

MINUTES OF THE MEETING
SELECT COMMITTEE ON EMPLOYEE COMPENSATION

7:30 P.M.
March 30, 1979
Room 108
Capitol Building

The meeting was called to order at 7:40 by Acting Chairman Senator Hims1. All members were present.

Chairman Hims1 opened the hearing on HB 891, the state employees pay plan bill, and introduced the bill's sponsor, Representative Carroll South.

Representative South, District 51, presented a substitute bill (Exhibit I), and proceeded to walk the committee through it briefly. He explained that the pay plan would supersede all collective bargaining which has not yet been resolved (see page 4, (4) (a) (ii)). On the whole, the percentage of increases in wages is smaller at the top of the pay scale, and larger at the bottom, he explained. He cited the pay scales on page 8, which show that grade 2 has an increase of 8.92% compared to grade 25 which only has a 5% increase over the biennium. He went on further to state that the basic matrices within this bill are based upon the Warms Springs settlement which states that each employee will receive \$30 per month, \$20 of which is an increased contribution for group benefits, plus 3% increase on the base wage, and provides for a 2% wage step increase on their anniversary date of employment. This bill drops step 1 5% below step 2, which the remaining 12 steps being 2% apart.

He told the committee that the blue collar pay plan is contained on page 9, which provides for a 12% higher wage over the biennium. It also recognizes the disparity which exists between blue collar workers in the executive branch and the university system, and instructs the Board of Regents to try and equalize as much as possible their salaries over the next biennium.

The liquor store employees pending pay schedule is found also on page 9. Representative South stated that negotiations have not yet been reached on their pay plan, so these figures are liable to change.

The institutional teachers pay scale is found on page 8. He presented some amendments (Exhibit II) which would bring their wages to 95% parity with other school districts in the state. He cited the Great Falls School for the Deaf and Blind, Helena and Miles City public school districts as examples to bring Pine Hills and Mountain View teachers' salaries into line with. He explained that these figures were computed on an academic year basis, and to arrive at the salary for full-time year around teachers you must multiply the figure times 1.33.

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On page 3 of the new bill, he explained, language has been inserted which stipulates that the state's new policy for step increases would be based upon meritorious service rather than length of employment. He advocated that this would give employees more of an incentive to work toward.

Another incentive which is proposed in this bill was the bonus program which is found on page 6. These bonuses are on a year-to-year basis, he explained, and superior performance must be shown each year in order to receive one.

Page 10 contains the group insurance provision. Representative South explained to the committee that currently the state pays \$30 per month for each employee for group benefits, whether they are married or single. If the state begins to pay \$50 or \$60 per month, the single man loses out, because he has to subsidize employees with full family coverage; the single person can receive full coverage for less than \$50 and would not be able to utilize the full \$50. He stated that the state needs to choose either the composite approach--the current method, or the two-tiered approach, which gives the difference between cost of coverage and amount paid by the state, directly to the single person in wage compensation. He explained that the reason Montana has never tried the two-tiered approach before is because of certain IRS rules, which have just been changed.

Chairman Himsl asked if there were any proponents to HB 891.

Mr. Bill Gosnell, Administrator of the Personnel division, stated that he was in favor of the bill with a few minor changes. He presented amendments to this end. Exhibit III is an amendment which would allow the Department of Administration to authorize a separate pay schedule for medical doctors, since there has been a great deal of problems recruiting competent physicians at the wage they are paid under the current pay plan. The next set of amendments he proposed were regarding liquor store employees (Exhibit IV). The next set of amendments he proposed were to bring parity to the current institutional teachers salaries (Exhibit V). He felt that Section 17 should be stricken from the bill because it is confusing and the problem is addressed in other areas of the bill. He presented a memorandum of agreement between the state and various labor organizations stating that they were against the meritorious work clause (Exhibit VI).

The next proponent to HB 891 was Mr. LeRoy H. Schramm, Chief of the Labor Relations Bureau, who stated that they supported this bill because 85-95% of the bargaining units have signed an agreement stating such. Although they favor this bill, the merit step was not agreed upon during the bargaining, and he stated that it should be removed from the bill. If you are going to leave meritorious step increase in the bill, he felt that it should be a grievable matter. He was in favor of the two-tiered approach, and presented amendments to this end (Exhibit VII).

The next proponent to HB 891 was Mr. Don Judge, the Executive Director of the AFL-CIO. He stated that he was disappointed in the amount of money the state was willing to appropriate, but that something was better than nothing. He stated that he didn't like Section 1 (2) which counts insurance benefits as part of the employees compensation. This language bothered him a great deal. He also didn't approve of the meritorious step increase. He also didn't like Section 3 (2) because it removes the bargaining process during the biennium. He didn't approve of Section 4 (1) (d) in its entirety, because it was the same as previously and they had had problems with this provision. He also didn't approve of (2) of that section, regarding teachers. He also didn't like the shift differential as it was written in the substitute bill. He was also opposed to Section 17. He requested that the committee consider giving more money to all state employees that is more commensurate with the cost of living. He requested that the committee consider all of the amendments and give the bill a do pass recommendation.

The next person to speak on HB 891 was Mr. Pat McKittrick, of the Teamster's Union, who was very much against taking out the collective bargaining aspect for state employees, especially during the interim. He pointed out that you can never tell between sessions, how much the cost of living is going to rise, etc. He felt that it needed to remain in the bill. He also didn't like the idea of meritorious step increases. He didn't agree with the differential of payment for various shifts. He didn't like the two-tiered approach, because it would penalize too many families.

Mr. Jim McGarvey, Montana Federation of Teachers, felt that the separate pay plan for teachers could cost the Boulder teachers between \$2000 to \$4000 in wages lost. These teachers work year around and the pay schedule in the substitute bill only reflects a nine month wage. He urged the committee to keep the teachers on the regular state classification and pay plan.

Mr. Tom Snyder, the Executive Director of the Montana Public Employees' Association, stated that the matrixes in the bill were as negotiated, but that they had a great deal of problem with the language of the bill. He also stated that his organization didn't support the meritorious step increases. He didn't feel that wages should reflect meritorious service, since the wage proposed was already under the cost of living as shown in the Consumer Price Index. He also stated that he didn't approve of the bonus program. His question to the committee was: "How will determinations of receipt of bonuses be made?" His group is very much in favor of the composite approach to insurance benefits. The language on page 4 dealing with contracts ratified was a problem for his organization, also. He stated that Section 17 should be stricken from the bill.

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for pgs 1+2*

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Mr. Owen Nelson, representing the Montana Education Association, stated that he supported the amendments to Section 10 which deal with teachers' salaries.

Chairman Himsl then asked if there were any opponents to the bill as written.

Mr. Mitch Mihailovich, representing the Pipe Fitters Union of Butte, stated that he was against this bill because he felt it was time the state and unions started working together. This bill negates all possibility of such action he explained, because even if people don't like their wage, they have to take it. He also stated that he believed in equal pay for equal work.

Mr. James Murr, representing the Machinists' Union #29, stated that he concurred with what Mr. Mihailovich said.

Mr. Ben Donalson, representing the Painters' Union, stated that he did not like the idea of throwing collective bargaining out during the biennium, which this bill does. He agreed with the Section that requests that the disparities in wages among blue collar workers be rectified.

Mr. Joe Garrity, stated that he didn't like the meritorious step increase; it wasn't what we negotiated and it doesn't provide a mechanism of operation, he explained to the committee. He also questioned who would grant these increases. He stated that historically meritorious performance has been abused, because the person who generally receives it is not always the one who is most deserving of it.

Mr. Bill Cook, representing the Carpenters' Union, stated that he didn't agree with the meritorious step increase or the bonus provision of the bill.

There being no more opponents, Chairman Himsl asked Representative South to close.

Representative South in closing stated that the pay plan was necessary because the Legislature needed some sort of final figure in which to appropriate from. He also stated that there would be hard feelings raised between married and single people regarding the insurance benefits, but that the single has been penalized for years, and perhaps it's time they were rewarded for a change. He requested the Personnel Division to investigate as to what percentage of employees would be affected by this two-tiered approach. He explained that the institutional teachers wage should be multiplied by 1.33, because it was computed on an academic year rather than a full year. This will put them in parity with other school systems of the state. He requested that the committee meet again on Monday, April 2, at 7:30 to have a working session on the bill.

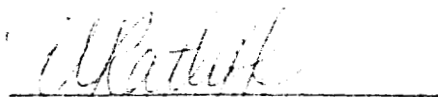
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The committee agreed to all meet back on Monday to discuss finalization of HB 891.

There not being anymore business, the meeting was adjourned at 9:30 p.m. by Chairman Himsl.

A handwritten signature in cursive script, appearing to read "Sen. Mark Himsl", written over a horizontal line.

Chairman

A handwritten signature in cursive script, appearing to read "J. K. Rath", written over a horizontal line.

Secretary