

The meeting was called to order at 8:00 a.m., with Chairman Brand presiding. Representatives Bardonouve, Lien and Turner were excused for other meetings; Representatives Menahan and Meyer were absent.

Richard Hargesheimer submitted his summary, see attachment #1.

SB 174-Sen. Turnage, sponsor--The intent of this bill is to check some inequities - hopefully, to assure that a sheriff can transfer his previously earned credits. In putting the bill together, a conflict arose; and those credits earned prior to the sheriff's service were not allowable. I have some witnesses -

TOM DOWLING, Montana Sheriffs' and Peace Officers' Association--We promised the secretary we would be brief with these, so I just want to voice our support.

LARRY NACHTSHEIM, Administrator, PERS--There is a limitation built into the bill. Former statutes limited "previous service" to only sheriffs. The cost is minimal because the funds are already there. We don't feel there are many people who can take advantage of this.

RYAN-In transferring the credit - after the PERS contributions were withdrawn, was there a time limit? NACHTSHEIM-June 1, 1974 - they had to be in the sheriffs' retirement system by then. RYAN-Do you have any idea how many people this might involve? DOWLING-Perhaps 10. BRAND-If you are transferring the pension from one to the other, would it reduce the pension? NACHTSHEIM-The sheriffs' pension is in better shape than PERS.

SB 204-Sen. Turnage, sponsor--This also deals with the sheriffs' retirement system. It allows the sheriffs to qualify military time for credits.

TOM DOWLING, *ibid.*--As I understand, the Highway Patrol can do this, also PERS and teachers. So, this allows sheriffs to qualify military time.

LARRY NACHTSHEIM, *ibid.*--Besides the cost of service, you also have to pay the cost of the change. This puts the cost of the military service on the individual sheriff. The sooner the sheriff buys it - the cheaper it is. It is based entirely on the man acquiring the service.

RYAN-Does this mean a sheriff could retire in 15 years with 5 years' credit? NACHTSHEIM-No, he could use the military credit with his years in the sheriffs' system in excess of 15 years. In essence, you should be 3/4 vested before you can be out. MULAR-This would become effective on July 1 - would the local government code make any difference in the salaries? NACHTSHEIM-No. RYAN-Is there a provision here that he may transfer to PERS, or can he remain in the sheriffs' system? NACHTSHEIM-There's no reciprocity here. This is an attempt to check the situation as it was drawn up. BRAND-Could you buy your military service in both plans? NACHTSHEIM-No. There are sections that cover it.

SB 274-Sen. Turnage, sponsor--This bill will assure that certain beneficiaries will be entitled to compensation.

TOM DOWLING, *ibid.*--This deals with benefits for survivors when sheriffs die within the line of duty, or are disabled. With this, if he gets 50% of his final salary

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through Workmens' Comp, he could get none of his retirement. If the wife is unable to collect, the minor children could get it.

LARRY NACHTSHEIM, *ibid.*—The actuary advised us that the cost would be minimal. Under the present application, if someone is receiving compensation in excess of 50% of the salary; then, as the children get older, the benefits would reduce. This way, they can get the money now.

DOWLING—This goes back to July, 76; in order to pick up the sheriff in Yellowstone County. That was not the first time such a thing has happened.

TURNAGE—I would recommend that Rep. Keyser be allowed to carry these.

SB 171—Sen. Dunkle, sponsor—Two years ago, we had a bill to allow people to buy back prior service, but that had a time limit on it. Some people didn't make it, and consequently they didn't have enough time to qualify for retirement. This allows the employee to go in for review to go back and buy time. The other thing is that we put together the first bill with a 5 year basis; so that when you reached 5 years, you had vested rights - but we forgot to change 10 years to 5 for when state employees die. So, we are asking that 10 be changed to 5 for death benefits.

TOM SCHNEIDER, MPEA Executive Director--I passed out a sheet on this (see attachment #2) to explain what is being done. Prior to 1973, any time can be bought back; but the records are getting old and it gets harder to get at them. I wrote this bill for my aunt - she went to work for SRS and didn't get credit for her first 6 months of probationary service, so she had to work 6 months more. Also, there was one provision which was not addressed two years ago, and this bill checks that. We funded the whole thing two years ago, and we ask for your support.

LARRY NACHTSHEIM--We discussed this Schneider beforehand, and there were some other applicants besides his aunt. They are required to produce the old records.

DON JUDGE, AFL-CIO, AFSCME--We have some members in the school system that this would benefit, and we support it.

BRAND—How many people will this affect? NACHTSHEIM—Somewhere between 1500 and 2000 requests came in before. We continually sign new contracts with people like small school districts. Those people have one year to apply, and they may not go back prior to the one year date to buy back service. Before we were asking the system to look up the records, with this, the employee has to find the records. Present employees may elect to stay out of PERS. RYAN—If the employee chooses not to pay the money, and so does the employer, can he not retire or does he lose the money? NACHTSHEIM—It depends - the statute says that it must be the same for all employees. Most employers pay back the contributions, and the employee pays the interest.

SB 260—Sen. Dunkle, sponsor--This is for employees who will be retired as of July 1, 1977; and it addresses the increased cost-of-living. It is based on the percentage of increase in the last few years and the cost index. The figures are off in the fiscal note. This also provides for the option of "survivor". In SB 171, we talked about the five years' benefit clause, and this changes 10 to 5 again to make the whole system consistent.

TOM SCHNEIDER, *ibid.*—Since 1971, there has been a two year up-date of cost-of-living to retirees. This was amended in the Senate to keep it from being any increase in

cost to the system. An actuary assumes a rate of interest when he computes the cost of a system. The basis for providing this cost-of-living increase is that investment income is over and above the interest rate assumed. When this occurs, it is only proper that the retirees should get this increase. I do support the other elements.

LARRY NACHTSHEIM, *ibid.*-This is mainly a change of philosophy. We will take care of people with vested retirement interest, and workmens' compensation will take care of disabilities. (see attachment #3 for further details)

KROPP-This fiscal note isn't right then? NACHTSHEIM-No, the fiscal note was based on 49%. We didn't feel we could take the .8%. BARDANOUE-What if the interest falls off on the investment? NACHTSHEIM-The actuary advised us that we would be funded for 27 years, and without this bill we would make it in 24. BARDANOUE-How much will you cut off then? NACHTSHEIM-We will be closer to 40 years' funding with this - - about 36 years -- still under 40 years, which is the accepted guideline. We are extending the mortgage deadline. We are not asking for any more employer money to do this.

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SB 51-Mular moved to amend the bill on page 2, line 17 - reinstating the stricken language and deleting the language underlined - plus, the corresponding title amendment.

BRAND-What they are doing is taking our power away from us and giving the Senate more.

O'Connell made a substitute motion of NOT BE CONCURRED IN, which carried, with Kropp, Fedra and Smith voting no.

SB 171-Fedra moved that the bill BE CONCURRED IN, which carried unanimously - except that Ryan abstained on the grounds of personal interest. Mular will carry it.

SB 174-Fedra moved that the bill BE CONCURRED IN, and the motion carried, with Kropp and Smith not voting for reasons of obstinancy.

SB 204-Turner moved the bill NOT BE CONCURRED IN, which failed - so O'Connell moved to reverse the vote, then Smith decided to change his vote, so that tied it--therefore, the bill went out with NO RECOMMENDATION.

SB 260-O'Connell moved that the bill BE CONCURRED IN.

BARDANOUE-What does this cost within the system? NACHTSHEIM-In the biennium, it will cost upwards of \$1,000,000; but the interest income and Social Security cover that totally. The actuary says we will still be in the best condition of any system in the state. The average benefit is \$190 a month, so I don't think we are giving away the world.

O'Connell's motion passed with Smith, Kropp, Tower and Turner voting no. Brand will carry it on the floor.

SB 274-Kropp moved that the bill BE CONCURRED IN, which carried unanimously.

MEETING ADJOURNED - 9:40 a.m.

Joe Brand, Chairman

Anita C. Sierke
Anita C. Sierke, Secretary