

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT AND HIGHWAYS

Call to Order: By Chairman Quilici, on January 17, 1989, at
8:04 a.m.

ROLL CALL

Members Present: All members were present.

Members Excused: None.

Members Absent: None.

Staff Present: Pam Joehler, LFA
Flo Smith, OBPP
Mary Liedle, secretary

HEARING ON DEPARTMENT OF ADMINISTRATION: ARCHITECTURE AND ENGINEERING DIVISION

Tape No. 17A

Presentation and Opening Statement: Pam Joehler gave an
overview of the division. (See exhibit 1)

Flo Smith, executive analyst, explained the division is authorized by 18-2-105 to assess a fee against monies available for construction projects to cover the cost of supervision. They are now charging a 1% fee against non-capitol projects, but feel the fee should be more realistic of the service provided. They are proposing a fee structure of 5%, 3% or 1% which would be based upon anticipated involvement by division staff in the planning or construction process. The division is also proposing to charge the Department of Lands a 1% fee for services provided involving land resolution projects during the 1991 biennium.

List of Testifying Proponents and What Group They Represent:

Tom O'Connell, Department of Architecture and
Engineering

List of Testifying Opponents and What Group They Represent:

None.

Testimony: (17A 6.28) Tom O'Connell, Administrator of the Department of Architecture and Engineering gave an overview of the division. He explained this department administers the state's long range construction program. This includes buildings built with federal, state or private money at university campuses, institutions or any state agency. At any one time there are about 200 active projects throughout the state.

This department is not responsible for the day to day maintenance on the campuses or any institution. The department is responsible for the construction of new facilities and major maintenance at those campuses.

Tom discussed the budget differences between the LFA and executive budgets. (See exhibit 2)

The difference of \$2240 in travel may seem like a small amount but it is critical to the operation of the division. There is a conscious effort to get the construction people out on the field more to try to solve the problems on projects before they develop into arbitration or litigation. If the people are more involved in the construction of the facilities and if problems are addressed as they arise, there will be a better product for the State of Montana and time consuming, costly legal problems will be avoided.

Questions From Subcommittee Members: (17A 5.30) Sen. Regan: 1% is unrealistic for the procedure but isn't 5% high?

Tom O'Connell, Administrator of the Architecture and Engineering Division, explained that 5% is probably still low if you look at the fee that would normally be negotiated with private consultants. The 5% fee we are proposing to charge would particularly be the Department of Highways where we do complete planning services for them.

(17A 17.24) Sen. Regan: How many vacant positions do you have now? If we approve these budgets are we automatically restoring these positions without examining them?

Pam Joehler explained that when the Appropriations Committee took action, the FTE that were going to be removed were identified. Those FTE are included in the executive and current level budgets. The committee

asked to know all Department of Administration positions that are open. If you approve one of the budgets, you will be restoring those positions, with the exception of those deleted by the House Appropriations Committee.

(17A 18.53) Sen. Regan: Didn't the Governor declare a freeze and they have to come in and get the positions restored?

Pam stated the freeze does not mean a deletion in FTE, it simply means they can't be hired right now.

(17A 21.34) Sen. Stimatz: They say the long range building doesn't contribute to their operations and yet there's no general fund money, so where do they get their money?

Tom O'Connell stated most of the funding comes from the cigarette tax.

HEARING ON DEPARTMENT OF ADMINISTRATION: PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Tape No. 17A

Presentation and Opening Statement: Pam Joehler, analyst, gave an overview and discussed the differences between the LFA and executive budgets. (See exhibit 3)

Flo Smith, executive analyst, addressed the division's modified requests. They are requesting \$83,000 in FY90 for computer enhancements for the Retirement Divisions active computer system. They are requesting .4 FTE which would increase their current 1.6 FTE level on those people assigned to work with the "buyback" (when participants in the system want to buy back service time) to 2 FTE. They are requesting approximately \$6000 for each year. They are also requesting approximately \$3500 per year for more pre-retirement seminars. They want to double the number. In regards to the elimination of the 1 FTE for the anticipated phase out of the social security program they've been administering, we may not be out of the social security business at this time so they may be coming back in for a budget amendment for an FTE so they can resolve the audit years back to 1984.

List of Testifying Proponents and What Group They Represent:

Larry Nachtsheim, Public Employees Retirement System
Linda King, Public Employees Retirement System

List of Testifying Opponents and What Group They Represent:

None.

Testimony: (17A 30.48) Larry Nachtsheim, Administrator
Public Employees Retirement Division: The primary function of the division is to provide information and benefits to members, the public, the legislature. In the last five years the budget has decreased significantly. The number of FTE is down 4. At the same time the membership has increased 2300, assets have increased 325 million and benefits about 15 million dollars per year.

Mr. Nachtsheim addressed the budget issues and the social security issue that Flo Smith introduced. (See exhibits 4 and 5)

(17A 35.22) Linda King, Assistant Administrator, Public Employees Retirement Division: Linda discussed the differences in the LFA and executive budgets. She presented a justification for the requested contracted services budget and a justification for the requested repair and maintenance budget. Linda presented the modified budget requests for computer enhancements, .4 FTE and pre-retirement seminars. (See exhibit 6)

Questions From Subcommittee Members: (17A 41.09) Sen.

Regan: You said later on you were going to go in for a budget amendment. When will you need that?

Linda King stated that at the time the executive budget was put together the agency was not aware that social security would not be phased out in time. It was too late to add the position back when the agency discovered social security would not be phased out in time.

The committee recommended that the agency ask for the position now rather than submitting a budget amendment.

(17B 18.28) Rep. Swysgood: Why is it limited to 25? (reference to the pre-retirement seminars)

Linda King answered that because the seminars are an interactive session and spouses attend, if there are more people it's too hard to have interaction and exchange of ideas. It becomes too much of a lecture.

(17B 19.19) Rep. Swysgood: How many staff people work these seminars?

Linda King stated that she is the only staff person from the department. People come in and give presentations on different issues on a volunteer basis.

HEARING ON DEPARTMENT OF ADMINISTRATION: GENERAL SERVICES
DIVISION

Tape No. 17b

Presentation and Opening Statement: Pam Joehler gave a brief overview of the agency. (See exhibit 7)

List of Testifying Proponents and What Group They Represent:

Dean Blanton, General Services Division

List of Testifying Opponents and What Group They Represent:

Eugene Fenderson, Business Manager, Laborers Local #254
Jim Murray, Executive Secretary, Montana State AFL-CIO
Senator Chet Blaylock, Montana State Senate
Representative William Menahan, Montana State House of
Representatives
Ed Molyneaux, Janitor, Laborers Local #254

Testimony: (17B 27.05) Gene Fenderson, representing Laborer 254, addressed the survey done by the legislative auditor which recommends privatization of several in-house services performed within the Capitol complex. He felt that the audit didn't take into consideration several problems, thereby rendering the survey unfair to those employees that will be directly affected by privatization. (See exhibit 9)

(17B 40.48) Jim Murray expressed the concerns of organized labor regarding privatizing of public service. He feels that the constant threat of lay-offs caused by privatization has been demoralizing to state employees. He cited the "outrageous failings" of the federal defense contracts due to privatization.

(17B 44.17) Ed Molyneaux, a janitor representing Laborer 254, stressed the importance of having proper equipment. He stated that the current crew performs quality work as well as doing quantities.

(17B 47.11) Senator Chet Blaylock testified to the lack of care during the 1985 session, when the Capitol complex was under the care of a private janitorial

service. He also explained that the Capitol print shop, located in the basement, is there because of a poor job done by the previous private sector printer. Senator Blaylock doesn't believe going to privatization will save the State money in the long run. He stressed that benefits such as medical insurance are as important to these workers as they are to every family.

(18A 8.28) Robert Henry, Laborer 254, expressed his concern that it's hard to convince people on welfare to go to work when they can make more money on welfare. By going to privatization, where there are no benefits, the people would probably have to collect welfare and food stamps. That would end up costing more money than retaining the present system.

(18A 10.56) Rep. William Menahan opposed privatizing the cleaning of the Capitol. He was on the committee in 1979. He said the air was cleaner down in the mine than in the Capitol. He stated the contractors only used minimum wage employees. Oftentimes personal items were missing and there was never any way to find out who had taken the items. Rep. Menahan said the Capitol was a disgrace to the state of Montana when the cleaning was privatized.

(17B 24.27) Dean Blanton, Administrator of General Services gave an overview of the agency. (See exhibit 8) (18A 28.24) Mr. Blanton explained that the prices presented of \$3.00 per square foot in FY90 and \$3.02 per square foot in FY91 is based upon the \$151,000 savings by going to private contractors for janitorial services. Dean Blanton discussed the budget issues. He stated that \$15,000 of the \$62,000 requested above the LFA level is to replace the parapet cap at the old liquor warehouse. Mr. Blanton presented photos of this project to the committee. The additional money, \$46,900 is to replace the carpet at the OPI building at 1300 11th Avenue. Again, pictures were presented to the committee. Mr. Blanton addressed the need for equipment. Other budget issues were briefly addressed. (See exhibit 10)

Questions From Subcommittee Members: (17B 33.21) Rep.

Quilici: Do you have an idea what these nine or ten recommendations you made in the event that they would go to privatization would cost?

Gene Fenderson responded that he didn't know the dollar amount because they've just started working on this. However, he did point out that most of the recommendations came out of an article published by

NACO, the national arm of MACO (Montana County Commissioners Organization). It was an in-depth study saying if you're going to privatize, one of the things you need to do is treat your employees with human dignity.

(17B 37.27) Sen. Regan: You make reference to the two employees who are close to retirement, what's the average length of service?

Gene Fenderson said he didn't have exact figures but since the downturn in economy in the last six or seven years the workforce has become much more stable than it used to be.

(17B 38.08) Sen. Regan: What's the average hourly rate of these employees.

Gene Fenderson said all of the employees are grade 7. Their salaries are probably about \$6.05.

(17B 38.28) Sen. Stimatz: You mentioned that approximately ten years ago we went from the private to this in-house. I was here when we had the private deals and they weren't emptying our waste baskets, they weren't sweeping the floors and there was a lot of disgruntled employees among these private contractors. What has changed in the privatization? Are they going to be paying their people more money? If you pay somebody \$3.35/hr he can't live on that and you'll have a disgruntled employee on your hand and we'll go right back to the unswept floors and whatever else. You certainly won't get any windows washed.

Gene Fenderson responded saying he agreed. It's a syndrome of what government does, it contracts out and pays \$3.35/hr and then we have to supplement people with food stamps and medical care because they cannot afford either one of those at \$3.35/hr.

(18A 2.18) Sen. Regan: I've noticed something that has taken place, particularly in Billings, where larger stores like K-Mart and Target have gone to a system of hiring part time helped. They have literally staffed their whole stores with women, primarily, who are hired for half time and thereby, they do not pay any kind of benefits. This is one of the things that has happened in an attempt to cut down the overhead. As I look at this program I wonder if this is not an extension of that same kind of thing where they hire a worker half time and escape all fringe benefits, any responsibility that way and then I suppose, expect that individual to

get another job to earn a living and still be without any kind of medical benefits which we pick up in the state one way or another. Are these going to be full time employees? I don't understand how you can run a system that way. I know I was here ten years ago. I quite agree. I think the most disgusting part of the cleaning was the lavatory. They were not done.

Dean Blanton responded saying he wasn't sure if, in the private sector, the contractor has full time or part time employees.

(18A 4.20) Rep. Swysgood: Is it possible that the private contractor who is offering these services could appear before the committee to answer some questions?

Rep. Quilici stated he had hoped to see them at the hearing. He said the committee will request them to appear.

(18A 5.48) Sen. Regan: I really would like to pursue this question of to what extent part time help will be used because I really do not see how you can save great sums of money if you are paying minimum wage to an individual.

Rep. Quilici said he would request the potential bidders for the contracts to appear before the committee so they can be asked specifically what kind of wages they're paying, what kind of benefits and if they're willing to hire people who are already working within state government.

(18A 6.50) Rep. Quilici: Mr. Blanton, do you have a list of the potential contractors who want to bid on this?

Mr. Blanton said he could provide a list of current contractors that are cleaning in the other buildings.

(18A 7.23) Rep. Swysgood: How many other buildings in the capitol complex are private contractors presently taking care of?

Mr. Blanton said they are taking care of all the other buildings except the Capitol, the Historical Society, the Mitchell building and the Labor building.

(18A 7.44) Rep. Swysgood: Has there been any indication or any disruption amongst those employees who work for them of dissatisfaction.

Mr. Blanton responded that there was no dissatisfaction that he was aware of.

(18A 30.41) Rep. Swysgood: How many square feet (of carpet needs to be replace)?

Mr. Blanton responded that the building is 20,125 square feet.

(18A 30.58) Sen. Stimatz: What building is that and who's in it?

Mr. Blanton stated it is the OPI building.

(18A 31.19) Sen. Regan: OPI is in four buildings. Is there any chance you could get OPI together?

Mr. Blanton said they have tried and it just is not possible.

(18A 32.04) Pam Joehler: The base amount in the buildings and ground maintenance budget is \$83,600 and they were requesting an additional \$60,000 for these two new projects. Why can't these new projects be prioritized among what you do for the \$83,600? Why do you need an additional, why can't you take it out of your base operating budget?

Mr. Blanton said that's the figure that includes the capitol building fund and we can't accomplish near the projects around the capitol complex for that small amount of money. So, we're putting some of these special ones in to be included in the operational expense.

(18A 35.01) Sen. Stimatz: Does your rental charge include janitorial service?

Mr. Blanton said yes.

HEARING ON DEPARTMENT OF ADMINISTRATION: MAIL AND
DISTRIBUTION BUREAU

Tape No. 18A

Presentation and Opening Statement: Pam Joehler discussed the differences between the LFA and the executive budgets. (See exhibit 11)

Flo Smith addressed the agency's modified request for 1 FTE mail clerk position to cover the increased workload.

List of Testifying Proponents and What Group They Represent:

Dean Blanton, General Services

List of Testifying Opponents and What Group They Represent:

None.

Testimony: (18A 47.19) Dean Blanton addressed the budget issues. (See exhibit 12) He said the agency needs an additional .5 FTE mail clerk position to cover the increased workload due to the addition of the Lottery Division, Highway Traffic Safety Division, Crime Control Division, Drivers' Improvement Bureau and the Highway Patrol Division as users of central mail services. An additional .5 FTE mail clerk will be needed to cover the increased workload that will take place when the Department of Fish, Wildlife and Parks joins the central mail operation. He also presented the need for increased spending authority for postage. (See exhibit 12)

Questions From Subcommittee Members: (18A 45.39) Sen.

Stimatz: What is presort and where does it break down?

Mr. Blanton said the breakdown occurs by zipcode. The presort discount savings comes from having 500 pieces in the same 5 digit zipcode.

(18A 46.36) Sen. Stimatz: If one city has three or four different numbers like 701, 702, 703 is each zipcode a presort?

Mr. Blanton said that they would all go into the same presort for one city.

(18B 8.36) Sen. Regan: I am always very suspicious when someone says if we don't do it, we'll have to shut the door. If you don't have the money up front you borrow the money don't you?

Mr. Blanton said the agency has in the past. He said they really do need the cash flow to operate though because each time a postage meter is filled they have to take the money with them.

Tape No. 18B

Presentation and Opening Statement: Pam Joehler gave an overview of the agency. She explained that the Procurement and Printing Division is a combination of two former divisions (Publications and Graphics and Purchasing). When the administrator for the Publications and Graphics Division left state government the department decided to combine the two divisions into one. They saved money (about \$26,000 each year) because there is just one division administrator instead of the two they formerly had. For budgeting purposes, this division has five budgets.

PURCHASING AND PRINT COORDINATOR PROGRAM BUDGET: Pam explained that most of the expenditures included in this program is for printing that is sent out to private vendors. Pam presented the budget issues. (See exhibit 13)

Flo Smith presented the agency's modification request for an increase in spending authority for private printing of \$600,000 in FY90 and \$800,000 in FY91. Flo explained the bid process for printing sent to private vendors.

INTERNAL OPERATIONS PROGRAM: Pam Joehler gave an overview of the program budget. (See exhibit 16) The LFA included estimated 3 1/2% annual inflation allowance for paper costs and the executive budget did not include that. It makes a difference of about \$12,000 in the first year and about \$27,000 in the second year in the operating budget.

PUBLICATIONS AND GRAPHICS ADMINISTRATION PROGRAM: Pam Joehler stated this program shows about a 6 1/4% increase from the current biennium to the 1991 biennium. Between FY88 and FY90 there is a significant increase in operating expenses because the bureau has changed its method of acquiring photocopy pool goods and services. The differences between the LFA and executive budgets were discussed. (See exhibit 17) Pam discussed the issue concerning funding for the program. It is funded through proprietary funds, there are no general funds involved. The agency establishes rates and applies those rates to user agencies. There is an overhead rate applied to cover the cost of the people working there.

List of Testifying Proponents and What Group They Represent:

Marvin Eicholtz, Procurement and Printing
Gary Wolfe, Procurement and Printing

List of Testifying Opponents and What Group They Represent:

None.

Testimony: Purchasing and Print Program (18B 25.36) Marv Eicholtz stated that in the purchasing and print coordinator program the one area that concerns him is in the area of inflation. The executive budget did not allow any inflation and if the agency doesn't receive that they will have to request a budget amendment. (See exhibit 14)

Internal Operations Program: (18B 27.04) Marv Eicholtz explained this program is responsible for duplicating for the state. He expressed concerns in the areas of repairs and maintenance. (See exhibit 15)

Publications and Graphics Administration Program: (18B 35.52) Marvin Eicholtz explained the photocopy pool is a pass through situation. The agencies are charged a per copy charge, his division bills the agencies, the vendor bills his division and they pay the vendor. He discussed the budget issues. (See exhibit 18)

Marvin discussed a modified request. This request is for \$600,000 in FY90 and \$800,000 in FY91. This is for spending authority for pass through printing. Marvin indicated they now estimate their needs at \$1.2 million in FY90 and \$1.6 million in FY91 over the amount included in the LFA current level budget. (See exhibit 19)

Questions From Subcommittee Members: (18B 18.49) Sen.

Regan: What percentage of printing is being bid out currently?

Marvin Eicholtz stated that approximately 70% of the dollars that flow through Publications and Graphics are bid out to the private sector for printing. 40% of the dollars that flow through P & G goes to out of state vendors.

(18B 20.44) Would you tell me about how that travel project came to be bid, who got it and what was the rationale for it?

Marvin Eicholtz said that on the last travel job they did spec it out so that in state vendors could do the job and when the bid came in there wasn't one in state vendor who cared to participate on the project.

Gary Wolfe, bureau chief, explained that the state bids out jobs for the Travel Promotion division of commerce. Most of the jobs that are bid out are extremely high volume runs with some of the vacation guides, winter guides, summer guides. There are press runs of 100,000 or 200,000 copies. These are types of jobs that require efficient equipment. Particularly, we look at those types of printing firms that have heat set web presses where they put the job on with paper at one end and run it off to the other end and you have a finished product. Montana vendors don't have that type of equipment and we've tried to incorporate some of their requests into the bids to allow more lenient delivery time. The last time we tried that, Montana vendors did not reply.

(18B 23.45) Sen. Regan: I was told that they had the capability of doing that job but that the problem was the turn around time that was being demanded and they felt that it was an artificial turn around time. Would you comment on the turn around time?

Gary Wolfe explained it was a very large run for the summer guide that was bid in the winter time with a quick delivery of about 30 days. Some of the Montana vendors were requesting that the delivery be spread out to a 90 or 120 day delivery. We had no problem receiving bids with the 30 day delivery from out of state vendors. If the state had gone along with the extended delivery, before that time had elapsed, they were already sending out another bid to have additional copies printed up. So if we would have accommodated the Montana vendors the project wouldn't have been completed.

(18B 32.14) Sen. Regan: What kind of an overhead rate, what percentage is that?

Marvin Eicholtz responded that there are different rates for the different things they do. For the photocopy pool there is an overhead of 5%.

(18B 34.01) Sen. Stimatz: Can you explain how this thing works? I see copy machines all over the capitol here. Do they own their own or are these under your control?

Marv Eicholtz said it's both ways. There are about 140 machines in the pool. About 97 of those machines are with the private vendor; he provides the machines and the agency pays price per copy on the machines.

(18B 34.46) Sen. Stimat: Do the agencies bring the work to you?

Marvin answered the agencies come to his office and ask to be a part of the pool. Upon their request a machine is put in at their operation and the maintenance is handled through the photocopy term contract with the private vendor.

(18B 41.28) Sen. Stimat: Would you explain this pass through printing? How does the agency get his order in and get his job back?


Marvin Eicholtz stated all requests go through Publications and Graphics. The agency goes to P & G with a printing request. They decide it's going to go to a private vendor. They write the specs and send it out for bid to the private sector. They award the bid and monitor the contract. When the printing job comes back they examine the invoice to see that the printer did exactly what he was supposed to do. The agency is billed by P&G, they pay P&G, and then P&G pays the vendor.

(18B 42.24) Sen. Stimat: Is there a minimum that an agency can use that service?

Marvin Eicholtz said that is a determination that is made in house. If it's a very small job it will probably be done in house.

ADJOURNMENT

Adjournment At: 11:30 a.m.


REP. JOE QUILICI, Chairman

JQ/ml

1422.min

DATE 1-17-89

HB

REPORT EBSR99

DATE : 01/03/89

TIME : 10/53/01

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

PAGE 500

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 04 ARCH & ENGINEERING PGM
CONTROL : 00000

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)	15.25	15.25	15.25	15.25		15.25	15.25	
1100	SALARIES	342,793.43	397,235	378,242	378,242		378,242	378,242	
1102	OVERTIME	404.15							
1113	LONGEVITY	5,714.09		5,768	5,768		6,517	6,517	
1400	EMPLOYEE BENEFITS	70,196.31	60,469	58,002	58,002		57,991	57,991	
1500	HEALTH INSURANCE		20,700	20,700	20,700		20,700	20,700	
1600	VACANCY SAVINGS		-18,507	-9,254	-18,508	9,254	-9,269	-18,538	9,269
	TOTAL LEVEL	419,107.98	459,897	453,458	444,204	9,254	454,181	444,912	9,269
2021	CONTRACTED SERVICES-INFLATI			48	48		670	670	
2022	SUPPLIES & MATERIALS-INFLAT			-154	-154		-237	-237	
2023	COMMUNICATIONS-INFLATION			-480	-444	-36	-675	-619	-56
2024	TRAVEL-INFLATION			1,090	843	247	2,645	2,047	598
2100	CONTRACTED SERVICES	29,149.29	30,111	31,823	30,928	895	33,773	32,878	895
2200	SUPPLIES & MATERIALS	5,845.12	6,467	5,845	5,845		5,845	5,845	
2300	COMMUNICATIONS	16,088.45	15,266	15,568	16,089	-521	15,568	16,089	-521
2400	TRAVEL	18,548.19	14,083	18,548	16,308	2,240	18,548	16,308	2,240
2500	RENT	26,136.00	30,262	25,752	25,752		25,822	25,822	
2700	REPAIR & MAINTENANCE	2,576.04	2,955	5,678	2,542	3,136	5,551	2,415	3,136
2800	OTHER EXPENSES	1,716.75	1,299	1,687	1,717	-30	1,687	1,717	-30
	TOTAL LEVEL	100,059.84	100,443	105,405	99,474	5,931	109,197	102,935	6,262
3100	EQUIPMENT	10,687.59	2,060		2,500	-2,500		2,500	-2,500
3400	INTANGIBLE ASSETS	1,251.37							
	TOTAL LEVEL	11,938.96	2,060		2,500	-2,500		2,500	-2,500
8000	TRANSFERS	550,000.00	562,400	558,863	546,178	12,685	563,378	550,346	13,032
	TOTAL LEVEL	550,000.00	562,400	558,863	546,178	12,685	563,378	550,346	13,032
	TOTAL PROGRAM	1,081,106.78	1,124,800	1,117,726	1,092,356	25,370	1,126,756	1,100,693	26,063
02030	ARCH & ENGIN CONSTRUCTION	531,106.78	562,400	558,863	546,178	12,685	563,378	550,347	13,031
05007	LONG RANGE BUILDING PROGRAM	550,000.00	562,400	558,863	546,178	12,685	563,378	550,346	13,032
	TOTAL PROGRAM	1,081,106.78	1,124,800	1,117,726	1,092,356	25,370	1,126,756	1,100,693	26,063

ARCHITECTURE & ENGINEERING DIVISION

BUDGET DIFFERENCES

PERSONAL SERVICES

LFA applied a 4 percent vacancy savings factor to the Personal Services Budget. OBPP's recommendation was 2 percent.

TRAVEL

OBPP recommended retaining the requested current level out-of-state travel of \$2,180 through the next biennium. LFA removed all out-of-state travel from this division's budget.

REPAIR & MAINTENANCE

OBPP recommended funding an additional \$3,136 for maintenance costs on seven personal computers. LFA included only current level of \$748 for both fiscal years.

EQUIPMENT

LFA recommended \$2,500 be included in the equipment budget. OBPP deleted all funds for the equipment budget.

DATE 1-14-84
HB

18-Dec-88

11:59 PM

6104 35 00000

AGENCY: PUBLIC EMPLOYMENT RETIREMENT

LEGISLATIVE ACTION

PROGRAM: PERS

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	19.60	19.00	18.60	0.40	19.00	18.60	0.40	-5.10%
Personal Services	\$448,251	\$455,020	\$439,719	\$15,301	\$456,514	\$441,134	\$15,380	-1.90%
Operating Expenses	234,179	387,170	281,387	105,783	252,638	242,798	9,840	20.16%
Equipment	18,790	3,763	4,125	(362)	1,463	1,797	(334)	-78.05%
TOTAL EXPENSES	\$701,220	\$845,953	\$725,231	\$120,722	\$710,615	\$685,729	\$24,886	3.42%
FUNDING								
Other Revenue	\$701,220	\$845,953	\$725,231	\$120,722	\$710,615	\$685,729	\$24,886	3.42%
TOTAL FUNDING	\$701,220	\$845,953	\$725,231	\$120,722	\$710,615	\$685,729	\$24,886	3.42%

ISSUES:

---EXEC OVER (UNDER) LFA---

FY 90

FY 91

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

2. STATUTORY APPROPRIATION-The executive budget includes \$3,000 in FY90 only for an actuarial study paid from a statutory appropriation. LFA current level does not include statutory appropriations in its budget.

3. SYSTEMS DEVELOPMENT-The LFA current level includes funding at the FY 88 expenditure level; the executive budget increases funding as requested by the agency (90 only).

4. PHOTOCOPY SERVICES-The executive includes funding for photocopy pool services. The LFA current level does not include funding due to the uncertainty at the time of the budget analysis of how the agency was going to replace its photocopy machine.

5. PRINTING-The agency requested a 227% increase in its printing budget-from \$5,329 in fiscal 1988 to \$17,470 in fiscal 1990. The LFA current level included \$10,929; the executive budget included the full request. There is no difference in fiscal 1991.

6. MODIFIED BUDGET RECOMMENDATIONS:

- a. Computer enhancements
- b. Buy Back FTE (.40 FTE)
- c. Pre-retirement Seminars

TOTAL ISSUES

\$83,052	\$0
\$6,247	\$6,296
\$3,542	\$3,589
\$122,940	\$25,293

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

\$9,055 \$9,084
\$18,109 \$18,168

EXECUTIVE
LFA CL

2. POSITION DELETED-The committee deleted position 3821, a programmer analyst, on 1/10/89. According to the motion, the subcommittee must take positive action before the position is reinstated.

\$28,101 \$28,141

DATE 11-17-89
HB

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

REPORT EBSR99
DATE : 01/03/89
TIME : 10/53/01

AGENCY : 6104 PUBLIC EMPLOYEES RETIREMENT BD
PROGRAM : 35 PUBLIC EMPLOYEES RETIREMENT
CONTROL : 00000

AE/OE	DESCRIPTION	FTE	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)		19.60	19.60	18.60	18.60		18.60	18.60	
1100	SALARIES		360,992.77	403,206	365,072	365,072		365,072	365,072	
1102	OVERTIME		571.14		1,500	1,500		1,500	1,500	
1113	LONGEVITY		4,458.55		5,495	5,495		6,204	6,204	
1300	OTHER COMPENSATION		2,550.00	2,350	3,600		3,600	3,600		3,600
1400	EMPLOYEE BENEFITS		79,678.41	59,199	55,941	55,941		56,706	56,706	
1500	HEALTH INSURANCE			27,600	26,220	26,220		26,220	26,220	
1600	VACANCY SAVINGS			-20,637	-9,055	-18,109	9,054	-9,084	-18,168	9,084
1800						3,600	-3,600		3,600	-3,600
	TOTAL LEVEL		448,250.87	471,718	448,773	439,719	9,054	450,218	441,134	9,084
2021	CONTRACTED SERVICES-INFLATI									
2022	SUPPLIES & MATERIALS-INFLAT				-4,692	-5,227	535	-5,518	-6,289	771
2023	COMMUNICATIONS-INFLATION				-49	-49		-152	-152	
2024	TRAVEL-INFLATION				-872	223	-1,095	-869	74	
2026	UTILITIES-INFLATION				30	30		74	74	
2100	CONTRACTED SERVICES				671	671		928	928	
2200	SUPPLIES & MATERIALS		147,135.83	138,005	221,515	201,720	19,795	171,491	164,376	7,115
2300	COMMUNICATIONS		7,808.75	13,183	7,808	7,808		7,808	7,808	
2400	TRAVEL		44,978.72	41,148	44,541	45,510	-969	43,663	45,529	-1,866
2500	RENT		7,877.00	10,182	7,879	7,693	186	7,879	8,385	-506
2600	UTILITIES		15,313.10	20,639	11,737	11,637	100	11,737	11,637	100
2700	REPAIR & MAINTENANCE		3,597.00	5,102	3,597	3,597		3,597	3,597	
2800	OTHER EXPENSES		5,066.62	12,117	6,173	5,373	800	6,173	5,373	800
			2,401.00	1,199	2,238	2,401	-163	2,238	2,401	-163
	TOTAL LEVEL		234,178.02	241,575	300,576	281,387	19,189	249,049	242,798	6,251
3100	EQUIPMENT									
3400	INTANGIBLE ASSETS									
			8,656.91	1,481	828	1,190	-362	868	1,202	-334
			10,133.03		2,935	2,935		595	595	
	TOTAL LEVEL		18,789.94	1,481	3,763	4,125	-362	1,463	1,797	-334
	TOTAL PROGRAM		701,218.83	714,774	753,112	725,231	27,881	700,730	685,729	15,001
09507	PUBLIC EMPLOYEES RETIREMENT		701,218.83	714,774	753,112	725,231	27,881	700,730	685,729	15,001
	TOTAL PROGRAM		701,218.83	714,774	753,112	725,231	27,881	700,730	685,729	15,001

PUBLIC EMPLOYEES RETIREMENT DIVISION
BUDGET DIFFERENCES

PERSONAL SERVICES

LFA applied a 4 percent vacancy savings factor to the Personal Services budget. OBPP's recommendation was 2%.

CONTRACTED SERVICES

LFA made a \$3,000 reduction for a contract for local police actuarial evaluations. They also reduced system development costs in FY 90 for the new retiree computer system by \$5,180 to base. \$5,300 in FY 90 and FY 91 and \$2,000 in FY 91 were deleted from printing costs. \$6,300 was deleted from both years for photocopier costs from the State's photocopier pool.

REPAIR AND MAINTENANCE

LFA excluded the \$800 requested over base for computer parts not covered by the maintenance contract in both FY 90 and FY 91.

REPORT EBSR99
DATE : 01/03/89
TIME : 10/55/50

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

PAGE 153

AGENCY : 6104 PUBLIC EMPLOYEES RETIREMENT BD
PROGRAM : 35 PUBLIC EMPLOYEES RETIREMENT
CONTROL : 92001 COMPUTER ENHANCEMENTS

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
2021	CONTRACTED SERVICES-INFLATI			-348		-348			
2100	CONTRACTED SERVICES			83,400		83,400			
	TOTAL LEVEL			83,052		83,052			
	TOTAL PROGRAM			83,052		83,052			
09507	PUBLIC EMPLOYEES RETIREMENT			83,052		83,052			
	TOTAL PROGRAM			83,052		83,052			

PUBLIC EMPLOYEES RETIREMENT DIVISION
MODIFIED LEVEL

Because of the growing responsibility for maintaining a current update to all members' accounts and correct actuarial information, enhancements must be made to the retirement division's "active" computer system.

REPORT EBSR99
DATE : 01/03/89
TIME : 10/55/50

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

PAGE 154

AGENCY : 6104 PUBLIC EMPLOYEES RETIREMENT BD
PROGRAM : 35 PUBLIC EMPLOYEES RETIREMENT
CONTROL : 92002 "BUY BACK" FTE

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)			.40		.40	.40		.40
1100	SALARIES		5,541	5,541		5,541	5,541		5,541
1113	LONGEVITY						35		35
1400	EMPLOYEE BENEFITS		833	833		833	849		849
1600	VACANCY SAVINGS		-127	-127		-127	-129		-129
	TOTAL LEVEL		6,247	6,247		6,247	6,296		6,296
	TOTAL PROGRAM		6,247	6,247		6,247	6,296		6,296
09507	PUBLIC EMPLOYEES RETIREMENT		6,247	6,247		6,247	6,296		6,296
	TOTAL PROGRAM		6,247	6,247		6,247	6,296		6,296

PUBLIC EMPLOYEES RETIREMENT DIVISION
MODIFIED LEVEL

The agency is requesting an additional .40 FTE service "buy-back" technician position. Currently 1.60 FTE are assigned to determine eligibility for, calculate costs of, and explain statutes and rules in the "buy-back" area, which is insufficient to stay abreast of the increasing work load.

REPORT EBSR99
DATE : 01/03/89
TIME : 10/55/50

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

PAGE 155

AGENCY : 6104 PUBLIC EMPLOYEES RETIREMENT BD
PROGRAM : 35 PUBLIC EMPLOYEES RETIREMENT
CONTROL : 92003 PRE-RETIREMENT SEMINARS

MODIFIED LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
2024	TRAVEL-INFLATION			32		32	79		79
2100	CONTRACTED SERVICES			2,000		2,000	2,000		2,000
2200	SUPPLIES & MATERIALS			1,000		1,000	1,000		1,000
2400	TRAVEL			510		510	510		510
	TOTAL LEVEL			3,542		3,542	3,589		3,589
	TOTAL PROGRAM			3,542		3,542	3,589		3,589
09507	PUBLIC EMPLOYEES RETIREMENT			3,542		3,542	3,589		3,589
	TOTAL PROGRAM			3,542		3,542	3,589		3,589

PUBLIC EMPLOYEES RETIREMENT DIVISION
MODIFIED LEVEL

J Four pre-retirement seminars are offered in various parts of the state in conjunction with the Professional Development Center each year. Each seminar is limited to 25 members. Since more than 700 retirees are added to the retirement rolls each year, it is proposed to double the number of seminars in order to make valuable pre-retirement information available to more potential retirees.

VISITOR'S REGISTER

General Govt & Highways SUBCOMMITTEE

AGENCY (S) _____

DATE 1/17/89

DEPARTMENT _____

NAME	REPRESENTING	SUP- PORT	OP- POSE
LINDA KING	PERD	✓	
LARRY NACHTSHEIM	PERD	✓	
TERRY HOWELL	PROPERTY & SUPPLY	✓	
VICKIE STITELER	"	✓	
Robert L. Ryan	Lewis + Clark Co.	.	
Eugene Jensen	Laborer 254		✓
Jim Murray	West. State AFL-CIO		✓
Ed Mahoney	Laborer 254 JANITOR		✓
Robert Perry	LABORER 254 JANITOR		✓
Nels Stuebel	Publications + Graphics		
GARY WOLF	P+G DOMIN		
Patricia Johnston	Purchasing Bureau		

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

PUBLICATIONS & GRAPHICS
MODIFIED LEVEL

This request is to allow for the continuation of auditing printing procurement. Auditing of vendor invoices is in compliance with Section 18-7-106 MCA which requires that the Department of Administration monitor all printing claims prior to payment.

The Bureau is having a problem catching up to the pass-through printing needs because the Bureau is budgeted at base while agency printing needs are increasing. Pass-through printing has increased dramatically because the Legislature through HB 39 transferred the vocational technical centers from local school districts to the Board of Regents and the 50th Legislature passed HB 84 which imposes a statewide 4% tax on the users of hotel, motel or campground accommodations to promote tourism in Montana and the Montana State Lottery was created by the electorate through passage of Referendum 100. Also, printing contracts that were let prior to the start of pass-through printing are now starting to come through us. Examples are "Montana, the Magazine of Western History" and "Montana Outdoors". These types of projects are not in the Goods for Resale (pass-through) base.

EX-111-9

DATE 1-17-89
MR

REPORT EBSR99
DATE : 01/03/89
TIME : 10/55/50

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

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 05 "PUBLICATIONS AND GRAPHICS"
CONTROL : 92019 PRIVATE SECTOR PRINTING

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	MODIFIED LEVEL SERVICES ONLY		
							EXEC FY 91	LFA FY 91	DIFF FY 91
2900	GOODS PURCHASED FOR RESALE			600,000		600,000	800,000		800,000
	TOTAL LEVEL			600,000		600,000	800,000		800,000
	TOTAL PROGRAM			600,000		600,000	800,000		800,000
06530	PUBLICATIONS & GRAPHICS			600,000		600,000	800,000		800,000
	TOTAL PROGRAM			600,000		600,000	800,000		800,000

PUBLICATIONS & GRAPHICS BUREAU
PROGRAM 53
OPERATIONS - PHOTOCOPY POOL

PERSONAL SERVICES

LFA applied a 4% vacancy savings factor and OBPP recommended 2%.

GOODS PURCHASED FOR RESALE

Administration originally requested \$75,000 and had verbal approval on this amount. For some reason, OBPP only gave us \$37,500. LFA further decreased this amount to \$25,000. We need \$75,000 to maintain the pool with its present participants next biennium. The photocopy pool has resulted in a savings of approximately \$.01/copy over the previous method of purchasing photocopiers. As a result, more agencies are participating in the pool. Since the photocopy pool term contract was started a year ago, the number of contract machines has increased from 71 to 91 or 37%.

EX-11-8

DATE 1-17-89
HR 8

REPORT EBSR99
DATE : 01/03/89
TIME : 10/53/01

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

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 05 "PUBLICATIONS AND GRAPHICS"
CONTROL : 00053 ADMINISTRATION-P & G

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)			5.33	5.33		5.33	5.33	
1100	SALARIES	110,326.89		109,866	109,866		109,866	109,866	
1102	OVERTIME	1,200.09		1,200	1,200		1,200	1,200	
1113	LONGEVITY	964.50		1,353	1,353		1,455	1,455	
1400	EMPLOYEE BENEFITS	25,073.30		16,844	16,844		16,828	16,828	
1500	HEALTH INSURANCE			7,355	7,355		7,355	7,355	
1600	VACANCY SAVINGS			-2,708	-5,417	2,709	-2,710	-5,420	2,710
	TOTAL LEVEL	137,564.78		133,910	131,201	2,709	133,994	131,284	2,710
2021	CONTRACTED SERVICES-INFLATI			-186	-186		-110	-110	
2022	SUPPLIES & MATERIALS-INFLAT			-162	-162		-350	-350	
2023	COMMUNICATIONS-INFLATION			-199	-199		-239	-239	
2100	CONTRACTED SERVICES	23,504.50		30,029	30,029		20,935	20,935	
2200	SUPPLIES & MATERIALS	10,115.78		4,457	4,457		4,457	4,457	
2300	COMMUNICATIONS	3,896.79		3,877	3,877		3,877	3,877	
2400	TRAVEL	1,550.39		1,552	1,552		1,552	1,552	
2500	RENT	21,800.43		23,133	23,133		51,170	51,170	
2700	REPAIR & MAINTENANCE	184,190.16		120,004	120,004		119,774	119,774	
2800	OTHER EXPENSES	2,962.43		2,313	2,581	-268	2,313	2,581	-268
2900	GOODS PURCHASED FOR RESALE	114,713.45		323,426	310,926	12,500	323,426	310,926	12,500
	TOTAL LEVEL	362,733.93		508,244	496,012	12,232	526,805	514,573	12,232
3100	EQUIPMENT	25,556.32		2,089	2,089		2,223	2,223	
3400	INTANGIBLE ASSETS	5,864.35		1,200	1,200		1,200	1,200	
	TOTAL LEVEL	31,420.67		3,289	3,289		3,423	3,423	
9000	DEBT SERVICE	142,043.13		105,133	105,133		92,567	92,567	
	TOTAL LEVEL	142,043.13		105,133	105,133		92,567	92,567	
	TOTAL PROGRAM	673,762.51		750,576	735,635	14,941	756,789	741,847	14,942
06530	PUBLICATIONS & GRAPHICS	673,762.51		750,576	735,635	14,941	756,789	741,847	14,942
	TOTAL PROGRAM	673,762.51		750,576	735,635	14,941	756,789	741,847	14,942

DATE 1-17-89

6101 05 00053

AGENCY: DEPARTMENT OF ADMINISTRATION

LEGISLATIVE ACTION

PROGRAM: ADMINISTRATION - P & G

13-Dec-88

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	5.50	5.33	5.33	0.00	5.33	5.33	0.00	-3.0%
Personal Services	\$137,566	\$133,910	\$131,201	\$2,709	\$133,994	\$131,284	\$2,710	-4.63%
Operating Expenses	362,735	508,244	496,012	12,232	526,805	514,573	12,232	36.74%
Equipment	31,420	3,289	3,289	0	3,423	3,423	0	-89.53%
Non-Operating	142,043	105,133	105,133	0	92,567	92,567	0	-25.99%
TOTAL EXPENSES	\$673,764	\$750,576	\$735,635	\$14,941	\$756,789	\$741,847	\$14,942	9.18%
Other Revenue	\$673,764	\$750,576	\$735,635	\$14,941	\$756,789	\$741,847	\$14,942	9.18%
TOTAL FUNDING	\$673,764	\$750,576	\$735,635	\$14,941	\$756,789	\$741,847	\$14,942	9.18%

ISSUES:

- VACANCY SAVINGS- Executive includes 2%; LFA includes 4%
- The executive budget includes higher growth estimates of photocopy pool services than is included in the LFA current level budget.

TOTAL ISSUES

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

- VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE LFA CL	\$2,708	\$2,710
	\$5,417	\$5,420

---EXEC OVER (UNDER) LFA---
FY 90 FY 91

\$2,709 \$2,710

\$12,500 \$12,500

\$15,209 \$15,210

EX-111-61
DATE 1-17-89
HB

6101 05 00052

08:52 PM 13-Dec-88

AGENCY: DEPARTMENT OF ADMINISTRATION

LEGISLATIVE ACTION

PROGRAM: PUBLICATION & GRAPHICS OPRT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990			Fiscal 1991			FY 88-90 % Change
		Executive	LFA Curr Lvl	Difference	Executive	LFA Curr Lvl	Difference	
FTE	18.50	19.00	19.00	0.00	23.00	23.00	0.00	2.70%
Personal Services	\$430,804	\$433,020	\$424,431	\$8,589	\$507,301	\$497,502	\$9,799	-1.48%
Operating Expenses	544,127	517,337	517,391	(54)	587,363	603,124	(15,761)	-4.91%
Equipment	0	60,847	60,847	0	70,924	70,924	0	0.00%
Non-Operating	118,301	53,807	53,807	0	53,807	53,807	0	-54.52%
TOTAL EXPENSES	\$1,093,232	\$1,065,011	\$1,056,476	\$8,535	\$1,219,395	\$1,225,357	(\$5,962)	-3.36%
FUNDING								
Other Revenue	\$1,093,232	\$1,065,011	\$1,056,476	\$8,535	\$1,219,395	\$1,225,357	(\$5,962)	-3.36%
TOTAL FUNDING	\$1,093,232	\$1,065,011	\$1,056,476	\$8,535	\$1,219,395	\$1,225,357	(\$5,962)	-3.36%

ISSUES:

	---EXEC OVER (UNDER) LFA---	
	FY 90	FY 91
1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%	\$8,509	\$9,799
2. GRAPHIC ARTIST SERVICES-The LFA does not include agency's request for contracted graphic artist services.	\$2,500	\$2,500
3. PRINTER MAINTENANCE-LFA current level includes FY 88 base for printer maintenance and a \$12,456 increase in the legislative year. The executive budget increases the base cost \$9,156 in anticipation of higher costs.	\$9,156	\$9,156
4. PAPER INFLATION-LFA current level includes an estimated 3.5% annual inflation allowance for paper costs. The executive budget provides no inflationary increase.	(\$11,797)	(\$27,592)
TOTAL ISSUES	\$8,368	(\$6,137)

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE	\$8,589	\$9,799
LFA CL	\$17,178	\$19,598

PUBLICATIONS & GRAPHICS BUREAU
PROGRAM 52
PUBLICATIONS & GRAPHICS OPERATION
BUDGET DIFFERENCES

PERSONAL SERVICES

LFA applied a 4% vacancy savings factor and OBPP recommended 2%.

CONTRACTED SERVICES

LFA did not include \$2,500 in FY 90 and FY 91 for contracted graphics arts.

REPAIR AND MAINTENANCE

LFA did not include \$9,156 in FY 90 and FY 91 for increased duplicating machine maintenance. The maintenance contract was rebid in FY 89 and the successful vendor was \$9,156 higher than our previous contract. We have the option to renew this contract in FY 90 and FY 91.

GOODS PURCHASED FOR RESALE

LFA provided for inflation on paper costs at 3.5% (\$11,797) for FY 90 and 7% (\$27,592) for FY 91. OBPP did not allow for inflation.

EX-111-31-1
DATE 1-17-89
HB

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

REPORT EBS99
DATE : 01/03/89
TIME : 10/53/01

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 05 "PUBLICATIONS AND GRAPHICS"
CONTROL : 00052 PUBLICATION & GRAPHICS OPERATI

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)			19.00	19.00		23.00	23.00	
1100	SALARIES	328,172.88		332,868	332,868		387,084	387,084	
1102	OVERTIME	12,155.89		12,156	12,156		27,156	27,156	
1113	LONGEVITY	2,229.44		3,431	3,431		3,902	3,902	
1400	EMPLOYEE BENEFITS	88,247.23		66,934	66,934		72,738	72,738	
1500	HEALTH INSURANCE			26,220	26,220		26,220	26,220	
1600	VACANCY SAVINGS			-8,589	-17,178	8,589	-9,799	-19,598	9,799
	TOTAL LEVEL	430,805.44	433,020	433,020	424,431	8,589	507,301	497,502	9,799
2021	CONTRACTED SERVICES-INFLATI			-204	-291	87	196	21	175
2022	SUPPLIES & MATERIALS-INFLAT			-30	-30		-65	-65	
2023	COMMUNICATIONS-INFLATION			-374	-374		-365	-365	
2100	CONTRACTED SERVICES	7,562.96		12,154	9,654	2,500	12,154	9,654	2,500
2200	SUPPLIES & MATERIALS	1,403.05		734	734		734	734	
2300	COMMUNICATIONS	12,996.54		12,997	12,997		12,997	12,997	
2400	TRAVEL	530.88		252	252		252	252	
2500	RENT	39,399.20		41,597	41,597		41,704	41,704	
2700	REPAIR & MAINTENANCE	104,151.39		112,427	103,271	9,156	124,843	115,687	9,156
2800	OTHER EXPENSES	377,133.03		738	738		738	738	
2900	GOODS PURCHASED FOR RESALE			337,046	348,843	-11,797	394,175	421,767	-27,592
	TOTAL LEVEL	544,127.57	517,337	517,337	517,391	-54	587,363	603,124	-15,761
3100	EQUIPMENT			60,847	60,847		70,924	70,924	
	TOTAL LEVEL			60,847	60,847		70,924	70,924	
9000	DEBT SERVICE	118,300.31		53,807	53,807		53,807	53,807	
	TOTAL LEVEL	118,300.31		53,807	53,807		53,807	53,807	
	TOTAL PROGRAM	1,093,233.32	1,065,011	1,065,011	1,056,476	8,535	1,219,395	1,225,357	-5,962
06530	PUBLICATIONS & GRAPHICS	1,093,233.32		1,065,011	1,056,476	8,535	1,219,395	1,225,357	-5,962
	TOTAL PROGRAM	1,093,233.32	1,065,011	1,065,011	1,056,476	8,535	1,219,395	1,225,357	-5,962

PUBLICATIONS & GRAPHICS BUREAU
Program 51
PURCHASING & PRINT COORDINATION
BUDGET DIFFERENCES

PERSONAL SERVICES

LFA applied a 4% vacancy savings factor and OBPP recommended 2%.

GOODS PURCHASED FOR RESALE - PASS THROUGH PRINTING

LFA provided for a 3.5% inflation factor (\$70,486) for FY 90 and a 7% inflation factor (\$140,972) for FY 91. OBPP did not allow for inflation.

EX-111-14
DATE 1-17-89
HB

REPORT EBSR99
DATE : 01/03/89
TIME : 10/53/01

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

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 05 "PUBLICATIONS AND GRAPHICS"
CONTROL : 00051 PURCHASING & PRINT COORD.

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)			2.50	2.50		2.50	2.50	
1100	SALARIES	38,664.72		40,915	40,915		40,915	40,915	
1102	OVERTIME	114.89		115	115		115	115	
1113	LONGEVITY	20.31		28	28		181	181	
1400	EMPLOYEE BENEFITS	8,146.18		6,182	6,182		6,200	6,200	
1500	HEALTH INSURANCE			4,140	4,140		4,140	4,140	
1600	VACANCY SAVINGS			-1,025	-2,051	1,026	-1,029	-2,057	1,028
	TOTAL LEVEL	46,946.10		50,355	49,329	1,026	50,522	49,494	1,028
2021	CONTRACTED SERVICES-INFLATI			371	371		933	933	
2022	SUPPLIES & MATERIALS-INFLAT			-8	-8		-17	-17	
2023	COMMUNICATIONS-INFLATION			-51	-51		-210	-210	
2100	CONTRACTED SERVICES	12,527.40		12,515	12,515		12,515	12,515	
2200	SUPPLIES & MATERIALS	1,610.54		182	182		182	182	
2300	COMMUNICATIONS	6,992.92		6,994	6,994		6,994	6,994	
2400	TRAVEL	125.48		79	79		79	79	
2500	RENT	2,027.40		1,772	1,772		1,777	1,777	
2700	REPAIR & MAINTENANCE	1,651.60		1,588	1,588		1,588	1,588	
2800	OTHER EXPENSES	186.19		154	154		154	154	
2900	GOODS PURCHASED FOR RESALE	2,513,390.46		2,013,890	2,084,376	-70,486	2,013,890	2,154,862	-140,972
	TOTAL LEVEL	2,538,511.99		2,037,486	2,107,972	-70,486	2,037,885	2,178,857	-140,972
3100	EQUIPMENT			396	396		352	352	
	TOTAL LEVEL			396	396		352	352	
06530	TOTAL PROGRAM	2,585,458.09		2,088,237	2,157,697	-69,460	2,088,759	2,228,703	-139,944
	TOTAL PROGRAM	2,585,458.09		2,088,237	2,157,697	-69,460	2,088,759	2,228,703	-139,944
	TOTAL PROGRAM	2,585,458.09		2,088,237	2,157,697	-69,460	2,088,759	2,228,703	-139,944

DATE 3-11-81
HB

LEGISLATIVE ACTION

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	2.50	2.50	2.50	0.00	2.50	2.50	0.00	0.00%
Personal Services	\$46,947	\$50,355	\$49,329	\$1,026	\$50,522	\$49,494	\$1,028	5.07%
Operating Expenses	2,538,514	2,637,486	2,107,972	529,514	2,837,885	2,178,857	659,028	-16.96%
Equipment	0	396	396	0	352	352	0	0.00%
TOTAL EXPENSES	\$2,585,461	\$2,688,237	\$2,157,697	\$530,540	\$2,888,759	\$2,228,703	\$660,056	-16.54%
FUNDING								
Other Revenue	\$2,585,461	\$2,688,237	\$2,157,697	\$530,540	\$2,888,759	\$2,228,703	\$660,056	-16.54%
TOTAL FUNDING	\$2,585,461	\$2,688,237	\$2,157,697	\$530,540	\$2,888,759	\$2,228,703	\$660,056	-16.54%

ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%
2. The LFA current level budget includes inflation for printing costs in the 1991 biennium; the executive budget reflects fiscal 1988 actual printing expenditures.
3. The executive budget includes a modified budget recommendation to increase the level of printing sent to private vendors.

---	EXEC OVER (UNDER) LFA---	FY 90	FY 91
		\$1,026	\$1,028
		(\$70,486)	(\$140,972)
		\$600,000	\$800,000
		\$530,540	\$660,056

TOTAL ISSUES

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE	\$1,025	\$1,029
LFA CL	\$2,051	\$2,057

CENTRAL MAIL BUREAU

MODIFIED LEVEL

An additional .50 FTE mail clerk position is requested to cover the increased workload due to the addition of the Lottery Division, Highway Traffic Safety Division, Crime Control Division, Drivers' Improvement Bureau and the Highway Patrol Division as users of central mail services. An additional .5 FTE mail clerk position is requested to cover the increased workload that will take place when the Department of Fish, Wildlife and Parks joins the central mail operation.

An increase of \$98,832 each fiscal year in spending authority is needed for postage. This is an estimate of the amount needed to process the mail for the Department of Fish, Wildlife and Parks. This will allow FWP to take advantage of pre-sort mail discounts, estimated to be an \$8,300 savings annually.

REPORT EBSR99
DATE : 01/03/89
TIME : 10/55/50

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

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 13 MAIL & DISTRIBUTION BUREAU
CONTROL : 92014 ADDITIONAL MAIL CLERK

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)			1.00		1.00	1.00		1.00
1100	SALARIES			11,840		11,840	11,840		11,840
1400	EMPLOYEE BENEFITS			1,778		1,778	1,779		1,779
1500	HEALTH INSURANCE			1,380		1,380	1,380		1,380
	TOTAL LEVEL		14,998	14,998		14,998	14,999		14,999
2023	COMMUNICATIONS-INFLATION			3,558		3,558	98,832		98,832
2300	COMMUNICATIONS			98,832		98,832	98,832		98,832
	TOTAL LEVEL		102,390	102,390		102,390	98,832		98,832
	TOTAL PROGRAM		117,388	117,388		117,388	113,831		113,831
06523	MAIL & MESSENGER			117,388		117,388	113,831		113,831
	TOTAL PROGRAM		117,388	117,388		117,388	113,831		113,831

EXT. 1-17-89
DATE 1-17-89
HB

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

REPORT EBSR09
DATE : 01/03/89
TIME : 10/53/01

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

AE/OE	DESCRIPTION	FULL TIME EQUIVALENT (FTE)	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	CURRENT LEVEL SERVICES ONLY		
								EXEC FY 91	LFA FY 91	DIFF FY 91
0000			9.25	9.25	9.25	9.25		9.25	9.25	
1100	SALARIES		134,082.41	133,448	127,920	127,920		127,920	127,920	
1102	OVERTIME		1,880.71		1,863	1,863		4,537	4,537	
1113	LONGEVITY		982.43		1,268	1,268		1,850	1,850	
1400	EMPLOYEE BENEFITS		40,847.61	28,149	27,822	27,822		26,899	26,899	
1500	HEALTH INSURANCE			13,800	13,800	13,800		13,800	13,800	
1600	VACANCY SAVINGS			-6,825						
	TOTAL LEVEL		177,793.16	168,572	172,673	172,673		175,006	175,006	
2021	CONTRACTED SERVICES-INFLATI				3	3		227	227	
2022	SUPPLIES & MATERIALS-INFLAT				-11	-11		-13	-13	
2023	COMMUNICATIONS-INFLATION				-112	38,632		-112	-109	-3
2100	CONTRACTED SERVICES		3,022.41	4,163	4,196	4,196		4,897	4,897	
2200	SUPPLIES & MATERIALS		895.54	1,117	912	912		912	912	
2300	COMMUNICATIONS		893,511.55	1,014,216	1,114,985	1,077,454		1,192,945	1,155,218	37,727
2400	TRAVEL		99.09		99	194		99	194	-95
2500	RENT		20,899.54	24,612	21,802	21,802		22,083	22,083	
2700	REPAIR & MAINTENANCE		7,177.40	4,797	9,006	9,006		9,801	9,801	
2800	OTHER EXPENSES		123.35		123	123		123	123	
	TOTAL LEVEL		925,728.88	1,048,905	1,151,003	1,152,311		1,230,962	1,193,333	37,629
3100	EQUIPMENT									
	TOTAL LEVEL		8,322.68	6,195	36,594	36,594				
9000	DEBT SERVICE									
	TOTAL LEVEL		2,730.00	2,457	36,594	36,594				
	TOTAL PROGRAM		1,114,574.72	1,226,129	1,360,270	1,361,578		1,405,968	1,368,339	37,629
06523	MAIL & MESSENGER									
	TOTAL PROGRAM		1,114,574.72	1,226,129	1,360,270	1,361,578		1,405,968	1,368,339	37,629
	TOTAL PROGRAM		1,114,574.72	1,226,129	1,360,270	1,361,578		1,405,968	1,368,339	37,629

DATE 1-17-89

HB

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AGENCY: DEPARTMENT OF ADMINISTRATION LEGISLATIVE ACTION PROGRAM: MAIL AND DISTRIBUTION BUREAU

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	9.25	10.25	9.25	1.00	10.25	9.25	1.00	0.00%
Personal Services	\$177,793	\$187,671	\$172,673	\$14,998	\$190,005	\$175,006	\$14,999	-2.88%
Operating Expenses	925,730	1,253,393	1,152,311	101,082	1,329,794	1,193,333	136,461	24.48%
Equipment	8,323	36,594	36,594	0	0	0	0	339.67%
Non-Operating	2,730	0	0	0	0	0	0	-100.00%
TOTAL EXPENSES	\$1,114,576	\$1,477,658	\$1,361,578	\$116,080	\$1,519,799	\$1,368,339	\$151,460	22.16%
FUNDING								
Other Revenue	\$1,114,576	\$1,477,658	\$1,361,578	\$116,080	\$1,519,799	\$1,368,339	\$151,460	22.16%
TOTAL FUNDING	\$1,114,576	\$1,477,658	\$1,361,578	\$116,080	\$1,519,799	\$1,368,339	\$151,460	22.16%

ISSUES:

---EXEC OVER (UNDER) LFA---
FY 90 FY 91

1. POSTAGE RATE INCREASE-The LFA assumed a postage rate increase of 22.2% (\$.18 to \$.22) versus the executive increase of 13.6% (\$.22 to \$.25)
2. MAIL VOLUME-The executive assumed a higher volume growth estimate than used in LFA current level.
3. MODIFIED REQUEST-Additional Mail Clerk (1.0 FTE)

TOTAL ISSUES

\$116,198 \$151,580

REPORT EBSR99
DATE : 01/03/89
TIME : 10/53/01

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

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AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 08 GENERAL SERVICES PROGRAM
CONTROL : 00082 SECURITY

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)			2.00	2.00		2.00	2.00	
1100	SALARIES	44,756.31		44,576	44,576		44,576	44,576	
1113	LONGEVITY	356.72		204	204		306	306	
1400	EMPLOYEE BENEFITS	10,756.19		9,644	9,644		9,302	9,302	
1500	HEALTH INSURANCE			2,760	2,760		2,760	2,760	
1600	VACANCY SAVINGS			-1,144	-2,287	1,143	-1,139	-2,277	1,138
	TOTAL LEVEL	55,869.22		56,040	54,897	1,143	55,805	54,667	1,138
2100	CONTRACTED SERVICES	158.64		149	149		154	154	
	TOTAL LEVEL	158.64		149	149		154	154	
	TOTAL PROGRAM	56,027.86		56,189	55,046	1,143	55,959	54,821	1,138
01100	GENERAL FUND	55,041.86		56,189	55,046	1,143	55,959	54,821	1,138
06528	RENT AND MAINTENANCE	986.00							
	TOTAL PROGRAM	56,027.86		56,189	55,046	1,143	55,959	54,821	1,138

DATE 1-17-89

HB

REPORT EBSR99
DATE : 01/03/89
TIME : 10/53/01

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

PAGE 519

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 08 GENERAL SERVICES PROGRAM
CONTROL : 00083 GENERAL SERVICES

AE/OE	DESCRIPTION	ACTUAL FY 88	BUDGET FY 89	EXEC FY 90	LFA FY 90	DIFF FY 90	EXEC FY 91	LFA FY 91	DIFF FY 91
0000	FULL TIME EQUIVALENT (FTE)			46.00	46.00		46.00	46.00	
1100	SALARIES	745,741.63	768,554	768,554	768,554		768,554	768,554	
1102	OVERTIME	8,218.31	9,409	9,409	9,409		16,489	16,489	
1112	DIFFERENTIAL PAY	2,099.34	1,722	1,722	1,722		1,735	1,735	
1113	LONGEVITY	5,338.41	6,492	6,492	6,492		7,754	7,754	
1114	HOLIDAYS WORKED	1,314.21	1,883	1,883	1,883	1,883	1,883	1,883	1,883
1400	EMPLOYEE BENEFITS	203,594.98	155,649	155,649	155,649		151,003	151,003	
1500	HEALTH INSURANCE		60,720	60,720	60,720		60,720	60,720	
1600	VACANCY SAVINGS		-19,828	-19,828	-39,657	19,829	-19,761	-39,521	19,760
1800					1,883	-1,883		1,883	-1,883
	TOTAL LEVEL	966,306.88	984,601	984,601	964,772	19,829	988,377	968,617	19,760
2021	CONTRACTED SERVICES-INFLATI		87	87	87		345	345	
2022	SUPPLIES & MATERIALS-INFLAT		3,669	3,669	3,669		3,476	3,476	
2023	COMMUNICATIONS-INFLATION		-305	-305	-301	-4	-291	-285	-6
2026	UTILITIES-INFLATION		140,638	140,638	140,638		194,351	194,351	
2100	CONTRACTED SERVICES	787,794.17	863,118	863,118	819,316	43,802	866,647	813,415	53,232
2200	SUPPLIES & MATERIALS	80,029.25	80,394	80,394	82,141	-1,747	80,144	81,844	-1,700
2300	COMMUNICATIONS	6,667.16	7,071	7,071	7,115	-44	7,071	7,115	-44
2400	TRAVEL	60.96	61	61	61		61	61	
2500	RENT	223,617.85	387,985	387,985	374,337	13,648	390,475	383,578	6,897
2600	UTILITIES	943,750.39	1,000,076	1,000,076	1,000,076		1,017,113	1,017,113	
2700	REPAIR & MAINTENANCE	95,353.81	162,159	162,159	100,129	62,030	97,432	97,432	
2800	OTHER EXPENSES	16,892.46	25,386	25,386	18,706	6,680	29,637	18,706	10,931
	TOTAL LEVEL	2,154,166.05	2,670,339	2,670,339	2,545,974	124,365	2,686,461	2,617,151	69,310
3100	EQUIPMENT	2,747.45	14,400	14,400	6,000	8,400	16,500	6,000	10,500
3400	INTANGIBLE ASSETS	89.26							
	TOTAL LEVEL	2,836.71	14,400	14,400	6,000	8,400	16,500	6,000	10,500
8000	TRANSFERS	58,274.12	58,801	58,801	58,801		58,801	58,801	
	TOTAL LEVEL	58,274.12	58,801	58,801	58,801		58,801	58,801	
	TOTAL PROGRAM	3,181,583.76	3,728,141	3,728,141	3,575,547	152,594	3,750,139	3,650,569	99,570
01100	GENERAL FUND	215,259.43	381,709	381,709	365,137	16,572	384,050	373,175	10,875
05008	CAPITOL BUILDING SR	58,274.12	58,801	58,801	58,801		58,801	58,801	
06528	RENT AND MAINTENANCE	2,908,050.21	3,287,631	3,287,631	3,151,609	136,022	3,307,288	3,218,593	88,695
	TOTAL PROGRAM	3,181,583.76	3,728,141	3,728,141	3,575,547	152,594	3,750,139	3,650,569	99,570

Press Release
January 19, 1989
page two

Now I would like to go into what I think is the responsibility of the administration and the legislature if this state is going to privatize any part of government.

Yesterday the Helena Chamber of Commerce said that it wanted to support decent pay raises for all State employees. I would hope that they will join me in helping the laid-off State employees affected by privatization efforts along the following lines:

1. Whenever possible establish a "no lay-off" contracting out policy.
2. Reduce the government work force through attrition rather than through lay-offs.
3. Require contractors to offer the right of first refusal to affected government employees for all job openings.
4. Give priority consideration during the competitive bid process to firms that agree to hire displaced government workers.
5. Protect transferred employees against pay reductions.
6. Tie management pay levels to productivity improvements and cost reduction to encourage contracting out.
7. Set aside a percentage of the savings from contracting out for job retraining and placement.
8. Offer early retirement benefit packages to workers displaced by contracts.
9. Reimburse public employees for lost pension benefits as a result of leaving the government. (Note: two custodial employees of the Department of Administration are eligible for retirement in 1990, and will have their pension benefits seriously reduced as a result of their positions being eliminated and replaced with contract services.
10. Reserve all in-house service job openings for workers displaced due to contracting out.

###



EXHIBIT 9
DATE 1-17-89
HB 9

Laborers' International Union of North America, AFL-CIO

Local No. 254

P. O. BOX 702
110 N. WARREN
HELENA, MT 59624
(406) 442-1441

January 17, 1989

For further information
contact:
Eugene Fenderson, 442-1441

For Immediate Release

For the record, my name is Gene Fenderson. I am the Business Manager for Laborers Local #254 and we currently represent the custodians, security guards and maintenance crew for the Capitol Complex as well as many other workers across the State of Montana.

First of all, I would like to address the survey done by the Legislative Fiscal Office during the interim since the last legislative session, which recommends the contracting out of several in-house services performed on and within the Capitol Complex.

We do not feel that it is fair to compare apples to oranges. The survey leaves out problems of management at the time the survey was taken, newly hired personnel in mid-management position who were not trained for their responsibility in overseeing the cleaning of these buildings and the desire of some management personnel to see these services privatized in order to ease their own workloads.

The survey was further limited by a number of factors, including the following:

A lack of knowledge on the part of the auditor in completing the survey of custodial services, for example:

The difference in what it takes to do the window washing in a tall building versus those in a one- or two-story building;

The difference in cleaning old buildings versus new ones;

The amount of human traffic in each building.

Additionally, the study fails to address the matter of why at one time all State-owned buildings in Helena were privatized and the Legislature returned to in-house services.

I also question why the Department of Administration has suggested that fifteen workers be laid off, but the Department will still require the same number of management employees.

Page 2
Program 08
Budget Issues

- Changing of lights in Senate & Old Supreme Court Chambers. To change lights in the Senate chambers using scaffolding normally takes about 4 days, 3 men a day or 96 hours.
- Other uses: Exterior building repair and painting.
- Replace parking lot lights
- DNRC Buiding frequent work on solar screens, the motorized screens get stuck, must set up scaffolding each time.
- Museum lobby and exhibit areas, change lights

General Services Division
Program 08

Budget Issues

CONTRACTED SERVICES

OBPP recommendation for Janitorial & Caretaker Service was the Division's budget request of \$775,145 in FY90 and \$784,585 in FY91. LFA recommendation gave current level of \$727,073 plus approximately \$4,400 for inflation each year. Approximately \$43,000 short in FY90 and approximately \$53,000 short in FY91. (This is for contracted services from the private sector and not for State employees.)

REPAIR AND MAINTENANCE

OBPP recommendation for Buildings and Grounds Maintenance was the budget request of \$150,318 in FY90 and \$88,288 in FY91 which included two major maintenance projects. LFA reduced this figure by \$61,705 in FY90 to bring funding back to current level. This did not allow for maintenance and upkeep of two new acquisitions at 1400 8th Avenue and 1404 8th Avenue estimated to be \$4,148.00 per year. The two projects that were funded in the OBPP budget were Parapet Cap Replacement - Old Liquor Warehouse - \$15,030 and Carpet Replacement at 1300 11th Avenue - \$46,900.

OTHER EXPENSES

OBPP recommendation for Assessments was the budget request of \$21,570 in FY90 and \$25,821 in FY91. This additional funding covered an expected increase of 19.8% each fiscal year and the acquisition of two new pieces of property. LFA reduced this request by \$6,680 in FY90 and \$10,931 in FY91 to current level. Current level does not cover the cost of assessments paid in FY89.

EQUIPMENT

LFA reduced equipment request to \$6,000 each fiscal year of the next biennium.

The contracting of in-house janitorial service would eliminate the need for janitorial equipment.

\$8,900 for computer equipment was requested. Since all State agencies are required to start on-line edit and entry July 1, 1989 the division needs up-dated equipment and additional memory capability to meet these requirements.

\$10,000 requested for a Man Lift. Man Lift will be used for the following:

ESTIMATED COST SAVINGS BY CONTRACTING
THE CURRENT IN-HOUSE JANITORIAL SERVICE

FYE '88 IN-HOUSE JANITORIAL \$296,234 ÷ 431,508 SQ. FT. = \$.6865 PSF

FYE '88 CONTRACTED JANITORIAL \$179,612 ÷ 536,678 SQ. FT. = \$.3347 PSF

DIFFERENCE IN COST PER SQUARE FOOT = \$.3518 PSF

431,508 SQ. FT. X \$.3518 = \$151,804 SAVINGS BY CONTRACTED SERVICES

	F.Y.`90	F.Y.`91
ESTIMATED SAVINGS BY CONTRACTING:	\$151,804.	\$151,804.

This change will result in a reduction of the square foot rental rate.

F.Y. 1990 - \$3.00 per sq. ft.

F.Y. 1991 - \$3.02 per sq. ft.

GENERAL SERVICES DIVISION
OVERVIEW

The Division consist of two (2) separate programs.

Program 08 - General Services
Program 13 - Central Mail

PROGRAM 08 The General Services Program is responsible for the operations, maintenance, and security of 38 buildings in the Capitol Complex and the Helena area.

To accomplish the responsibilities the program provides a wide range of services that include security, space management, utilities, mechanical maintenance (HVAC, electrical, plumbing), elevator maintenance, locksmith service, sanitation service, general repair & maintenance, painting, remodeling/construction, parking facilities, janitorial and pest control services. These services are provided through a combination of in-house staff and contracted services.

During the current biennium the rental rates were \$2.97 per square foot in FY88 and \$3.08 per square foot in FY89. The proposed rates for the 1991 biennium are:

FY 1990 - \$3.00 per square foot
FY 1991 - \$3.02 per square foot

The lower rates per square foot are directly related to the reduced cost of contracting the in-house janitorial service.

Currently this program is funded 88% proprietary and 12% general fund.

PROGRAM 13 The Central Mail operation serves the majority of Helena based State agencies with (1) deadhead interagency mail service, (2) sorting and delivery of in-coming U.S. mail, (3) metering and processing of out-going U.S. mail, and (4) operation of the Post Office in the Capitol Building.

Central Mail has 590 mail accounts for state agencies and processed 2,817,397 pieces of mail from December 1987 to December 1988. The addition of several new accounts during the biennium has resulted in overspending our personal services budget by more than 1,200 hours a year. This concern is addressed in our modified request.

6101 08 00082

07:04 PM

13-Dec-88

AGENCY: DEPARTMENT OF ADMINISTRATION

LEGISLATIVE ACTION

PROGRAM: SECURITY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990		Fiscal 1991		FY 88-90 % Change	
		Executive	LFA Curr Lvl	Executive	LFA Curr Lvl	Difference	
FTE	2.00	2.00	2.00	2.00	2.00	0.00	0.00%
Personal Services	\$55,869	\$56,040	\$54,897	\$55,805	\$54,667	\$1,138	-1.74%
Operating Expenses	159	149	149	154	154	0	-6.29%
TOTAL EXPENSES	\$56,028	\$56,189	\$55,046	\$55,959	\$54,821	\$1,138	-1.75%
FUNDING							
General Fund	\$55,042	\$56,189	\$55,046	\$55,959	\$54,821	\$1,138	0.01%
Other Revenue	986	0	0	0	0	0	-100.00%
TOTAL FUNDING	\$56,028	\$56,189	\$55,046	\$55,959	\$54,821	\$1,138	-1.75%

ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

TOTAL ISSUES

---EXEC OVER (UNDER) LFA---	
FY 90	FY 91
\$1,143	\$1,138
\$1,143	\$1,138

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE LFA CL	
\$1,144	\$1,139
\$2,287	\$2,277

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE	\$19,828	\$19,761
LFA CL	\$39,657	\$39,521

2. POSITION DELETED-The committee deleted position 03601 on 1/10/89. According to the motion, the subcommittee must take positive action before the position is reinstated.

	\$15,166	\$15,066
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6101 08 00083

LEGISLATIVE ACTION

08:35 PM 13-Dec-88

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: GENERAL SERVICES

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	46.00	46.00	46.00	0.00	46.00	46.00	0.00	0.00%
Personal Services	\$966,305	\$984,601	\$964,772	\$19,829	\$988,377	\$968,617	\$19,760	-0.16%
Operating Expenses	2,154,168	2,670,339	2,545,974	124,365	2,686,461	2,617,151	69,310	18.19%
Equipment	2,837	16,400	6,000	8,400	16,500	6,000	10,500	111.49%
Non-Operating	58,274	58,801	58,801	0	58,801	58,801	0	0.90%
TOTAL EXPENSES	\$3,181,584	\$3,728,141	\$3,575,547	\$152,594	\$3,750,139	\$3,650,569	\$99,570	12.38%
General Fund	\$215,259	\$381,709	\$365,137	\$16,572	\$384,050	\$373,175	\$10,875	69.63%
Other Revenue	2,966,325	3,346,432	3,210,410	136,022	3,366,089	3,277,394	88,695	8.23%
TOTAL FUNDING	\$3,181,584	\$3,728,141	\$3,575,547	\$152,594	\$3,750,139	\$3,650,569	\$99,570	12.38%

FUNDING

ISSUES:

---EXEC OVER (UNDER) LFA---

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

2. CONTRACTED SERVICES INFLATION-The executive allowed "inflation" increases for those janitorial, pest control, elevator maintenance, and mechanical contracts which are expected to be rebid during the 1991 biennium. As the majority of those costs are for services performed, the "inflation" is an expected cost increase for those services (salary increases). The LFA current level includes cost increases through fiscal 1989 only for those contracts that had been rebid.

3. The LFA current level provided inflationary increases for janitorial supplies and motor pool lease; the executive budget provides these at the FY 88 expenditure level.

4. The executive budget includes funds over base expenditures for new space and two major maintenance projects; LFA provided base amount plus new space adjustment.

5. The executive includes an annual 19.8% increase in Taxes and Assessment costs over the base expenditure level.

6. The executive includes higher equipment funding than the LFA current level.

TOTAL ISSUES

FY 90	\$19,829	\$19,760
FY 91	\$43,643	\$53,083
	(\$2,589)	(\$3,745)
	\$62,030	\$0
	\$6,680	\$10,931
	\$8,400	\$10,500
	\$137,993	\$90,529

PUBLIC EMPLOYEES' RETIREMENT BOARD

MODIFIED LEVEL BUDGET REQUESTS

Computer Enhancements. The executive budget proposes an additional \$83,400 in FY 90, only, for enhancements to the agency's "Active Computer System" in order to maintain an acceptable level of production by the agency. Because of the growing responsibility for maintaining a current update to all members' accounts and correct actuarial information, the following enhancements must be made to our current system:

- Program rewrite for "Service Buy-Backs"
- Correction of Social Security Number
- Changing Interest Rates
- Duplicate Payroll Reports
- Allow input of Additional or Late Reports

This computer system is the oldest computer system still in operation in state government and it is extremely "brittle." Enhancements are expensive since they must be made with extreme care in order to avoid overloading the system, causing it to crash.

"Buy Back" .4 FTE. Until January, 1988, only 1.0 FTE was assigned to determine eligibility for, calculate costs of, and explain statutes and rules in the service "buyback" area of the retirement systems. Because the work load had become backlogged over 10 months, a .6 FTE position was assigned to this service area. The continuing workload as of July 1, 1988 required the allocation of .4 FTE from another position to the additional .6 FTE, resulting in a total of 2.0 FTE assigned to service "buybacks" since July 1, 1988.

The executive budget requests a modification for FY 90-91 to increase Position 03822, on a permanent basis, to 1.0 FTE because of the agency's continuing workload in the service "buy-back" area. The modification would increase the agency's Personal Services budget by \$6,629 in FY 90 and by \$6,682 in FY 91 under the current pay plan.

If this budget modification is granted, .4 FTE currently allocated on an interim basis to the buy-back position will be returned to Position 03821, resulting in Position 03821 returning to 1.0 FTE as of July 1, 1989. If this modification is not approved, Position 03821 will remain at .6 FTE during the next biennium.

Pre-Retirement Seminars. Currently, 4 pre-retirement seminars are offered in various parts of the state in conjunction with the Professional Development Center each year. Each seminar is limited to 25 members (plus interested spouses); therefore, the maximum number of participants is now limited to 100/year. Since more than 700 retirees are added to the retirement roles each year, the executive budget proposes to double the number of seminars (from 4 to 8 each year) in order to make valuable pre-retirement information available to more potential retirees. The cost of the additional seminars would be \$3,510 each year during the next biennium.

During December, 1988 a photocopy pool photocopier was installed at this agency. It is our current estimate (with only one month's experience with this machine) that we will require approximately \$4,800/year for our photocopies--down \$1,500 each year from the executive request, but an increase of \$4,800 each year over the LFA recommendation.

JUSTIFICATION FOR REPAIR AND MAINTENANCE BUDGET

During the FY 88-89 biennium, this agency switched internal computer systems (from a Honeywell Mini Computer to an IBM Microcomputer Token Ring Network), saving substantial funds in annual rental and maintenance fees while increasing user access and compatibility with the state's computer network.

The executive budget requests \$2,729 each year for maintenance contracts for 13 IBM PC's and 6 IBM Printers, plus an additional \$800 each year for repairs not covered under maintenance contracts. The LFA budget does not include the \$800 for repairs not covered under maintenance contracts.

Under our computer hardware service agreement, we must purchase parts which are not under separate manufacturer warranty. Since installation of the 13 PC's and 6 printers, we have had to replace a hard disc, the disc drive and screen (under warranty at that time) and 6 printer heads (@ \$39.95) for a total of \$239.70. We also have encountered 18 paper jams on large print jobs which have cost us \$990 not covered by maintenance contract.

We expect to continue to encounter the foregoing types and frequencies of repairs not covered by the maintenance contract, as well as the likely replacement of monitor screens (@ \$452/screen), preventative maintenance (12 hours @ \$55/hr = \$660/year), and software problems not covered by warranty (4/year @ \$32/hr. = \$128).

was on-line for only 5 months during FY 88 and no modifications to this system occurred during FY 88 (the "base" year), the current level budget base for systems development costs can not be expected to cover the additional \$5,200 estimated by ISD to perform these system modifications during FY 90.

The FY 88 base budget does not include any expenditures for modifications to the "old system" since all efforts in this area were geared toward completing the new computer system. The systems development costs for the new system do not show in the FY 88 base since the costs were paid by budget accruals from previous years when the Legislature specifically appropriated funds for the redesign of this computer system.

We are requesting an additional \$5,200 be appropriated, in FY 90 only, to cover 11 specifically-identified computer modifications requiring the systems development services provided by ISD.

Printing Costs. The executive budget includes \$17,470 in FY 90 and \$10,470 in FY 91 for printing costs for the division. Included in our printing requirements are legally required annual financial reports of the retirement systems, annual membership statements, federal and state tax forms, as well as publication of retirement system actuarial statements, handbooks, newsletters, agency forms, and other miscellaneous printing.

The LFA has recommended \$5,300 less in FY 90 and \$2,000 less in FY 91 for printing. Since our only "optional" printing costs (those not mandated by state or federal law or regulation) of that dollar magnitude are for retirement system handbooks, our ability to publish this public information will be severely limited.

Funds to publish retirement system handbooks were not appropriated during the last Legislature so we have not reprinted PERS handbooks since 1985 and we have been completely out of those 1985 handbooks since May of 1988. This agency currently has requests for over 5,000 PERS handbooks "on-hold" -- waiting for publication of the new books. Game Wardens and Highway Patrol Handbooks have not been printed since 1981 -- and the Highway Patrol Retirement System was completely revamped in 1985, so the 1981 handbooks that some members have are completely wrong. The Firefighters Unified, Judges and Volunteer Firefighters Handbooks are even older and we do not have a current supply of those books.

Because the 39,000 members of the 8 retirement systems are spread over a large geographical area, because turn-over occurs at a rate of approximately 10% each year, and because each session of the Legislature makes dramatic changes in retirement statutes, it is important and cost-effective to provide this essential information to retirement system members through the updating, printing and distribution of these handbooks.

Photocopy Pool Charges. Until December, 1988, this agency has made the majority of its photocopies on a photocopier purchased in 1985 on a state contract; however, that photocopier is worn out. As an alternative to purchasing a new machine and paying for a maintenance contract and supplies, the executive budget includes \$6,300/year for photocopies through the photocopy pool.

The LFA budget has not included photocopy pool charges in their recommendation because they were not aware of what estimates for those charges would be.

Security obligations. However, now it is clear that this program will not be phased out until 1992 or later.

Therefore, the current level executive budget request for 18.6 FTE is actually 1.0 FTE short of our current minimum staffing needs. Since it was too late to change the executive budget request when we learned of our continuing need for the Social Security position, we now anticipate the need to request an additional 1.0 FTE as part of the budget amendment process.

Status of Position 03821. It is our understanding the House Appropriations Committee has proposed to eliminate a .6 FTE position which was vacant between 12/22/87 and 12/29/88 (Position 03821) from the current level executive request. Such action would result in 18 FTE assigned to this agency for the next biennium.

Position 03821 was originally filled by a 1.0 FTE Grade 15 Programmer-Analyst who left employment because of disability on 12/21/87. The position has been allocated only .6 FTE since July 1, 1988 and is temporarily "underfilled" on a full-time basis from 12/30/88 until 6/30/89 by an Admin. Clerk III, which will utilize all but 200 hours available in this position during FY 89.

If this position is available on July 1, 1989, we anticipate filling this position at least at a grade 14 in order to redistribute the current work overload in the Operations Bureau -- a situation caused when the position originally became vacant and responsibilities of the position were absorbed by other agency staff. In addition, the agency is now required to produce annual actuarial valuations by GASB Statement 5 (Governmental Accounting Standards Board) and we are required by Legislative Audit exception to complete a computer system for the Volunteer Firefighters' Pension System. Without this position, it will be literally impossible to meet our accounting and actuarial responsibilities within established time frames.

JUSTIFICATION FOR CONTRACTED SERVICES BUDGET

Local Police Retirement System Actuarial Valuations. The current level executive budget includes \$3000 to be paid on contract with Hendrickson, Miller, & Associates, Inc., Actuarial Consultants, for the statutorily required valuations of the local police retirement systems. The LFA has not included this amount since it is a statutory appropriation.

While 19-10-205 requires the department to contract for this valuation, it should be noted that the statute appropriates the payment of the contract (not to exceed \$6000 in any fiscal year) to the State Auditor, not the retirement systems. Since insufficient funds are available in the premium tax fund during October when the local police actuarial valuations are completed, the retirement division pays the \$3,000 to the actuary and is reimbursed by the State Auditor when insurance premium taxes become available to reimburse the retirement system.

In order to continue to pay the actuary within a reasonable time frame under the terms of the contract, \$3,000 for the local police valuations needs to be included in this agency's budget for FY 1990.

Systems Development Costs -- "Retiree Computer System." The PERD's new "Retired Computer System" has been on-line for less than one year and 11 modifications to the new system have already been identified. Since the system

Presented by:
Linda King
Assistant Administrator

Public Employees' Retirement Board. The Public Employees' Retirement Board administers eight public retirement systems and the state Social Security program. The board is administratively attached to the Department of Administration which provides the division's staff, legal counsel, payroll services, and submits the agency's budget. Appropriations to the Public Employees Retirement Board are made totally from the investment earnings on the retirement system trust funds. Funding and staffing levels of this agency are completely separate from and have no impact on the funding and staffing levels of the Department of Administration or any other agency of the State.

Retirement Programs. The eight retirement systems administered by the agency include the Public Employees', Judges', Sheriffs', Game Wardens', Highway Patrol, Municipal Police, Firefighters' Unified, and the Volunteer Firefighters' Retirement Systems. The combined membership of the systems approaches 39,500 active and inactive members and the trust funds have combined assets in excess of \$819 Million. In addition, the retirement division pays in excess of \$55 Million each year in retirement benefits to 10,742 retirees.

Since July 1, 1983, trust fund assets have grown by more than \$325 Million, membership increased by over 2,300 members, the number of retirees receiving monthly benefits has increased by over 2,700, and annual retiree benefits have grown by over \$18 Million, annually. In contrast, the current level executive budget reflects a decrease of 4 FTE's and total biennium costs which are \$168,270 less than appropriated for the 1984-1985 biennium. The annual administrative budget of the retirement systems is .09% (.0009) of the retirement systems' assets -- at latest comparisons, the lowest cost rate for any public retirement system in the US.

Social Security Program. While the state no longer collects and deposits SS contributions, this agency retains responsibility for the reconciliation and adjustment of pre-1987 Social Security contributions until Calendar Years 1984 through 1986 have been closed out through final audit agreement. SSA refuses to close out audit years 1984 through 1986 until the final determination on the Modification 309 dispute (\$39 Million statutory assessment) and we expect the State Social Security Program will continue at its present level at least through the next biennium. In addition, the state will continue to retain contractual responsibility for extending new SS coverage and modifying existing SS coverage agreements for employees of the state and its political subdivisions.

JUSTIFICATION FOR PERSONAL SERVICES BUDGET

Current Level Executive Budget Request. The executive budget requests 18.6 FTE's in the current level budget (down from 19.6 FTE in FY 88 and 89 and down from 22.75 FTE in FY 82 and 83).

The current level executive level budget request (18.6 FTE) already reflects the proposed elimination of a 1.0 FTE Audit Technician in the Social Security program due to the previously anticipated phase-out of the state's Social

SOCIAL SECURITY \$39 MILLION STATUTORY ASSESSMENT

On March 9, 1988, the Social Security Administration (SSA) levied a \$39 Million statutory assessment against the state for SS contributions on salaries of part-time employees excluded from SS coverage under the conditions of Modification 309 of the State-Federal Social Security Agreement. The SSA contends Modification 309 was erroneously entered into by both SSA and the State and that SS contributions are now due and payable since 1984.

The State contends that Modification 309 is a legal agreement and that no SS contributions are due for the class of employees excluded from SS coverage under that agreement. However, if administrative and judicial review find Modification 309 is not a legally binding document, it is the State's position that the contributions which would be due the federal government approach \$1.4 Million based on the actual salaries of employees previously excluded from SS coverage by Mod. 309.

Montana's appeal of the statutory assessment is in the administrative review stage. It is currently before the SSA Associate Commissioner at the Office of Operational Policies and Procedures, with the State's "Freedom of Information" request for copies of SSA documents relating this issue having been turned down because of a type of "attorney/client" privacy privilege. Although no time frame is prescribed for a decision, ultimately a final administrative review will be conducted by the Commissioner.

When the Commissioner's written findings are received, the State has two years in which to file a petition for judicial review in Helena federal district court. A determination at this level concludes the appeal process.

In the event that the SSA prevails on the issue of liability, arrangements for payment would be dependent upon the amount of that liability. It is likely that interest would be charged on the amount due from the time liability is accepted or determined.

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The Montana Standard

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Good Morning, It's

TUESDAY

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Butte-Anaconda, Montana

State owes \$39 million, feds say

By Jim Tracy
Standard Staff Writer

The federal government estimates the State of Montana may owe as much as \$39 million in back Social Security taxes for part-time workers for the years 1984-86.

The state contends it was only following a federal-state agreement when it formally defined part-time workers in 1982 and declined to pay Social Security taxes for those workers.

Even if the state were required to contribute those taxes, the Public Employees' Retirement Division says the most it should have to pay is \$1.4 million, give or take \$140,000. But Larry Nachtsheim, head of the division, says he doesn't anticipate the state will have to pay a dime.

"Otherwise we wouldn't be contesting it," Nachtsheim said in a telephone interview Monday.

The dispute actually goes back to 1953 when the state agreed to pay Social Security taxes for employees.

The Social Security Administration was required to reach similar

worked less than 480 hours in a year. (It has since been changed to 960 hours a year.)

The agreement officially allowed the state to forgo paying Social Security taxes for part-time workers.

It was signed by Gov. Ted Schweinden and the commissioner of Social Security in Denver.

Nachtsheim says the agreement merely formalized what had been a decades-old policy.

"We don't think we changed anything," he said.

The Social Security Administration disagreed and opened "a dialogue" with the state in 1984, Nachtsheim said.

Earlier this year, the administration brought the issue to a head by assessing the state \$39 million for unpaid taxes.

Exclusive

The assessment is grossly overestimated, according to Nachtsheim.

Using Social Security's own formula,

don't think we'll even have to pay the \$1.4 million — Larry Nachtsheim, state Retirement division

mula for assessing back taxes for part-time workers, he figures the state would owe only \$1,397,019, give or take 10 percent.

"We relied on what they told us was the right way to do this," Nachtsheim said. "At this point in time, I don't think we'll even have to pay the \$1.4 million or we wouldn't be contesting it."

Phil Gambino, spokesman for the Social Security Administration in Baltimore, Md., says the federal government can make a strong case to collect.

Because the state had been paying Social Security taxes for part-time workers from 1953 to 1982, it was obligated to continue paying, according to Gambino.

"The Social Security Act says specifically, once you cover part-time employees, you cannot terminate that coverage," he said. "They did not ask to exclude part-time workers in the 1953 agree-

ment."

Gambino admitted that the Social Security regional office in Denver, one of 10 such offices throughout the country, went along with the 1982 agreement with the state.

But that was an error, he said. "That material then came into Baltimore and it was realized they made a mistake," Gambino said. "They (the Denver office) inadvertently approved the state election not to cover part-time workers."

The state has since asked the Social Security Administration to review the case.

"Any decision I think is quite a ways down the road," he said.

He said the review could take six months and a decision, depending on what challenges the state offers, could take as long as four years.

In brief

Someone to watch over me

Ex-justice official

Fire chieftain