

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By CHAIRMAN DON HARGROVE, on January 31, 1997, at
10:02 a.m., in Room 331

ROLL CALL

Members Present:

Sen. Don Hargrove, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Vivian M. Brooke (D)
Sen. Delwyn Gage (R)
Sen. Fred Thomas (R)
Sen. Bill Wilson (D)

Members Excused: None

Members Absent: None

Staff Present: David Niss, Legislative Services Division
Mary Morris, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: SR 3, 1/28/97; HB 123, 1/28/97
Executive Action: None

HEARING ON SR 3

Sponsor: CHAIRMAN DON HARGROVE, SD 16, BELGRADE

Proponents: David Owen, Executive Director, Montana Chamber of
Commerce

Opponents: None

Opening Statement by Sponsor:

CHAIRMAN DON HARGROVE, SD 16, Belgrade, welcomed Dr. Peter Blouke, Director, Montana Department of Commerce, gave a brief introduction, and outlined the procedure for this confirmation hearing. He then offered Dr. Blouke an opportunity to present a statement to the Committee.

Dr. Peter Blouke, Director, Montana Department of Commerce, stated that he thinks it is a valuable and legitimate opportunity

for the Committee to ask those questions they feel are pertinent to the new responsibilities he has assumed at the Department of Commerce. He indicated that he enjoys administration and the jobs he has held with the State of Montana, adding that he has had a unique career in that he has had the opportunity to work both on the executive side of government, as well as working five years as a Legislative Fiscal Analyst. He noted that he appreciates and understands the executive perspective on administration, but also the needs and concerns that Legislators have.

Dr. Blouke then indicated that he received a letter from **SEN. VIVIAN BROOKE**, and a copy of the bill she is introducing, and that he has responded to that, but would be happy to answer any specific questions. He continued that he believes people should have both the right and opportunity to discuss, comment or criticize anything in the administration, that they are not above criticism, and mistakes have been made, noting that he has made his fair share of them, and more will be made as they go on. He added that he does not think criticism justifies retaliation or any sort of harassment so, from his standpoint, he does not have a problem with the bill **SEN. BROOKE** is introducing. He indicated that their personnel officer looked at the bill and didn't find anything, but that he believes the Department of Administration has some technical issues which need to be addressed.

Questions from the Committee and Responses:

VICE CHAIRMAN KEN MESAROS asked what he perceives as the top five goals he would like to achieve as Director of the Department of Commerce.

Dr. Blouke responded that it is difficult for him to commit to specific goals at this point, that he is in a learning and listening phase, but one thing he would like to do, both through the legislative process and for the first few months, is to go out and talk to people to find out what the public really wants the Department of Commerce to be. He reported that, when he was given the task of reorganizing the Department of Health and Human Services, he put together a committee of 32 people, only one of which was a department employee, to ask those who were impacted by the Department what it was they wanted, and what they saw as the important values. He indicated they spent close to eight months going through that process, and that it proved to be valuable in that they were able to create a department and a structure that was far more responsive and reactive to what the public perceived as the role of government, and health and human services. He stated that he would envision doing something very similar at the Department of Commerce, noting that one thing he has sensed is that the Department is very isolated, fragmented, that it is not a really cohesive department. He added that he believes there are two issues within the Department of Commerce, one being economic development and the other the regulatory side, noting that they are complimentary, that you have to have both

for a strong economy. He indicated that he would like to streamline the regulatory side, that he would like to see the appropriate technology implemented, referring specifically to using the Internet in the licensing process, which currently takes two to three weeks to accomplish.

VICE CHAIRMAN MESAROS reported that, although this is no reflection on **Dr. Blouke**, he has received comments regarding the regulatory division, with regard to permitting specifically from some engineering people, and that he has heard these comments more than a few times.

Dr. Blouke responded that he would like to more clearly define the role of the boards versus the role of the Department, noting that he is not sure that relationship, and the relationship with the licensees, is as healthy as it could be. He added that he has talked with the President of the engineers' organization who has expressed some concerns, noting that he thinks there are some serious issues with some of the larger boards.

SEN. VIVIAN BROOKE asked **Dr. Blouke** what kind of insights he gained during the recent hearings in the House Business and Labor Committee, and what kinds of efforts he would make to address some of these concerns.

Dr. Blouke responded that it was very instructive, and pointed out that the Department is not responsive, in many cases, in a timely manner to concerns that licensees may have. He indicated that he did not think the administrative processes are as good as they should or could be, and that the relationships and responsibilities need better clarification. He added that **REP. BRUCE SIMON** has appointed a subcommittee which has been meeting twice a week with the Department's staff to come up with recommendations on this issue. He stated that he has learned a lot of people are unhappy with the boards, and that it will take time to resolve, that it is not something which can be turned around in a few months. He added that he thinks there are some fundamental attitudinal and cultural issues which need to be addressed, but he does not see anything that is insurmountable.

SEN. BROOKE noted that **Dr. Blouke** worked hard in DPHHS to get Families Achieving Independence in Montana (FAIM) up and running, and asked how he planned to bring that experience into the Department of Commerce.

Dr. Blouke replied that, obviously, he brings with him a lot of the feelings, that he has a personal investment in the FAIM program, and believes that economic development will ultimately make welfare reform a success or failure not only in Montana, but in any state. He indicated that there are a lot of programs within the Department of Commerce, and that they can work more directly with DPHHS in coordinating their efforts to make sure people have jobs, and that jobs are available. He noted that he is learning that, in many cases, industries have difficulty

coming into Montana because they can not get employees, because there is no affordable housing, and this is an area they will be looking at. He added that one of the first groups he met with after coming to the Department was a group from Missoula which had been active in welfare reform, and they asked what they could do to help coordinate the programs.

SEN. BROOKE asked, from **Dr. Blouke's** perspective, how he sees the Department of Commerce and the Department of Agriculture working together for economic development.

Dr. Blouke responded that he sees a very close relationship between the two agencies, that agriculture, obviously, is the largest industry in the state and that one of the things they would like to work with the Department of Agriculture on is value-added agricultural products. He reported that he met with two organizations trying to establish facilities which would mix straw and plastic garbage to create a type of board, and that he could see a working relationship with the Department of Agriculture in this area.

He indicated that one of the things he discussed with the Governor is that we are moving into a global economy and one of the things they would like to do is develop those relationships and create markets for agricultural as well as manufacturing products. He then stated that he would like to be able to facilitate the development of a telecommunications infrastructure, indicating that the majority of businesses in Montana are small and, if they have the ability to communicate through the Internet or by facsimile, this will enhance Montana's capacity to support those small entrepreneurial businesses, noting this would be another goal for the Department to work towards.

SEN. FRED THOMAS asked **Dr. Blouke** to give the Committee an update on the mental health contract.

{Tape: 1; Side: A; Approx. Time: 10:22 a.m.; Comments: None.}

Dr. Blouke responded that when the contract was signed, they went into a contractual relationship with the management group that was the successful bidder. He reported that letters were initially received from both of the unsuccessful bidders complimenting them on the process but, subsequently, some issues were raised causing those people to request further explanation of the process, and they then decided to file an administrative appeal. He explained that the procurement process is conducted by the Department of Administration, not the Department of Public Health and Human Services, and they established all of the criteria and sent out the announcements. He added that it was on the advice of the attorney for the Department of Administration that it was a closed meeting. **Dr. Blouke** reported that there has been no indication of a suit being filed, but because it is an \$80 million a year contract, everyone will be taking a real hard

look at the process. He added that he is very comfortable that they could withstand a challenge and he thinks it was an incredibly open process, adding that they spent three years putting together the RFP, and the evaluation committee was composed of eleven people, including **REP. ROYAL JOHNSON**, providers and consumers, and that only three or four were department personnel. He noted that they asked for public participation, and it was a very structured evaluation process, so he is comfortable that, if challenged, they would prevail.

Dr. Blouke indicated that he believes in local involvement in the policy and decision-making process of the Department and that, once the session has ended, he will go out and talk to the people because he learned a long time ago that the answers are not in Helena, that Montana is a beautiful state, but it is also a very diverse state, and the expectations and needs of Eastern Montana are quite different from those in Western Montana. He stated that he wants to build a structure that will provide the mechanism for local input into the decision-making process.

SEN. THOMAS asked if there has been a delay in implementing this program.

Dr. Blouke replied no, and explained that they found that other states would rush into the process and, once a contract was awarded, would expect the program to be up and running within two months. He explained that the RFP was very clear in that they wanted to allow sufficient time for the contractor to hire staff, get their computer systems up and running, negotiate with providers in the community, as well as to provide for a transition period for providers and consumers. He indicated that the contract was signed in December, 1996, the contractor will take over the program April 1, 1997, and that he thinks this is a reasonable amount of time so as not to create a chaotic system.

SEN. THOMAS asked when was the contract awarded.

Dr. Blouke responded that he could not remember the exact dates, but the evaluation committee made their recommendation in the beginning of December, 1996, then requested some additional information from the contractor on some particulars the committee was not entirely comfortable with and, once they were satisfied with the response, the contract was signed.

SEN. THOMAS noted that the decision and the awarding of the contract were close, and that there will be about a four-month period to phase in the program. He pointed out that, in the final round, there was a closed meeting which caused some reverberations, and asked **Dr. Blouke** why that was done.

Dr. Blouke responded that they would have liked to have had an open meeting but, according to the rules of the Purchasing Division of the Department of Administration, if there was any proprietary information involved in the evaluation process, it

had to be a closed meeting. He added that **Mr. Dal Smilie**, attorney for the Department, made the decision to have the meeting closed, reiterating that the procurement process is handled through the Department of Administration, and it was their decision.

SEN. THOMAS asked if that meeting involved all the bidders, or only the one selected.

Dr. Blouke reported that evaluation of the proposals was handled by the evaluation committee, and that meeting was closed to everyone. He added that, at one time, they thought there would be six or seven bidders which would probably be narrowed down to two, and those two would be invited to make a presentation to the evaluation committee and anyone else who wanted to sit in on it. He indicated that he thinks there were only four or five bids submitted, and that the successful contractor was sufficiently above everyone else that they did not see the need to bring the others in, noting that it is an expensive process, that he was told one of the unsuccessful bidders spent around \$1.5 million.

SEN. THOMAS asked **Dr. Blouke** if he thought too much was added to the contract to pacify the dissenters to the managed care program.

Dr. Blouke replied no, reiterating that they spent three years putting the RFP together, that they had a committee and an advisory council, and indicated that they talked to the public, used the Metnet, and received some excellent suggestions for talking to providers. He added that he thinks they benefitted from those recommendations, that the consumers are most directly affected, but the providers are the ones the dollars come from and they are the ones generally the most concerned about it. He noted that they did include the good ideas the providers had, which were very excellent and made it a stronger proposal.

SEN. THOMAS indicated he was not able to attend the House Business and Labor Committee hearings, but pointed out that there was a lot of focus on people who are licensed. He asked if the focus of these boards is to protect the public and to police the licensees.

Dr. Blouke indicated that he would state, categorically, that is the sole purpose of the boards, to protect the health and safety of the public. He added that, in doing so, they are empowered to establish standards, investigate complaints, and take disciplinary action but that, ultimately, the function of the board through these activities is the protection of the health and safety of the public, that it should never be that a board is to protect a particular profession. He stated that he is aware that some of the boards do function that way, that they want to protect their licensees, to make sure they have enough business, noting that he is going to have to wade his way through that, but it is not what he would perceive their role to be.

SEN. THOMAS noted that he did not think they could condone the lack of service to a licensee by a board, but that the focus on those hearings and discussions was responding to licensees. He indicated that he was sure nobody from the public would be in there reminding them that the boards have to protect the public, but that he would point out that the focus should not be to take care of some drug addicts who try to get their license back.

He then indicated that he has been in the offices of some of these boards, that it seems to him they are, to some degree, antiquated, and that, although he would not suggest central processing or something of that nature, it would seem to him that there are thousands of dollars that could be saved in the whole process. He added that it would be a suggestion that someone like **Dr. Blouke** sit in those offices and observe what happens to see what he is talking about, that he thinks it is important in the process.

SEN. THOMAS then stated that he has always been an advocate of helping businesses to grow, but that if a local bank will not participate, then neither should the State, pointing out that, in some cases in his area, loans were not given at the local level for good reason. He added that he is no longer a supporter of small business development, that he thinks the State should give aid, support and information, but it should not give money to programs that will not succeed on the local level. He reiterated that the State's role is to support and provide information and assistance, but that handing out money is a waste of time.

SEN. GAGE asked if some of the boards are attached to the Department of Commerce administratively only.

Dr. Blouke responded that is correct.

SEN. GAGE asked if the Department of Commerce has direct control over some of the boards.

Dr. Blouke explained that, under Montana Codes, if a board is administratively attached, it is fairly clear in legislation that the Department shall have no control or influence on the board, noting that interpretation is gray. He indicated that some of the boards, such as the Board of Investments, are attached to the Department but hire their own Executive Director, and that another board, the Health Facilities Board, is attached to the Department for administrative purposes, but their staff is the Department's staff. He noted that the whole board structure is complicated and there are strict guidelines for qualifications to each board, that many of the executive directors have been there a very long time, and have gradually become the board. He indicated that he had thought what they needed to do was rotate the executive directors but, when he looked at the statutes, he found it could not be done. He explained that he would like to clarify what each board is supposed to do, and what an executive director is supposed to do, noting that he would not be able to

do it this session, but would hope to have some suggestions at the next legislative session.

SEN. GAGE asked **Dr. Blouke** how much control he has, if any, over their budgets.

Dr. Blouke responded that they have to submit their budgets to the Legislature through the Department, that they do have some control, but the Department can not spend their money, and can not tell them they can not spend it.

SEN. GAGE asked how many attorneys there are in the Department of Commerce. **Dr. Blouke** responded that he did not know, but could get the information for the Committee. **SEN. GAGE** indicated that he asked the current Governor, when he was Attorney General, what he would think of a bill requiring that all attorneys in state government be under the direction of the Attorney General's office, so that those agencies that did not need a full-time attorney would have a pool of attorneys to use, noting that would provide a synergy of information and expertise. He asked **Dr. Blouke** what his reaction would be to that.

Dr. Blouke replied that he has mixed reactions, indicating that his experience at DPHHS was that there is value in having attorneys in close physical proximity to the program people they were dealing with, pointing out that, for example, Medicaid is a complicated program and legal decisions have programmatic ramifications. He added that the Chief Counsel for the Department is a very valuable individual, from a director's standpoint, in keeping informed about the various programs, and that the Chief Council coordinates issues which overlap between programs. He noted that he could, at the same time, see the value of **SEN. GAGE's** suggestion.

{Tape: 1; Side: A; Approx. Time: 10:44 a.m.; Comments: End of Tape 1, Side A.}

SEN. GAGE asked if he was interested in looking at that kind of thing, at least within his department.

Dr. Blouke responded that he thinks there is some of that already being done, that **Annie Bartos** is Chief Council for the Department, but he is not sure if she supervises all of the attorneys within the Department. He added that he would like to take the time to look at the organizational structure of the Department as a whole.

SEN. GAGE indicated that he hesitates to ask his next question without giving some background, and that they could visit about the specifics at some other time, and then asked **Dr. Blouke** what his position is with regard to enforcing the letter of the law.

Dr. Blouke replied that it is a good question, but he hesitates to answer. **SEN. GAGE** indicated he could think about it, and

respond at a later time. **Dr. Blouke** stated that he would be happy to give **SEN. GAGE** an answer, but not on the record. **SEN. GAGE** asked **Dr. Blouke** to get his response to the Committee. **Dr. Blouke** noted that this is a fundamental, philosophical question. **SEN. GAGE** asked him to think about it.

CHAIRMAN HARGROVE stated that he thinks it is a very appropriate question for someone at **Dr. Blouke's** level, that it is management philosophy, and the Committee might want to know his theory, that those things can be important. He then indicated that the Legislature meets to wisely allocate the people's money, that in the Department of Health and Human Services, a tremendous percentage of that money is dealt with, and this question would carry over to wherever he would happen to be in that level of a position. He asked **Dr. Blouke** what his management direction would be in terms of saving money. He explained that the Legislature goes through some frustration in attempting to discern who actually spends the money, that it is almost impossible for the Legislature to get into the depths of a department such as the Department of Commerce, or especially the Department of Health and Human Services, and tell them what they can and can not do. He pointed out that the Legislature relies on the very firm hand of people in **Dr. Blouke's** position for self-evaluation, and asked what he intends to do to be frugal with the people's money.

Dr. Blouke responded that he is a fiscal conservative, pointing out that, particularly at the Department of Health and Human Services, they had to make some very difficult choices because they were dealing with people's lives and with people who were, many times, in crisis. He indicated that they went through that process prior to the legislative session, that they had approximately \$200 million in additional new program requests and had to pare that down. He added that his own management style is one of accountability, that when he became Director of DPHHS, health care costs were going way up, but pointed out that there has not been a supplemental request for Medicaid in the last two sessions.

He explained that one of the ways this was accomplished was he told his staff that this was the budget, that they were going to live within the budget, monitor it and, if it appeared they were going to go over budget, they would start cutting programs. He noted that there was a history, particularly in Medicaid, of going ahead and spending the money and then asking for a supplemental, and that the Legislature would, at times, knowingly underfund Medicaid, realizing that the Department could get a supplemental. He stated that he does not believe it is appropriate for the agencies to spend money that is contrary to the wishes of the Legislature, that he believes in the legislative process and sees his role as implementing and managing the policy decisions made by the Legislature. He added that he thinks it would be difficult, and perhaps inappropriate,

if the Legislature tried to micromanage the agency, that it is contrary to the process, as he sees it.

Proponents' Testimony:

David Owen, Executive Director, Montana Chamber of Commerce, stated that he had a chance to get to know and work with Dr. Blouke in his previous position, and was excited to hear Dr. Blouke was willing to assume this position. He indicated that, in his four years with the Montana Chamber of Commerce, they have not had much of a relationship with the Department of Commerce, but he and Dr. Blouke have talked about what can be done in terms of economic development, and that he is looking forward to working with him. He noted that he thinks the private sector is excited about the capacities Dr. Blouke brings to this position, and he is looking forward to re-energizing that connection.

Opponents' Testimony: None

Closing:

Dr. Blouke had no closing statement.

{Tape: 1; Side: B; Approx. Time: 11:01 a.m.; Comments: None.}

HEARING ON HB 123

Sponsor: REP. RICHARD SIMPKINS, HD 49, GREAT FALLS

Proponents: Debra Fulton, Administrator, General Services
Division, Department of Administration
Paul Sihler, Department of Fish, Wildlife and
Parks
Brian Cockhill, Director, Montana Historical
Society

Opponents: None

Opening Statement by Sponsor:

REP. RICHARD SIMPKINS, HD 49, GREAT FALLS, reported that, although the Department of Administration and the Department of Fish, Wildlife and Parks have done an excellent job, often, buildings are named and memorials placed on the Capitol grounds on an emotional level. He indicated that, last session, it was discovered that there are no policies or standards regarding placement of plaques and memorials, and naming of buildings within the Capitol Complex, and that he asked the Department of Administration to put together a proposal to establish some type of procedure for putting items on the Capitol grounds or within buildings, and for naming of buildings. He pointed out that the only cost of this bill would come as a result of Legislators being on the committee, that line 26 on page 1 of the bill indicates the committee will be comprised of two members from the

House and two members from the Senate, plus one member of the general public to be appointed by the Governor, along with the Directors of the Department of Administration and the Department of Fish, Wildlife and Parks, the Montana Historical Society and the Montana Arts Council. He indicated that he anticipates the committee would meet only once a year to prepare their recommendations to the Legislature.

REP. SIMPKINS then pointed out that another provision in the bill would require that a building not be named after a person who has been deceased less than five years, noting that this would take the emotion out of the process, and cited an example that occurred in Great Falls with a proposal to name a building after a wrestler who died on the mat. He added that this provision would allow an emotional situation to calm down in order to be addressed in the proper manner.

Proponents' Testimony:

Debra Fulton, Administrator, General Services Division, Department of Administration, read testimony which is attached as **(EXHIBIT 1)**.

Ms. Fulton added that another part of the bill, which is important to the Department of Administration, is that this committee will advise the Department regarding interior decoration in the Capitol Building. She explained that it is her responsibility to maintain this building, but that she has very little authority over some of the agencies which occupy the building. She indicated that, although it has not occurred to date, the time may come when a Governor or other occupants of the building do not have good taste in their choices of color and interior design, and it would help to have guidelines as to color, trim, signage, and those kinds of things, in order to make the building feel more cohesive than it currently does. She added that this is the goal of the Capitol Restoration Commission and the Capitol Restoration Project, and it would be very helpful to have some advice in that area.

She stated that she agrees with **REP. SIMPKINS** that this would cut down on some of the emotional requests they receive.

Paul Sihler, Department of Fish, Wildlife and Parks, read written testimony attached as **(EXHIBIT 2)**. He distributed copies of an inventory of all the structures on the Capitol Complex attached as **(EXHIBIT 3)**.

Brian Cockhill, Director, Montana Historical Society, stated that the building their agency occupies is a good illustration of the need for this bill, explaining that it is the single most popular place in the Capitol Complex for placement of memorial items, and that the Department of Fish, Wildlife and Parks inventory will point out that some excess is beginning to happen. He indicated that he thinks there does need to be some kind of process to

evaluate the overall impact this kind of unchecked enthusiasm will have on the grounds as the years go by, noting that he is not questioning anything that has happened on the Historical Society grounds, that he questions how that has been done, and whether it was appropriate and in the best interests of the Complex.

He stated that he also supports this bill because of its more focused concern for the interior of the Capitol, which is going to be restored, that he thinks it is important to retain the best in this building, and it would be a very good thing for the State to be able, through the Legislature and this advisory council, to control, for the long term, how this building looks for our citizens and visitors.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. GAGE referred to Section 6, page 3 of the bill, and asked either REP. SIMPKINS or Mr. Niss to explain why the Montana Administrative Procedures Act does not apply to Sections 1 through 7.

REP. SIMPKINS responded that it would be rulemaking. Mr. Niss indicated it is probably because they did not want to be bound through the rulemaking process.

REP. SIMPKINS reiterated that they did not want it to go through the rulemaking process. Mr. Niss agreed that, without the exemption in Section 6, policies adopted by the authority of this legislation would have to go through the rulemaking process.

SEN. GAGE asked Ms. Fulton if she would like to respond to this.

Ms. Fulton stated that the Department did not want to have to go through the rulemaking notice and hearings in order to implement recommendations of the committee.

SEN. GAGE referred to lines 29-30 on page 3 of the bill, and asked Ms. Fulton if there was any need to include other buildings in this requirement.

Ms. Fulton responded that, in other buildings which are not historical in nature, the department directors have authority to designate whether or not a plaque is placed in the building, adding that there is not a problem with those.

SEN. GAGE indicated that he was referring to the inventory. Ms. Fulton responded that she did not think it was necessary.

SEN. GAGE referred to lines 7 and 8 on page 2 of the bill, which sets out that the public member of the committee will receive \$25, and pointed out that members of the Legislature get

legislative pay. He asked if public members are considered second-class citizens, and if that is true with public members throughout statute.

REP. SIMPKINS stated that this is the case on many of the committees, that public members receive \$25, but he pointed out that they do also receive mileage and lodging.

SEN. GAGE asked REP. SIMPKINS if he would have any objections if subsection (4) were eliminated, and part (c) were amended to say that council members appointed under subsection (2)(a), (b) and (c) are entitled to compensation of expenses provided in 5-2-302.

REP. SIMPKINS stated he would have no objections. SEN. GAGE noted that he was not sure if 5-2-302 applied only to legislative members. REP. SIMPKINS reiterated that he has no objections, noting that most of those members will be in Helena, anyway, and he does not anticipate any great costs to be involved. He indicated that he would expect the members to communicate by mail, and then meet to make their final recommendations in the form of a study or report to the Legislature.

REP. SIMPKINS then pointed out that the references to inventory in the bill refer only to the Capitol building, not any other buildings in the Capitol Complex.

{Tape: 1; Side: B; Approx. Time: 11:20 a.m.; Comments: End of Tape 1, Side B.}

SEN. GAGE noted that it has always bothered him that Legislators think that their time is more valuable than that of public members, and he would like to see the Legislature start changing that.

CHAIRMAN HARGROVE interjected that the Committee will look at that before taking executive action on the bill, noting that some members are not compensated.

Mr. Cockhill indicated that he would like to respond on the question of inventory, and reported that their museum program does inventory on most of the artwork on the Capitol Complex. He noted that this does not extend to buildings such as the Department of Transportation on the other side of the highway, but that there is some fairly valuable artwork in other buildings in the Capitol Complex, that he was not sure how this should be addressed but, in terms of protecting an asset, it may be something that should be addressed.

He stated that their department is doing the inventory now because they are charged with making sure those pieces of art are conserved, and indicated that statute requires new construction include a percentage for art, that any new buildings approved by the Legislature in the future will have art in them, which is an asset with the potential to increase in value as time goes by.

He noted that a lot of art work placed in this building in the past has disappeared in the transition of offices.

SEN. THOMAS asked **Ms. Fulton** if, with this legislation, the Department of Administration will have the authority to approve the changes that are made.

Ms. Fulton noted that the committee's work is advisory, and responded that is correct, that the Department would have the authority to approve the changes.


Closing by Sponsor:


REP. SIMPKINS indicated that if the bill is modified to say that the Department of Administration has responsibility of the Capitol Building, he would suggest that the art work remain in the hands of the Historical Society, noting that he would appreciate any amendments which make this better.

CHAIRMAN HARGROVE asked **Mr. Niss** to research the compensation of committee members.

ADJOURNMENT

Adjournment: 11:25 a.m.


SEN. DON HARGROVE, Chairman


MARY MORRIS, Secretary

DH/MM