

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - 2nd SPECIAL SESSION

COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

Call to Order: By Chairman Russell, on May 23, 1990, at 2:10 p.m.

ROLL CALL

Members Present: All with the exception of:

Members Excused: Reps. Pavlovich, O'Keefe, Glaser and Driscoll.

Members Absent: None

Staff Present: Eddy McClure, Attorney, Legislative Council
Terri Dore, Secretary

Announcements/Discussion: Chairman Russell stated that this is an information hearing only. No legislation is being considered nor will any executive action be taken. The purpose of the hearing is to gather information on the issue of privatization of state government functions. Because of the nature of the special session, there was not sufficient time to give proper notice of the hearing.

INFORMATIONAL HEARING ON PRIVATIZATION

Testifying Proponents and Who They Represent:

Mr. Dave Darby, Director, Office of Budget & Program Planning
Mr. Dave Ashley, Acting Director, Department of Administration

Proponent Testimony:

Dave Darby stated when considering privatization, the first interest of the Governor is the need and priority of the service. After it has been determined that the service is a necessary function of government, it must then be determined who should perform the service (the appropriateness test).

If it is determined that a function can be performed by a nongovernment entity, it becomes a question of cost, assuming that the same basic quality of service will be performed by either private or public employees. If the function can be performed equally well and at less cost to the taxpayers by the private sector, privatization of the function will be pursued.

All state agencies have been requested by the administration to perform a preliminary analysis of their functions. If that analysis leads to the conclusion that a function would

be not only appropriate and economical for privatization, the agency is advised to develop and submit a proposal for review under the guidelines provided by the Legislature in House Bill 100. The proposal is then submitted to the Office of Budget and Program Planning for further analysis. If it is determined that the function will produce a long term cost savings and is appropriate for privatization, the proposal is approved. A management memo (Exhibit 1) that outlines the technical procedure followed for an individual proposal was distributed.

Savings gained by privatizing a function are prohibited from being transferred to other areas of the agency's budget by HB 100. The Legislative Auditor's Office is notified of such savings to insure that the amount is removed from the personal services portion of the agency's budget. A very small number of proposals have been submitted. However, the Montana Ambassadors have recently issued a report (Exhibit 2) to the Governor recommending additional privatization proposals. Some may be considered in this biennium's budget and other may be submitted to the Legislature for statutory changes required before implementation can be considered.

In conclusion, Mr. Darby stated that if a function is appropriate for the private sector and is cost effective to the taxpayers, it should be considered for privatization.

Dave Ashley gave an agency perspective on how the Department of Administration has approached privatization. The Governor ran on a platform of privatization, but privatization with a face. When considering privatization options, it is with the employees in mind. The department has attempted to accomplish these goals through attrition and has helped displaced employees whenever possible. A performance appraisal standard set by the department states that each administrator will review the division's functions to determine viable candidates for privatization, and discuss those functions with the director. A Montana Ambassador has been assigned to each state agency. John Cavanaugh from Shelby and two other council members visited Helena and toured the department and have since published the privatization report. It was recommended that the department proceed with two particular initiatives.

The first initiative is the privatization of custodial services. Last July 1, the department implemented a fully privatized janitorial service for the Capitol complex buildings. The initial cost savings that was submitted to the Budget Office was estimated at \$122,000 per year. However, the actual cost savings have been closer to \$132,000 which results in a 40% savings in janitorial costs for state agencies. The department charges the agencies on a square footage basis for services provided. The contracted cost is \$3.09 while the previous cost was \$3.18.

Fifteen custodians were displaced with the implementation of the program. The department informed employees and negotiated with their unions. A training fund was set up for an eight month period after the termination. Some employees chose to have an extension of medical benefits rather than training. Reduction-in-force (RIF) employees are also entitled to a one year preference throughout state government and the department offered the custodians a two year preference within the department.

The second privatization initiative is the Information Services Division data entry operators. Data entry service is provided all state agencies and is utilized by agencies such as Fish, Wildlife and Parks for special game permit drawings. The use of the service has decreased in the past 10 years because of on-line data entry systems and the need for batch processing is disappearing. Preliminary analysis indicates that the savings could be as high as 30-40%. Requests for proposals were issued in April and the department is currently receiving final bids. The cost savings will then be documented and sent to the Budget Office. If approval is given, the contracted services should be in place in late summer. The number of data entry employees has dropped from 30 in the early 1980's to 12 currently. The department has made some training opportunities available to these workers.

Another initiative being considered is the privatization of the security services of the Capitol complex. The department provides security services to the Capitol Complex for about \$220,000 per year with 15 employees. The Montana Ambassadors recommended this project and an initial feasibility report has been completed. A request for bid will be released soon to see if there is a possibility of cost savings in this area.

There are other programs that are being considered for privatization in the Department of Administration, such as the state agency insurance programs. In addition, the Montana Ambassadors has recommended that the state continue to monitor the amount of printing done by the private sector for possible cost savings in that area.

Mr. Ashley pointed out that the entire analysis and evaluation process is open to the public for review. The department must also document its findings to OBPP, who then gives the information to the Legislative Auditor to insure that the cost savings amount will be removed from the budget of the agency. It is not in the best interests of the agency to overestimate the cost savings because their budget will be reduced by that amount.

Testifying Opponents and Who They Represent:

Jim Murry, Executive Director, Montana State AFL-CIO
Tom Schneider, Executive Director, Montana Public Employees
Association
Gene Fenderson, Montana District Council of Laborers and Local
254
Richard Hart, Security Guard, State of Montana
Terry Minow, Montana Federation of Teachers, Montana Federation
of State Employees
George Haggerman, Executive Secretary, AFSCME
Rep. Joe Quilici, District 71
Rep. Red Menahan, District 67
Denise Gottlieb, Employee, Department of Highways

Opponent Testimony:

Jim Murry stated that this hearing was requested because the workers and the public should know more about the program. This is not an issue where labor and management have to be a odds. The public disclosure of the administration's plan is in the best interest of both the employees and the employer. In the private sector, such public disclosure is required under federal law whenever a large group of workers will be affected. His organization agreed with this national policy of letting workers know of pending lay-offs.

Mr. Murry remarked that it is not a secret that trade unions across Montana are opposed to the privatization of public services. State employees are dedicated and keep the wheels of government turning with concern and commitment. Their productivity, commitment and dedication has been overlooked. If the Montana Ambassadors are continuing to use taxpayers' money for the work they are doing, their recommendations should be released.

Tom Schneider testified that there were two bills defeated in the last session because it was recognized that public employees do the job better and cheaper if all factors are considered in the decision to privatize. From previous testimony, there has been much discussion by the Governor's office and the Montana Ambassadors but the affected employees have not been involved in these discussions.

Mr. Schneider said that he is most concerned with the employees who are no longer eligible for state benefits. An employee with twenty years of service is no longer eligible for retirement benefits. It is not a viable option to pay \$180 per month for medical insurance from unemployment benefits. The Department of Administration offers job preference for fired janitors but they no longer have any jobs for janitors. Privatization can be justified on cost savings because the private contractor will pay minimum wage with no benefits.

Gene Fenderson stated that the topic of conversation in state parking lots and cafeterias is no longer hunting and fishing, but privatization and whether or not they will have a job next year. His organization represented the janitors that have recently been privatized. The new contractors were said to pay a prevailing rate of \$5.00 per hour that was determined by surveying janitors in the Helena area. The state janitors were being paid \$6 per hour. If the department had surveyed the banks, Montana Power, or the school district with over 100 janitors, they would have discovered that the true prevailing rate in Helena is close to \$7 an hour.

Mr. Fenderson also represents the security guards of the Capitol Complex. Under the direction of the Governor's office and the director of the department, the division administrator of the General Services was instructed to conduct a survey. An internal committee was created which submitted a plan to the division administrator. The division administrator determined that it would save very little money by privatizing the security services. Less than 24 hours the division administrator produced a second report that showed \$17,000 annual cost savings by privatizing. The cost of the survey nor salaries were included in the second report. OBPP has not yet made a determination on this project.

Mr. Fenderson acknowledged that a negotiated settlement of approximately \$1,000 for retraining of each displaced janitor was received from the department. He asked that committee read a letter that was sent to the Governor and the response (Exhibit 3). He requested that the committee delve into the issue in the months remaining before the legislative session.

Richard Hart, a Capitol security guard classified at Grade 6, distributed a letter written by the administrator of the General Services Division (Exhibit 4) that recommends keeping the security guards as a function of state government because cost savings was minimal. Within 24 hours, another letter (Exhibit 5) was written recommending that security guards be privatized.

Mr. Hart stated that every private sector contract must have a state supervisor. The second letter does not contain a provision for a supervisor while the first letter does. This discrepancy accounts for \$8,000 in savings by privatization. In addition, there is a charge for \$9,600 for a car for the security guard in the first analysis. The second letter eliminates the cost of the car and agrees to provide a state rental car for a cost of \$1,095 per year. The total of these two discrepancies represents the cost savings used to justify privatization.

Mr. Hart remarked that he is a third generation Montanan, 61 years old with 6 years of state service. Because he loved Montana and recognized the poor condition of the economy, if privatization actually resulted in cost savings to the taxpayer, he would voluntarily step down. However, the cost savings is not there and the issue becomes a matter of principle. He urged the committee to consider the issue carefully.

Terry Minow presented the committee with a fact sheet (Exhibit 6) that outlines the reasons for privatizing the data entry processors and the concerns of the employees. An example of the work required of data entry operators (Exhibit 6) was also explained. Two members, Dorinda Stock and Mary Lou Fulton were present to answer any specific questions from the committee. It was emphasized that members of her organization are not only concerned with the loss of their jobs but also with the quality of public services. Because of the nature and confidentiality of some of the documents produced by the data entry section, the effect on state government and the people of Montana could be quite negative.

George Haggerman stated that the administration has failed to give guidelines on privatizing to the employees or their representatives. State and public employees are asking that the present administration to keep them informed of intentions which would curb much of the unrest among employees. There are rumors throughout state government and letters have been written to officials on the matter but no response has been received. Another issue of concern is that private contractors are allowed to pay minimum wage and no benefits which reduces productivity and results in inadequate job performance. There would also be a decline in in-house experience, loss of flexibility, loss of accountability, and an overall impact on women and minorities. AFSCME has always opposed privatization and will continue to oppose it.

Rep. Joe Quilici testified that the functions considered for privatization tend to be those that pay on the lower end of the wage scale. He suggested that a survey be taken on the employment status of the displaced workers and their families. It is easy to forget when discussing FTE's that they are actually people. The answers to many of these questions cannot be given today, but accurate numbers on savings, displaced workers, increased welfare and unemployment costs should be obtained for presentation to the next legislative session.

Rep. Red Menahan stated that he introduced a bill in the last legislative session that he thought fair and would have alleviated many of the concerns expressed at this hearing. It is entirely possible that the displaced worker will be eligible for Medicare eliminating any cost savings to the

Montana taxpayer. As chairman of the General Services Committee in the 1970's, it was determined that it was cheaper to return the state's janitorial services to the public sector but now it has been determined that it should again revert to privatization. In addition, there are many rumors that the Department of Institutions is considering changing affecting the Deer Lodge Valley. He asked that the committee encourage the administration to let their intentions known for the sake of the affected employees and the residents of the area.

Denise Gottlieb has worked for the Department of Highways for three months in the traffic signing division. Signing appears to be a simple issue but actually affects safety on the highway. School crossings and speed limit signing duties are scheduled to be privatized soon. In her experience, there are many projects that have had to be corrected a number of times because of safety concerns. It is alarming to her that the contractors make the same mistake repeatedly which increases the risk of inaccuracies affecting safety. Montana has chosen to consider lifestyle rather than court environmentally damaging business. She urged consideration of more than the bottom line when recommending privatization of state functions.

Questions From Committee Members:

Rep. Squires asked the Department of Administration to comment on possible plans for privatizing the alcohol rehabilitation program at Galen. Mr. Darby replied that it was premature to discuss any formulated proposal for Galen. However, the administration is analyzing all state programs to determine if there is a more efficient way to run state government while still delivering essential service.

Rep. Squires asked at what point the bargaining agent of the affected employees is notified that a program is being considered for privatization. Mr. Darby responded that he believes it is handled differently by each agency.

Rep. Squires asked when the data processing employees were notified that their duties were being considered for privatization. Mr. Ashley responded that they were told about one month ago and the proposal is expected to be implemented by the end of the year.

Rep. Rice asked Mr. Ashley to comment on the testimony that two different conclusions were reached on the privatization of security services and the minimal cost savings expected. Mr. Ashley stated that the initial analysis included the cost of administering the contract but upon further review,

it was determined that there was no cost involved in the administration. Secondly, informal cost estimates from security firms in Montana indicate that private firms will perform the service less expensively than anticipated in the initial report. Rep. Rice commented that the cost of a function includes more than the vendor's cost. It also includes the state's cost of administration. Mr. Ashley agreed.

Rep. Rice remarked that Mr. Ashley's testimony indicated that the department tries to help employees find other positions and gives job preference to them for a specified period of time. He asked Mr. Ashley if that was a policy of all state agencies or just the Department of Administration. Mr. Ashley responded that the Governor has made it clear that he wants to privatize but with a human face. He has emphasized to his directors that he would like to accomplish that goal either through attrition or by placing displaced employees in other positions. A displaced employee does have the opportunity to apply for other state positions, and there is a one year reduction in force preference in all state agencies. However, the custodians received a two year departmental preference. Steve Johnson, Labor Relations Employee Benefit Bureau added that the preference is for RIF employees who are equally qualified for a given position in state government. Rep. Rice stated that it is a tie breaker preference and Mr. Johnson agreed.

Rep. Thomas asked Mr. Johnson to explain the state's obligations with regard to subcontracting. Mr. Johnson replied that the State Board of Personnel Appeals has adopted the rules of the National Labor Relations Act because of its similarity to state collective bargaining laws for public employees. The state is obligated to give effective bargaining units sufficient advance notice to allow them to bargain reasonably over the both the decision to subcontract and the effect on employees. The bargaining units for both the Data Processing Unit and the Security Guards were notified in mid-February that privatization was being considered.

Rep. Thomas asked Mr. Johnson to give some examples of the human aspect of the privatization of custodial services. Mr. Johnson said that the State Labor Relations Bureau notified the bargaining unit that the custodial services would be subcontracted and negotiations began immediately. The state plays a reactive role in the negotiations and waits for the union to make a proposal. In the case of the custodians, a retraining program was their main concern. The settlement included \$11,000 that was earmarked for retraining. He did not have specifics on the status of the custodians' employment but thought that some were working in the private sector and a couple of them had been employed by state government.

Rep. Thomas asked Mr. Darby if it was part of his job to look for ways to save money. Mr. Darby responded affirmatively and qualified it by saying that some of those testifying had raised legitimate concerns with privatization proposals. In addition, because of the economic situation of the state, it is also necessary to consider the elimination of marginal programs and programs that the state can no longer afford.

Rep. Thomas asked Mr. Murry if he felt programs were set in stone by the bureaucracy once they are in place and funded. Mr. Murry answered that management must evaluate programs with a keen eye toward inefficiency and productivity. However, this discussion is about doing the job cheaply and that is not always the best way. Rep. Thomas said that the question is whether programs should be evaluated as time goes on for better, more efficient ways to perform certain functions. Mr. Murry said he believed the question was how to get the job done for less and less.

Rep. Cocchiarella asked Mr. Darby how quality is insured when a function is privatized and if there were written guidelines on determining appropriateness. Mr. Darby replied that quality is measured by defining work expectations and performance standards. There is no paper test for determining quality but it will vary with the individual situation. Performance indicators and expectations should be contained in job descriptions for state employees and those same expectations would have to be met by a private contractor. Engineering contracts would be highly technical and specific but quality expectations are more difficult in other types of contracts.

Rep. Cocchiarella commented that quality is actually the factor after the fact because the state hopes the contractor can perform the same volume of work with the same quality. Mr. Darby said that is true with any state contract. A contractor's work quality can be checked by looking at his previous work. If there is a competitive market, the contract can have quality standards written into the contract and he can be held to those standards.

In response to Rep. Cocchiarella's question on appropriateness, Mr. Darby responded that in many cases, state functions cannot be privatized and must be performed by an official of the state.

Rep. Cocchiarella asked if the contracts were less costly because the wages paid are 10-40% less than present pay. She also asked what happened to equipment that those employees were using, and who pays for the training of the contractor's employees. Bob Marks, Deputy Director of the Department of Administration, responded that wages for employees below grade 11 are quite close to the competitive market. Wages of employees above grade 11 vary considerably from the private sector. The use of equipment will be considered

when the bids are being considered. Contractors interested in the security services have indicated that they will train their employees. Rep. Cocchiarella commented that there are rumors to the effect that displaced employees will be required to train their replacements. Mr. Marks replied that the training would be borne by the contractor and charged to the contractor. He assumed that cost would be included in the bid.

Rep. Whalen asked Mr. Ashley if the state furnished information to Montana Ambassadors, who now have prepared a report. Mr. Ashley responded affirmatively and that the report is available to the committee.

Rep. Kilpatrick asked why the group furnished the report and if input was received from others. Mr. Ashley responded that the Montana Ambassadors are a group of about 200 businessmen and women and is associated with the Department of Commerce. He thought the group was formed in the early 1980's because Governor Schwinden felt it was an appropriate form for assisting state agencies with their privatization plans.

Rep. Whalen asked if administrative rules had been adopted specifying certain criteria for determining appropriateness for privatization. Mr. Darby replied that an economic handbook would have to be written in order to standardize the process. The language in HB 100 is fairly clear in terms of documenting cost savings.

Rep. Whalen expressed concern that input from other groups besides the Montana Ambassadors was not being considered. Mr. Darby responded that the Ambassadors were asked to review a variety of government functions because the group is comprised of business people throughout the state. It was felt that they could recognize functions that could perhaps be performed by the private section at less cost. The idea was to obtain their business viewpoint, not limit input.

Rep. Whalen asked Mr. Darby how he knew a proposal could be privatized effectively. Mr. Darby replied that if the necessary data is not contained in the proposal, he asks the hard questions to obtain it.

Rep. Simpkins asked if a percentage of cost was used to decide whether to privatize. Mr. Darby said that there is not a standard percentage because it would vary with each specific proposal.

In response to a request from Rep. Lee, figures citing the ration of state employees to the population of the state will be available through Mr. Darby.

Rep. Lee asked if the entire \$11,000 earmarked for retraining the custodial employees was adequate. Mr. Johnson responded

that some of that fund was still unused and he was not sure what type of training was provided.

There being no further business, the meeting was adjourned.

ADJOURNMENT

Adjournment At: 3:00 p.m.

REP. ANGELA RUSSELL, Chairman

AR/td

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MANAGEMENT MEMO

	VOL.	YEAR	NO.
MANAGEMENT MEMO NUMBER	2	90	1
DATE ISSUED	12-26-89		
DATE EFFECTIVE	7-1-89		

SUBJECT ▶ Appropriations and Operating Budget Changes

TO: All State Agencies

FROM: W. David Darby, Director
Office of Budget and Program Planning

LABOR + EMPLOYMENT
5/23/90
EXHIBIT 1

INTRODUCTION

This management memo describes the general procedures for submitting all *changes in appropriations and/or operating budgets, including agency reorganizations, but excluding budget amendments*. This memo applies to all of state government for purposes of appropriation control, regardless of approving authority. The six more restrictive procedures set forth on pages 2 through 6 are based on specific language in the General Appropriations Act of 1989, House Bill 100, and, therefore, these procedures apply only to changes in appropriations and/or operating budgets authorized by HB100. When agency-specific language contained in appropriations sections A through F of HB100 supersedes the "boilerplate" language, the agency language is to be referenced in the Remarks Section of the B212.

The Office of Budget and Program Planning (OBPP) Form B212 is to be used for all proposed changes in appropriations and/or operating budgets. The forms are available from the Department of Administration, Procurement and Printing Division, Property and Supply Bureau. Detailed instructions for completing the forms begin on page 6 of this memo, with an explanation of terms beginning on page 11 and a sample format for cost analysis following on page 15.

If your agency chooses to generate its own B212 forms, they will be accepted *only* if format and color coding duplicate the pre-printed B212s *and* if carbonless copy paper is used. Paper stock for your printer may be ordered on a Publications and Graphics Division duplicating requisition form by writing "Blank Stock" in the Reproduction Section and by writing "xx sets of blank stock FIVE-PART carbonless NCR for B212 forms" in the Special Instructions Section.

Montana University System uses its own operating budget forms. Currently, copies of all changes in appropriations and operating budgets are submitted to the OBPP analyst assigned. For appropriation control purposes, effective January 2, 1990, these forms for appropriations and/or operating budgets will be routed through OBPP to Department of Administration Accounting Division for the Statewide Budgeting and Accounting System (SBAS) changes.

There are three other Management Memos (MM) which relate to specific aspects of changes in operating budgets cited for your reference: (1) MM 2-90-2 (formerly 2-88-5) contains procedures for submitting budget amendments which are required to obtain increased spending authority; (2) MM 4-90-5 (formerly 4-81-5) contains steps for agency reorganizations that occur prior to the B212 submission; and (3) MM 1-88-4-through-6 describes minimum provisions in the selection and use of consulting services.

This memo supersedes Management Memo 2-88-4, "Appropriation and Operational Plan Changes." Please remove and discard that management memo.

PROCEDURES

The B212 is to be prepared by agencies in *typewritten* form. The original and first three copies of the form, together with the "Explanation and Justification" form and *three* copies of supporting documentation, e.g., letters of commitment, pertinent pages of contracts, are sent directly to the Office of Budget and Program Planning (OBPP). Each agency retains the gold copy (5th) for its reference. Following approval of the B212 by OBPP, copies will be distributed as follows:

- Original to OBPP - White
- First copy to the Legislative Fiscal Analyst - Green
- Second copy to the Agency - Yellow
- Third copy to OBPP - Pink

A B212 is required for all changes in appropriation authority and for changes to operating budgets at the first expenditure level.

The Fifty-first Legislature revised requirements for all appropriation authority authorized by the general appropriations act, HB100. The pertinent appropriation and operating budget provisions of HB100 Sections 7, 8 and 9 are quoted below and implemented by the following six procedures. Some agencies have specific language authority which supersedes portions of these sections.

1. Operating Budget

"Section 7. Operating budget. (1) Expenditures by a state agency must be made in substantial compliance with an operating budget approved by an approving authority as defined in Section 101. Substantial compliance means that no category in the approved operating budget may be exceeded by more than 5%. . . . The expenditure of money appropriated by this act is contingent upon approval of the operating budget by August 1 of each fiscal year. An approved original operating budget must comply with legislative intent as expressed in state law and legislative statements of intent. Legislative intent for the general appropriations act includes the narrative that accompanies this act.

"(2) The operating budget for money appropriated by this act must be separate from the operating budget for money appropriated by any other act except any act appropriating money specifically to fund the state pay plan or any portion thereof. Each operating budget must include expenditures for each agency program, detailed at least by the categories of personal services, operating expenses, equipment, benefits and claims, grants, transfers, and local assistance. In no case may the personal services category detail include an amount less than the amount indicated in the personal services detail included in the narrative that accompanies this act plus money appropriated to fund the state employee pay plan Each agency shall record its operating budgets and any approved changes on the statewide budget and accounting system. Forms used for changing an operating budget must reference the current fully completed and approved operating budget, show the proposed changes to the operating budget, and reference any other pending documents to change the operating budget."

The operating budgets by program which are generated by OBPP at the beginning of each fiscal year include the HB100 appropriations and the pay plan allocation. The 5% limit for substantial compliance is calculated using the most recently approved operating budget rather than using the approved original operating budget. Because the operating budgets appropriated by HB100 must be separate from all other authority, and because the HB100 operating budgets which the agencies put on the Statewide Budgeting and Accounting System (SBAS) must tie to the plan on file with OBPP, *each agency is to maintain, at a minimum, a separate reporting center for each program for all appropriation authority provided by HB100.*

2. Justifying And Documenting Cost Savings

"Section 7. Operating budget. (1) . . . no funds appropriated for personal services or indicated in legislative intent as having been appropriated for personal services may be expended under any other category except if the approving authority approves a specific agency request justified on the basis of documented cost savings The approving authority shall submit its analysis of the documented cost savings to the Legislative Auditor. Wages and fringe benefits must be separately documented from other cost savings. The Legislative Audit Committee shall review the approving authority's analysis and report to the 52nd Legislature on potential long-term budget impacts."

Executive Branch Agencies: In order for executive branch agencies to comply with the above-quoted portion of HB100, the following procedures are being implemented to authorize expenditure of funds appropriated for personal services under another category based on cost savings. Requests under this procedure *must* document a net cost savings for the biennium in which the request is to be implemented.

Part of an agency's planning for this cost savings procedure will include reference to Management Memo 1-88-4-through-6 on the selection and use of consulting services, including the seven criteria which must be met for a firm or individual to be considered an independent contractor.

- 2.1. Agencies are to submit a memo to the budget director to the attention of their assigned OBPP budget analyst requesting approval of a "Cost Savings Personal Services Exception", (original and two (2) copies) including the following information:
 - 2.1.1. *Narrative Explanation* summarizing impact to the affected program(s), reason(s) for the request, proposed effective date(s) of action(s), duration of change (months, current fiscal year, current biennium, or base change), net savings for the current year, long-term budget impact for the duration of the contract or the life of the project, projected savings for the next fiscal year, workload or other changes which may result, contact person(s) for follow-up; and
 - 2.1.2. *Cost Analysis* (on separate sheet -- see sample on page 15) showing calculations for personal services by position number, anticipated contracted services expenditures and net personal services savings, plus operating expense calculations and a total net savings summary for each fiscal year and for the biennium. Please note that salaries and benefits must be separately documented. Prorate expenses and savings based upon the planned implementation date, providing sufficient lead time for processing the request.
- 2.2. An agency may submit the B212 operating budget change in conformance with the adjustments either simultaneously with the request narrative and cost analysis, or after the request is approved. A Position Detail Form PPP 301 (PDF) for the FTE reduction must accompany the B212 and the PDF *must* include, in the "Justification for Action" section, the effective dates of the position change. For example, FTE reduction effective December 15, 1989, through June 30, 1991. (See page 10, Number 4, for calculation of FTE changes.)
- 2.3. It is the intent of OBPP that an agency will receive written notification from the budget director, within two weeks of receipt of the completed request, approving or denying the request.
- 2.4. OBPP will provide the Legislative Auditor with the cost analysis and file information.
- 2.5. An agency with an approved plan is responsible for financial and program recordkeeping designed to document the costs, cost savings and effectiveness of the adjustments.

Other Approving Authorities: Other approving authorities are responsible for preparing and submitting such narrative explanation and cost analysis to the Legislative Auditor. OBPP will process the B212 operating budget changes with PDFs when certification of compliance with HB100 is submitted from the approving authority with the forms.

3. Inability to Recruit and Hire Professional Staff

"Section 7. Operating Budget . . . (3) If an agency is unable to recruit and hire professional positions funded in the appropriation, funds appropriated for personal services may be used to fund an agreement or contract to provide services that are identical to those services performed by an authorized position. The amount used for the agreement or contract may not be more than the amount authorized for the position less any vacancy savings requirement. The agency director shall certify to the approving authority or his designated representative that the agency is unable to fill the position and that the services performed by that position are necessary."

Executive Branch Agencies: In order for executive branch agencies to comply with the above-quoted portion of HB100, the following procedures are being implemented to authorize expenditure of funds appropriated for personal services under contracted services. Because the legislature did not reduce appropriations for vacancy savings in the 1991 biennium, the phrase above quoted from HB100 regarding vacancy savings is not applicable to the process.

Part of an agency's planning to implement this inability to recruit and hire procedure will include reference to Management Memo 1-88-4-through-6 on the selection and use of consulting services, including the seven criteria which must be met for a firm or an individual to be considered an independent contractor.

3.1. Agencies are to submit a memo to the budget director to the attention of their assigned OBPP budget analyst requesting approval of an "Inability to Recruit and Hire Personal Services Exception". The original and two (2) copies of the memo and supporting documents must be provided. The following information must be included:

3.1.1. *Narrative Explanation* describing impact to affected program(s), review of agency efforts to recruit and hire each position covered, summary of agency good faith efforts to correct the recruiting or hiring problem with the Department of Administration Personnel Division and/or with the Department of Labor and Industry Job Service Division, effective date(s) of the proposed action(s), duration of change (months, current fiscal year, biennium, base change), workload or other changes which may result, need for the services, and a contact person for follow-up information.

3.1.2. *Certification* by the requesting agency director that:

- a. The agency is unable to fill the position; and
- b. The services performed by the position are necessary.

3.1.3. *Cost Analysis* (on separate sheet) presenting position numbers affected, amount of personal services appropriated in HB100 and the pay plan for each position, and anticipated contracted services expenditures. *The cost of the proposed contract may not exceed the amount authorized in HB100 and the pay plan for the position(s).*

3.2. The agency may submit the B212 operating budget change in conformance with the adjustments either simultaneously with the request or after the request is approved. The B212 must reflect both a reduction of FTE and a reduction in personal services funds, offset by an increase in contracted services. A form PPP 301 (PDF) for each affected position must accompany the B212

PRIVATIZATION

A NEW PERSPECTIVE

A REPORT TO THE GOVERNOR FROM THE



MAY 1990



LABOR & EMPLOYMENT
5/23/90
EXHIBIT 3

Laborers' International Union of North America, AFL-CIO

Local No. 254

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

May 15, 1990

The Honorable Stan Stephens
Office of the Governor
State of Montana
Capitol Station
Helena MT 59620

Dear Governor Stephens:

Please accept this letter as a request to you and to your office.

The request involves two subjects concerning the Department of Administration, General Services Division. As you know, General Services Division has been studying the privatization of the Capitol security guards, whom I represent as Business Manager of Laborers Local #254.

Governor Stephens, Local #254 will never agree with your administration on the subject of privatization of government services, yet we understand your personal beliefs in this area. We will continue to debate that issue with you when it affects our members and other state workers.

But, we also believe that you will carry out your beliefs in a fair and equitable manner. The issue of fairness is where our concern lies with the matter of privatization of the Capitol security force.

Over the past few years, including those of the past administration, we have been concerned about the poor management and perhaps mismanagement within General Services Division. We have seen the purchase of very expensive equipment which was never used and eventually discarded. We have seen high supervisory personnel work for contractors while using personal and vacation leave.

I was personally approached last year by personnel of the Division - if I would agree to allow certain janitors to be fired, the remainder of the janitorial staff would not be privatized.

The Honorable Stan Stephens
May 15, 1990
page two

Because of the above, we do not believe the internal investigation being done by the Division or by the Department of Administration can be done on a fair and equitable basis. We ask that you appoint a staff person from your office to investigate the privatization report prepared by General Services Division as well as the inner workings of the Division.

Sincerely,



Eugene Fenderson
Business Manager

EF/bcs

cc: David Ashley
Debra Kehr



State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

STAN STEPHENS
GOVERNOR

May 18, 1990

Mr. Eugene Fenderson
Business Manager
Laborer's International Union
of North America, AFL-CIO, Local 254
P.O. Box 702
Helena, Montana 59624

Dear Mr. Fenderson:

In reply to your letter of May 15, 1990, requesting an investigation of the privatization report prepared by the Department of Administration, I would like to give you some background on the effort that the Department has initiated thus far.

As you are aware, this administration is committed to achieving efficiencies in the operation of state government. To that end, I have asked all of the directors of the departments to examine their respective operations to determine where any savings or efficiencies might be possible. Their options include tightening the workforce by not filling vacancies (attrition), reorganization, and the contracting out for services when such actions are warranted.

The Department of Administration has approached efficiency in each of the manners indicated above. Vacancies have gone unfilled, reorganization within the divisions has and is continuing to take place, and careful and considered analysis of privatization of certain functions is going forward.

In late January, the security function of the General Services Division was identified as one possible subject for further privatization analysis. In February, the division administrator met with security personnel to inform them that such a study was being conducted. They were asked for their input and comments on the subject and it was indicated that no decision had been made and would not be made until thorough analysis had been made.

Mr. Eugene Fenderson
May 18, 1990
Page Two

In early March, a Capitol Security Committee consisting of security personnel and managers was formed to develop options for more efficient and effective security operations. A report from this group will be considered by the department.

Early this month a feasibility study was completed and made available to employees and to you at a meeting called for that purpose. You and the employees were informed that an RFP was being developed to be put out to security firms for their response. Employees were notified of some job openings in other agencies of the department which would be available to them.

The Department will evaluate the responses to the RFPs and make an evaluation of the alternatives at that time. Actual proposals from the private sector will be available so that more meaningful and accurate comparisons can be made.

If the information available at that time indicates that it may be in the best interests of the state to go forward with a proposal from a private firm, the Governor's Office of Budget and Program Planning will review the entire analysis to assure that it is cost effective and in the best interests of the state before the final decision by the department is made. I believe this review will satisfy your request to have my office "investigate" the privatization report.

I believe the Department of Administration has conducted the feasibility of security privatization in a fair and equitable manner and that the employees have been made aware of the process at every step. It has been reported to me that you thanked the General Services Administrator for her openness and fairness in dealing with the security personnel, and I appreciate that.

Please feel free to contact me again on this matter or other matters of concern to you.

Sincerely,



STAN STEPHENS
Governor

cc: Department of Administration

PRIVATIZATION OF CAPITOL SECURITY
FEASIBILITY STUDY

MAY 1, 1990

The General Services Division of the Department of Administration has been directed to examine its operations and determine which of its functions might be candidates for privatization. This examination has led to the determination that Capitol Security, because it is labor intensive and because of the availability of private sector vendors, is an area which might lend itself to privatization.

This feasibility study analyzes the possibility of implementing the privatization of the function. This study will be presented in four sections:

1. Cost analysis
2. Ability to implement
3. Other issues
4. Division recommendation

COST ANALYSIS

Providing an accurate representation of potential cost savings is a challenge in this case due to a number of variables. It is necessary to choose a fair method of comparison which considers the variables but allows analysis using the same criteria for each option. The method chosen compares quotations for a one year service period from two private vendors and current budgeted costs for in-house security.

Vendor #1	\$191,038
Vendor #2	\$205,452
State Provided	\$191,203

Calculations are based on a budget for ten security personnel - eight full time staff, and part time staff as needed.

Vendor #1 provided us with the hourly charges at which it bills out security guards and the quote was calculated based upon the number of hours of coverage necessary plus a vehicle cost.

CHARGES	HOURS	BILLED AT	TOTAL COST
Regular guards	18240	\$8.25	\$150,480
Supervisor	2080	\$12.20	25,376
Holiday guards	480	\$11.63	5,582
Vehicle	N/A	800/Mo	9,600
			<u>\$191,038</u>

Vendor #2 provided us with a tentative quote based on our current security practices. It obtained information regarding our budget and staffing patterns and provided the figure of \$205,452 to deliver the same level of service we currently offer.

The figure calculated for state provided service includes all salaries budgeted for the security function but does not include any of the supervisor's salary as managing the contract will require as much supervisory time as is currently being used to manage the staff. Operating costs used were the actual FY 89 costs as no increase was budgeted for FY 90, and by using FY 89 it was possible to use actual experience as opposed to projecting costs. Vehicle costs were calculated using mileage charges only as the vehicle will still be used by General Services during the day and therefore base rental fees will not change.

CHARGES	BUDGET	EXPENDITURES	TOTAL COSTS
Salaries	\$184,358		\$184,358
Operating expenses		\$4860	4,860
Automobile		\$1985	1,985
			<u>\$191,203</u>

The variables which might affect these costs are:

1. Pay and benefit increases.

Vendor #1 bases pay to employees on the prevailing wage information supplied by the Department of Labor and Industry. Service sector prevailing wages were not reviewed in 1990 but are scheduled for review and implementation in early 1991. A change in the prevailing wage would effect the cost of providing security service, either up or down.

Vendor #2 pays more than prevailing wage. Pay increases cannot be anticipated.

State employees are scheduled for a pay increase of 2.5% or \$560, whichever is greater, in FY 91. Additionally, insurance benefits will increase by \$15.00 per employee per month. This will result in an increased cost of \$7400.00 per year.

2. Inflation and increased operating expenses.

Vendors #1 and #2 may experience the influence of inflation and increased operating costs as they operate in the free market.

The State costs will not be greatly effected by inflation because budgets are set far in advance, and any unforeseen costs must be absorbed by the agency budget.

3. Vehicle costs.

Vendor #1 provided information regarding another contract where it supplies a vehicle for surveillance and charges the customer \$800 per month.

Vendor #1 suggested the possibility of the State of Montana providing the surveillance vehicle. If we provided a vehicle the costs for this Vendor would be reduced by \$7615 - \$9600 less our vehicle cost of \$1985.00 (see additional discussion in other issues).

Vendor #2 includes vehicle costs in their proposal. It is doubtful that a state provided vehicle would reduce their costs as they discussed using an existing vehicle to provide motor patrol. If costs would be effected, however, the \$7615 reduction quoted for Vendor #1 would apply here also.

The state-provided security costs include a vehicle.

ABILITY TO IMPLEMENT

The General Services Division currently administers a number of service contracts for the State of Montana. Adding an additional contract would be a simple matter, but would require some time to implement.

Contract specifications would need to be drafted before bids or requests for proposal could be let.

Union negotiations would also be a factor in the time line.

There would be a period of transition which would inconvenience state workers as the new service learns the requirements and idiosyncracies that come with the job.

OTHER ISSUES

This examination has caused a number of issues to be raised which may or may not be directly related to a cost savings for the State. Some of the issues do involve money, some involve perceptions of fairness, and some are simply issues which merit discussion.

1. We currently have a staff of security personnel, some of whom are long-term employees of the State of Montana. Some, but not all of these employees might find employment with the private contractor who was the successful bidder for Capitol security. However, even if these employees were able to be employed by the private contractor, they would still lose their state benefits.

There are not many positions within state government for which these workers qualify. To be considered for a security guard position, one only needs to have obtained a high school diploma and to have a good character. Positions in the central mail room might offer options for these employees, and openings are currently being filled by temporary staff so that the openings would be available should the guards elect to apply for them in the event of privatization.

The cost to the State of Montana for the unemployment benefits for these workers must be considered. In the unlikely event that all employees would draw benefits, maximum benefits for 10 employees would be in the neighborhood of \$30,000.

Another issueⁱ the fact that the State would no longer have an official presence on the complex after 5 P.M. or on weekends. Additionally, will the contractor^s be willing to go the extra mile and accommodate requests for aid made by employees, elected officials, and the public. Will contract employees have the pride and sense of ownership that the current security guards have? Is it necessary? A low bid mentality will not serve the State well in this position and co-operation would need to be dealt with in the bid process.

Training and qualifications are issues which are frequently raised when discussing this issue. State employed security guards are hired within the same guidelines that are required for licensure and employment by private companies. Some companies have formal training procedures, some do not. The State has a security guard manual and guards receive on-the-job training. If it is desirable to require that private guards have formal training, this would need to be specified in the bid documents.

The issue of providing vehicles for private vendors was raised in the cost analysis section of this report. Discussion of this issue centers around three points.

1. Some vendors may have a competitive edge over others regarding vehicle use. The way they are able to schedule the use of their vehicles may be more cost effective and state provision of the vehicle may give one vendor an unfair advantage over others.
2. Providing the vehicle amounts to a government subsidy in order to provide the State with a service it could supply with its own personnel. True privatization is not accomplished by using this approach. Perhaps a cooperative privatization is acceptable in this area. State facilities have been made available to private contractors in other instances (ie. rental space on the Capitol complex).
3. Risk is a concern which would require further study. Tort claims insures the vehicles for liability but not for

comprehensive or collision. Additionally, the driver of the car would not be covered under the state's insurance umbrella. This is an issue which can be resolved and would have to be before this type of arrangement could be agreed to.

RECOMMENDATION

It is the recommendation of the General Services Division that security remain a state provided function. The small projected savings will probably not be realized after vacancy and overtime savings are factored in. Even if the savings did result, they would be short lived if the State had any special needs for security during the contract year. Special needs would be an additional charge by the contractor where they are currently absorbed by the agency budget.

It is a further recommendation that the division undertake a study concerning the need to provide for a different method of delivery of security service to the complex. Security guards have themselves recommended a reduction of 1 FTE in the provision of service which would result in a cost savings of approximately \$15,000 per year. Training, qualifications, and delivery are all items which need to be investigated.

Debra M. Kehr
Debra M. Kehr

5/29/90
Date

LABOR EMPLOYMENT
5/23/90
EXHIBIT 5

DEPARTMENT OF ADMINISTRATION
GENERAL SERVICES DIVISION



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-3060

HELENA, MONTANA 59620

MAY 2, 1990

MEMORANDUM

TO: DAVE ASHLEY
ACTING DIRECTOR

BOB MARKS
DEPUTY DIRECTOR

FROM: DEBRA M. KEHR
ADMINISTRATOR *Debra*

SUBJECT: PRIVATIZATION FEASIBILITY STUDY

On May 1, 1990, I presented my feasibility study regarding the privatization of the security function on the capitol complex. Based on the financial information contained in this feasibility study, I concluded that privatization would not effect a cost savings for the State of Montana and therefore recommended that the State continue to provide in-house security guards.

Our discussion of this feasibility study revealed two problems - one with assumptions that I made, and one with two of the calculations in the report.

Issue #1: Assumptions

The body of this study appears to indicate that all possible costs and savings to the State of Montana were factored into the study. There are certainly a multitude of factors which could be used to determine if a cost savings would be realized by the State and the feasibility study touches on a few but by no means all of these factors.

Issue #2: Calculations

1. Operating costs for state-provided security were based upon 1989 actuals. For more accurate comparison, 1990 costs should have been used. Examination of this area also revealed that auto costs were misstated as being \$1985 when they should have been \$1095. These revisions result in the following:

- Exhibit # 5
5/23/90

to determine if a privatization effort would indeed result in a cost savings to the State. Until I have more exact information, it is not possible for me to either recommend privatization or recommend that the State continue to provide for security with its own personnel.

Please consider this an addendum to my feasibility study dated April 29, 1990.

Salaries	\$184,358
Operating expenses	6,007
Automobile	<u>1,095</u>
Total costs	\$191,460

2. Private vendor calculations contained all costs for supervision. Calculations for state-provided security contained only those expenses for lead-guard not for management supervision. The rationale for doing so was that neither private vendors nor the State would experience cost savings in this area if they did not provide the security service. Further analysis revealed, however, that the vendors factored supervision into their estimates, and to be consistent, I should have done the same for the state-provided service. To this end, there is a best and worst case scenario: costs for this supervision could be calculated at 25% of a Grade 13 Step 1 - the staff person who is currently assigned this duty, or at the rate of 25% of a Grade 16 Step 11 - the person who is currently performing this supervision.

Grade 13 Supervisor		Grade 16 Supervisor	
Salaries	\$184,358	Salaries	\$184,358
Supervision	5,051	Supervision	8,218
Operating expenses	6,007	Operating expenses	6,007
Automobile	<u>1,095</u>	Automobile	<u>1,095</u>
Total costs	\$196,511	Total costs	\$199,678

If I take the lowest private vendor and present its costs as a best-case scenario (with a state-provided automobile), a comparison of state total costs to the lowest private vendor's total costs, reveals a significant change:

Vendor #1 Total Costs	\$191,038
Automobile Charges	-9,600
State Auto charges	<u>+1,095</u>
Revised Vendor #1 Costs	\$182,533

Grade 13 Supervisor		Grade 16 Supervisor	
State costs	\$196,511	State costs	\$199,678
Vendor #1	<u>182,533</u>	Vendor #1	<u>182,533</u>
Difference	\$ 13,978	Difference	\$ 17,145
% Difference	8%	% Difference	9%

CONCLUSION

While dollar amounts are not large due to the size of this budget, the possibility of an 8 or 9% savings is significant and indicates a need for more definite information. Acquiring actual private vendor costs through a Request for Proposal process will allow me

FACT SHEET
PRIVATIZATION OF DATA ENTRY PROCESSORS, DEPT. OF ADMINISTRATION

Privatization of data entry workers in the Department of Administration may occur, probably at the end of October. Notice of last day of work has not been received by the nine affected workers. The individuals affected each have between 10 and 34 years of experience, for a total of over 100 years of experience with the state and data processing. Two of them are over age 65.

The data entry workers in the Department of Administration do data entry projects for 16 users (other agencies). There used to be 30 to 40 data entry workers in the division. The agencies have hired their own data entry workers and the number of data entry workers in the Department of Administration has declined correspondingly. Originally, the workers were told their jobs would be phased out into other agencies gradually, ~~with the current workers moving with the~~ ~~IDA~~. Apparently that is no longer true.

The reason given for privatizing is to save money. The equipment the data entry processors use is outdated and must be replaced. The maintenance contract on the equipment will expire in 1991. The State reportedly did a study on cost-effectiveness of privatizing versus purchasing new equipment. We haven't received a copy of it yet.

Nothing in writing has been received, with the exception of one letter from Carol Colbo. The data entry processors have been told the following about the new system:

1. The state has put the bids out for vendors. Bids were received May 18. The information contained in the bids is confidential because negotiations are taking place between the state and the vendors.
2. The state's equipment and machinery will be lent to the vendor. The vendor will have two months to train the new workers. The current data entry processors will train the new workers.
3. There will be no direct contact between the vendor and the user. A middle person in the Information Services Division will handle problems, communications, etc.

The data entry processors have the following questions and concerns about the new system:

1. Will there be cost-savings as a result of privatization? The vendor will have the same costs of replacing outdated machinery that the state would have. Cost savings, if any, will come through hiring inexperienced workers at a lower rate of pay.

2. Is it possible to maintain the same quality of services with inexperienced workers? The current workers have an intimate knowledge of the inner workings of the user agencies, knowledge the new workers would not have. The current workers do a great deal of trouble-shooting. They are able to spot a problem immediately, directly contact the agency and solve the problem over the phone or in person. The proposed system will not have that efficiency. Because they are highly skilled, the current workers have assisted agencies when they got backlogged (SRS) or a project needed to be redone (Fish, Wildlife and Parks). Unskilled workers would not be able to provide this service.

3. Will the new system be cost-effective, particularly when compared with the short turnaround time, flexibility and high quality of services contained in the current data-processing system? The data entry workers work many hours of overtime, particularly in the summer. They also hire extra help in the summer, train them and supervise them.

3. What will happen if the level of services is not satisfactory? The state has already contracted out data processing in a number of cases. The Fish and Game contracted the conservation licenses with a Bozeman company, which hires college students at low wages. The Department of Administration workers have had to redo their work. Once the jobs are contracted out and the skilled workers have moved to other jobs, the state may find it prohibitively expensive to rehire workers, purchase equipment, etc. At that point, the vendor will be able to increase the cost of the services.

4. Will private industry and state government be negatively impacted by privatization? Many of the projects have special needs. For example:

a. Big game applications: are working from only copy of document--if lost, there is no record of the application (13,000 were processed last year)

b. Governor's budget: like many other projects, is processed with very brief turnaround time

c. Oil and Gas leases: is a complicated process, with different data coming in during a period of several months

d. Livestock: Every licensed brand in the state is currently being recorded on the computer system.

e. Crimestoppers and Juvenile Probation: Confidentiality of sensitive information must be maintained

5/23/90

EXHIBIT 7

LICENSING AND DRAWING (FWP)

IN: DAILY

PRIORITY: ASAP ON A DAILY BASIS

COMMENTS: THESE ARE DONE ONCE A YEAR AND USUALLY START IN MAY. THERE IS A LARGE VOLUME (APPROX 100,000) OF COMPLEX FORMS CONSISTING OF RESIDENT AND NON-RESIDENT APPLICATIONS TO BE ENTERED IN THE SPECIAL DRAWINGS. THEY MUST BE COMPLETED BY THE MIDDLE OF JULY AND MUST REQUIRE EXTRA STAFFING AND OVERTIME. BALANCING IS ALSO REQUIRED ON EACH BATCH AND CLOSE CONTACT WITH THE USER IS NECESSARY. THESE ARE ALL ON ORIGINAL FORMS AND THEY MUST BE HANDLED WITH EXTREME CARE SO THEY ARE NOT MISPLACED OR LOST.

NON-RESIDENT LICENSES (FWP)

IN: DAILY

PRIORITY: ASAP ON A DAILY BASIS

COMMENTS: THESE ARE DONE ONCE A YEAR AND USUALLY START THE LAST OF FEBRUARY. THERE IS APPROXIMATELY 20 TO 30 THOUSAND FORMS THAT MUST BE COMPLETED BY THE MIDDLE OF APRIL. THEY ALSO REQUIRE EXTRA STAFFING AND OVERTIME. BALANCING IS REQUIRED ON EACH BATCH AND CLOSE CONTACT WITH THE USER IS NECESSARY. THESE DOCUMENTS ARE ALL ORIGINAL FORMS AND CANNOT BE REPLACED IF LOST.

MISCELLANEOUS TRANSACTIONS (FWP)

IN: DAILY

PRIORITY: ASAP DAILY

COMMENTS: THESE ARE LARGE VOLUME AND COMPLEX REMITTANCE FORMS THAT MUST BE KEYED IMMEDIATELY AFTER THE L AND D'S. THERE ARE MANY DIFFERENT TYPES OF FORMS TO KEY AND MUST BE GIVEN PRIORITY.

PAYROLL (AUDITOR)

IN: BIWEEKLY

PRIORITY: BIWEEKLY TURNAROUND

COMMENTS: THESE GENERATE THE STATE EMPLOYEES PAYCHECKS. THIS IS A COMPLEX SYSTEM CONSISTING OF MANY DIFFERENT FORMS AND REQUIRES CLOSE CONTACT WITH THE USER. IT IS A HIGH PRIORITY JOB BECAUSE OF THE TURNAROUND, SO OTHER WORK HAS TO BE PUT ASIDE TO DO IT. THERE ARE TWO CRITICAL TRANSFERS OF DATA ON THURSDAYS AND FRIDAYS EVERY OTHER WEEK. WE MUST CALL THE USER AND TELL THEM JOB NUMBER SO THEY CAN PERFORM I/O CONTROL PROCEDURES NECESSARY FOR THE PAYROLL TO BE PROCESSED. VERY HIGHLY CONFIDENTIAL.

SBAS (ACCOUNTING SYSTEM)

IN: DAILY

PRIORITY: THESE MUST BE KEYED ON A DAILY BASIS AND TRANSFERED DAILY.

COMMENTS: VOLUME IS SMALL (150 TO 300) RECORDS PER DAY BUT MANY DIFFERENT FORMS ARE KEYED. THESE MUST BE BALANCED AND THEY REQUIRE CLOSE CONTACT WITH THE USER SO BALANCE ERRORS CAN BE CORRECTED BEFORE TRANSFER.

ICC (ACCOUNTING)

IN: DAILY OR EVERY OTHER DAY

PRIORITY: THESE MUST BE KEYED AND TRANSFERED ON A DAILY BASIS.

COMMENTS: SOMETIMES CAN BE LARGE VOLUME. MANY DIFFERENT AND COMPLEX FORMS ARE KEYED.

CRIME CONTROL

IN: MONTHLY

PRIORITY: ASAP

COMMENTS: THESE COME IN MONTHLY AND CONSIST OF TWO DIFFERENT TYPES OF FORMS. JOBS ARE SET UP BY USER TO BE TRANSFERED TO DIFFERENT TAPES. HIGHLY CONFIDENTIAL.

WAREHOUSE (FWP)

IN: MONTHLY

PRIORITY: ASAP

COMMENTS: THIS IS A VERY COMPLEX JOB AND CONSISTS OF MANY DIFFERENT FORMS. SOMETIMES THERE IS A LARGE VOLUME AND CLOSE CONTACT WITH THE USER IS REQUIRED. MANY FIELDS ON THIS CANNOT BE LEFT BLANK. EDITING IS REQUIRED AND WE MUST CALL USER AND GIVE DESCRIPTION OF FIELD IN ERROR AND USER WILL LOOK UP INFORMATION AND TELL US WHAT IS TO BE CODED.

SILICOSIS PAYMENTS (WCD)

IN: PERIODIC

PRIORITY: ASAP

COMMENTS: THIS IS A JOB WHICH IS REVERSED AND HELD ON THE SYSTEM UNTIL UPDATES COME IN. THEN THE ENTIRE JOB IS TRANSFERED WHEN DONE.

TEEN HEALTH RISK APPRAISAL

IN: TWICE A MONTH

PRIORITY: ASAP

COMMENTS: THESE ARE COMPLEX FORMS CONSISTING OF SEVERAL RECORDS PER DOCUMENT. VOLUME IS LARGE AT TIMES. HIGHLY CONFIDENTIAL.

FAMILY PLANNING

IN: MONTHLY

PRIORITY: TWO WEEK TURNAROUND IF POSSIBLE

COMMENTS: THIS IS A COMPLEX AND LARGE VOLUME JOB. (2000 TO 5000 RECORDS). WHEN FEDERAL DEADLINES ARE NEAR THERE MAY BE A SHORTER TURNAROUND TIME. VERY COMPLEX TO KEY BECAUSE OF ONE BYTE FIELDS THAT MUST BE KEYED PROPERLY.

BUDGET (GOVERNORS)

IN: DAILY

PRIORITY: DAILY TURNAROUND IF POSSIBLE

COMMENTS: THIS IS A COMPLEX AND LARGE VOLUME JOB CONSISTING OF 20 OR 30 TYPES OF FORMS. IT USUALLY COMES IN MOST HEAVILY DURING FEBRUARY AND DURING THE FISCAL YEAR END. SOME FORMS REQUIRE MULTIPLE SCREENS BECAUSE OF THE LENGTH OF THE RECORDS.

DWC (STATE COMP INSURANCE FUND)

IN: DAILY

PRIORITY: SEVERAL FORMS MUST BE KEYED AND TRANSFERED ON A DAILY BASIS.

COMMENTS: SEVERAL OF THESE JOBS ARE HELD ON THE SYSTEM FOR A MONTH THEN TRANSFERED. THESE ARE BALANCED AND THERE MUST BE A CLOSE CONTACT WITH THE USER.

VEHICLE ACCOUNTING (FWP)

IN: ONCE A MONTH

PRIORITY: ASAP

COMMENTS: THESE ARE VERY COMPLEX FORMS AND SOMETIMES THERE IS A LARGE VOLUME.

HUNTER SAFETY

IN: TWICE A YEAR (SPRING AND FALL)

PRIORITY: MUST BE DONE WITHIN A REQUIRED TIME FRAME.

COMMENTS: THESE ARE DONE TWICE A YEAR AND CONSIST OF THE SPRING AND FALL BOW AND HUNTER SAFETY STUDENT CLASS FORMS. THEY ARE A LARGE VOLUME JOB. ALTHOUGH THEY ARE MAINLY NAME AND ADDRESS THEY CAN BE DIFFICULT TO READ BECAUSE SOMETIMES THEY ARE FILLED OUT BY THE CHILDREN WHO ATTEND THE COURSE.

PDF (POSITION DETAIL)

IN: BIWEEKLY DURING PAYROLL WEEK

PRIORITY: BIWEEKLY TURNAROUND

COMMENTS: THIS A COMPLEX SYSTEM CONSISTING OF MANY DIFFERENT FORMS. IT REQUIRES CLOSE CONTACT WITH THE USER. IT IS A HIGH PRIORITY JOB BECAUSE OF THE TURNAROUND AND BECAUSE IT A BIWEEKLY JOB AND MUST BE TRANSFERED ON THURSDAY BEFORE THE PAYROLL TRANSFER. HIGHLY CONFIDENTIAL.

JUVENILE PROBATION INFORMATION

IN: MONTHLY

PRIORITY: ASAP

COMMENTS: THIS IS A LARGE VOLUME AND COMPLEX SYSTEM CONSISTING OF TWO DIFFERENT FORMS. THREE RECORDS ARE REQUIRED ON ONE OF THE FORMS AND IS VERY DIFFICULT TO KEY. HIGHLY CONFIDENTIAL.

LIVESTOCK BRANDS PROJECT

IN: ONCE OR TWICE WEEKLY

PRIORITY: ASAP

COMMENTS: THIS JOB CONSISTS OF MANY DIFFERENT FORMS AND IS VERY COMPLEX. EVERY TEN YEARS THESE ARE COMPLETELY RENEWED AND ARE A VERY LARGE VOLUME (105,000) TO KEY. IN BETWEEN THE RENEWALS, MAINTENANCE IS REQUIRED AND SOMETIMES THERE IS A LARGE VOLUME TO KEY AT ONE TIME. THERE ARE MANY LEGITIMATE CHECKS AND TABLE CHECKS ON THIS JOB.

BUDGET (FWP)

IN: DAILY WHEN BUDGET IS FIGURED

PRIORITY: IMMEDIATE TURNAROUND

COMMENTS: THESE FORMS ARE DELIVERED BY A FISH AND GAME ACCOUNTANT AND REQUIRE CLOSE CONTACT REGARDING EDITING. THEY ARE COMPLEX FORMS AND ARE MEDIUM VOLUME. MOST COME IN DURING FISCAL YEAR END.

SANITATION LICENSES

IN: WEEKLY WHEN LICENSES ARE RENEWED

PRIORITY: ASAP

COMMENTS: CAN BE A LARGE VOLUME AT TIMES. FORMS ARE RATHER COMPLEX AND REQUIRE A MULTIPLE SCREEN TO ACCOMODATE THE RECORDS. THESE MUST BE GIVEN PRIORITY TURNAROUND.

WATER ANALYSIS

IN: WEEKLY

PRIORITY: ASAP

COMMENTS: THESE ARE COMPLEX FORMS CONSISTING OF MANY RECORDS ON ONE FORM. MUST HAVE GOOD TURNAROUND. VOLUME IS RATHER LARGE AT TIMES.

AIR QUALITY (HEALTH)

IN: WEEKLY

PRIORITY: ASAP

COMMENTS: THESE ARE COMPLEX FORMS AND SOMETIMES A LARGE VOLUME TO KEY.

OSHA (WCD)

IN: QUARTERLY

PRIORITY: ASAP

COMMENTS: LARGE VOLUME AND COMPLEX FORMS WHICH MUST BE KEYED ASAP.

OIL AND GAS BIDDER

IN: WHENEVER OIL AND GAS BIDS COME IN (MONTHLY SOMETIMES)

PRIORITY: IMMEDIATE TURNAROUND

COMMENTS: COMPLEX FORMS WHICH REQUIRE IMMEDIATE TURNAROUND WHEN THEY COME IN AND SOMETIMES HAVE LARGE VOLUME.

WATER ANALYSIS BILLING (HEALTH)

IN: APPROXIMATELY EVERY TWO MONTHS

PRIORITY: IMMEDIATE TURNAROUND

COMMENTS: THIS IS A LARGE VOLUME JOB AND COMES IN ON A COMPUTER PRINTOUT WITH MANY CORRECTIONS TO BE MADE.

EEO AND PERSONNEL INFORMATION

IN: EVERY TWO WEEKS WHEN PAYROLL COMES IN

PRIORITY: IMMEDIATE TURNAROUND

COMMENTS: AVERAGE VOLUME 150 - 200 DOCUMENTS EXCEPT AT FISCAL YEAR END WHEN VOLUME INCREASES DRAMATICALLY. HIGHLY CONFIDENTIAL.

POSITION DETAIL FORM REVERSE AND EDIT

IN: ONCE A YEAR DURING FISCAL YEAR END

PRIORITY: IMMEDIATE TURNAROUND

COMMENTS: A HUGE VOLUME (40,000 RECORDS) COMPLEX JOB WHICH REQUIRES A REVERSE EXTRACT (PULLED FROM TAPES TO OUR DISK (3790) IN ORDER TO EDIT AND CORRECT RECORDS. COMES IN ON COMPUTER PRINTED PAPER ON A DAILY BASIS AND TAKES ABOUT A WEEK TO COMPLETE CHANGES. ONLY ONE PERSON AT A TIME CAN WORK ON THIS AND IT REQUIRES SEVERAL PASSES THRU THE SAME DOCUMENT TO GET ALL TRANSACTIONS PICKED UP. THERE ARE THREE OR MORE TYPES OF TRANSACTIONS CODED ON THE SAME DOCUMENT AND THE INFORMATION IS SCATTERED IN DIFFERENT PLACES.

OFFICE OF PUBLIC INSTRUCTION

IN: WHENEVER OPI NEEDS EXTRA HELP TO ENTER DATA ON DATA BASE.

PRIORITY: MAJORITY ARE ASAP

COMMENTS: THIS MAINLY CONSISTS OF MANY DIFFERENT FORMS AT DIFFERENT TIMES AND IS USUALLY LARGE VOLUME. THIS IS NOT ONE OF OUR REGULAR JOBS.

TIME SHEETS

IN: BIWEEKLY

PRIORITY: IMMEDIATE TURNAROUND

COMMENTS: THESE ARE BALANCED AND CLOSE CONTACT WITH THE USER IS IMPORTANT BECAUSE UNLESS THESE ARE BALANCED WE CANNOT CONTINUE TO KEY THE BATCH. HIGHLY CONFIDENTIAL.

PC 70'S (TIMESHEETS)

IN: BIWEEKLY MORNING

PRIORITY: IMMEDIATE TURNAROUND (10 AM THE SAME MORNING)

COMMENTS: THESE ARE KEYED IMMEDIATELY EVERY MONDAY AND MUST BE DONE AND TRANSFERED BY 10 AM. HIGHLY CONFIDENTIAL.

PAMS (ACCOUNTING)

IN: CONTINUOUSLY DAILY FOR MONTH

PRIORITY: THESE MUST BE KEYED ON A DAILY BASIS TO KEEP UP.

COMMENTS: THESE MUST BE DONE AND TRANSFERED THE WEEK BEFORE THE LAST DAY OF THE MONTH. THEY HAVE A LARGE VOLUME SOMETIMES MORE THAN 6000 RECORDS. THERE ARE ALSO MANY DIFFERENT FORMS TO KEY.

LABOR & EMPLOYMENT RELATIONS
(name)

5/23/90
(date)

NAME

REPRESENTING

TARISA Schreck	C.S.W.I Dept. of Family Services
NORINA Stock	Montana Federation of State Employees, MFT, AFT, AFL-CIO
Terry Minow	MT Fed of State Employees
Mary Ann Butler	State - Dept of Admin -
Dee Ann Clancy	Highways
Greg S. Fahn	"
Lee Toles	Gen Service
Jim Papp	Gen. Services
George H. Cuckebach	Dept of Highways
Victor Buerkle	" "
Bea Steen	" "
Charles Rogers	" "
Maureen Cude	Office of the Legislative Auditor
Jim Nelson	" " " " "
Bob Mark	Dept of Admin -
Paul Wiley	" "
DACE DABBY	OBPP
BOB KUCHENBROD	OBPP
Debra M. Kehr	General Services Division DOA
Steve Johnson	State Labor Relations
Denise Gottlob	Montana Dept. of Highways
Steve Ginkle	Great Falls Trib
Dave Depew	MPEA

LABOR + EMPLOYMENT RELATIONS
(name)

May 23 1990
(date)

NAME

REPRESENTING

NAME	REPRESENTING
Donna Olson	SELF
Dennis McAlpin	Capitol Security
Cam Yalby	M.F.T.
J. N. Lynch	Senator - Dist 34
Tom Doney	Legislative Council
Ed Shea	Highways
Lyle F. Wilson	Capitol Security
Keith Davis	Capitol Security
Leoras Lawrence	Helena AFSCME
George Howard	Helena AFSCME
Pam Dale	self
J. E. Wilson	self
Herbert Jay	Self
B. Lombardi	Lee Newspapers
Thomas A. Mueller	MPEH
Richard Hunt	SECURITY
Greg Fent	Scholarship 254#
Red Menahan	Dist # 67 Anconia
Jim Murray	Mont. State AFL-CIO
Don Jaden	Mont. State AFL-CIO

