

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUB-COMMITTEE
ON ELECTED OFFICIALS AND HIGHWAYS
February 14, 1983

(Tape 70, Side B, 71, 72)

The meeting of the Appropriations Sub-committee on Elected Officials and Highways was called to order by Chairman Joe Quilici on February 14, 1983 at 8 a.m. in Room 437 of the Capitol Building.

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

Others Present: Doug Booker and
Jan Dee May, OBPP
Cliff Roessner, LFA

HEARINGS

DEPARTMENT OF REVENUE

Miscellaneous Tax Division (Exhibit 1)

Ellen Feaver said the initial differences between the Executive budget request and the LFA's recommendation is the elimination of a .65 clerical position. This position is necessary to help keep filing up-to-date. At many times of the year, the backlog of clerical work--filing, etc., gets overwhelming for people who work in taxes.

In the "Contracted Services" area, the difference of \$653 is due to printing so many different forms. We will not be able to collect the taxes adequately if we don't print forms and keep them up-to-date.

Senator Keating asked why the LFA on Page 187, 18.85 FTE's were requested and on another sheet, only 13 FTE's were required in FY82. (Exhibit 2)

Mrs. Feaver said that in both the Executive and the LFA budgets, they went ahead and prepared the budget on a comparable basis after all our reorganizations were done. The Inheritance Tax used to be a separate division. It had nine people in it. We started out with 13.85; transferred in Inheritance Tax nine and transferred out four to the Natural Resources and Corporation Tax Division along with those resource taxes. Then, there was an additional reduction of an accounting clerk of .2 so that is where we ended up with the 18.65. In this division we also take care of the Abandoned Property statutes and that has been some interest to the Finance Committee in the past year.

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In the "Communications" area, approximately \$900 and \$1,000 are the differences. That concerns us because of postage cost. There are many different forms that need to be mailed and taxes will not be collected if the forms cannot be mailed.

Regarding the "Travel" budget, the base year for travel did not reflect the need. We went ahead and put into our request, travel that would allow our people to go out and do the kinds of audit work that is necessary to administer the taxes. We are also interested in doing some work on abandoned property. The "travel" is the difference as it relates to in-state audits.

In the "Repair and Maintenance" area, we need the \$339 for maintenance on our word processor.

In "other expenses", we would like to have the \$90 per person for training.

In the "Equipment" area, there are a number of different taxes in this area and one person has done the filing, typing, and the taxpayer contact. There is very little room for job enrichment or for career laddering. We are requesting some additional word processing equipment (Exhibit 3) to help automate some of the work that we do in this division so that there would be a way to stratify the tasks that have to be done in the division, so that we could have clerical jobs, technicians jobs, and more sophisticated jobs in a career ladder for people. We are also in need of a car. As you can see on page three of Exhibit 1, we currently have a car that gets eight miles to the gallon and was severely damaged in the hailstorm. Also, in the division, we have antique office furniture. The people in the division would feel a lot better about their jobs and would do their jobs better if their office environment were a little more attractive.

In the funding, there is a problem. We collected in the past year \$15,500 from the cigarette enforcement account. If we have funding from an earmarked fund and you collect less than your appropriation, that means that your budget is cut because you can only spend what you collect in an earmarked account. We would maintain that the LFA's recommendation of \$20,000 from the funding of this account is not reasonable or realistic. That amount of money hasn't been collected from this source for many years, if ever. The average for the past three or four years has been \$16,000 or \$17,000.

Senator Keating asked if the Indian reservation cigarette sales is cutting into your fund very much.

Mrs. Feaver stated that this is a licensing fund and Indians aren't licensed to sell or tax cigarettes. That is not an issue here. As far as the tax collections go, yes. Untaxed cigarettes are being sold on the reservation and have been for some time. This

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is a problem but it is not a very easy one to deal with. A more major problem is untaxed liquor that is being sold on the reservation because the dollars can mount up much faster. In taking a look as to what we could do in all these tax enforcement areas on the reservation, during the past year we went up and met with the Black feet Indians and have had other meetings with other tribal people in the past. The Blackfeet is where the liquor is a problem. I met with the local law enforcement officials on the reservation; agreed that we would try to work through them; we would report complaints to them and they said they would take action and make certain that the law is complied with. We have written letters; we have provided information; we have gotten written responses but as far as I can tell, no action. The next step--if we are not successful in dealing with the tribal law enforcement people--will be to try to work through the BIA officials. Eventually, if we continue to go in an administrative and legal route, we could end up in court over untaxed products being sold on the reservation.

Senator Keating asked what is the nature of the problem? When you say "compliance", what are you talking about? Mrs. Feaver said we have no enforcement authority on the reservation. At this point, Indians can get untaxed cigarettes and sell them to both Indians and non-Indians. They can get untaxed booze and beer--we believe they are getting it from the State of Washington--a tribal source--and they are selling that on the reservation. They are also selling it in unlicensed facilities. They don't have a tribal ordinance and so that is illegal according to federal law.

Senator Keating said it is illegal for the citizens to buy it on the reservation and consume it off the reservation, isn't it?

Mrs. Feaver said it was and also for non-Indians. So the routes we have are legal routes or confrontation routes. We could post investigators and law enforcement people at the borders and intercept people coming off the reservation with untaxed products.

Senator Keating said the BIA is actually withdrawing its authority and permitting the tribal councils to be more autonomous and the councils are pushing for autonomy.

Mrs. Feaver said it is hard to have patience working through those routes; but on the other hand, I think we can be subject to a lot of criticism if we don't even try the legal enforcement routes.

Chairman Quilici asked Mrs. Feaver to go over "Equipment" again.

Mrs. Feaver said we have a lot of little taxes that involve many taxpayers. We have a number of small taxes where the list of

taxpayers is quite extensive. Either manually or using a central computer, we prepare mailing lists and mail our forms. One of the things we could do with the word processor, instead of using an expensive computer device or manually typing labels, we could put our mailing lists in word processing equipment and automatically produce more personalized but less expensive mailings to all of the people who are taxpayers. We could also keep track of receipts for payment of licenses with word processing.

Chairman Quilici asked how much is collected from contractors license fees?

Mrs. Feaver said they collect \$185,000 which goes to the General Fund.

Motor Fuels Tax (Exhibit 5)

Mrs. Feaver said one of the things that happened this biennium in Motor Fuels that was quite a challenge was dealing with the growing production in the use of gasohol. In the statutes, we had a lot to deal with trying to get the statutes revised. Once we started administering the gasohol program, we figured out that we didn't do as good a job as we might have because in the administration of the tax, there was no requirement for the gasohol producers to report to us and for us to monitor the gasohol production and distribution so that we could see that the subsidy was being taken appropriately and that the in-state requirement alcohol production was being complied with. The gasohol subsidy is only allowable for alcohol produced in Montana. One of the things that happened during the past year was that our gasohol plants could not keep up with the demand for gasohol in the state and so there were gas stations that were selling it like hotcakes and couldn't get it from the supplier. One of the things that happened is alcohol started being imported from outside the state. That couldn't get the subsidy and so we had to collect the tax. We drafted a bill that would try to put in the statutes our administrative requirements but what we were able to do--they agreed to do the reporting that we thought we needed to administer the tax adequately. That took a good deal of time and put greater demands on our staff. The way it is administered--we collect the tax from them and then we agreed to turn around and refund it to them so that we would end up reporting an adequate compliance mechanism. They wouldn't be out the tax money for that period.

Another thing that was exciting during this biennium was to make sure that we were collecting the motor fuels tax in the eastern part of the state for on-road usage. We had a lot of oil field people who were claiming that they had all off-road usage and the law put the burden on the taxpayer to keep records to show that they have on-road usage or off-road usage. A lot of the people who were here for a very short period of time in our state were interested in paying the minimum amount of tax. So we

had a number of confrontations and controversies with oil people in the eastern part of the state.

We do have auditors in this program. One of the functions of the auditors has been to go out-of-state and audit the records for proper administration of the motor fuels tax. In the past when we have gone out of state, we have charged the people we were auditing for the audit. This has created some real problems for staff. You can imagine if you were paying the bill to get audited to see how much more taxes you owed, you wouldn't welcome the people and you would hurry them up as much as possible and, in the end, you wouldn't want to pay the bill. Legislation has now been passed that says that no longer do we have to operate under those working conditions. The General Fund or the earmarked Revenue Fund will pay for our out-of-state audits. This has been close to \$14,000 a year.

We are very concerned about the difference in the OBPP and the LFA's personnel requirement. There is a 1.5 difference in FTE's in the first year of the biennium and a .5 FTE in the second year of the biennium. We would agree that we could eliminate one position in the second year of the biennium because of the efficiency that could be achieved in the word processing. But we will not be able to achieve those efficiencies in 1984.

With the additional work with the gasohol, we maintain that even though we may not have fully utilized that .5 position in the past, we have plenty of work for that person to do for the future.

There is legislation pending that could cause us to deal with a significantly greater number of people in this area--the gas wholesalers. We are fortunate in having an efficient administrative structure for the gasoline and diesel tax--particularly, the gasoline.

Mr. Norris said we take about \$38 million on the gasoline side and with two people, it costs about \$35,000 to \$38,000. It costs us about the same amount for two people to administer the Refund Act on that side. House Bill 290 increases the distributor tax. The purpose of that tax is that at the present time, the taxes collected on the front end by the supplier who supplies the wholesalers--they have their money tied up for 40-50 days, and if this continues to go through and is signed by the Governor, the wholesaler in the State of Montana will also be treated as a distributor and you will have problems administering. I think it is a worthy cause to keep the money and keep these people in business. Anytime you increase the number of taxpayers, you also increase profits. How the number of licenses will be issued and how many, we couldn't predict it right now. There is a possibility of about 200 becoming licensed. We now have 70.

Mrs. Feaver asked how many people it takes to administer the diesel.

Mr. Norris said 22.5.

Mrs. Feaver inquired how much diesel has to be collected?

Mr. Norris replied about \$12 million.

Mrs. Feaver said that shows you the difference in cost.

Mrs. Feaver said that shows you the difference in cost. Mr. Norris said the diesel act is a problem all over the United States because in most of the United States, the Act is written the same as we collected on and used. When they use the highways, we collect the tax. At the present time, we have 10,000 truckers licensed with us and about 500 dealers in the State of Montana licensed. Those people all have to be audited continuously. He explained that the Gasoline Act is what we call a license tax. Anyone who wants to do business in the State of Montana is licensed as a distributor. The Diesel Act is what we call a use tax. If you use the highways of Montana, you pay for the fuel. An interstate trucker can travel across Montana without buying any fuel in the State of Montana because of the supply tanks of today. We take the number of miles that that truck travels for a quarter; they report to us the total number of miles they travel for a quarter; the number of miles traveled in Montana and the average miles per gallon they get. We go back in and take the average number of miles per gallon; back in for the total number of gallons of fuel they used in Montana whether it is purchased in Montana or not and apply the tax to that. If they don't do it properly, that is the point an audit is requested. When we do out-of-state audits, we try to line up a number of audits in a certain area to audit. Chairman Quilici asked if that was a federal law. Mr. Norris said no; that was a state law. The user reports to us every quarter; a Montana fuel dealer that puts fuel in the supply tank of a vehicle reports to us monthly and remits the tax.

Mrs. Feaver said that 22 people raise \$12 million; four people raise \$40,000 in refunds. This is a very interesting program because the diesel and the gasoline and the cost for administration is so disproportionate. On the diesel it illustrates collecting the gasoline tax the same way that we do the diesel--that is from the gas station. The tax is essentially prepaid before it goes into the car. The turn around that most gas stations have is less than a week so their tax prepayment is really not tied up all that long but you can look at the two different programs and see the difference in cost of administration if you collect from the gas station versus collecting right now from our 70 licensed distributors for the gas tax.

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Rep. Lory said we probably couldn't use the same system on the diesel because you have these interstate truckers that don't buy any in the state. Wouldn't we have trouble if we had the same kind of gasoline tax on the distributor?

Mr. Norris said you would have to leave the section of the interstate act the same. But the problem with that is if you tax diesel the same as you tax gasoline--on the front-end to collect that tax--then allow a refund. You would have a number of people using heating oil that would have to keep their records and do the reporting and then ask for a refund at a later date. And I don't think it would work.

Mrs. Feaver said she would like to talk about the primary differences between the OBPP and the LFA's budget are the travel, primarily out-of-state audits. In "Other Expenses", that money is primarily for training.

We also for the first time have included in the budget rent to pay the Liquor Division for the Warehouse. In the past, the Motor Fuels Division had not been paying any rent. They pay for their own maintenance of the building but have not paid rent. We propose that the Motor Fuels Division pay rent and that would be that much less rent that the Liquor Division has to pay.

Chairman Quilici inquired regarding additional funds for training.

Mrs. Feaver said most of the jobs (collecting the diesel fuel and the gasoline tax) are very routine and clerical. The tradition of the division has been to promote from within and whenever a clerk becomes a supervisor, it is logical to assume that that person might need some help in learning how to be a supervisor.

Senator Dover said we need to set some priorities and if this training is important, we have to cut some place else.

Chairman Quilici asked Mrs. Feaver if the inflation factor was 6%.

Ms. JanDee May said it was a complex combination of what rent to move over. It was determined what the square footage amount in the Mitchell Building was that the Liquor Division would have to pay--that was times the square footage rate that the Budget Office had. That amount was reduced by the amount that Norris already pays for buildings and grounds maintenance costs that he would normally not have incurred.

Mr. Roessner asked how the accounting was done for "Travel" in the past?

Mrs. Feaver said expenditure abatement.

Mr. Norris stated for Senator Dover's benefit for the calendar year there was 10,172,000 gasohol sold in the State of Montana during 1982. In order to sell and market gasohol and make the two plants that we have today profitable, they are subsidized to the extent of state - 7 cents and federal government subsidizes at 4 cents a gallon. So there is an eleven cents subsidy that the people who are marketing gasohol are supposed to be receiving in order to make gasohol competitive with gasoline. All the stations are tested for the 10% compliance by the Weights and Measures about once a month.

Senator Keating asked how many cents a gallon does the producer get?

Mr. Norris said \$1.95 to \$2.00 f.o.b. plant with the 11 cents subsidy kicking back to the people that are selling it in order to make it competitive. If it wasn't for the tax break you, as a consumer, would be paying 11 cents more for the gasohol.

Corporation Tax

Mrs. Feaver said that on page 344 of the Executive Budget are some tables that show the number of audit assessments done in the last three years and audit collections made. On page 345, it shows the number of auditors for the last three years at ten per year and it shows the return per dollars spent and the return for auditor. As you can see, in the last two years each auditor in this division has returned over \$500,000 in collections.

Mr. Don Hoffman, Natural Resource auditor, said one of the things he has looked at during the last year or so in conjunction with their involvement with the federal royalty audit program is field inspection. The federal royalty audit program is a matter of auditing the data available and any inspection would have to be done by technical people who understand how it is to be drawn out of the ground, how it is to be stored in the tank and how it is to be gauged and metered. If we go into other areas such as mining, we would have to have some people who would be technically trained in how things are extracted from ores or concentrates which I am not sure with the seven or eight people we will end up with that we would be able to do that. House Bill 629 which passed last session which required producers to have assays done would certainly help. We have not gotten into tax years 1980 and 81. We should be able to do some quantity checks between what is coming out of the mine and what they reported through concentrates, etc., verifying through the assays the quantities of refined product or the ultimate tax product to see if those are corresponding at all.

Senator Dover asked if they had anyone out there to check on gold and sapphires. They can take out thousands and thousands of

dollars; it will never be on record; you will never be able to audit; it's gone. And the same thing is true with this gold isn't it?

Mr. Hoffman said that could possibly happen. If we had someone there for a week, the operation would discontinue its illegal activity for that week. It would mean keeping someone at every mine 365 days of the year.

Senator Dover stated that if someone could drop in at random, you could pick up some discrepancies quickly. The gold can be put in a high concentrate and developed out of Montana. Because of that, there is a tax loophole that we are not collecting as much as we find in Montana.

Mr. Hoffman said that is where House Bill 629 would come in because the law requires that that product, that concentrate, be assayed prior to it leaving the state.

Senator Dover asked if the Landusky operation is being checked.

Mr. Hoffman stated that because it hasn't come into their particular cycle of how they audit, they haven't checked that mine. That is not to say they haven't checked other mining operations. We are constantly reviewing the Anaconda mine and other types of miscellaneous mine operations.

Senator Keating asked if he had any suspicions that concentrate was being sent out of the state.

Mr. Hoffman said he had nothing to base those suspicions on. Senator Keating followed up saying you are allowed out-of-state audits so that you can go to the headquarters of that organization and audit their entire bookkeeping to determine--they have to report to their stockholders if they are making money or not making money, cost of operation versus the sale of the product. They are trying to make a profit to generate value in their stock. Surely, some place in their books they are saying how much revenue they are taking in and there has to be some sort of a cross check between the concentrates they are sending out of the state and what their sales are. Is there shadow bookkeeping in those organizations?

Mr. Hoffman said that in the normal course of an audit, we would discover discrepancies because in an operation like this, we try to visit the mine site and look at the records there if the company will allow it. It is a difficult problem. Where the product is moving within the company, you don't have the same type of transaction as you do in oil where it is usually bought by a third party and you have a document trail. We can certainly

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do additional checks in an operation like this if there are suspicions that they are moving products and not reporting them for tax purposes such as reviewing it at the mine and reviewing it with records to make sure that they cross check. Senator Keating said you are two years down the road. They could be doing this for two years before you are even able to start.

Mr. Hoffman stated they have between 4,000 and 5,000 returns that deal with all the natural resources in Montana including oil and gas. To this point in time, we have only had seven people that were involved with that program--time and staff did not allow.

Mrs. Feaver said that out of the top ten Montana gas producers, only three have ever been audited. We are just beginning to get into this natural resource tax auditing area.

Senator Dover said he felt additional data should be generated and the matter should be dug into much further, subpoenaing records, or whatever it takes.

Mr. Hoffman said, regarding the gold, it is going to Handy and Harmon which is a gold and silver brokerage firm in California.

Mrs. Feaver said that in reorganizing the natural resource tax audit function, we have run into statute of limitations problems. In some of the natural resource areas, we may be limited in going back for two years. With seven people and 4,000 to 5,000 returns annually, there are some real problems getting the kind of coverage we need. In the short time we have had under this new organizational structure and trying to be aggressive with our audit program, we have found a very significant amount of underreporting both in the royalty auditing (we have put in about \$22,000 and we found \$225,000 underreporting in the State of Montana) and the other different kinds of ventures we have worked with. So far we have done 17 audit assessments. Our natural resource taxes bring us about \$250 million of that. From March 1 to December 31, just from office audits, we have made assessments of \$125 million. We have done 17 field audits since this reorganization. The amount assessed under those 17 audits is over \$6 million.

Senator Keating said if they are underreporting--that means they are not paying the proper amount of royalty. I am trying to understand whether this is an interpretation of rules or if it is an error in the division order opinion or division of production--just how do you arrive at \$225,000 underpayment through your office.

Mr. Hoffman said the \$225,000 that Mrs. Feaver spoke to is a direct result of a joint audit program between the state and federal

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government as a result of the Wind River problem down in Wyoming. That brought to light through a report called the Linnhauser report which came out of the Commission on Fiscal Accountability of the Nation's Energy Resources which said that there was underreporting of royalties across the board all over the country. On April 1 of last year, we signed a joint-audit agreement with the federal government to go in and review the royalties being paid the State of Montana off of federal lands. The things that we are finding there are total nonreporting of quantities being moved off of the lease; there was a situation where the federal government would move the oil in kind to a smaller refinery to keep the refinery moving and the operator of the lease will report the quantity and no value will be reported until the refinery reports it. These RIK contracts will suspend and the original operator won't pick it up. That was a direct result of \$136,000 worth of billing that went out last month alone. Bookkeeping-accounting type errors both by the companies and also by the federal government--many of the problems are bogged down in the bureaucracy.

Senator Keating said he wanted to know about underpaying or underreporting actual landowners royalties. Is it because of bookkeeping errors that the royalties--the feds have a 12.5% royalty on their leases--are they not getting the full 12.5% royalty from the production because of bookkeeping errors or because of fraud?

Mr. Hoffman said it is possible that it is both.

Mrs. Feaver said that 10 to 15% of all the returns filed in the resource production tax contain errors that we can find in our office. That is what has given rise to the \$125,000 worth of office audit returns. In 100% of the cases of field audits, we have found what we believe to be errors in the filing of production taxes.

Senator Keating asked where is the net proceeds department.

Mrs. Feaver said we combine the administration of all the resources.

Senator Keating said he is involved with the independent bookkeepers and accountants who handle the independent oil and gas people's books. We are having a terrible problem with the net proceeds calculations because there is no firm determination of what is a deductible and what isn't a deductible in calculating the net proceeds tax on gas and oil. There was a group from the Northern Association who went to the Department of Revenue to try to get some specific rules so they knew what they were working with. There is talk that there are people whose offices out of state operate properties in the state and are not allowed any kind of proportionate office deduction or travel deduction for

operating those properites in the state. Why can't we come to some definite guidelines or definite exemptions spelled out in the rules so that the individuals can have a firm understanding of what is going on. Every audit costs the operator more money for one reason or another and they even argue that on the form you allow an exemption for one item and then in the audit, you deny the exemption because that particular item is not exempt. These are the complaints I am getting from a dozen or more. It's causing a real hardship on the operators because they don't know what the tax is going to be until five months after the last day of the year's production. There is a 15-month lag from the day of first runs to the time that they know what the tax is going to be. On top of that, these audits come along, and the things they think are exemptions are, all of a sudden, not exemptions and it is costing them additional money. I'm hearing the word "harrassment" from these people and I would like to know why we can't have a firm set of specifics that are allowed as deductibles and go from there.

Mr. Hoffman said one of the problems with the whole area has been the total lack of attention on our part as the Department of Revenue. These things have not been audited and, therefore, no interpretations of how things are actually happening out in the field ever came about--either through rule drafting, court interpretation. These things were never reviewed by the department up until three or four years ago. Here they have gone along for 40 years and they have been doing these things--then we come along and say, "Now you can't do it." Clearly we feel we are following what the statute says. We are taking every step we can to minimize the inconsistencies to which you were speaking. We asked the particular group that you spoke of from the northern part of the state to provide us data as to some specific inconsistencies and we would try to address them. One of the deductions that appears to be a major problem is an individual that is directly involved with the working of the well. To me, "directly involved with the working of a well" means that he is getting involved with the direct operation of the well; and some of the people are interpreting that to mean some guy who hasn't been out in the well for six months. We haven't found an Appeals Board who has disagreed with that and that has been appealed to the State Tax Appeals Board.

Senator Keating said the Superintendent may not go out on the lease because he is an engineer and he sits in the office. He gets the pumper's report. The pumper is the guy that is on the lease but the Superintendent is hired by the company spending his time that that well operates efficiently and properly and he looks at the reports and makes recommendations for sand frac (sp) or diesel frac (sp) or reduction in strokes or squeezing of the choke. He never even gets out there to see it because he is studying it from the reports in his office. He is disallowed

because he never goes on the lease. Yet he is spending half of his time operating the lease. These are the inconsistencies that we are talking about.

Mr. Hoffman said the problem we get into is the verification of what these particular individuals are doing. Many of the individuals that are involved with this are involved in many other business ventures and should they be allowed the deduction for their other business ventures as though they were a full-time superintendent.

Mrs. Feaver continued to discuss the LFA budget figures. She said the first line of major concern to them was in the Contracted Service area. There are two primary differences in the budgets. One is about \$5,500 of data processing costs. That is a request that we have because we intend to have data processing systems operating for a full year where in the base year, we did not. We also envision additional applications of our natural resource data processing systems. We intend to use data processing more since we have the combined administration of the various natural resource taxes. The \$2,200 difference is in printing. Currently, our printing costs are such that the \$2,200 is needed to match current level. Every time you meet and change tax laws, we have to print whole new sets of forms. Whenever we discover there are things unclear in our forms, we have to print new forms. The major difference in the operating expenses is in Travel. As you know in the past, our corporation tax auditors have been aggressive. They have had full travel schedules and have done a lot of out-of-state travel. In comparison, the natural resource area has not had the same level of travel and aggressive audit program that we have had in the corporation tax area. This amount of money brings the audit travel up so that the natural resource auditors will have the same amount of travel money as the corporation tax auditors. With this, we will be able to have full travel schedules; we will not be forced to keep our auditors in the office because we can't afford to go and do an audit. (page 4 of Exhibit 6)

Mrs. Feaver said everytime you wish to fund some of these differences where we have attached revenue estimates to them, I think you can add them to your revenue estimates.

The other difference that they are concerned about is in Repair and Maintenance. That difference applies to their word processing equipment--they have a printer and a terminal that they need to maintain.

Council on Management's recommendation to increase Natural Resources and Corporation Tax Division's auditor staff was discussed (Exhibit 7). A modified level request is for three individuals to add to our Corporation Tax and Natural Resource Program. Not only are we requesting those three individuals but support expenditures for them. Without this modification, we will not be able to continue our royalty auditing effort, primarily, because that was a program

that was not contemplated by the Legislature in the past. During our startup period in that effort, we had about 11-1 payoff. I believe that that payoff will become higher as we had some high start-up costs. Our objective is to see that the laws are administered in an equitable fashion--that the honest guy doesn't get hurt for paying his fair share.

We are also requesting in this modified level request new computer applications for assistance in auditing our natural resources (page 5 of Exhibit 6).

Senator Dover asked if we should have some skilled personnel who are qualified to check the mines out. You talk about the books and the discrepancies there. There could also be a discrepancy in the material not getting on the books for the value that it really is. You don't have to have legislation to do that. You can set up personnel right here on this committee to do that.

Senator Keating asked are the oil and gas auditors capable of doing mineral audits?

Mr. Hoffman said they have all sorts of cross training. One of the things from an administrative point of view that we might like to do down the road is to concentrate training in different areas--mining vs. oil vs. gas.

Senator Lory asked if you are talking about a technical man going out and checking mines, you are going to have mine inspectors having a different function than the auditors? You had better set that up under the Bureau of Mines--not under the auditors' division.

Senator Dover said the Revenue Department referring to the sapphires, you need to see how much is being carpetbagged out to Japan without us getting any money out of it.

WORK SESSION

DEPARTMENT OF ADMINISTRATION

Publications and Graphics (Exhibit 8)

Others present:	Morris Brusett	Doug Booker
	Dave Ashley	Cliff Roessner
	Rick Morgan	

Chairman Quilici said the one bone of contention on this committee was the implementation during the interim of the quadex. I thought it was one like the Davidson that we allocated the funds for in the 1981 session.

(71 B 7.5)

Mr. Don Breiby said the system they had with the Underwriter 7500 had very limited capabilities. When we came up to last session, we didn't know what our production was going to be and how many people were going to utilize our services. Shortly after the session, we recognized that we were getting busier and busier; our girls operating the equipment had put in over 300 hours of overtime; and we knew we had to do something to increase our productivity in order to turn the work around much quicker. We opted for the Quadex system because to duplicate what we already had would double the cost of what we had. We were paying approximately \$1,200 per month for the 7500; to go for the Quadex would increase the cost to \$1,900 per month. If we had purchased another 7500, it would have gone up to \$2,400 per month. We entered into a lease program--the contract is cancellable if funds are not appropriated in this session or others. We entered into a five-year program simply because we felt our rates would go up too much if we did not go to a period beyond three years. This piece of equipment is modular. We can add to or subtract from; change modify; whatever the state's needs are. I passed out a sheet pointing out some of the cost savings of the Quadex system.

Chairman Quilici directed the committee to the budget discussing six FTE's.

Senator Dover made the MOTION that six FTE's be approved. The MOTION was voted on and carried.

Chairman Quilici said the main difference in Operating Expenses concerned Goods Purchased for Resale and Rent.

(71 B (11))

Senator Dover said the Goods for Resale was included in the LFA but was not picked up the OBPP.

Mr. Roessner said that within the Rent category, you have the rent of the 705.

Don Breiby said the Quadex system is within that rent category as well as the Office space.

Cliff Roessner asked if he wanted the figure of \$23,256 in there? Part of the difference is that the OBPP figure is inflated.

Don Breiby said that is what they arrived at.

Cliff Roessner said part of the difference is in the building rent but part of the difference is in the rent for the Quadex.

Representative Lory asked if the Quadex was inflated or was it a set price?

Don Breiby said it is a set price. It inadvertently got inflated.

Senator Dover asked on the rent if they needed the \$33,539?

Cliff Roessner said he had the difference in the machines for \$2,874.

Don Breiby said he didn't know if the figures had gotten mixed up between them and the Budget Office. They said what they were requesting was the \$1,900 per month for the lease of the Quadex equipment and whatever our actual building rent will work out.

Senator Dover made a MOTION to accept the Operating Expenses of the LFA except for Rent - \$1,900 for the Quadex plus whatever rent is negotiated (\$23,256 per year).

Senator Van Valkenburg asked why there was such a drop in Goods Purchased for Resale between FY83 and FY84 from \$248 down to \$162.

Don Breiby said when they first started they had primarily two categories of goods Purchased for Resale--one in which they actually go out and buy raw material and create a product out of it and sell that and the other is where they would go out and buy a printed product from the vendor utilizing a purchase order cut in the division's name and then turn around and sell that to an agency. This is done because we might do a part of the job in-house and then we would turn around and bid the rest of it. Making it a little bit easier on the customer, we would just send them one bill. We have cut back on doing that so it won't inflate a large budget for them. What we are doing now is cutting the purchase in the agency name.

Senator Van Valkenburg asked if we can expect that there is going to be no significant increase during the biennium of the figure that you are asking for in Goods for Resale. You are not going to come in by budget amendment and increase that to \$250,000.

Don Breiby said their best projections given them the budget figure they are going with. We are a service organization. We are dependent and rely heavily on what the agencies' needs are. To the best of my knowlege, we do not intend to up that figure at all. There is the possibility that the particular handling of a job or series of jobs could cause that figure to rise but I don't anticipate that at this time.

Senator Keating asked if they have any kind of a margin of profit in handling those things?

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Don Breiby said that for just bidding out a job and awarding a contract, the division does not charge anything. In fact, the individual who is making the decisions, his services are not charged for unless he spends a great deal of time assisting the agency in writing specifications, hand-carrying jobs to vendors, working out the actual coordination itself--if he does that sort of a thing, then there is a per hour billed amount but we do not tack on a percentage rate on the job.

(71 B (18))

Senator Keating asked if the Goods Purchased for Resale is just a turnover of money?

Don Breinby said a portion of them are--other than the raw materials that we buy such as typesetting film, drafting paper, film for the camera, etc. In referring to Mr. Bloomenthal's recommendation that we do some studying in the typesetting field to see which direction we should be going with it, we feel very comfortable that we are going in the right direction. I would be the first to admit that the division does not have all the expertise in the world and there are individuals out there who know more about communication, interfacing and the actual production of things like the codes and session laws, etc.

Rep. Lory asked if anything had been done with Mr. Bloomenthal's recommendation that you bring a man in--on staff.

Don Breiby said that in private discussions with Mr. Bloomenthal--he is looking at not so much a type-set operator but a programmer. We are utilizing 60% of the functions on the typesetting right now. We need additional programming done to the system. In order to hire somebody with that line of expertise, you would have to pay him a lot of money. The need for that is shorter term. We could put somebody on contract, get the job done and then proceed with having the operators do their job. If needs develop again four or five years down the road, you could recontract with someone at that point in time.

Senator Lory asked if you couldn't contract that out?

Don Breiby said that would be his preference.

Senator Keating asked if the typesetting you are talking about is in this Graphic Arts Bureau.

Don Breiby clarified by asking for a contracted service? It is on the Quadex.

The MOTION was voted on and carried with Senator Keating voting no.

(71 B (23))

Senator Dover said we have a question here on Graphics--the way the revenue is distributed.

Mr. Roessner said last session directed the Publications and Graphics the Graphic Arts and Duplication Bureau to maintain separate accounting entities. What the OBPP and the agency had requested here is that they be allowed to combine these two operations into a single accounting entity. For the same purposes, they requested three separate entities in Computer Services Division be combined into one and that facilitates their cash flow problems that Graphic Arts seems to have on occasion. In our writeup, we noted that both of these divisions had net operating losses for the fiscal year 1982 and they were carried through the year due to a fund balance that had been built up in prior years.

Senator Van Valkenburg asked if that was what they were supposed to do when they had a fund balance build up?

They are supposed to reduce that fund balance.

Mr. Roessner said we try to within the next biennium to use that fund balance without their having to raise the rates.

Rep. Lory asked if they can utilize the cash flow and still trace it?

Mr. Roessner said we could that within the accounting system and we can also request the department to file monthly financial statements with our office.

Senator Dover asked Mr. Roessner if he would feel as comfortable with this one as he would the computer. Do they have a handle on that as well as Mike Trevor does. Mr. Roessner said that filing a financial report with them, they can do an analysis of it.

Senator Dover MOVED that we put this in the one fund with the same boiler plate that we did with Mike Trevor on the computer situation.

(71 B (25))

Representative Lory said we didn't put a boiler plate in, did we? They made an agreement they would give monthly statements.

Senator Dover said he thought we put some in there--the part that we did not put in there was they would have to show their full financial statement. We did put in there that there would very definitely have to be a distinct accounting of the two different ones. The thing they could do is be able to use the funds

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from one to another to keep their cash flow. But there was supposed to be distinct accounting between the two.

(71 B (25.5))

Representative Lory said the question he was raising that you didn't need to put that in the boiler plate. We could still get the same result, couldn't we?

Mr. Roessner said he thought it was the intent of the Committee on record that if that is what they want to happen, I am sure the department will follow it.

Senator Dover said he thought we did that with Mike Trevor. We are making a departure here and it could be a dangerous one. Trevor is concerned about this. We have one that is just not making it and they are using the other accounts to hold it up and there is no accounting to show that that is what is happening. That is why we wanted to make sure that there was a final account that the fiscal analyst can follow through and see that it is being done right.

Senator Dover said that his MOTION is that they go ahead and run this fund as one fund and they do, in fact, boiler plate--there will definitely be an accounting of the two different funds, making sure it is the same as the computer fund statement.

Senator Keating stated his concern was that in their zeal to provide services and do something good, that the intent is to make this thing grow. This is one place that government shouldn't grow because it is printing a lot of worthless reports that bureau chiefs think they ought to have and this department is just there as a service to them. The more orders they get, the more they feel they have to expand and Mr. Bloomenthal frightens me when he says we have to have these automatic overnight things and get with the state of the art. Bloomenthal's and the approach of the bureau is that this graphic arts thing has to grow. The Quadex is only being used 40-50% of capacity. We are paying \$2,000 rent on it. The implication is that if we want to get our money's worth, we have to increase the use. To increase the use, we have to go into systems development and plug into other people's areas of information in order to feed into this system. All I can hear and see through all of this is that this is going to grow and I don't think it should grow. It's a bad place to start growing because if you make the service available, people are going to spend money to use it and, I think, unnecessarily so. I think there ought to be some sort of restrictions and we need to have some tracking on the thing to know what is happening. If they are allowed to combine these two things for accounting purposes, we will never know if they lose money.

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Chairman Quilici said you don't blame one division for something that is happening. If we want to do something, we would cut the budget of these other agencies that are questioning these services and they would have to determine if that service was needed or not. Look at these other budgets and ask how much do they have for printing, etc. They say if there has to be cuts, where do want to make those cuts. That is what we should be doing in our budgets.

The MOTION was voted on and carried with Senator Keating voting no.

Senator Dover MOVED that the budget for Graphic Arts be passed as amended.

The MOTION was voted on and carried with Senator Keating voting no.

Cliff Roessner was asked to go over the FTE's on Duplicating. He said that in FY84 the LFA budget reflects two less FTE's than does the OBPP budget. Those two positions are purchasing agents that were transferred to this division by the director from the Purchasing Division in FY82. They are General Funded positions. We left them out of the budget until there was a determination of the proper role of the purchasing agents in regards to purchasing materials for the agencies within this division. There has been some contention that there is a conflict of interest that employees within the division are determining whether the job should be in-house or should go out-of-house. They would like to raise the issue that if these employees are retained, they should be part of the revolving fund instead of General Fund and let the agencies that use their services pay for those services. Senator Van Valkenburg asked Morris Brusett why these people ought to be General Funded instead of Revolving Fund. Mr. Brusett said that all of their Purchasing is General Funded. We allocate out Purchasing costs in our indirect cost overhead to federal programs. This is no different from other Purchasing except they specialize in printing. We moved it down here because we thought we could do a better job. If these are Revolving Fund, you would have to go back and make all of Purchasing Revolving Fund; then we could charge agencies some fee.

We recoup in two ways: (1) we have an indirect cost overhead that we allocate to all federal programs and (2) all interest earning from their money goes to the General Fund. These are no different than our whole Purchasing Division. If you wanted to turn it all over to Revolving Fund, we could do that and set some type of a fee to recover costs.

Rep. Lory asked Mr. Brusett why they couldn't be left in the Purchasing Division. They are physically moved down there but their responsibility is back in Purchasing. Why don't you keep them in the Purchasing Division, Department of Administration, and physically put them in the Duplicating Department?

Mr. Brusett stated that we could do that. We could leave them a part of the Purchasing Division where they would be General Funded. Their work would be here and they should report to the Division Administrator here. If you have them located in another division, they have split lines of authority.

Senator Dover asked if that wasn't part of the problem. We have the fox watching the chickens.

Mr. Brusett stated that the idea was not to compete with our division with private printers. That is not the issue. The issue is that we have a certain level of service and if we can do it cheaper in-house, we do it based upon this level of service. This person is to make a decision--can we do it in-house at a lower cost or do we send it out. What are our capabilities?

Rep. Lory said the only question he raised is that is the only General Fund in this whole operation. It seems to me it would be simpler to leave it out, but, administratively, the purchasing agents shouldn't be in your division. Mr. Brusett said we could budget them in the Purchasing Division as long as you understood that we feel they should be allocated here functioning effectively.

Rep. Lory asked how they would react to that?

(72A (1))

Don Breiby said he didn't see that as a real problem. He concurred with what Mr. Brusett said. We make the decision based on the expertise of a lot of individuals in the division, not just the purchasing agents. In fact, more than anything, the purchasing agents are the specification writers and the paper processors. I don't think the people themselves would have any problem being located on paper within the Purchasing Division. Were all the printing function here, my personal preference would be to leave them that way. Senator Keating asked if someone was doing this now? Mr. Brusett stated we have the two individuals we moved from the Purchasing Division down here who are funded from the General Fund.

(72 A (1.5))

Don Breiby stated that Susan Lane is the Purchasing Agent and Shelly Liu is a purchasing clerk, assigned to Publications and Graphics.

Senator Keating asked if they were part of the 18 that are on here?

Chairman Quillici said they were part of the 20.

Senator Van Valkenburg asked Morris Brusett how he came to the conclusion that two FTE's in Purchasing were devoting their full time to purchasing of printing services?

Mr. Brusett said they had their management analyst do a study of that, preparing a report, and based upon their analysis, that was their decision. The two FTE's were emphasizing printing.

Senator Van Valkenburg said his inclination was to say that these people should all be on a Revolving Fund. That is going to cause a pinch for everybody in state government if we put that all on Revolving Fund. It seems logical to me for two reasons: (1) we are getting very specific about the purchasing function. It is not a general purchasing function. It is a purchasing function for one area of service in state government. In that kind of instance, it seems appropriate to me that those who use that specific item--those who are more inclined to crank out paper, reports, etc.--should then pay for it as opposed to those who do not. (2) if it costs those who crank out more paper a little more than the others and they don't get anything more added to their particular budgets, maybe they will be a little more judicious in making those decisions that they want to crank out more material.

(72 A (4))

Senator Dover stated that these two individuals are not just working in behalf of what printing is going to go out but they are setting up what printing there is. From that--determining what printing will go out and what printing will be done in shop.

Mr. Brusett said they are writing the specifications for those items that go out primarily.

(72 A (4.25))

Don Breiby said that the two people that we are talking about are working on the material that is going out. There are some duties shared. Our purchasing clerk is a back-up telephone operator. We also have individuals who are in the Revolving Fund who are supporting the General Fund functions. I think the Revolving Fund supports the General Fund much greater than the reverse. The primary problem I have with Senator Van Valkenburg's thoughts is that the agency reception that I would get to charge them for cutting a purchase order--we did an estimation based on the number

of purchase orders that we cut and the total budget of the purchasing agents. Each purchasing order that we processed would cost the agency about \$62. That is a cost we would have to tack on to the cost of going outside for a job. That somewhat sways those borderline jobs--do they stay in or go out-of-house. With the Purchasing agency virtually operating for free for the agencies, the agencies are going to come back and say "Why are you charging me for the job? The Purchasing Division doesn't charge me to buy anything." I think that is going to create some credibility problems.

Chairman Quilici said we might have to say the sub-committee asked us to do this and blame it on to us. I am inclined to see it all in a Revolving Fund. It is cost effective. If you are a service organization, be a service organization. Senator Van Valkenburg said that if you do go that route, you are less likely to take your printing to outside printers because the cost of doing that will be added on and will make it more cost effective to stay in-house than to go outside.

Senator Dover made the MOTION to accept the 20 FTE's--two of them will be General Fund and 18 will be Revolving Fund. The MOTION was voted on and carried.

Chairman Quilici directed their attention to Operating Expenses.

(72 A (6.5))

Cliff Roessner said that in the first three categories, Contracted Services, Supplies and Materials and Communications were pulled out by the LFA that represent operating costs for those two employees you just put back.

Senator Keating asked if we should go with the OBPP. Cliff Roessner answered yes.

Senator Van Valkenburg asked what about the other expenses?

Representative Lory asked what was the difference in the rent? Is that on equipment?

Rick Morgan said when we originally submitted our budget documentation, I included the major rent figure in here for photo copier leases that we have. That cost was \$63,990. In our initial hearing, we put before the committee the actual list of photo copiers we now have leased as of January. The total is \$178,640 for FY84 and \$186,632 for FY85. This comes from a variety of reasons in that Publications and Graphics operates the photocopy pool and agencies will come to them and ask to be included in the

pool; will recycle a machine, put up another machine and put it on lease. In July we had so many machines on lease and we have had new models added since then. We need \$178,640 for the current machines we have leased plus building rent which totals \$210,2 for FY84 and \$221,590 for FY85.

(72A (10))

Senator Keating asked if the photocopying is charged back? You have offsetting income for that, don't you? Mr. Morgan replied that is correct. He stated that the Repair and Maintenance difference--we made a budget submission for \$20,000 to rebuild two of the presses and the Budget Office inflated that in both FY84 and FY85. Rick Morgan said they actually need \$105,510 in FY84 and \$94,639 (LFA) in FY85.

Senator Dover asked about Other Expenses?

Mr. Morgan stated we have had problems with our photocopiers. In an effort to upgrade our accounting system to realize how we finance such things, we budgeted all the machines that we have on what is known as "Lease-Purchase" installment contract. We attempted to budget the interest expense as "Other Expenses" and the principal payment was "Equipment Costs". We placed before the committee, with the addition of the new Justice Building, a variety of photocopiers that were converted from lease to this installment-type arrangement. We bill all these back. We have 38 pieces of equipment on installment contract. These are three-year contracts. The interest on those is \$32,097 for FY84 and \$27,529 for FY85.

(72 A (11.5))

Senator Dover asked if that is what you need instead of the OBPP or the LFA?

Doug Booker stated the figures of \$33,612 for FY84 and \$23,192 for FY85.

Mr. Roessner said he had \$29,132 for FY85.

Senator Dover asked about the resale?

Mr. Morgan said the Goods Purchased for Resale, according to contract arrangement, will be part of the job out for bid and we will do part of the in-house. This is basically the pass-through cost in the Duplicating Bureau. In our system, we picked up the amount that we spent in 1982. Mr. Roessner's system did not pick it up and that is the difference --\$108 and \$118.

Senator Daover made the MOTION that in Operating Expenses we take the OBPP for Contracted Services, Supplies and Materials, Communications and Goods Purchased for Resale; we take LFA for Travel, Rent FY84 \$210,226, Repair and Maintenance \$105,510 and for Other Expenses, \$33,612. In FY85 the same ones for OBPP - Rent, \$221,590; Repair and Maintenance, take the LFA figure; for Other Expenses, take \$29,132.

(72 A (15))

Doug Booker asked what you had down for Goods Purchased for FY85.

Senator Dover replied \$503,249.

Doug Booker replied he had \$499,432.

Senator Dover MOVED that these figures be accepted for FY84 - \$499,750 and for FY85 - \$499,432.

Mr. Morgan stated that the equipment costs for FY84 is \$231,477 and FY85 \$188,759. At issue, we have requested from the committee approval to purchase four additional pieces of equipment--one is the Davidson 502. It is a replacement for one of our other presses. We requested a standard 30 bin collator, a Norphin collator and a Xerox 8200 finisher. Those items total principal and interest-wise--\$52,642 each year.

There was some discussion regarding the equipment we have. The Davidson press that was seen upstairs was the one that was being fed off the roll. The 502 that we are looking at is the same machine but a little smaller. It only runs on 8 1/2 x 11 or 8 1/2 x 14 sheet. Its efficiency in paper savings is anywhere from 12-25% and it is printing both sides of the sheet simultaneously rather than making two passes through the press.

Chairman Quilici asked if this machine could be used in lieu of the machine that is nine years old.

(72 A (17))

Don Breiby said those two pieces of equipment are both nine years old and those are primarily for our "quick and dirty" work. That is the work that we have to get in and get out very rapidly. It is designed for that kind of an operation. Right behind the Davidson and the little AM 12500 was an AM 2650. That piece of equipment right now is eight or nine years old. We use it primarily for printing envelopes and IBM cards and smaller things. It takes a lot of time to reset the whole press to a different sized product.

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What we would like to do is sell or trade that piece of equipment; utilize the 1250 that was alongside the Davidson for doing that type of work, and replace the 1250 with the 502.

Chairman Quilici asked how much would the Davidson cost? Don Breiby said the total price runs in the vicinity of \$25,000 if we were to purchase it outright. Rep. Lory stated that the cost annually was \$7,134. Chairman Quilici said we would have two Davidsons--one would be a smaller version to take the 8 1/2 x 11 and 8 1/2 x 14 paper.

(72 A (19.75))

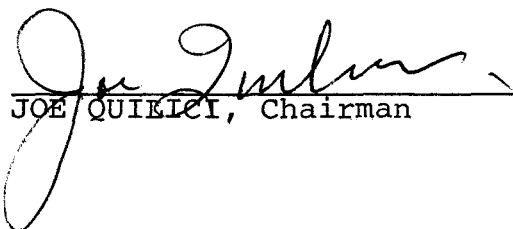
Don Breiby said that all the pieces of equipment that he is requesting, this one and the standard collator are probably the two most important. We will actually be able to see cost savings in productivity of the operators. When we got the Davidson 702, that operator was operating on the tandems that you saw. His productivity increased 83%. At present, the paper we are buying is about 13% cheaper than what we are buying cut sheets for. If I had another machine in there, that means larger (sounds like horders) in the rolls which will give me higher percentage savings on paper.

Chairman Quilici said except for "Equipment", maybe we could take the budget as is and discuss the "Equipment" tomorrow morning.

Rep. Lory made a MOTION to approve the budget as amended except for Equipment.

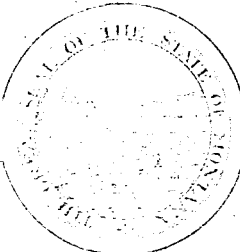
The MOTION was voted on and carried.

The meeting adjourned at 12:10 p.m.


JOE QUILICI, Chairman

DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

uph 1
2-14



TED SCHWIDEN, GOVERNOR

MITCHELL E. LINDEN, COMptroller

STATE OF MONTANA

(406) 449-2575

HELENA, MONTANA 59601

MEMORANDUM

TO: Chairman Quilici, Joint Subcommittee on Elected Officials and Highways

FROM: Laurie Ekanger, Purchasing Division
Jeff Brandt, Computer Services Division

RE: Purchasing Division Data Processing Budget

I. CSD Estimate: Maximum usage

Computer Services Division (CSD) staff have reviewed data processing costs for the Purchasing Division's word and data processing systems. CSD is reluctant to estimate a minimum systems usage. Their best cost estimate for maximum systems usage is:

FY84	FY85
\$69,938	\$71,958

II. LFA Estimate: Minimum usage

Legislative Fiscal Analyst (LFA) budget was based on minimum usage estimate provided October, 1982, by Purchasing Division based on CSD cost estimates. LFA figure is:

FY84	FY85
\$56,548	\$59,939

III. Other contracted services

Purchasing Division has other contracted service costs for insurance and bonds, printing and duplicating and records storage. These are:

FY84	FY85
\$22,926	\$24,253

IV. Summary:

	LFA FY84	CSD FY84	LFA FY85	CSD FY85
2100 Contracted Services				
Data Processing	56,548	69,938	59,939	71,958
Other	22,926	22,926	24,253	24,253
Total:	\$79,474	\$92,864	\$84,192	\$96,211

The Purchasing Division staff have no experience in estimating this kind of cost. Computer Services Division will not speculate on a lower figure.

cc: Cliff Roessner ✓
Doug Booker
Rick Morgan

LE/ct

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F.T.E.	
82	- 4.00
84	- 4.50

Directors Office

OPERATING DIVISIONS

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SUPPORT DIVISIONS

<table><tr><th colspan="2">F.T.E.</th></tr><tr><td>82</td><td>- 28.00</td></tr><tr><td>84</td><td>- 40.27</td></tr></table>	F.T.E.		82	- 28.00	84	- 40.27	Audit & Accounting	<table><tr><th colspan="2">F.T.E.</th></tr><tr><td>82</td><td>- 16.52</td></tr><tr><td>84</td><td>- 0-</td></tr></table>	F.T.E.		82	- 16.52	84	- 0-	Operations Division	<table><tr><th colspan="2">F.T.E.</th></tr><tr><td>82</td><td>- 39.00</td></tr><tr><td>84</td><td>- 0-</td></tr></table>	F.T.E.		82	- 39.00	84	- 0-	Recovery Services Div.	<table><tr><th colspan="2">F.T.E.</th></tr><tr><td>82</td><td>- 12.00</td></tr><tr><td>84</td><td>- 67.50</td></tr></table>	F.T.E.		82	- 12.00	84	- 67.50	Legal Division	<table><tr><th colspan="2">F.T.E.</th></tr><tr><td>82</td><td>- 13.00</td></tr><tr><td>84</td><td>- 0-</td></tr></table>	F.T.E.		82	- 13.00	84	- 0-	Investigations Div.	<table><tr><th colspan="2">F.T.E.</th></tr><tr><td>82</td><td>- 47.50</td></tr><tr><td>84</td><td>- 49.00</td></tr></table>	F.T.E.		82	- 47.50	84	- 49.00	Research & Information Div.
F.T.E.																																															
82	- 28.00																																														
84	- 40.27																																														
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84	- 49.00																																														

DEPARTMENT OF REVENUE

CHANGES FROM FY 82 APPROPRIATION ACT TO FY 84 EXECUTIVE BUDGET REQUEST

(Summary
Reference)

	<u>DIRECTORS OFFICE</u>	<u>F.T.E.</u>
	<u>FY 82</u>	<u>4.00</u>
(1)	Deputy Director Position added	1.00
(2)	Administrative Assistant split w/Legal	(.50)
	<u>FY 84</u>	<u>4.50</u>
	<u>AUDIT & ACCOUNTING (Centralized Services)</u>	
	<u>FY 82</u>	<u>28.00</u>
(3a)	From Operations Division	14.52
(1)	Personnel Officer Position to Directors Office	(1.00)
(4)	Duplicating Machine Operator Position to Legal	(1.00)
(5)	Personnel Assistant Position Reduced	(.25)
	<u>FY 84</u>	<u>40.27</u>
	<u>RECOVERY SERVICES</u>	
	<u>FY 82</u>	<u>39.00</u>
(3c)	To Legal & Enforcement	(39.00)
	<u>FY 84</u>	<u>-0-</u>
	<u>LEGAL (Legal & Enforcement)</u>	
	<u>FY 82</u>	<u>12.00</u>
(3c)	From Recovery Services	39.00
(3c)	From Investigations	13.00
(4)	Paralegal position added	1.00
(6)	Child Support Investigations added per Appropriation Act Agreement	4.00
(2)	Administrative Assistant From Directors Office	.50
(7)	Lawyer position transferred to Property Tax	(1.00)
(8)	Clerical position reduction per Appropriation Act	(1.00)
	<u>FY 84</u>	<u>67.50</u>
	<u>INCOME TAX</u>	
	No Change	<u>69.15</u>
	<u>CORPORATION TAX (Natural Resource & Corporation Tax)</u>	
	<u>FY 82</u>	<u>17.00</u>
(9)	From Miscellaneous Tax	4.00
(9)	From Property Tax	5.00
	<u>FY 84</u>	<u>26.00</u>

	<u>PROPERTY TAX</u>	<u>F.T.E.</u>
	FY 82	444.40
(7)	Lawyer From Legal	1.00
(9)	To Natural Resources & Corporation Tax	(5.00)
	FY 84	<u>440.40</u>
	<u>MISCELLANEOUS TAX</u>	
	FY 82	13.85
(3d)	From Inheritance Tax	9.00
(9)	To Natural Resources & Corporation Tax	(4.00)
(10)	Reduce Accounting Clerk	(.20)
	FY 84	<u>18.65</u>
	<u>MOTOR FUELS TAX</u>	
	No Change	<u>26.50</u>
	<u>OPERATIONS</u>	
	FY 82	16.52
(3a)	To Centralized Services	(14.52)
(3b)	To Research & Information	(2.00)
	FY 84	<u>-0-</u>
	<u>INVESTIGATIONS</u>	
	FY 82	13.00
(3c)	To Legal & Enforcement	(13.00)
	FY 84	<u>-0-</u>
	<u>INHERITANCE TAX</u>	
	FY 82	9.00
(3d)	To Miscellaneous Tax	(9.00)
	FY 84	<u>-0-</u>
	<u>RESEARCH & INFORMATION</u>	
	FY 82	47.50
(3b)	From Operations	2.00
(11)	Reduction of Administrative Aide position	(.50)
	FY 84	<u>49.00</u>

SUMMARY OF CHANGES

FY 82 Total - Appropriated	739.92
(1) Establish Deputy Director	
(2) Administrative Assistant in Directors Office shared with Legal	
(3) Reorganization to improve line of communication:	
(a) Operations Division merged with Audit & Accounting Division to form Centralized Services Division.	
(b) Word processing staff moved from Operations Division into Research & Information	
(c) Recovery Services and Investigations Division merged with the Legal Division.	
(4) Establish paralegal position to improve efficiency and effectiveness of attorneys.	
(5) Reduction due to moving outgoing mail services to Department of Administration.	(.25)
(6) Child Support Investigations added based on Appropri- ations Act provision that if profit exceeded cost in FY 82 by 5% 4 investigators could be added in FY 83. Profit exceeded cost by 42%.	4.00
(7) Attorney position moved from the Legal Division to the Property Tax Division to improve communications and responsiveness	
(8) 1981 Legislature provided for this reduction upon recommending consolidation of Legal & Investigations Divisions.	(1.00)
(9) Consolidation of Natural Resources taxes within the Corporation Tax Division.	
(10) Cost reduction measure	(.20)
(11) Reduction from installation of Word Processing System.	(.50)
(Further reductions scheduled in FY 85 are: Motor Fuels - 1.00 F.T.E., Liquor - 1.00 F.T.E., Legal - 1.00 F.T.E., Income Tax - 2.00 F.T.E.)	
FY 84 Total - Executive Budget Request	<u>741.97</u>
FY 85 Requested F.T.E. Total in Executive Budget	<u>737.47</u>

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2-14

JUSTIFICATION FOR ACQUISITION OF WORD PROCESSING EQUIPMENT

CONTENTS

- i. Executive Overview
- I. History of Word Processing in the Department of Revenue
- II. Preliminary Study - Fall 1981
- III. Detailed Word Processing Application Survey
- IV. Executive Planning Process Software and Hardware Configurations
- V. Performance Evaluation of 8100 DOSF Word Processing Systems in Existing Installations
- VI. Cost/Benefit Analysis

i. EXECUTIVE OVERVIEW

In the fall of 1981, Department of Revenue Director, Ellen Feaver, established a work processing task force. The task force was responsible for the following:

- Assess current word processing functions in the Department of Revenue.
- Determine current and future needs for word processing.
- Investigate alternatives for word processing as they relate to equipment and management philosophy.
- Recommend word processing hardware, software, and management direction.

To accomplish the above tasks, the task force performed the following steps:

- Compiled a "History of Word Processing in the Department of Revenue". (See Section I)
- Conducted a preliminary needs assessment of word processing the the Department of Revenue and investigated word processing alternatives which were available on the marketplace. (See Section II & IV)
- Conducted a detailed word processing application survey in five divisions to determine possible benefits of word processing. (See Section III)
- Contacted current users of word processing systems to determine performance of installed systems. (See Section V)
- Completed a Cost/Benefit Analysis of proposed system. (See Section VI)

As a result of this work, the task force makes the following recommendations:

- The Department of Revenue should purchase an IBM 8140/DOSF word processing system. (Section IV, Option 1D)
- Word processing operators will be physically distributed throughout the department. They will remain employees of each division.
- The Research and Information Division will be designated as the central authority for word processing. This responsibility will include coordinating policies, procedures, and standards for the entire department.
- The Research and Information Division should maintain a small staff of word processing operators who will perform the following functions:
 - Provide training for all Department of Revenue word processing operators.
 - Provide assistance in selection of new word processing operators.
 - Provide workload management, i.e., shift work from one division to another to handle exceptional workloads.

I. HISTORY OF WORD PROCESSING IN THE DEPARTMENT OF REVENUE

July 1, 1973, when the State Board of Equalization became the State Department of Revenue, the Word Processing Center came into existence. Two Mag Card II typewriters were leased from IBM. July 1, 1973 through July 1, 1981 Word Processing functioned under the Operations Division of the Department of Revenue. The Word Processing Section supported approximately 12 divisions during this period of time.

In 1977 the Director's Office decided all composer work would also be processed by the Word Processing Section. They transferred the composer typewriter over to the Operations Division. One of the word processors received instruction on how to operate the composer and from then on was responsible not only for her assigned Mag Card work but also all composer work for the Department.

In 1979 the Operations Division purchased a Mag Card Composer typewriter from the Department of Justice. One of the Mag Card typewriters was transferred over to the Research and Information Division.

July 1, 1981 the Word Processing Section of the Operations Division was merged with the Research and Information Division.

Over the past eight years, few complaints have been expressed aside from the inability of the Word Processing Section to keep up with the workload. The Department of Revenue has consisted of 12 to 14 divisions over the past eight years and the Word Processing Section, consisting of only 2.00 full-time FTE, has been the sole centralized support.

During this period, word processing capability has been acquired by other divisions presumably because centralized word processing has been too limited in resources to give the necessary level of support. Since this parallel effort was developed without regard to department-wide needs only immediate problems were addressed. This resulted in acquisition of the following types of equipment:

- IBM Mag Card II Typewriters
- IBM Memory Typewriters
- IBM Selectric Typewriters
- Adler Memory Typewriter
- CPT Word Processing Station
- IBM 3277 CRT ATMS III Terminal
- IBM OS/6 Office System 6

Where some of the above products are by themselves viable word processing alternatives, taken together they represent a collection of uncoordinated, and largely incompatible solutions. This results in the serious degradation of the efficiency potential of virtually all these devices. Even if hardware incompatibility were not the problem it is, lack of standardized procedures and the nonexistence of cross training on various hardware types would present a serious roadblock to efficient word processing applications.

II. PRELIMINARY STUDY - FALL 1981

Early in the fall of 1981, a word processing needs assessment was performed. This amounted to a more or less preliminary study to determine who the heavy users were for later follow up, what equipment appeared to be indicated and so on.

At the conclusion of that effort several alternatives were presented to the word processing committee ranging from single station stand-alone units to sophisticated multi-station systems capable of serving all the needs of the department for the foreseeable future. The following is a brief resume' of the possible solutions discussed.

Standalone, single station hardware such as:

- IBM Office System 6
- CPT
- IBM Display Writer

These units offer word processing capability but no communications ability, no interface to data processing files, no keyboarding ability while printing documents, no ability to quickly respond to calls for assistance from other divisions during slack times.

Word processing station clusters such as:

- Display Writer
- Wang Writer
- Info Writer

These units, while providing multi-operator utilization, have essentially the same drawbacks mentioned above.

Multi-stations shared storage, separate processors:

- IBM 5520 Administrative System

This unit does allow terminals to be spread somewhat, however the extent of the spread is limited by cabling requirements. The IBM 5520 also requires additional processors to be installed for each six terminals to be added. There is a limitation of 18 terminals on the IBM 5520 which is less than the anticipated requirements of the Department of Revenue. The IBM 5520 system also requires a central operator to oversee the central processor and handle control printing operations.

Multi-station shared storage, shared processor:

- IBM 8100 DOSF
- Honeywell DPS-6
- Wang VS

These units offer the same benefits as the shared storage separate processors system above to a greater degree. The IBM 8100 DOSF system also features a 150,000 word spelling dictionary and the capability for a large user-supplied dictionary of specialized terms and names. Other enhanced software functions are made possible by a more powerful, less specialized central processor. These systems are also less restrictive in the area of distributing user terminals. The IBM 8100 DOSF system can accommodate enough terminals to satisfy the anticipated needs of the Department of Revenue.

Central text/word processing facility:

ATMS III - CRT Terminals

This system can accomplish many of the word processing functions needed by the Department of Revenue. However, the capabilities of ATMS III are oriented more towards text and document handling than towards word processing (letters, memos, electronic mail, etc). ATMS III also requires lengthy training for an operator to use the specialized commands. The time required to print and obtain finished work and the high cost of user connect time and storage space are also big disadvantages to a central text/word processing facility.

A combination of the above solutions:

Most of the combinations discussed possessed the limitations of the least capable/most limited part of the combinations. Problems were also foreseen in the areas of communication between parts of the combinations and in lack of departmentwide standardization. This lack of standardization would prohibit or greatly limit cooperation and resource sharing between the divisions.

The philosophy that seems to best fit the needs of the Department of Revenue is a combination of centralized and decentralized word processing personnel. Those divisions having enough requirements to justify a full-time operator would have their own operators and terminals. A central word processing section in the Research and Information Division would provide services for those divisions lacking that justification, provide overflow capability, and would serve as a central scheduling and work flow coordinating agency. This philosophy and the multi-station shared storage, shared processor concept was endorsed by the committee.

III. DETAILED WORD PROCESSING APPLICATION SURVEY

In order to more accurately define the extent of the currently existing word processing workload, a survey was conducted which gathered data from appropriate employees in the following divisions.

	<u>Respondents</u>
Income Tax	9
Research and Information	3
Legal and Enforcement	4.6
Liquor	7
Director's Office	1
Total Respondents	<u>24.6</u>

The individuals surveyed did not necessarily represent all the typing, or word processing, applications within their respective divisions. Several divisions were not surveyed at all as they were known to represent less significant concentrations of word processing applications. The divisions that were not surveyed are:

- Centralized Services
- Natural Resources and Corporation License Tax
- Miscellaneous Tax
- Motor Fuels Tax
- Property Assessment

Exclusion from the survey does not mean that word processing applications do not exist. As an example, Research and Information currently does word processing jobs for Centralized Services Division equal to at least one full-time FTE.

The data, once gathered, was edited via follow-up interviews with respondents where necessary and then processed via computer to tabulate data into understandable form. The survey embraced a time period of five working days or one full week for each person. The following is a summary of the information gained.

384 Non-typing hours	43%
<u>505</u> Hours spent typing	<u>57%</u>
889 Total hours spanned in survey	100%

Breakdown of Typing Hours by Activity Categories

- 33% Repetitive typing
- 20% Forms typing
- 44% One-page letters or memos
- 12% Revision of previously typed documents
- 59% Rush work

(As can be seen, overlap exists in the above categories, e.g., revisions of draft work can also be high priority or rush jobs.)

Breakdown of Non-Typing Hours by Activities

*10% 88.5 hours maintaining lists and filing
* 4% 32 hours copying
11% 100.5 hours telephone work
*18% 162 hours other duties

* The areas marked will be greatly diminished by word processing equipment. For example, when manually updating alphabetized lists it is necessary to completely retype the lists when inserting or deleting names. Using word processing equipment and techniques, entries can be added or deleted very simply, essentially in one operation with the equipment handling all data shuffling automatically.

In the area of copying, copies are automatically produced by the word processing equipment and need not be handled manually through a photocopier. Copies thus produced are of much higher quality also. These are not intended to be all inclusive, only examples of how word processing can reduce non-typing tasks.

It is estimated that approximately 18% of non-typing hours in the survey could be eliminated through word processing equipment and techniques.

By contrast, telephone work cannot be lessened by word processing equipment and procedures.

Conclusions Based Upon Survey Results

Present System:

The present system utilizes between 18 and 25 FTE disregarding those areas which were not surveyed. No attempt will be made at this writing to define specifically the needs of this segment beyond the knowledge that the total load from these areas is considerably less than the surveyed group.

Proposed System:

The computer analysis of the data gathered in our survey indicates that 14 FTE's utilizing "state of the art" word processing equipment would accomplish the work load addressed.

Net Savings:

Savings in FTE would accrue to the department in the following range:

Typing Positions	4-10	Grade 8
Non-Typing Positions	1	Grade 7

From the range above it is reasonable to anticipate a savings of five typing FTE's and .5 non-typing. The following savings in dollars would result.

5	Grade 8, step 3 typing positions	\$64,300.00
.5	Grade 7, step 3 non-typing positions	<u>5,990.00</u>
		70,290.00
	Benefits at 23%	<u>16,167.00</u>
	Total Personal Services	\$86,457.00
	Operating Expenses: desks, equipment, supplies, telephones, buildings, etc.	
	@ 20% of personal services	<u>17,291.00</u>
	Total anticipated savings available through FTE positions and related costs	\$103,748.00

IV. EXECUTIVE PLANNING PROCESS SOFTWARE AND HARDWARE CONFIGURATIONS

(A) RESEARCH & INFORMATION (CENTRAL FACILITY)

	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR. LEASE
HARDWARE:					
IBM 8130-A23 CPU (1 MEG)	\$ 49,665	\$ 3,036	\$ 52,701	\$ 3,036	\$ 17,952
IBM 8101-A25 CONTROL & STOR	34,760	1,968	36,728	1,968	12,048
TOTAL	\$ 84,425	\$ 5,004	\$ 89,429	\$ 5,004	\$ 30,000
SOFTWARE:	MONTHLY		ANNUALLY		
DPCX BASE (REL. 2)	\$ 381		\$ 4,572		
DOSF	580		6,960		
DIF	35		420		
DISOSS	120		1,440		
HOST DISOSS	997		11,964		
IDTF	234		2,808		
TOTAL	\$ 2,347		\$ 28,164		

(B) DIVISIONAL WORKSTATIONS

	8775	3732	5210	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
DIRECTOR'S OFFICE	1			\$ 4,469	\$ 324	\$ 4,793	\$ 324	\$ 1,356
CENTRALIZED SERVICES		1	1	9,326	1,110	10,436	1,110	4,152
LEGAL/RECOVERY SVCS		1	1	9,326	1,110	10,436	1,110	4,152
RESEARCH & INFORMATION	1	1	1	13,795	1,434	15,229	1,434	5,508
CORP. & RESOURCE TAX	1		1	10,304	1,104	11,408	1,104	4,116
INCOME TAX	1	2	2	23,121	2,544	25,665	2,544	9,660
MISCELLANEOUS TAX								
MOTOR FUELS		2	1	12,817	1,440	14,257	1,440	5,544
LIQUOR								
PROPERTY TAX								
TOTALS	4	7	7	\$ 83,158	\$ 9,066	\$ 92,224	\$ 9,066	\$ 34,488

COSTS:

8775 (4)
3732 (7)
5210 (7)

TOTAL DIVISIONAL COSTS

\$ 83,158 \$ 9,066 \$ 92,224 \$ 9,066 \$ 34,488

(C) PERSONNEL

SOFTWARE SPECIALIST I - 1 FTE (GRADE 14)	FY 82-83	SALARY:	\$ 21,387	BENEFITS:	\$ 4,705	OPERATING EXP:	\$ 5,437
	FY 83-84		21,834		4,804		5,459

(D) TOTAL COSTS

CENTRAL FACILITY HARDWARE COSTS	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
DIVISIONAL WORKSTATION COSTS	\$ 84,425	\$ 5,004	\$ 89,429	\$ 5,004	\$ 30,000
	83,158	9,066	92,224	9,066	34,488
TOTAL HARDWARE COSTS	\$ 167,583	\$ 14,070	\$ 181,653	\$ 14,070	\$ 64,488

SOFTWARE: MONTHLY LICENSE = \$ 2,347
PERSONNEL: FY 82-83 31,439
FY 83-84 32,097

EXECUTIVE PLANNING PROCESS, SOFTWARE AND HARDWARE CONFIGURATIONS

OPTION 1B - IBM 8100 / DOSF - CONFIGURATION 2

FEBRUARY 11, 1982 - PAGE 2

(A) RESEARCH & INFORMATION (CENTRAL FACILITY)

	PURCHASE		MAINT		FIRST YR		SUCCESSIVE		YR. LEASE	
HARDWARE:										
IBM 8130-A23 CPU (1 MEG)	\$ 49,665		\$ 3,036		\$ 52,701		\$ 3,036		\$ 17,952	
IBM 8101-A25 CONTROL & STOR	34,760		1,968		36,728		1,968		12,048	
TOTAL	\$ 84,425		\$ 5,004		\$ 89,429		\$ 5,004		\$ 30,000	
SOFTWARE:										
DPCX BASE (REL. 2)					ANNUALLY					
DOSF	\$ 381				\$ 4,572					
DIF	580				6,960					
DIF	35				420					
DISOSS	120				1,440					
HOST DISOSS	997				11,964					
IDTF	234				2,808					
TOTAL	\$ 2,347				\$ 28,164					

(B) DIVISIONAL WORKSTATIONS

	8775	3732	5210	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
DIRECTOR'S OFFICE	1			\$ 4,469	\$ 324	\$ 4,793	\$ 324	\$ 1,356
CENTRALIZED SERVICES		1	1	9,326	1,110	10,436	1,110	4,152
LEGAL/RECOVERY SVCS	1	1	1	13,795	1,434	15,229	1,434	5,508
RESEARCH & INFORMATION	1	2	1	17,286	1,764	19,050	1,764	6,900
CORP. & RESOURCE TAX	1	1	1	10,304	1,104	11,408	1,104	4,116
INCOME TAX	1	2	2	23,121	2,544	25,665	2,544	9,660
MISCELLANEOUS TAX	1	1	1	3,491	330	3,821	330	1,392
MOTOR FUELS	1		1	10,304	1,104	11,408	1,104	4,116
LIQUOR		2	1	12,817	1,440	14,257	1,440	5,544
PROPERTY TAX		1		3,491	330	3,821	330	1,392
TOTALS	6	10	8	\$ 108,404	\$ 11,484	\$ 119,888	\$ 11,484	\$ 44,136

COSTS:
8775 (6)
3732 (10)
5210 (8)

TOTAL DIVISIONAL COSTS

PURCHASE \$ 108,404
MAINT \$ 11,484
FIRST YR \$ 119,888
SUCCESSIVE \$ 11,484
YR LEASE \$ 44,136

(C) PERSONNEL

SOFTWARE SPECIALIST I - 1 FTE (GRADE 14)
FY 82-83 SALARY: \$ 21,387
FY 83-84 21,834
BENEFITS: \$ 4,705
OPERATING EXP: \$ 5,437
5,459

(D) TOTAL COSTS

CENTRAL FACILITY HARDWARE COSTS
DIVISIONAL WORKSTATION COSTS
TOTAL HARDWARE COSTS

PURCHASE	\$ 84,425	MAINT	\$ 5,004	FIRST YR	\$ 89,429	SUCCESSIVE	\$ 5,004	YR LEASE	\$ 30,000
108,404		11,484		119,888		11,484		44,136	
\$ 192,829		\$ 16,488		\$ 209,317		\$ 16,488		\$ 74,136	

SOFTWARE: MONTHLY LICENSE = \$ 2,347
PERSONNEL: FY 82-83 31,439
FY 83-84 32,097
ANNUAL COST = \$ 28,164

(A) RESEARCH & INFORMATION

CENTRAL FACILITY

HARDWARE:

IBM 8140-872 CPU (1 MEG)

PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR. LEASE
\$ 94,145	\$ 4,476	\$ 98,585	\$ 4,476	\$ 34,836
<u>\$ 94,145</u>	<u>\$ 4,476</u>	<u>\$ 98,585</u>	<u>\$ 4,476</u>	<u>\$ 34,836</u>

TOTAL

SOFTWARE:

DPCX BASE (REL. 2)

DOSF

DIF

DISOSS

HOST DISOSS

IDTF

MONTHLY	ANNUALLY
\$ 381	\$ 4,572
580	6,960
35	420
120	1,440
997	11,964
234	2,808

TOTAL

\$ 2,347\$ 28,164

(B) DIVISIONAL WORKSTATIONS

	8775	3732	5210	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
DIRECTOR'S OFFICE	1			\$ 4,469	\$ 324	\$ 4,793	\$ 324	\$ 1,356
CENTRALIZED SERVICES		1	1	9,326	1,110	10,436	1,110	4,152
LEGAL/RECOVERY SVCS		1	1	9,326	1,110	10,436	1,110	4,152
RESEARCH & INFORMATION	1	1	1	13,795	1,434	15,229	1,434	5,508
CORP. & RESOURCE TAX	1	1	1	10,304	1,104	11,408	1,104	4,116
INCOME TAX	1	2	2	23,121	2,544	25,665	2,544	9,660
MISCELLANEOUS TAX								
MOTOR FUELS		2	1	12,817	1,440	14,257	1,440	5,544
LIQUOR								
PROPERTY TAX								
TOTALS	<u>4</u>	<u>7</u>	<u>7</u>	<u>\$ 83,158</u>	<u>\$ 9,066</u>	<u>\$ 92,224</u>	<u>\$ 9,066</u>	<u>\$ 34,488</u>

COSTS:

8775 (4)

3732 (7)

5210 (7)

TOTAL DIVISIONAL COSTS

\$ 83,158\$ 92,224\$ 34,488

(C) PERSONNEL

SOFTWARE SPECIALIST I - 1 FTE (GRADE 14)

FY 82-83

FY 83-84

SALARY: \$ 21,387

21,834

BENEFITS: \$ 4,705

4,804

OPERATING EXP: \$ 5,437

5,459

(D) TOTAL COSTS

CENTRAL FACILITY HARDWARE COSTS
DIVISIONAL WORKSTATION COSTS

PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
\$ 94,145	\$ 4,476	\$ 98,585	\$ 4,476	\$ 34,836
<u>83,158</u>	<u>9,066</u>	<u>92,224</u>	<u>9,066</u>	<u>34,488</u>

TOTAL HARDWARE COSTS

\$ 177,303\$ 13,542\$ 190,809\$ 13,542\$ 69,324

SOFTWARE: MONTHLY LICENSE = \$ 2,347

PERSONNEL: FY 82-83

FY 83-84

ANNUAL COST = \$ 28,164

31,439

32,097

OPTION 1D - IBM 8100 / DOSF - CONFIGURATION 4 (RECOMMENDED)

(A) RESEARCH & INFORMATION

CENTRAL FACILITY

HARDWARE:

IBM 8140-B72 CPU (1 MEG)
IBM 8809-1B TAPE DRIVE

	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR. LEASE
	\$ 94,145	\$ 4,476	\$ 98,621	\$ 4,476	\$ 34,836
	14,080	1,050	15,130	1,050	5,436
TOTAL	\$ 108,225	\$ 5,526	\$ 113,751	\$ 5,526	\$ 40,272

SOFTWARE:

DPCX BASE (REL. 2)

DOSF

DIF

DISOSS

HOST DISOSS

IDTF

	MONTHLY	ANNUALLY
	\$ 381	\$ 4,572
	580	6,960
	35	420
	120	1,440
	997	11,964
	234	2,808
TOTAL	\$ 2,347	\$ 28,164

(B) DIVISIONAL WORKSTATIONS

	8775	3732	5210	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
DIRECTOR'S OFFICE	1			\$ 4,469	\$ 324	\$ 4,793	\$ 324	\$ 1,356
CENTRALIZED SERVICES								
LEGAL/RECOVERY SVCS								
RESEARCH & INFORMATION	2		1	12,817	1,440	14,257	1,440	5,544
CORP. & RESOURCE TAX	2		1	12,817	1,440	14,257	1,440	5,544
INCOME TAX								
MISCELLANEOUS TAX	1		1	10,304	1,104	11,408	1,104	4,116
MOTOR FUELS		1	1	9,326	1,110	10,436	1,110	4,152
LIQUOR		1		3,491	330	3,821	330	1,392
PROPERTY TAX								
TOTALS	2	6	4	\$ 53,224	\$ 5,748	\$ 58,972	\$ 5,748	\$ 22,104

COSTS:

8775 (2)
3732 (6)
5210 (4)

TOTAL DIVISIONAL COSTS

	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
	\$ 8,938	\$ 648	\$ 9,586	\$ 648	\$ 2,712
	20,946	1,980	22,926	1,980	8,352
	23,340	3,120	26,460	3,120	11,040
TOTAL DIVISIONAL COSTS	\$ 53,224	\$ 5,748	\$ 58,972	\$ 5,748	\$ 22,104

(C) PERSONNEL

SOFTWARE SPECIALIST I - 1 FTE (GRADE 14)

	FY 82-83	SALARY:	\$ 21,387	BENEFITS:	\$ 4,705	OPERATING EXP:	\$ 5,437
	FY 83-84		21,834		4,804		5,459

(D) TOTAL COSTS

CENTRAL FACILITY HARDWARE COSTS
DIVISIONAL WORKSTATION COSTS

	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
	\$ 108,225	\$ 5,526	\$ 113,751	\$ 5,526	\$ 40,272
	53,224	5,748	58,972	5,748	22,104
TOTAL HARDWARE COSTS	\$ 161,449	\$ 11,274	\$ 172,723	\$ 11,274	\$ 62,376

SOFTWARE: MONTHLY LICENSE = \$ 2,347
PERSONNEL: FY 82-83 31,439
FY 83-84 32,097

OPTION 1D - IBM 8100 / DOSF - CONFIGURATION 4 (RECOMMENDED)

(A) RESEARCH & INFORMATION

CENTRAL FACILITY

HARDWARE:

IBM 8140-B72 CPU (1 MEG)
IBM 8809-1B TAPE DRIVE

PURCHASE MAINT FIRST YR SUCCESSIVE YR. LEASE

\$ 94,145 \$ 4,476 \$ 98,621 \$ 4,476 \$ 34,836
14,080 1,050 15,130 1,050 5,436

TOTAL

\$ 108,225 \$ 5,526 \$ 113,751 \$ 5,526 \$ 40,272

SOFTWARE:

DPCX BASE (REL. 2)

DOSF

DIF

DISOSS

HOST DISOSS

IDTF

MONTHLY

\$ 381

580

35

120

997

234

ANNUALLY

\$ 4,572

6,960

420

1,440

11,964

2,808

TOTAL

\$ 2,347 \$ 28,164

(B) DIVISIONAL WORKSTATIONS

8775 3732 5210 PURCHASE MAINT FIRST YR SUCCESSIVE YR LEASE

DIRECTOR'S OFFICE

CENTRALIZED SERVICES

LEGAL/RECOVERY SVCS

RESEARCH & INFORMATION

CORP. & RESOURCE TAX

INCOME TAX

MISCELLANEOUS TAX

MOTOR FUELS

LIQUOR

PROPERTY TAX

\$ 1,110

\$ 1,434

\$ 1,764

\$ 1,104

\$ 2,544

\$ 330

\$ 1,104

\$ 12,817

\$ 3,491

\$ 119,888

\$ 11,484

\$ 44,136

TOTALS

8 8 10 6

COSTS:

8775 (6)

3732 (10)

5210 (8)

PURCHASE MAINT FIRST YR SUCCESSIVE YR LEASE

\$ 26,814 \$ 1,944 \$ 28,758 \$ 1,944 \$ 8,136
34,910 3,300 38,210 3,300 13,920
46,680 6,240 52,920 6,240 22,080

TOTAL DIVISIONAL COSTS

\$ 108,404 \$ 11,484 \$ 119,888 \$ 11,484 \$ 44,136

(C) PERSONNEL

SOFTWARE SPECIALIST I - 1 FTE (GRADE 14)

FY 82-83

SALARY:

\$ 21,387

BENEFITS:

\$ 4,705

OPERATING EXP:

\$ 5,437

\$ 5,459

(D) TOTAL COSTS

CENTRAL FACILITY HARDWARE COSTS

DIVISIONAL WORKSTATION COSTS

TOTAL HARDWARE COSTS

PURCHASE MAINT FIRST YR SUCCESSIVE YR LEASE

\$ 108,225 \$ 5,526 \$ 113,751 \$ 5,526 \$ 40,272
108,404 11,484 119,888 11,484 44,136

\$ 216,629 \$ 17,010 \$ 233,639 \$ 17,010 \$ 84,408

SOFTWARE:

MONTHLY LICENSE =

\$ 2,347

PERSONNEL:

FY 82-83

FY 83-84

ANNUAL COST =

\$ 28,164

31,439

32,097

EXECUTIVE PLANNING PROCESS, SOFTWARE AND HARDWARE CONFIGURATIONS

FEBRUARY 11, 1982 - PAGE 5

OPTION 1E - IBM 8100 / DOSF - CONFIGURATION 5

(A) RESEARCH & INFORMATION

CENTRAL FACILITY

HARDWARE:

IBM 8140-B72 CPU (1 MEG)
IBM 8101-A25 CONTROL & STOR

PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR. LEASE
\$ 94,145	\$ 4,476	\$ 98,621	\$ 4,476	\$ 34,836
28,930	1,524	30,454	1,524	9,960
<u>\$ 123,075</u>	<u>\$ 6,000</u>	<u>\$ 129,075</u>	<u>\$ 6,000</u>	<u>\$ 44,796</u>

TOTAL

SOFTWARE:

DPCX BASE (REL. 2)

MONTHLY	ANNUALLY
\$ 381	\$ 4,572
DOSF 580	6,960
DIF 35	420
DISOSS 120	1,440
HOST DISOSS 997	11,964
IDTF 234	2,808
<u>\$ 2,347</u>	<u>\$ 28,164</u>

TOTAL

(B) DIVISIONAL WORKSTATIONS

	8775	3732	5210	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
DIRECTOR'S OFFICE	1		1	\$ 10,304	\$ 1,104	\$ 11,408	\$ 1,104	\$ 4,116
CENTRALIZED SERVICES		2	1	12,817	1,440	14,257	1,440	5,544
LEGAL/RECOVERY SVCS	2	2	2	27,590	2,868	30,458	2,868	11,016
RESEARCH & INFORMATION	1	3	1	20,777	2,094	22,871	2,094	8,292
CORP. & RESOURCE TAX	1		1	10,304	1,104	11,408	1,104	4,116
INCOME TAX	1	3	2	26,612	2,874	29,486	2,874	11,052
MISCELLANEOUS TAX		1		3,491	330	3,821	330	1,392
MOTOR FUELS	2		1	14,773	1,428	16,201	1,428	5,472
LIQUOR		2	1	12,817	1,440	14,257	1,440	5,544
PROPERTY TAX		1		3,491	330	3,821	330	1,392
<u>TOTALS</u>	<u>8</u>	<u>14</u>	<u>10</u>	<u>\$ 142,976</u>	<u>\$ 15,012</u>	<u>\$ 157,988</u>	<u>\$ 15,012</u>	<u>\$ 57,936</u>

COSTS:

8775 (8)
3732 (14)
5210 (10)

TOTAL DIVISIONAL COSTS

PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
\$ 35,752	\$ 2,592	\$ 38,344	\$ 2,592	\$ 10,848
48,874	4,620	53,494	4,620	19,488
58,350	7,800	66,150	7,800	27,600
<u>\$ 142,976</u>	<u>\$ 15,012</u>	<u>\$ 157,988</u>	<u>\$ 15,012</u>	<u>\$ 57,936</u>

(C) PERSONNEL

SOFTWARE SPECIALIST I - 1 FTE (GRADE 14)

FY 82-83	SALARY:	BENEFITS:	OPERATING EXP:
FY 83-84	\$ 21,387	\$ 4,705	\$ 5,437
	21,834	4,804	5,459

(D) TOTAL COSTS

CENTRAL FACILITY HARDWARE COSTS
DIVISIONAL WORKSTATION COSTS

PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
\$ 123,075	\$ 6,000	\$ 129,075	\$ 6,000	\$ 44,796
142,976	15,012	157,988	15,012	57,936
<u>\$ 266,051</u>	<u>\$ 21,012</u>	<u>\$ 287,063</u>	<u>\$ 21,012</u>	<u>\$ 102,732</u>

TOTAL HARDWARE COSTS

SOFTWARE: MONTHLY LICENSE = \$ 2,347

PERSONNEL: FY 82-83 31,439

FY 83-84 32,097

ANNUAL COST = \$ 28,164

EXECUTIVE PLANNING PROCESS, SOFTWARE AND HARDWARE CONFIGURATIONS

OPTION 1F - IBM 8100 / DOSF - CONFIGURATION 6

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(A) RESEARCH & INFORMATION

CENTRAL FACILITY HARDWARE:		PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR. LEASE
IBM 8140-C72 CPU (1 MEG)		\$ 119,219	\$ 5,180	\$ 124,399	\$ 5,180	\$ 44,628
IBM 8101-A25 CONTROL & STOR		28,930	1,524	30,454	1,524	9,960
TOTAL		<u>\$ 148,149</u>	<u>\$ 6,704</u>	<u>\$ 154,853</u>	<u>\$ 6,704</u>	<u>\$ 54,588</u>
SOFTWARE:		MONTHLY				
DPCX BASE (REL. 2)		\$ 381				
DOSF		580				
DIF		35				
DISOSS		120				
HOST DISOSS		997				
IDTF		234				
TOTAL		<u>\$ 2,347</u>		<u>\$ 28,164</u>		

(B) DIVISIONAL WORKSTATIONS

	8775	3732	5210	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
DIRECTOR'S OFFICE	1		1	\$ 10,304	\$ 1,104	\$ 11,408	\$ 1,104	\$ 4,116
CENTRALIZED SERVICES		2	1	12,817	1,440	14,257	1,440	5,544
LEGAL/RECOVERY SVCS	2		2	27,590	2,868	30,458	2,868	11,016
RESEARCH & INFORMATION	1	3	1	20,777	2,094	22,871	2,094	8,292
CORP. & RESOURCE TAX	1		1	10,304	1,104	11,408	1,104	4,116
INCOME TAX	1	3	2	26,612	2,874	29,486	2,874	11,052
MISCELLANEOUS TAX		1		3,491	330	3,821	330	1,392
MOTOR FUELS	2		1	14,773	1,428	16,201	1,428	5,472
LIQUOR		2	1	12,817	1,440	14,257	1,440	5,544
PROPERTY TAX		1		3,491	330	3,821	330	1,392
TOTALS	<u>8</u>	<u>14</u>	<u>10</u>	<u>\$ 142,976</u>	<u>\$ 15,012</u>	<u>\$ 157,988</u>	<u>\$ 15,012</u>	<u>\$ 57,936</u>

COSTS:

	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
8775 (8)	\$ 35,752	\$ 2,592	\$ 38,344	\$ 2,592	\$ 10,848
3732 (14)	48,874	4,620	53,494	4,620	19,488
5210 (10)	58,350	7,800	66,150	7,800	27,600
TOTAL DIVISIONAL COSTS	<u>\$ 142,976</u>	<u>\$ 15,012</u>	<u>\$ 157,988</u>	<u>\$ 15,012</u>	<u>\$ 57,936</u>

(C) PERSONNEL

SOFTWARE SPECIALIST I - 1 FTE (GRADE 14)	FY 82-83	SALARY:	\$ 21,387	BENEFITS:	\$ 4,705	OPERATING EXP:	\$ 5,437
	FY 83-84		21,834		4,804		5,459

(D) TOTAL COSTS

	PURCHASE	MAINT	FIRST YR	SUCCESSIVE	YR LEASE
CENTRAL FACILITY HARDWARE COSTS	\$ 148,149	\$ 6,704	\$ 154,853	\$ 6,704	\$ 54,588
DIVISIONAL WORKSTATION COSTS	142,976	15,012	157,988	15,012	57,936
TOTAL HARDWARE COSTS	<u>\$ 291,125</u>	<u>\$ 21,716</u>	<u>\$ 312,841</u>	<u>\$ 21,716</u>	<u>\$ 112,524</u>

SOFTWARE: MONTHLY LICENSE = \$ 2,347

ANNUAL COST = \$ 28,164

PERSONNEL: FY 82-83

31,439

FY 83-84

32,097

V. PERFORMANCE EVALUATION OF 8100 DOSF WORD PROCESSING SYSTEMS IN EXISTING INSTALLATIONS

1. An on-site inspection was conducted March 23, 1982 of equipment and facilities operated by the Associated Grocers in Seattle. They utilize a system comprised of an IBM 8140 B61, 19 operator CRT terminals and four printers. They differ from our environment primarily in the fact that they do no communicating with their data processing center. Therefore, they are unable to gain any advantage from accessing and using data already in existence within data processing. They also have no need to reach any remote locations as their entire operation is at one location.

Associated Grocers has been very happy with the service they are getting from their equipment configuration but have learned that the necessary backup is very time consuming when utilizing diskettes as the storage medium.

2. Evans Products Incorporated of Portland, Oregon is using two IBM 8100's for word processing needs via DOSF. In a telephone call April 8, 1982 performance of their system was discussed at length. The two 8100's that they use each handle the word processing needs for a physical location some six miles apart. The systems in use are configured somewhat similar to what we are envisioning and they have additional equipment resources on order. This application, unlike the one at Associated Grocers, is using the host computer facilities via the software package "DISOSS" for access to existing data processing files.

In addition to conventional word processing application, they are doing a considerable amount of electronic filing and retrieval and are also utilizing the system for electronic mail. Response time of the equipment is excellent for operator commands while performing keyboarding functions such as original input or revision. Response time while performing system-related chores such as opening and closing files before and after use, communications with host, etc., is slightly slower but still compares favorably to manual manipulation of diskettes, mag cards, etc. in more conventional word processing equipment.

Unqualified satisfaction was expressed in the system by management. They also feel that greater potential still exists that they are still discovering.

COST/BENEFIT ANALYSIS

Recognizing the need existing within the Department of Revenue for a standardized approach to word processing needs, a proposal is being made to replace existing equipment with an advanced system which will very adequately fill our needs cost effectively. This comparison will demonstrate that effectiveness.

Cost comparison is cumulative over a five-year period and covers the following areas:

- Personal Services
- Equipment Cost
- Computer Related Costs on CSD Computer
- Supplies and Expendables
- Training and Conversion

Personal Services - General:

The figures used relate only to the divisions which were involved in the survey of word processing needs done early this year. Recognizing that the department has needs that are not addressed within the scope of the survey, it is also true that those divisions surveyed do represent the greatest word processing workload department-wide. Once the system is implemented to handle the workload presently identified, it will be relatively easy to adjust resources to handle the remaining areas. The survey determined that 24.6 FTE were currently utilized in accomplishing the identified workload. Due to efficiencies inherent in equipment and the employment of common techniques, a saving of between four and ten FTE will result. Conservatively, 5.5 FTE is the anticipated level of savings to be gained. The average payroll classification grade represented in the survey is 7.8. Therefore, grade 8, step 4 in the pay matrix is what FTE savings are based on.

Equipment Costs - General:

Existing configuration of equipment for those divisions covered in the survey is as follows:

- 5 Magnetic Card Selectric II
- 6 Memory Typewriters
- 12 Correcting Selectrics
- 1 CPT Word Processing Station

The mag cards and CPT were each assumed to each have a daily volume of 125 pages consisting of 2,000 characters each.

Memory typewriters were assumed to output 40 pages per day at 2,000 characters per page.

Correcting Selectrics were assumed a 30-page volume at 2,000 characters.

Because the existing equipment includes many older machines, a replacement of 50% was assumed over the five-year period.

Maintenance costs and equipment replacement costs were assumed to increase by 7% each year after the first for both existing and proposed systems.

Software costs are a factor only with the new equipment and are shown accordingly.

Word Processing Related Computer Costs - CSD Computer:

Computer costs contribute to word processing costs in providing name/address information as well as computations, variable data, etc. for inclusion in typed documents. With the existing system these costs represent the computer generation of lists from which word processing operators manually transcribe data. In the proposed system like costs will be generated through electronic transfer of data although somewhat diminished in cost volume. It is also anticipated that whatever diminished costs occur through electronic interface an approximately equal offset will occur in system interface overhead. This assumption is made even though current users (Evans Products of Portland, Oregon) have said central computer overhead costs related to software are insignificant.

Currently ATMS is utilized for certain word processing applications and will be replaced by the proposed system. However, since a mandate exists to transmit ARM documents to the Secretary of State via ATMS, a residual cost of 20% of present costs is assumed.

Current FY82 costs for the divisions surveyed have been projected to fiscal year end 1982 and are then the basis for the five-year period adjusted based on the assumptions discussed above.

Supplies and Expendables:

Costs for the existing system and the proposed system include ribbons, diskettes, mag cards, and daisy wheels, as appropriate, reduced to a cost per page. Differences in utilization rates have been considered as applicable. Cost per page is then expanded based on expected output per day from each device involved. Paper use would be essentially the same for both systems and is not considered. The same number of pages annually have been projected for both systems.

Training and Conversion Effort:

No attempt has been made to quantify this area as it is extremely difficult to assess accurately. Training in the existing system is a constant involving training in many different areas. Because of the several different devices in use alone, cross training of operators is a problem. The problem is magnified when due to sickness and inadequate training redundancy, information existing within a device cannot be accessed. In the current mode of operation operators must be cross trained to handle at least five different types of equipment.

Text processor language is another area requiring a great deal of training in the present environment. Currently at least four different sets of command languages exist for which cross training must exist.

The proposed system, due to standard equipment, formats procedures, capabilities, etc. will greatly reduce the problems of cross training necessary. Central coordination will also exist so that backups will always exist, even though all individuals from a locale may be unavailable. Central coordination will also allow easy transfer of human resources between divisions in emergency situations.

Conversion will require effort and commitment but central staff will be trained and will in turn assist the user divisions in the conversion and training period.

1. PERSONAL SERVICES

Current System 24 FTE			Proposed System 18.5 FTE
315,264.00	FY83	1 G8.4 FTE = 13,136.00	315,264.00
327,864.00	FY84	1 G8.4 FTE = 13,136.00 + 4%	252,728.00
340,968.00	FY85	1 G8.4 FTE = 13,661.00 + 4%	262,829.00
354,600.00	FY86	1 G8.4 FTE = 14,207.00 + 4%	273,337.00
368,784.00	FY87	1 G8.4 FTE = 14,775.00 + 4%	284,271.00
<u>1,707,480.00</u>			<u>1,388,429.00</u>
375,645.00	Plus Benefits @ 22%		305,454.00
<u>2,083,125.00</u>	Total Personal Services		<u>1,693,883.00</u>

Total savings (cost) over five-year life of equipment for personal services = \$389,242.00

2. EQUIPMENT

A. Existing

	<u>Number</u>	<u>Annual Maintenance</u>		<u>Cost</u>	
Mag Card Selectric II	5	870.00	4,350	7,580	37,900.00
Memory Typewriter	6	552.00	3,312	3,900	23,400.00
Correcting Selectric II	12	60.00	720	879	10,548.00
CPT	<u>1</u>	<u>1,260.00</u>	<u>1,260</u>	<u>11,452</u>	<u>11,452.00</u>
	24				
Total Annual Cost			9,642		83,300.00

Replacement Factor = 50% Over Five Years = \$8,330 annual

	<u>Inflation</u>	<u>Replacement</u>	<u>Maintenance</u>	<u>Total</u>
FY83	0	8,330.00	9,642.00	17,972.00
FY84	4%	8,663.00	10,028.00	18,891.00
FY85	4%	9,010.00	10,429.00	19,439.00
FY86	4%	9,370.00	10,846.00	20,216.00
FY87	4%	9,745.00	11,280.00	<u>21,025.00</u>
				97,343.00

B. Proposed

	<u>Equipment Purchase</u>	<u>Licensed Software</u>	<u>Maintenance</u>	<u>Total</u>
FY83 Central Facility	92,196.00	28,164.00	5,160.00	125,520.00
Workstation Equipment	63,066.00		6,912.00	69,978.00
Total FY83	155,262.00	28,164.00	12,072.00	195,498.00
FY84 Workstation Equipment	67,748.00		7,104.00	74,852.00
Software and Maintenance from FY83 + 4%		29,290.00	12,555.00	41,845.00
Total FY84		29,290.00	19,659.00	116,697.00
FY85 Inflation 4%		30,461.00	20,449.00	50,906.00
FY86 Inflation 4%		31,679.00	21,263.00	52,942.00
FY87 Inflation 4%		32,946.00	22,113.00	55,059.00
Total Five-Year Cost of Acquisition and Maintenance - Proposed				471,102.00
Total Five-Year Cost of Maintenance - Existing				97,343.00
Net Five-Year Savings (Cost) of Equipment				(373,759.00)

3. RELATED COSTS - CSD COMPUTER

	<u>Existing System</u>	<u>Proposed* System</u>
FY83 Batch Processing	5,617.00	5,617.00
FY83 Text Processing	9,327.00	1,865.00
FY84 Batch Processing	5,617.00	5,617.00
FY84 Text Processing (FY83 + 4%)	9,700.00	795.00
FY85 Batch Processing	5,617.00	5,617.00
FY85 Text Processing (FY84 + 4%)	10,088.00	450.00
FY86 Batch Processing	5,617.00	5,617.00
FY86 Text Processing (FY85 + 4%)	10,492.00	205.00
FY87 Batch Processing	5,617.00	5,617.00
FY87 Text Processing (FY86 + 4%)	10,912.00	95.00
	78,604.00	31,495.00
Net Five-Year Savings (Cost) of CSD Computer	47,109.00	

*Note: Because of less dependency on the CSD computer for text processing, the proposed system cost decrease over the five year period.

4. SUPPLIES AND EXPENDABLES

<u>Existing System</u>	<u>Costs Per Page for 302,400 Pages</u>	<u>Proposed System</u>
16,984.00	FY83	7,711.00
17,663.00	FY84 + 4%	8,019.00
18,369.00	FY85 + 4%	8,340.00
19,104.00	FY86 + 4%	8,674.00
19,868.00	FY87 + 4%	9,021.00
<u>91,988.00</u>		<u>41,765.00</u>
Five-Year Cost for Existing System		91,988.00
Five-Year Cost for Proposed System		<u>41,765.00</u>
Saving (Cost) of Supplies and Expendables		<u>50,223.00</u>

SUMMARY

	<u>Current</u>	<u>Proposed</u>
1. Personal Services	2,083,125.00	1,693,883.00
2. Equipment	97,343.00	471,102.00
3. Related Costs - CSD Computer	78,604.00	31,495.00
4. Supplies And Expendables	<u>91,988.00</u>	<u>41,765.00</u>
	2,351,060.00	2,238,245.00
Total Five-Year Cost - Existing	2,351,060.00	
Total Five-Year Cost - Proposed	<u>2,238,245.00</u>	
Total Five-Year Savings (Cost)		<u>112,815.00</u>

NOTE:

This savings, through FTE and other factors, is derived from the considerations identified in the survey of only five divisions, while the proposed word processing equipment will be deployed department-wide benefiting all divisions. We believe when fully implemented department-wide the savings could be at least 50% greater or \$169,223.50.

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

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 09 MISCELLANEOUS TAXES
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)	18.65	18.00	-0.65	---	18.65	18.00	-0.65	---
1100	SALARIES	328,002	320,207	-4,470	---	324,206	318,998	-5,208	---
1400	EMPLOYEE BENEFITS	66,093	45,140	-1,971	---	47,561	45,822	-1,739	---
1500	HEALTH INSURANCE	17,904	17,280	-624	---	17,904	17,280	-624	---
	TOTAL LEVEL	344,095	382,627	-7,065	---	389,671	382,100	-7,571	---
2100	CONTRACTED SERVICES	11,912	12,583	-653	---	14,031	13,334	-697	---
2200	SUPPLIES & MATERIALS	10,679	8,136	-270	---	9,584	9,296	-288	---
2300	COMMUNICATIONS	21,184	20,816	-906	---	24,676	23,617	-1,059	---
2400	TRAVEL	13,496	13,489	-2,344	---	16,017	13,650	-2,367	---
2500	RENT	12,210	12,099	1,606	---	11,612	12,824	1,212	---
2700	REPAIR & MAINTENANCE	3,557	3,160	-339	---	3,709	3,347	-362	---
2800	OTHER EXPENSES	701	1,801	-861	---	2,722	1,906	-816	---
	TOTAL LEVEL	72,739	72,084	-3,767	---	82,351	77,974	-4,377	---
3100	EQUIPMENT	1,250	1,000	-25,353	---	5,163	1,000	-4,163	---
	TOTAL LEVEL	1,250	1,000	-25,353	---	5,163	1,000	-4,163	---
	TOTAL PROGRAM	468,084	455,711	-36,185	---	477,185	461,074	-16,111	---
01100	GENERAL FUND	407,168	388,266	-38,128	---	410,872	392,835	-18,037	---
02025	UNCLAIMED PROPERTY	41,916	47,394	-1,108	---	49,313	47,952	-1,361	---
02441	CIGARETTE ENFORCEMENT	19,000	20,051	3,051	---	17,000	20,287	3,287	---
	TOTAL PROGRAM	468,084	455,711	-36,185	---	477,185	461,074	-16,111	---

ISSUES: Recommended Increases to LFA Budget

1. Personal Services - Add .65 F.T.E. each year for clerical position cut by the LFA
2. Contracted Services- Add \$653(84) and \$697(85) for printing costs
3. Communications - Add \$906(84) and \$1,059(85) for postage costs .
4. Travel - Add \$2,344(84) and \$2,367(85) for in-state audit travel
5. Repair & Maint. - Add \$339(84) and \$362(85) for maintenance on word processing equipment
6. Other Expenses - All \$861(84) and \$816(85) for employee training
7. Equipment - Add \$25,353(84) and \$4,163(85) for one car, word processing equipment and modest office equipment replacement.

Miscellaneous Tax Continued

09

8. Funding - Maintain funding in the Cigarette Enforcement account at \$17,000 each year; additional funding results in additional program cuts due to the lack of available funds.

MISCELLANEOUS TAX DIVISION

Discussion of Budget Issues

1. **PERSONAL SERVICES** - The .65 FTE is essential to the operation of the Division as this employee prepares inheritance tax documents for micro-filming, accomplishes the microfilming, types freight line company license tax receipts, files contract award reports, files gross receipts withholding reports and reviews files to remove documents older than the required holding period. Without this employee we would have to use a Grade 11 or Grade 12 auditor to accomplish these tasks which would be an extremely poor and inefficient use of professional employees. It would also drastically reduce the audit assessments which the auditors would be able to issue.
2. **CONTRACTED SERVICES - PRINTING** - This division is very sensitive to printing costs because we have 17 different taxes and licenses each one of which requires at least two and some as many as eight or nine printed forms. Reducing the annual printing appropriation by \$653.00 represents nearly 10% of the total amount. This makes no sense at all since without the forms taxpayers cannot file their reports and pay the taxes they are required by law to pay.
3. **COMMUNICATIONS - POSTAGE** - The same comments apply to postage requirements as mentioned above for printing. We have many, many different forms that must be mailed. Where the forms are mailed to individual taxpayers they are sent first class. Without proper forms taxpayers cannot pay their taxes or obtain required licenses. Our forms are not available at banks or post offices.
4. **TRAVEL** - The travel costs per auditor in this division are among the lowest in state government. This is accomplished by each auditor being frugal in selecting lodging accommodations and in performing two-week trips rather than one-week trips when the distance is over 250 miles. A reduction of \$2,344 out of a \$15,833 request represents 15% of the travel funds needed. A cut of \$2,344 in travel funds will represent at least a \$23,440.00 reduction in total audit assessments.
5. **REPAIR AND MAINTENANCE** - Maintenance agreements on word processing equipment is the only sensible procedure to follow. Without a maintenance agreement or some repair funds any breakdown would result in the equipment being left idle for many months.
6. **OTHER EXPENSES** - Training funds of \$90.00 per employee are a bare minimum of the amounts which are necessary to sharpen technical and administrative skills and to maintain present productivity levels.
7. **EQUIPMENT PURCHASE** - Word processing equipment is presently in use in the Department of Revenue. Purchase of the equipment requested will allow for the full utilization of present equipment and allow the division to automate some manual systems that are cumbersome and very labor (employee) intensive to maintain. The purchase of an automobile is critical due to the fact that the automobile to be replaced gets about 8 miles per gallon and sustained severe hail damage in June of 1982. In addition we are requesting \$2,500.00 to replace some antique office furniture that is 20 to 25 years old.

8. FUNDING - Funding from the Cigarette ERA should not be more than \$17,000.00 since only \$16,900.00 was collected last fiscal year. Funding of a larger amount merely represents a reduction in the division's budget.

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

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

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 10 MOTOR FUEL TAX
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)	26.50	25.00	-1.50	---	25.50	25.00	-.50	---
1100	SALARIES	398,416	396,401	-16,232	---	401,158	394,962	-6,496	---
1400	EMPLOYEE BENEFITS	87,094	56,646	-4,424	---	60,098	57,506	-2,592	---
1500	HEALTH INSURANCE	25,440	24,000	-1,440	---	24,480	24,000	-480	---
	TOTAL LEVEL	485,510	477,047	-22,096	---	486,036	476,468	-9,568	---
2100	CONTRACTED SERVICES	32,538	21,058	-6	---	22,328	22,319	-9	---
2200	SUPPLIES & MATERIALS	9,111	6,652	-16	---	7,135	7,114	-21	---
2300	COMMUNICATIONS	21,746	25,772	66	---	29,448	29,514	66	---
2400	TRAVEL	18,378	14,521	-14,884	---	30,339	14,934	-15,405	---
2500	RENT	0	9,034	1	---	9,575	9,576	1	---
2700	REPAIR & MAINTENANCE	1,336	3,300	-11	---	3,510	3,495	-15	---
2800	OTHER EXPENSES	1,014	800	-2,667	---	3,498	847	-2,651	---
	TOTAL LEVEL	84,123	81,137	-17,517	---	105,833	87,799	-18,034	---
3100	EQUIPMENT	800	500	---	---	---	---	---	---
	TOTAL LEVEL	800	500	---	---	---	---	---	---
	TOTAL PROGRAM	570,433	558,684	-39,613	---	591,869	564,267	-27,602	---
02422	HIGHWAYS EARMARKED SP. REV.	570,433	558,684	-39,613	---	591,869	564,267	-27,602	---
	TOTAL PROGRAM	570,433	558,684	-39,613	---	591,869	564,267	-27,602	---

ISSUES: Recommended Increases To LFA Budget

1. Personal Services - Add 1.50 F.T.E. in FY 84 and .50 F.T.E. in FY 85 for clerical position cut by the LFA
2. Travel - Add \$14,884(84) and \$15,405(85) to allow for the Department to pay audit costs now required to be paid by the taxpayer
3. Other expenses - Add \$2,667(84) and \$2,651(85) for employee training

MOTOR FUELS DIVISION
DISCUSSION OF ISSUES

Issues:

1. Personal Services

One full-time position was cut by the LFA because the position remained vacant during FY 82 and another position was cut to one-half time due to vacancy.

The full-time position is still vacant to insure meeting a 4.0% vacancy savings applied to the FY 83 budget. This position will remain vacant for the remainder of FY 83 but it is anticipated that the position will be necessary in FY 84 as a result of pending legislation in the form of HB290, that allows gas wholesalers to be licensed as gas distributors, which will have a significant effect on the number of returns filed. In FY 85 this position can be given up due to expected savings from implementing a word processing system during FY 84.

The other position that remained vacant for a portion of FY 82 has been filled to handle the workload related to the gasohol subsidy program and assist with normal processing of fuel returns. If this position is not funded there would be a delay in the processing of gasohol refund returns which are presently given priority treatment.

2. Travel

Pursuant to section 15-70-324 M.C.A., licensed gasoline distributors, special fuel users, and special fuel dealers not maintaining records in this state, shall agree to pay a reimbursement subsistence and travel costs, at the time the records are audited, to the taxpayers place of business.

This provision creates harassment and ill will for the auditor at the time the costs are presented. The additional costs to the Department will improve the Department's image with the taxpayer and likewise improve taxpayer cooperation.

This request goes hand-in-hand with legislation presented this session to repeal the requirement for taxpayer reimbursement of costs. (HB 66)

3. Other Expenses - Training

The Department is implementing a training plan to improve an employees ability to perform his job and improve work attitudes and therefore increase productivity. To implement such a plan will require the funding requested.

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

REPORT 0000
DATE : 01/08/83
TIME : 16/25/25

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 07 CORPORATION TAX
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) 26.00	26.00	26.00			26.00	26.00		
1100	SALARIES 518,256	564,751	542,191	-22,560		564,184	540,616	-23,568	
1400	EMPLOYEE BENEFITS 101,837	84,035	76,145	-7,890		84,966	77,244	-7,722	
1500	HEALTH INSURANCE	24,960	24,960			24,960	24,960		
	TOTAL LEVEL 620,093	673,746	643,296	-30,450		674,110	642,820	-31,290	
2100	CONTRACTED SERVICES 81,462	87,588	80,022	-7,566		94,544	86,521	-8,023	
2200	SUPPLIES & MATERIALS 7,511	7,383	7,600	217		7,885	8,112	227	
2300	COMMUNICATIONS 11,555	18,256	17,113	-1,143		20,800	19,464	-1,336	
2400	TRAVEL 109,603	149,988	103,499	-46,489		154,151	106,395	-47,756	
2500	RENT 12,504	17,804	12,721	-5,083		19,703	13,484	-6,219	
2700	REPAIR & MAINTENANCE 2,049	3,272	2,100	-1,172		3,468	2,226	-1,242	
2800	OTHER EXPENSES 2,071	6,602	7,528	926		6,858	7,978	1,120	
	TOTAL LEVEL 224,763	290,893	230,583	-60,310		307,409	244,180	-63,229	
3100	EQUIPMENT 4,422	1,000	3700	-300		1,000	700	-300	
	TOTAL LEVEL 4,422	1,000	700	-300		1,000	700	-300	
	TOTAL PROGRAM 849,278	965,639	874,579	-91,060		982,519	887,700	-94,819	
01100	GENERAL FUND 849,278	965,639	874,579	-91,060		982,519	887,700	-94,819	
	TOTAL PROGRAM 849,278	965,639	874,579	-91,060		982,519	887,700	-94,819	

ISSUES: Recommended Increases To LFA Budget

1. Contracted Services - Add \$7,566(84) and \$8,023(85); to cover operating costs of Natural Gas and Oil Severance Tax Systems and increased costs of printing
2. Travel - Add \$46,489(84) and \$47,756(85) to fund auditors travel critical to their job performance
3. Repair & Maintenance- Add \$1,172(84) and \$1,242(85) for maintenance cost of word processing equipment

DEPARTMENT OF REVENUE



TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59620

Travel

Account 2401-2419 - One of the principal reasons for the reorganization was to enhance the audit activities relating to natural resource taxes. Our budget request as supported by the Office of Budget and Programming, enables the planned increase in auditor utilization.

Historically, the audit activities associated with the taxes transferred into the Natural Resource & Corporation Tax Division have been underfunded and underutilized. The underfunding is clearly demonstrated by reviewing FY 81, which was prior to the reorganization. \$3,775.00 per auditor was spent on audit travel during this year in the Miscellaneous and Property Tax Divisions, while Corporation Tax spent \$5,466.00 per auditor for audit travel. Also, the under utilization can be demonstrated by reviewing the statistics for the Corporation Tax Bureau which travelled an auditor 10.75 weeks in the field while the Division average was 8.57 weeks per auditor.

Finally, it is important to point out that our ability to collect taxes under our voluntary system of tax compliance is both directly and indirectly related to our ability to travel for purposes of audit. At this point the \$46,489.00 and \$47,766.00 proposed Legislative Fiscal Analysts reduction to our budgets for travel represent pure variable costs. Statistics will show failure to provide this funding would have an opportunity cost to the state of in excess of \$1.5 million. If historical data can be used as an accurate indicator of future expectations, we could be faced with having to forego the opportunity for a return in excess of \$30.00 in tax for every \$1.00 of travel money spent. Therefore, we request that funding for Division travel be restored to the level recommended by the Office of Budget and Program Planning.

Contracted Services

- (Printing)

Accounting 2110 - The requested increase is due to both an increased number of tax filings and the need to continually update the forms to conform with current tax laws. During FY 83, we have already incurred charges of \$6,960.00 for printing and have received estimates that an additional \$500.00 will be required to cover current printing needs. Therefore, our actual printing costs for FY 83 will be approximately \$7,500.00. That is only \$111.00 below our requested amount.

- (Data Processing Services)

Account 2103 - The majority of the adjustment to this account is to cover the increased costs of a fully implemented Natural Gas Severance Tax System and to begin modifications to an Oil Producers Severance Tax System. With these two systems fully operational, we can anticipate several benefits:

- (1) Increased taxpayer compliance with filing requirements.
- (2) Insure reporting consistency between taxes. For example, the value of production shown on the Oil Producers Severance Tax return would be the same as that shown on the net proceeds return.
- (3) Ability to selectively review pricing on oil and gas production to determine whether certain companies may be significantly under-reporting the value of production.
- (4) Provide for a more timely issuance of refunds to counties.

It is estimated that the above items should generate approximately \$132,000.00 in either additional revenue or cost in savings for the state/year.

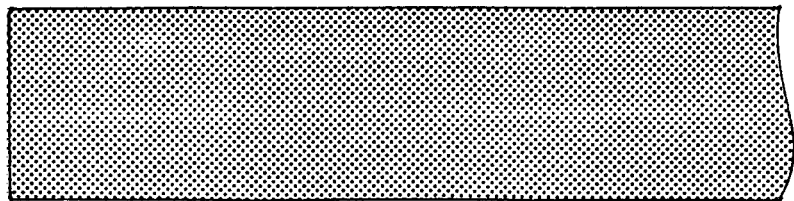
Repairs & Maintenance - \$1,172(84) \$1,242(85)

Our office has currently installed and is using word processing equipment. These amounts are required to maintain that system.

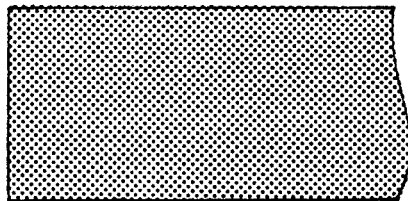
Natural Resources & Corporation Tax

FY84

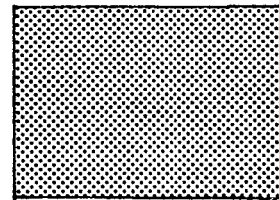
\$1,500,000



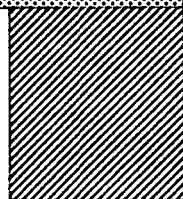
\$1,200,000



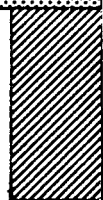
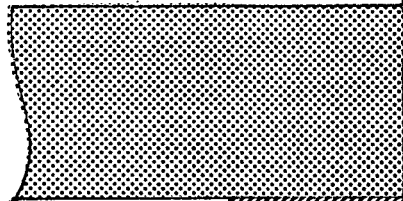
\$132,000



\$93,178



\$46,489



\$7,566



Cost/Revenue

LFA Contracted Services Cut

Cost/Revenue

Modified Budget Request

Cost/Revenue

LFA Travel Cut

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

REPORT EBSR100
DATE : 01/08/83
TIME : 16/26/30

AGENCY : 5801 DEPARTMENT OF REVENUE
PROGRAM : 07 CORPORATION TAX
CONTROL : 00071 N.R.&C.T.-DATA BASE SYS.

MODIFIED LEVEL SERVICES ONLY									
AE/OE	DESCRIPTION	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	3.00		-3.00	—, —, —	3.00		-3.00	—, —, —
1100	SALARIES	49,573		-49,573	—, —, —	49,383		-49,383	—, —, —
1400	EMPLOYEE BENEFITS	7,376		-7,376	—, —, —	7,437		-7,437	—, —, —
1500	HEALTH INSURANCE	2,880		-2,880	—, —, —	2,880		-2,880	—, —, —
	TOTAL LEVEL	59,829		-59,829	—, —, —	59,700		-59,700	—, —, —
2100	CONTRACTED SERVICES	10,500		-10,500	—, —, —	30,000		-30,000	—, —, —
2200	SUPPLIES & MATERIALS	1,124		-1,124	—, —, —	1,191		-1,191	—, —, —
2400	TRAVEL	20,975		-20,975	—, —, —	21,506		-21,506	—, —, —
	TOTAL LEVEL	32,599		-32,599	—, —, —	52,697		-52,697	—, —, —
3100	EQUIPMENT	750		-750	—, —, —				—, —, —
	TOTAL LEVEL	750		-750	—, —, —				—, —, —
	TOTAL PROGRAM	93,178		-93,178	—, —, —	112,397		-112,397	—, —, —
01100	GENERAL FUND	93,178		-93,178	—, —, —	112,397		-112,397	—, —, —
	TOTAL PROGRAM	93,178		-93,178	—, —, —	112,397		-112,397	—, —, —

EXPLANATION:

Our modified budget request is for two additional auditors and one additional clerical position. Both the Governor's Office of Budget And Program Planning and the Governor's Council on management have agreed with the need to increase the audit staff within this division.

This division has recently experienced a reorganization in which the corporation license tax and the natural resource taxes were merged into one division. The primary purpose for the reorganization was to consolidate and emphasize the audit programs. As a result, this division has become extremely active in the current areas of auditing and have also expanded the auditing into the area of royalties on state and federal owned leases.

Since each audit collects approximately \$600,000/year, this budget request will generate approximately \$1.2 million/year in additional revenue for the state.

2007
2-14

318. Increase the Natural Resources and Corporation Tax Division's auditor staff.

This division conducts on-site tax audits of multi-state corporations at their home offices. Each auditor identifies between \$600,000 and \$1.5-million in underpayments annually. However, a lack of staff prevents annual audits of all candidates. To increase collections, two additional natural resource tax auditors and one corporate tax auditor should be hired. Annual salary and travel costs are estimated at \$82,000. However, these staff members will produce a minimum of \$1.8-million in additional annual income.

319. Reorganize the Miscellaneous Tax Division.

Supervision in this division is unnecessarily fragmented for a staff of 17. The administrator oversees technical operations while the assistant monitors personnel activities. To streamline operations and emphasize programs, the assistant administrator's duties should be transferred to the administrator and the assistant's position eliminated. An additional bureau should also be created so that one manages inheritance taxes while the second would administer remaining miscellaneous tax programs. No financial benefit is claimed because the cost of a new bureau chief would be offset by the saving realized by eliminating a position.

320. Increase cigarette license fees.

Cigarette license regulatory fees established in 1969 are inadequate. Currently, owners with one to nine points of sale are charged \$5 while \$50 is assessed for 10 or more locations. The license fee should be increased to a uniform rate of \$8 per machine to recover operating costs. Implementation will conservatively generate an additional \$8,000 in annual income.

Department of Commerce

Fiscal 1982 Budget: \$35-million, including \$14.8-million in federal funds.

Positions Authorized: 172.

Positions Filled: 161.

Chief Operating Officer: Director.

Reporting Structure: The director reports to the Governor and supervises five divisions plus the Financial Bureau.

The Department of Commerce promotes and controls economic growth by assisting and regulating business development, managing community assistance programs, and issuing professional and occupational licenses. It is responsible for transportation and aeronautics as well. Organizationally, five divisions report to the director, who also chairs the State Banking Board. The following divisions are covered here while the Aeronautics Division and Financial Bureau are included as separate sections:

- Business and Professional Licensing - Regulates and licenses businesses through Bureaus for Professional and Occupational Licensing,

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

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

PAGE 396

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 05 "PUBLICATIONS AND GRAPHICS"
CONTROL : 00052 DUPLICATING

RVICES ONLY

AE/OE	DESCRIPTION	FY 83	ORPP FY 84	IIA FY 84	DIFF. FY 84	SUB-CMT. FY 84	ORPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000.	FULL TIME EQUIVALENT (FTE)	26.75	20.00	18.00	-2.00		24.75	22.75	-2.00	
1100	SALARIES	424,630	351,395	317,663	-33,732		407,449	374,929	-32,520	
1400	EMPLOYEE BENEFITS	84,926	51,058	46,989	-4,069		59,936	56,753	-3,183	
1500	HEALTH INSURANCE		19,200	17,280	-1,920		23,760	21,840	-1,920	
	TOTAL LEVEL	509,556	421,653	381,932	-39,721		491,145	453,522	-37,623	
2100	CONTRACTED SERVICES	14,879	10,292 ✓	7,321	-2,971		10,836	7,693	-3,143	
2200	SUPPLIES & MATERIALS	87,819	13,308 ✓	9,032	-4,276		14,106	9,572	-4,534	
2300	COMMUNICATIONS	15,000	16,589 ✓	11,530	-5,059		18,264	12,897	-5,367	
2400	TRAVEL	3,893	2,021	2,018 ✓	-3		2,114	2,110	-4	
2500	RENT	184,726	289,908	84,554	-205,354		323,440	95,037	-228,403	
2700	REPAIR & MAINTENANCE	80,158	108,210	85,510	-22,700		122,704	94,639	-28,065	
2800	OTHER EXPENSES	726	36,686	23,154	-13,532		33,233	17,274	-13,959	
2900	GOODS PURCHASED FOR RESALE	362,844	419,150 ✓	311,118	-108,632		384,282	384,282	-118,967	
	TOTAL LEVEL	750,045	896,764	534,237	-362,527		1,025,946	623,504	-402,442	
3100	EQUIPMENT	90,091	204,361	158,634	-45,727		161,463	116,276	-45,187	
	TOTAL LEVEL	90,091	204,361	158,634	-45,727		161,463	116,276	-45,187	
	Total Program	1,349,692	1,522,778	1,074,803	-447,975		1,678,554	1,193,302	-485,252	
01100	GENERAL FUND	37,871	38,148		-38,148		38,971		-38,971	
06530	PUBLICATIONS & GRAPHICS	311,821	1,484,630	1,074,803	-409,827		1,639,583	1,193,302	-446,281	
	TOTAL PROGRAM	1,522,778	1,074,803		-447,975		1,678,554	1,193,302	-485,252	
		1,349,692								