

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

June 26, 1986

The seventh meeting of the Finance and Claims Committee was called to order at 8:02 a.m. in room 108 of the State Capitol. Senator Regan, Chairman, said it had been too late the night before, and announced they would meet at 8 today.

ROLL CALL: All members present except Senator Smith who was excused.

Senator Regan said she would call the meeting to order and said while the most important thing we would be doing this morning would be addressing House Bill 31, we'll wait for the rest of the members to come and in the meantime hear a bill that is rather non-controversial. House Bill 37.

CONSIDERATION OF HOUSE BILL 37: Representative John Cobb, House District 42. This is not a big bill but it might have large implications for the state. This bill provides temporary increase in monetary incentive awards for state employees as to suggestions or inventions resulting in monetary savings for the state. Currently there is a state program that has been in existence for 4 years that awards these monetary awards. It has been in operation since 1982, there have been 41 employees that have won awards, and they've saved us \$464,000. There has been over 328 suggestions for savings that have actually been sent in as recommendations. Currently the award is they can receive up to 10% of the actual first year savings to a maximum of \$1500. What I'm doing, is having a temporary increase to the actual 10% up to \$10,000. For example, if we had to pay out awards of up to \$200,000 that meant the actual savings would be \$2 million, in actual savings for the first year. These awards are quite hard to get. Only about 1 out of 10 suggestions actually makes it to awards. What this does, it increases--the employees have until November 1, 1986 to get these suggestions in to apply to this temporary increase--after that it goes back down. Because the awards are a lot larger, usually the Departments have to come up with the money for the awards and that is how come the awards have been quite small in most cases. The largest savings done in this state was \$175,000 and she received \$500 for doing that. What I am doing, since the awards may be larger, for example, someone saves \$50,000 of actual savings they could receive \$5,000. What will happen is the Department of Administration will come back in the next session and ask for an appropriation, but if they ask for an appropriation for \$100,000 that means there are actually \$1 million in savings they have saved for the state for that first year. The reason I am doing this is even though the program is working, I think because of the budget crisis we're in, I am asking the employees to try to help us save this, and this might save us some money--this might be a way of doing it. For example, in North Carolina they didn't

have an incentive program but they asked the employees in just one department where there were 200 employees--where can you save us money and not cut services, and they saved \$2 million in one year. It was a \$20 million budget they had. So, when you ask the employees, they know where there are savings out there--go ask them. Also, I asked some of the winners--I have a list there of some of the winners. I called some of the people who have received some of the awards they said most of them would have put the suggestions in anyway, you have to have a really good presentation to do so, and they said some of these larger amounts that you would be going after--\$50 or \$60,000 are very hard to do to present, and you really have to have a good case. They said you might have to put more money in to doing that, and that might be an incentive to do so. The other problem some of the people said, was a lot of times you send the suggestions in and they go back to your Department heads and the Departments don't want to change policy, and it still might be a lousy idea too, but they just don't want to change policy, so if you kill this bill, or if you pass this bill you might want to have an amendment that you might want to receive a copy of those suggestions over there from now on--see what kind of savings are over there 'cause there are a lot of good ideas over there but sometimes they just don't want to change. That's pretty much the bill, it just temporarily increases the incentive until November 1 to try to bring in some ideas, there might be some savings there to help the Legislature to look at those ideas and see if there's any good ideas, because these employees out there--I think they know better than we do where all those little savings are. That's my report. Thank you.

EXHIBITS 1, 2 and 3 are enclosed with the minutes as attachments on this bill.

There were no further proponents, no opponents, and Senator Regan asked if there were any questions from the committee.

Senator Story: I am having an amendment prepared to give copies to you, and the purpose of my amendment is to add to amend section 218-1103 which is Powers and Duties of the Department so that they will send copies of all suggestions whether approved or disapproved to the LFA. It occurs to me that some employees might suggest things that the Department shouldn't even be doing and they would like to keep doing, so they will turn them down, etc. It may help us to figure out how to operate under the crunch we are in.

Senator Regan: Did I understand you to say the language is being prepared, Senator Story?

Senator Story: Yes, it is.

Representative Cobb in closing said, I'll close and good luck.

Senator Regan said they would hold the bill for the amendment. She asked where some of the missing members were, and said we really want to take action on 31, there are some amendments that are being offered, perhaps we can try the administration amendment anyhow--I think that's one that has to go on, so let's take up House bill 31, the pay plan.

CONSIDERATION OF HOUSE BILL 31: Senator Regan said the amendment desired by the Department of Administration was in front of them, and if they would all look at this amendment, it is a 2 page amendment that has the pay matrix on it.

DISPOSITION OF HOUSE BILL 31: MOTION by Senator Christiaens that H. B. 31 be amended with this language, and I would suggest everyone pull the 2 pages so we can go through it. What it does is strike the immediate effective date and change it to a contingent termination date and a contingent retroactive date. That's in the title on page 9, and then on page 14 toward the last part of your bill, it covers after the section everything on lines 18 through 21 are struck and in place is inserted this language: "Statewide pay schedule for fiscal year 1987. The statewide classification pay schedule for fiscal year 1987 is as follows," and then it shows the new matrix--I think I am going to ask someone to go through this.

John MacMaster: Valencia Lane is working on some amendments for Senator Story and asked if I would come down.

Senator Regan: Would you care to come over here please, and run through these amendments for the committee.

Senator Christiaens: I didn't realize Valencia had gone through this yesterday, perhaps then the committee would then just have questions.

John MacMaster: It may be a good idea to wait for Valencia. She and Greg Petesch worked this out, and I'm not all that familiar with it, however basically what it is doing is--if you look at Section 11 of the blue bill, that section was put in by the House, and what these amendments are doing is making section 11 work. Without them Section 11 isn't going to work.

Senator Regan asked if there were any questions about this amendment. She then asked if there was any discussion.

Senator Stimatz had just come in and asked where we were, and Senator Regan said we are looking at the amendments, Senator. These amendments that were prepared by the Department to clean up the problems created by the House amendment. In essence they do the same thing but they put the matrix in which apparently had been destroyed by the amendment. They put the matrix in and then the proper language.

MOTION by Senator Christians to accept the amendment was seconded, voted, passed.

Senator Regan: We'll set this bill aside, still waiting for Senator Smith and Stimatz to arrive. (Senator Stimatz had stepped out of the room)

DISPOSITION OF HOUSE BILL 37: Senator Regan: You have before you Senator Story's amendment.

Senator Story: It occurs to me that maybe the weakness of this whole program is if the employee came up with a suggestion that, you know--maybe half of what they are doing in the Department doesn't need to be done, the Department might be reluctant to--might just sort of shelve the idea, or they might say, this is not workable--and it may not be workable the way the employee suggested it, but if the LFA had a copy of that suggestion, they might be able to figure out how to make it workable. At the same time if the Department was awarding favorites--I doubt if this would happen--but, say there is a Department that wanted to give one of their employees a treat, and it was something they were going to do anyway, but they might have the employee put it in the form of a suggestion and reward them when it was something they should have been doing anyway. Anyway, this gives a little unbiased, nondepartmental review to the process by having all of these come to the LFA's office. I understand from the sponsor, Cobb, that there are hundreds of suggestions over there that were not given approval and will never see the light of day, and maybe they shouldn't have been, but maybe out of those hundreds there were 2 or 3 ideas that would have helped and will put us on track to get the job we need done, done next year and still save the state some money. Because we're going to have a hard time coming for, so this might be a step up in the thing and I move the amendment.

Senator Jacobson: I am going to play the devil's advocate here for a little bit, but I think what you've done is take a very positive bill where we're coming in and rewarding employees in departments for becoming efficient, and have tucked in the language that says "but we're going to be watching over your shoulder" and I guess I'd rather leave the bill in a more positive form and allow the department the possibility of weeding things without the concern that we're going to look at somebody's bad suggestion and implement it. It just bothers me a little bit that maybe we're going just a little bit too far and turning something positive into something sort of negative.

Senator Keating: I have a question. Without the amendment, is it the Department of Administration that determines whether the award will be granted or not?

Ellen Feaver, Director, Department of Administration: Rod Sundsted is in charge of that program, and I would like to have

him comment, if I may.

Rod Sundsted: The Department of Administration has Incentive Awards Advisory Council that reviews all the awards, and in many cases if they feel the Department didn't adequately evaluate an award they will send it back for reevaluation, but the Council does make the final recommendation representative of the board.

Senator Keating: What is the make-up of the Council? Who makes up the council?

Rod Sundsted: The Council is made up of state employees and one representative from labor organization. The members right now are Mike Abley, Court Administrator for the Supreme Court, Jim Adams, Montana Public Employees Association, Janet Mehrens Administrative Assistant to SRS, Les McDonald, Personell Division, Highways; Lois Menzies, Legislative Council; Jack Noble, representing the University System, Bill Palmer, Workmans' Compensation and Laurie Ekanger, Administrator, State Personnel Division, Department of Administration.

Senator Keating: How is it determined that this is an idea, that this isn't something that was suggested some other time, for instance we have numerous suggestions in the LFA book as to ways to cut and save money, etc. How is it determined that this is a new idea and that it is a savings.

Rod Sundsted: Okay, each agency also has a group that evaluates the ideas. We receive them from the personnel Division and send them to the appropriate agency where we think the savings would normally be. They evaluate it and they evaluate whether it is a new idea and what the cost savings they believe might result from the idea. It's then sent back to the state Personnel Division and then the awards council reviews it to see if they agree with the council in the agency.

Senator Keating: There doesn't appear to be a cap on the amount to be appropriated.

Senator Regan: We are discussing the amendment, Senator Keating, and I think we should address first Senator Story's amendment to House Bill 37 and then we can discuss the bill.

Senator Himsl: I have a reservation about this. It seems to me that we're pretty heavy with advisory council here and we ought to have some confidence in them. I really never have been very enthusiastic about the whole program, it seems to me that if anybody has any cost saving suggestions ought to do that without being rewarded other than their compensation in the beginning. Back to this specific amendment, what we're

doing is laying another job on the Fiscal Analyst, another function that they would probably have to put another FTE on there to review this, and I think there is sufficient review in this thing already.

Senator Story: I am not asking them to review it. I am asking that they receive a copy. The Fiscal Analyst's office is always looking for ways to get something done and so are we, and it is going to be much more imperative in the coming year. We're going to be cutting into flesh. We've got the fat out of the budget. We're going to be cutting into programs that we'd rather not cut into, and if there's any ideas how to do this without hurting programs without doing anything, we need them. The Fiscal Analyst's office -- all she needs to do is store this. If she wants to read this and say, gee--it can't be done this way, but this gives me an idea--we could do such and such. If she doesn't want to do a thing with it, all she has to do is store it and those of us who are interested can go through it and say--what are these ideas. I suppose we can go over there anyway if we want to take the time, and maybe I will. You do have the suggestions that were turned down, too, don't you? So we can trot over and get them and maybe that will give us ideas for cutting things, but this gives us an extra chance as these ideas are coming in throughout the year for somebody to take a look and say--well this is how we can make this workable, or --here's a job that maybe the state doesn't need to be doing that will free up money so that we don't have to cut so deep into programs that do need doing. I think we need this extra thing. When we're looking at what this state will be facing next time--our economy is not improving, our tax base is shrinking--I think we need every handle we can possibly get on how to perform necessary state functions on fewer bucks. I think this is a possibility, I think we ought to try it.

Senator Regan asked if the Department would like to make any comment about this.

Rod Sundsted: I guess my only comment is we'd be more than happy to furnish a copy to the LFA, either way--with or without the change in the law if that's what you want to do.

QUESTION was called on Senator Story's amendment. Voted, passed, unanimous.

Senator Regan: Back to the original bill then, Senator Keating did you have some questions on the bill you wanted to address?

Senator Keating: It doesn't appear that there is a cap on the total amount of appropriation and that the increased amount is now \$10,000 for the larger award, I wonder if there should be any precaution -- I realize that it is only 10% of a savings, and so the more we pay out apparently the more we have saved for reversion, but I'm just wondering why we took out the

\$200,000 cap for total incentive payments for the biennium.

Senator Regan: Would you care to address some questions regarding the cost of this program currently and would you like to comment?

Rod Sundsted: There has never been an appropriation with this program. We've absorbed it within our bureau and division. The \$200,000 was a new appropriation with this bill and was taken out in the House, so there is no appropriation presently and hasn't been in the past.

Senator Regan: You would have to come in for a supplemental?

Rod Sundsted: I think that's how it reads. If in fact the agency can't pay the amount--right now agencies pay the awards out of their budget, and I think there is a question on some funds, they couldn't make a payment. If they can't we would just have to come back for that amount.

Senator Regan: And then we would have the right to turn that down?

Rod Sundsted: That's right.

Senator Regan: It would be pretty tough to do, however.
(Background discussion at this point--pay it out of the savings, etc.) Are there any other comments or questions?

MOTION by Senator Christiaens moved that House Bill 37 be concurred in as amended. Voted, passed.

DISPOSITION OF HOUSE BILL 31: Senator Regan asked where Senator Smith was justifying a bill today and tomorrow. He's got a big bill in Taxation, they said. She then said we could consider the amendments being offered, have the discussion and regardless of -- I want to acquaint the committee of what I intend to do. Even though we may further amend this bill I intend to hold it in committee until we find out more about the Revenue future and the rest of the expenditures when this bill goes up stairs. I have been asked to hold it. There are a couple of bills that are over in the House that have been amended and we will want, I am sure, the whole picture and how the whole picture fits together, so no matter what we do with this bill, it will remain here, I am simply not taking final action until we know what the whole revenue picture is. I am not playing games with you, I want you to understand what I'm doing. Senator Haffey, I believe you have an amendment you wanted to offer. We will go get Senator Smith's vote.

Senator Haffey: Does everybody have the sheet that was just passed around? I move the amendment (page 14, line 13) and now

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I would like to explain it. Members of the committee, if you would, just to get right to the page where this would apply if it passes, as important as that is, so that you will know exactly what it does, and what part of the bill it proposes to address. Please look at page 14, line 13 after "agencies". That is the part of the bill where we are putting into numbers this pay plan freeze notion for fiscal year 1987. As you can see \$16,500,000 has been crossed out, \$8,400,000 is in--that's the \$8, 100,000 deduction set forth vividly right there. After having done that, which is what this bill proposes to do, the amendment that I have just moved presented for your consideration, asks that the Legislature appropriate \$1,946,525 of general fund money to fund the fiscal 1987 pay increases for contract professional and faculty covered by Board of Regents Contracts. If I could, I would just take 5 minutes of your time, or 2 minutes or whatever it takes to discuss it and then have questions, to talk about why anybody would have the audacity to do something like this. I mean that in terms of the theme of this session. You know on the floor, we're going to hear about how this is a bad bill, and I'm going to be one of the ones who talk about that. In terms of a heavy dose of reality, we read in the paper about that rhetoric in the House. A heavy dose of reality came from a member of the House as they presented this bill. We're going to find out how empty those words are when the contract realities with organized bargaining units kind of hit us in the face if this bill passes. That's another thing though, as far as I am concerned and Senator Aklestad and I differ on that for a long time. This amendment doesn't deal with that philosophical difference, whether you should cut, whether you should freeze; this amendment says that there is a myth going on around here that faculty salaries actually will be frozen. They won't. They can't. Faculty and contract professionals in the University system are going to get for the next fiscal year their pay increases period. What's going to happen is, unless we pass this amendment and the Senate and the House follow through, what's going to happen is the money that we do not make available because we pretend to ourselves that we don't have to pay those faculty salary increases--those contract professional increases--that money is going to have to come out of other parts of each of the 6 University system unit budgets, and the only place it can come out, and--think about it, but Senator Hammond and Senator Jacobson and I served on the committee and we know where it will come out of. It will come out of the non-contract and faculty personnel at the University system. Who are these people. They're generally called the classified personnel. Those are the maintenance people, those are the stationary engineers, those are all the people who served to make the--in a sense--the assembly line run. They serve to make the 6 units of the University system function day after day, week after week. The snow shoveled on the sidewalk down at MSU, and the buildings cleaned, etc. So no matter what your political philosophy or thoughts happen to be on whether this pay plan freeze is a good idea or not, I mean

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they can be what they'll be, let's not delude ourselves into thinking that we're going to have some kind of fair distribution of the harm-- the pain that Senator Regan talked about on the floor yesterday, through this bill, to reduction of faculty and contract personnel at the University system. It's not going to happen. We're going to reduce as many as 120 additional personnel at the University system who have nothing to do with teaching directly. These are people who make --kind of make the machine run day after day. Make the buildings clean, makes the services available, like the library. Senator Keating might have something to add, but these are the people who really do the job outside of the classroom to make this system run. We cut those--what happens, there is a private sector analogy that we've been using around here. Let's get lean and mean and tight and we can tighten down. Let's talk, if I could, Madam Chairman, I would like to ask someone who kind of fortuitously right now is in the University system at the present, who came to us right from the private sector a four months ago, or three months ago, I don't know when, Dr. Norman from Montana Tech, and Carrol might want to talk, Carrol Krause might want to talk about this efficiency argument as it applies to the private sector in comparison as it applies to the result if we don't make this million 9 available to the University system a result in terms of an efficient well functioning University system, Unit by Unit. If you would, Dr. Norman, I might be putting you on the spot here, but I would like to know how that really is going to work.

Dr. Norman: It's interesting, Senator that you use the analogy or the comment "assembly line" because I am a victim of my past. My past has been in mining, the automobile, steel industries in the past 25 years, and indeed there is an analogy one can draw between what we see happening in Higher Education today in the state of Montana and to the experiences I have experienced as we've laid off people, and I have laid off my hundreds in the steel business, just like lots of others. Typically, if I can carry this analogy forward, generally when you are dealing with scarce revenues in the business community, scarce resources, what we will typically see in the corporate world is your R and D and your inovative development capability. You will see some administrators and top managers go, some rank and file go, you will see product lines being reduced so that your product line is reduced across the board. As you go further, and certainly I have experienced this in the private sector and you start cutting even deeper, then in fact you do start laying off the assembly workers, and worse yet, you start laying off your inspectors who are there to ensure the quality. The physical plant -- the assembly line starts deteriorating. It's not being given the proper maintenance which just further exacerbates the product quality problem, and I can't help but think that that's where we are today as we look at this pay plan freeze today in Higher Education, because we are not at the point where we can lay off any more faculty, and in fact because of the one year contract provisions we just simply cannot lay off faculty.

We are talking about rank and file. We are talking about letting the physical plant go down even further. We are talking about the product quality even slipping further, the attractiveness of our campuses becoming even less attractive, so indeed Senator, I do believe there is an analogy here, and it is one that I am very fearful of, but I've only been here 2 months, but I do see the signs.

Senator Haffey: Thank you, Dr. Norman. The reason I'm asking the committee to listen to Dr. Norman and, if you would Carol to you, is because I want us to be very vividly aware of just what we're doing if we do not place sufficient money back into the pay plan for 1987 to cover your contract commitments. With faculty and contract professionals. Just what it is that we're doing to the University system. Are we going below the floor that the subcommittee thought was the lowest we could go and how is it going to actualize us, how is it going to really effect us.

Carol Krause: Dr. Norman certainly did answer where the cuts have to be made. Mainly one of the problems where it skews everything toward classified employees, is because of the one year contract with notice provisions that we have for faculty. We are in an area where if we do cut more faculty in many of our programs we are going to lose accreditation. We have at least 12 accrediting bodies coming in this next year that are in the professional areas, especially in mining and a number of our other programs. They require a base staff and it means if we are going to have a program in mining engineering for example, we cannot cut a faculty member because it requires a minimum of 4, and so even if we had a faculty position open in mining engineering we would have to say--make the decision to drop the program because if we drop it below 4 faculty members it's gone, because we will have lost accreditation. So, what it means then is you don't have the luxury even there to terminate a faculty position so that burden also falls upon classified employees.

Senator Regan: But Carol--this committee gave you a supplemental appropriation exactly so that wouldn't happen so I think that you are pointing to Butte and threatening us with that. Mining is not really a valid argument.

Carol Krause: You are right. I was just using that as an analogy.

Senator Regan: It's not a very good one. I wish that you would find one that is better.

Carrol Krause: We have several at the University of Montana for example in the Arts that are up for reaccreditation this year and they are going to experience the same problem, and I used mining simply where Dr. Norman was talking about mining, but we do have others. What the problem is, is that because of the nature of the contractual obligations we do have to shift the burden to those areas where we can give 30 day notice to terminate employees.

Senator Regan: When you issue these contracts, my understanding is there is a provision in the contract which says that the amount of money being promised is contingent upon the appropriation, is that not true?

Carrol Krause: I think most of our contracts have that provision. I was looking through and I think there were two where that specific provision isn't there, but what it means however, though is that the provision is that you can ask the union to come back and renegotiate the contract, but you still have to get an agreement. You can request it, but they can refuse to negotiate, so there you are at a stand-off.

Senator Regan: But there is that contingency language?

Carrol Krause: Of the 17 that we have there are 4--I believe there are either 2 or 4 --I can't remember the exact number, but it isn't in there that specific.

Senator Haffey: There might be persons here that want to address the amendment. If so, that is fine.

Senator Christiaens: I guess I asked Carrol Krause, that if this amendment passes does that assure that all of those people will retain their jobs?

Carrol Krause: All of the people that we're looking at--the 120 positions. That isn't all the positions that are in jeopardy because of the total freeze in salary. That is the amount, the 1.9 million -- you see we have 3.4 million in the University System that would have come to us in salary increases. What we're saying is that we believe if we can get 1.9 it would save approximately 120 of the positions. We would be looking at part time positions, we would be looking at some operations to try and make up the difference, but we believe that there will be about 120 positions that could be salvaged with this amendment. That isn't all the positions that are in jeopardy.

Senator Regan: Dr. Krause, I have some problems. I guess--I have a unit of the University practically right next door to me, less than $\frac{1}{4}$ mile. I know the president and I know the faculty, and I like them and it is a great institution, a great school, and I generally agree with them, and I am not insensitive to the problems, but isn't there a question of inherent fairness?

Carrol Krause: I would say yes, there really is. I would like to stand before you and say that you should fund the pay plan, I think it is a terrible error for you not to, especially in light of what the House did with the 2% school foundation program. The University system is experiencing over 38% of the budget direction you made in that 5%, and that results from the fact that --and I'm not critical of it--but it results from the fact that institutions in and several areas were not able to be cut because of medicare and--.

Senator Regan: Institutions had their cuts last time 'round. Institutions--I'm somewhat surprised that Mr. South is able to run the institution on the type of budget we gave him. I think if you had that kind of budget you really would be in trouble.

Carrol Krause: I'm really not arguing what you did, but that I'm just simply saying that that's why experienced more of the cuts. The other thing--if you look at the budget that the University system received last year--our education received, it was 2.5%. That's a very low percentage to be making the 5% coming from. Now state government, if I remember correctly, the general fund increase was something like 9%, so we started at a much lower base than many other institutions did. All I'm saying is that the situation, no matter how we got here, we are at a point in time when we cannot continue to operate the University system as it is. What we're asking the Legislature to recognize is that in the immediate period of time there has to be phase outs. Before you can eliminate faculty positions, there has to be phase outs before you eliminate programs there has to be phase outs, so what happens in the interim, you really place an undue inequitable burden on the classified, the deferred service people, because you can get to them--you can terminate them in 30 days. There is just an inherent inequity, it is just the circumstances in which you are in, and I am not being critical of how we got there.

Senator Keating: I tried to stay quiet through this whole thing because Eastern is in my district, and I've tried to resist the pressure all along. I didn't push for the MBA, I tried to go along with all the budgeting and so on; but I hope we don't lose sight of certain specifics in all this, and the word fairness, in cutting and that sort of thing brings to mind a little bit bigger picture. We are forced in this special session because of lack of revenues to go to cut government, and that is what we are talking about--a 5% reduction in government or a layoff in employees in order to bring expenditures to the level of meeting revenues, anticipated revenues--but we must keep in mind the benefit of the state, or the good of the state in all of this and it is not really at a comparison to say that we have to lay off equally all across "government spending". The University system and the Education system that we have in this state is one of the pluses we have, or incentive for expansion for industry and productivity and jobs and investment in this state, which is a benefit. Whereas, some of the other duties

of government are not necessarily beneficial in the sense that they can enhance our productivity, but when we talk about institutions we are talking about care to some extent, we are talking about incarceration of prisoners in others, we are talking about law and order to some extent, and I don't think we can just say we have to treat level across the board. I think we have to weigh what is beneficial to the state as a whole, where we can cut without hurting the perception of the state as a place to live and do business and so on. We have 150 rules and regulations in every department that unnecessarily prohibit the development and promotion of Montana, and we haven't even addressed repealing any of those so that we could do without the services of a lot of people who administer those rules and thereby cut government to the benefit of all. I think we have to be very very careful in weighing what we're doing. I think the University system and the Education system are a real benefit to the state and to hurt it at this time is to do harm to our whole image. If we can get by this crisis, I think the University system as a whole should be cut--not across the board, but maybe some units carved out and something done someplace else to lessen the total tax burden on the taxpayers. Because the few people in the state cannot afford the amount of education we have. But, cutting across the board and crippling the various units that are left is just not the way to go about it. I'm going to support this amendment because I think that we need the University system, the Education system as an outside investment. Hopefully we can do away with some of the abhorrent taxes and regulations that drive investment away from us and maybe recover some of our productivity and some of our former historical beauty, in that we are productive and wealthy and happy and ----but we need this University system, and for that reason I am going to support this amendment.

Senator Himsl: Do I understand really what we're doing here? This bill proposes, without the amendment--proposes to grant no increase to state government employees. By the amendment, it grants the increase to the University faculty, but the people who, following this analogy here, but the people who maintain the track or the assembly line, keep the machine going don't get an increase. Is that fair? Is that what this does?

Senator Regan: Exactly.

Senator Haffey: Exactly--word that a couple different ways. That is right, there are a couple of things that will happen. A lot of those persons are covered by bargaining agreements and they're going to be laid off and laid off in abundance in spades, but the bargaining agreements are going to be maintained, and so those salaries for the far reduced group will still have to be paid if the bargaining units maintain their position. More importantly, Senator Himsl, is that the ones that will be laid off if we don't put this money in will not be faculty. It simply cannot be faculty. It will be the support system--the assembly line workers--the support system

that have to be laid off. They'll get a 30 day notice and they'll be laid off, and that's the way it will go.

Senator Jacobson: I just wanted to say that I think Senator Keating's comments were very much right on, and I also want to assure you that as we look at the cuts and the 5% cuts and the things that we were doing with the University system, we also began to look at the kinds of changes that need to be made in the University system. As Dr. Krause pointed out to you, they cannot be made right this minute, but I think we will head in the right direction, and I think in times of financial crisis it is the time to get this moving in the some of the right directions and I will be presenting a resolution this afternoon in the Education committee that has a lot of points and suggestions in it for the kinds of efficiencies we need, but it also has a lot of statements about maintaining the kind of quality education we need to attract business and do the kinds of things that Senator Keating was talking about. I think we need this amendment very much to be able to do it in an orderly fashion and in order to keep our University system viable, and I would hope that you would support Senator Haffey's amendment, and I hope that you will also support the resolution that our subcommittee has brought into this session.

Senator Boylan: I have a University system in my district and they teach political science. They don't teach practical political science. Look at last night's paper and this morning's paper of the wrath that came down on me to save some money to try to support something that is progressive in the state of Montana. I've been called underhanded and sneaky, and I resent that, and I think other systems of government when you try to save some money and dig up some money from unproductive things of government that it's the Universities and the Educational system that should come and help us do some of these things, but they come with their hands out, but they don't tell us how to face those taxpayers when you go home. I think some philosophies here need to be developed that you've got to help us on both ends and we'll try to help you on both ends, but I do not like the wrath that comes down on Legislators.

Senator Regan: Well, Senator Boylan, I look at the University system and indeed they teach politics or political science and they sure know how to use it and we are having a great job done on us today, because I feel this is probably greased to go, whether it should or not. I suspect it should not. We are being sold it because it is going to attract business. Every thing we hear upstairs is done to "attract business". Whether it be a tax structure or anything else, we attract business and we sell things on that basis. This is an issue that has been heavily lobbied, and the University system has probably the most powerful lobby up here, and we get it all the time. I hear from Senator Jacobson she is introducing a resolution, and in fact I have read it and it is very good, and I think the Education Committee has tried to do a good job in raising issues

with the University. Those issues are not new. We've had them here for 20 years. We talked about them the first time I ran. One of the things I ran on was the fact that we spend so much money and we don't get the biggest bang for our buck in the University system, and it's our own fault because the University system is so fractured. We tried Blue Ribbon studies to bring some sort of order and efficiency out of the University system and we weren't able to do it. The Blue Ribbon commission caved before political pressure. There is a lot of talk up here that we should really address this and make the necessary cuts, but this isn't the right cut. Well, unless you start to make the cuts now you're not going to get anything done. It's only when you turn off the spigot that the cuts are made. You don't make the cuts and then come back and say "look what we gave you,, you can take the money away from us now". That's not the way it is done. I know this is going to be painful, but I think it should be done and I think there is a question of fairness. Look at what you're doing here--you're singling out one special group, and saying "everybody else is going to take their whack, but the University professionals are not", and I don't think that's fair. Agencies have had their 5% cut and their freeze, and all we're saying is if you do it to the agencies, you do it to every other unit of government, then you should do it here to. I suspect this is going to pass, I don't know. Listening to the conversation around here, I seem to be the only one that's playing the devil's advocate and I feel that's my position as chairman of this committee, but unless you cut off that spigot you're not going to get anything done.

Senator Haffey: If there is no more discussion, I would like to close with about 1 minute here on this amendment, and get a vote.

Senator Himsl: Before you close could I ask a question. I guess we understand what the impact of this is. We're putting in \$2 million back in here and how will this be covered. As chairman of the Finance, have you people anticipated this, or how are you going to cover this?

Senator Regan: Buy now and pay later--that's why it will be held down here until we will have to scrape up the money, if this passes, that is obvious.

Senator Himsl: This has not been anticipated in here?

Senator Regan: It has not. It will be built into a base, it is not a one time grant. The way this reads it is built right into the base of the Universities.

Senator Haffey: If there is no further discussion--There is a lot of words we are going to hear, there is a lot of rhetoric, some of it is substance, but for what it is worth, it is not the

University system that I find to be special in this case except for the fact that they have a contract, the professionals and the committments are there. If it was the Department of Institutions or anybody else that had these circumstances they would be getting this amendment from this Senator, and that is the way it would be and it doesn't matter which agency of government it is, it's a myth for the Legislature to delude itself into thinking that we're doing something across the board in reducing faculty in this case we're not going to do it. It happens to be the University system -- we're not going to do it because we have contract committments. We're going to be cutting 120 people out of the University system that we should not cut. This could be some other agency. The same thing would apply and it shouldn't happen. Furthermore, this isn't greased, I suspect it might not pass, but those are matters of opinion, but in any event we're not holding out the University system as a sacred cow. If we pass this we are doing this to be fiscally responsible. In terms of Senator Himsl's question, the bill isn't going to be held up because of this \$2 million. It's going to be held up because we don't know whether or not the \$8 million in the pay plan freeze bill is going to pass or it is going to fail, and so it is all being considered in the whole scheme of things that determine the balancing of the budget, as you know, Senator Himsl. I would move the amendment.

MOTION by Senator Haffey to move the amendment page 14, line 13 to add \$1.9 million.

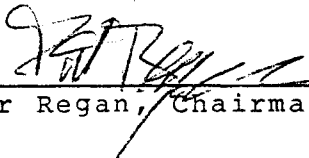
Senator Regan asked if someone had Senator Smith's vote. (discussion on leaving it open for him to vote versus going and getting his vote)

Senator Manning: I think the man is entitled to a vote.

(Someone from the Fiscal Analyst's office went to get Senator Smith's vote)

The motion was voted, and failed on a tie vote.

MOTION by Senator Manning that House bill 31, as amended be concurred in. Voted and passed. The meeting was adjourned.



Senator Regan, Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS

COMMITTEE

49th LEGISLATIVE SESSION - - 185

Date 6-26-86

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HAFFEY	✓		
SENATOR JACOBSON	✓		
SENATOR AKLESTAD	✓		
SENATOR HAMMOND	✓		
SENATOR LANE	✓		
SENATOR CHRISTIAENS	✓		
SENATOR GAGE	✓		
SENATOR HIMSL	✓		
SENATOR STIMATZ	✓		
SENATOR BOYLAN	✓		
SENATOR STORY	✓		
SENATOR SMITH			
SENATOR MANNING (Dick)	✓		
SENATOR BENGTON	✓		
SENATOR KEATING	✓		

HOUSE BILL 37

*ex 1
HB 37
6-26-86*

PURPOSE: This bill provides a temporary increase in the monetary incentive awards for state employees as to suggestions or inventions resulting in monetary savings to the state.

CURRENT LAW:

1. Currently there is a state program that awards monetary awards to state employees for suggestions or inventions resulting in monetary savings to the state.
2. The program has been in existence since 1982. Forty-one employees have received awards resulting in savings to the State of \$464,000. Over 328 suggestions have been sent into the program.
3. The current awards are up to 10% of the actual 1st year savings to a maximum amount of \$1500. The largest award ever given so far is \$500. The department where the savings is made pays the award.

THIS BILL DOES THE FOLLOWING:

1. Temporarily increases the award to the actual 10% savings for the first year up to a maximum of \$10,000.
2. Employees have until Nov. 1, 1986 to have their suggestions submitted for the award increase. After November 1, 1986 the awards return to current law - up to 10% of first year savings up to a maximum of \$1500.
3. Because the awards may be larger than before, if a department (where the savings are at) can't pay for the award the department of administration will do so. The department of administration will return to the 1987 Legislature and request any money they may need for the awards.

REASONS FOR THE BILL:

1. The program is working, however, an extra incentive will provide employees an incentive to provide more ideas and better prepare in presenting their ideas.
2. Because we are in such a budget crisis, we need all the ideas we (the Legislature) can get and this is one way of doing so.
3. There is no cost to this bill. If the department of administration would ask the next Legislature for \$200,000 to pay awards that would mean \$2 million actual savings in the state budget.

*462
H.B. 37
6-26-86*

Page 1

John Col. 1.

F 82

EMPLOYEE
INCENTIVE
PROGRAM

Laurie Ekanger
Administrator

State Personnel Division
Department of Administration

April 30, 1986

Prepared by:
Joe Michaud
Program Coordinator

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 06-26-86

BILL NO. H.B. 37

STATE EMPLOYEE
INCENTIVE AWARDS PROGRAM
LEGISLATIVE REPORT
AS OF 04/01/86

As of April 1, 1986, the State Employee Incentive Awards Program has been in operation for forty-eight months. In this time, state employees have submitted three hundred twenty-eight suggestion applications. Two hundred sixty-nine of these have been fully evaluated. There have been two hundred thirty-seven ideas denied awards for various reasons and thirty-two successful suggestions resulting in a total of at least \$464,000 first year savings. Sixty-one applications are still in various stages of the evaluation process.

S U G G E S T I O N A P P L I C A T I O N S

Number Received	Number Approved	Number Denied	Number Being Evaluated	Number being Tested/Awaiting Legislation
328	32	237	55	6

The following graphics illustrate various statistics relevant to the Incentive Awards Program. Suggestions offered have been tabulated by agency of the employees offering suggestions and by agency determined to be impacted by implementation of suggestions. Suggestions are being received by employees of various state agencies with the larger agencies such as Highways (68), SRS (56) and Revenue (43) generating the greatest number of ideas.

The ideas being submitted tend to impact various state agencies. One in six ideas submitted impacts more than one state agency (55). Ninety-eight ideas were submitted which require judgment or implementation by the Department of Administration. Many of these also impact more than one state agency.

228 Suggestions Submitted

Agency of Suggestor:

- Legislative Council (4)
- Supreme Court (1)
- Governor's Office (3)
- State Auditor's Office (4)
- Office of Public Instruction (3)
- Justice (10)
- State Universities (3)
- Historical Society (1)
- Fish, Wildlife and Parks (17)
- Health and Environmental Sciences (10)

Agency of Suggestor (continued):

- Highways (68)
- Livestock (1)
- State Lands (5)
- Natural Resources and Conservation (6)
- Revenue (43)
- Administration (19)
- Institutions (33)
- Commerce (9)
- Labor and Industry (32)
- Social and Rehabilitation Services (56)

Agency of Potential Impact:

- Legislative Council (2)
- Governor's Office (1)
- State Auditor's Office (4)
- Office of Public Instruction (1)
- Justice (3)
- State Universities (2)
- Fish, Wildlife, and Parks (11)
- Health and Environmental Sciences (2)
- Highways (60)
- Livestock (1)
- State Lands (3)
- Revenue (11)
- Administration (98)
- Institutions (19)
- Commerce (2)
- Labor and Industry (21)
- Social and Rehabilitation Services (32)
- More than one agency (55)

Stage of Evaluation:

- Pending Agency evaluation (48)
- Pending Advisory Council evaluation (7)
- Pending possible legislation (3)
- Pending outcome of pilot program or further determination of cost savings estimates (3)
- Completely evaluated (269)

Since the program began in April, 1982, Governor Schwinden has presented awards to 38 different employees for 32 award-winning ideas (4 were shared). In total, \$8,890 was awarded, which averages \$247 per recipient. 11.9% of those ideas evaluated have resulted in awards and, more importantly, cost savings to the state.

The total amount of first year savings generated by these 32 ideas has been conservatively estimated at \$460,000. Average savings per evaluated suggestion is \$1,725, while average savings per award-winning suggestion is \$14,504. Despite these benefits, costs to administer the program are relatively negligible (8% of first year costs savings). Award amounts represented only 1.9% of first year cost savings.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 06-26-86

PROGRAM COSTS / SAVINGS EVALUATION

First Year Savings From Suggestions	Award Costs	Administrative Costs - State Personnel Division/Advisory Council	Administrative Costs* Agencies	Net Savings First Year
\$464,122	\$8,890	\$14,000	\$17,000	\$424,232

Costs include personal service, printing, and mailing costs which were absorbed by respective agency budgets.

All costs have been absorbed by the respective agency budgets. Personnel service costs include salaries and benefits. Operating costs mainly consist of travel, printing, and mailing expenses. It is expected that future personal services costs will depend on the number of suggestions evaluated and also on the increases to salaries and benefits.

The savings realized in the first year (\$462,122) less all absorbed program costs (\$39,890) represent the net benefit of the program to date (\$424,232).

The table on the following pages provides some basic information on each idea that has resulted in implementation and awards.

MEMBERS OF THE INCENTIVE AWARDS ADVISORY COUNCIL

Mike Abley, Court Administrator, Supreme Court of Montana.

Jim Adams, Director of Field Services, Montana Public Employees Association.

Janet Myren, Administrative Assistant, Department of Social and Rehabilitation Services.

Russell G. McDonald, Administrator, Personnel Division, Department of Highways.

Lois A. Menzies, Research Division, Legislative Council.

John H. Noble, Deputy Commissioner for Management and Fiscal Affairs, University System.

William R. Palmer, Assistant Administrator, Workers' Compensation Division, Department of Labor and Industry.

Laurie Ekanger, (Chairperson), Administrator, State Personnel Division, Department of Administration.

Joseph M. Michaud, Program Coordinator
Violet Pigman, Administrative Assistant

Idea	Recipient(s)	Agency	Location	Award Amount	Est. First Year Savings
1. New method of replacing concrete median barriers on state highways.	Swede Jensen	Highways	Pozeman	\$ 200	\$ 2,000
2. Method for withholding medicaid cards from ineligible clients.	Terryanne McCoy	SRS	Missoula	\$ 500	\$ 18,000
3. Redesign of forms used in Veterans Affairs Division.	Thomas Hamilton	SRS	Helena	\$ 25	\$ 250
4. Modification of material used on low-speed, low-traffic highways.	Donald Fallang	Highways	Helena	\$ 500	\$ 87,372
5. Put a switch on thermostats of buildings with overhead doors.	Joe Wayne Finch	Highways	Great Falls	\$ 500	\$ 5,000
6. SRS and Job Service share office space in Livingston.	Valerie Newton	SRS	Livingston	\$ 150	\$ 1,500
7. Design of steel tripod to use for stable alignments by survey crews.	Donald Taylor	Highways	Billings	\$ 25	\$ 250
8. Conduct telephone rather than mail interviews of state hunters.	John Cada	FW&P	Pozeman	\$ 500	\$ 36,000
9. Design of device used to straighten bent sign and delineator posts.	Gilbert Paulson and William Spracklin	Highways	Glendive	\$ 500	\$ 55,000
10. Negotiated with land owner to convert two cattle bridges to culverts to reduce snow-drifting on state highways.	Phillip Hensel	Justice	Harlowton	\$ 500	\$ 13,000
11. Implemented Kardex file system for storing and reordering medications used by long-term care facilities.	Orlynda Goodman and Jennie Ladenburg	Veterans Home	Columbia Falls	\$ 250	\$ 2,500
12. Print computer archive notices to users weekly or monthly as opposed to daily.	Gregg Wheeler	Administration	Helena	\$ 50	\$ 500
13. Eliminate 10% of existing (unnecessary) highway approaches.	Marvin Nelson	Highways	Helena	\$ 250	\$ 2,500

Idea	Recipient(s)	Agency	Location	Amount		Year Savings	
14. Have local Job Service Office mail claimant copies of monetary determinations with first packet of cards.	Bill Lubke	Labor & Industry	Hamilton	\$ 160	\$	1,600	
15. Combined some forms used by SRS.	Diane Skelton	SRS	Missoula	\$ 80	\$	800	
16. Wrote a program to list tape setups needed by discount class jobs.	Michael Plovanic	Administration	Helena	\$ 500	\$	5,000	
17. Devised system for computer matching Social Security Numbers to recover medical payments late approved under Medicaid.	Nita Freeman	SRS	Livingston	\$ 500	\$	175,000	
18. Train computer users to delete or purge unneeded reports to save paper.	Teresa Lundberg	Administration	Helena	\$ 25	\$	250	
19. Devised a "bin sander" to patch highway ruts.	Eugene Hanson	Highways	Roundup	\$ 500	\$	10,000	
20. Devised a computer system used as an aid to manage state fish hatcheries.	Gary Shaver	FW&P	Lewistown	\$ 500	\$	18,850	
21. Combined Secretary of State and State Auditor mailings to new Montana corporations.	Valerie Flanssaas	State Auditor's Office	Helena	\$ 75	\$	750	
22. Changed system for classifying file folders used in AFDC program.	Lyn Van Arsdale	SRS	Billings	\$ 25	\$	250	
23. Have contractors submit contact reports on a tape or disk compatible with respective state word processing systems.	Paul Cartwright	DNRC	Helena	\$ 300	\$	3,000	
24. Use a special two-winch apparatus attachable to either wood or metal posts for sign installations.	Charles Kimmet	Highways	Sunburst	\$ 500	\$	7,000	
25. Recycle manila envelopes.	Jolitta Besel and Darlene Semans	Institutions	Lewistown	\$ 25	\$	250	

Idea	Recipient(s)	Agency	Location	Award Amount	Est. First Year Savings
26. Discontinue mailing of permit forms to veterinarians and others responsible for animals imported into Montana.	Regena Vogl & Evaleen Starkel	Livestock	Helena	\$ 430	\$ 4,000
27. Designed a bracket used for the removal of signs.	Larry Rhoads	Highways	Wolf Point	\$ 250	\$ 2,500
28. Have Outfitter Report Books and renewal forms made in triplicate to save photo-copying	Jack LaValley	FW&P	Great Falls	\$ 25	\$ 250
29. Train employees who are frequent out-of-state travelers to promote tourism in Montana.	William Vollmer	SRS	Helena	\$ 25	\$ 250
30. Suggested a law (enacted) to allow SRS to collect child support from inmates that send money to their families that are receiving public assistance.	Mary Pat Brown	SRS	Deer Lodge	\$ 500	\$ 5,000
31. Suggested a vendor charge back system for pharmaceutical purchases made for state institutions.	Thomas Lindgren	Institutions	Warm Springs	\$ 25	\$ 250
32. Wrote a computer program compatible with IBM PC's to generate Employee's Quarterly Wage Reports.	Bob Brady	Labor and Industry	Glasgow	\$ 495	\$ 4,950
				\$ 8,890	\$ 44,122

TOTALS

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 06-26-86

BILL NO

11 R 27

INCENTIVE AWARD WINNERS

1. 12-3
 1. B 37
 6-26-86

<u>Name</u>	<u>Award Amount</u>	<u>Approx. 1st Year Savings</u>
S. E. "Swede" Jensen	\$ 200	\$ 2,000
Terryann McCoy	500	18,000
Thomas Hamilton	25	250
Donald E. Fallang	500	87,372
Joe Wayne Finch	500	5,000
Valerie A. Newton	150	750
Donald R. Taylor	25	
John C. Cada	500	36,000
Gilbert Paulson)	500	55,000
William Spracklin)		
Philip Hensel	500	13,000
Orlynda Goodman)	250	2,500
Jennie Ladenburg)		
Gregg Wheeler	50	500
Marvin Nelson	250	2,500
Bill Lubke	160	1,600
Diane Skelton	80	800
Michael Plavonic	500	5,000
Nita Freeman	500	175,000
Teresa Hopkins Lundburg	25	
Eugene Hansen	500	10,000
Gary Shaver	500	18,000
Valerie Flansaas	75	750
Lyn VanArsdale	25	
Regena Vogl)	430	4,300
Evaleen Starkel)		
Charles Kimmet	500	6,500
Larry Rhoads	250	2,500
Darlene Semans)	25	
Jolitta Besel)		
Jack LaValley	25	
Paul Cartwright	300	3,000
William A. Vollmer	25	
Thomas C. Lindgren	25	
Bob Brady	495	4,958

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 6-26-86

Incentive Award Winners (continued)

<u>Name</u>	<u>Award Amount</u>	<u>Approx. 1st Year Savings</u>
Mary Pat Brown	\$ 500	\$ 5,000
Nancy Beth Bloom	250	
Mary Lou Feller	25	
Gordon L. Reber	25	
Mary Turner	25	
Virgil Albertson	230	2,315

~~Story and~~
~~Passage~~

Amendments to HB 37, 3rd reading (blue).

1. Title, line 9.

Following: " AWARDS; "

Insert: " AMENDING THE DUTIES OF THE
DEPARTMENT OF ADMINISTRATION; "

2. Title, line 10.

Following: line 9

Strike: " SECTION "

Insert: " SECTIONS 2-18-1103 AND "

3. Page 1, line 14.

Following: line 13

Insert: " Section 1. Section 2-18-1103, MCA,
is amended to read:

" 2-18-1103. Powers and duties of the department. The department shall:

(1) adopt rules to equitably administer the employee incentive award program;

(2) provide an opportunity for all employees to participate in the program;

(3) assist agencies in making incentive awards under the program;

(4) grant or deny incentive awards in consultation with the incentive awards advisory council and determine the amount of each incentive award based on first-year monetary savings;

(5) hear appeals from employees on the operation of the program; and

(6) prepare a biennial report to the legislature containing a list of incentive awards and the corresponding savings to the state resulting from each employee's suggestion or invention and providing a general review of and recommendations for improving the program; and

(7) send a copy of all suggestions or inventions submitted under this program to the office of the legislative fiscal analyst."

RENUMBER: Subsequent Section

SENATE FINANCE AND CLAIMS

EXHIBIT NO. STORY 4

DATE 6/26/86

HB 37

Handwritten:
Bill
Vote passed

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1

DATE 6-26-86

BILL NO. HB-31

Amend HB 31:

1. Title, line 9

Following: "PROVIDING"

Strike: "AN IMMEDIATE EFFECTIVE DATE"

Insert: "EFFECTIVE DATES, A CONTINGENT TERMINATION DATE,
AND CONTINGENT RETROACTIVE DATES"

2. Page 14, lines 18 through 21.

Following: "SECTION 11." on line 18

Strike: the remainder of lines 18 through 21 in their
entirety

Insert: "Statewide pay schedule for fiscal year 1987. The
statewide classification pay schedule for fiscal year
1987 is as follows:

Annual Hours -- 2080
Pay Matrix -- State

Note: Includes Insurance
Matrix Type -- Annual

	STEP												
GRADE	1	2	3	4	5	6	7	8	9	10	11	12	13
1	9,392	10,099	10,301	10,507	10,717	10,931	11,150	11,373	11,600	11,832	12,069	12,310	12,802
2	9,874	10,617	10,829	11,046	11,267	11,492	11,722	11,956	12,195	12,439	12,688	12,942	13,460
3	10,398	11,181	11,405	11,633	11,866	12,103	12,345	12,592	12,844	13,101	13,363	13,630	14,175
4	10,971	11,797	12,033	12,274	12,519	12,769	13,024	13,284	13,550	13,821	14,097	14,379	14,954
5	11,603	12,476	12,726	12,981	13,241	13,506	13,776	14,052	14,333	14,620	14,912	15,210	15,818
6	12,295	13,220	13,484	13,754	14,029	14,310	14,596	14,888	15,186	15,490	15,800	16,116	16,761
7	13,062	14,045	14,326	14,613	14,905	15,203	15,507	15,817	16,133	16,456	16,785	17,121	17,806
8	13,889	14,934	15,233	15,538	15,849	16,166	16,489	16,819	17,155	17,498	17,848	18,205	18,933
9	14,807	15,922	16,240	16,565	16,896	17,234	17,579	17,931	18,290	18,656	19,029	19,410	20,186
10	15,813	17,003	17,343	17,690	18,044	18,405	18,773	19,148	19,531	19,922	20,320	20,726	21,555
11	16,912	18,185	18,549	18,920	19,298	19,684	20,078	20,480	20,890	21,308	21,734	22,169	23,056
12	18,128	19,493	19,883	20,281	20,687	21,101	21,523	21,953	22,392	22,840	23,297	23,763	24,714
13	19,464	20,929	21,348	21,775	22,211	22,655	23,108	23,570	24,041	24,522	25,012	25,512	26,532
14	21,140	22,731	23,186	23,650	24,123	24,605	25,097	25,599	26,111	26,633	27,166	27,709	28,817
15	22,885	24,608	25,100	25,602	26,114	26,636	27,169	27,712	28,266	28,831	29,408	29,996	31,196
16	24,846	26,716	27,250	27,795	28,351	28,918	29,496	30,086	30,688	31,302	31,928	32,567	33,870
17	26,967	28,997	29,577	30,169	30,772	31,387	32,015	32,655	33,308	33,974	34,653	35,346	36,760
18	29,312	31,518	32,148	32,791	33,447	34,116	34,798	35,494	36,204	36,928	37,667	38,420	39,957
19	31,888	34,288	34,974	35,673	36,386	37,114	37,856	38,613	39,385	40,173	40,976	41,796	41,796
20	34,701	37,313	38,059	38,820	39,596	40,388	41,196	42,020	42,860	43,717	44,591	44,591	44,591
21	37,795	40,640	41,453	42,282	43,128	43,991	44,871	45,768	46,683	47,617	47,617	47,617	47,617
22	41,191	44,291	45,177	46,081	47,003	47,943	48,902	49,880	50,878	50,878	50,878	50,878	50,878
23	44,906	48,286	49,252	50,237	51,242	52,267	53,312	54,378	54,378	54,378	54,378	54,378	54,378
24	48,988	52,675	53,729	54,804	55,900	57,018	58,158	58,158	58,158	58,158	58,158	58,158	58,158
25	53,471	57,496	58,646	59,819	61,015	62,235	62,235	62,235	62,235	62,235	62,235	62,235	62,235"

3. Page 15, line 8

Following: "Effective"

Strike: "date. This act is"

Insert: "dates -- contingent termination. (1) Sections 1
through 10 and 12 through 16 are"

4. Page 15, line 9

Following: line 8

Insert: "(2) Section 11 is effective July 18, 1986, and applies retroactively within the meaning of 1-2-109, to July 1, 1986, if by that date the department of administration certifies to the governor that at least 95% of the collectively bargained agreements with the state of Montana have not been renegotiated to include the continuation of the fiscal year 1986 state employee compensation plan.

(3) If by July 18, 1986, the department of administration certifies to the governor that at least 95% of the collectively bargained agreements with the state of Montana have not been renegotiated to include the continuation of the fiscal year 1986 state employee compensation plan, sections 1 through 9 and 13 through 15 terminate and such termination applies retroactively within the meaning of 1-2-109, to July 1, 1986."

*Hayes Am
HB 31-
6-26-86*

Amend House Bill 31, Blue Copy as follows:

1. Page 14, line 13

Following: "agencies."

Insert: "In addition, \$1,946,525 general fund is appropriated for the fiscal year ending June 30, 1987 to grant fiscal 1987 pay increases for contract professionals and faculty covered by Board of Regents contracts."

*Failed
2nd Vote*

SENATE FINANCE AND CLAIMS
EXHIBIT NO. *Hayes Amendment*
DATE *6/26/86*
BILL NO. *HB 31*

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-26-86HBill No. 31Time 9:12 ~~AM~~

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens		✓		
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz	✓			
Senator Boylan	✓			
Senator Story	✓			
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating	✓			
Senator Regan		✓		
	8	8		

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: Haffey Amendment Pg 14, line 13

Failed
tie Vote

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 6-26-86HBill No. 31Time 9:40

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey			✓	
Senator Jacobson			✓	
Senator Aklestad	✓			
Senator Hammond	✓			
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage	✓			
Senator Himsl	✓			
Senator Stimatz			✓	
Senator Boylan	✓			
Senator Story	✓			
Senator Smith	✓			
Senator Manning (Dick)			✓	
Senator Bengtson	✓			
Senator Keating	✓			
Senator Regan	✓			

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: Be Concurred in as Amended

STANDING COMMITTEE REPORT

.....June 26..... 19.26.....

MR. PRESIDENT

We, your committee on.....**FINANCE AND CLAIMS**.....

having had under consideration.....**HOUSE BILL**..... No. **37**.....

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

TEMPORARILY INCREASE EMPLOYEE INCENTIVE AWARDS AND PROVIDE APPROPRIATION

Cobb (Jacobson)

Respectfully report as follows: That.....**HOUSE BILL**..... No. **37**,
be amended as follows:

1. Title, line 9.

Following: "AWARDS;"

Insert: "AMENDING THE DUTIES OF THE DEPARTMENT OF ADMINISTRATION;"

2. Title, line 19.

Following: line 9

Strike: "SECTION"

Insert: "SECTIONS 2-18-1103 AND"

3. Page 1, line 14.

Following: line 13

Insert: "Section 1. Section 2-18-1103, NCA, is amended to read:

"2-18-1103. Powers and duties of the department. The department shall:

(1) adopt rules to equitably administer the employee incentive award program;

(2) provide an opportunity for all employees to participate in the program;

(3) assist agencies in making incentive awards under the program;

(4) grant or deny incentive awards in consultation with the incentive awards advisory council and determine the amount of each incentive award based on first-year monetary savings;

(5) hear appeals from employees on the operation of the program;

(6) prepare a biennial report to the legislature containing a list of incentive awards and the corresponding savings to the state resulting from each employee's suggestion or invention and providing a general review of and recommendations for improving the program;

and

~~XXXXXX~~
~~DO PASS~~

~~XXXXXXXXXX~~
~~DO NOT PASS~~

(continued)

Chairman.

June 26

86
19.....

(7) send a copy of all suggestions or inventions submitted under
this program to the office of the legislative fiscal analyst.

Reamner: subsequent sections

AND AS AMENDED
BE CONCURRED IN

SENATOR REGAN, Chairman