

MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION COMMITTEE  
February 14, 1983

CHAIRMAN JOE BRAND OPENED THE MEETING AT 9:00 A.M. WITH THE HEARING ON HOUSE BILL 674 SPONSORED BY REP. MCBRIDE. All members were present except Representatives Bardanoue and Solberg. Rep. McBride: "This is being presented at the request of the Public Employees' Retirement Division. It is a further refinement of the Unified Firemen's Act that was passed in the 1981 session. The effect of this bill is to permit a disabled firefighter to continue his contribution to the system and permit the city to make their contributions on both the Workers' Compensation benefits and the supplemental payment made by the city to bring the fireman up to the 100% of the salary base. This turns out to be real critical where a fireman becomes disabled and then he retires because, for one thing, the calculation as to the time that he retires is based on his past salary and, in the past, the salary has been calculated only on the portion that he received from the city. The main effect of this bill is to make sure that a fireman when he retires does, in fact, receive the service credits for the time he has been on disability."

LARRY NACHTSHEIM, Administrator of the Public Employees' Retirement Division, spoke in support of House Bill 674. (Testimony is attached.)

RAY BLEHM, of the Montana State Firemen's Association: "House Bill 674 does just exactly, as best can tell, as it has been described to you; and we support it."

There were no opponents to House Bill 674.

Rep. McBride has no closing statements.

Chairman Brand: "Larry, I don't know whether you addressed it. Is there any fiscal impact?"

Larry Nachtsheim: "There is a fiscal note being drafted. It was a difficult fiscal note to draft because where are you placing the financial impact? As you are aware in the retirement area, there isn't anything for nothing. Somebody is paying for it. But in the case that we took in Butte, and that was the one I drafted the fiscal note on, this fireman goes on disability for one year and actually the city's costs went down for one year because they didn't pay 70% of his salary."

Chairman Brand: "Under the present system, can they retire and get Workman's Comp. too?"

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Larry Nactsheim: "Now I am not an authority on Workman's Comp. They have two kinds of benefits - temporary and you can have lifetime benefits. In the retirement program, we do not consider a disability that is of a temporary nature."

Chairman Brand: "Doesn't he get some more longevity if he stays another year within the system?"

Larry Nactsheim: "That is true if he is going under service retirement but anyone on disability retirement gets half pay regardless of how many years of service."

Rep. McBride: "I think, if I might clarify, the situation that you are talking about. When he goes under disability and then retires, I think, under existing law, he wouldn't get credit for that year because a contribution has not been made."

Ray Blehm: "I guess maybe I should clarify what went on in Billings. Up until this time, we had a coordinated benefit that was similar to this, but it only went for ninety days. All our benefits in the fire service are handled in the municipal code and they are not part of the state code like police officers are. Police officers have uniform benefit under state code that gives them up to a year disability with this coordinated type of situation. Because of the difference between the two, this kind of bill is necessary."

Rep. Driscoll: "Just in response, you can't draw Workman's Comp. and retirement at the same time."

Larry Nactsheim: "I think you can."

Representative Phillips: "If someone goes on permanent disability, are you saying that they can draw Workman's Comp.?"

Larry Nactsheim: "There used to be some benefit consideration in the retirement act to be offset against Workman's Comp. But, currently there is no offset in the retirement acts."

Rep. Bliss: "Is this a shared contribution between the employer and the employee?"

Larry Nactsheim: "Yes, it is the normal contribution that would be paid on the salary of that size and that's the employer, the state and the employee."

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Rep. Bliss: "That is really a good deal when you get tax-free money."

THE HEARING WAS OPENED FOR HOUSE BILL 688, SPONSORED BY REP. SALES.

Rep. Sales: "This bill deals with people who are working under one system and then transfer into another system. Under the existing statutes and some court cases that they have had, apparently it has created some liabilities on the new system that could not be picked up by the old system. Supposedly, in repealing the old sections and putting these new sections in, we will be able to have those people transferred without hurting either system."

Larry Nachtsheim: "The problem with our current statutes is that the statutes say 'the service and credit that have been transferred between PERS and Teachers shall be defined by mutual agreement between the two boards'. The Teachers' Retirement Board meets four times a year and mine meets twelve times a year, and if they see each other one time a year, it is a rare year. So, what we are suggesting with this bill is that we statutorily define what the transfer credits are going to be." (Testimony Attached.)

BOB JOHNSON, Administrator of the Teachers' Retirement Division, spoke in support of House Bill 688: "This bill is a combined effort of Mr. Nachtsheim and myself and we support the bill for basically the same reasons. There are two differences in our section of the law that I would like to call to the committee's attention. The first would be on page four, sub-section (4), which states: "A member who qualifies service in the Public Employees' Retirement System must complete five years of service in the Teachers' Retirement System in order to be eligible to buy out of state teaching service, employment while on leave, or military service." The reason for this is that we have seen instances where individuals who may have had three or four years in the Public Employees Retirement System and who occupy a position that qualifies them for membership in either system, all of a sudden see that they can receive free military service credit in to the Teachers' Retirement System. So, they want to transfer to Teachers' now. We think they should at least put five years in our system in order to qualify for that service. The second difference is on page five, subsection (7), that says that if the retirement board determines that an individual's membership was erroneously classified, the member's accumulated contributions and service must be transferred

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to the Teachers' Retirement System and any employee-employer contributions due as calculated in subsection (3)(a) are the liability of the employing entity where they are incurred. So this way we can go back to the employer and say you owe us this much money because you made an error classifying this individual."

There were no opponents to House Bill 688.

Rep. Sales had no closing statement.

Rep. Smith: "This is an equal trade-off, isn't it, from one fund to the other?"

Larry Nachtsheim: "Yes."

Rep. Brand: "Question regarding this statement: 'may not have qualifications under 19-3-507?'"

Larry Nachtsheim: "507 was the old statute that we are repealing which said that the transfers would be by mutual agreement of the board."

Rep. McBride: "This bill seems to imply that there never was any method to transfer credits between these two systems and, my feeling is that there was some way and maybe this was the mutual board agreements that you talked about before."

Larry Nachtsheim: "That was exactly it but because it was a mutual agreement between two boards, if we got the court ruling on something, we had no statutory support."

Rep. Pistoria: "I see Tom Schneider here. Do you have comments on this Tom?"

Tom Schneider, Business Agent for Montana Public Employees Association: "No, there is nothing wrong with the bill. I think it is really necessary to put some statutory language in."

VICE CHAIRMAN O'CONNEL TOOK OVER THE MEETING IN THE ABSENCE OF CHAIRMAN BRAND AND OPENED THE HEARING ON HOUSE BILL 668, SPONSORED BY REP. BRAND:

Rep. Brand: "This bill increases the per diem and lodging for all state employees, with the exception of the Governor, that are authorized. The lodging is now \$24.00; we are asking for an increase to \$28.00. For the meal allowances: for breakfast, we are trying to increase it from \$3.00 to \$3.50; noon meal from

\$3.50 to \$4.00; evening meal from \$7.00 to \$8.00. The out-of-state lodging expenses are to be increased from \$50.00 to \$60.00. The morning meal from \$4.00 to \$4.50; the noon meal from \$6.50 to \$7.00; and the evening meal from \$12.00 to \$14.00. The commercial non-receiptable lodging facilities has been increased from \$7.00 to \$10.00. I don't believe the last session they were allowed an increase. It has been at least four years and maybe longer, and the cost of living has come up considerably."

Tom Schneider: "For some reason, we have brought a per diem bill in every session since about 1967. The state just never seems to want to take care of the needs of the employees. A lot of people think the per diem only goes to the higher paid people -- the department heads and the administrative people. A majority of the people who draw per-diem in state are the lower-paid employees, and this provides a difficult situation for them when they don't get reimbursed at a reasonable rate. In the case of our association, I think, we calculated somewhere around a thousand of our members are in the status of travel at some particular time around the year. These would be SRS employees, social workers, eligibility technicians, field engineering people, highway patrol, fish and game employees, people of this nature. There is really no good place to go to come up with figures which tell us what travelling employees should be reimbursed with regard to meals and lodging. There are two ways to look at it. One is to have a comparison study with the surrounding states. We have always, particularly in the case of North Dakota, cast stones at them for being a little bit backward. (Comparison information attached as testimony.) Personally, I think the only state that shows any management brains is the State of Wyoming. They pay actual travel. I really think in Montana, if someone would put some faith in administration and proper management procedures, the State would save money if it paid actual travel expenses."

There were no opponents to House Bill 668.

Rep. Brand closed: "I think this is really under what it would cost you to begin with. I am sure there are a lot of meals here that people will have breakfast or lunch that would cost a lot more than this and, even in some of the very low class restaurants. Let me point out to you, like out of state, about 2/12 years ago, I was in Washington D.C. I had to pay \$102.00 for a room and that was not the best place in town. All we are raising it to is \$60.00 a day. I know there are a lot of motels and hotels that are going to be higher than that. Some of that money is going to come out of somebody's pocket."

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Rep. McBride: "If I am not mistaken, the Department of Administration does have the authority to designate certain areas where actual cost of lodging would be paid rather than the \$60.00"

Tom Schneider: "I don't know what all of them are. That provision was basically put in for the out-of-state auditors for the Department of Revenue."

Rep. O'Connell: "This is true Kathleen. It was just that one group."

Rep. Bliss: "Mr. Schneider, you indicated that if we raise this, they could shuffle their travel and cut back to take care of any raise in appropriations?"

Tom Schneider: "I think they have to shuffle anyway. They make the travel requests to the Legislature and the Appropriations Committee does whatever when they look at the reasonings for the travel and so on. The only place that there is a problem is with auditors and, I think, usually the Appropriations Committee goes back and takes a look at those areas because the auditors really are generating far in excess of what the expenses are."

Representative Hand: "Tom, you said there would be no fiscal impact because each one of these travel situations will be charged against each individual department budget?"

Tom Schneider: "Quite frankly, if we went to actual, then they would have so much money to expend and they would have to watch it. Even here, they are going to have to watch what their employees spend. They have so much money appropriated for travel no matter how much we tell them on an individual basis, for meals, and lodging. They cannot over-spend what is appropriated."

Rep. Sales: "Right now, as I understand it, on lodging you have to have a receipt but on the meals you don't."

Tom Schneider: "Yes."

Rep. Sales: "You have also raised where you don't have receipts for your lodging. You go from \$7.00 to \$10.00. What was the idea there?"

Tom Schneider: "\$7.00 was established in 1975. They have been trying to raise this since 1975 so I thought we should try to raise this. I am not hung up with it."

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Rep. Sales: "One other question. In the 1981 session, we increased the amount of the out-of-state by about 47%, but the in state was not raised.

Tom Schneider: "We asked for more for in-state travel, but they just were not willing to go for that. They are very aware of the cost of out-of-state because of the auditors. In fact, we are not competitive when it comes to hiring auditors because our out-of-state auditors are paying money out of their pockets to conduct audits for Montana."

Rep. Sales: "You're going for only a \$6.00 increase for the in-state per day, but the out-of-state is another \$13.00. We are really getting that up pretty dog-gone good."

Tom Schneider: "My feeling, quite frankly, goes back to trying to get something through. Why put in a great big increase when you know you are not going to get it? If you look for comparisons, we didn't really ask for what we needed when it came to out-of-state travels. We should at least be up within a dollar on every meal of what the surrounding states have and we're not even asking for that because, quite frankly, knowing the situation here, we are not going to get that much."

REP. KOEHNKE: "Do most or all of the departments spend all of their budgets for travel?"

Tom Schneider: "I don't know."

Rep. Koehnke: "If it is governed by their budget what is the difference whether it is actual or determined?"

Tom Schneider: "If you look at the private sector, all of the people in the private sector who travel get reimbursed actual expenses."

EXECUTIVE SESSION

Chairman Brand asked what action the Committee would like to take on House Bill 668?

REP. HAND asked for a discussion on why they should not amend the bill to pay actual expenses.

There was concern as to what reaction there would be on the floor and whether it could be passed.

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REP. HAMMOND expressed concern over whether we have enough facts and figures on actual expenses.

Rep. Sales stated that he would support actual expenses. But, if the committee was going with this particular bill, he suggested an increase in the in-state travel rates, but not the out-of state because they were increased last year.

Rep. Brand brought up the amount of power the auditors have so that they can get exemptions.

Tom Schneider said that once they had designated a city, anybody gets the amount of expenses for that city, not just auditors.

Rep. Sales: "I make the motion that we amend House Bill 668 to actual expenses for both lodging and meals and that both should be documented."

REP. RYAN SECONDED THE MOTION.

It was decided that this would also be extended to the Governor.

In addition, the committee agreed to leave the amount for unreceiptable, noncommercial lodging at \$10.00 as originally proposed in the Bill.

Question was called for on the AMENDMENTS TO HOUSE BILL 668.  
MOTION CARRIED - Reps. Bliss, McBride, and Phillips voting no.

Chairman Brand asked what action the Committee would like to take on House Bill 674.

REP. O'CONNELL MOVED and REP. HAMMOND SECONDED TO PASS HOUSE BILL 674.

Rep. Bliss questioned the person on unemployment getting 70% and the city gives him 30% during that year he is making more than when he works.

Larry Nachtsheim explained that this was not true.

REP. DRISCOLL explained that they do have to pay their 7.5% and the employer pays his share.

Question was called for - HOUSE BILL PASSED BY UNANIMOUS CONSENT.



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Chairman Brand asked what action the Committee would like to take on House Bill 688,

REP. SALES MOVED and REP. SMITH SECONDED TO PASS HOUSE BILL 688.

Question was called for, and HOUSE BILL 688 PASSED UNANIMOUSLY IN THE COMMITTEE.

Chairman Brand asked the Committee what action it would like to take on House Bill 23.

REP. MCCORMICK asked LOIS MENZIES of the Legislative Council to explain the amendments. (Amendments attached.)

Rep. McCormick explained that they have met quite a few times on this and that Larry Nachtsheim had been helpful in trying to get the cost down.

REP. MUELLER: "I have to file a MINORITY REPORT. It is just an honest difference of opinion on how we should handle it, and I would like to explain my concerns and so on. We have to recognize that with this bill no matter which figures we use, we're putting a load both on local government and state government from their general funds. I think that each of us has a responsibility, not only to the retired state employees, but we do have a responsibility to all our constituents in these times as to increased costs when many have received no increases and many of them are out of work. I very honestly could not go along with the majority of the committee because of these concerns I have for the total taxpaying population of my district and the State of Montana. My recommendation to the Committee as a whole is the top figure of \$1.00 per month, maximum of \$30.00, for any one person and if you will notice that the total impact is almost \$486,000 of which your local governments would have to pick up \$212,000 and the State \$173,000."

Rep. Brand asked where Rep. Mueller was getting the figures -- the low people or the high people. Rep. Mueller responded: "average".

There was discussion as to whether in the last two years retirees had even received a cost-of-living.

Rep. McCormick mentioned that this was for three years.

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Rep. Driscoll raised the question of the investment of these funds and why the outgo shows to be bigger than the income in the Public Employees Retirement Fund.

Larry Nachtsheim explained that the reason that it shows the outgo bigger than the income is the fact that the amount of income is calculated on a forty-year basis, even though most of the employees will not live that long.

Rep. Driscoll asked, "How many employees don't make it to retirement or cash-out and PERS keeps the employer contribution and interest?"

Larry Nachtsheim stated that they "wrote about seven some hundred refunds last year. We don't keep the interest. The employer doesn't put the money in for any individual; he buys participation."

There were further questions about the interest income and it was explained that they still have investments that only pay 4.5% and 5% that were purchased thirty years ago.

REP. MCCORMICK MOVED that the Committee adopt the amendments and then Lois can put the amendments into the bill. It will practically be a new bill, and the Committee can take action on it later.

REP. DRISCOLL SECONDED THE MOTION.

REP. MUELLER MADE A SUBSTITUTE MOTION in relation to both the amendments and the whole bill that the \$1.00 figure be used for a total cost of \$385,926.00 for the reasons that he already stated.

REP. SALES SECONDED THE MOTION.

Rep. O'Connell: "Again, I am rehashing what we discussed in subcommittee but bear in mind that the vast majority of these people are taxpayers and have been for all these preceding years."

REP. MUELLER: "What percent of the taxpayers in the State of Montana belong to the retirement system?"

The question was called for and there was a roll-call vote on the substitute motion by Rep. Mueller that House Bill 23 be amended using the \$1.00 figure. Those voting yes on the Mueller motion were Reps. Bliss, Compton, Hand, Mueller, Phillips, Ryan,

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and Sales. Voting no were: Reps. Brand, Driscoll, Hammond, Holliday, Koehnke, McBride, McCormick, O'Connell, Pistoria and Smith. Ten voted against the motion and seven voted for the motion. Rep. Mueller's SUBSTITUTE MOTION FAILED.

REP. SMITH MADE A SUBSTITUTE MOTION THAT HOUSE BILL 23 be amended providing \$2.00 for each year of creditable service for a member retired before July 1, 1981. (Up to a maximum of \$60.00) and \$1.00 for each year of service for a member retired on or after July 1, 1981, but before January 1, 1983 (Up to a maximum of \$30.00).

REP. KOEHNKE SECONDED THE MOTION.

MOTION CARRIED with nine voting yes: Reps. Bliss, Compton, Hand, Koehnke, Mueller, Phillips, Ryan, Sales and Smith.

EIGHT VOTED AGAINST THE MOTION: Reps. Brand, Driscoll, Hammond, Holliday, McBride, McCormick, O'Connell, and Pistoria.

REPRESENTATIVE SMITH's SUBSTITUTE MOTION CARRIED.

REP. SMITH MOVED AND REP. KOEHNKE SECONDED TO PASS HOUSE BILL 23 AS AMENDED. PASSED NINE TO EIGHT.


Chairman Brand asked what action the Committee would like to take on House Bill 57.

REP. MUELLER MADE A MOTION TO TABLE HOUSE BILL 57.

REP. SMITH SECONDED THE MOTION.

MOTION CARRIED WITH Reps. Driscoll, O'Connell, Smith and McCormick voting no. Rep. Smith asked that his vote be changed to a yes.

REP. KOEHNKE MOVED TO ADJOURN.

  
REP. JOE BRAND, Chairman

# STANDING COMMITTEE REPORT

FEBRUARY 14,

19 83

MR. **SPEAKER**

We, your committee on **HOUSE STATE ADMINISTRATION**

having had under consideration **HOUSE** Bill No. **674**

**first** reading copy ( **white** )  
color

**"AN ACT REQUIRING THAT WORKERS' COMPENSATION BENEFITS RECEIVED BY A MEMBER OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM BE INCLUDED AS PART OF THE MEMBER'S MONTHLY COMPENSATION RECEIVED DURING A DISABILITY PERIOD FOR THE PURPOSES OF DETERMINING CONTRIBUTIONS AND SERVICE CREDITS UNDER THE RETIREMENT SYSTEM; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."**

Respectfully report as follows: That **HOUSE** Bill No. **674**

DO PASS.

# STANDING COMMITTEE REPORT

FEBRUARY 14, 1983

**SPEAKER**

MR. ....

**STATE ADMINISTRATION**

We, your committee on .....

**HOUSE**

**688  
EKE**

having had under consideration ..... Bill No. ....

first reading copy ( white )  
color

"AN ACT ESTABLISHING PROCEDURES FOR TRANSFERRING SERVICE CREDITS BETWEEN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM; AMENDING SECTION 19-3-509, MCA; REPEALING SECTION 19-3-508, MCA; AND PROVIDING AN EFFECTIVE DATE."

**HOUSE**

**688  
EKE**

Respectfully report as follows: That ..... Bill No. ....

~~DO PASS~~

FEBRUARY 14, 19 83

MR. SPEAKERWe, your committee on STATE ADMINISTRATIONhaving had under consideration HOUSE Bill No. 23first reading copy ( white )  
color

"AN ACT PROVIDING AD HOC COST-OF-LIVING INCREASES IN SERVICE AND  
 DISABILITY RETIREMENT ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR  
 MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THEIR  
 BENEFICIARIES; INCREASING THE MINIMUM MONTHLY BENEFIT ALLOWANCE  
 FOR MEMBERS AND THEIR BENEFICIARIES; PROVIDING FUNDING FOR THESE  
 BENEFIT INCREASES THROUGH EMPLOYER CONTRIBUTIONS; AMENDING  
 SECTIONS 19-3-801, MCA; AND PROVIDING AN EFFECTIVE DATE."


Respectfully report as follows: That HOUSE Bill No. 23

be amended as follows:

1. Title, line 4.  
 Following: "PROVIDING"  
 Insert: "AN"

2. Title, line 5.  
 Strike: "INCREASES"  
 Insert: "INCREASE"

3. Title, lines 8 and 9.  
 Following: ";" on line 8  
 Strike: "INCREASING" through ";" on line 9

DO PASS  
XXXXXX
  
 STATE PUB. CO.  
 Helena, Mont.

  
 REP. JOE BRAND,

Chairman.

BILL CLERK

FEBRUARY 14,

19 83

4. Title, line 10.

Strike: "THESE"

Insert: "THE"

Strike: "INCREASES"

Insert: "INCREASE"

5. Page 1, lines 20 through 24.

Strike: "(1)" on line 20 through "\$2.50" on line 24

Insert: "(1) \$2.00"

6. Page 1, line 25.

Strike: "\$75"

Insert: "\$60"

Following: ";

Insert: "or (2) \$1.00 for each year of creditable service, up to a maximum of \$30, for a member retired on or after July 1, 1981, but before January 1, 1983."

7. Page 2, line 1 through line 4 on page 3.

Strike: line 1 on page 2 through line 4 on page 3 in their entirety.

Renumber: subsequent sections

8. Page 3, line 12.

Strike: "6.77%"

Insert: "6.514%"

9. Page 4, line 8.

Following: "and"

Strike: "-----" through "]"

Insert: "House Bill No. 57"

10. Page 4, lines 11 and 12.

Strike: "-----" on line 11 through "]" on line 12

Insert: "House Bill No. 57"

AND AS AMENDED

DO PASS



# STANDING COMMITTEE REPORT

2-14

19 83

**SPEAKER**

MR. ....

**HOUSE STATE ADMINISTRATION**

We, your committee on .....

**HOUSE**

having had under consideration ..... Bill No. **57**

**first**

reading copy ( **white** )  
color

"AN ACT TO PROVIDE VETERANS OF WORLD WAR II AND THE KOREAN AND VIETNAM CONFLICTS SERVICE CREDITS FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM COMPARABLE TO CREDIT GRANTED FOR MILITARY SERVICE UNDER THE TEACHERS' RETIREMENT SYSTEM; PROVIDING FUNDING FOR THESE CREDITS THROUGH EMPLOYER CONTRIBUTIONS; AMENDING SECTIONS 19-3-503 AND 19-3-601, MCA; AND PROVIDING AN EFFECTIVE DATE."

**HOUSE**

Respectfully report as follows: That ..... Bill No. **57**

~~DO PASS~~

*Labled*

HOUSE BILL 674 - McBride

This bill is proposed to permit the retirement division to comply with practices currently found in local negotiated contracts. In 1981 when the Unified Firefighters' Act was passed, no consideration of this issue was included.

The effect of the bill is to permit a disabled firefighter to continue his contributions to the system and permit the city to make their contributions on both the workers' compensation benefit and the supplemental payment made by the city to bring firemen up to 100% of base salary. This is critical to firemen who retire because of their disability as the duration of the disability payments are limited to one year and this is the base year for retirement calculations; the immediate year prior to retirement.

In the case that brought this to our attention, it reduced the firemen's pension by about \$105 dollars per month; instead of \$717.50, the disabled firefighter is receiving \$612.65.

This is the only case in the past 20-month period since the inception of the firefighters' system.

This bill will correct this inequity for this fireman and place the fire system on the same basis as current members of the police officers' system.

*Samy Nachtsheim*  
*Administrator PERP*

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WITNESS STATEMENT

Name Ray Blehm Committee On \_\_\_\_\_  
Address 226 Wallace Hlwa Date \_\_\_\_\_  
Representing Mt St Firemen Assoc Support X  
Bill No. H B 674 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2. This bill will allow retirement at the current status of other employees when ~~they are~~ a disabled employee is unable to return to work after having been on
3. Workers Comp & City supplemental pmts. in a city where there is no additional
4. pmts the employee will be able to qualify his time or if the injury is bad enough to opt for retirement.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

HOUSE BILL 688 - Sales

*Larry Mackelheim*

This bill introduced at the request of the Public Employees' Retirement Division, was drafted in concert with the Teachers' Retirement System.

It repeals the current general statute found in 19-3-507 defining the procedures for transfer of credits between the two systems and provides specific criteria for service credits and amounts to be transferred between the systems.

- Section 1 - provides the method for transferring credits from TRS to PERS.
- Section 2 - provides the method for transferring credits from PERS to TRS.
- Section 3 - deletes a cross citation to the repealed section and is no longer pertinent.
- Section 4 - is the repealer of 19-3-507.
- Section 5 - is the codification instructions.
- Section 6 - provides an effective date of July 1, 1983.

WITNESS STATEMENT

Name Robert Johnson Committee On \_\_\_\_\_  
Address 1500 Sixth Avenue Date \_\_\_\_\_  
Representing Teachers Retirement Support /  
Bill No. HB 688 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

HOUSE BILL 688 - SALES -

Larry Nachtsheim - Administrator  
Public Employees' Retirement Division

February 14, 1983

*Proposed  
PERC*

This bill repeals section 19-3-507, the current provision for transferring credits between the Public Employees' Retirement System and Teachers' Retirement System. The current statute is very general and permits the two systems to make transfers determined by mutual agreement of the two Boards.

Both systems are subject to legal interpretation of the statute by two outside authorities--the Attorney General through Attorney General Opinion and the Courts through case law.

In the past, both outside authorities have interpreted statute in one system, which has created liabilities for the other systems; due to employees that have transferred.

In this proposed bill, drafted jointly by the Public Employees' Retirement System and Teachers' Retirement System, the amount of service credit and the method of finance has been defined in such a manner that court decisions with retroactive effect in one system will not create any liability for the second system.

Section 1 details the procedures for transfers from Teachers' Retirement System to Public Employees' Retirement Division. One page 2, line 10, we have defined the amount of the employees contributions required for transfer from Teachers' Retirement System to Public Employees' Retirement Division as the amount the employee withdrew from Teachers' Retirement System. Here, the employee received the same credit in the Public Employees' Retirement System as they enjoyed in Teachers' Retirement System for the same employee cost on a month-for-month basis (page 2, line 17). Any additional cost for assuming the liability is paid by the Teachers' Retirement System to the Public Employees' Retirement System, based on the assumption that Teachers' Retirement System has received required funding for all current creditable service (Page 2, line 5).

On page 2, line 21, the authority for determining the amount of service creditable to Public Employees' Retirement System is placed with the Public Employees' Retirement Board.

In the event of death while a transfer of credit from Teachers' Retirement System to the Public Employees' Retirement System is being made, the remedies of the employee's beneficiary are detailed on page 3, line 1.

Section 2, with minor differences, reflects the transfer of credits from the Public Employees' Retirement System to Teachers' Retirement System.

## VISITOR'S REGISTER

HOUSE

1 St Adm.

COMMITTEE

BILL

HB 668

DATE:

2/14/83

SPONSOR

Brand

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name Tom Schneider Committee On St Albin  
Address Box 5700 Helena Date 2/14/83  
Representing Mont Pul Sup Assoc Support X  
Bill No. HB 668 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.



House Bill 668 increases the allowable amount of travel reimbursement for elected officials, appointed members of boards, commissions, councils department directors and other state employees.

The increases included are:

IN STATE TRAVEL

Lodging	from \$ 24.00 to \$ 28.00
Meals	
Morning	from \$ 3.00 to \$ 3.50
Noon	from \$ 3.50 to \$ 4.00
Evening	from \$ 7.00 to \$ 8.00

OUT OF STATE TRAVEL

Lodging	from \$ 50.00 to \$ 60.00
Meals	
Morning	from \$ 4.00 to \$ 4.50
Noon	from \$ 6.50 to \$ 7.00
Evening	from \$ 12.00 to \$ 14.00

Increases lodging other than commercial-receiptable from \$ 7.00 to \$ 10.00

This bill does not grant a benefit but merely increases the amount which the state will reimburse people who travel on its behalf for meals and lodging. The major amount of out of state travel by state employees is for auditing out of state firms. In this case the returns from such audits are far in excess of the amount requested.

A comparison with surrounding states shows us the following:

WYOMING - ACTUAL EXPENSES

IDAHO - Morning - \$5.00	Noon - \$ 7.00	Evening \$ 11.00	Lodging - ACTUAL
NORTH DAKOTA - Morning \$ 4.50	- Noon \$ 7.00	- Evening \$ 11.50	- Lodging -ACTUAL
SOUTH DAKOTA - Morning \$ 4.00	- Noon \$ 6.00	- Evening \$ 9.00	- Lodging -\$45.00
UTAH - Morning \$ 4.00	- Noon \$ 6.00	- Evening \$10.00	- Lodging - ACTUAL

As you can see by comparison Montana is lagging far behind the surrounding states mainly because the figures have not been increased to keep up with the rising cost of travel. Last session, for example, on raised the morning meal from \$ 2.00 to \$ 3.00 and the evening meal from \$ 6.50 to \$ 7.00. HOWEVER, just to show how limited the increases have been, this method of reimbursement was established in 1975 and the rates at that time WERE: Morning \$ 2.00 NOON \$ 3.00 Evening \$5.00 Lodging \$ 18.00

We simply have not kept up with the cost of travel. It certainly is our job to make sure that travel is limited to the necessities of good government but to do that we should not make employees subsidize government by paying out of their own pockets.

COMPARISON BETWEEN STATES

	<u>MORNING</u>	<u>NOON</u>	<u>EVENING</u>	<u>LODGING</u>
MONTANA	<u>\$ 3.00</u>	<u>\$ 3.50</u>	<u>\$ 7.00</u>	<u>\$ 24.00</u>
IDAHO	5.00	7.00	11.00	Actual
NORTH DAKOTA	4.50	7.00	11.50	Actual
SOUTH DAKOTA	4.00	6.00	9.00	45.00
UTAH	4.00	6.00	10.00	Actual
WYOMING	Actual	Actual	Actual	Actual

PROPOSED AMENDMENTS TO HB 23

1. Page 1, lines 20 through 24.

Strike: "(1)" on line 20 through "\$2.50" on line 24

Insert: "(1) \$3.00"

2. Page 1, line 25.

Strike: "\$75"

Insert: "\$90"

Following: ";

Insert: "or (2) \$1.50 for each year of creditable service, up to a maximum of \$45, for a member retired on or after July 1, 1981, but before January 1, 1983."

3. Page 2, line 1 through line 4 on page 3. 3

Strike: line 1 on page 2 through line 4 on page 4 in their entirety

Renumber: subsequent sections

4. Page 3, line 12.

Strike: "6.77%"

Insert: "6.611%"

5. Page 4, line 8.

Following: "and"

Strike: "----" through "]"

Insert: "House Bill No. 57"

6. Page 4, lines 11 and 12.

Strike: "----" on line 11 through "]" on line 12

Insert: "House Bill No. 57"

HOUSE BILL 23 (AMENDED)

MONTHLY BENEFIT FOR EACH YEAR OF CREDITABLE SERVICE	PERCENT OF SALARY OVER 40 YEARS	FIRST YEAR COST				FIRST YEAR COST TO EMPLOYER		
		INCREASED PAYMENTS TO RETIREES	% OF PAYROLL	STATE	COUNTY	TOTAL		
<i>See</i> \$1.00	.097%	\$1,371,778	.364%	\$173,667	\$212,259	\$385,926		
1.50	.146	2,057,667	.546	261,395	319,483	580,878		
2.00	.194	2,743,556	.728	347,333	424,518	771,851		
2.50	.243	3,429,445	.910	435,062	531,742	966,804		
3.00	.291	4,115,334	1.092	521,000	637,777	1,157,777		
3.50	.340	4,801,223	1.274	608,728	744,001	1,352,729		

*.50 million*

The valuation was based upon a benefit increase of \$1.00 for each year of creditable service for members who retired prior to July 1, 1981 and one-half of this amount for members who retired between July 1, 1981 and January 1, 1983. The maximum creditable service was limited to 30 years.

The 40 years cost as shown above is the additional percentage of the active members' salary which would need to be contributed in order to fund the increased unfunded liability over a 40 year period.

PROPOSED SOLUTIONS

House Bill 57

FROM PAVLOVICH

Obviously veterans in the Public Employees Retirement System would like to receive the same benefits as veterans in the Teacher's Retirement System.

However, they also realize the realities of the present tight budget situation facing legislators this session. Because there was no opposition to the bill except the financial impact, we would offer the following suggested changes, in order of preference, to lessen the fiscal impact.

1. Limit the credit to members who served in a combat zone during the time periods mentioned in the Bill. Probably under 1,000.
- X. Limit the application to members with armed forces service during the Vietnam Conflict.
3. Reduce member's contribution by 50% to qualify service in the retirement system for service during periods of conflict.
- X. Increase both employee and employer contributions.
5. Require value of unreimbursed sick leave to be paid to PERS for each eligible veteran on retirement. Authorize state agencies to build credits for this expense through excess vacancy savings.
- X. Raise, the years of creditable service in the retirement system from 5 to 10 or 15.
7. Provide for a phase in program of 1 year of credit for every 5 years of service, up to 4 years of eligible service with shared funding.

Mon. Feb. 14, 1983

Joe Brand, chr.

on H.B. 23

&

on H.B. 57

NG VOTE on amendments

EBILLS - Same as

Walter O'Connell

Paul S. Harris  
and Rep,

Harmond

Joe,

Vote Yes to  
H.B. # amendments

Vote Yes to HB 23  
Harmond.

Hammond

Joe,

Vote Yes to  
MAC & Amendments

Vote Yes to KB 23  
as Amended.

Joe H.

Have Dental appointment

or I vote with  
Mc Cormick &  
the Assembly members.