

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By Chairman Quilici on January 15, 1991, at 8:07 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: Clayton Schenck, Senior Fiscal Analyst (LFA)
Lois Steinbeck, LFA
John Patrick, Budget Analyst (OBPP)
Arlene Carlson, Secretary

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

Announcements/Discussion: CHAIR QUILICI stated he had met with the Department of Administration and Mike Trevor, Administrator, ISD, to discuss the network computer system and consolidation. The subcommittee will meet on the adjournment of the Senate to discuss this matter.

HEARING ON SUPPLEMENTALS

Tape No. 1 (Tape was recorded over here with information regarding the network system)

EXHIBITS 1 and 2

DEPARTMENT OF REVENUE

Denis Adams, Director, Department of Revenue (DOR), stated the Property Assessment Division is requesting a supplemental to fund contracted services (\$124,240) and upgrades for equipment and repair of the computer assisted mass appraisal system (CAMAS) (\$96,744).

DEPARTMENT OF JUSTICE

Marc Racicot, Attorney General, requested a supplemental on behalf of Fish, Wildlife, and Parks for litigation costs already incurred and anticipated in connection with the Confederated Salish and Kootenai Tribes v. Montana. The action, filed in April 1990, was to determine if the Tribes have exclusive

jurisdiction over all hunting and fishing by nonmembers on the Flathead Indian Reservation. There was a cooperative agreement reached between the parties in November 1990.

Tape began recording again with current testimony.

SEN. DICK PINSONEAULT (referring to tribal jurisdiction issues) ... getting SB 446 passed was very controversial but was important. He has three boxes of information accumulated regarding issues that lead up to signing this agreement. When the Governor took, there had been a series of meetings held between the executive and the tribal council government behind closed doors. That was never going to sell. The testimony he gave in March 1989, "I fully appreciate the Tribal Council's position in negotiating with FWP and having arrived at what they feel is a good faith agreement. Irrespective of what has occurred, I know that I speak for myself and a substantial amount of other nontribal residents of the reservation, and that is this, you simply are not going to negotiate away my rights and interests in absentia." When the Governor took over, the first thing he did was run a series of open meetings throughout the reservation that ultimately lead to the signing of this agreement roughly 5 or 6 weeks ago. The turning point of this case was when a suit was filed, and the Governor asked the Attorney General's office to become involved. That was the clue to the tribal legal group that the Governor intended to play hardball and their filing a lawsuit in federal court over this issue was not one in which the state was going to retreat. The selection of Mr. Racicot to represent our interests was an excellent one. He is a man with substantial trial experience and once the tribe realized they had a fight on their hands, that was an important element in this whole thing which resulted in a negotiated agreement. Once the lawsuit was filed, he had no choice. You have to answer, you don't let things like this go by default. The money was expended was absolutely necessary. The information that is there will be there forever. He hoped this was one agreement in a step of subsequent agreements that will result in a harmonious non-litigious way to govern.

Rick Bartos, Chief Legal Counsel, Governor's Office, expressed their support of the supplemental appropriation. Sen. Pinsonneault and Attorney General Racicot were correct in their explanation of why this is so appropriate. Approximately 50% of the land on the Flathead Reservation is deeded land or private property owned by nonIndians. Approximately 70% of the population on the reservation are nontribal members. There is a significant presence of nontribal members on the reservation and it's essential that the state of Montana provide a presence as well as a representation for those people. The Governor's Office wants to publicly commend the Attorney General publicly for assuming the defense for the state of Montana. It was a very healthy experience of cooperation that has benefitted the state.

SEN. ETHYL HARDING, spoke in support of the supplemental request

for three reasons. It's a win-win situation. She thanked the AG for his part in settling the situation. This has been a method of bridging the gap.

K.L. Cook, Director, FWP, said the department is in support of the Governor's position. Mr. Racicot did a good job for everyone.

Mick Robinson stated the Motor Vehicle Division requested a supplemental for motor vehicle decals and gasoline. New license plates were approved by the 1989 Legislature, but the cost of decals for the new plates was omitted from the cost estimates. The agency estimates the increased cost at \$40,000 for decals that will exhibit the month and also requests \$23,700 due to increased gasoline costs for Driver Services Bureau personnel to travel to smaller cities to administer driver's license tests.

Mick Robinson stated the Highway Patrol requested a supplemental from the highways special revenue fund for increased prisoner per diem reimbursed to local detention centers for boarding prisoners arrested by the Highway Patrol.

The Highway Patrol requested a supplemental from the highways special revenue funds for increased gasoline costs for vehicle patrols by the Highway Patrol. The agency estimated a 62.7 percent increase over FY90 costs.

The Law Enforcement Services requested a supplemental for increased gasoline costs in the Fire Marshal Bureau (to travel for building inspections and fire investigations) and in the Criminal Investigation Bureau. The agency estimated a 62.7 percent increase over FY90 costs.

The Department requested a supplemental for increased County Attorney payroll costs. The program pays one-half the salaries and benefits of county attorneys. Appropriated funds are insufficient because three counties changed from part-time to full-time attorneys and salary increases for attorneys were 3.3 FY91.

The Department requested a supplemental to pay for increased prisoner extradition costs and costs of transporting prisoners to a state detention facility. The department attributes the increased costs to rate increases for airline travel and lodging, along with a greater volume of prisoner transfers. There was a FY91 appropriation transfer of \$45,000 to cover increased costs in FY90.

SUPREME COURT

Jim Oppedahl, Administrator, Court Administration, Montana Supreme Court, stated the Court requested a supplemental for the Commission on Practice to investigate and prosecute complaints against attorneys. The number of complaints was higher than anticipated in FY90 requiring an appropriation transfer of

\$11,500 from FY91. In 1990 the Commission on Practice had 227 complaints filed, a 55% increase over the previous year. In increase of complaints means higher costs for investigations, hearings and legal costs.

Bill Groff, Member, Commission on Practice, spoke in support of the Commission on Practice's request for supplemental appropriations to investigate and prosecute complaints against attorneys.

SEN. FRITZ asked why the public is expected to pay for the disciplinary actions against a private occupational group, why doesn't the State Bar Association assess the members to pay for the proceedings. **Mr. Groff** responded by stating this Commission is set up to protect the citizens of Montana, therefore, they are the ones who should pay for the services provided by the Commission.

Jim Oppedahl stated that the Supreme Court requested a supplemental appropriation to fund the water court judge salary. The salary was budgeted at a level below the statutorily established amount. The MCA establishes the water court judge salary at the same level as provided for district judges. The previous water court judge's salary was supplemented by judicial retirement pay.

Jim Oppedahl requested a supplemental for the Judicial Standards Commission which investigates complaints against judges for \$3500. Current year activity is projected to be higher than the budgeted amount.

STATE AUDITOR'S OFFICE

Dennis Sheehy, Deputy State Auditor, requested a supplemental for increased operating costs of the state payroll system, including computer processing, system development, printing, and postage.
EXHIBIT 3

The State Auditor is requesting a supplemental for increased operating costs of the state warrant writing system, including computer processing, system development, printing and postage costs. The agency installed a new warrant writing system in July 1989, and operating costs in the 1991 biennium have been nearly double the estimates used for the legislative appropriation. In addition to low estimates for processing costs, volume of warrant processing due to the addition of State Fund warrants and other unanticipated volume increases have contributed to the higher costs. There was a FY91 appropriation transfer of \$85,967 to cover increased costs in FY90.

SEN. FRITZ asked if they could anticipate the budget requests for these other agencies will decrease because they are no longer issuing their own warrants. **Mr. Sheehy** said that they may have an offsetting decrease in expenditures. Part of the problem is

that, some agencies may be allocated postage money and if that function is shifted to the State Auditor's Office, there should be a corresponding shift in support for our office.

GOVERNOR'S OFFICE

Steve Yeakel, stated the Citizens' Advocate is requesting a supplemental to fund toll-free telephone costs that have increased 71 percent over the number of calls budgeted by the 1989 legislature. The use of the line has increased since 1986 48% from an average of 1320 to 1950 calls per month. The cost of the program is driven by the cost of the toll-free number. There was a FY91 appropriation transfer of \$5700 to cover increased costs in FY90. **EXHIBIT 4**

DEPARTMENT OF HIGHWAYS

Bill Salisbury, Deputy Director, Department of Highways, said the department is reducing the supplemental amount to \$18 million to \$5 million dollars for highway construction project in FY91. The department has depleted all available funding for FY91 construction contract funds, and they were unable to let any additional projects for the remainder of FY91 without additional authority. The department, utilizing language in the 1991 biennium appropriations bill, reduced federal authority and increased spending authority for state special revenue to fund over \$20 million of increases in the 1991 biennium to date for Reconstruction Trust Fund (RTF) projects above the legislative appropriation.

The Department of Highways requested a supplemental \$234,716 of state special revenue for anticipated increases in the cost of road oil for maintenance projects.

The Department of Highways requested a supplemental for gasoline, shop supplies, and tires. Over 80% of the request is for gasoline due to the increased cost of gasoline over the FY91 appropriated levels.

The Department of Highways requested a supplemental for gasoline, road oil, and rock salt. Again, \$1.0 million of the request is for gasoline. The increase for road oil is also due to increased costs of petroleum. The request for road salt is due to local governments requiring salt substitutes in place of basic road salt as a result of environmental issues.

The Department of Highways requested a supplemental for additional appropriation authority to transfer funds from the highway special revenue account to the Reconstruction Trust Fund account to account for increased RTF construction payments over the original legislative appropriation.

The Department of Highways requested a supplemental for increased operating expenses, including contract services, travel,

supplies, communications costs, computer costs, and training costs.

DEPARTMENT OF ADMINISTRATION

Mary L. Harrington, Department of Administration, requested a supplemental appropriation to continue current level services, such as mailing warrants, general correspondence, and providing estimates of retirement benefits and the cost to purchase service credit. The funds to request these funds back for FY91 budget is essential to continue the operation. The amount is \$26,866. During FY90, the Teacher's Retirement System needed an additional \$13,305 to implement HB 421, for printing and data processing and printing the teachers' retirement handbook.

DEPARTMENT OF MILITARY AFFAIRS

Doug Booker, Administrator of Centralized Services for Military Affairs, stated the Department requested a general fund supplemental appropriation to fund legal fees and expert witness costs for a lawsuit brought by the firefighters in the Air National Guard Program. This supplemental will pay agency Legal Services and the contract signed with Anderson/Zurmuehlen and Company, to review time cards.

Will Hutchinson, Department of Justice, Agency Legal Services, gave a brief history about the lawsuit. There have been two lawsuits filed, the first lawsuit was filed in 1984, **Stimac v. State of Montana,** and the second, **Tefft v. State of Montana.** **Stimac v. State of Montana** was first filed by the Air National Guard firefighters for non-payment of overtime and had been handled by Military Affairs. In 1988 the lawsuit was transferred to Department of Justice, Agency of Legal Services.

PUBLIC EMPLOYEES RETIREMENT SYSTEM--DOA

Larry Nachtsheim, Public Employees Retirement System, DOA, said this is the first time PERS has requested a supplemental in 28 years. **EXHIBIT 5**

VICE CHAIR STIMATZ reminded the subcommittee would meet on adjournment of the Senate to discuss the new network system.

The Subcommittee reconvened at 3:34 p.m.

COMPUTER NETWORK SYSTEM

Lois Steinbeck, LFA, discussed the differences between how LFA's current level and the Executive Budget treat network services. The Executive Budget contains a modified budget request for about \$1.6 million to expand network services. There are current level network services in the Dept. of Administration and they will expand. The current level expenses and the expansion are going to be funded by charges from \$30 to \$40 per month per terminal or

personal computer that is networked or will be networked. These charges are in the executive current level budget and not in the LFA current level budget. In some agencies there is a startling change, such as the Dept. of Revenue which has about \$246,000 of network services for Computer Assisted Mass Appraisal System (CAMAS) and in other budgets it is not as expensive. The rate charged for mainframe computer processing is included in the network service. Due to growth in use for the mainframe computer and because mainframe computer revenue has been subsidizing network service fees, the Executive budget has a higher rate of inflation for mainframe computer processing than the LFA current level. The Executive budget is about 12% lower per year for mainframe processing rates than the LFA current level. She referred to A-124 to 126 LFA Budget Analysis for further information.

Robert Marks, Director, Department of Administration, responded to some of the comments expressed in the full committee. There was some concern that the legislature had not been apprised of this earlier. He felt if something was not done appropriately there might be problems like California experienced. There the individual agencies did their own "thing" but then discovered tremendous budget problems when it was discovered agencies should be able to communicate across rather than just within agency lines. The Data Processing Advisory Committee (DPAC) has existed for some time; this includes representatives of the agencies themselves and they can address the impact of this plan. Bob Person is also a member of this agency. He felt the Legislature itself feels a real necessity to get the networking done right.

REP. PETERSON said it is the intent of this committee to decide how they will handle the network. They will then advise the other committees on the direction to take on the networking.

CHAIRMAN QUILICI said this committee has the responsibility of making a recommendation to the full appropriation committee, whether to accept or reject the new network system.

Mike Trevor, Administrator, Information Services, Department of Administration, said since the members of the subcommittee had been present at the Appropriations committee last Friday he did not want to be repetitious.

CHAIRMAN QUILICI asked what would happen if the Legislature did not accept this new network system. **Mr. Trevor** answered that the mainframe rates would go back to the levels shown on page 89 of the LFA summary and go back to the subsidy they now have which is paid exclusively by mainframe users. When a network goes from PC to PC mainframe users should not pay for that sort of activity. He felt if this was eliminated from their budget the agencies would be paying close to that amount.

CHAIRMAN QUILICI asked if the agencies had set up an in-house network, could that have been tied to the mainframe. Would it

cost more in the long run than tying it into the mainframe. Mr. Trevor said yes. After a couple years there will be a many different types of equipment and each agency will be dependent on their own people resources to keep it going.

CHAIRMAN QUILICI asked if the agencies would not still have to go to ISD to get input on the type of equipment. Mr. Trevor said they would still operate that way. The only way to have compatibility was to have one agency in charge of networking. The three FTE requirement is to make sure there is a central pool of people available to respond to problems rather than have each agency take care of their own. It is a more efficient use of people.

REP. PETERSON said if workers could transfer to different departments that were on the system, retraining to come up to speed on the computer used in the new department would be unnecessary. Mr. Trevor said that is true but some people may be moved around in different office space to accommodate the computers but they are still able to be part of the state network.

SEN. STIMATZ said he has difficulty in seeing all the terminals, the network, and getting all the information. He asked if each individual terminal connects into the mainframe. Mr. Trevor said in years past most of them connected to the mainframe with exceptions where connected to the University System computer. There are some agencies that have a local area network and say they have no reason to communicate with the mainframe. Still they have their PC network because among themselves in the office they share and utilize the capability of that network. Mr. Trevor said it is their intent to provide the wiring and communication components for the above situation even though it wouldn't tie to the mainframe.

SEN. STIMATZ asked if they had a schematic that shows this. Mr. Trevor said they have some, but not with him. He talked about the system and said it was like the telephone system where even though it is leased and owned by different companies, it is still all used on the same system.

SEN. STIMATZ said in Butte the Treasurer's office has at least five terminals, the DOR have work stations, the welfare people have terminals and there may be some others. He was not sure these people ever talk to each other or talk to anyone else. He asked if they could find out what they have in Silver Bow county and see if that corresponds to these networks we are talking about that tie into the mainframe. Mr. Dave Marshall, Network Services Bureau Chief said they have one trunk line to Butte and one local drop to the Court House. There are two different types of computer systems that are connected to that. Mr. Jack Ellery, Deputy Director for Operations, Department of Revenue, said Montana does need a strategic direction in computers. Corporate America is doing exactly the same thing that Mike Trevor is

proposing. Large corporations have networks far larger than the state of Montana. They are standardizing, providing the support to deliver a telecommunications data processing system. Data processing is the life blood of this state. Over the past five years without the technology that has been provided by the Department of Administration and individual agencies through their own expertise, we would not have been able to do as much as we are doing now with budget cutbacks. For example, when he came to the Department of Revenue in 1985, there were roughly 1000 FTE. FTE count is about 740 FTE now. Some of those were reorganizations like moving child support over to SRS, that included fifty FTE but there has been a great deal of attrition. You have been here for a number of special sessions and know we have been dealing with tight budgets. State Government runs well as a result of the tools that we have at our disposal today. The Department of Revenue, is highly automated, both on the main frame side and recently on the CAMAS side. Unfortunately, I had to stand before you this morning or at least behind my boss, and ask for additional money because we did not have a crystal ball three years ago when we put our plan together. I can assure you that what we have done in the Department of Revenue as far as implementing a re-appraisal system is absolutely essential. I gave Mike my support. I am a member of the data processing advisory council representing the Department of Revenue. He got a lot of support from other state agencies. They all echoed the same thing. Yes Mike, great idea, we need your support, we can't do it on our own, but you have got to deliver. Networks are going to continue to grow, it is how we are going to survive in the future. We need to support that capability and Mike has taken the first step in saving this state a lot of money. We need standards, without standards we will have chaos. I would like to emphasize one more point and that is the sharing of information, or the sharing of resources. It is not going to happen unless there is centralized control. That is cost effectiveness and it is going to save the state some money. This is my message to this committee, I believe this to be an excellent proposal and it should be given a good deal of consideration. Mr. Ellery said he certainly hoped that the result of the implementation of CAMAS will benefit the taxpayers in this state in getting better re-appraisals. It will be correct the first time, so there isn't constant chaos they have gone through for the last several years. He hopes that the reappraisal system will help rectify some of the problems we have had because we didn't have good information. We did not share information, we could not answer specific questions for policy decisions. The Department of Revenue automates fifteen day refunds. That is a service to taxpayers. Our average is five days on a short form without an error, we committed to fifteen and we are doing it in five.

SENATOR QUILICI asked if there was anyone else who would like to enlighten this committee on this network system.

Jim Oppedahl, Administrator, Supreme Court, said he has been trying to explain to judges, people and the Judiciary for about 2 1/2 years some of these issues. It is hard to understand because there is technical language. There is a need for efficiency and some uniformity. Networking is essential to sharing data. Who do we need to communicate with. The Attorney General checks Supreme Court opinions and the docket all the time. If they are on a different system than the Supreme Court that is inefficient, opinions cannot be shared. The legislature and the legislative council need Supreme Court opinions and we can transfer those if we're on the same system electronically. It helps attorneys, judges, plain people. The CD Rahm project that the legislative council did recently is an example of something that our judges could use for research. Automation will be coming to the court system. We would like to share the sparse resources that we have.

REP. PETERSON asked how sensitive material would be kept from someone who should not have access. **Mr. Oppedahl** said there is sensitive information within the court system. All the juvenile records are confidential and all of the supreme court decisions as they are being drafted are obviously confidential. So it shows a sensitivity. The standards the Department of Administration have chosen are ones that we are comfortable with. We are running critical systems that have confidential information in there that has to be protected. The standard that has been chosen, as far as we can tell, is satisfactory.

REP. PETERSON said this system would be better than those individual systems that you liken to the file cabinet. **Mr. Trevor** said yes, as we move along we sensitize people to the need for security. Right now it is being done in 100 different ways. We have to have control just to protect the information.

Mary Bryson, Deputy Auditor, said the Legislative Auditor's office is aware of the networking problems that exist in state government. They are looking at central control with the computer systems. They have been in the past three or four audits and suggested to the Department of Administration that they take a stronger position in computerizing state government. They do intend to set standards. The Department of Administration has improved access through this networking process and the project they have instituted will enable auditors to hook up to our own network. We would also be able to access the user agency's networks and use information from them. There is a potential for us as both a mainframe user and other network user that may reduce some costs in our fees from the mainframe side. That would be important to us. It is a big item in our budget.

CHAIRMAN QUILICI said if we are going to come up with a recommendation for full appropriation funds before the end of the week, we need to find out about these modifications in these budgets.

HOUSE GENERAL GOVERNMENT & HIGHWAYS SUBCOMMITTEE

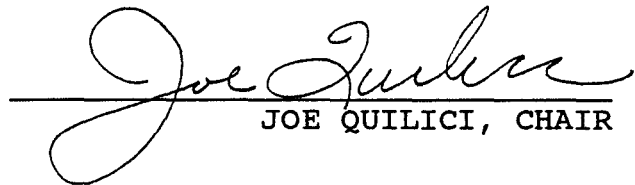
January 15, 1991

Page 11 of 11

Mr. Trevor said if individual members of the committee would like to sit down with him or his staff and talk in greater detail about this, they are all available.

ADJOURNMENT

Adjournment: 5:25 p.m.


JOE QUILICI, CHAIR

JQ/ac

HOUSE OF REPRESENTATIVE
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE *January 15, 1991*

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

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

AGENCY SUPPLEMENTAL REQUESTS

DESCRIPTION

	HB3	Subcomm. Recommend.	Fund
<u>Judiciary</u>			
Commission on Practice - The Supreme Court is requesting a supplemental appropriation for the Commission on Practice to investigate and prosecute complaints against attorneys. The number of complaints was higher than anticipated in fiscal 1990 requiring an appropriation transfer of \$11,500 from fiscal 1991. The number of complaints to be investigated in fiscal 1991 is continuing at the same level as 1990. Fines resulting from disciplinary actions are deposited to the general fund.	\$23,500	\$23,500	General Fund
Water Court - The Supreme Court is requesting a supplemental appropriation to fund the water court judge salary. The salary was budgeted at a level below the statutorily established amount. Section 3-5-211, MCA, establishes the water court judge salary at the same level as provided for district judges. The budgeted amount of the salary is \$35,248; the statutorily established amount is \$55,178. The previous water court judge's salary was supplemented by judicial retirement pay.	22,000	22,000	State Special Revenue
Judicial Standards Commission - The Judicial Standards Commission investigates complaints against judges. Current year activity is projected to be greater than the amount budgeted.	0	3,500	General Fund
<u>State Auditor</u>			
State Payroll Operating Costs - The State Auditor is requesting a supplemental for increased operating costs of the state payroll system, including printing, computer processing, and system development costs of the state payroll system.	51,054	51,054	General Fund
Warrant Writing System Operating Costs - The State Auditor is requesting a supplemental for increased operating costs of the state warrant writing system, including computer processing, system development, printing, and postage costs. The warrant writing system processes state agency warrant payments including the state payroll. The agency installed a new warrant writing system in July 1989, and operating costs in the 1991 biennium have been nearly double the estimates used for the legislative appropriation. In addition to low estimates for computer processing costs, volume of warrant processing due to the addition of State Fund warrant processing and other unanticipated volume increases have contributed to the higher costs. There was a fiscal 1991 appropriation transfer of \$85,967 to cover increased costs in fiscal 1990.	263,423	283,607	General Fund
<u>Department of Justice</u>			
Motor Vehicle Division - The Department of Justice is requesting a supplemental for motor vehicle decals and gasoline. New license plates were approved by the 1989 legislature, but the cost of decals for the new plates were omitted from the cost estimates used for the new plates appropriation. The agency estimates the increased cost to be \$40,000. In addition, the agency requests \$23,700 due to increased gasoline costs for Driver Services Bureau travel to smaller cities to administer driver's license tests. The agency used an estimate of a 62.7 percent increase over fiscal 1990 costs.	63,700	63,700	General Fund
Highway Patrol-Prisoner Per Diem - The Department of Justice is requesting a supplemental from the highways special revenue fund for increased prisoner per diem reimbursed to local detention centers for boarding prisoners arrested by the Highway Patrol. The department attributes significantly increased costs to: 1) an increase in the allowed reimbursement rate from a fixed \$20 per day to an average \$35 per day, as amended in statute by the 1989 legislature; and 2) an increase in the number of prisoners due to stronger enforcement of DUI laws and the availability of more jail space. There was a fiscal 1991 appropriation transfer of \$130,000 to cover increased costs in fiscal 1990.	280,000	280,000	State Special Revenue
Highway Patrol-Gasoline - The Department of Justice is requesting a supplemental from the highways special revenue fund due to increased gasoline costs for vehicle patrols by the Highway Patrol. The agency used an estimate of a 62.7 percent increase over fiscal 1990 costs. The department states that without the increased funds, vehicle patrols for traffic control, to investigate accidents, and provide motorist assistance would have to be sharply curtailed.	217,100	217,100	State Special Revenue
Law Enforcement Services-Gasoline - The Department of Justice is requesting a supplemental for increased gasoline costs in the Fire Marshal Bureau (to travel for building inspections and fire investigations) and in the Criminal Investigation Bureau (for criminal investigations). The agency used an estimate of a 62.7 percent increase over fiscal 1990 costs.	9,500	9,500	General Fund

	HB3	Subcomm. Recommend.	Fund
County Attorney Payroll - The Department of Justice is requesting a supplemental for increased county attorney payroll costs. The program pays one-half the salaries and benefits of county attorneys. Appropriated funds are insufficient because three counties changed from part-time to full-time county attorneys and because salary increases for county attorneys were 3.3 percent in fiscal 1991, as compared to an appropriation for a 2.7 percent increase. There was a fiscal 1991 appropriation transfer of \$35,000 to cover increased costs in fiscal 1990.	77,000	77,000	General Fund
Transportation of Prisoners - The Department of Justice is requesting a supplemental to pay for increased prisoner extradition costs and costs of transporting prisoners to a state detention facility. The department attributes the increased costs to rate increases for airline travel and lodging, along with a greater volume of prisoner transfers. There was a fiscal 1991 appropriation transfer of \$45,000 to cover increased costs in fiscal 1990.	100,000	100,000	General Fund
Litigation Costs-Indian Affairs - The Department of Justice is requesting a supplemental on behalf of the Department of Fish, Wildlife, and Parks for litigation costs already incurred and anticipated in connection with the <u>Confederated Salish and Kootenai Tribes v. Montana</u> court case. This action, filed in April 1990, sought a determination that the tribes have exclusive jurisdiction over all hunting and fishing by nonmembers on the Flathead Indian Reservation. The Department of Justice utilized existing legal staff, hired an additional attorney, utilized a private attorney for consultation, and retained experts in conducting the litigation effort. A cooperative agreement was reached between parties in November 1990.	0	196,000	General Fund
Fire Marshal Bureau Computer - The Department of Justice is requesting a supplemental to replace a computer in the Fire Marshal Bureau that is inoperable. The computer is used to maintain a five-year history of all fire incident reports statewide. The information is distributed nationally and locally and is used in fire incident planning and analysis.	0	9,500	General Fund
<u>Crime Control Division</u> Crime Victims' Compensation - The Board of Crime Control is requesting a supplemental to increase payments to innocent victims of crime from the crime victims' compensation fund. Benefits paid in the first 6 months of fiscal 1991 have used 65 percent of the original appropriation. Sufficient funds are in the state special revenue account, but additional spending authority is required.	0	80,000	State Special Revenue
<u>Governor's Office</u> Citizens' Advocate - The Governor is requesting a supplemental to fund toll-free telephone costs that have increased 71 percent over the number of calls budgeted by the 1989 legislature. The toll-free lines exist to provide accessibility to state government for Montana citizens. There was a fiscal 1991 appropriation transfer of \$5,700 to cover increased costs in fiscal 1990.	12,000	12,000	General Fund
<u>Department of Highways</u> Construction - The Department of Highways is requesting a supplemental for additional spending authority to let to contract an additional \$5.0 million highway construction projects in fiscal 1991. The department states that it has fully obligated all available fiscal 1991 construction contract funds, and would be unable to let any additional projects for the remainder of fiscal 1991 without additional authority. The increased federal authority requested is not due to the availability of additional federal funds, but is to restore original federal authority as appropriated by the legislature. The department, utilizing language in the 1991 biennium appropriations bill, reduced federal authority and increased spending authority for state special revenue to fund over \$20 million of increases in the 1991 biennium to date for Reconstruction Trust Fund (RTF) projects above the legislative appropriation.	3,960,000	1,825,260	State Special Revenue
	14,040,000	3,174,740	Federal
Maintenance-Road Oil - The Department of Highways is requesting a supplemental for anticipated increases in the cost of road oil for maintenance projects. The department used an estimate of a 30 percent increase in road oil costs. Road oil is bid on a calendar year basis.	234,716	234,716	State Special Revenue
Equipment Program-Gasoline/Supplies - The Department of Highways is requesting a supplemental for gasoline, shop supplies, and tires. Over 80 percent of the request is for gasoline, due to anticipated increases in the cost over fiscal 1991 appropriated levels. The agency used an estimate of a 62.7 increase in gasoline costs over fiscal 1990 costs. The amount requested for shop supplies and tires is also in anticipation of increased costs for petroleum based products.	735,059	735,059	Proprietary Fund

Ex. 1
1-15-91
Gen. Gov. Sub

	HB3	Subcomm. Recommend.	Fund
Stores Program-Gasoline/Supplies - The Department of Highways is requesting a supplemental for gasoline, road oil, and rock salt. Nearly \$1.0 million of the request is for gasoline, due to anticipated increases in the cost over fiscal 1991 appropriated levels. The agency used an estimate of a 62.7 percent increase in gasoline costs over fiscal 1990 costs. The request for road oil is also due to petroleum product increases. The request for road salt is due to local governments requiring salt substitutes in place of basic road salt as a result of environmental issues. The Stores Program exists to purchase supplies for distribution to other operating programs in the department.	1,313,673	1,313,673	State Special Revenue
Interfund Transfers-RTF Construction - The Department of Highways is requesting a supplemental for additional appropriation authority to transfer funds from the highways special revenue account to the Reconstruction Trust Fund (RTF) account to account for increased RTF construction payments over the original legislative appropriation. This request does not provide for increased spending authority, but provides authority for an accounting transfer for expenditures that are already obligated. The department increased RTF construction by a projected \$24 million over the original legislative appropriation, utilizing language in the 1991 biennium appropriations bill to reduce federal fund appropriation authority and increase state special revenue authority for RTF construction	15,681,172	23,133,652	State Special Revenue
Preconstruction-Operating Costs - The Department of Highways is requesting a supplemental for increased operating expenses, including contract services, travel, supplies, communications costs, computer costs, and training costs.	0	150,000	State Special
<u>Department of Revenue</u> Property Assessment - The Department of Revenue is requesting a general fund supplemental appropriation to fund contracted services and equipment upgrades and repair for the computer assisted mass appraisal system (CAMAS). The department has retained the firm that designed the system software and hired a system expert to facilitate timely completion of reappraisal. The mid-range computer purchased to operate the CAMAS does not have sufficient processing capacity or disk storage to efficiently operate the system, necessitating an upgrade. The upgrade and additional equipment, including high speed printers for six county appraisal offices, are debt financed through fiscal 1996. Authority to continue debt finance and system contracts is included as a modified budget request in the Executive Budget.	220,984	270,320	General Fund
<u>Department of Administration</u> Teachers' Retirement System - The Department of Administration is requesting a supplemental appropriation to continue current level services, such as mailing warrants, general correspondence, and providing estimates of retirement benefits and the cost to purchase service credit. The supplemental is necessary as an appropriation transfer transferred funds from fiscal 1991 to 1990 to meet higher than anticipated costs for data processing, printing the teachers' retirement handbook, and implementation of House Bill 421 (post retirement adjustment for certain members of the teachers', game wardens', sheriffs', and public employees' retirement systems).	26,866	26,866	Trust Funds
Public Employees' Retirement Division - The Public Employees' Retirement Division is requesting a supplemental appropriation for several activities including: contracted services for a physician to advise the board on disability retirements; postage; supplies; and computer systems development. The bulk of the request (\$55,293) will be expended in computer systems development to continue the update of the retirement system. If the supplemental is approved by the legislature, then the modified budget request to continue this activity in the 1993 biennium may be reduced by the supplemental amount for systems development.	0	73,818	Trust Funds
<u>Department of Military Affairs</u> Firefighters' Lawsuit - The Department of Military Affairs is requesting a general fund supplemental appropriation to fund legal fees and expert witness costs for a lawsuit brought by firefighters in the Air National Guard Program. The lawsuit contends that the department did not properly credit earned leave time or correctly classify the positions.	30,000	30,000	General Fund
<u>Department of Health</u> Preliminary Natural Resource Damage Assessment - The Department of Health is requesting a supplemental to complete a preliminary assessment, prepare a detailed assessment plan, and begin fishery studies necessary for a natural resource damage assessment to support the State of Montana's natural resource damage litigation against the Atlantic Richfield Company (ARCO) concerning four "Superfund" sites in the Clark Fork River basin. The state must prepare for trial on the case by May 1993, and will request additional funding in excess of \$2 million in the 1993 biennium to continue the damage assessment.	0	270,000	General Fund

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE
AGENCY SUPPLEMENTAL REQUESTS

Montana Supreme Court

Commission on Practice

\$ 23,500 General Fund

The Supreme Court is requesting a supplemental appropriation for the Commission on Practice to investigate and prosecute complaints against attorneys. The number of complaints was higher than anticipated in fiscal 1990 requiring an appropriation transfer of \$11,500 from fiscal 1991. The number of complaints to be investigated in fiscal 1991 is continuing at the same level as 1990. Fines resulting from disciplinary actions are deposited to the general fund.

Water Court

\$ 22,000 State Special Revenue

The Supreme Court is requesting a supplemental appropriation to fund the water court judge salary. The salary was budgeted at a level below the statutorily established amount. Section 3-5-211, MCA establishes the water court judge salary at the same level as provided for district judges. The budgeted amount of the salary is \$35,248; the statutorily established amount is \$55,178. The previous water court judge's salary was supplemented by judicial retirement pay.

State Auditor

State Payroll Operating Costs

\$ 51,054 General Fund

The State Auditor is requesting a supplemental for increased operating costs of the state payroll system, including printing, computer processing, and system development costs of the state payroll system.

Warrant Writing System Operating Costs \$263,423 General Fund

The State Auditor is requesting a supplemental for increased operating costs of the state warrant writing system, including computer processing, system development, printing, and postage costs. The warrant writing system processes state agency warrant payments including the state payroll. The agency installed a new warrant writing system in July 1989, and operating costs in the 1991 biennium have been nearly double the estimates used for the legislative appropriation. In addition to low estimates for computer processing costs, volume of warrant processing due to the addition of State Fund warrant processing and other unanticipated volume increases have contributed to the higher costs. There was a fiscal 1991 appropriation transfer of \$85,967 to cover increased costs in fiscal 1990.

Department of Justice

Motor Vehicle Division

\$ 63,700 General Fund

The Department of Justice is requesting a supplemental for motor vehicle decals and gasoline. New license plates were approved by the 1989 legislature, but the cost of decals for the new plates were omitted from the cost estimates used for the new plates appropriation. The agency estimates the increased cost to be \$40,000. In addition, the agency requests \$23,700

due to increased gasoline costs for Driver Services Bureau travel to smaller cities to administer driver's license tests. The agency used an estimate of a 62.7 percent increase over fiscal 1990 costs.

Highway Patrol - Prisoner Per Diem \$280,000 State Special Revenue

The Department of Justice is requesting a supplemental from the highways special revenue fund for increased prisoner per diem reimbursed to local detention centers for boarding prisoners arrested by the Highway Patrol. The department attributes significantly increased costs to: 1) an increase in the allowed reimbursement rate from a fixed \$20 per day to an average \$35 per day, as amended in statute by the 1989 legislature; and, 2) an increase in the number of prisoners due to stronger enforcement of DUI laws and the availability of more jail space. There was a fiscal 1991 appropriation transfer of \$130,000 to cover increased costs in fiscal 1990.

Highway Patrol - Gasoline \$217,100 State Special Revenue

The Department of Justice is requesting a supplemental from the highways special revenue fund due to increased gasoline costs for vehicle patrols by the Highway Patrol. The agency used an estimate of a 62.7 percent increase over fiscal 1990 costs. The department states that without the increased funds, vehicle patrols for traffic control, to investigate accidents, and provide motorist assistance would have to be sharply curtailed.

Law Enforcement Services - Gasoline \$ 9,500 General Fund

The Department of Justice is requesting a supplemental for increased gasoline costs in the Fire Marshal Bureau (to travel for building inspections and fire investigations) and in the Criminal Investigation Bureau (for criminal investigations). The agency used an estimate of a 62.7 percent increase over fiscal 1990 costs.

County Attorney Payroll \$ 77,000 General Fund

The Department of Justice is requesting a supplemental for increased County Attorney payroll costs. The program pays one-half the salaries and benefits of county attorneys. Appropriated funds are insufficient because three counties changed from part-time to full-time county attorneys and because salary increases for county attorneys were 3.3 percent in fiscal 1991, as compared to an appropriation for a 2.7 percent increase. There was a fiscal 1991 appropriation transfer of \$35,000 to cover increased costs in fiscal 1990.

Transportation of Prisoners \$100,000 General Fund

The Department of Justice is requesting a supplemental to pay for increased prisoner extradition costs and costs of transporting prisoners to a state detention facility. The department attributes the increased costs to rate increases for airline travel and lodging, along with a greater volume of prisoner transfers. There was a fiscal 1991 appropriation transfer of \$45,000 to cover increased costs in fiscal 1990.

EX. 2
1-15-91
Gen. Govt Sub

Governor's Office

Citizens' Advocate

\$ 12,000 General Fund

The Governor is requesting a supplemental to fund toll-free telephone costs that have increased 71 percent over the number of calls budgeted by the 1989 legislature. The toll-free lines exist to provide accessibility to state government for Montana citizens. There was a fiscal 1991 appropriation transfer of \$5,700 to cover increased costs in fiscal 1990.

Department of Highways

Construction

**\$ 3,960,000 State Special Revenue
\$14,040,000 Federal Revenue**

The Department of Highways is requesting a supplemental for additional spending authority to let to contract an additional \$18.0 million highway construction projects in fiscal 1991. The department states that it has fully obligated all available fiscal 1991 construction contract funds, and would be unable to let any additional projects for the remainder of fiscal 1991 without additional authority. The increased federal authority requested is not due to the availability of additional federal funds, but is to restore original federal authority as appropriated by the legislature. The department, utilizing language in the 1991 biennium appropriations bill, reduced federal authority and increased spending authority for state special revenue to fund over \$20 million of increases in the 1991 biennium to date for Reconstruction Trust Fund (RTF) projects above the legislative appropriation.

Maintenance - Road Oil

\$ 234,716 State Special Revenue

The Department of Highways is requesting a supplemental for anticipated increases in the cost of road oil for maintenance projects. The department used an estimate of a 30 percent increase in road oil costs. Road oil is bid on a calendar year basis, and the agency is attempting to lock in a price as soon as possible for this product.

Equipment Program - Gasoline/Supplies

\$ 735,059 Proprietary Fund

The Department of Highways is requesting a supplemental for gasoline, shop supplies, and tires. Over 80 percent of the request is for gasoline, due to anticipated increases in the cost over fiscal 1991 appropriated levels. The agency used an estimate of a 62.7 percent increase in gasoline costs over fiscal 1990 costs. The amount requested for shop supplies and tires is also in anticipation of increased costs for petroleum based products.

Stores Program - Gasoline/Supplies

\$ 1,313,673 State Special Revenue

The Department of Highways is requesting a supplemental for gasoline, road oil, and rock salt. Nearly \$1.0 million of the request is for gasoline, due to anticipated increases in the cost over fiscal 1991 appropriated levels. The agency used an estimate of a 62.7 percent increase in gasoline costs over fiscal 1990 costs. The request for road oil is also due to petroleum product increases. The request for road salt is due to local governments requiring salt substitutes in place of basic road salt as a result of environmental issues. The Stores Program exists to purchase supplies for distribution to other operating programs in the department.

See A-213

Interfund Transfers - RTF Construction \$ 15,681,172 State Special Revenue

The Department of Highways is requesting a supplemental for additional appropriation authority to transfer funds from the highways special revenue account to the Reconstruction Trust Fund (RTF) account to account for increased RTF construction payments over the original legislative appropriation. This request does not provide for increased spending authority, but provides authority for an accounting transfer for expenditures that are already obligated. The department increased RTF construction by a projected \$24 million over the original legislative appropriation, utilizing language in the 1991 biennium appropriations bill to reduce federal fund appropriation authority and increase state special revenue authority for RTF construction.

Department of Revenue

Property Assessment

\$220,984 General Fund

The Department of Revenue is requesting a general fund supplemental appropriation to fund contracted services (\$124,240) and equipment upgrades and repair (\$96,744) for the computer assisted mass appraisal system (CAMAS). The department has retained the firm that designed the system software and hired a system expert to facilitate timely completion of reappraisal. The mid range computer purchased to operate the CAMAS does not have sufficient processing capacity or disk storage to efficiently operate the system, necessitating an upgrade. The upgrade and additional equipment, including high speed printers for six county appraisal offices, are debt financed through fiscal 1996. Authority to continue debt finance and system contracts is included as a modified budget request in the Executive Budget.

Department of Administration

Teachers' Retirement System

\$ 26,866 Trust Funds

The Department of Administration is requesting a supplemental appropriation to continue current level services, such as mailing warrants, general correspondence, and providing estimates of retirement benefits and the cost to purchase service credit. The supplemental is necessary as an appropriation transfer transferred funds from fiscal 1991 to 1990 to meet higher than anticipated costs for data processing, printing the teachers' retirement handbook, and implementation of House Bill 421 (post retirement adjustment for certain members of the teachers', game wardens', sheriffs', and public employees' retirement systems).

Department of Military Affairs

Firefighters' Lawsuit

\$ 30,000 General Fund

The Department of Military Affairs is requesting a general fund supplemental appropriation to fund legal fees and expert witness costs for a lawsuit brought by firefighters in the Air National Guard Program. The lawsuit contends that the department did not properly credit earned leave time or correctly classify the positions.

Ex. 2
1-15-91
Gen. Gov. Sub

ADDITIONAL SUPPLEMENTALS TO BE PRESENTED BY AGENCIES
THAT ARE NOT INCLUDED IN THE BILL

Judiciary

Judicial Standards Commission \$ 3,500 General Fund

The Judicial Standards Commission investigates complaints against judges. Current year activity is projected to be greater than the amount budgeted.

Public Employees' Retirement Division \$ 73,818 Trust Funds

The Public Employees' Retirement Division is requesting a supplemental appropriation for several activities including: contracted services for a physician to advise the board on disability retirements; postage; supplies; and computer systems development. The bulk of the request (\$55,293) will be expended in computer systems development to continue the update of the retirement system. If the supplemental is approved by the legislature, then the modified budget request to continue this activity in the 1993 biennium may be reduced by the supplemental amount for systems development.

Department of Justice

Litigation Costs - Indian Affairs \$196,000 General Fund

The Department of Justice is requesting a supplemental on behalf of the Department of Fish, Wildlife, and Parks, for litigation costs already incurred and anticipated in connection with the Confederated Salish and Kootenai Tribes v. Montana court case. This action, filed in April 1990, sought a determination that the Tribes have exclusive jurisdiction over all hunting and fishing by nonmembers on the Flathead Indian Reservation. The Department of Justice utilized existing legal staff, hired an additional attorney, utilized a private attorney for consultation, and retained experts in conducting the litigation effort. A cooperative agreement was reached between parties in November 1990.

N. J. J. J. J.
1-15-91

EXHIBIT

DATE

Gen. Govt. Sub

STATE AUDITOR'S OFFICE
Supplemental Request
January 15, 1991

The State Auditor's Office has indicated to the Budget Office and to the L.F.A. in previous correspondence that the funding for mandated, fixed expenditures in the 1991 Biennium was not adequate. This issue was also noted during budget hearings during the last legislative session. During that session, cost estimates for system operating charges in the Warrant Writing and Payroll departments were not available. As a result, basic operational funding was eliminated and special appropriations were used as band aids until costs could be determined.

With a historical base of fiscal year 1990 behind us, expenditure projections appear very clear. This office is severely under-funded in at least four areas that are extremely important to State Government operations. Charges for services from the Department of Administration in the Warrant Writing System and Payroll system have exceeded all projections. Postage costs and the number of warrants processed have accelerated at a rate beyond that projected. In direct relation to increased warrant production is the increase in warrant supplies necessary.

In order to continue operations of the Warrant Writing and Payroll systems, the State Auditor's Office is requesting supplemental funding for fiscal year 1991 in the following areas:

1. Department of Administration - ISD Services
Warrant Writing System

We project charges from the D of A, ISD Services for warrant processing will total \$169,045.00 for fiscal year 1991 (see table #1). The amount appropriated to the Warrant Writing System for contracted services in fiscal year 1991 was \$82,500.00 in a special appropriation. This amount was reduced by a \$72,967.00 appropriation transfer to fiscal year 1990 to pay remaining D of A, ISD charges. The amount transferred was based on estimated remaining ISD costs for fiscal year 1990 as of May 1990. However, the transfer was insufficient to cover actual ISD charges, so an additional \$5,337.44 of the fiscal year 1991 appropriation was used to pay the remaining 1990 expense. Thus, only \$4,195.56 of the fiscal year 1991 appropriation remains. A supplemental appropriation in the amount of \$164,849.44 is needed to provide sufficient budget authority for the Warrant Writing System.

Estimated D of A, ISD Services - FY91	\$169,045.00
LESS: remaining FY91 appropriation	<u>4,195.56</u>
Supplemental requested	\$164,849.44

2. Postage and Mailing Costs Warrant Writing System

Based on four months of actual figures for fiscal year 1991, it has become apparent that the original supplemental requested for warrant postage costs was inadequate. We initially projected an annual increase in warrants processed of 5%. Over the first four months of fiscal year 1991, however, warrants processed have increased at a rate of 16% compared to fiscal year 1990 totals (see table #2). Since 89% of all warrants processed are mailed, the projected increase in postage costs for fiscal year 1991 is 14.24%. The category of warrants primarily responsible for the increase in warrants processed is Compensation Payments from the State Fund. This classification of warrants is non-reimbursed, so the postage costs are borne by the State Auditor's Office. State Fund Compensation Payment warrants have increased by 26,826 warrants in the first four months of FY91 as compared to FY90, or 200% more than the same period in FY90. Officials from the State Fund anticipate the Compensation Payments to continue at the present rate for the remainder of the fiscal year.

The Warrant Writing System was appropriated \$139,370.00 for postage and mailing costs in fiscal year 1991. Of this amount, \$13,000.00 was transferred to fiscal year 1990 to cover postage expenses; thus, \$126,370.00 remains for fiscal year 1991 postage expenses. We estimate that FY91 postage costs will be \$235,705.78 (net of approx. \$36,500 reimbursement from PERD and TRS). This amount includes the Bad Debts program's estimated operational mailing costs and Fiscal Control & Management's estimated mailing costs as well. Both are funded from the same appropriation. Therefore, a supplemental appropriation in the amount of \$109,335.78 is necessary as follows:

	<u>original</u>	<u>revised</u>
Warrant mailing costs (est)	\$206,169.96	\$226,354.00
Bad Debts program (est)	7,057.68	7,057.68
Fiscal Control & Mgmt. (est)	<u>2,294.10</u>	<u>2,294.10</u>
Total FY91 estimated postage	215,521.74	235,705.78
Less: remaining FY91 approp.	<u>126,370.00</u>	<u>126,370.00</u>
Supplemental requested	\$ 89,151.74	\$109,335.78

Estimated warrant mailing costs were calculated as follows:

original estimate (5% increase assumption)	\$206,169.96
Revised estimate factor:	
[(16% - 5%) X 89%*] + 1	X 1.0979
revised warrant mailing costs FY91	<u>\$226,354.00</u>

*89% of all warrants processed are mailed

The U.S. Postal Service rate increase of 18% effective February 1991 was factored into our cost estimate. The rate increase will affect the last five months of fiscal year 1991, a time period during which approximately 53% of total annual state warrants will be mailed.

Ex. 3

1-15-91

Gen. Govt. Serv.

3. Warrant Printing Costs Warrant Writing System

The Warrant Writing System was allocated \$40,569.00 for supplies and materials in fiscal year 1991. We estimate total supplies and materials expense of \$49,990.76.

\$10,273.61 will be used to purchase basic supplies and materials (photo & reproduction, printing - P&G, forms, fine paper, office supplies) to operate at minimum levels. The remaining portion of supplies and materials expense will consist of \$39,717.15 in warrant printing costs as follows:

300,000 mailer warrants (already shipped)	\$12,274.15
700,000 mailer warrants (to be shipped FY91)	24,290.00*
100,000 non-mailer warrants (shipped FY91)	2,766.00*
5,000 duplicate warrants (shipped FY91)	<u>387.00*</u>
TOTAL WARRANT PRINTING COSTS	\$39,717.15

* See attached purchase order

A supplemental appropriation of \$9,421.76 will be needed to provide sufficient budget authority for warrant printing expenses in fiscal year 1991:

Supplies & Materials (non-warrant) - FY91	\$10,273.61
Warrant Printing costs - FY91	39,717.15
Supplies & Materials appropriation - FY91	<u>(40,569.00)</u>
Supplemental Requested	\$ 9,421.76

4. Department of Administration - ISD Services State Payroll

State Payroll has \$262,891.00 remaining for Contracted Services in fiscal year 1991. We estimate that Contracted Services will total \$313,945.00 in fiscal year 1991. The original appropriation of \$273,022.00 has already been reduced by \$10,131.00, which was used to pay remaining D of A, ISD charges in fiscal year 1990. Therefore, a supplemental appropriation in the amount of \$51,054.00 is needed to provide sufficient budget authority for Department of Administration, ISD charges in fiscal year 1991. The breakdown of non-ISD Contracted Services cost estimates for FY91 is as follows:

Consulting & Prof. Services	\$ 1,080.00
Insurance & Bonds	1,528.00
Photographic Services	30.00
Printing - P&G (P/P/P manual revision)	10,000.00
Printing - Other (W-2 forms and 1099 forms)	<u>4,300.00</u>
TOTAL NON-ISD CONTRACTED SERVICES	\$16,938.00

We estimate Department of Administration, ISD charges for fiscal year 1991 to be \$297,007.00, a decrease of approximately \$10,000.00 compared to fiscal year 1990. The estimate is based on historical costs and adjusted for anticipated ISD support needed for Payroll's computer system.

Remaining FY91 Approp. - Contr. Serv.	\$262,891.00
LESS: non-ISD contracted services	<u>16,938.00</u>
Amount available for ISD charges	245,953.00
Estimated ISD charges - FY91	<u>(297,007.00)</u>
Shortfall / Supplemental requested	<u>\$(51,054.00)</u>

In summary, the following supplemental appropriations are requested:

1) ISD Services - Warrant Writing System	\$164,849.44
2) Postage & Mailing - Warrant Writing System	\$109,335.78
3) Warrant Printing Costs - Warrant Writing System	\$ 9,421.76
4) ISD Services - State Payroll	<u>\$ 51,054.00</u>
TOTAL REQUESTED	\$334,660.98

Gen. Gov't. Sub.

TABLE #1

085 EXP	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	
BATCH JOBS	2,756	5,233	2,954	3,312	3,195	3,286	3,679	4,771	6,989	5,553	5,644	4,758	= 50800
IDSMS ACTIVITY	2,564	4,803	2,759	3,080	2,862	3,057	3,025	4,438	5,944	4,779	5,260	3,943	= 47267
TSO ACTIVITY	655	625	625	625	625	625	625	625	625	625	625	625	= 7500
TAPE	53	53	53	53	53	53	53	53	53	53	53	53	= 636
DISK	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	= 29700
DATA NETWORK	250	250	250	250	250	250	250	250	250	250	250	250	= 3000
IDSMS OE & E	41	41	41	41	41	41	41	41	41	41	41	41	= 492
SDB PERSONNEL	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	= 25200
OA SUBSCRIPTION	30	30	30	30	30	30	30	30	30	30	30	30	= 360
MICROFILM	170	170	170	170	170	170	170	170	170	170	170	170	= 2040
TRAINING													
COM.	300	50	50	50	50	50	50	50	50	50	50	50	= 850
RECORDS STORAGE		300	300			300			300			300	= 1200
TOTALS	11,344	15,895	11,807	12,186	11,941	12,437	12,896	15,003	19,427	16,126	16,638	14,275	= \$169,045

1. Number of Warrants processed by month - FY90 and FY91				TABLE #2
	FY90	FY91	% inc. (de.)	
JULY	61,039	77,244	27%	
AUGUST	115,912	129,430	11%	
SEPTEMBER	105,681	72,827	11%	
OCTOBER	73,345	86,514	18%	
4-MONTH TOTAL	315,977	365,015	16%	

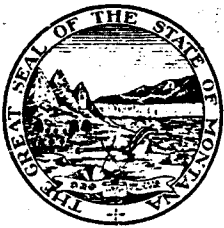
2. ORIGINAL SUPPLEMENTAL REQUEST (BASED ON ASSUMPTION OF 5% INCREASE IN WARRANTS)			
WARRANT MAILING COSTS	\$ 206,1169.96		
BAD DEBTS PROGRAM	7,057.68		
FISCAL CONTROL & MANAGEMENT	2,294.10		
TOTAL FY91 ESTIMATED POSTAGE		\$ 215,521.74	
LESS: REMAINING FY91 APPROPRIATION		(126,370.00)	
BUDGET SUPPLEMENT NEEDED			\$ 89,151.74

3. REVISED SUPPLEMENTAL REQUEST (BASED ON ASSUMPTION OF 16% INCREASE IN WARRANTS)			
ORIGINAL ESTIMATE OF WARRANT MAILING COSTS (5% increase assumption)	\$ 206,1169.96		
REVISED ESTIMATE FACTOR:			
	$[(16\% - 5\%) \times 89\%] + 1$		X 1.097
REVISED ESTIMATE OF WARRANT MAILING COSTS - FY91			\$ 226,354.00

* 89% of all warrants processed are mailed

WARRANT MAILING COSTS	\$ 226,354.00		
BAD DEBTS PROGRAM	7,057.68		
FISCAL CONTROL & MANAGEMENT	2,294.10		
TOTAL FY91 ESTIMATED POSTAGE		\$ 235,705.78	
LESS: REMAINING FY91 APPROPRIATION		(126,370.00)	
BUDGET SUPPLEMENT NEEDED			\$ 109,335.78

Ex. 3
1-15-91
Lan Yank



STATE OF MONTANA

PUBLICATIONS & GRAPHICS BUREAU

Capitol Station
920 Front Street
Helena, Montana 59620-0132

**PURCHASE
ORDER**

VENDOR	Moore Business Forms, Inc. 910 1st Avenue North P. O. Box 2930 Great Falls, MT 59403-2930
	VENDOR Telephone Number (406) 452-2913
BILL TO	Publications & Graphics Bureau Dept. of Administration Capitol Station Helena, MT 59620
Shipping Instructions Noted Below	

ATTENTION VENDOR	This Purchase Order Number must appear on your invoice and all related correspondence.	
PURCHASE ORDER NUMBER		907503
PURCHASE ORDER DATE		8-2-90
ISSUED IN ACCORDANCE WITH OFFER TO SELL:		
INVITATION FOR BID	Price Request No.	Date
OTHER	<input checked="" type="checkbox"/> Sole Source	
APPLICABLE TO REQUISITION NO.		9001

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
<p>Ship To: State Auditor's Office Room 295 Mitchell Bldg. Helena, MT 59620</p> <p>AUDITOR OFFICE WARRANTS</p> <p>1. HAILER</p> <p>Overall size: 16"x 4-1/4"</p> <p>Line hole punched in left and right margin.</p> <p>Stock: 24# posting ledger - color, Lamplighter Ivory - sample of color will be provided to vendor.</p> <p>Both face and backer printed - different copy on each side. Two color both sides. Background to be write-over density phantom from line drawing, this will print in second color. Back will have screened design, to assure confidentiality of the computer printing on the face. This screened design to print in second color.</p> <p>MICR encoding with warrant number 01614401 to 02314400,</p> <p>ANY QUESTIONS REGARDING THIS PURCHASE ORDER MUST BE MADE IMMEDIATELY TO THE DEPARTMENT OF ADMINISTRATION, PUBLICATIONS & GRAPHICS BUREAU, HELENA, MONTANA 59620 UPON RECEIPT. (406) 444-3053</p>			

RECEIVED
STATE AUDITORS
OFFICE
AUG 6 2 15 PM '90
HELENA, MONT.

FURNISH INVOICES IN TRIPLICATE		pg 1 of 4 8/2/90 Date	TOTAL AMOUNT	27,443.00
CONTRACT VALIDATED BY <i>Leona G. Olsen</i> to			Number	Total Encumbered
LEONA G. OLSEN, Purchasing Agent			907503	27,443.00

**STATE OF MONTANA**

PUBLICATIONS & GRAPHICS BUREAU

Purchase Order SupplementPURCHASE ORDER NUMBER **907503**DATE OF PURCHASE ORDER **8-2-90**PAGE NO. **2 OF 4**

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
<p>routing number 0920, transit number 01046 and account number 001 on face of warrant.</p> <p>Pre-numbering right hand upper corner of warrant, ascending sequence from 01614401 to 02314400 in red ink.</p> <p>Die cut with die cut area measuring 3-1/2" x 15/16" - die cut area located lower right corner of warrant - this die cut area to be covered with a clear sheet and glued at the edges. Vendor must contact State Auditor's Office for exact position of die cut.</p> <p>Form to be perforated 3/4" from left and right - in addition the top and bottom of the form are to have a tear off stub 3/8" from top and bottom of form these horizontal perforations are to stop at margin perforations. Form also to be perforated down the center.</p> <p>Heat seal adhesive to be applied to in tear off in both lower left and upper right halves of form - heat seal adhesive must also be applied to the lower 2-1/2" of the left marginal tear off and the upper 2-1/4" of the right tear off.</p> <p>All forms must be guaranteed to work on Moore 4610 Speedisealer and Moore 3610 Imprinter/Detacher.</p> <p>Vendor must supply 5,000 "voided" forms marked for "set up" to be used on the 4610 and 3610 machines.</p> <p>Vendor must contact State Auditor's Office for information that will be pre-printed on the face of the warrant, artwork for phantom background design, security print and the exact position of the pre-print on the warrant.</p> <p>Back of Mailer: Standard message for opening mailers. Return address should read: Andrea "Andy" Bennett State Auditor P.O. Box 4009 Helena, Montana 59604-4009</p> <p>Warrant numbers must be shown on outside of containers.</p> <p>All MICR encoding <u>must</u> meet ABA standards.</p>			
QUANTITY: 700,000	700,000	34.70/M	24,290.00

FURNISH INVOICES IN TRIPLICATE



STATE OF MONTANA
PUBLICATIONS & GRAPHICS BUREAU

Purchase Order Supplement

PURCHASE ORDER NUMBER

907503

DATE OF PURCHASE ORDER

8-2-90

PAGE NO.

3 OF 4

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
<p>2. NONMAILERS</p> <p>Overall size 16" x 3-1/2"</p> <p>Line hole punched in left and right margin.</p> <p>Stock - 24# posting ledger - color, Lamplighter Ivory - sample of color will be provided to vendor.</p> <p>Face printed - two color. Background to be write-over density phantom from line drawing, this will print in second color. all copy will bleed to edges of form. There will be no area which is not printed on the face or reverse of the warrant.</p> <p>MICR encoding with warrant number 00300001 to 00400000, routing 0920, transit number 01046 and account number 002 on face of warrant.</p> <p>Pre-numbering right hand upper corner of warrant, ascending sequence from 00300001 to 00400000 in red ink.</p> <p>Form to be perforated 3/4" from left and right. Form also to be perforated down the center (8" from left and right sides).</p> <p>All forms must be guaranteed to work on Moore 3610 Imprinter/Detacher.</p> <p>Vendor must supply 3,000 "voided" forms marked for "set up".</p> <p>Vendor must contact State Auditor's Office for information that will be pre-printed on the face of the warrant and the exact position of the pre-print on the warrant.</p> <p>Warrant numbers must appear on outside of containers.</p> <p>All MICR encoding <u>must</u> meet ABA standards.</p> <p>QUANTITY: 100,000</p> <p>3. DUPLICATE WARRANT FORMS</p> <p>Overall size 8-1/2" x 3-1/2"</p> <p>Line hole punched in left and right margins.</p>	100,000	27.66/M	2766.00

FURNISH INVOICES IN TRIPLICATE

**STATE OF MONTANA**

PUBLICATIONS & GRAPHICS BUREAU

Purchase Order Supplement

PURCHASE ORDER NUMBER

907503

DATE OF PURCHASE ORDER

8-2-90

PAGE NO.

4 OF 4

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
<p>Stock - 24# posting ledger - color, Lamplighter Ivory - sample of color will be provided to vendor.</p> <p>Face printed - two color. Background to be write-over density phantom from line drawing, this will print in second color. All copy will bleed to edges of form. There will be no area which is not printed on the face or reverse of the warrant.</p> <p>MICR encoding with routing number 0920 and transit number 01046 on face of warrant.</p> <p>Pre-numbered left upper corner of warrant ascending sequence from 00004501 to 00009500 in black ink. In right upper corner of warrant the pre-printed abbreviation of the word number. No.</p> <p>Form to be perforated from left and right to allow for a burst form of 7-1/4" x 7", in addition, the top 3-1/2" of the form will be the warrant - the bottom 1-1/2" of the form will be the stub - the form should be perforated in the middle for detachment of the stub.</p> <p>Vendor must supply 100 "voided" forms marked for "set up".</p> <p>Vendor must contact State Auditor's Office for information that will be pre-printed on the face of the warrant and the exact position of the pre-print on the warrant.</p> <p>Warrant numbers must appear on the outside of cartons.</p> <p>All MICR encoding <u>must</u> meet ABA standards.</p> <p>QUANTITY: 5000</p> <p>Delivery: As Required</p> <p>Terms: Net</p> <p>F.O.B.: State Auditor's Office Room 295 Mitchell Bldg. Helena, MT 59620</p>	5000	77.40/M	387.00

FURNISH INVOICES IN TRIPLICATE

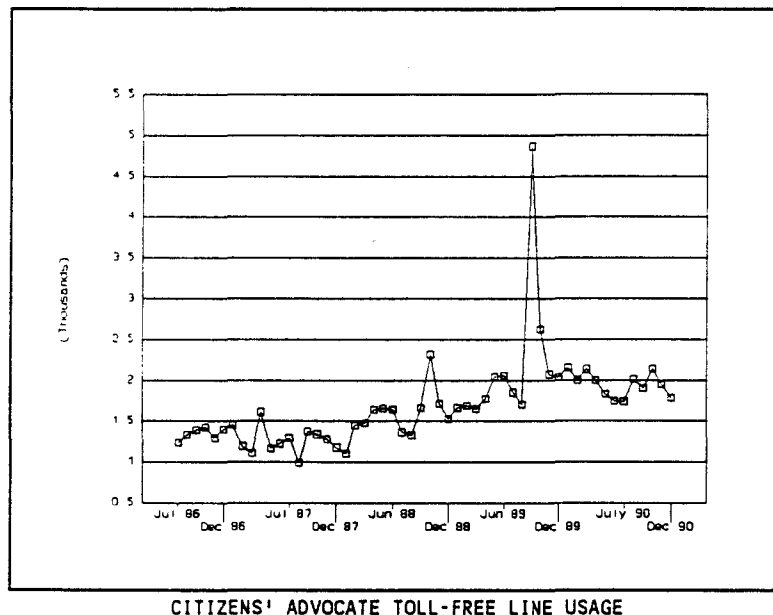
1-15-91
Steve Yeabeel

EXHIBIT 4

DATE 1-15-91

CITIZENS' ADVOCATE TOLL-FREE LINE USAGE Hon. Gov. Suu

Since 1986, the number of calls received on the Citizens' Advocate toll-free line has increased 48% - from an average of 1,320 calls per month to 1,950 calls per month. The cost of the toll-free line is not controllable by this office: price is driven by use. Cost increases forced the office to seek supplemental funding during FY90 (\$5,700) and during FY91 (\$12,000).



One major factor contributing to the increased number of calls is public awareness of the office. The toll free number is listed in all telephone directories statewide. Montanans are realizing they can call the Citizens' Advocate Office and be given assistance with their questions/problems, and this information is being passed on by word of mouth.

Various state agencies are also contributing to the increase. The Governor's Office on Aging uses the toll free number extensively in various publications and public service announcements targeting the senior population of Montana. The Department of Social and Rehabilitation Services lists the toll free number on the bottom of the monthly reports all recipients receiving public assistance are required to fill out. The Department of Natural Resources and Conservation uses the toll free number when water right notifications are published in newspapers advising the owners to call and report incorrect information.

Use of the toll-free line by legislators has increased substantially. In the last twelve months, 17.1% of all calls have been from legislators requesting transfers to various state agencies. In December 1990, 25% of all calls were from legislators.

EXHIBIT 5
DATE 1-15-91
Lin. Gov. Sup.

PUBLIC EMPLOYEES' RETIREMENT BOARD
FY 91 SUPPLEMENTAL BUDGET REQUEST

The Public Employees' Retirement Board, staffed by the Public Employees' Retirement Division of the Department of Administration, is charged with administering 8 public retirement systems for over 37,000 active and over 12,000 retired public employees and the federal-state Social Security Agreement. The last legislature appropriated \$904,765 for FY 90 and \$800,056 for FY 91 to fund this activity.

During FY 90, this agency reverted appropriations of less than \$900 in Operating Expenses at fiscal year end.

During FY 91, the best projections currently available anticipate that the agency will require an additional \$18,525 over our normal operating expenses as budgeted for FY 91.

As part of this agency's FY 90 budget, the 1989 Legislature appropriated \$83,000 to be used for updating the division's "active" computer system. During FY 90, \$33,000 was expended and the remaining \$50,000 was accrued for use in FY 91. To date in FY 91, \$38,000 of the \$50,000 accrual available for systems development has been expended for the new system. If programming work proceeds through the end of FY 91, ISD projects a total of \$105,293 will have been expended on this project during this fiscal year. Therefore, an additional \$55,293 is requested to supplement our FY 91 budget.

The following page details the Board's FY 91 supplemental request by specific expenditure categories.

The amounts requested are over and above what can be reallocated between various budget categories in order to cover projected funding shortfalls for the current year, while maintaining the level of services intended in that budget. Without this supplemental funding, the agency will be required to drastically curtail its public information services and to cease work on the "active" computer system.

Funding for this agency comes from the investment earnings on the pension trust funds administered by this agency. During FY 90, over \$91.9 Million in investment income accrued to these trust funds. The annual administrative budget represents less than 9.5% of the annual investment earnings of the trust funds. Any unexpended funds revert to the pension trust funds administered by this agency.

PUBLIC EMPLOYEES' RETIREMENT BOARD

FY 91 SUPPLEMENTAL BUDGET REQUEST

Obj.	Exp. <u>Category</u>	FY 91 Total <u>Approp.</u>	Total <u>Projected</u>	Supplemental <u>Request</u>
------	-------------------------	-------------------------------	---------------------------	--------------------------------

2116	Medical Services	\$ 1,690	\$ 6,990	\$ 5,300
------	------------------	----------	----------	----------

The FY 91 budget did not anticipate contracted costs at \$600/month for a physician to advise board on disability retirements as required by 19-3-1003, MCA. (FY 90 expenditures totalled \$3,400 without this cost.)

2304	Postage	29,654	40,074	10,420
------	---------	--------	--------	--------

A shortfall in actual versus budgeted costs will occur due to increased volume of mail plus an unanticipated 16% increase in postage rates to take effect in February (FY 90 expenditures for postage totalled \$36,599)

2241	Supplies	8,656	9,661	1,005
------	----------	-------	-------	-------

A shortfall is projected due to an increase in rates charged for supplies by the State Auditor's office. (Increased rate is .013/piece X 77,356 pieces)

2172	Computer Processing			
2175	Systems Development	80,578	82,378	1,800

Due to slight increases in normal computer processing and systems development time required during this biennium for running and maintaining our current computer systems, and an increase in Systems Development Bureau rates to \$35/hour, a shortfall is projected for FY 91 which can not be made up from other budget categories. (FY 90 actual expenditures in these two areas totalled \$90,441 -- not including \$83,000 for new system development described below.)

TOTAL SUPPLEMENT TO NORMAL OPERATIONS			\$ 18,525
---------------------------------------	--	--	-----------

2172	Computer Processing	FY 90		
2175	Systems Development	Accrual		
		50,000	105,293	55,293

The 1989 Legislature appropriated \$83,000 as a one-time appropriation to be used for updating the division's "active" computer system. \$33,000 was expended on the development of a new active computer system in FY 90, leaving \$50,000 to be expended in FY 91. Due to an earlier than anticipated start-up date by ISD on this project, \$55,293 (over the amount remaining in the FY 90 accrual) is required to pay computer development charges for the remainder of FY 91. If this additional amount is not appropriated, work on the new system will cease and no projection is available about when ISD staff will be available to resume the project.

TOTAL FY 91 SUPPLEMENTAL REQUEST			\$ 73,818
----------------------------------	--	--	-----------

VISITORS' REGISTER

Hess, Scott & Hastings COMMITTEE

BILL NO. #13 03DATE January 15, 1991

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<u>Wenig Adam</u>	<u>DOR</u>		
<u>Mary Harrington</u>	<u>TRS</u>		
<u>JACK ELLEAN</u>	<u>DOR</u>		
<u>KEN Morrison</u>	<u>" "</u>		
<u>H.T. Smith</u>	<u>Super Court</u>		
<u>Karen Spillock</u>	<u>Superior Court</u>		
<u>Larry Nash</u>	<u>PERD</u>		
<u>Linda King</u>	<u>"</u>		
<u>J. Dancer Chocky</u>	<u>SAN</u>		
<u>Steve Yeager</u>			

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Ken Sav's Meeting COMMITTEE
Supervisory Committee

BILL NO. _____

DATE January 15, 1998

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<u>Ken Morrissey</u>	<u>DOR</u>		
<u>JACK ELLERY</u>	<u>DOR</u>		
<u>Dan Gengler</u>	<u>OBPP</u>		
<u>Linda Kern</u>	<u>PERD</u>		
<u>David Schum</u>	<u>TRIS</u>		
<u>JOHN PETTIT</u>	<u>OBPP</u>		
<u>Bill Salasman</u>	<u>DOH</u>		
<u>John Peckham</u>	<u>DOH</u>		
<u>Mark R...</u>	<u>DOJ</u>		
<u>Judy Browning</u>	<u>DOJ</u>		
<u>Mick Robinson</u>	<u>DOJ</u>		
<u>J. Dennis Sherry</u>	<u>State Auditor</u>		
<u>Mark Bryson</u>	<u>Local Auditor</u>		
<u>Scott Smith</u>	<u>Local Auditor</u>		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.