

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 23, 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 (OBPP) and Pam Joehler, Senior Fiscal Analyst from the Office of the Legislative Fiscal Analyst. (LFA)

43A:0.00

DEPARTMENT OF ADMINISTRATION

General Services Division

Susan Campbell, Administrative Officer, addressed the committee and continued her review. (Exhibit No. 1)

In contracted services, the comparison sheet shows a difference of \$17,469 between the two budgets. However, the LFA included audit fees for \$6,259 in both years and this should only be requested for the first fiscal year. Therefore, that increased the total difference to \$23,728. Service contracts that will be rebid in FY 88 and FY 89 will be in the third year of their contract with rates that were previously bid. The department anticipates increases at that time. Therefore, they request \$23,728 be put in the budget.

In repairs and maintenance, the department requested \$10,000 be included in the LFA budget for the purchase of paint as a one-time appropriation in the biennium.

Ellen Feaver, Director, referred to the area described as "vacant space." Of the 25,000 square feet referred to in the LFA report, only 5,000 square feet is habitable. The department will remove the uninhabitable space from the schedule.

Ms. Campbell requested language be included in the appropriations bill to allow the department to come in for a budget amendment if utilities exceed the amount budgeted. (Exhibit No. 2)

Mail and Distribution Bureau

Susan Campbell gave a brief overview of this bureau. (Exhibit No. 3) She referred to Exhibit No. 4, Central Mail Cost Savings.

Ms. Campbell addressed the budget differences. (Exhibit No. 5) In other expenses, the LFA excluded \$13,283 as it was not included in the revenue calculated for the General Services Program. As this is a legitimate expense for the Central Mail Program and the department does not feel that General Services should subsidize the program, they requested the \$13,283 be allowed in Mail and Distribution and any necessary adjustments to the revenue side of General Services be made. The bureau also requested the \$6,420 be allowed for equipment and added to the LFA budget.

Ms. Campbell addressed the issue concerning the over-collection of revenues. Ms. Feaver, Director of the Department of Administration, said the department had been criticized for having more revenue than needed, but as the operation grows and more agencies come into Central Mail, the cash needs increase up front for postage and there is a need for slightly more revenue than expended. She said the ending cash balance is not necessarily more than that of the previous year.

Ms. Campbell referred to the bureau's modified request. This is as a result of an increased workload. (Exhibit No. 6) The OBPP requested two FTE and an increase for postage for FY 88 of \$399,300 and \$432,500 for FY 89. One FTE is required to sort the workload of the Worker's Compensation Division. The other FTE is required to handle the workload of two larger agencies. The department is in the process of preparing a proposal for Fish, Wildlife & Parks to process their outgoing mail.

Sen. Keating asked if the FTE level for this bureau was increased, would there be a corresponding reduction in the FTE level for the other agencies involved? He requested Ms. Campbell to verify this.

Public Employees Retirement Division

Flo Smith presented the budget for the OBPP. (Exhibit No. 7) There have been some changes in the responsibilities regarding social security within this division. As no specific in-

formation was received by the OBPP regarding the changes, the OBPP submitted a preliminary budget, reducing the FTE by two in FY 88 and by four in FY 89. Since then, there was a meeting in order to determine the responsibilities of the division. The OBPP has an adjusted proposal as a result. (Exhibit No. 8) Some operational costs were added back in FY 88 and two FTE were added to continue the responsibilities of the social security program. The total request is for \$771,000 in FY 88 and \$723,000 in FY 89.

Pam Joehler, LFA, told the committee that since she received the information from the agency, the LFA has reduced two FTE in each year. (Exhibit No. 9)

Ms. Smith referred to the modified request for \$50,000 in FY 88 only. (Exhibit No. 10) The OBPP recommended this be approved for rewriting the accounting system. The funding is through the Public Employees Retirement Trust Fund.

(32.39)

Linda King, Assistant Administrator of the Division, addressed the committee and gave a brief overview. (Exhibit No. 11) She explained there is a Social Security Contributions Account and the department has been investing the float on the money received from the state and local subdivisions until it has to be paid to the federal government. The period has decreased to three days, resulting in short-term investments. During the Special Session, \$2,000,000 was transferred to the general fund. There is now less money in the account for investment and there is no new money.

As it now stands, the audit and reconciliation process will be completed in 1992.

43B:0.00

Ms. King continued. The federal government said they have already collected more money on the investment earnings than it has taken them to administer the program. Ms. King agreed. She also said whatever is not required to administer the agency, accrued to the trust fund. Because the division did not meet with the federal government until December to get an idea as to their ongoing responsibilities, they were unable to provide a good comparison between the two budgets until recently and there may still be some uncertainties.

Ms. King addressed the budget differences. (Exhibit No. 12) The differences shown in personal services refer to the original recommendation by the LFA.

Pam Joehler addressed the current differences. She said there were differences in salaries and, perhaps some step differences in the remaining positions. The per diem is also an issue. She had originally forgotten this and added it back in as the Board needs to be paid per diem. Pam said the remaining major differences in contracted services are identified on the bottom of Exhibit No. 9.

Linda King continued with her review of the budget differences. If all Board members attend meetings, the division will need \$3,000 for per diem. If not expended, it will revert.

In contracted services, she elaborated on legal fees paid to the Attorney General's Office for hearings officers in contested case hearings. She continued with computer processing charges. The LFA used current level and made adjustments.

The supplies, communications and travel categories were no longer issues as the LFA recommendations were higher. She said the division's requests in these three categories would be acceptable.

Ms. King reviewed the modified request in the amount of \$50,000 in FY 88 in order to make enhancements to the "Active Member Computer System." (Exhibit No. 13)

Sen. Gage said that by shutting down state government at noon or 3:00 p.m. in Fridays, perhaps the "tremendous amount of time" referred to by agencies could be saved.

Ms. King said the division was currently working with fewer FTE and had a problem in being able to complete the workload. There is overtime now without compensation. With approval of the division's requests, perhaps the overtime could be eliminated. If pending legislation passes, the workload will increase. The division has indicated a need for additional FTE on certain fiscal notes.

44A:0.00

Worker's Compensation Judge

Flo Smith presented the budget for the OBPP. (Exhibit No. 14) There are some costs included in FY 88 only for rent, relocation and telephone installation in anticipation of a possible move if the request for an increase in staff is granted to the Worker's Compensation Division. The rent figure is

based on current per square footage costs for the downtown area. (2,600 sq. ft. x \$7.50) General Services indicated they had no available space at the time. In addition, after the OBPP budget was prepared, the Governor recommended the Court be eliminated and a quasi judicial court be created. The funding requested is \$345,000 in FY 88 and \$336,000 in FY 89. This would be supported by state special funds. (Worker's Compensation Funds).

Pam Joehler presented the budget for the LFA. (Exhibit No. 15) The current level budget provided a 12.7 percent decrease from the 87 biennium. The deletion of the one FTE for the pay plan shortfall was continued into the 89 biennium. Personal services increased 1.3 percent for several reasons. Operating expenses decrease almost thirty-two percent. The current level does not provide for equipment expenditures in the 89 biennium. In contracted services, the court reporter and hearings examiner costs are higher in the OBPP recommendations. The office rental costs included in the OBPP are not included in the LFA. In travel, the LFA maintained current level.

Chairman Rehberg was excused and Rep. Quilici assumed the chair.

In answer to Sen. Gage's question regarding the difference in cost between the existing Worker's Compensation Court and the Governor's proposed replacement, Flo said a budget for the replacement had not been prepared.

(9.10)

Judge Tim Reardon, Worker's Compensation Judge, addressed the committee. He referred to a draft fiscal note for the proposed replacement court showing a \$287,000 increase in the new entity funding costs versus the existing Court. The three-member Board of Industrial Insurance that is included as part of the Governor's proposal has a total budget of \$254,685 for FY 88 and \$249,685 for FY 89. Under the proposed system, there are additional responsibilities for hearings in the Department of Labor. The Department of Labor costs for this new proposal is \$174,164 in FY 88 and \$170,164 in FY 89. The division would also assume some hearing functions for mediation. The costs over current level as Judge Reardon understood it would be \$131,642 in FY 88 and \$98,842 in FY 89. Included is \$71,000 for transition in FY 88. There is also

\$30,000 for equipment. Judge Reardon will provide copies of the draft fiscal note to the committee.

Clarice Beck, Hearings Examiner, addressed the committee. She referred to budget differences on the basis that the Court will continue. (Exhibit No. 16) She pointed out their budget was based on actual expenses experienced during the first six months of 1986. The travel expenses are particularly difficult to predict as the Court has no idea as to the number of hearings that will actually be held. If the trend continues throughout the rest of this year, there will be two hundred more petitions filed than in previous years and the Court would be handicapped if they could not respond by traveling.

Ms. Beck continued her review of the budget differences. The OBPP had suggested the amount for rent be line-itemed and that would be acceptable to the Court.

(19.30)

Judge Reardon addressed the travel issue. He explained the costs for hearings examiners.

Chairman Rehberg returned and assumed the chair.

(26.00)

Teacher's Retirement Program

Flo Smith presented the budget for the OBPP. (Exhibit No. 17)
The OBPP included two rents:

1. The actual facility owned by the Teacher's Retirement System. (In accordance with an audit recommendation and, as an investment, they do pay a monthly rental fee).
2. They are now under the General Services umbrella.

The division does have a new computer system and the OBPP budgeted \$62,000 in FY 88 and \$66,000 in FY 89 for increased computer processing charges. The total budget is \$426,000 in FY 88 and \$404,000 in FY 89. The funding is the Teacher's Retirement Program Trust Fund.

Pam Joehler presented the budget for the LFA. (Exhibit No. 18)
In response to the pay plan shortfall, the agency reduced

FTE by .6 in FY 87 and this is continued into the 89 biennium. Approximately \$14,000 was included in FY 88 for the program's actuarial report. The cost for the computer system is \$48,000 in FY 88 and \$49,000 in FY89. The information Pam used led her to believe the computer system had already been implemented and that the base operating costs reflected the operating costs for the new system. This apparently was not the case. Therefore, these costs were for the old system and, since there is no history, she agreed with the increase reflected in the cost estimate prepared at the time the system was implemented.

(30.37)

David Senn, Administrator of the Program, addressed the committee and gave a brief overview. He referred to the budget differences. (Exhibit No. 19) The program currently pays monthly benefits of \$3,300,000 to 5,900 retirees. As of June 30, 1986 the assets were in excess of \$400,000,000. Funding is provided by interest earned on these funds. There is a budget amendment requested by the division in FY 87 for termination pay for accrued sick and annual leave for Bob Johnson. In contracted services, the division requested the funding as recommended by the OBPP for the biennium for data processing charges.

There was discussion regarding the new data processing computer system.

Sen. Keating asked for information regarding insurance and benefits paid for part-time employees. This is costly to the state.

Sen. Pat Regan said a loss in benefits was a concern to women working in state government and anything less than half-time resulted in no benefits.

In answer to questions about the training, Mr. Senn said this was provided through the Information Services Division. Mike Trevor, Administrator of the Information Services Division, addressed the cost of training employees.

44B:0.00

Mary Andridge, Administrative Assistant for the Teacher's Retirement Division, said it was a two day class of basic terminal skills.

The committee recessed at 10:05 a.m.

The committee reconvened at 10:30 a.m.

(3.08)

Tort Claims Division

Flo Smith presented the budget for the OBPP. (Exhibit No. 20) The OBPP recommended language be included in the appropriations bill stating the Department of Administration be allowed to expend available self-insurance reserves and revenues to pay any deficit that may be incurred for insurance premiums due and payable through June 30, 1989. She said the department may want to come back with more specific language.

Contracted Services constituted a large portion of the division's budget. \$720,000 each year is insurance premiums paid by this division for all state agencies for property, insurance, fidelity bonds, boiler and aircraft. Also included is \$362,000 in each year for outside legal counsel due to the caseload. \$200,000 is also included each year for litigation costs. Prior to this, these costs were expended out of Benefits and Claims. The budget totals \$1,600,000 in FY 88 and approximately the same in FY 89 from proprietary account funds.

Pam Joehler presented the budget for the LFA. (Exhibit No. 21) There is a sizeable increase from the 87 biennium because non-operating costs are included for legislative authorization in the 89 biennium. These are a transfer of funds from the self-insurance account to the operating account used to pay for all operating costs except commercial insurance premiums.

The costs for paying all claims submitted against the state insurance plan are not included in the budget. The current level provided 8.5 FTE funded from the 87 pay matrix, with four percent vacancy savings applied. The contracted legal fees and associated operating expenses account for the primary differences between the two budgets.

John Maynard, Administrator of the Tort Claims Division, gave a brief overview of the division. (Exhibit No. 22) The division has two major functions:

1. To defend the state and its various agencies in tort lawsuits and, if practical, resolve most disputes at the lowest level possible.
2. To provide a risk management system for the state through a combination of commercial and self-insurance. (Exhibit No. 23)

There was discussion regarding the types of lawsuits handled by the division and some results of those already settled.

45A:1.50

Steve Weber, Assistant Administrator, explained the billing to the various agencies. The division transfers money from the self-insurance account into their operating account for their own operation, salaries and travel. The self-insurance account is composed of investment earnings and billings to agencies for self-insurance coverage for liability, general and auto. Mr. Maynard explained how they determined the rates. These do vary between agencies.

There was discussion regarding the state automobiles not being insured as no bids were received.

In FY 86, \$54,000 was paid out in claims, which was substantially less than any previous year. This is not yet complete because of the Statute of Limitations. The figure may go up. \$46,000 has been paid out this year and the division has been able to absorb this function with the existing FTE level, but it is a concern. The budget differences were addressed. (Exhibit No. 24)

Purchasing Division - Property and Supply Bureau

Mike Muszkiewicz, Administrator, gave a brief overview of the bureau. (Exhibit No. 25) The Property and Supply Bureau includes Central Stores and the Surplus Programs. The stores save approximately fifty-eight percent of what would normally be spent if the items were purchased retail. There are two aspects to the Surplus Property Program.

Mike said the garage sales have been more profitable than auctions. One of the objects is to return the money to the general fund as soon as possible.

Mike addressed the budget differences. (Exhibit No. 26) There was discussion regarding the request for a dedicated telephone line to decrease turnaround time.

(22.05)

Mike continued his review of the budget. He referred to the rent issue.

There was discussion regarding the 40,000 square feet of "vacant space". Terry Howell, Bureau Chief, explained why this area would not be a safe place to store supplies.

The money allocated for repair and maintenance on vehicles during the last session was used to purchase a new computer. Mike said the vehicles they now have would last through the next biennium if they were granted their request. He said the bureau was budgeted \$110,000 in the last session to buy new vehicles. In 1983, they purchased a micro system. Since that time, the bureau expanded 170 percent. Last year it became very obvious that money would be tight this session. As the current system was obsolete, the software no longer serviceable and they were in the position of having money for vehicles, but not for a computer system, they went to Information Services Division and asked for help with the problem. In order to run the system on the mainframe, it would have cost in excess of \$120,000 for a piece of software to put on the mainframe and they would then be paying a monthly fee. In cooperation with ISD, they reviewed the options available and weighed the need for trucks versus the need for a new computer and they decided to go with the computer.

The cost per unit of items offered for sale by Central Stores includes the freight costs. Location does not determine the price charged.

45B:0.00

Mike stressed it was still fifty-eight percent cheaper to purchase from Central Stores. (Exhibit No. 27). He said the division would need additional authority to participate in the proposal made by Terry Wahl to allow local governments to purchase from Central Stores. There would be a need for additional staff.

Sen. Keating said he hoped the inventory was being managed in such a way that money was not being invested in inventory standing in a warehouse rather than earning interest. Mike said it was moving, and additional inventory would require additional staff.

Regarding the funding for the Purchasing Bureau, Mike gave the committee the following handouts:

1. Exhibit No. 28 - Term Contract Purchase, State Purchase Price vs. Retail.
2. Exhibit No. 28A - Term Contract.
3. Exhibit No. 28B - Purchasing Agreement.

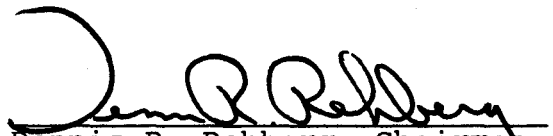
The committee had asked about converting the bureau from general funding to a proprietary account. (Exhibit No. 29)

(8.20)

Kathy Fabiano, Administrator of the Accounting Division, explained the current requisition accounting system. The total budget of the Purchasing Division is allocated to agencies based on the number of requisitions submitted in the prior year. That cost is then included in that agency's indirect cost plan with the federal government and they recover a portion of that cost and put that back into the general fund. About \$410,000 was collected in FY 86 as a result of the statewide indirect cost plan.

Sen. Gage said this needed to be looked into at some future date.

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


Dennis R. Rehberg, Chairman

DAILY ROLL CALL

GENERAL GOVERNMENT & HIGHWAYS

SUBCOMMITTEE

DATE January 23, 1987

[illegible]

CONTROL 83 - GENERAL SERVICES

Personal Services

LFA recommendation includes benefits related to overtime and differential pay. OBPP recommendation does not include these costs.

Difference is \$2,692 a year.

Contracted Services

The two budgets differ in their calculations for contracts in pest control, elevator maintenance, mechanical and janitorial. Difference is \$5,689 in '88 and \$23,808 in '89.

The remaining difference in '89 is in audit fees. This cost should be in '88 only but the LFA recommendation includes in both years. Cost is \$6,259.

Utilities

OBPP recommendation includes inflation for utilities in the utilities category. LFA recommendation has this increase under utilities-inflation.

The main difference in the amounts is in the sanitation contract. This contract will be rebid in '89 for a probable increase. Also, the legislative session requires extra garbage service for those months. An increase of \$919 is needed in '89 only for the sanitation service. LFA recommendation does not include this cost.

Repairs and Maintenance

LFA recommendation adjusts the base for expenses recorded twice to comply with generally accepted accounting principles (GAAP). OBPP recommendation did not adjust the base. Difference is \$20,609 a year.

In '89, OBPP recommendation includes \$10,000 to purchase paint. The paint is bought in large quantities to obtain price savings. The last purchase was in '85 and thus was not reflected in the '86 base. LFA recommendation does not include this cost.

Transfers

LFA recommendation includes this authority to eliminate the need for the agency to seek authorization for an administrative appropriation to comply with GAAP. GAAP requires a proprietary operation's activity to be reported within one fund to determine the total cost of providing that service and the extent to which user charges cover that cost.

GAAP requires the recording of expenses and not transfers. To provide for proper accounting treatment, the LFA recommendation should be adjusted as follows:

	<u>'88</u>	<u>'89</u>
Rent	\$ 510,197	\$ 527,964
Repairs & Maint.	58,801	58,801
Transfers	<u>\$ (568,998)</u>	<u>\$ (586,765)</u>
	<u>-0-</u>	<u>-0-</u>

Funding

The two budgets used different percentages for the general fund share. OBPP recommendation uses 12% and LFA recommendation is for 17.33%.

GENERAL SERVICES BUDGET DIFFERENCES

CONTROL 82 - SECURITY

Repairs and Maintenance

Specific security items have not been identified at this time. Therefore, division wishes to withdraw it's request reflected in the LFA budget.

PROGRAM 08 - GENERAL SERVICES - LANGUAGE REQUESTED IN
APPROPRIATIONS BILL:

DURING THE 1989 BIENNIUM IF UTILITY COSTS EXCEED
THE BUDGETED AMOUNT THE DEPARTMENT MAY SUBMIT A
BUDGET AMENDMENT TO COVER THE INCREASE IN UTILITY
COSTS.

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1-23-87

MAIL AND DISTRIBUTION

PROGRAM 13

JANUARY 1987

1. THE MAIL AND DISTRIBUTION PROGRAM SERVES THE MAJORITY OF HELENA BASED STATE AGENCIES WITH DEADHEAD INTERAGENCY MAIL SERVICE, SORTING AND DELIVERY OF IN-COMING U.S. MAIL, METERING AND PROCESSING OUT-GOING U.S. MAIL, AND OPERATION OF THE POST OFFICE IN THE CAPITOL BUILDING.

A. THIS PROGRAM IS FUNDED THROUGH A PROPRIETARY ACCOUNT. A TOTAL OF 605 AGENCY ACCOUNTS ARE BILLED MONTHLY FOR POSTAGE AND SERVICES.

2. THE CENTRALIZED SERVICE FOR OUT-GOING MAIL PROVIDES A SUBSTANTIAL SAVINGS FOR STATE AGENCIES BY TAKING ADVANTAGE OF THE PRE-SORT DISCOUNT, WHICH IS \$.18 PER PIECE OF 1 OZ. FIRST CLASS MAIL INSTEAD OF \$.22 PER PIECE. AFTER THE 17.5 % SERVICE FEE THE AGENCY SAVES \$.0085 PER PIECE. IN ADDITION TO THIS SAVINGS THE AGENCY SAVES THE COST OF MAILING EQUIPMENT, EQUIPMENT MAINTENANCE, F.T.E., MAIL ROOM SPACE RENTAL, AND TRANSPORTATION COST. WITHOUT THE CENTRALIZED OUT-GOING MAIL SERVICE THE MAJORITY OF AGENCIES COULD NOT QUALIFY FOR THE PRE-SORT DISCOUNT, WHICH REQUIRES 500 PIECES OF FIRST CLASS IN STATE MAIL.

A. THE CURRENT LEVEL SERVICE FEES ARE VERY CLOSELY ALIGNED WITH ACTUAL EXPENSES, AS SHOWN BY THE FISCAL YEAR END CASH BALANCES FOR THE PAST THREE YEARS, AND THE AVERAGE MONTHLY EXPENSES.

CASH BALANCE

F.Y.E. 1984 \$12,398. AVERAGE MONTHLY EXPENSES \$65,855.

F.Y.E. 1985 \$36,590. AVERAGE MONTHLY EXPENSES \$71,876.

F.Y.E. 1986 \$53,114. AVERAGE MONTHLY EXPENSES \$80,855.

IT IS NOT UNUSUAL TO HAVE CASH FLOW PROBLEMS IN THIS PROGRAM, AND AT TIMES WE HAVE BILLED A TWO WEEK BILLING INSTEAD OF A MONTHLY BILLING. OUR LARGEST MONTHLY EXPENSE IS FOR POSTAGE THAT MUST BE PAID UP FRONT. THE U.S. POST OFFICE DOESN'T ALLOW CHARGE ACCOUNTS. WE MUST TAKE A WARRANT EACH TIME WE FILL THE POSTAGE METERS.

12
-23-87

CENTRAL MAIL COST SAVINGS

1 OZ 1ST CLASS MAIL

\$.22	WHEN NOT PRE-SORTED
<u>.18</u>	PRE-SORT DISCOUNT (500 PIECES IN STATE)
.04	SAVINGS
<u>.0315</u>	CENTRAL MAIL FEE (17.5%)
\$.0085	SAVINGS TO AGENCY AFTER FEE

ALSO - IF WE HAVE 500 PIECES GOING TO THE SAME CITY, THE
RATE IS THEN 17.5 CENTS

EXAMPLE OF REGULAR PRE-SORT DISCOUNT AT \$.18

DEPARTMENT OF REVENUE (LARGE MAILING) NEXT WEEK

80,000 PIECES OF FIRST CLASS MAIL

W/O PRE-SORT DISCOUNT @ \$.22	\$17,600
USING PRE-SORT DISCOUNT @ \$.18	<u>14,400</u>
SAVINGS FOR THE STATE	3,200
CENTRAL MAIL FEE (17.5%)	<u>2,520</u>
AGENCY SAVINGS	\$ 680

THE COST SAVINGS OF \$680 DOES NOT INCLUDE THE EXPENSE
FOR PERSONNEL, EQUIPMENT, SPACE OR TRANSPORTATION THE
DEPARTMENT OF REVENUE WOULD USE TO PROCESS 80,000 PIECES
OF MAIL.

MAIL AND DISTRIBUTION

BUDGET DIFFERENCES

CURRENT LEVEL

PERSONAL SERVICES

OBPP recommendation omitted one item in error. It should reflect carry forward of current level of \$3,552 a year for overtime. Funding for this cost is important. When the current employees are sick or on vacation, the remaining staff must work overtime to handle the workload. All mail picked up each day must be delivered. LFA recommendation excluded this cost.

RENT, REPAIRS AND MAINTENANCE

OBPP recommendation includes square footage rate increases under Rent, and Grounds Maintenance under Repairs. LFA recommendation includes increases in these two areas under Rent-Inflation. Total dollar amounts are similar.

OTHER EXPENSES

OBPP recommendation provides for \$13,283 a year for administrative costs. These costs are charged by the General Services Division to provide the bureau with accounting services. LFA recommendation does not include these administrative charges.

EQUIPMENT

OBPP recommendation provides for the replacement in '88 of the Mail Processing Center. LFA recommendation excludes this cost of \$6,420.

MODIFIED LEVEL

The OBPP recommendation provides 2 FTE and postage costs for processing out-going mail for two agencies not currently using the mail service. Request is \$399,331 in '88 and \$432,567 in '89 for Proprietary Fund authority.

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 13 MAIL & DISTRIBUTION BUREAU
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	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	9.25	9.25	9.25	9.25		9.25	9.25	
1100	SALARIES	137,534.88	132,544	130,140	130,140		129,896	129,896	
1400	EMPLOYEE BENEFITS	37,416.67	22,990	27,229	27,229		28,149	28,149	
1500	HEALTH INSURANCE		12,576	13,800	13,800		13,800	13,800	
1600	VACANCY SAVINGS		-3,191	-6,847	-6,807	-40	-6,874	-6,825	-49
1800			1,159						
(1)1900	PERSONAL SERVICES-OTHER	-449.00							
	TOTAL LEVEL	174,502.55	166,078	164,322	164,362	-40	164,971	165,020	-49
2025	REHT-INFLATION				860	-860		1,194	-1,194
2100	CONTRACTED SERVICES	4,160.43	1,245	6,615	6,605	10	4,173	4,163	10
2200	SUPPLIES & MATERIALS	1,116.38	4,052	1,127	1,117	10	1,127	1,117	10
2300	COMMUNICATIONS	747,526.38	861,494	915,888	915,828	-10	1,014,206	1,014,216	-10
2500	REHT	20,742.71	26,514	23,749	23,418	331	24,263	23,418	845
2700	REPAIR & MAINTENANCE	4,796.32	3,489	5,812	4,797	1,015	5,994	4,797	1,197
(1)2800	OTHER EXPENSES	18,476.48	26,147	13,283		13,283	13,283		13,283
	TOTAL LEVEL	796,818.70	922,941	966,474	952,695	13,779	1,063,046	1,048,905	14,141
(1)3100	EQUIPMENT		8,875	6,420		6,420	6,195	6,195	
	TOTAL LEVEL		8,875	6,420		6,420	6,195	6,195	
9000	DEBT SERVICE	255.00		3,276	3,276		2,457	2,457	
	TOTAL LEVEL	255.00		3,276	3,276		2,457	2,457	
	TOTAL PROGRAM	971,576.25	1,097,894	1,140,492	1,120,333	20,159	1,236,669	1,222,577	14,092
06523	MAIL & MESSENGER	971,576.25	1,097,894	1,140,492	1,120,333	20,159	1,236,669	1,222,577	14,092
	TOTAL PROGRAM	971,576.25	1,097,894	1,140,492	1,120,333	20,159	1,236,669	1,222,577	14,092

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

Personal services - liability for accrued vacation/sick leave. \$ 449
Other expenses - depreciation. (\$5,580)
Equipment - FY'86 actual should be \$3,254 \$3,254

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

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

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AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 13 MAIL & DISTRIBUTION BUREAU
CONTROL : 13001 INCREASED WORKWORK/MAIL & DIST

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)			2.00		2.00	2.00		2.00
1100	SALARIES			23,862		23,862	23,772		23,772
1400	EMPLOYEE BENEFITS			4,992		4,992	5,152		5,152
1500	HEALTH INSURANCE			2,760		2,760	2,760		2,760
1600	VACANCY SAVINGS			-1,264		-1,264	-1,267		-1,267
	TOTAL LEVEL		30,350			30,350	30,417		30,417
2100	CONTRACTED SERVICES			432		432	432		432
2300	COMMUNICATIONS			368,549		368,549	401,718		401,718
	TOTAL LEVEL		368,981			368,981	402,150		402,150
	TOTAL PROGRAM		399,331			399,331	432,567		432,567
06523	MAIL & MESSENGER			399,331		399,331	432,567		432,567
	TOTAL PROGRAM		399,331			399,331	432,567		432,567

1-23-87

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

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

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AGENCY : 6104 PUBLIC EMPLOYEES RETIREMENT BD
PROGRAM : 35 PUBLIC EMPLOYEES RETIREMENT
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	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	22.50	22.50	19.60	21.60	-2.00	17.60	21.60	-4.00
1100	SALARIES	400,842.02	444,978	402,371	427,993	-25,622	359,814	427,061	-67,247
1300	OTHER COMPENSATION	2,350.00	1,800	3,000		3,000	3,000		3,000
1400	EMPLOYEE BENEFITS	83,314.48	58,094	58,407	62,382	-3,935	53,001	63,183	-10,182
1500	HEALTH INSURANCE		28,266	27,600	29,808	-2,208	24,840	29,808	-4,968
1600	VACANCY SAVINGS		-14,223	-19,537	-20,570	1,033	-17,506	-20,537	3,031
	TOTAL LEVEL	486,506.50	518,915	471,881	499,613	-27,732	423,149	499,515	-76,366
2021	CONTRACTED SERVICES-INFLATI								
2023	COMMUNICATIONS-INFLATION			-2,191	-2,244	53	-3,961	-4,347	386
2026	UTILITIES-INFLATION			567	565	2	1,117	1,116	1
2100	CONTRACTED SERVICES	188,796.90	154,581	190,945	179,807	11,138	146,036	149,702	-3,666
2200	SUPPLIES & MATERIALS	15,622.90	18,584	14,560	15,622	-1,062	11,560	15,622	-4,062
2300	COMMUNICATIONS	49,739.46	57,174	44,755	49,739	-4,984	37,641	49,739	-12,098
2400	TRAVEL	11,316.91	11,340	9,475	11,318	-1,843	8,116	11,318	-3,202
2500	RENT	25,111.97	15,068	20,639	20,639		20,639	20,639	
2600	UTILITIES	3,985.82	7,786	3,986	3,986		3,986	3,986	
2700	REPAIR & MAINTENANCE	7,643.38	8,339	12,117	12,117		12,117	12,117	
2800	OTHER EXPENSES	1,378.34	2,149	1,109	1,379	-270	1,109	1,379	-270
	TOTAL LEVEL	303,595.68	275,021	295,966	292,932	3,034	238,366	261,277	-22,911
3100	EQUIPMENT	23,152.25	2,500	1,395	1,395		1,481	1,950	-469
	TOTAL LEVEL	23,152.25	2,500	1,395	1,395		1,481	1,950	-469
	TOTAL PROGRAM	813,254.43	796,436	769,242	793,940	-24,698	662,996	762,742	-99,746
09507	PUBLIC EMPLOYEES RETIREMENT	813,254.43	796,436	769,242	793,940	-24,698	662,996	762,742	-99,746
	TOTAL PROGRAM	813,254.43	796,436	769,242	793,940	-24,698	662,996	762,742	-99,746

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Public Employees Retirement Division

AE/OE	Description	OBPP FY88	Social Security Program	Adjusted OBPP FY88	OBPP FY89	Social Security Program	Adjusted OBPP FY89
	FTE	19.60		19.60	17.60	2.0	19.60
1100	Salaries	402,371	-	402,371	359,814	41,682	401,496
1100	Other Compensation	3,000	-	3,000	3,000	-	3,000
1400	Employee Benefits	58,447	-	58,447	53,001	6,198	59,199
1500	Health Insurance	27,600	-	27,600	24,840	2,760	27,600
1600	Vacancy Savings	-19,537	-	-19,537	-17,506	-2,026	-19,532
	Total Level	471,881	-	471,881	423,149	48,614	471,763
2021	Contracted Services						
	Inflation	-2,191	-	-2,191	-3,961	-280	-4,241
2023	Communications-Infla.	4	-	4	6	-	6
2026	Utilities-Infl	567	-	567	1,117	-	1,117
2100	Contracted Services	190,945	-	190,945	146,036	4,350	150,386
2200	Supplies & Materials	14,560	-	14,560	11,560	1,623	13,183
2300	Communications	44,755	463	45,218	37,641	3,501	41,142
2400	Travel	9,475	1,618	11,093	8,116	2,066	10,182
2500	Rent	20,639	-	20,639	20,639	-	20,639
2600	Utilities	3,986	-	3,986	3,986	-	3,986
2700	Repair & Maintenance	12,117	-	12,117	12,117	-	12,117
2800	Other Expenses	1,109	90	1,199	1,109	90	1,199
	Total Level	295,966	2,171	298,137	238,366	11,350	249,716
3100	Equipment	1,395	-	1,395	1,481	-	1,481
	Total Level	1,395	-	1,395	1,481	-	1,481
09507	Public Employees Retirement	769,242	2,171	771,413	662,996	59,964	722,960
	Total Program	769,242	2,171	771,413	662,996	59,964	722,960

WKS=PERD89

**BUDGET DETAIL COMPARISON
PUBLIC EMPLOYEES RETIREMENT BOARD**

23-Jan-87
Revised to reflect agency
proposed reduction

Current Level Services Only

AE/OE DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	FISCAL 1988		FISCAL 1989		DIFF
			OBPP	LFA	OPBB	LFA	
Full Time Equivalent	22.50	22.50	19.60	19.60	19.60	19.60	0.00
1100 Salaries	\$400,842	\$444,978	\$402,371	\$400,817	\$401,493	\$400,159	\$1,334
1300 Other Compensation	2,350	1,800	3,000	2,350	3,000	2,350	\$650
1400 Employee Benefits	83,314	58,094	58,447	58,462	59,199	59,263	(\$64)
1500 Health Insurance		28,266	27,600	27,600	27,600	27,600	\$0
1600 Vacancy Savings		(14,223)	(19,537)	(19,475)	(19,532)	(19,481)	(\$51)
TOTAL LEVEL	\$486,506	\$518,915	\$471,881	\$469,754	\$471,760	\$469,891	\$1,869
2021 Contracted Svcs-Infla			(\$2,191)	(\$2,244)	(\$4,241)	(\$4,347)	\$106
2023 Communications-Infla			4	4	6	6	\$0
2026 Utilities-Inflation			567	565	1,117	1,116	\$1
2100 Contracted Svcs	188,797	154,581	190,945	177,807	150,386	145,702	\$4,684
2200 Supplies & Materials	15,623	18,584	14,560	14,822	13,183	13,795	(\$612)
2300 Communications	49,739	57,174	45,238	45,616	41,142	41,540	(\$398)
2400 Travel	11,317	11,317	11,093	11,318	10,182	11,318	(\$1,136)
2500 Rent	25,112	15,068	20,639	20,639	20,639	20,639	\$0
2600 Utilities	3,986	7,786	3,986	3,986	3,986	3,986	\$0
2700 Repair & Maint	7,643	8,339	12,117	12,117	12,117	12,117	\$0
2800 Other Expenses	1,378	2,149	1,199	1,379	1,199	1,379	(\$180)
TOTAL LEVEL	\$303,595	\$275,021	\$298,157	\$286,009	\$249,716	\$247,251	\$2,465
3100 Equipment	\$23,152	\$2,500	\$1,395	\$1,395	\$1,481	\$1,950	(\$469)
TOTAL PROGRAM	\$813,253	\$796,436	\$771,433	\$757,158	\$722,957	\$719,092	\$3,865
9507 Public Emp Retirement	\$813,253	\$796,436	\$771,433	\$757,158	\$722,957	\$719,092	\$3,865

NOTE: LFA personal services figures subject to verification by Legislative Interactive Budgeting System

Budget Issues:
OBPP over (under) LFA
FY 88 FY 89

(1) Legal Services	\$4,691	\$4,691
(2) Printing	\$5,700	(\$3,350)
(3) Physical Exams	\$1,349	\$1,349
(4) Other C/S	\$2,136	\$2,413
Total C/S	\$13,876	\$5,103

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

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

AGENCY : 6104 PUBLIC EMPLOYEES RETIREMENT BD
PROGRAM : 35 PUBLIC EMPLOYEES RETIREMENT
CONTROL : 61041 REWRITE/UPDATE D.P. SYSTEM

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	MODIFIED LEVEL SERVICES ONLY		
							OBPP FY 89	LFA FY 89	DIFF FY 89
2100	CONTRACTED SERVICES			50,000		50,000			
	TOTAL LEVEL			50,000		50,000			
	TOTAL PROGRAM			50,000		50,000			
09507	PUBLIC EMPLOYEES RETIREMENT			50,000		50,000			
	TOTAL PROGRAM			50,000		50,000			

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FY 1988-FY 1989 BUDGET TESTIMONY

PUBLIC EMPLOYEES' RETIREMENT DIVISION

Presented by:
Linda King
Assistant Administrator

The Public Employees' Retirement Board administers eight public retirement systems and the state Social Security program. The board is administratively attached to the Department of Administration which provides the division's staff, legal counsel, payroll services, and submits the agency's budget.

The eight retirement systems administered by this agency include the Public Employees', Judges', Sheriffs', Game Wardens', Highway Patrol, Municipal Police, Firefighters' United and the Volunteer Firefighters' Retirement Systems. The combined membership of the systems approaches 38,000 active and inactive members and the trust funds have combined assets in excess of \$658 Million. In addition, the retirement division pays in excess of \$46 Million each year in monthly retirement benefits to just over 10,000 retirees.

During the last calendar year, the state Social Security Program deposited \$114.5 Million with the federal government on a bi-monthly basis. Under the provisions of the 1986 Omnibus Budget Reconciliation Act, the federal government has mandated direct deposit of all social security contributions by the state and its political subdivisions to the IRS for wages paid after January 1, 1987.

While the state will no longer collect and deposit contributions, this agency will retain responsibility for the reconciliation and adjustment of pre-1987 Social Security contributions until the statute of limitations is reached on these deposits. This process is expected to last into calendar year 1992. In addition, the state will retain contractual responsibility for extending new coverage and modifying existing coverage agreements for the state and its political subdivisions.

Because FY 88 and 89 Social Security responsibilities will no longer include the collection and deposit of post-1986 contributions, this budget request includes a reduction of 2 FTE's and associated costs of around \$40,000 in each fiscal year.

I would be pleased to answer any questions members of the committee may have.

PUBLIC EMPLOYEES' RETIREMENT DIVISION

BUDGET DIFFERENCES

PERSONAL SERVICES

OBPP recommendation reflects two fewer FTE's in both fiscal years due to the cut-back in the state Social Security Program in FY 88 and FY 89.

LFA recommendation appears not to contain overtime and longevity pay in either fiscal year for budgeted staff.

LFA recommendation does not include per diem for board members (\$3,000) in either fiscal year.

LFA recommendation includes employee benefits and health insurance in both fiscal years for 2 FTE which will be cut due to cut-back in the state Social Security Program.

LFA recommendation calculates vacancy savings based on two additional FTE in both fiscal years which are not being requested.

OBPP recommendation reflects the correct personal service figures.

CONTRACTED SERVICES

OBPP recommendation includes \$4,691 in legal fees paid to Attorney General's office in both fiscal years for services of hearing officers in contested case hearings before the Public Employees' Retirement Board. LFA recommendation excluded this amount from the 1986 base. Such contested case hearings are guaranteed by statute.

OBPP recommendation includes agency request for additional physical examination fees in both fiscal years. Since the number of disability retirees increase each year and disability reviews paid by the agency are required by statute, the agency needs an additional \$1,349 in each of the next fiscal years for disability reviews.

OBPP recommendation reflects agency request to delete a portion of computer processing charges which will not be necessary due to cut-back in state Social Security Program. LFA recommendation does not delete this anticipated decrease in costs of \$2,000 in FY 88 and \$4,000 in FY 89.

OBPP recommendation reflects agency request for an additional \$1,412 in FY 88 and \$1,586 in FY 89 required to store the total files of almost 38,000 active members and over 10,000 retirees in addition to the records of the state Social Security Program. Social Security records are required to be kept for over seven years; retirement records are required to be kept throughout the life of the member. LFA recommendation reflects only the actual storage costs incurred in FY 86 (about 500 boxes). Currently we have 650 boxes in storage and estimate the addition of 50 boxes/year.

CONTRACTED SERVICES (Continued)

OBPP recommendation includes agency request of an additional \$6,000 in FY 88 and \$1,000 in FY 89 to reprint handbooks for over 38,000 members of the 8 retirement systems. These handbooks are updated after each legislative session but were not included in the FY 86 base due to the vacancy in the position formerly filled by an information officer and later due to uncertainty over budget cuts. Since the handbooks have not been printed in at least 4 years, this material is outdated and must be reprinted after the current Legislature. The handbooks provide important information about the eight retirement systems, in plain English, for our members. The LFA recommendation remains at the FY 86 base.

SUPPLIES AND MATERIALS

LFA recommendation does not reflect reduced need for supplies and materials anticipated in both fiscal years due to the reduction of the state Social Security Program.

OBPP recommendation reflects correct supplies and materials figures.

COMMUNICATIONS

LFA recommendation does not reflect reduced telephone equipment, long-distance and postage needs anticipated in both fiscal years due to the reduction of the state Social Security Program.

OBPP recommendation reflects correct supplies and materials figures.

TRAVEL

OBPP recommendation reflects agency's current projection of reduced out-of-state travel expenses in both fiscal years. LFA recommendation reflects 1986 base.

OTHER EXPENSES

OBPP recommendation reflects agency's decreased request in both fiscal years due to the reflection of a one-time expense in the FY 86 base. LFA recommendation reflects 1986 base.

EQUIPMENT

OBPP recommendation reflects agency's decreased equipment needs due to phase-out of the state Social Security Program. Calculators will not need to be purchased in FY 89 as those currently in the Social Security Program will be utilized by other agency staff.

OBPP recommendation reflects correct Equipment figures in FY 89.

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MODIFIED BUDGET REQUEST

Public Employees Retirement Division Department of Administration

The Public Employees' Retirement Division is requesting \$50,000 for the first year of the next biennium in order to make enhancements to our "Active Member" computer system. These enhancements consist of:

1. Programming changes for editing payrolls and updating active members' accounts. Currently, there is a "manual" bottleneck in our system caused by a gap in our current programming. The anticipated programming change will make our current programs work faster and better.
2. Programming changes which (with the above enhancements) will allow terminating members' refund applications to be edited more quickly and will reduce the current 4- to 6-week waiting time for processing refunds for terminating members.
3. Programming changes for our active system "report" program. The current system is supposed to provide regular reports on the status of "buy-backs" of different types of service currently allowed by statute and elected by members. This report-writing program is not currently operable and we cannot check on the status of service buy-backs without time-consuming individual manual calculations. With the real possibility of several new types of "buy-backs" passing the current Legislature, we expect this work load to increase over the next biennium.
4. Programming enhancements to allow printing of duplicate payroll reports. Currently, if an employer loses or does not receive this monthly report, it has to be manually prepared by Division staff because there is currently no mechanism in place to store this information. Once it is generated and printed, it is added to year-to-date totals. This enhancement will allow individual payroll reports to be stored for up to a month before being deleted from the system.
5. Programming changes to add flexible rate and interest tables to our current program. This data is currently "hard-coded" into the system each time it changes. This low-cost change is expected to save future programming costs which currently must be made at least annually.
6. Programming to activate additional contribution fields in our current data base. We need additional fields in order to properly account to members, the IRS and the state revenue department for already taxed and pre-taxed member contributions.
7. New program to allow Social Security numbers to be corrected. Currently, we must delete the entire file and then add a new one in order to correct an erroneous Social Security number. This process can take up to 13 separate entries to effect the correction. The new program would make this all too common problem much simpler and less expensive to correct.

REPORT EBSR106
DATE : 01/03/87
TIME : 17/03/23

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

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AGENCY : 6104 PUBLIC EMPLOYEES RETIREMENT BD
PROGRAM : 35 PUBLIC EMPLOYEES RETIREMENT
CONTROL : 61041 REWRITE/UPDATE D.P. SYSTEM

AE/OE	DESCRIPTION	OBPP FY 88	LFA FY 88	DIFF T FY 88	SUB-CMT FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89	SUB-CMT FY 89
2100	CONTRACTED SERVICES	50,000		50,000	---				---
	TOTAL PROGRAM	50,000		50,000	---				---
09507	PUBLIC EMPLOYEES RETIREMENT	50,000		50,000	---				---
	TOTAL PROGRAM	50,000		50,000	---				---

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 : 33 WORKERS COMPENSATION JUDGE
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)	9.00	8.00	8.00	8.00		8.00	8.00	
1100	SALARIES	193,226.11	179,682	197,215	196,438	777	196,471	195,692	779
1400	EMPLOYEE BENEFITS	34,315.06	23,036	25,661	25,726	-65	26,196	26,261	-65
1500	HEALTH INSURANCE		9,938	11,040	11,040		11,040	11,040	
1600	VACANCY SAVINGS		-4,673	-9,357	-9,223	-134	-9,348	-9,215	-133
1800			6,663						
1900	PERSONAL SERVICES-OTHER				171	-171		171	-171
	TOTAL LEVEL	227,541.17	214,646	224,559	224,152	407	224,359	223,949	410
2021	CONTRACTED SERVICES-INFLATI			-25		-25	-50		-50
2023	COMMUNICATIONS-INFLATION			33	33		51	51	
2100	CONTRACTED SERVICES	19,336.10	31,967	42,412	22,395	20,017	41,628	21,611	20,017
2200	SUPPLIES & MATERIALS	4,492.46	9,759	6,239	4,478	1,761	6,239	4,478	1,761
2300	COMMUNICATIONS	10,678.12	7,525	21,435	10,690	10,745	14,780	10,690	4,090
2400	TRAVEL	12,469.27	36,819	19,857	11,478	8,379	19,857	11,478	8,379
2500	RENT	1,026.05	17,225	23,265	1,027	22,238	23,265	1,027	22,238
2600	REPAIR & MAINTENANCE	1,007.84	4,083	3,137	3,137		3,137	3,137	
2800	OTHER EXPENSES	1,303.32	1,290	3,360	1,258	2,102	1,860	1,258	602
	TOTAL LEVEL	50,313.16	108,668	119,713	54,496	65,217	110,767	53,730	57,037
3100	EQUIPMENT	32,111.75	1,650	800		800	800		800
3400	INTANGIBLE ASSETS	2,000.00							
	TOTAL LEVEL	34,111.75	1,650	800		800	800		800
	TOTAL PROGRAM	311,966.08	324,964	345,072	278,648	66,424	335,926	277,679	58,247
02447	WORKERS COMP COURT SR	311,966.08	324,964	345,072	278,648	66,424	335,926	277,679	58,247
	TOTAL PROGRAM	311,966.08	324,964	345,072	278,648	66,424	335,926	277,679	58,247

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Table 22
Comparison of the Appropriation to Actual Expenses - Fiscal 1986

Budget Item	Legislature	Actual	Difference
F.T.E.	0.00	0.00	0.00
Personal Service	\$ -0-	\$ 425	\$ (425)
Operating Expense	<u>18,824</u>	<u>11,361</u>	<u>7,463</u>
Total Exp. and General Fund	<u>\$18,824</u>	<u>\$11,786</u>	<u>\$7,038</u>

Fiscal 1986 expenditures were \$7,039 less than appropriated because the program did not experience the level of professional engineering services anticipated by the 1985 legislature.

Current Level Adjustments

The current level budget provides \$1,050 per diem each year of the 1989 biennium to cover costs of three two-day meetings for the seven members of the Passenger Tramway Safety Advisory Council. In-state mileage, in-state meals, and in-state lodging was increased \$1,720 from fiscal 1986 levels to allow for increased participation by council members in the meetings.

WORKERS' COMPENSATION JUDGE

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	9.00	8.00	8.00	8.00	0.00
Personal Service	\$227,542	\$214,646	\$224,152	\$223,949	1.3
Operating Expense	50,314	108,668	54,496	53,730	(31.9)
Equipment	<u>34,112</u>	<u>1,650</u>	<u>-0-</u>	<u>-0-</u>	<u>(100.0)</u>
Total Expenditures	<u>\$311,968</u>	<u>\$324,964</u>	<u>\$278,648</u>	<u>\$277,679</u>	<u>(12.7)</u>
Fund Sources					
State Special Revenue	<u>\$311,968</u>	<u>\$324,964</u>	<u>\$278,648</u>	<u>\$277,679</u>	<u>(12.7)</u>

The Workers' Compensation Judge adjudicates disputed compensation claims among workers, insurance carriers, and employers.

The current level budget provides a 12.7 percent decrease from the 1987 biennium to the 1989 biennium. The agency deleted 1.0 FTE to respond to the pay

plan shortfall in fiscal 1987; this reduced FTE level is carried into the 1989 biennium. Personal services increase 1.3 percent from the 1987 biennium to the 1989 biennium for several reasons: (1) actual fiscal 1986 expenditures were \$14,547 less than appropriated; (2) fiscal 1987 personal services reflect the pay plan shortfall of \$6,460 for this program; (3) fiscal 1988 and 1989 personal services reflect the full amount of pay plan both years, less 4 percent vacancy savings; and, (4) a position upgrade impacting salaries \$5,400 each year is included.

Operating expenses decrease 31.9 percent because expenditures are continued at the fiscal 1986 expenditure level, rather than the appropriated fiscal 1987 level. The 1985 legislature added approximately \$27,000 to the current level budget for increased travel costs. The agency spent \$27,000 less for travel than was appropriated. Therefore, the expansion was not used by the agency as anticipated by the legislature. The legislature also provided an additional \$12,000 in fiscal 1986 and 1987 for the agency to rent meeting rooms outside of Helena to conduct business. The agency expended only \$593 of the appropriation in fiscal 1986. This expenditure expansion was not continued into the 1989 biennium.

Equipment expenditures decrease 100 percent from the 1987 to the 1989 biennium as the current level budget does not provide for equipment expenditures.

This program is funded from the workers' compensation state special revenue fund.

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 23
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.	9.00	9.00	0.00
Personal Service	\$242,089	\$227,542	\$ 14,547
Operating Expense	107,046	50,314	56,732
Equipment	11,650	34,112	(22,462)
Total Exp. and Funding	<u>\$360,785</u>	<u>\$311,968</u>	<u>\$ 48,817</u>

Fiscal 1986 actual expenditures were \$48,817 less than appropriated by the 1985 legislature. Personal services were \$14,547 less than appropriated because a 1.0 FTE was vacant ten months of the year. The approximate \$19,800 savings from the vacant position was offset approximately \$5,300 from a position upgrade and accrued leave payout for a position which turned over during the year.

Operating expenses were \$56,732 less than appropriated. The major savings occurred in contracted services (\$10,093), supplies and materials (\$4,358), travel (\$27,408), and rent (\$16,166). Most of the contracted services savings was possible

Because the agency expended only \$241 of a \$9,000 appropriation for legal fees for veterans' preference lawsuit. Savings in supplies and materials occurred in photocopy supplies and office supplies purchased from non-state providers. The travel expense savings of \$27,000 was mentioned following the main table. The legislature provided a \$27,000 current level expansion for travel for fiscal 1986 and 1987. The agency underspent its travel allocation by \$27,000. Rent expenditures were underspent because the agency spent only \$593 of a \$12,000 appropriation for meeting rooms. The remainder of the savings was possible because the agency did not pay for photocopy machine rent as originally requested.

Equipment expenditures exceeded the appropriation by \$22,462 as the agency purchased personal computers neither requested nor approved by the 1985 legislature.

Current Level Adjustments

The current level budget provides for 8.0 FTE funded from the fiscal 1987 salary matrix with 4 percent vacancy savings. Twelve-thousand is provided each year for the court to contract with a court reporter. The state FTE position deleted from current level was a court reporter with an annual salary of \$20,000. Approximately \$3,200 is provided for hearings officer costs for matters before a district judge on cases where the workers' compensation judge is disqualified. The computer purchases required an additional \$2,162 each year for maintenance contracts.

STATE TAX APPEALS BOARD

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	5.50	5.50	5.50	5.50	0.00
Personal Service	\$212,434	\$198,287	\$209,196	\$209,188	1.9
Operating Expense	102,288	89,783	103,569	103,494	7.8
Equipment	5,616	-0-	1,400	-0-	(75.1)
Total Expenditures	\$320,338 =====	\$288,070 =====	\$314,165 =====	\$312,682 =====	3.0 =====
<u>Fund Sources</u>					
General Fund	\$320,338 =====	\$288,070 =====	\$314,165 =====	\$312,682 =====	3.0 =====

The State Tax Appeals Board hears appeals resulting from decisions of county appeals boards and from taxation decisions of the Department of Revenue. Included in the board's authority are property taxes, corporate license taxes, income taxes, and liquor taxes. In addition to funding state board operations, the budget includes salaries and travel expenses for the county tax appeal boards.

The current level budget provides a 3 percent increase from the 1987 biennium to the 1989 biennium. Personal services increase 1.9 percent and operating expenses

increase 7.8 percent. The current level budget anticipates the appeal hearings activity will remain at the fiscal 1986 level throughout the 1989 biennium.

The State Tax Appeals Board is supported by general fund.

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 24
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.	5.50	5.50	0.00
Personal Service	\$204,001	\$212,434	\$(8,433)
Operating Expense	119,278	102,288	16,990
Equipment	3,000	5,616	(2,616)
Total Expenditures	<u>\$326,279</u>	<u>\$320,338</u>	<u>\$ 5,941</u>
<u>Funding</u>			
General Fund	<u>\$326,279</u>	<u>\$320,338</u>	<u>\$ 5,941</u>

Fiscal 1986 expenditures were \$5,941 less than the appropriation. Personal services exceeded the budget by \$8,433 because the per diem paid to county tax appeal board members was higher than expected and a 0.5 FTE position was worked full time during fiscal 1986. Operating expense savings was possible in contracted secretarial services. Equipment expenditures were \$2,616 higher than appropriated.

Current Level Adjustments

The current level budget provides personal services funding for 5.5 FTE at the fiscal 1987 salary matrix and four percent vacancy savings. The personal services allocation also includes \$53,055 each year for per diem for county tax appeal board members. Operating expense adjustments include an additional \$720 each year for office automation subscription charges, a new fee assessed by the Information Services Division for personal computer users. In fiscal 1988 computer equipment to further automate the office function of the program is included at \$1,400.

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WORKERS COMPENSATION JUDGE

BUDGET DIFFERENCES

PERSONAL SERVICES

OBPP recommendation includes \$1,200 a year for termination pay of the law clerk. This position is filled by an attorney for a maximum of one year only. Therefore, termination pay of this position is an annual cost that needs to be taken into consideration in the budget process. LFA recommendation does not include this cost.

CONTRACTED SERVICES

OBPP recommendation provides for increased costs to contract with court reporters. The court reporter position of the Court was eliminated in the executive budget cuts. Consequently, court reporters must be obtained for all hearings. LFA recommendation shows a reduced level for this service. Difference is \$10,950 a year.

OBPP recommendation provides agency request for the Worker's Compensation Judge to disqualify himself in a case in which he approved a full and final compromise settlement. In these cases, the Court bears the cost of the hearing examiner and the court reporter. LFA recommendation is at a reduced level. Difference is \$8,571 a year.

SUPPLIES

OBPP recommendation gives increase of \$867 a year for office supplies due to increase in number of decisions, orders, and correspondence. LFA recommendation does not include this increase.

OBPP recommendation reflects agency request for no funds for photo and reproduction supplies. LFA recommendation shows a negative \$894 for the request in this category.

RELOCATION COSTS

The possibility exists that the Court may need to relocate to new office space at the request of the Worker's Compensation

Division. OBPP recommendation proposes to line item these relocation costs. The costs are in the following categories of the executive budget for '88 only:

Communications - to move phones	\$6,655
Other expenses - moving costs	<u>1,500</u>
Total	<u>\$8,155</u>

LFA recommendation does not include these costs.

COMMUNICATIONS

Part of the communication category difference is discussed above under relocation. The remaining major difference is in the area of long distance telephone charges. OBPP recommendation reflects agency request for increase due to increased number of pretrial conferences done by telephone. LFA recommendation does not include this increase of \$3,824 a year.

TRAVEL

OBPP recommendation reflects agency request for increase in in-state meals and lodging. LFA recommendation does not include this increase of \$7,532 a year.

OBPP recommendation also reflects agency request for increases in out-of-state airfare, meals, and lodging. The Judge and the hearing examiner need to travel annually out-of-state to the Judicial College in Reno for mandatory continuing legal education. LFA recommendation does not include these increases of \$1,002 a year.

RENT

If the Court is required to move, building rent should be included in the budget. OBPP recommendation includes estimated rent of \$19,500 a year (2,600 sq. feet at \$7.50/ft.). LFA recommendation does not include this cost.

OBPP recommendation also includes increase in rental of meeting rooms the Court must use when holding trial in cities throughout Montana. LFA recommendation does not include this increase of \$2,721 a year.

OTHER EXPENSES

Part of the other expense category difference is discussed under relocation. The remaining difference is \$604 a year for an

increase in the cost of registration fees at the Judicial College. OBPP recommendation includes this increase. LFA does not.

EQUIPMENT

OBPP recommendation reflects agency request to purchase fire proof locking file cabinets (one a year). LFA recommendation does not include this cost of \$800 a year.

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

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

PAGE 301

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 33 WORKERS COMPENSATION JUDGE
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)	9.00	8.00	8.00	8.00		8.00	8.00	
1100	SALARIES	193,226.11	179,682	197,215	196,438	777	196,471	195,692	779
1400	EMPLOYEE BENEFITS	34,315.06	23,036	25,661	25,726	-65	26,196	26,261	-65
1500	HEALTH INSURANCE		9,938	11,040	11,040		11,040	11,040	
1600	VACANCY SAVINGS		-4,673	-9,357	-9,223	-134	-9,348	-9,215	-133
1800			6,663						
1900	PERSONAL SERVICES-OTHER				171	-171		171	-171
	TOTAL LEVEL	227,541.17	214,646	224,559	224,152	407	224,359	223,949	410
2021	CONTRACTED SERVICES-INFLATI			-25		-25	-50	51	-50
2023	COMMUNICATIONS-INFLATION			33	33		51		
2100	CONTRACTED SERVICES	19,336.10	31,967	42,412	22,395	20,017	41,628	21,611	20,017
2200	SUPPLIES & MATERIALS	4,492.46	9,759	6,239	4,478	1,761	6,239	4,478	1,761
2300	COMMUNICATIONS	10,678.12	7,525	21,435	10,690	10,745	14,780	10,690	4,090
2400	TRAVEL	12,469.27	36,819	19,857	11,478	8,379	19,857	11,478	8,379
2500	RENT	1,026.05	17,225	23,265	1,027	22,238	23,265	1,027	22,238
2700	REPAIR & MAINTENANCE	1,007.84	4,083	3,137	3,137		3,137	3,137	
2800	OTHER EXPENSES	1,303.32	1,290	3,360	1,258	2,102	1,860	1,258	602
	TOTAL LEVEL	50,313.16	108,668	119,713	54,496	65,217	110,767	53,730	57,037
3100	EQUIPMENT	32,111.75	1,650	800		800	800		800
3400	INTANGIBLE ASSETS	2,000.00							
	TOTAL LEVEL	34,111.75	1,650	800		800	800		800
	TOTAL PROGRAM	311,966.08	324,964	345,072	278,648	66,424	335,926	277,679	58,247
02447	WORKERS COMP COURT SR	311,966.08	324,964	345,072	278,648	66,424	335,926	277,679	58,247
	TOTAL PROGRAM	311,966.08	324,964	345,072	278,648	66,424	335,926	277,679	58,247

PUBLIC EMPLOYEES' RETIREMENT DIVISION

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	22.50	21.60	21.60	21.60	0.00
Personal Service	\$486,508	\$518,915	\$499,613	\$499,515	(0.6)
Operating Expense	303,597	275,021	292,932	261,277	(4.2)
Equipment	23,153	2,500	1,395	1,950	(87.0)
Total Expenditures	<u>\$813,258</u>	<u>\$796,436</u>	<u>\$793,940</u>	<u>\$762,742</u>	<u>(3.3)</u>
Fund Sources					
Non-Expendable Trust	<u>\$813,258</u>	<u>\$796,436</u>	<u>\$793,940</u>	<u>\$762,742</u>	<u>(3.3)</u>

The Public Employees' Retirement Division of the Department of Administration administers the retirement systems for the members and their beneficiaries of eight retirement systems.

The current level budget provides a 3.3 percent decrease in the 1989 biennium from the 1987 biennium. Expenditures decrease in all expenditure categories. The division is funded from interest earned on investments held in trust for the retirement systems.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

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

Table 25
Comparison of Actual Expenses to Appropriated Expenses

Budget Item	Legislature	Actual	Difference
F.T.E	22.50	22.50	0.00
Personal Service	\$518,211	\$486,508	\$ 31,703
Operating Expense	319,437	303,597	15,840
Equipment	6,969	23,153	(16,184)
Total Expenditures	<u>\$844,617</u>	<u>\$813,258</u>	<u>\$ 31,359</u>

Fiscal 1986 expenditures were \$31,359 less than authorized by the 1985 legislature. Major savings were possible in personal services as vacancy savings

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exceeded the budgeted amount by approximately \$21,000 and budgeted personal services were approximately \$9,000 less than authorized by the legislature.

Operating expenses were \$15,840 less than authorized. Contracted services, supplies, and utilities were approximately \$26,000 less than budgeted while \$11,250 rent and maintenance for computer software was spent which was not specifically authorized by the 1985 legislature.

The savings in personal services and operating was partially used to purchase computer equipment and office equipment not authorized by the 1985 legislature.

Current Level Adjustments

In response to the 5 percent and pay plan funding cuts, the agency reduced its FTE by 0.9 from its original fiscal 1987 appropriation. This reduction is carried into the 1989 biennium. A full-time secretary was reduced to 0.6 and a 0.5 administrative clerk was eliminated. The annual personal services savings is approximately \$7,500.

One-time microfilming cost of \$18,800 was removed from the base. Legislative audit costs totaling \$30,000 were added in fiscal 1988. The division supports three-eighths of a lawyer in the Department of Administration's Director's Office. The amount included for this support is \$13,602 in fiscal 1988 and \$13,497 in fiscal 1989.

Funding for office equipment is included at \$1,395 in fiscal 1988 and \$1,950 in fiscal 1989.

TEACHERS' RETIREMENT SYSTEM

<u>Budget Item</u>	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	11.00	10.40	10.40	10.40	0.00
Personal Service	\$222,989	\$241,811	\$231,499	\$231,446	(0.4)
Operating Expense	131,814	169,708	176,876	151,379	8.9
Equipment	1,389	-0-	-0-	-0-	(100.0)
Total Expenditures	\$356,142	\$411,519	\$408,375	\$382,825	3.1
<u>Funding Sources</u>					
Non-Expendable Trust	\$356,142	\$411,519	\$408,375	\$382,825	3.1

The Teachers' Retirement System provides retirement, disability and survivor benefits for the state teachers and their beneficiaries. The Teachers' Retirement Board which is comprised of six members, all appointed by the Governor, is responsible for the administration of the system. The program is regulated by Title

19, Chapter 4, MCA. The Teachers' Retirement System is administratively attached to the Department of Administration.

The program is funded from the investment earnings of the system.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

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

Table 26
Comparison of Actual Expenses to Appropriated Expenses

<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	11.00	11.00	0.00
Personal Service	\$242,718	\$222,939	\$ 19,779
Operating Expense	222,330	131,814	90,516
Equipment	1,248	1,389	(141)
Total Expenditures	<u>\$466,296</u>	<u>\$356,142</u>	<u>\$110,154</u>

Fiscal 1986 expenditures were \$110,154 less than authorized by the 1985 legislature. Personal services were \$19,779 less than budgeted due to vacancy savings exceeding the budgeted amount by approximately \$15,400 and budgeted personal services being approximately \$3,100 less than authorized. Operating expenditures were \$90,516 less than authorized as funds spent for computer processing and development were \$88,600 less than budgeted.

Current Level Adjustments

In response to the pay plan funding shortfall, the agency reduced its FTE by 0.6 in fiscal 1987. This is continued into the 1989 biennium. Approximately \$14,000 is included in fiscal 1988 for the program's biennial actuarial valuation report. The program has implemented a new computer system for which the base operating costs of \$23,152 have been increased in the current level budget to \$47,130 in fiscal 1988 and \$49,127 in fiscal 1989.

Legislative audit costs of \$18,000 were included in fiscal 1988.

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TEACHERS' RETIREMENT

BUDGET DIFFERENCES

PERSONAL SERVICES

OBPP recommendation reflects one position at a lower step than the LFA. OBPP is correct.

LFA recommendation also includes health insurance for the .40 FTE. This position should not receive these benefits.

OBPP recommendation reflects the correct personal service figures.

CONTRACTED SERVICES

OBPP recommendation reflects agency request to delete janitorial and caretaker services. LFA recommendation does not delete this cost of \$1,536 a year.

OBPP recommendation includes \$500 a year for one court case. LFA recommendation excluded this request.

OBPP recommendation includes increased costs of \$955 a year for staff training. LFA recommendation excluded this request.

OBPP recommendation includes request for additional microfilming due to conversion to new computer system. LFA recommendation does not include these costs of \$2,643 in '88 and \$2,960 in '89.

OBPP recommendation reflects agency request for data processing services due to conversion to a new computer system. LFA recommendation is at a reduced level. Difference is \$15,099 in '88 and \$17,351 in '89.

SUPPLIES

OBPP recommendation includes \$3,600 in '89 only for printing TRS informational handbook. This handbook is printed following a legislative session to reflect current changes in the law. The agency also needs \$820 in '89 to print TRS financial reports. LFA recommendation did not include either of the above items.

RENT, REPAIRS & MAINTENANCE

The two budgets have similar amounts for building rent and grounds maintenance if LFA rent-inflation is considered. No issue here.

OBPP recommendation includes \$2,000 a year to cover repairs, to the building and grounds, that will not be covered by the rental rate of General Services Division. LFA recommendation does not include this cost.

OBPP recommendation also reflects increase in maintenance contracts for word processor and display terminals. LFA recommendation does not include this increase of \$569 a year.

EQUIPMENT

OBPP recommendation includes request of \$2,077 in '88 only to purchase a typewriter, and radiation and glare screens for computer equipment.

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 : 6105 TEACHERS RETIREMENT BOARD
PROGRAM : 01 TEACHERS RETIREMENT 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	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	11.00	11.00	10.40	10.40		10.40	10.40	
1100	SALARIES	181,572.08	201,379	194,825	195,711	-886	194,388	195,271	-883
1300	OTHER COMPENSATION	2,400.00	2,050	2,550	2,400	150	2,550	2,400	150
1400	EMPLOYE BENEFITS	38,966.38	29,389	28,261	28,463	-207	28,634	28,840	-206
1500	HEALTH INSURANCE		13,832	13,800	14,352	-552	13,800	14,352	-552
1600	VACANCY SAVINGS		-4,839	-9,475	-9,432	-43	-9,473	-9,417	-56
	TOTAL LEVEL	222,938.46	241,811	229,961	231,499	-1,538	229,899	231,446	-1,547
2021	CONTRACTED SERVICES-INITIAL				-810	-1,368	-4,660	-1,570	-3,090
2022	SUPPLIES & MATERIALS-INITIAL			-2,178	?	-2		3	-3
2025	RENT-INITIAL				3,728	-3,728		5,176	-5,176
2100	CONTRACTED SERVICES	58,091.21	93,908	107,648	90,707	16,941	84,015	64,521	19,494
2200	SUPPLIES & MATERIALS	1,780.37	10,720	1,755	7,781	-26	12,175	7,781	4,394
2300	COMMUNICATIONS	26,180.24	26,141	25,920	26,180	-260	25,920	26,180	-260
2400	TRAVEL	6,235.15	9,511	6,236	6,236		6,236	6,236	
2500	RENT	20,919.22	21,762	41,723	39,683	2,040	43,237	39,683	3,554
2600	UTILITIES	3,497.15	4,054						
2700	REPAIR & MAINTENANCE	8,198.67	2,810	6,389	2,457	3,932	6,265	2,457	3,808
2800	OTHER EXPENSES	911.26	802	938	912	26	938	912	26
	TOTAL LEVEL	131,813.27	169,708	194,431	176,876	17,555	174,126	151,379	22,747
3100	EQUIPMENT	1,389.01		2,077		2,077			
	TOTAL LEVEL	1,389.01		2,077		2,077			
	TOTAL PROGRAM	356,140.74	411,519	426,469	408,375	18,094	404,025	382,825	21,200
09506	TEACHERS RETIREMENT	356,140.74	411,519	426,469	408,375	18,094	404,025	382,825	21,200
	TOTAL PROGRAM	356,140.74	411,519	426,469	408,375	18,094	404,025	382,825	21,200

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 : 24 TORT CLAIMS DIVISION
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	9.00	8.50	8.50		8.50	8.50	
1100	SALARIES	202,811.97	250,603	229,998	229,998		229,184	229,184	
1400	EMPLOYEE BENEFITS	35,591.07	34,838	34,598	34,598		35,032	35,032	
1500	HEALTH INSURANCE		11,318	12,420	12,420		12,420	12,420	
1600	VACANCY SAVINGS		-6,885	-11,081	-10,991	-90	-11,065	-10,974	-91
1800			61						
1900	PERSONAL SERVICES-OTHER	-1,447.00							
	TOTAL LEVEL	236,956.04	289,935	265,935	266,025	-90	265,571	265,662	-91
2021	CONTRACTED SERVICES-INFLATI			-17	15	-17	-34	23	-34
2023	COMMUNICATIONS-INFLATION			15	649	-649	22	901	-901
2025	RENT-INFLATION	700,347.04	1,518,606	1,296,572	1,157,776	138,796	1,284,243	1,145,447	138,796
2100	CONTRACTED SERVICES	7,469.88	8,497	7,466	7,471	-5	7,466	7,471	-5
2200	SUPPLIES & MATERIALS	7,877.99	9,252	7,868	7,878	-10	7,868	7,878	-10
2300	COMMUNICATIONS	9,711.64	17,493	10,376	9,712	664	10,376	9,712	664
2400	TRAVEL	6,787.50	7,093	7,310	6,788	522	7,607	6,788	819
2500	RENT	3,445.97	4,044	4,411	6,188	-1,777	4,367	6,188	-1,821
2700	REPAIR & MAINTENANCE	8,139.03	1,225	2,628	2,644	-16	2,628	2,644	-16
2800	OTHER EXPENSES								
	TOTAL LEVEL	743,779.05	1,566,210	1,336,629	1,199,121	137,508	1,324,543	1,187,052	137,491
3100	EQUIPMENT	2,000.80	1,450						
	TOTAL LEVEL	2,000.80	1,450						
7000	BENEFITS & CLAIMS	1,4104,794.65							
	TOTAL LEVEL	1,4104,794.65							
8000	TRANSFERS	447,739.23			745,737	-745,737		733,305	-733,305
	TOTAL LEVEL	447,739.23			745,737	-745,737		733,305	-733,305
	TOTAL PROGRAM	2,835,269.77	1,857,595	1,602,564	2,210,883	-608,319	1,590,114	2,186,019	-595,905
06524	INSURANCE PREMIUM	982,735.89	1,857,595	883,555	745,737	137,818	871,105	733,305	137,800
06532	AGENCY INSURANCE INT. SVC.	1,852,533.88		719,009	1,465,146	-746,137	719,009	1,452,714	-733,705
	TOTAL PROGRAM	2,835,269.77	1,857,595	1,602,564	2,210,883	-608,319	1,590,114	2,186,019	-595,905

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The training program is funded from general fund and proprietary funds. General fund is used to support 1.0 FTE in the training program for the management training program. General fund increases 9.1 percent in the 1989 biennium because the salary the general fund pays is calculated from fiscal 1987 pay schedules for the 1989 biennium. General fund in the fiscal 1987 column reflects the fiscal 1986 pay matrix.

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 20
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.	3.00	3.00	0.00
Personal Service	\$ 87,434	\$ 92,534	\$ (5,100)
Operating Expense	46,228	62,635	(16,407)
Equipment	-0-	4,712	(4,712)
Total Expenditures	<u>\$133,662</u>	<u>\$159,881</u>	<u>\$(26,219)</u>
<u>Funding</u>			
General Fund	\$ 31,556	\$ 30,647	\$ 909
Proprietary Funds	<u>102,106</u>	<u>129,234</u>	<u>(27,128)</u>
Total Funds	<u>\$133,662</u>	<u>\$159,881</u>	<u>\$(26,219)</u>
<u>Additions:</u>			
Budget Amendments	<u>\$ 31,306</u>	<u>\$ 31,267</u>	<u>\$ =====39=</u>

Fiscal 1986 actual expenditures were \$26,219 greater than the legislative appropriation. This was possible because the agency transferred \$28,000 of appropriation authority to this program from other programs.

Personal services exceeded the appropriation by \$5,100, with \$3,400 due to no vacancy savings. A balance of \$1,700 remains unexplained. Operating expenses were \$16,407 greater than the appropriation caused primarily from outside training consultant costs being higher than anticipated. Equipment expenditures exceeded the appropriation by \$4,712 because the agency purchased a personal computer which was not anticipated by the 1985 legislature.

There was a balance of \$909 general fund in this program in fiscal 1986. Proprietary funds were overexpended by \$27,128.

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1-23-87

Current Level Adjustments

The current level budget funds 3.0 FTE based on the fiscal 1987 pay matrix with a 4 percent vacancy savings adjustment. As noted above, training consultant expenditures were much higher than authorized; therefore, the current level budget reduced the authorization for training consultants to \$18,000 each year.

Increases were provided for increased insurance costs, payroll fees, messenger services, and audit fees. Office automation subscription fees of \$480 each year was allowed.

Software purchases at \$200 each year were also provided in the current level budget.

TORT CLAIMS DIVISION

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	8.50	9.00	8.50	8.50	(0.50)
Personal Service	\$238,404	\$ 289,935	\$ 266,025	\$ 265,662	0.6
Operating Expense	738,287	1,566,210	1,199,121	1,187,052	3.5
Equipment	8,889	1,450	-0-	-0-	(100.0)
Total Operating Costs	\$985,580	\$1,857,595	\$1,465,146	\$1,452,714	2.6
Non-Operating Costs	-0-	-0-	745,737	733,305	---
Total Expenditures	<u>\$985,580</u>	<u>\$1,857,595</u>	<u>\$2,210,883</u>	<u>\$2,186,019</u>	<u>54.6</u>
Fund Sources					
Proprietary Funds	<u>\$985,580</u>	<u>\$1,857,595</u>	<u>\$2,210,883</u>	<u>\$2,186,019</u>	<u>54.6</u>

The Tort Claims Division provides for the investigation, defense, and payment of bodily injury and property damage claims incurred by all agencies, officers and employees of the state of Montana under Article II, Section 18 of the Montana constitution, and the Montana Tort Claims Act. The division also assesses the fire, casualty, and bond risks of the state for all state-owned buildings, equipment, fixtures, boilers, aircraft, cash and securities, and provides either commercial or self-insurance protection for the financial loss of such property.

The current level budget provides a 54.6 percent increase from the 1987 biennium to the 1989 biennium because non-operating costs are included for legislative authorization in the 1989 biennium. These costs were added through administrative appropriation authority in the 1987 biennium and are a transfer of funds from the self-insurance account to the operating account which are used to pay for all operating costs except commercial insurance premiums.

Section 2-9-202(3), MCA states,

"Expenditures for actual and necessary expenses required for the efficient administration of the fund must be made from temporary appropriations, as described in 17-7-501 (1) or (2), made for that purpose."

Section 17-7-501 (1) and (2) refer to temporary appropriations enacted by the legislature as part of designated appropriation bills and valid budget amendments, respectively. Inclusion of the transfer authority in the general appropriations act eliminates the need for the agency to seek authorization through a budget amendment or administrative appropriation.

The agency has statutory appropriation authority to pay all claims submitted against the comprehensive state insurance plan. These costs are not included in the program's main table.

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 21
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.	9.00	8.50	0.50
Personal Service	\$ 289,285	\$238,404	\$ 50,881
Operating Expense	1,545,833	738,287	807,546
Equipment	1,450	8,889	(7,439)
Total Exp. and Funding	<u>\$1,836,568</u>	<u>\$985,580</u>	<u>\$850,988</u>

The fiscal 1986 expenditures were \$850,988 less than budgeted by the 1985 legislature. Major savings were in personal services and operating expenses. Personal services were underspent by \$50,881 because the division downgraded three positions, three positions were vacant over 50 percent of the year, and a 0.5 FTE was transferred out of the division.

The major savings in operating expenses was in contracted services. The division transferred a net \$63,910 contracted services expenditure authority out of the program and underspent the remaining appropriation for insurance premiums by \$447,750 and contracted legal services by \$242,808.

Equipment expenditures were \$7,439 higher than anticipated by the 1985 legislature. The agency purchased a personal computer which was not specifically authorized by the 1985 legislature.

Current Level Adjustments

The current level budget provides for 8.5 FTE funded from the fiscal 1987 pay matrix with four percent vacancy savings applied. Commercial insurance premiums are estimated at \$719,409 each year of the biennium, nearly double the actual cost in fiscal 1986. Contracted legal fees and associated operating expenses are provided at the actual fiscal 1986 level of \$417,211 each year of the biennium. Ten thousand dollars was provided in fiscal 1988 only for the actuarial report on the self-insurance fund.

PASSENGER TRAMWAY SAFETY PROGRAM

<u>Budget Item</u>	<u>Actual</u>	<u>Appropriated</u>	<u>- - Current Level - -</u>		<u>% Change</u>
	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>	<u>Fiscal</u>	<u>1987-89</u>
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Biennium</u>
F.T.E.	0.00	0.00	0.00	0.00	0.00
Personal Service	\$ 425	\$ -0-	\$ 1,050	\$ 1,050	394.1
Operating Expense	<u>11,361</u>	<u>18,765</u>	<u>13,081</u>	<u>13,081</u>	<u>13.2</u>
Total Expenditures	<u>\$11,786</u>	<u>\$18,765</u>	<u>\$14,131</u>	<u>\$14,131</u>	<u>(7.5)</u>
<u>Fund Sources</u>					
General Fund	\$11,786	\$ -0-	\$ -0-	\$ -0-	(100.0)
State Special	<u>-0-</u>	<u>18,765</u>	<u>14,131</u>	<u>14,131</u>	<u>50.6</u>
Total Funds	<u>\$11,786</u>	<u>\$18,765</u>	<u>\$14,131</u>	<u>\$14,131</u>	<u>(7.5)</u>

The Passenger Tramway Safety Program regulates the design, construction, and operation of all passenger tramways in the state to insure public safety. The responsibility for the administration of this program lies within the Department of Administration.

The current level budget provides a 7.5 percent decrease from the 1987 biennium to the 1989 biennium primarily because contracted services are budgeted at \$15,778 in fiscal 1987 but reduced to the fiscal 1986 level of \$9,003 for each year of the 1989 biennium.

Beginning in fiscal 1987, the program is funded from fees assessed tramway owners for safety inspections.

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.

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 : 6105 TEACHERS RETIREMENT BOARD
PROGRAM : 01 TEACHERS RETIREMENT PROGRAM
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)	11.00	11.00	10.40	10.40		10.40	10.40	
1100	SALARIES	181,572.08	201,379	194,825	195,711	-886	194,388	195,271	-883
1300	OTHER COMPENSATION	2,400.00	2,050	2,550	2,400	150	2,550	2,400	150
1400	EMPLOYEE BENEFITS	38,966.38	29,389	28,261	28,468	-207	28,634	28,840	-206
1500	HEALTH INSURANCE		13,832	13,800	14,352	-522	13,800	14,352	-552
1600	VACANCY SAVINGS		-4,839	-9,415	-9,432	-43	-9,473	-9,417	-56
	TOTAL LEVEL	222,938.46	241,811	229,961	231,499	-1,538	229,899	231,446	-1,547
2021	CONTRACTED SERVICES-INFLATI			-2,178	-810	-1,368	-4,660	-1,570	-3,090
2022	SUPPLIES & MATERIALS-INFLAT				2	-2		3	-3
2025	RENT-INFLATION				3,728	-3,728		5,176	-5,176
2100	CONTRACTED SERVICES	58,091.21	93,908	107,648	90,707	16,941	84,015	64,521	19,494
2200	SUPPLIES & MATERIALS	7,780.37	10,720	7,755	7,781	-26	12,175	7,781	4,394
2300	COMMUNICATIONS	26,180.24	26,141	25,920	26,180	-260	25,920	26,180	-260
2400	TRAVEL	6,235.15	9,511	6,236	6,236		6,236	6,236	
2500	RENT	20,919.22	21,762	41,723	39,683	2,040	43,237	39,683	3,554
2600	UTILITIES	3,497.15	4,054						
2700	REPAIR & MAINTENANCE	8,198.67	2,810	6,389	2,457	3,932	6,265	2,457	3,808
2800	OTHER EXPENSES	911.26	802	938	912	26	938	912	26
	TOTAL LEVEL	131,813.27	169,708	194,431	176,876	17,555	174,126	151,379	22,747
3100	EQUIPMENT	1,389.01		2,077		2,077			
	TOTAL LEVEL	1,389.01		2,077		2,077			
	TOTAL PROGRAM	356,140.74	411,519	426,469	408,375	18,094	404,025	382,825	21,200
09506	TEACHERS RETIREMENT	356,140.74	411,519	426,469	408,375	18,094	404,025	382,825	21,200
	TOTAL PROGRAM	356,140.74	411,519	426,469	408,375	18,094	404,025	382,825	21,200

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1-23-87

BUDGET REMARKS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS JOHN MAYNARD. I AM THE ADMINISTRATOR OF THE TORT CLAIMS DIVISION OF THE DEPARTMENT OF ADMINISTRATION. THAT ALSO MAKES ME THE CHIEF DEFENSE COUNSEL FOR THE STATE OF MONTANA IN THE AREA OF TORT LITIGATION. MY PREDECESSOR IN THIS JOB WAS MIKE YOUNG, WHO ENTERED PRIVATE PRACTICE IN GREAT FALLS WITH THE LAW FIRM OF JARDINE STEPHENSON BLEWETT AND WEAVER IN DECEMBER OF 1985. I CAME TO THE TORT CLAIMS DIVISION ON JANUARY 27, LAST YEAR. PRIOR TO THAT I HAD WORKED IN THE ATTORNEY GENERAL'S OFFICE SINCE 1979. THE YEAR BEFORE I HAD CLERKED FOR THE MONTANA SUPREME COURT.

THE TORT CLAIMS DIVISION HAS TWO MAJOR FUNCTIONS - TO DEFEND THE STATE AND ITS VARIOUS AGENCIES IN TORT LAWSUITS AND, IF PRACTICAL, RESOLVE MOST DISPUTES AT THE LOWEST LEVEL POSSIBLE. THE SECOND FUNCTION IS TO PROVIDE A RISK MANAGEMENT SYSTEM FOR THE STATE THROUGH A COMBINATION OF COMMERCIAL AND SELF-INSURANCE.

LOOKING FIRST AT THE INSURANCE FUNCTION OF OUR OFFICE, SOME MAJOR CHANGES HAVE OCCURRED IN THE INSURANCE MARKET SINCE THE LAST REGULAR LEGISLATIVE SESSION, AS YOU ARE ALL VERY AWARE. THE STATE HAS NOT BEEN IMMUNE TO THE TIGHT INSURANCE MARKET.

DURING FY '86, WE PAID A \$152,976 PREMIUM FOR PROPERTY INSURANCE FOR \$867,000,000 WORTH OF STATE BUILDINGS. IN JUNE OF THIS YEAR WHEN WE OPENED THE BIDS FOR FY '87 WE FOUND THAT THE \$100,000 AGGREGATE DEDUCTIBLE WAS NO LONGER AVAILABLE AND THAT THE NEW \$100,000 DEDUCTIBLE WAS PER OCCURRENCE. WE ONLY RECEIVED 3 BIDS AFTER CONTACTING OVER 40 CARRIERS WITH OUR BID PROPOSAL. THE PREMIUM FOR THE CLOSEST COVERAGE WE COULD FIND WAS \$921,000. WE HAD ONLY PREDICTED THAT THE INSURANCE COST WOULD DOUBLE DURING THE LAST LEGISLATIVE SESSION AND HAD BUDGETED ONLY ABOUT A THIRD OF THAT, \$315,000, IN 1985. ULTIMATELY, WE HAD TO ASSUME A MAJOR PORTION OF THE RISK IN OUR PROPERTY INSURANCE PROGRAM AND SELF-INSURE THE FIRST \$5,000,000 OF LOSS, LEAVING US WITH ONLY CATASTROPHIC COVERAGE IN THE COMMERCIAL MARKET.

WE HAVE HAD SIMILAR MISFORTUNE IN THE AREA OF AUTOMOBILE INSURANCE OVER THE LAST BIENNIUM. WE RECEIVED NO BIDS FOR THE AUTOMOBILE COVERAGE ON THE STATE'S FLEET OF AUTOS. CONSEQUENTLY, SINCE JULY OF 1985, THE STATE HAS BEEN SELF-INSURED IN THE AREA OF AUTO INSURANCE AS WELL. THE MARKET SEEMS TO BE COMING BACK SOME NOW AS I AM INFORMED THAT INSURANCE IS NOW AVAILABLE, BUT NOT YET AFFORDABLE AT MORE THAN TWICE THE COST OF WHAT WE HAD BUDGETED LAST SESSION.

SURELY PUT THE FUND AT INCREASED RISK. COUPLED WITH THE PFOST DECISION LAST DECEMBER, IN WHICH THE STATE'S \$300,000 LIMITS OF LIABILITY WERE STRUCK DOWN BY THE MONTANA SUPREME COURT, THE SELF-INSURANCE FUND IS SIGNIFICANTLY UNDERRESERVED. OUR ACTUARIES - COOPERS AND LYBRAND OF SEATTLE - PLACED THAT FIGURE AT \$38,000,000 IN JULY, BEFORE WE HAD ASSUMED THE ADDITIONAL RISK WITH OUR PROPERTY INSURANCE. WHILE WE COULD NOT REALISTICALLY CONSIDER ASKING THE LEGISLATURE TO US THE AUTHORITY TO RAISE THE ENTIRE \$38 MILLION, OUR BUDGET DOES REFLECT AN INCREASE OVER THE NEXT BIENNIUM IN OUR PREMIUM STRUCTURE FOR STATE AGENCIES. AND I ASSUME YOU WILL BE SEEING REQUESTS FOR MORE MONEY FOR INSURANCE IN ALL AGENCY BUDGETS.

MOVING BRIEFLY ON TO THE SECOND MAJOR FUNCTION OF THE TORT CLAIMS DIVISION BEFORE CONSIDERING THE INFORMATION CONTAINED IN YOUR HANDOUTS, I THINK IT WOULD BE HELPFUL TO SUMMARIZE A FEW HIGHLIGHTS OF OUR LITIGATION FUNCTION.

ALL TORT CASES - THINGS LIKE NEGLIGENCE ACTIONS, WRONGFUL DISCHARGE CASES, AND MEDICAL MALPRACTICE CASES - ARE DEFENDED BY OR THROUGH THE TORT CLAIMS DIVISION. MOST OF OUR CASES ARE HANDLED IN HOUSE; MANY OF OUR CASES ARE HANDLED BY AGENCY LEGAL SERVICES BUREAU; AND SOME OF OUR CASES ARE HANDLED BY PRIVATE ATTORNEYS.

TO GIVE YOU AN IDEA OF THE TYPES OF LAWSUITS THAT HAVE BEEN FILED RECENTLY, I REVIEWED ALL OF THE COMPLAINTS THAT HAVE BEEN SERVED ON THE DEPARTMENT SINCE THE BEGINNING OF THE FISCAL YEAR ON JULY 1. SINCE THAT TIME THE STATE HAS BEEN SERVED IN 36 LAWSUITS INVOLVING 13 STATE AGENCIES (12 IF YOU COUNT UM AND MSU AS THE SAME AGENCY). HIGHWAYS LEADS THE WAY WITH 10 NEW LAWSUITS SINCE JULY. MOST OF THESE ARISE OUT OF AUTOMOBILE ACCIDENTS IN WHICH SOMEONE SUES THE STATE FOR NEGLIGENT DESIGN OR MAINTENANCE OF STATE HIGHWAYS. OUT OF THE 36 LAWSUITS FILED, 9 WERE FOR WRONGFUL DISCHARGE OR SOME CLOSELY RELATED TORT IN THE GENERAL AREA OF BREACHING THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING. THE MOST DISTURBING TYPES OF CASES WE ARE SEEING INVOLVE CHARGES OF ABUSE BY FOSTER PARENTS WE HAVE LICENSED THROUGH THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES. FINALLY, WE HAVE ONLY BEEN SUED BY ONE SENATOR LAWYER - JOE MAZUREK - IN A CASE INVOLVING THE BOILER INSPECTION FUNCTION OF THE SAFETY BUREAU AT THE DIVISION OF WORKERS COMPENSATION.

MOVING ON THEN TO THE HANDOUT....

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1-23-87

TORT CLAIMS DIVISION
DEPARTMENT OF ADMINISTRATION

ART I - INSURANCE PROTECTION PROVIDED

Annual Cost

A. Commercial Insurance:

FY87

Property Insurance	215,000
Boiler Insurance	24,520
Fidelity Bond	18,280
Fine Arts Policy	17,916
Airport Liability	6,028
Aircraft Liability & Physical Damage	39,256
Helicopter Liability & Physical Damage	120,222
Misc. Inland Marine Policies	10,461

TOTAL COMMERCIAL INSURANCE	<u>451,683</u>
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B. Self-Insured:

Auto Fleet Insurance	464,813
Comp General Liability	1,624,881
Retail Liquor Stores	12,707
Auto Physical Damage	21,861
Property Insurance Deductible	100,147

TOTAL SELF-INSURED	<u>2,224,409</u>
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TOTAL - ALL INSURANCE	<u><u>2,676,092</u></u>
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PART II - SELF-INSURED COMP-GENERAL LIABILITY

A. Actual Payments Made For Claims and Expenses:

	<u>FY78&79</u>	<u>FY80&81</u>	<u>FY82&83</u>	<u>FY84&85</u>	<u>FY86</u>	<u>FY87</u>
Claims Paid	47,115	144,339	2,943,589	3,401,098	915,104	1,166,582 ⁴
Legal Fees	19,956	137,840	299,270	670,833	318,778	328,976
Misc. Exp.	578	14,007	95,085	204,875	97,646	99,639
TOTALS	<u>67,649</u>	<u>296,186</u>	<u>3,337,944</u>	<u>4,276,806</u>	<u>1,331,528</u>	<u>1,595,197</u>

B. Income by Fiscal Year - Comp-General Liability:

	<u>Billings to Agencies</u>	<u>Interest Earned</u>	<u>Total</u>
FY78	1,047,684	150,534	1,198,218
FY79	1,260,030	345,821	1,605,851

FY80	1,106,604	526,532	1,633,136
FY81	1,166,625	815,119	1,981,744
FY82	1,016,058	1,062,550	2,078,608
FY83	1,006,865	950,949	1,957,814
FY84	1,440,000	260,729	1,700,729
FY85	1,440,000	921,052	2,361,052
FY86 ¹	1,613,863	881,107	2,494,970
FY87 ¹	1,624,881	126,004	1,750,885

C. COMP-GENERAL LIABILITY CLAIMS FILED BY YEAR OF OCCURRENCE

<u>FY78</u>	<u>FY79</u>	<u>FY80</u>	<u>FY81</u>	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>Total</u>
107	110	152	94	124	133	204	165	159	34	1,282 ³

PART III - AUTOMOBILE LIABILITY SELF-INSURANCE

	<u>FY86</u>	<u>FY87</u> ¹
Billings to State Agencies	401,644	464,813
Claims Paid	54,075	46,530
Difference	<u>347,669</u>	<u>418,283</u>

PART IV - Fund Balance by Fiscal Year - Self-Insurance Account

<u>Ending F. Bal.</u>	<u>Beg. F. Balance</u>	<u>Receipts</u>	<u>Expenses</u>	
FY78	-0-	1,823,218 ²	36,037	1,787,181
FY79	1,787,181	2,230,851 ²	31,612	3,986,420
FY80	3,986,420	1,633,136	71,921	5,547,635
FY81	5,547,635	1,981,744	224,265	7,305,114
FY82	7,305,114	2,078,608	797,844	8,585,878
FY83	8,585,878	1,957,814	2,540,100	8,003,592
FY84	8,003,592	1,700,729	1,689,261	8,015,060
FY85	8,015,060	2,361,052	2,588,445	7,787,667
FY86 ¹	7,787,667	2,896,614	1,385,603	9,298,678
FY87 ¹	9,298,678	2,215,698	1,641,727 ⁴	9,872,649

¹Amounts as of December 31, 1986.

²In FY78 and FY79, General Fund appropriations were utilized to augment the self-insurance fund. This General Fund support was discontinued in the 80-81 biennium.

³Of the total claims filed, 283 remain outstanding as of 01/14/87.

⁴Adverse court awards totaling \$2,648,878 have been incurred since 12-31-86.

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1-23-87

TORT CLAIMS

BUDGET DIFFERENCES

CONTRACTED SERVICES

OBPP recommendation reflects agency request of \$10,000 in '88 only for the actuarial report on the self-insurance fund. LFA recommendation includes the above request, but also carries forward current level expenses. Difference is \$5,005 a year.

OBPP recommendation reflects agency request for miscellaneous expenses of private legal counsel and related court costs (ex. depositions, court reporter, travel). LFA recommendation is at a reduced level. Difference is \$101,567 a year.

OBPP recommendation reflects increase for private legal counsel which is used for the defense of tort claims filed against the State of Montana. LFA does not include this increase. Difference is \$42,808 a year.

Summary of Differences

Actuarial Report	\$ (5,005)
Misc. court costs	101,567
Priv. legal counsel	<u>42,808</u>
Total	<u>\$139,370</u>

REPAIRS AND MAINTENANCE

LFA recommendation reflects agency request for maintenance contracts on personal computers. OBPP recommendation is at a reduced level. Difference is \$2,242 a year.

Balance of difference in this category is in Grounds Maintenance. LFA recommendation has adequate amounts to cover this charge in Rent-Inflation.

TRANSFERS

LFA recommendation includes this authority to eliminate the need for the agency to seek authorization for an administrative appropriation. The agency has no problem with inclusion of this authority in the general appropriations act.

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

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

PAGE 299

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 24 TORT CLAIMS DIVISION
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	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)	8.50	9.00	8.50	8.50		8.50	8.50	
1100	SALARIES	202,811.97	250,603	229,998	229,998		229,184	229,184	
1400	EMPLOYEE BENEFITS	35,591.07	34,838	34,598	34,598		35,032	35,032	
1500	HEALTH INSURANCE		11,318	12,420	12,420		12,420	12,420	
1600	VACANCY SAVINGS		-6,885	-11,081	-10,991	-90	-11,065	-10,974	-91
1800			61						
11)1900	PERSONAL SERVICES-OTHER	-1,447.00							
	TOTAL LEVEL	236,956.04	289,935	265,935	266,025	-90	265,571	265,662	-91
2021	CONTRACTED SERVICES-INFLATI								
2023	COMMUNICATIONS-INFLATION								
2025	RENT-INFLATION			-17	15	-17	-34	23	-34
2100	CONTRACTED SERVICES	700,347.04	1,518,606	1,296,572	1,157,776	-649	1,284,243	1,145,447	-901
2200	SUPPLIES & MATERIALS	7,469.88	8,497	7,466	7,471	-5	7,466	7,471	-5
2300	COMMUNICATIONS	7,877.99	9,252	7,868	7,878	-10	7,868	7,878	-10
2400	TRAVEL	9,711.64	17,493	10,376	9,712	664	10,376	9,712	664
2500	RENT	6,787.50	7,093	7,310	6,788	522	7,607	6,788	819
2700	REPAIR & MAINTENANCE	3,445.97	4,044	4,411	6,188	-1,777	4,367	6,188	-1,821
1)2800	OTHER EXPENSES	8,139.03	1,225	2,628	2,644	-16	2,628	2,644	-16
	TOTAL LEVEL	743,779.05	1,566,210	1,336,629	1,199,121	137,508	1,324,543	1,187,052	137,491
1)3100	EQUIPMENT								
	TOTAL LEVEL	2,000.80	1,450						
	TOTAL LEVEL	2,000.80	1,450						
7000	BENEFITS & CLAIMS	1,404,794.65							
	TOTAL LEVEL	1,404,794.65							
8000	TRANSFERS	447,739.23			745,737	-745,737		733,305	-733,305
	TOTAL LEVEL	447,739.23			745,737	-745,737		733,305	-733,305
	TOTAL PROGRAM	2,835,269.77	1,857,595	1,602,564	2,210,883	-608,319	1,590,114	2,186,019	-595,905
06524	INSURANCE PREMIUM	982,735.89	1,857,595	883,555	745,737	137,818	871,105	733,305	137,800
06532	AGENCY INSURANCE INT. SVC.	1,852,533.88		719,009	1,465,146	-746,137	719,009	1,452,714	-733,705
	TOTAL PROGRAM	2,835,269.77	1,857,595	1,602,564	2,210,883	-608,319	1,590,114	2,186,019	-595,905

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

Personal services - liability for accrued vacation/sick leave. \$1,447
Other expenses - depreciation. (\$5,495)
Equipment - FY'86 actual should be \$8,889. \$6,888

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1-23-87

PURCHASING DIVISION

Department of Administration

State of Montana

PURPOSE:

To ensure fair, broad-based competition on State purchases. To save money for the State through purchasing practices and disposition of surplus property.

ORGANIZATION:

The Purchasing Division has 31 FTE, organized into two Bureaus:

- Purchasing Bureau -- General Fund; oversees all supply and service purchases not received centrally.
- Property and Supply Bureau -- proprietary fund; purchases, warehouses and distributes all centrally received supplies; accounts for and disposes of surplus property.

METHOD:

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

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

DEPARTMENT OF ADMINISTRATION

PURCHASING DIVISION

**PURCHASING
BUREAU**

- Centralized purchasing
- Purchasing delegation
- Vendor listing
- Preference application
- Technical assistance

**PROPERTY & SUPPLY
BUREAU**

- Central Stores
- State surplus
- Federal surplus

PURCHASING BUREAU

ROLE:

The Purchasing Bureau's role was simply described in a recent news article: agencies tell the Bureau what they need, the Bureau finds the best buy, the agencies pay the bill.

The Purchasing Bureau specializes in "shopping" for the State.

STAFF:

The Purchasing Bureau currently employs seven (7) purchasing agents and six (6) clerical staff. One-half of the administrator's salary and expenses are also allocated to the Bureau. Within FY 87 a management analyst and receptionist were laid off in order to meet budget cuts and vacancy savings requirements. In addition, all purchasing agents and the administrator are on reduced hours.

VOLUME:

Over \$80 million worth of goods and services are procured annually through activities of the Purchasing Bureau.

Over 4800 items grouped into 72 different commodity categories are assigned to each of the six purchasing agents.

Over 5,300 businesses (1800 from Montana) have filed with the Bureau to bid for the State's purchasing transactions.

PROCEDURES:

Given the amount of State business and competition for that business, standard procedures are necessary to ensure the highest level of public confidence in the fairness of each transaction. The price of this confidence is the occasional criticism of being cumbersome or inflexible.

Each major purchase involves four steps:

- A requisition which originates at the user agency and specifies what is needed.
- An invitation for bids (IFB) sent to a sufficient number of venders to ensure competitive offers.
- A bid opening and contract award to the lowest responsible bidder who meets the specifications required in the IFB.
- Delivery of the goods or services purchased and payment by the user agency.

DELEGATION:

During this last biennium a program of controlled decentralized purchasing became fully implemented. Rather than make all purchases, no matter how small or unique to an agency, the Purchasing Bureau now delegates some purchasing authority. A requesting agency which demonstrates that it can exercise this authority within existing laws and rules can enter a delegation agreement with the Bureau.

The typical delegated purchasing limit is \$2000, although two agencies have limits up to \$25,000 (Legislative Council and the University of Montana).

Some of the effects of delegation include:

- Purchasing Bureau processing requisitions mainly of larger dollar amounts, smaller purchases being made by agencies.
- reduced processing time on agency requisitions;
- need for compliance "audits" of agencies with delegated authority;
- some increases in purchasing staff at the agency level.

The third function of the division is responsibility for the personnel functions of the department. This unit provides a variety of direct professional services to managers and employees of divisions and "attached to" agencies in the Dept. These services include:

- Developing departmental personnel policies.
- Provide assistance and consultation during recruitment and selection.
- Assistance in discipline and grievance procedures.
- Consultation with employees and managers on various personnel matters.

The personnel office is staffed with 2 FTE.

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 : 10 PURCHASING PROGRAM
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	CURRENT LEVEL SERVICES ONLY	
0000	FULL TIME EQUIVALENT (FTE)	16.25	15.50	15.00	15.00		15.00	15.00			
1100	SALARIES	339,683.70	308,034	321,258	320,338	920	320,225	319,306	919		
1400	EMPLOYEE BENEFITS	69,373.86	43,101	47,660	47,660		48,226	48,227	-1		
1500	HEALTH INSURANCE		20,750	21,390	20,700	690	21,390	20,700	690		
1600	VACANCY SAVINGS		-15,180	-15,612	-15,356	-256	-15,594	-15,331	-263		
1800		271									
	TOTAL LEVEL	409,057.56	356,976	374,696	373,342	1,354	374,247	372,902	1,345		
2021	CONTRACTED SERVICES-INFLATI			-84	1,451	-84	-185	2,015	-185		
2025	RENT-INFLATION				30,591	-1,451		30,831	-2,015		
2100	CONTRACTED SERVICES	29,028.70	40,249	35,251	30,591	4,660	35,491	30,831	4,660		
2200	SUPPLIES & MATERIALS	5,744.41	8,501	3,515	6,697	-3,182	3,515	6,697	-3,182		
2300	COMMUNICATIONS	22,418.51	28,110	24,695	22,418	2,277	24,695	22,418	2,277		
2400	TRAVEL	4,097.84	2,908	4,783	4,099	684	4,783	4,099	684		
2500	RENT	15,127.00	15,869	15,459	15,127	332	16,125	15,127	998		
2700	REPAIR & MAINTENANCE	6,155.12	638	7,240	7,640	-400	7,141	7,640	-499		
2800	OTHER EXPENSES	1,103.50	2,705	1,070	1,104	-34	1,070	1,104	-34		
	TOTAL LEVEL	83,675.08	98,980	91,929	89,127	2,802	92,635	89,931	2,704		
3100	EQUIPMENT										
	TOTAL LEVEL	2,081.72	850								
	TOTAL PROGRAM	2,081.72	850								
01100	GENERAL FUND	494,814.36	456,806	466,625	462,469	4,156	466,882	462,833	4,049		
	TOTAL PROGRAM	494,814.36	456,806	466,625	462,469	4,156	466,882	462,833	4,049		
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1-23-87

PURCHASING DIVISION

BUDGET DIFFERENCES

PERSONAL SERVICES

Salaries

OBPP recommendation reflects carry forward of current level for overtime costs to process the purchasing requests from agencies. LFA recommendation excludes these costs of \$920 a year.

Health Insurance

LFA recommendation does not include enough health insurance for current level FTE. Shortfall is \$690 a year.

CONTRACTED SERVICES

OBPP recommendation includes \$460 a year to adjust for training credits issued to the division for classes taught by the Purchasing staff. The credits had reduced the base year expenses for education and training. These credits are not an ongoing occurrence. LFA recommendation does not include this cost.

OBPP recommendation provides for additional \$953 a year to microfilm vendor records as required by statute. The base year does not reflect a normal year's activity. LFA recommendation does not include this cost.

OBPP recommendation reflects current level of \$3,182 a year for Photocopy Pool Services. LFA recommendation includes these costs under the category of Supplies. Per state accounting policy, this expense should be under Contracted Services.

SUPPLIES

See explanation above relating to Photocopy Pool Services in Contracted Services.

COMMUNICATIONS

OBPP recommendation provides increased costs of postage and mailing for bid invitations and purchase orders to vendors. LFA recommendation does not include these costs. Difference is \$2,277 a year.

TRAVEL

OBPP recommendation provides increases for in-state travel. This travel is for on-site visitations to state agencies for training in purchasing procedures and compliance audits of delegated purchasing authority. LFA recommendation does not include these costs. Difference is \$684 a year.

RENT

OBPP recommendation has new square footage rates. LFA recommendation includes these costs under rent-inflation. Dollar amounts are similar.

REPAIR AND MAINTENANCE

OBPP recommendation includes grounds maintenance. LFA recommendation includes this cost under rent-inflation. Dollar amounts are similar.

LFA recommendation reflects actual maintenance costs for computer equipment. OBPP recommendation is at a reduced level. Difference is \$1,485 a year.

PurDiff.KM

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

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

PAGE 291

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 10 PURCHASING PROGRAM
CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

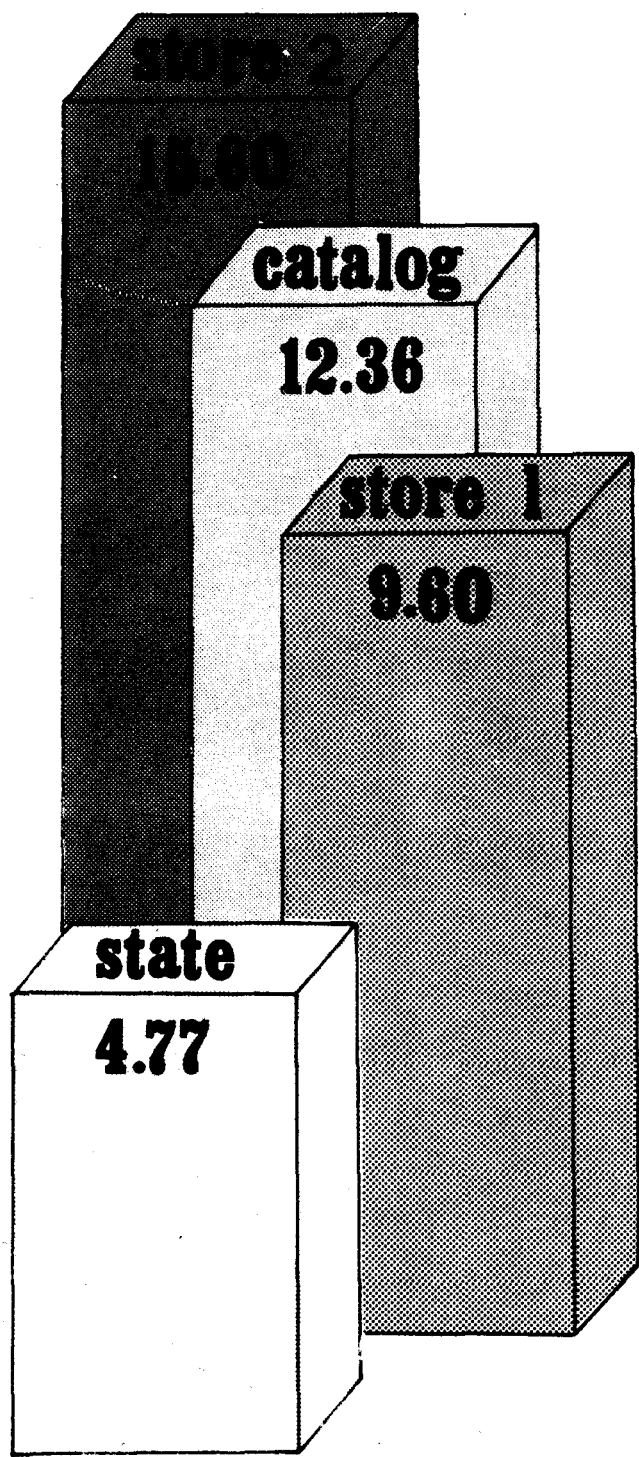
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	TOTAL PROGRAM	494,814.36	456,806	466,625	462,469	4,156	466,882	462,833	4,049

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1-23-87

Legal Tablets

(LETTER SIZE 12 PADS/PKG. SOLD BY PKG.)

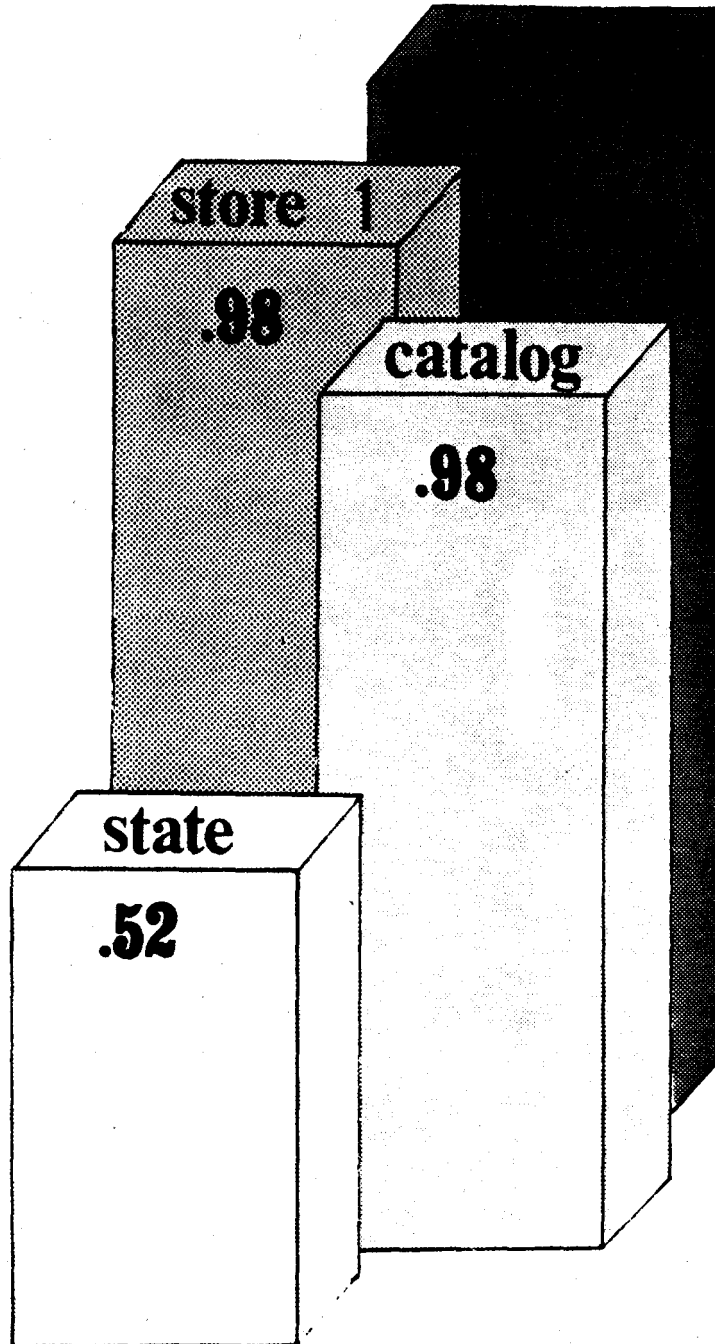
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State vs. Retail

Post-It-Note

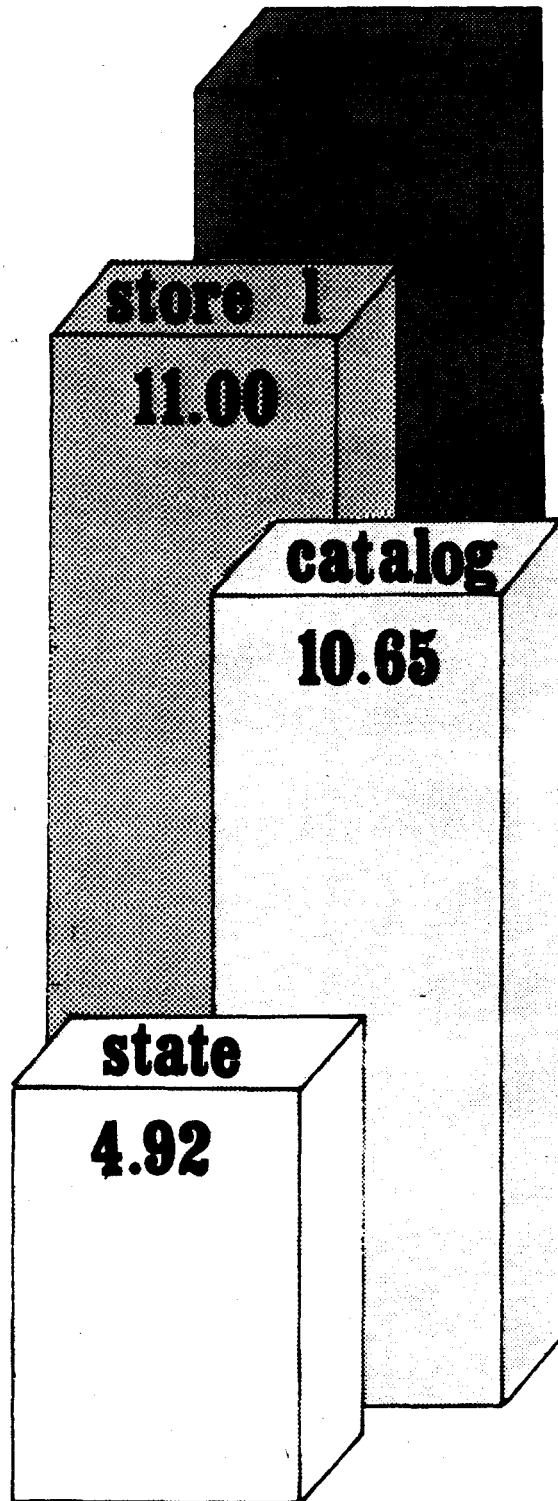
(3x3 SOLD BY THE EACH)



State vs. Retail

File Folder

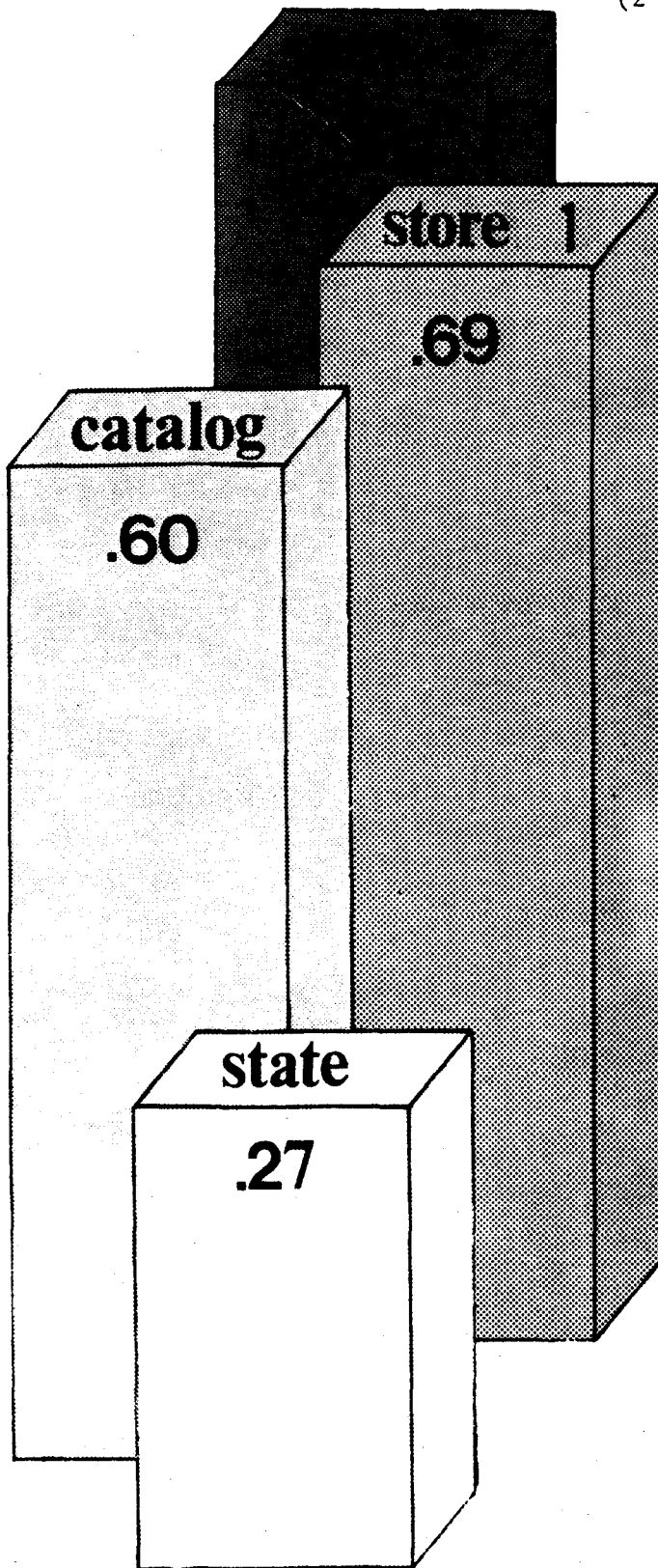
(LETTER 1/3 CUT-100 PER BOX SOLD BY THE BOX)



State vs. Retail

Adding Machine Tape

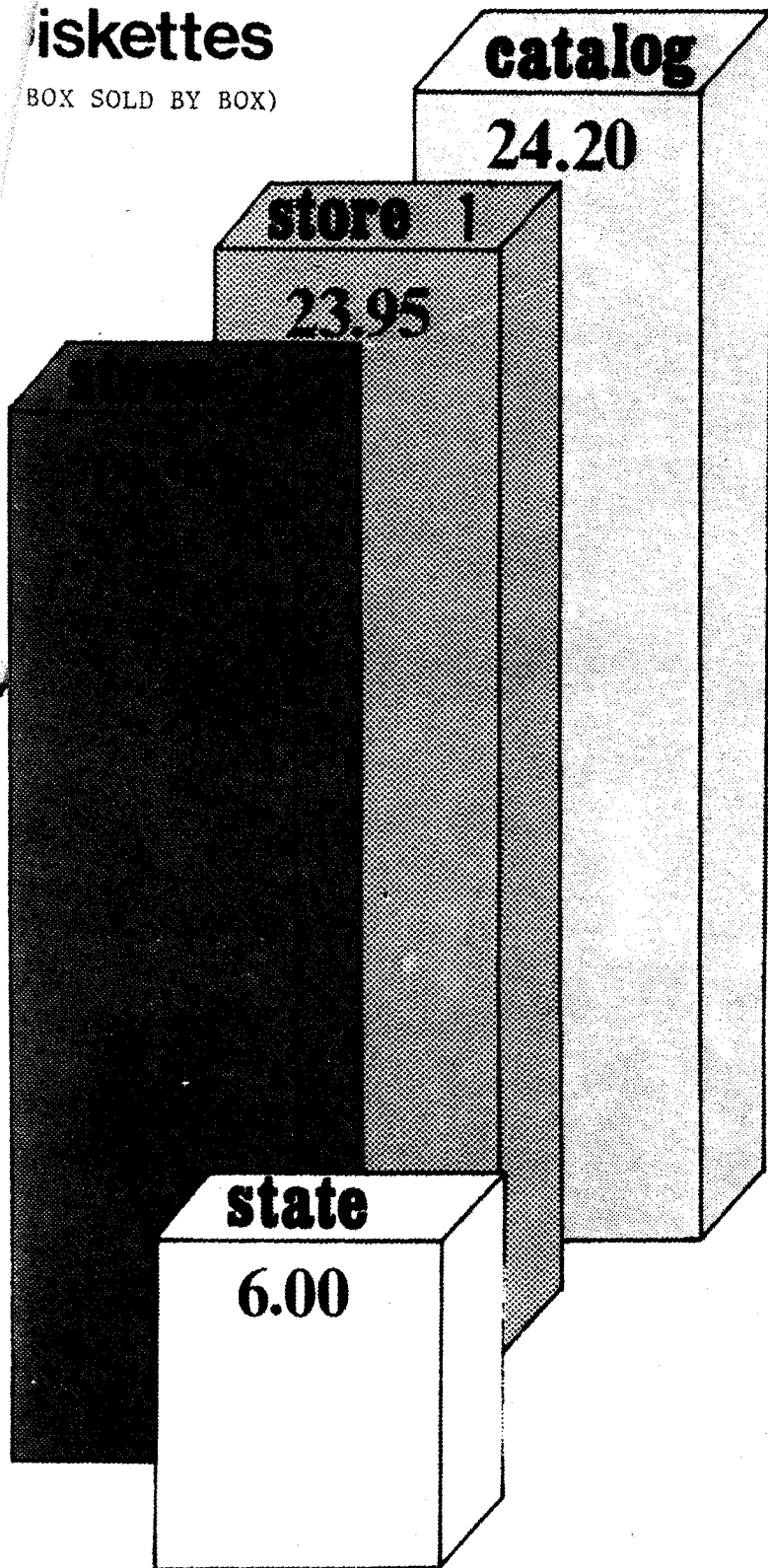
(2 1/4" SOLD BY THE ROLL)



State vs. Retail

Wiskettes

BOX SOLD BY BOX)



vs. Retail

**FISCAL YEAR 1986 DOLLAR SAVINGS TO THE STATE
CENTRAL STORES**

	IN 1986 DOLLARS SPENT BY AGENCIES	PURCHASED RETAIL SAME QUANTITY & QUALITY	TOTAL SAVINGS THROUGH STORES
BINDERS	\$ 55,242	\$ 136,392	\$ 81,150
FASTENING SUPPLIES	\$ 54,872	\$ 181,496	\$ 126,624
PAPER PRODUCTS OFFICE SUPPLIES	\$ 183,441	\$ 480,286	\$ 296,845
WRITING MATERIALS	\$ 66,473	\$ 167,454	\$ 100,981
MISCELLANEOUS OFFICE SUPPLIES	\$ 74,323	\$ 154,849	\$ 80,526
RIBBONS	\$ 65,001	\$ 189,370	\$ 124,369
DISKETTES	\$ 36,057	\$ 118,700	\$ 82,643
COPIER SUPPLIES	\$ 38,772	\$ 73,628	\$ 34,856
FINE PAPER	\$ 536,738	\$1,402,122	\$ 865,384
COARSE PAPER	\$ 388,768	\$1,034,973	\$ 646,205
JANITORIAL	\$ 220,456	\$ 319,103	\$ 98,647
COMPUTER PAPER	\$ 380,027	\$ 868,676	\$ 488,649
SOFTWARE	\$ 54,435	\$ 94,061	\$ 39,626
TOTAL SAVINGS THROUGH STORES*	\$2,154,605	\$5,221,110	\$3,066,505

*items not available from retail sources are excluded from totals

CENTRAL STORES PROGRAM
PURCHASING DIVISION

RATES (PERCENT OF COST) FOR FY 81-86

	<u>FY 81</u>	<u>FY83</u>	<u>FY84</u>	<u>FY86</u>
OFFICE SUPPLIES	25%	26%	50%	50%
FINE PAPER	10%	12%	20%	20%
COMPUTER PAPER	10%	10%	35%*	35%
JANITORIAL SUPPLIES	N/A	N/A	N/A	25%
COARSE PAPER	N/A	N/A	N/A	20%
SOFTWARE	N/A	N/A	N/A	12%

PERCENT PRICE INCREASE (DECREASE)

	<u>FY80-84</u>	<u>FY84-85</u>	<u>FY85-86</u>	<u>FY86-87</u>
OFFICE SUPPLIES	(1.20%)	(2.70%)	(1.40%)	(10.7%)
FINE PAPER	1.30%	.60%	(5.73%)	(11.6%)
COMPUTER PAPER	1.90%	(4.00%)	(14.40%)	(17.1%)
JANITORIAL SUPPLIES	N/A	N/A	(2.90%)	(10.9%)
COARSE PAPER	N/A	(1.00%)	(5.30%)	(12.2%)
SOFTWARE	N/A	N/A	N/A**	2.6%

*computer paper previously was not warehoused.

**software was not sold prior to FY 86.

**Analysis of In State/Out
of State Purchases by Central Stores FY-86**

Category	Dollars Purchased	%	No. of Active Vendors	%
I. Office Supplies:				
Out of State:	294,748.83	36.68%	41	37.96%
In State:	508,800.65	63.32%	67	62.04%
Total:	803,549.48		108	
II. Computer Paper:				
Out of State:	342,685.58	99.46%	18	58.06%
In State:	1,845.59	0.54%	13	41.94%
Total:	344,531.17		31	
III. Fine Paper:				
Out of State:	0.00	0.00%	3	20.00%
In State:	213,846.34	100.00%	12	80.00%
Total:	213,846.34		15	
IV. Forms:				
Out of State:	0.00	0.00%	0	0.00%
In State:	49,515.24	100.00%	7	100.00%
Total:	49,515.24		7	
V. Coarse Paper:				
Out of State:	4,057.90	0.88%	6	27.27%
In State:	454,595.56	99.12%	16	72.73%
Total:	458,653.46		22	
VI. Janitorial:				
Out of State:	0.00	0.00%	16	36.36%
In State:	107,650.63	100.00%	28	63.64%
Total:	107,650.63		44	
VII. Software:				
Out of State:	36,682.96	82.99%	18	48.65%
In State:	7,517.34	17.01%	19	51.35%
Total:	44,200.30		37	
VIII. Total Purchases:				
Out of State:	678,175.27	33.54%	102	38.64%
In State:	1,343,771.35	66.46%	162	61.36%
Total:	2,021,946.62		264	

STOCK NO.	DESCRIPTION	STORES	RETAIL	% STORES	RETAIL	% OFF
		PRICE	PRICE	INCR/DEC	INCR/DEC	RETAIL
		12/86	12/86	11/84-12/86	11/84-12/86	12/86
OFFICE SUPPLIES						
7001-0803	BINDERS 3 RING RED 2" CAP	\$2.253	\$8.95	-8.79%	15.48%	74.83%
7004-1200	DATA BINDER, PRESSBOARD	\$1.803	\$4.45	21.82%	3.49%	59.48%
7006-0200	SHEET PROTECTOR	\$0.090	\$0.20	28.57%	0.00%	55.00%
7007-0200	REPORT COVER	\$0.098	\$0.33	-24.62%	0.00%	70.30%
7201-0900	ADHESIVE, ALL PURPOSE, WHITE	\$0.431	\$1.29	2.62%	0.00%	66.59%
7203-0200	FASTENER, PRESSBOARD BINDER	\$2.205	\$7.50	-23.97%	47.06%	70.60%
7203-1500	FASTENER, ROUNDHEAD, BRASS	\$1.472	\$7.59	-24.12%	4.98%	80.61%
7207-3100	STAPLES, FIT 7207-0206	\$1.560	\$3.10	-23.15%	0.00%	49.68%
7304-2000	FILE FOLDER, MANILLA	\$4.964	\$10.85	-12.91%	-8.28%	54.25%
7306-1200	FILE ROCKETS, LETTER SIZE	\$19.610	\$34.65	4.25%	5.00%	43.41%
7307-3100	HANGING FILE FOLDERS	\$1.100	\$3.16	-9.84%	-2.17%	65.19%
7308-4100	INDEX CARDS, 3 X 5" WHITE	\$0.485	\$0.95	-6.73%	0.00%	48.95%
7402-0108	LABELS, FILE FOLDER	\$1.446	\$3.86	-7.31%	2.66%	62.54%
7502-1500	FILE BOARDS, ARCH-TYPE	\$4.106	\$4.96	1.89%	0.00%	17.22%
7507-4604	TACS, ADHESIVE NAME	\$2.625	\$3.75	29.31%	13.64%	30.00%
7604-0200	FILE, HORIZONTAL - VERTICAL	\$20.055	\$35.70	1.13%	12.44%	43.82%
7604-2000	MAGNETIC CADDY, PLASTIC CASE	\$1.158	\$2.60	-16.69%	0.00%	55.46%
7702-0400	MAILING BAGS, CUSHIONED	\$0.434	\$1.20	-32.19%	2.56%	63.83%
7704-6800	SCRATCH PADS, 4" X 6"	\$0.200	\$0.38	-20.00%	-11.63%	47.37%
7704-8211	WRITING PADS, CANARY, RULED	\$5.400	\$15.24	-27.42%	10.43%	64.57%
7705-8000	ENVELOPES, WHITE 6-3/4"	\$5.466	\$11.61	0.85%	-2.44%	52.92%
7705-8700	ENVELOPES, MANILLA 7-1/2 X 10-1/2"	\$6.222	\$15.94	0.03%	3.24%	60.97%
7705-9100	ENVELOPES, MANILLA 12 X 15-1/2"	\$10.395	\$29.12	-4.46%	3.26%	64.30%
7802-2000	PENCIL ERASER, "FANTASTIC"	\$0.300	\$0.35	50.00%	16.67%	14.29%
7805-0201	PENS, BLACK BALL PT., EX. FINE	\$2.790	\$9.48	-32.93%	0.00%	70.57%
7805-3001	MARKERS, BLACK FELT TIP, MEDIUM	\$0.165	\$0.95	-13.16%	0.00%	82.63%
7805-4004	MARKING PENS, HI-LITERS, BLUE	\$0.300	\$0.79	36.36%	5.33%	62.03%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				-4.13%	4.51%	56.72%

FINE PAPER

7706-0100	8-1/2 X 11" XEROX PAPER, 20#	\$21.020	\$67.50	-20.08%	0.00%	68.86%
7706-0200	8-1/2 X 14" XEROX PAPER, 20#	\$28.060	\$86.00	-16.98%	0.00%	67.37%
7707-0100	8-1/2 X 11", 2 PART, NCR BLUE HRT.	\$38.969	\$66.50	3.89%	-6.47%	41.40%
7707-0200	8-1/2 X 11", 3 PART, NCR BLUE HRT.	\$44.016	\$74.75	0.40%	-6.60%	41.12%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				-8.19%	-3.27%	54.69%

COMPUTER CONTINUOUS PAPER

7709-0101	14-7/8 X 11" WHITE, 1/2" BAR	\$26.565	\$61.60	-21.98%	2.41%	56.88%
7709-0302	14-7/8 X 8-1/2" WHITE, 1/8" BAR	\$23.143	\$52.00	-7.13%	-2.80%	55.49%
7709-0501	9-1/2 X 11" WHITE CARBON, 1 PART	\$17.335	\$42.90	-38.46%	2.26%	59.59%
7709-2101	4-1/2 X 15/16", 1 ACROSS LABELS	\$11.764	\$42.85	-26.15%	3.88%	72.55%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				-23.43%	1.44%	61.13%

COARSE PAPER

9300-0100	TOILET TISSUE	\$29.114	\$135.68	NA	NA	78.54%
9301-0200	TOWELS, SINGLE-FOLD	\$10.969	\$78.44	NA	NA	86.02%
9301-0210	TOWELS, MULTI-FOLD	\$13.561	\$56.91	NA	NA	76.17%
9300-0200	FACIAL TISSUE	\$9.820	\$38.08	NA	NA	74.21%
9307-0100	CUPS, STYROFOAM	\$9.684	\$27.80	NA	NA	65.17%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				NA	NA	76.02%

JANITORIAL*

9409-0700	WRINGER	\$33.076	\$80.80	NA	NA	59.06%
9409-0800	WRINGER	\$38.476	\$92.00	NA	NA	58.18%
9409-0100	26 QT. BUCKET WITH 2" CASTERS	\$19.320	\$37.70	NA	NA	48.75%
9409-0200	35 QT. BUCKET WITH 2" CASTERS	\$23.150	\$44.60	NA	NA	48.09%
9406-0700	12" LUST PAN, BRONZE PLASTIC	\$1.716	\$3.40	NA	NA	49.53%
9407-0600	MOP STICK	\$5.065	\$8.71	NA	NA	41.85%
9411-0600	ADJUST-O-SPRAY TRIGGER SPRAYER HEAD	\$0.399	\$1.06	NA	NA	62.36%
9411-0700	22 OZ. BOTTLE ONLY	\$0.221	\$0.38	NA	NA	41.84%
9408-0100	24" STRAIGHT SQUEEGEE	\$7.807	\$15.60	NA	NA	49.96%
9408-0200	24" REFILL FOR #9408-0100	\$3.575	\$8.10	NA	NA	55.86%
9411-1000	32 GAL. "HUSKEE" RECEPT. W/O LID	\$10.660	\$24.50	NA	NA	56.49%
9411-1001	LID ONLY FOR 32 GAL. "HUSKEE"	\$2.912	\$5.90	NA	NA	50.64%
9411-1200	DOLLY FOR "HUSKEE"	\$16.650	\$32.40	NA	NA	48.61%
9411-1100	44 GAL. "HUSKEE" W/O LID	\$17.952	\$37.10	NA	NA	51.61%
9411-1101	LID ONLY FOR 44 GAL. "HUSKEE"	\$6.500	\$10.60	NA	NA	38.68%

TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE

NA NA 50.77%

*RETAIL PRICE LIST MAY OF 1985

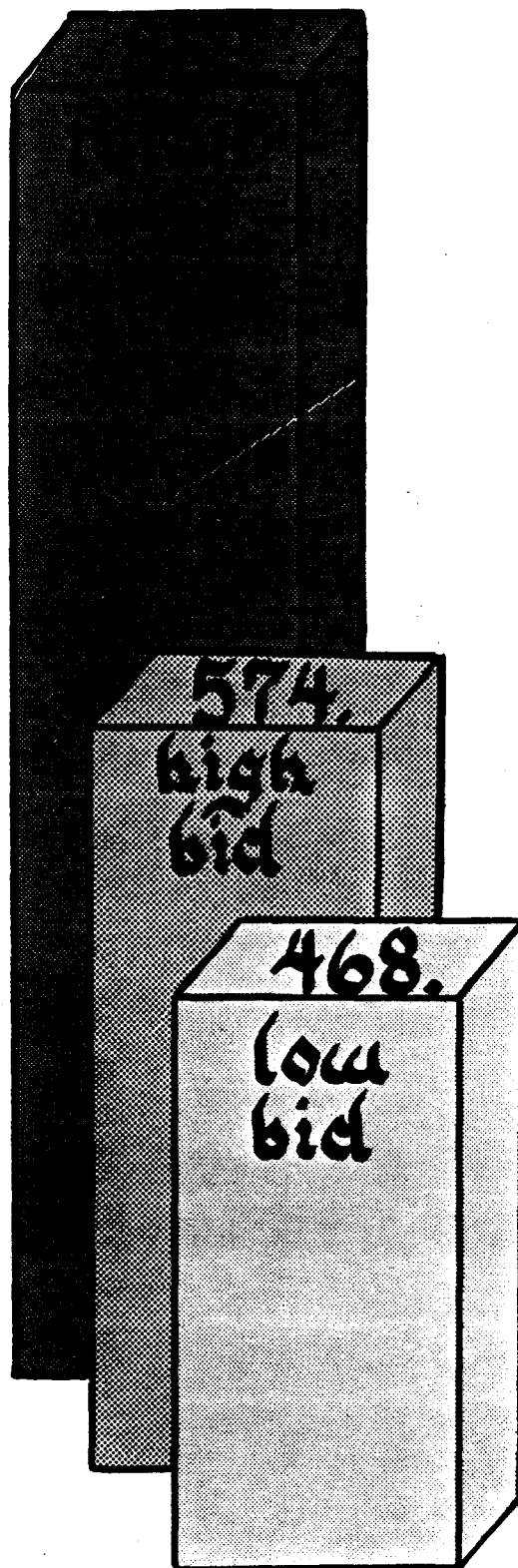
TOTAL AVERAGE PERCENTAGE OFF RETAIL

59.86%

Term Contract Purchase - Furniture -

28
1-23-87

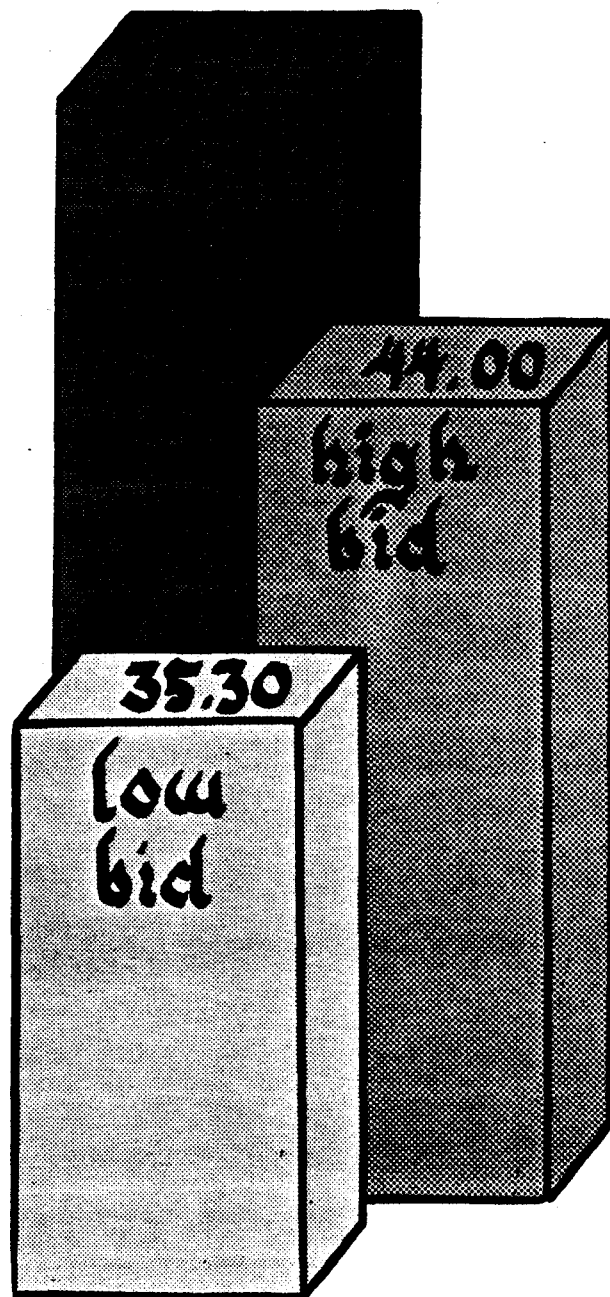
Executive
Desk



State Purchase Price vs. Retail

Requisition Time Schedule Purchase - Athletic Equip. -

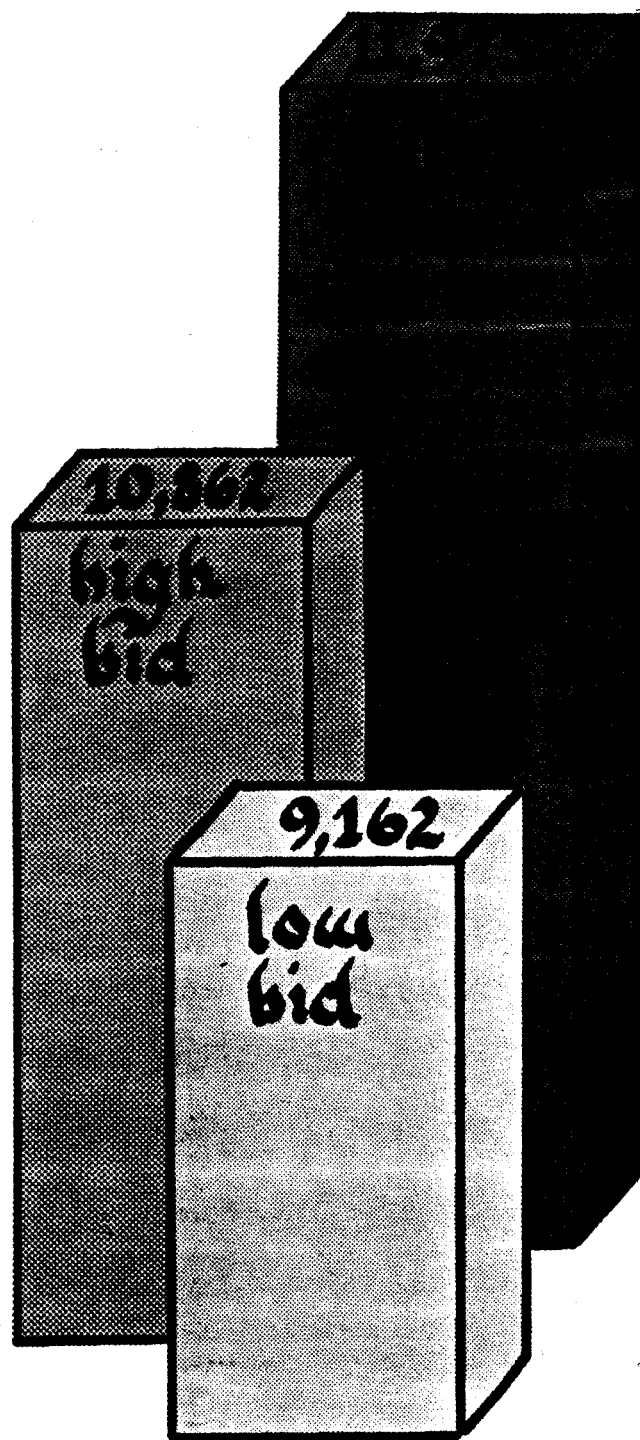
Basketball
Shoes



State Purchase Price VS. Retail

Position Time Schedule Purchase - Vehicle -

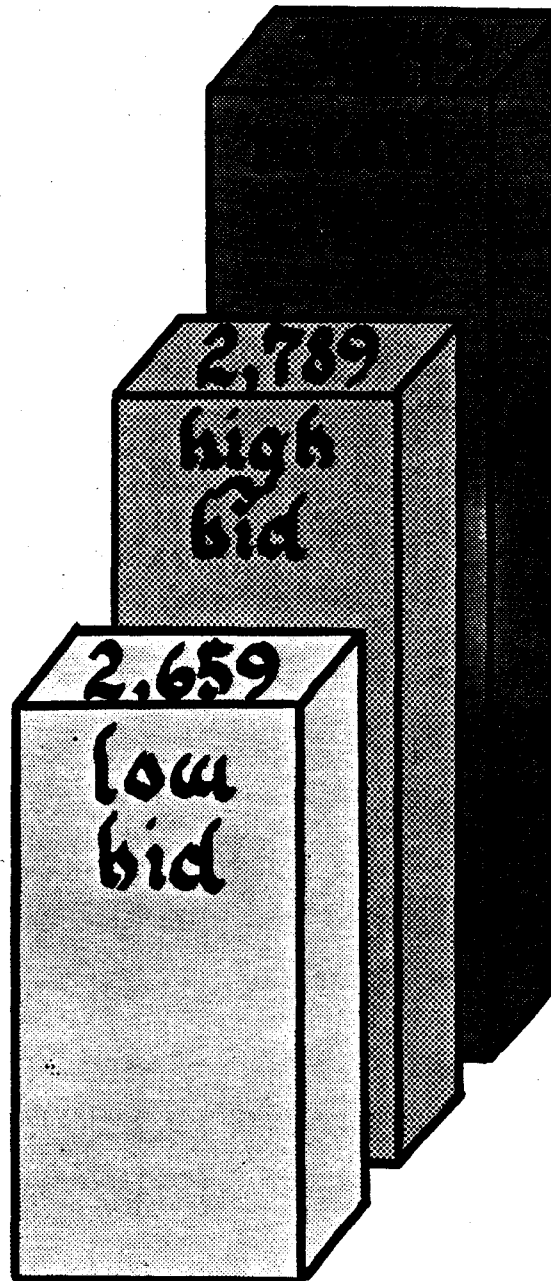
prolet
brity



Purchase Price VS. Retail

Open Market Purchase -All Terrain Vehicles-

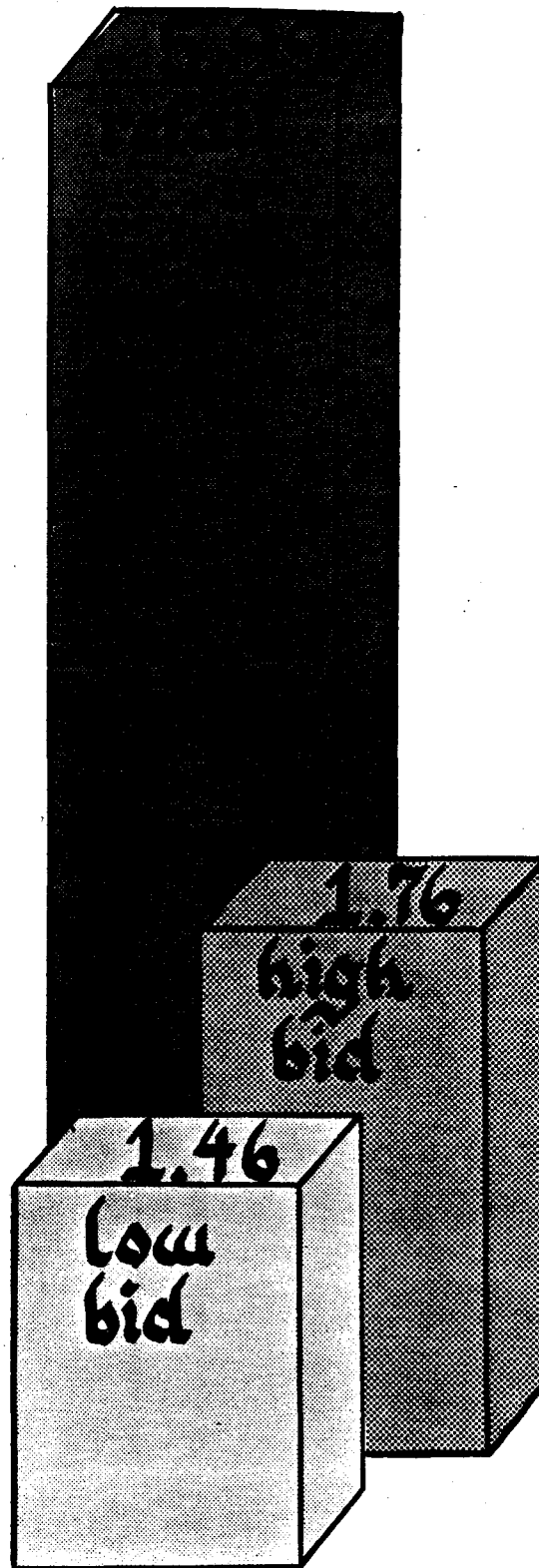
Snowmobile



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-54RC)	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)



STATE OF MONTANA
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

DATE 1-23-87
HB
TERM CONTRACT

COMMODITY
CATEGORY

MICRO COMPUTERS

CONTRACT
NUMBER

TC 057-87-B
TC 058-87-B

CONTRACT
PERIOD

FROM

November 1, 1986

CONTRACT
YEAR

☐ 1st ☒ 2nd ☐ 3rd

TO

October 31, 1987

VENDOR
ADDRESS

See attached pages
6 and 11

ORDER
ADDRESS

ATTN:

ATTN:

PHONE:

PHONE:

PRICES

DELIVERY

Per terms and conditions of RFP 0006, TC 905-86-B
and TC 986-86-B

F.O.B.

TERMS

REMARKS:

Send photo copy of agency purchase order or invoice to
State Purchasing.

INVOICES SHALL BE FURNISHED IN TRIPLICATE

CONTRACT VALIDATED BY mmd

DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
RM. 165, MITCHELL BUILDING
HELENA, MONTANA 59620

Form PD-3

BRUCE C. SWICK, Purchasing Agent

DATE

10-31-86

Page 1 of 23

**STATE OF MONTANA
TERM CONTRACT
STANDARDS TERMS AND CONDITIONS
Attachment A**

1.0 Purpose

The Invitation for Bid (IFB) solicits bids from suppliers to establish a term contract for the items listed. The term contract is between the parties listed below for materials with a specified price for a designated time period. The terms and conditions in the IFB will remain in effect for the period of the contract. The successful supplier(s) will receive a Term Contract Award Notice.

2.0 Parties

Department means the State of Montana, Department of Administration, Purchasing Division, on behalf of state agencies. Contract Holder means the supplier who receives the award of the term contract.

3.0 Agency Responsibilities

3.1 General

The term contract grants State of Montana agencies an exclusive right and obligation to purchase items listed within the term contract from the Contract Holder for the duration of the contract period. The agency may not accept substitutions from the Contract Holder for items listed in the Term Contract Award Notice without written consent of the Department. The Department will determine if the substitution complies with state statute and administrative rules of the competitive bidding process.

3.2 Orders

The agency will place orders directly with the Contract Holder during regular working hours. Orders may be placed by phone and will be confirmed with a written memo or purchase order. The agency will reference the term contract number on all purchase orders or correspondence pertaining to the contract.

3.3 Usage

The agency will send to the Department a copy of the purchase order or invoice on each order placed with the Contract Holder.

3.4 Problems

Any problems with the quality or delivery of the product or service provided by the Contract Holder shall be brought to the Contract Holder's attention. If the problem cannot be solved satisfactorily, the agency shall provide written notification to the Department.

4.0 Contract Holder Responsibilities

4.1 Substitutions

The Contract Holder will not make substitutions for items listed in the Term Contract Award Notice without written consent of the Department. The Department will determine if the substitution complies with state statute and administrative rules of the competitive bidding process.

4.2 Delivery

The Contract Holder must meet the delivery schedule listed in the IFB. Goods delivered which do not conform to the contract terms, conditions or specifications may be rejected and returned at the Contract Holder's expense. The Contract Holder will reference the Term Contract number on all invoices, packing lists, packages, shipping notices and correspondence.

4.3 Shipping

Goods shall be shipped prepaid, f.o.b. destination unless noted otherwise in the IFB. In the event the contract terms specify f.o.b. shipping point, shipping charges will be prepaid and itemized as a separate item on invoicing. Such shipments shall be via least expensive common carrier unless otherwise stipulated. The State of Montana reserves the right to refuse to accept any C.O.D. delivery.

5.0 Termination

Either party may terminate this contract by giving ninety (90) days prior written notice to the other party. If the products or services are unacceptable to the Department or the conditions of this contract are not complied with, the Department may terminate the contract immediately upon written notice. Written notice shall be made by certified mail.

6.0 Contract

The term contract between the Department and the Contract Holder shall consist of (1) the Invitation for Bid (IFB) and addenda; (2) the bid submitted by the successful supplier and (3) the Term Contract Award Notice. In the event of a conflict in language between the IFB and supplier's bid, the provisions and requirements set forth and/or referenced in the Invitation for Bid shall govern. Any conflicts or modifications to the contractual relationship shall be clarified by mutual agreement of the parties in writing.

8.0 Payment Term Discounts

Any payment term discounts as part of this contract will be computed from the date of receipt of a properly executed claim or the date of completion of delivery of all items in a satisfactory condition, whichever is later.

9.0 Tax Exemption

The State of Montana is exempt from Federal Excise Taxes. Exemption certificates will be furnished upon request.

10.0 Hazardous Chemical Information

The successful supplier will provide one set of the appropriate material safety data sheet(s) and container label(s) upon delivery of a hazardous chemical to the user agency. All safety data sheets and labels will be in accordance with the Occupational Safety and Health Administration's "Hazard Communication Rule," 29 CFR 1910 and 50-78-101 through 402, Montana Code Annotated.

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LEADING EDGE PERSONAL COMPUTER, OKIDATA, STAR, AND NEC PRINTER PRICES	PAGE 7-10
IBM DESCRIPTION	PAGE 11
IBM CONFIGURATIONS	PAGE 12-16
IBM PRICES	PAGE 17-23

Introduction

This term contract allows state agencies to purchase certain computer equipment directly from the vendor.

State agencies also have the option of securing the equipment through normal bid procedures. Price, delivery, terms etc. should be considered in deciding which options to use.

The contract establishes the maximum price for the equipment. The vendor is required to reduce the term contract price of any item by at least the same percentage as any manufacturer's retail price reduction. The intent of this requirement is to insure that the State maintains a competitive price relative to the market price throughout the term of the contract.

The contracts cover the following machines:

- IBM Personal Computer PC, XT, and AT
- Leading Edge Personal computer (highly IBM Compatible)

This equipment is supported by the Information Center. Information Center support includes:

- Assistance with system planning and with the acquisition process.
- Demonstrations of typical configured systems from the term contract.
Information Center hardware may be available for limited agency evaluations or demonstrations.
- Support and test major software. Demonstrations and/or written evaluations of software on these machines will be available.
- Supplement vendor installation procedure. The Information Center will NOT do, but will assist with the installation process.
- Provide various training on a demand basis.

For information, contact Mary Olson (444-2861) or Dave Marshall (444-2920).

The term contract machines are intended for office word processing, spreadsheets, and moderately large file management. Other application packages and communications are available as well.

ORDERING PROCEDURE

STEP 1 - PLANNING

- ☐ Who will be using the computer(s)?
- ☐ How much information will be manipulated and stored?
- ☐ What kind of information will be stored? (Word Processing documents, spreadsheets, mailing lists)?
- ☐ Compare the equipment being purchased with present methods of accomplishing the same tasks. Will the new equipment reduce costs, avoid future costs, improve processes or products, or provide new means of accomplishing agency goals and objectives?
- ☐ Will you need to communicate or share information with other computer systems (compatibility)? With the state's computer system?

STEP 2 - PREPARE SPECIFICATIONS

- ☐ Use standard term contract specifications if possible.
- ☐ Contact the vendor or ISD (Information Center 444-2973 or Resource Management Unit 444-2860) for assistance in selecting your system.
- ☐ Items not included in term contracts should be purchased using standard DP equipment acquisition procedures.

STEP 3 - PREPARE FORMS

Procurement Justification Form for Data Processing & Software should include:

- ☐ Description of equipment.
- ☐ Description of intended use.
- ☐ Description of communications and compatibility.
- ☐ Approval from your agency.

Agency Purchase Order Form should include:

- ☐ Term Contract number (e.g. TC 058-B7-B) and prices.
- ☐ Parts numbers of items in the term contract.
- ☐ Requested Delivery Date.
- ☐ Approval from your agency.

STEP 4 - ORDER

- ☐ Send your agency purchase order and justification forms to ISD (or send to Commissioner of Higher Education or Office of Public Instruction if appropriate.)
- ☐ These agencies will review and send approved Agency Purchase Orders to vendor.
- ☐ Note: The Agency Purchase Order is not valid unless signed by Administrator of ISD, the Commissioner of Higher Education, or Superintendent of Public Instruction

STEP 5 - CONFIRMATION OF DELIVERY

- ☐ The vendor will confirm the scheduled delivery date in writing if requested by the ordering agency.

PRODUCT DESCRIPTION

Leading Edge
Okidata
Star
Nec

TC 057-87-B
Primary Vendor Contact:
Data Northwest
316 1st Ave. North
P.O. Box 2225
Great Falls, MT 59403
406-727-4282
Attn: Tom Wilson

Description: The Leading Edge PC is an IBM PC compatible microcomputer.

Date Introduced: 1985

Features:

- Uses an 8088 processor at 4.77MHZ.
- Comes with two 360KB floppies or one floppy and one 10MB hard disk.
- Memory is 256K and can be expanded to 640KB.
- Monochrom graphics monitor, standard.
- Runs MS-DOS 2.11.

Communication:

- Communications are available with IBM and third party boards. Most types are available.

Compatibility:

- In preliminary testing at ISD, all word processing, spreadsheets, and file management packages were compatible. Some special packages and communication packages did not run.
- Most IBM peripherals should work.
- Support of the printer by the software should be verified.
- Compatibility with IBM PC hardware and software should be verified.

Maintenance:

- Annual maintenance prices are provided on the price list. Contact ISD or Data Northwest for more detailed information.

Leading Edge Term Contract

TC# 057-87-B

For More Information contact:

Tom Wilson, Data Northwest, 316 1st. Ave North, Great Falls MT 59403

Phone: 727-4282

PC System Unit Components

Model/Unit

Number	Description	Price	Maintenance
Model 30M D/H	Leading Edge PC	1,755.95	190.00
	-8088 Microprocessor (4.77 MHz)		
	-256KB RAM		
	-1 - 5 1/4" DS, 360KB floppy disk drives		
	-1 - 5 1/4" 30MB hard disk drive		
	-Monochrome Monitor (80 columns X 25 lines, 720 x 350 pixel resolution, graphic display)		
	-Parallel printer port		
	-RS 232 Aysnc Serial port		
	-Selectric style, detachable keyboard		
	-Hercules graphics emulation. RGB color graphics output		
	-Three I/O slots		
	-MS-DOS 2.11 operating system		
	-6W Basic		
Model 20M D/H	Leading Edge PC	1,687.95	190.00
	-8088 Microprocessor (4.77 MHz)		
	-256KB RAM		
	-1 - 5 1/4" DS, 360KB floppy disk drives		
	-1 - 5 1/4" 20MB hard disk drive		
	-Monochrome Monitor (80 columns X 25 lines, 720 x 350 pixel resolution, graphic display)		
	-Parallel printer port		
	-RS 232 Aysnc Serial port		
	-Selectric style, detachable keyboard		
	-Hercules graphics emulation. RGB color graphics output		
	-Three I/O slots		
	-MS-DOS 2.11 operating system		
	-6W Basic		
Model D/F	Leading Edge PC	1,036.75	120.00
	-8088 Microprocessor (4.77 MHz)		
	-256 KB RAM		
	-2 - 5 1/4" DS, 360KB floppy disk drives		
	-Monochrome Graphics Monitor (80 columns X 25 lines)		
	-Parallel printer port		
	-RS 232 Aysnc Serial port		
	-Hercules graphics emulation. RGB color graphics output		
	-Four I/O slots		
	-MS-DOS 2.11 operating system		
SR-12	High Resolution RGB Color Monitor-Princeton	680.00	64.00
Intel 9087	Math Co-processor	132.00	13.20
AST-SNA	SNA/SDLC Comm.	753.00	71.50
QIC-05	Multi-Function OK RAM	185.00	18.80
QIC-05	Multi-Function 384K RAM	252.00	25.20
Handi-1	Multi-Function	204.60	22.50

	64K RAM Expansion Kit	29.00	3.20
Handi-1+	Multi-Function	223.67	24.40
	64K RAM Expansion Kit	29.00	3.20
RAM chips	Expand to 640KB RAM	168.00	
10MB disk	Hard Disk Expansion	895.00	70.00
20MB disk	Hard Disk Expansion	995.00	85.00
30MB disk	Hard Disk Expansion	1,295.00	95.00

Printers
Model/Unit

Number	Description	Price	Maintenance
192	Okidata -Rough draft and correspondence mode -160 cps - rough draft, 80 cps - correspondence -graphics printing -friction feed and/or tractor feed option -80 column printing	412.50	48.00
292	Okidata	589.00	68.00
193	Okidata -Rough draft and correspondence mode -160 cps - rough draft, 80 cps - correspondence -graphics printing -friction and/or tractor feed -132 column printing	550.00	68.00
293	Okidata	764.00	78.00
CSF900	Sheet feeder option for 192 and 193 printers	194.65	
CSF1000	Sheet feeder option for 292 and 293 printers	254.15	29.00
290	32k print buffer	60.95	3.00
	tractor feed	40.95	6.00
SG 10	Star Printer -Rough draft and correspondence mode -120 cps - rough draft, 60 cps - correspondences -graphics printing -friction and/or tractor feed -80 column printing -1 year warranty	261.65	30.00
SG 15	Star Printer -Rough draft and correspondence mode -120 cps - rough draft, 60 cps - correspondences -graphics printing -friction and/or tractor feed -132 column printing -1 year warranty	430.40	48.00
SD 10	Star Printer -Rough draft and correspondence mode -160 cps - rough draft, 80 cps - correspondences -graphics printing -friction and/or tractor feed -80 column printing -1 year warranty	387.30	45.00
SD 15	Star Printer -Rough draft and correspondence mode -160 cps - rough draft, 80 cps - correspondence -graphics printing -fraction and/or tractor feed -132 column printing -1 year warranty	516.65	59.00

Printers
Model/Unit

Number	Description	Price	Maintenance
SR 10	Star Printer -Rough draft and correspondence mode -200 cps - rough draft, 100 cps - correspondence -graphics printing -friction and/or tractor feed -80 column printing -1 year warranty	559.90	65.00
SR 15	Star Printer -Rough draft and correspondence mode -200 cps - rough draft, 100 cps - correspondence -graphics printing -friction and/or tractor feed -132 column printing -1 year warranty	689.20	80.00
2000	NEC Spinwriter -letter quality printer -friction feed -Tractor feed option -rated at 20 cps -automatic sheet feed option -15 inch wide, 132 column output -handle up to 3 part forms -multiple fonts	760.75	86.00
6170	NEC Tractor	175.00	20.00
6015	NEC Sheet Feeder -multiple fonts	787.50	87.00
2000	Daisywriter -letter quality printer -friction feed -Tractor feed option -rate at 40 cps -automatic sheet, feed option -15 inch wide, 132 column output -handle up to 3 part forms -multiple fonts	937.00	115.00
Tractor	Daisywriter	213.75	24.00
Sheet Feeder	Daisywriter	520.63	59.00
Printer Cable		19.95	
Communications Cable		24.95	

PRODUCT DESCRIPTION
IBM PC, XT, and AT

TC- 058-87-B
Primary Vendor Contact:
International Business Machines
100 No. Park
Helena, Montana 59601
444-5000
Attn: Bob Foster

Description: The IBM PC and XT are 16 bit microcomputers.

Date Introduced: 1981

Features:

- o Includes 8088 processor
- o It comes with either two 360KB floppies or one 360KB floppy disk and one 10MB hard disk.
- o The PC is expandable to 20MB hard disk.
- o Memory is 256KB expandable to 640KB.
- o A large amount of software is available.
- o Monochrome, color or enhanced color displays are available.
- o The current operating system is PC-DOS 3.1.

Communication:

- o Nearly all types of communication are available.

Description: The IBM AT is a new high performance PC. It runs an 80286 processor at 6MHZ and is approximately 2 to 3 times as fast as the PC on disk access and computation. It comes with one or two 20MB or 30MB hard disks and one or two 1.2MB or 360KB floppies.

Date Introduced: 1984

Features:

- o Monitors and printers are identical to the PC's.
- o The AT runs PC-DOS 3.0 or higher only.

Communication:

- o The AT is highly (not totally) compatible with the PC software.
- o Some communication is available at this time.

Compatibility:

- o Software, communications, and peripherals should be checked carefully for compatibility.

Cost:

- o The AT costs about one thousand dollars more than a comparable PC or an XT, but it has twice the storage and 2 to 3 times the speed.

IBM PC/XT/AT

IBM Maintenance

IBM has two basic plans; onsite and carry-in. Onsite maintenance means repair or replace (depending on the part) at your location. Carry-in service is to IBM's Helena office and can be either repair (for any part) or exchange (on selected parts). Carry-in exchange is generally 80% of the cost of on-site exchange. Carry-in repair is generally 65% of the cost of on-site repair. Annual cost typically is 5-15% of the purchase price. See IBM or ISD for quotes for specific configurations. Note that printer maintenance plans differ slightly from PC plans.

Configuration Explanation

Below are listed several common configurations on the IBM PC for your ordering convenience. Workstations are listed and printers may be added as options. Items may be ordered from IBM as listed. Example purchase order might have:

Attached is a list of all equipment available on the term contract. If you are ordering a feature for an existing system unit, you will pay the upgrade price. If you are ordering a feature with a system unit, you will pay the system unit price. Features may be used in addition to or in lieu of the standard configurations. Please contact Information Services Division (444-2920) or IBM (444-5000) if you have configuration questions. **These prices do not include freight.** Estimated freight is \$10.00 to \$15.00 on monitors and \$10.00 to \$40.00 on system units and printers.

Configuration A:

PC-176 with 2 floppies
Monochrome Display (no graphics)
No communications
512 KB RAM

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Workstation	5150	176	sys unit, 256K, two ds dskt
		1209	256KB mem exp.
		4211	DOS 3.1
		4900	adapter for monochrome dsp and prt
			machine total
Display	5151	001	monochrome display

Configuration B:

PC-176 with 2 floppies
Color Display
No communications
256 KB RAM

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Workstation	5150	176	sys unit, 256K, two ds dskt
		4211	DOS 3.1
		4910	adapter for color/graphics monitor
		5200	printer adapter
			machine total
Display	5153	001	color display

Configuration C:

PC/XT with 10MB hard disk
Monochrome Display (no graphics)
Asynchronous communications
256 KB RAM

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Workstation	5160	086	PC-XT, 256K, 1 ds dskt, 1 fixed disk
		4211	DOS 3.1
		4900	adapter for monochrome dsp and prt
			machine total
Display	5151	001	monochrome display

Configuration D:

PC/XT
Color Display
Asynchronous communications
512 KB RAM

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Workstation	5160	086	PC-XT, 256K, 1 ds dskt, 1 fixed disk
		1209	256K mem. exp.
		4211	DOS 3.1
		4910	adapter for color/graphics monitor
		5200	printer adapter
			machine total
Display	5153	001	color display

Configuration E:

PC/XT
Color Display
Asynchronous communications
640 KB Memory

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Workstation	5160	086	PC-XT, 256K, 1 ds dskt, 1 fixed disk
		1003	64KB memory kit
		1013	64/256K expan opt
		1209	256K mem exp
		4211	DOS 3.1
		4910	adapter for color/graphics monitor
		5200	printer adapter
			machine total
Display	5153	001	color display

Configuration F:

PC/AT with 20MB Hard Disk, 1.2 MB Diskette
Additional 360KB Diskette
Color Display
512 K RAM
Asynchronous Communications

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Workstation	5170	099	PC/AT, 512K
		0207	360K ds diskette drive
		4211	DOS 3.1
		4910	adapter for color/graphics monitor
			machine total
Display	5153	001	color display

Configuration G:

PC/AT with 30MB Hard Disk, 1.2 MB Diskette
Additional 360KB Diskette
Enhanced Color Display
512 KB RAM
Asynchronous Communications

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Workstation	5170	239	PC/AT, 512K
		0207	360K ds diskette drive
		4211	DOS 3.1
		1200	enhanced graphics adapter
			machine total
Display	5154	001	enhanced color display

Printer Option 1:

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Printer	4201	001	proprinter
		5612	printer cable
		5614	printer stand

Printer Option 2:

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Printer	5201	002	Quietwriter w/graphics
		7820	pinwheel forms feed
		7840	sheet feed

Printer Option 3:

<u>Hardware</u>	<u>Unit</u>	<u>Model</u>	<u>Description</u>
Printer	5216	002	printwheel printer 20 CPS
		6030	parallel cable

***** Note: The Features and Prices on this list are subject to change.
Date Last Updated: October 8, 1986

IBM Term Contract TC- 058-87-B

For More Information contact:

Phone: 444-5000

Bob Foster, IBM, 100 N. Park, Helena MT 59601

PC System Unit Components		System Unit Price	Upgrade Price	Maintenance Option		
Model/Unit Number	Description			IOR/W	IOR/A	CCR/A
PC						
5150/176	IBMPC 256K w 2 DS Dsk & Keyboard	1,052.70		291.00	331.00	214.00
XT						
5160/068	IBMXT 256K w/1 DS Dsk, Keyboard & no hard disk	1,415.70		242.00	275.00	175.00
5160/073	IBMXT 256K w/2 DS Dsk & Keyboard	1,514.70		315.00	358.00	229.00
5160/096	IBMXT 256K w/1 DS Dsk, 10MB hard disk	1,910.70		575.00	615.00	419.00
5160/087	IBMXT 128K w 1 DS Dsk, 10MB hard disk	1,828.20		575.00	653.00	419.00
5160/088	IBMXT 512K w/1 DS Dsk, 20MB hard disk	1,910.70				
5160/089	Same as Mod 088 with enhanced keyboard	1,910.70				
5160/267	IBMXT 256K w/1 DS Dsk, & Keyboard	1,415.70				
5160/268	Same as Mod 267 with enhance keyboard	1,415.70				
5160/277	IBMXT 256K w/2 DS Dsk & Keyboard	1,514.70				
5160/278	Same as Mod 277 with enhanced keyboard	1,514.70				
AT						
5170/068	IBM PC AT 256KB Memory (1)	2,636.70		168.00	350.00	225.00
5170/099	IBM PC AT 512KB Memory, 20MB Disk	3,230.70		218.00	488.00	325.00
5170/239	IBM PC AT 512KB Memory, 30MB Disk	3,494.70				
5170/319	IBM PC AT 512KB Memory, 30MB disk 8 MHZ clock and Current at Keyboard	3,494.70		218.00	546.00	375.00
5170/339	Same as above with enhanced keyboard	3,494.70		218.00	546.00	375.00

IOR/W - IBM On-Site Repair Warranty
IOR/A - IBM On-Site Repair Annual
CCR/A - Customer Carry-In Repair Annual
COE/W - Customer On-Site Exchange Warranty
COE/A - Customer On-Site Exchange Annual
CCR/A - Customer Carry-In Repair Annual

PC & XT expansion items

Miscellaneous

1002	Math Co Processor	151.80	161.00			
1100	Keyboard	178.20	189.00			

Memory

1003	64KB Memory Module Kit	13.20	14.00			
1013	64/256K Memory Exp. Opt.	125.40	133.00	33.00	37.50	24.00
1209	IBM 256K Memory Exp.	165.00	175.00			
* new xt 3336	128KB Memory Module Kit	25.08	26.60			
* only 3337	256KB Memory Module Kit	49.50	52.50			

Disk Drives

2500	10MB Fixed Disk	458.70	486.70	242.00	275.00	175.00
2501	Fixed Disk Adapter	260.70	276.50			
3258	3.5, 1/2 high 720KB diskette drive	125.40	133.00			
3325	5.25 1/2 high 360KB diskette drive	148.50	157.50			
3326	20MB Fixed Disk	590.70	626.50			
3327	20MB Fixed Disk Adapter	260.70	276.50			
3780	5 1/4 Diskette Drive Adapter	82.50	87.50			
3810	5 1/4 SS Drive	165.00	175.00	73.00	83.00	54.00

AT expansion items

Miscellaneous

0211	Math Co-Processor	247.50	262.50			
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Memory

0202	256KB Memory Module Kit	49.50	52.50			
0203	512KB Memory Expansion	194.70	206.50	50.00	138.00	100.00
0209	128KB Memory Exp.	231.00	245.00			
3338	128/640 Memory Expansion	231.00	245.50			
3339	512 Memory Module Kit	108.90	115.50			
3343	512/2Mb Memory Expansion	313.50	332.50			

Disk Drives

0205	20MB Fixed Disk Drive	722.70	766.50			
0206	High Capacity Disk Drive	181.50	192.50			
0207	Dual-Sided Disk Drive	148.50	157.50			
0210	30 MB Fixed Disk Dr.	1,184.70	1,256.50			

PC Monitors (requires appropriate adapter)

Model/Unit		System Unit Price	Upgrade Price	Maintenance Option					
Number	Description			IOE/W	IOE/A	COE/W	COE/A	CCE/A	CCR/A
5151/001	Monochrome Display	181.50		39.00	44.00	29.00	35.00	28.00	38.00
4900	IBM Monochrome Displ Prt Adpt	165.00	175.00						
5153/001	Color Display	448.80		110.00	125.00	81.50	100.00	80.00	90.00
4910	Color/Graphics Monitor Adpt	161.04	170.90						
5154/001	IBMPC Enhanced Color Display(1 year warranty)	560.34		25.00	65.00	20.00	52.00	42.00	42.00
1200	IBM Enhanced Graphics Adpt.	345.84	366.80						
1201	IBM Graphics Memory Expansion card	131.34	139.30						
1203	IBM Graphics Memory Module	170.94	181.30						
5175/001	IBMPC Prof Graphics Display (1 year warranty)	511.50		42.00	89.00	24.00	71.00	57.00	57.00
1501	IBM Prof Graphics Controller	1184.70		67.00	164.00		109.00		

IOE/W - IBM On-Site Repair Warranty
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 COE/W - Customer On-Site Exchange Warranty
 COE/A - Customer On-Site Exchange Annual
 CCR/A - Customer Carry-In Repair Annual

Printers		System Unit	Upgrade	Maintenance Option					
Model/Unit	Description			IOE/W	IOE/A	COE/W	COE/A	CCE/A	CCR/A
Number		Price	Price						
5200	Printer Adapter	49.50	52.50						
3652/002	IBM Color Jet Printer	491.70	491.70	108.00	132.00	96.00	120.00	95.00	84.00
2058	Printer Interface Cable	26.40	28.00						
4201/001	Proprinter	362.34	362.34	11.00	41.00	5.00	35.00	30.00	30.00
5612	Printer Cable	29.70	31.50						
5614	Printer Stand	29.70	31.50						
3000	Serial Interface Module	65.34	69.30						
4000	5K Print Buffer	23.10	24.50						
4202	Proprinter XL	527.34	527.34	11.00	41.00	5.00	35.00	30.00	30.00
5201/001	IBM Quietwriter Printer	976.50	976.50	165.00	195.00	125.00	155.00	125.00	100.00
5201/002	IBM Quietwriter Printer (APA)	1,116.50	1,116.50	165.00	195.00	125.00	155.00	125.00	100.00
5612	PC Parallel Attachment Cable	29.70	31.50						
7820	Pinwheel Forms Feed	49.50	52.50						
7840	Sheet Feed	245.00	245.00						
7880	Sheet Feed Paper Tray	28.00	28.00						
5216/002	Wheelprinter (sheet feed included)	989.34	1,194.70	165.00	195.00	125.00	155.00	100.00	125.00
5223	Wheelprinter E	461.00	461.00						
5612	PC Parallel Attachment Cable	29.70	31.50						
6030	Parallel Attachment Cable	29.70	31.50						
6031	Serial Attachment Cable	29.70	31.50						
7820	Pinwheel forms feed	49.50	52.50						
7840	Sheet Feeder	231.00	245.00						
6190/001	8 pen Color Plotter (8 1/2 X 11)	848.10							
002	8 pen Color Plotter (8 1/2 X 11)	848.10							
5010	Graphics Enhancement Cartridge	99.00	105.00						
5020	RS 323C for IBM 5085	33.00	35.00						
5040	IEEE 488	67.32	71.40						
5050	RS 323C for Personal Computer Attach	33.66	35.70						
5060	Programming Manual	19.14	20.30						
5070	Supplies Kit	85.80	91.00						
7372/001	6 Pen Color Plotter (11 X 17)	1,330.00	1,330.00	174.00	198.00	103.00	126.00	105.00	92.00
5030	RS - 232C Cable/All PC Attach	35.70	35.70						
5040	IEEE 488	67.32	71.40						

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 COE/W - Customer On-Site Exchange Warranty
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 CCR/A - Customer Carry-In Repair Annual

Communication		System Unit Price	Upgrade Price	Maintenance Option		
Model/Unit Number	Description			IOR/W	IOR/A	CCR/A
0083	PC LAN program version 1.1	87.50				
0213	PC Network Adapter	392.70	416.50			
1204	Binary Synch Comm. Adpt.	158.40	168.00			
1205	SDLC Comm. Adapter	158.40	168.00			
1206	PC Cluster Adapter	224.40	238.00			
2067	Communication Adpt. Cable	42.90	45.50			
2074	Asynch Comm. Adapter	66.00	70.00			
2075	Binary Synch. Comm. Adpt.	158.40	168.00			
2090	SDLC Adapter Card	158.40	168.00			
2874	Remote 5250 Emulation Program	142.50	142.50			
2875	Enhanced 5250 Emul Program	116.80	116.80			
2879	Enhanced Display Emul. Adpt	392.70	416.50			
2882	Convenience Kit Ver 1	739.49	739.49			
2883	V2 Adpt Hardware Manual	5.94	5.94			
2884	6220/Attachment Program V2	207.32	207.32			
2885	5250 Emulation Program	119.72	119.72			
2886	Convenience Kit	543.85	543.85			
2887	Emulation Adapter	396.00	420.00	19.00	22.50	64.00
2888	Attachment Program	119.72	119.72			
2889	Adapter Hard/Maint Manual	5.94	6.30			
3391	Token Ring Network Adapter	458.04	486.50			
2890	Install-Convenience Kit	651.89	651.99			
2891	T-Connector	56.10	59.50			
2892	Twinaxial Cable Ass.	29.21	30.97			
2893	Terminator	24.92	26.42			
2894	Cable Adapter	16.36	17.35			
2895	5520/PC Attachment Program V3	280.32	280.32			
2896	5253 Convenience Kit V3	812.49	812.49			
4037	Binary Synch 3270 Emul 1.0	511.00	511.00			
4107	Cluster Program	64.40	64.40			
4187	Displaycomm	273.75	273.75			
4210	Displaywrite BSC V1.1	273.75	273.75			
4771	Voice Communication Option	825.00	875.00			
4839	Voice Communication Adapter	792.00	840.00			
5050	3278/79 Emulation Ad	597.30	633.50			
7037	Token Ring Net BIOS Program	24.50	24.50			
7630	8100 R-Loop Adapter	1,147.00	1,147.00			
8975	3270 emulation prg. entry level	135.05	175.20			
8982	Telephone Manager Adapter	214.00	227.00			
9951	3270 emulation prg. version 2	310.25	310.25			

Miscellaneous

Model/Unit		System Unit Price	Upgrade Price	Maintenance Option		
Number	Description			IOR/W	IOR/A	CCR/A
0215	Serial/Parallel Adapter	99.00	105.00			
0216	Display Stand	45.54	48.30			
0217	Serial Adapter Cable	42.90	45.50			
0218	Floor Standing Enclosure	108.90	115.50			
0220	Prototype Adapter	23.10	24.50			
0242	Serial Adapter Connector	23.10	24.50			
0468	Upgrade PC/AT BIOS 30 Meg Drive	1,134.70	1,256.50			
1005	BIOS Update Kit	19.80	21.00			
1400	Prototype Card	23.10	24.50			
1502	IBM PC DAC Adapter	643.50	682.50			
1503	IBM PC CP1B (488 Bus Extender)	194.70	206.50			
1504	IBM PC DAC Adpt. Dist. Panel	125.40	136.50			
3177	IBM PC Keylock Feature	33.00	35.00			
4120	IBM PC DOS 2.1	45.50	45.50			
4180	IBM PC DOS 3.0	45.50	45.50			
4211	IBM PC DOS 3.1	45.50	45.50			
0057	IBM PC DOS 3.2	66.50	66.50			
9232	EZ-VU Runtime Facility	38.50	44.00			

Manuals		System Unit Price	Upgrade Price	Maintenance Option		
Model/Unit Number	Description			IOR/W	IOR/A	CCR/A
<u>SUPPORT PACKAGES FOR THE IBM PC</u>						
2510	Guide to Operations Manual	35.00				
6322	Technical Reference Manual	21.00				
2512	Hardware Maint. & Svc. (Manual and Advance Diad. Diskette) for PC (V2.05)	206.50				
<u>SUPPORT PACKAGES FOR THE IBM PC/XT</u>						
2510	Guide to Operations Manual	35.00				
6322	Technical Reference Manual	21.80				
2512	Hardware Maint. & Svc. Manual (Manual and Advance Diag. Diskette) for PC/XT (V.2.05)	206.50				
<u>SUPPORT PACKAGES FOR THE IBM PC/AT</u>						
2242	PC/AT Hardware Maint/Ser Mnl	206.50				
2243	PC/AT Tech. Ref. Manual	21.00				
2510	Guide to Operations Manual	35.00				
6322	Technical Reference Manual	21.00				
2512	Hardware Maint. & Svc. Manual (Manual and Advance Diag. Diskette) for PC/AT	206.50				
2491	Installation and Setup Guide	20.65				
<u>SUPPORT PUBLICATIONS -- OTHER</u>						
6590	DOS 1.1 Ref. Manual	14.00				
4213	DOS Technical Ref. Manual	76.30				
9935	Upgrade DOS 2.1 to 3.0 Manual	42.90				
6691	BASIC 1.1 Ref. Manual & Binder	20.83				
5010	BASIC 1.1 Ref. Manual & Binder	20.83				
1132	BASIC 3.0 Ref. Manual & Binder	28.00				
2509	PC Options & Adapters Tech. Ref. Manual	87.50				
2336	3279/79 E/A Tech. Man. Add	11.20				
2337	3279/79 E/A Ser. Man. Add.	15.40				
3085	Guide to Operations	56.00				
0075	Basic Reference Manual	31.50				
3087	HDWE Maint. Sv. (HMS)	136.50				
3063	3.5 Diskette Update	4.17				
3109	HMS Update	6.97				
3088	Hardware Maintenance & Repair (HMR)	105.00				
3089	Technical Reference Manual	34.83				
3090	Tech. Ref & Adapters Updates 3.5 Diskette	4.17				
3091	Tech. Ref & Adapters Updates 20 MB Fixed Disk	4.17				
3092	Adapters Updates 20MB Fixed Disk Adapter	4.17				
3093	Tech. Ref & Adapters Updates 5.25 360Kb Diskette	4.17				
3102	Guide to Operations	56.00				
3100	HMS Update	6.97				
3110	HMR Update	4.17				
0070	Technical Reference Manual	73.50				
3099	TMR Update	34.83				
3544	128/640 Memory Expansion Update	4.17				
3075	512/2Mb Memory Expansion Update	4.17				

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1-23-87

Agreement No. _____

PURCHASING AUTHORITY AGREEMENT
Between

Department of Administration

and

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1.0 PARTIES

This agreement is made and entered into by the PURCHASING Division, Department of Administration (PURCHASING) and

(AGENCY).

_____ shall represent the AGENCY in working with this Agreement and _____ shall represent PURCHASING.

2.0 AUTHORITY AND PURPOSE

The purpose of the Montana State procurement function is to insure fair, broad-based competition of state purchases to maximize the purchasing value of public funds. Legal authority is granted in Title 18, Chapter 4, MCA, and Chapter 5, Title 2 of the Administrative Rules of Montana.

PURCHASING is required by Title 18, Chapter 4, MCA to procure or supervise the procurement of supplies and services for the State. PURCHASING may delegate purchasing authority to state departments.

This agreement applies to delegation of purchasing authority for supplies and services, except for printing as described in Title 18, Chapter 4, MCA. The AGENCY shall not further delegate, transfer or assign purchasing authority beyond what is described in this Agreement.

3.0 TERM OF AGREEMENT

The Agreement will take effect on _____ and will continue in effect until _____.

The agency agrees to perform professional purchasing activities in accordance with this agreement; Title 18, Chapter 4, MCA and the Administrative Rules of Montana, Chapter 5, Title 2. This agreement consists of sections 1.0 through 17.0 and Subparts _____.

4.0 MODIFICATION

4.1 The AGENCY may request a change in the Subparts by submitting to PURCHASING a written proposal justifying the proposed modifications. The written proposal must be submitted at least one month prior to the desired effective date. Performance in accordance with this Agreement shall continue until the AGENCY receives written approval from PURCHASING of the proposed modification.

4.2 PURCHASING reserves the right to unilaterally modify any part of this Agreement upon thirty (30) days advance written notice to the AGENCY.

5.0 TERMINATION OF AGREEMENT

5.1 If the AGENCY fails to fulfill its obligations in a timely and proper manner, or violates any term or provision or fails to

comply with the Subparts of this Agreement, PURCHASING may terminate this Agreement by giving written notice to the AGENCY specifying the effective date of termination.

5.2 The AGENCY may terminate this Agreement by giving written notice to PURCHASING at least thirty (30) days before the desired effective date.

5.3 In the event of Agreement termination, the AGENCY is not relieved of liability for damages sustained by the AGENCY acting under this Agreement.

6.0 FAILURE OF ENFORCEMENT IS NOT A WAIVER

Failure of PURCHASING to enforce at any time any of the provisions of this Agreement shall not be construed to be a waiver of such provision nor affect the validity of any part of this Agreement or the right of PURCHASING to thereafter enforce such provision.

7.0 TRAINING AND TECHNICAL ASSISTANCE

PURCHASING will provide training and technical assistance to the AGENCY that is mutually agreed upon. PURCHASING will provide for at least one formal training session (at cost if provided through an outside source). PURCHASING will furnish interpretations of applicable statutes, rules, and this Agreement to assist in compliance by the AGENCY.

8.0 SUPPLIERS' LIST

8.1 PURCHASING will maintain an updated suppliers' list for all commodity class and item code areas requested by the AGENCY. PURCHASING will provide the AGENCY with an updated list every six months.

8.2 The AGENCY agrees to use Purchasing's central suppliers' list for all bids. The AGENCY may add to this list by submitting additions to PURCHASING.

9.0 LIABILITY

The AGENCY accepts responsibility for handling any disputes, protests or lawsuits, and paying any costs resulting from its performance in violation of this Agreement or applicable statutes. PURCHASING will notify the AGENCY of any problems or complaints within ten (10) working days of notification. The AGENCY shall respond to problems within thirty (30) days and shall notify PURCHASING of resolution.

10.0 DISPUTES

10.1 PURCHASING agrees to arbitrate disputes between suppliers and the AGENCY as requested by either party.

10.2 The AGENCY agrees to maintain as part of a permanent bid file all written protests of awards and AGENCY responses. The AGENCY shall investigate and respond in writing to all such protests.

11.0 DELEGATED AUTHORITY

The AGENCY is authorized to purchase all items estimated to cost \$_____ or less, individually or like items on a single requisition with an estimated combined total of \$_____ or less unless otherwise provided in the Subparts. Items on term contracts may be purchased directly, regardless of cost.

12.0 PURCHASES NOT INCLUDED IN DELEGATED AUTHORITY

PURCHASING will provide the following services for the AGENCY except for specific AGENCY authorizations in the Subparts.

12.1 Volume Purchases

PURCHASING will identify and make purchases of items commonly used in state government where savings may be realized through volume purchasing. PURCHASING will notify AGENCY of these items through: Requisition Time Schedule, Term Contract supplies and contract numbers, and Central Stores catalog. The AGENCY agrees to purchase volume purchase items identified by PURCHASING through the following procedures:

* Requisition Time Schedule (RTS) -- The AGENCY agrees to send requisitions (form #221) to PURCHASING of all AGENCY purchases of Requisition Time Schedule items that will have an annual aggregate cost of \$300.00 or more by the deadline on the Requisition Time Schedule.

* Term Contract -- The AGENCY agrees to purchase all items for which Term Contracts have been awarded from the term contract supplier.

* Central Stores -- The AGENCY agrees to purchase all items identified and stocked through Central Stores by sending a supply order form to PURCHASING'S Property and Supply Bureau.

12.2 Purchases Above Delegation

On behalf of the AGENCY, PURCHASING will purchase all items estimated to cost over \$_____ individually and like items on a single requisition with an estimated combined total over \$_____ except as otherwise provided in the Subparts.

13.0 COMPETITION

The AGENCY agrees to insure fair competition on all purchasing transactions. The AGENCY shall maintain written procedures for handling all purchases, will follow the procedures manual provided by PURCHASING, and will only use forms (Request for Quotations, Tab Sheet, AGENCY Purchase Order) approved by PURCHASING.

14.0 RECORDS

The AGENCY agrees to keep records of all purchasing transactions made under this Agreement in a central location. Such records will be organized by purchase and will contain a numbering system to allow the tracking of documents from the start to the end of purchase process. Each purchase file shall contain:

14.1 Purchases \$300 or Less

- Copy of a purchase requisition.

14.2 Purchases from \$301 to \$500

- Copy of signed Purchase Requisition.
- Record of telephone bids (a minimum of three)
 - * Name of bidder.
 - * Name of person talked to.
 - * All information on item being bid, including manufacturer and model number, dimensions, other pertinent specifications. This information must be written and read to each bidder.
 - * Price quoted.
 - * Terms.
 - * Delivery.
 - * Date of conversation.
 - * Name or initials of buyer.
- Copy of signed purchase order.

14.3 Purchases from \$501 to \$1,999

- Copy of signed purchase requisition.
- Copy of Request for Quotation Form.
- List of suppliers contacted (a minimum of three).
- Copies of written bids (a minimum of three) including signature of bidder, descriptive information on items bid, price, terms, delivery, etc.
- Copies of all internal and external correspondence concerning the purchase.
- A written record of any phone conversations concerning the purchase.
- Copy of bid tabulation sheet.
- A written explanation by the buyer if the purchase is awarded to anyone other than the low bidder.
- Copy of signed purchase order.

14.4 Purchases \$2,000 and Over

- Copy of signed purchase requisition.
- Copy of performance bond, if required.
- Copy of advertised notice to bidders and list of vendors.
- Copies of newspaper advertisements, if appropriate.
- Copy of Invitation For Bid with specifications, including any addenda.
- Copies of all bids.
- Tabulation of the bids.
- Copies of any correspondence concerning the purchase including a recommendation for award from the using agency.

- Copies of certified mail receipts.
- A written record of any phone conversations concerning the purchase.
- A written explanation by the Purchasing Agent if the contract is awarded to anyone other than the low bidder.
- Copy of signed purchase order.

14.5 A record of sole source purchases will be maintained as required by MCA 18-4-306.

15.0 COMPLIANCE REVIEWS

15.1 PURCHASING agrees to perform on site compliance reviews to insure compliance with the provisions of this Agreement. Such reviews shall be scheduled in advance and shall be followed by a written report and, if needed, a list of recommended action to correct areas of potential or actual non-compliance.

15.2 The AGENCY agrees to participate in compliance reviews scheduled by PURCHASING. The AGENCY agrees to respond to the written recommendations made by PURCHASING within the designated time period.

16.0 REPORTS

The AGENCY agrees to submit the following reports on an annual basis (December 31,) to PURCHASING.

16.1 Complaints against vendors and the resolution.

16.2 Summary of purchases exceeding \$2000.00 by commodity which includes amount of contract, name of supplier and names of suppliers who did not respond to the bid.

17.0 APPROVALS

The AGENCY agrees to obtain prior approval from the appropriate State agency on certain equipment as set forth in 2.5.202(6) ARM.

Reviewed for Legal Content by:

Beda Lovitt, Chief Counsel (date)
Department of Administration

Approved for the AGENCY by:

(date)

Approved for PURCHASING by:

Michael Muszkiewicz, Administrator (date)

27
1-23-87

**ISSUE: CONVERSION OF PURCHASING BUREAU FROM GENERAL FUNDING
TO PROPRIETARY FUNDING**

The General Government Appropriations Sub-Committee has requested a review of the feasibility of funding the Purchasing Bureau through a proprietary account, eliminating the current General Fund appropriation.

ADVANTAGES:

1. Potential for overall cost recovery based on agency use.
2. Reduction of General Fund expenditures within the Department.

DISADVANTAGES:

1. Difficulty in arriving at allocation procedure acceptable to all parties.
2. Required line-item funding in agency budgets.

PREFERRED ALLOCATION METHOD:

A percentage of the total dollar amount purchased by the Bureau which represents each agency's purchases during FY 86 has been calculated. This percent could be used to determine the amount of the Bureau's budget allocated to each agency (please see attachment).

These amounts should be line-itemed into agency budgets. Purchasing is a compliance function, similar to the Legislative Auditor's Office. Line-iteming the costs of purchasing would ensure that the amount is available.

The primary advantages to this allocation method include:

- an increased probability of compliance with purchasing law. (Agencies will have been budgeted for use of the Purchasing Bureau. There would be no incentive to circumvent it.)
- less time would be needed to track accounts; bill and receive payment; and otherwise manage accounts.

STAFFING

Should proprietary funding be implemented, maintaining the current turnaround time would become even more important than it now is. Maintaining current staffing levels would help ensure agency acceptance, use and cooperation in this process.

EXHIBIT 27
DATE 1-25-87
HB

ISSUE: CONVERSION OF PURCHASING BUREAU FROM GENERAL FUNDING TO PROPRIETARY FUNDING

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~~and cooperation in this~~

PROPOSED ALLOCATION PLAN**Purchasing Bureau**

<u>Agency</u>	<u>Percent of Total Dollars Expended</u>	<u>OBPP 88 Budget</u>	<u>OBPP 89 Budget</u>
Administration	.092	\$42,929.50	\$42,953.14
Agriculture	.005	2,333.12	2,331.41
Auditor	.005	2,333.12	2,331.41
Commerce	.011	5,132.88	5,135.70
Education	.004	1,866.50	1,867.53
Fish, Wildlife & Parks	.044	20,531.50	20,542.81
Governor's Office	.0003	139.99	140.07
Health & Environmental Sciences	.004	1,866.50	1,867.53
Highways	.290	135,321.25	135,395.78
Institutions	.001	466.62	466.88
Justice	.035	16,331.88	16,340.87
Labor & Industry	.024	11,199.00	11,205.17
Lands	.089	41,529.66	41,552.50
Library	.0004	186.65	187.75
Legislative Auditor	.0004	186.65	187.75
Legislative Council	.0003	139.99	140.07
Legislative Fiscal Auditor	.0004	186.65	187.75
Livestock	.004	1,866.50	1,867.53
Military Affairs	.001	466.62	466.88
Natural Resources & Conservation	.006	2,799.75	2,801.29
Public Instruction	.002	933.25	933.76
Public Service Commission	.0004	186.65	187.75
Revenue	.015	6,999.36	7,003.23
Secretary of State	.0004	186.65	187.75
Social & Rehabilitation Services	.003	1,399.88	1,400.65
Supreme Court	.0004	186.65	187.75
Center for the Aged	.004	1,866.50	1,867.53
Developmental Center	.010	4,666.25	4,668.82
Deaf & Blind	.004	1,866.50	1,867.53
Eastmont Human Services	.002	933.25	933.76
Mountain View School	.001	466.62	466.88
Pine Hills	.003	1,399.88	1,400.65
Prison/Prison Industries	.029	13,532.13	13,539.58
State Hospital	.018	8,399.25	8,403.88
Swan River Youth Forest Camp	.001	466.62	466.88
Veterans' Home	.003	1,399.88	1,400.65
Youth Treatment Center	.001	466.62	466.88
Agricultural Expt. Station	.005	2,333.12	2,334.41
Coop Extention Service	.002	933.25	933.76
Eastern Montana College	.041	19,131.63	19,142.16
Mineral Sciences & Technology	.005	2,333.12	2,334.41
Montana State University	.111	51,795.38	51,823.90
Northern Montana College	.003	1,399.87	1,400.65
University of Montana	.109	50,862.11	50,890.14
Western Montana College	.010	4,666.25	4,668.82
Total	1.000	\$466,625.00	\$462,882.00

VISITOR'S REGISTER

GENERAL GOVERNMENT & HIGHWAYS SUB COMMITTEE

AGENCY(S) _____

DATE Jan. 23, 1987

DEPARTMENT _____

NAME	REPRESENTING	SUP- PORT	OP- POSE
Chane Blanton	General Services	✓	
Susan Campbell	General Services	✓	
Elk Mr	DOA		
W. J. Ashley	DOA		
Linda King	Public Employees Retirement		
Joan Miller	Public Employees Retirement		
Rose Mann	DOA	✓	
Clarice V. Book	Wakus Comp Court		
Mary M. M. M.	Teachers' Retirement	✓	
Donald L. S.	Teachers' Retirement	✓	
John Maynard	Tort Claims	✓	
Steve Weller	Tort Claims	✓	
W. W. W. W. W.	DOA		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT.
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.