

MINUTES OF THE MEETING
49TH LEGISLATURE THIRD SPECIAL SESSION
STATE ADMINISTRATION
MONTANA STATE SENATE

June 20, 1986

The State Administration Committee meeting was called to order on the above date, in Room 331 of the State Capitol Building, at 8:30 a.m. by Chairman Haffey.

ROLL CALL: All members present.

CONSIDERATION OF SB 11: Senator Dave Fuller, Senate District 22, Helena, chief sponsor of the bill told the committee that the basic changes are found in Section 1, dropping the 5 years. Section 1, subsection (a) goes from 60 to 55; (b) from 65 to 60; (c) 30 to 25. Section 2 is the same thing. He said it is not the bill passed out of here in 85. It is a general 5 year drop in service to the state and a window for early retirement which would serve from July 1st, 1986 to December 31, 1986 - a one time shot. Because of that the cost must be born by the employer, as you can't expect future employees to pay for benefits which are being allowed for a short period of time. The cost will be .057% of salary that will have to be kicked in each year based upon the number of people they project will retire and that would be about 2500 people in state and local government. This would cover the full PERS system which is roughly 55% state and 45% local. They are assuming that, in PERS, 20% will choose to take early retirement. That would be about 500 people.

The first cost will be funding so they have delayed the effective funding date until July 1, 1987 because they don't know how many are going to retire. After the window is closed in January, they will be able to see exactly how many people will take advantage of early retirement. In regard to layoffs, assuming that 500 are laid off, the cost to the unemployment insurance fund, also depending upon whether they are high or low paid employees, ranges from 1.3 million to 2.1 million dollars of unemployment costs. That cost is spread out over a long period of time.

Senator Fuller said this bill is a humane way to deal with the critical problem faced by state government in terms of employees. It would be far better for employers to offer the ability to retire early, rather than lay employees off and then assume the costs of unemployment, food stamps, etc.

PROPONENTS: Senator Bob Brown, District 2, said he shared Senator Fuller's feelings for this bill. It is a preferable alternative to a forced reduction in force. He called it a creative solution to a problem and asked the committee to give it serious consideration.

State Administration
June 20, 1986 (8:35 a.m.)
page 2

Thomas Schneider, Executive Director, Montana Public Employees Association, handed the committee Exhibit #1, saying he wanted to make two points clear. First, they aren't talking about the possibility of layoffs, they are talking about layoffs. He referred the committee to the attached sheets, with names blacked out, which are copies of letters notifying people of layoffs within the last 3 months. He said he could show the committee up to 65 layoff notices people within his association received within the last 3 months. Whether they reopen contracts, fund the pay increases, or take wage freezes, there will still be up to 250 to 300 layoffs through whatever comes out of this session, he said.

This bill requires anyone who wants to take advantage of an early retirement the option to get out of the system in the next 6 months. This is done for two reasons. First, we are dealing with a specific resolution and second we are not in a position to put in up front dollars. We need to do something to have these people retire and if we give them the option for the next 25 years, they probably won't do it in 6 months. It allows those with 25 to 30 years service to get out without penalty and those who are age 55 do not have to have 25 years of service to get out. Currently you can retire but you take a 6% reduction per year. This bill removes the penalty reduction for a 6 month period to try to get incentive for these people to retire early.

On July 1st there will be 21 road department employees in Cascade County laid off because of federal funding. Over the last 2 or 3 years Butte/Silver Bow has not only had people retire in lieu of layoff, they have given a two year free medical insurance package to early retirees because they didn't have the right to change the retirement benefits. In Billings, in at least one school district, they have given as much as five years free medical payments to try to give incentive for early retirement, rather than having to lay people off.

He summed up by saying the bill will keep people off unemployment checks, welfare checks, etc. The cost is 57/100's of a cent. The cost to the general fund is \$75,000 and the unemployment costs are \$200 million. The difference in savings are about 3 - 4 million dollars a year.

Jim McGarvey, Montana Federation of Teachers, and Montana Federation of State Employees, introduced Exhibit #2, saying his organizations support this bill.

Phil Cambell, MEA, asked to go on record in support saying he thinks all public employees should have the early retirement benefit of 25 years. Teachers and other employees in

the public retirement system have. He thought it should be on-going but felt this is a good compromise.

OPPONENTS: John Cobb, HD 42, said he has a similar bill in the House which is watered down from Senator Fuller's bill. Someone will have to pay the 7 million dollars over a period of time. If you up front the cost at 1.8 million dollars, someone still has to pay the money. This up front cost gives a one time benefit for one small group of people. There are 450 people who will be able to apply for this with an average salary of \$26,000. If they take the retirement, they will get a payoff of \$9,000 so there is no laying off here, he said. There are no management savings. If you lay someone off, the money is still there and they can hire someone back automatically. There are 143 employees in state government who have 30 years and can retire right now but haven't. Representative Cobb suggested that, when a person retires, the \$26,000 be taken out of salary appropriations so they can't hire someone back for that or a similar position and this money be put in to help fund the system.

Ellen Feaver, Director, Department of Administration, pointed out that the difference between contribution rates in Teachers Retirement and PERS is significant. The total contribution rates for teachers is 14.472% and it is 12.417% for public employees. The Department is not in a position during this session to grant 7.6 or 7 million of additional benefits to public employees. This would be the cost if 500 employees took advantage of this bill. She said there is around a 50-50 split between state and public employees and about 300 would be state employees. She objected to early retirement under the concept of this bill because as people are living longer they are able to work longer. Some of the most productive employees at the state level, are ones with the most experience and are the most knowledgeable. They hold very important jobs, illustrated by their long tenure. If their jobs are vacated, their jobs will be filled. In comparing with the private sector, she said most early retirement in the private sector is due to cut back in work and the demand for jobs. In the state's situation, the work is not diminished. To encourage the most productive workers to leave is counter productive. There will not be a savings under this bill and we will be required to make significant layoffs in state government. The layoffs will most likely occur in July. The window in the bill provides a time period for people to opt for this until December. The Department will have done the laying off by the time people exercise this option. The people who choose to retire early are not the same people who are likely to be laid off and it won't be practical to leave those positions unfilled. If they make layoffs in July, more

State Administration
June 20, 1986 (8:35 a.m.)
page 4

people will retire in December. If 500 people retire, they estimate costs of benefit payoffs in vacation and sick pay to be over 1.3 million dollars. In that case more people will have to be laid off to compensate for these costs.

Gene Huntington, Department of Labor, said he was here at the request of Senator Fuller to supply figures on unemployment benefits. Their numbers show 1.3 and 2.2 million dollars using an assumption of 500 employees being laid off and drawing benefits. The benefits would be paid from these specific funds for state and local government employees. The fund is relatively solid and the benefits would not have a direct effect on state budgets.

COMMITTEE QUESTIONS: Senator Farrell asked Mr. Schneider whether we would be helping ourselves if we have 500 early retirements throughout the state and the system.

Mr. Schneider answered that, for every person we have to lay off, if we have one early retirement or 500, we are helping ourselves. Anyone who leaves with a monthly check is preferable to someone going to the unemployment office.

Senator Haffey asked Mr. Schneider if the 275 - 300 people who would choose to retire would be state employees.

Mr. Schneider said that in his membership, which is about 40% of the employees, none are management or supervisory. He said we are talking about line workers. He estimated between 165 - 175 people of his membership. This was done by survey. He only represents about 40% and felt 300 was a pretty accurate figure for the number who would take advantage of it.

Ellen Feaver said they would agree on these numbers.

Senator Haffey asked Ellen Feaver, in terms of filling vacant positions due to early retirement, would that be done by promoting from within.

Ellen answered that in some situations they are but others can't be as they are technical jobs. If they lost these employees, they would have to go to outside recruitment.

Mr. Schneider said that 1800 of the people covered under this bill are probably working females who have come back to the work force late in life and have 7 to 10 years of service. Their spouses are retiring and they would like to retire but they cannot get a full benefit until they are age 60, so we are not talking totally about these real technical people or the people who have 25 years and we will not have to pay all this sick leave. The largest number of people are very short term people with the State of Montana but are in the age bracket and they are not going into second employment, they

State Administration
June 20, 1986 (8:35 a.m.)
page 5

just simply have to wait until they are age 60 because they cannot afford the reduction.

Senator Fuller, in closing, said Representative Cobb is trying to pinpoint a way to lock in the salary savings. He didn't think it could be done the way John had suggested because they don't know where the people are going to come from. He said they may be able to attach something in HB 30 to lock it in to get the vacancy savings. There are implied vacancy savings in SB 11. Administrators and agencies that can get somebody to retire are going to figure out a way to save that money.

He told the committee not to be confused regarding the payouts. Payouts are a liability we have right now. People are going to leave sometime and we are going to have to pay either now or later. He said this bill is a vehicle and a tool to deal with the "crunch" and a statement to state employees from the legislature to boost morale.

Hearing closed on SB 11.

CONSIDERATION OF SB 18: Senator Paul Boylan, SD 39, chief sponsor, said this bill abolishes the Commissioner of Political Practices Office and transfers the duties to Legislative Council. He gave the committee Exhibit #3, the analyst's budget, showing funding for this office. He said the office is a luxury and not a necessity. He suggested raising fees for legislators and lobbyists, etc., so this is not funded out of general fund money, and thought this a start to save some general fund money for things like education.

PROPOSERS: None.

OPPOSERS: Peg Krivec, Commissioner of Political Practices, said the actual budget is \$132,000. Her office has taken a 2% and 5% cut and is still doing much more work than when she took over the office. They have 4 employees. She could see no way to enforce the law with any less than that. She thought it might be done if they didn't have the rent. They bring in some of their own money, over seven to eight thousand dollars, which goes into the general fund. She said they are doing a good job.

Blake Running, Administrative Officer for the Office of Political Practices, said that, according to this bill, the campaign and lobbyist laws will still be in effect and would have to be enforced. With the funding cuts, moving their 10,400 man hours to another office isn't logical as another office would be just as short of help as his office and they will have to pay overtime or hire another full time employee.

State Administration
June 20, 1986 (8:35 a.m.)
page 6

His office is not a revenue producing office, it is a governing office which helps the electoral system function. He said every state in the union has an office, independently run, to monitor expenditures for political candidates and he felt his office should not be abolished.

Jonathan Motl, Common Cause, opposed the bill. He didn't think there would be a cost savings. He said the reason was because there are certain functions carried out by a small staff and, if transferred to another office, these functions will still have to be carried out by another small staff. These functions are checks and balances, independent analysis, it treats the public fairly, is not a legitimate cost savings and he said the bill belongs in the 1987 session, not here.

COMMITTEE QUESTIONS: Senator Harding asked whether there would be a savings if the mechanism was put into another office.

Senator Boylan answered that this is pretty much a repealer of the Campaign Practices Act. There are some functions, but they are minimal. Candidates will report expenditures, contributions, and will be certified by their treasurer. There will still be a lobbyist list.

Senator Manning felt that this bill does away with the public knowing what is going on.

Senator Boylan answered that you will still file your report and it will be on record.

Senator Manning said the bill had no police action and referred to the bottom of page 15 where the civil penalty provisions were taken out.

Senator Haffey said the committee could look at that.

In closing, Senator Boylan said one person, part time, could do the function in the Legislative Council. An increase of fees for candidates and lobbyists would make it function and the bill would save about 1/4 million dollars in the biennium.

Hearing closed on SB 18.

Senator Haffey informed the committee they would meet during recess at 2:00 p.m. today to take executive action on these two bills.

There being no further business, the meeting adjourned.


SENATOR JACK HAFFEY, Chairman

ROLL CALL

STATE ADMINISTRATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1986
THIRD SPECIAL SESSION

8:35 a.m. Date June 20, 1986

NAME	PRESENT	ABSENT	EXCUSED
SENATOR ANDERSON	✓		
SENATOR CONOVER	✓		
SENATOR FARRELL	✓		
SENATOR HARDING	✓		
SENATOR LYNCH	✓		
SENATOR MANNING	✓		
SENATOR MOHAR	✓		
SENATOR TVEIT	✓		
SENATOR HIRSCH, Vice Chairman	✓		
SENATOR HAFHEY, Chairman	✓		

Each day attach to minutes.

SENATE STATE ADMINISTRATION COMMITTEE

BILL SB 11 + SB 18

VISITORS' REGISTER

DATE 6-20-86

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
Alb. Leane	Dept of Adm	SB 11		✓
Tom Schneider	MPEA	SB 11	✓	
Jim McLean	MFT	SB 11	✓	
Mike Dahler	MFT	SB 11	✓	
Dennis Suebold	Brem Chronicle			
Sue C. Connell	GE Tribune			
Reg Krivce	COMMISS Pol. Pract	SB 18		
Gene Huntington	Labor & Industry			
John Webb Hous 42				✓
Franklin	Self	SB 11	✓	
Harry Minor	MFT	SB 11	✓	
Phil Campbell	MEA	SB 11	✓	
Bob Kunning	Optical Practices	SB 18		X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

Exhibit #1



THOMAS E. SCHNEIDER — EXECUTIVE DIRECTOR

PHONE (406) 442-4600

P. O. BOX 5600 1426 CEDAR

HELENA, MONTANA 59601

June 20, 1986

TO: Senate State Administration Committee

FROM: Thomas E. Schneider, Executive Director

SUBJECT: SB 11 (A bill to remove the penalty for early retirement)

Mr. Chairman and members of the Senate State Administration Committee, I want to begin by pointing out that SB 11 is not the same bill as SB 195 which was heard and passed by this Committee last session.

SB 195 was an ongoing early retirement bill who's objective was to save money for the state by allowing higher paid employees to retire and replacing them with lower paid new hires.

SB 11, on the other hand, is a bill to allow employees to leave with a retirement check in hand rather than having employees layed off and sending them to the unemployment line and the welfare office. The numbers covered by the bill are approximately 2500 because this bill also allows employees who do not have the required 25 years of service, but are age 55 to also retire without penalty.

SB 11 does the following:

- * Allow PERD members to retire after 25 years of service with unreduced benefits.
- * Allow PERD members to retire at age 55 with 5 years of service unreduced.
- * Allow PERD members with 20 years of service or those age 50 with 5 years of service to retire with actuarially reduced benefits.

REMEMBER, this bill does not provide an incentive to retire, but just removes the current penalty for early retirement. The right to do this is only granted for a six month period--July 1, 1986 through December 31, 1986. Because the benefit is limited to those who qualify during that period of time, it has to be paid for by the employer. The cost, however, is minimal. As calculated by the PERD Actuary, the cost will be an increase of .057%. That increase will be deferred until July 1, 1987. The increase makes the bill actuarially sound and also allows the Actuary the time to calculate the actual cost based on the number who choose to retire and if that figure was different than the one in SB 11 we would amend the cost factor before it went into effect by submitting an amendment during the regular session which begins in January.

SB 11 is a sensible approach to resolving the crisis of layoffs in the State of Montana. You keep hearing that we will have layoffs if we do not accept a salary freeze. What no one is telling you is that we currently have layoffs and will continue to have layoffs even if there is a wage freeze. I have attached copies of a couple of notices our employees have received already, for your information.

What are the savings? If you forget the question of how many who retire will be replaced and simply center in on the fact that under any circumstances there will be layoffs and whether it makes sense to reduce the work force by early retirement or laying off we can get a pretty good idea of the savings. For example, using the figures from the last PERD valuation, we find:

If we layed off 250 employees, the average salary would be approximately \$13,014, not counting benefits--the salary savings would be about \$3,253,500 plus benefits.

EXHIBIT NO. 1

DATE

6/20/86

If 250 employees took early retirement instead, the average salary would be approximately \$16,858 with the resulting savings of \$4,214,000. If the number was increased to 600, as we keep hearing, the savings from early retirement versus layoffs would be \$2.5 million dollars, and that doesn't include the between \$1 & \$2 million you will pay out in unemployment benefits.

To show you how minimal the increases to the employer are, we are listing the following as examples:

Annual Increases (Based on 1984 Salary Figures)

State of Montana	\$75,000	General Fund	University System	\$1,668
Cascade County	4,195		Great Falls	2,553
Yellowstone County	3,414		Billings	4,152
Missoula County	3,295		Missoula	2,326
Hill County	740		Havre	475
Dawson County	525		Glendive	265
Valley County	608		Glasgow	190
Flathead County	2,926		Kalispell	723
Ravalli County	885		Hamilton	218
Gallatin County	1,553		Bozeman	1,088
Musselshell County	285		Roundup	99

These would be the approximate costs of fully funding this early retirement option over the nationally accepted 40 year funding period.

We are respectfully asking that you give this option your very serious consideration. It is becoming apparent that the number of state employees will have to be reduced but through this legislation that reduction will be by retirement rather than layoff. We know it works because other states and private industry have utilized it very effectively. It makes sense to us for employees to leave with a monthly check rather than a trip to the unemployment and welfare offices.

The ironic part of this situation is that if you are a teacher with 25 years of service and someone must be layed off you can retire without penalty. The same is true if you are a Game Warden, Highway Patrolman, Policeman or Fireman only in these cases you will also receive a higher benefit. Why shouldn't we do the same thing for members of PERD?

If you have any questions, please contact me. Thank you.

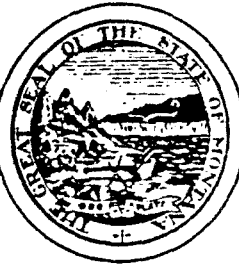
SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 6/20/82

FILE NO. SB 11

MONTANA VETERANS' HOME



TED SCHWINDEN, GOVERNOR

P.O. BOX 250

STATE OF MONTANA

(406) 892-3256

COLUMBIA FALLS, MONTANA 59912-0250

TO: [REDACTED]
FROM: [REDACTED]
DATE: May 7, 1986
SUBJECT: CHANGES FOR MARCH AND APRIL, 1986

No new Hires

TERMINATIONS:

[REDACTED] 4/25/86 070

LAYOFFS:

The following people were laid off on April 29, 1986:

[REDACTED] 070
[REDACTED] 070
[REDACTED] 070
[REDACTED] 070
[REDACTED] 070

The following aggregates will be getting minimal time if any while the layoff is in effect:

[REDACTED] 070
[REDACTED] 070
[REDACTED] 070

3g

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 6-20-86

BILL NO. SB11



MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
BUTTE, MONTANA 59701
406/496-4101

PERSONNEL DEPARTMENT

May 20, 1986

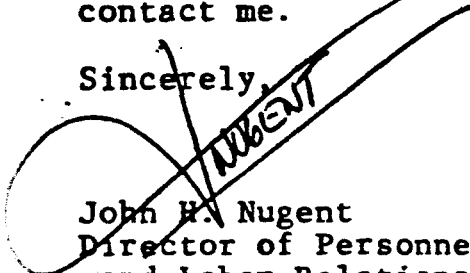
[REDACTED]
[REDACTED]
Montana College of Min.
Sci. and Technology
Butte, Montana

Dear [REDACTED]:

This letter is to inform you that, due to required budget cuts at Montana Tech. and particularly in your department, your position will be terminated as of June 30, 1986.

If you have any questions regarding this action, please contact me.

Sincerely,


John H. Nugent
Director of Personnel
and Labor Relations

jhn/pc
xc: MPEA

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 6-20-86

BILL NO. SB 11



Montana State University
Bozeman, Montana 59717-0001

Department of Biology
College of Letters and Science

Telephone (406) 994-4548

May 27, 1986

To: [REDACTED]

Fr: [REDACTED]

I regret to inform you that your position will be eliminated effective at the end of your workday on June 30, 1986. This notice of layoff is issued in accordance with Article XI of the current MUS/MPEA collective bargaining agreement.

This layoff is necessitated by budgetary reductions and is in no way a reflection on your performance.

If I can be of any assistance to you in seeking other employment or providing references, please let me know. You may also contact the Employee Relations Office regarding the MPEA layoff pool.

PFB:ddg

I have read and received a copy of this letter.

Date

CC: Employee Relations [REDACTED]

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 6-20-86

BILL NO. SB 11

TABLE 2
AVERAGE SALARIES 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	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

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 6-20-86

BILL NO. SB-11



MONTANA FEDERATION OF TEACHERS

AMERICAN FEDERATION OF TEACHERS, AFL-CIO



Box 1246

Helena, Montana 59624

(406) 442-2123

Jim McGarvey
Executive Director

TESTIMONY OF JIM MCGARVEY, EXECUTIVE DIRECTOR, MONTANA
FEDERATION OF TEACHERS/MONTANA FEDERATION OF STATE EMPLOYEES,
AFT, AFL-CIO ON SENATE BILL 11, PRESENTED BEFORE THE SENATE STATE
ADMINISTRATION COMMITTEE ON JUNE 20, 1986

My name is Jim McGarvey and I am the Executive Director of the Montana Federation of Teachers/Montana Federation of State Employees, AFT, AFL-CIO. I appear before you today to urge passage of Senate Bill 11, which would remove the penalties for early retirement.

There has been much discussion about the need to reduce the size of state government during the current fiscal crunch. S.B. 11 provides a much more reasonable alternative to reducing the size of the state government workforce than laying off younger workers.

From a strictly economic point of view, early retirement without penalty would actually generate approximately two and one-half million dollars more in short-term savings than would the laying off of younger workers, many of whom have young families to support. It is estimated that laying off 500 employees would save 7.97 million dollars. If, on the other hand, 500 employees (most of whom are at the top end of the pay matrix in their classification series) chose early retirement, the salary savings would be approximately 10.4 million dollars.

As many of you are aware, the Teachers Retirement System now allows for 25 year retirement without penalty, and remains in a sound fiscal condition. Early retirement has also been utilized in private industry to allow for restructuring of the workforce. It has been proven to be a humane and fiscally sound method of easing the pain associated with site consolidations and technological innovations.

S.B. 11 would provide a window of opportunity for six months, during which time eligible employees could choose early retirement without penalty. The associated costs would be minimal, requiring only a .057% increase in the employer contribution if 500 eligible employees exercised this option. S.B. 11 would delay the increase until July 1, 1987 so that the costs would be deferred until FY 88. Although I have enumerated the economic advantages to the state of allowing early retirement without penalty, there is a more important consideration, that each of you must weigh.

As I mentioned at the beginning of my testimony, the estimated salary savings of laying off 500 employees would be 7.97 million dollars. But this is a distortion of the reality of this massive layoff because it does not include the social and human costs.

SENATE STATE ADMIN.

EXHIBIT NO. 2

DATE 6-20-86

BILL NO. SB 11

- 1 -

Democracy in Education — Education for Democracy

Assuming the layoff decision is made, then most of these 500 younger workers will immediately apply for unemployment insurance. Young families may also be eligible for food stamps and other supportive services, thereby increasing the demand and cost to state government. These laid off workers will no longer pay taxes, and many will withdraw their contribution to P.E.R.S. They will also be eligible for cash compensation for unused sick, annual, and holiday leave as provided by law. These layoffs will ripple through the local economies in the form of reduced expenditures for all but the basic necessities of life. And many of the best and most talented will leave Montana in search of the opportunity they deserve.

On the other hand, there are an estimated 2,500 state employees who could qualify for this option. Many would undoubtedly choose to remain employed in state government, but even if approximately one-fifth chose this option, the savings would eliminate the need to layoff 500 younger workers. They could freely choose to leave state government on a pension which would guarantee a decent level of income after a lifetime of service, and younger employees would remain as a productive, tax-paying citizens.

S.B. 11 makes a lot of sense for a lot of reasons. It is an opportunity to deal with the present fiscal shortfall in a manner which is both equitable as well as fiscally sound.

I urge you to vote in favor of early retirement without penalty.

Thank you.

SENATE STATE ADMIN.

EXHIBIT NO. 2

DATE 6-20-86

BILL NO. SB 11



STATE OF MONTANA
Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

June 19, 1986

Senator Paul Boylan
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Boylan:

The budget information you requested on the Commissioner of Political Practices is shown in Table 1.

Table 1
Commissioner of Political Practices
Budget for Fiscal 1987

FTE	4.75
Personal Services	\$117,148
Operating Expenses	
Contract Services	339
Supplies and Materials	3,095
Communication	5,684
Travel	819
Rent	5,349
Repair and Maintenance	1,297
Total Operating Expenses	\$ 16,583
Total Budget ¹	<u>\$133,731</u>
<u>Funding</u>	
General Fund	\$132,781
State Special	950
Total Funding	<u>\$133,731</u>

¹House Bill 500 less 5 percent reduction.

SEN. TO STATE ADMIN.

EXHIBIT NO. 3

DATE 6-20-86

BILL NO SB 18

The 4.75 FTE are as follows:

<u>Title</u>	<u>FTE</u>	<u>Grade/Step</u>	<u>Salary</u>
Commissioner of Political Practices	1.00	Exempt	\$ 27,655
Lawyer III	1.00	15/10	27,749
Administrative Associate	1.00	11/10	19,324
Administrative Aid	1.00	7/02	16,978
Administrative Officer	.75	14/06	5,174
Subtotal	4.75		\$ 96,880
Benefits			20,268
Total Salary			<u>\$117,148</u>

The operating expenses are as follows:

1. Contract services
 - a. \$108 - insurance paid by the Department of Administration
 - b. \$231 - education and training
2. Supplies and materials
 - a. \$1990 - printing calendars, lobbyist manuals, name cards, and election summaries
 - b. \$1,105 - office supplies
3. Communication
 - a. \$1,316 - telephone equipment
 - b. \$1,596 - postage
 - c. \$2,772 - long distance telephone calls
4. Travel
 - a. \$819 - three trips around the state to explain election laws
5. Rent
 - a. \$2,100 - copy machine
 - b. \$3,249 - rent paid to Department of Administration
6. Repair and Maintenance
 - a. \$1,297 - maintenance contracts on office typewriters.

If I can be of further assistance, please let me know.

Sincerely,

Cliff Roessner

Cliff Roessner

Senior Fiscal Analyst SENATE STATE ADMIN.

EXHIBIT NO. 3
DATE 6-20-86
BILL NO. SB 18

MINUTES OF THE MEETING
49TH LEGISLATURE THIRD SPECIAL SESSION
STATE ADMINISTRATION
MONTANA STATE SENATE

June 20, 1986

The State Administration Committee meeting was called to order on the above date, in Room 331 of the State Capitol Building, at 2:05 p.m. by Chairman Haffey.

ROLL CALL: All members present.

RECONSIDERATION OF SB 18: Senator Lynch said the bill has merit but didn't think it should be considered at this time. It would take 1/2 FTE to handle the paper work but the Legislative Council has had 2% cuts. He didn't know if 1/2 FTE could handle this. He did agree that there was merit in increasing fees for lobbyists and filing fees.

Senator Haffey said Senator Boylan is saying the cost savings would be about \$130,000 a year and that is consistent with what the legislature is here for in this session. He said it is pretty clear that cost savings wouldn't occur. It was mentioned this morning by two opponents, if this goes to Legislative Council, it would place an extra burden on the Council. He said it should not be in the legislative branch of government. If the savings are not there, he would be nervous about bringing it in.

DISPOSITION OF SB 18: Senator Lynch moved SB 18 DO NOT PASS. Senator Mohar seconded.

A roll call vote was called for. There were 5 ayes and 5 nays.

Because of a tied vote, the motion failed.

Senator Mohar made a motion to TABLE SB 18. There were 6 ayes and 4 nays.

The bill was tabled.

RECONSIDERATION OF SB 11: Senator Lynch moved SB 11 DO PASS. He said if all transpires during this session and state employees are going to be forced into layoffs and wage freezes, it would be a good morale booster. He said it has worked well in the public sector and school districts and this bill would reduce the penalty if someone wanted out. The ones who want to stay will stay and the ones who are burned out will go.

Senator Tveit felt the bill went beyond what we are giving them and asked Ellen Feaver to comment.

Ellen Feaver said public employees have not shown a willingness to renegotiate and very few have talked to them about

State Administration
June 20, 1986 (2:05 p.m.)
page 2

options. She felt that we are going to spend more money for employees on top of wages with this bill.

Senator Harding was in favor of a similar bill in the 85 session and said this bill is only a window. She thought it a good opportunity for both employees and the State.

Senator Lynch said the window gives six months to hopefully eliminate some layoffs.

Senator Mohar opposed the bill saying it will not stop layoffs. They start July 1st. The greatest number of the people who take advantage of this will wait until the last minute. The others have already been laid off.

Senator Haffey commented that he didn't think it was a smoke screen from the Department of Administration, and he didn't buy the message to Senator Mohar's extent. There are a number of positions held vacant right now. He said it is an opportunity and will happen at the same time the need exists. He did not think they will have to fill all these positions.

Senator Farrell asked Tom Schneider why the six month period if this is aimed at people being laid off. Mr. Schneider answered that they had discussed periods from 1 to 12 months. It was thought they would give management the better part of the deal by going to 6 months. The time period was based on the legislature's coming back into session on January 1st. They chose what they thought would allow management the most flexibility so the legislature could extend it when they came back in January. He said these people aren't going to wait until December, they are waiting to walk out the 1st of July and he will guarantee there will be layoffs the 1st of July.

DISPOSITION OF SB 11: Senator Lynch remade his motion that SB 11 DO PASS. Senator Harding seconded it.

Vote was called for and the motion passed. Senators Tveit, Mohar and Hirsch asked to be recorded as voting No.

There being no further business, the meeting was adjourned at 2:32 p.m.



SENATOR JACK HAFFEY, Chairman

ROLL CALL

STATE ADMINISTRATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1986
THIRD SPECIAL SESSION

2:05 p.m. Date 6/20/86

SENATE
SEAT

NAME	PRESENT	ABSENT	EXCUSED
22 SENATOR ANDERSON	✓		
2 SENATOR CONOVER	✓		
3 SENATOR FARRELL	✓		
11 SENATOR HARDING	✓		
5 SENATOR LYNCH	✓		
25 SENATOR MANNING	✓		
28 SENATOR MOHAR	✓		
3 SENATOR TVEIT	✓		
47 SENATOR HIRSCH, Vice Chairman	✓		
9 SENATOR HAFHEY, Chairman	✓		

Each day attach to minutes.

ROLL CALL VOTE

SENATE COMMITTEE STATE ADMINISTRATION

THIRD SPECIAL SESSION

Date June 20, 1986 SENATE Bill No. 18 Time 2:12pm

NAME	YES	NO
SENATOR ANDERSON		✓
SENATOR CONOVER	✓	
SENATOR FARRELL		✓
SENATOR HARDING		✓
SENATOR LYNCH	✓	
SENATOR MANNING	✓	
SENATOR MOHAR	✓	
SENATOR TVEIT		✓
SENATOR HIRSCH, Vice Chairman		✓
SENATOR HAFHEY, Chairman	✓	
	5	5

Rita Tenneson
Secretary

SENATOR JACK HAFHEY,
Chairman

Motion: by Senator Lynch that Senate Bill 18 DO NOT PASS.

STANDING COMMITTEE REPORT

June 20

1986

MR. PRESIDENT

STATE ADMINISTRATION

We, your committee on

SENATE BILL

No. 11

having had under consideration

first

reading copy (white)
color

REDUCING AGE & SERVICE ELIGIBILITY REQUIREMENTS FOR
RETIREMENT UNDER PERS

Respectfully report as follows: That

SENATE BILL

No. 11

DO PASS

DO NOT PASS

SENATOR JACK HAFNEY,

Chairman.

208 6-20-86
2:36 PM