

MINUTES

MONTANA SENATE 51st LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairman William E. Farrell, on March 16, 1989, at 9:00 a.m., Room 331, Capitol

ROLL CALL

Members Present: Senator Hubert Abrams, Senator John Anderson, Jr., Senator Esther Bengtson, Senator William E. Farrell, Senator Ethel Harding, Senator Sam Hofman, Senator Tom Rasmussen, Senator Eleanor Vaughn

Members Excused: Senator Paul Rapp-Svrcek

Members Absent: None

Staff Present: Eddy McClure

GOVERNOR'S APPOINTMENTS

Discussion:

Vice Chairman Hofman asked Senator Abrams to report on the Board of Oil and Gas Conservation.

Senator Abrams reported that he contacted people in the area of all the individuals, and received very positive reports on them. He reported that Scott Gage is the son of Senator Gage, he is a CPA with an accounting firm that does a tremendous amount of oil and gas accounting, and serves on the school board in Cut Bank, noting the comments about him were that he is very professional. He indicated that Stanley Lund is a farmer/rancher with oil and gas production on his land, and is well-respected in the community around Reserve. Senator Abrams noted that he got quite a bit of his information from the county commissioners.

Senator Abrams then reported that Robert Rhodes is an industry man, he has worked for Montana Power for over 20 years as a geologist, and is very well respected in the industry. He also reported that David Schaenen is an industry man, with Shell Oil, that he has served as President of the Rocky Mountain Oil Commission, and is also very well respected in the industry.

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 2 of 46

Senator Abrams stated that Mr. Rickman, assistant director of the oil and gas conservation division of DNRC, heartily approves all four nominees, as does the chairman of the Board of Oil and Gas Conservation. Senator Abrams added that he felt pretty good, that there were positive comments that they were very capable, qualified, and very well respected.

Vice Chairman Hofman reported he has received some comments regarding these nominations, all of which were very supportive, and which reiterates what Senator Abrams has already told the committee.

Senator Abrams stated he would recommend all four nominees.

Testimony:

K. L. Cool, Director, Department of Fish, Wildlife and Parks

Mr. Cool stated he has been requested, by the Governor of Montana, to serve as director of Fish, Wildlife and Parks. He indicated he was not only pleased to accept that, but he is also very pleased to report to the committee that the opportunity to work with Montana's Department of Fish, Wildlife and Parks is viewed by him, as a wildlife professional, as the opportunity of a lifetime. He stated that no place, he is aware of, in the continental United States, has the diversity of wildlife and natural resources this state has. He indicated that, as a professional who has had the opportunity to view the state, its managers and its resources, from the outside, he finds that the State of Montana has done an extremely good job in maintaining a heritage of fish and wildlife conservation. He added that heritage is extremely important, not only to the department and to the Governor, but it is also extremely important to the nation, and that he takes the responsibility of asking the committee to approve his confirmation as a very important step, in terms of providing the direction and leadership the Governor wants to give fish and wildlife management and park resource management, over the next four years.

Mr. Cool stated he would be more than happy to give the committee any background they might be interested in, which they may not have, and he would also be more than happy to answer any questions the committee members might have. He reported he has received both a bachelors degree and a masters degree in fish and wildlife management, he spent three years in the United States Army, in Europe, and that, when he returned from Europe, he went to work for the State of South

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 3 of 46

Dakota as a game warden, conservation officer. He further reported that he was promoted to research biologist, and did research on whitetail deer, upland game birds and waterfowl, adding that he spent about three years in that position before what would be the equivalent of the director of fish and wildlife asked him to come to the state capitol, and serve in the position of special assistant to the secretary. He stated that position provided him an opportunity for insight and, to some degree, overview of all the activities of South Dakota's Department of Game, Fish and Parks. He indicated the overview provided him the opportunity to work with the legislature, and to work with select committees, and representatives of environmental organizations and agricultural organizations. He added that he served as secretary of the South Dakota Landowner/Sportsman Council, which provided a forum for interchange and communication between landowners and organized sportsmen, and, in addition, he served as the secretary for the South Dakota Pheasant Congress, which dealt with upland game bird management, state-wide, and provided a forum for state government to work with.

Mr. Cool then reported that, from that position, he was asked to assume the position of director of the division of wildlife, noting that wildlife, in South Dakota, is an all-encompassing word, and, underneath him in that position, in terms of a working relationship, were the game wardens in the state, all of the fisheries biologists and wildlife biologists, and every aspect of wildlife management, from animal damage control to the more favorable types of wildlife management, such as fish hatcheries and conservation, education, safety and enforcement. He indicated he was in that capacity for six years when Ducks Unlimited offered him a position, and that he resigned from South Dakota's department, and went to work for Ducks Unlimited. He noted that Ducks Unlimited is a private conservation organization which deals in wildlife habitat restoration, to provide maximized wild waterfowl populations and associated wildlife species. He indicated he worked for Ducks Unlimited for four years, in a fund-raising capacity, working the northern half of Wyoming and the western half of South Dakota. Mr. Cool then reported that, in February of this year, he received a call from Governor Stephens asking if he would be interested in visiting with him about coming to Montana, and working with the legislature, with the sportsmen in the state, with the landowners in the state and, of course, with the Montana Fish, Wildlife and Parks Department. He indicated he told the Governor he would be very interested, that they subsequently had an interview, here in Helena, and, apparently, the Governor was satisfied, and asked him to, in fact, serve the

State of Montana in this capacity. Mr. Cool noted he was very excited about that, and indicated he understands the importance of the position, and is really looking forward to going to work in Montana, and to being in Montana.

Questions from the Committee:

Q. Senator Bengtson indicated she has a general question relating to water and his background. She reported that HB707 deals with water leasing, and that Fish, Wildlife and Parks plays a major role in that legislation. She asked Mr. Cool what his position is on that, noting that, if this bill passes, he will be asked to identify ten stream reaches in the state which could be negotiated for in-stream flow. She reported that Fish, Wildlife and Parks has been a strong advocate of in-stream flow, and asked him to address, in a general way, how he feels about water leasing, and his role in developing some sort of a program dealing with leasing of water for in-stream flow.

A. Mr. Cool responded that he can not speak to the technical merits of the bill, noting that he has been briefed on the bill, and provided with background by Glen Marks. He indicated he knows the bill is supported by the department, and by the Governor, noting that, from what he has read on the bill, and what he has been told, he thinks the bill is very innovative, that it provides a real opportunity to do something important in terms of providing in-stream flows to a very necessary part of Montana's economic base, the utilization of its fisheries, and further indicated the provision that they would have adequate in-stream flows is extremely important. He stated that, from what he knows of the bill, he would characterize the bill as being innovative. He indicated he would not be afraid of this bill, noting that he understands it is controversial, because he thinks the bill can be worked through, and he thinks it may well provide a front-runner, in terms of providing an opportunity to deal with all of the users of a water resource, and that it would provide, for Fish, Wildlife and Parks, an opportunity to negotiate and identify those areas that are critical to the needs of wildlife.

Mr. Cool stated he has to address this in very broad perspectives, noting it is very obvious that he supports the bill, and indicated he would like to ask the committee members to take a very objective view on this bill. He further stated he would like to support the Governor's

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 5 of 46

position on the bill by asking the committee members to support the bill, and, if problems arise, the department, he, and the Governor's office will be glad to deal with those problems, as they come up, either to discuss it in interim committees or, certainly, in the next session of the legislature. He indicated he thinks the bill is important enough to make sure it gets a very sound reading and, hopefully, the legislature can find enough favor in it to pass the bill out.

Q. Senator Abrams asked Mr. Cool, in his past experience in South Dakota, if they had any programs similar to what Senator Bengtson asked about.

A. Mr. Cool responded no, that they did not. He indicated that in-stream flow is extremely important to the Black Hills area. He stated that all water is appropriated, in Montana and South Dakota, and indicated he would view this as having an opportunity to provide a basis of insight for a number of other states. He assured the committee that South Dakota, its fish and wildlife managers, and the people who use those resources, will look carefully at what is happening in Montana, from the perspective of being able to utilize this model legislation.

Q. Senator Bengtson asked Mr. Cool what his position is on further land acquisitions for access.

A. Mr. Cool responded that, again, from the standpoint of a general perspective, he understands a law was passed in Montana which provides for the acquisition of critical habitat, and that the department is involved in purchasing critical habitat. He stated that, in viewing land acquisition, from the department's perspective, they intend to take a very careful look at each and every acquisition to make sure it fulfills the intent of the law, and to make sure it is needed. He indicated that, in addition, they want to make very sure it receives a sound public hearing, and that, before the department takes a recommendation to their commission, they have a very strong feeling that the acquisition is, in fact, critically important to the department. He stated that land acquisition is certainly important, but the aura surrounding it, and the controversy, is something he would like to look at, with the department, and make sure what they are doing is in the best interest of the State of Montana. He indicated that, to answer Senator Bengtson's question, they will need to acquire critical

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 6 of 46

habitat, and will take a very, very close look at each and every purchase, to make sure it is in the best interest of the state, noting they will not be able to purchase every one of those with a consensus of opinion.

- Q. Senator Bengtson asked Mr. Cool if he views fees in the state parks as a necessary evil, for budgetary reasons, or if he thinks it is a good policy for user fees to be raised, or instituted, in all parks.
- A. Mr. Cool responded that he does not have the basis of being able to respond to an all-parks user fee. He noted that, obviously, the maintenance of the park system, and the heritage of parks in this state, is very important. He stated that he thinks the user must, necessarily, be a part of the solution, in making sure that those parks are maintained and improved. He indicated the percentage provided by the user, and the percentage provided by the coal severance tax, or any other form of funding they might have, is something that is open to negotiation. He added that, in terms of where the department is headed, he has no reason not to support the action taken by the commission and the department, in terms of user fees, noting he is certain they will find a reaction to that, because no one likes to pay for anything, but he thinks it is important that Montana recognize the importance of the state park system, and the potential of the park system to capture visitors, perhaps hold them here longer and, hopefully, provide a spin-off into the economic base.
- Q. Vice Chairman Hofman asked Mr. Cool if he sees himself as a manager of what the legislature, or their board, tells them to do, if he will do the things they want him to do, and implement them, or if he sees himself as the kind of person who will actively make sure there is plenty of water going down the creek, as with the water bill, and, possibly, with land acquisition. He further asked Mr. Cool where he sees his role in this.
- A. Mr. Cool responded that, obviously, he has been asked to accept this position by the Governor, and he will be the Governor's representative, in terms of working with Fish, Wildlife and Parks. He stated his role, as director of Fish, Wildlife and Parks, will probably be, to a great degree, as a facilitator, a coordinator, an individual who will have an opportunity to provide a broad perspective or overview of the management activities of the agency. He further stated that he believes the agency

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 7 of 46

contains a wealth of technical knowledge, noting the people of Montana are very fortunate to have the caliber of people who work in the Department of Fish, Wildlife and Parks. He indicated he sees himself, in terms of a relationship with the commission, on a par with the commission, noting that perhaps he could say as an equal partner. He indicated the commission has quasi-judicial, quasi-legislative power, which the legislature has given them, to manage these resources, and their oversight will provide a very good perspective, he hopes, of what the legislative intent is.

Mr. Cool indicated that, in addition, he would like to think he will be wise enough, and open enough, to make sure he understands what the legislative intent is, and he would like the legislators to consider him as a partner in management of these resources, or at least in fulfilling the desires of the legislature. He stated that, basically, he is an individual who has been hired in a director's position to do the best possible job he can for the legislators, the citizens of Montana, and the Governor. He indicated he will never forget that he works for the Governor, and he will also never forget that he can not be successful without the cooperation of the legislature, and without the cooperation of the sportsmen and landowners in this state.

Mr. Cool noted that no resource he has ever dealt with, or has ever seen dealt with, is pulled in more directions than the fish, wildlife and park resources of any state, and that, to stand in the middle of the rope and decide how to get a consensus of opinion, and how to direct the energy from a state like Montana, is a very, very challenging, and humbling, position, indicating he views it in that manner. He stated that he wants the committee members to know how very much he looks forward to working with them, that he knows there will be times when they will disagree, but promised that their disagreements, from his perspective, will be open, that he promises his integrity and his loyalty to the State of Montana, and he further promised the committee members that he will do the very best job he possibly can, in representing the Governor, the fish, wildlife and park resources, and the employees of that department.

Mr. Cool asked Chairman Farrell for permission to have a personal privilege, indicating he would like to introduce his wife, Vickie, who is a school teacher of home economics in Pierre. He noted that, when school is

out, she will move to Montana, adding that he might look a little ragged for a while, that he is not used to taking care of himself. He then introduced his son, Josh, indicating that Josh will be a junior in high school, when he arrives in Helena. Mr. Cool reported he has another son who will be a junior in pre-med, noting he hopes he will move from the University of South Dakota to Bozeman. Mr. Cool stated he will attempt to visit the Fish and Game Committee of the House and the Senate, this afternoon, and introduce himself. He indicated he would like the committee members to feel free to ask him any questions, noting that, in terms of a legislative liaison with the department, in this session, there probably will be very little change, that it is a little late for him to come in and make any significant changes, and that he will be here to listen, and to learn.

Chairman Farrell announced the hearing on the appointment of Mr. Cool as closed.

Testimony:

Everett M. Snortland, Director, Department of Agriculture

Mr. Snortland reported he was born and raised in Conrad, Montana, was educated in schools there, and graduated, in 1959, from Montana State College, which is now Montana State University, with a degree in general agriculture, specialties in agronomy and soils. He indicated he started farming in 1960, on a farm his grandfather started, that he served in the Montana Legislature in 1971, and was a licensed lobbyist for the Montana Farm Bureau for several sessions after that. He reported that, recently, he served as the state executive director of the Montana ASCS office, located in Bozeman, noting he resigned that position on January 13th of this year, and started serving in the position he is designated for, on January 16th. He stated he has quite a bit of experience in agriculture, because he is a producer, adding that he is concerned about issues concerning agriculture and, when the Governor asked him if he would serve as his director, he was very enthusiastic in accepting that position.

Mr. Snortland indicated he appreciates the opportunity to appear before this committee, and would hope this committee would confirm his position.

Questions from the Committee:

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 9 of 46

- Q. Chairman Farrell indicated that, as Mr. Snortland knows, there has been a down-turn in the economy, that agriculture income has been down. He reported there have been some bills in the legislature for mandatory mediation, and asked Mr. Snortland how he feels about some of that.
- A. Mr. Snortland responded the mediation bill that was before the legislature was to extend the sunset two more years, noting it was started in 1987 because of the large number of foreclosures, and the problems the lenders and borrowers were having in getting together to resolve their differences, and mediate that debt. He indicated that issue had not come to a head yet, noting the bulk of the mediation is going on right now, that, in fact, the department has had over 200 requests, in the last two weeks, for mediation, most of which are farmers home. He stated it is a service which is provided by the department, as required by the legislation, noting it is a necessary service, because voluntary mediation is the best alternative to mandatory. He noted that, those who are still in business, and operate under borrowed money, may have a very difficult time borrowing money, and he thinks voluntary mediation is a better alternative to Chapter 12. He indicated that Chapter 12 has slowed down a lot of land sales which would normally have occurred, that, in Montana, in a lot of land sales between buyer and seller, the seller will carry the contract, and Chapter 12 basically puts a stop to that.
- Q. Chairman Farrell asked, with that scenario, does he see the state paying for young farmer programs, to help younger generations get into it, and further asked how we will maintain family farms.
- A. Mr. Snortland responded that he thinks any enterprise requires profit. He stated that we need to expand our markets, and expand the export of those products, even by using value added, or semi-processing those products for export, so the people in agriculture, if they have an opportunity to make a profit from what they produce, and are able to survive, and can go to a lender, and cash-flow that loan. He indicated that, if there is no profit in that enterprise, it makes no difference how much money that person borrows, they have to have the ability to pay it back. He noted that has been some of their problems in the past, that a lot of the loans given were not based on the ability to repay them. He noted the department's interest is to help all interests, and

all producers in agriculture. He stated they do need to bring the young people into agriculture but, before they do that, it has to be profitable, not only for them to get in, but for them to stay in, and survive.

- Q. Chairman Farrell asked Mr. Snortland, with that answer, would he support research into some alternative crops, noting that, in the west, he thinks there has been some experiments on safflower. He indicated we have been known as a winter wheat state, as well as for cattle, and asked, if the profit is not there, shouldn't we start looking someplace else, for something that might be viable in the State of Montana.
- A. Mr. Snortland indicated that Chairman Farrell is absolutely right, noting he knows the committee members realize that the Growth Through Agriculture Council, and project, which was in the Department of Commerce, has now moved over into the Department of Agriculture. He stated part of the goal of the Growth Through Agriculture is to develop alternative crops, put out some seed money, and provide money for the research necessary for those products which can be produced, processed and exported.

Mr. Snortland indicated those are the types of things they need to do, and continue to do, and that he is pledged to do everything he can to make things which are in the law, and are funded, work. He stated he likes to see results, that he does not like the perpetual motion machine established, and it is his goal that the duties they have in the Department of Agriculture, for those types of things, are carried forward, with results.

- Q. Chairman Farrell reported he read a story, the other day, that the Farm Credit Corporation finally turned a profit, and asked if that was at the expense of the farmers in the State of Montana.
- A. Mr. Snortland responded that Farm Credit developed from problems which existed with the PCAs, the Federal Land Bank, and bank cooperatives lending money to people, not on the basis of their ability to service the loans, but more on inflation. He indicated that, consequently, they got into a problem and, when it came down to the point of survival, people who were working with Farm Credit were more concerned about themselves, than the producers they were servicing. He stated that has been his experience, noting that he does not borrow money from Farm Credit, although he has a Federal Land Bank loan,

which is part of Farm Credit. He indicated he used to borrow from PCAs, when he first started farming, but he got out of there as soon as he could, and went to a local bank.

- Q. Senator Bengtson indicated the Department of Agriculture has some real responsibilities in dealing with hail insurance, the weed trust funds, and Growth Through Agriculture, which has recently been transferred to his department. She asked Mr. Snortland how he views his role, if he think of himself more as a leader and spokesman for agriculture, or as an administrator, in administering, not only the department, but some of these very, very important programs within the department.
- A. Mr. Snortland responded that he serves at the pleasure of the Governor, who nominated him for this position, and he sees himself as an administrator, and as a person with a certain amount of experience in the agricultural industry, to insure that their concerns are addressed and dealt with. He indicated the legislature, which he was a member of at one time, is the body which adopts the legislation that the Governor signs. He stated his position is that it is his job to administer the law, no more or no less than what the law is. He indicated they also promulgate rules to bring in the intent of the legislature, and to explain how those laws are to be administered. He stated it is his attitude to have the Department of Agriculture serve the farmer, not the farmer serve the Department of Agriculture, noting he thinks they are a service agency to provide information and help, wherever they can, and also provide resources to the legislature, wherever they require it.
- Q. Senator Bengtson asked Mr. Snortland if he thinks the reputation that the state is in the hail insurance business, and should not be in competition with other hail insurance providers in the private sector, is justified, and further asked at what level does he think the state should remain in the hail insurance.
- A. Mr. Snortland responded that the state hail insurance program was established many, many years ago, to provide a check to the existing insurance companies, and provide coverage where the other companies would not do so. He stated he thinks it is a viable part of agriculture, and probably very important in certain parts of the state, because the coverage is so high through the private

sector, and that this provides some coverage for them.

Mr. Snortland indicated that, with the advent of federal crop insurance, multi-peril insurance is part of the 1985 security act, and maybe the 1981 act, also. He stated they have had federal crop insurance for many, many years but, since 1981, the coverage has been more reflective of what the producers can produce, and state hail insurance probably is not as important, now, as it was back then. He reported that, be that as it may, the legislature decided to continue that, or may have decided to continue that, but what they are discussing, at the present time, is increasing the rates for coverage.

He noted the state hail board is under his department, that he is a member, with one vote out of five, and indicated that his concern is that, when they offer coverage, they need to guarantee coverage, because the state hail program does not have any reinsurance situation as backup. He stated that, when they raise the coverage, per acre, which could increase the number of people who would purchase hail insurance, he would think they would have to double the reserve, before they are able to offer the coverage, and guarantee the coverage.

Mr. Snortland indicated that, if there is a massive hail storm in eastern Montana, and if a great many of the producers are carrying state hail insurance, and the reserve, plus premium, is less than the amount of loss, each loss would be prorated down, so they would not have full coverage. He added that, when the condition of a loan is that they take out hail insurance, multi-peril crop insurance, and they come in with a lesser loss payment than what was anticipated, the banker, or Farm Credit person, may think they lack in management skills. He stated that, before they offer increased coverage, they had better guarantee that coverage.

Q. Senator Bengtson asked Chairman Farrell how long the committee would remain in session, indicating she does not want to take up a lot of time, but she has a couple of more questions. Chairman Farrell responded that the committee would remain in session at least until noon.

Senator Bengtson then asked Mr. Snortland if he thinks the weed trust fund program is something that he can support, in its entirety, or if there are some changes he thinks should be made, as they deal with how the trust fund is funded, and how the monies are distributed.

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 13 of 46

- A. Mr. Snortland responded that the Noxious Weed Trust Fund Board is appointed by the director of the Department of Agriculture, noting that, at the present time, he is intending to change about three members, effective April 1st.
- Q. Senator Bengtson asked Mr. Snortland if he would be willing to look at the rules, and how they review grant requests.
- A. Mr. Snortland responded that he was at his first Noxious Weed Trust Fund committee meeting about a month ago, and it lasted close to two days. He reported they had a request for \$1.7 million, but they only had \$400,000, so they could not meet the request, although every request was scrutinized, very much, by that committee. He indicated he was unable to be at the final meeting of the committee to make that determination, noting it was a very tough call, on their part, to do what they did, to provide grant money for certain groups, and not for other groups. He added that, of the grant monies that were requested, they provided less than what was requested.

Mr. Snortland stated he is always open to suggestions, and consideration of changes, noting that committee is an advisory committee made up of people who are very knowledgeable about the noxious weed issue, adding that they are strategically located around the state, so that most areas of the state should have a certain amount of positive input. He added that his thoughts were more on the lines of trying to come up with an alternate solution to the noxious weed problem, through biological control, but indicated the committee has to realize that is a long time coming and, in the meantime, they have to develop public awareness to the noxious weed problem, and they have to come to the awareness that they will have to use a certain amount of chemicals to control noxious weeds in water shed, or upstream areas, wherever they can. He reported that, also, work is being done to see if they can get livestock to forage on certain types of noxious weeds, to keep the growth down. Mr. Snortland further reported that, in ASCS, when he was there, they did not cost-share to control noxious weeds, and had not done so since 1977, noting that he started in 1981, and the reason they discontinued cost-sharing, from the ASCS level, was that they did not have enough people to cover the issue, nation-wide, plus that was when the Montana weed control law became more or less official, and had

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 14 of 46

some strength to it. He indicated the problem is the legislature, which he is not faulting, but which sometimes allows laws to be passed that are impossible to administer. He indicated they have amended those laws, over the years, to a more practical point and that, now, in order for farmers and ranchers with a noxious weed problem to get assistance, they will have to come up with some kind of a plan for how they are going to control those weeds. He stated the department regulates and licenses pesticide applicators, which include herbicides, that they monitor those things, and are also very much concerned about ground-water pollution, and the use of pesticides and fertilizer. He stated these are tremendous, big issues which will have a significant effect on agriculture, in the future, and indicated he thinks the 1990 farm bill will have a requirement that, before a person is able to receive program benefits, they will have a plan approved, under BPA standards, to reduce ground-water pollution.

- Q. Senator Bengtson reported, for the committee's benefit, noting they may not be familiar with the Growth Through Agriculture Act, that the program is being switched to the Department of Agriculture. She asked Mr. Snortland, since that is going to be in the Department of Agriculture, how big a program does he think that is going to be, and if he is going to be a real strong advocate to getting some money into it, now that it is constitutional, and further asked how he is going to set that program up.
- A. Mr. Snortland responded that it is already set up. He reported that, when it was in the Department of Commerce, the Department of Agriculture had a great amount of involvement in it, and they have specialists in their department that work there. He stated they are trying to put buyers together with sellers, as he mentioned previously. He then indicated there are some weak points in the Growth Through Agriculture fund that he does not particularly agree with, noting that the incubator thing bothers him because those things can turn out to be perpetual motion machines which generate, but never resolve it because, if they did, they would never get any more state funds. He pointed out that the other part of it is that there are a lot of people who come up with pretty good ideas, new products, new processing, and they can generate ideas, solutions, and alternatives to maybe come to where we are more of a full producer of a lot of agricultural products in the State of Montana. He noted

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 15 of 46

that those ideas, alone, do not do the job, that they need a little seed money to get them started, a little support, and a little expertise available to them.

Mr. Snortland reported they are participating in the food fair in Boston, Massachusetts, and have three exhibitors to show off Montana-made products, adding that Montana needs to be exposed to everyone as an agriculture state.

Mr. Snortland stated they need to do their best to be salesmen. He indicated he has been involved in the local Pondera County development, stating that he hates to get involved in bureaucracy, that he would like to go from step 1 to step 8, and not stop at 2 through 7, but that sometimes the law requires that, and maybe it is necessary, noting it seems like it is a lot of red tape and bureaucracy.

He noted that the combination of his style and the professionalism of the department personnel, together, he thinks, will make a good team to try to get something positive done for agriculture in Montana.

- Q. Senator Hofman indicated he knows a lot about weed control, that he is on a weed control board, and has been quite involved in getting some of the legislation passed. He reported that, regarding funds allocated out of the noxious weed trust fund, he was extremely critical of one of the steps which was taken, that he spoke about it in a speech to the state association in Butte, and let his views be known, noting he knows there is a division in the thinking about how these funds have to be allocated. Senator Hofman further indicated the law says that funds allocated out of that fund have to be used for noxious weed control, and the objection he had was that \$30,000 was expended to help farmers and ranchers clean up CRP land, which is where he had a problem. He noted that he knows Mr. Snortland is now familiar with that, and encouraged him to follow what the law says in that area, and he will not get his opposition.
- A. Mr. Snortland responded he is very familiar with CRP, that they administered that program in the ASCS office in Bozeman. He indicated they are trying to encourage and expand the public's awareness of the noxious weed problem and to do, for those who can not do for themselves. He added that, in the case of CRP, there is cost-sharing for some of that, which is one of the things the Noxious Weed Trust Fund board reviews. He pointed out

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 16 of 46

that he has only been to his first meeting, that he was not at it totally, but he will be watching for that.

Q. Senator Hofman indicated the problem is that the big pesticide companies, which make big sales in the State of Montana, say we are not using the money we get from them for selling their product, that we are using that on other products, and that is where the problem came in at. He stated he does not think that should be a political situation that, once that money has gone into the trust fund, that pesticide company has lost the right to determine what we're going to do with it.

A. Mr. Snortland agreed with Senator Hofman.

Chairman Farrell announced the hearing on the appointment of Mr. Snortland as closed.

Testimony:

Julia E. Robinson, Director, Department of Social and Rehabilitation Services

Ms. Robinson stated it is a pleasure to be here, today, and that she would like to say hello, since none of the committee members really know her. She reported that she was a former Miss Frontier, during Frontier Days, noting they used to say it was the largest rodeo in the world, although she is not sure that it was. She indicated they are known for having quite a party period and, one day, while walking down the street, she saw a cowboy coming out of the bar, on a Wednesday. She noted his boots were tucked into his pants and, on his boots, were the letters "T G I F", reminding the committee that it is a Wednesday, and it could not mean "Thank God It's Friday". She indicated she asked him how come he has "T G I F" on his boots, on Wednesday, instead of Friday, and that the cowboy responded "During Frontier Days, you gotta remember that toes go in first." She stated that, today, she has to remind herself that the committee does not know a thing about her and, while she knows they have her resume in front of them, she would like to give them a few brief points and a little bit about her philosophy on human services, and that, then, she would be happy to answer any questions.

Ms. Robinson reported she graduated from Hastings College in Nebraska, *summa cum laude*, with degrees in English and Sociology, that she has a masters degree in Sociology from Arizona State University, and has done advanced graduate work at Washington State University. She further reported she

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 17 of 46

began her career in human services in Wyoming, in 1976, noting she is from Wyoming, and that she was the director of the Association for Retarded Citizens. She indicated that, at that time, they had a contract for running the Governor's Council on Developmental Disabilities.

Ms. Robinson stated she was hired into state government as the human services administrator for the Board of Charities and Reform. She indicated the elected officials in Wyoming run the state institutions and, in that position, she had oversight responsibilities for the state hospital, the state training school, and the youth institutions. She reported she was moved to the Department of Health and Social Services, at her request, because she believes in community-based programming, noting she thinks her experience at the institutions was a good one, but that she prefers community services, having worked with parents, with the Association for Retarded Citizens. She further reported she became the administrator of the division of community programs for the State of Wyoming, which included developmental disabilities, mental health, substance abuse, family violence and sexual assault, and troubled youth.

Ms. Robinson indicated that, in 1984, she was asked, by the Governor, to take over the administration of the division of public assistance and social services, noting that, at that time, the division had been without an administrator for eight months, because no one would take the job, that the former administrator had been fired, and she was asked to come in, and try to correct the problems in that agency. She noted the agency covered all the welfare programs that are in SRS, plus all the child welfare programs, adding that she is pleased to say that, when she left Wyoming, she left it in better shape than when she came, that they established, and have been certified for, a national computer system, similar to what Montana is attempting to put in now, noting that system has been reviewed by the Urban Institute as one of the top systems in the country for food stamps. She reported they also put in place a children's services program, rules and regulations for child abuse, and some homemaker and in-home services for children.

Ms. Robinson reported she was picked, in 1984, as The Woman of Conscience of the United States, which is an award given out by the National Council of Women of the United States, noting she received it in New York City. She further reported that, in 1985, she was selected as one of 100 Women of Promise in Good Housekeeping magazine.

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 18 of 46

Ms. Robinson indicated there is a saying that bureaucrats do things right, and leaders do the right thing. She stated you can be technically correct, when running government programs, and humanistically wrong, noting you can look at Nazi Germany to see what she is talking about, which is that they did everything technically correct, in their war machine, and yet, in her belief system, they were fundamentally wrong. She stated she does not want to be a bureaucrat at SRS, she wants to be a leader. She indicated they need a leader, right now, that they have a number of major new projects starting up, in the welfare system, which she thinks they can do well, here in Montana. She further indicated they have wonderful employees at SRS, that she thinks they have a good reputation for delivering and, together, she is hoping they can all move forward with the projects they have to look at. She noted they include catastrophic health, which is going to bring in thousands of new recipients who have never been on the welfare system, that they are looking at some new approaches to health care for the elderly, and also that, regarding welfare reform, noting some bills have already passed the Senate, and are now in the House, the federal welfare reform programs are going to change, fundamentally, how they do business in welfare. She further indicated they will be looking at how to handle de-institutionalization issues for the handicapped, that it has not been a happy experience the last few years, and she thinks there should be some ways they can work on that a little bit better, and improve how they will look at moving ahead in that area, adding that she has already met with Curt Chilsom, and they are trying to get some joint efforts going. Ms. Robinson stated they also have to look at some changes in the general assistance program, noting they are looking forward to working with whatever bills have passed out of this legislature, and which are in accordance with Governor Stephens' philosophy.

Ms. Robinson indicated she thinks she can provide the leadership to undertake those new initiatives, and that she thinks she understands, very well, that those have to be done with restricted personnel, and restricted funding, because of the economy in Montana. She stated she wants the committee to know how she sees the mission of Social and Rehabilitative Services, that she sees the mission of their agency to empower Montana's people. She indicated that, to her, that means to give the power to enable, that they should be designing human services programs in Montana which provide the necessary training, resources, or other necessary services, as part of a case plan to make Montana people as independent of government services, as possible. She then related a story, which she likes to tell, about a troubled kid and a wise old man.

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 19 of 46

She reported the troubled kid was always trying to play tricks on the wise old man, that he caught a bird, had it in his hand, and thought, "Now I've really got the wise old man. I'm going to ask the wise old man if the bird is dead or alive and, if the man says it's alive, I'm going to crush it, open my hand, and it will be dead. If the man says it is dead, then I will open my hands, and let it fly away." She reported he went to the wise old man, asked if the bird was dead or alive, and the wise old man looked at him, and said "Son, the future of the bird is in your hands." She indicated she likes to remind people that government can do a lot for people but, ultimately, the future of every individual is in their own hands.

Questions from the Committee:

Q. Senator Harding indicated she is impressed with what Ms. Robinson had to say, adding that she is sure Montana offers, probably, no greater challenges than she has already seen. Noting that Ms. Robinson has visited Holland and studied their child welfare system, Senator Harding indicated it seems like we are continually getting more demands for help from the welfare system, for the needy, and asked if Ms. Robinson is bringing us a miracle in her briefcase.

A. Ms. Robinson responded no, which is why she wanted to close with the statement that the responsibility, ultimately, lies with the individual. She indicated the problem, in all the western states, is that, when the economy is the worst, when they can least afford the services, that is when the people most need the services. She stated they have to make a good-faith investment in those people because, when looking at bringing in economic development, if they have lost all of their people, they have nothing to attract people in. She indicated that, on the other hand, they do not want to create long-term dependency, that they want to design programs that take care of people, who need it, and design them so that, when there are jobs available, they get off the programs.

Ms. Robinson reported she did some undergraduate work, that she had the opportunity to spend a month in Chicago in those housing areas that were a mistake. She stated that human services is experimental, that, every time they do something, they have to see how it is going to impact human behavior, and the problem is that they give their best judgement, in advance, and then it does not

work the way they think. She noted the big housing projects in Chicago were pushed through, put up, and they have not worked, at all, well. She reported that one of the things she learned is that you do not want to create a welfare system which encourages dependence, generational dependence. She noted that, on the other hand, in the western states, this has not been a problem, in looking at the long-term history of welfare, that people stay on a shorter period of time than they have on the east coast and in the mid-east. She indicated that what they want to do is take care of the people, right now, and set up a system that, when jobs are open, they are encouraged to go back to work. Ms. Robinson stated she does not have any miracles for Montana, that she thinks she has good management skills to do well with the money the legislature will give them.

- Q. Senator Vaughn stated she likes Ms. Robinson's perspective, very well, noting that she worked on an interim committee for human services. She indicated she thinks we need to get away from generations following, one after the other, and that encouraging getting back to work is one of the first steps. Senator Vaughn indicated another thing which is a problem is child support, and that she understands they are talking about transferring that out of SRS. She asked Ms. Robinson if she approves of that, or does she think it is better where it is.
- A. Ms. Robinson responded that it is in Revenue, right now, and Governor Stephens is interested in putting coordinating clauses in all of the legislation, so that they can sit down, after the legislature goes home, and look at how they can best run, in a cost-effective manner, the various programs which are spread throughout agencies, that touch. She stated that child support is the lynchpin of welfare reform and, in looking at the federal welfare reform initiative, the basic concept is that parents, absent parents, or parents who may not know they are parents, such as teenage parents, have a responsibility for their children, and that responsibility comes before government intervention. She indicated that a whole series of changes are necessary, in state law, to be in compliance with the new federal laws, and, in addition, there will be all kinds of requirements to meet collection ratios and mandates. She noted the things she is concerned about, coming in and looking at the way the system is set up, is that she is putting in a new computer system at SRS, and that system has to interface, and meet federal requirements, with any system over at

child support. She indicated the child support people are already telling her they have some concerns that their system will not tie with their's. She noted that system is costing Montana \$12 million, 90% of which is federal, but that, if they can not meet the certification, they owe all that money back. She stated those are the concerns, and they have to make sure those linkages are correct.

Ms. Robinson indicated another thing she is concerned about, in child support, is that, if they do not hit the collection rates required by federal law, she is responsible for paying all those sanctions out of the AFDC program. She noted that means, no matter what the performance, down the street, she is going to owe \$1 million for how child support has handled its collections, adding that she is always nervous about those kinds of administrative arrangements. She reported they have talked about it with Wayne Phillips and Ken Nordtvedt, that they have agreed to look at it, after the session, noting that Revenue has not felt child support was a high priority for them. She stated that she thinks child support is a high priority, for every state, that she thinks it is a way to help families out, it brings in income, and helps people be less dependent, adding that she feels very strongly that, wherever they run it, it needs to be run very well.

- Q. Senator Bengtson indicated to Ms. Robinson that she really has a challenge, and that they are there to support her, noting all of them have served on human services or institutions committees, and have left her a legacy of problems. She added that Ms. Robinson has their best wishes.
- A. Ms. Robinson responded that Montana is very blessed, and that, because it has such wonderful scenery, and is such a wonderful place to live, it has attracted professionals, even with frozen salaries, noting there may be reasons for that. She stated that the quality of personnel in SRS is phenomenal, that they are wonderful people, adding that she thinks they can do a lot.

Ms. Robinson then indicated she wanted to correct something she heard. She reported she was picked to go to Holland, but has not had the opportunity to go yet, and she is not sure she is going to get to. She noted it says, on her resume, that she has the opportunity to

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 22 of 46

go, that she has been selected, but she did not want the committee to have any mis-information.

- Q. Chairman Farrell asked Ms. Robinson if, in her two and a half weeks at SRS, she has had a chance to look into the assumed counties, and the problems they have in the western part of the state.
- A. Ms. Robinson responded that she can not tell him, by areas, but she knows the difference between the assumed and unassumed counties, and asked Chairman Farrell what kind of question he would like her to answer.
- Q. Chairman Farrell indicated there seems to be a perception, around the state, that the assumed counties are not managing their programs as well as the unassumed counties.
- A. Ms. Robinson asked if he is referring to general assistance, noting that he must be, and indicated that she would like everyone to know that the federal programs are run the same, across all counties, that there is no county flexibility. She stated that federal programs, such as AFDC and food stamps, are all run the same. She indicated there is a great deal more expenditure, in general assistance, in the assumed counties than in the unassumed counties, which is because the county commissioners are able to put additional regulations on their programs that they have not been able to put on the assumed counties.

Ms. Robinson then reported there are two bills, in the House, which she will be speaking on, SB101 and SB128, noting she has asked for a number of amendments on those bills. She stated that HB101 is supported, very strongly, by Governor Stephens, and would limit general assistance in the state to 4 months out of every 16, and further indicated that SB128 has work program requirements, as part of the welfare reform package that the committee spent quite a bit of time on over the last year. She stated she thinks it is possible to limit general assistance, noting that will be Governor Stephens' position. She further stated they think it needs to be limited, in Montana, that Montana has one of the most liberal general assistance programs in the whole region, certainly much more liberal than Wyoming. She reported that she listened to the testimony on Friday and, since then, has analyzed when people are using general assistance, noting it should be no surprise to

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 23 of 46

the people in this room that Montana has a seasonal economy, and the general assistance rolls, in the winter, shoot up. She noted these are the people she heard testify, that a woodchopper stated he would not be able to stay in Montana, that he has been here all his life, if this program was not here, and that he has never been on welfare. She indicated she is not sure anyone has a problem with people like that, whose jobs go away in the winter, and there is no replacement, getting some assistance in the winter months. She stated she thinks the problem has been that there has been long-term dependency created among able-bodied people who could work on a year-around system, and what they want to do is figure out to get those people off the rolls who are not going back to work, at all. She reported that the bill, as it is set up now, would start July 1, that it does not do what they want because if they stay on 4 months from July, grandfathered in July; August, September, October, that the people would be coming off the rolls at the very worst time, economically, and a whole bunch of people would be off all at once. She indicated that is not how that program should be designed, and she has some amendments coming in to start it next January; January, February, March, April, noting that the employment rates in the region are such that they could have a reasonable anticipation that these people, who have been on the rolls a long time, could find jobs, if they had to. She indicated she does not want to see people out on the streets, not working in the winter, noting the first week she was up here, it was 20 below, and they can not be out finding jobs, when they never have. She reported that, in addition, for these people who have been out of the work force a long, long time, whether by choice or not, noting it is hard to get back into the work force, they will offer assistance in looking for jobs, and learning how to do resumes.

Mr. Robinson indicated she remembers, when she first got out of college, pounding the beat, noting she had a wonderful background, and beautiful credentials, she was personally devastated when she got turned down for a job. She indicated that SB128 affords them the opportunity to put together training, noting they will give these people some time, which was not in there, and is why they are putting in some amendments. She added they will write them July 1, that December 1, or January 1, depending on which amendment is put in, the program is going to go into a four-month optional program, and then they will be off, which gives them some time to plan what are they

going to do, because they can no longer count on this program.

She indicated another thing which concerns her about those bills is a rehabilitation section for alcohol and drug abuse. She noted that she understands there are some major problems in the GA population, in the assumed counties, that they have some real rehab problems with some of the people, who are on GA, with long-term dependence. She indicated people are saying they are going to hurt people by cutting them off, but indicated people are hurt more when they are enabled, noting that anybody who has been in the drug and alcohol field know that allowing individuals to continue their habits, as a government entity, they are enabling, and stated she would like to be clear that she does not think it is, that it is actually an assistance to these people to not allow them to continue their habits at the expense of the State of Montana taxpayers. She indicated that bill allows for rehabilitation and, if they want to choose it, they can go, noting there may be some costs, that she thinks the initial cost of the work program, right off, might be more than people have anticipated, because, if everybody chooses rehab, immediately, she is not sure they are funded for that. She indicated she wanted to lay that out on the table, and added that she is putting in some amendments and, if they are accepted, rehab can only be purchased once. She noted the way the bill is set up, right now, they could go in for rehabilitation, start drinking again, go in again, pointing out that her health insurance only pays for one time, two at the most. She stated health insurance carriers limit how many times an individual can go in for treatment, and she thinks they need to limit that, also. She stated she thinks there is the potential, that, once a system of this kind of dependency is set up, they have to get people off in a reasonable manner, that you don't just cut them off, noting what they are concerned about, right now, is they want to be responsible to the taxpayers, that Governor Stephens does, because they have to limit this program. She stated she thinks that was a clear mandate, a constitutional thing that just passed, but noted that, on the other hand, they will have to do it in a manner that is managed. She stated the amendments, in the House, she believes, would be to gut the four months provision, to let GA go on year-around, and she will be opposing that on Friday, noting she talked to Governor Stephens, yesterday, and they will be opposing a return to a continuation of a year-around GA program, that they

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 25 of 46

want to run a well-managed humane program for people which helps out when folks need it and, when the long-term Montana people, who have been working, get laid off because of the economy, there will be a safety-net for them, but indicated they do not want to have people who just do not want to go to work, and continue to stay on the rolls, noting she thinks they can do that.

Q. Chairman Farrell asked Ms. Robinson how she would answer the response, when they find those people under bridges in Missoula, at 20 below, and they don't have any place to go, and what will she do with them.

A. Ms. Robinson responded that is why they do not want it set up to end in October, that they are going to set it up to end in April. She noted that people keep telling her this is unusual for Montana, but she has done temperature charts, and Montana's economy is a seasonal one, that it goes up tremendously in the spring and summer, noting she agrees that they do not want to lay these people off the rolls, which is how the current bill is set up. She stated the other thing that concerns her, noting she is still looking at it, is that the bill is written for four months out of every 16, which means that, every year, the four months they can pick up moves farther into spring. She indicated she wonders if they should not set it up four months out of every twelve, noting she needs to do some more analysis of that. She indicated that would give the people, who might be freezing in Montana, some assistance. She stated they have also added some clauses to provide for transportation, and that an amendment by Representative Cobb, in the House Appropriations, put in \$100,000 in matching money to help move people to jobs.

Chairman Farrell announced the hearing on the appointment of Julia Robinson as closed.

Testimony:

John Brenden, Northwest Power Planning Council

Mr. Brenden stated it is a pleasure to appear before the committee today. He indicated he is a Montana resident, but that, at times, he does not know where he lives, Kalispell, Scobey or Helena, adding that, at the present time, they are in Helena, and that he bought a condominium here. He reported he was born and raised in Montana, that he married a Montana

native, and they have 3 children, 13, 15 and 17 years old, noting that is probably the biggest problem he has, today. He indicated they are great kids, and he has a great wife of 21 years.

He stated he is farming land that he bought, which was his father's land, and his grandfather's land, in Scobey, Montana, and they live on the farm. He reported that he graduated from high school in Montana, went to college in Minnesota, and got his degree there, and, further, that he went to college in Colorado, Washington, and the University of Montana. He indicated that, in the meantime, his dad became ill at an early age and, since he was the last of the children, he had to go wherever his parents went. He reported they had some very good friends in the Kalispell area and, since 1949, he has been in Kalispell. He stated that his father, who died in 1962, was a very far-sighted individual, one of the greatest men he has ever known in his life, who gave a teenager an opportunity to go into business with him, in Kalispell, in real estate.

Mr. Brenden indicated that the Northwest Power Act, passed in December of 1980, was passed to do one thing. He reported that, after the five nuclear plants disaster in the 70's, when five nuclear plants were started, only one of which has been finished at this point in time, it was thought there was a very big excess in energy in the Northwest; Washington, Idaho, Montana and Oregon. He stated the act was to put together a 20 year plan to know the energy and electrical needs in the region, the Columbia Basin, noting he is basically talking about hydropower, because of all the hydropower dams in the Columbia Basin, and western Montana, with Libby and Hungry Horse Dam, which are a big part of that, so there would not be the peaks and the valleys of not having energy, or having too much energy. He indicated that, along with that, a caveat was thrown in that they had to protect, enhance and mitigate all fish and wildlife, noting one of the problems was that the ocean migrating fish, after the dams were put in, were locked off. He indicated the fish would go out, in their cycle, into the ocean, and come back into the Snake, the Columbia Basin, and spawn. He noted that, at one particular time, they had somewhere between 15 to 18 million fish which would come back into the system, adding that the economic value to the region was tremendous. He reported they have done enhancements, with fish ladders for the spawning fish to go back, and they have had to do the same thing with the impacts of wildlife. He noted the big question they are working on right now is mitigating the wildlife. He indicated they are talking about in the neighborhood of \$300-\$500 million, \$750 million, up to

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 27 of 46

\$1 billion that they might have to pay for mitigating the wildlife.

Mr. Brenden further indicated they are doing a balancing act because, on the one hand, they want to have a constant, sure source of power and, on the other hand, they want to protect the environment and protect the fish and wildlife. He reported that the Bonneville Power Administration has already spent \$645 million on these projects, and are talking about upwards to \$1 billion today. He indicated that, if they spent \$1 billion, the rate payers are going to pay for that. He further indicated, because of the original hydropower acts, they want to keep a good, steady source of energy, but at the most economical terms that they can. He added that, on the other hand, they have all those dollars they would have to spend for the mitigation of fish and wildlife. He reported that, last year, the Bonneville Power Administration paid \$668 million to the federal government and, this year, under the Reagan budget, and proposed under the Bush administration, that payment will go up to \$1.2 or \$1.3 billion.

Mr. Brenden reported that all of our area legislators in Congress, and all of the governors from the four states oppose that, that it is just not realistic because it would raise electric prices about 35% to 40%. He further reported that, in 1986, the region had a surplus of 2,500 megawatts but, by 1990, it will be below 800, noting that what they have to do with the power plan is to take a look, adding that he thinks the best thing which pointed it out to them very quickly was the severe weather in the Northwest, this year, at the end of January and the first of February. He stated they do not have time to deliberate, because it takes 10 years to put a coal fired plant on line, it takes 15 years to put a nuclear plant on line, and we are going to be short of power, so they are going to have to move.

Mr. Brenden indicated there are two council members from every state, noting that Stan Grace, his counterpart, is from Montana, and there are two from the other states. He reported they have a committee called Fish Four and Power Four, that Mr. Grace is on the Power Four side, and he is on the Fish Four, which deals with the mitigation and enhancement of fish and wildlife species. Mr. Brenden stated they need to take some action, now. He indicated there will be enough energy in our neck of the woods, but, because of the disasters of the 70's, a lot of the big generating plants are a little nervous about spending one, two to three billion dollars to build a particular plant for so many megawatts. He indicated they are

going to have to act, and they are going to have to act quickly, because none of us want to be without power.

He then related that he remembers, as a kid, in 1953, on the farm, when they got electricity for the first time. He noted he also remembers, in 1956, when they got the telephone for the first time, adding that he remembers the one and two holers, that he goes back that far. He indicated the point is that there were cheap electrical costs, then, and that we took it for granted, after having it for a few years, and did not think about conserving. He noted that, if they went away for a week, they never left lights on, but he does not think too many of people, at that point in time, turned off water heaters. He indicated that, in the tough economic climate of today, there is not anybody in business, or anybody in a home, that does not conserve, and does not want to conserve, and noted that, when he is gone from home, at a meeting for a week, he turns off his hot water heater, that there is no reason to have it, because nobody else is living there.

Mr. Brenden stated that one of their plans is to save, and gain megawatts through conservation, noting they can only do that up to a point. He pointed out that, to save about 400 or 500 megawatts through conservation, they are about half way there but, after that point, they will run out of conservation issues, and will have to deliberate on what other power sources they will have. He stated he thinks this nation has never had a very good energy policy, be they Democrats or Republicans, and thinks alternative sources are something they have to look at. He noted that he can not tell the committee what all of them might be, but indicated there are many, such as solar, wind power, etc, etc.

Questions from the Committee:

- Q. Senator Hofman indicated Mr. Brenden mentioned we are going to be short of power, noting he presumes that will be sometime in the future, and asked Mr. Brenden how that relates to the sale of power by Colstrip 3 & 4 to Los Angeles, and wherever.
- A. Mr. Brenden responded that, regarding the sale of Colstrip, he understands they are negotiating a contract with California for the next 20 or 22 years. He indicated that the Northwest Power Act covers just the Columbia Basin, which is basically western Montana, but noted there is one exception, which is the question he brought up in their meeting, in Missoula last week. He reported that Hungry Horse, when it came on line in

October of 1952, had a reservation put into it which provided that, after the contractual rights, and they have sold power to certain entities, whoever they may be, the first right is for the co-ops, which are called G&T, generating and transmission companies and co-ops. He explained that, if western Montana does not utilize the first right, eastern Montana can get up to that many megawatts, 221 megawatts, out of Hungry Horse Dam.

Mr. Brenden indicated that one of the reasons he asked the question, knowing the background of it, was the fact that they have all heard the east versus west controversy, for years and years. He indicated that he thinks the State of Montana has to understand that we are in one big bowl together, and that, from his perspective, he does not want anybody in western Montana, eastern Montana, or anywhere in Montana, to be out of power. He noted he is going to be very provincial in saying Montana power is for Montana power users and, then, if there is an excess, sell it to California. But, he reported, the transmitting they are doing now, in the western part of the state, goes strictly into the Bonneville Power, and some of that can go down, through the inter-tie system, into California, as well, from western Montana, not just from Colstrip.

- Q. Senator Bengtson asked Mr. Brenden what authority does the Northwest Power Planning Council have over those sales of power. She further asked if there is an integrated system so that they have oversight over the negotiations of Pacific Power and Light, and Montana Power. She pointed out that a lot of us are not privy, do not have good background, on that whole grid system, how that interacts with G&T, and where the power goes after it leaves Montana.
- A. Mr. Brenden responded that they have oversight, under the act, with the Bonneville Power Administration, adding that they have to have a power plant for 20 years, they have to keep it up to date, and they have to enhance, protect and mitigate all fish and wildlife. He indicated he would say that, if all eight members of the Northwest Power Planning Council were to say to the Bonneville Power Authority that the shortage is here, and we can not afford to send any more power to California, or other places, he is very sure that Bonneville would listen to them, noting they would have the authority to recommend that, when those things happen.

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 30 of 46

Mr. Brenden noted that he does not pretend to know all about the grid-lock, either, at this point in time, but indicated their cause is for the northwest, first, and that any excess power could go other places. He noted that there is excess power, right now, which is being shipped to California, but that, as he mentioned in his previous statement, that excess power is going downhill. He indicated they do not have the reserves they once had, and that there could well come a day that they could sell into California, but pointed out that California has 45 members of Congress, they have 2 Senators, and they want our water, they want our power, they want everything else, which is why it is important that the Northwest states put up a united front to protect what is our's.

Q. Senator Bengtson reported there was a program for alternative energy, in Montana, loan programs, which were sucked up by other programs. She indicated she is a little surprised that Mr. Brenden is talking about developing alternative energy sources, at this time, because it has not been named as a priority, in Montana, or nation-wide. She asked Mr. Brenden if, as a member of that Northwest Power Planning Council, he is going to stress that, and urge that as a major goal in the United States.

A. Mr. Brenden responded he thinks they have to, because there is only so much hydropower left in the Columbia Basin. He pointed out that most of that has been used up in protecting wildlife and fish areas, that they can not put a dam in, unless the federal energy regulations say they can, noting there are only so many spaces they can put in a dam network. He stated they do not have, as a council, the money to build a \$2 billion plant today, but that the Bonneville Power Administration owns interest, not just in hydropower, but in other fields. He indicated it is something they must look at, and they must urge the co-ops, the IOUs, the BPA, and whomever, that they have to get off their duff and start developing some sort of other power sources.

Mr. Brenden noted that Washington and Oregon do not like our coal, but they like the power we send to Colstrip. He pointed out that we are dealing with the greenhouse effect, and global warming, that we all know there is more carbon dioxide in the air, today, and can not tell, for sure, how that is going to affect us in 50 years, that he does not think there is an individual smart enough. He noted there is the whole spectrum of people

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 31 of 46

saying it is devastating to us, or it is not hurting us, and anything in between. He stated that he thinks it is important that they work on alternative sources of energy, and that the Council, he is sure, is united in that they do not want to be short of power.

Q. Senator Vaughn indicated that, coming from Libby, she is very concerned about the draw-down on the northwest lakes and dams, that they continue to be drawn down earlier, during a dry season, and never fill up. She asked Mr. Brenden what is going to happen, eventually, and if there is a program to try to eliminate that some way, so they don't have this early draw down. She further asked, if they send excess power to California, and we run short, do we have a reciprocity, so that we can get some back.

A. Mr. Brenden responded that has really been the devil planning, for them, and that the drought has really hurt them. He reported that Hungry Horse was close to 200 ft. below level, and they built a \$500,000 ramp at Libby, so that people could get in. He reported they have been in concert with the Corp of Army Engineers, who really control it, adding that they are the one entity they are having a hard time getting control of. He indicated they can get the utilities to agree with them, that they can get the Council, the tribes, the agencies, environmentalists, and landowners to agree with them, but that the Corp will have a plan, which is a little different than what their plan shows, and they are still fighting that, adding that they are still fighting it with the spill agreement for fish.

Mr. Brenden stated that the cold snap really hurt them, that, for one thing, Bonneville was not going to recommend any rate hikes for the next two years, noting the cold snap cost \$130 million to Bonneville. He indicated they know the potential is out there, for a rate increase, so they have had the draw down, and they are also buying back power from California, so they don't draw it down too much, noting they are trying to do a very delicate balancing act. He reported that the administrator of Bonneville has indicated they are taking another assessment of whether there should be a rate increase or not.

Mr. Brenden stated that, definitely, they do not want Hungry Horse and Libby without water. He indicated that he has been noticing the snow fall, noting there is over 3 feet in Glacier Park. He indicated that it is almost

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 32 of 46

like a basketball game, and he is on the snow side, and the moisture side. He stated that, whenever that happens, he gets up, claps his hands, and says "Hooray, we did it." He pointed out that will help, more than anything, on those draw downs, but reported that he is going to Libby and Hungry Horse to say they are concerned about drawing down earlier, that they do not want to have an empty reservoir, if at all possible.

- Q. Senator Anderson indicated the drought has had a big impact on hydro-electric plants. He reported that he has served on the Coal Oversight Committee, the past four years, and has learned quite a little about coal. He stated that, in view of the fact that Montana has one of the largest coal deposits of any state in the union, obviously there is the potential for coal-fired power plants in the future.
- A. Mr. Brenden responded that PP&L has coal-fired plants, and supplies a lot of the northwest, out of their area. He reported that one of the utilities has put in an application, which is approved, for a coal-fired plant in either Washington or Oregon, noting he does not recall right now. He noted that Washington and Oregon are very much more environmentally concerned states than he even thinks Montana is. He indicated they have a big population, and that the two states together use about 80%, or more, of the power out of Bonneville Power. He added that, if they go on line in saying they do not want any more coal, that will happen, whether they do it by initiative, the legislature, or however they want to do it.
- Q. Senator Anderson acknowledged that coal is having problems meeting environmental requirements, but reported they have been experimenting, in Butte, with the processing of coal. He added that he thinks it is in the process, now, to correct that, in Billings, that they are putting into use the technology to treat coal. He pointed out that one of the big expenses of coal, in Colstrip, is the scrubber they have to meet the environmental requirements, noting it is a big cost; \$500 million. Senator Anderson indicated his point is that, with the new technology to take the salt and a lot of the moisture out of the coal, as well as other impurities, they will be able to meet those requirements. He noted that it costs money to treat coal but that, in the long run, it may be cheaper to use processed coal, because they get away from these expensive scrubbers.

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 33 of 46

- A. Mr. Brenden responded that is true, that Colstrip 3 & 4 cost somewhere in the neighborhood of \$1.7 million and, as Senator Anderson reported, the scrubbers were \$500 million. He stated that he happens to believe that, if this country can send somebody to the moon, around the Earth, or to Mars, in a spaceship, we can clean up our coal act. He indicated that any form of energy that we have today in this country, or in the world, is going to cost a lot of money, whether it's nuclear, coal generation, wind or solar. He reported they are having a problem with the wind generation, because the windmills at Livingston are blowing over, and they have to figure a better solution to that, but indicated that coal definitely has to be considered, he believes, in the State of Montana and the Northwest. He added that he believes the technology will be there to clean coal up. He reported that Montana, North Dakota and Wyoming have the largest coal reserves in the world, and that Montana has more reserves than Wyoming and North Dakota do, together. He noted that is a real problem for some of those people, who do not want coal, but that the other alternative is we want to be able to turn on a light switch. He indicated that, somewhere, there has to be a balance, and he thinks the technology will come forth to help them utilize coal more effectively.

Chairman Farrell announced the hearing on the appointment of Mr. John Brenden as closed.

Testimony:

Stan Grace, Northwest Power Planning Council

Mr. Grace indicated he will not go over what is on his resume, and noted that Mr. Brenden has covered quite a little bit of what they do. He reported that he has an extensive and varied background in the agriculture industry and construction trades, that he has 20 years experience dealing with the federal agencies, the U. S. Forest Service, Bureau of Land Management, Soil Conservation Service, and other groups, as a logging manager and a ranch manager. He further reported that he has five years experience as a trustee for Ravalli County Electric Co-op and, during four years of that time, he followed the Council rather closely. He noted that, at times, he has agreed with their concept, but that he has been rather critical of the application theory.

Mr. Grace stated that he thinks his experience will be valuable in guiding the Council concepts and theories to practical implementation, and, to go a little further on some of the questions brought up to Mr. Brenden, addressing Senator Bengtson, he stated that the authority of the Council is not absolute, as such. He reported they are an advisory group, and that they have need for credibility. He indicated they do have some control over Bonneville Power and the Bureau of Land Management's four engineers, and that the federal agencies have to respond to their actions, or their requests. He added that he thinks Mr. Brenden and he can present a better balance on the Council, than has been in the past, in bringing the theory proposals into practical application, and into the credibility of the Council. He stated that, presently, on the Council, they are in a definite minority when speaking on coal, noting they realize that. He indicated that, if they have to address the energy problems, they may need coal, any other resource. He pointed out that, politically, they are not saying they are not going to have this, but indicated there are members in Oregon and Washington who are adamant that another coal-fired plant would divide that body, so to speak, noting they are more open that way.

Questions from the Committee:

- Q. Senator Bengtson indicated Mr. Grace is right about the advisory position of the Northwest Power Planning Council. She noted there are a lot of those around and that, ultimately, they have to get practical results. She indicated she had forgotten, when she asked Mr. Brenden, that they do not have any real authority, that they can monitor and suggest but, as far as telling Montana Power, they can't do it.
- A. Mr. Grace responded only through the credibility they establish.
- Q. Senator Hofman reported that he has, several times, traveled the highway between Ohio and Kentucky. He indicated a river runs through there, and there are just miles of all kinds of big plants utilizing coal which comes out of Kentucky. He noted that, when you look at what is being done there, and you look at what we do with coal, here, those people are far, far behind what we do, in technology and cleaning up this stuff that comes out of the stacks. He added that is just one great big long line of chemical plants, fired with coal. Senator Hofman indicated he would think maybe they could use some information from what is being done in those areas to

reinforce their position of what coal can do, and what we can do.

- A. Mr. Grace responded they are pretty aware of that, noting those start with a poorer quality of coal, to begin with. He pointed out there are some people whom he regards as alarmists, as far as coal fire, that they are against progress, in many areas.

Mr. Brenden pointed out that the Bonneville Administration funds the Northwest Power Planning Council, so that, basically, the rate payers pay for it, and it is not technically in the Montana tax base.

Chairman Farrell announced the hearing on the appointment of Stan Grace as closed.

Discussion:

Chairman Farrell indicated that, since he was late to the meeting and did not hear Mr. Cool's testimony, he would like to ask Mr. Cool some questions. He asked Mr. Cool if he minded, and Mr. Cool responded he would enjoy the opportunity.

- Q. Chairman Farrell asked Mr. Cool if he is aware of the great bison hunt in Montana.

A. Mr. Cool responded that everybody is aware of it.

- Q. Chairman Farrell asked Mr. Cool if he has any feelings on the bison hunt, and what we should do to control that situation.

A. Mr. Cool responded that the responsibility for the problem lies with the Park Service, that the bison's habitat, based in the park, needs to be established, and that they need to manage herd sizes, so that they can manage both the park and the wildlife in it. He stated that Montana is caught in a very difficult situation, and that it is a no-win situation, for the state. He indicated that he really believes the state has done the right thing, in the method they have provided to alleviate the problem, in terms of its potential agricultural impact, and the potential for the loss of the animals. He noted that he is not sure a better solution can be found, and that the long-term solution will fall on the shoulders of the United States government, through the park service. He indicated he is very hopeful they will look at what has taken place, on a nation-wide

basis, and make some major changes in the way they manage those animals, and those resources.

- Q. Chairman Farrell indicated that maybe Mr. Cool is not aware, noting he hopes he will become aware quickly, of the landowner/sportsman problem with the checkerboard land, and acquisition of land by the Department of Fish, Wildlife and Parks. He asked Mr. Cool what his opinion is, and what avenue he would like to see Fish, Wildlife and Parks proceed under, as far as acquisition of hunting rights to state lands, federal lands, through private land.
- A. Mr. Cool asked if the question is directed, specifically, at acquisition of hunting rights.
- Q. Chairman Farrell indicated he is asking how they are going to get hunters on state grounds which are surrounded by private land.
- A. Mr. Cool responded that he does not have the solution, that the solution will come through, he hopes, a negotiated, open and cooperative process. He indicated it is extremely important, that they are dealing with a state-managed resource which belongs to the public. He stated that the opportunity to utilize it, and harvest it, is probably largely the responsibility, in terms of seeking a solution, to the agency that he hopes to be director of. Mr. Cool indicated he would hope that a reasonable balance can be achieved, in terms of access, and providing for landowners' rights, which will provide the opportunity for sportsmen to utilize the resource, adding that he is not foolish enough to tell the committee, or to even believe, that it will not be a very controversial situation, in many instances.

Mr. Cool reported that he dealt with landowner/sportsmen relationships, in his previous experience in this field, noting they are difficult, but extremely important. He stated that they will not be successful, in the management of the resource, nor will they be successful in the utilization of the resource, if they do not have the support of the majority of the landowners in the state. He pointed out that the department recognizes that, the Governor recognizes that, and he recognizes that, adding that he hopes they will come up with some solutions.

Mr. Cool noted that he is very pleased with some of the very innovative opportunities the department has taken

in terms of land acquisition. He indicated that, with each specific piece of land acquisition the department proposes, he is hopeful they will be able to do an adequate job of providing the public, and this body, an opportunity to comment. He reported they will look, as he mentioned earlier, at each and every acquisition, from the standpoint of fulfilling the legislative mandate in terms of critical habitat and, hopefully, the spin-off from critical habitat will be to provide access. He reported there are a couple of land acquisitions in front of the department, right now, and one of them has the potential to fulfill critical winter range problems. He indicated he is not sure whether it's the department's position, in terms of acquisition of that area, or the national park service's, in terms of the animals which are utilizing it. He indicated the other acquisition has received some media attention, that it is certainly controversial, inside the agency, in southeastern Montana, and noted that, before he can comment, he will have to take a pretty hard, long look at it, adding that he is not in a position to either support or oppose it. He indicated the commission currently has that land acquisition on the table, in front of it, and they may well have to make the decision. He stated that, if they make the decision too quickly, they will make the decision without any guidance or suggestions from him, because he will have to stop, back up, and take a good hard look at it before they proceed, before he will be in a position to help them with it, in terms of guidance from the agency.

Mr. Cool indicated that, really, in terms of the current land acquisition problems, the ball is laying in the lap of the commission. He noted they have the authority to move forward, but he would hope they would step back, and take a look at the entire land acquisition program, from the standpoint of meeting the needs of the resource, meeting the needs of the sportsmen, and finding the support base needed with landowners. He indicated that will be very difficult.

- Q. Chairman Farrell indicated he would hope Mr. Cool is familiar with SB446, which deals with hunting and fishing rights, and negotiations with the reservations around the state. He asked Mr. Cool if he has any thoughts on that, noting it is a very divisive issue.
- A. Mr. Cool responded apparently that is so. He reported that the agency's position, and his understanding of the

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 38 of 46

Governor's position, is that it is important the bill pass, so they can develop some type of negotiated settlement in these areas. He reported he has also had some experience in dealing with tribes, noting it is a very difficult situation, in many instances, because of checkerboard patterns on reservations, and a number of other things. He stated that his position on the bill is the same as the Governor's position, and the agency's. He indicated that it may well be divisive but that, in terms of long-term interest, the management of the resource, good-neighbor policy, and their ability to work with the resource, and with those people who will have some controlling interest in the resource, it is better that they find a method which is acceptable, and that they head down that path, now.

Chairman Farrell then indicated that Mr. Don Chance had asked permission to make a statement.

Mr. Chance reported that the board of the Montana Wildlife Federation asked him to convey their very strong endorsement of Mr. Cool's nomination, on his management background, his professional background, and his experience. He indicated that the sportsmen in the state, all 15 of the local sportsmen groups around the state, feel it is an outstanding recommendation and selection by the Governor. He stated that he was also expressly requested to comment, and compliment the Governor, on the selection of Mr. Cool, indicating it shows a commitment to the resources in the state, and a commitment to the sportsmen in the state, in terms of a belief in, and a very positive outlook towards resource management, fisheries and wildlife resource management, in the state. He indicated they are quite pleased with the nomination, that they wish to thank and congratulate Governor Stephens on his selection, and indicated he would hope this committee would move this nomination out to the floor for confirmation.

Discussion:

Chairman Farrell then announced that the next person scheduled to appear was John Kinna, but that, as the committee is aware, Mr. Kinna had a heart attack, and will not be here. Chairman Farrell then indicated that Representative Richard Nelson has asked to take his badge off, and make a statement.

Mr. Nelson reported that he is a resident of Kalispell, and is speaking strictly as an individual. He stated that he has a serious concern regarding the appointment of Mr. Kinna to the Board of Education, from the standpoint that Mr. Kinna is

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 39 of 46

a integral part of the executive branch of the government, and he thinks it is grossly bad taste to appoint an employee of the executive branch of government to an appointive board for the State of Montana, the Board of Education. He indicated his second concern is that, in spite of disclaimers to the contrary, Mr. Kinna's primary residence is Fairfield, which is not in the western congressional district, and which is required for this appointment. Representative Nelson stated that he would strongly object to the appointment of Mr. Kinna to the Board of Education.

Discussion:

Chairman Farrell indicated that is all of the appointees who were asked to be here. Mr. Bob Ellerd, Governor Stephens' office, pointed out that an appointee to the Board of Livestock is in attendance.

Chairman Farrell asked the committee members if they would like to act on the appointments already heard, or if they would like to proceed to the rest of them. Senator Bengtson asked if the committee could hear the rest of them, and act on them in a blanket action. Chairman Farrell indicated that Senator Rapp-Svrcek is ill today, and asked Senator Bengtson to make a report on the Board of Investments.

Senator Bengtson reported that she spent a good deal of time on the telephone with former representative David Aageson, who is a farmer and rancher from Havre. She indicated she developed sort of a questionnaire, which she asked all of these people, noting she thinks the most important question, important to serving on any board, is if they have high personal integrity, and are truthful and upstanding citizens who can manage the state's money, and make investments which are in the best interest of the state. She indicated that Mr. Aageson was probably the only one that she had questions on, regarding his financial management skills, but that both he and Warren Vaughan, of Billings, had excellent recommendations, noting they are strong men who have unqualified support for serving on that board. She reported that Mr. Vaughan has been a local business and civic leader in Billings.

Senator Bengtson then reported that John Connors, from Whitefish, is not in the banking business, but indicated that she talked to people he has dealt with, out of the Polson and Whitefish area, and he has a great personality, and is absolutely trustworthy. She further reported Mr. Connors has been in management, at Beatrice Foods, he has served on many civic boards in that area, his business management scores are

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 40 of 46

great, and he is articulate, and well-recommended. She then reported that Jim Cowan has a new bank at Seeley Lake, which was only chartered four years ago, but that he has been in the banking business in Polson, Great Falls and Missoula, adding that the new bank in Seeley Lake is doing well. She noted that she talked to people at the Department of Commerce who, since that bank started, have been watching its progress. Senator Bengtson reported there is no question, at all, that all four of these people are qualified, and that she can do nothing but recommend them.

Chairman Farrell asked Senator Anderson to report on the Board of Livestock.

Senator Anderson stated that he did not know Mr. Jack Salmond, until he met him at the legislature, but that he traveled for six weeks with him, in South America, many years ago. He reported that he is a successful rancher in the Choteau area, that he has a good reputation, and is very competent, adding that he has a very good background in livestock. Senator Anderson then reported that Tom Lane, a rancher from Livingston, is very well qualified, and stated that he would recommend both of these people for the Board of Livestock.

Discussion:

Senator Hofman indicated that, since Mr. Salmond is in attendance, he would like to hear a statement from him.

Testimony:

Mr. Jack Salmond, Board of Livestock

Mr. Salmond explained that he is here because he is also the executive director of the Western Environmental Trade Association. He noted that he is here lobbying and, since his name was up today, he thought he would sit in, and see how the State Administration committee handles a nominee.

He reported they are fifth generation ranchers in the Choteau area, and that he received a degree in business from the University of Montana in 1964. He indicated that, since he has been involved in agricultural issues, he thought it would be very informative, and very interesting, to serve on the board. He stated that he hopes to do a good job for Governor Stephens, and thanked the committee for giving him the opportunity to appear.

Discussion:

Chairman Farrell asked Senator Anderson to report on Janice Rehberg for the Board of Natural Resources.

Senator Anderson reported that he visited with members of the legislature, noting that Mrs. Rehberg is the wife of Representative Rehberg. He indicated that everyone felt she is well qualified, and a dedicated person, to serve on the Board of Natural Resources, and they highly recommended her.

Senator Bengtson stated that she knows Ms. Rehberg, personally, and knows her parents, who are farmers west of Billings, and are very active in the Farm Bureau. She noted that she thinks Mrs. Rehberg has a law degree, and that she would be excellent, particularly since she is a young, intelligent woman.

Chairman Farrell added that he met with Mrs. Rehberg, that he talked with her for about an hour, and he would concur. Senator Anderson stated she is very outstanding.

Chairman Farrell asked Senator Anderson to report on Dennis Lind for the Board of Regents. Senator Anderson indicated that Mr. Lind is a reappointment, and, apparently, he has done an outstanding job on the Board of Regents. He reported that there were no objections, that most of the people he contacted thinks Mr. Lind has done a good job, and is a real good man. Senator Anderson noted that Mr. Lind has the knowledge of being on the board, he knows what it is all about, and he thinks it is an outstanding appointment.

Chairman Farrell asked Senator Vaughn to report on the Board of Aeronautics.

Senator Vaughn reported that she could not find anything derogatory about any one of them, and that they all seem to have an interest in aeronautics, noting she talked to legislators from their areas who are familiar with them. She stated that Mr. Freeman is a very well-respected attorney from Harding, who they think would be an excellent addition to the board. Senator Vaughn indicated that she talked with people who work with the aeronautics groups, as well as some people in her area who made some calls. She noted that, although some of them did not agree with each other, that some are commercial, and some are smaller pilots, they feel they need a board that looks at all of the angles, and all were very highly recommended.

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 42 of 46

Chairman Farrell indicated that he knows two of the people, Howard Gipe, a pilot with the Montana Highway Patrol, and Russell Pankey, manager of the Missoula County Airport. Senator Vaughn indicated Mr. Gipe has been the president of the Montana Pilot's Association in Flathead County, in the past, and they all seem to think he would be a good addition to the board.

Chairman Farrell asked Senator Harding to report on the Hard Rock Mining Impact Board.

Senator Harding reported that she received some very favorable information on all three candidates. She indicated that David Calahan, from Missoula, is president of the First State Bank in Missoula. Chairman Farrell indicated Mr. Calahan is also his neighbor. Senator Harding further reported he is on the local economic development council, and is president of the local chamber of commerce. She further indicated he has resided in Missoula about 8 to 10 years, and she did not find any bad reports about Mr. Calahan, at all. She added that he is morally straight, and is a good candidate.

Senator Harding then reported that Rick Young is presently a county commissioner, is very active in the 4-H, and attends church regularly, noting his faith is important to him. She added that he raises quarter horses, and comes to Absarokee from the northeastern part of the state, noting that she did not contact anybody in the northeast. She indicated there is some mining in the county, although not a great deal, but that it was felt he would have some experience there, and was recommended, very highly. She further reported that Jim McCauley is also a county commissioner, in Jefferson County, noting there are three mines there. She stated that he is a very conscientious worker, knows a lot about mining, and that he is very careful to check things out, first, before discussing anything about any subject. She added that he is local to the Boulder area for many years, and is well recommended.

Chairman Farrell indicated that he also knows David Calahan and Jim McCauley. Senator Hofman added that he knows Jim McCauley, too, and would recommend him. Senator Bengtson noted it is interesting that they are county commissioners, that they would certainly know the impact. Senator Harding reported they all came very well recommended, and she does not know any of them.

Chairman Farrell indicated he did not get a chance to talk to Phil Strobe, Board of Labor Appeals, because Mr. Strobe has

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 43 of 46

been in the hospital, adding that he is lobbyist, as well as an attorney in Helena. Chairman Farrell noted that Mr. Strobe has had a few health problems. He indicated that, in his knowledge of him in the past, he would recommend him.

Chairman Farrell indicated that Joe Thares is a banker in Helena, and that he has worked on labor issues, in banks, and on wrongful discharge.

Senator Bengtson asked if it is important that they are both from Helena. Chairman Farrell responded that he is not really sure why, other than that the Board of Labor Appeals meets in Helena, noting that he thinks, on the past board, two of those members were from Helena. Mr. Ellerd indicated he can not answer whether it is compulsory, or not, that they be from Helena, and Chairman Farrell added that he knows they spend a lot of time at the Department of Labor. Mr. Brenden indicated that was one of the considerations, because of the meetings, and that, dealing with the labor force in state government, and the labor force around Montana, this is the capitol, and they thought there was no merit for long-distance travel. Senator Bengtson indicated it makes sense, because of how often they meet, noting that it is like being on-call, when there is a labor dispute. Chairman Farrell indicated that Leo Berry reported he spent about 40 hours a month working on labor appeals. Chairman Farrell stated that he would recommend both of them, and added that, hopefully, Mr. Strobe will soon be back in good health.

Chairman Farrell asked Senator Hofman to report on the Board of Milk Control.

Senator Hofman reported that he talked to the heads of the milk producing co-op groups, processors, hold-overs on the Milk Control Board, and asked how they feel, and if they had attended their first meeting. He indicated they have attended one meeting, and that there were a lot of positive comments about everyone of these people. He noted there were no negatives, in any case, and there were no dispersions on their character, or any of that sort of thing, that they are all highly respected people. Senator Hofman added that friends of their's, not connected to the dairy industry, also recommended them.

He indicated that there was only one little criticism, noting that he talked to the two people who are still on the Milk Control Board, and the chairman, who was just a little bit upset because the previous board had made the decision to lower the price of milk. Senator Hofman indicated everyone

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 44 of 46

read about that in the paper, that it went on for a little while, but that the board met with the new people, the vote changed around, and they decided not to lower the price of milk, but to do some more investigation. He indicated that the current chairman was a little disappointed in that decision, but reiterated that the people are intelligent, asked good questions, were concerned, and that he felt very good about them being on the committee, and does not anticipate any problems of any kind. Senator Hofman indicated he thought they would work in well, noting that was what he got from everybody else, including people who had observed them in this first meeting, who were not connected, but were there just as observers, and who also spoke very highly of these people. He reported it was felt that they have the mental capacity to assimilate the facts, although they did not really quite understand the whole thing, and it was a bigger job than they were lead to believe. He noted they were a little bit intimidated by that first meeting, but that all felt they would try, and everybody said they thought they could do that very well. Senator Hofman stated he would recommend all three of these people very highly.

Chairman Farrell asked Senator Rasmussen to report on the Board of Pardons.

Senator Rasmussen indicated that Henry Burgess is a reappointment, that he is from Helena, is well-known in Helena, and very capable. He noted that he does not know how long Mr. Burgess has been on the board, but that there were absolutely no problems with him.

Senator Rasmussen then indicated that, regarding Dan Elliot, he has been scratching his head, that he talked to a number of people, and nobody knows Dan Elliot. He reported that he found out from the paper, last night, that this is misspelled, and it is Ian Elliot. He noted that he talked to several Senators, and former Senators, from Bozeman, and nobody knew Dan Elliot. Senator Rasmussen indicated that, since he just found that out last night, he has to start the search, now, with Ian Elliot.

Senator Hofman indicated he has known Ian Elliot since he was a little boy. He reported that Mr. Elliot has an uncle who lives in Amsterdam, and that this young man used to come from Billings, where his parents live, and visit for weeks, weekends, or a few days at time. He indicated that he played with his son a lot, and he has gotten to know this young man. Senator Hofman stated he is highly respected in the Bozeman area. He added that, when Senator Rasmussen asked him about

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 45 of 46

Dan Elliot, he did not know who he was, either, noting that he found out, later on, that this was Ian Elliot, who is highly respected, in the Bozeman area, as well as the Billings area, and is an extremely intelligent young man who graduated from MSU. Senator Hofman stated that, in the different areas he has been involved in, he has done an exceptionally good job, and is highly respected by everybody who has had any contact with him. Senator Rasmussen noted that will save him from talking with Senator Hofman, later, but indicated he does need just a little more time to follow up a little further.

Chairman Farrell recognized Mr. Ellerd, who asked permission to comment about Mr. Elliot. Mr. Ellerd indicated that Ian Elliot is his neighbor, that he is not a young man, and that maybe they are not talking about the same person. He stated that Ian Elliot is retired, he lives on Bridger Drive, and is a neighbor of his, adding that he is very, very highly respected, and a very capable person. He indicated he would suggest that Senator Rasmussen check into it, and, if it is the one he is talking about, he can okay him. Senator Rasmussen noted that Bridger Drive is where he lives, and Mr. Ellerd indicated that is his neighbor.

Chairman Farrell asked Senator Rasmussen, since Senator Rapp-Svrcek is not here, and they are going to hold the State Highway Commission, if he would like to wait on the Board of Pardons, and not report them out on this report. Senator Rasmussen indicated he would appreciate that.

Recommendation and Vote:

Senator Bengtson offered a motion that all of the appointments the committee has considered today be accepted, and that the State Administration recommend they do pass.

Chairman Farrell announced to the committee that they have a motion before them to accept and confirm the appointments the committee has heard today, excluding the State Highway Commission and the Board of Pardons.

Senator Vaughn stated that, regarding the appointment of Mr. Kinna, she has no quarrel with his credentials, but that her area goes along with the concerns, and do not feel comfortable with him being from the west, noting she wanted to let the committee know they feel the same concern as Mr. Nelson, that it is not about his ability. Senator Bengtson pointed out that the committee is not confirming that appointment today. Chairman Farrell indicated that he did not know what they would do with Mr. Kinna's appointment, since they do not know

SENATE COMMITTEE ON STATE ADMINISTRATION

March 16, 1989

Page 46 of 46

when he will get back to work. Senator Hofman reported that there a good chance he will be coming to work on Monday, that he is doing extremely well, there has been very little damage, and it has been determined he is doing real well, and noted they expected he would be here this week, but for sure by Monday.

Chairman Farrell announced that Mr. Kinna's name will be held out of the report, because the committee has not had a chance to talk to him.

Motion passed by the committee that the appointments heard by the committee be accepted and confirmed, with the exception of the State Highway Commission, the Board of Pardons, and John Kinna for the Board of Education.

ADJOURNMENT

Adjournment At: 11:30 a.m.


WILLIAM E. FARRELL, Chairman

WEF/mhu
GOVAPPTS.316

ROLL CALL

STATE ADMINISTRATION COMMITTEE

51ST LEGISLATIVE SESSION

DATE: March 16, 1989

NAME	PRESENT	ABSENT	EXCUSED
HUBERT ABRAMS	✓		
JOHN ANDERSON, JR.	✓		
ESTHER BENGTON	✓		
WILLIAM E. FARRELL	✓		
ETHEL HARDING	✓		
SAM HOFMAN	✓		
PAUL RAPP-SVRCEK			✓
TOM RASMUSSEN	✓		
ELEANOR VAUGHN	✓		



State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 3/16/89

BILL NO. GOV. APPTS. pg 1

STAN STEPHENS
GOVERNOR

March 2, 1989

The Honorable William Farrell, Chairman
State Administration Committee
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Farrell:

I respectfully submit the biographical information for the following appointments:

As director of the Department of Agriculture in accordance with Section No. 2-15-111, MCA.

Mr. Everett M. Snortland, Helena, Montana 59601, appointed to serve at the pleasure of the Governor.

Snortland graduated from Conrad High School in 1955, and from Montana State University in 1959 with a degree in agronomy and soils. He received a commission as a 2nd Lieutenant in the U.S. Army Reserve in 1959. Since 1960 he has been part owner and operator of a small grain farm southwest of Conrad. The farm has been in his family since his grandfather homesteaded in 1909. Snortland was named State Executive Director of the U.S. Department of Agriculture's Agricultural Stabilization and Conservation Service (ASCS) in 1981 and served in that capacity since that time. He has also been chairman of the Montana U.S.D.A. State Emergency Board since 1981. He was the former supervisor of the Pondera County Soil and Water Conservation District for 12 years, and served as chairman for several terms. He also served on the board of directors of the Montana Association of Conservation Districts. He was a member of the Montana House of Representatives during the 42nd session, and served on the Agriculture and Irrigation, and Fish and Game Committees. He also served on the Auto and Medical Insurance Study Committee. Snortland was Secretary/Treasurer of the Teton/Pondera Farm Bureau, and served a two year term on the board of directors of the Montana Farm Bureau. He was also a member of the board of directors for the Pondera Economic Development Corporation.

-more-

THE HONORABLE WILLIAM FARRELL
MARCH 2, 1989
PAGE 2

As director of the Department of Fish, Wildlife and Parks in accordance with Section No. 2-15-111, MCA.

Mr. K.L. Cool, Pierre, South Dakota 57501, appointed to serve at the pleasure of the Governor

Cool is a native of Mitchell, South Dakota. He attended South Dakota State University where he received a bachelor's degree in wildlife management, and a master's degree in wildlife biology in 1971. He served in the U.S. Army from 1971-1973. Cool's past work experience includes serving as Wildlife Conservation Officer for South Dakota Game, Fish & Parks from 1974-1975; Wildlife Research Biologist for South Dakota G,F&P from 1975-1977; Special Assistant to the Secretary of South Dakota G,F&P from 1977-1979; and from 1979-1985 Director of Division of Wildlife for South Dakota G,F&P. Since 1985 he has been the Regional Director for Ducks Unlimited in Pierre, South Dakota. He has received the "Distinguished Alumnus Award" from South Dakota State University, the "Governor's Award" as Conservationist of the Year from the South Dakota and National Wildlife Federation, and "Professional Award" for Outstanding Contribution to Wildlife Management from the South Dakota Chapter of the Wildlife Society. In 1973 he received the U.S. Army Commendation Medal as Motor Officer of the best maintained combat unit in V Corps, 7th U.S. Army, Europe. He is a member of Ducks Unlimited, the National Wildlife Federation, and the Wildlife Society.

As director of the Department of Social and Rehabilitation Services in accordance with Section No. 2-15-111, MCA.

Ms. Julia E. Robinson, Cheyenne, Wyoming 82001, appointed to serve at the pleasure of the Governor.

Robinson graduated in 1973 from Hastings College, Hastings, Nebraska with a bachelor's degree in English and Sociology. She received a master's degree in Sociology from Arizona State University, Tempe, Arizona. Her past experience includes director of Wyoming Association for Retarded Citizens from 1976 to 1980; Human Services Administrator for the State of Wyoming Board of Charities and Reform from 1980 to 1982; administrator of the Division of Community Programs, Wyoming Department of Health and Social Services from 1982 to 1984. Since 1984 she has been the administrator of the Wyoming Department of Health and Social Services Division of Public Assistance and Social Services. In 1988 she was

THE HONORABLE WILLIAM FARRELL
MARCH 2, 1989
PAGE 3

SENATE STATE ADMIN.
EXHIBIT NO. 1
DATE 3/16/89
BILL NO. Gov. APPTS 093

(director of the Department of Social and Rehabilitation Services, cont.)

selected by the Atlantic Exchange Program to spend three weeks in Holland studying their child welfare system. In 1985 she was listed as one of the 100 Young Women of Promise by Good Housekeeping, and in 1984 was selected as the Woman of Conscience for the National Council of Women of the United States for her work in both areas of troubled youth and handicapped children.

Sincerely,



STAN STEPHENS
Governor

SENATE STATE ADMIN.

EXHIBIT NO. 2

DATE 3/16/89

BILL NO. GOV. APPTS

State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

STAN STEPHENS
GOVERNOR

January 12, 1989

President Jack Galt
Montana State Senate
Capitol Station
Helena, MT 59620

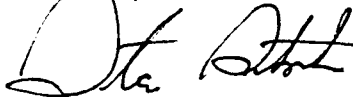
Dear President Galt:

I am transmitting to you the following appointments to the Northwest Power Planning Council for your consideration and approval:

John Brenden, 2335 Ferndale, Helena, Montana 59601 to serve at the pleasure of the Governor.

Stan Grace, Star Route, Darby, Montana 59829 to serve at the pleasure of the Governor.

Sincerely,



STAN STEPHENS
Governor



State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

SENATE STATE ADMIN.
EXHIBIT NO. 3
DATE 3/16/89
BILL NO. GOV. APPTS.

STAN STEPHENS
GOVERNOR

February 24, 1989

The Honorable William Farrell, Chairman
State Administration Committee
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Farrell:

I respectfully submit the biographical information for the following appointments:

As members of the Board of Public Education in accordance with Section No. 2-15-1507 and 2-15-1508, MCA.

Mr. C. John Kinna, Helena, Montana 59601, appointed to serve a term ending 2/1/96.

Kinna received a two-year teaching certificate from the College of Great Falls in 1956, and a bachelor's degree in elementary education in 1965 from the College of Great Falls. He received a master's degree in school administration in 1970 from Montana State University and Western Montana College. Kinna is currently an assistant to Lt. Governor Allen Kolstad. He has taught in the Sun River Valley Public Schools and Fairfield Elementary School, was a teacher-administrator from 1964-1968 at Greenfield Elementary School in Fairfield, was district superintendent of schools from 1968-1972 at Simms Public School System, and from 1972-1988 was principal and district superintendent of schools in the Fairfield Public School System. He has also served as chief flight instructor-pilot at Holman Aviation Company in Great Falls, and was a written test and pilot examiner for the Federal Aviation Administration. He is a member of the Montana Area Health Education Center, the Montana High School Association Board of Directors, the Montana School Administrators Association, the National Association of School Administrators, is president of the Big Sky Special Education Co-operative, and president of the North Central Montana School Administrators.

Mr. Kinna will serve on the board as a Republican member from the 1st Congressional District.

Sincerely,

STAN STEPHENS
Governor



State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

SENATE STATE ADMIN.
EXHIBIT NO. 4
DATE 3/16/89
BILL NO. GOV. APPTS pg 1

STAN STEPHENS
GOVERNOR

February 13, 1989

The Honorable Jack Galt, President
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Galt:

I respectfully submit for confirmation by the Montana State Senate,
the following appointments:

As members of the State Highway Commission in accordance with Section
No. 2-15-2502, MCA.

Mr. Thomas R. Conroy, Hardin, Montana 59034, appointed to serve a term
ending 1/2/93.

Mr. Dan Huestis, Great Falls, Montana 59401, appointed to serve a term
ending 1/2/93.

Mr. Dennis Shea, Butte, Montana 59701, appointed to serve a term ending
1/2/93.

As members of the Board of Investments in accordance with Section No.
2-15-1808, MCA.

Mr. David E. Ageson, Gildford, Montana 59525, appointed to serve a term
ending 1/2/93.

Mr. John Connors, Whitefish, Montana 59937, appointed to serve a term
ending 1/2/93.

Mr. Warren Vaughan, Billings, Montana 59103, appointed to serve a term
ending 1/2/93.

23

SENATE STATE ADMIN.
EXHIBIT NO. 4
DATE 3/16/89
UTEL NO. Gov. Appts. pg. 2

THE HONORABLE JACK GALT
FEBRUARY 13, 1989
PAGE 2

(Board of Investments, cont.)

Mr. James E. Cowan, Seeley Lake, Montana 59868, appointed to serve a term ending 1/2/93.

As members of the Board of Livestock in accordance with Section No. 2-15-3102, MCA.

Mr. John (Jack) Salmond, Choteau, Montana 59422, appointed to serve a term ending 3/1/95.

Mr. Tom Lane, Livingston, Montana 59047, appointed to serve a term ending 3/1/95.

As members of the Board of Natural Resources and Conservation in accordance with Section No. 2-15-3302, MCA.

Ms. Janice Rehberg, Billings, Montana 59101, appointed to serve a term ending 1/2/93.

As members of the Board of Regents of Higher Education in accordance with Section No. 2-15-1505 and 1508, MCA.

Mr. Dennis Lind, Missoula, Montana 59801, reappointed to serve a term ending 2/1/96.

Sincerely,



STAN STEPHENS
Governor

SENATE STATE ADMIN.

EXHIBIT NO. 5

DATE 3/16/89

BILL NO. Gov. Appts p. 1

State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

STAN STEPHENS
GOVERNOR

February 28, 1989

The Honorable Jack Galt, President
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Galt:

I respectfully submit for confirmation by the Montana State Senate the following appointments:

As members of the Board of Aeronautics in accordance with Section No. 2-15-1812, MCA.

Mr. Joel Fenger, Chester, Montana 59522, appointed to serve a term ending 2/1/93.

Mr. Douglas Freeman, Hardin, Montana 59034, appointed to serve a term ending 2/1/93.

Mr. Howard Gipe, Kalispell, Montana 59901, appointed to serve a term ending 1/2/93.

Mr. Russell R. Pankey, Missoula, Montana 59801, appointed to serve a term ending 2/1/93.

As members of the Hard Rock Mining Impact Board in accordance with Section No. 2-15-1822, MCA.

Mr. David R. Calahan, Missoula, Montana 59801, appointed to serve a term ending 1/2/93.

Mr. James McCauley, Boulder, Montana 59632, appointed to serve a term ending 1/7/93.

Mr. Rick Young, Absarokee, Montana 59001, appointed to serve a term ending 1/2/93.

-more-

THE HONORABLE JACK GALT
FEBRUARY 28, 1989
PAGE 2

As members of the Board of Labor Appeals in accordance with Section No. 2-15-1704, MCA.

Mr. Phillip W. Strope, Helena, Montana 59601, appointed to serve a term ending 1/2/93.

Mr. Joseph Thares, Helena, Montana 59601, appointed to serve a term ending 1/2/93.

As members of the Board of Milk Control in accordance with Section No. 2-15-124 & 2-15-1802, MCA.

Mr. Arthur Drake, Hamilton, Montana 59840, appointed to serve a term ending 1/1/93.

Ms. Dixie Hertel, Moore, Montana 59464, appointed to serve a term ending 1/1/93.

Mr. Milton "Swede" Olson, Whitewater, Montana 59544, appointed to serve a term ending 1/1/93.

As members of the Board of Oil and Gas Conservation in accordance with Section No. 2-15-3303 and 2-15-124, MCA.

Mr. Scott O. Gage, Cut Bank, Montana 59427, appointed to serve a term ending 1/2/93.

Mr. Stanley Lund, Reserve, Montana 59258, appointed to serve a term ending 1/2/93.

Mr. Robert Rhodes, Jr., Billings, Montana 59101, appointed to serve a term ending 1/2/93.

Mr. David Schaenen, Billings, Montana 59101, appointed to serve a term ending 1/2/93.

SENATE STATE ADMIN.
EXHIBIT NO. 5
DATE 3/16/89
BILL NO. Gov. Appts pg 3

THE HONORABLE JACK GALT
FEBRUARY 28, 1989
PAGE 3

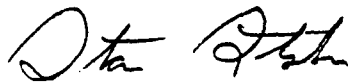
As members of the Board of Pardons in accordance with Section No.
2-15-2302, MCA.

Mr. Henry E. Burgess, Helena, Montana 59601, reappointed to serve a
term ending 2/1/93.

Mr. Dan Elliot, Bozeman, Montana 59715, appointed to serve a term ending
1/2/93.

Mr. Anthony J. Marra, Havre, Montana 59501, reappointed to serve a term
ending 1/2/93.

Sincerely,



STAN STEPHENS
Governor

VISITORS' REGISTER

STATE ADMINISTRATION COMMITTEE

DATE: March 16, 1989

NAME	REPRESENTING	BILL #	Support	Oppose
John Robinson	SRS			
John C. Glesner	NWPPC			
Stan Chase	NWPPC			
Everett M. Scotland	Dept of Ag			
Rud Williams	Office of Governor			
Tom Nicks	MEA			
Bob Gullett	Mt Wadsworth			
Jim Nelson	Personal			X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY