

MINUTES OF THE APPROPRIATIONS COMMITTEE
HOUSE OF REPRESENTATIVES
State Capitol, Room 225

April 11, 1977

The Chairman called the meeting to order at 11:00 a.m. Roll call was taken, and a quorum was present. (Roll call attached.)

The Chairman stated the purpose of the meeting is to have a hearing on House Bill 834, the pay plan for state employees.

Representative Moore said this bill has been heard before, and he hoped we would not have to give it a complete hearing, which would include testimony of witnesses. Chairman Bardanoue stated we have always given a hearing to any bill before the committee; if any of the persons present wished to speak to the bill, they may do so.

House Bill 834: Act to establish and fund a compensation plan for state employees for the 1979 biennium...

Representative Carroll V. South, District 51, sponsor of the bill, presented the bill to the committee, explaining this is the new state employees pay plan for the next two years.

The new matrices were arrived at as follows, Rep. South said: For 1978, add \$416 to the current level 1977 salary; take that total times 2.35% and add that figure to the current salary. Add \$10 additional health insurance premium.

For 1979: Add \$458 to the salary for 1978, less the \$240 health insurance premium. Take that figure times 2.35%; add \$10 additional health insurance premium.

The provisions of H.B. 183 which authorize \$20 per month the first year and \$30 per month the second year for health insurance premiums to be paid by the state have been included in this bill, and H.B. 183 is no longer necessary.

The new pay plan is in the form of a bill and will become statute; it has an appropriation to fund it which will go through the office of budget and program planning. All pay increases for the university system have been taken out, and the appropriation in this bill does not include the university system.

Another difference is that blue collar and craft workers, and teachers, are excluded from this plan. They will not receive more money, but the executive is presently working with these people on a separate pay plan as this one is not compatible with those workers.

Rep. South continued, explaining that H.B. 834 would allow each bargaining unit to receive more than the \$20/\$30 health insurance premium if they choose to have the payment higher than that figure, but would include whatever amount is negotiated. This is an all-encompassing increase; health insurance premiums contributed by the state are included in the matrices.

There is a problem, Rep. South added. It was my suggestion that this pay plan keep state employees in their present grade and step, and raise the entire matrix to reflect all the changes. I did this for the reason that presently after one year with the state, employees get an automatic step increase. If they stay with the state long enough, and many do, they will be out of Step 13 and there is nowhere they can go. I thought the problem would be solved by raising the matrix. The problem is that an employee having an anniversary date of June 15 this year would automatically get two 2.35% increases, which probably is not fair. We may have to make changes.

Every grade and step is raised in this plan. Employees would not automatically move up a step when their anniversary date occurs, but the entire matrix would raise.

Proponents:

Don Judge, Field Representative of the AFL-CIO rose in support of H.B. 834. This bill reflects the negotiations, he stated. The wording allows more to insurance and less to wages if the employees feel it should be that way.

Representative South spoke to our problems. We had arrived at a settled agreement for July 1st and anniversary increases. We do have a problem with those employees in Step 13. We would be willing to work with the committee in trying to solve this problem, but it is a problem.

Don Judge added that there are two amendments which they would offer; they should have been considered in the select committee, and were agreed to by management and labor. Mr. Judge stated he did not believe the select committee acted on these. On page 9, line 12, following "absence", strike the remainder of the sentence. In negotiations, both labor and management agreed on leaves up to six (6) months, as in this proposed amendment.

On line 19, page 12, following "For", strike "state". This is a negotiable item, Mr. Judge continued, and may confuse the issue. The intention is to have local government and state employees included, and the way the bill is now could create a problem. The language was intended to open this up for state and other local government units. Leaving in the word "state" will create a problem.

With these amendments, we would support this bill and will work to straighten out the problem Rep. South pointed out, Mr. Judge concluded.

Tom Schneider, MPEA, explained there is a problem with the steps, but we support the bill. It is up to the committee and the legislature to determine what method will benefit the most and injure the least. I have no answer, he stated. The problem is that people with anniversary dates in June will get double step increases, and others will lose a step increase; you will have to come up with the answer.

Mr. Schneider stated he agreed with the amendments on page 9. If you go back to the statutes which exist for maternity leave, he stated, you will find that maternity leave can extend for up to 9 months, and provide there will be no loss of benefits. In this bill we have said they will lose longevity as it is now, which is contrary to the statute.

Mr. Schneider continued, stating that as to the proposed amendment on page 12, he speaks to the other direction. Current law, and the bill, provide for schools and local government units which receive about \$10, and it is not limited to collective bargaining. If this were applied to the next section where it says only for collective bargaining -units, we would be taking benefits from local government units who already receive this. Another problem is that the amendment says local government is limited to nothing less than \$10, but on page 8, line 7, the bill provides that employees may determine the amount in the matrices. When you apply this along with the language "state employees only", you create a conflict. We don't want to raise local government up to \$20/\$30. I think the language is clear; it says for state employees only, and that is the intent of this bill. If you amend this, it will change the current method by which health insurance is being handled in local government, Mr. Schneider stated.

NO OPPONENTS.

Questions:

Rep. Marks asked what is the use of having steps if you have decided not to allow step increases. Rep. South replied the idea of steps is to show where each additional employee is within the salary grade. He explained again the problem of Step 13 employees having no place to go; this would be alleviated by raising the matrix.

The committee then discussed the effects that might occur from the health insurance increase not being taxable. Representative South explained that the bill as amended now requires that you take the additional health insurance, or you are \$20 short. The Chairman expressed concern that this might be worked in a manner that would raise an employee's retirement and put him at a higher salary level for purposes of retirement. Rep. South explained this can't be done on an individual basis; it has to be done on a union basis. Rep. Marks asked how the state comes out paying the additional health insurance vs. wages, and Rep. South replied it is better for the state, because for every \$10 paid in wages, there is a 13% increase in benefits.

Rep. South asked that the committee discuss the problem which he had explained earlier. If the desire is to go back to the step and grade method, Mike Billings can have the new language and matrices by 4:00 p.m. today, Rep. South explained. It was agreed the problem should be corrected before the bill goes to the floor. The problem of some employees possibly getting two 2.35% increases within a few months of each other as opposed to going back to step increases, which will result in some employees reaching Step 13 and having no further place to go has to be resolved.

Longevity was discussed as a solution. The consensus of the committee was that they are at a disadvantage trying to resolve the problem when they are not familiar with the entire bill, and it was decided that the select committee should meet and address the problem, and report back to appropriations, before appropriations takes action on H.B. 834.

Rep. South stated in defense of the matrices; it was his idea that everyone should stay in the grade and step they are in now and to raise the matrix. The steps would then be used for merit increases. He believes merit increases could and should be the prerogative of management and not be negotiable. Management could then give merit increases on a step basis. Rep. South does not totally support striking this language.

Representative Lund moved that we PASS CONSIDERATION on H.B. 834.
VOTE: Motion carried unanimously.

EXECUTIVE SESSION:

SJR 42: The committee discussed exactly what the resolution proposes; the Chairman stated they are not to do a study, but are to consider the feasibility of making a study. Representative Gunderson mentioned there is potential that \$20,000 can be obtained from the Old West Regional moneys to fund this.

Rep. Estenson moved that bill be NOT CONCURRED IN. SUBSTITUTE MOTION by Rep. Bradley that SJR 42 BE CONCURRED IN. VOTE: Substitute motion carried with 10 members voting aye, 3 no, 4 absent. (Roll call vote attached).

The meeting adjourned at 12:05. The committee will meet tomorrow, April 12, at 9:00 a.m. in Room 225.

FRANCIS BARDANOUE, Chairman