

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

April 12, 1979

The thirty-ninth meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol on the above date. Following roll call the meeting was called to order by Senator Himsl, Chairman at 8:22 a.m.

ROLL CALL: All members present except Senator Thiessen.

CONSIDERATION OF HOUSE BILL 891: Representative South, district 51 explained this bill as the pay plan which represents settlement of contracts with 95% of the ones we bargain with collectively. The basic pay matrix = 9300 people, the blue color plan = 47¢ an hour increase, Liquour = 250-60 = 36¢ hour and St. teachers = 40 = 95% of the pay roll; Helena, Miles City, School for the Deaf and Blind, etc. Sheet attached showing Step 1 = 5% = step 2 etc.

Rep. South said the health Insurance is now paying \$30 a month, will be \$50 the first year. He said the committee would hear about the different types of discord in this. He told of the inequities resulting from both husband and wife working for the state, both getting the basic amount and not able to use all the benefits; the single person who paid a higher portion to balance the program out, and the low risk areas pulling out in their own plan and leaving more of the high risk in a single plan leaving a higher rate for that group. He felt this could be worked out, especially if the state pays the insurance in the near future, and they were also working on pulling the insurance out of the basic pay so that a more equitable balance could be obtained and it would be an easy matter to figure the increases after this was done. He explained the sheet attached.

Bill Gosnell, Department of Administration, administrator of the Personell Division said he would discuss 3 items there was some concern about. Health Insurance. He said it lacks flexibility. The bill is very restrictive. He still has the continuing problem of recruitment, transfers, etc. A lot of things happen in the 2 years you are gone. He said on the Health Insurance they have moved from the \$10 a month to the \$50 and \$60 per month in the last 2 years. They are now in the \$30 rate. There is inequity in the plan for a single person, for a married person with a healthy family or for a married couple who both work for the state. I hope to bring you something better next time. We plan on having this worked out so that you can tell what is salary and what is benefits.

Leroy Schram, Labor Negotiation Division said this in the most part reflects the settlements reached out of about 6,000 out of 10,000 state employees. There are similar crafts in the institution and we hope they will settle. They have the option of settling, but some parts of the bill is controversial. He gave a hand out, attached, and based on the settlement only

2 or 3 days ago. He explained the blue circle rate and the red circle rate as those in the top brackets of pay who are receiving the limit or over for their step and grade. There were some adjustments on those. He proposed an amendment on page 21, line 7--on the hand out, and said it was very controversial. He said the union people would tell them that if an amendment like this is not taken a strike vote will be taken and there could be a strike in the next few days. He said the exact same amendment had been offered in the select committee and defeated, it had been offered in the House and was defeated. He said he was neither an advocate nor an opponent of the amendment. He was merely stating it for the benefit of the committee. He said there is no unanimity around the state on it. He said AFCME represents 4 unions that were in the strike and represent about 900 employees. MPEA around 3500 in the state, the Independent Unions between 3 and 400 and AFCME an additional 400 in the blue collar plan.

Dave Evenson, employee of the Classification division and pay bureau said he would speak on the rebating system. He said one of the arguments in support is the single employee is subsidizing the families. The concept of insurance says that subsidization occurs. He said if they were all together they could get more health care, the younger ones subsidize the older ones. He explained the \$'s being spent now and a few years ago and the health care that people were getting for it. He said there is a high utilization of the health benefits at Warm Springs and also at the other institutions. He told how they could get more coverage for less money if all the state workers were together on one plan.

Don Judge handed out an amendment which he said was the unions version of the one handed out by Schram. He said it would ask for a reversion of the amount paid by the state. He said at this point in time the legislature has not approved this plan. They were taking it back to the employees. He said the employee should be able to determine the amount between salary and health insurance. The second portion would remove the slush fund for offsetting the insurance company with the excess of contributions paid. All they were asking for is equity for the people who are now making the contributions. He said they would have no objection in the future if the state picks up the entire tab, and the salary is segregated so that equal pay for equal work will really be true.

Pat McKittrick, Joint Council of Teamsters # 2 said he supports the concept. He said he would hope that some of the things would be amended, even at this hour. It has some serious flaws and does not address itself as looking at public employees as human beings but as different units as addressed by the bill. He felt there was restrictive language as it relates to classification and appropriate units. He said he firmly felt that holding a club over the bargaining is not good faith in bargaining. He said on Mr. Gosnell's flexibility--first, if the rule of 2.3 is implemented or you accept the amendment, it should not

conflict with the negotiated labor units and the labor agreements should take precedence.

Dave Lewis, Director of the Department of Administration said he would like to address the Gosnell amendment. He said he would like to speak to it from a management view point. They would like to address an employee who is really doing a good job. In the group you have a series of people performing at a certain level; some may be barely adequate and some beyond the call of duty. I would like to have the ability to motivate the people to do better. In the federal government almost everyone has the ability to give a step increase for various reasons. We would like the opportunity to do this at the Department of Administration. This would reward the people who were really doing an exceptional job. I think it is imperative that we have this ability. It should be a money saver for the state.

Mary Craig, Deputy Director, Department of Revenue, said we need the ability to reward the person who performs above and beyond the call of duty.

Tom Schneider, Executive Director, MPEA, said he liked the bill as it is. He said they represent a lot of the university people. It covers 4200 state and university employees and they voted in favor of this. He said one group voted--89 people voted and 88-1 in favor of a composite form of health insurance. The single people said even though they realized they were paying more and giving up benefits for themselves, but felt they could only get a good insurance program for everyone in the future. The \$30 per month contribution will not attract a large number of carriers to come and bid on the contract in the first place. He said in today's health insurance very few companies even are interested in it anymore. They went to bid 2 years ago and only 3 companies who even made inquiries except for the blues. We had laws that allowed fragmentation and laws that allowed them to discount, etc. This breaks it down. We need all the people to stick together in a good health program.

Darlene Ruck, said there are 4,000 employees who have insurance. They are in favor of the bill as written.

There were no opponents to the bill.

Representative South: The only contention we have is with the insurance. The House has gone in favor of the composite plan. If we change from this, we do it on the merits of the case, and not on the strength of the strike. I would hope that you would take action that would benefit all of the employees. It is my intention that if I come back, the state will be paying for the full cost of the insurance.

Senator Himsl: Did I understand you to say that in the case of the married couple there would be no loss because one of them could take the cost of the health insurance.

Schneider: With some in the blue shield and some in the blue cross, within the health insurance contract itself we can write language--the \$50 pays the one and the other pays the remainder.

Senator Himsl: What did you say about the life insurance?

Schneider: We have it now.

Senator Himsl: If both contribute \$50 from the state. \$50 of that could be assigned to the health insurance and \$50 to the life. Schneider: No. At the present time you could not both take the family plan, because the combined amounts are enough to pay the total premium. We could put it in the contract that the total premium would be paid and then go for life insurance. In this case the life insurance would be for both and not just the principle carrier. They have \$85 a month for health insurance and \$10,000 life insurance goes with it. If all we do is say that both work for the state they will get \$85 worth of benefits. The only thing they are losing however, is that only one person is the primary principle carrying the family program and the only one eligible for the life insurance. The wife is not covered by the life insurance. In this case the wife also works for the state and should be eligible and entitled to the life insurance. It can be done in the contract. If we simply combine the \$50 only one is covered. If we write it into the contract the extra \$15 would pay for the additional insurance.

CONSIDERATION OF HOUSE BILL 507: The sponsor, Representative Porter was represented by Representative South who explained the bill. He said he would speak to both 507 and 508. He said basically both bills deal with elected judges and elected officials. He said in most cases the raise was 7% or less, and in some cases it was 6%. He said the reason it was necessary was that last session by law they were blocked into grade 8, step 1, or close. He said the reason the legislators received the amount they did was because they were locked into the pay plan. He compared the salaries for the legislators with those of the prison guards. He said this would raise the salary from \$34.90 a day to about \$42 a day. There was some debate over the actual figures involved, some feeling the raise now was only to \$37 a day.

Pat McKittrick representing Montana Judges Association said they were in support of the bill. He said unless the salaries were somewhat reasonable it was hard to get good competent people to run for judge. He said prior to 1977 it was really a problem, and what the legislature did in 1977 was very commendable. He said this is a step forward where we can get important people who are qualified.

There were no further proponents, no opponents and no questions from the committee. Representative Porter closed by saying that the Judge's salary is under the presidential guidelines. If this would not be done it would amount to a decrease.

Senator Smith: I am sure you realize the tremendous

two years ago. That was about a 30% increase.

Representative Porter: That was an adjustment that was long over due.

The hearing on House Bill 508 was closed.

CONSIDERATION OF HOUSE BILL 507: Representative Porter said this was the one that dealt with the elected officials. The increase had been dropped from 7% to between 6 and 7%, and the only comment was on the legislative salaries. He said it was interesting to know that the raises proposed here are below those recommended by the salary commission. It figures out to be less than 7% and carries a great deal of responsibility on the job. It is 7 days a week for these people and it goes on and on forever. It is fair and within reasonable limits. The comments on the legislative salary increase. He said the amount for the legislators was amended upwards on the House floor, and carried very big. He said he was sure that the legislators all worked very hard and many of them carried heavy responsibility on interim committees for which they received very little pay.

Senator Himsel: The way the bill was amended. Is this the actual amount of salary? For Grade 8, step 2 is this the dollar size? I think there is some hospitalization in this. I think it is \$34.94 now and this would raise it up to \$39 something.

Tom Schneider: That includes the hospitalization. It is about \$40 a day with the hospitalization. We should know what that is. I think actually it is from \$36.37 to \$39.49 which is a 8.6% increase for the legislators.

The hearing on House Bill 507 was closed.

CONSIDERATION OF HOUSE BILL 386: Representative Joe Quilici said this deals with travel expenses and meals for people in the state service. He told of the high costs for hotel rooms and the cost of meals in some of the cities that the people have to go to on state business. Primarily people in the State Revenue Department. He said we could not expect these people to take money out of their own pocket to subsidize their expenses while doing a job out of state that was demanded of them.

Tom Schneider spoke in favor of the bill, said it was not a union bill, and only a few people in the state would be affected by it. He said the current language was put in in 1975 and meals have gone up considerable. Lodging has gone from \$17 or \$18 in 1977. Try for that now. Meals will be up about 30% by the end of the next biennium. If we don't put in a little at a time we will wind up with a major job.

Doyle Saxby, Department of Administration said the bill in the language on page 3 states that the Department of Administration shall designate those places where the cost is higher. GSA does something similar for their people. Three cities have differential rates. They are going to increase to 15 or 17 cities in the

states. The standard rates were simply not covering the rates being charged in some of the cities.

There were no opponents, and questions from the committee follow:

Senator Boylan: Didn't we have a Senate bill go through that took care of this? Ans. No, because this bill took care of the same thing.

Senator Himsl: Is the fiscal note considered to be accurate?
Representative Quilici: This fiscal note was the original. Essentially, yes. The various agencies have already budgeted for this schedule.

Schneider: It was brought up in the House. There has been no budgeting for these figures. There will be no cost over the next 2 years. They will be built in two years from now. Their travel will have to reduce and they will have to travel less in the next 2 years. I have some problems with the fiscal note. With the rate of lodging at \$18 the average cost is computed at \$15. Raise it to \$21, it is computed at \$20. I think there is some question as to the fiscal note itself. I think it is less than the amount stated. I just can't follow the logic of this.

Senator Smith: When the rates were lower as a person traveling for the state I paid \$15 then and \$18 now. Don't you think the rates will be \$21?

Senator Regan: I was talking to a person owning a motel. It looks like the rates will be at least that.

Senator Himsl: They will raise the rates to the level of the appropriation. I understand that this may mean less travel.

Representative Quilici: I should have brought over a receipt. I was charged \$21 a day in December. I was reimbursed at \$18. I have a receipt showing \$21 a day, and I don't think they knew about this bill then. I hate to see these people sent on a job away from home and havint to pay out of pocket expenses.

The hearing on House Bill 386 closed.

CONSIDERATION OF HOUSE BILL 507: Mr. Schneider said that the report he had given on the legislative pay--he had the figures, and the figures were \$34.98 to \$39.49, or an increase of \$4.51 per day over the legislative pay for this session.

Senator Fasbender: The pay has been sort of tied to what the IRS will allow which is now \$40. We were at the maximum 4 years ago. I think the cost of living is more than 6% in Helena.

Senator Himsl: That question was in court as to whether it was allowable. It is my understanding that it is allowed.

Senator fasbender: There was a limit that they accepted.

John La Favor: It is a limit that if you stayed below you do not have to fill out forms and have documentation on. They have raised it and I am getting the information now.

Senator Boylan to Mr. Gosnel: How many state employees will revert back with the steps, grades, etc.? Ans. Possibly 69 or 70 and they will go clear back to 1975. There are 4 dead, and they will get retroactive pay for heirs up to \$5,000. Last time we put in a bill that was retroactive it amounted to a lot more. On the step 9 to 11, there is a group that appealed. This group appealed before Senator Kolstad's bill went through last year.

Tom Schneider: About 800 people, and less than 100 appeals. Once those go through then we are under the new law. It just takes 3, 4 or 5 years to process a settlement.

Mr. Gosnell said it was an expensive process, but he felt it could be worked out so that the Kolstad bill would work. They are working with Mr. Schneider on this.

Senator Boylan: I don't think management is represented on the appeals board. There is not one appeal in favor of the management.

Mr. Gosnell: There have been a lot in favor of management. The group of Highway workers in regard to the eligibility of the Technicians was an example.

Mr. Schneider: We have not one everyone that came down the road.

There was a 10 minute recess.

CONSIDERATION OF HOUSE BILL 841: Senator Manning was not able to be here at the hearing and has a special interest in this project. Out of courtesy to Senator Manning, I will ask him to share his views with this committee. (Senator Himsl)

Senator Manning, Roosevelt County said the dam is in Powder River County which he represents, and said he was first of all interested in the safety of the dam. He said his record has been pretty much opposed to studies. 95% of them are gathering dust on the university basements now; nothing much has been done with them. He said he felt the immediate problem was to get the dam back into shape. He said part of this study was a study of the spectrum as to getting the indian tribes into it. He said there was \$350,000 on the Bectral Company. They made some recommendations as to a new site. That study is lying there. I have suggested that the main concern I have is with the safety. \$5 million worth of work can be done entirely by the Federal Government. The DNR is

eligible for making the application for this. They will be reimbursed for their expenditures 100%. He said he had talked to Col. Gilbertson and had been asked if we had advanced any money, and he had told him \$40,000 for the research that has been done. He said the regional office in Denver has staff and the whole spectrum comes into the picture because of possible disaster and the reclamation, etc. They do it and any part the DNA comes into will be taken care of with 100% federal money. They will pay 100% but will not pay any money except to put the damage back into its original state. Since Congress is very safety conscious, I don't think the DNR argument of not being safe originally can stand up, but if you want extra insurance, spend the money in this bill for extra riprapping. I have built a lot on dams and I think I know what I am talking about. He explained the process of riprapping and what it does.

Senator Himsl: H. B. 824, the renewable resource Development Clearance Account, --there is 10 different grants asked for. I know this wasn't in it, and was not even given honorable mention in it. Was there a reason?

Senator Fasbender: There doesn't seem to be any money in that account, but there does appear to be some in the indemnity trust fund.

Senator Aklestad to Senator Manning: Do I get from you that you are more in favor of repairing the old dam? Ans. Yes. It is already authorized. The Federal Government is paying 100% of it. None of the money in this bill would go for that purpose.

Senator Aklestad: Would you like to suggest that we delete section 2 of this bill on line 20 then? Senator Manning: I think you could amend the bill where they that amount of money could be made available to the department for use over and above that part of repair that is putting it back to its original state.

Senator Himsl: His question is the section about the Northern cheyenne and Crow Indian tribe cooperation. Is this a cooperative thing now?

Senator Manning: I don't think this would have to be in the bill now.

Senator Regan: I am very much confused. You are telling us that this project for the tongue dam can be repaired. The repair will take part this summer and the federal government will pay for all of it? Senator Manning: Yes.

Senator Regan: Then I would like to ask the man from the DNR why he is trying to sell us on all this money. Ans. We had some damage in 1978 which amounted to \$1/2 million. That is not the basis for the request for funding. Our basis is the reports before the flood saying the dam was not safe. All their repair will do is bring it back to its formerly unsafe condition. What we are doing now is a stop gap measure to try to get us by until we at the basic problem.

Senator Regan: Whose report was that? Ans. R. C. Harlow and Assoiciaion. The same engineer that did the Bectal study in 1969.

Senator Regan: Who paid for this? Ans. The Department of Natural Resources.

Senator Aklestad: What happened then? Ans. The slabs were in terrible shape before the flood and in much worse shape now. We plan to repair this for the \$½ million.

Senator Smith: Who says this dam is unsafe? I understand it has not been a proven fact yet. Ans. The Bectal report says it is unsafe. I have worked with them enough to see it is unsafe.

Senator Smith: Houw do you feel about the report? Ans. Based on years and years on dams evidence, including many in Montana. When a dam is located in an area where it can kill people it has to pass the safe conditions for a reasonable flood.

Senator Aklestad: This has nothing to do with the physical aspects of the dam? Just because the state met the 100 year flood criteria.

Senator Lockrem: When you go to this you pretty well get it down to federal building because of the cost? Ans. No. The Cooney can be done. We think we can make the Tongue Dam pay for itself.

Senator Smith: Next year more dams because every dam has to meet the 100 year flood criteria? This is probably true. There are many dams that need this, but none as bad as these. We have looked at the 10 worst dams in the state and found some of them safe.

Senator Boylan: Do you think the Corps of Engineers would put money into a dam they considered unsafe? Much of this might be because of the dams that went out and it is an overreaction putting a lot of money into this, and some of them can be over done on the repairing.

Senator Manning: I feel the best insurance is plenty of riprap and grout. I have asked them to give me the second feet of water that traveld down the Powder and Yellowstone where it comes together. The highest on record is 23,000 second feet. It will now measure at the highest, 55,000 second feet.

Senator Etchart: Is it your recommendations that this bill be reworded so that if the money were needed it would add to the funds rather than used for a study? If a real big flood, you can't hold water back with paper.

Senator Thomas: I would like to ask the man from the DNR--You made the statement that if it was not made safe it would be breeched. Whose decision would that be? Ans. That decision would be made by the board of Natural Resources. We can't make

make that decision in the next biennium.

Senator Himsl: There is a contract about to be let which would have the Federal Government restore it to its previous condition. They think it is safe and you didn't. Are you telling us that you will continue a study and that you might breach that dam after they have put that money into it. Ans. yes.

Senator Aklestad: I think as a committee we should do something to off set that move.

Senator Thiessen: The bureau of engineers and the corps of engineers, are they saying it is going to make it safe? Ans. They are going to put money into it because they know we are going to take steps to make it safe.

Senator Lockrem: Who is making the study? Ans. We would probably hire the same one. We need to look to someone who is familiar with building and is bonded.

Senator Lockrem: We had one study, then we went to another. The reason we hired him is that he is an expert on that dam.

Senator Thiessen: The study is an EIS to see if they could get this money back?

Senator Himsl: Isn't this a program where the federal government is making a study of these dams?

Senator Smith: First of all we appropriated \$25,000 for engineering--also private and federal funds. The cost of over \$1 million in '80 and '81. They are talking about raising the height of the dam. I can't believe you would raise the height of a dam that is unsafe. Ans. It would be done in conjunction with a new spillway that would handle this. We can increase the water users on the project and increase the price and pay for it that way.

Senator Himsl: This would be waste to spend money that way. The only thing that \$500,000 does is it gets us through the next biennium. I would wait until we got the federal money, and the government study.

Senator Manning: They make an estimate and before they allocate the use of the federal money they have given this to the federal departments and when they read this statement on the purpose and intent etc., the money will be spent to put the structure back to its original form. They are going to patch it up and then wait until they decide what the study is.

Senator Himsl: The question was raised as to whether the Federal Government has not inspected the dam yet. If they did would they go ahead and say it was unsafe and still put money into it?

Senator Manning: No. But they have already been there. The inspection team is on th job first. They inspect the application and

the structure. Always when it pertains to water the board of Reclamation is on the job. You don't need an emergency fund for them. They are already paid and are on the job ahead. They are real good about following up with the money when you get into the job. The repair of the spillway will be about \$½ million.

Senator Etchart: If a motion were made to put the money in this bill into repairs rather than a study--I am at a loss to know what they would do with it. The Government pays 100%.

Senator Smith: It comes down to what is the point of the bill?

Senator Himsel: That is a matter of judgment. Do you want the study or not. The federal government will restore the dam to its condition before the flood damage of 1978. We are given the impression that it will not be put in unless it is to be safe. Then there would be no money needed. This bill proposes that there will be \$65,000 spent in a study which would be directed to a new Tongue Dam which would involve a new spillway and perhaps a new dam itself.

Senator Boylan: It looks like Senator Manning would like this amount of money to do a better job.

Senator Himsel: But that wouldn't be needed.

Senator Fasbender: What is the liability of the state if it should fail? Mr. Doney: Probably in the 10's of billions of dollars. When the Two Medicine Dam failed, it killed 35 people. There was nobody there--no one down stream. That valley is a lot of farmers and ranchers every 5 miles or so. The Tongue Dam would go through some heavily populated areas. It would do a lot of damage in Miles City for example.

Senator Smith: What if the federal government engineers have come in and done the repairs according to their specifications? Ans: The federal government has made no statement that they will make the dam safe or that it was safe. They came in for about ½ a day and looked at the damage. Their only criteria was what is the damage and how much will it cost to fix it. A full blown safety inspection is about a 1 year project.

Senator Smith: We were told in Finance and Claims that it would be federal and private financing. They have an amendment for 3 FTE to do a dam safety inspection. They would be able to inspect 35 dams a year. Were we then not being told the truth? You said about 1 year on a dam.

Ans. The main thing these inspections do is a calculation of how big a flood is going to happen.

Senator Manning: I think since the liability thing comes up, my suggestion that the money be made available, and when it is really gotten into, the engineers could decide if we should have gone beyond. Then the money is there, if it is not needed then

they don't spend it. If needed we have gone beyond the federal recommendations. It is far different in making standpoint inspections and even ground inspections. The state of Montana would benefit even if it is only a gesture in the final analysis. Sometimes the engineers don't core in the right place--even the engineers can make a mistake. When talking about economic review on the Tongue River Drainage from Wyoming down through Montana. It could be \$100 million. In figuring out a device of how it can be financed--that dismisses it from my mind immediately. Those are mostly ranchers. If we would drain the lake and mine the coal, then maybe this amount of work could be done.

Representative Dassinger: I would like to say that I agree with Senator Manning. I think this money should be kept available. The dam spillway is going to get fixed. We will have federal money for this. The question that comes into our mind is whether or not the dam will be safe after that. The reason I carried the bill is that I don't really know. In this day and age you will have to make a study of any big project. If we start 2 years from now on the New Tongue Dam there is a possibility of making the coal pay for it, or the federal government. Then if the dam breaks I can rest in peace. I will feel I have done all I can to make it safe. In my mind there is a question if when it is just repaired now if it will be safe. It is the committee's choice if they want to take a chance on it.

Senator Etchart: If we put this money in, do they just let it sit there?

Representative Dassinger: Senator Himsl brought out that the studies have been completed by the Corps of Engineers. If this is what is needed to make a final decision as to whether or not it is safe, then I would say yes.

The meeting was adjourned, subject to the call of the chair or at 8 a.m. tomorrow morning.

Senator Himsl, Chairman

Schmidt

HOUSE BILL 386

House Bill 386 deals with the per diem payments made to state officials and employees. The meal allowances in the current law were set in 1975 with the in state lodging being raised in 1977 from \$ 16 to \$ 18 per day.

While I realize that money is tight right now if these figures are not changed this session it will mean that no change can be affected before 1981. That means that six years would elapse with no change. During this six year period meals will raise by more than 33% and lodging by 35%.

THE SPECIFIC CHANGES IN THE BILL ARE:

As you can see the figures which were placed in the original bill have been reduced substantially. This bill was placed in a sub committee and amended as follows:

IN STATE MEALS

- \$ 2.00 for Breakfast - NO INCREASE FROM PRESENT LAW
- \$ 3.50 for Lunch - 50 cent INCREASE OVER PRESENT \$ 3.00
- \$ 6.50 for Dinner - \$ 1.50 INCREASE OVER PRESENT \$ 5.00

OUT OF STATE MEALS

- \$ 3.00 for Breakfast - NO INCREASE FROM PRESENT LAW
- \$ 5.00 for Lunch - \$ 1.00 INCREASE OVER PRESENT \$ 4.00
- \$ 8.50 for Dinner - \$ 2.50 INCREASE OVER PRESENT \$ 6.00

LODGING

- In State \$ 21.00 - \$ 3.00 RAISE OVER PRESENT \$ 18.00
- Out of State \$ 40.00 - \$ 3.00 RAISE OVER PRESENT \$ 37.00

In addition language has been added that allows the Department of Administration to designate certain areas where actual cost of lodging can be re-imbursed when travel is for " normal course of duties " This is for auditors specifically because of their need to go where their job demands and stay for long periods of time. Some places are going un-audited now because the cost of sending auditors is so great that they simply refuse to go because of the out of pocket cost.

red go
That House Bill No. 891, second reading bill, be amended as follows:

1. Page 10, line 20.

Following: "benefits"

Strike: ", except that in no case by the group benefits allocation be
less than the amounts provided in 2-18-703."

Insert: "."

2. Page 20, line 15

Following: line 15

Strike: subsection 4 in its entirety

ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

46TH LEGISLATIVE SESSION 1979

Date 4-12-79

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HIMSL	✓		
SENATOR STORY	✓		
SENATOR AKLESTAD	✓		
SENATOR LOCKREM	✓		
SENATOR ETCHART	✓		
SENATOR NELSON	✓		
SENATOR SMITH	✓		
SENATOR BOYLAN	✓		
SENATOR REGAN			
SENATOR FASBENDER	✓		
SENATOR THIESSEN			
SENATOR THOMAS	✓		
SENATOR STIMATZ	✓		

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppo
Barlene Truck	Mt Union Systems Benefits Com		
Bob Little	Personnel State Employees		
Michael P. Beausoleil	Warm Springs Independent Union		
Roy H. Schram	Labor Relations Bureau	✓	
David F. Pearson	Personnel Division		
Art McCurdy	Labor Relations Bureau	✓	
Ed Fasbender	Cascade Am. Assoc.		✓
P. H. Hunsinger	Teamsters & UOPEU	✓	
Tom Judge	AFSCME, AFL-CIO 891	Amend	
Tom Schneider	UPEA	✓	
Doyle Sorby	Dept of Adm. HB 386	✓	
W S GOSNELL	Personnel Div. 891	✓	
Dane Lewis	Dept of Adm. HB 891	✓	
Linda GAMBIO	OBPP		
Ree Weiss	OBPP		
Annelle S. Ryan	Local 1064 Registar's Office	Amend	
Janice Stanger	Local 1620	Amend	
Eric A. Ebel	Reg Office Local 1064	Amend	
Loran Riley	Local 1620	Amend	
Pat McKittrick	Mt. Judges Assoc. HB-507,508	✓	
	J.C. Teamsters. HB. 891		
Roger Lindell	Personnel Division	✓	
Ed Hall	Blue Cross of Mont.	✓	
Allen Bush	MA & B A	✓	
Jim Cadian	Mt. State Council Carp.	✓	
W.P. Esterlson	Personnel Division	✓	

Pages 30, Section 24, a new clause 2 is inserted to read as follows:

~~(1) For employees defined in 2-18-701 other than members of collective bargaining units, and for members of the legislature, the employer contribution for insurance shall be \$240 per year for the fiscal year ending June 30, 1978, and \$360 per year for each fiscal year thereafter. The employer shall prorate this amount for employees who work less than 2,080 hours per year.~~

(2) For employees defined in 2-18-701 the employer contribution for group benefits shall be no less than \$30 per month. At an employee's option additional amounts may be contributed by the employer. The specific additional amounts to be contributed shall be established by the department in such a fashion as will maximize the amount of insurance contributions that can be made on the employee's behalf without creating an income tax liability for the employee as a result of the contribution under the tax laws of Montana and the United States. Permanent part-time employees who work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state sponsored group benefit plan may not receive the minimum state contribution as wages.

* * * * *

This amendment is presented because several large bargaining units have indicated their dissatisfaction with the "composite contribution" approach to health insurance funding as expressed in H.B. 891. For employees selecting employee-only health coverage a monthly contribution of \$30 is sufficient to fund an adequate policy. The contemplated increases to \$50 and \$60 a month result in such employees contributing more than is necessary for their coverage, thereby subsidizing employees who choose the full family coverage. Because the increased insurance contributions are considered as part of the 5.8% and 5.7% annual increases in the pay matrix amounts, the adoption of composite insurance contributions means that single employees are being deprived of about 2% of that raise in 1979 and 1% of that raise in 1980 in order to reduce the insurance premium for those choosing dependent coverage.

This amendment would keep the employer insurance contribution at a minimum of \$30 a month, but would allow additional tax free contributions to be made in lieu of wages. This would result in a higher insurance premium for dependent and family coverage, but it would end the problem of the subsidization by single employees.

This amendment is presented by the Labor Relations Bureau as a result of negotiated contract provisions with the AFSCME units at Galen, Boulder, the Prison, and the Registrar's Bureau; the Warm

Handwritten initials

HOUSE BILL 891 +.5%(14-A) COMPARISON OF 1979 SALARY MATRIX TO THE 1980 SALARY MATRIX

GRD	STEP 01	STEP 02	STEP 03	STEP 04	STEP 05	STEP 06	STEP 07	STEP 08	STEP 09	STEP 10	STEP 11	STEP 12	STEP 13
1	.00	.00	9.09	8.88	8.85	9.41	9.98	10.13	10.29	10.37	10.49	11.35	12.21
2	6.01	8.92	8.88	9.02	9.18	9.27	9.40	9.47	9.55	9.68	9.84	10.66	11.52
3	5.61	8.48	8.41	8.48	8.57	8.71	8.87	8.87	8.90	8.98	9.10	9.95	10.78
4	5.23	8.09	8.02	8.03	8.06	8.14	8.25	8.32	8.42	8.39	8.39	9.13	9.91
5	4.89	7.71	7.61	7.68	7.78	7.75	7.75	7.70	7.70	7.67	7.68	8.43	9.22
6	4.54	7.37	7.25	7.21	7.21	7.17	7.19	7.16	7.15	7.12	7.13	7.86	8.60
7	4.23	7.03	6.89	6.86	6.85	6.83	6.84	6.76	6.71	6.64	6.60	7.30	8.01
8	3.94	6.72	6.56	6.48	6.44	6.37	6.32	6.21	6.14	6.04	5.99	6.66	7.32
9	3.66	6.43	6.26	6.15	6.07	5.98	5.93	5.80	5.72	5.62	5.57	6.23	6.92
10	3.40	6.16	5.98	5.84	5.77	5.67	5.62	5.50	5.41	5.22	5.08	5.75	6.45
11	3.16	5.91	5.71	5.58	5.51	5.31	5.17	5.02	4.91	4.75	4.64	5.28	5.94
12	2.94	5.67	5.46	5.31	5.20	5.05	4.94	4.77	4.65	4.49	4.38	5.00	5.65
13	2.73	5.45	5.24	5.07	4.95	4.79	4.68	4.48	4.33	4.15	4.02	4.63	5.25
14	3.06	5.79	5.54	5.43	5.36	5.34	5.37	5.41	5.51	5.64	5.81	6.01	6.26
15	2.88	5.59	5.35	5.42	5.52	5.66	5.85	6.05	6.30	6.57	6.88	7.22	7.59
16	2.72	5.42	5.17	5.40	5.66	5.96	6.29	6.65	7.03	7.45	7.89	8.36	8.87
17	2.56	5.27	5.00	5.39	5.80	6.23	6.71	7.20	7.72	8.28	8.85	9.45	10.07
18	2.42	5.12	4.85	5.37	5.92	6.49	7.10	7.73	8.38	9.05	9.75	10.47	11.21
19	2.30	4.98	4.70	5.36	6.04	6.74	7.47	8.21	8.99	9.78	10.59	11.43	12.18
20	2.18	4.85	4.58	5.36	6.15	6.96	7.80	8.66	9.54	10.45	11.38	12.22	13.00
21	2.07	4.75	4.46	5.20	6.24	7.17	8.11	9.08	10.07	11.08	11.92	12.77	13.65
22	1.97	4.64	4.34	5.32	6.33	7.35	8.40	9.47	10.55	11.68	12.72	13.66	14.55
23	1.88	4.54	4.24	5.32	6.41	7.53	8.66	9.83	10.83	11.95	13.07	14.20	15.15
24	1.80	4.45	4.15	5.31	6.49	7.69	8.92	10.00	11.10	12.22	13.35	14.49	15.65
25	1.72	4.37	4.07	5.30	6.56	7.84	9.00	10.18	11.36	12.57	13.78	14.90	16.00

NOTE: INCLUDES INSURANCE
THE VALUES IN THE BODY OF THE TABLE REPRESENT THE
PERCENT OF INCREASE FROM ONE MATRIX TO ANOTHER.

Handwritten notes:
1275,000
275,000

Amendment to HB 891, third reader

Page 9, Line 8:

INSERT: (7) the Department may develop a program which will enable the Department to mitigate problems associated with difficult recruitment, retention, transfer or other exceptional circumstances.

CURRENT PAY PLAN RULES

POLICY 3-0505

PAY PLAN RULES

10/19/78

2.03 Agency Authorized Exceptions: An agency director may, at his discretion, authorize salary increases for employees when exceptional circumstances justify this action. The following guidelines apply:

1. The employee must be a full-time, permanent employee.
 2. The salary advancement shall be limited to three (3) steps or less of the authorized grade for the class.
 3. Written justification setting forth in detail the nature of the exception must be signed by the agency director and, for the purpose of establishing a record, filed with the Administrator of the State Personnel Division. The following statement shall be included. "This exception to the pay rules will not result in a deficiency or supplemental appropriation request to the legislature."
 4. No more than one exception may be given to any individual in one year.
 5. No more than 5% of the full-time permanent employees in an agency may be eligible for an exception.
 6. Rule 2.03 may be utilized unless it conflicts with negotiated labor contract provisions, which shall take precedence to the extent applicable.
-

THE MONTANA DEPARTMENT OF LIVESTOCK

ADMINISTRATIVE DIVISION

Cliff C. Hoyer, D.V.M.

Administrator

BEARING ENFORCEMENT DIVISION

James L. "Les" Graham

Administrator



STATE OF MONTANA
DEPARTMENT OF LIVESTOCK
HELENA, MONTANA 59601

(406) 443-2013

December 1, 1978

Mr. William S. Gosnell, Administrator
Personnel Division
Department of Administration
Capitol Station
Helena, Montana 59601

Dear Mr. Gosnell:

The Board of Livestock, on November 27, 1978, recognize Monte Ballou, Chief Pilot, Department of Livestock, employee who has demonstrated outstanding performance. Therefore, they unanimously approved a three-step salary increase effective next pay period.

Itemized below are the seven major reasons Monte Ballou given this special financial recognition:

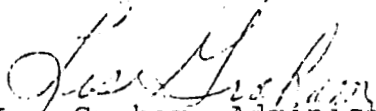
- 1) He has saved the Department thousands of dollars completing the majority of helicopter maintenance required.
- 2) He has searched and obtained helicopter parts below standard prices usually paid for such parts.
- 3) He has constructed helicopter parts which could be obtained immediately or were not available.
- 4) He has exercised extreme tact while working with Fish and Wildlife Service trappers and supervisory staff.
- 5) He has unselfishly given of his own time for the Department's benefit. He has lost 98 hours of compensation being with the Department, plus worked many extra hours without recording them.

Graham to Gosnell
December 1, 1978
Page 2

- 6) He has purchased items for the helicopter program out of his own pocket.
- 7) He has developed the Department's helicopter program to one of high respectability and worth to the livestock industry and others.

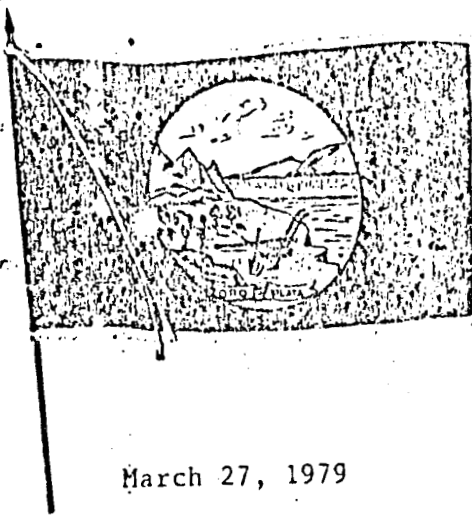
This exception to the pay rules will not result in a deficiency or supplemental appropriation request to the legislature.

Sincerely,



Les Graham, Administrator
Brands-Enforcement Division
Department of Livestock

LG:KS:cp



STATE OF MONTANA
DEPARTMENT OF

March 27, 1979

RECEIVED

APR 2 1979

STATE PERSONNEL
DIVISION

William S. Gosnell, Administrator
Personnel Division
Department of Administration
Mitchell Building
Helena, Montana 59601

Dear Mr. *W. S. Gosnell*;

Effective April 16, 1979, I am authorizing a three-step salary increase for James T. Weaver. This action is in accordance with Paragraph 3-0505, Pay Plan Rules, Volume III, Montana Operations Manual.

This increase is being given because Mr. Weaver has accepted a transfer to a position of greater responsibility requiring relocation from Helena to Missoula.

The Department of Highways - Personnel Division will comply with this action if it is necessary to effect the increase. This exception to the usual rule will not result in a deficiency or supplemental appropriation to the legislature.

Very truly yours,

Ronald P. Richards
Ronald P. Richards
Director of Highways

RPR:kg:U33

cc: Personnel File
Admin. - Department of Highways
Personnel Division

Ted Doney, Director
Department of Natural Resources and Conservation

William S. Gosnell, Administrator
Personnel Division
Department of Administration

November 21, 1978

Rule 2.01, Difficult Recruitment, Electrical Eng'g

Your request to recruit for an Electrical Transmission Engineer
step of the grade is approved.

Please keep us informed if further problems develop with this po

WSG/DE/dh

MONTANA DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

MEMBERS OF THE BOARD - CHAIRMAN: CECIL WIEDENBACH, BOB A. MERRILL, DAVID G. DODD,
DR. WILSON F. CLARK, DR. BOY E. HOFFMANN, WILLIAM H. WILSON, CHARLES L. HASH



MEMORANDUM

November 14, 1978

TO: David Evenson
Administrative Officer
State Personnel Division
Department of Administration

FROM: Joel Sims
Personnel Officer
DNRC

Joel Sims RECEIVED
NOV 16 1978

SUBJECT: Pay Plan Exception

STATE PERSONNEL
DIVISION

The Department has for the past fifteen months attempted to fill a Grade 15 Electrical Transmission Engineer position (No. 40140). During this period no applications have been received from engineers qualified to assume the position's duties and responsibilities.

Based on contact with colleges, universities, and industry, it is our opinion that unless we are able to offer a starting salary of at least \$18,000/year our attempts to staff this position will continue to be unsuccessful. We are therefore requesting authorization to use the entire grade 15 salary range in our nationwide recruitment efforts. The salary at which the position is filled will depend on the applicant's qualifications and salary requirements.

CENTRALIZED SERVICES DIVISION

RICHARD BRACER, ADMINISTRATOR

STATE OF MONTANA

32 SOUTH WIND, HELENA, MONTANA 59601

STATE OF MONTANA
DEPARTMENT OF FISH AND GAME
HELENA, MONTANA

RECEIVED
JAN 12 1979
STATE PERSONNEL
DIVISION

Office Memorandum

TO : John Gaffney's Personnel File
DATE: January 9, 1979

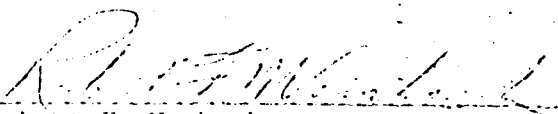
FROM : Robert F. Wambach

SUBJECT: Justification for granting exception for three step increase

John J. Gaffney (position 13806) and Thomas W. Mussehl (position 15806) both work at the Research Park Building, Montana State University, Bozeman, performing essentially the same duties, Tom for the Game Division and John for the Fisheries Division. Their positions were audited last year by Don Coburn of the Personnel Division and determined to both be properly classified as Grade 16.

When Gaffney and Mussehl were originally recruited for these positions, the department was under its own pay system and the positions were classed one grade higher than that of regional fisheries or game manager. I am not aware of how many applicants there were for Mussehl's position but Gaffney was the only applicant for his job. Thus, I believe it is safe to assume that if either position became vacant now, with both jobs at the same grade as a regional manager, we would have considerable difficulty in filling either position with persons of similar experience. Although both men are Grade 16, Tom is at Step 10 and John is at Step 6. This is because Tom arrived from the position of assistant division administrator and John arrived from the position of bureau chief. Using the logic both of difficulty in filling positions and equal compensation for comparable jobs, I am increasing John Gaffney's classification from Step 6 to Step 9 under rule 2.03.

This exception to the pay rules will not result in a deficiency or supplemental appropriation request to the legislature.


Robert F. Wambach
State Fish and Game Director

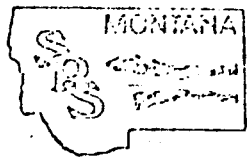
RFW/ANW/eb

The Big Sky Country

STATE OF MONTANA
SOCIAL AND REHABILITATION SERVICES

POST OFFICE
HELENA, MONTANA 59601

File
ok



RECEIVED

FEB 13 1979

STATE PERSONNEL
DIVISION

RECEIVED

FEB 8 1979

STATE
PERSONNEL

THOMAS L. JUDGE
GOVERNOR
PATRICK E. MELBY
DIRECTOR

February 6, 1979

TO: Ron Brown, Administrator
Centralized Services Division

FROM: Keith L. Colbo *KLC*
Director

RE: Tom Baggett - Step Increase

I am hereby approving your request for a three-step increase for Tom Baggett, Chief of the Data Processing Bureau, under the provisions of Pay Plan Rule 2.03.

I have asked Jack Stuart to prepare for my signature the necessary papers to submit to the Department of Administration.

cc Jack Stuart

The Sky Country



STATE OF MONTANA
SOCIAL AND REHABILITATION SERVICES

PO BOX 4210
HELEN, MONTANA 59601



February 2, 1979

THOMAS L. JUDGE
GOVERNOR
KEITH L. COLBO
DIRECTOR

CENTRALIZED SERVICES DIV
RONALD K. BROWN
ADMINISTRATOR

FEB 8 1979
PERSONNEL

TO: Keith L. Colbo, Director
FROM: Ron Brown, Administrator
Centralized Services Division
RE: Step Increase

Request Tommy Baggett, Chief, Data Processing Bureau, be granted a three-step increase per pay plan rule 2.03, dated October 19, 1978.

Tommy fills a critical position in the Centralized Services Division. His knowledge of the 30+ computer systems in use by the Department and his expertise in the myriad functions of the Data Processing Bureau makes his a key position.

The departure of Ben Potts places an even heavier burden of responsibility and demand for expertise on him. He is the key to the implementation of a new computer, whether the Burroughs is retained or another vendor's equipment is installed at a later date.

Although he is not actively seeking other employment, he has recently been offered a higher paying position by a commercial firm. Fortunately, he rejected the offer. If we are to retain him, and I am of the opinion that we must make every effort to do so, we should make employment with the Department more attractive to counter future offers of employment. Approval of this request will do much to accomplish this objective.

It might be noted that when he was promoted from the Supervisory System Analyst to the Bureau Chief in August, 1977, he was promoted from a grade 15, step 4 to a grade 17, step 1. Under rules issued subsequent to his promotion, he would have been a grade 17, step 3.

Your favorable consideration of this request will be appreciated.

Ronald K. Brown
Ronald K. Brown, Administrator

This will not result in any supplemental appropriation. Adequate funds exist in the O&P program to fund this increase.

R. Brown



STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

TELEPHONE
AREA CODE IN
409-2111

1300 BLOCK CEDAR STREET
AIRPORT WAY BUILDING WEST
HELENA, MONTANA 59601

THOMAS L. JUDGE
GOVERNOR

W. GORDON MCOMBER
DIRECTOR

MEMORANDUM

To: William Gosnell, Administrator
Personnel Division
Department of Administration

From: W. Gordon Mcomber, Director
Montana Department of Agriculture

Date: May 30, 1978

Re: Request for authority to advance an employee from grade 13 step 4 to grade 13 step 8.

The department currently does not have an inspector permanently assigned to northeast and eastern districts of the state. Due to recent violations and requests for service I have determined an inspector must be assigned to this area as soon as possible.

The eastern district consists mainly of feed, seed, fertilizer and grain related industries. Mr Reynolds, who holds an F.D.A. Medicated Feed Inspectors license is the most qualified field inspector to fill the position. Therefore, I am proposing that Mr. Reynolds be transferred from the Helena office to the eastern district with headquarters established at Glendive, Montana.

Mr Reynolds, in addition to the normal Agricultural Inspector II duties will be assigned specific medicated feed inspection duties for the entire eastern and east central district. Mr. Reynolds will also be responsible for the Departments Official Bean Sampling services in the Glendive, Sidney and Fairview areas.

Mr. Reynolds is well acquainted with the business clients, is one of our most experience inspectors, can accept the new responsibilities, can operate with minimum supervision resulting from the geographic spread and will be able to provide immediate service to the area.

In analyzing this transfer, the question arises as to what is the proper classification and grade. The new assignment will have a higher degree of technical responsibilities related to the Medicated Feed Mill inspections. In addition, it is in the Departments best interest to place a mature experienced and proven inspector in this district.

Memo
May 30, 1978
Page 2

After careful consideration I have concluded that an advancement in steps within the current Agricultural Inspector II classification would be most justified. It would recognize the expanded duties and responsibilities of the position, it would recognize the Department's need for an experienced person for the area, and would basically maintain our staffing pattern and classification series.

Therefore, I am requesting your authority to incorporate advancing Mr. Reynolds from Agricultural Inspector II grade 13 step 4 to Agricultural Inspector II grade 13 step 8 as a condition of his position transfer.

Your consideration and response is appreciated. If you have questions please contact me.

MEMORANDUM OF AGREEMENT

RECEIVED

MAR 16 1979

STATE PERSONNEL

The Warm Springs Independent Union and the Montana State Labor Relations Bureau hereby agree to the following:

1. The administration of the Warm Springs State Hospital will support and apply to the State Classification Bureau, Personnel Division, for an upgrade of Switchboard Opr. I.

The final decision shall be made by the Classification Bureau, Personnel Division, subject to appeal to the Board of Personnel Appeals as provided by statute. To the knowledge of the parties, the position in question is the only bargaining unit employee presently in grade 5.

2. Subject to legislative approval salary schedules as per Attachments A & B shall be incorporated into the contract for the two year period beginning with the first full payroll period following June 30, 1979. An employee shall progress one step on the employee's anniversary date, except that normal progression from step 1 to step 2 shall be after 6 months of employment unless such progression is disallowed by the legislature.
3. The annual salary schedules attached include amounts to be contributed by the State on the employees' behalf to a State employee health insurance plan. In every case the contribution made by the State shall be no less than the premium for minimum employee-only coverage.

At each employee's option the state's contribution may be increased to a limited number of specific amounts, to be negotiated at a later date as will maximize the amount of tax free contribution to be made on the employees' behalf.

Such an optional system for additional contributions is contingent upon legislative approval, and the Labor Relations Bureau agrees to present to the Legislature the Union's preference for such an optional system of contributions instead of a system mandating contributions of \$50/monthly and \$60/monthly for all employees.

Mike Beausoleil
 MIKE BEAUSOLEIL, President
 Warm Springs Independent Union

Leroy H. Schramm
 LEROY H. SCHRAMM, Chief
 State Labor Relations Bureau

Bob Bethke
 BOB BETHKE, Vice President
 Warm Springs Independent Union

5-19-78
 DATE

W S I U
 Schramm

MPEA

MEMORANDUM OF AGREEMENT

The Montana Public Employees Association and the State Labor Relations Bureau hereby agree:

1. Pay rule #4.01 shall be incorporated into the Master Contract minus the last clause in section (b) dealing with special adjustments.
2. Subject to legislative approval salary schedules as per attachments A & B shall be incorporated into the contract for the two year period beginning with the first full payroll period following June 30, 1979. Normal progression from Step 1 to Step 2 shall be after 6 months of employment unless such progression is disallowed by the legislature.
3. Included within the aforementioned salary schedule amounts are State insurance contributions of \$50 a month fiscal year 1980 and \$60 a month for fiscal year 1981. It is understood that the Union desires that such contributions be made in full on behalf of all employees, and the State agrees to present to the Legislature the Union's preference for such a system of "composite" contributions.

[Signature]

 TOM SCHNEIDER, Executive Director
 Montana Public Employees Assoc.

[Signature]

 LEROY H. SCHRAMM, Chief
 State Labor Relations Bureau

[Signature]

 ED KRAFT, MPEA

[Signature]

 DATE

 MICKEY HINES, MPEA

[Signature]

 DENNIS MCLUSKIE, MPEA

[Signature]

 JUDI WOLFF, MPEA

[Signature]

 MEL WOJCIK, MPEA

[Signature]

 TOM CARRANCO, MPEA

[Signature]

 LOWELL SMITH, MPEA

[Signature]

 RAY HOEFMANN, MPEA

AFSCME
MEMORANDUM OF AGREEMENT

This Agreement is made and entered into between the State of Montana in behalf of the State Department of Institutions, Boulder River School and Hospital, Galen State Hospital and the Montana State Prison and the State Department of Justice in behalf of the Motor Vehicle Registrar's Office and Locals 971, 1064, 1620 and 2006 of the American Federation of State, County and Municipal Employees Union, AFL-CIO, as a tentative settlement of contract negotiations for the 1980 - 1981 biennium.

The following language shall be added to the appropriate Articles in the Institutional Contract and the Registrar's Office Contract:

For employees on Worker's Compensation and/or extended non-paid approved sick leave the employer shall continue the Employer's contributions to their group health and accident insurance plan for such period up to and including three (3) months of such leave.

The annual pay matrix contained in 2-18-312 MCA shall be adjusted by the following formula: multiply step 2 of each salary grade by 3% and add an additional \$360.00. Using step 2 as a base, increase each consecutive step by adding an additional 2% more than the previous step. The new rate to be applied to step 1 of each grade shall be calculated by dividing the rate applied in step 2 by 1.05%. The resulting salary matrix shall become effective as of the first pay period in July, 1979. In order to obtain the salary matrix effective as of the first pay period in July 1980, you must apply the formula above to the matrix created for the 1980 fiscal year.

Normal progression from step 1 to step 2 shall be upon completion of an employee's first six months of employment at which time an employee's anniversary date shall be established. Progression to each subsequent step shall be upon each employee's anniversary date thereafter.

Included within the aforementioned salary matrices are state insurance contributions of \$50.00 per month for fiscal year 1980 and \$60.00 per month for fiscal year 1981. It is understood that the Union desires that such contributions include an employee's right to receive contributions in excess of premiums to be reverted to wages, and the state agrees to present such proposal to the legislature.

It is agreed that the provisions regarding salary matrices and insurance contributions are subject to legislative approval and this memorandum of agreement is contingent upon that approval. It is further agreed that all provisions of this memorandum of agreement and the return to work agreement