

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION

Call to Order: By REP. MARY LOU PETERSON, CHAIRMAN, on January 28, 1993, at 8:05 AM.

ROLL CALL

Members Present:

Rep. Mary Lou Peterson, Chair (R)
Sen. Harry Fritz, Vice Chair (D)
Rep. Marjorie Fisher (R)
Sen. Gary Forrester (D)
Rep. Joe Quilici (D)
Sen. Larry Tveit (R)

Members Excused: Sen. Forrester

Members Absent: None

Staff Present: Jon Moe, Legislative Fiscal Analyst
Clayton Schenck, Legislative Fiscal Analyst
Dan Gengler, Office of Budget & Program Planning
Elaine Benedict, Committee Secretary

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

Committee Business Summary:

Hearing: DEPARTMENT OF ADMINISTRATION
Executive Action: DEPARTMENT OF ADMINISTRATION AND
DEPARTMENT OF JUSTICE

EXECUTIVE ACTION ON DEPARTMENT OF ADMINISTRATION

Tape No. 1:A:020

The department has chosen to first consider non-general fund issues and to later present the general fund issues in a comprehensive packet.

PROCUREMENT AND PRINTING DIVISION

Informational Testimony:

Mr. Jon Moe, Legislative Fiscal Analyst, stated that the division submitted a letter documenting the reclassification of a former accounting technician to that of purchasing and supply assistant 3.

STATE PERSONNEL DIVISION

Tape No. 1:A:120

Informational Testimony:

Mr. Moe reviewed the budget for the division. EXHIBIT 1

Motion/Vote: SEN. HARRY FRITZ moved to accept LFA current level base for the proprietary fund portion of the budget. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM BENEFITS COMPUTER SYSTEM DEVELOPMENT-MODIFICATION:

Motion: SEN. FRITZ moved to accept the modification request.

Informational Testimony:

Mr. Mark Cress, State Personnel Division, explained that the funding will help to run the programs more efficiently. The division has explored several options. If a less expensive way to achieve the goals can be used, the excess funding will revert.

Questions, Responses, and Discussion:

REP. MARJORIE FISHER asked what surrounding states have done concerning this issue. Ms. Joyce Brown, Department of Administration, responded that this varies from state to state. The division has added vendors used by other states to the list for bids.

REP. JOE QUILICI asked what the result will be if the modification is not passed. Mr. Cress answered that the division will not be able to complete the project because they will have to manually process forms.

REP. QUILICI asked how much money has already gone toward the project. Ms. Brown answered \$140,000.

Vote: THE MOTION CARRIED with REP. FISHER and CHAIRMAN MARY LOU PETERSON opposing.

BUDGET ITEM EMPLOYEE BENEFITS ANALYST-MODIFICATION:

Motion: SEN. FRITZ moved to accept the modification request.

Informational Testimony:

Mr. Dan Gengler, Office of Budget and Program Planning, stated that the modification would offset the current level amount in contract services.

Questions, Responses, and Discussion:

SEN. LARRY TVEIT asked if contract services has been reduced by a

like amount. Ms. Brown responded that contract services has been reduced by approximately \$30,000.

Vote: THE MOTION FAILED with REP. QUILICI, REP. FISHER and CHAIRMAN PETERSON opposing.

BUDGET ITEM WELLNESS PROGRAM:

Motion: SEN. FRITZ moved to accept the request.

Questions, Responses, and Discussion:

REP. FISHER asked, if there are 5% fewer FTEs enrolled in the program, why the costs for the program would increase. Mr. Creswell answered that the FTEs reduced maintain the right to stay under the plan for 18 months.

Vote: THE MOTION CARRIED with SEN. TVEIT and REP. FISHER opposing.

GENERAL SERVICES DIVISION

Tape No. 1:A:915

EXHIBIT 2

Informational Testimony:

Ms. Debra Fulton, Administrator, General Services Division, stated that, due to the nature of budgeting for this division, the subcommittee could consider all issues as proprietary and the division would reduce the general fund portion in a different proposal.

Motion/Vote: SEN. FRITZ moved to accept the LFA current level for the entire budget. THE MOTION CARRIED UNANIMOUSLY.

Informational Testimony:

Ms. Fulton, distributed a list of the issues for the division.
EXHIBIT 3

BUDGET ITEM PROPRIETARY MAJOR MAINTENANCE CONTINGENCY-MODIFICATION:

Motion/Vote: REP. FISHER moved to accept the modification request. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM LANGUAGE:

Motion: REP. FISHER moved to accept language item #3 of the LFA presentation. EXHIBIT 2

Discussion:

REP. QUILICI suggested that line-iteming be avoided.

Ms. Fulton stated that the division does not contest having a specific amount for rent stated in a bill because agencies are appropriated for that amount and the division will not charge more than the amount stated.

Vote: THE MOTION CARRIED with REP. QUILICI opposing.

Tape No. 1:B:056

Motion/Vote: REP. FISHER moved to omit language item #4 in the LFA presentation. EXHIBIT 2 THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM ISSUE--HB 77:

Informational Testimony:

Mr. Gengler stated that the Natural Resources program would like clear legislative intent concerning the transfer of funds.

Questions, Responses, and Discussion:

REP. QUILICI asked if the savings is in addition to what must be paid to the Department of Natural Resources for debt services. Mr. Gengler answered that it is, but only by a very small amount.

Motion/Vote: REP. FISHER moved that Ms. Fulton and Mr. Moe formulate necessary language to retain the amounts stated for the division's budget. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM MAJOR MAINTENANCE PROJECTS-MODIFICATION:

Informational Testimony:

Ms. Fulton stated that the fire protection portion of the project is being completed in steps.

Questions, Responses, and Discussion:

SEN. TVEIT asked the condition of the buildings in the Capitol complex. Ms. Fulton answered that the condition varies. The mechanical systems are well maintained due to preventative maintenance and the energy conservation system. The division is only able to do day-to-day maintenance for renters.

REP. FISHER asked why the funding is not included in the current level budget. Ms. Fulton responded that it is the intent of the division to eventually have this included in current level.

Motion/Vote: SEN. TVEIT moved to accept the modification request. THE MOTION CARRIED with REP. QUILICI and CHAIRMAN PETERSON opposing.

Tape No. 1:B:490

Motion/Vote: REP. FISHER moved to accept the LFA current level base. THE MOTION CARRIED UNANIMOUSLY.

Informational Testimony:

Mr. Moe reviewed the budget for the bureau. EXHIBIT 4

Ms. Fulton distributed a list of issues for the bureau. EXHIBIT 3

BUDGET ITEM OVERTIME:

Motion/Vote: SEN. FRITZ moved to accept the request. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM EQUIPMENT:

Motion: REP. FISHER moved to accept the request.

Questions, Responses, and Discussion:

SEN. FRITZ asked if the development of FAX will eliminate mail needs. Ms. Fulton responded that even with the advanced technology, the postal and UPS demands continue to increase.

Vote: THE MOTION CARRIED with REP. QUILICI and CHAIRMAN PETERSON opposing.

BUDGET ITEM CENTRAL MAIL BAR CODING:

Informational Testimony:

Mr. Moe stated that the LFA had not intended to include an FTE as is stated in the presentation.

Questions, Responses, and Discussion:

REP. FISHER asked if the bureau would have to come back for a supplemental if the modification were not approved and the U.S. Postal service requires bar coding. Ms. Fulton responded that the U.S. Postal service will not require bar coding, but the cost of mailing will increase if it is not used.

BUDGET ITEM CENTRAL MAIL EXPANSION:

Informational Testimony:

Ms. Fulton stated that the budget amendment has been approved by the finance committee to be included in the base.

CHAIRMAN PETERSON asked if centralized mail will cause a decrease

in operational costs of individual agencies. Ms. Fulton responded that centralized mail adds cost-saving steps, but this does not reduce the amount of work done by the individual agencies.

BUDGET ITEM CENTRAL MAIL BAR CODING:

REP. FISHER asked how the Zip plus 4 system coordinates with the bar coding system. Ms. Fulton responded that the two functions complement each other but are dependent on each other.

Motion/Vote: SEN. FRITZ moved to accept the modification. THE MOTION CARRIED with REP. FISHER opposing.

Questions, Responses, and Discussion:

REP. FISHER asked how much will be saved with the system. Ms. Fulton answered that it will be approximately 1.5 cents a letter, or approximately \$80.000 a year. The equipment will pay for itself.

BUDGET ITEM CENTRAL MAIL EXPANSION:

SEN. TVEIT asked what the results will be if the modification is not passed. Ms. Fulton answered that the bureau will not be able to mail agencies' letters.

Motion/Vote: REP. QUILICI moved to accept the modification request. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM LANGUAGE:

Motion: REP. FISHER moved that the language state a maximum overhead rate of 7%.

Informational Testimony:

Ms. Fulton stated that the bureau, in order to remain competitive, will require a higher overhead when the bar coding is implemented. She suggested that the language limit the bureau so that it could not spend more than actual postage costs.

Motion: REP. FISHER withdrew her previous motion and moved that Ms. Fulton and Mr. Moe draw up language that will reflect Ms. Fulton's suggestion. THE MOTION CARRIED.

GENERAL FUND ISSUES

Tape No. 1:B:1145

Informational Testimony:

Ms. Lois Menzies, Director, Department of Administration, presented a package proposal of reductions in general fund areas. EXHIBIT 5. Ms. Menzies stated that, due to flexibility allowed

in FTE reductions, the positions listed for reductions may be shifted or changed somewhat to achieve the final budget. She asked that the .5 FTE in the Accounting and Management Support Division, which will be funded federally, be considered separately.

Mr. Mike Trevor, Administrator, Information Services, addressed the general fund Issues for the division.
EXHIBITS 5 and 6

Ms. Menzies distributed a package of reductions that the subcommittee had requested for consideration but that it would not take action unless necessary. **EXHIBIT 7**

Questions, Responses, and Discussion:

REP. QUILICI asked if the department had considered reducing higher grade positions first. **Ms. Menzies** responded that the department had comprised the plan it felt would best allow them to still function. The first proposal does not consider higher level reductions. The second proposal, however, does.

CHAIRMAN PETERSON asked what type of long term savings could be accomplished through the ISD proposal. **Mr. Trevor** that the first portion of the proposal will bring only temporary, but substantial savings. The second portion will have a long term effect on rate reductions for other agencies. The division has already saved 3 times the amount of money by conducting business the way it has.

Informational Testimony:

Mr. Clayton Schenck, Legislative Fiscal Analyst, stated that the resolution to meet the target would stipulate that there be no executive increases and no modifications using general fund. If requests of general fund modifications or executive increases are passed, reductions will have to be found elsewhere to meet the target reduction. A credit system may be useful in analyzing the target for situations such as that proposed by ISD.

EXECUTIVE ACTION ON DEPARTMENT OF JUSTICE

Tape No. 2:B:245

MOTOR VEHICLES DIVISION

Informational Testimony:

Mr. Schenck stated that the proposal for position reinstatement, **EXHIBIT 8,** stated that the net difference between LFA and division levels is \$14,848. The difference is in fact \$13,552 and the actual gain by the subcommittee is \$14,848.

BUDGET ITEM FEDERAL GRANT, PROBLEM DRIVER:

Informational Testimony:

EXHIBIT 9

Mr. Schenck stated that the amounts of \$12,500 in FY 1994 and \$14,500 in FY 1995 that were voted on by the subcommittee should actually be shown in the reverse order of \$14,500 in the first year and \$12,500 in the second.

Motion/Vote: REP. QUILICI moved to reverse the order of funding. THE MOTION CARRIED unanimously with four members present.

BUDGET ITEM DIGITIZING RECORDS-MODIFICATION:

EXHIBIT 9

Informational Testimony:

Mr. Schenck stated that the modification provides savings, however, the legislative system and the Budget Office cannot accommodate negative appropriations. Therefore, the modification should be placed in current level. Also, the FTE should be removed.

Motion/Vote: REP. FISHER moved to place the modification in current level and to reduce the FTE. THE MOTION CARRIED unanimously with four members present.

Informational Testimony:

Mr. Schenck stated that the actual amount reduced for the elimination of FTEs will be different from the amount presented. The amount reduced will be approximately \$2,100 in the first year of the biennium and higher in the second year. One of the FTE eliminated is also covered in another area, so the savings will not be as great as it may appear.

LAW ENFORCEMENT DIVISION

Tape No. 2:B:435

Informational Testimony:

Mr. Schenck stated that the subcommittee may have had the impression that it had eliminated 5 FTE within the 5% Personal Service reductions when, in fact, it eliminated 2 from this and eliminated 3 that were Federally funded. The end result is that the subcommittee only eliminated 3 FTE below LFA current level. Those positions were previously Federally funded reductions.

FORENSIC SCIENCE

Tape No. 2:B:585

Questions, Responses, and Discussion:

Mr. Schenck requested that the subcommittee clarify whether or not the funding approval of \$38,000 for the latent print examiner is to include only salary or salary and benefits. As it stands, the amount includes salary and benefits.

The subcommittee chose to leave the funding as it is--\$38,000 to include salary and benefits.

HEARING ON DEPARTMENT OF ADMINISTRATION

Tape No. 2:B:665

Informational Testimony:

Ms. Connie Griffith, Administrator, Accounting and Management Support, stated that the CMIA is required to be implemented in one central organization within the state. The central organization will be the Department of Administration and it will be reimbursed by the Federal government. The regulations have changed the maximum to \$50,000. The division, however, is not changing its request.

Discussion:

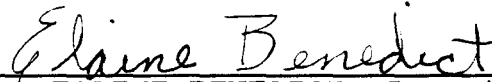
REP. QUILICI supports the request of the division.

ADJOURNMENT

Adjournment: 10:50 AM



REP. MARY LOU PETERSON, Chair



ELAINE BENEDICT, Secretary

MLP/EB

HOUSE OF REPRESENTATIVES

Gen. Gov. & Hwys.

SUB-COMMITTEE

ROLL CALL

DATE

1/28/93

NAME	PRESENT	ABSENT	EXCUSED
Rep. Mary Lou Peterson Chair	X		
Sen. Harry Fritz Vice Chair	X		
Rep. Marjorie Fisher	X		
Sen. Gary Forrester			X
Rep. Joe Quilici	X		
Sen. Larry Tveit	X		

6101 23 00000

DEPARTMENT OF ADMINISTRATION
Program Summary

State Personnel Division

EXHIBIT

DATE 1/28/93

HB

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	38.00	38.00	36.72	38.00	(1.28)	36.72	38.00	(1.28)
Personal Services	1,129,426	1,134,413	1,216,118	1,272,338	(56,220)	1,219,831	1,276,336	(56,505)
Operating Expenses	330,344	413,014	416,609	385,285	31,324	373,865	364,919	8,946
Equipment	15,268	7,017	22,330	20,590	1,740	18,298	17,060	1,238
Debt Service	4,296	0	720	720	0	0	0	0
Total Costs	\$1,479,335	\$1,554,444	\$1,655,777	\$1,678,933	(\$23,156)	\$1,611,994	\$1,658,315	(\$46,321)
Fund Sources								
General Fund	867,764	892,833	937,249	989,345	(52,096)	941,257	992,681	(51,424)
State Revenue Fund	3,296	10,000	0	0	0	0	0	0
Proprietary Fund	608,274	651,611	718,528	689,588	28,940	670,737	665,634	5,103
Total Funds	\$1,479,335	\$1,554,444	\$1,655,777	\$1,678,933	(\$23,156)	\$1,611,994	\$1,658,315	(\$46,321)

Page References

LFA Budget Analysis A-177 to A-215
 Stephens Executive Budget A79 to A92

Current Level Differences

PERSONAL SERVICES—The LFA current level is higher because it includes all positions approved by the 1991 legislature, including the "5 percent reduction" FTE (1.28 FTE for this program).

(55,736) (56,023)

PAY ADMINISTRATION FUNCTION—For certain expenditures related to the pay administration function (computer processing, postage, travel and training), the LFA current level is lower because it used the fiscal 1992 actual expenditures. The agency states that while this function was being transferred between programs in the Personnel Division, a position was left vacant for a period of time, causing these operating costs to be artificially low.

2,446 2,446

TRAVEL (Instate State Motor Pool costs for labor negotiations)—The LFA current level for this travel expenditure is based upon fiscal 1992 current level. The agency indicates that fiscal 1992 was an "off year" for labor negotiations and, therefore, an historic expenditure figure for this travel cost was excluded from the base.

600

MAINTENANCE CONTRACTS—The LFA current level used the fiscal 1992 actual expenditures and did not include an increase because the budget includes 4 new PC's each year (under warranty).

511 511

EQUIPMENT—The LFA current level is lower and excludes funding for office equipment (2 office chairs per year) and training equipment (overhead projector and VCR).

730 970

WELLNESS PROGRAM—The LFA current level is lower and uses the fiscal 1992 actual expenditures. The executive current level includes an increase over fiscal 1992 actuals because it indicates that expenditures in that year were lower due to uncertainty of budget and vacancy savings.

5,540 5,540

MINOR DIFFERENCES

23,269 (782)

INFLATION DIFFERENCES

84 417

TOTAL CURRENT LEVEL DIFFERENCES

(23,156) (46,321)

Budget Modifications

RECRUITMENT COORDINATOR—The budget modification includes \$38,000 in proprietary funds over the biennium to coordinate recruitment of positions. (Item #20 on page A-184 of the LFA Budget Analysis.)

19,000 19,000

BENEFITS COMPUTER SYSTEM DEVELOPMENT—This budget modification updates and continues system development costs originally authorized by the 1989 Legislature. It would be funded from proprietary funds. (Item #21 on page A-184 of the LFA Budget Analysis.)

305,000

EMPLOYEE BENEFITS ANALYST - This request is for 1.0 FTE and \$79,540 in proprietary funds over the biennium to evaluate methods of controlling claims costs of the state health insurance plan (the state is self-insured). If approved, this would replace some contracted services costs in the current level budget. (Item #22 on page A-184 of the LFA Budget Analysis.)

Language

None

41,396

38,144

EXHIBIT

DATE 1/28/9

HB

DATE 1/28/93

6101 08 00000

DEPARTMENT OF ADMINISTRATION
Program Summary

General Services Program

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	20.00	20.00	19.00	20.00	(1.00)	19.00	20.00	(1.00)
Personal Services	653,169	624,917	654,591	689,810	(35,219)	659,833	695,465	(35,632)
Operating Expenses	2,803,502	3,164,929	3,197,834	3,169,870	27,964	3,330,730	3,254,809	75,921
Equipment	28,146	5,184	7,190	6,500	690	7,197	7,197	0
Capital Outlay	10	0	0	0	0	0	0	0
Benefits and Claims	1,000	0	0	0	0	0	0	0
Transfers	54,546	58,801	58,801	58,801	0	58,801	58,801	0
Total Costs	\$3,540,375	\$3,853,831	\$3,918,416	\$3,924,981	(\$6,565)	\$4,056,561	\$4,016,272	\$40,289
Fund Sources								
General Fund	259,977	345,760	400,938	374,216	26,722	415,739	383,997	31,742
Capital Projects Fund	54,546	58,426	58,801	58,801	0	58,801	58,801	0
Proprietary Fund	3,225,851	3,449,645	3,458,677	3,491,964	(33,287)	3,582,021	3,573,474	8,547
Total Funds	\$3,540,375	\$3,853,831	\$3,918,416	\$3,924,981	(\$6,565)	\$4,056,561	\$4,016,272	\$40,289

Page References

LFA Budget Analysis A-177 to A-215
 Stephens Executive Budget A79 to A92

Current Level Differences

PERSONAL SERVICES—The LFA current level is higher because it includes all positions funded by the 1991 legislature, including the "5 percent reduction" FTE.

JANITORIAL, CARETAKER, & TRASH REMOVAL—The LFA current level for these items is lower. It uses the fiscal 1992 actuals while the executive current level anticipates increases in fiscal 1995 due to contracts with service providers being renegotiated.

TAXES, ASSESSMENTS—The LFA current level is lower and uses the fiscal 1992 actual expenditures. The executive current level allows a 12% growth in assessments plus 10% growth for a water quality district which went into effect 7/1/92.

FUNDING ISSUE—The LFA current level continues a \$30,000 cut in general fund support that was applied in fiscal 1992 and fiscal 1993. As a result, the LFA current level general fund amount is lower.

MINOR DIFFERENCES**INFLATION DIFFERENCES****TOTAL CURRENT LEVEL DIFFERENCES****Budget Modifications**

MAJOR MAINTENANCE PROJECTS—The Executive Budget includes \$200,000 proprietary funds for major maintenance projects over the biennium. Such projects include: 1) elevator repair; 2) carpet replacement; and 3) completion of the fire protection network in the capitol complex.

MAJOR MAINTENANCE CONTINGENCY FUND—This item contains a \$100,000 biennial appropriation for emergency repairs or for facility modifications required by the Americans with Disabilities Act. The department has not identified potential projects.

RESTORE 5% FTE REDUCTION—The Executive Budget includes 1.0 FTE and \$66,313 in proprietary funds over the biennium to restore reductions taken to implement section 13 of House Bill 2. The duties of the position include painting and maintenance.

Exec. Over(Under) LFA
 Fiscal 1994 Fiscal 1995

(35,219) (35,632)

37,609

2,610 4,787

30,000 30,000

(3,759) 1,601

(197) 1,924

(6,565) 40,289

100,000 100,000

100,000

33,122 33,191

Language and Other Issues

LANGUAGE—In House Bill 2 for the 1993 Biennium, there are four language appropriations which the committee may wish to consider for the 1995 Biennium:

1) "Funds remaining in the capitol land grant account of the capital projects fund, after the appropriations are met for the general services division of the department of administration and any project provided for in Chapter 774, Laws of 1991, are appropriated to the long-range building debt service fund for the payment of principal and interest on bond issues for public buildings at the capitol for executive, legislative, and judicial purposes, as outlined in section 12 of The Enabling Act. This appropriation is for the biennium ending June 30, 1993, and is not to exceed the annual debt service required on these bonds."

2) "The appropriation in item 6 in the other column includes \$58,801 in fiscal year 1992 and \$58,801 in fiscal 1993 from the capital projects fund."

3) "In item 6, the department may charge a maximum of \$3.28 a square foot in fiscal 1992 and \$3.34 a square foot in fiscal 1993 for office space in state-owned buildings."

4) "Item 6b may be used only to pay utilities costs."

ISSUE—House Bill 777, passed during the 1991 regular session, authorized the Department of Natural Resources and Conservation to issue general obligation bonds to fund energy savings projects. The proceeds from the bonds were to be used to pay for the energy savings projects. The savings would be used to pay off the bonds. For the Department of Administration (General Services), the committee needs to consider changing the budget to reflect the reduction in the utilities budget and establishing a transfer amount to make the savings available for payment of the bonds. The appropriate action would reduce utilities (2600 group) by the savings estimate and increase the transfer line (8000 group) by the amount estimated for transfer to the "Energy Savings Account".

	Utilities (2600 group)	Transfer (8000 Group)
Fiscal 1994	(\$30,000)	\$28,050
Fiscal 1995	(\$55,000)	\$51,425

EXHIBIT 2

DATE 1/28/92

HB

2X3
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DATE 1/28/93
HB

General Services Issues

As budgets become increasingly tight, agencies seek more ways to cut their costs for service delivery. This ultimately leads to increased demand for the services of the department in general, and General Services specifically. If an agency can no longer afford an FTE to process their mail, they turn to Central Mail. If they cannot afford additional office space, they remodel the space they have to make it more efficient. We are only asking for the ability to help agencies with their service needs.

The facility program has the following proprietary fund budget issues:

1. Janitorial - 1/3 of contracts renew for FY 95.
2. Taxes - 93 actuals are already higher than the LFA and we will have additional assessments from the City of Helena
3. Proprietary Major Maintenance Modification - fire safety and elevator replacement. Begin to address \$2.5 million of facility maintenance needs.
4. Proprietary Maintenance Contingency Modification - Governor's emergency authority and ADA flexibility.
5. Proprietary Restore FTE - it is more expensive to agencies to contract for painting than to use the staff at General Services.
6. Utility savings - the incentive amounts from the energy program were removed from our budget.

Central Mail has the following proprietary fund budget issues:

1. Overtime - This allows the Capitol Post Office to be open full time during the session.
2. Postage Meter Rent - LFA funds 27.5% less than FY 93 actuals. These contracts historically increase 20% per year.
3. Repairs and Maintenance - the effect of the LFA is no inflation over the biennium. Historic increases are 10% per year.
4. Equipment - A mail machine in each year, and upgrading the UPS system to accommodate an 834% increase in volume.
5. Proprietary Automation Modification - Equipment and remodelling to accommodate automating the state's mail.
6. Proprietary Expansion of Mail Program Modification - this mod brings into current level the two budget amendments we received during the interim to allow for extending our services to additional agencies. App. \$465,000 in additional postage plus 2 FTE.
7. Restore Proprietary FTE - This mail clerk (1/2 Cobb, 1/2 Swysgood) is need to process the volumes of mail at Central Mail.

6101 13 00000
DEPARTMENT OF ADMINISTRATION
Program Summary

Mail & Distribution Bureau

EXHIBIT

DATE 1/28/93

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	11.25	11.25	10.73	11.25	(0.52)	10.73	11.25	(0.52)
Personal Services	249,634	249,149	245,065	256,797	(11,732)	251,281	261,148	(9,867)
Operating Expenses	1,602,730	1,598,170	1,669,432	1,666,312	3,120	1,664,868	1,660,938	3,930
Equipment	1,025	6,500	42,115	20,615	21,500	7,115	615	6,500
Debt Service	347	0	1,389	1,389	0	1,428	1,428	0
Total Costs	\$1,853,736	\$1,853,819	\$1,958,001	\$1,945,113	\$12,888	\$1,924,692	\$1,924,129	\$563
Fund Sources								
Proprietary Fund	1,853,736	1,853,819	1,958,001	1,945,113	12,888	1,924,692	1,924,129	563
Total Funds	\$1,853,736	\$1,853,819	\$1,958,001	\$1,945,113	\$12,888	\$1,924,692	\$1,924,129	\$563

Page References

LFA Budget Analysis A-177 to A-215
Stephens Executive Budget A79 to A92

Current Level Differences

PERSONAL SERVICES—The LFA current level is higher because it includes all positions funded by the 1991 legislature, including the "5 percent reduction" FTE (0.52 FTE for this program).

(11,732) (12,238)

OVERTIME—The LFA current level is lower for fiscal 1995. The agency indicates that the increased amount relates to the need to keep the Capitol post office open extra hours during legislative sessions.

2,371

RENT—The LFA current level is lower than the executive current level. The LFA used the fiscal 1992 actual expenditure. The executive indicates that it is below fiscal 1993 actuals.

994 1,634

REPAIR & MAINTENANCE—The LFA current level is lower, but is adjusted up from fiscal 1992 actuals. The executive anticipates larger increases.

1,300 1,400

EQUIPMENT—The LFA current level does not include \$6,500 each year for a mail machine or \$15,000 in fiscal 1994 for upgrade of the UPS system. The agency indicates that it must replace a mail machine each year because of usage and UPS upgrade is necessary to meet handling and mailing requirements.

21,500 6,500

MINOR DIFFERENCES

98 98

INFLATION DIFFERENCES

728 798

TOTAL CURRENT LEVEL DIFFERENCES

12,888 563

Budget Modifications

CENTRAL MAIL BAR CODING—The Executive Budget adds 1.0 FTE and \$281,600 proprietary funds over the biennium to begin bar coding addresses of state agency mail. The U.S. Post Office may require customers to implement bar coding in order to continue to qualify for postal discounts. Equipment costs are \$60,000 in fiscal 1994 and \$120,000 in fiscal 1995. The budget modification includes \$30,000 in fiscal 1994 to remodel the mail room to accommodate the new equipment and install new electrical sources.

119,600 162,000

CENTRAL MAIL EXPANSION—This modification continues 2.0 FTE and operating costs for expansion of Central Mail services added by budget during the 1993 biennium. Central Mail services were extended to the Aeronautics Division of the Department of Transportation and State Auditor's Office and the program is experiencing volume increases due to other state agencies as well.

504,323 504,387

RESTORE 5 PERCENT FTE REDUCTION—The request is to restore 0.52 FTE and the proprietary fund spending authority removed in compliance with section 13 of House Bill 2.

11,735 11,752

Language

House Bill 2 for the 1993 Biennium includes language which states: "The Department may charge a maximum overhead rate of 6% each year in item 7." The committee may wish to consider this language again.

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE

EXHIBIT 5
DATE 1/28/93
18



MARC RACICOT, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2032
FAX: 444-2812

PO BOX 200101
HELENA, MONTANA 59620-0101

January 28, 1993

Representative Mary Lou Peterson, Chairperson
General Government and Transportation Subcommittee
State Capitol
Helena, MT 59620

Subject: Budget Reductions

Dear Representative Peterson:

You have asked the Department of Administration to submit general fund budget reductions totaling \$568,698 (8.81%) below the LFA current level 1995 biennium budget.

Our list of cuts follows:

To achieve a \$568,698 reduction	<u>1994</u>	<u>1995</u>	<u>FTE'S</u>
1) Eliminate/reduce general funded positions:			
Director's Office			
a) 00001 Director	\$ 6,942	\$ 6,950	0.11
b) 00003 Deputy Director	6,907	6,915	0.11
Accounting & Management Support			
c) 07014 Management Analyst IV	40,067	40,121	1.00
d) 07017 Management Analyst II	12,500	12,528	0.42
e) 12004 Personnel Tech II	5,761	6,313	0.25
f) 12006 Accounting Tech	12,358	12,424	0.50
g) 12013 Personnel Specialist	5,971	5,980	0.25
h) 12015 Accountant	17,640	17,799	0.50
Procurement & Printing			
i) 04008 Administrative Officer I	23,822	23,853	0.83

Representative Mary Lou Peterson
January 28, 1993
Page 2

State Personnel Division

j) 00056 Labor Relations Specialist	31,347	31,380	1.00
k) 06108 Personnel Specialist	7,738	7,749	0.28
l) 06200 Career Executive	<u>50,466</u>	<u>50,521</u>	1.00
	\$221,519	\$222,533	

2) Reduction in cost of Department
of Justice computer processing 172,371

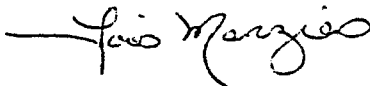
Total Reduction: \$616,423

These two actions result in 94/95 reductions \$47,725 greater than necessary to meet the 8.81% reduction. I've attached a sheet describing the Department of Justice computer processing reduction. I believe we can manage the workload of the department with the "5%" cuts. As I mentioned in my presentation, however, I may choose to take these cuts differently than identified in the executive budget.

Attached is a sheet describing the impacts of these budget reductions.

I look forward to discussing these reductions with the committee.

Sincerely,



Lois Menzies
Director

Attachments

A PROPOSAL TO REDUCE THE COST OF DOJ MOTOR VEHICLE
COMPUTER PROCESSING IN FY'94

Total ISD charges for Motor Vehicle System in FY'94 = \$989,483
DOJ current level = 300,000
DOJ modified request = 689,483

Part 1

Delay Implementation until Oct. 1, 1993; saving three months of cost included in modified request. ISD will continue to bill DOJ at FY'93 (current level) flat rate = $\$300,000/12 * 3 \text{ Mos.} = \$75,000$ for the three month period from July 1st through September 30, 1993.

This saves: one-fourth (3 Mos.) of the modified request
 $.25 * \$689,483 = \$172,371$ 100% G.F.

The modified request for FY'94 would be reduced by \$172,371. This savings will help the General Government Subcommittee move closer to it's General Fund reduction target.

Part 2

Beginning October 1, 1993, Motor Vehicle processing will commence on the shared processor in the Department of Administration. However, ISD will continue charging only the current level flat rate (ie, $\$300,000/12 * 3 \text{ Mos.} = \$75,000$) through December 31, 1993. This will save the DOJ an additional one-fourth (3 Mos.) of the modified request = \$172,371.

This additional \$172,371 General Fund savings would be used to offset the restoration of General Fund cuts in the Department of Administration.

Summary

The DOJ modified request of \$689,483 in FY'94 would be cut in half to \$344,741 for a General Fund savings of \$344,742 for the biennium (only one-half of this amount will actually help the subcommittee close on their target; the other half will be used to offset DOA cuts). Note: FY'95 DOJ Motor Vehicle modified level is unaffected by this proposal.

ISD's projected computer processing rate reductions (ie, 30% and 38%) will be unaffected by this proposal. In effect, ISD's cash balance will be drawn down by an amount equal to this savings to the General Fund. ISD will be able to operate as usual with this level of draw-down.

Part 2 of this proposal is not unprecedented. There are several examples of ISD absorbing the early implementation costs of large, complex projects on the mainframe. Examples: SRS TEAMS Project and Labor and Industry's Job Service Project.

Impact of General Fund Cuts Necessary for 8.81% Budget Reduction
(figures are for biennium)

a. & b. **Director and deputy director:**

A .11 FTE reduction for director and deputy will leave the Director's Office underfunded for personnel services. Shortfall will be reduced by reduced work hours or vacancy savings.

c. **Management Analyst IV:**

Elimination of this position would impair the Division's ability to maintain SBAS and PAMS. Reduced coordination of the SSU operation through elimination of this position will reduce support and assistance to agencies using these systems. As a result, accounting errors would increase; transactions will process less smoothly; these systems will be less effective for agency operations and the agencies would incur additional costs to obtain the information and systems they need.

d. **Management Analyst II:**

Reducing this position to .58 FTE will reduce the support the Division provides to the programmer in maintaining the SBAS, PAMS and OE&E systems. The Division will not be able to accommodate the number of changes which will be made to these systems in FY94 and FY95. This position would no longer be able to provide the in-house Lotus support for the CAFR adjustment and financial reporting system.

e. **Personnel Tech II:**

This position is currently filled .75; should this position become vacant and have to be filled, a full FTE would be required to do the work. The individual currently in this position has been with the Department in excess of seven years and can do the job on a 3/4 time basis.

f. **Accounting Tech:**

Reduction of this position would prevent the timely reconciliation of monthly bank balances and transactions; errors would be more difficult to detect and correct.

g. **Personnel Specialist:**

This .25 FTE position is currently vacant and there would be no effect on the Division if it were eliminated.

h. **Accountant:**

Reduction of this position to .5 FTE will reduce the accounting and budgeting support this Division can provide to the 12 divisions and attached-to agencies within the Department of Administration. Quarterly budget analyses will not be provided on a timely basis.

Accounting assistance to general funded agencies and budgeting assistance to non-general funded agencies will be limited.

- i. **Administrative Officer I:**
This position has been left open to generate vacancy savings and meet the spending reductions required by the special session cut. If we lose this position, we can absorb the duties within the bureau.

- j. **Pay Administration/Labor Relations Specialist:**
This position representing management in collective bargaining, contract administration and grievance arbitration hearings. The position also is the only position doing pay administration work including conducting a biennial salary survey, writing pay plan rules, and maintaining the various pay schedules.

This work must be completed and given the low staffing level in the labor relations function, it would be extremely difficult, if not impossible, to absorb this work elsewhere in the bureau.

- k. **Personnel Specialist:**
This position makes position classification decisions for state agencies and analyzes and responds to employee classification appeals. Reducing this position will cause an increase in the time it takes to process appeals and classification decisions and will reduce the level of service to state agencies.

- l. **Career Executive Assignment:**
This position is the Bureau Chief of the Employee Relations Bureau. This reduction will limit the assistance available to state managers for avoiding costly errors in employment decisions. These services are particularly important during times of staff reductions. Advice, training, guide materials, and clear policy interpretation are essential to avoid discrimination complaints, wrongful discharge cases or wage and hour claims.

ISD COMPUTER PROCESSING CHARGES
EFFECT OF PROJECTED RATE REDUCTION ON AGENCIES
28-Jan-93

EXHIBIT 6
DATE 1/28
HB _____

AGCY NO.	AGENCY NAME	FY92 ACTUAL CHARGES*	FY'94 30%	FY'95 38%
1101	LEGISLATIVE AUDITOR	23,517	\$7,055	\$8,936
1102	LFA	24,179	\$7,254	\$9,188
1104	LC	134,354	\$40,306	\$51,054
1111	ENVIR. QUALITY COUN.	219	\$66	\$83
1112	CONSUMER COUNCIL	88	\$26	\$33
2110	JUDICIARY	4,831	\$1,449	\$1,836
3101	GOVERNOR'S OFFICE	16,561	\$4,968	\$6,293
3201	SECRETARY OF STATE	108,658	\$32,598	\$41,290
3202	POLITICAL PRACTICES	38	\$11	\$14
3401	STATE AUDITOR	277,455	\$83,236	\$105,433
3501	PUBLIC INSTRUCTION	3,071	\$921	\$1,167
3511	BILLINGS VO-TECH	2,737	\$821	\$1,040
3512	BUTTE VO-TECH	1,038	\$311	\$394
3513	GREAT FALLS VO-TECH	1,693	\$508	\$643
3514	HELENA VO-TECH	1,566	\$470	\$595
3515	MISSOULA VO-TECH	1,732	\$520	\$658
4107	CRIME CONTROL	1,240	\$372	\$471
4108	TRAFFIC SAFETY	1,645	\$493	\$625
4110	DEPT. OF JUSTICE	9,793	\$2,938	\$3,721
4201	PUB SVC REG	14,892	\$4,468	\$5,659
5101	BOARD OF PUB ED	964	\$289	\$366
5102	COMM OF HIGHER ED	19,316	\$5,795	\$7,340
5103	UNIVERSITY OF MONTANA	10,878	\$3,263	\$4,134
5104	MT STATE UNIVERSITY	39,840	\$11,952	\$15,139
5105	MONTANA TECH	5,563	\$1,669	\$2,114
5106	EASTERN MT COLLEGE	6,038	\$1,811	\$2,295
5107	NORTHERN MT COLLEGE	6,187	\$1,856	\$2,351
5108	WESTERN MT COLLEGE	3,022	\$907	\$1,148
5114	MT ARTS CNSL	787	\$236	\$299
5115	LIB COMM	193	\$58	\$73
5116	CNSL ON VOCATIONAL	123	\$37	\$47
5117	HIST SOC	1,416	\$425	\$538
5201	FWP	84,789	\$25,437	\$32,220
5301	DEPT HLTH/EVN SC	59,547	\$17,864	\$22,628
5401	DEPT OF TRANSPORTATION	474,292	\$142,287	\$180,231
5501	DEPT OF ST LANDS	59,663	\$17,899	\$22,672
5603	DEPT OF LIVESTOCK	18,891	\$5,667	\$7,179
5706	DEPT NAT RSR/CONS	108,908	\$32,672	\$41,385
5801	DEPT OF REVENUE	783,426	\$235,028	\$297,702
6101	DEPT OF ADMINISTRATION	180,282	\$54,085	\$68,507

ISD COMPUTER PROCESSING CHARGES
EFFECT OF PROJECTED RATE REDUCTION ON AGENCIES
28-Jan-93

EXHIBIT 6
DATE 1/28/97
~~HB~~

AGCY NO.	AGENCY NAME	FY92 ACTUAL CHARGES*	FY'94 30%	FY'95 38%
6103	COMP MUT INS FUND	435,954	\$130,786	\$165,663
6104	PUB EMP RET BD	72,813	\$21,844	\$27,669
6105	TEACH RET BD	52,071	\$15,621	\$19,787
6201	DEPT OF AGRICULTURE	3,416	\$1,025	\$1,298
6401	DEPT OF CORRECTIONS	12,487	\$3,746	\$4,745
6402	MT DEV CTR	2,055	\$616	\$781
6404	CTR FOR AGED	734	\$220	\$279
6405	HUMAN RESC DEV COUNCIL	859	\$258	\$326
6409	MT ST PRIS	8,062	\$2,419	\$3,063
6410	SWAN RIV YOUTH CAMP	333	\$100	\$126
6411	VET HOME	839	\$252	\$319
6412	MT ST HOSP	3,162	\$949	\$1,202
6501	DEPT OF COMMERCE	16,218	\$4,866	\$6,163
6602	LABOR & INDUSTRY	740,768	\$222,230	\$281,492
6701	ADJ GEN	5,317	\$1,595	\$2,021
6901	SRS TEAMS (ONLY)**	1,299,403	\$389,821	\$493,773
6901	DEPT SOC & REHAB SVC	632,859	\$189,858	\$240,487
6911	DEPT OF FAM SVCS	53,048	\$15,914	\$20,158
	TOTAL	\$5,833,829	\$1,750,149	\$2,216,855

*ACTUAL CHARGES (SBAS EXPENDITURE 2172)

** TEAMS ACTUAL WAS ESTABLISHED BY CAP.

FILE: V:\FSU\JIMC\BUDGET\FY-95DIC.WK3

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE

EXHIBIT 7
DATE 1/28/93
~~HB~~
MITCHELL BUILDING



MARC RACICOT, GOVERNOR

STATE OF MONTANA

(406) 444-2032
FAX: 444-2812

PO BOX 200101
HELENA, MONTANA 59620-0101

January 28, 1993

Representative Mary Lou Peterson, Chairperson
General Government and Transportation Subcommittee
State Capitol
Helena, MT 59620

Subject: Budget Reductions

Dear Representative Peterson:

You have asked the Department of Administration to submit general fund budget reductions of 5% above the initial 8.81% cut. Below are listed our prioritized cuts from least painful to most painful. These reductions, together with the \$616,423 reduction identified in my first memo, exceed the \$891,300 target by \$705.

	<u>1994</u>	<u>1995</u>
1) Eliminate Position 04010, Administrative Aide II (Procurement & Printing Div.)	25,066	25,066
2) Reduce Pest Control (General Service Division)	2,500	2,500
3) Reduce Janitorial Specifications (General Services Division)	22,468	
4) Eliminate Equipment Request (Director's Office)	6,944	4,665
5) Eliminate Position 03505 and general fund support Painter (General Services Division)	33,121	33,190
6) Reduce Position 00010 to .55 FTE (FY94) and .75 FTE (FY95) (Director's Office)	8,828	4,913
7) Reduce Position 00002 to .80 FTE (FY94) and .88 FTE (FY95) (Directors' Office)	7,856	4,532

Representative Mary Lou Peterson
January 28, 1993
Page 2

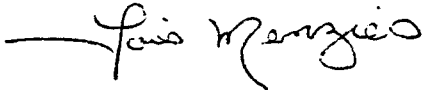
8) Eliminate Position 04005, Purchasing Agent (Procurement & Printing Div.)	29,127	29,367
9) Eliminate Remaining 1/2 FTE Position 12015 (Accounting & Management Support Division)	17,640	17,799

Total Reduction: \$275,582

Attached is a sheet describing the impacts of these budget reductions.

I look forward to discussing these reductions with the committee.

Sincerely,



Lois Menzies
Director

Attachment

DATE 1/28/93

~~4B~~

Impact of General Fund Cuts Necessary for 13.81% Budget Reduction
(figures are for biennium)

- 1) **Eliminate Position 04010.** (\$50,132) Elimination of this position results in duties being absorbed by remaining clerical staff. Bid invitations, purchase order "turn around time" and correspondence will be slowed.
- 2) **Reduce Pest Control.** (\$5,000) Pest control for Capitol Complex will be placed on an "on call" status as compared to the current preventive maintenance schedule. Complaints will increase.
- 3) **Reduce Janitorial Specifications.** (\$22,468) Light fixtures on Capitol Complex will be cleaned less frequently and interior windows will not be cleaned. Employees' complaints/dissatisfaction will increase.
- 4) **Eliminate Equipment Request, Director's Office.** (\$11,609) Four 286 machines will not be replaced with 386 machines making it unlikely that the department will be able to migrate to new release of Zip-Mail ((Zip-Office)).
- 5) **Eliminate Position 03505.** (\$66,311) Painting staff will decrease from four to three FTE for Capitol Complex. Increased delays in meeting agencies' painting requests will result.
- 6) **Reduce Position 00010, Director's Office.** (\$13,741) This reduction will result in a staffing pattern similar to the 92/93 biennium. Should this position turn over, recruitment for replacement will be difficult because department will be unable to offer full-time employment.
- 7) **Reduce Position 00002, Director's Office.** (\$12,388) This reduction will result in a staffing pattern similar to the 92/93 biennium. Should this position turn over, recruitment for replacement will be difficult because department will be unable to offer full-time employment.
- 8) **Eliminate Position 04005.** (\$58,494) Elimination of this purchasing agent position would result in increased delegation of purchasing responsibilities to other agencies. FTE increase and/or upgrades in other agencies would occur. Statewide savings are reduced because our ability to combine agencies' purchases to achieve lower unit costs is jeopardized. Litigation may increase. Small agencies are hurt. Vendors would find it more difficult to do business with the state.
- 9) **Eliminate Remaining 1/2 FTE, Position 12015.** (\$35,439) Management Support Bureau would be unable to provide accounting services to general funded divisions and budget assistance to non-general funded programs. Critical quarterly budget analysis would be seriously jeopardized.

EXHIBIT 8
DATE 1/28/93
~~HB~~

The Motor Vehicle Division is requesting that the following adjustments be made to the LFA current level differences as presented in the Department of Justice, Motor Vehicle Division 1994/1995 Biennium Budget.

MAINTENANCE CONTRACT FOR EQUIPMENT

	Exec Over Fiscal 1994	(Under) LFA Fiscal 1995
LFA	(28,400)	(28,400)
Request reinstatement:		
Server for Deer Lodge System	10,000	10,000
Field Operations Equipment	<u>3,552</u>	<u>3,552</u>
Total	13,552	13,552
Difference between LFA and Division Request	(14,848)	(14,848)

Maintenance in the amount of \$10,000 is requested to support the server budgeted for the Department of Justice, Motor Vehicle Division, Title and Registration Bureau and in the amount of \$3,552 as stated in the contract (#145655, Dated 12/10/92) with IBM for the purchase of computer systems for the Department of Justice, Motor Vehicle Division, Field Operations Bureau. The 17 computer systems installed under this contract are for driver licensing purposes and should not be connected with the county automation program.

4110 12 00000	Motor Vehicle Division					EXHIBIT 9		
DEPARTMENT OF JUSTICE						DATE 1/28/93		
Program Summary								
	Current Level	Current Level	Executive	LFA	Difference	HB Executive	LFA	Difference
Budget Item	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1994	Fiscal 1994	Fiscal 1995	Fiscal 1995	Fiscal 1995
FTE	183.25	179.25	172.25	172.25	0.00	166.25	172.25	(6.00)
Personal Services	3,299,406	3,947,042	4,203,345	4,203,171	174	4,087,036	4,214,949	(127,913)
Operating Expenses	1,755,461	1,636,374	2,010,031	1,967,555	42,476	2,015,138	1,974,635	40,503
Equipment	181,605	63,535	141,678	101,009	40,669	131,963	101,074	30,889
Debt Service	16,639	0	146,188	134,188	12,000	146,188	134,188	12,000
Total Costs	\$5,253,112	\$5,646,951	\$6,501,242	\$6,405,923	\$95,319	\$6,380,325	\$6,424,846	(\$44,521)
Fund Sources								
General Fund	5,080,576	5,500,429	6,486,742	6,405,923	80,819	6,367,825	6,424,846	(57,021)
State Revenue Fund	122,454	93,435	0	0	0	0	0	0
Federal Revenue Fund	50,082	53,087	14,500	0	14,500	12,500	0	12,500
Total Funds	\$5,253,112	\$5,646,951	\$6,501,242	\$6,405,923	\$95,319	\$6,380,325	\$6,424,846	(\$44,521)

Page References

LFA Budget Analysis (Vol. I), A 100-101
 Stephens Executive Budget, A45-46

Current Level Differences

ELIMINATION OF FTE—The Executive Budget eliminated 11.0 FTE as part of the 5 percent personal services reduction required in section 13, House Bill 2. The LFA current level eliminated the same 11.0 FTE as permanent savings attained from the automation of the vehicle registration system. When automation is fully implemented, there is a potential for the elimination of up to an additional 19.0 FTE. In addition to the 11.0 FTE, the Executive Budget eliminated 6.0 FTE in fiscal 1995 in anticipation of added savings when automation of the vehicle titling function in Deer Lodge is completed. See the issue discussion on LFA Vol. I, page A 93-94.	0	(128,076)
MAINTENANCE CONTRACT FOR EQUIPMENT—The Executive Budget reduced the budget for maintenance contracts on the new equipment purchased on an installment basis for the registration automation project. The installment contract has a maintenance contract included.	(28,400)	(28,400)
ONE-TIME EXPENSE—The Executive Budget removed the costs of telephone installation and change orders in fiscal 1992 as a one-time expense.	(6,111)	(6,111)
MICROFICHE RECORDS—The Executive Budget includes funding to produce microfiche records for state and local agencies on a quarterly basis. The LFA current level only includes funding for producing the records on an annual basis, as was done in fiscal 1992.	6,982	6,982
COMPUTER RIBBONS FOR COUNTIES—The Executive Budget provides funding for supplying computer printer ribbons to the 56 counties. The ribbons are for the computers used to print vehicle registration receipts and other vehicle registration system reports. The LFA current level does not fund the increase, allowing the option for the counties to provide the ribbons.	13,003	13,003
DRIVER EXAMINER UNIFORMS—The Executive Budget provides increased funding for a \$250 uniform allowance for Driver Services Specialists to purchase uniform blazers required by department policy. The LFA current level does not include the increase.	8,340	8,340
ANNUALIZATION OF OPERATING COSTS—The Executive Budget included increases in operating expenses due to increased costs of the registration automation project and short staffing in fiscal 1992. LFA current level provided only limited increases on the premise that cost savings and FTE reductions from automation should reduce costs. The amount of the increases in the Executive Budget exceeds the cost of the automation project anticipated by the 1991 legislature. Increases in the Executive Budget include training for county employees, travel costs for training sessions and attendance and support of meetings of the County Motor Vehicle Computer Committee and the County Motor Vehicle User Advisory Group.	37,499	35,144
FEDERAL GRANT, PROBLEM DRIVER—The Executive Budget includes federal funding for a new grant for the Problem Driver Point System in the Motor Vehicle Division. Since this is a new program, it is not included in LFA current level.	12,500	14,500

EQUIPMENT—The Executive Budget includes funding for equipment at a level much higher than an average year, including funding for an upgrade to the registration automation computers installed in the 1993 biennium. The LFA current level provides for a lower budget for the priority purchase of equipment, particularly in consideration of the large expenditure for new equipment in the 1993 biennium on an installment basis for the registration automation project.

DEBT SERVICE—The Executive Budget includes \$24,000 in debt service for the 1993 biennium installment purchase of a network server for the Deer Lodge office. The LFA current level includes funding for the network server in the equipment budget.

INFLATION DIFFERENCES

MINOR DIFFERENCES (NET)

TOTAL CURRENT LEVEL DIFFERENCES

VACANT POSITIONS—The Joint Committee on Appropriations and Finance and Claims recommended the elimination of 10.0 FTE in 11 positions for this program that were vacant on December 11, 1992. The positions are 100 percent general fund at a biennial cost of \$452,500. The positions are shown on the attached position reduction listing.

Budget Modifications

ADP TRANSFER TO STATE MAINFRAME—The Executive Budget includes a budget modification to transfer the drivers' licensing and vehicle registration and titling computer databases to the state mainframe computer. The database is currently on the Department of Justice computer located in the National Guard armory in Helena. This modification would be funded by general fund. See LFA Vol. I, page A-91.

DIGITIZING RECORDS—This executive budget modification provides a reduced general fund cost resulting from the lease-purchase of data processing and imaging equipment for the vehicle registration and titling record-keeping function. The new system will replace an older microfilm process, resulting in reduced personal services and operating expenses, with ongoing cost savings of an estimated \$62,000 per year. See LFA Vol. I, page A-91.

HIGHWAYS SPECIAL REVENUE FUNDING SWITCH—The Executive Budget includes a budget modification to change the funding for the Motor Vehicle Division from 100 percent general fund to highways special revenue funding. This modification provides funding for the Executive Budget current level and also includes funding adjustments for the two budget modifications discussed above. For further discussion of the executive policy initiative, see the Stephens Executive Budget, page A53.

Note: The highways special revenue fund faces a severe shortfall that will require increased funding in order to continue current level funding for the highways construction program. The executive is recommending a fuel tax increase to provide increased revenue for the highways special revenue account. The funding switch from general fund to highways special revenue for the Motor Vehicle Division will require the equivalent of a 1.4 cent fuel tax increase. The highways user fees are restricted by the constitution for highways construction and enforcement of highway safety and driver education. For further discussion of the issues regarding the funding shortfall for the highways special revenue fund, see LFA Vol. I, pages A 123-129.

Language

None.

40,736 31,021

12,000 12,000

(1,404) (3,087)

174 163

95,319 (44,521)

(226,078) (226,421)

689,483 657,819

(3,500) (7,000)

(7,172,725) (7,018,644)
7,172,725 7,018,644

**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

GEN. GOV. & HWYS. SUBCOMMITTEE DATE 1/28/93
DEPARTMENT(S) Admin DIVISION _____

PLEASE PRINT

PLEASE PRINT

NAME	REPRESENTING	
Mike Trevor	DOA/ISD	
TONY HERBERT	" "	
Debra Fulton	DOA/SSD	
Sue Campbell	" "	
Connie Griffith	DOA / Actg & Mgmt Supp	
Cathy Reardon	MSB/DOA	
MARK CRESS	DOA, state personnel	
LOIS MENZIES	DEPT. OF ADMIN.	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.