

MINUTES OF THE MEETING  
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE  
50TH LEGISLATIVE SESSION  
HOUSE OF REPRESENTATIVES

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Rehberg on January 7, 1987 at 8:00 a.m. in Room 132 of the State Capitol.

ROLL CALL: All committee members were present. Also present were Flo Smith, Budget Analyst from the office of Budget & Program Planning (OBPP) and Clayton Schenck, Senior Fiscal Analyst and Pam Joehler, Senior Fiscal Analyst from the Office of the Legislative Fiscal Analyst. (LFA)

4A:0.00

SECRETARY OF STATE

Flo Smith presented the budget for the OBPP. (Exhibit No. 1). In the Records Management Program, seventy-five percent of the Sec. of State's salary is in this budget. The FTE has been reduced from prior budgets. Four percent vacancy savings was applied to all positions except elected officials. Other than the vacancy savings and few minor adjustments, the budget reflects the request of the agency. The funding is general fund and state special, Agricultural Lien Filing Fees.

There is modification submitted by the agency, but not included in the OBPP budget. This was a proposal for one FTE to convert documents to microfilm.

In the Administrative Code Program, the FTE level remained the same and includes twenty-five percent of the Sec. of State's salary is included. Vacancy savings was applied to all positions except elected officials. Except for the vs, the budget reflects the request of the agency. Funding is general fund and state special.

Larry Akey, Chief Deputy to the Sec. of State, addressed the committee and gave an overview of the office. There has been tremendous growth and changes in all areas over the past few years. In the Records Management Program, the document turnaround time has improved greatly. The office acts as a public repository for public records of the business community of the state.

The office serves somewhat like a title bureau for the Uniform Commercial Code functions. There has been a large increase in demand and efficiency in this area also.

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

Page 2

January 7, 1987

The Sec. of State's office now accepts the filing of agricultural liens and they were directed to develop an extensive public access system to the UCC records. These records are now available on a twenty-four hour basis, seven days a week. The passage of the Federal Farm Bill has also greatly affected this area and the Sec. of State's Office is just beginning the program enacted through that bill. Mr. Akey said the office has added responsibilities in the area of elections over the past couple of years through the mail ballots and the Handicapped Accessibility Act, mandating accessible polling places for those handicapped. This required surveys and review of all existing polling places to make sure they met these requirements.

In the Administrative Rules Program, the office is responsible for the assembly and distribution of the Montana Administrative Register and the Administrative Rules of Montana. As a result of an increased demand for new volumes of the Administrative Rules, they need to republish sets.

Mr. Akey emphasized there has been a tremendous increase in the volume of business records and the turnaround time has been decreased.

Mr. Akey addressed the area of revenue. He said the office was unique in the area of general fund appropriation in that they generate fees to more than offset that expenditure. The fees must be set commensurate with costs. Both direct and indirect costs are covered without imposing exorbitant fees on those using these services. Any reductions in programs will result in a fee reduction.

Mr. Akey said there were only a couple major differences in the two budgets. In personnel, the agency requested the committee adopt the OBPP in both programs. In contracted services for the Records Management Program, Mr. Akey said there was no information available as to the impact of the Federal Farm Bill and he requested the committee adopt the OBPP recommendations. There is no general fund money involved in this program as it is completely covered by user fees. Any excess authority will remain on the books.

Mr. Akey addressed the proposed modification request for FY 89 to convert paper documents to micrographics. The UCC records have been converted, but documents in the corporate bureau still need to be converted. These corporate documents are the only ones available regarding the formation of businesses and some documents date back to territorial days. These old documents are rapidly deteriorating and, if they could be converted to microfilm, they could then be transferred to the Historical Society for storage.

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

Page 3

January 7, 1987

Clayton Schenck presented the budget for the LFA. (Exhibit No. 2). There was an overall 3.1% reduction. Clayton highlighted some areas not covered by Ms. Smith or Mr. Akey. The primary reason for the reduction in the general fund is the personal service reduction and the reallocation of overhead costs to the expanded Agricultural Lien Program. Clayton continued his review of the adjustments.

Chairman Rehberg opened the meeting for public comment. There was none.

5A:0.00

Chairman Rehberg opened the meeting for questions from the committee. The conversion of the old documents to microfilm was discussed. Chairman Rehberg asked Mr. Akey how they would justify increasing fees to current users for the transferring of old documents to microfilm. Mr. Akey said it was a part of an ongoing program to bring the whole corporate bureau into the modern world as far as document storage technology was concerned and the active users would pay for that whole system. He said the 89 modified request would only allow them to convert the inactive records to microfilm and would not complete this project. This would require an additional \$130,000 to \$150,000. The total cost could be amortized over three years.

Sen. Keating emphasized the importance of retaining these old documents and preserving new ones. He said these user fees are a tax upon the the public, and aside from the status of the fund, they are talking about efficiency in operations so the purchaser will get the value for money spent. He said public comment regarding the Sec. of State's office had been complimentary and no one had objected to the fees and he felt the office had been run efficiently. He said he would support the modification if a feasible way could be found to fund it.

Mr. Akey said there has been discussion with the Historical Society regarding the storage of these old documents. They have been reluctant to accept these documents from the Sec. of State's office without the ownership being turned over to them. They also objected to the Sec. of State's office accessing these records on a regular basis. The problems of ownership and access need to be ironed out.

Sen. Gage asked if it would be possible to combine the function of the Commissioner of Political Practices into the Sec. of State's office. Mr. Akey said if so directed, they would do this, but it was not something they were

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

Page 4

January 7, 1987

requesting. He did point out that this office was associated with the Sec. of State's office for administrative purposes, but it is a very loose attachment.

Mr. Akey said fees in the corporate bureau currently go to the General fund, as well as those UCC fees that do not cover agricultural products. He said there will be a bill in this session to try to clean up the whole UCC fee structure.

Rep. Poulsen asked who set the fees. Mr. Akey said some are set by Administrative Rule by the Sec. of State. The fee language in statutes is very specific stating those fees must be commensurate with costs. In 1986 they did collect slightly more in fees than the costs involved and perhaps fees could be reduced in some areas.

There was discussion regarding the reduction in FTE. Mr. Akey said the reductions in the Records Management Program occurred partially as a result of the completion of the Ag Lien Program and the completion of the UCC microfilming. These were filled temporary positions. The agency is requesting a further reduction of 2.5 FTE not associated with one-time projects. One position was held open to meet vs requirements and the other 1.5 FTE were positions that have been filled at various times this fiscal year. He explained how their office provides raises and promotions. Mr. Akey said it would be the intent of the Sec. of State's office if the Legislature determines a zero-zero pay plan, there will be no raises given to exempt positions in the office. He told the committee the office was operating with one less administrator than two years ago.

He said if there are staff reductions these will be at all levels. Mr. Akey told the committee vacancy savings would be handled by holding positions open as they become vacant. If the full four percent cannot be realized with this method, it will have to come out of operations or positions will have to let go.

There was discussion regarding the increase in operating costs for the republishing of the Administrative Codes program.

Chairman Rehberg asked if the Sec. of State's office could assume all the functions of the staff for the Commissioner of Political Practices as long as there was a separation between the Sec. of State and the Commissioner.

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

Page 5

January 7, 1987

Mr. Akey said the Sec. of State does not have authority over the budget or over the hiring and firing of the staff for the Commissioner of Political Practices. He said they could assume the functions, but there would have to be an increase in staff in the Sec. of State's office. He said there would be some savings realized by combining the two due to the elimination of duplication in many areas.

6A:0.00

There was discussion with Flo Smith regarding the differences in the figure amounts of the various categories shown on the two budgets.

Chairman Rehberg requested copies of the second level comparison sheets be made available to the committee members before the presentation of agency budgets.

Clayton told the committee the increases in personal services in FY 88 were due to the pay increase in FY 87. This accounts for the major differences between FY 86 and FY 88.

EXECUTIVE ACTION

Sen. Keating moved the committee be furnished second level sheets for each of the agencies and a second level sheet of FY 86 and FY 87 for comparison.

A voice vote was taken and the motion PASSED unanimously.

These will be furnished to the committee as soon as possible.

DEPARTMENT OF JUSTICE

Highway Traffic Safety Division

Flo Smith presented the budget for the OBPP. (Exhibit No. 3). The number of FTE has been consistent. Four percent vacancy savings was applied across the board. The budget for the biennium was adjusted for a decrease in an oil overcharge settlement. The budget as proposed allows the program to maintain its current level of operations. She listed the other funds available for this program as shown on the exhibit. The match for Highways Special Revenue is fifty percent cash for planning and administrative purposes.

Clayton presented the budget for the LFA. (Exhibit No. 4). The overall expenditures have been reduced 23.2% due

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

Page 6

January 7, 1987

primarily to the reduction in the federal funds and also the elimination of the oil overcharge funds. Vacancy savings was not applied to the program. He explained the difference and adjustments made to current level as shown on the exhibit.

Al Goke, Administrator of the Division, addressed the committee. He gave an overview of this division. He said the program had been successful as evidenced by the reduction in the number of accidents. He stated the intent of the Legislature was to have an agency, not attached to a common line agency, that had partial responsibilities in traffic safety, but not all of them. He said the division tried to improve the basic integral parts of programs that would improve traffic safety in the state, and as a result, has been involved financially in issues regarding traffic safety and, at times, only as a consultant.

Mr. Goke said two programs in which significant progress had been made throughout the state are the Safety Belt Use Program and the DUI Program. (DUI Task Forces have been established at the county level).

Mr. Goke told the committee that vacancy savings presented a particular problem to this division as vacant positions just do not happen. He requested no vacancy savings be taken in this division.

He told the committee the funding for this division was complex and six percent of the money was state money, \$72,000 in Highway Earmarked Gas Tax Revenue. He said the difficulty arises as the federal fiscal funding year is October to October, so along with the \$72,000 requested for match, there is another level that required a match in the federal system. This is sometimes difficult to accomplish. When there was a major change in a federal program he has to come back for a budget amendment. He said the differences in the proposed budgets were relatively small other than the vacancy savings concept.

In answer to Rep. Quillici's questions regarding the budget amendment for the purpose of education in the use of safety belts, Mr. Goke said the Health Risk Appraisal survey is conducted monthly and he used this to gauge the areas of need for education and the progress of educational programs. He felt education had been successful.

Mr. Goke said the division frequently has to come in for budget amendments as it is difficult to predict the amount

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

Page 7

January 7, 1987

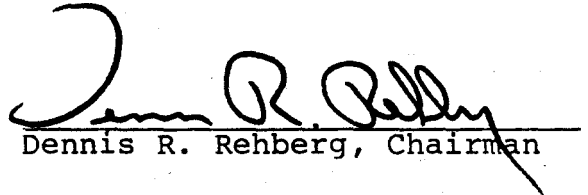
of federal funding they will receive. If the division had no match monies, they would lose it all and they could not survive.

7A:0.00

Mr. Goke said the term match did not always refer to a hard match. He sometimes referred to a soft match.

There was discussion regarding the funds received from the oil overcharge monies.

ADJOURNMENT: The meeting was adjourned at 10:00 a.m.

  
Dennis R. Rehberg, Chairman

DAILY ROLL CALL

GENERAL GOVERNMENT & HIGHWAYS

SUBCOMMITTEE

DATE January 7, 1987

NAME	PRESENT	ABSENT	EXCUSED
REPRESENTATIVE DENNIS REHBERG			
SENATOR LARRY STIMATZ			
SENATOR DEL GAGE			
SENATOR THOMAS KEATING			
REPRESENTATIVE HAROLD POULSEN			
REPRESENTATIVE JOE OUILICI			



REPORT EBSR99  
 DATE : 01/07/87  
 TIME : 17/23/43

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

AGENCY : 3201 SECRETARY OF STATES OFFICE  
 PROGRAM : 01 RECORDS MANAGEMENT PROGRAM  
 CONTROL : 00000

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	CURRENT LEVEL SERVICES ONLY		
							OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	31.50	27.50	25.00	25.00		25.00		
1100	SALARIES	484,578.26	501,938	452,408	452,215	193	450,995	450,898	97
1400	EMPLOYEE BENEFITS	105,618.35	69,172	64,891	65,089	-198	65,652	65,857	-205
1500	HEALTH INSURANCE		34,843	35,880	35,880		35,880	35,880	
1600	VACANCY SAVINGS		-22,783	-20,997	-22,052	1,055	-20,972	-22,018	1,046
1800		-5,198							
	TOTAL LEVEL	590,196.61	577,972	532,182	531,132	1,050	531,555	530,617	938
2021	CONTRACTED SERVICES-INFLATI								
2023	COMMUNICATIONS-INFLATION								
2025	RENT-INFLATION			-6,590	-5,753	-837	-13,180	-11,146	-2,034
2100	CONTRACTED SERVICES	251,618.55	257,185	282,762	1,991	-1,991	296,546	2,764	-2,764
2200	SUPPLIES & MATERIALS	36,245.60	39,132	32,283	32,282	25,201	32,283	268,352	28,194
2300	COMMUNICATIONS	53,040.26	61,726	51,297	48,553	2,744	51,297	48,553	2,744
2400	TRAVEL	13,998.66	8,363	12,595	12,036	5,559	6,735	5,209	1,526
2500	RENT	24,898.98	23,654	23,949	23,240	709	24,873	23,240	1,633
2700	REPAIR & MAINTENANCE	6,234.22	5,421	6,708	5,204	1,504	6,570	5,204	1,366
2800	OTHER EXPENSES	3,813.25	2,788	3,321	3,322	-1	3,321	3,322	-1
	TOTAL LEVEL	389,849.52	398,269	406,331	378,442	27,889	408,455	377,789	30,666
3100	EQUIPMENT	15,261.32							
	TOTAL LEVEL	15,261.32							
5000	LOCAL ASSISTANCE		30,000	33,000	33,000		33,000	33,000	
	TOTAL LEVEL		30,000	33,000	33,000		33,000	33,000	
	TOTAL PROGRAM	995,307.45	1,006,241	971,513	942,574	28,939	973,010	941,406	31,604
01100	GENERAL FUND	831,320.45	859,387	738,350	733,121	5,229	739,488	735,264	4,224
02464	AG LIEN FILING FEES	163,987.00	146,854	233,163	209,453	23,710	233,522	206,142	27,380
	TOTAL PROGRAM	995,307.45	1,006,241	971,513	942,574	28,939	973,010	941,406	31,604

1-7-87

REPORT EBSR99  
 DATE : 01/07/87  
 TIME : 17/23/43

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

AGENCY : 3201 SECRETARY OF STATES OFFICE  
 PROGRAM : 03 ADMINISTRATIVE CODE PROGRAM  
 CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LIA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	3.50	3.50	3.50	3.50		3.50	3.50	
1100	SALARIES	72,558.36	72,274	72,749	72,685	64	72,481	72,449	32
1400	EMPLOYEE BENEFITS	14,967.21	10,052	10,144	10,211	-67	10,263	10,331	-68
1500	HEALTH INSURANCE		4,930	5,520	5,520		5,520	5,520	
1600	VACANCY SAVINGS		-1,719	-3,160	-3,532	372	-3,154	-3,527	373
	TOTAL LEVEL	87,525.57	85,537	85,253	84,884	369	85,110	84,773	337
2023	COMMUNICATIONS-INFLATION			2	2		3	3	
2025	RENT-INFLATION				664	-664		922	-922
2100	CONTRACTED SERVICES	40,658.79	57,106	80,496	69,737	10,759	42,390	36,634	5,756
2200	SUPPLIES & MATERIALS	5,540.26	2,187	15,030	15,030		7,530	7,530	
2300	COMMUNICATIONS	12,726.54	9,530	12,575	11,326	1,249	12,575	11,326	1,249
2400	TRAVEL	1,533.73	1,318	1,710	1,721	-11	1,335	1,721	-386
2500	RENT	6,340.86	5,878	7,893	7,655	238	8,202	7,655	547
2700	REPAIR & MAINTENANCE	2,391.90	1,118	2,550	2,048	502	2,504	2,048	456
2800	OTHER EXPENSES	976.60	307	932	483	449	932	483	449
	TOTAL LEVEL	70,168.68	77,444	121,188	108,666	12,522	75,471	68,322	7,149
3100	EQUIPMENT	1,174.44							
	TOTAL LEVEL	1,174.44							
8000	TRANSFERS	30,600.00		30,600	30,600		30,600	30,600	
	TOTAL LEVEL	30,600.00		30,600	30,600		30,600	30,600	
	TOTAL PROGRAM	189,468.69	162,981	237,041	224,150	12,891	191,181	183,695	7,486
01100	GENERAL FUND	30,600.00		30,600	30,600		30,600	30,600	
02400	ADMINISTRATIVE RULES	158,868.69	162,981	206,441	193,550	12,891	160,581	153,095	7,486
	TOTAL PROGRAM	189,468.69	162,981	237,041	224,150	12,891	191,181	183,695	7,486

2.  
1-4-87

SECRETARY OF STATE

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	35.00	31.00	28.50	28.50	(2.5)
Personal Service	\$ 677,723	\$ 663,509	\$ 616,016	\$ 615,390	(8.2)
Operating Expense	460,024	485,713	487,108	446,111	(1.3)
Equipment	16,435	-0-	-0-	-0-	(100.0)
Total Operating Costs	\$1,154,182	\$1,149,222	\$1,103,124	\$1,061,501	(6.0)
Non-Operating Costs	30,600	30,000	63,600	63,600	109.9
Total Expenditures	<u>\$1,184,782</u>	<u>\$1,179,222</u>	<u>\$1,166,724</u>	<u>\$1,125,101</u>	<u>(3.1)</u>
<b>Fund Sources</b>					
General Fund	\$ 861,923	\$ 866,887	\$ 763,721	\$ 765,864	(11.5)
State Special	322,859	312,335	403,003	359,237	20.0
Total Funds	<u>\$1,184,782</u>	<u>\$1,179,222</u>	<u>\$1,166,724</u>	<u>\$1,125,101</u>	<u>(3.1)</u>

The Office of the Secretary of State was established by Article VI, Section 1, of the Montana Constitution and its duties are set forth in Title 2, Part 4, of the Montana Code Annotated (MCA). It is primarily a record keeping office which files, maintains, and preserves the permanent records of the state and certain public interest records of private citizens. The office also publishes the Montana Administrative Register (MAR) and the Administrative Rules of Montana (ARM).

The reduction of 2.5 FTE was in the Records Management Program. The agency deleted 1.50 office clerk positions and a 1.0 administrative aide position. Automating the recordkeeping functions is largely completed, allowing for production efficiency and a reduction in FTE. Operating expenses were decreased in the Records Management Program due to removal of one-time expenses for systems development and completion of a Uniform Commercial Code microfilming project, but the decreases were nearly offset by increases in Agricultural Lien Program costs and in the Administrative Records Program for a reprint of the ARMS manual. Non-operating costs increase due to the resumption of the requirement that the general fund pay for costs associated with the free distribution of ARMS to state agencies. The requirement was eliminated in Special Session III for fiscal 1987 only. Non-operating costs also increase due to the requirement implemented in fiscal 1987 for payment of filing fees to counties associated with the new Agricultural Lien Program administered by the Secretary of State.

General fund requirements are reduced 11.5 percent due to the personal services reduction and the allocation of overhead cost to the expanded Agricultural Lien Program.

SECRETARY OF STATE  
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL

	FTE FY '89	----- Biennium ----- General Fund	----- Total Funds
Executive Budget	28.5	\$1,539,038	\$2,372,745
LFA Current Level	<u>28.5</u>	<u>1,529,585</u>	<u>2,291,825</u>
Executive Over (Under) LFA	<u>0.00</u>	<u>\$-----9,453</u>	<u>\$-----80,920</u>

The executive budget is \$80,920 above LFA current level. The difference in total funds is primarily due to higher operating costs of \$78,240 in the executive budget. The executive budget operating expenses exceed LFA current level by \$67,000 in contract services, \$4,500 in communications (largely postage), and by \$5,740 in minor adjustments in other categories.

The majority of differences in contract services are in two areas. The executive budget included a biennial increase in computer processing and data services charges of over \$79,000 in anticipation of expanded requirements for the Agricultural Lien Program. The estimate of costs for the new reporting requirements, precipitated by passage of the federal farm bill, are based on very rough estimates of demand and are as yet untested. The costs will be better estimable after the agency begins to incur actual costs of the new requirements in December 1986. Better estimates should be available during the 1987 legislative session. LFA current level allowed an increase of \$30,900 over fiscal 1986 level after applying deflation factors. The increase included in the executive budget exceeds LFA current level by \$48,100.

The second major difference in contract services was in printing in the Administrative Records Program. The executive budget included an increase of \$11,260 for contract printing of updates to the Montana Administrative Register and the Administrative Rules Manuals. LFA current level does not include the increase.

RECORDS MANAGEMENT PROGRAM

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	31.50	27.50	25.00	25.00	(2.5)
Personal Service	\$590,197	\$ 577,972	\$531,132	\$530,617	(9.1)
Operating Expense	389,855	398,269	378,442	377,789	(4.0)
Equipment	15,261	-0-	-0-	-0-	(100.0)
Total Operating Costs	\$995,313	\$ 976,241	\$909,574	\$908,406	(7.8)
Non-Operating Costs	-0-	30,000	33,000	33,000	120.0
Total Expenditures	<u>\$995,313</u>	<u>\$1,006,241</u>	<u>\$942,574</u>	<u>\$941,406</u>	<u>(5.9)</u>
<b>Fund Sources</b>					
General Fund	\$831,323	\$ 859,387	\$733,121	\$735,264	(13.1)
State Special	163,990	146,854	209,453	206,142	33.7
Total Funds	<u>\$995,313</u>	<u>\$1,006,241</u>	<u>\$942,574</u>	<u>\$941,406</u>	<u>(5.9)</u>

The Records Management Program provides statutorily required services relating to elections, filing of corporate records, and custodianship of the state's official documents. The program also administers the Agricultural Lien Program, a centralized filing and access system for security interests covering agricultural products and property.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

Table 1 compares fiscal 1986 actual expenditures and funding to appropriations as anticipated by the 1985 legislature.

Table 1  
Comparison of the Appropriation to Actual Expenses  
Fiscal 1986

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E.	31.50	31.50	0.00
Personal Service	\$ 615,020	\$590,197	\$ 24,823
Operating Expense	515,761	389,855	125,906
Equipment	30,000	15,261	14,739
<b>Total Expenditures</b>	<b><u>\$1,160,781</u></b>	<b><u>\$995,313</u></b>	<b><u>\$165,468</u></b>
<b>Funding</b>			
General Fund	\$ 895,237	\$831,323	\$ 63,914
State Special Revenue	265,544	163,990	101,554
<b>Total Funds</b>	<b><u>\$1,160,781</u></b>	<b><u>\$995,313</u></b>	<b><u>\$165,468</u></b>

Personal services expenditures were less than appropriated as an administrative assistant was not filled and office clerk positions were not fully utilized. These savings were offset partially by \$6,103 of compensation for terminations, and \$13,456 of the 2 percent cut being made to personal services.

Operating expenses are \$126,000 less than appropriated primarily due to contract services being \$137,000 less and postage being \$11,000 higher.

Equipment of \$2,000 had been appropriated from the general fund, but was eliminated under the two percent cut. However, the agency spent general fund of \$5,441 on multi-use computers and \$2,633 on office equipment. The Agriculture Lien Program purchased \$6,648 of multi-user computers and \$539 of office equipment, which was \$22,813 less than the \$30,000 budgeted for equipment.

The Agricultural Lien Program did not spend \$101,554 of its appropriation. Senate Bill 129 established a centralized filing system for security interests covering agricultural products, provided for computer data to be searchable by private computers, and provided that the costs of developing the computer program and the costs of running the program be recovered by charging the users a fee for accessing the system. Revenues collected totaled \$208,915 or \$56,629 less than the appropriation level. Of the revenue collected \$44,928 was not expended.

### Current Level Adjustments

There are two distinct programs within the Records Management Program--Records Management and the Agricultural Lien Program. Table 2 shows the changes in current level from fiscal 1986 to fiscal 1988 by sub-program.

Table 2  
Current Level Changes by Sub-program

Budget Item	Records Management			Agricultural Lien		
	1986 Actual	1988 C/L	Inc/Dec.	1986 Actual	1988 C/L	Inc/Dec.
FTE	26.50	22.00	(4.50)	5.00	3.00	(2.00)
Personal Services	\$518,930	\$475,538	\$(43,392)	\$71,267	\$55,594	\$(15,673)
Contract Services	187,954	164,716	(23,238)	63,662	87,092	23,430
Supplies/Materials	28,560	23,672	(4,888)	7,688	8,611	923
Communications	46,787	35,609	(11,178)	6,254	12,949	6,695
Travel	10,398	8,825	(1,573)	3,602	3,210	(392)
Rent	21,803	18,503	(3,300)	3,096	6,728	3,632
Repair & Maintenance	5,384	3,814	(1,570)	852	1,387	535
Other Expenses	3,436	2,444	(992)	379	882	503
<b>Total Operating Exp.</b>	<b>\$304,322</b>	<b>\$257,583</b>	<b>\$(46,739)</b>	<b>\$85,533</b>	<b>\$120,859</b>	<b>\$ 35,326</b>
Equipment	\$ 8,074	\$ -0-	\$ (8,074)	\$ 7,187	\$ -0-	\$ (7,187)
Non-Operating Cost	-0-	-0-	-0-	-0-	33,000	33,000
<b>Total Expenditures</b>	<b>\$831,326</b>	<b>\$733,121</b>	<b>\$(98,205)</b>	<b>\$163,987</b>	<b>\$209,453</b>	<b>\$ 45,466</b>
<b>Fund Sources</b>						
General Fund	\$831,326	\$733,121	\$(98,205)	\$ -0-	\$ -0-	\$ -0-
State Special	-0-	-0-	-0-	163,987	209,453	45,466
<b>Total Funds</b>	<b>\$831,326</b>	<b>\$733,121</b>	<b>\$(98,205)</b>	<b>\$163,987</b>	<b>\$209,453</b>	<b>\$ 45,466</b>

The table shows an 11.8 percent decrease in the Records Management Program and a 27.7 percent increase in the Agricultural Lien Program. In general, the decreases in the Records Management Program are due to three factors: 1) the elimination of start-up FTE, operating expenses, and equipment for the Uniform Commercial Code microfilming project; 2) elimination of additional FTE and operating expenses due to automation and system improvements; and 3) reallocation of overhead costs from the records management to the agricultural liens as a result of the growth in the Agricultural Lien Program. Increases in the Agricultural Loan Program can be attributed to these factors: 1) increased reporting requirements and volume in the program primarily due to new requirements of the Federal Farm Bill; 2) assumption of a larger share of the allocation of overhead costs of the two programs due to this program's relative growth; and 3) the added requirement that the program pay recording fees to the counties for the agricultural lien transactions. The increases were only partially offset by the elimination of 3.0 FTE authorized by the legislature in fiscal 1986 as start-up costs, and the elimination of start-up equipment costs.

A detailed current level explanation follows, and is broken down into three categories: personal services, operating expenses, and equipment.

**A. FTE and Personal Services**

A net total of 6.5 FTE positions were deleted from current level in fiscal 1988. In the Agricultural Lien Sub-program, 3.0 FTE data entry operators were deleted, as the positions were hired for program start-up. A 1.0 FTE administrative aide position was added to the program. In the Records Management Sub-program, 4.5 FTE were deleted, including 1.0 FTE as a one-time start-up cost of the UCC microfilming program, a 0.5 FTE clerk position deleted in fiscal 1986 as a result of automation, and 0.5 FTE data entry operator deleted from the Corporations Bureau as part of the five percent cuts. An additional 2.5 FTE, including a 1.0 FTE administrative aide and 1.5 FTE office clerks, were eliminated at the agency's request.

**B. Operating Expenses**

Operating expenses are increased \$35,094 for microfilm, \$23,895 for computer processing costs, and \$4,232 for photocopying, primarily due to increased reporting requirements, volume and demand in the Agricultural Lien Program. The costs of the program are to be recovered by user fees. Current level is increased in fiscal 1988 only for audit costs of \$8,100 and for added printing costs of \$18,900 for required publications, including the biennial voter information pamphlet.

Decreases in operating expenses include \$41,860 in microfilming costs for one-time expenditures to convert Uniform Commercial Code documents to microfilm, \$19,630 in one-time system development costs for the Agricultural Lien Program, and \$3,200 in postage costs. At the agency's request, other operating expense reductions include legal fees, \$1,350, printing costs, \$5,748, advertising, \$1,288, rent, \$1,650, maintenance on computer equipment, \$987, and travel cost reductions of \$1,964 in fiscal 1988 and an additional \$6,827 in fiscal 1989. Other minor adjustments resulted in a net reduction of current level of \$1,303, and inflation factors resulted in a net reduction in spending authority of \$3,756 in fiscal 1988 and \$4,617 in fiscal 1989.

Non-operating costs are \$33,000 in each year for pass-through of agricultural lien recording fees to county clerk and recorders.

**C. Equipment**

No equipment was requested in the 1989 biennium.



REPORT EBSR99  
 DATE : 01/07/87  
 TIME : 17/23/43

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

AGENCY : 4108 HIGHWAY TRAFFIC SAFETY  
 PROGRAM : 36 HIGHWAY TRAFFIC SAFETY DIVISIO  
 CONTROL : 00000

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	8.50	8.50	8.50	8.50		8.50	8.50	
1100	SALARIES	206,236.97	211,428	216,782	216,782		215,981	215,981	
1400	EMPLOYEE BENEFITS	38,983.79	28,993	29,443	29,443		29,872	29,872	
1500	HEALTH INSURANCE		11,008	12,420	12,420		12,420	12,420	
1600	VACANCY SAVINGS			-10,346		-10,346	-10,331		-10,331
	TOTAL LEVEL	245,220.76	251,429	248,299	258,645	-10,346	247,942	258,273	-10,331
2021	CONTRACTED SERVICES-INFLATI			-211	-106	-105	-428	-205	-223
2022	SUPPLIES & MATERIALS-INFLAT			17	-210	227	76	2	74
2023	COMMUNICATIONS-INFLATION			19	20	-1	39	40	-1
2025	RENT-INFLATION				890	-890		1,236	-1,236
2100	CONTRACTED SERVICES	234,304.73	149,848	154,706	154,593	113	152,416	152,296	120
2200	SUPPLIES & MATERIALS	6,064.79	7,662	6,057	5,322	735	6,057	5,322	735
2300	COMMUNICATIONS	47,321.33	12,291	10,498	10,387	111	10,598	10,387	211
2400	TRAVEL	9,118.84	11,811	10,000	9,990	10	10,000	9,990	10
2500	RENT	9,674.42	11,396	9,869	9,667	202	10,277	9,667	610
2700	REPAIR & MAINTENANCE	1,097.07	1,177	1,073	666	407	1,073	666	407
2800	OTHER EXPENSES	7,772.38	6,630	7,772	6,368	1,404	7,772	6,368	1,404
	TOTAL LEVEL	315,353.56	200,815	199,800	197,587	2,213	197,880	195,769	2,111
3100	EQUIPMENT	14,887.00		1,650	1,500	150	2,393	1,900	493
	TOTAL LEVEL	14,887.00		1,650	1,500	150	2,393	1,900	493
6000	GRANTS	933,701.27	1,100,000	720,000	720,000		720,000	720,000	
	TOTAL LEVEL	933,701.27	1,100,000	720,000	720,000		720,000	720,000	
	TOTAL PROGRAM	1,509,162.59	1,552,244	1,169,749	1,177,732	-7,983	1,168,215	1,175,942	-7,727
02422	HIGHWAYS SPECIAL REVENUE	70,790.93	68,194	72,000	72,000		72,000	72,000	
03189	OIL OVERCHARGE SETTLEMENT	125,300.00							
03825	HIGHWAY SAFETY PASS-THROUGH	933,701.27	1,100,000	720,000	720,000		720,000	720,000	
03828	TRAFFIC SAFETY	379,370.39	384,050	377,749	385,732	-7,983	376,215	383,942	-7,727
	TOTAL PROGRAM	1,509,162.59	1,552,244	1,169,749	1,177,732	-7,983	1,168,215	1,175,942	-7,727

3  
 1-7-87

4  
1-7-87

**HIGHWAY TRAFFIC SAFETY  
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL**

	FTE FY '89	----- Biennium ----- General Fund	----- Total Funds
Executive Budget	8.50	\$ -0-	\$2,337,964
LFA Current Level	8.50	-0-	2,353,673
Executive Over (Under) LFA	<u>0.00</u>	<u>\$ -0-</u>	<u>\$ (15,709)</u>

The executive budget is \$15,709 below LFA current level. The executive budget reduces personal services \$20,680 for vacancy savings while the LFA current level did not apply vacancy savings to this agency. However, the vacancy savings in the executive budget is partially offset by higher operating costs of \$4,330. The executive budget operating expenses exceed LFA current level by \$1,770 for supplies and materials and by \$2,800 for dues. The executive budget equipment allowance exceeds LFA current level by \$643.

**ISSUE 1: VACANCY SAVINGS**

The executive budget has a 4 percent vacancy savings each year which accounts for a difference of \$20,680. The LFA policy was to take a zero vacancy savings in agencies of less than 20 FTE.

HIGHWAY TRAFFIC SAFETY

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	8.50	8.50	8.50	8.50	0.00
Personal Service	\$ 245,222	\$ 251,429	\$ 258,645	\$ 258,273	4.1
Operating Expense	315,357	203,252	197,587	195,768	(24.2)
Equipment	14,886	-0-	1,500	1,900	(77.2)
Total Operating Costs	\$ 575,465	\$ 454,681	\$ 457,732	\$ 455,941	(11.3)
Non-Operating Costs	933,701	1,100,000	720,000	720,000	(29.2)
Total Expenditures	<u>\$1,509,166</u>	<u>\$1,554,681</u>	<u>\$1,177,732</u>	<u>\$1,175,941</u>	<u>(23.2)</u>
<b>Fund Sources</b>					
State Special	\$ 70,794	\$ 69,412	\$ 72,000	\$ 72,000	2.7
Federal Revenue	1,438,372	1,485,269	1,105,732	1,103,941	(24.4)
Total Funds	<u>\$1,509,166</u>	<u>\$1,554,681</u>	<u>\$1,177,732</u>	<u>\$1,175,941</u>	<u>(23.2)</u>

Highway Traffic Safety assists local and state governmental entities in promoting traffic safety in order to reduce death, injury, and property loss that result from highway traffic accidents. Current program priorities include alcohol education and occupant restraint usage projects.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

Table 1 compares fiscal 1986 actual expenditures and funding to appropriations as anticipated by the 1985 legislature.

Although all positions were filled throughout the year and no vacancy savings was experienced, personal services were below the appropriation due to a higher allocation of pay plan than actual requirements. Operating expenses were less than budgeted primarily due to reduced travel costs and non-spending in fiscal 1986 of the biennial audit appropriation of \$2,437. Equipment costs exceeded the budget due to the purchase of a van at \$2,750 over budget and the purchase of several small unbudgeted equipment items. Expenditures from grants to state and local agencies were \$166,299 less than budgeted. The department administrator stated that this was due to reversions of grant awards by subgrantees.

One budget amendment for \$125,300 of federal funds was approved in fiscal 1986. These funds were for an Occupant Restraint/Drunk Driving program. The program goal was to educate the public as to the hazards of drunk driving and to the benefits of wearing seat belts.

Table 1  
Comparison of the Appropriation to Actual Expenses - Fiscal 1986

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E.	8.50	8.50	0.00
Personal Service	\$ 250,807	\$ 245,222	\$ 5,585
Operating Expense	201,812	190,057	11,755
Equipment	10,000	14,886	(4,886)
Total Operating Costs	\$ 462,619	\$ 450,165	\$ 12,454
Grants	1,100,000	933,701	166,299
Total Expenditures	<u>\$1,562,619</u>	<u>\$1,383,866</u>	<u>\$ 178,753</u>
<u>Funding</u>			
State Special	\$ 72,525	\$ 70,794	\$ 1,731
Federal Revenue	1,490,094	1,313,072	177,022
Total Funds	<u>\$1,562,619</u>	<u>\$1,383,866</u>	<u>\$ 178,753</u>
<u>Additions</u>			
Budget Amendment	\$ -0-	\$ 125,300	\$(125,300)

Current Level Adjustments

One-time operating costs of \$125,300 from a special grant to the agency were removed from the fiscal 1986 base. Operating costs are increased for audit fees of \$2,364 in fiscal 1988 only. Operating costs of approximately \$3,000 are added each year for increased data processing and subscription fees paid to the Department of Administration. Equipment costs are \$1,200 for computer and field monitoring equipment replacement, \$300 for additional films for the film library, and \$400 to purchase a typewriter in fiscal 1989. Grant funds available for distribution to state and local agencies were reduced by \$213,700 due to a decrease in federal funds available for the grant program.

Funding is provided by the National Highway Traffic Safety Administration. A 50 percent state match on administration and planning costs is required in order to secure the federal funds. The state's 50 percent match for administration and planning costs is from the highway gas tax. The federal funds that are not used for program administration are allocated in the ratio of 60 percent to local government and 40 percent to state agencies.

**BOARD OF CRIME CONTROL  
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL**

	FTE FY '89	----- Biennium -----	
		General Fund	Total Funds
Executive Budget	13.0	\$927,550	\$2,617,550
LFA Current Level	<u>13.0</u>	<u>955,567</u>	<u>2,645,567</u>
Executive Over (Under) LFA	<u>0.0</u>	<u>\$(28,017)</u>	<u>\$(28,017)</u>

The executive budget is \$28,017 below LFA current level. The executive budget reduces personal services \$33,000 for vacancy savings while LFA current level did not apply vacancy savings to this agency. However, the vacancy savings in the executive budget is partially offset by higher operating costs of \$5,470. The executive budget operating expenses exceed LFA current level by \$1,740 for educational supplies and \$4,080 for minor tools and equipment.

Both the executive budget and LFA current level include \$762,500 in federal grant funds. However, the executive budget does not include those funds as current level, but as a modified request. They are included in LFA current level because they are grant programs that have been a continuing program of the Board of Crime Control in prior bienniums, and were added in the 1987 biennium by budget amendment only because the funds were not anticipated during the regular legislative session.

**ISSUE 1: VACANCY SAVINGS**

The executive budget has a 4 percent vacancy savings each year which accounts for a difference of \$33,000. The LFA policy was to take a zero vacancy savings in agencies of less than 20 FTE.

VISITORS' REGISTER

Gen. Gov. + Highways COMMITTEE

BILL NO. \_\_\_\_\_

DATE 1-7-87

SPONSOR \_\_\_\_\_

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
LARRY AKET	HELENA		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Please Print Clearly