

MINUTES OF THE MEETING
SELECT COMMITTEE ON EMPLOYEE COMPENSATION

7:30 P.M.
April 2, 1979
Room 104
Capitol Building

Acting Chairman Senator Himsel called the meeting to order at 7:35 P.M. All members were present. Chairman Himsel announced that the first part of the hearing would be a working session on HB 891, the state employees pay plan bill. He then introduced the sponsor of HB 891, Representative Carroll South.

Representative South stated that it would be best to work from the substitute bill which had been handed out on March 30, 1979. He stated that the first amendments that he would like to propose dealt with the institutional teachers pay plan (Exhibit II). He moved that these amendments to the substitute bill be adopted. This motion carried unanimously.

Representative South then stated that during the March 30, hearing of HB 891 the liquor store employees had not yet settled on their negotiations. They agreed to a 7% raise in the first year and a 6 1/2% increase the second year. He presented amendments to this end (Exhibit III). He moved that these amendments be adopted. This motion carried unanimously.

Another area which needs to be addressed, Representative South explained is on page 3 and 4 dealing with liquor store employees also. He presented amendments (Exhibit IV) which will make the language consistent with pay schedules which include liquor store managers. Representative South moved these amendments and the motion carried unanimously.

Representative South then stated that he felt that Section 17 should be stricken from the substitute bill since its purpose is accomplished in several other areas of the bill. He then moved that this section be stricken from the substitute bill and that the subsequent section be renumbered. This motion carried unanimously.

Representative South then stated that he felt the state should continue with their composite approach to insurance coverage. He explained that after researching the matter, that 70% would benefit from this approach, and that the state must attempt to do the best job for the most people affected. Representative Gerke suggested that the state adopt a employee only approach to insurance coverage, and allow those employees who wanted to have their families covered could do so on an additional plan. Representative South stated that is similar to the two-tiered approach. Representative South then moved that the state retain the composite approach to insurance coverage. This motion carried unanimously.

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Representative South, as a response from the Labor organizations, stated that he felt the meritorious clause should be stricken from the substitute bill. He said that most employees wanted a guaranteed or automatic step increase. To this end he moved that language be deleted from the bill which would require meritorious service for step increases rather than automatic. This motion carried with a 9 to 1 vote. Senator Lockrem was the dissenting vote.

Representative South stated that the removal of the meritorious clause was a compromise because he proposed to leave the bonus clause in. Senator Hims1 stated that the bonus idea doesn't work well in the private sector and doubted that it would work in the state employee pay plan. Representative Tropila stated that it could be abused. Senator Lockrem moved that Section 7, the bonus clause, be stricken from the substitute bill. This motion carried with a 7 to 3 vote. Representatives Ellis and South and Senator Story were the dissenting votes.

Representative South then stated that he wished to amend Section 4 (4) (b) on page 5. He stated that "Rules and policies" on the first line should be stricken and "Methods of Administration" should be inserted in its place. The reason for this he stated was because some concern was expressed about shift differentials not covered in the pay plan. This amendment would give flexibility to the Department of Administration. He then moved this amendment and it carried unanimously.

Another amendment Representative South proposed was in Section 4 (4) (b) on page 5 in the last line. He felt that "department" should be stricken from the bill. This motion carried unanimously.

The next amendment that he proposed was suggested by the Department of Personnel who have had problems getting medical doctors to work when they have to be included in the basic pay plan. The amendment allows the Department to set a separate pay schedule for them (Exhibit V). Representative South moved that this amendment be adopted. The motion carried unanimously.

The next set of amendments that Representative South proposed was all technical to correct language and references (Exhibit VI). He moved these amendments and they carried unanimously.

The next amendment he moved was found on page 10, Section 14, (1), following "Each agency" insert "as defined in 2-18-601, MCA,". This motion carried with a unanimous vote.

The next amendment he moved was found on page 10, Section 14, (2), which deals with permanent part-time employees. This amendment is to insert "are regularly scheduled to" following "Permanent part-time employees who", which cleans up the language in the bill. He moved that this amendment be adopted and the motion carried with a unanimous vote.

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Representative South then stated that a decision would have to be reached as to the actual cost of this pay plan when it goes before the full Appropriations Committee. There is a difference of opinion from the Fiscal Analyst who claims it will cost \$14.4 million and the Budget Director who claims it will cost \$12.8 million, a difference of \$1.6 million.

Representative South then moved that the Committee give HB 891 as amended with the substitute bill a do pass recommendation. This motion carried unanimously. This bill in its final form is Exhibit VII.

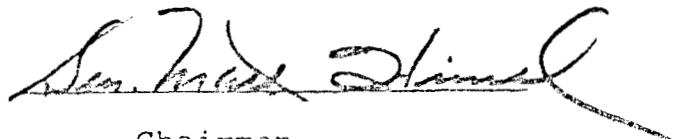
Senator Himsl then opened the hearing on the elected officials bills, House Bills 211, 507, and 508. Representative Waldron, District 97, was introduced to present some material he and the Legislative Council had researched on elected officials salaries. The Salary Commission did an investigation on various states which were geographically and demographically the same to compare their salaries for elected officials. They assumed that these areas would be agriculturally based with low tax incomes. He passed out a handout which is a summary of the slide show he and Stan Zezotarski, Legislative Council researcher, gave (Exhibit VIII). Representative Waldron stated that he felt most elected officials in Montana are underpaid, especially legislators. Because of the low income for legislators, it is very discriminatory since it would only attract those to run who would not suffer from financial difficulties during their stay at the Legislature. The conclusion they (Waldron and Zezotarski) reached was to place legislators at a grade 10, step 5 and provide longevity for non-freshmen.

Representative Gerke moved that HB 508 be adopted. This motion carried unanimously.

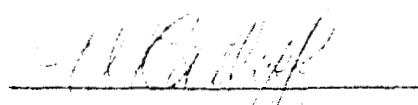
Representative Gerke then moved that HB 507 be given a do pass recommendation. Senator Fasbender recommended that legislators be included in this bill. Mr. John LaFaver, the Fiscal Analyst, stated that he would draft an amendment to this end. Representative South moved that as amended HB 507 be given a do pass recommendation. This motion carried unanimously.

Representative South moved that HB 211 be tabled. This motion carried unanimously.

With no more business pending, the hearing was adjourned at 9:15 P.M.



Chairman



SECRETARY