

MINUTES OF THE
LEGISLATIVE, JUDICIAL, ADMINISTRATIVE SUBCOMMITTEE

January 18, 1979
8:30 a.m.
Room 132
State Capitol Building
Tape Data: 2:1-3:233-end
2:2-2:0-168
Subject: Department of
Administration

The meeting was called to order by Chairman Menahan at 8:30 a.m. All members were present. Fiscal Analyst JanDee May was also present.

The hearings for the day were Department of Administration: Management Systems, Information Systems Division, and Computer Systems Division. Before today's agenda they reviewed some points on the Purchasing Division and Architecture and Engineering Division.

DEPARTMENT OF ADMINISTRATION
Purchasing

The Fiscal Analyst stated that in the meeting she had with the Purchasing Division they discussed the agency's request for new funding of an automated system and for additional FTE.

Purchasing would like \$100,000 to initiate an automated system that would give them standardized specs, an agency master file and an accurate vendors list. They also requested 4 additional FTE: 2 specification writers and 2 field monitors. They request \$12,000 more in travel for the field monitors. The Fiscal Analyst stated that this would be approximately a \$184,000 addition in 1980 and \$84,000 in 1981. The system would reduce clerical help but there was no mention that it would reduce FTE. Mr. Lewis added that there were 2 possible clerk positions that could be eliminated after the system was implemented. The \$100,000 for the system is an estimate.

The Executive recommendation was for 2 FTE and \$50,000. Mr. Eaton said the \$30,000 would be for 2 FTE. This would leave \$20,000 for the system which would allow only enough to lay out the plan. Mr. Lewis said they need enough money to bring the system up or they will have to wait. He said that the systems people had not come up with a firm estimate. Mr. Glenn said the \$50,000 was for the modified procedures. They need \$150,000 to include the system.

Architecture and Engineering

Mr. Phil Hauck and Ruth Coleman visited with the Fiscal Analyst

over concerns on the Architecture and Engineering budget. There was some confusion over the \$10,000 requested for possible consultant and legal services. The Fiscal Analyst stated that last year no money was spent for legal services or consultants. They did indicate that the \$10,000 could have been high and offered a \$5,000 figure. The Fiscal Analyst said that the one way to control this money would be to line item it. The program requested that the summer intern (.25 FTE) be reinstated. The only time they did not have the summer help was in 1978. They also requested more travel money. Should they hire the position this year, that was vacant through last year, they would need more travel money. Architecture and Engineering also requested that the funding source go totally to the Long Range Building Fund. The 1% collections from inspection fees could go directly into Long Range Building every year and the fund balance could revert to the Long Range Building Program at the end of each year. There was discussion on funding through Long Range Building and through general fund. Senator Lockrem stated that there is more control over money in the general fund.

Management Systems

The Fiscal Analyst made no recommendation for this program based on lack of documentation. Mr. Rod Sager, Administrator, commented on the fact that needs do change and it is hard to predict what projects will come up and which will take priority over others and at what times.

Mr. Sager went on to the budget modification request. There was nothing presented to the Budget Office or the Fiscal Analyst prior to the hearing. One reason was the consulting group Arthur Anderson & Company brought in to work with SBAS was to provide a listing of modifications to be done to the upgraded system when they left. This information was not made available and so they did not know what to estimate for the maintenance of the system. They requested some additional funding to provide minor system enhancements. The request is \$25,000 for data processing and one additional FTE to help implement the modifications and keep the system on a current basis.

Mr. Sager stated that the Property Accounting System is scheduled for implementation in May of this year. With this system the state will have information of all fixed assets within the state.

Senator Thiessen asked if this would include the university system and Mr. Sager said that it was available to them to use. Mr. Lewis said that the Legislative Auditor and all the auditors of the universities have recommended this.

The Fiscal Analyst stated that going back to 1976 there had been areas of concern about projects which have been appropriated for each year because they have not been completed. She mentioned that a major concern was the completion of the Montana Administrative Manual.

Mr. Sager referred to the documentation he had handed to the committee to show the hours worked on these projects and stated that the projects that were the most beneficial to the state at the time were given priority. There was discussion at this point and SBAS was also discussed in relation to some of the projects not being completed.

Mr. Eaton said the request for the SBAS upgrade came during the last Legislative session and there was no way for Management Systems to know this was to be their focus. He said that 85-90% of Management Systems total output has been directed to SBAS. He said that the SBAS direction had not come from in-house but primarily from the Legislature. There was further discussion.

The Budget Office recommendation for Management Systems was \$418,000.

Information Systems

Troy McGee, Administrator, presented to the committee a list of numerous projects they are working on and some which they have completed. He stated that the Information Systems Division is an enterprise operation. Their requested appropriation is for spending authority. The funds they receive are from billing other state agencies for services provided. Their budget request is an estimate for services they will be providing this next biennium. Mr. McGee said this is very difficult to estimate because they know of some work they will be doing but the unknown projects will be those requested by state agencies and funded by this Legislature.

The Fiscal Analyst's reductions are due to the agency coming down from a "high" with work on the SBAS project and also from reductions in the work load. The budget office also reduced the request. The Fiscal Analyst has recommended a \$15,000 deduction in personnel services which was for overtime. Mr. McGee said that they are responsible to respond to a problem at all times. They have requested \$15,000 for each year. Over the past 6 months, they had already spent \$13,000 of the \$15,000 in their budget for overtime. This was due to the implementation of SBAS during July and August. The Fiscal Analyst has also recommended a reduction in rent. The Information Systems Division rents space for which they pay \$38,000 annually. They also rent data processing equipment for \$40,000 and office equipment for \$12,000. The total is \$90,000. Since the budget has been submitted, there has been a decision to move to the Livestock Building which will save \$20,000 the first year and \$21,000 the second year. Also 2 pieces of data processing equipment have been purchased since the budget has been submitted and this will initiate a savings of \$9,000 annually. In their request, there will be a reduction of approximately \$29,000 the first year and \$33,000 the second year. Mr. McGee requested that the figures be changed to \$62,000 the first year and \$64,000 the second year for rent.

The Fiscal Analyst recommended that the total funds for education be eliminated. The Information Systems Division was going to send

individuals to technical schools out-of-state and they would return and educate others in the division. The Fiscal Analyst has cut the travel and they will not be able to do it this way. They request some fees to pay for the education through bringing consultants into the state or through the Personnel Division. They requested that the \$2,000 be added back in. The Fiscal Analyst has recommended that a separate revolving account be set up for Information Systems Division. Mr. McGee said they did not feel this was necessary.

The Fiscal Analyst said that in the area of the \$15,000 she could see where the money would be needed in cases of emergency calls. Mr. McGee said 90% of the overtime was spent for SBAS which they felt was an emergency situation. Mike Trevor, Computer Service Division, said they were responsible in many cases for the overtime of the Information Systems Division.

In the area of rent, the Fiscal Analyst said the rental projections from her office came from the current level. Last year, they had 3 terminals they paid rent on. Now they will have 7 terminals. This will increase costs to around \$9,200 without inflation factors. The Fiscal Analyst questions if 7 terminals were needed now after a slow down with SBAS. She said also there was some equipment purchased and Mr. McGee and she would get together to work this out. Mr. McGee, in response to the use of 7 terminals, said that a great majority of the work last year was being keypunched. They were not using the terminals because they were not available and now they are not going to be using the punched cards. With 34 FTE, they will have 25 analysts working on the terminals.

The Fiscal Analyst also brought out a major point on setting up a revolving account for Information Systems Division and the Computer Services. The program last year spent \$167,849 more than they earned and was subsidized through Computer Services. The Fiscal Analyst felt that this was not right as they were two separate operations. There was discussion on this revolving account.

Computer Services

Mike Trevor, Administrator, stated that all 19 agencies and the university systems are hooked up to the Computer Services Division. They are the central computer for state government in Montana. The Department of Highways and the Department of Justice are now operating off of the central computer system. The Department of Labor Employment Division is also operating off the center. The data center is an enterprise operation. The money received is through the charges to users. Through the machine unit hours the center bills the users. For current year 1979, the machine unit hours are 50,690. They are projecting that by the end of the biennium they will be processing 70,000 machine unit hours worth of work.

Through the teleprocessing area, state service is linked.

This is done with terminals. The center will have approximately 400 terminals, many of which are computers, by the end of the 1981 biennium. Currently, they have 227 terminals. For current Fiscal Year 1979 the projected figure for money expended is \$3,076,232. The rate that the center has charged the users has decreased. Mr. Trevor stated that by cutting the budget for the data center that the work volume would not stop. The Fiscal Analyst recommended a cut of \$471,709 over the biennium. Mr. Trevor said that during Fiscal Year 1978 and the first part of 1979 that they were not spending their budget. One reason was they were waiting for the consolidation of the Department of Highways and the Department of Justice. Another reason was their funds were depleted for spending.

They requested an additional \$7,000 to upgrade their computer with a more powerful piece of equipment than was originally budgeted for. They plan to buy a 37158 Multiprocessor for this upgrade and paying for it over 3 years at \$20,000 a month. This device new is \$2.2 million and the division is buying it used for \$850,000. Mr. Trevor went on to request a repair and maintenance contract for their uninterruptable power supply system which he said would cost around \$6,000 annually. This system needs to be maintained daily. They also request one FTE to use in their data base management area. Mr. Trevor said they they were requesting an additional \$216,000 over the biennium.

Mr. Trevor's other areas of concern were the out-of-state travel and education. He stated that the system programmers who keep the system going, would be the ones sent out for education. The estimates for bringing specialists here were substantially more than for sending the programmers out.

He said that they had requested 6 FTE in the modified and the Fiscal Analyst and the Budget Office cut this request. One FTE requested was a teleprocessing specialist. Mr. Trevor said by eliminating this position that it would be defeating the purpose of trying to centralized teleprocessing.

The Fiscal Analyst stated that the Computer Systems Division had a 13% vacancy savings last year. Mr. Trevor said that 5.3 FTE were never hired because of waiting for the consolidation of the two departments. Another reason was anticipating a large volume of work. The work did not come and the division held off on hiring. The Fiscal Analyst said the positions she was talking about were employed fulltime and being used periodically.

In the area of rent, the Fiscal Analyst said that in their request they are adding \$400,000 of new equipment they will be renting. She said they have purchased software and equipment previously rented and have made commitments to rent more equipment. The Fiscal Analyst felt that this was bypassing the Legislative process.

Mr. Trevor said that the technology changes so fast that they do not know what equipment they will be needing or what equipment

will be available. He also said that 45-75% of each rental payment for equipment could go toward future purchase if that option is taken.

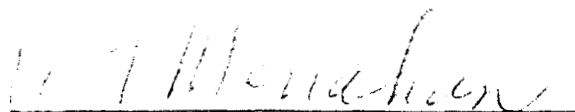
The Fiscal Analyst said a major point was personnel upgrades in the Information Systems Division which totaled around \$170-180,000. This money came from the equipment budget. Mr. Trevor said that there was \$1,019,425 appropriated for equipment for Fiscal 1978. The amount expended for consolidation was \$373,649. He stated they had approximately \$470,000 allocated for current level services and some additional amount for a memory upgrade which was implemented. There was question to whether it was necessary to do this upgrade.

Mike Meldahl, Data Processing Coordinator, stated that in the last biennium, Mr. Trevor has saved \$450-500,000 for the state in his purchasing of used equipment.

Mr. Trevor invited the committee to go through the Data Processing Center.

The meeting was adjourned at 11:45 a.m.

Respectfully submitted.


William Menahan, Chairman

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