

MINUTES OF THE MEETING  
STATE ADMINISTRATION COMMITTEE  
MONTANA STATE SENATE

March 15, 1985

The forty-third meeting of the State Administration Committee was called to order by Chairman Jack Haffey in Room 331, Capitol, at 10 a.m. on Friday, March 15, 1985.

ROLL CALL: All the members were present with the exception of Senator Lynch who was excused. Senator Manning and Senator Tveit arrived late.

CONSIDERATION OF HOUSE BILL 550: Representative Jan Brown, House District 46, Helena, is the sponsor of this bill entitled, "AN ACT TO ALLOW STATE EMPLOYEES TO POOL A PORTION OF THEIR COMPENSATED SICK LEAVE IN A FUND AND TO DRAW UPON THE FUND IF ABSENCE DUE TO EXTENSIVE ILLNESS OR AN ACCIDENT EXHAUSTS THEIR SICK LEAVE; CREATING A STATE EMPLOYEE SICK LEAVE ADVISORY COUNCIL; AMENDING SECTION ..., MCA." Representative Brown told the Committee that this bill sets up a sick leave bank, it provides a means that employees may donate some of their excess sick leave, and shows them how to draw from this if their sick leave has been totally used up. This bill would implement the sick leave bank. Representative Brown said there are rules to contribute to the bank and rules to pay back the bank. Representative Brown said she did not feel the bank would be used very much the first year and consequently felt that the fiscal note is high. She felt this sick leave bank would be a great advantage to the state and would make the employees feel a little more confident.

PROPOSERS: Doris Siepert, Department of Labor Coordinating Committee for Women. Ms. Siepert told how she is the sole support of herself and her elderly mother. She told about getting sick and having to pay her own health insurance. Ms. Siepert had disability insurance which helped her with these payments, but because she didn't have a paycheck after being sick for 2 months, they insisted that she pay the premiums on the disability insurance 3 months in advance. Ms. Siepert said that right now with no sick leave fund to borrow against even a simple illness can be a financial disaster as well as a physical and emotional one. I urge you to approve HB 550. (For more of Ms. Siepert's testimony see Exhibit "1" attached hereto and by this reference made a part hereof.)

Phil Sherman, Montana Federation of Teachers, for Mike Dahlem, supports this bill. Mr. Sherman told the Committee that the successful operation of sick leave banks is well established

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in teacher contracts throughout this country. We strongly endorse efforts to make this important, but low-cost, benefit available to state workers. Mr. Dahlem mentioned that there is no question that employees with serious illnesses or injuries often find themselves without sufficient financial resources to care for themselves and their families. Mr. Sherman said that this bank would improve employee morale and productivity. HB 550 provides for the adoption of rules to guarantee the efficient operation of a state sick leave bank. Participation in the bank will be voluntary and the rules will govern how much paid leave can be provided to an individual and how that leave will be repaid to the bank. (For more of Mr. Dahlem's testimony see Exhibit "2" attached hereto and by this reference made a part hereof.)

Tom Schneider, Montana Public Employees Retirement System, supports this bill. He feels the fact that the program will be worked out by the Committee and the Department of Administration so all questions can be answered with employee and state input make this a good bill. Mr. Schneider said there are many places where this would have benefited the employees and they should have been benefited. Mr. Schneider feels that this is a workable plan.

Debbie Liedle, testifying for Linda Sprau, supports this bill. Ms. Sprau said that she was here today in support of HB 550. Ms. Sprau told about having cancer and having to borrow against future leave and how she paid it back. She was working for the federal government at the time. She told about being the sole support for her family and how an illness could be devastating for a family. She urged the Committee's support of this bill.

David Ashley, Department of Administration, supports this bill. Mr. Ashley said that with the rule making authority and 29 member advisory council they can make it work.

Sue Moore, Bureau Chief, Department of Labor and Industry, supports this bill. Ms. Moore told about her administrative assistant who was a prime example of someone who could use this service. She felt this was a cheap way to build morale and it is worthwhile.

OPPONENTS: Sue Romney, Board of Regents, opposes this bill. She told the Committee that the University System opposes House Bill 550 in its present form and thinks it needs more studying. They feel this leaves too many important questions unanswered. Ms. Romney further said presently, only that sick leave which was earned after July 1, 1971 may be converted upon termination to cash at the rate of one-fourth of current salary. HB 550 makes no distinction between sick leave accumulated prior to 1971 and that accumulated after 1971. Many University system employees have a significant amount of sick leave on the books which was earned prior to 1971. Allowing the pooling of pre-1971 sick leave has significant fiscal consequences for the

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the University system and should not be allowed. (For more of Ms. Romney's testimony see Exhibit "4" attached hereto and by this reference made a part hereof.)

COMMITTEE QUESTIONS: Senator Farrell asked Representative Brown what the note at the bottom of the fiscal note meant. Representative Brown said that when you quit working and are paid for your sick leave, it is only reimbursed at 25%, but if you donated that you would get it out at 100% of value. Representative Brown stated that last time when they did the fiscal note, they figured people would donate all their sick leave time and draw it out at 100%, but people are not that unselfish. That will not happen. Senator Harding said that she liked the one alternative listed by Sue Romney of the University system (letting the employer extend credit to the employee needing extending sick leave), and she wanted to know why they shouldn't do it that way. Representative Brown said that it doesn't always work that way. Ms. Romney also suggested that in the University's case maybe it could be done on a university-by-university basis. Representative Brown said that after they have received all the input, it might well be done on a campus-by-campus basis, and that the advisory council could get together and discuss this with them. Senator Harding asked if the counties could do it this way. Senator Haffey asked Mark Cress of the State Personnel Division and he said no they wouldn't be affected, except that they will probably ask for this next session. Senator Manning raised the question about abuses--about people putting in one-half hour in order to join and drawing out much more. Representative Brown said that these banks have a tendency to police themselves. She said if you are donating your time to it, you are not going to sit back and watch someone abuse it. Senator Mohar mentioned that in the Statement of Intent that it was pretty strict with its must pay back sick leave language. He said there would be instances where people could not because of death or further illness pay back this sick leave. Representative Brown said there was no problem with changing the Statement of Intent to read "shall" instead of "must." Senator Mohar asked if just to alleviate concerns, would it be possible to have operating expenses? Representative Brown said that they didn't know what the expenses would be, but that a lot of the time would be donated, and in the beginning the records would be kept by hand because it wouldn't amount to very much. There was more discussion regarding the fiscal note and participation therein. Mark Cress, State Personnel office, said that the fiscal note was merely a guess. He said it would depend on if they were willing to donate their time and how often they meet.

Representative Brown closed by saying that School District #1 has a sick leave bank and there has been minimum cost and it has worked well, and it has not been abused. HOUSE BILL 550 is closed.

EXECUTIVE ACTION ON HOUSE BILL 550: Action will be deferred on this until Monday as the members of the Committee wished to check this further.

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CONSIDERATION OF HOUSE BILL 800: Representative John Harp, House District 7, Flathead, is the sponsor of this bill entitled, "AN ACT TO REQUIRE THAT THE STATE'S ACCOUNTING SYSTEM BE ESTABLISHED AND STATE AGENCY FINANCIAL RECORDS AND REPORTS BE PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; AND AMENDING SECTIONS ..., MCA." Representative Harp said that when his subcommittee met to discuss the various agencies that he had the feeling they were comparing apples with oranges instead of apples with apples, because they all seem to use a different accounting procedure. He said they took a look at this at the request of the House Taxation Committee and decided that there should be a uniform accounting system and expenditure control. They decided that all the agencies' financial records and reports should be done according to Generally Accepted Accounting Principles (GAAP). According to the bill, this will occur by July 30, 1986, which will give the various agencies a year to change over. Representative Harp said that we should be uniform. In this way, when they go to discuss money issues it will all make sense.

PROPOSERS: Jim Gillette, Legislative Auditor's Office, supports this bill. Mr. Gillette said that this gives us a set of rules to measure against. He said it was hard to work with if you do not have a set of rules. Mr. Gillette said if you want to compare with other states, GAAP would allow you to do this because this is the system used by most of them.

Troy McGee, Governor's Office, Budget and Planning, supports this bill. Mr. McGee said that they use GAAP and this will make it uniform, and make the figures comparable.

OPPOSERS: There were no opposers.

COMMITTEE QUESTIONS: There was much discussion about the various systems that the state agencies used and how they would be more effective if they were uniform and all used GAAP. Senator Harding asked if this would affect the counties and cities. Mr. McGee said no this would be for state agencies only. He said that BAR is local government and SBS is state and they are not related.

Representative Harp closed by saying there is no fiscal impact. HOUSE BILL 800 is closed.

EXECUTIVE ACTION ON HOUSE BILL 800: Senator Manning made a motion that HOUSE BILL 800 be concurred in. Question was called, and the Committee voted unanimously that HOUSE BILL 800 BE CONCURRED IN. (Senator Manning will carry this bill.)

EXECUTIVE ACTION ON HOUSE BILL 394: Senator Mohar said that he had been informed that he served on an advisory council and not on a board and he did not want to change the law and set a

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precedent, so he is not going to enter his amendment. He also said that the Arts Board would have to pay this and did not seem to care very much if it was changed, so he wasn't going to enter an amendment for that either. Senator Hirsch asked Valencia Lane if we are approaching equity on these board salaries. Valencia said yes. Senator Hirsch said this bill tries to include everyone. Senator Manning said they had tried to do this with the coal board, but some were overlooked. Senator Manning made a motion that HOUSE BILL 394 be concurred in. Question was called, and the Committee voted unanimously that HOUSE BILL 394 BE CONCURRED IN.

The meeting was adjourned at 11:00 a.m.

  
SENATOR JACK HALLEY CHAIRMAN



DATE March 15, 1985

COMMITTEE ON

State Administration

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Julie Kiegle Paul Updell	State Personnel Div.	HB 550		
Danall H. Zerk	Highways	HB 800		
Joe Romney	Board of Regents	550		X
Steve Mott	Self	550	X	
Tom Schumacher	MPEA	550	X	
David Nelson	MT. Nat. Council	394		
Mark Curren	State Personnel Div	550	X	
Phil Sherman (4 Mike Dahlem)	Mont. Federation of Teachers	550	X	
Dave Ashby	Dept of Admin	550	X	
Greg W. Miller	OBPP	800	X	

(Please leave prepared statement with Secretariat)

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



HOUSE STATE ADMINISTRATION COMMITTEE

TESTIMONY ON HB 550 - DORIS SIEPERT - FEBRUARY 11, 1985

My name is Doris Siepert and I am here representing the Department of Labor and Industry Committee for Women. I work at the local Job Service and I have taken vacation time to be here today to tell you why I support HB 550.

My elderly mother and I are the only family members living in Montana. My mother's health has gotten succeedingly worse for the past four years--she has had two heart attacks, a stroke and a broken arm. There is no one else to care for her except me and I have used most of my sick leave doing so. Last year, my own health finally gave out. I was hospitalized with severe high blood pressure. I was off work for 2 months--1½ months on leave without pay because I had no more sick leave. Since I have no one to depend on, several years ago I took out a disability insurance policy. This disability insurance is expensive, \$34.24 a month, but it provided enough money so that I was able to pay for my health insurance while I was on leave without pay. And of course, since I was on leave without pay the insurance company insisted that I pay for my disability insurance 3 months in advance. I will try to make that a little more clear. As soon as my sick leave was exhausted and I was on leave without pay the state stopped paying for my health insurance. Not only did I have no salary, I then had to pay the \$100 a month state contribution toward my health insurance. Because I had no salary, the disability insurance company demanded that I pay the premiums on my disability insurance 3 months in advance. It felt like catch 22. My expensive disability insurance paid a total of only \$600 for the two months I was sick but fortunately this was enough to pay the \$300 in insurance premiums.

Had I not been able to pay these insurance premiums I would have lost my health insurance just when I needed it most. Not only would I have been left without health insurance while I was sick, after I returned to work I would have had to work a "qualifying year" before I could again be covered for high blood pressure. As it is, my disability insurance does not cover my high blood pressure without a year's wait.

If we had a sick leave fund people like me would be able to borrow against it in time of need. Right now with no sick leave fund to borrow against even a simple illness can be a financial disaster as well as a physical and emotional one. I urge you to approve HB 550.



# MONTANA FEDERATION OF STATE EMPLOYEES

P.O. Box 1246

AFT, AFL-CIO

Helena, Montana 59624

(406) 442-2123

ARTCRAFT, BUTTE



- Exhibit "2"  
HB-550  
3-15-85

MARCH 15, 1985

## TESTIMONY OF MIKE DAHLEM ON BEHALF OF THE MONTANA FEDERATION OF STATE EMPLOYEES, AFT, AFL-CIO IN SUPPORT OF HB 550.

The Montana Federation of State Employees, AFT, AFL-CIO would like to go on record in support of HB 550. The successful operation of sick leave banks is well established in teacher contracts throughout this country. We strongly endorse efforts to make this important, but low-cost, benefit available to state workers.

A sick leave bank would be of benefit both to the employees and to the State of Montana. There is no question that employees with serious illnesses or injuries often find themselves without sufficient financial resources to care for themselves and their families. An extended sick leave program could remedy this situation.

Some employees who are sick come to work anyway knowing that it is the only way they will be paid. A sick leave bank would allow employees who have exhausted their own sick leave to seek appropriate medical care rather than imposing further risk on themselves and their co-workers. The potential savings to the State from reduced payments for employees who might otherwise delay or avoid medical treatment when it is first needed should also be considered. In addition, the psychological value of knowing that your earning power is protected in the event of an extended illness should improve employee morale and productivity.

HB 550 provides for the adoption of rules to guarantee the efficient operation of a state sick leave bank. Participation in the bank will be voluntary and the rules will govern how much paid leave can be provided to an individual and how that leave will be repaid to the bank. We believe that the time is right to adopt this legislation and ask that you give it a "Do Pass" recommendation.

Mike Dahlem  
Mike Dahlem  
Field Representative  
Montana Federation of State Employees  
AFT, AFL-CIO

HOUSE STATE ADMINISTRATION COMMITTEE

TESTIMONY ON HB 550 - LINDA SPRAU - FEBRUARY 11, 1985

My name is Linda Sprau and I work for the Department of Highways. I am here today in support of HB 550. I am a single parent and cannot get disability insurance. My situation is this: Eight years ago, I was working for the federal government when my youngest daughter was born. Shortly after I returned from maternity leave I discovered that I had cancer. Although I had used all my sick leave as maternity leave the government allowed me to borrow against future sick leave. I was fortunate to make a recovery and was able to return to work and I paid back that sick leave.

I am now divorced. Sometimes I get child support and sometimes I don't. As a practical matter, I am the sole support of my two children. We are normally healthy but among us we have enough bouts with the flu or what have you to use most of my sick leave. I worry about what might happen to us if I have an illness of any length at all. I have tried to get disability insurance on two separate occasions but both times the answer has been the same--no, not until ten years have passed since the incident with the cancer. The state has no provision for borrowing against future sick leave. As it stands today, in case of an illness I would have to go on leave without pay--but then how would we eat? how would I pay for the health insurance which I would desperately need?

HB 550 would provide an avenue of help. If the sick leave fund is created, it would be possible for me to draw upon it during a lengthy illness. I would be able to concentrate on getting well rather than on how we were to eat. This bill creates a voluntary fund. Those people who wish to contribute and participate may do so but no one has to join. The bill

would allow us to voluntarily fill a void which otherwise could be filled only if the state were to supply us all with group disability insurance.

I urge you to vote Do Pass on HB 550.



*Sue Romney*

*Exhibit "4"*  
*HB-550*  
*3-15-85*

MONTANA UNIVERSITY SYSTEM  
TESTIMONY IN OPPOSITION TO HB 550

The University System opposes House Bill 550 in its present form and suggests further study of the sick leave pool concept as well as other issues relating to sick leave usage before any significant changes in the statutory sick leave provisions are implemented. More detail on the administration of the sick leave pool is necessary in order to accurately assess the impact of this piece of legislation on agency budgets and agency operations. House Bill 550 leaves too many important questions unanswered. We are concerned that this bill will require the development of a cumbersome system and may not necessarily be the best method of addressing employee needs.

Presently, only that sick leave which was earned after July 1, 1971 may be converted upon termination to cash at the rate of one-fourth of current salary. HB 550 makes no distinction between sick leave accumulated prior to 1971 and that accumulated after 1971. Many University System employees have a significant amount of sick leave on the books which was earned prior to 1971. Allowing the pooling of pre-1971 sick leave has significant fiscal consequences for the University System and should not be allowed.

We urge you to vote against HB 550. Thank you.

*Exhibit "5"*  
*HB-800*  
*3-15-85*

February 7, 1985

Representative John Harp, Chairman  
House Taxation Subcommittee on Revenue Estimates  
State Capitol  
Helena, MT 59620

Listed below are reasons why the Legislative Auditor's Office believes the Legislature should use the audited, unreserved General Fund balance prepared in accordance with generally accepted accounting principles (GAAP) for budget purposes rather than the SBAS fund balance.

1. Since the state of Montana financial statements are audited annually in accordance with GAAP, the fund balances between years will remain consistent and comparable with each other. SBAS fund balances may fluctuate significantly due to accounting errors.
2. In future years, SBAS should be GAAP with the exception of any record keeping errors found after the fact. The Department of Administration's objective is to reduce and eventually eliminate the need to adjust the state's accounting records to comply with GAAP.
3. A significant portion of the difference between the SBAS and GAAP fund balances at June 30, 1984 was for correction of errors. In the future, SBAS should more closely resemble GAAP amounts especially since the Accounting Division is striving to maintain the accounting records in accordance with GAAP.
4. The state of Montana Comprehensive Annual Financial Report (CAFR) contains the audited GAAP fund balance and is distributed to the public and bond houses. If different fund balances are used, it will cause confusion and concern.
5. The audited GAAP fund balance is not as subject to manipulation as the SBAS balance. On SBAS, each agency can control when they receive and record revenues and pay and record expenditures. SBAS fund balance could be artificially controlled by the decisions of agency personnel.

Sincerely,

Robert R. Ringwood  
Legislative Auditor

RRR/jw324k

*Delivered to  
H. Harp 2/11*



# STANDING COMMITTEE REPORT

March 15, 1985

MR. PRESIDENT

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE BILL No. 394

third reading copy ( blue )  
color

(Senator Mohar will carry)

**COMPENSATION FOR PUBLIC EMPLOYEES ON QUASI-JUDICIAL AND EDUCATION  
BOARDS**

Respectfully report as follows: That HOUSE BILL No. 394

BE CONCURRED IN

~~XXXXX~~

~~XXXXXXXXX~~

Chairman.

# STANDING COMMITTEE REPORT

March 13 19 85

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration **HOUSE BILL** No. **800**

**third** reading copy ( **blue** )  
color

(Senator Manning will carry)

**ACCOUNTING AND FINANCE RECORDS TO BE KEPT BY ACCEPTED ACCOUNTING PRINCIPLES**

Respectfully report as follows: That **HOUSE BILL** No. **800**

**BE CONCURRED IN**

~~XXXXXX~~

~~XXXXXXXX~~

Chairman.