

HOUSE BILL NO. 857

INTRODUCED BY O'KEEFE, HARPER, JERGESON, SQUIRES,
PIPINICH, HARRINGTON, MAZUREK, DRISCOLL, COCCHIARELLA,
STRIZICH, D. BROWN, MENAHAN, QUILICI, MCCARTHY,
BARNHART, GRADY, J. BROWN, COBB, DAILY, BROOKE, NISBET,
DOWELL, PAVLOVICH, SCHYE, ELLIOTT, KILPATRICK, PECK,
REAM, BECKER, DOHERTY, J. JOHNSON, WYATT, KADAS, MCCULLOCH,
WHALEN, GALVIN, LYNCH, MEASURE, BACHINI, SOUTHWORTH, DARKO,
MADISON, GERVAIS, SCOTT, YELLOWTAIL, VAN VALKENBURG, SVRCEK,
JACOBSON, WATERMAN, MANNING, HALLIGAN, BLAYLOCK, FRITZ,
G. BECK, WANZENRIED, DOLEZAL, TOWE

IN THE HOUSE

FEBRUARY 14, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON LABOR & EMPLOYMENT RELATIONS.

FEBRUARY 15, 1991 FIRST READING.

FEBRUARY 20, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 21, 1991 PRINTING REPORT.

FEBRUARY 23, 1991 SECOND READING, DO PASS.

FEBRUARY 25, 1991 ENGROSSING REPORT.

FEBRUARY 26, 1991 THIRD READING, PASSED.
AYES, 71; NOES, 28.

TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 27, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON LABOR & EMPLOYMENT RELATIONS.

FIRST READING.

APRIL 3, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 5, 1991 SECOND READING, CONCURRED IN.

APRIL 6, 1991 THIRD READING, CONCURRED IN.
AYES, 31; NOES, 18.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 10, 1991

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 11, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

APRIL 17, 1991

REPORTED CORRECTLY ENROLLED.

APRIL 18, 1991

SIGNED BY SPEAKER.

APRIL 19, 1991

SIGNED BY PRESIDENT.

DELIVERED TO GOVERNOR.

APRIL 24, 1991

RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

ON MOTION, CONSIDERATION PASSED.

APRIL 25, 1991

SECOND READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

IN THE SENATE

APRIL 29, 1991

SECOND READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

THIRD READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

IN THE HOUSE

APRIL 29, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *857* *Bob Pipinich*
 2 INTRODUCED BY *Rufus* *Perquerson*
 3 *Cocchiarella* *John Brown* *Michael*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A REVIEW *Cobb*
 5 PROCEDURE FOR PROPOSALS TO PRIVATIZE STATE PROGRAMS; TO *Ledy*
 6 PROVIDE FOR REVIEW OF CURRENTLY PRIVATIZED STATE PROGRAMS;
 7 TO REQUIRE PREPARATION OF A PRIVATIZATION PLAN; TO PROVIDE
 8 FOR A PRIVATIZATION REVIEW BY THE LEGISLATIVE AUDIT *Southwats* *Malleson*
 9 COMMITTEE; AND PROVIDING AN EFFECTIVE DATE." *Yellowtail* *Van Bockelinge* *Smith*
 10 *Richard* *Hemming* *Shelton* *Blay* *Fultz*
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 NEW SECTION. Section 1. Definitions. As used in
 13 [sections 1 through 4], the following definitions apply:
 14 (1) "Agency" means an office, position, commission,
 15 committee, board, department, council, division, bureau,
 16 section, or any other entity or instrumentality of the
 17 executive, legislative, or judicial branch of state
 18 government.
 19 (2) "Private sector" means any entity or individual not
 20 principally a part of or associated with a governmental unit
 21 that is associated with or involved in commercial activity.
 22 (3) "Privatize" means an agency contracting with the
 23 private sector to provide services normally conducted
 24 directly by the employees of the agency if the contract
 25 displaces five or more current state employees. For the

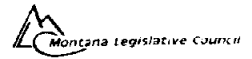
1 purposes of this subsection, an employee is displaced if the
 2 privatization proposal will result in his layoff, demotion,
 3 or involuntary transfer to a new location requiring a change
 4 in residence of the employee.

5 (4) "Program" means a legislatively or administratively
 6 created function, project, or duty of an agency.

7 NEW SECTION. Section 2. Privatization plan -- hearing.
 8 Before an agency may privatize a program it shall prepare a
 9 privatization plan as provided in [section 3]. The
 10 privatization plan must be released to the public and any
 11 affected employee organizations and must be submitted to the
 12 legislative audit committee at least 120 days prior to the
 13 proposed implementation date. At least 75 days prior to the
 14 proposed implementation date, the legislative audit
 15 committee shall conduct a public hearing on the proposed
 16 privatization plan at which public comments and testimony
 17 must be received. At least 30 days prior to the proposed
 18 implementation date, the legislative audit committee shall
 19 release to the public a summary of the results of the
 20 hearing, including any recommendations of the committee
 21 relating to the proposed privatization plan.

22 NEW SECTION. Section 3. Privatization plan --
 23 contents. An agency proposing to privatize a program shall
 24 prepare a privatization plan that includes the following:

25 (1) a description of the program to be privatized,



1 including references to the legal authority under which the
2 program was created;

3 (2) detailed budget information that includes a list of
4 expenditures for the 2 most recent fiscal years and the
5 sources of revenue for the program;

6 (3) a list of all personnel currently employed in the
7 program and the estimated effect of the proposed
8 privatization on their employment status;

9 (4) a listing of the assets of the program and their
10 proposed disposition if the plan is implemented;

11 (5) an estimate of the cost savings or any additional
12 costs resulting from privatizing the program, compared to
13 the costs of the existing, nonprivatized program. Additional
14 costs must include the estimated cost to the state of
15 inspection, supervision, and monitoring of the proposed
16 privatization.

17 (6) the estimated current and future economic impacts
18 of the implementation of the plan on other state programs,
19 including public assistance programs, unemployment insurance
20 programs, retirement programs, and agency personal services
21 budgets used to pay out accrued vacation and sick leave
22 benefits;

23 (7) the estimated increases or decreases in costs of
24 goods or services to the public if the plan is implemented;

25 (8) the estimated changes in individual wages and

1 benefits resulting from the proposed privatization;

2 (9) a narrative explanation and justification for the
3 proposed privatization.

4 NEW SECTION. **Section 4. Review of privatized programs.**

5 (1) If during audits of state agencies, the legislative
6 auditor identifies programs being conducted by an agency
7 under contract that may be administered more cost
8 effectively directly by the agency or identifies services
9 performed by an agency that may be performed more cost
10 effectively by the private sector, he shall submit this
11 information to the legislative audit committee.

12 (2) Members of the public, elected officials,
13 legislators, and agency directors may submit to the
14 legislative audit committee a request to review programs
15 being conducted under contract by an agency that may be
16 administered more cost effectively directly by the agency.

17 (3) The legislative audit committee shall review the
18 information and requests provided under subsections (1) and
19 (2) and may direct the legislative auditor to conduct a
20 review of any contracted program or program administered
21 directly by the agency, or both. The review must include a
22 report to the legislative audit committee that includes the
23 information required in a privatization plan under [section
24 3].

25 (4) The report required by subsection (3) must be

1 provided to the legislative audit committee and released to
2 the public. Not less than 30 days after the release of the
3 report, the legislative audit committee shall conduct a
4 public hearing on the report at which public comments and
5 testimony must be received. Upon completion of the hearing
6 on the report the legislative audit committee may make
7 recommendations it believes appropriate concerning the
8 program.

9 NEW SECTION. **Section 5.** Codification instruction.
10 [Sections 1 through 4] are intended to be codified as an
11 integral part of Title 2, chapter 8, and the provisions of
12 Title 2, chapter 8, apply to [sections 1 through 4].

13 NEW SECTION. **Section 6.** Effective date. [This act] is
14 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0857, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide a review procedure for proposals to privatize state programs; to provide for review of currently privatized state programs; to require preparation of a privatization plan; to provide for a privatization review by the Legislative Audit Committee; and providing an effective date.

ASSUMPTIONS:


1. Each fiscal year the Legislative Auditor will complete six reviews generated as follows: two from Executive Branch action; two from the public, elected officials or legislators; one review for privatization from the Audit Committee; and one review for public services from the Audit Committee.
2. These six reviews will require three public hearings to be held each year.
3. There will be no increase in per diem rates for the legislators; however, total per diem payments will increase for the eight Legislative Audit Committee members because of the increase in public hearings.
4. Each review will generate a ten page report.
5. There is a current request before the legislature for an increase in FTE in the Office of the Legislative Auditor so no increase in FTE will be necessary to complete this work. Current law is represented by the executive budget request for the Office of Legislative Auditor which includes the additional FTE.

FISCAL IMPACT:


Office of the Legislative Auditor

Expenditures:

	FY '92			FY '93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Personal Services	2,154,900	2,156,244	1,344	2,152,500	2,153,844	1,344
Operating Costs	337,200	337,906	706	312,100	312,806	706
Total	2,492,100	2,494,150	2,050	2,464,600	2,466,650	2,050
<u>Funding:</u>						
General Fund (01)	1,270,970	1,273,020	2,050	1,256,950	1,259,000	2,050
Audit Fees (02)	1,221,130	1,221,130	0	1,207,650	1,207,650	0
Total	2,492,100	2,494,150	2,050	2,464,600	2,466,650	2,050
Impact to General Fund			(2,050)			(2,050)


 ROD SUNDSTED, BUDGET DIRECTOR
 Office of Budget and Program Planning

DATE


 MARK O'KEEFE, PRIMARY SPONSOR

DATE

Fiscal Note for HB0857, as introduced

2/23/91
 HB 857

APPROVED BY COMMITTEE
ON LABOR & EMPLOYMENT
RELATIONS

HOUSE BILL NO. 857

INTRODUCED BY O'KEEFE, HARPER, JERGESON, SQUIRES,
PIPINICH, HARRINGTON, MAZUREK, DRISCOLL, COCCHIARELLA,
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PROVIDE FOR REVIEW OF CURRENTLY PRIVATIZED STATE PROGRAMS;
TO REQUIRE PREPARATION OF A PRIVATIZATION PLAN; TO PROVIDE
FOR A PRIVATIZATION REVIEW BY THE LEGISLATIVE AUDIT
COMMITTEE; AND PROVIDING AN EFFECTIVE DATE."

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committee, board, department, council, division, bureau,
section, or any other entity or instrumentality of the

executive, legislative, or judicial branch of state
government.

(2) "Private sector" means any entity or individual not
principally a part of or associated with a governmental unit
that is associated with or involved in commercial activity.

(3) "Privatize" means an agency contracting with the
private sector to provide services normally conducted
directly by the employees of the agency if the contract
displaces five or more current state employees. For the
purposes of this subsection, an employee is displaced if the
privatization proposal will result in his layoff, demotion,
or involuntary transfer to a new location requiring a change
in residence of the employee.

(4) "Program" means a legislatively or administratively
created function, project, or duty of an agency.

NEW SECTION. Section 2. Privatization plan -- hearing.

Before an agency may privatize a program it shall prepare a
privatization plan as provided in [section 3]. The
privatization plan must be released to the public and any
affected employee organizations and must be submitted to the
legislative audit committee at least 120 days prior to the
proposed implementation date. At least 75 days prior to the
proposed implementation date, the legislative audit
committee shall conduct a public hearing on the proposed
privatization plan at which public comments and testimony

SECOND READING



1 must be received. At least 30 days prior to the proposed
 2 implementation date, the legislative audit committee shall
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 16 program and the estimated effect of the proposed
 17 privatization on their employment status;

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 19 proposed disposition if the plan is implemented;

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 21 costs resulting from privatizing the program, compared to
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14 NEW SECTION. Section 4. Review of privatized programs.

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16 on the report the legislative audit committee may make
17 recommendations it believes appropriate concerning the
18 program.

19 NEW SECTION. Section 5. Codification instruction.
20 [Sections 1 through 4] are intended to be codified as an
21 integral part of Title 2, chapter 8, and the provisions of
22 Title 2, chapter 8, apply to [sections 1 through 4].

23 NEW SECTION. Section 6. Effective date. [This act] is
24 effective July 1, 1991.

-End-

HOUSE BILL NO. 857

INTRODUCED BY O'KEEFE, HARPER, JERGESON, SQUIRES,
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THIRD READING



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4 (2) and may direct the legislative auditor to conduct a
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7 report to the legislative audit committee that includes the
8 information required in a privatization plan under [section
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10 (4) The report required by subsection (3) must be
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17 recommendations it believes appropriate concerning the
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21 integral part of Title 2, chapter 8, and the provisions of
22 Title 2, chapter 8, apply to [sections 1 through 4].

23 NEW SECTION. Section 6. Effective date. [This act] is
24 effective July 1, 1991.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 3, 1991

MR. PRESIDENT:

We, your committee on Labor and Employment Relations having had under consideration House Bill No. 857 (third reading copy -- blue), respectfully report that House Bill No. 857 be amended and as so amended be concurred in:

1. Page 3, line 25.

Following: "privatization"

Insert: " and the costs incurred in the discontinuation of such a contract"

2. Page 4, line 11.

Following: "privatization"

Insert: ", which shall remain comparable to existing state rates"

3. Page 4, line 22.

Following: "public,"

Insert: "elected bargaining agents or employee representatives,"

Signed: 
Richard E. Manning, Chairman

 4-3-91
Amd. Coord.

SP 4-3 1:50
Sec. of Senate

SENATE
HB 857

HOUSE BILL NO. 857

INTRODUCED BY O'KEEFE, HARPER, JERGESON, SQUIRES, PIPINICH, HARRINGTON, MAZUREK, DRISCOLL, COCCHIARELLA, STRIZICH, D. BROWN, MENAHAN, QUILICI, MCCARTHY, BARNHART, GRADY, J. BROWN, COBB, DAILY, BROOKE, NISBET, DOWELL, PAVLOVICH, SCHYE, ELLIOTT, KILPATRICK, PECK, REAM, BECKER, DOHERTY, J. JOHNSON, WYATT, KADAS, MCCULLOCH, WHALEN, GALVIN, LYNCH, MEASURE, BACHINI, SOUTHWORTH, DARKO, MADISON, GERVAIS, SCOTT, YELLOWTAIL, VAN VALKENBURG, SVRCEK, JACOBSON, WATERMAN, MANNING, HALLIGAN, BLAYLOCK, FRITZ, G. BECK, WANZENRIED, DOLEZAL, TOWE

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21 costs resulting from privatizing the program, compared to
22 the costs of the existing, nonprivatized program. Additional
23 costs must include the estimated cost to the state of
24 inspection, supervision, and monitoring of the proposed
25 privatization AND THE COSTS INCURRED IN THE DISCONTINUATION

1 OF SUCH A CONTRACT

2 (6) the estimated current and future economic impacts
3 of the implementation of the plan on other state programs,
4 including public assistance programs, unemployment insurance
5 programs, retirement programs, and agency personal services
6 budgets used to pay out accrued vacation and sick leave
7 benefits;

8 (7) the estimated increases or decreases in costs AND
9 QUALITY of goods or services to the public if the plan is
10 implemented;

11 (8) the estimated changes in individual wages and
12 benefits resulting from the proposed privatization, WHICH
13 MUST REMAIN COMPARABLE TO EXISTING STATE RATES;

14 (9) a narrative explanation and justification for the
15 proposed privatization.

16 NEW SECTION. Section 4. Review of privatized programs.

17 (1) If during audits of state agencies, the legislative
18 auditor identifies programs being conducted by an agency
19 under contract that may be administered more cost
20 effectively directly by the agency or identifies services
21 performed by an agency that may be performed more cost
22 effectively by the private sector, he shall submit this
23 information to the legislative audit committee.

24 (2) Members of the public, ELECTED BARGAINING AGENTS OR
25 EMPLOYEE REPRESENTATIVES, elected officials, legislators,

1 and agency directors may submit to the legislative audit
 2 committee a request to review programs being conducted under
 3 contract by an agency that may be administered more cost
 4 effectively directly by the agency.

5 (3) The legislative audit committee shall review the
 6 information and requests provided under subsections (1) and
 7 (2) and may direct the legislative auditor to conduct a
 8 review of any contracted program or program administered
 9 directly by the agency, or both. The review must include a
 10 report to the legislative audit committee that includes the
 11 information required in a privatization plan under [section
 12 3].

13 (4) The report required by subsection (3) must be
 14 provided to the legislative audit committee and released to
 15 the public. Not less than 30 days after the release of the
 16 report, the legislative audit committee shall conduct a
 17 public hearing on the report at which public comments and
 18 testimony must be received. Upon completion of the hearing
 19 on the report the legislative audit committee may make
 20 recommendations it believes appropriate concerning the
 21 program.

22 NEW SECTION. Section 5. Codification instruction.
 23 [Sections 1 through 4] are intended to be codified as an
 24 integral part of Title 2, chapter 8, and the provisions of
 25 Title 2, chapter 8, apply to [sections 1 through 4].

1 NEW SECTION. Section 6. Effective date. [This act] is
 2 effective July 1, 1991.

-End-

GOVERNOR'S AMENDMENTS TO
HOUSE BILL 857
(REFERENCE COPY, AS AMENDED)
April 24, 1991

1. Page 2, line 21.

Following: "least"

Strike: "120"

Insert: "90"

2. Page 2, line 22.

Following: "least"

Strike: "75"

Insert: "60"

3. Page 3, line 1.

Following: "least"

Strike: "30"

Insert: "15"

4. Page 4, lines 12-13.

Following: "privatization"

Strike: "WHICH MUST REMAIN COMPARABLE TO EXISTING STATE RATES"

5. Page 4, line 15.

Following: "privatization."

Insert: "(10) To implement the privatization plan, an agency may transfer funds between budget categories."

Gov. Amend.
HB 857

1 HOUSE BILL NO. 857
 2 INTRODUCED BY O'KEEFE, HARPER, JERGESON, SQUIRES,
 3 PIPINICH, HARRINGTON, MAZUREK, DRISCOLL, COCCHIARELLA,
 4 STRIZICH, D. BROWN, MENAHAN, QUILICI, MCCARTHY,
 5 BARNHART, GRADY, J. BROWN, COBB, DAILY, BROOKE, NISBET,
 6 DOWELL, PAVLOVICH, SCHYE, ELLIOTT, KILPATRICK, PECK,
 7 REAM, BECKER, DOHERTY, J. JOHNSON, WYATT, KADAS, MCCULLOCH,
 8 WHALEN, GALVIN, LYNCH, MEASURE, BACHINI, SOUTHWORTH, DARKO,
 9 MADISON, GERVAIS, SCOTT, YELLOWTAIL, VAN VALKENBURG, SVRCEK,
 10 JACOBSON, WATERMAN, MANNING, HALLIGAN, BLAYLOCK, FRITZ,
 11 G. BECK, WANZENRIED, DOLEZAL, TOWE
 12

13 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A REVIEW
 14 PROCEDURE FOR PROPOSALS TO PRIVATIZE STATE PROGRAMS; TO
 15 PROVIDE FOR REVIEW OF CURRENTLY PRIVATIZED STATE PROGRAMS;
 16 TO REQUIRE PREPARATION OF A PRIVATIZATION PLAN; TO PROVIDE
 17 FOR A PRIVATIZATION REVIEW BY THE LEGISLATIVE AUDIT
 18 COMMITTEE; AND PROVIDING AN EFFECTIVE DATE."
 19

20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

21 NEW SECTION. **Section 1. Definitions.** As used in
 22 [sections 1 through 4], the following definitions apply:

23 (1) "Agency" means an office, position, commission,
 24 committee, board, department, council, division, bureau,
 25 section, or any other entity or instrumentality of the

1 executive, legislative, or judicial branch of state
 2 government.

3 (2) "Private sector" means any entity or individual not
 4 principally a part of or associated with a governmental unit
 5 that is associated with or involved in commercial activity.

6 (3) "Privatize" means an agency contracting with the
 7 private sector to provide services normally conducted
 8 directly by the employees of the agency if the contract
 9 displaces five or more current state employees. For the
 10 purposes of this subsection, an employee is displaced if the
 11 privatization proposal will result in his layoff, demotion,
 12 or involuntary transfer to a new location requiring a change
 13 in residence of the employee.

14 (4) "Program" means a legislatively or administratively
 15 created function, project, or duty of an agency.

16 NEW SECTION. **Section 2. Privatization plan -- hearing.**

17 Before an agency may privatize a program it shall prepare a
 18 privatization plan as provided in [section 3]. The
 19 privatization plan must be released to the public and any
 20 affected employee organizations and must be submitted to the
 21 legislative audit committee at least ~~120~~ 90 days prior to
 22 the proposed implementation date. At least ~~75~~ 60 days prior
 23 to the proposed implementation date, the legislative audit
 24 committee shall conduct a public hearing on the proposed
 25 privatization plan at which public comments and testimony



1 must be received. At least 30 15 days prior to the proposed
2 implementation date, the legislative audit committee shall
3 release to the public a summary of the results of the
4 hearing, including any recommendations of the committee
5 relating to the proposed privatization plan.

6 NEW SECTION. **Section 3.** Privatization plan --
7 contents. (1) An agency proposing to privatize a program
8 shall prepare a privatization plan that includes the
9 following:

10 (1)(A) a description of the program to be privatized,
11 including references to the legal authority under which the
12 program was created;

13 (2)(B) detailed budget information that includes a list
14 of expenditures for the 2 most recent fiscal years and the
15 sources of revenue for the program;

16 (3)(C) a list of all personnel currently employed in
17 the program and the estimated effect of the proposed
18 privatization on their employment status;

19 (4)(D) a listing of the assets of the program and their
20 proposed disposition if the plan is implemented;

21 (5)(E) an estimate of the cost savings or any
22 additional costs resulting from privatizing the program,
23 compared to the costs of the existing, nonprivatized
24 program. Additional costs must include the estimated cost to
25 the state of inspection, supervision, and monitoring of the

1 proposed privatization AND THE COSTS INCURRED IN THE
2 DISCONTINUATION OF SUCH A CONTRACT.

3 (6)(F) the estimated current and future economic
4 impacts of the implementation of the plan on other state
5 programs, including public assistance programs, unemployment
6 insurance programs, retirement programs, and agency personal
7 services budgets used to pay out accrued vacation and sick
8 leave benefits;

9 (7)(G) the estimated increases or decreases in costs
10 AND QUALITY of goods or services to the public if the plan
11 is implemented;

12 (8)(H) the estimated changes in individual wages and
13 benefits resulting from the proposed privatization, WHICH
14 MUST REMAIN COMPARABLE TO EXISTING STATE RATES;

15 (9)(I) a narrative explanation and justification for
16 the proposed privatization.

17 (2) TO IMPLEMENT THE PRIVATIZATION PLAN, AN AGENCY MAY
18 TRANSFER FUNDS BETWEEN BUDGET CATEGORIES.

19 NEW SECTION. **Section 4.** Review of privatized programs.

20 (1) If during audits of state agencies, the legislative
21 auditor identifies programs being conducted by an agency
22 under contract that may be administered more cost
23 effectively directly by the agency or identifies services
24 performed by an agency that may be performed more cost
25 effectively by the private sector, he shall submit this

1 information to the legislative audit committee.

2 (2) Members of the public, ELECTED BARGAINING AGENTS OR
 3 EMPLOYEE REPRESENTATIVES, elected officials, legislators,
 4 and agency directors may submit to the legislative audit
 5 committee a request to review programs being conducted under
 6 contract by an agency that may be administered more cost
 7 effectively directly by the agency.

8 (3) The legislative audit committee shall review the
 9 information and requests provided under subsections (1) and
 10 (2) and may direct the legislative auditor to conduct a
 11 review of any contracted program or program administered
 12 directly by the agency, or both. The review must include a
 13 report to the legislative audit committee that includes the
 14 information required in a privatization plan under [section
 15 3].

16 (4) The report required by subsection (3) must be
 17 provided to the legislative audit committee and released to
 18 the public. Not less than 30 days after the release of the
 19 report, the legislative audit committee shall conduct a
 20 public hearing on the report at which public comments and
 21 testimony must be received. Upon completion of the hearing
 22 on the report the legislative audit committee may make
 23 recommendations it believes appropriate concerning the
 24 program.

25 NEW SECTION. Section 5. Codification instruction.

1 [Sections 1 through 4] are intended to be codified as an
 2 integral part of Title 2, chapter 8, and the provisions of
 3 Title 2, chapter 8, apply to [sections 1 through 4].

4 NEW SECTION. Section 6. Effective date. [This act] is
 5 effective July 1, 1991.

-End-