

MINUTES OF THE MEETING  
STATE ADMINISTRATION COMMITTEE  
MONTANA STATE SENATE

March 8, 1979

The thirty-seventh meeting of the State Administration Committee was called to order by Chairman Pete Story at 10:00 a.m. on the above date in Room 442 of the State Capitol Building.

ROLL CALL: All members of the Committee were present.

CONSIDERATION OF HOUSE BILL No. 620: The Chairman called on Rep. Earl Lory, House District 99, Missoula, to present his testimony as sponsor of the Bill.

Rep. Lory advised this was an unusual Bill as it would save time, money and paper. The state is presently required to do a pre-audit of accounts and this would change that to a permissive status. The universities have to make a copy of everything and send it to Helena for pre-audit purposes, which is a waste of time and paper. The auditor never trusts the copy sent to him, so he goes out to the universities and looks at the original, and then must come back to Helena to continue with the procedure and cross-checking. If the Department of Administration were not required to do these pre-audits of claims against the state, considerable savings would result.

Proponents of the Bill were called for.

Dave Lewis, Director, Department of Administration, testified they support the Bill as a step in the right direction in simplifying their work. Copies of all invoices do come into Helena, and his office has to retain these copies. They feel it makes sense for the originating agency to keep the original as they look at the original when doing the audit.

Morris Brusett, Legislative Auditor, supporting the Bill, explained this would require retention of the original claim at the originating agency, rather than the present procedure, and not mandate a copy being sent to Helena. Our audit regulations state we have to go to the original claims and audit at the agency level. the way it is now, they have to come back to Helena and compare this with the copy sent. It does state this copy being sent to Helena is optional. It would save them time and work and provides the review of the claim by the Department of Administration would be optional. They had discovered the present procedure to be not cost effective. There would not be any danger of a claim being destroyed as they have the accounting record in their office to reconstruct the claim, if necessary.

Jack Noble, Commissioner of Finance, in support of the Bill, stated their accounting systems were located out of Helena and they were involved in the large operating cost of SBIS, handling about 86,000 claims. It takes 151 cubic feet of storage in order to process these claims which are sent in. He felt there were adequate safeguards in handling these claims and the change proposed under this Bill would save the university system about \$50,000.

Mike Meldahl, Office of Budget and Planning, in supporting the Bill,

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advised there are presently 150,000 transactions per month which they must duplicate and keep track of. He felt this Bill would allow a better system for the state, along with a savings in money and time.

Opponents were then called for.

Rep. Carroll South, District 51, Miles City, opposed the Bill from a legislative perspective and as Chairman of the Education Subcommittee. He stated their fiscal analyst started to work in September on the budget and needed the information available in Helena in order to get the documents they needed, rather than having to go to each campus, etc., for information. He added that there was a good deal of reluctance on the part of the university system to provide them with certain information, and the information on the state computer system doesn't give the information in enough detail for their purposes. He felt it would be a detriment to the Committee's financial and budget information not to have the hard copies of these claims in Helena and readily available. He had no problem with the school keeping the original, but felt very strongly that a copy should be provided the fiscal analyst in order to have the necessary information readily available.

Sonny Omholt, State Auditor, introduced Mrs. Josophie Isaak, also of his office, as a person who understands the whole system very well as she had been with them 20 years. He then spoke against the Bill, mentioning he had met with Lewis, Brusett, etc., in December, at which time they agreed to try a 6-month trial, but also that the hard copy of claims would be sent to his office. He felt this Bill was premature as they had only been in the trial period for about 2 months. The present procedure is to file the original document in Helena, which is a deterrent to falsification of a claim. There is no urgency in this Bill; we are trying the 6-month trial program, and if it works, we will have no problem. However, they want the original document in Helena.

Larry Fasbender, Senator, District 17, in opposition to the Bill, stated they do use the hard copy of these claims in their Subcommittee on Education and think it is important that they have ready access to the original if they are going to put any brakes on what would happen to travel claims.

In closing, Rep. Lory added that the university system wasn't trying to get out of anything, but should get out of the horse and buggy days. He felt the computer copies of these claims should be sufficient and that there wouldn't be much altering of these documents.

The hearing was then opened for questions from the Committee.

Sen. Jergeson questioned if Rep. South felt there was any inadequacy in the Legislative Auditor's office, to which Rep. South replied he didn't have any problem with that office, but was looking at it from the standpoint of a legislator. He stated also that they had a problem with a university system in withholding information. He also thought this Bill would open the door for lost and accidental loss of these documents. Continuing, Sen. Jergeson asked if the Bill would be agreeable to Rep. South if it were amended to allow for a copy of the

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claims to be sent to the Fiscal Analyst. Rep. South responded that the problem arose with the lack of cooperation on the part of the university system in supplying this information; they don't want to have to send their analyst out to the campuses in order to get this information when it is needed. He added it would be more on the order of preventive medicine, rather than post-audit.

There being no further questions, the hearing was closed on House Bill No. 620.

CONSIDERATION OF HOUSE BILL No. 348: The Chairman called on Rep. Dennis Iverson, House District 9, Whitlash, sponsor of the Bill, to present his testimony.

Rep. Iverson testified this Bill would simply do what the title says. It provides a benefit in case of injury to a Highway injured while performing his duties, and that this was a means to provide something for these state people working in a hazardous job situation.

Proponents were called for.

Bud Garrick, representing the Montana Highway Patrol, testified in support of the Bill, saying the very nature of a patrolman's duties subjects him to injuries. If the patrolman is not on active duty, he suffers loss of pay benefits. This Bill allows some benefits to be paid during the time when a patrolman was recovering from an injury before he could return to work.

Sen. Rasmussen asked if the Metropolitan Police Act covered the state police, to which Mr. Garrick replied that it did.

Jim Turcotte, PERS, supporting the legislation, stated the amendments attached to the Bill provide for funding by the employer and employee as if he were on full pay. The PERS has very similar statutes regarding workers' compensation.

There being no opponents, questions by the Committee were called for.

Sen. Jergeson asked if this was actuarially sound, to which Mr. Turcotte affirmed it was and did not create any funding problems.

Sen. Story questioned if this payment wouldn't come out of the benefit for the patrolman, to which Mr. Garrick replied that if the person were transferred to light duties, it would. Benefits would be paid up to one year.

Sen. Roskie questioned the purpose of subparagraph e, page 2, line 4, if it would be a choice of the individual, to which Mr. Garrick responded that the person could choose to take a disability pension or be transferred to another job within the Department and that a doctor's statement might make a difference on that decision. Continuing his questioning, referring to page 3, line 25, that if a patrolman declined to be transferred to another position, he would not lose his salary. Mr. Garrick answered that seemed to be what the Bill provided. Rep. Iverson added that section pertained to being transferred to another area in the Department of Justice, but this could be done only

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with the individual's consent.

Mr. Turcotte also added that he believed this meant that a person couldn't be transferred to a lower paying position.

In closing, Rep. Iverson cited an incident which happened at Chester, Montana, in which a patrolman was paralyzed from an accident, finally being forced to resign from the Patrol as he was not receiving any salary or pension, which helped to precipitate this Bill. He stated Sen. Kolstad had agreed to sponsor the Bill on the floor.

There being no further questions, the hearing was closed on House Bill No. 348.

CONSIDERATION OF HOUSE BILL No. 208: The Chairman called on Rep. Joe Brand, House District 28, Deer Lodge, to present his testimony as sponsor of the Bill.

Rep. Brand advised this was introduced at the request of the Department of Institutions, and that Larry Zanto, Director of that Department was available for answering questions. Rep. Brand then read his testimony, copy of which is attached to these original Minutes, which pertained to allowing the use of inmates for small construction projects limited to a project cost of \$25,000 and that this had been worked out with the labor people so there would be no problem there. Also mentioned was the provision for marketing of products of the prison ranch, such as grade B milk.

The Chairman then called for any further proponents.

Larry Zanto, Director, Department of Institutions, supporting the legislation, stated the first part of the Bill attempts to resolve an old problem at the prison regarding labor. Organized labor agreed to a limitation of \$25,000 construction cost. However, he said the second half was more important to the Institution, particularly because of the increased population and the need to have something for these inmates to do. Lack of something to do creates a problem with control. He proposed a plan to promote the farm industry without competing with other industries. They have received an offer from Kraft to buy all the grade B milk. They were not permitted to sell anything under the present law exception cases of "emergency". If the Bill were to pass, the 2-year trial period would allow them to get this on a sound operating basis and provide inmates with responsibilities.

There being no opponents to the Bill, the hearing was opened for questions by the Committee.

Sen. Roskie, referring to Section 3, page 3, line 20, asked if this separated this program from the warden's jurisdiction, to which Mr. Zanto replied that it did and was added by the House because of a concern with allowing them to set up an industry separate from that of the regular prison budget. Continuing, Mr. Zanto answered that the Department of Institutions would supply the accounting system and general supervision rather than the prison. In response to Sen. Roskie's inquiry if it would pose a problem being separate from the

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warden, Mr. Zanto felt it might for him as these would be the warden's people working under the program, but that his office was promoted to do the supervision function. He added that the provision on page 3, lines 16-19 was also a House amendment, but one that he felt was not good business procedure. Rep. Brand added that relative to this amendment to make them give 75% of any profits to the general fund, that there were certain factions in the House who just wanted extra money for the general fund.

Sen. Hafferman questioned if it would be possible to operate a business without operating capital, to which Mr. Zanto replied that perhaps he oversold the program in the House as he saw an opportunity to make some money without taking jobs away from people in the community.

Further discussion was held on this section referring money to the general fund.

Sen. Story questioned what amount was paid the prison people; Mr. Zanto stated it was \$1 a day, and that they had not received any general fund money since 1975 - they operated on money they made. Continuing his questioning, Sen. Story inquired how much acreage there was and how many livestock, etc. was run. Mr. Zanto replied the ranch totaled about 35,000, they had some feed barley and some machinery and averaged about 60 minimum security men to run it, but he did not have the figures on the livestock and would supply them to Sen. Story at a later date.

Rep. Brand mentioned that the farm products at present are being sold to the other institutions at a much lower cost than they would have to pay otherwise, so there is a savings to the taxpayer from that standpoint also.

Mr. Zanto replied to a question from Sen. Roskie that it took about \$10,000 to \$11,000 per year to keep an inmate. He then added that the ranch land was not being used to its full potential, such as they had hoped to sell the timber to raise money for an irrigation system, but they were not allowed to do that and that the lease of oil and gas could bring in about \$300,000.

Referring back to the section on construction activities, Rep. Brand mentioned that this was set up to help train people and provide them with an occupation; the limitation was insisted on by Rep. Bardanouve.

In closing, Rep. Brand stated he would furnish the person carrying the Bill on the floor with copies of some material he had.

There being no further questions, the hearing on House Bill No. 208 was closed.

CONSIDERATION OF HOUSE BILL No. 491: The Chairman called on Rep. "Red" Menahan to present his testimony as sponsor of the Bill. Rep. Menahan not being present, discussion on whether or not to hold the hearing in the absence of the sponsor was held. Without objection, Owen Morris, Administrator of the Teachers' Retirement System presented testimony on the Bill.

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Mr. Morris stated this bill would correct an actuarial error relative to teachers. They presently allow some credit in the retirement system for teaching outside the state; this would allow the teacher to claim credit for the period of time he taught outside Montana, but with the stipulation that the full contribution to the retirement system must be paid. Credit for military service time is also allowed, but both the employer and employee contribution must be paid into the retirement system. He stated this would apply to persons claiming the teaching time credit after the passage of this Bill.

There being no opponents to the Bill and no questions from the Committee, the hearing was closed on House Bill No. 491.

Sen. Hafferman moved that House Bill No. 491 BE CONCURRED IN; motion carried by unanimous vote, and Sen. Hafferman will carry the Bill on the floor.

FURTHER CONSIDERATION OF HOUSE BILL No. 208: Sen. Bill Hafferman moved that House Bill No. 208 BE CONCURRED IN. Sen. Rasmussen thought that the section relating to the 75% going to the general fund should be considered. Short discussion followed.

Upon taking roll call vote, the motion carried by a majority, with Sen. Ryan voting "no".

DISPOSITION OF HOUSE BILL No. 348: Sen. Bob Brown moved that House Bill No. 348 BE CONCURRED IN; motion carried by unanimous vote.

FURTHER CONSIDERATION OF HOUSE BILL No. 620: Sen. Hafferman moved that House Bill No. 620 BE NOT CONCURRED IN.

Sen. Brown was filled in on the background of the Bill by Sen. Jergeson as he was absent during the testimony. Sen. Jergeson then commented that he thought the problem was with the availability of information on claims on the university systems to the legislative analyst and that they were trying to take over the auditor's functions. He felt the Bill could be amended to provide that a copy of these documents be provided to the analyst.

Discussion was held on the merits of having the original claim at Helena or at the originating agency or university.

Sen. Rasmussen recalled Omholt's testimony regarding a trial period and Sen. Jergeson maintained there should possibly be amendments.

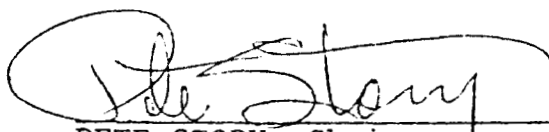
Upon roll call vote, the motion failed by a tie vote, with Senators Roskie, Ryan and Jergeson voting "no" and Sen. Brown abstaining as he had not heard the testimony. The Chairman directed the Committee could wait until a later time to consider affirmative action on the Bill.

The Chairman reminded that Sen. Hafferman would carry HB 491 on the floor and Sen. Kolstad would carry HB 348. A sponsor for HB 208 will have to be found and it will not be reported out of the Committee until such time as a sponsor has been secured.

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ADJOURNMENT:

There being no further business, the Chairman adjourned the meeting at the hour of 11:30 A.M.



PETE STORY, Chairman

Date March 8, 1979

ROLL CALL

STATE ADMINISTRATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

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NAME	PRESENT	ABSENT	EXCUSED
Senator Pete Story, Chairman	✓		
Senator George F. Roskie, V. Chmn.	✓		
Senator Bob Brown	✓		
Senator A. T. (Tom) Rasmussen	✓		
Senator Patrick L. Ryan	✓		
Senator Greg Jergeson	✓		
Senator William F. Hafferman	✓		

Each Day Attach to Minutes.



DATE

March 8, 1979

COMMITTEE ON

State Administration

H. B. 208, 348, 491, 620

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppos
John Smith	State Auditor	620		X
Josephie Isaac	State Auditor	620		X
Jim Trecotte	PERD	348	✓	
Bud GARRICK	M.H.P.	348	✓	
Marie A. Dwyer	Sty. Auditor	620	✓	
Dane Lewis	Dept. of Admin.	620	✓	
Mike McDonald	OBPP	620	✓	
Queen Morris	Teachers' Retirement	491	✓	
Joe Brand	self	208	✓	
Jerry Barty	Dept. of Institutions	208	✓	
Burt A. Bueckel	Intake Water Co.			

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date 7-8-79 H Bill No. 495 Time \_\_\_\_\_

(B) NOT

NAME	YES	NO
Senator Pete Story, Chairman	<input checked="" type="checkbox"/>	
Senator George F. Roskie, V. Chairman		<input checked="" type="checkbox"/>
Senator Bob Brown <u>Pass</u>		
Senator A. T. (Tom) Rasmussen	<input checked="" type="checkbox"/>	
Senator Patrick L. Ryan		<input checked="" type="checkbox"/>
Senator Greg Jergeson		<input checked="" type="checkbox"/>
Senator William F. Hafferman	<input checked="" type="checkbox"/>	

Jennie L. Palmer  
Secretary

Pete Story  
Chairman

Motion: Senator Bill Hafferman moved that House Bill No. 620  
BE NOT CONCURRED IN; motion failed on a tie vote, with  
Senators Roskie, Ryan and Jergeson voting "no" and Sen.  
Brown abstaining as he had not heard the full testimony.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date April 2, 79 House Bill No. 491 Time 10:00 AM

NAME	YES	NO
Senator Pete Story, Chairman	/	
Senator George F. Roskie, V. Chairman	/	
Senator Bob Brown	/	
Senator A. T. (Tom) Rasmussen	/	
Senator Patrick L. Ryan	/	
Senator Greg Jergeson	/	
Senator William F. Hafferman	/	

Jennie L. Palmer  
Secretary

Pete Story  
Chairman

Motion: Senator Bill Hafferman moved that House Bill No. 491

BE CONCURRED IN; motion unanimously carried.

Sen. Hafferman will carry the Bill on the floor.

(include enough information on motion--put with yellow copy of committee report.)

# STANDING COMMITTEE REPORT

March 8 19 79

MR. President

We, your committee on State Administration

having had under consideration House Bill No. 491

Menahan (Hafferman)

Respectfully report as follows: That House Bill No. 491,

Third Reading Bill,

~~DO PASS~~ BE CONCURRED IN

*Pa.*

ROLL CALL VOTE RECORD

SENATE COMMITTEE STATE ADMINISTRATION

Date April 4 - 1978 House Bill No. 348 Time \_\_\_\_\_

*Bill introduced in  
House April 12, 1978*

NAME	YES	NO
Senator Pete Story, Chairman	✓	
Senator George F. Roskie, V. Chairman	✓	
Senator Bob Brown	✓	
Senator A. T. (Tom) Rasmussen	✓	
Senator Patrick L. Ryan	✓	
Senator Greg Jergeson	✓	
Senator William F. Hafferman	✓	

Jennie L. Palmer  
Secretary

Pete Story  
Chairman

Motion: Senator Bob Brown moved that House Bill No. 348 BE

CONCURRED IN; motion passed by unanimous vote.

At the request of Rep. Iverson, the sponsor of the Bill,

Senator Kolstad will carry the Bill in the floor.

(include enough information on motion--put with yellow copy of committee report.)

# STANDING COMMITTEE REPORT

..... March 8 ..... 19 79 .....

MR. .... President .....

We, your committee on ..... State Administration .....

having had under consideration ..... House... Bill No. 343 .....

Iverson (Kolstad)

Respectfully report as follows: That ..... House... Bill No. 343 .....

Third Reading Bill,

~~DO PASS~~ BE CONCURRED IN

*JA*

Submitted by:  
Rep. Joe Bran

## Reasons for passage of House Bill 208

The Department of Institutions has requested revisions in HB 208 that are absolutely essential for the operation of its institutional industries primarily at the Montana State Prison.

1. The first major change in Section 1 of the bill allows the institutional industries to use resident or inmate labor for new construction projects up to a \$25,000 limit. In the past, only repair and maintenance of property and equipment was allowable. With increased inflation, the new figure is more reasonable. Further, in order to meet all building code requirements the Department can make use of the engineering staff of the Department of Administration which in other legislation this session, is seeking to be able to design and inspect state projects up to \$25,000. The two theories are consistent and compatible. Further, the use of inmate labor for this amount of money will not compete with private enterprise to any great extent, nor jeopardize employment. The Federal Bureau of Prisons has been doing similar construction projects for years and the use of inmate labor under certain restricted conditions is perfectly legal and economically feasible.
2. In order for the institutional industries, particularly the prison ranch to operate on a sound financial basis, it is necessary to strike the term "in emergency" from the existing statute. The best example is the dairy herd at the Montana State Prison. More Grade B milk is produced than can be used internally. Yet it would not be fiscally sound to sell off the herd because of a population increase in the future. Further, we would not be competing with private enterprise since there is presently a lack of Grade B milk. The 1973 audit report and legislative intent has always been to make the prison ranch to operate on an enterprise like basis. To restrict the outside sale of prison products to only emergency situations is not fiscally sound. In order to protect the general public, and private enterprise from institutional competition, the Department intends to appoint an institutional advisory committee to help insure that any decisions to sell outside of institutions are sound.

3. The amendments in Section 2 of the bill are housekeeping amendments only and strike the term "as to the exception" and indicate that the receipts are to go into the "revolving accounting entity", which is the new SBAS definition rather than the old "earmarked revenue fund".

In conclusion, not only will this bill help institutional industries at the Montana State Prison to operate on a sound fiscal footing, there will be sufficient checks and balances to insure that local labor and local businesses will not be taken advantage of as far as unfair competition. This law is within the spirit of past legislative recommendations. Another factor is that by using these industries, a sufficient portion of the inmate population will be utilized. Presently there are not enough recreation, educational or Vo-Tech programs available for all inmates. To use a good segment of the prison population in institutional industries is not only sound fiscally, but necessary for the secure and meaningful operation of the prison system.

NAR:sf



NAME: Owen Morris DATE: 3-8-99

ADDRESS: 1500 E. 6th Ave.

PHONE: 449-3134

REPRESENTING WHOM? Teachers' Retirement System

APPEARING ON WHICH PROPOSAL: HB 491

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: \_\_\_\_\_

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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Jim Turcotte DATE: 3-8-79

ADDRESS: 1712 9th

PHONE: 3155

REPRESENTING WHOM? PERD

APPEARING ON WHICH PROPOSAL: HB 348

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: \_\_\_\_\_  
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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.