

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 29, 1993, at 8:00 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: None

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: NONE
Executive Action: DEPARTMENT OF ADMINISTRATION

EXECUTIVE ACTION ON DEPARTMENT OF ADMINISTRATION

Tape No. 1:A:030

INFORMATION SERVICES DIVISION

Informational Testimony:

Mr. Jon Moe, Legislative Fiscal Analyst, reviewed the budget for the division. EXHIBIT 1. The omission by the LFA for upgrading the debt services computer does not mean the LFA opposes the upgrade, but rather it believes the issue should be brought to the attention of the subcommittee. He referred the subcommittee to page A191 of the LFA Budget Analysis.

Mr. Mike Trevor, Administrator, Information Services, distributed a list of issues for the division. EXHIBITS 2 and 3. The figures for "Telecom Add/Move/Change" should coincide with those

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on the LFA presentation.

Motion/Vote: SEN. LARRY TVEIT moved the LFA current level base.
THE MOTION CARRIED UNANIMOUSLY.

Informational Testimony:

Mr. Trevor stated that the mainframe will require upgrading.

Questions, Responses, and Discussion:

SEN. TVEIT asked what the results will be if the upgrade is not funded. Mr. Trevor responded that the division will be unable to transfer the motor vehicle function; the child support enforcement and welfare systems would not be able to run on the current system; and the system would quickly degrade.

BUDGET ITEMS LEGAL FEES/COURT COSTS AND AUDIT FEES, RENT, DEBT SERVICE(1):

Motion: SEN. HARRY FRITZ moved to accept the requests for these items.

Informational Testimony:

Mr. Trevor stated that debt service costs include a ten year lease participation certificate for a state telephone system. The lease will end after FY93.

Questions, Responses, and Discussion:

REP. JOE QUILICI asked if reductions in SRS will affect the usage of the mainframe. Mr. Trevor answered that it likely would not.

REP. MARJORIE FISHER asked if the workload would decrease since titles for boats, etc. are no longer being run on the system. Mr. Trevor answered that the workload would be reduced only minimally.

SEN. TVEIT asked why the division cannot purchase longer lasting equipment. Mr. Trevor responded that the equipment would be more expensive and would depreciate before it could be used to capacity. The current system is more cost effective.

REP. FISHER inquired about the rental costs. Mr. Trevor explained that the division rents the training center from the Teacher's Retirement Division and this is not recognized by the LFA as standard rent.

REP. FISHER asked if the training center receives daily use. Mr. Trevor answered that the center is heavily booked and is used in tandem with the high schools for some courses.

Vote: THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM METNET:**Informational Testimony:**

Mr. Moe stated that the item is not included in current level because it was approved in a dog and cat bill in the last legislative session.

Mr. Trevor stated that the reason the item was not included in current level is due to the way it was created and not its lack of importance. Funding for operation of the program was provided in HB 30. Growth in the system is subject to HB 11. Considerable investment in the distance learning project has been made. The operation is funded through fees. An FTE is necessary to operate the current system.

Questions, Responses, and Discussion:

REP. QUILICI asked if the funding request is for expansion of the program. Mr. Trevor answered that the funding is for operation of the current system and of any expansion.

REP. QUILICI asked if additional funds will be necessary in the event HB 11 passes. Mr. Trevor stated that the division has not asked for additional funds based on this bill. However, rapid growth of the system could create problems and HB 11 contains language which allows the division to add to its proprietary capability.

Mr. Gengler, Office of Budget and Program Planning, stated that the FTE in question has already been hired and is in place to run the current system in which the state has already invested heavily.

Motion/Vote: REP. QUILICI moved to accept the request to maintain the METNET at its current level. **THE MOTION CARRIED UNANIMOUSLY.**

BUDGET ITEM VACANT POSITION:

Tape No. 1:B:112

Motion/Vote: REP. QUILICI moved to reinstate position #8523 which was hired and filled during the "snap-shot" reduction. **THE MOTION CARRIED UNANIMOUSLY.**

BUDGET ITEM BACK-UP NETWORK CONTROL CENTER-MODIFICATION:**Informational Testimony:**

Mr. Trevor explained that the Mitchell Building mainframe has a back-up system in Federal Way, Washington. At this point the state-wide systems served by the mainframe are not tied into this back-up system. The division would like to tie in the state-wide systems so that down time during a disaster will be minimized.

Questions, Responses, and Discussion:

CHAIRMAN MARY LOU PETERSON, asked if this is standard procedure. Mr. Trevor answered that it is, but that it is difficult for Montana because we are not located near any back-up systems.

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

BUDGET ITEM INTERACTIVE VOICE RESPONSE-MODIFICATION:**Discussion:**

REP. QUILICI stated that it is not likely that this request would pass the full committee.

REP. FISHER stated that she favors the plan for the Unemployment Program because it is paid for by its employers.

Mr. Gengler stated that, since agencies are facing reductions, this system will allow them to do more with less.

Mr. Trevor indicated that if the plan is passed by the subcommittee, he will try to see that it passes full committee. The system pays for itself in savings because there will be less FTEs required by the agencies.

Motion: REP. FISHER moved to fund the machine only and for the Unemployment program only.

Informational Testimony:

Mr. Tony Herbert, Information Services, stated that the intent of the system is to centralize so all agencies can gain access and utilize compatible equipment. The system would save \$35,000 each year for SRS alone. The system will pay for itself in four years.

Questions, Responses, and Discussion:

REP. FISHER asked if SRS can provide documentation saying they will reduce their budget by that amount. Mr. Herbert responded that he could not speak for the agency about how it would handle the savings.

REP. FISHER requested that action on the motion be postponed until she further researches the issue.

BUDGET ITEM ZIP-PLUS FOUR SOFTWARE:**Discussion:**

REP. QUILICI expressed concern that adding to the budget of this

division will force the subcommittee to further reduce budgets of other divisions.

Informational Testimony:

Ms. Debra Fulton, Administrator, General Services, stated that the software is necessary to be compatible with the U.S. Post Office and that it insures accuracy and efficiency of mailing. The bulk purchasing of the software is a great cost savings.

Mr. Trevor stated that although this creates cost for the division, it saves expense for other agencies.

Discussion:

CHAIRMAN PETERSON stated that the system is a way to capture Federal funds of agencies which have the funds to expend on the type of equipment in question.

Motion/Vote: SEN. FRITZ moved to accept the modification request. THE MOTION FAILED with all but SEN. FRITZ opposing.

BUDGET ITEM POSITION RESTORATION-5% REDUCTIONS:

Informational Testimony:

Mr. Trevor explained that position #8206 was replaced with #9313 because the division cannot further reduce the number of switch-board operators it currently has. A programmer analyst will be reduced instead and this position will no longer do work for Secretary of State and Department of State Lands. #8103 was replaced because half the position is vacant due to the individual attending college courses. The reduction proposed will decrease the division's ability to perform systems development work for individual agencies. Elimination of position #8617 will reduce assistance to agencies in running systems during the evening shift.

BUDGET ITEM POSITION RESTORATION-"SNAP-SHOT":

Tape No. 2:A:005

Informational Testimony:

Mr. Trevor stated that this position was filled because the division must manage contracts with vendors for other agencies. The workload for this is at its highest level.

BUDGET ITEM LANGUAGE-HB 99:

Informational Testimony:

Mr. Trevor distributed proposed language, EXHIBIT 4, and stated that passage of HB 99 will increase the workload of the division and will require three additional FTEs.

Motion/Vote: REP. QUILICI moved to accept the proposed language. THE MOTION CARRIED with SEN. TVEIT and REP. FISHER opposing.

GENERAL FUND ISSUES

Tape No. 2:A:275

Motion/Vote: REP. QUILICI moved to accept the package proposal of the agency. EXHIBIT 5 THE MOTION CARRIED UNANIMOUSLY.

Questions, Responses, and Discussion:

REP. FISHER clarified that this motion restores the .5 accountant FTE, EXHIBIT 5-Item h.

Informational Testimony:

Ms. Lois Menzies, Director, Department of Administration, distributed information explaining some general fund issues. EXHIBIT 6

Mr. Trevor stated that the Motor Vehicle transfer comprises 16% of the projected 30% deflation factor.

Mr. Schenck stated that the this proposal will be shown as a credit to Department of Administration, but that it will actually be reduced in Department of Justice.

ARCHITECTURE AND ENGINEERING DIVISION

Tape No. 2:A:1105

Informational Testimony:

Mr. Moe presented language that had previously been requested by the subcommittee. EXHIBIT 7

Discussion:

Mr. Tom O'Connell, Administrator, Architecture and Engineering, stated that the division has no objection to the proposed language.

Mr. Gengler suggested that the language include a statement that the transfer be less any existing cash in the state special revenue account, so cash would not continually build up in the account if there is an under-expenditure.

Mr. Moe stated that this addition is unnecessary because the appropriation in the state revenue account would control the amount spent. It is possible that the additional language would limit the amount that could be appropriated to the division.

Mr. Gengler stated that the language is suitable as it is, but that he wanted the OBPP position to be known.

Motion/Vote: REP. QUILICI moved to accept the proposed language. THE MOTION CARRIED unanimously with five members present.

BUDGET ITEM VACANT POSITION:

Tape No. 2:B:040

Informational Testimony:

Mr. O'Connell addressed the issue of the mechanical engineer position. The funding for this position comes from the cigarette tax; it does not affect the target or other agencies. The state facilities are in dire need of repair and maintenance. The program is twice as large as it has ever been. The position in question handles a majority of the workload for this program. History shows that non-funding of long-range building results in litigation. The elimination of this position eliminates the Engineering portion of the division. The expertise of the position has saved the state a considerable amount of money in the past.

Questions, Responses, and Discussion:

SEN. FRITZ asked how this position was caught in the "snap-shot". Mr. O'Connell answered that the individual had moved into the private sector and that the position was being advertised.

Motion/Vote: SEN. FRITZ moved to restore the position. THE MOTION CARRIED with SEN. GARY FORRESTER opposing.

GENERAL SERVICES DIVISION

Tape No. 2:B:195

BUDGET ITEM LANGUAGE:

Mr. Moe addressed the language issues of the division. EXHIBIT 8. He explained the necessary updates. (The updates have been made on the exhibit).

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

MAIL AND DISTRIBUTION

Tape No. 2:B:250

BUDGET ITEM LANGUAGE:

Informational Testimony:

EXHIBIT 9

Mr. Moe presented three options for proposed language within HB 2. 1.) Allow for 7% overhead until implementation of bar coding,

at which point the overhead would be changed to 20%; 2.) Leave the language as it is; 3.) Omit the language entirely to allow for complete flexibility.

Discussion:

REP. FISHER stated that competitive forces would allow for the language to be omitted.

Mr. David Ashley, Deputy Administrator, concurred with this decision.

Motion/Vote: REP. FISHER moved to eliminate the language. THE MOTION CARRIED UNANIMOUSLY.

MODIFICATIONS

Tape No. 2:B:355

Ms. Menzies distributed a list of issues the department wished to be reconsidered. EXHIBIT 10. Item #4 has already been passed through previous action. The division wishes to exclude item #5 from consideration.

BUDGET ITEM CMIA-FTE:

Motion/Vote: REP. FISHER moved to reinstate the .50 FTE for the CMIA. She stated that she does this reluctantly and is still researching the issue. THE MOTION CARRIED UNANIMOUSLY.

BUDGET ITEM MONTANA FUELING PROGRAM:

Discussion:

REP. QUILICI stated that the program itself is worthwhile, regardless of where it is placed.

Motion: REP. QUILICI moved to fund the program, but to exclude the FTEs.

Discussion:

REP. QUILICI said that he spoke to the Department of Transportation. He feels it is necessary to implement the program; it should be attempted under the Department of Administration, and, if problems result, rectify them at a later time.

Vote: THE MOTION CARRIED with SEN. FRITZ and SEN. TVEIT opposing.

Discussion:

REP. FISHER proposed that the program have contracts with several oil companies in order to promote competitive bidding.

BUDGET ITEM CONTINGENCY LANGUAGE-PAYROLL TRANSFER:

Informational Testimony:

Mr. Mark Cress, Department of Administration, expressed concern with the reduction proposed by the State Auditor.

Mr. Gengler referred the subcommittee to the Fiscal Note for HB 153.

PROCUREMENT AND PRINTING DIVISION

Tape No. 2:B:870

Mr. Marvin Eicholtz, Procurement and Printing, presented testimony for the division. **EXHIBIT 11.** He stated that the division receives its procured equipment free of charge. The division pays the freight costs and is then reimbursed for these costs by the local government ordering the equipment.

Motion/Vote: SEN. FRITZ moved to approve the excess property program at \$200,000 for each year of the biennium. **THE MOTION CARRIED UNANIMOUSLY.**

Announcements/Discussion:

Mr. Schenck distributed a packet of letters from agencies in response the requests made by the subcommittee. **EXHIBIT 12**

ADJOURNMENT

Adjournment: 11:30 AM

Mary Lou Peterson
REP. MARY LOU PETERSON, Chair

Elaine Benedict
ELAINE BENEDICT, Secretary

MLP/EB

HOUSE OF REPRESENTATIVES

Gen. Gov. & Hwys.

SUB-COMMITTEE

ROLL CALL

DATE

1/29/93

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		

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DEPARTMENT OF ADMINISTRATION

Information Services Division

Program Summary

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	118.14	118.14	114.14	116.64	(2.50)	114.14	116.64	(2.50)
Personal Services	4,104,242	4,201,656	4,434,536	4,512,584	(78,048)	4,445,504	4,523,829	(78,325)
Operating Expenses	8,519,046	8,727,321	9,924,326	9,819,674	104,652	10,346,083	10,258,257	87,826
Equipment	1,857,295	1,597,044	2,154,300	2,152,431	1,869	2,007,185	2,007,407	(222)
Capital Outlay	18,714	0	0	0	0	0	0	0
Debt Service	4,273,086	4,162,469	3,310,809	2,271,457	1,039,352	2,431,314	1,335,593	1,095,721
Total Costs	\$18,772,385	\$18,688,490	\$19,823,971	\$18,756,146	\$1,067,825	\$19,230,086	\$18,125,086	\$1,105,000
Fund Sources								
Proprietary Fund	18,772,385	18,688,490	19,823,971	18,756,146	1,067,825	19,230,086	18,125,086	1,105,000
Total Funds	\$18,772,385	\$18,688,490	\$19,823,971	\$18,756,146	\$1,067,825	\$19,230,086	\$18,125,086	\$1,105,000

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 that were funded by the 1991 legislature, including the "5% reduction" FTE (A decrease of 4.5 FTE for this program); 6.5 FTE were reported by the department, but two of those were removed from the LFA base for other reasons. The LFA current level excludes one additional FTE (related to RERS) which is in the executive current level.	(108,004)	(108,121)
LEGAL FEES & COURT COSTS—This fixed cost was mistakenly omitted from the LFA current level.	12,711	12,788
AUDIT FEES—The LFA current level is lower because it was based upon the request submitted initially by the agency. When the amount was corrected to the higher amount, the change did not get to the legislative budget system. The executive current level is the appropriate amount for this fixed cost item.	22,764	
TELEPHONE ADD/MOVE/CHANGE—The LFA current level uses the fiscal 1992 actual expenditures while the executive current level allows for 5% growth.	22,665	35,562
RENT (Non-DoA Building)—The LFA current level is lower because the amount was incorrectly coded in the base year and thereby omitted from the LFA current level in fiscal 1994 and fiscal 1995. The executive current level is the appropriate amount for this fixed cost item.	15,996	15,996
DEBT SERVICE (Central Computer Operations)—The LFA current level does not include amounts for upgrade of the host computer.	1,023,404	1,030,093
DEBT SERVICE (Telecommunications—Voice)—The LFA current level does not include amounts for digital switch upgrades to support MetNet and a voice mail upgrade.	15,948	65,628
METNET—The LFA current level does not include a continuation of this function. The appropriation (and 1.0 FTE) for fiscal 1992 was removed from the base as a one-time appropriation.	58,686	59,066
EMERGENCY 911—The LFA current level is lower because it adjusts the total budget to reflect the level of projected revenue.	5,598	4,449
MINOR DIFFERENCES	46,365	93,177
INFLATION DIFFERENCES	(48,308)	(103,638)
TOTAL CURRENT LEVEL DIFFERENCES	1,067,825	1,105,000

Budget Modifications

BACKUP NETWORK CONTROL CENTER —This budget modification adds \$250,000 in proprietary funds each year of the biennium to install a backup network control center in the Helena National Guard Armory. (Item #10 on page A-182 of the LFA Budget Analysis.)	250,000	250,000
INTERACTIVE VOICE RESPONSE —The Executive Budget includes 1.0 FTE and \$231,141 proprietary funds over the biennium to purchase equipment and implement interactive voice response (IVR) technology. (Item #11 on page A-183 of the LFA Budget Analysis.)	183,049	48,092
ZIP-PLUS-FOUR SOFTWARE —This budget modification adds \$123,000 proprietary funds over the biennium to purchase software that will enable agencies to modify existing computer programs to print addresses with nine digit zip codes. (Item #12 on page A-183 of the LFA Budget Analysis.)	103,000	20,000
RESTORE 5% FTE REDUCTIONS —The request is to restore 4.5 FTE and \$291,748 proprietary funds of positions removed to comply with section 13 of House Bill 2. (Item #13 on page A-183 of the LFA Budget Analysis.)	145,751	145,997

Language and Other Issues

ISSUE—Subsidies Among Computer and Telecommunications Services.
(LFA Budget Analysis A-188 to A-191)

ISSUE—Upgrade of State Mainframe Computer.
(LFA Budget Analysis A-191)

EXHIBIT 2
DATE 1/29/93
HB

ISD BUDGET ISSUES

CURRENT LEVEL

	FY94	FY95
DEBT SERVICE OMISSION	\$1,023,404	\$1,030,093
METNET POSITION	58,686	59,066
LEGAL AND AUDIT FEES	35,475	12,788
TELECOM SWITCH UPGRADES	15,948	65,628
TRAINING CENTER RENT	15,996	15,996
TELECOM ADD/MOVE/CHANGE	25,213	41,039

MODIFIED REQUESTS

BACK UP NETWORK CONTROL	\$250,000	\$250,000
INTERACTIVE VOICE RESPONSE	183,049	48,092
ZIP-PLUS FOUR SOFTWARE	103,000	20,000

POSITION RESTORATIONS-5% CUTS (4.5 OF 6.5)

8206 INFO SYSTEMS SPEC (1) (Replaces 9313)	\$26,688	\$26,732
8215 INFO SYSTEMS SPEC (.5) (Replaces 8103)	22,696	22,718
8225 INFO SYSTEMS SPEC (1)	37,590	37,716
8617 PROD CONTROL SPEC (1) (Replaces 8707)	31,296	31,338
9417 INFO SYS PLANNER (1)	31,347	31,380
TOTAL 5% CUTS	\$149,617	\$149,884

POSITION RESTORATION-SNAPSHOT (1 OF 2)

8523 INFO SYSTEMS SPEC (1) (Letter of Hire)	\$41,737	\$41,782
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HOUSE BILL 99 CONTINGENCY LANGUAGE

DEPARTMENT OF ADMINISTRATION
INFORMATION SERVICES DIVISION

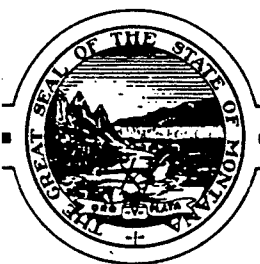
EXHIBIT 3

DATE 1/29/93

HBT

STAN STEPHENS, GOVERNOR

ROOM 221, MITCHELL BUILDING



STATE OF MONTANA

(406) 444-2700

HELENA, MONTANA 59620

November 24, 1992

RECEIVED

DEC 1 1992

Daniel Mossman
2011 Echo Drive
Billings, MT 59105

DEPT. OF ADMINISTRATION
INFORMATION SERVICES

Dear Dan:


I am pleased to offer you the position of Information Systems Specialist (position 08523) with the Office of Policy, Research and Development in the Information Services Division of the Department of Administration.

Position 08523 is classified as an Information Systems Specialist IV - Implementation, grade 16. Your starting salary is \$33,538 per year. As is the case with all new employees of the department, you will be in a probationary status for a period of 6 months.

If you accept this offer, please sign below and return a copy of this letter to me by December 14, 1992.

We look forward to working with you in your new capacity and hope that you will be available to begin work on December 14. We hope that you will enjoy your new position with the department. If you have any questions, contact the Personnel Officer, Barb Kain at (406) 444-4612, or me, (406) 444-2700.

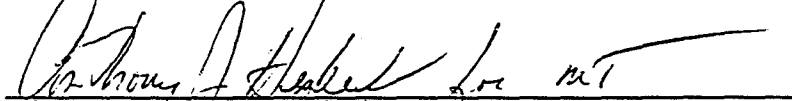
Sincerely:


Tony Herbert, Assistant Administrator
Office of Policy, Research and Development
Information Services Division
Room 221, Mitchell Building
Helena, MT 59620-0113

cc: Barb Kain, Personnel Officer

Daniel Mossman
November 24, 1992
Page 2

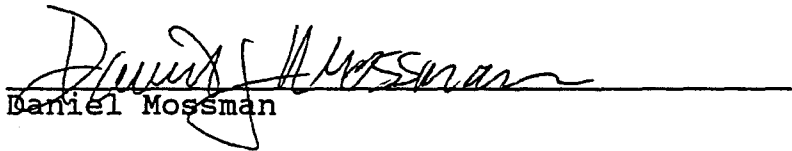
Offer of employment approved by:



Mike Trevor, Administrator

Acceptance of offer of employment

I accept the offer of employment with the conditions as noted above and will report to work on December 14, 1992.


Daniel Mossman

11/28/92
Date

Amendment to HB 2
General Government and Transportation Subcommittee

"Contingent upon passage and approval of HB 99, 1993 session, the following FTE and funds are appropriated to the Information Services Division of the Department of Administration."

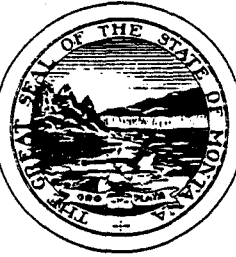
	<u>1994</u>	<u>1995</u>
FTE	3.0	3.0
Personal Services	\$100,800	\$100,800
Operating Expenses	15,000	15,000
Equipment	<u>15,000</u>	<u>0</u>
Total	\$130,800	\$130,800

EXHIBIT 4
DATE 1/29/93
HB

EX-7

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE

EXHIBIT 5
DATE 1/29/93
~~HB~~



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

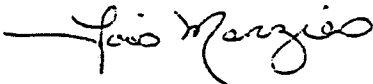
Total Reduction: \$616,423

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.

INFORMATION ON DEPARTMENT OF ADMINISTRATION'S
PROPOSED GENERAL FUND CUTS

Prepared by the Department of Administration
January 29, 1993

Description of Department of Justice

Motor Vehicle Modification

- Currently, DOJ is paying \$300,000 each year for motor vehicle computer processing.
- With implementation of the budget modification, DOJ will be paying \$989,483 for FY94 and \$957,819 for FY95.
 - > Of this amount, \$689,483 in FY94 and \$657,819 in FY95 is attributable to implementing the modification.
- By implementing this modification, DOA will reduce its processing rate for all agencies by 16%, in addition to the 14% reduction for FY94 and in addition to the 22% reduction for FY95.
 - > This 16% reduction amounts to about \$443,000 in general funds savings in FY94 and in FY95 for a total biennium savings of \$886,000.

Description of Department of Administration Proposal

- Under the DOA proposal, DOJ will pay a total of \$644,742 (i.e., \$300,000 + \$344,742) in FY94 for motor vehicle computer processing instead of \$989,483.
 - > This cuts the cost of the modification in half for a FY94 general funding savings of \$344,742.
- In FY95, DOJ will pay \$957,819, which includes the full amount provided for in the modification.

Questions and Answers

Q: What will happen to DOJ's computer processing costs next biennium?

A: DOJ must be budgeted for the full cost of processing services. This will be somewhat less than FY95 cost (i.e., \$987,819) because of anticipated rate reductions.

Q: Does implementing the modification result in a permanent reduction in processing costs for general fund agencies?

A: Yes. These rate reductions are permanent and will carry forward into future years.

Q: Will DOA be able to absorb the reduction in payments from DOJ without increasing processing rates for all agencies?

A: Yes. The reduction will result in a drawdown of DOA's cash balance by \$172,371 leaving cash operating balance at an acceptable level.

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Proposed language for A & E Program:

"The Department of Administration may transfer cash from the capital projects fund to the state special revenue fund to fund the appropriation in line xx. The transfer may not exceed the state special revenue fund appropriation for the Architecture and Engineering Division included in the General Appropriations Act and the state pay plan."

DATE 1/29/93

FB

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, 1995, 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 1994 and \$58,801 in fiscal 1995 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

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6101 13 00000
DEPARTMENT OF ADMINISTRATION
Program Summary

Mail & Distribution Bureau

EXHIBIT

DATE

1/29/95

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.

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DEPARTMENT OF ADMINISTRATION
FY94-95 BIENNIUM
BUDGET MODIFICATIONS ON WHICH NO ACTION HAS BEEN TAKEN

	<u>FY94</u>	<u>FY95</u>
<u>Accounting/MSB Division (Page 3)</u>		
CMIA (.50 FTE) (Federal Fund)	\$ 30,057	\$ 30,058
<u>Procurement and Printing Division (Page 5)</u>		
Excess Property Program	\$200,000	\$200,000
<u>Personnel Division</u>		
Contingency Language - Payroll Transfer		
<u>Public Employees' Retirement (Page 16)</u>		
Disability Claims Examiner (Pension Trust Fund)	\$ 39,001	\$ 34,591
RECONSIDERATIONS		
1) Employee Benefits Analyst (Page 13)	\$ 41,396	\$ 38,144
2) Montana Fueling Program (Page 5)	150,117	150,114
3) STAB Reappraisal Cycle - Page 15	147,400	34,947
4) Vacant Positions:		
Architecture & Engineering	39,691	39,734
General Services Division (Central Mail Program)	22,140	22,171
5) 5% Positions		

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PROCUREMENT & PRINTING DIVISION

Budget Modification

Excess Property Program FY 94 \$200,000 FY 95 \$200,000

The Procurement & Printing Division was appointed the statewide coordinator for implementing the Department of Defense's Excess Property Program for Drug Enforcement. This program provides for the direct transfer of Department of Defense excess property to counter drug activities through the statewide coordinator. The Property & Supply Bureau within this Division will be the contact and coordinator for cities, counties, state agencies and federal agencies involved in drug interdiction or educational programs.

This program allows for the State of Montana to have priority over all other agencies for this important activity. This program will provide property at great savings to DARE programs, police and sheriff departments, schools, the Department of Justice and The Montana State Prison. With all public agencies experiencing budget shortfalls, this program may make the difference between having a drug education and interdiction program and not having one at all.

The Division is currently waiting for final policies and procedures from the Department of Defense before screening property.

Attached are lists of property that have already been submitted to the Property & Supply Bureau and a listing of entities requesting the use of this program.

GENERAL EQUIPMENT NEEDS

1. RADIO BASE STATIONS
2. WALKIE-TALKIES
3. AIR COMPRESSOR FOR BREATHABLE AIR
4. JET OR RIVER BOATS
5. SCUBA EQUIPMENT (TANKS, REGULATORS, WET AND DRY SUITS, UNDERWATER LIGHTS, SURFACE LIGHTS)
6. NYLON ROPE (1/2 and 1/4 INCH)
7. RADIOS (MOBILE, PORTABLE, HIGH AND LOW BAND)
8. BODY ARMOR
9. LIGHT BARS
10. SIRENS
11. PAPER SHREDDER
12. RADIO TOWER (100')
13. COMPUTER EQUIPMENT
14. AUTOMATIC WEAPONS
15. MILITARY CLOCK
16. PORTABLE GENERATOR (110 AND 220)

HEAVY EQUIPMENT NEEDS

1. HELICOPTER
2. FIXED WING AIRCRAFT
3. 4X4 UTILITY VEHICLES
4. PATROL CARS
5. MINI VANS
6. OTHER VEHICLES (CARS FOR UNDERCOVER WORK)

WEAPONS & AMMO

1. " H & K", MP5, 9 mm -
5 Total
2. 12 Ga. Shotguns -
3 Total
3. .308 cal. ammunition -
2000 rounds
4. 9 mm ammunition -
10,000 rounds
5. .45 cal ammunition -
10,000 rounds
6. .223 cal ammunition -
2,000 rounds

GENERAL
EQUIPMENT NEEDS

1. High-top military boots - quantity & sizes:
1- size 9; 2- size 9 1/2; 2- size 10 1/2
2. Seven (7) large green vinyl duffle bags
3. Gray rip-stop BDUs - quantity & sizes:
Shirts: 4- med;reg, 3- lrg;reg, 2- lrg;long, 1- xlg;long
Pants: 5- med;reg, 4- lrg;reg, 1- lrg;long
4. Black BDUs -
Shirts: 4- med;reg, 2- lrg;reg, 1- lrg;long, 1- xlg;long
Pants: 3-med;reg, 4- lrg;reg, 2- lrg;long
5. Subdued Urban BDUs -
Shirts: 7- med;reg, 10- med;long, 5- lrg;reg, 5- lrg;long
Pants: 7- med;reg, 7- med;long, 10- lrg;reg, 3- lrg;long
6. Green camo BDUs -
Shirts: 7- med;reg, 10- med;long, 6- lrg;reg, 5- lrg;long
Pants: 7- med;reg, 7- med;long, 10- lrg;reg, 3- lrg;long
7. Desert camo BDUs -
Shirts: 7- med;reg, 10- med;long, 6- lrg;reg, 5- lrg;long
Pants: 7- med;reg, 7- med;long, 10- lrg;reg, 3- lrg;long
8. Snow (white) camo BDUs -
Shirts: 7- med;reg, 10- med;long, 6- lrg;reg, 5- lrg;long
Pants: 7- med;reg, 7- med;long, 10- lrg;reg, 3- lrg;long
9. Chemical protective suits (MOPP) -
5- med; 3- lrg; 2- xlg
10. Military poncos -
2- med; 5- lrg; 2- xlg
11. Cold weather sleeping bag -
15 Total
12. Olive green socks -
30 pair
13. Olive green, wool military sweaters -
2- med; 7- lrg; 3- xlg
14. Olive green, wool scarf -
15 Total
15. Olive green, wool ski masks -
20 Total

16. Green camo, wool fingerless gloves -
20 Pair
17. Long Underwear -
5- med; 9- lrg
18. Green cold-weather mittens -
20 pair
19. Any cold-weather gear including parkas, trousers, and gloves
20. Olive green T-shirts -
4- med; 12- lrg; 5- xlrgr
21. Grey T-shirts -
4- med; 12- lrg; 5- xlrgr
22. Nomex gloves -
1- sm; 4- med; 5- lrg; 2- xlrgr
23. Nomex flight jackets -
1- med; 5- lrg; 6- xlrgr
24. Any Nomex BDUs
25. Nomex balaclava -
4 Total
26. Any type of rainsuits or gear
27. Military belts, green or black -
1- sm; 3- med; 4- lrg
28. Tents - any size or shape
29. Sniper face veil -
5 Total
30. Canteens, black or green -
7 Total
31. Waterproof matches
32. Magnesium firestarter
33. Kevlar helmets -
10 Total
34. Special Ops holsters -
5 Total

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- 35. Compasses -
16 Total
- 36. Small, emergency strobes -
14 Total
- 37. "100 Mile-An-Hour" tape -
3 Rolls
- 38. Fanny packs -
14 Total
- 39. Military goggles -
14 Total
- 40. A.L.I.C.E. packs -
14 Total
- 41. Assault Vests -
14 Total
- 42. Wool blankets -
14 Total
- 43. Handcuffs -
5 Total
- 44. Binoculars -
16 Pair
- 45. Gas masks (MCU2P Air Force Mask) -
14 Total
- 46. Spotting scopes -
3 Total
- 47. Flexcuffs
- 48. Black metal belt clips -
50 Total
- 49. Chainsaw
- 50. Bolt cutters
- 51. Cold-weather boots
- 52. Periscopes -
2 Total
- 53. Survival knives -
16 Total

- 54. Cold-weather grip gloves -
14 Total
- 55. Camouflage paint
- 56. Signal mirrors -
14 Total
- 57. Tactical knife harness -
14 Total
- 58. Stun guns -
5 Total
- 59. Red Dot scopes -
6 Total
- 60. Rifle Drag Bags -
5 Total
- 61. Infrared binoculars -
3 Total
- 62. Night vision goggles -
4 Total
- 63. Cyalume light sticks -
50 Total
- 64. Black elbow pads
- 65. Black knee pads
- 66. Fire extinguishers -
3 Total
- 67. Soft form ear plugs -
50 Pair
- 68. Black leather gloves -
3- med; 7- lrg; 2- xlrgr
- 69. Canteen holders -
7 Total
- 70. Smoke grenades -
24 Total
- 71. Small first-aid kits -
20 Total

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- 72. Meals-Ready-To-Eat (MREs) -
4 Cases
- 73. MRE heater-
24 Total
- 74. Insect repellent-
20 Total
- 75. Space blankets -
14 Total
- 76. 1.5 volt alkaline batteries
- 77. Butane lighters
14 Total
- 78. Sunscreen -
14 Total
- 79. Portable generator
- 80. Range-finder scope -
2 Total
- 81. Hammocks -
14 Total
- 82. Survival Kits -
20 Total
- 83. Portable shower -
14 Total
- 84. Mess kit -
14 Total
- 85. Shovels -
14 Total
- 86. Any heat-sensing items
- 87. Ghillie suits -
3- lrg; 2- xlrq
- 88. Increased listening devise
- 89. Searchlights
- 90. Crossbow -
2 Total

91. Any portable radios
92. Any portable phone systems
93. Any night vision items - Starlight scopes, etc.
94. Rappelling gear - ropes, carabiners, harnesses, deployment bags
95. Rubber raft
96. Det-cord
97. Movie projector
98. Any breaching items - explosives, battering rams, etc.
99. Ballistic shield

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1. *EUREKA POLICE DEPARTMENT
2. FERGUS COUNTY SHERIFF DEPARTMENT
3. TOOLE COUNTY SHERIFF DEPARTMENT
4. ANACONDA-DEER LODGE COUNTY
5. BAKER-CITY OF
6. BEAVERHEAD COUNTY
7. BELT-TOWN OF
8. BIG HORN COUNTY
9. BIG TIMBER-CITY OF
10. BELGRADE-CITY OF
11. BILLINGS-CITY OF
12. BLAINE COUNTY
13. BOULDER-TOWN OF
14. *BOZEMAN POLICE DEPARTMENT
15. *BRIDGER POLICE DEPARTMENT
16. *BROADWATER COUNTY SHERIFF
17. *BUTTE/SILVERBOW COUNTY
18. *CARBON COUNTY SHERIFF
19. CARTER COUNTY
20. CASCADE COUNTY
21. CASCADE, CITY OF
22. CHESTER, TOWN OF
23. CHOTEAU, TOWN OF
25. CIRCLE, TOWN OF
26. COLUMBUS FALLS, CITY OF
27. COLUMBUS, TOWN OF
28. CONRAD, CITY OF
29. CULBERTSON, TOWN OF
30. *CUSTER COUNTY SHERIFF DEPARTMENT
31. CUTBANK, CITY OF
32. DANIELS COUNTY
33. DAWSON COUNTY
34. DEER LODGE, CITY OF
35. DILLON, CITY OF
36. DRUMMOND, TOWN OF
37. DUTTON, TOWN OF
38. EKALAKA, TOWN OF
39. FAIRFIELD, TOWN OF
40. FAIRVIEW, CITY OF
41. FALLON COUNTY
42. FLATHEAD COUNTY
43. FORSYTH, CITY OF
44. FORT BENTON, CITY OF
45. FORT PECK, TOWN OF
46. FROMBERG, TOWN OF
47. GALLATIN COUNTY
48. GERALDINE, TOWN OF
49. GLACIER COUNTY
50. GLASGOW, CITY OF
51. GLENDIVE, CITY OF
52. GOLDEN VALLEY COUNTY
53. GRANITE COUNTY
54. GREAT FALLS, CITY OF
55. HAMILTON, CITY OF
56. HARLEM, CITY OF

57. HARLOWTOWN, CITY OF
58. HAVRE, CITY OF
59. HELENA, CITY OF
60. HILL COUNTY
61. *HOT SPRINGS POLICE DEPARTMENT
62. HYSHAM, TOWN OF
63. ISMAY, CITY OF
64. JEFFERSON COUNTY
65. JOLIET, CITY OF
66. JUDITH BASIN COUNTY
67. KALISPELL, CITY OF
68. KEVIN, CITY OF
69. LAKE COUNTY
70. *LEWIS AND CLARK COUNTY SHERIFF
71. LEWISTOWN, CITY OF
72. LIBBY, CITY OF
73. LIBERTY COUNTY
74. LIMA, CITY OF
75. LINCOLN COUNTY
76. LIVINGSTON, CITY OF
77. MADISON COUNTY
78. MANHATTAN, TOWN OF
79. MCCONE COUNTY
80. MEAGHER COUNTY
81. MILES CITY, CITY OF
82. MINERAL COUNTY
83. MISSOULA COUNTY
84. MISSOULA, CITY OF
85. MUSSELSHELL COUNTY
86. NASHUA, TOWN OF
87. *PARK COUNTY SHERIFF
88. PETROLEUM COUNTY
89. PHILIPSBURG, TOWN OF
90. PINESDALE, CITY OF
92. PLENTYWOOD, CITY OF
93. POLSON, CITY OF
94. PONDERA COUNTY
95. POPLAR, CITY OF
96. POWDER RIVER COUNTY
97. POWELL COUNTY
98. PRAIRIE COUNTY
99. RAVALLI COUNTY
100. RED LODGE, CITY OF
101. *RICHLAND COUNTY SHERIFF
102. ROOSEVELT COUNTY
103. SACO, TOWN OF
104. SANDERS COUNTY
105. SCOBAY, CITY OF
106. SHELBY, CITY OF
107. SHERIDAN COUNTY
108. SHERIDAN, TOWN OF
109. SIDNEY, CITY OF
110. STANFORD, TOWN OF
111. STEVENSVILLE, TOWN OF
112. *STILLWATER COUNTY SHERIFF

EXHIBIT 11
DATE 1/29/93
~~#B~~

- 113. SUNBURST, TOWN OF
- 114. SUPERIOR, TOWN OF
- 115. SWEET GRASS COUNTY
- 116. TERRY, TOWN OF
- 117. TETON COUNTY
- 118. THOMPSON FALLS, CITY OF
- 119. THREE FORKS, CITY OF
- 120. TOWNSEND, CITY OF
- 121. TREASURE COUNTY
- 122. TWIN BRIDGES, TOWN OF
- 123. VALLEY COUNTY
- 124. WALKERVILLE, TOWN OF
- 125. WEST YELLOWSTONE, TOWN OF
- 126. WHEATLAND COUNTY
- 127. WHITE SULPHUR SPRINGS, CITY OF
- 128. WHITEFISH, CITY OF
- 129. WIBAUX COUNTY
- 130. WIBAUX, TOWN OF
- 131. WINNETT, TOWN OF
- 132. WOLF POINT, CITY OF
- 133. YELLOWSTONE COUNTY
- 134. *PINESDALE POLICE
- 135. *TOOLE COUNTY SHERIFF
- 136. *CHOUTEAU COUNTY SHERIFF
- 137. ALCOLHOL & DRUG SVC/GALLATIN COUNTY
- 138. FERGUS COUNTY

EXHIBIT

11

DATE

1/29/93

~~HB~~

*ENTITIES THAT HAVE ITEMS ON THE WANT LIST

**GENERAL GOVERNMENT AND TRANSPORTATION
GENERAL FUND EXPENDITURE TARGET RESPONSES
1995 BIENNIUM**

The responses to Dave Lewis' letter requesting prioritization of agency services and to Representative Peterson's letter requesting identification of spending reductions to meet target levels are attached. Agency responses to the Lewis letter are marked with an "L" on the first page and responses to the Peterson letter are marked with a "P". The agency responses are in the order shown below.

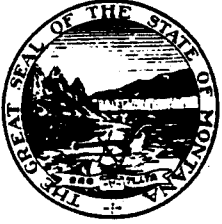
#	Agency	Lewis Response	Target Reductions Response
1101	Legislative Auditor	No Response	Received
1102	Legislative Fiscal Analyst	Received	Received
1104	Legislative Council	Received	Received
1111	Environmental Quality Council	None*	Received
2110	Judiciary	Received	Received
3101	Governor's Office	Received	Received
3201	Secretary of State's Office	Received	Received
3202	Comm. of Political Practices	Received	N/A**
3401	State Auditor's Office	Received	Received
4107	Crime Control Division	Received	Received
4108	Highway Traffic Safety	Received	Received
4110	Department of Justice	None*	Received
5401	Department of Transportation	Received	N/A**
5801	Department of Revenue	Received	None (1)
6101	Department of Administration	Received	Received
6701	Department of Military Affairs	Received	Partial (2)

* Lewis Response covered in Target Reductions Response

** Agency was not assessed any target reductions

(1) Granted extension until 2/4/93.

(2) Received Target Reductions; Additional 5% recommendations to follow.



LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

STATE OF MONTANA
Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

EXHIBIT 12
DATE 1/29/93
HB

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit
JAMES GILLET
Financial-Compliance Audit
JIM PELLEGRINI
Performance Audit

January 27, 1993

Representative Mary Lou Peterson
Chair, Joint Appropriations Subcommittee
on General Government
State Capitol
Helena, MT 59620

Dear Representative Peterson:

As requested, I have identified and included in Attachment A additional cuts in the budget of the Office of the Legislative Auditor. The cuts represent an additional \$19,875 in FY 1994 and \$13,060 in FY 1995. These cuts are over and above the \$231,237 in current level reductions (Cobb 5% cuts) already submitted to and approved by the Legislative Audit Committee and subsequently approved by your subcommittee.

Before discussing the additional cuts, I believe there is a gross inequity concerning the Legislative Auditor's budget which should be addressed by the subcommittee. The legislature enacted a state pay plan in Chapter 720, Laws of 1991. This act appropriated money to the various state agencies to fund the plan. As everyone now agrees in retrospect, through an oversight in the waning minutes of the session the Legislative Auditor's office was underfunded \$199,342 for the pay plan costs. We have had to make up this shortfall during the current biennium from leave without pay, vacancy savings and cuts in other budget areas. The proposed cuts for the 1994-95 biennium are based on FY 1992 levels. The effect on this office is to compound the pay plan underfunding problem into the next biennium as that amount is not in the base. I request the subcommittee treat the Office of the Legislative Auditor the same as other state agencies. In order to do this and provide a comparable base, credit for the pay plan underfunding should be added to the 1992 base for purposes of computing the 1994-95 biennium budget as shown on Attachment B. This will ensure that the pay plan underfunding oversight in 1991 is not perpetuated during FY 1994 and again in FY 1995.

OPERATING EXPENSE CUTS. While most of the cuts are self explanatory, a few need to be addressed in terms of compliance with state law and possible workload impacts.

The FY 1994 and FY 1995 consultant cuts include reductions each year for "Computerized SBAS Transaction Analysis Update". We currently analyze state agency financial transactions using mainframe computer data which is then downloaded to microcomputers. Our system must be updated to do computer analysis of changes in expenditures and to identify high risk transactions for audit testing and scoping. The cut will mean that we must perform this work manually rather than by computer.

FY 1994 cuts also include the elimination of hiring a consultant to help us with the annual audit and claims reserve analysis of the Worker's Compensation Fund. With respect to the elimination of the claims reserves and actuarial review, section 39-71-2361, MCA, provides in part:

"The legislative auditor shall annually conduct or have conducted a financial and compliance audit of the state fund... The audit must include evaluations of the claims reservation process, the amounts reserved, and the current report of the state fund's actuary. The evaluations may be conducted by persons appointed under 5-13-305."

Elimination of the consultant funds will mean that the Legislative Auditor will not be in full compliance with state law during FY 1994, and the independent actuarial review of the State Fund will not be conducted to ensure the accuracy of the Fund's reserves.

Other cuts in the operating expense category are self explanatory and I am available to address them with the subcommittee. For the most part, the remainder of our operating expenses are at minimum levels and many are outside of our control. I have included a graph of our operating expenses-expenditures for the last 15 years. Please note that we have "held the line" and are actually well below the expenditure levels of the late 1970's and the early 1980's, and this is with no adjustment for inflation.

IMPACT ON WORKLOAD AND COMPLIANCE WITH FEDERAL LAWS. Any additional cuts will have a direct impact on office workload. Unlike some other agencies, I cannot simply say that I will not accomplish the work as it is required by federal and state law. And, I cannot suggest a change in state law to help minimize the workload impact for the following reasons.

Federal law in the Federal Single Audit Act of 1984 requires that the audits of state agencies be done on an annual basis. Our audits are done on a biennial basis because we qualify for an exemption in the federal law. The exemption provides that if the requirement for biennial audits was codified in state statutes prior to January 1, 1987, then we may apply for the exemption. No other exemptions to the annual audit requirement are allowed. Our biennial audit exemption was approved by our Federal Cognizant Audit liaison, after a review of the quality of our work and audit coverage, and due to the fact that the biennial requirements were in state statutes within the timeframe allowed. If state laws were to now change and require audits less frequently than on a biennial basis, federal laws require reversion to the original annual audit requirements. Our audit coverage and costs would have to increase substantially.

~~HB~~

On the other hand, if state laws remain the same and I do not accomplish the audits on a biennial basis, then the federal government will apply one of three sanctions to the state in accordance with OMB Circular A-128:

1. Withholding a portion of assistance payments until the audit is completed.
2. Withholding or disallowing overhead costs.
3. Suspending the federal assistance agreement until an audit is completed.

In other words, the federal government is saying to the states: if you accept federal money then the audits will be done in accordance with federal laws.

The bottom line is we are caught in the middle of federal mandates and the need for state budget cuts. No matter what happens in state law, and specifically with reductions in the budget of the Office of the Legislative Auditor, we have to accomplish the audits on a biennial basis, and within one year of the close of the fiscal year for the two prior state fiscal years. If we do not complete the audits the federal agencies penalize state agencies until the audits are done.

ANALYSIS OF STATE CONSTITUTION AND STATE LAWS. I have reviewed all of the state Constitutional and statutory references to audits of state agencies to determine if changes can be recommended. I find only one reference that could be changed that would have a material impact on our workload. Section 5-13-306, MCA, provides:

"Legislative auditor to assist legislature during sessions. During sessions of the legislature, the legislative auditor and his staff, when requested, shall assist the legislature, its committees, and its members by gathering and analyzing information relating to the fiscal affairs of state government."

Legislative request work to comply with this requirement is extensive and elimination would allow us to concentrate solely on audits of state agencies. However, the work in this area is significant in terms of providing the legislature with much needed support. Hours spent on legislative requests and special projects over the past 5 years are as follows:

1988	13,565
1989	13,722
1990	10,714
1991	14,953
1992	18,426

Examples this session include the Select Committees on Education and Workers Compensation. Based upon the legislative interest and the work performed, I do not recommend that you consider this section for repeal.

ADDITIONAL CUTS IN PERSONAL SERVICES. Your letter asks that I identify additional cuts. Any additional cuts must be in the personal services expenditure category. Our initial budget request included a reduction of 4 currently authorized FTE. Any further reduction in personal services will result in the need to lay off current staff by eliminating additional existing positions. This will result in a significant impact on the workload of the office which I have already discussed.

Your letter further requests that I avoid any reductions that will result in a loss of General Fund revenues. Again, I am caught in the middle of conflicting requests; one, of saving General Fund dollars, and two, of finding General Fund dollars. I can provide documentation that we contribute to saving a substantial amount of General Fund money over and above what we cost the General Fund. Our documented audit findings show that the savings are in the range of \$5 million to \$10 million annually to the General Fund. Further reductions in personal services will reduce potential savings to the General Fund.

The audit function of our office is a single program. We have internal segregation for administrative and control purposes. However, as all of these areas are an integrated part of the audit program there is no single "program" we can eliminate. Any further reductions in our budget means we would have to cut staff and eliminate audit work somewhere subject to the risks outlined above. If the subcommittee has any further questions I am available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott A. Seacat", with a long horizontal flourish extending to the right.

Scott A. Seacat
Legislative Auditor

SAS/k/aa9

Enclosures

GENERAL GOVERNMENT AND TRANSPORTATION
GENERAL FUND EXPENDITURE TARGETS
1995 BIENNIUM

	(A) Target- Current Level FY92 & FY93	(B) LFA Current Level FY94 & FY95	(C) -Difference- LFA C/L Dollar Cut	(D) Current Level Percent Cut	(E) Additional 5% Cuts	(F) Total To Ide
LFA Beginning Figures	\$2,405,934	\$2,598,280	\$192,346	7.99%	\$120,297	\$312,643
An oversight late in the 1991 regular session left the OLA with only partial funding for the market-based pay plan thereby reducing the FY92-93 personal services base and significantly impacting 1994-95 biennium current levels.						
	199,342					
Totals	\$2,605,276	\$2,598,280	0	0.00%	\$130,264	\$130,264

General Fund Cuts Identified:
Additional Operating Reductions (Attachment A)

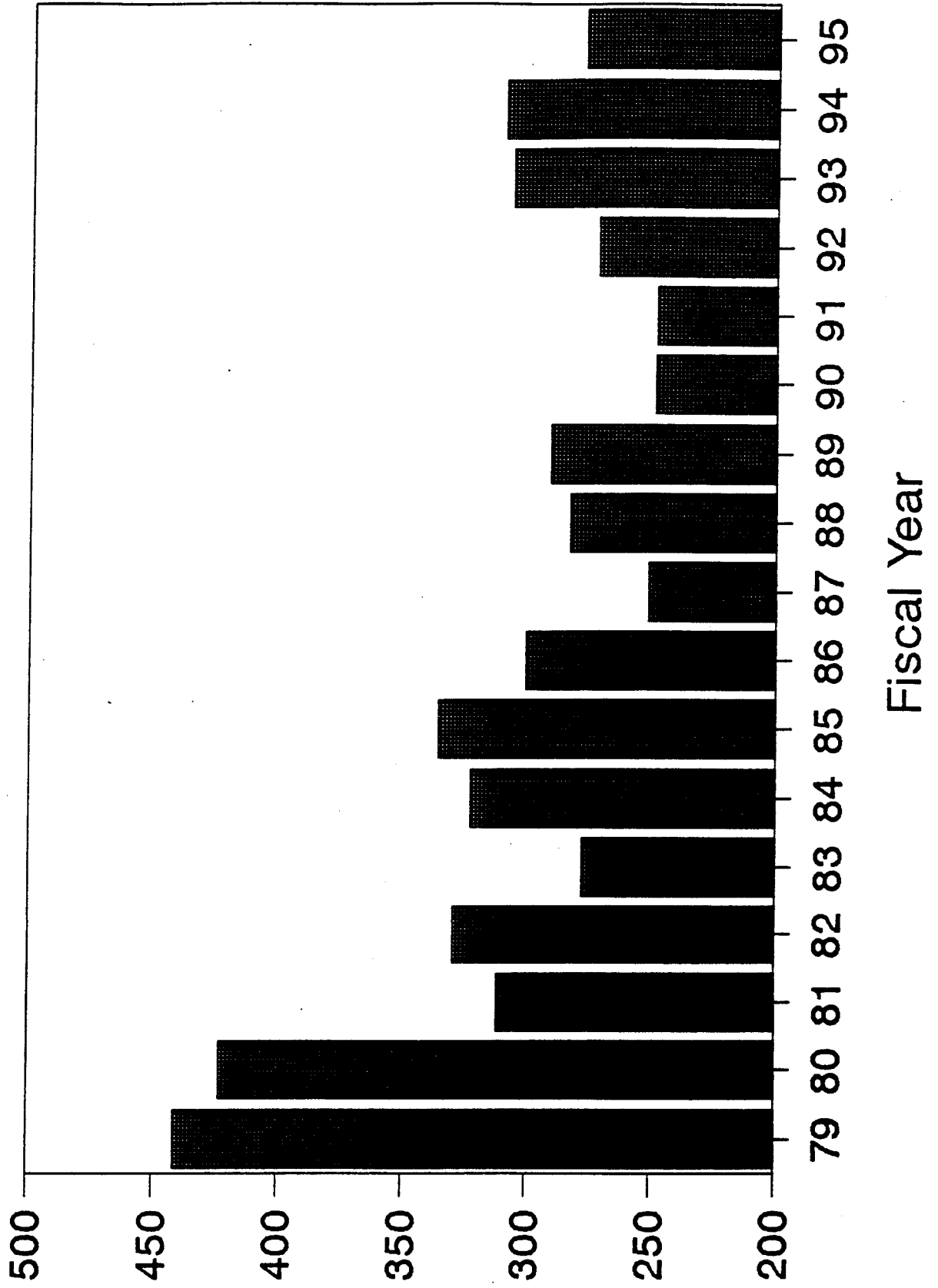
\$ 32,935

Legislative Auditor
Operating Plan, Fiscal 1994, 1995
January 25, 1993

3rd LEVEL EXPENDITURES: =====	FY94 Request Submitted to OBPP	Revised FY94 Operating Plan	FY95 Request Submitted to OBPP	Identified Reductions Genl Fund	Revised FY95 Operating Plan	Total Reductions in Current Level
Operating Expenses						
Contracted Services						
Consultants	54,400	44,765	26,000	(2,820)	23,180	(12,455)
Insurance & Bonds	9,136	9,136	11,623	0	11,623	0
Payroll Service Fees	1,760	1,760	1,769	0	1,769	0
Printing & Typesetting	16,448	15,743	16,602	(705)	15,897	(1,410)
CPA Audits	12,000	12,000	0	0	0	0
Secretarial Service	1,011	536	1,011	(475)	536	(950)
Data Processing	31,339	31,339	29,444	0	29,444	0
General	12,088	10,208	12,088	(1,880)	10,208	(3,760)
Supplies & Materials						
Office Supplies	14,816	14,816	14,839	0	14,839	0
Photo & Reproduction	575	575	593	0	593	0
Technical references	3,580	3,580	1,561	0	1,561	0
General	0	0	0	0	0	0
Communication						
Telephone	14,796	14,796	14,013	0	14,013	0
Messenger Service	1,058	1,058	1,056	0	1,056	0
Postage & Mailing	3,585	3,585	3,578	0	3,578	0
General	1,370	726	1,370	(644)	726	(1,288)
Travel						
In-State	70,701	70,701	72,424	0	72,424	0
Out-of-State	15,992	11,292	16,488	(4,700)	11,788	(9,400)
Rent	29,529	29,529	30,378	0	30,378	0
Repair & Maintenance	7,541	7,541	7,662	0	7,662	0
Fwp's grounds maint	1,975	1,975	1,991	0	1,991	0
Other Expenses						
Training Regis. Fees	16,478	16,478	16,478	0	16,478	0
Subscriptions	4,466	4,466	4,604	0	4,604	0
Recruiting	2,006	1,063	2,006	(943)	1,063	(1,886)
Freight & Express	1,783	1,360	1,783	(423)	1,360	(846)
General	1,253	783	1,253	(470)	783	(940)
Total Operating Expenses	329,686	309,811	290,614	(13,060)	277,554	(32,935)

Office of the Legislative Auditor
Operating Expenses FY 1979-FY 1995

EXHIBIT 12
DATE 1/29/93
~~HB~~





TERESA OLCOTT COHEA
LEGISLATIVE FISCAL ANALYST

STATE OF MONTANA
Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

EXHIBIT 12

DATE 1/29/93

45

January 25, 1993

Representative Mary Lou Peterson
Montana House of Representatives
Seat No. 11
Helena, MT 59601

Dear Representative Peterson:

In response to your January 21 memo, I am providing a prioritized list of general fund budget reductions for the 1995 biennium. Items #1 through #6 total \$52,602 (the difference between the 1995 and 1993 biennium current level). Items #7 through #9 total \$83,878, the additional 5% cuts requested in the memo. These items are prioritized in descending order: #1 would have the least adverse impact on our agency and #9 will have the most adverse impact.

Also attached is a list of the five duties assigned to this agency by statute. My committee has reviewed and prioritized these duties, as shown on the attachment. Since our agency is very small (16 FTE), we have only one program. The five statutory duties assigned to us all relate to the budget process and are all necessary (in my view) to assist the legislature in performing its constitutional responsibilities of adopting a balanced budget, ensuring strict accountability for state funds, and overseeing the operations of state government. Therefore, I have listed budget reductions that would change some of the ways these duties are performed, but would not eliminate any of the functions.

Table 1
Prioritized Budget Reductions, 1995 Biennium

<u>Items</u>	<u>Biennial General Fund Savings</u>
1) Consultant appropriation	\$18,700
2) Legislative request data processing	14,700
3) Reduce publication costs	
Budget Analysis (250 copies)	2,000
Approp Report (250 copies)	2,000
4) Reduce equipment	4,240
5) Staff	
Training	1,000
Travel	1,100
6) Reduce secretary to 0.8 FTE	<u>8,862</u>
Subtotal	<u>\$52,602</u>
7) Remainder of legislative request appropriation	\$4,000
8) One less committee meeting*	
Salaries	1,500
Travel expenses	2,600
9) Eliminate one analyst	<u>75,778</u>
Subtotal	<u>83,878</u>
Grand Total	\$136,480

*Requires statute change

#1-Consultant contingency (\$18,700)--The legislature has appropriated contingency funds for the last several biennia to allow the Legislative Finance Committee to hire consultants or legal counsel on issues that may confront the legislature or the committee during the interim. In most biennia, none of the contingency has been spent and the funds revert to the general fund. Eliminating this contingency appropriation would have no adverse impact on the agency, but would restrict the committee's ability to respond to important issues that arise unexpectedly.

#2-Legislative request contingency (\$14,700)--The 1991 legislature provided \$18,700 for computer costs associated with legislative requests. Data processing costs for computer runs on some data bases (income tax, pay plan, etc.) cost between \$50-\$1000 per run. The Legislative Finance Committee has adopted a policy to ensure this appropriation is allocated equally among the caucuses.

To date, we have spent none of the 1993 biennium appropriations. Computer runs requested during the two special sessions were funded within the current office appropriation and with "feed bill" funds. We anticipate that a significant portion of the current biennium's \$18,700 appropriation will be spent this session on tax simulations as various tax reform proposals are discussed.

Reducing the 1995 biennium appropriation by \$14,700 would leave \$1,000 for each caucus for computer runs during the 1995 session. Reducing the funds available for this purpose limits the legislature's ability to have independent analysis of the impact of proposed tax changes and pay plan proposals.

#3-Limit publications (\$4,000). By reducing the number of Budget Analysis and Appropriations Report printed from 400 to 250, we can save \$4,000 during the biennium. This would allow one set for each legislator, OBPP and LFA staff, and agency, leaving approximately 25 sets for the public and press. While this would not allow lobbyist, citizen groups, and the general public to receive a copy (as they do now), we could provide a loose-leaf set from which groups could make copies of the needed pages (at their own expense). Some interest groups may argue that this change will reduce their access to public documents.

#4-Reduce equipment (\$4,240). This would leave \$1,500 per year for replacement of computer monitors, calculators, and small office equipment. (The funds for replacement computer software and hardware are included within the Legislative Branch Automation Plan in the Legislative Council budget.) Since our budget for equipment replacement during the 1993 biennium was only \$2,500, office equipment is aging and subject to breakdown. An equipment budget of only \$1,500 per year in the 1995 biennium will be "tight".

#5-Reduce staff travel and training (\$2,100). Included in the budget request is \$4,000 for the biennium for staff to travel to state agencies outside Helena and \$2,100 for training. Reducing this amount by \$2,100 would allow fewer on-site visits during the budget analysis process and limit training to essential computer update classes for key data processing staff.

#6-Reduce secretary position by 0.2 FTE (\$8,862). In our 1995 biennium budget, we request elimination of a secretarial position (0.5 FTE in non-session years, 1.0 FTE in session years.) Through automation, we have been able to reduce our secretarial needs from 4.0 FTE in session years (3.0 FTE in non-session years) to 2.0 FTE. Further reducing the clerical support by 0.2 FTE would require analysts to perform tasks now performed by clerical staff and increase the workload of the remaining secretarial staff.

#7-Eliminate legislative request contingency (\$4,000). This would totally eliminate the line-item appropriation for computer costs associated with legislative requests. While we would be able to undertake a few of the less costly runs within the current level data processing budget, we would not be able to provide legislators with information on the impact of proposed tax changes or pay plans. As discussed above, reducing funds for this purpose limits the legislature's ability

to have independent analysis of the impact of proposed tax changes and other fiscal issues.

#8-One less committee meeting (\$4,100). Under current law, the Legislative Finance Committee has 90 days in which to review requested budget amendments and appropriation transfers. The 1995 biennium request includes funds for four meetings in fiscal 1994 (one every 90 days) and three meetings in fiscal 1995 (one every 90 days when the legislature is not in session). If sections 17-7-301, MCA, (appropriation transfers) and 17-7-404, MCA, (budget amendments) were amended to allow the committee a longer period to review these requests, it could meet less frequently. The impacts of this proposal include: 1) state agencies would be delayed in spending funds subject to budget amendment and appropriation transfer review; and 2) the committee would have fewer meetings in which to discuss other fiscal issues and committee business. Eliminating one meeting during the biennium would save \$1,500 in legislative salaries and \$2,600 in travel costs.

#9-Eliminate one analyst (\$75,778). Currently, the office has 14 professional staff (the director, two principal analysts, four senior analysts, and seven associate analysts). Our workload is driven by the legislative cycle. The peak workload is from October prior to the regular legislative session until late April when the session ends. During this seven-month period, the staff works an average 60-70 hour per week. For the 1991 regular session, the extra hours worked totaled 7,539--the equivalent of 3.62 FTE. During the "off-season", staff are encouraged to use the compensatory time earned during this period, but most staff aren't able to use the full balance due to the ongoing responsibilities of the office to prepare interim reports, review budget amendments, and maintain office computer systems, etc. Eliminating one analyst would require a cutback in analysis prior to the session and reduced services to subcommittees during the session, since existing staff could not be asked to work an additional 1,751 hours during the seven-month budget analysis/session period to offset the elimination of an analyst.

I hope this information is useful. Please call if I can provide anything further.

Sincerely,

Teresa Olcott Cohea
Legislative Fiscal Analyst

TOC3J:mb:RP1-23.ltr

Enclosures

cc: Legislative Finance Committee members

OFFICE OF THE LEGISLATIVE FISCAL ANALYST

Mission

To provide the legislature with information and fiscal analyses it needs to perform its constitutional duties of adopting a balanced budget, ensuring strict accountability for state funds, and overseeing the operations of state government.

Office of the Legislative Fiscal Analyst

Statutory authority

5-12-302, MCA General duties of office
5-18-107, MCA Assistance to Revenue Oversight Committee
17-7-301 and 17-7-404, MCA Supplemental and budget
amendment review

Goals and objectives

1. Assist the legislature in budget process (1-MT)

--prepare a current level budget and analyze the executive budget prior to each regular and special legislative session

--provide staff assistance to legislature during the appropriation process

--maintain historical records of legislative appropriation action

During the 1993 biennium, we prepared four volumes of budget analyses prior to the 1991 regular session and two special sessions, extensive working budget documents during the sessions, and five volumes of appropriation reports after these sessions.

2. Estimate revenue from existing and proposed taxes (1-MT)

--provide data and recommendations concerning revenue estimates to Revenue Oversight Committee prior to each legislative session, in compliance with section 5-18-107, MCA

--provide staff assistance in the revenue estimating process during legislative sessions

--monitor and report on revenue collections throughout the biennium

During the 1993 biennium, the legislative revenue estimates, as adopted during the 1991 regular session, were revised twice. LFA staff monitored revenues monthly and assisted the legislature in the revision process.

3. Provide for the fiscal analysis of state government and make reports as requested by the legislative finance committee and the legislature (1-MT)

--prepare reports on important fiscal issues, enabling legislators to review and formulate legislative policy

During fiscal 1992, we prepared over 40 such reports, which were widely distributed to legislators, state agencies, and the public.

4. Assist legislative committees and individual legislators in compiling and analyzing financial information (2-MT)

--provide assistance to legislative committee as assigned by law. During the current biennium, we provided assistance to the Legislative Finance Committee, Revenue Oversight Committee, Joint Postsecondary Education Committee, and the Computer Technology subcommittee.

--answer legislative requests for information on state fiscal issues. In fiscal 1992, we responded to 228 such requests.

5. Review requested budget amendments and supplemental appropriations for compliance with statutory criteria (2-MT).

--In fiscal 1992, we analyzed 251 budget amendments and 17 supplemental appropriation transfers and reported our conclusions to the Legislative Finance Committee for its review.

Notes:#1 indicates highest priority

#2 indicates lower priority

MT indicates all the listed tasks are established under Montana law

TOC3I:lt:HB8.rpt

EXH.BIT 1A
DATE 1/29/93
HB

P



House Members
RED MENAHAN
CHAIRMAN
JAN BROWN
MARY LOU PETERSON
JIM RICE

Montana Legislative Council

Office of the Executive Director

Room 138 • State Capitol
Helena, Montana 59620-1706
(406) 444-3064
FAX (406) 444-3036

January 27, 1993

TO: General Government and Transportation Subcommittee on Appropriations

FROM: Robert B. Person, Executive Director *Bob*

RE: Proposed spending cuts

This memo responds to Representative Mary Lou Peterson's memo of January 21, 1993 on the same subject.

Rep. Peterson encouraged use of data developed in response to Mr. Lewis's memo of January 12 in preparing this response. I refer you to the section "General Comments" in the report I submitted to you dated January 20, 1993, which responded to Mr. Lewis's memo (extract attached). The cuts discussed in this memo follow the principal of preserving capital as discussed in the attachment. Tacit priority is given to the Operations Program over the Interim Studies and Conferences Program based on that principle. The atypicality of the LFA current level is ignored.

If it is the case that cuts of the size established by the targets are necessary, the cuts proposed here meet the necessity. I do not recommend these cuts except in relation to alternatives of equivalent size.

Proposed reductions.

1. Reduction to LFA Current Level (Biennium)

A. Target: \$1,140,968; total proposal: \$1,143,000

B. Proposals:

(1) Remove branch network appropriation proposal to a modification proposal and consider it separately on its own merits. \$607,000.

[Consequences: Since the branch network proposal represents a change in the

manner of funding the network costs of the 5 legislative agencies in the Capitol against which there is no base, the proposed change puts the balance of the Council budget on equal footing with other budgets. We have proposed a thorough discussion by the subcommittee of the consequences of failure to approve a major portion of this budget. Ms. Cohea is producing an analysis of the proposal, which will be available to assist in evaluating consequences.]

- (2) Eliminate Interim Studies and Conferences Program appropriations for everything but CSG and NCSL dues. \$441,000.

[Consequences: Legislators would no longer receive state support for participation in interim activities such as interstate cooperation, interim studies, and the like. Participation in such activities would be voluntary and at the expense of legislators. Appointees to the National Conference of Commissioners on Uniform State Laws would not be reimbursed for their travel expenses. Dues would not be paid to the Pacific Northwest Economic Region or the National Conference of Commissioners on Uniform State Laws. No laws need be amended unless permanent realignment of responsibilities is desired. Staff analysis of state policy issues and similar assignments could continue under the general guidance of the Legislative Council with information provided by mail to members appointed to committees. If legislators and others are authorized to pursue interim activities, technically an amendment should be made to the statute entitling them to salary and expenses.]

- (3) Operational reductions in the Council operations program. \$95,100.

[Consequences: Elimination of the Law School drafting program would increase the bill drafting load on bill drafters by the equivalent of approximately 1 drafter, which would increase overtime worked and slow bill drafting production. Payments for proprietary program maintenance would be reduced resulting in the probable elimination of Council geographical analysis capability. Training for staff involving travel or registration fees is eliminated. Library acquisitions are limited. Supplies purchases are reduced. No laws need be amended.]

2. Additional 5% reduction (Biennium)

A. Target: \$190,358; total proposal: \$224,558

B. Proposal

Eliminate CSG and NCSL dues. \$224,558

[Consequences: Montana would remove itself from eligibility for support services provided by these organizations. Their support services are a significant adjunct to staff information services for legislators. The Legislative Council is obligated by law to carry forward Montana participation in the Council of State Governments and has participated in other funded interstate activities under the same law. Removal of this budget compromises the ability of the Council to fulfill its obligations. An intent to permanently alter this requirement demands amendment or repeal of 5-11-301 and 5-11-302, MCA.]

Excerpt

Prioritized List of General Fund Spending

Legislative Council general fund base for the chosen year atypical. The notion that current level amounts might be used to set appropriation levels for the 1995 biennium is a formula for major limitations in agency capability. The general fund base as shown in LFA current level is \$181,000 lower than would be true if it represented the amount that should have been general fund spending that year. The fiscal year 1994 budget understates general fund by \$88,000. The reason for this is rooted in the fact that the Legislative Council combined a purely special revenue funded "program" with a general funded program at the beginning of the current biennium. Special revenue historically had been over appropriated to assure there was enough money to pay for the cost of printing Montana Code Annotated products. Since sales prices of Montana Code Annotated products were set to cover costs, the appropriation really had no meaning so long as it was high enough. When the programs were combined, however, section 17-2-108, MCA, forced the expenditure of the entire special revenue appropriation in fiscal year 1993, which reduced corresponding general fund spending. This resulted in a shortage of special revenue in fiscal 1994, which will force spending to be much lower than the amount appropriated (approximately \$175,000). Appropriate adjustments were made in the budget submitted for the 1995 biennium, which can be ignored only at the peril of reducing program performance levels far below what nominal target goals otherwise would be.

Priorities not established across programs. The Legislative Council has not established priorities between its two programs. Since essential support for Interim Studies and Conferences is supplied by Council Operations, Council Operations must maintain significant capability if Interim Studies and Conferences is to operate.

Priority in budget reduction should be to preserve investments. Over the years, the Legislative Council has invested in developing and maintaining a base of knowledge in its employees and a base of tools used by those employees to provide services to the legislature and the public. These investments should be preserved. Budget reductions should be made in low priority areas of the operations budget and the Interim Studies and Conferences budget before dissipation of Council capital.



STATE OF MONTANA
ENVIRONMENTAL QUALITY COUNCIL

No Lewis response per EL
JAN 26 1993

STATE CAPITOL
HELENA, MONTANA 59620
(406) 444-3742

EXHIBIT 12
DATE 1/29/93 P

Deborah B. Schmidt, Executive Director HB

GOV. STAN STEPHENS
Designated Representative
Art Wittich

HOUSE MEMBERS
Jerry Driscoll, Chairman
Ed Grady
David Hoffman
Bob Raney

SENATE MEMBERS
Jerry Noble, Vice Chairman
Steve Doherty
Dave Rye
Bill Yellowtail

PUBLIC MEMBERS
Doug Crandall
John Fitzpatrick
Mona Jamison
Helen Waller

January 25, 1993

Representative Mary Lou Peterson, Chair
General Government and Transportation
Subcommittee on Appropriations
State Capitol
Helena, Montana 59620

Dear Representative Peterson:

As you requested in your January 21 memo, I am providing a prioritized list of general fund budget reductions for the 1995 biennium. The first two items total \$42,531 (the difference between the 1995 and 1993 current level as identified by the LFA). Items 3) through 6) total \$27,857, the additional 5% cuts requested in your memo.

Because our agency is so small (6 FTE), we have very little flexibility in meeting these targeted cuts. All our responsibilities are required by statute (see attached description of duties), so the services we provide to the Legislature, state agencies, and the public will be reduced according to which of those mandated responsibilities are most clearly identified as having at least some discretion in how they are accomplished. For example, the Legislature usually assigns interim studies to the EQC and the Water Policy Committee. Four studies have been tentatively proposed by various agencies and groups so far. If the total cuts discussed in this memo are adopted, it is unlikely that any of these studies can be conducted at any meaningful level. Travel outside of Helena for public hearings and discussions would be eliminated.

The members of the EQC have asked me to convey to you their concern over the automatic inflation included in the charges to the EQC for services performed by other agencies. EQC members believe that if our agency is held to actual 1993 biennium levels, then those charges for services performed by other agencies for us should be "frozen" as well.

EQC members have also suggested that at least some of the

personal services costs for staffing the Water Policy Committee, which is required by statute, be born by the Water Policy Program, which is funded through RIT interest. (At least 1 FTE is necessary to staff the Water Policy Committee, and those costs are now funded through the general fund. *Handwritten: fund through general fund*)

EQC staff is currently working between 65 and 75 hours per week, and comp time hours are accumulating fast. Clearly the demand for EQC staff services has not diminished. Indeed, as natural resource programs are cut, the need and demand for the information, research, and conflict resolution that the EQC provides increases.

Prioritized Budget Reductions, 1995 Biennium

<u>Items</u>	<u>Biennial General Fund</u>
<u>Savings</u>	
1) Eliminate Rent	5,000
2) Eliminate .5 FTE Resource Specialist Position	37,531
Subtotal	42,531
3) Reduce Contracted Services (Reduce Printing of Reports)	4,000
4) Travel (Two less EQC meetings) (No out-of-Helena hearings) (Plan that not every member will attend)	12,000
5) Reduce Council compensation (Two less EQC meetings) (Plan that not every member will attend)	4,000
6) Reduce Staff Hours (Voluntary Leave Without Pay) (88 hours x 5.5 FTE)	<u>7,857</u>
Subtotal	<u>27,857</u>
Grand Total	<u>70,388</u>

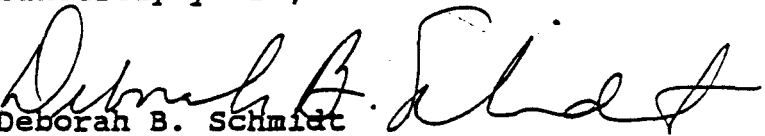
Rep. Peterson
Page 3

Please note that if staff hours are reduced as provided in item 6), the EQC will not allow staff to work to earn comp time while also taking voluntary leave without pay. Over half of our staff currently supplements their income with additional jobs, and they will certainly need to increase their hours elsewhere if staff hours are reduced at the EQC.

The EQC has determined that implementation of the Montana Environmental Policy Act (MEPA) is its top priority. Already the state is reaping benefits from the EQC training program on MEPA implementation. The state's natural resources are better managed, more defensible agency decisions are being made with increased efficiency, reducing the cost to the state from litigation. MEPA implementation will continue to receive priority; interim studies and research and mediation on natural resource issues will be undertaken at substantially reduced levels.

I hope this information is helpful to you and to the Subcommittee. Please let me know if I can provide further information.

Sincerely yours,


Deborah B. Schmidt
Executive Director

Enclosures

cc: Environmental Quality Council

ENVIRONMENTAL QUALITY COUNCIL

ENVIRONMENTAL QUALITY OPERATIONS PROGRAM

Mission

To effectively and efficiently meet statutory and other assigned responsibilities embodied in the Montana Environmental Policy Act and other relevant statutes and directives that will lead to informed decisions on state natural resource policy.

Statutory authority

Montana Environmental Policy Act--Title 75, chapter 1, MCA;
2-15-1018, MCA--requires participation of an EQC staff person on the Natural resource information system advisory council;
75-10-111, MCA--requires review of solid waste management plans;
75-20-221, MCA--participation in proceedings under Major Facility Siting Act;
85-2-105, MCA--requires EQC staffing of Water Policy Committee;
90-4-112, MCA--requires EQC evaluation of renewable energy sources program within DNRC (inactive)
Various joint legislative resolutions directing completion of interim studies.

Goals and objectives

1. Facilitate the implementation of the Montana Environmental Policy Act (MEPA) (1-MT)
 - To gather information concerning conditions and trends in the quality of the environment (75-1-324)
 - To review state programs and activities to determine the extent to which the programs meet the policies of MEPA (75-1-1-3) and other relevant statutes and rules (75-1-324)
 - To develop recommendations for state policies that improve natural, social, and economic environments (75-1-324)
 - To conduct investigations, studies, surveys, research and analyses relating to the use and conservation of the natural resources of the state and of environmental quality (75-1-324)
2. Assist the legislature in developing, revising, and evaluating natural resource and environmental policy (MEPA) (1-MT)
 - To draft legislation on natural resource related issues (75-1-324 and by agreement with Legislative Council)
 - To provide legislators with research on natural resource related issues (75-1-324)
 - To staff natural resource standing committees and other standing committees at the request of the legislature
3. Facilitate and advise state agencies in the implementation of the environmental review process required by MEPA (1-MT)
 - To conduct training programs and prepare and update a

handbook and other information assisting agencies in implementing MEPA

--To review each document submitted to the EQC under MEPA and provide constructive comments on those documents

--To respond to agency requests for information on MEPA implementation

4. Provide information, studies, and research to legislators, state agencies, and the public on environmental matters (MEPA) (1-MT)

--To assist businesses and citizens in learning Montana's environmental regulations and permits (Index of Environmental Permits)

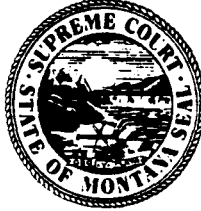
--To mediate disputes among agencies, business, and citizen groups on natural resource issues

--To provide a forum for discussion of environmental matters affecting citizens, industry, and state agencies

--To respond to requests for information from the public and the legislature.

eqcgoals

The Supreme Court of Montana ~~HB~~
Office of the Court Administrator



JIM OPPEDAHN
Court Administrator

JUSTICE BUILDING — ROOM 315
215 NORTH SANDERS
HELENA, MONTANA 59620-3002
TELEPHONE (406) 444-2621
FAX (406) 444-3274

January 27, 1993

Representative Mary Lou Peterson, Chairman
General Government Subcommittee
Room 420
State Capitol
Helena, Montana 59620

Dear Chairman Peterson:

The Judicial Branch of state government recognizes that the General Government and Transportation Subcommittee has a very difficult this Session. Before we presented our budget proposal this year, we examined all of the operations of the Judiciary with belt tightening in mind. We presented during our subcommittee hearing a tight, bare-bones budget that barely allows the Judiciary to perform it's constitutional and statutory functions.

The Judicial general fund proposal to the Legislature for the 1994-95 biennium was \$18,741,356. This represented our best efforts to provide a realistic budget proposal that addressed all the current needs of the state funded judicial branch of government.

The Executive budget proposal reduced our budget proposal by almost \$202,000. The Legislative Fiscal Analyst office recommended decreasing our budget proposal by approximately \$695,000.

Actions to-date by the Subcommittee have further reduce the LFA recommendations by \$291,415 -- for a total reduction in our original budget proposal of \$986,325.

The schedule that accompanied the Subcommittee's January 21, 1993 memorandum allocated a \$1,582,633 dollar cut for the Judiciary from the LFA current level. It also calculated an additional 5% cut of \$823,191, for a total identified cut of \$2,405,824 (box "A" on the attached schedule).

Box B in the attached schedule represents our "target" after reflecting the reductions already made by the Subcommittee.

In considering the Judiciary's budget, we ask that the Subcommittee exclude elected official salaries and pass-through money to the counties before considering what reductions are to be made in our appropriations. The Legislature has always done this in the past - and we believe it would be appropriation now. Only after these exclusions are done can the Subcommittee arrive at the "true" general fund appropriated base. This is reflected in box "C" on the attached schedule.

This true base reflects the following subtractions:

1.) Elected judges salaries. These can not constitutionally be decreased during their term of office so these funds need to be deducted from the base. It is important to remember that in the last session court fees were raised to offset increases for judges salaries. \$227,064 in FY 92 and an estimated \$379,566 in FY 93 will be collected, for a total of \$606,630 that will be placed in the general fund. The estimated cost of the salary increases authorized by the 1991 Legislature was \$526,828 -- a net gain to the general fund of \$79,802.

2.) The District Court Criminal Reimbursement Program is funded entirely from vehicle license fees. The appropriation that we received in subcommittee is the estimated revenue that will be received. The statute is specific in that this money goes back to the county for use by courts for criminal prosecution reimbursement and cannot be used for state general fund purposes.

With these adjustments, the "true" base for FY 1994-95 is \$4,445,716, or \$48,556 more than the FY 1992-93 target base.

This difference can be accounted for by inflation adjustments for rent, grounds maintenance, data network fees, and miscellaneous inflation adjustments to operating categories. These inflationary adjustments were calculated by the Fiscal Analyst's Office. We do not recommend that you decrease the base by this amount, but if the subcommittee intends to get to the same appropriation as FY 1992-93 it would need to decrease our current appropriation by \$48,556.

I would be please to provide any additional information that the Subcommittee may require.

Sincerely,



Jim Oppedahl

cc: David Lewis, Office of Budget and Program Planning

**GENERAL GOVERNMENT AND TRANSPORTATION
GENERAL FUND EXPENDITURE TARGETS
1995 BIENNIUM**

AGENCY TARGET BEFORE SUB COMMITTEE ACTION

BOX "A"	(A) --Target-- Current Level Fiscal 1992-93	(B) LFA Current Level Fiscal 1994-95	(C) -Difference- LFA C/L Dollar Cut	(D) Current Level Percent Cut	(E) Additional 5% Cuts	(F) Total Cuts To Identify
2110 Judiciary	\$16,463,815	\$18,046,448	\$1,582,633	9.61%	\$823,191	\$2,405,824

AGENCY TARGET AFTER SUB COMMITTEE ACTION

BOX "B"	(A) --Target-- Current Level Fiscal 1992-93	(B) SUB COMM Current Level Fiscal 1994-95	(C) -Difference- SUB COMM C/L Dollar Cut	(D) Current Level Percent Cut	(E) Additional 5% Cuts	(F) Total Cuts To Identify
2110 Judiciary	\$16,463,815	\$17,755,031	\$1,291,216	7.84%	\$823,191	\$2,114,407

AGENCY TARGET RELATING TO "TRUE" REDUCTIONS

BOX "C"	(A) --Target-- Current Level Fiscal 1992-93	(B) SUB COMM Current Level Fiscal 1994-95	(C) -Difference- SUB COMM C/L Dollar Cut	(D) Current Level Percent Cut	(E) Additional 5% Cuts	(F) Total Cuts To Identify
2110 Judiciary	\$16,463,815	\$17,755,031	\$1,291,216	7.84%	\$823,191	\$2,114,407
Less Elected Salaries	\$6,327,571	\$6,695,184	\$367,613			
Sub Total	\$10,136,244	\$11,059,847	\$923,603	9.11%	\$506,812	\$1,430,415
Less District Court Criminal Reimbursement	\$5,739,084	\$6,614,131	\$875,047			
TOTAL GENERAL FUND	\$4,397,160	\$4,445,716	\$48,556	1.10%	\$219,858	\$268,414

DATE 1/27/95

OFFICE OF THE GOVERNOR

STATE OF MONTANA



MARC RACICOT
GOVERNOR

STATE CAPITOL
HELENA, MONTANA 59620-0801

EXHIBIT 12
DATE 1/29/93
HB- P

January 28, 1993

Representative Mary Lou Peterson, Chair
Joint Subcommittee on General Government and Transportation
House of Representatives
Capitol Station
Helena, MT 59620

Dear Representative Peterson:

Our response to your memo requesting budget reduction targets is enclosed. The recommendations are made out of necessity and the decisions implementing those recommendations will be painful. We are suggesting the elimination of programs with the understanding that they may be worthwhile. However, choices such as these must be discussed and ramifications of their elimination should receive full consideration.

The Governor's Office has been subjected to many across-the-board cuts during the last ten years. The effectiveness of all of the operations of this office are compromised by that kind of budget reduction mechanism. As a consequence these recommendations include program eliminations instead of across-the-board cuts. The central responsibilities of this office must be adequately funded to allow the Governor to serve the people of this state.

We will be happy to provide further information or discuss these proposals with you at any time.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mike".

Michael A. Lavin
Chief of Staff

Subcommittee on General Government General Fund Targets Governor's Office Response General Fund - (All figures biennial)		
Governor's Executive Budget		5,494,445
Target		4,744,911
First Target Reductions		749,534
Additional 5% Reduction:		237,246
Reductions to Be Identified		986,780
5% FTE Amendment Reductions	222,654	
Budget System (OBPP)	100,000	
Performance Measures (OBPP)	200,000	
MT Developmental Ctr Legal Representation	28,000	
Staff Computer Training	10,800	
Aging Coordinator	99,872	
Flathead Basin Comm	81,308	
Total Identified Reductions		742,634
Additional 5% Reduction:		
Mental Disabilities Board of Visitors		335,388
Total Identified Reductions		1,078,022

CONSEQUENCES OF REDUCTIONS:

5% Amendment Reductions

\$222,654

As required in the Executive Budget, 5% of the positions in the Governor's Office were reduced from the current level base budget. This reduction is a part of the Racicot budget.

Statutory Reference: None

Budget System (Executive Budget Downsizing)

\$100,000

This was a modified budget request to update the Executive Budget computer system to take advantage of a less expensive, PC-based platform instead of the current mainframe system, with long-term savings as a goal. OBPP estimated the system would pay for itself in savings during one budget cycle. As a consequence of the reduction, no development will be done during the next biennium.

Statutory Reference: None

Performance Measures (OBPP)

\$200,000

This is a Policy Initiative submitted as a budget modification in the Stephens budget, adding 2.00 FTE and operating expenses to enable OBPP to begin working towards budgeting by performance and outcome measures during the 1995 biennium. As stated in the Executive Budget, "The Governmental Accounting Standards Board has published its intention to require performance measures and benchmark accomplishments standards for all state agencies before the end of this decade. Most states are moving in the direction of using missions, goals and objectives to set policy for appropriations decision making." Reducing this budget modification will indefinitely delay Montana's participation in this effort.

These new requirements cannot be addressed with current staff. As a result of the 5% reduction, OBPP will permanently lose one budget analyst FTE and most of a staff support position. The average compensatory time balance for staff involved in the current budget process is 45 days (the equivalent of about 2.00 FTE); the comp time balances are a good indication that the normal workload cannot be done in a normal time frame. Taking on these additional duties with current staff will be impossible.

Statutory Reference: None

MT Developmental Ctr Legal Representation (Board of Visitors)

\$28,000

This is a budget modification requested by the Mental Disabilities Board of Visitors to provide legal representation to residents at MDC at their annual recommitment hearings. This is not being done adequately. Some representation is being done by the Mental Disabilities Board of Visitors staff attorney at Montana State Hospital, but his current workload does not allow this.

Statutory Reference: 53-20-112 MCA says that "a person subject to emergency admittance to a residential facility or to any hearing held pursuant to this part has all the rights accorded to a person subject to involuntary commitment proceedings under the laws of this state relating to involuntary commitment of the seriously mentally ill, as provided in 53-21-115 through 53-21-118. (53-21-115 through 53-21-118 addresses right to legal counsel.)

53-20-125 MCA (Under Developmentally Disabled Act) also addresses legal rights of persons admitted to a residential facility.

See also the Board's comments under the section below dealing with the Mental Disabilities Board of Visitors.

Staff Computer Training (OBPP)

\$10,800

This was a budget modification to provide recurrent training on PC's for Governor's staff. Although the budget office relies extensively on computers for its everyday work and for the budget cycle, there has not been a budget for training. As a consequence of this reduction, training will not be available for employees.

Statutory Reference: None

Aging Coordinator

\$99,872

This function has been funded by the General Fund since 1983. The position serves as head of the Aging Services Bureau (in the Department of Family Services) as well as staff support to the Governor's Advisory Council on Aging. As a consequence of this reduction, the position would be eliminated, and travel and expenses for the Council would also be eliminated.

Statutory Reference: 2-15-231 MCA establishes the Office of Aging, establishes the position of coordinator of aging, and requires the Governor to appoint an advisory council on aging. This would have to be amended or repealed.

Flathead Basin Commission

\$81,308

The mission of the Flathead Basin Commission is water quality monitoring, water quality protection and coordinating land managers and governmental entities in the Flathead Valley to resolve issues impacting water management and protection. The present and future economic diversity and vitality of the Flathead Basin depends on clean water, and the Commission works to make sure that future is bright. The FBC's executive director, a member of the Governor's staff, is the conduit for all Commission activity and maintains an essential link between the Flathead and the Governor. If the link is lost, the FBC will lose effectiveness and its critical mission will be jeopardized.

Statutory Reference: 2-15-213 provides for a Flathead Basin Commission. 2-15-213(a) says that "seven members appointed by the governor from industrial, environmental, and other interests affected by Title 75, chapter 7, part 3, one of whom must be on the governor's staff and who also serves as the executive director." As presently constituted, this position is funded by the General Fund, and other funds for this position do not appear to be available.

Mental Disabilities Board of Visitors

\$335,388

The Mental Disabilities Board of Visitors was established in 1975 as "an independent board of inquiry and review to ensure that the treatment of all persons admitted to a residential facility is humane and decent and meets the requirements set forth in [53-20-104 MCA]." The Board reviews care and treatment at state institutions for the mentally ill and developmentally disabled, provides advocacy for residents at these institutions, provides legal representation to residents, and acts as representative payee for funds of many of the residents.

Loss of the program could have many serious ramifications that could result in litigation to regain rights to advocacy and legal representation.

According to a memo from the Board's attorney, Allen Smith, "There is a clearly established constitutional right that requires states to provide on-site advocacy services for institutionalized

persons. The constitutional right to access to the courts has been repeatedly held over the past few years to require states to provide legal counsel for institutionalized persons. This right is separate and distinct from the right to counsel for commitment proceedings.

"The question that has been litigated is not whether meaningful access to the courts entitles institutionalized persons to legal counsel, but rather how much legal assistance they are entitled to. Cases include Ward v. Court, Johnson v. Breile, Mississippi v. Cotten, and Robbins v. Budke. Every federal circuit that has addressed this issue has ruled in favor of providing legal representation.

"Montana would have to provide legal services to persons who are institutionalized or face litigation to enforce the right of access to the courts. Litigation, of course, would end up costing the state substantial legal fees."

In a separate memo regarding Right to Legal Counsel, Mr. Smith says, "Montana's statutes, like all other states in the country, provide that persons subject to civil commitment have a right to representation by legal counsel. According to one commentator, the right to "legal representation in civil commitment proceedings is today beyond question." The Mentally Disabled and the Law, Breakel, Parry, Weiner, American Bar Foundation, 1985.

"Many of the statutory provisions for legal representation are in response to or patterned after court decisions that have found legal representation to be a constitutional right. (Montana's mental health statutes are based on the Wyatt v Stickney case, and in many instances the statutes are the verbatim standards set forth in Wyatt.) The U.S. constitutional basis for legal representation in civil commitment hearings is found in cases decided by the Supreme Court such as Gideon v. Wainwright, Argersinger v. Hamlin, In re Gault, Matthews v. Eldridge, and Humphrey v. Cady. The U.S. Supreme Court has not had a case before it with the right to legal counsel in commitment hearings as a specific issue (probably because all states provide for legal counsel). Based on the above cases, however, lower federal courts have held that there is a right to legal representation in commitment hearings -- Lessard v. Schmidt, Hervford v. Parker are the most notable.

"Montana's constitution would also provide a basis for the right to legal representation. While our constitutional provision, like the U.S. constitution, only explicitly provides for representation in criminal proceedings, any judicial inquiry would likely hold a commitment proceeding to subject a person to a substantial curtailment of liberty and therefore require legal representation.

"it is very unlikely that persons subject to civil commitment would not prevail if they sued for the right for legal representation. Of course, the state would be subject to paying substantial attorney's fees for enforcement of this right."

Statutory Reference: 53-20-10-165 MCA - Developmental Disabilities Act, 1975, requires active treatment and habilitation be individualized to persons with a developmental disability requiring institutional care. Establishes the Board as an independent board of inquiry and review to ensure that the treatment of all persons admitted to a residential facility is humane and decent and meets legal requirements.

53-21-101-198 MCA - Treatment of the Seriously Mentally Ill (Mental Commitment and Treatment Act of 1975) requires individualized treatment for persons with a mental illness. The Act requires the Board to employ and be responsible for full-time legal counsel at Montana State Hospital, whose responsibility shall be to act on behalf of all patients at the institutions. The board shall insure that there is sufficient legal staff and facilities to insure availability to

all patients and shall require that the appointed counsel periodically interview every patient and examine his files and records.

PL 99-319 - Mental Health Protection and Advocacy Act of 1986 requires investigation of abuse and neglect of mentally ill persons.

STATE OF MONTANA

Mike Cooney

JAN 26 1993

P

Doug Mitchell
Chief Deputy



Montana State Capitol
Helena, MT 59620

EXHIBIT 12
DATE 1/29/93

HB

January 26, 1993

COPY

The Honorable Mary Lou Peterson
Montana House of Representatives
Helena, Montana 59620

Dear Representative Peterson:

This correspondence will serve as this office's response to your memorandum of January 21, 1993, requiring each agency to submit a plan for a 5% reduction in LFA current level.

There are two circumstances that make submission of this plan somewhat unique. First, the pending subcommittee bill to restructure the funding mechanism for the office of the Secretary of State would significantly alter LFA current level and therefore the 5% target. Gary Managhan of my staff and I have met with the Department of Administration, Accounting Division on two occasions and have reached agreement on an appropriate funding structure for the office of the Secretary of State. The structure would reorganize the office's funding into three accounts: 1) General Fund for Elections and Legislative Services, 2) Internal Service for Records Management and Administrative Rules, and 3) Enterprise for Business Services.

Under this proposed structure, the amount of General Fund dollars received by this office over the 1995 biennium would be significantly reduced. In that regard, it might be prudent to await final subcommittee action on this agency's budget until the disposition of the committee bill for a new funding structure has been decided.

Second, the subcommittee has already taken action on our budget, therefore making targeting against LFA current level difficult at best. It is my understanding from Mr. Moe of the Legislative Fiscal Analyst, that for purposes of responding to your memorandum agencies are to assume that no action has taken place and are to submit proposed cuts not on the basis of committee action, but rather against LFA current level.

In our case then, this office's submission to you and the subcommittee today assumes LFA current level as outlined in your memo. That current level includes FTE at full levels and not as reduced by subcommittee action. The proposal below would not be offered by this agency in addition to cuts already made in subcommittee.

PROPOSED CUTS

The cuts as outlined below combine reductions in personal services and operating expenses to reach the 5% goal of \$83,481.

Personal Services

1. VACANCY SAVINGS: This agency proposes to reduce personal services through vacancy savings of 3%. Savings over the biennium will be \$32,499.45.

Operating Expenses

1. OUT OF STATE TRAVEL: This agency proposes to reduce out of state travel by 50%. Savings over the biennium will be \$4,382.00.
2. SYSTEM DEVELOPMENT/ISD: This agency proposes to eliminate expenditures for system development in support of our UCC and corporations data bases. Savings over the biennium will be \$44,000.00.
3. SUBSCRIPTIONS: This agency proposes to reduce expenditures on subscriptions by 50%. These include legal publications and other subscription services. Savings over the biennium will be \$2,717.00.

TOTAL

Total savings for the biennium will be \$83,598.45; \$117.45 more than the goal as provided in your memorandum of January 21, 1993.

STATUTORY CHANGES

No statutory changes will be required to effectuate the cuts as outlined above.

The Honorable Mary Lou Peterson
January 26, 1993
Page Three

EXHIBIT 12
DATE 1/29/93
~~HB~~

OPERATIONAL CHANGES

The most serious operational changes will come in the area of business services. Vacant positions, whether due to layoffs or voluntary vacancies will mean reduced services to the public. Due to statutory requirements mandating certain turn-around-time for documents, special services such as priority handling (a service that provides guaranteed, same day service), and phone response will have to be dramatically cut back and perhaps eliminated.

In addition, loss of system development money will mean that any modification of the current system, including repair and the running of reports will have to be eliminated. This will not only reduce the current functionality of our system, but will also degrade its long term viability.

CONCLUSION

In considering the budget for the office of the Secretary of State I ask that you keep two things in mind. First, that the LFA current level budget presented in your memorandum as a base budget for the 1995 biennium is, in fact \$47,646 less than that recommended in the Governor's Executive Budget. Second, the agency has presented evidence that illustrates that this agency is a revenue producing agency. As the subcommittee deliberates on this budget you need to remember that reductions in expenditure will mean reductions in income to the General Fund.

Thank you for the opportunity to present this plan. I hope that it will be of use to you, and I trust that you will not hesitate to contact me whenever I can be of service.

Sincerely,

DOUG MITCHELL
Chief Deputy

cc: Mr. Jon Moe
Mr. John Patrick

DM: 54.141

STATE AUDITOR
STATE OF MONTANA

EXHIBIT 16
DATE 1/29/93
HB

P



Mark O'Keefe
STATE AUDITOR

COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

TO: Representative Mary Lou Peterson, Chair
General Government Subcommittee

FROM: Mark O'Keefe, State Auditor *MOK*

SUBJECT: Proposed Spending Response

DATE: January 27, 1993

I am responding to your memo of January 21, 1993, asking each agency to identify spending cuts. Your memo asks my office to identify \$118,645 of additional reductions.

First, I would ask your subcommittee to note that the LFA current level for FY94-95 is already more than \$100,000 below the FY92-93 base. Your request to identify cuts to bring us to 5% below the FY92-93 base would require your committee to reduce expenditures by only an additional \$18,000. However, I have identified the requested reductions because I believe there are positions targeted for cuts by the committee that are a higher priority than the items identified below.

The cuts proposed as part of the executive budget eliminate a securities investigator without which my office will not be able to enforce the broker-dealer provisions of the securities law or review security offerings for compliance. Vacant positions targeted for removal by the full committee include the agency's chief legal counsel, and an insurance investigator. Without legal staff or investigative staff the agency's ability to enforce insurance laws is limited. If the committee restores those three positions and takes the cuts identified below, the agency's FY94-95 general fund budget will be below the FY92-93 level.

Identified Reductions:

- 1) Fiscal - Equipment Purchase \$6,215 general fund, \$21,807 all funds. The Fiscal Division has requested to purchase a new forms buster. The current machine passed its recommended life six years ago. It is currently operational and may make it one more biennium.
- 2) Payroll - System enhancements. \$58,262 general fund, \$130,928 total funds. The LFA current level includes \$78,964 each year

for system enhancements to the payroll system. Both enhancements of the system and programming charges to fix system crashes are included in the line item. In FY92 the agency spent \$13,500 to fix system crashes. If the committee is willing to see the payroll system operate for the 95 biennium with no enhancements, the line item could be reduced from \$78,964 to \$13,500 each year. Because Payroll is funded based on a cost allocation plan consisting of 44.5% general fund, \$58,262 is the net general fund savings.

3) Vacancy savings at 2% - \$56,672 general fund. The agency has operated with vacancy savings applied in past bienniums. Because of the cut backs, government wide historical rates of attrition and promotions probably will not occur. However, there will be attrition and a 2% vacancy savings rate could be achieved. I would prefer to attempt to manage the agency with vacancy savings rather than having additional positions removed.

General Fund Summary:

	FY 94	FY 95
Fiscal - Equipment	\$6,215	0
Payroll - Enhancements	\$29,131	\$29,131
2% Vacancy Savings	<u>\$28,186</u>	<u>\$28,486</u>
Totals	\$63,533	\$57,618
Biennium Total		\$121,151

STATE OF MONTANA
DEPARTMENT OF JUSTICE
BOARD OF CRIME CONTROL

303 North Roberts - PO Box 201408 - Helena, MT 59620

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Joseph P. Mazurek
Attorney General



Phone (406) 444-3604
FAX (406) 444-4722

MEMORANDUM

TO: Representative Mary Lou Peterson, Chairman
General Government and Transportation Subcommittee

FROM: Ed Hall *Ed*

DATE: January 26, 1993

SUBJECT: Proposed spending cuts: HR 2

In these few paragraphs I respond to your memo directing agencies delineate cuts to 92-93 Biennium levels and for an additional 5% reduction. To specify such cuts is difficult for, as noted in our response to Dave Lewis, the Board of Crime Control is but one program. Being one program we are very flat organizationally and most staff are goal oriented to do whatever work we must regardless of titles and categories. Functions within the Board are interdependent and support one another.

With such cross over it is difficult to financially tease apart a one program agency. This difficulty is compounded when you examine the Board's fiscal structure: only about 10.5% of the budget is general fund, about 12.5% state special revenue, and 77% federal funds with matching requirements.

The attached schedules reveal that for each general fund dollar, the agency is able to acquire and administer over \$7.35 in federal funds. I note, too, that over the past few Sessions the Board operated with reduced budgets. On the other hand and at the same time, we have been asking you to approve increases in the federal grant amounts as you did in Executive Session. We have, thus, declining funds for administration and inclining funds and projects to administer. Currently we administer these federal grants at minimum costs. For example, to administer the anti-drug funds we use about 4%; for Drug Free Schools and Communities about 2.5%, for Victims of Crime Assistance 0%, and for Juvenile Justice about 7.5%. With increased general fund match, it might be possible to increase federal administrative monies.

The point is that the Subcommittee and I must be cautious of cutting to the point where I can not adequately comply with the federal requirements for administration, reporting and monitoring and jeopardize future funding for federal awards. Perhaps we should explore negotiations with federal grantors regarding these rates, but this may be classed a 'funding switch'.

Your directions to us listed several criteria to which I adhered when developing this reply to you. Your memo indicated:

- 1. Identify reductions which will least impact services;*
- 2. Be very specific;*
- 3. Outline the consequences;*
- 4. Indicate any statutory changes needed;*
- 5. Eliminate rather than become ineffective; and,*
- 6. Avoid fund switches and cost shifting to local governments.*

Level I: reductions to 92-93 levels.

The attached schedule and notes detail the general fund reduction of \$17,277 to meet the levels of 92-93. This reduction was possible without eliminating functions by reducing equipment and some operating funds and by a "cut transfer" which reduces general fund. As discussed with the Subcommittee in previous meetings, this reduction reaches the limit of impairing matching capability to federal funds. As you will note in Level II reductions, no further cuts are possible without the elimination of personnel under the criteria listed.

The consequence of the Level I reduction is the continued withering away of administrative capacity when we anticipate increases in federal projects as noted. No statutory changes are required.

Level II: reductions-additional 5%.

The attached schedule of Level II reductions have far greater ramifications which, in sum, result in the loss of a general funded staff position. The option proposed is to cease statewide crime reporting and is based on your criterion of least immediate impact on services. There are numerous consequences to this action.

- Removes the Board's ability to allocate grant resources based on crime trends and measures of effect*
- Inability to collect and report any state wide crime data on index crimes (major crime categories)*
- Inability to submit state crime data to the FBI*

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- Local agencies would have to submit directly to the FBI placing a burden on local law enforcement in cities, towns, counties, campus security, etc.
- Inability to document crime trends needed to complete performance reports and applications for other federal funds (ie crime data need to complete the application for the anti-drug abuse funds)
- Inability to document crime trends to researchers, Legislature, AG, etc.
- May negatively effect the federal SAC grant for statistical analysis for justice policy decisions (\$50,000 grant, no match from BJS.)
- Lose data about crime victims as the new format collects victim specific data (incident based system)
- Inability to collect data on hate crimes
- if, at some point, the Legislature desires to again collect statewide crime data, it may be costly to 'fire up' again
- The 'feds' have invested funds into developing the crime reporting system; they may react negatively
- Three of the four major grants we administer come from the federal Department of Justice. The FBI, who administers crime reporting, may seek to condition future awards on participation in crime reporting as they are also a Department of Justice agency.

No statutory changes are needed as the uniform crime reporting is not in state code or rule. To the best of my knowledge there is no direct federal law or rule requiring participation although there may be some repercussions.

Given the interdependence of functions within a single program agency and the reliance of others on crime reporting, it is impossible for me to endorse this cut. It is simply the lesser evil. Although the Level II additional 5% target can be met this way, the manner in which the reduction may be finally implemented may make the reduction slightly greater in the end.

I acknowledge the perplexing issues you face in appropriating in tough times. I hope that you appreciate that I am trying to faithfully respond to your memo. In a small agency responsible for 3.5 million dollars of federal funds annually and only having \$476,000 in general fund (LFA current level, 93), general fund reductions are equally tough.

cc: Joe Mazurek, AG
Dr. Gordon Browder, Chair
Dr. John Pfaff, Vice-Chair

CRIME CONTROL DIVISION

General Fund Target Reduction To FY93 Biennial Level
(Changes reflected in far right hand column only)

Expenditures:	Current	Current	LFA Current	LFA Current	Proposed
	Level	Level	Level	Level	Biennial
	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1995	Change
FTE	18	18	18	18	0
Personal Services	\$528,376	\$554,985	\$581,040	\$582,904	\$0
Operating Expenses	\$181,937	\$219,104	\$178,566	\$181,578	(\$4,424)
Equipment	\$14,292	\$6,085	\$10,523	\$9,987	(\$4,000)
Grants	\$3,155,460	\$3,282,219	\$3,210,244	\$3,210,244	\$613,000
Benefits & Claims	\$452,954	\$451,143	\$590,000	\$590,000	\$0
Total Costs	\$4,333,019	\$4,513,536	\$4,570,373	\$4,574,713	\$604,576

Fund Sources:

General Fund	\$455,254	\$476,133	\$472,162	\$476,502	(\$17,277)
State Rev. Fund	\$543,994	\$563,498	\$571,903	\$571,903	\$6,843
Federal Rev. Funds	\$3,333,771	\$3,476,320	\$3,526,308	\$3,526,308	\$615,010
Total Funds	\$4,333,019	\$4,515,951	\$4,570,373	\$4,574,713	\$604,576

FY93 Biennial GF	\$931,387	GF Vac. Savings	(\$8,853)
FY95 Biennial GF	\$948,664	Operating	(\$4,424)
Target Reduction	(\$17,277)	Equipment	(\$4,000)
			(\$17,277)

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1. There are two positions that are presently underfunded in the FY94-95 budget by a combined amount for the biennium of \$8,854. Position number 68, drug education program officer (federal funds), was vacant at the time of the snapshot and reduced to entry level. Shortly after the snapshot the position was filled with an employee from another state agency at above entry level. Position number 71, victims program coordinator (St.Special Revenue), was under review by the Classification Bureau at the time of the snapshot and was classified up afterwards. We are proposing to increase the federal and state funds, where funds are available, by this required amount and reduce general fund accordingly. This would in affect impose a vacancy savings requirement on our general fund. Our pay plan would still be underfunded but general fund could be reduced. Vacancy savings are difficult to rely on in a small agency, if the savings do not materialize we would then have to reduce operating or equipment to make up the difference or layoff personnel.
2. Since Crime Control Division is but one program, we would seek to manage operating costs in order to reduce them by \$4,424 over the biennium. The majority of these reductions would likely occur in contracted service.
3. Crime Control Division could reduce expenditures for equipment by a total of \$4,000 for the biennium.

Together these three reductions will enable the Crime Control Division to meet its target for general fund reductions while at the same time increasing the services we provide in obtaining, awarding, and monitoring federal pass-through grants to local units of government by an additional \$613,000. The additional pass through funds are a combination of increases to existing federal grants we administer. Specifically the increases are:

\$ 96,000	Victim Assistance
\$140,000	Indian Country Victim Assistance
<u>\$377,000</u>	Juvenile Justice
\$613,000	

CRIME CONTROL DIVISION

General Fund Target Reduction To Five Percent Below FY93 Biennial Level
(Changes reflected in far right hand column only)

Expenditures:	Current Level Fiscal 1992	Current Level Fiscal 1993	LFA Current Level Fiscal 1994	LFA Current Level Fiscal 1995	Proposed Biennial Change
FTE	18	18	18	18	-1
Personal Services	\$528,376	\$554,985	\$581,040	\$582,904	(\$55,422)
Operating Expenses	\$181,937	\$219,104	\$178,566	\$181,578	(\$4,424)
Equipment	\$14,292	\$6,085	\$10,523	\$9,987	(\$4,000)
Grants	\$3,155,460	\$3,282,219	\$3,210,244	\$3,210,244	\$613,000
Benefits & Claims	\$452,954	\$451,143	\$590,000	\$590,000	\$0
Total Costs	\$4,333,019	\$4,513,536	\$4,570,373	\$4,574,713	\$549,154

Fund Sources:

General Fund	\$455,254	\$476,133	\$472,162	\$476,502	(\$63,846)
State Rev. Fund	\$543,994	\$563,498	\$571,903	\$571,903	\$0
Federal Rev. Funds	\$3,333,771	\$3,476,320	\$3,526,308	\$3,526,308	\$613,000
Total Funds	\$4,333,019	\$4,515,951	\$4,570,373	\$4,574,713	\$549,154

FY93 Biennial GF	\$931,387	FTE	-1.00
FY95 Biennial GF	\$867,541	Personal Serv.	(\$55,422)
Target Reduction	(\$63,846)	Operating	(\$4,424)
		Equipment	(\$4,000)
			(\$63,847)

1. Given the magnitude of the requested target reduction there is no alternative for the Crime Control Division other than to reduce personnel. With a small staff, all FTE are important.
2. Since Crime Control Division is but one program, we would seek to manage operating costs in order to reduce them by \$4,424 over the biennium. The majority of these reductions would likely occur in contracted service.
3. Crime Control Division could reduce expenditures for equipment by a total of \$4,000 for the biennium.

Together these three reductions will enable the Crime Control Division to meet its target for general fund reductions of five percent below the 93 biennial level. We do not advocate this reduction and honestly do feel our effectiveness will be impacted over time.

The additional federal pass-through funds are a combination of increases to existing federal grants we administer. Specifically the increases are:

\$ 96,000	Victim Assistance
\$140,000	Indian Country Victim Assistance
<u>\$377,000</u>	Juvenile Justice
\$613,000	

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RESPONSE REQUESTED BY MARY LOU PETERSON, CHAIRMAN, GENERAL GOVERNMENT AND TRANSPORTATION SUBCOMMITTEE ON APPROPRIATIONS

RESPONDING AGENCY: HIGHWAY TRAFFIC SAFETY-4108

The reduction in general fund expenditures by this office results in a reduction returned to qualifying counties from reinstatement fees paid by drivers after conviction of Driving Under the Influence (DUI). The reinstatement fees are returned to qualifying counties with approved DUI Task Forces for prevention activities. Since all counties do not have DUI Task Forces, the remainder stays in the general fund.

The requested appropriation is \$420,000 for the biennium and the target level is \$366,160 for a reduction of \$53,840. The reduction of 5% is \$18,308 which results in a total reduction to local government of \$72,148 for the prevention activities during the upcoming biennium.

The return of the reinstatement fees is an incentive to the local entities to enforce the DUI laws. A reduction of the incentive may diminish the local enforcement which would erode the remainder staying in the general fund.

This office has no general funds except the reinstatement fee appropriation which is passed through to local government. This reduction will effect local entities.

CC: LFA
OBPP

HIGHWAY TRAFFIC SAFETY GENERAL FUND SPENDING CUTS-AGENCY 4108

FUNCTION & STATUTE	1992 ACTUAL	1993 APPROPRIATED	1994 RECOMMENDATION	1995 RECOMMENDATION
Reinstatement fees paid by drivers after conviction of Driving Under the Influence (DUI) is distributed to qualifying counties.	\$183,080.00	\$183,080.00	\$210,000.00	\$210,000.00

MCA 61-2-107

Total fees deposited in the
General Fund has historically
been about \$300,000 for that
portion designated to county
DUI Task Forces. Since all
counties do not have DUI
Task Forces, only \$210,000
was requested in authority
for qualifying counties.
The remainder stays in the
General Fund.

DATE 1/29/93 P**ATTORNEY GENERAL**
STATE OF MONTANAJoseph P. Mazurek
Attorney GeneralDepartment of Justice
215 North Sanders
PO Box 201401
Helena, MT 59620-1401

January 27, 1993

Representative Mary Lou Peterson
Chairman, General Government and Transportation
Subcommittee on Appropriations
Capital Station
Helena, MT 59620

Dear Representative Peterson:

As requested by your January 21, 1993 memorandum, I submit the following information for your subcommittee's consideration in attempting to achieve the reductions envisioned by Representative Mercer's House Resolution 2 which establishes certain general fund expenditure targets for the next biennium.

Budget targets are arbitrary, unrealistic and unfair.

As I noted during my presentations before your subcommittee last week, achieving the expenditure targets outlined in your request for prioritized budget reduction options would require a significant restructuring of Department of Justice (DOJ) programs and priorities. The department's budget has already been reduced through cuts made during the 1992 Special Sessions. Few alternatives now exist beyond the elimination of programs and services critically important to the operation of state and local government. Many of these programs have significant constituencies or produce revenues essential to state and local governments. The department is at a threshold. Additional budget reductions seriously threaten the Department's unique and statutory responsibilities.

State agencies under the jurisdiction of the General Government and Transportation Subcommittee have been asked to suffer heavy and often disproportionate general fund reductions during each of the last two special sessions of the Legislature. The Department of Justice is being asked to make an additional reduction in general fund expenditures of 21.5%. In essence, the current reduction targets would require the Department of Justice to cut nearly one-fourth of our current level general fund programs while the targets projected for other general fund agencies fall between 2% and 10%.

January 27, 1993

If these hastily proposed rounds of additional "across-the-board" cuts are imposed upon the already challenged Department of Justice budget, they will inflict serious damage to the core programs that support our mission of providing effective statewide law enforcement services, enforcing all state laws, defending the state against law suits, overseeing the statewide criminal justice system and ensuring public safety. In light of these critical functions, I cannot support and must vigorously resist these drastic reductions to the Department of Justice budget.

Mandated general fund increases not reflected in base.

The budget targets projected for the Department of Justice ignore the fact that our general fund budget increased during the last biennium largely because of legislation enacted during the 1991 legislative session and special sessions. Examples are partial funding of the state pay plan during the 1993 biennium which annualizes during the 1995 biennium, temporary replacement of general fund from other funding sources during the 1993 biennium, statutorily attached programs with no cost control ability for the department and legislation which increased general fund while providing additional services.

The major increase in Department of Justice general fund expenditures is directly attributable to costs associated with the implementation of the county automation of motor vehicle registration and titling (HB 579). County automation is a long awaited step in ensuring streamlined and improved services. But now that the step has been taken, largely on time and within budget, the rest of the programs in the Department of Justice are being asked to make additional sacrifices to offset these legislatively mandated improvements of motor vehicle registration services. That is not right or fair.

County attorney payroll and the extradition of prisoners are two general fund expenditure programs that are statutorily assigned to the Department of Justice. The department has absolutely no control over the costs incurred by either of these programs but is obligated to pay the escalating bills. If you truly wish to hold the department accountable for general fund cost increases, we ask that you give us responsibilities we can manage and program costs we can control. I am more than willing to do my part in controlling costs--but I can only do so when I have the necessary authority.

Department of Justice submitted an austere budget.

In recognition of the difficult economic circumstances facing the State of Montana, I presented a proposed budget for the Department of Justice that was extremely conservative. I requested funding for only the most basic program needs. To

Representative Mary Lou Peterson
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maintain my commitment to a tight budget proposal, during subcommittee hearings, I did not seek reinstatement of all the proposed reductions made by the Legislative Fiscal Analyst (LFA), nor the 5% reduction list nor the December 29, 1992 vacant position listing. In fact, I did not request restoration of more than \$440,000 in annual reductions to the DOJ current level budget.

I am troubled by the rigid requirement of House Resolution 2 and its failure to allow the subcommittee to consider the department's good faith effort to absorb our fair share of general fund spending cuts before the budget request was submitted to the subcommittee. I submitted a budget that was austere from the start but now must be prepared for even further reductions.

Reductions proposed by subcommittee action.

It is important for the subcommittee to acknowledge the level of cuts the department has already sustained through subcommittee action. Reductions adopted by the committee exceed \$2.7 million (all funds) for the biennium and a loss of 32.90 FTE.

Budget target adjustments.

Your January 21 memorandum included a general fund biennial target for the Department of Justice of \$4,750,505. This target is overstated based on actions taken by the 1991 Legislature and in the two subsequent special sessions. As documented below, the Department of Justice is being held accountable for several increases to general fund over which we have no control and which should be deducted from any base against which reduction targets are calculated.

1995 BIENNIUM TARGETED DOJ GENERAL FUND REDUCTION \$4,740,505

Adjustments:

1. The 1991 Legislature partially funded the Legal Service Division with gambling earmarked funds on a one-time basis.

\$ 620,454

2. The LFA increased the Central Services Division funding mix for general fund based on #1 above.

\$ 56,455

3. The January 1992 Special Session reduced the remaining earmarked funds within the Motor Vehicle Division and replaced them with general fund monies. The earmarked funds are a direct deposit to the general fund and offset this expense.

\$ 216,000

4. The 1991 regular session acknowledged that the general fund would pick up the costs for commercial driver licensing when federal funds ceased.

\$ 200,000

Total Adjustments \$1,092,909

REVISED DOJ TARGET

\$3,657,596

Level one expenditure reduction options.

In line with this revised spending cut target for the Department of Justice, the following prioritized options are noted (but not recommended) by the Department of Justice in an effort to meet the intent of House Resolution 2. As you will see, the total of all the options far exceed our targeted figure, giving the subcommittee more latitude during your deliberations. I will also request reinstatement of a portion of the reductions passed by the subcommittee. It is important that the integrity of those programs we continue to administer be maintained. This can only be done if an adequate budget is left in place. I urge you to consider this request.

All general fund savings and general fund revenue losses are biennial amounts.

1. Voluntary reductions submitted by the Attorney General.

Estimated general fund savings: \$ 587,000

2. Subcommittee reductions adopted to date.

Estimated general fund savings: \$1,280,000

3. Proposed two month delay of the transfer of motor vehicle titling and registration to the mainframe.

Estimated general fund savings: \$ 172,000

4. Transfer extradition of prisoners costs to the Governor's Office.

Estimated general fund savings: \$ 454,665

Discussion: The Department of Justice has no ability to control costs associated with this program. Since the control rests in the Governor's office, we recommend the program be moved accordingly.

Consequences: Moving the extradition costs to the Governor's office will ensure better cost-control over the program.

Statute changes: 46-30-411, MCA

- 5.A Return responsibility for county attorneys salaries to the counties.

Estimated general fund savings: \$2,664,968

Discussion: By statute, DOJ must pay one-half of the county attorney payroll costs. This mandated state share of the cost of full-time county attorney salaries creates an incentive for counties to move to a full-time county attorney. More and more counties are opting for full-time county attorneys as they see the financial savings available to their county. We have no recourse but to pay the bill, which continues to climb as more small, rural counties hire full-time county attorneys.

Consequences: Counties will assume the full cost of county attorney salary costs and will likely be more conservative in hiring full-time county attorneys in smaller population counties.

Statute changes: 7-4-2502(2)(a),(b), MCA

There are two other alternative options that the subcommittee may wish to consider regarding the provision of efficient, effective and economical prosecution of criminal cases in the counties.

5.B Institute a regional prosecutor program.

Estimated general fund savings: \$ 942,000

Discussion:

Currently, each county maintains a county attorney's office which, aside from its civil responsibilities to various local officials, also prosecutes all felony, misdemeanor and youth-related matters on the county level. This translates into 56 separate prosecution operations handling such cases. Because of the nature of the work, there is often duplication of effort by the counties, particularly in smaller jurisdictions where felony prosecutions are less frequent. Further, county attorneys in small counties are inexperienced in handling felony prosecutions and often must seek the assistance of the Attorney General. Under this approach, counties would maintain a county attorney for the purpose of handling civil legal matters on behalf of the county, but criminal matters would be handled using the regional prosecutor system. County attorney salaries would be paid in full by the counties (at a lesser cost because of reduced caseload) and the salaries of the regional prosecutors would be paid by the state.

Consequences:

Implementation of a regional prosecution model would allow for the consolidation of functions now performed by numerous small offices into fewer operations managed by career prosecutors. More responsive services could be provided with less total support staff.

Statute changes:

2-15-501, 7-4-2712, 7-4-2701, MCA and numerous other cites

5.C Limit full-time county attorney salary reimbursement to the seven counties with a population exceeding 33,000.

Estimated general fund savings: \$ 470,000

Discussion: DOJ would limit the reimbursement for full-time county attorneys to only those larger urban counties where the bulk of the state prosecutions occur--counties with populations in excess of 33,000. All other counties would be reimbursed for a part-time county attorney.

Consequences: This would eliminate the current financial incentive that has lead to the continuing trend toward full-time county attorneys in most rural counties.

Statute changes: 7-4-2502(2), (3) and 7-4-2706, MCA

6. Consolidate and streamline the provision of state legal services.

Estimated all fund savings: \$ 851,800

Discussion: The provision of coordinated and economical state legal services should be consolidated in DOJ. All state legal staff should be under the Attorney General's supervision. Currently, more than 84 staff attorneys ("house counsel") work for executive branch agencies. The combined annual salary cost alone for these staff attorneys working outside of DOJ is in excess of \$3,700,000/year. In addition, approximately 14 legal secretaries and 11 paralegal assistants work in the executive branch agencies, with combined salaries in excess of \$281,000 and \$278,000 a year, respectively. The current annual cost for staff attorneys, paralegals and legal secretaries working outside of DOJ is more than \$4,259,000/year.

A comparison of the growth of staff attorneys in state government over the last 15 years has escalated costs for staff attorney salaries from approximately \$1,500,000/year in FY 78 to over \$4.9 million in FY 93.

	FY 78	FY 93
Grade 13	7	0
Grade 14	1	0
Grade 15	22	7
Grade 16	2	0
Grade 17	8	44
Grade 18	5	37
Grade 19	3	15
<u>Grade 20</u>	<u>2</u>	<u>9</u>
Total	50	112

Consequences:

Significant general fund savings could be achieved through improved efficiencies, economies of scale, streamlined supervision and better legal coordination. If state legal services were consolidated in the Attorney General's office, the combined costs of salaries for the provision of legal services could be reduced by at least 10% each year. It is important to note that the increased numbers of "in house" counsel have resulted in a net savings to the State from discontinuing reliance on retained outside counsel at greater expense. However, it is projected that consolidation of legal services under the Attorney General could further reduce the State's need to retain outside counsel. More needs to be done to coordinate litigation and legal advice so state legal services can be more efficient. Reducing the reliance on "house counsel" would improve the provision of competent, cost-effective state legal services.

Statute changes: 2-15-501, 2-15-201 (5), MCA

7. Discontinue issuance of renewal reminder cards to vehicle owners.

Estimated general fund savings: \$ 314,000

Discussion:

The Motor Vehicle Division currently provides this service to motor vehicle owners allowing them to renew registrations by mail.

Consequences: Presently 400,000 vehicles are registered by mail. Eliminating renewal notices would require vehicle owners to register their vehicles in person at the local county treasurer's office. Increased lines and waiting periods would likely occur.

Statute changes: 61-3-525, 23-2-520, 25-2-620, 25-2-623 and 23-2-810, MCA

8. Stop issuing Attorney General opinions to state and local government.

Estimated general fund savings: \$ 48,000

Discussion: Attorney General (AG) opinions serve as a method of giving formal advice on legal issues to the Legislature, executive branch agencies and local governments. AG opinions provide concrete advice, often serving as the only practical method for a local government to secure a binding objective determination of a disputed question of law.

Consequences: State and local governments would have no objective forum except the courts to seek advice about legal issues. Local governments would have to rely more on the opinions of their county attorneys. Errors by governmental entities in their interpretation of the law could increase. Though such errors cannot be quantified, it is not unreasonable to assume that the inability to secure an AG's opinion in advance could result in liability exposure or increased litigation involving the state in the future.

Statute changes: 2-15-501(6), MCA

9. Discontinue assistance in death penalty cases.

Estimated general fund savings: \$ 72,000

Discussion: State law currently requires the Attorney General to represent the State in appeals of the death sentence before state and federal courts. There are currently eight inmates on death row. These cases involve multiple appeals and an incredible amount of lawyer time. The decision to seek the death penalty

in a particular case is made by the local prosecutor. That decision commits the state to bear all of the costs of defending the decision thereafter.

Consequences: County attorneys would become responsible for handling cases where they sought and received the death penalty. No county has the resources to follow a death penalty case through to its ultimate conclusion. As a result, county attorneys may not seek the death penalty, even for the most aggravated crimes. This does not, however, address the current case load which county attorneys would have to pick up at an extraordinary financial expense.

Statute changes: 2-15-501, MCA

10. Require coal tax-related litigation to be paid from the Resource Indemnity Trust (RIT) account.

Estimated general fund savings: \$ 500,000

Discussion: The Department of Justice maintains a \$500,000 biennial appropriation to pay for major litigation costs. In past years, major litigation has involved defense of Montana's coal severance tax. It would be appropriate that expenses of such a defense be paid by coal trust funds.

Consequences: The amount of RIT funds available for other areas will be reduced.

Statute changes: 15-38-202(2)(a), MCA

Level two expenditure reduction options.

You have also requested identification of an additional \$1,107,205 in general fund expenditure reduction options.

ADDITIONAL 5% GENERAL FUND DOJ TARGET \$1,107,205

1. Close the Law Enforcement Academy in Bozeman.

Estimated general fund savings: \$1,315,000

Discussion: The mission of the Montana Law Enforcement Academy is to provide a means of securing training in the field of law enforcement for Montana police officers and other qualified individuals. There are over 1600 sworn police officers in Montana. The Academy annually provides 34 on-campus training programs and 100 regional programs which serve officers from over 100 state, county and local law enforcement agencies.

Consequences: Closure of the Academy will eliminate training programs attended by 900 police officers each year. The accreditation and review of regional training programs attended by 1400 officers annually will also end. Closure of the Academy will not end the demand for police training. These obligations will be passed along to local agencies who do not have the resources necessary to manage training. Uniformity will be lost. There will likely be liability costs which arise from failure to train. In turn, the safety and well being of Montana citizens will be diminished.

Statute changes: 44-10-101, 44-10-105, 44-10-103, 44-10-201,
44-10-202, 44-10-203, 44-10-301, 44-10-302,
44-10-303, MCA

Loss of general fund revenue: \$ 180,000

2. Title only passenger cars, light & heavy trucks and heavy trailers.

Estimated general fund savings: \$ 468,000

Discussion: The Motor Vehicle Division would discontinue the issuance of titles for personal trailers, snowmobiles, boats and off-highway vehicles.

Consequences: Titles are often the only means of conveying ownership. Discontinuing titles would mean the loss of security of a person's property. Losing the integrity of the registration files would also hamper law enforcement in recovering stolen property.

Statute changes: Title 61 chapters 2,3, & 4; Title 23 chapters 5, 6 & 8, MCA

Loss of general fund revenue: \$1,654,000/Biennium

3. Discontinue dealer licensing and all forms of special license plates including personalized plates.

Estimated general fund savings: \$ 140,000

Discussion: Currently, the Motor Vehicle Division licenses all motor vehicle dealers. The division also provides personalized license plates and special plates for various groups as required by law.

Consequences: Dealers would not be required to be bonded and vehicles could be sold by anyone without protection or regulation. There would be no record system to ensure that required documents were provided to the purchaser or seller of a vehicle. These documents protect against illegal or fraudulent sales and other types of fraud.

Elimination of specialized license plates would mean lost revenue to various organizations and loss of personal recognition to groups such as veterans.

Statute changes: Title 61 chapters 2, 3, & 4; Title 23 chapters 5, 6 & 8, MCA

Loss of general fund revenue: \$250,000 - Dealer licensing.

\$1,200,000 will be collected this biennium for annual renewal of personalized license plates. This fee will continue to come in for those plates currently in use - assuming the owner wishes to renew. Over time, this revenue will decline as plates are not renewed or ultimately when a new state issue occurs.

4. Withdraw driver licensing services from 42 counties.

Estimated general fund savings: \$ 934,000

Discussion: The Motor Vehicle Division has expanded its coverage of the State over the years. However, there is a cost to bringing these services closer to our customers.

Consequences: Withdrawing services will require residents in rural communities to drive to larger communities to renew a driver's license.

Statute changes: 61-5-111, 61-5-101, 61-5-107, 61-5-206, 61-5-310, 61-12-501, 61-12-504, 61-11-203, 61-11-204 through 61-11-213, MCA

Loss of revenue to the general fund: \$ 640,000

It is projected that 10% of all drivers will not renew or seek an original license.

Requested reinstatement of a portion of subcommittee reductions.

The above options far exceed the department's targeted general fund reduction. I am requesting that a portion of the reductions taken in subcommittee be reinstated. As I noted earlier, it is essential that base programs be properly funded. We can no longer incrementally erode the base of program budgets. Large reductions, as offered above, must now be seriously considered. In that light, I ask for restoration of the following:

	GF Cost for Biennium
1. Appellate lawyer	\$ 69,000
2. 5.00 FTE in Motor Vehicle Div.	223,000
3. Operating costs for Motor Vehicle Div.	86,000
4. Criminal Investigator	76,000
5. Criminal History Information (3.00 FTE)	230,000
6. Rent for fire marshals/criminal investigators	46,000
7. Remodeling/expansion of Law Enforcement Academy	202,000
8. DARE coordinatator and payroll clerk (1.40 FTE) in Centralized Services Div.	108,000
9. 2.00 FTE programers in Data Processing Div.	127,000
Total GF Biennium Request	\$1,167,000

Representative Mary Lou Peterson

Page 14


January 27, 1993

I would also ask that you give strong consideration to reinstating the two licensing staff in the Gambling Control Division. This function is critical. The subcommittee reduction eliminates nearly half the staff dedicated to the licensing and permitting function. There is no general fund involved.

Concluding observations.

These proposals are submitted only because we are forced to do so by this current process. Nearly all proposals would be ill advised and would seriously jeopardize law enforcement and public safety in Montana. The Legislature is asking the Department of Justice to make reductions without regard to the consequences to the public and without consideration of the fact that the obligations to deliver certain services have been imposed by legislative mandate. As an official elected to a constitutional office in this state, I have the obligation to present a responsible budget that enables the Department of Justice to meet very basic and essential missions--to provide effective statewide law enforcement and to ensure the public safety. The subcommittee's reductions already adopted to date, place that ability in considerable jeopardy. Further program reductions in response to House Resolution 2 will absolutely prevent us from doing so.

Sincerely,



Joseph P. Mazurek
Attorney General

copies to: Representative John Mercer
Speaker of the House

Senator Fred Van Valkenburg
President of the Senate

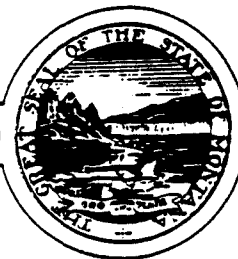
Members of the General Government and
Transportation Subcommittee on Appropriations

David L. Lewis
Budget Director

Dennis M. Taylor
Deputy Director

Division Administrators

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



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
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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

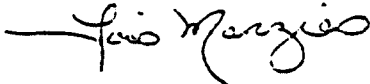
Total Reduction: \$616,423

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.

~~#8~~

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.

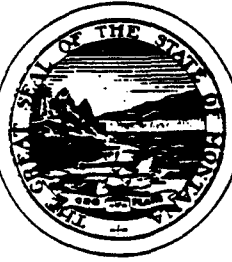
This work must be completed and given the low staffing level in the labor relations function, it would be extremely difficult, if not impossible, to absorb this work elsewhere in the bureau.

- 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.

EXHIBIT 12
DATE 1/29/93
HB

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



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 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

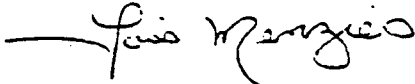
8) Eliminate Position 04005, Purchasing Agent (Procurement & Printing Div.)	29,127	29,367
9) Eliminate Remaining 1/2 FTE Position 12015 (Accounting & Management Support Division)	17,640	17,799

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

**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.

CANDIDATE
DATE 1/29/93
HB

DEPARTMENT OF MILITARY AFFAIRS



MARC RACICOT, GOVERNOR

P.O. BOX 4789

STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL
(406) 444-6910

HELENA MONTANA 59604-4789

January 26, 1993

TO: Representative Mary Lou Peterson
Chairman, General Government and Transportation
Subcommittee on Appropriations

FROM: Doug Booker, Administrator *Doug Booker*
Centralized Services

RE: PROPOSED SPENDING CUTS

Per your request of January 21st we are submitting the following information for possible reductions. The total for these reductions match the amount in your memorandum that would bring our 94-95 current level budget, as defined by the LFA, down to the 92-93 level. We would like to discuss the base differences between the Executive and LFA budgets at our hearing on February 8th. The additional 5% reductions you requested will also be addressed at that hearing. We wanted to wait until after the Adjutant General's trip to the National Guard Bureau to address any additional reductions.

The general fund amount identified to bring our biennial request into line with the 92-93 biennium is \$207,559. Our proposal is as follows:

- 1) Operations Support Program - The reduction would be \$63,694. The impact would be the elimination of a Word Processing Operator and the reduction of the Personnel Officer position from 1.00 to .60 FTE.
- 2) Army Guard Program - The reduction would be \$60,470. The impact would be deferment of major maintenance to general fund supported facilities throughout the state.
- 3) Air Guard Program - The general fund reduction would be \$18,680. The impact would be the elimination of the janitorial contract and the elimination of 1.00 FTE, a Switchboard Operator. The federal funds impacted would be \$56,040.
- 4) Disaster and Emergency Services - The general fund reduction would be \$55,190 with a like amount of federal funds reduced. The impact would be the elimination of two FTE, a Communications Specialist and an Accounting Technician.

Representative Peterson
Proposed Spending Cuts
January 26, 1993
Page 2

5) Veterans Affairs - The reduction would be \$9,525. The impact would be the reduction of a Program Assistant position from a full time position to approximately a .80 FTE.

The priorities of these reductions were to minimize impacts to the Veterans Affairs Division and to the maintenance level required in our armories. If additional reductions are required the department's priorities will probably change.

If you require additional information please let us know.

Thank you.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

GEN. GOV. & HWYS. SUBCOMMITTEE DATE 1/29/93
DEPARTMENT(S) Dept. of Admin. DIVISION _____

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NAME	REPRESENTING	
Mike Trevor	DOA / ISD	
John J. McNaught	DOA / STAB	
EARL ZUELKE	DOA / MSB	
MARK CRESS	DOA / PERB SPD	
Kathy Willis	DOA / A&E DIV	
Susan Campbell	DOA / Gen. Serv. Div	
Debra Fulton	DOA / GSD	
LOIS MENZIES	DOA	
Dave Ashley	"	
Cathy Reardon	" / MSB	
Connie Griffith	DOA / Acctg & MSB	
Tom O'Connell	DOA / A&E Division	
MARVIN EKAOLTZ	" / PROCUREMENT & PRINTING	

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