

MINUTES OF THE MEETING  
SUBCOMMITTEE ON THE MERIT SYSTEM COUNCIL  
SENATE AND HOUSE JOINT MEETING

November 17, 1981

The subcommittee on the Merit System met in room 108 of the State Capitol on the above date. Senator Dover, Chairman, called the meeting to order at 8:12 a.m.

ROLL CALL: All members were present except Representative Waldron.

Senator Dover said that since the committee action was taken the Merit System Council had come out with a different proposal, and this was the purpose of the hearing. He said he would call on the people representing the Merit System first.

Jim Silberberger, Chief of the Merit System Bureau said he would try to bring the committee an update. On November 13, the Council had a meeting and reviewed the decentralization plan and voted unanimously to disapprove the plan. They did not feel it allowed the council to carry out the statutory authority and ability to operate the system. He said their proposed plan for consideration now would give them a 70% cut, would give them 3½ positions which would be a test development specialist (to develop valid systems); a personnel specialist to also perform this duty and to provide professional consulting; a personnel person who would provide information on rules and procedures and a ½ time secretary. The budget for this from January through June would be \$47,465. This is reduced from \$122,000 which it is at the present time. In '83 it would be the same staff and would be \$97,465 which is approximately a 70% cut from what it is now. He said he felt this would allow the Council to carry out their statutory duties.

Charles Seiffert, Chairman of the Merit System Council said he has been on the Council for over 10 years, recognizes the changing times, and realizes that money is in short supply. Therefore, they cooperate with, and encourage, the decentralization of the Merit System. However, the decentralization proposal does not provide for proper test validation nor adequate oversight. He felt that they would not be protecting the employees, nor the potential employees and his mail and telephone calls indicate great distress and concern over what they consider a threat to the Merit System.

There were no further witnesses for the new proposal and Chairman Dover called for other witnesses.

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Dave Hunter, Commissioner of Labor said that as proposed by the Department of Labor and SRS and Health, the recruitment, selection and referrals were not handled by the Merit System Council, but that the rule making and greivances and oversite would be a function of the Audit Committee. The alternative from the Council is that in addition they are proposing 3½ persons and it would not be done by the Legislative Auditor.

A public hearing was held and not one state employee testified on November 4 against it. There was one testimony that raised some concerns, but no opposition. It is the Councils concern rather than a publicly expressed concern of employees. They argued that the test developer is an important aspect. They have operated without the test developer for all but 3 or 4 years. We are having a function that meets federal regulations in the minds of the Merit System Council, it is probably good, but it is a trade off service. It can be better used in client services. The alternative is more costly to the Department of Labor than the present system. To pay their share and pick up recruitment and referrals, we would have to pick up two people in the local job service. 30% + 2 positions is \$15,000 more than generally funded for these positions, and we would still pay our share. It is more costly and allows us to provide fewer services than before this decentralization issue came up. In terms of federal funds being jeopardized, as I see it, it is going the other way--less regulation, less compliance and, I think they would let us operate in any way we felt would meet the Merit System Plans. On Protection: In the past year the MSC had 4 grievances. One out of my department, and the MPEA takes them and they go to bargaining arbitration rather than the merit system. The trade off is services to clients of the job service, SRS, and the Health Department.

John LaFaver, Director of Social Rehabilitative Services said the only reason for the original proposal was because of the tremendous federal cuts they are faced with. There is \$18 million worth of cuts in 2 basic areas. They had to tighten up eligibility standards and trim administrative costs to try to keep the demand on the state general fund as low as we could. The \$100,000 contribution SRS made to the Merit System was one they took a look at. Research showed they could perform the services for less within the Department.

The meeting moved to room 135 of the State Capitol, and LaFaver continued his testimony.

LaFaver said they found they could do the job for about a \$90,000 savings over the present way. If the new proposal being heard today were to go through it would cost in excess

of \$50,000 to the Merit System Council and we would still do the work. He said his only interest was the cost cuts needed because of the federal cuts, and there was no personal animosity in his decision.

Questions from the committee members follow:

Senator Aklestad: I would ask Dave Hunter, what service do you feel the council is performing now that you could not perform in your department? Hunter: The services that need to be continued is a centralizing of rules and greivances. These are anticipated to continue to happen. I think in order for the state to say we still have a Merit System, we have to continue these services.

Senator Aklestad: Under the proposal, would the Council stay in existance? Hunter: Yes. Aklestad: How many members? Hunter: three. Aklestad: Did I hear you say the testing system has been only in operation for 3 or 4 years? Hunter: I think Jim Silberberger can answer that since he is more familiar with it. Silberberger: The test procedure has been in existance for a long time, but the staff to evaluate it has only been in existance for 2 years. Aklestad: How much does the Council receive in pay? Silberberger: \$25 for travel. They give their time for free, the committee is appointed by the Governor. Aklestad: How long has the Council been in existance? Silberberger: 40 years, since 1941. Aklestad: And the Merit System: Silberberger: The same.

Representative Stobie: How many personnel in the system? Silberberger: 11½. Stobie: Under the new plan proposed by the SRS, how many personnel? Silberberger: No personnel. The Council believes they need 3½ to operate the system with the decentralization proposals. Stobie: Then the functions would revert back to the departments? Silberberger: Just the processing functions, the examinations, etc., would be handled by the job service. They neglected sufficient staff to monitor the systems and develop valid examinations for job applicants. Another would be the inconsistant treatment of applicants. Stobie: (to Hunter) If they had 11 people on the bureau, what would it mean to the Department of Labor? Hunter: \$67,000 in FY 82 for the operation and it would be directly out of the funds we would otherwise use in the job service. Stobie: How much money for operating in the agency? Hunter: 30% or approximately \$3,000 for 1983. The remaining to be used by the agency to provide services. Stobie: How much savings? Hunter: \$13,000 in the Department of Labor (we pick up the recruitment and referral costs); \$90,000 in SRS, \$16,000 in the Health Department and smaller amounts to other agencies. (Institutions, Department of Justice, etc) Job service would pick up the services for the smaller agencies.

Senator Aklestad: (to Mr. Silberberger) Your department is funded by general fund, or pass through? Silberberger: It comes from the agencies, it is pass through. Aklestad: Each agency would then keep this money within their budget? Silberberger: Yes. Aklestad: What service do you perform they could not? Silberberger: The test administration and the test validation. The state agency is the only one with the personnel to do this. The report was that the agencies could not perform this duty. Court decisions have found job applicants have been discriminated against and it goes to court. This requires that Montana have a good procedure in selecting jobs. We felt if we make the rules we should have the opportunity to see that it is administered properly. I don't think it should be delegated to the Audit Department since an audit every 2 or 3 years is not adequate.

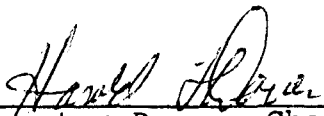
Senator Dover: (to Hunter) On the question of staff for the Council, what provision is being made? Hunter: It is my understanding the Department of Administration will provide staff.

Morris Brusset: We have agreed to assist them in clerical functions in the rule making and grievance process. Senator Dover: Now who do they report to? Brusset: It is administratively attached to the Department of Administration.

Senator Dover declared the hearing closed and asked if the committee wished to take executive action at this time.

MOTION: Senator Aklestad moved that we adhere to the previous decision. Seconded, voted, passed, unanimously.

The meeting was adjourned.

  
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Senator Dover, Chairman  
Subcommittee on Merit System



