

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUBCOMMITTEE ON  
ELECTED OFFICIALS AND HIGHWAYS  
January 31, 1983 (Tape 43 and 44)

The Appropriations Subcommittee on Elected Officials and Highways met on January 31, 1983 in Room 437 with Chairman Quilici presiding. Those present:

Chairman Quilici  
Rep. Connelly  
Rep. Lory

Senator Dover  
Senator Van Valkenburg

Senator Keating and Senator Stimatz were excused.  
Also present: Doug Booker, OBPP, and Cliff Roessner, LFA.

HEARINGS:

Supreme Court Budget  
District Court Operations (Exhibit 1)

Mr. Mike Abley, Administrator for the Courts, explained the state funds, the salaries of the District Court judges and their travel. The Court has had authority for some time to call in retired judges on an individual basis to handle cases, disqualifications, etc. These funds cover the difference between the judges' retirement pay and the salary they would be getting on a daily basis, plus per diem.

Several years ago they arranged a lease agreement for seven cars for the district judges. They still have those cars and they will retain them as long as they can run them economically.

He explained the travel covers the per diem and mileage for the judges and also includes some funds for training. They have always had funds for training but they have boosted it up somewhat this time. In their requests they have eight or nine new district judges. Travel money is requested for sending them to the national college for three or four weeks for jurisdiction training. They would like to continue this. They have also put money in the budget, in case the courts decide to do so, to have continuing education requirements for district judges as it has for the bar.

Senator Dover noted that it was a tremendous raise from \$85,000 to \$136,000 for the travel. Mr. Abley explained this does include the normal increase. The primary increase is for the training for the judges. Mr. Abley also explained that they can attend up to two of these training sessions per year. Some of these schools are four weeks, but usually they last about a week. Mr. Abley listed the names of the new judges who will

be qualifying for this type of training. The most substantial portion is based on the potential that the district courts will rule on continuing legal education for judges.

Mr. O'Brien stated that in determining the amount of money for the additional travel and training the LFA assumed that there was a certain amount in the base already for travel and training for a number of judges. He then added what he felt would be an appropriate amount onto the base so their differences arise out of the number involved in the additional request for travel and training at the National Judicial College.

Rep. Lory asked about the amount budgeted in "personal services" for retired judges. Mr. O'Brien explained this amount was in addition to the regular salary they receive from their pensions. He further explained it is not uncommon to call retired judges back in for special cases.

#### WORK SESSION

##### Adjutant General

##### Army National Guard Program 02

Mr. O'Brien referred to Exhibit 2, (the spread sheet the LFA had prepared) and explained that the differences arose primarily in base adjustments. He explained Column 1 represents actual expenditures for 1981 and Column 2, FY82 represents the base used by the LFA, Column 3 indicates the percentage rate of increase of FY82 over FY81. Column 5 of FY82 actually reflects the base numbers used by the LFA to establish their budget. The FY83 request in Column 6 includes the base adjustments requested by the Army National Guard program and the percentage rate of increase over the actual '82 base.

He explained that on "contracted services" the agency request for a total budget of \$54,905 and the difference of \$10,000 is primarily in the boiler maintenance program. One of the justifications offered by the Department of Military Affairs program was that it would be cost effective, reduce repair and maintenance costs and reduce utility costs. This fact was also brought out in the letter from the Department of Military Affairs from General Duffy. (Exhibit 3) In "communications" the agency expended \$25,950 in FY81 and in FY82 they

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were authorized by the Legislature to spend \$54,000 in this particular category. Now they are using a base of \$60,296 which represents an increase of 132.35%. They are asking that this base for communications expense be increased to a total of \$96,640. Mr. O'Brien pointed out that the percentage rate of increase is the increase above the actual in addition to the FY82 base and not from fiscal 1981 to 1982. He pointed out also that in FY80 the program outspent its authorized level by approximately \$20,000, and this is what led to the increase in FY82.

The next major difference is "utilities." In FY81 the agency expended \$270,276 and the LFA base was \$349,025. This represented a 32.8% increase. The agency is asking for a base adjustment of \$384,785. Mr. O'Brien pointed out to the committee on Saturday that the Governor's Council on Management has criticized the Army National Guard program for their not having an energy conservation program. The LFA has also requested from the Department of Natural Resources, energy consumption sheets which demonstrate the actual usage of FY81 and FY82 of gas and electricity.

In "repairs", FY81, the agency expended \$40,115 and in FY82 they expended \$55,411. This was substantially less than was authorized by the Legislature. The Legislature did authorize an increase of 50% over the FY81 amount. They are now asking for a total amount of \$130,537 which represents a major increase in this category. It is important to realize that this line item would be primarily general-funded as opposed to being primarily federally funded.

Discussion of retrofit as it applies to saving on utility bills. It was pointed out that they put off repairs and maintenance during the winter months so they have enough to pay utilities and then do repairs in the summer. It was noted that the \$225,000 that was spent on the headquarters building can now be tracked at a payback of 18 years.

Chairman Quilici asked the agency to respond to the criticism that the department has received regarding energy conservation. Capt. Cottrill showed the committee a chart they had prepared on usage at Ft. Harrison Armory (see Exhibit 4) which makes up 28% of their total natural gas budget each year. He explained that it showed electricity has remained about the same and the chart shows how the average temperature per day had an effect on consumption. 1982 and 1979 must have been colder winters as there was no change in any construction or facilities

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at this site during the time from 1978 to 1982. He explained by the charts that consumption was less in 1981 but the cost of natural gas had gone up considerably.

When asked if they had analyzed what they could do to retrofit to cut down on costs, Capt. Cottrill stated they are asking for \$70,000 to do some retrofit on the buildings at Ft. Harrison. (These are federal dollars spending authority they are asking for.) He added these buildings are federal buildings and the federal coverage does pay for 75% of the utility costs and would pay 100% of the retrofit. They are asking for spending authority for this money. The only building they have effectively retrofitted has been the headquarters building here in Helena. They did cut their utility request in that program.

Gen. Duffy added that the Armories are also used by the public for various functions in the community and therefore more energy is used. He explained that in some areas if they don't let the public use the armories for various activities they have received many phone calls and visits from concerned townspeople as to why they cannot use the buildings.

Capt. Cottrill stated they currently have a full-time federal employee who is charged as an energy conservation officer as an additional duty and he does not feel that he is going to be able to monitor this program to make sure it is done correctly. One of the ideas he was going to present to the Adjutant General was that the Maintenance bureau chief take over the energy conservation officer and he could then determine energy usage, conservation measures and tie in retrofit all as a part of his job.

Chairman Quilici noted that a very real problem is the "communications" costs. In FY81 communications costs were \$25,950 and in FY82 they were \$60,296. In comparing the actual request for FY82 of \$96,640, he felt this was quite high.

Capt. Cottrill explained the increase from \$60,296 to \$96,640, that \$34,000 of that was to bring a federal communications contract spending authority to their operating budget. In the past they have had this contract and spent the money on communications and taken the money that the federal government gave them and used it to offset those communications costs. Therefore, the actual expenses don't show up in their operating budget. They are now asking that this be increased so they can have spending authority to continue with this contract.

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Capt. Cottrill went on to say that he had talked over the past weekend with the federal contracting officer and told them they were having difficulty with communications in the subcommittee, and that it may very well be that they might not be able to convince the committee to allow them to have the spending authority and what their options would be if this were to occur. He stated that the officer said they would go to the National Communications Agency in Maryland and ask them to contract for telephone service for the federal employees for the Montana National Guard. This contract would be let through Maryland and paid through Maryland so there would still be phones for these technicians. It just won't be passed through the State of Montana. He stated the biggest inconvenience he could foresee would be that Gen. Duffy would have to dial a 7 digit number to call the officer right next to him. The other factor would be that the money may very well be spent in some other state besides Montana.

Mr. O'Brien asked for clarification from the agency. He stated he thought that the communications cost for the federal employees was included in the administration program and for Gen. Duffy, and he thought this related to the National Guard armories throughout the state.

Capt. Cottrill stated it is not in the administration program, the administration program is 100% general funded and it is primarily those communications for the general's staff which are not under the communications contract with the federal government. The Army program uses statewide Army programs and the communications contract does come under the Army program.

Rep. Lory asked for clarification if there was \$34,000 in federal funds in the 96th that have not been in there before, and if he is actually asking for an increase of \$2,000 for FY82. Mr. Booker stated they took into consideration the fact that the armories would be paying Mountain Bell expenses, and he does not believe that the LFA did. So the armories will be paying the Mountain Bell inflation rate. He does not feel that the LFA took this into account. This is a substantial amount.

Capt. Cottrill then demonstrated on the chalkboard the following: for FY84 over FY83 they are asking for \$45,747 in additional general fund without the insurance package. They are asking for an increase of \$182,365 in federal and private revenues.

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(Begin Tape 43, Side B)

In discussion, Capt. Cottrill also stated they are not asking for \$236,000 for insurance; he is being told to provide that amount. Senator Van Valkenburg stated the reason they are being told this is because the Guard is a liability to the State of Montana. Gen. Duffy added that as of December 25, 1981, the National Guard employees are covered under the Federal Court Claims Act, which they were not before. The liability of the state is much less as a result.

Mr. Booker stated that the OBPP has taken an effort in FY84 to maximize the federal dollars where in the past they have asked for the contract administrator position from modified to maximize this area. They feel they can bring in \$14,000 to \$16,000 a year more with the contract administrator. The budget was based on this premise.

Army-National Guard Program (Exhibit 5)

Senator Dover made a MOTION that we approve of 13 FTE's.  
Motion carried.

Gen. Duffy stated in discussion of "repairs and maintenance" that he could guarantee that next time they will not come back in this shape, and the work will be done one way or the other. They will have things better scheduled and the money will be spent for the repairs. Gen. Duffy stated the armory in Harlowton is in the preliminary design stage. In Havre, they had difficulty obtaining the ground for the building, and they are attempting to get things going again there.

In discussion on the remainder of the budget, Capt. Cottrill stated the figures in "contracted services" would add up to \$293,687 for FY84, adding the adjustment to the LFA budget and for FY85 it would be \$297,204. In "supplies and materials" the amount would be \$23,195 in FY84 and \$24,583 in FY85.

In "communications" the amount would be \$108,929 for FY84 and \$128,645 for FY85.

In "Travel" there is no change and "rent" is okay also.

In "utilities" the numbers are \$506,660 for FY84 and \$613,697 for FY85.

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In "repairs" the amounts are \$146,660 and \$155,453 and "other" would be the LFA figures.

In "equipment" Rep. Lory asked if the \$1,479 would go back in for FY84 and \$400 in FY85. "Equipment" was primarily grounds maintenance equipment.

Senator Van Valkenburg asked if there was any difference in the general fund National Guard funding sources. Capt. Cottrill said with the adjustments back in, the general fund would be \$927,247 in FY84 and \$1,059,331 in FY85. In federal and private revenue it would be \$420,573 in FY84 and \$431,509 in FY85.

Capt. Cottrill explained, in answer to a question from Rep. Lory, that the insurance increase shows up in "contracted services." In this budget it went from \$2,673 a year to \$236,207 a year. He explained all the insurance costs are general fund because the federal government does not participate at all in insurance.

In response to a question from Senator Dover concerning the radios, Capt. Cottrill stated their request is for their own system. He estimates that it will save some \$6,000 in long distance telephone calls. They will require that inter-office communications be made on the radio system rather than making phone calls. Mr. Booker added they had deducted \$6,000 from their base for the radio system if it is approved in the OBPP budget.

Rep. Lory MOVED the LFA for all the "operating expenses", and the remainder of the budget with the figures that the Captain just gave the committee. Question being called for, the motion carried.

(For clarification, Chairman Quilici explained the motion went with the LFA figures with the projected increases to the LFA's budget, and it will come out lower than the OBPP.)

Senator Dover then MOVED the entire budget as amended. Motion carried.

Air National Guard Budget 03 (Exhibit 6)

Senator Dover MOVED to accept the 16.5 FTE's. Question being called for, the motion carried.

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In "contracted services" there is an increase to the LFA FY84 budget of \$1,466 and \$1,544 for FY85 for inclusion after closing expenditures. Capt. Cottrill said this was an error on their part where they paid some bills that were overlooked until after the budget had been prepared. This would make it \$15,130 for FY84 and \$16,027 for FY85.

In "communications", Doug Booker added that they will not be under the Centel System, so there will be higher inflation rates. In the LFA in "communications" it would be \$12,489 for '84 and \$14,886 in '85.

Chairman Quilici asked Mr. Booker from OBPP if this was all built into the Governor's budget, and Mr. Booker replied that it was.

Chairman Quilici asked Capt. Cottrill to give them a total adjusted budget on "Utilities." He stated it would be \$369,539 in FY84 and \$449,075 in FY85. Mr. Booker stated their figures for utilities were actual cost plus inflation factors.

Capt. Cottrill explained that the federal government picks up 80% of this entire budget except for communications costs.

In "repair and maintenance", Capt. Cottrill stated they were asking for \$48,314 in '84 and \$51,209 in '85.

Senator Van Valkenburg stated that this shutdown could be more than a one-time savings. He feels that they could shut down in the summer months and realize more savings. The general replied they could certainly give it a try. He has a man he has assigned to try to save dollars wherever they possibly can.

Capt. Cottrill noted that the \$10,000 one-time savings for utilities projects out to '84 at \$13,500 and for '85 \$16,535. The net figure for utilities, if this adjustment were taken out, would be \$356,039 for '84 and \$432,540 for '85.

Senator Dover then MOVED to go with the \$356,039 in FY84 and \$432,540 in FY85 on "utilities" and accept the rest of the LFA's adjustments. Question being called for, the motion carried.

Senator Dover then made a MOTION to accept the Air National Guard budget as amended. Motion carried.



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Army National Guard Program 02

Capt. Cottrill stated the adjusted figures for the army program for utilities would be \$493,160 in FY84 and \$596,962 in FY85.

Senator Dover made a MOTION that the committee reconsider its action on "utilities" on the Army Guard program and change the "utilities" to \$493,160 and \$596,962 in FY85. Motion carried.

Budget Modifications

Army National Guard, Radios 23 (Exhibit 9)

Capt. Cottrill explained the \$120,600 is a one-time expense, and of this \$42,350 will be federally funded. He pointed out that Senator Dover will be holding a committee hearing on communications, and it might be wise to hold off action on this until later.

Rep. Lory stated that the SECURE radio system is a totally separate band, and it does not tie in with other systems; so he did not see the reason to delay.

Townsend Training Site 21 (Exhibit 7)

This program will provide additional supplies and equipment support for the Training Site to allow additional usage and to fund the three additional FTE's to support the National Guard maintenance workers.

(Begin Tape 44, Side A)

Senator Dover MOVED that the committee accept the three FTE's. Senator Van Valkenburg is not convinced that there will be any long-term savings from this, and he feels it needs to be documented better before he is convinced.

Gen. Duffy stated what he is concerned with is the readiness of the Guard to be prepared for combat. The National Guard is being called on to provide about half of the combat power, and they have to be prepared.

Senator Van Valkenburg stated he thought the main reason they wanted the extra FTE was for maintenance, not for training.

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Gen. Duffy replied these people would be used in a dual capacity for the maintenance of buildings and during the summer months to run the training site. At the present time the mechanics from his unit equipment training site are running the site, and these are all mechanics with the exception of one supply person. He also noted the Ft. Harrison maintenance foreman is the one who performs maintenance on the range, and this distracts from his ability to do his job here during the summer. Questions being called for, the motion carried with Senator Van Valkenburg and Chairman Quilici voting "no."

Capt. Cottrill added he could get with Gen. Duffy and rework the Maintenance Division to see if they could come up with a different configuration.

Army National Guard Program 1 FTE (29) (Exhibit 8)

This budget includes \$6,000 for the one FTE and the remainder will be picked up by the National Guard or federal funds. The agency feels this contract administrator will be cost-effective in getting the full maximum federal dollars into their programs. Mr. Booker stated they relied on getting this FTE in their budget to maximize the federal dollars, and he also feels this will be a cost benefit to the state.

Rep. Lory MOVED to approve the one FTE in this modification. Motion carried.

The committee recessed briefly.

Secretary of State  
Records Management Program (Exhibit 10)

There is a difference of .5 FTE. Mr. Roessner explained this position was only filled for part of the year. Mr. Akey from the Secretary of State's office testified earlier that this position is needed in order to maintain one of the new systems they are bringing up.

Mr. Akey stated this .5 position was held open during FY82 as a result of the partial funding of the pay plan. The last session did not provide full funding for the pay plan that was authorized, and agencies, in order to meet this pay plan, had to leave certain positions open. This was the position they left open. Without this position, he added, they would not be able to meet their statutory deadlines and processing of corporate annual reports.

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Senator Dover MOVED the 26.67 FTE. Question being called for, the motion carried.

In "contracted services" Mr. Roessner explained part of the difference was because in the executive budget they have included what the LFA has identified as issues in current level. After calculation, Mr. O'Brien brings up \$94,317 in FY84 as amounts they have identified as issues, and did not include these in current level.

Mr. Akey stated that the major difference between the LFA and the OBPP is in the removal of their systems development project for records management, breaking this out as a separate issue. The Budget Office and the Secretary of State's office consider this to be a part of their current level. The \$47,865 figure is one that separates out the systems development project. He pointed out even in an "apple to apple" comparison, there is a difference of \$23,380 and most of this is in computational errors in the LFA budget such as failure to include a couple of base figures, failure to inflate their printing exceptions and failure to include their travel base. He added that in the \$47,865 figure there is \$3,000 included that shows up in the administrative rules program. If they are funded there, they would not need them in records management. Larry Akey stated the figures would be \$18,923 in FY84 and \$23,040 in FY85.

Senator Dover MOVED in "contracted services" that the committee accept the LFA plus \$15,823 for FY84 and the LFA plus \$23,040 for FY85. (The motion would exclude the audit costs of \$3,000 for FY84.) The question being called for, the motion carried.

Chairman Quilici pointed out for the committee that in "supplies and materials" and "communications" there was not much difference; in "travel" there is a difference of \$2,441 in FY84 and \$2,441 in FY85. Mr. O'Brien stated this was due to the analyst not picking up the amount off the B-22 that should have been plugged into actual '84 and '85 figures. He stated he would agree with \$2,441 in both years.

Senator Van Valkenburg asked what the exact travel expenditures for FY82 were and was told they were \$17,541 in FY82. Mr. Roessner explained there was \$3,325 that the agency deleted in "travel" and they also requested a deletion of \$1,495 in meals and \$718 in lodging for election training workshops.

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They then requested, in addition to their budget, \$3,225, \$1,495 and \$718 uninflated for these same costs.

Senator Dover made a MOTION to accept the LFA "operating expense" plus the \$2,441 in "travel" in FY84 and \$2,441 for FY85. The rent will be adjusted. Question being called for, the motion carried.

Senator Dover MOVED to accept the Records Management Program budget as amended.

Senator Van Valkenburg asked for clarification if the committee was specifically not allowing funds for the attorneys' fees with this motion. Rep. Lory stated he was puzzled why it did not go through the Board of Examiners.

The Secretary of State's office stated that this goes back to the liquidated, non-liquidated claim basis where the non-liquidated claims go through the Board and the liquidated claims do not. Mr. Booker stated he would find out for the committee.

Mr. Akey stated they made the decision to go with outside counsel on the ethics case simply because it was a case they had not built into their counsel's workload. It was a major defense of a constitutional question and they felt, rather than slighting the defense of the constitution, it would be best to go with outside counsel. He stated also they had not gone through the Review Committee for obtaining outside counsel.

Senator Dover then WITHDREW his MOTION until further information was obtained.

Administrative Rules Program (Exhibit 11)

Senator Van Valkenburg MOVED to approve the 2.5 FTE's in this program.

The reason for this, he stated, was that the one that he would remove would be the position associated with the Administrative Rules Indexing Project. He felt the committee had seen the index that had been prepared. He felt this was a fairly complete index and that the indexing program was a bit of a luxury because the index, as it sits, is adequate.

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Mr. Akey explained that the 2.5 FTE figure not only excludes the indexing position but also excludes a position for one FTE beyond what their current level is. If the committee adopts the 2.5 they will be forced to cut back on current operations in that program. The way this would be done is simply by cutting back on the number of times they publish the ARM/MAR. This impacts on other state agencies that will no longer be able to get their rules before the public in a timely manner.

Senator Van Valkenburg stated it was not his intention to cut out what he considered to be current level.

Senator Van Valkenburg then WITHDREW his original MOTION and MOVED to approve the 3.5 FTE's in this program. Motion carried.

Chairman Quilici stated that he understood the \$62,710 was really too much in the LFA's budget and they could live with the amount in the executive budget.

Larry Akey then stated that, as a result of the actions just taken in the records management budget, they do need the \$3,000 in the administrative rules budget for audit fees to the Legislative Auditor. They are asking that the committee approve the LFA's operating budget.

Senator Van Valkenburg MOVED the adoption of the LFA "operating expense" budget for the administrative code program. Motion carried.

Mr. Booker wanted to discuss the funding of this program. He stated where they are proposing \$109,000 in general fund, the LFA is \$80,000. He further explained that in their budget they put together in working with the Secretary of State what they are going to charge for the rules that agencies have to pay. They based theirs on \$25.50 per page, and the LFA's is on the old rate of \$13.50 per page.

(Begin Tape 44, Side B)

The charge being proposed at the present time is \$25.50 per page. The current rate for filing fees for agencies is \$13.50 per page. With the LFA proposal the general fund picks up a greater share of the program than they are currently picking up. With the OBPP and the Secretary of State's

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budget the proportion between the two is maintained and a fee increase would have to be put into place.

Chairman Quilici asked if the charge for the rules was a revolving fund and was told this was so. For clarification the OBPP would be \$103,467, which would be charging \$25.50, and they would need \$108,975 general fund. The fees charged do not pick up the full costs of running the code program. Mr. Akey said those people who are subscribing to the rules pay the cost of their subscription and the free copies are funded out of general fund.

Mr. Booker stated, to clarify this, that perhaps the committee should act on the full budget and let them get back together with the LFA to see what the two fundings would be, and then they could make a decision on the \$25.50 or the \$13.50.

Senator Dover MOVED to accept the Administrative Code Program budget as amended, with the understanding that the OBPP and the LFA will get back to the committee with these figures just discussed. Motion carried.

Budget Modifications (Exhibit 12)

Chairman Quilici explained that in looking at the records management program there are differences. Mr. Roessner stated issues one and two go together. Issue one is the cost it will take to finish the systems development for the corporations and UCC. The reason they brought this forward as an issue is that the ongoing costs for this system could be greater than maintaining the system manually.

Mr. Akey stated that the corporate automation project is one that they believe will save the department money in the long run. The costs are likely to be higher until FY87 because of the cost of developing and incorporating the system into operation. On the one hand, they will have an automated system that will allow them to operate at existing staffing levels in the future. If they stay with the manual system they will see a rationing effect as they add increased personnel in order to handle the system and in order to handle the statutory requirements of the law.

He stated that once they get to FY87 and beyond, this will no longer be true. At the present time it is more expensive to convert and operate this system in this fiscal biennium than

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to maintain the system manually. He wishes to point out, however, that they have roughly \$160,000 invested in the system, and if they don't receive funding at this time, that investment will go by the wayside. The costs to the taxpayer are going to be substantially higher five or six years down the road.

Senator Van Valkenburg stated to Mr. Akey, that in 1981 the money that was appropriated was supposed to accomplish all this. The \$110,000 that was appropriated proved to be an extremely low estimate, and that is why they are back asking for money to complete the project. As a result of restrictive language in HB 500 last session, they had no choice but to go with the Department of Administration.

Mr. Akey went on to say that at the last session the discussion was whether or not to have it done by the Department of Administration or to have it done in-house by the Secretary of State. At that time the prevailing philosophy in the Department of Administration was that everything ought to be hooked into the "central facility." In the last two years this philosophy has changed somewhat and he feels now they would be more than willing to have it developed in-house. He continues to believe that they could have operated in-house at a lower cost than going with systems development, but the decision was made last session and this is what they are locked into.

Senator Van Valkenburg asked Mr. Akey if they took some of the conversion money and spent it on development. Mr. Akey said this is what happened. In order to continue with the project, they had to take some of the money that they had set aside for conversion and spend it on systems development in order to keep the systems development going. That is the reason they are back asking for \$39,375 in "contracted services" for data entry. They believe they can complete conversion on the UCC portion of the automated system by the end of this fiscal year and they are not requesting any additional money for UCC.

Senator Van Valkenburg asked what the benefit would be to the state. Mr. Akey replied the corporate portion of the project is really the big portion of the systems development project and the big part of what they do in the Secretary of State's office, or roughly 60% of all their activities. This will give them the ability to handle roughly 80% of the informational requests they receive virtually on the spot.

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They do not currently charge for telephone requests and he could not foresee how they could under the present system. They do charge fees for all of their filings and for any copies that people wish to make.

Corporate Automation Project (Exhibit 12)

Senator Van Valkenburg stated this was a good project, one that the public might benefit from, but one which he doesn't feel is affordable unless people pay for it in user fees.

Senator Van Valkenburg MOVED that this be denied. He said he had no objection to having the Secretary of State look into the possibility of having more fees charged.

Rep. Connelly made a SUBSTITUTE MOTION to fund the corporate automation project. Motion carried with Chairman Quilici and Sen. Van Valkenburg voting "no."

(For clarification, Chairman Quilici restated that the \$110,250 for FY84 would take care of the data entry system, etc. and the \$75,127 will be for ongoing costs for FY85.) Mr. Akey stated this was correct.

ARM/MAR Indexing (Exhibit 12)

Senator Van Valkenburg made a MOTION to deny the modification on the Administrative Rules Program because he feels the indexing they have now is adequate. Motion carried.

Microfilm Corporate Records (Exhibit 12)

Senator Van Valkenburg stated this would be a nice thing to do, and if we were dealing with a general fund surplus at this time he would say "yes", but since we are not in that situation he does not feel that we can.

Senator Van Valkenburg MOVED that this funding be denied. Motion carried. Rep. Connelly voted "no."

Notary System Development (Exhibit 12)

Senator Dover made a MOTION that this system not be accepted. Motion carried.

This completed the Secretary of State's budget.



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Commissioner of Political Practices (Exhibit 13)

Rep. Lory made a MOTION that the committee approve the 5 FTE's.  
Motion carried.

Senator Dover MOVED to accept the LFA budget, except "Supplies and Materials" should be OBPP.

Mr. Booker stated at this time that the analyst who put this budget together did omit a \$1,200 item in "supplies and materials" that should be included in the base for a copy machine.

There is a difference in "travel" of \$1,400, it was noted.  
Ms. May stated that it was just a matter of their office coming back to the agency and requesting that the agency really look at their budget to see if there was any place they could reduce. They felt they could reduce travel. This was a cost-saving measure.

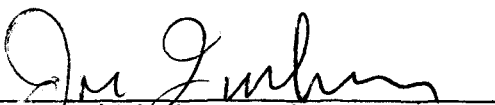
Senator Dover RESTATED his MOTION that the committee approve the OBPP for "travel" and "supplies and materials" and "equipment", and the balance will be LFA in "contracted services."  
Ms. May stated the difference in "contracted services" was a part-time secretary for times when they are extremely busy.  
Senator Van Valkenburg stated he thought this was part-time accounting students and Ms. May stated he was correct.

Rep. Connelly asked where the cost for the book they just published appears in this budget. She was told it was in "supplies and materials." She asked if the committee could just delete the cost of this, as she feels if anyone wants to know what is spent they can go to their county courthouse to look up the records. Mr. Akey responded the reason they published the book was because they were required to by statute. If this is taken out he would request that they change the statute.

Question being called for, the motion carried.

Senator Dover MOVED that the committee accept the Commissioner of Political Practices administration budget as amended. Motion carried.

The meeting was adjourned until tomorrow morning at 8:30 a.m.

  
\_\_\_\_\_  
Joe Quilici, Chairman

DISTRICT COURT OPERATIONS

	<u>FY83 ACTUAL</u>	<u>FY84 REQUESTED</u>	<u>FY85 REQUESTED</u>
FTE	32.00	32.00	32.00
Personal Services			
Judges	1,466,912	1,472,558	1,466,916
Retired Judges Compensation	11,000	11,984	11,984
Benefits	<u>207,888</u>	<u>206,102</u>	<u>207,337</u>
Total	1,685,800	1,690,644	1,686,237
Operating Expenses			
Lease Cars	10,016	13,082	14,143
Travel	<u>85,806</u>	<u>136,624</u>	<u>142,333</u>
Total	95,822	149,706	156,476
TOTAL PROGRAM	1,781,622	1,840,350	1,842,713

Military Affairs / Army National Guard - Base Adjustment

		FY 81	FY 82	% Increase	FY 82 Actual	FY 82 Request	% Increase
1	Operating Expenses			1			
2	Contract Services	364107	434444	13.11	434444	549005	26.38
3							
4	Supplies	227135	271175	19.52	271175	233333	(14.13)
5							
6	Communications	25950	40296	132.35	40296	96640	40.21
7							
8	Travel	1415	2587	62.82	2587	1587	(38.15)
9							
10	Rent	14666	14556	(.75)	14556	14556	—
11							
12	Utilities	270276	359025	32.83	359025	384785	7.17
13							
14	Repairs	46115	55411	38.13	55411	130537	135.57
15							
16	Other	13814	13359	(3.2)	13359	13359	—
17							
18							
19	Total	427328	575853	34.74	575853	719702	24.98
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							

Exhibit 2  
1/31/83

Line Item 2100 - Contract Services does not include major increases in insurance of 235,007 per fiscal year.

# DEPARTMENT OF MILITARY AFFAIRS

Exhibit 3  
1/31/83



TED SCHWINDEN, GOVERNOR

P.O. BOX 4789

## STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL

HELENA, MONTANA 59604

18 January 1983

Representative Joe Quilici, Chairman  
Joint Appropriations Committee  
Elected Officials and Highway Committee

Dear Representative Quilici:

As I read thru the narrative portion of the Legislative Fiscal Analyst's Budget I was somewhat dismayed at the comment on page 283 that "the legislature should require the agency to present information regarding funding, as the general fund may be paying more than necessary." Although no member of your committee or any other member of the 48th Legislature has requested the information, I feel I must respond to the comment.

The Federal and Private Funding of the Army and Air National Guard programs are rather complex and can be somewhat confusing. Some buildings are eligible for support and others are not, some F.T.Es. receive Federal support while others doing basically the same duties do not. All this takes time to review and sort out before it can be fully understood. Because of apparent personnel problems the Fiscal Analyst officials explained to a member of my staff that they wanted to complete the Adjutant General portion of the Budget in a half a day at the agency. This is hardly enough time to grasp the mission and problem areas of the Guard let alone sort out its funding.

The General Fund share of the total monies spent annually by the Guard in Montana is 3% (see attached chart). Yet that 3% is the foundation for the entire program and without it the 97% could be withdrawn by the Federal Government. Not all of the annual program is appropriated thru the Legislature because much of it is direct payments from the Federal Government in support of the Federal mission. Those which are appropriated thru the Legislature are those funds which include either State cost sharing or over which the State maintains control. We are continually attempting to move expenses from the General Fund ledger to the Federal Fund ledger and have done so in our 84/85 biennium budget submittal. Excluding insurance the Fiscal Analyst's budget for FY 83 reflects that 45% of the Adjutant General's appropriation is supported with non-general fund monies and in FY 84 the same budget reflects that 49% of the appropriation is from non-general fund sources, a shift amounting to over \$75,000.00.

Representative Joe Quilici

18 January 1983

The primary source of Federal Funding comes from 4 separate contractual agreements between the State of Montana and the Federal Government. The following is a short explanation of each contract.

**Army National Guard Training Site Contract:**

This contract states that the Department will provide labor support to the Ft. Harrison/Limestone Hills training site near Helena. The labor will be primarily maintenance oriented and the applicable costs, as determined by a work log/time log system will be reimbursed to the State, to the maximum extent allowed under the contract. All other expenses for the maintenance of the contract will be paid by the Federal Government directly to the vendor but must be purchased in accordance with State of Montana purchasing rules and regulations.

**Army National Guard Service Contract:**

This agreement is an annual, written, Federal fiscal year agreement between the State and the Federal Government. It provides for the reimbursement of operational and maintenance expenses on a 75% Federal, 25% State funded basis for non-armory facilities. Non-armory facilities are those facilities which exist primarily to support the day-to-day Federal operation of the National Guard, such as Maintenance Shops which work only on Federal equipment or office buildings occupied only by Federal employees in support of Federal functions. It does not include National Guard Armories. They are a 100% State responsibility for operation and maintenance. Because the Federal Government wants to be assured that their non-armory facilities will be properly maintained, the contract establishes a minimum amount which must be spent on maintenance. If this minimum is not met they withdraw a prorated share of the operational expenses (utilities) from reimbursement thus forcing the State to absorb 100% of the costs. This requires the department to set aside for contract use only, a large share of its repair and maintenance budget.

**Air National Guard Service Contract:**

This agreement is basically the same as the Army Service Contract except that it supports all the Air National Guard facilities at Great Falls. No non-supported facilities are located on the base, and the funding is 80% Federal and 20% State and is on a reimbursement basis.

**Telephone Communications Service Agreement:**

This contract is to provide telephone service to those Federal employees whose duties are in support of the Guard's Federal Mission. This contract is for reimbursement of expenses based on a rather complex formula allowing for a specific number of

Representative Joe Quilici

18 January 1983

phone lines and extensions per so many employees, per installation. This contract has not been included in our operating budget previously but is included this time at the request of the Legislative Auditor.

As I am sure you can see, the Department has some flexibility in the administration of the contracts which tends to make guarantees of Federal funds within a particular category impossible. The funding split by expense category is based on our philosophy of operations over the next biennium. The information provided the Fiscal Analyst's Office as to categorical funding breakouts was qualified by that fact.

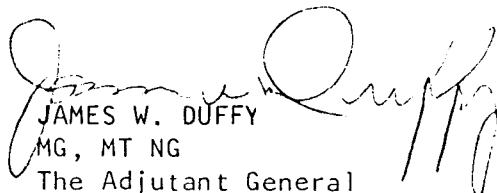
Two modifications to our operation plan have been submitted to your committee for consideration and we feel both will assist us in the management of the contracts.

The first is the Maintenance Bureau. The Department presently does not have any one person in charge of maintenance and as a result our maintenance program has been a hit or miss situation. I feel the organization of a maintenance bureau will allow for a more efficient use of appropriated funds to meet the above contract requirements and at the same time improve technically qualified personnel to be available to support our requirement and will allow for better use of personnel than is presently being done.

Second is a Contract Administrator Position. The Legislative Auditor recommended that more time be spent reviewing the Department expenditures to insure that all applicable costs are charged against the contract. Our present staff consists of one Accounting Technician who is charged with the financial administration of the entire Adjutant General Division to include typing claims and payroll. This person cannot assume any additional duties. The Contract Administrator can be paid on a cost sharing basis out of the contract and I feel the position will be actually self supporting in that it should more than make up the 18% State share of salaries thru closer scrutiny of all claims in search of those applicable to the contracts.

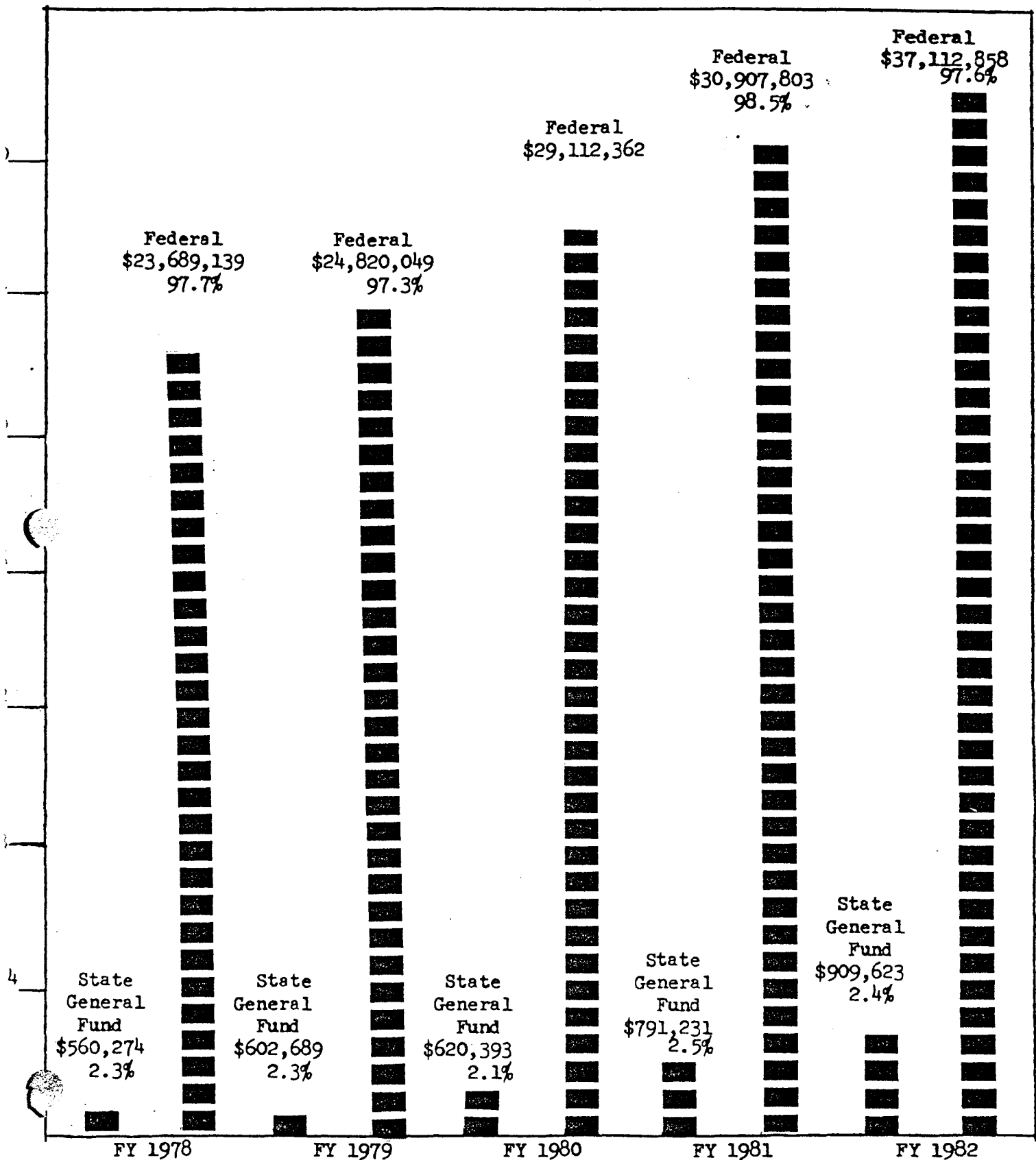
I apologize for the length of this response but it is an extremely complex area and I feel I have only touched lightly on the subject. I sincerely hope this helps the committee in viewing our budget. If I can be of any further assistance or can clarify any portion of the above, please ask.

Sincerely,

  
JAMES W. DUFFY  
MG, MT NG  
The Adjutant General

# SOURCE OF NATIONAL GUARD FUNDING

\$ IN MILLIONS



FT HARRISON CSMS NATURAL GAS

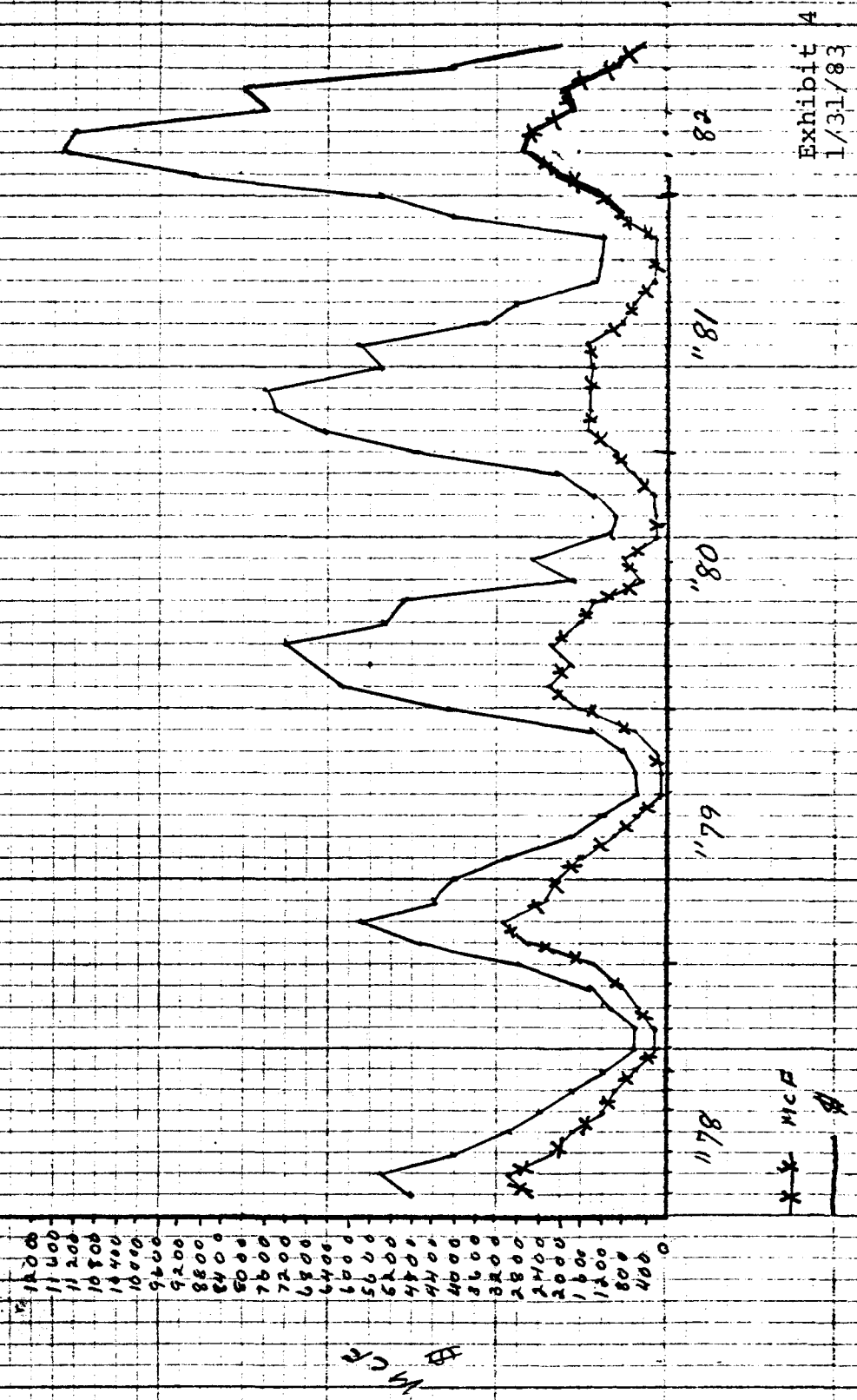


Exhibit 4  
1/31/83



AF/OC	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	13.00	13.00			13.00	13.00	
1100	SALARIES	192,608	202,157	9,549		191,875	201,388	9,513
1400	EMPLOYEE BENEFITS	29,161	31,354	2,193		29,376	31,756	2,380
1500	HEALTH INSURANCE	12,480	12,480			12,480	12,480	
	TOTAL LEVEL	234,249	245,991	11,742		233,731	245,624	11,893
2100	CONTRACTED SERVICES	294,895	277,712	-17,183		290,417	280,271	-18,146
2200	SUPPLIES & MATERIALS	23,204	25,540	2,336		24,597	27,065	2,468
2300	COMMUNICATIONS	109,563	58,493	-51,070		128,643	67,064	-61,579
2400	TRAVEL	1,594	1,607	13		1,604	1,617	13
2500	RENT	16,353	16,351	-2		17,333	17,330	-3
2600	UTILITIES	506,605	476,762	-29,843		613,638	577,061	-36,577
2700	REPAIR & MAINTENANCE	146,673	62,250	-84,423		155,474	65,980	-89,494
2800	OTHER EXPENSES	15,011	15,002	-9		15,911	15,900	-11
	TOTAL LEVEL	1,113,898	933,717	-180,181		1,255,617	1,052,288	-203,329
3100	EQUIPMENT	1,479		-1,479		400		-400
	TOTAL LEVEL	1,479		-1,479		400		-400
7100	TO INDIVIDUALS	2,280	2,280			2,280	2,280	
	TOTAL LEVEL	2,280	2,280			2,280	2,280	
	TOTAL PROGRAM	1,351,906	1,181,988	-169,918		1,492,028	1,300,192	-191,836
01100	GENERAL FUND	929,054	851,031	-78,023		1,060,511	936,138	-124,373
03132	NATIONAL GUARD	422,852	330,957	-91,895		431,517	364,054	-67,463
	TOTAL PROGRAM	1,351,906	1,181,988	-169,918		1,492,028	1,300,192	-191,836
*****								
Adjustment to the LFA Budget Recommendation.								
1. CONTRACTED SERVICES ----- Increase the LFA FY 84 Budget \$15,975. Increase the LFA FY 85 Budget \$16,933.								
This adjustment is for inclusion of an annual Boiler Maintenance contract and for inclusion of after closing expenditures.								
2. SUPPLIES AND MATERIALS -- Decrease the LFA FY 84 Budget \$ 2,342. Decrease the LFA FY 85 Budget \$ 2,482.								
This adjustment is for reduction of one time expenditures and inclusion of after closing expenditures.								
3. COMMUNICATIONS ----- Increase the LFA FY 84 Budget \$50,436. Increase the LFA FY 85 Budget \$61,581.								
This adjustment is for inclusion of 100% Federal Funded communications contract, an adjustment for non-central inflation factor, reduced expenses due to service communication.								

This adjustment is for reduction of one time expenditures of after closing expenditures.

**3. COMMUNICATIONS** ----- Increase the LFA FY 84 Budget \$50,436. Increase the LFA FY 85 Budget \$61,581.

This adjustment is for inclusion of 100% Federal Funded communications contract, an adjustment for non-central inflation factor, reduced expenses due to SECURE communication project modification, and for inclusion of after closing expenditures.

**4. UTILITIES** ----- Increase the LFA FY 84 Budget \$29,898. Increase the LFA FY 85 Budget \$36,636.  
This adjustment is for inclusion of a one time savings and for inclusion of after closing expenditures.

**5. REPAIRS AND MAINTENANCE** ----- Increase the LFA FY 84 Budget \$84,410. Increase the LFA FY 85 Budget \$89,473.  
This adjustment is for inclusion of deferred maintenance from FY82, inclusion of scheduled maintenance program and for inclusion of after closing expenditures

**6. EQUIPMENT** ----- Increase the LFA FY 84 Budget \$ 1,479. Increase the LFA FY 85 Budget \$ 400.  
This adjustment is for inclusion of agency requested equipment.

DATE : 01/08/83  
TIME : 15/25/25

EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

Exhibit 6  
1/31/83

AGENCY : 6701 ADJUTANT GENERAL  
PROGRAM : 03 AIR NATIONAL GUARD PGH  
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AF/OE	DESCRIPTION	ORPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	ORPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	16.50	16.50			16.50	16.50		
1100	SALARIES	273,344	275,570	2,226		272,303	274,523	2,220	
1400	EMPLOYEE BENEFITS	45,539	47,475	1,936		45,829	48,007	2,178	
1500	HEALTH INSURANCE	15,840	15,840			15,840	15,840		
	TOTAL LEVEL	334,723	338,885	4,162		333,972	338,370	4,398	
2100	CONTRACTED SERVICES	16,596	13,664	-2,932		17,591	14,483	-3,108	
2200	SUPPLIES & MATERIALS	1,603	1,598	-5		1,699	1,691	-8	
2300	COMMUNICATIONS	12,494	7,817	-4,677		14,895	9,203	-5,692	
2400	TRAVEL	72	70	-2		74	71	-3	
2500	RENT		1	1			1	1	
2600	UTILITIES	369,500	326,840	-42,660		449,085	397,224	-51,861	
2700	REPAIR & MAINTENANCE	48,322	32,869	-15,453		51,222	34,838	-16,384	
2800	OTHER EXPENSES	3,655	3,651	-4		3,874	3,868	-6	
	TOTAL LEVEL	452,242	386,510	-65,732		538,440	461,379	-77,061	
	TOTAL PROGRAM	786,965	725,395	-61,570		872,412	799,749	-72,663	
01100	GENERAL FUND	136,897	130,571	-6,326		156,159	143,955	-12,204	
03132	NATIONAL GUARD	650,068	594,824	-55,244		716,253	655,794	-60,459	
	TOTAL PROGRAM	786,965	725,395	-61,570		872,412	799,749	-72,663	

Adjustments to the LFA Budget Recommendations

1. CONTRACTED SERVICES ----- Increase the LFA FY 84 Budget \$ 1,466. Increase the LFA FY 85 Budget \$ 1,544.  
This is for inclusion of after closing expenditures.

2. COMMUNICATIONS ----- Increase the LFA FY 84 Budget \$ 4,672. Increase the LFA FY 85 Budget \$ 5,683.  
This for adjustment of non-Centel inflation factor and for inclusion of

after closing expenditures.

3. UTILITIES-----Increase the LFA FY 84 Budget \$42,699. Increase the LFA FY 85 Budget \$51,851.  
This is for adjustment for a one time savings, conversion of non-heated  
space to heated, increased operating time due to shifting, and for inclusion  
of after closing expenditures.

4. REPAIR AND MAINTENANCE----- Increase the LFA FY 84 Budget \$15,445. Increase the LFA FY 85 Budget \$16,371.  
This adjustment is for inclusion of deferred maintenance from FY 82, inclusion

of repair and maintenance expenditures

REPORT EDSR100  
DATE : 01/08/83  
TIME : 16/26/30.

OFFICE OF BUDGET & PROGRAM PLANNING  
EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

Exhibit 7  
1/31/83

AGENCY : 6701 ADJUTANT GENERAL  
PROGRAM : 02 ARMY NATIONAL GUARD PGM  
CONTROL : 00021 TOWNSEND TRN. SITE

MODIFIED LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	3.00		-3.00		3.00		-3.00	
1100	SALARIES	50,855		-50,855		50,661		-50,661	
1400	EMPLOYEE BENEFITS	7,699		-7,699		7,756		-7,756	
1500	HEALTH INSURANCE	2,880		-2,880		2,880		-2,880	
	TOTAL LEVEL	61,434		-61,434		61,297		-61,297	
2200	SUPPLIES & MATERIALS	1,348		-1,348		1,429		-1,429	
	TOTAL LEVEL	1,348		-1,348		1,429		-1,429	
3100	EQUIPMENT	5,000		-5,000					
	TOTAL LEVEL	5,000		-5,000					
	TOTAL PROGRAM	67,782		-67,782		62,726		-62,726	
01100	GENERAL FUND	38,190		-38,190		33,385		-33,385	
03132	NATIONAL GUARD	29,592		-29,592		29,341		-29,341	
	TOTAL PROGRAM	67,782		-67,782		62,726		-62,726	

\*\*\*\*\*

This program is to provide additional supply and equipment support to the Training Site to allow

for additional usage and to fund three additional FTE's to support the entire National Guard Maintenance system by creating a maintenance bureau. The FTE's include a Maintenance Bureau Chief and 2 lower grade maintenance workers. This modification would increase the readiness of the guard thru higher level training at the Training Site and would improve the maintenance of the Departments buildings throughout the state thru a coordinated, supervised maintenance program.

OFFICE OF BUDGET & PROGRAM PLANNING  
EXECUTIVE BUDGET SYSTEM  
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

REPORT FBSR100  
DATE : 01/08/83  
TIME : 16/26/30

AGENCY : 6701 ADJUTANT GENERAL  
PROGRAM : 02 ARMY NATIONAL GUARD PCM  
CONTROL : 00029 1. FTE - ACCT

AF/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85	MODIFIED LEVEL SERVICES ONLY	
0000	FULL TIME EQUIVALENT (FTE)	1.00		-1.00		1.00		-1.00			
1100	SALARIES	14,654		-14,654		14,598		-14,598			
1400	EMPLOYEE BENEFITS	2,219		-2,219		2,235		-2,235			
1500	HEALTH INSURANCE	960		-960		960		-960			
	TOTAL LEVEL	17,833		-17,833		17,793		-17,793			
	TOTAL PROGRAM	17,833		-17,833		17,793		-17,793			
01100	GENERAL FUND	3,210		-3,210		3,203		-3,203			
03132	NATIONAL GUARD	14,623		-14,623		14,590		-14,590			
	TOTAL PROGRAM	17,833		-17,833		17,793		-17,793			

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This modification is requested as a result of a recommendation of the Legislative Auditor. They recommended that we either set up separate centers for each contract or code each claim according to its source of income. This modification would provide the man power to maintain balances, code each claim, and reconcile each center. The contracts would support a portion of the position in return for providing administrative support to the contracts. The agency feels that the small amount of General Fund appropriation required to fund this position would be made up in closer scrutiny of all contract claims.

REPORT LBSR100  
DATE : 01/08/83  
TIME : 16/26/30

AGENCY : 6701 ADJUTANT GENERAL  
PROGRAM : 02 ARMY NATIONAL GUARD PGM  
CONTROL : 00023 RADIOS

MODIFIED LEVEL SERVICES ONLY

AF/OF	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	ORPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CM FY 8
2700	REPAIR & MAINTENANCE								
	TOTAL LEVEL								
3100	EQUIPMENT	120,600		-120,600		5,000		-5,000	
	TOTAL LEVEL	120,600		-120,600		5,000		-5,000	
	TOTAL PROGRAM	120,600		-120,600		5,000		-5,000	
01100	GENERAL FUND	78,250		-78,250		5,000		-5,000	
03132	NATIONAL GUARD	42,350		-42,350					
	TOTAL PROGRAM	120,600		-120,600		5,000		-5,000	

\*\*\*\*\*

SECURE-State wide Radio Communications Network. This program requests funds to purchase radios which would be combined with existing radio equipment to establish a statewide radio network. This network would be a daily communication tool used for every day business by the department, a military communication network in the case of a military emergency, and an emergency communication network in the case of a Disaster. Estimated telephone long distance telephone cost savings have been deducted from the 02 Army Budget.

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SECRETARY OF STATE

RECORDS MANAGEMENT PROGRAM  
1985 BIENNIUM "BASE" BUDGET COMPARISONS

Category	Exec 84	LFA 84	Diff	Exec 85	LFA 85	Diff
FTE	26.67	26.17	-0.50	26.67	26.17	-0.50
Personal Service	532733 <i>44,865</i>	528530	-4203	531550	525709	-5841
Contract Service	47865	24476	-23389	81619	58579	-23040
Supplies & Mater	31065	31019	-46	32928	32879	-49
Communications	40604	40602	-2	46159	46155	-4
Travel	18577	16136	-2441	13611	11170	-2441
Rent	24512	19801	-4711	27016	20988	-6028
Repair & Mainten	5989	5742	-247	6349	5966	-383
Other	3174	2836	-338	3364	3004	-360
Total Operating	171786	140612	-31174	211046	178741	-32305
TOTAL	704519	669142	-35377	742596	704450	-38146

- Vacancy savings LFA recommends elimination of a .5 FTE file clerk from Executive Budget staffing level and imposing a 3% vacancy savings factor. LFA notes that position was only 33% expended in FY82 and that program had vacancy savings of 3.2% in FY82. We respond: 1) Position held open to meet partial funding of pay plan increase during '83 Biennium; and 2) Executive Budget already has a reduction of 1.00 FTE from current staffing level -- a reduction of 3.6%. We request retention of .5 FTE file clerk position and full funding of personal services.
- Operating expense differences LFA contains several computational errors which account for almost all the difference in operating expenses. We request additions to current level to correct these errors.

	FY84	FY85
* Contract services		
Printing base	\$7,303	\$ 7,742
Inflate printing exceptions	1,808	10,220
Audit fees <i>Adm. Cost Center</i>	<del>3,000</del>	
Secretarial services base	6,712	7,115
* Travel	<i>15,823</i>	
In-state base	2,441	2,441

• Attorney's fees. Court ordered Secretary of State to pay attorney's fees in State of Montana ex. rel. Hagsted, et. al. vs Waltermire, et. al. of \$6,487. Department of Administration rules insurance does not cover such judgements. State law requires payment from "next appropriation of instrumentality" (2-9-315, MCA). We request appropriation of \$6,487 to pay court-ordered costs.

SECRETARY OF STATE

ADMINISTRATIVE RULES PROGRAM  
1985 BIENNIUM "BASE" BUDGET COMPARISONS

Category	Exec 84	LFA 84	Diff	Exec 85	LFA 85	Diff
FTE	3.50	2.50	-1.00	3.50	2.50	-1.00
Personal Service	85767	70583	-15184	85547	70468	-15079
Contract Service	59730	62710	2980	63312	63282	-30
Supplies & Mater	5703	5699	-4	6044	6040	-4
Communications	14018	13710	-308	15916	15587	-329
Travel			0			0
Rent	5534	6139	605	6125	6507	382
Repair & Mainten	245	244	-1	260	258	-2
Other	34	32	-2	36	33	-3
Total Operating	85264	88534	3270	91693	91707	13
TOTAL	171031	159117	-11914	177240	162175	-15065

- Staffing level. LFA recommends reduction of 3.00 FTE -- from 5.50 FTE to 2.50 FTE. LFA reasons that these positions were added to accomplish ARM indexing project and, with the elimination of this project, should be deleted from base. We recognize this reasoning and have removed 3.00 FTE from our current level request -- 2.00 FTE in this program and 1.00 FTE in Records Management. Current staff in this program at current level include:

Position	FTE	Role
Section Supervisor	1.00	Direct
Filing Clerk	.50	Direct
Bureau Chief	.50	Support
Secretary of State	.25	Support
Legal Counsel	.25	Support
Executive Assistant	.25	Support
Administrative Officer	.25	Support
Accounting Tech II	.25	Support
Receptionist	.25	Support

We request funding for 3.50 FTE in this program.

- Funding. This program is jointly funded out of the General Fund and an Earmarked Account established by 2-4-313, MCA. LFA anticipates funding from Earmarked Account at current fee levels, with General Fund assuming a larger proportion of program costs than currently. Executive anticipates maintaining current split between two funding sources which will require a increase in fees charged to users.



SPECIAL PROJECTS  
1985 BIENNIUM BUDGET

The Fiscal Analyst identifies four special projects outside its "current" level budget as issues for Subcommittee consideration. The Executive Budget contains two of these -- the Corporate Automation Project and ARM/MAR Indexing -- as part of its current level. A discussion of each project follows. The projects are listed in order of priority to the Secretary of State.

1. Corporate Automation Project (CAP). The 47th Legislature appropriated \$200,000 for development of a computer system for handling corporate and Uniform Commercial Code records -- \$111,500 for development and \$88,500 for conversion -- and directed the Secretary to contract with the Department of Administration for system development. Current estimates of development costs range from \$160,000 to \$200,000; conversion costs remain well within budget. At present, the UCC portion of the system is up and running with data base conversion roughly 1/3 complete. The corporate portion is designed and computer programming has begun; we anticipate completion of computer programming by July 1, 1983.

LFA breaks this project into two separate "Issues" (see pg. 98) : Additional Systems Development and Automated System Ongoing Costs. We **request that the Subcommittee consider this as a single project**; we need both conversion and operation money to continue the project. Moreover, the figures contained in the LFA Budget are at FY'82 rates. We **request conversion and operational costs for the CAP of**

	<u>FY84</u>	<u>FY85</u>
* Contract services		
Data entry	\$39,375 <i>unless</i>	
System maintenance	14,751	\$15,636
Computer processing	40,843	43,293
* Equipment rental	15,281	16,198
Total	\$110,250	\$75,127

2. ARM/MAR Indexing. The 47th Legislative appropriated \$90,038 for the 1983 Biennium to begin preparation of topical index for the Administrative Rules of Montana (ARM). Reference to Subcommittee minutes of 1/30/81 indicates an anticipated 3-4 year project. At present, we have the ARM on computer files and have developed a "skeleton" index. With funding, we will complete this project by the end of the 1985 Biennium.

LFA figures (see pg. 102-103) downgrade current indexer position and show operation costs at FY'82 rates. We **request funding for ARM/MAR Indexing at current level.**

	<u>FY84</u>	<u>IFTE</u>	<u>FY85</u>	<i>Current level agency request</i>
* Personal Services	\$17,536		\$17,536	
* Computer Processing	23,865		25,297	
Total	\$41,041		\$42,833	

*Current level*

*direct*

3. Microfilm Corporate Records: LFA identifies three possible options for microfilming corporate and UCC records depending on volume of records filmed and format (see pg. 99-100). We do not believe at this time that a roll format would work for UCC although a "blipped" roll format might. However, at this time we ask the Subcommittee to consider one of two options.

*Option a: Corporate and UCC	FY84	FY85
Personal services	\$ 24,456	\$12,228
Contract service-microfilming	106,978	62,845
Equipment	5,414	
Total	\$136,848	\$75,073

*Option c: Corporate only	FY84	FY85
Personal services	\$12,228	\$12,228
Contract services-microfilming	59,291	62,845
Equipment	5,414	
Total	\$76,933	\$75,073

There are three major reasons for microfilming of these documents: 1) security -- at present only one copy of documents exist. Loss due to fire, theft, or other disaster would wreak havoc on organization of commerce; 2) preservation -- many documents of historical significance will deteriorate unless filmed and properly cared for; and 3) efficiency -- complements system development project in providing more efficient office operations,

*includes equipment?*

4. Notary System Development. We request \$27,480 in FY'85 to develop a computer-based records system for notaries public (see LFA, pg. 100).

Remarks concerning the variance between the Legislative Fiscal Analyst proposed budget and our requested budget.

AE/OE

2100 Contracted Services

FY 84 - The request for a part-time employee was not included with the base figures. The additional amount was entered on form B22 and not included by the Legislative Fiscal Analyst's office. This office does need the additional help and requests that the \$737 appropriation be included with the balance.

FY 85 - Same as above except include \$922 with the balance.

2200 Supplies & Materials

FY 84 - The request for rental of a copying machine from Publications & Graphics was not included with the base figures. The additional amount was on form B21 and not included by the Legislative Fiscal Analyst's office. This amount pays for only rental, the revenue received from the sale of copies is used to pay for paper, chemicals and any maintenance necessary. Please note revenue accounting entity 02047 for this figure. This office does need the full requested appropriation of \$9,352.

FY 85 - Same as above except the needed appropriation is \$4,584.

3100 Equipment

FY 84 - The \$200 was a request for an adding machine. This office requests the full amount.

01100 - General Fund

02047 - Revenue, Copy Machine

FY 84 - This office is forecasting \$750 as a closer estimate of funds received from the sale of copies. An original estimate had been \$1,500 that was lowered as this office became more familiar with the processes. In order to keep the cost per copy down as low as possible this office is requesting a revenue appropriation of only \$750.

FY 85 - The same as above.

DESCRIPTION	EXPENDITURES		1984 BUDGET				1985 BUDGET			
	1982 Actual	1983* Estimated	Agency Request	Exec. Budget	Fiscal Analyst	Exec-LFA Variance	Agency Request	Exec. Budget	Fiscal Analyst	Exec-LFA Variance
E	5	5	5	5	5	-0-	5	5	5	-0-
Personal Services	110,493	118,788	123,188	123,188	123,696	508	122,920	122,920	122,872	(48)
Operating Expenses	16,447	21,755	25,969	25,969	25,081	(888)	19,706	19,706	19,509	(197)
Equipment	1,605	215	200	200	140	(60)	-0-	-0-	-0-	-0-
Sub-Total	128,545	140,758	149,357	149,357	148,917	(440)	142,626	142,626	142,381	(245)
Capital Outlay	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Non-Operating	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	128,545	140,758	149,357	149,357	148,917	(440)	142,626	142,626	142,381	(245)
ending										
General Fund	128,545	140,758	148,607	148,607	147,417	(1,190)	141,876	141,876	140,881	(995)
Other Funds **										
1. 020417 Copy Machine	N/A	N/A	750	750	1,500	750	750	750	1,500	750
2. Revenue										
3.										
4.										
5.										
TOTAL	128,545	140,758	149,357	149,357	148,917	(440)	142,626	142,626	142,381	(245)

\*If estimated amount includes more than original appropriation, please explain

\*\*List each accounting entity separately.

