

STATE ADMINISTRATION COMMITTEE
House of Representatives

February 6, 1979

Chairman Brand called the hearing to order at 9:10 a.m., all members answered roll call.

The Chairman called for a vote of all committee members relative to allowing John Bell to testify on HB 346, which had been heard on Feb. 5, because he had missed the hearing due to a conflict; the committee assented.

HB 346

JOHN BELL-Montana Sheriffs' Association -- We requested this. The present law provides that officers and employees will be paid at the federal rate for mileage for the first 1000 miles and minus \$.03 per mile for anything over that. The principle impact has been on sheriffs of smaller counties -- those having only 1 or 2 publicly owned vehicles. When they pick up extradited prisoners they take their own car and lose money. The only county affected would be Flathead. I don't quite understand the fiscal note. The state has a firm policy about the use of state owned vehicles and I wouldn't think it would cost as much as the fiscal note claims.

BARDANOUE-So this applies to all persons, not just sheriffs? BELL-Yes. The other law applied to all people, so this amendment would also. BARDANOUE-Why do we have to tie into the IRS? BELL-This came through the wisdom of the '75 legislature. I don't advocate tying us into any other statutes, but the feds are in every other aspect of our lives.

DOYLE SAXBY-Deputy Director, Department of Administration -- (Mr. Saxby was present to testify on another bill being heard on this day, and was asked to help clarify the testimony on HB 346) We have been coming to the legislature every time and trying to reflect the increase in the cost of living and in this bill I hope to prevent that. The law was to encourage people to use the motor pool instead of private cars.

BARDANOUE-We have found that there's a real increase in the use of private cars and wouldn't this encourage that? SAXBY-Yes. BRAND-What will it cost the county? BELL-I don't have the fiscal note with me, but I understand this is an overall cost for all forms of government. BRAND-With this I think you would get one rate regardless of how many miles you go. SAXBY-The 3 cent thing relates to the fact that depreciation is constant whereas oil, gas, tires, etc keep wearing down.

HB 419-Sponsored by Rep. Donaldson -- Presently, the contribution is 11% state and 8% by the member. They have an unfunded liability right now and have 1.6% to apply to that; in order to bring the fund back in line, they need some big input.

TOM SCHNEIDER-Montana Public Employees Association -- Mr. Schneider submitted written testimony, as well as a listing of all wardens receiving benefits and the amounts -- see Attachments #1 and 2.

LARRY NACHSHEIM-Administrator, Public Employees' Retirement System -- We ask that if you pass this that you amend it to provide for the funding. I have handed out a sheet explaining all the retirement systems for a comparison (see Attachment #

DONALDSON-The reason I carried this is that I was convinced that these people needed this increase, and I feel that Mr. Nachtsheim's handout (2A) confirms that. It would cause a 10.8% increase for people retired before January 1, 1977.

SALES-Did you say that there's presently an unfunded liability that needs to be taken care of? DONALDSON-Yes, 3.5 million dollars. NACHTSHEIM-When this was created in '63, they broke away from PERS which was 1.5% at that time. The wardens give 2%. We didn't participate in putting together the actuarial analysis. The original bill only transfers the employee contribution into the fund. That was taken care of later but only for 1.5%, so you still weren't funding the unfunded liability. Last session we put a 4% increase on the employer contributions but that still wouldn't take care of the liability. BARDANOUE-Are they also eligible for Social Security? NACHTSHEIM-Yes, some of them -- over 65 or disabled. To be disabled under the game wardens system might not necessarily make you so under Social Security. BARDANOUE-These early retirees -- couldn't they take another job? Not too many people in their 50's quit without taking another job. NACHTSHEIM-I would assume some of them are working. BARDANOUE-This account is almost bankrupt and I realize that Schneider is trying to take care of his people, but we have to be aware of the condition of this account. If these wardens had stayed with PERS, they wouldn't be in the shape they're in now. NACHTSHEIM-Early retirement doesn't really affect this. The two people who did get out early have smaller benefits. BRAND-The greater numbers you have in a system, usually the lower the cost. Is this the smallest system? NACHTSHEIM-The judges are with 31. BRAND-When you have a large system, if someone quits, the state contributions stay in the fund, correct? NACHTSHEIM-True, and also the size factor determines whether death and disability are going to affect it. With 1000 - 2000 people, it takes alot to really affect the system. AZZARA-In '63, why were they encouraged to go outside of PERS? NACHTSHEIM-They weren't encouraged, they felt they had a hazardous occupation and should be considered with the police or highway patrol. I guess they didn't combine those because across the country there wasn't a real concern about retirement systems until '65. Until the city of New York hit the papers with retirement bankruptcy, nobody really cared. As an added note -- my earlier figure was wrong -- 17.84% would be the combined contributions.

HB 260-Sponsored by Rep. South -- BRAND-Rep. South can't be here due to Appropriations but he has people here to deal with it.

MARK CRESS-Personnel Division, Department of Administration -- This is a housekeeping measure to separate the budget authority and make the law more in line with what was passed in '73. This would align the authority in the law.

JOHN FITZPATRICK-Deputy Director, Office of Budget & Program Planning -- We are operating under the method the bill describes. The Budget Office authorizes the number of FTE's an agency can have and the Classification Bureau certifies the types and grade level of pay. The Budget Office doesn't have the personnel necessary to determine the grades and classes of personnel needed and the Personnel Division knows what they are doing.

TOM SCHNEIDER-MPEA -- It depends on how egotistical the Budget Director is but this is how it is being done now.

NO OPPOSITIONS

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HB 386-Sponsored by Rep. Quilici -- This is a very simple bill and I thought we might have a fiscal note -- I put this in at the request of MPEA and there is a problem with per diem, which this raises somewhat. I don't think people should be asked to travel by the state and not be compensated for it.

TOM SCHNEIDER-MPEA -- (Mr. Schneider submitted written testimony, see Attachment #3).

DOYLE SAXBY-Deputy Director, Dept. of Administration -- We have the position of monitoring the travel expense reimbursement. The bill a few years ago asked for receipts -- so there could be a technical problem with this bill not requiring such receipts for under \$18. We think we should have receipts for all lodging. I'm not holding out for any amount. Some of the Central Services people have a real problem in trying to maintain this. With a receipt and a ceiling maximum, we could maintain this alot better. The departments do have to work with this within their budgets. The fiscal note shows \$15 for lodging, so why does the bill show \$18? (Mr. Saxby submitted proposed amendments, see Attachment #4). How much you allow for the other we don't mind, but we do ask that you require receipts. There's a Senate bill coming through dealing with out of state travel.

TERRY MEAGHER-Department of Insurance -- We support this. (Mr. Meagher submitted written testimony, see Attachment #5).

LAURY LEWIS-Acting Director, Department of Revenue -- I would like to present our current problem. I don't disagree with Saxby saying that all expenses be receipted. We have no objection to finite amounts, but when we have auditors travelling to high cost of living areas in state as well as out, \$18 a night is almost impossible sometimes. Our corporation auditors are working with US Steel, Anaconda, etc., and when they come back they bring back millions of dollars in revenue. My argument isn't for the people who only go to Seattle once a year, but we have people going out all the time. We are collecting revenue for the state and yet that employee is required to take money out of his own pocket to make up the difference for his lodging and meals. If you set a standard rate OK, but allow us certain exceptions. We have a proposed amendment that the subcommittee could look over. (see Attachment #6).

JOHN FITZPATRICK-Deputy Director, Office of Budget & Program Planning -- I think it important to review the current per diem rates -- understand that there is a problem for auditors, insurance investigators, etc. We can't expect them to finance their state time or live in very poor quality lodging. We certainly can hold the budget constant and require the agencies to reduce travel -- we feel it should go down to some extent. We have some concern with the amendment proposed just now, providing some flexibility for exceptional cases, we have no problem with that and hope you consider that. Page 1, lines 24 and 25 -- the deleted language -- Saxby has introduced an amendment to restore the deleted language and I don't think you necessarily need to restore that, but we do think you need some parameters. Schneider was very sound in his argument about working deals -- we are concerned about people who will take advantage of this.

JERRY POSTER-Corporate Tax Division, Dept. of Revenue -- We are in a very critical position with respect to auditors. We now have 10 - 12 auditors who travel throughout the US -- this program has brought in several million dollars to the state.

(FOSTER continued)-We have gone from 12 - 36 million in 6 years, mainly attributable to our audit program. We just had to cancel a trip to New York because we couldn't get a room for less than \$45 a night. If we can't get something done about out of state travel, we are going to loose alot of revenue.

JOE KANDUCH-Representative from Anaconda -- I rise in support. He gave details of a recent trip he had to make for the state in which he had to supplement the state money provided because there were no rooms available within the travel allowance. I think we are really slipping behind as far as travel expenses.

NO OPPONENTS

QUILICI-I would hope that you really look into this and see what you can work out. I can realize the problems that these gentlemen have and I don't think any state employee should supplement his income with his per diem, but I do think they should be compensated for room and board when they do have to be out of town. I have had the same experience as Kanduch spoke of, and if a man is working for someone he should be covered by his employer. I have no objection to getting receipts.

MAGONE-Two people have mentioned the Senate bill, what is it? BRAND-SB 363, which clarifies the definition of out of state travel. PORTER-There's a moral hazard in not paying people's expenses; but in state who audits the auditors? When you set up an audit do you tell him he has a time limit? FOSTER-We know how long it should take to do an audit but some people are not willing to cooperate anymore than they have to. Some of our audits take months. My auditors have to justify it when they take too much time. BARDANOUVE-There seems to be no mention of the fact that there are always other places where you can stay. I think we should address this business of where people have to stay and I think there's a difference in sending an auditor somewhere and a department sending 14 people to hear a speaker. This bill brings meals up to \$18 a day -- when I come to Helena I rarely spend more than \$10 a day. O'CONNELL-I beg to differ -- when I'm here for committee or whatever I don't make two meals a day for \$10. FITZPATRICK-Per diem expenses are approximately 35% of all travel expenses. JOHNSTON-If this is put in subcommittee, could you draft something for your auditors to be reimbursed for what they have to pay out? LEWIS-Our problem is with actual work, not conventions. We would be more than willing to help in a subcommittee. I don't think it is entirely an out of state problem. It isn't any cheaper to eat or travel in Montana than anywhere else. JOHNSTON-If they don't get funded for these conventions, then maybe they won't go to so many.

EXECUTIVE SESSION

BRAND-The Majority Whip wishes to address the committee, are there any objections? Seeing none, proceed Mr. Vincent.

JOHN VINCENT-I have had a bill drafted relative to lobbyist disclosure, which I have in hand and I don't want to introduce it if the outcome is a foregone conclusion. I have no desire to waste your time. I would like a straw vote as to whether my bill should be introduced.

BRAND-Who would support a lobbyist disclosure bill? The vote came out 15 - 4 opposed, with Bardanouve, Sales, McBride and Azzara the only ones favoring.

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BRAND-I want a subcommittee on HB 49, and I appoint Johnston Chairman, with Azzara and Bennett. I think we should allow any proposed amendments to maybe help some people's opinions.

HJR 3 - BRAND-Let's put this into a subcommittee also, and I think Magone should be Chairman with O'Connell and Porter.

HB 386-BRAND-I also want a subcommittee on this.

BARDANOUE-I would hope that the subcommittee would make some allowance for required travel but I don't want to be on the subcommittee. The point was made that the agencies would probably absorb this but they are already saying that they have to have more money because of this.

BRAND-OK, Pistoria will be Chairman, with Smith and Staigmiller.

HJR 9- McBRIDE-We haven't finished yet.

HB 187-McBride explained the changes in the amendments (see Attachment #7). The original intent was to have one report prepared by the Budget Office and we wanted a report to reflect the current biennium. BARDANOUE-You will have one report of each biennium beginning on the year just before the session. McBRIDE-So there would be no report when we aren't in session.

McBRIDE-I move adoption of the amendments.

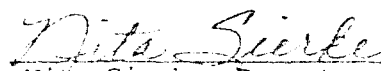
DONALDSON-I make a substitute motion to retain the original language except on page 2, line 24 - inserting: "and legislative candidates qualifying in the general election" -- I have a problem with the amendments and question what value the report would be, since we operate on a biennial basis that we should have a report reflect such; and I think the report would be very helpful to a legislative candidate. SALES-I have to speak against that -- you are going back to a report that would cover '75-76 if we get it now, and I feel that is going too far back to be of any help. DONALDSON-This way, they would get it in March and then during the election they would get a report of halfway through the biennium. I think it would give every candidate the chance to assess the previous biennium. BARDANOUE-In all respect to the subcommittee, I think Donaldson's amendment would be better. McBRIDE-We were trying to assess what would be of value to us here and I see Gene's point. The Budget Office felt that reflecting the current biennium would be more logical than looking at a previous biennium, as some programs may no longer be operating.

Donaldson's motion to amend failed on a roll call vote 9 - 9 with Kropp not voting because he had to leave.

O'Connell moved that the subcommittee amendments be adopted, which passed 10-8 on a roll call, and then he moved HB 187 AS AMENDED DO PASS, which passed 12-6.

Brand entertained a motion to adjourn, so moved. Adjourned: 11:35 a.m.


Joe Brand, Chairman


Nita Sierke, Secretary