

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By Chairman Quilici, on January 29, 1991, at 8:05 a.m.

ROLL CALL

Members Present:

Rep. Joe Quilici, Chairman (D)
Sen. Larry Stimatz, Vice Chairman (D)
Sen. Harry Fritz (D)
Rep. Mary Lou Peterson (R)
Sen. Larry Tveit (R)
Rep. Tom Zook (R)

Staff Present: Lois Steinbeck, Associate Fiscal Analyst (LFA)
Bill Mandeville, Budget Analyst (OBPP)
Arlene Carlson, Secretary

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

HEARING ON DEPARTMENT OF ADMINISTRATION--continued from 1/28/91

Tape No. 1

Tort Claims

Lois Steinbeck, LFA, gave an overview of the Tort Claims budget. EXHIBIT 1 There are three areas where the LFA current level is higher; contracted legal services, supplies and equipment. There are two budget modifications; contracted legal services and an additional .5 FTE. This program is funded from the self-insurance fund and premiums that agencies pay for insurance.

Brett Dahl, Administrator, Tort Claims, explained chart 3 regarding the unfunded liability, fund balance and legal services. EXHIBIT 2 He discussed the number of cases that have been filed against the state of Montana which amounts to around \$2.3 million. They try to defend as many cases as possible in-house, otherwise they are referred to Agency of Legal Services, the Attorney General, or to private attorneys. EXHIBIT 3

He gave an overview of the budget. The caseload is very heavy. The division needs flexibility within the budget for overtime. Personal services for contracted legal services falls under operating expenses. The division supported the executive budget for legal expenses.

He stated the budget modifications contain key issues. Due to the amount of claims, the division had requested a budget amendment for \$1 million and all but \$86,000 has been spent for FY90. The cases against the state are expensive to defend. One expensive one was the class-action suit at Warm Springs.

CHAIRMAN QUILICI asked if the division was involved with the lawsuit pending in Great Falls regarding the firefighters. The Agency of Legal Services appeared before the committee requesting more money, and since this division is also involved in lawsuits of the exact nature, he was concerned if this division was also requesting money to pay for legal services to defend this lawsuit. **Mr. Dahl** stated his division would have to look into this matter to see if their Chief Legal Counsel was aware of the lawsuit.

There was a concern by the committee as to the number of cases that have been filed. There are two important cases set for trial, one case pending is for over \$7 million in damages. **CHAIRMAN QUILICI** requested a list of the cases.

Lois Steinbeck gave an overview of the language stated in the budget regarding self-insurance reserves and revenues for property or liability insurance premiums. **EXHIBIT 1 (pg 2)** **Mr. Dahl** stated the language doesn't clearly indicate one way or the other. They are authorized to administer a comprehensive insurance program by statute.

Information Services Division

Ms. Steinbeck said **ISD** will be heard in three separate categories.

Mike Trevor, Administrator, ISD, reviewed the division's organizational chart. **EXHIBIT 4** He gave a brief summary of how they will present their budget the next legislative session. He spoke on the operational procedures of **ISD**. Records management is under the Department of Administration. There has been legislative action to change Records Management to the Secretary of State's Office. The data base services are provided to all state agencies except for the University Systems but have been a part of the networking process. He spoke about the merging of computers and telecommunications taking place around the United States.

SEN. STIMATZ questioned the local coordination, it appears like in Silver/Bow county that there are many computers being under utilized. It seems a huge investment for what they're doing. Were those put in locally without any coordination? **Mr. Trevor** said **ISD** doesn't have a strong influence and cannot dictate what type of computer a county purchases. They simply try to explain how it will tie into the state system. There is an interface movement among counties, like in the welfare and property tax areas. In response to **SEN. STIMATZ'S** question regarding **TEAMS**, he said because of **ISD's** involvement, **TEAMS** will be implemented in a far more efficient manner in Montana than in other states.

Mr. Trevor gave an overview of the graphs regarding two important issues, growth and to drive rates down. **EXHIBIT 5** (graphs #1 - 14) Agencies are using computers and telecommunications more and

more and that puts pressure on ISD. Recruitment and staff retention are problems. In order to retain these people they are reclassified as managers. Data processing is growing at a 33% compound growth. A discussion was held regarding the CPU seconds that are used by data processing, which is a direct amount that is charged to the various agencies. The negative inflation factor shown in all agency budgets is 19% below the FY91 base for FY92 and reducing the 27% below the FY91 base. It costs 1/3 the amount that it cost in FY82.

Mr. Trevor stated the private sector provides the telecommunications line, it's a lease arrangement. There is no longer just one telephone company to deal with, it's much more complicated. An extensive training program is offered. There was an increase of telephone use by the University of students. ISD charged a flat fee for telephones. Long distance calls are charged 21 cents per call. The difference between digital and analog is--digital handles high speed which is a million bits per second--analog is 9600 bits of information per second. LATA is a result of when Judge Green made his decision in 1984 to break-up the monopoly of AT&T and to provide boundaries for local services--LATA defines limits where local companies are involved. US West cannot provide service across that LATA.

Tape 2

He spoke on 911 both local and statewide; they provide the coordination and the funding. The funding comes from a 25 cents fee to all households. 65% of the state has 911. The people throughout Montana have been charged for 911 since 1987. The funds have been retained within the Department of Administration, and when 911 becomes available then DOA turns the funds over to the city for the expenditures of 911.

CHAIRMAN QUILICI asked for an overview of the Regents Employee Reporting System (RERS). There was a concern why the University wanted to set up their own system when the state has the PPP system, to handle personnel and payroll. He felt there was no need for duplication of the same system. **Mr. Trevor** stated RERS stems from HB 26 last session, which stated the University System was to be put on the PPP system. Midway through the session, the concept of RERS was presented through meetings with legislators, fiscal analysts, administrators, the budget office, and the state auditor. The concept of RERS was to improve the accountability of the University System. The legislature funded money for ISD to perform a study first and then to proceed with the development of the RERS system at a cost of \$625,000 plus \$25,000 for the state auditor to help.

In the fall of 1989, a steering committee (all factions of state government) met to make the University System more accountable for personnel and position management. There were reasons why it was not practical to put them on the PPP system: PPP is an hour-driven system, many university services are on a contract; federal reporting is integrated into current systems not compatible with PPP, etc. and all of these would have created

tremendous inefficiency on the campus. MSU has an excellent personnel system in place. To put them on PPP would have created utter chaos. The decision to install RERS was made by ISD. The PPP system is oriented to handle FTE but the education system pays employees for 9 months when they work 12 months.

REP. BARDANOUE asked when RERS would be on line. Mr. Trevor stated it was to be running before January 1, 1991, but due to the problems in setting up RERS it won't be installed and running until July 1, 1991. The University system has been great to work with in this effort.

REP. FRITZ asked what the price tag was for RERS. The amount being \$625,000; \$85,000 will be reverted because of the late operation start.

Records Management

Mr. Trevor stated that he had attended a meeting to discuss the transfer of Records Management from DOA to the Secretary of State's Office. Mr. Trevor and Doug Mitchell discussed the matter. Mr. Trevor gave a summary of the project by stating the negative and positive sides of the transfer. It seems not a good time in the eleventh hour to do this.

Tape 3

One possibility is to fund them for having the microfilming at DOA. The law could be changed so that the Secretary of State could remove them from their premises to get them microfilmed. This could be done over a period of years. He encouraged the committee for ISD to stay in control of Records Management. There were two issues that concerned him, (1) the removal of Records Management from DOA and placed in the hands of an elected official and (2), will the next Secretary of State want to maintain these records.

Doug Mitchell, Secretary of State, stated there is no disagreement that computers are getting more records based, but paper is a long way from being gone. He felt it was a good reason to separate the computer function from the records function. The committee approved \$1.2 million for records management. The Secretary of State feels DOA should focus on the computers and the Secretary of State should focus on records. The Secretary of State provides operational guidelines for records management. Their interest is that state records are held in perpetuity, managed correctly and are available for the public. The second issue is the concern of transferring records management to an elected official--this bureau is an important part of the Secretary of State's Office. A candidate running for Secretary of State without answering questions about how they intended to manage the public documents would be mistaken, because they have to deal with the issues of public records.

CHAIRMAN QUILICI asked about the eleven FTEs requested, and it is the concern of this committee if any of the employees in records

management would lose their jobs because of the transfer. Mr. Mitchell stated that he has visited with the employees at the Records Management Center. The Secretary of State's Office has no intention of making any staff changes.

A discussion was held by the committee members, Mr. Mitchell, Mr. Smith, Clerk of Court's Office, and Mr. Northey, regarding the transfer of Records Management. It was recommended by the committee to visit Records Management. With the amount of money requested by the Clerk of Court's Office, Secretary of State's Office, the committee felt by putting Records Management under the Secretary of State's Office, since all records are there, they would not have to hire an additional FTE for microfilming records for the Clerk of Court.

There was discussion on microfiche. Mr. Seacat represented Mr. Northey and stated that Mr. Northey attended the meeting and he came away with the same feelings as Mr. Trevor and Mr. Mitchell.

Emergency 911

Ms. Steinbeck gave an overview. EXHIBIT 5 There is a 25 cents fee assessed monthly on each telephone subscriber in the state. The LFA current level funds the program at the total allowed by statute. The program is allowed to expend 7% of the revenue generated by the 25 cent monthly fee assessed. EXHIBIT 6

Mike Trevor stated he concurred with Ms. Steinbeck on the budget. He wanted full authorization to spend the 7% of the annual amount collected for FY92 and 93.

REP. PETERSON stated if 40% of the state is not under the 911 and this 7% is collected for 911, where does this money go and who receives the interest. Mr. Trevor stated the money is segregated in each county based on the calculation by the department and the interest earned goes to the city or county.

Telecommunications

Ms. Steinbeck spoke on the telecommunication and network services. EXHIBIT 7 The major difference is LFA is higher than Executive Budget for each year of biennium due to the actuals being higher in personal services, communications, travel and base, inflation and network differences. She gave a brief summary of the modifications regarding public safety communication, student long distance services, and telephone system upgrades. Mr. Trevor stated he recommended the committee accept the executive budget.

Mr. Trevor spoke on the modifications and the need for telephones throughout the student dorms. He talked about radio frequency coordination. There are 76 frequencies that are assigned by the Federal Communication Commission to the state of Montana used for law enforcement and local government needs. They have a 75 mile

radius. Billings has eight separate frequencies. They have to make them work without interference from another frequency. This is a stripped down version of the modified which is really needed. The public safety taskforce recommended the division set up a staff to provide services for local government for the extreme frequency coordination problem to hopefully resolve this. The state will be disallowed from using the system if no frequency plan has been prepared and submitted to the FCC by 1992. They are requesting \$25,000 in FY92 only and \$13,000 each year for contracted services for radio frequency engineering.

Mr. Trevor spoke on the student dormitory long distance services by stating he entered into this at the request of the University system. The students did not have the ability to call long distance. The state system goes dormant at five o'clock on weekdays and on weekends. A request for a budget amendment has been submitted. The university bills the individual students. There have been savings to the students in not paying the surcharge for credit cards and collect calls and a savings to the state for the additional use of the system.

CHAIRMAN QUILICI presented a letter from SEN. DELWYN GAGE who served on the Telecomm. Commission Task Force. EXHIBIT 8

Ms. Steinbeck and Mr. Trevor gave a final summary on the Telecommunication budget.

Computer Services

Ms. Steinbeck reviewed the current level budget issues. EXHIBIT 9 There are major differences in this budget. The Executive has about \$1.1 million in funds the first year and \$1.3 the second. The Executive contains 2.25 more FTE; the first of which are for the RERS project. The LFA did not continue them because the bill specifically said the FTE were to develop and implement a system. The Executive continues them as current level FTE. The difference in personal services is .25 data processing trainee. The LFA removed all data processing positions because they contracted for these. She reviewed the other issues, consulting and professional services, communications, software replacement and rental, and network equipment. The network fees have two components, one an expansion and some existing current level expenditures. Had the Legislature not accepted the modified to fund the network, she thought the department needed specific direction on what level of network activity they should undertake. Technical should include an addition \$151,800 the second year.

Mr. Trevor stated this computer services area is where they have to funded adequately to provide mainframe services. The areas of computer and their growth is dynamic and very difficult to project a year in advance with the leaps in growth. The 2 FTE are part of the current level used to design the system and would continue to use to maintain. This is all proprietary funds. The

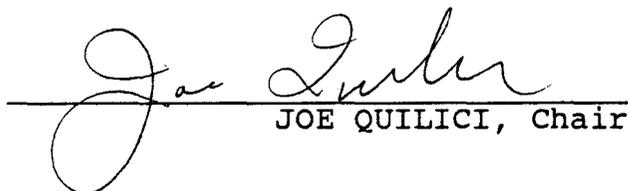
.25 FTE was vacant at the time of reorganization. It would harm us to lose that. The \$100,000 that is in the current level for consulting and professional services each year is authorization which doesn't necessarily mean that's what will be spent. Problems in system development years ago stemmed from trying to stay overstaffed in 1985 and staffed just a little over but that has changed. The authority is a valuable tool should specific projects be identified. It would only be used for contracted services. Under communications, LFA has funded at \$77,412 below the Executive in FY92 and \$79,032 in FY93 which had to do with local data circuits and maintenance. This should be treated as LFA recommended as Item #6 is viewed. They are networking an additional 1000 PCs a year for the last few years reflected in the Executive. There is a large discrepancy in software. With software you pay for a perpetual license and upgrades cost 15% of the license fee. The discrepancy comes from the fact that they drastically underspent their authority due to the delay of TEAMS and secondly, they were cash poor. If we had to go with the LFA, the net effect, instead of adding in this \$405,000 one year and \$490,000 the next, is we are frozen with a set of software that we have onboard as of end of FY91 and that eliminates adding additional software during the coming biennium which will create problems. Network equipment and technical adjustments are non-issues. Referring to base in #8, this is the accumulation of several base adjustments and appears it will land in supplies and materials at about \$35,000 a year which is a problem with the growth. Ms. Steinbeck said she would provide a breakdown of what's included in the base.

~~SEN.~~ PETERSON asked if when TEAMS comes onboard, will that resolve the \$1 million or is this needed to bring that on. Mr. Trevor said because TEAMS is heavily into the development cycle, they're a major component of the growth. Ms. Steinbeck referred to Mr. Trevor saying they had a cash flow problem because of the large amount of resources they had to devote to network acquisition. They chose to forego some ongoing software upgrades. This explains what happened and why the differences.

Discussion on modifications will take place in the morning.

ADJOURNMENT

Adjournment: 12:01


JOE QUILICI, Chair

JQ/amc

HOUSE OF REPRESENTATIVES

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE

January 27, 1991

NAME	PRESENT	ABSENT	EXCUSED
REP. JOE QUILICI, CHAIRMAN	✓		
SEN. LARRY STIMATZ, VICE-CHAIRMAN	✓		
REP. TOM ZOOK	✓		
SEN. LARRY TVEIT	✓		
REP. MARY LOU PETERSON	✓		
SEN. HARRY FRITZ	✓		

DATE : 01/08/91
 TIME : 21/29/24
 CURRENT LEVEL COMPARISONS

6101 DEPARTMENT OF ADMINISTRATION
 24 TORT CLAIMS DIVISION
 00000

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	10.50	10.50	10.50	.00	10.50	10.50	.00
Personal Services	299,175	340,964	339,418	1,546	340,726	339,180	1,546
Operating Expenses	799,134	1,651,506	1,673,004	21,498-	1,707,692	1,734,362	26,670-
Equipment	4,151	0	8,903	8,903-	0	0	0
Transfers	1,170,567	0	0	0	0	0	0
Total Expend.	\$2,273,027	\$1,992,470	\$2,021,325	\$28,855-	\$2,048,418	\$2,073,542	\$25,124-
Fund Sources							
Proprietary Fund	2,273,027	1,992,470	2,021,325	28,855-	2,048,418	2,073,542	25,124-
Total Funds	\$2,273,027	\$1,992,470	\$2,021,325	\$28,855-	\$2,048,418	\$2,073,542	\$25,124-

Executive Over (Under) LFA

FTE FY92

FY93

\$1,546
 (16,663)
 (3,154)
 (8,903)

(253)
 573
 (2,001)
 (\$28,855)

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CURRENT LEVEL ISSUES

- PERSONAL SERVICES. The Executive Budget includes overtime costs while the LFA current level does not.
- CONTRACTED LEGAL SERVICES. The LFA continues contracted legal services at the level incurred in fiscal 1990. The Executive Budget is lower.
- SUPPLIES. The LFA continues supplies at the fiscal 1990 expenditure level while the Executive Budget maintains the fiscal 1991 appropriated amount.
- EQUIPMENT. The LFA funds a computer terminal and replacement office equipment such as desks, chairs, and typewriters.
- BASE, INFLATION, AND NETWORK FEE DIFFERENCES.

TOTAL CURRENT LEVEL DIFFERENCES

EXECUTIVE BUDGET MODIFICATIONS

- TORT CLAIMS--CONTRACTS. The Tort Claims Division contracts for legal se This modified request would allow such expenditures to increase by \$1 million each year.
- ADDITIONAL PERSONNEL. The Executive includes a half time FTE that will be combined with an existing partial FTE to make 1.0 full time support position.

TOTAL MODIFIED REQUESTS

proprietary funds
 10,858
 \$1,010,880
 \$1,010,858

EXHIBIT 1

DATE 1-29-91

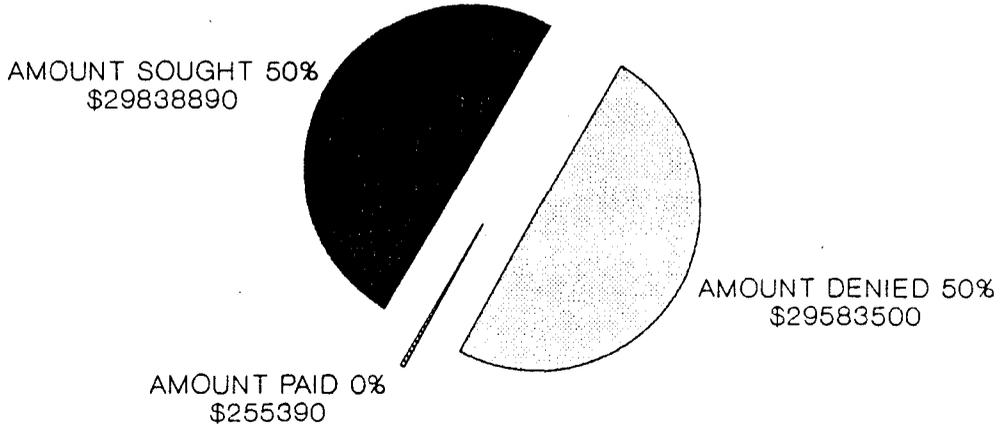
HB 200-100-0000

LANGUAGE IN THE GENERAL APPROPRIATIONS ACT

The following language, applicable to this program, was included by the subcommittee in the general appropriations act.

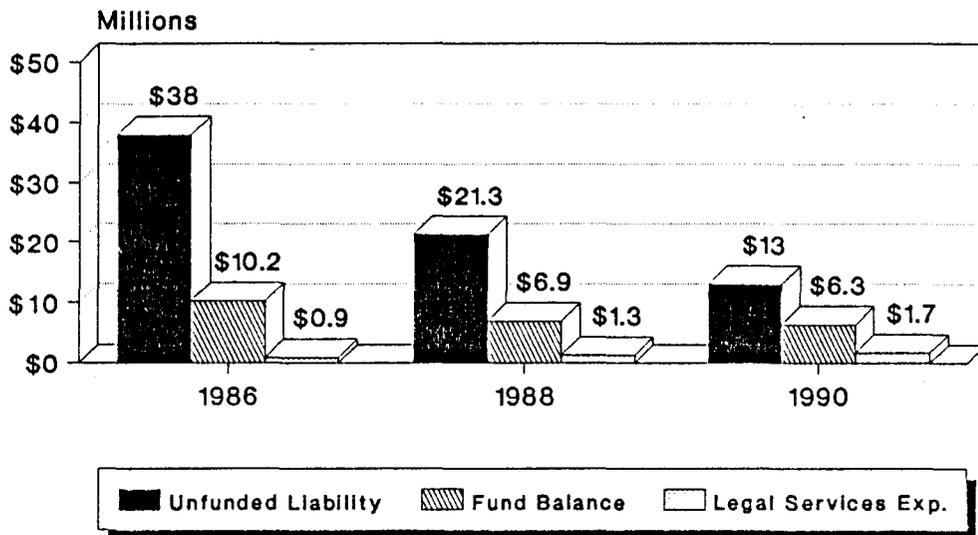
1. The department may expend available self-insurance reserves and revenues to pay any deficit that may be incurred for property or liability insurance premiums due and payable through June 30, 1991 (1993).

**TORT CLAIMS DIVISION
LAWSUIT AND CLAIMS PAYOUT DATA
(CHART 2)**



JULY 1990 - DECEMBER 1990

TORT CLAIMS DIVISION SELF-INSURANCE FUND DATA (CHART 3)



•Fund Balance decreased from 10.2 mil.
in FY 86 to 6.9 mil in FY 88 mainly
because of 1 lawsuit(FWP) for 2.4 mil.

EXHIBIT 2
DATE 1-29-91
Ben Got Su

TORT CLAIMS DIVISION
GENERAL LIABILITY - COST ALLOCATION
(Five Factor Formula)

1. Paid losses for the previous five years account for 50% of the formula distribution.
2. The agency's total experience of claims since the inception of the formula accounts for 12.5% of the formula weight.
3. The FTE level of each agency accounts for 12.5 % of the formula.
4. The formula distributes 15% to state agencies based upon the agency's appropriation in comparison to the total state appropriations.
5. The agency's prior premium billing accounts for 10% of the distribution formula.

These factors are applied for each state agency prior to each biennial legislative session. We prepare the billing amount for each agency which is included in their respective budgets requests for appropriation authority from the legislature.

EXHIBIT 3
 DATE January 29, 1991
 HB Ben Galt DW

TABLE 8

TORT CLAIMS DIVISION
 Summary of Legal Expenses
 January - December 1990

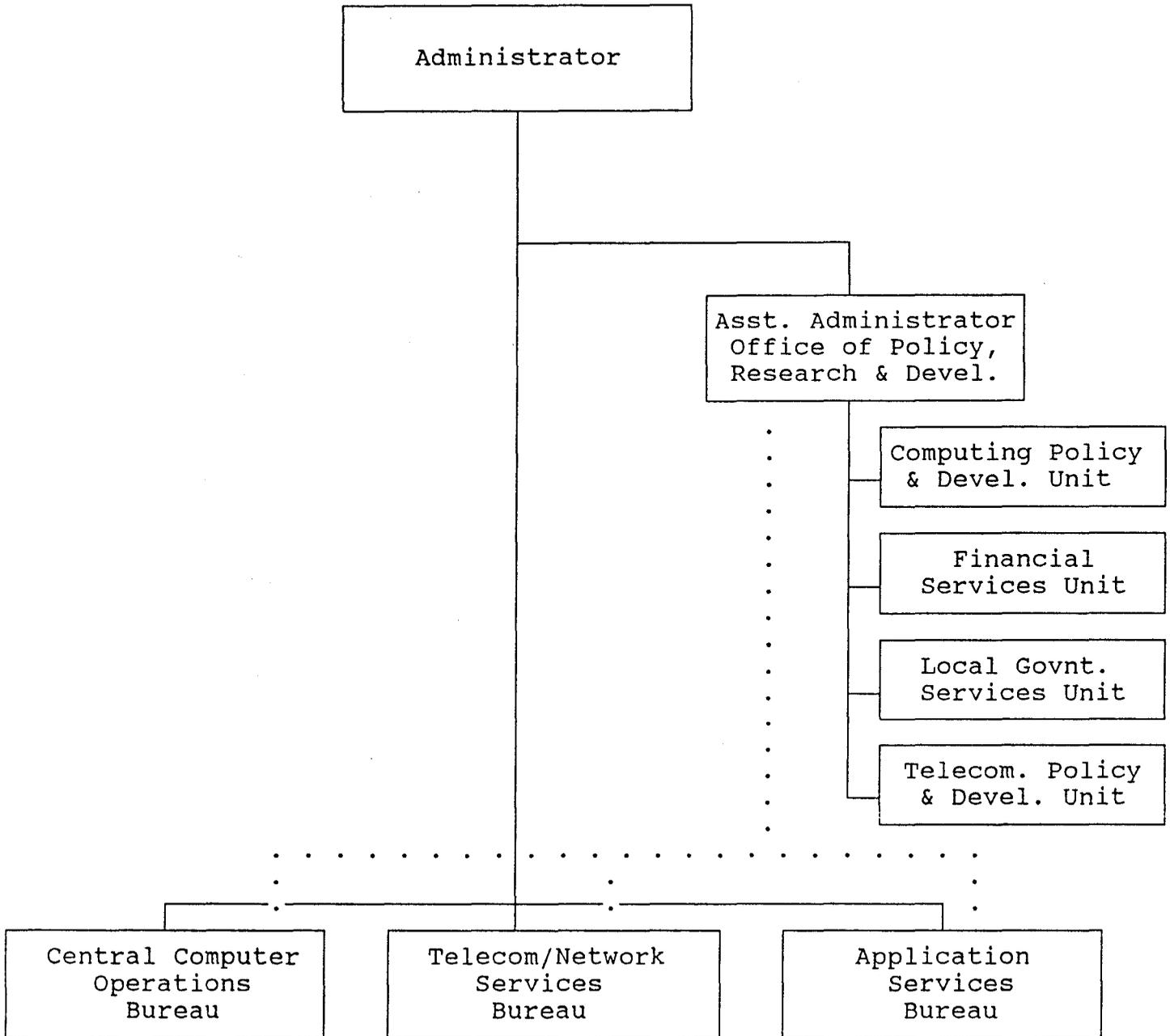
LAW FIRM	# CASES DEFENDED	% CASES DEFENDED	LEGAL FEES	AVERAGE FEE	LOCATION
ALSB	59	23.6%	443,525	7,517	Helena
Anderson	1	0.4%	0	0	Billings
Attorney General	1	0.4%	0	0	Helena
Boone	1	0.4%	21,971	21,971	Missoula
Brown	1	0.4%	19,255	19,255	Helena
Browning	9	3.6%	38,670	4,297	Helena
Cederberg	1	0.4%	4,771	4,771	Missoula
Chronister	17	6.8%	55,578	3,269	Helena
Cure	9	3.6%	223,890	24,877	Gt Falls
DNRC	1	0.4%	0	0	Helena
Emmons	1	0.4%	0	0	Gt Falls
Family Services	2	0.8%	0	0	Helena
Garlington	6	2.4%	32,965	5,494	Missoula
Harlen	1	0.4%	3,190	3,190	Helena
Harrington	3	1.2%	41,246	13,749	Butte
Harrison	2	0.8%	4,002	2,001	Helena
Henningson	1	0.4%	0	0	Butte
Highways	2	0.8%	0	0	Helena
Hughes	9	3.6%	50,706	5,634	Helena
Institutions	11	4.4%	3,386	308	Helena
James	2	0.8%	7,772	3,886	Gt Falls
Keller	3	1.2%	63,467	21,156	Helena
Kirwan/University Sy	1	0.4%	135,310	135,310	Bozeman
Lands	1	0.4%	0	0	Helena
Luxan	4	1.6%	61,241	15,310	Helena
Military Affairs	1	0.4%	0	0	Helena
Moore	1	0.4%	19,707	19,707	Bozeman
Morgan	1	0.4%	17,069	17,069	Bozeman
Moulton	30	12.0%	57,018	1,901	Billings
MSU	1	0.4%	0	0	Bozeman
Murphy	6	2.4%	84,902	14,150	Kalispell
Parker	5	2.0%	22,380	4,476	Billings
Poore	2	0.8%	574	287	Butte
Revenue	2	0.8%	0	0	Helena
Smith	3	1.2%	581	194	Helena
Snavelly & Philips	1	0.4%	2,491	2,491	Missoula
SRS	1	0.4%	0	0	Helena
State Lands	1	0.4%	0	0	Helena
Tort Claims	28	11.2%	21,310	761	Helena
Ugrin/Zadick	1	0.4%	4,783	4,783	Gt Falls
University System	6	2.4%	0	0	Helena
West	11	4.4%	7,508	683	Helena

TOTAL	250	100.0%	1,449,268		

Zeros indicate no legal expenses incurred by Tort Claims Division year-to-date.

EXHIBIT 4
DATE 1-29-91
Gen. Ent. Sec.

INFORMATION SERVICES DIVISION



INFORMATION SERVICES DIVISION (ISD)
SUMMARY OF STAFFING LEVEL AND RESPONSIBILITIES
1982 - 1991

1982

143.84 FTE'S

- . managed only one data center
- . multiple data networks with 500-600 terminals
- . no PC's, PC/LAN's, etc.
- . early stages of database
- . telecommunications meant "telephones"
- . no statewide digital backbone network
- . no statewide telephone system
- . we could rely on the "phone company"
- . no video requirements
- . minimal radio frequency coordination
- . no training program
- . cpu rates were 120% higher than 1990 rates
- . we didn't manage program and software security
- . no 9-1-1 Emergency Telephone System

1991

122.39 FTE'S

- . manage and support two data centers
- . one consolidated statewide SNA data network integrated with DEC and PC LAN's
- . 4000 terminals and communicating PC's
- . 3500 PC's supported statewide
- . many agencies are totally dependent on database and on-line systems
- . telecommunications includes voice, data, video and radio
- . all telecom is supported by a statewide digital T1 backbone network and a statewide telephone system
- . no longer one "phone company" to deal with - instead a new competitive environment
- . extensive training program
- . lower rates for computer and telecom services compared to 1982
- . ACF2 Security system is in place and managed for use by all agencies
- . responsible for the statewide 9-1-1 Emergency Telephone program
- . provide strategic direction and technical support for the development of a statewide educational distance learning network

EXHIBIT 4
DATE 1-29-91
Don Galt SW

BENEFITS OF AUTOMATION

As agency budgets are reviewed and it's noticed that their information services expenditure plans continue to grow, the question will be asked, do the benefits of automation justify these expenditures? To help answer this question, this document makes the point that benefits from automation come in many forms.

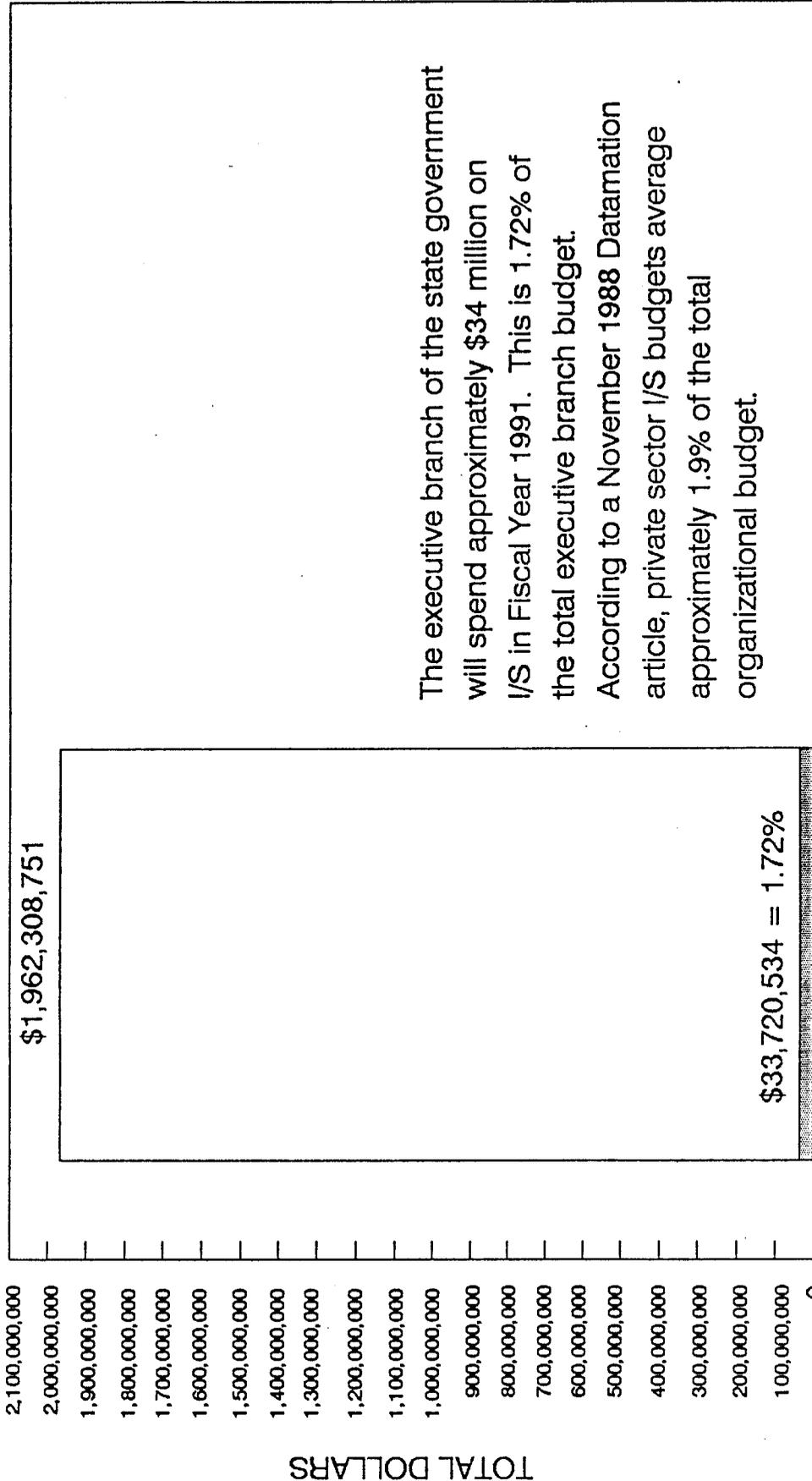
In general, the use of computers and automated systems can yield these kinds of benefits:

- . **Provide cost avoidance/reduction -**
Automation performs the functions previously done manually for less cost and/or with fewer people. Also, the unit cost of computing, whether it's on the central mainframe or a PC workstation, is constantly decreasing. (Example: the Highway Department justified their CADD system on the basis of reducing a substantial number of FTE's.)
- . **Perform functions or tasks that were not, or could not, be done manually -**
Some tasks are too complex to be performed manually; some are too time consuming or repetitive to be practical if attempted manually. (Example: the ability to access 1.3-million records in the Motor Vehicle Registration file by license plate number, V.I.N., or registered owner.)
- . **Improve availability of information -**
Data and information are made available in a more timely manner which benefits the organization, the end-user, and ultimately the public. Data can be shared and compared among agencies more easily. (Examples: Legislative Council's Bill Status system provides timely information on the status of legislative bills, and libraries sharing resources throughout Montana.)
- . **Improve the quality of information -**
Improved accuracy and the elimination of errors saves the State big bucks. (Example: SRS TEAMS System will minimize welfare overpayments.)
- . **Improve the productivity of state workers -**
Many workers and managers are able to take on additional workloads because they make more efficient and effective use of their time with computer systems and office automation. (Example: Spreadsheets, Word-processing, Electronic Mail and On-line systems in general.)

Today's automation projects are seldom justified on the basis of direct replacement of FTE's. However, the avoidance of additional FTE's occurs frequently. Typically, automation projects are justified by their ability to provide a combination of the benefits listed above. It's not uncommon to see the implementation of these systems change the business processes within the user agency.

STATEWIDE I/S AND TOTAL EXPENSES

FOR ALL OBJECTS OF EXPENDITURE



The executive branch of the state government will spend approximately \$34 million on I/S in Fiscal Year 1991. This is 1.72% of the total executive branch budget.

According to a November 1988 Datamation article, private sector I/S budgets average approximately 1.9% of the total organizational budget.

FISCAL YEAR 1991

 I/S EXPENSES
  TOTAL STATE EXPENSES

STATEWIDE I/S EXPENSES - FISCAL 1991

TOTAL BUDGET: \$33,720,534

EXHIBIT 4

DATE 1-29-91

Gen. Inv. Div.

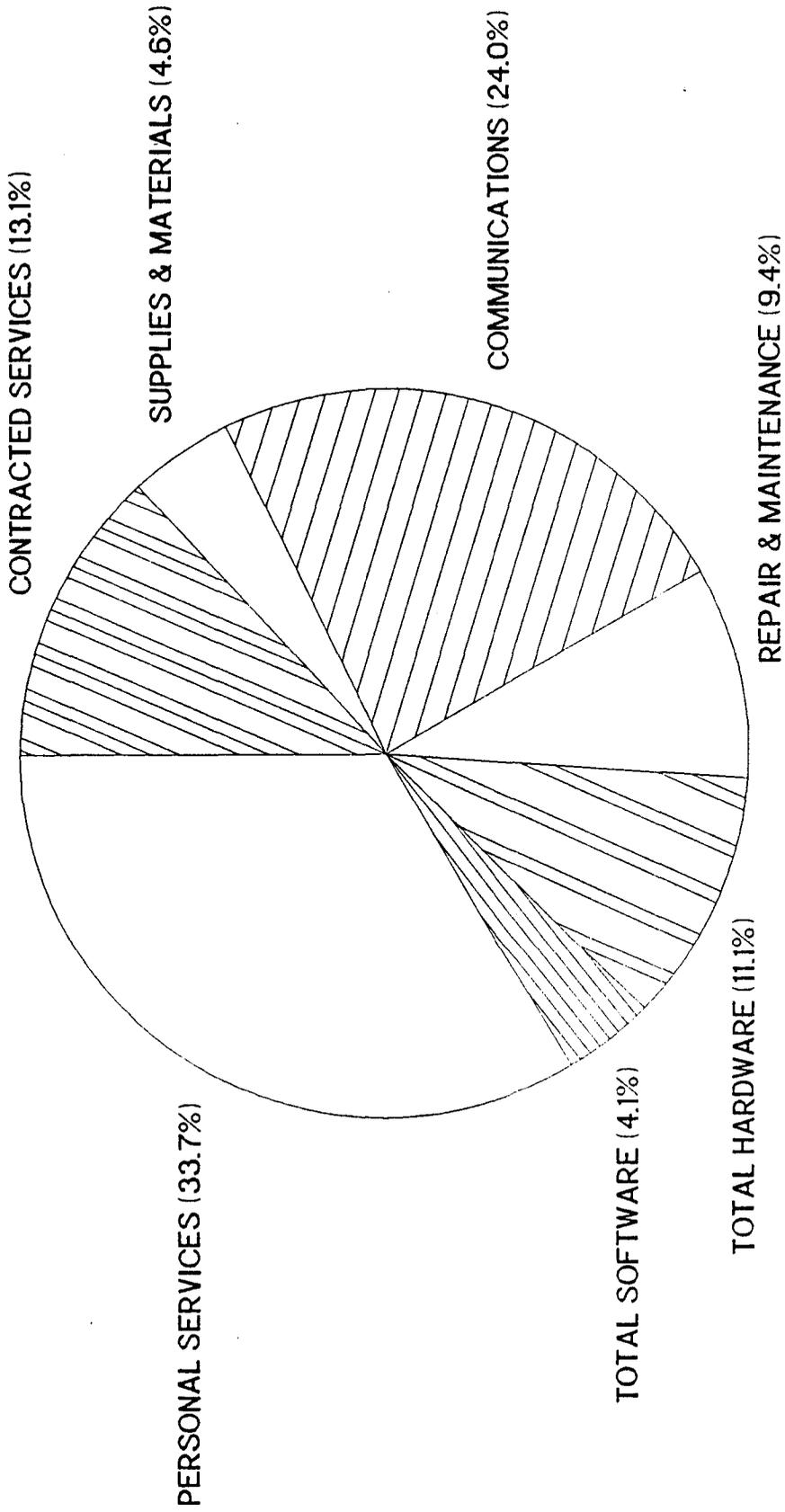
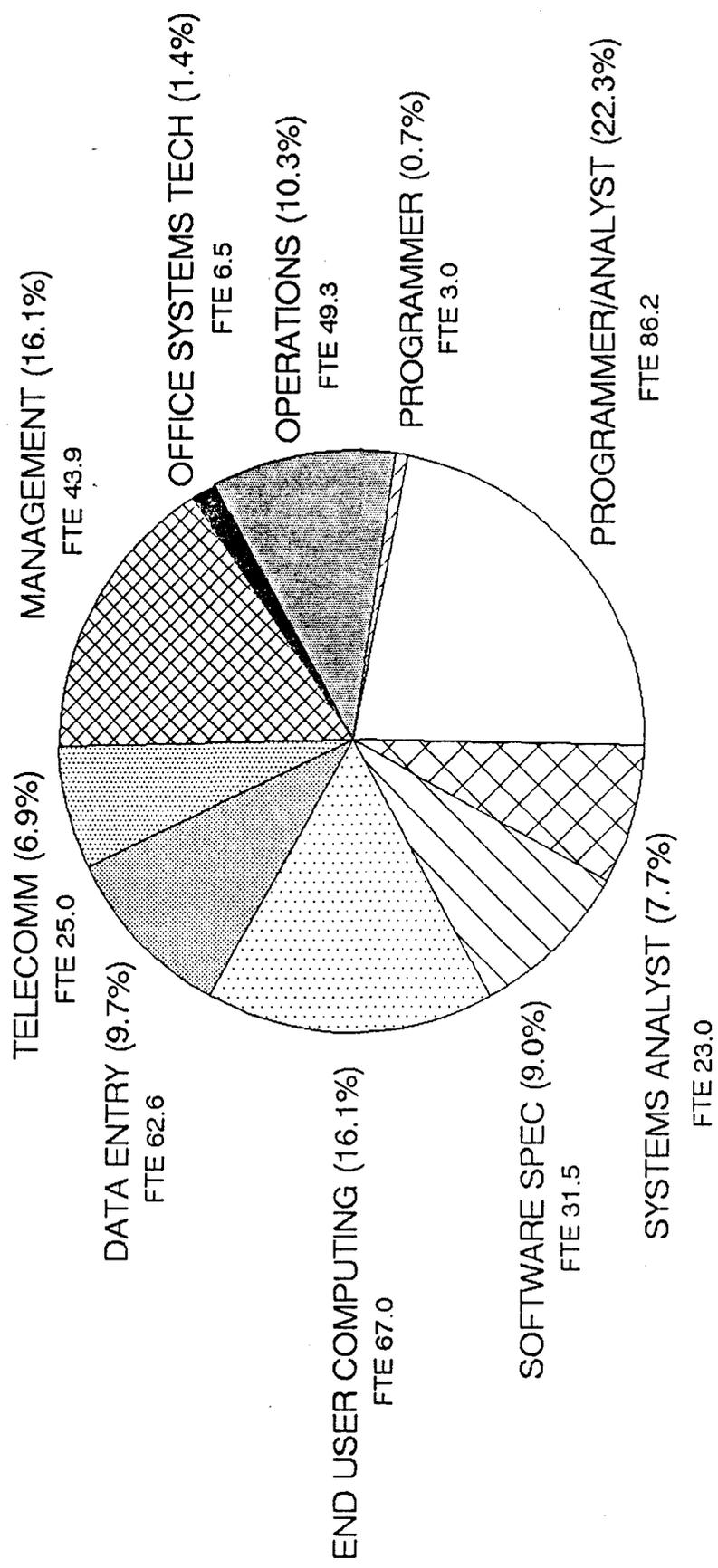


EXHIBIT 4
DATE 1-29-91
Wm. G. ...

STATEWIDE I/S PERSONNEL - FISCAL 1991

TOTAL BUDGET: \$11,352,322 FTE: 398



COMPUTER PROCESSING

TREND

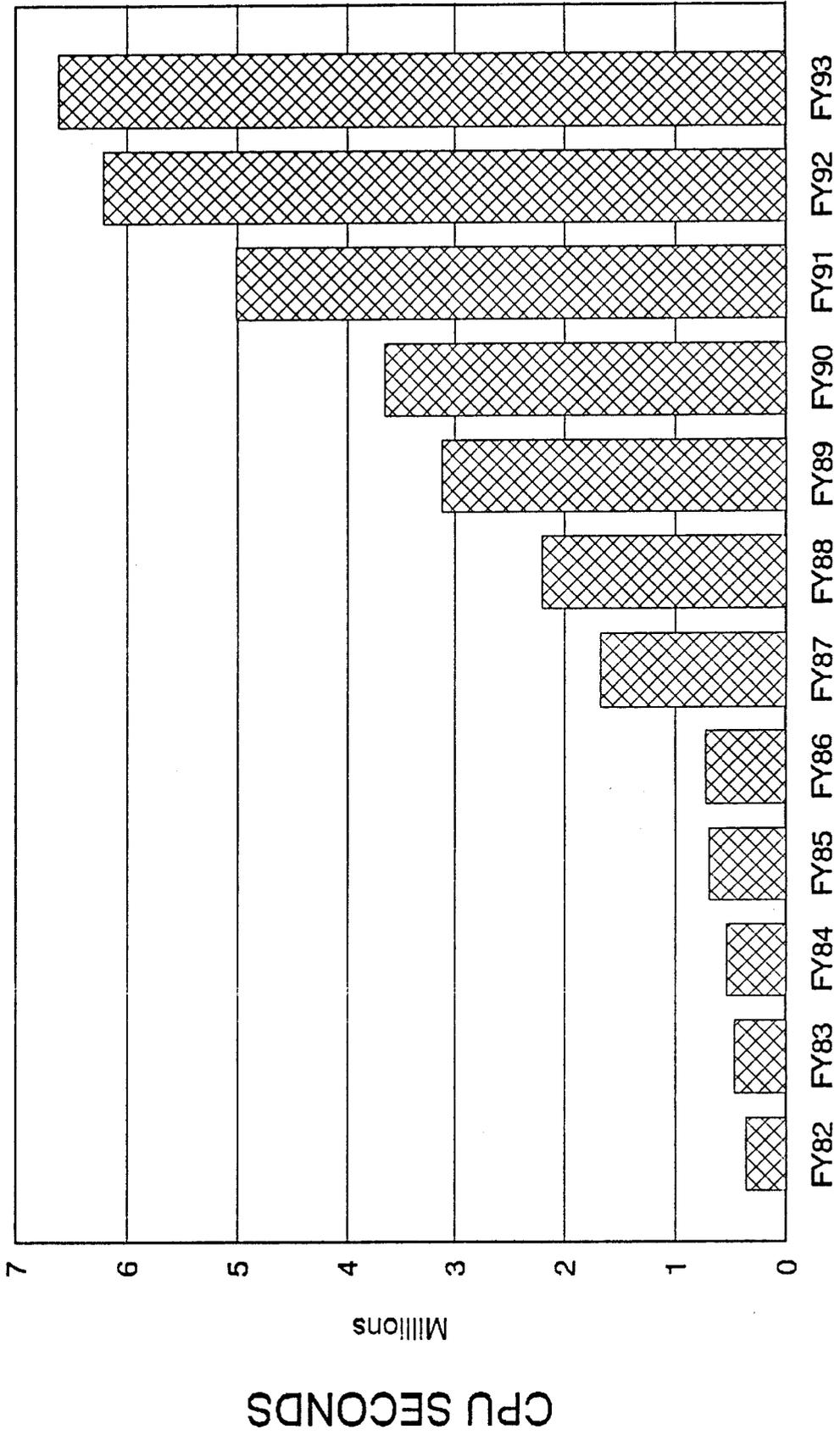
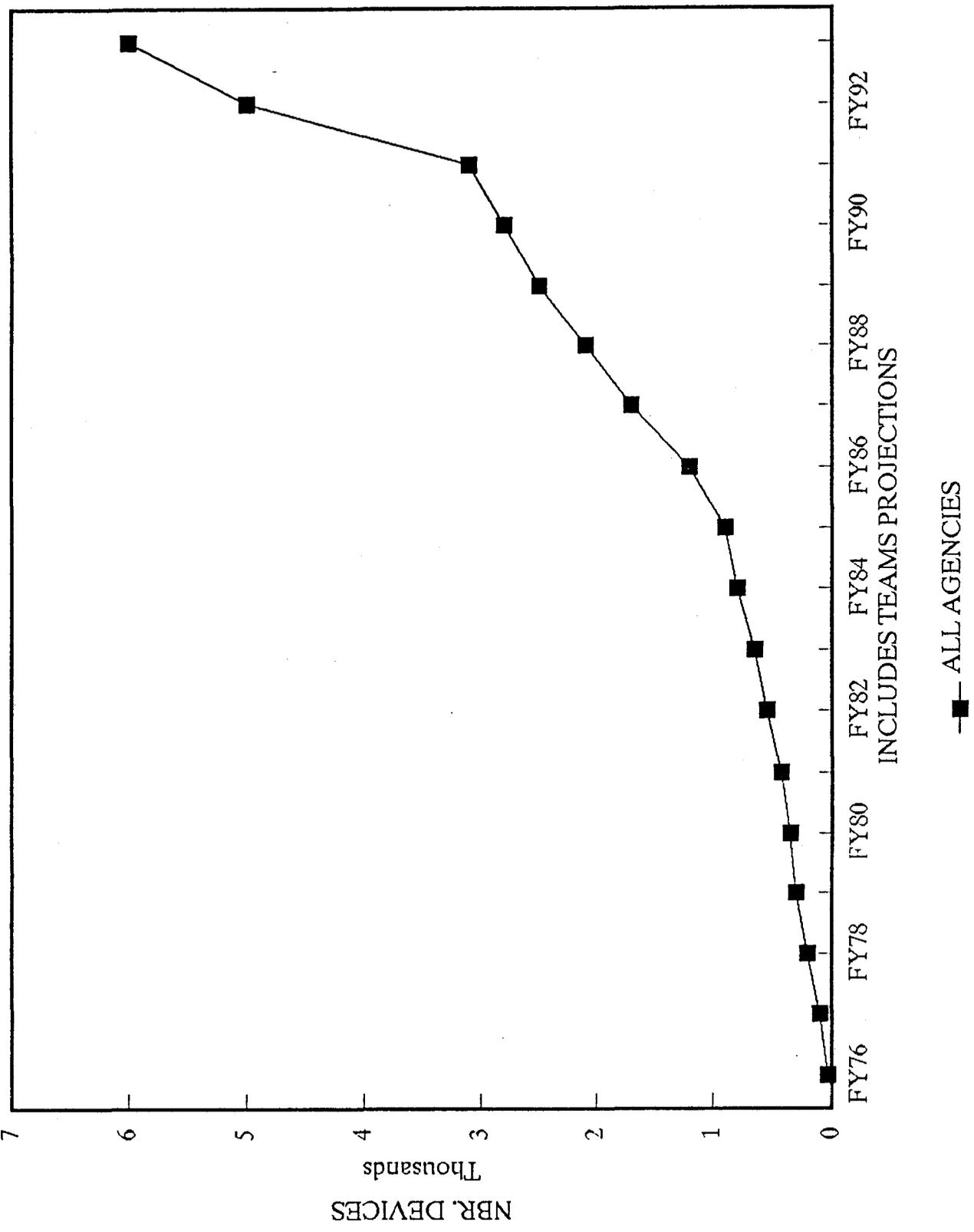


EXHIBIT 4

DATE 1-28-91

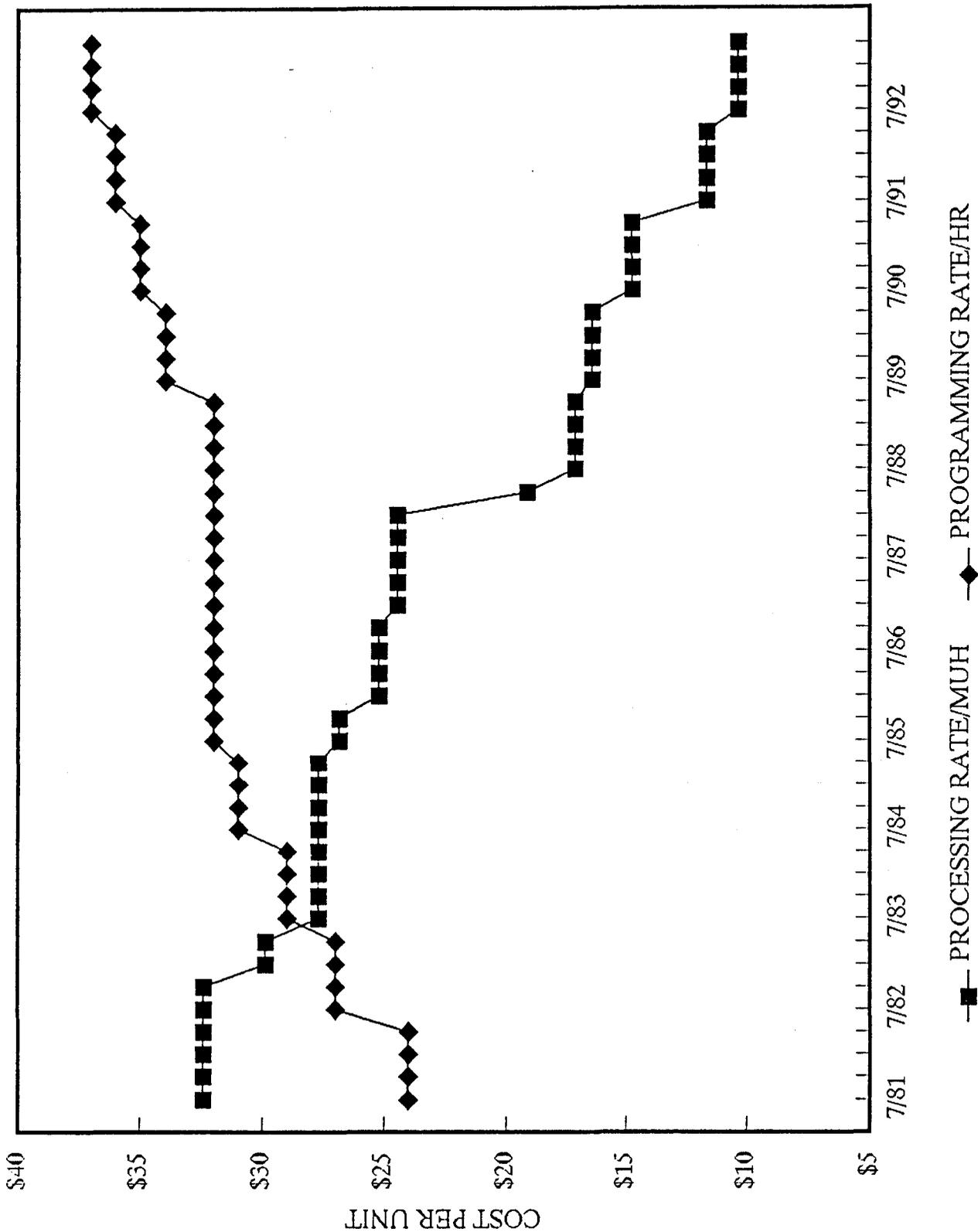
Don G. ...

TERMINAL DEVICES SUPPORTED ON DATA NETWORK



MACHINE RATE V.S PROGRAMMING RATE

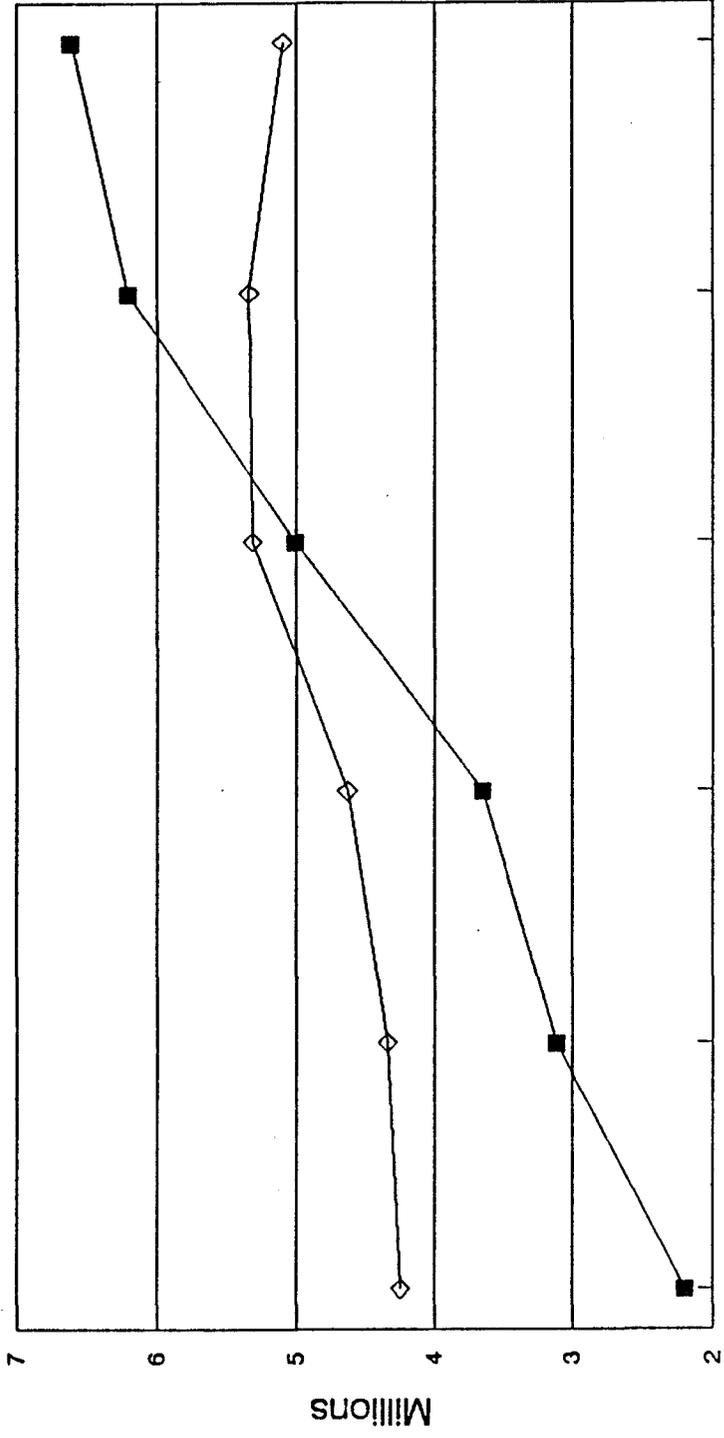
TRENDS



DATE 6-27-91
By Ben Gut Duv

COMPUTER PROCESSING

TREND



CPU RATE

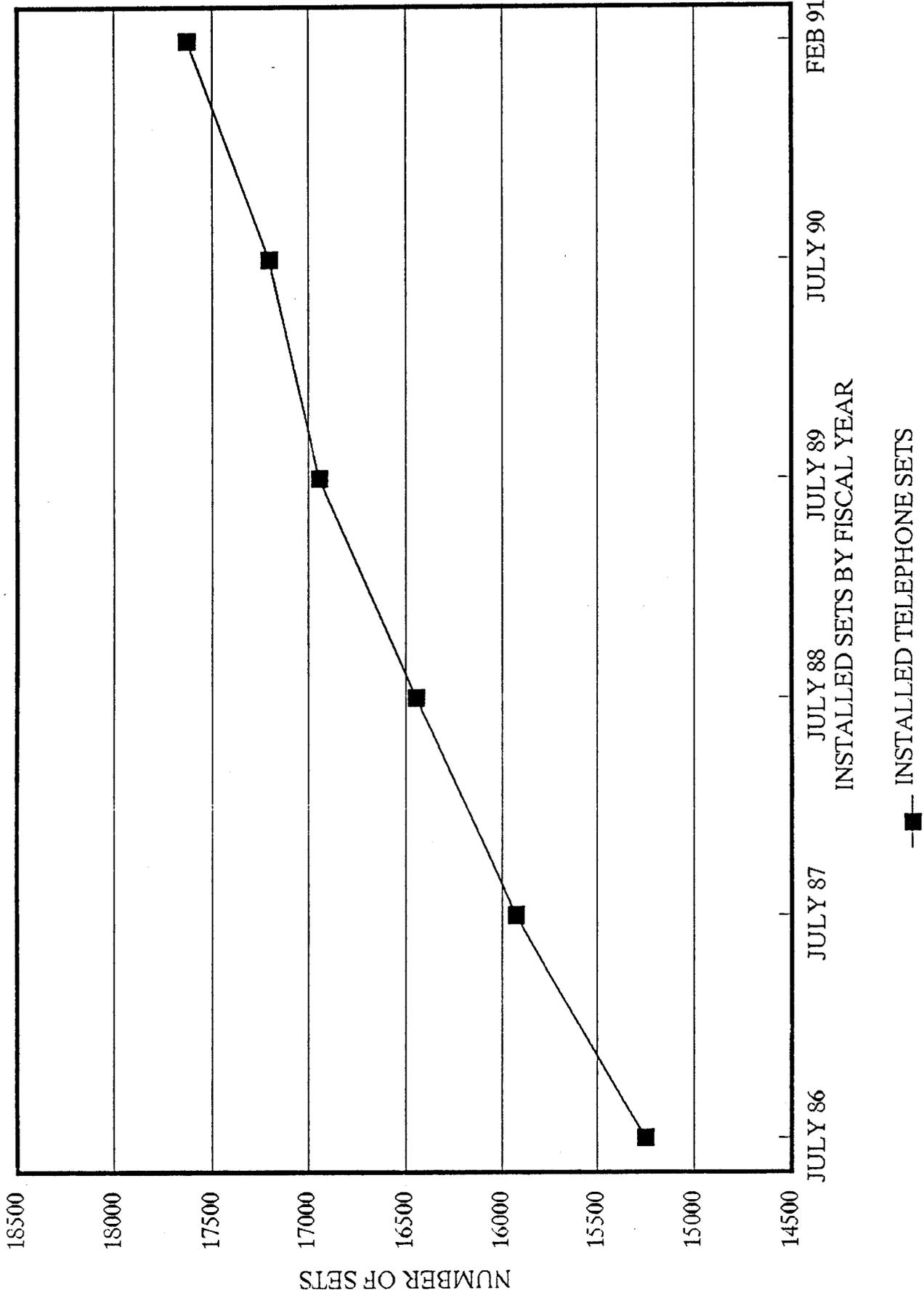
DOLLARS/CPU SEC 1.260

■ RESOURCES CONSUMED (CPU SECONDS)

◇ PROCESSING REVENUE (DOLLARS \$)

STATE TELEPHONE NETWORK

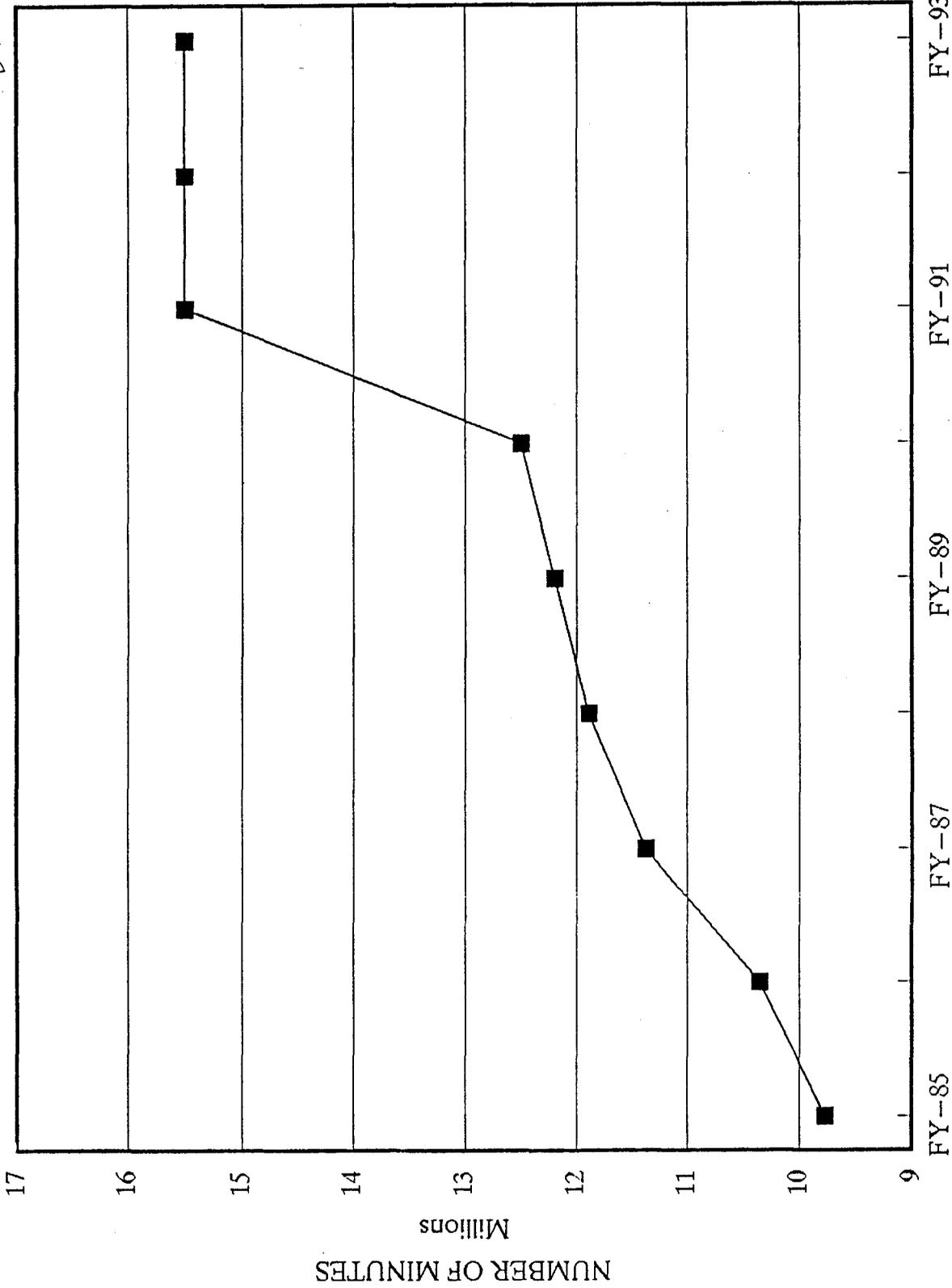
INSTALLED STATIONS



—■— INSTALLED TELEPHONE SETS

STATE TELEPHONE NETWORK

TREND

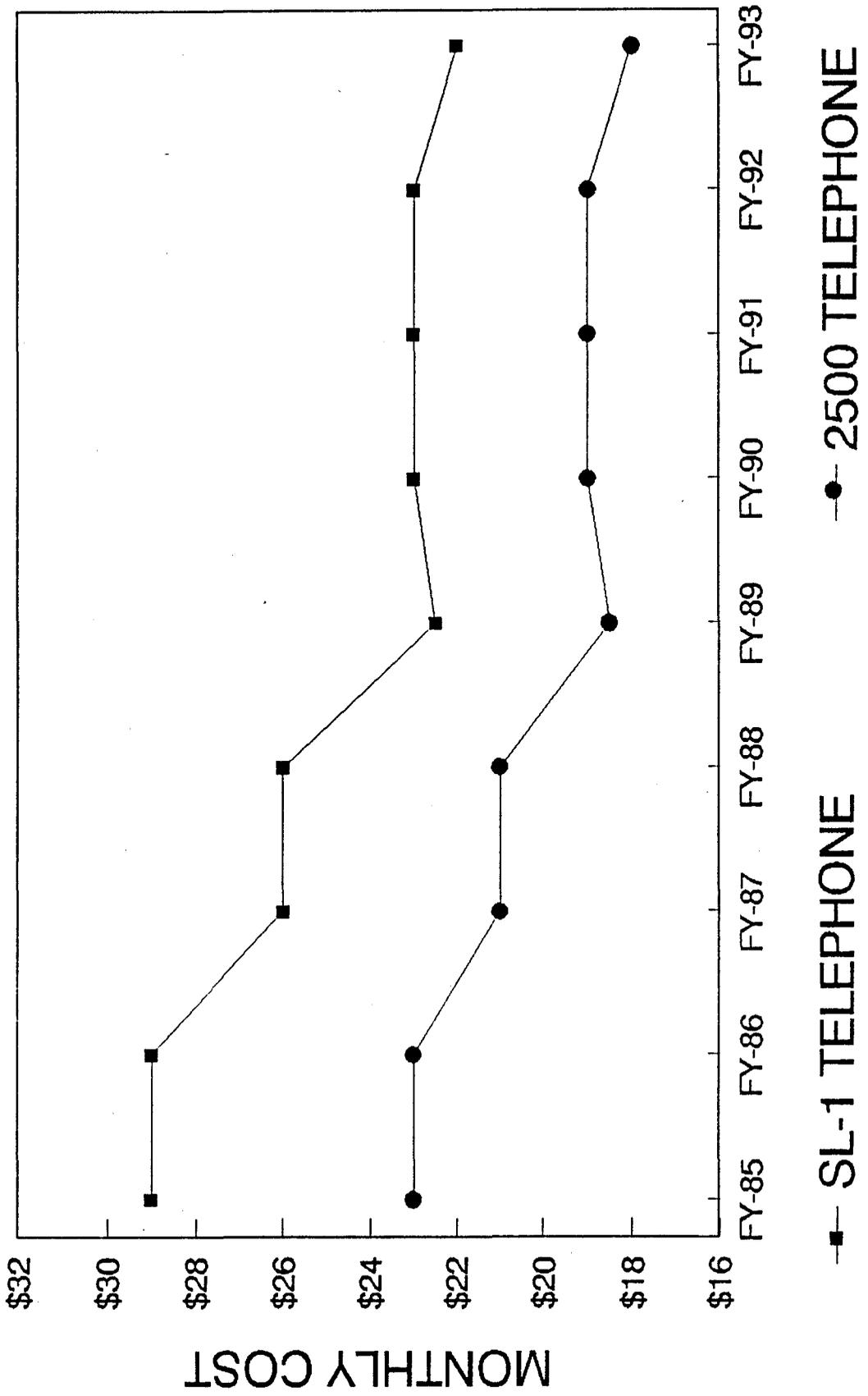


—■— LONG DISTANCE USAGE

EXHIBIT 4
DATE 1-29-91
Dr. Hart Seed

STATE TELEPHONE NETWORK

STATION EQUIPMENT COSTS



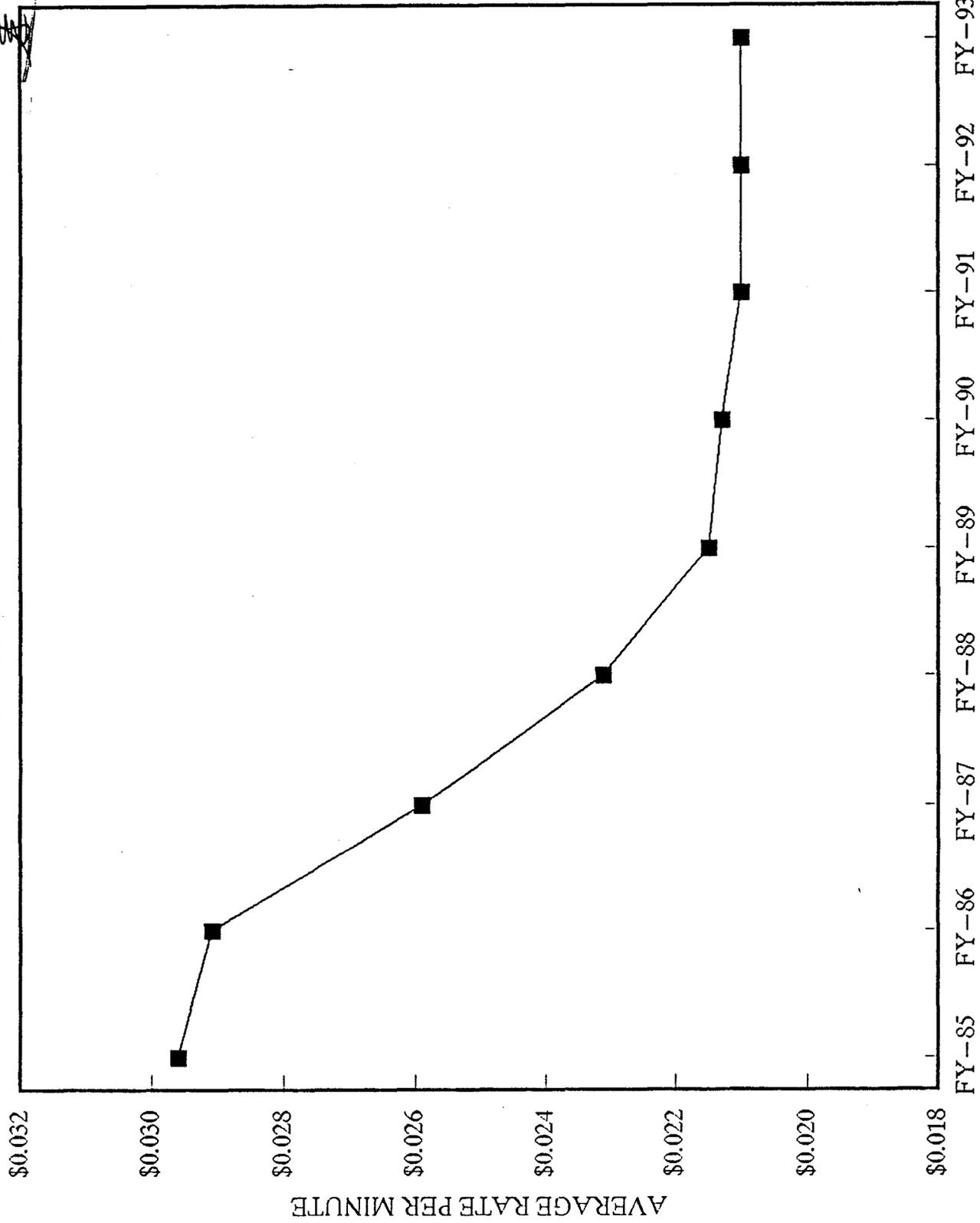
STATE TELEPHONE NETWORK

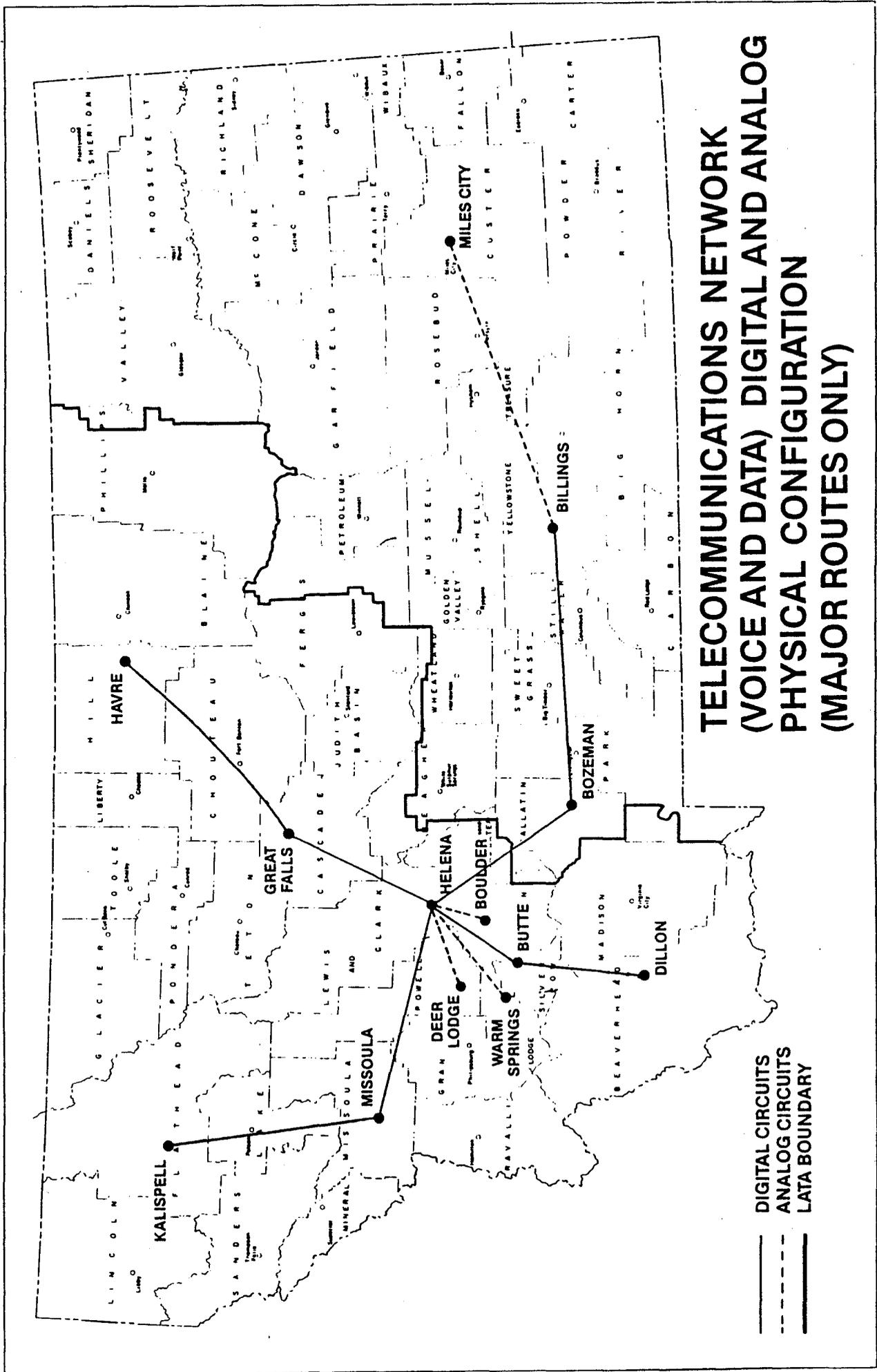
AVERAGE LONG DISTANCE RATE

EXHIBIT 4

DATE 1-29-91

Don Bois Du





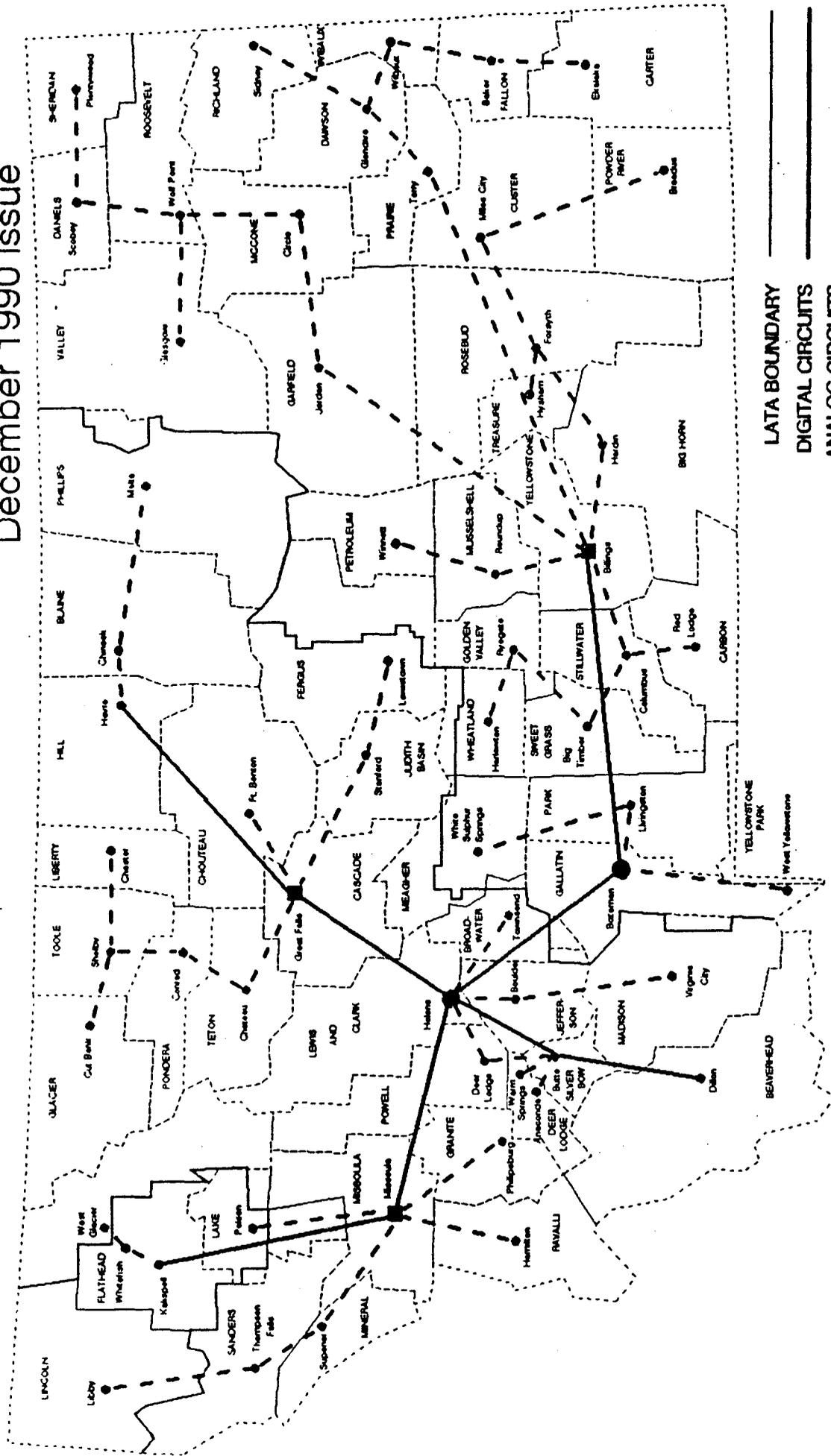
**TELECOMMUNICATIONS NETWORK
(VOICE AND DATA) DIGITAL AND ANALOG
PHYSICAL CONFIGURATION
(MAJOR ROUTES ONLY)**

— DIGITAL CIRCUITS
- - - ANALOG CIRCUITS
— LATA BOUNDARY

DATA COMMUNICATIONS NETWORK (DCN)

December 1990 Issue

4
 EXHIBIT 1299
 En Lon Sub Add



- LATA BOUNDARY
- DIGITAL CIRCUITS
- - - ANALOG CIRCUITS
- COMPUTER CENTER
- CONCENTRATOR

PROCUREMENT & PRINTING DIVISION

Table 7
Purchasing Bureau

<u>Budget Item</u>	Actual	----Current Level----		Change 1990 to 1992
	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>	
FTE	12.33	12.33	12.33	0.00
Personal Services	\$281,119	\$326,279	\$325,822	16.06%
Operating Expenses	92,654	100,127	100,907	8.07%
Equipment	7,654	2,000	2,000	-73.87%
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Costs	\$381,427	\$428,406	\$428,729	12.32%
Funding Source				
General Fund	\$381,427	\$428,406	\$428,729	12.32%

The Purchasing Bureau is the only function in the division supported by general fund. Personal services costs increase due to vacancies in fiscal 1990 and full implementation of the fiscal 1991 pay plan in the 1993 biennium. Operating costs rise due to adjustments for inflation and fixed costs. Travel and printing costs are increased to allow the staff to assist agencies in improving purchasing and procurement functions not performed by the bureau. Equipment includes ongoing license fees to maintain system software purchased in fiscal 1990.

Executive Budget Modifications

House Bill 772

This modified request for \$174,000 in proprietary authority would provide additional services in the federal surplus property program. Most of the funds would be expended for consulting services to provide information about this program to school districts and local government and fund equipment evaluations, software changes to the program computer system, and merchandising publications and equipment.

INFORMATION SERVICES DIVISION

Budget Item	Actual Fiscal- 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	134.59	132.59	121.14	121.14	-11.45
Personal Services	3,802,335	4,131,014	4,019,630	4,016,383	1.29%
Operating Expenses	6,929,302	7,246,705	7,111,844	7,198,611	.95%
Equipment	1,266,978	752,855	505,179	520,179	-49.24%
Capital Outlay	1,761	0	0	0	-100.00%
Transfers	197,912	0	0	0	-100.00%
Debt Service	<u>3,525,970</u>	<u>4,409,119</u>	<u>4,409,119</u>	<u>3,862,469</u>	<u>4.24%</u>
Total Program	\$15,724,258	\$16,539,693	\$16,045,772	\$15,597,642	-1.92%
Fund Sources					
General Fund	197,912	0	0	0	-100.00%
Proprietary Fund	<u>15,526,346</u>	<u>16,539,693</u>	<u>16,045,772</u>	<u>15,597,642</u>	<u>-1.32%</u>
Total Funds	\$15,724,258	\$16,539,693	\$16,045,772	\$15,597,642	-1.92%

Program Description

The Information Services Division manages central data processing services and telephone communications for state government. Centralized data processing services include: 1) central mainframe computer processing; 2) shared statewide data communications network services accessing the central mainframe; 3) data processing planning, coordination, and control of equipment and software acquisitions; 4) design, development, and continuous maintenance support of data processing applications; 5) data processing training; 6) microcomputer and office automation support and consultation; and 7) disaster recovery facilities for critical data processing applications. Telecommunications services include: 1) local and long distance telephone networking; 2) design and development of telephone equipment, networking applications, and other telecommunications needs; 3) management of the statewide 911 emergency telephone number program; and 4) radio frequency coordinating liaison with local government. The division also manages record storage and microfilming services.

Current Level Budget

The current level budget decreases slightly compared to the 1991 biennium budget. The equipment category shows the biggest decrease. Fiscal 1990 expenditures were about \$480,000 higher than the fiscal 1990 equipment appropriation. Part of the agency current level equipment request included equipment and software related to installation and expansion of network services. The LFA current level budget does not include such equipment since it is related to a modified budget request funded in the Executive Budget.

Personal services costs increase slightly, largely due to vacancy savings in fiscal 1990, full implementation of the fiscal 1991 pay plan, and grade changes authorized to recruit and retain staff. FTE decline by a net 11.45 positions. Two FTE were transferred to ISD from other programs in the department; 11.45 FTE were eliminated due to privatization of data entry services and extended vacancies; and 2.0 FTE were removed that were supported by a general fund appropriation to study and implement a uniform payroll, personnel, and position (P/P/P) system for the university system.

The operating budget rises slightly due to adjustments for inflation, fixed cost

INFORMATION SERVICES DIVISION

increases, and contracted services increases to support the data entry contract. Equipment includes replacement of various computer and telecommunications equipment.

Capital outlay represents a one-time remodeling cost. Transfers includes the transfer of general fund authority for the P/P/P project. Generally accepted accounting principles require the transfer to accurately record such expenditures in proprietary accounts.

Debt service increases to fund equipment and software acquisitions in fiscal 1990. Payments decline in fiscal 1993 due to completion of payments to the reserve account for telephone equipment lease participation certificates.

Proprietary funds support the operation of all programs in ISD. The general fund represents the amount expended in fiscal 1990 from a one-time biennial appropriation of \$625,000 to implement the uniform university P/P/P system.

The division reorganized in fiscal 1990. All computer operations were combined into one program for budgeting purposes, with the exception of network services which combined with the telecommunications function in the newly renamed Telecommunications and Network Services Bureau. The following tables (8, 9, and 10) show the budget detail for the three bureaus of the division. Together, the bureau budgets equal the amounts shown in the total division budget.

Table 8
Computer Services Bureau

Budget Item	Actual Fiscal 1990	----Current Level----		Change 1990 to 1992
		Fiscal 1992	Fiscal 1993	
FTE	115.95	100.50	100.50	-15.45
Personal Services	\$3,167,058	\$3,317,073	\$3,314,538	4.74%
Operating Expenses	2,165,619	2,310,344	2,313,688	6.68%
Equipment	926,819	295,179	310,179	-68.15%
Transfers	197,912	0	0	-100.00%
Debt Service	<u>1,439,075</u>	<u>1,503,166</u>	<u>1,503,166</u>	<u>-4.45%</u>
Total Costs	<u>\$7,896,483</u>	<u>\$7,425,762</u>	<u>\$7,441,571</u>	<u>-5.96%</u>
Funding Sources				
General Fund	\$197,912	\$0	\$0	-100.00%
Proprietary Funds	<u>7,698,571</u>	<u>7,425,762</u>	<u>7,441,571</u>	<u>-3.54%</u>
Total Funds	<u>\$7,896,483</u>	<u>\$7,425,762</u>	<u>\$7,441,571</u>	<u>-5.96%</u>

The Computer Services Bureau budget declines by about 6 percent between fiscal 1990 and 1992 due to decreases in equipment and transfers. Equipment purchases decline as the ongoing current level equipment is less than that purchased in fiscal 1990. Fiscal 1990 transfers included a biennial appropriation of general fund (\$625,000) to study and implement a uniform P/P/P system for the university system called

the regents employee reporting system (RERS). Generally accepted accounting principles direct the transfer to properly record such expenditures.

FTE decline by a net of 15.45 positions. Two of those positions are removed from the appropriated level of FTE in fiscal 1991 as SBAS on-line edit and entry reduced data entry workload. One position was transferred to the bureau

INFORMATION SERVICES DIVISION

from the Purchasing Bureau to manage the term computer purchasing contract. The offsetting 14.45 FTE reduction includes: 11.45 data entry FTE are removed due to privatization of the service and extended vacancies; 2.0 FTE are removed as the appropriation for the study and implementation of RERS ended in 1991; and 1.0 FTE was transferred to the Telecommunications and Network Support Bureau. Data entry functions were privatized by the department (see "Issues" section of agency narrative). Continuation of RERS is discussed in the University System budget section.

Personal services costs increase despite the reduction in FTE due to extended vacancies for some positions in fiscal 1990, turnover in positions, and pay increases authorized to recruit and retain staff. Operating costs increase to accommodate the data entry contract (\$151,800 per year), increases in the

maintenance contract for multi-user computers and terminals; adjustments for inflation, and increases in fixed costs. Some operating costs were decreased to reflect lower staffing levels due to privatization of data entry, but those decreases are offset by other cost increases.

Debt service funds new and existing equipment acquisitions. Equipment includes upgrades for front-end processors, disk drives, magnetic tape drives, software, and a controller for the Armory computer (unrelated to the modified budget request). The current level agency budget request included \$413,400 for network software, modems, and network components. The LFA current level budget does not include this equipment as it should be considered in conjunction with the modified budget request for network fees (see "Issue" section).

Table 9
Telecommunications and Network Services Bureau

Budget Item	Actual Fiscal 1990	----Current Level----		Change
		Fiscal 1992	Fiscal 1993	1990 to 1992
FTE	16.64	18.64	18.64	2.00
Personal Services	\$ 562,300	\$ 626,586	\$ 625,989	11.43%
Operating Expenses	4,757,126	4,798,865	4,881,033	0.88%
Equipment	340,159	210,000	210,000	-38.26%
Capital Outlay	1,761	0	0	-100.00%
Debt Service	<u>2,086,895</u>	<u>2,905,953</u>	<u>2,359,303</u>	<u>40.19%</u>
Total Costs	<u>\$7,748,241</u>	<u>\$8,541,404</u>	<u>\$8,076,325</u>	<u>10.44%</u>
Funding Source				
Proprietary Funds	\$7,748,241	\$8,541,404	\$8,076,325	10.44%

The division reorganization moved a new function to this bureau--network services (see "Issue" section). Personal services increase as there are 2.0 FTE added to the program: 1.0 FTE was transferred from the Director's Office to handle the accounting functions for the student long distance service and 1.0 FTE was moved from the Computer Services Bureau. Operating

costs increase slightly due to inflation and fixed cost increases. The equipment budget allows replacement of communication and computer equipment. Debt service includes payments for telephone and computer equipment which decline in fiscal 1993 due to completion of final payments to the reserve account for telephone equipment lease participation certificates.

INFORMATION SERVICES DIVISION

Table 10
 Emergency 911

Budget Item and Fund Estimates	Actual	----Current Level----		Change
	Fiscal 1990	Fiscal 1992	Fiscal 1993	1990 to 1992
FTE	2.00	2.00	2.00	0.00
Personal Services	\$72,977	\$75,971	\$75,856	4.10%
Operating Expenses	<u>6,557</u>	<u>2,635</u>	<u>3,890</u>	<u>-59.81%</u>
Total Costs	\$79,534	\$78,606	\$79,746	-1.17%
Funding Source				
Proprietary Funds	\$79,534	\$78,606	\$79,746	-1.17%
Total 25 Cent Tax Revenue	\$1,090,964	\$1,122,942	\$1,139,227	2.93%
Seven Percent of Total Revenue	\$76,367	\$78,606	\$79,746	2.93%

The Emergency 911 program manages the statewide emergency telephone number program. The program is funded from a portion of the monthly 25 cent fee assessed on telephone subscribers across the state. The program may expend 7.0 percent of the quarterly fee collections or actual expenses, whichever is less, to administer this activity. For budgeting purposes, it is assumed that revenue is generated in equal quarterly installments, although that has not always happened. Current level assumes that the assessment will generate \$1,122,942 in fiscal 1992 and \$1,139,227 in fiscal 1993. Seven percent of that amount is \$78,606 and \$79,746 respectively.

The fiscal 1992 budget is 1.1 percent lower than the fiscal 1990 actual expenditures in order to stay within the seven percent limit. The program expended \$3,167 more than the seven percent allocation of the phone tax revenue in fiscal 1990. The program used funds from the computer services operation to cover the shortfall.

Issue

Expansion of Network Services

The Executive Budget includes a modified request of \$1.6 million in proprietary authority and 3.0 FTE over the biennium (in addition to current level services of about \$1 million) to fund the purchase, installation, and support of local area networks (LAN's) and to install a buried cable in the capitol complex to link some agencies to the mainframe computer. A LAN is a combination of hardware, software, and wiring connections that allows a number of personal computers to share software and data and to communicate with each other. Depending on the wiring configuration, typically up to 72 terminals or PC's can be reside on one LAN. A LAN can be linked to the statewide data network (SNA), thereby providing each LAN terminal with access to mainframe software and processing capabilities. LAN's can also be hooked together, allowing agencies or divisions and bureaus within an agency to share software applications and data.

INFORMATION SERVICES DIVISION

In order to fund expanded services and to make the network services self-supporting, the Executive Budget includes \$2.8 million generated by charges to agencies. The proposed changes are \$40 per PC per month and \$30 per "dumb" terminal for every work station in every agency, regardless of whether the stations are networked or can ever be networked. Two rate reductions, totalling \$1.5 million, offset about 53 percent of the network rate increase: 1) a 12 percent reduction in mainframe processing charges; and 2) discontinuation of the optional subscription fee of \$20 per month per PC for support services and reduced training costs. Table 11 shows the estimated cost increases and rate reductions included in the current level Executive Budget.

capability to network PC's at a lower cost.

In order to encourage the installation of standard software and hardware in all state agencies, ISD decided to subsidize the cost of network components for agencies. Also, the division did not want to implement a new rate structure as agency budgets were already in place. The division believes that it is less expensive in the long run to install compatible hardware and software initially, than to try to replace and standardize LAN components after agencies have installed a variety of different LAN's which are not compatible. ISD equates the decision to encourage standardization of LAN's to installation of the same phone system in all state agencies.

The statewide LAN standard selected by ISD was more expensive than some of the other options being considered by agencies. The pricing policy evolved throughout the biennium, with ISD gradually increasing installation and ongoing service charges by requiring agencies to pay costs established in the ISD 1991 biennium rate structure for installation services, SNA charges, and subscription fees. However, ISD still funds the capital investment, on average \$620 per machine for terminals connected to LAN's and \$920 for terminals hooked to LAN's and the SNA. Agencies with LAN's pay \$20 per month per machine to ISD and pay other monthly charges if the LAN's are connected to the SNA. Agencies also pay actual installation charges which average \$150 per machine to cover the wiring costs.

ISD debt-financed about \$1.1 million of LAN components from February 1989 through January 1990. The term of the debt was scheduled to coincide with the depreciated life of such components. During fiscal 1990, the amount of revenue collected by network services was inadequate to cover the cost of the operation (see Table 12), according to data prepared by the division. Although network services generated the second highest amount of revenue deposited in the computer services proprietary account, it still needed a subsidy of

Table 11
Increases and Decreases Included in the
Current Level Executive Budget to
Fund Network Services

<u>Cost</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Increases		
Network Fees	\$1,429,859	\$1,432,058
Decreases		
Computer Processing	\$524,585	\$524,585
Subscription Fees	<u>228,532</u>	<u>228,091</u>
Subtotal	\$753,117	\$752,676
Overall Net Increase	\$676,742	\$679,382
Biennial Increase		\$1,356,124

During the 1991 biennium, the division experienced a dramatic increase in the number of agencies requesting installation and maintenance of LAN's and connection of LAN's to the statewide network (SNA). In addition, several inexpensive LAN hardware packages came on the market, allowing agencies the

INFORMATION SERVICES DIVISION

\$871,625 from computer processing income to break even.

Table 12
Comparison of Income and Expenses for Computer Services Account
Information Services Division
Fiscal 1990

<u>Service Type</u>	<u>Income by Service</u>	<u>Expense by Service</u>	<u>Income Over (Under) Expenses</u>	<u>Percent Income-Expense Over or (Under)</u>	<u>Percent of Total Income</u>
Computer Processing	\$4,608,414	\$3,500,761	\$1,107,653	31.64	59.02
Network Services	991,856	1,863,481	(871,625)	(46.77)	12.70
Systems Development	649,485	732,262	(82,777)	(11.30)	8.32
Justice Computer (Armory Computer)	523,002	530,224	(7,222)	(1.36)	6.70
Subscriptions	237,971	345,539	(107,568)	(31.13)	3.05
Data Entry	224,554	286,259	(61,705)	(21.56)	2.88
Computer Generated					
Microfilm	144,619	101,467	43,152	42.53	1.85
Conventional Microfilm	135,167	142,918	(7,751)	(5.42)	1.73
Records Storage	121,399	111,405	9,994	8.97	1.55
Training	90,884	138,303	(47,419)	(34.29)	1.16
Laser Print	29,970	35,148	(5,178)	(14.73)	0.38
Pool Equipment	29,135	51,664	(22,529)	(43.61)	0.37
Job Submission to the Mainframe Computer	21,498	49,357	(27,859)	(56.44)	0.28
Other	(205,909)	(2,138)	(203,771)		
Total	\$7,602,045	\$7,886,650	\$(284,605)	(3.61)	100.00

Note: Information prepared by ISD.

House Bill 100 directs the department to develop a cost recovery plan. The intent of the legislature is that the cost of each service should be fully recovered through the rate charged for each service. As shown in table 12, only three services funded from the computer services proprietary account fully recovered costs in fiscal 1990. The legislature may wish to direct the division to prepare documentation for review regarding the adequacy of each service rate, the amount of revenue expected to be generated, and the proposed budget for the relevant service. Preliminary ISD estimates of network fee revenue shows that computer processing income is expected to continue to fund about \$600,000 or 20 percent of network expenditures in

fiscal 1992 and about \$121,000 or four percent of network costs in fiscal 1993.

Executive Budget Modifications

Armory Computer Upgrade

This Executive Budget includes \$200,000 in proprietary funds over the biennium to upgrade the computer which runs programs for the Department of Justice. Two systems are run on the computer--the Criminal Justice Information Network and the Montana Motor Vehicle Registration System. The processing workload is growing at a rate expected to exceed the system capabilities. The modified budget would fund the purchase of a

INFORMATION SERVICES DIVISION

processor upgrade, additional magnetic storage media, and related software. A separate computer is dedicated to criminal justice support functions because the system must be on-line 24 hours a day. The state mainframe backs up the Armory computer when the computer is not operating.

Public Safety Communication

The modified budget request would implement recommendations of the Public Safety Communications Task Force to acquire portable emergency microwave, satellite links, and communications-equipped vans; develop coordinated radio systems for state and local government; and continue mutual aid frequency use. The biennial cost of \$139,000 in proprietary funds is supported by fees that will be assessed against each radio used for public safety by state agencies.

ISD: Growth in Workload

Over the past nine years, the computer center has experienced an average annual compound growth in mainframe processing workload in excess of 17 percent. The department expects such growth to continue and the Executive Budget includes an additional \$1 million in proprietary funds to cover the corresponding increases in operating expenses. Most of the additional authority (\$575,000) is budgeted for equipment purchases including software. However, maintenance and supply costs are also included in the request.

ISD: Networks

This modification, discussed earlier as a budget issue, would add 3.0 FTE and \$1.6 million in proprietary funds to continue implementation and support of statewide network connectivity to the mainframe computer. Equipment purchases comprise the largest share of the budget (\$1.1 million). A buried fiber optic cable will be laid throughout the capitol area complex in Helena to link most state buildings to the network. Other planned purchases include equipment to connect agencies to the statewide network and communication software components for PC's.

The proposal is financed through a new rate structure that replaces subscription rates funded in 1991 biennium appropriations. Previously, ISD charged agencies \$20 per PC per month or negotiated a flat rate for PC support services and reduced training costs. The new network rate, included in the executive request for all agencies, is \$40 per month per PC and \$30 per month per work station terminal.

Student Long Distance

In the 1990 fall quarter/semester, the university system, in conjunction with the department, initiated a program offering long-distance telephone services to students living in dormitory housing. Students use the state phone system for long-distance calls, billed at state rates. The Executive Budget includes \$650,149 in proprietary funds and 1.0 FTE to administer the software system that collects, costs, and distributes invoices for long-distance usage. The Executive Budget request deflates long-distance telephone rates for state agencies 3 percent in fiscal 1992 and 1993 as a result of increased system usage by students. In fiscal 1990, the department transferred 1.0 FTE to the Telecommunications Bureau to implement this program. Both the Executive Budget and LFA current level continue this FTE transfer, and in addition, the Executive Budget adds an additional FTE to manage the student long-distance program.

Telephone System Upgrades

The department proposes to continue to upgrade and maintain telephone switching systems. The request would add \$458,000 in proprietary funds for equipment purchases in the coming biennium. Upgrades are proposed for the Department of Highways, the Comprehensive State Mutual Insurance Fund, the Armory, the Department of State Lands office in Missoula, Montana State Prison, and Western Montana College.

Data Processing Disaster Backup

The Executive Budget includes \$323,000 in proprietary funds over the biennium

EXHIBIT 5

DATE 1-29-91

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INFORMATION SERVICES DIVISION

to purchase offsite processing capabilities in the event that a disaster disables the state mainframe computer. The backup capability is required by federal standards for TEAMS, an on-line eligibility determination system being installed in all counties

during the 1993 biennium by the Department of Social and Rehabilitation Services. TEAMS will allow counties' workers to access the programs on the state mainframe computer via local terminals to determine public assistance benefits eligibility.

EXHIBIT 6
 DATE 1-29-91
Mr. Hart

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	2.00	2.00	.00	2.00	2.00	.00
Personal Services	72,977	75,971	75,971	0	75,856	75,856	0
Operating Expenses	6,557	3,293	2,635	658	3,462	3,890	428-
Total Expend.	\$79,534	\$79,264	\$78,606	\$658	\$79,318	\$79,746	\$428-
Fund Sources							
Proprietary Fund	79,534	79,264	78,606	658	79,318	79,746	428-
Total Funds	\$79,534	\$79,264	\$78,606	\$658	\$79,318	\$79,746	\$428-

Executive Over (Under) LFA
 FTE ---
 FY92 ---
 FY93 ---
 \$658 (\$428)

CURRENT LEVEL ISSUES

OPERATING COSTS. The LFA current level funds the program at the total allowed by statute. The program is allowed to expend 7% of the revenue generated by the 25 cent monthly fee assessed all telephone subscribers in the state. The Executive Budget includes a higher amount.

EXHIBIT 7
DATE 1-29-91
Dr. Dev + Aud

800 MEGA HERTZ

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	18.64	18.64	.00	18.64	18.64	.00
Personal Services	562,300	626,539	626,586	47-	625,937	625,989	52-
Operating Expenses	4,757,126	4,678,403	4,798,865	120,462-	4,764,356	4,881,033	116,677-
Equipment	340,159	210,000	210,000	0	210,000	210,000	0
Capital Outlay	1,761	0	0	0	0	0	0
Debt Service	2,072,816	2,905,953	2,905,953	0	2,359,303	2,359,303	0
Total Expend.	\$7,734,162	\$8,420,895	\$8,541,404	\$120,509-	\$7,959,596	\$8,076,325	\$116,729-
Fund Sources							
Proprietary Fund	7,734,162	8,420,895	8,541,404	120,509-	7,959,596	8,076,325	116,729-
Total Funds	\$7,734,162	\$8,420,895	\$8,541,404	\$120,509-	\$7,959,596	\$8,076,325	\$116,729-

Executive Over (Under) LFA

FTE	---	FY92	---	FY93	---
		(\$47)		(\$52)	

CURRENT LEVEL ISSUES

- PERSONAL SERVICES. The LFA current level includes a higher amount for longevity.
- COMMUNICATIONS. The LFA continued fiscal 1990 expenditures while the Executive continued the fiscal 1991 appropriated base. The Executive also included a cost adjustment for telephone equipment maintenance in the legislative session year.
- TRAVEL. The LFA current level continues fiscal 1990 expenditures while the Executive maintains the fiscal 1991 appropriated level.
- BASE, INFLATION, AND NETWORK FEE DIFFERENCES.
 - Each has a 15-mile ramp
 - 76 frequencies added to Montana

TOTAL CURRENT LEVEL DIFFERENCES

	(26,284)	(50,547)
	(15,550)	(15,550)
	767	
	(32,249)	(32,201)
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	(\$120,509)	(\$116,729)

EXECUTIVE BUDGET MODIFICATIONS

Please refer to pages A-125 to A-127 in the LFA budget analysis for descriptions of each request.

- PUBLIC SAFETY COMMUNICATION. { FERGUSON CORPORATION } LAND MOBILE RADIO
- STUDENT LONG DISTANCE SERVICES. 1.0 \$82,000 \$57,000
- TELEPHONE SYSTEM UPGRADES. DKB7 will be paid off 1992-93; but need now subsidies 1.0 325,075 325,074

TOTAL MODIFIED BUDGET REQUESTS

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	1.0	\$636,075	\$611,074



MONTANA STATE SENATE

SENATOR DELWYN GAGE
SENATE DISTRICT 5
HOME ADDRESS:
BOX 787
CUT BANK, MONTANA 59427

COMMITTEES:
TAXATION
BUSINESS & INDUSTRY
RULES

CAPITOL STATION
HELENA, MONTANA 59620
PHONE (406) 444-4800
HOME PHONE (406) 873-4662

EXHIBIT 8
DATE 1-29-91
Sen. Gort Dell

January 28, 1991

To: Subcommittee - General Government and Highway

I was a member of the Tele. Commission Task Force during the last interim. The testimony from across the state and from the variety of grounds that we heard from regarding the need for this system to be established was outstanding.

I wish that each of you could have had the opportunity, as I did, to hear some of the ridiculous stories about communication problems during the "Let it Burn" fire season. You would have reason from just those serious problems to realize the need for this public safety network.

Public safety is usually connected with life or death situations and in many cases the difference between life or death is the difference in the time required to contact others for aid and assistance.

Please consider this as a very high priority item.

Sincerely,


Senator Delwyn Gage
Senate District 5

DG/fdh

EXHIBIT 9
 DATE 1-29-91
 Ken H. ...

1-29-91

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	102.75	100.50	2.25	102.75	100.50	2.25
Personal Services	3,167,058	3,380,435	3,317,073	63,362	3,377,744	3,314,538	63,206
Operating Expenses	2,165,619	3,114,428	2,310,344	804,084	3,365,608	2,313,688	1,051,920
Equipment	926,819	542,855	295,179	247,676	542,855	310,179	232,676
Transfers	197,912	0	0	0	0	0	0
Debt Service	1,439,075	1,503,166	1,503,166	0	1,503,166	1,503,166	0
Total Expend.	\$7,896,483	\$8,540,884	\$7,425,762	\$1,115,122	\$8,789,373	\$7,441,571	\$1,347,802
Fund Sources							
General Fund	197,912	0	0	0	0	0	0
Proprietary Fund	7,698,571	8,540,884	7,425,762	1,115,122	8,789,373	7,441,571	1,347,802
Total Funds	\$7,896,483	\$8,540,884	\$7,425,762	\$1,115,122	\$8,789,373	\$7,441,571	\$1,347,802

Executive Over (Under) LFA
 FTE FY92 FY93
 --- --- ---
 2.00 \$59,410 \$59,273

CURRENT LEVEL ISSUES

- RERS FTE. The 1989 legislature appropriated \$625,000 general fund and 2.00 FTE to study and implement a uniform payroll, personnel, and position system for the university system called the Regents Employees Reporting System. The Executive Budget continues these FTE (with proprietary funds) while the LFA current level treats the development of RERS as a one time cost.
- PERSONAL SERVICES. The LFA current level removes all data processing positions as the department contracted for such services. The division removed all data entry positions except a .25 data processing trainee which was combined with another partial FTE as part of reorganization. The position was filled in late fiscal 1990.
- CONSULTING AND PROFESSIONAL SERVICES. The Executive Budget continues a \$200,000 biennial appropriation for consulting services for computer system development authorized by the 1989 legislature. The LFA current level continues fiscal 1990 expenditures as there were no specific projects identified for use of consulting funds.
- COMMUNICATIONS. The Executive Budget has a higher budget for local and long distance data circuits and a higher amount for maintenance contracts for multiuser computers and terminals than the IFA.
- SOFTWARE REPLACEMENT AND RENTAL. The Executive Budget base for software rental is about \$350,000 higher each year of the biennium than the LFA current level projection. In addition, the Executive includes inflation of 15% per year which adds about \$157,000 in fiscal 1992 and \$360,000 in fiscal 1993 to the Executive Budget.

PROPRIETARY

COMPUTER SERVICES CONTINUED

6. NETWORK EQUIPMENT. The Executive Budget includes a higher level of funding for network equipment and software. The LFA current level does not include these amounts as expanded network services were brought to the legislature as an issue. The Executive also funds a replacement personal computer in fiscal 1992 while the LFA does not. 247,767 232,676

7. TECHNICAL ADJUSTMENTS. The LFA current level removed RERS expenditures twice, mistakenly reducing ongoing operational authority, for current level services. Also the second year of data entry contract costs was inadvertently omitted from fiscal 1992. 197,912 349,712

151,800 145,000

8. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.

Inflation.	(16,246)	(3,627)
Audit.	1,494	1,494
Base.	38,118	35,187
TOTAL CURRENT LEVEL DIFFERENCES	2.25 \$1,115,122	\$1,347,802

EXECUTIVE BUDGET MODIFICATIONS

(Please refer to pages A-125 to A-127 in the LFA budget analysis for descriptions of each modified request.)

1. ARMORY COMPUTER UPGRADE. \$100,000 proprietary funds
2. GROWTH IN MAINFRAME COMPUTER PROCESSING WORKLOAD. 500,000 proprietary funds
3. EXPANSION OF NETWORK SERVICES. 3.00 800,213 proprietary funds
4. DISASTER BACKUP PROCESSING CAPABILITY. 179,000 proprietary funds

TOTAL MODIFIED BUDGET REQUESTS

TOTAL MODIFIED BUDGET REQUESTS	3.00 \$1,579,213	\$1,544,210
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