MINUTES

MONTANA HOUSE OF REPRESENTATIVES
56th LEGISLATURE - REGULAR SESSION

JOINT APPROP SUBCOMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION

Call to Order: By **CHAIRMAN LILA TAYLOR**, on January 7, 1999 at
8:00 A.M., in Room 402 Capitol.

ROLL CALL

Members Present:
Rep. Lila Taylor, Chairman (R)
Sen. Mike Taylor, Vice Chairman (R)
Sen. Eve Franklin (D)
Sen. Ken Mesaros (R)
Rep. Ray Peck (D)
Rep. Joe Quilici (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lynn Daily, Committee Secretary
Jim Turner, Legislative Fiscal Division

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

Committee Business Summary:

Testimony for the Department of Administration Budget

{Tape : 1; Side : A; Approx. Time Counter : 0 - 49.1}

Lois Menzies, Department of Administration, discusses the budget
for the Department of Administration.

EXHIBIT(jgh04a01): Budget presentation
- see attachments

EXHIBIT(jgh04a02): Hearing schedule for Department of
Administration

{Tape : 1; Side : A; Approx. Time Counter : 49.1 – 60.1}
{Tape : 1; Side : B; Approx. Time Counter : 0 – 60.5}
{Tape : 2; Side : A; Approx. Time Counter : 0 – 25.8}

Tony Herbert, Human Services Division, discusses the Information
Services Division and budget.

EXHIBIT(jgh04a03): Budget Presentation 2001 Biennium –
Information   Services Division
        - see attachments

EXHIBIT(jgh04a04): State of Montana 1999-2000 Information
Technology Plan

EXHIBIT 1 *Attachments*
    Notes from Meeting

Original form taken from exhibit in bold

Benefits of Centralized Services (Page 2)
        – **Promotes uniformity**
            - Recruitment policies of personnel are uniform across
               the state

Department Structure (Page 3)
     12 Work units

Department Services (Page 3)
        – **Warrant writing & debt collection**
            - check writing
        – **Mail processing & delivery**
            - U.S. mail and interagency mail
        – **Information technology services**
            - Voice, data, and video

Department Services cont (Page 4)
        – **Collective bargaining negotiation**
            - 60% of staff are union members
        – **Tort defense**
                - when an agency is sued for an alleged wrongful
                    action, they provide legal services

Expenditures by Division FY98 (Page 5)
        - $55 Million total

Expenditures by Fund Source FY98 (Page 6)
- 92% of Proprietary funds are driven by the rates that are charged
- Operate by carefully listening to customers

There are three outside controls
1. Outside market
2. Federal Government
3. Customers

Selected DofA Governing Groups (Page 7)
- provide feedback

Privatization (Page 7)
   Good mix of public and private services
      - Building maintenance
         - most contracted out
         - small group of state employees who act rapidly
      - Printing
         - 75% contracted out
            - do not do publications

      -MT PRRIME
         - $16.5 Million was awarded during 1997 session
            - used to replace management systems
            - purchased new software package
            - worked together with Anderson Consulting

Outstanding Examples (Page 8)
   Legal dense for tort claims
      - many form private sector
   Architectural engineering services
      - bulk through private sector

General Fund New Proposals FY00-01 (Page 8)
   Gov. Elect Program - $50,000
      - assists new governor with status costs
   Acct. Bureau Adjustment - ($187,545-FY00 and $220,645-FY01)
      - moving into MT PRRIME budget
   MT PRRIME - ($553,350-FY00 and $581,018-FY01)
      - used for software maintenance

General Fund Proposals Withdrawn - FY00-01 (Page 9)
   - Two areas where they will not need money because they will do so through a bond
      - Will move people from the capitol building to the Federal Building
      - Will move Governor to USF&G Building

- Have discovered an omission in the budget and would like to shift these funds to ISD department - will discuss at a later time

Proprietary Funds (HB 576) (Page 9)
- Focus on rates
- 92% of budget driven by rates

1997 Rate Approval (Page 10)
Three types:
- **Rate per unit of usage (Square foot; hour)**
- rent, computer programming
- **Defined reserve balance (60 day working capital)**
- central stores
- many products with individual rates

Progress Report (FY98-99) (Page 11)
Capitol restoration
- exterior, roof repair, clean and repaired stones, windows replaced
Human Resources Competency Project
- currently based on job content
- would like to look at person

Major Initiatives (Page 11)
MT PRRIME operations (HB 2)
- will be staffed up
- used for asset manual module, budget module
- in July will complete implementation of financial module

Questions From Committee Members and Responses:

REP. QUILICI asked if all agencies are looking at employees the same and are there upgrades and downgrades. **Lois Menzies, Department of Administration,** states that they have chosen a pilot group to test. Want to allow an extension in the pilot projects, the money will come from the operating facility.

SEN. TAYLOR would like a rate turnover.. **John McEwen, Department of Administration,** says that the turnover rate differs, however statewide it is approximately 9-10% every year with the highest being in the clerical support.

EXHIBIT 3 *Attachments*
  Notes from Meeting

PART I
ISD Organizational Chart FYE 98 (Page 2)
- 153 people

SummitNet (Page 4)
State data communication network

Voice Network (Page 4)
leased from the private sector

METNET Video Network (Page 5)
goes to 13 communities

9-1-1 Services Aves in MT (Page 5)
All communities in Montana have 911 capabilities

PART II
What is Information Technology? (Page 2)
Software
most complicated
–**Desktop Software**
- Microsoft Word
–Local Area Network
- manage software

What is Information Technology? (Page 3)
Public Safety
- **Public safety radio**
- police and fire radios

Long Distance Network Growth (Page 7)
starting to level off

Government Applications (Page 16)
DPHHS - Department of Health and Human Services
- Will be able to get birth certificates off of the Internet

PART III
Year 2000 Compliance Target vs Actual (Page 9)
- Categorized as high, medium, and low priority

IT Governance (Page 11)
Information Technology Advisory Council (ITAC)
- work with agency partners on a regular basis

IT Governance: IT Management (Page 12)

     meet every month

IT Governance: Telecommunications (Page 12)
     meet every 2 months

ITAC - Key Recommendation (Page 15)
     350,000 IT jobs vacant nationally

It Expenditures (Page 16)
     doesn't include university systems

IT Expenditures (Page 17)
     2/3 of the money spent goes out to the private sector

{Tape : 1; Side : B; Approx. Time Counter : 0 - 60.5}

PART IV
ISD Organization Chart FYE00
     -**Inter-Governmental IT Coordinator Services** (Page 2)
          - new bureau, manages the state's business

Data Network Rates (Page 5)
     new systems have put pressure on the Data Network System and
          the rates have increased

**Schedule of ISD Rates by Object of Expenditure - FY00-01% Change
from FY98 Base** (Page 6)
     proposed rates

**Schedule of ISD Rates by Object of Expenditure - FY00-01 Actual
Values** (Page 6)
     per unit rate

Legislative Endorsement of ISD FY2000 Rates/FY2001 Rates (Page7)
     would encompass all proprietary rates

MT PRRIME Support Bureau (Page 7)
     Business Case
          - Why it was purchased

Enterprise Management of Support Systems (Page 9)
     creating one system to support state agency needs

Business Case - Benefits (Page 11)
     shedding ourselves of old technology that costs a great deal
          to maintain

Customer Service Benefits (Page 11)
 have opportunity to grow and move into the new millennium
 more effectively

Risk Management Benefits (Page 13)
 Improving our ability to do more

{Tape : 2; Side : A; Approx. Time Counter : 25.8}

FY 00-01 Executive Budget Allocations (Page 19)
 All agencies are disappointed with the costs but their
budgets do allow for this

The legislative budget is questionable

General funded program only funded for 1/3 of costs
 - this is done to balance the General Fund expenditure

<u>Questions From Committee Members and Responses:</u>
SEN. TAYLOR asked how many hours of usage does SummitNet get.
Tony Herbert, Human Services Division, states that it is
available all day all the time.

CHAIRMAN TAYLOR asks how the Montana Public Safety Communications
Council is selected. **Tony Herbert** says that the members are
appointed by the Governor's office from all over the state.

REP. QUILICI asks why the mainframe user rates have dropped.
Tony Herbert, states that the rates have gone down because the
number of users has gone up and computers are cheaper to purchase
with a greater capacity.

REP. QUILICI asks where the university system fits in. **Tony
Herbert** states that the university systems use their own system
called Banner, which is written specifically for them.

CHAIRMAN TAYLOR wants to know why they are replacing the MIBS
computer system when they put a new one in last session. **Tony
Herbert** replies that the other system 'didn't play out' and they
did look at other budget alternatives to upgrading the current
system.

REP. QUILICI asks if the new program will neutralize the year
2000 problem. **Tony Herbert** says it will and it will last a
minimum of ten years. It may even go longer. **Lois Menzies** says
the system will be maintained and upgraded on a regular schedule.

REP. PECK asks about the payment schedule. **Tony Herbert** says that ISD is payed on a monthly basis.

<u>ADJOURNMENT</u>

Adjournment: 11:50 A.M.

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                                            REP. LILA TAYLOR, Chairman

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                                            LYNN DAILY, Secretary

LT/LD

EXHIBIT(jgh04aad)