

MINUTES OF THE MEETING
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE
MONTANA STATE
JOINT SUBCOMMITTEE

February 4, 1985

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Quilici on February 4, 1985 at 7:00 a.m. in Room 437 of the State Capitol.

ROLL CALL: All members were present, with the exception of Senator Stimatz. Also present were Don Witmer and Cliff Roessner from the LFA Office, and Doug Booker and Carolyn Doering from the Executive Office.

GOVERNOR'S OFFICE (Executive Session)

Northwest Power Planning Council: Representative Lory moved approval of the agency's request of \$443,000 in FY 1986 and \$465,150 in FY 1987. The motion was seconded, and passed unanimously.

Mansion Maintenance: Representative Lory moved the LFA budget with 2 percent vacancy savings, and supplies at \$11,952. The motion was seconded, and passed unanimously.

Air Transportation Program: Don Witmer went over the differences of gasoline for flying hours, and the difference of unscheduled maintenance (43;B;85).

Representative Lory moved the LFA budget with no vacancy savings, and the exception of the OBPP budget for repair and maintenance of \$25,882 in FY 1986 and \$38,480 in FY 1987. The motion was seconded, and passed unanimously.

Office of Budget Programming and Planning: Don explained the budget issue differences of overtime in FY 1987, audit fees, and the OBPP requested that if the Governor takes an additional 2 percent cut, they want it taken out of vacancy savings (43;B;269).

Senator Keating moved the LFA budget for 18.25 FTE with 4 percent vacancy savings, the OBPP budget for contracted services each year, the OBPP budget for supplies and materials, and the LFA budget for the remaining balance of operating expenses, and the overtime of \$2,872 for FY 1987 be included. The rent will be adjusted. The motion was seconded, and passed unanimously.

GENERAL GOVERNMENT AND HIGHWAYS

February 4, 1985

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Executive Office Program: Don went over the major budget issues (43;B;455). Representative Lory moved the 19.5 FTE with 2 percent vacancy savings and \$2,989 in FY 1987 for overtime in personal services, and the LFA budget on the operating expenses except for other expenses, which will be \$77,842 in FY 1986 and \$79,742 in FY 1987. The motion was seconded, and passed unanimously.

Senator Keating suggested they change the name of the Coal Severance Tax Advocacy Fund to fit a description of what the funds now do.

Representative Lory moved the budget of \$124,961 for FY 1986 and \$125,068 in FY 1987, and the \$90,000 that is carried over be a biennial appropriation. Senator Keating resisted the motion (43;B;704). The motion was passed 3-2. The motion was carried.

Senator Keating moved the Flathead Basin Commission of \$40,794. The motion was seconded, and passed unanimously.

Senator Keating moved the budget as presented for the Aging Coordinator, which is \$39,251 in FY 1986 and \$39,264 in FY 1987. The motion was seconded, and passed unanimously.

Senator Keating moved the budget modification of the Clark Fork River Basin Coordinating Project, which requested \$276,500 for both years. Language will be included that when the funding for this project ends the FTE will be reduced accordingly, also it will be line itemed to keep this project separate from the Executive Office. The motion was seconded, and passed unanimously.

Representative Lory moved the spending authority of the Client Assistance Program of \$50,000. The motion was seconded, and passed unanimously.

Senator Keating moved approval of the budget modification for a Federal-State Coordinator which is \$25,025 in FY 1986 and \$25,036 in FY 1987. The motion was seconded, and passed unanimously.

DEPARTMENT OF ADMINISTRATION

Purchasing Division: Laurie Ekanger, Administrator, described the purpose and explained the process of the Purchasing Division found on Exhibit No. 1 (44;A;200).

Exhibit No. 2 is the budget for Central Stores, the differences are explained on the third sheet of the exhibit (44;A;510).

There was discussion on the inventory and the amount of money in goods purchased for resale. This expense could be line itemed since it is a proprietary fund (44;B;88).

There is a budget modification requesting 5.5 FTE and funds for related operating cost to support Central Stores and Surplus Property programs (44;B;270). They are asking for 3.5 FTE for the warehouse, one clerk, and one professional.

Laurie Ekanger then went over the Purchasing Program budget found on Exhibit No. 3. She explained the budget differences found on the second page (44;B;420).

Executive Action was taken on the Purchasing Division right after the work session.

Senator Keating moved the LFA budget with 2 percent vacancy savings, and \$3,000 added in contracted services for systems development in both years, and the OBPP for other expenses which is a one-time reduction of \$1,694 in FY 1987. The motion was seconded, and passed unanimously.

Senator Keating moved the LFA budget with 18 FTE and 2 percent vacancy savings, and the LFA for operating expenses plus the \$2,899 increase for contracted services for each year of the biennium, and an increase in supplies and materials of \$1,022 for each year for light bulbs, and increase of travel \$1,412 each year of the biennium for out-of-state meetings, and an increase of \$6,993 each year of the biennium for repair and maintenance on the warehouse, and line item spending authority of \$3,000,000 for goods for purchasing-for-resale each year of the biennium, and the OBPP equipment budget. The motion was seconded, and passed unanimously.

Mail and Distribution: Deane Blanton went over Exhibit No. 4 which explains the functions of the Mail and Distribution Bureau, and also explains how the mail is processed (45;A;46). Exhibit No. 5 is the budget for the agency.

There was discussion on the postage and mailing costs. It was asked how much of the first class mail is an ounce and what percent is over an ounce. The increase in postage February 17 affects the first ounce. It was suggested to line item communications (45;A;117).

The second page of Exhibit No. 5 shows the budget differences.

Mail and Distribution Bureau (Executive Session)

Senator Keating moved the LFA 9.25 FTE with 2 percent vacancy savings, the LFA budget in operating expenses with the exception of rent which will be increased \$5,826 in FY 1986 and \$5,917 in FY 1987, other expenses will be increased by \$2,273 in FY 1986 and \$3,533 in FY 1987, communications will be line itemed to \$673,516 in FY 1986 and \$723,945 in FY 1987, and the LFA budget for equipment. The motion was seconded, and passed unanimously.

EXECUTIVE SESSION

Consumer Counsel: Cliff Roessner went over the budget differences of contingency funding and capital expenditures which request \$20,000 for equipment purchases to replace a memory typewriter. There was discussion on the issues (45;A;615).

Representative Lory moved approval of the 4.25 FTE with no vacancy savings using the LFA budget for personal services. The motion was seconded, and passed unanimously.

Representative Lory moved the LFA budget for operating expenses, except contracted services to be \$597,745 for both years of the biennium and a \$100,000 line itemed for contingency, and travel to be \$21,894 in FY 1986 and \$22,770 in FY 1987, and \$20,000 for equipment in FY 1986 and \$1,000 in FY 1987. The motion passed 3-2. Senator Keating opposed the motion on the basis he doesn't think we should be spending contingency fund money and out-of-state travel to go to federal hearings on the Williston Basin case.

Chairman Quilici asked Jim Paine to separate the travel expenses for the Williston Basin case.

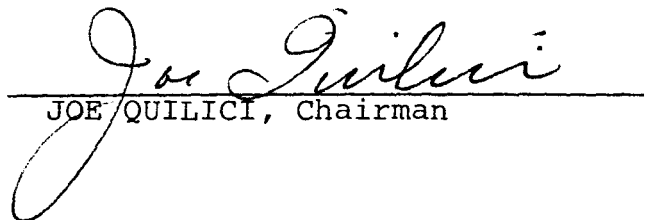
Legislative Auditor: C. D. Avery passed out Exhibit No. 6 which outlines the budget issues for the agency. There was discussion on the issues (46;A;01). Exhibit No. 7 is a graph with the comparison of actual FTE and allowed FTE. There was discussion on the need for 65 FTE.

Senator Keating moved the LFA on 65 FTE with 4 percent vacancy savings for personal services. The motion was seconded, and passed unanimously. The 4 percent vacancy savings is subject to change.

Senator Keating moved the LFA budget for both the years, plus the computer in contracted services for \$25,000 and \$20,000 for audit contracts per year, \$5,000 for technical services, making the total addition \$50,000 for both years, and the LFA budget for communications with the \$2,432 to move the phones on a line item biennial appropriation one-time expenditure, and LFA budget for travel plus an increase of \$7,000 for state travel, \$3,690 for committee expense, \$11,000 for out-of-state travel training, and line item \$5,000 for legislative requests with a similar adjustment in FY 1987. The LFA budget for other expenses plus \$2,767 increase for both years. The LFA budget of \$9,394 in FY 1986 and the OBPP budget of \$18,550 in FY 1987, and the funding as shown. The motion was seconded, and passed unanimously.

Senator Keating pointed out that the Legislative Audit Office is coming in with a budget about \$500,000 less than asked for in 1985.

ADJOURN: There being no further business before the committee, the meeting was adjourned at 12:05 p.m.


JOE QUILICI, Chairman

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DAILY ROLL CALL

General Government and Highways SUB COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/4/85

[illegible]

PURCHASING DIVISION
Department of Administration
State of Montana

PURPOSE: To insure fair, broad-based competition on State purchases. To save money for the State through purchasing practices and promotion of surplus property.

METHOD: Competitive bids or proposals are obtained for all purchases. Common use items are "controlled" (purchased) only by the Purchasing Division to get the best value by:

- combining agency needs to take advantage of the State's total volume;
- standardizing specifications to consolidate the State's volume;
- providing for central receiving of some items to reduce costs.

ORGANIZATION: Purchasing Division has 29 FTE, organized into two Bureaus:

Purchasing Bureau - general fund; handles and oversees all supply and service purchases not received centrally.

Property and Supply Bureau - proprietary fund; purchases, warehouses and provides for distribution of supplies; handles surplus property.

1983 ISSUES: Purchasing Division's report to the 48th Legislature listed four issues which had been identified in formal studies of State Purchasing conducted by: the Council of State Governments, the Legislative Auditor's Office, the Department of Administration Director's Office, and the Governor's Council on Management.

1. Purchasing Division saves money for the State: In Fiscal Year 1979, a net savings of \$1,598,300 estimated by the Legislative Auditor.

Status: Documented savings have increased (see 1985 Issues below).

2. Purchasing Bureau needs to automate.

Status: Vendors list and many clerical functions are now automated. The Purchasing Agents will be tied in during 1985, and management information will be available.

3. Purchasing Division needs to update/clarify Montana Law.

Status: The 48th Legislature passed the Montana Procurement Act. This act and implementing rules became effective January 1, 1984.

4. Purchasing Division must provide quicker service to State agencies and must transition from a primarily clerical role to a management role in State government.

Status: Average requisition turn-around has gone from 18 weeks in 1983 to 8 weeks. Our goal is 6 weeks. (To accomplish this, procedures were streamlined; extra "errand" duties were eliminated; non-cost effective purchasing was formally delegated.) The number of backorders have decreased to 4.5%. Delivery and shipout schedules are enforced. Manuals and training are now provided to State Government. Some formal commodity analyses have been completed.

1985 MAJOR
ISSUES:

Purchasing Division identifies the following issues:

1. Purchasing Division saves State money. According to recent random sampling:

- a. Purchasing Bureau

<u>Purchase Volume</u>	<u>Savings</u>	<u>1985 Bureau Budget</u>	<u>Net Savings</u>
	9% OR		
\$76,300,000	\$6,867,000	\$518,858	\$6,348,142

- b. Property and Supply Bureau - Stores Program

<u>1984 Sales Volume</u>	<u>Average % Off Retail</u>	<u>Net Savings</u>
\$1,632,022	49.7%	\$811,115

- c. Property and Supply - State Surplus

<u>1984 Sales Income</u>	<u>1983 Sales Income</u>	<u>Increase</u>
\$215,024	\$115,223	\$99,801

2. Purchasing Division could save even more money and provide a more professional service: standardizing/streamlining/training/ordering.
3. Property and Supply Bureau modified request for workload increase.

Work Load Increase

Surplus Property

- I. New guidelines for Surplus Property were established in October of 1983.
 - A. New surplus guidelines did not allow trade in of goods, unless it was the most cost effective method of disposal.
 - B. Review of most cost effective method of disposal is required.
 - C. More agencies are turning in goods thus requiring more auctions.
 - D. Vehicles are no longer being traded in. The surplus program is handling the sale of all vehicles. This requires clean up of vehicles, display, appraisal, advertisement and etc.
 - E. More pick-ups are made for merchandise as trade-ins are not generally more cost effective.
 - F. State surplus sales have increased from \$115,222.00 in 1983 to \$215,023.87 in 1984.

Central Stores

II. Additional Services and Demands.

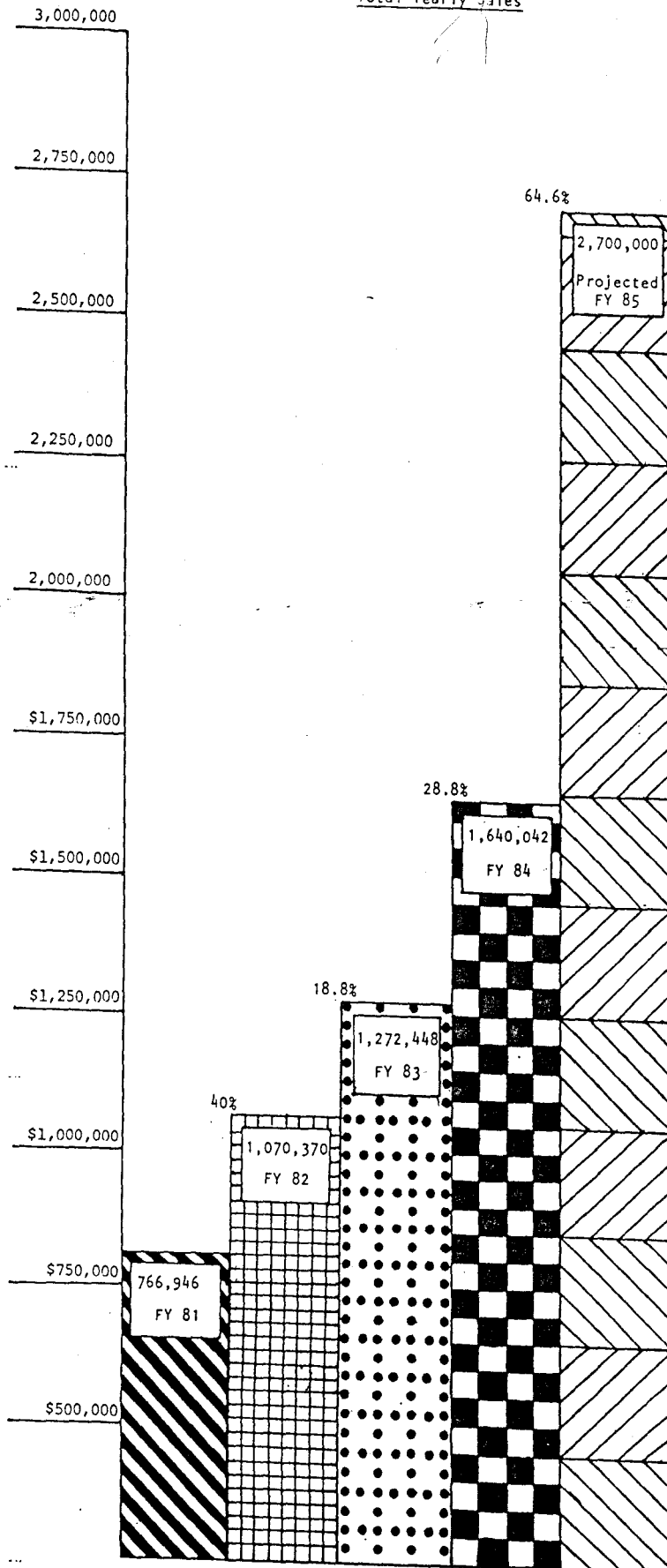
- A. Sales volume is growing on an average of 30% annually.
- B. Inventory turn over is 4.6 times a year.
- C. Number of items carried increased from 1,141 items in June, 1981 to 1,215 items in January, 1985.
- D. Number of orders placed per year increased from 8,936 orders in FY 82 to 10,918 orders in FY 83, and an estimated 11,600 in FY 85.
- E. Destinations or delivery points have increased from 44 in FY 80, 94 in FY 81, 230 in FY 82 to 388 in FY 85.

III. FTE's Required (5-1/2) Total

- A. 2-1/2 Warehouse Workers Grade 8 (presently working for the Bureau under a program transfer)
- B. One Professional Staff Grade 13
- C. One Computer Operator Assistant Grade 8
- D. One Warehouse Worker Grade 8

CENTRAL STORES PROGRAM

Total Yearly Sales



Avg: 29.2% Growth
 81-84 Growth: 114%
 January 29, 1985

AGENCY:6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM:09 CENTRAL STORES
 CONTROL:00000
 PAGE 1

BUDGET COMPARISONS
 LFA vs. OBPP
 CURRENT LEVEL

BUD09CL 2-1-85

Exhibit #2
 2/4/85

DESCRIPTION	FY 84	OBPP FY 86	LFA FY 86	DIFF. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87
FTE	13.00	12.50	12.50		12.50	12.50	
1100 SALARIES	211,010	237,872	236,893	(979)	238,521	237,553	(968)
1400 EMPLOYEE BENEFITS	44,300	34,986	34,824	(162)	35,198	35,034	(164)
1500 HEALTH INSURANCE		15,000	15,000	0	15,000	15,000	0
1600 VACANCY SAVINGS		(11,514)	(11,981)	(467)	(11,548)	(11,990)	(442)
1800			556	556		560	560
TOTAL LEVEL	255,310	276,344	275,292	(1,052)	277,171	276,157	(1,014)
2100 CONTRACTED SERVICES	31,527	28,636	25,737	(2,899)	22,336	19,437	(2,899)
2200 SUPPLIES & MATERIALS	(2,992)	12,819	11,797	(1,022)	12,819	11,797	(1,022)
2300 COMMUNICATIONS	10,876	11,617	11,630	13	11,617	11,630	13
2400 TRAVEL	1,505	2,919	1,507	(1,412)	2,919	1,507	(1,412)
2500 RENT	70,209	73,837	73,837	0	73,837	73,837	0
2600 UTILITIES	8,547	13,163	13,163	0	13,163	13,163	0
2700 REPAIR & MAINTENANCE	24,195	10,760	3,767	(6,993)	10,760	3,767	(6,993)
2800 OTHER EXPENSES	(231,993)	2,939	2,939	0	2,939	2,939	0
2900 GOODS PURCH FOR RESALE	1,622,385	12,209,999	1,591,520	(618,479)	12,576,715	1,591,520	(985,195)
TOTAL LEVEL	1,534,259	12,366,689	1,735,897	(630,792)	12,727,105	1,729,597	(997,508)
9999 INFLATION		94,902	144,624	49,722	110,383	235,178	124,795
TOTAL W/INFLATION	1,534,259	12,461,591	1,880,521	(581,070)	12,837,488	1,964,775	(872,713)
3100 EQUIPMENT	(14,745)	50,000		(50,000)	60,000		(60,000)
TOTAL PROGRAM	1,774,824	12,787,935	2,155,813	(632,122)	13,174,659	2,240,932	(933,727)
2% CUT		(55,759)		55,759	(63,493)		63,493
TOTAL PGM LESS CUT	1,774,824	12,732,176	2,155,813	(576,363)	13,111,166	2,240,932	(870,234)
06517 FEDERAL SURPLUS PROP	221,630			0			0
06531 CENTRAL STORES	1,553,194	12,732,176	2,155,813	(576,363)	13,111,166	2,240,932	(870,234)
TOTAL PROGRAM	1,774,824	12,732,176	2,155,813	(576,363)	13,111,166	2,240,932	(870,234)

AGENCY:6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM:09 CENTRAL STORES
 CONTROL:09001 WORKLOAD INCREASE

BUDGET COMPARISONS
 LFA vs. OBPP
 MODIFIED LEVEL

BUD09001 2-1-85

PAGE 2

DESCRIPTION	OBPP FY 86	LFA FY 86	DIFF. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87
FTE	5.50		(5.50)	5.50		(5.50)
1100 SALARIES	76,911		(76,911)	76,911		(76,911)
1400 EMPLOYEE BENEFITS	12,650		(12,650)	12,688		(12,688)
1500 HEALTH INSURANCE	7,200		(7,200)	7,200		(7,200)
1600 VACANCY SAVINGS	(3,870)		3,870	(3,872)		3,872
TOTAL LEVEL	92,891	0	(92,891)	92,927	0	(92,927)
2200 SUPPLIES & MATERIALS	200		(200)	200		(200)
TOTAL LEVEL	200	0	(200)	200	0	(200)
9999 INFLATION	8		(8)	8		(8)
TOTAL W/INFLATION	208	0	(208)	208	0	(208)
TOTAL PROGRAM	93,099	0	(93,099)	93,135	0	(93,135)
2% CUT	(1,862)		1,862	(1,863)		1,863
TOTAL PGM LESS CUT	91,237	0	(91,237)	91,272	0	(91,272)
06531 CENTRAL STORES	91,237		(91,237)	91,272		(91,272)
TOTAL PROGRAM	91,237	0	(91,237)	91,272	0	(91,272)

PROPERTY AND SUPPLY

Budget Differences

Current Level (Page 1 of Budget Comparisons)

Contracted Services

The OBPP budget includes \$4,065 in both fiscal years for anticipated legal expenses incurred in their operations. LFA did not include these costs in their budget.

The LFA budget has \$3,000 for computer processing services in each year (reflects current level). The OBPP budget was reduced to \$800 in each year due to in-house processing done by the bureau's mini-computer. Difference of \$2,200 in both years.

The OBPP budget has \$1,000 for education and training. This training is to update staff in management skills, new computer programs, supervision and new policies. LFA budget was left at current level of \$200. Difference of \$800 in both years.

Supplies and Materials

The OBPP budget includes \$2,000 in each year for electrical supplies. The LFA budget reflects the current level base of \$637 in each year for these supplies. Difference in both years is \$1,363.

Travel

The OBPP budget includes costs for an out-of-state trip to a convention relating to the bureau's operation. The LFA budget was left at current level. Difference of \$1,412 in both years.

Repair and Maintenance

The OBPP budget includes costs for remodeling and repairing the old Liquor Warehouse and the old State Library. These buildings are used to warehouse Surplus Property and Central Stores inventory. The LFA budget does not include these costs. Difference of \$7,000 in both years.

Goods Purchased for Resale

In both fiscal years 1986 and 1987, the OBPP budget includes a growth factor to allow for the growth the Property and Supply Bureau has experienced in past years. The LFA budget does not include a growth factor but is left at current level. Difference of \$618,479 in FY'86 and \$985,195 in FY'87.

Equipment

The OBPP budget contains costs to replace two trucks in fiscal year 1986 and the outdoor forklift for Surplus Property in 1987. The LFA budget does not include these costs. These differences total \$50,000 in fiscal year 1986 and \$60,000 in 1987.

Modified Level (Page 2 of Budget Comparisons)

OBPP has proposed adding 5.5 FTE and related operating costs to support Central Stores and Surplus Property programs. These positions are necessary due to the increased growth in these operations during past years. LFA did not include this modified request in their budget.

The costs associated with this modified request are \$93,099 in fiscal year 1986 and \$93,135 in 1987.

DESCRIPTION	FY 84	OBPP FY 86	LFA FY 86	DIFF. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87
FTE	17.00	16.50	16.50		16.50	16.50	
1100 SALARIES	328,110	335,295	335,423	128	335,818	335,949	131
1200 HOURLY WAGES	694			0			
1400 EMPLOYEE BENEFITS	65,518	48,807	48,808	1	49,053	49,053	0
1500 HEALTH INSURANCE		19,800	19,800	0	19,800	19,800	0
1600 VACANCY SAVINGS		(16,156)	(15,172)	984	(16,186)	(15,181)	1,005
1800			270	270		271	271
TOTAL LEVEL	394,322	387,746	389,129	1,383	388,485	389,892	1,407
2100 CONTRACTED SERVICES	75,558	56,887	53,887	(3,000)	56,887	53,887	(3,000)
2200 SUPPLIES & MATERIALS	7,707	7,707	7,707	0	7,707	7,707	0
2300 COMMUNICATIONS	25,359	25,357	25,357	0	25,357	25,357	0
2400 TRAVEL	2,738	2,738	2,738	0	2,738	2,738	0
2500 RENT	16,680	15,203	16,680	1,477	15,357	16,680	1,323
2700 REPAIR & MAINTENANCE	2,664	5,111	5,111	0	5,111	5,111	0
2800 OTHER EXPENSES	3,988	3,988	3,988	0	2,294	3,988	1,694
TOTAL LEVEL	134,694	116,991	115,468	(1,523)	115,451	115,468	17
9999 INFLATION		6,014	5,935	(79)	7,720	10,851	3,131
OPER EXP + INFLATION	134,694	123,005	121,403	(1,602)	123,171	126,319	3,148
3100 EQUIPMENT	413	850	850	0	850	850	0
TOTAL PROGRAM	529,429	511,601	511,382	(219)	512,506	517,061	4,555
2% CUT		(10,232)		10,232	(10,250)		10,250
TOTAL PGM LESS CUT	529,429	501,369	511,382	10,013	502,256	517,061	14,805
01000 GENERAL FUND	529,429	501,369	511,382	10,013	502,256	517,061	14,805
TOTAL PROGRAM	529,429	501,369	511,382	10,013	502,256	517,061	14,805

PURCHASING DIVISION

Budget Differences

Current Level

Contracted Services

OBPP included \$3,000 in their proposed budget each year for systems development and upkeep of Purchasing Division's present computer system. LFA excluded these costs from their proposed budget for each year.

Other Expenses

OBPP deleted funding for certification training of purchasing officers in fiscal year 1987. Training will be completed by the end of 1986. LFA included this training in their fiscal year 1987 budget. The difference is \$1,694 in 1987.

MAIL AND DISTRIBUTION
PROGRAM 13
JANUARY 1985

- I. The Mail and Distribution Program serves the majority of Helena based State agencies with deadhead interagency mail service, sorting and delivery of in-coming U.S. mail, out-going U.S. Mail, and operation of the U.S. Post Office in the Capitol Building.
 - A. The program is funded through a proprietary account. A total of 651 agency accounts are billed monthly for postage and dead-head mail services. The billing system is designed to provide separate sub-account billings for various programs within an agency.
 - B. Effective January 1984 a change was made in our contract with the U.S. Post Service. The scope of work was increased by additional sorting of mail for 15 State agencies. Until this date the local post office was making special separations for the agencies. Now all State mail is received under "Zip Code" 59620 and must be separated by agency for delivery. The workload increase required and additional .75 F.T.E. that was transferred from the Public Employees Retirement Division.
 - C. A budget amendment has been submitted for additional spending authority to cover the recent 10% postage increase from \$.20 to \$.22
 - D. The attached brochure describes the services provided by the Central Mail Program.

This booklet is designed to aid you and your agency in preparing and sending your inter-department and out-going mail via Central Mail and Distribution. Contained within this booklet will be all of the information you need pertaining to:

1. Services, functions and limits of Central Mail.
2. Preparation and transmittal of inter-departmental mail.
3. Preparation and transmittal of out-going mail.

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I. CENTRAL MAIL AND DISTRIBUTION

1. History

Central Mail and Distribution was enacted in accordance with Section 2-17-301 (1), MCA by the 1977 Legislature to insure that a central facility be established to save tax dollars by providing a qualified mail room staff and by providing the means to eliminate the duplication of mail meter machines, meter rental, postage scales and other materials necessary to operate the mailing operation of the State of Montana.

2. Functions and Services

Central Mail is empowered by the State of Montana and the U.S. Postal Service to provide the following services and functions:

1. Provide mail pick-up and delivery in agencies' offices.
2. Weigh and classify all mail to determine proper postage amount and mailing procedure.
3. Meter all mail.
4. Presort all mail into zip code order.
5. Prepare mail for direct drops in Montana cities.
6. Maintain a comprehensive record of postage used via separate fund accounts for all subscribing agencies.

Additionally, Central Mail handles the delivery of all inter-agency printed communications. This process, known as "Deadhead Mail", is to be kept separate from out-going mail and thus precludes any postage necessity.

3. Limits of Central Mail

Due to its affiliation with both the State of Montana and the U.S. Postal Service, Central Mail cannot:

1. Meter personal mail.
2. Handle any form of C.O.D. mail.
3. Handle any type of foreign currency exchange.

II. INTER-AGENCY (DEADHEAD) MAIL

1. Dead Functions

The purpose of inter-agency (deadhead) mail is to permit the transmitting of printed correspondence between State of Montana agencies. Central Mail thus allows a significant savings in terms of time in the form of man hours needed for message runners and money in the form of unnecessary postage.

2. Deadhead Preparation

The following guidelines should suffice to provide all information necessary for insuring that inter-agency mail is delivered promptly.

1. Keep all inter-agency and out-going mail separated and rubberbanded to keep separate.
2. When sending an inter-agency delivery, fill out all information requested on the delivery envelopes fully and completely.
3. Do not use address labels which cover more than a single line on the delivery envelopes.
4. Do not use "single letter" abbreviations. (For Example: "A.G." could be interpreted as Attorney General or Adjutant General")
5. Do not assume that an agency's name is sufficient for delivery; always provide the division to be delivered to. (For example: the address "John Doe, Administration" could conceivably be sent to any division from Accounting to Teacher's Retirement)
6. Always include the sending agency's name, division and sender on the delivery envelope. This insures a rapid response.
7. Be certain to seal delivery envelopes to prevent loss of contents.
8. Mark all inter-agency mail "DEADHEAD" in the upper right-hand corner.

3. Deadhead Preparation Example

/	DATE	/	DELIVER TO	/	DEPARTMENT	/	SENT BY	/	DEPARTMENT	/
/	09-01-81	/	JOHN DOE	/	Auditing/Hiways/	/	JANE DOE	/	Cap. Post Off./	/

4. Deadhead Limitations

Because it is a function of a State agency, inter-agency mail cannot and should not be used for the transmittal of:

1. Personal mail.
2. Cash. (Currency, check or otherwise)
3. Correspondence to federal or local government agencies.
4. Correspondence to out-of-city State agency divisions.

Following the above guidelines of inter-agency mail allows Central Mail to offer significant financial savings to subscribing agencies.

In a recent random sampling of inter-agency mail, it was found that the average weight of a piece of mail was between eight and nine ounces. Mailing these same pieces through the postal service would cost approximately \$1.50 each. However, due to the unique position that Central Mail enjoys, the division can deliver the same pieces at a cost savings of nearly 98 percent to the sending agency.

III. OUT-GOING MAIL

1. Mail Preparation

Because Central Mail is empowered to handle the bulk of mailing functions, relatively little is necessary to prepare agency mail for the division. However, certain concerns must be noted by transmitting agency personnel to insure correct and rapid delivery of their mail.

1. Any mail that exceeds three (3) ounces in weight must be mailed in a manila flat envelope rather than a No. 10 business envelope. Weights greater than three (3) ounces placed in business envelopes tend to break open easily and jam postage metering equipment.
2. If first-class envelopes are not sealed, they must be "Flapped": all letters facing the same direction with the flaps overlapping on the same side.
3. Any envelope with a clasp closure must be sealed by the sending agency. Central Mail equipment does not have the capability to seal such articles.
4. Any mail other than first-class mail must be separated and clearly marked with its desired classification (See Classification Section) such as Third Class, Special Fourth Class, etc., stamped upon each piece so mailed.
5. All pre-stamped or postage paid mail must be kept separate from mail to be metered and rubberbanded separately.
6. Out-going mail should be separated into in-state, out-of-state and out-of-country divisions and rubberbanded as such.
7. Extraordinary mail procedures such as certified, registered or insured mail must have all the appropriate and necessary paperwork completed by the sending agency. Central Mail, because of manpower limitations, will not do this. (See Special Mail Section)
8. Bulk mailings should be separated into zip code order by the sending agency. Bulk mail rates cannot be applied to mailings of under 200 pieces. Bulk mailings should be clearly marked BULK MAIL.

Because Central Mail is able to handle the bulk of State mail as a whole, the division can take advantage of the PRESORT option offered by the U.S. Postal Service. By sorting out-going mail into zip code order and sending it directly to its destination, Central Mail is able to discount a significant portion of normal postage cost. This discount varies with the weight of the individual pieces, but averages a savings of 11 to 16 percent per normal business letter.

2. Mail Classification

All out-going mail is classified as it is weighed at Central Mail and then metered accordingly. Failure to note desired classification on mailings normally means higher costs for the sender, for Central Mail prefers to send items the faster more expensive rates rather than risk delay of important materials. Central Mail offer the following classifications for mailings:

First Class: First class mail is a priority mail that will always receive top consideration in such matters as Postal Service sorting, transmittal and delivery. As a matter of record, most envelopes are sent first class, as are any unmarked sealed items other than packages. First class pieces normally reach their destination within a few days.

Third Class: Third class mail is a lower priority mail that typically takes a back seat to more important mail. As such, third class mail often will not arrive at its destination until a week or more after sending. Officially, the Postal Service attempts to deal with third class mail as soon as possible after first class pieces are finished. Unmarked, unsealed flats are normally sent third class.

Fourth Class: Fourth class mail is a still lower priority mail generally reserved for large packages. At higher weights, fourth class mail is treated essentially the same as third class mail. Central Mail will normally send large unmarked packages fourth class.

Special Fourth Class (Book Rate): Special fourth class mail is a classification reserved for such things as books, catalogs, or loose-leaf notebooks. Its cost is constant, because it is based on weight rather than weight and destination. As such, it receives treatment similar to fourth class, but is cheaper. Generally, mail will not be sent special fourth class unless it is so marked by the sending agency.

Library Rate: Library rate is generally the same as special fourth class, but is used when the mailed articles are for educational purposes. Whereas the treatment of library rate is the same, it is cheaper.

Bulk Mail: Bulk Mail is a special form of mailing utilized for large mailings of over 200 pieces. To comply with the bulk rate, the pieces must be separated into zip code order, be of the same weight and same contents. For these reasons bulk rate is suited for newsletters when time is not an important consideration. (The Postal Service sorts these when they get the time)

3. Special Mail

a. Registered Mail:

Registered mail is a specialized form of mailing that requires all persons handling the piece to sign an acknowledgment that they handled the article. The main benefit of this type of mail is that it is always accountable for and is seldom, if ever lost. It can always be located from start to finish once it is sent and is thus traceable because it has been assigned a cash value. When making up registered mail, there must be two copies written in the firm certified book. Both copies are forwarded to Central Mail to be metered and dated, with one copy returned for the sender's records, while the other is kept on record at the Post Office. Without these two copies, registered coverage is not possible.

b. Certified Mail:

Certified mail is first class mail that provides for a return receipt upon delivery of the piece. This is, certified mail proves that it has been delivered. Use of certified mail necessitates that the agency fill out the appropriate information as shown in the example.

c. United Parcel Service:

United Parcel Service is now being provided by the Central Mail Bureau. Preparation of UPS mail is the same as for first class mail. Mail that is to be sent UPS must be received by Central Mail no later than 2:00 p.m. any week day. It is imperative that your postage account number be identified on the pieces being mailed.

EXAMPLE OF CERTIFIED MAIL FORMS:

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☐ Show to whom and date delivered.....
☐ Show to whom, date and address of delivery.....
☐ RESTRICTED DELIVERY
 Show to whom and date delivered.....
☐ RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.\$.....

(2) (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 (1)

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 (3B)
 (Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

1. Name & address of destination
2. Select service desired with an (X)
3. Insert certified number (A) in section (B) on form
4. Insert sending agency's name on receipt
5. Complete return address on back of green card
6. Attach green card and certified number to article

P 242 860 295
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO (1)
 STREET AND NO
 P.O., STATE AND ZIP CODE

POSTAGE		\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢
	SPECIAL DELIVERY	¢
	RESTRICTED DELIVERY	¢
	SHOW TO WHOM AND DATE DELIVERED	(2) ¢
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	¢
OPTIONAL SERVICES	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
RETURN RECEIPT SERVICE		
TOTAL POSTAGE AND FEES		\$
POSTMARK OR DATE		
(4)		

PS Form 3800, Apr. 1976

CERTIFIED
P 242 860 295
MAIL

Central Mail will not fill out this information for agencies. If this information is neglected, the piece will be returned to the originating agency for appropriate action.

If your agency does not utilize the forms shown above, chances are that it uses a firm certified book. In this case, record the certified number and name and address of the destination in the book where indicated. Then send both the book and certified article to Central Mail for metering. The certified book will normally be returned to the sending agency a day later.

c. Insured Mail:

Insurance, if desired, can be secured for any mail, up to a maximum value of \$400. This insurance provides for the replacement of lost or damaged articles sent through the Postal Service. To insure a piece of mail, the following insurance form must be filled out as shown.

EXAMPLE OF INSURANCE FORM:

N021725502

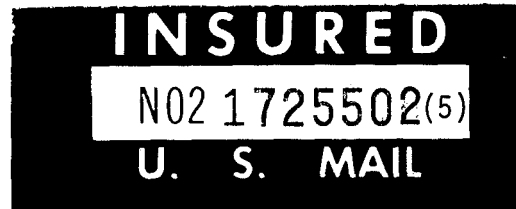
RECEIPT FOR INSURED MAIL
DOMESTIC—INTERNATIONAL

ADDRESSED FOR DELIVERY AT
 (Post Office, State and Country)

(1)

POSTAGE		AIR	\$
INSURANCE COVERAGE		FEE	
\$ (2)		\$	
SPEC. HANDLING			¢
DOMESTIC ONLY	SPECIAL DELIVERY	\$	
	RESTRICTED DELIVERY	(3)	¢
RETURN RECEIPT (Except to Canada)			¢
FRAGILE	LIQUID	PERISHABLE	TOTAL
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
(POSTMARK)			
(4)			CUSTOMER OVER
			POSTMASTER By

1. Name and address of destination
2. Insurance coverage desired
3. Return receipt options (Certified)
4. Name of sending agency. (Also on back)
5. Insured number: Attach to article



CENTRAL MAIL WILL COMPLETE THE FEES SECTION OF THE FORM

IV. SPECIAL HELPS

Should any problems arise concerning your mail that are not covered in this booklet, do not hesitate to contact the Central Mail Room located in the Old Liquor Warehouse on Front Street. The staff should be able to help you in retrieving mail sent out too early, answering questions on postage costs of specific pieces, or handling large mailings. However, for questions regarding lost or delayed mail, it is normally recommended to contact the Postal Service, as Central Mail lacks the capability to track mail.

RY:6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM:13 MAIL & DISTRIBUTION BUREAU
 CONTROL:00000

BUDGET COMPARISONS
 LFA vs. OBPP
 CURRENT LEVEL

BUD13CL 1-29-85

Exhibit #5
 2/4/85

DESCRIPTION	FY 84	OBPP FY 86	LFA FY 86	DIFF. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87
FTE	9.25	9.25	9.25		9.25	9.25	
1100 SALARIES	122,572	128,944	128,944	0	129,644	129,644	0
1400 EMPLOYEE BENEFITS	30,134	22,414	22,414	0	22,477	22,477	0
1500 HEALTH INSURANCE		12,000	12,000	0	12,000	12,000	0
1600 VACANCY SAVINGS		(6,534)	(6,379)	155	(6,564)	(6,382)	182
1800			1,156	1,156		1,159	1,159
TOTAL LEVEL	152,706	156,824	158,135	1,311	157,557	158,898	1,341
2100 CONTRACTED SERVICES	14,060	2,180	2,181	1	1,186	1,187	1
2200 SUPPLIES & MATERIALS	3,696	3,673	3,673	0	3,673	3,673	0
2300 COMMUNICATIONS	590,998	673,516	582,968	(90,548)	723,945	582,968	(140,977)
2500 RENT	18,692	26,438	18,692	(7,746)	26,529	18,692	(7,837)
2700 REPAIR & MAINTENANCE	2,786	3,163	3,163	0	3,163	3,163	0
2800 OTHER EXPENSES	3,699	22,769	20,496	(2,273)	24,029	20,496	(3,533)
TOTAL LEVEL	633,931	731,739	631,173	(100,566)	782,525	630,179	(152,346)
9999 INFLATION		82,189	53,884	(28,305)	132,944	88,042	(50,902)
TOTAL W/INFLATION	633,931	813,928	685,057	(128,871)	921,469	718,221	(203,248)
3100 EQUIPMENT	(656)	7,122	7,122	0	8,875	8,875	0
TOTAL PROGRAM	785,981	977,874	850,314	(127,560)	1,087,901	885,994	(201,907)
2% CUT		(19,557)		19,557	(21,758)		21,758
TOTAL PGM LESS CUT	785,981	958,317	850,314	(108,003)	1,066,143	885,994	(180,149)
06523 MAIL & MESSENGER		958,317	850,314	(108,003)	1,066,143	885,944	(180,199)
TOTAL PROGRAM	0	958,317	850,314	(108,003)	1,066,143	885,944	(180,199)

MAIL & DISTRIBUTION BUREAU

Budget Differences

Communications

Differences in the two budgets relate to postage and mailing costs. The LFA budget was left at current level. The OBPP budget allowed for increase in usage by state agencies. Differences are \$90,548 in FY'86 and \$140,977 in FY'87.

Rent

Three categories are affected. First, the postage meter rental is based upon the current contract which is \$1,980 in both years. The OBPP budget includes the current cost but the LFA budget was left at current level. Difference of \$720 in both years.

Second, the LFA budget does not include costs for Motor Pool rate increases on vehicles used to deliver mail. Difference of \$3,841 in both years.

Third, LFA left the building rent at current level. The square footage of the bureau has increased from FY'84. New figures are 3,036 square feet of office space at the Old Liquor Warehouse and Capitol Post Office. Using the OBPP square footage rates of \$2.97 and \$3.00 for the two fiscal years, the difference in the two budgets is \$3,185 in FY'86 and \$3,276 in FY'87.

<u>Summary</u>	<u>FY'86</u>	<u>FY'87</u>
Postage Meter	\$ 720	\$ 720
Motor Pool	3,841	3,841
Building Rent	3,185	3,276
Total	<u>\$7,746</u>	<u>\$7,837</u>

Other Expenses

Two categories are affected. First, the OBPP budget includes an increase for the administrative costs of maintaining division office support for the bureau. LFA budget was left at current level. Differences of \$1,017 in FY'86 and \$1,577 in FY'87.

Second, OBPP budget includes the anticipated increase for UPS service. LFA budget was left at current level. Differences of \$1,256 in FY'86 and \$1,956 in FY'87.

<u>Summary</u>	<u>FY'86</u>	<u>FY'87</u>
Administrative Costs	\$1,017	\$1,577
UPS Increase	1,256	1,956
Total	<u>\$2,273</u>	<u>\$3,533</u>

Exhibit #6
2/4/85

STATE OF MONTANA
Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

JAMES H. GILLET
FINANCIAL/COMPLIANCE AUDITS

SCOTT A. SEACAT
PERFORMANCE AUDITS

STAFF LEGAL COUNSEL

JOHN W. NORTHEY



ROBERT R. RINGWOOD
LEGISLATIVE AUDITOR

January 31, 1985

TO: ✓ Joint Subcommittee on General Government & Highways
Representative Joe Quilici
Representative Mary Ellen Connelly
Representative Earl Lory
Senator Delwyn Gage
Senator Lawrence Stimatz
Senator Tom Keating

FROM: Office of the Legislative Auditor

RE: Budget of the Legislative Auditor

The following information is provided in response to questions raised during our budget hearing. We are requesting an operating budget that requires 19 percent less General Fund than authorized for fiscal year 1985 (a 10.7 percent decrease overall).

Issue 1 - Staffing Level

We need all of the 65 FTE authorized for the present biennium. Our current workload includes 62,175 audit hours for the financial-compliance audits. A Schedule of Estimated Direct Hours Charged appears on the next page. The specific audits that the staff was hired for are a part of our audit schedule. The request to retain the 65 FTE is conservative as we must average 65 FTE to meet our audit schedule. This does not allow for vacant FTEs or vacancy saving. We are averaging 65 FTE for the current fiscal year. We also require the related operating budget addressed in the issue.

Issue 2 - Computer System

We currently use the mainframe computer for extensive financial and statistical analysis. Our request for authority to purchase one microcomputer is based on the identification of fifteen specific applications. The application relating to Statewide audit is considered critical to the future successful completion of that audit. For data security purposes, use of the central mainframe would be inappropriate. We anticipate that application alone may use most of the system's capacity.

Issue 3 - Out-of-State Travel

Our out-of-state travel has been both beneficial in improving the operations of the state and essential to obtaining adequate training in the areas of audits of EDP software, hardware facilities, security, and advanced systems. We have saved substantial time in prior years learning from the experiences of others.

Issue 4 - Contingencies

Contracted Services - This is not a contingency. We have needed and will continue to need expert assistance in the areas of actuarial review of the retirement systems, and reviews of areas such as Medicaid.

Audit Contracts - We identified specific audits costing an anticipated \$88,000. We left the selection of other audits costing an estimate of \$20,000 until the time when final scheduling of audits is completed. This is not a contingency.

Telephone Costs - If the capitol building is renovated we were told it will cost an estimated \$2,432 to move our telephones. This is a legitimate contingency.

Legislative Audit Committee Travel - This is based on our new Legislative Audit Committee living an average of 200 miles from Helena. This is our best estimate.

Legislative Requests - This money is to be available to cover the cost of travel to the county seats, for example, to collect information at the request of the Legislature and Interim Committees. If not needed, this \$5,000 would be reverted.

SCHEDULE OF ESTIMATED DIRECT HOURS CHARGED

	<u>Financial- Compliance</u>	<u>Performance</u>	<u>Total</u>	<u>% Change 1984 - 1985</u>
Fiscal 1984 Actual	55,888	21,263	77,151	--
Fiscal 1985 Estimated	62,175	21,840	84,015	8.9%
Fiscal 1986 Estimated	62,175	21,840	84,015	--

OFFICE OF THE LEGISLATIVE AUDITOR
COMPARISON OF ACTUAL VERSUS AUTHORIZED FTE

PLUT OF ACTUAL MONTH SYMBOL USED IS *
PLUT OF ALLOWED MONTH SYMBOL USED IS -

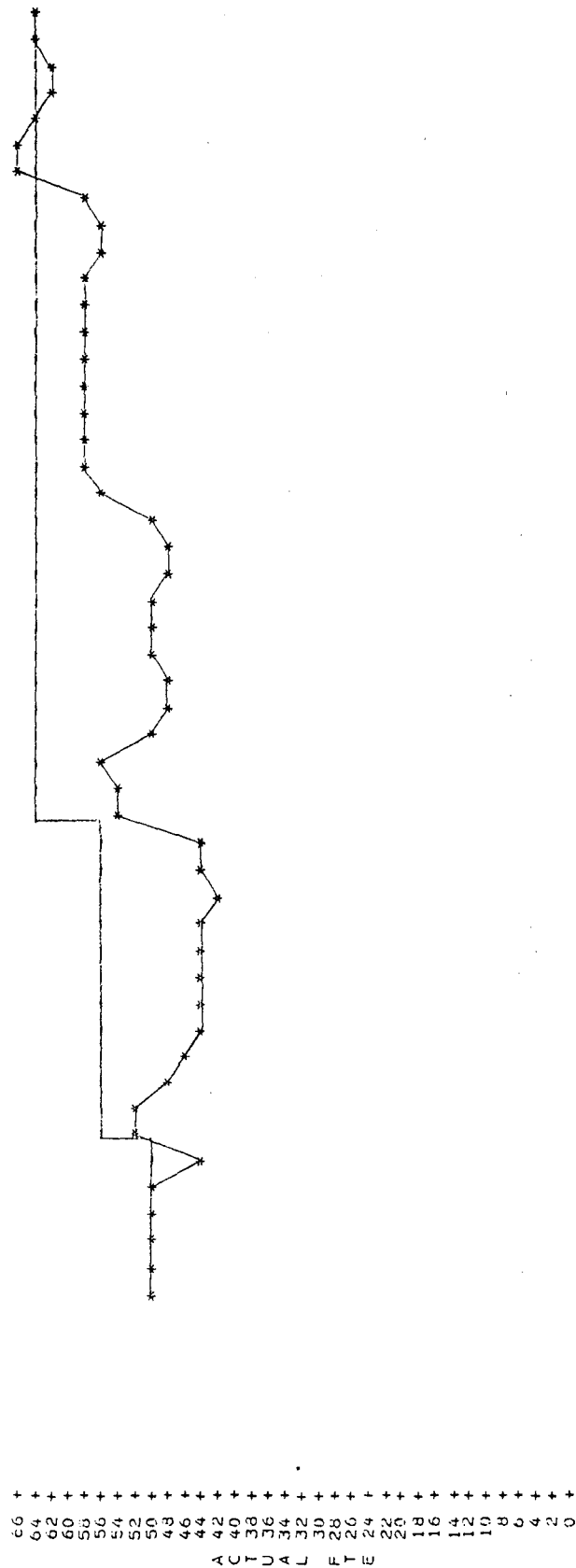


Exhibit #7
2/4/85

VISITORS' REGISTER

Gen. Govt & Highways

COMMITTEE

Agencies Governor's Office - Executive
~~BILL NO.~~ Administration Purchasing
Property & Supply
Mail & Distribution

DATE

2/4/85

SPONSOR _____

NAME (please <u>print</u>)	RESIDENCE	SUPPORT	OPPOSE
Mary Jo Murray	Helena	—	
Brace Hayden	Helena	—	
Troy McGee	Helena	✓	
David Hunter	"	✓	
Morris Brust	"		
Charles Buff	"	✓	
KAREN MUNRO	"	✓	
Ellen Felter	✓	✓	
Laurie Ekanger	"	✓	
Jerry Howell	"	✓	
EARL FRED	"	✓	
H. DEANE BLANTON	" GEN. SERV. DIV.	✓	
SUSAN CAMPBELL	" " " "	✓	
JAMES RAINE	Mt. Cong. Counsel (Helena)		
C D Avery	Legislative Audit		
Rusty Harper	Helena		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.