MINUTES OF THE MEETING OF THE APPROPRIATIONS SUBCOMMITTEE ON ELECTED OFFICIALS AND HIGHWAYS
February 9, 1983 (Tape 60, 61, 62 and 63)

The Appropriations Subcommittee on Elected Officials and Highways met at 7 a.m. on February 9, 1983 in Room 437 with Chairman Quilici presiding. Present were:

Chairman Quilici	Senator Dover
Rep. Connelly	Senator Keating
Rep. Lory	Senator Van Valkenburg
	Senator Stimatz

Also present: Cliff Roessner, LFA; Doug Booker, OBPP and Terry Cohea, OBPP.

WORK SESSION
DEPARTMENT OF ADMINISTRATION

Building Codes

Mr. O'Brien stated that within "personal services", Mr. Kembel had requested three additional inspectors and one attorney be added to this budget. The three additional inspectors he would like in case the construction should pick up and there is a need for more building inspectors. The attorney is requested for pursuit and enforcement of building codes with contractors that are not in compliance with the law.

The differences in "operating expenses" and "equipment" that appear between the OBPP and LFA are because of the three additional FTE, the building inspectors.

Senator Van Valkenburg asked if they had given any thought to using a paralegal instead of an attorney because of the problem of having to rely on the county attorneys for law enforcement. The agency replied that they did discuss this with their attorney, and they did not feel by the time they supervised the paralegal that it would save them any money in the long run. He also asked questions about adding on the three inspectors.

Mr. Booker pointed out that this would be an 02 account which would require an emergency to add it under this account. This had been explained earlier in testimony by Mr. Brusett at the hearing. This is now an earmarked special fund, and last time it was a revolving fund.

Senator Dover made a MOTION that the committee accept 27 FTE's. Motion carried.

In "Contracted Services", the difference is $3,500 in the executive budget for insurance and bonds for the purchase of seven vehicles which includes four vehicles for current staff and three vehicles for the requested three inspectors. Approximately $500 difference is because the agency requested this for the Administrative Rules of Montana. The OBPP doubled this amount because the Secretary of State has proposed raising their fee.

For clarification Chairman Quilici noted that if they take the LFA budget, unless they punch in the three inspectors, they would not need the $500. Mr. Roessner added that a lot of this budget hinges on the purchase of the vehicles and perhaps this issue should be settled first. The committee after discussion thought they best consider the FTE's first before going on with the budget. Mr. Roessner stated within this budget that, if the business does not pick up, the fees will not be there to hire the inspectors. There is no general fund money in this budget. If the committee would line item the FTE's to this budget he does not think there will be any problem.

Rep. Lory MOVED to approve the three inspectors but line-item this division in the boilerplate.

Senator Van Valkenburg felt it would be a better idea to include, in the appropriations bill, a sentence under the Department of Administration that would authorize the department to add inspectors in the Building Standards Division by budget amendment if there is a demand for that service rather than to put FTE's and money into the budget when it does not appear that there will be a need. He feels that this language could have the effect of specifically overriding against budget amendment for an earmarked fund, and he feels there is good reason to do this in this area. He feels the better course to follow would be to allow a budget amendment as opposed to putting it into the budget when you can't really say there is a need to put it there. Rep. Lory WITHDREW his motion.

Senator Van Valkenburg made a MOTION to put language into the appropriations bill that would authorize the department to obtain a budget amendment to add building inspectors as demand arises during the biennium. He said the same would apply to "operating expenses" to go along with this.

Mr. Kembel stated they would have to watch out for the vehicles because four of these are for existing inspectors, and they would have to reinsert some personal car mileage into state motor pool expenses to cover their travel expenses. The $7,000 on travel is the meal and lodging for the three new inspectors. There are some things in cars they would have to be careful to adjust to cover existing people.

Question being called for, the motion carried.

Senator Van Valkenburg expressed his disappointment that they did not see the need to try to use a paralegal. He really feels they are going to run into a problem with the county attorneys, anyway.

Mike Young stated that most of the time when they have asked county attorneys to prosecute, they have had a fairly clear-cut violation. Thus far, they have given Jim Kembel about a 20% FTE of one of their staff lawyers who is pretty good about this sort of thing, and limited it to five enforcement cases a month. The smaller town county attorneys for some reason or other usually do not want to get involved. They usually deputize one of them as deputy county attorney to go prosecute, and they have done this. He has not had too much experience with a paralegal, but he does not think that a paralegal would provide the staffing assistance to a county attorney that they would want.

Senator Keating also stated his reasons for being against having an attorney added.

Senator Van Valkenburg MOVED that we add the one FTE (the attorney), and the "operating expenses", etc., that go with this. ($26,192 in the first year and $26,135 in the second year.)

Question being called for, there were three ayes and four no's. The motion did not pass.

In vehicles there is a request for seven vehicles, three for the new inspectors and four for existing inspectors.

Mr. Kembel stated they currently have 12 vehicles of their own, and the remainder of their four inspectors who are on the road; two drive motor pool vehicles and two drive their own vehicles.

Senator Keating MOVED that they approve purchase of four vehicles.

Mr. Kembel stated that they were looking at about $9,000 for the vehicles. (See Exhibit 1)

Question being called for, motion carried.

Mr. Roessner made a suggestion that Mr. Booker and Mr. Kembel get together to figure out the operating expenses for the four vehicles, and then come back to the committee with the revised operating expense. This was agreed to by the committee.

Mr. Kembel explained to the committee that they had asked to increase the out-of-state travel. One of the things they have been lax in over the last years is a participation in the actual drafting of the codes. They also have educational seminars along with these codes session. Those that they have attended have been very beneficial to them, and they would like to continue in this activity. This was built into the LFA's travel budget.

Mr. Kembel also explained that they have some 12,000 permits in electrical that they issue per year plus the enforcement letters, repeat notices, etc. They feel the word processing equipment would be helpful in these areas. All the permits now are handled manually. With word processing, they could hold the line on clerks and improve their efficiency .

Rep. Lory MOVED approval of the remainder of the budget. (Chairman Quilici noted this was "operating expenses" for the four vehicles; the approval of the LFA budget with the exception of "equipment" plus the word processor.)

(Begin Tape 60, Side B)

Question being called for, the motion carried. Senator Van Valkenburg voted "no."

Mr. Kembel explained that they have been in a review process of their operation internally, and this review process is not completed yet. This is the reason they put the processor in the '85 budget.

Senator Dover MOVED the budget as amended. Motion carried.

Accounting Division

Chairman Quilici noted that in FY83 they had 13 FTE's. The OBPP says they can do with a .5 less FTE and so does the LFA.

Mr. Booker stated that the only issue here is that the OBPP has thrown in a trip for accountants to attend a national conference, and the LFA did not.

Senator Dover MOVED the approval of the LFA budget except for the adjustment of $1,380 and $1,485 for their travel.

Mr. Booker also pointed out that in "rent" there was a decrease in square footage for this division in FT82 and the budget office more accurately reflects the square footage figure than the LFA figure does.

Motion carried.

Central Stores (Exhibit 2)

Mr. Roessner stated that the difference in FTE's was that the committee added one FTE to the Surplus Property Bureau. He assumed that they would go back and split that .5 and .5 between Surplus Property and Central Stores.

Senator Dover made a MOTION that the committee give them six FTE's. Motion carried.

Senator Dover MOVED the LFA "operating expenses."

Mr. Roessner stated the difference in the "operating expenses" is that there was some interest that was paid out of this budget that was a one-time expense, and he had deleted this. However, it was not a one-time expense.

Ms. Cohea stated it was a one-time expense left in '84, and is not required in '85. It is the interest on their forklift. The purchase of this forklift will be completed in '84. This is a forklift they have had in use for two years. It is used for off-loading trucks, for stacking paper in the warehouse, etc.

Senator Dover RESTATED his MOTION to read the LFA plus interest, $457 plus the equipment principal of $12,273.

Ms. Cohea added, in reference to the equipment, half the hydraulic lift is still left to pay in this budget.

Mr. Roessner stated there is a confusion here on the workpapers, and after looking at this he would agree that the lease purchase of the forklift should be in '84. The committee approved yesterday $7,500 for a hydraulic lift, not a forklift.

Ms. Cohea said, on goods purchased for resale, in this amount they have an additional $500,000 differential from the LFA with the budget office. This is in regard to the categories that they requested to have added in the coarse paper and janitorial supplies. They would like to have this added in also. They just want increased spending authority.

Rep. Lory asked if the $12,273 was to finish paying for the forklift. Ms. Cohea stated that this figure is to finish the payment on the forklift and to give them the other half of the hydraulic lift the committee had approved in yesterday's budget in Surplus Properties. Missing in that figure was the $600 that the LFA had in for the pallet jack. They had requested a pallet jack for Surplus Properties, and they are also requesting one for the stores area. Senator Dover stated, in other words, what they would like is the $12,273 and the $600.

Senator Dover again STATED his MOTION was to approve the LFA, add in the $457 in "other expenses", OBPP on the 2900 account, the $12,273 and the $600 in equipment and the same thing in FY85. Motion carried. (245)

Senator Dover then made a MOTION that the budget be passed as amended. Motion carried.

Purchasing Program

Laurie Ekanger, from the Purchasing Division, told the committee the division could not continue to buy the volume of things they buy with the present FTE level. They are going to have to look at delegating this to some of the agencies just to be able to provide any service at all. The Purchasing Division is still responsible for the buying practices whether the agency or the division buys. They have envisioned over the years to train these agencies to review their purchasing practices. The biggest consumers are the university systems and the state institutions. For the training and the auditing they need some in-state travel.

Additionally, the Department of Commerce has asked them to participate with them in the "Build Montana" program. One of their goals is to work with Montana vendors on bidding on federal contracts, and they would like them to work with them in a series of half-day workshops on how to bid on state contracts. They feel an obligation to do this and to explain the bidding processes if there is interest.

Occasionally they are called upon to mediate a dispute between a state agency out of town and one of the contractors.

They had envisioned about $2,200 or $2,300 for in-state travel. They also belong to a National Association of Purchasing Officers, and there is an annual conference which would cost another $850 to attend. To accommodate all of their in-state and the one out-of-state travel would be about $3,100. She felt the LFA figure was generous, but the budget office figure would really put a crimp in their hopes to delegate some of this purchasing.

Senator Dover MOVED to reconsider the committee's action on the Purchasing Program and give them $3,100 for travel in FY84 and $2,500 for travel in FY85. Motion carried.

In "contracted services" the LFA budget had taken the minimum estimate from the Computer Services Division last fall and adjusted this for '84 and '85. The OBPP did not.

The Computer Services Division then called them back yesterday and told them they did not feel they could live within this budget because of the way prices are going up. They asked Jeff Brandt to come and explain to the committee.

Mr. Brandt said he went through the figures and segregated them based on roughly what the computer does when it makes charges. In reviewing the estimate he found that only 23% of the budget figure that they had put out was related to batch costs, and this is where the 8% reduction is going into effect that Mr. Trevor had referred to before. So what they are really referring to is a $1,300 difference. He then cautioned the Purchasing Division that an 8% reduction across the board would reduce it more than it should. He cautioned the division that they should stay on the high side of the figures so they will be able to run the system once it is installed. They feel even the LFA figure is modest.

Senator Dover made a MOTION to reconsider the committee's action in "contracted services" for the Purchasing Program and plug in $79,474 in FY84 and $84,192 in FY85. Motion carried.

Chairman Quilici wanted Cliff Roessner and Doug Booker to get together with Ms. Ekanger to see if the figures are close. The committee recessed briefly.

HEARINGS

Department of Administration (Exhibits 3 and 4)

State Insurance

Mr. Mike Young, Administrator of the State Insurance and Legal Division, explained their function is two-fold. Since the waiver of immunity for personal injury and property damage implemented by the 1972 Constitution, they are the office that handles all those risks and determines what needs to be insured or self-insured, and investigate which has been settled or try those cases. This also includes operating the state's self insurance program as well as buying all of the commercial insurance policies the state needs.

They also provide legal services for the Department of Administration. They have four attorneys located in the division, and four other support staff as well.

He explained that when the Court Claims Act first came into existence in 1973, and the state was totally and completely liable for these kinds of claims, the law required that they carry liability insurance of $1 million minimum, and they did this for approximately four years. They started out with an initial premium for all of the comp, general and auto in 1973 with $380,000. This rose over the period to $1,250,000 in 1976, and they became uninsurable at that time. They went to bid and only received courtesy bids of a million dollars coverage for a million dollars premium, and one company would consider writing them with a substantial deductible for $1,250,000 at that time, so the 1977 session decided it might be feasible to self-insure. So they started a self-insurance program and self-insure whatever coverages they thought they should, and they gave them the same billing authority they had for premiums they had to insurance companies, and in addition gave them a $2.5 million interest-free loan as seed money.

He added they are now starting their sixth year, and they have paid back the loan after the last session, and they have currently reduced their billings back to 1978 levels, and this is what they have been from 1978 through the 1981 session. They do have an $880,000 biennial increase requested this session.

They self-insure the general liability, for things like premises, any type of error or omission, cover auto physical damage on lease and loan cars (not on state cars), the liquor inventory at all the state liquor stores for theft, England Marine for transportation of vehicles and equipment, all the medical and hospital malpractice that goes on at the state institutions and universities and the general errors and omissions of all state employees. Their claims history on the self-insurance fund to date shows they have approximately 521 claims filed and out of this 521, 144 have matured into existing litigations in courts around the state. Out of these combined claims and suits they now have settled, won, closed or paid 230 of these. They presently have 291 existing claims and lawsuits pending in the office today.

They still commercially insure the fleet auto for the state, all the aircraft and helicopter risks, the fire and property and all-risk coverages for all of the state buildings. They still commercially insure the state bond, the fidelity insurance and a number of unique types of coverage that are requested by agencies from time to time; i.e. the fine arts floater at the Russell Museum.

There are some they neither self-insure nor insure such as bodily injury or property damage that occurs out of intentional or criminal acts, civil rights violations, or employment discrimination.

The handout (Exhibit 4) explains what they actually paid for commercial insurance policies in FY82 and what they billed out for self-insured risks to all the agencies in the same year. The handout also referred to the actual payments made for claims and expenses.

(Begin Tape 61, Side A)

Part III of the handout shows the fund balance for the division and Part IV shows the comp. general liability claims filed.

He added that there is still a 25% chance that even their existing reserves with the $880,000 added in this biennium, that they could be overexpended and this is assuming that the state's limits on liability are valid.

They also did not consider interest income, and in the analysis it was indicated that over the period they should earn roughly $2.66 million in interest. The agency has never done this, and their budget figures do not indicate this. They have definitely included interest earnings all along as part of the funding and taken this into consideration.

For funding sources he explained it was relatively simple. They are no longer a general fund agency. At one point they ran the entire office on general fund, and they used to buy the insurance premiums on general fund. But, currently they are looking at a general fund request of $196,630 (LFA figure) and $215,000 (executive figure). In FY83 the agency was at $192,500. The sole purpose for the general is to pay for the fire and extended coverage insurance on all the buildings that can't be attributed to special fund. They still bill roughly $67,000 to the fee-generating unit that covers the universities that are auxiliary units like dormitories and food services and to those state agencies that operate on other sources of cash or revolving accounts, etc. But for the vast majority of buildings the $215,000 is what they need for premiums. This is up by about 30%. The basic cause for this was the riot losses they suffered at the prison, and the hail storm of last June that caused a tremendous amount of damage. He explained they were looking at $800,000 to $850,000 total losses on just the hail storm. So, taking these factors into account, they feel they will be looking at a substantial increase when the insurance is renewed. (He added he is not even sure that the $215,000 will be enough.)

All their other costs that they have are revolving fund, and this includes the self-insurance charges and the office operation. There are two attorneys in the office who are exceptions to this. The lawyers are consolidated under one roof, and he provides support services for both of these and some additional legal services to the department as well.

The revolving authority amounts to a little over $1.4 million for everything, and we are looking at $215,000 for the general fund. This is slightly less than half of what the general fund was back in 1980.

Mr. Young noted the budget differences. In "personal services", the LFA added $59,709 over the OBPP budget of $202,000.

He thought they transferred the two staff attorney positions in the department to their budget. He believed the committee had alreay turned these positions back as personnel of the director's office. (Mr. Roessner explained they had returned the one attorney back to the director's office and they have taken no action on personnel.) Mr. Young noted that if they come into his budget, all he is asking is that sufficient funds be added in for them.

On "contracted services", there is a $933,000 difference that the LFA has cut off the executive budget of $1,353 million. The agency felt the LFA deleted the consulting actuary payment of $7,865. They feel that $11,420 for development and maintenance costs on an accident/incident computer might also have been deleted. It looks like the LFA deleted all of the insurance premiums or roughly $750,000, and also deleted their educational training expense of $1,798. He was unsure on this point, but he did add that the Supreme Court has recently mandated that all their attorneys have to have 15 hours of continuing legal education, so they need this money added back in. He added also that it looks like all of their legal services have been deleted ($160,000). Most of these go to the Attorney General's office.

On "supplies", there appears to be a variation of $2,874, and this consists of $2,500 for fees to key into the WESTLAW computerized Law Library service.

On "communications", there is a slight difference of $9 and "travel" the same.

On "rent", there is a variation of $1,050. They can't find an explanation for this.

The other major item in the budget that needs explanation is the $50,000 difference on "other expenses." This is the loss control program recommended by the Governor's Council on Management. They recommend actually $52,000 for a one-time consultant to come in to develop the program to consist of such things as training classes for all state management employees on risk management, control of your employees, and also include liability awareness training. It even included things like defensive driving as well. They are not sure of the costs and do not know what the ongoing costs would be, but he suspects it might lead to the implementation of a program that would either be one-shot or something that occurred through this biennium. They would have to be back sometime next biennium for some sort of continuity. Most insurance companies do have this sort of program, he stated.

He pointed out to the committee that costs are going up, and this is very normal in this business. The $3.2 million in reserves are the serious cases. Some of these are now beginning to come out.

On the uninsured losses, they have two now. There is a potential for others, depending upon how the litigation with their carrier turns out. It could generate a number of other files if they should lose, however.

Another very serious case is the Carla White case which is pending in the Supreme Court. This is the girl who attempted to escape from Warm Springs. She had been out five years, and had been erroneously sent to Warm Springs in the first place. She was attacked in the parking lot of her apartment building in Great Falls. No real bodily harm was done, but she is suing the state for $350,000, which is solely an intangible, non-pecuniary loss. She convinced the judge to throw out their limits on immunity that were imposed by the 1977 Legislature. The thing that is being challenged in this case is the ban on non-economic damages. The courts threw it out on grounds of due process and equal protection, and they are uncertain what the results are going to be. It is safe, though, to assume that if the state loses this case, you can just about double their existing loss reserves on cases from $3.2 to $6.4 million.

In addition to this, there is pending in the House HB 357 which is a bill to indemnify officers and employees for violations of civil rights. Their department is supporting this bill. There are 142 of these cases now, and so far the total costs of these claims, as reported by the agencies, has been about $328,000.

He added that $275,000 of this is one claim, and there is also a bill pending before the House to pay this claim.

They feel they can safely assume these costs of these cases, or about $5,000 in each case. If the losses remain the same, he feels they can absorb the $328,000 they are looking at within the existing fund balance. He feels they can probably get through at least two biennia, given existing funding levels, and still be okay.

Another cause of concern is the premium redistribution formula. There were some major discrepancies; i.e. the Department of Military Affairs was getting by with $35,026 for the biennium. They had a number of significant losses, and something had to be done about the discrepancies. They then spent about a year looking at this and they came up with a five-part formula that they felt would be equitable, which would cover the bulk of the significant factors that a carrier and underwriter use to evaluate, and that was understandable to the agencies. He explained the formula.

He explained that it could look significant, as in the case of Military Affairs, when their premium went from $35,026 to $467,000; a 1,317% increase. Some agencies went down and others came up. They were trying to accomplish a precise billing structure rather than something that was subjective. They wanted to place the burden on the high-risk agencies. They were also attempting to come up with something that was flexible.

Discussion by the committee.

(Begin Tape 61, Side B)

Mr. Young added, in closing, that the Department of Administration did not escape premium rates either. They raised the DOA rates 250% from $13,000 to $46,000 for the biennium. Part of this will be apportioned out to passenger tramways, building codes, his operation, etc.

The hearing was closed on state insurance.

<u>Communications</u> (Exhibit 7)

Mr. John Neraas, Administrator of the Communications Division, within the Department of Administration, explained he took this position in the fall of 1981. The previous subcommittee of the 1981 Legislature approved the existing telephone system. The division, with the support of the Director's Office and the Governor's office, followed through on this recommendation, and hired a consultant in the summer of 1981. At that time they were asked to manage the project for the department. A feasibility study was prepared by the external consultant. It recommended technological changes and cost improvements that could be realized. They were able to develop a request for quotations, and this was published in May of 1982. Bids were accepted by the state and opened at the end of July 1982. The state received nine bids for the replacement of the existing telephone equipment. The state is currently under contract with Centel Business Systems to replace those systems at this time. They are happy to report a projected savings, not only in this biennium, but in years to follow.

He referred the committee to handouts (Exhibit 5 & 6) which explained the deregulatory business sales subsidiary which has been formed by American Telephone and Telegraph, known as American Bell. Mountain Bell is no longer providing new business systems and equipment to customers around the country. Centel, which they are now under contract with, made this move in 1976.

Another major change that has occurred since last session, based on a settlement of a department anti-trust suit brought against A T & T, the local operating companies and Bell-operated companies will be divested from A T & T and seven regional independent corporations will be established in Jan. of 1984.

So, we are currently in a transition phase.

In the handout, he explained what services they generally would expect to receive, everything from dial tone to large computerized telephone switching systems. Basically, what it implies, is that there is one company that a customer can go to for any type of telecommunications service from planning and projects through implementation and maintenance and repair of that equipment.

The second area where they have seen major changes is in the technology that is available, not only to business customers but to residents.

He explained existing equipment is becoming obsolete from a regulatory standpoint and actual technical standpoints. The centrex service that currently provides the six-button telephone sets is obsolete from a regulatory standpoint. This means that the state cannot make any major changes to existing service. "Grandfathering" the regulatory sense is the first step to the elimination of that service, and it also means that that service will no longer be offered to the customers.

The third factor that has been a major consideration has been the 50 to 100% increase in the local service and equipment billing in the past 2 1/2 years, and increases in the Telpac charges have also been increasing.

The two other areas the Communications Division has become involved in are the network management and land mobile radio management. These are explained in the handout.

The major differences in the budget prepared by the LFA and the OBPP are in the areas of the level of FTE's. (See Exhibit 7) The OBPP budget contains a request for six additional FTE's in the Communications Division, and it should be noted that these are not additional FTE's; they are existing FTE's that have been transferred to this budget from the consolidation of other divisions. Mr. Rick Morgan stated that the point where they would be coming from would be the consolidation of Information Systems to Computer Services in this instance.

Mr. Neraas explained that page 4 of Exhibit 5 describes the three additional FTE's that they are asking be assigned to the Communications Division, and the two additional FTE's that they are requesting for continued support.

The reason he asked for permission for a brief overview of the telecommunications was because it keys into the increasing responsibilities the Department of Administration has in order to provide, solicit and deliver service to state agencies. They formerly went out directly to the service supplier and arranged for their own telephone service. The Department of Administration, as a service supply agency, has determined that this is not in the best financial interests of the state. Specialists do exist in the Communications Division to support and assist agencies in the routine moves, and assist with changes that do occur due to reorganizations, moves from one building to another, etc. A telecommunications engineer will provide major services to the agencies. Currently the state has over 400 field offices, in addition to the Capitol Complex, that have some kind of services. As the deregulation in the industry occurs, there will be pressure to either buy these system, to change those systems, or bid those systems.

One of the critical areas they will be facing is in the area of technical standards. There is also this issue in telecommunications. One of the major responsibilities is the provision of a state network called the hotline or STS or WATS line. In order to assure that existing agencies can stay on and to meet their mandated state law to allow the political subdivisions in the state network and allow them to receive costs savings of bulk transmissions facilities, they will have to be compatible with pre-established standards in order to get on the network.

One of the main jobs he sees that the Communications Division has is education so that the agencies can understand the implications of the changes in the telecommunications environment. Without this basic understanding, the moves that they plan will be difficult to comprehend.

The second FTE position they are requesting is to do routine moves that are required by state agencies in Helena. The division is proposing that they can accomplish a majority of these telephone service requests at a lesser rate than if they go outside to a contract.

The third position has, as a genesis for its justification, the breakup of A T & T. With the additional responsibilities the state administration will have to manage and administer telecommunications. They will need to develop a more sophisticated user billing system to provide users not only with equipment, but with more accurate billing statements.

An additional function that they are planning to put into the Communications Division is the management of a statewide inventory of equipment and cable facilities in auditing vendor bills for accuracy before payment is made.

As they move into provision of equipment from one vendor, provision of dial tone from another vendor, there needs to be a consolidation of those bills that user agencies receive from the Communications Division---one understandable bill. They will not have to make telecommunications experts and managers out of every state employee. They are willing to take on this responsibility.

Additionally, the preparation of detailed and comprehensive accounting and financial reports will be required. The Communications Division is an entirely revolving fund with the exception of the funding provided by HB 827. They are, in fact, a small business that operates within state government, and they must balance their revenues with their expenditures.

The department is also proposing to continue support of three FTE's in the Development Bureau. The Chief and the Development Specialist are modifications made within the current biennium. The radio engineer is included in current level. This is a reorganization effort.

Included in this handout (Exhibit 5) is an organization chart to help the committee see how this all fits into their overall goals and objectives.

He also pointed out the importance of having good cable records so when changes have to be made, it is much easier to accomplish this move. It is their desire, as they move into management of these facilities themselves, that they be managed properly, and they will keep good records.

The major responsibilities of the Development Bureau are listed on page 5 of Exhibit 5.

These are the major differences, and his justification for the additional FTE's that appear in the budget. The other differences in the budget are related to these FTE's; such as contracted services, equipment, travel and rent.

In analyzing a comparison with the OBPP and LFA people, they find there is not a reasonable way to compare agency authority to revolving fund authority in terms of what is appropriated. Due to the change in the schedule for the switch replacement in Helena, they are projecting the agencies will require an additional $130,000 in FY84 in order to pay Mountain Bell costs for the first quarter of FY84, which will be prior to the replacement of the existing equipment.

Chairman Quilici asked Mr. Neraas if the state would be saving any money by this changeover, and about the services they would receive in the future. Mr. Neraas stated that they are projecting a significant savings. He referred the committee to Exhibit 6 for estimated savings that are being projected.

(Begin Tape 62, Side A)

Mr. Booker stated, in closing, that this system would enable them to be able to track costs, and will be much more accurate for future budgets.

Mr. Neraas stated that after careful analysis, they feel very comfortable with Centel, with the equipment that will be installed, and with the company's abilities to install this equipment.

Public Service Retirement System (Exhibits 8 & 9)

Mr. Larry Nachtsheim, Administrator of PERS, explained that this division is one of two divisions in the Department of Administration. They are primarily dedicated to serving the 29,000 active members and 7,600 retirees of the eight retirement systems they administer. The other division is the Teachers' Retirement Division.

The division currently administers seven actuarial retirement systems, and these are listed on Exhibit 8, page 1. In 1982, they deposited $90 million in the social security program to the federal government on a monthly basis for 715 reporting agencies, which included seven state reporting units covering payrolls annually of $668 million.

He pointed out that they had only 16 employees, and in 20 years the number of systems they have has increased to eight, the combined membership has doubled, the retirees have tripled, the assets have grown 10 1/2 times, and they have added 6.25 employees for a total of 22.25 FTE's. He feels this points to the fact that they have made use of their resources. They currently use four software packages. They feel they have probably the second most sophisticated software package operating in state government. They have a new system they just implemented in January for retirees which replaced a ten-year-old system. The second software package they have is the monthly payroll reporting system.

The third software system is the refund system which was recently modified to handle new federal tax reporting requirements. The fourth program is the social security program. This has been on board for 10 or 12 years and is outdated now. At the present time they have to make the deposits to the government monthly instead of quarterly. They feel this particular package has to be updated to operate the system correctly.

Chairman Quilici pointed out there were two areas where he could see major differences in their budget, and this is in "contracted services" and "equipment."

The major part of the "contracted services" is in the system for the social security program. They are asking for $25,000 in the first year and $15,000 in the second year to update this system. It will permit them to put their field auditor back out into the field where he is required to be by the federal and state agreement.

The second area in "equipment" is the word processor. They currently have in their system many different forms they utilize. (These are listed on page 3 of Exhibit 8.) They feel with a word processor they can update these forms more rapidly. It would enable them to eliminate a great number of these forms. In the PERS they put together brochures for each one of their systems after every legislative session. This takes about three man-months to do, and they feel they could cut down on the time spent making these changes in the brochures. They feel they could provide better services and maintain the staff they have with a word processor.

Their budget comes from the interest money from social security. 50% of this money is provided from the fund from people for whom they are providing the service.

The PERS does not anticipate quite the vacancy savings that the LFA is, primarily because in 1981 they gave up their administrator's job. With 22 people they do not anticipate 3 1/2% salary savings.

(Begin Tape 62, Side B)

When asked why the LFA pulled out the attorney's fees from their budget, Mr. Roessner stated there was a request for an additional attorney's fee to be added above current level, and they did not add above current level. They left it at current level.

Mr. Nachtsheim added in "other compensation" they have pulled out the $425. He said they have two board members who are from the private sector, and they get $25 a meeting. They meet 12 times a year, so this would be a minimum of $600. He said at the very minimum they need the $600 instead of the $425.

He also noted that there was $463 that reflected new insurance and bond rates, and these are numbers over which they do not have control. This is the 2100 program.

Teachers' Retirement Program (Exhib 11)

Mr. Bob Johnson, Administrator of the Teachers' Retirement System, explained that this was established in 1937 to provide monthly retirement, death and disability benefits. Membership is mandatory for all members of the teaching profession in the state and its political subsivisions. They cover 467 school districts, six university units and 11 state agencies. The system is governed by a six-member board, five of whom are appointed by the Governor with one, Superintendent of Public Instruction, being an ex-officio member. They are administratively attached to the Department of Administration. They are a service-oriented organization, and currently serve over 14,000 active members and 5,000 retired members. Their retired payroll for FY82 was $24,701,000. A little over 80% of this amount was being sent to addresses in the State of Montana. Their asset value is over $250 million.

Every two years an actuarial evaluation is performed to determine the financial soundness of the system. The next evaluation is scheduled for July 1, 1983. The system is financed by employee and employer contributions plus investment revenue. The total revenue for FY82 was $57,706,000 while expenditures totaled $31,114,000. Their administrative operations are funded by the interest realized on employer contributions, which represents a little over 1/10ths of 1% of their total investment earnings.

Under "personal services" the LFA has indicated a 3% vacancy savings projected based on '82 figures. They had three positions out of 10 turnover in that year, and these positions were filled from within the office at a lower step. They are not currently experiencing this type of turnover. They have filled only one position this year, and if the current employment situation stays as it is, a 1 1/2% vacancy savings would be more realistic.

The other area in "personal services" is that of "other compensation" of $1,125 for FY84 and FY85. This request represents the $25 per day they are required to pay board members for attending board meetings and other business of the system. They request that this amount be added back into the budget because it is a requirement of the law. He noted that there is also a Senate bill, SB 312, which would double this amount, if passed.

In "contracted services", there is a difference of $8,335 which affects two areas, the first being actuarial services. They have an evaluation every two years, and are scheduled for one in 1983. The last evaluation cost them $8,750. In addition, they require about 40 hours of additional actuarial service, and this is billed at the rate of $75 per hour. The National Council on Governmental Accounting has an exposure draft that will require them to develop more actuarial information. The actuary they contacted felt this would require another 15 hours. So they are asking for a total of $12,902 for actuarial fees for FY84 which is $5,402 more than the LFA budget. In FY84 they are requesting $3,000 or 40 hours at $75 per hour. Since they don't have this evaluation every year, he feels this is the reason it was pulled out of the budget.

The other area of difference is in legal fees. The $3,284 figure requested for FY84 should be $1,685. This is based on using 100 hours of legal services per year. They are currently involved in three lawsuits, and they feel this is what they will need to maintain the legal services within the system. They utilize the attorney within the Department of Administration for services provided.

In "supplies", there is a difference of $3,600. This represents the cost to print their handbook of information which explains benefits to their membership. (Exhibit 10)

There is a difference of $750 in "travel", and this is because they are requesting a training session for one staff member each year to attend an out-of-state conference.

In "equipment", they are requesting $10,000 for a word processor. Basically, they are requesting this for the same reason as Mr. Nachtsheim and the PERS Division.

He noted that the Tax Equality, Fiscal Responsibility Act, which was passed by Congress last year, now makes them withhold benefits from all retirees unless they elect not to do so. They are required to inform each retiree when their benefit becomes subject to federal income tax. This is really an added responsibility to the system and something they cannot do with current personnel. They are hoping that the word processor will assist them and alleviate taking away time from the individual now doing typing in the office. Hopefully, they will not have to ask for additional FTE.

They are also including, in a modified request, an amount of $181,300 to complete a study implementation of a new computerized membership accounting system. Their original request for $140,000 was authorized in 1981 and, due to increased costs, the cost has risen to $320,000. The board has directed him to look at other alternatives such as additional software packages that might be available from other states' systems. Thus far, they have been unable to find one to meet their needs. If they can do it cheaper, they will do it cheaper. But they cannot wait another two years. They anticipate maintenance costs of $27,500 for this system.

Senator Van Valkenburg asked why they missed the estimate on the systems development so badly. Mr. Brandt stated that they rejected the original design, and they had to redo this. They never knew what had to be done scopewise for the system. He noted that the data processing profession is notoriously poor at estimating costs. These factors all added up to miss the mark by this much. Now they know what needs to be done, and are confident that they can go in and complete the project within this amount of money.

Rep. Lory suggested he go back and get another estimate on the word processor because from everything that has been heard thus far, the $10,000 will not cover the amount needed. Mr. Roessner stated that they would try to resolve this matter for the committee to determine who the different agencies received estimates from, and if they are talking about different types of word processors, etc.

Senator Dover asked about the teachers' retirement bills before the Legislature, and if this figure would come in this budget. Mr. Johnson stated that this was true. Senator Dover also inquired about the bill which would allow teachers to apply for their retirement earlier, and what this would do to the cost of this retirement system. Mr. Johnson stated that the only way they would support this bill would be if they would get an additional .994% in employer-employee contributions which would fund the cost to retire an individual after 25 years. Senator Dover stated he thought this would come out of property taxes where the teachers work. Rep. Lory explained that if the salaries go up, the millage has to go up also, because it is a set percnetage of the employer's contribution to the salary.

(Begin Tape 63, Side A)

State Tax Appeals Board (Exhibit 12)

Mr. Bob Raundal, Administrator for the State Tax Appeals Board, explained that his board is a three-member board appointed by the Governor for six-year terms, and confirmed by the Senate. They hear tax appeals, most of which have been heard by a county tax appeal board, and either the taxpayer or the Department of Revenue is dissatisfied by the decision, and they then appeal to their board. This might vary from an appeal that might amount to $3 in which principle is involved or to several million dollars. They also hear direct appeals from decisions of the Department of Revenue on income, corporate tax and liquor.

He said all the members of the board have been in business for themselves at one time or another, and he believes they watch the State's expenditures as closely as they would their own.

The only things they have purchased in the last four years have been a typewriter and a copy machine. He noted that if it looks as if in June they will have money left over for the year, they don't try to spend it. Their FTE has not changed in the last four years. They have 2.5 FTE. This is the part of the budget that they have control over. The part they do not have control of is the expense of the county tax appeal boards. There are 56 county tax appeal boards with three members each. Their expenses are related to the number of appeals that they have, which in 1981 was $3,077. They run their own show and they don't interfere unless they are asked for advice. If there were an insufficient amount of money to pay them, and they did not hear an appeal, Section 15-15-103(2) provides that the appeal is automatically granted. He noted tax appeals are entirely unpredictable.

As for the LFA current level adjustments, he said they have been told by the repairman that they need a new copy machine, and it has been suggested that they go to Publications and Graphics for copying.

Issue no. one deals with the per diem request of $8,924. He stated this per diem was set in 1973 and has not been changed since. HB 286 has been introduced which would raise the daily compensation from $25 to $45 per day. Issue no. two, funding for case backlog, the 34% issue which has now become the 22% issue, the manual disparity issue, the countryside village issue, now the countryside village no. two issue, is in the

Supreme Court. Of the 4,000 appeals they had from 1978 to 1980 and 1981, stipulations have reduced this backlog to 1,795, and there are 687 new 1982 appeals making a total of 2,482 of these 22% appeals. Also pending are 906 from the Big Sky complex, which both sides keep saying are under negotiations, making a total backlog of 3,388 in their files that they are waiting for Supreme Court or someone else to act upon that will have to be disposed of sometime.

The LFA has asked for a level of prediction, and he can see no way to get a level of prediction of what tax appeals are going to be. He feels the economy will have an effect as well as any action on the part of the Department of Revenue. Also, tax consultants have sprung up in some counties, and they have increased the appeal numbers in those counties.

They feel their track record is good and that funding should be at the level recommended by the budget office as a workable figure. He emphasized again, there is no way they can estimate tax appeals, and they have no intention of expanding their shop. The meeting was adjourned at 11:30 a.m.

Joe Quilici

Joe Quilici, Chairman

exhibit 1
2/9/83

SUPPLEMENTAL DATA ON VEHICLE PURCHASE
BUILDING CODES DIVISION
DEPARTMENT OF ADMINISTRATION

Cost Analysis Division Owned Vehicles

- Assumptions

Purchase Cost/Vehicle	$9,000
Expected Life	2 years
Mileage/Year	48,000 miles
MPG	25 mpg
Fuel Cost	$1.25/gal.

- Cost on Two Year Basis

Cost	$9000
Salvage	1000
Fuel	4470
Repair	800
Insurance	1000
TOTAL COST	$14,270
TOTAL MILES	96,000
Cost/Mile	$0.149*

* Please note actual current experience is $.137/mile.

Cost State Motor Pool Lease
Cost/Mile $0.166/mile

Projected Savings

48,000 miles x $.017/mile = $ 816/veh./yr.
TOTAL SAVINGS 7 x $816 = $5712/yr.

Current Savings on 12 Division Owned Vehicles

360,954 mi/yr. x ($.166/mile - $.137/mile) = $10,468/yr.

The ability to reduce costs below State Motor Pool is partially based on:

- Better control over the vehicle due to the same person always using the vehicle.
- Individuals pride in a vehicle assigned to him.
- Existing staff handles the work load required to manage the vehicles therefore there is little or no overhead.

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

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

Approved 2/10/83

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 11 BUILDING STANDARDS PROGRAM
CONTROL : 00000

CURRENT 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)	27.00	27.00		___,___,___	27.00	27.00		___,___,___
1100	SALARIES	575,770	564,390	-11,380	___,___,___	575,497	561,789	-13,708	___,___,___
1400	EMPLOYEE BENEFITS	85,905	81,474	-4,431	___,___,___	86,900	82,972	-3,928	___,___,___
1500	HEALTH INSURANCE	25,920	24,840	-1,080	___,___,___	25,920	24,840	-1,080	___,___,___
	TOTAL LEVEL	687,595	670,704	-16,891	___,___,___	688,317	669,601	-18,716	___,___,___
2100	CONTRACTED SERVICES	21,760	20,364 ~~17,864~~	-3,896	___,___,___	~~22,973~~	21,583 ~~18,933~~	-4,040	___,___,___
2200	SUPPLIES & MATERIALS	55,281	48,108 ~~38,540~~	-16,741	___,___,___	60,695	52,246 ~~42,107~~	-18,588	___,___,___
2300	COMMUNICATIONS	19,776	19,770	-6	___,___,___	22,762	22,750	-12	___,___,___
2400	TRAVEL	~~58,629~~	51,620	~~-7,009~~	___,___,___	~~59,596~~	52,583	~~-7,013~~	___,___,___
2500	RENT	~~14,056~~	12,839	~~-1,217~~	___,___,___	15,555	13,608	-1,947	___,___,___
2700	REPAIR & MAINTENANCE	8,732	7,386 ~~5,585~~	-3,147	___,___,___	9,256	7,837 ~~5,919~~	-3,337	___,___,___
2800	OTHER EXPENSES	3,306	3,057	-249	___,___,___	3,504	3,234	-270	___,___,___
2900	GOODS PURCHASED FOR RESALE	5,533	5,533		___,___,___	5,533	5,533		___,___,___
	TOTAL LEVEL	187,073	154,808	-32,265	___,___,___	199,874	164,667	-35,207	___,___,___
3100	EQUIPMENT	65,640	37,600 ~~1,600~~	-64,040	___,___,___	~~10,000~~	10,000	-10,000	___,___,___
	TOTAL LEVEL	65,640	1,600	-64,040	___,___,___	10,000		-10,000	___,___,___
	TOTAL PROGRAM	940,308	827,112	-113,196	___,___,___	898,191	834,268	-63,923	___,___,___
02448	CONSTRUCTION REGULATION	940,308	851,298	-89,010	___,___,___	898,191	858,344	-39,847	___,___,___
	TOTAL PROGRAM	940,308	851,298	-89,010	___,___,___	898,191	858,344	-39,847	___,___,___

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

exhibit 2
2/9/83

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 09 CENTRAL STORES
CONTROL : 00091 CENTRAL STORES

CURRENT 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)	~~5.50~~	6.0 ~~5.00~~	-.50	__,__,__	5.50	5.00	-.50	__,__,__
1100	SALARIES	94,521	81,712	-12,809	__,__,__	94,180	81,399	-12,781	__,__,__
1400	EMPLOYEE BENEFITS	13,706	11,570	-2,136	__,__,__	13,816	11,711	-2,105	__,__,__
1500	HEALTH INSURANCE	5,280	4,800	-480	__,__,__	5,280	4,800	-480	__,__,__
	TOTAL LEVEL	113,507	98,082	-15,425	__,__,__	113,276	97,910	-15,366	__,__,__
2100	CONTRACTED SERVICES	9,328	9,263	-65	__,__,__	9,888	9,785	-103	__,__,__
2200	SUPPLIES & MATERIALS	1,694	1,693	-1	__,__,__	1,794	1,793	-1	__,__,__
2300	COMMUNICATIONS	6,803	6,798	-5	__,__,__	7,740	7,731	-9	__,__,__
2500	RENT	26,550	24,475	-2,075	__,__,__	28,250	25,941	-2,309	__,__,__
2700	REPAIR & MAINTENANCE	681	678	-3	__,__,__	722	717	-5	__,__,__
2800	OTHER EXPENSES	457		-457	__,__,__	39		-39	__,__,__
2900	GOODS PURCHASED FOR RESALE	1,667,382	1,082,164	-585,218	__,__,__	1,817,424	1,197,090	-620,334	__,__,__
	TOTAL LEVEL	1,712,895	1,125,071	-587,824	__,__,__	1,865,857	1,243,057	-622,800	__,__,__
3100	EQUIPMENT	12,273	600	-11,673	__,__,__				__,__,__
	TOTAL LEVEL	12,273	600	-11,673	__,__,__				__,__,__
	TOTAL PROGRAM	1,838,675	1,223,753	-614,922	__,__,__	1,979,133	1,340,967	-638,166	__,__,__
06531	CENTRAL STORES	1,838,675	1,223,753	-614,922	__,__,__	1,979,133	1,340,967	-638,166	__,__,__
	TOTAL PROGRAM	1,838,675	1,223,753	-614,922	__,__,__	1,979,133	1,340,967	-638,166	__,__,__

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

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

exhibit 3
2/9/83

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 24 STATE INSURANCE
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AF/OE	DESCRIPTION	FY83	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)	7.00	7.00	9.00	2.00		7.00	9.00	2.00	
1100	SALARIES	188,291	171,196	222,810	51,614		170,546	221,962	51,416	
1200	HOURLY WAGES		155		-155		155		-155	
1400	EMPLOYEE BENEFITS	5,491	24,794	31,124	6,330		24,991	31,428	6,437	
1500	HEALTH INSURANCE		6,720	8,640	1,920		6,720	8,640	1,920	
	TOTAL LEVEL	193,782	202,865	262,574	59,709		202,412	262,030	59,618	
2100	CONTRACTED SERVICES	2,090,888	1,353,402	420,138	-933,264		760,601	208,755	-551,846	
2200	SUPPLIES & MATERIALS	3,827	11,246	8,372	-2,874		8,784	5,735	-3,049	
2300	COMMUNICATIONS	3,911	4,251	4,242	-9		4,929	4,916	-13	
2400	TRAVEL	2,946	4,764	4,758	-6		4,981	4,972	-9	
2500	RENT	4,605	6,366	5,316	-1,050		7,046	5,634	-1,412	
2700	REPAIR & MAINTENANCE	3,411	294	292	-2		312	309	-3	
2800	OTHER EXPENSES	657	50,812	811	-50,001		50,861	859	-50,002	
	TOTAL LEVEL	2,110,745	1,431,135	443,929	-987,206		837,[illegible]14	231,180	-606,334	
	TOTAL PROGRAM	2,304,527	1,634,000	706,503	-927,497		1,039,926	493,210	-546,716	
01100	GENERAL FUND	192,500	215,600	196,630	-18,970		228,536	208,427	-20,109	
06524	INSURANCE PREMIUM	2,112,027	1,418,400	509,873	-908,527		811,390	284,783	-526,607	
	TOTAL PROGRAM	2,304,527	1,634,000	706,503	-927,497		1,039,926	493,210	-546,716	

DEPARTMENT OF ADMINISTRATION
Insurance & Legal Division

Budget Issues

1) $7,865 in FY84 and $8,337 in FY85 should be considered for consulting and professional services.

2) Development and maintenance costs on an accident/incident computer program come to $11,420 in FY84 and $4,049 in FY85.

3) We are unable to determine why the LFA budget figure is so different than the Executive Budget for insurance and bond premiums. However, an additional $752,154 in FY84 and $367,930 in FY85 is needed to cover this category.

4) No training or education funds are in the LFA budget. $1,798 in FY84 and $1,906 in FY85 is needed to cover training and education for 4 attorneys.

5) $160,023 in FY84 and $169,624 in FY85 is required for private legal counsel.

6) Fees for the use of the computerized reference source at the State Law Library not included in the LFA budget total $2,874 in FY84 and $3,049 in FY85.

7) $50,000 in FY84 and FY85 respectively is necessary to implement the Council on Management's recommendation for training seminars.

exhibit 4
2/9/83

DEPARTMENT OF ADMINISTRATION
Insurance and Legal Division

PART I - Insurance protection provided

Type of Policy	Annual Cost
A. Commercial Insurance:	
All Risk Property Insurance	$ 147,510.00
Boiler Insurance	14,823.00
Auto Fleet Insurance	384,343.70
Employee Fidelity Bond	13,187.44
Fine Arts Policy	13,704.00
Airport Liability Insurance	4,500.00
Money and Securities	4,751.00
Aircraft Liability and Physical Damage	21,800.00
Helicopter Liability and Physical Damage	34,900.00
Misc. Inland Marine Policies	2,994.00
B. Self-Insured:	
Comp. General Liability	1,006,865.00
Retail Liquor Stores' Inventory	16,095.00
Automobile Physical Damage	8,353.00
Inland Marine	2,145.00

PART II - Self-Insured Comp. General Liability

A. Actual payments made for claims and expenses:

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83[1]	TOTALS
Claims Paid	28,056.90	19,057.87	10,584.17	133,755.10	616,303.96	429,799.55	1,237,557.55
Legal Fees	7,957.14	11,999.33	57,531.32	80,308.87	142,190.08	39,528.11	339,514.85
Misc. Exp.	23.25	555.05	3,805.77	10,200.95	39,349.68	14,104.55	68,039.25
TOTALS	36,037.29	31,612.25	71,921.26	224,264.92	797,843.72	483,432.21	1,645,111.65

B. Income by Fiscal Year:

	Billings to Agencies	Interest Earned	Total
FY 78	1,047,684.00	150,533.93	1,198,217.93
FY 79	1,260,030.00	345,820.92	1,605,850.92
FY 80	1,106,604.20	526,531.83	1,633,136.03
FY 81	1,166,625.24	815,119.29	1,981,744.53
FY 82	1,016,058.00	1,062,550.23	2,078,608.23
FY 83[1]	1,006,865.00	540,556.38	1,547,421.38
TOTALS	6,603,866.44	3,441,112.58	10,044,979.02

PART III - Fund Balance - Comp. General Liability - As of December 31, 1982

Total Receipts from July 1, 1977:		
Billings to Agencies	6,603,866.44	
Interest Earnings	3,441,112.58	
Total Receipts (Sch. II)		10,044,979.02
Disbursements from July 1, 1977:		
Claims Paid	1,237,557.55	
Legal Fees	339,514.85	
Misc. Expenses	68,039.25	
Total Disbursements (Sch. I)		1,645,111.65
Unexpended Receipts		8,399,867.37
General Fund Transfer		1,217,279.54[2]
Fund Balance - Comp. General Liability		9,617,146.91[3]

PART IV - Comp. General Liability claims filed by FY of occurrence

FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	Total Claims
104	103	128	64	58	25	482

1 Amounts through December 31, 1982.

2 In FY 78 and FY 79, General fund appropriations were utilized to augment the self-insurance fund. This General fund support was discontinued in the 80-81 Biennium.

3 Of this amount, $4,382,683.61 has been reserved to pay existing claims, and the balance will be used to pay incurred but not reported claims and catastrophe losses. Uninsured Department of Military Affairs' claims in the amount of $1,183,524.61 are included in the Reserve amount and will be paid from self-insurance monies.

exhibit 5
2/ 9/83

DEPARTMENT OF ADMINISTRATION
COMMUNICATIONS DIVISION
BUDGET PRESENTATION - FY 84/85

The Communications Division, Department of Administration is requesting current staff level, three (3) additional FTE and the continued funding of 2 FTE that have been authorized during the biennium. It should be noted that these are not additional FTE's in relation to the Departmental allocation, but a transfer of authority within the Department.

The major reasons for the request for additional staff are:

1) CHANGES IN THE TELECOMMUNICATIONS REGULATORY ENVIRONMENT.

Two major events have recently occurred that have changed the way that large organizations have to manage telecommunications services and equipment. In the first instance, American Telephone & Telegraph (AT&T) announced the establishment of a deregulated subsidiary to provide voice and data products to business and residential customers. Section 18-4-101(3), MCA allows the State of Montana to obtain services from regulated public utilities on a non-competitive basis. With the establishment of a private, for-profit subsidiary, now called American Bell, the local operating company, effective January 1, 1983, is no longer providing any major new equipment or services for business customers. As a result, the State no longer has a source of telecommunications equipment from a regulated utility.

Secondly, AT&T will divest itself of local operations in 1984 as a result of the settlement of the Department of Justice anti-trust suit. The local operating company, currently Mountain Bell, will provide access to local and long distance networks and various other network services such as WATS.

In the past, the State could count on "end-to-end" service from a single source - everything from dial tone to advanced telephone switching systems. It is obvious that this is no longer the case. Therefore, the responsibility for providing end-to-end service for State government has been transferred from a regulated utility to the Department of Administration.

As the impact of the changes begin to be felt, the State, to properly manage telecommunications services and equipment, should prepare to commit additional resources to ensure modern, cost-effective telecommunications.

The Communications Division, in recent system procurements, has demonstrated the ability to provide "state of the art" telecommunications services with long-term savings through formal bid procedures. The demand for this type of service has increased. The Department of Administration is prepared to deal with the rapidly changing regulatory environment and technical marketplace that is evolving in the 1980's.

The Communications Division has undertaken a role in the monitoring of the activities that affect the tariffs for regulated services and equipment. This involves the Federal Communications Commission (FCC) and the Montana Public Service Commission (PSC). The major responsibilities in this area are:

a) Analyze tariff filings and prepare appropriate policy and action recommendations to be presented to the FCC and PSC on behalf of the State.

b) Analyze approved tariffs for impact on the State telecommunications systems and prepare agency notifications.

2) TECHNOLOGICAL CHANGES IN THE TELECOMMUNICATIONS INDUSTRY.

The telecommunications industry, as with other electronic/computer based industries, is undergoing what can be best described as a "revolution". Existing equipment is becoming "obsolete" in both the technical and regulatory sense. In order for the State to benefit from both increases in productivity and decreases in equipment and service costs, it is important that these developments are monitored and analyzed. It is critical that this analysis is independent from, although based on, vendor-supplied information.

Technical improvements with the added benefits of direct cost savings are occurring in such areas as telephone switches and instruments, network management techniques, teleconferencing and electronic mail.

3) INCREASING COSTS FOR TELECOMMUNICATIONS SERVICES AND EQUIPMENT.

Costs for the basic Centrex service and other electro-mechanical telephone switching devices (Local Service and Equipment) have increased from 50-100% in the past 2-1/2 years. These price increases were experienced during a period of time when few significant changes occurred in either system size or basic engineering. Charges for the TELPAK network have increased at an average annual rate of 15% during the past five years. These increases are generally not controllable since all modern business operations rely on these essential services.

With the changes in the regulatory and technical environments as outlined above, management techniques are now available to begin controlling these rapidly escalating costs. These techniques require the applications of electronic hardware, computer software, financial analysis methods and consistent policy development and application.

The use of the competitive bidding process enhances the State's ability to control costs by the development of Requests for Quotations (RFQ) to meet the specific business needs of State agencies. Responses by qualified vendors are objectively evaluated with the contract award made to the "lowest responsible Bidder". This evaluation is based on three major areas:

1) Financial Proposal
2) Company Qualifications and Service Capabilities
3) Technical Compliance

The final phase of this process is Project Management. This requires the coordination by the State of various service providers to ensure that the installation is completed on time, within budget, and meets the technical specifications as published in the RFQ.

Cost control and efficiency are the primary goals of the Communications Division. Market conditions are prime to replace existing "obsolete" equipment while realizing the <u>significant</u> cost-saving potentials that are inherent in <u>modern technologies</u>.

4) NETWORK MANAGEMENT

Substantial costs are incurred to provide the interconnections between facilities within a particular community (e.g., Helena State agencies) and between communities (e.g. TELPAK). These interconnections (via land-based telephone lines, microwave links, etc.) and the interface with switching equipment, constitute the State's "network", which includes transmission of voice, data, and land/mobile radio communication. New electronic equipment is available to also enable managers to economize on the network through traffic engineering and analysis, routing of traffic at least cost, and accurate cost accounting.

Because of the new environment in the telecommunications industry, the State may choose to either build its own network or rely on existing common carriers. In either case, effective network management can result in cost savings through proper management based on accurate technical and financial data.

5) LAND/MOBILE RADIO

The Communications Division has embarked on an aggressive effort to create a centralized radio management program in response to demands of State and local radio users. This program entails development and maintenance of a frequency utilization plan, automating frequency and license management on a statewide basis, establishing statewide mutual (common) frequencies for interagency communications, and coordinating State agency radio communications plans. The increasing scarcity of available radio frequencies, the newly emerging radio technologies, and the need to integrate radio communications into the State telecommunications network have a direct impact on public safety and the costs of providing public safety communications. These trends require careful management, planned replacement and growth, and cost control/sharing programs to ensure that established public safety goals are met in the most cost efficient ways.

The positions and subsequent support requested in the executive budget are necessary to properly implement and manage the new telecommunications systems and environment.

The three (3) additional FTE are:

1) TELECOMMUNICATIONS ENGINEER: The major duties of this position will include the monitoring of ongoing field operations; project implementation and acceptance; maintenance, update and management of all telecommunications related data base systems; perform technical analysis of switching and transmission facilities to establish acceptance and performance standards; and, maintain a thorough knowledge of telecommunications standards and developments to communicate to both peers and user agencies.

2) REPAIR/INSTALLATION: The Communications Division receives, on the average, 750 Telephone Service Requests annually. These requests are for additions, removals, moves and changes in telecommunications services. The FY-84 budget for one-time charges, which incorporates the change in these services is $75,771. The State may either pay Centel Business Systems at the average rate of $38/hour plus materials or assign its own personnel to accomplish the work requested. It is proposed that the Communications Division hire a Repair/Installation Specialist on a full-time basis to do the routine adds, moves and changes required by State agencies. It is projected that this position would be able to accomplish 475 of these requests, or approximately 2 TSR's per day, plus routine maintenance and training. The average rate would be $18.00 per hour or a net savings of $22,400 per year.

3) ACCOUNTANT III: This position will be responsible for developing and administering a user billing system which will provide all users of State telecommunications services with accurate and timely billing statement, resolving any user billing complaints, managing a state-wide inventory of equipment and cable facilities and auditing all vendor bills for accuracy before payment is made.

With the variety of vendors that the State will deal with for telecommunications services, this position will also be responsible for the establishment of accurate rates to be charged. Additionally, the preparation of both detailed and comprehensive accounting/financial reports will be required.

The Department of Administration is proposing the continued support of three (3) FTE's in the Telecommunications Development Bureau. The Chief and the Development Specialist are modifications made within the current biennium. The Radio Engineer is included in current level.

The major responsibilities of this Bureau are:

1) Design network optimization and design routines.

2) Oversee traffic analysis and plan for the integration of all network transmissions over an integrated, unified information network.

3) Maintain an on-going program to analyze major user-systems to determine current and future requirements and recommend both technological and cost enhancements that are available.

4) Study and research new analytical tools for the improved management and performance of systems and/or networks.

5) Implement the Radio Management Program for State and local agencies. Emphasis will be in the areas of:

   a) Coordination and sharing of facilities.

   b) Frequency utilization plan.

   c) Frequency coordination and licensing.

   d) Review of State agency equipment and frequency requests to ensure compliance with Legislative intent and mutual-frequency planning.

6) Provide for the research and development of new technologies available to the State that provide for improved communications systems and potential cost

savings such as teleconferencing, electronic mail, and local area data networks.

7) Provide assistance to political sub-divisions in such areas as:

   a) Define communications requirements and recommend solutions to existing problems.

   b) Prepare materials and presentations on analytical and cost-savings methods.

   c) Identify Federal and State programs for grants and other assistance programs.

   d) Provide consultation for telecommunications systems design and operation.

CONCLUSION

The reason why it is vital to undertake a unification of telecommunications planning and management should be clearly stated. The major concerns that have been caused are due to the divestiture and deregulation of the Bell system, the explosive development of new technology and anticipated increased costs for telecommunication systems and services. It should be recognized that telecommunications, as we have always known it in the past, will change completely within the next few years. The provision of complete end-to-end user services, now performed by Mountain Bell, will disappear. These services include maintenance, repair, installation, planning, network management and a range of others. Their provision will become the responsibility of the Communications Division, Department of Administration. The need to perform comprehensive planning and careful analysis and selection of new systems and equipment, from a variety of competitive offerings, will become an item of increasing importance.

As a result, the State of Montana should support centralized telecommunications management to provide the full spectrum of planning, day-to-day operations and support services that will be required to provide vitally needed services and to control and contain the spiraling cost of such service in the future. The State of Montana is poised to claim a place as a nation-wide leader in the provision of efficient and cost effective telecommunications service to both State and local governments.

14.39 F 7E3

DEPARTMENT OF ADMINISTRATION
COMMUNICATIONS DIVISION
ORGANIZATION CHART - FY 84
PROPOSED

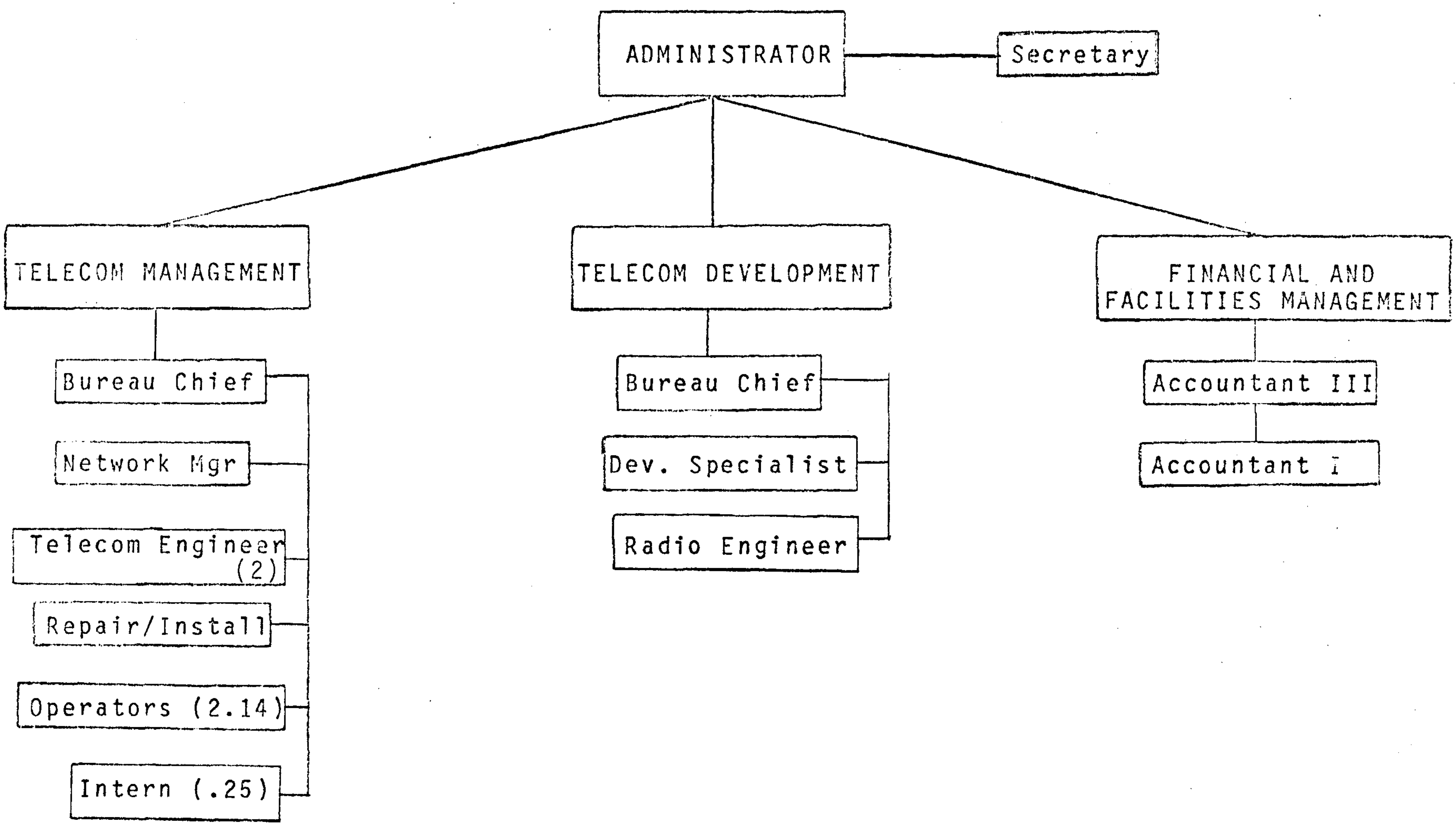

exhibit 6
2/9 /83

STATE OF MONTANA
TELECOMMUNICATIONS PRESENTATION 1983

TOTAL "BIG FOUR" LOCATIONS											
Centel Equipment	$1,337,778	$1,337,778	$1,337,778	$1,337,778	$1,337,778	$1,337,778	$1,337,778	$1,337,778	$1,337,778	$1,337,778	$13,377,780
Centel Maintenance		259,843	280,431	320,159	355,377	394,468	438,459	486,022	539,487	598,829	3,681,075
Access Charges	581,124	645,048	716,003	794,763	882,186	979,227	1,086,941	1,206,506	1,339,221	1,486,535	9,717,554
TOTAL	1,918,902	2,242,669	2,342,212	2,452,700	2,575,341	2,711,473	2,863,178	3,030,306	3,216,486	3,423,142	26,776,409
Centrex @ 50% of Request	2,480,694	2,753,571	3,056,463	3,392,673	3,765,868	4,180,114	4,639,926	5,150,318	5,716,853	6,345,706	41,482,186
Estimated Savings	$ 561,792	$ 510,902	$ 714,251	$ 939,973	$1,190,527	$1,468,641	$1,776,748	$2,210,012	$2,500,367	$2,922,564	$14,705,777
Centrex @ 100% of Request	2,805,048	3,113,603	3,456,100	3,836,271	4,258,261	4,726,668	5,246,702	5,823,728	6,464,338	7,175,416	46,906,135
Estimated Savings	$ 886,146	$ 870,934	$1,113,888	$1,383,571	$1,682,920	$2,015,195	$2,383,524	$2,793,422	$3,247,852	$3,752,274	$20,129,726

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

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

exhibit 7
2/9/83

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 20 COMMUNICATIONS PROGRAM
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	FY 83	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)	9.39	14.39	8.14	-6.25		14.39	8.14	-6.25	
1100	SALARIES	240,733	303,285	188,093	-115,192		302,127	187,371	-114,756	
1400	EMPLOYEE BENEFITS	45,952	44,401	26,674	-17,727		44,775	27,060	-17,715	
1500	HEALTH INSURANCE		13,814	9,014	-4,800		13,814	9,014	-4,800	
	TOTAL LEVEL	286,685	361,500	223,781	-137,719		360,716	223,445	-137,271	
2000	OPERATING EXPENSES			14	14			21	21	
2100	CONTRACTED SERVICES	41,237	78,253	24,650	-53,603		81,950	26,123	-55,827	
2200	SUPPLIES & MATERIALS	7,260	12,959	2,198	-10,761		8,377	2,328	-6,049	
2300	COMMUNICATIONS	2,866,879	3,334,584	3,333,827	-757		3,911,739	3,910,935	-804	
2400	TRAVEL	11,845	14,034	5,731	-8,303		14,737	5,995	-8,742	
2500	RENT	9,844	11,841	10,725	-1,116		12,966	11,368	-1,598	
2700	REPAIR & MAINTENANCE	150	508	505	-3		539	535	-4	
2800	OTHER EXPENSES	2,150	1,319		-1,319		1,398		-1,398	
	TOTAL LEVEL	2,939,365	3,453,498	3,377,650	-75,848		4,031,706	3,957,305	-74,401	
3100	EQUIPMENT	--	3,539		-3,539					
	TOTAL LEVEL		3,539		-3,539					
	TOTAL PROGRAM	3,226,050	3,818,537	3,601,431	-217,106		4,392,422	4,180,750	-211,672	
06526	COMMUNICATIONS	3,226,050	3,818,537	3,601,431	-217,106		4,392,422	4,180,750	-211,672	
	TOTAL PROGRAM	3,226,050	3,818,537	3,601,431	-217,106		4,392,422	4,180,750	-211,672	

DEPARTMENT OF ADMINISTRATION

Communications Division

Budget Issues

1) The executive budget request includes 6.25 FTE to implement and maintain the new telephone system. The positions are for two implementors, intern (.25), installer, engineer, accountant, and bureau chief.

2) The executive budget reflects operating costs to maintain the new telephone system:

	'84	'85
Contracted services	$22,026	$23,293
Supplies & materials	7,723	2,827
Travel	6,007	6,367
Rent	2,822	2,991
Total	$38,578	$35,478

3) The executive budget reflects operating costs for the planning and implementation effort of the long range telecommunications plan:

	'84	'85
Contracted services	$29,263	$31,019
Supplies & materials	2,152	2,281
Communications	299	317
Travel	1,898	2,013
Total	$33,612	$35,630

4) Both the executive and fiscal analyst budgets omit rent costs for 1,000 sq. feet for a switch room for the new telephone system ($3,280 in '84 and $3,630 in '85).

5) The executive budget includes requests for dues, subscriptions, registration fees for training conferences, etc. These costs are necessary for the operation of the division. All these costs were omitted from the '82 base by the fiscal analyst ($1,319 in '84 and $1,398 in '85).

6) The executive budget includes requests for office equipment for the additional employees and engineering equipment for the telephone installer ($3,539 in '84).

7) Vacancy savings of 3.5% has been recommended by the fiscal analyst. The total cost based on our executive budget request would be $12,653 in '84 and $12,625 in '85. This translates into .50 FTE reduction during each year of the biennium.

exhibit 8
2/9/83

REPORT OF PUBLIC EMPLOYEES' RETIREMENT DIVISION OPERATIONS

2/9/83
Larry Nachtsheim
Administrator

The Public Employees' Retirement Division is one of two unique divisions of the Department of Administration; the other being the Teachers' Retirement Division. As an "attached to" division of the department, we are required to submit separate budgets; however, a greater distinction can be made in the services the PERS provides. We are dedicated to providing a service to people rather than provide support functions to other agencies of government.

At least 75% of our budget and staff resources are dedicated to serving the 29,000 active members and 7600 retirees of eight retirement systems we administer.

Currently, the division administers seven actuarially funded retirement systems:

SYSTEM	MEMBERSHIP	RETIREES	ASSETS
Public Employees (State & County)	27,400	6,739	$ 342,691,000
Sheriffs	37	14	4,150,000
Game Wardens	90	34	3,993,000
Highway Patrol	204	124	8,944,000
Judges (including Supreme Court)	~~579~~ 36	~~46~~ 16	3,908,270 9,~~361~~,000
Police Officers (1st & 2nd class cities)	438	331	11,343,000
Firefighters (1st & 2nd class cities	454	317	9,796,000
TOTALS	29,202	7,605	$ 390,282,000

Last year we retired 770 members. The current monthly retirement payroll is $2,448,756. Refunds during FY 1982 totaling $7,999,211 including 7½% interest were issued to 7,754 terminating employees.

In addition to these systems, the PERD administers a retirement program for some 110 volunteer rural fire departments with 317 retirees and beneficiaries receiving $25,660 each month.

The other 20% of the PERD resources are dedicated to social security reporting and depositing with the remaining 5% of resources to advise state and political sub-divisions in the administration of retirement matters at the employer level.

In 1982, the social security program deposited $90 million with the federal government on a monthly basis for 715 reporting agencies which include seven state reporting units covering in total 56,000 positions and an annual payroll of $668 million.

I have compared our current operations to that of twenty years ago and I feel the comparisons provide significant insight into the type of operation we administer.

In 1962, the retirement division administered one retirement system, the PERS, and the federal-state social security agreement.

The membership in PERS on June 30, 1962 was 14,874 employees; 4,330 refunds were made totaling $1,068,079.13; 1,688 retirees received $2,016,416.54 in retirement benefits. Assets of the system were $28,155,127.21.

In FY 1961-62, the social security program had 1,007 agencies reporting and depositing on a quarterly basis covered wage reports for 29,134 employees with contributions of $5,690,000. The combined operation cost was $120,812.33 and the retirement division had sixteen employees.

In 20 years the number of systems has increased to 8, the combined membership has doubled, the retirees have tripled, the assets have grown 10½ times, and we added 6.25 employees for a total of 22.25 FTE's.

Currently, we are operating four software packages:

(1) A new system for retirements payments implemented in January to replace a ten year old system. The new system provides more detailed information and much greater flexibility.

(2) A monthly payroll reporting system that is 8 years old that was modified four years ago and is operating more efficiently and more economically than it did at the time it was modified.

(3) A refund system recently modified to handle new federal tax reporting requirements.

(4) An outdated social security program that was designed to handle quarterly social security reporting some 10 - 12 years ago.

The current software systems in operation in the retirement area has permitted the division to efficiently administer additional retirement programs with the addition of very few people. In fact, we added one retirement system to our group in 1981, the firemen, and reduced our FTE's by one from 23.25 to 22.25 (Note: at the time we authorized 24.25 FTE's).

We feel our overall computer system is probably only second to SEAS in the number of transactions we handle monthly; 29,000 individual salary updates; 7,605 benefit payments withholding federal income tax and insurance premiums, and annual refunds of 7,754. A total of some 439,000 transactions a year not including address changes, information changes or additions to the system. The computerization of the retirement area has made us people efficient.

However, in our social security area, we have labored for the past 36 months with the computer program designed for quarterly reporting and depositing manually supplemented to provide monthly depositing and annual reporting as mandated by the Federal Social Security Administration.

During the months of December, 1982, January and February, 1983, we have supplemented our social security program by retaining our field auditor in the office to handle the monthly depositing, quarterly recapping, and balancing 56,000 annual wage reports. While we will not save a single employee, we feel that our request to update our social security computer program is legitimate as the savings in personnel time will permit us to return our auditor to the field and improve our lag time and current depositing procedures with the prospect of increasing our interest income earnings which are down 24% from the previous fiscal year due to the declining short-term rates.

Because we are people oriented, there is a great deal of detailed information required of both our active membership but particularly our members comtemplating retirement as well as those who actually retire.

Currently we have forms for each of the seven retirement systems providing for:

(1) Transfer credits between systems and to the Teachers' Retirement System

(2) Purchase of previous service

(3) Purchase of military service

(4) Three disability claim forms

(5) Two estimate forms

(6) Five retirement forms

(7) Change of address forms

(8) Change of beneficiary forms

(9) Two death benefit claim forms

(10) Form letters to accommodate each of these forms

These forms do not include typed communications for individuals or the federally required forms for our social security reporting.

Early on we anticipate a request for one additional FTE to handle our continually increasing typing load. At the present time, we have one full-time typist, my secretary.

As a more efficient means of accomplishing our goals we have requested a word processor. We feel with our current staff, we can dedicate three individuals on a part-time shared basis to this equipment and eliminate at least six of our current eleven typewriters. Further, the statutory citations found on many of our forms could be kept more current without type-overs or strikings which sometimes makes them difficult to comprehend. Further, the preparation of the eight information brochures that we update after every legislative session can be greatly enhanced to the use of the word processor. Currently it takes over three-man-months for edit and re-write of these brochures.

In the area of attorneys fees we anticipate two federal court cases starting this spring, probably to be heard in the fall in the social security area. We currently have one case pending in District Court and one disability hearing pending. The increase in the number of new retirement programs has resulted in these cases as one is a police system matter and the other a combination police and sheriff system problem. Since we now pay for our attorney on a "when used" basis, we feel the additional money requested in our budget will be required. We hope it will be adequate.

In the "other compensation" area, we currently have two members who each receive $25 dollars per meeting day. Our Board meets one day each month. There is legislation proposed to add another member to the board which will require additional funding and there is also a bill to increase the daily per diem to $50 dollars. Even without this legislation, our other compensation should be $600 dollars, it was overlooked in our budget preparation.

Currently as a result of the federal TEFRA legislation, we have been forced to spend about $7,000 in additional postage and modification of our refund software. This bill is such a mess, we do not have a handle on future costs; however, we wish to advise you that pending finalization of IRS regulations we may need to request additional funding in 1984-85, just to comply with the statute. We are working within our national organizations to secure some amendments to this bill.

Thank you for the opportunity to discuss the PERD operations with you and we would be pleased to answer an questions you may have.

MONTANA

PUBLIC EMPLOYEES' RETIREMENT SYSTEM HANDBOOK

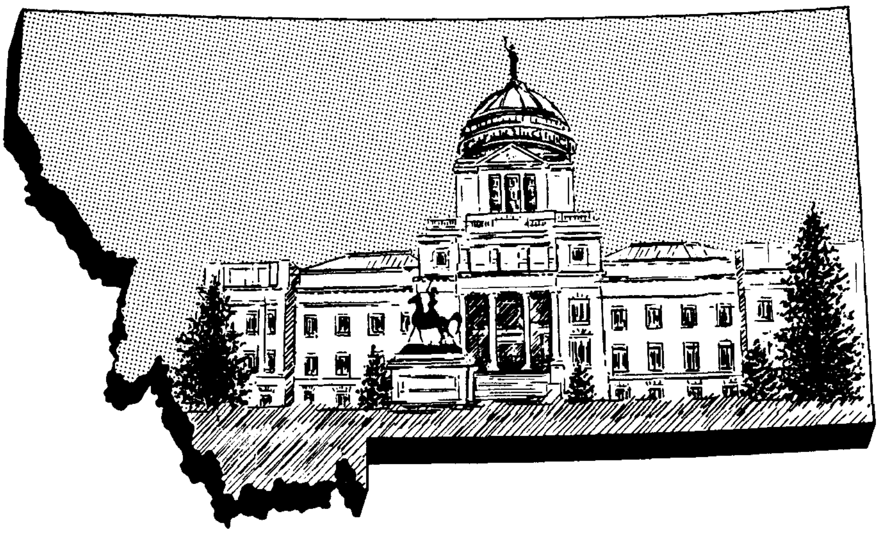

exhibit 10
2/9/83

APRIL 1982

DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT DIVISION

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

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

exhibit 9
2/9/83

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 35 PERS DIVISION
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	FY83	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)	24.25	22.25	22.25			22.25	22.25		
1100	SALARIES	481,094	381,834	380,632	-1,202		380,412	379,186	-1,226	
1200	HOURLY WAGES		3		-3		3		-3	
1300	OTHER COMPENSATION		425		-425		425		-425	
1400	EMPLOYEE BENEFITS	15,515	54,985	53,465	-1,520		55,426	54,298	-1,128	
1500	HEALTH INSURANCE		21,360	21,360			21,360	21,360		
	TOTAL LEVEL	496,609	458,607	455,457	-3,150		457,626	454,844	-2,782	
2100	CONTRACTED SERVICES	137,337	238,088	199,143	-38,945		216,955	187,166	-29,789	
2200	SUPPLIES & MATERIALS	13,499	17,196	17,190	-6		18,228	18,219	-9	
2300	COMMUNICATIONS	37,850	36,772	36,766	-6		41,552	41,542	-10	
2400	TRAVEL	10,829	12,576	12,569	-7		13,106	13,094	-12	
2500	RENT	17,713	18,195	18,190	-5		19,286	19,280	-6	
2600	UTILITIES	4,160	4,943	4,940	-3		6,147	6,143	-4	
2700	REPAIR & MAINTENANCE	3,207	4,248	4,247	-1		4,503	4,501	-2	
2800	OTHER EXPENSES	849	1,123	1,117	-6		1,191	1,181	-10	
	TOTAL LEVEL	227,384	333,141	294,162	-38,979		320,968	291,126	-29,842	
3100	EQUIPMENT		14,492	300	-14,192		500	500		
	TOTAL LEVEL		14,492	300	-14,192		500	500		
	TOTAL PROGRAM	723,993	806,240	749,919	-56,321		779,094	746,470	-32,624	
09507	PERD	723,993	806,240	749,919	-56,321		779,094	746,470	-32,624	
	TOTAL PROGRAM	723,993	806,240	749,919	-56,321		779,094	746,470	-32,624	

DEPARTMENT OF ADMINISTRATION

Public Employees' Retirement Division

Budget Issues

1) The LFA budget does not include $25,000 in FY84 and $15,000 in FY85 for data processing services to study and redesign the Social Security Program.

2) $463 should be included in FY84 and FY85 to reflect new insurance and bond rates.

3) Additional attorney's fees and court costs amount to $13,283 in FY84 and $14,080 in FY85.

4) The LFA budget has not included $14,192 in FY84 to cover the cost of a word processor.

exhibit 11
2/9/83

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

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

AGENCY : 6105 TEACHERS RETIREMENT BOARD
PROGRAM : 01 TEACHERS RETIREMENT PROGRAM
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	FY83	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)	10.58	10.58	10.58			10.58	10.58		
1100	SALARIES	174,049	174,974	176,104	1,130		174,595	175,435	840	
1300	OTHER COMPENSATION	1,200	1,125		-1,125		1,125		-1,125	
1400	EMPLOYEE BENEFITS	34,812	25,196	24,744	-452		25,438	25,107	-331	
1500	HEALTH INSURANCE		10,157	10,156	-1		10,157	10,156	-1	
	TOTAL LEVEL	210,061	211,452	211,004	-448		211,315	210,698	-617	
2100	CONTRACTED SERVICES	53,743	65,408	57,073	-8,335		40,255	33,957	-6,298	
2200	SUPPLIES & MATERIALS	7,502	7,984	7,984			13,063	9,462	-3,601	
2300	COMMUNICATIONS	20,694	20,411	20,410	-1		23,019	23,017	-2	
2400	TRAVEL	7,112	6,626	5,866	-760		6,889	6,126	-763	
2500	RENT	28,983	23,897	23,895	-2		25,331	25,327	-4	
2600	UTILITIES	2,945	4,109	4,107	-2		5,052	5,048	-4	
2700	REPAIR & MAINTENANCE	724	219	218	-1		232	231	-1	
2800	OTHER EXPENSES	750	847	844	-3		898	893	-5	
	TOTAL LEVEL	122,453	129,501	120,397	-9,104		114,739	104,061	-10,678	
3100	EQUIPMENT	-	2,288	2,288			10,000		-10,000	
	TOTAL LEVEL	-	2,288	2,288			10,000		-10,000	
	TOTAL PROGRAM	332,514	343,241	333,689	-9,552		336,054	314,759	-21,295	
09506	TEACHERS RETIREMENT	332,514	343,241	333,689	-9,552		336,054	314,759	-21,295	
	TOTAL PROGRAM	332,514	343,241	333,689	-9,552		336,054	314,759	-21,295	

DEPARTMENT OF ADMINISTRATION

Teachers' Retirement Division

Budget Issues

1) $1,125 in FY84 and FY85 respectively should be added to the LFA budget for per diem for board members to attend board meetings and other related system business.

2) Because of increased actuarial costs and additional legal fees and court costs, $8,335 in FY84 and $6,298 in FY85 needs to be considered in the LFA budget.

3) $3,601 should be considered in FY85 to cover the costs of handbooks of information.

4) $760 in FY84 and FY85 respectively is needed to cover travel to attend retirement seminars.

5) $10,000 in FY85 has been excluded from the LFA budget for the purchase of a word processor.

6) A savings of 3% has been recommended by the Fiscal Analyst in this budget. The total cost based on our executive budget submission would be $6,330 in FY84 and $6,339 in FY85. This translates into less than one-half FTE reduction during each year of the biennium.

REPORT EBSR100
DATE : 01/08/83
TIME : 16/25/25

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

exhibit 12
2/9/83

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 37 STATE TAX APPEAL BOARD
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	FY 83	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)	5.50	5.50	5.50			5.50	5.50		
1100	SALARIES	115,438	119,597	119,543	-54		119,139	119,065	-74	
1300	OTHER COMPENSATION	32,700	41,624	32,700	-8,924		32,700	32,700		
1400	EMPLOYEE BENEFITS	23,088	16,217	16,973	756		16,358	16,908	550	
1500	HEALTH INSURANCE		5,280	5,280	-0-		5,280	5,280		
	TOTAL LEVEL	171,226	182,718	174,496	-8,222		173,477	173,953	476	
2100	CONTRACTED SERVICES	65,974	117,860	56,138	-61,722		104,568	59,488	-45,080	
2200	SUPPLIES & MATERIALS	14,205	7,626	7,622	-4		8,084	8,077	-7	
2300	COMMUNICATIONS	9,770	10,834	10,164	-670		12,290	11,578	-712	
2400	TRAVEL	18,592	17,744	17,740	-4		18,518	18,511	-7	
2500	RENT	11,753	7,551	8,670	1,119		8,356	9,190	834	
2700	REPAIR & MAINTENANCE	403	1,163	1,160	-3		1,233	1,229	-4	
2800	OTHER EXPENSES	530	3,588	3,082	-506		3,804	3,265	-539	
	TOTAL LEVEL	121,227	166,366	104,576	-61,790		156,853	111,338	-45,515	
3100	EQUIPMENT	193	5,200	5,200	-0-					
	TOTAL LEVEL	193	5,200	5,200	-0-					
	TOTAL PROGRAM	292,646	354,284	284,272	-70,012		330,330	285,291	-45,039	
01100	GENERAL FUND	292,646	354,284	284,272	-70,012		330,330	285,291	-45,039	
	TOTAL PROGRAM	292,646	354,284	284,272	-70,012		330,330	285,291	-45,039	

DEPARTMENT OF ADMINISTRATION

State Tax Appeals Board

Budget Issues

1) The executive budget includes a modified per diem request of $8,924. The board anticipates that its caseload of property tax cases will increase substantially in the next two years.

2) House Bill 286 was introduced to increase compensation of county tax appeal board members. If this bill is approved, additional general funds of $26,160 will be needed in each year of the biennium. Currently, neither the executive or fiscal analyst budgets include this amount.

3) The executive budget includes modified requests for contracted services ($70,574 in '84 and $45,000 in '85). These funds are necessary to handle both the backlog of present cases and the anticipated increase in workload in the next two years.

4) Vacancy savings of 1% has been recommended by the fiscal analyst. The total cost based on our executive budget request (excluding per diem) would be $1,411 in '84 and $1,408 in '85. This translates into a .06 FTE reduction in each year of the biennium.