

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	11.25	11.25	11.25	11.25	11.25	11.25	0.00	0.00%
Personal Services	631,242	668,361	681,346	681,031	1,299,603	1,362,377	62,774	4.83%
Operating Expenses	1,339,564	1,337,919	1,384,957	1,337,116	2,677,483	2,722,073	44,590	1.67%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	32,050	0	0	0	32,050	0	(32,050)	(100.00%)
Total Costs	\$2,002,856	\$2,006,280	\$2,066,303	\$2,018,147	\$4,009,136	\$4,084,450	\$75,314	1.88%
General Fund	1,949,942	1,953,234	2,004,122	1,956,166	3,903,176	3,960,288	57,112	1.46%
State Special	52,914	53,046	62,181	61,981	105,960	124,162	18,202	17.18%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$2,002,856	\$2,006,280	\$2,066,303	\$2,018,147	\$4,009,136	\$4,084,450	\$75,314	1.88%

Program Description

The General Services Division is composed of four bureaus responsible for providing certain internal services to government agencies and the public.

The Facilities Management Bureau manages the following services for state agencies in the capitol complex and several state-owned buildings in the Helena area either directly or through the administration of service contracts: repair, maintenance, construction, energy consumption, disaster response and recovery, space allocation, lease negotiation, security, janitorial, recycling, pest control, grounds maintenance, and garbage collection.

The State Procurement Bureau procures or supervises the procurement of all supplies and services, and provides technical assistance to government agencies and the public to ensure compliance with the Montana Procurement Act. The bureau also manages the state's energy procurement, vehicle fueling and procurement card programs.

The Print and Mail Services Bureau provides print and mail services to state agencies. Services include internal and external (contracted) printing, photocopy pool services, mail preparation, central mail operations, and inter-agency (deadhead) mail. The bureau also operates the United States post office in the Capitol and provides two quick copy locations on the Capitol Complex.

The Property and Supply Bureau manages the central stores program and the state and federal surplus property programs.

Program Highlights

General Services Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ Non-budgeted proprietary funds provide over 90% of the support for the program ◆ Increases to personal services and operating expenses are made as part of the statewide present law adjustments ◆ Debt service is reduced due to a reduction in general fund supporting an installment purchase associated with the OPI building lease ◆ \$1.2 million in general fund annually supporting the common areas was removed from the base budget and provided as a one-time-only appropriation ◆ The legislature eliminated 3.00 FTE supported by proprietary rates

Program Narrative

HB 2

Support for the program included in HB 2 increased when comparing the 2015 biennium to the 2013 biennium due to:

- Personal service increases of about \$100,000 over the 2015 biennium contained in the statewide present law adjustments
- Fixed costs adjustments of \$37,000 over the 2015 biennium

Beginning in the 2009 biennium, the Facilities Management Bureau began charging common areas of three state buildings rent and maintenance fees to fund the related operations and maintenance costs. The common areas include:

- Hallways and bathrooms in the Capitol Building
- Office space for the Senate and House of Representatives in the Capitol Building
- Governor's Mansion
- Public display areas in the Montana Historical Society Museum
- Office space in the Montana Historical Society Museum

This funding was included as part of the division's base budget in the 2015 biennium. The legislature provided \$1.2 million in general fund each year of the biennium for the maintenance of the common areas. However, the funding was removed from the base budget and included as a one-time-only appropriation. For the 2017 biennium, the division will need to request funding for the maintenance of the common areas as a new decision package outlining the uses of the funding in the 2015 biennium and justifying the need for the level of funding in the 2017 biennium.

Proprietary funding

The legislature eliminated funding for a number of positions previously approved as part of proprietary rates, including:

- 0.23 FTE – short term worker
- 1.00 FTE – mail clerk
- 0.77 FTE – accounting technician
- 1.00 FTE – accountant

Also eliminated was \$0.2 million in proprietary funding supporting the positions.

The legislature also approved the elimination of the Central Stores Program as recommended by the Legislative Audit Division. The legislature eliminated 7.00 FTE and \$9.2 million in proprietary funding was reduced in the rate approved by the legislature. In addition, the legislature transferred \$0.5 million in fund balance from the central stores account to the general fund as the elimination of the program also reduced the need for a fund balance to provide for working capital.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Administration Funding by Source of Authority 2015 Biennium Budget - General Services Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$3,960,288	\$0	\$266,028	\$4,226,316	9.3%	17-3-106	Direct
State Special Total	\$124,162	\$0	\$0	\$124,162	0.3%		
02211 Procurement Special Revenue	\$124,162	\$0	\$0	\$124,162	0.3%		
Proprietary Total	\$0	\$41,007,058	\$0	\$41,007,058	90.4%		
06066 Surplus Property	\$0	\$1,001,068	\$0	\$1,001,068	2.2%		
06528 Rent And Maintenance	\$0	\$18,193,467	\$0	\$18,193,467	40.1%		
06530 Print & Mail Services	\$0	\$21,669,609	\$0	\$21,669,609	47.8%		
06531 Central Stores	\$0	\$142,914	\$0	\$142,914	0.3%		
Total All Funds	\$4,084,450	\$41,007,058	\$266,028	\$45,357,536	100.0%		
Percent - Total All Sources	9.0%	90.4%	0.6%				

HB 2 Funding

General fund provides funding for the State Procurement Bureau and about 11.5% of the total costs for the Facilities Management Bureau. General fund supports facilities maintenance functions for common areas of the Capitol Building, office space for the Senate and House of Representatives, Governor’s mansion, public display areas in the Historical Society Museum, and some office space in the museum building.

State special revenues from procurement rebates fund a portion of the procurement functions that provide the fueling and procurement card operations.

Proprietary Funds

The majority of the office functions are funded with proprietary funds. These funds are considered and approved as rates charged to other divisions in the agency and are discussed in the “Proprietary Rates” section of the narrative.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	1,949,942	1,949,942	3,899,884	98.47%	2,002,856	2,002,856	4,005,712	98.07%
Statewide PL Adjustments	83,130	35,308	118,438	2.99%	92,446	44,433	136,879	3.35%
Other PL Adjustments	(28,950)	(29,084)	(58,034)	(1.47%)	(28,999)	(29,142)	(58,141)	(1.42%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$2,004,122	\$1,956,166	\$3,960,288		\$2,066,303	\$2,018,147	\$4,084,450	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					78,492					78,166
Vacancy Savings					(28,388)					(28,377)
Inflation/Deflation					64					119
Fixed Costs					42,278					(5,475)
Total Statewide Present Law Adjustments		\$83,130	\$9,316	\$0	\$92,446		\$35,308	\$9,125	\$0	\$44,433
DP 50 - Initial Motion to FY 2012 Base	0.00	(83,130)	(9,316)	0	(92,446)	0.00	(35,308)	(9,125)	0	(44,433)
DP 51 - Adjustment for Statewide Personal Services	0.00	44,301	5,803	0	50,104	0.00	44,056	5,733	0	49,789
DP 52 - Adjustment for Statewide Operations	0.00	38,956	3,521	0	42,477	0.00	(8,624)	3,400	0	(5,224)
DP 102 - Allocate Department Indirect/Admin Costs	0.00	2,973	(57)	0	2,916	0.00	2,842	(66)	0	2,776
DP 606 - Eliminate General Fund Installment Purchase Budget	0.00	(32,050)	0	0	(32,050)	0.00	(32,050)	0	0	(32,050)
Total Other Present Law Adjustments	0.00	(\$28,950)	(\$49)	\$0	(\$28,999)	0.00	(\$29,084)	(\$58)	\$0	(\$29,142)
Grand Total All Present Law Adjustments	0.00	\$54,180	\$9,267	\$0	\$63,447	0.00	\$6,224	\$9,067	\$0	\$15,291

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 102 - Allocate Department Indirect/Admin Costs - The legislature included funding for indirect/administrative costs for services provided by proprietary funded centralized service functions in the Director’s Office.

DP 606 - Eliminate General Fund Installment Purchase Budget - The legislature reduced general fund for the installment purchase associated with the OPI building lease that was completed June 30, 2012.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 613 - Facilities Management for Common Areas (OTO)	06	0.00	0	0	0	0	0.00	0	0	0	0
Total		0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0

DP 613 - Facilities Management for Common Areas (OTO) - The legislature provided a one-time-only appropriation to support maintenance and repair projects for the common areas of state buildings in the capitol complex of \$1.2 million for each year of the biennium. The common areas include office spaces for the House of Representatives and Senate,

Governor's Mansion, public display areas in the Historical Society Museum, and some office space in the museum building. This funding was previously considered part of the base budget resulting in no change to the budget overall.

Proprietary Rates

The General Services Division provides the following functions supported by proprietary funds:

- Facilities Management (Rent and Maintenance)
- Print Services
- Mail Services
- Surplus Property
- Central Stores

These programs are described in the following pages along with a discussion of each program's revenues, expenditures, and rates being requested to finance the program.

Facilities Management Bureau - 06528

Program Description

Rent and maintenance is managed by the Facilities Management Bureau, which is the custodian of all state property and grounds in the state capitol area. The state capitol area is the geographic area within a 10-mile radius of the state capitol. Services include providing facilities management assistance, including repair, maintenance, and construction services to state agencies in the Helena area and providing statewide leasing assistance to agencies to negotiate co-location of agencies when procuring leased space for field offices. The bureau also manages the office waste paper products recycling program in the Helena area. The program services all agencies and units within state government.

Program Narrative

Expenses

Significant costs for the program in the 2015 biennium include:

- Personal services for 35.05 FTE are \$3.9 million
- Operating costs are \$13.1 million
 - Janitorial services - \$2.5 million
 - Caretaker services - \$2.6 million
 - Electricity - \$2.8 million
 - Natural gas - \$0.6 million
 - Building and grounds maintenance and repair - \$0.8 million

Revenues

All agencies occupying office space in a state-owned building on the capitol complex pay rent to the program. Separate rental rates are established for office and storage space and for the grounds. In addition to rent payments, agencies pay a percentage of the costs for non-routine maintenance projects. These fees are charged at different rates depending on whether bureau or contracted employees are used to complete the project. The revenues from fees are budgeted in the following percentages:

- 92% - Square footage rental rate for office and warehouse space billed to agencies occupying space in state owned buildings controlled by the Department of Administration
- 5% - Grounds maintenance
- 2% - Construction and handyman services. These services are outside the scope of rent and include remodeling, relocating offices, repair and maintenance, and construction services
- 1% - Recycling

Proprietary Rates

For the 2015 biennium the legislature adopted the following rates. The rates charged in the base year are shown for comparison purposes.

Department of Administration General Services Division Facilities Management				
	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Office Rent (per sq. ft.)	\$8.412	\$8.460	\$8.434	\$8.217
Storage Rent (per sq. ft.)	4.844	4.876	4.625	4.637
Project Management (In-house)	15%	15%	15%	15%
Project Management (Contracted)	5%	5%	5%	5%
Grounds Maintenance (per sq. ft.)	0.494	0.494	0.491	0.049

Rent is based on square feet occupied and is assessed each agency in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services, operating expenses including maintenance and equipment. Grounds maintenance charges are also based on square feet of office space occupied in buildings controlled by the Department of Administration. Again, the rates are established to cover the cost of personal services, operating expenses including maintenance, and equipment replacement.

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Print & Mail Services Bureau (Fund 06530)

Program Description

The Print & Mail Services Bureau provides printing and mail services to all agencies within state government. The bureau has seven components: 1) internal printing; 2) external (contracted) printing; 3) photocopy pool; 4) mail preparation; 5) central mail operations; 6) inter-agency (deadhead mail); and 7) a postal station in the Capitol. All printing or purchasing of printing is requested through Print & Mail Services, which determines the most cost effective method of project completion. Approximately 67 % of printing expenditures are procured through commercial vendors.

The Postal Contract Station provides mail services to the public.

Program Narrative

Expenses

Significant costs for the program are for:

- o Personal services for 34.80 FTE at a biennial cost of \$3.0 million
- o Operating expenses of \$17.9 million over the 2015 biennium:
 - o Postage and mailing, \$8.4 million
 - o Printing, \$5.6 million
 - o Direct materials for printing, \$0.9 million

Revenues

All agencies in Helena use the services of this program depending upon their printing and mail needs. Printing revenue is based on the actual type and volume of printing provided and mail services is based on agency specified service frequency. Revenue is received in the following percentages:

- o Internal Printing - 16.45%
- o External (contracted) printing - 26.72%
- o Photocopy Pool - 4.94%
- o Mail Preparation - 6.60%
- o Central Mail Operations - 42.00%
- o Inter-agency (Deadhead Mail) - 2.91%
- o Postal Contract Station (\$3,248 monthly from the U.S. Postal Service for operation of the Capitol Post Office) 38%

Proprietary Rates

For the 2015 biennium the legislature adopted the following rates as shown below. The rates charged in the base year are shown for comparison purposes.

Department of Administration General Services Division Print and Mail Services				
Fee group and fees	FY 2012	FY 2013	FY 2014	FY 2015
Internal Printing				
Impression Cost				
1-20	\$0.0762	\$0.0762	\$0.0800	\$0.0800
21-100	0.0336	0.0336	0.0360	0.0360
101-1000	0.0193	0.0193	0.0200	0.0200
1001-5000	0.0078	0.0078	0.0080	0.0080
5000+	0.0039	0.0039	0.0040	0.0040
Color Copy				
8 1/2 x 11	0.2500	0.2500	0.2500	0.2500
11 x 17	0.5000	0.5000	0.5000	0.5000
Ink				
Black per Sheet	0.0002	0.0002	0.0002	0.0002
Color	15.0000	15.0000	15.0000	15.0000
Special Mix	25.0000	25.0000	25.0000	25.0000
Large format color per ft.	12.7000	12.7000	12.7000	12.7000
Collating machine	0.0072	0.0072	0.0080	0.0080
Collating hand	0.6000	0.6000	0.6000	0.6000
Stapling hand	0.0180	0.0180	0.0180	0.0180
Stapling In-line	0.0120	0.0120	0.0120	0.0120
Saddle Stitch	0.0360	0.0360	0.0360	0.0360
Folding (base + per sheet)	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006
Folding Rt Angle (base + per sheet)	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006
Folding In-line	0.0360	0.0360	0.0360	0.0360
Punching Standard 3-hole	0.0012	0.0012	0.0012	0.0012
Punching Nonstandard (base + per sheet)	3.60 + .0012	3.60 + .0012	3.60 + .0012	3.60 + .0012
Cutting	0.6600	0.6600	0.6600	0.6600
Padding	0.0024	0.0024	0.0024	0.0024
Scoring, perf, numb (setup + duplicating rate)	6.00 + Dup Rate			
Perfect Binding (setup + per sheet)	18.00 + .66	18.00 + .66	18.00 + .66	18.00 + .66
Spiral Binding	0.6900	0.6900	0.6900	0.6900
Laminating				
8 1/2 x 11	0.5700	0.5700	0.5700	0.5700
11 x 17	0.8500	0.8500	0.8500	0.8500
Tape Binding	0.6000	0.6000	0.6000	0.6000
Tabs	0.6000	0.6000	0.6000	0.6000
Transparencies	0.6000	0.6000	0.6000	0.6000
Shrink Wrapping	0.3000	0.3000	0.3000	0.3000
Hand work Production	0.6000	0.6000	0.6000	0.6000
Overtime	22.1500	22.1500	24.0000	24.0000
Desktop	46.3600	46.3600	50.0000	50.0000
Scan	9.5200	9.5200	9.5200	9.5200
Proof	0.2500	0.2500	0.2500	0.2500

Continued Rates - Print and Mail - Printing Rates				
Fee group and fees	FY 2012	FY 2013	FY 2014	FY 2015
Programming	\$45.4600	\$45.4600	\$50.0000	\$50.0000
File Transfer	22.7300	22.7300	25.0000	25.0000
Variable Data	0.0090	0.0090	0.0200	0.0200
Mainframe printing	0.0690	0.0690	0.0690	0.0690
CD Duplicating	1.7500	1.7500	1.7500	1.7500
DVD Duplication	3.5000	3.5000	3.5000	3.5000
CTP Plates				
8 1/2 x 11	9.2000	9.2000	9.2000	9.2000
11 x 17	10.3500	10.3500	10.3500	10.3500
External Printing (% markup on invoice)	6.73%	6.73%	6.73%	6.73%
Photocopy Pool (% markup on invoice)	15.90%	15.90%	15.90%	15.90%
Inventory (% markup on invoice)	0.00%	0.00%	15.00%	15.00%
Mail Preparation				
Tabbing	0.0210	0.0210	0.0210	0.0210
Labeling	0.0210	0.0210	0.0210	0.0210
Ink Jet	0.0340	0.0340	0.0340	0.0340
Inserting	0.0300	0.0300	0.0300	0.0300
Winsort	0.0620	0.0620	0.0690	0.0690
Permit mailings	0.0620	0.0620	0.0690	0.0690
Mail Operations				
Machinable	0.0430	0.0430	0.0430	0.0430
Nonmachinable	0.0800	0.0800	0.1000	0.1000
Seal Only	0.0200	0.0200	0.0200	0.0200
Postcards	0.0490	0.0490	0.0600	0.0600
Certified Mail	0.6140	0.6140	0.6140	0.6140
Registered Mail	0.6140	0.6140	0.6140	0.6140
International Mail	0.4000	0.4000	0.5000	0.5000
Flats	0.1100	0.1100	0.1400	0.1400
Priority	0.6140	0.6140	0.6140	0.6140
Express Mail	0.6140	0.6140	0.6140	0.6140
USPS Parcels	0.4000	0.4000	0.5000	0.5000
Insured Mail	0.6140	0.6140	0.6140	0.6140
Media Mail	0.3070	0.3070	0.3070	0.3070
Standard Mail	0.2000	0.2000	0.2000	0.2000
Postage Due	0.0610	0.0610	0.0610	0.0610
Fee Due	0.0610	0.0610	0.0610	0.0610
Tapes	0.2450	0.2450	0.2450	0.2450
Express Services	0.5000	0.5000	0.5000	0.5000
Interagency Mail - annually	\$297,657	\$297,657	\$314,750	\$314,750
Postal Contract (Capitol) - annually	\$38,976	\$38,976	\$38,976	\$38,976

Print and Mail Services has over 100 rates used to provide services to agencies. Overall volume of services is projected to remain constant. Direct and administrative overhead is allocated to each program. Costs are recovered by charging for each unit of service provided. External printing and the photocopy pool recover costs by charging a percentage markup on the invoice for the printing job and/or photocopier. Each rate includes personal services costs, operating costs, and administrative overhead.

Central Stores Program (Fund 06531)*Program Description*

The Central Stores program contracts with a large warehouse distribution center to provide on-line ordering for office supplies. The program also develops standard specifications and procedures, warehouses and delivers commonly used office supplies, paper products, and janitorial supplies to all state agencies and participating local governments. 18-4-221, MCA, requires the Department of Administration to procure or supervise the procurement of all supplies and services needed by the state. Customers include all agencies and units within state government, and participating local governments.

18-4-302(3), MCA, requires state agencies to use Central Stores unless an alternate supplier's publicly advertised price, established catalog price, or discount price offered to the agency is less than the price offered by the Central Stores program if the office supply conforms in all material respects to the terms, conditions, and quality offered by the Central Stores Program. Local governments and University System employees are provided optional use of central stores.

Program Narrative

The Legislative Audit Division (LAD) examined the central stores function with the objectives of:

- Determining if the processes in place for office supply acquisition obtain products at the lowest available price
- Evaluating management of the office supply acquisition processes

The audit determined that the state may be able to generate savings and shorten delivery time by eliminating the products sold directly through the central stores function. To ensure that the contractor for the function complies with contract requirements the audit also concluded that the bureau should periodically review contractor performance. According to the auditors, the department has recently added a position with the capacity to complete such work.

The audit recommended that the Department of Administration:

- Seek a statewide contract for office supplies that features direct delivery of products from a vendor to the ordering agency
- Include the office supplies currently sold through Central Stores in a new direct delivery statewide contract for online ordering of office supplies
- Establish a process to coincide with contractor reporting periods to review the office supply contractor's performance in comparison to contract terms and conditions

The legislature eliminated 7.0 FTE and \$9.2 million from the program to implement the audit division recommendation. It is the legislature's intent that the Department of Administration develop contracts separately for coarse paper, janitorial supplies, and food service disposables in addition to the statewide contract for office supplies, and that the 2% rate apply to all contracts.

Expenses

Significant costs for the program are for:

- Personal services support of \$105,200 for 1.0 FTE to monitor the contract
- Operating costs of \$38,000 for office space and related costs of the contract administrator

Revenues

The costs associated with contract administration would be assessed a rate of 2.0% generating \$95,600 each year of the biennium.

Proprietary Rates

For the 2015 biennium the following rates are proposed by the executive are shown on the following page. The rates charged in the base year are shown for comparison purposes.

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Surplus Property Program - 06066

Program Description

The Property & Supply Bureau operates the surplus property program to administer the sale of surplus property no longer needed by agencies. This property is distributed to state agencies or other eligible organizations. The program sells property through on-line auction, fixed price warehouse sales, public auction and garage sales. The surplus property program services include extending the life of state property by providing a mechanism to transfer surplus property between agencies, providing accountability in the disposal of surplus state property, providing agencies with a surplus equipment pick up service, and providing a screening service to locate federal surplus property for state and local agencies.

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Department of Administration General Services Division Central Stores Program				
	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A	-	-	-	-
Central Stores Supplies	20%	20%	2%	2%
Central Stores was provided a maximum mark up of 2%				