

1999 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2411

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2411

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/5/99

Tape Number	Side A	Side B	Meter #
1	X		5,758 to End
1		X	0-2,110
Committee Clerk Signature <i>James A. Raab</i>			

Minutes:

Senator Krebsbach opened the hearing on SB 2411.

Senator Ralph Kilzer, District 47 introduced the bill. He indicated he sponsored the proposed legislation at the request of the director of OMB.

Mike Ressler, Assistant Director of ISD spoke in favor of the bill in place of Jim Heck. A copy of his written testimony is attached.

Senator DeMers: Why do you want to do this? Are you overburdened or ?

Mike Ressler: What we do at ISD is we continually monitor rates and we do compare them to the outside vendors rate and one of the things that we preach is that we will always be competitive with the outside market so we have gone through a study and determined the rates outside are competitive with what we are charging in house, along with the fact that the volumes have slowly been decreasing so that has been what has driven this initiative.

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Senator DeMers: How do you go about contracting, is it a bid process?

Mike Ressler: Yes it is.

Senator Krebsbach: Do other agencies now have the ability to contract outside these services that you are aware of?

Mike Ressler: They do not. They are to purchase those services from ISD.

Senator DeMers: There is a statement in here that release of records of a contractor is not a violation of 12.1-13-01 or 54-46.1-07, I'm assuming those are confidentiality statutes.

Mike Ressler: Yes they are.

Senator DeMers: The health section is not in here? Is there a reason, that's chapter 27? And there may be others missing? Are these the only confidentiality statutes in government? The reason I know 27 is I'm carrying a bill on that tomorrow. That deals with that exact question.

Mike Ressler: Bob Laine from the Attorney General's Office is the attorney that drew up that amendment. I'm assuming that it was thoroughly checked out.

Senator Krebsbach: Would this work be done on site here at the capitol or would they be taking information to their locale to do the microfilming?

Mike Ressler: They would pick their work from our location and take it to theirs, produce the product, and then deliver back to us.

Senator Wardner: What is the status of the microfilm? Are doing more of it?

Mike Ressler: The amount of work in that area is still strong, microfilm is still the archival means to keep records. With the involvement of CD's we are starting to see other areas or other mediums for records that don't necessarily need to be kept for permanent means of storing records.

Chris Runge from ND PEA, AFT local 4660, AFL-CIO spoke in opposition to the bill. A copy of her written testimony is attached.

Senator Thane: Perhaps if State of ND could hire temporary employees such as large corporations do where they wouldn't have to pay them any fringe benefits, the State of ND could operate more efficiently.

Chris Runge: Yes it would save money but on the other hand you would pay more in welfare services for health care and those kinds of things.

Senator Wardner: How large is this unit? Do you know how many people are employed in this unit?

Chris Runge: There was a private citizen who works in that unit who wanted to testify. I think there's actually 3 or 4, I don't have any exact numbers so I don't want to misspeak.

Mary Stinar a private citizen spoke in opposition of the bill. I am a Micro graphic specialist for the information services division. I have worked with all aspects of the microfilm and have worked for state of ND for more than 16 years. Over the years I have found out how really important it is to not only microfilm a record but also how important it is to reproduce a readable facsimile of a document at a later date. I have seen work done, not only by outside vendors but also by people who were temporary personnel in which the information could not be retrieved at a later date. I have feeling that this happens because of a lack of interest to the fact that these people feel they are not going to be around to have to explain to someone why it is they can not reproduce this document.

Senator Wardner: How many employees are there in the unit?

Mary Stinar: Actually within the microfilming unit themselves there are 3 of us that work right in the unit, we were merged with the data entry area awhile back, so now there are 5 of us that actually work with data entry micro graphics.

Senator Wardner: Providers that would do this in the private sector, are you aware of them?

Mary Stinar: I have worked with many of them.

Senator Wardner: There are many of them out there?

Mary Stinar: Within town there are, for the most part there are 2 major ones that I know of.

Senator DeMers: Why is the emergency clause necessary?

Mike Ressler: We felt that by putting the emergency clause in if we continue this investigation on whether or not to out source this service if it comes up that we feel it should be we can put that into effect as soon as possible.

Jim Heck, Director of ISD, spoke indicating he did not know that this was going to get into a privatization bill because all we were looking for was the same opportunity we have for all the other services we provide to look at whether they should be contracted out or provided in house.

Today we contract out all wiring services with a company called Dalcon. We have had reductions before. This is a service where technology is starting to provide alternatives to microfilm and microfiche. All we're asking for the ability in this section of code which is not the same section that we operate our information services division for, for the other services. The ability to look at outsourcing or contracting the service versus providing it in house. If we get into privatization that's not our game. I wouldn't be here for that.

Senator Krebsbach closed the hearing on SB 2411.

Committee Discussion/Action: February 12, 1999, Tape 1, Side B, Meter #'s 4617-End and

Tape 2, Side A, Meter #'s 0-160. Jim Heck appeared before the committee to answer a few questions concerning this bill. CHAIRMAN KREBSBACH indicated the greatest opposition to this bill seemed to come from some of the people who were fearful that they might be rified because of this bill. She indicated that otherwise this is a bill which is a pretty good option for your agency. You are not mandating the use of outside contractors services. It is allowing you to do so. She asked if she were correct in her assumptions? MR. HECK indicated that this was correct. We are just asking for the flexibility to use contract services if they are cost effective. Senator DeMers indicated that they employees seem to feel that they've already been notified about impending rifs. Any comment on that. MR. HECK indicated that we have looked as we do with a lot of our services as to how competitive out pricing is to what is now available in the private market. We have been very open with our employees and we have asked them to give us any help or suggestions that they could in looking at how we can add additional workload to the unit without raising the price. Because in our review we are at a price that is available to us and at a wash with the outside vendors. We have met with them and we state that options are we can increase our prices because today we lose \$5,000 a month in that particular service. That loss is primarily because of salaries. Our expenses are supplies and salaries that make up the cost. If you can't bring in additional work you need to raise the price. To raise the price you no longer are effective in a competitive market. Our customers who are state agencies and are under pressure all of the time to budget for less dollars through 95% guidelines come to us and say we've got to get your services to be competitive. And so to do that, that is why we monitor the market and to be upfront we probably would have to rif some of those employees. There are three employees in that

particular group, if we went out. If we continue that probably is what we are going to have to do anyhow. If we can't contract it out because we have to bring that cost into line. I'm not sure that that won't happen in either case, if this passes or doesn't. In the rif process and we've been through that in our office before we were providing key punch services years ago and that workload diminished we had to rif 7 to 10 people over a period of time and it's because we are not appropriated dollars. Our appropriation is spending authority only. We can only spend what we get from revenue from agencies so we don't get dollars appropriated for that just the revenues or expenditures. We've done rifing before. We operate like a business. If we can't keep our business costs in line we need to then go someplace to get those services. This particular section of law is a separate section from what we traditionally provide all of our other services under. ISD is under 54-44.2 and there we today provide contract services for certain types as mentioned in our testimony. In there the wiring is contracted out like in the wiring of buildings. We also contract out certain maintenance. We contract out other services. But that doesn't mean that we're going to privatization. We are a long ways from privatization. But there are some things that because of workload, uniqueness or whatever we do contract out. That was a long answer to yes there's a potential to rifing.

Senator DeMers, that brings to mind one other question. You were talking about losing \$5,000 a month and yet the fiscal note indicates that the fiscal impact will be less than \$5,000 for the two years. So are you saying that even if you decide to contract out your going to continue to lose \$5,000 a month. MR. HECK, the fiscal note says the \$5,000 says the \$5,000 would be less than \$5,000 in revenues not in expense. If as I mentioned today when we look at it it's close to a wash as to what our rates are versus rates that we have looked at in the open

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market. If we want to contract it out, we wouldn't gain any revenue, we wouldn't probably be doing better than we are today in the rate section but we would no longer be losing the money that we are today. The discussion continued concerning the fiscal note and revenues.

CHAIRMAN KREBSBACH asked about equipment and costs for this department. MR.

HECK elaborated on this. There were no further questions from the committee at this time. A

motion for DO PASS was made by SENATOR KILZER, seconded by SENATOR WARDNER.

Roll Call vote indicated 5 YEAS, 2 NAYS, and 0 ABSENT OR NOT VOTING. SENATOR

KILZER will carry the bill.

FISCAL NOTE

JAN 28 1999

(Return original and 10 copies)

Bill/Resolution No.: SB 2411 Amendment to:

Requested by Legislative Council Date of Request: 1-27-99

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

The Information Services Division (ISD) expects to generate a savings of less than \$5,000 as a result of this legislation. This legislation will give ISD the option of contracting for the servies instead of providing them in-house.

- 2. State fiscal effect in dollar amounts:

Table with 6 columns: 1997-99 Biennium (General Fund, Special Funds), 1999-2001 Biennium (General Fund, Special Funds), 2001-03 Biennium (General Fund, Special Funds). Rows: Revenues, Expenditures.

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: None
b. For the 1999-2001 biennium: None
c. For the 2001-03 biennium: None

- 4. County, City, and School District fiscal effect in dollar amounts:

Table with 9 columns: 1997-99 Biennium (Counties, Cities, School Districts), 1999-2001 Biennium (Counties, Cities, School Districts), 2001-03 Biennium (Counties, Cities, School Districts). All cells contain N/A.

If additional space is needed, attach a supplemental sheet.

Signed Jim Heck

Typed Name Jim Heck

Date Prepared: 1/28/99

Department Information Services Division

Phone Number 328-3190

Date: 2/12/99
Roll Call Vote #: SB 2411

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number Do Pass

Action Taken _____

Motion Made By Sen Kilzer Seconded By Sen Wardner

Senators	Yes	No	Senators	Yes	No
SENATOR KREBSBACH	✓				
SENATOR WARDNER	✓				
SENATOR KILZER	✓				
SENATOR STENEHJEM	✓				
SENATOR THANE	✓				
SENATOR DEMERS		✓			
SENATOR MUTZENBERGER		✓			

Total (Yes) 5 No 2

Absent _____

Floor Assignment Senator Kilzer

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 15, 1999 9:52 a.m.

Module No: SR-30-2918
Carrier: Kilzer
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2411: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)
recommends **DO PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2411
was placed on the Eleventh order on the calendar.

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2411

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2411

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 3-4-1999

Tape Number	Side A	Side B	Meter #
2	X		12.3 - 60.4
2		X	0 - 14.9
Committee Clerk Signature			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on March 4, 1999.

Summary of the Bill: Relating to the provisions of microfilm services.

Testimony in Favor:

Jim Heck, ISD/OMB submitted written testimony and amendment which he read in it's entirety (**please refer to his testimony**). The amendment was brought to our attention by the Attorney Generals Office in the penalty section of the bill.

Representative Fairfield, How many companies do this type of business/microfilming? Would this be done in a bidding process.

Heck, To my knowledge there are 2 in Bismarck and some in Fargo. They would be chosen through a bidding process.

Representative Fairfield, What factors are taken into account when determining in house versus out of house would be more efficient?

Heck, Direct costs.

Representative Haas, This refers to only microfilming. Isn't that becoming obsolete? Aren't there other possibilities?

Heck, This section of law pertains to microfilming. The type we are talking about here is done off paper. This is probably the only accepted method for archival to archival. We still to do microfilming.

Representative Haas, After microfilming, do you dispose of the hard copy?

Heck, It goes back to the agency and later reviewed by the Attorney Generals Office and it is then determined whether it will go to the historical society.

Representative Klein, You indicated that you have four new positions within your division. Where are you going to use those positions?

Heck, Applications development.

Representative Kroeber, Your data entry staff went from 70 down to 2. How did you do that?

Heck, Reduction in the needed work force by a decrease in work load. This law would give us permissive language to contract this out if we have to.

Representative Winrich, Archival records and others that have confidentiality? I don't see anything that calls for bonding or a penalty. The fiscal note says that you would expect savings of less than 5000 dollars. What kind of cost analysis was done?

Heck, Yes regarding confidentiality. In reality we would probably ask for a bond. We compared it with the private sector to determine cost analysis.

Representative Kliniske, 12.1-13.01 of the century code states that it is a class C felony.

Representative Fairfield, You stated that it could generate a savings of less than 5000 dollars.

Would this eliminate two positions to save 5000 dollars?

Heck, Probably, but we also haven't done a study to see if we want to even do this yet. Were asking for permissive language. We may or may not find that we want to go this way.

Senator Kilzer, Appeared before the committee to introduce the bill. He submitted written testimony which he read in it's entirety (**please refer to his testimony**). I wanted the administrator to have the ability to carry out this responsibility when microfilming can be disruptive to the other people needing this service. I have not looked at the amendments.

Representative Winrich, Can microfilming really be disruptive? It's my understanding that the turn around time in this area is 24 hours. Is this a speculation of a problem or does one really exist?

Kilzer, It can be disruptive. I have had experience in a hospital setting where there is a time element involved. I could see where a problem might be possible.

Representative Kroeber, Doesn't the state already have the equipment and capital investment in this area?

Kilzer, I have not done a study to see what they have invested.

Testimony in Opposition:

Chris Runge, NDPEA submitted written testimony which she read in it's entirety (**please refer to her testimony**). We have a concern that most think competition keeps the cost down. What if there are only one or two bidders and they could eventually jack up the prices. Where is the competition there with just two bidders?

Representative Klein, The administrator makes the call on this if it's reasonable. Don't you think this is proper?

Runge, What is the level of savings the state has to make before they privatize a service. There are hidden costs in this process.

Representative Klein, In your statement you say that a private employer would be able to save money because he has cheaper labor costs. That's a real assumption.

Runge, I was told that. I was told that these three people cost the state too much money.

Representative Klemin, Where only addressing microfilming. Isn't there times when a large project comes along and you need additional staff. Not necessarily laying people off, but just not hiring additional people to do a bigger job.

Runge, We are asking you to be the body (the group) to set the parameters for contracting out of house.

Representative Klemin, The administrator doesn't have the authority to bring in somebody to do a larger project, without laying off any of the current staff.

Runge, I don't know if they will have that big job that you are talking about.

Representative Thoreson, Couldn't they do this by rule? Or is there something in current law that prohibits this?

Runge, I think they wouldn't be able to contract out.

Representative Klein, Isn't there a procedure in place where they would be able to keep these people around.

Runge, If there are available positions that they are qualified for. They have to meet minimum qualifications.

Representative Thoreson, If we do this and get rid of this program, how are they going to handle this type of work? Have you done any research in this. Are the companies that are in Bismarck going to be here?

Runge, Mary Stener might be able to give you a little more information on who these companies are. I haven't done any research on that.

Representative Devlin, You spoke or stated that the three people would be laid off. Who told you that?

Runge, Mr. Heck told me that.

Mary Stener, Submitted lengthy written testimony which she read in it's entirety (**please refer to her testimony**). She is here on her own vacation time. Works in the microfilm department for the state.

Representative Winrich, Big jobs coming in and not being able to deal with them, has that ever happened?

Stener, Yes it has.

Representative Devlin, In all my years using control strips, I have never had a problem with them and if you did, why didn't the vendor replace them or didn't you contact them. How about trying another vendor.

Stener, We mentioned it to our supervisors and they have done nothing about it.

Representative Metcalf, Is the equipment that your using up to date and in good shape?

Stener, As far as I know all of our equipment is in good condition. Of course you can always update, but I don't see anything at this point that would have to be updated. It's as good as any of the private vendors equipment.

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House Government and Veterans Affairs Committee

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Representative Fairfield, The original bill had a emergency clause on it, why?

Jim Heck, To have it go into effect July 1 instead of August 1.

Representative Klein, When do you expect to do this study? If this bill would pass.

Heck, We need to get this done in a reasonable amount of time as possible. We have been in communication with the employees. Our cost is looked at by 1) salaries and supplies, or 2) increase the work load to make it justified.

Representative Devlin, Did you tell Chris Runge that these employees would be laid off? Is that an accurate statement?

Heck, To my knowledge that is not what I said. It is a matter of interpretation. Salaries are high and that is a major part of our decisions.

Representative Klein, Closed the hearing on SB 2411.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2411

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 3-19-1999

Tape Number	Side A	Side B	Meter #
1	X		30.1 - 58.6
1		X	0 - 20.5
Committee Clerk Signature <i>[Handwritten Signature]</i>			

Summary of the Bill: Relating to the provision of microfilm services.

Minutes: Chairman Klein instructed the committee to take out SB 2411 and asked Representative Fairfield to walk the committee through the amendments that she had drawn up.

Representative Fairfield, Basically what it does is change the bill to a study of privatization.

Representative Klemin, I wonder if a clarification is in order for a study of the process. I am not sure if the process is the same as the subject.

Representative Fairfield, I guess I looked at it as both. I think we need to study the process to determine when it's appropriate to privatize.

Representative Klein, The way I understand it, the privatization process can take place following various procedures of any state agency of any operation that they want to contract out. However in this particular instance because of an attorney generals opinion of the law when it got passed to do this microfilm set up, they could not follow their normal process. The only way they could

consider privatization is to change the law. That's what this law does. The idea of microfilm/microfiche is sort of a dying dinosaur. The CD Rom cost about a \$1.50 and I can put 20,000 images or bits of information on one of these. A microfilm cost \$45.00 and I can put 4,000 images on it and it also cost about \$4500.00 for a microfilm reader. So, the CD is less costly and also the microfilming has no indexing system. Like I said, it seems to be kind of a dying dinosaur because number one (the cost) and number two (because the newer customers of the various state agencies want to go to the CD system).

Representative Hawken, Are they required to use microfilm according to the century code?

Representative Kliniske, I think so (she's reading the century code).

Representative Klemin, I think Mr. Heck stated that the reason they are not doing so much microfilming anymore is that many of the agencies are likely to put it on an electronic format. That is why they are down to two employees. They have basically reduced their microfilming down considerably since the law was enacted. Times do change and technology causes a need for change. The state has to have the flexibility to keep up with the changing times.

Representative Winrich, That isn't what this bill is about. This bill specifically addresses the question of whether we should privatize this service that the state offers. The problem that I have with the bill as it is written is that according to the testimony we heard it was stated that at current prices for services it's about even. He also said he hadn't done any study to as what the long range implication of this would be. We hadn't looked at the questions of security or quality from these outside vendors.

Representative Kroeber, From the testimony we received it said the micrographic program specializes in storing a wide variety of miscellaneous documents (microfilm, microfiche, and CD Rom). There doing the CD Rom already.

Representative Klein, There doing that by contract. The state is contracting out just about everything, but they can't contract out this microfilm because of the way the bill was written (the original bill).

Representative Thoreson, Were not changing anything that say's that you have to maintain a central microfilm unit and microfilm any record? Doesn't seem to change anything.

Representative Klein, No. Were just allowing the agency to make an evaluation and contract out if they so desire.

Representative Klemin, I have a suggestion, on line 10 and 11 we add at the end of that sentence "*and other methods of archiving documents*". Would allow the administrators to determine what is the most appropriate medium to use to archive documents.

Representative Klein, We have this amendment before us to study it from Representative Fairfield. We study it for another two years and will be back here again. I think we need to defeat that amendment and then add your amendment to the bill.

Representative Hawken, How frequently are we privatizing services?

Representative Klein, The way I understand it after talking with people that it's a regular procedure. In this area they can't do it because of the way this particular law is written when the agency got set up.

Representative Thoreson, What happens to the stuff that is already on microfilm?

Representative Klein, I would imagine that would be saved and instead of adding to it, it would shift directions and be saved this way(CD Rom).

Representative Klemin, It might be a good idea to do a study in addition to the bill.

Representative Klein, The administrator determines that.

Representative Fairfield, We have no idea of what's going on with privatization. This might help us to get a grip on where we are. Advantages and disadvantages.

Representative Grande, That information was already presented during the interim.

Representative Fairfield, This was a resolution that was passed before a was not picked as a study. The way that this is written, it is so vague. Were talking about privatizing and the administrator determines it. That's leaving it in the hands of one person.

Representative Klein, Were not going to try and micro manage each agency. This is constantly going on in the dept. of transportation and other agencies.

Representative Fairfield, And it's probably well and good. But as a legislative body, don't we want to keep track of these things and know whether or not that it is economically good. It was pretty obvious during testimony what this administrator was going to do. He had an emergency clause on this. He was basically coming to us because he found out he couldn't do it himself. It sounds pretty darn fishy to me. We need some accountability here.

Representative Winrich, I think there is a big difference in this bill. I think there is a big difference in the highway dept. contracting out mowing the grass or removing the snow or something like that. Were talking about archival records of the state here. These have to be high quality and shouldn't be done to satisfy the contractor. There should be a policy to govern this

type of privatization of services. This is probably why this microfilm unit is written into the code, because it has long range implications for the archival records of the state.

Representative Klein, We can keep studying this forever and will never get any results.

Representative Haas, Why can't we study it and pass this bill simultaneously. We could put Representative Fairfield's amendment on the bill in that fashion, instead of hoghousing the bill.

Representative Klein, You shouldn't put a study on a bill. I don't think we have any other alternative than to pass the bill as is.

Representative Hawken, I have a lot of trouble with the bill. We aren't doing anything to get the microfilming out of the century code.

Representative Fairfield, I would be open to Representative Haas's suggestion. I think now is the time we need to study privatization and was hoping that we could consider this and if not hoghouse the bill then at least put it on as another section so we could look at privatization.

Representative Thoreson, I think the person in charge of this program has really put us between a rock and a hard place. I think it's unfortunate in my estimation that he has made some decisions about the process regarding something that's in code and then is expecting us to do his duty after he made the decision to do it. I think that going the route of the CD is absolutely the way to go and that's fine. We've been put into a position that I don't like to be in and want that stated for the record. I don't like to be in that position. The emergency clause kind of gave it away a little bit.

Representative Hawken, I understand that there is somewhat of a problem here and I agree with Representative Thoreson. I'm not so sure that a study isn't what should be happening.

Representative Devlin, The part of Representative Fairfield's amendment that I don't care for is the study of the process. If we were going to do it, we should be making a study of the privatization and contracting of services. This would also include the process.

Representative Fairfield, I would agree with that.

Representative Klein, The problem I see at this stage of the game is to put the resolution in with the bill. I would have no problem with a separate resolution.

Representative Haas, Made a motion to adopt Representative Fairfield's amendment deleting the words "*of the process*" in section 2, also "*changing the legislative session to 57*" and the year "*2001*" interim.

Representative Metcalf, I don't like the fact that one manager can make this decision. One manager should not have that authority to lead a program and then later on we have to come back and put something back in. He seconded the motion made by Representative Haas.

Motion Passes: Yes (vocal).

Representative Devlin, I think Representative Klemin had an amendment.

Representative Klemin, Line 10 after the word significant insert a "*comma*" and remove the word "*or*". Line 11 after the word record insert the words "*and other methods of archiving documents*". End of line 14 and beginning of 15 remove the words "*for microfilming*". Line 17 at the end of that sentence remove the words "*for microfilming*". Line 18 at the beginning remove word "*services*". The objective here is that it could be any archives. I move this motion.

Representative Grande, Seconded the motion.

Representative Klein, We have amendment 2 before us, any questions on how it read?

Representative Kliniske, This the correct place to be adding amendments, or is there another section of code that deals with archiving records other than microfilming.

Representative Winrich, I share Representative Kliniske concern. Were sort of trying to amend something about technology into this bill on the fly. I don't think that's appropriate at all.

Representative Devlin, We also have amendments that were proposed by the attorney generals office.

Representative Thoreson, Don't we have an unanswered concern by Representative Kliniske whether or not we need to do anything with the former amendments by Representative Klemin.

Representative Klemin, I withdraw my amendments.

Representative Thoreson, Made a motion to move the attorney generals amendment, which is now amendment 2.

Representative Fairfield, Seconded the motion.

Motion Passes: Yes (vocal).

Representative Klein, We now have the amended/amended version of SB 2411 before us.

Representative Grande, Made a motion for a Do Pass as amended.

Representative Klemin, Seconded the motion.

Representative Winrich, I have a problem with line 12, it's not a policy statement. It's a very vaguely constrained permission to contract out. I think we need more of a policy here.

Representative Kroeber, I'm not going to support this bill. The fiscal note states were doing all of this to possibly save \$5000.

Motion Fails: Do Pass 7-8.

Representative Winrich, Made a motion for a Do Not Pass.

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House Government and Veterans Affairs Committee

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Representative Fairfield, Seconded the motion.

Motion Fails: Do Not Pass **7-8**.

Representative Devlin: My problem with this bill is the same as some of the other members of this committee and that from day one I haven't liked the fact that just the administrator can determine it. So I am going to move that on line 11 after the words if administrator we add "***and the office of management and budget***".

Representative Kliniske, Seconded the motion.

Motion Passes: Yes (vocal).

Representative Devlin, Made a motion for a Do Pass as amended.

Representative Haas, Seconded the motion.

Motion Passes: Do Pass as Amended **10-5**.

Representative Klein, Is the carrier for the bill.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2411

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of privatization of services provided by state agencies.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY OF PRIVATIZATION OF SERVICES PROVIDED BY STATE AGENCIES. During the 1999-2000 interim, the legislative council shall conduct a study of the process of privatizing and contracting for services provided by state agencies. In conducting the study, the legislative council shall request information from representatives of the executive branch, the judicial branch, higher education, public employee organizations, entities that have contracted with state agencies for services, and businesses or other entities that are interested in providing services for or in place of state agencies. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-sixth legislative assembly."

Renumber accordingly

VR
3/20/99

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2411

GVA 3-22-99

Page 1, line 2, after "services" insert "; and to provide for a legislative council study"

Page 1, line 11, replace "determines" with "and the office of management and budget determine"

Page 1, line 15, replace the second "or" with an underscored comma

Page 1, line 16, after "54-46.1-07" insert ", or any other law that provides for any civil or criminal penalty for the release of certain records"

Page 1, line 17, replace "further" with "disclose any information from any record."

Page 1, line 18, replace "and may not" with ", or"

Page 1, line 19, after the underscored period insert "Any contractor hired by the administrator under this section or by an agency under section 54-46.1-05 is subject to the penalties provided by law for unauthorized release of public records, and the contractor must agree to fully comply with all applicable state or federal laws or rules prohibiting release of public records."

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2411

GVA 3-22-99

Page 2, after line 5, insert:

"SECTION 2. LEGISLATIVE COUNCIL STUDY OF PRIVATIZATION OF SERVICES PROVIDED BY STATE AGENCIES. During the 1999-2001 interim, the legislative council shall conduct a study of privatizing and contracting for services provided by state agencies. In conducting the study, the legislative council shall request information from representatives of the executive branch, the judicial branch, higher education, public employee organizations, entities that have contracted with state agencies for services, and businesses or other entities that are interested in providing services for or in place of state agencies. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly."

Renumber accordingly

Date: 3-19-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2411

House GOVERNMENT AND VETERANS AFFAIRS Committee

- Subcommittee on _____
- or
- Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AMENDED (#2)

Motion Made By GRANDE Seconded By KLEMIN

FAILED

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH		✓
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY		✓			
REP. DEVLIN		✓			
REP. FAIRFIELD		✓			
REP. GORDER		✓			
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN		✓			
REP. KLEMIN	✓				
REP. KROEBER		✓			
REP. METCALF		✓			
REP. THORESON	✓				

Total (Yes) 7 No 8

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 3-19-99

Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2411

House GOVERNMENT AND VETERANS AFFAIRS Committee

- Subcommittee on _____
- or
- Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By WINRICH Seconded By FAIRFIELD

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN		✓	REP. WINRICH	✓	
VICE-CHAIR KLINISKE		✓			
REP. BREKKE		✓			
REP. CLEARY	✓				
REP. DEVLIN		✓			
REP. FAIRFIELD	✓				
REP. GORDER	✓				
REP. GRANDE		✓			
REP. HAAS		✓			
REP. HAWKEN	✓				
REP. KLEMIN		✓			
REP. KROEBER	✓				
REP. METCALF	✓				
REP. THORESON		✓			

Total (Yes) 7 No 8

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 3-19-99

Roll Call Vote #: 3

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2411

House GOVERNMENT AND VETERANS AFFAIRS Committee

- Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AMENDED

Motion Made By DEVLIN Seconded By HAAS

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH		✓
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY		✓			
REP. DEVLIN	✓				
REP. FAIRFIELD		✓			
REP. GORDER		✓			
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER		✓			
REP. METCALF	✓				
REP. THORESON	✓				

Total (Yes) 10 No 5

Absent 0

Floor Assignment KLEIN

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2411, as engrossed: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2411 was placed on the Sixth order on the calendar.

Page 1, line 2, after "services" insert "; and to provide for a legislative council study"

Page 1, line 11, replace "determines" with "and the office of management and budget determine"

Page 1, line 15, replace the second "or" with an underscored comma

Page 1, line 16, after "54-46.1-07" insert ", or any other law that provides for any civil or criminal penalty for the release of certain records"

Page 1, line 17, replace "further" with "disclose any information from any record,"

Page 1, line 18, replace "and may not" with ", or"

Page 1, line 19, after the underscored period insert "Any contractor hired by the administrator under this section or by an agency under section 54-46.1-05 is subject to the penalties provided by law for unauthorized release of public records, and the contractor must agree to fully comply with all applicable state or federal laws or rules prohibiting release of public records."

Page 2, after line 5, insert:

"SECTION 2. LEGISLATIVE COUNCIL STUDY OF PRIVATIZATION OF SERVICES PROVIDED BY STATE AGENCIES. During the 1999-2001 interim, the legislative council shall conduct a study of privatizing and contracting for services provided by state agencies. In conducting the study, the legislative council shall request information from representatives of the executive branch, the judicial branch, higher education, public employee organizations, entities that have contracted with state agencies for services, and businesses or other entities that are interested in providing services for or in place of state agencies. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly."

Renumber accordingly

1999 TESTIMONY

SB 2411

TESTIMONY ON SB 2411
Senate Government and Veterans Affairs Committee
Testimony by Information Services Division
February 4, 1999

Information Services Division (ISD) provides various technology services to state government agencies including microfilm services. We recover the cost of the service by charging our customers for their use of each service we provide. We continually evaluate the cost of providing each service in-house vs. contracting it out. The current law does not allow us to contract for microfilm services. ISD is requesting an amendment to give us the option to contract for microfilm services. This option is available to us for the other technology services we provide. State agencies will continue to request their service from ISD and receive a bill from us, but the work may be performed by a contractor.

Madam Chairman, that concludes my testimony and I would be happy to answer any questions.

Thank you.

TESTIMONY IN OPPOSITION TO SB 2411
Before the Senate Government and Veteran's Affairs Committee
North Dakota Public Employees Association, AFT Local 4660, AFL-CIO
February 4, 1999

Madame Chair, members of the Senate Government Veteran's Affairs Committee, my name is Chris Runge and I am the Executive Director of the North Dakota Public Employees Association, AFT Local #4660. I am here to testify in opposition to SB 2411. SB 2411 is a privatization bill. SB 2411 would allow the administrator of the central microfilm unit to privatize a governmental function if those services can be provided more efficiently and economically. What this really means is that state employees will be laid off because a private contractor will pay his or her employees less money and probably less in benefits and so of course it will be found to be more "economical".

Madame Chair and members of this committee, I came before this very committee two years ago to ask for a resolution to study privatization in North Dakota government. The resolution was passed but no study was ever conducted. And now we see another privatization bill where state employees will lose their jobs in the name of efficiency and economics.

Privatization is a term being used with ever increasing frequency in state government and by the private sector. Those of us in public service know that concept well, too. It is the obligation and responsibility of this legislature to determine whether privatization is appropriate and to set the necessary limits on privatization. If privatization of public sector services is going to be part of state government, which it is, then, we, as public employees want to be a part of that discussion.

Quality Services from Quality People

Testimony

Why is a discussion on privatization needed you may ask. As governments face ever-increasing pressures to cut taxes, without cutting services to the public, to redesign government to meet the needs of its population, one of the ways that government has chosen to meet that need is through privatization. Last session we saw a bill on privatizing county road services. That bill was defeated. Now we see SB 2411 and still no statewide law is in place to determine how and when privatization will occur.

North Dakota has an entire chapter in the North Dakota Century Code devoted to how we purchase pencils and paper, the Purchasing Practices Act. But there is no law on the books that determines how we are going to purchase services from the private sector. The discussion on privatization comes down to one important question: Is the public better served when government relinquishes control and use of our tax dollars and responsibility for service delivery to the marketplace? NDPEA thinks it is critical to study this question before any wholesale privatization of any government service is allowed to occur.

Today, the privatization record around the country is mixed at best and some states have studied privatization such as Wisconsin and Kansas that resulted in privatization legislation. We face the same issues those states did. All decisions on privatizing are vested entirely in the Executive Branch with little or no direction from the North Dakota Legislature. The only criteria in the SB 2411 for privatization is whether the services can be provided more efficiently and economically. Has the agency done an internal study to see what can be done to provide efficiencies internally? What formal process has been established for the consideration or implementation of privatization of specific services such as those described in SB 2411? How will state employees be involved in the process? What mechanisms exists for citizens or legislators to be involved in the process? Where is the process or entity whereby the private sector, citizens, or legislators can make suggestions or lodge complaints about alleged competition

or the use or misuse of privatized services? And where is the process that provides for the monitoring of services that have been privatized?

NDPEA believes strongly that before any legislation is passed allowing privatization as in SB 2411 that the Legislature take a close look at what is happening in the area of privatization. Saying that privatization works is not good enough. Saying that privatization will be allowed if it is more economical or efficient is not good enough. Moving from a public sector monopoly to a private sector monopoly is not appropriate and not a good use of state resources in the long run. Short-term financial gains for loss of government control is not appropriate.

There are some areas in which public sector services have been privatized and short time later the government took back those services. Let's study this issue before enacting any legislation before allowing an agency to privatize without legislative direction. There are many faulty assumptions concerning privatization:

1. **Contracting out will save taxpayers money.** How do you know? Privatization is based on the assumption that free market competition will lower costs. But if the government agency that previously performed the service is shut down—if the public employees who staffed it are laid off, if the publicly owned equipment is mothballed or sold to the contractor, then competition withers away, costs go up and the public is not well-served. And most importantly, cost savings most often come from lower salaries and decreased benefits paid by the privatizer.
2. **The competitive marketplace will revitalize government services.** Competition for government contracts exists more in theory than in practice. When competitive bids are opened to the private sector, frequently only one or two companies bid for a contract. Even when competitive bidding takes place at the time a contract is first awarded, it rarely

occurs at renewal time—even when the original contractor is only marginally competent. Because of large start-up costs and the potential for service disruption, jurisdictions are hesitant to switch contractors—assuming others are even available. And in fact, just recently in Dickinson, the city purchased a garbage business to prevent it from being sold to a large out of state waste company. The city of Dickinson will now provide more public services in order to keep the costs down for the citizens of Dickinson. They did this because they knew it would result in increased costs and a private monopoly. The result of privatization sometimes accomplishes just the opposite of competition—a virtual monopoly—leaving taxpayers vulnerable to higher costs and poorer service.

3. **Quality improves when public services are privatized.** Private contractors must find a way to sustain their profit margin, and that often comes at the expense of quality. Many governments have not renewed contracts and taken back the work themselves. Morton County building maintenance is but one example. Last session, I spoke with a legislator about his school district's experience with private janitorial services. The school district went back to hiring their own janitorial services because the quality of services had decreased. My point here is that when public services are at stake, market forces are no substitute for a government agency that is held accountable for its performance by you and by the taxpayer. After all there can be serious health and safety consequences if these services are not carried properly.

Now finally let me address the question that public employee organizations such as NDPEA are always asked when the issue of privatization is discussed. Aren't you just trying to keep your jobs, that if a service is privatized you will lose your jobs and that is really why you are here today? I won't pretend to that public employees are not concerned about their job security. But I also won't defend to you the

excellent work that public employees do for the citizens of this state. I believe that when you compare apples to apples you will see that government can provide cost efficient services to the taxpayers of this state. That when you look closely at this entire issue, that you will agree that private companies should not be able to get a public contract and make a profit by paying less in salaries and benefits than is currently being paid to the public employee. While this may look attractive to lawmakers and agency administrators in the short-term, in the long run there is much more at stake. Providing less than the current level of wages and benefits may lead to more people using the welfare system and in the end costing the state more. Privatizing on the backs on public employees of this state is not the way to go. You need to know as lawmakers that services provided to the public by private companies are better than those provided by the public sector and that you determine as you did in enacting the Purchasing Practices Act many years that the Legislature determines the parameters of privatization. The parameters of privatization have not been established nor even studied by the Legislature. SB 2411 should not be passed until there has been a full and frank discussion on privatization and legislation passed.

We are also opposed to the emergency clause in Section 2 of this bill. If this bill is passed state employees will lose their jobs before the ink is dry on the bill.

NDPEA urges a DO NOT PASS on SB 2411.

Thank you and I am available to answer any questions you may have.

SB
2411

STATE OF NORTH DAKOTA
OFFICE OF MANAGEMENT AND BUDGET

Information
Services
Division

608 EAST BOULEVARD, BISMARCK ND 58505-0660

MARY STINAR
Micrographics Specialist (701)224-2230

Contact ISD for copy or State Library
for State Document Depository Library

STANDARDS FOR MICROFILMING

NORTH DAKOTA PUBLIC RECORDS

EFFECTIVE

JULY 1, 1991



OFFICE OF MANAGEMENT AND BUDGET

INFORMATION SERVICES DIVISION

TESTIMONY ON SB2411
To the House Government and Veterans Affairs Committee
By the Information Services Division
Thursday, March 4, 1999

The Information Services Division (ISD) has submitted an amendment to Century Code Section 54-46.1, which will permit our office to contract for microfilm services. This is permissive language and will not be used unless the rates we charge for our services begin to exceed rates which are available from the private sector. Information Services Division is a central service organization that recovers the cost for each service we provide by charging state agencies for their use of that service. We continually evaluate the full cost of providing each service versus contracting for it. Our evaluation includes not only price but also timeliness and quality of the service. We do contract out for some other services we provide under Century Code 54-44.2, more specifically the services of building wiring and web page graphics design support.

We are experiencing a decreasing demand for microfilm services. State agencies are recording and maintaining more of their documents in an electronic format. We acknowledge we will have to go through a reduction in force affecting personnel in the microfilm service unit area if the service is contracted out. We currently have five positions staffing the microfilm/data entry service center and would likely reduce the staff to three. We will continue to coordinate the microfilm service for state agencies and monitor the performance and service quality of the contractor. We have recently gone through a similar reduction in personnel staffing in our computer operations area. We made internal opportunities available to the computer operators, who had the potential skills, to fill other open positions in ISD. We did train and place a computer operator with our programming staff thereby not having to let the computer operator go. We will use a similar process should we elect to contract out the microfilm service but cannot always guarantee an appropriate position will be available in another section of ISD.

ISD personnel are bound by law to maintain confidentiality of all state agency records that are processed by our office. Should ISD elect to contract out this service, we will place a requirement in the contract making the contractor aware of confidentiality laws. It should be noted that the vendors we have talked to are doing work for hospitals, clinics, banks and other financial institutions, which have strict confidentiality requirements. We do not see confidentiality as a barrier to using contract services if needed.

ISD needs the flexibility to make changes in the way we support state agencies as changes in technology occur. Over the years, we have seen our agency go through many changes, such as data entry go from a staff of over seventy to a staff of two. We have seen staffing for the Internet and its requirements go from a staff of zero to a staff of more than five and will continue to increase.

ISD is requesting your consideration of the attached proposed amendment to SB2411.

Proposed Amendments to Senate Bill No. 2411

A question has been raised on the thoroughness of the exemptions stated in the amendment of 54-46.1-01 on penalty sections. Because other laws might come along on records matters, the Attorney General's Office recommends the following proposed amendments to SB2411.

The first one expands exemption language to add other laws (Page 1 Line 15).

The second restricts disclosure of 'information' from a record in addition to the record itself (Page 1 Line 17).

The third makes contractors aware they must comply with disclosure prohibitions.

Page 1, line 15, replace the second "or" with a comma, and before the period insert ", or any other law that provides for any civil or criminal penalty for the release of certain records"

Page 1, line 17, after "not" insert "disclose any information from any record, may not", remove "further", and after "services" insert an underscored comma

Page 1, line 19, after the period insert "Any contractor hired by the administrator under this section or by an agency under section 54-46.1-05 is subject to the penalties provided by law for unauthorized release of public records, and the contractor must agree to fully comply with all applicable state or federal laws or rules prohibiting release of public records."

Renumber accordingly

TESTIMONY FOR SB 2411

Prepared by Senator Ralph Kilzer

March 4, 1999

afternoon
Good ~~morning~~. For the record my name is Ralph Kilzer, Senator from District 47 which is northwest Bismarck.

SB 2411 is quite simple it would allow the administrator of the state records to bid out projects for microfilming. The text states that if the administrator determines that the services called for can be provided more efficiently and economically through contracting with private contractors the administrator may do so.

There will be others testifying about the specifics; however, I am interested in having the administrator be able to carry out his or her responsibilities in the most efficient manner and in the most economic manner with the minimum of disruption in the area in which microfilming is going on. In the days of modern technology, sometimes a big project can be done with less disruption of the daily routine by an outside company that comes in and does the job quickly. There is also the capital investment in equipment. Sometimes, of course, it is more efficient and cost effective to have an outside private company do the big investing in machinery, particularly if the machinery is not frequently used in-house. These items are judgment calls and best left to the administrator. That is what this bill does.

If there are any questions I would be glad to attempt to answer them.



NORTH DAKOTA
PUBLIC EMPLOYEES ASSOCIATION



AMERICAN FEDERATION
OF TEACHERS LOCAL 4660 AFL-CIO

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TESTIMONY IN OPPOSITION TO SB 2411
Before the House Government and Veteran's Affairs Committee
North Dakota Public Employees Association, AFT Local 4660, AFL-CIO
March 4, 1999

Chairman Klein, members of the House Government Veteran's Affairs Committee, my name is Chris Runge and I am the Executive Director of the North Dakota Public Employees Association, AFT Local #4660. I am here to testify in opposition to SB 2411. SB 2411 is a privatization bill. SB 2411 would allow the administrator of the central microfilm unit to privatize a governmental function if those services can be provided more efficiently and economically. What this really means is that state employees will be laid off because a private contractor will pay his or her employees less money and probably less in benefits and so, of course, it will be found to be more "economical".

Chairman Klein and members of this committee, I came before this very committee two years ago to ask for a resolution to study privatization in North Dakota government. The resolution was passed but no study was ever conducted. And now we see another privatization bill where state employees will lose their jobs in the name of efficiency and economics without really knowing if it is indeed more efficient or more economical.

Privatization is a term being used with ever increasing frequency in state government and by the private sector. Those of us in public service know that concept well, too. It is the obligation and responsibility of this legislature to determine whether privatization is appropriate and to set the necessary

Quality Services from Quality People

Testimony

limits on privatization. If privatization of public sector services is going to be part of state government, which it is, then, we, as public employees, want to be a part of that discussion.

Why is a discussion on privatization needed you may ask. As governments face ever-increasing pressures to cut taxes, without cutting services to the public, to redesign government to meet the needs of its population, one of the ways that government has chosen to meet that need is through privatization. Last session we saw a bill on privatizing county road services. That bill was defeated. Now we see SB 2411 and still no statewide law is in place to determine how and when privatization will occur.

North Dakota has an entire chapter in the North Dakota Century Code devoted to how we purchase pencils and paper, the Purchasing Practices Act. But there is no law on the books that determines how we are going to purchase services from the private sector. The discussion on privatization comes down to one important question: Is the public better served when government relinquishes control and use of our tax dollars and responsibility for service delivery to the marketplace? NDPEA thinks it is critical to study this question before any wholesale privatization of any government service is allowed to occur.

Today, the privatization record around the country is mixed at best and some states have studied privatization such as Wisconsin and Kansas that resulted in privatization legislation. We face the same issues those states did. All decisions on privatizing are vested entirely in the Executive Branch with little or no direction from the North Dakota Legislature. The only criteria in the SB 2411 for privatization is whether the services can be provided more efficiently and economically. Has the agency done an internal study to see what can be done to provide efficiencies internally? What formal process has been established for the consideration or implementation of privatization of specific services such as those described in SB 2411? How will state employees be involved in the process? What mechanisms exist for citizens or legislators to be involved in the process? Where is the process or entity whereby the private

sector, citizens, or legislators can make suggestions or lodge complaints about alleged competition or the use or misuse of privatized services? And where is the process that provides for the monitoring of services that have been privatized?

NDPEA believes strongly that before any legislation is passed allowing privatization as in SB 2411 that the Legislature take a close look at what is happening in the area of privatization. Saying that privatization works is not good enough. Saying that privatization will be allowed if it is more economical or efficient is not good enough without being more specific. Moving from a public sector monopoly to a private sector monopoly is not appropriate and not a good use of state resources in the long run. Short-term financial gains for loss of government control is questionable at best.

There are some areas in which public sector services have been privatized and short time later the government took back those services. Let's study this issue before enacting any legislation before allowing an agency to privatize without more specific legislative direction. There are many faulty assumptions concerning privatization:

1. **Contracting out will save taxpayers money.** How do you know? Privatization is based on the assumption that free market competition will lower costs. But if the government agency that previously performed the service is shut down—if the public employees who staffed it are laid off, if the publicly owned equipment is mothballed or sold to the contractor, then competition withers away, costs go up and the public is not well-served. And most importantly, cost savings most often come from lower salaries and decreased benefits paid by the privatizer.
2. **The competitive marketplace will revitalize government services.** Competition for government contracts exists more in theory than in practice. When competitive bids are opened to the private sector, frequently only one or two companies bid for a contract.

Even when competitive bidding takes place at the time a contract is first awarded, it rarely occurs at renewal time—even when the original contractor is only marginally competent. Because of large start-up costs and the potential for service disruption, jurisdictions are hesitant to switch contractors—assuming others are even available. Just recently in Dickinson, the city purchased a garbage business to prevent it from being sold to a large out of state waste company. The city of Dickinson will now provide more public services in order to keep the costs down for the citizens of Dickinson. They did this because they knew allowing a private company with virtually no competition would result in increased costs and a private monopoly. The result of privatization sometimes accomplishes just the opposite of competition—a virtual monopoly—leaving taxpayers vulnerable to higher costs and poorer service.

3. **Quality improves when public services are privatized.** Private contractors must find a way to sustain their profit margin, and that often comes at the expense of quality. Many governments have not renewed contracts and taken back the work themselves. Morton County building maintenance is but one example. Last session, I spoke with a legislator about his school district's experience with private janitorial services. The school district went back to hiring their own janitorial services because the quality of services had decreased. My point here is that when public services are at stake, market forces are no substitute for a government agency that is held accountable for its performance by you and by the taxpayer. After all there can be serious health and safety consequences if these services are not carried properly.

Now finally let me address the question that public employee organizations such as NDPEA are always asked when the issue of privatization is discussed. Aren't you just trying to keep your jobs, that if

a service is privatized you will lose your jobs and that is really why you are here today? I won't pretend to that public employees are not concerned about their job security. But I also won't defend to you the excellent work that public employees do for the citizens of this state. Public employees are proud of the work they do and can compete with the private sector when there is a level playing field. I believe that when you compare apples to apples you will see that government can provide cost efficient services to the taxpayers of this state. That when you look closely at this entire issue, that you will agree that private companies should not be able to get a public contract and make a profit by paying less in salaries and benefits than is currently being paid to the public employee. While this may look attractive to lawmakers and agency administrators in the short-term, in the long run there is much more at stake. Providing less than the current level of wages and benefits may lead to more people using the welfare system and in the end costing the state more.

Privatizing on the backs on public employees of this state is not the way to go. You need to know as lawmakers that services provided to the public by private companies are better than those provided by the public sector and that you determine as you did in enacting the Purchasing Practices Act many years the parameters of privatization. The parameters of privatization have not been established nor even studied by the Legislature. SB 2411 should not be passed until there has been a full and frank discussion on privatization and legislation passed.

NDPEA urges a DO NOT PASS on SB 2411.

Thank you and I am available to answer any questions you may have.

Good afternoon Chairman Klein
and Committee Members:

My name is Mary Stinar. I am here on vacation leave today as a private citizen to testify **against** SB2411. I am the Micrographic Specialist from the Information Services Division. I have worked with all aspects of microfilm from the setting up of documents, to the programming of the Computer Output Microfiche Unit. The Micrographics division provides comprehensive micrographical services for government agencies. It operates a full service lab with 24 hour turnaround for processing and duplicating, as well as complete Computer Output Microfilm (COM) service. I have worked for the state of North Dakota for more than 16 years, starting as a Data Entry Clerk in the Tax Department. Moving to the Bank of North Dakota as a Data Entry Clerk, there I setup and revised filing systems for two divisions in the bank, including working as a Microfilm Technician for the Comptrollers in the Student Loan Division. While working for the Student Loan Division of the Bank of North Dakota, I set up the microfiche system. From there in 1984 I started working for Records Management under the direction of Mr. Rick Bock. Then when Mr. Bock left we were transferred under ISD Operations.

Over the years I have found out how really important it is to not only microfilm a record, but also how important it is to be able to produce a readable facsimile of a document at a later time. I have seen work done, by not just outside vendors, but also by people that were only temporary personnel, that could not be retrieved at a later date. I feel that this happens because of the lack of interest due to the fact that these people feel that they are not going to be

around to have to explain to someone later that it can not be reproduced.

One of the first things that Mr. Bock had me do, was to help him write up the Standards for Microfilming North Dakota Public Records. This included many hours in researching the Association for the Information and Image Management and the National Archives.

After we were merged with ISD we were separated from Records Management and put under Operations. We still work very closely with personnel from the Records Management Division to control what is filmed as far as using the Records Approved for Microfilming List.

The Micrographics Program specializes in storing a wide variety of miscellaneous documents on MICROFILM, MICROFICHE and CDROM. The application dictates the media's used. We microfilm documents for many government agencies. We also store computer output information directly to microfilm and other media. These agencies are reducing the amount of paper by microfilming, and the life of microfilm if stored under ideal conditions is one hundred years to five hundred years.

Some agencies do their own microfilming and we process and/or duplicate their film for them. The turn around time for such jobs are usually done within 24 hours, depending on their needs and number of rolls processed and/or duplicated. We work with 16mm, 35mm, and 105mm film. A number of the agencies prefer that we microfilm their documents. The Micrographics Unit uses "state of the art" planetary cameras. CD writers are also being used. It is now

possible to transfer images from one media type to other media types for different applications. For instance, microfilm can be scanned to CDROM. This CD then can be used in a PC equipped with a CDROM reader. There is also no difficulty in retrieving the data or images stored on the CD because the search engine can be installed directly on the same CD. This provides an electronic media for quick retrieval and an archival roll of indexed microfilm for backup. If you do not have a CDROM, don't worry, we have another application for retrieval off of the microfilm. A microfilm reader/printer is used for this kind of retrieval. We also store the original rolls of microfilm in the State Historical Divisions storage vault for archiving. Technology is changing rapidly. New media technology is changing every three to five years. Microfilm remains the most stable and cost effective method of storing long term data and images.

Just the other day, Marilyn from the Legislative Council called our office and ask us to retrieve and microfiche from the archives for them and to see if we could read some of the information on it that they could not read or reproduce from the copy. After a couple of the people in our office tried unsuccessfully, I suggested that they let me try making a more burned out image of the microfiche. By doing this I was able to make a copy that could be used to make paper prints from. I suggested to Marilyn that she keep both this and the other copy of the microfiche together so that they can print lighter documents from one copy and darker documents from the other copy. Oh, did I forget to mention, this original was done by an outside company before Micrographics was reinstated. I have also brought along some of the control strips that we get from one of the local vendors. These control strips

have very few places that can be used to set our processor by because they have been double exposed or fogged. This is the kind of service we usually get from outside vendors.

I have worked along with many agencies like the following:

Department of Transportation
including Motor Vehicle
Tax
Health
Human Services
Public Employees Retirement
Retirement and Investment
Historical Society
Legislative Council
And many more.

This includes things from Birth and Death Certificates for the Health Department, to the Senate and House Bills for the Legislative Council.

With having the Microfilming Unit within the state government, it helps other agencies to know and believe that we know exactly how much work goes into preserving our state records not only for future use, but also for the history of the State of North Dakota.

With having the filming, processing and duplicating services available right on the capital grounds we are able to provide a very quick return on services, especially when someone comes in and needs a film processed today so they can finish a project and get it back in the hands of the user. We also are able to contact the user right away if we see any trouble with the camera they are using. Also with this, comes the

many times we have been able to keep our machines up and running to help repair personnel trouble shoot camera problems for agencies. It might not seem like much now, but when you need just one little film processed to be able to complete a project and have it ready for an agency to use for the public today and not have to wait until tomorrow. It can really make the difference between the public saying, "Yes, my tax money is working for me."

My colleague and I are here today to offer you our assistance in answering any questions you would have about the Micrographic Unit. I have brought a copy of our Standards for you to look at and would invite you to come over to the Micrographic Unit to view first hand the services we are able to provide both for you and your constituents. Also I am including a list of the agencies that we do work for.

I am providing this information for your consideration as to the quality, security and efficient service we provide to the state with a very quick turnaround time. Moving the micrographics to outside the state system would only jeopardize and slow down the great service that we strive for.

Thank you for your time and I am available to answer any questions you may have.

Department Names

LEGISLATIVE COUNCIL
DEPARTMENT OF TRANSPORTATION
HEALTH DEPARTMENT (MUNICIPAL FACILITIES .5541)
HEALTH DEPARTMENT (VITAL RECORDS .1121)
TAX DEPARTMENT (4450-ESTATE)
HUMAN SERVICES (MEDICAL RECORDS .4035100)
BANK OF NORTH DAKOTA
HISTORICAL SOCIETY
PUBLIC SERVICE COMMISSION
OFFICE OF MANAGEMENT AND BUDGET
PUBLIC EMPLOYEES RETIREMENT
RETIREMENT AND INVESTMENT
SECRETARY OF STATE
ADJUTANT GENERAL
ATTORNEY GENERAL
BISMARCK STATE COLLEGE
BOARD OF MEDICAL EXAMINERS
BOARD OF NURSES
BURLEIGH COUNTY (REGISTER OF DEEDS)
BURLEIGH COUNTY (SOCIAL SERVICES)
CAVALIER COUNTY (REGISTER OF DEEDS)
DEPARTMENT OF INDEPENDENT STUDY
DISTRICT COURT ADMINISTRATORS OFFICE
GAME AND FISH
INFORMATION SERVICES DIVISION
INTERGOVERNMENTAL ASSISTANCE
JAMESTOWN STATE HOSPITAL
JOB SERVICE
LAND DEPARTMENT
MAYVILLE STATE UNIVERSITY
MCLEAN COUNTY (REGISTER OF DEEDS)
MINOT STATE UNIVERSITY
MOTOR VEHICLE DEPARTMENT
NORTH DAKOTA SCHOOL OF SCIENCE
NORTH DAKOTA STATE LIBRARY
NORTH DAKOTA STATE UNIVERSITY
PEMBINA COUNTY (REGISTER OF DEEDS)
PUBLIC INSTRUCTION (DEPT. OF INDEPENDENT STUDY)
RADIO COMMISSIONER
SECURITIES COMMISSION
SOUTH CENTRAL JUDICIAL COURT
STATE INDUSTRIAL SCHOOL
STATE PENITENTIARY
STUTSMAN COUNTY (SUPERINTENDENT OF SCHOOLS)
SUPREME COURT
UNIVERSITY OF NORTH DAKOTA (CHESTER FRITZ LIBRARY)
UNIVERSITY OF NORTH DAKOTA (THORMODSGARD LAW LIBRARY)
VALLEY CITY STATE UNIVERSITY
VOCATIONAL EDUCATION
WATER COMMISSION
WORKER'S COMPENSATION

**List of Contacts from other states about
Micrographics:**

**State of Indiana
Dick Graves Program Director
Micrographics Lab
(317) 233-3746**

**The following names were given to me by Dick as
people that could answer question on the
Micrographic Departments in these states.**

**State of Pennsylvania
Kathy Smith
(717) 783-7330**

**State of Illinois
Ken Marker
(217) 782-5188**

**State of Tennessee
Milton Matzke
(502) 564-8300 Ext. 321
Alice Jeager
(502) 564-8300 Ext. 319**

**State of Missouri
Judy Benish
(573) 751-9420**

**Mitchell Badler
World Wide Micrographics letter
(914) 834-3044
E-mail: mngreensht@aol.com.**