

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 February 4, 1987, at 8:00 a.m. in Room 132 of the State Capitol.

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

67A:0.00

HOUSE BILL 277

Rep. Mary Ellen Connelly introduced HB 277: (Exhibit No. 1) "An Act authorizing counties to establish drinking and driving prevention programs; and providing for funding with a driver's license reinstatement fee; and providing an appropriation".

In 1983, the federal government sent money to various states to be used in establishing task forces. Montana received a portion of this money and county commissioners in various counties set up the programs. This was all volunteer. They put together an enforcement and educational plan dealing with the problems of drinking and driving. They purchased breatholizers and hired extra law enforcement officers to do this. As this was so successful, they are back again trying to fund this program as the federal money is gone. They propose a \$50.00 reinstatement fee for a driver's license. Since the task forces have been in effect, the number of total accidents have decreased and the DUI convictions have increased - 3,071 in 1981 and 8,102 in 1986. Other statistics support this also. Rep. Connelly said there was no opposition when the bill was heard in Local Government and she urged the support of this subcommittee.

Chairman Rehberg called for proponents.

PROPOSERS

Will Selser, facilitator for the Lewis & Clark County Stop DUI Task Force stressed this money would be used for a grass root effort. There is \$100 worth of effort put forth by the committees for every \$1 funded. The Lewis and Clark County Task Force has brought together such diverse groups as the tavern owners and church women of the community. The community has felt an enormous impact through their efforts. He urged the committee's support of this bill.

Mickey Nelson, Chairman of the Lewis & Clark County Stop DUI Task Force, told the committee during the state meeting of the DUI

Task Forces held in Helena, this was one of the top priority pieces of legislation. This would be asking those in a user fee sense to support the program without having to ask the counties or states for additional funding. This has been a major cause of the decrease in serious injuries and has definitely reduced traffic fatalities on the highways. He urged the committee's support of this bill.

Dick Gildroy, a member of the Lewis & Clark County Task Force and with the Boyd Andrew Chemical Dependency Care Center, urged the committee's support for the bill. He further stated the Task Force has involved the community to a large extent that was not there before.

Rayleen Beaton, Helena City Commissioner and a member of the Stop DUI Task Force, said the result has been a community working together to solve a community problem. Helena has a new program called the Spot Stop Program. The problem is the availability of alcohol to kids. This program has worked so well and the funds have now stopped. It has only been operational for three and one-half months. She said the \$50.00 fee is such a reasonable way to go because it comes from those causing the problem and it is being used to help solve the DUI problem in the community. She urged the committee's support.

There were no further proponents.

Chairman Rehberg called for opponents.

There were no opponents.

(9.00)

Chairman Rehberg opened the meeting to questions from the committee.

Sen. Keating questioned the use of general fund monies on the fiscal note. Flo Smith said they would need state help in collecting the money. This would require two FTE.

Sen. Keating asked for additional information regarding the structure of collecting and administration.

Al Goke, Administrator of the Highway Safety Division in the Department of Justice, said the fiscal impact to the Department of Justice would be solely in driver's licensing. They propose to collect the \$50.00 fee at the time of relicensure. Mr. Goke said he has an account that could disburse the funds. The bill requires disbursement of the funds to the counties quarterly. The law would require the county to have a task force in order to receive these funds. The task force would have to establish a

plan to be reviewed and approved by Mr. Goke. Mr. Goke said, in his opinion, the law could be amended to earmark the fee and to provide for administrative fees and to biannually appropriate from that earmarked account.

Mr. Goke further stated he felt he could predict with a great deal of accuracy the amount of money that would go to any county simply because it is based on DUI convictions. There are very accurate records at the state level to track this. He referred to the assumption as noted on the fiscal note that only sixty-three percent will pay this reinstatement fee.

Sen. Gage expressed concern that a lot of soft-hearted people in charge will reduce the fine.

Al Goke said he did not feel there would be an impact to his division to require more FTE and this would be merely disbursement of fifty-six checks quarterly. The impact in FTE was projected by the Motor Vehicle Division.

Bob Kuchenbrod, Administrator of Central Services, Department of Justice, said the money would be handled by his division. They are down one FTE now and with the additional four to six programs, they are maximized as far as the staff is concerned. It will take some people to do the job. They will be asking \$65,910 in general fund over the biennium to implement this. He said if the law could be amended where federal or other funds would support this in his division, then they would not need general funds. There would have to be some kind of funding to support those two FTE.

Rep. Quilici asked Mr. Goke if there were any funds in his division that could fund these two FTE. These would be federal funds and Mr. Goke indicated this would be possible for a portion of time, possibly a minimum of three years. Beyond that, he did not feel it would be possible.

(21.50)

Rep. Mary Ellen Connelly stated twenty-three counties now have a task force. She said having this money available should be an incentive to counties to become involved. She asked the committee for their support for this very worthwhile program that has proven it works.

The hearing closed on HB 277.

(25.16)

DEPARTMENT OF JUSTICE

Transportation of Prisoners

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget.

A voice vote was taken and the motion PASSED unanimously.

(27.00)

Central Services Division

EXECUTIVE ACTION

Sen. Gage moved the committee adopt the LFA budget with Adjustments.

A voice vote was taken and the motion PASSED unanimously.

Rep. Quilici questioned how the committee would handle the area of repair and maintenance. Clayton Schenck said it would have to be allocated to all the agencies.

Chairman Rehberg said since the committee had added the \$15,000 per year Federal Grant, the \$1,446 would have to be added to the LFA budget for audit costs.

EXECUTIVE ACTION

Rep. Quilici moved the committee approve the addition of \$1,446 to the LFA budget for audit costs for the HTS Grant.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Rep. Poulsen moved the committee remove the .85 FTE, Accounting Technician.

A voice vote was taken and the motion PASSED unanimously.

(31.50)

Gary Carrell, Administrator of the Criminal Investigation Division, Department of Justice, reported on the apartment. The apartment is still rented and the division did offer it up as part of the three percent cuts. He forgot to do it. He suggested it could be taken out of the insurance the task force does not intend to pay. He said the apartment is a place for the deputy to live when in Billings. The funding for this apartment is in the LFA budget and not in the OBPP budget.

EXECUTIVE ACTION

Sen. Gage moved the committee reduce rent by \$3,031 per year on Program 26.

A voice vote was taken and the motion PASSED unanimously.

67B:0.00

Law Enforcement Academy

Sen. Gage referred to the presentation by Ken Hoovestall on the proposed move to Great Falls. Mr. Hoovestall indicated they could provide a similar facility to the one in Bozeman for approximately \$5,000 less. Sen. Gage asked about the costs involved for remodeling the areas for special needs.

Rep. Poulsen said he wanted to make it very clear they were in no way trying to take anything away from the Long Range Planning Committee. They have worked hard and long in coming up with proposals to move the Law Enforcement Academy into a permanent location. The Great Falls proposal, as he sees it, is not to put it into a permanent facility or to, in any way, interfere with the work of the Long Range Planning Committee, but to offer twice the amount of space next to a firearms training that is fully paid for by the United States Government. This facility could be leased on a one, two or up to a five year lease, for \$141,200, including utilities, custodial and laundry. That figures out to be \$6.19 per square foot for the entire space. At the existing facility in Bozeman, the rent will be \$13.61 square foot for temporary buildings.

If the academy would not use the entire space allocated, there are other state agencies in Great Falls that could sub-lease some space. The people attending the academy will be able to use the swimming pool, weight room, etc. at a charge of \$3.00 per person. The cafeteria is just 300 feet away and is open seven days a week all year.

Rep. Quilici agreed with Rep. Poulsen, but felt before the committee makes a decision, they should see the proposals of the other areas for the academy as submitted to the Long Range Planning Committee. He said the committee should address the budget as presented, with a recommendation to the full appropriations committee as to the preferred site.

Flo Smith said the rent agreement in Bozeman has an inflation clause on it of six percent. The six percent will go into effect the second quarter of FY 89, October 1.

Rep. Poulsen pointed out the travel from Bozeman to Lewistown and back for use of the firearms training. There would be a savings in these costs.

Ken Hoovestall said repair and maintenance is included in the lease of the Great Falls facility. He also said the \$100,000 basic lease cost was a five year fix. He was not aware of any additional costs.

Bob Kuchenbrod said the total amount involved in moving the academy was approximately \$33,000. The assumption was the total staff would move to the new location and the division included the cost of traveling in this figure. The moving of the equipment was also included.

Susan Hansen said Chairman Thoft of the Long Range Building Subcommittee had several bills in drafting that relate to moving the academy and he is waiting on a report from the Legislative Council on the issues.

Sen. Keating suggested the committee make a note that they have reviewed this proposal and approve the budget as presented, without tentative recommendations.

Chairman Keating suggested the committee make a note that they have reviewed this proposal and approve the budget as presented, without tentative recommendations.

Chairman Rehberg said if the budget was set at the lowest proposal, this would almost assure the committee would have some control over the budget somewhere along the line. Otherwise, the committee may never see this again as it will be done in full committees.

Sen. Gage said if the people from Great Falls can assure the committee these are firm figures for these parts of the budget, he would not have a problem reducing the figures presented to the committee by those amounts.

Rep. Quilici said he felt the committee should come up with the best numbers possible and compare with other proposals and then adjust the budget accordingly.

Rep. Poulsen said if the committee funded the academy at the figures presented by Great Falls, perhaps Bozeman would rescind the six percent escalation figure.

(29.25)

EXECUTIVE ACTION

Sen. Gage moved the committee reduce the LFA budget rent by \$2,900 in FY 88 and \$9,800 in FY 89.

A voice vote was taken and the motion PASSED unanimously.

EXECUTIVE ACTION

Sen. Keating moved the committee adopt the LFA budget with adjustments.

A voice vote was taken and the motion PASSED unanimously.

Rep. Quilici requested the amounts of the ending fund balances.

Clayton Schenck referred to the equipment handout for differences. The LFA allowed \$3,000 for equipment to be purchased on a priority basis as determined by the academy.

Flo Smith told the committee the division's request for equipment was for replacement of worn out or obsolete equipment, including the handguns.

Sue Hansen said the equipment listed on the agency's handout was in priority order.

68A:3.50

EXECUTIVE ACTION

Sen. Gage moved the committee approve the amount of \$3,500 in FY 88, line-itemed, to be used for the purchase of handguns. This is in addition to the \$3,000.

A voice vote was taken and the motion PASSED unanimously.

(4.32)

Forensic Science Lab

EXECUTIVE ACTION

Sen. Keating moved a change in the LFA budget in financing from Alcoholism Treatment and Rehabilitation Tax money to the Motor Vehicle Fund.

Sen. Keating stated the Alcoholism Treatment Fund is to be used for just what it says. The tax was initiated for this purpose and the Legislature should not use this fund for other unrelated purposes. Clayton Schenck told the committee with the LFA current level, the Motor Vehicle Account will fall short

approximately \$200,000. The effect will be the Motor Vehicle Account will run out and the impact will be on general fund.

Sen. Keating amended his motion to include the Motor Vehicle Account or other State Special rather than the Alcoholism Treatment and Rehabilitation Tax money.

Rep. Poulsen seconded the amended motion.

There was discussion regarding the order in which the funds were to be used to ensure these other funds were used before the general fund. Pam Joehler told the committee that it was definitely in the Appropriations Act where non-general funded revenue should be used first. Clayton Schenck said if they were funded by the Motor Vehicle Account, that account would have to be used and there would not be any general fund involved. He further stated the Appropriations Act would have to specify the type of revenue to be used. It cannot be open-ended.

Sen. Keating withdrew his amendment.

(14.12)

Sen. Gage said the largest part of this budget deals with crimes that are drug or alcohol related and, therefore, he feels that some of the funds from these taxes should be used in this area.

Mike Murray, representing the Chemical Dependency Programs of Montana, told the committee there were three alcohol counselors at the prison, two funded through the Alcohol Earmarked Tax and one is a supplemental appropriation funded through general fund money this year. There are eight treatment beds set aside at Galen for prison inmates funded by the Alcohol Earmarked Tax. The money the state receives from beer, wine and liquor sales goes into the general fund.

There was discussion regarding the fume hoods. Susan Hansen said there was definitely a problem as the existing ones are ten to twelve years old and they are not graded for flammable gases. These are used in the chemistry and toxicology areas.

#### EXECUTIVE ACTION

Rep. Poulsen moved the committee approve the purchase of a fume hood.

There was discussion regarding the purchases the division could make with the LFA budget.

Rep. Poulsen withdrew his motion.



EXECUTIVE ACTION

Sen. Gage moved the committee approve \$10,000 for equipment to be line-itemed for the purchase of two fume hoods, \$38,000 as a biennial appropriation for chromatograph equipment, and \$6,414 for the division to use at their discretion.

Sen. Gage amended his motion to approve \$38,000 for chromatograph equipment and \$10,000 for fume hoods as a biennial appropriation and to reduce equipment by \$6,414.

Susan Hansen asked for a clarification on the motion. She requested that should another item of equipment break down, could the department have the prerogative to buy a replacement. Some of the equipment is critical to the operation of the lab.

Sen. Gage withdrew his motion.

Sen. Gage moved the committee approve \$48,000 line-itemed for the purchase of equipment.

A voice vote was taken and the motion PASSED unanimously.

Chairman Rehberg reminded the committee of the adjustment to be made on rent.

(34.06)

EXECUTIVE ACTION

Rep. Quilici moved the committee approve the increased rent by inflation of \$4,141 in FY 88 and \$4,141 in FY 89.

A voice vote was taken and the motion FAILED, with Rep. Poulsen, Sen. Keating and Chairman Rehberg voting no.

Sen. Keating requested an overall analysis of the Department of Justice in order for the committee to know what was appropriated in total for each division or bureau and what was appropriated as to the various funds involved. Clayton will furnish this list to the committee.

Larry Majerus told the committee he had met with Clayton Schenck regarding the printing costs for the Registrar's Bureau. The confusion arose as a result of the request approved by this committee to buy secured titles. When they went to a security figure in the title, it had to be removed from a unit set, as they were purchased previously. The security feature on the paper increased the cost, as they cannot be produced in unit sets, and the bureau asked for an adjustment to their budget the last time and it was granted. The amount of \$13,000 the first

year and \$25,000 the second year. It was the LFA's understanding that was a one-time expenditure.

The security feature did not cost as much as anticipated as some of the items were dropped. As a result, the titles were less. The bureau does not believe this should have been backed out as it is an ongoing cost and requested the money be reinstated. Clayton agreed.

#### EXECUTIVE ACTION

Rep. Quilici moved the committee approve the addition of \$9,000 in FY 88 and \$6,000 in FY 89 under contracted services for printing costs.

A voice vote was taken and the motion PASSED unanimously.

Chairman Rehberg asked Susan Hansen if she had the information on the down time requested by the committee. She said there were two lines, one directly into the computer at the Armory which is the Department of Justice computer, and a second line into the Department of Administration on the mainframe. These two act as back up for each other. This was the reason for having the two lines. The Department of Justice is now exploring the possibility of running one line from Washington, D.C. into the phone company here and then running two lines from the phone company to the separate buildings. If they are successful, the cost will be reduced. The exact figures are not yet available, but it would be less than the \$18,800.

#### EXECUTIVE ACTION

Sen. Gage moved the committee remove \$9,400 per year from data processing in the communications category.

A voice vote was taken and the motion PASSED unanimously.

The committee recessed at 10:00 a.m.

The committee reconvened at 10:20 a.m.

#### DEPARTMENT OF REVENUE

John D. LaFaver, Director of the Department of Revenue, handed out pie charts that summarize the overriding operational facts the department has been looking at over the past year or two. The first chart reflects the comparison in statewide FTE reductions to Department of Revenue FTE reduction. (Exhibit No. 2) By FY 1989, the department proposes to eliminate 190.91 of those staff, or 18.5 percent. Mr. LaFaver reviewed the management strategies the department initiated in order to make a staff

reduction of that size work. The Property Assessment Division was reorganized by combining assessor and appraiser functions in the county offices, thereby reducing the duplication of those offices. The property assessment staff in 1978 was 780. In 1988, the staff numbers 395.

The department has merged the Miscellaneous Tax Division with the Income Tax Division and administrative overhead has been reduced as a result.

The department has proceeded with the Liquor Recovery Plan approved during the June Special Session. This plan requires the Department of Revenue to, in an orderly way as leases expire, convert state operated stores to private agency stores. This will eliminate a number of staff as well. Finally, the department has automated and proposed to automate major areas in the tax collection effort to make revenue collections more cost effective. Mr. La Faver emphasized he did not believe it would be possible to maintain the revenue collection effort now in place looking at the staff reductions without a significant investment in automated systems.

Mr. LaFaver referred to the modifications recommended in the OBPP budget. He pointed out these were unusual modifications. All of the staff included in these modifications are staff on board right now and were approved by the 1985 Legislature. The 1985 Legislature stated they were not sure as to the magnitude of increased tax revenues that would come about as a result of the increased staff and they required the department to bring the staff back in as a modification and show the increased revenue accrued to the state as a result of hiring those staff. Mr. LaFaver stated the department was prepared to show the committee in every area the added revenue resulting from the added staff. This would be a modification in a very technical sort of way, but it is a continuation of the present staff effort and present revenue effort the department now has.

Mr. LaFaver said he felt there are ways to lower operating expenses, but in order to gain any significant savings there, the tax laws need to be looked at and possibly changed. He does not believe it is possible to significantly lower the operating expenses below their request without changing the tax laws and expect that revenue collections will be at the level they are now. He further stated he believed the department could operate with the reduced staff they are requesting, only if the automated systems laid out are included in the appropriation to the agency. If they are not included, there will be a significant reduction in the amount of revenue expected over the next two years.

Norm Rostocki gave an overview of the OBPP budget. Mr. Rostocki pointed out there was a reduction of approximately \$1,000,000 in

general fund between the 87 and the 89 proposed OBPP budget due basically to reorganization and completion of the five-year reappraisal cycle. Overall, there are three areas in which many of the issues will fall:

- 1) Modified requests - There are many modified requests in this budget and the majority generate revenue. These will be addressed as the programs are discussed.
- 2) The OBPP includes additional data processing costs. These are also addressed in various programs. The systems, in some cases, are on-line and are considered current level costs in both the LFA budget and the OBPP budget.
- 3) County computers on property appraisals. The legislative audit reveals that some changes need to be made regarding the relationship between the department and the county assessors. The OBPP budget proposes the assessment data be centralized on the state's mainframe for real property. The state would continue to use the county computers for personal property, which represents about a quarter of the current workload. The modification is presented as a negative number for one of the years in both budgets. If you take the OBPP recommendation for the modified, money will be saved from the current level.

The final major issue to be addressed is in video poker transfer. The OBPP requested the licensing function be transferred from Revenue to Commerce. The OBPP does not show a budget for video poker in Revenue. Norm further stated if HB 189 does pass, the budget will be transferred as proposed by the OBPP. If it does not pass, the assumed revenues in the LFA budget will need to be addressed.

There are two parts to the legislation. One is the transfer and the other part is the change in fees from five percent to three percent. If the bill does not pass, the video poker will stay in revenue with the fee at three percent. The LFA has assumed revenues at five percent. The legislation needs to be followed as it has a dramatic impact on what happens to the revenue available.

(15.23)

Pam Joehler presented an overview of the budget for the LFA. (Exhibit No. 3) The current level budget provides for a six percent decrease in operating costs and a very significant increase in non-operating costs, resulting in an overall increase for the entire agency of 12.6 percent for the 87 to 89 biennium. Primary reason for the operating cost decrease is the elimination of 121 FTE in FY 86 level and almost 49 FTE in the FY 87 level.

Non-operating costs on the main table include two types. The first includes approximately \$375,000 in the 89 biennium for pass-through funds to local governments for medicaid fraud investigations and child support enforcement reimbursement. \$9,600,000 is also included to enable the department to transfer Resource Indemnity Trust interest funds to other departments as may be authorized by this Legislature.

The general fund contributes sixty-nine percent of the total 89 biennium current level budget and eighty-five percent of the operating budget. General fund will decrease in the LFA current level budget. State Special Revenue is budgeted to increase significantly as those RIT transfers are funded from the State Special Revenue. Federal funds are budgeted to decrease because the department eliminated the medicaid fraud program. The major differences between the two budgets are outlined on Page A-140 of the exhibit.

The LFA did not include a line item specific budget for the Liquor Division because the Legislature has chosen in the past years to use language in the Appropriations Act.

The modified recommendations are in Table A, page 140 of the exhibit.

In the Property Assessment Division vacancy savings is not applied to elected assessors in the OBPP budget, but the LFA does apply four percent vacancy savings to all positions in that division. The LFA current level deleted one FTE, Programmer Analyst. R.I.T. transfer are included in the LFA. The LFA does include the video poker licensing function in the Department of Revenue.

There will need to be adjustments made for rent in every program. Regarding the amount included for the automated systems over and above what was spent in 86, the current level budget includes \$258,000 more in FY 88 and \$269,000 in FY 89.

(24.45)

#### Director's Office

Norm Rostocki presented the budget for the OBPP. (Exhibit No. 4) This office houses the director, his staff and the personnel function of the Department of Revenue. The budget is reduced 1.5 FTE from the 86 level. The health insurance difference is due to the reduction in FTE. Both budgets include \$115,200 for legislative audit in FY 88. The rest of the difference in contracted services involves the issue of whether the funding for professional contracts should be left in the base. Travel was maintained at 86 level. Perhaps the rent should be addressed all at

one time. Norm and Pam agreed on the spread sheet and this can be addressed at the end and the budgets adjusted accordingly.

Other expenses are due to reduction in training expenses by the LFA.

The difference in funding is due to the fact the OBPP reflects the Highway earmarked account, which pays for a portion of the Director's expenses. The agency's request was a little different and the LFA incorporated that into their budget presentation.

(28.30)

Pam Joehler presented the budget for the LFA. (Exhibit No. 5) In FY 86, the department transferred nine FTE from other divisions into the Director's office and this is continued into the 89 biennium. The actual expenditures are shown on page A-145 of the exhibit. The funding was set at approximately twenty percent rather than the twelve percent as stated on page A-145. The proprietary fund included is the liquor division and that funds a portion of the biennium audit costs. The decrease in contracted services relates to the person hired on contract, now employed by the agency and there was no need to continue an expenditure base in that amount.

(31.06)

Jack Ellery, Deputy Director of Operations, said there were no major issues in the Director's Office budget.

(31.22)

#### Legal Office

Norm Rostocki presented the budget for the OBPP. (Exhibit No. 6) Mr. Rostocki pointed out the problem in health insurance. He said there were no major differences in the two budgets.

Pam Joehler, LFA, agreed with Mr. Rostocki.

Jack Ellery, Deputy Director of Operations, had nothing to add.

#### Centralized Services Division

Norm Rostocki presented the budget for the OBPP. (Exhibit No. 7) The OBPP budget reflects a reduction of two FTE from the 86 level, as does the LFA. The difference between the two budgets in contracted services, \$43,000 in FY 88 and \$49,000 in FY 89, is primarily the cost of a revenue control system which will be operational in FY 88. The system will track all receipts, post them to SBAS and will allow deposits to the proper funds much

quicker than before. It is an integral part to the automation system that the department is proposing. This has been suggested by the auditor in the last two audits in order to get a better handle on the revenue. The transfer category is not funded by the OBPP. Norm said during executive session they will have some language to propose to the committee. The majority are R.I.T. transfer funds. There is always a bill that goes in to fund projects in a priority order to the extent that R.I.T. funds are available and the Department of Revenue disburses those funds to the agencies. He stated they would like to put in language authorizing the Department of Revenue to disburse the R.I.T. fund to agencies designated projects established in the bill.

69A:0.00

Pam Joehler presented the budget for the LFA. (Exhibit No. 8) The current level budget provides for a very large increase for the transfers. Personal services increase 1-1/2%. There is no change in FTE between FY 87 and FY 89. Operating expenses are budgeted to decrease 12.6%. This division is funded from general fund, state special revenue and federal funds. State special revenue is the R.I.T. money and federal funds include an allocation of child support funds. Personal services in the LFA current level exceed the OBPP recommendation resulting from the LFA including overtime and overtime benefits in its recommendation. In contracted services, \$44,300 of the difference each year is explained by the agency requesting funding for computer processing charges for the control system. This particular system was not specifically authorized by the 85 legislature. That is why the funding for the operating costs is not included. Pam stated the Legislature should be made aware of the system and the agency should justify the expense. The LFA included the one-time communication charges.

(3.35)

Jack Ellery, Deputy Director of Operations, addressed the issue of the revenue control system. In past audits, the department had been criticized for not being able to reconcile information recorded in the automated system to those recorded in the state-wide budget and accounting system. There would be no way to accomplish this without totally automating the revenue collection process. Mr. Ellery said this system was not specifically addressed by the last Legislature, but as the department began the development of the information system approved by the Legislature last year, they became increasingly concerned about being able to account for state tax dollars. It also became apparent any business that collects \$500,000,000 in cash a year needs assurances that its revenues are properly collected, properly recorded, and accurately distributed. Since these systems all have one thing in common, the collection of state revenues, it

did not make sense to duplicate the reconciliation functions in each one of the systems. It made more sense to centralize the reconciliation into one area. This not only saved development cost, but it will also minimize the ongoing operational costs. Other benefits realized by the state will be increased productivity, being able to process these cash deposits sooner and getting them into the general fund to earn money. It will, in the long run, allow the department to address increasing workloads with the existing staff.

There was discussion regarding costs involved in the conversion to the automated system.

(19.30)

#### Data Processing-Research & Information Division

Norm Rostocki presented the budget for the OBPP. (Exhibit No. 9) The FTE declined seven percent from the 86 level. Four of the seven were deleted to absorb the pay plan and the five percent cuts. There were four FTE added last session to complete the automated system within the department with the condition the positions be pulled from the base for the 89 biennium budget. They are referred to as sunset positions. Norm referred to the modified for this program. (Exhibit No. 10) Three of the four positions were deleted as most of the system is near completion and some will be on line in 87. Only one position is requested to be retained. In the current level budget, the OBPP and LFA differ by one FTE. The LFA deleted the position that was vacant. Norm stated the position was held vacant to absorb some of the reductions and it is currently filled. Contracted services decreased from the 86 level. The LFA has reduced some data processing expenses by a greater amount than the OBPP. Norm said the OBPP's point of view regards this department as the one putting out the fiscal notes, all the taxation bills and a lot of the revenue bills. They are relied upon to do this as they have the data bases to do it. Therefore, the OBPP has funded some data processing equipment in order to get the job done more efficiently.

Pam Joehler presented the budget for the LFA. (Exhibit No. 11) The LFA budget provides a .2% decrease from the 87 to the 89 biennium. The table shows a 4.85 FTE increase from FY 87. Personal services increases 8.3% in the 89 biennium. Operating expenses decrease. Table 3, page A-150 of the exhibit reflects the difference between what the Legislature authorized last session versus what was actually spent. The cause for the differences relate to the program transfer.

The central issue is in the contracted services and how much the LFA removed from the FY 86 expenditure base, specifically data



processing. The Data Processing Division, according to information given to Pam by the agency, spent \$110,000 in data processing costs on behalf of the Property Assessment Division in FY 86. Pam removed \$119,000 from the base.

In funding, the LFA exceeds the OBPP recommendation for the Liquor Division. This was done for two reasons. First, it was the agency's request; and secondly, the additional funding is due to the three FTE being transferred into the division in FY 86 from the Liquor Division and being retained by this division in the 89 biennium.

Jack Ellery clarified the transfer of FTE. He said those were Data Processing FTE assigned to the individual divisions. In order to operate properly, the Data Processing Division needed to be centralized and that is the reason those existing data processing FTE were pulled back into the Data Processing Division.

Mr. Ellery addressed the current level of FTE reduction. His major concern with this reduction is with a built-in vacancy factor of four percent. He does not understand how the four percent vacancy savings is achieved unless there are vacant positions. The consequences in eliminating this still vacant position are, in essence, to force the department to eliminate another position.

Another concern expressed by Mr. Ellery deals with the modification to retain one of the four staff authorized last session. This modification is clearly an extension of the current level effort necessary to support the change in requirements of the new systems the department has developed. Mr. Ellery said not funding this position would be analogous to buying a fleet of trucks without contemplating that periodically the oil and tires need changing and do a few tune ups. The systems need to be serviced to keep pace with federal changes and state statute changes.

In the area of contracted services, Mr. Ellery stated with the data the department had, it appeared that the data processing contracted services was approximately \$10,000 short. This was a result of the LFA looking at what was actually spent, comparing it to what the committee reviewed at the third level session, and taking the lower of the two.

Mr. Ellery said the charges in contracted services were primarily for data processing paid to the Department of Administration in two major areas. One is for backing up all the systems on a daily basis, and the other area is in extracting information for supporting the research function. He further stated the agency has two computers for which they have to pay a substantial sum to IBM for programs that operate on that system.

Brenda Haseman, Administrator of the Data Processing Division, told the committee there were also some support systems the division operated in support of the development efforts. One, in particular, is the project control system which allows the department to track the project development as they go along in the process.

(39.30)

Sen. Stimatz asked Pam for clarification of the middle paragraph on page A-150, Exhibit No. 10, regarding ten additional FTE.

Pam said the agency transferred in \$298,000 that related to the ten FTE. When the agency submitted their documentation for the transfer, they included it all in personal services. They did not spend all of the \$298,000 on personal services for those ten FTE. They spent less and some of the amount left over was spent on operating expenditures. The agency actually experienced \$160,000 in vacancy savings with the transfer. Not all of the FTE transferred into the division were filled during the year.

69B:0.00

Jack Ellery explained some of the positions transferred in were new positions, and the department had to recruit to fill these positions and that caused some delays. When Mr. Ellery came to the department, he wanted to hire an administrator and this took a good deal of time. They then advertised for DP staff and had an extremely difficult time filling positions that were for a two-year period and finding well-qualified applicants. That is what generated the large number of vacancy savings the department had in FY 86. The vacancy savings was used as operational costs to offset the cost of property assessment, the cost incurred as a result of increased effort by the department to finish property appraisals. The positions on board now, other than the one Pam recommended the committee delete, are all filled and they are working hard to implement the systems authorized by the Legislature.

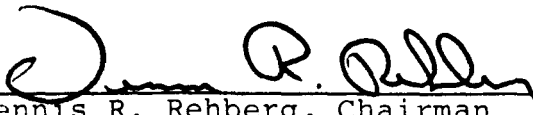
Jack Ellery explained that, at one time all the data processing resources were consolidated in the Department of Revenue. A decision was made to do some decentralization and when those FTE were transferred, using Motor Fuel as an example, special revenue funds were not used to pick up the difference. It was general fund that was existing in the agency at the time. So, moving the people back did not have any impact on the general fund.

ADJOURNMENT: The meeting was adjourned at 11:40 a.m.

General Government and Highways Subcommittee

February 4, 1987

Page 19

  
Dennis R. Rehberg, Chairman

Attachment: Proposal submitted by Great Falls Law Enforcement Academy Committee dated January 1987.

DAILY ROLL CALL

## GENERAL GOVERNMENT & HIGHWAYS

SUBCOMMITTEE

DATE Feb. 4, 1987

[illegible]

APPROVED BY COMM.  
ON LOCAL GOVERNMENT

1 HOUSE BILL NO. 277

2 INTRODUCED BY CONNELLY, HALLIGAN, PETERSON, LORY,

3 REAM, BRANDEWIE, HARP, KADAS, HANSEN, MOORE,

4 VINCENT, FRITZ, SQUIRES

5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES TO  
7 ESTABLISH DRINKING AND DRIVING PREVENTION PROGRAMS; AND  
8 PROVIDING FOR FUNDING WITH A DRIVER'S LICENSE REINSTATEMENT  
9 FEE; AND PROVIDING AN APPROPRIATION."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
12 Section 1. County drinking and driving prevention  
13 program. (1) The governing body of a county may appoint a  
14 task force to study the problem of alcohol-related traffic  
15 accidents and recommend a program designed to:  
16 (a) prevent driving while under the influence of  
17 alcohol;

18 (b) reduce alcohol-related traffic accidents; and  
19 (c) educate the public on the dangers of driving after  
20 consuming alcoholic beverages or other chemical substances  
21 that impair judgment or motor functions.

22 (2) A task force appointed under subsection (1) shall  
23 conduct its study and submit its recommendations within 6  
24 months from the date it was appointed.

25 (3) The county governing body may by resolution adopt

1 the recommendations of the task force appointed under  
2 subsection (1). The proposed program must be approved by the  
3 governor as provided in 61-2-105.

4 (4) The chairman of the task force shall submit to the  
5 county governing body:

6 (a) a budget and a financial report for each fiscal  
7 year; and

8 (b) an annual report containing but not limited to:

9 (i) an evaluation of the effectiveness of the program;  
10 (ii) the number of arrests and convictions in the  
11 county for driving under the influence of alcohol and the  
12 sentences imposed for these convictions;

13 (iii) the number of alcohol-related traffic accidents  
14 in the county; and

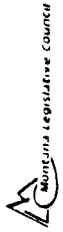
15 (iv) any other information requested by the county  
16 governing body or the department or considered appropriate  
17 by the task force.

18 (5) A copy of the annual report must be submitted to  
19 the department.

20 Section 2. License reinstatement fee to fund county  
21 drinking and driving prevention programs. (1)  
22 Notwithstanding the provisions of any other law of the  
23 state, a driver's license that has been suspended or revoked

24 FOR DRIVING A MOTOR VEHICLE UNDER THE INFLUENCE OF ALCOHOL  
25 OR A NARCOTIC DRUG under 61-5-205, --61-5-206; or SEIZED

EXHIBIT  
DATE 2-4-87



1 FOR DRIVING A MOTOR VEHICLE UNDER THE INFLUENCE OF ALCOHOL  
2 OR A NARCOTIC DRUG under 61-5-2057--61-5-2067 or SEIZED  
3 PURSUANT TO 61-8-402 may not be restored until the driver  
4 has paid to the department a fee of \$50 in addition to any  
5 other fines, forfeitures, and penalties assessed as a result  
6 of conviction for a violation of the traffic laws of the  
7 state.  
8 (2) The department shall deposit the fees collected  
9 under subsection (1) in a drinking--and--driving--prevention  
10 account--in-the-proprietary SPECIAL-REVENUE fund-category-in  
11 the-state-treasury THE GENERAL FUND.

12 {3}SECTION 3. FUNDING ALLOCATION FOR PROGRAMS TO  
13 PREVENT OR REDUCE DRINKING AND DRIVING. (1) If the county  
14 in which the violation or violations occurred has initiated  
15 and maintained a drinking and driving prevention program as  
16 provided in [section 1], the department shall transmit the  
17 proceeds-of-the-license-reinstatement-fees-collected-in-that  
18 county--to--the-county-treasurer-at-the-end-of-each-quarter  
19 and--the PROPORTION OF THE PROCEEDS OF THE LICENSE  
20 REINSTATEMENT FEES COLLECTED IN THAT COUNTY TO THE TOTAL  
21 COLLECTED FOR THE STATE TO THE COUNTY TREASURER BY SEPTEMBER  
22 30 OF EACH FISCAL YEAR FOR WHICH THERE IS AN APPROPRIATION.  
23 THE treasurer shall deposit the license-reinstatement-fee  
24 MONEY in an account earmarked for the program.  
25 {4}{2} If the county in which the violation or

1 violations occurred has not initiated a drinking and driving  
2 prevention program as provided in [section 1] or-if-the  
3 county-has-initiated-and-terminated-a-drinking--and--driving  
4 prevention-program-the-department-shall-allocate-the-fee-to  
5 counties--with--current-programs-at-the-end-of-each-quarter  
6 in-inverse-proportion-to-the-amount-of-license-reinstatement  
7 fees-transmitted--to--each--county--during--the--previous--3  
8 months.  
9 {5}--if--the--license--was--suspended--or--revoked--as-a  
10 result-of-violations-that-occurred-in-more-than-one-county  
11 the--department--shall--transmit--the-fee--to--the-treasurer-of  
12 the-county-in-which-the-licensee-resides--at--the--time--the  
13 license--is--restored--if-that-county-has-a-current-drinking  
14 and-driving-prevention-program--if-the-licensee's-county--of  
15 residence--does--not--have-a-drinking-and-driving-prevention  
16 program--the-department-shall-allocate-the-fee--as--provided  
17 in--subsection--{3}--THE DEPARTMENT SHALL TRANSMIT THE  
18 PROCEEDS-OF-THE-LICENSE-REINSTATEMENT-FEES-600000000-IN-THAT  
19 COUNTY-TO-THE-COUNTY-TREASURER-AT-THE-END-OF-EACH-QUARTER  
20 AND--THE PROPORTION OF THE PROCEEDS OF THE LICENSE  
21 REINSTATEMENT FEES COLLECTED IN THAT COUNTY TO THE TOTAL  
22 COLLECTED FOR THE STATE TO THE COUNTY TREASURER BY SEPTEMBER  
23 30 OF EACH FISCAL YEAR FOR WHICH THERE IS AN APPROPRIATION.  
24 THE TREASURER SHALL DEPOSIT THE LICENSE-REINSTATEMENT-PEE  
25 MONEY IN AN ACCOUNT EARMARKED SOLELY FOR FUNDING EDUCATION

1 OR LAW ENFORCEMENT AIMED AT REDUCING DRIVING UNDER THE  
2 INFLUENCE OF ALCOHOL OR NARCOTIC DRUGS.

3 SECTION 4. APPROPRIATION. MONEY DEPOSITED IN THE  
4 SPECIAL REVENUE ACCOUNT ESTABLISHED IN SECTION 2 IS  
5 APPROPRIATED TO THE DEPARTMENT OF JUSTICE FOR THE BIENNIAL  
6 ENDING JUNE 30, 1987, FOR DISTRIBUTION AS PROVIDED IN THIS

7 ACT.

8 Section 4. Codification instruction. Sections 1 and 2  
9 THROUGH 3 are intended to be codified as an integral part of  
10 Title 61, chapter 2, and the provisions of Title 61, chapter  
11 2, apply to sections 1 and 2 THROUGH 3.

12 SECTION 5. EFFECTIVE DATE. THIS ACT IS EFFECTIVE JULY  
13 1, 1987.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB277, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing counties to establish drinking and driving prevention programs, and providing for funding with a driver's license reinstatement fee.

ASSUMPTIONS:

1. Assume 9,600 suspension and revocations exist under current law.
2. Assume 63% will pay reinstatement fee (22% out-of-state no pays and 15% in-state no pays).
3. Workload would require two FTE (clerk-typist, Gr 6, St 2; Accounting Tech, Gr 9, St 2; plus 18% employee benefits and operating expense, plus equipment).
4. Assume all revenue to be disbursed to qualifying counties.
5. Assume spending authority will be appropriated to the Department of Justice.

FISCAL IMPACT:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u> (12 months FY88-FY89)						
Personal Services	\$ 0	\$ 31,130	\$ 31,130	\$ 0	\$ 31,130	\$ 31,130
Operating Expenses	0	2,400	2,400	0	400	400
Equipment		900	900		0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 34,430</b>	<b>\$ 34,430</b>	<b>\$ 0</b>	<b>\$ 31,530</b>	<b>\$ 31,530</b>
<u>Funding:</u>						
General Fund		\$ 34,430	\$ 34,430		\$ 31,530	\$ 31,530
Local Government Pass Through	\$ 0	\$ 226,800	\$ 226,800	\$ 0	\$ 302,400	\$ 302,400
Revenue:						
( 9 months FY88)						
Fees	\$ 0	\$ 226,800	\$ 226,800	\$ 0	\$ 302,400	\$ 302,400

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

Section 2, part (2). The fund should read the Special Revenue Fund category, not the proprietary fund.

*David L. Hunter* DATE 1/29/82

DAVID L. HUNTER, BUDGET DIRECTOR  
Office of Budget and Program Planning

*M. E. Connelly* DATE 1/26/82

MARY ELLEN CONNELLY, PRIMARY SPONSOR

Fiscal Note for HB277, as introduced.

3-277

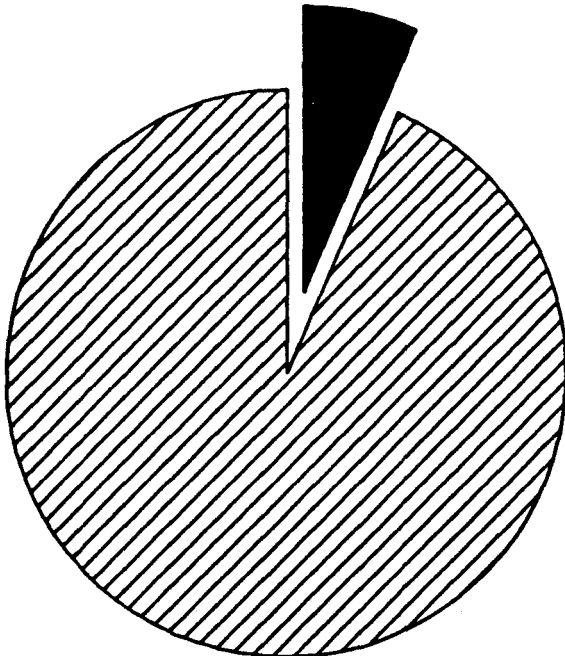


2-4-87

### STATEWIDE FTE REDUCTIONS

BETWEEN FY86 AND FY89

TOTAL FTE REDUCTIONS  
958 (6.5%)



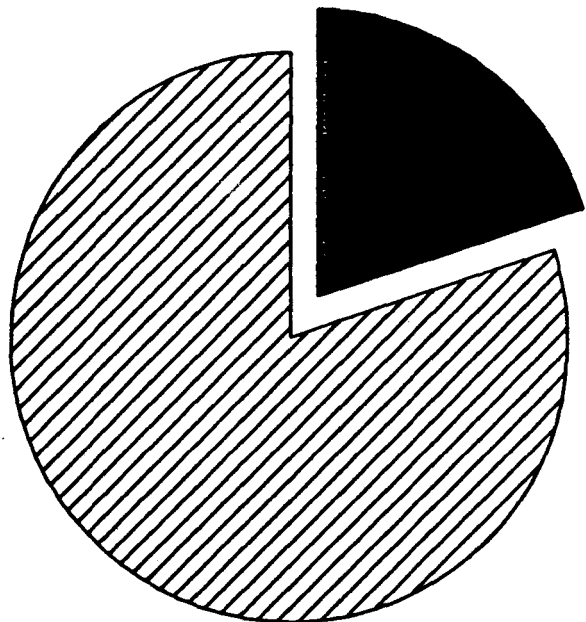
TOTAL STATE FTE FY86 - 14,679

### DEPARTMENT FTE REDUCTIONS

COMPARED TO TOTAL

BETWEEN FY86 AND FY89

DEPT FTE REDUCTIONS  
190.91 (19.9%)

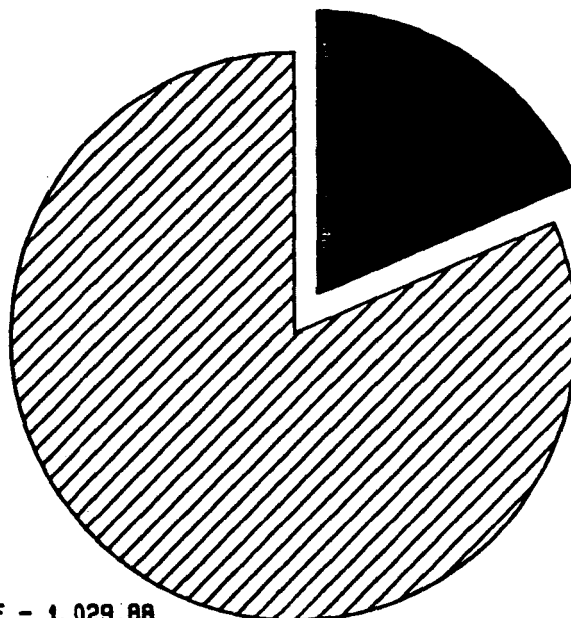


TOTAL STATE FTE REDUCTIONS - 958

### DEPARTMENT FTE REDUCTIONS

FROM FY86 TO FY89

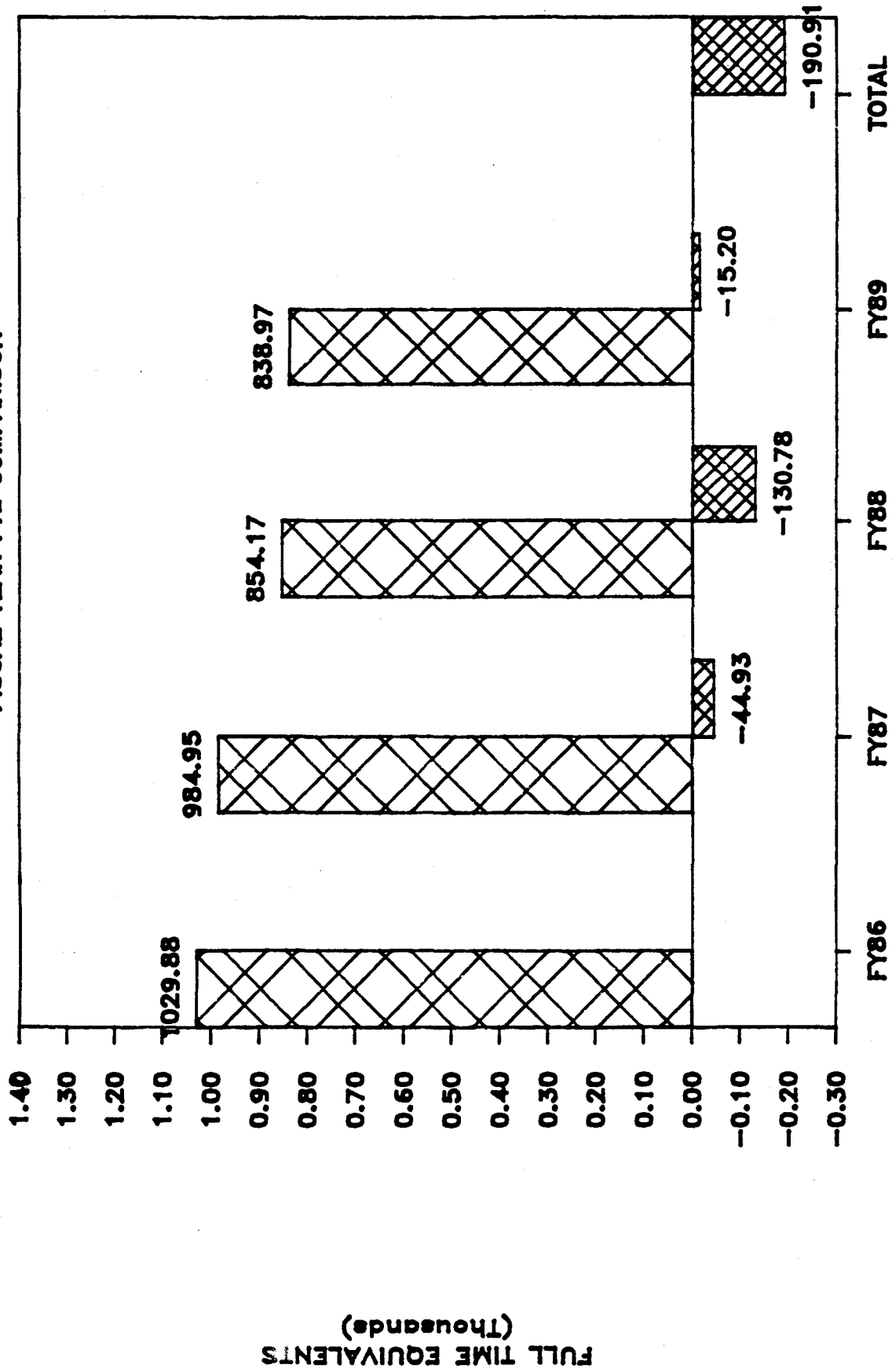
DEPT FTE REDUCTIONS - 190.91 (18.5%)



FY86 FTE - 1,029.88

# DEPARTMENT OF REVENUE

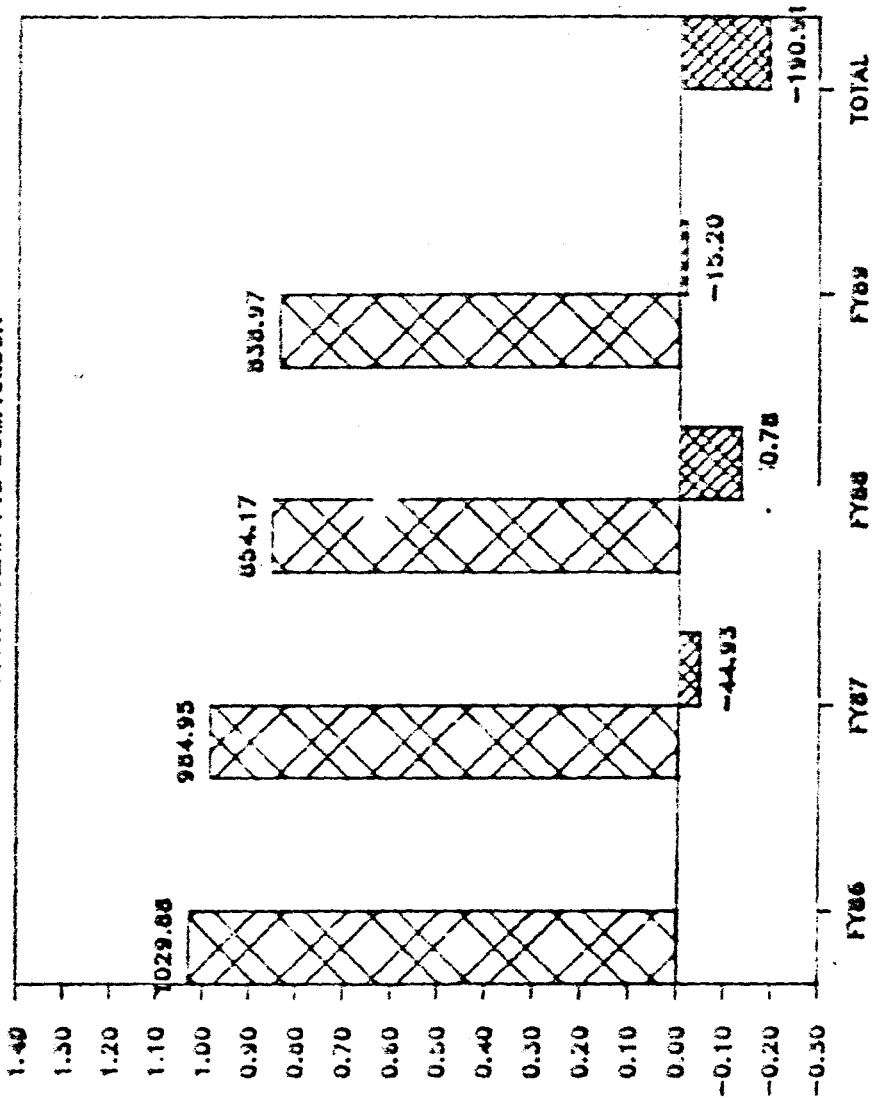
## FISCAL YEAR FTE COMPARISON



FY88--FY89 EXECUTIVE REQUEST

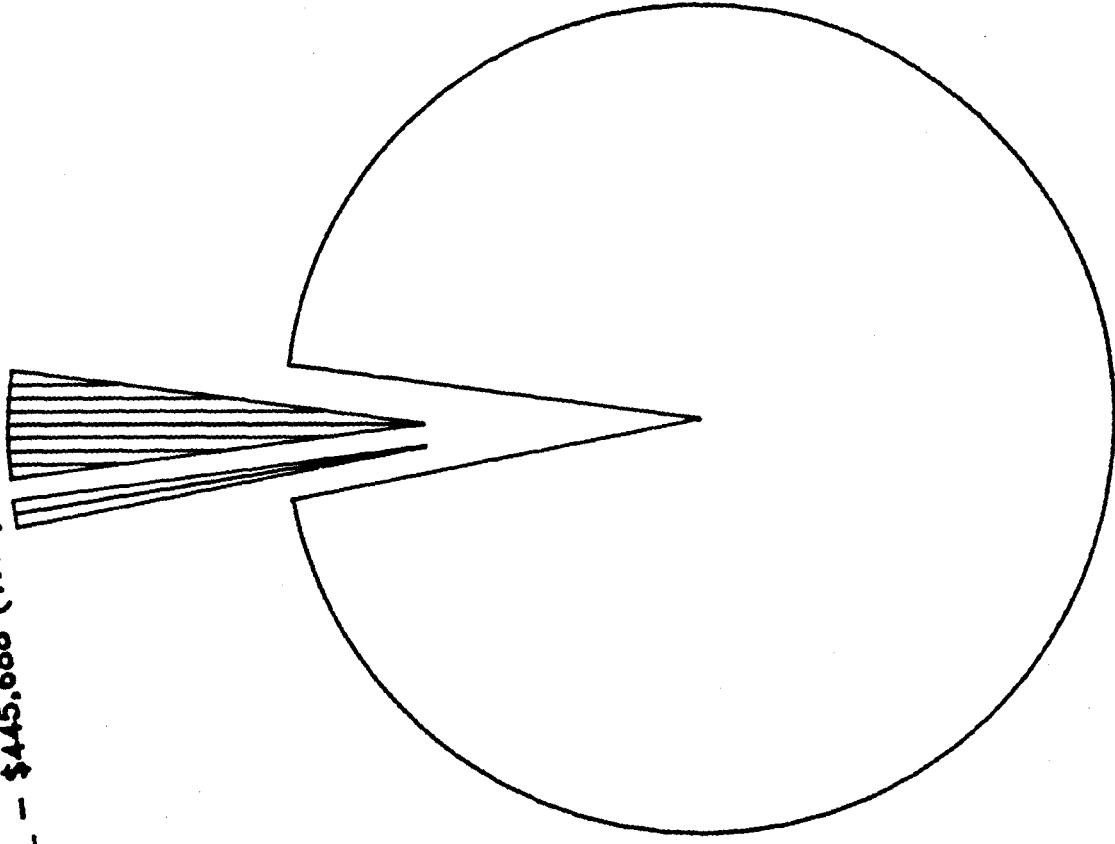
# DEPARTMENT OF REVENUE

## FISCAL YEAR FTE COMPARISON



FY86-FY89 EXECUTIVE REQUEST

**EXECUTIVE REQUEST VS LFA RECOMMENDATION**  
**TOTAL FOR FY89 BIENNIUM**  
**CURRENT LEVEL -- \$445,688 (1.1%)**  
**MODIFIED -- \$1,738,778 (4.2%)**



**FY89 EXEC -- \$41,889,728 (94.8%)**

DEPARTMENT OF REVENUE  
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL

	FTE FY '89	- - - - - Biennium - - - - - General Fund	Total Funds
Executive Budget	737.67	\$35,703,843	\$42,224,728
LFA Current Level	710.67	33,722,735	49,713,512
Executive Over (Under) LFA	<u>-27.00</u>	<u>\$ 1,981,108</u>	<u>\$(7,488,784)</u>

The executive budget has 27 more FTE, \$1.98 million more general fund, and \$7.5 million less total funds than the LFA current level budget. These differences are caused by the executive recommending 8 budget modifications and other adjustments adding 33.5 FTE, \$2.25 million general fund and approximately \$586,000 other funds. These additions are offset by 6.5 FTE, \$273,000 general fund, and \$10 million other funds for services and expenditures included in LFA current level but not in the executive budget.

Liquor Division funding is not included in the comparison because the legislature has not chosen in past years to appropriate authority to the division by expenditure line item; rather, language has been included in the general appropriations act specifying certain operating conditions the Liquor Division is to operate under. No specific dollar amount was included in LFA current level for the Liquor Division.

ISSUE 1: MODIFICATION RECOMMENDATIONS

The executive budget modifications include four proposals that relate to services approved by the 1985 legislature, but required in the general appropriations act to be deleted from the agency's current level budget request for the 1989 biennium. The remaining four proposals concern new services. The executive recommendation for all modifications is presented in Table A.

Table A  
Modified Recommendations in Executive Budget - Department of Revenue

Division	1989 FTE	- - - - - 1989 Biennium - - - - - General Fund	Other Funds	Total Funds
Data Processing	1.0	\$ 47,008	\$ -0-	\$ 47,008
Invest & Enforcement - Lottery	2.0	-0-	93,427	93,427
Invest & Enforcement - Child Support	9.0	157,667	306,060	463,727
Income Tax - Assessment Staff	15.5	618,072	-0-	618,072
Income Tax - Automation	---	93,000	-0-	93,000
Income Tax - Bed Tax	2.0	-0-	115,897	115,897
Nat. Resources and Corp. Tax - Revenue Agents	2.0	158,450	-0-	158,450
Property Assessment - Online System	1.0	29,197	-0-	29,197
Total Modifieds	<u>32.5</u>	<u>\$1,103,394</u>	<u>\$515,384</u>	<u>\$1,618,778</u>

ISSUE 2: HIGHER OPERATING COSTS

The executive recommends approximately \$731,900 higher operating and equipment costs than the amount included in the LFA current level. These higher costs are spread over most of the agency's divisions. The costs can be generally categorized into data processing charges (\$475,400), other operating expenses (\$60,000), and equipment (\$196,500). The higher overall operating expenses included in the executive budget are funded approximately \$700,000 from the general fund and the remaining \$31,900 from other funds.

ISSUE 3: CAREER LADDER IN NATURAL RESOURCES AND CORPORATION TAX DIVISION

The executive budget contains approximately \$29,400 general fund in the 1989 biennium for a "career ladder." A career ladder provides for position upgrades for personnel who remain with the department and become proficient in audit skills. LFA current level does not include the additional funds for the career ladder concept.

ISSUE 4: ELECTED ASSESSORS VACANCY SAVINGS

The executive budget contains approximately \$60,000 additional general fund than LFA current level because vacancy savings is not applied to the elected assessors. LFA current level applies 4 percent vacancy savings to all positions in the Property Assessment Division.

ISSUE 5: DATA PROCESSING FTE DELETION

LFA current level deleted a 1.0 FTE programmer/analyst in the Data Processing Division for a biennial general fund savings of \$46,075. This position was vacant over 50 percent of fiscal year 1986 and was still vacant as of November 7, 1986. Eight programmer/analyst FTE remain on staff.

ISSUE 6: RESOURCE INDEMNITY TRUST FUND INTEREST TRANSFERS

LFA current level includes \$9.6 million for resource indemnity trust fund interest transfers from the Department of Revenue to other state agencies as may be appropriated by the legislature. The department obtained temporary appropriation authority for these transfers in fiscal years 1986 and 1987 in the form of administrative appropriations. These funds are not statutorily appropriated and therefore require legislative authorization.

ISSUE 7: VIDEO POKER REGULATION

The executive budget moves the regulation function of the Video Poker Program to the same program in the Department of Commerce, which will administer the lottery function. LFA current level includes the video poker regulation function in the Department of Revenue's Investigations and Enforcement Division, which is where it was placed by the legislature for fiscal 1986 and 1987. This difference causes the LFA current level to include 4.0 FTE and \$255,110 more other funds than is included in the executive budget.

DEPARTMENT OF REVENUE

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	831.80	759.45	710.67	710.67	(48.78)
Personal Service	\$17,370,147	\$15,990,286	\$15,755,048	\$15,752,624	(5.6)
Operating Expense	4,104,162	3,971,118	4,003,098	3,873,312	(2.5)
Equipment	512,338	162,772	182,172	139,008	(52.4)
Total Operating Costs	\$21,986,647	\$20,124,176	\$19,940,318	\$19,764,944	(5.7)
Non-Operating Costs	1,871,374	160,000	5,276,750	4,731,500	392.7
Total Expenditures	<u>\$23,858,021</u>	<u>\$20,284,176</u>	<u>\$25,217,068</u>	<u>\$24,496,444</u>	<u>12.6</u>
Fund Sources					
General Fund	\$18,841,546	\$17,182,940	\$16,922,119	\$16,800,616	(6.4)
State Special	2,864,362	880,288	6,237,404	5,655,863	217.6
Federal Revenue	1,363,391	1,560,191	1,314,275	1,321,548	(9.8)
Proprietary Funds	788,722	660,757	743,270	718,417	0.9
Total Funds	<u>\$23,858,021</u>	<u>\$20,284,176</u>	<u>\$25,217,068</u>	<u>\$24,496,444</u>	<u>12.6</u>

The Department of Revenue is responsible for the collection and enforcement of approximately 31 state taxes and fees. It is also responsible for regulating the sale and distribution of alcoholic beverages. The department is organized into the director's office and eight operating divisions. The Liquor Division is not reflected in the agency main table.

The current level budget provides a 5.7 percent decrease in operating costs and a 392.7 percent increase in non-operating expenses resulting in an overall increase of 12.6 percent from the 1987 to the 1989 biennium. The primary reason for the operating cost decrease is the elimination of 121.13 FTE from the fiscal 1986 level and 48.78 FTE from the fiscal 1987 level. The FTE reductions result from scheduled FTE reductions between the 1987 and 1989 bienniums and further reductions to accommodate the 5 percent cuts and fiscal 1987 pay plan funding shortfall. The scheduled FTE reductions between the 1987 and 1989 bienniums were 24.0 temporary additional FTE added in fiscal 1986 to help complete the property reappraisal cycle and 35.0 FTE added in the investigations, income tax, and natural resources and corporation tax division but required by the 1985 legislature to be removed from the agency's 1989 biennium current level budget.

Non-operating costs include \$375,000 in the 1989 biennium for pass-through funds to local governments for medicaid fraud investigation and child support enforcement reimbursement. These costs also include \$9,633,250 for accounting entity transfers to enable the department to transfer resource indemnity trust (RIT) fund interest funds to other departments as may be authorized by the 1987 legislature. The accounting entity transfers had not previously been included in the legislatively authorized budget. Non-operating costs increase 392.7 percent in the 1989 biennium

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

AGENCY : 5801 DEPARTMENT OF REVENUE  
PROGRAM : 01 DIRECTOR'S OFFICE  
CONTROL : 00010 DIRECTOR'S OFFICE

AE/OE	DESCRIPTION	ACTUAL FY 86	BUDGET FY 87	OBPP FY 88	LFA FY 88	DIFF FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89
0000	FULL TIME EQUIVALENT (FTE)			8.50	8.50		8.50	8.50	
1100	SALARIES	225,108.91		247,833	247,834	-1	246,928	246,931	-3
1400	EMPLOYEE BENEFITS	43,784.83		36,322	36,324	-2	37,106	37,105	1
1500	HEALTH INSURANCE			12,420	11,730	690	12,420	11,730	690
1600	VACANCY SAVINGS			-11,863	-11,774	-89	-11,858	-11,767	-91
	TOTAL LEVEL	268,893.74		284,712	284,114	598	284,596	283,999	597
2021	CONTRACTED SERVICES-INFLATI			-30	-30		-59	-58	-1
2023	COMMUNICATIONS-INFLATION			21	21		32	32	
2025	RENT-INFLATION				858	-858		1,191	-1,191
2100	CONTRACTED SERVICES	132,704.51		197,667	188,124	9,543	82,463	72,924	9,539
2200	SUPPLIES & MATERIALS	11,271.61		11,050	10,806	244	11,050	10,806	244
2300	COMMUNICATIONS	11,074.67		9,947	10,425	-478	9,947	10,425	-478
2400	TRAVEL	7,610.48		7,612	5,387	2,225	7,612	5,387	2,225
2500	RENT	9,309.59		9,291	8,942	349	9,291	8,942	349
2700	REPAIR & MAINTENANCE	1,367.12		1,146	1,146		1,146	1,146	
2800	OTHER EXPENSES	2,544.85		2,545	1,430	1,115	2,545	1,430	1,115
	TOTAL LEVEL	175,882.83		239,249	227,109	12,140	124,027	112,225	11,802
3100	EQUIPMENT	313.50							
	TOTAL LEVEL	313.50							
7000	BENEFITS & CLAIMS	3,274.00							
	TOTAL LEVEL	3,274.00							
	TOTAL PROGRAM	448,364.07		523,961	511,223	12,738	408,623	396,224	12,399
01100	GENERAL FUND	306,009.07		379,062	386,941	-7,879	311,079	315,859	-4,780
02422	HIGHWAYS SPECIAL REVENUE	106,495.00		116,099	95,482	20,617	97,544	80,365	17,179
02442	ALCOHOL TAXES-LOCAL ASSISTA	5,000.00							
02807	PUBLIC CAMPAIGN FUND	3,274.00							
06005	LIQUOR DIVISION	27,586.00		28,800	28,800				
	TOTAL PROGRAM	448,364.07		523,961	511,223	12,738	408,623	396,224	12,399

2-4-87



2-4-87

due partly to the fiscal 1987 appropriated amount in the agency main table reflecting only federal pass-through funds for medicaid fraud investigation and child support enforcement activities.

The general fund contributes 69 percent of the total 1989 biennium current level budget and 85 percent of the operating budget. General fund will decrease 6.3 percent in the 1989 biennium under the current level budget.

State special revenue is budgeted to increase 217.6 percent primarily as the RIT transfers are funded from state special revenue. Federal funds are budgeted to decrease because the department eliminated the medicaid fraud program on which it spent \$103,500 in fiscal 1986 and the legislature appropriated \$112,589 in fiscal 1987, which is included in the agency main table.

Proprietary funds include liquor enterprise funds. These funds are allocated to the director's office and to the Data Processing and Investigations and Enforcement Divisions to cover costs relating to liquor operations in those divisions. These funds will increase less than 1 percent under the current level budget.

The current level budget for the Director's Office and eight operating divisions are presented following this section. To clarify the operating budget for the Director's Office, the Investigations and Enforcement Division, and the Property Assessment Division, the budget is presented in subprograms, but the current level budget is also summarized at the beginning of the discussion on each division.

#### DIRECTOR'S OFFICE

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	16.50	6.00	15.00	15.00	9.00
Personal Service	\$496,771	\$243,687	\$518,958	\$518,699	40.1
Operating Expense	207,566	96,671	258,437	143,715	32.7
Equipment	828	118	675	700	45.4
Total Operating Costs	<u>\$705,165</u>	<u>\$340,476</u>	<u>\$778,070</u>	<u>\$663,114</u>	<u>37.8</u>
<u>Fund Sources</u>					
General Fund	\$521,758	\$250,784	\$605,918	\$534,149	47.6
State Special	111,496	86,856	95,482	80,365	(11.4)
Proprietary Funds	71,911	2,836	76,670	48,600	67.6
Total Funds	<u>\$705,165</u>	<u>\$340,476</u>	<u>\$778,070</u>	<u>\$663,114</u>	<u>37.8</u>

The Director's Office provides management control, coordination of policy direction, strategic planning, and other services that assist the tax programs in carrying out their respective collection and enforcement responsibilities. The program

includes a wide variety of management and administrative services such as legal services, planning and research, and personnel.

The personnel function is responsible for administration of the classification and pay plans, development and monitoring of the department's affirmative action plan, development and implementation of the department training plan, and other services.

The legal function provides legal representation and other legal services to the Director and the eight divisions of the Department of Revenue, especially the tax administering divisions. The office handles a large number of tax appeals before the State Tax Appeal Board as well as state courts. The office also drafts legislation at the request of the divisions and the director.

In fiscal 1986, the department transferred 9 FTE from other divisions into the director's office. This FTE transfer is continued into the 1989 biennium and explains the 41.9 percent biennial expenditure increase.

This program is funded from general fund, an allocation from the highways special revenue fund, and liquor funds.

#### 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.

<p style="text-align: center;">Table 1 Comparison of Actual Expenses to Appropriated Expenses</p>			
<u>Budget Item</u>	<u>Legislature</u>	<u>Actual</u>	<u>Difference</u>
F.T.E	7.50	16.50	(9.00)
Personal Service	\$245,276	\$496,771	\$(251,495)
Operating Expense	195,998	207,566	(11,568)
Equipment	367	828	(461)
Total Expenditures	<u>\$441,641</u>	<u>\$705,165</u>	<u>\$(263,524)</u>
<u>Funding</u>			
General Fund	\$325,114	\$521,758	\$(196,644)
State Special	88,941	111,496	(22,555)
Proprietary Funds	27,586	71,911	(44,325)
Total Funds	<u>\$441,641</u>	<u>\$705,165</u>	<u>\$(263,524)</u>

Fiscal 1986 actual expenditures exceeded the legislative authorization by \$263,524 as a result of the program transfers moving in the 9 FTE and related operating expenses. All expenditure categories were overspent. If the program transfers totaling \$305,180 were considered, the expenditure balance would be \$41,656. The

majority of that savings occurred in audit fees as the agency expended only \$61,816 of a \$99,750 audit appropriation, leaving a \$37,934 balance.

Presented below are the current level budgets for the Director's Office administrative function and its Office of Legal Affairs. The current level adjustments are discussed separately for each subprogram.

DIRECTOR'S OFFICE -- ADMINISTRATION			
Budget Item	Actual Fiscal 1986	- - - - Current Level Fiscal 1988	- - - - Fiscal 1989
FTE	9.00	8.50	8.50
Personal Services	\$268,894	\$284,114	\$283,999
Operating Expenses	175,887	227,109	112,225
Equipment	314	-0-	-0-
Total Operating Costs	<u>\$445,095</u>	<u>\$511,223</u>	<u>\$396,224</u>
Fund Sources			
General Fund	\$306,013	\$386,941	\$315,859
State Special	111,496	95,482	80,365
Proprietary Funds	27,586	28,800	-0-
Total Funds	<u>\$445,095</u>	<u>\$522,997</u>	<u>\$396,224</u>

Current level adjustments include a 0.5 FTE reduction from the fiscal 1986 level leaving 8.5 FTE in the director's office administration subprogram. Personal services increase over the fiscal 1986 level as the 8.5 FTE are funded from the fiscal 1987 salary matrix and a 1.0 FTE transferred to this program in February 1986 is funded for the full year.

Operating expenses include \$115,200 in fiscal 1988 for legislative audit costs and \$66,160 for insurance and bond costs.

The state special revenue funds are from the highways special revenue fund. Funding is set at approximately 12 percent of the Motor Fuels Division budget to help pay for the administrative costs provided by the department to the Motor Fuels Division. The proprietary fund is for the liquor division's share of the biennial audit costs.

DIRECTOR'S OFFICE -- LEGAL AFFAIRS

Budget Item	Actual Fiscal 1986	- - - - Current Level - - - - Fiscal 1987	Fiscal 1989
FTE	7.50	6.50	6.50
Personal Services	\$227,877	\$234,844	\$234,700
Operating Expenses	31,679	31,328	31,490
Equipment	514	675	700
Total Operating Costs	<u>\$260,070</u>	<u>\$266,847</u>	<u>\$266,890</u>
Fund Sources			
General Fund	\$215,745	\$218,977	\$218,290
Other	44,325	47,870	48,600
Total Funds	<u>\$260,070</u>	<u>\$266,847</u>	<u>\$266,890</u>

Current level adjustments include a 1.0 FTE reduction for the 5 percent cuts and pay plan funding shortfall. Personal services is budgeted to increase over the fiscal 1986 level as the subprogram experienced vacancy savings in fiscal 1986 and because the 1989 biennium salaries are calculated using the fiscal 1987 pay matrix.

Operating expenses reflect the agency's budget request.

This subprogram is funded from the general fund and an allocation from the liquor proprietary fund.

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 253

AGENCY : 5801 DEPARTMENT OF REVENUE  
PROGRAM : 01 DIRECTORS OFFICE  
CONTROL : 00011 LEGAL OFFICE

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)			6.50	6.50		6.50		
1100	SALARIES	191,435.57			204,736	-2	205,362	204,161	1,201
1400	EMPLOYEE BENEFITS	36,442.09		204,734	30,789	-3	31,206	31,206	
1500	HEALTH INSURANCE			30,786	8,970	690	9,660	8,970	690
1600	VACANCY SAVINGS			-9,807	-9,651	-156	-9,849	-9,637	-212
	TOTAL LEVEL	227,877.66		235,373	234,844	529	236,379	234,700	1,679
2023	COMMUNICATIONS-INFLATION			14	14		22	22	
2025	RENT-INFLATION				525	-525		729	-729
2100	CONTRACTED SERVICES	1,972.64		1,335	1,335		1,335	1,285	50
2200	SUPPLIES & MATERIALS	10,783.71		10,530	10,530		10,530	10,530	
2300	COMMUNICATIONS	5,574.54		5,574	5,574		5,574	5,574	
2400	TRAVEL	4,545.06		4,524	4,547	-23	4,524	4,547	-21
2500	RENT	5,484.38		5,494	5,484	10	5,494	5,484	10
2700	REPAIR & MAINTENANCE	1,418.30		1,409	1,418	-9	1,409	1,418	-9
2800	OTHER EXPENSES	1,901.23		1,901	1,901		1,901	1,901	
	TOTAL LEVEL	31,679.86		30,781	31,328	-547	30,789	31,490	-701
3100	EQUIPMENT				675	-235	465	700	-235
	TOTAL LEVEL	513.64		440	675	-235	465	700	-235
	TOTAL PROGRAM	260,071.16		266,594	266,847	-253	267,633	266,890	743
01100	GENERAL FUND	215,746.16		221,166	218,977	2,189	222,028	218,290	3,738
06005	LIQUOR DIVISION	44,325.00		45,428	47,870	-2,442	45,605	48,600	-2,995
	TOTAL PROGRAM	260,071.16		266,594	266,847	-253	267,633	266,890	743

2-4-87 6

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 254

AGENCY : 5801 DEPARTMENT OF REVENUE  
PROGRAM : 02 CENTRALIZED SERVICES 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)	37.27	37.27	35.27	35.27	-4,437	35.27	35.27	-4,437
1100	SALARIES	548,500.37	655,104	644,066	648,503	-4,437	643,018	647,455	-4,437
1200	HOURLY WAGES	62,198.63	83,542	90,826	90,826		92,105	92,105	
1400	EMPLOYEE BENEFITS	122,991.86	40,800	42,780	42,780		42,780	42,780	
1500	HEALTH INSURANCE		-31,950	-31,107	-30,762	-345	-31,116	-30,716	-400
1600	VACANCY SAVINGS		533		700	-700		700	-700
1800									
	TOTAL LEVEL	733,690.86	748,029	746,565	752,047	-5,482	746,787	752,324	-5,537
2021	CONTRACTED SERVICES-INFLATI			-1,895	-345	-1,550	-4,171	-668	-3,503
2022	SUPPLIES & MATERIALS-INFLAT			9	-50	59	37	4	33
2025	RENT-INFLATION				1,952	-1,952		2,710	-2,710
2100	CONTRACTED SERVICES	51,372.63	15,804	63,325	19,567	43,758	68,762	19,567	49,195
2200	SUPPLIES & MATERIALS	23,942.30	19,223	23,342	23,342		23,342	23,342	
2300	COMMUNICATIONS	22,372.92	21,667	20,329	21,173	-844	20,329	21,173	-844
2400	TRAVEL	497.01	3,595	1,145	498	647	1,145	498	647
2500	RENT	20,350.56	20,233	31,954	20,351	11,603	30,783	20,351	10,432
2700	REPAIR & MAINTENANCE	4,893.85	4,880	4,753	4,894	-141	4,753	4,894	-141
2800	OTHER EXPENSES	872.39	1,890	872	872		872	872	
	TOTAL LEVEL	124,301.66	87,292	143,834	92,254	51,580	145,852	92,743	53,109
3100	EQUIPMENT	6,782.50	6,000	3,900	4,091	-191	4,450	4,103	347
	TOTAL LEVEL	6,782.50	6,000	3,900	4,091	-191	4,450	4,103	347
5000	LOCAL ASSISTANCE	2,516,012.03							
	TOTAL LEVEL	2,516,012.03							
8000	TRANSFERS	1,750,680.00							
	TOTAL LEVEL	1,750,680.00							
	TOTAL PROGRAM	5,131,467.05	841,321	894,299	5,945,142	-5,050,843	897,089	5,385,670	-4,488,581
01100	GENERAL FUND	858,175.02	836,321	887,413	841,792	45,621	890,181	842,570	47,611
02027	RESOURCE IND TR FD INTEREST	1,750,680.00			5,096,750	-5,096,750		4,536,500	-4,536,500
02442	ALCOHOL TAXES-LOCAL ASSISTA	2,516,012.03							
03050	CHILD SUPPORT	6,600.00	5,000	6,886	6,600	286	6,908	6,600	308
	TOTAL PROGRAM	5,131,467.05	841,321	894,299	5,945,142	-5,050,843	897,089	5,385,670	-4,488,581

2-4-87

CENTRALIZED SERVICES DIVISION

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	37.27	35.27	35.27	35.27	0.00
Personal Service	\$ 733,691	\$748,029	\$ 752,047	\$ 752,324	1.5
Operating Expense	124,302	87,292	92,254	92,743	(12.6)
Equipment	6,783	6,000	4,091	4,103	(35.9)
Total Operating Costs	\$ 864,776	\$841,321	\$ 848,392	\$ 849,170	(0.5)
Non-Operating Costs	1,750,680	-0-	5,096,750	4,536,500	450.3
Total Expenditures	\$2,615,456	\$841,321	\$5,945,142	\$5,385,670	227.8
<u>=====</u>					
Fund Sources					
General Fund	\$ 858,176	\$836,321	\$ 841,792	\$ 842,570	(0.6)
State Special	1,750,680	-0-	5,096,750	4,536,500	450.3
Federal Revenue	6,600	5,000	6,600	6,600	13.8
Total Funds	\$2,615,456	\$841,321	\$5,945,142	\$5,385,670	227.8
<u>=====</u>					

The Centralized Services Division provides support services to all department divisions. In addition, the division provides bad debt collection and write-off services for all state agencies and administers the beer and wine tax statutes regarding department tax collections.

The current level budget provides a 228 percent overall expenditure increase caused by including non-operating costs in the budget. Operating costs alone decrease .5 percent from the 1987 to the 1989 biennium.

Personal services increase 1.5 percent. There is no change in FTE between fiscal 1987 and fiscal 1989. Operating expenses are budgeted to decrease 12.6 percent as a result of reducing base expenditures \$33,000.

The Centralized Services Division is funded from general fund, state special revenue, and federal funds. General fund decreased 0.6 percent from the 1987 to the 1989 biennium. State special revenue is the resource indemnity trust fund interest which is transferred from the department to other departments as may be allocated by the legislature. Federal funds include an allocation of child support funds which reflects the estimated portion of time spent by the department on behalf of the child support program.

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 2  
Comparison of Actual Expenses to Appropriated Expenses

Budget Item	Legislature	Actual	Difference
F.T.F	37.27	37.27	0.00
Personal Service	\$787,173	\$733,691	\$ 53,482
Operating Expense	87,394	124,302	(36,908)
Equipment	7,000	6,783	217
Total Expenditures	<u>\$881,567</u>	<u>\$864,776</u>	<u>\$ 16,791</u>
<b>Funding</b>			
General Fund	\$876,567	\$858,176	\$ 18,391
Federal Revenue	5,000	6,600	(1,600)
Total Funds	<u>\$881,567</u>	<u>\$864,776</u>	<u>\$ 16,791</u>
<b>Additions</b>			
Administrative Appropriation	<u>\$3,631,036</u>	<u>\$1,750,680</u>	<u>\$1,880,356</u>

Fiscal 1986 total expenditures were \$16,791 less than appropriated. The agency realized a \$53,482 personal services savings due to vacancy savings. A portion of the vacancy savings was utilized in operating expenses as operating expenditures exceeded the appropriation by \$36,908. Most of the excessive expenditure, \$27,000, was for expenditures relating to the Property Assessment Division. Most of the remaining overexpenditure relates to computer development costs neither requested by the agency during the 1985 session nor approved by the 1985 legislature.

Federal child support funds were greater than appropriated due to a program transfer from the Investigation and Enforcement Division.

The division received a \$3,631,036 administrative appropriation to transfer resource indemnity trust interest funds to the Department of Natural Resources and Conservation and the university units. Only \$1,750,680 was transferred. The authority for this kind of transfer is included in the current level budget.

#### Current Level Adjustments

Two FTE were eliminated from this division's budget reflecting the agency's action following the 5 percent and pay plan funding cuts. Personal services are budgeted from the fiscal 1987 pay matrix and will increase 1.5 percent in the 1989 biennium as the division experienced greater vacancy savings than budgeted in fiscal 1986.

Contracted services and printing costs incurred in fiscal 1986 on behalf of the property assessment division were removed from the base.



The equipment line item provides for one typewriter, one microfiche reader, and one personal computer for liquor store auditors each year of the 1989 biennium.

Non-operating costs include accounting entity transfers for the department to transfer resource indemnity trust interest funds to other departments as may be appropriated by the legislature. These funds are not statutorily appropriated and therefore require legislative authorization. The current level budget includes \$5,096,750 and \$4,536,500 authority in fiscal 1988 and 1989, respectively for these transfers.

### DATA PROCESSING DIVISION

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	60.50	47.65	52.50	52.50	4.85
Personal Service	\$1,205,760	\$1,061,264	\$1,227,768	\$1,226,648	8.3
Operating Expense	326,814	194,363	185,067	190,951	(27.9)
Equipment	38,714	8,042	-0-	-0-	(100.0)
Total Operating Costs	<u>\$1,571,288</u>	<u>\$1,263,669</u>	<u>\$1,412,835</u>	<u>\$1,417,599</u>	<u>(0.2)</u>
<b>Fund Sources</b>					
General Fund	\$1,151,103	\$ 938,313	\$ 993,427	\$ 995,219	(4.8)
Proprietary Funds	420,185	325,356	419,408	422,380	12.9
Total Funds	<u>\$1,571,288</u>	<u>\$1,263,669</u>	<u>\$1,412,835</u>	<u>\$1,417,599</u>	<u>(0.2)</u>

The Data Processing Division provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, data entry services, computer operations support services, technical support for departmental and personal computers, and research services relating to tax policy, revenue estimating, and Montana tax laws.

The current level budget provides a 0.2 percent decrease from the 1987 biennium to the 1989 biennium primarily because fiscal 1986 operating expenses associated with a program transfer are not continued into the 1989 biennium. The 4.85 FTE increase from fiscal 1987 is the net result of adding 6 FTE transferred into the program in fiscal 1986 and deleting 1.15 others. The agency reduced 0.15 of the 1.15 FTE between fiscal 1987 and the 1989 biennium request; the current level budget reduced 1.0 FTE. Personal services increase 8.3 percent in the 1989 biennium because the net fiscal impact of FTE changes is approximately \$87,000 each year.

Operating expenses decrease 27.9 percent from the 1987 biennium to the 1989 biennium. Fiscal 1986 expenditures were nearly \$144,000 higher than authorized because of a program transfer. The agency did not request the higher spending level in the 1989 biennium; therefore, the expenditure level was returned to a more normal level.

The current level budget does not provide for equipment expenditures in the 1989 biennium.

The data processing division is funded from the general fund and liquor division proprietary funds. General fund decreases 4.8 percent in the 1989 biennium. Liquor funds increase 12.9 percent as three of the additional 6 FTE are funded from liquor funds.

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 3  
Comparison of Actual Expenses to Appropriated Expenses

Budget Item	Legislature	Actual	Difference
F.T.E	50.50	60.50	(10.00)
Personal Service	\$1,073,015	\$1,205,760	\$(132,745)
Operating Expense	183,137	326,814	(143,677)
Equipment	36,276	38,714	(2,438)
Total Expenditures	<u>\$1,292,428</u>	<u>\$1,571,288</u>	<u>\$(278,860)</u>
<u>Funding</u>			
General Fund	\$ 967,570	\$1,151,103	\$(183,533)
Proprietary Funds	324,858	420,185	(95,327)
Total Funds	<u>\$1,292,428</u>	<u>\$1,571,288</u>	<u>\$(278,860)</u>

Fiscal 1986 expenditures in the Data Processing Division exceeded the appropriation by \$278,860, primarily because the agency transferred 10 FTE and \$292,337 into the division during fiscal 1986. FTE were transferred from the Liquor, Income Tax, Natural Resources and Corporate Tax, Miscellaneous Tax, and Motor Fuels Tax Divisions.

The 10 additional FTE is the primary cause for actual personal services expenditures exceeding the legislative appropriation by \$132,745. However, after considering the funds transferred into the division, the agency realized approximately \$160,000 vacancy savings, most of which was spent on operating expenses.

Operating expenses exceed the appropriation by \$143,677, primarily resulting from the contracted services budget being overspent by \$153,000 and the supplies budget realizing nearly \$10,000 savings. The remaining differences account for less than 1 percent of total operating expenses.

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

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

AGENCY : 5801 DEPARTMENT OF REVENUE  
PROGRAM : 03 RESEARCH & INFORMATION DIVISIO  
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)	60.50	54.50	53.50	52.50	1.00	53.50	52.50	1.00
1100	SALARIES	854,414.45							
1200	HOURLY WAGES	140,960.28							
1400	EMPLOYEE BENEFITS	210,387.49	1,007,727	1,069,229	1,049,529	19,700	1,066,008	1,046,383	19,625
1500	HEALTH INSURANCE		135,519	159,539	156,600	2,939	161,518	158,545	2,973
1600	VACANCY SAVINGS		66,000	74,520	72,450	2,070	74,520	72,450	2,070
1800			-44,960	-52,132	-50,811	-1,321	-52,082	-50,730	-1,352
			859						
	TOTAL LEVEL	1,205,762.22	1,165,145	1,251,156	1,227,768	23,388	1,249,964	1,226,648	23,316
2021	CONTRACTED SERVICES-INFLATI								
2025	RENT-INFLATION			-1,434	-1,025	-409	-3,032	-1,986	-1,046
2100	CONTRACTED SERVICES	229,027.47	84,695	104,557	2,426	-2,426	113,917	3,368	-3,368
2200	SUPPLIES & MATERIALS	13,868.98	23,849	14,158	87,508	17,049	14,158	93,411	20,506
2300	COMMUNICATIONS	16,933.02	15,288	15,876	13,842	316	15,876	13,842	316
2400	TRAVEL	1,347.05	3,260	1,345	15,368	508	1,345	15,368	508
2500	RENT	25,289.11	22,792	25,289	1,309	36	25,289	1,309	36
2700	REPAIR & MAINTENANCE	38,096.40	39,375	38,097	25,290	-1	38,105	25,290	-1
2800	OTHER EXPENSES	2,252.08	5,104	1,083	38,097	-1,169	1,083	38,097	8
					2,252			2,252	-1,169
	TOTAL LEVEL	326,814.11	194,363	198,971	185,067	13,904	206,741	190,951	15,790
3100	EQUIPMENT	37,426.53	8,042	10,475		10,475	7,950		7,950
3400	INTANGIBLE ASSETS	1,287.90							
	TOTAL LEVEL	38,714.43	8,042	10,475		10,475	7,950		7,950
	TOTAL PROGRAM	1,571,290.76	1,367,550	1,460,602	1,412,835	47,767	1,464,655	1,417,599	47,056
01100	GENERAL FUND	1,151,103.76	938,313	1,070,621	993,427	77,194	1,073,592	995,219	78,373
06005	LIQUOR DIVISION	420,187.00	429,237	389,981	419,408	-29,427	391,063	422,380	-31,317
	TOTAL PROGRAM	1,571,290.76	1,367,550	1,460,602	1,412,835	47,767	1,464,655	1,417,599	47,056

2-4-87 9

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

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

PAGE 112

AGENCY : 5801 DEPARTMENT OF REVENUE  
PROGRAM : 03 RESEARCH & INFORMATION DIVISIO  
CONTROL : 30001 DEVELOPEMENT STAFF

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
0000	FULL TIME EQUIVALENT (FTE)		1.00	1.00	.	1.00	1.00		1.00
1100	SALARIES		20,122	20,122		20,122	20,045		20,045
1400	EMPLOYEE BENEFITS		3,002	3,002		3,002	3,037		3,037
1500	HEALTH INSURANCE		1,380	1,380		1,380	1,380		1,380
1600	VACANCY SAVINGS		-980	-980		-980	-978		-978
	TOTAL LEVEL		23,524	23,524		23,524	23,484		23,484
	TOTAL PROGRAM		23,524	23,524		23,524	23,484		23,484
01100	GENERAL FUND		23,524	23,524		23,524	23,484		23,484
	TOTAL PROGRAM		23,524	23,524		23,524	23,484		23,484

2-4-87<sup>10</sup>

11  
2-4-87

The equipment line item provides for one typewriter, one microfiche reader, and one personal computer for liquor store auditors each year of the 1989 biennium.

Non-operating costs include accounting entity transfers for the department to transfer resource indemnity trust interest funds to other departments as may be appropriated by the legislature. These funds are not statutorily appropriated and therefore require legislative authorization. The current level budget includes \$5,096,750 and \$4,536,500 authority in fiscal 1988 and 1989, respectively for these transfers.

### DATA PROCESSING DIVISION

Budget Item	Actual	Appropriated	- - Current Level - -		% Change
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	1987-89 Biennium
F.T.E.	60.50	47.65	52.50	52.50	4.85
Personal Service	\$1,205,760	\$1,061,264	\$1,227,768	\$1,226,648	8.3
Operating Expense	326,814	194,363	185,067	190,951	(27.9)
Equipment	38,714	8,042	-0-	-0-	(100.0)
Total Operating Costs	<u>\$1,571,288</u>	<u>\$1,263,669</u>	<u>\$1,412,835</u>	<u>\$1,417,599</u>	<u>(0.2)</u>
<b>Fund Sources</b>					
General Fund	\$1,151,103	\$ 938,313	\$ 923,427	\$ 995,219	(4.8)
Proprietary Funds	420,185	325,356	419,408	422,380	12.9
Total Funds	<u>\$1,571,288</u>	<u>\$1,263,669</u>	<u>\$1,412,835</u>	<u>\$1,417,599</u>	<u>(0.2)</u>

The Data Processing Division provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, data entry services, computer operations support services, technical support for departmental and personal computers, and research services relating to tax policy, revenue estimating, and Montana tax laws.

The current level budget provides a 0.2 percent decrease from the 1987 biennium to the 1989 biennium primarily because fiscal 1986 operating expenses associated with a program transfer are not continued into the 1989 biennium. The 4.85 FTE increase from fiscal 1987 is the net result of adding 6 FTE transferred into the program in fiscal 1986 and deleting 1.15 others. The agency reduced 0.15 of the 1.15 FTE between fiscal 1987 and the 1989 biennium request; the current level budget reduced 1.0 FTE. Personal services increase 8.3 percent in the 1989 biennium because the net fiscal impact of FTE changes is approximately \$87,000 each year.

Operating expenses decrease 27.9 percent from the 1987 biennium to the 1989 biennium. Fiscal 1986 expenditures were nearly \$144,000 higher than authorized because of a program transfer. The agency did not request the higher spending level in the 1989 biennium; therefore, the expenditure level was returned to a more normal level.

The current level budget does not provide for equipment expenditures in the 1989 biennium.

The data processing division is funded from the general fund and liquor division proprietary funds. General fund decreases 4.8 percent in the 1989 biennium. Liquor funds increase 12.9 percent as three of the additional 6 FTE are funded from liquor funds.

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 3  
Comparison of Actual Expenses to Appropriated Expenses

Budget Item	Legislature	Actual	Difference
F.T.E	50.50	60.50	(10.00)
Personal Service	\$1,073,015	\$1,205,760	\$(132,745)
Operating Expense	183,137	326,814	(143,677)
Equipment	36,276	38,714	(2,438)
Total Expenditures	<u>\$1,292,428</u>	<u>\$1,571,288</u>	<u>\$(278,860)</u>
<u>Funding</u>			
General Fund	\$ 967,570	\$1,151,103	\$(183,533)
Proprietary Funds	324,858	420,185	(95,327)
Total Funds	<u>\$1,292,428</u>	<u>\$1,571,288</u>	<u>\$(278,860)</u>

Fiscal 1986 expenditures in the Data Processing Division exceeded the appropriation by \$278,860, primarily because the agency transferred 10 FTE and \$292,337 into the division during fiscal 1986. FTE were transferred from the Liquor, Income Tax, Natural Resources and Corporate Tax, Miscellaneous Tax, and Motor Fuels Tax Divisions.

The 10 additional FTE is the primary cause for actual personal services expenditures exceeding the legislative appropriation by \$132,745. However, after considering the funds transferred into the division, the agency realized approximately \$160,000 vacancy savings, most of which was spent on operating expenses.

Operating expenses exceed the appropriation by \$143,677, primarily resulting from the contracted services budget being overspent by \$153,000 and the supplies budget realizing nearly \$10,000 savings. The remaining differences account for less than 1 percent of total operating expenses.

The legislature allocated \$36,276 in fiscal 1986 for equipment purchases, all in computers. The division spent \$38,129 on computer hardware and software and \$585 on office furniture.

General fund exceeded the appropriation by \$183,533 in fiscal 1986. This results from the 10 FTE transfer. Liquor proprietary funds exceed the fiscal 1986 appropriation by \$95,327 for the same reason.

### Current Level Adjustments

The current level budget reduced 1.0 FTE programmer/analyst as this position was vacant more than 50 percent of the time in fiscal 1986 and was still vacant as of November 7, 1986. There are 8.0 FTE programmer/analysts remaining on staff.

Fiscal 1986 actual operating expenses were reduced \$155,017; \$134,553 was reduced by the agency. The remaining \$20,464 was removed primarily from computer processing fees to reduce expenditures to the fiscal 1986 appropriated level. Six thousand five hundred dollars was added in fiscal 1989 for printing costs associated with the biennial report printed in odd numbered fiscal years.

### INVESTIGATIONS AND ENFORCEMENT

<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.	81.50	79.05	65.00	65.00	(14.05)
Personal Service	\$1,653,817	\$1,823,790	\$1,550,171	\$1,549,737	(10.86)
Operating Expense	436,647	495,163	464,240	462,276	(0.57)
Equipment	85,772	29,547	18,625	10,000	(75.18)
Total Operating Costs	\$2,176,236	\$2,348,500	\$2,033,036	\$2,022,013	(10.38)
Non-Operating Costs	120,694	160,000	180,000	195,000	33.60
Total Expenditures	<u>\$2,296,930</u>	<u>\$2,508,500</u>	<u>\$2,213,036</u>	<u>\$2,217,013</u>	<u>(7.81)</u>
<u>Fund Sources</u>					
General Fund	\$ 594,854	\$ 761,487	\$ 557,628	\$ 554,019	(18.04)
State Special	161,506	-0-	222,669	222,737	175.78
Federal Revenue	1,243,944	1,414,448	1,185,547	1,192,820	(10.53)
Proprietary Funds	296,626	332,565	247,192	247,437	(21.36)
Total Funds	<u>\$2,296,930</u>	<u>\$2,508,500</u>	<u>\$2,213,036</u>	<u>\$2,217,013</u>	<u>(7.81)</u>

The Investigations and Enforcement Division administers the Video Poker Control Program, Investigations Program, Child Support Enforcement Program, and the Medicaid Fraud Program. The division's budget is divided into four subprograms:

Administration, Investigations, Child Support, and Video Poker. Medicaid Fraud was eliminated as a separate function effective fiscal 1987.

The current level budget provides a 7.8 percent decrease from the 1987 biennium to the 1989 biennium. The 1985 legislature approved a modification request for additional child support personnel for this division in the 1987 biennium, but required the 13.0 additional FTE be removed from the agency's 1989 biennial budget request. The current level budget removes these 13.0 FTE as well as the 3.5 FTE removed by the agency in response to the five percent and pay plan funding cuts.

Non-operating costs include pass-through funds to local governments for reimbursement for prosecuting welfare fraud cases and child support enforcement activities. Non-operating costs are funded from federal funds.

This division's operating budget is funded from several sources: general fund, gambling license fee revenue, federal funds, and liquor division funds. The current level budget funds 4.0 FTE in the Video Poker Program, 2.0 FTE in the Investigations Program, and a portion of the expenditures in the Administration Program from gambling license fee revenue. Federal funds, including child support, welfare fraud, and medicaid fraud funds, support their respective functions in the various subprograms. All federal funds require a general fund match. Liquor division funds support portions of the investigation and Administration Program budgets.

General fund and liquor division funds decrease between the 1987 and 1989 bienniums because gambling license fees are budgeted to pay for the approximate expenses incurred on behalf of video poker. In fiscal 1986, the general fund and liquor funds partially subsidized the video poker investigation effort.

Federal funds decrease in the 1989 biennium as the department eliminated the medicaid fraud program as a separate program. The department will continue to investigate medicaid fraud cases as they are referred, but expect this will occur on a much-reduced scale.

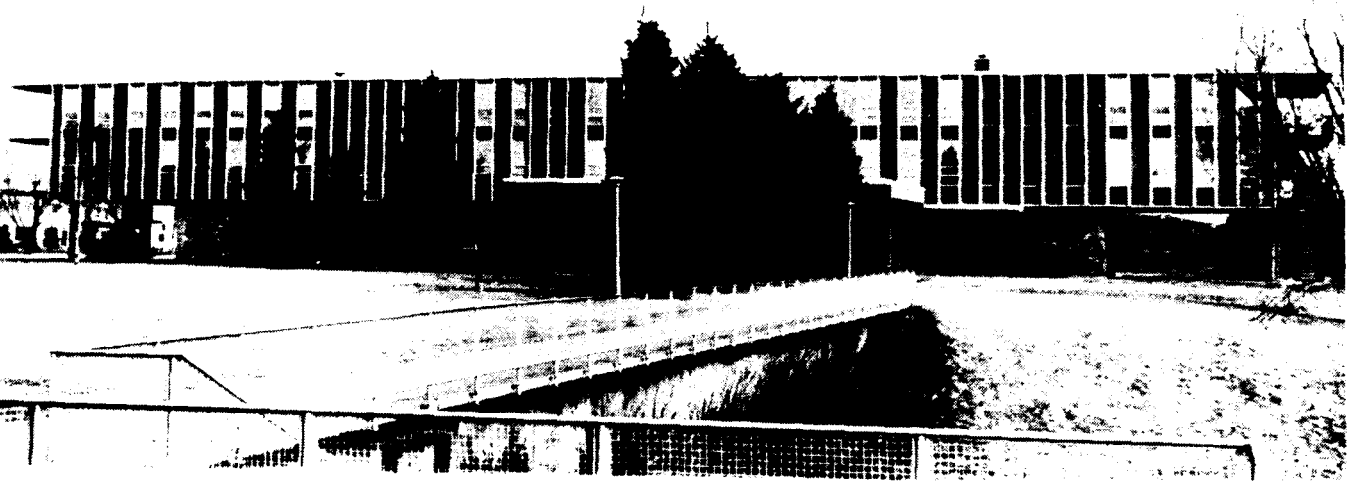
#### Fiscal 1986: Comparison of Actual Expenses to the Appropriation

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





A PROPOSAL OFFERING MUCH MORE VALUE  
FOR THE LAW ENFORCEMENT TRAINING DOLLAR  
AND AT LESS COST THAN THE EXISTING FACILITIES



Submitted by:  
Community of Great Falls  
Law Enforcement Academy Committee  
Great Falls, Montana  
January 1987

## VISITOR'S REGISTER

GENERAL GOVERNMENT &amp; HIGHWAYS

SUBCOMMITTEE

AGENCY(S) \_\_\_\_\_

DATE Feb. 4, 1987DEPARTMENT OF JUSTICE AND DEPT. OF REVENUE

NAME	REPRESENTING	SUP- PORT	OP- POSE
Will I. Selsor	LHC DUT TASK FORCE		
Rayleen Beaton	Helena City Commission		
Richard E Gilroy	LHC STOP DUT Task Force		
M. E. "Mickey" Nelson	LHC STOP DUT Task Force		
Bob Kuchenbrod	D.U.F. Task Force Helmer		
Sarah Hawen	Dept of Justice		
Mike Murray	Attorney General		
	Chemical Dependency		
	Programs of Mt.		
JOHN LAFAVER	DOR		
JACK ELLERY	" "		
DON BENTSON	" "		
Al Goke	Adm. Human Safety Div.		
Larry Mayers	Adm. Motor Vehicle Div.		

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