

April 11, 1977

The meeting of the Joint Select Committee on Employee Compensation was called to order at 5:00 p.m. in room 225 of the State Capitol Building by Senator Joe Roberts, Chairman. The roll call was taken and a quorum was present. The purpose of this meeting was for the reconsideration of House Bill 834, which is presently in the House Appropriations Committee.

Mike Billings, Director of the Office of Budget and Program Planning, proposed the attached amendments to the committee because an individual coming on at step one winds up making the same amount as someone having been at step one for as many as three years; this will cause problems for the employees. He further explained that if the anniversary date for an employee is July 1 or in the first part of the fiscal year, there would be no problem. But if there is an employee who is hired at a salary of grade 12, step 1, he will receive compensation for grade 12, step 1 of \$12,575 on July 1 and on his anniversary date he would move up one step. This will prove to cost the state less, also, Mr. Billings stated, although the exact figures are not available. This proposal is entirely consistent with the current rules.

Representative South, sponsor of this bill for the pay plan, said this is the best way to go. He thought before that we could give merit increases and not necessarily give increases only on the anniversary date. Eventually there will be a problem with a lot of people at the top, step 13, with no place to go. But this proposal will solve the problem of a person being hired on May 1 of this year and then getting the step increase on July 1; the increase would be unfair to the other employees. There are problems no matter how we work the pay plan and sooner or later we will have to determine where we are going to go with pushing the employees up the matrix every year.

Representative Fabrega asked for clarification on the increase; it was explained that it would be a 2.35 percent increase in lieu of the step increase. Currently under the pay plan, a person has to move up a step to get the 2.35% increase.

Senator Stephens asked what the attrition rate is among state employees; Mr. Billings responded that they are not able to tell accurately right now but in two years the information will be available from the data bank. It is probably about 3.5 years for the average length of service.

Mr. Billings stated that right now, when an individual is promoted his anniversary date changes to the date the promotion is effective. There is a lawsuit regarding this right now over the language "on his anniversary date as determined by the department of administration." Tom Schneider of the M.P.E.A. explained that the HJR 37 from the last session was very clear in its language, and that is the basis for the lawsuit.

Don Judge of AFSCME, AFL-CIO, indicated that they feel the anniversary date increases should be the way they were negotiated

MOTION: Senator Fasbender moved that the amendments proposed by Mike Billings on the attached sheet be adopted for page 2, line 3 and page 2, line 12. Also that the language in those amendments be changed from "the anniversary date of his employment" to "the employee's anniversary date."

VOTE: The motion carried unanimously by voice vote (7-0). Representatives Driscoll and Tropila not present.

MOTION: Representative South moved that the amended matrices be adopted as set forth in the schedule presented today.

Discussion: Representative Fabrega felt this would commit the state even more to the blue collar plan. Representative South said it would ensure that we would have to have a blue collar plan. Senator Himsl asked if the collective bargaining agreements could be any place on this matrix; the response from Representative South was that it could not, as the only ones excluded are the blue collar crafts and the teachers. They will not be on this matrix but on a new plan.

VOTE: The motion carried with a unanimous voice vote (7-0).

MOTION: Representative South moved that page 9, line 12 be amended by striking the words "not exceeding three months or by military service" following "absence".

Discussion: He pointed out that this was proposed by Don Judge at the hearing but was never acted on. This way an employer could give three months approved absence for pregnancy or disability and not jeopardize the longevity of the employee.

VOTE: The motion carried unanimously by voice vote (7-0).

COLA FORMULA: Senator Roberts indicated that there is a problem with the cost of living adjustment (COLA) formula in that it is in the negotiated agreements but there is nothing addressing this in this pay plan. It is first of all a question as to what the status of that would be if bargained for and not in the pay plan, and, therefore, it should be addressed by this bill.

Senator Himsl asked if this is incorporated in the matrix? Mr. Billings responded that the COLA is addressed only to the extent that the cost of living does not increase more than 5.7% in the second year of the biennium. That is the only adjustment negotiated for. There is nothing that guarantees that the increase will stay at 5.7% or that it will be as high as 5.7% either. There would be a distortion in the equal pay for equal work concept with the negotiated COLA formula.

Senator Himsl felt that the annual increases are premised on the COLA. If that increase is not a merit system increase, it is only a survival adjustment and should be to accommodate the cost of living increases. Representative Fabrega commented that if the COLA formula would result in a higher rate in pay for the union people it could trigger others

to file discrimination appeals. Mr. Billings concurred that it could possibly cause some troubles.

Don Judge stated that the attempt to negotiate COLA formula for the contract is an attempt to direct the state to pay for the cost of living increases. A couple years ago cost of living raised 11%-12% and the state employee lost a lot. They feel the one cent for 7.4% rise in the cost of living is a mediocre formula. If the cost of living exceeds the amount in the pay plan it could trigger some classification appeals but he was not sure that it would distort the equal pay for equal work concept. If the cost of living did not rise, and they had negotiated that COLA, their employees could not file a suit, he felt. But Senator Fasbender was of the understanding that they would not get less, only more. Mr. Judge responded that the pay plan provides that this would be the amount that is established in the plan. If the COLA does not equal the amount provided in the pay plan, the union employees would be entitled to that amount.

Mr. Billings felt they probably would get the increase since that is not an excepted item. The language would have to be in the bill to say that it would be limiting. The negotiated COLA settlements are illegal if this bill passes as it is he felt.

Tom Schneider said that the way the bill is now, if you did not make changes in the bill to provide if the COLA is over 5.7%, you would have to give that to everyone. The entire subject should be addressed and if there is an agreement with the COLA negotiated, you would have to exclude those people who have negotiated for the second year and leave them totally on the CPI index. If it is more than 5.7, they will get more and if it is less, they will get less. This is a negotiable item, he said.

Senator Roberts felt that the way the COLA formula was worked out it was only possible to increase the formula. Mr. Billings said that looking at the rules in Section 8 of the bill, the COLA would seem to be enforced because you could not make any rules in conflict with a negotiated agreement. If the COLA dropped, the salary would not drop. Senator Roberts concluded that the only effect could be to increase compensation.

Mr. Schneider felt that what we are talking about is a decrease in the plan and not a decrease in the salary. Mr. Billings explained that it is 20 cents (\$.20) an hour the first year of the biennium and then the second year it is a COLA.

Senator Stephens said that we are subject to the whims of the economic situation and can't tell how much we should appropriate. It is a reasonable amount of risk for everybody, he thought.

Don Judge indicated they have not negotiated any amount for the second year.

Senator Roberts pointed out that page 2, line 7 of the bill supports what Mr. Billings said.

Which would you prefer, the pay plan or COLA formula, Senator Roberts asked. Don Judge answered that their membership said the COLA formula and he would have to go with that answer. Tom Schneider said that he would also have to answer the COLA formula.

Senator Himsl asked if we were adopting a definite schedule for two years with this matrix? Mr. Billings answered, yes. Senator Himsl then asked, What is the COLA business? They should still have to negotiate within the frame work of this. Mr. Billings responded that they have already negotiated and are addressing that section of the negotiation contract clauses that deal with the COLA increases. Senator Himsl felt that either there is a pay plan or there isn't because we won't know what it will be then.

Representative South asked if we would have to pay them more than in the matrix. Do we then bring them all up to where the COLA formula was? There would be problems later with that, he felt. Senator Roberts directed his attention to page 9, section 7.

Don Judge read from their constitution. "They could point to this section and say that the COLA is unlawful and could go to court. If that were to be the case and this section would be applied, we would want to renegotiate the contracts. We would not want it to decrease," Mr. Judge said. Senator Fasbender indicated that page 2 (2) clarifies that.

Representative Fabrega asked if negotiated agreements call for COLA and we want to fix it to the pay plan, do we want to include language to address the agreements not included in the COLA clause? Senator Roberts indicated that the secretary should take clear notes to show that the compensation provided here is it, and that would show this is the set amount the state is obligated to and that exceeding this amount is not accepted. If that was clearly in the legislature's history that would be enough, as the language is sufficient to make that clear. Representative South agreed.

Don Judge of AFSCME said "The language is definitely clear."

Tom Schneider of MPEA said, "I agree the procedure in this act is increasing in compensation. There is no question."

Don Judge said, "I would qualify that agreement to say that the way the bill reads it does preclude the COLA formula but I do not agree with that concept."

Representative South indicated he would present the amendments to the Appropriations Committee.

Don Judge brought up an amendment that was made to page 12, line 19, asking if the negotiations can increase amounts for the local governments. Senator Roberts and Representative South felt that section is clear as it is written.

There being no further business or actions, the meeting adjourned at 6 .m