

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - 2nd SPECIAL SESSION

#### SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By JOE QUILICI, CHAIR, on July 7, 1992, at 10.02 a.m.

#### ROLL CALL

##### Members Present:

Rep. Joe Quilici, Chairman (D)  
Sen. Larry Stimatz, Vice Chairman (D)  
Sen. Harry Fritz (D)  
Rep. Mary Lou Peterson (R)  
Sen. Larry Tveit (R)  
Rep. Tom Zook (R)

Staff Present: Clayton Schenck, Senior Fiscal Analyst (LFA)  
Dan Gengler, Budget Analyst (OBPP)  
John Patrick, Budget Analyst (OBPP)  
Lois O'Connor, Secretary

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

##### Announcements/Discussion:

REP. QUILICI requested that the agencies be notified that Executive Action would begin in the afternoon.

#### HEARING - LEGISLATIVE AUDITOR

Mary Bryson, Deputy Legislative Auditor, referred to p. 11 of the executive budget. She said the Legislative Auditor's Office was underfunded for the market-based portion of the pay plan. Because other agencies were given credit for that portion, the Auditor's Office feels that it should also be given credit. The general fund portion of the pay plan in FY 1993 amounts to \$56,276 which would leave \$39,428 left to bring the agency to the proposed 8 percent cumulative reduction. If the \$39,428 reduction goes into affect, the Auditor's Office requested that it be allowed to take the reduction against personal services to allow them the flexibility to move operating expenses into personal services.

REP. QUILICI said at present, agencies can put operating expenses into personal services but personal service expenses cannot be

put into operating expenses. He said that the other agencies have been given the flexibility to run their office in the best manner they can.

#### HEARING - LEGISLATIVE FISCAL ANALYST

**Teresa Cohea, Legislative Fiscal Analyst**, provided written testimony. (EXHIBIT #1) She said the executive budget reduction recommendation for the LFA is \$22,733. Coming out of the 1991 Regular Session, there was a separate cat-and-dog appropriation of \$62,920 to the Post-Secondary Education Committee which is chaired by **Rep. Swysgood**. The money goes to the LFA's office because it provides staff support to the Committee. She added that the Post-Secondary Committee has been very frugal and has spent \$7,000. It assumes that it will spend only \$20,000. **Rep. Swysgood** is willing to have the Committee's appropriation cut by \$35,000.

**Ms. Cohea** added that the LFA took a 12 percent cut in its operating budget in Special Session 1. As of this point, the LFA is budgeted less going into the 1993 Session than it was appropriated going into the 1991 Session. Holding positions vacant is not an option in the LFA. It is fully staffed at present, and there was still 7,000 hours of comp-time during the regular session. Her staff has endorsed taking \$35,000 from the Post-Secondary Education Committee appropriation. **Rep. Swysgood** gave his approval.

#### HEARING - ENVIRONMENTAL QUALITY COUNCIL (EQC)

**Deborah Schmidt, Executive Director, EQC**, said that in Special Session 1, the EQC's operating budget was reduced from the 1991 appropriated level by 18 percent. All of the reductions were taken in operating expenses. If the budget is reduced more, it will mean a reduction in staff or a severe reduction in services. EQC has also left a part-time position open.

#### QUESTIONS FROM THE SUBCOMMITTEE

**REP. ZOOK** asked what the dollar value was on the part-time position. **Ms. Schmidt** said \$15,000 including salary and benefits.

#### HEARING - LEGISLATIVE COUNCIL

**Bob Person, Executive Director, Legislative Council**, said that with the type of budget the Legislative Council has in a session

year and based on historical factors, he was confident that with some adjustments there would be impacts over the longer run rather than the shorter. Adjustments and reductions could be made in what the Council is able to control. There are some factor that would be harder to control. For example, if the number of bills or the pages of bills puts a demand on the Council's services that it is unable to meet.

**Mr. Person** added that two of the Council's programs have been combined--one of which was a special revenue program and the other a general fund program. This has created an uncertain situation. In FY 1991, the program was highly beneficial in the sense that the special revenue appropriation was too high. Because state law requires that all of the special revenue be spent first, it created a general fund reversion even in a year with a general fund cut. It will work the opposite in FY 1993 and will put a greater stress on the Council's general fund budget.

#### QUESTIONS FROM THE SUBCOMMITTEE

**REP. QUILICI** asked how much time the Legislative Council has put into the sales tax bills that were drafted for Special Session 2. **Mr. Person** said the bills vary significantly. One bill, which is a pure sales tax bill, took approximately 12 hours. However, the other sales tax bills are bills that involve general tax reform. Depending on the extent the Legislator wants to reform taxation and the nature of the way the reforms are to be encountered, the bills took between 80 and 100 hours of staff time.

#### HEARING - COMMISSIONER OF POLITICAL PRACTICES

**REP. QUILICI** said the Commissioner of Political Practices was not recommended for any executive budget reductions.

**Dolores Colburg, Commissioner of Political Practices**, said that her office runs a very tight ship. She recommended, for future circumstances, that the Legislature look at the cleaning services in state buildings to save money. The state decided to privatize the cleaning services in various buildings in the state. Two things happened: (1) cleaning is a misnomer because cleaning does not get done; and (2) it cut into the lowest grade level within state government and penalized those people who make the least amount of money and who at least had some incentive to care about the job they did because they were state employees. She does not see this happening with contracted services. Her cleaning service budget is \$2,004 per year. Her staff cleans its own office. She would rather spend the money elsewhere.

QUESTIONS FROM THE SUBCOMMITTEE

**SEN. TVEIT** asked the size of the Commissioner of Political Practice's budget for 2 years. **Ms. Colburg** said the budget runs between \$112,000 to \$114,000 per fiscal year.

No action was taken on the Commissioner of Political Practices.

HEARING - DEPARTMENT OF TRANSPORTATION

**REP. QUILICI** said there are no recommended cuts for the Department of Transportation in the executive budget proposal.

**John Rothwell, Director, Department of Transportation (DOT)**, provided written testimony. (**EXHIBIT #2**) **Mr. Rothwell** said the only area where there is general fund money in the Department of Transportation is in its Rail and Transit Division. The Department reverted \$73,000 of the FY 1992 budget into the general fund. He offered the Subcommittee another \$60,000 out of the Rail and Transit Division budget.

QUESTIONS FROM THE SUBCOMMITTEE

**SEN. TVEIT** asked if the \$60,000 would affect the federal matching funds. **Mr. Rothwell** said no, it would come out of salaries and operating expenses.

**REP. QUILICI** said that in Butte, the older highway trucks take a great deal of service and maintenance. He asked why new trucks were not sent from the Department to replace the old ones. **Mr. Rothwell** said the bottom line is cost. The Department is now receiving more input from the field and is changing its fleet over as rapidly as possible. In the past, most of the decisions were made in Helena. A maintenance committee from the field has been set up to give the Department guidance in Helena. He felt that in a couple of years the fleet will be in good shape.

**REP. PETERSON** asked **Mr. Rothwell** to comment on the internal transitions that are taking place at the Department. **Mr. Rothwell** said the reorganizations are close to being completed, and the employees are becoming more comfortable. The budget being proposed for the Department in the next session, other than the construction budget which is driven by the federal program, will have no increase. There have been some very definite savings in the DOT.

HEARING - DEPARTMENT OF MILITARY AFFAIRS

**Gary Blair, Adjutant General, Department of Military Affairs,** provided a graph showing the division in the Department and the historical percentage of the general fund budget. It also showed how the Department spends its money and the total number of FTE within the divisions. **(EXHIBIT #3)** He said if the Department looks for savings in personnel, it can only look at 3 areas because there are only 3 areas that are 100 percent general funded.

**General Blair** said that he does not know what has happened to Veteran's Affairs in the state. It is not able to do what it should be doing when it comes to the affairs of the Veterans. There are 8 field offices in the state and 1 administrator's position has been left open until December 1992. He added that if more personnel are cut from the division, the whole division may as well be shut down. If travel is cut, the field offices will be unable to administer services. There would be no alternative but to, again, shut down the division. He asked that **Ruddy Reilly, Acting Administrator, Veterans Affairs,** to give an overview of the division.

**Mr. Reilly** said that the field officers are located in 8 county seats. If travel is cut, there will be 13 counties that will not be covered. The veterans who are visited cannot take care of themselves. The field officers are the only people who travel the state on a scheduled basis to take care of these people. The Veteran's Affairs division handles between 70 to 80 percent of the power of attorneys for veterans in the state. The Veterans Administration has not been on the side of the veterans in the last few years. The field officers are needed to help these people.

**General Blair** spoke on the veteran's license plates that are sold by the Department of Military Affairs. Up to the end of June, there was 2,483 plates that were sold, \$6 of which goes back to help the state cemetery. Next year, that amount will be \$10. The Department feels that if it starts a large sales program, the Veteran's Affairs division could possibly take care of itself and not need general fund money. However, the division is not to that point at this time.

He added that the only other alternatives that could be taken to meet the recommended reductions would be to eliminate a position in the Administration Division, eliminate the communications function in the DES division, delete the use of utilities as far as they can, and close armories around the state.

QUESTIONS FROM THE SUBCOMMITTEE

**REP. QUILICI** asked if the Department could live with the recommended cut of \$30,893 made by the executive budget. **General Blair** said in Veteran's Affairs would not be able to handle it. Some of the money can be offset by the license plate fees.

**SEN. TVEIT** asked if the budget cuts would cut into the services to veterans around the state. **General Blair** said yes. If the Veterans Affairs division has to layoff employees and if their travel is restricted, the division may as well be shut down.

**SEN. TVEIT** asked how much more money it would take to properly service the veterans across the state. **General Blair** said between \$550,000 to \$560,000.

SUBCOMMITTEE DISCUSSION

**Clayton Schenck, LFA**, provided the Subcommittee with worksheets containing the executive budget cuts for each agency that have been recommended for cuts. The way the executive chose to make the recommendations was just general budget reductions in each agency to provide them flexibility. As the Subcommittee takes action, the worksheets will be updated to show the Legislative action and the difference between executive request and what the Subcommittee is recommending to House Appropriations.

He added that at the request of the Subcommittee, he sent letters to all agencies with more than one program asking them to prioritize those programs where they feel they could make more reductions.

**REP. QUILICI** said that the Democratic caucus is looking at various places in the total budgets for cuts. Any recommendations will be brought to the Subcommittee for review.

**REP. ZOOK** asked if when executive action is taken on the agencies, will the Subcommittee take action under the assumption that the "boilerplate" language will be changed to allow the administrators of the departments the flexibility to manage their budgets. **REP. QUILICI** said that he has discussed this with Leadership and some Appropriations people. It is his intent that all agencies be giving flexibility to run their agencies in a business-like manner. **Mr. Schenck** said there is already language from Special Session 1 that authorizes the agencies to allocate the reduction any way they want. The agencies will be left to make the decisions.

**REP. PETERSON** thanked all of the agencies for providing the Subcommittee with the letters that prioritized the programs in each agency.

EXECUTIVE ACTION - STATE AUDITOR'S OFFICE

Discussion:

Tape No. 1 - B, 14.9

REP. QUILICI said that there was no executive budget reductions recommended for this agency. The Auditor's Office as already absorbed an 8.82 percent reduction.

Dennis Sheehey, Deputy State Auditor, State Auditor's Office, provided written testimony. (EXHIBIT #4)

Motion/Vote: REP. PETERSON moved to accept the executive budget recommendation that there be no reductions made, at this time, from the State Auditor's Office budget. MOTION CARRIED UNANIMOUSLY

REP. PETERSON said that she stressed "at this time" because it may be necessary for further reductions to be made from all of the agencies that have no-cut recommendations.

EXECUTIVE ACTION - DEPARTMENT OF JUSTICE

Discussion:

Tape No. 1 - B, 27.1

Mr. Schenck provided an LFA Budget Worksheet which specified that the executive budget recommended a \$136,954 reduction from the Department of Justice. (EXHIBIT #5)

Marc Racicot, Attorney General, provided testimony that listed the general fund programs. (EXHIBIT #6) He said that \$110,000 could be reverted back into the general fund from the Records and Drivers Control Bureau of the Motor Vehicle Division because of automation and attrition. In addition, he recommended a reduction of \$10,000 in the Legal Services Division from the elimination of the Department's membership in the National Association of Attorneys General. He added that there could also be a reduction in the area of the extradition and the transportation of prisoners. The Attorney General's Office has advocated entering into an understanding with the Governor's Office to more closely monitor the expenditure of the funds. He asked the Subcommittee to consider a reduction in the extradition and transportation of prisoners' budget of \$40,000 with the understanding that the Department will scrutinize and approve each request for extradition in terms of cost.

**QUESTIONS FROM THE SUBCOMMITTEE**

**REP. QUILICI** asked if the \$160,000 was in addition to the executive budget recommendation. **Mr. Racicot** said the Department did not know what the Subcommittee was using as a guide. The Department tried to determine where cuts could be made and have prioritized programs further if the Subcommittee decided it wanted to go further than the proposed \$160,000. It would not be in addition to what the Governor proposed.

**REP. QUILICI** asked **Mr. Racicot** to comment on the Gaming Division. **Mr. Racicot** said the Department focused on general fund agencies only. The Gaming Division is funded by a special revenue account. At present, there is \$240,000 that comes from the gaming account into the Legal Services Division. About one-fourth of the law firm in that division is now funded with the special gaming revenue funds. Any remaining funds will be transferred into the general fund.

**Motion/Vote:** **SEN. TVEIT** moved to decrease the general fund budget of the Department of Justice by \$160,000 and give the Department the discretion and flexibility to do so. **MOTION CARRIED UNANIMOUSLY**

**Mr. Schenck** said if the agencies' personal services are reduced, they have the flexibility to move money into personal services. If money is taken from elsewhere, they cannot do the opposite. The \$10,000 would be taken from dues of the Indian Legal Jurisdiction which is actually operating costs. He is going to assume it will be taken from personal services unless he is directed otherwise. **REP. QUILICI** said that the money should be taken from personal services because there is a possibility that the "boilerplate language" may not be changed. The understanding that all reductions should be taken from personal services should be in all the motions.

**EXECUTIVE ACTION - CRIME CONTROL DIVISION**

**Tape 1 - B, 39.5**

**Mr. Schenck** provided an LFA budget worksheet that showed the executive budget reduction proposal of \$22,676 which would bring the Division up to 8 percent of the fully-funded operating budget. **(EXHIBIT #7)**

**Ed Hall, Crime Control Division,** provided a prioritized list of programs for the Subcommittee's review. **(EXHIBIT #8)**

**QUESTIONS FROM THE SUBCOMMITTEE**

REP. QUILICI asked what kind of federal funds could be lost if the general fund portion of the programs were lost. Mr. Hall said \$2,213,293 from the narcotics control block grant, and \$225,000 from the juvenile justice block grant, the victims assistance block grant for \$363,000, and the drug education block grant for \$550,000. These are all pass-through funds to the local governments except for 4 percent of one of the grants that is used for administration.

REP. PETERSON said that in previous testimony, it was said that the Crime Control Division could handle a reduction of \$5,000 to \$7,000 without jeopardizing the federal matching funds. Mr. Hall said yes; anything beyond that would impair the Division's ability to use federal funds.

REP. QUILICI asked if the total amount of the executive budget recommendation were taken (\$22,676), is there a possibility that it would lose 10 times that to the local governments. Mr. Hall said potentially. The ratio is about 3 to 1.

REP. QUILICI asked if given the flexibility, what money can be taken from the programs without jeopardizing the federal funds. Mr. Hall said \$10,000 would be right on the verge of losing federal funds.

REP. PETERSON cautioned the Subcommittee that there is an audit that is done by the federal government. Even if all of the administrative costs and other cost are right, there is still a chance of jeopardizing a program.

**Motion:** REP. PETERSON moved to reduce the general fund budget of the Crime Control Division by \$5,000 in personal services.

**Motion/Vote:** SEN. TVEIT made a substitute motion to reduce the general fund budget of the Crime Control Division by \$7,000 in personal services. **MOTION CARRIED UNANIMOUSLY**

**EXECUTIVE ACTION - HIGHWAY TRAFFIC SAFETY**

Tape No. 1 - B, 41.0

REP. QUILICI said that there is no executive budget reduction recommendation because the money is mostly federal and pass-through money. No action was taken.

**EXECUTIVE ACTION - GOVERNOR'S OFFICE**

Tape No. 1 - B, 42.0

Mr. Schenck provided an LFA budget worksheet with no specific recommendation for reductions. (EXHIBIT #9) However, there is a

recommendation in another section of House Bill No. 2. The executive budget has recommended that the Legislature allow \$5 million for fire suppression costs. This would normally go to State Lands. Since this is being done up front, it was recommended that the money be appropriated to OBPP in the Governor's Office. The Governor would then authorize the payments as the bills were presented to them from State Lands. The Natural Resources Committee took action on July 6, 1992, and appropriated \$3 million to OBPP. The Subcommittee must decide whether it wants to take different action.

REP. QUILICI asked what the reason was for taking the money from State Lands and putting it into the Governor's Office. John Patrick, OBPP, did not know. Terry Perrigo, Legislative Fiscal Analyst Office, said the Department of State Lands does not receive a specific appropriation for firefighting costs. Instead, they have \$6 million in general fund in their forestry. When fires break out, DSL pays the bills out of their general fund. It then anticipates a supplemental to repay the money. This happens all the time. DSL and OBPP were trying to figure a way that DSL would not have to come back for a supplemental. The \$5 million appropriation to OBPP was the suggested remedy.

There was no action taken on the Governor's Office budget.

#### EXECUTIVE ACTION - SECRETARY OF STATE

Tape 1 - B, 46.5

Mr. Schenck provided an LFA budget worksheet showing the executive budget proposal reduction of \$34,401 from the Secretary of State's Office. (EXHIBIT #10)

Doug Mitchell, Secretary of State's Office, provided written testimony. (EXHIBIT #11)

Motion/Vote: REP. ZOOK moved to accept the executive budget reduction recommendation of \$34,401 from the Secretary of State's Office through its personal services. MOTION CARRIED UNANIMOUSLY

#### EXECUTIVE ACTION - JUDICIARY

Tape 1 - B, 58.8

Mr. Schenck provided an LFA budget worksheet showing an executive budget reduction proposal of \$323,077 for Judiciary. (EXHIBIT # 12) Included in the base of determining the 8 percent reductions are \$3.4 million of elected official salaries.

J.A. Turnage, Chief Justice, Judiciary, provided written testimony. (EXHIBIT # 13)

**QUESTIONS FROM THE SUBCOMMITTEE**

REP. ZOOK said the district court spend money and exceed their budgets, and the counties are required to make up any difference. He asked if this is also true with the Supreme Court. **Jim Oppedahl, Administrator, Court Administration, Judiciary,** said this is not his recommendation to the court. Judiciary has always tried to present a budget that is necessary.

SEN. TVEIT said that the reductions will have to be absorbed in programs across the board where the court has discretion to cut where it feels it can. He feels the Subcommittee is following that plan.

SEN. FRITZ asked what would happen if the discretionary budget were cut by 8 percent--subtract the elected official salaries; then apply a cut that would bring the discretionary budget up to 8 percent. **Mr. Schenck** said if the elected official salaries were deducted from the base, the reduction would then become \$61,511. This would only be applied to their discretionary base. Judiciary also requested that the Subcommittee take money from the general fund reimbursed programs such as the legal database fee reimbursements in the Law Library. If this were done it would reduce the total to \$43,000.

REP. ZOOK moved that \$50,000 from personal services be deducted from the general fund budget of Judiciary. **MOTION CARRIED UNANIMOUSLY**

**EXECUTIVE ACTION - DEPARTMENT OF ADMINISTRATION**

REP. QUILICI said that there was no executive budget reduction recommended from the Department of Administration.

**Bob Marks, Director, Department of Administration,** provided a prioritized list of programs/functions within the Department. **(EXHIBIT #14)** **Mr. Marks** informed the Subcommittee that the administrators from the various departments were present to give an overview and answer questions.

**Chuck Verag, Administrator, Accounting Division,** provided written testimony. **(See Exhibit #14)**

**QUESTIONS FROM THE SUBCOMMITTEE**

REP. QUILICI asked if in the event that one of the programs mentioned by **Mr. Verag** were deleted, what impact would this have on specific state services. **Mr. Verag** said in regard to the treasury unit, there would be a tremendous loss of accountability for state money given that the treasury unit is responsible for insuring that there is proper accountability for state securities. The same would apply to the data-processing unit as

well as the personnel unit. The Division feels that there would be a lack of control over certain programs, such as the pay and benefit policies, or there would be a necessity to transfer staff to certain divisions.

**REP. QUILICI** asked SBAS does a good job for Montana. He asked why SBAS could not handle the accounting for the University Systems. **Mr. Verag** said it was his understanding that SBAS did not provide the University Systems with the timely reporting that it requires for both accounting and budgeting purposes. He felt that SBAS, with modifications, could handle all state agencies including the university units. **Dave Toppen, Commissioner of Higher Education**, said the central offices of the university systems would prefer to be on SBAS. They are working toward that goal in the future.

**Deborah Kehr, Administrator, General Services Division, DOA**, provided written testimony. (See Exhibit #14)

**Mike Trevor, Administrator, Information Services Division**, provided written testimony. (See Exhibit #14)

**Tony Herbert, Assistant Administrator, Information Services Division, Dave Toppen, Commissioner of Higher Education, and Gregg Groepper, Assistant Superintendent**, each gave the views on the Montana Educational Telecommunications Network (METNET) Bulletin Board System (BBS) which is used by K-12 and the university units for teacher communications and sharing of curriculum information. All testimony was positive about the program.

**Laurie Ekanger, Administrator, Personnel Division**, provided written testimony. (See Exhibit #14)

**Marvin Eicholtz, Administrator, Procurement and Printing Division**, provided written testimony. (See Exhibit #14)

#### QUESTIONS FROM THE SUBCOMMITTEE

**REP. PETERSON** asked if the Subcommittee finds itself having to make a major cut to the Department, at what level could it maintain the cut before a whole program was eliminated. **Mr. Marks** said that the Department can work with less money, but he feels it is very close to a bear-bone budget. However, if the Legislature is going to make the Department work with less money, then give it less strings on the management. Let them manage.

**Patrick McKelvey, State Tax Appeal Board**, said elimination of the State Tax Appeal Board could be done in 1 of 2 ways--money for the County Tax Appeal Board or the State Tax Appeal Board that functions in Helena and throughout the state could be eliminated. Elimination of a program that provides money to the counties will

shut the system down entirely. Statutes, that the County Boards operate under, allows that if a taxpayer files an appeal with the County Board and the County Board did not hear the appeal, the taxpayer automatically wins. Once the word got around that the state did not have enough money to run the Tax Appeal Board, there would be a rash of filings.

No action was taken on the Department of Administration.

**EXECUTIVE ACTION - LEGISLATIVE AUDITOR'S OFFICE**

**Tape 2 - A, 50.8**

**Terri Perrigo, LFA**, said the executive budget recommendation was for a reduction of \$95,704 from the Legislative Auditor's budget. Testimony indicted that the office does have an underfunded pay plan amounting to \$56,276 general fund money. They requested that the Subcommittee give them credit for the underfunding. This would reduce the Governor's proposal to \$39,428.

**REP. QUILICI** asked if the staff at the Legislative Auditor's Office receive a raise in July, 1992. **Ms. Perrigo** said in the LFA and the Legislative Council, there are raises anticipated, but the amount has been reduced from 7 percent to 2.9 percent.

**REP. QUILICI** said the reason he asked is because if one legislative agency receives a raise, then every legislative agency should receive the same.

**REP. ZOOK** requested information on the rate of raises and if there were any raises authorized within the Legislative Agency.

No action was taken on the Legislative Auditor's Office.

**EXECUTIVE ACTION - LEGISLATIVE FISCAL ANALYST**

**Tape 2 - A, 56.0**

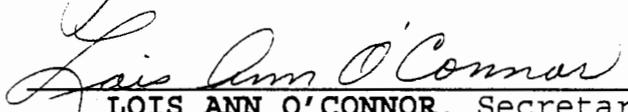
**Mr. Schenck** provided an LFA budget worksheet showing a recommended executive budget reduction of \$23,733. **(EXHIBIT #15)**

**Motion/Vote:** **REP. PETERSON** moved that \$35,000 be reduced from the Post-Secondary Education Committee budget as recommended by **Terry Cohea, Legislative Fiscal Analyst. MOTION CARRIED UNANIMOUSLY**

ADJOURNMENT

Adjournment: 4:00 p.m.

  
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JOE QUILICI, Chair

  
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LOIS ANN O'CONNOR, Secretary

JQ/lao

HOUSE OF REPRESENTATIVES

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE

7-7-72

NAME	PRESENT	ABSENT	EXCUSED
REP. JOE QUILICI, CHAIRMAN	X		
SEN. LARRY STIMATZ, VICE-CHAIRMAN	X		
REP. TOM ZOOK	X		
SEN. LARRY TVEIT	X		<del>      </del>
REP. MARY LOU PETERSON	X		
SEN. HARRY FRITZ	X		<del>      </del>

OFFICE OF THE LEGISLATIVE FISCAL ANALYST

	FY 1991 <u>Appropriated</u>	FY 1991 <u>Actual</u>	FY 1993 Reg Session <u>Appropriated</u>	FY 1993 Spec Sess <u>Appropriated</u>
Personal Services*	\$742,624	\$742,624	\$775,641	\$742,624
Operating Expenses	143,199	128,410	144,462	132,823
Equipment	<u>40,297</u>	<u>39,461</u>	<u>2,500</u>	<u>1,000</u>
 Totals	 \$926,120	 \$910,495	 \$922,603	 \$876,447
 Biennial Appropriations				
Consultant	\$20,000			\$18,700
Post-Secondary Committee	62,920			61,710
Intern Analyst	12,675			0
Committee Meeting Days	13,600			0
Data Processing	<u>15,000</u>			<u>18,700</u>
 Totals	 \$124,195			 \$99,110

FY 1991 appropriated and actual personal services are at January 1992 special session levels for comparative purposes.

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EXHIBIT 1  
 DATE 7-7-92  
~~Special Session II~~  
 General Government  
 +  
 Transportation

MONTANA DEPARTMENT OF TRANSPORTATION  
RAIL AND TRANSIT DIVISION

**GENERAL FUND**

EXHIBIT 2  
DATE 7-7-92  
~~Special Session I~~  
Gen. Gov. + Tran

General Fund FY 93 -	\$360,558.00
Salaries (Includes Benefits, Longevity, etc. for 6 positions)	\$223,500.00
Operating Expenses	\$ 91,424.00
Match Required for Federal Funds	<u>\$ 45,634.00</u>
	\$360,558.00

13209 - Transportation Division

Match Required for Federal Funds:

Section 16(b)(2) Grant - \$10,714.00 General Fund Match

The purpose of this grant is to provide funding to Montana for capital assistance to private, nonprofit organizations for the purchase of equipment for elderly persons and persons with disabilities. \$ 25,000 of this grant is for administrative costs and is matched at 30% with general fund monies. The total federal funds lost without this match would be \$281,300.

Federal Rail Administration Grant - \$15,429.00 General Fund Match

The Federal Rail grant provides funds to accomplish Rail Planning for the State of Montana. The \$36,000 Grant requires a 30% General Fund match and without the match the \$36,000 would be lost.

Section 26(a)(2) Grant - \$11,201.00 General Fund Match

This is a new grant as a result of the ISTEA of 1991. Its purpose is to provide planning funds to the State DOTs to accomplish non-urbanized transit planning. The total amount of the grant is \$44,806.00 which requires a 20% general fund match. Without the match the \$44,806 in Federal Funds would be lost.

Section 3 Grant - \$8,290.00 General Fund Match

The purpose of this grant is to provide funding for

Priority:

1.

capital assistance. Under this grant, Montana will be assisting Fort Peck Transit System in constructing a transit facility. We also will be placing approximately 20 transit vehicles in various rural communities. \$33,163 of the total grant is for administrative costs which require a 20% General fund match. The total amount of this grant is \$937,186.00. This money would also be lost without the general fund match.

Total General Fund Required for matching Federal Funds =  
\$45,634

Without this match for the above noted grants, federal funds would be lost and there would be no way to administer grants which receive 100% federal funds. The total impact would be a loss of \$1,299,292.00 in federal funds. Match these grants is obviously a priority - without the match there is no transit program.

2.

Salaries and Operating Expenses:

The six positions include: Rail and Transit Division Administrator, Administrative Officer, Rail Services bureau Chief, Tariff Rate Clerk, Railroad Operations Officer, and Economist.

The Rail Bureau provides a broad range of technical services to a diverse constituency base. It is the state agency designated the responsibilities for rail planning activities; the only agency in the state which maintains a complete railroad tariff file; provides economic development planning (eg. Port of Montana-Butte & NETA-Shelby); conducts feasibility studies for rates, routes and modal mix. The operating expense shown above are for the six positions noted above. The majority of the salaries and operating expenses goes for the Rail program plus the Administrator's and Administrative Officers Salary. Without funds for salaries and operating the rail program would also cease to exist.

3.

12274 - McCarty Farms

A Biennial appropriation of \$180,000 was made at the beginning of the biennium which was reduced to \$165,483 after the first general fund cut. The \$89,721 is what remains after \$75,762 has been spent for expert witnesses for the case. This money may only be spent on the McCarty farms litigation and only for expert witnesses. The case is now out of the ICC and into the D.C. Circuit Court. McCarty is obviously a priority to the constituents.

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**DEPARTMENT OF MILITARY AFFAIRS**  
**GENERAL FUND**

DIVISION		93 GENERAL FUND BUDGET	SPECIAL SESSION	GOVERNOR'S PROPOSAL 30,893	
Percentage					
VET	25.4015	540,811	511,520	503,673	
DES	11.0865	236,037	223,253	219,828	
ADMIN	10.7587	229,058	216,652	213,328	
AIR	44.0106	186,134	176,053	173,352	
ARMY	8.7425	937,008	886,258	872,662	
TOTAL	100.00	2,129,048	2,013,736	1,982,843	

PROGRAMS ARMORIES = AVG 10,000 - Util. & Repair & Maint

Average Personal Service Costs \$27,590 (including benefits)

FTE

		TOT FTE	GF	GF/FED	FED
Personal Service = 52%					
Utilities = 19%					
Repair & Main = 18%					
Ins = 3.3%					
COM = 2.5%					
Travel = 2.4%					
Cemetery = 1%					
Audit Fee = .7%					
Misc = 1.1%					
TOTAL = 100%					
	VET	18.75	18.75		
	DES	22		13 50/50	9/100%
	ADMIN	4.5	4.5		
	AIR	37		7 75/25	30/100%
	ARMY	17.5	6.5	7 75/25	4
	TOTAL	99.75	29.75	27	43

EXHIBIT 4  
DATE 7-7-92  
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Gen. Gov. + Trans.

July 7, 1992

Representative Joe Quilici, Chairman  
Joint Appropriations Subcommittee on  
General Government  
Montana State Legislature  
State Capitol  
Helena, MT 59624

Dear Representative Quilici:

The majority of functions of the Montana State Auditor's Office are mandated by statute. This office is responsible for insurance and securities regulation, processing state payments and supervising the state payroll system.

The only activity of this office that is not directly mandated is the insurance information and assistance program provided to the citizens of Montana. This program allows all people in Montana to access toll-free information on insurance and resolution to their insurance problems. By having this function, the insurance companies are kept honest, due to the fact that the public has access to the State Commissioner of Insurance.

This program recovers millions of dollars in insurance payments for Montana people with legitimate complaints against insurance companies. In addition, many of our investigations result from calls from the public relating to insurance activities.

As mentioned to the subcommittee on July 6, the Montana State Auditor's Office has suffered from a reduction in force of 20% for half of fiscal year 1992. No other agency has faced this type of staff reduction. Over 90% of the cost of operating are fixed costs for this agency. This means that costs for personal services, state computer, mail and support services, communications and maintenance are the majority of my budget.

In order to prioritize a list of programs to be eliminated, we have to start with the Policyholder Services Division of the Insurance Department. I strongly feel that any elimination of programs will severely impact the ability of this office to protect Montana insurance and securities consumers.

Representative Joe Quilici, Chairman  
Page 2  
July 7, 1992

The following is a listing of departments and divisions within the State Auditor's Office as requested.

1. Department: Insurance  
Division: Policyholder Services/Compliance  
Function: Provide information and services to Montana insurance consumers. Receive 100 calls per day for help in basic insurance information, problems with payments, agents and companies and to report possible illegal activity. Also, provide investigation of illegal activity in the insurance business of Montana. Annually resolves problems resulting in 1 to 3 million payments to Montana consumers. Savings of general fund from elimination - \$385,500 and 11 FTE's of which 5 are currently vacant.
2. Department: State Payroll  
Division: Payroll, Personnel, Position Control System (P.P.P.)  
Functions: Provide detail and documentation of state employee payrolls. Provide budgetary information on all state employees. General fund cost savings - \$50,000 and eliminate 2 FTE's of which 1 is currently vacant.
3. Department: Fiscal Control & Management  
Division: All with the exception of Bad Debts  
Function: Provide payments of state bills. Process and record all warrants issued. This program will be converted from 90% general fund to less than 1/2 general fund in the next biennium. The Bad Debts program receives no general fund support.
4. Department: Securities  
Division: All  
Function: Register securities offerings and agents. Investigate complaints and concerns of consumers. Monitor the activity of the securities industry in Montana. Process and deposit receipts and fines to the general fund.

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Representative Joe Quilici, Chairman  
Page 3  
July 7, 1992

5. Department: Insurance  
Division: All with exception of Policyholder Services  
Function: License agents and companies. Examine companies for solvency and protection of Montana consumers. Process and deposit premium tax, general fund and pension fund deposits.
  
6. Department: State Payroll  
Division: All with the exception of P.P.P.  
Function: Provide biweekly payroll to state employees. Support services to agency payroll functions. One-half the funding for state payroll is general fund.

With best personal regards, I am

Very truly yours,

Andrea "Andy" Bennett  
State Auditor

AB/dsp

Office of Legislative Fiscal Analyst  
Budget Worksheet

DEPARTMENT OF JUSTICE		Executive Budget Proposal			Legislative Budget Action			Difference (Leg. - Exec.)		
Description	Pg	Fiscal 1993			Fiscal 1993			Fiscal 1993		
		General Fund	Other Funds	Total Funds	General Fund	Other Funds	Total Funds	General Fund	Other Funds	Total Funds
House Bill 2										
1 General Budget Reduction	00	(\$136,954)		(\$136,954)				136,954	No Change	136,954
<b>Totals</b>		(\$136,954)	\$0	(\$136,954)	\$0	\$0	\$0	\$136,954	\$0	\$136,954
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EXHIBIT 6-  
 DATE 7-7-92  
Special Session II  
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DEPARTMENT OF JUSTICE  
GENERAL FUNDED PROGRAMS

LEGAL SERVICES DIVISION		\$936,753
-Director's Office	\$176,544	
-Appellate Legal Services	509,144	
-County Prosecutors Services	151,065	
-Indian Legal Jurisdiction	100,000	
MOTOR VEHICLE DIVISION		\$5,783,662
-Division Operations	\$694,039	
-Field Operations Bureau	1,850,772	
-Records and Driver Control Bureau	983,223	
-Title and Registration Bureau	2,255,628	
LAW ENFORCEMENT SERVICES DIVISION		\$1,239,668
-Fire Prevention & Inspect. Bureau	\$392,511	
-Identification Bureau	340,628	
-Criminal Investigation Bureau	395,733	
-Drug Investigations - G.F. match	110,796	
COUNTY ATTORNEY PAYROLL		\$1,348,435
LAW ENFORCEMENT ACADEMY DIVISION		\$631,948
-Administration	\$181,413	
-Basic Programs	296,416	
-Legal Section	48,453	
-Professional Programs	105,666	
CENTRAL SERVICES DIVISION		\$179,582
DATA PROCESSING DIVISION		\$679,497
EXTRADITION & TRANSPORTATION OF PRISONERS		\$143,640
FORENSIC SCIENCE DIVISION		\$881,091

EXHIBIT 6  
DATE 7-7-92  
~~##~~ Special Session II  
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# Office of Legislative Fiscal Analyst Budget Worksheet

CRIME CONTROL DIVISION	Executive Budget Proposal			Legislative Budget Action			Difference (Leg. - Exec.)				
	Description	Pg	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Total Funds	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Total Funds	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Total Funds
<b>House Bill 2</b>											
1 General Budget Reduction	00	(\$22,676)			(\$22,676)				22,676	No Change	22,676
Totals		(\$22,676)	\$0		(\$22,676)	\$0	\$0	\$0	\$22,676	\$0	\$22,676
ehp											

EXHIBIT 1  
 DATE 7-2-92  
 Special Session II  
 Gen. Gov. + Trans.

STATE OF MONTANA  
**DEPARTMENT OF JUSTICE**  
BOARD OF CRIME CONTROL

Marc Racicot  
Attorney General



303 North Roberts  
Helena, MT 59620  
Tel. (406) 444-3604  
FAX (406) 444-4722

**MEMORANDUM**

EXHIBIT 8  
DATE 7-7-92  
~~RE~~ Special Session II  
Gen. Gov. + Trans.

TO: *Representative Joe Quilici, Chairman  
Joint Appropriations Subcommittee on General Government*

FROM: *Ed Hall* Ed

DATE: *July 7, 1992*

SUBJECT: *Priority program listing*

*In answer to the Subcommittee's request, I am providing you with a priority listing of functions within the Board of Crime Control that use general fund. In the listing I incorporate some description of any legal mandates and the potential impact of elimination or significant reduction. Given the very short time available to respond, this memo is my initial reaction and lacks an in depth analysis of all potential outcomes and effects. This priority listing assumes up to a "significant cut" as listed in the Executive Budget.*

*When I developed the priorities I wondered about my personal rationale for ranking one function over another. Some years ago Senator Gage reminded me that the chief function of government is to provide for the safety of its citizens. With that in mind I turned to a small book I have in my office for guidance, the Constitution of the State Of Montana. To help rank functions, I read the Declaration of Rights and figured those functions which deal most directly with citizen safety, individual dignity, detention, etc. must be of my lowest priority to eliminate or reduce. Hence, the following list is my attempt to rank considering those factors in a general philosophical sense.*

*Primary Option. Agency Management*

*If the Crime Control Division is required to undergo a "significant cut", my primary option would be to attempt to manage or absorb that reduction in general funding in agency management thus not eliminating any given function.*

*As noted in previous testimony, there is a limit on how great a cut can be managed within this function. Agency management, it should be remembered, also provides the administrative structure for all the non-general funded programs in operation by the Division including crime victim compensation, drug education, victim assistance, and special revenue for juvenile programs.*

*Without an administrative capability which includes the accounting of funds and other support services none of the functions listed below can exist or operate. The functions are established in Title 2 which creates the Board. Federal grantor agencies require there be an administrative agency accountable for program and financial management.*

*Failing the ability to manage a significant cut within agency management and necessitating "complete elimination" of functions the list below represents my initial response.*

*1. Montana Uniform Crime Reporting.*

*This program collects and disseminates crime reporting for the state. The program functions as the state repository for crime statistics and reports them to the FBI for national reporting of crime. The program is designed to provide local law enforcement with crime data for local crime analysis, planning and management information. Crime in Montana analyzes statewide data which is frequently sought by the Legislature and others. No strict legal mandate exists for uniform crime reporting, but participation in uniform crime reporting is expected by the FBI and other federal agencies. We need additional time to research any federal mandates on the program and any requirements tied to the acceptance of federal grant funds.*

*Uniform crime reporting provides one of the basics by which we are able to obtain other federal funds. That is, for example, to obtain the Anti-Drug Abuse Act funds of about \$2,000,000 we must analyze crime data which we base on uniform crime reporting. This program is the only measure the state has of crime statistics and our only measure of changes in crime patterns, trends, etc. We and others use the information as part of the decision making process regarding justice issues and programs.*

*I can not recommend total elimination of uniform crime reporting since I think it would be impossible to reconstruct the information later and it would be next to impossible to re-establish the collection mechanism which exists at the law enforcement agency level (city/county). It may be possible to decrease the scope of the collection effort until resources improve.*

*The function is entirely general funded.*

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## 2. Narcotics Control Planning.

*This function provides for the planning and administration of our largest federal grant (over \$2,000,000). There is significant labor required to administer the federal narcotics control grants. While no direct mandate for the program exists in Montana law, there is no doubt the federal agency would not award the block grant to Montana without administrative capability. As I noted earlier, the federal grantor has been seeking greater use of administrative funds by Montana in this area. This function deals with programs of undercover narcotic apprehension programs, DARE programs, treatment programs at the correctional institutions and in pre-release centers, etc.*

*Note that this function is not entirely general funded. The general fund in this function is match to the federal dollars at a 25% general fund and 75% federal fund ratio.*

## 3. Juvenile Justice Planning.

*This function provides for the planning and administration of the mandates of the Juvenile Justice and Delinquency Prevention Act. The program is charged with compliance to that Act as well as the implementation of the Montana juvenile detention plan as required in the Youth Court Act. The impact of the this program can effect the liberty interest of youth and the safety of the public. Without this function Montana would not be able to comply with the federal act nor with our own Youth Court Act.*

*The general funds in this functional area are match to federal funds at the ratio of 50/50.*

## 4. Peace Officer Standards and Training.

*This function provides for the standards of training that all peace officers, detention officers, dispatchers, and probation/parole officers must meet. Since law enforcement effects all in Montana whether citizen or visitor, it is of highest priority for retaining the function. It directly relates to the quality of law enforcement and all the related safety issues for the public. The function is required by Montana Codes in Title 44 and Title 7.*

*This function is entirely general funded.*

# Office of Legislative Fiscal Analyst Budget Worksheet

GOVERNOR'S OFFICE		Executive Budget Proposal			Legislative Budget Action			Difference (Leg. - Exec.)		
Description	Pg	General Fund	Fiscal 1993 Other Funds	Total Funds	General Fund	Fiscal 1993 Other Funds	Total Funds	General Fund	Fiscal 1993 Other Funds	Total Funds
<b>House Bill 2</b>										
1 Fire Suppression costs	04	\$5,000,000		\$5,000,000				(5,000,000)	No Change	(5,000,000)
<b>Totals</b>		\$5,000,000	\$0	\$5,000,000	\$0	\$0	\$0	(\$5,000,000)	\$0	(\$5,000,000)
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# Office of Legislative Fiscal Analyst Budget Worksheet

Secretary of State	Executive Budget Proposal			Legislative Budget Action			Difference (Leg. - Exec.)					
	Description	Pg	General Fund	Fiscal 1993 Other Funds	Total Funds	General Fund	Fiscal 1993 Other Funds	Total Funds	General Fund	Fiscal 1993 Other Funds	Total Funds	
<b>House Bill 2</b>												
1 General Budget Reduction	01		(\$34,401)		(\$34,401)		\$0	\$0	\$0	\$34,401	No Change	34,401
<b>Totals</b>			(\$34,401)	\$0	(\$34,401)	\$0	\$0	\$0	\$0	\$34,401		\$34,401
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EXHIBIT 10  
 DATE 7-7-92  
~~#~~ Special Session II  
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# SECRETARY OF STATE

STATE OF MONTANA

Mike Cooney



Doug Mitchell  
Chief Deputy

Montana State Capitol  
Helena, MT 59620

July 7, 1992

EXHIBIT 11

DATE 7-7-92

~~Special Session II~~  
*Gen. Gov. + Trans.*

## MEMORANDUM

TO: The Honorable Joe Quilici  
FROM: Doug Mitchell, Chief Deputy  
RE: Reply to LFA Memo of July 6, 1992

Pursuant to the request by the Subcommittee on General Government and Transportation, please find below a list of the programs operated by this agency. Prioritization of the programs is not appropriate since all programs are specifically mandated by state law. In each instance I have indicated the source of funding for each program.

Bureau: Business and Government Services Bureau  
Funding: General Fund

Programs: Filing and maintenance of Uniform Commercial Code and Federal Food Security Act financing statements.

Filing and maintenance of business filings. This includes corporations, limited partnerships, assumed business names and trademarks.

Bureau: Elections and Legislative Bureau  
Funding: General Fund

Programs: Maintenance of the Executive Record of the Governor and the official acts of the Legislature

Administration of elections. This includes candidate filing, ballot development, publication of the Voter Information Pamphlet, certification of ballot issues, and certification of election results.

Filing and maintenance of Notaries Public. Responsible for the filing of all notaries public and the certification of notaries.

Processing of extraditions, warrants, and apostilles.

Memorandum  
July 7, 1992  
Page Two

Bureau: Administrative Rules Bureau  
Funding: State Special

Programs: Publication of the Administrative Rules of Montana and  
the Montana Administrative Register.

Bureau: Records Management Bureau  
Funding: Proprietary

Programs: Storage and maintenance of state government records.  
Also provides significant policy advice to state  
agencies and administers the Records Committee.

The elimination of one or more of these programs will necessitate significant alteration of state law. In addition, some federal requirements exist in both the Business Services and Elections and Legislative Bureaus that must be considered should you decide to eliminate these functions from this agency.

Thank you for the opportunity to present this information to the Joint Subcommittee. As always, I remain committed to providing you with the information you require in order to make the hard decisions that face this session.

# Office of Legislative Fiscal Analyst Budget Worksheet

Judiciary	Executive Budget Proposal			Legislative Budget Action			Difference (Leg. - Exec.)			
	Pg	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Total Funds	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Total Funds	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Total Funds
<b>House Bill 2</b>										
1 General Budget Reduction	00	(\$323,077)		(\$323,077)				323,077	No Change	323,077
<b>Totals</b>		(\$323,077)	\$0	(\$323,077)	\$0	\$0	\$0	\$323,077	\$0	\$323,077
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EXHIBIT 12  
 DATE 7-7-92  
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THE SUPREME COURT OF MONTANA

J. A. TURNAGE  
CHIEF JUSTICE

JUSTICE BUILDING  
215 NORTH SANDERS  
HELENA, MONTANA 59620-3001  
TELEPHONE (406) 444-2621



July 7, 1992

EXHIBIT 13  
DATE 7-7-92  
Special Session  
Gen. Gov - + Tran

Representative Joseph Quilici, Chairman  
General Government and Transportation Subcommittee  
State Capitol  
Helena, Montana 59620

Dear Representative Quilici:

This is in response to your request FAXED to me this morning asking for "a prioritized listing of programs/functions" of the Judiciary.

As I said yesterday when asked to speak by the Subcommittee, we are not insensitive to the needs of reducing expenditures when and where we can. We have done so in the past to meet the reductions of the Regular Session in 1991 and the Special Session in January 1992. We are committed to managing as efficiently as we can a slim judicial budget for FY 1993 but we have no program or functions where "significant cuts or complete elimination" is possible.

I believe that it is also important in this process to remember that the Judiciary is not just an 'agency' or 'department' of the Executive Branch. It is a separate and equal tri-partite member of our form of government.

When we consider budgetary matters for the Judiciary we are all constrained by the Article II, section 16 of the Constitution which requires that

Courts of justice shall be open to every person, and speedy remedy afforded for every injury of person, property, or character...Right and justice shall be administered without sale, denial, or delay.

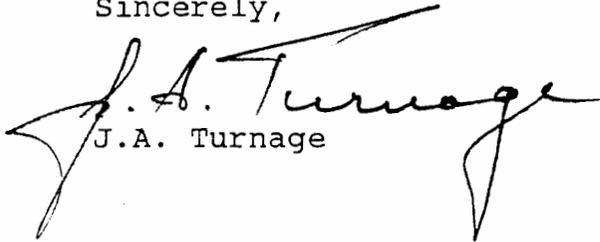
While the Judiciary is divided for budgeting purposes into various programs and functions, we do not believe it is possible to slice the functions into categories whereby we can recommend significant cuts or complete elimination of a program. The proper functioning of the Judicial System as a whole relies entirely on the health of each of its parts. Where reasonable cuts are imposed for FY 1993, they will have to be absorbed across-the-board in programs where the Court has discretion. As you know, this discretionary portion of our budget constitutes less than 25% of our entire budget.

We know that your subcommittee's task is not an easy one but we do

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not believe that there is any area in the Judiciary where "significant cuts or complete elimination" of a function is possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "J.A. Turnage". The signature is written in black ink and is positioned above the typed name.

J.A. Turnage

DEPARTMENT OF ADMINISTRATION

DIRECTOR'S OFFICE



STAN STEPHENS, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2032

HELENA, MONTANA 59620

TO: Chairman Joe Quilici and Members of the General Government and Highways Subcommittee

FROM: Bob Marks, *BM* Director

DATE: July 7, 1992

SUBJECT: Program Budget Information

Attached is a response to your request for a prioritized list of programs/functions for the Department of Administration.

The divisions which have wholly or partially general funded programs have prepared the information contained herein.

Since the Executive Budget is the official proposal for this department as well as other executive departments, any prioritization of programs is contained in that document.

We have attempted in an objective manner to describe our general funded programs, the reference to the appropriate statutes, the FTE levels, the potential savings which may accrue from program elimination, and the consequences of such actions.

We are available for further information or discussion with the subcommittee, individual members or subcommittee staff.

Attachment

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DEPARTMENT OF ADMINISTRATION

The purpose of the Department of Administration is to serve our constituents--be they employees, retirees, state agencies or the general public.

The Department can achieve its purpose only through the combined efforts of its employees. As public servants of the Department, it is the duty of each employee to reward the trust granted us by the citizens of the state of Montana. To achieve this end, we must individually seek to provide efficient, effective and friendly service to our constituents so that we can be personally proud of our efforts. Additionally, we must undertake our control functions in the same manner.

DIRECTOR'S OFFICE

Administrative Unit

Budget FY 1993: \$205,000  
FTE: 4  
Authorization: Statute 2-15-1001, MCA

The administrative unit is responsible for overall supervision and coordination of eight divisions and five administratively-attached boards and agencies.

Legal Unit

Budget FY 1993: \$ 33,000  
FTE: 1.5

The legal unit provides legal support to the eight divisions in the department. Typical workload includes litigation defense, contracts, and legal opinions. The unit is currently involved in two major projects--defending the state in Fair Labor Standards Act litigation and defending the state regarding a statutory assessment levied by the Social Security Administration.

ACCOUNTING DIVISION

It is the mission of the Accounting and Management Support Division to provide our 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. It is also the division's goal to undertake its control responsibilities, in the above noted areas, in the same manner.

Following are descriptions of the responsibilities of each unit of the Accounting & Management Support Division, the related FY 1993 FTE and budget levels and the consequences of eliminating these programs.

Management Support Bureau

Financial Services Unit

Budget FY 1993:	\$186,570
FTE:	4.75

The Financial Services Unit provides the following services: 1) 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; 2) monitor, analyze and report each division's budget and financial status; 3) act as liaison with the OBPP, Legislative Fiscal Analyst and Legislative Auditor regarding budgetary and financial issues and operating policies relating to the Department; 4) provide technical accounting and budgeting advice within the Department; 5) provide accounting services for the Department's general fund divisions; 6) maintain Volume One of the Montana Operations Manual (MOM) which contains administrative operating policies and procedures applicable to State agencies; and 7) monitor, record and pay general obligation bond indebtedness for the State of Montana.

Elimination of this unit would necessitate the addition of staff in other Divisions of the Department to provide similar services. In particular it would be necessary to add staff to the General Fund Divisions to provide accounting and budgeting support. Further, it would be necessary to add staff to the Director's Office to provide budget coordination for the Department, maintain Volume One of the MOM and provide the additional clerical support required.

Treasury Unit

Budget FY 1993:	\$130,767
FTE:	4

The Treasury Unit provides the following services: 1) receive and account for all money deposited by State agencies; 2) ensure the accountability of all securities held by the State; 3) reconcile all bank accounts to the State's general accounting records (SBAS); 4) ensure the timely transfer of the State's funds to the central bank clearing account to maximum investment earnings; and 5) ensure that all state bank accounts have adequate collateral for the safekeeping of the State's assets.

The responsibilities of the Department for the State Treasury function are primarily prescribed in Sections 17-1-111 and 17-6-105, MCA. The duties performed by the Treasury Unit, as required by statute, are necessary to maintain fiscal accountability for all State deposits and securities. Such duties do not lend themselves to delegation to other state agencies or contracting to the private sector.

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Data Processing Unit

Budget FY 1993: \$55,000  
FTE: 2

The Data Processing Unit provides the following services: 1) assist divisions within the Department with establishing and implementing office automation plans that meet their needs as well as promote the compatibility of systems in the Department; 2) order and install computer equipment and software that meets current and long-term needs of the divisions; 3) provide daily operational support for the seven local area networks located within the Department which involves the location, diagnosing and correction of operational errors; and 4) assist employees within the Department with the development of computer software applications and resolving related problems.

This unit supports 5 local area networks (LANS) within the Department, servicing 150 users. Elimination of this unit would require either contracting for support of our LANS and microcomputer support needs or the elimination of the utilization of these tools. Contracting for support would undoubtedly cost more and provide slower service. Elimination of the utilization of our microcomputer tools would result in the need to add staff due to a loss of efficiency, or the need to reduce services provided.

Personnel Unit

Budget FY 1993: \$60,000  
FTE: 2.5

The Personnel Unit provides service in the following areas: 1) recruitment and selection; 2) equal employment opportunities; 3) collective bargaining; 4) grievance resolution; 5) classification; 6) salary and benefit administration; 7) training and staff development; 8) preparation and processing of the Department's bi-weekly payroll; and 9) maintenance of the Payroll/Personnel/Position Control System for the Department. It is also the unit's goal to undertake its control responsibilities, in the above noted areas, in the same manner.

The personnel management functions are necessary to comply with state and federal rules and regulations. The payroll processing function could be delegated to the Divisions. This would necessitate the addition of staff in those Divisions. There would be a loss of central control over payroll processing which would result in a greater likelihood of instances of noncompliance with State pay and leave policies within the Department.

Accounting Bureau

Budget FY 1993: \$539,112  
FTE: 9

## Accounting Principles/Financial Reporting Section (APFRS)

The Accounting Principles/Financial Reporting Section provides the following services: 1) the development of State accounting policies and procedures in accordance with generally accepted accounting principles; 2) the preparation and publication of the Statewide Comprehensive Annual Financial Report; and 3) accounting and financial reporting technical education and assistance to agency personnel.

### SBAS Support Unit (SSU)

The SBAS Support Unit of the Accounting Bureau provides the following services: 1) development, maintenance and control of the State's financial accounting and reporting systems including the Statewide Budgeting and Accounting System (SBAS), the Property Accountability Management System (PAMS) and the internal Financial Reporting System; 2) accounting and computer technical education and assistance as it relates to these systems including the use of Online Entry & Edit (OEE); and 3) assistance to ensure that each agency properly utilizes both SBAS and PAMS.

The general responsibilities of the Accounting Bureau are prescribed in Section 17-1-102, MCA. This statute requires that the Department of Administration prescribe and install uniform accounting and reporting for all state agencies and institutions. Other more specific statutory responsibilities for state accounting and financial reporting are prescribed in Title 17, Chapter 2.

Delegation to agencies or contracting for these services would not be cost effective or promote the continued integrity of the state's accounting system. The lack of integrity in the state accounting system would adversely affect the state's budgeting process and ability to maintain a favorable bond rating, meet federal administrative requirements and provide the public with accurate and timely financial information.

### Administrative Unit

Budget FY 1993:	\$63,175
FTE:	1

The Administrative Unit (Division Administrator) coordinates, supervises and supports the activities of the Accounting and Management Support Division and provides the following statewide services: 1) coordinate the preparation (through a contractor), negotiation and distribution of the Statewide Cost Allocation Plan (SWCAP); and 2) monitor the General Fund cash flows for the purpose of determining if short-term borrowing is necessary to maintain an adequate balance.

In addition to the administrative duties of this unit, the unit also ensures that statutory responsibilities of the Department of Administration are met.

Preparation of the SWCAP is mandated by Section 17-3-110, MCA. The implementation of this plan facilitates the recovery of federal reimbursement of state costs associated with federal programs. The State General Fund receives approximately \$300,000 per year through this plan.

Section 17-1-201, MCA, provides that the state may issue notes in anticipation of revenue with the approval of the Board of Examiners and upon the recommendation of the Department of Administration. The Department's Administrative Unit is responsible for monitoring the General Fund cash position and recommending if and when the issuance of notes is necessary to meet cash flow needs.

### GENERAL SERVICES DIVISION

The General Services Division is a multifaceted organization which provides for the facility needs of state government, and the delivery of the state's mail.

The mission of the General Services Division is to provide quality services in a timely and professional manner utilizing solution oriented approaches. A friendly and knowledgeable staff will deliver these services efficiently, and cost effectively, while holding to the highest standards of safety and quality control. Service reductions in GSD would result in savings to the General Fund for the 1993 Biennium because 12% of this program is supplied by General Fund to support the common areas in the Capitol Complex.

#### Facilities Management

Budget FY 1993:	\$4,581
FTE:	1

The Facilities Manager promotes and manages the efficient use of state-owned and leased office space throughout Montana as required by Section 2-17-101, MCA.

Elimination of this 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 18 months ago. In that time, we have realized \$621,058 in negotiated savings, for a reduction in lease costs of 7%.

The intangible benefits of the program that will be eliminated are as important as the dollar savings:

- \* Standardized lease format and provisions;

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- \* Co-location efforts have saved thousands of dollars in communications costs for relocating;
- \* Enforcement of ADA standards avoids future liabilities
- \* Elimination of potential conflicts of interest;
- \* Decreased leased space through program evaluation and space analysis prior to lease approval.

**Contract Enforcement Bureau**

Budget FY 1993:       \$4,633  
 FTE:                    1

The Contract Enforcement Officer's mission is to ensure adherence to written specifications in contracts that are awarded for facility services in the Capitol area. The vast majority of maintenance services for the Capitol Complex are delivered through contracts for service (mechanical maintenance, janitorial, security, pest control, and elevator maintenance).

Elimination of this program would necessitate a transfer of specification development to Purchasing which does not have technical expertise in this area. Contract enforcement efforts would be eliminated and service levels would decline. Expensive repairs could result from lack of contract compliance. Additionally, public safety would be jeopardized if contract performance does not meet specifications.

**Facilities Maintenance Bureau**

Budget FY 1993:       \$231,755  
 FTE:                    14

The staff of the Facilities Maintenance Bureau provides continuous buildings and grounds maintenance and performs various remodeling projects in Capitol Complex buildings.

Elimination of this program would result in agencies being responsible for maintenance in the buildings they occupy. In some cases, Central Service Divisions would need to be expanded. Supply and materials appropriations would need to be made to agency budgets, and purchases would no longer be centralized to benefit from volume discounts. Coordinated and prioritized building maintenance would not exist.

Remodeling and construction services would be contracted to the private sector at increased expense for overhead and profit. Quality and responsiveness could be expected to decline as department oversight is eliminated.

**Capitol Building Fund**

Budget FY 1993:       \$25,000  
 FTE:                    0

Approximately \$25,000 remains in the appropriation for improvements to the Capitol Complex. This is the only appropriation set aside specifically for this purpose. These funds have been earmarked for the construction of a handicap ramp which has been designed and is ready to be let for bid. Elimination of this appropriation will cancel this project which is needed for the state to comply with the requirements of the federal "Americans With Disabilities Act" (ADA).

### INFORMATION SERVICES DIVISION

Information Services Division's mission is twofold: 1) **Provide Services** -- to assist state agencies in accomplishing their functions through the cost effective use of information systems technologies including data processing, telecommunications, office automation and application systems design and development. 2) **Establish Policies and Strategic Direction** -- in order to properly posture state government for the appropriate use of changing information services technologies in the future.

#### Montana Educational Telecommunications Network (METNET)

Budget FY 1993: \$300,000 and \$150,000 other match  
FTE: 0  
Authorization: Montana Session Laws of 1991, Chapter 622, Section 7.

A. Two- Way Video: \$145,000 for the expansion of the compressed two-way video network into Miles City and Havre (potentially Kalispell).

B. METNET Grants: \$100,000 for the continued deployment of METNET receive sites throughout K-12 schools in the state.

C. Curriculum Development: \$80,000 for training of instructors on the use of telecommunications distance learning technologies.

D. NTIA Grant-UM: \$100,000 of participation in the University of Montana/Montana State University joint project to connect the units with a high-speed link to deliver the KUSM PBS signal from Bozeman to Missoula. The signal then would have programming inserts done in Missoula and be rebroadcast into Western Montana, thus creating a statewide PBS station. The high-speed link would carry instruction from Missoula back to Bozeman to the KU-band uplink, and would serve as a potential pipeline for METNET Two-Way Video uses.

E. METNET BBS System: <sup>Bulletin Board System</sup> \$25,000 for expansion and improvement of the METNET BBS used by K-12 and the university units for teacher communications and sharing of curriculum information.

Generally, eliminating the program in FY93 would slow down the expansion of a program many believe will save money for the state through the use of technology. Travel elimination, and teaching of courses in distant cities through telecommunications versus travel time, are examples. Further, the prime purposes for METNET, the deployment of distance learning tools to effect an improvement in educational opportunities would be hindered. Also, eliminating the General Fund portion would also eliminate the match. Specifically:

A. The Two-Way Video network development would not expand into more rural Montana. FY92 monies acquired sites in Helena and Bozeman, and the University of Montana acquired the same equipment in Missoula and Billings. The current deployment has been to major "origination points". Receive locations will be where FY93 through FY96 emphasis is placed. The Miles City location, notably, will provide METNET with a connection into an existing two-way system which connects with Glendive and Sydney, and Terry, Baker, Plevna and Ekalaka. The Havre site had been schedule to assist in training BN employees who chose to not leave the area when BN eliminated 190 positions in May.

B. \$297,000 of METNET grants for satellite receive equipment did not get filled in FY92 because of funding limits. Coupled with local match monies, this activity represents an area of continued interest and excitement in the rural K-12 districts to bring in new programming, and to receive instruction over satellite that otherwise is unavailable.

C. The area potentially most in need of development is the training of the teachers in education in the use of these technologies to take advantage of the capabilities. The potential for this program can only be met with an educated population of instructors whose maximize its utilization. These training dollars are devoted to this objective.

D. The NTIA Grant (National Telecommunications and Information Agency, within the U.S. Department of Commerce) was submitted in January of this year with a commitment by METNET officials for the program to participate in the development of the high-speed link between the two units. This strategically can provide Montana with a new resource to use for educational purposes, and programmatically provide METNET with telecommunications capabilities substantially through federal funding.

E. The METNET BBS is currently managing approximately 15,000 transactions per day. This is an exceptional indicator of the success of the program in just it's first year and a half of operation. The budgeted amount is for enhancements to the program during FY93 which will improve the systems capability

to keep up with the demands being placed on it by teachers throughout the state.

### STATE PERSONNEL DIVISION

The purpose of the State Personnel Division is to provide leadership and guidance that will enable the most productive and equitable use of the state's human resources. In FY85 the general funded Personnel Program had 30.5 FTE. For FY92 the Program had 27 FTE. For FY93 the Personnel Program has 25.45 FTE. In addition to the general funded Personnel Program, the Division operates proprietary funded Training and Group Benefits programs. The Group Benefits program includes a general fund appropriation and .55 FTE for certain employee programs. Total general fund for FY93 is \$930,034. All the general funded programs are listed below.

#### Administrative Support Staff Unit

Budget FY 1993: \$155,865  
FTE: 3.95 (Unit consists of 5.5 FTE; costs are prorated to all programs. Proprietary programs pick up the difference.)

This Unit provides basic clerical, word processing, accounting, reception and administrative functions for the entire division. This includes: all word processing, including labels, mail outs, technical assistance with PC, legal documents, and serve as backup for receptionist and other support staff; all legal assistance to the division, including reviewing and representing division in legal disputes, policy, benefit materials, union contracts, classification decisions, FLSA, etc.; general clerical support, switchboard, directing walk in traffic (answers basic questions gives directions) opening and distributing mail and logging of all cash or checks received by the division and distributing to proper bureau; accounting support for SBAS, budget, accounts payable & receivables; overall management and legislative liaison.

#### Employee Relations Program

Budget FY 1993: \$235,827  
FTE: 6.50  
Authorization: Statutes: 2-18-102, MCA, general policy development; 2-18-604, leave administration; MCA, 30-29-112, MCA and 39-30-106, MCA, veteran's and handicapped employment preference.)

#### Personnel Services Section:

The Employee Relations Program develops and operates personnel systems, policies, guides, training and assistance to state agencies to insure legal employment practices and promote effective employee performance. Activities include:

Personnel Policy Development:

Develops administrative rules for personnel in order to comply with state and federal laws. Assists/advises state and local government on implementation of personnel rules and practice; participates in specific agency personnel-related activities, such as problem identification/solving, selection, investigation of complaints; provides guides/training on personnel issues. Assists/advises state agencies on the administration of federal personnel laws, including Fair Labor Standards Act, Americans With Disabilities Act, equal employment opportunity laws (state and federal).

Program administration:

Operates the following personnel programs: State Employee Combined Campaign; Employee Recognition Day; Reduction in force registry (ARM 2.21.5009); Equal employment opportunity/affirmative action program (EO 24-81); Disabled employment program, including Americans With Disabilities Act implementation in Department of Administration and statewide for employment issues; Publications, including State Employee Handbook and bi-monthly personnel newsletter for managers.

Systems Development:

Supports personnel functions of the automated Payroll/Position Control/Personnel (P/P/P) system; compiles statistical workforce profiles and management information on leave balances, pay projections, etc.

Position Classification Program

Budget FY 1993: \$325,900

FTE: 10.5

Authorization:

- 2-18-202. Guidelines for classification
- 2-18-203. Review of positions - change in classification
- 2-18-204. Determination of number and classes of employees in each agency
- 2-18-205 Department authorization for change in classes of positions
- 2-18-207 Department authorization for increase of salary or wage of class
- 2-18-208. Comparable worth
- 2-18-1011 Classification or compensation grievance

The Classification program operates and maintains the statewide position classification system. The system covers approximately 12,500 positions in the executive branch and university system and is the basis for the pay plan for most state employees. Activities include:

Standards and Methods:

Develop and maintain classification methods; apply the methods to establish classes and identify and document the standards for each class in the statewide classification plan (about 1100).

Agency Liaison:

Reviews individual positions to establish or change the classification of positions in response to agency requests (about 3000 annually); provide training and oversight to agencies who have delegated classification authority.

Employee Appeals:

Investigate and respond to employee classification appeals; present appeal cases before the Board of Personnel Appeals.

Position Records and Position Control:

Maintains a file on each position in the classification system that contains the reason for classification and position control information.

Labor Relations and Pay Administration Program

Budget FY 1993: \$193,803  
FTE: 4.5  
Authorization:

39-31-100, Collective Bargaining for Public Employees ("...it is the policy of the state of Montana to encourage the practice and procedure of collective bargaining to arrive at friendly adjustment of all disputes between public employers and their employees...")

2-18-301 through 315, Compensation Determination for State Employees

The Labor Relations and pay administration program handles collective bargaining and pay administration for the executive branch. 52% of executive branch employees are in 77 different collective bargaining units. Labor relations staff staff negotiate agreements, assist agency management in contract administration, and represent agency management in grievance arbitrations and other administrative proceedings. The bureau's pay function includes administration of the state's pay plan exception program, publication of pay plan rules and various pay reports including biennial salary survey, and coordination of pay activities with other bureaus and personnel.

Employee Benefits Program

Budget FY 1993: \$18,639  
FTE: .55  
Authorization: Statutes: 2-18-1101 thru 2-18-1106  
2-18-618

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Incentive awards program is promoted and operated to encourage, recognize and reward employees for ideas that reduce state costs or provide more effective state services. Sick leave fund and grant program is a program to pool and transfer sick leave credits from employees to provide sick leave benefits to other employees who suffer extended illness and exhaust their individual sick leave credits.

### 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 end we must strive for consistent and fair application of applicable federal and state laws.

#### Purchasing Bureau

Budget FY 1993:	\$436,259
FTE:	12.33
Authorization:	Statute 18-4-221 MCA: Authority for the Department of Administration to procure or supervise the procurement of all supplies and services needed by the state.
	Statute 18-1-101 through 18-1-414 MCA: Public Contracts Statutes.
	Statute: 18-4-121 through 18-5-502 MCA: The Montana Procurement Act and Special Purchasing Conditions Statutes provide the procurement procedures for state government.

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 can be accomplished by increasing public confidence in state purchasing and insuring fair and equitable treatment of all persons who deal with the State purchasing system by having clearly written policies and procedures; by maximizing the purchasing value of public funds by analyzing and appropriately purchasing commodities; by fostering effective broad-based competition within the free enterprise system by maintaining and promoting an accurate vendors

list and by utilizing modern, consistent well understood procurement methods.

This includes having personnel highly trained in all aspects of public purchasing; preparing written analyses of certain commodities to determine the best possible purchasing methods; and writing or maintaining standard up to date specifications.

The Purchasing Bureau procures approximately \$48,000,000 in goods and services for state agencies. The Legislative Auditors reported in their May 1992 Limited Scope Performance Audit that the Bureau saved the state approximately \$5,000,000 over agency estimated costs for fiscal year 1991. This is consistent with our savings figures over the last four years.

Purchasing is an everyday activity we all do for ourselves and is a function of the state that is essential to the operation of government. Purchasing is buying and seen through our personal lives is pretty up front and simple. But government purchasing or "procurement" is quite different and more complex than the type of buying we do for ourselves. Procurement involves all the procedures for obtaining goods or services, including all activities such as preparing specifications, evaluating bids or proposals, making awards and resolving vendor and agency problems that may arise. Procurement involves the fundamentals of public contracting such as competition, impartiality, conservation of funds, and openness. We ensure that public business is offered for competition; the bidders are treated alike without favoritism; and that our process and documents can pass public scrutiny. In order to ensure we do this, our purchasing agents must follow statutory law, operating rules and regulations, court decisions and recommended practices designed by management memos and industry practice.

Currently the state's procurement is handled through a combination of centralization and delegation. All agencies are delegated minimum purchasing authority up to \$2,000. Agencies with a minimum delegation have limited staff and operate within guidelines established for them by the Purchasing Bureau. This delegation is appropriate because these purchases are not sealed bid situations and only require minimal documentation. Delegation also allows the Purchasing Bureau to concentrate on the larger dollar items to ensure we procure them in the proper manner. \$2,000 is also the threshold where the competitive sealed bid process starts. Agencies with larger delegated limits have demonstrated to the Purchasing Bureau that they have adequate staffing to handle competitive sealed bids and sufficient training to ensure purchases are handled properly. These agencies usually are large, have specific knowledge needed for their purchasing and/or are located in other communities. The concept of delegation in these cases has validity, but only when directed by central policy, adequate training and authoritative monitoring.

Central purchasing advantages include:

--the procurement of materials to achieve the lowest cost possible through volume buying consistent with the quality and service required. A larger volume creates additional interest, more competition and better discounts. This is achieved through competitive sealed bidding, term contracts and time schedule buying.

--providing for unification of policy and adherence to the principles of public contracting.

--accounting for the majority of state purchases in one office and consistency in documentation. This allows us to maintain centralized statistics on state purchasing.

--providing the central contact for all vendors interested in providing goods and services to the state and eliminates confusion on the part of vendors as to who is responsible for state purchasing. We also maintain the central bidders list. Vendors only have to apply to one agency to be considered for state procurement and to qualify for state bidder preferences. We ensure these preferences are consistently applied and that adequate documentation is on record to qualify.

--allowing the state to better control purchases to ensure we are treating all vendors fairly and equitably. Centralization allows us to monitor our procedures to ensure our process is conducted totally above board to eliminate any possibility or appearance of improper business relationships.

--providing for cooperative purchasing capabilities to Montana cities and counties indirectly on certain term contracts.

--developing professional buyers for a variety of commodities resulting in appropriate specifications and consistency in the way the state procures products and services.

--minimizing purchasing duplication throughout state government. Central purchasing is not a duplication of purchasing functions in most agencies. Most agencies are delegated purchasing authority for small purchases not requiring sealed bids. Central purchasing only handles purchases that require competitive sealed bids. Centralization allows the state to minimize the number of FTE that must have expertise in the competitive sealed bid process.

The latest survey reveals that all but one state has centralized purchasing. Mississippi is the exception, and its Department of General Services supervises the state's procurement. In many states, as in ours, the central purchasing office does not handle all purchases or contracts for all state departments. Exemption

or delegation is frequently granted to the legislative and judicial branches, universities and highways.

Ultimately, centralization becomes a matter of degree. There are some duties which should be centralized. Some of these are:

- formulation of policy, rules and regulations (i.e. preferences).
- development of product standards and specifications.
- preparing formats, contractual terms and conditions under which bids or offers are solicited.
- administering large volume purchases and major contracts such as term contracts and requisition time schedule items described below.
- prescribing standard forms to be used and standard procedures to be followed.
- providing a central data system on state purchasing.
- mediating protests and disputes between using agencies, bidders and contractors.
- enforcing the contracts.
- preparing reports for management and the legislature.
- maintaining the state central bid list.

Volume purchasing is one of the major advantages of Central Purchasing because the volume purchased provides a substantial discount for the state. We provide bulk purchasing for state agencies through our Requisition Time Schedule purchases. Scheduled buying is a definite quantity type of contract where needs of certain items are aggregated for multiple agencies and purchased in bulk. The purchasing intervals are determined by agency consumption patterns and seasonal market factors. Different commodities are purchased quarterly or semi-annually or annually. Items which are required on a seasonal basis or have a predictable usage pattern are more suited to definite quantity scheduled buying.

Term contracting is a purchasing technique that establishes a source or sources of supply for deliveries to be made over a period of time. They are usually for an indefinite quantity for a definite period. Commodities which are typically required throughout the year and used widely among all agencies usually lend themselves to state term contracts. The state currently maintains approximately 50 term contracts for use by all state agencies.

**Term Contracts:**

- provide substantial discounts.
- reduce administrative costs by avoiding the highly repetitive activities involved in preparing and issuing IFB's on the same or similar items and evaluating responses.
- can handle larger volumes of purchases with fewer personnel.
- reduce the paperwork in getting large quantities purchased.
- are an advantage to cities and counties as many are offered the same price as the state TC.

Decentralization of procurement causes problems as indicated:

a) Vendor Considerations.

Currently we have approximately 7,500 vendors on the central bidders list. We provide a one stop location and one application process for vendors to register to do business with the state. Decentralization would require vendors to contact every state agency to get on their bid list and apply an equal number of times to qualify for state preferences. However some vendors may welcome decentralization because they more easily can take advantage of the situation. But other vendors will not like decentralization because they will lose the opportunity to bid in most instances, especially on volume purchases.

b) Substantial reduction in volume buying.

Agencies would be volume buying in smaller amounts which would reduce the discount and require vendors to prepare multiple bids to separate agencies for the same product.

c) FTE increases and upgrades.

Currently purchasing in most agencies is handled as an additional duty at the grade 9 or 10 level. If decentralization occurs agencies will have to add and upgrade employees to handle the increased responsibilities of the competitive sealed bid process.

d) Increased Litigation.

As purchasing is delegated farther and farther down the line, the state will no longer be handling procurement on a consistent basis as agencies will be skipping steps for expediency sake. We believe our legal problems will substantially increase because vendors are not going to sit back and watch their chances at state contracts disappear.

e) No Centralized Purchasing Data.

Decentralization would eliminate our central data basis for state purchasing. The state will no longer be able to do analyses on what we are buying and reviewing data to determine whether we should change our buying methods by eliminating TC's and creating others.

f) Small Agencies Hurt.

Small agencies benefit from volume purchasing because they can not achieve volume discounts on amounts they purchase. Also the responsibility of competitive sealed bidding may require upgrades or new FTE which will have a greater impact on their budgets.

STATE TAX APPEAL BOARD

Budget FY 1993:       \$389,464  
FTE:                    10.5  
Authorization:        Statute 15-2-101-310, MCA  
                          15-15-101-104, MCA

The mission of the State Tax Appeal Board is the timely resolution of tax appeals concerning real and personal property, income, corporate, natural resources, centrally assessed property and new industry taxes. Toward that end, the State Tax Appeal Board has consistently sought to maintain conscientious and thorough methods of review in the face of tremendous appeal loads.

The State Tax Appeal Board is the final step for taxpayers in the administrative appeals process for timely resolution of grievances that arise from all state and local assessments. The 1972 Montana Constitutional mandate of Article VIII Sec. 7 for taxpayer appeal procedures at the local and state level necessitates the structure found in the STAB program organization. That structure created by statute is a two-tiered, independent review system that has worked to successfully reduce the number of taxpayer grievances that eventually end up in the courts.

This system provides a cost effective alternative to the taxpayer and the state as well. The taxpayer need not hire counsel, most appear pro se, and the local DOR appraiser represents the state, rather than DOR legal counsel. The STAB travels to the local area to hold the hearings on the appeals that come on to it, saving travel costs for both the taxpayer and the DOR.

Elimination of a part of the system, fails the other, and the state as well. Failure to hear a timely filed appeal at the county level triggers an automatic win for the taxpayer in accordance with 15-15-103(2), MCA. An improperly or partially functioning STAB could create losses in revenues to local governments since it must be remembered that under 15-15-104, MCA, "Any person or the department of revenue in behalf of the state or any municipal corporation aggrieved by the action of any county tax appeal board may appeal to the state board under 15-2-301."

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# Office of Legislative Fiscal Analyst Budget Worksheet

Legislative Fiscal Analyst	Executive Budget Proposal			Legislative Budget Action			Difference (Leg. - Exec.)				
	Description	Pg	General Fund	Fiscal 1993 Other Funds	Total Funds	General Fund	Fiscal 1993 Other Funds	Total Funds	General Fund	Fiscal 1993 Other Funds	Total Funds
<b>House Bill 2</b>											
1 General Budget Reduction	00		(\$23,733)		(\$23,733)				23,733	No Change	23,733
<b>Totals</b>			(\$23,733)	\$0	(\$23,733)	\$0	\$0	\$0	\$23,733	\$0	\$23,733
ebp											

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