

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

Call to Order: By Chairman Nelson, on January 26, 1993, at 3:00 p.m.

ROLL CALL

Members Present:

Rep. Tom Nelson, Chair (R)
Rep. Gary Feland, Vice Chair (R)
Rep. Steve Benedict (R)
Rep. Vicki Cocchiarella (D)
Rep. Jerry Driscoll (D)
Rep. Alvin Ellis (R)
Rep. Pat Galvin (D)
Rep. Sonny Hanson (R)
Rep. Norm Mills (R)
Rep. Bob Pavlovich (D)
Rep. Bruce Simon (R)
Rep. Carolyn Squires (D)
Rep. Bill Tash (R)
Rep. Rolph Tunby (R)
Rep. Carley Tuss (D)
Rep. Tim Whalen (D)

Members Excused:

Members Absent:

Staff Present: Susan Fox, Legislative Council
Cherri Schmaus, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 231
Executive Action: none

HEARING ON HB 231

Opening Statement by Sponsor:

Rep. Winslow, HD 97, Yellowstone, sponsor, opened on HB 231 by referring to the amendments page 1, line 5, and line 12 (**EXHIBIT #1**). These amendments are being added in accordance with the law, because there is a four month period to initiate the process. She referred to page 1, line 13 and 14 and stated that the reason

these two amendments were added is to clean up the process. (EXHIBIT #1) She stated that the purpose of this bill is to require state agencies to report to the legislature on agency functions that could be privatized or at least look at the specific areas.

The legislature should not ignore opportunities that will better serve the needs of the public. We are facing the largest cuts ever in Montana.

This is not the first time the issue of privatization has been dealt with. Several groups have dealt with it in the past. Some of these groups are logistics, administration, and several other public groups.

In the past, there have been a large number of criticisms about this issue being anti-women and anti-minority. However, she personally thinks that taxes that are too high and cutting services that are needed are anti-women and anti-minority.

This bill does not suggest the way it should be privatized, it just calls for directors to get their hands in the process.

She gave an example of bricks being knocked over, and stated that it is time they get rebuilt.

She read the written testimony by Russ Ritter. (EXHIBIT #2)

Proponents' Testimony:

David Owen, Montana Chamber of Commerce, stated that this bill could cause some trade-offs. It is not necessarily true that everything could be done better with privatization. However, if the government says that it should be considered, it should be looked at on a regular basis. He then stated that his organization is in support of HB 231.

Opponents' Testimony:

Tom Schneider, Montana Public Employee Association, stated that he can't support the bill. It is hard to argue if you get more service for less money; however, passing this bill would require lots of time and energy to file each report.

He stated that the biggest question is, how did we get where we are with things as bad as they are? We will have 1000 to 1200 bills this session. Every bill requires someone to do something. Furthermore, this will add to the budget at the same time the budget is being cut. This bill will tell if an department or agency can become privatized, the process for privatization, and if it should be privatized. There is no limitation as to how long an individual must work on these reports.

He made reference to 2-8-303, MCA and stated that if this bill is passed it should include 2-8-304 (2), MCA. These service contracts already in place in the private sector should be looked at and moved back under the same requirements as the agency. He stated that by passing this bill, it would add another layer of government bureaucracy and more costly reports.

Questions From Committee Members and Responses:

Rep. Benedict asked Mr. Schneider to refer to 2-8-304 and asked if these 6000 some private contractors with private vendors will add more paperwork also.

Mr. Schneider stated if a report has to be done, he feels they should do a full report.

Rep. Simon asked Rep. Winslow if each agency must prepare the needed reports by October 1st, who will prepare them.

Rep. Winslow stated that each agency had to coordinate to find someone to prepare these reports.

Rep. Simon stated that there are tons of reports to go through and asked if they all had to be done.

Rep. Winslow stated that yes, they all had to be done.

Rep. Cocchiarella told Rep. Winslow to refer to page 1, line 12. She stated that the language seemed as if a report should be made internally to look at self, or wouldn't it be better to contract to an outside efficiency expert?

Rep. Winslow stated that this was cost prohibitive. The biggest criticism is, if the outsiders do this, then they won't be left to implement it. In the past, it has been met with resentment.

Rep. Cocchiarella stated if this is so cost prohibitive, wouldn't it be cost prohibitive internally also?. This would take away from the mandated duties.

Rep. Winslow stated that the fiscal note has no fiscal impact (EXHIBIT #3).

Rep. Cocchiarella referred to line 3, and asked if the department or agency would have to absorb the whole work load.

Rep. Winslow stated that something has to be done and they don't know what else to do. In the past, there has been a minimal history of privatization in the state.

Rep. Benedict asked Scott Seacat, the Legislative Auditor, how many agencies are involved in this privatization.

Mr. Seacat stated he is neither a proponent or an opponent. His organization is just there to make the department or agency

responsible for presenting a report 90 days prior to privatization. As amended, these agencies would prepare correspondence to state what functions are eligible for privatization. At any time anyone can do an analysis and prioritize this.

Rep. Benedict asked if the reason people can absorb this workload is because they already are doing this work anyway.

Mr. Seacat stated that there are no additional requirements under this bill for his office. All this bill would do is provide a road map.

Rep. Mills told **Rep. Winslow** he is concerned about asking an agency to put part of itself out of business. This is like asking a turkey to put his head on a chopping block and chop his own head off.

Rep. Winslow stated that there were not a lot of sponsors that would carry this bill because of that reason alone. She stated that it is tough to ask someone to hang themselves. She stated that this is not her intent by passing this bill. Her intent is to try to have it become part of the process. She doesn't want to privatize all of the state government, but there are a few changes that she feels could be cost effective.

Rep. Driscoll told **Rep. Winslow** that he thinks privatization is wonderful; however, there is a mistake because this is only partial privatization. On page 1, line 19 of the amendment (**EXHIBIT #1**) The amendments state what and how privatization takes place and how non tax funding sources can be used.

Rep. Winslow stated to **Rep. Driscoll** that by talking about cuts, she is not suggesting to cut out a whole program. This is not the purpose of the bill.

Rep. Driscoll referred to the written statement by Russ Ritter and security guards at the capital complex. He asked if this was true privatization.

Rep. Benedict asked **Rep. Winslow** where the savings are. He then referred to the amendments.

Rep. Winslow referred him to **Mr. Seacat**, and he stated that this bill must include 2-8-303.

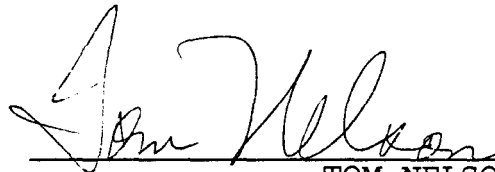
Closing by Sponsor:

Rep. Winslow closed on HB 231 by stating that this bill will have both benefits and pitfalls. She stated that Montana lost one congressional seat and there has been a significant decline in the population growth in Montana. In FY91 there was 14,266 employee's in Montana and in FY92 there were 15,182. She stated that everywhere else has decreased.

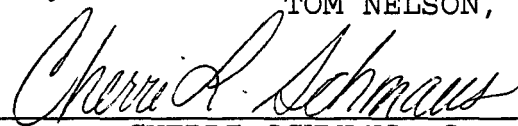
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ADJOURNMENT

Adjournment: CHAIRMAN NELSON adjourned the meeting at 3:50.



TOM NELSON, Chair



CHERRI SCHMAUS, Secretary

TN/CS

HOUSE OF REPRESENTATIVES

LABOR

COMMITTEE

ROLL CALL

DATE _____

1/26/93

[illegible]

EXHIBIT _____
DATE 1/26/93
SB _____

EXHIBIT #1
DATE 1/26/93
HB 231

Amendments to House Bill No. 231
First Reading Copy

Requested by Rep. Winslow
For the Committee on Labor

Prepared by Lee Heiman
January 26, 1993

1. Title, line 5.

Strike: "LEGISLATURE"

Insert: "LEGISLATIVE AUDIT COMMITTEE"

2. Page 1, line 12.

Strike: "December"

Insert: "October"

3. Page 1, lines 13 and 14.

Strike: "legislature in the manner required by 5-11-210"

Insert: "legislative audit committee"

EXHIBIT

#3

DATE

11/20/95

SB

231

To : Karyl Winslow
From : Russ Ritter

Some 3 years ago the Montana Ambassadors were asked by Gov. Stan Ste. to do an in depth study of Privatization within the various departments of State Govt. Approximately 50 Ambassadors visited with the various agency heads over a 30 day period and a report was submitted to the Gov. The report was put together by Mr Jim Mayhurst of U.S. West a MT Ambassador.

The only positive effect that came out of the study was the privatization of the Capital Security department in Dept of Administration.

Copy for
Winslow

Amendments to House Bill No. 231
First Reading Copy

EXHIBIT	#2
DATE	1/26/93
BB	231

For the Committee on Labor and Employment Relations

Prepared by Susan B. Fox
January 28, 1993

1. Title, line 6.

Following: "PRIVATIZED"

Insert: "OR CONTRACTED SERVICES THAT COULD BE ADMINISTERED MORE
COST EFFECTIVELY BY THE AGENCY"

2. Page 1, line 15.

Following: "privatized"

Insert: "and any contracted services that may be administered
more cost effectively directly by the agency"

3. Page 1, line 16.

Following: "contain"

Insert: ":

(a)"

4. Page 1, line 19.

Following: "privatization"

Insert: "; and

(b) those matters required by 2-8-304(2)"

EXHIBIT #4
DATE 2/26/43
SB 231

Amendments to House Bill No. 231
First Reading Copy

Requested by Rep. Benedict
For the Committee on Labor and Employment Relations

Prepared by Susan B. Fox
January 28, 1993

1. Page 1, line 19.

Following: "privatization"

Insert: "and the resulting general fund savings"

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0231, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring state agencies to report to the legislature on agency functions that could be privatized.

ASSUMPTIONS:

1. Specific proposals for privatization of agency functions are not considered within the scope of this fiscal note.
2. Recommendations for privatization of agency functions would be made at the discretion of the elected official or governing body of each affected agency.
3. Agencies offering such recommendations would absorb the workload associated with preparing the report within current level budgets.

FISCAL IMPACT:

No fiscal impact.

Dave Lewis 1-23-93

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Karyl Winslow 1-25-93

KARYL WINSLOW, PRIMARY SPONSOR DATE

Fiscal Note for HB0231, as introduced

HB 231

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Labor COMMITTEE AB231 BILL NO.
DATE Jan 26, 1993 SPONSOR(S) Winslow

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<u>Tom Schumacher</u>	<u>IMPEH</u>		<u>X</u>
<u>David Allen</u>	<u>MT Chamber of Commerce</u>	<u>✓</u>	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.