

MINUTES OF THE
LEGISLATIVE, JUDICIAL, ADMINISTRATIVE SUBCOMMITTEE

January 17, 1979
8:30 a.m.
Room 132
State Capitol Building
Tape Date: 2:2-4:920-end
2:1-3:0-228
Subject: Dept. of Administration

The meeting was called to order by Chairman Menahan. All members were present except for Representative Hand who was excused. Fiscal Analyst JanDee May was also present.

The hearings for the day were Department of Administration: Director's Office, Governor Elect, Architecture and Engineering, Purchasing, and Accounting.

DEPARTMENT OF ADMINISTRATION
Director's Office

Mr. Dave Lewis, Director, said the main problem was that the FA had assessed a vacancy savings and Mr. Lewis said there was no turnover in the office and it is very hard to accumulate the \$8,100 the first year and \$7,800 the second year. He asked the FA to reconsider in that area. He also said in operating expenses a major problem was in the area of printing. The FA did make a reduction in contracted services.

The agency request for funds for two typewriters and a calculator was reduced to just one typewriter. There is a difference between the FA and Executive regarding the revolving funds. The Executive recommended to use the revolving funds to support the Director's Office because of non-general fund operations. The FA and the agency feels it would cause excessive bookkeeping.

Governor Elect

These are traditional appropriations put into the budget every 4 years in case a new governor comes into office. Mr. Doyle Saxby said that the money pays for some of the governor's staff to get ready to move into office. He said over the years the amount hasn't increased and it does revert. The FA recommended line iteming. There was some discussion.

Architecture and Engineering

Phil Hauck, Administrator, said the Fiscal Analyst reduced the Architecture and Engineering request by \$18,368 and also reduced contracted services by \$14,000. Mr. Hauck stated the \$14,000 request included the lease payments for their duplicating machine, duplicating forms, printing of Long Range Building book, payments on general liability for the office, etc. It also handles all

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legal and advertising fees for projects and is used for hiring professional consultants. The Fiscal Analyst has also reduced their travel. Mr. Hauck stated that the travel is used by inspectors going around to jobs. Last year their travel was down because one of the inspectors was ill. He said that there will be more traveling this year. Mr. Hauck stated that they would like to keep the 1/4 FTE for summer help which they hire from the School of Architecture. The Fiscal Analyst had reduced their FTE by 1 1/4.

The response of the Fiscal Analyst was that the major cutback was not from what was spent last year but from what was requested this year. Architecture and Engineering had requested \$20,300 for consultant services over the biennium, yet, no money was expended in this area for 1978. The Fiscal Analyst said this was a major increase from \$0 to \$10,000 for each year. In the area of printing costs normal increases were allowed. The Fiscal Analyst said Architecture and Engineering had requested almost \$3,000 for other expenses and in 1978 they had only spent \$100 so the Fiscal Analyst's policy was to maintain a 0% increase.

Mr. Saxby gave some background on the case settlement for married student housing at Montana State University. For prior year 1978 expenses, the \$102,000 included the professional fees and litigation. The Fiscal Analyst said \$98,109 and this money was taken from the revolving account (1% charges on projects).

There was discussion on the Fiscal Analyst reduction in the area of travel and Mr. Lewis said they would talk specifically on the areas where the cuts had been made after they had a chance to review the Fiscal Analyst reductions.

The Fiscal Analyst has recommended that the majority of funding come from the 1% charge on "other fund projects". One alternative would be to fund the division out of general fund and assess the administration fee to the other projects and deposit into general fund. Second alternative would be to fund the division out of Long Range Building program, assess the fee to the other projects and then deposit that money into Long Range Building Fund.

Purchasing

Mr. Lewis remarked that they are having a major change in the division operation. Procedures would be tightened up. There will be work on standardization of equipment and value analyzing of requisitions. Their request includes money for automating records.

Mr. Luther Glenn, Administrator, stated that the difference between the Fiscal Analyst and the Executive was in the area of additional staffing which amounted to approximately \$82,000 - two specification writers and 2 inspection field men. The 2 inspection field men would work with agencies on large volume purchases to allow additional savings incorporated on the local level. Approximately 30% of total state purchases are on the local level. Of the 46 million expended for purchasing, 10% would fall into the incorporated

procurement program. On June 5, a memo was sent by Governor Judge. He recommended that the Department of Administration appoint a task force to control and consolidate purchasing so more savings could be realized.

Mr. Glenn mentioned a total refined system request of \$100,000.

There was discussion on the 4 additional people requested. This would be 2 above the Executive recommendation. The department did lose one FTE in the hiring freeze.

Accounting
SBAS

The Fiscal Analyst had no recommendation at this point until a fair monthly rate could be established for SBAS. There was discussion on the number of SBAS reports to different agencies and the amount they want to spend from their allocations for the reports they want. Terry Cannon said at the end of the year or each month a printout would show the amount of work done by each agency. The agency that uses the system the most would pay the most.

The Fiscal Analyst said she would have to adjust her recommendation up if the committee was to decide on the 2 additional employees for the accounting division. She had made no recommendations on this. She also stated that within contracted services there was a decrease. The Fiscal Analyst had looked at last year's expenditures and pulled all costs related to the SBAS upgrade. The Fiscal Analyst felt that now they had a bottom line for operations to which an inflation cost will be added.

Mr. Cannon stated that they cannot reduce the volume of data processing and could only reduce volume if agencies cutback. He said there is a staff of 3 programmers working on the maintenance of SBAS every day. The request for a monthly cost for SBAS is \$46,800 which is the average monthly for the past 6 months.

The Budget Office recommendation is approximately \$552,000 which is a \$220,000 in difference from the Fiscal Analyst recommendation. The difference between the agency request and the Executive is in the modified request.

Mr. Cannon said the difference in the personnel services budget, the Fiscal Analyst recommendation and the Executive is mainly brought about by the elimination of 2 FTE by the Fiscal Analyst. The other difference is the 8% vacancy savings being assessed. He stated that last year they had 3 retirements and did have a high turnover. They normally do not. The Executive was in favor of a normal 4% vacancy savings. The other request was for the purchase of a microfiche reader/printer.

The meeting adjourned at 10:00 a.m.

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Respectfully submitted.

William Menahan
William Menahan, Chairman

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