

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 21, 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 and Program Planning and Pam Joehler, Senior Fiscal Analyst from the Office of the Legislative Fiscal Analyst. (LFA)

37A:0.00

DEPARTMENT OF ADMINISTRATION:

Information Services Division

Mike Trevor, Administrator of Information Services Division, continued with his overview of the division. (Exhibit No. 1)

The third major accomplishment of the division was to complete and overhaul of the cost recovery system and rates. The three objectives were:

1. To make sure the cost recovery system was reasonably "cost based" system.
2. To minimize the subsidy of various services.
3. To provide incentives to user agencies to use the most appropriate tools.

Mike stated there was no way to require agencies to come to the Information Center, but state government would be better off if they would work through this division. Through DISOSS, the capabilities are there to serve as the framework for bringing together and creating an integrated office automation system in state government. If the Department of Administration does not take the lead, individual departments will develop their own systems, resulting in systems that do not talk to each other.

In order to recover costs, the division decided to charge \$20.00 per month subscription fee. This fee will partially recover the cost of personnel in the Information Center. Distributive support will be charged on an hourly basis. Costs involved in network installation will be recovered through hook-up charges. There will also be a charge for tape mounts.

There were some one-time base adjustments agreed upon by both the OBPP and the LFA that went into the budgets of various agencies.

Mike felt that agencies would realize better results for less dollars overall by suing their division for systems development rather than the private sector. The agencies have this option.

Mike said with cost reductions, increased utilization and flattening of costs, there was an increase in cash.

37B;0.00

The standalone personal computers used by various agencies could be made to communicate with the system for an investment of under \$1,000. Over the next two years, they will be making an effort to show agencies some cost benefit to the DISOSS network.

Security is ongoing in this division. He, again, referred to the satellite computer at the Armory.

Mike referred to Exhibit No. 2. The budget as requested by the division for the computer services area is almost equal. (Based on the OBPP budget). There is a \$900,000 difference in terms of apparent expectations on the part of agencies.

Mike asked the committee to include some language in the appropriations report to provide for unanticipated growth, such as Montana Medicaid Information System in SRS. They do not, at present, have the requirements for that system in their budget.

There was discussion regarding essential services.

38A:0.00

The requests and supporting information by the division for each Subprogram are made a part of these minutes. (Exhibits No. 3, No. 4, No. 5, No. 6 and No. 7)

The committee recessed at 10 a.m.

The committee reconvened at 10:20 a.m.

Sen. Gage who was excused to introduce a bill.

There was discussion regarding the training program

portion of Subprogram 00078.

Mike stated if cuts were made in this area, the agencies would suffer as a result of reduced services being offered to the agencies. Chairman Rehberg said he will request information from the agencies as to where entire programs could be cut.

Senator Gage returned to the meeting.

39A;10.00

Telecommunications - Modification (Exhibit No. 8)

Mike said the modifieds represented no new expenditures. They represent pass through spending and will save the state money.

Mike said there are agencies that have to buy their own PBX or key system to tie into the network operated by the division for which they have to have a separate appropriation. The modified in the telecommunications area will save these agencies money through lower rates. Any savings to the agencies would reflect on their budgets. These dollars are already in agency budgets. The objective is to consolidate the systems.

Central Computer Operations - Modification (Exhibit No. 9)

Mike said the division has a program to purge the system of outdated information. The request for \$100,000 for a new version of the MVS operating system is the division's number one priority. It is necessary to use this system effectively today. If other programs have to be cut to put this software on, that will have to be done. He stated that finding a solution to the problem of the growth of the tape library is the lowest priority.

Systems Development - Modification (Exhibit No. 10)

Last session the division requested a mod for \$100,000 each year to hire outside contract programmers to help them handle peak load requests from the agencies. In FY 86, only \$38,000 was used and the rest was basically part of their cuts. In FY 87 they project they will spend \$61,000 of the \$100,000.00 requested.

This was line-itemed in the appropriations bill with language that stated it would not be treated as a part of the division's current level.

Property & Supply Bureau

Flo Smith from the OBPP presented their budget. (Exhibit No. 11) This bureau is the other half of the Purchasing Division and one-half of the administrator's personal services costs are included in this budget. A warehouse worker's position was eliminated as part of the pay plan shortfall, bringing their FTE level to 16. \$3,000,000 for each year of the 87 biennium was budgeted for costs of goods sold. These were line itemed in House Bill 500. A reduction of \$135,515 was taken as part of the FY 87 five percent cuts. The OBPP recommends \$2,300,000 in FY 88 and \$2,600,000 in FY 89.

Pam Joehler, LFA, presented their budget. The current level budget provided a 6-1/2% decrease from the 87 to the 89 biennium. Personal services increased .9% while operating expenditures decreased 4.9%. The current level reduced FTE by one, which was the agency's reduction to address the shortfall in FY 87. Some operating expenses increased and were included in the current level budget for higher insurance costs, payroll service fees, utility expenses for heating a building and computer maintenance costs. Current level budget allows for a ten percent growth in Goods for Resale. The agency withdrew its request for equipment. Pam reviewed the major differences in the two budgets in the areas of messenger service fees, telephone equipment, rent and repairs and maintenance. (Exhibit No. 12)

39B:0.16

Mike Muszkiewicz, Administrator of Purchasing Division gave an overview of the Bureau. (Exhibit No. 13) Mike referred to the five graphs showing the savings to the state for commonly used items. (Exhibit No. 14) Sixty percent of their purchases go to in-state vendors. Sixty-seven percent of all money expended stays in the state.

Terry Howell, Bureau Chief, said the prices included the costs of warehousing and shipping. They try to make each category cost effective and the state is saving money. All savings are passed on to the agencies.

Chairman Rehberg opened the meeting for public testimony.

Mr. Terry Wahl, representing the Big Sky Public Purchasing Association, addressed the committee. He supported the Central Stores Program. (Exhibit No. 15) Survey results and comments are made a part of these minutes. (Exhibit No. 15A)

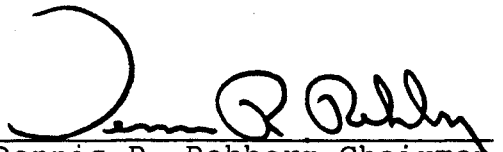
Mr. Bob Ryan, Purchasing Supervisor for Lewis and Clark County, supported the Central Stores Program. Mr. Ryan handed out a cost comparison sheet. (Exhibit No. 16)

The county was a part of the pilot program and fully support Central Stores. Mr. Ryan urged the committee grant the spending authority so the county could cooperative purchase from Central Stores. This would result in a savings to the taxpayer.

Shawn Egan, representing the consolidated government of Butte-Silver Bow, addressed the committee and supported the Central Stores.

Rep. Poulsen stated Dr. Wiest, School District No. 1, Great Falls-Cascade County, had contacted him yesterday in support of this program.

ADJOURNMENT: The meeting was adjourned at 11:50 a.m.

  
Dennis R. Rehberg, Chairman

DAILY ROLL CALL

GENERAL GOVERNMENT &amp; HIGHWAYS

SUBCOMMITTEE

DATE Jan. 21, 1987

[illegible]

DEPARTMENT OF ADMINISTRATION  
INFORMATION SERVICES DIVISIONInformation for Budget Hearing on Tuesday, January 20, 1987

The attached packet of information contains material to be presented to the Joint Appropriations Subcommittee for General Government and Highways. The information in this handout is organized as follows:

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DEPARTMENT OF ADMINISTRATION  
INFORMATION SERVICES DIVISION

GENERAL INFORMATION

The Information Services Division (ISD) provides computer and telecommunication services for state agencies. The division also has certain planning and control responsibilities in each of those areas. Funding is almost entirely from two proprietary accounts. The only exception being that the 9-1-1 emergency telephone program is funded by a special revenue source.

Subprograms and Funding Sources

The division is organized into four bureaus and two staff units. Their associated subprogram responsibilities and corresponding funding sources are as follows:

<u>organization unit</u>	<u>subprogram</u>	<u>funding</u>
Telecommunications Bureau	00200	telecomm proprietary account
	02019	911 special revenue
Computer and Network Operations Bureau	00074	computer services proprietary acct.
Systems Development Bureau	00078	computer services proprietary acct.
Information Center Bureau	00075	computer services proprietary acct.
Resource Management and Division Administration Staff	00073	computer services proprietary acct.

Income paid to ISD by the agencies for services received is comprised of the following original funding sources:

	Telecomm Acct.	Computer Ser. Acct.
General Fund	31%	38%
State Special Revenue	19%	27%
Federal funds	16%	18%
Other (proprietary, Pension trust, Univ., etc)	34%	17%

Source: LFA Report dated 6/30/86



## Cost Effectiveness of Services

The use of computers and telecommunications is a cost effective way for state agencies to get the job done in times of reduced budgets and minimum staff. Price performance of computer and telecommunications equipment continues to improve. What this means to users of ISD's services is a greater quantity of work processed for each dollar spent.

Graph number 1 on page 4 shows how the processing rate has decreased over the years for computer processing on the central mainframe. By comparison, the rate for labor intensive services has steadily increased. A computer run processed on the central mainframe which cost \$100 in 1976 would only cost \$45 today. The cost of people has approximately doubled in that same period of time. This relationship between the downward sloping automation curve and the upward sloping people cost curve provides the primary justification for the use of and investment in automation. The divergent trend will continue.

Computer processing rates have been reduced three times during the 1987 biennium. Additional reductions are planned for July 1987 and July 1988. Negative inflation factors of -3.5% and -7% from the FY'86 base have been applied against agencies' budgets for computer processing in FY'88 and FY'89 respectively.

Telecommunication services also play an important role in making today's state government dollar go farther. As budgets are squeezed and cut agencies typically reduce their travel. They make more long distant telephone calls. The long distant rates charged for the use of ISD's telephone network average 25% to 35% less than Mountain Bell and AT&T rates. Several measures have been taken recently to insure this type of cost effectiveness in the future.

## Growth

Graph number 2 on page 5 shows the steady growth in central mainframe processing. The unit of measure is the MUH (Machine Unit Hour) which serves as a measure of usage of all the components of the central system. In FY'86, the Department of Justice was moved off of the central mainframe in the Mitchell Building on to the processor located in the sub-basement of the National Guard Armory. Even without Justice on the central system, the growth in processing between the 1985-biennium and the 1987-biennium was 17.3%. When Justice is included in the comparison the growth over the period exceeded 40% that was estimated in our 1985 budget hearing.

Central computer processing for the coming biennium is anticipated to be 18% more than in the 1987-biennium. Processing in FY'88 is projected to be 20.8% greater than in The FY'86 base year and FY'89 workload should be 32.8% greater than in FY'86.

Growth in computer processing on the central mainframe also affects the data network which has had to accommodate the significant increase in terminals in the last 10-years. The total number of communicating devices attached to the data network have increased from 1000 in early 1985 to 1700 in 1987. This is an 70% increase in two years. In 1976 there were approximately 125 terminals on the network.

Graph number 3 on page 6 shows the growth in central mainframe processing as a percentage increase from FY'82. The percentage increase in the Computer Services budget is shown in order to demonstrate that the increase in work processed far exceeds the increases in spending.

Conclusion: Growth is a significant factor to consider when analyzing the budget needs of the Information Services Division. The growth in the agencies budgets for services provided by ISD should be considered before cuts are made to ISD's budget. If this isn't done there will be a risk that ISD's budgetary limitations may constrain agencies from getting a job done which had been fully funded. Refer to the Summary of Agency Budgets on page 7 which shows that the Executive budget for computer services is nearly equal to the aggregate of agencies' budgets for ISD provided services.

#### Major Accomplishments in the 1987-biennium

1. Completion of the Department of Justice Project which involved the consolidation of the LETS network with the central system data network, the establishment of a satellite computer system in the National Guard Armory to run Justice applications including the CJIN and serve as a disaster recovery system for critical applications on the central system.
2. Completion of the Telecommunications Network Transmission Project which will be implemented in FY'87 and FY'88. This project involved hiring a consultant to assist in assessing the needs of state and local government, designing a cost effective transmission solution that will stabilize the cost of long distant circuits and handle the growth in data communications and the completion of a formal RFP process to acquire the needed services. The resultant products will save the state approximately 6-million dollars over the next ten years. AS a result the FY'88 budget for communications has been reduced by \$152,000 and FY'89 by \$139,000.
3. Overhaul of the computer services cost recovery system which resulted in a reasonably "cost based" system and provided for planned reduction of the central processing rate beginning in FY'88. Negative inflation factors provide for computer processing budget reductions in the agencies in the 1989-biennium resulting in a net savings of \$104,054.

SUMMARY OF AGENCY BUDGETS FOR ISD PROVIDED COMPUTER SERVICES

Budgets for legis. agencies, except Legislative Council, based upon FY86 actual (for LFA, FY89 based upon FY85).  
 Remaining data gathered for the Executive Budget System and the Budget Book.

AG #	AGENCY NAME	FY88 BUD	FY88 MOD	FY89 BUD	FY89 MOD	Description of Mods.
1101	Legislative Auditor	\$36,151		\$36,151		
1102	Legislative Fiscal Analyst	\$11,246		\$41,904		
1104	Legislative Council	\$205,021		\$340,907		
1109	Legislature-Senate	\$0		\$0		
1110	Legislature-House	\$0		\$0		
1111	Environmental Quality Counsel	\$285		\$285		
1112	Consumer Counsel	\$0		\$0		
2110	Judiciary	\$15,101		\$15,101		
3101	Governors Office	\$34,034		\$63,458		
3201	Secretary of State	\$232,565		\$232,565		
3401	State Auditors Office	\$395,612	\$156,600	\$395,612	\$99,600	Rewrite Warrant System,
3501	Office of Public Instruction	\$1,995		\$1,995		Modify Pos. Cntrl,
4107	Crime Control Division	\$33,402		\$33,222		Study Online P/P/P
4108	Highway Traffic Safety	\$6,189		\$6,263		
4110	Department of Justice	\$738,230		\$741,016		
4201	Public Service Regulation	\$20,533		\$19,404		
5114	Montana Arts Council	\$0		\$0		
5115	Library Commission	\$2,986		\$3,229		
5117	Historical Society	\$136	\$8,000	\$136	\$8,000	Microfilming
5201	Dept of Fish, Wildlife & Parks	\$264,499		\$283,671		
5301	Dept of Health & Environ Sciences	\$113,333	\$49,083	\$112,055	\$127,806	Online WIC
5401	Dept of Highways	\$638,020		\$639,714		
5501	Dept of State Lands	\$222,690		\$181,821		
5603	Department of Livestock	\$30,998		\$31,773		
5706	Dept of Nat Resources & Conser	\$181,205		\$184,974		
5801	Department of Revenue	\$1,165,097		\$1,269,274	\$93,000	Income Tax
6101	Department of Administration	\$672,439		\$685,407		
6104	Public Employees Retirement Bd	\$95,103	\$50,000	\$139,277		Rewrite part of PERS
6105	Teachers Retirement Board	\$67,544		\$72,210		
6201	Department of Agriculture	\$535		\$535		
6401	Department of Institutions	\$16,040		\$16,070		
6402	Boulder Rivr School & Hospital	\$295		\$295		
6404	Center for the Aged	\$298		\$298		
6405	Eastmont Training Center	\$0		\$0		
6407	Mountain View School	\$0		\$0		
6408	Pine Hills School	\$0		\$0		
6409	Montana State Prison	\$1,073		\$1,073		
6410	Swan River Youth Forest Camp	\$0		\$0		
6411	Veterans Home	\$50		\$50		
6412	Montana State Hospital	\$2,119		\$2,119		
6413	Board of Pardons	\$0		\$0		
6501	Department of Commerce	\$121,550		\$123,293		
6602	Labor & Ind Employment Services	\$846,353		\$840,109		
6603	Labor & Ind Workers Comp	\$638,906	\$181,000	\$880,314	\$75,000	Cmplt proj. in proc.
6701	Adjutant General	\$3,280		\$3,280		
6901	Social and Rehabilitation Services	\$603,345		\$603,395	\$300,000	FAMIS, family asst.
6911	Family Services	\$85,159		\$85,159		
BASE BUDGETS FOR ISD COMPUTER SERVICES		\$7,503,417		\$8,087,414		
MODIFIED BUDGETS FOR ISD COMPUTER SERV.		\$444,683		\$703,406		
TOTAL BUDGETS FOR ISD COMPUTER SERVICES		\$7,948,100		\$8,790,820		
ISD COMPUTER SERVICES BUDGET INC. MODS		\$7,963,759		\$7,863,919		
DIFFERENCE		(\$15,659)		\$926,901		

3  
1-21-67

Subprogram 00200  
Telecommunications

Services Provided

- o Operation of the State Telephone System including: switches (PBX's); management system; local networks; equipment maintenance; and a variety of transmission links (i.e., DDD, WATTS, and dedicated lines).
- o Design and development of telecommunication systems including: local network configurations; switches; transmission links for telephone and data transmission, radio base stations and repeaters.
- o Technical service and support for data transmission facilities.
- o Radio frequency coordination and assignment including statewide mutual aid frequencies.
- o Planning and coordination of statewide telecommunications in general, including: public safety communications systems; improved network services; and assistance for local governments.
- o Implement statewide emergency telephone system. Assist local governments in planning emergency 9-1-1 telephone systems. (subprogram 02019)

Subprogram 00200  
Telecommunications

Analysis of Subprogram 00200, Telecommunications Current Level Budget Needs

The LFA figures should be increased as follows:

1. Contracted Services (2100)	<u>FY88</u>	<u>FY89</u>
Consulting and Professional Services (2102)	\$46,108	\$22,108

These services are required for acceptance testing of the new digital network facility and to assist us in the evaluation of other areas such as video and land mobile radio.

2. Communications (2100)	<u>FY88</u>	<u>FY89</u>
Long Distance Voice and Data Circuits	\$17,295	\$33,721

The LFA figures need to be increased to accommodate an anticipated 2% growth each year in usage.

Analysis of Subprogram 02019 Emergency 9-1-1 Current Level Budget

The LFA figures should be increased as follows:

	<u>FY88</u>	<u>FY89</u>
1. Personal Services	\$62,983	\$62,889
2. Operating Expenses	<u>\$13,688</u>	<u>\$13,782</u>
	\$76,671	\$76,671

The LFA inadvertently omitted this subprogram from their figures.

1-21-87

Subprogram 00074  
Central Computer and Network Operations

Services Provided

- o Mainframe computer processing 24 hours a day, 7 days a week including: Batch Processing; Time Share Option (TSO); Transaction Processing (CICS); Remote Job Entry (RJE); Text Processing (ATMS); Legislative Bill Drafting (ALTER); and End-user Computing (Spreadsheets, etc.).
- o Network control and management, installation assistance, and diagnostic services for a data network with 1700 communicating devices including terminals and numerous distributive processors.
- o Data entry and word processing including text transmission.
- o Problem resolution.
- o Technical support including: software specialist expertise in operating systems (MVS); distributive systems (IBM 8100's); database management systems (IDMS); data communication systems (VTAM, NCP, CICS, etc.)
- o Records Management including: microfilming; computer output microfilming (COM); records storage (paper documents and magnetic media); and records management coordination on a statewide basis.

Subprogram 00074  
Central Computer Operations

Analysis of Subprogram 00074, Central Computer Operations Current Level Budget Needs

The LFA figures need to be increased as follows:

1.	Contracted Services (2100)	<u>FY88</u>	<u>FY89</u>
	Consulting and Professional Services (2102) Provide assistance to solve the problem caused by the continuing expansion of the tape library (FY88).  Provide assistance to conduct a capacity planning study to optimize the usage of our computer resources (FY89).	\$12,000	\$23,500
	Work Study Contracts (2156), and Contracts with Non-Profits (2169) We anticipate an increase in the use of the services of Helena Industries and the services of Vo-Tech students for intermittent short duration employment in lieu of payment of overtime.	\$ 2,704	\$ 3,014
	The LFA kept the expenditure at current level.		
2.	Supplies and Materials (2200)	<u>FY88</u>	<u>FY89</u>
	Computer paper Central Stores (2226) Additional supplies are required due to forecasted growth in processing. Agency assumed minimum of 10% annually compounded.	\$28,300	\$45,300
	Microfilm Supplies (2239) LFA allowed only for current level expenditures for microfilm supplies	\$ 4,452	\$ 9,350
	Data Processing Supplies (2245) LFA assumed 7% for FY88 and 11% for FY89 over current level.	\$19,917	\$30,624
		<hr/>	<hr/>
		\$52,669	\$85,274

3.	Communications (2300)	<u>FY88</u>	<u>FY89</u>
	Long Distance Data Circuits	\$ 3,417	\$ 7,809
	A 2% increase is forecasted due to the expansion of the Data Network. The LFA figures are held at current level.		
4.	Repair and Maintenance (2700)	<u>FY88</u>	<u>FY89</u>
	Multi User Computers and Terminals (2743)	\$ 0	\$ 9,500
	Maintenance Contracts (2750)	\$15,580	\$15,580
	Additional funds are required for the continuation of maintenance contract on C.O.M. (micro-film) equipment. FY'86 expenditures in this category did not include entire expenditure for this contract). LFA retained this expenditure at current level.		
	Equipment Repair Parts (2757)	\$ 9,913	\$ 333
	An inventory of spare parts to be purchased for the Central Computer's Uninterruptable Power System (installed FY86-87). Availability of spare parts is essential and must be available locally for emergency repair. LFA did not include these maintenance parts.		
		<hr/> \$25,493	<hr/> \$25,413



5  
1-21-87

Subprogram 00078  
Systems Development

Services Provided

The Systems Development Bureau is responsible for planning, designing, developing and supporting application systems (computer programs) for State agencies. An hourly rate is charged for the services provided by the Project Development Section.

The Database Design and Administration Section assists all agency programming staffs with the design of applications systems using the state IDMS database software. These services are provided at no cost to the agency. The service is funded through the computer rate.

Subprogram 00078  
Systems Development

Analysis of Subprogram 00078, Systems Development Current Level Budget Needs

The LFA figures should be increased as follows:

1. Contracted Services (2100)	<u>FY88</u>	<u>FY89</u>
Education and Training (2135)	\$ 1,000	\$ 1,000

Additional state-provided management training classes are required due to turnover in staff. LFA figures did not include this item.

2. Rent (2500)	<u>FY88</u>	<u>FY89</u>
Software Programs (2522)	\$32,090	\$ 32,820

The LFA figures are retained at current levels. We will need to acquire more productivity software than we did in FY86. New productivity software is to be acquired each year if it is determined to be cost effective (save significantly more in personnel costs than the cost of the programs).

3. Equipment (3100)	<u>FY88</u>	<u>FY89</u>
Single User Computer (3134)	\$16,380	\$ 8,630
Intangible Assets (3402)	<u>\$ 9,000</u>	<u>\$ 9,000</u>
	\$25,380	\$17,630

This equipment and software are to be used in developing systems that incorporate both P/C's and main-frame software in agency systems. A laser printer (\$6,000) is planned to handle the relative high printing needs of the Bureau. The LFA figures did not include any of the above costs.

6.  
1-27-87

Subprogram 00075  
Information Center

Services Provided

The Information Center Bureau provides support to all agencies by:

- o Advising agencies in the use of the State's Central Computer and the Statewide Data Communication Network
- o Providing microcomputer and office automation support in equipment acquisition, office automation planning, and technical problem resolution on various types of information processing equipment
- o Providing computer-related training
- o Researching and evaluating end user office automation products
- o Assistance to the general public in accessing authorized state information computer systems

Subprogram 00075  
Information Center

Analysis of Subprogram 00075, Information Center Current Level  
Budget Needs

The LFA figures should be increased as follows:

1.	Supplies and Materials (2200)	<u>FY88</u>	<u>FY89</u>
	Educational supplies (2204)	\$ 9,695	\$ 5,195
	The additional funds are needed to expand the self-paced training program. LFA retains expenditure at current level.		
2.	Repair and Maintenance (2700)	<u>FY88</u>	<u>FY89</u>
	Multi-User Computers and Terminals (2743)	\$ 1,226	\$1,182
	Additional cost to maintain P/C's that were acquired during FY86. LFA retained current level.		
3.	Equipment (3100)	<u>FY88</u>	<u>FY89</u>
	Multi-User Computers and Terminals (3106)	\$40,254	\$38,654
	Equipment of the most recent technology must be used in training and supporting users, and should be the same type equipment that is currently being purchased by the users.		
	Intangible Assets (Micro Software) 3401	\$17,500	\$18,100
	The funds recommended by the LFA would allow us to upgrade only our existing software. To properly evaluate and support new productivity software the additional funds will be required.		

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1-26-81

Subprogram 00073  
Resource Management/Administration

Services Provided

- o Administration of the Information Services Division.
- o Control, coordination and planning for statewide data processing and information services. Authority transferred from the Governor's Office to the Department of Administration in 1983. Ref: 2-17-501, MCA.
- o Manage a pool of equipment (terminals, P/C's) for use by user agencies.

Subprogram 00073  
Resource Management/Administration

Analysis of Subprogram 00073, Resource Management/Administration  
Current Level Budget Needs

The LFA figures should be increased as follows:

1. Contracted Services (2100)	<u>FY88</u>	<u>FY89</u>
Consulting and Professional Services (2102) Cost of bringing in experts to speak to the DP-Advisory Council. Once each year.	\$ 5,000	\$ 5,000
Audit Fees (2122). The LFA figures omitted the fees for the "Central Review Audit" that is performed by the Legislative Auditor.	\$15,222	
Graphic Arts Typesetting (2163)	\$ 3,796	
Printing/Pub. and Graphics (2190)	\$ 9,682	\$ 6,478
Funds for typesetting services and printing services required to publish a user guide, technical reference guide and a statewide information system plan are not included in the LFA figures.		
	<hr/>	<hr/>
	\$33,700	\$11,478
2. Equipment (3100)	<u>FY88</u>	<u>FY89</u>
Single User Computer (3134)		\$ 6,270
Single User Software (3402)	\$ 1,650	\$ 1,465
	\$ 1,650	\$ 7,735

The LFA figures do not include funds for the purchase of a P/C, network and software during FY89. This unit is to be used for work-load forecasting, word processing, and expanded administrative support.

1-21-87

MODIFIED REQUESTS

SUBPROGRAM 00200, TELECOMMUNICATIONS

This modification request is to centralize telephone equipment and maintenance payments into the Telecommunications program rather than each agency paying the vendors direct. This request does not constitute additional spending because it involves pass through spending. In fact there will be a better opportunity to save the agencies some money through central contract negotiation.

\$399,041 is requested in FY'88 and \$402,041 for FY'89  
Funding is 100% proprietary (Telecommunications account)

1-21-77

SUBPROGRAM 00074, CENTRAL COMPUTER OPERATIONS

This modification is requested in order to improve the processing capabilities of the central computer system and the data communications network and to accommodate the growth in processing required by the agencies.

<u>Request</u>	<u>FY'88</u>	<u>FY'89</u>
1. Additional disk capacity will be needed to accommodate the growing needs of on-line and database systems for the agencies. This request will provide the spending authority for acquiring one IBM 3380 disk storage unit each year.	\$88,000	\$88,000
2. A new version of the MVS operating system must be installed before the full capacity of the IBM 3081 CPU acquired in FY'86, can be fully utilized. This software upgrade is essential for handling any additional on-line or database processing on the mainframe.	\$100,000	\$100,000
3. A solution must be found for solving the tape library growth problem or else the need for tape storage will exceed the floor space available in the basement of the Mitchell Building. This request is for the acquisition of new tape storage devices or an acceptable alternative.	\$120,000	\$120,000
4. Equipment is needed to optimize the data network by utilizing the new high speed (56KBPS) digital trunks and improving dial-up access to the central system from remote areas of the state.	\$181,000	\$174,000
Total:	\$489,000	\$482,000



REPORT EBSR99  
DATE : 01/07/87  
TIME : 17/26/09

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

PAGE 122

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION  
PROGRAM : 07 INFORMATION SERVICES DIVISION  
CONTROL : 74001 EXPANDED CENTRAL COMPUTER OP.

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
2500	RENT			100,000		100,000	100,000		100,000
	TOTAL LEVEL			100,000		100,000	100,000		100,000
3100	EQUIPMENT			389,000		389,000	382,000		382,000
	TOTAL LEVEL			389,000		389,000	382,000		382,000
	TOTAL PROGRAM			489,000		489,000	482,000		482,000
06522	CENTRAL DATA PROCESSING			489,000		489,000	482,000		482,000
	TOTAL PROGRAM			489,000		489,000	482,000		482,000

SUBPROGRAM 00078, SYSTEMS DEVELOPMENT

A modification is requested to provide additional authority to contract for systems development and programming services in order to handle requests which cannot be handled by existing staff. This request is a practical way to handle peak workload situations and avoid adding to the permanent staff. This alternative was funded by the 49th legislature with the stipulation that it would not be treated as part of the current level base.

\$125,000 is requested in FY'88 and again in FY'89  
Funding is 100% proprietary (Computer Services account)

REPORT EBSR99  
DATE : 01/07/87  
TIME : 17/26/09

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

PAGE 123

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION  
PROGRAM : 07 INFORMATION SERVICES DIVISION  
CONTROL : 78001 CONTRACT PROGRAMMING

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
2100	CONTRACTED SERVICES			125,000		125,000	125,000		125,000
	TOTAL LEVEL			125,000		125,000	125,000		125,000
	TOTAL PROGRAM			125,000		125,000	125,000		125,000
06522	CENTRAL DATA PROCESSING			125,000		125,000	125,000		125,000
	TOTAL PROGRAM			125,000		125,000	125,000		125,000

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

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

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION  
PROGRAM : 09 PROPERTY AND SUPPLY BUREAU  
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)	16.00	17.00	16.00	16.00		16.00	16.00	
1100	SALARIES	280,931.72	316,053	307,823	306,073	1,750	306,843	305,093	1,750
1400	EMPLOYEE BENEFITS	62,914.95	48,902	49,648	49,648		50,568	50,568	
1500	HEALTH INSURANCE		21,949	22,770	22,770		22,770	22,770	
1600	VACANCY SAVINGS		-9,262	-15,210	-14,919	-291	-15,207	-14,910	-297
1800			560		578	-578		578	-578
1900	PERSONAL SERVICES-OTHER	12,524.00							
	TOTAL LEVEL	356,370.67	378,202	365,031	364,150	881	364,974	364,099	875

2021	CONTRACTED SERVICES-INFLATI								
2022	SUPPLIES & MATERIALS-INFLAT								
2025	RENT-INFLATION								
2026	UTILITIES-INFLATION								
2100	CONTRACTED SERVICES	22,769.39	23,805	26,397	26,822	-425	19,473	19,898	-425
2200	SUPPLIES & MATERIALS	7,758.08	6,885	7,911	7,758	153	7,911	7,758	153
2300	COMMUNICATIONS	13,474.90	13,299	16,376	13,475	2,901	15,997	13,475	2,522
2400	TRAVEL	1,830.43	1,662	1,819	1,831	-12	1,819	1,831	-12
2500	RENT	67,541.47	63,016	67,527	63,524	4,003	67,527	63,524	4,003
2600	UTILITIES	8,056.36	12,833	10,540	10,395	145	10,540	10,395	145
2700	REPAIR & MAINTENANCE	14,337.48	9,736	12,275	18,408	-6,133	12,275	18,408	-6,133
2800	OTHER EXPENSES	-276,169.20	3,240	960	960		960	960	
2900	GOODS PURCHASED FOR RESALE	2,178,736.46	2,864,485	2,333,686	2,385,452	-51,766	2,572,193	2,385,452	186,741
	TOTAL LEVEL	2,038,335.37	2,998,961	2,478,509	2,529,601	-51,092	2,710,742	2,523,713	187,029

3100	EQUIPMENT	53,357.57	60,000						
3400	INTANGIBLE ASSETS	20,144.88							

	TOTAL LEVEL	73,502.45	60,000						
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	TOTAL PROGRAM	2,468,208.49	3,437,163	2,843,540	2,893,751	-50,211	3,075,716	2,887,812	187,904
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	TOTAL PROGRAM	2,468,208.49	3,437,163	2,843,540	2,893,751	-50,211	3,075,716	2,887,812	187,904
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	TOTAL PROGRAM	2,468,208.49	3,437,163	2,843,540	2,893,751	-50,211	3,075,716	2,887,812	187,904
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#11  
1-21-87

102  
1-21-87

Table 13  
Comparison of the Appropriation to Actual Expenses - Fiscal 1986

Budget Item	Legislature	Actual	Difference
F.T.E.	16.50	16.25	0.25
Personal Service	\$396,736	\$409,059	\$(12,323)
Operating Expense	112,645	83,677	28,968
Equipment	850	2,082	(1,232)
Total Exp. and Gen. Fund	<u>\$510,231</u>	<u>\$494,818</u>	<u>\$15,413</u>

The fiscal 1986 expenditures were \$15,413 less than the appropriation. Personal services expenditures were \$12,323 more than appropriated, due primarily to position upgrades. Operating expenditures were \$28,968 less than appropriated with the major cost savings in contracted secretarial services, computer processing and system development fees, microfilm services, and education and training fees. Supplies and communication expenses were less than anticipated while travel and repair costs were higher than expected.

#### Current Level Adjustments

The current level budget allowed the following major adjustments: (1) \$178 each year for increased insurance costs; (2) \$1,485 each year for increased maintenance costs on computer equipment; and (3) \$2,400 in fiscal 1988 and \$2,640 in fiscal 1989 for office automation subscription fees, a new fee assessed by the Information Services Division for agencies which have personal computers. The fee will be used to support the Information Center in the Information Services Division.

#### PURCHASING DIVISION -- PROPERTY AND SUPPLY BUREAU

Budget Item	Actual Fiscal 1986	Appropriated Fiscal 1987	- - Current Level - - Fiscal 1988	Fiscal 1989	% Change 1987-89 Biennium
F.T.E.	16.00	16.00	16.00	16.00	0.00
Personal Service	\$ 343,848	\$ 378,202	\$ 364,150	\$ 364,099	0.9
Operating Expense	2,315,468	2,998,961	2,529,601	2,523,713	(4.9)
Equipment	85,469	60,000	-0-	-0-	(100.0)
Total Expenditures	<u>\$2,744,785</u>	<u>\$3,437,163</u>	<u>\$2,893,751</u>	<u>\$2,887,812</u>	<u>(16.5)</u>
Fund Sources					
Proprietary Funds	<u>\$2,744,785</u>	<u>\$3,437,163</u>	<u>\$2,893,751</u>	<u>\$2,887,812</u>	<u>(16.5)</u>

The Property and Supply Bureau provides centralized purchasing and distribution of office and janitorial supplies for state agencies. The bureau is responsible for the Surplus Property Program which disposes of property no longer needed by an agency.

The current level budget provides a 6.5 percent decrease from the 1987 biennium to the 1989 biennium. Personal services increase 0.9 percent while operating expenditures are budgeted to decrease 4.9 percent.

The Property and Supply Bureau is funded from proprietary funds.

#### Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to appropriations as anticipated by the 1985 legislature.

Table 14  
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.	16.00	16.00	0.00
Personal Service	\$ 361,467	\$ 343,848	\$ 17,619
Operating Expense	3,145,161	2,315,468	829,693
Equipment	42,000	85,469	(43,469)
Total Exp. and Funding	<u>\$3,548,628</u>	<u>\$2,744,785</u>	<u>\$803,843</u>

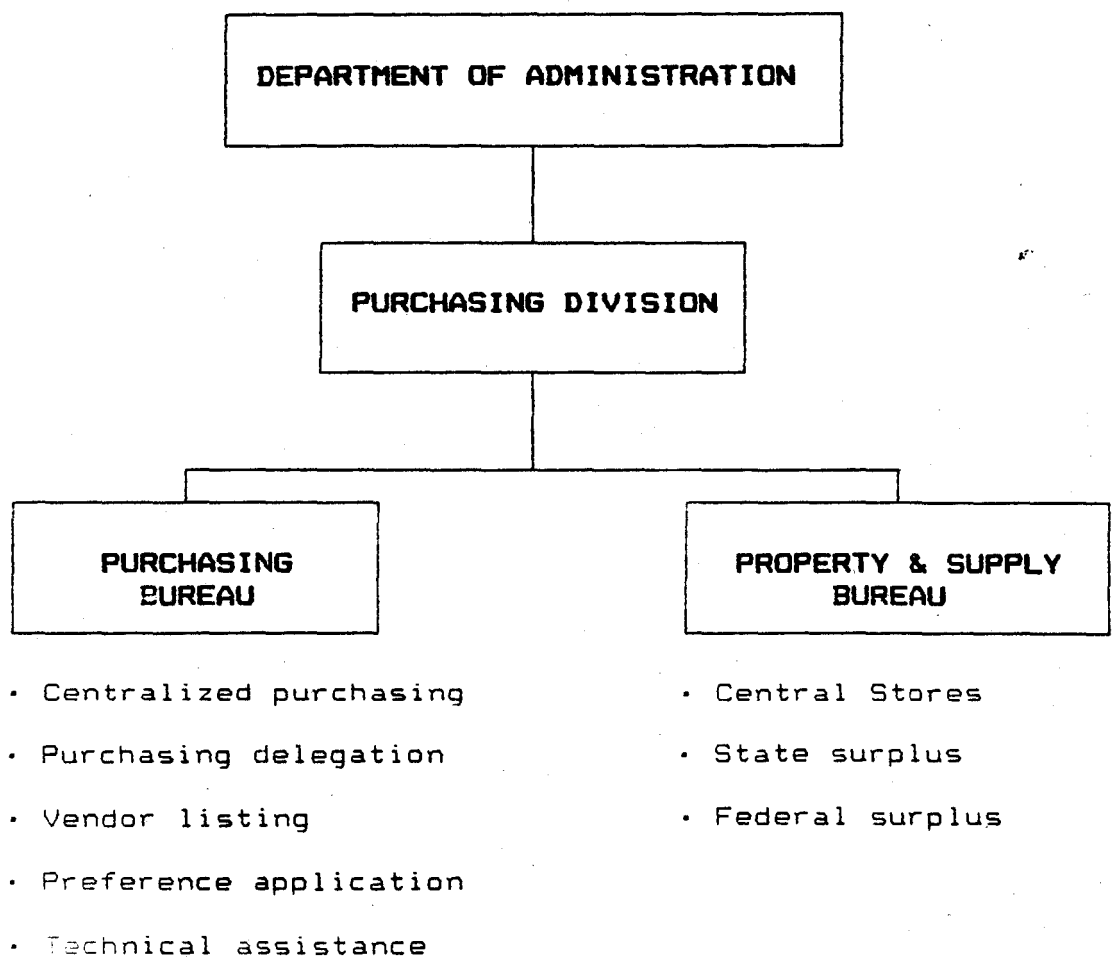
The fiscal 1986 expenditures were \$803,843 less than the appropriation. The agency expended \$17,619 less for personal services than budgeted. This was caused by two position downgrades and vacancy savings. Operating expenses were \$829,693 less than budgeted with the difference occurring primarily in goods for resale. The agency was budgeted \$50,000 in fiscal 1986 to purchase a truck as requested by the agency because its vehicle was claimed by the agency to be unsafe. The agency actually expended \$85,469 on computer and office equipment. The agency spent \$4,500 to repair its truck and continues to use the vehicle for its operation.

#### Current Level Adjustments

The current level budget reduces a 1.0 FTE warehouse worker from the original appropriation of 17.0 FTE as the agency had deleted this position in fiscal 1987 to compensate for fiscal 1987 reductions.

Operating expense increases were provided for higher insurance costs, payroll service fees, utility expenses for heating a building used for surplus sales, and computer maintenance costs. In addition, the cost of hooking-up one personal computer to the mainframe in order to utilize the state mainframe network system was added to base year expenditures. The current level budget allows for 10 percent growth in goods for resale. The agency withdrew its request for equipment.

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1-21-87



## **PROPERTY AND SUPPLY BUREAU**

### **PURPOSE:**

The primary purpose of the Property and Supply Bureau is to save money for the State through the Central Stores program and return money to the general fund through promotion of the Montana Surplus Property program. The Bureau also acts as the official conduit through which local governments may obtain federal surplus items.

### **CENTRAL STORES:**

The Central Stores program was begun in 1980 in order to take advantage of the significant savings which could be generated by:

- combining the agency needs within standard specifications and bids to take advantage of volume discounts;
- central receiving and single point delivery of orders.

By assuming the warehousing and delivery costs of goods to agencies, the Central Stores program has:

- increased the number of Montana vendors able to bid on the State's business.
- increased the amount of competition;
- decreased costs to the State (\$3.3 million annually or 58% of retail).

### **SURPLUS PROPERTY PROGRAM:**

The Bureau's Surplus Property program is the central tracking, receiving and disposition point for all state government surplus property. Surplus received includes vehicles, gym equipment, obsolete computer equipment, laboratory equipment, office furniture and discontinued items from Central Stores.

Once a fair value price is determined, the surplus is available to all governmental agencies for approximately one month. If not sold, items become available for sale to the general public through monthly "garage sales." During FY 86, a total of \$219,554 was generated through sales of surplus



## PROPERTY AND SUPPLY

### BUDGET DIFFERENCES

#### PERSONAL SERVICES

OBPP recommendation allows increase of \$1,750 a year for staff to work at surplus property public sales and auctions. These programs were implemented in '87. LFA recommendation does not include this cost.

LFA recommendation includes benefits for overtime pay. OBPP recommendation does not include this cost of \$578 a year.

#### COMMUNICATIONS

OBPP recommendation reflects increases each year in the following categories:

- 1) New messenger service rates require increase of \$1,140 a year;
- 2) new telephone line to provide for phone-in supply orders to decrease turnaround time (increase of \$1,068 a year);
- 3) two telephone lines at the warehouse, one is a regular telephone line, and the other is for the fire alarm. Increase is \$984 a year.

LFA recommendation does not include these costs.

#### RENT

OBPP recommendation reflects current level for rental of buildings to store overflow of Central Stores' inventory. LFA recommendation has these costs at a reduced level. Difference is \$3,978 in '88 and \$3,963 in '89.

#### REPAIRS AND MAINTENANCE

LFA recommendation reflects current level for repair of non-passenger vehicles. OBPP recommendation has this cost at a reduced level. Difference is \$2,000 a year.

LFA recommendation has actual maintenance costs for computers. OBPP recommendation has at a reduced level. Difference is \$4,071.

## GOODS FOR RESALE

The difference relates to variances in the growth percentages used by the two offices. The inflation factors used follow:

LFA - 10% growth from '86 base to '88

OBPP -	<u>87</u>	<u>88</u>	<u>89</u>	
	1.9%	3.2%	5.1%	applied to '86 base expenses

StorDiff.KM

AGENCY : G101 DEPARTMENT OF ADMINISTRATION  
PROGRAM : 09 PROPERTY AND SUPPLY BUREAU  
CONTROL : 00000

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	ORPP FY 88	LFA FY 88	DIFF FY 88	ORPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	16.00	17.00	16.00	16.00		16.00	16.00	
1100	SALARIES	280,931.72	316,053	307,823	306,073	1,750	306,843	305,093	1,750
1400	EMPLOYEE BENEFITS	62,914.95	48,902	49,648	49,648		50,568	50,568	
1500	HEALTH INSURANCE		21,949	22,770	22,770		22,770	22,770	
1600	VACANCY SAVINGS		-9,262	-15,210	-14,919	-291	-15,207	-14,910	-297
1800		560			578	-578		578	-578
(1)1900	PERSONAL SERVICES-OTHER	12,524.00							
	TOTAL LEVEL	356,370.67	378,202	365,031	364,150	881	364,974	364,099	875
2021	CONTRACTED SERVICES-INFLATI			-4	-33	29	-8	-64	56
2022	SUPPLIES & MATERIALS-INFLAT			7	-38	45	30	1	29
2025	RENT-INFLATION				39	-39		54	-54
2026	UTILITIES-INFLATION			1,015	1,008	7	2,025	2,021	4
2100	CONTRACTED SERVICES	22,769.39	23,805	26,397	26,822	-425	19,473	19,898	-425
2200	SUPPLIES & MATERIALS	7,758.08	6,885	7,911	7,758	153	7,911	7,758	153
2300	COMMUNICATIONS	13,474.90	13,299	16,376	13,475	2,901	15,997	13,475	2,522
2400	TRAVEL	1,830.43	1,662	1,819	1,831	-12	1,819	1,831	-12
2500	RENT	67,541.47	63,016	67,527	63,524	4,003	67,527	63,524	4,003
2600	UTILITIES	8,056.36	12,833	10,540	10,395	145	10,540	10,395	145
2700	REPAIR & MAINTENANCE	14,337.48	9,736	12,275	18,408	-6,133	12,275	18,408	-6,133
2800	OTHER EXPENSES	-276,169.20	3,240	960	960		960	960	
(1)2900	GOODS PURCHASED FOR RESALE	2,178,736.46	2,864,485	2,333,686	2,385,452	-51,766	2,572,193	2,385,452	186,741
	TOTAL LEVEL	2,038,335.37	2,998,961	2,478,509	2,529,601	-51,092	2,710,742	2,523,713	187,029
(1)3100	EQUIPMENT	53,357.57	60,000						
3400	INTANGIBLE ASSETS	20,144.88							
	TOTAL LEVEL	73,502.45	60,000						
	TOTAL PROGRAM	2,468,208.49	3,437,163	2,843,540	2,893,751	-50,211	3,075,716	2,887,812	187,904
06531	CENTRAL STORES	2,468,208.49	3,437,163	2,843,540	2,893,751	-50,211	3,075,716	2,887,812	187,904
	TOTAL PROGRAM	2,468,208.49	3,437,163	2,843,540	2,893,751	-50,211	3,075,716	2,887,812	187,904

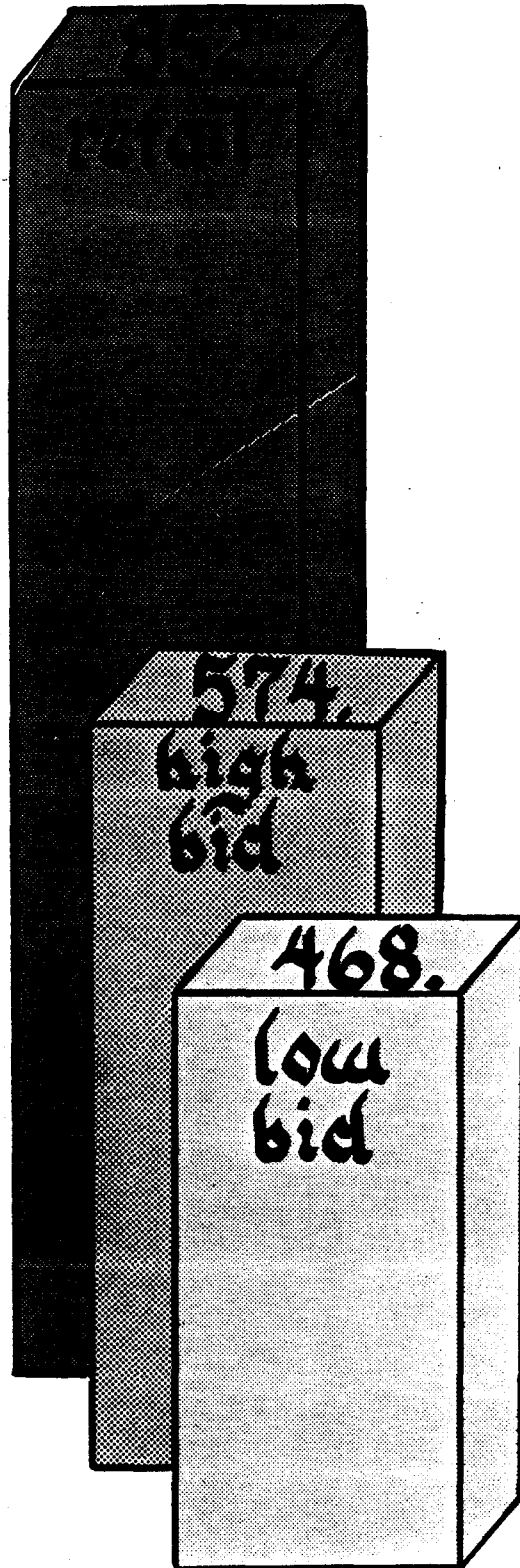
(1) Non-operating costs need to be excluded from FY'86 actuals:

Personal services - liability for accrued vacation/sick leave. (\$ 12,524)  
Other expenses - depreciation, inventory adjustment. \$277,129  
Equipment - FY'86 actual should be \$85,469. \$ 11,966

# Term Contract Purchase - Furniture -

14  
21-87

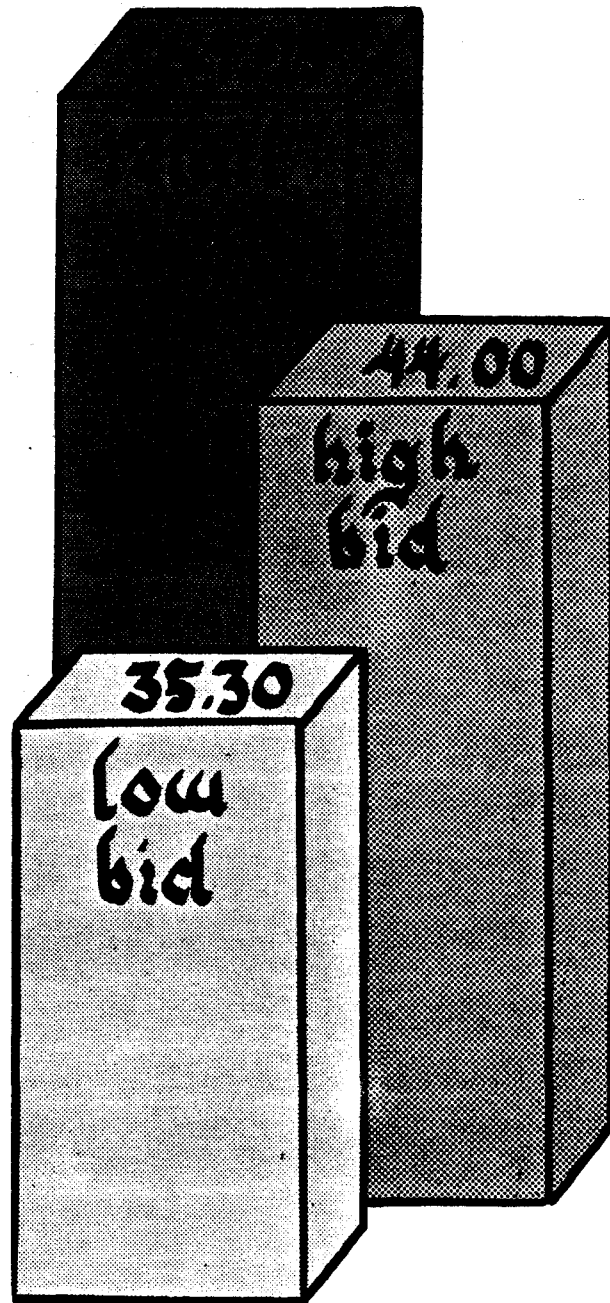
Executive  
Desk



State Purchase Price vs. Retail

# Requisition Time Schedule Purchase - Athletic Equip. -

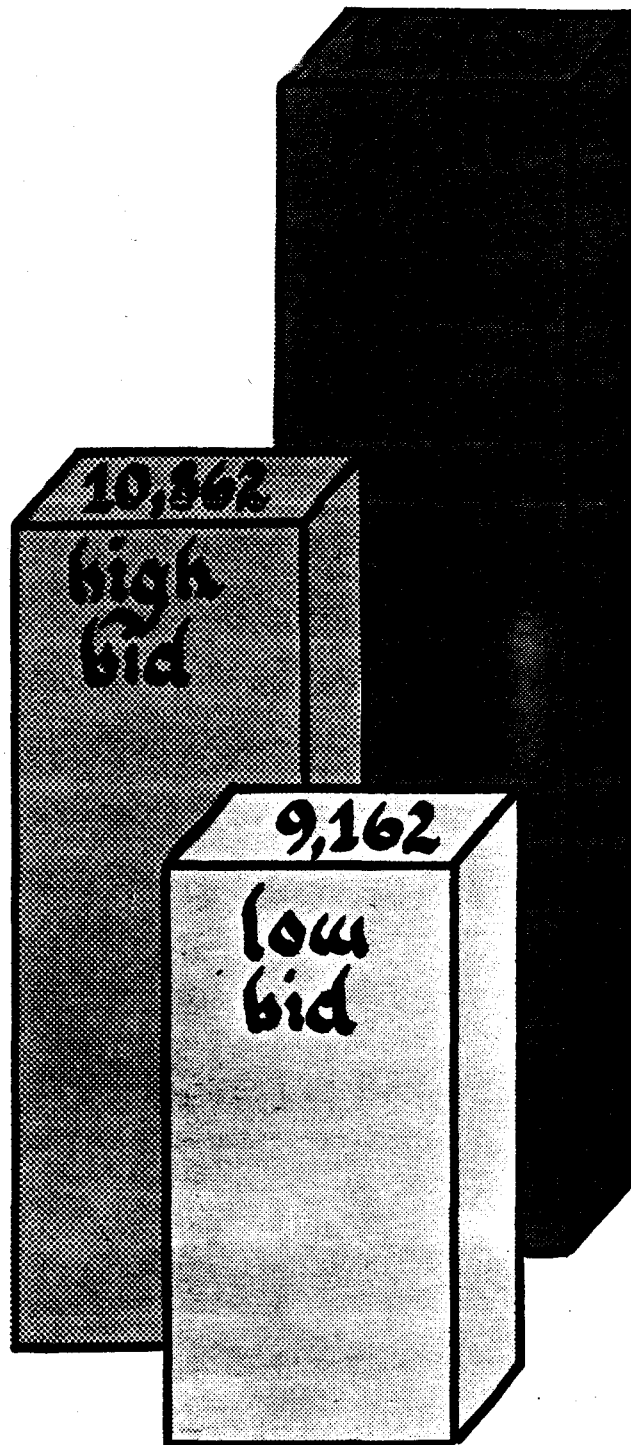
Basketball  
Shoes



State Purchase Price VS. Retail

# Requisition Time Schedule Purchase - Vehicle -

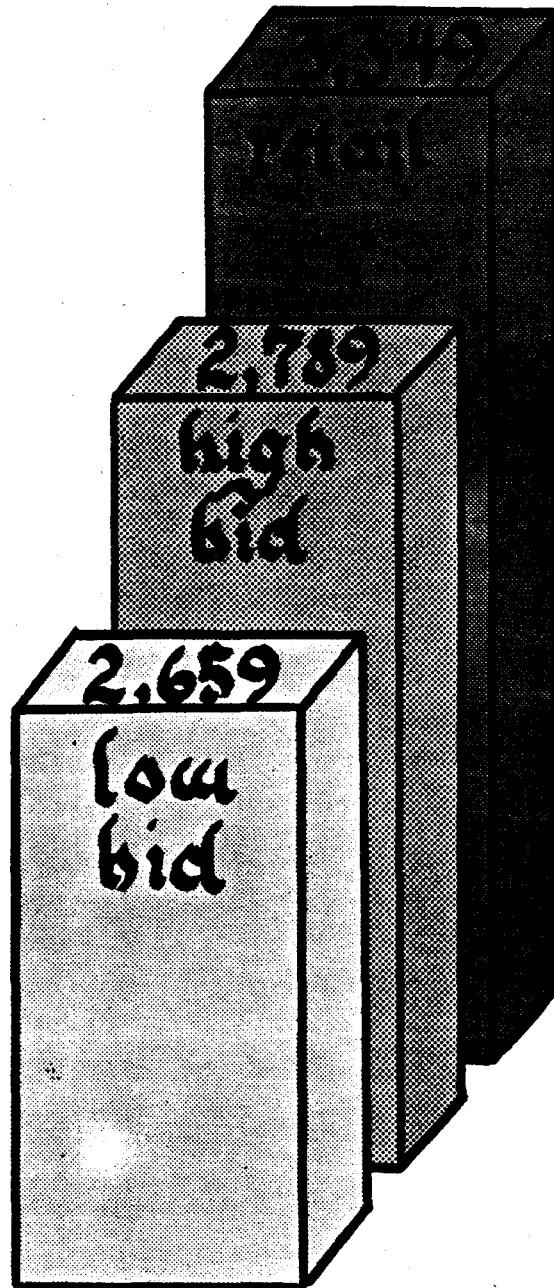
Chevrolet  
Celebrity



State Purchase Price VS. Retail

# Open Market Purchase -All Terrain Vehicles-

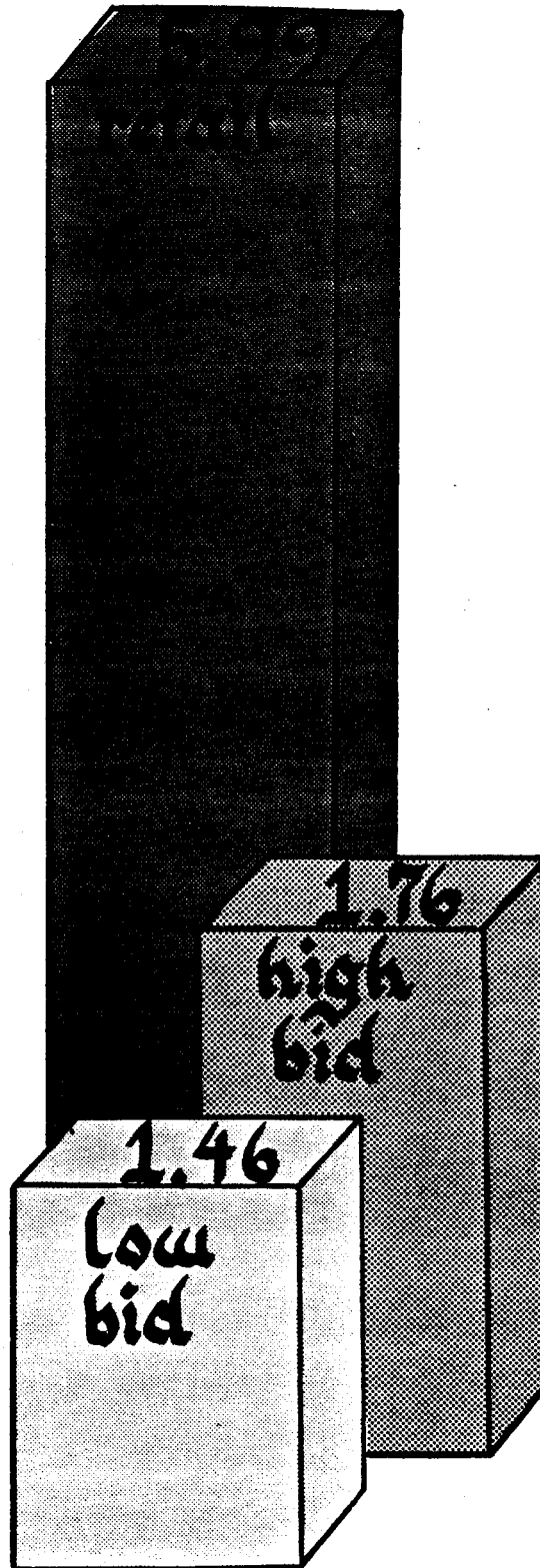
Snowmobile



State Purchase Price VS. Retail

# Term Contract Purchase - Pharmaceutical -

Actifed (100's)



State Purchase Price vs. Retail



PURCHASE PRICE THROUGH  
PURCHASING BUREAU

-VS-

RETAIL PRICE  
(SELECTED SAMPLES)

TERM CONTRACT

DRUGS:

Pennicillin (250 mg., 100's)	Low Bid - \$2.30
	High Bid - \$3.00
	Retail - \$9.70 (Bergum Drug, Helena)
Actifed (100's)	Low Bid - \$1.46
	High Bid - \$1.76
	Retail - \$5.99 (Bergum Drug, Helena)
Neosporin Ointment	Low Bid - \$0.89
	High Bid - \$1.10
	Retail - \$5.33 (Bergum Drug, Helena)
Tagamet Tabs (30gm)	Low Bid - \$34.47
	Retail - \$52.65
	Proprietary - no other source

FOOD:

Ground Beef (20% max. fat, 10#)	Low Bid - \$.945
	High Bid - \$1.20
	Retail - \$1.39 (Buttreys, Helena)

FURNITURE:

Executive Desk (GF-1272FCDC)	Low Bid - \$468.00
	High Bid - \$574.00
	Retail - \$852.00 (Reporter, Inc., Billings)
File Cabinet, 4 drawer, legal (GF-S4RC)	Low Bid - \$223.00
	High Bid - \$334.00
	Retail - \$363.00 (Reporter, Inc., Billings)

REQUISITION TIME SCHEDULE

Camcorder Panasonic AG100S	Low Bid - \$990.00
	High Bid - \$1,490.00
	Retail - \$1,995.00 (The Source, Great Falls)

## VEHICLE:

Chevrolet Celebrity	Low Bid	-	\$9,162.00
Mid-size Sedan	High Bid	-	\$10,862.00
	Retail	-	\$11,975.00
			(Bryden's, Valier)

## BASKETBALL SHOES:

Converse Tribute	Low Bid	-	\$35.30
	High Bid	-	\$44.00
	Retail	-	\$64.95 (Universal Athletics, Helena)

## RACKETBALLS:

Rollout Bleu	Low Bid	-	\$1.25
	High Bid	-	\$1.48
	Retail	-	\$3.95 (Sport's West, Helena)

## OPEN MARKET

### ALL TERRAIN VEHICLES:

1987 Honda Fourtrax 250,  
250cc, 2WD, elect. and  
kick start, front and  
rear racks w/tow hitch

Low Bid	-	\$2,073.00
High Bid	-	\$2,690.00
Retail	-	\$2,798.00 (Rimrock Honda - Billings)

1987 Suzuki Quadrunner  
250cc, 4WD, shaft, 5  
speed w/reverse, 3 speed  
secondary transmission,  
w/front and rear carry-  
ing racks.

Low Bid	-	\$2,890.00
High Bid	-	\$3,073.00
Retail	-	\$3,499.00 (Helena Cycle Center, Helena)

1987 Arctic Cat Panther  
standard machine, 500cc  
two cylinder, speedo-  
meter, tripmeter gas  
gauge, oil gauge, park-  
ing brake, handle bar  
warmers

Low Bid	-	\$2,659.00
High Bid	-	\$2,789.00
Retail	-	\$3,349.00 (Rimrock Honda, Billings)

PURCHASE PRICE THROUGH  
PURCHASING BUREAU

-VS-

RETAIL PRICE  
(SELECTED SAMPLES)

TERM CONTRACT

DRUGS:

Pennicillin (250 mg., 100's)	Low Bid - \$2.30 High Bid - \$3.00 Retail - \$9.70 (Bergum Drug, Helena)
Actifed (100's)	Low Bid - \$1.46 High Bid - \$1.76 Retail - \$5.99 (Bergum Drug, Helena)
Neosporin Ointment	Low Bid - \$0.89 High Bid - \$1.10 Retail - \$5.33 (Bergum Drug, Helena)
Tagamet Tabs (30gm)	Low Bid - \$34.47 Retail - \$52.65 Proprietary - no other source

FOOD:

Ground Beef (20% max. fat, 10#)	Low Bid - \$.945 High Bid - \$1.20 Retail - \$1.39 (Buttreys, Helena)
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FURNITURE:

Executive Desk (GF-1272FCDC)	Low Bid - \$468.00 High Bid - \$574.00 Retail - \$852.00 (Reporter, Inc., Billings)
File Cabinet, 4 drawer, legal (GF-S4RC)	Low Bid - \$223.00 High Bid - \$334.00 Retail - \$363.00 (Reporter, Inc., Billings)

REQUISITION TIME SCHEDULE

Camcorder Panasonic AG100S	Low Bid - \$990.00 High Bid - \$1,490.00 Retail - \$1,995.00 (The Source, Great Falls)
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VEHICLE:

Chevrolet Celebrity	Low Bid -	\$9,162.00
Mid-size Sedan	High Bid -	\$10,862.00
	Retail -	\$11,975.00
		(Bryden's, Valier)

BASKETBALL SHOES:

Converse Tribute	Low Bid -	\$35.30
	High Bid -	\$44.00
	Retail -	\$64.95 (Universal
		Athletics, Helena)

RACKETBALLS:

Rollout Bleu	Low Bid -	\$1.25
	High Bid -	\$1.48
	Retail -	\$3.95 (Sport's
		West, Helena)

OPEN MARKET

ALL TERRAIN VEHICLES:

1987 Honda Fourtrax 250, 250cc, 2WD, elect. and kick start, front and rear racks w/tow hitch	Low Bid -	\$2,073.00
	High Bid -	\$2,690.00
	Retail -	\$2,798.00 (Rimrock
		Honda - Billings)

1987 Suzuki Quadrunner 250cc, 4WD, shaft, 5 speed w/reverse, 3 speed secondary transmission, w/front and rear carry- ing racks.	Low Bid -	\$2,890.00
	High Bid -	\$3,073.00
	Retail -	\$3,499.00 (Helena
		Cycle Center, Helena)

1987 Arctic Cat Panther standard machine, 500cc two cylinder, speedo- meter, tripmeter gas gauge, oil gauge, park- ing brake, handle bar warmers	Low Bid -	\$2,659.00
	High Bid -	\$2,789.00
	Retail -	\$3,349.00 (Rimrock
		Honda, Billings)



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1-21-87

SUBJECT: Cooperative Governmental Purchasing in Montana; a fact sheet

PREPARED BY: Big Sky Public Purchasing, Montana Chapter of the National Institute of Governmental Purchasing (N.I.G.P.)

CONTACT PERSON: Mr. Terry Wahl  
Legislative Committee Chairperson  
406/721-5700 (ext. 282)  
Missoula, Montana

POSITION: Big Sky Public Purchasing, an independent Montana organization of purchasing professionals, endorses implementation of cooperative governmental purchasing in Montana as described under the Montana Codes Annotated (MCA) Title 18-4-401 through 407 (attached).

Big Sky Public Purchasing recognizes the Montana Department of Administration as the governmental entity legally authorized to sponsor, conduct or administer a statewide cooperative purchasing program and, therefore, requests that spending authority be made available to the Montana Department of Administration to implement a cooperative program under Title 18 authority.

Actual dollars are not requested; funding will be established under a proprietary account and only spending authority will be necessary for a cooperative purchasing program to become operational statewide.

BENEFITS: The Great Falls Public School System's School Lunch Program realized an 18% savings through participation in the Fall '86 160 School Cooperative (O.P.I.) Division of Food Service Food Bid.

Great Falls' School Food Services states: "Our participation in the Co-operative Bid has been an important factor in controlling our food costs."

Passage of Initiative 105 and Montana's current economic conditions mandate that all levels of government find similar ways of controlling costs.

Cooperative governmental purchasing will control costs through (1) volume discounts realized by effectively harnessing statewide buying power, and (2) by providing an option to all levels of government for centralized purchase of universally used commodities, thus eliminating duplication of efforts.

SURVEY RESULTS: During November 1986, Big Sky Public Purchasing conducted an independent survey of Montana's school districts, cities and counties to determine to what extent cooperative govern-

mental purchasing would be used across the state. Ninety-five percent of the surveys returned expressed interest in at least one aspect of cooperative purchasing as defined under Title 18. Specifically, they are:

- Central Stores; 32 positive responses.
- Requisition Time Schedule; 19 positive responses.
- State term contracts; 12 positive responses.
- Purchasing in general; 10 positive responses.

FISCAL NOTES:

The Department of Administration's Purchasing Division will prepare a projected budget of needs associated with implementation of a cooperative purchasing program if requested to do so by the legislature.

DFL:ml:1/cc

# TOTAL SURVEY RESULTS

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	<u>Sent</u>	<u>Responses</u>	<u>Percent</u>
° Counties	54	6	(11.1%)
° Cities	128	14	(11.7%)
* MASBO School Dists	150	20	(13.3%)
* Big Sky Public Purchasing	53	8	(15.9%)
14 Non-state Member 7 of which responded			
Overall Totals	385	48	(12.5%)
* Coop. Purchasing Questionnaire			
° Sub Committee Questionnaire			

## SURVEY COMMENTS:

### Montana Association School Business Officials (MASBO)

I believe the 1-2% charge plus the decrease in school funding would be incentive and provide funds for the state-run program.

I think we will have to be careful to allow participating agencies a chance to have a say in specifications, etc.

Cost--what are the savings?

Storage--where would supplies be stored and who would handle them?

I was unsure of the program offered, so have really guessed a lot of the answers. Am interested in doing what is in the best interest for school purchasing in the State of Montana to save School District money.

Method/Cost for delivery.

Time for order before Coop puts together its order.

From reading this questionnaire, this procedure looks like it could become quite involved. We have listed we are remotely interested because we have more questions than anything. Would price lists for items purchased be reviewed by all schools involved? How would a school district located in a remote area as we are receive our goods? Freight charges, etc? Who would be the final authority on what companies items are purchased from? How much control would this take out of district's hands in choosing who to order from?

To contact cooperatives already established to see if better service or more complete service could be given.

No comments received from: Montana Association of Counties (MACO) or Montana League of Cities & Towns.

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COST COMPARISON

	LOCAL (AFTER 15% DISCOUNT)	CHICAGO	STATE
IBM SELECTRIC II RIBBONS PG. 109	\$ 2.76/ea.	\$ .99/ea.	\$ .863
IBM SELECTRIC III RIBBONS PG. 109	4.13/ea.	2.59/ea.	2.169
#1 PAPER CLIPS PER 1000 PG. 670	3.35	1.45/1000	1.32
PENS - BIC BIRO MEDIUM POINT PG. 580	3.57	.99/doz.	1.03
PENS - PAPERMATE MEDIUM POINT PG. 581	3.06	1.65/doz.	1.03
STAPLES - STANDARD PG. 593	1.19	.64/box	.59
STAPLES - B-8 PG. 594	1.99	1.39/box	1.15
RUBBER BANDS PG. 701	1.40	.65/ 1/4 lb. box	.52/ 1/4 lb. box
3/4" SCOTCH MAGIC TAPE #810 PG. 682	2.17/roll	1.30/roll	.701
PENCILS, #1, #2, #3 ECONOMY PG. 582	1.57/box	1.10/box	.939
	25.19	12.75	10.31

SUMMARY

Buying these ten (10) office supply items from local merchants after 15% discount would cost \$12.44 more than buying from Chicago and \$14.88 more than buying from State Central Stores.



## VISITORS' REGISTER

## GENERAL GOVERNMENT &amp; HIGHWAYS SUB COMMITTEE

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

DATE Jan. 21, 1987

SPONSOR \_\_\_\_\_

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Mike Trevor	DoH / ISD		
Dave Marshall	DoH / ISD		
Jim Christman	DoH / ISD		
Andy Palmer	DoH / ISD		
Jeff Brandt	DoH / ISD		
Paul R. Anderson	DoH / ISD		
Tony Herbert	DoH		
Jim Edgar	DoH		
Karen Morris	DoH		
TERRY WAHL	BIG SKY PUBLIC PURCHASING (COOPERATIVE)		
Alvin Moserewicz	D/A		
Jerry Jewell	D/A		
Bob Ryan	Lewis & Clark		
Shaun Egan	Butte / Silver Lake		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.