

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 February 1, 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
John Patrick, 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: STATE AUDITOR'S OFFICE
Executive Action: DEPARTMENT OF ADMINISTRATION

Announcements/Discussion:

CHAIRMAN MARY LOU PETERSON distributed a committee bill for the statutory appropriation for the Youth Detention Center Grant Program to be considered by the subcommittee members.

EXECUTIVE ACTION ON DEPARTMENT OF ADMINISTRATION

Tape No. 1:A:030

INFORMATION SERVICES DIVISION

Informational Testimony:

Mr. Jon Moe, Legislative Fiscal Analyst, raised the issue of switching of position numbers by the division.

Motion/Vote: REP. MARJORIE FISHER moved that the division switch

the position numbers as needed. **THE MOTION CARRIED** unanimously with five members present.

Announcements/Discussion:

Mr. Clayton Schenck, Legislative Fiscal Analyst, distributed a packet of letters in response to a letter from Dave Lewis.
EXHIBIT 1

HEARING ON STATE AUDITOR'S OFFICE

Tape No. 1:A:070

Informational Testimony:

Mr. Schenck presented an overview of the budget for the agency.
EXHIBITS 2 and 3

Mr. Mark O'Keefe, State Auditor, presented testimony for the agency. **EXHIBIT 4**. He requested that the positions eliminated be restored and that the subcommittee consider the alternative proposals of the agency to reach the 5% reduction.

INSURANCE

Informational Testimony:

Mr. James Borckardt, Chief Examiner, Insurance Department, presented testimony. **EXHIBIT 5**. He stated that the revenue decreases in FY94 for audit of premium taxes are because the division has assumed that the 7% solution surcharge will be eliminated. The impact from the Life and Health Guarantee Association also affects this

Questions, Responses, and Discussion:

SEN. GARY FORRESTER asked how many FTEs are in the division and how many have been eliminated. **Mr. Borckardt** answered that there are 5 FTE in the Examinations Division and four in the Rates and Forms Bureau. One FTE, an important clerk position, was eliminated in the Examinations Division. One FTE, a medicare supplements specialist, was eliminated in the Rates and Forms Bureau.

REP. JOE QUILICI asked how often the division processes renewals. **Mr. Borckardt** answered that renewals are processed March 1 of each year.

REP. QUILICI asked how often the bureau conducts product oversight. **Mr. Borckardt** answered that this is done throughout the entire year.

Informational Testimony:

Mr. O'Keefe stated that the Examinations Division brings in \$28

million a year. It is the lowest staffed of this type of division in the nation. Its lack of staffing kept the division from catching an Idaho company that was distributing illegal policies in Montana. The Rates and Forms Bureau, because of its low staffing, takes months to get a product through the system.

Tape No. 1:B:050

Mr. Mark Nelson, Administrator, Licensing, presented testimony for the division. **EXHIBIT 6**

Questions, Responses, and Discussion:

REP. QUILICI asked what surplus lines are. **Mr. Nelson** answered that they are companies that are not admitted to do business in Montana, but that are authorized by the division because the company meets specific financial requirements and provides services different from those one could normally find. The taxes collected are dependent upon the policy.

REP. FISHER asked how many FTEs are in the division. **Mr. Nelson** answered that there are three.

Informational Testimony:

Mr. O'Keefe stated that the continued education bill will aid the licensing division with accreditation.

Mr. Bob Post, Lead Compliance Officer for the Policy Holders Division, presented testimony for the division. **EXHIBIT 7**

Questions, Responses, and Discussion:

REP. QUILICI asked if the money recovered for consumers goes to the policy holders. **Mr. Post** answered that it does and that the division follows up to make certain it is paid.

SEN. FORRESTER asked if the division believes it can increase the amount in the general fund. **Mr. Post** answered that it can, but that it will need the FTE to do so.

Informational Testimony:

Mr. Larry Akey, Montana Association of Life Underwriters, supported the position of the agency. The Montana consumer is negatively affected by the inability to get products through to the public. The organization supported an increase in fees with the understanding that they would be use for the regulation and enforcement of the insurance code. Presently, only 70% of the money is going toward this. The organization asks that the legislature rectify this situation.

Mr. Tom Hopgood, Health Insurance Association of America,

supported the position of the agency. The organization is particularly in support of maintaining the chief legal counsel position.

Mr. Roger McGlenn, Executive Director, Insurance Agents Association of Montana, supported the position of the agency. He stated that the 30% taken from fees for regulation and enforcement of the insurance code is double taxation.

Mr. Clyde Daly, Executive Director, Montana Senior Citizens Association, supported the position of the agency. He stated that although the Insurance Commission was cooperative, the agency did not have adequate staffing to aid in detecting violators of state law in the Medicare Supplemental Insurance Project. Rectifying the violations will require a considerable amount of work in the future. Seniors are the largest portion of the population and voting block and are the most vulnerable to insurance fraud.

SECURITIES

Tape No. 2:A:165

Informational Testimony:

Ms. Melissa Broch, Staff Attorney, Securities Department, presented testimony for the department. **EXHIBIT 8** A pending bill would increase the number of issues to come before the department.

Questions, Responses, and Discussion:

REP. QUILICI asked who prosecutes the cases. **Ms. Broch** answered that this depends on the county to which the cases are referred and the familiarity with securities; otherwise they are prosecuted by a special prosecutor, paid for by the State Auditor's Office.

CENTRAL MANAGEMENT

Tape No. 2:A:500

Mr. Tom Crosser, Deputy, Fiscal Control and Management, reviewed the functions of the Central Administration Program. The program has eight FTEs. All checks coming into the agency are funneled through central services and deposited in the proper accounts; a large portion goes to general fund. He reviewed the functions of the Fiscal Control and Management Program. The program has 15 FTEs. Eight FTEs work in the Warrant Writing System. He distributed a graph showing the rise in number of warrants written. **EXHIBIT 9**. He hypothesized that the number has risen because reductions in other agencies have caused them to cease buying in bulk. Two FTEs work in the Bad Debt Collection Program. He distributed a graph showing revenue in this program. **EXHIBIT 10**. The modification request is to accommodate growth in warrant writing. If the money is not spent, it will be adjusted

for the next year.

PAYROLL

Tape No. 2:A:1000

Informational Testimony:

Ms. Donna Warner, Administrator, State Payroll, emphasized the need for restoration of the .5 FTE for the system.

Discussion:

CHAIRMAN PETERSON suggested looking at other states to see how they manage the State Auditor's Office.

Mr. O'Keefe agreed that this is a useful idea.

Tape No. 2:B:062

Informational Testimony:

Mr. Mark Cress, Administrator of the State Personnel Division, stated that passage of HB 153 would move the payroll function into the Department of Administration. He stated that although he understands the difficulty for the State Auditor's Office of separating out a .25 FTE and the funding for it, this is a substantial reduction which would be faced by the Department of Administration upon the transfer. The .5 FTE referred to by Mr. O'Keefe is also of great importance when considered in conjunction with the .25 FTE.

Mr. John Patrick, Office of Budget and Program Planning, referred the subcommittee to the Fiscal Note for HB 153. The fiscal note reflects the transfer of the FTE referred to by Mr. Cress.

Announcements/Discussion:

Mr. Schenck distributed a handout showing the status of subcommittee action to date. **EXHIBIT 11**

Questions, Responses, and Discussion:

REP. FISHER asked why revenue for the State Auditor's Office goes to general fund when the public expects it to be used for specific purposes. **Mr. Crosser** responded that statute states that the revenue must be ear marked or it will automatically go to the general fund.

REP. QUILICI stated that revenue derived from the State Auditor's Office helps to balance the general fund.

Announcements/Discussion:

Mr. Patrick, distributed a letter in response to a previous

question by SEN. FORRESTER. EXHIBIT 12

Discussion:

SEN. FORRESTER stated that some of the money from coal tax goes directly to the coal board grant. He is concerned that some of the impacted communities, such as Lane Deer, are not receiving an adequate portion of this money.

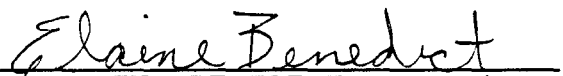
Mr. Patrick stated that the amount available for grants has been reduced.

ADJOURNMENT

Adjournment: 11:55 AM



REP. MARY LOU PETERSON, Chair



ELAINE BENEDICT, Secretary

MLP/EB

HOUSE OF REPRESENTATIVES

Gen. Gov. & Hwys.

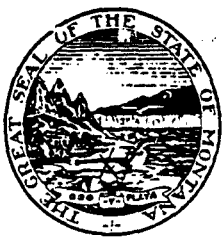
SUB-COMMITTEE

ROLL CALL

DATE

2/1/93

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		



TERESA OLCOTT COHEA
LEGISLATIVE FISCAL ANALYST

STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

EXHIBIT 1

DATE 2-1-93

HB

January 20, 1993

Representative Mary Lou Peterson
Montana House of Representatives
Seat #11
Helena, MT 59620

Dear Representative Peterson:

I am writing in response to Dave Lewis' letter to executive branch agencies. While the letter was not directed to legislative agencies, I hope the following information will be of assistance to the subcommittee as it works to meet its expenditure target.

Attachment A is a prioritized list of the statutory duties performed by our office. I have listed the statutory citation for each duty. I have also provided an indication of the office's accomplishments in each area during fiscal 1992.

Since our agency is small (14 professionals and 2 clerical FTE), there is only one program within the agency. I cannot assign a dollar cost to each of the five duties listed in Attachment A, since these tasks are performed by staff at various points in the legislative cycle. All staff assist in tasks #1 and #3-#5. Five staff members are involved in task #2.

Attachment B shows our 1995 biennium budget request, which was approved by the subcommittee last week. I understand that the subcommittee may have to revisit budgets in order to meet the spending targets, and I stand ready to provide any information the subcommittee needs. I have presented budget options to the Legislative Finance Committee for their review, and Senator Jacobson (chair) and Representative Nelson (vice-chair) have agreed to discuss these options with the subcommittee at your convenience.

I look forward to providing whatever information the subcommittee needs in order to complete the expenditure targets.

Sincerely,

Teresa Olcott Cohea
Legislative Fiscal Analyst

TOC3J:mb:RP1-19.ltr

cc w/attachments: Senator Jacobson
Representative Nelson

OFFICE OF THE LEGISLATIVE FISCAL ANALYST

EXHIBIT 1

DATE 2-2-93

~~HB~~

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.

TOC3I:lt:HB8.rpt

OFFICE OF THE LEGISLATIVE FISCAL ANALYST

COMPARISON OF 1993 AND 1995 BIENNIA BUDGETS

EXHIBIT

DATE 2-1-93

~~HB~~

Appropriation	1993 Biennium	1995 Biennium	Increase
<u>Operations</u>			
First Year	\$807,239	\$829,003	\$21,764
Second Year	<u>\$876,389</u>	<u>\$863,760</u>	<u>(\$12,629)</u>
Total	\$1,683,628	\$1,692,763	\$9,135
<u>Contingency appropriations</u>	<u>\$99,110</u>	<u>\$37,400</u>	<u>(\$61,710)</u>
Grand Total	<u>\$1,782,738</u>	<u>\$1,730,163</u>	<u>(\$52,575)</u>

BUDGET 1995 BIENNIUM						
	SPEC. SESS. APPROP FY92	REQUESTED FY94	PERCENT DIFF.	SPEC. SESS. APPROPRIATED FY93	REQUESTED FY95	PERCENT DIFF.
CURRENT LEVEL:						
F.T.E.	17.50	17.00	(0.50)	18.00	17.00	(1.00)
PERSONAL SERVICES	\$702,134	\$724,263	3.2%	\$742,566	\$729,609	-1.7%
CONTRACT SERVICES	\$46,905	\$43,131	-8.0%	\$82,060	\$73,165	-10.8%
SUPPLIES	\$9,400	\$9,898	5.3%	\$12,000	\$12,718	6.0%
COMMUNICATIONS	\$10,341	\$8,609	-16.7%	\$9,000	\$8,308	-7.7%
TRAVEL	\$13,000	\$13,429	3.3%	\$7,000	\$9,053	29.3%
RENT	\$10,571	\$11,201	6.0%	\$10,763	\$11,520	7.0%
REPAIRS	\$10,315	\$10,904	5.7%	\$9,000	\$11,757	30.6%
OTHER	<u>\$3,412</u>	<u>\$4,068</u>	<u>19.2%</u>	<u>\$3,000</u>	<u>\$4,130</u>	<u>37.7%</u>
TOTAL OP EXPENSE	\$103,944	\$101,240	-2.7%	\$132,823	\$130,651	-1.6%
EQUIPMENT	<u>\$1,161</u>	<u>\$3,500</u>	<u>201.5%</u>	<u>\$1,000</u>	<u>\$3,500</u>	<u>250.0%</u>
TOTAL CURRENT LEVEL REQUEST	\$807,239	\$829,003	2.7%	\$876,389	\$863,760	-1.4%
Biennial Appropriations	FY 92 Approp.	FY 94 Requested				
Consultant	\$18,700	\$18,700				
Post Secondary Ed. (HB 142)	\$61,710	\$0				
Data Processing - Leg. Requests	<u>\$18,700</u>	<u>\$18,700</u>				
Totals	\$99,110	\$37,400				



MONTANA CONSUMER COUNSEL

EXHIBIT
DATE 2-1-93

34 W. SIXTH AVENUE
PO BOX 201703
HELENA, MONTANA 59620-1703

RECEIVED

TELEPHONE: (406) 444-2771

FAX NO: (406) 444-2760

JAN 20 1993

OBPP

ROBERT A. NELSON
CONSUMER COUNSEL

January 19, 1993

TO: Dave Lewis, Director
Office of Budget and Program Planning

Terri Perrigo, Analyst
Office of Legislative Fiscal Analyst

FROM: Robert A. Nelson, Consumer Counsel

A handwritten signature of Robert A. Nelson in cursive script.

This memo responds to your inquiry of January 12, 1993 regarding "Proposed Spending Cuts". Although your questions were directed to Executive Branch agencies, it was suggested that a response from our Legislative agency would be appreciated.

The Consumer Counsel is funded entirely by the Consumer Counsel tax on regulated companies. No general fund monies are used.

The Consumer Counsel tax is implemented by §§69-1-201, et seq., but is provided for in Article XIII, Section 2, of the Montana Constitution. Because the tax is constitutionally created, and because the amount is contingent on the Consumer Counsel appropriation, "de-earmarking" this fund is not feasible.

cc: Rep. Joe Quilici

EXHIBIT 1

DATE 2-1-93

HB

Montana Legislative Council

Prioritized List of General Fund Spending

Prepared by
Robert B. Person
Executive Director

January 20, 1993

Dave Lewis, Director of the Office of Budget and Program Planning, sent a copy of a January 12 memo on the subject of "Proposed Spending Cuts" to the Legislative Council. This report responds to the request contained in that memo.

General Comments

Funding priorities is neither easy or precise. The memo asked that the duties listed with priorities as required by law now be coupled with a budget associated with that duty. While the memo suggested adding funding to each item should be accomplished with little trouble, such is not the case.

The Legislative Council has over the years established a highly integrated group of functions funded with a combination of general fund and special revenue fund appropriations. One staff member or group may spend various amounts of time from hour to hour or month to month on different priorities at different times in a biennium. Likewise, a piece of equipment may be used for one project at one time and another later.

The Council budget is based on the functional organization of the office, not on a list of separate activities. To try to make a profound change in the way a budget is organized and presented with no historical basis, no accounting record organization similar in nature, and little logical connection with funding is difficult indeed.

Despite the difficulties, an effort to provide the requested information is included below.

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.

Funded Lists of Prioritized Activities

Prioritized list. The list of activities below is taken from the Legislative Council's statement of Mission, Goals, and Objectives prepared as required by 17-7-111, MCA for the Council's Operations Program. Analysis of Interim Studies and Conferences follows in the next section. This list has been reorganized here to separate general fund supported activities from special revenue funded activities. The priorities listed have been endorsed by the Legislative Council.

Funding estimate method. Since funding records by activity are unavailable, a simple method for allocating funding was required. For the most part, total general fund as shown in LFA documents for the required budget level were allocated among the activities in proportion to the hours of staff time reported spent on those activities in fiscal years 1991 and 1992. The time allocations are reported by staff on time sheets. In instances where more precise budget information was available, that was used. There is not assurance that the allocations for the years in question are necessarily typical due to special sessions or other special projects. Totals may not agree precisely due to rounding or other methodological errors. Any use of these data must be done with great circumspection.

Operations Program

General fund Goals and Objectives Organized by Priority

Priority 1 (General Fund)

1. Draft bills for legislators and legislative committees (1 MT 5-11-112; Joint Rule 40-40).

LFA CL	BUDGET	BUDGET	BUDGET
FY 92	FY 93	FY 94	FY 95
92,018	1,029,514	131,136	1,236,910

[Regarded as mandatory]

2. Support the production, engrossing, and enrolling of bills and the production of journals, bill status reports, and publications indexes, using appropriate personnel and technologies to achieve the timely and accurate production of legislative documents and information (1 MT Joint Rules 10-120, 10-160, and 10-170 and 5-11-212).

LFA CL	BUDGET	BUDGET	BUDGET
FY 92	FY 93	FY 94	FY 95
43,057	80,362	61,367	96,550

[Regarded as mandatory, however, the quality goals are discretionary.]

3. Provide research, legal, and organizational support to interim legislative committees up to the limits of staff availability (1 MT 5-11-111).

LFA CL	BUDGET	BUDGET	BUDGET
FY 92	FY 93	FY 94	FY 95
1,003,593	310,834	1,430,232	373,452

[Regarded as mandatory. Fewer interim assignments could mean less work here. There is a tight relationship between interim and session support activities.]

4. Provide library reference services to the Legislature, the Council staff, and other legislative agencies and, to a limited degree, to other state agencies and individuals (1 MT 5-11-112).

[Regarded as mandatory support for other functions. Funding for the library has been allocated among the other funded activities. The direct budget for library services can be identified in organizational budgets.]

5. Provide accounting, payroll, and purchasing services to the Legislative Council and the Legislature and internal central service support (1 MT Joint Rule 10-100).

[Regarded as mandatory support for other functions. Funding for central administration has been allocated among the other funded activities. The direct budget for management services can be identified in organizational budgets.]

6. Support legislative needs as requested by the Legislature through leadership, committees, and committee chairmen (1 MT 5-11-112);

[Regarded as mandatory. This is an overarching goal recognizing the relationship of the agency to the House and Senate. Costs are either related to distributed administrative costs or are session committee costs.]

7. Provide the Legislature with economical, high-quality services within the Council's assigned areas of responsibility in accordance with the long-term requirements of the legislative institution (1 MT 5-11-105);

[This is a discretionary quality goal statement. Reduced service levels, expediency decisions, and other short term accommodations would need to be made depending on the degree of funding inadequacy. Bill status costs, since they cross several goals and do not fit elsewhere are shown here.]

LFA CL	BUDGET	BUDGET	BUDGET
FY 92	FY93	FY 94	FY 95
22,465	181,523	32,015	218,091

8. Provide well-qualified, stable, permanent, objective, professional, and nonpartisan staff who provide effective and efficient services to the Legislature in accordance with the general guidance of the Legislative Council and the statutes (1 MT 5-11-111);

[This is a discretionary quality goal statement. Employment of staff and the quality of staff employed is dependent upon task assignments and the desires of the Council and Legislature.]

Priority 2 (General fund)

1. Provide limited research, legal analysis, and reference services in response to legislative requests, requests from sister states, and interstate agencies (2 MT 5-11-112; 5-11-301).

LFA CL	BUDGET	BUDGET	BUDGET
FY 92	FY 93	FY 94	FY 95
84,591	56,699	120,552	68,122

[Regarded as mandatory. Services could be cut off first to out of state requests then to other agencies and legislators. There is a significant reciprocity issue here which the Legislative Council has been directed by law to consider.]

2. Plan, coordinate, install, operate, and maintain network file servers and selected related network services for the legislative branch (2 MT Title 5, Chapter 11, Part 4).

[Regarded as mandatory due to the extreme reliance upon computer processing and communications. Costs for this support activity have been distributed among the funded activities. Specific operating and expense budget estimates are available in the organizational budget.]

3. Support effective guidance of agency activities by the Legislative Council (2 MT 5-11-105);

[This defines the Legislative Council's role in the agency. Arguably, the Council could delegate all management prerogatives to staff. The small salary and travel budget for the Council has been distributed among other actives funded here. It can be isolated from the organizational budget.]

4. Provide, in response to requests, information to the public about the Legislature, statutes, and state government (2 MT Constitution: Art II, Sec 8; Art II, Sec 9; Art V, Sec 10).

[Regarded as discretionary. Service to the public, while exemplary, is not mandated and must be lower in priority than that to legislators. Costs are not readily identifiable but represent some share of the information request costs shown in Priority 2, #1.]

Priority 3 (General fund)

1. **Review ballot issues in accordance with the requirements of 13-27-202, MCA (3 MT 13-27-202).**

LFA CL	BUDGET	BUDGET	BUDGET
FY 92	FY 93	FY 94	FY 95
12,284	400	17,506	480

[This function is mandatory, operates under statutory time limits, and would require amendment of statutes to avoid. Its low priority is due to its removal from the central function of service to the Legislature rather than its role in society.]

2. **Operate the Legislative Intern Program in such a way as to meet the requirements of Title 5, chapter 6, part 1, MCA (3 MT).**

[Mandatory, but not of central importance to legislative function. Program costs are not documented, but are likely to be less than \$200 in a biennium.]

3. **Maintain staff skills through training and information (3 Discretionary).**

LFA CL	BUDGET	BUDGET	BUDGET
FY 92	FY 93	FY 94	FY 95
118,971	101,804	169,547	122,313

[This is a discretionary quality goal. Since training time is captured in the system, an allocation is shown here, however, it should be regarded as a distributed overhead. Direct training expenditures have been significantly cut in recent years. The above costs include indirect costs of staff time for internal training, etc.]

4. **Support subscriptions to a newsletter that reports interim legislative activities, planned meetings, and other legislative news (3 Discretionary).**

[A specific budget may be found in the organizational budget for this discretionary activity.]

5. **Support staff accomplishment of assigned duties by providing adequate logistical support, which includes:**

- (1) **adequate office space and furnishings;**
- (2) **office equipment, supplies, and materials;**
- (3) **reference books, materials, and services;**

- (4) communications support, including telephone, mail, and other media (3 Discretionary)

[This is mandatory to a point. The level of quality is discretionary, and has not been done particularly well. The cost is distributed. Specific budget allocations are available in the organizational budget.]

Special Revenue Goals and Objectives Organized by Priority

These are shown for information purposes. Significant reductions in general fund capability would cripple the ability of the agency to achieve special revenue goals.

Priority 1 (Special Revenue) goals:

- (m) to accomplish the duties assigned the Code Commissioner in 1-11-204, MCA, effectively and efficiently (1 MT 1-11-204);**
- (m) to recover all costs of producing the Montana Code Annotated and up to a maximum of 20% in addition to the costs (1 MT 1-11-301);**
- (d) to publish and distribute the Montana Code Annotated statute text prior to October 1 following a regular legislative session (1 MT 1-11-204);**
- (d) to publish accurate updates to the Annotations to the Montana Code Annotated once each biennium (1 MT 1-11-204);**
- (d) to publish Montana Code Annotated publications in an attractive and useful format that is economical and acceptable to a majority of the subscribers (1 MT 1-11-204);**

Priority 2 (Special Revenue) goals:

- (m) to budget and account accurately for the costs associated with publishing and distributing the Code statute text, Annotations, and ancillary publications (2 MT 1-11-301);**

Priority 3 (Special Revenue) goals:

- (d) to support the provision of copy services for the dissemination of copies of legislative information and miscellaneous other services at a price that reflects cost (3 Discretionary);**
- (d) to provide automated search services of the Montana Code Annotated data bases and production of camera-ready copy from those data bases on a cost-reimbursable basis (3 Discretionary);**
- (d) to provide an automatic, electronic, accurate billing and inventory system for the Montana Code Annotated and ancillary publications and for other billable activities (3 Discretionary);**

Interim Studies and Conferences Program

The goals outlined below are general in nature and can be applied to any of the actives funded in the budget. All are of equal priority in the budget. Elimination of any or all activities would save both the direct cost and a small amount of indirect support cost. Elimination of interim studies and session committee support responsibility as well as allowing slower response time for bill drafting would allow corresponding FTE reductions.

The goals of the Interim Studies and Conferences Program are:

Technical

- (1) to account for and pay legislator salaries, travel expenses, communications expenses, consultant costs, and other direct costs associated with the conduct of interim studies assigned under 5-5-211 and 5-5-217, MCA; (1 MT 5-11-112(4)(a))
- (2) to account for and pay the cost of legislator participation in the activities of organizations promoting interstate cooperation; (1 MT 5-11-112(4)(a)) and
- (3) to account for and pay the cost of other interim activities for which appropriations are made; (1 MT 5-11-112(4)(a))

Policy

- (1) to support accomplishment of the duties assigned to interim joint subcommittees under 5-5-215, MCA, (1 MT 5-11-112(2)(c)) most importantly:
 - (a) accumulation, compilation, analysis, and furnishing of information pertinent to important issues of policy and questions of statewide importance;
 - (b) preparation of bills and resolutions for the next Legislature; and
 - (c) maintenance of accurate records of the subcommittee's activities and proceedings;
- (2) to achieve the interstate cooperation goals established in 5-11-301, MCA, (2 MT 5-11-301) particularly:
 - (a) to develop and maintain friendly contact with other states and levels of government;
 - (b) to establish delegations to confer with similar delegations from other states; and
 - (c) to advance cooperation with other units of government through suitable means; and

- (3) to achieve the goals established by the authorizing legislation and committee action for other interim activities such as statutory and ad hoc committees the Council is assigned to support. (1 MT)**

[Current level analysis does not apply to this program. See specific activity budgets for funding details.]

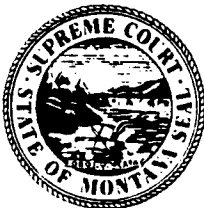
EXHIBIT 1
DATE 2-1-93

RECEIVED

JAN 21 1993

QBPP

The Supreme Court of Montana
Office of the Court Administrator



JIM OPPEDAHL
Court Administrator

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

January 21, 1993

Mr. David Lewis, Director
Office of Budget and Program Planning
Governor's Office
State Capitol
Helena, Montana 59620

Dear Mr. Lewis:

This is in reply to your memorandum of January 12, 1993 received in this office January 15, 1993 relating to information on priorities of general fund expenditures contained in Governor Racicot's budget for FY 1994 and FY 1995.

As you note in your memorandum, you anticipate responses using a "broad brush approach." Given our limited staff, resources and response time and in the interest of not duplicating efforts, this office asks that you accept our January 27 response to the memorandum that we received this morning from Representative Mary Lou Peterson as meeting your information needs. Since the General Government and Transportation Subcommittee's request is more comprehensive and detailed, we hope that the response to it will be satisfactory to both your Office and that of the Subcommittee.

Sincerely,


Jim Oppedahl

cc: Representative Mary Lou Peterson

GOVERNOR'S OFFICE PROGRAM PRIORITY LISTING

Priority	Program	Description	Authorization		Duties	
1	Governor's Executive Office	Budget for operation of the Governor's Office, for the Governor and his staff.	<p>MT Constitution - Establishes the Governor as the chief executive officer of the state.</p> <p>Article VI, Section 4</p> <p>2-15-103 MCA - Establishes policymaking authority and administrative powers of the governor.</p> <p>2-15-201 - Establishes powers and duties of governor.</p>		<p>According to the Constitution of Montana, Article VI, Section 4: "The executive power is vested in the governor who shall see that the laws are faithfully executed. He shall have such other duties as are provided in this constitution and the law."</p> <p>Other duties provided in the constitution include the supervision of executive branch departments, appointment of department heads, and other officers as provided by law or by the constitution. The governor must submit a balanced budget to the legislature, sign or veto legislation, grant reprieves and pardons, and is commander-in-chief of the militia forces of the state.</p>	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Governor's Executive Office General Fund State Special Revenue Total		<p>917,652</p> <p><u>16,160</u></p> <p>933,812</p>	<p>933,874</p> <p><u>15,328</u></p> <p>949,202</p>	<p>989,515</p> <p><u>15,500</u></p> <p>1,005,015</p>	<p>964,134</p> <p><u>15,500</u></p> <p>979,634</p>
1	Lt. Governor's Office	General fund budget for Lt. Governor and staff	<p>Article VI, Section 4, Montana Constitution</p> <p>2-15-301 MCA - Creates office of Lieutenant Governor.</p> <p>2-15-302 MCA - General delineation of powers and duties of Lieutenant Governor.</p>			
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Lt. Governor's Office General Fund State Special Revenue Fund Total		<p>155,644</p> <p><u>0</u></p> <p>155,644</p>	<p>147,585</p> <p><u>15,000</u></p> <p>162,585</p>	<p>197,491</p> <p><u>0</u></p> <p>197,491</p>	<p>199,626</p> <p><u>0</u></p> <p>199,626</p>

GOVERNOR'S OFFICE PROGRAM PRIORITY LISTING

Priority	Program	Description	Authorization	Duties		
1	Office of Budget and Program Planning	General fund for budget director and staff	<p>17-1-131 to 17-1-132 MCA - General duties of the budget director.</p> <p>17-7-101 to 17-7-132 MCA - The <u>Budget Act</u>. The act generally prescribes the form, content, and time lines for budget development and pay plan proposal and submission to the legislature.</p> <p>17-7-301 MCA - Governor may allow expenditures in the first year of a biennium from authority provided for the second year of a biennium for an executive branch agency.</p> <p>17-7-401 to 17-7-405 MCA - The budget amendment process.</p> <p>5-12-401 MCA - Directs that all budget amendments shall be submitted through the budget director to the legislative finance committee.</p> <p>2-18-204 MCA - Provides that the budget director determine the number of employees in each agency and gives the budget director the authority to amend the number of positions upon request of an agency.</p> <p>15-24-1702 MCA - Directs that the office of budget and program planning consult about impacts to programs with a governing body considering suspending or cancelling delinquent property taxes.</p>	<p>Respond quickly, competently, professionally and substantively to directives, initiatives, and research requests of the governor.</p> <p>Establish valid appropriations and provide policy guidance and state management memoranda to implement statutes and language governing appropriation authority.</p> <p>Start up the Statewide Budgeting and Accounting System and the Personnel / Payroll / Position Control System, tied to all appropriations bills and legislative intent at the beginning of each fiscal year.</p> <p>Oversee day-to-day management of appropriations and operating budget changes and to manage modifications to the authorized level of FTE (full time equivalent positions) for all state agencies.</p> <p>Improve, direct and oversee the budget development processes and to prepare, distribute and present the executive budget recommendations to the legislature.</p> <p>Provide expertise to legislative appropriation committees and to manage the fiscal note process for proposed legislation.</p> <p>Initiate policy and program directions and options for consideration within and among agencies, policy staff, legislators, special interest groups, and the general public.</p> <p>Participate in multi-agency management and policy groups and provide data and leadership related to budgets, revenue, and disbursements.</p>		
BUDGET			FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
Ofc Budget & Program Planning Budgeting and Appropriations			793,786	798,623	1,030,464	923,429

GOVERNOR'S OFFICE PROGRAM PRIORITY LISTING

Priority	Program	Description	Authorization		Duties	
2	Office of Budget and Program Planning	Revenue Estimating Function. This was not accounted for separately but is estimated at 10% of the Assistant Director's salary and benefits.	No statutory authorization.		Produce revenue and tax policy options for the governor's consideration, with thorough analysis of past trends and future impacts.	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	OBPP Revenue Estimating		5,000	5,000	5,160	5,158
2	Governor's Mansion	General fund budget for mansion staff, food, security, minor maintenance and household expenses.	No statutory authorization.		Maintenance of the mansion as the official residence of Montana's chief executive.	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Governor's Mansion		53,734	55,603	49,561	49,999
2	Citizens' Advocate Office	General fund portion of budget for this program	No statutory authorization		To resolve problems Montana citizens encounter in dealing with state government. To assist Montana citizens who are receiving state assistance such as food stamps, aid to families with dependent children (AFCD) and medicaid, and the Low Income Energy Assistance Program. The recipients on public assistance call the Citizens' Advocate office with questions or problems concerning eligibility or treatment they received from county Human Service offices statewide.	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Citizens' Advocate Office General Fund Federal Special Revenue Fund Total		60,045 14,444 74,489	51,712 15,000 66,712	60,668 15,000 75,668	58,712 15,000 73,712

GOVERNOR'S OFFICE PROGRAM PRIORITY LISTING

Priority	Program	Description	Authorization		Duties	
2	Governor's Executive Office	Governor's Office on Aging: budget for Aging Coordinator FTE and for expenses of the Governor's Advisory Council on Aging	2-15-231 MCA - Governor's Office on Aging. Creates position of Coordinator of Aging and establishes Advisory Council on Aging.		Supervises the planning, coordination, and operation of programs within state government that affect senior citizens. Provides training, recognition, and leadership for those serving the elderly. Coordinates the activities of state departments and encourages the cooperation of local, federal, and private sector efforts to produce a coordinated and comprehensive array of services for the elderly.	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Governor's Office on Aging		36,398	49,429	49,722	50,150
2	Governor's Executive Office	Flathead Basin Commission: General fund portion of budget for the Flathead Basin Commission	75-7-301 thru 75-7-308 MCA - Flathead Basin Commission Act of 1983 2-15-213 thru 2-15-315 MCA - Establishment and Organization of Flathead Basin Commission and staff.		Duties of the Flathead Basin Commission are statutory: To protect the existing high quality of the Flathead Lake aquatic environment; the waters that flow into, out of, or are tributary to the lake; and the natural resources and environment of the Flathead Basin.	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Flathead Basin Commission General Fund State Special Revenue Total		6,538 1,007 7,545	6,868 68,431 75,299	7,167 70,000 77,167	7,347 70,000 77,347

GOVERNOR'S OFFICE PROGRAM PRIORITY LISTING

LABOR 1
DATE 2-1-93
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Priority	Program	Description	Authorization	Duties
2	Mental Disabilities Board of Visitors	Board of Visitors segment, consisting of 1.50 FTE located in Helena, and expenses of the board itself.	<p>53-20-101-165 MCA - Developmental Disabilities Act, 1975. 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.</p> <p>Requires to the Board to:</p> <ul style="list-style-type: none"> • review all plans for experimental research or hazardous treatment procedures involving persons admitted to a residential facility. • investigate all cases of alleged mistreatment of a resident. • inspect at least annually every residential facility that is providing a course of residential habilitation and treatment.... • inspect the file of each person admitted to a residential facility to ensure that a habilitation plan exists. • may assist a resident at a residential facility in resolving grievances. • report findings of failures to comply to the superintendent to the facility and to the director of the department of corrections and human services. • Report annually to the governor and the legislature concerning the status of the residential facilities and habilitation programs. 	<p>Duties are enumerated in statute section.</p> <p>Review care and treatment of individuals at mental health facilities or residential facilities for developmentally disabled to assure active treatment and compliance with professionally accepted standards.</p> <p>Review and comment on any proposed plans for experimental research at facilities under the Board's purview.</p> <p>Provide reports to the Governor's Office, the legislature and the Department of Corrections and Human Services regarding the status of treatment services reviewed; an overview of rights related issues and complaints.</p>
BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm
Mental Disabilities Board of Visitors		85,912	84,231	99,689
				FY95 Recomm
				98,354

GOVERNOR'S OFFICE PROGRAM PRIORITY LISTING

Priority	Program	Description	Authorization		Duties	
2	Mental Disabilities Board of Visitors	Legal Services Program Segment, consisting of 1.50 FTE located in Warm Springs.	<p>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.</p> <p>Also requires to the Board to:</p> <ul style="list-style-type: none">•review all plans for experimental research or hazardous treatment procedures involving persons admitted to a residential facility.• inspect at least annually every mental health facility that is providing treatment and evaluation to any person.....• annually insure that a treatment plan exists and is being implemented for each patient admitted or committed to a mental health facility.• may assist a resident at a mental health facility in resolving grievances.• report findings of failures to comply to the superintendent to the facility and to the director of the department of corrections and human services.• Report annually to the governor and the legislature concerning the status of the mental health facilities and treatment programs.		<p>Represent patients at Montana State Hospital at their initial appearance, ninety day, six month and yearly commitment hearings and other related court appearances during their institutionalization.</p> <p>Prepare monthly written reports for the Governor's Office and the Board members regarding the activities of the Helena and Legal Services offices.</p> <p>Prepare a written report for the 1995 legislature regarding the treatment and conditions of mental health and developmental disabilities facilities.</p> <p>Provide information and referral regarding services, rights and treatment issues at state institutions and community mental health services within three days of request. (Many of these requests come from the Citizen Advocate office and other state agencies.)</p> <p>Complete investigations of abuse and neglect allegations at Montana State Hospital within five days of the notification</p> <p>To yearly interview every patient and examine his file and records at the state hospital. (Required by the state statutes, this has required implementation of a system to monitor voluntary admissions, and provide for the interview of these patients.)</p>	
BUDGET			FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
Mental Disabilities Board of Visitors			53,494	54,046	68,667	68,678

GOVERNOR'S OFFICE PROGRAM PRIORITY LISTING

Priority	Program	Description	Authorization		Duties	
3	Air Transportation Program	Budget for pilot and aircraft for the Governor and other state officials	No statutory authorization other than general appropriation measures		Duties are to provide safe and reliable air transportation for the Governor.	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Air Transportation Program General Fund		276,763	117,607	135,329	152,771
	State Special Revenue		2,488	10,000	10,000	10,000
	Total		279,251	127,607	145,329	162,771
3	Office of Budget and Program Planning	Miscellaneous functions These have never been accounted for separately but have limited or no fiscal impact.	No statutory requirements.		Review and approve organizational structure of executive branch agencies Maintain a clearinghouse for all federal funds received by the state. Coordinate agency input for the Single Audit.	
	BUDGET		FY92 Actual	FY93 Approp	FY94 Recomm	FY95 Recomm
	Office of Budget and Program Planning		3,000	0	0	0

13-16-204	MCA	Meeting of Recount Board
1-11-302	MCA	Miscellaneous Records
13-16-502	MCA	Tie Vote for U.S. Congress
1-11-304	MCA	Miscellaneous Records
13-17-102	MCA	Use of Qual. Technicians & Advisers
2-60-103	MCA	Miscellaneous Records
13-17-306	MCA	Use of Paper Ballots
7-11-107	MCA	Miscellaneous Records
2-15-401	MCA	Certify Votes
7-13-2509	MCA	Miscellaneous Records
13-1-201	MCA	Chief Election Officer
10-3-1107	MCA	Miscellaneous Records
13-2-203	MCA	Registration by Mail
35-1-1201	MCA	Miscellaneous Records
13-3-207	MCA	Polling Place Classifications
35-1-1203	MCA	Miscellaneous Records
13-10-209	MCA	Arrangement of Ballots
35-2-1001	MCA	Miscellaneous Records
13-10-601	MCA	Parties Eligible Primary Election
Article VI, Sec.4		Maintain Great Seal
13-14-112	MCA	Declarations for Nomination-Fee
2-15-401	MCA	Attach Great Seal to Records
13-15-503	MCA	Notification of Returns Not Received
2-6-103	MCA	Attach Great Seal to Records
13-16-418	MCA	Procedure After Recount
3-1-202	MCA	File Supreme Court Seal
13-17-107	MCA	Rules for Use of Voting Machines
3-1-203	MCA	File District Court Seal
2-16-621	MCA	Filing Petition Recall Notification
1-5-409	MCA	Notary Requirements
13-2-515	MCA	Previous Registration Inquiry
1-5-405	MCA	Notary Bond Approval
13-10-405	MCA	Petition Submission and Verification
2-6-103	MCA	Receipt & Recording Bond
13-15-111	MCA	Write-in Elections
46-30-301	MCA	App. for Issuance of Requisition
13-16-504	MCA	Tie Vote for State Executive Offices
2-6-106	MCA	Provide Information
13-1-303	MCA	Retention/Destruction Election Rec.
2-15-401	MCA	Provide Information
13-12-207	MCA	Order of Placement
35-1-216,et seq	MCA	Filing Articles of Incorporation
13-1-204	MCA	Provide Information
13-16-201	MCA	Conditions for Recount
13-10-201	MCA	Declaration for Nomination
2-6-206	MCA	Protection of Essential Records
2-6-103	MCA	Filing & Copying Fees

13-14-213	MCA	Judicial Office Form of Ballot
13-27-503	MCA	Determination of Election Result
13-15-204	MCA	Signing & Certifying Pollbook
13-27-504	MCA	Copy of Appr. Issues to Leg. Council
13-15-502	MCA	Composition & Bd. of Canvassers
13-37-126	MCA	Name Should Not Be On Ballot
13-15-504	MCA	Governor to Issue Commissions
13-37-305	MCA	Political Party Disbursing Funds
13-15-506	MCA	Report of the Canvass
13-38-104	MCA	Party Rules to Be Filed
13-16-203	MCA	Recount for Tie Votes
Article V, Sec. 14		Final Reapportionment Plan
13-16-205	MCA	Expenses to Recount
5-1-111	MCA	Final Reapportionment Plan
13-16-419	MCA	Recount by Board of State Canvassers
5-2-211	MCA	Certified Legislative Rosters
13-16-503	MCA	Tie Vote for Supreme Court Justice
5-2-212	MCA	Certified Legislative Rosters
13-17-101	MCA	Approval of Voting Machines
5-2-213	MCA	Certified Legislative Rosters
13-17-105	MCA	Experimental Use of Voting Machines
5-2-402	MCA	Legislative Vacancies
13-17-206	MCA	Arrangement of Machine Ballot
5-2-406	MCA	Legislative Vacancies
13-19-105	MCA	Role of Secretary of State
5-3-105	MCA	Poll for Special Session
13-12-101	MCA	Provide Information
5-3-108	MCA	Poll for Special Session
2-16-615	MCA	State./District Official Recall Pet.
Article VI, Sec. 10		Delivery of Bills
2-16-624	MCA	Conduct of Recall Election
5-4-302	MCA	Delivery of Bills
13-1-203	MCA	Chief Election Officer Resp.
5-3-307	MCA	Delivery of Bills
13-2-114	MCA	Elector Registration Numbers
5-11-204	MCA	New Law Chapter Numbers
13-2-301	MCA	Close of Registration
Article VI, Sec. 4		Executive Record
13-3-203	MCA	Election Rulemaking
2-15-122	MCA	Executive Record
13-3-212	MCA	No Accessible Polling Place
2-15-401	MCA	Executive Record
13-10-205	MCA	Register of Candidates
2-16-204	MCA	Executive Record
13-10-303	MCA	Nominations by More Than One Party
3-5-201	MCA	Executive Record
13-10-502	MCA	Signature Requirements for Petition
5-5-303	MCA	Executive Record
13-12-201	MCA	Ballot Certification
2-6-103	MCA	Service of Process
13-13-204	MCA	Authority to Vote In Person
35-1-1201	MCA	Service of Process
13-14-211	MCA	Judicial Offices Separate Entities
35-1-1203	MCA	Service of Process
13-15-501	MCA	Certification of Canvass
35-1-1206	MCA	Fees
13-15-505	MCA	Canvass to Public
35-2-1001	MCA	Service of Process

Authorization:		Description
13-10-211	MCA	Declaration of Intent (Write-in)
13-19-205	MCA	Written Plan for Conduct of Election
13-19-305	MCA	Replacement Ballots
13-1-202	MCA	Provide Information
13-25-101	MCA	Nomination of Electors
13-27-504	MCA	Provide Information
13-25-102	MCA	Election of Electors
2-16-502	MCA	Resignations of Officeholders
13-25-103	MCA	List of Electors Elected
2-16-620	MCA	Filing Petition Recall Notification
13-25-106	MCA	Compensation of Electors
2-16-622	MCA	Conduct of Recall Election
13-26-105	MCA	Ballot Form
13-1-121	MCA	Constitutional Convention
13-26-109	MCA	Certificate of Result
13-1-202	MCA	Forms & Rules of Election Officer
13-27-104	MCA	Time for Filing
13-1-204	MCA	Election Records
13-27-105	MCA	Effective Date Initiative/Referendum
13-2-112	MCA	Register of Electors
13-27-202	MCA	Recommendations
13-2-116	MCA	Precinct Register
13-27-203	MCA	Numbering of Petitions
13-2-212	MCA	Regist. of Electors in US Service
13-27-301	MCA	Submission of Petition Sheets
13-2-401	MCA	Cancellation of Registration
13-27-306	MCA	Challenge to Signatures
13-2-601	MCA	Name on Precinct Register
13-27-307	MCA	Review/Tabulation of Signatures
13-3-205	MCA	Polling Place Accessibility
13-27-308	MCA	Certification of Petition
13-3-211	MCA	Emergency Exemption
13-27-310	MCA	Transmittal of Issues
13-4-203	MCA	Instruction of Election Judges
13-27-311	MCA	Publication of Prop. Con. Amend.
13-10-204	MCA	Write-in Nominations
13-27-316	MCA	Court Review of A.G. Statements
13-10-208	MCA	Certificate of Primary Ballot
13-27-401	MCA	Vote Information Pamphlet
2-6-111	MCA	Provide Information
13-27-402	MCA	Preparation of Pros/Cons
13-10-404	MCA	Nomination Petition
13-27-403	MCA	Appointment to Committees(13-27-402)
13-10-501	MCA	Petition Nomination Independent
13-27-405	MCA	Committee Expenses
13-10-504	MCA	Ind./Minor Party President Candidate
13-27-406	MCA	Length Limitation on Arguments
13-12-101	MCA	Election Laws to be Furnished
13-27-407	MCA	Rebuttal Arguments
13-12-202	MCA	Ballot Form and Uniformity
13-27-408	MCA	Rejection of Improper Arguments
13-13-114	MCA	Marking Precinct Register
13-27-410	MCA	Distribution of Voter Inf. Pamphlet
13-13-214	MCA	Mailing Ballot to Elector
13-27-501	MCA	Certification of Ballot Form
13-14-113	MCA	Register of Candidates
13-27-502	MCA	County Ballot Preparation

30-13-301,et seq	MCA	Trademarks
2-6-111	MCA	Provide Information
2-6-103	MCA	Filing & Copying Fees
2-15-401	MCA	Provide Information
2-6-106	MCA	Provide Information

Program - Assumed Business Names Priority 1

	<u>1994</u>	<u>1995</u>
Personal Services	\$ 65,329.74	\$ 65,491.13
Operating Costs	42,878.76	49,118.44
Equipment	<u>1,612.71</u>	<u>826.50</u>
Total Program Costs	\$109,821.21	\$115,436.07

Authorization:		Description
2-6-103	MCA	Filing & Copying Fees
2-6-206	MCA	Protection of Essential Records
35-1-216,et seq	MCA	Filing Articles of Incorporation
35-10-101	MCA	Limited Partnerships
2-15-401	MCA	Provide Information
35-1-310	MCA	Contest of Registration Name
2-6-111	MCA	Provide Information
30-13-201,et seq	MCA	Assumed Business Names
2-6-106	MCA	Provide Information

Program - Uniform Commercial Code Priority 1

	<u>1994</u>	<u>1995</u>
Personal Services	\$152,627.70	\$153,011.24
Operating Costs	101,903.28	116,732.15
Equipment	<u>3,832.68</u>	<u>1,964.21</u>
Total Program Costs	\$258,363.66	\$271,707.60

Authorization:		Description
25-13-506	MCA	Judgement Security Agreements
2-6-206	MCA	Protection of Essential Records
80-4-406	MCA	NonResident Grain Lic. & Regulations
2-6-103	MCA	Filing & Copying Fees
2-6-106	MCA	Provide Information
2-6-111	MCA	Provide Information
30-9	MCA	Uniform Commercial Code
82-11-164	MCA	Oil & Gas Fees
2-15-401	MCA	Provide Information
71-3, MCA	MCA	Liens

Program - Elections/Legislative Priority 1

	<u>1994</u>	<u>1995</u>
Personal Services	\$151,214.48	\$151,585.87
Operating Costs	98,672.84	113,031.62
Equipment	<u>3,711.18</u>	<u>1,901.94</u>
Total Program Costs	\$253,598.50	\$266,519.43

2-6-206	MCA	Protection of Essential Records
7-13-2509 (2)	MCA	Television District Filing
82-1-104	MCA	Filing for Seismic Activities
15-31-523, 524	MCA	Suspensions & Forfeiture Delinquency
35-2-820	MCA	Certificate of Authority
20-7-604	MCA	Textbook Dealer Licensing
35-4-411, et seq	MCA	Certificate of Authority
2-6-106	MCA	Provide Information
35-2-1001	MCA	Revocation Certificate of Authority
80-4-406	MCA	NonResident Grain Lic. & Regulations
35-1-1307	MCA	Powers & Authority of Secretary
35-1-112	MCA	Articles of Incorporation
35-2-1107	MCA	Powers & Authority of Secretary
35-9-101	MCA	Articles of Incorporation
35-2-1104, 1105	MCA	Certification of Documents
76-16-204 et seq.	MCA	Grazing Districts
69-14-501	MCA	Railroad Corporations
2-15-401	MCA	Provide Information
82-1-105	MCA	Exploration Permit
35-2-2-1, et seq	MCA	Filing Articles of Incorporation
35-6-201 et seq.	MCA	Reinstatement of Corporations
85-6-108	MCA	Water User Associations
35-12-506	MCA	Reserve Name for Limited Part.
2-6-111	MCA	Provide Information
35-12-521	MCA	Fees of Limited Part. Documents
7-15-2107, et seq	MCA	Housing Authorities
35-12-601 et seq.	MCA	Certificate of Limited Partnership
80-11-417	MCA	Non Resident Mint Oil Purchaser
35-12-1302 et seq.	MCA	Foreign Limited Partnerships
32-1-305	MCA	Articles of Agreement/Incorporation
35-15-201 et seq.	MCA	Cooperative Associations
35-1-216, et seq	MCA	Filing Articles of Incorporation
35-16-204	MCA	Agricultural Associations
35-9-101	MCA	Closed Corporations
35-17-202 et seq.	MCA	Coop. Agricultural Marketing Assoc.
35-2-305, et seq	MCA	Reserving Corporate Name
35-18-203 et seq.	MCA	Rural Coop. Utilities Associations
31-603	MCA	Lists of Corporations
35-18-401 et seq.	MCA	Rural Coop. Util. Assoc. Changes
35-4-110	MCA	Articles of Incorporation
35-18-501 et seq.	MCA	Rural Coop. Utilities Filing Fees
35-1-310	MCA	Contest of Registration Name
35-20-103	MCA	Cemetery Associations
35-2-1003	MCA	Non Profit Corporations
7-13-2214, 2215	MCA	County Water/Sewer District Filing
76-15-213 et seq.	MCA	Conservation Districts
35-21-201	MCA	Mausoleum & Columbarium Authorities

Program - Trademarks Priority 1

	<u>1994</u>	<u>1995</u>
Personal Services	\$ 21,778.03	\$ 21,831.83
Operating Costs	14,293.64	16,373.64
Equipment	<u>537.60</u>	<u>275.51</u>
Total Program Costs	\$ 36,609.27	\$ 38,480.98

Authorization:		Description
2-6-206	MCA	Protection of Essential Records

SECRETARY OF STATE
STATE OF MONTANA

RECEIVED

JAN 21 1993

EXHIBIT

DATE 2-1-93

OBPP



Mike Cooney
Secretary of State

Montana State Capitol
Helena, MT 59620

January 21, 1993

To: Dave Lewis, Director
Governor's Budget Office

From: Doug Mitchell, Chief Deputy
Office of the Secretary of State

Ref: Program Prioritization, Expenditures and
Authorization

The following is presented in response to your memorandum regarding the Legislative request to provide priorities, expenditures and authorizations for services provided by this office. I would like to emphasize again as I did in our budget presentation to the General Government and Transportation Subcommittee that our program costs constitute primarily fixed costs (such as rent and information service costs, and an insignificant amount of variable costs. In examining the expenditure figures for each program it must be emphasized that to eliminate any one of these programs would not translate into a dollar for dollar expenditure savings as an elementary approach might suggest because of the significant amount of each program's costs that are overhead costs. Each loss of authority would in fact reduce revenues in an amount greater than the expenditure reduction.

The following expenditure breakdowns equal amounts included in the Governor's Executive Budget:

Program - Corporation Licenses Priority 1

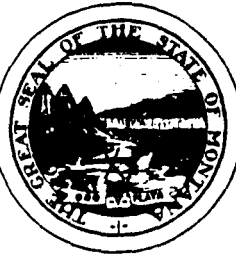
	<u>1994</u>	<u>1995</u>
Personal Services	\$161,775.05	\$162,182.93
Operating Costs	108,368.48	124,138.16
Equipment	<u>4,075.84</u>	<u>2,088.83</u>
Total Program Costs	\$274,219.37	\$288,409.92

Authorization:		Description
35-2-213	MCA	Filing by Business Trusts
5-2-212	MCA	Provide Information
35-6-104	MCA	List of Defaulting Corporations
35-2-820	MCA	Name of Registered Agents
35-1-933	MCA	Process or Demand After Dissolution
2-6-103	MCA	Filing & Copying Fees
35-1-1026	MCA	Certificate of Authority
35-4-206, et seq	MCA	Reserving Corporate Name
61-12-303	MCA	Motor Club Service Companies
80-8-210	MCA	Non Resident Pesticide License

COMMISSIONER OF
POLITICAL PRACTICES

EXHIBIT 1

DATE 2-1-93



STATE OF MONTANA

ED ARGENBRIGHT, Ed.D.
COMMISSIONER
TELEPHONE (406) 444-2942
FAX (406) 444-1643

P.O. BOX 202401
1205 EIGHTH AVENUE
HELENA, MONTANA 59620-2401

DATE: January 21, 1993

TO: John Patrick, OBPP and Terri Perrigo, LFA

FROM: *Ed Argenbright*
Ed Argenbright, Ed.D., Commissioner

SUBJECT: Prioritized list of duties for the Office of
Commissioner of Political Practices

Activities of the Office

1) The Commissioner is mandated by statute to develop and distribute campaign finance reporting forms and manuals to assist candidates and committees in meeting their financial reporting requirements. This effort includes personal discussions, telephone calls or correspondence with candidates, committees, and their treasurers as well as the public. Current funding has not provided for extensive outreach efforts to educate the public about campaign laws.

2) Campaign finance reports identifying each individual contribution to and expenditure by state-wide, state district, county and local candidates as well as all political committees are reviewed and maintained for public access.

3) Over 15,000 pages of financial disclosure information are reviewed for accuracy and compliance within 10 days of receipt, as required by law, and entered into computers for publication of the biennial campaign finance report. All individual contributions to and expenditures by state-wide and state district candidates for the entire election cycle are included in this report.

4) Registration by individual lobbyists and financial reports filed by their principals are also reviewed for compliance and are accessible to the public.

5) Business disclosure statements of elected officials, required by statute to be filed at the end of every even-numbered year, are reviewed and are accessible to the public.

STATE AUDITOR
STATE OF MONTANA

EXHIBIT 1
DATE 2-1-93
HB



Mark O'Keefe
STATE AUDITOR

COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

TO: Joint Appropriations Sub-Committee
General Government

FROM: Mark O'Keefe
State Auditor

SUBJECT: Prioritized Spending List

DATE: January 19, 1993

Dave Lewis, Director of the Office of Budget and Program Planning, requested that each Executive Branch agency prepare a list outlining budget levels, priorities, and statutory references concerning duties assigned each agency.

Financial information requested for each program is listed below. In addition to the requested budget information, a list of each program's duties is presented. Program order in this memo reflects our prioritization of services provided by this agency.

Our top priority is consumer protection. The Auditor's Office regulates the insurance or security industries for the purpose of protecting consumers. We also understand the need for prompt payment of state obligations through our warrant and payroll service functions. State employees and private vendors deserve prompt, efficient compensation for their valued services.

Individual program responsibilities are listed in priority order within each program area. Many of the functions listed with one program interface with services throughout the agency and are important in providing our overall top priority: consumer protection.

Statutory reference for the various functions within the Auditor's Office are attached to this document and can also be found in Executive Budget Appendix for the coming biennium.

AGENCY SUMMARY

	Actual FY92	Budgeted FY93	Executive Request FY94	Executive Request FY95
General Fund	\$2,293,214	\$2,106,624	\$2,147,802	\$2,028,238
Supplementals	0	200,620	0	0
Proprietary Fund	153,034	195,661	197,907	196,791
State Special	<u>509,726</u>	<u>545,769</u>	<u>900,477</u>	<u>917,847</u>
Total	\$2,955,974	\$3,048,674	\$3,246,186	\$3,142,876

	<u>FY92-93</u>	<u>FY94-95</u>
General Fund		
Biennium Total	\$4,600,458	\$4,176,040

Agency general fund appropriations recommended in the executive budget for the 95 biennium are lower than actual expenditures for the 93 biennium. Even if the 5% reductions were restored as requested by the agency, total general fund appropriations would decline from the 93 to the 95 biennium.

1) INSURANCE

	Actual FY92	Budgeted FY93	Executive Request FY94	Executive Request FY95
General Fund	\$948,150	\$932,148	\$1,107,038	\$1,096,589
State Special	<u>0</u>	<u>41,850</u>	<u>0</u>	<u>0</u>
Total	\$948,150	\$973,998	\$1,107,038	\$1,096,589

The State Special Revenue money budgeted in FY93 is collected from insurance companies. While budgeted for present program operations, these funds have no statutory earmarking provision in current law. Current statute requires that these funds be deposited in the State General Fund.

Insurance provides the following services:

1. This program is responsible for insurance consumer protection. Consumer protection is accomplished through the program's licensing and regulating functions. These functions include: complaint reviews, investigations of code violations, consumer education, periodic review of insurers, and appropriate legal action when needed.
2. Insurance is responsible for the recording and receipting of insurance premium taxes, retaliatory taxes, insurance company fees and permits, firemen's pension tax, fire marshall tax, and the genetics program fee. These collections provide state government considerable revenue for its ongoing operation.

Revenue from Insurance Tax and Licenses

<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
\$27,777,083	\$30,631,000	\$28,861,000	\$32,208,000

Of the total estimated collections listed above, over \$87 million will be deposited in the State General Fund.

2) SECURITIES

	Actual <u>FY92</u>	Budgeted <u>FY93</u>	Executive Request <u>FY94</u>	Request <u>FY95</u>
General Fund	\$299,534	\$300,544	\$302,933	\$300,559

The Securities Program provides the following services:

1. The Securities Program provides consumer protection through the registration and review of security companies and market issues. Protection is provided by the registration, investigation, and public notification of security market issues within the state of Montana.
2. Collection of security agent/company fees and security issue fees. Funds collected by this program provide revenue to the state of Montana.

Revenue from Security Licenses and Fees

<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
\$2,168,827	\$1,955,000	\$2,150,000	\$2,150,000

In four years, this program will deposit over \$8.4 million to the State General Fund.

3) CENTRAL MANAGEMENT

	Actual <u>FY92</u>	Budgeted <u>FY93</u>	Executive Request <u>FY94</u>	Request <u>FY95</u>
General Fund	\$349,456	\$278,179*	\$274,724	\$271,949

Central Administration provides the following services:

1. Overall agency management. This program includes the State Auditor and his chief deputy and as such, provides overall leadership and guidance to the entire office.
2. Insure the efficient operations of the office by providing centralized service functions that include: daily document processing, personnel information processing, budget development and execution, and data processing assistance to the other programs within the agency.

4) FISCAL CONTROL AND MANAGEMENT

	Actual FY92	Budgeted FY93	Executive Request FY94	Request FY95
General Fund	\$471,918	\$417,927	\$219,978	\$170,683
State Special	146,099	146,832	543,390	559,035
Proprietary	<u>153,034</u>	<u>195,661</u>	<u>197,907</u>	<u>196,791</u>
Total	\$771,951	\$760,420*	\$961,275	\$926,509

*Budgeted FY93 does not include supplemental appropriations requested by the agency totalling \$155,000 for postage costs.

State Special revenue included in this program is based on the cost allocation plan requested by the previous legislature. The plan allows the warrant writing program to capture other funds for its operation. In the past, this program has had a substantial general fund subsidy.

Proprietary funding in this program funds the Bad Debt Administration program. Only when a debt is collected by the program is a percentage of the collection deposited to the proprietary fund for program operation.

The Fiscal Control and Management Program provides the following services:

1. Warrant processing. This program is responsible for the rapid production and distribution of warrants issued for obligations of state government. Warrants include those provided for payroll, vendor, retiree, and benefit payments.
2. Bad debt processing. Bad Debt administration uses a cross referencing data system to identify persons or companies owing money to various state programs. The use of an offset program allows the state the opportunity to recapture debt owed when the state is asked to make payment to the individual or company owing the debt.

Estimated Bad Debt Collections

FY92	FY93	FY94	FY95
\$1,566,400	\$1,256,800	\$1,350,000	\$1,350,000

Of the total amount estimated to be collected, approximately 60% is for general fund agencies. An estimated \$3.3 million in general fund debt obligation will be returned to the general fund.

5) STATE PAYROLL

	Actual FY92	Budgeted FY93	Executive Request FY94	Executive Request FY95
General Fund	\$224,156	\$177,826	\$243,129	\$188,458
State Special	<u>362,727</u>	<u>370,526</u>	<u>357,087</u>	<u>358,812</u>
Total	\$586,883	\$548,352*	\$600,216	\$547,270

*Budgeted FY93 does not include supplemental appropriations requested by the agency totalling \$45,620 for data processing costs.

State Special revenue contained in this program is similar to those contained in the Fiscal Control and Management Program. The funds are collected from non-general fund programs to offset the cost of operating the program. Like Fiscal, de-earmarking these funds will require a general fund subsidy to continue providing the program's services.

The State Payroll Program provides the following services:

1. State payroll provides employees with payroll checks or direct deposits on a biweekly basis. The program provides employees with current year-to-date information concerning leave, pay, and withholding information.
2. Payroll provides state agencies needed technical information to perform personnel and budget duties within all state programs.

TC/amp

AUTHORIZATIONS:

EXHIBIT 1
DATE 2-1-93
~~18~~

Article 6, Constitution of Montana

MCA Title 2, Chapter 16

MCA Title 17

17-1-121

17-1-122

17-1-123

MCA Title 17

17-3-211

17-3-212

17-3-213

MCA Title 19

part 7

part 10

Chapter 10

Chapter 11

MCA Title 44

Chapter 5

Public Officers

State Finance

General Fiscal Duties of State Auditor

Discretionary Duties of State Auditor

Access to Offices

Federal Assistance Management

Forest Reserve Money

Apportionment to Counties

Allocation

Police Retirement

Employer and State Contributions

Benefits in General

Management of Police Retirement

Firefighter's Retirement

Law Enforcement

Criminal Justice Information

CENTRAL MANAGEMENT AUTHORIZATIONS:

Article 6

MCA Title 2, Chapter 16

MCA Title 17

17-1-21, MCA

17-1-122, MCA.

17-1-23, MCA.

MCA Title 17

17-3-211, MCA.

17-3-212, MCA.

17-3-213, MCA.

MCA Title 19

Part 7

Part 10

Chapter 10

Chapter 11

MCA Title 44

Chapter 5

Constitution of Montana

Public officers

State finance

General fiscal duties of state auditor

Discretionary duties of state auditor

Access to offices

Federal Assistance Management

Forest Reserve money

Apportionment to counties

Allocation

Police retirement

Employer and state contributions

Benefits in general

Management of police retirement funds

Firefighters' retirement

Law enforcement

Criminal Justice information

GOALS AND OBJECTIVES:

Provide continuing service to the State Auditor's Office in legal, financial system support, and document processing areas. (1 - MT)

Continue with detailed audits of Pension Trust and Federal funds to insure compliance with Montana Codes and protect police and fire retirees. (2 - MT, US)

Provide legal support to protect the insurance and securities providers and consumers in the state of Montana. (1 - MT)

Define and implement automated systems to allow information access and accurate reporting and projection. (2 - MT)

Continue with revision of internal policy, control and accounting to allow continued effective office operations.

INSURANCE AUTHORIZATIONS:

Article 6

Constitution of Montana

Title 2 Chapter 16, MCA.

Public officers

Title 17, MCA.

General duties of the state auditor

Title 33, MCA.

Insurance and insurance companies

Title 44 Chapter 5

Criminal justice information

GOALS AND OBJECTIVES:

To handle inquiries and complaints, which in many cases requires the determination of facts and review of the insurance code. (3 - MT)

To investigate suspected incidents of producer or company fraud, abuse or code violation, involving more complex circumstances. (3 - MT)

To prepare legal administrative actions on complaints and investigations. This involves the organization and formatting of documents and review of the applicable law. (3 - MT)

To provide consumer education to the Montana insurance public, which includes preparing buyers guides, writing speeches and answering questions by the public. (2 - MT)

To monitor the marketplace to identify events or trends that pose a threat to consumers.

- Specifically monitor insurers and producers to ensure that they are complying with Title 33 of the Montana Code Annotated. (MT)

To streamline complaint data entry so that integrity of the data can be maintained and published. (3 - MT)

To review and authorize new insurance companies, ensuring that they have the statutory minimum requirements in capital and surplus, the proper management and claims paying people and that the company's rates and forms filing is in order. (1 - MT)

To examine domestic insurers every three years and foreign insurers as often as necessary. To conduct desk audits of the annual statements of all domestic insurers. (1 - MT)

Receipting and recording of premium taxes, retaliatory taxes, company fees and permits, firemen's pension tax, fire marshall tax and genetics program fee. (1 - MT)

Review of reinsurance agreements, domestic stock and domestic mutual companies, farm mutuals, fraternal benefit societies, premium finance companies, third party administrators, consultants, purchasing groups and risk retention groups. (3 - MT)

To review and approve forms and endorsement filings, prior to their use in Montana. To also ensure that rate filings are filed together with supporting data. (2 - MT)

To ensure that Medicare supplement insurers will comply with minimum requirements for loss ratios, pursuant to the Department's pending legislation and regulations, which are designed to bring the state into compliance with OBRA 90. (1 - US and MT)

To license resident and non-resident insurance producers, vending machines, motor club representatives and adjusters and ensure that the applicant meets the insurance code qualifications and is of sound moral character. (1 - MT)

To ensure that pre-licensing and testing of insurance producer applicants is conducted pursuant to Montana laws and rules. (3 - MT)

To receipt and record resident and non-resident, surplus lines and adjuster fees and other permits. (1 - MT)

To record letters of appointment and termination and issue letters of clearance, certification and retaliatory agreement. (2 - MT)

30-10-201, MCA.
30-10-209, MCA.
30-10-202, MCA.
30-10-203, MCA.
30-10-204, MCA.
30-10-205, MCA.
30-10-206, MCA.
30-10-209, MCA.
30-10-304, MCA.

Registration of persons and firms
Fee collection
Registration of security issues required
Registration of security issues by notification
Registration of security issues by coordination
Registration of security issues by qualification
Security issues registration in general
Fee collection
Investigative discretionary Authority

EXHIBIT 1
DATE 2-1-93

GOALS AND OBJECTIVES:

Provide a means of distribution for the offering and sale of securities in Montana.

- Administer the licensing of 12,000 agents and 700 firms and collect and account for the corresponding fees. (1 - MT)

Provide consumers with the opportunity to buy and sell securities in Montana.

- Administer the registration of security issues and collect and account for the corresponding fees. (1 - MT).

Assure that persons and firms conducting the business of securities in Montana are qualified by enforcing the registration requirements.

- Investigate suspected cases of failure to register and make factual determinations regarding need to register and status of registration. (2 - MT).

Assure that security issues sold in Montana are registered or exempt from registration and that sales occur without material misrepresentation or omission.

- investigate suspected cases of sale of unregistered securities and fraudulent inducement and make factual determinations of the same. (3 - MT).

FISCAL CONTROL AND MANAGEMENT AUTHORIZATIONS:

Article 6

Constitution of Montana

MCA Title 2, Chapter 16

Public officers

MCA Title 17

Duties of the state auditor

MCA Title 17, Chapter 4

Debt Collection

MCA Title 17, Chapter 8, Part 3

Warrants

GOALS AND OBJECTIVES:

To ensure that warrants are processed rapidly, accurately and fully accounted for. (1 - MT)

- To process 1.6 million warrants worth 1.6 billion dollars.

To reduce the collection fee, charged to the agencies, to the lowest cost possible and still provide a total collection effort. (1 - MT)

- To collect an estimated 1.5 million dollars per fiscal year or approximately \$7.50 for every dollar expended.

To implement the cost allocation plan that will ultimately fund the Warrant Writing System. (2 - MT)

To provide mail service for the State Auditor's Office. (3 - MT)

To fully fund the State Auditor's Office Warrant Writing System to accommodate basic monthly maintenance and also to fund specific enhancements that will allow the warrant Writing System to address agencies' future needs. (3 - MT)

Base funding for the Warrant Writing System is general fund and special state revenue. Special state revenue is based on the number of warrants processed for non-general fund sources. These costs are charged to the user agencies.

The Bad Debts Division is funded through charges associated with collecting bad debts and is a proprietary account.

STATE PAYROLL AUTHORIZATIONS:

Article 6

Constitution of Montana

MCA Title 2 Chapter 16

Public officers

MCA Title 17

General duties of state auditor

MCA Title 2 part 4

Payroll systems

MCA Title 2

State employee classification, compensation and benefits

IRS Tax Code

Dept of Revenue Tax Code

Dept of Labor regulations

GOALS AND OBJECTIVES:

- To provide State of Montana employees with payroll checks or direct deposits on a biweekly basis and provide accurate information via a pay stub. (1 - MT)
 - To assist agency payroll clerks in the performance of their duties with technical and practical information.
 - To provide agency managers with payroll, personnel, position control information to help plan agency personal services budgets. (2 - MT)
 - To provide the legislature and the public with whatever information is needed on a request basis within the guidelines of the Federal Privacy Act. (3 - MT)
 - Provide continuous updates to the P/P/P system. Provide support and technology to make the system more user friendly. (3 - MT)
 - Continue efficient operation of payroll payments to state employees. (1 - MT)
-

STATE OF MONTANA
DEPARTMENT OF JUSTICE
BOARD OF CRIME CONTROL

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

EXHIBIT 1

DATE 1-1-93

Joseph P. Mazurek
Attorney General



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

MEMORANDUM

TO: Dave Lewis, Director OBPP

FROM: Ed Hall *EH*

DATE: January 21, 1993

SUBJECT: Proposed spending cuts

In response to your memo of January 21, 1993 I attach a schedule and list of authorizations. It is extremely difficult to tease apart the agency as we are but one program. In order to do so I have listed major functions and an approximate, broad brush cost. Recognize that this is a mix, as most all our operations are, of federal, state special, and general funds. Being but one program, the agency is very 'flat' organizationally and there is much cross over and interplay between the various functions listed. I assigned priorities as required but again because we are but one program it is difficult to simply assign a priority to a function without impact on other functions. Hence the list is priority 1 or 2. Setting a level three is not significant for the most part because of the mix.

The memo from Representative Mary Lou Peterson of January 21, 1993 directed to the agencies within her Appropriations Sub-Committee provides additional guidance and seeks more detail in regards to cuts. Our response to her will provide more detail than we are able to offer you at this time.

MONTANA BOARD OF CRIME CONTROL

MISSION TO PROMOTE PUBLIC SAFETY BY STRENGTHENING THE COORDINATION AND PERFORMANCE OF THE CRIMINAL AND JUVENILE JUSTICE SYSTEM BY INCREASING CITIZEN AND PUBLIC OFFICIAL SUPPORT AND INVOLVEMENT IN THOSE SYSTEMS.

The Board of Crime Control operates as a single program, justice system support service, which has been broken into five major functions of POST, crime victim compensation, grants planning, fiscal management, and technical services.

Authorizations

2-15-2006, MCA	Creates the Board
3-10-601, MCA	Collection and disposition of fines, penalties, etc
7-32-303, MCA	Peace officer employment standards
15-25-122, MCA	Disposition of drug tax proceeds
41-5-1001, MCA	State grants for youth detention services
44-2-701, MCA	Drug Abuse Resistance Education (DARE)
44-4-301, MCA	Board functions
53-9-101, MCA	Victims compensation act
53-9-102, MCA	Victims assistance coordination
42 USC 4760	Anti-Drug Abuse Act
42 USC 10601	Victims of Crime Act
5 USC 5101	Drug Free Schools and Communities Act
42 USC 5601	Juvenile Justice and Delinquency Prevention Act

CRIME CONTROL DIVISION

FUNCTION	PRIORITY	92 ACTUAL	93 APPROPRIATED	94 EXECUTIVE RECOMMEND	95 EXECUTIVE RECOMMEND
PEACE OFFICERS STANDARDS AND TRAINING	1	\$60,310	\$57,589	\$57,589	\$57,589
CRIME VICTIMS COMPENSATION	1	\$56,388	\$59,305	\$59,305	\$59,305
FISCAL MANAGEMENT	1	\$98,204	\$101,630	\$101,630	\$101,630
GRANTS PLANNING	2	\$325,980	\$374,998	\$366,203	\$367,914
TECHNICAL SERVICES	2	\$106,172	\$109,152	\$109,152	\$109,152
OVERHEAD / FIXED COSTS	1	\$77,551	\$79,216	\$79,053	\$80,272
GRANTS	1	\$3,155,460	\$3,282,918	\$3,210,244	\$3,210,244
BENEFITS AND CLAIMS	1	\$452,954	\$451,143	\$590,000	\$590,000
TOTAL		\$4,333,019	\$4,515,951	\$4,573,176	\$4,576,106

FUND SOURCES:

GENERAL FUND	10.51%	\$455,254	\$476,133	\$475,970	\$478,901
STATE REVENUE FUND	12.55%	\$543,994	\$563,498	\$571,903	\$571,903
FEDERAL REVENUE FUND	76.94%	\$3,333,771	\$3,476,320	\$3,525,303	\$3,525,302
TOTAL FUNDS		\$4,333,019	\$4,515,951	\$4,573,176	\$4,576,106

EXHIBIT

DATE 2-1-93

EXHIBIT 1DATE 2-1-93HB

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.

JAN 21 1993

OBPP

MONTANA DEPARTMENT OF TRANSPORTATION
2701 PROSPECT
PO BOX 201001
HELENA MT 59620-1001

EXHIBIT 1
DATE 2-1-93
HB

TO: Dan Gengler, Executive Budget Analyst
Office of Budget and Program Planning

FROM: Bill Salisbury, Administrator *MB for*
Administration Division

DATE: January 21, 1993

SUBJECT: Proposed Spending Cuts

As requested, attached is a list of prioritized duties/activities showing the General Fund base, FY93 budgeted, and the Executive recommendations. Also attached is a list of "earmarked" sources and, where applicable, the statutory reference restricting these sources.

The only General Fund authority in the Department of Transportation is in the Rail & Transit Division. The budget authority for the General Fund in this program is as follows:

FY92 Actual	FY93 Budget	FY94 Request	FY94 Mods	FY95 Request	FY95 Mods
\$386,545	\$300,558	\$ 36,070	\$100,000	\$ 36,157	\$ 0

Prioritization of General Fund Activities:

1. McCarty Farms - \$100,000.

The \$100,000 requested for McCarty Farms in the FY94 modified request is for a continuing appropriation to pay expenses for a continuing law suit. This case is currently on appeal before the Court of Appeals in Washington D.C. and in the 9th Judicial Circuit Court. The expenditures will continue until there is complete resolution and settlement of the case. The department shall seek to recover all General Fund expenditures from any settlement in this case and should a determination come at an interim point in the biennium, unused funds will be reverted.

2. Federal Rail Administration Grant matching funds - \$15,429 each year. These funds will be used for Personal Services and Operating expenses.

3. The remaining \$20,641 in FY94 and \$20,728 in FY95 was inappropriately funded as a General Fund expenditure. This authority is the 20% Highway Special Revenue match for three Highway Planning and Research positions in the Rail and Transit Division. The authority should be transferred from the General Fund to the Highway Special Revenue Account.

Attached is a listing of major earmarked revenue sources, by Accounting Entity, and statutory restrictions, where applicable.

Should you have any questions, please contact me. Thank you.

cc: Marvin Dye
Jim Currie
Pat Saindon

EXHIBIT 1DATE 2-1-9348

Department of Transportation Earmarked Revenues
Major Revenue Sources by Accounting Entity

Response to information request dated 1/12/92.

<u>Entity</u>	<u>Object/Class</u> <u>Revenue</u>	<u>Reference</u> <u>MCA/CFR</u>	
02424 Reconstruction			
	0723	15-35-108	R
02827 Aeronautics Div.			
	0022 Aircraft Reg.	67-3-201 to 205	R
	1001 Av. Fuel Tax	15-70-204 67-1-301	R
	1004 Gas Tax	60-3-201	R

Legend

R - Restricted in the specific law or a related law.

NR - Not Restricted in the law.

Unless otherwise noted the restriction is in the section(s) of law directly referenced with the revenue type.

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Department of Transportation Earmarked Revenues
Major Revenue Sources by Accounting Entity

Response to information request dated 1/12/92.

<u>Entity</u>	<u>Object/Class Revenue</u>	<u>Reference MCA/CFR</u>	
02126 Rail Construction	1365	CFR 266.19	
02422 Highway Special			
Agency 6101	1500 JP Fines Forfeitures	61-12-701	R
Agency 5401	1002 Diesel Fuel Tax	15-70-301 to 336 (Restricted in 309)	R
	1004 Gasoline Tax	60-3-201	R
	1040 GVW Fees	61-10-201 to 208	R
	1800 City/Co.	N/A-City/County match for Federal Projects.	NR
	1835 A/R Reim	N/A-Reimbursements for Maintenance from the travelling public for road damage repairs.	NR
	3040 Form 3 GVW	61-10-201 to 208	R
	3042 Trip Permits	61-10-125	R
	3043 Co. GVW	61-10-125	R
	3045 County Sales Tax	61-3-502	R
	3050 Special Permits	61-10-109	R
	3130 Restricted Route Permits	61-10-124	R
	3200 Temp Fuel Permits	15-70-312	R

Note - All GVW fees are restricted under 61-10-226.

Department in an efficient and equitable manner to insure the fair and equal treatment of all taxpayers, proper compliance, and timely payment of all taxes; (1 - MT) and

To provide the management and administrative services necessary to enable the rest of the Department to accomplish its objectives. (1 - MT)

To provide personnel support, expertise and guidance to management to enable the department to accomplish it's objectives; (1 - MT)

To process 95% of reclassification requests within 30 days of receipt and to maintain full classification delegated authority. (2 - MT)

To process all recruitment requests within 2 days of receipt. (2 - MT)

To monitor compliance with the Department Affirmative Action Plan and complete the required annual Affirmative Action Report. (2 - MT)

To update or revise department personnel policies. (3 - MT)

To provide information within 3 days of request from all division management, employees and applicants. (3 - MT)

To negotiate labor contracts and monitor compliance. (3 - MT)

To monitor compliance with the Americans With Disabilities Act. (3 - US)

To conduct 2 employee taxpayer relation workshops. (3 - MT)

To conduct monthly new employee orientation workshops. (3 - MT)

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All Funding Sources

nnium - Actual and Appropriated	\$895,804
nnium - Governor Racicot	\$870,650
A - Current Level	\$915,781

EXHIBIT 1
DATE 2-1-93
HB

EXHIBIT 4
DATE 2-1-93
HB

ns - Office of Legal Affairs

al Affairs provides legal representation and other legal services to the operating divisions of the Department of Revenue, especially the tax divisions. The office handles a large number of tax appeals before the State as well as state courts. It also handles numerous other types of cases in court. Legal services are provided by issuing legal opinions at the request of administrators and the Director. The Office is responsible for ensuring that rulemaking is complied with and that claims and other matters in bankruptcy cases. The Office also drafts legislation at the request of the Director.

Services of the Office of Legal Affairs consist of litigation preparation, legal research for legal opinions and briefs. Discovery work in preparation for litigation is an important and time consuming activity. Rulemaking, legislation and other matters are less time consuming but important activities of the office.

Objectives

Collect revenue as efficiently and quickly as possible through the effective use of litigation techniques and alternative dispute resolution techniques; (1 - MT)

Provide quality legal advice to the Department in order to prevent litigation; (1 - MT)

Complete all requests for legal opinions requested by the Director within 30 days; (3 - MT)

Prepare all court documents, including bankruptcies on time; (1 - MT)

Manage all bankruptcies involving state taxes; (1 - MT)

Provide legal assistance to the Liquor Division on alcohol control matters; (1 - MT)

Review all administrative rule proposals; (1 - MT)

Draft legislation for the department; (2 - MT) and

Educate and assist attorneys and the public on how to resolve tax issues; (3 - MT)

of Revenue and transmit
re prior to each regular

Department Report in a
(2 - MT) and

September following each
relative changes. (3 - MT)

.....	\$375,962
.....	\$463,247
.....	\$454,087

criminal, administrative and
specific areas of responsibility
cigarette tax enforcement
from the State.

Alcoholic beverages, including
others, must obtain licenses
from the liquor division, and the
Program.

Investigation and referral for
administration of Welfare,
fraud in the provision of
assistance under the state

beverage licensing
usually; (1 - MT)

and investigations for

of more than \$250,000

EXHIBIT 1
DATE 2-1-93
HB _____

Operations - Office of Legal Affairs

The Office of Legal Affairs provides legal representation and other legal services to the and the six operating divisions of the Department of Revenue, especially the tax ing divisions. The office handles a large number of tax appeals before the State Board as well as state courts. It also handles numerous other types of cases d federal court. Legal services are provided by issuing legal opinions at the division administrators and the Director. The Office is responsible for ensuring equirements for rulemaking are complied with and that claims and other s are filed in bankruptcy cases. The Office also drafts legislation at the request ions and the Director.

activities of the Office of Legal Affairs consist of litigation preparation, legal and writing for legal opinions and briefs. Discovery work in preparation for nd trials is an important and time consuming activity. Rulemaking, legislation upcty matters are less time consuming but important activities of the office.

Goals and Objectives

To collect revenue as efficiently and quickly as possible through effective use of litigation techniques and alternative dispute resolution techniques; (1 - MT)

To provide quality legal advise to the Department in order to prevent problems; (1 - MT)

To complete all requests for legal opinions requested by the Director or Division Administrators within 30 days; (3 - MT)

To file all court documents, including bankruptcies on time; (1 - MT)

To manage all bankruptcies involving state taxes; (1 - MT)

To provide legal assistance to the Liquor Division on alcohol control issues; (1 - MT)

To review all administrative rule proposals; (1 - MT)

To draft legislation for the department; (2 -MT) and

To educate and assist attorneys and the public on how to resolve tax disputes; (3 - MT)

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cco, and other
or store thefts
1 - MT) and

ensees on an

.. \$825,340
.. \$964,160
.. \$962,480

. \$2,951,146
. \$3,224,757
. \$3,332,481

Centralized Services Division

Program Operations

The **Centralized Services Division** provides services to all Department divisions. The program also administers the beer and wine statutes regarding department tax collections.

Specific responsibilities include:

- ° Recording, summarizing, analyzing and reporting budget and accounting data including cash receipts, distribution and payment of invoices;
- ° Maintaining beer and wine tax collection records and completion of monthly collection reports;
- ° Providing centralized payroll services and position control services for all divisions;
- ° Maintaining records for all Department fixed assets;
- ° Depositing all tax collections for the Department;
- ° Receiving and distributing all Department mail; and
- ° Maintaining a supply operation for liquor stores and a purchasing function for Department purchases.

Statutory Authority

Article VIII, Section 12 of the Montana Constitution provides for strict accountability of all revenue received and money spent by the State.

Program Objectives

1. To deposit all tax collections received by the agency within 24 hours of receipt, except at the end of each calendar quarter and from April 15th to May 1st when collections will be processed based on the availability of staff resources and physical space; (1 - MT)
2. To process all tax return documents received within 24 hours of receipt, except at the end of each calendar quarter and from April 15th to May

1st when collections will be processed based on the availability of staff resources and physical space; (1 - MT)

- 3. To insure the proper accounting of all revenues collected and disbursements made by the agency; (1 - MT)**
- 4. To process all payroll documents within biweekly deadlines; (1 - MT)**
- 5. To process all incoming mail within four hours of receipt except during periods of peak processing; (2 - MT)**
- 6. To process all accounting documents received within 30 calendar days of receipt; (2 - MT)**
- 7. To provide financial information to division administrators, other state agencies, and the general public within specified time limitations; (3 - MT) and**
- 8. To process all requisitions for supplies and equipment within one week from the date of receipt. (3 - MT)**

All Funding Sources

FY93 Biennium - Actual and Appropriated	\$1,502,668
FY95 Biennium - Governor Racicot	\$1,801,368
FY95 LFA - Current Level	\$1,794,214

Data Processing Division

Program Operations

The **Data Processing Division** provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, data entry services, computer operations support services, technical support for Departmental and personal computers.

Computer Operations schedules the daily operation of all Department production data processing systems, evaluates computer hardware and systems software needs, recommends purchases of computer hardware and systems software, and establishes and maintains security for limiting access to all Department information systems.

Data Entry/Text Administration converts all Department information from written to machine readable form, transfers information for computer processing, prioritizes data entry workload, develops standards and policies for word processing, prioritizes interdepartmental word processing requests and acts as liaison between users of word processing resources and word processors.

Systems Development provides system analysis and programming support required to develop and maintain systems for the Department. This support function includes preparing feasibility studies and requirements analysis for proposed systems, analyzing data processing needs and objectives, providing cost benefit analysis for proposed systems, estimating operating costs for proposed and existing systems, assuring department-wide system compliance with state laws and Department policies, implementing and testing new systems, and maintaining existing systems.

Mid range and Micro Computer Support provides system analysis and programming support required to develop and maintain systems for the departments' mid-range and micro computing systems. This support function includes preparing feasibility studies and requirements analysis for proposed systems, analyzing data processing needs and objectives, providing cost benefit analysis for proposed systems, estimating operating costs for proposed and existing systems, assuring department-wide system compliance with state laws and department policies, implementing and testing new systems, and maintaining existing systems.

Statutory Authority

Article VIII, Section 12 of the Montana Constitution provides for strict accountability of all revenue received and money spent by the State.

Program Goals and Objectives

- 1. To complete system development projects within the appropriate project deadlines; (1 - MT)**
- 2. To complete all system enhancement requests within the time frame established for each request; (1 - MT)**
- 3. To operate all production systems according to the predefined schedule for each system; (1 - MT)**
- 4. To install and maintain all Department computer hardware (AS400, System 36, and 550+ personal computers located throughout the State); (1 - MT)**
- 5. To data enter and process all corporation and individual income tax extension requests such that the information is available when the returns are processed; (2 - MT)**
- 6. To data enter and process all oil and gas net proceeds data such that certification notices can be provided to the counties within 60 days of the end of each calendar quarter; (2 - MT)**
- 7. To data enter and process Local Government Severance Tax quarterly data such that distribution can be made to the counties in May and November of each year; (2 - MT)**
- 8. To data enter and process industrial business equipment data such that taxable values can be generated for the counties by April of each year; (2 - MT)**
- 9. To data enter, process and return taxpayer refunds for all error free income tax short form returns filed prior to April 1 within fifteen days of receipt by the Department; (3 - MT)**
- 10. To data enter, process and return taxpayer refunds for all error free income tax returns within six weeks of the April 15th filing deadline; (3 - MT)**
- 11. To data enter and process all income tax returns by December of each year; (3 - MT)**

All Funding Sources

FY93 Biennium - Actual and Appropriated	\$2,936,977
FY95 Biennium - Governor Racicot	\$3,352,025
FY95 LFA - Current Level	\$3,334,031

Liquor Division

The **Liquor Division** administers the provision of Title 16, Montana Code Annotated relating to the control, sale and distribution of alcoholic beverages and the licensing of manufacturers, wholesalers and retailers of alcoholic beverages.

The Division orders all merchandise for distribution and sale through the state retail liquor stores/agencies, publishes a retail price list on a quarterly basis, prepares analysis on new products and sales patterns of existing products and audits all merchandise invoices and freight claims.

The Division warehouse receives and stores all alcoholic beverage merchandise ordered, assembles orders from individual state retail liquor stores/agencies and schedules shipment by the most economical means and routes.

The Division also supervises and evaluates all phases of state retail store and agency operations, analyses and audits retail outlets financial condition and profit potential, negotiates store leases and evaluates bids for selection of agencies, develops and implements merchandising/marketing techniques, and training programs for store personnel and agents.

The State Liquor Stores and Agencies maintain an adequate variety of listed alcoholic beverage products in inventory for direct sale to retail licensees and the public, maintains store premise in a well kept attractive manner and conducts in-store merchandising and marketing programs.

Additionally, the Division determines qualifications of applicants for the manufacture, wholesale and retail licenses, issues licenses and process annual renewals of licenses and registrations. The division schedules hearings as required, represents the department at such hearings and prepares records of the hearings.

Statutory Authority

TITLE 16 - ALCOHOL

Chapter 1 concerns administration and taxation and addresses scope and code and exemptions, Department of Revenue powers, duties and limitations and taxation of alcoholic beverages.

Chapter 2 concerns state liquor stores and addresses operation of stores, price of liquor and sale of table wine.

Chapter 3 concerns control of liquor, beer, and wine and addresses official seal and

other controls, regulation of brewers, beer importers, and beer wholesalers. It also addresses retail sales restrictions and sale of table wine.

Chapter 4 concerns license administration and addresses beer and wine licenses, all-beverage licenses, special licenses, licensing criteria and licensing fees.

Chapter 6 concerns enforcement and addresses investigations, prosecutions and miscellaneous prohibitions and penalties.

Program Goals and Objectives

1. To return at least 10% of net sales as profit to the general fund and maintain expenses at not more than 15% of net sales; (1 - MT)
2. To improve inventory turnover ratios from 6 to 8 turns per year; (1 - MT)
3. To process all applications for liquor license transfers within 60 days of receipt and within the quota limitations established by statute; (1 - MT)
4. To issue renewed licenses within 15 days of receipt of applications; (2 - MT)
5. To review the application process in coordination with the Office of Investigations to reduce the processing time and costs of processing; (3 - MT) and
6. To Perform inventory, fiscal and performance audits of all state liquor stores. (3 - MT)

Income Tax Division

The **Income and Miscellaneous Tax Division** administers and enforces the Montana personal income and withholding taxes as well as 14 other miscellaneous business taxes. This also includes partnership returns, fiduciary and trust returns, estimated income tax, filing extensions and elderly homeowner/renter credit. These taxes constitute the largest payments to the general fund. The distribution of the taxes is 64% general fund, 25% school equalization fund, and 11% to the long-range building program.

Major activities include providing assistance to taxpayers and employers on filing returns, performing audits to ensure accurate and complete returns, identifying noncompliance with the tax laws, and issuing tax refunds.

The program provides many services to the public. Forms and instructions are distributed to taxpayers through the mail or at the many distribution points around the state. When budgetary resources permit, the Division has also provided toll free telephone lines to respond to taxpayer and practitioner questions, taxpayer assistance at multiple locations around the state during the tax season, training of volunteer tax preparers who assist elderly and low income households and small business clinics to inform employers of state withholding requirements.

Ensuring that all taxpayers pay their fair share is an important part of the program. Audit staff working both in the office and at the taxpayer's location audit returns and tax records. Reports from other state agencies and the Internal Revenue Service are matched against the state tax records to identify nonfilers. Unpaid taxes are pursued by collectors. Arrangements are made to have the taxes paid. Disputed tax assessments are resolved through discussions, informal conferences and formal hearings.

Statutory Authority

TITLE 15 - Taxation

Chapter 1 concerns tax administration and addresses the Department of Revenue, investigations and hearings, protest payments, actions to recover, and alternative remedies. Also addressed are the disposition of tax records, multistate tax compacts and collection of delinquent taxes including warrant for restraint.

Chapter 25 concerns the dangerous drug tax.

Chapter 30 concerns individual income tax and addresses rate and return of tax, withholding and estimated tax, and administration and collection.

Chapter 32 concerns energy-related and ecological incentives and addresses investment in energy conservation or alternative energy, tax credit for purchasing montana produced organic fertilizer, wind-generated electricity and recycling of material.

Chapter 33 concerns small business investment incentives and in particular address small business investment companies and tax exemptions.

Chapter 50 concerns public contractor's fees and tax and addresses tax on contractors and contractor's tax return.

Chapter 53 concerns telephone company license tax.

Chapter 55 concerns freight line company license tax.

Chapter 60 concerns nursing facility utilization fee and addresses collection of the fee.

Chapter 65 concerns the lodging facility use tax.

Miscellaneous Taxes

abandoned property (Uniform Unclaimed Property Act)- Authority for this tax is found in 70-9-105

camper decal- Authority for this tax is found in two parts 15-6-210 tax exempt property and 61-3-509 disposition of taxes (of motor vehicles)

cigarette tax- Authority for this tax is found under 16-1 part 1

cigarette wholesaler and retailer license- Authority for this tax is found under 16-11-120

consumer counsel tax- Authority for this tax is found under 69-1-101 through 69-1-404

department of public service regulation tax- Authority for this tax is found under 69-1

escheated estates- Authority for this tax is found under 72-14 Parts 1-3

emergency 911 phone service regulation tax- Authority for this tax is found under 10-4 201 through 10-4-212

inheritance tax- Authority for this tax is found under 72-16

minimum cigarette price law- Authority for this tax is found under 16-10-2

national housing tax- Authority for this tax is found under 17-3-301

rural electric and telephone cooperative license tax- Authority for this tax is found under 35-18

telephone company license tax- Authority for this tax is found under 15-1 and 15-53

tobacco products tax- Authority for this tax is found under 16-11-1 & 16-11-2

tramway gross receipts tax- Authority for this tax is found under 23-2-715

Program Goals and Objectives

1. To administer the statutes and attendant rules in an efficient and equitable manner to insure the fair and equal treatment of all taxpayers, proper compliance, and timely payment of all taxes; (1 - MT)
2. To achieve and maintain a cost effective level of compliance with the state tax laws in a manner respectful of all citizens; (1 - MT)
3. To account for tax returns and payments; (1 - MT)
4. To collect delinquent taxes; (1 - MT)
5. To inform taxpayers, employers, and practitioners of the income and withholding tax filing requirements; (1 - MT)
6. To simplify reporting requirements; (2 - MT)
7. To promptly issue tax refunds; (2 - MT)
8. To select returns for examination that result in cost effective use of resources; (2 - MT)
9. To resolve 60% of the tax disputes at the Division level; (2 - MT)
10. To respond to taxpayer's written inquiries within 15 days and return all telephone inquiries within two working days; (3 - MT)
11. To complete all division processing so that income tax refunds on error

free short forms received prior to April 1, can be issued within 15 days;
(3 - MT)

12. To correct 90% of the computer detected filing errors by September 15;
(3 - MT) and
13. To improve computer matching of tax records with other available
information. (3 - MT)

All Funding Sources

FY93 Biennium - Actual and Appropriated	\$8,715,542
FY95 Biennium - Governor Racicot	\$9,496,478
FY95 LFA - Current Level	\$9,510,906

Natural Resource and Corporation Tax Division

The **Natural Resource and Corporation Tax Division** administers 17 different taxes. These include Corporation License Tax, Oil & Gas Severance Tax, Coal Severance Tax, Metal Mines Tax, Gross & Net Proceeds Tax, Local Government Severance Tax, Electrical Energy License Tax and the Resource Indemnity Trust Tax. The Division also administers the State and Federal Royalty audit programs related to mineral production from State and Federal lands located in Montana.

Taxes administered by the Division generate \$150 - \$175 million in State revenue and \$50 - \$75 million in County revenue annually.

Statutory Authority

Title 15 - Taxation

Chapter 1 concerns tax administration and addresses the Department of Revenue, investigations and hearings, protest payments, actions to recover, and alternative remedies. Also addressed are the disposition of tax records, multistate tax compacts and collection of delinquent taxes including warrant for restraint.

Chapter 23 concerns centrally assessed property and addresses railroads, public utilities, airlines, mine net proceeds, oil and gas net proceeds, coal gross proceeds, and metal mines gross proceeds.

Chapter 23

Chapter 31 concerns corporation license or income tax and addresses corporation license collection of delinquent taxes including warrant for restraint. tax rate and return, small business corporations, allocation and apportionment of income and corporation income tax. The chapter also addresses lists of corporations and banks and savings and loan associations.

Chapter 32 concerns energy-related and ecological incentives and addresses investment in energy conservation or alternative energy, tax credit for purchasing montana produced organic fertilizer, wind-generated electricity and recycling of material.

Chapter 33 concerns small business investment incentives and in particular address small business investment companies and tax exemptions.

Chapter 35 concerns the coal severance tax and in particular the New Coal Production Incentive Tax Credit Act.

Chapter 36 concerns oil and gas severance tax.

Chapter 37 concerns mining license tax and addresses metalliferous mines and micaceous mineral mines.

Chapter 38 concerns resource indemnity trust tax (RITT) and addresses the resource indemnity trust fund.

Chapter 51 concerns electrical energy producer's tax.

Chapter 59 concerns cement taxes and addresses cement and gypsum producers and also cement dealers.

Federal and State Royalties- Authority for this tax is set forth in a Memorandum of Understanding dated February 20, 1992 between the Montana Department of Revenue and the Montana Department of State Lands and is as follows:

- federal royalties: 30 USC § 1735
- state royalties:
 - 1972 Montana Constitution, Art X, §11
 - \$77-1-202(1) MCA
 - \$77-1-301

Program Goals and Objectives

1. To administer the statutes and attendant rules in an efficient and equitable manner to insure the fair and equal treatment of all taxpayers, proper compliance, and timely payment of all taxes; (1 - MT)
2. To conduct audits throughout the state and nation generating approximately \$15 million in additional revenue for the State and Counties annually; (1 - MT)
3. To conduct field audits of all major coal producers during the 1995 biennium; (1 -MT)
4. To resolve 95% of the cases contested as of June 30, 1992 by the end of 1995 biennium; (1 - MT)
5. To prioritize audit activities in a manner to insure maximum coverage and to address the most serious compliance problems; (1 - MT)
6. To maximize the benefits of participation in the Multistate Tax Commission through close monitoring of our participation in the joint

audit program to ensure at least a 5 to 1 return on our assessment fees.
(1 - MT)

7. To properly notify all counties of property valuations based on mineral production; (1 - MT)
8. To distribute mining proceeds property valuation notices to the Counties on or before June 15 of each year; (1 - MT)
9. To distribute all local government severance tax revenues on or before the 25th of May and November of each year; (1 - MT)
10. To complete the coal gross proceeds tax redistribution to the counties by June 30th of each year; (1 - MT)
11. To distribute corporation license tax received from all financial institutions to the counties in which they are located within 20 days of receipt; (1 - MT)
12. To certify oil and gas new net proceeds valuations to the Counties within 50 days of the end of each calendar quarter; (1 - MT)
14. To insure the State receives the proper amount of royalties attributable to mineral production from State and Federal lands in Montana; (1 - MT)
15. To audit all Federal oil and gas leases in our work plan as agreed to with Minerals Management Service for the biennium; (2 - MT)
16. To process 95% of all requests for the various tax certificates issued by the Division within 5 days of receipt; (3 - MT)
17. To respond to 100% of taxpayers requests for information within 5 days of receipt; (3 - MT)
18. To annually review all forms and instructions for the purpose of simplifying the filing requirements for taxpayers; (3 - MT) and
19. To process 90% of all refunds within 6 weeks or less of receipt. (3 - MT)

All Funding Sources

FY93 Biennium - Actual and Appropriated	\$2,932,095
FY95 Biennium - Governor Racicot	\$3,198,979
FY95 LFA - Current Level	\$3,185,268

Property Assessment Division**KB**

The Property Assessment Division is responsible for performing all tasks necessary to secure a fair, just, and equitable valuation of all taxable property among counties, between different classes of property, and between individual taxpayers.

Specific duties to accomplish this legislative mandate include:

- Completing reappraisal of all real property every 3 years;
- Appraising machinery and equipment annually;
- Centrally assessing railroads, public utilities, airlines, and industrial facilities and ensuring assessments are completed on mine net proceeds, oil and gas net proceeds, coal gross proceeds, and metal mines gross proceeds;
- Defending Department of Revenue in tax appeals before county and state tax appeal boards and the courts;
- Conducting schools for assessors and appraisers.

The work is done in 56 counties, in appraisal and assessment offices under the direct supervision of 5 area managers and a small staff in Helena. The Helena office also appraises all intercounty and industrial property, defends the lawsuits, supports computer appraisal systems, and regularly audits all county offices.

The Division assigns employees to the 56 appraisal and assessment offices and uses elected assessors in 48 counties as agents to carry out its mandates. The Property Assessment Division has extensively realigned its resources to reduce costs. The original six bureaus have been consolidated into three and senior management eliminated.

The reappraisal cycle was reduced from 7 to 3 years by the 1991 Legislature. At the same time the FTE funding is reduced by 16 percent from 460 employees in FY86 to 381 in FY93. The division is expected to complete its work in less time with fewer employees.

Statutory Authority

Article VIII, Section 3 of the Montana Constitution provides for Property Tax Administration.

Article VIII, Section 4 of the Montana Constitution provides for Equal Valuation of Property Tax.

Article VIII, Section 7 of the Montana Constitution provides for Tax Appeals.

Title 15 - Taxation

Chapter 1 concerns tax administration and addresses the Department of Revenue, investigations and hearings, protest payments, actions to recover, and alternative remedies. Also addressed are the disposition of tax records, multistate tax compacts and collection of delinquent taxes including warrant for restraint.

Chapter 2 concerns the composition and organization, powers and duties, and appeal procedure for the State Tax Appeal Board (STAB).

Chapter 6 concerns property subject to taxation and addresses classification and tax exempt property.

Chapter 7 concerns appraisal and discusses general methods, greenbelt appraisal, the Realty Transfer Act and appraisal of residential property in areas of changing use.

Chapter 8 concerns assessment procedure and addresses when, how, where, and to whom property is assessed. The chapter also addresses assessment revision and assessment and map books.

Chapter 9 concerns equalization.

Chapter 10 concerns property tax levies and addresses statewide levies, statement of levies, entry of taxes and limitation on property taxes.

Chapter 15 concerns property tax appeals to the county tax appeal board.

Chapter 23 concerns centrally assessed property and addresses railroads, public utilities, airlines, mine net proceeds, oil and gas net proceeds, coal gross proceeds, and metal mines gross proceeds.

Chapter 24 concerns special property tax applications and address twenty separate items. These items are: Motor home fleets; mobile homes; business inventories; insurance companies; production credit associations; building and loan associations; livestock; custom combines; leasehold and other interests in U.S. property; state and other exempt property; new industry—real property development; remodeling of building or structures; historic properties; commercial property; business incubators; industrial parks; local economic development organizations; clean coal technology projects; and value-added manufacturing.

Chapter 44 concerns forest lands tax.

Program Goals and Objectives

1. To mass appraise, classify, and assess all taxable commercial and residential land parcels and improvements according to the reappraisal schedule established by the Legislature. (1 - MT)

To complete the third reappraisal by 1993 and the fourth reappraisal by 1997.

To secure the necessary funding and personnel and provide training and quality control to ensure the statutory reappraisal requirements are met.

2. To annually appraise and assess all business machinery and equipment subject to property tax in Montana. (1 - MT)

To annually obtain property inventories from all businesses and determine the market value of their machinery and equipment.

To secure the necessary funding and personnel and provide training and quality control to ensure the statutory annual appraisal requirements are met.

3. To appraise, classify and assess all agricultural and forest lands according to the reappraisal schedule established by the Legislature. (1 - MT)

To complete the third reappraisal by 1994 and the fourth reappraisal by 1997.

To secure funding and personnel and provide training and quality control to ensure the statutory reappraisal requirements are met.

4. To objectively consider residential and commercial property owners' requests for review of their appraised values. (3 - MT)

To complete the reviews within 90 days after receiving a request.

5. To improve the taxation of business machinery and equipment. (2 - MT)

To complete the implementation of an automated valuation system for machinery and equipment by December 1993.

6. To annually appraise and assess property owned by businesses operating between counties. (1 - MT).

To annually obtain information on each inter-county business's income, stock

and debt, and property costs and determine the market value of the business as an operating unit.

To secure funding and personnel and provide training and quality control to ensure the statutory requirements are met.

7. To use agents, county assessors, to assist in the valuation of certain properties and provide information to local and state governments. (3 - MT)
8. To annually certify taxable values and millage rates and enter the total valuation of each kind of property in the assessment book for all 56 counties. (3 - MT)

All Funding Sources

FY93 Biennium - Actual and Appropriated	\$23,379,042
FY95 Biennium - Governor Racicot	\$26,152,241
FY95 LFA - Current Level	\$26,111,222

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JAN 21 1993

OBPP

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



MARC RACICOT, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2032
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PO BOX 200101
HELENA, MONTANA 59620 0101

EXHIBIT 1
DATE 2-1-93
103

TO: Dave Lewis, Budget Director
Terry Cohea, Legislative Fiscal Analyst

FROM: Lois Menzies, Director *LM*
Department of Administration

DATE: January 21, 1993

SUBJECT: Budget Prioritization

Attached is a list of the department's general fund priorities in response to Mr. Lewis' January 12th memo regarding proposed spending cuts.

The department has two state special revenue funds. One funds the state's emergency 9-1-1 program. The other funds the Architecture and Engineering Division. I do not believe that fund transfers from the 9-1-1 program are feasible. However, we are willing to discuss the A and E program and the possibility of delaying or cancelling projects which may have a general fund impact.

We look forward to working with the subcommittee.

Attachment

**DEPARTMENT OF ADMINISTRATION
PROGRAM GOALS AND OBJECTIVES FOR THE 1995 BIENNIAL BUDGET**

DIRECTOR'S OFFICE

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

STATUTORY AUTHORIZATION:

General

2-15-1001, MCA The Department of Administration was established under the Executive Reorganization Act of 1971. The department head is appointed by the Governor in accordance with Section 2-15-111, MCA.

2-15-1002, MCA The Director of the Department of Administration shall serve as the ex officio state treasurer.

Personnel/Retirement Federal Laws

Various Involved with implementation of the Fair Labor Standards Act, the American Disabilities Act, and the Civil Rights Act as part of the overall management responsibilities of the Director's Office, in department and state personnel issues.

Involved with the collection of FICA taxes from public sector employees in coordination with the Public Employee's Retirement Division of DOA (Title 19, chapter 1, MCA).

	FY92 Actual	FY93 Approp.	FY 94 Executive	FY 95 Executive
BUDGET	\$323,612	\$296,457	\$336,981	\$339,380
FTE	7.0	7.0	7.0	7.0

FUNDING SOURCE:

General Fund	\$255,245	\$229,378	\$245,150	\$246,986
Proprietary	\$68,367	\$67,079	\$ 91,831	\$ 92,394

GOALS AND OBJECTIVES:

1. Overall supervision, coordination, and policy direction of the Department's eight divisions and the five administratively attached boards and agencies, in a manner consistent with state law and the Governor's priorities. (1 - MT/US)

Duties:

Department-wide budget review, coordination, and direction, to result in one comprehensive budget package that complies with Budget Office and Legislative requirements.

Department-wide budget management and coordination, to result in one workable budget package that complies with Budget Office and Legislative requirements, and yet enables the Department to best perform its mission.

Coordination and direction during regular and special legislative sessions, to present a department-wide consensus on issues of key department issues of legislative importance.

Provide direction for implementation of state-wide computerization, maintenance, purchasing, legal, accounting, mail distribution, and other key support areas of departmental importance.

Personnel (FLSA, EEO, ADA, SSA, hiring, etc.) policy issue coordination and direction for a coherent, consistent approach to complex areas.

Provide top level management planning, program direction, and project prioritization. Develop departmental business strategies and enhancements.

2. Effectively provide centralized support services and control functions to department clients (examples: legal, architectural, building maintenance, printing and purchasing, computer and telecommunications, personnel, administer Statewide Budgeting and Accounting system and mail services). (1 - MT)

Duties:

Assist with prioritization and handling of sensitive client concerns and issues. Provide coordination and direction for a coherent, consistent approach to complex areas.

Provide top level management planning, program direction, and project prioritization. Develop departmental business strategies and enhancements for improved centralized client services.

3. Legal consultation, opinions and assistance to requesting divisions. (3 - MT) (Proprietary Funded)

Duties:

Provide centralized legal support for divisions and attached-to agencies that do not have their own legal staff.

Provide centralized planning support for regular and special legislative session statute changes and bill drafting.

Provide centralized support for departmental legislation during regular and special legislative sessions.

4. Administrative assistance and bonding expertise for the state, the Board of Examiners, and the Capital Finance Advisory Council. (2 - MT)

Duties:

Coordination of state debt service activity through periodic agency surveys and as staff to the Capital Finance Advisory Council. Responsible for collection of debt issuance fees, TRANS issuance and coordination, financial advisor and bond counsel contract management, school bond program administration, volume cap agreement administration, and administrative assistance to other debt issuing agencies as needed.

Coordination and administration of bill drafting and reporting responsibilities pertaining to state debt activity, during regular and special legislative sessions. Perform extensive department bill tracking and division coordination duties.

Analyze, recommend and implement Director's Office budget.

Coordinate and respond to incoming debt questionnaires, surveys, audits, general public inquiries, as required.

Serve as liaison for advisory council appointments between divisions and Governor's Office.

5. Assistance to divisions on special projects. (3 - MT)

Duties:

Serve as centralized coordination point for warrant writer/PPP proposal.

Place senior-level priority and focus on complex program implementation such as FLSA, ADA, and SSA programs. Provide needed direction and guidance.

Perform sensitive interface with the legislature, the press, and key Boards and Committees.

6. Senior level clerical support to department and office professional staff. (2 - MT)

Duties:

Respond to a large variety of demanding and critical deadlines and requirements.

Deal with sensitive issues, the general public, and a large number of general state topics and concerns, in a professional and tactful manner.

Provide professional, efficient support on numerous complex legal and financial projects.

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

1. Elimination of "Legal consultation, opinions and assistance to requesting divisions" would mean that divisions would go without legal advice. This would increase the potential liability of the state in all areas, but would likely have the greatest impact in personnel, purchasing and retirement areas. These areas generally receive a great deal of public review and scrutiny in the course of normal business operations.

Alternatively, if divisions opted to contract out for legal support, either through Agency Legal Services (ALS) or through private contract, costs to the state would increase over the cost of in-house support. Services of the one supervisory and subordinate attorney allocated to the Director's Office average \$42/hour (with benefits), whereas ALS services are estimated at \$52/hour, and private attorney fees average approximately \$100/hour.

2. Elimination of "Assistance to divisions on special projects" would have mixed results. Attempts to refuse coordination projects of department and statewide interest would likely be detrimental to all working relationships. For example, legislative and press inquiries could be referred to the Governor's Office. However in many cases detailed explanations and information may ultimately be required from DOA, limiting budgetary savings of this restructuring.

Many complex projects impacting the entire department could be delegated to internal divisions, however the overall department perspective would be lost. Additionally the division performing the project may feel compelled to focus on their particular division, as their overall department understanding may be limited. Also a division responsible for a project may present their particular division in a more

attractive light than divisions to which they have no alliance (i.e. in a re-organization or share of costs in implementing new requirements, etc.), than would be the case in a project coordinated from the Director's Office perspective.

ACCOUNTING AND MANAGEMENT SUPPORT DIVISION

MISSION: The Accounting and Management Support Division provides its constituents with efficient, cost effective and friendly service in the following areas: 1) statewide accounting and financial reporting; 2) state treasury; and 3) department accounting, budgeting, data processing and personnel management.

STATUTORY AUTHORIZATION:

17-1-102, MCA Requires the Department of Administration to prescribe and install uniform accounting and reporting for all state agencies and institutions.

17-1-111, MCA Describes the general fiscal duties of the state treasurer.

17-2-101 thru
17-2-107, MCA Describes the accounting systems and treasury fund structure administered by the Department of Administration.

17-6-101, 102
and 105, MCA Describes specific duties of the state treasurer.

BUREAU/UNIT: Administrative Unit

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET:	\$84,132	\$64,335	\$95,937	\$97,212
FTE:	2	1.5	1.5	1.5
FUNDING SOURCE:				
General Fund	\$84,132	\$64,335	\$65,880	\$67,154
Federal Spec.			30,057	30,058

GOALS AND OBJECTIVES:

1. Coordinate, supervise and support the activities of the Accounting and Management Support Division. (1 - MT)
2. Monitor the General Fund cash flows for the purpose of determining if short-term borrowing is necessary to maintain an adequate balance. (2 - MT)
3. Coordinate the preparation, negotiation and distribution of the Statewide Cost Allocation Plan (SWCAP) with the company which contracted to provide the services. (2 - MT/US)
4. Coordinate the development and operation of the statewide implementation of the regulations related to the Cash Management Improvement Act. (3 - US)

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVE:

1. Not implementing the regulations associated with the Cash Management Improvement Act violates Federal Law. In addition, the state would incur substantial interest charges payable to the Federal government which would decrease the General Fund.

BUREAU/UNIT: Accounting Bureau

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET:	\$528,903	\$550,155	\$571,718	\$529,565
FTE:	9	9	8.58	8.58

FUNDING SOURCE: General Fund

UNIT: Accounting Principles/Financial Reporting Section (APFRS):

GOALS AND OBJECTIVES:

1. Develop State accounting policies and procedures in accordance with generally accepted accounting principles. (1 - MT)
2. Provide accounting and financial reporting technical education and assistance to agency personnel. (2 - MT)
3. Compile and publish the Statewide Comprehensive Annual Financial Report (CAFR). (3 - MT)

CONSEQUENCES OF ELIMINATION OR REDUCTION OF PRIORITY 3 OBJECTIVE:

1. Elimination of the CAFR would jeopardize the State's bond ratings and would make it more difficult, if not impossible, for the State to issue TRANS or any long-term debt.

UNIT: SBAS Support Unit (SSU):

GOALS AND OBJECTIVES:

1. Maintain and control the Statewide Budgeting and Accounting System (SBAS), the Property Accountability Management System (PAMS) and the internal Financial Reporting System. (1 - MT)
2. Provide assistance to ensure that each agency properly utilizes both SBAS and PAMS. (2 - MT)
3. Provide accounting and computer technical education and assistance as it is related to these systems including the use of Online Entry & Edit (OEE). (2 - MT)
4. Develop enhancements to SBAS, PAMS and the internal Financial Reporting System as needed. (3 - MT)

CONSEQUENCES OF ELIMINATION OR REDUCTION OF PRIORITY 3 OBJECTIVE:

1. The elimination or reduction of system development for SBAS and PAMS as well as the internal Financial Reporting System would reduce the ability of these systems to provide current accounting information on a GAAP basis. This would jeopardize

the State's ability to provide accurate and timely accounting information for legislative and administrative decision making and the State's ability to borrow funds.

BUREAU/UNIT: Management Support Bureau

UNIT: Financial Services Unit

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET	\$165,976	\$173,631	\$172,366	\$168,111
FTE:	4.5	4.5	4.5	4.5

FUNDING SOURCE: General Fund

GOALS AND OBJECTIVES:

1. To coordinate the preparation of the Department of Administration's biennial budget request for submission to the Office of Budget and Program Planning (OBPP) and presentation to the Legislature. (1 - MT)

Specific Duties:

- a. Financial Services Unit's budget analysts/accountants distribute OBPP's budget instructions to each division as well as a breakdown of fixed costs by division. Questions as to policies and procedures in preparation of budgets are directed to this unit.
 - b. Financial Services Unit reviews divisions' budget submissions for compliance with OBPP's instructions and distributes copies to the Director's Office for their review.
 - c. Budget analysts/accountants input divisions' information into the EBS for hard copy and electronic transmission of the final budget to OBPP and Legislative Fiscal Analyst.
 - d. During the Legislative Session, Financial Services Unit reconciles differences between LFA and OBPP operating budgets by division, tracks changes in the General Appropriations Bill and informs division administrators of upcoming hearings related to this bill.
2. To monitor, analyze and report each division's budget and financial status. (1 - MT)

Specific Duties:

- a. Operating budgets are input into SBAS for each division which comply with OBPP's operational plan for that fiscal

year.

- b. Budget analysts/accounts review divisions' SBAS reports monthly for compliance with Legislative intent.
 - c. Budget analyses are prepared quarterly for each division to monitor appropriation balances for possible deficits or surpluses.
 - d. Budget Amendments, Appropriation Transfers, House Adjustments, Program Transfers and Revised Operational Plans are prepared as needed.
 - e. Turnaround documents which establish appropriations and revenue estimates for all divisions are prepared and sent to OBPP yearly.
3. To monitor, record and pay general obligation bond indebtedness for the State of Montana. (1 - MT)

Specific Duties:

- a. General Obligation bonded indebtedness for the State of Montana is tracked and recorded in the General Long Term Debt Account Group by the Financial Services Unit.
 - b. Debt Service payments for General Obligation Bonds issued by the State of Montana are recorded by this unit monthly. Semi-annually, these debt service funds are wire transferred to the paying agent according to the debt service schedule of the bonds issued.
 - c. General Obligation Bonds are monitored for arbitrage concerns which requires communication with Bond Counsel and Financial Advisor concerning solutions.
 - d. General Obligation Bonds paid directly by the General Fund are appropriated to Department of Administration through a statutory appropriation. These funds are requested through the Legislative process and paid out by the Financial Services Unit.
4. To act as liaison with OBPP, Legislative Fiscal Analyst and Legislative Auditor regarding budgetary and financial issues and operating policies relating to the Department. (2 - MT)

Specific Duties

- a. All memos from OBPP or LFA regarding budgetary issues and Departmental responses to these issues are distributed through Financial Services Unit.
- b. The Department's financial-compliance audit and interim communication audit responses are coordinated through

this unit.

5. To provide technical accounting and budgeting advice within the Department and accounting services for the Department's General Fund divisions. (3 - MT)

Specific Duties:

- a. Budget analysts/accountants assist divisions with SBAS coding questions as well as establishing proper accounting procedures in a new program.
- b. Accounting technician reviews coding and inputs payments on OE&E for General Fund divisions.
- c. PAMS documents for the Department are reviewed by the Accounting Technician for correct coding, batched and forwarded to Accounting Bureau. At year end, a Department-wide inventory is coordinated through this unit to assure State property is accounted for accurately.
- d. Purchase of furniture and equipment for General Fund divisions is coordinated through this Unit to assure proper procedures are followed.

6. To maintain Volume One of the Montana Operations manual (MOM) which contains administrative operating policies and procedures applicable to State Agencies. (3 - MT)

Specific Duties:

- a. New or revised administrative policies are submitted to this Unit for printing and distribution to all State agencies.

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

Elimination of Priority 3 items would require General Fund divisions to hire staff to provide the necessary accounting and budgeting support. Maintenance of Volume One of the MOMs manual would need to be delegated to another division as State agencies need this manual to help them administer internal operating policies and procedures.

year.

- b. Budget analysts/accounts review divisions' SBAS reports monthly for compliance with Legislative intent.
 - c. Budget analyses are prepared quarterly for each division to monitor appropriation balances for possible deficits or surpluses.
 - d. Budget Amendments, Appropriation Transfers, House Adjustments, Program Transfers and Revised Operational Plans are prepared as needed.
 - e. Turnaround documents which establish appropriations and revenue estimates for all divisions are prepared and sent to OBPP yearly.
3. To monitor, record and pay general obligation bond indebtedness for the State of Montana. (1 - MT)

Specific Duties:

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 - b. Debt Service payments for General Obligation Bonds issued by the State of Montana are recorded by this unit monthly. Semi-annually, these debt service funds are wire transferred to the paying agent according to the debt service schedule of the bonds issued.
 - c. General Obligation Bonds are monitored for arbitrage concerns which requires communication with Bond Counsel and Financial Advisor concerning solutions.
 - d. General Obligation Bonds paid directly by the General Fund are appropriated to Department of Administration through a statutory appropriation. These funds are requested through the Legislative process and paid out by the Financial Services Unit.
4. To act as liaison with OBPP, Legislative Fiscal Analyst and Legislative Auditor regarding budgetary and financial issues and operating policies relating to the Department. (2 - MT)

Specific Duties

- a. All memos from OBPP or LFA regarding budgetary issues and Departmental responses to these issues are distributed through Financial Services Unit.
- b. The Department's financial-compliance audit and interim communication audit responses are coordinated through

UNIT: Treasury Unit

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET:	\$189,276	\$166,509	\$186,925	\$187,320
FTE:	5.5	5.5	5	5
FUNDING SOURCE:				
Proprietary	\$ 31,276	\$ 32,361	\$ 33,750	\$ 33,824
General Fund	\$158,000	\$134,148	\$153,175	\$153,496

GOALS AND OBJECTIVES:

1. To receive and account for all money deposited by State agencies and ensure the timely transfer of the State's funds to the central bank clearing account to maximize investment earnings. (1 - MT)

Specific Duties:

- a. Treasury Unit receives collection reports which contain checks and cash from State Agencies from 8 a.m. to 5 p.m. Monday through Friday. This amount is confirmed by Treasury Unit staff and sent via armored car to First Bank twice daily to be deposited to the State of Montana's bank account.
 - b. Each evening Treasury Unit staff call the Board of Investments with total deposits sent to the Bank by armored car so that Investments can keep invested any cash that will not be needed to cover expenditures on that day. The Treasury Unit also advises BOI of any wires coming in or going out of \$1 million or more.
 - c. Each day Treasury Unit staff check the cash balances in the State's depository banks outside Helena to ensure timely transfer of the State's funds for maximum investment earnings.
2. To ensure that all state bank accounts have adequate collateral for the safekeeping of the State's assets and to ensure the accountability for all securities held by the State. (2 - MT)

Specific Duties:

- a. Treasury Unit staff review all State depository account balances monthly and compare these balances with the collateral held by the bank. Collateral is adjusted upward and downward as needed to assure adequate protection of the State's assets.

- b. Treasury Unit staff monthly reconcile all securities owned by the State of Montana to the securities list produced by Chase Manhattan, Montana's custodian bank, to ensure all securities are accounted for. The list is also checked for securities that mature and must be collected and reinvested.
3. To reconcile all bank accounts to the State's general accounting records (SBAS). (3 - MT)

Specific Duties:

- c. Treasury Unit staff are responsible for ensuring that the cash balance by agency reported in the State's accounting records (SBAS) is actually what is in the bank. Each bank account, which includes approximately 104 depository bank accounts throughout the State of Montana, is reconciled monthly to provide this accountability.

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

Elimination of priority 3 objectives in this unit would remove the fiscal accountability of State deposits made by agencies.

UNIT: Data Processing Unit

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET:	\$49,024	\$66,646	\$69,839	\$69,085
FTE:	2	2	2	2
FUNDING SOURCE:				
Proprietary Fund		\$31,089	\$34,396	\$34,102
General Fund	\$49,024	\$35,557	\$35,443	\$34,983

GOALS AND OBJECTIVES:

1. To provide daily operational support for the seven local area networks located within the Department which involves the location, diagnosing and correction of operational errors. (1 - MT)

Specific Duties:

- a. The two FTE within the DP Unit ensure all computers and printers located within the seven local area networks are operational.
2. To assist employees within the Department with the development of computer software applications and resolving related problems. (2 - MT)

Specific Duties:

- a. The DP Unit assists personnel within the Department in automation of functions currently done manually. Automation of these functions results in projects being done more accurately and efficiently
3. To promote the compatibility of systems in the Department through purchase and installation of computer equipment and software that meets current and long-term needs of the divisions. (3 - MT)

Specific Duties:

- a. The DP Unit assists divisions with computer equipment and software purchases to ensure the correct items are acquired and that the equipment and software purchased is compatible with the Department's current computers.

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

Elimination of priority 3 would force divisions with no technical knowledge of computers to purchase this type of equipment and software on their own. The equipment purchased may be incompatible to the rest of the Department or not meet the needs of the division.

UNIT: Personnel Services Unit

	FY92 Actual	FY93 Approp	FY94 Executive	FY95 Executive
BUDGET:	\$57,147	\$56,985	\$64,588	\$64,915
FTE:	2	2	1.75	1.75

FUNDING SOURCE: General Fund

GOALS AND OBJECTIVES:

1. Coordinate the Recruitment and Selection Process for all positions in the Department of Administration. (1 - MT)
 - a. Supervise recruitment for agency vacancies.
 - b. Establish recruitment policy and program to meet EEO requirements and attract qualified applicants.
 - c. Plan for manpower needs and develop special recruitment plans for hard to fill positions.
 - d. Develop/recommend appropriate selection devices and practices such as structured interviews, application supplements or performance tests.

- e. Train managers and supervisors on proper selection techniques; prepare selection criteria in consultation with managers.
 - f. Participate in rating applicants and making necessary selection decisions or do preliminary screening for minimum qualifications or best qualified.
 - g. Provide information to unsuccessful candidates, as requested, as to why they were not interviewed or hired for specific positions.
 - h. Enter information in the Applicant Flow system to track EEO information on all applications received by the Department.
2. Under delegated Classification authority, monitor, analyze and recommend the proper classification for all positions within the Department to insure internal equity within the Department and State Government. (1 - MT)
- a. Oversee the preparation of job descriptions and the classification of new and existing positions.
 - b. Analyze and recommend proper classification.
 - c. Implement the Benchmark Factoring Method.
 - d. Represent the Department in Classification Appeal Hearings.
3. Provide Discipline/Grievance Handling guidance to Supervisors and Managers to insure personnel policies and procedures are adhered to and employees are treated fairly and consistently. (1 - MT)
- a. Design and implement an internal grievance procedure for the Department that complies with accepted grievance processes, existing labor contracts and state personnel policies.
 - b. Assist in the resolution of discipline/grievances.
 - c. Advise management on discipline/grievance handling.
 - d. Assist in the preparation for hearings.
 - e. Counsel employees on their grievance privileges and alternatives.
4. Provide Salary/Benefit Administration for all employees of the Department. (1 - MT)
- a. Supervise the centralized payroll/benefit processing for all department employees.

- b. Process the bi-weekly payroll for the Department which includes: providing new employee orientation, and terminating employee orientation; meeting with employees who wish to make changes in benefits; entering hours worked, rate changes, annual, sick, FLSA taken and compensatory time taken and earned into the mainframe payroll system.
 - c. Process insurance forms, employment and previous state service verifications, Public Employees Retirement Forms, Workers' Compensation and Unemployment Forms to notify applicable agencies.
 - d. Ensure compliance with Federal/State/Department and union contract policies and procedures including Personnel Practices, Fair Labor Standards, Wage and Hour Health, Dental and Life Insurance and Confidentiality.
 - e. Resolve salary administration questions and initiate agency action to obtain exceptions to pay plan rules.
 - f. Monitor position control and makes necessary corrections.
 - g. Complete PPP budget documents to set up Personal Services Budget.
5. Develop and administer department personnel policies and procedures (1 - MT)
- a. Administer state and department personnel policies and procedures to insure the department is in compliance with State/Federal and Department personnel policies and procedures.
 - b. Represent the department at Personnel Network Meetings.
 - c. Review Statewide Personnel Policies and Procedures and comment on new and modified policies.
 - d. Establish/rewrite department policies to implement changes at the state level.
 - e. Interpret policies and resolve related questions.
6. Represent the department at Labor Relation Meetings for five collective bargaining units. (2 - MT)
- a. Administer collective bargaining contracts to insure the department is in compliance with the collective bargaining contracts.
 - b. Identify problems with current collective bargaining contracts and prepare plans for contract negotiations.

- c. Represent the department in collective bargaining, arbitration, mediation sessions, unit clarification and unit determinations and unfair labor practice hearings.
 - d. Provide information to the State Personnel Division Labor Relations Bureau as requested.
7. Develop the department's Affirmative Action Plan and interpret EEO rules. (2 - US)
- a. Develop the department's Affirmative Action Plan by identifying problem areas, steps that need to be taken to correct deficiencies.
 - b. Advise management of EEO related problems.
 - c. Conduct investigations into discrimination complaints to determine validity and recommend course of action; prepare response to EEO complaints or charges.
 - d. Apprise managers and employees of the rights and responsibilities in EEO matters.
 - e. Review staffing and operation to determine areas of noncompliance.

The above priority (2) duties are functions performed by the unit every two years.

- 8. Coordinate training opportunities for department employees for mandatory training programs including Preventing Harassment, AIDS, Windmills. (3 - MT)
- 9. Provide new employee orientation for all new employees hired by the department. (3 - MT)
- 10. Provide outreach training to Job Service, Project Work Program, Career Training Institute, and participates in On-Campus Recruitment to recruit and retain a qualified and diversified work force. (3 - MT)
- 11. Develop personnel policies and procedures to fit the needs of the Department of Administration. (3 - MT)
- 12. Maintain volume III of the Montana Operations Manual (MOM) which contains state personnel policies and procedures. (3 - MT)

Specific Duties:

- New or revised policies are submitted to this unit for printing and distribution to all divisions within the department.

- c. Represent the department in collective bargaining, arbitration, mediation sessions, unit clarification and unit determinations and unfair labor practice hearings.
 - d. Provide information to the State Personnel Division Labor Relations Bureau as requested.
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- 11. Develop personnel policies and procedures to fit the needs of the Department of Administration. (3 - MT)
- 12. Maintain volume III of the Montana Operations Manual (MOM) which contains state personnel policies and procedures. (3 - MT)

Specific Duties:

- New or revised policies are submitted to this unit for printing and distribution to all divisions within the department.

13. Contact individuals interested in state employment. (3 - MT)

CONSEQUENCES OF ELIMINATION OR REDUCTION OF PRIORITY 3 OBJECTIVES:

1. Currently the department contracts with the Personnel Division twice a year to conduct the mandatory training sessions at a charge of \$300 per class for Preventing Harassment and Windmills and \$200 per class for AIDS. These charges are prorated by the number of participants and cost the division \$10 - \$15 per employee. If the department did not coordinate these training classes and divisions were required to send employees to these classes on the general schedule, the cost would be \$45 per employee. Not coordinating these training classes would result in additional costs to the division.
2. The State Personnel Division offers a New Employee Orientation session for employees which provides an overall review and is held quarterly. Employees could be required to attend one of these sessions rather than the Department's New Employee Orientation; however the information provided is general in nature and does not provide detailed information on what benefits would be of interest to the employee and how those benefits specifically affect the employee.
3. Not updating department policies would put the department at risk for legal challenges if the policy continued to be followed incorrectly. State Personnel Policies can be utilized; however these policies may eliminate flexibility within the department and would not address specific areas specifically related to the department.
4. Outreach training and contact with individuals interested in working for the State and the department provides a pool of potential employees accessible for hard-to-fill positions or for filling positions on a temporary basis. This provides a cost savings to the department by reducing recruitment costs and providing alternatives to the regular hiring process. This also provides the department with flexibility which would be lost if these objectives were reduced or eliminated.

GENERAL SERVICES DIVISION

UNIT\BUREAU NAME: Administrative Unit

MISSION: It is the mission of the administrative unit of the General Services Division to organize all of the activities of the division, to oversee contracted services, and to approve leases statewide.

STATUTORY AUTHORIZATION:

2-17-101, MCA Allocation of space
2-17-111, MCA Custodial care of capitol buildings and grounds
2-17-301, MCA Supervision of mailing, duplicating, copying and telephone facilities

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET:	\$3,540,375	\$3,891,079	\$4,151,538	\$4,189,752
FTE:	20	20	20	20
FUNDING SOURCE:				
General Fund: \$	259,977	\$345,760	\$400,938	\$ 415,739
Capital Proj.: \$	54,547	58,426	58,801	58,801
Proprietary:	3,225,851	3,486,893	3,691,799	3,715,212

There is no specific program funded by general fund appropriations in the General Services Division. Reductions to FY92 actuals/FY93 appropriated would require reductions in the following areas:

Eliminate pest control; eliminate space needs surveys; reduce lease approval services, reduce janitorial services; eliminate construction services; and reduce repairs and maintenance of State buildings.

These reductions would be made entirely from general fund appropriations and would modify the current funding split from 12 percent general fund/88 percent proprietary fund to 9 percent general fund/91 percent proprietary fund.

GOALS AND OBJECTIVES

1. Develop and enforce written specifications for facility services contracts in the Capitol area. (1 - MT)
2. Supervise the operation of the division. Coordinate all personnel decisions, prepare and defend budget and agency legislation, oversee program development. (1 - MT)
3. Provide facility services to buildings on the capitol complex for their maintenance and repair (MT)
Mechanical Maintenance (1)

Janitorial Contracts (3)
Security Contract (2)
Pest Control (3)
Elevator Maintenance (1)
Sanitation (1)

4. Provide architectural services to the division and other state agencies. Insure that building modifications meet all codes and other legal requirements. Prepare bid specifications and supervise procurement process. (2 - MT)
5. Provide all accounting services for the division. Prepare annual budget, set rates, and bill and collect for services. (2 - MT).
6. Survey agency space needs and assign office space in state buildings. (3 - MT)
7. Negotiate office space leases for state agencies. Ensure that leases contain standard provisions and meet legal requirements (ie ADA compliance, liability and nonappropriation clauses). (3 - MT)

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

1. Reducing janitorial services would result in accelerated depreciation of the buildings on the capitol complex. Employee dissatisfaction with the work environment would likely result, and the image of the state of Montana would decline as visitors and constituents observed buildings in disorder.
2. Reducing or eliminating the pest control contract would result in undesirable work conditions. Liability issues might arise as employees take it upon themselves to use various chemicals to remove pests from their work areas. No current employees are licensed to apply interior pest control chemicals.
3. Elimination of the space assignment and lease approval program will result in a return to cursory lease approval by the Department. The program has participated in the negotiation of over \$10 million in real estate leases since its inception 2 years ago. In that time, we have realized \$621,058 or app. 7%, in negotiated savings.

UNIT\BUREAU NAME: Maintenance and Construction Unit

MISSION: It is the mission of the maintenance unit of the General Services Division to provide repair, maintenance and construction services to the buildings on the Capitol complex.

STATUTORY AUTHORIZATION:

2-17-111, MCA Custodial care of capitol buildings and grounds

GOALS AND OBJECTIVES:

1. Provide basic maintenance support for the buildings on the Capitol Complex including repairs and upkeep, painting, and lock and key maintenance. (1 - MT)
2. Provide minor project construction services for remodelling on the Capitol Complex. (3 - MT)

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

1. Currently, large construction and remodeling projects are generally contracted to the private sector. Elimination of the construction services unit would make it necessary to contract for all such work. Expenses would increase for overhead and profit, and quality and responsiveness could be expected to decline as department oversight is reduced or eliminated.

STATE PERSONNEL DIVISION

Employee Benefits Bureau

provide State employees with adequate group hospital-
tion, health, medical, disability, life and other
ated group benefits in an efficient manner and at an
ordable cost by administering a solvent, prudent
efit program

HORIZATION:

ough

ICA Administration of the incentive awards program

Sick Leave Fund

FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
\$15,212	\$28,220	\$16,869 .55	\$16,881 .55

SO DE: General Fund

JECTIVES:

tration of other miscellaneous benefits to insure a
and productive work force. (3 - MT)

minister an incentive awards program to encourage em-
es to develop innovative ideas for improving the quali-
fficiency and cost effectiveness of state services

sign, develop and administer an efficient and uniform
tive awards program by which employees may submit
ative ideas

ard employees for suggestion and ideas which have been
ated by affected agencies to be meritorious and deserving

minister an efficient and uniform sick leave fund
am by which employees may share accumulated sick leave
co-workers

TEN OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

3. Administers pay exception program--Recruitment and turnover problems could not be addressed or, in the alternative, could be addressed by each agency independently through total delegation which could result in inconsistent salaries.
4. Publishes pay exception, turnover and vacancy report--Consequence of eliminating this function would be inability to track and analyze staffing trends and salary problems.

UNIT/BUREAU NAME: Classification Bureau

MISSION: The Classification Bureau operates and maintains a position classification system based on the professional application of sound compensation principles and methods in order to meet statutory and professional management objectives of equity, efficiency and effectiveness.

STATUTORY AUTHORIZATION:

2-18-102(2), MCA Delegation

2-18-2, MCA Classification: development, guidelines, review and change, authorization, appeals, comparable worth

2-18-1011, 1012, and 1013, MCA Classification appeals

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET:	\$389,452	\$402,302	\$433,871	\$436,214
FTE:			11.90	11.90

FUNDING SOURCE: General Fund

GOALS AND OBJECTIVES:

1. Develop and maintain classification methods and develop and maintain standards for each class in the statewide classification plan. (1-MT)
2. Conduct post audits of classification decisions made by agencies with delegated classification authority. (1-MT)
3. Investigate, review and issue responses to employee classification appeals and present appeal cases to the Board of Personnel Appeals. (2-MT)
4. Maintain a file on each classified position and process documents into the PPP system to record classification information on classes and positions. (2-MT)
5. Review and authorize the classification of each position and

the reclassification of positions based on requests submitted by state agencies. (3-MT)

CONSEQUENCES OF REDUCTION OR ELIMINATION OR PRIORITY 3 OBJECTIVES:

Agencies would review and classify their own positions which could result in inconsistencies between agencies on how they interpret and apply classification methodology. Agencies with budget problems could be inclined to apply classification more conservatively than agencies with adequate funds, which could result in unequal pay. This could increase workload of agencies to assume this work. Small agencies may not have expertise to handle this work.

UNIT/BUREAU NAME Employee Relations Bureau: Personnel Services and Systems Development Units

MISSION: The Employee Relations Bureau provides assistance to state agencies in the management of the state's human resources and assists in creating a work environment conducive to effective employee performance through personnel systems, policies, guides, training and assistance.

The Personnel Services Section provides minimum standards for all aspects of state personnel administration through current, written State Personnel policies and insures those policies provide fair, consistent employment practices by the state as an employer while allowing flexibility for individual agency needs.

The Section insures equal employment opportunity and affirmative in State government for affected class groups by designing, monitoring and assisting State agencies to implement programs that are thorough, realistic and effective.

The Systems Development unit provides systems support to statewide personnel programs through the development and maintenance of automated records and reports.

STATUTORY AUTHORIZATION:

2-18-102, MCA General policy development

2-18-604, MCA Uniform leave administration

39-29-112, and
39-30-106, MCA Veteran's and handicapped person's employment preference

	FY92 Actual	FY93 Approp.	FY94 Executive	FY95 Executive
BUDGET:	\$272,978	\$254,008	\$257,559	\$258,640
FTE:			6.75	6.75

FUNDING SOURCE: General Fund

GOALS AND OBJECTIVES:

1. To develop administrative rules for personnel in order to comply with state and federal laws. (1 - MT/US) To review and approve agency supplemental personnel policies to ensure consistency and compliance with other law and regulation. (1 - MT) To assist/advise state and local government on implementation of personnel rules and practices.

2. To inform state agencies about and to provide technical assistance on the administration of federal laws and regulations and state and federal court decisions, including the Fair Labor Standards Act (FLSA), Americans with Disabilities Act (ADA), equal employment opportunity law (state and federal). (1 - MT)
3. To support personnel functions of the automated payroll/position control/personnel (PPP) system. To compile statistical workforce profiles and to create management information on pay projections, health benefits administration, equal employment opportunity, leave administration. (1 - MT)
4. To conduct studies on personnel issues and make recommendations for change, for example, performance appraisal and pay, sick leave use, dependent care issues, implementation of an employee assistance program. (2 - MT))
5. To operate the Disabled Employment Program, including Americans With Disabilities Act implementation in Department of Administration and statewide for employment issues. (US - 2). To operate the Equal Employment Opportunity/Affirmative Action program (EO 24-81).
6. To operate the following programs: State Employee Combined Campaign; Employee Recognition Day, Reduction in Work Force Registry and RIF Review Team; updating the Montana Operations Manual, Volume III; personnel publications, including the State Employee Handbook, a bi-monthly personnel newsletter for managers and personnel management guides. (3 - MT)
7. To participate in specific agency personnel actions, such as selection, discipline handling, grievance resolution, investigations of discrimination complaints including sexual harassment, problem identification/solving. To provide guides and training on personnel issues to managers and employees. (3 - MT)
8. To begin enhancements to statewide recruitment efforts, including coordination of newspaper advertising, developing and sharing information applicants for hard to fill positions, enhanced outreach efforts to universities and colleges, and organizations representing the disabled, women and minorities. This activity is contingent on approval of spending authority requested in the budget modification. (3 - MT)

CONSEQUENCES OF REDUCTION OR ELIMINATION OF PRIORITY 3 OBJECTIVES:

Item 6:

SECC: The campaign approach allows the state to control activities, access and time spent. Employees like the option of making contributions via payroll deduction. Further reduction or elimination of the program will be viewed as poor community relations. Legislation requiring the state to conduct a campaign was drafted, but not introduced in

1989.

Employee Recognition Day: Consequences are reduced employee morale.

RIF Registry and RIF Review Team: Consequences are reduced employee morale and limited flexibility in considering laid off employees for state jobs. Independent RIF review reduces possibility of successful challenge to RIF actions.

MOM updates and other publications: Further reduction in distribution of state policies, guides, handbooks will result in a less informed management team and possible increase in Wrongful Discharge lawsuits, grievances and discrimination complaints, especially sexual harassment and complaints under ADA.

Item 7.

Agencies request the professional and objective assistance of staff to deal with specific personnel problems. Reduction or elimination of training and guides increases possibility of future error in taking personnel actions and in providing tools for job enhancements. Elimination increases the possibility of successful challenge and could reduce morale.

Item 8.

We would withdraw the request for spending authority because this represents an enhancement not essential to our mission. The division requested spending authority to enhance recruitment activities in the form of more coordination among state agencies. The request for spending authority does not include any additional resources for the division to operate the enhancements and represents additional work.

PROCUREMENT AND PRINTING DIVISION

The purpose of the Procurement & Printing Division is to provide centralized procurement and printing services to state agencies and centralized surplus services to state agencies, cities, counties, school districts, qualified non-profit organizations and the public.

To achieve this purpose the division must provide services in an efficient, effective and friendly manner through the integrity and skill of its employees, and we must economically procure goods and services through open competition that meets the needs of our constituents. To achieve this we must strive for consistent and fair application of applicable federal and state laws.

BUREAU/UNIT: Purchasing Bureau

MISSION: The purpose of the Purchasing Bureau is to develop and administer a fair, legal, cost-effective, professional procurement program for the State of Montana.

This is accomplished by insuring fair competition according to written policies, maximizing the purchasing value of public funds, maintaining an accurate central vendors list and providing highly trained personnel to determine cost-effective methods for purchasing goods and services.

STATUTORY AUTHORIZATION:

18-1-101 through 18-1-414, MCA
18-4-121 through 18-5-502, MCA
18-8-101 through 18-8-112, MCA

	FY92 Actual	FY93 Approp.	FY 94 Executive	FY 95 Executive
BUDGET:	\$418,155	\$418,809	\$446,921	\$449,098
FTE:	13.0	13.0	11.46	11.46

FUNDING SOURCE: The Purchasing Bureau's general purchasing is funded by the General Fund. The Procurement of Natural Gas and the Montana Public Vehicle Fueling Program are funded by proprietary funds.

GOALS AND OBJECTIVES:

1. To provide professional expertise in procuring a variety of commodities through the competitive process. (1 - MT)
2. To provide computer support and purchasing assistance for buyers to provide effective and efficient services to state agencies. (2 - MT)

THE STATE TAX APPEAL BOARD (and 56 COUNTY TAX APPEAL BOARDS)

MISSION: To hear and make decisions on tax appeals filed with this board, and with the 56 county tax appeal boards, as conscientiously and as expeditiously as possible.

STATUTORY AUTHORIZATION:

Article VIII, Section 7, of the Montana Constitution

Section 15-2-101, MCA Appointments, Terms of Office

	FY92 Actual	FY93 Approp.	FY 94 Executive	FY95 Executive
BUDGET:	\$200,724	\$212,190	\$256,632	\$257,613
FTE:	6	6	6	6

FUNDING SOURCE: General fund

GOALS AND OBJECTIVES:

1. To provide an avenue of recourse for taxpayers, and for the Department of Revenue, dissatisfied with the decision of the county tax appeal board, or the decision of the Department of Revenue, in matters involving income taxes (Section 15-30-147, MCA), corporate taxes (Section 15-31-532, MCA), and severance taxes, centrally assessed property, and new industry (Section 15-2-302, MCA). (1 - MT).

There are no Priority 2 or 3 objectives for this program. The sole objective of the State Tax Appeal Board is to conscientiously and expeditiously provide an avenue for appeal of county tax appeal board or Department of Revenue decisions.

*For FY 94, as a budget modification item, we have requested an additional \$24,796 for the State Tax Appeal Board to cover the anticipated increased tax appeal filings resulting from the implementation of the Department of Revenue's 1993 statewide reappraisal of property. For FY95, again as a budget modification item, we have requested an additional \$6,425 for the same reason.

COUNTY TAX APPEAL BOARDS:

STATUTORY AUTHORIZATION:

Article VIII, Section 7, of the Montana Constitution

Section 15-15-101 (1), MCA: County Tax
Appeal Board - meetings and compensation

	FY92 Actual	FY93 Approp.	FY 94 Executive	FY 95 Executive
BUDGET	\$134,403	\$161,695	\$292,491*	\$180,532*
FTE:	4.5	4.5	4.5	4.5

FUNDING SOURCE: General fund

GOALS AND OBJECTIVES:

1. To provide an avenue of recourse for taxpayers dissatisfied with the Department of Revenue's assessment of their real or personal property (Section 15-15-101 (3), MCA) (1 - MT).

There are no Priority 2 or 3 objectives for this program. The sole objective of the county tax appeal boards is to conscientiously and expeditiously provide an avenue of appeal of Department of Revenue property assessments.

*For FY 94, as a budget modification item, we have requested an additional \$147,400 for the county tax appeal boards to cover the anticipated increased tax appeal filings resulting from the implementation of the Department of Revenue's 1993 statewide reappraisal of property. For FY95, again as a budget modification item, we have requested an additional \$34,947 for the same reason.

DEPARTMENT OF MILITARY AFFAIRS

EXHIBIT 1

DATE 2-1-93

MB

P.O. BOX 4789

MARC RACICOT, GOVERNOR

STATE OF MONTANA

OFFICE OF THE ADJUTANT GENERAL
(406) 444-6910

HELENA MONTANA 59604-4789



January 21, 1993

RECEIVED
JAN 21 1993
OBPP

TO: Dave Lewis, Director
Office of Budget and Program Planning

Teresa O. Cohea
Legislative Fiscal Analyst

FROM: Doug Booker, Administrator *Booker*
Centralized Services

RE: Proposed Spending Cuts

Per the OBPP memorandum dated January 12, 1993 we are submitting the following reply. On January 27 we will submit the information requested by the chairperson of our sub-committee which will be more specific as to where reductions might be made.

ARMY PROGRAM

	92/93	94/95
General Fund	\$1,543,247	\$1,886,022
Federal Funds	<u>2,741,092</u>	<u>3,752,359</u>
Total	4,284,339	5,638,381

1. Readiness: Sustain a highly trained and ready force that meets wartime operational, logistical and personnel standards.

Federal: Maintain necessary federal equipment in a constant state of readiness for use in local emergencies and disasters.

State: Maintain local armories to conduct training and perform maintenance activities on equipment.

2. Facilities

Provide the resources to plan, develop, maintain and efficiently operate the facilities required to support the readiness training and missions of the Guard.

3. Environmental

Develop, implement and oversee a comprehensive environmental compliance program for the Montana Guard.

Lewis - Cohea
Proposed Spending Cuts
January 21, 1993
Page 2

ARMY (continued) Authority Federal : Article 1, Section 8 U.S.
Constitution Clauses 15-16
State: Article V!, Section 13 MT Constitution

AIR GUARD

	92/93	94/95
General Fund	\$ 369,510	\$ 372,503
Federal Funds	<u>2,991,619</u>	<u>2,948,286</u>
Total	3,361,129	3,320,789

1. Readiness

Sustain a highly trained and ready force that meets wartime operational, logistical and personnel standards.

Federal: Continually train to maintain a state of readiness to, at any time, be prepared to deploy anywhere in the world, to perform the assigned air defense mission.

State: Maintain assigned resources in a constant state of readiness for use in local emergencies and disasters.

2. Facilities

To provide the resources to maintain and efficiently operate the facilities required to support the readiness training and missions of the Montana Air Guard.

3. Environment

To develop, implement and oversee a comprehensive environmental compliance program for the Montana Air Guard.

Authority Federal: Article 1, Section 8 U.S. Constitution Clause 15-16

State: Article V!, Section 13 MT Constitution

Operations Support

	92/93	94/95
General Fund	\$735,100	\$740,349

Readiness: Manage, coordinate and direct resources of the department to insure preparedness level of the Air and Army Guard, Disaster and Emergency Services.

Provide operational support in areas of accounting, budgeting contracting, purchasing, contracting, personnel, labor, inventory control.

Lewis - Cohea
 Proposed Spending Cuts
 January 21, 1993
 Page 3

Operations Support (cont)

Civil Emergencies: Provide a highly trained support capability to assist in emergencies or disasters.

Authority Article 1, Section 8 U.S. Constitution, Article VI
 Section 13 of the MT Constitution, 2-15-1201, 1204 and 1205, MCA

Disaster and Emergency Services

	92/93	94/95
General Fund	\$459,347	\$457,322
Federal Funds	<u>512,260</u>	<u>492,200</u>
Total	971,607	949,522

1. Be responsible to the Governor for carrying out planning for disaster and emergency services of this state.
2. Enhance the ability of state and local governments to respond to catastrophic disasters.
3. Enhance the ability of the State of Montana to alleviate suffering and hardship caused by emergencies or major disasters.
4. Ensure the coordinated efforts of all federal, state and local agencies to plan and implement all available mitigation programs to reduce losses of life and property.

Authority: Title 10 Chp 3 MCA, Federal Civil Defense Act 1950, P.L. 93-288, 42 USC 5121

Veteran Affairs Program

	92/93	94/95
General Fund	\$1,048,847	\$1,195,664
Federal/Other	<u>182,402</u>	<u>71,009</u>
Total	1,231,249	1,195,664

1. To enable every eligible veteran or veteran's family to receive their vested veterans' benefit.

Provide professional customer service, capable and willing to respond to all veteran administrative benefit needs.

2. To reduce the number of veterans on general assistance by replacing that assistance with veterans benefits.

Authority Title 38 U.S.C 2-15-1205, 10-2-101, 2, MCA

3401 00 00000

STATE AUDITORS OFFICE

Agency 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	70.00	70.00	66.67	68.50	(1.83)	66.67	68.50	(1.83)
Personal Services	1,826,941	1,816,592	2,015,228	2,079,487	(64,259)	2,019,645	2,083,925	(64,280)
Operating Expenses	968,058	885,073	1,142,274	1,103,359	38,915	1,046,211	1,013,990	32,221
Equipment	<u>3,331</u>	<u>13,551</u>	<u>25,437</u>	<u>16,616</u>	<u>8,821</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$2,798,331	\$2,715,216	\$3,182,939	\$3,199,462	(\$16,523)	\$3,065,856	\$3,097,915	(\$32,059)
Fund Sources								
General Fund	2,135,571	2,005,191	2,140,424	2,168,349	(27,925)	2,016,997	2,117,349	(100,352)
State Revenue Fund	509,725	559,208	882,102	870,704	11,398	889,562	821,274	68,288
Proprietary Fund	<u>153,033</u>	<u>150,817</u>	<u>160,413</u>	<u>160,409</u>	<u>4</u>	<u>159,297</u>	<u>159,292</u>	<u>5</u>
Total Funds	\$2,798,331	\$2,715,216	\$3,182,939	\$3,199,462	(\$16,523)	\$3,065,856	\$3,097,915	(\$32,059)

Page References

LFA Budget Analysis (Vol. I), A62-66 (Agency Summary)
 Stephens Executive Budget, A34-39

Current Level Differences

Differences between the Executive Budget and LFA current level are detailed in the following program listings. Major current level issues in the State Auditor's Office include:

5 Percent Personal Services Reductions-3.33 FTE, \$190,000
 Vacant Positions for Elimination-4.0 FTE, \$250,000
 Operating Costs of the Warrant Writing System
 Method of Funding, State Payroll and Warrant Writing System

Budget Modifications

Executive Budget Modifications - 2 modifications, \$140,000, 1.0 FTE
 Elected Official Budget Modifications-3 modifications, \$151,000, 2.33 FTE

Other Issues

Fixed Cost Fee Allocations
 Executive Policy Initiative-Transfer State Payroll program to the Department of Administration

Exec. Over(Under) LFA
 Fiscal 1994 Fiscal 1995

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Securities	Page 6
Fiscal Control and Management	Page 7

3401 01 00000 STATE AUDITORS OFFICE Program Summary								
Central Management								
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	8.00	8.00	8.00	8.00	0.00	8.00	8.00	0.00
Personal Services	225,796	211,110	243,257	243,258	(1)	243,739	243,740	(1)
Operating Expenses	25,985	54,884	31,137	27,357	3,780	28,210	24,938	3,272
Equipment	0	11,256	330	330	0	0	0	0
Total Costs	\$251,782	\$277,250	\$274,724	\$270,945	\$3,779	\$271,949	\$268,678	\$3,271
<u>Fund Sources</u>								
General Fund	251,782	277,250	274,724	270,945	3,779	271,949	268,678	3,271
Total Funds	\$251,782	\$277,250	\$274,724	\$270,945	\$3,779	\$271,949	\$268,678	\$3,271

Page References

LFA Budget Analysis (Vol. I), A-67
Stephens Executive Budget, A35

Current Level Differences

Minor Differences (Net)

FIXED COST ADJUSTMENT—By action of the House Appropriations Committee, the grounds maintenance fee charged to the State Auditor's Office has been adjusted and a portion will be added to this program. No vote is required.

VACANT POSITION—The Joint Committee on Appropriations and Finance and Claims recommended the elimination of 1.0 FTE for this program that was vacant on December 11, 1992. The position, an administrative assistant, is funded by general fund and is shown on the attached position reduction listing. See agency justification on page 10 of agency handout.

Budget Modifications

None

Other Issues

GLACIER GENERAL LIQUIDATION COSTS—The agency is requesting a proprietary fund appropriation in this program to fund the administrative costs of the liquidation of Glacier General Insurance. In the past, these costs have not been accounted for on the state system.

Exec. Over(Under) LFA
Fiscal 1994 Fiscal 1995

3,779 3,271

722 731

(22,542) (22,575)

10,000 10,000

3401 02 00000 STATE AUDITORS OFFICE Program Summary			State Payroll					
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	9.00	9.00	8.00	7.50	0.50	8.00	7.50	0.50
Personal Services	239,921	238,324	250,162	238,904	11,258	250,820	239,482	11,338
Operating Expenses	346,961	304,100	350,054	350,054	0	296,450	294,348	2,102
Equipment	0	0	0	4,500	(4,500)	0	0	0
Total Costs	\$586,882	\$542,424	\$600,216	\$593,458	\$6,758	\$547,270	\$533,830	\$13,440
Fund Sources								
General Fund	224,155	171,898	243,129	264,089	(20,960)	188,458	237,554	(49,096)
State Revenue Fund	362,726	370,526	357,087	329,369	27,718	358,812	296,276	62,536
Total Funds	\$586,882	\$542,424	\$600,216	\$593,458	\$6,758	\$547,270	\$533,830	\$13,440

Page References

LFA Budget Analysis (Vol. I), A68-69
Stephens' Executive Budget, A35

Current Level Differences

ELIMINATION OF FTE—The Executive Budget eliminated 1.0 FTE as part of the 5 percent personal services reduction. The LFA current level eliminated the same 1.0 FTE plus an additional 0.5 FTE due to savings that were anticipated by the legislature as a result of funding the conversion of the P/P/P system to an on-line system. The State Auditor stated during the 1991 session that at least 1.5 additional FTE could be eliminated when the P/P/P conversion was completed.

SYSTEMS DEVELOPMENT COSTS—The Executive Budget includes more funding for ISD systems development costs in fiscal 1995 than LFA current level, due to an expected fee increase. The fee increase occurs in fiscal 1994, and there is no additional increase in fiscal 1995.

EQUIPMENT—The LFA current level is higher in equipment as it allows funds for the purchase of office equipment requested by the agency but not included in the Executive Budget.

MINOR DIFFERENCES (NET)

FUNDING—As discussed under "Issues" below, the executive allocation plan for payroll service fees "overcharges" user agencies for non-general fund payroll services. The LFA current level funds the program at the level of services received as calculated by the agency (44.5 percent general fund/55.5 percent state special revenue fund), with the "overcharge" remaining in the account for carryover to the next biennium. The executive funds the program at an average 37.6 percent general fund/62.4 percent state special revenue fund, applying the full "overcharge" to offset general fund in the 1993 biennium.

TOTAL CURRENT LEVEL DIFFERENCES

FIXED COST ADJUSTMENT— By action of the House Appropriations Committee, the grounds maintenance fee charged to the State Auditor's Office has been adjusted and a portion will be added to this program.

Budget Modifications

None

Language and Other Issues

FIXED COST FEE ALLOCATION—The fixed cost allocation for payroll service fees charged to non-general fund agencies will result in an overcharge due to an overestimation of the costs to operate the program (see discussion in LFA Budget Analysis, Vol I, A65-66). The Joint House Appropriations/Senate Finance and Claims Committee has asked the General Govt. and Transportation Subcommittee to determine current level for the program so that the proper fee allocation plan can be adopted for all agencies.

Cost allocation plan options:

A. Take no action. Leave the fee schedules for user agencies as presented in the Executive Budget.

Exec. Over	(Under) LFA
Fiscal 1994	Fiscal 1995

11,258	11,338
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0	2,078
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(4,500)	0
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0	24
---	----

6,758	13,440
-------	--------

264	267
-----	-----

B. Establish current level and reduce allocations to generate only enough funds to operate the program.

C. Allocate funding in the program budget at 44.5 percent general fund/55.5 percent state special revenue, allow "overcharges" to accumulate in the account, carry-over to next biennium. Include language in House Bill 2 requiring the State Auditor to use the carry-over fund balance to reduce fees charged to non-general fund agencies for the 1997 biennium. Suggested language:

"The department shall develop and submit a cost recovery plan for the state payroll program (and the warrant writing system) to the office of budget and program planning and the legislative fiscal analyst by August 1, 1994. The total program cost estimate used to allocate the fees shall be reduced by the estimated amount of the state special revenue fund balance for each program that will carry over from the 1995 biennium."

TRANSFER 2.0 FTE TO CENTRAL MANAGEMENT— The agency is requesting the transfer of a secretary and a data processing manager position from the State Payroll program to the Central Management program, since the majority of the duties of those positions are not properly allocated to the payroll function. See the agency justification on page 3 of the agency handout.

25,108	25,145
(25,108)	(25,145)

POLICY INITIATIVE: TRANSFER PROGRAM TO DEPARTMENT OF ADMINISTRATION—The Executive Budget recommends in a policy initiative that the State Payroll Program (and the Fiscal Management and Control Program) in the State Auditor's Office be transferred to the Department of Administration. A bill will be introduced to accomplish this transfer. See the Stephens' Executive Budget, Page A80.

3401 03 00000 STATE AUDITORS OFFICE Program Summary								
Insurance								
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	31.00	31.00	30.00	31.00	(1.00)	30.00	31.00	(1.00)
Personal Services	806,104	820,998	935,160	971,094	(35,934)	937,323	973,298	(35,975)
Operating Expenses	138,931	145,660	168,578	163,192	5,386	159,266	153,700	5,566
Equipment	284	1,995	3,300	6,000	(2,700)	0	0	0
Total Costs	\$945,320	\$968,653	\$1,107,038	\$1,140,286	(\$33,248)	\$1,096,589	\$1,126,998	(\$30,409)
<u>Fund Sources</u>								
General Fund	945,320	926,803	1,107,038	1,098,436	8,602	1,096,589	1,085,148	11,441
State Revenue Fund	0	41,850	0	41,850	(41,850)	0	41,850	(41,850)
Total Funds	\$945,320	\$968,653	\$1,107,038	\$1,140,286	(\$33,248)	\$1,096,589	\$1,126,998	(\$30,409)

Page References

LFA Budget Analysis (Vol. I), A-70
Stephens Executive Budget, A35

Current Level Differences

5 PERCENT PERSONAL SERVICES REDUCTION—The Executive eliminated 1.0 FTE (Insurance Investigator) in accordance with section 13, House Bill 2 requiring a 5 percent reduction in the 1995 biennium current level budget. The position is included in LFA current level. The Joint Committee recommended that the 5 percent reduction be permanently eliminated from the budget.

FUNDING—The LFA current level includes an annual appropriation of \$41,850 state special revenue each year for program costs, supported by revenues from collection of non-resident insurance producer license fees. This state special revenue appropriation was established by the January 1992 special session as a means of reducing general fund support. The Executive funds the program entirely from general fund.

INFLATION DIFFERENCES

MINOR DIFFERENCES (NET)

TOTAL CURRENT LEVEL DIFFERENCES

VACANT POSITIONS—The Joint Committee on Appropriations recommended the elimination of 2.0 FTE for this program that were vacant on December 11, 1992. The agency states that one of the positions, administrator of the Compliance Division, was not vacant. The second position is the chief legal counsel for the department. See the agency handout, pages 4 and 7 for further information.

Budget Modifications

RESTORE % PERCENT REDUCTION— This elected official budget modification requests restoration of a 1.0 FTE insurance investigator removed from this program as part of the 5 percent personal services reduction. See the discussion above under "Current Level Differences" and the agency handout, page 8.

Other Issues

INSURANCE EXAMINATION COSTS—The agency is requesting a proprietary fund appropriation in this program to fund the cost of insurance examinations. Currently these expenditures are made outside the state accounting system. See the agency handout, page 4, for further information.

Exec. Over(Under) LFA	
Fiscal 1994	Fiscal 1995

(35,934)	(35,977)
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(8)	(7)
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2,694	5,575
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(33,248)	(30,409)
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(79,236)	(79,344)
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35,934	35,977
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91,800	38,000
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3401 04 00000 STATE AUDITORS OFFICE Program Summary		Securities				HB		
Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	9.00	9.00	8.00	9.00	(1.00)	8.00	9.00	(1.00)
Personal Services	259,197	252,939	255,051	288,108	(33,057)	255,407	288,514	(33,107)
Operating Expenses	<u>40,196</u>	<u>42,260</u>	<u>47,882</u>	<u>47,675</u>	<u>207</u>	<u>45,152</u>	<u>44,871</u>	<u>281</u>
Total Costs	\$299,394	\$295,199	\$302,933	\$335,783	(\$32,850)	\$300,559	\$333,385	(\$32,826)
<u>Fund Sources</u>								
General Fund	<u>299,394</u>	<u>295,199</u>	<u>302,933</u>	<u>335,783</u>	<u>(32,850)</u>	<u>300,559</u>	<u>333,385</u>	<u>(32,826)</u>
Total Funds	\$299,394	\$295,199	\$302,933	\$335,783	(\$32,850)	\$300,559	\$333,385	(\$32,826)

Page References

LFA Budget Analysis (Vol. I), A-72
 Stephens Executive Budget, A36

Current Level Differences

5 PERCENT PERSONAL SERVICES REDUCTION- The Executive eliminated 1.0 FTE (Investment Examiner) in accordance with section 13, House Bill 2 requiring a 5 percent reduction in the 1995 biennium current level budget. The position is included in LFA current level. The Joint Committee recommended that the 5 percent reduction be permanently eliminated from the budget.

INFLATION DIFFERENCES

MINOR DIFFERENCES (NET)

TOTAL CURRENT LEVEL DIFFERENCES

Budget Modification

RESTORE 5 PERCENT REDUCTION- This elected official budget modification requests restoration of a 1.0 FTE investment examiner removed from this program as part of the 5 percent personal services reduction. See the discussion above under "Current Level Differences" and the agency handout, page 8.

Language

None

Exec. Over(Under) LFA	
Fiscal 1994	Fiscal 1995

(33,056)	(33,106)
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(8)	(12)
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<u>214</u>	<u>292</u>
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(32,850)	(32,826)
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33,056	33,106
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3401 10 00000 STATE AUDITORS OFFICE Program Summary		Fiscal Control And Management <u>HB</u>						
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	13.00	13.00	12.67	13.00	(0.33)	12.67	13.00	(0.33)
Personal Services	295,921	293,221	331,598	338,123	(6,525)	332,356	338,891	(6,535)
Operating Expenses	415,982	338,169	544,623	515,081	29,542	517,133	496,133	21,000
Equipment	<u>3,047</u>	<u>300</u>	<u>21,807</u>	<u>5,786</u>	<u>16,021</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$714,950	\$631,690	\$898,028	\$858,990	\$39,038	\$849,489	\$835,024	\$14,465
Fund Sources								
General Fund	414,918	334,041	212,600	199,096	13,504	159,442	192,584	(33,142)
State Revenue Fund	146,999	146,832	525,015	499,485	25,530	530,750	483,148	47,602
Proprietary Fund	<u>153,033</u>	<u>150,817</u>	<u>160,413</u>	<u>160,409</u>	<u>4</u>	<u>159,297</u>	<u>159,292</u>	<u>5</u>
Total Funds	\$714,950	\$631,690	\$898,028	\$858,990	\$39,038	\$849,489	\$835,024	\$14,465

Page References

LFA Budget Analysis (Vol. I), A73-74
 Stephens' Executive Budget, A38-39

Current Level Differences

5 PERCENT PERSONAL SERVICES REDUCTION—The executive eliminated 0.33 FTE as a result of the requirement that the agency include a 5 percent personal services reduction in their 1995 biennium budget. The position is included in LFA current level. The joint House Appropriations and Senate Finance and Claims Committee has directed that the 5 percent FTE reductions be eliminated from the budget.

(6,525) (6,535)

INCREASED OPERATING COSTS—The executive provides additional funding for increased data processing due to an increase in the volume of warrants, new warrant stock for the new State Auditor, and higher system development costs. These costs were not included in the original agency request but were identified by the agency and added to the current level base for the Executive Budget.

73,344 86,844

INCREASED POSTAGE COSTS—The LFA current level provides more funding for increased postage costs from an anticipated increase in the volume of warrants processed by the department. The executive includes this increase in the budget modification discussed below.

(25,753) (39,526)

EQUIPMENT MAINTENANCE CONTRACTS—The Executive Budget provides less funding for equipment maintenance contracts due to the anticipated purchase of new equipment included in the Executive Budget that will replace high maintenance old equipment.

(2,250) (1,547)

INFLATION DIFFERENCES

(15,799) (24,771)

EQUIPMENT—The LFA current level is lower for equipment as it does not include the replacement of a large piece of equipment for the warrant writing system (forms burster) requested by the agency and included in the Executive Budget.

16,021 0

FUNDING—As discussed under "Issues" below, the executive allocation plan for warrant writing service fees "overcharges" user agencies for non-general fund warrant writing services. The LFA current level funds the warrant writing program at the level of services received as calculated by the agency (approximately 28.5 percent general fund/71.5 percent state special revenue fund), with the "overcharge" remaining in the account for carry-over to the next biennium. The executive funds the warrant writing system at an average 26 percent general fund/74 percent state special revenue fund, applying the full "overcharge" to offset general fund in the 1993 biennium.

— —

TOTAL CURRENT LEVEL DIFFERENCES39,038 14,465

FIXED COST ADJUSTMENT—By action of the House Appropriations Committee, the grounds maintenance fee charged to the State Auditor's Office has been adjusted and a portion will be added to this program (general fund, state special, and proprietary).

403 407

VACANT POSITION—The Joint Committee on Appropriations recommended the elimination of 1.0 FTE for this program that was vacant on December 11, 1992. The position, a collection technician in the Bad Debts

(23,411) (23,577)

Collection unit, is funded by proprietary funds and is shown on the attached position reduction listing. See the agency justification on page 9 of the agency handout.

EXHIBIT 2

DATE 2-1-93

Budget Modifications

Executive Budget Modifications:

WARRANT SYSTEM POSTAGE—The Executive Budget includes this modification in anticipation of a 5 percent annual growth in postage costs due to the increased number of state warrants mailed by the department. The increase is funded by 29 percent general fund and 71 percent state special revenue fund. Funding for this modification is already included in LFA current level, as costs are considered essential to provide current level services. See LFA Vol. I, page A64.

25,753 39,526

BAD DEBTS EXPANSION—The Executive Budget recommends an expansion in the Bad Debts program by adding 1.0 FTE and related operating costs. This expansion began in a budget amendment in fiscal 1993, and is expected to increase bad debts collections by \$500,000 each year. Funding is from a proprietary account. See LFA Vol. I, page A64.

37,494 37,494

Elected Official Budget Modification:

RESTORE % PERCENT REDUCTION—The State Auditor requests restoration of an 0.33 FTE administrative clerk removed from this program as part of the 5 percent personal services reductions. See the discussion above under "Current Level Differences" and the agency handout, page 9.

6,520 6,520

Language and Other Issues

FIXED COST FEE ALLOCATION—The fixed cost allocation for warrant writing fees charged to non-general fund agencies will result in an overcharge due to an over-estimation of the costs to operate the warrant writing system (see the discussion in the LFA Budget Analysis, Vol I, A65-66. The Joint House Appropriations and Senate Finance and Claims Committees have asked the General Government and Transportation Subcommittee to determine current level for the program so that the proper fee allocation can be adopted for all agencies.

Cost allocation plan options:

- Take no action. Leave the fee schedules for user agencies as presented in the Executive Budget.
- Establish current level and reduce allocations to generate only enough funds to operate the program.
- Allocate funding in the program budget at 28.5 percent general fund/71.5 percent state special revenue fund for the warrant writing system, allowing "overcharges" to accumulate in the account and carry-over to the next biennium. Include language in House Bill 2 requiring the State Auditor to use the carry-over fund balance to reduce fees charged to non-general fund agencies for the 1997 biennium.

Suggested language:

"The department shall develop and submit a cost recovery plan for the (state payroll program) and the warrant writing system to the office of budget and program planning and the legislative fiscal analyst by August 1, 1994. The total program cost estimate used to allocate the fees shall be reduced by the estimated amount of the state special revenue fund balance for each program that will carry over from the 1995 biennium."

POLICY INITIATIVE: TRANSFER PROGRAM TO THE DEPARTMENT OF ADMINISTRATION —

The Executive Budget recommends in a policy initiative that the Fiscal Control and Management Program, including the warrant writing and bad debts collection functions (and the State Payroll Program) in the State Auditor's Office be transferred to the Department of Administration. See the Stephens' Executive Budget, Page A80.

STATE AUDITOR

Revised 1/7/93

Positions Removed by Joint Committee Action
House Appropriations & Senate Finance and Claims
January 6, 1993

EXHIBIT 3
DATE 2-1-93

		Total Personal Services		FTE		Total FTE Removed	Non-Approp. FTE
Position #	Position Description	Fiscal 1994	Fiscal 1995	Removed by 5% Reduction	Removed by Being Vacant		
General Fund Positions							
Central Management Division:							
00004	Admin. Assistant II	\$22,542	\$22,575	0.00	1.00	1.00	
State Payroll Program:							
* 00025	Pay Benefits Clerk	8,789	8,802	0.45	0.00	0.45	
Insurance Division:							
00032	Personal Staff	35,874	35,929	0.00	1.00	1.00	
00045	Personal Staff	43,362	43,415	0.00	1.00	1.00	
00069	Insurance Investigator	35,934	35,977	1.00	0.00	1.00	
Securities Division:							
00049**	Investment Examiner III	33,056	33,106	1.00	0.00	1.00	
Fiscal Mgt. and Control (Warrant Writing)							
00021**	Administrative Clerk I	1,861	1,864	0.09	0.00	0.09	
Sub-Total		\$181,418	\$181,668	2.54	3.00	5.54	0.00
Non-General Fund Positions							
State Payroll Program:							
* 00025	Pay Benefits Clerk	10,743	10,758	0.55		0.55	
Fiscal Mgt. and Control (Bad Debts):							
60503	Collection Technician	23,411	23,577	0.00	1.00	1.00	
00021**	Administrative Clerk I	4,668	4,676	0.24	0.00	0.24	
Sub-Total		\$38,822	\$39,011	0.79	1.00	1.79	0.00
TOTAL		\$220,240	\$220,679	3.33	4.00	7.33	0.00

* Already eliminated in the LFA current level.

** Not on the joint committee vacancy list

01/07/93

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MONTANA STATE AUDITOR'S OFFICE

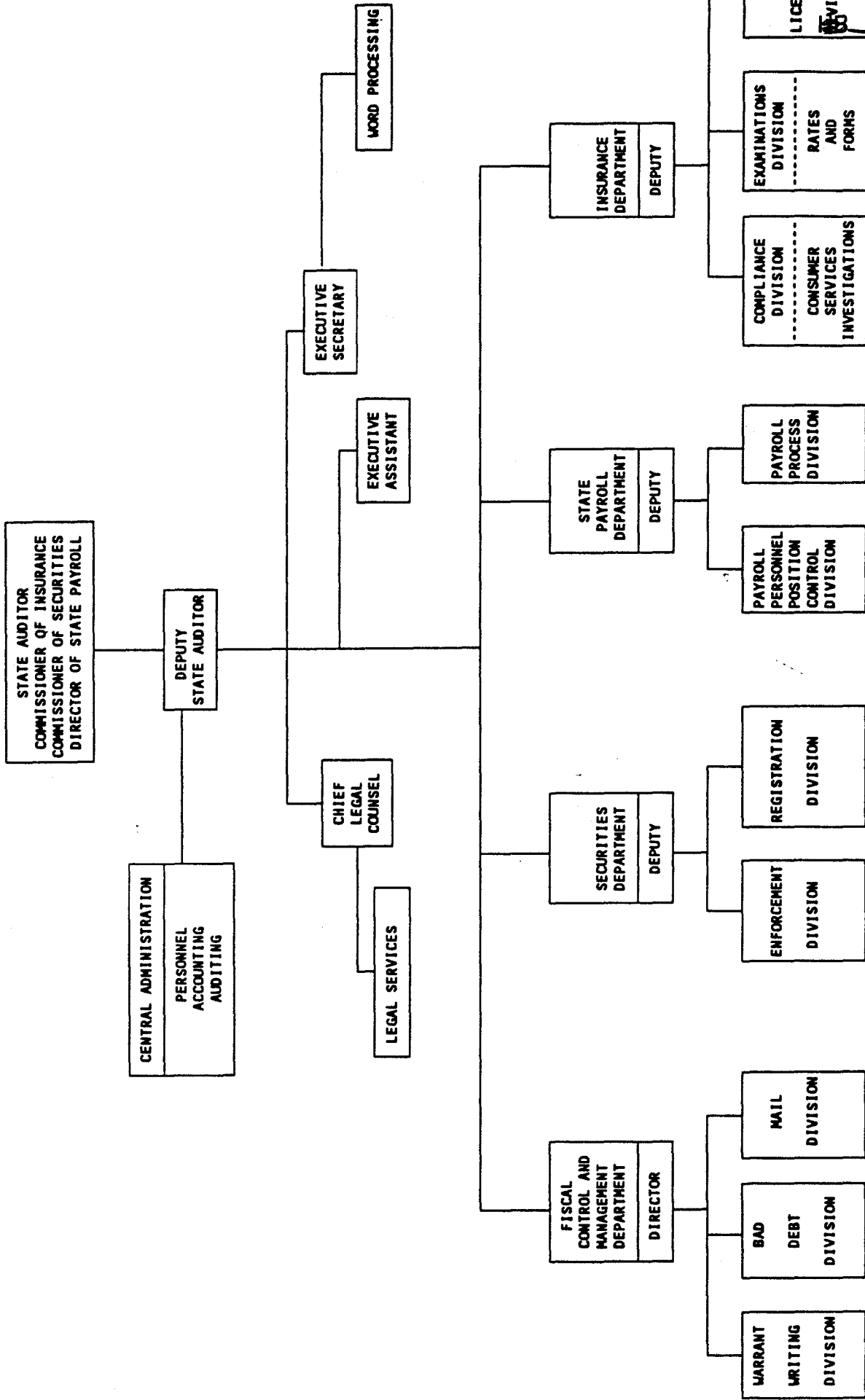


EXHIBIT EX 4
DATE 2-1-93

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

EXHIBIT 4

DATE 2-1-93

~~188~~

Agy. # Agency	(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
1101 Legislative Auditor		\$2,405,934		\$2,598,280		\$192,346	7.99%	\$120,297		\$312,643
1102 Legislative Fiscal Analyst		1,677,561		1,730,163		52,602	3.14%	83,878		136,480
1104 Legislative Council		3,807,150		4,948,118		1,140,968	29.97%	190,358		1,331,326
1111 Environmental Quality Council		557,134		599,665		42,531	7.63%	27,857		70,388
2110 Judiciary		16,463,815		18,046,448		1,582,633	9.61%	823,191		2,405,824
3101 Governor's Office		4,744,911		5,048,068		303,157	6.39%	237,246		540,403
3201 Secretary of State's Office		1,875,831		1,865,520		0	0.00%	83,481		83,481
3202 Comm. of Political Practices		278,961		251,177		0	0.00%	0		0
3401 State Auditor's Office		4,386,372		4,285,698		0	0.00%	118,645		118,645
4107 Crime Control Division		931,387		948,664		17,277	1.85%	46,569		63,846
4108 Highway Traffic Safety		366,160		420,000		53,840	14.70%	18,308		72,148
4110 Department of Justice		22,144,108		26,894,613		4,750,505	21.45%	1,107,205		5,857,710
5401 Department of Transportation		612,894		461,689		0	0.00%	0		0
5801 Department of Revenue		38,818,690		43,420,054		4,601,364	11.85%	1,940,935		6,542,299
6101 Department of Administration		6,452,040		7,020,738		568,698	8.81%	322,602		891,300
6701 Department of Military Affairs		4,114,086		4,321,645		207,559	5.05%	205,704		413,263
Totals		<u>\$109,637,034</u>		<u>\$122,860,540</u>		<u>\$13,513,480</u>	<u>12.33%</u>	<u>\$5,326,274</u>		<u>\$18,839,754</u>

STATE AUDITOR
STATE OF MONTANA

EXHIBIT 4
DATE 2-1-93
48

Mark O'Keefe
STATE AUDITOR



COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

Amendments to the State Auditor's Budget
February 1, 1993

1) Transfer the executive secretary position and data processing manager position from Payroll to Central administration. (Position numbers 54 and 55.) The executive secretary position has not worked on payroll functions for many years. It has been improperly cost allocated to payroll since 1985. It should be removed from the Payroll Division, funded with general fund and moved to Central Administration.

The data processing position was full time in payroll in 1983, but has become a agency wide data processing manager and now spends less than 25% of his time on payroll. This position should also be moved to Central Administration. Because a portion of the DP position is spent in support of Fiscal and Bad Debts a portion of the cost can be allocated against those funds.

The table below details the DP position time in FY92.

		Funding Split		Proprietary
		General	Special	
25%	Payroll	11.25%	13.75%	
15%	Fiscal	4.35%	10.65%	
20%	Bad Debts			20%
25%	Insurance	25.0%		
15%	Securities	15.0%		
Total		55.60%	24.40%	20%

The general fund money can be transferred to Central Administration without problems, because the cost allocation plan can be adjusted next biennium to account for the transfer.

Payroll	FY94	FY95
	(2 FTE)	(2FTE)
General Fund	(\$54,359)	(\$54,440)
State Special (Payroll)	(\$10,950)	(\$10,967)

Central Administration

	2 FTE	2 FTE
General Fund	\$54,359	\$54,440
State Special (Fiscal)	\$ 3,650	\$ 3,656
Proprietary Funds (Bad Debts)	\$ 7,300	\$ 7,311

2) Insurance Examination Costs: Add proprietary fund authority to the Insurance Division to allow for properly recording the costs of insurance examinations. Currently these expenditures are made outside the state accounting system. The amendment will not change the amount or cost of examinations, but will allow the agency to comply with accounting standards and a legislative audit finding. The state must record expenditures and revenues on its books that are made in accordance with statutory requirements. The Auditor's Office has been contracting with private examiners and having the insurance companies pay the examiner directly. This amendment would have the companies pay the Auditor who would record the revenue and pay the examiner and record the expenditure.

Insurance companies are audited on a three year cycle. In addition, the Auditor has the authority to audit troubled companies annually and order emergency examinations as the need arises. The triannual cycle results in an amount of expected examinations to vary from year to year.

There is no general fund cost now or in the future.

Insurance	FY94	FY95
Proprietary Funds	\$91,800	\$38,000

3) Glacier General Liquidation Costs: Add proprietary fund authority to central management to allow for the administrative costs of the continuing liquidation of Glacier General. The costs will be paid from liquidation proceeds and will pay the state for costs incurred as part of the ongoing liquidation.

There is no general fund cost now or in the future.

Central Management	FY94	FY95
Proprietary Funds	\$10,000	\$10,000

4) Correct the error regarding the Administrator of the Compliance Division. The Administrator's position (#32) was listed in error as being vacant on December 11 in the documents presented to the full appropriations committee. The current incumbent was promoted to that position in August of 1992 and has filled the position continuously since that date.

STATE AUDITOR
STATE OF MONTANA

EXHIBIT H
DATE 2-1-93
48

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

SUBJECT: Proposed Spending Response

DATE: January 29, 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 AUDITOR
STATE OF MONTANA

EXHIBIT 4
DATE 2-1-93
HJB

Mark O'Keefe
STATE AUDITOR



COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

TO: Rep. Mary Lou Peterson, Chair
General Government Subcommittee

FROM: Mark O'Keefe, State Auditor

SUBJECT: Position Justifications

DATE: January 29, 1993

The following justifications are for positions that are positions removed by joint committee action. I am requesting that the positions be restored to the Auditors Budget. I have listed the positions in priority order.

1) CHIEF LEGAL COUNSEL - POSITION #45 - 1.0 FTE
The Auditor's Office is authorized four attorneys, three in insurance and one in securities. The enforcement work keeps all of them busy. The attorneys represent the Department in administrative enforcement hearings, aid county attorneys in criminal cases that agency has referred to them, draft administrative rules and provide counsel to the Department. When an insurance or securities case is referred to a county attorney for criminal prosecution the agency's attorney helps the county attorney with the prosecution. The investigative staff also supports the efforts of the county attorney and is almost always one on the major witnesses.

The chief legal counsel also provides other legal advise because the Auditor is a member of the State Land Board and the Hail Insurance Board. The Auditor is the liquidator of the Glacier General Insurance Company and relies on the chief legal counsel in these matters.

In calendar 1992 the Insurance Division asked for legal help in 85 cases, 41 of those were revocations or reinstatements, 21 were matters that required legal advise or direction, 23 were criminal or administrative cases where there was actual harm done to Montana consumers.

The Insurance Division currently has ten pending criminal cases, eight criminal complaints under investigation and twelve pending administrative complaints. Administrative fines are general fund revenue. Loss of this position will result in loss of general

fund revenue because fewer prosecutions will result in fewer fines.

2) SECURITIES INVESTIGATOR - POSITION 49 - 1.0 FTE

This position is responsible for reviewing applications of securities issuers who desire to sell securities to Montana residents, and those who wish to register as investment advisers. The position reviews applications for compliance with statutes regarding the sale of securities and investment advice. Loss of the position will result in applications being made effective without review. The outcome will be reduced protection, reduced refunds to consumers, and loss of general fund revenue.

Enforcement complaints will likely increase, as the level of pre-registration reviews declines. The Department's enforcement activities result in refunds to Montana residents who have been victimized by illegal securities promotions. The amount of such refunds will decline if the position is eliminated.

REGULATORY AND ENFORCEMENT ACTIVITIES:

<u>FY</u>	<u>ISSUERS</u>	<u>INVESTMENT ADVISORS</u>	<u>REFUNDS</u>
1991	546	27	\$429,840.00
1992	582	62	\$220,878.00
1993	610	64	\$488,855.05

General fund revenue impact:

The position initiates administrative enforcement actions which may result in fines being paid to the general fund. In FY 1993, to date, the Department has collected fines of \$59,000.00.

1. Estimated based on first six months
2. To date as of January 15, 1993

3) INSURANCE INVESTIGATOR - POSITION #69 - 1.0 FTE

This position investigates alleged infractions of Montana's insurance and criminal codes, and comprises one-third of the insurance investigative staff.

If this position is eliminated, consumer complaints of administrative wrongdoing cannot be investigated. Over the past twelve months, both criminal and administrative cases have been reported to the Insurance Investigations Bureau faster than they can be properly investigated by the two remaining investigators. Because complaints alleging criminal activity take priority over those that do not, loss of this position will mean that noncriminal cases will not be investigated. The Bureau is presently investigating eight criminal cases with ten more pending, it is likely that the two year statute of limitations on the noncriminal cases will expire before they will receive attention. Twelve such cases are now pending.

General Fund Impact. Unfortunately, it is the noncriminal investigations that are most likely to generate general fund revenue, in the form of administrative fines. Maximum fines for administrative violations are: \$25,000.00 per violation for insurers; \$500.00 per violation for resident producers; and \$50,000.00 per violation for nonresident producers. Legislation is currently proposed that would increase the maximum resident producer fine to \$5,000.00.

4) COLLECTION TECH (BAD DEBTS) - GRADE 9 - 1.00 FTE

The Bad Debts Administration program currently has three collection tech positions. This position, funded totally by revenue generated by the collection of debts owed state and federal governments, cross references individual and corporate identification numbers with payments being made by various state agencies. If one of these payees owes money to the state, the payee is contacted and offered a repayment plan that begins with the check that is being drawn on the state treasury.

General Fund Revenue: Loss of this position will reduce the number of possible repayments of existing debt and will result in loss of General Fund revenue. Currently, each position generates approximately \$500,000 in collections annually. Of this amount, approximately 60% goes back to the General Fund.

5) ADMINISTRATIVE CLERK (FISCAL) - POSITION #14 - 0.33 FTE

Fiscal Control currently has two administrative clerk positions performing work related to the warrant writing system. This would reduce one of these positions to .66 FTE.

This position specifically performs the following duties:

1. Informs agencies when warrants issued are returned due to errors in address or incorrect payments.
2. Issues documents to replace lost, destroyed, forged, or stale dated warrants.
3. Assembles and distributes state payroll warrants and direct deposit advises for all employees on the PPP system.
4. Receives and distributes daily "hold in office" warrants.
5. Process cancellation notices within the warrant system.
6. Provides technical assistance to state agencies regarding payments made through the warrant system.

In addition to the specific assigned duties, this position provides critical backup to the other warrant system functions. The current staff reductions have required this position to take on additional responsibilities for the timely distribution of state warrants.

Loss of a portion of this position will result in delays in processing warrants and potential violation of statutes that require prompt payment of vendors.

6) ADMINISTRATIVE ASSISTANT - POSITION #04 - 1.00 FTE
CENTRAL ADMINISTRATION

Central Administration is budgeted for two administrative positions. The proposed reduction removes one of these positions. Central administration receipts in excess of \$30 million per year. Checks have to be processed and deposited within 24 hours, and the reports or applications then transferred to insurance or securities for processing. Loss of the position means the agency has to pull staff from other areas from their assigned duties to get the cash into the general fund. The agency can operate in this fashion for the short term, but the position has to be filled at the expense of other duties.

The position also assists in the development and execution of agency budget functions. The assistant provides ongoing budget review for planning agency expenditures in accordance with legislative appropriations and agency administrative needs.

Normal operational functions such as document processing for accounting, PAMS, and personnel duties are assigned to Central Administration. The assistant position provides backup for these functions.

7) PAYROLL TECHNICIAN - POSITION #27 - 0.5 FTE

This position is vital to the payroll system. It is the responsibility of this position to coordinate payroll processing with Computer Services Division and Information Services Division to insure adequate support of the Payroll/Personnel/Position Control System; to execute garnishments of employee's wages; prepare payroll data; to reconcile payroll totals; for the on-line entry and edit of SBAS transactions; maintain the integrity of payroll information on the Warrant system payee file; calculate the tax effect of refunds for the Premium Payment Plan; the distribution of the bi-weekly, monthly, quarterly payroll reports; for verifying signatures on payroll documents and memos, keep the memo log and authorized signature book up to date; to reissue W-2 and 1099 forms as requested; to verify and address W-4 forms for the Internal Revenue Service. This position is also responsible for training and supervision of subordinate staff and training of agency payroll clerks.

When on line entry and edit was initiated the agency stated it could do without this half FTE. Since then additional duties have been added. The position prepares electronic 1099 forms in compliance with an agreement with the IRS. If those forms are not prepared the IRS may institute a penalty against the state. Duties have also been added regarding garnishment of wages.

STATE AUDITOR'S OFFICE

EXHIBIT 4

DATE 2-1-93

H8

INSURANCE DEPARTMENT COLLECTIONS FOR FISCAL YEARS 1975 - 1992:

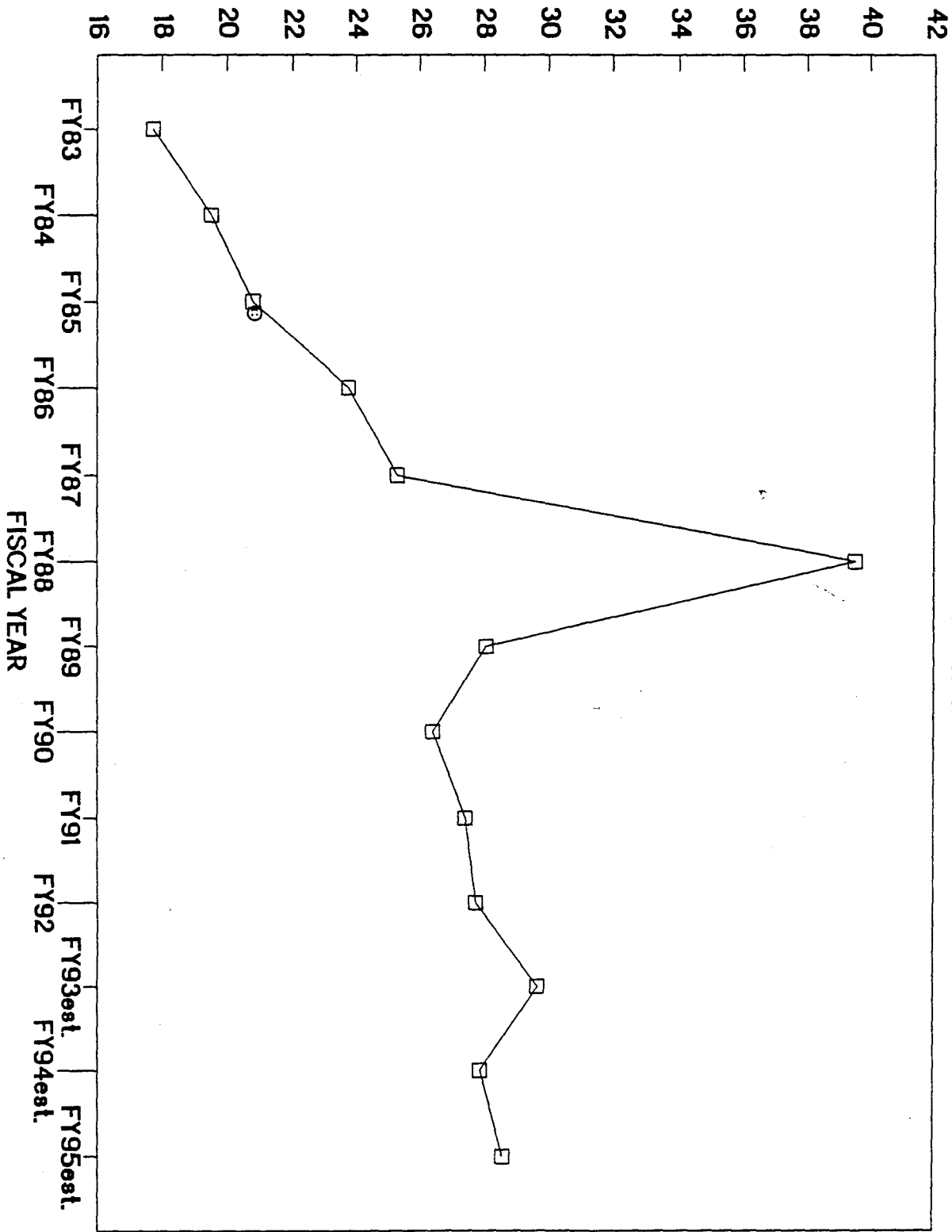
NOVEMBER 17, 1992

FISCAL YEAR	AGENT LICENSE FEES	COMPANY FEES	FIRE MARSHALL TAX	FIREMEN'S PENSION TAX	PROPERTY & CASUALTY PREMIUM TAX	LIFE & DISABILITY PREMIUM TAX	RETAIL-ATION TAX	HEALTH SER. CORP. FEES & TAX	GENETICS PROGRAM \$	TOTAL
1975	\$279,201	\$319,064	\$182,858	\$	\$4,013,822	\$3,487,943	\$40,329	\$		\$8,323,217
1976	274,750	309,253	191,133	381,684	4,591,501	3,690,125	44,835			9,483,281
1977	268,138	311,295	236,459	472,924	5,804,292	4,054,309	67,425	24,809		11,239,651
1978	344,201	324,678	274,848	549,670	6,541,861	4,513,215	84,519	23,330		12,656,322
1979	556,908	338,501	310,103	619,082	7,380,643	5,059,252	77,113	25,706		14,367,308
1980	417,808	336,024	342,138	684,276	8,049,699	5,232,148	88,253	26,686		15,177,033
1981	531,513	341,134	357,624	713,031	8,459,202	5,425,895	108,662	30,008		15,967,069
1982	667,562	382,205	349,790	699,407	8,707,412	5,797,385	120,883	29,533		16,754,178
1983	784,054	395,665	364,053	713,724	9,280,260	6,025,691	60,925	100,846		17,725,218
1984	784,880	395,150	372,764	744,912	9,918,488	7,188,641	53,751	58,587		19,517,173
1985	745,576	411,804	397,459	794,559	10,871,775	7,451,857	67,629	56,912	344,150	20,797,571
1986	754,780	415,804	466,922	930,748	12,991,053	7,738,421	60,300	57,157	366,683	23,759,335
1987	712,109	436,573	514,815	1,022,820	14,263,922	7,823,354	106,779	52,482	250,266	25,299,537
1988	874,584	471,991	487,728	972,445	22,987,573	13,337,737	175,819	6,785	267,629	39,564,932
1989	861,165	459,528	498,718	974,124	15,573,567	9,292,618	153,734	4,365	345,239	28,085,448
1990	489,576	838,568	471,603	907,996	15,654,357	7,600,796	116,860	5,040	386,573	26,430,036
1991	581,301	1,079,561	438,417	876,091	17,064,096	6,890,685	115,493	335	543,808	27,432,552
1992	563,959	807,098	588,953	862,351	17,593,176	6,725,337	92,101	300		27,777,083
ESTIMATED:										
1993	600,000	820,000	600,000	900,000	19,260,000	6,875,000	75,000	300	540,000	29,670,300
1994	600,000	830,000	615,000	922,500	18,410,000	6,420,000	100,000	300	-0-	27,897,800
1995	600,000	840,000	630,000	945,000	18,830,000	6,650,000	100,000	300	-0-	28,595,300

INS.DIV.REVENUE
(Millions)

INSURANCE PROGRAM

REVENUE COLLECTIONS



EXAMINATIONS DIVISION

ACTIVITY STATISTICS

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
Licensing Oversight			
Processing Renewals:			
Insurers	1,420	1,460	1,500
Administrators	90	95	100
Surplus Lines Insurers	185	190	200
Other Insurance Entities	120	125	130
Review of New Applications:			
Insurers	50	50	50
Administrators	20	20	20
Other Insurance Entities	15	15	15
General Fund Revenue			
Audit of:			
Premium Taxes	\$27,710,000	\$26,467,500	\$27,155,000
Related Company Fees	\$820,000	\$830,000	\$840,000
Financial Oversight			
Review of non-Montana insurer exam reports.	300	300	300
Financial review of domestic insurers.	21	23	25
Oversight of domestic insurer examinations.	5	12	7
Issuing suspension & revocation Orders	30	30	30
Reviewing bulk reinsurance transfers.	35	35	30
Administrative Oversight			
Confirm receipt of required documents.	9,400	9,600	9,800
Processing license amendments.	50	50	50
Review securities transactions.	25	25	25
Responding to telephone inquiries.	3,600	3,600	3,600
Preparing written responses to inquiries.	1,000	1,000	1,000

RATES AND FORMS BUREAU

Product Oversight:

Review of required policy submissions.	6,750	7,000	7,000
Number of forms reviewed.	21,000	23,000	23,000
Other forms reviewed.	1,000	1,000	1,000
Preparation of letters.	6,000	6,500	6,500
Responding to telephone inquiries.	2,800	2,900	2,900
Review of property/casualty rate filings.	5,000	5,000	5,000

LICENSING DIVISION

The mission of the licensing division is the proper licensing of insurance producers and adjusters to prevent harm to the public by incompetent or untrustworthy individuals, while not restricting an applicant's ability to earn a living or depriving consumers of further product choices.

Subject	FY 93	FY 94	FY 95
I. Currently Licensed			
A. Agents and Agencies / Resident and Non-Resident	12,000	12,000	12,000
B. Adjusters	400	400	400
C. Motor Club Representatives	100	100	100
D. Surplus Lines Agents	75	75	75
E. Pre-Licensing Education Courses	19	19	19
II. New Items - Annually			
A. Agent/Agency Licenses	2150	2150	2150
B. License Amendments	1500	1500	1500
C. Adjusters	75	75	75
D. Motor Club Reps	50	50	50
E. Surplus Lines Agents	10	10	10
F. Company Appointments	11,000	11,000	11,000
G. Prelicensing Education Courses	3	3	3
III. Renewals			
A. Non-resident Producers	4200	4200	4200
B. Adjusters	400	400	400
C. Company Appointment Renewals	1300	1300	1300
IV. Additional items			
A. Certification and Clearance Letters	1100	1100	1100
B. Form requests mailed out	1400	1400	1400
C. Company Appointment Terminations	7500	7500	7500
D. Telephone calls	18,000	18,000	18,000
E. Correspondence			
V. Revenue Collected			
A. Premium Taxes on Surplus Lines	\$360,000	\$360,000	\$360,000
B. Licensing Fees	\$320,000	\$320,000	\$320,000
=====	=====	=====	=====
C. Total Collected	\$680,000	\$680,000	\$680,000

POLICYHOLDER SERVICES DIVISION

EXHIBIT 7
DATE 2-1-93

Policyholder Services handles consumer inquiries and complaints involving insurance agents, insurance companies, insurance contracts and other related insurance matters. In addition Policyholder Services investigates Insurance Code and Rule violations, conducts Market Conduct Examinations and other insurance related duties as required by Title 33 MCA.

FY 90 - FY 92

1. Closed Complaint Files.	5,355
2. Telephone Inquiries.	67,282
3. Written Inquiries.	3,219
4. Monies recovered for Consumers in the form of premium refunds and insurance policy benefits.	\$6,803,643

	FY 93	FY 94	FY 95
1. Closed Complaint Files.	2,000	2,200	2,500
2. Telephone Inquiries.	22,000	25,000	28,000
3. Written Inquiries	1,200	1,500	1,800
4. Monies recover for Consumers in the form of premium refunds and insurance policy benefits.	\$2,500,000	\$3,000,000	\$3,500,000

EXHIBIT 8

DATE 2-1-93

HB

SECURITIES DEPARTMENT

	FY93	FY94	FY95
<u>REGISTRATION</u>			
Broker-Dealers	768	791	815
Salesmen	17,264	17,514	17,764
Investment Advisers	190	195	200
Investment Adviser Representatives	522	537	552
Issuers (New)	610	628	647
Issuers (Total)	1,931	1,989	2,049

FEEs

Broker-Dealers	\$ 153,600	\$ 158,200	\$ 163,000
Salesmen	863,200	875,700	888,200
Investment Advisers	38,000	39,000	40,000
Investment Adviser Representatives	26,100	26,850	27,600
Issuers	1,124,198	1,157,923	1,192,660
Other	<u>43,403</u>	<u>44,705</u>	<u>46,046</u>
Total Fees	<u>\$2,248,501</u>	<u>\$2,302,378</u>	<u>\$2,357,506</u>

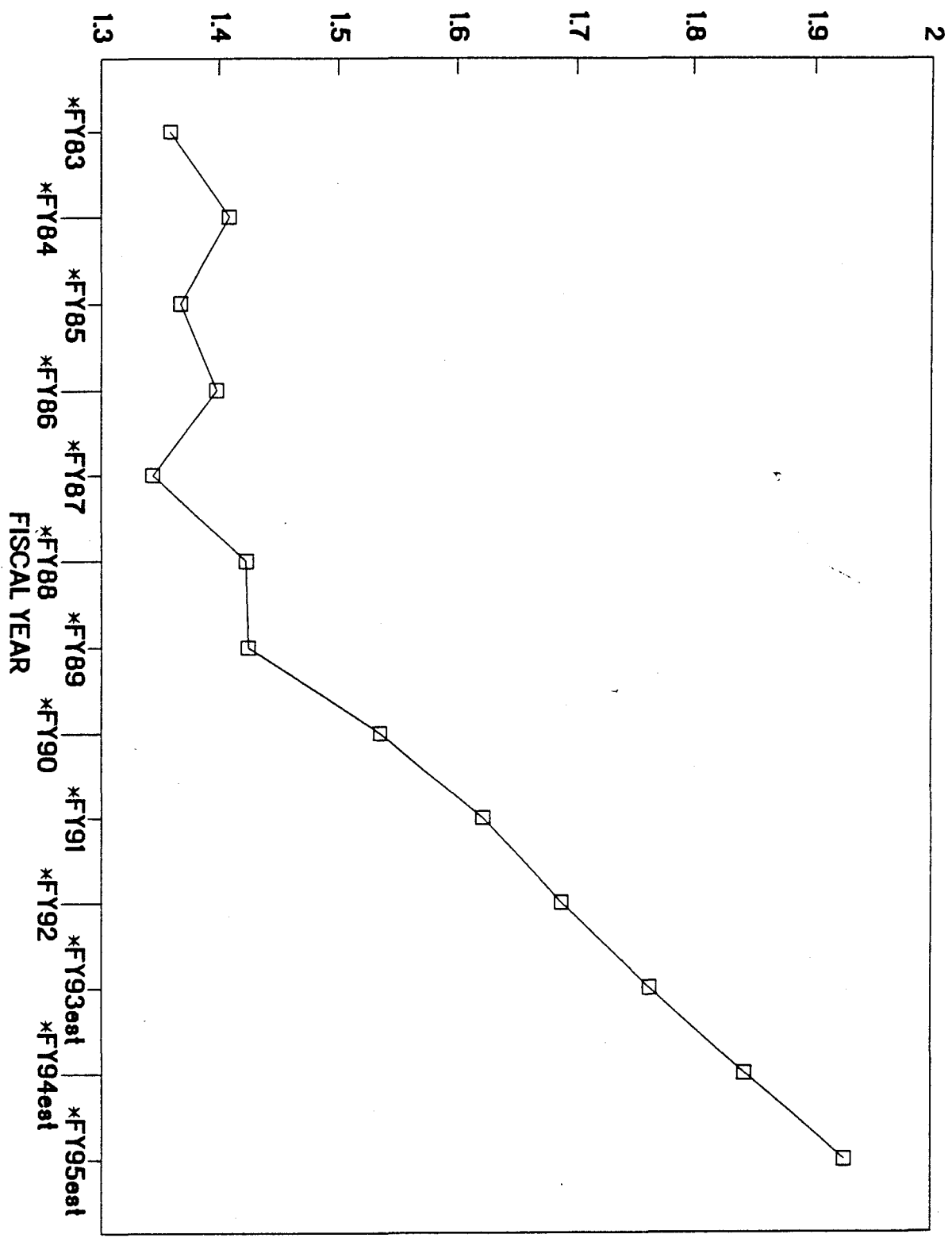
ENFORCEMENT

FISCAL YEAR 1993 TO DATE

Investigations	23
Fines	\$ 59,212.43
Rescission offers to Montana investors	\$ 488,855.05
Criminal convictions	2
Pending criminal cases	5

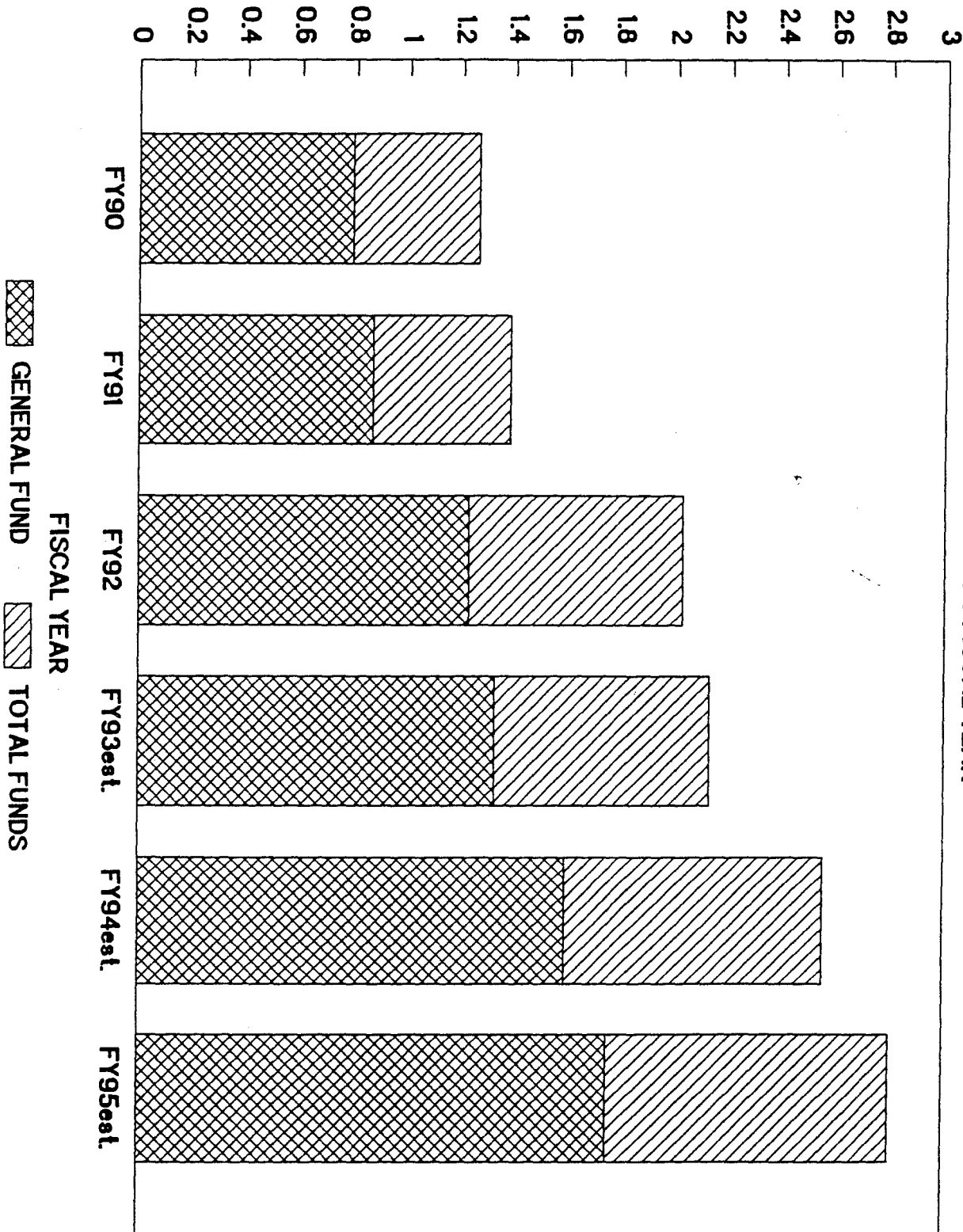
NUMBER OF WARRANTS ISSUED
(Millions)

WARRANT PRODUCTION FY83-95



AMOUNT COLLECTED
(Millions)

BAD DEBT PROGRAM
COLLECTIONS BY FISCAL YEAR



**GENERAL GOVERNMENT AND TRANSPORTATION
GENERAL FUND EXPENDITURE TARGETS
SUBCOMMITTEE "REPORT CARD"**

Agy. #	(A) --TARGET-- Current Level Fiscal 1992-93	(B) LFA Current Level Fiscal 1994-95	(C) --Difference-- LFA CL/Target (B - A)	(D) Legislative Action To Date*	(E) Over(Under) Target (D - A)	(F) Agency "Credits" (Unallocated)	(G) Agy. Target "Responsibility" (E - F)
1101	LEGISLATIVE AUDITOR	\$2,405,934	\$192,346	\$2,598,615	192,681		192,681
1102	LEGISLATIVE FISCAL ANALYST	1,677,561	52,602	1,730,692	53,131		53,131
1104	LEGISLATIVE COUNCIL	3,807,150	1,140,968	4,739,626	932,476		932,476
1111	ENVIRONMENTAL QUALITY COUNCIL	557,134	42,531	599,665	42,531		42,531
2110	JUDICIARY	16,463,815	1,582,633	17,743,974	1,280,159		1,280,159
3101	GOVERNOR'S OFFICE	4,744,911	303,157	5,048,068	303,157		303,157
3201	SECRETARY OF STATE	1,875,831	0	1,902,303	26,472		26,472
3202	COMM. OF POLITICAL PRACTICES	278,961	0	254,245	(24,716)		(24,716)
3401	STATE AUDITOR'S OFFICE	4,386,372	0	4,285,698	(100,674)		(100,674)
4107	CRIME CONTROL DIVISION	931,387	17,277	954,644	23,257		23,257
4108	HIGHWAY TRAFFIC SAFETY	366,160	53,840	420,000	53,840		53,840
4110	DEPARTMENT OF JUSTICE	22,144,108	4,750,505	28,361,583	6,217,475		6,217,475
5401	DEPARTMENT OF TRANSPORTATION	612,894	0	461,689	(151,205)		(151,205)
5801	DEPARTMENT OF REVENUE	38,818,690	4,601,364	43,420,054	4,601,364		4,601,364
6101	DEPARTMENT OF ADMINISTRATION	6,452,040	568,698	6,674,051	222,011	(172,371)	49,640
6701	DEPARTMENT OF MILITARY AFFAIRS	4,114,086	207,559	4,321,645	207,559		207,559
Totals		<u>\$109,637,034</u> Subcommittee Target Budget	<u>\$13,513,480</u>	<u>\$123,516,552</u> Subcommittee Action	<u>\$13,879,518</u> S/C Target Reductions	<u>(\$172,371)</u>	<u>\$13,707,147</u>

* Shaded areas reflect LFA current level -- the subcommittee has not yet completed action on these agencies.

OFFICE OF THE GOVERNOR

STATE OF MONTANA

EXHIBIT 12

DATE 2-1-93

HB

MARC RACICOT
GOVERNOR



STATE CAPITOL
HELENA, MONTANA 59620-0801

MEMORANDUM

DATE: January 27, 1993

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

FROM: John Patrick, Executive Budget Analyst JP
Office of Budget and Program Planning

SUBJECT: Coal Board local impact grants

This memorandum is prepared in response to questions from Senators Forrester and Tveit about the executive position on the future direction of local impact grants made through the Coal Board.

Although Governor Racicot's budget proposed elimination of local impact fund grants for the 1995 biennium, the executive did change its proposal and does support HB0350 sponsored by Representative Gary Mason. This bill proposes to revise the criteria for the award of Coal Board grants and loans to areas impacted by new coal mining development, new coal-burning generating facilities, and significant production expansion at existing sites. It has been estimated that as much as \$800,000 may be awarded in local impact grants to designated government units during the 1995 biennium under the revised criteria.

One of the goals of the policy expressed in the proposed bill is to focus the use of the local impact funds to a more narrow time frame encompassing the development and initial production phases. The grants may be available until the mine or facility is contributing sufficient tax revenue to the designated government unit to meet the increased costs of providing the additional services attributable to the development of the project.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

GEN. GOV. & HWYS. SUBCOMMITTEE DATE 2/1/93
DEPARTMENT(S) STATE AUDITOR DIVISION

PLEASE PRINT

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NAME	REPRESENTING	
ED Caplis	MSCA	
Clyde Dailey	MT. Senior Citizens Ass.	
Donna Warner	State Auditor	
Melissa Broch	" "	
MARK E. NELSON	" "	
JAMES W. BORCHARDT	" "	
Bob Post	" "	
David Hunter	" "	
Tom Crosser	" "	
M. O'Keefe	" "	
Tom Hopgood	Health Ins. Assoc. of America	
Roger McGlenn	INDEPENDENT INSURANCE AGENTS ASSOC. OF MT	
LARRY AKEY	MT ASSOC OF LIFE UNDERWRITERS	SUPPLEMENTAL INSURANCE OEDP.

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