

MINUTES OF THE MEETING  
STATE ADMINISTRATION COMMITTEE  
MONTANA STATE SENATE

February 5, 1985

The eighteenth meeting of the State Administration Committee was called to order at 10 a.m. on February 5, 1985, by Chairman Jack Haffey in Room 405 of the Capitol Building.

ROLL CALL: All the members were present with Senator Lynch, Senator Manning and Senator Tveit arriving late.

CONSIDERATION OF SENATE BILL 176: Senator Kolstad, District 7, is the sponsor of this bill entitled, "AN ACT ESTABLISHING ONE LEGAL HOLIDAY ON THE THIRD MONDAY IN FEBRUARY TO OBSERVE THE BIRTHDAYS OF LINCOLN AND WASHINGTON; AMENDING SECTION 1-1-216, MCA." Senator Kolstad said that he is introducing this bill at the request of the County Commissioners, and this bill would combine Lincoln and Washington's birthday into one holiday called President's Day. This would be a substantial savings to the county and state.

PROPOSERS: Gordon Morris, Montana Association of Counties supports this bill. Mr. Morris said that this was voted on by his association and passed unanimously with the support of all counties. He said this bill eliminates a holiday. This bill would require the holidays would become a matter for bargaining. Mr. Morris went over the fiscal note with the Committee and entered an exhibit (attached hereto marked Exhibit "C," and by this reference made a part hereof), showing the impact on the state of that extra holiday. He further stated that this impact was measured only in terms of overtime. Mr. Morris felt this would be a significant savings for the state.

Henry Grossman, Choteau County Commissioner, supports this bill. Mr. Grossman agreed with everything that was stated above and said further that he feels that holidays are being overdone. He feels that we should conform to the nationally observed holidays, so that people driving to town to do business at the bank will not find state and county offices closed. Mr. Grossman said that they are an average county and they have 82 employees during the winter that are paid on the average of \$85.00 per day, including fringes. This amounts to approximately \$7,000 of lost production for every holiday observed. This is especially costly for the county when we have to pay our road crews one and one-half overtime pay plus their regular pay for working during a holiday. (For more of Mr. Grossman's testimony see Exhibit "B" attached hereto and by this reference made a part hereof.)

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Sandra Whitney, Montana Teachers' Association, supports this bill. She said they supported it because of savings. She felt this wouldn't be a loss of a holiday because they will be getting Martin Luther King's birthday as a holiday. Ms. Whitney said that the estimates do not include fringes, which would also have a large impact toward savings to the state.

OPPONENTS: Tom Schneider, Montana Public Employees Association, opposes this bill. Mr. Schneider feels that the Committee had been given some false information. He said that according to an Attorney General's opinion, holidays were not negotiable in contracts. Mr. Schneider said that the state has contracts with its employees and the holidays are listed in the contracts. These would be good until the contracts need to be renegotiated. He said that the state has not been adding holidays. He said the first change was that the Governor cannot declare a holiday asked for by the President. Mr. Schneider said that primary election day used to be a holiday, but now it is just general election day. Mr. Schneider said that the statute would have to be changed to allow Martin Luther King holiday and they may not get it.

Terry Minnow, Montana Federation of Teachers, opposes this bill.

Mary Lou Garrett, Governor's Interdepartment Coordinating Committee for Women, known as the ICCW, opposes this bill. The ICCW has reviewed this bill and finds that elimination of a state holiday is a real detriment to the moral of state employees. The holidays we have today were awarded as compensation for performance to the benefit of the state. Mrs. Garrett said that this would be bad for moral. (For more of Mrs. Garrett's testimony, see Exhibit "E" attached hereto and by this reference made a part hereof.)

Eileen Robbins, Montana Nurses Association, opposes this bill. She said registered nurses typically work on all state holidays and are given another day off in lieu of the holiday. Therefore, productivity is not an issue. Ms. Robbins said there is no good reason to arbitrarily cut state employees holidays at a time when the state's "fiscal offer" proposal for wages lies at 2%. She felt this holiday could not be renegotiated because of the Attorney General's opinion.

Ray Blehm, Montana Firemen's Association, opposes this bill.

COMMITTEE QUESTIONS: Senator Lynch asked if there was a bill before the Legislature to give the employees the Martin Luther King holiday. Mr. Morris replied that he did not know. Senator

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Lynch asked him to find out. Senator Mohar said that he thought he had read where there was going to be a trade-off for a 4-day weekend, such as over Thanksgiving. Mr. Schneider said that that house bill has been killed. Senator Harding asked what the effective date was. Senator Kolstad said he thought it was July. Senator Haffey said that if there was no effective date, it would become effective on October 1. Senator Haffey asked if Mr. Schneider had said that according to the Attorney General's opinion holidays could not be negotiated. Mr. Schneider replied that that's right. Senator Haffey asked when the contracts expire. Mr. Schneider said that half of them expire this June 30th and the other half June 30th of next year. He further said that by court action they would have those for one more year.

Senator Kolstad closed by saying that he felt that all holidays should be standardized with federal holidays and that he had no objection to a trade-off.

SENATE BILL 176 is closed.

EXECUTIVE ACTION ON SENATE BILL 176: Senator Haffey felt that it would be appropriate to take a day to think about this bill. He felt that we would have executive action on it tomorrow or Friday.

CONSIDERATION OF SENATE BILL 178: Senator Kolstad, Senate District 7, is the sponsor of this bill entitled, "AN ACT ASSIGNING AUTHORITY TO THE LEGISLATIVE COUNCIL TO SET AND COLLECT FEES FOR PURCHASE OF THE PROCEEDINGS OF THE LEGISLATURE; ESTABLISHING BROADER AUTHORITY TO DETERMINE WHAT IS INCLUDED IN THE PROCEEDINGS OF THE LEGISLATURE; AND AMENDING SECTIONS 5-11-211 THROUGH 5-11-213, MCA." Senator Kolstad said that this bill will assign authority to the Legislative Council to set the price for the proceedings of the Legislature. The joint rules committee has done this in the past, and consequently, it is not done soon enough--2 or 3 days after the session starts. He further stated that the Legislative Council is more familiar with these proceedings and it just makes sense to give them this authority.

PROPOSERS: There were no proponents.

OPPOSERS: There were no opponents.

COMMITTEE QUESTIONS: Senator Mohar asked if he had checked with the Secretary of State to see if they had any problem with this. Senator Kolstad felt that if the Secretary of State's Office had had a problem with this he would have heard today. Senator Haffey asked what we were talking about in the way of jobs held in the various offices. Bob Person, Director of the Legislative Council, felt that they weren't

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even talking about a full time position. Senator Conover asked if the Clerk & Recorders were exempt. Mr. Person said that they were and quoted the statute.

SENATE BILL 178 is closed.

EXECUTIVE ACTION ON SENATE BILL 178: Senator Lynch moved that SENATE BILL 178 do pass, question was called and the Committee voted unanimously that SENATE BILL 178 DO PASS.

CONSIDERATION OF SENATE BILL 196: Senator Fuller, District 22, Helena is the sponsor of this bill entitled, "AN ACT REVISING THE LAWS RELATING TO STATE PURCHASES FROM SHELTERED WORKSHOPS; AMENDING SECTIONS..., MCA." Senator Fuller said in order not to be repetitive that he would let the proponents explain this bill. He said the present law was burdensome and could not possibly be carried out the way it reads.

PROPOSERS: Mike Bullock, President of the Montana Association of Rehabilitation Facilities, supports this bill. The Montana Association of Rehabilitation Facilities membership consists of sheltered workshops throughout the state which provide employment to handicapped adults. It is our feeling that the law as passed in 1977 was unworkable because it would require the Department of Administration to establish an administrative structure just to purchase products and services from sheltered workshops. Mr. Bullock said that this bill does not change the intent of the law but rather allows sheltered workshops to establish a more workable relationship with the Purchasing Division of the Department of Administration. (For Mr. Bullock's testimony see Exhibit "G" attached hereto and by this reference made a part hereof.)

Bill Robert, Vice-President in charge of manufacturing at Helena Industries, Inc.--a nonprofit Montana corporation serving the vocational needs of approximately 250 severely handicapped individuals annually. This is accomplished through a comprehensive manufacturing and service base. Mr. Roberts said that when the original "State Use" legislation was enacted in 1977, it called for a significant number of duties to be handled by the Department of Administration that have been found to be quite unworkable. He said it was almost impossible to determine the fair market price for a single item. To determine and re-evaluate semi-annually a number of fair market prices would require a number of full-time employees. (For more of Mr. Robert's testimony see Exhibit "H" attached hereto and by this reference made a part hereof.)

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Laurie Ekanger, Department of Administration, supports this bill. Ms. Ekanger said that she felt that this law as enacted is much too burdensome to work with, and it is an impossibility to follow.

OPPONENTS: There were no opponents.

COMMITTEE QUESTIONS: Senator Farrell had some questions about line 23, page 1 asking if this made it possible for them to put private enterprise out of business. Mr. Roberts felt that this would be no more the case than it was before. They have always operated as a small business. Kathy Ekanger said it would be impossible for her office to determine what 20% of everyone's business was so they would know how much they were selling. Senator Hirsch asked if the prisoners were included. Mr. Robert said no.

Senator Fuller said in closing that they are just cleaning up what has been. He said that they do compete with private business and always have.

SENATE BILL 196 is closed.

EXECUTIVE ACTION ON SENATE BILL 196: Senator Manning made a motion that SENATE BILL 196 do pass, question was called, and the Committee voted unanimously (with Senator Lynch and Senator Tveit not voting), that SENATE BILL 196 DO PASS.

CONSIDERATION OF SENATE BILL 195: Senator Fuller, Senate District 22, Helena, sponsors this bill entitled, "AN ACT REDUCING THE NUMBER OF YEARS THAT A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM MUST SERVE BEFORE BECOMING ELIGIBLE FOR SERVICE RETIREMENT BENEFITS REGARDLESS OF HIS AGE; INCREASING EMPLOYEE AND EMPLOYER CONTRIBUTIONS TO FUND THIS CHANGE; AMENDING SECTIONS ..., MCA; AND PROVIDING AN EFFECTIVE DATE." Senator Fuller said this allows employees of the state to retire after 25 years of service. This bill will serve as an incentive to have them retire earlier and to do this without additional cost. The fiscal note shows a dramatic cost in handling this, but it does not show the savings to be gained by early retirements and replacing these people with employees that are paid less. Senator Fuller said this was all guesswork because there was no way to accurately predict how many people would retire. He said that Conoco had instituted a plan like this at a savings of \$125 million.

PROPOSERS: Mr. Tom Schneider, Montana Public Employees Association, supports this bill. He said ~~that~~ this bill was their #1 priority. He said state employees can retire now at 25 years of service, but at a substantial reduction in their retirement. This bill will get rid of this 30% penalty. This bill would raise employer's contribution to 6½% or .55.

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We have tried to calculate offset to cost of early retirements and people coming to work at a lower cost, but it is purely conjecture. Pages 10 and 13 says that there are 702 people who can retire under this. This would give us an average of grade 14 step 6, and we would save \$2,968 for each individual, a savings of \$2 million, and that would offset the cost to the employer.

Dave Milot, western Montana, said that he represents several hundred people and they all support this bill.

Terry Carmody, representing Montana Association of Realtors, but appearing on his own behalf, supports this bill. Mr. Carmody related how after working 22 years and 9 months, he was accused of malfeasance and nonfeasance in office. He was discharged and later forced to retire. Because he had only worked 22 years and 9 months, he had to take a substantial reduction in his retirement. Even though he was later proven not guilty, he was blackballed and could not get a job with the State in order to finish out his 30 years. If this bill goes through, he hopes it will help him.

Joe Rossman, Teamsters Union, supports this bill.

Terry Minow, Montana Federation of Teachers, supports this bill. She mentioned that there was a bill in the house that would ask for employer funding of this.

Bill Morton, Montana Painters D.C. #59, supports this bill.

OPPONENTS: Kathi Mitchell, City of Missoula, opposes this bill. Her testimony is listed on Exhibit "A" attached hereto, and by this reference made a part hereof.

COMMITTEE QUESTIONS: Senator Mohar said that he was comfortable with this bill. He felt, however, that it would cost a lot to train someone to replace someone who has been there for 25 years. Mr. Schneider felt that they would move the person in the number two place up and so on down the line, hiring at the lowest level. Senator Farrell asked if he was to retire at 45 after 25 years of service, could he go back on. Mr. Schneider replied no. Senator Lynch said that he supports this bill, but what would be the affects if they changed it from 60 to 55. Mr. Schneider said that he did not know. It was set at 60 because of social security benefits. However, if they retired before 60 they would still get full benefits, if they had worked 25 years. Senator Lynch told Larry Nachtsheim that this was the worst fiscal note he had ever seen. Larry told him that he can calculate the cost to the retirement system, but he has no way of calculating the other costs. They are merely conjecture and are not part of the retirement system statistics. Mr. Nachtsheim entered an Actuarial

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Valuation attached hereto marked Exhibit "I" and by this reference made a part hereof. Senator Haffey asked if the employer would pay more on this. Mr. Nachtsheim replied yes. Senator Haffey asked if this benefited people who had already retired. Mr. Schneider replied no.

In closing Senator Fuller told the Committee that Senate Bill 159 allows you to come back to work after retirement and make a little extra money. This does not affect this bill. Senator Fuller said that there is no way he can tell the Committee that this bill will have a negative impact on the retirement fund, but he said that this bill is mandatory--people are not forced to retire. Since they don't know how many will retire, they have no way of knowing for sure what the impact will be. Senator Fuller said that he has only had one call in opposition to this bill. He feels that they are opening up new jobs. SENATE BILL 195 is closed.

EXECUTIVE ACTION ON SENATE BILL 195. Senator Haffey felt that the Committee needed a day or two to think about this bill, so executive action will take place at a later date.

CONSIDERATION OF SENATE BILL 198: Senator Christiaens, Cascade County, is the sponsor of this bill entitled, "AN ACT TO PLACE ALL PASSENGER TRAMWAY REGISTRATION FEES AND ASSESSMENTS ON THE GROSS RECEIPTS OF PASSENGER TRAMWAYS IN THE STATE SPECIAL REVENUE FUND; AMENDING SECTIONS xxx MCA; AND PROVIDING AN EFFECTIVE DATE. Senator Christiaens said that this is a bill that would place the fees and assessments received from tramways back into the maintenance and supervision of them, instead of its going into the general fund where it goes now.

PROPONENTS: Kathy Fabiano, Department of Administration, supports this bill. She said the regulation of Montana's ski tramways is currently the responsibility of the Architecture & Engineering Division within the Department of Administration. To insure the safety of the public while using these tramways, the statutes require all passenger tramways to be registered with our department. In turn, our department is responsible for the establishment of standards for the design, construction and operation of the tramways. In addition, we are required to make annual inspections of each tramway to insure that these standards are followed. Kathy passed out a handout, attached hereto marked Exhibit "K" and by this reference made a part hereof. Kathy said further that we are proposing to establish an account with the Passenger Tramway Program. Under this bill, revenue collected from the fees and gross receipts assessments would be deposited in a special revenue fund instead of the general fund and be restricted to expenditures for the regulation of all passenger tramways in Montana. It is important to note that the general fund will not lose the interest earnings from the tramway revenue collections as a result of the proposed funding change. (For more of Kathy Fabiano's testimony see Exhibit L attached hereto and by this reference made a part hereof.

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Pat Melby, Northern Ski Area Operators, supports this bill. He said that 80% of the ski areas have tramways. These need to be inspected as the state is liable for any accidents, such as the accident in Big Sky a number of years ago. These fees and taxes are in addition to other taxes the ski areas already pay. As Kathy testified, we have about \$30,000 that went we don't know where.

Terry Abelin, Bridger Bowl, supports this bill.

Phil Hauck, Department of Administration, Architects & Engineers Office, supports this bill. Mr. Hauck told the Committee that they had to go to the general fund in order to get money to inspect these tramways. They were understaffed and underfunded to handle this job in a professional manner. Mr. Hauck feels that the money should go into a fund for their use only.

OPPONENTS: There were no opponents.

COMMITTEE QUESTIONS: Senator Hirsch asked if Mr. Hauck was the inspector was the state liable for accidents. Mr. Hauck replied yes. Senator Harding asked where the interest on the fees and assessment would go. Kathy Fabiano replied that it would still go back into the general fund. Senator Haffey asked if it was the intention of the legislature that these fees should go into a special fund to be earmarked for a certain purpose. Kathy Fabiano replied yes. Senator Farrell asked if he was getting enough money out of the general fund. Mr. Hauck replied that they were not getting enough money to do the job properly.

SENATE BILL 198 is closed.

EXECUTIVE ACTION ON SENATE BILL 198: Senator Manning made a motion that SENATE BILL 198 do pass. Senator Conover called question. Senator Farrell said that he felt this bill should pass. Senator Haffey mentioned that when this gets to the floor, there is a small implied fiscal note that the committee doesn't have. However it is clearly the intention of the legislature that these were intended for earmarking. The Committee voted unanimously that SENATE BILL 198 DO PASS.

The meeting was adjourned at 12:05 a.m.

  
SENATOR JACK HAFFEY, CHAIRMAN



ROLL CALL

STATE ADMINISTRATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2-5-55

NAME	PRESENT	ABSENT	EXCUSED
SEANTOR JACK HAFLEY, Chairman	✓		
SENATOR LES HIRSCH, Vice-Chairman	✓		
SENATOR JOHN ANDERSON	✓		
SENATOR MAX CONOVER	✓		
SENATOR WILLIAM FARRELL	✓		
SENATOR ETHEL HARDING	✓		
SENATOR J. D. LYNCH	Late	✓	
SENATOR DICK MANNING	Late	✓	
SENATOR JOHN MOHAR	✓		
SENATOR LARRY TVEIT	Late	✓	

DATE February 5, 1955

COMMITTEE ON \_\_\_\_\_

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Herry Grossman	Chauteau Co.	SB 176	✓	
Dennis J. Grossman	Chauteau Co. visitor			
Samuel J. Grossman	Chauteau Co. visitor	SB 176	✓	
David J. Grossman	PERO	SB 195		
Walter Robbins	Montana Nurses' Assoc.	SB 176		✓
G. MORRIS	MACO	SB 176	✓	
Laure Elinger	Dep. of Admin.	SB 196	✓	
DAVE MILOT	STATE EMPLOYEES	SB 195	✓	
B. W. Watson	Mr. Paigens DC. #9	S.B. 195	✓	
Big Roberts	Helena Land	SB 196	✓	
Mike Bullock	Mont. Assoc. of Rehab. Facilities	SB 196	✓	
Tommy Spaulding	MPEA	SB 195	✓	
Tom Spaulding	MPEA	SB 176		✓
Monica Boggs	ILCW	SB 176	✓	✓
Tommy Atkins	N.S.D. of A.	SB 198	✓	
Pat Melby	Northern Sh. Area Operators	SB 198	✓	
Mark Cross	Dep. of Admin.	SB 176		
Eileen Robben	MLA	SB 195	✓	
Metal Hunt	INT. ST. FIREMANS Assoc.	SB 176		✓
Gueloney	Board of Regents	SB 176/195		
Jimmy Monow	MT. Fed. Teachers	195	✓	
"	"	176		✓

(Please leave prepared statement with Secretary)



MISSOULA

PERSONNEL OFFICE

201 W. SPRUCE • MISSOULA, MT 59802-4297 • (406) 721-4700

*Exhibit "A"*

*SB-195  
2-5-85*

TO: STATE ADMINISTRATION COMMITTEE  
MONTANA STATE SENATE  
SENATOR JACK HAFLEY, CHAIRMAN

FROM: CITY OF MISSOULA

DATE: FEBRUARY 4, 1985

RE: OPPOSITION TO SENATE BILL #195

Dear Committee Members:

This letter is written for the City of Missoula in opposition to the passage of Senate Bill Number 195 which is currently before your committee.

This particular bill reduces the number of years that a member of the Public Employees Retirement System must serve before becoming eligible for service retirement benefits. The proposal would change the years of service from 30 to 25. In order to fund this change in policy, the employees' contribution will be increased from the current level of 6% to 6.5%. The employer's contribution would increase from 6.417% to 6.967%.

Currently, the City of Missoula contributes approximately \$160,000 (not including contributions to Fire and Police retirement systems) per fiscal year to fund the employer's share to PERS. Under the current proposal the City would contribute approximately \$173,000. This would result in a total increase of approximately \$13,000, which equals a .28 mill increase that the taxpayers of the City of Missoula would be asked to assume. Currently the taxpayers of the City of Missoula pay a total of approximately \$530,000 to fund all PERS accounts for the City, which includes Fire and Police retirement systems.

It is our feeling that the taxpayers are already asked to make a large enough contribution to PERS for public employees. We feel that it should be left up to the discretion of the City Council as to whether they want to increase the employer's contribution to any of the current PERS funds. Due to these reasons the City of Missoula is in opposition to Senate Bill Number 195. The City of Missoula, along with other local governments in the State, have been concerned for several years with the inequities forced on us with regard to retirement plans for its employees. The Legislature dictates all the terms of the plans while Montana cities pay for the plan. The Legislature reversed this trend last session by agreeing to fund a portion of Police and Fire pensions. This Legislature should not take a step backwards. Changes to these plans should only be made if the State pays the additional costs.

Your consideration of our position on this particular bill is greatly appreciated. We will be watching carefully in the next few days the committee's proceedings and actions on this particular bill.

Respectfully submitted by;

Kathi Mitchell  
Personnel Officer  
for the City of Missoula

(This sheet to be used by those testifying on a bill.)

Exhibit B  
SB-176  
2-5-85

NAME: Henry J. Grossman DATE: 2/5/85

ADDRESS: Shankin Mount 59476

PHONE: 733-4742

REPRESENTING WHOM? Chautau County

APPEARING ON WHICH PROPOSAL: SB 176

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Room 331  
10: AM

1

Feb 5, 1975  
Exhibit "B"

Mr Chairman and members of the Local Gov.  
Committee.

I am Henry Grossman a County Commissioner  
from Chautauq County, I came in today to  
testify in support of SB 176.

A resolution was passed last spring at  
a District meeting in Haver representing 8  
Counties to present to the Annual Commissioner  
meeting held in Kalispell last summer, to  
support a bill such as SB 176 if it  
were to be introduced. This resolution  
was accepted and passed at the MACC  
convention with no opposition voiced by  
any member. There were 51 Counties  
represented at this meeting.

We felt that the idea of declaring a holiday to honor certain people and events was a good idea, but I sometimes wonder if maybe it is being overdone. Most people don't realize the economic impact a legal holiday has on our local, state & federal government. I don't have the exact figure for other Counties but I do know what it costs Chautauq County for <sup>every</sup> holiday observed. I know we can't do anything about changing the nationally observed holidays but I feel that we could at least conform to the nationally observed holidays in the State of Mont. The Congress of the United States saw fit to combine Lincoln and

Washington's birthday into 1 recognised holiday to honor both of these great men, and I certainly support the idea of Montana following suite.

I would consider Chouteau County about average for the State as far as the number of County employees are concerned. We have on the average of 82 employees <sup>during the winter</sup> that are paid on the average of \$5<sup>00</sup> per day, including fringe. This amounts to approx. \$7000 of lost production for every holiday observed.

This is especially costly for the County when we have to pay our road crews 1½ overtime pay plus their regular pay, for working during a holiday, which is

quite often the case in the winter time when there is ice and snow to contend with.

We have 18 members in our road department which costs the County at least \$1756 <sup>extra</sup> for every holiday that they work. When you multiply that by the number of men in our cities, other Counties & state highway crews, you come up with a enormous figure that our taxpayers are paying to observe this extra holiday.

It seems to be a common opinion of the constituent of our County that there are far too many holidays observed by our local & state government. It is a great inconvenience to our rural people to drive



into town to do business with the banks  
the post office maybe the A.S.C.S. or S.C.S.  
office and then find that the city hall or  
local Court house is closed for the day. This  
has happened to me years ago so I've  
had personal experience in this area.

So in closing I would like to say  
that I feel you would be doing the  
taxpayers of Montana a great service by  
recommending to the legislature that SB 176  
be passed. Thank you for allowing  
me to speak in support of this bill.

Henry J. Grossman  
Chautau County Commissioner

# MONTANA ASSOCIATION OF COUNTIES

*Exhibit "C"*  
*SB-176*  
*2-4-85*  
1802 11th Avenue  
Helena, Montana 59601  
(406) 442-5209

SENATE BILL 176

PRESIDENTS DAY

SENATE STATE ADMINISTRATION

FEBRUARY 5, 1985

If employees normally are not expected to work on a holiday the costs can be calculated in lost productivity based on the number of employees times the wage rate times the number of hours.

The level of service and productivity is reduced but the annual dollar cost has not been decreased.

However if employees are normally expected to work on a holiday, i.e. firemen, sheriffs, deputies, other emergency staff, etc, the cost of one holiday per employee amounts to an increase of approximately one fifth of the average weekly salary.

# of State Employees	10,585	(1-16-85)
Approx # of Co. Employees	<u>6,000</u>	
	16,585	

o Costs using average wage of:

\$6.00	\$7.00	\$8.00	\$9.46*
\$796,080	\$928,760	\$1,061,440	\$1,255,152

\* State Average

o Factor for "overtime" associated with necessary services

- Assume 1 out of 10 employees required to work a holiday

- Additional cost estimated at:

\$6.00	\$7.00	\$8.00	\$9.46
\$875,664	\$1,021,608	\$1,167,552	\$1,380,629

MACo

NAME: Eileen Robbious DATE: 2/5/85

ADDRESS: P.O. Box 5718 Helena, MT. 59604

PHONE: 492-6710

REPRESENTING WHOM? MONTANA NURSES ASSOC.

APPEARING ON WHICH PROPOSAL: SB 176

DO YOU: SUPPORT?            AMEND?            OPPOSE? X

COMMENT:

those who are Registered nurses typically work on all state holidays employees of Montana State Hospital; they are given another day off in lieu of the holiday. Therefore productivity is not an issue.

There is no good reason to arbitrarily cut state employees number of holidays. At a time when the states "final offer" proposal for wages lies @ 20%, no where near the projected cost of living increases, a decrease in number of holidays would further burden employees.

Our C.B. bargaining agreement would allow the holiday (11) until it expired. then we would not be allowed to re-negotiate the holiday based on previous Attorney General's opinion.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



INTERDEPARTMENTAL COORDINATING COMMITTEE ON WOMEN  
ICCW

TESTIMONY ON S.B. 176

My name is Mary Lou Garrett. I represent the Governor's Interdepartmental Coordinating Committee for Women, known as the ICCW.

The ICCW has reviewed S.B. 176 and find that elimination of a state holiday is a real detriment to the moral of state employees. The holidays we have today were awarded to employees as compensation for performance to the benefit of the state.

This is a time when everytime state employees turn around something is being taken away from them. With 26 other states granting a holiday in honor of Martin Luther King, Montana is trying to eliminate a holiday.

The ICCW does not object to only having one holiday in February to conform with federal recognition of "President's Day", but place the extra holiday from February on the Friday after Thanksgiving to conform to federal recognition of their holidays. Keep the status quo on the number of holidays, especially since there are conflicts with existing collective bargaining agreements.

The ICCW opposes S.B. 176 and recommends that this committee defeat this bill. Thank you.

Exhibit 7

(This sheet to be used by those testifying on a bill.)

NAME: Laurie Ettinger Admin. DATE: 2-5-85

ADDRESS: 165 Mitchell Bldg

PHONE: 444-2575

REPRESENTING WHOM? Dept of Admin.

APPEARING ON WHICH PROPOSAL: SB 196

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SB-196

Exhibit  
"G"

2-5-85

SB-196

For the record

Mr. Chairman,<sup>^</sup> my name is Mike Bullock and I am here as President of the Montana Association of Rehabilitation Facilities to speak in favor of Senate Bill 196.

The Montana Association of Rehabilitation Facilities membership consists of sheltered workshops throughout the State which provide employment to handicapped adults.

It is our feeling that the law as passed in 1977 was unworkable because it would require the Department of Administration to establish an administrative structure just to purchase products and services from sheltered workshops.

S.B. 196 does not change the intent of the law but rather allows sheltered workshops to establish a more workable relationship with the Purchasing Division of the Department of Administration.

Your favorable consideration of this bill would be appreciated.

\* \* \* \* \*

SB-196

Exhibit "A"  
SB-196  
2-5-85

Mr. Chairman, my name is Bill Roberts. I am Vice President in charge of manufacturing at Helena Industries, Inc. -- a non-profit Montana corporation serving the vocational needs of approximately 250 severely handicapped individuals annually. This is accomplished through a comprehensive manufacturing and service base.

When the original "State Use" legislation was enacted in 1977, it called for a significant number of duties to be handled by the Department of Administration that have been found to be quite unworkable.

As a member of the Montana Association of Rehabilitation Facilities' Committee to establish a central, non-profit association to implement the original legislation in 1977, I can tell you that obtaining and appropriately utilizing the information required for determining the fair market price for a single item was extremely difficult. To determine and re-evaluate semi-annually a number of fair market prices would require a number of full-time employees.

Federal legislation, after which our present state law was patterned, established a "Committee for the Purchase from the Blind and Other Severely Handicapped" to determine facility certification, fair market prices, and small business impact. This Committee has a full-time staff of 12 which is becoming increasingly burdened by additions to its work load from new products and services provided to the Federal Government by rehabilitation facilities.



That committee is currently handling fair market price information for only 175 sheltered workshops who provide about 250 products and services to the Federal Government. Although it's true that the average product is provided in much larger quantities to the Federal Government than would be provided under this law to State government, the amount of time required to process a single product is the same -- regardless of quantity. That would necessarily require far more work for the Department of Administration than the original law intended.

S.B. 196 would simplify the present law by deleting unworkable provisions while leaving intact the intent.

We would appreciate favorable consideration of S.B. 196.

\* \* \*

PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM

ACTUARIAL VALUATION  
AS OF  
JULY 1, 1984



P.O. Box 823 • Power Block • Suite 604 • 6th & Last Chance Gulch • Helena, Montana 59624 • Telephone 406/442-5222

October 23, 1984

Mr. Lawrence Nachtsheim, Administrator  
Public Employees Retirement Division  
1712 9th Avenue  
Helena, MT 59601

Re: Public Employees' Retirement System

Dear Larry:

Enclosed is the July 1, 1984 actuarial report for the Public Employees' Retirement System.

The actuarial valuation has determined that the system is funded on an actuarially sound basis. The present contribution rate of 12.417% is adequate to amortize the unfunded liability over a 36.58 year period.

Sincerely,

A handwritten signature in cursive script, reading "Alton P. Hendrickson".

Alton P. Hendrickson, ASA

ra

Enclosure

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## SECTION I

### INTRODUCTION

An actuarial valuation of the Public Employees' Retirement System of the State of Montana has been completed as of July 1, 1984. This valuation was authorized by the Public Employees' Retirement Board under Section 19-3-305, M.R.C. The purpose of the valuation was to determine the financial position of the fund, the normal cost, and the unfunded accrued liability based upon present and prospective assets and liabilities of the fund as of July 1, 1984.

Section II presents an analysis of the results of the actuarial valuation. The numerical findings supporting this analysis are shown in Section III.

In conducting the actuarial valuation, certain assumptions were made as to the future experience of the system. A summary and discussion of each of the assumptions is contained in Section IV.

The valuation was based upon the Public Employees' Retirement Act and incorporates all amendments as of July 1, 1984. A summary of the major provisions of the Act is contained in Section V.

### ACTUARIAL CERTIFICATION

Based upon the assumptions stated in this report and the employee data and other records provided by the Public Employees' Retirement Division, the actuarial valuation contained in this report has been performed in accordance with generally accepted actuarial principles and techniques.



Alton P. Hendrickson  
Member, American Academy  
of Actuaries

## SECTION II

### ANALYSIS OF VALUATION

The actuarial valuation as of July 1, 1984 has determined that the percentage of each member's salary required to fund the benefits as they accrue in the future is 10.052%. The regular contribution rate of 12.417% allows 2.365% to be applied to the amortization of the unfunded liability. The valuation determined that 2.365% is sufficient to amortize the unfunded liability over a period of 36.58 years.

The period over which the regular contribution rate will amortize the unfunded liability has decreased from 42.47 years in 1982 to 36.58 years in 1984. Several factors have effected the funding requirements of the system:

1. The contribution rate has increased from 12.320% to 12.417%. This increase was legislated in order to provide benefit enhancements to those members receiving benefits from the system. The strength of this additional funding has accounted for a slight reduction in the required amortization.
2. The experience of the system during the biennium closely followed the overall expected experience. As a result, the amortization period decreased almost two years, as anticipated.
3. Certain actuarial assumptions were changed which had the net result of decreasing the funding requirement.

The actuarial assumptions were modified in four areas:

1. The mortality rates were set back one year to reflect the increase in life expectancies.
2. The withdrawal rates were lowered to adjust for the decreased terminations experienced by the system. The revised rates were based upon computerized withdrawal information which is now maintained by the system. The actual experience was used with consideration given to returning employees who purchase past service credits.
3. The assumed investment return for future years was increased from 7% to 8%. This change was made to reflect the favorable investment experience of the system and to anticipate the average expected investment return during the funding period for benefits to current members.

4. The underlying cost-of-living assumption was increased from 5.5% to 6.5%. This adjustment was made to anticipate future salary increases based upon economic projections and the historic relationship between investment return and cost-of-living increases.

The lower mortality and withdrawal assumptions increased anticipated benefit payments and, therefore, increased the cost of the system. This increase was more than offset by the cost decrease resulting from the change in the post-retirement investment return assumption. The net effect of the pre-retirement investment and cost-of-living assumption changes was negligible. The result was a decrease of six years in the amortization period.

The total payroll is \$416,296,287 which represents a 10.4% increase during the biennium. The number of members receiving benefits has increased to 7,568. The total annual benefits are \$20,014,273 which represents an increase of 25.6% during the biennium. The assets of the system have increase 31.7% during the biennium to a total value of \$435,055,310.

The regular contribution rates to the Public Employees' Retirement System is 12.417% of each active member's salary. This rate is comprised of 6.417% from the state and 6% from each member.

The Public Employee's Retirement System is funded on an actuarially sound basis.

SECTION III

SCHEDULE 1

NORMAL COST ALLOCATION

(1) Normal Cost Contribution Rate:

(a) Retirement	7.192%
(b) Death	0.331
(c) Disability	0.434
(d) Vested	0.839
(e) Withdrawals	1.256
	-----
(f) Total Rate	10.052%

(2) Present Value of Future Salaries  
Of Current Members

\$3,790,148,409

(3) Present Value of Future Normal Costs  
For Current Members (1(f) x (2))

\$ 380,985,718



SCHEDULE 2

PRESENT VALUE OF BENEFITS

(1) Present Value of Benefits - Inactive Members

(a) Retirement	\$ 208,697,952
(b) Death	6,636,466
(c) Disability	21,943,417
(d) Vested	8,499,553
(e) Withdrawals	1,655,436
	-----
(f) Total Inactive	\$ 247,432,824

(2) Present Value of Benefits - Active Members

(a) Retirement	\$ 658,864,997
(b) Death	24,549,831
(c) Disability	30,018,563
(d) Vested	66,235,019
(e) Withdrawals	70,872,234
	-----
(f) Total Active	\$ 850,540,644
	-----

(3) Total Liabilities \$1,097,973,468

SCHEDULE 3

CONTRIBUTION AND LIABILITY ALLOCATIONS

(1) Unfunded Accrued Liability

(a) Present Value of Benefits	\$ 1,097,973,468
(b) Present Value of Future Normal Costs	380,985,718
(c) Fund Assets	435,055,310
	-----
(d) Unfunded Liability (a)-(b)-(c)	\$ 281,932,440

(2) Contribution Rates Amortized Over 40.00 Years

(a) Present Value of Salaries During Next 40.00 Years	\$12,754,643,878
(b) Unfunded Contribution Rate 1(d)/2(a)	2.210%
(c) Normal Cost Rate (Schedule 1)	10.052%
	-----
(d) Total Funding Rate	12.262%

(3) Contribution Rates Amortized over 36.58 Years

(a) Present Value of Salaries During Next 36.58 Years	\$11,921,033,404
(b) Unfunded Contribution Rate 1(d)/3(a)	2.365%
(c) Normal Cost Rate (Schedule 1)	10.052%
	-----
(d) Total Funding Rate	12.417%

SCHEDULE 4

VALUATION COMPARISON

	<u>1982</u>	<u>1984</u>
Present Value of Total Benefits		
Total	\$932,087,522	\$1,097,973,468
Average for All Members	27,617	32,683
Unfunded Past Service Liability		
Total	\$273,524,251	\$ 281,932,440
Average for All Members	8,104	8,392
Assets		
Total	\$330,215,269	\$ 435,055,310
Average for All Members	9,784	12,950
Annual Salary		
Total	\$377,120,013	\$ 416,296,287
Average for Active Members	14,030	15,995
Normal Cost Contribution Rate	10.05%	10.052%
Recommended Contribution Rate for Unfunded Past Service Liability	<u>2.37%</u>	<u>2.365%</u>
Total Recommended Contribution Rate	12.42%	12.417%

SCHEDULE 5

COMPARISON OF CONTRIBUTING MEMBERS

	<u>1982</u>	<u>1984</u>
Number of Lives		
Male	12,083	11,776
Female	<u>14,796</u>	<u>14,250</u>
Total	26,879	26,026
Annual Salaries		
Male	\$203,754,619	\$225,488,580
Female	<u>173,365,394</u>	<u>190,807,707</u>
Total	\$377,120,013	\$416,296,287
Average Annual Salaries		
Male	\$16,863	\$19,148
Female	<u>11,717</u>	<u>13,390</u>
Total	\$14,030	\$15,995

SCHEDULE 6

COMPARISON OF MEMBERS RECEIVING BENEFITS

	<u>1982</u>	<u>1984</u>
Number of Lives		
Retired	5,902	6,723
Disabled	643	655
Survivor	<u>171</u>	<u>190</u>
Total	6,716	7,568
Annual Benefit Payments		
Retired	\$19,894,336	\$25,590,010
Disabled	2,512,646	2,600,025
Survivor	<u>700,456</u>	<u>824,238</u>
Total	\$23,107,438	\$29,014,273
Average Monthly Benefit Payments		
Retired	\$281	\$317
Disabled	326	331
Survivor	<u>341</u>	<u>362</u>
Total	\$287	\$319

SCHEDULE 7

TABLE 1

NUMBER OF ACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	TOTAL										
-----	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	TOTAL
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
0-4	1721	2571	2640	2231	1618	1213	835	613	329	150	13921
5-9	56	668	1169	1058	872	736	665	553	388	167	6332
10-14		29	296	522	443	357	415	463	309	128	2962
15-19			8	110	229	215	234	333	192	56	1377
20-24				13	95	143	130	169	116	28	694
25-29					14	134	131	124	74	18	495
30-34						12	56	56	50	8	182
35-39							4	20	22	4	50
40-UP								2	6	5	13
TOTALS	1777	3268	4113	3934	3271	2810	2470	2333	1486	564	26026

TABLE 1 (CONTINUED)  
NUMBER OF ACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	FEMALES											TOTAL
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65		
0-4	1089	1476	1518	1393	1076	790	504	323	152	72	8393	
5-9	41	368	531	500	531	485	419	321	205	93	3494	
10-14		20	134	147	164	209	239	262	167	74	1416	
15-19			3	33	54	72	117	175	107	37	598	
20-24				2	16	20	40	67	54	14	213	
25-29						16	17	30	21	11	95	
30-34						3	3	9	9	5	29	
35-39								3	2	3	8	
40-UP									1	3	4	
TOTALS	1130	1864	2186	2075	1841	1595	1339	1190	718	312	14250	

TABLE 1 (CONTINUED)  
NUMBER OF ACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	MALES											TOTAL
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65		
0-4	632	1095	1122	838	542	423	331	290	177	78	5528	
5-9	15	300	638	558	341	251	246	232	183	74	2838	
10-14		9	162	375	279	148	176	201	142	54	1546	
15-19			5	77	175	143	117	158	85	19	779	
20-24				11	79	123	90	102	62	14	481	
25-29					14	118	114	94	53	7	400	
30-34						9	53	47	41	3	153	
35-39							4	17	20	1	42	
40-UP								2	5	2	9	
TOTALS	647	1404	1927	1859	1430	1215	1131	1143	768	252	11776	



TABLE 2  
AVERAGE SALARIES OF ACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	TOTAL											TOTAL
-----	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	-----	-----
0-4	11645	13593	14486	14097	13331	13594	13257	13752	14240	11912		13556
5-9	14448	16872	18821	18967	17429	15838	15602	15644	15465	13431		17099
10-14		17226	20149	22976	21459	18632	18382	17499	16571	14891		19369
15-19			19909	23583	24029	21354	19801	18944	18354	15835		20479
20-24				24067	24326	24877	21897	20938	19815	16939		22103
25-29					25765	26011	25747	22605	21900	20835		24278
30-34						26392	27780	25794	24726	21936		25982
35-39							28014	26979	25392	23284		26068
40-UP								34150	25374	26274		27070
TOTALS	11733	14295	16136	16883	16646	16637	16840	17096	16956	14312		15995

TABLE 2 (CONTINUED)  
AVERAGE SALARIES OF ACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	FEMALES										
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	TOTAL
0-4	10835	12350	12541	12066	11648	11776	11259	11649	11659	9780	11870
5-9	14158	15654	16483	15838	14979	13955	13578	13411	13299	11425	14744
10-14		16371	17418	19024	16989	15688	16111	15605	14385	13715	16158
15-19			18175	18889	20384	17671	16524	16746	16795	14487	17137
20-24				18484	20795	19282	18216	17640	17851	17535	18194
25-29						20681	20220	19955	19078	17580	19656
30-34						18262	20352	20675	17018	18821	18937
35-39								18309	22617	21858	20717
40-UP									17186	20973	20026
TOTALS	10956	13045	13805	13582	13420	13413	13653	14377	14315	12754	13390

TABLE 2  
AVERAGE SALARIES OF ACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	MALES										
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	TOTAL
0-4	13039	15268	17116	17474	16672	16989	16299	16094	16456	13880	16116
5-9	15241	18368	20767	21771	21244	19477	19049	18733	17891	15951	19999
10-14		19126	22407	24525	24087	22788	21466	19968	19142	16502	22311
15-19			20949	25595	25154	23208	23078	21379	20317	18459	23045
20-24				25082	25041	25787	23533	23104	21526	16343	23834
25-29					25765	26734	26571	23451	23018	25951	25376
30-34						29101	28201	26774	26418	27128	27317
35-39							28014	28509	25669	27563	27087
40-UP								34150	27011	34227	30201
TOTALS	13090	15955	18780	20568	20798	20868	20613	19928	19424	16241	19148

TABLE 3  
ANNUAL SALARIES OF ACTIVE MEMBERS  
IN THOUSANDS

COMPLETED YEARS OF SERVICE	TOTAL										TOTAL
-----	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	-----
0-4	20041	34946	38242	31451	21569	16489	11070	8430	4685	1787	188710
5-9	809	11271	22001	20067	15198	11657	10375	8651	6000	2243	108272
10-14		499	5964	11994	9506	6652	7628	8102	5120	1906	57371
15-19			160	2594	5503	4591	4633	6309	3524	887	28201
20-24				313	2311	3558	2847	3539	2299	474	15341
25-29					361	3486	3373	2803	1621	375	12019
30-34						317	1556	1444	1236	175	4728
35-39							112	540	558	94	1304
40-UP								68	152	131	351
TOTALS	20850	46716	66367	66419	54448	46750	41594	39886	25195	8072	416297

TABLE 3 (CONTINUED)  
ANNUAL SALARIES OF ACTIVE MEMBERS  
IN THOUSANDS

COMPLETED YEARS OF SERVICE	FEMALES										TOTAL
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	
0-4	11800	18228	19038	16808	12533	9303	5675	3763	1772	704	99624
5-9	580	5761	8752	7919	7954	6768	5689	4305	2726	1063	51517
10-14		327	2334	2797	2786	3279	3850	4089	2402	1015	22879
15-19			55	623	1101	1272	1933	2931	1797	536	10248
20-24				37	333	386	729	1182	964	245	3876
25-29						331	344	599	401	193	1868
30-34						55	61	186	153	94	549
35-39								55	45	66	166
40-UP									17	63	80
TOTALS	12380	24316	30179	28184	24707	21394	18281	17110	10277	3979	190807

TABLE 3. (CONTINUED)  
ANNUAL SALARIES OF ACTIVE MEMBERS  
IN THOUSANDS

COMPLETED YEARS OF SERVICE	MALES										TOTAL
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	
0-4	8241	16718	19204	14643	9036	7186	5395	4667	2913	1083	89086
5-9	229	5510	13249	12148	7244	4889	4686	4346	3274	1180	56755
10-14		172	3630	9197	6720	3373	3778	4013	2718	891	34492
15-19			105	1971	4402	3319	2700	3378	1727	351	17953
20-24				276	1978	3172	2118	2357	1335	229	11465
25-29					361	3155	3029	2204	1220	182	10151
30-34						262	1495	1258	1083	81	4179
35-39							112	485	513	28	1138
40-UP								68	135	68	271
TOTALS	8470	22400	36188	38235	29741	25356	23313	22776	14918	4093	225490

TABLE 4  
NUMBER OF VESTED INACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	TOTAL										TOTAL
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	
0-4											
5-9		1	21	25	30	36	41	33	18	19	224
10-14			3	7	9	17	21	32	14	6	109
15-19					6	9	12	15	7		49
20-24					1	9	4	2	1	2	19
25-29								1	1	1	3
30-34								1		1	2
35-39											
40-UP										2	2
TOTALS		1	24	32	46	71	78	84	41	31	408

TABLE 4 (CONTINUED)  
NUMBER OF VESTED INACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	FEMALES										TOTAL
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	
0-4											
5-9		1	15	12	13	23	26	16	10	4	120
10-14			1	3	2	5	14	17	5	1	48
15-19					2	4	6	6	3		21
20-24						1		1			2
25-29											
30-34											
35-39											
40-UP										1	1
TOTALS		1	16	15	17	33	46	40	18	6	192



TABLE 4 (CONTINUED)  
NUMBER OF VESTED INACTIVE MEMBERS

COMPLETED YEARS OF SERVICE	MALES										TOTAL
	UNDER 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	OVER 65	
0-4											
5-9			6	13	17	13	15	17	8	15	104
10-14			2	4	7	12	7	15	9	5	61
15-19					4	5	6	9	4		28
20-24					1	8	4	1	1	2	17
25-29								1	1	1	3
30-34								1		1	2
35-39											
40-UP										1	1
TOTALS			8	17	29	38	32	44	23	25	216

TABLE 5  
SUMMARY OF RETIREES

NUMBER OF MEMBERS									
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	172	269	896	956	706	380	161	120	3660
Female	99	226	807	882	537	274	139	99	3063
Total	271	495	1703	1838	1243	654	300	219	6723

TOTAL BENEFIT IN THOUSANDS									
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	124	157	407	316	202	103	39	31	1379
Female	19	61	211	212	129	62	34	26	754
Total	143	218	618	528	331	165	73	57	2133

AVERAGE MONTHLY BENEFIT									
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	722	585	454	331	286	270	242	257	377
Female	196	269	262	241	239	226	244	261	246
Total	530	441	363	287	266	251	243	259	317

TABLE 6  
SUMMARY OF DISABLED

	NUMBER OF MEMBERS								
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	76	76	81	61	50	41	15	7	407
Female	52	62	41	31	24	21	12	5	248
Total	128	138	122	92	74	62	27	12	655

TOTAL BENEFIT IN THOUSANDS									
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	27	29	28	22	16	12	4	2	140
Female	15	19	13	10	7	6	4	2	76
Total	42	48	41	32	23	18	8	4	216

AVERAGE MONTHLY BENEFIT									
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	357	383	346	357	316	301	291	303	346
Female	295	302	319	311	309	305	321	311	306
Total	332	347	337	342	314	302	304	307	331

TABLE 7  
SUMMARY OF SURVIVORS

	NUMBER OF MEMBERS								
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	23	21	22	25	19	24	8	7	149
Female	17	7	3	5	4	2	2	1	41
Total	40	28	25	30	23	26	10	8	190

TOTAL BENEFIT IN THOUSANDS									
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	8	9	9	9	5	9	2	2	53
Female	7	4	1	2	1	1	1		17
Total	15	13	10	11	6	10	3	2	70

AVERAGE MONTHLY BENEFIT									
	UNDER 54	55-59	60-64	65-69	70-74	75-79	80-84	OVER 85	TOTAL
Male	349	417	400	357	274	367	277	305	355
Female	384	502	206	465	337	324	282	269	386
Total	364	438	377	375	285	364	278	300	362

## SECTION IV

### ACTUARIAL FUNDING METHOD AND ASSUMPTIONS

The true cost of the Public Employees' Retirement System will be determined by its future experience. In determining the financial requirement of the fund, certain assumptions were made as to the expected future experience. This section summarizes the funding method applied as well as the basic assumptions used.

Any variations in the actual experience of the fund from those assumed in this valuation may cause changes in the projected future costs of the fund. It is therefore necessary that the actuarial assumptions be reviewed from time to time with adjustments as experience warrants. It is also important that regular valuations be performed to determine the financial effect of variations between the actual and assumed experience.

The assumptions shown below were based upon the past experience of the fund together with the projections as to future experience.

#### FUNDING METHOD

The method of funding employed is commonly referred to as the entry age normal cost method. This method establishes a normal cost of each fund as well as an unfunded accrued liability. The normal cost is the level percentage of total salaries required to fund the benefits, assuming this percentage has been contributed since each member's entry into the fund.

The unfunded accrued liability represents the excess of the present value of total liabilities over the present assets of the fund and the present value of expected future contributions for the normal cost.

In order to maintain the fund on an actuarially sound basis, the rate of contribution should be such as to meet the normal cost in addition to making progress towards the amortization of the unfunded liability.

## DISCUSSION OF ACTUARIAL ASSUMPTIONS

### Mortality Rates

The 1971 Group Annuity Mortality Table for males and females was applied to active members and those receiving benefits. The mortality rates were set back one year to reflect increased life expectancies.

### Disability Rates

The disability rates for males and females were based upon rates published by the Railroad Retirement Board.

### Withdrawal Rates

The withdrawal rates were based upon the actual experience of the system during the last biennium. These rates represent the net effect of the experience of the system including the termination of members, the reemployment of terminated members, and the purchase of credit for past service.

### Salary Scale

The rates of salary increase were based upon an underlying cost-of-living assumption of 6.5% per annum. Meritorious service and longevity increases were also taken into account.

### Investment Earnings

It was assumed that the investment earnings would be 8% compounded annually.

### Administrative Expenses

It was assumed that the system would incur no administrative expenses beyond those provided by the social security division and the \$1 per member charge.

### Termination Benefits

It was assumed that all members terminating with less than five years of service would receive an immediate withdrawal of their personal contributions with interest. It was further assumed that members with five or more years of service would select the benefits most advantageous to them under the given assumptions.

## ILLUSTRATION OF ACTUARIAL ASSUMPTIONS

### Mortality Rates

The mortality rates are based upon the 1971 Group Annuity Mortality Table with ages set back one year.

<u>Age</u>	<u>Deaths Per 100,000 Male Members</u>	<u>Deaths Per 100,000 Female Members</u>
25	59	33
30	76	44
35	105	61
40	151	87
45	257	129
50	474	197
55	781	298
60	1,192	490
65	1,919	861
70	3,244	1,446
75	5,122	2,863
80	7,969	5,062
85	12,112	8,150

### Disability Rates

The disability rates are based upon the rates published by the Railroad Retirement Board.

<u>Age</u>	<u>Disabilities per 100,000 Active Members</u>
25	30
30	30
35	40
40	90
45	190
50	340
55	620
60	3,150

### Withdrawal Rates

The withdrawal rates illustrated below reflect the turnover experienced by the Public Employees' Retirement System.

<u>Age</u>	<u>Withdrawals Per 100,000 Male Members</u>	<u>Withdrawals Per 100,000 Female Members</u>
25	9,765	13,842
30	7,731	11,547
35	6,174	9,675
40	5,103	7,308
45	4,176	5,373
50	3,231	4,374
55	1,539	2,331
60	396	558

### Salary Scale

The salary increases are based upon the projected experience of the system with an underlying assumption of 6.5% for cost-of-living increases and .75% for longevity and meritorious service increases.

### Investment Earnings

A rate of 8% per annum was assumed for future investment earnings.

### Administrative Expenses

It was assumed that the administrative expenses would be recovered by the administrative charges provided under the social security division in addition to the \$1 per member charge.



## SECTION V

### SUMMARY OF BENEFITS AND CONTRIBUTIONS

Effective Date -	July 1, 1945
Member Contributions -	6% of compensation
Employer Contributions -	As specified by law. From July 1, 1983 the rate is 6.417%.
Retirement Benefit -	<p>Eligibility: Age 60 and five years of service; or age 65 regardless of service; or 30 years of service regardless of age.</p> <p>Normal Form: Life annuity with payment of balance of accumulated deductions not received by the member as of the date of his death (modified cash refund annuity).</p> <p>Benefit: 1/60 of the final compensation for each year of credited service. Contributing members of the System as of July 1, 1973 may retire under the benefit provisions in effect prior to that date (1/60 of the final compensation for each year of prior service plus twice the annuity purchased by the member's accumulated contributions with interest).</p>
Early Retirement Benefit -	<p>Eligibility: Age 50 and five years of service</p> <p>Benefit: An actuarial equivalent of accrued normal service retirement allowance that would have been payable at age 60.</p>
Disability Benefit -	<p>Eligibility: Five years of service and disablement before eligibility for service retirement.</p> <p>Service disability: Members granted a disability retirement for duty - related reasons prior to July 1, 1977 shall receive 25% of final compensation while Industrial Accident Board Compensation is in effect; otherwise, 50% of final compensation.</p> <p>Nonservice disability: 90% of 1/60 of the final compensation for each year of credited service, with a minimum benefit of 25% of the final compensation.</p>

Death Benefit -

Eligibility: Prior to retirement - no requirement. Certain specified recently terminated or disabled members are also eligible for this benefit.

After retirement - payable according to the option elected.

Normal Form: Return of accumulated contributions with interest if Industrial Accident Board Compensation is paid; otherwise, benefit is the return of accumulated contributions with interest plus 1/12 of final (last twelve months) compensation times number of years of credited service up to a maximum of six years.

A beneficiary of a member with five years of credited service at his death may alternatively choose a survivorship allowance actuarially equivalent to the accrued retirement allowance which would have been payable at age 60 (or as of his date of death if he died after age 60 or after 30 years of service).

Termination Benefit -

If service discontinued prior to completion of 5 years of service, return of member's contributions with interest. If service discontinued on or after completion of 5 years of service, member may leave them with the System and receive his accrued service retirement allowance commencing at age 60 or an actuarial equivalent commencing at age 50.

(This sheet to be used by those testifying on a bill.) *Exhibit "g"* SB-198  
2-5-85

NAME: KATHY FABIANO DATE: 2-5-85

ADDRESS: Helena

PHONE: 444-3092

REPRESENTING WHOM? Dept. of Administration

APPEARING ON WHICH PROPOSAL: SB 198

DO YOU: SUPPORT? ✓ AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENT: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

## MONTANA TRAMWAY COUNCIL

## FINANCIAL ANALYSIS

1978 - 1984

F.Y.	Tram Registration Receipts	Gross Receipts	Total
78	\$ 1,925.00	\$ 1,100.00	\$ 3,025.00
79	\$ 2,023.00	\$10,928.00	\$12,951.00
80	\$ 2,030.00	\$11,719.00	\$13,749.00
81	\$ 2,083.00	\$ 8,934.00	\$11,017.00
82	\$ 2,145.00	\$15,782.00	\$17,927.00
83	\$ 2,104.00	\$17,451.00	\$19,555.00
84	\$ 2,155.00	\$18,318.00	\$20,473.00
Totals	\$14,465.00	\$84,232.00	\$98,697.00

GENERAL FUND APPROPRIATIONSFUNDS EXPENDED

78	\$ 5,600.00	\$ 6,996.00
79	\$16,000.00	\$ 7,076.00
80	\$10,800.00	\$ 9,891.00
81	\$12,000.00	\$ 8,714.00
82	\$12,000.00	\$10,542.00
83	\$15,497.00	\$13,384.00
84	\$11,835.00 (+ \$1,200.00 Supp.)	\$13,031.00
	\$83,732.00 (\$84,932.00)	\$69,634.00

Kathy Fabiani  
Dept. of Admin.  
Exhibit "A"  
SB-198  
2-5-85

SB 198

DEPARTMENT OF ADMINISTRATION'S PLANNED TESTIMONY

PASSENGER TRAMWAY

The regulation of Montana's ski tramways is currently the responsibility of the Architecture & Engineering Division within the Department of Administration. To insure the safety of the public while using these tramways, the statutes require all passenger tramways to be registered with our department. In turn, our department is responsible for the establishment of standards for the design, construction and operation of the tramways. In addition, we are required to make annual inspections of each tramway to insure that these standards are followed.

The Tramway Program has two revenue sources. First, an annual fee ranging from \$25 to \$100 is charged, depending on the type of tramway that is operated (i.e. chairlift versus gondola). By statute, this fee is deposited in the general fund. The fees are collected by the Department of Administration and result in approximately \$2,000 per year.

Second, an assessment is made on the gross receipts collected from ski lift tickets. As required by statute, these funds are also deposited in the general fund. The gross receipts assessment in each of the past three fiscal years has been approximately \$15,000 to \$18,000. The assessment is collected by the Department of Revenue.

Expenditures for the Tramway Program are funded through a general fund appropriation. Expenditures in each of the past three fiscal years have been approximately \$10,000 - \$13,000.

The handout shows a financial analysis of the program. In the past, there has been a surplus of revenues collected over expenses incurred. This excess, ranging from \$3,000 to \$7,000 per year, has remained in the general fund and has not been specifically segregated for use by the tramway program.

However, in section 2, subpart 2 of the bill, the current statute requires that all proceeds of the gross receipts assessment be used only to support the Tramway Program duties of the Department of Administration. A further section of current statute (section 1 of the bill) states that the fees and assessments should generate sufficient revenue to pay for contracted inspection services.

*on account w/ the*

We are proposing to establish a state special revenue fund for the Passenger Tramway Program. Under this bill, revenue collected from the fees and gross receipts assessments would be deposited in the special revenue fund instead of the general fund and be restricted to expenditures for the regulation of all passenger tramways in Montana. In addition, the Department of Administration will also request that the legislative appropriation for

expenditures be placed in the special revenue fund. A comparison of revenues and expenses could be easily tracked with the funding change. Any surplus could be held in reserve to ~~allow~~ <sup>be</sup> for possible contingencies, such as emergencies, accidents (such as recent Rig Sky accident), lawsuits, or the purchase of sophisticated inspection equipment. <sup>approp.</sup>

It is important to note that the general fund will not lose the interest earnings from the tramway revenue collections as a result of the proposed funding change. Since there is no statutory authority for this state special revenue fund to receive interest earnings on its cash balance, the earnings will still be credited to the general fund. <sup>by legis.</sup>

# STANDING COMMITTEE REPORT

February 5 19 85

MR. PRESIDENT

We, your committee on STATE ADMINISTRATION

having had under consideration SENATE BILL No. 178

first reading copy ( white )  
color

**TRANSFER AUTHORITY TO SET AND COLLECT FEES FOR PROCEEDINGS TO  
LEGIS. COUNCIL**

Respectfully report as follows: That SENATE BILL No. 178

DO PASS

**DO NOT PASS**

Chairman.

# STANDING COMMITTEE REPORT

February 5 19 85

MR. PRESIDENT

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

having had under consideration.....**SENATE BILL**.. No.....**196**..

first reading copy ( white )  
color

**REVISE LAWS RELATING TO STATE PURCHASES FROM SHELTERED WORKSHOPS**

Respectfully report as follows: That.....**SENATE BILL**.. No.....**196**.....

~~DO PASS~~

~~DO NOT PASS~~

.....  
Chairman.



# STANDING COMMITTEE REPORT

February 5, 1985

MR. PRESIDENT

We, your committee on STATE ADMINISTRATION

having had under consideration SENATE BILL No. 198

first reading copy ( white )  
color

## TRAMWAY FRES AND ASSESSMENTS IN FUND FOR DEPARTMENT USE

Respectfully report as follows: That SENATE BILL No. 198

DO PASS

~~DO NOT PASS~~

Chairman.