

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

February 7, 1983

The twenty-fifth meeting of the State Administration Committee was called to order by Chairman Pete Story on February 7, 1983, at 10:30 a.m. in room 331 of the State Capitol, Helena, Montana.

ROLL CALL: Roll was called and all members were present but SENATOR MANNING.

CONSIDERATION OF SENATE BILL 319:

"AN ACT CLARIFYING THE COST-OF-LIVING INCREASE FOR CHIEF PROBATION OFFICERS AND PROVIDING AN ANNUAL LONGEVITY ALLOWANCE FOR ALL PROBATION OFFICERS; ...AND PROVIDING AN EFFECTIVE DATE."

SENATOR STEPHENS, Senate District 4 stated that this bill is being presented to clean up what was done last time in clarifying the language dealing with salary schedules with probation officers in Montana. A new provision in the bill will deal with a request they are making in this legislation to include a longevity allowance in the compensation factor for probation officers. He said, on page 1, of line 17, you will see we have stricken some language that was put in ambiguously last time which refers to a date on or before July 1, 1982 and should say on or before July 1, of each year. The new language is on page 2, line 11 and continuing down to line 18 and entered in language to say, (in this case) "entitled to receive". We are going to have amendments to that. We are putting in a longevity provision for the compensation probation officer, similar to that, that exists for other state employees and county employees including sheriffs and deputy sheriffs. We are using the same formula.

PROPOSERS:

JEREMIAH JOHNSON, Probation officer from Missoula, president of Montana Probation Officers Association, presented the amendments, EXHIBIT 1. He stated his concerns are page 2 line 12, where "is entitled to" is inserted. The word they wanted is "shall". He read the rest of the amendments to the committee and explained each to the committee. He said that if a deputy was promoted to a chief he could end up earning less than he did when he was a deputy. We therefore tried to correct this in this bill.

There were no other proponents.

OPPOSERS: None.

SENATOR STEPHENS closed by saying there was a communication breakdown.

QUESTION of the COMMITTEE:

SENATOR STORY asked what happens if they are right at \$22,000 a year?

MR. JOHNSON stated at \$22,000 a year the cost of living would then to into effect, and it would be in addition to that. If This year it came out to 3.9% there would be 70% of that 3.9 that would be cost of living in addition to the \$22,000a a year.

SENATOR STORY: Then it does not apply?

MR. JOHNSON: No it doesn't.

SENATOR TOWE stated that you are saying this is compensation and the cost of living is not. You say the deputy's salary cannot exceed 90% or less than 6% of the salary of the probation officers. The deputy probation officer hired by the chief probation officer will retain all cost of living and all allowance and his salary shall not decrease by such appointment. What if there is a conflict in the 90% or the decrease rule, which one would be violated?

MR. JOHNSON: I do not know.

SENATOR STORY asked if you worked 15 years would you get 15% increase?

Mr. Johnson: Yes.

SENATOR STORY: You will get two increases, one based on the CPI and the second on the longevity. Even without the first increase your salary, if you have been there 15 years, will go up 15%.

MR. JOHNSON: 15% the first year and 1% thereafter.

SENATOR STORY asked if they would mind if this was sent to Local Government committee. There are 3 of us on Local Government and the Governör and Senator McCallum wanted it there.

SENATOR STEPHENS said that he would appreciate the amendments being acted on first.

SENATOR STORY stated that it does not comply with the Drake amendment.

SENATOR TOWE said the salry is really set by the judge now, between 17 and 22 thousand and when we brought in the cost of living it is in addition to the salary already set, so your judge is going to reduce your salary to make a lesser amount

so the cost of living goes back up to where you were...right?

MR. JOHNSON: Right.

SENATOR TOWE: Then when we add the additional for the longevity is there a danger the judge might come back and say that is too much?

MR. JOHNSON: If there is entitled to there would be. With the language on page two it would be in addition to the salary.

SENATOR TOWE: There is nothing to stop him from dropping your salary down.

MR. JOHNSON said there is no problem in my district as I go to 4 judges and the 15 county commissioners as well. He also said that his salary was \$22,000 four years ago.

The hearing closed on S.B 319.

"AN ACT PROVIDING FOR THE QUALIFICATION OF PUBLIC SERVICE RETIREMENT CREDITS AMONG THE PUBLIC EMPLOYEES', HIGHWAY PATROLMEN'S, SHERIFFS', GAME WARDENS', MUNICIPAL POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS FOR PUBLIC SERVICE PERFORMED FOR THE STATE AND THE POLITICAL SUBDIVISIONS OF THE STATE: AMEND. . ."

SENATOR LARRY STIMATZ, District 43, Butte, sponsor of this bill introduced this to the committee and called attention to the handout being presented and shown as EXHIBIT 2. He gave an example: Someone could have been a police officer in Baker for 3 or 4 years and started to work for the county as deputy sheriff or highway patrolman, those credits are not transferrable through the PERD. This bill corrects that. The funding of the transaction will not cost the retirement system, the employee will pick that up. Each time it talks of the retirement system, it repeats itself but changes the names. It does not affect the teachers retirement system. It will correct an inequity that exists.

PROPOSERS:

LARRY NACHTSHEIM, Administrator of PERD said, in 1981 the unified firefighters system was added to the PERD so they were excluded from the bill that created the first mobility of credits between the systems. Second part of the bill, subsection 2 (a) to (b) line 20 is a new transfer provision. They have about 18 firefighters and police systems in local cities not covered under PERD and no way to apply those credits to PERS. EXHIBIT 2

TATE ADMINISTRATION

February 7, 1983

Page 4

TOM SCHNEIDER, executive director of the Montana Employees Association stated that in each section it does say contribution of the employees of the actuarially cost which ran into this service. We have another bill that deals with funding in the Highway Patrol System. If you think this will cause a bigger problem what this says if someone coming into the Highway Patrol System would have to pick up the unfunded service also. This bill fills the gap.

BILL WARE, Chief of Police of Helena and representing the Montana Chief of Police Association went on record supporting S.B. 314.

CHUCK O'REILLY, Sheriff of Lewis and Clark County, expressed support.

NO OPPONENTS.

SENATOR STIMATZ CLOSED.

QUESTION OF THE COMMITTEE:

SENATOR MARBUT questioned the lump sum catch up that has to be paid when a person transfers.

LARRY NACHTSHEIM said that there was an employees transfer contribution. He could take 6.32% employee money and move it over to the Highway Patrol and an additional cost to Highway Patrol which is 80% and he would get another 12% salary to bring it up to the normal cost.

SENATOR TOWE asked if they meant when someone started out with the Highway Patrol, is some added by the employee and some by the employer? Then someone comes in from the Police Dept., does he have to contribute the total amount to make his plan secure or does he have to pay all of it or the same as the other Highway Patrolmen?

LARRY NACHTSHEIM said the Highway Patrolmen pay 6 1/2 percent and to bring that police service into the highway patrol service, it will cost 18% of his salary. If there is money in the precinct we will move part of it but before 1975 there wasn't any. If he was in early at 5% we will need 13% of his salary...18% of the salary he had from which he wants to transfer from. It is 18% of 10 years salary but it permits him to transfer 10 years earlier.

SENATOR MARBUT said in local systems there are sources of funds, one employers' and one employees' and it is kept in the frame work that both can be transferred into your system when he retires.

STATE ADMINISTRATION

February 7, 1983

Page 5

LARRY NACHTSHEIM said that they took over the police systems assets in 1975. All assets they received were transferred to the PERD but some were in the system before that time and they got nothing from the retirement system.

SENATOR MARBUT suggested one you have not been interested in. They have and did pay into theirs and they transferred into the Highway Patrol, would all that come into your system?

LARRY NACHTSHEIM: One that they do not administer...nothing comes into it. If it is refundable they get it back. Without this bill they will be completely out.

SENATOR TOWE asked how they arrived at these figures, like the 18%. What is it based on?

LARRY NACHTSHEIM answered they have two numbers. One is the normal cost for someone hired today...PERS for example, the cost to the public employee is 10.56% of salary. We get 12.32%. The 10.56% is actually the cost for someone hired today. We collect about 23.2% salary, about 6% from the employee and about 6.24% from the employer.

SENATOR TOWE: You are collecting 12% currently but if someone wants to buy into the system it is going to cost 10.56% for outside service?

LARRY NACHTSHEIM answered the fee in addition to the 10.56% is what the employer is paying us for benefits granted in past years retroactively like military service, fire service, whatever the system has that wasn't funded at the time granted. Referring to the 18%, the employee pays 6 1/2 and the employer 16 7/8.

No other questions the meeting was closed on SB 314.

CONSIDERATION OF S.B. 310:

"AN ACT TO INCREASE THE STATE BUILDING COST OF CONSTRUCTION AMOUNT THAT TRIGGERS THE LEGISLATIVE CONSENT REQUIREMENT FOR CONSTRUCTION: AMEND....

SENATOR BOYLAN, district 38, introduced S.B. 310. He said that this bill gives the state authority on building costs to bring the bids from \$25,000 up to \$100,000. After having introduced this bill and working from the beginning of the session, we met with architects, contractors and administration. We found we had a lot of problems with state construction. So we are coming in with a resolution to study the whole system of the State of Montana. We are requesting to have this bill tabled so we can study this.

PROPOSERS:

PHIL HAUCK; State architect stated that we have a study committee to look into laws and procedure in the state of Montana in construction. We looked into funding and it was well received and he said he thinks they are going to get it. The governor has shown his approval as has Morris Brusett, director of the Department of Administration. One problem is that we get twelve signatures on a change order and it holds up the projects. He said that if he had to take a position he would say the \$100,000 is too high. The lobbyists for the architects and engineers are very much opposed to this. This is one of several bills circulating that we are trying to corral. He recommended tabling this until all of the bills are gathered.

BILL LANNAN, Montana University System, stated he is the one that asked Senator Boylan to introduce this bill. The bill amends the existing codes in four areas. Section one increases the amount of building project from \$25,000 to \$100,000 before the legislative authority is required. The \$25,000 was established 16 years ago. Section two increases the amount of building estimated to cost from \$25,000 to \$100,000 before the department of administration is required to administer. That \$25,000 was set in 1979. Section three increases the amount of \$25,000 to \$100,000 before the department of administration is prohibited from practicing architecture, that was set in 1977. Section four increases the amount of building projects from \$25,000 to \$100,000 before formal advertising is required. That was set in 1979. Inflation has had an impact. He also asked for this bill to be tabled. He has talked to Senator Boylan about the resolution that he is going to introduce and if passed, the study commission will look into the aspects of the codes dealing with the administration as well as the policy.

SENATOR BOYLAN CLOSED stating it will help the whole construction in the state of Montana.

SENATOR TOWE MOVED TO TABLE S.B. 310.
MOTION PASSED UNANIMOUSLY.

CONSIDERATION OF S.B. 339:

"AN ACT REPEALING THE LAW RELATING TO DISCLOSURE OF PERSONAL ASSETS BY ELECTED OFFICIALS; REPEALING SECTION 5-7-213, MCA."

SENATOR GRAHAM, District 29, stated that he appears here on S.B. 339 and asks that the committee lay this bill on the table because the subject matter is already contained in S.B. 309 and it would be duplication.

SENATOR TOWE MOVED THAT S.B. 339 BE TABLED.
MOTION PASSED.

CONSIDERATION OF S.B. 338:

"AN ACT AMENDING THE LAWS RELATED TO ELECTIONEERING TO PROVIDE A PRESUMPTIVE VALUE FOR THE PURPOSE OF DEFINING TRIVIAL BENEFITS AND TO PROHIBIT CERTAIN ELECTION DAY ACTIVITIES: AMENDING SECTIONS 13-35-102 and 13-35-331, MCA."

SENATOR GRAHAM, District 29, introduced S.B. 338 by saying that they did have some trouble in Big Horn County in the election, and this thought came about because of what happened. A Committee they had, headquartered in the town of Crow Agency, prepared approximately up to 1000 box lunches and distributed them on election day with their voting material in the lunch. He said he took it up with the campaign practices lawyer and the commissioner and told them what was going on and they asked if they had proof and he said he did, and would like an investigation. They did go down there but did not reach him when there, but did see who he believes were only the ones that committed the violation... but they did say there certainly was proof that it did go on. He said he inquired at the local restaurants there and found the cost to be in the neighborhood of \$3 to \$4 per lunch. The material only probably would have hit the sidewalk but with the lunch they kept it. With the law not clear with what you could give on election day, and certainly they were in agreement with the fact that you couldn't give money but they thought lunches came under a different category. Is a \$10 steak dinner trivial. They could not answer that. In my opinion anything over \$1 is not trivial. I do not know how it affected the outcome of the election and not interested in that but feel that the law should be spelled out to show anything over \$1 is not trivial.


PROPONENTS:

MARGARET DAVIS, League of Women Voters, said that she did not have the bill but that they would have concerns as to an allowable practice. She said that there are a number of sections that deal with the political and campaign practices but that she does believe Senator Graham does have an idea that deserves merit.

SENATOR TOWE and SENATOR HAMMOND stated that they feel this is a good bill.

The hearing closed on S.B. 338

The meeting adjourned at 11:30 a.m.



Chairman, Senator Pete Story

ROLL CALL

STATE ADMINISTRATION

COMMITTEE

47th LEGISLATIVE SESSION -- 1983

Date 2/7/83

NAME	PRESENT	ABSENT	EXCUSED	SENATE SEAT #
SENATOR PETE STORY, Chairman	X			45
SENATOR H. W. HAMMOND, Vice Ch	X			34
SENATOR REED MARBUT	X			44
SENATOR LARRY TVEIT	X			33
SENATOR R. MANNING				48
SENATOR LAWRENCE STIMATZ	X			7
SENATOR THOMAS TOWE	X			26

Each day attach to minutes.

DATE February 7, 1983

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Chuck O'Reilly	Mt. Shemps & Peace Officers	SB 314	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Larry Nachtwein	PEND	SB 314	<input checked="" type="checkbox"/>	<input type="checkbox"/>
William J. [unclear]	Mt. Chiefs of Police Assn	SB 314	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Samuel Johnson	Mt. Protection Officers Assn	SB 319	<input checked="" type="checkbox"/>	<input type="checkbox"/>
[unclear]	Michael	338	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bill Lannan	Montana University System	310	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Phil Hauck	Dept. of Admin	310	<input type="checkbox"/>	<input checked="" type="checkbox"/>
[unclear]	Senate Dist 38	310	<input checked="" type="checkbox"/>	<input type="checkbox"/>
[unclear]	MT EFF	314	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MS DAVIS	LWMT	338	<input checked="" type="checkbox"/>	<input type="checkbox"/>

RECOMMENDED CHANGES TO S.B. 319

Page 2, Line 12, Delete is entitled to and add after officer the word shall

Page 2, Line 14, After the word employment add: and adjusted annually.

Page 3, Line 10, Delete is entitled to and add after officer the word shall

Page 3, Line 12, after the word employment add and adjusted annually.

Page 3, Line 16, add prior to Section 3:

(3) The salary of a deputy probation officer shall be computed on the chief probation officer's base salary plus cost of living allowances.

(4) A deputy probation officer appointed to chief probation officer will retain all cost of living and longevity allowances and his salary shall not be decreased by such appointment.

(5) The salary paid a deputy probation officer shall not be decreased by appointment of a new chief probation officer.

Proposed

This bill is proposed to provide a mobility of retirement credits for public service performed within the state of Montana. It only affects those systems administered by the Public Employees' Retirement Division.

The funding of these transfers will, in most instances, be provided at least in part, by employer contributions previously paid into a given retirement system if that system is administered by the PERD. Any short-falls of funding are made up by additional employee contributions made by the employee transferring the service. For this reason there is no cost associated with the bill and no additional employer contributions are required.

The bill is long because it involves six of the systems administered by PERD with a repetition of basically the same proposals for all six systems and adds the unified firefighters to systems eligible for service credit transfers. The Unified Firefighters' Systems did not come into existence until 1981 when the administration of 14 local fire systems was consolidated on July 1 1981. Therefore, firefighters were not included in the 1981 amendment that permitted transfers of credits among the other five PERD administered systems.

This bill does not directly affect the Teachers' Retirement System which has a separate reciprocity provision with the PERS currently found in 19-3-507.

Section 1 (PERS) - This section adds unified firefighters' service to the PERS list of systems eligible to transfer service credits into the PERS. (Page 1, line 21).

The deletion on page 2, lines 18 and 19 eliminates a restriction relative to PERS as this is currently covered under 19-3-507. (A proposal is currently before the legislature to amend this provision also).

Subsection 2a (Page 2 beginning on line 20) is a new transfer provision permitting PERS employees to qualify public service as determined by the PERS Board where the public service was not covered under a PERD administered system. The employee is required to pay the total actuarial cost for such public service.

Paragraph (b) (Page 3 beginning line 8) establishes the PERS Board's authority to determine public service eligibility for qualification in PERS.

Paragraph (c) (Page 3 beginning line 11) provides that a public employee is prohibited from using the same service credits in more than one system.

Section 2 (Highway Patrol) Page 3, amends the Highway Patrol System in a manner similar to section 1 for PERS.

Section 3 (Sheriffs) Page 5, amends the sheriffs' system in a similar manner.

Section 4 (Game Wardens) Page 7, amends the Game Wardens' System in a similar manner.

Section 5 (Municipal Police Officers) Page 8, amends the Municipal Police Officers' System in a similar manner.

Section 6 (Firefighters) Page 10 is a new section but is similar to previous amendments in this bill. The Unified Firefighters' System was created July 1, 1981 and was not subject to the transfer amendment enacted for the PERD retirement systems in 1981.

This bill is supported by all the employee groups participating in any of these systems and the transfers are strictly voluntary. Any cost involved in these transfers are paid by the members receiving the service credits.

This bill does not affect the unfunded liabilities of any system. Any transfers of money from one system to another result in a transfer of corresponding liabilities; any difference is paid by the member desiring to acquire this service.