

MINUTES OF THE MEETING
SELECT COMMITTEE ON EMPLOYEE COMPENSATION

12:30 P.M.
March 20, 1979
Room 108
State Capitol Building

The meeting was called to order by Acting Chairman Senator Himsl at 12:30 P.M. All members were present except Senators Lockrem and Story.

Representative Joe Brand from District 28, sponsor of HB 859, explained that his bill had been drafted because of a request from the Department of Administration. This bill clarifies current statutory language by addressing three minor problem areas. These areas deal with status of employees, permanent, seasonal and temporary and to design programs to recruit these different classifications of employees; defining employee and exempting elected state, county, or city officials, school teachers, and persons contracted as independent contractors; and giving vacation and holiday benefits to each of these groups of employees. Senator Himsl asked if there were any proponents to this bill.

Mr. Pat Estenson, Chief of the Personnel Division of the Employees Relations Bureau, stated that he was in favor of this bill because certain agencies had been experiencing problems dealing with the language in the current statutes. He cited the Highway Department as one such agency. This bill he went on further to say would provide uniform terminology in personnel policies for the state. He respectfully requested that the Committee give the bill a do pass recommendation.

The next proponent to HB 859 was Mr. Don Judge, the Executive Director of the AFSCME, AFL-CIO No. 9, stated that he was in favor of the bill if the Committee would place amendments to add the collective bargaining ingredient in general policy setting areas. He stated that there may be some disagreement as to which of the two employee practices laws would take precedent if the bill were left as it is. A copy of these amendments is attached.

There was no opposition to this bill.

Rep. Brand closed by asking that the Committee do give this bill a favorable recommendation. The hearing was then closed on HB 859.

Senator Himsl then opened the hearing on HB 260 and introduced its sponsor, Representative Carroll South. Representative South, District 51, stated that his bill transfers the authorization for changes in wage and classification from the Budget Director to the Department of Administration. He also stated that he had talked with both departments and they concur in this suggestion. Senator Himsl asked if there were any proponents to the bill.

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Mr. George Boslem, representing the Budget Office, stated that he felt the bill should have been proposed years ago. Currently, the Budget Director determines both the salary and classification of the positions. He stated that it was appropriate that he determine the salary, but that classification of employees is a job for Personnel. This bill would do that and would make practices consistent with practical techniques.

Mr. Mark Cress, representing the Classification and Pay Bureau, then stated that he felt this change was appropriate.

There were no opponents to HB 260. The hearing was then closed on HB 260.

Senator Himsl then opened the hearing on HB 437, and introduced Representative Carroll South. Representative South, District 51, explained that his bill establishes a program under which the state of Montana may provide its employees with adequate group health, hospitalization, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost. These programs are currently very fragmented, he stated, and a great deal of disparities exist because of this situation. Senator Himsl then asked if there were any proponents to HB 437.

Mr. Bill Gosnell, representing the Personnel Division of the Department of Administration, stated that the Legislative Interim Finance Committee decided there was a problem with state employee's insurance equities, and that this law would assure equal protection under the law. Mr. Gosnell then presented some amendments which were agreed upon by various insurance companies and Sonny Omholdt's office, the State Auditor. These amendments define group benefits and exempt the state from paying premiums on unrelated items, i.e. casualty, property, surety, marine, and title. Mr. Gosnell stated that the Governor supported this bill with these amendments. He then handed out a copy of the governor's recent letter to him stating this.

Mr. Jack Noble, representing the Montana University System, stated that his group supported this bill.

Mr. Tom Snyder, Executive Director of the Montana Employees Association, stated that this bill will correct insurance problems that the state is having with employee benefits, and that if this Committee killed this bill that it could very possibly send the Legislature into an Executive Session. He requested that the Committee give the bill a do pass recommendation. Senator Himsl then asked if there were any opponents to HB 437.

Mr. James Harrison, MPS Blue Shield representative, stated that there is a problem with fragmentation, and that this bill would correct that problem. But, he thought that placing the problem in the hands of the employers, could cause morale problems. He felt that the language in the bill was vague and ambiguous. He also felt that the state should not be in the insurance business, which he believed this bill would do. He said that rather than have a fiscal note for \$51,000 per year, that it should read in excess of

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\$5,000,000, to account for reserves. He felt that the only good thing the bill did was in the amount of employees that it would cover.

The next opponent to HB 437 was Mr. Ross Cannon, representing the Montana Life Underwriter's Association, stated that he was very much opposed to Section 6 because it gives the Department the authority to make decisions on all insurance matters autonomously. He also went on to state that the Advisory Council has no guidelines set down. They don't make recommendations to administrate, which should be one of their functions, he also explained. He felt that the state has no right in the insurance business. He requested that the Committee strike Section 6 in its entirety.

The next opponent to HB 437 was Mr. Zack Stevens of the Montana Farm Bureau and Farm Union, stated that he was opposed to the state's attempt to infringe upon the free enterprise system.

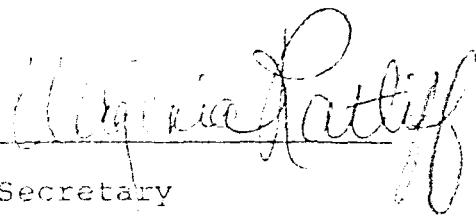
The next opponent to HB 437 was Mr. Boyce Clark, member of the Independent Insurance Agencies of Montana, stated that if the state becomes the favored insurance to employees, that his organization is greatly opposed.

Mr. Forest Bolls of the Montana Chamber of Commerce, opposed HB 437 because the state is not an adequate company to deal in insurance.

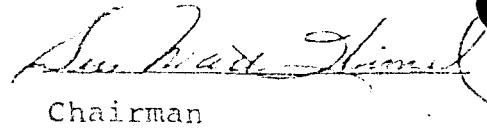
Mr. Elmer Hoskin, member of the board of directors of Montana's Life Underwriter's Association, questioned the "affordable cost" in the enabling clause. He also felt that the state should not be involved in the insurance business.

Mr. Pete Sullivan, of the Helena Association of Life Underwriters, stated that he was opposed to HB 437, because the state should not be involved in the insurance business. There were no more opponents to HB 437.

Representative Carroll South in closing stated that most of the opposition came from the self-insuring aspect. He stated that the enabling clause in this bill is the mechanism they can utilize if they should decide to self-insure, but at the present time, it doesn't look promising. The state of Montana, he went on further to state, will probably continue contracting individual insurance companies to carry policies on state employees. In the long run, setting up reserves and policies could be more expensive. Questions were asked and answered next, and then the hearing was closed on HB 437. The hearing was adjourned at 1:45 P.M. by Acting Chairman Senator Himsel.


Virginia Pattiff

Secretary


Senator Himsel

Chairman