

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT AND HIGHWAYS

Call to Order: By Chairman Quilici, on January 18, 1989, at
8:08 a.m.

ROLL CALL

Members Present: All members were present.

Members Excused: None.

Members Absent: None.

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

Announcements/Discussion: Rep. Quilici announced the meeting would begin with executive action on the Secretary of State's Office. The hearings on the Department of Administration would continue upon conclusion of executive action.

DISPOSITION OF SECRETARY OF STATE

Tape No. 19A

Motion: Sen. Regan moved to accept the recommended adjustments in data processing costs (\$11,767 FY90 and \$22,602 FY91), printing costs (\$21,078 in FY90 and \$25,909 in FY91), postage (\$5,533 in FY91 only), operating expenses (\$594 in FY90 and \$594 in FY91), inflation adjustment (decrease \$1382 in FY90 and decrease \$4904 in FY91) and equipment (\$4000 in FY90 only). (See exhibit 1 for presentation of entire agreement proposed by combined efforts of LFA, OBPP and Secretary of State's Office)

Amendments and Votes: The motion PASSED unanimously.

Motion: Sen. Regan moved to adopt the language, "In the event that a cost-saving in-house data processing system for UCC transactions is not on-line by July 1, 1989 as

scheduled, additional spending authority may be requested through a budget amendment."

Discussion: Clayton Schenck told the committee the budget is based on the assumption the system will be on line July 1 which would reduce operating costs. Those costs were reduced in the budget as requested by the agency. However, there is doubt that the system will be in place by the beginning of the biennium. The budget would not be sufficient to handle the mainframe costs they would have to pay if the new system was not on-line.

Amendments and Votes: The motion PASSED unanimously.

Motion: Sen. Regan moved to recommend the Secretary of State supplementals to the full Appropriations Committee.

Amendments and Votes: The motion PASSED with Rep. Swysgood voting nay.

DISPOSITION OF BOARD OF CRIME CONTROL

Tape No. 19A

Discussion: There was discussion of the policy issues that the committee had previously deferred action on. Clayton Schenck presented the committee with a revised budget sheet (since the full Appropriations Committee took action). (See exhibit 2) The issues up for consideration were regarding contract training services and the honorariums paid to council members.

Amendments and Votes: No action was taken.

HEARING ON DEPARTMENT OF ADMINISTRATION: PROCUREMENT AND PRINTING

Tape No. 19A

Presentation and Opening Statement: PURCHASING PROGRAM:

Pam Joehler gave an overview of the program and discussed the differences between the LFA and executive budgets. (See exhibit 4)

Flo Smith addressed the budget modifications requested by the agency. The first is an enhancement to the existing computer system. They are requesting \$17,000 of general fund in FY90 and \$2000 in FY91. The second modification is for an FTE to act as a coordinator in contracting compliance. Some agencies have been using contracted services to complement their FTE level so it

necessitates having someone monitor what agencies are doing and provide training to those individuals. This responsibility was assigned to the purchasing bureau by the Governor's office under the Schwinden administration. They are requesting 1 FTE at \$25,000 each year of the biennium.

CENTRAL STORES: Pam Joehler gave an overview of the program. This program is funded through the sale of merchandise. They buy commodities in bulk, warehouse them and resell them to state agencies. They add an overhead rate to cover the costs of the overhead. Pam discussed the budget issues resulting from differences between the LFA and OBPP budgets. (See exhibit 6)

Flo Smith addressed the agency's equipment request for \$49,000 in FY90. That includes \$30,000 for upgrades to the WANG computer system, \$2000 for office equipment replacement, \$8000 for an electric jack and \$9000 for software which is needed to connect to the mainframe. Flo also presented the modified request of 1 FTE warehouse worker which the OBPP is recommending.

List of Testifying Proponents and What Group They Represent:

Marvin Eicholtz, Procurement and Printing
Representative Richard Simpkins
Robert Ryan, Purchasing Supervisor Lewis & Clark County

List of Testifying Opponents and What Group They Represent:

None.

Testimony: **PURCHASING PROGRAM:** (19B 6.18) Marvin Eicholtz, Administrator of Procurement and Printing, told the committee the purchasing bureau handles about 196 commodity codes and maintains annual term contracts in approximately 58 categories. He expressed budget concerns regarding the decrease in contracted services proposed by the LFA and in postage amounts. Marvin also presented the budget differences between the OBPP and LFA budgets. (See exhibit 5)

Questions From Subcommittee Members: (19B 9.52) Rep.

Swysgood: How do you determine who the lucky vendor who is going to be selected?

Marvin Eicholtz responded saying the agencies give a suggested list of who they want to be contacted, then the agency includes vendors who have given competitive prices on past bids. If there is still room on the bid list they include others that they haven't done

business with in the past.

CENTRAL STORES: (19B 26.29) Marvin Eicholtz stated the central stores program has been found to be very cost effective for the state. Marvin discussed the budget issues and modified requests. (See exhibit 7) Marvin told the committee about the growth in this program since FY81 and the savings to the state by utilizing this program. (See exhibit 8)

(19A 30.29) Representative Richard Simpkins, Great Falls, spoke to the committee about federal surplus property. He asked the committee to consider reinstating a federal surplus program in Montana. He explained this is a federal government program that takes property that is no longer needed by the federal government and puts it on the block for states that can use the property. It is surplus to the needs of the federal government. Rep. Simpkins outlined the eligible recipients. (See exhibit 3)

(19B 34.04) Robert Ryan, Purchasing Supervisor Lewis & Clark County, spoke in support of raising the spending authority for the central stores program. He said that raising their spending authority would allow them to stock necessary supplies to serve city and county governments. He stated that last legislative session the committee did not approve the spending authority due to pressure from local vendors that this would improve the local business climate. This didn't happen, though, because the counties didn't have money for the increase in local prices and the local vendors don't have the purchasing power to sell for less. Therefore, counties and local governments have to purchase from large out of state vendors. (See exhibit 9)

Questions From Subcommittee Members: Central Stores Program

(19B 44.35) Rep. Quilici: Do you have any idea how much you have saved state agencies by them buying through central stores rather than retail or some other outlet?

Marvin Eicholtz replied that the auditor's office has estimated that central stores has saved about a million dollars in FY88. We have been able to demonstrate that we save about 1.9 million per year.

Questions From Subcommittee Members: Federal Surplus
Property Program

(19A 47.04) Sen. Stimatz: How would this relate to the old program we had and when did that program end?

Rep. Simpkins responded that in 1982 the state held a salvage sale. At that time it was decided there was a great deal of junk and so it was decided to get rid of the junk and get out of the program.

(20A .24) Sen. Stimatz: Where is the surplus property warehouse?

Marvin Eicholtz said it is down at the highway complex by the fairgrounds.

(20A .47) Sen. Stimatz: Do you fix anything the state gives you as surplus? Do you see that it's in working order or do you take it as is and sell it as is.

The agency says they refurbish the things that are economically to refurbish. They go on past experience as to what would resell better if it was refurbished.

Questions From Subcommittee Members: Property and Supply
Program

(19B 44.09) Rep. Quilici: Marvin, anything that raises the operating costs has to be picked up by goods for resale so you have to raise your prices a little one way or the other right?

Marvin Eicholtz said yes because they operate on proprietary funds so everything they get has to turn around into the rates.

(19B 46.08) Rep. Swysgood: The greatest disparity between the budgets seems to be in growth and services. It's rare to see this large a gap. What would account for this?

Flo Smith said she relies on the agency so they went with their estimated growth rate. Pam Joehler said she asked the agency for documentation of growth. They provided their revenue increase of the last several years. Revenue reflects what the agency has purchased so it includes not only inflation in the cost of the products but also the overhead rate. So, in order to have a comparable figure, she wanted to get at the real cost of the product and she was unable to do that

because she doesn't know what inflation has been or the exact overhead.

(19B 48.17) Rep. Swysgood: Why wasn't Pam able to receive the necessary information?

The agency contends that exact information was never requested.

HEARING ON DEPARTMENT OF ADMINISTRATION: TORT CLAIMS
DIVISION

Tape No. 20A

Presentation and Opening Statement: Pam Joehler gave an overview of the agency. Pam described the duties of the Tort Claims Division. This division investigates, defends and takes care of the payment of bodily injury and property damage claims of all agencies, officers and employees of the state of Montana. The division also assesses the fire casualty and bond risk for all state owned buildings and other property and provides either commercial or self insurance protection for the financial loss of such property. This division is funded from premiums that it assesses state agencies for the commercial and self insurance coverage. It's also funded from investment earnings from the self insurance fund.

Pam presented the differences between the LFA and OBPP budgets. The LFA included funding for an administrative officer position at a higher grade than the executive. The LFA current level increased operating expenses because the agency incorrectly recorded expenditures in FY88. The overall current level budget differences affect the transfer amount from the self insurance fund to the operating account. The executive budget includes a budget modification recommendation for additional staff and outside legal counsel at \$799,920 each year of the biennium. (See exhibit 10)

Flo Smith presented the executive budget. She presented the modifications the executive budget recommends.

List of Testifying Proponents and What Group They Represent:

John Maynard, Administrator Tort Claims Division

List of Testifying Opponents and What Group They Represent:

None.

Testimony: (20A 22.24) John Maynard, Administrator Tort Claims Division, told the committee what types of claims are defended by this division. He discussed the differences between the two budgets and presented the division's request for budget modifications. (See exhibit 11)

Questions From Subcommittee Members: (20A 34.46) Rep. Swysgood: If we give you 4 additional FTE are you comfortable that the rate of return you have experienced under the present system as converting to a system of more in-house staff, do you feel comfortable that qualified individuals can be secured where we can expect this bigger bucket to shrink even more?

John Maynard said he is reasonably confident.

(20A 39.19) Rep. Quilici: How do you go about hiring outside legal counsel?

John Maynard responded that is his most difficult job. He falls back on his experience with individuals. He also takes the advice of others. He tries to locate in the community in which the suit has been filed. He asks lawyers and goes to seminars where he can meet defense attorneys.

(20A 41.51) Sen. Stimatz: How do you investigate?

John Maynard told the committee they contract for some investigation and the paralegals do some investigation.

HEARING ON DEPARTMENT OF ADMINISTRATION: INFORMATION SERVICES DIVISION

Tape No. 20B

Presentation and Opening Statement: Pam Joehler gave an overview of the division. There are several budget programs within the division. The ISD is comprised of five programs; resource management and administration, central computer operations, information service, systems development and telecommunications.

RESOURCE MANAGEMENT/ADMINISTRATION PROGRAM: Pam gave an overview of this program and discussed the differences between the LFA and executive budgets. (See exhibit 12)

Flo Smith presented the executive budget, stating it is basically the proposed budget of the agency with some minor changes for one time expenditures.

List of Testifying Proponents and What Group They Represent:

Mike Trevor, Information Services Division

List of Testifying Opponents and What Group They Represent:

None.

Testimony: (20B 27.49) Mike Trevor, Administrator

Information Services Division gave a background of the entire division. Mike explained the division provides computer and telecommunications services for state agencies. This division is funded almost entirely from proprietary accounts. He presented a breakdown of funding sources for each program within the division. (See exhibit 13)

RESOURCE MANAGEMENT AND ADMINISTRATION PROGRAM: Mike Trevor discussed the function of this program which is primarily to administer the Information Services Division and control, coordinate and plan for statewide data processing and information services. This program is mandated to produce a plan. This was presented to the committee. (Exhibit 14)

Questions From Subcommittee Members: (21A .08) Sen. Regan:
When you underspend your budget, does that money revert back?

Mike Trevor said it doesn't revert because there was no money appropriated as such. He stated they probably underspent the budget because they didn't have the cash to actually spend.

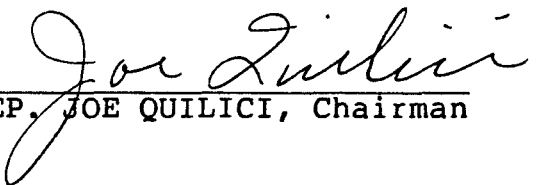
Pam Joehler said the cash balance doesn't revert to general fund, it's revolving.

(21A 1.00) Sen. Stimatz: Why do the feds look over your shoulder, is there federal money in these programs that they're concerned about?

Mike Trevor said yes, 17 to 18% of the money they collect is federal money. The federals are concerned that the rates are equitable across the board. They want to make sure they don't give general fund agencies a price break and soak federally funded agencies.

ADJOURNMENT

Adjournment At: 11:58 a.m.



REP. JOE QUILICI, Chairman

JQ/ml

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AGENCY: SECRETARY OF STATE

PROGRAM: RECORDS MANAGEMENT

LEGISLATIVE ACTION

BUDGET ITEM	FY 1988 Actual	Executive Agency Request	Fiscal 1990 Request	Difference	Executive Agency Request	Fiscal 1991 Request	Difference	FY 88-90 % Change
FTE	24.00	24.00	23.25	0.75	24.00	23.25	0.75	-3.13%
Personal Services	\$503,809	\$515,011	\$515,011	\$0	\$515,385	\$515,385	\$0	2.22%
Operating Expenses	409,338	321,231	372,655	(51,424)	328,118	395,867	(67,749)	-8.96%
Equipment	5,530	15,390	24,600	(9,210)	0	0	0	344.85%
Non-Operating	3,735	38,657	38,657	0	34,924	34,924	0	934.99%
TOTAL EXPENSES	\$922,412	\$890,289	\$950,923	(\$60,634)	\$878,427	\$946,176	(\$67,749)	3.09%
FUNDING								
General Fund	\$545,405	\$503,397	\$591,923	(\$88,526)	\$491,529	\$587,176	(\$95,647)	8.53%
State Special Rev	377,007	386,892	359,000	27,892	386,898	359,000	27,898	-4.78%
TOTAL FUNDING	\$922,412	\$890,289	\$950,923	(\$60,634)	\$878,427	\$946,176	(\$67,749)	3.09%

ISSUES:

EXECUTIVE BUDGET AS APPROVED BY SUBCOMMITTEE

	FY 90	FY 91
	\$890,289	\$878,427
	\$11,767	\$22,602
	\$21,078	\$25,909
	\$0	\$5,533
	\$594	\$594
	(\$1,382)	(\$4,904)
	\$4,000	\$0
	\$926,346	\$928,161

Recommended Adjustments:

1. DATA PROCESSING COSTS - Increase allowance to FY 88 base level after adjustments for reduced costs of a new UCC system. This would bring this expenditure into agreement with LFA current level.
2. PRINTING COSTS - Increase allowance as a ONE-TIME expenditure. Executive current level represents normal expenditure, but agency has a number of publications to reprint that haven't been printed for several years. Agency agrees to provide detail to LFA and Budget Office next session of printing costs as compared to appropriation. Subcommittee has the option to line-item printing costs.
3. POSTAGE - Increase allowance due to anticipated volume increases and higher costs of mailings (10% increase, FY 91 only). Agency agrees to revert what is not needed. Subcommittee has the option to line-item postage costs.
4. OTHER OPERATING EXPENSES
5. INFLATION ADJUSTMENT (Approximate)
6. EQUIPMENT - Increase allowance for purchase of a better grade microfilm reader-printer to allow faster reproduction, save people-hours.

Recommended Revised Total Allowance, before Policy Issue Adjustments

Secretary of State - Records Management Program (continued)

Not Recommended

- 7. CONTRACT LEGAL SERVICES
- 8. ADDITIONAL POSTAGE INCREASES
- 9. ADDITIONAL EQUIPMENT INCREASES
- 10. OTHER - Inflation/minor items

Total

Comparison of Recommended Budget Total

Increase over Executive Budget
 Increase over LFA Current Level
 Increase over Agency Fiscal 1988 Expenditures

	FY 90	FY 91
	\$17,000	\$21,500
	\$1,597	\$0
	\$5,210	\$0
	\$770	(\$3,485)
Total	\$24,577	\$18,015

\$36,057 \$49,734
 \$48,131 \$47,993
 \$3,934 \$5,749

APPROPRIATIONS COMMITTEE POLICY ISSUES

A. The Committee approved the elimination of vacant FTE, including a 1.0 data entry operator trainee and a 0.5 data entry operator II in this program. The positions will be eliminated unless the subcommittee takes action to restore them.

B. The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the executive budget is shown at right.

(\$30,233) (\$30,347)

TOTAL POLICY ISSUES

REVISED PROGRAM TOTAL (Approximate - may vary due to inflation factors)

\$9,905 \$9,912
 (\$20,328) (\$20,435)
 \$906,018 \$907,726

OTHER ISSUES

LANGUAGE - The budget is based on the assumption that an in-house computer system will be on-line as of July 1, 1989 that will reduce operating costs significantly. There is some doubt that the new system will be in place by the beginning of the biennium. The subcommittee may wish to consider inserting language in House Bill 100 as follows:

"In the event that a cost-saving in-house data processing system for UCC transactions is not on-line by July 1, 1989 as scheduled, additional spending authority may be requested through a budget amendment."

DE-EARMARK STATE SPECIAL REVENUE ACCOUNT, RECLASSIFY AS GENERAL FUND - Subcommittee discussion

SUPPLEMENTALS - The agency has requested a supplemental of \$35,000 for the legal costs of a constitutional initiative lawsuit in fiscal 1988, and \$14,703 for termination pay for two employees. Both are general fund. A general fund shortfall exists for several reasons: 1) Legal costs resulting from legal actions including computer system contracts; 2) The lease of a new administrative computer network system that was expected to have been funded by reduced data processing costs for the new UCC system that is not yet on-line; and 3) transition costs for change of elected official.

FISCAL YEAR 1987 SUMMARY

- Donation approvals in fiscal year 1987 totaled \$408.9 million, with 42,779 applications processed. A total of 549,678 line items was approved for donation, with an average line item acquisition cost of \$743.89. Donation activities for FY87 exceeded FY86 donation totals by \$8.1 million.
- The average value of property transferred per donation document was \$9,558.
- During FY87, a total of 71 shipments of foreign excess property generated at various military installations in Europe was donated to 25 State Agencies for Surplus Property. After screening, the property selected for donation consisted of 44 scooploaders, 36 roadgraders, 4 truck tractors, 2 maintenance trucks, 2 dump trucks, and 31 Sea-Land containers of varied personal property. The total acquisition cost of the donated property amounted to \$5.6 million.

Opportunity Act of 1964 and the Community Services Block Grant Act. Programs for older individuals include services that are necessary for the general welfare of older individuals, such as social services, transportation services, nutrition services, legal services, and multi-purpose senior centers.

- Service Educational Activities (SEA). Activities which are designated by the Secretary of Defense in accordance with Section 203 (j) (2) of the Federal Property and Administrative Services Act of 1949, as amended, to be of special interest to the armed services, may receive donations of Department of Defense (DoD) surplus personal property. Such activities may include military and maritime academies, armed services preparatory schools, and other schools with military-connected programs. Also eligible to receive DoD surplus personal property are The Center for Excellence in Education, American National Red Cross, Boys Club of America, Boy Scouts of America, Camp Fire, Inc., Girl Scouts of

the United States of America, Little League Baseball, Inc., Naval Sea Cadet Corps, National Ski Patrol System, Inc., United Service Organizations, Inc., United States Olympic Committee, the Young Marines of the Marine Corps League, and Big Brothers/Big Sisters of America.

- Public Airports. In addition to the above donees, any State, political subdivision, municipality, or tax-supported institution may receive donated surplus personal property under Section 13 (g) of the Surplus Property Act of 1944, as amended by 50 U.S.C. App. 1622 (g), for use in the development, improvement, operation, or maintenance of a public airport.

- Eleemosynary Institutions. Distilled spirits, wine and malt beverages may be donated to eligible eleemosynary institutions for medicinal purposes under the Internal Revenue Code of August 1954, 26 U.S.C. 5688 (a).

BACKGROUND AND OPERATION

Public Law 94-519. Approved October 17, 1976, Public Law 94-519 amended the Federal Property and Administrative Services Act of 1949, as amended, to expand and improve the process for governing the donation of Federal surplus personal property to States and local organizations for public purposes.

General Services Administration (GSA) Role. Public Law 94-519 placed virtually all personal property programs for State and local users into one system. The law gave GSA responsibility for the overall guidance of the consolidated program. Personal property which is surplus to the needs of the Federal Government is made available for State and local public agencies and for certain nonprofit, tax-exempt activities. GSA is responsible for the allocation and transfer of surplus personal property to the State agencies on a fair and equitable basis.

Federal Supply Service (FSS) Role. Fiscal year 1987 was the 10th year that the Federal Surplus Personal Property Donation Program has been under the management of GSA. The Property Management Division of the Office of Customer Support Management (FB) is charged with the responsibility for the transfer of surplus Federal personal property for donation to non-Federal public agencies and other designated recipients. This responsibility includes the development and administration of policies and procedures pertaining to the conduct of the Donation Program.

Role of State Agencies. In each State, a Surplus Property agency is designated by law to be responsible for the fair and equitable distribution within the State of donations of surplus personal property. This property is donated to public agencies to be used for one or more public purposes and to certain nonprofit, tax-exempt activities.

Recipients of Surplus Personal Property may be classified as follows:

- **Public Agencies.** Surplus personal property may be donated to public agencies involved in such activities as conservation, economic development, education, park programs and recreation, public safety, public health, and programs for older individuals. Public agencies may include States, their departments, divisions and other instrumentalities thereof; political subdivisions of States, including cities, counties, and other local government units and economic development districts; instrumentalities created by compact or other agreement between States or political subdivisions; and any Indian tribes, bands, groups, pueblos, or communities located on State reservations.

- **Eligible Nonprofit, Tax-Exempt Activities.** Surplus personal property may be donated to eligible nonprofit educational and public health activities exempt from taxation under Section 501 of the Internal Revenue Code of 1954. Nonprofit educational and public health activities may include medical institutions, hospitals, clinics, and health centers; schools, colleges, and universities; child care centers; educational radio and TV stations; museums, and libraries. The Federal Property and Administrative Services Act was amended on July 22, 1987, to add nonprofit, tax-exempt "providers of assistance to homeless individuals" as eligible for property to be used in providing food, shelter and supportive services to the homeless. Also, amendments to the Older Americans Act of 1965 authorized donations of surplus property to programs operated by public agencies or nonprofit organizations, when such programs are funded under the Older Americans Act of 1965, under Title IV or Title XX of the Social Security Act, or under Titles VIII and X of the Economic

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AGENCY: CRIME CONTROL DIVISION PROGRAM: BOARD OF CRIME CONTROL 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	17.00	17.00	17.00	0.00	17.00	17.00	0.00	0.00%
Personal Services	\$470,888	\$489,069	\$477,549	\$11,520	\$490,418	\$478,870	\$11,548	1.41%
Operating Expenses	161,420	170,675	160,017	10,658	161,757	151,193	10,564	-0.87%
Equipment	12,531	0	3,675	(3,675)	0	0	0	-70.67%
Non-Operating	1,878,042	2,661,500	2,661,500	0	2,761,500	2,761,500	0	41.72%
TOTAL EXPENSES	\$2,522,881	\$3,321,244	\$3,302,741	\$18,503	\$3,413,675	\$3,391,563	\$22,112	30.91%
FUNDING								
General Fund	\$408,865	\$414,870	\$396,367	\$18,503	\$408,770	\$386,658	\$22,112	-3.06%
State Special Rev	280,857	359,374	359,374	0	475,905	475,905	0	27.96%
Federal Revenue	1,833,159	2,547,000	2,547,000	0	2,529,000	2,529,000	0	38.94%
TOTAL FUNDING	\$2,522,881	\$3,321,244	\$3,302,741	\$18,503	\$3,413,675	\$3,391,563	\$22,112	30.91%

ISSUES:

- VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 4% in LFA current level.
- CONTRACT TRAINING SERVICES - The Executive budget includes more for contract training services in juvenile justice and drug enforcement. The amount included in LFA current level for both expenditures and funding is equal to the fiscal 1988 appropriated level.
- EQUIPMENT - The executive budget does not allow any funds for equipment. LFA current level includes \$2,175 for replacement of office equipment and \$1,500 for a computer work station.

TOTAL ISSUES

---	EXEC OVER (UNDER) LFA---
FY 90	FY 91
\$9,920	\$9,948
\$12,500	\$12,500
(\$3,675)	\$0
\$18,745	\$22,448

APPROPRIATIONS COMMITTEE POLICY ISSUES

- The Committee approved the elimination of vacant FTE, including a 1.0 accountant's position in this program. The position will be eliminated unless the subcommittee takes action to restore it.
- The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase over LFA current level is shown at right.

TOTAL POLICY ISSUE ADJUSTMENTS

---	EXEC OVER (UNDER) LFA---
FY 90	FY 91
\$19,840	\$19,895
(\$6,103)	(\$6,066)
(\$25,943)	(\$25,961)

TABLE C

OVER AND UNDER ALLOCATION REPORT/PROPERTY DONATED

Fiscal Year 1987

	Over or Under	Property Approved for Transfer	Adjusted Allocation	State's Total Entitlement	Percent of Adjusted Allocation to Entitlement	Acquisition Cost Total Property Donated
<u>National Totals</u>		\$371,012,168	\$107,057,672	\$107,057,672		\$292,148,698
<u>REGION 1</u>	O	\$ 23,823,175	\$ 6,934,385	\$ 3,843,370	180.42	\$ 24,104,819
CT	O	1,622,422	802,029	545,994	146.89	1,027,551
ME	U	3,918,304	673,603	685,169	98.31	4,497,445
MA	O	13,473,897	4,409,691	1,563,042	282.12	13,546,328
NH	O	1,968,946	412,970	353,290	116.89	1,991,780
RI	O	1,957,079	417,959	396,113	105.51	2,208,438
VT	U	882,527	218,133	299,761	72.77	833,277
<u>REGION 2</u>	U	\$ 15,497,593	\$ 4,016,901	\$ 11,615,757	34.58	\$ 10,844,349
NJ	U	4,849,038	1,214,492	1,766,452	68.75	2,990,487
NY	U	8,652,972	2,418,446	5,310,061	45.54	6,077,432
PR	U	1,995,583	383,963	4,442,893	8.64	1,776,430
VI	U	0	0	96,352	0	0
<u>REGION 3</u>	U	\$ 26,120,083	\$ 7,808,650	\$ 10,352,477	75.43	\$ 19,243,006
DE	U	896,826	210,443	224,821	93.60	693,260
MD	O	7,721,913	2,539,349	1,284,692	197.66	4,200,749
PA	U	5,939,072	1,741,009	5,374,295	32.40	3,244,411
VA	U	7,296,169	1,934,515	2,119,742	91.26	7,081,550
WV	O	4,266,103	1,383,334	1,348,927	102.55	4,023,036
<u>REGION 4</u>	U	\$ 95,020,546	\$22,760,420	\$ 23,905,978	95.21	\$ 70,220,009
AL	O	13,250,999	3,564,929	2,665,736	133.73	9,524,578
FL	U	12,519,746	3,774,912	4,796,184	78.71	10,275,416
GA	O	14,491,119	3,295,183	3,115,378	105.77	11,465,078
KY	U	8,751,195	1,738,755	2,419,503	71.86	5,480,278
MS	O	12,333,543	2,701,275	2,109,036	128.08	9,309,870
NC	U	11,532,484	2,347,095	3,650,667	64.29	7,815,676
SC	O	14,432,055	2,751,963	2,216,094	124.18	9,459,536
TN	U	7,709,405	2,586,308	2,933,380	88.17	6,889,577
<u>REGION 5</u>	U	\$ 28,019,913	\$ 8,832,916	\$ 19,495,202	45.31	\$ 19,193,293
IL	U	5,558,738	1,847,906	4,089,603	45.19	1,762,361
IN	U	2,164,106	683,466	2,815,617	24.27	1,485,025
MI	U	8,033,539	2,316,510	3,950,428	58.64	5,788,966
MN	O	4,720,097	1,587,844	1,563,042	101.59	2,698,043
OH	U	6,323,335	1,912,272	4,871,124	39.26	3,356,549
WI	U	1,220,098	484,918	2,205,388	21.99	4,102,349

TABLE C (Con't.)

OVER AND UNDER ALLOCATION REPORT/PROPERTY DONATED

Fiscal Year 1987

	Over or Under	Property Approved for Transfer	Adjusted Allocation	State's Total Entitlement	Percent of Adjusted Allocation to Entitlement	Acquisition Cost Total Property Donated
<u>REGION 6</u>	O	\$ 36,114,942	\$11,853,994	\$ 5,320,766	222.79	\$ 20,447,458
IA	O	5,086,050	1,441,016	1,370,338	105.16	3,685,777
KS	O	11,787,316	3,739,662	931,402	401.51	4,539,944
MO	O	15,895,020	5,771,669	2,376,680	242.85	9,594,612
NE	O	3,346,556	901,647	642,346	140.37	2,627,125
<u>REGION 7</u>	U	\$ 57,017,105	\$13,610,082	\$ 14,260,082	95.44	\$ 49,881,339
AR	O	11,272,235	3,038,339	1,648,688	184.29	9,167,186
LA	U	9,475,169	1,969,705	2,762,088	71.31	8,688,271
NM	O	4,662,928	1,159,340	920,696	125.92	4,790,792
OK	U	6,267,036	1,329,848	1,712,923	77.64	5,563,318
TX	U	25,339,737	6,112,850	7,215,687	84.72	21,671,772
<u>REGION 8</u>	O	\$ 26,249,631	\$ 9,741,701	\$ 3,811,253	255.60	\$ 22,940,778
CO	O	4,214,663	1,422,891	1,145,517	124.21	5,801,539
MT	U	469,479	132,669	524,583	25.29	443,420
ND	O	3,999,651	798,118	310,467	257.07	1,763,832
SD	O	8,867,543	2,762,818	417,525	661.71	6,620,636
UT	O	6,528,833	3,859,517	1,166,929	330.74	6,577,886
WY	O	2,169,462	765,688	246,233	310.96	1,733,465
<u>REGION 9</u>	U	\$ 28,244,086	\$ 6,762,844	\$ 10,298,948	65.67	\$ 26,264,915
AZ	U	3,903,985	771,965	1,563,042	49.39	3,259,087
CA	U	19,257,052	5,009,430	7,825,916	64.01	18,586,325
HI	O	2,409,028	482,462	438,936	109.92	2,204,375
NV	U	1,171,616	286,258	353,290	81.03	1,163,781
GU	O	1,207,380	140,842	96,352	146.17	933,231
CM	O	295,025	71,887	21,412	335.74	118,116
<u>REGION 10</u>	O	\$ 34,562,527	\$14,613,149	4,057,486	360.15	\$ 28,750,789
AK	O	3,049,621	795,193	85,646	928.46	2,757,940
ID	O	2,897,729	766,848	653,052	117.43	1,872,866
OR	O	19,110,721	10,249,698	1,402,456	730.84	13,512,451
WA	O	9,504,456	2,801,410	1,916,332	146.19	10,607,532
<u>NCR</u>	O	\$ 342,567	\$ 122,630	\$ 96,352	127.27	\$ 257,943
<u>DC</u>	O	342,567	122,630	96,352	127.27	257,943

Office of the Legislative Auditor

PROPERTY AND SUPPLY BUREAU
FEDERAL SURPLUS PROPERTY PROGRAM
Legislative Request (89L-3)

January 6, 1989

Background Information

The Federal Surplus Property program is operated by the Property and Supply Bureau of the Procurement and Printing Division, Department of Administration. The surplus property program was established in 1943 as part of the Office of Public Instruction, and the primary responsibility was distribution of federal surplus property. In 1977, the surplus property function was transferred to the Department of Administration, General Services Division. During that time the function began processing state surplus property as well as federal surplus property. In 1982 the function was transferred to the Purchasing Division. At that time, out of state travel to screen federal surplus property was discontinued.

The Property and Supply Bureau found a large amount of warehoused federal property was obsolete and had been sitting for years. The bureau held two sales of federal surplus property between 1982 and 1985 after receiving approval from the federal General Services Administration (GSA). In fiscal year 1985-86, the bureau discontinued warehousing of federal surplus property because of high costs for storage and shipping, and problems with determining condition and demand for federal surplus property.

According to a bureau official, federal regulations require a state agency must be the administering agency of any federal surplus property program. Section 18-5-201, MCA, authorizes the Department of Administration as administrative agency for federal surplus property.

Current Bureau Activity

Currently the bureau does not warehouse any federal surplus property. During fiscal years 1986-87, 1987-88, and 1988-89 the bureau has been acting as a facilitator for the federal program by providing interested parties with information on availability of federal property. The bureau receives reports from regional GSA offices of property available and compares these reports with user-need lists. The bureau then contacts users when property is available. Some federal surplus property is not reported on this list, and the only way to find it is to perform on-site screening. The Western States Surplus Property Organization (WSSPO) employs representatives who travel around the country to screen property.

WSSPO makes lists of available property, and distributes these lists to interested parties including the bureau.

In addition to facilitating information on federal property, the bureau trains and authorizes users to "screen" property at federal sites. This training takes place at Malmstrom Air Force Base in Great Falls. The bureau also performs administrative tasks related to acquisition of federal surplus property. The following list details the administrative tasks performed for federal surplus property acquisitions.

1. The bureau contacts the regional GSA office to request property a user is interested in acquiring. After the bureau is notified a user can get property, the bureau must fill out a 10 part form and send it to GSA. GSA then notifies the bureau when the property can be picked up. The user must pay transportation costs.
2. The bureau conducts utilization reviews for vehicles and any property over \$5000. The user must put the property into use within one year, and it must be used at least 18 months.
3. The bureau prepares quarterly reports for GSA on all acquisitions of federal property in the state. Utilization and acquisition information is maintained by the bureau on a computer log.
4. The bureau conducts civil rights surveys of all users, and performs qualification reviews of any organization wishing to participate in the program.
5. The bureau prepares a state plan discussing how the state intends to handle federal surplus property.

Bureau officials believe the program will remain the same unless changes are requested by the new administration.

Program Staffing

Ten different people in the bureau periodically work with some aspect of the federal surplus property program. Seven people spend a total of approximately .8 FTE's time on clerical, accounting and computer functions for the federal surplus property program. Approximately .44 FTE of management time (Division Administrator and Bureau Chief) is apportioned to the federal program, and .31 FTE is allocated for the program coordinator. This totals 1.55 FTE designated to the federal surplus property program.

Bureau officials believe the present staff activity level is adequate and probably won't change unless there is increased

interest in the program. If activity increases, additional staff time will be required to process paperwork.

Program Revenues and Expenditures

Users do not actually pay an acquisition cost because federal surplus property is donated to users. However, users must pay a handling fee to the state for services provided and any transportation costs. Federal regulations require the bureau to assess fees based on a percentage of acquisition cost of property as if it were new. Currently the bureau charges 6 1/4% of acquisition cost as a handling fee. Revenues and expenditures are accounted for in an internal service fund, and excess revenues are kept in the fund to cover costs during low activity periods. The following chart summarizes revenues and expenditures related to the bureau's federal surplus property activities.

SCHEDULE OF REVENUES AND EXPENDITURES
(Unaudited)

	<u>Fiscal Year</u>		
	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u> (as of 11/30/88)
Revenues (fees collected)	\$ 9,681	\$52,351	\$21,335
Expenditures:			
Personal Services	9,363	34,271	13,987
Operating Expenses	3,157	4,890	2,112
Equipment	<u>46</u>	<u>0</u>	<u>0</u>
Total	\$12,566	\$39,161	\$16,099
Revenues less Expenditures	\$(2,885)	\$13,190	\$ 5,236

Source: Compiled by the Office of the Legislative Auditor from the Statewide Budgeting and Accounting System

According to bureau officials, under federal regulations the bureau can collect revenue for the federal surplus property program only by charging an administrative fee. No fee is charged for training or any other services related to federal surplus property. Bureau officials say the federal government suggests state programs build up a surplus in revenues to adjust for fluctuations in program activity.

Expenditures are allocated for personal services based on percentage of time spent on the program as discussed on page 2. Operating expenses such as supplies and telephone costs are allocated based on time spent by personnel and total supplies costs. Rent is allocated for the coordinator's office only.



JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

January 16, 1989

Representative Richard Simpkins
Seat 40
Montana House of Representatives
Helena, MT 59620

Dear Representative Simpkins:

Per your request of January 13, 1989, the attached schedules estimate the annual operating budget for a federal surplus property program using the assumptions you gave me. These are listed below:

1. The program would be separate from the Procurement and Printing Division.
2. The program would begin operations July 1, 1989.
3. The program would be located in Great Falls.
4. Four FTE would be hired:
 - a. 1 Program Manager
 - b. 1 Secretary/Bookkeeper
 - c. 1 Warehouse Worker/Assistant Screener
 - d. 1 Warehouse Manager/Screener
5. The administrative fee will be 10 percent of the value of the property. To be conservative, \$100,000 is assumed for year one, \$250,000 for year two, and \$300,000 for years three through five.
6. Travel and freight expenses are estimated to be 20 percent of revenue each year.
7. Rent costs are fixed at \$50,000 annually.
8. Refurbishing is estimated to be \$10,000 annually.
9. Miscellaneous costs (phone, dues, etc.) are estimated at \$20,000 for year one, \$25,000 for year two, and \$30,000 for years three through five.
10. The program will obtain a start-up loan for \$150,000. The loan will be repaid over five years beginning in fiscal year 1990.

As the schedules show, if the actual revenues and costs approximate the assumptions, the program would experience a positive cash flow in four of the five years.

If you have any other questions or concerns, please feel free to call or stop by.

Sincerely,

A handwritten signature in cursive script that reads "Pamela Joehler". The signature is written in black ink and includes a horizontal line extending to the right.

Pamela Joehler
Senior Fiscal Analyst

ESTIMATED FIVE YEAR OPERATING BUDGET FY 90-94
 FEDERAL SURPLUS PROPERTY PROGRAM
 REP. SIMKINS

	FY 90	FY 91	FY 92	FY 93	FY 94
REVENUE					
Start Up Loan	\$150,000	\$0	\$0	\$0	\$0
Administrative Fee	\$100,000	\$250,000	\$300,000	\$300,000	\$300,000
TOTAL REVENUE	\$250,000	\$250,000	\$300,000	\$300,000	\$300,000
EXPENDITURES					
FTE	4.00	4.00	4.00	4.00	4.00
Personal Services	\$93,765	\$93,765	\$93,765	\$93,765	\$93,765
Operating Expenses					
Travel and Freight	\$20,000	\$50,000	\$60,000	\$60,000	\$60,000
Rent	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Refurbishing	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Miscellaneous	\$20,000	\$25,000	\$30,000	\$30,000	\$30,000
Subtotal Operations	\$100,000	\$135,000	\$150,000	\$150,000	\$150,000
Loan Repayment	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
TOTAL EXPENDITURES	\$223,765	\$258,765	\$273,765	\$273,765	\$273,765
REVENUE OVER (UNDER) EXPENDITURES	\$26,235	(\$8,765)	\$26,235	\$26,235	\$26,235

ESTIMATED FIVE YEAR CASH FLOW FY 90-94
 FEDERAL SURPLUS PROPERTY PROGRAM

	FY 90	FY 91	FY 92	FY 93	FY 94
BEGINNING FUND BALANCE	\$0	\$26,235	\$17,469	\$43,704	\$69,939
PROFIT (LOSS)	\$26,235	(\$8,765)	\$26,235	\$26,235	\$26,235
ENDING FUND BALANCE	\$26,235	\$17,469	\$43,704	\$69,939	\$96,173

CALCULATION OF PERSONAL SERVICES COST:

POSITION	GR/ST	EST. ANNUAL COST
PROGRAM MANAGER	16/2	\$25,336
SEC/BOOKKEEPER	11/2	\$16,805
WAREHOUSE WORKER/ASST SCREENER	9/2	\$14,542
WAREHOUSE MGR/SCREENER	13/2	\$19,549
TOTAL SALARIES		\$76,232
EST. BENEFITS @ 23%		\$17,533
TOTAL PERSONAL SERVICES		\$93,765

4
DATE 1-18-89
HB

07:03 PM 13-Dec-88

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AGENCY: DEPARTMENT OF ADMINISTRATION
LEGISLATIVE ACTION
PROGRAM: PURCHASING PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive LFA Curr Lvl	Fiscal 1991 Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	12.50	13.33	12.33	1.00	13.33	13.33	12.33	1.00	-1.36%
Personal Services	\$309,254	\$333,554	\$301,839	\$31,715	\$333,876	\$333,876	\$302,164	\$31,712	-2.40%
Operating Expenses	101,079	106,511	104,160	2,351	107,346	107,346	97,067	10,279	3.05%
Equipment	28,915	17,000	0	17,000	2,000	2,000	0	2,000	-100.00%
TOTAL EXPENSES	\$439,248	\$457,065	\$405,999	\$51,066	\$443,222	\$443,222	\$399,231	\$43,991	-7.57%
General Fund	\$439,248	\$457,065	\$405,999	\$51,066	\$443,222	\$443,222	\$399,231	\$43,991	-7.57%
TOTAL FUNDING	\$439,248	\$457,065	\$405,999	\$51,066	\$443,222	\$443,222	\$399,231	\$43,991	-7.57%

ISSUES:

- VACANCY SAVINGS- Executive includes 2%; LFA includes 4%
- PRINTING & MAILING-The LFA included funds to print and mail "How to do Business with Montana" in the even year of the biennium as the agency indicated this manual would need to be printed only once each biennium.
- WORKLOAD INCREASE-The executive budget includes operating funds for a workload increase. The LFA current level does not include additional funds over FY 88 expenditures for a workload increase as the information provided by the agency to support a workload increase was inconclusive.
- The executive included two modified budget recommendations:
 - Enhance the computerized procurement system
 - Contracted Service Compliance (1.0 FTE)

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	\$6,267
LFA CL	\$12,533

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

FY 90	\$6,260	FY 91	\$6,266
	\$0		\$7,500
	\$2,565		\$2,565
	\$17,000		\$2,000
	\$25,455		\$25,446
	\$51,280		\$43,777

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 : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 10 PURCHASING PROGRAM
 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)	12.33	12.33	12.33	12.33		12.33	12.33	
1100	SALARIES	249,297.08	269,369	253,166	253,166		253,166	253,166	
1102	OVERTIME	1,366.62		1,367	1,367		1,367	1,367	
1113	LONGEVITY	3,302.48		3,924	3,924		4,270	4,270	
1400	EMPLOYEE BENEFITS	55,288.47	40,684	38,887	38,887		38,879	38,879	
1500	HEALTH INSURANCE		17,250	17,015	17,015		17,015	17,015	
1600	VACANCY SAVINGS		-12,828	-6,260	-12,520	6,260	-6,267	-12,533	6,266
	TOTAL LEVEL	309,254.65	314,475	308,099	301,839	6,260	308,430	302,164	6,266
2021	CONTRACTED SERVICES-INFLATI			1,221	1,221		2,672	2,187	485
2022	SUPPLIES & MATERIALS-INFLAT			-108	-108		-175	-175	
2023	COMMUNICATIONS-INFLATION			-48	-105	57	-677	-677	
2024	TRAVEL-INFLATION			64	64		154	154	
2100	CONTRACTED SERVICES	43,404.36	30,831	45,184	44,215	969	45,216	38,247	6,969
2200	SUPPLIES & MATERIALS	4,234.72	6,697	4,225	4,225		4,225	4,225	
2300	COMMUNICATIONS	25,684.72	22,418	26,751	25,251	1,500	26,751	23,751	3,000
2400	TRAVEL	2,641.91	4,099	2,643	2,818	-175	2,643	2,818	
2500	RENT	15,011.41	17,142	16,301	16,301		16,352	16,352	
2700	REPAIR & MAINTENANCE	5,909.35	7,640	6,087	6,087		5,994	5,994	
2800	OTHER EXPENSES	4,191.29	1,104	4,191	4,191		4,191	4,191	
	TOTAL LEVEL	101,077.76	89,931	106,511	104,160	2,351	107,346	97,067	10,279
3100	EQUIPMENT	27,613.35							
3400	INTANGIBLE ASSETS	1,302.00							
	TOTAL LEVEL	28,915.35							
	TOTAL PROGRAM	439,247.76	404,406	414,610	405,999	8,611	415,776	399,231	16,545
01100	GENERAL FUND	439,247.76	404,406	414,610	405,999	8,611	415,776	399,231	16,545
	TOTAL PROGRAM	439,247.76	404,406	414,610	405,999	8,611	415,776	399,231	16,545

PURCHASING BUREAU
BUDGET DIFFERENCES

PERSONAL SERVICES

OBPP allowed for an additional \$6,260 in FY 90 and \$6,266 in FY 91. OBPP used a 2% vacancy savings factor and LFA used 4%.

CONTRACTED SERVICES

In FY 90 LFA allowed for a moderate increase in microfilm services, and brought us back to base in records storage and photocopy pool services (\$969). This action was also taken in FY 91. LFA also reduced our printing budget by \$6000 to exclude costs for printing and a vendor manual in FY 91.

COMMUNICATIONS

OBPP gave the bureau a 10% increase in postage both years (\$1,500/yr). LFA brought us back to base plus took another \$1,500 assuming the bureau won't be distributing the vendor manual in 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

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 10 PURCHASING PROGRAM
 CONTROL : 92001 ENHANCEMENTS

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
3100	EQUIPMENT			12,000		12,000			
3400	INTANGIBLE ASSETS			5,000		5,000	2,000		2,000
	TOTAL LEVEL		17,000	17,000		17,000	2,000		2,000
	TOTAL PROGRAM		17,000	17,000		17,000	2,000		2,000
01100	GENERAL FUND			17,000		17,000	2,000		2,000
	TOTAL PROGRAM		17,000	17,000		17,000	2,000		2,000

PURCHASING BUREAU
MODIFIED LEVEL

Advanced Procurement System (APS) term contract module, vendor list module enhancement and ISD software support for central access to vendor list, catalogs and bid documents. This will also position the Bureau in the future for electronic requisition transfers from agencies versus increases of staff. By taking advantage of mainframe computer capabilities, we will reduce the paper flow and reduce duplicate typing.

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 : 10 PURCHASING PROGRAM
 CONTROL : 92002 FTE CONTRACTED SERV COMPLIANCE

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	MODIFIED LEVEL SERVICES ONLY	
										EXEC FY 91	LFA FY 91
0000	FULL TIME EQUIVALENT (FTE)			1.00		1.00	1.00		1.00		1.00
1100	SALARIES			21,351		21,351	21,351		21,351		21,351
1400	EMPLOYEE BENEFITS			3,243		3,243	3,234		3,234		3,234
1500	HEALTH INSURANCE			1,380		1,380	1,380		1,380		1,380
1600	VACANCY SAVINGS			-519		-519	-519		-519		-519
	TOTAL LEVEL			25,455		25,455	25,446		25,446		25,446
	TOTAL PROGRAM			25,455		25,455	25,446		25,446		25,446
01100	GENERAL FUND			25,455		25,455	25,446		25,446		25,446
	TOTAL PROGRAM			25,455		25,455	25,446		25,446		25,446

PURCHASING BUREAU
MODIFIED LEVEL

FTE responsible for contracted service compliance and training duties. Responsibility assigned by the Governor's Office based upon a recommendation included in an Office of the Legislative Auditor Performance audit which found agencies were needing assistance to comply with procurement statutes.

08:30 PM 13-Dec-88

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AGENCY: DEPARTMENT OF ADMINISTRATION LEGISLATIVE ACTION PROGRAM: CENTRAL STORES

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	15.50	16.34	15.34	1.00	16.34	15.34	1.00	-1.03%
Personal Services	\$354,429	\$364,752	\$342,157	\$22,595	\$364,809	\$342,212	\$22,597	-3.46%
Operating Expenses	2,510,516	2,744,021	2,608,264	135,757	3,063,520	2,694,813	368,707	3.89%
Equipment	0	48,600	0	48,600	0	0	0	0.00%
TOTAL EXPENSES	\$2,864,945	\$3,157,373	\$2,950,421	\$206,952	\$3,428,329	\$3,037,025	\$391,304	2.98%
Other Revenue	\$2,864,945	\$3,157,373	\$2,950,421	\$206,952	\$3,428,329	\$3,037,025	\$391,304	2.98%
TOTAL FUNDING	\$2,864,945	\$3,157,373	\$2,950,421	\$206,952	\$3,428,329	\$3,037,025	\$391,304	2.98%

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

- VACANCY SAVINGS- Executive includes 2% LFA includes 3.37%
- RESALE MERCHANDISE INFLATION-The LFA used 4% annual inflation for cost of merchandise for resale. The executive used approximately 1.5% overall from FY88 to FY90 and FY88 to FY91.
- GROWTH IN SERVICES-The LFA current level budget does not include funds for growth in services because the agency did not adequately document service growth. The executive budget includes additional funds for growth.
- LEGISLATIVE YEAR COSTS-The agency requested additional funds to accommodate increased costs for the legislative session. Past expenditures have not increased in the session year. The LFA did not include the additional authority.
- The executive included equipment funds not included in current level.
- The executive budget includes a modified budget recommendation for an additional warehouse worker.

TOTAL ISSUES

EXECUTIVE	\$7,082	\$7,083
LFA CL	\$11,933	\$11,935
	\$205,627	\$390,445
	\$48,600	\$0
	\$17,744	\$17,745
	\$0	\$102,910
	(\$59,657)	(\$151,341)
	\$194,089	\$416,279
	\$4,851	\$4,852

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:

DATE 1-18-84
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 : 6101 DEPARTMENT OF ADMINISTRATION
PROGRAM : 09 PROPERTY AND SUPPLY BUREAU
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)	15.34	15.34	15.34	15.34		15.34	15.34	
1100	SALARIES	282,173.99	298,290	283,200	283,200		283,200	283,200	
1102	OVERTIME	1,405.37							
1113	LONGEVITY	1,655.76		1,674	1,674		2,304	2,304	
1400	EMPLOYEE BENEFITS	69,193.06	49,549	48,047	48,047		47,474	47,474	
1500	HEALTH INSURANCE		21,390	21,169	21,169		21,169	21,169	
1600	VACANCY SAVINGS		-13,964	-7,082	-11,933	4,851	-7,083	-11,935	4,852
	TOTAL LEVEL	354,428.18	355,265	347,008	342,157	4,851	347,064	342,212	4,852
2021	CONTRACTED SERVICES-INFLATI			331	331		661	1,107	-446
2022	SUPPLIES & MATERIALS-INFLAT			-1,032	-1,032		-1,353	-1,353	
2023	COMMUNICATIONS-INFLATION			-330	-294	-36	-601	-545	-56
2024	TRAVEL-INFLATION			57	57		138	138	
2026	UTILITIES-INFLATION			1,935	1,935		2,675	2,675	
2029	GOODS PURCH. RESALE-INFLATI			28,648	88,305	-59,657	28,800	180,141	-151,341
2100	CONTRACTED SERVICES	25,246.94	19,834	34,663	30,663	4,000	28,351	24,351	4,000
2200	SUPPLIES & MATERIALS	14,698.61	7,759	14,688	14,688		14,688	14,688	
2300	COMMUNICATIONS	21,209.60	14,325	19,146	21,199	-2,053	19,146	21,199	-2,053
2400	TRAVEL	2,219.37	1,831	2,457	3,149	-692	2,457	3,149	-692
2500	RENT	61,517.00	63,578	61,517	61,517	106	61,517	61,517	106
2600	UTILITIES	12,562.36	12,416	12,669	12,563		12,669	12,563	
2700	REPAIR & MAINTENANCE	15,632.72	12,337	17,862	17,862		17,862	17,862	
2800	OTHER EXPENSES	1,148.92	1,960	1,044	1,044		1,044	1,044	
2900	GOODS PURCHASED FOR RESALE	2,356,277.11	2,385,452	2,550,366	2,356,277	194,089	2,875,466	2,356,277	519,189
	TOTAL LEVEL	2,510,512.63	2,518,492	2,744,021	2,608,264	135,757	3,063,520	2,694,813	368,707
3100	EQUIPMENT			39,600		39,600			
3400	INTANGIBLE ASSETS			9,000		9,000			
	TOTAL LEVEL			48,600		48,600			
	TOTAL PROGRAM	2,864,940.81	2,873,757	3,139,629	2,950,421	189,208	3,410,584	3,037,025	373,559
06531	CENTRAL STORES	2,864,940.81	2,873,757	3,139,629	2,950,421	189,208	3,410,584	3,037,025	373,559
	TOTAL PROGRAM	2,864,940.81	2,873,757	3,139,629	2,950,421	189,208	3,410,584	3,037,025	373,559

PROPERTY AND SUPPLY BUREAU
BUDGET DIFFERENCES

PERSONAL SERVICES

OBPP allowed for an additional \$4,851 in salaries in FY 90 and \$4,852 in FY 91. LFA used a 3.7% vacancy factor while OBPP used a 2% factor.

INFLATION - GOODS PURCHASED FOR RESALE

LFA allowed for additional inflation of \$59,657 in FY 90 and \$151,341 in FY 91. LFA averaged the inflation factors for the various categories while OBPP did not.

CONTRACTED SERVICES

OBPP allowed for an additional \$4,000 in contracted services in both FY 90 and FY 91. The LFA did not budget for information system support for DISOSS.

COMMUNICATIONS

LFA allowed for an additional \$2,053 for communications in FY 90 and FY 91. OBPP did not budget for \$1,653 for advertising for surplus property sales and \$400 for telephone move and change that appeared in FY 88 current level.

TRAVEL

LFA allowed an additional \$692 in out-of-state travel for FY 90 and FY 91. OBPP used the actual cost for out-of-state travel in FY 88 for both years.

GOODS PURCHASED FOR RESALE

OBPP allowed for an additional \$194,089 in FY 90 and \$519,189 in FY 91. LFA used current level figures while OBPP allowed for growth in the program. Also in FY 91 OBPP included \$102,910 for supplies for the legislative session.

EQUIPMENT AND INTANGIBLE ASSETS

OBPP allowed an additional \$48,600 in equipment and intangible assets for FY 90. The additional allowed by OBPP include \$9,000 for software needed for DISOSS and SBAS on-line entry; \$29,600 to upgrade the Bureau's computer memory to meet current demands; \$8,000 for an electric pallet jack for the warehouse and \$2,000 for a cash register for the state surplus property public sales.

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 : 09 PROPERTY AND SUPPLY BUREAU
 CONTROL : 92016 ADDITIONAL WAREHOUSE WORKER

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
0000	FULL TIME EQUIVALENT (FTE)			1.00		1.00			1.00
1100	SALARIES		14,542	14,542		14,542		14,542	14,542
1400	EMPLOYEE BENEFITS		2,184	2,184		2,184		2,185	2,185
1500	HEALTH INSURANCE		1,380	1,380		1,380		1,380	1,380
1600	VACANCY SAVINGS		-362	-362		-362		-362	-362
	TOTAL LEVEL		17,744	17,744		17,744		17,745	17,745
	TOTAL PROGRAM		17,744	17,744		17,744		17,745	17,745
06531	CENTRAL STORES		17,744	17,744		17,744		17,745	17,745
	TOTAL PROGRAM		17,744	17,744		17,744		17,745	17,745

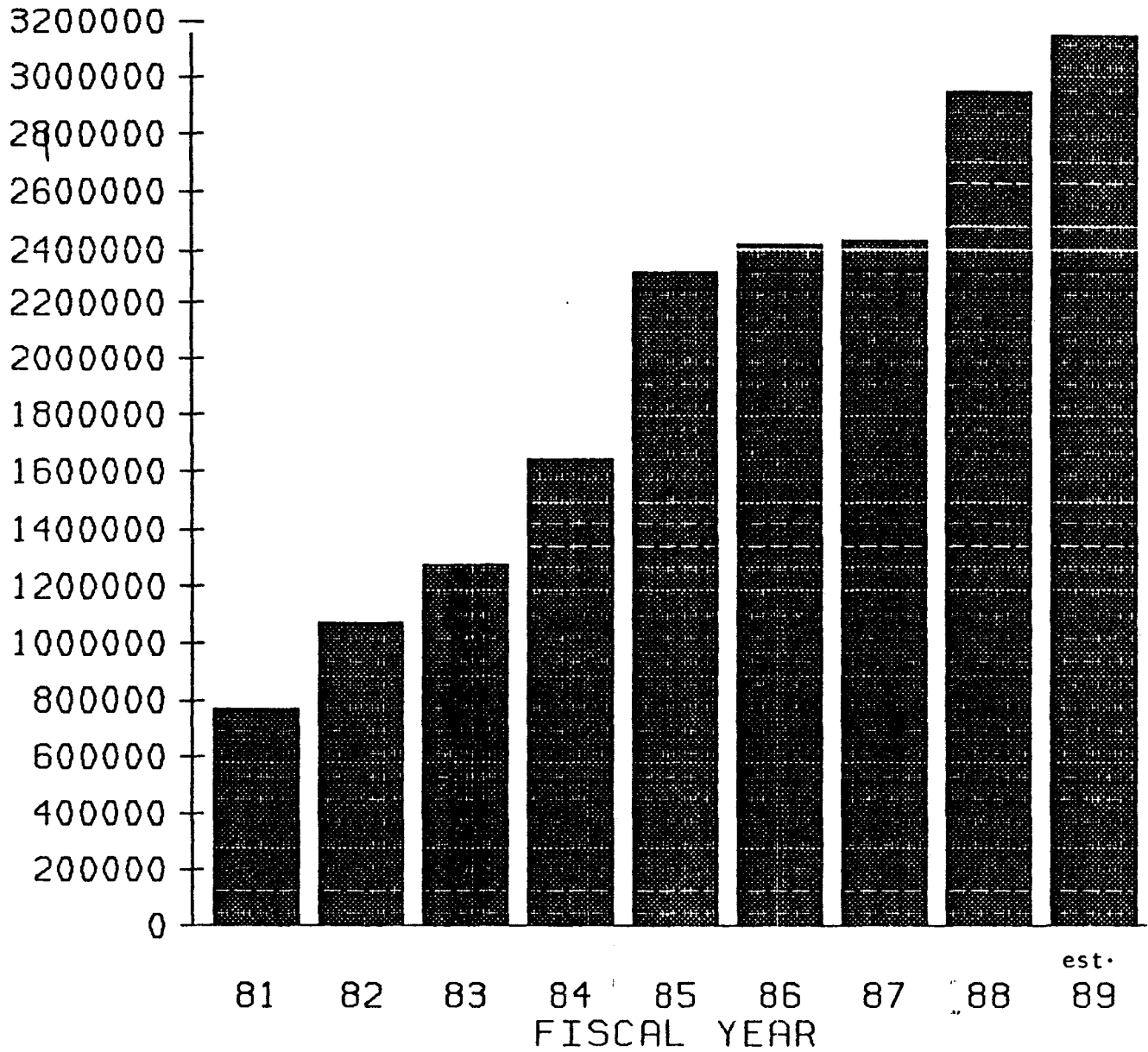
PROPERTY & SUPPLY BUREAU
MODIFIED LEVEL

Because the workload for the State Surplus Property Program has increased greatly in the last three years, the Bureau is requesting an additional warehouse worker. The program's growth is the result of increased agency use and changes in surplus property marketing which has increased sales. The changes in marketing that have occurred have been:

1. monthly garage sales,
2. regional sales of surplus property,
3. monthly bulletins & newsletters,
4. training of State agencies in the surplus program.

The worker would be paid by proprietary funds. No general funds would be required.

CENTRAL STORES YEARLY SALES



**FISCAL YEAR 1988 DOLLAR SAVINGS TO THE STATE
CENTRAL STORES**

	FY 1988 DOLLARS SPENT BY AGENCIES	IF PURCHASED RETAIL WITH NO DISCOUNT	TOTAL SAVINGS THROUGH STORES
BINDERS	\$ 59,987	\$ 164,740	\$ 104,753
FASTENING SUPPLIES	\$ 80,004	\$ 219,533	\$ 139,529
PAPER PRODUCTS OFFICE SUPPLIES	\$ 221,846	\$ 472,028	\$ 250,182
WRITING MATERIALS	\$ 80,218	\$ 219,998	\$ 139,780
MISCELLANEOUS OFFICE SUPPLIES	\$ 145,699	\$ 319,619	\$ 173,920
RIBBONS	\$ 94,950	\$ 204,714	\$ 109,764
DISKETTES	\$ 70,680	\$ 298,370	\$ 227,690
COPIER SUPPLIES	\$ 7,414	\$ 18,857	\$ 11,443
FINE PAPER	\$ 653,998	\$1,709,374	\$1,055,376
COARSE PAPER	\$ 457,126	\$ 783,474	\$ 326,348
JANITORIAL	\$ 290,442	\$ 408,949	\$ 118,507
COMPUTER PAPER	\$ 382,317	\$1,138,229	\$ 755,912
SOFTWARE	\$ 174,867	\$ 203,480	\$ 28,613
TOTAL SAVINGS THROUGH STORES WITH NO DISCOUNT*	\$2,719,548	\$6,161,365	\$3,441,817
TOTAL SAVINGS THROUGH STORES USING A 25% DISCOUNT*	\$2,719,548	\$4,621,024	\$1,901,475

*items not available from retail sources are excluded from totals

Analysis of In State/Out of State
Of State Purchases by Central Stores FY 88

Category	Dollars Purchased	%	No. of Active Vendors	%
I. Office Supplies:				
Out of State:	\$ 182,966.08	34.42%	41	57.75%
In State:	\$ 348,757.50	65.59%	30	42.26%
Total:	\$ 531,723.58		71	
II. Computer Paper				
Out of State:	\$ 282,714.81	89.79%	22	64.71%
In State:	\$ 32,182.51	10.22%	12	35.30%
Total:	\$ 314,897.32		34	
III. Fine Paper				
Out of State:	\$ 30,887.60	5.52%	4	33.34%
In State:	\$ 529,685.97	94.49%	8	66.67%
Total:	\$ 560,573.57		12	
IV. Forms				
Out of State:	0.00	0.0%		
In State:	\$ 35,495.29	100.0%	3	100.0%
Total:	\$ 35,495.29		3	
V. Coarse Paper:				
Out of State:	\$ 63,712.62	14.64%	03	18.75%
In State:	\$ 371,780.33	85.37%	13	81.25%
Total:	\$ 435,492.95		16	
VI. Janitorial Supplies:				
Out of State:			10	26.32%
In State:	\$ 240,298.53	100.0%	28	73.69%
Total:	\$ 240,298.53		38	
VII. Software:				
Out of State:	\$ 144,142.30	93.33%	8	66.67%
In State:	\$ 10,317.94	6.68%	4	33.33%
Total:	\$ 154,460.24		12	
VIII. Total Purchases:				
Out of State	\$ 704,423.41	31.00%	091	48.15%
In State	\$1,568,518.07	69.00%	098	51.86%
Total	\$2,272,941.48		189	

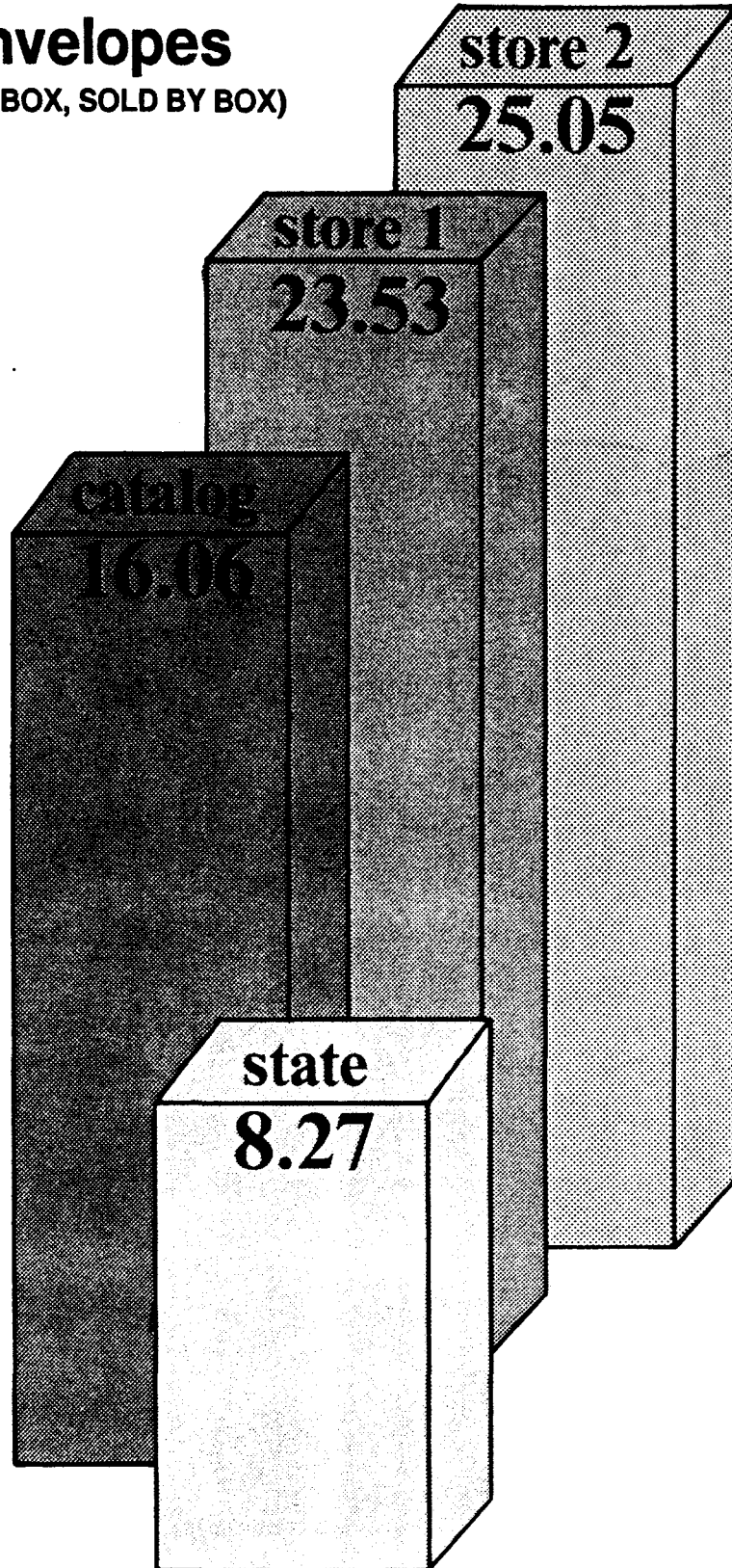
*Not only does the Central Stores Program spend the majority of money with in state vendors, the vendors are located geographically throughout the state. Many of the vendors are small retailers.

PRINTERS OFFICE SUPPLY SALES BULLETIN 12/88
PRICE COMPARISON TO CENTRAL STORES

DESCRIPTION	PRINTERS PRICE		STORES PRICE	QTY SOLD	% OFF PRINTERS	
	REGULAR	SALE			Reg	Sale
1/2" Magic Tape	2.000	1.350	.764	1553	61.80%	43.41%
3/4" Magic Tape	2.640	1.750	.853	16833	67.69%	51.26%
American Heritage Dictionary	24.950	18.720	9.890	86	60.36%	47.17%
Razor Point Pen	1.190	.870	.225	26748	81.09%	74.14%
Felt Tip Markers	1.350	.880	.201	11350	85.11%	77.16%
Pocket Highlighters	.790	.490	.310	759	60.76%	36.73%
Highlighters	.790	.490	.206	11329	73.92%	57.96%
Correction Fluid Pen	2.290	1.690	1.439	481	37.16%	14.85%
IBM Wheelwriter Ribbon	12.500	4.500	3.250	425	74.00%	27.78%
IBM Wheelwriter Lift Off	7.150	4.490	2.557	410	64.24%	43.05%
Xerox 600 Ribbon	6.500	4.850	2.844	54	56.25%	41.36%
Legal Pads, 5"x8-3/4", pkg	7.000	4.490	3.822	1514	45.40%	14.88%
Legal Pads, 8-1/2"x11", pkg	12.000	7.490	6.360	4233	47.00%	15.09%
Legal Pads, 8-1/2"x14", pkg	14.500	8.490	6.610	1105	54.41%	22.14%
Ring Binders, Vinyl 1"	3.550	1.790	1.490	3936	58.03%	16.76%
Ring Binders, Vinyl 2"	6.950	3.290	2.570	2330	63.02%	21.88%
Ring Binders, Vinyl 3"	10.650	5.590	4.270	2557	59.91%	23.61%
Index Dividers, 5 tab	1.050	.690	.341	6269	67.52%	50.58%
Index Dividers, 8 tab	1.800	1.090	.468	4245	74.00%	57.06%
Hanging File Folder, 1/5 letter	14.840	9.650	5.884	672	60.35%	39.03%
Hanging File Folder, 1/3 letter	15.350	9.980	6.308	701	58.91%	36.79%
Hanging File Folder, 1/5 legal	17.190	11.180	7.427	386	56.79%	33.57%
Hanging File Folder, 1/3 Legal	17.720	11.490	7.672	510	56.70%	33.23%
5-1/4" Diskettes, DSDD	19.900	14.950	4.768	4421	76.04%	68.11%
5-1/4" Diskettes, DSDD, HD	29.900	22.440	9.818	569	67.16%	56.25%
3-1/2" Diskettes, DSDD, HD	94.900	71.120	46.778	528	50.71%	34.23%
3-1/2" Diskettes, DSDD	34.900	26.210	14.986	827	57.06%	42.82%
Avery Continuous Labels, 3-1/2x15/16	25.400	16.990	7.656	593	69.86%	54.94%
Avery Continuous Labels, 3-1/2x7/16	52.830	37.990	14.729	22	72.12%	61.23%
Avery Continuous Labels, 4x15/16	42.860	33.990	9.632	736	77.53%	71.66%
Adding Machine Tape, 2-1/4"	0.780	.590	.383	17950	50.90%	35.08%
Adding Machine Tape, 3"	1.050	.790	.495	1298	52.86%	37.34%
Batteries, D	1.875	1.595	.902	1952	51.89%	43.44%
Batteries, C	1.875	1.595	.907	1242	51.63%	43.13%
Batteries, AAA	1.325	1.145	.538	324	59.30%	53.00%
Computer Paper, 15#, 9-1/2"x11" blank	46.500	31.990	17.090	2545	63.25%	46.57%
Economy Storage Box	2.500	1.860	2.255	375	9.80%	(21.24%)

Manilla Envelopes

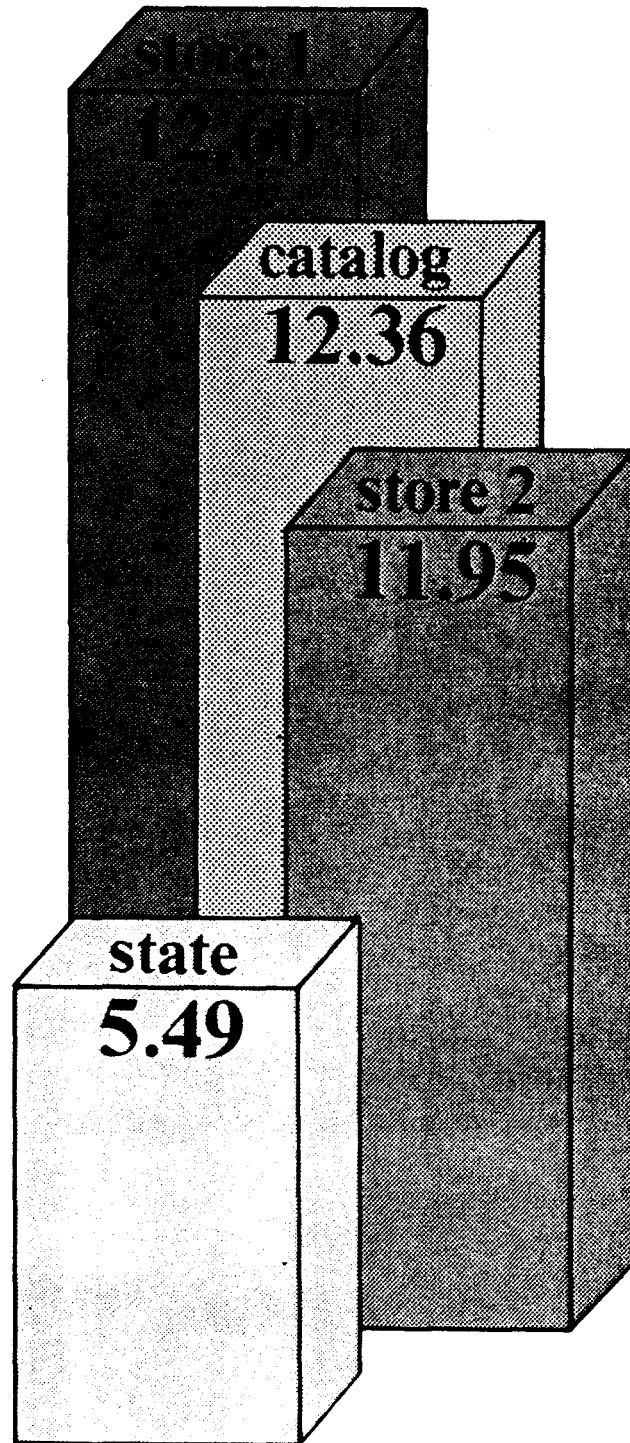
(10 x 13, 32#, 100 PER BOX, SOLD BY BOX)



State vs. Retail

Legal Tablets

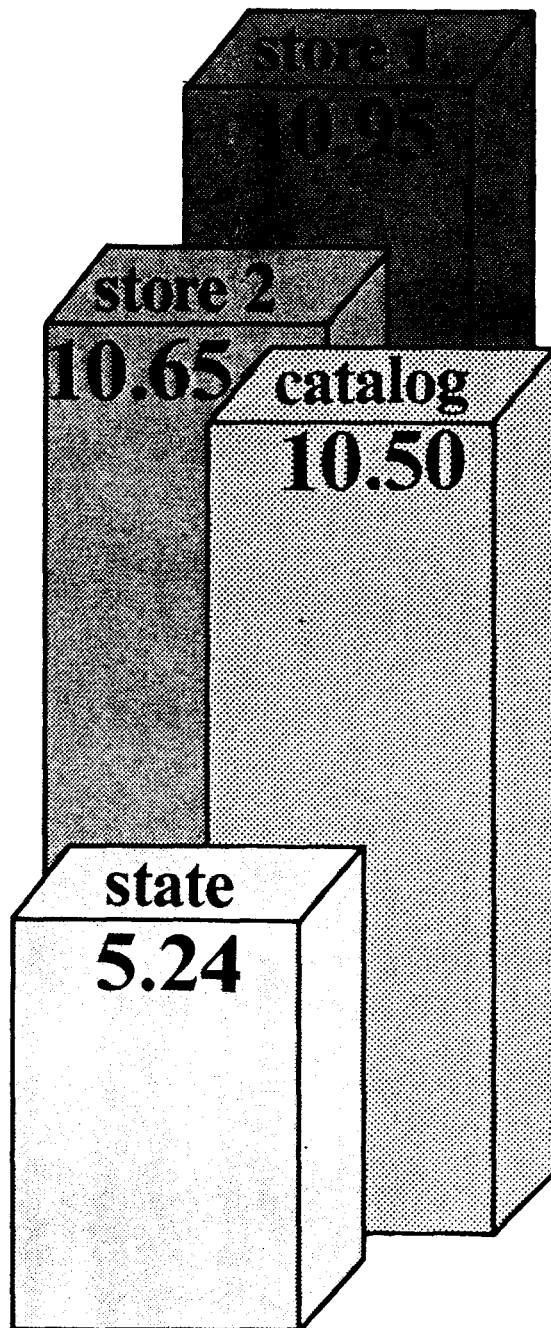
(LETTER SIZE 12 PADS/PKG. SOLD BY PKG.)



State vs. Retail

File Folder

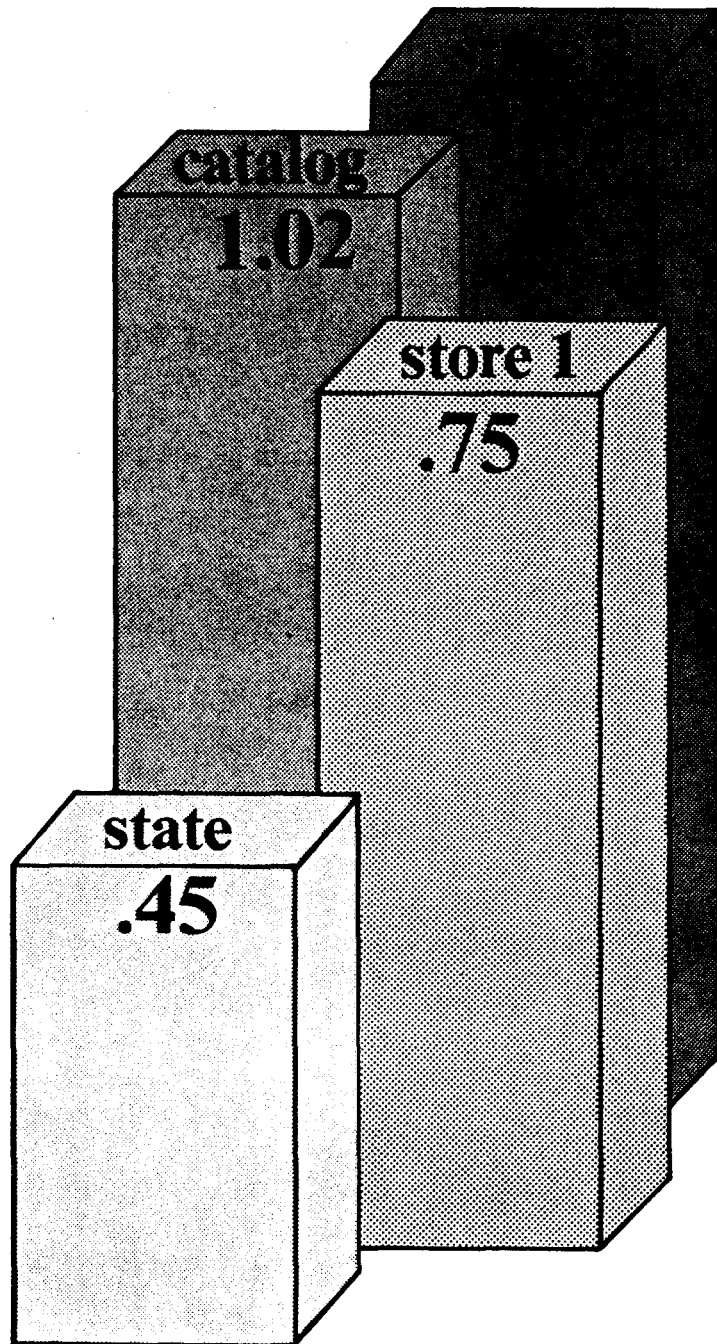
(LETTER 1/3 CUT—100 PER BOX, SOLD BY THE BOX)



State vs. Retail

Post-It-Note

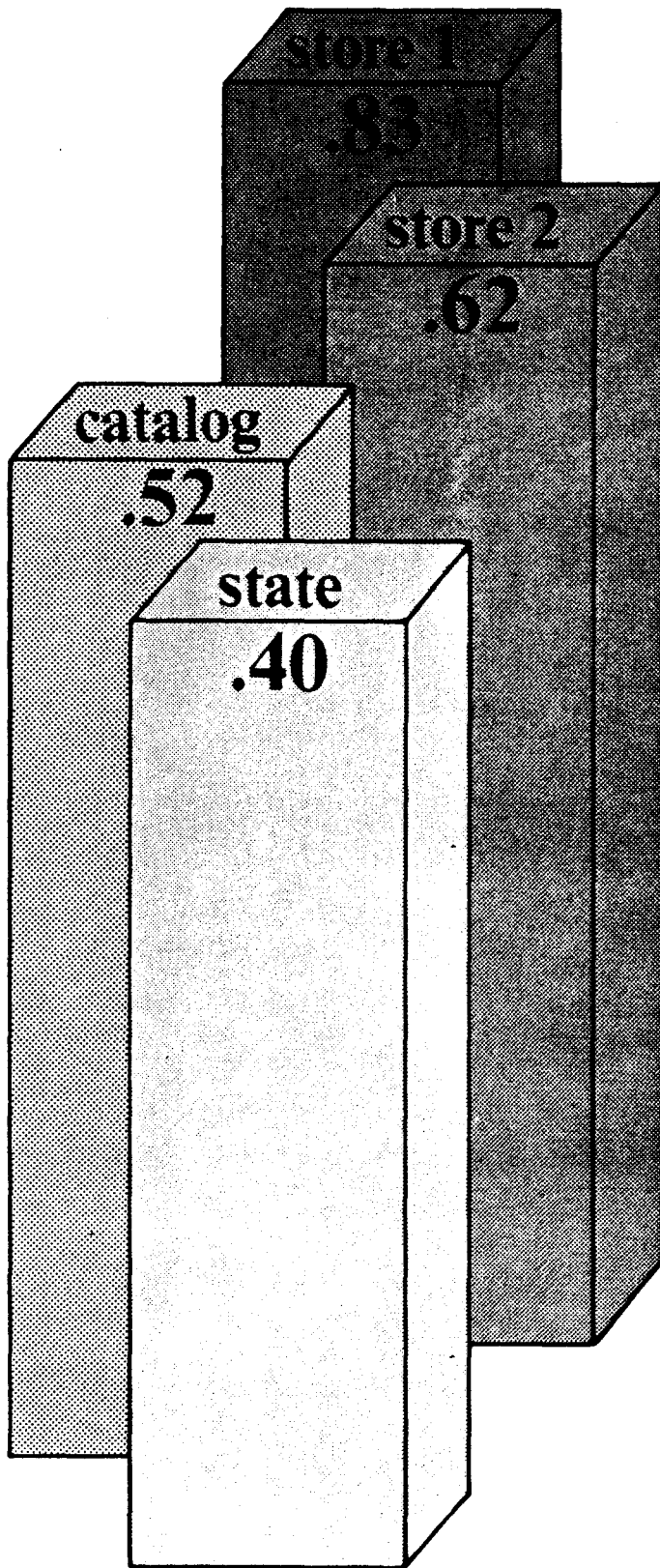
(3 x 3 SOLD BY THE EACH)



State vs. Retail

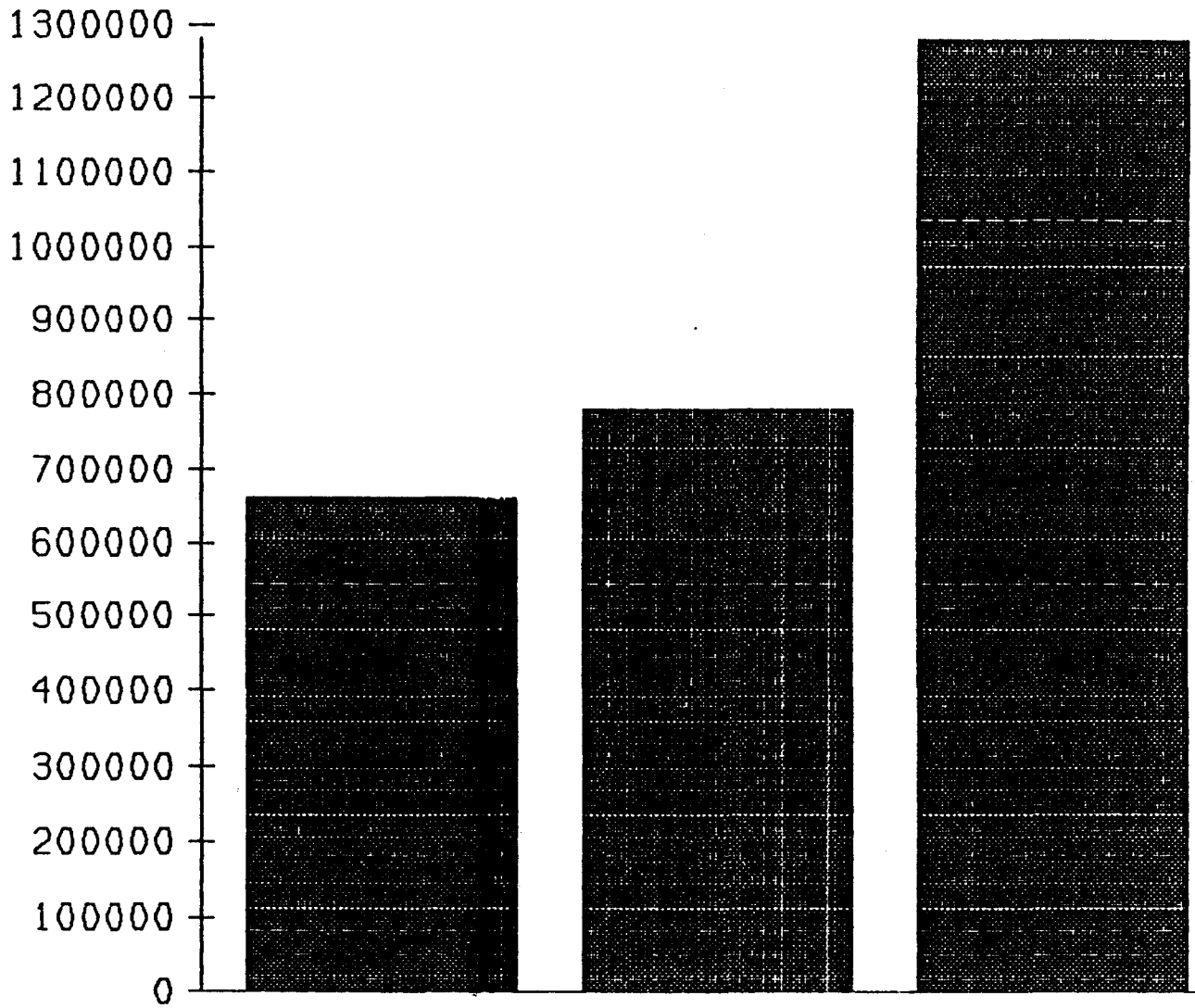
Adding Machine Tape

(2 1/4" SOLD BY THE ROLL)



State vs. Retail

*STATE SURPLUS
YEARLY REVENUES*



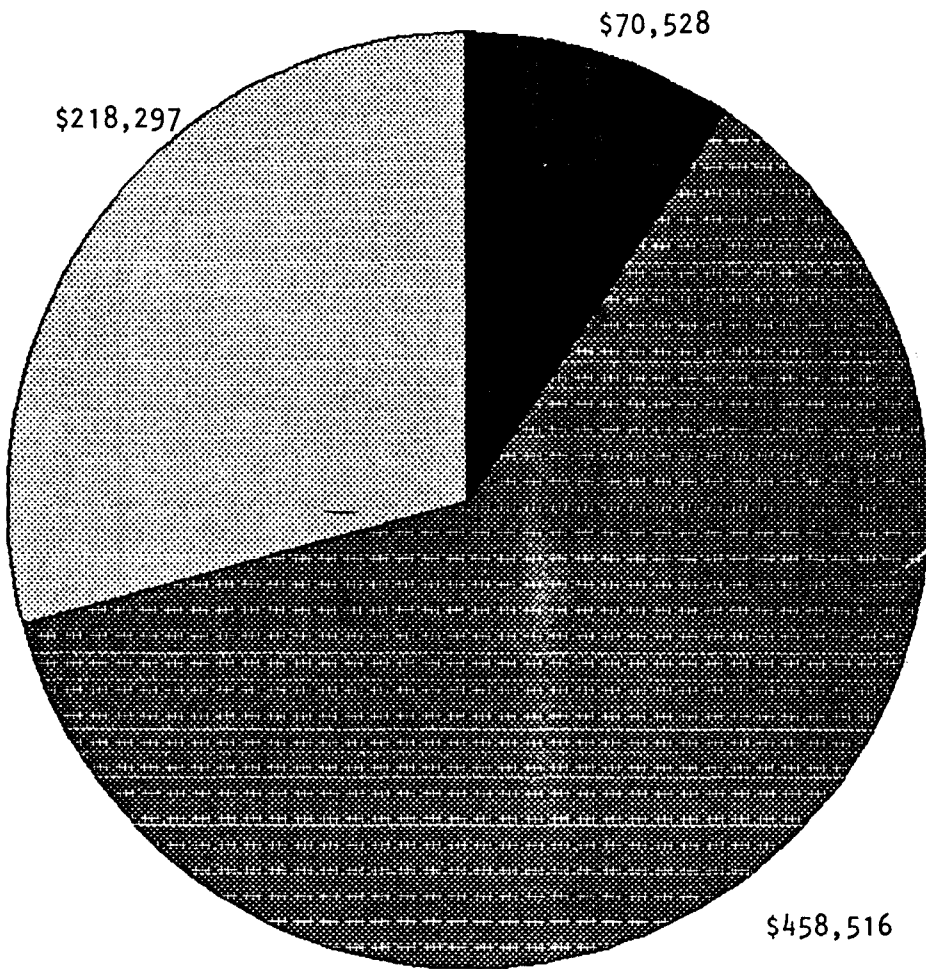
1987

1988
FISCAL YEAR

EST 89

STATE SURPLUS PROPERTY SALES FY 88 ALLOCATION OF FUNDS

* LEGEND *



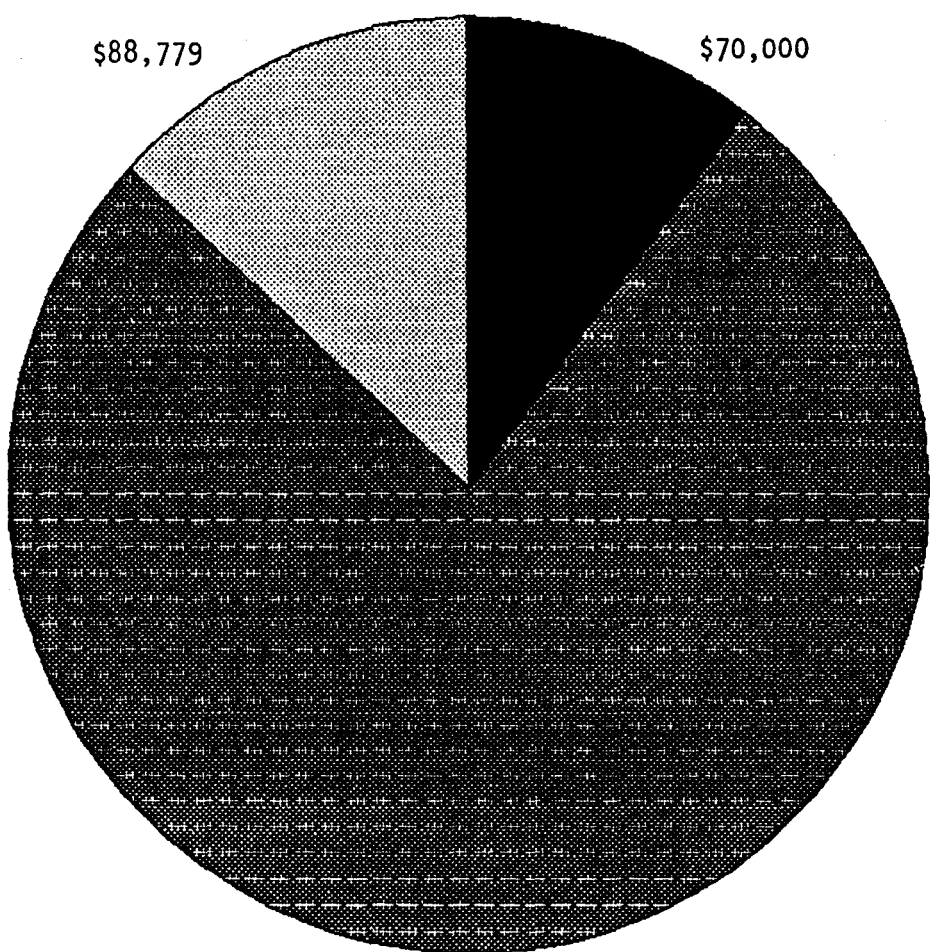
■ GENERAL

■ AGENCIES

■ PSB FEES

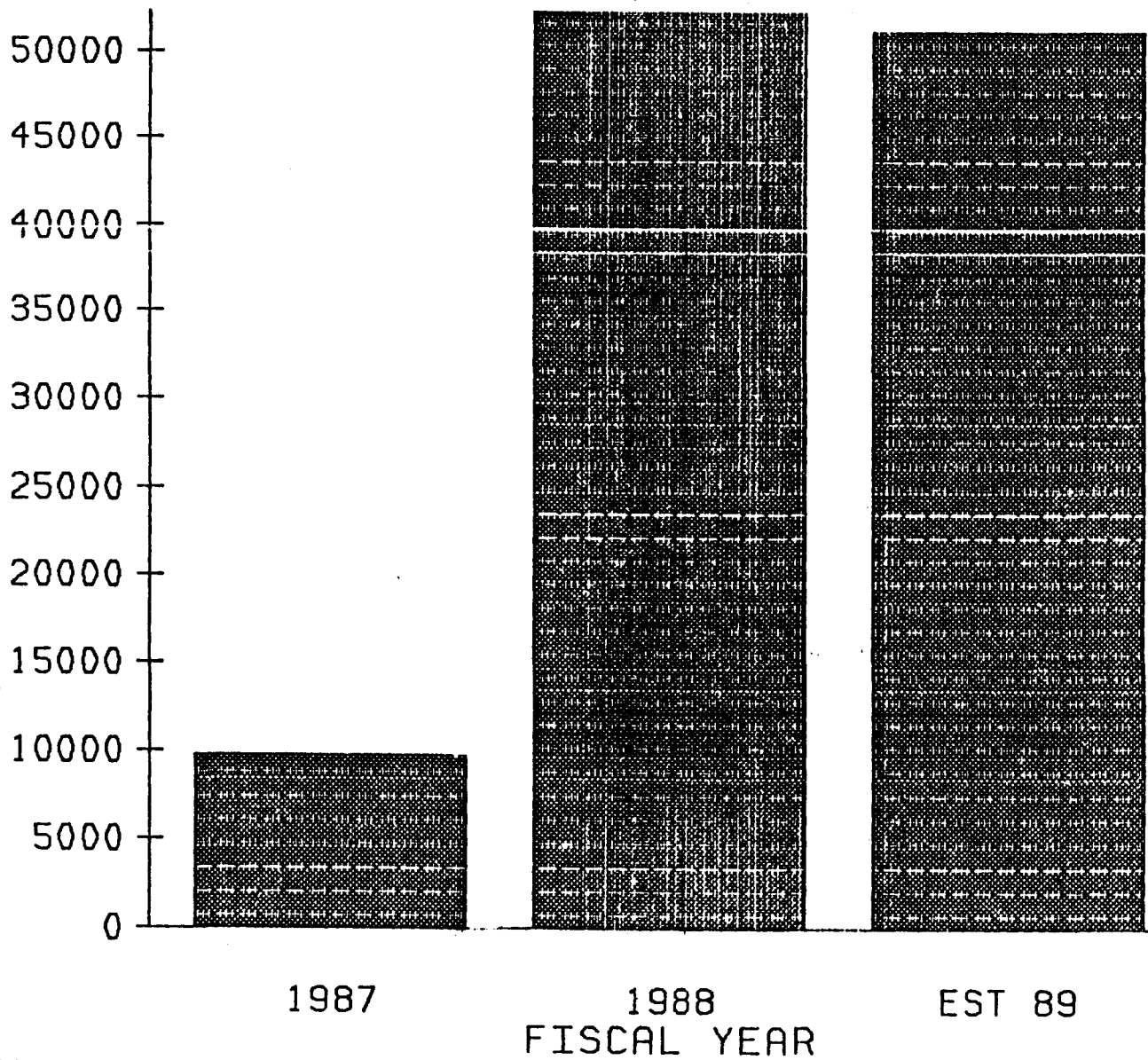
STATE SURPLUS PROPERTY SALES FY 89 (JULY-NOV) ALLOCATION OF FUNDS

* LEGEND *



- GENERAL
- AGENCIES
- PSB FEES

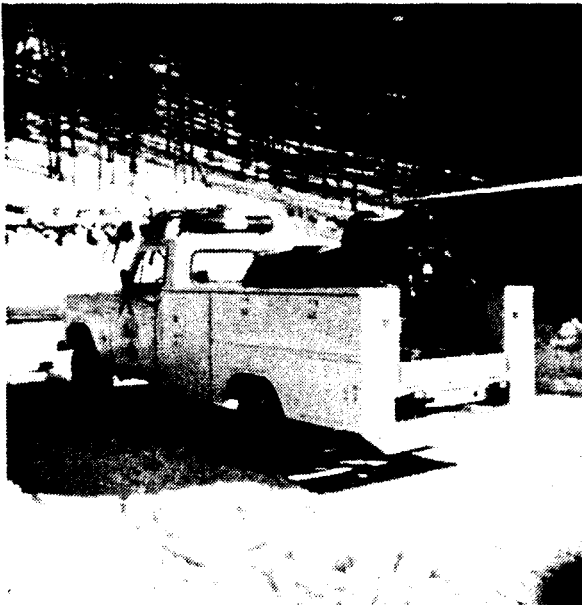
FEDERAL SURPLUS YEARLY REVENUES



FEDERAL SURPLUS PROPERTY PROGRAM

FEDERAL SURPLUS PROPERTY BEING PUT TO GOOD USE

IN CASCADE COUNTY



CO-OPERATIVE PURCHASING

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE

MY NAME IS ROBERT RYAN AND I AM THE SUPERVISOR OF CENTRAL PURCHASING FOR LEWIS AND CLARK COUNTY.

I AM HERE TODAY IN SUPPORT OF RAISING THE SPENDING AUTHORITY FOR THE DEPARTMENT OF ADMINISTRATION, CENTRAL STORES. RAISING THEIR SPENDING AUTHORITY WILL IN TURN ALLOW THEM TO STOCK THE SUPPLIES NECESSARY TO SERVICE CITY AND COUNTY GOVERNMENTS AND THE SCHOOL DISTRICTS THROUGHTOUT THE STATE.

NOW EVERYONE OF YOU SITTING IN THIS ROOM TODAY KNOWS HOW TOUGH YOUR CITY, COUNTY OR SCHOOL DISTRICT IS HAVING IT TRYING TO MAKE BUDGET DOLLARS STREACH TO MEET THE DEMAND FOR SERVICES. WITH THE MILL LEVIE FROZEN AND THE CUTS IN STATE REVENUES YOU KNOW THIS IS AN IMPOSSIBLE TASK AT BEST.

ALL WE ASK IS YOU GIVE US THE OPPERTUNITY TO TRY AND STREACH A .50 PEACE INTO A DOLLAR. THIS CAN BE DONE BY CO-OPERATIVE PURCHASING OF THE STATE CITIES, COUNTIES AND SCHOOL DIDTRICTS, BUYING SUPPLIES AT THE STATE STORE. LEGISLATION IS ALREADY IN PLACE AND GIVING CENTRAL STORES THE SPENDING AUTHORITY WE CAN SAVE BETWEEN 25 AND 50% ON THE COST OF OFFICE AND JANITORIAL SUPPLIES. NOW I KNOW SOME WILL DISPUTE THIS SAVINGS BUT THE NAME OF THE GAME IS "PURCHASING POWER". CO-OPERATIVE PURCHASING HAS PROVEN INCREASED BUYING POWER AND LOWER COSTS SAVES MONEY AND NO ONE CAN DISAGREE WITH THAT! SOME WILL EVEN GO AS FAR AS TO SAY BUYING THROUGH THE STATE ERODES THE LOCAL VENDERS AND STOPS FREE ENTERPRISE. NOWHERE IS THERE A BETTER EXAMPLE OF FREE ENTERPRISE BEING PRACTICED THAN YOUR OWN STATE STORES. ALL VENDERS LARGE OR SMALL HAVE THE OPPERTUNITY TO BID ON THE PRODUCTS THEY SUPPLY STATE AGENCIES.

YOU WILL ALWAYS HAVE MOANS AND GROANS FROM THE VENDER THAT DID NOT GET THE BID OR THE LOCAL BUSINESS THAT JUST DOES NOT HAVE THE PURCHASING POWER TO COMPETE IN THIS FAIR MARKET SYSTEM.

THREE YEARS AGO LEWIS & CLARK COUNTY AND BUTTE SILVERBOW HAD THE OPPERTUNITY TO PARTICIPATE IN A PILOT PROGRAM OF CO-OPERATIVE PURCHASING WITH THE STATE AND THE SAVINGS WERE AS MUCH AS 50% LOWER THAN OUR LOCAL VENDERS PRICE. THIS RESULTED IN A LARGE SAVINGS TO BOTH COUNTIES.

LAST SESSION THE COMMITTEE DID NOT APPROVE THE SPENDING AUTHORITY DUE TO PRESSURE FROM THE LOCAL VENDERS BELIEVING THIS WOULD IMPROVE THE LOCAL BUSINESS CLIMATE. THIS JUST DID NOT WORK EITHER BECAUSE THE COUNTIES DID NOT HAVE THE MONIES FOR THE 50% INCREASE IN THE LOCAL PRICES AND THE LOCAL VENDER JUST DIDN'T HAVE THE PURCHASING POWER TO BE ABLE TO SELL FOR LESS. I WAS DRIVEN TO DO MY PURCHASING FROM LARGE OUT OF STATE VENDERS THAT HAD THE PURCHASING POWER TO GIVE ME THE LOWEST PRICES FOR THE DOLLARS I HAD TO SPEND. IN THE PAST TWO YEARS BY NOT BEING ABLE TO PURCHASE AT THE STATE STORE 95% OF MY PURCHASING IS DONE OUT OF STATE WHERE THEY OFFER 4 TO 10 DAY DELIVERY FREIGHT FREE AND A 25% SAVING OVER THE LOCAL VENDER.

THE STATE ENJOYS THE SAVINGS OF CO-OPERATIVE PURCHASING AND ALL WE ASK IS THAT YOU GIVE CENTRAL STORES THE SPENDING AUTHORITY SO CITIES, COUNTIES AND SCHOOL DISTRICTS MAY SHARE IN THESE SAVINGS IN ORDER TO GIVE THE TAXPAYER A BETTER RETURN FOR HIS TAX DOLLAR.

THANK YOU

DATE 1-18-89
HB

6101 24 0000 09:33 PM 19-Dec-88

AGENCY: DEPARTMENT OF ADMINISTRATION LEGISLATIVE ACTION PROGRAM: TORT CLAIMS DIVISION

BUDGET ITEM	FTE	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
Personal Services		\$230,197	\$315,701	\$268,610	\$47,091	\$315,779	\$268,701	\$47,078	16.69%
Operating Expenses		1,671,703	1,557,151	1,243,074	314,077	1,549,627	1,235,723	313,904	-25.64%
Equipment		36,048	0	0	0	0	0	0	-100.00%
Non-Operating		945,000	1,153,622	792,454	361,168	1,134,878	773,896	360,982	-16.14%
TOTAL EXPENSES		\$2,882,948	\$3,026,474	\$2,304,138	\$722,336	\$3,000,284	\$2,278,520	\$721,964	-20.06%
Other Revenue		\$2,348,943	\$3,026,474	\$2,304,138	\$722,336	\$3,000,284	\$2,278,320	\$721,964	-1.91%
TOTAL FUNDING		\$2,348,943	\$3,026,474	\$2,304,138	\$722,336	\$3,000,284	\$2,278,320	\$721,964	-1.91%

ISSUES:

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

2. ADMINISTRATIVE OFFICER-The LFA included funding for this position at a higher grade than the executive.

3. The LFA current level increased operating expenses because the agency incorrectly recorded expenditures in fiscal year 1988 (legal fees, court costs, and contracted legal services).

4. The overall current level budget differences affect the transfer amount from the self insurance fund to the operating account.

5. Executive budget includes budget modification recommendation for additional staff & outside legal counsel.

TOTAL ISSUES

---	EXEC OVER (UNDER)	LFA	---
	FY 90	FY 91	
	\$5,838	\$5,839	
	(\$12,120)	(\$12,116)	
	(\$29,822)	(\$29,822)	
	(\$38,792)	(\$38,978)	
	\$799,920	\$799,920	
	\$725,024	\$724,843	

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	\$5,354	\$5,356
LFA CL	\$11,192	\$11,195

EXHIBIT 11
 DATE 1-18-89
 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 : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 24 TORT CLAIMS DIVISION
 CONTROL : 00000

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)	8.50	8.50	8.50	9.50	-1.00	8.50	9.50	-1.00
1100	SALARIES	187,342.61	229,184	219,793	229,629	-9,836	219,793	229,629	-9,836
1102	OVERTIME	1,419.82							
1113	LONGEVITY	2,126.61							
1400	EMPLOYEE BENEFITS	39,306.98	35,032	33,624	2,531	-686	2,000	2,686	-686
1500	HEALTH INSURANCE		12,420	12,420	35,222	-1,598	33,567	35,161	-1,594
1600	VACANCY SAVINGS		-10,974	-5,354	12,420	5,838	12,420	12,420	
					-11,192		-5,356	-11,195	5,839
	TOTAL LEVEL	230,196.02	265,662	262,328	268,610	-6,282	262,424	268,701	-6,277
2021	CONTRACTED SERVICES-INFLATI			87	87		492	492	
2022	SUPPLIES & MATERIALS-INFLAT			-44	-44		-101	-101	
2023	COMMUNICATIONS-INFLAT			-441	-437	-4	-510	-504	-6
2024	TRAVEL-INFLATION			198	330	-132	481	802	-321
2100	CONTRACTED SERVICES	1,091,708.45	1,140,442	1,162,182	1,185,644	-23,462	1,154,096	1,177,558	-23,462
2200	SUPPLIES & MATERIALS	8,916.97	7,471	8,918	8,918		8,918	8,918	
2300	COMMUNICATIONS	7,812.36	7,900	8,655	8,983	-328	8,655	8,983	-328
2400	TRAVEL	13,048.85	9,712	13,049	19,049	-6,000	13,049	19,049	-6,000
2500	RENT	6,450.64	7,689	7,524	7,599	-75	7,547	7,622	-75
2700	REPAIR & MAINTENANCE	5,554.86	3,947	7,921	7,921		7,880	7,880	
2800	OTHER EXPENSES	4,203.97	2,644	2,515	5,024	-2,509	2,515	5,024	-2,509
	TOTAL LEVEL	1,137,696.10	1,179,805	1,210,564	1,243,074	-32,510	1,203,022	1,235,723	-32,701
3100	EQUIPMENT	36,048.40							
	TOTAL LEVEL	36,048.40							
8000	TRANSFERS	945,000.00	726,058	753,662	792,454	-38,792	734,918	773,896	-38,978
	TOTAL LEVEL	945,000.00	726,058	753,662	792,454	-38,792	734,918	773,896	-38,978
	TOTAL PROGRAM	2,348,940.52	2,171,525	2,226,554	2,304,138	-77,584	2,200,364	2,278,320	-77,956
06524	INSURANCE PREMIUM	671,514.15	726,058	753,662	792,454	-38,792	734,918	773,896	-38,978
06532	AGENCY INSURANCE INT. SVC.	1,677,426.37	1,445,467	1,472,892	1,511,684	-38,792	1,465,446	1,504,424	-38,978
	TOTAL PROGRAM	2,348,940.52	2,171,525	2,226,554	2,304,138	-77,584	2,200,364	2,278,320	-77,956

TORT CLAIMS DIVISION
BUDGET DIFFERENCES

PERSONAL SERVICES

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

The Budget Detail Comparison sheets show LFA recommendation of 9.50 FTE. The LFA book reflects 8.50 FTE which is correct.

LFA funded the Administrative Officer IV at a Grade 16, Step 12, which was the budget request. OBPP recommendation was this position be funded at a Grade 14, Step 2, for a difference of \$12,120 in FY90 and \$12,116 in FY91.

CONTRACTED SERVICES

OBPP recommendation for Legal Fees & Court Costs was \$85,183 each year of the biennium, for a reduction in current level of \$16,594 each fiscal year. LFA recommendation both fiscal years was the budget request of \$101,777 which includes expenses paid in FY88 but not accrued because of an accounting error.

OBPP recommendation for Private Legal Counsel was current level of \$319,067 both years of the biennium. LFA recommendation both fiscal years was the budget request of \$332,295, which includes expenses paid in FY88 but not accrued because of an accounting error.

OBPP recommendation included \$6,360 both years of the biennium for a subscription to Westlaw. LFA removed this funding as it is not current level.

TRAVEL

Additional in-state travel of \$6,000 each fiscal year was requested to fund travel for the vacant attorney position during FY88 and the modified FTE request of one attorney and one paralegal. LFA recommendation included this additional \$6,000 both fiscal years. OBPP deleted all funding for additional travel.

OTHER EXPENSES

LFA recommendation for Subscriptions was the budget request of \$2,024 each fiscal year. This amount is also current level. OBPP recommendation was \$335 per year or \$1,689 below current level.

LFA recommendation for Registration Fees for Training was the budget request of \$3,000 each fiscal year. Additional funds were requested due to the increased staff. OBPP recommendation reduced funding to current level or \$2,180 per year.

LANGUAGE.

The Agency is requesting lanuguage in the appropriation bill that the department may expend available self-insurance reserves and revenues to pay any deficit that may be incurred for property or liability insurance premiums due and payable through June 30, 1991.

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 24 TORT CLAIMS DIVISION
 CONTROL : 92009 ADDITIONAL STAFF

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	MODIFIED LEVEL SERVICES ONLY	
										EXEC FY 91	LFA FY 91
0000	FULL TIME EQUIVALENT (FTE)			2.00		2.00	2.00		2.00		2.00
1100	SALARIES			44,885		44,885	44,885		44,885		44,885
1400	EMPLOYEE BENEFITS			6,817		6,817	6,799		6,799		6,799
1500	HEALTH INSURANCE			2,760		2,760	2,760		2,760		2,760
1600	VACANCY SAVINGS			-1,089		-1,089	-1,089		-1,089		-1,089
	TOTAL LEVEL			53,373		53,373	53,355		53,355		53,355
2100	CONTRACTED SERVICES			346,587		346,587	346,605		346,605		346,605
	TOTAL LEVEL			346,587		346,587	346,605		346,605		346,605
8000	TRANSFERS			399,960		399,960	399,960		399,960		399,960
	TOTAL LEVEL			399,960		399,960	399,960		399,960		399,960
	TOTAL PROGRAM			799,920		799,920	799,920		799,920		799,920
06524	INSURANCE PREMIUM			399,960		399,960	399,960		399,960		399,960
06532	AGENCY INSURANCE INT. SVC.			399,960		399,960	399,960		399,960		399,960
	TOTAL PROGRAM			799,920		799,920	799,920		799,920		799,920

TORT CLAIMS DIVISION

MODIFIED LEVEL

In FY88 the Division received a \$400,000 budget amendment and in FY89 they received a \$475,000 budget amendment to pay outside legal counsel for their defense of tort actions brought against the State of Montana. The Tort Claims Division requests that spending authority for outside legal counsel be continued into the next biennium. It is impossible to predict the number of lawsuits that will be filed against the State in any given year. A summary of the general liability claims filed in the past few years is:

FY83	FY84	FY85	FY86	FY87	FY88
116	162	114	189	195	76

Note that cases may be filed within a period of three years. This means that additional cases can still be filed for claims from FY86 through FY88.

The Tort Claims Division also requests the addition of two new FTE, a paralegal and risk manager.

PARALEGAL

This position would provide investigative, analytical and research assistance to relieve the lawyers of lower level routine duties, thereby producing more time to prepare for cases and increasing the caseload of the lawyers. An effective paralegal within the support staff should reduce the number of cases that must be sent to the Attorney General's office and private legal counsel for defense. Because billing rates in private practice are at a premium, typically \$75-\$100/hr., it would be economical to enhance a support staff that can relieve tort claim attorneys from lower grade level time-consuming tasks and allow the attorneys to concentrate on the more difficult tasks in handling litigation.

RISK MANAGER

The State has had to assume more risk through self-insurance since the late 1970's because commercial insurance has been either unaffordable or unavailable. Since July 1977, the State has been providing comprehensive general liability coverage through the self-insurance fund. Originally, coverage was for economic damages but noneconomic damages were included in 1983. Claims were limited to \$300,000/claim and \$1 million/occurrence until the Montana Supreme Court held that these limits were unconstitutional. Since that time, the Legislature has reestablished liability limits of \$750,000/individual or \$1.5 million/occurrence. However, these limits have not been tested

before the courts. Additionally, since July 1985 the State has not been able to obtain a commercial automobile insurance policy for the State auto fleet. As a result, the State has been self-insuring this risk since that time. We are still able to obtain property insurance. However, the deductibles are increasing along with cost. To date, we have been fortunate that no large claims have occurred to test our ability to handle our increasing burden on the self-insurance fund. Along with the acceptance of increasing risks, however, the division has never completed a comprehensive risk identification and analysis followed by a formal determination as to how to handle those risks. A risk manager position will identify risks and ways to reduce our exposure and losses.

EXHIBIT 122
 DATE 1-18-89
 HB

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AGENCY: DEPARTMENT OF ADMINISTRATION | SD | LEGISLATIVE ACTION PROGRAM: RESOURCE MANAGEMENT/ADMIN

BUDGET ITEM	FY 1988 Actual	FTE	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	7.00	7.00	7.00	7.00	0.00	7.00	7.00	0.00	0.00%
Personal Services	\$238,710		\$240,378	\$238,048	\$2,330	\$241,103	\$238,765	\$2,338	-0.28%
Operating Expenses	157,891		176,310	91,568	84,742	141,651	56,913	84,738	-42.01%
Equipment	746		6,050	6,050	0	6,050	0	0	710.99%
TOTAL EXPENSES	\$397,347		\$422,738	\$335,666	\$87,072	\$388,804	\$301,728	\$87,076	-15.52%

FUNDING	Other Revenue	TOTAL FUNDING
Other Revenue	\$397,347	\$397,347
TOTAL FUNDING	\$397,347	\$397,347

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

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 2.95%
 2. CONSULTING AND PROFESSIONAL SERVICES-The agency expended approximately \$80,000 more in fiscal 1988 for operating expenses than budgeted by the 1987 legislature. This was due to a \$95,000 security control and disaster contingency plan assessment study. The executive budget includes operating expenses at the higher level; the LFA current level does not include the additional funds as requested by the agency.

TOTAL ISSUES	FY 90	FY 91
	\$2,330	\$2,338
	\$85,200	\$85,200
	\$87,530	\$87,538

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	FY 90	FY 91
EXECUTIVE LFA CL	\$4,906	\$4,920
	\$7,236	\$7,258

DEPARTMENT OF ADMINISTRATION
 INFORMATION SERVICES DIVISION

GENERAL INFORMATION

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

Subprograms and Funding Sources

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

<u>ORGANIZATION UNIT</u>	<u>SUBPROGRAM</u>	<u>FUNDING</u>
Telecommunications Bureau	00200	Telecomm Proprietary Account
	02019	9-1-1 Special Revenue
Computer and Network Operations Bureau	00074	Computer Services Proprietary Account
Systems Development Bureau	00078	Computer Services Proprietary Account
Information Center Bureau	00075	Computer Services Proprietary Account
Resource Management and Division Administration Staff	00073	Computer Services Proprietary Account

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

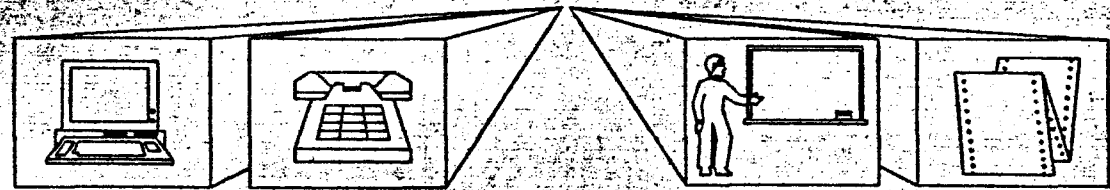
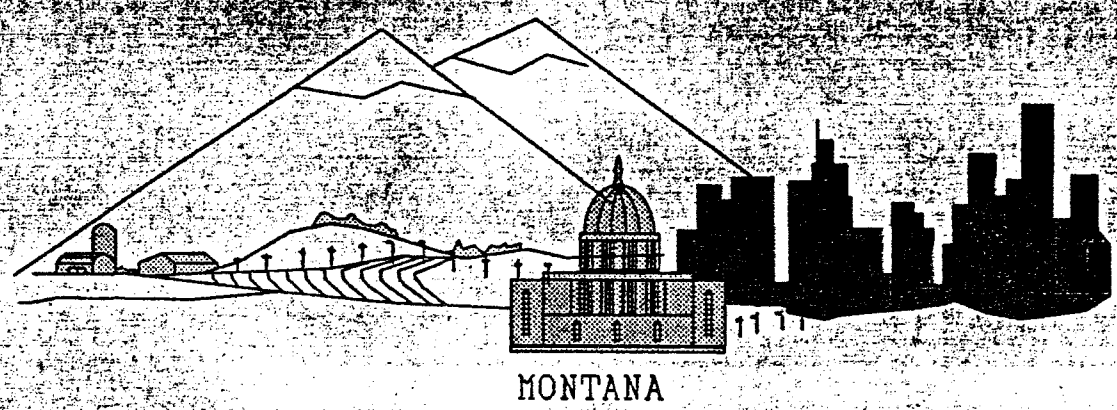
	<u>TELECOMM ACCOUNT</u>	<u>COMPUTER SERVICES ACCT</u>
General Fund	26%	30%
State Special Revenue	19%	33%
Other (proprietary, federal, pension trust, univ., etc.)	55%	37%

Source: LFA Report dated 6/30/88

EXHIBIT 14
DATE 1-18-89
HB _____

INFORMATION AND COMMUNICATION TECHNOLOGY IN MONTANA STATE GOVERNMENT

A Report of Agency Information System Plans
for Fiscal Years 1990 - 1991



Department of Administration
Ellen Feaver, Director

Information Services Division
Mike Trevor, Administrator

WITNESS STATEMENT

NAME Robert L. Ryan BILL NO. _____
ADDRESS 1930 Wilder Ave DATE _____
WHOM DO YOU REPRESENT? Lewis + Clark County
SUPPORT OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Robert L. Ryan for raising budget authority
for Central Stores to serve Cities, Counties
and School Districts

VISITOR'S REGISTER

AGENCY (S) _____
 DEPARTMENT _____

SUBCOMMITTEE _____
 DATE 1/18/89

NAME	REPRESENTING	SUP- PORT	OP- POSE
Robert L. Ryan	Lewis + Clark Co.		
Martin Dye	Board of Line Control		
VICKIE STITELER	PROPERTY + SUPPLY		
David Marshall	Admin / ISD		
Jeff Brandt	Admin / ISD		
Amy Palmer	Admin / ISD		
PAUL RYLANDER	ADMIN / ISD		
Carl Hedrick	Admin / ISD		
Mike Trevor	Admin / ISD		
EARL ZUELKE	Admin / Cont Serv		

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