

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

March 16, 1981

The Senate State Administration Committee was called to order by Senator Pete Story, Chairman, on the above date in room 442 of the State Capitol Building at 10 a.m.

ROLL CALL: All members were present except Senators Johnson, Kolstad and Ryan.

CONSIDERATION OF HOUSE BILL 48:

AN ACT TO DEFINE THE TYPE AND AMOUNT OF EARNED
COMPENSATION THAT CAN BE INCLUDED IN THE DEFIN-
ITION OF AVERAGE FINAL COMPENSATION FOR CALCULATING
BENEFITS IN THE TEACHERS' RETIREMENT SYSTEM; AND
PROVIDING AN EFFECTIVE DATE

Rep. Ralph Eudaily read the title and gave the changes and the effective date. He said this bill addresses the problems and how they will be handled. He enclosed testimony.

PROPONENTS: F. Robert Johnson, Teachers' Retirement, enclosed testimony; Jess Long, School; Steve Bennyhoff, Montana University System, submitted testimony, wanting an amendment to delay the effective date to August 1, 1983

G. V. Erickson, Montana Teachers legislative committee, has seen an inflated and final average salary. They are concerned it is happening to the system because it will endanger the fiscal responsibility of the system. Severance should not have to count as part of the final average salary. This bill will not cost money; it does away with the abuses in the present system and should correct any problems.

Alton Hendrickson, TRS-Actuary, made a study of the fiscal impact and felt it would take over an additional 1/2 of one percent to finance the benefits. It would require additional contributions of over \$3,000,000. They feel it might be taken advantage of. It should be increased to 13%.

OPPONENTS: Jim McGarvey, Montana Federation of Teachers, AFL-CIO, stated severance pay evolved through negotiations and is a negotiated formula. He said there are many inequities and feels it is unfair for teachers to be caught up in a bill such as this.

J. D. Lynch, Montana Federation of Teachers, said there is no date that could be put on the bill that would make it fair.

March 16, 1981

David Sexton, Montana Education Association, feels a method should be found to pay retirement so that benefits would not deplete the fund. He suggested an amendment to make the system self-funding.

Questions: Senator Towe asked Mr. Sexton to explain the amendment, and he said it does not provide for interest but if that is a problem it could be provided.

Chairman Story put the bill into a subcommittee with Senators Towe and Hammond to work with Rep. Eudaily.

Senator Towe asked Bob Johnson how much sick pay a teacher can accumulate and was answered that it varies according to school districts. He then answered Senator Towe's questions about the University system; 25 per cent of sick leave since 1971; vacation pay, up to twice the annual amount.

Senator Towe pointed out that there seems to be a penalty for those who are diligent and effective workers as opposed to those who use sick leave for other activities. He said those who have accumulated sick pay since 1977 will lose it, and Mr. Johnson said it will be recovered in 48 months.

Senator Hammond commented that nobody collected in 1977 or 1978. Mr. McGarvey said this practice goes back before 1977.

The hearing was closed.

CONSIDERATION OF HOUSE BILL 147:

AN ACT TO PROVIDE THE PAYMENT OF INTEREST ON DEATH BENEFITS UNTIL THE DATE OF PAYMENT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Rep. Joe Brand read his testimony and said Mr. Nachtsheim will answer questions.

PROPOSERS: Larry Nachtsheim.

OPPOSERS: None.

Questions: Senator Towe asked what happens with the interest, and Mr. Nachtsheim said any interest stops on the day the member dies. They desire to move the date up to the first day of the month it is paid.

The hearing was closed.

March 16, 1981

CONSIDERATION OF HOUSE BILL 135:

AN ACT PERMITTING A MEMBER OF THE TEACHERS'
RETIREMENT SYSTEM TO PURCHASE SERVICE CREDITS
FOR EMPLOYMENT IN PRIVATE SCHOOLS.

Rep. Gerald Kessler said this bill is an attempt to make it possible for teachers currently teaching in public schools with creditable service who have taught in private schools to but into the teachers retirement system.

PROPONENTS: James McGarvey, Montana Federation of Teachers; John Frankino, Montana Catholic Conference; Bob Johnson; all suggested that the present system discriminated against Montana teachers and this would correct that problem; amendments were submitted by Mr. Sexton, who was not present. He also sent his support.

OPPONENTS: None.

Questions: Senator Towe asked about the amendment concerning section 19-4-405 that may not exceed five years. Mr. Johnson said it is overlooked in the bill, and Rep. Kessler indicated that is the intention to be covered.

Discussion followed regarding the need for an amendment and that fact there is no time limit in which this can be exercised.

The hearing was closed.

CONSIDERATION OF HOUSE BILL 583:

AN ACT PROVIDING FOR OFFSET OF DAMAGES IN A PERSONAL
INJURY OR WRONGFUL DEATH ACTION BY THE AMOUNT OF
BENEFITS PAID OR PAYABLE FROM COLLATERAL SOURCES.

Rep. Gerald Kessler explained the title and said there would be no fiscal impact.

PROPONENTS: Bob Johnson; Bob Stockton; Dave Sexton, Montana Education Association.

OPPONENTS: None.

Questions. None

The hearing was closed.

CONSIDERATION OF HOUSE BILL 97:

AN ACT TO CLARIFY AND REVISE THE DEFINITIONS AND THE PROCEDURES FOR REFUNDING MEMBERS' CONTRIBUTIONS AND FOR PAYMENT OF INVOLUNTARY RETIREMENT ALLOWANCES USED IN THE MONTANA STATE GAME WARDENS' RETIREMENT SYSTEM.

Rep. Feda introduced the bill and said Mr. Nachtsheim will further explain it.

PROPOSERS: Larry Nachtsheim explained what had been done to make changes.

OPPOSERS: Ron Carlson, Montana Association of State Game Wardens, enclosed testimony and said the board has not acted in the best interest for them.

Questions: Senator Towe asked Mr. Carlson if he objected to the reduced age of 55. He answered by saying the bill freezes the amount that can be obtained now until age 55. By present law he can receive a small annuity even if he is not 55.

Mr. Nachtsheim explained the old law and the changes in the new bill and said they had taken the actuary equivalent and defined it in the bill.

Chairman Story put it into a subcommittee of Senators Towe and Hafferman.

CONSIDERATION OF HOUSE BILL 98:

AN ACT CLARIFYING AND REVISING THE DEFINITION AND INVOLUNTARY RETIREMENT PROVISIONS CONCERNING THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM; EXTENDING BENEFITS TO CERTAIN SURVIVING SPOUSES; AND ELIMINATING SUBROGATION OF BENEFITS.

Rep. Feda and Larry Nachtsheim went over the different parts of the bill.

PROPOSERS: Walter Miller: Tom Schneider, Public Employers Association.

OPPOSERS: None.

Questions: Senator Towe remarked that this is not consistent with House Bill 97, which concerned game wardens. He asked Mr. Nachtsheim why the two bills were not the same language. He was answered that they dealt with two different original bills.

March 16, 1981

The hearing was closed.

CONSIDERATION OF HOUSE BILL 197:

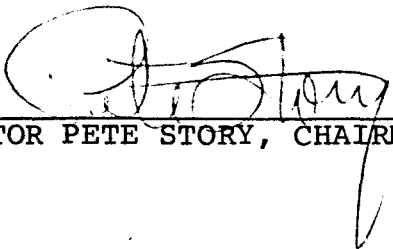
AN ACT TO GENERALLY CLARIFY AND REVISE THE PUBLIC
EMPLOYEES' RETIREMENT SYSTEM ACT REGARDING MEMBER-
SHIP, CONTRIBUTION, AND BENEFITS.

Representative Gene Donaldson, sponsor, gave authority to Mr. Nachtsheim to open the bill and he said the bill has three or four changes in the retirement system; he suggested amendments.

PROPONENTS: Tom Schneider.

Senator Towe mentioned that the same amendment as in Nordtvedt's bill will be used, if it passes. Senator Towe will carry.

ADJOURNMENT: 11:30.



SENATOR PETE STORY, CHAIRMAN

ROLL CALL

STATE ADMINISTRATION COMMITTEE

47th LEGISLATIVE SESSION - - 1931

Date 3-16

NAME	PRESENT	ABSENT	EXCUSED
Senator Pete Story, Chairman	✓		
Senator Allen Kolstad, V. C.		✓	
Senator William Hafferman	✓		
Senator H. W. Hammond	✓		
Senator Jan Johnson		✓	
Senator Patrick Ryan		✓	
Senator Thomas Towe	✓		

Each day attach to minutes.

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

March 16, 1981

The Honorable Pete Story
Chairman
Senate State Administration Committee
Helena, MT 59620

Dear Senator Story:

The Teachers' Retirement System has seen an increasing number of members receiving severance pay during the last three years. In 1978, 80 members retired who received some sort of severance pay. In this fiscal year, 124 have retired who are receiving severance pay. Severance pay can be a payment for accumulated vacation or sick leave, a retirement stipend or simply a lump sum payment based on a certain number of years of service.

In 1978, the Attorney General issued an opinion in which he held that such payments are considered earned compensation and as such must be added to the final years salary in the calculation of retirement benefits. The retirement benefit is based on the number of years of creditable service divided by 60 multiplied by the final average salary which is the average of the three highest consecutive years of service. Normally, the three highest years occur in the last three years of membership service. For example, a member receiving severance pay of \$6,000.00 who has 25 years of service will receive an additional \$69.44 per month in retirement benefits as the result of the severance pay amount. The member will contribute 6.187% or \$371.22 and the employer 6.312% or \$378.72 for total contributions of \$749.94. The member, therefore, will recover in less than 6 months of retirement, the employee contributions made on the severance pay and in less than a year, both the employee

Senator Story
March 16, 1981
Page 2

and employer contributions. The net effect of severance pay is to increase the monthly benefit at a significant cost to the System.

Since severance pay is a negotiable item, school districts are now offering attractive amounts of severance pay to induce their higher salaried, long term employees to retire. This results in a one time cost to the school district for that employee but a continuous cost to the retirement system in the form of a monthly benefit as long as the retired member lives.

We have an actuarial valuation every two years which determines the financial soundness of the System and the last valuation which occurred as of July 1, 1979 disclosed that principally because of severance pay, the amortization period of the unfunded liability increased from 43.75 years to 48.15 years. The results of the valuation, prompted the Teachers' Retirement Board to study the problem and House Bill 48 is the result. Incidentally, several members of an interim legislative committee studying public retirement systems met with the Teachers' Retirement Board to express their concern over severance pay and the negative effect it has on the System.

In January, we prepared an estimate of retirement benefits for a member considering retiring this year who will receive \$23,000.00 in severance pay. This is comprised entirely of sick leave and vacation pay. The severance pay alone will increase the member's benefit \$324.13 per month or \$3,889.56 annually. The contributions received on the severance pay will be \$2,874.77. The life expectancy for this member is 19.53 years and if he lives a normal life, the total benefit paid out by the System attributable to just the severance pay will be \$75,963.11. The System receives \$2,874.77 in contributions which are received in the last month, of a member's service. The net cost to the System for the one member is \$73,088.34.

The majority of our members do not receive this much in severance pay but the impact of adding a lump sum payment to the last years salary cannot be sustained by the System over the long term and retain the actuarial soundness the System now enjoys.

The Teachers' Retirement Board had originally requested an effective date of August 1, 1982 so that it would not effect the retirement plans of those members considering retirement through the 81-82 school year.

We respectfully request your consideration for passage of House Bill No. 48.

Sincerely,



F. Robert Johnson
Executive Secretary

TESTIMONY ON H. B. 48

Steve A. Bennyhoff, representing the Montana University System.

The University System understands the potential harm to the stability of the Teachers' Retirement System due to the inclusion of full termination pay or lump-sum payments when calculating the "average final compensation" of a member's account. For this reason, we are in favor of H. B. 48.

However, for the benefit of the university professors who, near retirement, have made plans and counted on their earned severance pay to be fully included in the calculation of their retirement benefit, we qualify our support upon an amendment to this bill which would delay the effective date of this bill until August 1, 1983.

PROPOSED AMENDMENT TO HB No. 48

Replace the language on p. 2, line 16 after the word "absence" through line 22 with the following:

Such...compensation may be used in the calculation of average final compensation provided that the member and employer pay the total contributions which would have been required by each had the amount received been divided by the total number of years' creditable service with the employer from whom this type of compensation was received. The member and employer contributions shall be included in the final regular contribution payment to the retirement system.

LC - 311 P.E.R.S.

PURPOSE: This bill was proposed by the Public Employees' Retirement Board to correct an inequity in the handling of death benefits for minor children but will have some benefit to beneficiaries of majority age also.

PROS AND CONS: Under the present statute, the beneficiary of a deceased member taking a lump sum payment, receives interest up to the date of the member's death. In the case of minor children, we cannot make payment unless their guardian submits formal guardian papers or the minor reaches the age of majority. The situation that calls to our attention was a minor whose payment we had held up for several years and her mother advised us that she had just become aware that the minor was not receiving interest on her money.

FINANCIAL IMPACT: The financial impact of this bill would be minimal for the Retirement System as we have very few of this type of payment and we do have the funds earning interest for the system during the period for which we are holding up the payment of the benefit. This would also provide small interest payments to individual who, for whatever reason, the lump sum payment is delayed due to administrative hangup or improper filing of forms.

PRIOR LEGISLATIVE HISTORY: This provision has been in the Retirement Act since the inception of the system in 1945.

INTERESTED PARTIES: The bill was discussed with members of the employee organizations AFSME and M.P.E.A. and although there are not a great number of people affected, they support the measure.

PROPOSED AMENDMENTS TO HB 135

Following line 15, page 1:

Employment service must be of an instructional nature or employment as an administrative officer or a member of the scientific staff. Employment service must not include students employed by a private elementary, secondary or post-secondary educational institution.

Following line 5, page 2:

Purchase of this service must be subject to the limitations set forth in Section 19-4-405.

HB 57

LARRY NACHTSHEIM

DEAD

An Act to generally clarify and revise certain sections of the Montana State Game Wardens' Retirement System regarding the definition of retirement procedures for refunding members' contributions and payment of involuntary retirement allowances.

PURPOSE: Section 1. To define accumulated contributions so it is similar to the definitions found in other retirement systems.

Section 2. To provide refunding procedures similar to those found in other retirement systems.

Section 3. Define involuntary retirement allowance that a member 55 years of age shall receive a benefit actuarially reduced on the same basis as early retirement.

PROS AND CONS: This bill has been introduced to bring provisions of the Game Wardens' Retirement System into basically the same position as comparable retirement system administered by the Public Employees' Retirement Division.

FINANCIAL IMPACT: None

PRIOR LEGISLATIVE HISTORY: None

EXAMPLES OF HARM: None

INTERESTED PARTIES: Game Wardens' Association, M.P.E.A.

<u>POSITION</u>	<u>FY 81</u>	<u>FY 82*</u>	<u>FY 83*</u>
<u>EXECUTIVE BRANCH</u>			
<u>Governor's Office</u>			
Budget Director	39,000	43,680	48,360
Personal Staff	42,000-20,000	47,040-22,400	52,080-24,800
<u>Department Directors</u>			
Administration	39,000	43,680	48,360
Agriculture	33,800	37,856	41,912
Business Regulation	35,800	40,096	44,392
Community Affairs	35,600	39,872	44,144
Fish, Wildlife & Parks	39,000	43,680	48,360
Health (Doctor)	44,900	50,288	55,676
Highways	39,200	43,904	48,608
Institutions	39,200	43,904	48,608
Labor & Industry	39,000	43,680	48,360
State Lands	35,600	39,872	44,144
SRS	39,200	43,904	48,608
Revenue	39,200	43,904	48,608
Licensing	33,800	37,856	41,912
Natural Resources	39,000	43,680	48,360
Military Affairs	35,600	39,872	44,144
Livestock	41,900	46,928	51,956
<u>Medical Examiner</u>	68,000	76,160	84,320
<u>SRS MD Consultants (Base Salary)</u>	88,400	99,008	109,616
<u>Warm Springs Hospital</u>			
Administrator	51,300	57,456	63,612
Doctor	50,200	56,224	62,248
Doctor	43,800	49,056	54,312
Doctor	43,500	48,720	53,940
Doctor	43,500	48,720	53,940
<u>Galen Hospital Doctor</u>	41,500	46,480	51,460
<u>Higher Education</u>			
Commissioner	50,800	56,896	62,992
MSU & UM President	49,750	55,720	61,690
Dean, Law School	43,100	48,272	53,444
Dean, Engineer School	43,200	48,384	53,568

*Assuming 12% increase from FY 81 Base for FY 82 and FY 83.

E-16-71

Montana Association *of* *State Game Wardens*

My name is Ron Carlson. I am a State Game Warden stationed in Big Timber. In addition I am Secretary for the Montana Association of State Game Wardens. I am here to testify against House Bill 97.

Game Wardens are a unique small division of State Government with its own retirement system. Most of us realize that there are inequities in our retirement system but we feel very strongly that House Bill 97 is not the answer to these problems.

The Law Enforcement Division of the Montana Department of Fish, Wildlife, and Parks is in a transition period of personnel. A large number of people were employed in the late 1940's and 1950's. The age of many of these was at or near 35 years. Obviously many of these wardens could never reach a full retirement of 25 years at 55 years of age. As a result disproportionately smaller contributions were made to the retirement system. This procedure has changed drastically in the last ten years. New wardens hired have college degrees and are hired directly out of college with an average age at or near 22 years. These people will be making larger contributions for more years than ever before.

In the last few years we have had other complications that have worked against our retirement system. We have gained wardens who worked in other divisions of the Fish, Wildlife, and Parks Department, but their retirement remained in P.E.R.S. Also we have gained wardens from other state agencies, where again their retirement stayed with P.E.R.S. rather than being transferred to the Warden Retirement System. We have had Law Enforcement personnel move to non law enforcement jobs and take their retirement out of the Wardens Retirement System and put it in P.E.R.S., further complicating the problem.

In approximately 1975 the Attorney General's office rendered an opinion on the Warden Retirement System. That opinion stated that if the 7% provided by both wardens' contributions and Employer contributions did not keep the system sound any increase had to come from the employer, not the employee. Since that decision the Department has increased its contributions and in 1977 got legislation passed to put fine monies from Fish and Game violations into their retirement system.

Many of us question the legality of this bill because of the Attorney General's opinion and we also feel this bill clearly subjects only our small group to this possible unsavory law, where other employees of State Government have the options this bill would deny us. Are a small number of employees to be branded separately only because we have to belong to a certain retirement system? This bill would be a hardship to those of us who must endure under this proposed legislation. On March 9 of this year I received a letter from the Department of Administration, Public Employees' Retirement Division. The letter was titled, "It's Later Than You Think" This letter advertised for a meeting in Kalispell to plan for your future retirement. It stated, and I quote "Retirement preparation is a benefit which is as vital to employee morale as insurance or pension."

These same people are now trying to take away some of our retirement options through House Bill 97.

If everyone here were to put \$50.00 a month in savings and at the end of 15 years decide to start drawing it out on a monthly basis, what would you do if your bank said "that is fine, but things have changed. We, the bank have had some problems and have had to change our withdrawal options. You can draw out all you put in but you don't get the interest, or you can freeze it until you reach 55 years of age." How would you feel? I'm sure you can see how we feel.

The Montana Public Employees Retirement Board acts as trustee of all monies collected for the Game Warden's Retirement account. Again, as representative of the Montana Association of State Game Wardens I feel the Board has not acted in our best interest by introducing House Bill 97 and we as a group do not approve of this legislation. We ask that you would consider our testimony and the uniqueness of our group. Thank you.

PURPOSE: To generally clarify and revise certain sections of the Public Employees' Retirement System Act regarding membership, contributions and benefits.

Section 1. Section 1 is to clarify some of the definitions currently found in the P.E.R.S. Act. Accumulated contributions has been defined so that a layman may understand it and similar legislation has been proposed for other systems to use basically the same definition for accumulated contributions. Creditable service has been redefined to remove language that has been subject to abuse.

Section 2. This section has been amended to provide the procedures for termination of P.E.R.S. coverage by a political subdivision. The current laws provide that termination may occur, but current statute provides no outline of procedures to terminate coverage.

Section 3. This section simply changes the transfer agent from the State Auditor's Office to the Department of Administration which is currently the agency handling transfers under the SBAS system.

Section 4. This section amends the current refund procedures and eliminates an individual taking several refunds for the same contributions. Terminated employees would be limited to one refund for current service unless an administrative error is made.

Section 5. This section simply provides that the date the member contributions are paid by the employer of one dollar for each member be changed from July 1st of each year to January 1st of each year. Many school districts are not required to pay on their employees under current statute as they do not have an operating unit on July 1st of each fiscal year.

Section 6. This section clarifies Section 19-3-906, MCA, by defining actuarial reduction to be one-half of one percent for each month preceding the member's 60th birthday.

Section 7. This section amends the income limitation currently placed on disabled retirees permitting them to enjoy cost of living adjustments that have been granted by the legislature when calculating their salary limitations.

EXAMPLES OF HARM: In the overall, the bill is basically harmless, however, in the area of creditable service, one individual received a benefit larger than would have normally been given in the same situation primarily due to the ambiguous language found under the definition of creditable service. In section 4, under the refunds, we have found individuals with money in the retirement systems coming in 5 months in succession and drawing out \$1,000 rather than taking all the contributions at the time of termination requiring the retirement system to act as a budget control. This does have some administrative cost to the system.

Section 7. This section concerns disabled retirees. In some instances while earning up to the maximum allowable outside income, under current statutes, any cost of living increase granted by the legislature has no affect on them because Section 19-3-1103 has the effect of limiting their total income, including disability, to the salary they are earning 5, 10 or 15 years ago.

Section 8. We have individuals with expertise who come back to covered employment and due to the current minimum wage limitation are forced to forego retirement benefits.

Section 10. Under the current statutes, a surviving parent who cannot afford to secure guardianship papers or see no financial advantage in securing a guardianship is not able to apply for benefits due a minor child because of the death of the other parent. This statute will rectify this but does have provisions to protect the interest of the minor child.

INTERESTED PARTIES: The provisions of this bill have been discussed with the Public Employees' Retirement Board, current P.E.R.S. retirees, employee representative organizations and should enjoy the support of all of these organizations.

Section 8. This section increases the amount of money a retired member may earn when returning to covered employment and not working the 60 working days in a fiscal year. This amendment is similar to the current Social Security income limitation provision.

Section 9. This section permits a member to have multiple beneficiaries. Under current statute, members may not name more than one beneficiary, although in actual practice, some members have designated more than one beneficiary.

Section 10. This section removes the ambiguous limitations placed on benefit payment to minors and defines the instances in which the Board may grant payments to a minor beneficiary.

Section 11. Repeals Section 19-3-1303, MCA, which had permitted direct payments to undertakers on behalf of deceased members when no other beneficiary could be found. This payment was made in adversity to any other legitimate creditor of the estate of a deceased member.

PROS AND CONS: This bill is primarily administrative cleanup and the provisions have all been discussed with the Public Employees' Retirement Board and reviewed by the Board Attorney. It will permit us to better serve the members of the retirement system and the only possible adversary provision is the one concerning undertakers.

FINANCIAL IMPACT: Minimal. There are no additional benefits granted in this bill other than the change in the salary limitations and the method of payment to minor children and there are so few members and retirees currently involved in these provisions that the cost would not be significant.

PRIOR LEGISLATIVE HISTORY: The Public Employees' Retirement Act has been amended in every session of the legislature since 1945 and occasionally a general revision is in order to clarify and update provisions of the Act to reflect current economic and social practices and remove inequities that have occurred as a result of previous amendments not considering other statutes when passed.

HB 98

PIPO
LARRY

ALAN HARRIS

This is an Act to generally clarify and revise certain sections of the Act governing the Montana Highway Patrol Retirement System, regarding retirement, subrogation of benefits and providing an extension of benefits to certain surviving spouses.

Section 1. The definitions have been revised to eliminate the definition of involuntary retirement and optional retirement age as these terms are defined in the statute in much more complete terms and amend retirement age to include the 60 years of age mandatory retirement provision. The latter amendment is to clarify this provision which has resulted in three hearings concerning the point in time upon which actuarial reductions should be based for involuntary retirement.

Section 2. Again, this supports the age 60 as the point of actuarial reduction.

Section 3. This section provides that all surviving spouses be treated in a similar manner. The previous statute had a date limitation of July 1st of 1979 and the current statute removes this date as we had some surviving spouses becoming widows after July 1st of 1979 who received no retirement benefits and were not treated the same as surviving spouses widowed before that date.

Section 4. This is a repeal of the subrogation section of the Highway Patrolmen's Retirement Act as this section is unenforceable. The Retirement Division is placed in a situation where they are required by law to secure from beneficiaries of deceased members moneys paid to them in wrongful deaths situations and since there is no central source to check to see where these suits are being filed, the Retirement Division has never pursued this section. This is the only retirement system that currently has a subrogation provision, all others have been repealed.

FINANCIAL IMPACT: Minimal. There may be a small cost for Section 3, the surviving spouse benefits, but should not have a significant impact on the retirement system.

EXAMPLES OF HARM: We have several widows who are not receiving any benefits from the Highway Patrolmen's Retirement System as their husbands died after the January 1, 1979, date and many of these ladies have been reduced to almost a welfare situation or

required to go back to employment at a very adverse age.

INTERESTED PARTIES: This bill has been reviewed with the Montana Public Employees Association, the representative group of the State Highway Patrolmen, the State Highway Patrol Administration and the Retired Highway Patrolmen's Association.

DATE

3-16-81

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
John Frankino	Mt. Cath. Conf	135	✓	
W. W. Lacey	Sold. of MT	41	✓	
Gene Cish	Frank Kelly & myself	135	✓	
Steve Bennyhoff	MT. University System	HB 48	✓	
David Se X	Mont Educ Assn	HB 48		✓
"	"	HB 584	✓	
"	"	HB 135	✓	
Roy Carlson	Mont. Assoc. of State Game Warden	HB 97		✓
Owen Nelson	Mont. Educ. Assoc.	HB 48		✓
Robert Johnson	Teachers' Retirement Section	HB 48	✓	
Charles P. Johnson	NRTA-AARP Joint State Leg. Comm.	HB 48	✓	
H. Jackson	NRTA-AARP - Chem Leg Com NRTA	HB 48	✓	
Doris H. Embury	Ind. RTA - ret. teacher	HB 48	✓	
Alton P. Hendrickson	TRS - actuary	HB 48	✓	
TOM GLEASON	CAS. CO. ELECT. OFF.	197		
J.D. Lynch	Montana Fed of Teachers ^{AFCTO}	48		✓
Jim M. Lynch	"	135	✓	
Jim M. Lynch		HB 48		✓
Jim M. Lynch		HB 135	✓	