

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By DICK SIMPKINS, CHAIRMAN, on April 14, 1993, at
8:08 a.m.

ROLL CALL

Members Present:

Rep. Dick Simpkins, Chairman (R)
Rep. Wilbur Spring, Vice Chairman (R)
Rep. Ervin Davis, Vice Chairman (D)
Rep. Beverly Barnhart (D)
Rep. Pat Galvin (D)
Rep. Bob Gervais (D)
Rep. Harriet Hayne (R)
Rep. Gary Mason (R)
Rep. Brad Molnar (R)
Rep. Bill Rehbein (R)
Rep. Sam Rose (R)
Rep. Dore Schwinden (D)
Rep. Carolyn Squires (D)
Rep. Jay Stovall (R)
Rep. Norm Wallin (R)

Members Excused: Rep. Sheila Rice

Members Absent: None.

Staff Present: Dave Bohyer, Legislative Council
Dorothy Poulsen, Committee Secretary

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

Committee Business Summary:

Hearing: HJR 31
Executive Action: HJR 31

HEARING ON HJR 31

Opening Statement by Sponsor:

REP. WILLIAM WISEMAN, House District 33, Great Falls, introduced
HJR 31 which requests an interim study of executive
reorganization and options for consolidating state government
agencies to achieve operational and budgetary efficiencies. He

said the intent of the study resolution is to reduce the size of state government. He presented some "quick facts" about state government and its employees. He stated before the session the state employed 10,500 people; with budget reductions during the session he estimated the state now had 10,000 employees. He reported Montana ranked fourth nationally in the number of state employees per capita; Alaska ranked first and Wyoming second. He said 90 percent of the cost of state government was salaries and benefits; thus, he contended cutting the cost of state government required reducing the number of employees. He said studies, now rusting in the basement, had been done, but he had not seen any resulting reduction in employees.

REP. WISEMAN reported REP. BARDANOUVE had predicted the financial problems facing the legislature in two years would include a grossly underfunded university system, buildings in need of construction or repair, payroll increases for state employees, and increased funding for public schools. REP. WISEMAN claimed the sales tax was unlikely to pass; and therefore, to fund state government the state needed to reduce the number of state agencies. He reported Wyoming had recently completed an executive reorganization. He claimed Montana could save \$50,000 to \$75,000 per year per FTE by undertaking a similar reorganization. He reported the Legislative Council had already written to Wyoming for information to use as resource documents.

REP. WISEMAN said one of his pet peeves about state government organization was that some supervisors oversee only three or four people. He contended if each supervisor were to manage 20 people, they would not have time for meetings, trips, etc. REP. WISEMAN also reported the Department of Health assumes each employee will work 1,760 hours per year instead of 2,080. He said the employees have training and other things to do. He maintained the state has too many people with too little to do, and concluded the state needs to get serious about cutting them.

Proponents' Testimony: None.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. GERVAIS asked REP. WISEMAN whether the proposed study would lead to privatization. He said many times when a state function is privatized, state employees, who are experienced and making a living wage, are replaced by private employees who are poorly paid and without benefits. REP. WISEMAN asserted he had no preconceived solutions, but he hoped no solution would be excluded. He said state employees were not given a guarantee of life-time employment. He claimed the state should use private industry as a model and noted most businesses have reduced staff

in the last two or three years. He said the state should be brutal in extending taxpayer dollars as far as possible.

REP. SQUIRES reported REP. COCCHIARELLA had participated on an interim study of retirement systems which had recommended the establishment of a statutory committee. She said the bill to establish the statutory committee had been defeated and asked REP. WISEMAN whether he thought the recommendations of the interim committee proposed in SJR 31 would be used. REP. WISEMAN said he had no preconceptions about the results of the study but thought the state should have an independent study to save as much money as possible.

REP. SQUIRES referred to REP. WISEMAN'S statement about the ratio of employees to supervisors and suggested many state employees were working on federal programs which mandated certain positions. She asked him how the state would comply with federal mandates. REP. WISEMAN said the state could complain to the federal government and have the mandate changed. He explained each FTE represented \$50,000-70,000 in cost and if 1,000 employees were cut, the state would save \$50 million. He said the state should get serious and raise its goal for staff reduction to 20 or 30 percent.

REP. SQUIRES reported REP. GRADY was sponsoring legislation which downsized the institutions and state government. She asked REP. WISEMAN whether the legislature should wait to see the effect of that bill before initiating a reorganization study. REP. WISEMAN said he envisioned an executive reorganization which started at the top and reduced state agencies from 18 to 13 and reorganized agencies such that each supervisor managed 20 employees. He repeated he expected a complete reorganization, not a "peanut cutting" of five or ten employees here and there.

REP. SQUIRES noted Montana has a new governor and asked REP. WISEMAN whether he considered this study an attempt to micromanage the governor before he had an opportunity to enact his own plans. REP. WISEMAN responded he thought the study and the governor's plans would go together; he suggested the study might motivate the governor to act.

REP. SPRING asked REP. WISEMAN who conducted the Wyoming reorganization study. REP. WISEMAN responded that Legislative Council had requested information on the results of Wyoming's reorganization. REP. SPRING asked REP. WISEMAN who would sit on the interim committee. REP. WISEMAN responded he had no idea.

REP. WALLIN repeated REP. SPRING'S question about who would be on the interim committee and also asked about the committee's authority and funding. Mr. Bohyer explained the makeup of interim committees was set in statute and would include four members from the House and four members from the Senate with the two political parties equally represented.

REP. GALVIN questioned REP. WISEMAN'S figures on savings per FTE and suggested the average cost of state employees was \$25,000-\$30,000, not \$50,000-\$70,000. REP. WISEMAN responded he was not looking at reductions in the lower grades but expected reductions of agency heads and deputies.

REP. GERVAIS commented he had seen other state staff reductions, and he did not think money was saved because the state consequently contracted for services and received poorer service. He asked REP. WISEMAN whether he would include a provision for severance pay. REP. SIMPKINS suggested questions were straying from the bill to possible results of the study.

REP. ROSE reported he had served on a study committee last summer, and stated the average pay for state employees is \$11 per hour. He said the committee had examined consolidating two departments and discovered they could save a maximum of \$22,000 because departments had already been cut back. He agreed with REP. WISEMAN'S intent, noting the highway department had more employees than ever before and fewer employees working the roads. REP. WISEMAN responded he refused to believe the state of Montana must have 10,000 employees and cannot save a nickel. He compared state government to large corporations and asserted if corporations were unwilling to reduce employees, they would be bankrupt.

REP. SCHWINDEN contended REP. WISEMAN'S comparison of state government to big business was fallacious. He asked REP. WISEMAN if he knew the results of past studies on government reorganization. REP. WISEMAN responded he had no idea what the results were. REP. SCHWINDEN noted REP. WISEMAN served on the appropriations committee and asked him for an estimate of the total state personnel costs. REP. WISEMAN responded he assumed if 90 percent of the budget was due to personnel costs, then the cost would be \$3.2 billion per biennium. REP. SCHWINDEN responded he found that figure difficult to believe and asked REP. WISEMAN why he was proposing a new study if there were numerous studies completed in the past which were collecting dust. REP. WISEMAN responded in the 1970's and 1980's, the state had so much money, it was giving it back to the citizens. He declared during that time, state government grew because everyone expected the income from gas, oil, and coal to continue to increase. He said income had since decreased, the state did not have money, and now was the time to reduce state government. REP. SCHWINDEN recalled the state had gone through an executive reorganization in the late 1960's with the intent of delivering services more efficiently and to address problems with the workers' compensation system. He argued reorganization could be done without a study.

REP. BARNHART stated she was concerned about REP. WISEMAN'S request for a study because the request itself assumed a particular solution. She asserted studies should address problems and suggested the current problem is the inefficient

delivery of services. She said she could support a study of executive reorganization but not when it was based on the narrow premise of slash and cut.

REP. SQUIRES referred to REP. WISEMAN'S statement that employees of the Department of Health and Environmental Sciences worked only 1,760 hours. She asked him whether that figure resulted from subtracting employee benefits of vacation and sick leave from 2080. REP. WISEMAN agreed 1,760 hours was the time worked after subtracting employee benefits.

REP. DAVIS asked REP. WISEMAN for an estimate of the cost of the study. REP. WISEMAN responded he had no idea. Mr. Bohyer said enough money had been budgeted for three interim committees with each interim committee budgeted for \$16,000. REP. WISEMAN explained after the end of the session, a ballot listing all the study committees is mailed to all legislators. The Legislative Council then collects the ballots, determines the results, and, by mid-June, selects the topics to be studied by the three interim committees.

Closing by Sponsor:

REP. WISEMAN reiterated his refusal to accept 10,000 employees as the ideal size of state government. He urged the committee to support the resolution and to vote for the proposed study as an interim study. He noted legislators would vote on studies prior to knowing the results of the public vote on the sales tax. He suggested if the sales tax passes, then the state would have an abundance of money, and the study would be unnecessary.

EXECUTIVE ACTION ON HJR 31

Motion: REP. DAVIS MOVED HJR 31 DO NOT PASS.

Discussion:

REP. SPRING opposed the motion. He said three interim committees would be established, and he considered the study proposed in HJR 31 to be the most important. He declared the state was strangled by bureaucracy.

REP. WALLIN suggested every new governor comes in and reorganizes state government. He suggested the study might lead to a more scientific approach. He recalled Governor Schwinden's reorganization in which the Department of Commerce was established, and Governor Stephens' establishment of the Department of Transportation. He reported substantial savings resulted from these reorganizations.

REP. SIMPKINS referred to REP. BARNHART'S comments and stated he could not imagine anyone requesting a study without some

preconceived ideas about the results. He suggested a study could show the preconceived solution was not correct and develop other solutions. He gave the organizational chart of the Public Employees Retirement System (PERS) as an example of supervisors managing supervisors and suggested, for example, bureau chiefs could supervise more than one bureau.

REP. SPRING reported his distress at Easter break when he observed eight employees, four of whom were watching the others, working on a small section of road. He said the scene was representative of waste in government.

REP. GALVIN disputed the claim that agency heads or bureau chiefs would be laid off. He contended the low man on the totem pole would be the one laid off.

REP. BARNHART clarified her point that a study should begin with a problem, not with a solution.

REP. SQUIRES referred to REP. SPRING'S comment about highway workers and asserted state employees receive undeserved blame which should not be perpetuated. She reported a similar situation had occurred on Highway 93; however, an investigation showed that the workers were employed by a private contractor and were not state employees. She suggested there was a lack of understanding about the use of federal money in state government. She explained federal and state money could not be co-mingled without risk of losing federal money. She reported trying to reduce the motor pool and discovering that the co-mingling of federal and state funds prevented the state from reducing its vehicles. She opposed the resolution.

REP. GERVAIS suggested that briefly observing workers on the side of the highway was not representative of their general work patterns.

REP. DAVIS stated there was a perception the governor had not done anything. He contended the governor had not yet had enough time and expressed his confidence in the governor's ability to act.

Vote: HJR 31 DO NOT PASS. Motion failed 7 to 8 on a roll call vote with REPS. DAVIS, BARNHART, GALVIN, GERVAIS, REHBEIN, SCHWINDEN, and SQUIRES voting yes. EXHIBIT 1

Motion/Vote: REP. SPRING MOVED HJR 31 DO PASS. Motion carried 8 to 7 with REPS. DAVIS, BARNHART, GALVIN, GERVAIS, REHBEIN, SCHWINDEN, and SQUIRES voting no.

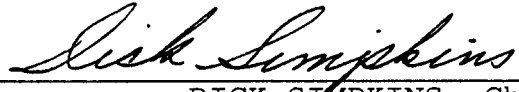
HOUSE STATE ADMINISTRATION COMMITTEE

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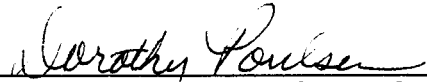
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ADJOURNMENT

Adjournment: 8:55 a.m.



DICK SIMPKINS, Chair



DOROTHY POULSEN, Secretary

DS/DP

HOUSE OF REPRESENTATIVES
STATE ADMINISTRATION

COMMITTEE

ROLL CALL

DATE

4/14/93

NAME	PRESENT	ABSENT	EXCUSED
REP. DICK SIMPKINS, CHAIR	✓		
REP. WILBUR SPRING, VICE CHAIR	✓		
REP. ERVIN DAVIS, VICE CHAIR	✓		
REP. BEVERLY BARNHART	✓		
REP. PAT GALVIN	✓		
REP. BOB GERVAIS	✓		
REP. HARRIET HAYNE	✓		
REP. GARY MASON	✓		
REP. BRAD MOLNAR	✓		
REP. BILL REHBEIN	✓		
REP. SHEILA RICE			✓
REP. SAM ROSE	✓		
REP. DORE SCHWINDEN	✓		
REP. CAROLYN SQUIRES	✓		
REP. JAY STOVALL	✓		
REP. NORM WALLIN	✓		

HOUSE STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on State Administration report
that House Joint Resolution 31 (first reading copy -- white)
do pass .

Signed: *Dick Simpkins*

Dick Simpkins, Chair

Committee Vote:
Yes 8, No 7.

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HOUSE OF REPRESENTATIVES

STATE ADMINISTRATION

COMMITTEE

ROLL CALL VOTE

DATE 4/14/93 BILL NO. HJR 31 NUMBER

MOTION: Do not pass HJR 31.

NAME	AYE	NO
REP. DICK SIMPKINS, CHAIR		✓
REP. WILBUR SPRING, VICE CHAIR		✓
REP. ERVIN DAVIS, VICE CHAIR	✓	
REP. BEVERLY BARNHART	✓	
REP. PAT GALVIN	✓	
REP. BOB GERVAIS	✓	
REP. HARRIET HAYNE		✓
REP. GARY MASON		✓
REP. BRAD MOLNAR		✓
REP. BILL REHBEIN	✓	
REP. SHEILA RICE		
REP. SAM ROSE		✓
REP. DORE SCHWINDEN	✓	
REP. CAROLYN SQUIRES	✓	
REP. JAY STOVALL		✓
REP. NORM WALLIN		✓
TOTAL	7	8

abstain

EXHIBIT 1
DATE 4/14/93
HB HJR 31