

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By Chairman Quilici, on January 25, 1991, at 8:08 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, Associate Fiscal Analyst (LFA)
Bill Mandeville, Budget Analyst (OBPP)
Arlene Carlson, Secretary

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

HEARING ON DEPARTMENT OF ADMINISTRATION

Tape No. 1

Bob Marks, Director, Department of Administration, gave an overview of the Department. **EXHIBIT 1**

SEN. STIMATZ asked since the state has gone for privatization by hiring people through contract services, are the health and retirement benefits no longer available, or do the people who do the hire for contract services provide health and retirement benefits. **Mr. Marks** stated there are regulations or requirements in the contracts for health and retirement benefits. **SEN. STIMATZ** asked who writes and provides these contracts and did the legislature put the provisions in the statute or was the issue addressed or made by the Department of Administration as to health and retirement benefits.

Lois Steinbeck, LFA, gave an overview of the Department of Administration's budget. **EXHIBIT 2**

Director's Office

Ms. Steinbeck reviewed the Director's Office budget. **EXHIBITS 3 AND 4** The Director's Office has two sources of funding, general fund is the primary source and proprietary. Proprietary funds

cover the costs of 1.5 attorney position whose time is billed to various agencies in the department. Issues are personal services, reference materials, technical adjustment and bill status system. The LFA inflation factor is used with the exception of computer processing fees.

SEN. FRITZ asked about the increase raises of 8 FTE in 1990 of \$200,000 to 7 FTE at \$273,000 which is a per employee raise of about \$15,000. **Lois Steinbeck** responded that there are two reasons (1) there was a high number of vacancies and turnovers in the Director's Office, (2) and one FTE was transferred from the Director's Office to the Student Long Distance Program.

Karen Munro, Administrative Officer, said there was one transfer, out of the other 7 FTEs, 5 positions had a turnover, the Deputy Director, two secretaries, Chief Legal Counsel and the Administrative Officer position. The Division reverted over \$90,000 for personal services in vacancy savings.

Ms. Steinbeck reviewed how personal services are budgeted. The LFA takes a snap-shot of the position control system which feeds the costs and LFA funds as if each position is full at that grade and step that is shown on the position statement.

Ms. Munro gave an overview on the Director's Office by stating there were three main differences: (1) \$100 in personal services, (2) the Montana Code Annotated and (3) the legislative bill tracking system that tracks legislation through the Director's Office for the whole Department.

Governor-Elect Program

Lois Steinbeck said the Program provides support to the Governor-elect and staff for the period between the general election and the inauguration. **EXHIBITS 5 AND 6**

Architecture and Engineering Program

Lois Steinbeck gave an overview of the Program. **EXHIBITS 7 AND 8** The Division manages remodeling and construction of state buildings. Both the Executive and LFA budgets reduced the .25 FTE which was a vacant clerical position. The difference between the budgets is in operating expenses. The executive budget has a higher level of travel than LFA current level and includes additional funds for photocopy services due to litigation and higher number of projects to be administered. Item four is a housekeeping measure.

Tom O'Connell, Administrator, Architecture and Engineering Division and **Lorna Gregory, Accountant**, reviewed the long range program building program fund, established in 1985 to coordinate all state construction and repair of buildings.

The state's inventory has 3,000 buildings which contain over 16 million square feet and the buildings are valued at approximately \$1.4 billion. They administer between 300 to 400 active projects per biennium. The division is funded through state special revenue. No other division competes with this type of funding. The cigarette tax is the base for how the division receives their funding. The tax is 18 cents per pack; 29.11% goes to a cash account where the operational money comes from and 70.89% goes into the debt service fund. Revenue estimates are shown on the handout. **EXHIBIT 9** There is \$9.5 million available for operational programs or construction programs throughout the state. The Long Range Building Program has direct relationship to the operational budget. **HB 5** is the largest long range building program that has been proposed to the Legislature. He reviewed the Capital Construction Program Fact Sheet. **EXHIBIT 10**

He encouraged a full staff to maintain a full long range building program which includes more travel, correspondence, printing, etc. There will be more demands for services from the division. The failure of the division to provide adequate involvement in the development of this program and its projects will not mitigate problems but will open the state to expected construction claims.

Questions from the Committee: **SEN. FRITZ** asked if the University buildings are included in the square footage. **Mr. O'Connell** stated they are responsible for construction of the University System and all state agency buildings. The division does not do the daily maintenance.

Discussion was held on the Mansfield Center.

Procurement and Printing Division

Lois Steinbeck gave an overview of the division's budget. The division has three bureaus. **EXHIBITS 11 and 12**

Marvin Eicholtz, Administrator, reviewed the three bureaus: Publications and Graphics, Property and Supply, and Purchasing. **EXHIBIT 13**

Tape 2

Property and Supply Bureau This Bureau purchases, stocks, and sells office supplies, paper, janitorial supplies, and packaged computer software to agencies and administers the sale of state and federal surplus property no longer needed. Central Stores saves the state 47% off retail prices. The division's surplus program assures a fair and equitable distribution of state and federal surplus to all eligible participants.

Publications and Graphics This Bureau provides printing, duplicating, computerized typography, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy, and photocopier pool services for agencies.

Purchasing Bureau This Bureau manages the centralized purchasing for state agencies. It investigates possible sources for products, determines alternate product possibilities, prepares specifications, and enforces terms and conditions outlined in purchase orders.

Ms. Steinbeck stated that between the FY90 actual expenditures for goods for resale and FY91 appropriation, there's about a \$650,000 difference. Referring to **Publications and Graphics**, there is a 4 FTE difference due to the cyclical workload with the Legislature. There is no general fund. The issue of resale involves several expenditures. The biggest is for pass-through printing. The cost of paper is not included in pass-through. The Executive is higher because it includes inflationary adjustments not in the LFA, etc. She reviewed the remaining issues.

Mr. Eicholtz stated there was a big difference with the pass-through printing--private sector printing, which is contracted and paid for with money collected from the agencies. This is always difficult to estimate. We're always in a catch-up mode. Printing costs from the private sector will be increasing.

REP. ZOOK asked Ms. Steinbeck if the subcommittee had applied a certain percentage increase of inflation for printing in all departments. Ms. Steinbeck stated inflation was difficult due to certain expenditure items that are granted inflation by both LFA and OBPP. Inflation factors have been set for operating costs in the budgets but are rarely carried down to goods for resale. The inflation rate was put in good for resale (paper at 7% but not in pass-through printing).

Bill Mandeville, OBPP, stated inflation means an increase in costs of goods and services which they don't have any control over. It's important because we have to find a way to pay the increase of costs in goods and services. In the OBPP they looked at inflation factors in the early part of the budget processes and the important aspect was trying to fund the increases of goods and services which the department called non-discretionary areas.

Mr. Eicholtz stated recycled paper costs about 16 cents more but on a job basis, it figures to about 10 cents. Photocopy rental appropriation provides the legislature with five photocopiers during the session, post and presession also. He gave an overview on maintenance increase. Debt service refers to photocopiers that need to be replaced--the number is 12.

Ms. Steinbeck gave an overview on **Property and Supplies** which handles central stores, and state and federal surplus property program. **EXHIBIT 14** She gave an overview on the issues: goods for resale, travel, utilities, technical adjustment (payroll service fees were omitted by LFA), and base differences.

Mr. Eicholtz stated goods for resale reflects the price increase the agencies will experience due to the increase cost of paper. The division's base is higher in FY92 because the last session projected moderate growth. There was a difference between LFA and the Budget Office of \$2,000; the Budget Office did budget for the division to travel and they did not travel and use the money. He discussed the costs of utilities which are shared with central stores. The division receives surplus property from the federal government which they make available to cities and counties. They charge a fee of 12% for acquisition costs and freight. They are requesting \$87,000 to purchase equipment.

Tape 3

REP. ZOOK stated he felt like we are coming from opposite sides because the money is to operate at man level yet the wording sounds like it is to create more demand. Have you informed local governments about the program? Mr. Eicholtz stated they wanted to be able to service cities and counties when they ask for equipment but at the same time they are trying to encourage surplus programs instead of purchasing new equipment. Yes, some money is spent to market this.

Ms. Steinbeck gave an overview on the Purchasing Program. The Bureau uses general fund unlike the other bureaus which are funded by proprietary funds. The first issue was personal services--overtime. Travel and printing increased to allow the staff to assist agencies in improving purchasing and procurement functions not performed by the bureau. Mr. Eicholtz stated that Purchasing needed the overtime because agencies tend to hold on to their funds until the end of the year so many requests come at the end of the fiscal year so it gets bottle-necked. Because there are 6,000 vendors, the Legislative Auditor thought more bids should be distributed so costs of printing increases.

Teachers' Retirement Division

Ms. Steinbeck gave an overview on Teacher's Retirement which administers retirement, disability, and survivor benefits for all state teachers and their beneficiaries. EXHIBITS 15 and 16 The single current level issue between the two budgets is in printing supplies in the first year of the biennium. Operating costs decreased for one-time expenditures which are removed from the bases and mainframe computer rates were reduced. The Executive Budget current level is lower than the LFA current level in operating costs due to the different bases and inflation rates.

David L. Senn, Administrator, Teacher's Retirement Division, stated the current level issues are confusing but money is needed for printing of the handbooks after each session. EXHIBIT 17 He reviewed the modified requests. EXHIBIT 18 He discussed the retirement issues.

Ms. Steinbeck said the new total cost in FY92 would be \$147,380 (the first year) and \$108,380 the second year.

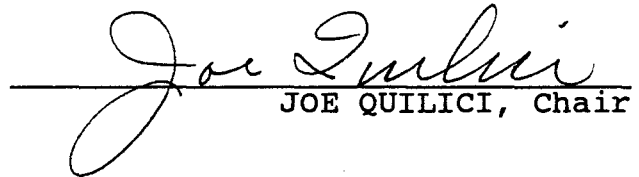
Accounting and Management Support Division

Ms. Steinbeck gave an overview of the Accounting Program and budget. EXHIBITS 19 and 20 The Accounting and Management Support Division is organized into two bureaus and one unit. The Accounting Bureau is funded entirely from general fund. Both budgets include replacement of calculators and software upgrade.

Chuck Virag, Administrator, Accounting Program, gave an overview of the division which was created by consolidation in January 1990 of the former accounting and centralized services divisions. He reviewed the organizational chart. EXHIBIT 21 He reviewed the SBAS Transaction Comparison. EXHIBIT 22 Equipment includes software upgrades.

ADJOURNMENT

Adjournment: 11:40 a.m.


JOE QUILICI, Chair

JA/amc

HOUSE OF REPRESENTATIVE
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE July 25, 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

Presentation to the General Government Subcommittee

1) Introduction

It's a pleasure to meet with this subcommittee as a member of the executive branch. During my service on the appropriations committee I sat on the General Government subcommittee. I will give a general overview of the department before we get into individual budgets. The division administrators will present their own budgets and answer specific questions. For your convenience we've prepared an organizational chart of the department so that you can see the relationship between the department's eleven divisions. We will leave this chart on the wall until your deliberations are concluded.

2) Purpose of the Department

a) The department consists of eleven divisions. Three divisions: TRS; STAB; and the State Compensation Mutual Insurance Fund are attached for administrative purposes only. Generally, all divisions provide a variety of services to state agencies. For example:

1) Architectural and Engineering Division. A&E provides design and architectural services so that agencies' capitol construction programs can be implemented. The Long Range Building subcommittee is considering the Governor's \$111 million proposal which includes \$46,467,539 million in cash projects and a \$64,540,110 million bonded program. This compares with a total

cash and bonded program of \$28,330,103 adopted by the last legislature.

2) Accounting and Management Support Division operates SBAS and prepares the state's annual financial statements from which the beginning general fund balance is determined. This division also prepares the department's budget and monitors the department's financial affairs. This division also manages the state's treasury function.

3) Our General Services Division maintains 1,177,316 square feet (27 acres) of state owned building space and provides for the coordination and approval of state agencies leases of private owned office space. The state currently has about 208 office space leases exclusive of liquor store leases and University leases which we do not approve. In addition, this Division operates the State's "deadhead" and outgoing mail service.

4) The Information Services Division manages the state's telecommunication and computer network. The 9-1-1 program, long distance learning and records management program are under ISD. Last session you approved funding for the development of what's now called the Regents Employee Reporting System (RERS). These major software programs are developed by ISD.

5) The Public Employees Retirement Division and the Teachers Retirement Division are part of the Department. These two divisions manage retirement matters for 51,848 public sector employees and 18,458 retirees. (PERS 36,146 active: 11,900 retired. TRS 15,702 active; 5,558 retired.) Together the two

EXHIBIT 1

DATE 1-25-91

Gen. Mott. Sub.

divisions control assets of approximately \$2 billion. (PERS \$1.3 billion. TRS \$689 million.)

6) The State Personnel Division sets personnel policies for the state, administers the \$25 million per year group benefits program, collectively bargains with the state's unionized employees and classifies state positions. This is an exciting area in that for the first time since 1975 we are proposing a meaningful new approach to paying state employees. The Governor's pay bill you will be debating this session is a "market based" pay system designed to alleviate the recruitment and retention problems our managers are facing. For 15 years the legislature, without a long range compensation philosophy, has simply added money to an archaic pay matrix, resulting in a compensation system that no longer serves the employee's or the employer's interest. The "market based" philosophy proposed in the Governor's pay bill addresses this concern, and recommends the largest and most equitable pay increase for state employees since 1981.

7) The Procurement and Printing Division consists of three bureaus all of which procure goods and services required by state agencies. The Publications and Graphics Bureau (P&G) provides printing and typesetting services to state agencies. The Purchasing Bureau combines agency purchases to achieve the lowest possible per unit cost and the Property and Supply Bureau buys in bulk and stocks commonly used office supplies and operates the State's surplus property program.

8) The State Tax Appeals Board hears taxpayer's appeals from the county tax appeal boards and the Department of Revenue.

9) The Tort Claims Division provides insurance to state agencies and defends the state against tort claims. This coming biennium we will be implementing a meaningful risk management program for the state.

10) The State Compensation Mutual Insurance Fund provides workers compensation insurance to private employers and to the state. Because of the statute under which this program was established last session, we have very little interaction with this division.

3) Department Size

One of the most common ways that the public views government is by number of employees. I have a two page HANDOUT (#1) which shows the relative number of employees in the department for a three year period and the executive recommendation for the next two years. You can see that since FY 89 we've either grown or shrunk--depending upon whether or not the Mutual Insurance Fund is included. With the Fund, our FTE count is 573.79. Without the Fund we have 357.89 FTEs. The reduction is generally due to the privatization of some functions that were formally done by state employees. I'll talk more about these privatization initiatives later.

The same HANDOUT (#1) shows the number of FTE's by division for the past three years and the executive recommendation for the

next two. As you can see, ISD has the largest number of employees (127.39). Tort Claims is the smallest division (11 FTE). The next HANDOUT (#2, another two pager) shows the number of general funded employees by division. We currently have (84.48) general funded FTE's. There has been a downward trend in the number of general funded positions during the past 10 years. In 1982, for example, the department had 136.7 general funded FTE's.

In summary, the department is neither the largest nor the smallest in state government. When measured by budgetary authority, the Department is about 14% the size of the Highway Department but six times larger than the Department of Agriculture.

When measured by FTE authority the department, excluding the STATE FUND, is a little more than half the size of the Department of Justice but it is five times larger than the State Auditor's Office.

4) Funding Sources

I want to give the committee a brief description of the various funding sources that are used by the Department.

a) General Fund--the executive budget proposes just over \$7 million in general fund for the department's operation for the biennium, excluding debt service. This is roughly 6/10th of 1 percent of the total general fund money which will be available for state operations next biennium. We compete for these funds along with other state programs. I've included a two page

(HANDOUT) (#3) that shows the general funded divisions in the department and the amount of general fund used by each.

b) Proprietary Funds are by far the largest funding sources (\$162 million for the biennium which includes statutory appropriations for Tort Claims and Group Benefits). Proprietary operations function like non profit businesses within state government. We establish rates for our services and those rates are paid by other state agencies when they utilize our services. For example, when you use a state telephone for a long distance call, the department of administration will bill the agency from which the call originated for the cost of the call AND an overhead fee to cover our administrative costs. Most of the revenue that we receive from your call will be forwarded to US West or another long distance carrier with whom we contract. But some of the fee will be spent for salaries and operational costs of our telecommunications bureau.

In budgeting for these proprietary activities, it's important that the committee look at both the proposed expenditure level and the rates that are proposed to fund these services. Because proprietary activities are such a significant part of the department's operations, we have prepared a HANDOUT (#4) for you entitled "Description of Proprietary Funds." The handout lists the department's proprietary operations and describes the workings of a proprietary fund. Our proprietary operations affect other state agencies and some are of such significance that they deserve early consideration in the budget process. The joint Appropria-

tions/Finance and Claims Committee meeting and subsequent review and recommendation by your subcommittee was extremely useful in addressing the department's computer network proposal.

c) State Special Revenues. Only one division in the department is funded with State Special revenues--the Architecture and Engineering Division. The Fund has a minimal amount of State Special Revenue in FY 92 only. Cigarette tax revenue is dedicated to funding the operational costs of the division and what we call the "cash" long range building program. This funding mechanism has no logical basis. There is no relationship between the number of cigarettes smoked by Montanans and the cost of maintenance on state buildings. This has become more obvious as cigarette revenues have declined during the past decade while the cost of maintaining state buildings has increased. We currently have 3049 insured structures valued at \$1,059,085,419.

d) Trust Funds. These funds are held "in trust" by the state for a third party. The pension trust funds (of which we have about \$2 billion) are administered by the Department and the assets are invested through the Board of Investments.

e) Debt Service Funds. The Department is responsible for paying general obligation bonds issued by the state. The general fund is responsible for about \$11 million yearly in G.O. debt service. But these expenditures are statutorily appropriated. In other words, these expenditures need not be authorized biennially by the legislature. This committee should be aware that our

general obligation debt service falls dramatically after FY 96.
(HANDOUT) (#5)

To give you an overall view of the funding mix in the department we've developed a pie chart (HANDOUT) (#6) for each year of the FY 92-93 biennium.

5) Mission Statement

I want this committee to be aware of the department's mission statement that we developed last fall. I have a HANDOUT (#7) which shows the mission statement. During 1991 each division within the department will be developing division specific mission statements that will be approved by the Director. Once they are approved, each work unit in the department will develop more specific mission statements for their operations. The goal of this project is to allow every employee in the department an opportunity to define their responsibilities with reference to the department's mission statements.

⑥ Major Initiatives/Changes in the Department This Biennium

1) Privatization. One of this administration's policy initiatives has been the privatization of those state functions which could be cost effectively performed in the private sector. Privatization is a trend at all levels of government--local, state and federal. I know that there are strong feelings regarding privatization and I want to discuss the department's initiatives in this area so that you have a full understanding of them. I've

EXHIBIT 1

DATE 1-25-91

Gen. Hair

developed a chart (HANDOUT) (#8) that briefly quantifies the three initiatives undertaken by the department this biennium.

One of our concerns with privatization was the impact on existing employees. In these three instances all employees were given RIF preference. For Data Entry all employees have new employment with the exception of one part time employee. All of our Security Guards were offered employment in our central mail operation--most of them at identical grades. Four of our employees transferred and two of them continue to work there.

Another major concern with privatization is that the bulk of the savings associated with privatization are due to the work being preformed by lower paid individuals. I believe that is true in these cases. The reason for these cost savings has to do with the compression of the state's pay matrix. Generally, we find that state employees below grade 10 are near, or above, the market. Consequently, this same work can be preformed less expensively in the private sector.

From an operational and quality perspective, all three services are currently being successfully performed by contractors.

(2) Student Long Distance Service. The Department of Administration responded to a need on the part of the University System and the students to provide savings in long distance telephone service for residents of dormitories at five of the six units. By allowing students in dorms the use of the state's long distance network, students realize a significant savings. They

save the \$.60 per call surcharge on all calls plus an additional percentage savings on commercial daytime rates. As a result of increased use of the state's long distance network the rates for State agencies' use of the network is decreased by 3%. The economies of this arrangement stem from the fact that student use of the long distance network is primarily night time and weekends, both times when State agency use of the system is at a minimum. Additional spending authority of \$650,149 and one FTE for the biennium is requested by the Information Services Division in order to be able to pay for increased utilization of long distance service contracts and to bill dormitory students. In addition we have submitted a request for a budget amendment in HB4 for this biennium.

3) RERS (Regents Employee Reporting System). In response to HB26 last session and the need to improve the accountability of the University System in areas related to expenditures for personnel, FTE's and personal services budgeting, the Department of Administration was funded to develop a computer system. The implementation of this system has slipped six months with July 1, 1991 being the revised date. Once implemented, university unit personnel budget and expenditure data will be maintained on the RERS system in a manner similar to the way P/P/P information is maintained for all other State agencies. Funding for the continued operation of this system is included in the University System.

4) Improved state benefits. We rebid the state life insurance plan resulting in lower cost to the state. We also rebid the employee deferred compensation program which resulted in lower administrative costs and better payout provisions for employees.

7) Reorganizations

We've completed six reorganizations since this committee last met. Let me briefly mention each and the rationale behind it.

a) The Centralized Services Division and the Accounting Division were combined into the Accounting and Management Support Division. The rationale included a one FTE savings; career ladders for employees in both bureaus and a broader budgetary perspective for the administrator which makes him a more valuable resource to BPP.

b) The General Services Division reorganized to address two bills from last session which required the division to become more aggressively involved in office space management and coordination of state office leases outside of Helena. The Division reorganized to create a position of Facilities Manager. This position is charged with housing state agencies as cost effectively as possible and combining agencies in shared facilities where possible--both for the convenience of the public and to reduce our costs of providing state services to those agencies.

c) ISD. ISD completed a reorganization last year intended to better serve agencies needs in light of a rapidly changing automation environment. Most important has been the growth of

EXHIBIT 1DATE 1-25-91
Men. Har Du

Mail.¹ Those plans were prepared in conjunction with the preparation of the biennial budget request. These cost recovery plans are an integral part of our effort to establish rates for the coming biennium. Each plan addresses the services performed by the program, anticipated service levels for next biennium, required operating reserves and necessary rates. I've asked the administrators of these divisions to specifically address their cost recovery plans during their presentations. These plans have been provided to both LFA and OBPP to assist in their analysis of our budgets.

¹The department of administration shall develop a cost recovery plan for proprietary operations. It is the intent of the legislature that the cost of each service provided should be fully recovered through the rate charged for each service. The plans must be submitted with the department's 1993 biennium budget request and must, at a minimum, include the following information:

Fiscal 1990Fiscal 1991

<u>General</u>	<u>State</u>	<u>Federal</u>				<u>State</u>	<u>Federal</u>			
<u>Fund</u>	<u>Special</u>	<u>Special</u>	<u>Propr.</u>	<u>Total</u>		<u>Gen.</u>	<u>Special</u>	<u>Special</u>	<u>Propr.</u>	<u>Total</u>
	<u>Revenue</u>	<u>Revenue</u>				<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>		

(1) identification of the goods or services, or both, that are provided by the program, how the service level is measured, and the anticipated service level for the 1993 biennium;

(2) the proposed rates by service for each year of the 1993 biennium;

(3) a description and explanation of how rates are established, including identification of all relevant costs, service levels, personnel efficiency ratios, and all other assumptions used in rate development.

The following operations shall develop a cost recovery plan as described above:

- (1) publications and graphics;
- (2) property and supply;
- (3) information services division;
- (4) central mail.

9) Governor Elect Program

Let me bring one other matter to your attention. By statute the Department is required to submit a budget for the Governor Elect Program. No funds are included in the Executive Budget for this program. I apologize for this oversight. We recommend a \$5,000 appropriation similar to the appropriation approved by the 1987 legislature.

6101 00 00000

COMPARISON OF EXECUTIVE AND LFA CURRENT LEVELS

DEPARTMENT OF ADMINISTRATION

Budget Item	Executive Current Level		LFA Current Level		Executive Over (Under) LFA
	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993	
FTE	318.39	322.39	315.39	319.39	3.00
Personal Services	9,688,634	9,770,008	9,539,452	9,605,152	314,038
Operating Expenses	23,601,341	24,357,483	22,002,305	22,173,601	3,782,918
Equipment	896,798	851,408	649,422	607,101	491,683
Transfers	730,906	742,291	724,764	734,685	13,748
Debt Service	4,535,647	3,988,997	4,512,207	3,965,557	46,880
Total Agency	\$39,453,326	\$39,710,187	\$37,428,150	\$37,086,096	\$4,649,267
<u>Fund Sources</u>					
General Fund	3,540,819	3,536,633	3,425,442	3,406,442	245,568
State Revenue Fund	672,105	683,490	665,963	675,884	13,748
Capital Projects Fund	730,906	742,291	724,764	734,685	13,748
Proprietary Fund	34,509,496	34,747,773	32,611,981	32,269,085	4,376,203
Total Funds	\$39,453,326	\$39,710,187	\$37,428,150	\$37,086,096	\$4,649,267

Executive Budget Comparison

The Executive Budget exceeds the LFA current level budget by \$4.65 million, primarily in operating costs. Much of the difference is due to use of different base years and different inflation factors.

Because the Executive Budget is based on the fiscal 1991 appropriation, it includes significantly more for some operating expense categories than the LFA current level budget, which uses fiscal 1990 actual expenditures as a base. The Executive Budget includes: \$1.3 million more in goods for resale; \$968,000 more for rent; \$511,000 more for contracted services; \$452,000 in utility costs; and \$126,000 more for repair and maintenance. The only operating expenditure category in which the LFA current level budget is above the Executive Budget is in other expenditures, where the fiscal 1991 appropriation is \$42,000 below actual expenditures for the biennium.

The LFA current level contains \$341,000 more inflation over the biennium, as the Executive Budget: 1) assumes utility rates (a significant expenditure in the General Services Division) will decrease in the 1993 biennium; and 2) includes a

significant deflation factor for computer processing.

The Executive Budget is \$314,038 higher in personal services than the LFA current level budget for three reasons: 1) the LFA deletes vacant positions which the Executive Budget continues (\$166,000); 2) the Executive Budget includes more overtime for the Printing and Procurement Division (\$40,000); and 3) the Executive Budget includes more per diem for the State Tax Appeal Board (\$108,000).

The Executive Budget for equipment level includes \$329,000 for multi-user computers and terminals and \$108,000 for single-user software. The LFA current level does not include this equipment as it is related to expansion of the installation of local area networks (LAN's) and should be considered as part of the modified budget request for networks included in the Executive Budget. (See the Information Services Division narrative for an expanded discussion of LAN's.)

The Executive Budget includes \$13,748 more in transfers than the LFA current level for the Architecture and Engineering Division. Funds are transferred from the capital projects fund to the state special revenue fund

DEPARTMENT OF ADMINISTRATION

that supports division operations. Because the Executive Budget for the division is higher than the LFA current level, it is reflected in the transfer operating budget, the capital projects fund, and state special revenue fund.

The Executive Budget contains \$46,880 more in debt service to fund replacement photocopy equipment not included in the LFA current level budget.

The allocation of general fund in the Executive Budget exceeds the LFA current level by \$245,568 due mainly to the use of the fiscal 1991 appropriation as the expenditure base. The budget for the State Tax Appeal Board (STAB) comprises \$172,000 of this difference. The fiscal 1991 appropriation for the program (\$435,926) exceeds the fiscal 1990 expenditures (\$312,680), mirroring the difference between the Executive Budget recommendation for STAB (\$442,734 in fiscal 1992) compared to the LFA current level budget (\$356,180).

Proprietary funds support the largest share of the expenditure difference between the Executive and LFA current level budgets. Major differences in the two budgets are discussed below.

RERS FTE

The 1989 legislature appropriated \$625,000 of general fund for the 1991 biennium to the Information Services Division for the study and development of a uniform payroll, personnel, and position system for the University System, called the Regents Employees Reporting System (RERS). Two FTE and

operating expenses were supported by the appropriation. The LFA current level does not include the FTE and adjusts operating expenses to reflect this one-time expenditure. The Executive Budget continues the FTE and associated operating expenditures, but funds the expenditures with proprietary funds.

Utilities Costs

The Executive Budget includes a reallocation of fiscal 1991 appropriation authority in the General Services Division to utilities, making the current level budget for the category \$452,000 higher than the LFA over the biennium (after adjustments for inflation). Due to higher total costs for the General Services Division, the Executive Budget general fund appropriation for the program is \$32,275 higher than the LFA current level for the biennium.

Governor-elect Program

By statute, the Department of Administration budget must include an appropriation for the Governor-elect in an election year. The LFA current level includes \$4,945 of general fund in fiscal 1993 for the program. The Executive Budget does not fund the program.

Executive Budget Modifications

In addition to the \$79.2 million current level budget for the Department of Administration for the 1993 biennium, the Executive Budget includes \$6.7 million and 4.5 FTE in modified budget requests. These budget modifications are discussed in program narratives.

DEPARTMENT OF ADMINISTRATION

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	352.59	354.59	315.39	319.39	-35.20
Personal Services	8,672,246	10,278,943	9,539,452	9,605,152	1.02%
Operating Expenses	19,778,558	21,740,833	22,002,305	22,173,601	6.40%
Equipment	1,422,819	840,879	649,422	607,101	-44.49%
Capital Outlay	3,299	0	0	0	-100.00%
Local Assistance	2,876	0	0	0	-100.00%
Transfers	1,912,873	1,781,920	724,764	734,685	-60.50%
Debt Service	3,555,409	4,555,493	4,512,207	3,965,557	4.52%
Total Agency	\$35,348,080	\$39,198,068	\$37,428,150	\$37,086,096	-.04%
<u>Fund Sources</u>					
General Fund	3,165,822	3,593,613	3,425,442	3,406,442	1.07%
State Revenue Fund	527,648	600,930	665,963	675,884	18.90%
Capital Projects Fund	544,395	629,926	724,764	734,685	24.28%
Proprietary Fund	31,110,215	34,373,599	32,611,981	32,269,085	-.92%
Total Funds	\$35,348,080	\$39,198,068	\$37,428,150	\$37,086,096	-.04%

Agency Description

The Department of Administration (DOA) provides centralized services for state agencies in the following areas: 1) accounting and financial reporting; 2) capitol complex building maintenance and capitol security; 3) state bonded indebtedness administration; 4) state treasury services; 5) insurance coverage and Tort Claims Act administration; 6) systems development, telecommunications, and data processing; 7) personnel management and labor relations; 8) purchasing and surplus property administration; 9) duplicating, mail, and messenger services; and 10) records management. The department also administers the state Long Range Building program, state employee group benefits program, and the various state retirement systems. In addition, the Board of Examiners, State Tax Appeal Board, State Compensation Mutual Insurance Fund, Public Employees' Retirement Board, and Teachers' Retirement Board are attached to the department for administrative purposes only.

Current Level Budget

The annual current level budgets for the 1993 biennium are between \$1.7 and \$2.0 million higher than fiscal 1990 actual expenditures. While annual current level budgets are higher than in fiscal 1990 actual expenditures, they are lower than the fiscal 1991 appropriation.

Current level personal services increase despite a 35.2 FTE reduction. About one third of the deleted positions were vacant throughout fiscal 1990. Because vacancy savings experienced in fiscal 1990 are not budgeted in the 1993 biennium and the fiscal 1991 pay plan increase is continued in the 1993 biennium, personal services costs are higher than fiscal 1990 actual expenditures.

Most of the FTE reductions in the department occurred due to contracting for services formerly provided by state employees (see "Privatization of Services"). Table 1 shows current level FTE changes and the reason for the deletion. Privatization of services eliminates 34.75 FTE. There are two FTE increases: 4.0 FTE authorized for the federal surplus property program are not included in either the fiscal 1990

DEPARTMENT OF ADMINISTRATION

actual expenditures or the fiscal 1991 appropriation and 4.0 FTE are added in fiscal 1991 due to legislative session workload.

Table 1
Changes to FTE
Department of Administration

<u>Change by Program</u>	<u>Current Level</u>	<u>FY92</u>	<u>FY93</u>
Fiscal 1991			
Appropriated Level	354.59	354.59	
Architecture & Eng.			
Remove Vacant FTE	(0.25)	(0.25)	
Publications and Graphics			
Leg. Session Workload	(4.00)		
Fed. Surplus Property	4.00	4.00	
Information Services Div.			
Delete University System			
P/P/P Study FTE	(2.00)	(2.00)	
Privatize Data Entry	(9.75)	(9.75)	
Remove Vacant FTE	(1.70)	(1.70)	
General Services			
Privatize:			
Janitorial Services	(15.00)	(15.00)	
Capitol Security	(10.00)	(10.00)	
State Tax Appeal Board			
Delete Vac. Cler. FTE	(0.50)	(0.50)	
Total Reductions	(39.20)	(35.20)	
Current Level FTE	315.39	319.39	

There are several major differences in operating costs between the 1991 biennium and the 1993 biennium current level. Rate increases in utilities costs and postage costs adds about \$597,000 over the biennium. The cost of commercial insurance (about \$700,000) is not included in fiscal 1990 actual expenditures due to an encoding error. The LFA current level includes annual commercial insurance costs of about \$815,000, for a total increase of \$230,000 over the biennium. Contracted services are higher in the current level

budget to fund services formerly performed by state employees (approximately \$296,000 over the biennium). Including the costs of the federal surplus property program in the current level, adds about \$330,000 to 1993 biennium costs. General liability insurance costs in the Architecture and Engineering Division (A and E) increase about \$170,00 over the biennium, due to payment of a recent claim against the division. The General Services Division expended \$128,000 less than the general appropriation for "common area space" in fiscal 1990, while the cost for such space is fully budgeted each year of the 1993 biennium.

Equipment includes replacement of worn out or depreciated items in most instances. Several of the more costly items include: \$1,000,000 for computer and communications equipment in the Information Services Division (ISD); \$140,000 for photocopy and printing equipment in the Publications and Graphics Bureau; \$30,000 for a delivery truck and \$8,000 for a pallet jack in the Property and Supply program. Current level annual equipment budgets are lower than actual expenditures in fiscal 1990, as expenditures were \$505,491 greater than the fiscal 1990 appropriation.

Capital outlay, expended in ISD for remodeling in fiscal 1990, is not continued in current level. Local assistance included reimbursements for secretarial time for county tax appeal boards in fiscal 1990, which is budgeted in contracted services in current level.

Transfers include monies moved between fund types in the department. Transfers decline in the current level as the Tort Claims Division is funded directly from the self-insurance fund, eliminating the need to transfer monies from the fund to the operations budget, and the transfer of general fund appropriation into the computer services proprietary account in ISD for the study and implementation of uniform payroll, personnel, and position system for the university system is not continued. Debt service increases to fund computer software and hardware, and replacement copying machines in several agencies in the capitol complex.

DEPARTMENT OF ADMINISTRATION

General fund supports the entire cost of the State Tax Appeal Board and the Governor-elect program and a portion of the cost for the Director's Office, the Accounting and Management Support Division, the Printing and Procurement Division, General Services Division, and the Personnel Division. General fund contributes 9.2 percent of the current level biennial funding for the department.

State special revenue includes the transfer of long-range building funds (capital projects funds) to A and E. State special revenue is about 1.8 percent of total department funds. Capital projects funds (\$58,801 annually) pay for special maintenance projects in the General Services Division, comprising about 1.9 percent of biennial funding.

Proprietary funds support all or a portion of almost every program in the department including: the Director's Office; Accounting and Management Support Division; Printing and Procurement Division; ISD; General Services Division; Central Mail; and the State Personnel Division. Proprietary

funds provide 87.1 percent of the current level biennial budget.

Reorganization

The department realigned several functions during the 1991 biennium. The Accounting and Centralized Services divisions were combined and renamed the Accounting and Management Support Division. Several bureaus, managed by the Printing and Procurement Division, were aggregated together so that the budget presentation could be made concurrently for the commonly administered bureaus. The Information Services Division reduced five bureaus to three.

Privatization of Services

House Bill 100 allows agencies to move personal services funds to the operating category to contract for equivalent services, if such services can be obtained at a lower cost. The department privatized three functions and eliminated 34.75 FTE in the 1991 biennium, at an estimated cost savings of \$516,525 over the 1993 biennium (see Table 2).

Table 2
Estimated Cost Savings due to Privatization of Services
Department of Administration

<u>Service</u>	<u>FTE Reduction</u>	<u>-----Estimated Savings-----</u>		
		<u>Fiscal 1991</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Janitorial Services	15.00	\$ 92,102	\$ 97,644	\$ 98,500
Capitol Security	10.00	31,546	49,454	56,894
Data Entry	<u>9.75</u>	<u>72,831</u>	<u>103,659</u>	<u>110,374</u>
Total	34.75	\$196,479	\$250,757	\$265,768
1993 Biennium Total				\$516,525

House Bill 100 also directs the Legislative Audit Committee to report to the Fifty-second Legislature on potential long-term budget impacts of privatization of services. The above table reflects the analysis provided by the audit staff. The assumptions include a 2.5 percent annual increase in

personal services and rate of inflation for contracted services.

Savings are less in fiscal 1991 as two of the contracts, capitol security and data entry, were entered into after the beginning of the fiscal year and represent a partial year savings.

DEPARTMENT OF ADMINISTRATION

Janitorial services, contracted at the beginning of fiscal 1990, are lower in fiscal 1991 than in fiscal 1992 due to the 2.5 percent inflation assumptions and payment for more services during the legislative session.

The Executive Budget includes \$6.7 million in modified budget requests for the department. Each of the requests will be discussed in more detail in the respective program narratives.

Executive 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) Federal Surplus Property				\$ 174,000	\$ 174,000
2) Armory Computer Upgrade				200,000	200,000
3) Public Safety Communication				139,000	139,000
4) ISD: Growth in Workload				1,000,000	1,000,000
5) ISD: Networks	3.0	3.0		1,600,423	1,600,423
6) Data Processing Disaster Backup				323,000	323,000
7) Student Long Distance	1.0	1.0		650,149	650,149
8) Telecommunications: System Upgrades				458,000	458,000
9) Postage Machines				13,000	13,000
10) Employee Newsletter				16,000	16,000
11) Combined Campaign				20,000	20,000
12) Group Insurance Benefits System				53,000	53,000
13) Professional Development Center				27,792	27,792
14) Tort Claims: Contracted Legal Services				2,000,000	2,000,000
15) Tort Claims: Additional Personnel	0.5	0.5		21,738	21,738
Total	4.5	4.5	\$ 0	\$6,696,102	\$6,696,102

DIRECTOR'S OFFICE

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	8.00	8.00	7.00	7.00	-1.00
Personal Services	200,395	308,206	272,804	272,292	7.18%
Operating Expenses	27,754	31,236	29,159	30,379	.93%
Equipment	<u>792</u>	<u>0</u>	<u>2,860</u>	<u>0</u>	<u>261.11%</u>
Total Program	\$228,941	\$339,442	\$304,823	\$302,671	6.88%
Fund Sources					
General Fund	177,723	276,234	241,607	239,569	6.00%
Proprietary Fund	<u>51,218</u>	<u>63,208</u>	<u>63,216</u>	<u>63,102</u>	<u>10.39%</u>
Total Funds	\$228,941	\$339,442	\$304,823	\$302,671	6.88%

Program Description

The Director's Office is responsible for overall supervision and coordination of eight divisions within the agencies and five administratively attached boards and agencies. The staff provides legal services, internal management reviews, and assistance in special projects.

Office to the Telecommunications and Network Services Bureau to manage the accounting functions for the student long distance program.

Current level annual operating costs are slightly higher than fiscal 1990 actual expenditures due to increases in fixed costs, adjustments for inflation, and the cyclical costs in fiscal 1993 associated with the legislative session. Equipment includes software upgrades.

Current Level Budget

The current level budget increases about 7 percent over the 1993 biennium. The largest increase is in personal services due to vacancy savings in fiscal 1990 and full implementation of the fiscal 1991 pay plan in the 1993 biennium. One FTE was transferred from the Director's

General fund supports the largest share of program costs. Proprietary funds reflect charges to programs within the department that receive legal services. Proprietary funds support 1.5 attorney FTE and operating costs.

EXHIBIT

DATE 1-25-91

HB: Mr. Hovir Su

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	8.00	7.00	7.00	.00	7.00	7.00	.00
Personal Services	200,395	272,936	272,804	132	272,423	272,292	131
Operating Expenses	27,754	27,120	29,159	2,039-	27,378	30,379	3,001-
Equipment	792	2,860	2,860	0	0	0	0
Total Expend.	\$228,941	\$302,916	\$304,823	\$1,907-	\$299,801	\$302,671	\$2,870-
Fund Sources							
General Fund	177,723	239,057	241,607	2,550-	236,699	239,569	2,870-
Proprietary Fund	51,218	63,859	63,216	643	63,102	63,102	0
Total Funds	\$228,941	\$302,916	\$304,823	\$1,907-	\$299,801	\$302,671	\$2,870-

Executive Over (Under) LFA

FTE FY92 FY93

PERSONAL SERVICES. The Executive Budget includes \$100 in per diem reimbursements for the capital finance advisory board while the LFA does not. The balance of the difference is due to longevity calculations.

REFERENCE MATERIALS. The LFA current level continues fiscal 1990 actual costs for reference materials. The program purchases the Montana Code Annotated in even numbered fiscal years.

TECHNICAL ADJUSTMENT. The amount of the cyclical cost for the Montana Code Annotated should be removed from the LFA current level the second year of the biennium.

BILL STATUS SYSTEM. The LFA includes the cost of computer processing time to access the bill status system in fiscal 1993. The Executive Budget does not.

BASE, INFLATION, AND NETWORK FEE DIFFERENCES.
Inflation.
Network fees.
Base.

TOTAL CURRENT LEVEL DIFFERENCES

FUNDING ISSUE

1. PROPRIETARY FUNDS. The Executive Budget includes additional income from charging other programs for the time of 1.5 attorney FTE. These proprietary funds directly offset general fund.

(39)
(72)
(510)

135
(72)
(437)

(\$1,907)
=====

(\$2,870)
=====

\$643

EXHIBIT 5
 DATE 1-25-91
Mr. Hair Sw.

6101 02 00000

GOVERNOR-ELECT PROGRAM

<u>Budget Item</u>	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	.00	.00	.00	.00	.00
Personal Services	0	0	0	3,317	.00%
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,628</u>	<u>.00%</u>
Total Program	\$0	\$0	\$0	\$4,945	.00%
<u>Fund Sources</u>					
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,945</u>	<u>.00%</u>
Total Funds	\$0	\$0	\$0	\$4,945	.00%

Program Description

The Governor-elect program is to provide support to the Governor-elect and staff for the period between the general election and the inauguration. Necessary funds are to be included in the Department of Administration budget request in the regular session immediately prior to a general election when a Governor is elected (Section 2-15-221, MCA).

this program in fiscal 1989. The appropriation authorized by the 1987 legislature for this purpose was \$5,000. The next gubernatorial election will be November 1992. The legislature may wish to consider authorizing this appropriation in language in the main appropriations act or including it as a line item appropriation in the general appropriations act.

Issue

The Executive Budget does not include an appropriation for the Governor-elect program as required by statute.

Current Level Budget

The current level budget for this program includes the amount expended in

EXHIBIT 6

DATE 1-25-91

Don. Hoyt Sup

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	.00	.00	.00	.00	.00	.00
Personal Services	0	0	0	0	0	3,317	3,317-
Operating Expenses	0	0	0	0	0	1,628	1,628-
Total Expend.	\$0	\$0	\$0	\$0	\$0	\$4,945	\$4,945-
Fund Sources							
General Fund	0	0	0	0	0	4,945	4,945-
Total Funds	\$0	\$0	\$0	\$0	\$0	\$4,945	\$4,945-

Executive Over (Under) LFA

FTE	---	FY92	----	FY93	----
		\$4,945		\$4,945	

ISSUE

1. OPERATING COSTS. The LFA current level includes funds for the Governor Elect Program while the Executive Budget does not. The amount reflects actual expenditures in fiscal 1990 from an appropriation of \$5,000 general fund.

ARCHITECTURE AND ENGINEERING PROGRAM

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	15.25	15.25	15.00	15.00	-.25
Personal Services	423,569	493,256	473,108	473,371	3.23%
Operating Expenses	100,580	105,175	190,350	200,013	89.72%
Equipment	3,500	2,500	2,505	2,500	-16.58%
Transfers	485,625	571,124	665,963	675,884	26.98%
Total Program	\$1,013,274	\$1,172,055	\$1,331,926	\$1,351,768	22.81%
<u>Fund Sources</u>					
State Revenue Fund	527,648	600,930	665,963	675,884	18.90%
Capital Projects Fund	485,626	571,125	665,963	675,884	26.98%
Total Funds	\$1,013,274	\$1,172,055	\$1,331,926	\$1,351,768	22.81%

Program Description

The Architecture and Engineering Division manages remodeling and construction of state buildings. Functions include overseeing the architect/engineer interview and selection process; planning both new and remodeling projects; administering and coordinating plan reviews; administering contracts with architects, engineers, and contractors; advertising, bidding, and awarding construction contracts; disbursing building construction payments; and providing design services for small projects. The division also formulates a long-range building plan for legislative consideration each session.

Current Level Budget

The current level budget is almost 23 percent higher than the 1991 biennium. Personal services costs increase due to vacancies in fiscal 1990 and full implementation of the 1991 biennium pay plan. A 0.25 FTE was removed from current level as it had been vacant for 14 consecutive months.

Insurance premium costs account for almost all of the operating cost increase. In 1989, the state lost a lawsuit against the program. Due to the loss, program insurance costs increase \$82,367 in fiscal 1992 and \$87,452 in

fiscal 1993 above the actual payment of \$1,142 in fiscal year 1990. Premiums are expected to remain near those levels for about five years.

Other operating cost increases include janitorial services, legal services from the Director's Office, fixed costs, and printing to produce the Long-Range Building program in fiscal 1993. Equipment includes a personal computer and other office equipment.

Transfers include the cash moved from the long-range building cash account to the state special revenue fund that pays operating and personal services costs. The fiscal 1991 appropriation is not equally divided between state special revenue and the capital projects fund, as the executive did not increase the allocation from the long-range building cash account to fund the pay plan. Rather, only the operating account was increased.

The program is funded from the long-range building cash account. This account receives 29.11 percent of the cigarette tax, interest on bond proceeds, and the supervisory fees which the division collects for assisting with building projects other than those authorized as part of the Long-Range Building program. The amount needed to operate the division is transferred from the long-range building cash account to a separate account in the state special revenue account.

EXHIBIT

DATE

1-25-91
En. Govt Sub

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	15.25	15.00	15.00	.00	15.00	15.00	.00
Personal Services	423,569	473,108	473,108	0	473,371	473,371	0
Operating Expenses	100,580	196,497	190,350	6,147	207,619	200,013	7,606
Equipment	3,500	2,500	2,505	5-	2,500	2,500	0
Transfers	485,625	672,105	665,963	6,142	683,490	675,884	7,606
Total Expend	\$1,013,274	\$1,344,210	\$1,331,926	\$12,284	\$1,366,980	\$1,351,768	\$15,212
Fund Sources							
State Revenue Fund	527,648	672,105	665,963	6,142	683,490	675,884	7,606
Capital Projects Fund	485,626	672,105	665,963	6,142	683,490	675,884	7,606
Total Funds	\$1,013,274	\$1,344,210	\$1,331,926	\$12,284	\$1,366,980	\$1,351,768	\$15,212

Executive Over (Under) LFA

FTE	FY92	FY93
---	---	---
	\$2,482	\$2,482

ISSUES

1. TRAVEL. The Executive Budget funds a higher level of travel than the LFA current level. The program estimates that it will need more travel authority in the 1993 biennium as the proposed long range building program has more projects than the 1991 biennium and because there were several staff vacancies during fiscal 1990, making travel costs lower than normal.
2. PHOTOCOPY SERVICES. The Executive Budget includes additional funds for for photocopy services due to litigation and to a higher number of projects to be administered.
3. REPAIR AND MAINTENANCE. The Executive Budget includes more authority for repair and maintenance.
4. TRANSFERS. This expenditure represents an accounting transaction that moves funds from the capital projects fund to the state special revenue fund in order for the program to correctly account and expend funds.

9
Gen. Govt & ...

**REVENUE ESTIMATES
LONG RANGE BUILDING PROGRAM FUND
1992-93 BIENNium**

January 23, 1991

Unobligated Beginning Cash Balance	\$1,159,125
Revenues:	
Cigarette Tax	\$6,841,123
Interest	400,000
Supervisory Fees & Other	142,000
Mansfield Center Funds	<u>1,000,000</u>
Funds Available	\$9,542,248
A&E Operating Expenses	(\$1,355,595)
Funds Available in the 1992-93 Biennium for Capital Projects	<u>\$8,186,653</u>

Proposed Capital Construction Program (LRBPF only)	\$7,630,938
Balance Remaining for Working Capital and Contingencies	\$ 555,715

10
Gen. Gert + Sub

CAPITAL CONSTRUCTION PROGRAM 1992-93
FACT SHEET

Long Range Building Program
(Millions)

<u>Biennium</u>	<u>Capital Projects Fund</u>	<u>Other Cash Projects</u>	<u>LRBP Bonds</u>	<u>Other Bonds</u>	<u>Total Program</u>
1990-1991	\$ 5.51	\$18.20	\$ 0.00	\$3.54	\$ 27.25
1992-1993	\$ 7.63	\$44.49	\$50.88	\$8.00	\$111.00

Cigarette Tax Revenue

<u>Cigarette Tax</u>	<u>Total Agency Requests</u>	<u>LRBPF Requests (cigarette tax)</u>
\$6,433,303 1990-91 Biennium	\$188 million	\$150 million
\$6,841,123 1992-93 Biennium (est.)	\$318 " "	\$242 " "

PROCUREMENT & PRINTING DIVISION

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	55.50	59.50	58.50	62.50	3.00
Personal Services	1,195,584	1,497,291	1,486,839	1,552,673	12.87%
Operating Expenses	7,356,566	8,154,713	7,883,839	7,895,041	1.73%
Equipment	115,105	76,699	111,573	76,596	-1.90%
Debt Service	27,632	146,374	103,088	103,088	18.49%
Total Program	\$8,694,887	\$9,875,077	\$9,585,339	\$9,627,398	3.46%
<u>Fund Sources</u>					
General Fund	381,427	435,967	428,406	428,729	4.86%
Proprietary Fund	8,313,460	9,439,110	9,156,933	9,198,669	3.40%
Total Funds	\$8,694,887	\$9,875,077	\$9,585,339	\$9,627,398	3.46%

Program Description

The Procurement and Printing Division has three bureaus that manage specific division activities. The Publications and Graphics Bureau provides printing, duplicating, computerized typography, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy, and photocopier pool services for state agencies. The Property and Supply Bureau purchases, stocks, and sells office supplies, paper, janitorial supplies, and packaged computer software to state agencies and administers the sale of state and federal surplus property no longer needed by state agencies. The Purchasing Bureau manages the centralized purchasing for state agencies. The bureau investigates possible sources for products, determines alternate product possibilities, prepares specifications, and enforces the terms and conditions outlined in purchase orders. The bureau provides technical assistance to and ensures compliance with purchasing law and rule for agencies with delegated purchasing authority.

Current Level Budget

The 1993 biennium budget is 3.5 percent higher than the 1991 biennium. Most of the increase is due to the expanded federal Surplus Property program

authorized by House Bills 691 and 772 passed by the 1989 legislature. The expenditures and authority for the expanded program are not reflected in the 1990 and 1991 columns. When the program is included, the current level budget actually increases only 1.3 percent from the 1993 to the 1991 biennium.

FTE comparisons must be made between fiscal 1990 and 1992, and between fiscal 1991 and 1993, since a cyclical adjustment adds 4.0 FTE in fiscal 1991 and 1993 to manage the printing workload generated by legislative sessions. The net change between comparable fiscal years is 3.0 FTE, as 1.0 FTE is transferred from the Property and Supply Bureau to the Information Services Division to manage the term contract for computer equipment and the expanded federal surplus property program adds 4.0 FTE.

Personal services costs increase due to the net increase of 3.0 FTE, upgrades for some positions, vacancies in fiscal 1990, and full implementation of the fiscal 1991 pay plan. Operating costs increase due to adjustments for inflation, fixed costs, and some workload changes. Equipment includes replacement printing and duplicating equipment, a PC for desktop publishing, software maintenance fees, a replacement delivery truck, and a replacement pallet jack. Debt service increases to fund

PROCUREMENT & PRINTING DIVISION

replacement of 12 copiers located throughout the capitol complex.

The following tables (4, 5, 6, and 7) include budget and expenditure detail for the three bureaus in the Procurement and Printing Division. The fiscal 1992

and 1993 data sum to the overall division current level budget. The fiscal 1990 expenditures will exceed the amount shown in the division table, as the table does not include 1991 biennium activity for the expanded federal surplus property program.

Table 4
Publications and Graphics Bureau

Budget Item	Actual	----Current Level----		Change
	Fiscal 1990	Fiscal 1992	Fiscal 1993	1990 to 1992
FTE	26.83	26.33	30.33	-0.50
Personal Services	\$ 588,218	\$ 649,852	\$ 716,820	10.48%
Operating Expenses	4,450,463	4,513,584	4,513,486	1.42%
Equipment	107,218	71,573	74,596	-33.25%
Debt Service	27,632	103,088	103,088	273.07%
Total Costs	\$5,173,531	\$5,338,097	\$5,407,990	3.18%
Funding Source				
Proprietary Funds	\$5,173,537	\$5,338,097	\$5,407,990	3.18%

The Publications and Graphics Bureau budget increases 3.2 percent from fiscal 1990 to fiscal 1992. FTE are lower as a 0.5 FTE programmer analyst was transferred to the Property and Supply Bureau. Personal services rise in spite of fewer FTE because of vacancies in fiscal 1990 and full implementation of the fiscal 1991 pay plan. Operating

expenses increase slightly, largely due to adjustments for inflation and fixed costs. Equipment includes replacement of a hot glue binder, two single-headed duplicators in fiscal 1992, and a duplicating system in fiscal 1993. Debt service includes the costs of replacing 12 copiers located in various state agencies.

Table 5
Property and Supply Bureau

Budget Item	Actual	----Current Level----		Change
	Fiscal 1990	Fiscal 1992	Fiscal 1993	1990 to 1992
FTE	16.34	15.84	15.84	-0.50
Personal Services	\$ 326,247	\$ 412,421	\$ 411,968	26.41%
Operating Expenses	2,825,267	3,103,809	3,115,290	9.86%
Equipment	233	38,000	0	16209.01%
Total Costs	\$3,151,747	\$3,554,230	\$3,527,258	12.77%
Funding Source				
Proprietary Funds	\$3,151,747	\$3,554,230	\$2,327,258	12.77%

PROCUREMENT & PRINTING DIVISION

The Property and Supply Bureau budget increases about 13 percent from fiscal 1990 to fiscal 1992. The net decline of 0.5 FTE results from the transfer out of a 1.0 FTE warehouse worker to ISD to manage the computer term contract and the transfer in of 0.5 FTE programmer analyst from the Publications and Graphic Bureau. The transfers resulted in a net decline of about \$2,000 in personal services costs, which is offset by upgrades for several positions that

assume new duties for administration of the federal surplus property program. Personal services also increase due to vacancies in fiscal 1990 and full implementation of the 1991 pay plan.

Operating costs increase largely due to inflationary cost adjustments (\$275,000). Equipment includes replacement of a delivery truck and pallet jack.

Table 6
Federal Surplus Property Program
Property and Supply Bureau

Budget Item	Actual Fiscal 1990	----Current Level----		Change 1991 to 1992
		Fiscal 1992	Fiscal 1993	
FTE	4.00	4.00	4.00	0.00
Personal Services	\$ 54,535	\$ 98,287	\$ 98,063	80.23%
Operating Expenses	27,116	166,319	165,358	513.36%
Equipment	8,159	0	0	-100.00%
Capital Outlay	25,962	0	0	-100.00%
Total Costs	\$115,772	\$264,606	\$263,421	128.56%
Funding Source				
Proprietary Funds	\$115,772	\$264,606	\$263,421	128.56%

House Bill 691, passed by the 1989 legislature, permitted the Governor to designate an agency to administer a federal surplus property program. House Bill 772 provided the appropriation to run the program. Previously, the department had run a "stockless" federal surplus property program in which the department would research the availability and location of federal property and interested purchasers would contact sellers and arrange to transport articles to Montana. The expanded functions, allowed under House Bill 691, were allocated to DOA by the Governor and assigned to the Property and Supply Bureau. An appropriation of \$500,000 was made to fund this activity during the 1991 biennium.

The program began expanding operations in fiscal 1990. About 22 percent of the first year costs were in capital outlay to remodel and expand existing space to accommodate additional staff.

The LFA current level budget is based on annualized program expenses incurred through November 1990. Revenue collections through November were \$122,000, while total program expenses were \$111,766. Table 6 shows differences between the fiscal 1992 budget and the fiscal 1990 expenditures to compare increases in program expenditures. The legislature may want to review the most recent revenue and cost experience of the program.

EXHIBIT

DATE

1-15-91

Gen. Govt. - Jul

Budget Item

FTE	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
	55.50	58.50	58.50	.00	62.50	62.50	.00
Personal Services	1,195,584	1,501,138	1,486,839	14,299	1,582,444	1,552,673	29,771
Operating Expenses	7,356,566	8,576,199	7,883,839	692,360	8,836,096	7,895,041	941,055
Equipment	115,105	112,231	111,573	658	76,596	76,596	0
Debt Service	27,632	126,528	103,088	23,440	126,528	103,088	23,440
Total Expend.	\$8,694,887	\$10,316,096	\$9,585,339	\$730,757	\$10,621,664	\$9,627,398	\$994,266

Fund Sources

General Fund	381,427	434,297	428,406	5,891	434,914	428,729	6,185
Proprietary Fund	8,313,460	9,881,799	9,156,933	724,866	10,186,750	9,198,669	988,081
Total Funds	\$8,694,887	\$10,316,096	\$9,585,339	\$730,757	\$10,621,664	\$9,627,398	\$994,266

1101 DEPARTMENT OF ADMINISTRATION
06 PROCUREMENT & PRINTING
0061 PUBLICATION AND GRAPHICS BUREAU

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE		26.33	26.33		30.33	30.33	
Personal Services	\$588,219	\$662,784	\$649,852	\$12,932	\$745,224	\$716,820	\$28,404
Operating Expenses	4,450,467	4,969,641	4,513,584	456,057	5,104,455	4,513,486	590,969
Equipment	107,219	72,231	71,573	658	74,596	74,596	0
Debt Service	27,632	126,528	103,088	23,440	126,528	103,088	23,440
Total Expenditures	\$5,173,537	\$5,831,184	\$5,338,097	\$493,087	\$6,050,803	\$5,407,990	\$642,813
und Sources							
Proprietary Fund	\$5,173,537	\$5,831,184	\$5,338,097	\$493,087	\$6,050,803	\$5,407,990	\$642,813
Total Funds							

Executive Over (Under) LFA

FTE ---
FY92 ---
FY93 ---

PERSONAL SERVICES. The Executive Budget includes overtime expenditures while the LFA current level does not. The cost is higher in FY93 due to printing activity associated with the legislative session.

GOODS FOR RESALE (INCLUDES PASS THROUGH PRINTING). The LFA current level includes about \$57,000 in inflation for the cost of paper above the FY90 expense for printing. The Executive Budget is higher for several reasons. The Executive base (FY91 appropriation) is \$200,000 higher than the LFA base (FY90 expenditures). The Executive also includes additional inflation adjustments (\$187,000) in anticipated costs for pass through printing. The remainder of the difference allows for some growth in printing and an increase in printing in fiscal 1993 for the legislative session.

PHOTOCOPY RENTAL. The Executive Budget a cyclical cost adjustment for photocopy rental during the legislative session.

23,712

493,350

418,878

\$28,404

\$12,932

1. INCREASED MAINTENANCE. The Executive Budget includes inflationary adjustments for maintenance costs of photocopy equipment. Such increases represent an annual inflation rate of 5.6% from FY90 to FY92 and 10.8% from FY92 to FY93.

2. DEBT SERVICE. The LFA current level budget includes replacement of a Xerox 9500 copy machine (\$51,072 each year) and 8 copiers located in various agencies. The Executive Budget funds the Xerox 9500 and 12 agency copiers. Replacement equipment is funded through payments from user agencies based on the number of copies made.

3. EQUIPMENT. The LFA and Executive both fund a personal computer for desk top publishing, a hot glue binder, two single headed duplicators, replacement of two calculators, two chairs, two desks, and two personal computer stations. The Executive funds a software upgrade in fiscal 1993 not included in the LFA current level.

4. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.

Inflation.
Network fees.
Audit.
Base.

TOTAL CURRENT LEVEL DIFFERENCES

34,562

23,440

658

(1,051)
(393)
527
4,192

(937)
(393)
527
3,534

=====

\$493,087

=====

\$642,813

=====

EXHIBIT 12

DATE 1-25-91

for LFA & Exec

5101 DEPARTMENT OF ADMINISTRATION
06 PROCUREMENT & PRINTING
91772 FEDERAL SURPLUS PROPERTY

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE		4.00	4.00		4.00	4.00	
Personal Services		\$98,287	\$98,287	\$0	\$98,063	\$98,063	\$0
Operating Expenses		152,692	166,319	(13,627)	152,923	165,358	(12,435)
Equipment				0			0
Debt Service				0			0
Total Expenditures	\$0	\$250,979	\$264,606	(\$13,627)	\$250,986	\$263,421	(\$12,435)
Fund Sources							
Proprietary Fund	\$0	\$250,979	\$264,606	(\$13,627)	\$250,986	\$263,421	(\$12,435)
Total Funds							

Executive Over (Under) LFA

FTE ---
FY92 ---
FY93 ---

(\$13,627) (\$12,435)

PROJECTED CURRENT LEVEL COSTS. The federal surplus property program was expanded by the passage of HB691 in the 1989 session. The program was not fully operational in fiscal 1990, so actual expenditures do not reflect annual costs. The LFA annualized costs by using November 1990 cost data, while the Executive Budget was prepared two months earlier.

EXECUTIVE BUDGET MODIFICATION

ADDITIONAL SERVICES. The Executive Budget includes funds to proprietary more brochures to inform local governments about the program, funds changes to the computer system, and to provide for additional equipment evaluations.

\$87,000 \$87,000

13
1-25-91
Mr. Govt Sec

PROCUREMENT AND PRINTING DIVISION
PROPERTY AND SUPPLY BUREAU, CENTRAL STORES PROGRAM
AGENCY SAVINGS FY 90

	AGENCY EXPENDITURES THROUGH STORES	COMPARABLE EXPENDITURES IF PURCHASED RETAIL	SAVINGS THROUGH STORES	SAVINGS PERCENT
OFFICE SUPPLIES	\$ 861,241	\$2,088,951	\$1,227,710	58.77 %
COMPUTER SOFTWARE*	\$ 219,482	\$ 317,964	\$ 98,438	30.97 %
FINE PAPER	\$ 764,182	\$2,434,908	\$1,670,726	68.62 %
COMPUTER PAPER	\$ 388,463	\$1,223,505	\$ 835,042	68.25 %
COARSE PAPER	\$ 511,597	\$1,099,162	\$ 587,565	53.46 %
JANITORIAL SUPPLIES	\$ 303,940	\$ 542,008	\$ 238,068	43.92 %
 TOTAL EXPENDITURES**	 <u>\$3,048,905</u>	 <u>\$7,706,498</u>		
 TOTAL SAVINGS**			 <u>\$4,657,593</u>	
 AVERAGE PERCENTAGE OFF RETAIL				 <u>60.44 %</u>
 COMPARABLE RETAIL EXPENDITURES CONSIDERING A 25% DISCOUNT		 <u>\$5,779,873</u>		
 TOTAL SAVINGS COMPARED TO A 25% RETAIL DISCOUNT			 <u>\$2,730,969</u>	
 TOTAL PERCENTAGE OFF RETAIL CONSIDERING A 25% RETAIL DISCOUNT				 <u>47.25 %</u>

Computer Software Pricing Retail Costs are at Governmental Rates
 **Items not available from retail sources are excluded from totals.

DATE _____

Difference

15.84

357,703
\$0

\$357,703

\$357,703

Executive Over (Under) LFA

411

\$229,510 \$341,985

2,016 2,016

2.748 2.748

1,047	1,047
-------	-------

(1,093)		(1,201)
8,002		8,002
357		357
2,821		2,809

\$245,406 \$357,703

COMPARISON OF EXECUTIVE AND LFA CURRENT LEVELS

TEACHERS' RETIREMENT BOARD

Budget Item	Executive Current Level		LFA Current Level		Executive Over(Under) LFA
	Fiscal 1992	Fiscal 1993	Fiscal 1992	Fiscal 1993	
FTE	11.50	11.50	11.50	11.50	0.00
Personal Services	284,635	284,278	284,635	284,278	0
Operating Expenses	194,341	185,583	192,636	189,812	(2,524)
Equipment	2,089	2,089	2,089	2,089	0
Total Agency	\$481,065	\$471,950	\$479,360	\$476,179	(\$2,524)
<u>Fund Sources</u>					
(Non)expendable Trust	481,065	471,950	479,360	476,179	(2,524)
Total Funds	\$481,065	\$471,950	\$479,360	\$476,179	(\$2,524)

Executive Budget Comparison

The Executive Budget current level is lower than the LFA current level budget by \$2,524 in operating costs due to use of different bases and different inflation rates. The LFA current level includes \$8,121 more in inflationary adjustments than the Executive Budget, which contains a significant rate decrease in computer processing. The LFA current level, based on fiscal 1990 actual expenditures, is \$9,800 higher in contracted services and \$10,000 higher

in travel and communications than the Executive Budget. Conversely, the Executive Budget includes \$24,698 more for supplies than the LFA current level budget, because it uses the fiscal 1991 appropriation as a base.

Executive Budget Modification

In addition to the \$953,015 current level budget for the 1993 biennium, the Executive Budget includes a \$282,800 budget modification for the Teachers' Retirement Board.

TEACHERS' RETIREMENT BOARD

<u>Budget Item</u>	<u>Actual Fiscal 1990</u>	<u>Appropriated Fiscal 1991</u>	<u>- - Current Fiscal 1992</u>	<u>Level - - Fiscal 1993</u>	<u>Change 1991-93 Biennium</u>
FTE	11.50	11.50	11.50	11.50	.00
Personal Services	258,673	286,818	284,635	284,278	4.29%
Operating Expenses	215,029	174,409	192,636	189,812	-1.80%
Equipment	13,817	2,089	2,089	2,089	-73.73%
Total Agency	\$487,519	\$463,316	\$479,360	\$476,179	.49%
<u>Fund Sources</u>					
Non-expendable Trust	487,519	463,316	479,360	476,179	.49%
Total Funds	\$487,519	\$463,316	\$479,360	\$476,179	.49%

Agency Description

The Teachers' Retirement System (TRS) administers retirement, disability, and survivor benefits for all state teachers and their beneficiaries (Title 19, Chapter 4, MCA). The Teachers' Retirement Board, comprised of six members, is responsible for the administration of the system (Section 2-15-1010, MCA). The board is composed of the Superintendent of Public Instruction and five members appointed by the Governor. To assist in fulfilling its duties, the board employs a full-time staff.

fiscal 1990 and full implementation of the 1991 biennium pay plan. Annual personal services costs in fiscal 1992 and 1993 are lower than the fiscal 1991 appropriated level due to staff turnover and filling positions at a lower pay level.

Operating costs decrease since one-time expenditures of \$26,591 to update the computer system are removed from the base and mainframe computer rates are being reduced. These decreases are greater than increases for rent, audit fees, and inflationary adjustments.

Equipment includes a bookcase, room partitions, and replacement chairs.

The program is funded from interest on investments held in trust for the TRS.

The Executive Budget includes the following modified budget request.

Current Level Budget

The total current level budget for the 1993 biennium is relatively unchanged from the 1991 biennium. Personal services costs rise due to vacancies in

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>
Data Processing & Service Upgrades				\$282,800	\$282,800

6105 TEACHERS RETIREMENT BOARD
01 TEACHERS RETIREMENT PROGRAM
00000

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

EXHIBIT 16
DATE 1-25-91
Dr - Hrt - Aul

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	11.50	11.50	11.50	.00	11.50	11.50	.00
Personal Services	258,673	284,635	284,635	0	284,278	284,278	0
Operating Expenses	215,029	194,341	192,636	1,705	185,583	189,812	4,229-
Equipment	13,817	2,089	2,089	0	2,089	2,089	0
Total Expend.	\$487,519	\$481,065	\$479,360	\$1,705	\$471,950	\$476,179	\$4,229-
Fund Sources							
Non-expendable Trust	487,519	481,065	479,360	1,705	471,950	476,179	4,229-
Total Funds	\$487,519	\$481,065	\$479,360	\$1,705	\$471,950	\$476,179	\$4,229-

Executive Over (Under) LFA

FTE	FY92	FY93
---	---	---
	\$5,713	\$0
	(4,330)	(3,791)
	920	921
	(598)	(598)
	---	---
	\$1,705	---
	---	---
	---	---
	---	---

CURRENT LEVEL ISSUES

1. PRINTING SUPPLIES. The Executive Budget includes additional funds for printing. Costs are higher in fiscal 1992 to print the retirement handbook.

2. DIFFERENCES IN BASE, INFLATION, AUDIT AND NETWORK FEES.
Inflation.
Audit.
Network fees.
Base differences.

TOTAL CURRENT LEVEL DIFFERENCES.

EXECUTIVE BUDGET MODIFIED REQUEST

1. DATA PROCESSING AND SERVICE UPGRADES. This modified budget request funds additional computer processing costs; maintenance, upgrades, and enhancements to the existing computer system; microfilming retirement files; increased in-state travel; and some office and computer equipment. The majority of the request would fund system development and mainframe processing charges (\$225,732). The modified request also includes \$18,000 for network fees, some of which is a duplication of fees included in the Executive current level budget.

\$155,900 \$126,900 trust funds

EXHIBIT 17DATE 1-25-81Gen. Govt + Sub

TEACHERS' RETIREMENT SYSTEM

EQUIPMENT

FY 1992

2 Personal computers	\$ 8,500
Coax and installation	1,500.
Computer work station	600
Software	2,700
Uninterruptable power supply	600
6 desk chairs	1,698
3 desk top calculators	420
credenza for secretary	1,200
2 executive side chairs	682
2 microfiche readers	693
Total	<u>\$18,593</u>

FY 1993

Tape back-up system	\$ 1,000
Proprinter	437
2 executive side chairs	763
Total	<u>\$ 2,400</u>

18
 1-25-71
 Gen. Govt Sup

9
 -91
 + Sub

TEACHERS' RETIREMENT SYSTEM

MODIFIED REQUESTS

	FY 1992	FY 1993	range 991-93 annium
development\mainframe processing	100,000	100,000	
ss network fees	(9,000)	(9,000)	-50
us network fees for new PC's	480	480	
	\$91,480	\$91,480	6.13% -59% 38.85%

The current data processing system was installed in 1986. As of this date we have made few enhancements. Each year we plan enhancements but by January have depleted our appropriation because of mandated federal and/or legislative changes and are unable to continue with the advancement of the system. Network services are duplicated in the current lever budget. However, additional funding will be necessary for network services if the acquisition of 2 additional PC's is approved.

3.79%

the Retiree Files	24,232	1,500
-------------------	--------	-------

The TRS has over 6,600 retiree files we are proposing to convert to microfiche. We have simply ran out of space to store more files.

3.94%
-1.38%

3.79%

1990,
tation
rsonal
lower
on due
o the
staff
se due
rkload

	12,625	12,550
--	--------	--------

The TRS board is determined to meet the national demand to provide our members pre-retirement planning programs and more local workshops covering the TRS. Each year we receive more request from members and school districts for local programs than we can meet. This goal will require additional travel throughout the state.

grades.
costs
which
ietary

ng the
ization
vision
e new
(see

tion and dues for NPEA	450	450
------------------------	-----	-----

The board has moved to participate in the National Pre-retirement Education Association (NPEA) as a means to assist the development of pre-retirement planning programs for members of the Teachers' Retirement System.

t	18,593	12,400
s 2 PC's		(10,000)
	18,593	2,400

This request will allow for the replacement of office chairs, calculators, and for the acquisition of 2 PC's and related software in FY 1992. The PC's in the second year are deleted because they are no longer required to support our connection to the states mainframe.

149-200-1154
 100-3

19
Gen. Govt. Sub.

ACCOUNTING PROGRAM

Table 3
Comparison of Accounting and Management and Support

<u>Program and Funding</u>	<u>Fiscal 1990</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>	<u>Change from 1990 to 1992</u>
Accounting Bureau				
FTE	11.0	10.0	10.0	-1.0
Personal Services	\$259,073	\$315,032	\$314,616	21.60%
Operating	349,157	338,039	325,275	-3.18%
Equipment	<u>772</u>	<u>9,760</u>	<u>0</u>	<u>1164.25%</u>
Subtotal	\$609,002	\$662,831	\$639,891	8.84%
General Fund	\$609,002	\$662,831	\$639,891	8.84%
Management Support/Personnel				
FTE	14.0	14.5	14.5	0.5
Personal Services	\$338,996	\$403,688	\$403,180	19.08%
Operating	55,336	56,896	57,050	2.82%
Equipment	<u>6,257</u>	<u>0</u>	<u>0</u>	<u>-100.00%</u>
Subtotal	\$400,589	\$460,584	\$460,230	14.98%
General Fund	\$371,729	\$430,180	\$429,864	15.72%
Proprietary	<u>28,860</u>	<u>30,404</u>	<u>30,366</u>	<u>5.35%</u>
Total	<u>\$400,589</u>	<u>\$460,584</u>	<u>\$460,230</u>	<u>14.98%</u>
Total Division				
FTE	25.0	24.5	24.5	-0.5
Personal Services	\$598,069	\$718,720	\$717,796	20.17%
Operating	404,493	394,935	382,325	-2.36%
Equipment	<u>7,029</u>	<u>9,760</u>	<u>0</u>	<u>38.85%</u>
Total	<u>\$1,009,591</u>	<u>\$1,123,415</u>	<u>\$1,100,121</u>	<u>11.27%</u>
General Fund	\$ 980,731	\$1,093,011	\$1,069,755	11.45%
Proprietary	<u>28,860</u>	<u>30,404</u>	<u>30,366</u>	<u>5.35%</u>
Total	<u>\$1,009,591</u>	<u>\$1,123,415</u>	<u>\$1,100,121</u>	<u>11.27%</u>

The Accounting Bureau is funded entirely from general fund. Personal services increase due to vacancies in fiscal 1990. One FTE was divided into two 0.5 FTE, with one half-time position transferred to the Central Mail Bureau and the other to Management and Support Bureau. Operating costs decline due to

rate decreases in mainframe computer processing costs. This reduction offset increases in audit fees, rent, inflationary adjustments, and contracted services to update the Statewide Cost Allocation Plan. Equipment includes computer software upgrades.

ACCOUNTING PROGRAM

General fund supports almost all costs of the Management and Support Bureau, formerly the Centralized Services Division. Investment proprietary funds support 1.0 FTE and operating costs. Bureau FTE increase by 0.5 FTE due to a transfer from the Accounting Bureau.

Inflationary adjustments and increases in audit fees, rent, and messenger services account for the difference in current level operating costs compared to fiscal 1990 actual costs. Equipment includes computer software upgrades.

John D. Smith

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	25.00	24.25	24.50	.25-	24.25	24.50	.25-
Personal Services	598,069	712,726	718,720	5,994-	711,788	717,796	6,008-
Operating Expenses	404,493	387,796	394,935	7,139-	382,308	382,325	17-
Equipment	7,029	12,527	9,760	2,767	8,132	0	8,132
Total Expend.	\$1,009,591	\$1,113,049	\$1,123,415	\$10,366-	\$1,102,228	\$1,100,121	\$2,107
Fund Sources							
General Fund	980,731	1,082,923	1,093,011	10,088-	1,072,228	1,069,755	2,473
Proprietary Fund	28,860	30,126	30,404	278-	30,000	30,366	366-
Total Funds	\$1,009,591	\$1,113,049	\$1,123,415	\$10,366-	\$1,102,228	\$1,100,121	\$2,107

Executive Over (Under) LFA

FTE	FY92	FY93
---	---	---
(0.25)	(\$5,824)	(\$5,888)

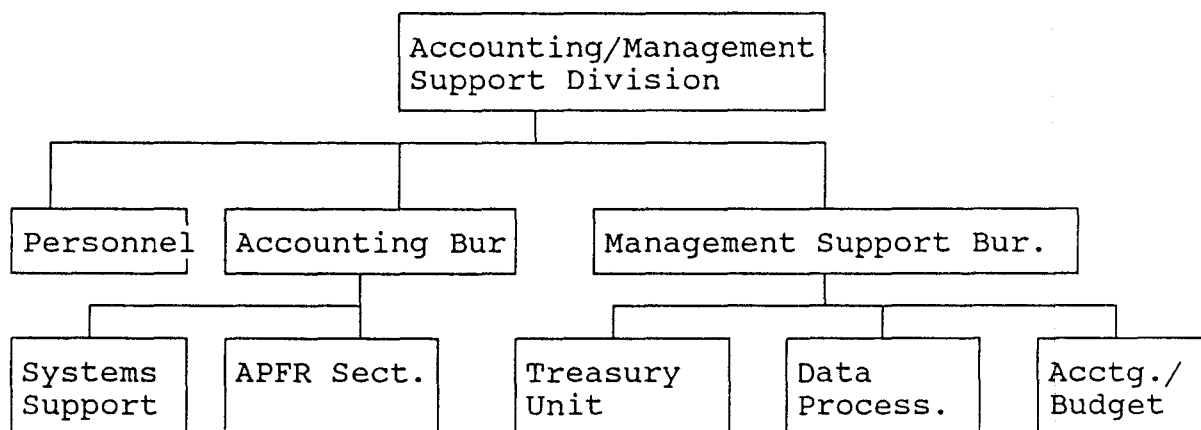
ISSUES

1. PERSONAL SERVICES. The Executive Budget transfers a .25 FTE to Central Mail Services program.
2. COMPUTER PROCESSING COSTS. The LFA current level includes five percent growth in computer processing from fiscal 1990 to fiscal 1992. The Executive Budget funds five percent growth between fiscal 1992 and 1993 as well.
3. PRINTING. The Executive Budget funds a higher amount for printing costs for the Montana Operations Manual (MOMs) and the annual state financial report.
5. SYSTEMS DEVELOPMENT. The Executive Budget includes additional funding for systems report. The program pays one half the salary of a programmer/analyst for such services. The LFA continues the fiscal year 1990 cost.
6. EQUIPMENT. The LFA current level and the Executive include replacement calculators and software upgrades. The Executive Budget also includes replacement of three personal computers.

21
Gen Gen + Sew

ORGANIZATIONAL STRUCTURE

The Division is organized into the Accounting and Management Support Bureaus and the Personnel Unit. The functions of the Accounting and Management Support Bureaus are primarily the same as the former Accounting and Centralized Services Divisions. The separation of the Personnel Unit from the other functions previously under the Centralized Services Division is the one exception. An organization chart for the Division follows.



The Division provides various support services on a statewide basis as well as for the Department of Administration. Following is a description of the Division's major functions:

1. Promulgates State accounting policies and procedures to ensure compliance with generally accepted accounting and financial reporting principles.
2. Provides accounting system support to ensure the timely, accurate and cost effective processing of accounting transactions, and the uniform and proper application of policies and procedures on a statewide basis.

Accounting & Management Support Division
Department of Administration
Page 2

3. Prepares the State's Comprehensive Annual Financial Report (CAFR).
4. Coordinates the preparation, negotiation, and distribution of the Statewide Cost Allocation Plan.
5. Monitors the General Fund cash flow and recommends whether or not the State should issue debt instruments to provide for short-term cash shortages.
6. Provides accounting policy, procedure and system related assistance and advice to all State agencies.

Management Support Bureau (12.25 FTE)

1. Maintains accountability for all money and securities belonging to or held in trust by the state, and administers the state's banking service agreements through the Treasury Unit.
2. Provides accounting services for the General Services Division, Personnel Division, and Director's Office and related assistance to the other Divisions.
3. Provides budgeting services including coordinating the preparation of the Department's biennial budget request and monitoring each Division's compliance with appropriation restrictions.
4. Coordinates Department data processing efforts, provides network support within the Department and assists with software related needs.

Personnel/Payroll Unit (2 FTE)

1. Provides personnel management policy guidance for the Department of Administration.
2. Represents the Department in bargaining agreement negotiations.
3. Coordinates the preparation of the Department's bi-weekly payroll and monitors Position Control.

92
25 1990
Dr. G. G. G. G.

SEAS Transaction Comparison
FY 1985 - FY 1990

FY	# Transactions Processed	% Change from Previous Year
1985	3299526	
1986	3449672	4.55%
1987	3349607	-2.90%
1988	3961689	18.27%
1989	4058297	2.44%
1990	4348915	7.16%
Average Change		5.90%