

MINUTES OF THE MEETING
LABOR & EMPLOYMENT RELATIONS COMMITTEE
MONTANA STATE SENATE

February 13, 1979

A meeting of the Labor and Employment Relations Committee was called to order by Chairman Lowe on February 13, 1979, in Room 404 of the State Capitol at 12:30 p.m.

ROLL CALL: All members were present.

Senator Lowe asked the Committee to consider taking executive action on Senate Bill #208 which was returned to the Committee for clarification. Senator Lowe proposed the following amendment to the bill:

Page 48, line 21 through line 11 on page 49.

Strike: Section 41 in its entirety

Renumber: all subsequent sections.

Senator Palmer moved the amendment which was seconded by Senator Dover, and unanimously passed by the Committee.

Senator Palmer moved the bill, seconded by Senator Dover and passed the Committee unanimously.

Chairman Lowe asked the Committee to take action on Senate Bill #161 at which point, Senator Dover moved to pass the bill and seconded by Senator Severson. A roll call vote was taken on this bill which passed by a vote of 5 to 4.

Chairman Lowe then asked Senator Dover if he was prepared to submit his amendments to Senate Bill #8 to the Committee. Senator Dover's amendments to this bill are as follows:

1. Title, line 4 through line 5.

Following: "AN ACT"

Strike: "REQUIRING THE STANDARD PREVAILING RATE OF WAGES
TO BE CONSISTENT WITH FEDERAL LAW"

Insert: "TO CLARIFY CERTAIN DEFINITIONS RELATING TO THE
STANDARD PREVAILING RATE OF WAGES"

2. Title, line 6.

Following: "\$50,000"

Insert: "FROM PROVISIONS OF PART 4 OF TITLE 18, CHAPTER 2"

3. Page 2, line 24.

Following: "(1)"

Insert: "The Montana commissioner of labor may determine
the standard prevailing rate of wages in the county or
locality in which the contract is to be performed. The

commissioner shall undertake to keep and maintain copies of collective bargaining agreements and other information from which rates and jurisdictional areas applicable to public works contracts under this part may be ascertained."

4. Page 3, lines 6 through 10.

Strike: "The standard prevailing rate of wages and fringe benefits established for a locality pursuant to the Davis-Bacon Act, 40 USC 276a, is the standard prevailing rate for all contracts let for bid by the state of Montana in that locality."

5. Page 3, line 11.

Following: "(2)"

Insert: "The provisions of this part do not apply in those instances where the standard prevailing rate of wages is determined pursuant to federal law."

Senator Dover moved the amendments to Senate Bill #8 and the Committee passed the amendments unanimously.

Senator Dover moved the bill as amended and was passed by a roll call vote of 5 to 4.

Senator Dover moved that Senate Bill #111 be tabled. This motion passed unanimously.

Chairman Lowe then opened the hearing on House Bill #159 and introduced Representative Hal Harper to address the Committee. Representative Harper from District 30 explained that this bill exempted casual labor of less than \$50 per quarter from unemployment compensation coverage.

Mr. Harold Kansier representing the Employment Security Division of the Department of Labor & Industry spoke in favor of House Bill #159 and stated that this bill conformed with the federal provisions for unemployment compensation coverage.

Mr. Chad Smith as an advisor to Unemployment Compensation spoke in support of this bill as he felt that it would save money and reduce recordkeeping and bookkeeping procedures for such small amounts.

Since there were no opponents to House Bill #159, Chairman Lowe closed the hearing on this bill and suggested that the Committee take action on it after the deadline on Senate bills had been met.

The next item before the Committee was Senate Bill #321. Senator Roskie from District 21 was asked by Chairman Lowe to address the Committee on this bill.

Senator Roskie explained that Senate Bill #321 clarified the relationship between the Board of Personnel Appeals and the Department of Labor and Industry by allowing the Board to hire their own personnel, handle their own budget and make their own policies. The bill also authorizes the Board to receive private and federal funds if and when they are available. Senator Roskie felt that the Board should be a neutral board with its personnel not responsible to the Commissioner of Labor. He stated that at present the work was being typed in a typing pool which did not lend itself to the confidentiality that labor negotiations should have. Senator Roskie's testimony is attached as Exhibit "A".

Mr. Thomas E. Schneider representing the Montana Public Employees Association then addressed the Committee in favor of Senate Bill #321. Mr. Schneider explained that the bill was not intended to be a reflection against the Labor Commissioner, but his organization was concerned about labor relations as they affect public employees. Mr. Schneider stated that the Board must have strong neutral functions during investigations and hearings, and he did not feel this could be accomplished when the employees were responsible to the Labor Commissioner for their actions.

Mr. Glen Drake, attorney representing the Montana Public Employees Association, then spoke in favor of the bill and felt the Board should have the freedom of making their own policies without pressures or influences outside of the Board. He stated that the Board was the court of last resort and should be independent.

Mr. Dave Fuller, Commissioner of Labor & Industry, representing the Governor's office, addressed the Committee in opposition to Senate Bill #321. Mr. Fuller testified that the Labor Commissioner had no control over the Personnel Appeals Board and any decision the Board came to was always final. He felt that it would be suicide for he, as Commissioner, or any other Commissioner to interfere with any decisions of the Board. The Commissioner stated that it would be more costly to the State if the Board were made autonomous and urged the Committee to oppose the bill.

Senator Dover asked Senator Roskie if there was a Fiscal Note attached to this bill, to which Senator Roskie replied that he did not feel that there would be much of a fiscal impact. Senator Dover then asked if a Letter of Intent had been prepared for this bill, to which Senator Roskie answered in the negative. After some discussion, the Committee felt that it was too late to request a Fiscal Note as they would not receive it in time to vote on the bill, but the Committee did request Senator Roskie to have a Letter of Intent prepared on this bill.

Chairman Lowe then asked Senator Blaylock to address the Committee on Senate Joint Resolution #11. Senator Blaylock

explained that the bill was designed to use Workers' Compensation Division funds being invested elsewhere and invest these funds in a building for the Department of Labor & Industry in Helena. This building would house all the divisions under the Department of Labor with the exception of the Employment Security Division. Senator Blaylock explained that this building would yield a 6% real interest to the Workers' Compensation fund and there would be no loss of funds but a savings of \$400,000 over a 20 year period. Senator Blaylock felt that it would be a good investment for the State and save the taxpayers money in gas and time by not having to go to several buildings to conduct their business, and the consolidation would make for a greater efficiency in supervising the five divisions.

Mr. Dave Fuller, Commissioner of Labor & Industry, spoke as a proponent to this bill along with Norman Grosfield, Workers' Compensation and Jim Murphy also of the Workers' Compensation Division. Their study involving the building is attached as Exhibit "B". Other proponents of this bill were Mr. George Wood, Executive Secretary, Montana Self-Insurance Association; Mr. Jim Murry, Executive Secretary of Montana State AFL-CIO.

There were no opponents to Senate Joint Resolution #11.

After a question and answer period, the hearing on this Resolution was closed.

Chairman Lowe then asked Senator Bob Watt from District 49 to address the Committee on Senate Bill #239. Senator Watt explained that the bill would require binding arbitration of labor disputes involving employees of nonprofit corporations of health care providers whenever negotiations break down or there is an immediate danger of an interruption of services. Senator Watt explained that this bill only involved specific labor disputes and would not apply to other organizations. Senator Watt suggested as amendment to the bill in that the effective date should be stricken and if the bill passed out of Committee, he suggested the normal legislative time be placed on the bill.

The following opponents spoke on the bill: Mr. Don Judge, representing AFSCME, AFL-CIO whose testimony is attached; Mr. Chad Smith representing the Montana Hospital Association; Mr. Bill Leary representing the Montana Hospital Association who read a statement from Mr. Jeremy G. Thane and is attached as Exhibit "C"; Mr. Edward Mares representing the Montana Nurses' Association; Mr. Jim Murry representing the Montana State AFL-CIO; Mr. Grant Winn representing the Missoula Community Hospital; and Mr. Larry Grahl representing the City of Billings whose statement is attached as Exhibit "D".

The hearing on Senate Bill #239 was then closed. Senator Dover moved that the Committee Do Not Pass seconded by Senator Mehrens and the Committee voted unanimously on Senator Dover's motion.

The hearing on Senate Bill #252 was then opened by Vice-Chairman Nelson as Senator Lowe was the sponsor of this bill. Senator Lowe explained that this bill was intended to change the term "stoppage of work" and related terms to the term "strike or labor dispute" thereby disqualifying people on strike from collecting unemployment compensation.

Mr. Chad Smith representing the Montana Hospital Association spoke in support of this bill indicating that an individual on strike should not qualify to draw unemployment benefits. Other proponents of this bill were Mr. Robert N. Holding representing the Montana Wood Products Association; Mr. Grant Winn representing the Missoula Community Hospital read a statement from Jeremy G. Thane and is attached as Exhibit "E".

The following spoke in opposition to the bill: Mr. Jim Murry, Montana State AFL-CIO; Mr. P. McKittrick of the Joint Council of Teamsters; Mr. Jerry Driscoll of Billings; Mr. Zolozon representing the Montana Building Contractors; Mr. Chad Smith of the Montana Hospital Association.

The meeting adjourned at 2:25 p.m.



Senator William R. Lowe

SENATE COMMITTEE LABOR & EMPLOYMENT RELATIONS

Date 2-13-79 Bill No. SB-8 Time 12:50
As amended.

NAME	YES	NO
HAROLD C. NELSON, VICE CHAIRMAN	✓	
GARY AKLESTAD	✓	
HAROLD L. DOVER	✓	
WILLIAM F. HAFFERMAN		✓
JOHN (SANDY) MEHRENS		✓
BOB PALMER		✓
ELMER D. SEVERSON	✓	
RICHARD G. SMITH		✓
BILL R. LOWE, CHAIRMAN	✓	

J. Labaree
 Secretary

Lowe
 Chairman

Motion: Senator Dover moved to Do Pass, As Amended

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE LABOR & EMPLOYMENT RELATIONS

Date 2-13-79 Bill No. SB-161 Time 12:40

NAME	YES	NO
HAROLD C. NELSON, VICE CHAIRMAN	✓	
GARY AKLESTAD	✓	
HAROLD L. DOVER	✓	
WILLIAM F. HAFFERMAN		✓
JOHN (SANDY) MEHRENS		✓
BOB PALMER		✓
ELMER D. SEVERSON	✓	
RICHARD G. SMITH		✓
BILL R. LOWE, CHAIRMAN	✓	

I. LaBare
Secretary

Low
Chairman

Motion: Senator Dover moved to pass, seconded by Senator Severson.

(include enough information on motion--put with yellow copy of committee report.)

Senate Bill 321 provides that the Board of Personnel Appeals shall have the authority to hire its own staff, seek and receive federal funds in its own name and determine all matters of policy concerning the use of its own budget.

At the present time the Board is attached to the Department of Labor for administration purposes and does not have the above powers. There are basically three reasons for passing this bill:

1. The Board of Personnel Appeals is a neutral body patterned after the National Labor Relations Board. Its primary functions are to oversee collective bargaining for public employees and hold hearings and make final determinations on classification matters. The NLRB hires and retains its own staff which has proved very necessary when handling labor problems involving employees of other federal agencies.

Passage of this bill would allow the BPA to isolate itself from the management functions of the Department of Labor and handle its investigations and hearing with employees working solely for the board.

Currently the clerical work is done by a "clerical pool" and there is a plan afoot to allow employees of other parts of the department to hold elections for certification.

Both of these situations clearly do not lend themselves to the confidential nature of the work of the board.

2. The present situation creates a natural "conflict of interest" in that the Department Director over the Board of Personnel Appeals staff is also the Department Director over the Employment Security Division and Workers Compensation Division. With both of these divisions organized it is a very real possibility that BPA employees of the Commissioner of Labor will have to mediate, hold unfair labor practice hearings, and classification hearings concerning employees also working for the Commissioner of Labor.

3. The Board of Personnel Appeals also handles all collective bargaining for local government including school districts. It just doesn't make good sense to have the employees overseeing these functions working directly for a state employee when absolute neutrality and confidentiality should be maintained.

In the beginning the Board did hire its own staff and handle its own functions but with the passage of time the clerical pool and now the handling of elections by others seems to have expanded its operation into the general organizational function of the Commissioner of Labor and I feel that its detrimental to the speedy handling of this very fragile area of labor relations to allow this to happen.

Lets learn a lesson from the NLRB which has years of experience and put the staff under the board they work for.

Department of Labor and Industry



449-2621

Helena, 59601

THOMAS L. JUDGE
GOVERNOR OF MONTANA

DAVID E. FULLER
COMMISSIONER

February 9, 1979

TO: Senate Labor and Employment Relations Committee
FROM: David E. Fuller *David E. Fuller*
SUBJECT: Department Building Proposal

It has been suggested that the Department provide the Senate Labor and Employment Relations Committee with materials supporting the joint resolution proposing to construct an office facility in Helena. You should be aware that the funding of this proposal in no way restricts any of the other financial resources that is considered by the Legislature.

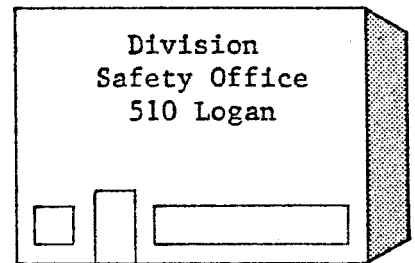
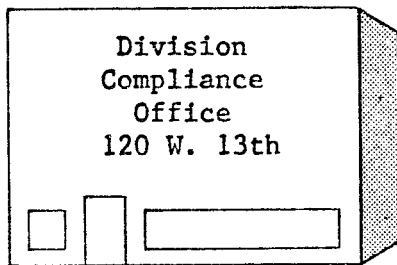
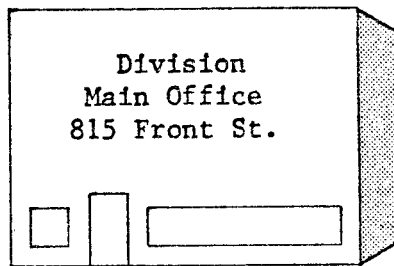
For your convenience the material has been arranged as follows:

- Part I Department Building Proposal
- Part II Long Range Building Program Capital Project Request
- Part III Financial Analysis
- Part IV Opinions from Independent Sources
- Part V Joint Resolution

Once you have reviewed this material, Department personnel will be available to discuss with you your questions and/or concerns at the Committee hearing now scheduled for February 13.

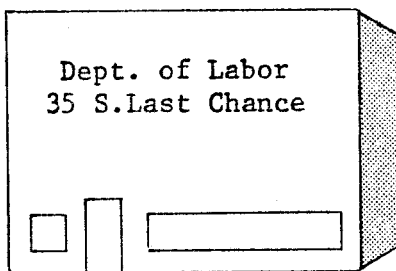
PART I

SUMMARY
OF
DEPARTMENTAL
BUILDING
PROPOSAL

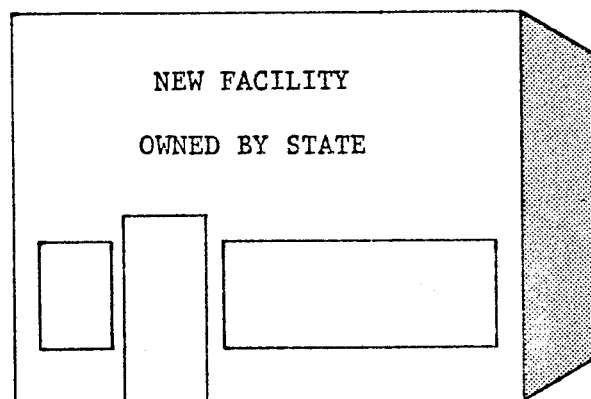
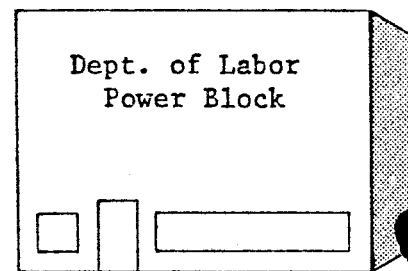


EXISTING

LEASED



FACILITIES



State of Montana

Department of Labor and Industry



449-2621

Helena, 59601

THOMAS L. JUDGE
GOVERNOR OF MONTANA

DAVID E. FULLER
COMMISSIONER

MEMORANDUM

FROM: Department of Labor and Industry

RE: Departmental Building Proposal

Background

The Department of Labor and Industry presently consists of six divisions. The proposed facility is planned to house the Commissioner's office and the Divisions of Workers' Compensation, Human Rights, Employment and Training (CETA), Labor Standards, and Personnel Appeals. The operating units of these five divisions are presently located in five separate rental facilities in Helena. Initially, consideration was given to constructing a facility for the entire Department, but because of federal restrictions, it was decided to eliminate the Employment Security Division from consideration.

The scattering of the Department's responsibilities in five separate facilities creates many problems in terms of management efficiency and effectiveness, and as discussed later in this memorandum, a combined facility will greatly resolve many of these problems.

Proposal

The Department is proposing to construct a new facility to provide office space for all activities of the Department of Labor and Industry, excluding the Employment Security Division. The Department of Administration estimates the cost of the new facility, including land acquisition, at \$3,989,418. The facility will house approximately 260 employees and allow for a 15% expansion.

The construction of the new facility will be funded by the State Compensation Insurance Fund, and the agencies housed in the facility will pay rent to the State Fund at an amount allowing the Fund to receive a guaranteed rate of return of 6%. The State Fund is operated similar to other insurance carriers and must, by law, maintain adequate reserves to meet anticipated and unexpected losses to assure an actuarially sound insurance system. The moneys set aside for its reserves must be invested, and by placing a relatively small percentage of its account in a building, the State Fund will merely be exchanging one asset for another. Rather than the State Fund investing in corporate bonds or other securities, it will invest in a new facility. This is a common method of financing construction projects in the insurance industry. Many insurance companies construct their own facilities and over 70% of the State Funds in the United States have used State Fund moneys to construct either office or rehabilitation facilities.

The Division of Workers' Compensation requested its independent actuary's opinion as to the propriety of using State Fund moneys to construct an office building. In summary, the actuary stated that a long-term investment of this nature is prudent and reasonable.

Justification

In planning for the construction of the new facility, an analysis was made of the project in terms of the problems encountered with the Department's activities and responsibilities located in five different rental facilities. The feasibility of the building proposal was measured against several criteria.

Efficiency and Effectiveness of Customer Service

All of the Department's programs deal directly with numerous public interests. A new facility would improve the efficiency and effectiveness of public access to program personnel and records, referrals between activities, and handling of informal appeals and complaints.

Energy Conservation

A new facility should reduce the electric and gas consumption because of better ventilation and insulation, lower ceilings, improved office design (including indirect lighting) and modern efficient heating systems. Gasoline consumption should also be reduced because of the discontinuance of the need to transfer records and personnel between the five rental facilities.

Management Efficiency and Effectiveness

Under the existing conditions, the Department cannot consolidate some of the in-house services. If the Department was in one facility, consideration could be given to the consolidation of the mail facilities, receptionists, telephone system, accounting, purchasing, etc. Also, consolidation of some of the divisions' equipment needs in the areas of photo copying, data processing, and microfilming could be made.

The access to records by agency personnel and the transmitting and storage of records will greatly improve in a consolidated facility.

Top management is responsible to control the activities of their employees, and the facility would provide the Commissioner with improved access to the divisions' administrators, and in turn, the administrators would have better access to their supervisory personnel. This improved communication will allow top management to make timely decisions, correct problems before they become serious, and create an environment where complaints, either by the employees or the public, can be immediately referred to the proper source.

Efficient and Effective Personnel Management

A combined facility will allow for the improvement of personnel procedures in the areas of recruiting, interviewing, and training. In addition, the Department will have better control to insure that the equal employment opportunity requirements are met.

All program activities experience peak and valley work loads. Through the cross-utilization of personnel, the Department will be able to meet the peak loads of one activity by using personnel from other activities. Cross-utilization of personnel is almost impossible under the present conditions.

A new facility should improve employee morale and performance. The working conditions in some of the existing rental facilities do not promote or encourage efficient and effective employee performance. It is also difficult for employees to become aware of the total responsibility of the Department, because they are not in day to day contact with other employees serving in other areas. The ability of the employee to identify with the entire Department's responsibilities and be aware of the responsibilities of other activities within the Department should go a long way to improve employee performance.

Economic Criteria

Although the other criteria and advantages discussed above, in the Department's view, justify the construction of this new facility, it is of extreme importance to consider the economic benefits that would be achieved. Using a present value technique, a comparison was made of the total construction and maintenance cost of a new facility with the cost of continuing to rent the existing facilities. The analysis was made for a twenty-year period, assuming a 6% rate of return for the present value technique and allowing for minimal increases in rental costs, and some expansion, over the period. The analysis shows that the construction option results in a \$400,000 savings over continuing to lease the existing facilities. This will result in savings to all employers insured under all three of the compensation plans under the Workers' Compensation Act, and will also save the taxpaying public who support certain programs within the Department.

This economic analysis is extremely conservative because the useful life of a new facility would, undoubtedly, be longer than 20 years, and any extension beyond that time greatly increases the savings to the Department. In addition, the analysis does not include the savings that would be generated through the consolidation of services and equipment or the cross-utilization of personnel. The savings could be very substantial when considering these other factors and the total useful life of the facility.

Conclusion

The Department believes that using any objective criteria proposed, a combined facility will improve the Department's operation, and consequently, state government's efficiency and effectiveness. The facility can be constructed without using general revenue dollars or moneys available for the construction of other projects. It will also result in an overall economic savings to the Department and provide an excellent investment of State Fund moneys.

PART II

LONG RANGE BUILDING PROGRAM

CAPITAL PROJECT REQUEST

Project Title STATE COMPENSATION INSURANCE FUND OFFICE BUILDING
Project Priority 1
Biennium 1980-81

Department Department of Labor and Industry
Agency/Program Division of Workers' Compensation

THIS PROJECT:(Check One)

- ☒ Is an Original Facility ☐ Renovates an Existing Facility
☐ Is an Addition to an Existing Facility ☐ Replaces an Existing Facility
☐ Other _____

LOCATION: Helena

Check where appropriate)

- ☐ Site on Currently Owned Property ☐ Utilities Already Available
☒ Site to be Selected ☐ Access Already Available
☐ Site Already Selected

DESCRIPTION OF FACILITY:

General Description:

A new facility to provide office space for all activities of the Commissioner of Labor's Office, and the Workers' Compensation, Labor Standards, Personnel Appeals, Employment and Training, and Human Rights Divisions. No future expansion is being considered. The facility will be self-contained with its own central heating, etc., and no specialized equipment or furnishings will be necessary.

E. ALTERNATIVES CONSIDERED:

1. Build a new facility as proposed.
2. Build a facility to house the entire Department of Labor and Industry.
3. Build a facility to house the Division of Workers' Compensation.
4. Continue to lease existing facilities, which would not solve the problems being addressed.

D. EXPLANATION OF THE PROBLEM BEING ADDRESSED:

SEE ATTACHED

Impact on Existing Facilities:

None--Proposed facility will serve agencies now occupying rental space.

Rationale for Selection of a Particular Alternative:

Considering the problems discussed in "D" above, a new facility to house the entire Department was our first preference. However, because of cost considerations, problems encountered with federal regulations, disposition of the existing ESD facility and the size of such a complex, this alternative was eliminated from consideration. Since it is economically justified to at least combine the remaining Divisions of the Department, the proposed alternative was selected because it still will significantly impact on the problems being addressed.

Number to be served by Facility: ----- About 260 -- Staff -----

Functional Space Requirements: (In square feet) 38,535

LONG RANGE BUILDING PROGRAM CAPITAL PROJECT REQUEST

ESTIMATED COST OF PROJECT:

Source of Estimate: Tom O'Connell, Architecture & Engineering,
Department of Administration

1. Land Acquisition: \$ 150,000

2. Preliminary Expenses \$

3. Site Survey: \$

4. Soil Testing: \$

5. Other: \$

6. Construction Cost: \$ 3,228,802

7. Architectural/Engineering Fees: \$ 207,016

8. Utilities: \$ -0-

9. Landscaping & Site Development: \$ 129,152

10. Equipment: \$

11. Contingencies: \$ 161,440

12. Other: \$ 113,008

\$

TOTAL COST \$ 3,989,418

Less Other Funds Available

Source - State Compen- 3,989,418

sion Insurance Fund

G. ESTIMATED OPERATIONAL COST AT COMPLETION:

Expected Completion Date: July 1, 1983

Number of Additional Personnel Required 0

Additional Funds Required when Project is in Full Operation:

1st BIENNIUM ()

Personal Services \$ -0-

Operating Expenses \$ -0-

Maintenance Expenses \$ -0-

2nd BIENNIUM ()

Personal Services \$ -0-

Operating Expenses \$ -0-

Maintenance Expenses \$ -0-

3rd BIENNIUM ()

Personal Services \$ -0-

Operating Expenses \$ -0-

Maintenance Expenses \$ -0-

PROJECT PRIORITY TABLE

DEPARTMENT/AGENCY		LABOR AND INDUSTRY		BIENNIUM		1980-81	
PRIORITY	PROJECT TITLE	RATIONALE FOR PRIORITY RANKING		COST		SOURCE OF FUNDS	
1.	STATE COMPENSATION INSURANCE FUND OFFICE BUILDING	<p>This is the only project proposed by the Department using funds that are not available for any other project. The project is critical to the continued operation of current level services, especially in view of the increasing demand for Department services such as workers' compensation claims, human rights cases, personnel appeals, wage and hours claims, etc.</p> <p>Using the present value method for a lease vs. build analysis, we estimate a savings in excess of \$400,000 over a 20 year useful life of the facility. This is in addition to other economic savings in the areas of consolidation of equipment, combining internal functions and services, travel, energy conservation, and implementing more efficient internal systems.</p>		\$3,989,418		State Compensation Insurance Fund	

LONG RANGE BUILDING PROGRAM
CAPITAL PROJECT REQUEST

GENERAL NARRATIVE MATERIAL

* The State Compensation Insurance Fund has the available resources to construct an office building to provide facilities for all Divisions of the Department of Labor and Industry, excluding Employment Security. This can be accomplished by redirecting only six percent of the Fund's assets. This does not mean that the State Fund has excess monies, but rather, the expenditure would be treated as an investment. The State Fund's consulting actuary has stated his agreement with this investment and indicated that this is a common practice in both the insurance industry and the other State Funds. In this regard, monies of other states' insurance funds were used to construct facilities including office buildings and rehabilitation centers. The State Fund will receive a rate of return on its investment of six percent over the 20-year period from the rents paid by the using agencies. The actuary also agreed that this was an adequate and sufficient rate of return.

In summary, this project will significantly alleviate the problems discussed in this request, will not impact general tax revenues, will result in an overall savings in earmarked, federal and general fund monies for the agencies involved, and will be treated as an investment by the State Fund with a six percent rate of return which, in effect, benefits the insured employers.

ATTACHMENT

EXPLANATION OF THE PROBLEM BEING ADDRESSED:

Presently the Divisions of the Department being considered in this proposal are housed in five separate rental facilities, and these facilities have more than reached capacity. The problems addressed by this proposal can be separated into five areas and are a direct result of the present conditions.

1. Customer Service - Because of the nature of the programs administered, the Department contacts and communicates with as many or more citizens in Montana than any other Department. Customer service and public relations are hindered because of the separate facilities. The public is not sure which building houses the personnel that can answer their questions. Referrals between agencies or bureaus are difficult both for agency personnel and the public. Access to records by the public is, at best, inconvenient. Responding to complaints or informal appeals can often result in traveling between buildings for the customer and employee.
2. Managerial - It is the Commissioner's responsibility and legislative intent through Executive Reorganization to consolidate Department functions and services. In order to carry out these responsibilities, the Commissioner needs daily access to upper management personnel. Given the present situation, daily contact is impossible. From the management standpoint, the use of three separate facilities, in the case of the Division of Workers' Compensation, and two other facilities for the other Divisions, creates numerous problems in the areas of communication, storage, control of files, mail handling, duplication of equipment, and day-to-day control of the operations. Management efficiency and effectiveness is limited in its ability to consolidate services, such as, mail room facilities, receptionists, telephone, and purchasing. Unnecessary employee time is spent traveling to and from separate facilities, transferring files, storing records, attending meetings, etc. Separate facilities also hinder management's reaction to agency problems, such as, correcting errors before they become serious, making timely decisions, and referral of complaints to top management.
3. Personnel - Personnel management is equally difficult when the Department's operations are located in separate facilities. Control of personnel, awareness of personnel problems, setting job interviews, conducting exit interviews, and cross utilization of employees are just a few of the problems encountered. In addition, the present facilities have a negative effect on employee morale. The present working conditions are crowded and, in most cases, not conducive to good employee performance. Employees would function more efficiently if they were more aware of the responsibilities and duties of the other programs and the total scope of the Department's responsibilities.
4. Energy Conservation - Energy consumption has, in recent years, become a major national problem. Because the Department is located in several different buildings, we are part of the problem, rather than part of the solution. Increased gasoline consumption is necessary to travel between facilities. Inefficient insulation and ventilation

requires increased use of heating systems and air conditioners. At one facility individual electric heaters must be used to keep the frost off the inside of the windows in the employees' offices. Consolidation of these agencies into a more energy efficient building should result in significant savings in energy consumption.

5. Economic - The final and probably least important problem is that the Department will spend, over the life of a new building, more monies for rent and utilities than it will if the new facility is constructed. Using the present value method, at a six percent rate, we estimate that the Department will save about \$400,000 over the life of a new facility (20 years.) This is a conservative estimate because we have not included savings that would undoubtedly result from:

1. elimination of duplicate equipment
2. more efficient telephone services
3. cross-utilization of personnel
4. reduction in travel costs
5. possible consolidation of services
6. elimination of the need to hire additional employees
7. reduction in cost for savings in energy consumption.

PART III

FINANCIAL ANALYSIS

EXPLANATION OF PRESENT VALUE ANALYSIS

The following schedules show the detailed cost analysis using the present value technique, which is an accepted, precise and accurate method of measuring the value of money when comparing the paying of funds during different time periods. Present value converts future payments under various options, in this case continuing to lease facilities or construct a new facility, to present dollar values. This provides management with a valid cost comparison when making the decision whether to continue to lease or construct a new facility.

Schedule 1

This schedule merely shows the estimated construction costs and service costs for the construction option over a 20-year period. A 20-year period was selected because, if the construction option is cost justified over a relatively short conservative period, the analysis tends to be more valid.

Schedule 2

This schedule shows the estimated lease and service costs over the same 20-year period. The 1979 amounts serve as a basis and reflect the actual lease cost presently paid for existing facilities and the estimated service costs. Estimating only 5% increases in lease and service costs is conservative and defensible.

Schedule 3

This schedule converts the annual costs, shown on schedule 1 and 2, to the present value using a 6% rate of return. The bottom line shows that the construction option is more favorable by \$400,006, when considering the salvage value of the new facility. The salvage value was calculated by estimating the useful life of the building at 30 years or 10 years beyond the 20-year cost analysis.

Most state owned facilities have a useful life far beyond 30 years, which would greatly increase the savings to construct. For example, if the useful life of the facility was 40 years, the saving, using the same analysis, would be \$1,280,958.

Schedule I

ANALYSIS OF CONSTRUCTION AND SERVICE COSTS
OVER A 20 YEAR PERIOD

<u>Year</u>	<u>Construction¹ Costs</u>	<u>Service² Costs</u>	<u>Moving³ Costs</u>
1983	\$3,989,418	\$126,616	\$15,000
1984		132,946	
1985		139,594	
1986		146,574	
1987		153,903	
1988		161,598	
1989		169,678	
1990		178,161	
1991		187,069	
1992		196,423	
1993		206,244	
1994		216,556	
1995		227,384	
1996		238,753	
1997		250,691	
1998		263,226	
1999		276,387	
2000		290,206	
2001		304,717	
2002		319,952	

Footnotes

1. Construction costs provided by Architecture and Engineering Division.
2. Services costs calculated at \$2 per square foot plus 5% annual increase.
3. One-Time cost to move to new facility.

ANALYSIS OF LEASE AND SERVICE COSTS OVER A 20 YEAR PERIOD

Schedule II

Years	Estimated Lease Costs for Existing Facilities ¹				35 South Last Chance	Service Cost Existing Facilities ³		Additional Leased Space		TOTAL
	815 Front ²	110-13th	510 Logan	7 W. 6th		Utilities	Janitorial	Lease Costs ⁴	Service Costs ⁵	
1979	\$ 54,375	\$15,750	\$25,650	\$ 8,000	\$ 54,492	\$17,391	\$21,240	\$ -0-	\$ -0-	\$ -
1983	\$ 54,375	\$19,688	\$32,063	\$ 8,820	\$ 65,390	\$21,139	\$25,817	\$ -0-	\$ -0-	\$227,292
1984				9,261		22,196	27,108	-0-	-0-	230,081
1985				9,724		23,306	28,464	-0-	-0-	233,010
1986		24,610	40,079	10,210	78,468	24,471	29,887	-0-	-0-	262,100
1987				10,721		25,694	31,381	-0-	-0-	265,328
1988				11,257		26,979	32,950	-0-	-0-	311,468
1989				11,820		28,328	34,598	30,000	12,750	316,977
1990				12,411		29,745	36,328	31,500	13,199	365,831
1991	81,563	30,763	50,099	13,031	94,162	31,232	38,144	33,075	13,858	388,274
1992				13,683		32,793	40,051	34,729	14,551	394,858
1993				14,367		34,433	42,054	36,465	15,279	456,103
1994				15,085	112,995	36,155	44,156	76,576	32,086	484,911
1995	101,954			15,839		37,962	46,364	80,405	33,690	515,777
1996		38,454	62,624	16,631		39,860	48,682	84,426	35,375	546,990
1997				17,463		41,853	51,117	88,647	37,143	558,540
1998				18,336	135,594	43,946	53,672	93,079	39,001	662,607
1999				19,253		46,144	56,356	146,600	61,427	678,807
2000	127,443			20,216		48,451	59,174	153,930	64,498	721,305
2001		48,068	78,280	21,226		50,873	62,133	161,626	67,723	764,435
2002				22,288	162,712	53,417	65,239	169,708	71,110	810,305
								178,193	74,665	

Footnotes

1. Lease costs estimated to increase at 5% per year at time of lease renewal.
2. Existing lease provides for a 10 year extension at same rental rate. After the 10 year period the lease would be negotiated on a 5 year basis.
3. Service costs on existing facilities expected to increase at 5% per year.
4. Additional rental space needed at 5,000 square feet every 5 years. Rental cost computed at \$6 per square foot and a 5% increase per year.
5. Services cost on additional lease space computed at \$2 per square foot plus a 5% increase per year.

Schedule III

SCHEDULE COVERING THE ANNUAL CONSTRUCTION AND LEASES COSTS
OVER A 20 YEAR PERIOD TO PRESENT VALUE SO THAT THE
CONSTRUCTION AND LEASE OPTIONS CAN BE COMPARED

Year	Present Value of \$1.00 at 6%	New Facility Construction & Service Costs	Rental Facilities Lease & Service Costs	Present Value New Facility	Present Value Rental Facility
1983	.943	\$4,130,034	\$227,292	\$3,894,622	\$214,336
1984	.890	132,946	230,081	118,322	204,772
1985	.840	139,594	233,010	117,259	195,728
1986	.792	146,574	262,100	116,087	207,583
1987	.747	153,903	265,328	114,965	198,200
1988	.705	161,598	311,468	113,927	219,585
1989	.665	169,678	316,977	112,835	210,790
1990	.627	178,161	365,831	111,707	229,376
1991	.592	187,069	388,274	110,745	229,858
1992	.558	196,423	394,858	109,604	220,331
1993	.527	206,244	456,103	108,691	240,366
1994	.497	216,556	484,911	107,628	241,001
1995	.469	227,384	515,777	106,643	241,899
1996	.442	238,753	546,990	105,528	241,770
1997	.417	250,691	558,540	104,538	232,911
1998	.394	263,226	662,607	103,711	261,067
1999	.371	276,387	678,807	102,540	251,837
2000	.350	290,206	721,305	101,572	252,457
2001	.331	304,717	764,435	100,861	253,028
2002	.312	<u>319,952</u>	<u>810,305</u>	<u>99,825</u>	<u>252,815</u>
TOTALS				\$5,961,610	\$4,599,710
				Less Salvage Value	
				<u>\$1,761,906</u>	
				Present Value to Construct	
				\$4,199,704	<u>\$4,199,704</u>
				Savings if Construction Option Selected	<u>\$ 400,006</u>

Salvage Value Formula

$$\frac{(1.075)^{20} (3,988,418) (.312)}{3}$$

$$1.075^{20} = 4.24765$$

Assumptions

1. Construction costs to increase 7.5% per year.
2. Useful life of the building is 30 years and therefore has 10 years value remaining at the end of 20 years.

PART IV

OPINIONS FROM INDEPENDENT SOURCES

- A. Coates, Herfurth & Englund
Actuaries and Consultants
- B.
- C. Excerpt from "Report on Examination of Financial
Statements" by

Greteman, Adams & Co., Certified Public
Accountants under contract with the office
of the Legislative Auditor.

COATES, HERFURTH & ENGLAND
ACTUARIES AND CONSULTANTS
320 CALIFORNIA STREET
SAN FRANCISCO 94104
TELEPHONE (415) 433-4440

September 5, 1978

Mr. James J. Murphy
Assistant Administrator
Division of Workers' Compensation
815 Front Street
Helena, Montana 59601

Dear Mr. Murphy:

You have recently requested our opinion as to the propriety of the Division using State Fund monies to construct an office building that would be used to house the Division and other agencies of the Department of Labor and Industry. As I understand it, the building would cost in the neighborhood of \$4 million and the rents paid by the agencies and the Division of Workers' Compensation would provide a rate of return of approximately 6% on the monies invested. This 6% would be based on a 20 year useful life of the building and property.

In response to your first question as to the propriety of the State Fund investing in real estate, this is certainly not an unusual investment for an insurance company or a State Fund that underwrites long-term risks. The basic concern that one might have with respect to an investment in real estate, is the question of liquidity. While banks do have limitations on the loans they are able to make because of their liquidity requirements, insurance companies that underwrite long-term risks do not have this same liquidity problem and thus it is a prudent decision for them to invest in real estate or long-term bonds. In fact, were it not for insurance companies and savings and loans, there would be a considerable shortage of monies available for real estate and mortgage loans.

In entering into an investment in real estate, one of the biggest concerns one has is the occupancy rates of the structure during its lifetime. Since tenants can come and go quite easily, unless there are some very long term leases involved, one has to be assured that there is a definite market place for the facility to draw its tenants from. In view of the fact that the tenants will come from other agencies of the Department of Labor and Industry, it would seem that this concern with respect to occupancy would not materialize. The rate of return that one would receive on this type of investment is certainly related to the risk of low occupancy. Should there be some guarantee from the Department of Labor and Industry as to full renting of the facility for the next 20 years or for a considerable number of years into the future, then a lower rate of return would be justified. Should this property base its lease costs to its tenants on a 6% return on a 20 year useful life of the structure, in reality, because of the inflation that we currently have in building costs and in property

Mr. James J. Murphy
September 5, 1978
Page 2

values and also due to the fact that 20 years is a very short lifetime for a building, the rate of return probably will exceed this quite considerably. It is not unusual to assume a building would have a useful life of 40 to 50 years.

The size of the investment of \$4 million to a State Fund with total assets of \$63 million we do not consider to be improper. We base this consideration on the size of the contingency funds available and also the size of the reserve for compensation benefits.

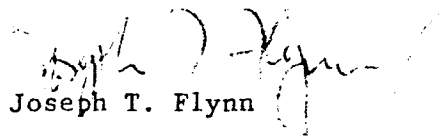
In your letter, you question as to whether an expenditure of this nature indicates that excess monies are available. This question could be asked another way ... is it necessary to set aside monies today for future payments to be paid to current claimants. Should the Division not set these funds aside and change this experience to the current employer's claim accounts for claims that occur this year, then it would be unfair as future employers would be paying the benefit payments for the claims that occurred this year. Thus, it is necessary to set these monies aside to assure the full payment of the claim by the current employers.

These monies set aside are called reserves or claim liabilities and are to be invested in a prudent manner so that the investment return earned on these funds reduces the amount of money that the employer is paying for a claim at this time. For example, if one were to pay a claimant \$100 a month for the next 10 years, one should not charge the employer the full amount of the \$100 times 12 months times 10 years, but should discount the dollars that are paid in the future by the money that the employers reserve for this claim will earn over the next 10 years.

In summary, provided the agencies of the Department of Labor and Industry will lease the facility on a long-term basis, that the total of the cost of the building and site will be approximately 6% of your total assets and that the rate of return is reasonable for the long-term nature of this investment then we consider this investment to be prudent and reasonable for the Division to undertake.

Should you have any questions regarding our comments or like to further discuss this, please do not hesitate to contact me.

Sincerely yours,


Joseph T. Flynn

JTF/nm

Excerpt from "Report on Examination of Financial Statements"

by

Greteman, Adams & Co., Certified Public Accountants

under contract with the Office of the Legislative Auditor

"PHYSICAL PLANT

The Helena staff of the Division are located in three separate locations. All of these offices are leased with the lease on the main office expiring July 1, 1979 and the lease on the two smaller offices expiring January 1, 1980. This physical separation is inefficient.

RECOMMENDATION

Since all leases expire very soon, we recommend that the Division locate office space large enough to accommodate all bureaus within the Division and allow for future growth."

State of Montana

Department of Labor and Industry



449-2621

Helena, 59601

THOMAS L. JUDGE
GOVERNOR OF MONTANA

DAVID E. FULLER
COMMISSIONER

February 14, 1979

Senator William R. Lowe, Chairman
Labor & Employment Relations Committee
State Capitol
Helena, MT 59601

Dear Senator Lowe:

At our recent hearing on Senate Joint Resolution 11, the proposal to construct an office building for the Department of Labor, we testified that the financial analysis was submitted to an independent consultant for review. The consultant is an expert in the field of life cycle costing, and we believed his review was necessary to insure that our methods were correct.

We mentioned at the hearing that the consultant was sending a letter summarizing the results of his review. The letter arrived today, and we thought your committee would be interested in receiving a copy.

I have enclosed sufficient copies of this memo and the consultant's letter for distribution to your committee. The consultant's opinion does add credence and expert testimony to the department's analysis.

Please call me if you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "D E Fuller", is written over the typed name.

David E. Fuller,
Commissioner

Enclosures

✓cc: Committee Members

management
and planning
services a member of The NBBJ Group

RECEIVED
7 FEB 14 1979
DIVISION OF WORKERS'
COMPENSATION

February 5, 1979

Mr. James J. Murphy
Assistant Administrator
Division of Workers' Compensation
Department of Labor & Industry
315 First Street
Helena, Montana 59601

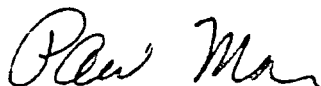
Dear Mr. Murphy:

Per your request, I have reviewed your December 11, 1978 letter analyzing the comparative life cycle costs of construction of a new office facility versus continuation of leasing of space. Based on our examination of your work papers, it appears that your life cycle costing methodology is correct, assumptions on cost and cost trends appear reasonable and that you have considered all of the important factors that would affect the cost of each option.

You had asked me to provide a "layman's insight on the concept of salvage value. Simply stated, salvage value of an asset is its worth to an owner after using it for a number of years. For example, if a building has a useful life of thirty years and you used it for twenty years, there would still be some economic value of that building to the owner at the end of the twentieth year. The methodology you have used to compute salvage value is commonly known as the replacement cost technique, whereby you 1) determine what proportion of useful life remains in the facility at the end of your analytical period and 2) determine the cost (in future dollars) of replacing that portion of the asset.

I wish you the best of luck in your request for legislative approval. You have presented a very good analytical case. If you have further questions, please contact me.

Sincerely,



Paul Mar
Director, Management Consulting

PM/jm

Exhibit 'C'
COPY

STATEMENT IN OPPOSITION TO
SENATE BILL 239

STATE OF MONTANA)
) ss.
County of Missoula)

Jeremy G. Thane, first being duly sworn upon his oath,
deposes and says:

I am a licensed practicing attorney in the State of Montana, having been so engaged since 1951. For the past twenty-five years and more I have been directly engaged in the practice of labor law, devoting a substantial portion of my practice to collective bargaining and other labor related matters. I have been engaged in the public sector having represented the University of Montana, the City of Missoula, and the City of Kalispell, among others, in labor negotiations under the Public Employees Collective Bargaining Act. I have been primarily engaged in the private sector of collective bargaining, having been retained for many years by the Employers Association of Western Montana, Inc., a multi-employer collective bargaining group in the wholesale and retail industry. I am also retained by Missoula Construction Council, Inc., a multi-employer collective bargaining group of construction contractors, and, since the amendment of the National Labor Relations Act (Taft-Hartley) to cover non-profit health care facilities, I have been retained by Mountain States Health Manpower Management Association which is a group formed to provide advice and negotiating assistance for health care facilities. The association presently lists among its members all of the hospital's in western Montana, except one. The single exception being the hospital at Whitefish, Montana.

I make this statement in opposition to Senate Bill 239 because I first of all believe that requiring parties to a labor dispute to submit their problem to binding arbitration is wrong. I also oppose this bill because in my opinion, it is a useless act. Since the 1974 amendments to the National Labor Relations Act virtually every health care facility in Montana falls within the jurisdiction of the National Labor Relations Board. There is nothing in the National Labor Relations Act as it is presently written that requires binding arbitration as a resolution between opposing factions of labor and management. The doctrine of federal pre-emption makes health care facilities subject to the federal legislation rather than any state legislation. Congress has seen fit to jealously protect the right to strike during the thirty years since the original passage of the Taft-Hartley Act, and even prior to that legislation. There is nothing in the

National Labor Relations Act requiring binding arbitration, and for Senate Bill 239 to single out non-profit corporations that are health care providers, and attempt to require them to submit their problem to binding arbitration is unworkable within the framework of the National Labor Relations Act. Since the 1974 amendments to the national labor law legislation, health care facilities, whether they be for profit or non-profit, are treated the same as any other business enterprise.

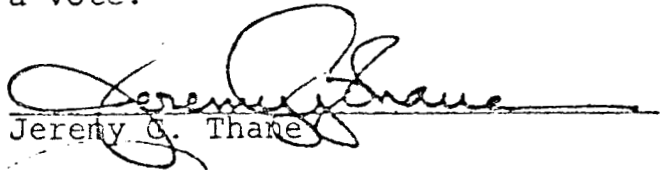
With respect to the concept of binding arbitration, it can be an obstacle to the prompt and peaceful settlement of collective bargaining contracts rather than an aid to such settlement. In my experience where contracts have called for binding arbitration in the event the parties are unable to settle their differences with regard to wages and fringe benefits, the union has felt that they should hang on to their high demands until the matter is finally forced into arbitration so that by asking for much more than they expect, the arbitrator who may be inclined to "divide the baby" will still give them a substantial increase, even though not allowing them all they had demanded during the process of negotiations.

I would further criticize Senate Bill 239 in that it singles out one sector of the economy to saddle with mandatory binding arbitration. Further, the proponents of the legislation do not appear to have a background with respect to the availability of suitable arbitrators. There just are not qualified arbitrators available in most communities in Montana to meet the requirements of this act. Likewise, the provision for the number of arbitrators makes the problem even worse, since it requires the selection of three arbitrators in addition to the arbitrators appointed by each side. Most arbitrations are conducted by one arbitrator, the same as most lawsuits are tried by one judge. I further feel that the provision for petitioning a District Court to select three arbitrators places an undue burden upon an already overworked Court.

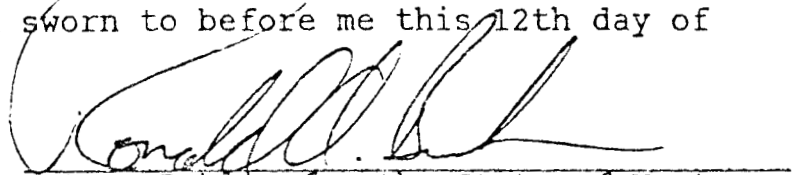
The primary area where the legislature in Montana has delved into labor relations and collective bargaining is in teacher negotiations and public employee collective bargaining. Neither of these areas have been exemplary in their results. It is my opinion that this legislation is totally unnecessary as explained above because it conflicts with the National Labor Relations Act provisions, the procedure in the bill is unworkable and lastly I would submit that the motivation behind this proposed bill has its base in a prolonged strike in Missoula. The fact that there was a strike at all is regrettable. The fact that it lasted so long is more regrettable, but the reasons for the strike were unique in

that it arose out of an individual's effort to form a new union to establish a position for himself. The lack of experience and appropriate guidance of that individual was the major factor giving rise to the strike in Missoula.

It is urged that the committee report be a "Do Not Pass" recommendation, and that the bill be strongly opposed whenever it comes up for a vote.


Jeremy G. Thane

Subscribed and sworn to before me this 12th day of February, 1979.


Notary Public for the State of Montana
Residing at Missoula, Montana
My commission expires: 4-27-79

(Notarial Seal)



Exhibit "D"

CITY OF BILLINGS

220 NORTH 27TH STREET
P. O. BOX 1178
BILLINGS, MONTANA 59103
PHONE (406) 248-7511

The City of Billings has some serious concerns about SB 239 which it hopes this committee will consider before taking action on the Bill.

First of all the City feels that this bill could be interpreted to extend binding arbitration to employees of city, county, or city-county health departments. And therefore we will oppose the bill unless specific exemptions for these employees are made in the bill. It is suggested that the bill be amended on page 1, line 23 following infirm persons. to read: "This does not include employers of any employees of municipalities or counties unless the municipality or county operates a hospital or nursing home facility." The two reasons for this amendment are as follows. First of all employees of city or county health departments, while providing a valuable service to the community, are not providing a service that would have serious and adverse affects upon the community if that service were interrupted or discontinued which is unlike the affects that could occur when employees of hospitals or nursing homes go on strike. Secondly the City of Billings is opposed to any binding arbitration clause where a disinterested third party is making a decision that would be binding on the local government and its employees. The governing body of a local government is entrusted with representing the people and to agree to binding arbitration is a violation of their trust and elected duty.

Another concern with this bill is its lack of a "no strike clause". If there is enough concern to even consider a binding arbitration bill because it is felt that labor disputes of this nature must be resolved so there is no disruption of service, then there should be a specific no strike clause which further states that if a strike or any type of work slowdown occurs, the employees then lose their right to require binding arbitration.

The section in subsection (2) of section 6 on page 3 and four is also of concern. This states that the hearing must be held within 10 unless the press of court business will not allow it. This "press of court business" exclusion renders remedy through the court system almost useless since this establishes a method whereby it could be months before the hearing is conducted.

One final concern deals with the appeal process found in subsection (3) of Section 6 on page 4. This section allows the petitioner to appeal the decision of the court to the Supreme Court but denies this right to the respondent. This is a violation of due process of law and could be found to be unconstitutional.

Exhibit "E"

STATEMENT IN SUPPORT OF
SENATE BILL 252

STATE OF MONTANA)
) ss.
County of Missoula)

Jeremy G. Thane, first being duly sworn upon his oath,
deposes and says:

I am an attorney at law, I have been engaged in the private practice of law since 1951 in the State of Montana. For the past twenty-five years a significant part of my practice has been involved with labor law. I have represented employers in the wholesale and retail industry through the Employers Association of Western Montana, Inc., a multi-employer collective bargaining group. I have also been the negotiator for Missoula Construction Council, Inc., a multi-employer group engaged in the construction industry, and in recent years have been the labor negotiator for the Mountain States Health Manpower Management Association which was formed to provide labor law services to health care facilities within the State of Montana shortly after the National Labor Relations Act (Taft-Hartley Act) was amended to apply to health care facilities generally. In addition to these three associations, I have also represented a variety of private clients in connection with labor relations matters throughout western Montana.

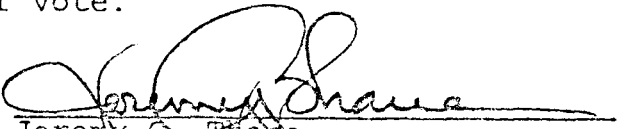
I make this statement in support of Senate Bill 252 because I believe this is a good bill. The effect of the bill would be to return eligibility for unemployment compensation to the position it was in prior to the decision by the Montana Supreme Court in August of 1978 in Continental Oil Company v. Board of Labor Appeals. Prior to the Court's decision, employees who were on strike against their employer were ineligible for unemployment benefits. The Continental Oil decision changed that long standing position by requiring the payment of benefits to strikers unless the employer's business was substantially affected by the strike, or closed down. The effect of this decision is to make the employer, through his mandatory contributions to the unemployment fund, build up a strike benefit fund to assist his employees during any strike they may choose to institute.

My observation of the labor management field over many years indicates that government has more and more seen fit to interfere with the balance of power that exists between the factions with the result that labor unions have become increasingly powerful until they threaten to control large segments of our economy. Many people are alarmed at the increase in power that has taken place to the benefit of the labor unions and the resulting inflation, and in several instances, corruption which that power tends to breed. SB 252 will prevent yet another subsidy to unions in preventing the unemployment benefit fund from being used as a strike fund.

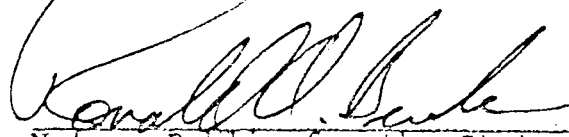
The fact should not be overlooked that strikes are very costly to employers as well as to strikers. There is no assistance fund available to an employer, there should be none available to strikers other than what they provide themselves. Unemployment compensation should be an insurance program to aid workers who are temporarily unemployed through no fault of their own.

The bill presently under consideration does not really change the situation from what the labor unions have been facing for many years. There have been some strikes, starting with the Continental Oil Company strike, where strikers have been able to collect benefits, but these have been relatively insignificant in number because of the short time since the Court changed the eligibility interpretations. Anyone familiar with labor union practices should be aware that strike funds are built up by the union members through their dues and assessments, and that the national organization frequently makes funds available for strikers to assist them in their ability to maintain a strike against their employer for increased wages and fringe benefits. To add to that fund the additional monies available under unemployment compensation benefits would be a serious altering of the balance of power which already is tipped heavily in favor of the unions and strikers.

I respectfully suggest that if the legislation under consideration is not passed by this Legislature there will be an increasing number of strikes in the immediate future, which will result in a dramatic drain on the unemployment compensation benefit fund. Montana is in a problem situation with its fund already because of the effects of the economy on employment and because of the seasonal nature of a great deal of Montana's employment. To fail to pass this legislation and thereby leave standing the Court interpretation making unemployment benefits available to strikers would surely require an increase in contributions by employer's to the fund, which would be passed on to the consumer, thus starting another round of price increases. The bill should receive a "Do Pass" recommendation, and should be strongly supported when it comes up for vote.


Jeremy G. Thane

Subscribed and sworn to before me this 12th day of February, 1979.


Notary Public for the State of Montana
Residing at Missoula, Montana
My commission expires: 4-27-79

(Notarial Seal)

ROLL CALL

LABOR & EMPLOYMENT RELATIONS COMMITTEE

46TH LEGISLATIVE SESSION - - 1979

Date Feb. 13, 1979

NAME	PRESENT	ABSENT	EXCUSED
HAROLD C. NELSON, VICE CHAIRMAN	✓		
GARY AKLESTAD	✓		
HAROLD L. DOVER	✓		
WILLIAM F. HAFFERMAN	✓		
JOHN (SANDY) MEHRENS	✓		
BOB PALMER	✓		
ELMER D. SEVERSON	✓		
RICHARD G. SMITH	✓		
BILL R. LOWE, CHAIRMAN	✓		

NAME: CHAD SMITH DATE: 2-13-79

ADDRESS: Box 604

PHONE: 442-2750

REPRESENTING WHOM? Plant Health Act

APPEARING ON WHICH PROPOSAL: _____

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? _____

COMMENTS: _____

opposed to SB 239

support SB 252

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME :

DATE:

ADDRESS :

PHONE:

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU:

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Allen Drake DATE: 2/13

ADDRESS: Helena

PHONE: 442-0230

REPRESENTING WHOM? M P E A

APPEARING ON WHICH PROPOSAL: SB 321

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME:

Jim Murray

DATE:

1-13-79

ADDRESS:

P.O. Box 1176

Helena, Mont.

PHONE:

442-1708

REPRESENTING WHOM?

Mont. State AFL-CIO

APPEARING ON WHICH PROPOSAL:

SJR 11

DO YOU:

SUPPORT?

X

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Don Judge DATE: 2/13/79

ADDRESS: 600 N. Cooke St. Helena, MT

PHONE: 442-1192

REPRESENTING WHOM? AFSCME, AFL-CIO

APPEARING ON WHICH PROPOSAL: SJR 11

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: current facilities are inadequate and crowded.

New facilities are necessary to allow proper and

efficient exercise of departmental duties. would

improve public access to a currently widely scattered

group of departmental functions

NAME: Don Judge DATE: 2/13/79

ADDRESS: 600 N. Cooke St. Helena, MT

PHONE: 442-1192

REPRESENTING WHOM? AFSCME, AFL-CIO

APPEARING ON WHICH PROPOSAL: SB 239

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? X

COMMENTS: most Non-profit employees are covered by
the Nat'l Labor Relations Board which
allows concerted activities. It would do
no good for the legislature to pass this
act if it could not ^{give} be lawful coverage to
those hospitals intended to be covered. (Missoula, Billings, etc.)

The Arbitration procedure appears unworkable
and expensive. The expense is prohibitive
to the few small health care organizations
which may be covered.

NAME: William (Bill) Perry DATE: 2/13/79

ADDRESS: Helen, Ind

PHONE: 442-1911

REPRESENTING WHOM? Vicentura Hospital Assoc

APPEARING ON WHICH PROPOSAL: SB 239

DO YOU: SUPPORT? AMEND? OPPOSE? ✓

COMMENTS: Send statement for review, thank

NAME: EDWARD MARES

DATE: 2/13/78

ADDRESS: P.O. Box 5718, Hialeah

PHONE: 442-6710

REPRESENTING WHOM? MONTANA NURSES' ASSOCIATION

APPEARING ON WHICH PROPOSAL: SR 239

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME :

DATE:

ADDRESS :

PHONE :

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU:

SUPPORT?

AMEND?

OPPOSE?

COMMENTS :

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: LARRY GRAHL DATE: 2/13/79

ADDRESS: 1916 6th St West, Billings, 59102

PHONE: 259-1203

REPRESENTING WHOM? City of Billings

APPEARING ON WHICH PROPOSAL: SB-239

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? X

COMMENTS: _____

NAME: Grant M. Winn DATE: 2-13-79

ADDRESS: Box 308 Frenchtown, NJ

PHONE: 626-5376

REPRESENTING WHOM? Missoula Community Hospital

APPEARING ON WHICH PROPOSAL: SB 252

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: William (Bill) Deary DATE: 7/13/79

DATE: 7/13/79

ADDRESS: Helena Wis.

PHONE: 442-1911

REPRESENTING WHOM? Wentworth Hoar - April 17, 1894.

APPEARING ON WHICH PROPOSAL: SB 252

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Rosemarie Strope DATE: 2/13

ADDRESS: Box 1730

PHONE: 442-2405

REPRESENTING WHOM? MONTANA CHAMBER

APPEARING ON WHICH PROPOSAL: SB 252

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: Preserve the fund for those who
are out of work through no fault of their
own. Public benefits should not be used
to fund one side of a labor dispute.

NAME: Jim Messing
PO Box 11

DATE: 1-13-79

ADDRESS: *P.O. Box 1176 Helena, Mont.*

PHONE: 442-1708

REPRESENTING WHOM? *Mont. State AFZ-610*

APPEARING ON WHICH PROPOSAL: SB 252

DO YOU: SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

STANDING COMMITTEE REPORT

Shine 434
February 13 19 79

MR.President:.....

We, your committee onLabor & Employment Relations.....

having had under considerationSenate..... Bill No. 208

Respectfully report as follows: That.....Senate..... Bill No. 208
third reading bill be passed as amended:

1. Page 48, line 21 through line 11 on page 49.
Strike: Section 41 in its entirety
renumber all subsequent sections

And, as so amended
DO PASS

STANDING COMMITTEE REPORT

February 13 1979

MR. President:

We, your committee on Labor & Employment Relations

having had under consideration Senate Bill No. 161

Respectfully report as follows: That Senate Bill No. 161

DO PASS

STANDING COMMITTEE REPORT

February 13

79

19

President

MR.

Labor & Employment Relations

We, your committee on

Senate

having had under consideration Bill No. 8

Senate

Respectfully report as follows: That Bill No. 3
do pass, as amended:

1. Title, line 4 through line 5.

Following: "AN ACT"

Strike: "REQUIRING THE STANDARD PREVAILING RATE OF WAGES TO BE
CONSISTENT WITH FEDERAL LAW"

INSERT: "TO CLARIFY CERTAIN DEFINITIONS RELATING TO THE STANDARD
PREVAILING RATE OF WAGES"

2. Title, line 6.

Following: "\$50,000"

Insert: "FROM PROVISIONS OF PART 4 OF TITLE 18, CHAPTER 2"

3. Page 2, line 24.

Following: "(1)"

Insert: "The Montana commissioner of labor may determine the
standard prevailing rate of wages in the county or locality
in which the contract is to be performed. The commissioner
shall undertake to keep and maintain copies of collective
bargaining agreements and other information from which rates

XXXXPSS

(CONTINUED)

and jurisdictional areas applicable to public works contracts under this part may be ascertained."

4. Page 3, lines 6 through 10.

Strike: "The standard prevailing rate of wages and fringe benefits established for a locality pursuant to the Davis-Bacon Act, 40 USC 276a, is the standard prevailing rate for all contracts let for bid by the state of Montana in that locality."

5. Page 3, line 11.

Following: "(2)"

Insert: "The provisions of this part do not apply in those instances where the standard prevailing rate of wages is determined pursuant to federal law."

And, as so amended
DO PASS

STANDING COMMITTEE REPORT

February 13 1939

MR. President:

We, your committee on Labor & Employment Relations

having had under consideration Senate Bill No. 239

Respectfully report as follows: That Senate Bill No. 239
unanimously

DO NOT PASS

~~DO NOT PASS~~

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SENATE Labor & Employment COMMITTEEBILL 2-13-79

VISITORS' REGISTER

DATE 2-13-79

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOS.
<u>James Sweet</u>	<u>IBEW 768</u>	<u>252</u>		<u>X</u>
<u>Mitch McLaughlin</u>	<u>Mt St. Bldg Trades</u>	<u>252</u>		<u>X</u>
<u>Tom McLaughlin</u>	<u>Mt St. Bldg Trades</u>	<u>252</u>		<u>X</u>
<u>Olav Drake</u>	<u>Mont Public Employees Assn</u>	<u>321</u>	<u>✓</u>	
<u>Ed Lister</u>	<u>Missouri Labor Hosp.</u>	<u>239</u>		<u>X</u>
<u>"</u>	<u>"</u>	<u>252</u>	<u>X</u>	
<u>Frank McChesney</u>	<u>Missouri Labor Hosp.</u>	<u>239</u>		<u>X</u>
<u>"</u>	<u>"</u>	<u>252</u>	<u>X</u>	
<u>Chas Smith</u>	<u>Mont Hosp. Assn</u>	<u>252</u>	<u>X</u>	
<u>Chas Smith</u>	<u>"</u>	<u>239</u>		<u>X</u>
<u>W. Ross</u>	<u>Mont Labor Hosp.</u>	<u>252</u>		<u>X</u>
<u>BARRY GRAHL</u>	<u>City of Business</u>	<u>239</u>		<u>X</u>
<u>Joe Brown</u>	<u>Lab. Hosp.</u>	<u>252</u>		
<u>James McLaughlin</u>	<u>Dept. Labor & Industry</u>	<u>STR 11</u>	<u>X</u>	
<u>Tom O'Connell</u>	<u>Dept of Admin.</u>	<u>STR 11</u>		
<u>Harold Kasser</u>	<u>Int. Lab. Union</u>	<u>HR 159</u>	<u>X</u>	
<u>Frank Kasser</u>	<u>ESD</u>	<u>HR 159</u>	<u>X</u>	
<u>Rosemarie STROPE</u>	<u>MONTANA CHAMBER</u>	<u>252</u>	<u>X</u>	
<u>Thomas E. Schneider</u>	<u>MP&A</u>	<u>321</u>	<u>X</u>	
<u>Bus Leary</u>	<u>Montana Hosp. Assn</u>	<u>239</u>		<u>X</u>
<u>Bus Leary</u>	<u>Mont. Labor Hosp.</u>	<u>252</u>	<u>X</u>	
<u>Chas Smith</u>	<u>Mont. Labor Hosp.</u>	<u>HR 159</u>	<u>X</u>	
<u>Bob Shady</u>	<u>Lab. Hosp.</u>	<u>HR 159</u>	<u>X</u>	

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY