

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 1, 1985

The committee of the State Administration Committee was called to order by Chairman Sales on the above date at 9:00 a.m. in Room 317, State Capitol.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILLS NOS. 291 and 292: Rep. Helen O'Connell, District #40, sponsor of these two bills, said she was very proud and honored to present these two long overdue bills to the Committee. She read her prepared testimony concerning both of the above bills which make substantial changes in the retirement system for the Montana Highway Patrol. Her testimony is attached as Exhibits #1 and 2. Following her written testimony she submitted proposed amendments to the Committee for their consideration (Exhibit #A).

PROPOSERS: Gene Miller, Retired Captain, Montana Highway Patrol, Great Falls, appeared in support of this legislation. He said it was apparent that the retirement system needed some updating since it was about 25 years old and obsolete. He expressed concerns especially for the older members. He also said it was evident they are given very low benefits. He introduced Rep. Kerry Keyser, retired highway patrolman, to speak to the Committee.

Rep. Kerry Keyser, District #74, also supported HB 291 and 292. He said that he had always refused to testify when he was an active member of the force but having been retired for some 3 years he felt it was time for someone to come in and speak for them. He said that their members were the last ones to receive the five day work week and the last ones to receive wage increases. The Legislature has been reluctant to give them what the other agencies are getting. This is one of the oldest retirement systems. Referring to page 1, line 20, HB 292, he said it would add an age requirement for retirement which is not presently required. This bill also increases their own contribution. He expressly stressed that the general fund doesn't have that kind of money and that this would not come from the general fund. If the officers stay on active duty longer they will not be drawing from the retirement system as early, consequently, there would be more money staying in the system and building up. After 25 years of service under the present law it is dropped from 2% to 1% which is more of a draw upon the fund itself. He said that the increase in the driver's license fee is well within limits as they are very cheap at the present time. This legislation would bring the patrolman up to a first class situation with the rest of the employees of Montana.

Rep. Jack Moore, District #37, Great Falls, said that the way this is set up is "horrible". They do not participate in Social Security at all. Unless they retire and are able to find other employment where they can join Social Security the retirement fund is their only source of retirement. This is a very reasonable approach to the matter. For the years these men have served he said it was time the Legislature did something for them. This is a way to do that without impacting the general fund and it will provide a more decent retirement pay.

Mr. Gene Miller then asked a number of active and retired patrolmen to state their name, rank and residence to the Committee. These names can be found on the attached witness sheet. Mr. Miller said that they support these bills 100%.

Col. Bob Landon, Chief of the Highway Patrol, said that the Patrol is Montana's finest police organization. The last two years have shown the lowest death rates in several years, they are doing a good job and we should be justly proud of them. He said an adequate retirement system is what entices good people to go into this type of profession. We need to keep the patrol on a par with other retirement systems. They are losing people in the prime of life when they retire at 20 years. This would give them until they are at least 50 years old and they would contribute more money to the system. The benefits are so low they have to go out and get another job to be taken care of in their later years. He also expressed concern about the survivor's benefits. At the present time the survivors only get what the patrolman has contributed to the system in the event of his death. Reducing this from 10 to 5 years will help those people. The bills don't take care of all the problems with the retirement system but they are a step in the right direction. There has been a savings to the State because of the patrolmen not having Social Security.

Tom Schneider, Montana Public Employees' Association, said it should be pointed out that the reason they didn't have Social Security was not because they did not want it but because they were precluded from going into the System back in 1955. This was in effect until 1971 when the federal statutes changed. There was no option until 1975 when people were not clamoring to join the system. The present retirement system was started in 1946 with the teacher's retirement system being the only one that is older. There has been a lot of work over the last two years in getting these bills drafted. The highway patrolmen made the decision to limit their increase to 5% per year. They realized it would be impossible to get a bill passed that would have doubled or tripled their benefits so they agreed to have the limit on the increase. This legislation will make the highway patrolmen the same as the policemen and firemen and, hopefully, the game wardens. They finally agreed to the minimum age of 50 in the bill. These changes are very necessary.

Patrolmen that are 55-60 years of age cannot go out in the work force and get a job to qualify for social security benefits. They need the incentive to have them stay with the patrol.

Mr. Larry Natschein, Administrator of the Public Employees' Retirement System, appeared with no position on the bills but to speak to the Committee and be available for questions on the system. He assured the Committee that they were involved very early in the drafting and the bills are technically correct. The funding in these bills will pay for the costs of the benefits.

DISCUSSION OF HOUSE BILLS NOS. 291 and 292: Rep. Garcia asked Col. Landon if he could explain the work schedule per week. Col. Landon said it is not necessarily five days per week, but it is 80 hours per pay period. They do receive quite a bit of overtime because of call-out time. There is no 24 hour coverage anywhere in the state but they are on call at all times. It would depend on the assignment they are in. It could be six days in a row with 2 or 3 days off. There is a planned schedule which is set up for 3 months in advance.

Rep. Moore asked about page 9, lines 4 and 5 concerning the nomination of a beneficiary if there is no surviving spouse or dependent child. Mr. Natschein said this was originally planned for a single individual with no wife or children so they could leave the benefits to somebody else. It does not have to be a family member; it could be a friend.

Rep. Campbell asked if the patrolmen were paid any differently for shift work. Col. Landon said there is no differential for shift work. They are responsible to cover a geographical area for 24 hours. They respond to after shift calls.

Rep. Smith asked Mr. Bridges to explain how they originally met to point out to the Committee that these men travel all over the state and are not in any one area for very long. Mr. Bridges said he traveled with the 1972 Accident Prevention Unit that covered the high accident areas throughout the state. This program was federally funded.

Chairman Sales asked Col. Landon how many men are on the active force and how many are retired. Capt. Al Reirson from Kalispell said there are 200 active, 105 retired members, 6 with disability retirements and approximately 23 widows.

Rep. Cody asked Col. Landon how the salaries are set for these men. Col. Landon replied that they are set through the Department of Administration, Personnel Division. They are classed the same as other state employees. In other words the Department sets the salaries from the overall State pay plan. The average patrolman is Grade 13, Step 2 and they also have their own bargaining unit.

There being no further questions from the Committee, Rep. O'Connell closed her presentation thanking everyone for attending the hearing.

The hearing was closed on HB 291 and 292.

CONSIDERATION OF HOUSE BILL NO. 283: Rep. Helen O'Connell, District #40, sponsor of the bill, said that this was the funding base for the other two bills heard previously that revises the Montana Highway Patrolmen's Retirement System. This is the first increase in driver's license fees since 1962. She presented written testimony which is attached as Exhibit #3. The driver's license fees range from \$2.50 for four years in Wyoming to \$41 in New York. The cost of a duplicate license ranges from \$1 in Montana and Rhode Island to \$10 to \$20 in other states.

PROPOSERS: Larry Majerus, Motor Vehicle Division of the Department of Justice appeared in favor of the bill. The increase in the driver's license fee is appropriate and said that this group has done their homework on this legislation. He was very much in favor of raising the duplicate license fee from \$1 to \$5.00. Presently, the general fund gets money from the driver's license fees and counties also get money from that. A percentage of that money is kept by the collecting agency. He explained some of the figures on the fiscal note stating that the Traffic Educational Special Revenue Fund is disbursed by the Department of Public Instruction to fund driver education programs.

Tom Schneider, Montana Public Employees Association, spoke in support of the bill saying that in order to fund the retirement bills they need the passage of HB 283. This has been funded out of driver's license fees since 1947 and this is the proper place to have the increase.

OPPOSERS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 283: Rep. Harbin asked Mr. Majerus some questions pertaining to the fiscal notes on HB 291 and 292 and Mr. Majerus said he would be happy to furnish the supporting documents that went to the budget office for compiling these fiscal notes.

Rep. Phillips asked if they weren't going to be receiving more funds than was requested in the retirement bills. Mr. Majerus said they didn't want to raise the fees \$1.57 so they raised them \$2.00 hoping it would give them a cushion to work with for the next 5 years without having to come back to ask for another increase.

Mr. Schneider told the Committee that the retirement system is based on a percentage of salary. Actuarially, salaries increase each year and that is why they have to have more money than

what the system costs.

Chairman Sales asked if the only cost of living increase in these two bills would be the beginning patrolman's salary at Grade 13, Step 2. Mr. Schneider said that the contributions will be based on salaries. Rep. Harbin asked if this was going to be adequate and again Mr. Schneider said it would probably be adequate for about 5 years.

Rep. Jenkins asked if they quit early are they allowed to draw out their contributions. Mr. Natschein stated that what they contribute doesn't pay the entire benefits they would receive so this is a savings to the State, if they quit early. This bill would pay them back their money plus interest.

Mr. Majerus told Rep. Cody that the reason the driver's license fees have not been increased since 1962 is because the total revenue exceeded the expenditures and there was no need for an increase.

There being no further questions from the Committee, Rep. O'Connell closed without further comment.

CONSIDERATION OF HOUSE BILL NO. 389: Rep. Ralph Eudaily, District #60, sponsor of the bill, said that it was requested by the Public Employees' Retirement Board and addresses some of the recent problems faced by the Board.

PROPONENTS: Larry Natschein, Administrator, Public Employees Retirement Division, explained the bill, saying that these people are locked into their first choice of contingent annuitant for the rest of their life. In the case of death or divorce these people must be able to change their beneficiary. The benefits may be reduced some but they could change the beneficiary.

OPPONENTS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 389: Rep. Phillips, using an example of a 60 year old man married to a much younger woman, asked if the benefits would be reduced. Mr. Natschein said they would be actuarially adjusted. Rep. Jenkins asked if a person could opt for a cash settlement. Mr. Natschein said there are a number of options such as regular retirement which is until the retiree dies; an option based on two lives, etc.

Rep. Eudaily closed his presentation on HB 389, stating that circumstances do change and they should have the option of changing the beneficiary on their retirement benefits.

The hearing was closed on HB 389.

CONSIDERATION OF HOUSE BILL NO. 298: Rep. Ralph Eudaily, sponsor, said that this bill is like HB 389 except it is for the Teachers' Retirement System and they felt that if it is

good for PERS it is good for the teachers.

PROPOSERS: Bob Johnson, Administrator of the Teachers' Retirement System, supported the bill, saying the members should have the option of changing the beneficiary in the event of death or divorce.

Tom Schneider, MPEA, also supported the legislation.

OPPOSERS: There were no opposers.

DISCUSSION OF HOUSE BILL NO. 298: There being no questions from the Committee the hearing on HB 298 was closed and the Committee went into executive session.

Rep. Moore left written votes with the Chairman.

DISPOSITION OF HOUSE BILL NO. 298: Rep. Smith moved that HB 298 DO PASS, seconded by Rep. Harbin. The motion CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 389: Rep. Smith moved that HB 389 DO PASS, seconded by Rep. Harbin. The motion CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 283: Rep. O'Connell moved that HB 283 DO PASS, seconded by Rep. Harbin. Motion CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 292: Rep. Jenkins moved the ADOPTION OF AMENDMENTS TO HB 292, seconded by Rep. Peterson. Motion CARRIED UNANIMOUSLY.

Rep. O'Connell then moved that HB 292 DO PASS AS AMENDED, seconded by Rep. Pistoria. Motion CARRIED UNANIMOUSLY.

There being no further business, the Committee adjourned at 10:55 a.m.



WALTER R. SALES, Chairman

Mr. Chairman Sales, 2-1-85

HB. 291 - yes

HB. 292 - yes

HB. 283 - yes

HB. 298 yes

HB. 389 yes

Please record
my vote as above -

Thanks!

Wm. H. Moore

(Type in committee members' names and have 50 printed to start).

DAILY ROLL CALL

State Administration COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/1/85

NAME	PRESENT	ABSENT	EXCUSED
Chairman Walter Sales	/		
V-Chairman Helen O'Connell	/		
Campbell, Bud	/		
Compton, Duane	/		
Cody, Dorothy	/		
Fritz, Harry	/		
Garcia, Rodney	/		
Hayne, Harriet	/		
Harbin, Raymond	/		
Holliday, Gay	/		
Jenkins, Loren	/		
Kennerly, Roland	/		
Moore, Janet	/		
Nelson, Richard	/		
Peterson, Mary Lou	/		
Phillips, John	/		
Pistoria, Paul	/		
Smith, Clyde	/		

Ex. A
HB 292
5/1/85

AMENDMENTS TO HB 292 (white copy)

1. Page 1, line 21.

Following: "older,"

Insert: ", except as provided in subsection (3),"

2. Page 2.

Following: line 7

Insert: "(3) A retired patrolman otherwise qualified under subsection (1)(a) who is employed in a position covered by a retirement system under Title 19, chapters 3 through 13, is ineligible to receive the minimum monthly benefit allowance provided for in this section until his employment in the covered position is terminated."

3. Page 2, line 11.

Strike: "7%"

Insert: "7½%"

4. Page 2.

Following: line 21

Insert: "NEW SECTION. Section 5. Coordination section. If both this act and House Bill No. 291, ~~introduced in the 43th legislature~~, are passed and approved, the percentage amount contained in 19-6-402 must reflect the sum of the increases in the member's contribution provided in House Bill No. 291 and this act, and the percentage amount contained in 19-6-404 must reflect the sum of the increases in the state's contribution provided in House Bill No. 291 and this act."

Renumber: subsequent sections

Ex. #1
43-291
2/1/85

HB 291

LC 0547/01

Introduced

This bill is a general revision of the benefit structure of the Highway Patrolmen's Retirement System. Primarily it provides as statutory beneficiaries the surviving spouse and dependent children. This is keeping with the general trend in federal legislation which recognizes the spouses' rights to a portion of a retiring individual's pension. The provisions in this act are similar to those found in the state systems administered for police officers and firefighters but is less expensive in that it provides 2% per year of service (1/2 pay - 25 years) versus 2 1/2% per year of service (1/2 pay in 20 years) found in the state administered police and firefighters' system.

It also changes the vesting period for retirement from 10 to 5 years which is similar to most state administered systems.

The bill is funded by an increase of employee as well as employer contributions.

Section 1. Defines:

- (4) Beneficiary to include as primary beneficiaries a surviving spouse or dependent child.
- (8) Dependent child similar to the definition used for police officers and firefighters.
- (16) Surviving spouse similar to definition used for police officers and firefighters.

Section 2. Increases employee contributions of .09% of salary which is the funding required for section 3, and section 8.

Section 3. Permits terminating employee to receive interest on refunds of contributions regardless of length of service. Similar to all other state administered systems. Funded by employee in section 2.

Section 4. Provides funding for all other provisions except sections 3 and 8, by increasing employer contributions by 2.01%.

Section 5. Defines eligibility for service retirement. Requires that patrolmen hired after July 1, 1985, must wait until he is fifty years old to receive a retirement benefit. Some savings to system after 2005.

Section 6. Increases credit for years of service after 25 years from 1% to 2% per year of service. All service would be worth 2%/year.

Section 7. Provides for the spouse or dependent child to receive continued service benefit at retired patrolman's death. Similar to police or firefighters.

Section 8. Changing vesting from 10 to 5 years similar to other state administered systems.

Section 9. Provides continuance of disability benefits similar to service retirement in section 7.

26

S.B. No. ²⁹¹~~362~~

LC 0547/01

Section 10. Provides continuance of right to nominate beneficiary when there are no surviving spouse or dependent child.

Section 11. Provides for surviving spouse or dependent child in event of duty related death.

Section 12. Provides for surviving spouse and dependent child in event of non-duty related death.

Section 13. Extension of board authority.

Section 14. Abolishes retirement options which were replaced with survivor and dependent child benefit.

HB 292

Ex. # 2
HB-292
2/1/85

LC 0548/01

This bill was designed to provide a minimum monthly benefit for all retired highway patrolmen age 55 or older who are receiving a service retirement or their beneficiaries. The same minimum benefit is provided for patrolmen receiving a disability allowance or survivors of a deceased patrolman regardless of age.

The minimum benefit is based on the current salary of a probationary highway patrolmen and is limited to 60% of that current salary. No retiree may receive more than a 5% increase in benefits in any one year.

The bill is funded by an increase in member contributions of 1% of salary and employer contributions of 8.17% of salary.

Highway patrolmen do not have social security coverage. The average monthly benefit on July 1, 1984, is less than \$555 per month for the service retirees that would receive a benefit under this bill; \$455 per month for disabled patrolmen and \$393 per month for surviving beneficiaries.

The Highway Patrolmen have not fared as well as retired members of PEFS who have received a cost-of-living increase in every session since 1971, firefighters or judges who receive annual cost-of-living increases or pre-1973 retired police officers who also receive annual increases.

They received a cost-of-living increase in 1975 based on 50% of the increase in the CPI with a minimum benefit of \$300 per month beginning on July 1, 1974. In 1979, a minimum benefit was granted to the surviving spouses of highway patrolmen who had exhausted their benefits and were not receiving monthly allowances.

In 1981, the retired highway patrolmen were included in the 50 cents per month of service granted all public employees with a minimum benefit of \$450 per month for every member who had completed 25 years of service; with lesser minimums for years of service less than 25.

Ex #3
HB 283
2/1/85

HOUSE BILL 283

House Bill 283 provides the funding base for two bills revising the Montana Highway Patrol retirement system.

The increase in fees requested, from \$2.00 to \$3.00 per year or from \$8.00 for 4 years to \$12.00 for 4 years, is the first driver's license fee increase since 1962 when the fee was raised to provide a photographic license, and the first increase, from \$1.00 to \$5.00, in the cost of a duplicate license since 1947 when the fee was first established.

In checking the cost of licenses in other states, it was found that the range is from \$2.50 for 4 years in Wyoming to \$41.00 for 4 years in New York, with the large majority falling in the \$10.00 to \$13.00 for 4 years range.

Duplicates run from \$10.00 in several states to \$1.00 in Montana and Rhode Island, with the majority in the \$3.00 to \$5.00 range.

2/1/85
HB-389

HOUSE BILL NO. 389 - Change in Contingent Annuitant

This bill was requested by the Public Employees' Retirement Board primarily to bring domestic tranquility into the households of some of the PERS retirees. Some wives and husbands of retirees resent the fact that former spouses are the contingent beneficiary on their spouses' retirement benefit. This means that in the event of the husband or wife's death, a former spouse would receive a continuing retirement benefit.

Also, there is the case of the widowed retiree who, upon remarriage, wishes to provide some financial security for a new wife or husband.

This bill would permit the retired PERS member to request the retirement board to change his/her contingent annuitant in the event of death or divorce. This change is not automatic and would only occur upon the request of the member.

Since any adjustments in the benefits will be made actuarially, there is no cost to the system.

Larry Nachtsheim
PERS

STANDING COMMITTEE REPORT

February 1

85

19.....

SPEAKER

MR.

STATE ADMINISTRATION

We, your committee on

HOUSE

292

having had under consideration Bill No.

First

White

reading copy (.....)
color

MINIMUM MONTHLY RETIREMENT ALLOWANCE FOR HIGHWAY PATROLMEN & BENEFICIARIES

HOUSE

292

Respectfully report as follows: That Bill No.

BE AMENDED AS FOLLOWS:

1) Page 1, line 21.

Following: "older,"

Insert: ", except as provided in subsection (3),"

2) Page 2.

Following: line 7

Insert: "(3) A retired patrolman otherwise qualified under subsection (1)(a) who is employed in a position covered by a retirement system under Title 19, chapters 3 through 13, is ineligible to receive the minimum monthly benefit allowance provided for in this section until his employment in the covered position is terminated."

3) Page 2, line 11.

Strike: "7 1/2"

Insert: "7 1/2" → 7 1/2 %

XXXXXX
DO PASS

CONTINUED ON PAGE 2

4) Page 2.

Following: line 21

Insert : "NEW SECTION. Section 5. Coordination section. If both this act and House Bill No. 291 are passed and approved, the percentage amount contained in 19-6-402 must reflect the sum of the increases in the member's contribution provided in House Bill No. 291 and this act, and the percentage amount contained in 19-6-404 must reflect the sum of the increases in the state's contribution provided in House Bill No. 291 and this act."

Renumber: subsequent sections

AND AS AMENDED
DO PASS

STANDING COMMITTEE REPORT

February 1

19 85

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 291

First reading copy (White)
color

REVISING PROVISIONS OF THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM

Respectfully report as follows: That HOUSE Bill No. 291

DO PASS

STANDING COMMITTEE REPORT

February 1

19 35

SPEAKER
MR.

We, your committee on **STATE ADMINISTRATION**

having had under consideration **HOBE** Bill No. **233**

First reading copy (**White**)
color

INCREASING DRIVER'S LICENSE FEES TO FUND HIGHWAY PATROL RETIREMENT SYSTEM

Respectfully report as follows: That **HOUSE** Bill No. **233**

DO PASS

STANDING COMMITTEE REPORT

February 1 19⁸⁵

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 359

First reading copy (White color)

PERMITTING CHANGES IN OPTIONAL RETIREMENT ALLOWANCES UNDER PERS

Respectfully report as follows: That HOUSE Bill No. 359

DO PASS

STANDING COMMITTEE REPORT

February 1

25

19

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 298

First reading copy (White color)

**PERMITTING CHANGES IN OPTIONAL RETIREMENT ALLOWANCES UNDER
TEACHERS' SYSTEM**

Respectfully report as follows: That HOUSE Bill No. 298

DO PASS

VISITORS' REGISTER I

COMMITTEE

BILL NO. 291-292-283

DATE _____

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
ROBERT CLARK	RYEGATE	✓	
Ron Johnson	WOLF POINT	✓	
Col. R.W. Landon	CIANCY	✓	
Gene E. Miller	St Falls	✓	
RICHARD BOETTCHER	DEER LODGE	✓	
WARREN D Meade	Billings, MONT.	✓	
Tom Canamed	Billings, mt	✓	
Jerry Mahlon	Big Timber	✓	
Ann Murphy	Helena	✓	
Sam Harvett	Conrad	✓	
ANDREW SANGRAY	TOWNSEND	✓	
Jim Felsching	Cut Bank	✓	
Barney Carey	Big Sky	✓	
Gary Bjorklund	Cut Bank	✓	
Thomas Smith	Helena Mont	✓	
Walter Bridges	Helena mt	✓	
Paul Seyore	HLN	✓	
Larry MA Jenus	Helena <small>Representing the Attorney General</small>	✓	
Al Pearson	Helena <small>Retired</small>	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

COMMITTEE

BILL NO. _____

DATE _____

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
HARVEY OLSON	2815 HASALE WAY MESA	X	
Ernie Panna	MISSOULA MT	X	
Jerry Wilkerson	Helena MT	X	
Thomas Schuler	MT EAT	X	
Tom Sanford	Kalispell	X	
Harold Hill	Kalispell	X	
Bob Pike	Columbia Falls	X	
Larry Nachtsheim	PERO 2912 292	No POSITION	
Robert Johnson	TRS 298	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.