

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairperson Eleanor Vaughn, on January 24, 1991, at 10 a.m. in room 331.

ROLL CALL

Members Present:

Eleanor Vaughn, Chairman (D)
Bob Pipinich, Vice Chairman (D)
John Jr. Anderson (R)
Chet Blaylock (D)
James Burnett (R)
Bob Hockett (D)
Jack Rea (D)

Members Excused: Bernie Swift and Harry Fritz

Member Absent: Bill Farrell

Staff Present: David Niss (Legislative Council).

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 52

Presentation and Opening Statement by Sponsor:

Representative Jerry Nisbet, House District 35, Great Falls, Black Eagle, stated that House Bill 52 is introduced at the request of the Teachers' Retirement Board. The purpose of the bill is to clarify certain administrative provisions of the Teachers' Retirement System relating to the payment of administrative claims purchasing additional service based on PERS membership credit and eligibility for disability benefits. Section 1 of the bill allows individuals transferring PERS membership credit to the Teachers' Retirement System to purchase 1 year additional service for each 5 years of membership service. Section 2 will delete the statutory requirements for 2 signatures on all Teachers' Retirement System administrative claims, which is no longer necessary or practical under the SBAS on line edited

entry system. Section 3 would allow an inactive member, who has been continuously disabled, to apply for disability benefits from the time they cease to be an active member.

Proponents' Testimony:

David Senn, Executive Secretary, Teachers' Retirement Board, stated this is a general clarification of the Teachers' Retirement System. It does not enhance or enact any new benefits. Section 1 outlines purchase of additional services needed administrative clarification. Last session legislation was passed to allow teachers to purchase 1 year additional service for each 5 years of service. This purchase is only used in the calculation, the member pays the entire cost of the purchase so there is no fiscal impact on the System. They do have some members who start out in the Public Employees Retirement System and transfer to the Teachers' Retirement System. Section 2 strikes an obsolete requirement for 2 signatures on warrants. With the SBAS in the State Auditor's office preparing the warrants electronically, the signature isn't necessary. There are checks and balances within the SBAS system on line edit entry to authorize and approve administrative claims. Section 3 clarifies the eligibility for disability retirement requirements.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Blaylock asked if this legislation impacted actuarial soundness in any way? Mr. Senn said it does not impact that in any way.

Senator Anderson asked how long does a teacher have to teach before drawing retirement? Mr. Senn answered that you have to have a minimum of 5 years and be at least age 50, then you can qualify for disability. Full benefits are paid at age 60 with 5 years or any age with 25 years service. Disability is being clarified to say that with 5 years service you can have disability at any age.

Closing by Sponsor:

Representative Nisbet closed the hearing and asked Senator Blaylock to carry House Bill 52 to the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 52

Motion:

Senator Hockett moved that we DO CONCUR IN House Bill 52.

Discussion:

None

Recommendation and Vote:

The VOTE was UNANIMOUS in favor of House Bill 52. Senator Pipinich moved to put House Bill 52 on the Consent Calendar. The VOTE was UNANIMOUS in favor of putting it on Consent Calendar.

HEARING ON HOUSE BILL 80

Presentation and Opening Statement by Sponsor:

Representative Jerry Nisbet, House District 35, Great Falls, Black Eagle, said House Bill 80 would allow a person to make up salary that was lost due to a temporary absence. The lost salary now has an impact on a persons retirement and currently there is no provision to buy lost salary. The law does provide for buying back lost time, leave, service in other states, military time, etc. If a person wishes to buy the lost salary 2 provisions apply, 1. it is limited to the salary that one would have received except for the temporary absence (Page 5, lines 1 and 2) and 2. The required contribution be made to the Teachers' Retirement System (Page 1, lines 11 through 18). This change is actuarially sound because the cost is carried by the teacher buying the salary.

Proponents' Testimony:

Phil Campbell, Montana Education Association, supports House Bill 80 because it allows people who have a temporary absence from work and happen to be in their last few years of teaching and they lose salary due to a temporary absence. This would allow them to purchase that salary back so that the calculation of their average salary on which their retirement benefits are computed, would be greater. The cost is 5.7% of the salary that they have lost times the number of years in the system. Currently you can buy the time back so that you don't lose out on years of service and this will allow buying back lost salary. There is no fiscal impact to the general fund budget. This is an incredibly expensive opportunity for a member of the System.

Teresa Reardon, Montana Federation of Teachers, supports House Bill 80.

David Senn, Teachers' Retirement Board, explained that the member paying the full cost is actually buying a life time annuity. There is no risk to the retirement system and there is no risk to the individual buying the salary.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Hockett confirmed that the retiree would pay all costs? Mr. Senn answered that is correct.

Senator Blaylock asked if you are already retired can you go back and buy that salary? No, that's not possible.

Senator Rea asked if there is restrictions about the person who is dismissed and then reinstated, is there discrimination there? Usually when they are reinstated they are made whole. Several examples were given.

Senator Vaughn asked if this increases the amount of money they have in their account to figure their retirement? The computations is on time and salary in the last 3 years of employment. This gives them the opportunity to put in the salary they may have missed due to absence.

Closing by Sponsor:

Representative Nisbet closed and asked Senator Blaylock to carry House Bill 80 to the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 80

Motion:

Senator Pipinich moved that we DO CONCUR IN House Bill 80.

Discussion:

None

Recommendation and Vote:

The VOTE was UNANIMOUS in favor of House Bill 80. Senator Hockett moved to put House Bill 80 on the Consent Calendar. The VOTE was UNANIMOUS in favor of putting it on the Consent Calendar.

GOVERNOR'S APPOINTMENTS

MOTIONS;

Senator Burnett moved to add John Rothwell, Director of Highways, Helena, Montana, 59601, to the Committee Resolution with the other department heads.

appointment is redundant because of the proposed legislation to change the Highway Department to the Transportation Department. Senator Vaughn said all of this will come out in the hearing we'll schedule. Senator Pipinich said they contemplate Mr. Rothwell's appointment would be about 6 to 8 months long.

RECOMMENDATIONS AND VOTES:

The VOTE was UNANIMOUS to add John Rothwell's name to the resolution. Attorney Niss will do this. Senator Pipinich will review his resume.

Chairperson Vaughn said the resolution has been drawn. We'll add this name to it. It will go through the bill drafting process, get a number, have a public hearing and we'll act on it.

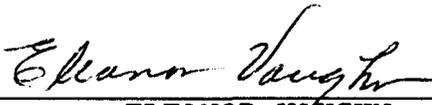
BOARD APPROVALS

Chairperson Vaughn explained that we have been given 55 different Boards' appointments, which amounts to about 175 names, to approve. When one of you have finished examining a boards' candidates, please bring it to committee and we'll act on that particular board. Thus the work will be spread out. Then a Committee Resolution will be written, public hearing set, and action taken.

Senator Blaylock suggested that a bill be proposed to eliminate Senate approval of board appointments. The process a board member goes through and the legal requirements they must meet are carefully adhered by the Governor's office, and the group of people they represent. So there is no real need to have Senate approval. He believes Department heads should remain in the Senate approval process. He will talk to Senate leadership about this and report back to committee.

ADJOURNMENT

Adjournment At: 10:50 a.m.


ELEANOR VAUGHN, Chairman


DOLORES HARRIS, Secretary

EV/dh

SA012491.SM1

All

add John Rothwell - Dept. of Highways

SENATE STATE ADMINISTRATION COMMITTEE

HEARING NOTICE AND AGENDA

DATE: January 23, 1991 TIME: 10: A.M. PLACE: Room 331

Chairperson Eleanor Vaughn	Vice Chairman Bob Pipinich
John Anderson, Jr.	Chet Blaylock
Jim Burnett	Bill Farrell
Harry Fritz	Bob Hockett
Jack (Doc) Rea	Bernie Swift

Legislative Staff David Niss, Attorney
Secretary Dolores Harris, phone 4848

BILLS BEING HEARD TODAY:

- HB 85 An act establishing a time period of 180 days in which an employee of the Department of Highways may file a personnel grievance with the Board of Personnel Appeals; barring grievances filed late; *Consent*
Do Concur -
- SB 149 An act simplifying the grievance procedure for employees of the Department of Fish, Wildlife and Parks.

BILLS IN COMMITTEE NOW SCHEDULED:

- HB 52 An act to clarify provisions of the Teachers' Retirement System related to election to purchase additional service, payment of claims, and eligibility for disability allowance.
HEARING DATE: 1/24/91 @ 10:A.M., room 331
- HB 80 An act to allow a member of the Teachers' Retirement System to purchase credit for earned compensation for full-time service despite a loss in compensation, pay or salary due to a temporary absence.
HEARING DATE: 1/24/91 @ 10:A.M., room 331

BILLS HEARD BUT NOT ACTED UPON:

- SB-76 "An act establishing an office of the state coordinator for ethnic affairs; defining the duties and responsibilities of the coordinator for ethnic affairs. Committee waiting for a fiscal note.

NOMINEES FOR APPOINTMENT

Board Assignments to Committee Members

SENATOR ANDERSON Aeronautics - Air Pollution - Architects -
Art's Council

SENATOR BLAYLOCK Athletics - Banking - Barbers - Chiropractors
- Cosmetologist - Printing Bid - Dentists

SENATOR BURNETT Electrical Bid - Fish & Game - Hail Ins. -
Health - Env. Science - Hearing Aid - Highway
Dept. - Historical Society

SENATOR FARRELL Horseracing - Housing - Human Rights -
Investments - Labor Appeals - Landscape -
Library - Medical Examiners

SENATOR FRITZ Milk Control - Morticians - Health Facility -
MT Science & Technology Dev. - Natural
Resource - Nursing Home

SENATOR PIPINICH Nursing - Occupational Therapy - Optometrists
- Pardons - Pharmacy - Physical Therapy -
Plumbers

SENATOR HOCKETT Private Security Patrol - Professional
Engineers - Psychologists - Public
Accountants - Public Education

SENATOR REA Radiologic Technologists - Realty
Regulation - Regents of Higher Education -
Sanitarians - Social & Rehab - Social Work

SENATOR SWIFT Speech - Language Path & Audiologists - State
Comp. Mutual Ins. Tax Appeal - Vet's
Affairs - Veterinary Medicines

ROLL CALL VOTE

SENATE COMMITTEE STATE ADMINISTRATION

52st LEGISLATIVE SESSION

Date _____ Bill No. _____ Time _____

NAME	YES	NO
Chairman Eleanor Vaughn		
Vice Chairman Bob Pipinich		
Senator John Anderson		
Senator Chet Blaylock		
Senator James Burnett		
Senator "Bill" Farrell		
Senator Harry Fritz		
Senator Bob Hockett		
Senator Jack "Doc" Rea		
Senator Bernie Swift		

Secretary Dolores Harris

Chairman Eleanor Vaughn

Motion: _____

SENATE STANDING COMMITTEE REPORT

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January 24, 1991

MR. PRESIDENT:

We, your committee on State Administration having had under consideration House Bill No. 52 (third reading copy -- blue), respectfully report that House Bill No. 52 be concurred in and unanimously recommend that it be placed on the Consent Calendar.

Signed:

Eleanor Vaughn
Eleanor Vaughn, Chairman

JM 1-24-91
Amd. Coord.

SB 1-24-91 12:50
Sec. of Senate