

MINUTES

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

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chairman, on April 2, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (R)
Esther Bengtson (D)
Don Bianchi (D)
Gerry Devlin (R)
Eve Franklin (D)
Harry Fritz (D)
H.W. Hammond (R)
Ethel Harding (R)
Bob Hockett (D)
Thomas Keating (R)
Richard Manning (D)
Dennis Nathe (R)
Lawrence Stimatz (D)
Larry Tveit (R)
Eleanor Vaughn (D)
Mignon Waterman (D)
Cecil Weeding (D)

Members Excused: None

Staff Present: Teresa Olcott Cohea(LFA).

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 544

Presentation and Opening Statement by Sponsor:

Representative Budd Gould, District 61, Missoula, explained HB 544. He said Highway Patrol cars are purchased through a special revenue account, and when they are auctioned off, the

money goes back to the special revenue account. Scott Seacat thought it should be in the statutes, and that is what this bill does.

Proponents' Testimony:

Mick Robinson, Department of Justice said they are following the Legislative Audit recommendation and trying to update the statutes. The money is presently going into the state's special revenue fund under the statutes for surplus property, Title 18. This basically does not change anything, and has no impact on the general funds, it is just updating that particular statute.

Opponents' Testimony:

None

Questions From Committee Members:

None

Closing by Sponsor:

Representative Gould declined to close at this time.

HEARING ON HOUSE BILL 300

Presentation and Opening Statement by Sponsor:

Rep. Mark O'Keefe, District 45, Helena, said HB 300 would change the way the State Department of Lands is required to deal with the sale of State lands. Currently the law reads that the Department of State Lands can carry a contract for 30 years on the sale of State lands. He said in the mid-50's there were quite a number of chunks of State land sold around the state, mainly agriculture interests. Right now Dennis Casey is signing off the deeds to those pieces of State lands. In view of the bill passed last session which allows the state to sell lake shore cabin sites, the department felt they should not be in the banking business and be forced to carry 3 year contracts for the sale of State lands. This bill would allow the state to sell these state lands and to require the purchaser to pay the full purchase price within 30 days of the close of the deal. This effectively gets the state out of the banking business as far as State Lands, and will allow a much faster recoup of losses from the sale of state lands and be able to reinvest that money and put it to use for the State of Montana. Rep. O'Keefe recommended the committee accept an amendment the Dept. of State Lands will present.

Proponents Testimony:

Dennis Casey, Commissioner of the Department of State Lands said under present law, when state lands are sold, the purchaser

may elect to pay 10 percent down and the balance over 33 years. For the last 20 or so years there have been very few sales and those have been small parcels. The present Land Board maintains that policy. In recent years financing has not been a problem for the Dept. of State Lands because most of the sales have been consummated with a cash payment at the time of the sale. As we move into the cabin site sales we anticipate running into problems with foreclosure. Therefore, this bill is so the Dept. of State Lands and the Land Commissioners can get out of the financing business on sales. It was brought to their attention by some of the lessees who have an interest in purchasing their cabin sites, that financing through lending institutions may be difficult to get at times, so they worked with the Board of Investments and the banking community to come up with an amendment which would allow the Board of Investments to participate in the contract with these people, and he would suggest that this amendment be deemed part of the bill. (Exhibit 1).

Opponents Testimony

None

Questions from Committee Members:

Senator Keating asked Dennis Casey if there was any purpose in the last sentence in paragraph one, which says that the balance has to be in multiples of \$25, and why, if the payment was to be made in 60 days, would there have to be multiples of \$5.

Mr. Casey stated that was merely to round off the payment, and this language applied to the yearly payment of 33 years.

Senator Aklestad asked Mr. Casey for more information pertaining to the amendment dealing with the Board of Investments the Dept. of State Lands was proposing. Are we to assume that the Board of Investments would pay the Dept. of State Lands off, and then the Board of Investments would enter into a contract with this land owner?

Mr. Casey replied that under this amendment the Board of Investments may elect to enter into a contract for deed. The manner in which this would work is that the sale would take place and the Dept. of State Lands would receive full payment. A Deed would be issued to purchaser and the Deed would immediately go to the Board of Investments who would enter into a Contract with the purchaser.

In regard to a question from Senator Aklestad, Mr. Casey said the land would revert back to the state in trust as it is now. They do not want to enter into mortgage agreements. They would look favorably on the sales if it is a contract for deed.

Senator Aklestad stated this would be a risky situation if they were not going to have other collateral to secure this loan. For example, if the land was purchased with a \$250 value on it, agricultural land, and within 5 years the land was worth \$150 an acre and you deed it back, the Board of Investments would have a piece of land with \$150 an acre, and would have lost \$100 an acre.

Mr. Casey said he assumes it is a risk they take when entering into a Contract for Deed. The Board of Investments wants the language "Contract for Deed", not "Mortgage", so that if payment is not made they have the deed and they retain ownership.

Senator Aklestad said if you are selling a section of state land and the land is appraised at \$20,000, you would not be able to go to a bank and borrow \$20,000 against that. Senator Aklestad asked if under this amendment the Board of Investments is being put into the position where they are going to be levied 100 percent of the value of that property. He said that would not be a good situation for the Board of Investments.

Mr. Casey answered that the language says they may enter into a Contract for Deed.

Senator Keating asked Mr. Casey if the tract was offered for sale and the purchaser puts down 10 percent, or an amount up to 10 percent, for the balance to be in multiples of \$25, and it is under a Contract for Deed, the Board of Investments does not give the Department of State Lands any money, do they just handle the Contract for Deed and receive payments.

Mr. Casey said under the bill, without the amendments and with the amendments both, the Dept. of State Lands would receive cash for the sale and deed the property to that purchaser.

Senator Keating asked if the Board of Investments pays the Dept. of State Lands the balance in full.

Mr. Casey said the purchaser would pay the Dept. of State Lands and he will obtain financing someplace else, and one of those places may be the Board of Investments.

Senator Keating stated he does not understand why the Board of Investments is getting into it. If they are not paying off the sale price to the Dept. of State Lands and taking the Contract for Deed and receiving payments, then they must be acting as Dept. of State Lands agent and handling the payments on a Contract for Deed without putting out any money at all.

Mr. Casey said the Board of Land Commissioner would sell the property to the high bidder after the process of advertising, etc. The Board of Land Commissioner would receive cash for the sale and those monies would be put in trust for the legacy account and the deed would go to the purchaser.

Senator Keating asked if the Board of Investments is loaning money to the buyer so that the buyer can pay the Dept. of State Lands.

Mr. Casey said under this amendment they could do that.

Senator Weeding said regarding the housing, it was his understanding that it was to finance low income housing to persons who could not get money other places, and he thought cabin sites was outside of that category and more of a luxury.

Mr. Casey said the Board of Investments did not have anyone present to respond, but that the language in the amendment is that of Dave Lewis.

Senator Jacobson said they would talk to Dave Lewis later.

Senator Devlin asked Mr. Casey if the Dept. of State Lands was not in the business of foreclosure, did they have any foreclosures at all on these parcels of land.

Mr. Casey said not to his knowledge and not since he has been commissioner, but there is a possibility there may be some.

Senator Devlin asked if there was a moratorium on the sales of larger tracts of land.

Mr. Casey said present policy of this Board of Land commissioners is that they are receptive to proposals for purchase of state lands only if lands are small tracts and/or unproductive tracts and/or difficult to administer tracts.

Senator Devlin said that would be changed by the policy change of the land commissioner.

Mr. Casey stated that was correct.

Senator Devlin asked if there was any foreclosure. He asked Mr. North if he would like to answer since he has been there longer.

Mr. North said he has been with the department since 1977 and he has not been involved with one during that time period.

Closing by Sponsor:

Rep. O'Keefe closed by saying they have not had any foreclosures on state lands, but in other programs where they have gone into the banking business in the last several years, one example being water development, there have been defaults on those loans. He said the reason for this bill is that last session they passed and approved the sale of cabin sites from the state land base. The intent of this bill is that the Dept. of State Lands no longer has to carry contracts for 33 years and

that is important for the state. In most cases the Board of Investments may say we are not interested, but it gives them an option to make some money off of that state land and it keeps the deed in the hands of the state because it is a contract for deed.

HEARING ON HOUSE BILL 77

Presentation and Opening Statement by Sponsor:

Rep. Joe Quilici, District 77, Butte, said HB 77 seeks to increase the Highway Patrol retirement for over 200 officers in the state of Montana. This retirement is funded from the motor vehicle property and tax relief insurance funds. There is about six and a half million dollars in the fund. Other law enforcement agencies are funded this way now. These two hundred patrol officers do not collect social security. The only retirement they have is the retirement system from the state. The average patrolman that retires after 20 years receives a little over \$800 a month. Rep. Quilici said officers would like to stay in the Highway Patrol and continue serving the people of Montana, but they can't do it because the retirement is not enough, and they don't collect social security. This bill would raise their pension some. The patrolmen have taken it on their own to raise the amount they pay for retirement from 7.59 to 9 percent.

Proponents' Testimony:

Bill Yaeger of Helena and representing the Association of Montana Highway Patrolmen said he is in support of HB 77.
(Exhibit 2)

Mary Pat Murphy of Great Falls, and an officer with the Montana Highway Patrol testified in support of HB 77. (Exhibit 3)

Alan W. Young, Helena, who is a sergeant with the Montana Highway Patrol testified in support of HB 77. (Exhibit 4)

Mike Frellick, Great Falls, a Lieutenant with the Montana Highway Patrol testified in support of HB 77. (Exhibit 5)

Tom Schneider, representing the Montana Public Employees Association, and the Montana Highway Patrol Officers, spoke in favor of HB 77. He said in 1955 when the state employees voted in the Social Security, federal law did not allow highway patrol officers to participate in that vote. That law was not changed until 1971. The highway patrol officers are the only state employees at this time that do not participate in social security. He agreed to answer any technical questions from the committee.

Linda King, assistant administrator of the Public Employees Retirement Division stated she has two technical amendments to this bill which were made in House Appropriations. They didn't

reduce the amount coming from the tax premium fund on page 5, line 12, and that should have been reduced to 9.53 percent. She stated that amendment is written up, and she would give it to Ms. Cohea. (Exhibit 6)

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Harding asked about the retirement benefit of \$800 per month, and what would this amount to at two and a half percent.

Mr. Schneider said the change in the bill is changing the formula from two percent for each year of service to two and a half percent. Basically, that changes from half pay with 25 years and half pay with 20 years, or 2 1/2 percent times 25 if they work 25 years, and that is times the average salary. It is a formula change that will reflect differently, depending on number of years and the average salary of each highway patrol officer.

Senator Harding stated she was concerned about the \$800 a month not being enough to live on, and was wondering what this would compute to in dollars a month for the highway patrol officer that would retire after 20 years.

Mr. Schneider said it would increase the retirement benefit by 25 percent. The person currently retired will not receive anything from this bill, they would be affected by HB 711, which has passed State Administration. The bill will apply only to those who retire on or after July, 1991, and their benefit will increase by 25 percent.

Senator Bengtson asked Lt. Mike Frellick about his mentioning justification for using a portion of the insurance premium tax.

Lt. Frellick stated when an accident is investigated by a highway patrol officer in the State of Montana, a copy of that report is submitted to their accident records bureau in the Dept. of Justice. Any person may make application to the highway patrol for copies of the report. Our general function of that report is to describe what happened at the accident scene in an unbiased fashion. The insurance industry uses that information to settle claims and to represent its insurees, who are citizens of the state of Montana.

Senator Bengtson asked if there was anyone from the insurance commissioners office present, and would insurance premiums for people in the state be increased.

Robyn Young said, generally, increases in tax are passed on to consumers one way or the other. It is very difficult to absorb.

Senator Bengtson asked if there was a balance to be maintained in that insurance premium fund, and Robyn Young said there isn't.

Senator Jacobson said that fund flows into the general fund.

Mr. Schneider said a person right now with 25 years, and going to retire in the next 2 years, could not get the 40 quarters to qualify, even for the minimum benefit. Social Security is not totally like the state retirement system, but it does require that you spend more than just 40 quarters to get a full social security benefit.

Senator Hockett said not everyone is at the 25 year level, and social security could be a great benefit to the ones with only a few years service. Mr. Schneider said that was true.

Senator Hockett asked regarding highway patrol officers, why the highway patrol did not vote to go under social security when they had the option some years ago.

Patrolman Young said the men he worked with did not feel good about the social security system. They felt it wasn't a solvent fund.

Senator Devlin asked Mr. Schneider when highway patrol officers were not allowed, under federal law, to go under social security, what about the game warden and other law enforcement entities, were they excluded also?

Mr. Schneider said in 1955 the only people excluded were the fire fighters, who are still excluded, city police because they had their own retirement system which was better than the average system and the highway patrol because there was a retirement system. Game Wardens and sheriffs, in 1955, were under PERS. Those systems were not created until 1964 and 1967. The same with the judges' retirement system.

Senator Devlin asked if since 1971 the Highway Patrol tried to poll their membership to see if they desire to go into social security or not.

Mr. Schneider said as far as they can tell, there was a vote in the early 1970's and it was voted down. The ones that voted it down say the administration of the highway patrol asked them to vote no because they couldn't afford to pay for social security out of their budget, although he said this was second hand information.

Senator Hammond asked Patrolman Young if there was an increase in the state share.

Patrolman Young said no, they opted to increase their contribution by 1.41 percent.

Mr. Yeager said the patrol officers agreed to increase their contribution to 9 percent. The fund raises about \$6 1/2 million a year. Increases would come out of the \$5 million and it would be increased by the increase in the individual contribution. We have decreased that down to about \$553,000 which would be required out of the fund, but it is state money.

Senator Hammond said this bill makes it possible for the highway patrol officers to retire at 20 years instead of 25 years with the same pay.

Mr. Yeager said that was correct. The retirement would be the same as city police now have. The Highway Patrol feels with the experience the patrol officers have, and the fact that it costs \$53,000 to train a new one, that it is best to keep them on the job as long as possible.

Senator Hammond said that many of them testified that they were looking to change jobs where they can get 40 quarters to earn social security, and he wondered if this would still happen.

Mr. Yeager said they feel if they are encouraged to stay on, that on reaching 20 years, they will not feel it necessary to change jobs.

Senator Devlin asked how this compares with employee contributions in other retirement funds.

Mr. Schneider stated that if you compare with the other law enforcement funds, it will produce the same level of employer/employee contribution. Obviously, if you are looking at the PERS and Teachers Fund, the contribution rate for the employees will be as much as 2 to 2 1/2 percent higher than what the employee pays in PERS or teachers. The employer contribution is substantially larger because the major part of funding those systems comes from employee turnover and the fact that the employee cannot withdraw the employee contribution. About 60 percent of the funding in the major systems comes from turnover and interest earnings, which doesn't occur in the small systems.

Senator Devlin asked if it is comparable to other employee contributions in other law enforcement retirement funds.

Mr. Schneider said, to other law enforcement, yes.

Senator Hammond asked what percentage would you need to go into social security, to which Mr. Schneider said it would require a majority vote.

Senator Jergeson asked why section 5 was stricken.

Rep. Quilici said this has changed since the original fiscal note. He referred the committee to the fiscal note.

When questioned by Senator Beck if there was an updated fiscal note, Rep. Quilici said there was not.

Senator Beck said it looks like a savings to the general fund according to the way it is written.

Rep. Quilici said no, it can't be a savings to the general fund because this motor vehicle premium tax fund is used for retirements for first and second class cities and also for the Highway Patrol, but in the event it wasn't used for this specific purpose, it would ultimately revert to the general fund.

Senator Nathe asked Rep. Quilici about his statement regarding the fund being used for retirement of employees in first and second class cities.

Rep. Quilici explained it was for first and second class city law enforcement officers.

Senator Keating asked about the 9.53 percent of salary coming from the premium tax fund. If there are raises for the Highway Patrol, each increase in salary would also put an increase on the amount of retirement money that would be taken out of that premium tax fund.

Rep. Quilici said he was not sure, but he believes that would be correct.

Senator Keating said that would be a hit on the general fund as well in that it would reduce the flow of revenue to the general fund.

Rep. Quilici said it would not reduce the flow, it would increase the amount taken out of the fund.

Senator Keating said that would mean less money flowing into the general fund, and Rep. Quilici said that was right. Senator Keating also asked if the auditor's office is funded out of the insurance premium tax. Rep. Quilici said no, it was not.

Rep. Quilici said it is the state special revenue fuel tax and contributions from the patrol officers.

Closing by Sponsor:

Rep. Quilici said the technical amendments that have been put in will make the actuary of this pension work better. The bottom line is the premium tax, if not used for one purpose or another, goes into the general fund. These patrol officers deserve this kind of a retirement when they retire, just like first and second class officers in cities. We are asking that the Montana highway patrol officers be treated the same as other officers in major cities. (Fact Sheet regarding HB 77 attached as Exhibit 7.)

HEARING ON HOUSE BILL 418

Presentation and Opening Statement by Sponsor:

Rep. James Madison, House District 75, said the bad news with this bill is that it provides for a statutory appropriation. The good news is that this bill does not require any money out of the state general fund. The bill concerns the bond that each water well contractor must provide to the Dept. of Natural Resources in the amount of \$4,000. That bond may be in the form of cash, cashiers check, bank draft, certificate of deposit, etc.

Proponents' Testimony:

Diane Cutler, program specialist for the Board of Water Well Contractors spoke in support of HB 418. (Exhibit 8)

Wes Lindsay, Chairman of the Montana Water well Licensing Board testified in support of HB 418. (Exhibit 9)

Ron Goosey, Department of Natural Resources spoke in favor of this bill. He said the Board of Water Well Contractors is attached to the Dept. of Natural Resources for administrative purposes only. By passing this bill it makes it easier to correct problems. (Exhibit 10)

Opponents' Testimony:

None

Questions From Committee Members:

Senator Keating asked if there was a bond forfeiture fund, an account, that this money can flow into.

Rep. Madison said what they are proposing to do is to establish one now so they can make the expenditures from that. The bonds are held in the form they come in, whether it be cash, certificates of deposit, etc.

Senator Keating asked Mr. Lindsay if there was a fund this flows into now that the board controls.

Mr. Lindsay said no, they have to apply from the general funds.

Senator Keating asked if this establishes an account, would it give more control over that account, and draw interest?

Mr. Lindsay said yes, and he would assume it would draw interest.

Senator Nathe asked Diane Cutler if the money flows into an account, and not a short term investment pool, would it draw interest.

Diane Cutler said most of the bonds are surety bonds and they have to notify licensing and insurance companies and have contested case hearings. When bond money is collected, it goes into separate earmarked revenues.

Senator Nathe asked if there were many people that put up cash.

Ms. Cutler said they do have some certificates of deposit. Out of 300 licensees they have, possibly, 10 certificates of deposit.

Senator Nathe asked if that was put in a short term investment pool.

Ms. Cutler said the certificates of deposit remain on file. They the actual certificate and the contractor earns the interest.

Senator Nathe questioned the need for this statutory appropriation, instead of going through the budget amendment process.

Ms. Cutler said if they have to go through the budget amendment process they have to show that it is an emergency, and this creates a time delay.

Senator Nathe asked what the amount of delay would be, staying with the present system.

Ms. Cutler said if they go through an administrative hearing it would be several months. Budget amendment proposals are heard every 3 months.

Senator Nathe asked who reviews their expenditure of money at the present time.

Ms. Cutler said the Board of Water Well Contractors determines what action should be taken and it is expended from there. In the case where they did pay for the abandonment, they got several bids from different drillers.

Senator Nathe asked what was the advantage of going to the statutory appropriation if, when the bonds are forfeited they expend them anyway.

Ms. Cutler said they could not expend them without the budget amendment.

Senator Hammond asked who audits the account, and Ms. Cutler said it is an earmarked revenue account and would be a normal audit by the Legislative Auditors.

Closing by Sponsor:

Rep. Madison closed by saying HB 418 benefits the small business person.

HEARING ON HOUSE BILL 511Presentation and Opening Statement by Sponsor:

Representative Royal Johnson, House District 88, Billings, said HB 511 would provide proceeds from the seizure of drug related incidents to be allocated and statutorily approved to the state, as they are in the counties, cities, etc. This particular fund arises when drug enforcement people raid or pick up drug related properties from people who have illegal drugs. If the state is part of that drug raid, and the county and city are also part of that drug raid, they all share in those proceeds. Once the seizure has taken place, all of these people benefit some from whatever is confiscated. Cities and Counties now may spend their proceeds the way they see fit, as long as it comes under drug related activities. The law sets up how it is going to be spent, when it will be spent, etc. The state has a different situation. When they get any money it goes into the fund, and to get any money out they have to either come to the legislature or to the interim committees. That is a costly and lengthy process. This bill proposes it go into the fund and be statutorily approved by the Dept. of Justice. The bill provides the Attorney General give an accounting 4 months after the end of each fiscal year. He said the drug fund got up to about \$16,000 late in November of last year, but with a couple of big raids, there could be big money in the fund. The Appropriations committee was concerned about how high the fund would go. Rep. Johnson thinks as long as the legislature meets every 2 years, it would be possible for the legislature to regulate how high the fund would get. In the meantime it allows the Justice Department to prosecute, and follow-up in the apprehension of people involved in the drug trafficking in the state of Montana.

Proponents' Testimony:

Mick Robinson, Department of Justice, said there have been a number of instances in drug related situations where it has become unworkable to move through the budget amendment process. That process takes from one to three months in order to get money appropriated. Drug investigation has continued on and has had to take a different approach rather than the approach they would like to have used. We have used the budget amendment process in equipment situations when the time factor was not a real constraint. We have also purchased some investigative radios for the drug investigators. The reason for the statutory appropriation becomes one where the time factor is a critical element in many drug investigations and to have the use of this forfeiture money to move the investigation along would enhance the investigative capabilities.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Keating asked Mr. Robinson if the drug enforcement monies were appropriated in the normal order of business for the biennium.

Mr. Robinson said they do have some money appropriated, but they do not have money appropriated for the payment of local law enforcement in terms of the use of their overtime to aid in a drug investigation.

Senator Keating questioned if this bill passes, and you would have the statutory appropriation and the latitude of using the money, is that not an additional appropriation to what you would normally receive. Mr. Robinson said yes, it would be.

Closing by Sponsor:

Rep. Johnson closed by saying it is important that there is a way to monitor and keep a check on this in order to know how much money is there on a continuing basis. He thinks we should not hamper our drug enforcement people in any way.

HEARING ON HOUSE BILL 508**Presentation and Opening Statement by Sponsor:**

Representative Mike Kadas, House District 55, Missoula, said HB 508 is a bill that brings Montana into the Pacific Northwest Economic Region. It brings different state governments together to see how we can work together, particularly on economic development. (Exhibit 11) Rep. Kadas referred to exhibit 11 and said one of the issues is tourism and another is recycling. A major problem with recycling is there is not developed markets for recycled materials. Another area is in telecommunications. Montana could get a tremendous amount of expertise by being able to use some of the faculty in Oregon and Washington who have national reputations in telecommunications. The bill takes a small appropriation. The dues for this organization are \$15,000 a year for the small states and \$25,000 for the larger states and provinces. Other states and provinces have agreed that if we can't come up with the money this session, they still want us. We don't have dues in this bill, but we do have \$7800 for travel so we can send a couple of members there. The \$7800 came from the weather monitoring bureau.

Proponents' Testimony:

Senator Gage said he had attended all of the meetings of this organization. They have had trade experts to various meetings and the trade experts have told them these efforts are going on all over the world because they realize standing alone they cannot function successfully. When asked why Montana was included in this, Senator Gage was told there were 3 reasons. First, because we border three Canadian provinces. Secondly, we have a great amount and variety of natural resources that could be substantial in promoting this whole area, and third, we have an abundant amount of land that could be very beneficial to this whole region. The Congressional representation of that region has more clout than 3 people in the state of Montana in trying to get some things done. This organization will function, and it will survive without Montana, but we will be missing a great opportunity if we don't become a part of this organization.

Opponents' Testimony:

None.

Questions from Committee Members:

Senator Jergeson asked if this would be a better investment than our investment into the council of state governments or the national council of state legislators.

Rep. Kadas said he has not participated with the other two organizations, but he was impressed with these folks.

Senator Gage said it would be his opinion that this organization has greater possibilities for the development of Montana than all the rest of them put together.

Senator Jacobson said they perform different functions. NCSL and CSA is our voice in Washington, whereas this functions for the economic development of the region. She thinks we need to make the distinction between the functions of those.

Senator Gage agreed the functions are different, but the functions that happen in Washington, D. C. are going to continue to happen. For the benefit of all states that are represented, this one is a more isolated region and it is a different purpose.

Senator Nathe said, under WICHE, they have included British Columbia, Alberta and Saskatchewan to send delegates. They are not a part of WICHE, but they are starting to attend our meetings. He asked why Saskatchewan was not included.

Senator Gage said he did not know if they considered Saskatchewan. They have indicated this is a starting nucleus,

what they thought was the best starting point for region and indicated that later there may be others that would want to become a part of this.

Senator Weeding asked Rep. Kadas if there would be agency support.

Rep. Kadas said it is anticipated. Most of the focus is on particular areas where there would be regional cooperation. Rep. Kadas said the way the bill is drafted, the speaker, minority leader, president and the senate minority leader all appoint a member to participate and then to the extent there are subcommittees, there will be appointments made by the legislative council.

Senator Weeding asked if the legislative council is housekeeping for this. Rep. Kadas said our legislative council would be involved.

Senator Hammond asked if there is an overlapping of work by the Montana commissioners and the council you are referring to? The interest as far as Montana is concerned was with Sasatechewan and Alberta. British Columbia never entered in to it.

Senator Gage anticipates an expansion of this group in the future. There is a cooperative effort with regard to the things that are already happening.

Senator Hammond said in HB 2 this bill would put these two entities in competition for monies.

Senator Gage said yes, those were recommended to be put into a regional fund by the council. If the council indicates that this is more beneficial for Montana, he could not say they would be in competition for those funds.

Closing by Sponsor:

Rep. Kadas said there is an appropriation of \$7800 to fund this. We are not anticipating taking funds from any other source but that is a decision the legislative council will make. He said if the bill passes, Senator Gage would be happy to carry the bill if it passes.

HEARING ON HOUSE BILL 520

Presentation and Opening Statement by Sponsor:

Rep. Vicki Cocchiarella, House District 59, said HB 520 has been amended extensively. We are asking to increase lodging to \$30 and only 50 cents on the breakfast meal and 50 cents on the lunch meal. There is no appropriation in the bill. We urge that you concur in this bill for the sake of those state employees that travel, and that they be compensated for food and lodging.

Proponents' Testimony:

Tom Schneider, representing Montana Public Employees Association, said there has not been an increase in lodging or meals since 1981. If we had only increased 25 cents a meal and 25 cents on lodging, starting in 1981, we would not be where we are today. The governor vetoed lodging and meals twice last time, and we are hoping he will sign the bill this time. It would be the first increase since 1981.

Henry Gehl, representing all Motor Inns and motel operations in the rural Montana area and the Montana Innkeepers Association, spoke in support of HB 520. (Exhibit 12)

Teresa Reardon, representing the Montana Federation of State Employees, spoke in strong support of HB 520.

George Hagerman, Director of AFSCME Council 9, rose in support of HB 520.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Devlin asked Rep. Cocchiarella regarding a fiscal note, and Rep. Cocchiarella said there were some errors in the fiscal note and they were redoing it and should be up in the next couple days.

Closing by Sponsor:

Rep. Cocchiarella asked the committee to not confuse this small dollar amount with the next bill they will be hearing.

HEARING ON HOUSE BILL 514**Presentation and Opening Statement by Sponsor:**

Representative William "Red" Menahan, House District 67, said this bill is a pay raise for state employees, and that he would now let the people testify.

Proponents' Testimony:

Tom Schneider, representing the Montana Public Employees Association, discussed a chart which shows the salary increases which have been received by state employees since 1976 as compared to inflation. Over the last 4 years state employees have gone behind at about 20 percent and received salary increases of 6 percent. The reason we are where we are now is because we did not spend any money and there is no way we can get

out of it without spending any money. (Exhibit 13) He said the statement being made is that the problem with the dollar an hour is that it doesn't take care of the pay problem at the higher levels. It doesn't allow us to hire professional technical people and it doesn't allow us to retain the "brain drain" that is currently existing in the state. The \$1 an hour will not create the problems they are saying it will create. It takes care of the workers because they will get a salary increase. In addition, it will give more money to people we seem to be the most worried about than any other plan before the legislature. The \$1 an hour produces the effects that we are looking for. The negatives everyone is talking about regarding hiring and retaining will be overridden by the increase of \$1 an hour. They won't be overridden by 65 cents an hour, and there is no way pay problems will be satisfied with HB 509, which was submitted by the governor. As a member of the interim committee, he said the pay proposal that was passed out of that committee was the minimum amount of money that could be put into a market plan. Once that figure was cut in HB 509, there was no market plan and it could not continue to exist. The catch-up provisions of that bill would require 12 years just to get to the mid point of the average market. We need the \$1 an hour; it corrects the problems we have. It will allow us to hire and retain employees in the levels and places we need to hire and retain and will give back some of the loss that has been generated over the last 4 years. It will increase morale of the state worker and tell the people the legislature cares about them.

Rep. Cocchiarella, House District 59, Missoula, said regarding the study committee book, the committee should study it before making a decision on the pay. She is in support of the \$1 an hour, and while it addresses some of our problems, it doesn't address all of our problems. We don't have \$230 million to take care of the problems that are on the backs of the state employees. No. D on page 46 defines an open range, entry, midpoint, and maximum salary with no established steps. Progression would be based on administrative rules rather than fixed increments, such as steps. If you want to take care of the majority of the problems with the \$1 an hour, that is what you should do. If you want to leave this up to administrative rule, then adopt the open range plan.

Jim McGarvey, President of the Montana Federation of State Employees, spoke in support of the pay plan set forth in HB 514. (Exhibit 14).

Wilbur W. Rehmann, Labor Relations Director of the Montana Nurses' Association rose in support of HB 514. (Exhibit 15)

George Hagerman, Director of AFSCME, Council 9, urged the adoption of HB 514 in its present form.

Phil Campbell, Montana Education Association, said the teachers of Pine Hills and Mountain View are behind their peers and he

encourages the committee to adopt this pay plan as it is and help the state maintain the quality in Pine Hills and Mountain View schools.

Gene Fenderson, Montana District Council of Laborers, said \$1 an hour should be passed. He felt you should also look at the retention rate in the lower levels. We keep hearing about the brain drain, etc., but he feels the retention rate in the lower levels are as bad as in the higher grades. The administration has refused to come to an agreement with the unions so we can take it to the people and vote on it. He would suggest the committee and the committee of the whole pass the \$1 an hour and send it to the Governor and say to go back to the unions and settle it where it should be settled.

Jim Adams, Associate Director of Montana Public Employees Association, rose in support of HB 514 and the \$1 an hour raise.

Mark Langdorf, field representative for AFSCME, Council 9, said state employees make sacrifices because of lack of pay. HB 514 is something everyone can live with. He asked that the committee give it a do pass and send it on to the Governor. Give the state employees the \$1 they deserve.

Opponents' Testimony:

Steve Johnson, Chief of the State Labor Relations Bureau and also serving as the Chief Labor Negotiator for the Executive Branch of State Government, said he appears in opposition to HB 514. (Exhibit 16) and (Exhibit 17)

Leroy Schramm, Board of Regents, said they have mixed feelings about this bill. The problem with the bill is the dollar amount of \$118 million and how that amount is spent. He said there is an obligation to use that money and distribute it over employees in the most efficient way possible. He thought it was not a good use of the money to give the same dollar amount increase to a file clerk and to a hydrologist and to a janitor and to a civil engineer or to a receptionist and to a registered nurse. The first group is at or above market in some cases. The second group is below market. He said they think that whatever money is spent, they have to recognize the fact that by and large professional classes of employees are farther off the market and are much more difficult to recruit and retain than the lower grades. He suggested whatever amount the committee voted to spend, it should be put where it is most effective, where the needs are greatest. He distributed an amendment to HB 514, and asked that language be reinserted. (Exhibit 18)

Questions From Committee Members:

Senator Devlin said he would like to clarify that it was a unanimous committee on market base open range plan.

Senator Waterman asked regarding there being no support at all for the market based proposal and if there was any interest for a state commission proposal.

Mr. Schneider, as a member of the committee, said they received copies of letters written from state employees written from different departments, and a lot of letters supported the final recommendation of the committee. At that level he said he could not say there wasn't support for that.

Mr. Schneider asked Senator Jacobson if he could address the amendment, exhibit 18, and Senator Jacobson said yes, he could.

Mr. Schneider said he wanted to point out that if we were in the private sector while we were in negotiations, we could still get salary increases. Once the legislature passes this salary increase, that's it. We can negotiate for the next two years, but we can't negotiate on salaries. All we can do is negotiate on the remainder of the contract because salaries are already settled. They are shut out of bargaining after the first of July because everyone else in the state is getting their salary increase. The language forces the union to reach a settlement giving up everything else on the table because salary is already done. It would seem to the employees to say that they can't have the salary increase, but you can't bargain for more money either. We don't have any history that shows that if we got the salary increase it would extend negotiations. There are 83 contracts and only 3 or 4 people who negotiate for the state of Montana. Once this session is over, we try to finalize those contracts and we can't even get bargaining sessions until after the first of July. We are frozen out of the salary increase when we may not want to do anything other than go to the table and reach an agreement to finish the contract. If you put that language back in, you are denying all the union members who are covered by contract the salary increase until the state of Montana can find the time to finalize these contracts. It doesn't work, and it hasn't worked in the past.

Sen. Bianchi asked Mr. Johnson if he would be willing to work with the committee to come up with a suitable pay plan with a realistic cost. He asked if there is a realistic cost between the House and Governor's proposals.

Steve Johnson said his parameter included a maximum general fund amount of \$28 million. He has not received anything from the governor's office that they are willing to stretch those parameters, so I assume I do not have more than \$28 million to spend.

Sen. Bianchi asked if the reasonable cost is \$28 million from the general fund. Steve Johnson said the \$28 million is a reasonable amount.

Senator Bianchi asked if the negotiated wages for nurses in the governor's budget is \$1 million below the other salaries, as was testified to. He said he would like to know the answer if it is \$1 million under what has been negotiated for the nurses.

Wilbur Rehmann said he had distributed information from the Dept. of Institutions. The numbers for one year are approximately \$400 and some thousand dollars for the biennium, and he did not know why the nurses were not included. Those are the numbers the LFA put together from the Dept. of Institutions.

Sen. Bianchi asked Mr. Sundsted if he knew the answer.

Mr. Sundsted said regarding the nurses pay, in the last legislature in HB 786, which was the pay bill, and HB 100, which was the appropriation bill, it authorized the department to enter into a pay exception for a two year period. That will expire with the appropriation bill. In addition, a contract signed with those nurses expires at the end of FY 91. Their opinion is that those were not current level expenditures.

Senator Bianchi asked if nurses pay would be reduced in the next biennium. Mr. Sundsted said unless that pay section is renewed it will go back to the former levels.

Senator Bianchi asked if under the governor's budget, nurses employed by the state will be reduced.

Mr. Sundsted said yes, they would be reduced to the former level.

Senator Waterman asked if all pay exceptions were just to nurses. She noted her opinion that if funds are not provided, we can't grant pay exceptions that will go above authorized appropriations.

Mr. Sundsted said nurses pay exceptions are different because that was authorized specifically in language. There was no appropriation during 90-91. The department paid for that through an existing budget. He said the pay exceptions you are talking about are ones that were either pending or had been granted after they did their personal services snapshot. Whatever pay exceptions prior to that had been approved and those do continue in the Governor's budget. Ones approved after July 1 would not be included in their budget and those would have to be granted and paid for through existing appropriations in personal services.

Senator Jacobson asked the LFA to address this issue.

Terry Cohea, LFA, said regarding HB 2 that would appear before the committee on Friday, the executive budget, as it was recommended, did not include funding for any pay exceptions that were approved after June 30, 1990. The Human Services

Subcommittee did approve pay exceptions in health and some of the other agencies as did the Natural Resource Committee. They were all removed during the appropriation process in the House. Also not included in the executive budget were pay increases for the arbitrated salary increases at several of the university units. As HB 2 comes to our committee, slightly over \$8 million is included for the Arbitrated Salary Increase at the university system and the agricultural experiment station. Also included is slightly less than \$900,000 general fund for the nurses pay exception at the institutions. Those are the only pay exceptions after June 30, 1990 that are funded in HB 2 as it will come to you on Friday.

Senator Harding said regarding the amendment presented and which Mr. Schneider spoke to, regarding the 10 years, she would like to know if there was some rationale for the language all these years.

Mr. Schramm said that language was put in in the 1981 session. Because pay matrix was in statute all employees had to get the increase on July 1. They felt this problem would be solved, if they would say no increase in salaries, keep your same salary as of July 1, but don't get the increase until the bargaining unit reaches agreement. Language was drafted and it was supported by Governor Judge. In the 1981 session it was adopted and has been readopted every year since. He thinks it does speed negotiations up and will stand out. Unions don't like that because it puts more pressure on them and does give state administration a little more leverage, but it is a question of whose lever do you make an inch longer. By giving the salary increase you remove that lever. By not giving it, you keep that push there.

Senator Bengtson asked Mr. Sundsted about reversions. When you granted the pay exceptions there were to be less reversions. Are you planning on a certain amount for reversions based on the pay plan?

Mr. Sundsted said they do have in their current summary \$17 million of reversions over FY 92 and 93. The reason they have them is that pay plan be fully funded up to 100 percent of the cost to July 1. As employees turn over they may be replaced by an employee in a lower step so the salary is less. It also happens that when someone leaves it may take 2 or 3 weeks to fill a position.

Senator Bengtson said she was curious that they would not grant the pay exceptions to accomplish this certain amount of reversions to the general fund.

Mr. Sundsted said it is an issue of when you stop making the adjustments for personal services. People have left and been replaced by people in lower steps and some salaries are lower than they were July 1. Some people may be higher or lower. It cannot be adjusted all the time for upgrade or downgrade.

Senator Devlin asked if in its present form the bill costs \$18 million. Rep. Menahan answered it was \$65 million out of general fund. Senator Devlin asked where we were going to find that kind of money. Rep. Menahan said he was hoping the tax committee and the members of the House could come up with some ways of funding this.

Senator Beck asked if this bill addresses the problems with the highway department and the environmental department. It appears it might not help them in the upper grades of the pay scale. Rep. Menahan said there are some upgrades they would look into on the market value. There is other legislation to help take care of that. There are also problems with the nurses that costs \$415 thousand a year which was negotiated and then left out of the snapshot. In order to keep them at market value, you would have to have the \$415 thousand, and that is gone. On one side we are arguing for market value and on the other we are not putting money in that was agreed to, which was \$815 thousand that should have been in the budget.

Closing by Sponsor:

Representative Menahan closed by saying we should look at the lower paid positions and the large turnover. Not only the people that work for the state, but people that work in group homes have a tremendous turnover because of low pay. We should do our best to see that we take care of the state employees.

EXECUTIVE ACTION ON HOUSE BILL 544

Motion:

Senator Aklestad moved that we concur in House Bill 544.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

The motion carried and Senator Aklestad will carry the bill.

EXECUTIVE ACTION ON HOUSE BILL 508

Motion:

Senator Jergeson made the motion that HB 508 be concurred in.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

The motion carried unanimously.

EXECUTIVE ACTION ON HOUSE BILL 418

Motion:

Senator Hammond moved that HB 418 be concurred in.

Discussion:

Senator Nathe asked if they were creating a \$20,000 a year "slush" fund for the Board of Water Well Contractors. To him it looks like they could use it for administrative costs incurred by the board.

Senator Jacobson said we seem to have a lot of statutory appropriations coming through this legislative session, and she is concerned about it. The testimony indicated one single case, but maybe there are others that will come out of it in the future and it is true that the finance committee only meets every 2 or 3 months, but she wonders if it is a good idea for such a few cases.

Senator Keating said this is a Board of Contractors that are licensed, and they pay a licensing fee to fund the Board, but the Board still has to go through the appropriation process for the appropriation for secretaries and administrative costs, etc. They are limited in what they can appropriate for the administration of the Board. What this money is is bond foreclosures that if the well contractor makes the mistake and causes some damages and he isn't going to pay it out of his own pocket, he walks away from those damages and the bonds are foreclosed and the board uses the funds from that bond to mitigate the damages left by the contractor. They do need these funds to mitigate water well damages for people who have paid for those wells. This is to avoid the budget amendment process which is time consuming so they can fix the water wells for the people.

Senator Nathe responded to Senator Keating by saying only one instance has been cited and they are trying to move to statutory appropriations and it seems like everything else that comes through with statutory appropriations we're very hesitant to grant that. They also mentioned in testimony there were years

where there was no bond forfeitures, and he does not know what the need is for this bill.

Senator Devlin, said regarding researchers, it talks about administrative costs incurred by the board, and he wonders if it pertains to the cost of the remedies.

Terry Cohea, LFA, replied that the way it is amended, the bill would allow the board as well as using the bond forfeiture funds to compensate for damages caused and remedy the defect in water well and also allow the board to spend funds for administrative procedures.

Senator Bengtson said she supports the motion to concur in the bill. She thinks that the Board of Water Well Contractors will use good judgement, and that it expedites the process. She said the budget amendment process is lengthy. She thinks there is no "slush" fund and that it takes away some of the burden of paper work that we subject the different boards to.

Senator Nathe said he is against the bill. Regarding 37-43-311, which includes the prosecution by a board of violations against their water well contractors, if that money is going to be opened up for that usage, it should be under the scrutiny of the legislature. We create these boards so there is a certain level of competence that people can expect. We have to constantly be alert that these boards can also be used to limit competition. In the bill we are making possible prosecution with these funds if we don't watch what we are doing.

Senator Hammond thinks we should concur in the bill.

Senator Hockett said he supported Senator Nathe's position.

Amendments, Discussion, and Votes:

Motion was concurred in with 13 yeas and 5 nays. Senator Hammond will carry the bill.

EXECUTIVE ACTION ON HOUSE BILL 300

Motion:

Senator Jergeson moved the amendments to HB 300.

Discussion:

Senator Beck questioned if the banks have the authority to do this, what is the need for this.

Senator Jergeson said he did not know that they have the authority in this particular instance but they do many

investments and this is in addition to the investments they make.

Senator Beck said it appears to him that the difference is in the contract for deed, where most bank investments with the board of investments deal in the mortgage area.

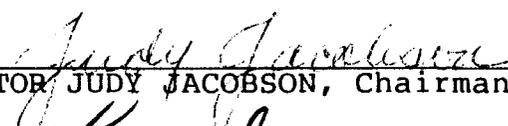
Senator Aklestad said he is in favor of the bill, but is nervous about the amendment.

Senator Jacobson asked Senator Jergeson if he would be willing to withdraw his amendment until we can ask about this.

Senator Jergeson said he would withdraw the amendment.

ADJOURNMENT

Senator Keating moved to adjourn the meeting at 11:45 a.m.



SENATOR JUDY JACOBSON, Chairman



LYNN STALEY, Secretary

JJ/lb

ROLL CALL

FINANCE & CLAIMS COMMITTEE

DATE 4-2-91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON CHAIRMAN	✓		
SENATOR JERGSON, VICE CHAIRMAN	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK	✓		
SENATOR BENGTON	✓		
SENATOR BIANCHI	✓		
SENATOR DEVLIN	✓		
SENATOR FRITZ	✓		
SENATOR HAMMOND	✓		
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR KEATING	✓		
SENATOR MANNING	✓		ll
SENATOR NATHE	✓		
SENATOR STIMATZ	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 2, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 508 (filed reading copy - blue), respectfully report that House Bill No. 508 be concurred in.

Signed: *Judy H. Jacobson*
Judy H. Jacobson, Chairman

191 4.2.91

Amd. Coord.

508-2-115

Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 2 of 4
April 2, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 508 (third reading copy -- blue), respectfully report that House Bill No. 508 be concurred in

Signed: *Julius Jacobson*
Julius H. Jacobson, Chairman

191 4-2-91
Mnd. Coord.

5124-2 1:15
Sec. of Senate

Exhibit 1

AMENDMENTS TO HOUSE BILL 300
(Third Reading Copy)

1. Title, line 6.
Following: "BASIS;"
Insert: "AUTHORIZING THE BOARD OF INVESTMENTS TO PURCHASE
CONTRACTS FOR DEED ON STATE CABINSITES;"

3. Page 2.
Following: line 22.
Insert: "NEW SECTION. Section 2. Investment in state
cabinsite sales. The board of investments may
purchase for the trust and legacy fund from
approved lenders contracts for deed for cabinsites
on state trust land."

"NEW SECTION. Section 3. Codification
instruction. [Section 2] is intended to be
codified as an integral part of Title 17, chapter
6, part 2, and the provisions of Title 17, chapter
6, part 2, apply to [Section 2]."

-End-

TESTIMONY BY: BILL YAEGER OF HELENA ON HOUSE BILL 77

BEFORE: THE SENATE COMMITTEE ON FINANCE AND CLAIMS

DATE: APRIL 2, 1991

GOOD MORNING, MADAME CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM BILL YAEGER OF HELENA, REPRESENTING THE ASSOCIATION OF MONTANA HIGHWAY PATROLMEN. I APPEAR TODAY IN SUPPORT OF HOUSE BILL 77. I WILL PROVIDE A BRIEF OVERVIEW OF THE BILL. I WILL BE FOLLOWED BY MONTANA HIGHWAY PATROL OFFICER MARY PAT MURPHY ON THE NEED FOR SUCH LEGISLATION; BY SERGEANT ALAN YOUNG, WHO WILL DISCUSS THE FAIRNESS OF RAISING PATROL RETIREMENT TO THE LEVEL NOW RECEIVED BY MOST LOCAL LAW ENFORCEMENT OFFICERS; AND LIEUTENANT MIKE FRELICK, WHO WILL COVER THE APPROPRIATENESS OF ~~A THREE-TENTHS OF ONE PERCENT~~ ^{THE USE OF THE} TAX ON VEHICLE INSURANCE TO PROVIDE THE FUNDING NECESSARY. THE OFFICERS ARE HERE ON THEIR PERSONAL TIME TO TESTIFY. FINALLY, MR. TOM SCHNEIDER WILL PROVIDE TESTIMONY ON THE ACTUARIAL AND FISCAL ASPECTS OF HOUSE BILL 77.

EVERYONE IS AWARE OF THE INCREASING DANGER FACED BY ALL LAW ENFORCEMENT. CRIMINAL ACTIVITY HAS EXPANDED INTO SUCH AREAS AS THE MOVEMENT AND SALES OF ALL TYPES OF DRUGS, THE LAUNDERING OF MONEY ASSOCIATED WITH THAT TRADE, ILLEGAL GAMBLING, PORNOGRAPHY AND COUNTERFEITING. MUCH OF THAT ACTIVITY TAKES PLACE ON OUR HIGHWAYS, AND THOSE INVOLVED ARE EQUIPPED WITH THE LATEST HIGH-TECH GEAR AND INCREASINGLY LETHAL WEAPONRY.

HOUSE BILL 77 OFFERS AN IMPORTANT INCENTIVE FOR MONTANA HIGHWAY PATROL OFFICERS TO STAY ON THE JOB LONGER. THE PATROL SEEKS TO RETAIN OFFICERS AS LONG AS POSSIBLE. BECAUSE THEY HAVE EXPERIENCE AND MATURITY, THE PATROL BELIEVES THE MOST PRODUCTIVE YEARS ARE BEYOND THE FIRST 20. ANY PROGRAM TO RETAIN MONTANA HIGHWAY PATROL OFFICERS IS SIMPLY GOOD BUSINESS FOR OUR STATE.

I ASK YOUR SUPPORT FOR HOUSE BILL 77, AN IMPORTANT INCENTIVE TO MONTANA HIGHWAY PATROL RETENTION. THANK YOU.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 4-2-91

BILL NO. 118-77

TESTIMONY BY: OFFICER MARY PAT MURPHY OF GREAT FALLS ON HOUSE BILL 77

BEFORE: THE SENATE COMMITTEE ON FINANCE AND CLAIMS

DATE: APRIL 2, 1991

GOOD MORNING, MADAME CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM MARY PAT MURPHY OF GREAT FALLS, AN OFFICER WITH THE MONTANA HIGHWAY PATROL. I AM HERE TO URGE YOUR SUPPORT FOR HOUSE BILL 77.

IT COSTS NEARLY \$58,000 TO TRAIN AND EQUIP A MONTANA HIGHWAY PATROL OFFICER. IT TAKES AT LEAST A YEAR BEFORE A NEW OFFICER IS FULLY CAPABLE OF ASSUMING THE DEMANDS OF THE JOB. WE WORK ALONE, SO WE MUST BE LARGELY SELF-SUFFICIENT. WE COVER VAST DISTANCES IN OUR JOBS, OFTEN AT NIGHT, OFTEN IN POOR WEATHER.

THE WORK IS INCREASINGLY HAZARDOUS. NUMEROUS OFFICERS HAVE BEEN INVOLVED IN WEAPONS INCIDENTS. IN THE GREAT FALLS DISTRICT ALONE, FOUR OFFICERS, INCLUDING MYSELF, HAVE BEEN WOUNDED BY GUNFIRE WHILE WE CARRIED OUT OUR DUTIES. WE KNOW FROM NATIONAL STUDIES THAT THE STRESS ASSOCIATED WITH LAW ENFORCEMENT WORK LEADS TO LESS LIFE EXPECTANCY. JUST CARRYING A WEAPON ON THE AVERAGE TAKES THREE YEARS OFF THE LIFE OF A LAW ENFORCEMENT OFFICER.

THE NATURE OF SUCH PARAMILITARY WORK HAS TRADITIONALLY BEEN RECOGNIZED THROUGH AN EARLIER RETIREMENT THAN FOR THE REST OF SOCIETY. IN HOUSE BILL 77, WE ASK THAT THE RETIREMENT LEVEL FOR MONTANA HIGHWAY PATROL OFFICERS BE RAISED TO THAT NOW RECEIVED BY MOST LOCAL LAW ENFORCEMENT OFFICERS IN OUR STATE. WE FEEL THAT SUCH AN INCREASE WOULD BE AN IMPORTANT INCENTIVE FOR A PATROL OFFICER TO STAY BEYOND THE FIRST 20 YEARS OF SERVICE. I URGE YOUR SUPPORT FOR HOUSE BILL 77.

THANK YOU

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 4-2-91

BILL NO. 477

TESTIMONY BY: SERGEANT ALAN. W. YOUNG, OF HELENA ON HOUSE BILL 77

BEFORE: THE SENATE COMMITTEE ON FINANCE AND CLAIMS

DATE: APRIL 2, 1991

GOOD MORNING MADAM CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM SERGEANT ALAN W. YOUNG OF HELENA AND I APPEAR TODAY IN SUPPORT OF HOUSE BILL 77.

MONTANA HIGHWAY PATROL OFFICERS ARE NOT COVERED UNDER SOCIAL SECURITY. UPON CONTEMPLATING RETIREMENT AN OFFICER IN MY POSITION (22 YEARS) MUST THINK SERIOUSLY ABOUT LEAVING THE PATROL AND FINDING A JOB TO BUILD 40 QUARTERS TO QUALIFY FOR SOCIAL SECURITY, AND IF POSSIBLE A JOB THAT PROVIDES ADDITIONAL RETIREMENT.

I PERSONALLY HAVE TAKEN A RANDOM SAMPLING OF 11 OTHER STATE LAW ENFORCEMENT AGENCIES. ALL ARE AT 2 1/2% AND TWO OF THESE OFFER 3% RETIREMENT.

MOST COUNTY AND MUNICIPAL LAW ENFORCEMENT AGENCIES IN MONTANA NOW RECEIVE RETIREMENTS BASED UPON 2 1/2% FOR EACH YEAR OF SERVICE.

WE IN THE MONTANA HIGHWAY PATROL FEEL THAT IT IS ONLY FAIR TO BRING OUR RETIREMENT LEVEL INTO LINE WITH WHAT OTHER LAW ENFORCEMENT OFFICERS IN OUR STATE RECEIVE.

OUR EXPERIENCED AND SENIOR OFFICERS ARE A VALUABLE RESOURCE ON THE MONTANA HIGHWAY PATROL, AND LOSING THEM BECAUSE OF AN INADEQUATE RETIREMENT IS A LOSS TO THE PATROL AND MOST ESPECIALLY THE CITIZENS OF MONTANA.

MADAM CHAIRMAN - THANK YOU FOR GIVING ME THE OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 4-2-91
BILL NO. HB 77

TESTIMONY BY: LT. MIKE FRELICK OF GREAT FALLS ON HOUSE BILL 77.

BEFORE: THE SENATE COMMITTEE ON FINANCE AND CLAIMS

DATE: APRIL 2, 1991

GOOD MORNING MADAME CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM LT. MIKE FRELICK AND I RESIDE IN GREAT FALLS. I APPEAR TODAY IN SUPPORT OF HB77, AND, MORE SPECIFICALLY, OUR FUNDING SOURCE FOR THIS PROPOSAL.

AFTER A CAREFUL EVALUATION OF VARIOUS FUNDING SOURCES, WE ELECTED TO UTILIZE THE MOTOR VEHICLE PROPERTY AND CASUALTY INSURANCE PREMIUM TAX FUND, BECAUSE IT'S, VERY SIMPLY, THE MOST APPROPRIATE. ALSO, PATROL OFFICERS HAVE CHOSEN TO INCREASE THEIR OWN INDIVIDUAL CONTRIBUTION TO 9% FROM THE PRESENT 7.5% IN ORDER TO REDUCE THE COST OF THIS INCREASE TO THE STATE BY \$76,000 ANNUALLY, TO AN ESTIMATED \$553,000 PER YEAR.

THE DEPARTMENT OF JUSTICE, AND SPECIFICALLY, THE MONTANA HIGHWAY PATROL DIVISION FURNISHES, AT THE TAX PAYERS EXPENSE, NUMEROUS SERVICES THAT ARE VITAL TO THE VEHICLE INSURANCE INDUSTRY. NEARLY 50% OF ALL MOTOR VEHICLE ACCIDENTS THAT OCCUR WITHIN OUR BORDERS ARE INVESTIGATED BY THE HIGHWAY PATROL. IN 1989 THE PATROL INVESTIGATED 8,276 ACCIDENTS WHILE OTHER ENFORCEMENT AGENCIES HANDLED 9,389 ACCIDENTS.

THE HIGHWAY PATROL DIVISION IS RESPONSIBLE FOR THE MAJORITY OF THE ENFORCEMENT ACTIONS THAT FORCE COMPLIANCE WITH OUR STATE LAW REQUIRING VEHICLE INSURANCE.

FOR THE PAST FIVE YEARS OF CITATIONS AND WRITTEN WARNINGS FOR INSURANCE LAW VIOLATIONS HAVE AVERAGED 14,760 ANNUALLY. LAST YEAR THE TOTAL WAS 15,359.

THE HIGHWAY PATROL HAS ALWAYS PROMPTLY ASSISTED THE INSURANCE INDUSTRY IN PROVIDING COMPLETE ACCIDENT REPORTS AT MINIMAL COST. FOR THE PAST TWO YEARS, THOSE REQUESTS HAVE AVERAGED 2,151 REPORTS ANNUALLY.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5

DATE 4-2-91

Amendments to HB 77

As Amended by the House Committee on Appropriations

Prepared by: Linda King, Assistant Administrator
Public Employees' Retirement Div.

1. Page 3, Line 18. Strike: "fees"
Insert: "taxes"
Following: "policies"
Insert: "as provided in [Section 6]"
2. Page 5, Line 12. Strike: "10.97%"
Insert: "9.53%"

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 6

DATE 4-2-91

BILL NO. HB 77

FACT SHEET
FOR
HOUSE BILL 77

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 7

DATE 4-2-91

BILL NO. HB 77

BACKGROUND

- House Bill 77 seeks to increase the retirement for the 203 officers of the Montana Highway Patrol from the current 2% to 2½% (2½% x Years of Service x Final Average Salary).
- Montana Highway Patrol officers are not covered by Social Security.
- Patrol officers could now be covered by Social Security, if a majority voted to do so, with the state's contribution (7.65%) totalling \$405,594.
- The Montana Highway Patrol seeks to retain officers as long as possible beyond the first twenty years of service. Because Patrol retirement does not now pay them enough to live on, officers presently must consider retiring soon after eligibility, in order to work 40 quarters at a job covered by Social Security.
- Patrol officers now pay 7.59% toward their retirements, compared to 7.50% for most local police officers.
- Under House Bill 77, Patrol officers would increase their individual contributions to 9%. This will decrease by \$76,000 annually the amount needed from the Motor Vehicle Property and Casualty Insurance Premium Tax Fund to about \$553,000 each year.

FUNDING SOURCE

- Funding for the state's portion of House Bill 77 would come from the Motor Vehicle Property and Casualty Insurance Premium Tax Fund. This fund was established in 1917 to provide revenue for the retirements of local law enforcement officers and firefighters.
- This fund is now used to pay a portion of the retirements for police officers in the state's first and second class cities.
- The Motor Vehicle Property and Casualty Insurance Premium Tax Fund generated:
FY 89 = \$6,426,744 (estimated from the 1988 calendar year)
FY 90 = \$6,594,004 (estimated from the 1989 calendar year)
- Disbursements from the fund to police retirements amounted to:
FY 89 = \$1,508,107
FY 90 = \$1,553,232
- Amounts available to the state general fund each year after disbursements:
FY 89 = \$4,918,667
FY 90 = \$5,040,772

APPROPRIATENESS OF THE FUNDING SOURCE

- The Montana Highway Patrol takes enforcement action through citations and written warnings that force compliance with the state law requiring vehicle insurance. Last year, 15,359 such actions were issued.
- Nearly half of all motor vehicle accidents are investigated by the Montana Highway Patrol. In 1989, the Patrol investigated 8,276, while other law enforcement agencies handled 9,389.
- The Montana Highway Patrol has assisted the vehicle insurance industry by providing detailed accident reports when requested. Over the past two years, such requests have averaged 2,151 annually.
- The Montana Highway Patrol officers in 1990 devoted 27,946 regular time hours and 4,101 overtime hours to investigate vehicle accidents.

TESTIMONY
OF THE
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
March 18, 1991

By request of the Department of Natural Resources and Conservation:
A Bill for an act entitled:

"An Act to clarify that all money collected under Title 37, chapter 43, must be reserved for use by the board of water well contractors; clarifying that the board may expend funds from forfeited bonds; amending section 17-7-502, MCA; and providing an immediate effective date."

Purpose

The purpose of this bill is to allow the Board of Water Well Contractors to expend funds received from bonds to repair water wells, compensate affected parties, and cover costs associated with administering Section 37-43-311, MCA, without a budget amendment. The bill will allow the Board to resolve such problems in a more timely fashion, to the benefit of the water user.

Background

Section 37-43-306, MCA, requires all water well contractors and monitoring well constructors to carry a surety bond of \$4,000 to ensure that the licensee will comply with the rules and regulations of the Board. According to existing rules, the Board may collect on a bond after a contested-case hearing. However, the funds cannot be paid out to repair defects in wells or to compensate for damages without a budget amendment. This requirement often limits the ability of the Board and the water users to solve their problems in a timely fashion.

The proposed legislation will help resolve this problem by allowing the Board to use bond forfeitures to repair defects in wells or to compensate for damage at its own discretion. This change will not only improve the timeliness of the Board's response to such problems, but also recognizes that it is difficult to estimate the number of bond forfeitures in any given year and--consequently--it is difficult to allocate funds for repairing wells and compensating for damages.

Implementation

The Board of Water Well Contractors would be allowed to accept and expend all funds it received from bonds required under Section 37-43-306. The funds must be used to repair water wells, to compensate for damages caused by violations of the Board and its statutory guidelines, and to cover the costs of administering Section 37-43-311, MCA. The Board would be authorized to spend the funds without a biennial legislative appropriation or budget amendment.

Fiscal Impact

None.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 8

DATE 4-2-91

BILL NO. HB 418

380000

TESTIMONY FOR HB418

Section 37-43-306, MCA, requires all water well contractors and monitoring well constructors to carry a surety bond in the amount of \$4,000 to ensure that the licensee will comply with the rules and regulations of the board.

H418

This Bill is proposed to allow the Board of Water Well Contractors to expend bond funds without a budget amendment. Current rules allow the Board to collect on a bond after a contested case hearing. However, the money cannot be paid out to, remedy defects in wells, or to compensate for damages without a budget amendment. Because bond forfeitures are being used to correct violations on a frequent basis, the proposed bill will, allow the money to be paid to correct a problem much sooner. Without the proposed change, the customer may be totally without water for an extended period of time.

It is also very difficult to estimate the number of bond forfeitures in any given year, because the number varies considerably from year to year. Thus, it would be difficult to project this money amount as a regular budget item.

Because the money is to be used strictly for remedy of defects or compensation for damages, it should also remain in a separate account.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 9
DATE 4-2-91
BILL NO. HB 418

Would you like to know more?

Information on the Pacific Northwest Economic Region is available by contacting:

Senator Alan Bluechel

e-President Pro Tem
Washington State Senate
Legislative Building
Olympia, WA 98504-0445
6) 786-7672

Betsy Flynn

Northwest Policy Center
University of Washington
327 Parrington Hall DC-14
Seattle, WA 98195
(206) 543-7900

or:

Name _____

Street Address _____

City, State/Province, Zip _____

Phone _____



Pacific North West Economic Region

Senator Alan Bluechel

Vice-President Pro Tem
Washington State Senate
Olympia, WA 98504-0445

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SENATE FINANCE AND CLAIMS

EXHIBIT NO. 11

DATE 1-2-91

Pacific North West Economic Region

Winter 1991

Vol. II No. 1

Ratification Legislation Unanimously Endorsed

More than 70 government leaders meeting in Seattle Dec. 12-15 of last year ratified formation of a new regional economic alliance in the Pacific Northwest and began planning regional cooperative efforts.

State legislative leaders and provincial ministers representing Alaska, Alberta, British Columbia, Idaho, Montana, Oregon and Washington unanimously endorsed legislation creating the Pacific Northwest Economic Region and developed a six-part action plan.

Legislative leaders took the historic step in order to establish a region large enough to compete in the global economy.

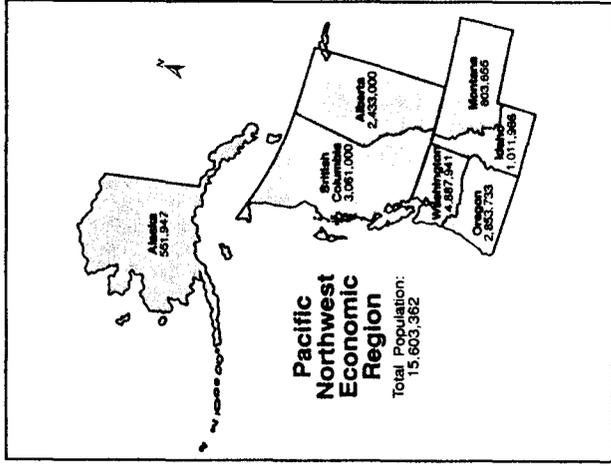
Under terms of the legislation, the economic region will become effective once the articles of ratification are approved by at least three of the state and provincial governments involved.

These articles of ratification will be introduced for approval in each legislative body during the 1991 session. Once approved, they will create an economic region of more than 15 million people with an annual gross product of \$280 billion.

Participants in the December conference expect swift passage of the legislation in most, if not all, the states and provinces.

Policy discussions at the meeting led to regional action plans in six issue areas: pro-

motting tourism development, creating markets for recycled materials, expanding environmental enterprise, investing in the future work force, expanding markets for value-added wood products, and improving telecommunications in higher education.



NORTHWEST LEGISLATORS EXPLORE REGIONAL ISSUES

Legislative leaders from the five states and two Canadian provinces of the Pacific Northwest, meeting in Seattle in December 1990, acted to form a regional organization to pursue collaborative solutions to key policy issues confronting the region. The Pacific Northwest Economic Region (PNWER) will aid states and provinces in developing and establishing policies to promote greater regional collaboration, enhance the region's competitiveness in international and domestic markets, and increase the economic well-being and quality of life of the region's citizens.

Legislation is now being introduced in the states of Alaska, Idaho, Montana, Oregon, and Washington, and the provinces of Alberta and British Columbia to ratify creation of PNWER.

Substantively, PNWER will focus its efforts on six policy areas:

- **Creating Markets for Recycled Materials.** PNWER will examine the barriers to regional cooperation in creating markets for recyclables. After assessing current procurement policies and uniform content standards, PNWER will form a working committee to assist in sharing information and developing uniform content standards.
- **Expanding Environmental Enterprises.** PNWER will develop a regional environmental enterprise database and clearinghouse. Also, it will survey industries to determine their needs and opportunities in the environmental technology area. Other actions will include creating a legislative task force and providing a forum for interaction between industry, environmentalists, the media, and universities.
- **Promoting Tourism Development.** PNWER will organize a seminar for those involved in tourism--both public and private--to explore the potential of its regional development. PNWER will also seek to remove obstacles to increased travel between the states and provinces. At present, it is difficult to fly between most destinations in the Northwest.
- **Investing in the Future Workforce.** PNWER will analyze the barriers to greater regional collaboration in the area of workforce education and training. In addition, it will collect and share information on "best practices" for dealing with such critical workforce issues as the school-to-work transition and the retraining of dislocated workers. PNWER will also organize a series of sector-specific forums to bring together business, labor, and government to identify workforce education and training obstacles and opportunities.
- **Expanding Markets for Value-Added Wood Products.** To increase economic activity in the secondary wood products sector, PNWER will develop a directory of secondary and value-added wood processing firms, and then convene a forum bringing together these firms, university-based researchers, and primary producers to explore further secondary processing opportunities. To expand the export of value-added wood products, PNWER will survey state and provincial export assistance programs, and then convene a conference of legislators and economic development practitioners to explore collaborative efforts such as joint trade missions and joint trade offices.
- **Improving Telecommunications in Higher Education.** PNWER will pilot the use of telecommunications in conducting region-wide teleconferences on selected policy issues. This will be done in cooperation with the Western Interstate Commission for Higher Education's Western Cooperative for Telecommunications.

Staff support for these initiatives will be provided by the Northwest Policy Center at the University of Washington Graduate School of Public Affairs.



Pacific NorthWest Economic Region

The Pacific Northwest Economic Region consists of the Pacific Northwest states of Idaho, Montana, Oregon, and Washington and the provinces of Alberta and British Columbia. Pacific Northwest Economic Region was chosen as the new name for the Pacific Northwest Legislative Leadership Forum (PNLLF) by PNLLF's Steering Committee at its meeting in December 1990. PNWER seeks to promote greater regional collaboration among the seven entities which will enhance the economic competitiveness of the region in international and domestic markets.

The first PNLLF conference was held in October 1989 in Seattle, Washington. Over 60 key legislators from the seven Northwest states and provinces participated in this three day conference. Working groups discussed the potential for establishing regional efforts in the following policy areas: economic development; higher education; human resource development; energy; environment and natural resources.

Legislators agreed at the close of the conference to establish a Steering Committee of 14 representatives from each of the seven entities to pursue further investigation of regional cooperation. In addition, legislators concurred that a baseline inventory of existing collaborative activities should be completed before embarking on the establishment of future efforts. The Northwest Policy Center at the University of Washington Graduate School of Public Affairs was commissioned to conduct this inventory. The Policy Center was also appointed to serve as the secretariat, providing policy counsel and staffing for PNWER until July 1991.

The inventory entitled "Northwest Resources for Regional Cooperation" was completed in August 1990. A copy of this report can be obtained by contacting the Northwest Policy Center (206) 543-7900.

The PNLLF Steering Committee met several times in 1990. It developed proposed strategies for strengthening regional cooperation in the areas of tourism promotion; value-added wood products; environmental technology; workforce training/re-training; telecommunications in higher education; developing markets for recyclables.

Specific proposals for furthering cooperative efforts in the above policy areas were presented to and discussed by legislators at the second PNLLF conference December 13-15, 1990 in Seattle. Following discussions, the legislators approved selected actions in each issue area.

The Governance Subcommittee developed a proposal for a permanent governance structure for the regional entity. This proposal was passed unanimously by legislators during the December conference. The proposal will be placed before each of the seven legislatures for deliberation and ratification during their 1991 sessions. The Northwest Policy Center was designated to continue as the secretariat for PNWER until July 1993.

Members of the Steering Committee also participated in the North Pacific Goodwill Games Roundtable in August 1990. Forty-eight legislators and business leaders from the Pacific Northwest and the Soviet Far East participated in five days of formal roundtable discussions and informal dinners and luncheons. The purpose of the conference was to provide participants with a greater understanding concerning the political, economic and social aspects of the two regions. In addition, participants extensively discussed the potential for cooperation between the two regions.

Please contact Betsy Flynn at the Northwest Policy Center (206) 543-7900 for further information concerning the Pacific Northwest Economic Region, or write The Pacific Northwest Economic Region, c/o The Northwest Policy Center, University of Washington, 327 Parrington Hall DC-14, Seattle, Washington 98195.

Delegates Focus on Changing World Order

Legislative leaders from two Canadian provinces and five U.S. states met for the first time last December to explore formation of a regional economic entity in the Pacific Northwest.

Delegates representing all five states and the two Canadian provinces first met in October of 1989 to consider the potential of strengthening the region's world position through increased environmental protection while enhancing the environment and quality of life.

Delegates heard speakers, including a Canadian diplomat, express strong support for the regional alliance.

Former Canadian Ambassador to the United States Allan Gottlieb applauded the move to form a regional economic entity as "very timely" considering the growing trading relationship forming in Europe and the Pacific

is important that we reinforce and ourselves more competitive," Gottlieb said. "In the light of this vastly changing international economic and political market," he said, "it is important that we act on our own, Gottlieb said, any province is at a competitive disadvantage with powerful 'transnational organizations' forming to promote economic development and trade.

During the three-day conference, delegates adopted plans to create the Pacific Northwest Economic Region (PNWER) in an effort to expand trade and human opportunities.

Delegate Council to Oversee PNWER

Lawmakers agreed to a governance structure for the Pacific Northwest Economic Region giving equal representation to all participating states and provinces.

Once legislation authorizing the PNWER is approved, each state and province will appoint four members to a delegate council with oversight responsibility.

Each four-member delegation will appoint one of their members to an executive committee responsible for submitting an annual action plan to the delegate council for approval.

As regional efforts progress, policy committees will be created to promote activities in specific issue areas.

Northwest Policy Center Appointed PNWER Secretariat

The Northwest Policy Center at the University of Washington Graduate School of Public Affairs was appointed to serve as the secretariat for the Pacific Northwest Economic Region.

Northwest lawmakers have relied on the NPC for policy counsel, research and staff support during the first, exploratory year of the regional alliance.

Regional legislators commissioned the policy center in 1989 to conduct the first baseline inventory of existing collaborative activities between the Northwest States and Western Canadian provinces.

The Northwest Policy Center was formed in 1987. The NPC receives public and private sector funding to research and develop strategies for maintaining a vital economy within the region.

World's 10 Largest Nations by GNP

1. United States
2. Soviet Union
3. Japan
4. West Germany
5. France
6. United Kingdom
7. China
8. Italy
9. Canada

10. Pacific Northwest Economic Region*

* Based on the combined production of Alaska, Idaho, Montana, Oregon, Washington, Alberta and British Columbia.

PNWER Leaders Approve Plans for Regional Efforts

Following recommendations by an interim steering committee, regional initiatives with potential for cooperative efforts were identified in the following six areas: promoting tourism development, creating markets for recycled materials, expanding environmental enterprise, investing in the future work force, expanding markets for value-added wood products, and improving telecommunications in higher education.

Delegates planned policy summits for the coming year in several areas and set specific goals and objectives that included:

- Making the Northwest a major national and international tourist destination.
- Creating uniform content standards and developing regional markets for recycled materials.
- Making the Northwest the world's major supplier of pollution cleanup technology through joint global marketing efforts.
- Raising work-force skill and education standards to make the Pacific Northwest Economic Region competitive in worldwide markets.
- Creation and expansion of markets for secondary, value-added wood products to augment the region's primary timber industry.
- Creation of a telecommunications network to link the libraries in all the region's institutions of higher education.

(2)

Henry Hall

AS FAR AS MY OWN PROPERTY IS CONCERNED MY
COST TO PROVIDE A ROOM WITH THE EMERGENCY
ALL WHICH EXPENDITURE IS IN EXCESS OF 32⁰⁰.

THE STATE EMPLOYEES ARE NO DIFFERENT THAN
ANY OTHER AS THEY EXPECT AND DESIRE TO BE TREATED
EQUALLY WITH ANY FROM HOME

AT THE RATE OF 24⁰⁰ I CANNOT CONTINUE TO GIVE
THESE EMERGENCY AND THEY INCLUDE SUCH ITEMS AS
THE BATH ROOM KITCHEN ITEMS, LINEN TOWELS AS THEY
WE AT HOME, UPDATED PLUMBING ROOM AND 24 HOUR
PHONE SERVICE AT THE FRONT DESK AND THIS INCLUDE
24 HOUR STAFFING FOR THEIR SAFETY AND WELL
BEING

AS I STATED WE IN RURAL MONTANA ARE NOT
VACATION CENTERS SO WE MUST TAKE OUR PROPORTION
IN MANY DIRECTIONS AND THIS INCLUDE STATE AND
GOVERNMENT BUSINESS WHICH INCLUDE THE SMALL MEETINGS
SEMINARS AND CONVENTIONS. IN OTHER WORDS WE ARE
NOT LIMITED TO SERVICE, BUT CANNOT CONTINUE
TO DO IT FOR 24⁰⁰

AGAIN I WOULD ASK FOR YOUR SUPPORT IN HB 520

SENATE FINANCE AND CLAIMS
EXHIBIT NO. X/2
DATE 4-2-91
BILL NO. 520

\$1 raise not set in stone yet

Pay proposals

The following is a chart showing the effect of the various pay proposals. Numbers were provided by administration officials.

The first column lists some common state jobs and the next indicates the current starting salaries for those jobs. The third column indicates what the salary would be raised to in 1993 under HB514. The fourth column shows the salary under the 65-cent an hour plan, and the fifth column gives the salary under the governor's plan.

The salaries listed are those paid to new state employees after they have finished a six-month probationary period. The figures do not include proposed increases in state contributions to employee health insurance.

Job	Current pay	\$1-an-hour 65-cent plan	Gov.'s plan
Secretary I	\$13,785	\$17,945	\$16,489
Cook II	\$14,674	\$18,834	\$17,378
Maintenance worker II	\$15,662	\$19,822	\$18,366
Eligibility technician II	\$17,925	\$22,085	\$20,529
Civil engineer I	\$19,233	\$23,393	\$21,937
Fish, game warden III	\$22,471	\$26,631	\$25,175
Lawyer III	\$29,015	\$33,175	\$32,315
Some div. administrators	\$34,574	\$38,734	\$38,636
Some deputy directors	\$41,248	\$45,408	\$44,421

state closer to one salary for all jobs. They say the bill doesn't do enough to raise pay of technical and professional workers who are quitting state jobs because they can get better pay elsewhere.

They favor a "market-based" system in which pay would be tied to what employers in Montana and surrounding states pay people for the same kind of work. Under such a system, the biggest pay raises go to those workers whose salaries are furthest behind market rates.

Some HB514 supporters admit that is a shortcoming of the bill, but they add that the state doesn't have enough money to solve all the pay problems at once. They say all state employees need a big pay boost because freezes and minimal raises

By STEVE SHIRLEY
Tribune Capitol Bureau

HELENA — Montana's lower-echelon workers would get pay raises of close to 35 percent over two years under the Democratic-sponsored pay package passed by the House last week.

The measure, House Bill 514, provides for \$1-an-hour pay raises for all state workers in each of the next two fiscal years.

Over a two-year period, that amounts to an extra \$4,168 for all full-time workers.

Because everyone gets the same raise, the percentage increase for upper-echelon workers is much smaller — 8 percent for those at the top.

Critics say HB514 is flawed because it gives everyone the same increase in money and moves the

state closer to one salary for all jobs. They say the bill doesn't do enough to raise pay of technical and professional workers who are quitting state jobs because they can get better pay elsewhere.

They favor a "market-based" system in which pay would be tied to what employers in Montana and surrounding states pay people for the same kind of work. Under such a system, the biggest pay raises go to those workers whose salaries are furthest behind market rates.

Some HB514 supporters admit that is a shortcoming of the bill, but they add that the state doesn't have enough money to solve all the pay problems at once. They say all state employees need a big pay boost because freezes and minimal raises

hourly raises in each of the next two years. It would have cost \$83 million, including \$41 million in state money.

Both plans were considerably more expensive than Stephens' proposal, which called for annual raises averaging 4.5 percent over the next two years. It would have cost \$55 million, including \$28 million in state funds.

The pay plan and budget bills now await action in the Senate, also controlled by Democrats.

Republican leaders from both chambers condemned the House Democrats' budget decisions as spendthrift.

"The House Democrats acted irresponsibly," said Senate GOP Leader Bruce Crippen, R-Billings. "They made hollow promises to the state employees that they knew they couldn't fulfill."

House GOP Leader John Mercer, R-Polson, said the Legislature began the

See RAISE, 2D

Bringtime in the Legislature

Quotes of the week

House Majority Leader Jerry Driscoll, D-Billings, advising state workers at a rally to work hard for a proposed \$1-an-hour pay raise: "Don't give up — get the buck."



Driscoll



Hager

Sen. Tom Hager, R-Billings, explaining how he had a dilemma over a proposal to update the state's "living will" law. While Hager spent 38 days in a coma after heart bypass surgery in 1989, his family wrestled with the dilemma of removing his life-support systems: "I have asked myself the question: If I had

Rep. William "Red" Menahan, D-Anaconda, addressing a cheering crowd of about 2,000 state employees seeking a \$1-an-hour pay raise: "Where were you when I was trying to get out of jail" on a drunken-driving charge?

Governor signs 'gender balance' bill

By LEN IWANSKI
Associated Press Writer

HELENA — A bill calling for appointment of more women and minorities to state boards and commissions has been signed into law by Gov. Stan Stephens.

Also among dozens of bills signed by Stephens recently are one giving state agencies an extra \$19.8 million to tide them over for the rest of the fiscal year, measures dealing with sex-related crimes, and legislation that may make it possible for some people to vote absentee by fax machine.

The "gender balance" bill, House Bill 424, began as a firm mandate to the governor but was substantially watered down in the House and again in the Senate. The final version says there must be "positive action" to achieve balance between the sexes and better representation of minorities on appointive boards and commissions.

It further requires that, early in each legislative session, the governor must report to the Legislature

TESTIMONY OF JIM MCGARVEY
APRIL 2, 1991
HB 514

Madame Chairwoman, members of the committee, my name is Jim McGarvey and I am the president of the Montana Federation of State Employees.

I am here in support of the pay plan bill set forth in HB 514.

Over a year ago, the state of Montana requested the assistance of the Waters Consulting Group in addressing the inefficiency of the state employee pay system. The Waters recommendations to the State Employee Compensation Committee were based on two facts, of which state employees were already painfully aware.

1) the present system of pay is antiquated and inefficient.

2) Montana state employees are 23% behind in buying power, as a result of wage freezes and inadequate pay increases.

Now it seems to me that simply consulting rank-and-file state employees would have given us this information without us having to go to Texas.

I support reform of the state pay system and a redoubled commitment to the principles of the Collective Bargaining Act and passing Rep. Menahan's bill is a sure step in the right direction. The flat dollar amount increase of \$1 an hour increase each year of the biennium compensates for the 23% state employee buying power lag, and doesn't give an unfair advantage to those in the higher grades - and, it costs Montana less than the proposed percentage increases.

The Governor's pay proposal based on the State Employee Compensation Committee recommendations is a top-heavy proposal which ignores longevity and the need for a collectively bargained pay system. Labor organizations rejected the plan when they saw what started out as a positive attempt at reconciling the state employee pay problem desecrate into a watered-down proposal benefitting primarily those above grade 15.

Also, consideration of a proposal based on the current state pay system renders Montana with exactly the same problems we have had historically with an all-consuming pay matrix. A single state pay matrix cannot adequately address the 1300 classifications of employees within the state of Montana. Every state agency has

SENATE FINANCE AND CLAIMS
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HB 514

different needs for their employees and every state agency should be able to address those unique needs through the formulation of a separate pay matrix.

Somehow, most state employees were arbitrarily shoved into a pay system that is absolutely insensitive to the dissimilarities of its agencies. Not only is this difficult situation for state employees, but it is a managerial nightmare. Higher Education faculty and the Highways Department crafts council are two of the few groups that are not included in the massive state pay matrix. Neither the faculty, nor the crafts council have to consider the salary and benefit needs of all state employees because they are not tied to the all-consuming state pay matrix. Shouldn't other university employees and other Highways employees have the same rights as those they work with?

It is absolutely crucial that Rep. Menahan's bill be amended to reinstate the provisions regarding negotiable matrices for the agencies. The mechanics for negotiations of separate matrices are currently in place, but the administration needs encouragement to adopt this method of establishing pay levels. While we have met with those whose job it is to negotiate with state employees, not one of those negotiators who sat across the table from us had any authority or intention to bargain until agreement was reached.

HB 514 also addresses the necessity of shift differentials and hazardous duty pay for state employees who, as yet, remain uncompensated for enduring more hardship and danger than other employees with normal schedules or relatively safe working conditions. These two issues are recognized in a majority of states throughout the country, and it is crucial to address them sooner, rather than later.

The stipulation for negotiating classification within the original HB 514 stems from the dysfunctional system of classification we are currently under. There is no means for appealing grade assigned to classification under the current system and because of that, many state employees are assigned to the pay system based on a classification that is outdated or unfairly placed on the matrix.

Until negotiations are mandated by this legislature, administration after administration will continue to shirk its duty to negotiate, as mandated by the Collective Bargaining Act. Until then, you, as legislators, will be forced to determine which of the

many pay proposals is the right one to endorse. No one benefits by this chaotic method of addressing state employee pay, except maybe those in the administration who prefer wiggling out of the responsibility of negotiations over hammering out a good solid agreement with state employee unions.

Believe me, I would have loved to stand before you today and endorse the bill sponsored at the request of Governor Stephens. Unfortunately, that proposal is a unilateral dictation of state employee compensation with absolutely no consideration of the tenets of the Collective Bargaining Act.

I urge you to give Rep. Menahan's HB 514 a do-pass recommendation, so that one day the Governor, his (or her) administration, state employee unions and Montana's workers may stand before this committee and testify in favor of the same bill governing state pay.

OPINIONS

State pay: It's time to start negotiating

What is it worth to Montanans to keep our roads in good shape, to give our kids a good education, to manage our precious natural resources, to make Montana a safe place to raise a family? If the price is real negotiations with public employees, is the Stephens administration willing to pay that price? And what are the consequences to all Montanans of continuing to underpay Montana's state employees?

Just last month, a headline in the *Independent Record* declared "State losing pay fight." When Montana loses the pay fight, it's not just state employees who suffer. State employees provide essential services that all Montanans depend on every day — services that ensure the quality of life we enjoy in this state.

Montana is in danger of losing many of the people who provide these services. The State Employee Compensation Committee, appointed by Gov. Stan Stephens, recently found that state salaries are 18.6 percent lower, on average, than those of employees in comparable positions in the region and in comparable positions with private employers inside Montana. State employees are re-examining their careers in government service in light of Montana's recent history of five or six years of wage freezes and the minimal raises of \$40 a month provided by the last legislature.

The bottom line is this: The problems with our system of employee compensation have serious consequences for all Montana residents. Low salaries continue to erode efficiency and service delivery. Retention problems, problems in recruitment and increased training costs for new employees are the inevitable result of poor pay policies.

There is no savings when a well-trained and experienced prison guard leaves his job with the state because he can earn a better living working in the nearby mines. There is no savings when half of the registered nurse positions at the Montana State Hospital are unfilled due to low salaries. There is no savings when abused Montana children do not receive the attention they need because the state is unable to hire social workers.

The list is becoming endless and may soon prove to be an insurmountable problem if the task at hand is not undertaken expeditiously. The fact is, the prompt and efficient delivery of quality services that keep our communities healthy and safe saves the state's limited financial resources in the long run. Our state workers have the sole responsibility for delivering the high level of quality services Montana citizens and public officials demand.

After several years of contemptuous neglect of state employees by the past administration, Gov. Stephens has final-

ly expressed his concern for them and has spoken of their contribution to Montana's economy and quality of life. The governor's concerns were illustrated by his appointment of the committee on state employee compensation.

The governor has also said the new pay plan system should promote professionalism and the retention of our best and brightest, particularly the highly skilled staff which is essential to providing quality services to the Montana taxpayers.

However, the Montana public and taxpayers concerned with the delivery of quality state services will be watching for the actions taken by the governor and not his expressed concerns. It is refreshing to have the issue of state employee pay and quality state services on the front burner, but words are not enough.

There also exists a dangerous contradiction in Gov. Stephens' expressed concern for a quality state workforce and any plan that will result in the privatization of state services. While the public may not be fully aware of the extent of the governor's plans to contract out essential state services to unknown private enterprises, these plans threaten to devastate Montana's quality services. Saving money is no longer the issue, but rather the dismantling of state government for the sake of dismantling. Such



Jim McGarvey is president of the Montana Federation of State Employees AFL-CIO

been established. The committee's recommendations, if they call for the necessary total reworking of the pay plan, will be complex and costly, making it unlikely that these recommendations will be incorporated into the budget in time for the 1991 session. In football terms, it is like sending in a new play after the ball is snapped on the last play of the game.

What is the solution to the problem of inadequate state employee pay? Collective bargaining, in the true sense of the word. The state must enter into serious pre-budget negotiations with state employee unions before the session convenes. The governor will then have the option of incorporating the results of these negotiations into his budget recommendations to the Legislature, and the Legislature can begin the session knowing what is on the table.

The collective bargaining laws are in place, as are the state personnel whose job it is to negotiate. We simply ask the governor to use the solution that has been hailed in such far-reaching and troubled situations as those found in Poland, South Africa, Germany and the Soviet Union. Negotiations are the truly democratic means of resolving the issue of state employee pay. We must begin the process immediately.

YOUR TURN

actions violate the public's trust in state government for the delivery of quality services which our elected officials promise and the public expects. An open contradiction exists within the Stephens administration's claims that they are concerned with quality in state government.

We have been working with the Committee on State Employee Compensation which is currently studying state salaries and benefits and will make recommendations to the next Legislature. However, many state employees are wary of the timing of the report, which is due out in October. The budgeting process is going on now, and the governor's budget priorities will be complete in September, if they have not already



Montana Nurses' Association

P.O. Box 5718 • Helena, Montana 59604 • 442-6710

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 15

DATE 4-29-91

BILL NO. HB 514

HB 514

Mr. Chairman, members of the Committee, my name is Wilbur W. Rehmann, Labor Relations Director of the Montana Nurses' Association. I am here today to support the concept of the necessity for improving state employee wages and in particular the wages of Registered Nurses who work for the State.

HB 514 is a small step in the right direction but for Registered Nurses, HB 514 does not go nearly far enough. A \$1.00/hour wage increase across the board will not make the state competitive with private sector healthcare institutions.

There are currently vacancies at the Montana State Hospital, Veterans Home, Department of Health and Environmental Sciences, and the University System Student Health Departments. The difference between the private sector and State pay for Registered Nurses is significant -- approximately \$2 - \$4/hour.

HB 514 only gives Registered Nurses \$1.00/hour. Who is going to give the experienced professional care at our many different healthcare institutions? Why will Registered Nurses in Missoula choose to work at the U of M Student Health Service when they can get any number of positions at either of the two hospitals at higher wages? In addition, they will get a \$1.50 - \$1.75/hour shift differential for working the night shift -- which is where most new Nurses begin -- in the private sector.

Who is going to work at the State Hospital at Galen or Warm Springs when they can go to Butte, Helena, Missoula and even Anaconda (where they will make an additional \$.30/hour weekend differential) and make substantially higher wages -- even with the \$1.00/hour proposed in HB 514?

Members of the Committee, the state employee pay system is totally inadequate to recruit or retain Registered Nurses -- the question is not whether Registered Nurses deserve more money, but rather whether the State of Montana will be able to staff its healthcare facilities in the future.

Having said all of that I must point out that you have a very tough task ahead and unfortunately the Governor has not made it any easier with his "No new taxes" and "I have submitted a balanced budget" slogan. The truth is the Governors "balanced budget" is a farce. In the Department of Institutions alone he has not included enough money to fund existing salaries for Registered Nurses. Both the Budget Office and the Department admit that the Governors proposed budget is inadequate to the tune of nearly 1/2 Million dollars. I have included a memo from the Dept. of Institutions to the LFA's office outlining this situation. If you must increase revenue to fund fair and adequate raises for state employees the Governor is very liable to charge you with being irresponsible -- yet he has submitted a so-called "balanced budget" that is balanced on the backs of state employees.



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Amendment to HB 514

In terms of specific approaches to HB 514, MNA submits the following Amendment to Section 8 on page 6 of the gray bill on "Competitiveness of compensation for Registered Nurses".

"The Department shall review the competitiveness of the compensation provided to Registered Nurses and other occupations under this part including the University System....

(ADD at the end)..."Once a majority of Registered Nurses under this section have been given a pay exception then all other Registered Nurses, including the University System shall be paid at an equivalent level in order to maintain internal equity of the pay plan."



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March 27, 1991

PAY PLAN FACT SHEET

Registered Nurses working for the State of Montana as staff nurses, at any of its Departments or Institutions are classified as either Grade 12, 13, 14, 15, and their pay levels under the Governors proposal and the \$1.00/hour proposal are as follows:

	<u>GOVERNOR STEPHENS*</u>	<u>\$1.00/HOUR</u>
RN GRADE 12	\$.34/hour	\$1.00/hour
RN GRADE 13	\$.37/hour	\$1.00/hour
RN GRADE 14	\$.40/hour	\$1.00/hour
RN GRADE 15	\$.44/hour	\$1.00/hour

*(The so-called "Open-Range" plan which is supposed to provide competitive market raises.)

YOU BE THE JUDGE -- WHICH AMOUNT IS FAIRER?

WHY HASN'T GOVERNOR STEPHENS FUNDED CURRENT REGISTERED NURSE SALARIES IN THE BUDGET HE SUBMITTED TO THE LEGISLATURE?

WHY WON'T THE GOVERNOR SUPPORT REGISTERED NURSES AND OTHER STATE EMPLOYEES?

WHY WON'T GOVERNOR STEPHENS COME OUT?

MONTANA NURSES' ASSOCIATION

HOSPITAL	SHIFT DIFFERENTIAL EVENING/NIGHT	ED./CERT. PAY	CALL PAY	CHARGE PAY	SPECIALITY PAY	WAGE RANGE
No. Mt. Havre	.55/.80		1.50	.40		11.52-13.91*
Bozeman Deaconess	.50/1.00		1.50	.50	(11-1-90) .25 (11-1-91)	11.60-15.44 12.18-16.21
Deaconess Billings	.65/1.10	reimbursed test fee .20	1.55	.95		11.80-17.20
St. James Butte	.75/1.00	.30 (BSN)	1.50	.50	1.00/hr (12/1/90) (2nd weekend) (12/1/91)	11.70-16.00 12.30-17.50
St. John's Libby	.50/.75	.20-.40	1.25	1.00	.40-1.00 clinical area (10/1/90)	10.35-12.80 10.85-13.35
Anaconda Comm. Anaconda	.60/both		8.00/weekday 10.00/weekend	.55	.30/hr. wknd dif.	12.05-14.90 12.75-15.65
St. Peter's Helena	.60/1.00 .65/1.05 (7/2/90)	.60	1.40	.97-1.25 Extra wknd worked @1.5	.60-.74	12.02-15.13
St. Patrick's Missoula	.75/1.75	.50	1.50	.50		11.95-17.34 12.67-18.38
Glendive Comm. Glendive	.65/.80		2.00	.90/.80-Nsg Hm		11.00-14.60 11.55-15.33
Missoula Community Missoula	.75/1.50	.20 AHA	\$20/8 hr \$27/16 hr \$40/24 hr	1.00	.75 Amblnc (7/1/90) (7/1/92)	11.90-16.99 12.62-18.01
State Hosp (Grade 15)	.00	.00	.00	.00	.00	10.87-15.00
Veteran's Home (Grade 13)	.00	.00	.00	.00	.00	10.03-13.85
MSU Student Hlth (Grade 13)	.00	.00	.00	.00	.00	10.03-12.75

*=in negotiations

revised 01/91

Steve Johnson

Average Increase by Grade
FY 92

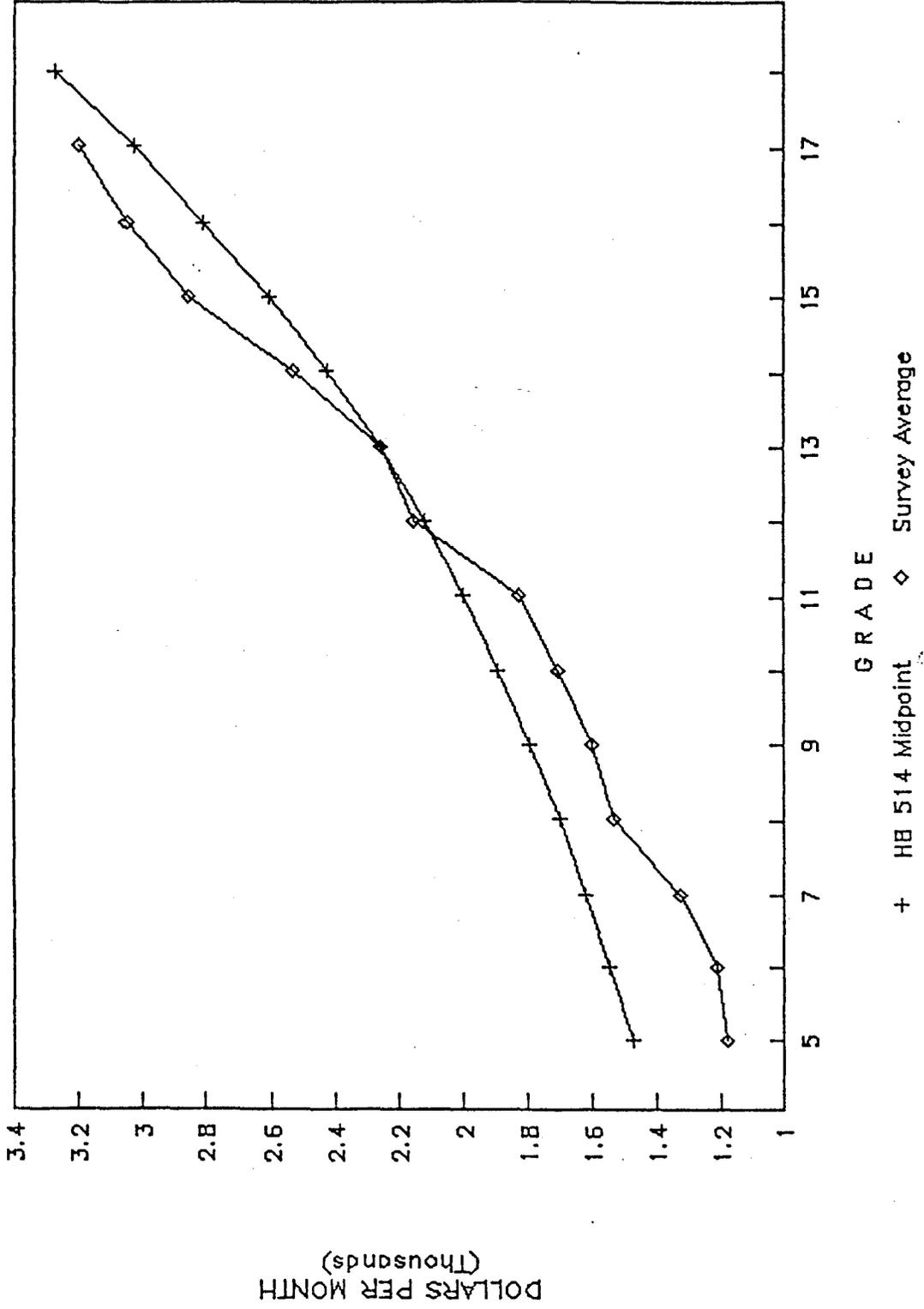
<u>Grade</u>	<u>% Increase</u>
5	16.87%
6	15.59%
7	14.41%
8	13.61%
9	12.66%
10	11.74%
11	10.73%
12	10.09%
13	9.37%
14	8.54%
15	7.66%
16	6.95%
17	6.34%
18	5.78%
19	5.34%
20	4.81%
21	4.50%
22	4.27%
23	3.89%
24	3.86%
All Grades	10.7%

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 16
DATE 4-2-91
BILL NO. HB 514

Percentage Increase over FY 91 - HB 514 - FY 92

Step Grade	1	2	3	4	5	6	7	8	9	10	11	12	13
1	22.8%	21.1%	20.7%	20.3%	19.9%	19.5%	19.1%	18.7%	18.3%	18.0%	17.6%	17.3%	16.6%
2	21.6%	20.1%	19.7%	19.3%	18.9%	18.5%	18.1%	17.8%	17.4%	17.1%	16.7%	16.4%	15.8%
3	20.5%	19.0%	18.7%	18.3%	17.9%	17.6%	17.2%	16.9%	16.5%	16.2%	15.9%	15.6%	14.9%
4	19.4%	18.0%	17.7%	17.3%	17.0%	16.6%	16.3%	16.0%	15.7%	15.3%	15.0%	14.7%	14.2%
5	18.3%	17.0%	16.7%	16.4%	16.0%	15.7%	15.4%	15.1%	14.8%	14.5%	14.2%	13.9%	13.4%
6	17.3%	16.0%	15.7%	15.4%	15.1%	14.8%	14.5%	14.2%	13.9%	13.7%	13.4%	13.1%	12.6%
7	16.2%	15.1%	14.8%	14.5%	14.2%	13.9%	13.6%	13.4%	13.1%	12.8%	12.6%	12.3%	11.9%
8	15.3%	14.2%	13.9%	13.6%	13.3%	13.1%	12.8%	12.6%	12.3%	12.1%	11.8%	11.6%	11.1%
9	14.3%	13.3%	13.0%	12.8%	12.5%	12.3%	12.0%	11.8%	11.5%	11.3%	11.1%	10.9%	10.4%
10	13.4%	12.4%	12.2%	11.9%	11.7%	11.5%	11.2%	11.0%	10.8%	10.6%	10.4%	10.2%	9.8%
11	12.5%	11.6%	11.4%	11.1%	10.9%	10.7%	10.5%	10.3%	10.1%	9.9%	9.7%	9.5%	9.1%
12	11.6%	10.8%	10.6%	10.4%	10.2%	10.0%	9.8%	9.6%	9.4%	9.2%	9.0%	8.8%	8.5%
13	10.8%	10.1%	9.9%	9.7%	9.5%	9.3%	9.1%	8.9%	8.7%	8.6%	8.4%	8.2%	7.9%
14	10.0%	9.3%	9.1%	8.9%	8.7%	8.5%	8.3%	8.2%	8.0%	7.8%	7.7%	7.5%	7.2%
15	9.2%	8.5%	8.3%	8.2%	8.0%	7.8%	7.7%	7.5%	7.4%	7.2%	7.1%	6.9%	6.6%
16	8.4%	7.8%	7.7%	7.5%	7.3%	7.2%	7.0%	6.9%	6.8%	6.6%	6.5%	6.3%	6.1%
17	7.7%	7.2%	7.0%	6.9%	6.7%	6.6%	6.5%	6.3%	6.2%	6.1%	5.9%	5.8%	5.6%
18	7.1%	6.6%	6.4%	6.3%	6.2%	6.0%	5.9%	5.8%	5.7%	5.6%	5.5%	5.3%	5.1%
19	6.5%	6.0%	5.9%	5.8%	5.7%	5.5%	5.4%	5.3%	5.2%	5.1%	5.0%	4.9%	4.9%
20	5.9%	5.5%	5.4%	5.3%	5.2%	5.1%	5.0%	4.9%	4.8%	4.7%	4.6%	4.6%	4.6%
21	5.4%	5.0%	4.9%	4.8%	4.7%	4.6%	4.6%	4.5%	4.4%	4.3%	4.3%	4.3%	4.3%
22	5.0%	4.6%	4.5%	4.4%	4.3%	4.3%	4.2%	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%
23	4.5%	4.2%	4.1%	4.1%	4.0%	3.9%	3.8%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
24	4.2%	3.9%	3.8%	3.7%	3.6%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
25	3.8%	3.5%	3.5%	3.4%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
1	2	3	4	5	6	7	8	9	10	11	12	13	13

PAY PLAN COMPARISONS WITH SURVEY



SENATE FINANCE AND CLAIMS

EXHIBIT NO. 17

DATE 4-2-89

BILL NO. HB 514

TESTIMONY OF STEVE JOHNSON
IN OPPOSITION TO HB 514

Madam Chair, members of the committee, my name is Steve Johnson. I am Chief of the State Labor Relations Bureau. I also serve as chief labor negotiator for the executive branch of state government in collective bargaining. I appear before you today in opposition to HB 514.

I am opposed to HB 514 for three main reasons: (1) It is too expensive; (2) it does not address current pay problems; and (3) it creates additional problems.

HB 514 would require a general fund appropriation of about \$66.5 million. Given the number of demands on a limited state budget, a \$66.5 million pay plan is simply not realistic.

As you are no doubt aware by now, the 1989 legislature, through a bipartisan effort, established a committee on state employee compensation. The committee hired a professional consultant to evaluate the state's pay practices and recommend changes. After meeting for a year, the committee identified several major problems in the state's pay system. I will discuss two of them.

1. Pay is Not Competitive.

Salary surveys show that in general, state salaries are well below those paid by other employers, both public and private sector. This is particularly true in professional, technical and managerial occupations. The state competes for these positions in a bigger and more expensive market.

2. Pay is Compressed.

The pay system itself is technically flawed. Because steps have been frozen for so long, employees with five years of service earn the same as those with six months. Supervisors in some cases earn less than the employees they supervise.

In addition to this compression problem within grades, pay between grades is also compressed. Employees in lower grade levels have historically gotten larger percentage pay increases than those in higher grades. As a result, the

percentage difference between grade levels has shrunk. There is gradually less and less incentive for employees to seek promotions and take on added responsibilities. As an employer, the state is doubly disadvantaged. It can't recruit from within the organization or from the outside.

HB 514 does not fix either of the problems. In fact, it makes both problems worse. By paying employees at lower grade levels well above what other employers in a five-state region pay, the state will lead the market in those occupations. [GIVE HANDOUTS] However, the state does not compete for those occupations in a five-state market. Those positions are generally filled locally.

In the professional and managerial grade levels, on the other hand, even after spending \$66.5 million, the state will continue to lag behind the market. [GIVE HANDOUTS]

HB 514 also results in further pay compression. Steps remain frozen. The difference between grade levels continues to shrink.

The bill also causes some additional problems. For example, HB 514 discusses negotiations over shift differential and hazardous duty pay, but does not appropriate any funds for that purpose. General fund agencies such as the Department of Institutions would be hardest hit by any such additional costs.

The bill also deletes the statutory requirement that employees in a bargaining unit must ratify a new collective bargaining agreement before receiving their pay increases. I believe this change would greatly discourage settlement between the parties in collective bargaining. In the private sector, granting a pay increase while negotiations are still underway amounts to an unfair labor practice by the employer.

You have no doubt heard the comment that the state does not have enough money to fix all the pay problems. While that may be true, it does not mean that the state should simply throw up its hands and not address any pay problems. We in the Department of Administration will be happy to assist this committee in any way we can to help devise a pay plan that addresses current pay problems at a realistic cost. HB 514 does not accomplish that objective.

Thank you for your time and consideration.

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Thank you for your time and consideration.

Amend H.B. 514 (blue third reading copy) as follows:

Page 5, line 23 through page 6, line 7, reinstate all the stricken language. Within the reinstated language change 1991 to 1993 and 1989 to 1991 wherever such years appear.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 18

DATE 4-2-91

BILL NO. NB 514

DATE 4/2/91

COMMITTEE ON Finance and Claims

NB 77, 300, 418, 508,
HB 511, 514, 520, 544

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Tom Schneider	MPEA	77 520 514	X	
R Budd Gould	Sponsor	HB 544	X	
Henry W. GEAR	Motor & Auto Industry + NIFA	HB 520	X	
Jessie Leonard	MFSE	418 514	X	
DAKE FRIDERS	HIGHWAYS	HB 514	X	
Steve Gird	Highways	HB 514	X	
CHARLES OLSON	HIGHWAYS	HB 514	X	
Chuck Charles	"	HB 514	X	
Mark A. Sewer	Highways	HB 514	X	
Mick Robinson	Justice	HB 511 HB 344	X	
Larry Frideres	Highways	HB 514	X	
Jay Rambo	Highways	HB 514	X	
Dennis Dietrich	Highways	HB 514	X	
TERRY STEEN	Highways	HB 514	X	
George Nagorin	AFSCME	HB 511 530	X	
Dennis W. Key	DSh	HB 300	X	
Terry Minden	MFSE	HB 514 520	X	
MARK LANGDORF	AFSCME	HB 514	X	
Ben Steen	Highways	HB 514	X	
Lynda Faulkner	Highways	HB 514	X	
John Adam	MPEA	HB 514	X	
Wilbur Reimann	MNA	HB 514	X	
Phil Campbell	MEA	HB 514	X	
Picki Coocuaella	HO 59	514	X	

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS

Date 4/2/91 House Bill No. HB 418 Time _____

NAME	YES	NO
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		✓
SENATOR BENGTON	✓	
SENATOR BIANCHI	✓	
SENATOR DEVLIN	✓	
SENATOR FRITZ	✓	
SENATOR HAMMOND	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT		✓
SENATOR KEATING	✓	
SENATOR MANNING	✓	

Lynn Staley
Secretary

Chairman

Motion: Be concurred in motion by
Sen Hammond

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS (Continued)

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR NATHE		✓
SENATOR STIMATZ	✓	
SENATOR TVEIT		
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING		
SENATOR JACOBSON		✓
<i>Senator Franklin</i>	✓	

Secretary

Chairman

Motion: _____

