

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By CHAIRMAN QUILICI on January 11, 1991, at 8:05 a.m.

ROLL CALL

Members Present:

Rep. Joe Quilici, Chairman (D)
Sen. Larry Stimatz, Vice Chairman (D)
Sen. Harry Fritz (D)
Rep. Mary Lou Peterson (R)
Sen. Larry Tveit (R)
Rep. Tom Zook (R)

Staff Present: Lois Steinbeck, Associate Fiscal Analyst (LFA)
Arlene Carlson, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

HEARING ON SECRETARY OF STATE

Tape No. 1

Lois Steinbeck, LFA, gave an overview of the agency. The office reviews, maintains, and distributes records of business and non-profit organizations; files and maintains records of secured financial transactions; and maintains the official records of the executive branch and the acts of the legislature. As the chief election officer of the state, the Secretary of State is responsible for the application, operation, and interpretation of election laws except those pertaining to campaign finance. The office publishes the Administrative Rules of Montana and the Montana Administrative Register.

Ms. Steinbeck stated there are two programs. The Records Management program involves collection of a variety of fees, most of which are deposited into the general fund. These fees offset the expenditures for the current budget. She gave a brief comparison of the executive and LFA current budget. **EXHIBIT 1**

The executive budget exceeds the LFA current level budget by \$32,850. The Executive includes \$15,588 more for travel, \$27,596 more for supplies, \$9,509 more for repairs, \$34,369 more for printing, and \$13,559 more for communication costs. The Executive offsets these increases in operating expenses by reducing computer processing charges by \$62,167 in FY93. The LFA current level also includes \$11,600 more for inflationary adjustments and includes a laser printer in FY92.

Computer costs are higher because the system that was to be installed to save money did not perform the specific functions that were required by the agency. The Secretary of State's Office sued the Wang contractor for failure to produce a working system and won their lawsuit. HB100 allowed the Secretary of State to request a budget amendment when the PC system failed. The appropriation authority cannot be increased with a budget amendment. In the executive budget modification there are computer processing charges. The Secretary of State's Office needs additional money to fund mainframe processing charges.

The second program is the Administrative Code program funded by state special revenue. Both programs will collect fee income in excess of expenditures during the 1991 biennium. **EXHIBIT 2**

Mike Cooney, Secretary of State, presented the agency budget and explanation. **EXHIBIT 3** He requested 1.5 additional FTE in the Records Management Program. Also requested was money to deal with the issue of secure document storage. The corporate document storage system implemented years ago is unsafe and unwise. \$350,000 would provide for the microfilming of 7.7 million corporate records his office maintains, and \$45,000 for the installation of safe, secure, fireproof storage cabinets. He also requested .5 FTE in the Administrative Code Program. **EXHIBIT 3**

Questions From Subcommittee Members:

REP. PETERSON asked about the documents being stored on 1x3 shelves and why this problem has existed for so many years. **Mr. Cooney** said that historically no one knew how to maintain records. Currently they do not have fire and water protection for these records and because they need to be maintained on site there is an urgent need to protect these documents. The office receives a number of inquiries each day for copies of documents, either by telephone or by walk-ins. He inherited a system and was appalled as to how the documents were being stored. The documents are stored on shelves made out of 1 x 3 boards and are stored from the floor to the ceiling with nowhere to walk. With the microfilming equipment that the Secretary of State is requesting, he felt this problem could be alleviated.

SEN. STIMATZ stated what **Mr. Cooney** is doing is illegal but he inherited the problem and the Legislature does not provide the appropriations for him to comply with the laws. One of the alternatives was to reappeal all of the laws that have been made and cause a total furor.

SEN. STIMATZ was concerned about the state hiring temporary employees and wondered who the Secretary's temporary employee was and where did the office get him/her and do they receive health and retirement costs. **Doug Mitchell, Chief Deputy**, stated the temporary situation is a difficult one and one of the reasons why

the office has asked that the part-time positions be made into full-time positions. The Secretary's Office currently uses JTPA employees (Job Training Partnership Act) a federal program to fill these temporary positions with occupational underprivileged persons.

CHAIRMAN QUILICI asked **Doug Mitchell** to explain how the Office became involved with the computer system and why the additional money for ISD is needed. He stated the UCC computer system, which records all the liens in the office, was to replace the mainframe connection costs which amounted to \$100 per month per terminal and user fees, with an in-house system that was to be purchased over a five year period. The payments to the Department of Administration, for computer services, ran \$220,000 per year, the standard rate for on-line connections. The Secretary of State appeared before the 1989 Legislature to request \$150,000 to pay for the contract with Wang. At that time the Secretary was advised by his legal counsel that if they requested anything more than the money for the Wang computer system, the Wang Company would be able to file a lawsuit against the Secretary of State by stating the office had violated their contract to avoid the expenditures for the Wang computer system. The Secretary of State's Office asked for the language in HB100 that would allow the office of Secretary of State to reappear before the Legislature for a supplemental. Unfortunately, Wang did not fulfill their contract and the Secretary of State had to sue Wang, whereupon, a judgment was awarded to the Office of the Secretary of State which, in turn, allowed the Secretary of State to upgrade their computer system. By working with ISD, the Secretary of State's Office was able to reduce their cost for computer service from \$220,000 to \$170,000 and were able to save a great deal of money. The Office was able to cut back on printing costs, postage, and travel expenditures as well. The Secretary of State's Office has moved to a new type of computer system and they will be issuing a new RFP this biennium to replace the system.

The other budget issues are equipment and rent which have been reduced. Under the Wang contract rent was not included, but since the Wang system failed the office is once again paying for rent to use the equipment. These issues cloud the picture for FY90 between the Executive and LFA's current level budget.

CHAIRMAN QUILICI stated that he felt the committee should be aware of the situation that has existed from the previous Secretary of State and the last biennium because of the Wang computer system.

Mr. Cooney stated Secretary of State Bertelson told him that his biggest disappointment, when he served as Secretary of State, was the Wang computer system. Many lenders and attorneys that use the UCC filing system on a daily basis did not receive adequate information as requested due to the systems inaccuracies.

REP. PETERSON stated she wanted to know how she could be alerted as a committee member to avoid this kind of mistakes made in the past by Wang. Mr. Cooney stated when the Wang program was introduced to the Legislature, everyone felt it was going to be a successful computer system. The Legislature is like everyone who is looking at purchasing a computer system, they must depend on the person or company that sells the product and the information that is provided. When he took over the office, he knew there were problems with the Wang system for it was nowhere up and running at full capacity and the relationship between his office and representatives from Wang was deteriorating. He was very forceful with Wang so they would comply with the contract.

CHAIRMAN QUILICI stated that ISD works with all agencies to provide the best computer system available. ISD did not approve or disapprove of the Wang system, but the previous Secretary of State did not go through ISD nor did they appear before the Legislature; instead, he negotiated with Wang himself and had the computer system installed. ISD receives a substantial budget to help state agencies and departments to set up computer systems so the system will be compatible through ISD.

Mr. Mitchell stated it is very hard to know if the information being provided to the Legislature is up-to-date, but checking the various companies references would help to see if the company is providing the equipment they say they are. It was not the Wang Company itself that was at fault, but the software vendor who is presently under indictment in Louisiana. The system they have right now is not working. They can file a lien today, but when they go back into the system, they may or may not be able to retrieve the documents that were just filed. This problem happens all the time and there will be two or three days they may not be able to retrieve something off the computer. If ISD can provide a system that will perform these functions, then they will work with ISD; but if not, then the office will have to find a system even if that means going out of the state.

SEN. FRITZ asked if there is money in this budget to conduct this search and provide the needs assessment that is required. Mr. Mitchell answered yes, there are contracted services that allow them to work with a consultant. The person who wrote the RFP was from Wang. The department would be working with a consultant who would not have the ability to bid on the system. The department would have liked to work with the Department of Administration more closely when Wang was being installed, but unfortunately, that did not happen.

CHAIRMAN QUILICI stated the problem is over and the Legislature learned a good lesson that will be beneficial in the future.

Mr. Mitchell referred to Issue No. 2, printing costs, which will be substantially higher than in the past due to the increased costs of printing the voter information pamphlets and publication notices of elections distributed to voters.

Mr. Mitchell spoke about the Administrative Code Program. The program is a two person office, one half time FTE and a full time FTE. There was no problem with the LFA current level budget or Executive budget except for the printing costs. In 1990, the Governor's Office issued an executive order which limited the

number of administrative rules published; after 1990, the administrative codes will be published up to full capacity. There are changes that have to be made by the Administrative Code Committee with reorganizations in state government and privatization of government agencies. There are no charges to the various agencies when changes are made but the department itself has to cover the costs for the printing of the changes.

CHAIRMAN QUILICI stated that state's special refund accounts are charges to the agencies for Administrative Codes. There is no general fund within this budget.

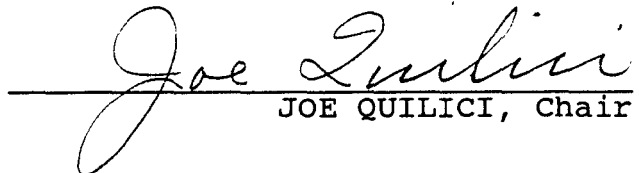
Mr. Mitchell stated there is a substantial cash flow in the account, and it does not revert to the general revenue fund.

SEN. FRITZ questioned the increase of personal costs when the department has the same number of FTEs. Mr. Mitchell responded there was a clerical error made, the Chief Legal Counsel's salary should have been paid out of Record's Management Program. Ms. Steinbeck clarified by stating that there were two other factors that influenced the discrepancy (1) the pay plan and (2) a vacancy savings.

CHAIRMAN QUILICI stated that upon adjournment the subcommittee would tour the Secretary of State's Office.

ADJOURNMENT

Adjournment: 11:05 a.m.


JOE QUILICI, Chair

JQ/amc

HOUSE OF REPRESENTATIVE
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE Jan. 11, 1990

NAME	PRESENT	ABSENT	EXCUSED
REP. JOE QUILICI, CHAIRMAN	✓		
SEN. LARRY STIMATZ, VICE-CHAIRMAN			
REP. TOM ZOOK	✓		
SEN. LARRY TVEIT	✓		
REP. MARY LOU PETERSON	✓		
SEN. HARRY FRITZ	✓		

HR:1991
CS10DLRLCALED SUB

COMPARISON OF EXECUTIVE AND LFA CURRENT LEVELS

SECRETARY OF STATE'S OFFICE

Budget Item	Executive Current Level		LFA Current Level		Executive Over(Under) LFA
	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993	
FTE	26.00	26.00	26.00	26.00	0.00
Personal Services	630,144	629,099	630,146	629,102	(5)
Operating Expenses	462,110	462,169	445,311	449,475	29,493
Equipment	<u>10,585</u>	<u>12,515</u>	<u>10,585</u>	<u>9,153</u>	<u>3,362</u>
Total Agency	\$1,102,839	\$1,103,783	\$1,086,042	\$1,087,730	\$32,850
<u>Fund Sources</u>					
General Fund	925,554	925,447	912,180	912,663	26,158
State Revenue Fund	<u>177,285</u>	<u>178,336</u>	<u>173,862</u>	<u>175,067</u>	<u>6,692</u>
Total Funds	\$1,102,839	\$1,103,783	\$1,086,042	\$1,087,730	\$32,850

Executive Budget Comparison

The Executive Budget exceeds the LFA current level budget by \$32,850. The Executive Budget includes \$15,588 more for travel, \$27,596 more for supplies, \$9,509 more for repairs, \$34,369 more for printing costs, and \$13,559 more for communication costs than the LFA current level. The LFA current level budget is based on fiscal 1990 actual expenditures, adjusted for cyclical costs. The Executive Budget offsets these increases in operating expenses by reducing computer processing charges by \$62,167 in fiscal 1993, as discussed below. The LFA current level budget also includes \$11,600 more for inflationary adjustments than the Executive Budget, which includes a significant deflation factor for computer processing charges.

The LFA current level includes a laser printer in fiscal 1992, while the Executive Budget includes one each year of the biennium.

Cyclical Printing Costs

The Executive Budget is higher than the LFA by \$34,369 in printing and \$32,000

in publication expenses during the biennium to fund printing costs in the election year. The LFA budget for these expenses is based on average printing and publication costs in election years 1988 and 1990.

Computer Processing Costs

The LFA budget is \$62,167 higher in computer processing charges over the biennium as the Executive Budget reduces current level computer processing costs in fiscal 1993 to fund the increased printing and publication expenses noted above. A modified budget request included in the Executive Budget restores the reduction in current level fiscal 1993 computer processing charges.

Budget Modifications

In addition to the \$2.2 million current level budget for the 1993 biennium, the Executive Budget includes a \$65,743 general fund budget modification for the Secretary of State's office. The Secretary of State will present additional budget modifications for 5.0 FTE and \$483,452 to the legislature.

SECRETARY OF STATE'S OFFICE

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	26.00	26.00	26.00	26.00	.00
Personal Services	557,790	626,745	630,146	629,102	6.31%
Operating Expenses	433,681	452,008	445,311	449,475	1.03%
Equipment	19,580	0	10,585	9,153	.81%
Debt Service	13,179	36,242	0	0	-100.00%
Total Agency	\$1,024,230	\$1,114,995	\$1,086,042	\$1,087,730	1.61%
<u>Fund Sources</u>					
General Fund	882,165	947,730	912,180	912,663	-.28%
State Revenue Fund	142,065	167,265	173,862	175,067	12.80%
Total Funds	\$1,024,230	\$1,114,995	\$1,086,042	\$1,087,730	1.61%

Agency Description

The Office of the Secretary of State is established by Article VI, Section 1, of the Montana Constitution and its duties are set forth in Section 2-15-401, MCA. The office reviews, maintains, and distributes records of business and non-profit organizations; files and maintains records of secured financial transactions; and maintains the official records of the executive branch and the acts of the legislature. As the chief election officer of the state, the Secretary of State is responsible for the application, operation, and interpretation of election laws except those pertaining to campaign finance. The office publishes the Administrative Rules of Montana and the Montana Administrative Register.

Current Level Budget

The current level budget for the 1993 biennium is only slightly larger than the 1991 biennium. Personal services costs rise due to pay plan increases in 1991 continued in the 1993 biennium and vacancy savings experienced in fiscal 1990. Increases in fixed costs and adjustments for inflation are largely

offset by the reduction in state mainframe computer processing rates. Replacement equipment budgeted in current level includes PC's and monitors, file cabinets, desks, and typewriters. Debt service is removed from current level as the PC system expected to take the place of the Uniform Commercial Code (UCC) mainframe system has been discontinued due to performance failure. Since the PC system was to be funded by savings in mainframe processing costs, the amount allocated for debt service has been shifted to current level operating costs to fund continuing system costs.

The Office of the Secretary of State collects a variety of fees for its services. Table 1 shows actual and projected collections for the current biennium compared to actual and appropriated expenditures. Most of the revenue collected by the office is deposited in the general fund. The Records Management program is funded by general fund while the Administrative Code program is funded by state special revenue. As shown in Table 1, both programs will collect fee income in excess of expenditures during the 1991 biennium, based on the following revenue estimates.

SECRETARY OF STATE'S OFFICE

Table 1
Revenue and Expenditures Office of the Secretary of State
Fiscal 1990 Actual and Fiscal 1991 Estimates

<u>Revenue Source</u>	<u>FY90 Actual</u>	<u>FY91 Estimate</u>
Revenue Deposited to the General Fund		
Domestic Corporate Licenses	\$ 395,646	\$365,000
UCC Filing Fees	306,007	280,000
Foreign Corporate Licenses	201,059	180,000
Notary Public Licenses	73,263	70,000
Assumed Business Name	46,741	40,000
Certificates and Certificate Copies	34,208	30,000
Candidate Filing Fees	23,879	100
Fax and Priority Handling	8,939	12,000
Trademark and Tradename Registration	6,170	5,000
Miscellaneous Income	<u>2,015</u>	<u>1,500</u>
Total Deposits to the General Fund	<u>\$1,097,927</u>	<u>\$983,600</u>
Actual and Budgeted Expenditures	\$ 882,165	\$947,730
Revenue Collections Over Expenditures	\$ 215,762	\$ 35,870
State Special Revenue Collections		
Administrative Rules	\$185,360	\$170,000
Reapportionment Maps	<u>568</u>	<u>500</u>
Total State Special Revenue	<u>\$185,928</u>	<u>\$170,500</u>
Actual and Budgeted Expenditures	\$142,065	\$167,265
Revenue Collections Over Expenditures	\$ 48,863	\$ 3,235

Executive Budget Modification 1993 Biennium

<u>Budget Modification</u>	<u>FTE FY92</u>	<u>FTE FY93</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
1) Data Processing Costs	0.0	0.0	\$65,743	\$0	\$65,743

SECRETARY OF STATE'S OFFICE

In addition to the budget modification included in the Executive Budget, the Secretary of State is requesting the

following budget modifications. Additional information on these budget modifications is contained in the program narratives.

Elected Official Budget Modifications 1993 Biennium

<u>Budget Modifications</u>	<u>FTE FY92</u>	<u>FTE FY93</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
1) Fireproof File Cabinets			\$ 45,000	\$ 0	\$ 45,000
2) Additional FTE	2.0	2.0	57,377	20,637	78,014
3) Corporate Document Microfilming	<u>3.0</u>	<u>3.0</u>	<u>360,438</u>	<u>0</u>	<u>360,438</u>
Total	5.0	5.0	\$462,815	\$20,637	\$483,452

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

EXHIBIT

DATE 1-11-91

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
111	22,50	22,50	22,50	.00	22,50	22,50	.00
Personal Services	489,432	533,016	533,018	2-	532,117	532,120	3-
Operating Expenses	362,915	383,438	370,062	13,376	382,407	372,982	9,425
Equipment	18,616	9,100	9,100	0	10,923	7,561	3,362
Debt Service	11,202	0	0	0	0	0	0
Total Expend.	\$882,165	\$925,554	\$912,180	\$13,374	\$925,447	\$912,663	\$12,784
Fund Sources							
General Fund	882,165	925,554	912,180	13,374	925,447	912,663	12,784
Total Funds	\$882,165	\$925,554	\$912,180	\$13,374	\$925,447	\$912,663	\$12,784

CURRENT LEVEL ISSUES

--EXEC. OVER (UNDER) LFA--

Annual FY 92 FY 93
FTE

\$19,924 \$58,962

1. PRINTING, PUBLICATION, AND POSTAGE EXPENSES. The LFA current level includes a cyclical cost adjustment based on actual costs in election years 1988 and 1990 to provide voter information pamphlets and publication notices. Please see technical note.

(37) (62,118)

2. COMPUTER PROCESSING CHARGES. The LFA current level continues FY90 actual mainframe computer processing costs. The Executive Budget, based on the FY91 appropriation, is much lower than actual expenditures as the 1989 legislature reduced the appropriation to reflect mainframe processing savings due to installation of a personal computer system. The PC system was not installed as it was unable to perform specified functions, necessitating continuation of the mainframe system.

3,362

3. EQUIPMENT. The Executive includes a laser printer each year of the biennium, while the LFA current level includes one in FY92 only.

(6,723) 12,195

4. BASE BUDGET DIFFERENCES

\$13,164 \$12,401

TOTAL CURRENT LEVEL ISSUES

1. CYCLICAL PRINTING COSTS. The LFA current level omitted cyclical publication costs in adjusting for election year printing expenses. The FY89 actual publication costs were \$16,683 higher than comparable FY90 costs.

EXECUTIVE BUDGET MODIFICATION

1. COMPUTER PROCESSING CHARGES. The Executive current level budget uses the FY91 appropriation which was significantly lower than actual costs due to failure of the PC system. However, the FY91 appropriation contains cyclical printing authority allowing the Secretary of State to publish and distribute voter information in an election year. In order to fund mainframe computer services costs that were higher than the budgeted amount due to the failure of the PC system, OBPP directed the Secretary of State to move the cyclical printing authority to computer processing costs in FY92 and include a modified budget request for the balance in FY92 and FY93.	\$7,936	\$57,807
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ELECTED OFFICIAL MODIFICATIONS

1. FIREPROOF CABINETS. The Secretary of State is required to maintain two copies of all records or papers deposited in his office by statute.	\$45,000	
2. ADDITIONAL FTE. The Secretary of State is requesting 1.5 additional FTE--a full time cashier position and a half time administrative aide.	1.5	28,689
3. DUPLICATE COPIES OF CORPORATE RECORDS. The Secretary of State is requesting 3.0 FTE and funds to microfilm corporate documents. Statute directs the Secretary to keep copies of all corporate records required to be filed in his office. Currently there is only one copy of such documents.	3.0	180,219

SUBTOTAL ELECTED OFFICIAL MODIFICATIONS

4.5	\$253,908	\$208,908
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Ex. 2
1-11-91
Gen. Acct. Sub.

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

3201 SECRETARY OF STATES OFFICE
03 ADMINISTRATIVE CODE PROGRAM
00000

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	3.50	3.50	3.50	.00	3.50	3.50	.00
Personal Services	68,358	97,128	97,128	0	96,982	96,982	0
Operating Expenses	70,766	78,672	75,249	3,423	79,762	76,493	3,269
Equipment	964	1,485	1,485	0	1,592	1,592	0
Debt Service	1,977	0	0	0	0	0	0
Total Expend.	\$142,065	\$177,285	\$173,862	\$3,423	\$178,336	\$175,067	\$3,269
Fund Sources							
State Revenue Fund	142,065	177,285	173,862	3,423	178,336	175,067	3,269
Total Funds	\$142,065	\$177,285	\$173,862	\$3,423	\$178,336	\$175,067	\$3,269

CURRENT LEVEL ISSUE

--EXEC. OVER (UNDER) LFA--

Annual FY 92 FY 93
FTE

1. PRINTING EXPENSES. The Executive Budget contains higher printing expenses than the LFA current level.

\$3,423 \$3,269

ELECTED OFFICIAL MODIFICATION

1. ADDITIONAL FTE. The Secretary of State is requesting .5 additional FTE--a half time administrative aide.

\$10,319

\$10,319

Joint Committee on General Government and Highways
Budget Hearing
Secretary of State Mike Cooney
January 11, 1991

Mr. Chairman and members of the Committee, it is my pleasure to appear before you today to present the budget for the Office of the Secretary of State for the 1993 Biennium.

I am very proud of the work my office has done over the past two years in streamlining the costs of government and in cutting bureaucratic red tape. It is my pledge to continue this tradition in the coming biennium, and we begin today with the discussion of a budget that is reasonable and well thought out.

During my last visit before this esteemed body in 1989, I submitted a budget that was some 7% less than the prior year's budget. As you know, a major component of that budget was the installation of a cost-saving, in-house computer system purchased by my predecessor. Unfortunately, the vendor failed to provide a useful product and I was forced to take legal action to terminate the contract. And although House Bill 100 allowed me to seek a substantial supplemental appropriation of roughly \$75,000 per year to compensate for the failed computer installation, this office buckled down, and did its work without having to overburden the taxpayers.

As you are no doubt aware, the preparation of agency budgets for this biennium was a long, arduous task. During this process my office developed a budget proposal that will allow the office of the Secretary of State to continue its tradition of excellent service to the public without placing undue burden on the general fund. Included in our request are a couple of modifications that I believe merit your consideration.

First, I am requesting 1.5 additional FTE in the Records Management Program. The .5 FTE will serve to make full-time, a part-time position currently used for the processing of annual reports. Historically, the existing .5 FTE has not been sufficient to complete the work in a timely manner. As was the case in the past, this office is currently employing two temporary personnel to pick-up the slack. The addition of this .5 FTE would not only eliminate this for temporary help, but would also provide the stability that comes with having full time employees.

The 1 FTE I am requesting is a cashier position to help alleviate a continuing problem that has faced at least four Secretaries of State. The problem is timely deposits to the state treasury. As you know, state law mandates that all money collected be deposited to the treasury the same day it is received. During annual report season, with current staff, this is simply not possible. Just yesterday we received over 1100 annual reports, each of which had to be opened and verified, a fee sheet had to be created listing each check, and the collection report

completed, checks endorsed and deposited. The addition of a cashier position will significantly speed the time it takes this office to process incoming checks. And it will also save the state money. Just last month the Legislative Auditor reported that although my staff had made significant improvement in the timely deposit of checks, that the state was losing between \$18,728 and \$49,343 in interest income due to the delay in processing the checks. This can not continue. My office has created a highly efficient system for processing this income, and the time of handling has been reduced by better than 70%....but we need an additional set of hands to solve this problem.

Second, I am requesting that money be appropriated to deal with the issue of secure document storage. Quite frankly, the corporate document storage system implemented some time ago is both unsafe and unwise. And while State Law mandates that we keep duplicate copies of all corporate files, such duplicates have never been maintained. I present to you today two proposals.

One, which at an expense of roughly \$350,000 would provide for the microfilming of the 7.7 million corporate records this office maintains, and the other which seeks the installation of safe, secure, fireproof storage of the sole documents at a cost of roughly \$45,000.

And last, I am requesting .5 FTE in the Administrative Code Program. Like my previous request, this would make full-time a position that is currently part-time. With the reorganization of any entity of state government comes the promulgation or alteration of state rules and regulations...all of which are published by this small and efficient bureau. Already, the work load of this bureau mandates significant compensatory time by the bureau chief, and the additional changes proposed by the Governor and other legislative measures promise to test the breaking point in this agency.

As always, I come before you prepared to answer your questions and to provide you with as much detail as you need in making these decisions.

To help me in this task today I have asked my Chief Deputy, Doug Mitchell and my Administrative Officer, Louise Ross to join me here today to provide you with additional specifics.

Unless there are any questions you would like me to answer directly, I will return the floor to the Chairman with my thanks for your time and consideration.

MC:dm 87.120