

MINUTES OF THE MEETING
SENATE STATE ADMINISTRATION COMMITTEE
JANUARY 31, 1977

The meeting was called to order by Senator Towe, Chairman, at 11:00 a.m. in the Governor's Reception Room of the Capitol Building. Committee members present were Senators Towe, Rasmussen, Roskie, Jergeson, Blaylock, Devine and Senators Brown and Story absent.

Senator Towe opened the hearings on the appointments of William Hunt as Worker's Compensation Judge and Jack Crosser as Director of the Department of Administration and the hearing on House Joint Resolution 13.

WILLIAM HUNT - WORKER'S COMPENSATION JUDGE

Mr. Hunt stated he is now in his nineteenth month as Worker's Compensation Judge. He came to Montana in 1945 and received his law degree from the University of Montana. He served with the Corps of Engineers and as Director of the Montana Aeronautics Commission.

There were no proponents or opponents and the hearing was opened to questions from members of the committee.

Senator Jergeson asked if Mr. Hunt was involved in any business venture which would constitute a conflict of interest.

Mr. Hunt replied he thought not although he owned an interest in a crop-hail insurance company but the the stock is presently in trust.

Senator Blaylock asked if the office is a busy one.

Mr. Hunt stated he seems to be working many weekends and evenings as well as doing a lot of traveling around the state. He stated they average 30 days or less in scheduling hearings.

Senator Roskie asked if hearings are held around the state.

Mr. Hunt replied they are held in Helena and eight other cities on a regular schedule. They will, however, meet in other areas if convenient.

Senator Rasmussen asked if the budget request for the office is increasing.

Mr. Hunt stated there would be only a slight increase due to postage and wages.

There being no further questions, the hearing was closed and Senator Towe thanked Mr. Hunt for visiting with the committee.

JACK CROSSER, DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION

Mr. Crosser stated he was born in Billings and has lived the majority of his life in Montana. He was engaged in a private family business in Red Lodge for five years following his time in service. He was employed for three years at the Security Trust and Savings Bank in Billings and owned a soft drink bottling company in Missoula for three years which he sold in 1967. He was appointed Deputy State Auditor in 1969 and then served as Assistant State Controller until he was appointed Assistant Director of Administration during reorganization. He was appointed Director in February of 1975 and has served until this time.

There were no proponents to the appointment.

OPPONENTS

Mr. Gordon Hopperstad, building maintenance man with General Services Division of the Department of Administration until 4:00 p.m. today, January 31, 1977, presented his statement to the committee in opposition to the appointment (see attached #1).

There were no further opponents and the hearing was opened to questions by members of the committee.

Mr. Crosser made a statement in reference to Mr. Hopperstad's presentation stating he was obligated under the right to privacy restraints to refrain from fully discussing the case but assured the committee that more than fair consideration had been given to the matter. He had designated Mr. Duane Johnson to make a final review of the matter and after careful consideration they could find no compelling reason to change the determinations made regarding the case.

After several questions by the committee members regarding Mr. Hopperstad's charges, Senator Towe commented he felt this was not the time or place to review the case but that in the case it would be relevant to the hearing on Mr. Crosser, he had read the files and interviewed Mr. Crosser regarding the case and had concluded there was no further action to be taken.

Senator Rasmussen asked Mr. Crosser to comment on the charges of low morale and inefficiency in the Division of General Services.

Mr. Crosser stated he had consulted with Mr. D'Arcy concerning the matter and had interviewed all the employees with no problems becoming apparent. (interviews conducted with the employees of the General Services Division) He stated that the budget for maintainence runs \$2 per square foot with the national average running at approximately \$3 per square foot or over.

Senator Roskie inquired if the Legislative Auditor is looking into matter in the General Services Division.

Senator Towe stated he had been informed that they are.

Mr. Crosser stated he had told the auditor what procedure he intended to follow in the Hopperstad case and they had agreed it was proper.

Senator Towe asked Mr. Crosser what the duties of the Department of Administration encompass.

Mr. Crosser presented a graph of the Department and Division structure to the committee (see attached #2).

Senator Towe asked if Mr. Crosser felt he had adequate control over the various activities of the divisions.

Mr. Crosser stated he felt he did, he was completely satisfied as to that but that major problems did exist in various areas at various times.

Senator Roskie noted there seemed to be some overlapping of responsibilities between divisions. He asked if there could be any streamlining done between divisions with similar concerns.

Mr. Crosser felt some retirement Boards administrative functions could be combined but separate divisions must be maintained for internal control. He noted that possibly the Systems Control and Systems Management Bureaus could be combined.

Senator Jergeson asked if Mr. Crosser was involved in any business which would constitute a conflict of interest.

Mr. Crosser stated he had no outside business interests.

Senator Towe stated he felt there was still some question that the Department of General Services was not as efficient as it could be and hoped Mr. Crosser would carefully review their functions in that regard.

Mr. Crosser stated he would constantly review that situation.

Senator Towe stated he felt the strongest four divisions in the Department were those directly under the control of the Director and encouraged Mr. Crosser to more thoroughly review the other Divisions at regular intervals.

There being no further questions, the hearing was closed.

HOUSE JOINT RESOLUTION 13

Senator Smith carried the bill for the sponsor, Representative Bob Palmer, District 96. He stated the purpose of the resolution was to encourage the federal government to retain the Social Security Appeals Hearing Office in Billings.

He noted the travel for people in outlying areas of the state to the Billings office is often extensive and by closing the office people would have to travel to Denver for any hearing.

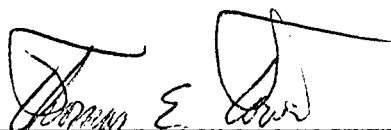
There were no opponents or proponents to the bill and the hearing was opened to members of the committee for questions.

Senator Devine moved the bill be concurred in.

Senator Jergeson felt the bill should perhaps be shorter and more to the point and moved the amendments to the bill (see attached #3 committee report). THE MOTION CARRIED UNANIMOUSLY WITH SENATORS STORY AND BROWN ABSENT.

Senator Jergeson moved the bill be concurred in as amended. THE MOTION CARRIED UNANIMOUSLY WITH SENATORS STORY AND BROWN ABSENT.

There being no further business, the meeting adjourned to reconvene February 2, 1977, at 11:00 a.m.



Chairman

NAME: GORDON HOPPERSTAD DATE: JAN 31, 1977

ADDRESS: 8059 YORK ROAD

PHONE: 475.3063

REPRESENTING WHOM? MYSELF, AND 14,000 STATE EMPLOYEES

APPEARING ON WHICH PROPOSAL: NOMINATION OF MR. CROSSER

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE?

COMMENTS: A PREPARE STATEMENT AND LIST OF PROPOSED QUESTIONS WILL
BE OFFERED TO THE COMMITTEE.

1

STATEMENT BY GORDON HOPPERSTAD RELEVANT TO MR. JACK CROSSER'S CONFIRMATION

My appearance here is because of the events which unfolded when I saw a wrong being committed and I acted to right that wrong.

I went to Mr. Crosser on December 1, 1976 to relate to him that we had a serious problem in our section - basically low output and inefficiency - and the main cause of it was a lack of leadership and low morale. I explained that I felt this was caused primarily by the lack of credibility of Mr. Jack Campbell, our Bureau Chief, and a general recognition that he was clearly not the man for the job. I told Mr. Crosser, that if he wanted to act to remove Mr. Campbell, I would relate two incidents which could serve as a vehicle for a removal in an efficient manner. Also, I offered the recently uncovered evidence which I had. I asked Mr. Crosser to give me a few more days to gather more information to firm up the facts. Rather than wait, Mr. Crosser apparently decided to act on his own 'investigation' into these two incidents, and to my concerns of inefficiency.

Because of a possible criminal nature to these incidents, Mr. Crosser properly informed the Legislative Auditor of it, then began a series of acts which I believe will clearly show his involvement in a cover-up of these incidents.

Mr. Crosser informed me on December 2, 1976, that the Legislative Auditor would conduct an investigation of one of the incidents and that he would inform me of the results. During the period of this investigation I requested through Department channels to have access to certain Department records in order to support the truth of my allegations. I was denied access to these public records on clearly untenable grounds, and the final decision was made by Mr. Crosser.

On December 13, 1976, at a meeting with Mr. Crosser, Mr. Larry D'Arcy, his Deputy, Mr. V. Harrison Lowe, General Services Division Administrator, and Mr. Bruce Helson of the Governor's Office, I was informed of the legislative Auditor's report - which was in brief, that there appeared no need to pursue further on the allegations. I began a series of questions on the veracity of Mr. Campbell's explanation of his role, and pointed out serious contradictions. Mr. Crosser dismissed these questions. When I raised questions about the second incident, Mr. D'Arcy interjected to supply a justification for no further action. When confronted with my offer to prove the facts, he began a series of blatant cover-up answers to my pointed questions - a cover-up witnessed by and obviously concurred in by Mr. Crosser - who then moved to impugn my attitude and place me on a 'probationary' status. Also offered at this meeting was proof, to Mr. Lowe, of the inefficiency in our section which he dismissed

with evasive talk which Mr. Crosser also observed.

I informed the Legislative Auditor of the flaws in the facts presented to them during their initial investigation and asked that they re-open it - which they did - and which investigation is currently in progress.

On December 23, 1976, I queried Mr. Crosser, by memo, on my 'probationary' status and also on my request for access to records. Mr. Crosser refused to answer my query - and on a subsequent request on January 5, 1977 for access to additional records, I was informed by Mr. D'Arcy that Mr. Crosser had no intention of answering my query. Also, that any further efforts on my part to gain access to records would result in my dismissal since I was 'on thin ice'. Mr. D'Arcy again complimented my work but said my attitude towards this investigation was 'disruptive' and near insubordinate. I informed Mr. D'Arcy that I had no intention of playing into a scheme of goading me into an act of insubordination, and that I had every intention of continuing to pursue my investigation. I strongly believe that the decision to terminate me was made at this point.

On January 17, 1977, I was called to the Legislative Auditors office to answer questions of a staff investigator. Late in the afternoon of the 17th, I was called to a meeting of Mr. D'Arcy, Mr. Lowe, Mr. Campbell and Dick Lockey, my immediate supervisor. I was immediately handed a letter of termination based on the general, broad charges of insubordination, negative attitude, and inability to get along. When I asked for any specific incidents to support any of the three charges, Mr. D'Arcy said he would give none. By the terms of the notice, I subsequently moved for a review by Mr. Crosser.

On January 21, 1977, I requested of Mr. Lowe that I be allowed to see my personnel file, and he informed me that Mr. Crosser had it. When I asked Mr. Crosser for it, in order to copy one document I had seen on a view of it on December 27, 1976, Mr. Crosser denied me access to it "until after the confirmation hearing".

On January 26, 1977, a review of my termination was held with myself, Mr. Tom Schneider of the Montana Public Employees Ass'n, Mr. D'Arcy and Mr. Duane Johnson, Administrator of the Personnel Division as Mr. Crosser's designated representative. At this meeting, two items were taken from my personnel file and used as evidence against me which were not in the file on December 27, 1976. Mr. D'Arcy was again queried at length, both by myself and Mr. Johnson on any specific incidents to support the termination grounds and could only produce one instance of alleged insubordination which took place on January 18, 1977 - the day after my termination notice. I informed Mr. Johnson that I believed the true reasons for my termination occurred between December 1, 1976 and January 17, 1977 and asked Mr. D'Arcy for any specific incident during this period to support any of his three charges, and he could produce none.

I ask the members of this committee to consider very seriously the role taken by Mr. Crosser in the incidents I have related, and to vigorously question Mr. Crosser on his role - and I believe you will come to the conclusion that Mr. Crosser is seriously involved in the attempted cover-up of charges of a criminal nature, that he has very poorly handled a personnel matter, and that he is guilty of denying access to public documents.

Mr. Crosser has been nominated to the directorship of one of the largest departments in state government - a department, which through its' Personnel Division, affects every employee in the state - and that his qualifications for this appointment must be viewed with consideration given to his role in the events which I have just outlined.

I urge the members of this committee to attempt to find the whole truth of the matters I have related and to deny approval of his nomination. I stand ready to aid this committee in any effort it wishes to undertake to fully satisfy its' members desire to make a fair judgement of Mr. Crosser's qualification for this very important appointment.

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PERTINENT QUESTIONS WHICH SHOULD BE ADDRESSED TO MR. CROSSER

1. Why, on the first of December, did you immediately begin your investigation without allowing the few days Mr. Hopperstad suggested for him to come up with additional evidence? Was there any urgency to this matter at this time?
2. During the course of your investigation, did you interview any of Mr. Hopperstad's co-workers, or have Mr. D'Arcy conduct any interviews? Did you attempt to determine from any of these co-workers during any interviews what Mr. Campbell's reputation was as regards to his credibility?
3. Did you make any attempt during your investigation to find out the facts of Mr. Hopperstad's allegations of inefficiency in his section? What attempts were made, and what were the results?
4. Mr. Hopperstad says that during the course of your investigation, he requested access to documents, and was turned down. Can you say what the grounds were for denial at that time?
5. At the time that Mr. Hopperstad first related these incidents to you, did he caution you that Mr. Campbell might take a very evasive stance when confronted with these allegations, and that caution should be used in how these allegations were put to him? How did you react to this?
6. At your meeting on December 13th when Mr. Hopperstad questioned the truth of Mr. Campbell's version of these incidents, and pointed out some serious contradictions, what was your reaction?
7. Why was Mr. Hopperstad placed on probation at this meeting? (If Mr. Crosser denies implementing a probationary status at this meeting) Why did you not then respond to Mr. Hopperstad's query of his probationary status?
8. Why did you not respond to Mr. Hopperstad's written request for access to Department records?
9. If you felt there was nothing to the allegations which Mr. Hopperstad had brought up, why did you not let him pursue it through documents, and if false, thereby hang himself?
10. How did you re-act to Mr. Hopperstad's offer of proof to Mr. Lowe that there was inefficiency in his section?

QUESTIONS CONTINUED

PAGE 2

11. At what point was the decision made to terminate Mr. Hopperstad, and what part did you play in that decision?
12. Were you aware that Mr. Hopperstad was continuing to pursue access to Department records through the Citizens' Advocate Office? What part did you play in the decision to deny access to records when it was brought up by the Citizens Advocate Office?
13. Are you aware of any specific incidents of insubordination, negative attitude or inability to get along, on the part of Mr. Hopperstad which would have occurred between December 1st and January 17th?
14. Why did you deny Mr. Hopperstad access to his personnel file until after this hearing?
15. Were any items removed from Mr. Hopperstad's personnel file during this period? If so, what documents, and why were they removed?
16. Do you feel that your handling of this Hopperstad matter, which might essentially be called a personnel matter, was proper and do you expect to continue to handle such matters in this way in the future, if you are confirmed?
17. In your denial of access to records by Mr. Hopperstad during this matter, can you explain to this committee if you could ever conceive of an instance in which the disclosure of these documents would result in a situation in which the demands for personal privacy would clearly exceed the merits of public disclosure? Do you feel you were upholding the Constitution of Montana in denying access?

GOVERNOR

DEPARTMENT OF ADMINISTRATION
Director

Teachers' Retirement Board

Board of Administration

Merit System Council

Board of Investments

Board of Examiners

Central Services Unit
Manager

Workers' Compensation Judge

State Treasurer

Employee Group Insurance Advisory Council

State Tax Appeal Board

TEACHERS' RETIREMENT DIVISION
Administrator
D. B. R. C. M.

PUBLIC EMPLOYEES' RETIREMENT DIVISION
Administrator
D. B. R. C. M.

PERSONNEL DIVISION
Administrator
C. A. S. S. E. R.

INVESTMENT DIVISION
Administrator
C. R. A. D. O. 2

ARCHITECTURE AND ENGINEERING DIVISION
Administrator
P. A. R. C. Y.

GENERAL SERVICES DIVISION
Administrator
P. A. R. C. Y.

ACCOUNTING DIVISION
Administrator
S. A. X. B. Y.

PURCHASING DIVISION
Administrator
S. A. X. B. Y.

DATA PROCESSING DIVISION
Administrator
S. A. X. B. Y.

INSURANCE AND LEGAL DIVISION
Administrator
C. E. R. A. M.

COMMUNICATIONS DIVISION
Administrator
P. A. R. C. Y.

MANAGEMENT SYSTEMS DIVISION
Administrator
S. A. X. B. Y.

Teachers' Retirement Board

Board of Administration

Merit System Council

Board of Investments

Board of Examiners

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C. R. A. D. O. 2

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C. E. R. A. M.

COMMUNICATIONS DIVISION
Administrator
P. A. R. C. Y.

MANAGEMENT SYSTEMS DIVISION
Administrator
S. A. X. B. Y.

Systems Procedures Bureau
Chief

Records Management Bureau
Chief

Radio/Microwave Bureau
Chief

Telecommunications Bureau
Chief

Technical Services Bureau
Chief

Computer Services Bureau
Chief

Systems Development Bureau
Chief

Reproduction & Distribution Bureau
Chief

Buildings and Grounds Bureau
Chief

Facilities Planning Bureau
Chief

Design Bureau
Chief

Construction Bureau
Chief

Building Codes Administration Bureau
Chief

Classification Bureau
Chief

Labor Relations Bureau
Chief

Equal Employment Opportunity Bureau
Chief

Training Bureau
Chief

Maintenance Section
Supervisor

Security Section
Supervisor

Duplicating Section
Supervisor

Mail and Messenger Services Section
Supervisor

Single Agency Systems Support Section
Supervisor

Multi-Agency Systems Section
Supervisor

Computer Operations Section
Supervisor

Data Entry Section
Supervisor

Digitizing and Plotting Section
Supervisor

Computer Software Section
Supervisor

Research and Development Section
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Production Control Section
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ORGANIZATION CHART
DEPARTMENT OF ADMINISTRATION
JUNE 1976
PAGE 1 OF 10
Jack C. Crosser
Jack C. Crosser, Director
Thomas J. Govan
Thomas J. Govan, Judge Governor

#2

NAME: Sen Ed Smith DATE: _____

ADDRESS: _____

PHONE: _____

REPRESENTING WHOM? _____

APPEARING ON WHICH PROPOSAL: HJR 13

DO YOU: SUPPORT? X AMEND? X OPPOSE? _____

COMMENTS: _____

STANDING COMMITTEE REPORT #3

February 1 1977

MR. **President**

We, your committee on **State Administration**

having had under consideration **House Joint Resolution** ~~xxx~~ No. **13**

Respectfully report as follows: That **House Joint Resolution** ~~xxx~~ No. **13**,

third reading, be amended as follows:

1. Amend title, line 7.

Following: "THE"

Insert: "BUREAU OF HEARINGS, AND APPEALS, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,"

2. Amend page 2, line 13.

Following: "closing of the"

Insert: "Montana"

3. Amend page 2, line 13.

Following: "office of the"

Insert: "Bureau of Hearings and Appeals,"

4. Amend page 2, lines 14 through 16.

Following: "Administation"

Strike: lines 14 through 16

Insert: ", Department of Health, Education, and Welfare, and to ~~DOES~~ the servicing of Montana from outside the state of Montana, and requests reversal of any decision that may have heretofore been made to close said office and the entry of a final decision to retain said office."

5. Amend page 2, line 18.

Following: "to"

Strike: "members of"

6. Amend page 2, line 18.

Following: "the"

Strike: "Montana Congressional Delegation; Senator Frank Church;"

Insert: "following:"

7. Amend page 2, line 20.

Following: "Carter;"

Strike: "and"

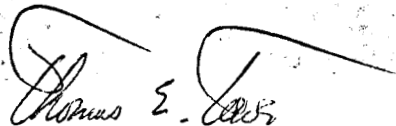
Insert: "each member of the Montana Congressional Delegation; Senator Frank Church; the Secretary of the Department of Health, Education, and Welfare;"

8. Amend page 2, line 21.

Following: "Administration"

Insert: "; the Regional Commissioner of Social Security, Denver, Colorado"

AND AS SO AMENDED, BE CONCURRED IN



P.R.

Chairman