

STATE ADMINISTRATION
FEBRUARY 9, 1981
RM 436

The meeting of the State Administration Committee was called to order at 8:00 a.m. on February 9, 1981 with Chairman Jerry Feda presiding. Representatives Azzara and Winslow were absent and Representative Kropp was excused. All other members were present.

Chairman Feda opened the hearing on House Bill 60.

HOUSE BILL 60-SPONSOR, Representative Williams, introduced this bill which requires the word "MONTANA" to be added to the state flag in gold, roman letters of a specified height. He said that the reason for this was to better identify the Montana flag. Twenty-six other states, he said, have flags with a blue background and some type of emblem displayed on them. It is very difficult to distinguish between the flags. Eleven other states already have the state name displayed on them.

PROPOSERS

BOB ARCHIBALD, Montana Historical Society, arose and stated their support of this bill.

BOB DURKEE, V.F.W., stated support of HB 60. He said that they are the only supplier of the Montana flag. He also suggested that a fund be provided for supplying the state flag to state agencies.

OPPOSERS

There were no opposers to House Bill 60.

QUESTIONS BY THE COMMITTEE:

Phillips: If this bill is adopted, will everyone have to change their flags?

Williams: One thing we were going to suggest is that everyone could get gold letters and sew them on their flags.

Durkee: The flags already in the field would be legal. This bill is not retroactive.

HB 60 (cont.)

Representative Williams closed the hearing on HB 60. He stated that the additional cost of producing the flag with the lettering would be only about \$5 per flag.

HOUSE BILL 327-SPONSOR, Representative Kanduch, introduced HB 327 to the committee. This bill submits a constitutional amendment to the voters increasing the number of qualified electors who must sign an initiative petition for the issue to appear on the ballot. To qualify an initiative for ballot, this bill requires signatures from 10% of the qualified electors in at least 40 legislative representative districts, and these signatures must represent at least 10% of the qualified voters in the state. In addition, the amendment permits the legislature to limit the number of initiatives that may appear on the ballot. If approved by the voters, this amendment becomes effective January 1, 1983. Representative Kanduch said that this bill is very similar to two other bills the committee already heard so he would not give extensive testimony.

PROPOSERS

There were no proposers testifying on House Bill 327.

OPPOSERS

CAROLE BRASS, Citizen's Legislative Coalition, stated that they are in opposition to this bill because it would make putting an initiative on the ballot as difficult as putting a constitutional amendment on the ballot. It would, she stated, make the initiative process the campaign issue of 1982.

QUESTIONS BY THE COMMITTEE:

Mueller: What would the process be as far as limiting the initiatives?

Kanduch: The bill states that it would be optional.

McBride: What are the requirements of getting a constitutional amendment on the ballot?

Kanduch: I am not sure.

McBride: I believe it is 10% of the qualified vote. This bill could possibly make it more difficult to put an initiative on the ballot than to put a constitutional amendment on the ballot.

HB 327 (cont.)

Spilker: Could we have Lois (staff researcher) look up that information for us?

Representative Kanduch closed the hearing on House Bill 327.

HOUSE BILL 496-SPONSOR, Representative Moore, introduced HB 496 which proposes a constitutional amendment to permit the Administrative Code Committee to repeal an agency rule by a vote of two-thirds of its members. If passed by the voters, this amendment is effective January 1, 1983. Representative Moore said that this is something that we should have whether we have annual or biannual sessions.

PROPOSERS

There were no other proponents to HB 496.

OPPOSERS

JOY BRUCK, League of Women Voter's of Montana, stated that the league is opposed to HB 496 for the same reason they oppose all the legislation dealing with the issue of allowing committees to have decision making powers that belong to the entire legislature. A copy of her written statement is attached and is EXHIBIT 1 of the minutes.

JOAN MILES, Environmental Information Center, submitted written testimony to the committee. A copy of this statement is attached and is EXHIBIT 2 of the minutes.

QUESTIONS BY THE COMMITTEE:

Hanson: If this bill passes, do you think the average citizen will understand what they are voting for?

Moore: I think they would.

Representative Moore closed the hearing on House Bill 496. He stated that in regard to the negative attitude of the League of Women Voters, first, special sessions cost too much money and second, waiting for the next session may be too late to do anything. It is up to the people of Montana to make the decision.

HOUSE BILL 503-SPONSOR, Representative Moore, stated that this bill permits a member of the Teachers' Retirement System with five years or more of service in the retirement system to receive service credits without cost for active service in the U.S. armed forces during the Vietnam conflict if the member was a Montana resident or a member of the retirement system prior to his military service during the conflict. To qualify this service, he must submit to the retirement board proper certification of his military service. He stated that the approximate fiscal impact would be \$1,498,000 assuming that there are about 300 eligible persons. This is about \$5,000 per person. Presently all World War II and Korean veterans are automatically given this credit. It is discrimination not to allow Vietnam veterans these credits also.

PROPONENTS

DAVID SEXTON, Montana Education Assoc., stated their support of this bill and said that it boils down to a matter of equality for people in the system.

OPPONENTS

BOB JOHNSON, Teachers' Retirement System, arose in opposition to House Bill 503. A copy of Mr. Johnson's written testimony is attached and is EXHIBIT 3 of the minutes.

ALTON HENDRICKSON, Actuary with Hendrickson & Bird, stated that he supported what Mr. Johnson had said and he would be available to answer any questions the committee might have about the cost of this legislation.

QUESTIONS BY THE COMMITTEE:

Spilker: Is there some amount of money that the system can absorb or are you totally opposed to any amount?

Hendrickson: This would add to an already critical problem. We would be opposed to any amount. We would rather see the employer contribution raised to pick up the difference.

Kanduch: Why don't you put something in the bill that would provide for funding?

Moore: This would put the burden back on the tax payer, we are trying to reduce taxes not increase them.

HB 503 (cont.)

Spilker: If we put in some type of funding mechanism would you oppose the bill?

Moore: Yes, because it would fall back on the property taxpayers.

Representative Moore closed the hearing on House Bill 503. A copy of a clerical amendment to HB 503 is attached and is EXHIBIT 4 of the minutes.

HOUSE BILL 584-SPONSOR, Representative Ellison, introduced HB 584 to the committee. This bill requires any person employed in an instructional services capacity by a special education cooperative to participate in the Teachers' Retirement System. Representative Ellison said that including this in the cooperative education bill was an oversight when the original bill was drafted.

PROPOSERS

REPRESENTATIVE DUSSAULT, arose and stated that this is just an oversight that is trying to be corrected.

JUDY JOHNSON, Special Education Director, Office of Public Instruction, concurred and stated that this would involve about 20 people.

DAVE SEXTON, Montana Education Assoc., arose and stated support of the bill.

OPPOSERS

There were no opposers present to House Bill 584.

QUESTIONS BY THE COMMITTEE:

Mueller: Have these people been paying into the retirement system?

J. Johnson: They belong to P.E.R.S. now, I believe.

Spilker: Are they going to buy back into the Teachers' Retirement from the P.E.R.S.?

Johnson: It will just transfer over I believe.

Representative Ellison closed the hearing on House Bill 584.

EXECUTIVE SESSION

Representatives Azzara, Winslow and Kropp were absent for executive session. Representative Pistoria was absent for some of the executive session.

HOUSE BILL 502

DO PASS AS AMENDED

Representative Dussault moved the amendments. A copy is attached and is EXHIBIT 5 of the minutes. Discussion on the amendments followed.

Representative Spilker said that she did not think volunteer emergency medical personnel should be included in the bill.

Representative Holliday said they would have to be authorized by the sheriff so she could see no problem.

Representative Mueller said that in some of the smaller communities volunteer emergency medical personnel is all they have.

A vote was taken on the motion and carried 14 YES, 2 NO and 3 absent. Representative Spilker and Smith voted no.

Representative Sales made a motion that the bill also be amended so that the sheriff would hold all the authority for authorizing the use of the red lights. Discussion on this followed.

A vote was taken and the amendment carried with 13 YES and 3 NO and 3 absent. Representatives Dussault, Pistoria and O'Connell voted no.

Representative Mueller moved that HB 502 DO PASS AS AMENDED. A vote was taken and carried with 16 YES, 1 NO and 2 absent. Representative Kropp left a "yes" vote and Representative Smith voted no.

HOUSE BILL 520

DO PASS

Representative Mueller moved a DO PASS on HB 520. Question was called and a vote taken. Motion carried with 14 YES, 2 ABSTENTIONS and 3 absent. Representatives O'Connell and Pistoria abstained.

EXECUTIVE SESSION (cont.)

HOUSE BILL 501

DO NOT PASS

Representative Kanduch made a motion that HB 501 DO NOT PASS.

Representative Dussault made a substitute motion that HB 501 DO PASS. Discussion on the motion followed.

Question being called, a roll call vote was taken and the motion failed with 4 YES and 12 NO. Representative Phillips abstained. A motion was made to reverse the vote. HB 501 DO NOT PASS 12 to 4.

HOUSE BILL 586

DO NOT PASS

Representative Dussault made a motion that HB 586 DO NOT PASS. She said that the argument for this bill was based on their anger with the EPA rules in connection with the rules on solid waste. Also Mr. Miezner could not even list three examples of where this has been a problem in the past. Furthermore, he did not use any of the remedies already available to him. This bill is an over-reaction to a situation when all other remedies had not been explored.

A vote was taken on the motion and carried with 10 YES, 7 NO and 2 absent. See roll call vote.

HOUSE BILL 60

DO PASS

Representative O'Connell moved a DO PASS. Question being called a vote was taken and carried unanimously with those present.

HOUSE BILL 496

DO PASS

Representative O'Connell moved a DO NOT PASS. She stated that this bill shows a separation of powers.

Representative Briggs made a substitutie motion that HB 496 DO PASS. Discussion on the motion followed.

A vote was taken and carried with 8 YES, 7 NO and 4 absent. See roll call vote sheet.

EXECUTIVE SESSION (cont.)

HOUSE BILL 503

DO PASS AS AMENDED

Representative Dussault moved the amendment. See EXHIBIT 4 of the minutes. A vote was taken and carried unanimously.

Representative O'Connell made a motion that HB 503 DO PASS AS AMENDED.

Representative Spilker said that she could not go for a bill that would give benefits to people without providing a source of funding.

Representative McBride said that it would be good to hear more from an actuary concerning the funding. She also said that they could consider raising the employer and employee contributions to fund the program.

Following discussion, question being called, a roll call vote was taken and carried with 8 YES, 7 NO and 4 absent. See roll call vote sheet.

HOUSE BILL 584

NO ACTION TAKEN

Representative sales moved a DO PASS on HB 584.

There was some question as to whether the money would transfer over from P.E.R.S. to the Teachers' Retirement. It was decided to hold this bill until the researcher could find this out. Representative Sales withdrew his motion.

Chairman Fedda said that he would like to set up a sub-committee on House Bill 580, the Salary Commission bill. He appointed Representative Ryan, Dussault and Smith to the committee.

A motion was made to adjourn at 10:30 a.m.

Respectfully submitted,



G. C. "JERRY" FEDDA, Chairman

Cathy Martin-Secretary

NAME Joy Bruck BILL No. 496
 ADDRESS Helena DATE 2-9-81
 WHOM DO YOU REPRESENT LWV of Montana
 SUPPORT _____ OPPOSE ✓ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The League is opposed to this bill for the same reason we are opposing all the legislation dealing with the issue of allowing committees to have decision-making powers that belongs to the entire legislature. Having watched the Code Comm. since it was established, we are certainly aware of the problems that arise during the 21-mo. interim. However, they do have avenues available to them to keep the executive aware of what the legislature expects, and communications between the Legislative & Executive branch so that many times, compromise can be reached.

We believe the long 21-mo. interim is a bigger contribution to the problem than what the Code Comm. can or cannot do. That is why we keep bringing up the idea of considering an annual session structure. We think the place the oversight committee serving in the capacity they do now would be a big step in solving the problem - it would certainly strengthen the legislature and give it the control it should have over the Executive.

NAME Joan Mules BILL No. HB 496
 ADDRESS Helena DATE Feb. 9, 1981
 WHOM DO YOU REPRESENT Environmental Information Center
 SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The EIC is opposed to placing full legislative power into the hands of the Administrative Code Committee during the 20 months that the legislature is not in session. HB 496 would give the power of repeal to a mere 6 members of the ACC; we feel that this is not representative of the legislature, nor the state and could lead to serious and costly delays in the rulemaking proceedings.

We recognize that although the legislature does have review power and the power to repeal or direct changes in rules, the problem emanates from the fact that the legislature is only in session 90 days every two years. Obviously this leads to enormous time periods that rules can be implemented and remain on the books without being adequately reviewed if problems arise. We agree that a problem exists but feel that giving full legislative power to the Code Committee is not the solution.

A better solution would be to either:

① Approve annual sessions so legislature can better review rules with regard to Leg. intent.

② clarify existing laws so the laws are not vague. This should help in avoiding passage of rules that may be in conflict with the intent, because intent would be more clear.

The main opposition of the EIC is placing full legislative power of repeal in the hands of 6 legislators. The legislature can already meet in special session if dire situations exist where repeal of rules is urgent.

Thank you.

The Teachers' Retirement System



State of Montana
1500 Sixth Ave. Phone 406-449-3134
HELENA, MONTANA 59601

MEMBERS OF THE BOARD

JAMES E. BURKE, Livingston, Chairman
LEROY A. CORBIN, Butte
GEORGE H. GLOEGE, Billings
J. WILLIAM KEARNS, Jr., Townsend
HAROLD WENAAS, Great Falls
EDWARD F. ARGENBRIGHT
State Supt. of Public Instruction, Ex Officio

F. ROBERT JOHNSON, Executive Secretary
MARY L. ANDRIDGE, Ass't Executive Secretary

February 9, 1981

The Honorable Jerry Feda
Chairman
State Administration Committee
House of Representatives
Helena, MT 59620

Dear Representative Feda:

The Teachers' Retirement Board is opposed to House Bill No. 503 due to the fact that the bill contains no provision for funding. The Board is not opposed to allowing credit to Viet Nam Veterans if some source of funding is made available to finance these benefits as they accrue in the future. It is very costly to grant a benefit at no cost to the member and this is evidenced by the fact that prior to 1971, free military service credit was granted to World War II and Korean Veterans. Due to the cost, the 1971 Legislature deleted the free military provision and in 1973 legislation was passed to allow members to purchase up to two years of military service, regardless of when the active military duty was performed.

As you can see from the bill, the dates of the Viet Nam War are from August 5, 1964 to May 7, 1975, a period of 10 years, 9 months. The total period of World War II and the Korean Conflict combined was 11 years, 5 months. Therefore, there is the potential for a large number of male members to have military service during this period. The actuarial valuation of 1979 disclosed that we have 3,197 male members age 34 and under. We do not know how many of these members

Representative Feda
February 9, 1981
Page 2

may have been in military service during this period, but for cost purposes we have estimated that 300 or approximately 9% would qualify 2½ years of service at a cost to the System of \$1,498,000.00.

The current policy of the Teachers' Retirement Board, which has been in effect at least 10 years, is to support only benefit changes which are properly funded. We think that this is responsible fiscal policy and one which is necessary to keep the Teachers' Retirement System on a sound actuarial basis, and for this reason we are in opposition to the bill.

Sincerely,

A handwritten signature in cursive script, reading "F. Robert Johnson".

F. Robert Johnson
Executive Secretary

/kr

Amendments to HB 503

1. Page 1, lines 15 and 16.

Following: "guard," on line 15

Strike: "or" on line 15 through "marine" on line 16.

February 11, 1981

STATEMENT PRESENTED BY AL THELEN, CITY ADMINISTRATOR, BILLINGS, MONTANA, TO THE LEGISLATIVE COMMITTEE ON STATE ADMINISTRATION REGARDING 674.

THIS STATEMENT IS PRESENTED ON BEHALF OF THE CITY OF BILLINGS.

I WILL JUST MAKE SOME GENERAL COMMENTS ABOUT THE FIREMEN PENSION SYSTEM.

A. THE ACTUARIAL FIRM OF HENDRICKSON AND BIRD PROVIDED AN ACTUARIAL VALUATION REPORT FOR THE STATE ON THE 13 FIRE PENSION SYSTEMS IN 1977 AND 1979.

THE 1977 REPORT FOUND AN UNFUNDED LIABILITY OF \$23,098,889. TWO YEARS LATER, IN THE 1979 REPORT, THIS UNFUNDED LIABILITY REACHED \$32,668,102 -- A 37% INCREASE IN TWO YEARS. IF ONE ASSUMES THAT THE INCREASED UNFUNDED LIABILITY, SINCE 1979, WOULD INCREASE AT HALF THE RATE OF THE PERIOD BETWEEN 1977-1979, OUR UNFUNDED LIABILITY FOR THE 13 CITIES AT THE END OF 1982 WILL APPROACH \$40,000,000.

THESE FIGURES UNDERSCORE THE SERIOUSNESS OF THIS PROBLEM. IT IS, IN MY OPINION, THE MOST SERIOUS FINANCIAL PROBLEM FACING THE FIRST AND SECOND CLASS CITIES IN MONTANA. IN BILLINGS, THE UNFUNDED LIABILITY INCREASED FROM \$5.2 MILLION IN 1977 TO \$8.2 MILLION IN 1979. WE ESTIMATED IT TO BE \$9.5 MILLION TODAY. THIS PROMPTED OUR CITY COUNCIL TO RANK THIS ISSUE AS THEIR #1 PRIORITY FOR LEGISLATIVE ACTION IN 1981.

B. WHERE DID THE PROBLEM COME FROM? WHO IS RESPONSIBLE FOR IT? THE STATE INITIALLY MANDATED THE SYSTEM AND DID NOT PROVIDE A MECHANISM TO FUND THE PROGRAM. WHILE AUTHORITY TO FULLY FUND THE PROGRAM IS STILL MISSING, CITIES OFFICIALS HAVE NOT USED THE LIMITED AUTHORITY AVAILABLE TO US. WE, THE CITIES, AND YOU, THE STATE, ARE BOTH RESPONSIBLE FOR THE CURRENT SITUATION. WE MUST BOTH WORK TOWARD A SOLUTION. IT WILL TAKE A FULL PARTNERSHIP TO MASTER THIS PROBLEM!

C. WE HAVE ALREADY PROVEN THAT WE CAN SOLVE THIS TYPE OF PROBLEM BY THE ACTION TAKEN IN THE LAST TWO LEGISLATIVE SESSIONS AS IT RELATES TO THE POLICE PENSION SYSTEM. IN 1977, THE UNFUNDED LIABILITY OF THIS SYSTEM WAS \$10.7 MILLION AND IN AN ACTUARIAL STUDY COMPLETED AS OF JUNE 30, 1980, FOUND THIS LIABILITY REDUCED TO \$4.6 MILLION. IN BILLINGS, THE REDUCTION WAS FROM \$2.5 MILLION TO \$1.1 MILLION

A DRAMATIC TURN-AROUND IN THREE YEARS. THIS WAS ACCOMPLISHED BY A PARTNERSHIP APPROACH BETWEEN THE STATE AND THE CITIES IN MONTANA. THE SAME APPROACH IS NEEDED TO THE FIRE PENSION SYSTEM.

D. WE MUST PROVIDE FULL FUNDING OF CURRENT BENEFITS OFFERED BY CITIES TO FIREMEN CURRENTLY ON BOARD! --A FULL GRANDFATHER CLAUSE!

ON THE OTHER HAND, WE CAN LEARN FROM OUR EXPERIENCE OF THE PAST AND CHANGE THE BENEFITS FOR FIREMEN HIRED IN THE FUTURE! THE COSTS OF THE CURRENT SYSTEM IS 25.7% (ACCORDING TO THE 1979 ACTUARIAL REPORT PREVIOUSLY REFERRED TO). THE PUBLIC CANNOT CONTINUE TO PAY 19.7% OF THE SALARY OF FIREMEN FOR FUTURE PENSION BENEFITS. WE MUST DESIGN A SYSTEM FOR FUTURE FIREMEN THAT IS AFFORDABLE.

I WOULD NOW LIKE TO MAKE SEVERAL COMMENTS ABOUT THE SHORTCOMINGS OF HOUSE BILL 674.

A. INADEQUATE FUNDING. THE BILL WOULD NOT REQUIRE A CHANGE IN FUNDING UNTIL FISCAL 1983 AND THEN THE FIRST YEAR FUNDING WOULD REQUIRE BILLINGS, ITS FIREMEN, AND THE STATE TO CONTRIBUTE 28% OF ITS PAYROLL TO THE SYSTEM. TODAY, WE COLLECTIVELY CONTRIBUTE 25% AND THE 1979 ACTUARIAL REPORT STATES THAT 42.92% IS NEEDED TO FUND THE DEFICIT OVER A 40 YEAR PERIOD. WE KNOW THAT THE PERCENT NEEDED TODAY IS HIGHER THAN IN 1979, BUT WE MUST USE THAT STUDY IN HAND AS OUR GUIDE UNTIL WE HAVE A CURRENT ONE. THIS IS THE APPROACH USED IN THE POLICE SYSTEM.

A RULE OF "THUMB" ON PENSION SYSTEMS IS THAT THE INTEREST EARNED ON THE MONEY PUT AWAY EACH YEAR FOR AN EMPLOYEE'S RETIREMENT WILL FUND HALF THE PENSION SYSTEM BENEFITS. IF WE DO NOT START THE FUNDING UNTIL 1983 AS SUGGESTED IN HOUSE BILL 674 AND IGNORE THE ACTUARIAL STUDY RECOMMENDATIONS, WE WILL NOT SOLVE THIS PROBLEM.

B. SECTION 30 -- ATTEMPTS TO DEAL WITH THE UNFUNDED LIABILITY ISSUE BY REQUIRING EACH CITY TO DEVELOP A SCHEDULE THAT WILL BRING THAT CITY'S INITIAL RESERVE (JULY 1, 1982) UP TO 2% OF TAXABLE VALUE. THIS, TOO, IGNORES THE ACTUARIAL

REPORT ON THE UNFUNDED LIABILITY. THERE IS ABSOLUTELY NO RELATIONSHIP BETWEEN THE TAXABLE VALUE OF EACH CITY AND THE CONDITION OF EACH CITY'S FIRE PENSION SYSTEM. WE MUST USE THE BEST DATA AVAILABLE TO US AND THAT IS THE 1979 REPORT PREPARED FOR THE STATE. THIS SECTION OF HOUSE BILL 674 REJECTS SOUND PENSION SYSTEM PRINCIPLES USED IN ALL OTHER STATE PENSION PROGRAMS.

C. HOUSE BILL 674 PROPOSES A FIREMEN'S BOARD TO ADMINISTER THIS SYSTEM RATHER THAN PERD WHICH IS EXPERIENCED AND IN PLACE. AGAIN, EXPERTISE IS IGNORED. SHOULD WE HAVE A SEPARATE BOARD FOR POLICEMEN, CUSTODIANS, HIGHWAY PATROLMEN, ENGINEERS, ETC.? THIS PROVISION OF HOUSE BILL 674 IS AN EXAMPLE OF GOVERNMENT DUPLICATION THAT WE CAN DO WITHOUT. IT IS ALSO AN ATTEMPT BY FIREMEN TO TAKE CARE OF FIREMEN AND WE WOULD HAVE THE SAME APPROACH IF IT WERE ENGINEERS, CUSTODIANS OR TRUCK DRIVERS. THE 1979 REPORT ILLUSTRATES THIS IN THE CASE OF ANACONDA AND BOZEMAN WHERE BOTH CITIES HAVE A GREATER LIABILITY FOR DISABILITY BENEFITS THAN FOR REGULAR BENEFITS. IN FACT, BOZEMAN HAS A DISABILITY LIABILITY OF \$617,319 AND NO LIABILITY FOR REGULAR RETIREMENTS. A THIRD PARTY ADMINISTRATION BOARD, SUCH AS PERD, IS ESSENTIAL TO THE FULL RESOLVEMENT OF THIS PENSION SYSTEM PROBLEM.

D. THE CURRENT LEVEL OF BENEFITS FOR EXISTING FIREMEN MUST BE MAINTAINED AND THE EMPHASIS FOR THESE OFFICERS SHOULD BE TO PLACE THE SYSTEM ON A SOUND FINANCIAL BASIS. HOWEVER, THE NORMAL RETIREMENT AGE OF 50 YEARS WITH 20 YEARS OF SERVICE NEEDS TO BE CHANGED FOR FUTURE FIREMEN. WE NEED TO LEARN FROM OUR PAST MISTAKES AND PROVIDE A LEVEL OF BENEFITS THAT WE CAN AFFORD. MY CITY COUNCIL AND THE TAXPAYERS IN THEIR DISTRICTS FEEL THAT THE CURRENT AGE REQUIREMENTS ARE UNREASONABLE! A CHANGE TO 25 YEARS OF SERVICE AND 55 YEARS OF AGE FOR A NORMAL RETIREMENT IS A REASONABLE CHANGE AND THIS WILL REDUCE THE NORMAL COSTS OF THE SYSTEM FROM 25.7% OF PAYROLL TO APPROXIMATELY 18.7% OF PAYROLL. A PENSION PROGRAM THAT PAYS ONE, ONE-HALF OF HIS SALARY FOR LIFE AFTER 25 YEARS OF SERVICE AND AGE 55 IS STILL A GOOD STRONG BENEFIT!

E. THE COMMON APPROACH USED TO COMPUTE A PERSON'S RETIREMENT PAY IS TO

RELATE IT TO THE AVERAGE OF THE HIGHEST 36 MONTHS. THE CURRENT FIRE PENSION SYSTEM RELATES THE RETIREMENT PAY TO THE FINAL MONTH'S SALARY. THIS SHOULD BE CHANGED TO THE 36 MONTHS AVERAGE USED IN MONTANA'S PUBLIC EMPLOYEES RETIREMENT SYSTEM AND THE POLICE RETIREMENT SYSTEM. AGAIN, EXISTING EMPLOYEES SHOULD BE "GRAND-FATHERED" IN AT THE CURRENT BENEFIT. THIS CHANGE WOULD REDUCE THE CURRENT COSTS BY APPROXIMATELY 1.3% OF PAYROLL.

THIS CHANGE AND THE CHANGE IN RETIREMENT YEARS AND AGE WOULD REDUCE THE CURRENT COSTS OF 25.7% OF PAYROLL TO 18.4% OF PAYROLL -- SOMETHING WE CAN AFFORD!

F. THERE ARE SOME GOOD NEW FEATURES TO HOUSE BILL 674. THEY INCLUDE:

1. A CENTRAL ADMINISTERED SYSTEM RATHER THAN THE 13 INDEPENDENT SYSTEMS THAT EXIST TODAY.
2. A TRANSFER OF THE RESPONSIBILITY OF THIS SYSTEM TO THE STATE FROM EACH COMMUNITY.
3. AN ACTUARIAL STUDY IS REQUIRED EVERY TWO YEARS LIKE OTHER PENSION SYSTEMS.
4. FUNDING IS IMPROVED WHILE STILL SUBSTANTIALLY INADEQUATE.

I CAME TODAY PREPARED TO ADDRESS MR. BRAND'S BILL, HOUSE BILL 553, BUT WILL DEFER THOSE COMMENTS UNTIL THE HEARING IS RESET.

I URGE YOU TO SEND BOTH OF THESE BILLS AND THE BILL TO BE INTRODUCED BY FRANCIS BARDANOUVE, ON BEHALF OF THE CITIES, TO A SUBCOMMITTEE. EACH BILL SHOULD BE REVIEWED BY YOUR ACTUARIAL CONSULTANT TO SEE HOW THEY WILL AFFECT THE CURRENT FINANCIAL CONDITIONS OF THE PENSION FUNDS AND THE FISCAL SOUNDNESS OF EACH BILL. RENT LEVEL OF BENEFITS TO EXCITING ACTIVE AND RETIRE FIREMEN AND PROVIDE A LEVEL OF BENEFITS THAT WE CAN AFFORD FOR FUTURE FIREMEN. THE FUNDING SOLUTION SHOULD BE ON A FULL PARTNERSHIP BASIS. WE CAN SOLVE THIS PROBLEM TOGETHER.

THANK YOU.

HOUSE

COMMITTEE

Date _____

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

St. Adm.

COMMITTEE

503

Date _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE

Ed. A. A.

COMMITTEE

Date _____

496

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

St Admin

COMMITTEE

584

Date _____

N	ME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
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David Sexton

931 State, Helena

Ment Educ Assn.

✓

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

570 1411

COMMITTEE

327

Date _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

EXHIBIT 5

FEBRUARY 9,

61

19.....

MR. **SPEAKER**

We, your committee on **STATE ADMINISTRATION**

having had under consideration **HOUSE** Bill No. **502**

**A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW SEARCH AND
RESCUE PERSONNEL TO USE RED BLINKER LIGHTS ON THEIR PRIVATE
VEHICLES IF IN EMERGENCY SERVICE; REMOVING THE INSCRIPTION
REQUIREMENT AND SIZE LIMITATION FOR SUCH LIGHTS WHEN USED BY
FIREFIGHTERS; AMENDING SECTION 61-9-227, MCA."**

Respectfully report as follows: That **HOUSE** Bill No. **502**
be amended as follows:

1. Title, line 5.

Following: "RESCUE"

Insert: "AND VOLUNTEER EMERGENCY MEDICAL"

Following: "BLINKER"

Insert: "OR REVOLVING"

2. Page 1, line 12 and 13.

Following: "Blinker-type"

Insert: "or revolving"

Following: "on"

Strike: "firefighters" through "personnel's" on line 13

Insert: "certain"

Following: "private"

Strike: "vehicle"

Insert: "vehicles"

(cont.)

DO PASS AS AMENDED

page 1

3. Page 1, lines 14 and 15.

Following: "firefighters"

Striker: ", " through "department," on line 15

4. Page 1, line 16.

Following: "rescue"

Insert: "and volunteer emergency medical"

5. Page 1, line 17.

Following: "blinker-type"

Insert: "or revolving"

6. Page 1, line 22.

Following: "rescue"

Insert: "or volunteer emergency medical"

DO PASS AS AMENDED

STATE OF MONTANA

REQUEST NO. 246-81

FISCAL NOTE

Form BD-15

In compliance with a written request received JANUARY 30, , 19 81 , there is hereby submitted a Fiscal Note
for HOUSE BILL 503 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

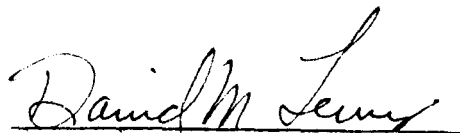
House Bill No. 503 would provide free service credits to certain members of the Teachers' Retirement System for active service in the armed forces of the United States during the Viet Nam Conflict from August 5, 1964, to May 7, 1975.

ASSUMPTIONS:

The membership records of the Teachers' Retirement System do not indicate Montana residency or military service history, therefore, the number of members who would be eligible for this service credit cannot be determined. In order to calculate a cost we have estimated that approximately 300 would be eligible and that the average length of military service credit would be 2.5 years. The costs were derived by utilizing assumptions in the latest actuarial valuation of the Teachers' Retirement System.

FISCAL IMPACT:

The lump sum cost to provide a benefit for free military service of 2.5 years is \$1,498,000.00. It must be emphasized that this lump sum cost assumes that there are 300 eligible people. This is merely an approximation, but the cost will be about \$5,000 per person.



BUDGET DIRECTOR

Office of Budget and Program Planning

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