MINUTES

MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By VICE CHAIRMAN KEN MESAROS, on February 3, 1995, at 10:05 AM

ROLL CALL

Members Present:

Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)

Sen. Mack Cole (R)

Sen. Mike Foster (R)

Sen. Don Hargrove (R)

Sen. Vivian M. Brooke (D)

Sen. Bob Pipinich (D)

Sen. Jeff Weldon (D)

Members Excused: Sen. Ethel M. Harding, Chairman (R)

Members Absent: N/A

Staff Present: David Niss, Legislative Council

Gail Moser, Committee Secretary

Please Note: These are summary minutes. Testimony and

discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB202 HJR1 SB265

Executive Action: N/A

{Tape: 1; Side: A; Approx. Counter: 62.2}

HEARING ON SB202

Opening Statement by Sponsor:

SEN. GREG JERGESON, Senate District 46, Chinook, handed out a copy of a memo to the Legislative Audit Committee (EXHIBIT 1).

SEN. JERGESON said that in the November/December 1993 Special Session, he introduced a bill that provided for the establishment of a Hotline for reporting cases of waste, fraud, and abuse. There was some question as to the effectiveness of the Hotline and the response by the public to the Hotline, and some members of the legislature were concerned about making the Hotline a permanent fixture. It is now proven more calls have come in to

Montana's Hotline than in other states, partly due to very good advertising efforts. SEN. JERGESON described categories of people as 95% who would function well without any laws, a small group who behave because there are laws, and an even smaller group who get around any laws. It is this small group that makes weapons such as the Hotline necessary in our arsenal against violation of laws. SEN. JERGESON said the Hotline has provided a good experience so far, and SB202 removes the "sunset" clause and provides for continued operation of the Hotline.

Proponents' Testimony:

Jim Gillett, Legislative Auditor's staff, stated that when the Hotline was established the expectation was to receive about one call per day, after an initial implementation phase. Currently, they are receiving about 3-4 calls per day from people who need to access government in some way. Mr. Gillett referred to EXHIBIT 1 and the number of calls received and the categories the calls fall under. They have worked with state agencies to get the appropriate referral process in line and also with the Governor's office. Mr. Gillett described some of the calls that have been referred by the Hotline to various state agencies for resolution. Mr. Gillett also added that when the Hotline was originally started, no staff was added and no increase in staff is expected if the Hotline continues to operate.

REP. BOB PAVLOVICH, House District 37, stated he served on the Audit Committee with Senator Jergeson where they discussed the Hotline issue and agree it is working very well and that it should continue operating.

David Wistey, citizen, Livingston, stated he supports continued operation of the Hotline, but he described a complaint that he contacted the Hotline about and he believes that complaint has fallen through a very large crack. Mr. Wistey asked Mr. Gillett to describe what procedure is put into action when a report of fraud, waste, or abuse is taken. Mr. Gillett said when they receive a call, the facts are analyzed to decide what agency is affected and the potential ramifications. Mr. Gillett said, generally, they refer the issue to the Governor with some indication of their expectation for a response. Mr. Gillett stated, however, their response to the caller is tailored to the procedures already completed by the caller. Mr. Wistey then described his call to the Hotline regarding the Fish, Wildlife, & Parks Department and how there has been no response or resolution to date. CHAIRMAN MESAROS commented that Mr. Wistey's testimony should pertain more directly to the use of the Hotline. Mr. Wistey said he was describing the immensity of the problem about which he had contacted the Hotline and that there has been no further action on his complaint. Mr. Wistey continued with further details regarding actions by the Fish, Wildlife, & Parks that prompted his call to the Hotline.

SEN. BOB PIPINICH said that Mr. Wistey's concerns regarding the Fish, Wildlife, & Parks should be discussed with a legislator. SEN. MESAROS stated he would meet with Mr. Wistey as he is the Chairman of the Senate Fish & Game Committee.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. JEFF WELDON asked Mr. Gillett if he was aware of the phone call to the Hotline by Mr. Wistey. Mr. Gillett stated he was not familiar with the specifics of Mr. Wistey's call, but he added that is one of the reasons why many concerns are referred through the Governor's office - to ensure they do not just disappear.

SEN. WELDON asked for clarification that once the Legislative branch contacts the Executive branch regarding a complaint there is a report back to the Legislative branch within a stated period of time. Scott Seacat, Legislative Auditor, said he met with the Governor to set up ground rules regarding responsibility for steps in the process. Regarding the Hotline, if there is a specific fraud, the Governor's office must make a judgement call as to whether actual theft of state resources is involved. this case, they made a determination there was a concern about the policy of Fish, Wildlife, & Parks. Mr. Seacat stated that he has no authority over Executive branch policy, and the Governor decides who should be involved. Governor Racicot indicated that in situations such as this, if the Legislative Auditors want a response, they would get one. Obviously, the Fish, Wildlife, & Parks issue is not a quick-response item, it's a matter of policy that needs to be addressed by the legislature. Mr. Seacat added that many of the complaints and the process they are involved with are not publicized while in process.

SEN. WELDON asked Mr. Seacat if his office specifically reports to the Audit Committee the status of the Hotline and the status of particularly difficult complaints that have been received.

Mr. Seacat said they do report to the Audit Committee concerning the status of the Hotline, but the Audit Committee does not go through individual complaints. Difficult complaints that are fraud related referrals are discussed with the Chair and the Vice Chair. Mr. Seacat said the situation Mr. Wistey described would not be perceived as a particularly difficult complaint for his office, and as a matter of policy, it was referred to the Governor's office.

SEN. MACK COLE asked Mr. Seacat if there are written regulations regarding the handling of calls to the Hotline, and if so, could this Committee see them. Mr. Seacat stated there is a very detailed staff manual on how Hotline complaints and referrals are handled. They also have key contacts within various agencies. Mr. Seacat said he would be happy to share that information with the Committee.

SEN. COLE asked Mr. Seacat if people who call the Hotline receive any formal notice as to what will happen with their call.

Mr. Seacat said there is no formal notification process since some of the responses are handled at the Governor's office or others.

SEN. MIKE FOSTER asked Mr. Seacat if the Fish, Wildlife, & Parks Department's compliance with M.E.P.A. could be the subject of a performance audit conducted by their office. Mr. Seacat said it could be the subject of such an audit, but added they have not been asked to look at that before. SEN. FOSTER asked Mr. Seacat if such a request would come from the Audit Committee.
Mr. Seacat said normally with performance audits, there have been various requests from the federal government. Mr. Seacat said his office does not have the staff or the time to do a lot of discretionary work.

SEN. WELDON referred to Mr. Wistey's comment about "generating a list of whistle-blowers" and asked Mr. Seacat if callers can make their complaint anonymously. Mr. Seacat said "absolutely", and the law provides that callers may remain anonymous, and there is no list of whistle-blowers.

SEN. DON HARGROVE asked Mr. Seacat if there are a significant number of frivolous calls to the Hotline. Mr. Seacat said there is some abuse of the Hotline and they simply use their discretion when dealing with those calls. SEN. HARGROVE asked if there was a great waste of time to deal with those calls. Mr. Seacat said 95% of the calls are sincerely concerned Montanans who want government to do a better job.

Closing by Sponsor:

SEN. JERGESON said he hoped this Hearing clarified how the Hotline program operates. SEN. JERGESON said, like anything, you will not be able to satisfy everybody, but the Hotline is a good program and the public likes just knowing the Hotline exists.

CHAIRMAN MESAROS closed the Hearing on SB202.

HEARING ON HJR1

Opening Statement by Sponsor:

REP. BOB PAVLOVICH, House District 37, Butte, said he has been the Chairman of the Veteran's Interim Subcommittee on Veterans' Needs for the last five interims. He stated HJR1 is not a normal study resolution that will be voted on at the end of the session to see if it will continue or not, HJR1 will only direct the Department of Commerce to study the needs for housing for

veterans in the state of Montana and, specifically, homeless veterans who go from one VFW club in the state to another. Various organizations in the state will provide data to the Department of Commerce with the goal that a report be provided to the 55th Legislature as to what help is needed for the veterans of Montana.

Proponents' Testimony:

Jim Jacobsen, Administrator of the Montana Veterans' Affairs Division, said he participated as a resource person for the Subcommittee. He said there are several states that have extensive veterans housing programs, and the Subcommittee found that not only are they extensive, but can also be very expensive. The Subcommittee then looked at the Board of Housing and found there is statutory information which will allow them to look into housing for veterans.

Joe Brandt, the State Legislative Representative for Veterans of Foreign Wars, said he attended all the meetings in the interim with the Subcommittee. Mr. Brandt said if there are surveys or money allotted in the community, and there are needs for veterans to access low cost housing loans, they should be included in those programs.

Dick Baumberger, Disabled American Veterans, said they believe this is a much needed service for veterans and urge the committee to support HJR1.

Hal Manson, American Legion, said he has been involved in the programs with the interim committee and sees the need for veterans being included specifically in these types of surveys.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. FOSTER asked Representative Pavlovich to clarify the language in HJR1 that refers to Montana veterans and veterans in Montana -- veterans who are actually residents of Montana as opposed to veterans who may have never set foot in Montana, but because there is housing available, they are in Montana.

REP. PAVLOVICH said he would assume that if a veteran moved from out of state and happened to move to Montana, he's not a Montana veteran, but he is a veteran. He would be classified as a Montana veteran when he moves here, so he would be qualified.

SEN. FOSTER asked Representative Pavlovich if HJR1 should include residency requirements. REP. PAVLOVICH said yes, more or less.

SEN. HARGROVE asked Representative Pavlovich if there was some idea as to the actual need for veterans housing. REP. PAVLOVICH said information has been provided by various VFW clubs throughout the state, and they can see how veterans are moving around the state because they have no place to live.

SEN. WELDON asked on behalf of SEN. BROOKE who had to leave the room, for clarification that the Board of Housing is within the Department of Commerce. REP. PAVLOVICH stated that is correct. SEN. WELDON then asked if the Board of Housing would ultimately be responsible for the study or does the Department of Commerce conduct studies apart from the Board of Housing. REP. PAVLOVICH said he believed the Department of Commerce would direct the Board of Housing to complete the study and report back to the Department of Commerce.

SEN. WELDON asked what additional costs might be imposed upon the Board of Housing. REP. PAVLOVICH said he didn't know there would be a cost as they already have staff who perform such studies. SEN. WELDON asked if any costs would be absorbed then as part of the normal function of the Board of Housing. REP. PAVLOVICH said he believes it would be handled that way.

SEN. FOSTER asked Representative Pavlovich if he has visited with the Department of Commerce to ensure they understand the intent regarding the residency issue discussed. SEN. FOSTER said he may try to amend the bill to tighten the residency concerns.

REP. PAVLOVICH stated the Board of Housing said they would work with him on this.

CHAIRMAN MESAROS closed the Hearing on HJR1.

HEARING ON SB265

Opening Statement by Sponsor:

SEN. TOM BECK, Senate District 28, Deer Lodge, stated he is presenting SB265 at the request of the State Library to establish a Talking Book expendable Trust Fund to be used by Montana Talking Book Library to enhance library services to the state's blind and physically handicapped readers. SB265 will establish an expendable Trust Fund to receive individual donations over \$250 and to allow this money to be held in the Trust and allow the interest of these donations to accrue to the Trust. Specifically on page 2, it amends 17-2-108 to allow an exemption for the State Libraries from having to expend non-General Funds first. It also amends 22-1-103 to establish this expendable Trust under the auspices of the State Library Commission.

SEN. BECK said SB265 will encourage donations to the Talking Book Library by ensuring that interest and bequests made will accrue to the Trust Fund rather than to the state's General Fund.

Proponents' Testimony:

Richard Miller, Montana State Librarian, gave the secretary written testimony which he read verbatim (EXHIBIT 2).

Sandra Jarvie, Director of the Montana Talking Book Library, gave the secretary written testimony which she read verbatim (EXHIBIT 3).

Ms. Jarvie also gave the secretary a letter from Robert Johnstone, Professor of English, University of Montana, which she read verbatim (EXHIBIT 4).

Myrle Tompkins, citizen, Helena, stated she has been a patron of the Montana Talking Book Library for the visual services for about ten years and highly values the various services provided. Ms. Tompkins said she believes that a gift given to the Library is enhanced when the person giving the gift knows that not only the principal is for the use of the Library, but also the interest.

Gloria Hermanson, representing the Montana Cultural Advocacy, stated her organization is concerned with issues relating to access to information for all Montanans, and they support SB265.

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Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. WELDON asked Richard Miller why donations under \$250 do not go into the Trust. Mr. Miller stated the State Library felt that was a reasonable amount and did not believe a special fund should be set up donations under that amount. SEN. WELDON asked Mr. Miller if donations under \$250 go into the General Fund. Mr. Miller said they go into the State Special Fund but the interest on those monies do not accrue to the Library, the interest goes into the General Fund, the money itself goes into the State Special Fund.

SEN. COLE asked Mr. Miller what will become of the \$70,000 bequest referred to in the fiscal note. Mr. Miller stated SB265 will not be retroactive, so the remainder of that large bequest will remain in the State Special Fund.

SEN. FOSTER referred to the statement in the fiscal note "less than \$250 will continue to go into the State Special Revenue account" and he asked Senator Beck if Senator Grosfield's bill

"de-earmarked" that Special Revenue account. **SEN. BECK** said he did not believe so, and that Senator Grosfield's concerns dealt more with educational funding.

Closing by Sponsor:

SEN. BECK stated SB265 deals with money that is donated for a specific purpose -- to keep the Library going. It is not tax dollars, and it's really an issue of fairness. SEN. BECK agreed with Senator Weldon's comments regarding donations under \$250 that go into the State Special Revenue account. If those donations accumulate to \$250, they should be put into the Trust, and if SB265 does not provide that opportunity, he would be willing to consider amendments.

CHAIRMAN MESAROS closed the Hearing on SB265.

ADJOURNMENT

Adjournment: 11:10 AM

KEN MESAROS, Vice Chairman

GAIL MOSER, Secretary

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MONTANA SENATE 1995 LEGISLATURE STATE ADMINISTRATION COMMITTEE

ROLL CALL

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STATE OF MONTANA

LEGISLATIVE AUDITOR: SCOTT A. SEACAT

LEGAL COUNSEL:

JOHN W. NORTHEY

Office of the Legislative Auditor

STATE CAPITOL PO BOX 201705 HELENA, MONTANA 59620-1705 406/444-3122 FAX 406/444-3036

MEMORANDUM

SENATE STATE ADMIN.

EXHIBIT NO.

DATE 52-53 75

DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit

JAMES GILLETT
Financial Compliance Audit

JIM PELLEGRINI Performance Audit

DATE: February 3, 1995

TO: Legislative Audit Committee

FROM: Jim Gillett, Deputy Legislative Auditor

Geri Hoffman, Senior Auditor

RE: Legislative Auditor Hotline Benefits and Costs

Benefits

As of January 18, 1995, 467 calls have been received on the hotline. The calls include 149 allegations of fraud, theft or other illegal activities, 93 suggestions for improvement in economy or efficiency of governmental operations, 36 instances where callers expressed concern about public safety issues, and 189 calls for other issues or concerns related to governmental operations.

To estimate potential dollar recoveries or savings which could result from calls received to date, we reviewed files for cases identified as allegations of fraud, theft or other illegal activities and suggestions for improvement of economy and efficiency. From these files, discussions with agency personnel and further analysis, we estimated potential recoveries and savings of \$163,475 from Hotline calls. The estimate does not include all cases from which a measurable benefit may result since many cases have not been fully investigated and others have been referred to audits which will occur later.

The estimated recoveries and savings to date come from these areas:

Workers' Compensation-employer -employee	\$ 25,000
Welfare related cases-provider -client	\$ 68,670 23,067
Student Aid Overawards	\$ 4,500
Other waste and abuse	\$ 41,238

The primary benefits of the hotline cannot be measured financially. These include halting wasteful or illegal practices, improving service, promoting public goodwill by dispelling fraud rumors, providing access to and information about departments and functions of state government, and furnishing leads for productive audit work. During the first five months of operations, we have referred three fraud allegations to the Attorney General, referred 25 local government related matters to local officials and local government auditors, and referred 34 matters for further audit work at state agencies.

Costs

In calculating the costs incurred by the Legislative Auditor's Office of providing the Hotline service, we have considered operating costs and personnel costs.

The operating costs include telephone equipment, line service charges associated with operating the 800 number and advertising. These costs, \$3,450 to date, are disbursements which occurred only because the Hotline service was offered. We anticipate \$1,600 in telephone service charges for the remainder of the year.

The personnel costs cover actual hours billed to Hotline jobs. The Legislature appropriated \$30,000 for Hotline operations in fiscal year 1994-95. The \$24,950 remaining after operating costs will cover some staff salary costs. Since additional personnel were not hired to staff the Hotline function, the personnel cost represents the opportunity cost of other audit activity foregone rather than increased out of pocket costs. While initial staff effort was higher than estimated, in recent weeks staff time has sattled into the .5 FTE range anticipated when the Hotline was funded.

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Mr. Chairman

BILL NO. 53265

-Madam Chair, Members of the Committee. For the record, my name is Richard Miller. I am State Librarian.

I am here today as a proponent for SB 265 sponsored by Sen. Beck. We believe Sen. Beck agreed to carry this bill because he believes in this Talking Book Library program. Those of you who were able to attend the Montana Library Association Legislative Day program in the State Library/Justice Building at the beginning of January saw some of the services of our Talking Book Library. Sandra Jarvie, director of the library, is here to offer you additional information on those services.

\$250 and to allow the interest on these monies to accrue to an expendable trust fund. Not only do we feel that this bill will address the intent of the donors when they make such donations, but we believe it will encourage people to make such bequests to the Talking Book Library. Without assurances that their bequests and the interest earned on them will go to benefit the Talking Book Library services, we believe people will be discouraged from making such bequests.

The monies we receive in appreciation of our services allow us to enhance the services we can offer to all eligible Montanans. Quite honestly the monies we receive from the General Fund, and the federal monies we use, are not sufficient to provide the kinds of services needed by Montana's blind and physically handicapped readers. We hope you will support SB 265. We think it is a wise investment in Montana's Talking Book Library services. [Turn it over to Sandra.]

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DATE	02	03	95	
BILL NO	5	55	265	_

Madame Chair, Members of the committee, my name is Sandra Jarvie I am the director of the Montana Talking Book Library. The Talking Book Library provides free public library service to all Montana citizens who cannot read standard print because of a visual or physical disability. This program is administered by the Montana State Library and is funded with 40% State funds and 60% Federal funds. The Library of Congress National Library Service for the Blind and Physically Handicapped provides most of the recorded books and all of the special equipment required to use the books.

At the present time there are approximately 2600 people in the state receiving this free service. While the majority of the patrons are older people who have lost their sight later in life, our patrons are all ages and occupations.

Because our service is very popular and adds enjoyment to many people's lives, we often receive donations. The library does not have an organized active program to solicit donations but we do acknowledge memorials and donations in our quarterly newsletter. Most donations are small; however, in recent years they have become more frequent and more generous. The library is not always aware that it has been included in someone's will until the money is received. For that reason it is difficult if not impossible to accurately project the amount of future donations.

Donated funds are used for the following:

Montana Cassette Book Program

This program records books by Montana authors and about Montana which are not recorded by the Library of Congress. These books normally would not be available to people who are visually disabled. The books in the Montana collection and they are very popular with the patrons.

Donated funds were used to purchase and repair recording equipment for this program, and a year ago an extensive remodeling project of the recording studios was completed. This project created a state-of the art recording environment for the recording of "Montana" books. The entire project was paid for from donated funds.

Summer Reading Program

The Talking Book Library has a summer reading program for the 150 juvenile readers we serve to encourage these youngsters to "read for fun". This program is similar to those held at public libraries except our patrons are located all over the state of Montana. We encourage the kids to keep track of the books they read and talk to us about them. Prizes are awarded to the child who reads the most books.

Descriptive Videos

A descriptive video is a regular video cassette with a narrator who describes the action during pauses in the dialogue. These movies are very popular; the patrons appreciate being able to watch videos with their sighted family members without having to continually ask what is going on.

Outreach Activities

The Montana Talking Book Library conducts informal public forums throughout the state. The purpose of these forums is to meet patrons in person and visit with them about their library service. The forums also help to "get the word out" about the service to interested members of the public. Visits to nursing home and schools are also made at the same time. The travel money in the regular budget is not sufficient to cover the cost of these extra trips so donations again make this possible.

Equipment

The Talking Book Library has a computer network which maintains the inventory of all books and patrons. In order to maintain a constant level of service, the computer network must be kept in working order. The library's equipment budget is not adequate and donated funds are sometimes used when equipment needs to be repaired or replaced.

Donated funds are used by the library for enhanced services. Books about Montana, Summer reading programs and descriptive videos all go beyond basic library service and help to enrich the lives of people and prevent their becoming isolated from society in general and the world of reading in particular.

TEL:406-243-4076

SENATE STATE ADMIN.

EXHIBIT NO.

BILL NO._ Department of English The University of Montana Missoula, Montana 59812-1013

(406) 243-5231 (406) 243-4076 FAX

The University of Iontana

February 3, 1995 FAX: 406-444-5612

To:

Sandra Jarvie

Montana Library of Talking Books

I strongly support legislation insuring that interest accruing from private donations to The Montana Library of Talking Books remain to further enhance the important services it performs. The present policy, requiring earned interest to be turned over to the General Fund, is an unfair act of confiscation and unwarranted intrusion by big government.

As a Professor of English, whose life has been devoted to the study of literature, but who is no longer able to read because of visual impairment, to me Talking Books are a godsend. able to continue my career of teaching and research. Without Talking Books, my life would be immeasurably impoverished.

The Montana Library of Talking Books provides indispensable access to information and wisdom for the visually impaired population of Montana.

It should be allowed to keep the interest from private donations.

> Robert B. Jahr Robert B. Johnstone

Professor of English University of Montana

NAME DAVID WISTEY
ADDRESS 12 BLO HORN DR. LIVINGSTON MT 590
HOME PHONE 222-3443 WORK PHONE 222-2020
REPRESENTING SELF & WINDSURFING PUBLIC
APPEARING ON WHICH PROPOSAL? 58 202
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WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

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DATE 02-03-95
SENATE COMMITTEE ON
BILLS BEING HEARD TODAY: HJR1 (SB265) SB202

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Check One

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Hal Mansar	anerican Logia	п	X	
De Brand	VFW	V	χ	
About Andy	SECTE WINDSNAGNE	SB202	-×	
Richard Miller	State Library	SB 265	V	
David Wister	SEZF & WINDSURFING	58202	レ	
Dick Barmberger	DAV	HJRI	V	
Myrle Tampkins	Montana Talking Do	1 265		
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