,631	\$612,162	(\$247,175)	(\$3,298)	(\$198,333)
Revenues						
1.	\$3,401,138	\$3,332,350	\$4,055,325	\$5,138,500	\$4,900,000	\$4,900,000
Total Funds Available	\$3,401,138	\$3,332,350	\$4,055,325	\$5,138,500	\$4,900,000	\$4,900,000
Disbursements						
1. DRIVER SERVICES BUREAU	\$298,960	\$277,459	\$355,900	\$574,238	\$445,000	\$445,000
2. VEHICLE REGISTRATION	\$1,929,716	\$1,802,685	\$1,962,056	\$2,064,472	\$2,170,819	\$2,143,799
3. LAW ENFORCEMENT ACADEMY	\$517,837	\$500,194	\$744,050	\$300,154	\$411,846	\$418,332
- MODIFIED - CORONER TRAINING	\$0	\$0	\$0	\$0	\$956	\$5,081
4. SUPPL-PURCHASE L. E. ACADEMY	\$0	\$0	\$0	\$0	\$0	\$0
5. UNDERCOVER DRUG UNIT - MATCH	\$0	\$0	\$113,111	\$129,136	\$115,015	\$116,424
6. CENTRAL SERVICES - COST ALLOC	\$4,462	\$0	\$5,175	\$635	\$79,296	\$73,811
7. DATA PROCESSING DIV	\$419,129	\$421,917	\$689,259	\$700,503	\$669,936	\$671,864
8. FORENSIC SCIENCE DIVISION	\$603,570	\$570,868	\$612,139	\$629,368	\$662,250	\$664,425
- MODIFIED - WEST WING EXP.					\$62,400	\$8,400
9. PRISON LICENSE PLATE FACTORY	\$330,652	\$348,786	\$448,799	\$496,117	\$477,517	\$531,938
ADJUSTMENTS	\$41,755	\$65,910	(\$15,827)	\$0	\$0	\$0
Total Disbursements	\$4,146,081	\$3,987,819	\$4,914,662	\$4,894,623	\$5,095,035	\$5,079,074
Ending Balance	\$1,267,631	\$612,162	(\$247,175)	(\$3,298)	(\$198,333)	(\$377,407)
Inventory on hand	\$174,226	\$106,509	\$128,496	\$128,496	\$128,496	\$128,496
Cash Available	\$1,093,405	\$505,653	(\$375,671)	(\$131,794)	(\$326,829)	(\$505,903)

FY 89-91 -- Uses agency estimates for revenues

**MOTOR VEHICLE STATE SPECIAL REVENUE ACCOUNT  
FUND STATUS, AFTER SUBCOMMITTEE ACTION**

Projected cash balance,	
LFA current level, 6/30/91	\$6,247
Add back:	
-----	
LEA supplemental	\$118,000
Driver Svcs Bureau Approp	\$890,000
Increases	
-----	
Motor Vehicle Registrar	
Vacancy Svgs	(\$108,840)
Printing	(\$94,615)
Law Enforcement Academy	
Ammo/copy machine/food svc	(\$31,875)
Mod: Coroner Training	(\$6,037)
Special Investig. (25% match)	(\$14,479)
Central Svcs	\$5,083
Data Processing Div.	
Vacancy Svgs	(\$34,000)
Forensic Science Div.	
Vacancy Svgs	(\$40,511)
Rent increase/Equipment	(\$34,000)
Mod: West Wing Expansion	(\$70,800)
Prison License Plate Factory	(\$46,969)
	-----
Revised F/B, before Cost Alloc	\$537,204
Central Svcs Cost Alloc (Proposed)	(\$153,107)
	-----
Revised Fund Bal., 6/30/89, after S/C Action, to cover Dr. Svcs	\$384,097
Driver Svcs Bureau, Budgeted:	
Executive Budget	\$780,000
LFA Current Level	\$890,000
Shortfall compared to Exec Budget	(\$395,903)
	=====
Shortfall compared to LFA C/L*	(\$505,903)
	=====

\* Deficit after subcommittee action to date

**OPTIONS**

- 
- A. Reduce appropriations by at least \$505,903
  - B. Increase revenues to the motor vehicle fund
  - C. Find another funding source.
    - Replace \$256,218/yr motor veh fund with general fund in the Driver Svcs Bureau.
  - D. Combination of above options

PROPOSED FUND STATUS, AFTER FINAL ACTION

FUND ANALYSIS AND CAPACITY WORKSHEET

15-Feb-89

02404  
MOTOR VEHICLE ACCOUNT

	FY '86	FY '87	FY '88	FY '89	FY '90	FY '91
Beginning Balance	\$2,012,574	\$1,267,631	\$612,162	(\$247,175)	(\$3,298)	\$57,885
Revenues	\$3,401,138	\$3,332,350	\$4,055,325	\$5,138,500	\$4,900,000	\$4,900,000
Total Funds Available	\$3,401,138	\$3,332,350	\$4,055,325	\$5,138,500	\$4,900,000	\$4,900,000
Disbursements	\$298,960	\$277,459	\$355,900	\$574,238	\$188,782	\$188,782
1. DRIVER SERVICES BUREAU	\$1,929,716	\$1,802,685	\$1,962,056	\$2,064,472	\$2,170,819	\$2,143,799
2. VEHICLE REGISTRATION	\$517,837	\$500,194	\$744,050	\$300,154	\$411,846	\$418,332
3. LAW ENFORCEMENT ACADEMY	\$0	\$0	\$0	\$0	\$956	\$5,081
- MODIFIED - CORONER TRAINING	\$0	\$0	\$0	\$0	\$0	\$0
4. SUPPL-PURCHASE L. E. ACADEMY	\$0	\$0	\$113,111	\$129,136	\$115,015	\$116,424
5. UNDERCOVER DRUG UNIT - MATCH	\$4,462	\$0	\$5,175	\$635	\$79,296	\$73,811
6. CENTRAL SERVICES - COST ALLOC	\$419,129	\$421,917	\$689,259	\$700,503	\$669,936	\$671,864
7. DATA PROCESSING DIV	\$603,570	\$570,868	\$612,139	\$629,368	\$662,250	\$664,425
8. FORENSIC SCIENCE DIVISION	\$330,652	\$348,786	\$448,799	\$496,117	\$62,400	\$8,400
- MODIFIED - WEST WING EXP.	\$41,755	\$65,910	(\$15,827)	\$0	\$477,517	\$531,938
9. PRISON LICENSE PLATE FACTORY ADJUSTMENTS	\$4,146,081	\$3,987,819	\$4,914,662	\$4,894,623	\$4,838,817	\$4,822,856
Total Disbursements	\$1,267,631	\$612,162	(\$247,175)	(\$3,298)	\$57,885	\$135,029
Ending Balance	\$174,226	\$106,509	\$128,496	\$128,496	\$128,496	\$128,496
Inventory on hand	\$1,093,405	\$505,653	(\$375,671)	(\$131,794)	(\$70,611)	\$6,533
Cash Available						

FY 89-91 -- Uses agency estimates for revenues



P/P/P ON-LINE CONVERSION  
CONCERNS

The General Government and Highways Subcommittee approved a modified on January 13, 1989 for the conversion of the Payroll, Personnel, Position (P/P/P) system to on-line capability. The approved modified was for \$204,000 in fiscal 1990. The cost would allow \$192,000 for system development and \$12,000 for equipment. The system is to be on-line by July 1, 1990.

Some pertinent issues weren't addressed at the subcommittee hearings and some issues may have been misunderstood that the subcommittee may wish to consider. Concerns are discussed below.

1. Cost Savings Estimates - The subcommittee heard testimony that there would be sufficient cost savings to pay for the system within 2.5 years and that the system would provide a net cost savings of over \$230,000 in the first five years. Information to that effect is provided on the attached PPP On-Line Enhancement Cost Benefit Analysis report, page 3. It should be noted, however, that the projected savings generated would be over \$285,000 by agencies over a five year period due to streamlined input requirements. The reduced workload for agency payroll clerks would be spread over a large number of FTE, and it is unlikely that actual FTE reductions would occur. Therefore, there would not be a real cost reduction at the agency level. If this savings estimate is removed from the calculation, there would be no real savings in the first five years. In addition, the savings shown on the report for Central Payroll personnel would come from the elimination of 1.75 FTE in the State Auditor's Office. These FTE have not been removed from the fiscal 1991 budget. Also, the third suggested savings is the elimination of data entry costs paid by the State Auditor to the Dept. of Administration for keypunching services. This expenditure has also not been removed from the 1991 bienium budget. Therefore, based on current level budget action taken by the subcommittee to date, none of the projected savings will occur. The only savings from conversion to P/P/P on-line that has been achieved to date has been the elimination of 2.0 FTE data entry operators in the Dept. of Administration, \$34,152 per year. The potential costs of the P/P/P on-line conversion is over \$500,000 in the next five years. Since subcommittee action may have been based on an assumption of real cost savings, this matter is brought to your attention.

2. FTE Savings - The cost analysis report discussed above indicates on page 1 that there would be a savings by reducing by 1.75 the number of FTE it takes in the State Auditor's Office to process the payroll (Information provided with the original budget submission by the State Auditor indicated a potential savings of 2.5 payroll clerks). The report states, however, that the saved FTE's will be transferred to other projects in the State Auditor's Office, and are not included in savings computations, nor have they been removed from the fiscal 1991 budget for the agency. The system would be on-line by that time according to agency estimates.

- Option:
- a. Reduce the State Auditor, Audit Program appropriation by 1.75 FTE payroll clerks, at a cost savings of approximately \$30,000 in fiscal 1991.
  - b. Take no action

3. Keypunch Cost Savings - The cost benefit analysis report indicates a reduction in contract keypunch costs by the State Auditor of \$62,000 in fiscal 1991 if the system went on-line. The report indicates a potential cost savings of \$61,000 in fiscal 1990 also. The cost savings have not been removed from the agency budget.

Option: a. Reduce the State Auditor, Audit Program appropriation by \$62,000 in fiscal 1991. Examine potential savings in FY 1990.  
b. Take no action.

4. Additional Computer Processing Costs - The cost benefit analysis report identifies increased processing and support costs from Information Services Division in the 1991 biennium that will continue in subsequent years at over \$70,000 per year. These costs were not clearly pointed out in subcommittee hearings or included in the modified request for the 1991 biennium. The modified as requested and approved may not accurately reflect total potential costs that will be incurred.

DEPARTMENT OF ADMINISTRATION  
INFORMATION SERVICES DIVISION



LEGISLATIVE GOVERNOR

ROOM 22, MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2710

HELENA, MONTANA 59620

TO: Donna Warner, Administrator  
Central Payroll Division  
State Auditor's Office

FROM: Jim Sheehy, Supervisor *Jim*  
Fiscal Systems Section  
Systems Development Bureau

DATE: December 21, 1988

SUBJECT: PPP ON-LINE ENHANCEMENT COST BENEFIT ANALYSIS

The attached spreadsheet entitled "PPP Online Enhancement Cost Benefit Summary" is a summary of the cost/benefits for the PPP Online Enhancement Project. This summary includes the enhancements to PPP system to allow on-line processing of the PPP forms and the current health insurance information.

The first section of the summary identifies the savings associated with the proposed plan. The following describes the criteria that was used to determine these savings:

AGENCY PERSONNEL COST. The agency personnel costs reflect a savings of 50% of the time it takes to prepare the prepayroll form, 25% of the time it takes to prepare the other widely used forms, and 25% of the time it takes to find information on the current hardcopy and microfiche reports. The total number of hours currently being used was taken from a survey of the agency payroll clerks. The personnel cost assumes that the average payroll clerk is a grade 9 step 7 (\$7.78 an hour plus 20% for benefits). The projected savings are conservative as only salary and benefits were used in the calculation; no overhead was estimated.

CENTRAL PAYROLL COST. The Central Payroll personnel cost savings were determining by reducing the total number of FTE's it takes to prepare the payroll forms for processing from 4.5 to 2.75. The FTE's will then be available for other projects in the State Auditor's Office.

DATA ENTRY. The data entry savings were determined by reducing the current charges by 85%. The reduction is made by allowing the payroll clerks to enter the information on-

Donna Warner  
December 21, 1988  
Page 2

line. Information Services Division (ISD) will be able to reduce data entry staff by 2 FTE's.

The second section of the summary information identifies the increased cost for ISD services. These costs include both additional computer resources and SDB support associated with the proposed enhancements.

The final section identifies the development cost for the project and the final overall savings that can be generated. The total savings generated by the proposed enhancements over Fiscal Year 1991 - 1994 is \$231,306.

cc: P/P/P Advisory Council

PPP ONLINE ENHANCEMENT COST BENEFIT SUMMARY  
December 19, 1988

PROJECTED SAVINGS GENERATED BY ENHANCEMENT

PERSONNEL	FY90	FY91	FY92	FY93	FY94	TOTAL
AGENCIES	\$68,000	\$69,360	\$70,747	\$72,162	\$73,605	\$285,875
CENTRAL PAYROLL		\$57,000	\$58,140	\$59,303	\$60,489	\$234,932
DATA ENTRY	\$61,000	\$62,000	\$63,000	\$64,000	\$65,000	\$254,000
<b>TOTAL SAVINGS FY90 - 94</b>	<b>\$129,000</b>	<b>\$188,360</b>	<b>\$191,887</b>	<b>\$195,465</b>	<b>\$199,094</b>	<b>\$774,806</b>

*Not a true Savings  
Not removed from budget in 1991 bienn*

ADDITION COMPUTER UTILIZATION AND SDB SUPPORT COST

INCREASE ISD COST	FY90	FY91	FY92	FY93	FY94	TOTAL
PRODUCTION PROCESSING						
HEALTH INSURANCE		\$21,000	\$20,000	\$18,000	\$18,000	\$77,000
PAYROLL	\$54,000	\$51,000	\$48,000	\$45,000	\$45,000	\$189,000
<b>TOTAL PRODUCTION INCREASE</b>	<b>\$54,000</b>	<b>\$72,000</b>	<b>\$68,000</b>	<b>\$63,000</b>	<b>\$63,000</b>	<b>\$266,000</b>
DB SUPPORT		\$44,100	\$9,800	\$9,800	\$9,800	\$73,500
<b>TOTAL INCREASE FY90 - 94</b>	<b>\$54,000</b>	<b>\$116,100</b>	<b>\$77,800</b>	<b>\$72,800</b>	<b>\$72,800</b>	<b>\$339,500</b>

TOTAL SAVINGS FY90-94

\$435,306

DEVELOPMENT COST

PAYROLL	\$80,000
HEALTH INSURANCE	\$112,000
HARDWARE	\$12,000

TOTAL DEVELOPMENT COST

\$204,000

NET TOTAL SAVINGS

\$231,306

*Incremental Costs*

*(54,569) cost if top Savings removed*